

BUDGET ANALYSIS

FISCAL YEAR 2019

Submitted to the 2018 Kansas Legislature



Volume II

*Education
Human Services
Public Safety*

Kansas Legislative Research Department
January 2018

BUDGET ANALYSIS

FISCAL YEAR 2019

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*Education
Human Services
Public Safety*



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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)

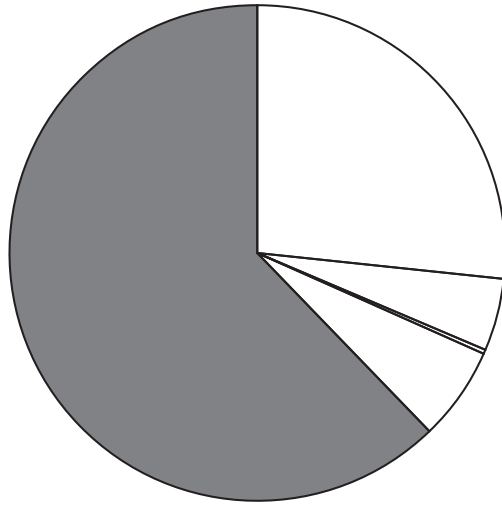
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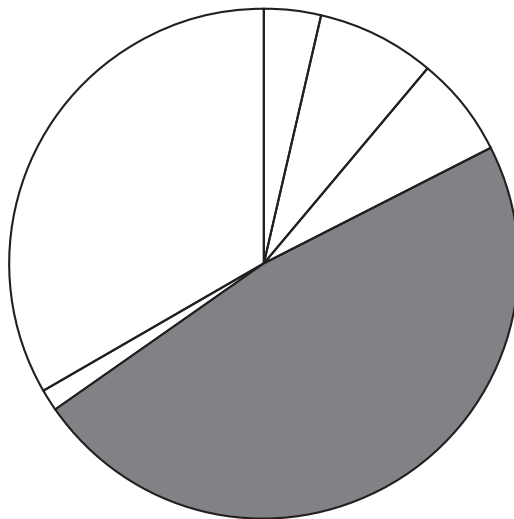
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EDUCATION

State General Fund



All Funds



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

The Governor's FY 2019 recommendation for the Education function totals \$8.2 billion from all funding sources, including \$4.3 million from the State General Fund.

The FY 2019 recommendation represents a State General Fund increase of 2.4 percent, or \$102.0 million, above FY 2018. Expenditures from all funds increase by 2.0 percent, or \$157.8 million, above FY 2018.

Agencies in this Function:

<i>Department of Education.....</i>	<i>883</i>
<i>Kansas State School for the Blind.....</i>	<i>916</i>
<i>Kansas State School for the Deaf.....</i>	<i>936</i>
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<i>University of Kansas Medical Center.....</i>	<i>1111</i>
<i>Wichita State University.....</i>	<i>1126</i>
<i>State Historical Society.....</i>	<i>1142</i>
<i>State Library.....</i>	<i>1167</i>

A total of 19,189.3 FTE positions are recommended by the Governor for the Education function for FY 2019, which is the same amount as FY 2018. Of all state FTE positions, 47.9 percent are in this function.

Agencies in this function compose 62.2 percent of the total State General Fund budget for FY 2019, which is a decrease of 0.7 percent below FY 2018. They compose 47.8 percent of expenditures from all funding sources for FY 2019, which is a decrease of 0.6 percent below FY 2018.

DEPARTMENT OF EDUCATION

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 3,097,236,480	\$ 3,412,757,668	\$ 3,398,323,777	\$ 3,360,388,447	\$ 3,483,982,038
Other Funds	1,502,500,875	1,567,932,295	1,572,065,878	1,604,293,270	1,625,552,390
<i>Subtotal</i>	<i>\$ 4,599,737,355</i>	<i>\$ 4,980,689,963</i>	<i>\$ 4,970,389,655</i>	<i>\$ 4,964,681,717</i>	<i>\$ 5,109,534,428</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>
TOTAL	<u>\$ 4,599,737,355</u>	<u>\$ 4,980,689,963</u>	<u>\$ 4,970,389,655</u>	<u>\$ 4,964,681,717</u>	<u>\$ 5,109,534,428</u>

Percentage Change:

Operating Expenditures

State General Fund	2.9 %	10.2 %	9.7 %	(1.5) %	2.5 %
All Funds	3.4	8.3	8.1	(0.3)	2.8

FTE Positions	247.4	257.5	257.5	257.5	257.5

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

The State Board appoints a Commissioner of Education who is responsible for the administration of the Department of Education and services at the pleasure of the Board. KSDE consists of three main offices:

- **Office of the Commissioner.** This office oversees those agency functions that provide services to the entire agency, including human resources and legal services;
- **Division of Fiscal and Administrative Services.** This division supervises the financial aspects of the agency including preparation of the budget for KSDE and the distribution and audit of state aid payments to schools; and

- **Division of Learning Services.** This division oversees the State's assessed and non-assessed curricular standards; state assessments; planning, research, data analysis, and reporting requirements; educator licensure; and the review of educator training programs at all Kansas institutions of higher education.

MAJOR ISSUES FROM PRIOR YEARS

The **2014 Legislature** passed Senate Sub. for HB 2506 in response to the Kansas Supreme Court's ruling in *Gannon I* that the State's school finance system was constitutionally inequitable. Senate Sub. for HB 2506 appropriated an additional \$109.3 million, all from the State General Fund, for Supplemental General State Aid (local option budget, or LOB, equalization aid). Additionally, the bill made a revenue transfer of \$25.2 million from the State General Fund to the Capital Outlay Fund to fully fund Capital Outlay State Aid.

In addition, Senate Sub. for HB 2506 made several changes to the school finance formula, which resulted in a decrease in various weighting taking effect for FY 2015. These changes were:

- A phase-out of the school facilities weighting that limited its use to only those districts that have a LOB of at least 15.0 percent of the amount of state financial aid for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014;
- Non-proficient at-risk weighting was eliminated;
- Virtual weighting was eliminated from the LOB calculation; and
- At-risk weighting was eliminated for part-time students (grades 1 through 12) and students older than 19 years of age (excluding students with Individualized Education Programs [IEPs]).

The **2015 Legislature** passed House Sub. for SB 7, which repealed the School District Finance and Quality Performance Act (SDFQPA) and replaced it with the Classroom Learning Assuring Student Success (CLASS) Act. The CLASS Act provided a block grant form of funding for each school district for school years 2015-2016 and 2016-2017. Each district's block grant was based in part on, and was at least equal to, the total state financial support as provided in school year 2014-2015. The CLASS Act also changed the formulas for Supplemental General State Aid (LOB state aid) and Capital Outlay State Aid and provided funding for the new formulas. The CLASS Act was given a sunset date of June 30, 2017.

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

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

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

During the **2016 Session**, the Kansas Supreme Court's ruling in *Gannon II* held that 2015 House Sub. for SB 7 failed to cure the inequities in the school finance system and ordered the State to satisfactorily demonstrate legislative compliance with the equity standard by June 30, 2016.

In response, the **2016 Legislature** passed Senate Sub. for HB 2655. The bill reinstated the Capital Outlay State Aid formula that was in effect prior to the enactment of the CLASS Act. The bill also amended the formula for determining Supplemental General State Aid. The equalization factor would be 25.0 percent of the median assessed valuation per pupil (AVPP).

During the **2016 Session**, the Kansas Supreme Court's ruling in *Gannon III* held that Senate Sub. for HB 2655 corrected the inequities related Capital Outlay State Aid, but also ruled that the new LOB state aid formula was unconstitutional.

In response to the Court's ruling in *Gannon III*, the **2016 Special Session** saw the Legislature pass Sub. for HB 2001, which reinstated the previous LOB state aid formula. Supplemental General State Aid was again equalized to the 81.2 percentile of assessed valuation per pupil. Administration of the ENF was given to the State Board of Education and a \$13.0 million limit of expenditures from the ENF was established. The Kansas Supreme Court then found that HB 2001 brought the State into compliance with the equity standard and retained jurisdiction over the issue.

During the **2017 Session**, the Kansas Supreme Court's ruling in *Gannon IV* held that the State's school finance system established by the CLASS Act (2015 House Sub. for SB 7) was constitutionally inadequate, both in its structure and implementation.

In response, the **2017 Legislature** passed SB 19, which created the Kansas School Equity and Enhancement Act (KSEEA) and amended statutes related to Capital Improvement State Aid and capital outlay. KSEEA is structurally similar to the former SDFQPA, determining State Foundation Aid (what used to be known as General State Aid) by multiplying a district's weighted FTE enrollment by the base aid for student excellence (BASE). The BASE is \$4,006 for school year 2017-2018, \$4,128 for school year 2018-2019, and adjusted each year thereafter according to the average percentage increase in the Consumer Price Index (CPI) for all urban consumers for the Midwest region during the three immediately preceding school years.

KSEEA included weightings for at-risk students, bilingual students, low enrollment, high enrollment, high-density at-risk, transportation, career technical education, new school facilities, cost-of-living, ancillary school facilities, declining enrollment (set to expire on July 1, 2018), and special education. SB 19 expanded the authorized uses of capital outlay funds to include utilities and property and casualty insurance. The bill also amended the calculation of LOB state aid to use the AVPP of the prior year during the 2017-2018 school year. Beginning in the 2018-2019 school year, the AVPP used is an average of the three immediately preceding school years.

On **October 2, 2017**, the Kansas Supreme Court's ruling in *Gannon V* held that SB 19 was constitutionally inadequate in its implementation (but not its basic structure) and identified four specific points of inequity. The Court stayed its mandate voiding the school finance system to June 30, 2018, announced that briefs on any legislative remedies are due by April 30, 2018, and scheduled oral arguments for May 22, 2018.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$5.0 billion, including \$3.4 billion from the State General Fund, in FY 2018. The revised estimate is an all funds increase of \$18.3 million, or 0.4 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$17.8 million, or 0.5 percent, and a special revenue fund increase of \$435,016, or less than 0.1 percent, above the approved budget. The revised estimate includes 257.5 FTE positions, which is an increase of 8.1 FTE positions above the approved number.

The major areas of increase above the FY 2018 approved budget include:

- A supplemental request of \$162,141, all from the State General Fund, to cover the State General Fund portion of the monumental building surcharge assessed in FY 2018;
- A supplemental request of \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs in FY 2018;
- A supplemental request of \$2.8 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals in FY 2018; and
- A supplemental request of \$1.4 million, all from the State General Fund, to fully fund the technical education incentive in FY 2018.

The **Governor** recommends FY 2018 expenditures of \$5.0 billion, including \$3.4 billion from the State General Fund. The recommendation is an all funds decrease of \$10.3 million, or 0.2 percent, below the agency's revised FY 2018 estimate. This includes a State General Fund decrease of \$14.4 million, or 0.4 percent, and a special revenue fund increase of \$4.1 million, or 0.3 percent, from the agency's estimate. The recommendation includes 257.5 FTE positions, which is the same as the agency's revised estimate.

The recommendation is an all funds increase of \$8.0 million, or 0.2 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$3.4 million, or 0.1 percent, and a special revenue fund increase of \$4.6 million, or 0.3 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

The major areas of change in the Governor's recommendation include:

- Increased expenditures of \$20.0 million, including \$10.3 million from the State General Fund, for increased State Foundation Aid payments in FY 2018 to reflect the November 2017 Consensus Revenue Estimates for school finance;
- Increased expenditures of \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs in FY 2018;

- Increased expenditures of \$2.8 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals in FY 2018; and
- Increased expenditures of \$1.8 million, all from the State General Fund, for increased Capital Outlay State Aid payments in FY 2018 to reflect the November 2017 Consensus Revenue Estimates for school finance.

These increases are partially set off by the following:

- Decreased expenditures of \$26.4 million, all from the State General Fund, for reduced Supplemental General State Aid payments in FY 2018 to reflect the November 2017 Consensus Revenue Estimates for school finance; and
- Decreased expenditures of \$5.5 million, all from special revenue funds, for reduced Capital Improvement State Aid payments in FY 2018 to reflect the November 2017 Consensus Revenue Estimates for school finance.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$5.0 billion, including \$3.4 billion from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$34.0 million, or 0.7 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$33.5 million, or 1.0 percent, and a special revenue fund increase of \$497,863, or less than 0.1 percent, above the approved budget. The revised estimate includes 257.5 FTE positions, which is an increase of 8.1 FTE positions above the approved number.

The major areas of increase above the FY 2019 approved budget include:

- A supplemental request of \$162,141, all from the State General Fund, to cover the State General Fund portion of the monumental building surcharge expected to be assessed during FY 2019;
- A supplemental request of \$28.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs for FY 2019;
- A supplemental request of \$4.6 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals for FY 2019; and
- A supplemental request of \$1.4 million, all from the State General Fund, to fully fund the technical education incentive for FY 2019.

The **Governor** recommends FY 2019 expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund. The recommendation is an all funds increase of \$144.9 million, or 2.9 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$123.6 million, or 3.7 percent, and a special revenue fund increase of \$21.3 million, or 1.3 percent, above the agency's estimate. The recommendation includes 257.5 FTE positions, which is the same as the agency's revised estimate.

The recommendation is an all funds increase of \$178.9 million, or 3.6 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$157.1 million, or 4.7 percent, and a special revenue fund increase of \$21.8 million, or 1.4 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

The recommendation includes increased expenditures of \$57.5 million, including \$49.5 million from the State General Fund, to reflect the November 2017 Consensus Revenue Estimates. This includes:

- Increased expenditures of \$34.1 million, including \$22.6 million from the State General Fund, for increased State Foundation Aid payments for FY 2019;
- Increased expenditures of \$26.1 million, all from the State General Fund, for increased employer contributions to KPERS-USDs for FY 2019;
- Increased expenditures of \$4.6 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals for FY 2019;
- Increased expenditures of \$4.3 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2019; and
- Decreased expenditures of \$3.5 million, all from special revenue funds, for decreased Capital Improvement State Aid payments for FY 2019.

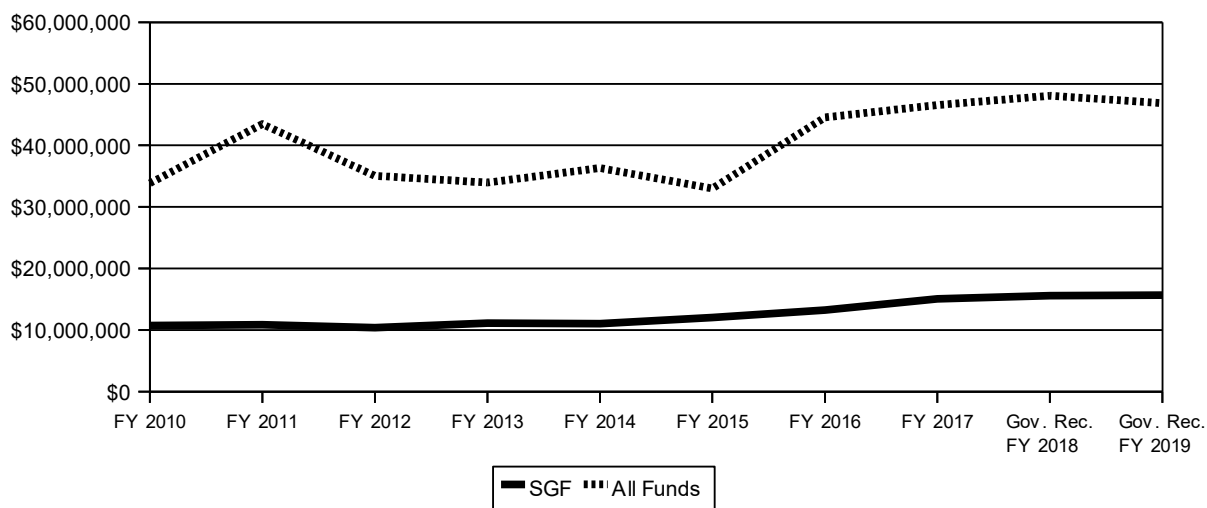
The recommendation also includes additional recommendations made by the Governor. They are detailed below:

- Increased expenditures of \$107.0 million, including \$93.2 million from the State General Fund and \$13.9 million from the Children's Initiatives Fund, to increase the BASE amount from \$4,128 to \$4,281 for FY 2019. This is part of the Governor's proposed remedy to the Kansas Supreme Court's ruling in *Gannon V*;
- Increased expenditures of \$5.0 million, all from the State General Fund, and decreased special revenue funds by the same amount to replace half of the transfer from the State Highway Fund for Special Education Transportation State Aid for FY 2019;
- Increased expenditures of \$3.0 million, all from the State General Fund, to fund school technology infrastructure for FY 2019;
- Increased expenditures of \$2.4 million, all from the Children's Initiatives Fund, to restore funding for the Children's Cabinet that was previously reduced through allotments;
- Decreased expenditures of \$2.2 million, all from the State General Fund, for decreased Supplemental General State Aid payments for FY 2019;

- Increased expenditures of \$1.0 million, all from the Children's Initiatives Fund, for the Governor's three-year pilot program called Communities Aligned in Early Development and Education (CAEDE);
- Increased expenditures of \$1.0 million, all from the federal Temporary Assistance for Needy Families block grant, to provide additional funding for the Parents as Teachers program for FY 2019; and
- Decreased expenditures of \$50,000, all from the State General Fund, to lapse funding for the Technical Education Incentive.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019

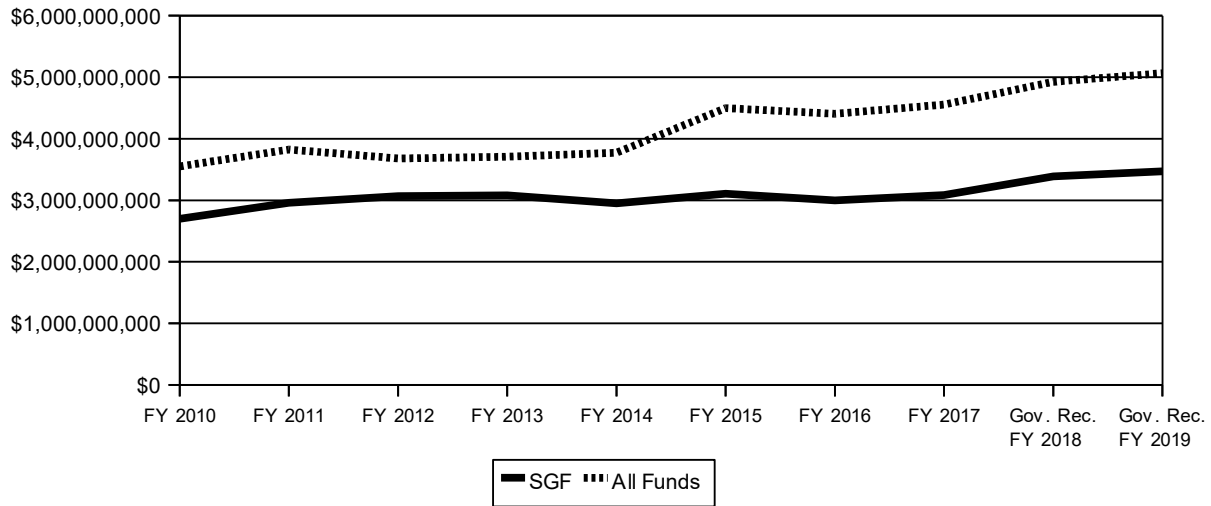


OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 10,735,847	(6.7)%	\$ 33,840,356	(2.1)%	210.3
2011	10,876,684	1.3	43,460,681	28.4	210.3
2012	10,361,045	(4.7)	35,064,224	(19.3)	284.6
2013	11,132,026	7.4	33,956,966	(3.2)	264.5
2014	11,050,938	(0.7)	36,308,792	6.9	273.0
2015	12,011,002	8.7	32,997,169	(9.1)	255.0
2016	13,220,867	10.1	44,539,694	35.0	246.4
2017*	15,039,455	13.8	46,552,420	4.5	244.4
2018 Gov. Rec.	15,586,052	3.6	48,068,687	3.3	257.5
2019 Gov. Rec.	15,664,764	0.5	46,860,169	(2.5)	257.5
Ten-Year Change					
Dollars/Percent	\$ 4,928,917	45.9 %	\$ 13,019,813	38.5 %	47.2

* Beginning in FY 2017, includes all expenditures for State Operations, including the Kansas Children's Cabinet.

**AID AND OTHER ASSISTANCE EXPENDITURES
FY 2010 – FY 2019**



**AID AND OTHER ASSISTANCE EXPENDITURES
FY 2010 – FY 2019**

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 2,698,815,637	(13.9)%	\$ 3,549,720,129	(2.7)%	210.3
2011	2,960,334,113	9.7	3,824,032,285	7.7	210.3
2012	3,066,459,334	3.6	3,678,685,623	(3.8)	284.6
2013	3,080,705,948	0.5	3,707,586,052	0.8	264.5
2014	2,952,153,298	(4.2)	3,772,343,727	1.7	273.0
2015	3,105,426,306	5.2	4,496,737,571	19.2	255.0
2016	2,996,140,141	(3.5)	4,404,997,971	(2.0)	246.4
2017	3,084,482,960	2.9	4,555,470,870	3.4	244.4
2018 Gov. Rec.	3,385,337,725	9.8	4,924,879,458	8.1	257.5
2019 Gov. Rec.	3,470,917,274	2.5	5,065,231,749	2.8	257.5
Ten-Year Change Dollars/Percent	\$ 772,101,637	28.6 %	\$ 1,515,511,620	42.7 %	47.2

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 14,198,888	\$ 16,291,321	\$ 16,111,380	\$ (179,941)	(1.1) %	\$ 16,129,180	\$ 15,949,239	\$ (179,941)	(1.1) %
Governance of Education	341,355	378,192	389,317	11,125	2.9	378,192	389,317	11,125	2.9
Child Nutrition & Wellness	3,856,646	3,546,834	3,590,313	43,479	1.2	3,546,834	3,590,313	43,479	1.2
Standards & Assessments Svcs.	9,827,951	10,440,908	9,243,022	(1,197,886)	(11.5)	10,440,908	9,243,022	(1,197,886)	(11.5)
Special Ed. Services	12,093,246	12,180,590	12,217,821	37,231	0.3	12,180,590	12,217,821	37,231	0.3
Title Programs & Svcs.	3,317,797	2,972,411	2,989,714	17,303	0.6	2,972,411	2,989,714	17,303	0.6
Career & Tech. Ed.	1,925,884	1,830,609	1,847,865	17,256	0.9	1,830,609	1,847,865	17,256	0.9
Financial Aid	4,536,322,296	4,915,229,711	4,900,480,895	(14,748,816)	(0.3)	4,905,091,544	5,043,075,330	137,983,786	2.8
Children's Cabinet	17,853,292	17,819,387	17,811,390	(7,997)	(0.0)	17,819,387	20,231,807	2,412,420	13.5
TOTAL	\$ 4,599,737,355	\$ 4,980,689,963	\$ 4,964,681,717	\$ (16,008,246)	(0.3) %	\$ 4,970,389,655	\$ 5,109,534,428	\$ 139,144,773	2.8 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 17,227,226	\$ 19,069,793	\$ 19,361,357	\$ 291,564	1.5 %	\$ 19,069,793	\$ 19,361,357	\$ 291,564	1.5 %
Contractual Services	28,457,007	28,389,737	26,984,236	(1,405,501)	(5.0)	28,227,596	26,822,095	(1,405,501)	(5.0)
Commodities	497,094	524,847	529,998	5,151	1.0	524,847	529,998	5,151	1.0
Capital Outlay	371,093	246,451	146,719	(99,732)	(40.5)	246,451	146,719	(99,732)	(40.5)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$ 46,552,420</i>	<i>\$ 48,230,828</i>	<i>\$ 47,022,310</i>	<i>\$ (1,208,518)</i>	<i>(2.5) %</i>	<i>\$ 48,068,687</i>	<i>\$ 46,860,169</i>	<i>\$ (1,208,518)</i>	<i>(2.5) %</i>
Aid to Local Units	4,495,591,376	4,872,234,186	4,857,293,399	(14,940,787)	(0.3)	4,862,096,019	4,998,887,834	136,791,815	2.8
Other Assistance	57,593,559	60,224,949	60,366,008	141,059	0.2	60,224,949	63,786,425	3,561,476	5.9
TOTAL	\$ 4,599,737,355	\$ 4,980,689,963	\$ 4,964,681,717	\$ (16,008,246)	(0.3) %	\$ 4,970,389,655	\$ 5,109,534,428	\$ 139,144,773	2.8 %
Financing:									
State General Fund	\$ 3,097,236,480	\$ 3,412,757,668	\$ 3,360,388,447	\$ (52,369,221)	(1.5) %	\$ 3,398,323,777	\$ 3,483,982,038	\$ 85,658,261	2.5 %
ELARF	35,430,948	39,883,000	40,084,000	201,000	0.5	39,883,000	40,084,000	201,000	0.5
CIF	16,622,697	23,877,296	23,868,934	(8,362)	(0.0)	23,877,296	41,139,351	17,262,055	72.3
State Highway Fund	107,250,000	107,250,000	107,250,000	0	--	107,250,000	102,250,000	(5,000,000)	(4.7)
Federal Funds	486,890,603	496,354,101	501,604,970	5,250,869	1.1	496,654,101	502,604,970	5,950,869	1.2
All Other Funds	856,306,627	900,567,898	931,485,366	30,917,468	3.4	904,401,481	939,474,069	35,072,588	3.9
TOTAL	\$ 4,599,737,355	\$ 4,980,689,963	\$ 4,964,681,717	\$ (16,008,246)	(0.3) %	\$ 4,970,389,655	\$ 5,109,534,428	\$ 139,144,773	2.8 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3,394,152,246 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 \$778,710, 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 \$3,394,930,956. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 3,394,930,956	\$ 3,412,757,668	\$ 17,826,712	\$ 3,398,323,777	\$ 3,392,821
All Other Funds	1,567,497,279	1,567,932,295	435,016	1,572,065,878	4,568,599
TOTAL	\$ 4,962,428,235	\$ 4,980,689,963	\$ 18,261,728	\$ 4,970,389,655	\$ 7,961,420
FTE Positions	249.4	257.5	8.1	257.5	8.1

The **agency** requests a revised estimate of \$5.0 billion, including \$3.4 billion from the State General Fund. The revised estimate is an all funds increase of \$18.3 million, or 0.4 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$17.8 million, or 0.5 percent, and a special revenue fund increase of \$435,016, or less than 0.1 percent, above the approved budget. The revised estimate includes 257.5 FTE positions, which is an increase of 8.1 FTE positions above the approved number.

The approved State General Fund amount includes the reappropriation of \$778,710 from FY 2017 to FY 2018. This includes \$711,134 for the School District Juvenile Detention Facilities account, of which \$133,078 was transferred to the agency's operations account to cover the costs associated with the pay plan approved by the Governor to provide salary increases to state employees not originally covered by the state employee salary adjustment approved by the 2017 Legislature. Other reappropriations include \$66,385 for the Governor's Teaching Excellence Scholarships and Awards and \$1,191 for Special Education Services Aid.

The State General Fund increase is attributable to the following factors:

- The agency's supplemental request for \$162,141, all from the State General Fund, to cover the State General Fund portion of the monumental building surcharge assessed by the Department of Administration in FY 2018;
- The agency's supplemental request for \$15.3 million, all from the State General Fund, for increased employer contributions for KPERS-USDs in FY 2018;
- The agency's supplemental request for \$2.8 million, all from the State General Fund, for increased KPERS employer contributions for community colleges, technical colleges, and interlocals in FY 2018; and
- The agency's supplemental request for \$1.4 million, all from the State General Fund, to fully fund the Technical Education Incentive program in FY 2018.

The State General Fund revised estimate also includes proposed reappropriations from FY 2018 to FY 2019. This includes \$289,028 for the Juvenile Detention Facilities account, \$74,020 for agency operations to cover the costs associated with the Governor's pay plan, and \$33,193 for the Governor's Teaching Excellence Scholarships and Awards.

The special revenue fund increase is primarily attributable to increased estimates of revenues from federal funds and the reappropriation of \$8,510, all from the Children's Initiatives Fund, from FY 2017 to FY 2018.

The number of approved FTE positions includes 2.0 auditor positions approved by the 2017 Legislature due to additional auditing requirements imposed in 2017 SB 19. The increase in FTE positions above the approved number includes the following positions:

- Two new positions that will assist the seven school districts participating in the Kansans Can School Redesign Project;
- One new communications specialist to assist in spreading the State Board of Education's new Kansans Can Redesign Project to school districts, education stakeholders, and the public; and
- Four new positions to absorb increasing workloads in Teaching Education and Licensure, Child Nutrition and Wellness, Special Education Services, and Title Programs and Services.

The **Governor** recommends FY 2018 expenditures of \$5.0 billion, including \$3.4 billion from the State General Fund. The recommendation is an all funds decrease of \$10.3 million, or 0.2 percent, below the agency's revised FY 2018 estimate. This includes a State General Fund decrease of \$14.4 million, or 0.4 percent, and a special revenue fund increase of \$4.1 million, or 0.3 percent, from the revised estimate. The recommendation includes 257.5 FTE positions, which is the same as the agency's revised estimate.

The recommendation is an all funds increase of \$8.0 million, or 0.2 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$3.4 million, or 0.1 percent, and a special revenue fund increase of \$4.6 million, or 0.3 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

The Governor's recommendation includes several changes to reflect the estimates of the Fall 2017 Consensus Revenue Estimates for school finance. They are described below.

State Foundation Aid. The Governor recommends increased expenditures of \$20.0 million, including \$10.3 million from the State General Fund, for increased State Foundation Aid payments in FY 2018. This includes increased expenditures of \$7.6 million from the statewide 20-mill property tax, increased expenditures of \$4.8 million from the School District Finance Fund, and decreased expenditures of \$2.8 million from the Mineral Production Fund due to revised revenue estimates. The increase in State Foundation Aid payments is due to an increase of approximately 500 FTE students enrolled in Kansas schools over the estimate used during the 2017 Session and to the new facilities weighting in the school finance formula, generating approximately \$4.0 million more than was originally estimated.

KPERS-USDs. The Governor recommends increased expenditures of \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs in FY 2018. Due to additional funding included in 2017 SB 19, covered payroll is expected to increase by 4.1 percent above FY 2017. This is the same amount that was included in the agency's supplemental request.

KPERS-Community Colleges and Interlocals. The Governor recommends increased expenditures of \$2.8 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals in FY 2018. The increase is due to an expected increase in covered payroll of 3.5 percent from FY 2017. This is the same amount that was included in the agency's supplemental request.

Capital Outlay State Aid. The Governor recommends increased expenditures of \$1.8 million, all from the State General Fund, for increased Capital Outlay State Aid payments in FY 2018. The Fall 2017 Consensus Revenue Estimates for school finance estimated a total obligation of \$60.5 million, which is an increase of \$1.8 million above the approved amount. Expenditures for Capital Outlay State Aid are a demand transfer from the State General Fund. As such, they are considered normal State General Fund expenditures, but there is no line-item appropriation in the appropriations bill.

Supplemental General State Aid. The Governor recommends decreased expenditures of \$26.4 million, all from the State General Fund, for decreased Supplemental General State Aid (also known as LOB State Aid) payments in FY 2018. SB 19 requires the calculation of LOB State Aid based on the prior year's local option budget (LOB). However, the Supplemental General State Aid appropriation was calculated using the current year's LOB. As a result, the FY 2018 State General Fund appropriation of \$480.9 million for LOB State Aid was approximately \$26.4 million higher than expenditures for state aid. It is important to note that the Kansas Supreme Court's October 2017 ruling in *Gannon V* held that use of the prior year's LOB to calculate LOB State Aid is unconstitutional.

Capital Improvement State Aid. The Governor recommends decreased expenditures of \$5.5 million, all from special revenue funds, for reduced Capital Improvement State Aid payments in FY 2018. Also known as Bond and Interest State Aid, expenditures are made from a special revenue fund, but is funded through a revenue transfer from the State General Fund. Therefore, Capital Improvement State Aid is not classified as a State General Fund expenditure, but it is still a State General Fund obligation.

Additionally, the Governor recommends the agency's proposed reappropriations from FY 2018 to FY 2019.

The Governor does not recommend the agency's supplemental requests relating to the monumental building surcharge assessed by the Department of Administration or the Technical Education Incentive.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Monumental Building Surcharge	\$ 162,141	\$ 162,141	0.0	\$ 0	\$ 0	0.0
KPERS-USDs	15,257,089	15,257,089	0.0	15,257,000	15,257,000	0.0
KPERS-Community Colleges & Interlocals	2,803,723	2,803,723	0.0	2,804,000	2,804,000	0.0
Technical Education Incentive	1,350,000	1,350,000	0.0	0	0	0.0
TOTAL	\$ 19,572,953	\$ 19,572,953	0.0	\$ 18,061,000	\$ 18,061,000	0.0

The **agency** requests supplemental funding totaling \$19.6 million, all from the State General Fund, in FY 2018. The individual supplemental requests are described below.

Monumental Building Surcharge. The agency requests \$162,141, all from the State General Fund, to fund the State General Fund portion of the monumental building surcharge assessed by the Department of Administration. Agency officials indicate the surcharge indirectly affects the agency's shrinkage rate, which prevents the agency from filling approximately 3.0 FTE positions that are budgeted from the State General Fund.

KPERS-USDs. The agency requests \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs in FY 2018. Due to the additional funding approved by the 2017 Legislature in 2017 SB 19, the agency anticipates that covered payroll will increase by approximately 4.1 percent in the current year. The Fall 2017 Consensus Revenue Estimates for school finance projected a shortfall of \$15.3 million, all from the State General Fund, for employer contributions to KPERS-USDs in FY 2018.

KPERS-Community Colleges and Interlocals. The agency requests \$2.8 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals in FY 2018. The agency projects that covered payroll will increase by approximately 3.5 percent in the current year. The Fall 2017 Consensus Revenue Estimates for school finance projected a shortfall of \$2.8 million, all from the State General Fund, for KPERS employer contributions to community colleges, technical colleges, and interlocals in FY 2018.

Technical Education Incentive. The agency requests \$1.4 million, all from the State General Fund, to fully fund the Technical Education Incentive program. The 2017 Legislature transferred this program from the Kansas Board of Regents to the Department of Education, along with an appropriation of \$50,000, in FY 2018. Under the program, local school districts are entitled to receive \$1,000 for each student graduating from high school with an industry-recognized credential in a high-need occupation. During the 2016-2017 school year, 1,383 students graduated with such credentials. Based on the current appropriation, the incentive will be prorated at approximately 3.6 percent.

Without the supplemental requests, the agency's FY 2018 revised estimate totals \$5.0 billion, including \$3.4 billion from the State General Fund. This is an all funds decrease of \$1.3 million, or less than 0.1 percent, below the budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$1.7 million, or 0.1 percent, and a special revenue fund increase of \$435,016, or less than 0.1 percent, from the approved amount.

The **Governor** recommends expenditures of \$18.1 million, all from the State General Fund, for the agency's supplemental requests. This includes \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs and \$2.8 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals. These figures reflect the estimates of the Fall 2017 Consensus Revenue Estimates for school finance. These expenditures are reflected in the Governor's FY 2018 recommendation for the agency.

The Governor does not recommend the supplemental requests for the monumental building surcharge or the Technical Education Incentive program.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$3.3 billion for FY 2019. No adjustments have subsequently been made to that amount.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$3,326,877,540	\$3,360,388,447	\$ 33,510,907	\$3,483,982,038	\$ 157,104,498
All Other Funds	1,603,795,407	1,604,293,270	497,863	1,625,552,390	21,756,983
TOTAL	<u>\$4,930,672,947</u>	<u>\$4,964,681,717</u>	<u>\$ 34,008,770</u>	<u>\$5,109,534,428</u>	<u>\$ 178,861,481</u>
FTE Positions	249.4	257.5	8.1	257.5	8.1

The **agency** requests a revised estimate of \$5.0 billion, including \$3.4 billion from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$34.0 million, or 0.7 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$33.5 million, or 1.0 percent, and a special revenue fund increase of \$497,863, or less than 0.1 percent, above the approved budget. The revised estimate includes 257.5 FTE positions, which is an increase of 8.1 positions above the approved number.

The State General Fund increase is attributable to the following factors:

- The agency's supplemental request for \$162,141, all from the State General Fund, to cover the State General Fund portion of the monumental building surcharge expected to be assessed during FY 2019;

- The agency's supplemental request for \$28.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs for FY 2019;
- The agency's supplemental request for \$4.6 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals for FY 2019; and
- The agency's supplemental request for \$1.4 million, all from the State General Fund, to fully fund the Technical Education Incentive program for FY 2019.

The revised State General Fund estimate includes proposed reappropriations from FY 2018 to FY 2019. This includes \$289,028 for the School District Juvenile Detention Facilities account, \$74,020 for agency operations to cover the costs associated with the pay plan approved by the Governor to cover employees not originally included in the state employee pay adjustment approved by the 2017 Legislature, and \$33,193 for the Governor's Teaching Excellence Scholarships and Awards.

The special revenue fund increase is primarily attributable to increased estimates of federal fund revenues for FY 2019.

The number of approved FTE positions includes 2.0 auditor positions approved by the 2017 Legislature due to additional auditing requirements imposed in 2017 SB 19. The increase in FTE positions above the approved number includes the following positions:

- Two new positions that will assist the seven school districts participating in the Kansans Can School Redesign Project;
- One new communications specialist to assist in spreading the State Board of Education's new Kansans Can Redesign Project to school districts, education stakeholders, and the public; and
- Four new positions to absorb increasing workloads in Teaching Education and Licensure, Child Nutrition and Wellness, Special Education Services, and Title Programs and Services.

The **Governor** recommends FY 2019 expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund. The recommendation is an all funds increase of \$144.9 million, or 2.9 percent, above the agency's FY 2018 revised estimate. This includes a State General Fund increase of \$123.6 million, or 3.7 percent, and a special revenue fund increase of \$21.3 million, or 1.3 percent, above the revised estimate. The recommendation includes 257.5 FTE positions, which is the same as the agency's revised estimate.

The recommendation is an all funds increase of \$178.9 million, or 3.6 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$157.1 million, or 4.7 percent, and a special revenue fund increase of \$21.8 million, or 1.4 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

The Governor's recommendation includes increased expenditures of \$57.5 million to reflect the estimates of the November 2017 Consensus Revenue Estimates for school finance. They are described below.

State Foundation Aid. The Governor recommends increased expenditures of \$34.1 million, including \$22.6 million from the State General Fund, for increased State Foundation Aid payments for FY 2019. This includes increased expenditures of \$7.4 million from the statewide 20-mill property tax and increased expenditures of \$4.1 million from the School District Finance Fund. The increase in State Foundation Aid payments is due to an increase of approximately 500 FTE students enrolled in Kansas schools over the estimate used during the 2017 Session and to the new facilities weighting in the school finance formula, generating approximately \$4.0 million more than was originally estimated.

This proposed increase in State Foundation Aid is to fund the school finance formula as created in 2017 SB 19. It is separate from the Governor's proposed remedy to the Kansas Supreme Court's ruling in *Gannon V.*

KPERS-USDs. The Governor recommends increased expenditures of \$26.1 million, all from the State General Fund, for increased employer contributions to KPERS-USDs for FY 2019. Due to the additional funding included in SB 19, covered payroll is expected to increase by 3.1 percent above FY 2018. The agency's supplemental request for increased employer contributions to KPERS-USDs totaled \$28.3 million, all from the State General Fund. The agency used a higher figure, 3.6 percent, to estimate the increase in covered payroll for FY 2019.

KPERS-Community Colleges and Interlocals. The Governor recommends increased expenditures of \$4.6 million, all from the State General Fund, for increased KPERS employer contributions for community colleges, technical colleges, and interlocals for FY 2019. The increase is due to an expected increase in covered payroll of 3.0 percent from FY 2018. This is the same amount that was included in the agency's supplemental request.

Capital Outlay State Aid. The Governor recommends increased expenditures of \$4.3 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2019. The Fall 2017 Consensus Revenue Estimates for school finance estimated a total obligation of \$63.0 million, which is an increase of \$4.3 million above the approved amount. Expenditures for Capital Outlay State Aid are a demand transfer from the State General Fund. As such, they are considered normal State General Fund expenditures, but there is no line-item appropriation in the appropriations bill.

Capital Improvement State Aid. The Governor recommends decreased expenditures of \$3.5 million, all from special revenue funds, for decreased Capital Improvement State Aid payments for FY 2019. Also known as Bond and Interest State Aid, expenditures are made from a special revenue fund, but is funded through a revenue transfer from the State General Fund. Therefore, Capital Improvement State Aid is not classified as a State General Fund expenditure, but it is still a State General Fund obligation.

Beyond the November 2017 Consensus Revenue Estimates for school finance, the Governor's recommendation includes additional expenditures of \$120.5 million. They are described below.

State Foundation Aid. The Governor recommends increased expenditures of \$107.0 million, including \$93.2 million from the State General Fund and \$13.9 million from the Children's Initiatives Fund, for increased State Foundation Aid payments for FY 2019. This would raise the BASE amount for FY 2019 from \$4,128 to \$4,281.

Separate from the recommended increase to reflect the November 2017 Consensus Revenue Estimates for school finance, this recommendation is part of the Governor's proposed remedy to the Kansas Supreme Court's decision in *Gannon V*. The Governor's proposed remedy is for an additional approximately \$594 million in State Foundation Aid to be phased in over five years, starting in FY 2019. This is an additional \$594 million above the approved appropriation for FY 2018 and includes the new \$87.8 million in funding for FY 2019 approved by the 2017 Legislature. When the new funding added by SB 19 is considered, the Governor's proposed remedy is for approximately \$507 million to be phased in over five years, starting in FY 2019.

Combined with the increase in State Foundation Aid to reflect the November 2017 Consensus Revenue Estimates, the Governor's recommendation includes total increased expenditures for State Foundation Aid payments of \$141.1 million, including \$115.8 million from the State General Fund.

Supplemental General State Aid. The Governor recommends decreased expenditures of \$2.2 million, all from the State General Fund, for decreased Supplemental General State Aid (also known as LOB State Aid) payments for FY 2019. SB 19 requires the calculation of LOB State Aid based on the prior year's local option budget (LOB). However, the Supplemental General State Aid appropriation was calculated using the current year's LOB. As a result, the FY 2019 State General Fund appropriation of \$486.1 million for LOB State Aid was approximately \$8.2 million higher than estimated expenditures for state aid. It is important to note that the Kansas Supreme Court's October 2017 ruling in *Gannon V* held that use of the prior year's LOB to calculate LOB State Aid is unconstitutional.

The Governor's recommendation is \$6.0 million higher than the consensus estimate in anticipation that the funding formula will be corrected to calculate LOB State Aid from school districts' current year budget. This \$6.0 million increase from the consensus estimate is included as part of the Governor's proposed five-year, \$600.0 million remedy to the *Gannon V* ruling.

Special Education Transportation Funding. The Governor recommends increased expenditures of \$5.0 million, all from the State General Fund, to reduce the FY 2019 approved transfer from the State Highway Fund for Special Education Transportation State Aid by \$5.0 million and replacing the same amount with an additional appropriation from the State General Fund. With this recommendation, the transfer from the State Highway Fund for Special Education Transportation State Aid will total \$5.0 million for FY 2019.

School Technology Infrastructure. The Governor recommends increased expenditures of \$3.0 million, all from the State General Fund, to fund school technology infrastructure in Kansas, including providing high-speed Internet required for digital learning and upgrading the Wi-Fi network to support one-to-one learning in all schools. This funding will allow Kansas school districts to access up to \$30.0 million in one-time infrastructure investment funds from the federal e-Rate program, which requires a 10.0 percent state match.

Restoration of Children's Initiatives Fund Allotments. The Governor recommends restoration of several allotments made to several Kansas Children's Cabinet programs funded by the Children's Initiatives Fund. This includes \$2.3 million for the Early Childhood Block Grants program, \$69,534 for the Child Care Quality Initiative, and \$6,953 for the Autism Diagnosis program.

Communities Aligned in Early Development and Education (CAEDE). The Governor recommends expenditures of \$1.0 million, all from the Children's Initiatives Fund, for the Kansas Children's Cabinet to begin a three-year pilot for CAEDE. A new public-private program

proposed by the Governor, CAEDE is designed to improve school readiness and health of at-risk children using the Kansas Blueprint for Early Childhood's three areas of impact: health development, strong families, and early learning. Grants from the pilot program will require a two-thirds private cash match.

Reduction of Parents as Teachers Waiting List. The Governor recommends increased expenditures of \$1.0 million, all from the Temporary Assistance for Needy Families federal fund, to eliminate waiting lists for the Parents as Teachers program. This recommendation is in addition to the approved FY 2019 budget of \$7.2 million, all from the Children's Initiatives Fund. In total, the Governor recommends expenditures of \$8.2 million for the Parents as Teachers program.

Career and Technical Education (CTE) Credential Tests. The Governor recommends expenditures of \$105,000, all from the State General Fund, to fully fund the student cost for CTE credentialing tests for FY 2019. It is the Governor's recommendation that no student who takes a credentialing test will have any out-of-pocket expenses beginning in FY 2019.

Technical Education Incentive. The Governor recommends decreased expenditures of \$50,000, all from the State General Fund, to lapse funding for the Technical Education Incentive paid to school districts for each high school student graduating with an industry-recognized credential in a high-need occupation.

Additionally, the Governor recommends the agency's proposed reappropriations from FY 2018 to FY 2019.

The Governor does not recommend the agency's supplemental requests relating to the monumental building surcharge assessed by the Department of Administration or the Technical Education Incentive.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Monumental Building						
Surcharge	\$ 162,141	\$ 162,141	0.0	\$ 0	\$ 0	0.0
KPERS-USDs	28,320,999	28,320,999	0.0	26,147,000	26,147,000	0.0
KPERS-Community						
Colleges & Interlocals	4,631,526	4,631,526	0.0	4,632,000	4,632,000	0.0
Technical Education						
Incentive	1,400,000	1,400,000	0.0	0	0	0.0
TOTAL	\$ 34,514,666	\$ 34,514,666	0.0	\$ 30,779,000	\$ 30,779,000	0.0

The **agency** requests supplemental funding totaling \$34.5 million, all from the State General Fund, for FY 2019. The individual supplemental requests are detailed below.

Monumental Building Surcharge. The agency requests \$162,141, all from the State General Fund, to fund the expected State General Fund portion of the monumental building surcharge assessed by the Department of Administration. Agency officials indicated the

surcharge indirectly increases the agency's shrinkage rate, which prevents the agency from filling approximately 3.0 FTE positions budgeted from the State General Fund.

KPERS-USDs. The agency requests \$28.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs for FY 2019. Due to the additional funding approved by the 2017 Legislature in 2017 SB 19, the agency anticipates that covered payroll will increase by approximately 3.6 percent in the budget year. The Fall 2017 Consensus Revenue Estimates for school finance identified a shortfall of \$26.1 million, all from the State General Fund, for employer contributions to KPERS-USDs for FY 2019. This change from the agency's revised estimate is due to reducing the expected increase in covered payroll from 3.6 percent to 3.1 percent.

KPERS-Community Colleges and Interlocals. The agency requests \$4.6 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals for FY 2019. The agency projects that covered payroll will increase by approximately 3.0 percent in the current year. The Fall 2017 Consensus Revenue Estimates for school finance also identified a shortage of \$4.6 million, all from the State General Fund, for KPERS employer contributions to community colleges, technical colleges, and interlocals for FY 2019.

Technical Education Incentive. The agency requests \$1.4 million, all from the State General Fund, to fully fund the Technical Education Incentive program. The 2017 Legislature transferred this program from the Kansas Board of Regents to the Department of Education, along with an appropriation of \$50,000, for FY 2018. Under the program, local school districts are entitled to receive \$1,000 for each student graduating from high school with an industry-recognized credential in a high-need occupation. During the 2016-2017 school year, 1,383 students graduated with such credentials. Based on the current appropriation, the incentive will be prorated at approximately 3.4 percent.

Without the supplemental requests, the agency's FY 2019 revised estimate totals \$4.9 billion, including \$3.3 billion from the State General Fund. This is an all funds decrease of \$505,896, or less than 0.1 percent, below the budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$1.0 million, or less than 0.1 percent, and a special revenue fund increase of \$497,863, or less than 0.1 percent, from the approved amount.

The **Governor** recommends expenditures of \$30.8 million, all from the State General Fund, for the agency's supplemental requests. This includes \$26.1 million, all from the State General Fund, for increased employer contributions to KPERS-USDs and \$4.6 million, all from the State General Fund, for increased KPERS employer contributions to community colleges, technical colleges, and interlocals. These figures reflect the estimates of the Fall 2017 Consensus Revenue Estimates for school finance. These expenditures are reflected in the Governor's FY 2019 recommendation for the agency.

The Governor does not recommend the supplemental requests for the monumental building surcharge or the Technical Education Incentive 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 \$32,120, including \$14,956 from the State General Fund, and FY 2019 longevity payments total \$33,520, including \$15,514 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	67.7 %	68.2 %
Expanded Lottery Act		
Revenue Fund	0.8	0.8
Children's Initiatives Fund	0.5	0.8
State Highway Fund	2.2	2.0
Federal Funds	10.1	9.8
All Other Funds	18.8	18.4
TOTAL	100.0 %	100.0 %

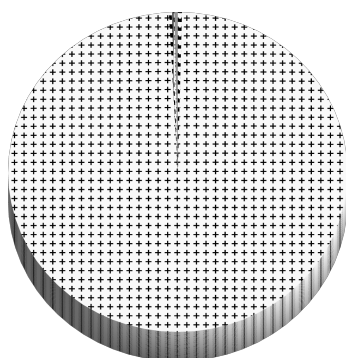
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

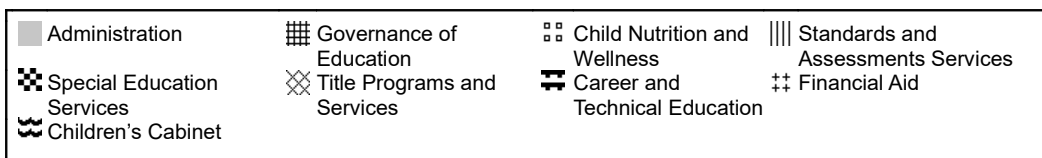
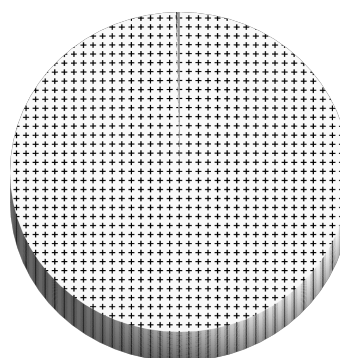
Expenditures by Program

Governor's FY 2019 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 15,949,239	0.3 %	\$ 8,504,687	0.2 %
Governance of Education	389,317	0.0	389,317	0.0
Child Nutrition and Wellness	3,590,313	0.1	327,341	0.0
Standards and Assessments Services	9,243,022	0.2	2,697,271	0.1
Special Education Services	12,217,821	0.2	550,478	0.0
Title Programs and Services	2,989,714	0.1	55,200	0.0
Career and Technical Education	1,847,865	0.0	1,085,513	0.0
Financial Aid	5,043,075,330	98.7	3,470,372,231	99.6
Children's Cabinet	20,231,807	0.4	0	0.0
TOTAL	\$ 5,109,534,428	100.0 %	\$ 3,483,982,038	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	135.0	142.6	142.6	142.6	142.6
Governance of Education	1.0	1.0	1.0	1.0	1.0
Child Nutrition and Wellness	32.5	33.5	33.5	33.5	33.5
Standards and Assessment	23.7	23.8	23.8	23.8	23.8
Special Education Services	23.0	23.8	23.8	23.8	23.8
Title Programs and Services	14.5	15.2	15.2	15.2	15.2
Career and Technical Education	14.8	14.7	14.7	14.7	14.7
Financial Aid	--	--	--	--	--
Children's Cabinet	3.0	3.0	3.0	3.0	3.0
TOTAL	247.4	257.5	257.5	257.5	257.5
<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. Agency Operating Budget

This includes all expenditures for state operations within the Kansas State Department of Education, with the exception of expenditures for the Kansas Children's Cabinet. Expenditures for the Children's Cabinet are detailed in a subsequent table.

**AGENCY OPERATING BUDGET (EXCLUDING CHILDREN'S CABINET)
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 16,948,197	\$ 18,789,729	\$ 18,789,729	\$ 19,076,203	\$ 19,076,203
Contractual Services	27,234,570	27,207,732	27,045,591	25,805,537	25,643,396
Commodities	433,815	521,154	521,154	526,305	526,305
Capital Outlay	369,239	245,951	245,951	146,219	146,219
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 44,985,821</i>	<i>\$ 46,764,566</i>	<i>\$ 46,602,425</i>	<i>\$ 45,554,264</i>	<i>\$ 45,392,123</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 44,985,821</u>	<u>\$ 46,764,566</u>	<u>\$ 46,602,425</u>	<u>\$ 45,554,264</u>	<u>\$ 45,392,123</u>
Financing:					
State General Fund	\$ 15,039,455	\$ 15,748,193	\$ 15,586,052	\$ 15,826,905	\$ 15,664,764
All Other Funds	29,946,366	31,016,373	31,016,373	29,727,359	29,727,359
TOTAL	<u>\$ 44,985,821</u>	<u>\$ 46,764,566</u>	<u>\$ 46,602,425</u>	<u>\$ 45,554,264</u>	<u>\$ 45,392,123</u>
FTE Positions	244.4	254.5	254.5	254.5	254.5

The **agency** requests a revised estimate of \$46.8 million, including \$15.8 million from the State General Fund, for FY 2018. The revised estimate is an all funds increase of \$799,180, or 1.7 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$221,199, or 1.4 percent, and a special revenue fund increase of \$577,981, or 1.9 percent, above the approved budget. The revised estimate includes 254.5 FTE positions, which is an increase of 8.1 positions above the approved number.

The State General Fund increase is attributable to the following factors:

- The agency's supplemental request for \$162,141, all from the State General Fund, to fund the State General Fund portion of the monumental building surcharge assessed by the Department of Administration in FY 2018; and
- Increased expenditures of \$59,058 for salaries and wages due to the agency transferring moneys from the School District Juvenile Detention Facilities account to the Operating Expenditures account in order to fund the State General Fund portion of the pay plan approved by the Governor to cover employees not originally included in the state employee salary adjustment approved by the 2017 Legislature.

The special revenue fund increase is primarily attributable to increased estimates of federal fund revenues in FY 2018. These funds will be used for increased salaries and wages costs that were the result of the pay plan approved by the Governor.

The number of approved FTE positions includes 2.0 auditor positions approved by the 2017 Legislature due to additional auditing requirements imposed in 2017 SB 19. The increase in FTE positions above the approved number includes the following positions:

- Two new positions that will assist the seven school districts participating in the Kansans Can School Redesign Project;
- One new communications specialist to assist in spreading the State Board of Education's new Kansans Can Redesign Project to school districts, education stakeholders, and the public; and
- Four new positions to absorb increasing workloads in Teaching Education and Licensure, Child Nutrition and Wellness, Special Education Services, and Title Programs and Services.

The **Governor** recommends FY 2018 operating expenditures of \$46.6 million, including \$15.6 million from the State General Fund. The recommendation is an all funds decrease of \$162,141, or 0.3 percent, below the agency's revised FY 2018 estimate. This includes a State General Fund decrease of \$162,141, or 1.0 percent, below the agency's estimate. The recommendation includes 254.5 FTE positions, which is the same as the agency's revised estimate.

The State General Fund decrease is due to the Governor not recommending the agency's supplemental request for additional funding to cover the State General Fund portion of the monumental building surcharge assessed by the Department of Administration in FY 2018.

The Governor's recommendation is an all funds increase of \$637,039, or 1.4 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$59,058, or 0.4 percent, and a special revenue fund increase of \$577,981, or 1.9 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

The **agency** requests a revised estimate of \$45.6 million, including \$15.8 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$884,499, or 2.0 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$236,161, or 1.5 percent, and a special revenue fund increase of \$648,338, or 2.2 percent, above the approved budget. The revised estimate includes 254.5 FTE positions, which is an increase of 8.1 FTE positions above the approved number.

The State General Fund increase is attributable to the following factors:

- The agency's supplemental request for \$162,141, all from the State General Fund, to fund the State General Fund portion of the monumental building surcharge assessed by the Department of Administration for FY 2019; and
- Increased expenditures of \$74,020 for salaries and wages due to a proposed reappropriation of moneys from FY 2018 to FY 2019 in order to fund the State General Fund portion of the pay plan approved by the Governor to cover employees not originally included in the state employee salary adjustment approved by the 2017 Legislature.

The special revenue fund increase is primarily attributable to increased estimates of federal fund revenues for FY 2019. These funds will be used for increased salaries and wages costs that were the result of the pay plan approved by the Governor.

The number of approved FTE positions includes 2.0 auditor positions approved by the 2017 Legislature due to additional auditing requirements imposed in 2017 SB 19. The increase in FTE positions above the approved number includes the following positions:

- Two new positions that will assist the seven school districts participating in the Kansans Can School Redesign Project;
- One new communications specialist to assist in spreading the State Board of Education's new Kansans Can Redesign Project to school districts, education stakeholders, and the public; and
- Four new positions to absorb increasing workloads in Teaching Education and Licensure, Child Nutrition and Wellness, Special Education Services, and Title Programs and Services.

The **Governor** recommends FY 2019 operating expenditures of \$45.4 million, including \$15.7 million from the State General Fund. The recommendation is an all funds decrease of \$162,141, or 0.4 percent, below the agency's revised FY 2019 estimate. This includes a State General Fund decrease of \$162,141, or 1.0 percent, below the agency's revised estimate. The recommendation includes 254.5 FTE positions, which is the same as the agency's revised estimate.

The State General Fund decrease is due to the Governor not recommending the agency's supplemental request for additional funding to cover the State General Fund portion of the monumental building surcharge assessed by the Department of Administration for FY 2019.

The Governor's recommendation is an all funds increase of \$722,358, or 1.6 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$74,020, or 0.5 percent, and a special revenue fund increase of \$648,338, or 2.2 percent, above the approved budget. The FTE recommendation is an increase of 8.1 FTE positions above the approved number.

B. Aid and Other Assistance

The table below includes expenditures for the Department of Education's Financial Aid program. This includes all the aid to local school district expenditures, as well as most grants provided to local agencies. It does not include aid and other assistance distributed by the Kansas Children's Cabinet; such expenditures are detailed in the subsequent table.

AID AND OTHER ASSISTANCE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
State General Fund:					
Block Grant to USDs	\$ 2,105,142,891	\$ 0	\$ 0	\$ 0	\$ 0
State Foundation Aid	0	1,991,268,237	2,001,591,131	2,046,657,545	2,162,421,996
Supplemental General State Aid	470,625,852	480,920,922	454,500,000	486,109,284	483,923,000
Special Education	425,469,632	435,981,646	435,981,646	447,980,455	452,980,455
Capital Outlay State Aid	58,039,060	58,703,910	60,530,000	58,703,910	63,000,000
KPERS-USDs*	0	390,319,759	390,319,670	256,289,566	254,115,567
KPERS-Non-USDs	15,663,602	22,510,795	22,511,072	31,516,575	31,517,049
KPERS Layering Payment	0	6,400,000	6,400,000	6,400,000	6,400,000
Juvenile Detention Facilities State Aid	4,060,366	5,060,528	5,060,528	5,060,528	5,060,528
Governor's Teaching Excellence Scholarship	261,115	360,692	360,692	360,693	360,693
Professional Development	0	1,700,000	1,700,000	1,700,000	1,700,000
Mentor Teacher Programs	0	800,000	800,000	800,000	800,000
Kansas Reading Success**	1,787,503	2,100,000	2,100,000	2,100,000	2,100,000
Deaf-Blind Program Aid	109,953	110,000	110,000	110,000	110,000
CTE Credentialing Tests	0	0	0	0	105,000
Technical Education Incentive	0	50,000	50,000	50,000	0
IT Education Opportunities**	500,000	500,000	500,000	500,000	500,000
School Technology Infrastructure	0	0	0	0	3,000,000
School Food Assistance	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486
Other State-Funded Grants	312,500	312,500	312,500	312,500	312,500
TOTAL STATE GENERAL FUND	\$ 3,084,482,960	\$ 3,399,609,475	\$ 3,385,337,725	\$ 3,347,161,542	\$ 3,470,917,274
20-Mill Local Property Tax	\$ 613,881,173	\$ 635,461,810	\$ 643,101,393	\$ 662,903,410	\$ 670,322,113
School District Finance Fund	51,303,853	50,043,000	54,800,000	48,730,000	52,800,000
KPERS-ELARF	35,430,948	39,883,000	39,883,000	40,084,000	40,084,000
Capital Improvement State Aid	179,711,657	195,500,000	190,000,000	203,500,000	200,000,000
Mineral Production Fund	5,556,550	9,960,000	7,197,000	9,801,000	9,801,000
Transportation Aid - State Highway Fund	107,250,000	107,250,000	107,250,000	107,250,000	102,250,000
Communities in Schools Program	50,000	50,000	50,000	50,000	50,000
Driver Education Aid	1,504,772	1,682,000	1,682,000	1,682,000	1,682,000
Extraordinary Declining Enrollment	0	2,593,452	2,593,452	0	0
Children's Cabinet - Family & Children Investment Fund	114,173	68,500	68,500	68,500	68,500
Children's Initiatives Fund:					
State Foundation Aid	0	0	0	0	13,850,000
Comm. Aligned in Early Development & Ed.	0	0	0	0	1,000,000
Parent Education (Parents as Teachers) ***	0	7,237,635	7,237,635	7,237,635	7,237,635
Autism Diagnosis	43,047	43,047	43,047	43,047	50,000
Child Care Quality Initiative	430,466	430,466	430,466	430,466	500,000
Early Childhood Block Grants	14,921,726	15,065,827	15,065,827	15,056,046	17,399,976
* In FY 2017, KPERS employer contributions for USDs were included in the block grant appropriation. ** Budgeted as a contractual services expenditure, but included in this table since the expenditures benefit local education agencies and not KSDE directly. *** In FY 2017, Parents as Teachers was funded from federal Temporary Assistance for Needy Families moneys.					

AID AND OTHER ASSISTANCE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Selected Federal Funds:					
Special Education	102,346,027	102,692,560	102,692,560	102,692,560	102,692,560
School Food Assistance	190,667,735	201,238,217	201,238,217	206,493,055	206,493,055
Elementary and Secondary Education Act (ESEA) Prog.	121,102,162	122,955,067	122,955,067	122,280,067	122,280,067
Parents as Teachers***	6,028,487	0	0	0	1,000,000
Pre-K Pilot	3,858,696	4,132,317	4,132,317	4,132,317	4,132,317
Remainder of Other Assistance and Aid to Local Grants	36,786,438	39,121,252	39,121,252	40,621,252	40,621,252
TOTAL OTHER FUNDS	\$ 1,470,987,910	\$ 1,535,408,150	\$ 1,539,541,733	\$ 1,573,055,355	\$ 1,594,314,475
GRAND TOTAL	\$ 4,555,470,870	\$ 4,935,017,625	\$ 4,924,879,458	\$ 4,920,216,897	\$ 5,065,231,749

STATE FOUNDATION AID SUMMARY OF EXPENDITURES FY 2017 - FY 2019					
	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
State Foundation Aid:					
State General Fund	\$ 1,851,641,079	\$ 1,991,268,237	\$ 2,001,591,191	\$ 2,046,657,545	\$ 2,162,421,996
20-Mill Local Property Tax	613,881,173	635,461,810	643,101,393	662,903,410	670,322,113
School District Finance Fund	51,303,853	50,043,000	54,800,000	48,730,000	52,800,000
Mineral Production Fund	5,556,550	9,960,000	7,197,000	9,801,000	9,801,000
State Highway Fund	96,600,000	96,600,000	96,600,000	96,600,000	96,600,000
Children's Initiatives Fund	0	0	0	0	13,850,000
TOTAL	\$ 2,618,982,655	\$ 2,783,333,047	\$ 2,803,289,584	\$ 2,864,691,955	\$ 3,005,795,109

The **agency** requests \$4.9 billion, including \$3.4 billion from the State General Fund, for all aid and other assistance expenditures in FY 2018. This is an all funds increase of \$18.1 million, or 0.4 percent, and a State General Fund increase \$18.4 million, or 0.5 percent, above the FY 2018 budget approved by the 2017 Legislature. The increase is attributable to the agency's supplemental requests for FY 2018.

The **Governor** recommends expenditures of \$4.9 billion, including \$3.4 billion from the State General Fund, for all aid and other assistance expenditures in FY 2018. This is an all funds decrease of \$10.1 million, or 0.2 percent, and a State General Fund decrease of \$14.3 million, or 0.4 percent, below the agency's revised estimate. The recommendation is an all funds increase of \$8.0 million, or 0.2 percent, and a State General Fund increase of \$4.1 million, or 0.1 percent, above the approved budget.

The major changes from the agency's revised FY 2018 estimate are:

- Increased expenditures of \$20.0 million, including \$10.3 million from the State General Fund, for increased State Foundation Aid payments to reflect the November 2017 Consensus Revenue Estimates for school finance;

- Increased expenditures of \$1.8 million, all from the State General Fund, for increased Capital Outlay State Aid payments to reflect the November 2017 Consensus Revenue Estimates for school finance; and
- Decreased expenditures of \$26.4 million, all from the State General Fund, for decreased Supplemental General State Aid payments to reflect the November 2017 Consensus Revenue Estimates for school finance.

The Governor's recommendation includes increased expenditures of \$15.3 million, all from the State General Fund, for increased employer contributions to KPERS-USDs and \$2.8 million, all from the State General Fund, for increased KPERS employer contributions for community colleges, technical colleges, and interlocals, which were included in the agency's revised estimate as supplemental requests.

The **agency** requests \$4.9 billion, including \$3.3 billion from the State General Fund, for all aid and other assistance payments for FY 2019. This is an all funds increase of \$33.0 million, or 0.7 percent, and a State General Fund increase of \$33.3 million, or 1.0 percent, above the FY 2019 budget approved by the 2017 Legislature. The increase is attributable to the agency's supplemental requests for FY 2019.

The **Governor** recommends expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund, for all aid and other assistance payments for FY 2019. This is an all funds increase of \$145.0 million, or 2.9 percent, and a State General Fund increase of \$123.8 million, or 3.7 percent, above the agency's FY 2019 revised estimate. The recommendation is an all funds increase of \$178.0 million, or 3.6 percent, and a State General Fund increase of \$157.0 million, or 4.7 percent, above the FY 2019 approved budget.

The recommendation includes the following adjustments to reflect the November 2017 Consensus Revenue Estimates for school finance:

- Increased expenditures of \$34.1 million, including \$22.6 million from the State General Fund, for increased State Foundation Aid payments for FY 2019;
- Increased expenditures of \$26.1 million, all from the State General Fund, for increased employer contributions to KPERS-USDs. This was included in the agency's revised estimate as a supplemental request;
- Increased expenditures of \$4.6 million, all from the State General Fund, for increased KPERS employer contributions for community college, technical colleges, and interlocals. This was included in the agency's revised estimate as a supplemental request; and
- Increased expenditures of \$4.3 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2019.

The Governor's recommendation also includes recommendations beyond the November 2017 Consensus Revenue Estimates for school finance. They are detailed below:

- Increased expenditures of \$107.0 million, including \$93.2 million from the State General Fund and \$13.9 million from the Children's Initiatives Fund, for increased

State Foundation Aid payments and to raise the BASE amount from \$4,128 to \$4,281 for FY 2019. This is part of the Governor's proposed remedy to the ruling in *Gannon V*;

- Increased expenditures of \$5.0 million, all from the State General Fund, to replace half of the transfer from the State Highway Fund for Special Education Transportation State Aid for FY 2019;
- Increased expenditures of \$3.0 million, all from the State General Fund, to fund school technology infrastructure for FY 2019;
- Increased expenditures of \$2.4 million, all from the Children's Initiatives Fund, to restore funding for the Children's Cabinet that was previously reduced through allotments;
- Decreased expenditures of \$2.2 million, all from the State General Fund, for decreased Supplemental General State Aid payments for FY 2019, which is a \$6.0 million increase above the November 2017 Consensus Revenue Estimates for school finance;
- Increased expenditures of \$1.0 million, all from the Children's Initiatives Fund, for the Governor's three-year pilot program called Communities Aligned in Early Development and Education (CAEDE);
- Increased expenditures of \$1.0 million, all from the federal Temporary Assistance for Needy Families block grant, to provide additional funding for the Parents as Teachers program for FY 2019; and
- Decreased expenditures of \$50,000, all from the State General Fund, to lapse funding for the Technical Education Incentive.

C. Kansas Children's Cabinet

The Kansas Children's Cabinet is established pursuant to KSA 38-1901. Its responsibilities include:

- Assisting the Governor in developing and implementing a coordinated, comprehensive delivery system to improve the health and well-being of families and children in Kansas;
- Evaluating programs funded through the Children's Initiatives Fund; and
- Making recommendations to the Legislature and the Governor on how best to allocate funds to achieve the Cabinet's charge.

Effective July 1, 2016, the Kansas State Department of Education became the fiscal and administrative agency for the Kansas Children's Cabinet.

**KANSAS CHILDREN'S CABINET
SUMMARY OF EXPENDITURES Y 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 279,029	\$ 280,064	\$ 280,064	\$ 285,154	\$ 285,154
Contractual Services	1,222,437	1,182,005	1,182,005	1,178,699	1,178,699
Commodities	63,279	3,693	3,693	3,693	3,693
Capital Outlay	1,854	500	500	500	500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,566,599</i>	<i>\$ 1,466,262</i>	<i>\$ 1,466,262</i>	<i>\$ 1,468,046</i>	<i>\$ 1,468,046</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	16,286,693	16,353,125	16,353,125	16,343,344	18,763,761
TOTAL	<u>\$ 17,853,292</u>	<u>\$ 17,819,387</u>	<u>\$ 17,819,387</u>	<u>\$ 17,811,390</u>	<u>\$ 20,231,807</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	17,853,292	17,819,387	17,819,387	17,811,390	20,231,807
TOTAL	<u>\$ 17,853,292</u>	<u>\$ 17,819,387</u>	<u>\$ 17,819,387</u>	<u>\$ 17,811,390</u>	<u>\$ 20,231,807</u>
FTE Positions	3.0	3.0	3.0	3.0	3.0

The **agency** requests a revised estimate of \$17.8 million, including \$16.6 million from the Children's Initiatives Fund, in FY 2018. The revised estimate is an all funds decrease of \$142,965, or 0.8 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a Children's Initiatives Fund increase of \$8,510, or 0.1 percent, above the approved budget due to a reappropriation from FY 2017 to FY 2018. The revised estimate includes 3.0 FTE positions, which is the same as the approved number.

The decrease in special revenue fund expenditures is primarily attributable to decreased estimates of revenue from federal funds, particularly from the federal Community-Based Child Abuse Prevention Grant program. These funds are largely used for other assistance payments. This decrease is partially offset by increased expenditures of \$106,414 for contractual services, which is due to additional projects being included in the contracts signed with the University of Kansas. The increase in contractual services expenditures is also due to new expenditures from the Family and Children Investment Fund, which were not included in the FY 2018 budget approved by the 2017 Legislature.

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

The **agency** requests a revised estimate of \$17.8 million, including \$16.6 million from the Children's Initiatives Fund, for FY 2019. The revised estimate is an all funds decrease of \$151,475, or 0.8 percent, below the FY 2019 budget approved by the 2017 Legislature. The Children's Initiatives Fund revised estimate is the same as the approved budget. The revised estimate includes 3.0 FTE positions, which is the same as the approved number.

The decrease in special revenue fund expenditures is primarily attributable to decreased estimates of revenue from federal funds, particularly from the federal Community-Based Child Abuse Prevention Grant program. These funds are largely used for other assistance payments. This decrease is partially offset by increased expenditures of \$105,605 for contractual services, which is due to additional projects being included in the contracts signed with the University of Kansas. The increase in contractual services expenditures is also due to

new expenditures from the Family and Children Investment Fund, which were not included in the FY 2019 budget approved by the 2017 Legislature.

The **Governor** recommends for FY 2019 expenditures of \$20.2 million, including \$19.1 million from the Children's Initiatives Fund. The recommendation is an all funds increase of \$2.4 million, or 13.6 percent, above the agency's revised estimate. This includes a Children's Initiatives Fund increase of \$2.4 million, or 14.6 percent, above the revised estimate. The recommendation includes 3.0 FTE positions, which is the same as the agency's revised estimate.

The Children's Initiatives Fund increase is due to the Governor's recommendation to restore prior allotments for FY 2019. This includes \$2.3 million for the Early Childhood Block Grants program, \$69,534 for the Child Care Quality Initiative, and \$6,953 for the Autism Diagnosis program.

The Governor's recommendation is an all funds increase of \$2.3 million, all from special revenue funds, above the FY 2019 budget approved by the 2017 Legislature. This includes a Children's Initiatives Fund increase of \$2.4 million, or 14.6 percent, above the approved budget. The FTE recommendation is the same as the approved number.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration:				
Number of school finance printouts prepared	175	235	175	150
Number of USD field audits completed	286	286	286	286
Amount of state aid savings found by fiscal audit team	N/A	\$6,475,979	\$13,742,000	\$13,742,000
Child Nutrition and Wellness:				
Conduct and Administrative Review in at least 35.0% of school nutrition programs	35.0%	44.7%	50.0%	50.0%
Number of meals and snacks served	102,968,344	99,934,167	101,573,268	103,388,211
Standards & Assessment Services:				
Average student scores on ACT:				
Kansas composite	22.0	21.7	21.9	22.0
National composite	20.9	21.0	21.0	21.0
Special Education Services:				
Number of children served	N/A	11,200	11,200	11,200
Number of families participating in the Kansas Parent Education Program	N/A	8,700	8,700	8,700
Title Program and Services:				
Percent of English language learners scoring "proficient" on Kansas assessments:				
Math - Grades K-12	15.0%	16.0%	18.0%	20.0%
English - Grades K-12	20.0%	20.0%	22.0%	23.0%
Number of technical assistance reviews provided	100	100	100	100
Career and Technical Education:				
Number of students in career and technical education organizations in Kansas	23,240	23,400	23,485	23,555
Number of students enrolled in tuition-free college courses	N/A	933	950	975
Financial Aid:				
Number of FTE students enrolled in K-12	458,217	457,949	474,211	476,800
Children's Cabinet:				
Percent of programs that reports annual outcomes with data supported by cabinet-approved plans	N/A	100.0%	100.0%	100.0%

KANSAS STATE SCHOOL FOR THE BLIND

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 5,404,003	\$ 5,386,299	\$ 5,386,299	\$ 5,435,726	\$ 5,435,726
Other Funds	790,471	874,270	874,270	791,795	791,795
<i>Subtotal</i>	<i>\$ 6,194,474</i>	<i>\$ 6,260,569</i>	<i>\$ 6,260,569</i>	<i>\$ 6,227,521</i>	<i>\$ 6,227,521</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	734,206	782,876	782,876	540,000	540,000
<i>Subtotal</i>	<i>\$ 734,206</i>	<i>\$ 782,876</i>	<i>\$ 782,876</i>	<i>\$ 540,000</i>	<i>\$ 540,000</i>
TOTAL	\$ 6,928,680	\$ 7,043,445	\$ 7,043,445	\$ 6,767,521	\$ 6,767,521

Percentage Change:

Operating Expenditures

State General Fund	1.9 %	(0.3) %	(0.3) %	0.9 %	0.9 %
All Funds	(0.8)	1.1	1.1	(0.5)	(0.5)
FTE Positions	81.5	81.5	81.5	81.5	81.5

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 mission of the Kansas State School for the Blind (KSSB) is to empower both blind and visually impaired students with the knowledge, attitudes, and skills needed to assume responsible roles in society and to lead fulfilling lives. KSSB established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services.

To fulfill its mission, the School serves as the center for state-of-the-art education of Kansas children who are either blind or visually impaired, and as the training and support base for teachers across the state who work with children who have sensory impairments. Through its outreach program, KSSB also provides direct support in public schools by working with students, teachers, and parents to improve educational opportunities for students who are visually impaired.

KSSB is a state agency under the control and supervision of the State Board of Education. Residents of the state, up to the age of 21, who are unable to materially benefit from attendance in a public school because of a visual impairment, are entitled to free admission to the School. Among the programs and services offered at KSSB are: day/residential academic programming, consultation, mentoring, assessment services, short courses (one to five days), extended school year (summer school), and transition services.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, the Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, state developmental disability hospitals, and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations to the Governor and the Legislature regarding these and any other facilities studied.

The Commission studied combining the Kansas State School for the Blind and the Kansas State School for the Deaf on one campus, specifically the Olathe campus for the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended the campuses not be co-located and the School for the Blind and the School for the Deaf maintain their respective campuses but share services where possible. This included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures.

Currently, the schools share administrative services, including one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director.

The **2011 Legislature** deleted \$30,509, all from the State General Fund, in FY 2011 and \$31,979, all from the State General Fund, in FY 2012 for debt service principal payments on the Facilities Conservation Improvement Project. The Fund was replaced with funding from the State Institutions Building Fund. In addition, the Legislature passed HB 2078, which allows the School for the Blind to conduct teacher training programs year round. Previously, training programs were only permitted to be conducted during the summer.

The **2012 Legislature** eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June 30, 2012. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

The **2012 Legislature** passed HB 2777, which allowed the School for the Blind and the School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

The **2013 Legislature** added language authorizing the superintendent of the School for the Blind and the School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, FY 2014, and FY 2015.

During the **2014 Session**, a Governor's Executive Directive added \$202,674, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues as well as eliminate the need to reduce staff for FY 2015. Additionally, \$36,938, all from the State General Fund, was added to provide statutorily required salary increases for educators for FY 2017.

The **2017 Legislature** added \$49,451, all from the State General Fund, for FY 2018 and \$50,143, all from the State General Fund, for FY 2019 to provide statutorily required salary

increases for educators, pursuant to KSA 76-11a17. The Legislature also added \$29,266, all from the State General Fund, for FY 2018 and FY 2019 for non-educator salary increases pursuant to the state employee pay plan authorized by the 2017 Legislature.

The **2017 Legislature** also included language in Senate Sub. for HB 2002 requiring separate superintendents for the School for the Blind and the School for the Deaf during FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$7.0 million, including \$5.4 million from the State General Fund, in FY 2018. The total budget is an all funds increase of \$173,955, or 2.5 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$173,955, or 11.7 percent, above the approved budget. This includes an increase of \$103,935, all from the State Institutions Building Fund, for various capital improvement projects. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The estimate includes an operating budget of \$6.3 million, including \$5.4 million from the State General Fund, in FY 2018. This is an all funds increase of \$70,020, or 1.1 percent, above the FY 2018 budget approved by the 2017 Legislature. The revised estimate includes a special revenue fund increase of \$70,020, or 8.7 percent, above the budget approved by the 2017 Legislature. This includes \$35,038 for other assistance to pay tuition costs for teachers from across Kansas to obtain an endorsement as a teacher of the visually impaired (TVI) and \$31,377 for commodities due to the agency shifting expenditures from the State General Fund to special revenue funds. The State General Fund revised estimate for operating expenditures is the same as the approved budget.

The capital improvements budget is \$782,876, all from the State Institutions Building Fund, in FY 2018, which is an increase of \$103,935, or 15.3 percent, above the approved budget. This increase is due to State Institutions Building Fund funds carried forward to rehabilitation and repair projects, the ongoing security system project, and upgrades to campus boilers and HVAC.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$6.8 million, including \$5.4 million from the State General Fund, for FY 2019. The total revised estimate is an all funds increase of \$98,313, or 1.5 percent, above the budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$98,313, or 8.0 percent, above the approved budget. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The estimate includes an operating budget of \$6.2 million, including \$5.4 million from the State General, for FY 2019. This is an all funds increase of \$98,313, or 1.6 percent, above the FY 2019 budget approved by the 2017 Legislature. The revised estimate includes a special revenue fund increase of \$98,313, or 14.2 percent, above the budget approved by the 2017 Legislature. This is due to increased expenditures for salaries and wages, commodities, and

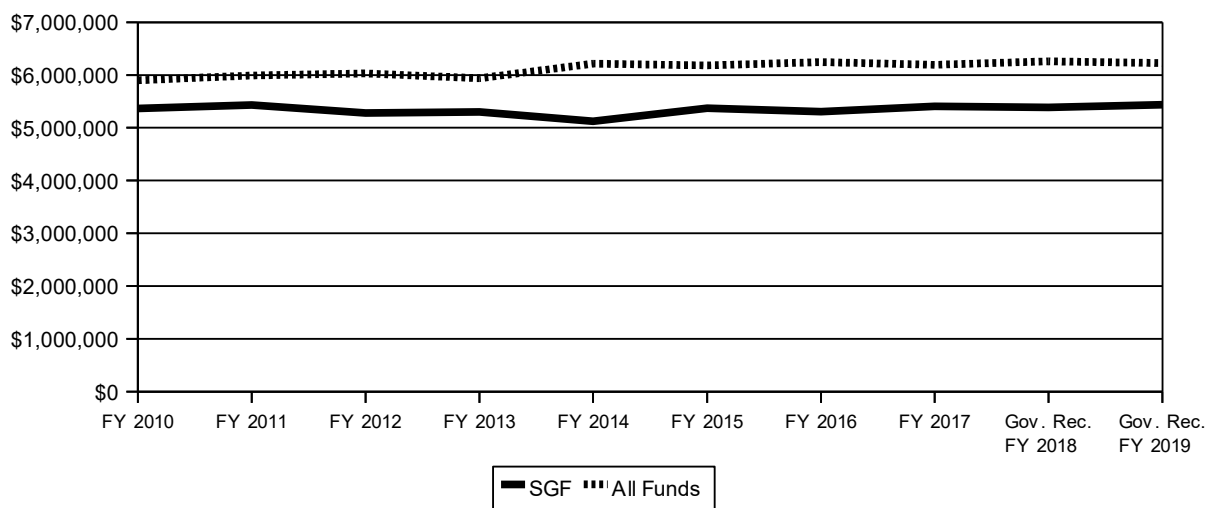
other assistance payments. The State General Fund revised estimate for operating expenditures is the same as the approved budget.

The capital improvements budget is \$540,000, all from the State Institutions Building Fund, for FY 2019, which is the same as the approved budget.

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	\$ 5,365,651	(3.1)%	\$ 5,900,577	(1.1)%	93.5
2011	5,429,535	1.2	5,992,442	1.6	93.5
2012	5,282,319	(2.7)	6,030,346	0.6	82.5
2013	5,302,535	0.4	5,938,274	(1.5)	82.5
2014	5,125,021	(3.3)	6,215,991	4.7	81.5
2015	5,372,554	4.8	6,182,299	(0.5)	81.5
2016	5,303,531	(1.3)	6,244,932	1.0	81.5
2017	5,404,003	1.9	6,194,474	(0.8)	81.5
2018 Gov. Rec.	5,386,299	(0.3)	6,260,569	1.1	81.5
2019 Gov. Rec.	5,435,726	0.9	6,227,521	(0.5)	81.5
Ten-Year Change Dollars/Percent	\$ 70,075	1.3 %	\$ 326,944	5.5 %	(12.0)

Summary of Operating Budget FY 2017 - FY 2019

Kansas State School for the Blind

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 227,004	\$ 311,836	\$ 312,781	\$ 945	0.3 %	\$ 311,836	\$ 312,781	\$ 945	0.3 %		
Instructional Services	4,523,197	4,387,838	4,344,229	(43,609)	(1.0)	4,387,838	4,344,229	(43,609)	(1.0)		
Support Services	1,440,804	1,559,375	1,570,511	11,136	0.7	1,559,375	1,570,511	11,136	0.7		
Debt Service	3,469	1,520	0	(1,520)	(100.0)	1,520	0	(1,520)	(100.0)		
TOTAL	\$ 6,194,474	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 5,001,792	\$ 5,076,149	\$ 5,146,228	\$ 70,079	1.4 %	\$ 5,076,149	\$ 5,146,228	\$ 70,079	1.4 %		
Contractual Services	856,302	895,327	828,903	(66,424)	(7.4)	895,327	828,903	(66,424)	(7.4)		
Commodities	174,088	185,490	171,890	(13,600)	(7.3)	185,490	171,890	(13,600)	(7.3)		
Capital Outlay	90,926	0	0	0	--	0	0	0	--		
Debt Service	3,469	1,520	0	(1,520)	(100.0)	1,520	0	(1,520)	(100.0)		
Subtotal-Operations	\$ 6,126,577	\$ 6,158,486	\$ 6,147,021	\$ (11,465)	(0.2) %	\$ 6,158,486	\$ 6,147,021	\$ (11,465)	(0.2) %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	67,897	102,083	80,500	(21,583)	(21.1)	102,083	80,500	(21,583)	(21.1)		
TOTAL	\$ 6,194,474	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %		
Financing:											
State General Fund	\$ 5,404,003	\$ 5,386,299	\$ 5,435,726	\$ 49,427	0.9 %	\$ 5,386,299	\$ 5,435,726	\$ 49,427	0.9 %		
All Other Funds	790,471	874,270	791,795	(82,475)	(9.4)	874,270	791,795	(82,475)	(9.4)		
TOTAL	\$ 6,194,474	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %	\$ 6,260,569	\$ 6,227,521	\$ (33,048)	(0.5) %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$5.4 million in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 5,386,299	\$ 5,386,299	\$ 0	\$ 5,386,299	\$ 0
All Other Funds	1,483,191	1,657,146	173,955	1,657,146	173,955
TOTAL	\$ 6,869,490	\$ 7,043,445	\$ 173,955	\$ 7,043,445	\$ 173,955
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** requests a revised estimate of \$7.0 million, including \$5.4 million from the State General Fund, in FY 2018. The total budget is an all funds increase of \$173,955, or 2.5 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$173,955, or 11.7 percent, above the approved budget. The all funds increase includes an increase of \$103,995, all from the State Institutions Building Fund, for various capital improvement projects. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The estimate includes an operating budget of \$6.3 million, including \$5.4 million from the State General Fund, in FY 2018. The revised operating budget is an all funds increase of \$70,020, or 1.1 percent. This includes a special revenue fund increase of \$70,020, or 8.7 percent, above the budget approved by the 2017 Legislature. The State General Fund revised estimate for operating expenditures is the same as the approved budget. The special revenue fund increase is primarily attributable to the following factors:

- **Other Assistance.** Increased expenditures of \$35,083 for other assistance to pay tuition costs for teachers from across Kansas to obtain an endorsement as a teacher of the visually impaired (TVI) or as a certified orientation and mobility specialist (COMS);
- **Commodities.** Increased special revenue fund expenditures of \$31,377 for commodities due to the agency shifting expenditures from the State General Fund to special revenue funds; and
- **Contractual Services.** Increased expenditures of \$28,038 for contractual services, including professional fees, computer software rental, and utilities.

The special revenue fund increase is partially offset by decreased special revenue fund expenditures of \$19,478 for salaries and wages due to the agency shifting expenditures from special revenue funds to the State General Fund.

The capital improvements budget is \$782,876, all from the State Institutions Building Fund, in FY 2018, which is an increase of \$103,935, or 15.3 percent, above the approved budget. This increase is attributable to funds carried forward from FY 2017 to FY 2018 for rehabilitation and repair, campus boiler and HVAC upgrades, and security system improvements.

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 \$5.4 million for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 5,435,726	\$ 5,435,726	\$ 0	\$ 5,435,726	\$ 0
All Other Funds	1,233,482	1,331,795	98,313	1,331,795	98,313
TOTAL	\$ 6,669,208	\$ 6,767,521	\$ 98,313	\$ 6,767,521	\$ 98,313
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** requests a revised estimate of \$6.8 million, including \$5.4 million from the State General Fund, for FY 2019. The total budget is an all funds increase of \$98,313, or 1.5 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$98,313, or 8.0 percent, above the approved amount. The State General Fund amount is the same as the approved budget. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The revised estimate includes an operating budget of \$6.2 million, including \$5.4 million from the State General Fund, for FY 2019. The revised operating budget is an all funds increase of \$98,313, or 1.6 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$98,313, or 14.2 percent, above the approved amount. The State General Fund amount is the same as the approved budget. The special revenue fund increase is primarily attributable to the following factors:

- **Salaries and Wages.** Increased expenditures of \$60,523 for salaries and wages due to increased estimates for revenue from federal grants;

- **Commodities.** Increased special revenue fund expenditures of \$31,320 for commodities due to the agency shifting expenditures from the State General Fund to special revenue funds; and
- **Other Assistance.** Increased expenditures of \$25,500 for other assistance to pay tuition costs for teachers from across Kansas to obtain an endorsement as a teacher of the visually impaired (TVI) or as a certified orientation and mobility specialist (COMS).

The special revenue fund increase is partially offset by decreased special revenue fund expenditures of \$14,030 for contractual services due to decreased costs for database access fees and outside physicians and medical associations.

The capital improvements budget is \$540,000, all from the State Institutions Building Fund, for FY 2019, which is the same as the approved budget.

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 longevity payments total \$6,360, including \$6,063 from the State General Fund, and FY 2019 longevity payments total \$6,440, including \$6,137 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

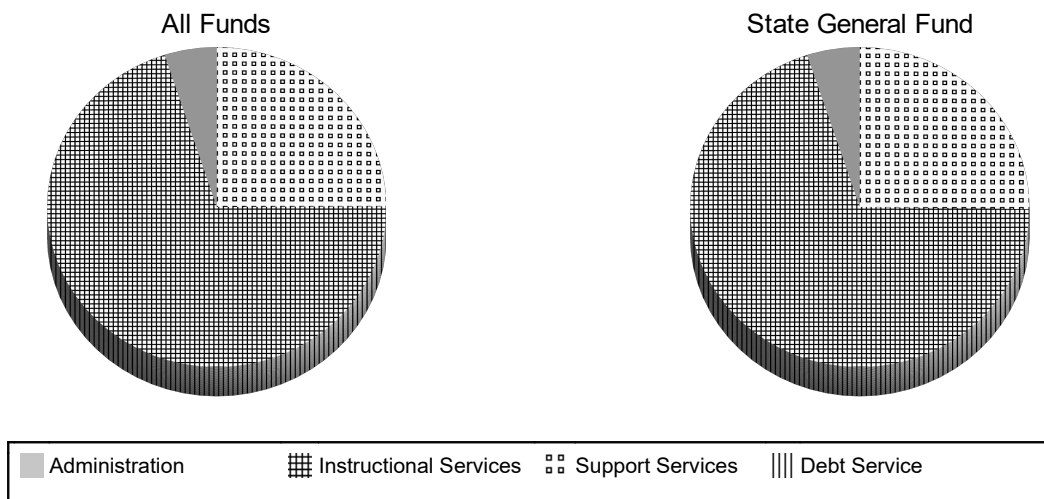
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	87.3 %	87.3 %
All Other Funds	12.7	12.7
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 311,836	5.0 %	\$ 312,781	5.0 %
Instructional Services	4,387,838	70.1	4,344,229	69.8
Support Services	1,559,375	24.9	1,570,511	25.2
Debt Service	1,520	0.0	0	0.0
TOTAL	\$ 6,260,569	100.0 %	\$ 6,227,521	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	1.4	2.0	2.0	2.0	2.0
Instructional Services	60.1	59.5	59.5	59.5	59.5
Support Services	20.0	20.0	20.0	20.0	20.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	81.5	81.5	81.5	81.5	81.5

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.

A. Administration

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Blind. The program is responsible for the development and administration of educational and co-curricular programs, personnel procedures, and support services; appointment of classified and unclassified employees; budget preparation; and payroll.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 134,118	\$ 213,129	\$ 213,129	\$ 217,074	\$ 217,074
Contractual Services	89,180	94,872	94,872	91,872	91,872
Commodities	3,706	3,835	3,835	3,835	3,835
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 227,004</i>	<i>\$ 311,836</i>	<i>\$ 311,836</i>	<i>\$ 312,781</i>	<i>\$ 312,781</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 227,004	\$ 311,836	\$ 311,836	\$ 312,781	\$ 312,781
Financing:					
State General Fund	\$ 183,828	\$ 257,916	\$ 257,916	\$ 258,615	\$ 258,615
All Other Funds	43,176	53,920	53,920	54,166	54,166
TOTAL	\$ 227,004	\$ 311,836	\$ 311,836	\$ 312,781	\$ 312,781
FTE Positions	1.4	2.0	2.0	2.0	2.0

The **agency** requests FY 2018 expenditures of \$311,836, including \$257,916 from the State General Fund. The revised estimate is an all funds increase of \$108,118, or 53.1 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$69,198, or 36.7 percent, and a special revenue fund increase of \$38,920, or 259.5 percent, above the approved amount. The revised estimate includes 2.0 FTE positions, which is an increase of 0.6 FTE positions above the approved number.

The State General Fund increase is primarily attributable to increased State General Fund expenditures of \$68,314 for salaries and wages due to the state employee salary adjustment approved by the 2017 Legislature, which is not included in the approved FY 2018 program budget, and the increase in FTE positions.

The special revenue fund increase is attributable to the following factors:

- Increased expenditures of \$13,920 for salaries and wages due to increased estimates for revenue from federal grants; and
- Increased expenditures of \$25,000 for contractual services due to increased expenditures for professional fees and attorney fees.

The increase in FTE positions is due to the agency shifting 0.6 FTE positions from the Instructional Services program to the Administration program in FY 2018.

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

The **agency** requests FY 2019 expenditures of \$312,781, including \$258,615 from the State General Fund. The revised estimate is an all funds increase of \$114,596, or 57.8 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$75,430, or 41.2 percent, and a special revenue fund increase of \$39,166, or 261.1 percent, above the approved budget. The revised estimate includes 2.0 FTE positions, which is an increase of 0.6 FTE positions above the approved amount.

The State General Fund increase is primarily attributable to State General Fund increased expenditures of \$69,498 for salaries and wages due to the state employee salary adjustment approved by the 2017 Legislature, which is not included in the approved FY 2019 program budget, and the increase in FTE positions.

The special revenue fund increase is attributable to the following factors:

- Increased expenditures of \$14,166 for salaries and wages due to increased estimates for revenue from federal grants; and
- Increased expenditures of \$25,000 for contractual services due to increased expenditures for professional fees, attorney fees, and computer programming.

The increase in FTE positions is due to the agency shifting 0.6 FTE positions from the Instructional Services program to the Administration program for FY 2019.

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

B. Instructional Services

The Instructional Services program is designed to meet both the academic and special skill needs of a student population with a wide range of cognitive abilities. KSSB seeks to make students independent learners and equip them with the special skills and knowledge to successfully return them to their home communities and schools. KSSB provides a fully accredited academic program and services for multiple disabilities. Instructional Services operates the following subprograms.

Day Program. This subprogram combines traditional academic subjects and classes for students with multiple disabilities and focuses on functional academics and the skills of daily living. Related services, such as speech therapy, orientation and mobility, counseling, and physical and occupational therapies, which are required by a student's Individualized Education Plan (IEP), are scheduled throughout the day. Extracurricular activities are offered in the late afternoon and on some weekends.

Extended Day. The student residence subprogram is for students who are unable to return to their homes because of the distance from KSSB. A homelike environment is provided for students 6 to 21 years of age who have disabilities ranging from mild to severe. Many extended day students have medical problems and are provided 24-hour nursing coverage. The Extended Day instructors (dormitory teachers) teach the students daily living skills.

Extended School Year Program. This summer educational program provides access to curriculum that many students need to complete their IEP. Enrollment in this three-week

program includes instruction in braille, orientation and mobility training, skills required for independent living, training in specialized assistive technology, career development training, and other blindness adaption skills.

Field-Based Instructional Services. KSSB services are made available to over 1,200 students in the state who have a visual impairment. This is accomplished through direct instruction, consultation, and distance learning experiences for students, parents, and school education teams. KSSB also provides services for children from birth through age three and their families through the statewide Infant Toddler Networks.

Kansas Instructional Resource Center. The Center provides textbooks and library materials in braille and large print to all blind and visually impaired students in Kansas.

Accessible Arts, Inc. This subprogram provides outreach services statewide, as well as services to KSSB students. Accessible Arts, Inc., developed a model of using arts activities to promote learning across all curricular areas, and to promote the inclusion of children with disabilities with non-disabled children.

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,905,169	\$ 3,776,460	\$ 3,776,460	\$ 3,820,433	\$ 3,820,433
Contractual Services	435,757	457,145	457,145	404,746	404,746
Commodities	74,808	52,150	52,150	38,550	38,550
Capital Outlay	39,566	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,455,300</i>	<i>\$ 4,285,755</i>	<i>\$ 4,285,755</i>	<i>\$ 4,263,729</i>	<i>\$ 4,263,729</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	67,897	102,083	102,083	80,500	80,500
TOTAL	\$ 4,523,197	\$ 4,387,838	\$ 4,387,838	\$ 4,344,229	\$ 4,344,229
Financing:					
State General Fund	\$ 3,865,907	\$ 3,707,293	\$ 3,707,293	\$ 3,744,230	\$ 3,744,230
All Other Funds	657,290	680,545	680,545	599,999	599,999
TOTAL	\$ 4,523,197	\$ 4,387,838	\$ 4,387,838	\$ 4,344,229	\$ 4,344,229
FTE Positions	60.1	59.5	59.5	59.5	59.5

The **agency** requests a revised estimate of \$4.4 million, including \$3.7 million from the State General Fund, in FY 2018. The revised estimate is an all funds decrease of \$128,921, or 2.9 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$281,871, or 7.1 percent, and a special revenue fund increase of \$152,950, or 29.0 percent, from the approved budget. The revised estimate includes 59.5 FTE positions, which is a decrease of 0.6 FTE positions below the approved amount.

The State General Fund decrease is primarily attributable to:

- Decreased expenditures of \$85,114 for salaries and wages due to lower expenditures for unclassified regular salaries, classified regular salaries, and group hospitalization costs, which is partially attributable to the agency shifting

0.6 FTE positions from the Instructional Services program to the Administration program;

- Decreased expenditures of \$168,050 for contractual services due to the agency shifting expenditures from the State General Fund to special revenue funds; and
- Decreased expenditures of \$28,707 for commodities due to decreased expenditures on professional scientific supplies, food, and office supplies.

The special revenue fund increase is primarily attributable to:

- Increased expenditures of \$156,328 for contractual services due to the agency shifting expenditures from the State General Fund to special revenue funds; and
- Increased expenditures of \$35,083 for other assistance to pay tuition costs for teachers from across Kansas to obtain an endorsement as a teacher of the visually impaired (TVI) or as a certified orientation and mobility specialist (COMS).

The special revenue fund increase is partially offset by decreased special revenue fund expenditures of \$32,238 for salaries and wages due to decreased expenditures for unclassified regular salaries, classified regular salaries, and group hospitalization costs. It is also offset by decreased expenditures of \$5,000 for capital outlay due to decreased costs for microcomputer equipment.

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

The **agency** requests a revised estimate of \$4.3 million, including \$3.7 million from the State General Fund, for FY 2019. The revised estimate is an all funds decrease of \$103,054, or 2.3 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$288,826, or 7.2 percent, and a special revenue fund increase of \$185,772, or 44.8 percent, from the approved budget. The revised estimate includes 59.5 FTE positions, which is a decrease of 0.6 FTE positions below the approved amount.

The State General Fund decrease is primarily attributable to:

- Decreased expenditures of \$83,926 for salaries and wages due to lower expenditures for unclassified regular salaries, classified regular salaries, and group hospitalization costs, which is partially attributable to the agency shifting 0.6 FTE positions from the Instructional Services program to the Administration program;
- Decreased expenditures of \$168,050 for contractual services due to the agency shifting expenditures from the State General Fund to special revenue funds and decreased expenditures on database access fees and outside physicians; and
- Decreased expenditures of \$36,850 for commodities due to decreased expenditures on professional scientific supplies, food, and office supplies.

The special revenue fund increase is primarily attributable to the following factors:

- Increased expenditures of \$47,517 for salaries and wages due to the agency shifting some expenditures from the State General Fund to special revenue funds;
- Increased expenditures of \$118,435 for contractual services due to the agency shifting expenditures from the State General Fund to special revenue funds; and
- Increased expenditures of \$25,500 for other assistance to pay tuition costs for teachers from across Kansas to obtain an endorsement as a teacher of the visually impaired (TVI) or as a certified orientation and mobility specialist (COMS).

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

C. Support Services

The Support Services program maintains eight buildings on a 9.6 acre campus. Dietary and laundry services are provided to students attending KSSB. Housekeeping services maintain the dormitory, hospital, recreational facilities, and grounds. Maintenance services provide for the operation and repair of plant facilities, maintenance of vehicles, and security. Central receiving services distributes all materials that come into KSSB.

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 962,505	\$ 1,086,560	\$ 1,086,560	\$ 1,108,721	\$ 1,108,721
Contractual Services	331,365	343,310	343,310	332,285	332,285
Commodities	95,574	129,505	129,505	129,505	129,505
Capital Outlay	51,360	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,440,804</i>	<i>\$ 1,559,375</i>	<i>\$ 1,559,375</i>	<i>\$ 1,570,511</i>	<i>\$ 1,570,511</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,440,804	\$ 1,559,375	\$ 1,559,375	\$ 1,570,511	\$ 1,570,511
Financing:					
State General Fund	\$ 1,350,799	\$ 1,419,570	\$ 1,419,570	\$ 1,432,881	\$ 1,432,881
All Other Funds	90,005	139,805	139,805	137,630	137,630
TOTAL	\$ 1,440,804	\$ 1,559,375	\$ 1,559,375	\$ 1,570,511	\$ 1,570,511
FTE Positions	20.0	20.0	20.0	20.0	20.0

The **agency** requests a revised estimate of \$1.6 million, including \$1.4 million from the State General Fund, for FY 2018. The revised estimate is an all funds increase of \$120,089, or 8.3 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$240,779, or 20.4 percent, and a special revenue fund decrease of

\$120,690, or 46.3 percent, from the approved budget. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The State General Fund increase is primarily attributable to:

- Increased expenditures of \$74,905 for salaries and wages due to the salary adjustment for state employees approved by the 2017 Legislature, which is not reflected in the FY 2018 approved program budget; and
- Increased expenditures of \$164,903 for contractual services due to the agency shifting expenditures from special revenue funds to the State General Fund.

The special revenue fund decrease is primarily attributable to decreased expenditures of \$153,290 for contractual services, which is due to the agency shifting contractual services expenditures from special revenue funds to the State General Fund. This decrease is partially offset by increased expenditures of \$32,600 for commodities, which is due to increased expenditures for food and gasoline.

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

The **agency** requests a revised estimate of \$1.6 million, including \$1.4 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$116,037, or 8.0 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$241,502, or 20.3 percent, and a special revenue fund decrease of \$125,465, or 47.7 percent, from the approved budget. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The State General Fund increase is primarily attributable to:

- Increased expenditures of \$82,538 for salaries and wages due to the salary adjustment for state employees approved by the 2017 Legislature, which is not reflected in the FY 2019 approved program budget; and
- Increased expenditures of \$157,393 for contractual services due to the agency shifting expenditures from special revenue funds to the State General Fund.

The special revenue fund decrease is primarily attributable to decreased expenditures of \$157,465 for contractual services, which is due to the agency shifting contractual services expenditures from special revenue funds to the State General Fund. This is partially offset by increased expenditures of \$32,000 for commodities, which is due to increased expenditures for food and gasoline.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Debt Service - Principal	\$ 42,408	\$ 42,408	\$ 0	\$ 0
Safety & Security Systems	370,310	370,310	105,000	105,000
Campus Boilers & HVAC				
Upgrades	54,436	54,436	170,000	170,000
Rehabilitation & Repair	315,722	315,722	265,000	265,000
TOTAL	\$ 782,876	\$ 782,876	\$ 540,000	\$ 540,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building				
Fund	782,876	782,876	540,000	540,000
TOTAL	\$ 782,876	\$ 782,876	\$ 540,000	\$ 540,000

FY 2018 – Current Year. The **agency** requests a revised capital improvement budget of \$782,876, all from the State Institutions Building Fund, in FY 2018. The revised request is an increase of \$103,935, or 15.3 percent, above the FY 2018 budget approved by the 2017 Legislature due to the agency carrying forward the following funds from FY 2017 to FY 2018: \$8,777 for security system upgrades, \$29,436 for campus boiler and HVAC upgrades, and \$65,722 for rehabilitation and repair projects. Individual capital improvement projects are described below.

Debt Service Principal. The agency requests \$42,408, all from the State Institutions Building Fund, for the debt service principal payment on the Energy Service Performance Contract awarded in January 2003. This debt is scheduled to be retired in FY 2018. The agency's operating budget includes \$1,520 in interest on this debt payment.

Safety and Security System Upgrades. The agency requests \$370,310, all from the State Institutions Building Fund, for ongoing upgrades to the safety and security systems on the campus of the School for the Blind. This multi-phase project began in FY 2011. This includes \$8,777 in funds carried forward from FY 2017 to FY 2018 for the preparation of the bid process to upgrade the current access control server.

Campus Boilers and HVAC Upgrades. The agency requests \$54,436, all from the State Institutions Building Fund, for upgrades to the campus' old HVAC and boiler systems. The process planned to occur over a period of time. According to agency officials, this will allow energy savings and minimize the disruption to staff and students. Proactive replacement is also designed to avoid expensive emergency repair services. This includes \$29,436 in funds carried forward from FY 2017 to FY 2018 to address the unexpected loss of two-thirds of the cooling capacity of the Johnson Building.

Rehabilitation and Repair. The agency requests \$315,722, all from the State Institutions Building Fund, for rehabilitation and repair projects. Rehabilitation and repair funds are used to keep the campus facilities in a functional and safe condition for the staff, students, and general public, according to agency officials. Projects include repair of masonry and

drywall, replacement of water coolers, and other such projects designed to maintain infrastructure. This includes \$65,722 in funds carried forward from FY 2017 to FY 2018 to allow repairs to the exterior of the Edlund Dormitory to occur during the summer of 2017 when students were away from campus.

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

FY 2019 – Budget Year. The **agency** requests a revised capital improvements budget of \$540,000, all from the State Institutions Building Fund, for FY 2019. The revised estimate is the same as the FY 2018 budget approved by the 2017 Legislature. Individual capital improvement projects are described below.

Safety and Security System Upgrades. The agency requests \$105,000, all from the State Institutions Building Fund, for ongoing upgrades to the safety and security systems on the campus of the School for the Blind. This multi-phase project began in FY 2011. Planned projects in FY 2019 include beginning planning for entrance upgrades to Irwin Building, the main visitor and administration building on campus.

Campus Boilers and HVAC Upgrades. The agency requests \$170,000, all from the State Institutions Building Fund, for upgrades to the campus' old HVAC and boiler systems. The process planned to occur over a period of time. According to agency officials, this will allow energy savings and minimize the disruption to staff and students. Planned FY 2019 projects include continued replacement of the failing HVAC system in the Johnson building, the main education building on the campus.

Rehabilitation and Repair. The agency requests \$265,000, all from the State Institutions Building Fund, for rehabilitation and repair projects. Rehabilitation and repair funds are used to keep the campus facilities in functional and safe condition for the staff, students, and general public, according to agency officials. Projects include repair of masonry and drywall, replacement of water coolers, and other such projects designed to maintain infrastructure.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Percent of students achieving individualized education plan (IEP) goals	94.0%	94.0%	90.0%	90.0%
Number of program participants	1,802	1,802	1,977	2,010

KANSAS STATE SCHOOL FOR THE DEAF

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 8,812,589	\$ 8,831,258	\$ 8,831,258	\$ 8,899,869	\$ 8,899,869
Other Funds	790,499	996,723	996,723	1,034,778	1,034,778
<i>Subtotal</i>	<i>\$ 9,603,088</i>	<i>\$ 9,827,981</i>	<i>\$ 9,827,981</i>	<i>\$ 9,934,647</i>	<i>\$ 9,934,647</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,033,752	1,216,466	1,216,466	863,619	863,619
<i>Subtotal</i>	<i>\$ 1,033,752</i>	<i>\$ 1,216,466</i>	<i>\$ 1,216,466</i>	<i>\$ 863,619</i>	<i>\$ 863,619</i>
TOTAL	\$ 10,636,840	\$ 11,044,447	\$ 11,044,447	\$ 10,798,266	\$ 10,798,266

Percentage Change:

Operating Expenditures

State General Fund	1.5 %	0.2 %	0.2 %	0.8 %	0.8 %
All Funds	3.7	2.3	2.3	1.1	1.1

FTE Positions	143.5	143.5	143.5	143.5	143.5

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

Located in Olathe, Kansas, the mission of the Kansas State School for the Deaf (KSSD) is to provide both deaf and hard-of-hearing (D/HH) students total accessibility to language, communication, and educational excellence in a visual environment. The School established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services. KSSD is a state agency under the control and supervision of the State Board of Education.

The School offers a comprehensive curriculum for D/HH students ages 21 and under. Both American Sign Language and English are integral parts of the total school program. KSSD provides related services to make educational programs available to students with additional disabilities, including health services, counseling, physical therapy, occupational therapy, and speech and language therapy. KSSD also provides sign language interpreting, audiological services, and community resource and family services. In addition, KSSD operates the Auditory Training Unit program, which provides equipment and consultative services for hearing impaired children in public school districts.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, the Kansas State School for the Blind, the Beloit Juvenile Correctional Facilities, state developmental disability hospitals, and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations to the Governor and the Legislature regarding these and any other facilities studied.

The Commission studied combining the Kansas State School for the Blind and the Kansas State School for the Deaf on one campus, specifically the Olathe campus of the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended the campuses not be co-located and the School for the Blind and the School for the Deaf maintain their respective campuses but share services where possible. This included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures.

Currently, the schools share administrative services, including one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director.

The **2012 Legislature** eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June 30, 2012, which resulted in the deletion of 7.0 FTE positions for this agency. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

The **2012 Legislature** also passed HB 2777, which allowed the School for the Blind and the School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

The **2013 Legislature** added language authorizing the Superintendent of the School for the Blind and School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, FY 2014, and FY 2015.

During the **2014 Session**, a Governor's Executive Directive added \$115,824, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues.

The **2017 Legislature** added \$64,721, all from the State General Fund, for FY 2018 and \$63,170, all from the State General Fund, for FY 2019 to provide statutorily required salary increases for educators, pursuant to KSA 76-11a7. The Legislature also added \$61,736, including \$60,886 from the State General Fund, for non-educator salary increases pursuant to the state employee pay plan authorized by the 2017 Legislature. The Legislature added \$21,578, all from the State General Fund, to provide cybersecurity updates for the state.

The **2017 Legislature** also included language in Senate Sub. for HB 2002 requiring separate superintendents for the School for the Blind and the School for the Deaf during FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$11.0 million, including \$8.8 million from the State General Fund, in FY 2018. The total revised estimate is an all funds increase of \$305,410, or 2.8 percent, above the budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$305,410, or 16.0 percent, above the approved budget. The special revenue fund increase includes \$135,407 in State Institutions Building Fund moneys carried forward for capital improvement projects. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 143.5 FTE positions, which is the same as the approved number.

The estimate includes an operating budget of \$9.8 million, including \$8.8 million from the State General Fund, in FY 2018. The revised operating budget is an all funds increase of \$170,003, or 1.8 percent, above the budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$170,003, or 20.6 percent, above the approved budget. The special revenue fund increase includes \$64,700 for capital outlay for the purchase of auditory training equipment and \$189,857 due to the agency shifting commodities expenditures from the State General Fund to special revenue funds. The State General Fund estimate is the same as the approved budget.

The capital improvements budget is \$1.2 million, all from the State Institutions Building Fund, in FY 2018, which is an increase of \$135,407, or 12.5 percent, above the approved budget. This increase is due to State Institutions Building Fund moneys carried forward for rehabilitation and repair and campus safety projects.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$10.8 million, including \$8.9 million from the State General Fund, for FY 2019. The total revised estimate is an all funds increase of \$291,559, or 2.8 percent, above the budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$291,559, or 18.1 percent, above the approved budget. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 143.5 FTE positions, which is the same as the approved number.

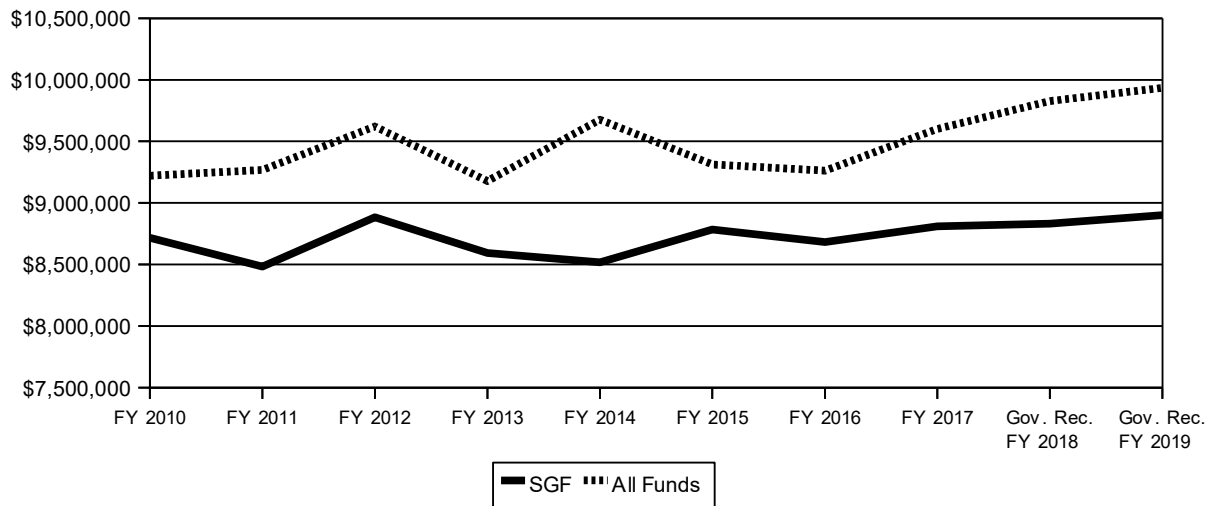
The estimate includes an operating budget of \$9.9 million, including \$8.9 million from the State General Fund, for FY 2019. The revised operating budget is an increase of \$291,559, or 3.0 percent, above the budget approved by the 2017 Legislature. This is a special revenue fund increase of \$291,559, or 39.2 percent, above the approved budget. The special revenue fund increase includes \$64,500 for capital outlay for the purchase of auditory training equipment and \$208,938 due to the agency shifting commodities expenditures from the State General Fund to special revenue funds. The State General Fund revised estimate is the same as the FY 2019 approved budget.

The capital improvements budget is \$863,619, all from the State Institutions Building Fund, for FY 2019, which is the same as the FY 2019 approved budget.

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	\$ 8,715,450	(0.3)%	\$ 9,221,105	0.1 %	173.5
2011	8,481,984	(2.7)	9,267,731	0.5	173.5
2012	8,883,378	4.7	9,620,594	3.8	150.5
2013	8,592,616	(3.3)	9,177,399	(4.6)	143.5
2014	8,516,871	(0.9)	9,676,080	5.4	143.5
2015	8,783,169	3.1	9,312,585	(3.8)	143.5
2016	8,682,249	(1.1)	9,262,130	(0.5)	143.5
2017	8,812,589	1.5	9,603,088	3.7	143.5
2018 Gov. Rec.	8,831,258	0.2	9,827,981	2.3	143.5
2019 Gov. Rec.	8,899,869	0.8	9,934,647	1.1	143.5
Ten-Year Change Dollars/Percent	\$ 184,419	2.1 %	\$ 713,542	7.7 %	(30.0)

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 291,358	\$ 214,686	\$ 217,451	\$ 2,765	1.3 %	\$ 214,686	\$ 217,451	\$ 2,765	1.3 %
Instructional Services	7,053,160	7,341,648	7,428,033	86,385	1.2	7,341,648	7,428,033	86,385	1.2
Support Services	2,246,108	2,263,436	2,284,510	21,074	0.9	2,263,436	2,284,510	21,074	0.9
Debt Service	12,462	8,211	4,653	(3,558)	(43.3)	8,211	4,653	(3,558)	(43.3)
TOTAL	\$ 9,603,088	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 8,077,432	\$ 8,532,223	\$ 8,689,491	\$ 157,268	1.8 %	\$ 8,532,223	\$ 8,689,491	\$ 157,268	1.8 %
Contractual Services	828,746	859,642	832,355	(27,287)	(3.2)	859,642	832,355	(27,287)	(3.2)
Commodities	318,210	352,755	332,998	(19,757)	(5.6)	352,755	332,998	(19,757)	(5.6)
Capital Outlay	364,483	75,150	75,150	0	0.0	75,150	75,150	0	0.0
Debt Service	12,462	8,211	4,653	(3,558)	(43.3)	8,211	4,653	(3,558)	(43.3)
<i>Subtotal-Operations</i>	<i>\$ 9,601,333</i>	<i>\$ 9,827,981</i>	<i>\$ 9,934,647</i>	<i>\$ 106,666</i>	<i>1.1 %</i>	<i>\$ 9,827,981</i>	<i>\$ 9,934,647</i>	<i>\$ 106,666</i>	<i>1.1 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	1,755	0	0	0	--	0	0	0	--
TOTAL	\$ 9,603,088	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %
Financing:									
State General Fund	\$ 8,812,589	\$ 8,831,258	\$ 8,899,869	\$ 68,611	0.8 %	\$ 8,831,258	\$ 8,899,869	\$ 68,611	0.8 %
All Other Funds	790,499	996,723	1,034,778	38,055	3.8	996,723	1,034,778	38,055	3.8
TOTAL	\$ 9,603,088	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %	\$ 9,827,981	\$ 9,934,647	\$ 106,666	1.1 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$8,830,008 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 \$1,250, 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 \$8,831,258. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 8,831,258	\$ 8,831,258	\$ 0	\$ 8,831,258	\$ 0
All Other Funds	1,907,779	2,213,189	305,410	2,213,189	305,410
TOTAL	\$ 10,739,037	\$ 11,044,447	\$ 305,410	\$ 11,044,447	\$ 305,410
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests a revised estimate of \$11.0 million, including \$8.8 million from the State General Fund, in FY 2018. The revised estimate is a special revenue fund increase of \$305,410, or 2.8 percent, above the FY 2018 budget approved by the 2017 Legislature. The increase of \$305,410 includes \$135,407 in reappropriated State Institutions Building Fund moneys for rehabilitation and repair and campus safety. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 143.5 FTE positions, which is the same as the approved number.

The revised estimate includes an operating budget of \$9.8 million, including \$8.8 million from the State General Fund, in FY 2018. The revised operating budget is an all funds increase of \$170,003, or 1.8 percent, above the FY 2018 budget approved by the 2017 Legislature. This increase includes a special revenue fund increase of \$170,003, or 20.6 percent, above the approved amount. The State General Fund revised estimate for operating expenditures is the same as the approved budget. The special revenue fund increase is partially attributable to:

- **Commodities.** Increased expenditures of \$189,857 for commodities, which is due to the agency shifting funding from the State General Fund to special revenue funds, increased expenditures on building supplies, office supplies, and housekeeping supplies; and

- **Capital Outlay.** Increased expenditures of \$64,700 for capital outlay, particularly auditory training equipment leased to local school districts to assist in the education of deaf students.

The special revenue fund increase is partially offset by decreased special revenue expenditures for contractual services. This is due to the agency shifting funding from special revenue funds to the State General Fund.

While the total number of FTE positions did not change from the approved number, the agency did shift 1.0 FTE position from the Instructional Services program to the Support Services program.

The revised capital improvements is \$1.2 million, all from the State Institutions Building Fund, in FY 2018, which is an increase of \$135,407, or 12.5 percent, above the budget approved by the 2017 Legislature. This increase is due to funds carried forward from FY 2017 for safety and security upgrades and rehabilitation and repair projects.

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 \$8.9 million for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 8,899,869	\$ 8,899,869	\$ 0	\$ 8,899,869	\$ 0
All Other Funds	1,606,838	1,898,397	291,559	1,898,397	291,559
TOTAL	\$ 10,506,707	\$ 10,798,266	\$ 291,559	\$ 10,798,266	\$ 291,559
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests a revised estimate of \$10.8 million, including \$8.9 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$291,559, or 2.8 percent, above the budget approved by the 2017 Legislature. This increase includes a special revenue fund increase of \$291,559, or 18.1 percent, above the approved amount. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 143.5 FTE positions, which is the same as the approved number.

The revised estimate includes an operating budget of \$9.9 million, including \$8.9 million from the State General Fund, for FY 2019. The revised operating budget is an all funds increase of \$291,559, or 3.0 percent, above the budget approved by the 2017 Legislature. This increase includes a special revenue fund increase of \$291,559, or 39.2 percent, above the approved amount. The State General Fund revised estimate for operating expenditures is the same as the approved budget. The special revenue fund increase is primarily attributable to:

- **Commodities.** Increased expenditures of \$208,938 for commodities, which is due to the agency shifting expenditures from the State General Fund to special revenue funds, increased expenditures on building supplies, office supplies, and housekeeping supplies; and
- **Capital Outlay.** Increased expenditures of \$64,500 for capital outlay, particularly auditory training equipment leased to local school districts to assist in the education of deaf students.

While the total number of FTE positions did not change from the approved amount, the agency did shift 1.0 FTE position from the Instructional Services program to the Support Services program.

The revised capital improvements budget is \$863,619, all from the State Institutions Building Fund, for FY 2019, which is the same as the budget approved by the 2017 Legislature.

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 longevity payments total \$8,880, including \$8,718 from the State General Fund, and FY 2019 longevity payments total \$9,360, including \$9,205 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

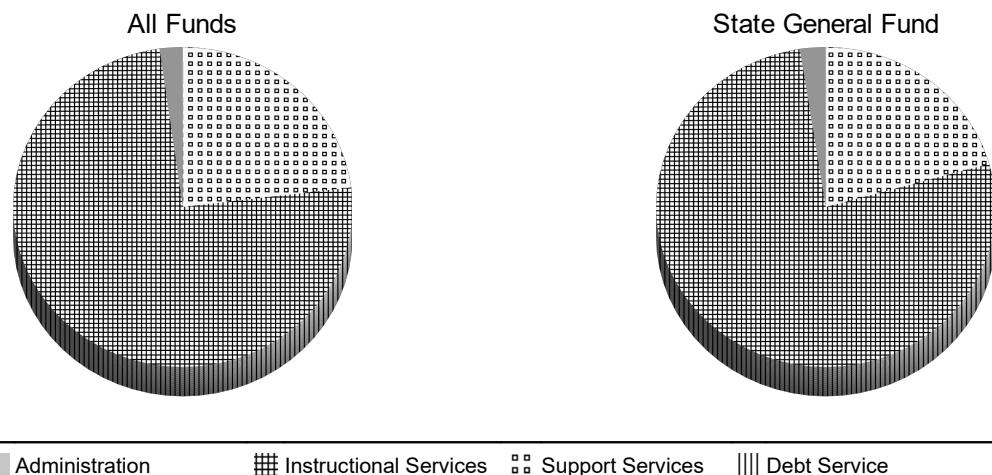
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	89.6 %	89.6 %
All Other Funds	10.4	10.4
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 217,451	2.2 %	\$ 217,451	2.4 %
Instructional Services	7,428,033	74.8	6,845,008	76.9
Support Services	2,284,510	23.0	1,832,757	20.6
Debt Service	4,653	0.0	4,653	0.1
TOTAL	\$ 9,934,647	100.0 %	\$ 8,899,869	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	2.0	2.0	2.0	2.0	2.0
Instructional Services	106.5	105.5	105.5	105.5	105.5
Support Services	35.0	36.0	36.0	36.0	36.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	143.5	143.5	143.5	143.5	143.5

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.

A. Administration

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Deaf, including instructional, residential, and support services. The program also is responsible for coordinating programs and activities that impact the Kansas State Department of Education, AdvancED requirements, budget preparation, and implementation of the School Improvement Plan.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 255,833	\$ 183,384	\$ 183,384	\$ 187,226	\$ 187,226
Contractual Services	30,336	30,402	30,402	29,425	29,425
Commodities	3,366	900	900	800	800
Capital Outlay	255	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 289,790	\$ 214,686	\$ 214,686	\$ 217,451	\$ 217,451
Aid to Local Units	0	0	0	0	0
Other Assistance	1,568	0	0	0	0
TOTAL	\$ 291,358	\$ 214,686	\$ 214,686	\$ 217,451	\$ 217,451
Financing:					
State General Fund	\$ 288,375	\$ 214,686	\$ 214,686	\$ 217,451	\$ 217,451
All Other Funds	2,983	0	0	0	0
TOTAL	\$ 291,358	\$ 214,686	\$ 214,686	\$ 217,451	\$ 217,451
FTE Positions	2.0	2.0	2.0	2.0	2.0

The **agency** requests revised expenditures of \$214,686, all from the State General Fund, in FY 2018. The revised estimate is a decrease of \$58,360, or 21.4 percent, below the FY 2018 budget approved by the 2017 Legislature. This revised estimate includes 2.0 FTE positions, which is the same as the approved number.

The State General Fund decrease is primarily attributable to:

- Decreased expenditures of \$12,099 on salaries and wages, which is due to lower expenditures for group health hospitalization and unclassified regular salaries; and
- Decreased expenditures of \$44,321 on contractual services due to decreased expenditures for computer programming, computer software rental, and consulting services.

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

The **agency** requests revised expenditures of \$217,451, all from the State General Fund, for FY 2019. The revised estimate is a decrease of \$36,493, or 14.4 percent, below the budget approved by the 2017 Legislature. This revised estimate includes 2.0 FTE positions, which is the same as the approved number.

The State General Fund decrease is primarily attributable to:

- Decreased expenditures of \$11,228 on salaries and wages, which is due to lower expenditures for group health hospitalization and unclassified regular salaries; and
- Decreased expenditures of \$23,175 on contractual services due to decreased expenditures for consulting services, computer software rental, and various dues and subscriptions.

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

B. Instructional Services

The Instructional Services program is designed to focus on the unique needs of students who are deaf and hard-of-hearing (D/HH). The program is designed to deliver both the general academic and D/HH specific educational services required by this population of students. Below are some of the following subprograms organized to meet these requirements.

Day Program. This subprogram includes the Early Childhood Education Center, the elementary program (grades K-6), and the secondary program (grades 7-12). Additionally, the post-high school program Kansas Student Transition and Academic Readiness (KSTAR) provides services to students up to age 21. These programs are designed to meet each student's varying educational needs as well as postsecondary planning, including preparation for employment, advanced education, advanced skill training, and independent living skills.

Student Life Program. The Student Life program offers a variety of opportunities to participate in extracurricular activities and athletic teams.

Extended School Year Program. This three-week program is designed to help D/HH students maintain academic, social/behavioral, communication, or other skills. Over the past few years, the program has been expanded so more students from local districts can attend.

Outreach Services. The Outreach Team strives to provide high-quality services, resources, and support to D/HH children throughout Kansas. The team provides comprehensive services that include consultations, on-site observation, professional development training, workshops for parents and professionals, a professional and family resource library, community presentations, and statewide parent support.

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,416,962	\$ 6,874,923	\$ 6,874,923	\$ 6,989,245	\$ 6,989,245
Contractual Services	286,458	290,075	290,075	266,328	266,328
Commodities	96,641	101,500	101,500	97,310	97,310
Capital Outlay	253,099	75,150	75,150	75,150	75,150
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,053,160</i>	<i>\$ 7,341,648</i>	<i>\$ 7,341,648</i>	<i>\$ 7,428,033</i>	<i>\$ 7,428,033</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,053,160	\$ 7,341,648	\$ 7,341,648	\$ 7,428,033	\$ 7,428,033
Financing:					
State General Fund	\$ 6,612,871	\$ 6,719,254	\$ 6,719,254	\$ 6,845,008	\$ 6,845,008
All Other Funds	440,289	622,394	622,394	583,025	583,025
TOTAL	\$ 7,053,160	\$ 7,341,648	\$ 7,341,648	\$ 7,428,033	\$ 7,428,033
FTE Positions	106.5	105.5	105.5	105.5	105.5

The **agency** requests revised expenditures of \$7.3 million, including \$6.7 million from the State General Fund, in FY 2018. The revised estimate is an all funds increase of \$137,861, or 1.9 percent, above the FY 2018 budget approved by the 2017 Legislature. This increase includes a State General Fund decrease of \$32,324, or 0.5 percent, and a special revenue fund increase of \$170,185, or 37.6 percent, from the approved budget. The revised estimate includes 105.5 FTE positions, which is a decrease of 1.0 FTE position below the approved number.

The State General Fund decrease is attributable to the agency shifting expenditures for salaries and wages from the State General Fund to special revenue funds due to increased revenues from federal funds.

The special revenue fund increase is mainly due to:

- Increased expenditures of \$34,794 due to the agency shifting expenditures for salaries and wages from the State General Fund to special revenue funds as a result of increased revenues from federal funds;
- Increased expenditures of \$56,511 for contractual services, which is primarily due to increased expenditures for furniture, air travel, and job-related conference registration fees, partially offset by decreased expenditures for meals and lodging and computer software maintenance; and
- Increased expenditures of \$64,700 for capital outlay, particularly auditory training equipment leased to local school districts to assist in the education of deaf students.

The decrease in FTE positions is due to the agency shifting 1.0 FTE position from the Instructional Services program to the Support Services program.

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

The **agency** requests revised expenditures of \$7.4 million, including \$6.8 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$232,504, or 3.2 percent, above the budget approved by the 2017 Legislature. This increase includes a State General Fund increase of \$47,335, or 0.7 percent, and a special revenue fund increase of \$185,169, or 46.5 percent, above the approved budget. The revised estimate includes 105.5 FTE positions, which is a decrease of 1.0 FTE position below the approved number.

The State General Fund increase is primarily attributable to the state employee salary adjustment approved by the 2017 Legislature, which is not reflected in the approved program budget. This increase is partially offset by decreased expenditures on contractual services, where the agency shifted some expenditures from salaries and wages to special revenue funds.

The special revenue fund increase is due to:

- Increased expenditures of \$23,211 for salaries and wages due to the state employee salary adjustment approved by the 2017 Legislature, which is not reflected in the FY 2019 program budget and will be partially funded by expected increases in federal funding;
- Increased expenditures of \$87,658 for contractual services due to the agency shifting expenditures from the State General Fund to special revenue funds, increased expenditures for job-related conference registration fees, and air travel, partially offset by decreased expenditures for meals and lodging and computer software maintenance; and
- Increased expenditures of \$64,500 for capital outlay, particularly auditory training equipment leased to local school districts to assist in the education of deaf students.

The decrease in FTE positions is due to the agency shifting 1.0 FTE position from the Instructional Services program to the Support Services program.

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

C. Support Services

The Support Services program is responsible for ensuring that students have safe and secure facilities to enable the delivery of high-quality educational services. The program is responsible for human resources, capital budgets, maintenance, groundskeeping, housekeeping, food service, and security. KSSD shares these services with the Kansas State School for the Blind.

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,404,637	\$ 1,473,916	\$ 1,473,916	\$ 1,513,020	\$ 1,513,020
Contractual Services	511,952	539,165	539,165	536,602	536,602
Commodities	216,203	250,355	250,355	234,888	234,888
Capital Outlay	111,129	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,243,921</i>	<i>\$ 2,263,436</i>	<i>\$ 2,263,436</i>	<i>\$ 2,284,510</i>	<i>\$ 2,284,510</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	187	0	0	0	0
TOTAL	\$ 2,244,108	\$ 2,263,436	\$ 2,263,436	\$ 2,284,510	\$ 2,284,510
Financing:					
State General Fund	\$ 1,896,881	\$ 1,889,107	\$ 1,889,107	\$ 1,832,757	\$ 1,832,757
All Other Funds	347,227	374,329	374,329	451,753	451,753
TOTAL	\$ 2,244,108	\$ 2,263,436	\$ 2,263,436	\$ 2,284,510	\$ 2,284,510
FTE Positions	35.0	36.0	36.0	36.0	36.0

The **agency** requests revised expenditures of \$2.3 million, including \$1.9 million from the State General Fund, in FY 2018. The revised estimate is an all funds increase of \$153,488, or 7.3 percent, above the budget approved by the 2017 Legislature. This includes a State General Fund increase of \$152,820, or 8.8 percent, and a special revenue fund increase of \$668, or 0.2 percent, above the approved budget. The revised estimate includes 36.0 FTE positions, which is an increase of 1.0 FTE position above the approved amount.

The State General Fund increase is primarily attributable to:

- Increased expenditures of \$131,017 for salaries and wages due to the state employee salary adjustment for non-instructional employees at the school approved by the 2017 Legislature, which is not reflected in the approved FY 2018 program budget; and
- Increased expenditures of \$187,256 for contractual services due to the agency shifting contractual services expenditures from special revenue funds to the State General Fund.

The State General Fund increase is partially offset by decreased State General Fund expenditures of \$165,453 for commodities, which is due to the agency shifting commodities expenditures from the State General Fund to special revenue funds.

The increase in FTE positions is due to the agency shifting 1.0 FTE position from the Instructional Services program to the Support Services program.

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

The **agency** requests revised expenditures of \$2.3 million, including \$1.8 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$157,284,

or 7.4 percent, above the budget approved by the 2017 Legislature. This includes a State General Fund increase of \$50,044, or 2.8 percent, and a special revenue fund increase of \$107,240, or 31.1 percent, above the approved budget. The revised estimate includes 36.0 FTE positions, which is an increase of 1.0 FTE position above the approved amount.

The State General Fund increase is primarily attributable to the following factors:

- Increased expenditures of \$155,543 for salaries and wages due to the state employee salary adjustment for non-instructional employees at the school approved by the 2017 Legislature, which is not reflected in the approved FY 2019 program budget; and
- Increased expenditures of \$100,797 for contractual services due to the agency shifting expenditures from special revenue funds to the State General Fund.

The State General Fund increase is partially offset by decreased State General Fund expenditures of \$206,296 for commodities, which is due to the agency shifting expenditures from the State General Fund to special revenue funds.

The special revenue fund increase is attributable to the agency shifting expenditures for commodities from the State General Fund to special revenue funds. This increase is partially offset by the agency shifting contractual services expenditures from special revenue funds to the State General Fund.

The increase in FTE positions is due to the agency shifting 1.0 FTE position from the Instructional Services program to the Support Services program.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Debt Service - Principal	\$ 85,061	\$ 85,061	\$ 88,619	\$ 88,619
Safety & Security Systems	607,669	607,669	390,000	390,000
Campus Boilers & HVAC Upgrades	180,000	180,000	90,000	90,000
Rehabilitation & Repair	343,736	343,736	295,000	295,000
TOTAL	\$ 1,216,466	\$ 1,216,466	\$ 863,619	\$ 863,619
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	1,216,466	1,216,466	863,619	863,619
TOTAL	\$ 1,216,466	\$ 1,216,466	\$ 863,619	\$ 863,619

FY 2018 – Current Year. The **agency** requests a revised estimate of of \$1.2 million, all from the State Institutions Building Fund, in FY 2018. The revised estimate is an increase of \$135,407, or 12.5 percent, above the budget approved by the 2017 Legislature. This increase is due to funds carried forward from FY 2017 for safety and security upgrades and rehabilitation and repair projects. Capital improvement projects are described below.

Debt Service Principal. The agency requests \$85,061, all from the State Institutions Building Fund, to pay principal on the Energy Service Performance Contract awarded in April 2005. This debt is scheduled to be retired in FY 2020.

Safety and Security Systems. The agency requests \$607,669, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedures, and protocols on the campus of the Kansas State School for the Deaf. This includes \$86,671 in funds carried forward from FY 2017 so that the installation of three light emergency notification systems could occur after summer school when no students would be in the cafeteria, learning center, and other common areas.

Campus Boilers and HVAC Upgrades. The agency requests \$180,000, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. Agency officials indicate that upgrades will allow energy savings and a proactive approach to the upgrades will minimize the disruption to staff and students.

Rehabilitation and Repair. The agency requests \$343,736, all from the State Institutions Building Fund, for rehabilitation and repair projects. Such projects include masonry and metal repair, sheetrock repairs, health and safety inspections, elevator repair, and repairs to sidewalks and steps. The revised request includes \$48,736 in funds carried forward from FY 2017 to expose the top of the utility tunnel, repair and cap a segment of ruptured steamline, and fabricate a new tunnel lid during the summer months when steam is not needed for heating and students are away from campus.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$863,619, all from the State Institutions Building Fund, for FY 2019. The revised estimate is the same as the FY 2018 budget approved by the 2017 Legislature. Capital improvement projects are described below.

Debt Service Principal. The agency requests \$88,619, all from the State Institutions Building Fund, to pay principal on the Energy Service Performance Contract awarded in April 2005. This debt is scheduled to be retired in FY 2020.

Safety and Security Systems. The agency requests \$390,000, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedures, and protocols on the campus of the Kansas State School for the Deaf. Planned work for FY 2019 includes continuing the Primus key system upgrade, replacing the access server, and expanding elementary building cameras.

Campus Boilers and HVAC Upgrades. The agency requests \$90,000, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. Agency officials indicate that upgrades will allow energy savings and a proactive approach to the upgrades will minimize the disruption to staff and students. Planned work for FY 2019 includes replacement of the failed HVAC system in the Health Center Building.

Rehabilitation and Repair. The agency requests \$295,000, all from the State Institutions Building Fund, for rehabilitation and repair projects. Such projects include masonry and metal repair, drywall repairs, health and safety inspections, elevator repair, and repairs to sidewalks and steps.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Percent of students achieving individualized education plan (IEP) goals	85%	75%	85%	90%
Number of students attending extended school year on campus	85	79	85	90

POSTSECONDARY EDUCATION SYSTEMWIDE

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 755,472,863	\$ 753,311,493	\$ 760,611,493	\$ 779,964,321	\$ 776,713,600
Other Funds	1,886,831,778	1,977,323,690	1,977,323,690	1,990,244,055	1,990,244,055
Subtotal	\$ 2,642,304,641	\$ 2,730,635,183	\$ 2,737,935,183	\$ 2,770,208,376	\$ 2,766,957,655
Capital Improvements:					
State General Fund	\$ 3,218,067	\$ 4,024,267	\$ 4,024,267	\$ 4,183,956	\$ 4,183,956
Other Funds	158,774,139	157,933,655	157,933,655	146,432,283	147,806,681
Subtotal	\$ 161,992,206	\$ 161,957,922	\$ 161,957,922	\$ 150,616,239	\$ 151,990,637
TOTAL	\$ 2,804,296,847	\$ 2,892,593,105	\$ 2,899,893,105	\$ 2,920,824,615	\$ 2,918,948,292
Percentage Change:					
Operating Expenditures					
State General Fund	0.2 %	(0.3) %	0.7 %	3.5 %	2.1 %
All Funds	2.5	3.3	3.6	1.4	1.1
FTE Positions	18,812.8	18,594.3	18,594.3	18,594.3	18,594.3

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

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

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The **2007 Legislature** also passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components—direct funding, bond funding, and tax credits—to fund deferred maintenance at Regents-governed and Regents-coordinated institutions. The direct funding, which is provided only for the state universities, totals \$90.0 million, including \$47.0 million from the State General Fund, over five years. Over a five-year period, \$100.0 million in bond funding was made available to Washburn University, the community colleges, and the technical colleges. The bond principal payments will be made by the institutions while the bond interest payments will be made by the State for a total state investment of \$38.1 million. The legislation further authorized new tax credits effective for tax years 2008-2012 for contributions earmarked for deferred maintenance at post-secondary educational institutions; certain capital improvements at community colleges (excluding new construction and real property acquisition); and deferred maintenance and certain technology or equipment at technical colleges, which represents a five-year total state investment of \$62.5 million.

The **2007 Legislature** also passed legislation establishing the Postsecondary Technical Education Authority, which would be composed of the following 12 members: 4 appointed by the Board of Regents; 3 appointed by the Governor, including the chairperson; 1 appointed by the President of the Senate; and 1 appointed by the Speaker of the House. There also are three *ex officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The legislation required the governing bodies of Northeast Kansas Technical College, Kansas City Area Technical School, Kaw Area Technical School, Salina Area Technical School, and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College, and Kaw Area Technical School merged with Washburn University. The legislation originally set a sunset date of June 30, 2014, but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than 12 months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to \$40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents or report on the request of the Board of Regents.

The **2008 Legislature** also passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than 5 pupils from each of the 4 congressional districts and 20 other pupils on a statewide basis (KAMS will have a total of 80 students in its two classes). The Board of

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

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for FY 2009 through FY 2014, as follows:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The **2017 Legislature** passed SB 32, which amended the Medical Student Loan Act to add general psychiatry and child psychiatry to the approved postgraduate residency training program. The bill also amended the Kansas Medical Residency Bridging Program, which allows the University of Kansas Medical Center to enter into residency bridging loan agreements with three medical residents in training in general or child psychiatry. Two new funds were appropriated for these programs with an appropriation of \$1.0 million, all from the State General Fund, to fund these new programs for FY 2018 and FY 2019.

The **2017 Legislature** also passed SB 174, which affiliates the Wichita Area Technical College (WATC) with Wichita State University (WSU). The bill changes the governing board of WATC to an industry advisory board to the President of WSU.

The **2017 Legislature** also passed HB 2213, which amends laws concerning postsecondary education. The law specifically extends the provisions establishing the Postsecondary Technical Education Authority from June 30, 2017, to June 30, 2019. Additionally, the law amends the Kansas Private and Out-of-State Postsecondary Educational Institution Act to extend a June 30, 2017, sunset to June 30, 2018, for a statute authorizing the Kansas Board of Regents to fix, charge, and collect fees for such institutions.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agencies** request a revised estimate of \$2.9 billion, including \$757.3 million from the State General Fund, in FY 2018. This is an increase of \$53.5 million, or 1.9 percent, from special revenue funds above the approved amount. The increase is mainly due to carry forward from the Educational Building Fund (\$20.9 million) and the use of additional Restricted Fees Fund moneys (\$6.7 million) for rehabilitation and repair. There are also increased expenditures in special revenue funds for operational expenditures of salaries and wages (\$42.3 million), with offsetting decreases in expenditures for contractual services (\$6.1 million), commodities (\$10.1 million), and capital outlay (\$11.5 million).

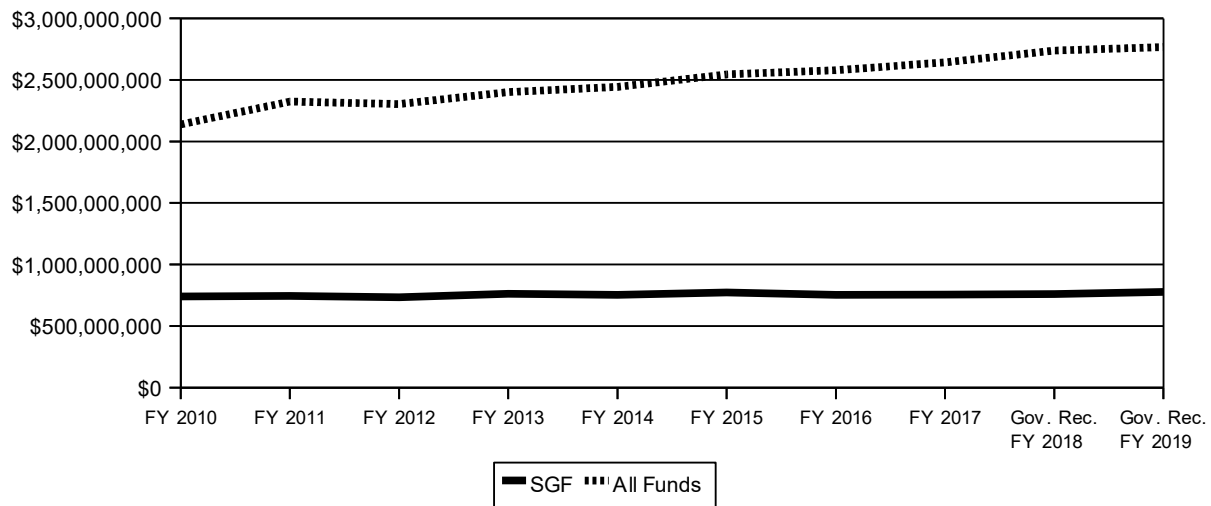
The **Governor** recommends \$2.9 billion, including \$764.6 million from the State General Fund, in FY 2018. The Governor added \$7.3 million, or 1.0 percent, all from the State General Fund, to fully fund the Career Technical Education program in FY 2018.

FY 2019 – Budget Year. The **agencies** request a revised estimate of \$2.9 billion, including \$784.1 million from the State General Fund, for FY 2019. This is an increase of \$83.5 million, or 2.9 percent, from all funds and \$23.9 million, or 3.1 percent, from the State General Fund above the approved amount. The State General Fund increase is due to an enhancement request and the special revenue fund increase is mainly due to an increase in expenditures for salaries and wages (\$44.2 million), capital improvement projects at Wichita State University (\$17.0 million for the School of Business and \$4.7 million for Henrion Hall), and the Board of Regents expenditures from the Educational Building Fund (\$8.3 million) for rehabilitation and repair.

The **Governor** recommends \$2.9 billion, including \$780.9 million from the State General Fund, for FY 2019. The Governor added \$22.0 million, including \$20.7 million from the State General Fund. The Governor did not recommend any of the enhancement requests but did add the following from the State General Fund, unless otherwise noted: Tuition for National Guard (\$2.1 million); Career Technical Education program (\$8.3 million); Educational Building Fund (\$1.4 million), from special revenue funds; Emporia State Nursing program (\$535,000); dental school at University of Kansas Medical Center (\$3.0 million); Wichita State's National Center for Aviation Training (\$1.7 million); and Wichita State's National Institute of Aviation Research (\$5.0 million) 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	\$ 741,672,175	(6.7)%	\$ 2,138,265,805	(2.6)%	17,779.2
2011	745,910,105	0.6	2,324,306,207	8.7	16,996.0
2012	734,513,248	(1.5)	2,304,122,481	(0.9)	17,198.1
2013	762,051,658	3.7	2,400,661,542	4.2	18,025.3
2014	753,699,829	(1.1)	2,443,086,258	1.8	17,974.5
2015	772,589,439	2.5	2,544,838,605	4.2	17,959.2
2016	754,115,709	(2.4)	2,578,925,307	1.3	18,513.7
2017	755,472,863	0.2	2,642,304,641	2.5	18,812.8
2018 Gov. Rec.	760,611,493	0.7	2,737,935,183	3.6	18,594.3
2019 Gov. Rec.	776,713,600	2.1	2,766,957,655	1.1	18,594.3
Ten-Year Change Dollars/Percent	\$ 35,041,425	4.7 %	\$ 628,691,850	29.4 %	815.1

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Board of Regents	\$ 205,303,370	\$ 207,830,466	\$ 230,583,924	\$ 22,753,458	10.9 %	\$ 215,130,466	\$ 217,098,203	\$ 1967737	0.9 %		
Emporia State University	85,316,320	90,742,414	89,643,937	(1,098,477)	(1.2)	90,742,414	90,178,937	-563477	(0.6)		
Fort Hays State University	559,068	122,898,290	124,340,078	1,441,788	1.2	122,898,290	124,340,078	1,441,788	1.2		
Kansas State University	546,087,205	602,185,639	604,114,957	1,929,318	0.3	602,185,639	604,114,957	1,929,318	0.3		
KSU-ESARP	144,906,801	148,516,444	148,211,523	(304,921)	(0.2)	148,516,444	148,211,523	(304,921)	(0.2)		
KSU Veterinary Medical Center	51,768,671	60,088,874	60,685,227	596,353	1.0	60,088,874	60,685,227	596,353	1.0		
University of Kansas	704,755,783	724,698,011	738,059,766	13,361,755	1.8	724,698,011	738,059,766	13,361,755	1.8		
KU Medical Center	367,276,164	356,093,417	354,903,722	(1,189,695)	(0.3)	356,093,417	357,903,722	1,810,305	0.5		
Pittsburg State University	104,430,554	105,192,433	105,050,513	(141,920)	(0.1)	105,192,433	105,050,513	(141,920)	(0.1)		
Wichita State University	305,900,705	312,389,195	314,614,729	2,225,534	0.7	312,389,195	321,314,729	8,925,534	2.9		
TOTAL	\$ 2,515,745,573	\$ 2,730,635,183	\$ 2,770,208,376	\$ 39,573,193	1.4 %	\$ 2,737,935,183	\$ 2,766,957,655	\$ 29,022,472	1.1 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 1,616,839,364	\$ 1,667,998,845	\$ 1,682,792,190	\$ 14,793,345	0.9 %	\$ 1,667,998,845	\$ 1,686,327,190	\$ 18,328,345	1.1 %		
Contractual Services	366,352,252	388,412,835	393,737,919	5,325,084	1.4	388,412,835	400,437,919	12,025,084	3.1		
Commodities	86,588,548	89,281,088	87,923,473	(1,357,615)	(1.5)	89,281,088	87,923,473	(1,357,615)	(1.5)		
Capital Outlay	71,977,402	63,179,031	62,715,875	(463,156)	(0.7)	63,179,031	62,715,875	(463,156)	(0.7)		
Debt Service	34,517,512	36,191,877	35,272,868	(919,009)	(2.5)	36,191,877	35,272,868	(919,009)	(2.5)		
Subtotal-Operations	\$ 2,176,275,078	\$ 2,245,063,676	\$ 2,262,442,325	\$ 17,378,649	0.8 %	\$ 2,245,063,676	\$ 2,272,677,325	\$ 27,613,649	1.2 %		
Aid to Local Units	175,948,566	176,627,956	177,172,276	544,320	0.3	183,927,956	185,472,276	1,544,320	0.8		
Other Assistance	290,080,997	308,943,551	330,593,775	21,650,224	7.0	308,943,551	308,808,054	(135,497)	(0.0)		
TOTAL	\$ 2,642,304,641	\$ 2,730,635,183	\$ 2,770,208,376	\$ 39,573,193	1.4 %	\$ 2,737,935,183	\$ 2,766,957,655	\$ 29,022,472	1.1 %		
Financing:											
State General Fund	\$ 755,472,863	\$ 753,311,493	\$ 779,964,321	\$ 26,652,828	3.5 %	\$ 760,611,493	\$ 776,713,600	\$ 16,102,107	2.1 %		
General Fees Fund	738,059,434	782,607,575	786,057,154	3,449,579	0.4	782,607,575	786,057,154	3,449,579	0.4		
Restricted Fees Fund	519,933,606	533,080,387	537,403,077	4,322,690	0.8	533,080,387	537,403,077	4,322,690	0.8		
All Other Funds	628,838,738	661,635,728	666,783,824	5,148,096	0.8	661,635,728	666,783,824	5,148,096	0.8		
TOTAL	\$ 2,642,304,641	\$ 2,730,635,183	\$ 2,770,208,376	\$ 39,573,193	1.4 %	\$ 2,737,935,183	\$ 2,766,957,655	\$ 29,022,472	1.1 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$755,842,765 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 \$1,492,995, 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 \$757,335,760. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 757,335,760	\$ 757,335,760	\$ 0	\$ 764,635,760	\$ 7,300,000
All Other Funds	2,081,748,935	2,135,257,345	53,508,410	2,135,257,345	53,508,410
TOTAL	\$ 2,839,084,695	\$ 2,892,593,105	\$ 53,508,410	\$ 2,899,893,105	\$ 60,808,410
FTE Positions	18,804.8	18,594.3	(210.5)	18,594.3	(210.5)

The **agencies** request a revised estimate of \$2.9 billion, including \$757.3 million from the State General Fund, in FY 2018. This is an increase of \$53.5 million, or 1.9 percent, from special revenue funds above the approved amount. The increase is mainly due to carry forward from the Educational Building Fund (\$20.9 million) and the use of additional Restricted Fees Fund moneys (\$6.7 million) for rehabilitation and repair. There are also increased expenditures in special revenue funds in operational expenditures of salaries and wages (\$42.3 million), with partially offsetting decreases in contractual services (\$6.1 million), commodities (\$10.1 million), and capital outlay (\$11.5 million).

The **Governor** recommends \$2.9 billion, including \$764.6 million from the State General Fund, in FY 2018. The Governor added \$7.3 million, or 1.0 percent, all from the State General Fund, to fully fund the Career Technical Education program 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 \$760,233,425 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 760,233,425	\$ 784,148,277	\$ 23,914,852	\$ 780,897,556	\$ 20,664,131
All Other Funds	2,077,050,139	2,136,676,338	59,626,199	2,138,050,736	61,000,597
TOTAL	\$ 2,837,283,564	\$ 2,920,824,615	\$ 83,541,051	\$ 2,918,948,292	\$ 81,664,728
FTE Positions	18,804.8	18,594.3	(210.5)	18,594.3	(210.5)

The **agencies** request a revised estimate of \$2.9 billion, including \$784.1 million from the State General Fund, for FY 2019. This is an increase of \$83.5 million, or 2.9 percent, from all funds and \$23.9 million, or 3.1 percent, from the State General Fund above the approved amount. The State General Fund increase is due to an enhancement request and the special revenue fund increase is mainly due to an increase in expenditures in salaries and wages (\$44.2 million), capital improvement projects at Wichita State University (\$17.0 million for the School of Business and \$4.7 million for Henrion Hall), and the Board of Regents expenditures from the Educational Building Fund (\$8.3 million) for rehabilitation and repair.

The **Governor** recommends \$2.9 billion, including \$780.9 million from the State General Fund, for FY 2019. The Governor added \$22.0 million, including \$20.7 million from the State General Fund. The Governor did not recommend any of the enhancement requests but did add the following from the State General Fund, unless otherwise noted: Tuition for National Guard (\$2.1 million); Career Technical Education program (\$8.3 million); Educational Building Fund (\$1.4 million), from special revenue funds; Emporia State Nursing program (\$535,000); dental school at University of Kansas Medical Center (\$3.0 million); Wichita State's National Center for Aviation Training (\$1.7 million); and Wichita State's National Institute of Aviation Research (\$5.0 million) for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
University of Kansas	\$ 4,088,702	\$ 4,088,702	0.0	\$ 0	\$ 0	0.0
KU Medical Center	3,365,797	3,365,797	0.0	0	0	0.0
Kansas State University	3,073,563	3,073,563	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-VMC	452,898	452,898	0.0	0	0	0.0
Emporia State University	855,204	855,204	0.0	0	0	0.0
Fort Hays State University	1,016,467	1,016,467	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,236,925	2,236,925	0.0	0	0	0.0
Board of Regents	6,456,471	6,456,471	0.0	0	0	0.0
TOTAL	\$ 23,914,852	\$ 23,914,852	0.0	\$ 0	\$ 0	0.0

The **agencies** request \$23.9 million, all from the State General Fund, as a supplemental request to the budget for FY 2019. This would restore the base funding that was reduced in the Governor's recommendation during the 2017 Session by the same amount in FY 2018 and FY 2019 as the Governor's allotment in FY 2017. There were partial restorations made to some agencies and line items within the Board of Regents' budgets by the 2017 Legislature. This request would restore the remainder of the reduction for FY 2019.

The **Governor** did not recommend any of the enhancement requests for FY 2019.

Other Key Proposals Detail

The following items are not part of the agency's supplemental request and not included in the budget but they are the highest priority of the Board of Regents after the restoration of cuts in the supplemental request for FY 2019

FY 2019 ADDITIONAL REQUESTS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Full Funding of the Career						
Technical Education program	\$ 4,000,000	\$ 4,000,000	0.0	\$ 8,300,000	\$ 8,300,000	0.0
Emporia State Nursing Program	535,000	535,000	0.0	535,000	535,000	0.0
TOTAL	\$ 4,535,000	\$ 4,535,000	0.0	\$ 8,835,000	\$ 8,835,000	0.0

The **agencies** request \$4.5 million, all from the State General Fund, as other key proposal requests to the budget for FY 2019. The additional funds for the Career Technical Education program should provide full funding of the program. The current approved funding of \$20.8 million was short in FY 2017 and was prorated. The Emporia State Nursing program funding has been an enhancement request over the last three years and was funded in FY 2018 at \$500,000 by the legislature during the 2017 Session.

The **Governor** recommends the agency's other key proposal requests for FY 2019. However, after the initial budget submission by the Board of Regents, the Career Technical Education shortfall was recalculated and the agency believes that to fully fund the program, an additional \$8.3 million was needed in addition to the approved \$20.8 million for FY 2019. The Governor concurred with this request.

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 these agencies, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	28.2 %	28.1 %
General Fees Fund	28.4	28.4
Restricted Fees Fund	19.4	19.4
All Other Funds	24.0	24.1
TOTAL	100.0 %	100.0 %

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

STATE GENERAL FUND

	Actual FY 2017	Agency Request FY 2018	Gov. Rec. FY 2018	Agency Request FY 2019	Gov. Rec. FY 2019
University of Kansas	\$ 130,484,981	\$ 129,741,617	\$ 129,741,617	\$ 131,263,053	\$ 131,263,053
University of Kansas Medical Center	107,393,092	104,914,311	104,914,311	105,371,776	108,371,776
Kansas State University	97,311,750	97,227,645	97,227,645	98,482,390	98,482,390
Kansas State University–ESARP	46,071,765	45,798,391	45,798,391	45,902,644	45,902,644
KSU–Veterinary Medical Center	14,190,480	14,436,520	14,436,520	14,528,680	14,528,680
Emporia State University	30,770,432	30,967,221	30,967,221	30,566,179	31,101,179
Fort Hays State University	32,822,538	32,776,775	32,776,775	32,921,990	32,921,990
Pittsburg State University	34,822,599	34,396,510	34,396,510	34,249,159	34,396,510
Wichita State University	71,665,422	71,060,543	71,060,543	71,875,543	78,475,016
<i>Subtotal</i>	<i>\$ 565,533,059</i>	<i>\$ 515,521,142</i>	<i>\$ 561,319,533</i>	<i>\$ 565,161,414</i>	<i>\$ 575,443,238</i>
Technical Colleges	\$ 68,722	\$ 68,722	\$ 68,722	\$ 68,722	\$ 68,722
Washburn University	11,424,883	11,424,883	11,424,883	11,543,883	11,543,883
Non-Tiered Course Credit Hour Grant	73,436,476	73,436,476	73,436,476	73,721,476	73,721,476
Postsecondary Tiered Technical Education	55,968,922	55,968,922	55,968,922	56,183,922	56,183,922
State Aid					
Unified Operating Grant Increase	0	0	0	0	0
TOTAL	\$ 706,432,062	\$ 656,420,145	\$ 702,218,536	\$ 706,679,417	\$ 716,961,241

The **postsecondary educational institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$706.7 million from the State General Fund for FY 2019, which is an increase of \$4.5 million, or 0.6 percent, above the FY 2018 request. The increase is due to increases in Kansas Public Employees Retirement System and benefit rates.

The **Governor** recommends \$717.0 million, all from the State General Fund, for the postsecondary educational institutions for FY 2019. This is an increase of \$10.3 million, or 1.5 percent, above the agencies' FY 2019 requests. The increase is attributable to the Governor adding \$535,000 for the Emporia State Nursing program, \$3.0 million for a dental school at the University of Kansas Medical Center, and \$6.7 million for research in aviation at Wichita State University.

Community Colleges, Technical Colleges, and Washburn University

Community and Technical College Operating Grants. The **Board** requests \$76.5 million from the State General Fund for FY 2019 for non-tiered course credit hour grants for general education and \$58.3 million for postsecondary tiered technical education state aid for technical education courses to support the 19 community colleges and 7 technical colleges in the state. The request in the table above does not include the enhancement request increase of \$5.0 million, or 3.8 percent, to restore the previous year reduction.

The **Governor** concurs with the agency's request without the enhancement for FY 2019.

Municipal University Operating Grant. The **Board** requests \$11.5 million from the State General Fund for FY 2019 for the Municipal University Operating Grant. SB 345 (1999) applies the same funding formula for state support for Washburn University as is used for community colleges. The request does not include the enhancement request increase of \$357,037, or 3.0 percent, to restore the previous year reduction.

The **Governor** concurs with the agency's request without the enhancement for FY 2019.

Adult Basic Education. The **Board** requests \$4.6 million, including \$1.4 million from the State General Fund, to support the 30 adult education centers in the state for FY 2019. The request does not include the enhancement request increase of \$58,281, or 4.0 percent, to restore the previous year reduction.

The **Governor** concurs with the agency's request without the enhancement for FY 2019.

Other State Funding

The **Board** and **universities** request \$4.5 million from the other centrally appropriated state funds for the benefit of the universities for the Economic Development Initiatives Fund and the State Water Plan Fund for FY 2019.

Economic Development Initiatives Fund

- \$2.5 million for technical education capital outlay;
- \$179,284 for the Technology Innovation and Internship program;
- \$993,265 for the Experimental Program to Stimulate Competitive Research (EPSCoR);
- \$500,000 for community college comparative grants; and
- \$295,046 for research at Kansas State University–ESARP.

State Water Plan Fund

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

The **Governor** concurs with the agencies' requests for FY 2019.

State Universities

Faculty of Distinction Program. The Faculty of Distinction program provides a transfer of the equivalent of interest earnings on designated donations to public postsecondary institutions. FY 2003 was the first year of the program. Beginning in FY 2004, the transfers were treated under the Governor's recommendation as a revenue transfer instead of a State General Fund demand transfer. The agency and the Governor estimate transfers will total \$688,776 in FY 2017, FY 2018, and FY 2019.

Tuition and General Fees. State university tuition and fees are set with the approval of the State Board of Regents. With the exception of certain designated fees credited to restricted use funds, tuition and general fees are credited to the General Fees Fund of each institution. Although subject to appropriation, under the State University Operating Grant Plan, the General Fees Fund are appropriated to the institutions without an expenditure limit, permitting maximum flexibility in the use of those funds. For FY 2018, the Board of Regents set tuition rates after the adjournment of the 2017 Session and the same schedule is anticipated for FY 2019. The budgets submitted by the universities assume no increase in tuition rates for FY 2019. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2017 Legislature, the revised current year estimate, and the current estimate for FY 2019.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2018	Revised Est. and Gov. Rec FY 2018	Difference	Gov. Rec. for FY 2019
University of Kansas	\$ 324,946,418	\$ 311,000,000	\$ (13,946,418)	\$ 313,000,000
KU Medical Center	43,989,491	48,588,080	4,598,589	46,104,359
Kansas State University	221,526,863	228,540,153	7,013,290	228,540,153
KSU-Veterinary Medical Center	18,158,215	18,502,103	343,888	18,502,103
KSU-ESARP	0	0	0	0
Emporia State University	26,367,950	29,427,124	3,059,174	28,484,103
Fort Hays State University	39,763,943	44,692,628	4,928,685	44,756,190
Pittsburg State University	35,854,841	35,350,000	(504,841)	35,350,000
Wichita State University	81,307,925	88,365,876	7,057,951	88,365,876
TOTAL	\$ 791,915,646	\$ 804,465,964	\$ 12,550,318	\$ 803,102,784

Student Financial Aid

Student Financial Aid. The **Board** administers a number of student financial aid programs as well as other special programs. The agency requests \$20.4 million, all from the State General Fund, to support state-sponsored student financial aid programs for FY 2019. The request does not include the enhancement requested increase of \$875,665, or 4.3 percent, to restore the previous year's reduction.

The **Governor** concurs with the agency's request and adds an additional \$2.1 million, all from the State General Fund, for the National Guard scholarship for FY 2019.

Enrollment Trends. Student enrollment at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in Fall 2017 totaled 211,119, which is an increase of 38 students, or less than 0.1 percent, above the Fall 2015 enrollment. Not included in this data are students enrolled in proprietary schools and vocational education students who are not attending a community college or technical college. The following table compares headcount enrollments for the Fall of 2015, 2016, and 2017.

Headcount Students

Institution	Fall 2015	Fall 2016	Fall 2017	Change Fall 2015- Fall 2017	Percent
University of Kansas	24,708	24,892	24,891	183	0.7 %
University of Kansas Medical Center	3,383	3,509	3,556	173	5.1
Kansas State University	23,678	23,318	22,343	(1,335)	(5.6)
KSU–Veterinary Medical Center	468	461	452	(16)	(3.4)
Emporia State University	6,094	5,887	5,732	(362)	(5.9)
Fort Hays State University	14,210	14,658	15,100	890	6.3
Pittsburg State University	7,244	7,102	6,907	(337)	(4.7)
Wichita State University	14,495	14,474	15,081	586	4.0
Subtotal - Regents Institutions	94,280	94,301	94,062	(218)	(0.2) %
Washburn University	6,615	6,636	6,691	76	1.1
Community Colleges	72,786	72,694	71,242	(1,544)	(2.1)
Technical Colleges	7,333	7,724	8,690	1,357	18.5
Washburn Institute of Technology	1,330	1,335	1,393	63	9.8
Independent Colleges and Universities	25,378	24,920	23,714	(1,664)	(6.6)
Subtotal - Non-Regents Institutions	113,442	113,309	111,730	(1,712)	(1.5) %
GRAND TOTAL	207,722	207,610	205,792	(1,930)	(0.9) %

Peer Comparisons. Regents institutions use a system of peer comparisons based upon the concept of comparing themselves to similar institutions. A similar method is used by institutions and systems in many states. Peer institutions were first selected by a Regents task force in 1976 with the weighted basis for selection being similar in degree programs (60.0 percent), enrollment levels (30.0 percent), and financial expenditures (10.0 percent). Beginning in FY 2014, the universities now have revised peer institutions. Peer comparisons are used for a number of purposes at the institutional and system level, including local program review and comparative references related to graduation and retention rates, research expenditures, and faculty awards as well as salaries and degree production.

REGENTS PEER INSTITUTIONS

University of Kansas

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

Wichita State University

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

Fort Hays State University

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

Kansas State University

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

Emporia State University

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

Pittsburg State University

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

Source: Table 4.35 State University Databook, January 2017

RELATIVE FUNDING OF SALARY - BY INSTITUTION

Institution	Salaries FY 2012	Salaries FY 2016
KU	87.0 %	86.3 %
KSU	92.5	117.5
ESU	86.6	89.5
FHSU	91.2	97.3
PSU	92.1	104.9
WSU	86.2	79.1
Systemwide	85.7 %	91.6 %

Source: Table 4.35 State University Databook, January 2017

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

TUITION AND FEES RELATIVE TO PEER INSTITUTIONS

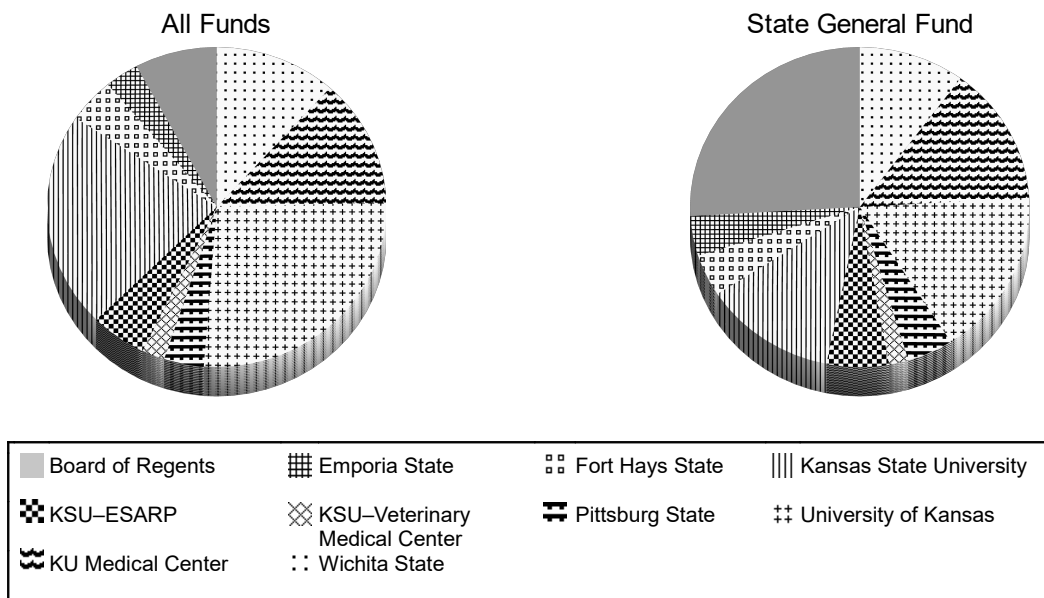
Institution	Resident Tuition AY 2011	Resident Tuition AY 2016	Nonresident Tuition AY 2011	Nonresident Tuition AY 2016
KU	91.2 %	94.4 %	80.1 %	81.3 %
KSU	81.1	81.7	80.9	83.7
ESU	83.2	84.1	113.2	130.0
FHSU	71.1	69.7	101.3	96.0
PSU	72.7	81.0	102.8	106.9
WSU	81.4	87.3	77.4	75.1

Source: Table 2.3 State University Databook, January 2017

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Board of Regents	\$ 217,098,203	7.8 %	\$ 201,317,713	25.9 %
Emporia State University	90,178,937	3.3	31,101,179	4.0
Fort Hays State University	124,340,078	4.5	32,921,990	4.2
Kansas State University	604,114,957	21.8	98,482,390	12.7
KSU-ESARP	148,211,523	5.4	45,902,644	5.9
KSU-Veterinary Medical Center	60,685,227	2.2	14,528,680	1.9
Pittsburg State University	105,050,513	3.8	34,249,159	4.4
University of Kansas	738,059,766	26.7	131,263,053	16.9
KU Medical Center	357,903,722	12.9	108,371,776	14.0
Wichita State University	321,314,729	11.6	78,575,016	10.1
TOTAL	\$ 2,766,957,655	100.0 %	\$ 776,713,600	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Board of Regents	62.5	62.5	62.5	62.5	62.5
Emporia State University	801.1	784.9	784.9	784.9	784.9
Fort Hays State University	943.8	942.8	942.8	942.8	942.8
Kansas State University	3,877.5	3,864.5	3,864.5	3,864.5	3,864.5
KSU–ESARP	1,097.0	1,106.2	1,106.2	1,106.2	1,106.2
KSU–Veterinary Medical Center	361.1	437.9	437.9	437.9	437.9
Pittsburg State University	1,000.9	974.7	974.7	974.7	974.7
University of Kansas	5,342.2	5,346.9	5,346.9	5,346.9	5,346.9
KU Medical Center	3,239.5	2,986.5	2,986.5	2,986.5	2,986.5
Wichita State University	2,087.2	2,087.4	2,087.4	2,087.4	2,087.4
TOTAL	18,812.8	18,594.3	18,594.3	18,594.3	18,594.3

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.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Board of Regents	\$ 0	\$ 0	\$ 44,146,206	\$ 45,520,604
Emporia State University	24,356,658	24,356,658	16,890,000	16,890,000
Fort Hays State University	14,740,970	14,740,970	8,075,043	8,075,043
Kansas State University	36,306,117	36,306,117	20,586,322	20,586,322
KSU-ESARP	200,000	200,000	75,000	75,000
KSU-Veterinary Medical Center	6,320,572	6,320,572	1,700,328	1,700,328
Pittsburg State University	9,586,823	9,586,823	4,560,693	4,560,693
University of Kansas	36,965,404	36,965,404	20,299,789	20,299,789
KU Medical Center	19,217,795	19,217,795	6,909,439	6,909,439
Wichita State University	14,263,583	14,263,583	27,373,419	27,373,419
TOTAL	\$ 161,957,922	\$ 161,957,922	\$ 150,616,239	\$ 151,990,637
Financing:				
State General Fund	\$ 4,024,267	\$ 4,024,267	\$ 4,183,956	\$ 4,183,956
All Other Funds	157,933,655	157,933,655	146,432,283	147,806,681
TOTAL	\$ 161,957,922	\$ 161,957,922	\$ 150,616,239	\$ 151,990,637

FY 2018 – Current Year. The **agencies** request a revised capital improvements budget of \$162.0 million, including \$4.0 million from the State General Fund, in FY 2018. This is an increase of \$26.5 million, or 19.5 percent, from all funds and a decrease of \$132,063, or 3.2 percent, from the State General Fund from the approved amount. The decrease in the State General Fund is for debt service and the increase in special revenue funds is mainly due to the carry forward in the Educational Building Fund (\$20.9 million) and increased expenditures for the Health Education Building at the University of Kansas Medical Center (\$6.0 million).

The **Governor** concurs with the agencies' request in FY 2018.

FY 2019 – Budget Year. The **agencies** request a revised capital improvements budget of \$150.6 million, including \$4.2 million from the State General Fund, for FY 2019. This is an increase of \$32.8 million, or 27.8 percent, from all funds and a decrease of \$124,777, or 2.9 percent, from the State General Fund from the approved amount. The decrease in the State General Fund is in debt service and the increase in special revenue funds is mainly due to expenditures for Wichita State University's School of Business (\$17.0 million) and Henrion Hall (\$4.7 million) and the increased expenditures (\$8.3 million) by the Board of Regents due to the Educational Building Fund being transitioned to a no limit fund.

The **Governor** concurs with the agencies' request for FY 2019 and adds \$1.4 million, all from the Educational Building Fund, due to the increased revenue estimate available in the fund.

BOARD OF REGENTS

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 189,939,804	\$ 191,991,960	\$ 199,291,960	\$ 214,803,434	\$ 201,317,713
Other Funds	15,363,566	15,838,506	15,838,506	15,780,490	15,780,490
Subtotal	\$ 205,303,370	\$ 207,830,466	\$ 215,130,466	\$ 230,583,924	\$ 217,098,203
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	44,146,206	45,520,604
Subtotal	\$ 0	\$ 0	\$ 0	\$ 44,146,206	\$ 45,520,604
TOTAL	\$ 205,303,370	\$ 207,830,466	\$ 215,130,466	\$ 274,730,130	\$ 262,618,807

Percentage Change:

Operating Expenditures

State General Fund	(3.8) %	1.1 %	4.9 %	11.9 %	1.0 %
All Funds	(4.0)	1.2	4.8	10.9	0.9

FTE Positions	62.5	62.5	62.5	62.5	62.5

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

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

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

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

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

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

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

The debt service on the bonds began in FY 2006 and is funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to

not more than \$10.0 million per year and not more than \$50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

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

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

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

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

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

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

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students

of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

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

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

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

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

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

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

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

- The Kansas Teacher Service Scholarship;

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

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

The **2007 Legislature** also passed legislation establishing the Postsecondary Technical Education Authority, which is comprised of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairperson, 1 appointed by the President of the Senate, and 1 appointed by the Speaker of the House. There are also 3 *ex officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

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

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

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

The legislation originally set a sunset date of June 30, 2014, but the 2013 Legislature amended the sunset to June 30, 2017, and the 2017 Legislature amended the sunset to June 30, 2019.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than 12 months. Further, the Board of Regents can establish and adopt procedures,

standards, and criteria for the program. The amount invested under the pilot program is limited to \$40.0 million at any one time, and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents or report on the request of the Board of Regents.

The **2008 Legislature** also passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis with no more than 5 pupils from each of the 4 congressional districts and 20 other pupils on a statewide basis (KAMS will have a total of 80 students in its two classes). The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for FY 2009 through FY 2014, as follows:

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

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

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

- Arrange technical education programs into categories or tiers by recognizing cost differentials (e.g., programs with similar costs comprise one of six tiers);
- Consider target industries critical to the Kansas economy;
- Respond to program growth;

- Consider local taxing authority for credit hours generated by in-district students; and
- Include other factors and considerations determined necessary by the State Board of Regents.

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

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

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

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

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

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

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

The **2011 Legislature** also passed legislation replacing the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of

land acquisition, site preparation, fencing, central utility plant facility construction, and improvements in anticipation of the construction of the National Bio and Agro-defense Facility (NBADF) at Kansas State University. The bill adds a provision predicated issuance of the bonds on approval by the State Finance Council.

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

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

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

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

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

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

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

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

In addition, the bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required

to report the study's findings to the Senate and House Committees on Education by January 13, 2014.

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

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

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

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

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

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

The **2017 Legislature** passed HB 2213 which amends laws concerning postsecondary education. The law specifically extends the provisions establishing the Post-secondary Technical Education Authority from June 30, 2017, to June 30, 2019. Additionally, the law amends the Kansas Private and Out-of-State Postsecondary Educational Institution Act to extend a June 30, 2017, sunset to June 30, 2018, for a statute authorizing the Kansas Board of Regents to fix, charge, and collect fees for such institutions.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$207.8 million, including \$192.0 million from the State General Fund, in FY 2018. This is a decrease of \$36.1 million, or 14.9 percent, from special revenue funds below the approved amount. The decrease is due mainly to the transfer of \$35.0 million from the Educational Building Fund to the universities for rehabilitation and repair.

The **Governor** concurs with the agency's request and adds an additional \$7.3 million, all from the State General Fund, to fully fund the Career Technical Education program in FY 2018.

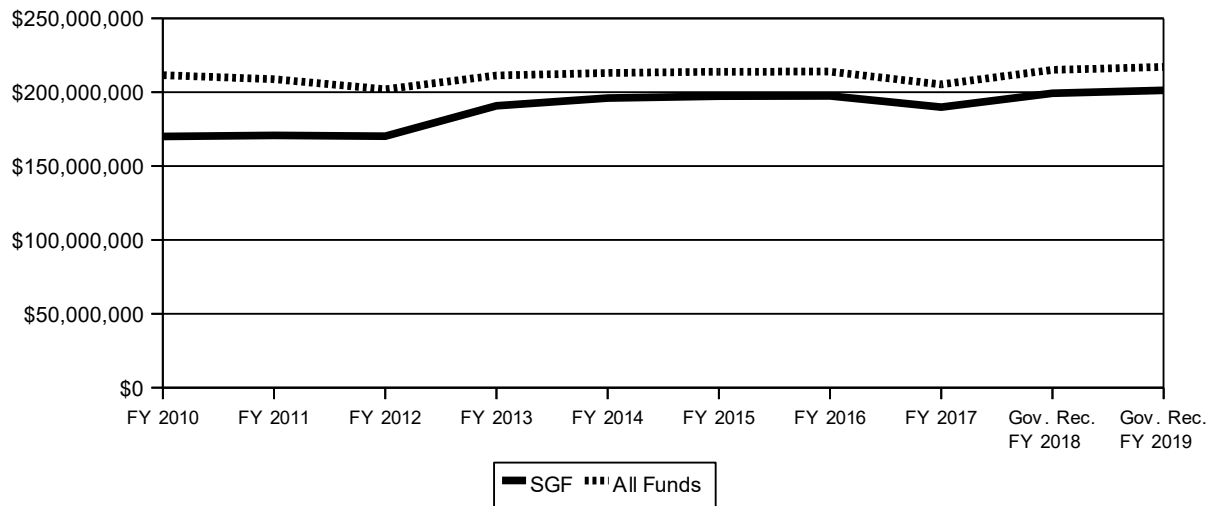
FY 2019 – Budget Year. The **agency** requests a revised estimate of \$274.7 million, including \$214.8 million from the State General Fund, for FY 2019. This is an increase of \$31.8 million, or 13.1 percent, from all funds and \$23.9 million, or 12.5 percent, from the State General Fund above the approved amount. The increase is due mainly to the State General Fund

supplemental request to restore all the prior year reductions to the Board of Regents and universities from the 4.0 percent reduction to the budgets that were made in the Governor's recommendation during the 2017 Session.

The **Governor** concurs with the agency's request without the supplemental requests for FY 2019. The Governor's recommendation adds \$11.8 million, including \$10.4 million from the State General Fund, for the following: \$2.1 million, all from the State General Fund, for the National Guard Scholarship; \$8.3 million, all from the State General Fund, to fully fund the Career Technical Education program; and \$1.4 million, all from the Educational Building Fund, for rehabilitation and repair.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 170,012,170	(3.1)%	\$ 211,562,505	(2.4)%	63.5
2011	170,708,345	0.4	208,850,628	(1.3)	63.5
2012	170,171,047	(0.3)	201,968,904	(3.3)	62.5
2013	190,856,649	12.2	211,340,908	4.6	62.5
2014	195,996,549	2.7	213,048,661	0.8	62.5
2015	197,327,889	0.7	213,888,207	0.4	62.5
2016	197,415,113	0.0	213,928,472	0.0	62.5
2017	189,939,804	(3.8)	205,303,370	(4.0)	62.5
2018 Gov. Rec.	199,291,960	4.9	215,130,466	4.8	62.5
2019 Gov. Rec.	201,317,713	1.0	217,098,203	0.9	62.5
Ten-Year Change Dollars/Percent	\$ 31,305,543	18.4 %	\$ 5,535,698	2.6 %	(1.0)

Summary of Operating Budget FY 2017 - FY 2019

Board of Regents

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	7,176,834	\$ 6,581,610	\$ 6,609,157	\$ 27,547	0.4 %	\$ 6,581,610	\$ 6,609,157	\$ 27,547	0.4 %
Postsecondary Educational Institutions		177,981,391	179,207,086	203,495,228	24,288,142	13.6	186,507,086	187,880,376	1,373,290	0.7
KAN-ED Broadband Network		140,486	0	0	0	--	0	0	0	--
Student Financial Assistance		19,897,386	22,041,770	20,479,539	(1,562,231)	(7.1)	22,041,770	22,608,670	566,900	2.6
Debt Service		107,273	0	0	0	--	0	0	0	--
TOTAL	\$	205,303,370	\$ 207,830,466	\$ 230,583,924	\$ 22,753,458	10.9 %	\$ 215,130,466	\$ 217,098,203	\$ 1,967,737	0.9 %
By Major Object of Expenditure:										
Salaries and Wages	\$	5,049,416	\$ 5,117,254	\$ 5,169,817	\$ 52,563	1.0 %	\$ 5,117,254	\$ 5,169,817	\$ 52,563	1.0 %
Contractual Services		2,223,965	1,472,357	1,449,648	(22,709)	(1.5)	1,472,357	1,449,648	(22,709)	(1.5)
Commodities		61,224	50,737	49,416	(1,321)	(2.6)	50,737	49,416	(1,321)	(2.6)
Capital Outlay		109,828	56,262	55,276	(986)	(1.8)	56,262	55,276	(986)	(1.8)
Debt Service		107,273	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$</i>	<i>7,551,706</i>	<i>\$ 6,696,610</i>	<i>\$ 6,724,157</i>	<i>\$ 27,547</i>	<i>0.4 %</i>	<i>\$ 6,696,610</i>	<i>\$ 6,724,157</i>	<i>\$ 27,547</i>	<i>0.4 %</i>
Aid to Local Units		174,928,936	176,293,022	176,837,342	544,320	0.3	183,593,022	185,137,342	1,544,320	0.8
Other Assistance		22,822,728	24,840,834	47,022,425	22,181,591	89.3	24,840,834	25,236,704	395,870	1.6
TOTAL	\$	205,303,370	\$ 207,830,466	\$ 230,583,924	\$ 22,753,458	10.9 %	\$ 215,130,466	\$ 217,098,203	\$ 1,967,737	0.9 %
Financing:										
State General Fund	\$	189,939,804	\$ 191,991,960	\$ 214,803,434	\$ 22,811,474	11.9 %	\$ 199,291,960	\$ 201,317,713	\$ 2,025,753	1.0 %
EDIF		4,182,348	4,298,806	4,220,275	(78,531)	(1.8)	4,298,806	4,220,275	(78,531)	(1.8)
All Other Funds		11,181,218	11,539,700	11,560,215	20,515	0.2	11,539,700	11,560,215	20,515	0.2
TOTAL	\$	205,303,370	\$ 207,830,466	\$ 230,583,924	\$ 22,753,458	10.9 %	\$ 215,130,466	\$ 217,098,203	\$ 1,967,737	0.9 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$190,828,800 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 \$1,163,160, 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 \$191,991,960. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 191,991,960	\$ 191,991,960	\$ 0	\$ 199,291,960	\$ 7,300,000
All Other Funds	51,975,524	15,838,506	(36,137,018)	15,838,506	(36,137,018)
TOTAL	\$ 243,967,484	\$ 207,830,466	\$ (36,137,018)	\$ 215,130,466	\$ (28,837,018)
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$207.8 million, including \$192.0 million from the State General Fund, in FY 2018. This is a decrease of \$36.1 million, or 14.9 percent, from special revenue funds below the approved amount. The decrease is due mainly to the transfer of \$35.0 million from the Educational Building Fund to the universities for rehabilitation and repair.

The **Governor** concurs with the agency's request and adds \$7.3 million, all from the State General Fund, to fully fund the Career Technical Education program 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 \$190,888,582 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 190,888,582	\$ 214,803,434	\$ 23,914,852	\$ 201,317,713	\$ 10,429,131
All Other Funds	52,014,111	59,926,696	7,912,585	61,301,094	9,286,983
TOTAL	\$ 242,902,693	\$ 274,730,130	\$ 31,827,437	\$ 262,618,807	\$ 19,716,114
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency** requests a revised estimate of \$274.7 million, including \$214.8 million from the State General Fund, for FY 2019. This is an increase of \$31.8 million, or 13.1 percent, from all funds and \$23.9 million, or 12.5 percent, from the State General Fund above the approved amount. The increase is due mainly to the State General Fund supplemental request to restore all previous year reductions to the Board of Regents and universities from the 4.0 percent reduction to the budgets that were made in the Governor's recommendation during the 2017 Session.

The **Governor** concurs with the agency's request without the supplemental requests for FY 2019. However, the Governor's recommendation does add \$11.8 million, including \$10.4 million from the State General Fund, for the following: \$2.1 million, all from the State General Fund, for the National Guard Scholarship; \$8.3 million, all from the State General Fund, to fully fund the Career Technical Education program; and \$1.4 million, all from the Educational Building Fund, for rehabilitation and repair.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
University of Kansas	\$ 4,088,702	\$ 4,088,702	0.0	\$ 0	\$ 0	0.0
KU Medical Center	3,365,797	3,365,797	0.0	0	0	0.0
Kansas State University	3,073,563	3,073,563	0.0	0	0	0.0
KSU-ESARP	1,348,010	1,348,010	0.0	0	0	0.0
KSU-VMC	452,898	452,898	0.0	0	0	0.0
Emporia State University	855,204	855,204	0.0	0	0	0.0
Fort Hays State University	1,016,467	1,016,467	0.0	0	0	0.0
Pittsburg State University	1,020,815	1,020,815	0.0	0	0	0.0
Wichita State University	2,236,925	2,236,925	0.0	0	0	0.0
Board of Regents	6,456,471	6,456,471	0.0	0	0	0.0
TOTAL	\$ 23,914,852	\$ 23,914,852	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$23.9 million, all from the State General Fund, as a supplemental request to the budget for FY 2019. This would restore the base funding that was reduced in the Governor's recommendation during the 2017 Session by the same amount for FY 2018 and FY 2019 as the Governor's allotment in FY 2017. There were partial restorations made to some agencies and line items within the Board of Regents budgets by the 2017 Legislature. This request would restore the remainder of the reduction for FY 2019.

The **Governor** does not recommend the agency's supplemental requests 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, there are no longevity bonus payments.**

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

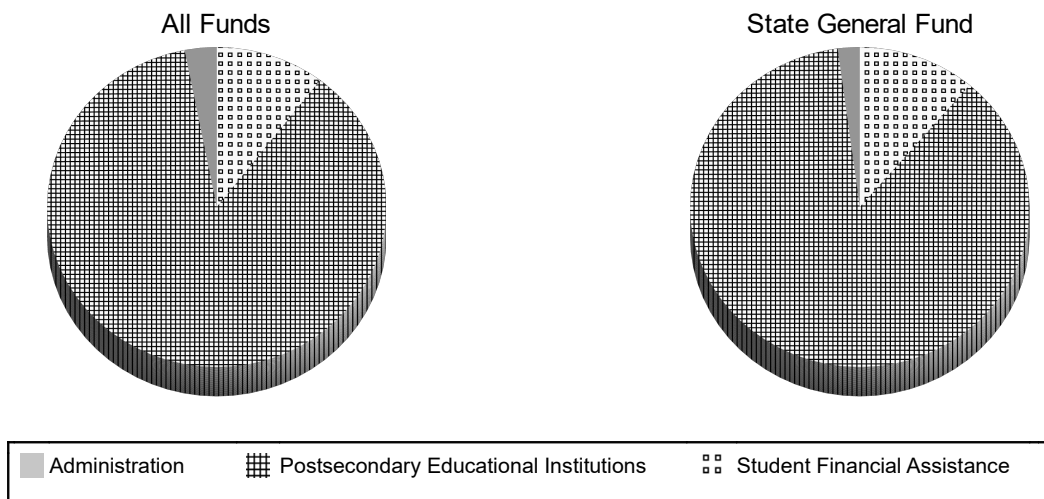
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	93.2 %	92.7 %
Economic Development Initiatives Fund	1.8	1.9
All Other Funds	5.0	5.4
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 6,609,157	3.0 %	\$ 4,202,742	2.1 %
Postsecondary Educational Institutions	187,880,376	86.5	174,563,301	86.7
KAN-ED Broadband Network	0	0.0	0	0.0
Student Financial Assistance	22,608,670	10.4	22,551,670	11.2
Debt Service	0	0.0	0	0.0
TOTAL	\$ 217,098,203	100.0 %	\$ 201,317,713	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	62.5	62.5	62.5	62.5	62.5
Postsecondary Educational Institutions	0.0	0.0	0.0	0.0	0.0
KAN-ED Broadband Network	0.0	0.0	0.0	0.0	0.0
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5

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

The **agency** requests FY 2019 operating expenditures of \$6.6 million, including \$4.2 million from the State General Fund. The request is a decrease of \$335,987, or 4.8 percent, from all funds and an increase of \$41,998, or 1.0 percent, from the State General Fund from the approved amount. The decrease is primarily in expenditures for contractual services (\$296,856) and capital outlay (\$54,223), with an offsetting increase in expenditures for salaries and wages (\$14,041).

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

B. Postsecondary Education Institutions

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

The **agency** requests FY 2019 operating expenditures of \$203.5 million, including \$190.2 million from the State General Fund. The request is an increase of \$24.2 million, or 13.5 percent, from all funds and \$24.3 million, or 14.6 percent, from the State General Fund above the approved amount. The increase is due to the supplemental request to restore base funding.

The **Governor** recommends FY 2019 operating expenditures of \$187.9 million, including \$174.6 million from the State General Fund. The recommendation is a decrease of \$15.6 million, or 7.7 percent, from the State General Fund below the agency's request. The decrease is due to the Governor not recommending any of the agency's enhancement requests for FY 2019. The Governor's recommendation also added \$8.3 million, all from the State General Fund, for the Career Technical Education program for FY 2019.

C. KAN-ED Broadband Network

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

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

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

D. Student Financial Assistance

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

The **agency** requests FY 2019 operating expenditures of \$20.5 million, including \$20.4 million from the State General Fund. The request is a decrease of \$358,107, or 1.7 percent, from all funds and \$344,107, or 1.7 percent, from the State General Fund below the approved amount.

The **Governor** recommends \$22.6 million, including \$22.6 million from the State General Fund, for FY 2019. This is an increase of \$2.1 million from the State General Fund for the National Guard Scholarship.

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

Need-Based Aid

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

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

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 925,254	\$ 925,254	925	\$ 1,065,919	\$ 1,065,919	1,000

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 296,498	\$ 296,498	160	\$ 296,498	\$ 296,498	280

Kansas Career Work-Study Program (KSA 74-3274). The purpose of the Kansas Work-Study program is to provide work-related experiences to Kansas residents enrolled at Regents institutions and Washburn University. The program provides that at least one-half of a student's wages are paid by the employer and up to one-half are paid by the educational institution. Students work 15 to 20 hours per week and must be enrolled at least half-time. Funding is allocated among the institutions by the Board of Regents based on historical award

patterns and recommendations by the participating schools. Approximately 13.0 percent of the funds are earmarked for students providing tutoring to elementary and secondary students at the school site and do not require matching funds.

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 496,813	\$ 496,813	360	\$ 496,813	\$ 496,813	360

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 64,657	\$ 64,657	11	\$ 84,657	\$ 84,657	20

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 118,126	\$ 118,126	60	\$ 188,126	\$ 188,126	60

Service-Based Aid

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 802,916	\$ 802,916	300	\$ 7,396,320	\$ 7,396,320	1,849

Nursing Service Scholarship Program (KSA 74-3291). The Nursing Scholarship program was established in 1989 for the purpose of providing financial assistance to nursing students in order to reduce the impact of nurse shortages, especially in rural areas of Kansas. Students seeking a nursing scholarship also must have a sponsor (a medical facility, a state agency that employs nurses, or a psychiatric hospital) that provides financial assistance to the student. Urban families must pay one-half of the \$2,500 (LPN) or \$3,500 (RN) annual scholarship. Rural and small approved facilities pay \$1,000. Students must be enrolled full-time in a Kansas nursing program and agree to provide one year of nursing service to the sponsor for each year of scholarship support. Recipients who do not serve must repay both the State and the sponsor with interest.

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 217,255	\$ 274,255	72	\$ 417,255	\$ 488,255	105

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

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

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 45,000	\$ 45,000	3	\$ 0	\$ 15,000	1

Optometry Service Scholarship Program (KSA 76-721a). The Kansas Legislature authorized contracts between the Kansas Board of Regents and selected schools of optometry for approximately 40 students to attend out-of-state school at resident tuition rates. Depending on the school attended, the recipient may be required to practice optometry in Kansas one year for each year of financial assistance or repay the assistance at the interest rate under the federal Parent Loan for Undergraduate Students (PLUS) program at the time the student entered into the agreement plus five percentage points. Students are ranked academically by the optometry schools and are funded in that order.

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 107,089	20	\$ 107,089	\$ 125,589	20

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 165,335	\$ 165,335	23	\$ 175,335	\$ 175,335	28

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 870,869	\$ 870,869	410	\$ 3,000,000	\$ 3,000,000	909

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

Agency Request FY 2019			Governor's Recommendation FY 2019		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 460,314	\$ 460,314	156	\$ 470,314	\$ 470,314	156

E. Debt Service

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

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

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

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

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

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Educational Building Fund	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 0	\$ 0	\$ 44,146,206	\$ 45,520,604
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	0	0	44,146,206	45,520,604
TOTAL	\$ 0	\$ 0	\$ 44,146,206	\$ 45,520,604

FY 2018 – Current Year. The agency requests a revised capital improvement budget of \$0 in FY 2018. This decrease is due to the transfer of \$35.0 million from the Educational Building Fund to the universities for rehabilitation and repair. The fund was also changed to a no limit fund by the 2017 Legislature.

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

FY 2019 – Budget Year. The agency requests a revised capital improvement budget of \$44.1 million, all from the Educational Building Fund, for FY 2019. This is an increase of \$8.3 million, or 23.3 percent, above the approved amount. The increase is due to the 2017 Legislature changing this to a no limit fund.

The **Governor** recommends \$45.5 million, all from the Educational Building Fund, for FY 2019. This is an increase of \$1.4 million, or 3.1 percent, above the requested amount. The increase is due to the increase in the estimate of revenue into the Fund from the November consensus revenue meeting.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of students receiving awards	10,795	9,870	10,348	N/A
Undergraduate certificates and degrees awarded	46,551	46,551	48,702	50,852

EMPORIA STATE UNIVERSITY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 30,770,432	\$ 30,967,221	\$ 30,967,221	\$ 30,566,179	\$ 31,101,179
Other Funds	54,545,888	59,775,193	59,775,193	59,077,758	59,077,758
<i>Subtotal</i>	<i>\$ 85,316,320</i>	<i>\$ 90,742,414</i>	<i>\$ 90,742,414</i>	<i>\$ 89,643,937</i>	<i>\$ 90,178,937</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,533,145	24,356,658	24,356,658	16,890,000	16,890,000
<i>Subtotal</i>	<i>\$ 4,533,145</i>	<i>\$ 24,356,658</i>	<i>\$ 24,356,658</i>	<i>\$ 16,890,000</i>	<i>\$ 16,890,000</i>
TOTAL	<u>\$ 89,849,465</u>	<u>\$ 115,099,072</u>	<u>\$ 115,099,072</u>	<u>\$ 106,533,937</u>	<u>\$ 107,068,937</u>

Percentage Change:

Operating Expenditures

State General Fund	3.2 %	0.6 %	0.6 %	(1.3) %	0.4 %
All Funds	(0.1)	6.4	6.4	(1.2)	(0.6)

FTE Positions	801.2	784.9	784.9	784.9	784.9

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

Emporia State University (ESU) was originally established in 1863 as the Kansas State Normal School to provide teachers for the State of Kansas. In 1970, ESU became a Regents institution under the direction of the Board of Regents. The institution received its present name in 1977. ESU instructional programs include both baccalaureate and advanced degree work, as well as specialized continuing education for professional practitioners. ESU offers arts and sciences disciplines, teacher education programs, business programs, and library and information management. In Fall 1993, ESU enrolled its first class of nine students pursuing the Ph.D. degree in library and information management. The William Allen White Library is a major source of academic support for the university. ESU fosters research and other forms of creative and scholarly activity, and also makes the expertise of its faculty available for public service to provide information, advice, and other services to the public. **A total of 5,732 students attended Emporia State University during the Fall 2017 semester, which is a decrease of 155 students, or 2.6 percent, below the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

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

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

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

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

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

The **2017 Legislature** added \$500,000, all from the State General Fund, for the Nursing Program in FY 2018.

The **2017 Legislature** also added \$336,970, including \$168,277 from the State General Fund, for salary adjustments as defined in the legislation for FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$115.1 million, including \$31.0 million from the State General Fund, in FY 2018. This is an all funds increase of \$333,864, or 0.3 percent, above the approved amount. There is no change in the State General Fund amount from the approved. The increase from the approved amount is mainly due to an increase in salaries and wages (\$398,972) and contractual services (\$1.3 million), with an offsetting decrease in capital outlay (\$1.0 million) and capital improvements (\$475,342). The decrease in capital improvements from the approved amount is primarily due to a decrease of \$6.1 million in housing funds with an offsetting increase in Educational Building Fund expenditures of \$5.4 million for rehabilitation and repair.

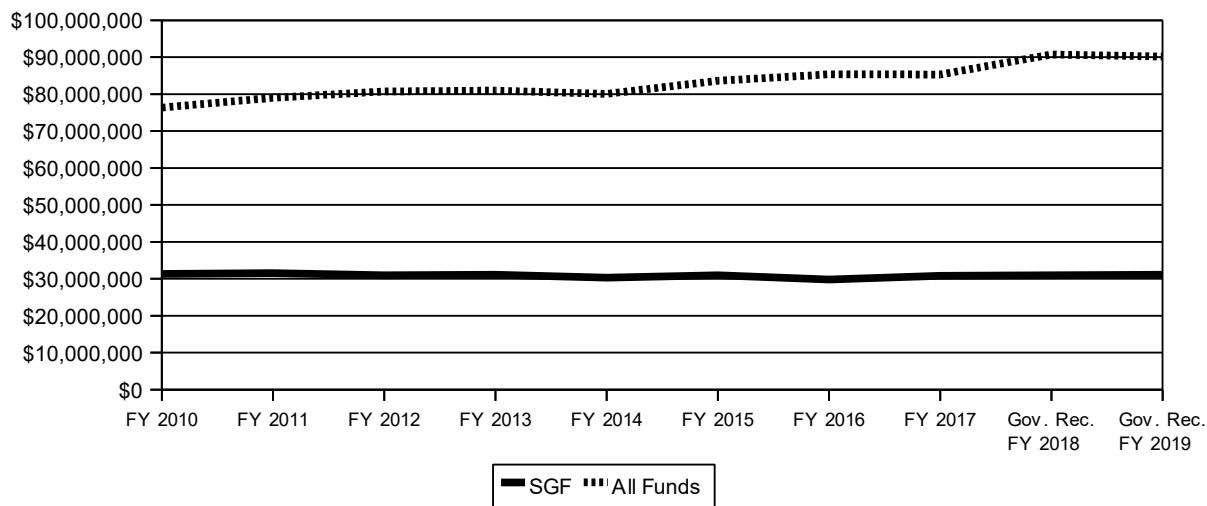
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$106.5 million, including \$30.6 million from the State General Fund, for FY 2019. This is an all funds increase of \$2.0 million, or 1.9 percent, above the approved amount. There is no change in the State General Fund amount from the approved. The increase from the approved amount is mainly in housing funds (\$1.2 million) and the Restricted Fees Fund (\$775,000) for capital improvements.

The **Governor** concurs with the agency's revised estimate with the addition of \$535,000, all from the State General Fund, for the Nursing Program 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	\$ 31,352,716	(5.4)%	\$ 76,372,672	1.9 %	835.6
2011	31,535,322	0.6	79,000,229	3.4	839.1
2012	30,911,399	(2.0)	80,723,751	2.2	843.5
2013	31,129,493	0.7	80,954,961	0.3	849.5
2014	30,300,629	(2.7)	80,061,487	(1.1)	794.2
2015	30,937,394	2.1	83,607,328	4.4	797.7
2016	29,810,819	(3.6)	85,362,384	2.1	804.7
2017	30,770,432	3.2	85,316,320	(0.1)	801.2
2018 Gov. Rec.	30,967,221	0.6	90,742,414	6.4	784.9
2019 Gov. Rec.	31,101,179	0.4	90,178,937	(0.6)	784.9
Ten-Year Change Dollars/Percent	\$ (251,537)	(0.8)%	\$ 13,806,265	18.1 %	(50.7)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Institutional Support	\$ 8,392,047	\$ 7,965,357	\$ 8,028,268	\$ 62,911	0.8 %	\$ 7,965,357	\$ 8,028,268	\$ 62,911	0.8 %		
Instructional Services	30,492,361	33,442,204	32,786,506	(655,698)	(2.0)	33,442,204	33,321,506	(120,698)	(0.4)		
Academic Support	11,068,596	12,630,323	12,373,185	(257,138)	(2.0)	12,630,323	12,373,185	(257,138)	(2.0)		
Student Services	9,160,098	9,746,495	9,593,814	(152,681)	(1.6)	9,746,495	9,593,814	(152,681)	(1.6)		
Research	411,235	384,385	384,590	205	0.1	384,385	384,590	205	0.1		
Public Service	2,628,877	2,779,880	2,799,253	19,373	0.7	2,779,880	2,799,253	19,373	0.7		
Student Aid	9,805,413	9,493,738	9,307,332	(186,406)	(2.0)	9,493,738	9,307,332	(186,406)	(2.0)		
Auxiliary	4,491,129	4,987,929	5,042,993	55,064	1.1	4,987,929	5,042,993	55,064	1.1		
Physical Plant/Central Services	8,135,054	8,627,718	8,693,261	65,543	0.8	8,627,718	8,693,261	65,543	0.8		
Debt Service	731,510	684,385	634,735	(49,650)	(7.3)	684,385	634,735	(49,650)	(7.3)		
TOTAL	\$ 85,316,320	\$ 90,742,414	\$ 89,643,937	\$ (1,098,477)	(1.2) %	\$ 90,742,414	\$ 90,178,937	\$ (563,477)	(0.6) %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 58,702,215	\$ 62,028,498	\$ 62,765,832	\$ 737,334	1.2 %	\$ 62,028,498	\$ 63,300,832	\$ 1,272,334	2.1 %		
Contractual Services	11,502,075	12,874,402	11,447,421	(1,426,981)	(11.1)	12,874,402	11,447,421	(1,426,981)	(11.1)		
Commodities	2,165,897	2,945,466	2,807,792	(137,674)	(4.7)	2,945,466	2,807,792	(137,674)	(4.7)		
Capital Outlay	1,590,127	2,342,132	2,307,032	(35,100)	(1.5)	2,342,132	2,307,032	(35,100)	(1.5)		
Debt Service	731,510	684,385	634,735	(49,650)	(7.3)	684,385	634,735	(49,650)	(7.3)		
Subtotal-Operations	\$ 74,691,824	\$ 80,874,883	\$ 79,962,812	\$ (912,071)	(1.1) %	\$ 80,874,883	\$ 80,497,812	\$ (377,071)	(0.5) %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	10,624,496	9,867,531	9,681,125	(186,406)	(1.9)	9,867,531	9,681,125	(186,406)	(1.9)		
TOTAL	\$ 85,316,320	\$ 90,742,414	\$ 89,643,937	\$ (1,098,477)	(1.2) %	\$ 90,742,414	\$ 90,178,937	\$ (563,477)	(0.6) %		
Financing:											
State General Fund	\$ 30,770,432	\$ 30,967,221	\$ 30,566,179	\$ (401,042)	(1.3) %	\$ 30,967,221	\$ 31,101,179	\$ 133,958	0.4 %		
General Fees Fund	28,169,425	29,276,468	28,484,103	(792,365)	(2.7)	29,276,468	28,484,103	(792,365)	(2.7)		
Restricted Fees Fund	14,178,819	18,249,921	18,353,409	103,488	0.6	18,249,921	18,353,409	103,488	0.6		
All Other Funds	12,197,644	12,248,804	12,240,246	(8,558)	(0.1)	12,248,804	12,240,246	(8,558)	(0.1)		
TOTAL	\$ 85,316,320	\$ 90,742,414	\$ 89,643,937	\$ (1,098,477)	(1.2) %	\$ 90,742,414	\$ 90,178,937	\$ (563,477)	(0.6) %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$30,967,221 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 30,967,221	\$ 30,967,221	\$ 0	\$ 30,967,221	\$ 0
All Other Funds	83,797,987	84,131,851	333,864	84,131,851	333,864
TOTAL	\$ 114,765,208	\$ 115,099,072	\$ 333,864	\$ 115,099,072	\$ 333,864
FTE Positions	804.7	784.9	(19.8)	784.9	(19.8)

The **agency** requests a revised estimate of \$115.1 million, including \$31.0 million from the State General Fund, in FY 2018. This is an all funds increase of \$333,864, or 0.3 percent, above the approved amount. There is no change in the State General Fund amount from the approved. The increase from the approved amount is mainly due to an increase in expenditures for salaries and wages (\$398,972) and contractual services (\$1.3 million), with an offsetting decrease in capital outlay (\$1.0 million) and capital improvements (\$475,342). The decrease in capital improvements from the approved amount is primarily due to a decrease of \$6.1 million in housing funds with an offsetting increase in Educational Building Fund expenditures of \$5.4 million for rehabilitation and repair.

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 2017 Legislature approved a State General Fund budget of \$30,566,179 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 30,566,179	\$ 30,566,179	\$ 0	\$ 31,101,179	\$ 535,000
All Other Funds	73,985,860	75,967,758	1,981,898	75,967,758	1,981,898
TOTAL	\$ 104,552,039	\$ 106,533,937	\$ 1,981,898	\$ 107,068,937	\$ 2,516,898
FTE Positions	804.7	784.9	(19.8)	784.9	(19.8)

The **agency** requests a revised estimate of \$106.5 million, including \$30.6 million from the State General Fund, for FY 2019. This is an all funds increase of \$2.0 million, or 1.9 percent, above the approved amount. There is no change in the State General Fund amount from the approved. The increase is mainly in housing funds (\$1.2 million) and the Restricted Fees Fund (\$775,000) for capital improvements.

The **Governor** concurs with the agency's revised estimate with the addition of \$535,000, all from the State General Fund, for the Nursing Program 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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	34.1 %	34.5 %
General Fees Fund	31.8	31.6
Restricted Fees Fund	20.5	20.4
All Other Funds	13.7	13.6
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 4,161,922	\$ 3,854,096	\$ 3,854,096	\$ 2,721,798	\$ 2,721,798
Revenue	28,289,932	28,403,715	28,403,715	28,403,715	28,403,715
Transfers in	0	0	0	0	0
Funds Available	\$ 32,451,854	\$ 32,257,811	\$ 32,257,811	\$ 31,125,513	\$ 31,125,513
Less:					
Expenditures	28,500,856	29,427,124	29,427,124	28,484,103	28,484,103
Transfers Out	96,902	108,889	108,889	108,889	108,889
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 3,854,096	\$ 2,721,798	\$ 2,721,798	\$ 2,532,521	\$ 2,532,521
Ending Balance as Percent of Expenditures	13.5%	9.2%	9.2%	8.9%	8.9%
Month Highest Ending Balance	January \$ 11,943,853	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000	January \$ 12,000,000
Month Lowest Ending Balance	July \$ 2,099,987	July \$ 2,100,000	July \$ 2,100,000	July \$ 2,100,000	July \$ 2,100,000

Enrollment Trends

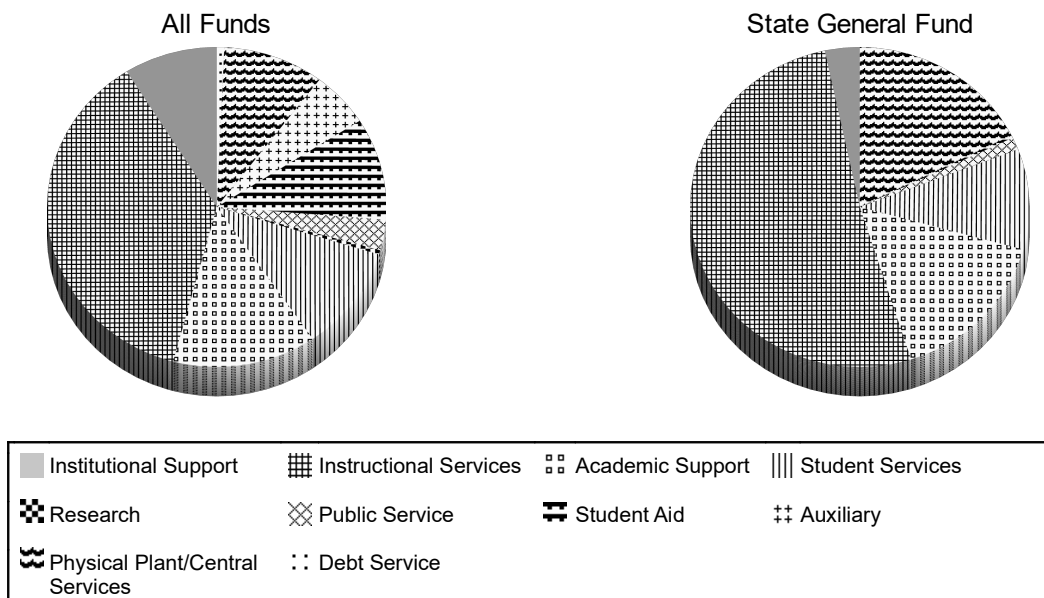
The following table summarizes recent enrollment trends at Emporia State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	5,867	6,033	6,114	6,094	5,887	5,732	
Change	(109)	166	81	(20)	(207)	(155)	(135)
%Change	(1.8)%	2.8 %	1.3 %	(0.3)%	(3.4)%	(2.6)	(2.3)%
FTE Students	4,744	4,917	4,963	5,139	4,951	4,804	
Change	(164)	173	46	176	(188)	(147)	60
%Change	(3.3)%	3.6 %	0.9 %	3.5 %	(3.7)%	(3.0)%	1.3 %
Student Credit Hours	63,471	65,570	66,296	68,335	65,881	63,983	
Change	(5,954)	2,099	726	2,039	(2,454)	(1,898)	512
%Change	(8.6)%	3.3 %	1.1 %	3.1 %	(3.6)%	(2.9)%	1.0 %

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 8,028,268	8.9 %	\$ 1,030,685	3.3 %
Instructional Services	33,321,506	37.0	16,040,568	51.6
Academic Support	12,373,185	13.7	4,922,779	15.8
Student Services	9,593,814	10.6	3,154,308	10.1
Research	384,590	0.4	7,131	0.0
Public Service	2,799,253	3.1	390,864	1.3
Student Aid	9,307,332	10.3	75,000	0.2
Auxiliary	5,042,993	5.6	142	0.0
Physical Plant/Central Services	8,693,261	9.6	5,479,702	17.6
Debt Service	634,735	0.7	0	0.0
TOTAL	\$ 90,178,937	100.0 %	\$ 31,101,179	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	96.9	80.7	80.7	80.7	80.7
Instructional Services	328.0	330.2	330.2	330.2	330.2
Academic Support	96.4	99.4	99.4	99.4	99.4
Student Services	93.3	95.3	95.3	95.3	95.3
Research	0.0	0.0	0.0	0.0	0.0
Public Service	22.0	21.5	21.5	21.5	21.5
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	57.0	55.5	55.5	55.5	55.5
Physical Plant/Central Services	107.6	102.3	102.3	102.3	102.3
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	801.2	784.9	784.9	784.9	784.9

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. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$8.0 million, including \$1.0 million from the State General Fund. The revised estimate is a decrease of \$1.9 million, or 18.8 percent, from all funds and \$615,616, or 37.4 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for capital outlay (\$1.7 million).

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

B. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$32.8 million, including \$15.5 million from the State General Fund. The revised estimate is an increase of \$1.5 million, or 4.9 percent, from all funds and \$644,030, or 4.3 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$721,856), commodities (\$301,209), and capital outlay (\$482,721).

The **Governor** concurs with the agency's revised estimate with the addition of \$535,000, all from the State General Fund, for the Nursing Program for FY 2019.

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$12.4 million, including \$4.9 million from the State General Fund. The revised estimate is an increase of \$514,529, or 4.3 percent, from all funds and a decrease of \$155,486, or 3.1 percent, from the State General Fund from the approved amount. This is mainly due to an increase in expenditures for salaries and wages (\$452,211).

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$9.6 million, including \$3.2 million from the State General Fund. The revised estimate is an increase of \$63,728, or 0.7 percent, from all funds and \$228,014, or 7.8 percent, from the State General Fund above the approved amount. This is mainly due to an increase in expenditures for salaries and wages (\$279,039), with offsetting decreases in contractual services (\$127,763) and commodities (\$194,333).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$384,590, including \$7,131 from the State General Fund. This is an increase of \$127,515, or 49.6 percent, from all funds and \$7,131, or 100.0 percent, from the State General Fund above the approved amount. There are increases in expenditures for salaries and wages (\$76,940), commodities (\$23,932), capital outlay (\$19,623), and other assistance (\$22,750), with an offsetting decrease in contractual services (\$15,930).

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

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$2.8 million, including \$390,864 from the State General Fund. This is an increase of \$291,570, or 11.6 percent, from all funds and \$1,466, or 0.4 percent, from the State General Fund above the approved amount. The increase is primarily in expenditures for salaries and wages (\$115,374) and contractual services (\$215,161).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$9.3 million, including \$75,000 from the State General Fund. This is a decrease of \$376,007, or 3.9 percent, all from other funds below the approved amount. The decrease is in expenditures for aid to local units of government for scholarships.

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$5.0 million, including \$142 from the State General Fund. This is an increase of \$228,262, or 4.7 percent, from all funds and \$4, or less than 1.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for contractual services (\$157,801).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$8.7 million, including \$5.5 million from the State General Fund. This is an decrease of \$219,120, or 2.5 percent, from all funds and an increase of \$58,734, or 1.1 percent, from the State General Fund from the approved amount. The decreases are in all operating expenditure categories.

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$634,735, all from special revenue funds. This is the same as the approved amount.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 5,376,502	\$ 5,376,502	\$ 0	\$ 0
Residential Life Facility	15,481,500	15,481,500	14,617,000	14,617,000
Building Maintenance	2,098,656	2,098,656	823,000	823,000
Parking	75,000	75,000	75,000	75,000
Debt Service—Principal	1,325,000	1,325,000	1,375,000	1,375,000
TOTAL	\$ 24,356,658	\$ 24,356,658	\$ 16,890,000	\$ 16,890,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	5,376,502	5,376,502	0	0
All Other Funds	18,980,156	18,980,156	16,890,000	16,890,000
TOTAL	\$ 24,356,658	\$ 24,356,658	\$ 16,890,000	\$ 16,890,000

FY 2018 – Current Year. The agency requests a revised capital improvement budget of \$24.4 million, all from special revenue funds, in FY 2018. This is a decrease of \$475,342, or 1.9 percent, below the approved amount. The decrease is due to a decrease of \$6.1 million for the residential life facility, with an offsetting increase of \$5.4 million from the transfer of the Educational Building Fund for rehabilitation and repair.

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

FY 2019 – Budget Year. The agency requests a revised capital improvement budget of \$16.9 million, all from special revenue funds, for FY 2019. This is an increase of \$2.0 million, or 13.5 percent, above the approved amount for the residential life facility and additional general maintenance of facilities.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
New grant funding (in millions)	\$2.5	\$2.0	\$2.9	\$2.5
Student-to-faculty ratio	18:1	19:1	19:1	19:1
Student credit hours generated through on-line courses	36,000	36,129	37,935	39,832

FORT HAYS STATE UNIVERSITY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 32,822,538	\$ 32,776,775	\$ 32,776,775	\$ 32,921,990	\$ 32,921,990
Other Funds	93,736,530	90,121,515	90,121,515	91,418,088	91,418,088
<i>Subtotal</i>	<i>\$ 126,559,068</i>	<i>\$ 122,898,290</i>	<i>\$ 122,898,290</i>	<i>\$ 124,340,078</i>	<i>\$ 124,340,078</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	23,743,061	14,740,970	14,740,970	8,075,043	8,075,043
<i>Subtotal</i>	<i>\$ 23,743,061</i>	<i>\$ 14,740,970</i>	<i>\$ 14,740,970</i>	<i>\$ 8,075,043</i>	<i>\$ 8,075,043</i>
TOTAL	<u>\$ 150,302,129</u>	<u>\$ 137,639,260</u>	<u>\$ 137,639,260</u>	<u>\$ 132,415,121</u>	<u>\$ 132,415,121</u>
Percentage Change:					
Operating Expenditures					
State General Fund	2.3 %	(0.1) %	(0.1) %	0.4 %	0.4 %
All Funds	6.8	(2.9)	(2.9)	1.2	1.2
FTE Positions	943.8	942.8	942.8	942.8	942.8

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

Fort Hays State University (FHSU) is located on land that was once the Fort Hays Military Reservation. In March of 1900, the U.S. Congress passed legislation granting the abandoned Fort Hays Military Reservation to the State of Kansas for the purpose of establishing an experiment station of the Kansas State Agricultural College, a western branch of the State Normal School, and a public park. The land grant was accepted by the 1901 Kansas Legislature. Over the years, the school has been termed the Fort Hays Kansas Normal School (1914); Kansas State Teachers College of Hays (1922); Fort Hays Kansas State College (1931); and Fort Hays State University (1977). The activities of FHSU are those generally found in liberal and applied arts universities. Liberal arts degrees are offered in most basic disciplines on the bachelor's and master's levels. Applied arts degrees are offered in agriculture, business, elementary education, home economics, industrial arts, physical education, and nursing. Teacher training is offered in all disciplines where applicable, and professional curricula also are available. **A total of 15,100 students attended Fort Hays State University during the Fall 2017 semester, which is an increase of 442 students, or 3.0 percent, above the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

Additional language was passed appropriating State General Fund moneys to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for FY 2009 through FY 2014, as follows:

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

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

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

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

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

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

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$48,579 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$679,762 in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$992,367 in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$1.1 million in FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$137.6 million, including \$32.8 million from the State General Fund, in FY 2018. This is an increase of \$5.4 million, or 4.1 percent, from all funds above the approved amount. There is no change in the State General Fund revised estimate from the approved amount. The increase is mainly in capital improvements with the transfer of \$4.3 million from the Educational Building Fund for rehabilitation and repair from the Board of Regents. There is also an increase in General Fees Fund expenditures, primarily for salaries and wages.

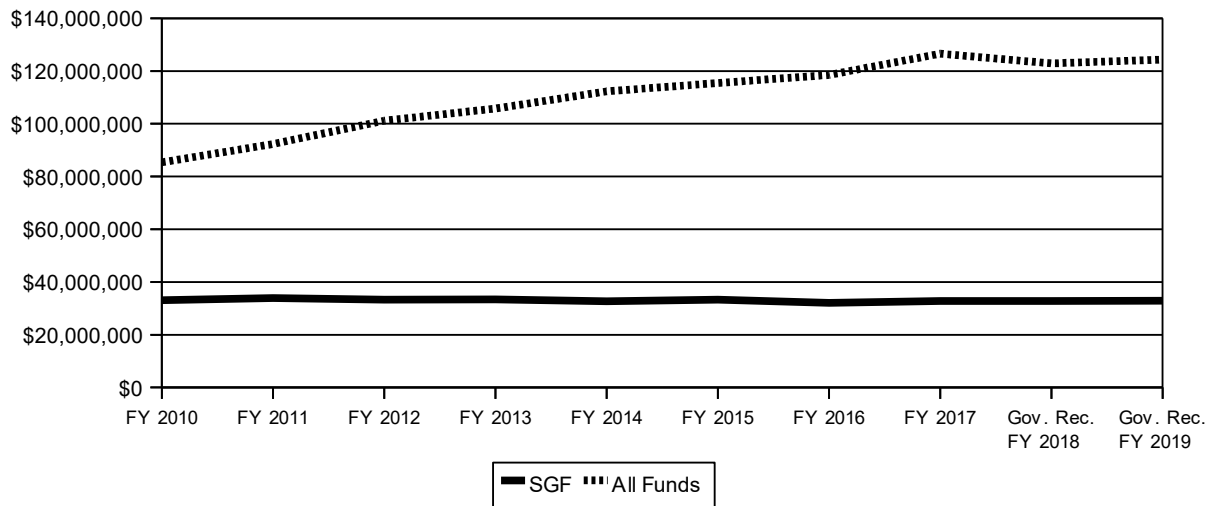
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$132.4 million, including \$32.9 million from the State General Fund, for FY 2019. This is an increase of \$1.0 million, or 1.1 percent, all from special revenue funds, above the approved amount. There was no change to the State General Fund approved amount. The increase is mainly due to increased General Fees Fund expenditures for salaries and wages.

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	\$ 33,079,736	(5.4)%	\$ 85,374,920	4.5 %	787.8
2011	33,865,098	2.4	92,328,194	8.1	786.7
2012	33,263,483	(1.8)	101,183,634	9.6	807.0
2013	33,422,731	0.5	105,748,681	4.5	827.0
2014	32,656,997	(2.3)	112,295,259	6.2	827.0
2015	33,308,350	2.0	115,447,559	2.8	841.0
2016	32,086,541	(3.7)	118,508,958	2.7	932.3
2017	32,822,538	2.3	126,559,068	6.8	943.8
2018 Gov. Rec.	32,776,775	(0.1)	122,898,290	(2.9)	942.8
2019 Gov. Rec.	32,921,990	0.4	124,340,078	1.2	942.8
Ten-Year Change Dollars/Percent	\$ (157,746)	(0.5)%	\$ 38,965,158	45.6 %	155.0

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18	
By Program:											
Institutional Support	\$	8,564,871	\$ 8,474,154	\$ 8,727,219	\$ 253,065	3.0 %	\$ 8,474,154	\$ 8,727,219	\$ 253,065	3.0 %	
Instructional Services		44,960,503	48,254,929	49,111,519	856,590	1.8	48,254,929	49,111,519	856,590	1.8	
Academic Support		18,435,797	17,538,208	17,876,275	338,067	1.9	17,538,208	17,876,275	338,067	1.9	
Student Services		9,774,560	8,402,675	8,458,763	56,088	0.7	8,402,675	8,458,763	56,088	0.7	
Research		728,268	478,885	479,308	423	0.1	478,885	479,308	423	0.1	
Public Service		4,255,068	2,093,730	2,131,164	37,434	1.8	2,093,730	2,131,164	37,434	1.8	
Student Aid		21,346,663	19,900,000	19,900,000	0	--	19,900,000	19,900,000	0	--	
Auxiliary		9,845,623	8,821,353	8,907,750	86,397	1.0	8,821,353	8,907,750	86,397	1.0	
Physical Plant/Central Services		7,492,390	7,824,082	7,704,215	(119,867)	(1.5)	7,824,082	7,704,215	(119,867)	(1.5)	
Debt Service		1,155,325	1,110,274	1,043,865	(66,409)	(6.0)	1,110,274	1,043,865	(66,409)	(6.0)	
TOTAL	\$	126,559,068	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	
By Major Object of Expenditure:											
Salaries and Wages	\$	76,203,155	\$ 74,351,672	\$ 76,034,600	\$ 1,682,928	2.3 %	\$ 74,351,672	\$ 76,034,600	\$ 1,682,928	2.3 %	
Contractual Services		14,598,798	15,288,217	15,113,486	(174,731)	(1.1)	15,288,217	15,113,486	(174,731)	(1.1)	
Commodities		4,730,333	4,941,500	4,941,500	0	--	4,941,500	4,941,500	0	--	
Capital Outlay		6,619,839	5,958,500	5,958,500	0	--	5,958,500	5,958,500	0	--	
Debt Service		1,155,325	1,110,274	1,043,865	(66,409)	(6.0)	1,110,274	1,043,865	(66,409)	(6.0)	
<i>Subtotal-Operations</i>	<i>\$</i>	<i>103,307,450</i>	<i>\$ 101,650,163</i>	<i>\$ 103,091,951</i>	<i>\$ 1,441,788</i>	<i>1.4 %</i>	<i>\$ 101,650,163</i>	<i>\$ 103,091,951</i>	<i>\$ 1,441,788</i>	<i>1.4 %</i>	
Aid to Local Units		670,658	0	0	0	--	0	0	0	--	
Other Assistance		22,580,960	21,248,127	21,248,127	0	--	21,248,127	21,248,127	0	--	
TOTAL	\$	126,559,068	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	
Financing:											
State General Fund	\$	32,822,538	\$ 32,776,775	\$ 32,921,990	\$ 145,215	0.4 %	\$ 32,776,775	\$ 32,921,990	\$ 145,215	0.4 %	
General Fees Fund		36,816,531	37,326,742	38,346,147	1,019,405	2.7	37,326,742	38,346,147	1,019,405	2.7	
Restricted Fees Fund		28,460,079	26,991,359	27,408,111	416,752	1.5	26,991,359	27,408,111	416,752	1.5	
All Other Funds		28,459,920	25,803,414	25,663,830	(139,584)	(0.5)	25,803,414	25,663,830	(139,584)	(0.5)	
TOTAL	\$	126,559,068	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	\$ 122,898,290	\$ 124,340,078	\$ 1,441,788	1.2 %	

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$32,776,775 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 32,776,775	\$ 32,776,775	\$ 0	\$ 32,776,775	\$ 0
All Other Funds	99,441,359	104,862,485	5,421,126	104,862,485	5,421,126
TOTAL	\$ 132,218,134	\$ 137,639,260	\$ 5,421,126	\$ 137,639,260	\$ 5,421,126
FTE Positions	932.3	942.8	10.5	942.8	10.5

The **agency** requests a revised estimate of \$137.6 million, including \$32.8 million from the State General Fund, in FY 2018. This is an increase of \$5.4 million, or 4.1 percent, all from special revenue funds, above the approved amount. There is no change in the State General Fund revised estimate from the approved amount. The increase is mainly in capital improvements with the transfer of \$4.3 million from the Educational Building Fund for rehabilitation and repair from the Board of Regents. There is also an increase in General Fees Fund expenditures, primarily for salaries and wages.

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 2017 Legislature approved a State General Fund budget of \$32,921,990 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 32,921,990	\$ 32,921,990	\$ 0	\$ 32,921,990	\$ 0
All Other Funds	98,451,602	99,493,131	1,041,529	99,493,131	1,041,529
TOTAL	\$ 131,373,592	\$ 132,415,121	\$ 1,041,529	\$ 132,415,121	\$ 1,041,529
FTE Positions	932.3	942.8	10.5	942.8	10.5

The **agency** requests a revised estimate of \$132.4 million, including \$32.9 million from the State General Fund. This is an increase of \$1.0 million, or 1.1 percent, all from special revenue fund, above the approved amount. The increase is mainly due to increased General Fees Fund expenditures for salaries and wages.

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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	26.5 %	26.5 %
General Fees Fund	30.8	30.8
Restricted Fees Fund	22.0	22.0
All Other Funds	20.6	20.6
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 19,193,744	\$ 9,663,001	\$ 9,663,001	\$ 8,997,155	\$ 8,997,155
Revenue	42,354,519	44,635,680	44,635,680	46,899,102	46,899,102
Transfers in	0	0	0	0	0
Funds Available	\$ 61,548,263	\$ 54,298,681	\$ 54,298,681	\$ 55,896,257	\$ 55,896,257
Less:					
Expenditures	51,110,167	44,692,628	44,692,628	44,756,190	44,756,190
Transfers Out	742,462	608,898	608,898	608,898	608,898
Off Budget Expenditures	32,633	0	0	0	0
Ending Balance	\$ 9,663,001	\$ 8,997,155	\$ 8,997,155	\$ 10,531,169	\$ 10,531,169
Ending Balance as Percent of Expenditures	18.9%	20.1%	20.1%	23.5%	23.5%
Month Highest Ending Balance	January \$ 24,559,819	January \$ 19,276,614	January \$ 19,276,614	January \$ 12,571,614	January \$ 12,571,614
Month Lowest Ending Balance	June \$ 9,589,240	June \$ 8,046,428	June \$ 8,046,428	June \$ 5,985,240	June \$ 5,985,240

Enrollment Trends

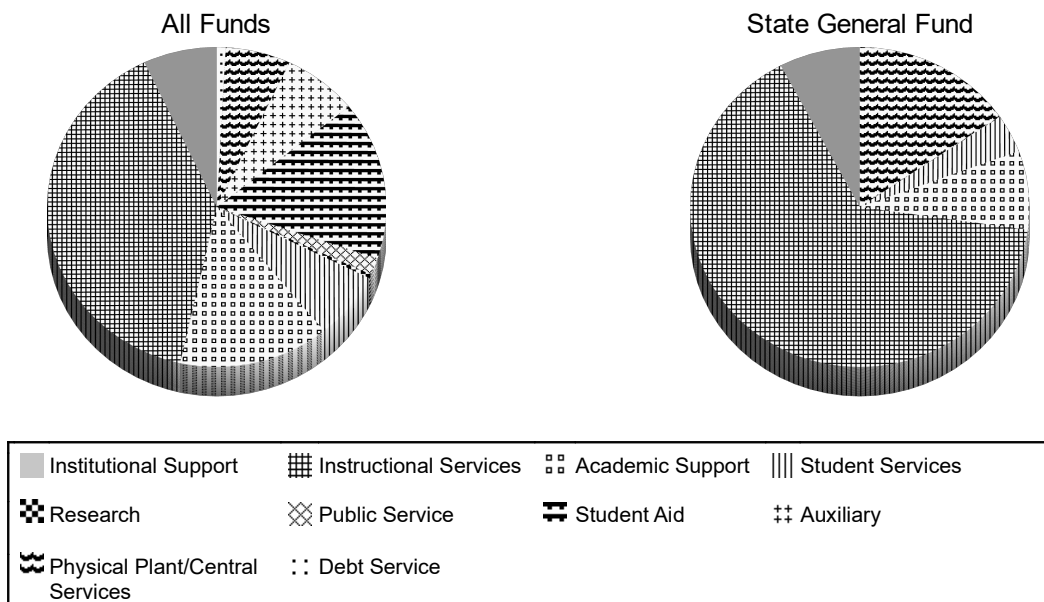
The following table summarizes recent enrollment trends at Fort Hays State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	13,310	13,441	13,825	14,210	14,658	15,100	
Change	508	131	384	385	448	442	1,790
%Change	4.0 %	1.0 %	2.9 %	2.8 %	3.2 %	3.0 %	13.4 %
FTE Students	8,498	8,704	9,018	9,211	9,594	9,712	
Change	300	206	314	193	383	118	1,214
%Change	3.7 %	2.4 %	3.6 %	2.1 %	4.2 %	1.2 %	14.3 %
Student Credit Hours	119,820	122,275	126,373	128,565	133,288	135,366	
Change	3,671	2,455	4,098	2,192	4,723	2,078	15,546
%Change	3.2 %	2.0 %	3.4 %	1.7 %	3.7 %	1.6 %	13.0 %

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 8,727,219	7.0 %	\$ 2,540,528	7.7 %
Instructional Services	49,111,519	39.5	21,401,748	65.0
Academic Support	17,876,275	14.4	2,623,762	8.0
Student Services	8,458,763	6.8	1,261,884	3.8
Research	479,308	0.4	0	0.0
Public Service	2,131,164	1.7	25,598	0.1
Student Aid	19,900,000	16.0	0	0.0
Auxiliary	8,907,750	7.2	0	0.0
Physical Plant/Central Services	7,704,215	6.2	5,068,470	15.4
Debt Service	1,043,865	0.8	0	0.0
TOTAL	\$ 124,340,078	100.0 %	\$ 32,921,990	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	66.8	69.8	69.8	69.8	69.8
Instructional Services	456.7	462.7	462.7	462.7	462.7
Academic Support	108.7	109.2	109.2	109.2	109.2
Student Services	98.1	99.1	99.1	99.1	99.1
Research	0.0	0.0	0.0	0.0	0.0
Public Service	29.6	29.6	29.6	29.6	29.6
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	58.9	58.9	58.9	58.9	58.9
Physical Plant/Central Services	125.0	113.5	113.5	113.5	113.5
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	943.8	942.8	942.8	942.8	942.8
<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. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$8.7 million, including \$2.5 million from the State General Fund. This is an increase of \$1.2 million, or 16.6 percent, from all funds and \$1.3 million, or 104.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$1.3 million).

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

B. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$49.1 million, including \$21.4 million from the State General Fund. This is a decrease of \$421,971, or 0.9 percent, from all funds and \$1.5 million, or 6.7 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for contractual services (\$397,137).

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

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$17.9 million, including \$2.6 million from the State General Fund. This is an increase of \$374,013, or 2.1 percent, from all funds, and \$77,856, or 3.1 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$376,111).

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$8.5 million, including \$1.3 million from the State General Fund. This is a decrease of \$71,354, or 0.8 percent, from all funds and an increase of \$59, or less than 0.1 percent, from the State General Fund from the approved amount. The decrease is mainly in expenditures for salaries and wages (\$56,484).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$479,308, all from special revenue funds. This is a decrease of \$27,327, or 5.4 percent, below the approved amount. The decrease is mainly in expenditures for contractual services (\$28,052).

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

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$2.1 million, including \$25,598 from the State General Fund. This is a decrease of \$7,780, or 0.4 percent, from all funds and \$23, or 0.1 percent from the State General Fund below the approved amount. The decrease is mainly in expenditures for salaries and wages (\$8,762).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$19.9 million, all from special revenue funds. This is an increase of \$21,027, or 0.1 percent, above the approved amount. The increase is mainly in expenditures for other assistance (\$21,042).

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$8.9 million, all from special revenue funds. This is a decrease of \$46,218, or 0.5 percent, below the approved amount. The decrease is mainly in expenditures for salaries and wages (\$44,299).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$7.7 million, including \$5.1 million from the State General Fund. This is an increase of \$384,361, or 5.3 percent, from all funds and \$458,771, or 10.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$385,760).

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$1.0 million, all from special revenue funds. There is no change from the approved amount.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 4,315,084	\$ 4,315,084	\$ 0	\$ 0
Art Building	7,000,000	7,000,000	6,020,000	6,020,000
Raze Wiest Hall	1,380,000	1,380,000	0	0
South Camp Drive	0	0	70,000	70,000
Parking	400,000	400,000	400,000	400,000
Debt Service	1,645,886	1,645,886	1,585,043	1,585,043
TOTAL	\$ 14,740,970	\$ 14,740,970	\$ 8,075,043	\$ 8,075,043
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	4,315,084	4,315,084	0	0
All Other Funds	10,425,886	10,425,886	8,075,043	8,075,043
TOTAL	\$ 14,740,970	\$ 14,740,970	\$ 8,075,043	\$ 8,075,043

FY 2018 – Current Year. The agency estimates a revised capital improvements budget of \$14.7 million, all from special revenue funds, in FY 2018. This is an increase of \$4.3 million, or 41.4 percent, above the approved amount due to the transfer of the Educational Building Fund for rehabilitation and repair from the Board of Regents to the agency.

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

FY 2019 – Budget Year. The agency estimates a revised capital improvements budget of \$8.1 million, all from special revenue funds, for FY 2019. This is an increase of \$70,000, all from the Restricted Fees Fund, for the redevelopment of South Campus Drive.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Six-year graduation rate	37.0%	37.0%	44.0%	45.0%
Student-to-faculty ratio	16:1	16:1	17:1	17:1

KANSAS STATE UNIVERSITY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 97,311,750	\$ 97,227,645	\$ 97,227,645	\$ 98,482,390	\$ 98,482,390
Other Funds	448,775,455	504,957,994	504,957,994	505,632,567	505,632,567
Subtotal	\$ 546,087,205	\$ 602,185,639	\$ 602,185,639	\$ 604,114,957	\$ 604,114,957
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	57,079,029	36,306,117	36,306,117	20,586,322	20,586,322
Subtotal	\$ 57,079,029	\$ 36,306,117	\$ 36,306,117	\$ 20,586,322	\$ 20,586,322
TOTAL	\$ 603,166,234	\$ 638,491,756	\$ 638,491,756	\$ 624,701,279	\$ 624,701,279
Percentage Change:					
Operating Expenditures					
State General Fund	(0.8) %	(0.1) %	(0.1) %	1.3 %	1.3 %
All Funds	2.1	10.3	10.3	0.3	0.3
FTE Positions	3,877.5	3,864.5	3,864.5	3,864.5	3,864.5

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

Kansas State University (KSU) was established in 1863, becoming the first land grant institution under the provisions of the Morrill Act of 1862. KSU is a comprehensive research institution. KSU offers instruction in Agriculture, Architecture Planning and Design, Arts and Sciences, Business Administration, Education, Engineering, Human Ecology, Technology, and Veterinary Medicine, and offers a full compliment of graduate studies. KSU's Veterinary Medical School in Manhattan and its Agricultural Research program are treated as separate agencies for budget preparation purposes. Separate budget analyses of these entities follow this analysis. KSU is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. **A total of 22,343 students attended KSU during the Fall 2017 semester, which is a decrease of 975 students, or 4.2 percent, below the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning for FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents using a credit hour cost calculation model.

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

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

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

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

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

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

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

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$210,604 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$2.2 million in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$3.1 million in FY 2016.

The **2016 Legislature** changed the name of the Kansas State University–Salina, College of Technology to the Kansas State University Polytechnic Campus and created a separate line-item in the appropriations bill for this entity.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$5.2 million in FY 2017.

The **2017 Legislature** added \$1.1 million for FY 2018 and \$2.1 million for FY 2019, all from the State General Fund, to restore 1.0 percent of a 5.0 percent reduction the Governor made to the State General Fund portion of the budget. The Legislature also added \$2.6 million, including \$435,112 from the State General Fund, for a salary increase according to the statute for FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests an FY 2018 revised estimate of \$638.5 million, including \$97.2 million from the State General Fund. This is an all funds increase of \$33.1 million, or 5.5 percent, above the approved amount. There is no change in the State General Fund revised estimate. The special revenue fund increase is mainly due to the addition of \$15.9 million from the Educational Building Fund for rehabilitation and repair, \$4.7 million from the General Fees Fund, and \$11.7 million from the Restricted Fees Fund. The operating expenditure increase includes salaries and wages (\$4.0 million), contractual services (\$5.0 million), and other assistance (\$8.8 million).

The agency requests a revised estimate of \$36.3 million, all from special revenue funds, for capital improvements. This is an increase of \$16.7 million, or 85.3 percent, above the approved amount. The increase is mainly due to the transfer of the Educational Building Fund from the Board of Regents for rehabilitation and repair projects.

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

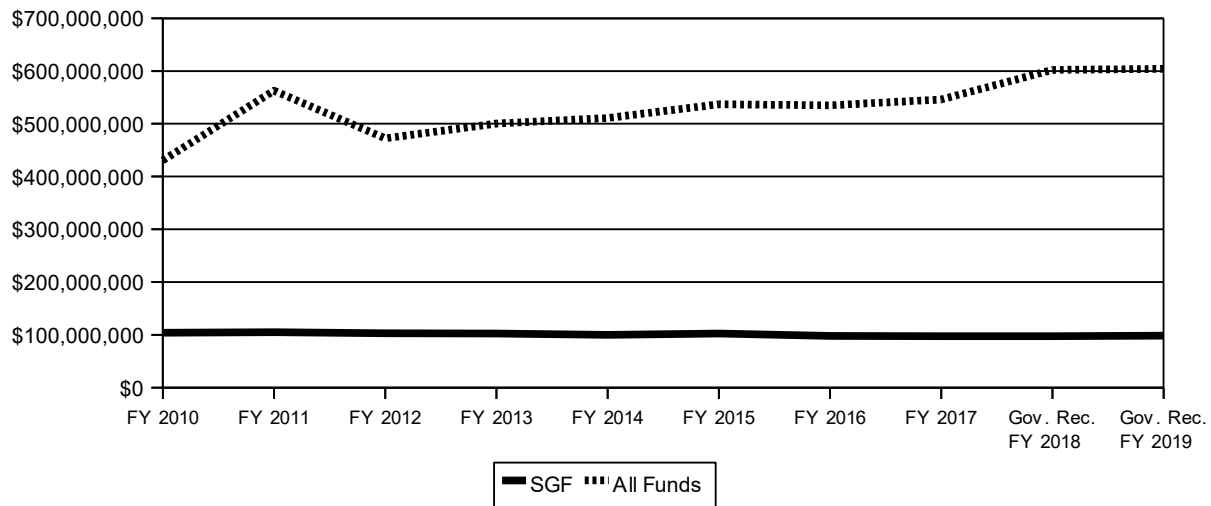
FY 2019 – Budget Year. The **agency** requests an FY 2019 revised estimate of \$624.7 million, including \$98.5 million from the State General Fund. This is an all funds increase of \$22.5 million, or 3.7 percent, above the approved amount. There is no change in the State General Fund revised estimate. The special revenue fund increase is due to the additional expenditures of \$4.3 million from the National Bio and Agro-defense Facility Fund and \$17.3 million from the Restricted Fees Fund. The operating expenditure increases include salaries and wages (\$4.1 million), contractual services (\$6.4 million), other assistance (\$8.8 million), and debt service (\$2.1 million).

The agency requests a revised estimate of \$20.6 million, all from special revenue funds, for capital improvements. This is an increase of \$1.6 million, or 8.4 percent, above the approved amount. The increase is due to additional debt service.

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	\$ 104,021,282	(4.9)%	\$ 430,586,478	(17.4)%	3,510.0
2011	104,756,636	0.7	562,751,773	30.7	3,601.7
2012	102,716,970	(1.9)	472,522,449	(16.0)	3,681.3
2013	102,593,967	(0.1)	500,516,536	5.9	3,741.0
2014	99,857,422	(2.7)	510,908,147	2.1	3,785.3
2015	102,568,685	2.7	537,049,700	5.1	3,861.7
2016	98,051,520	(4.4)	534,942,708	(0.4)	3,877.5
2017	97,311,750	(0.8)	546,087,205	2.1	3,877.5
2018 Gov. Rec.	97,227,645	(0.1)	602,185,639	10.3	3,864.5
2019 Gov. Rec.	98,482,390	1.3	604,114,957	0.3	3,864.5
Ten-Year Change Dollars/Percent	\$ (5,538,892)	(5.3)%	\$ 173,528,479	40.3 %	354.5

Summary of Operating Budget FY 2017 - FY 2019

Kansas State University

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Institutional Support	\$ 34,087,557	\$ 35,047,622	\$ 35,347,493	\$ 299,871	0.9 %	\$ 35,047,622	\$ 35,347,493	\$ 299,871	0.9 %		
Instructional Services	186,211,670	186,553,803	186,871,581	317,778	0.2	186,553,803	186,871,581	317,778	0.2		
Academic Support	42,936,805	50,399,772	50,724,027	324,255	0.6	50,399,772	50,724,027	324,255	0.6		
Student Services	27,075,587	28,933,783	29,164,743	230,960	0.8	28,933,783	29,164,743	230,960	0.8		
Research	79,628,616	93,105,148	93,483,364	378,216	0.4	93,105,148	93,483,364	378,216	0.4		
Public Service	15,189,422	13,678,500	13,727,026	48,526	0.4	13,678,500	13,727,026	48,526	0.4		
Student Aid	67,501,082	82,099,908	82,099,908	0	--	82,099,908	82,099,908	0	--		
Auxiliary	45,172,266	60,189,759	60,707,971	518,212	0.9	60,189,759	60,707,971	518,212	0.9		
Physical Plant/Central Services	33,231,620	37,618,213	37,957,518	339,305	0.9	37,618,213	37,957,518	339,305	0.9		
Debt Service	15,052,580	14,559,131	14,031,326	(527,805)	(3.6)	14,559,131	14,031,326	(527,805)	(3.6)		
TOTAL	\$ 546,087,205	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 337,229,527	\$ 352,326,534	\$ 355,627,094	\$ 3,300,560	0.9 %	\$ 352,326,534	\$ 355,627,094	\$ 3,300,560	0.9 %		
Contractual Services	77,177,572	92,956,037	92,162,645	(793,392)	(0.9)	92,956,037	92,162,645	(793,392)	(0.9)		
Commodities	20,789,686	25,290,911	25,245,002	(45,909)	(0.2)	25,290,911	25,245,002	(45,909)	(0.2)		
Capital Outlay	12,413,704	15,576,257	15,572,121	(4,136)	(0.0)	15,576,257	15,572,121	(4,136)	(0.0)		
Debt Service	15,052,580	14,559,131	14,031,326	(527,805)	(3.6)	14,559,131	14,031,326	(527,805)	(3.6)		
Subtotal-Operations	\$ 462,663,069	\$ 500,708,870	\$ 502,638,188	\$ 1,929,318	0.4 %	\$ 500,708,870	\$ 502,638,188	\$ 1,929,318	0.4 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	83,424,136	101,476,769	101,476,769	0	--	101,476,769	101,476,769	0	--		
TOTAL	\$ 546,087,205	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %		
Financing:											
State General Fund	\$ 97,311,750	\$ 97,227,645	\$ 98,482,390	\$ 1,254,745	1.3 %	\$ 97,227,645	\$ 98,482,390	\$ 1,254,745	1.3 %		
General Fees Fund	210,951,859	223,066,218	222,913,474	(152,744)	(0.1)	223,066,218	222,913,474	(152,744)	(0.1)		
Restricted Fees Fund	111,343,021	118,412,266	120,971,976	2,559,710	2.2	118,412,266	120,971,976	2,559,710	2.2		
All Other Funds	126,480,575	163,479,510	161,747,117	(1,732,393)	(1.1)	163,479,510	161,747,117	(1,732,393)	(1.1)		
TOTAL	\$ 546,087,205	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %	\$ 602,185,639	\$ 604,114,957	\$ 1,929,318	0.3 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$97,138,169 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 \$89,476, 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 \$97,227,645. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 97,227,645	\$ 97,227,645	\$ 0	\$ 97,227,645	\$ 0
All Other Funds	508,205,127	541,264,111	33,058,984	541,264,111	33,058,984
TOTAL	\$ 605,432,772	\$ 638,491,756	\$ 33,058,984	\$ 638,491,756	\$ 33,058,984
FTE Positions	3,877.5	3,864.5	(13.0)	3,864.5	(13.0)

The **agency** requests an FY 2018 revised estimate of \$638.5 million, including \$97.2 million from the State General Fund. This is an all funds increase of \$33.1 million, or 5.5 percent, above the approved amount. There is no change in the State General Fund revised estimate. The special revenue fund increase is mainly due to the addition of \$15.9 million from the Educational Building Fund for rehabilitation and repair, \$4.7 million from the General Fees Fund, and \$11.7 million from the Restricted Fees Fund. The operating expenditure increase includes salaries and wages (\$4.0 million), contractual services (\$5.0 million), and other assistance (\$8.8 million).

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 2017 Legislature approved a State General Fund budget of \$98,482,390 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 98,482,390	\$ 98,482,390	\$ 0	\$ 98,482,390	\$ 0
All Other Funds	503,755,869	526,218,889	22,463,020	526,218,889	22,463,020
TOTAL	\$ 602,238,259	\$ 624,701,279	\$ 22,463,020	\$ 624,701,279	\$ 22,463,020
FTE Positions	3,877.5	3,864.5	(13.0)	3,864.5	(13.0)

The **agency** requests an FY 2019 revised estimate of \$624.7 million, including \$98.5 million from the State General Fund. This is an all funds increase of \$22.5 million, or 3.7 percent, above the approved amount. There is no change in the State General Fund revised estimate. The special revenue fund increase is due to the additional expenditures of \$4.3 million from the National Bio and Agro-defense Facility Fund and \$17.3 million from the Restricted Fees Fund. The operating expenditure increases include salaries and wages (\$4.1 million), contractual services (\$6.4 million), other assistance (\$8.8 million), and debt service (\$2.1 million).

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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	16.3 %	16.3 %
General Fees Fund	36.9	36.9
Restricted Fees Fund	20.0	20.0
All Other Funds	26.8	26.8
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 8,767,580	\$ 10,088,456	\$ 10,088,456	\$ 8,750,735	\$ 8,750,735
Revenue	220,514,493	227,470,130	227,470,130	227,470,130	227,470,130
Transfers in	0	0	0	0	0
Funds Available	\$ 229,282,073	\$ 237,558,586	\$ 237,558,586	\$ 236,220,865	\$ 236,220,865
Less:					
Expenditures	218,348,063	228,540,153	228,540,153	228,540,153	228,540,153
Transfers Out	743,044	267,698	267,698	267,698	267,698
Off Budget Expenditures	102,510	0	0	0	0
Ending Balance	\$ 10,088,456	\$ 8,750,735	\$ 8,750,735	\$ 7,413,014	\$ 7,413,014
Ending Balance as Percent of Expenditures	4.6%	3.8%	3.8%	3.2%	3.2%
Month Highest Ending Balance	January \$ 65,500,000	January \$ 55,500,000	January \$ 55,500,000	January \$ 55,500,000	January \$ 55,500,000
Month Lowest Ending Balance	July \$ (1,050,444)	July \$ 3,900,000	July \$ 3,900,000	July \$ 3,900,000	July \$ 3,900,000

Enrollment Trends

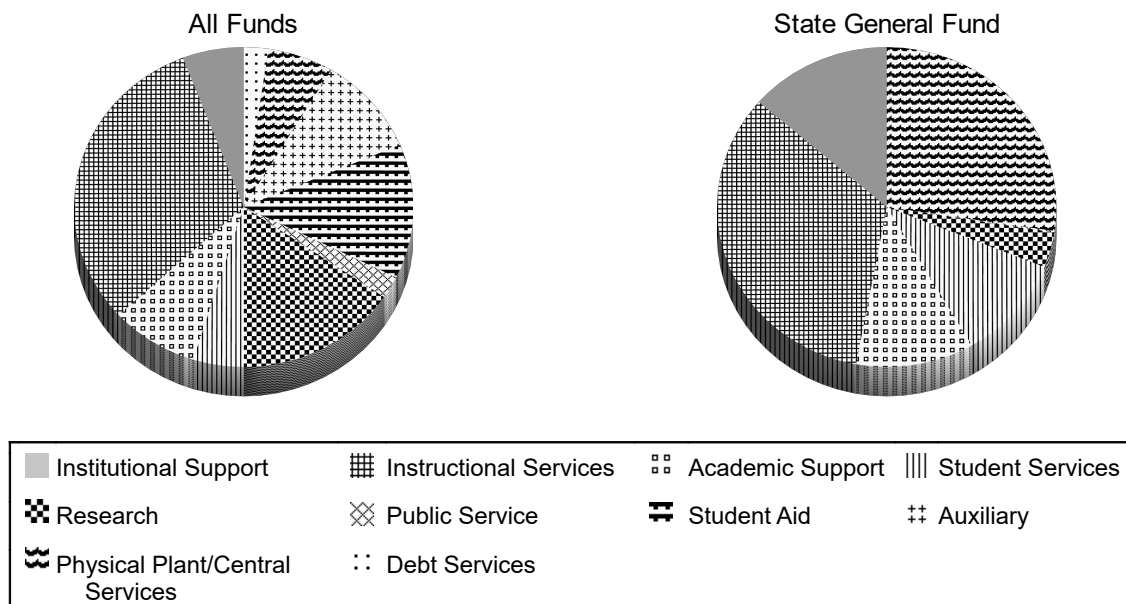
The following table summarizes recent enrollment trends at Kansas State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	23,914	24,116	24,290	23,678	23,318	22,343	
Change	508	202	174	(612)	(360)	(975)	(1,571)
%Change	2.2 %	0.8 %	0.7 %	(2.5) %	(1.5) %	(4.2) %	(6.6) %
FTE Students	20,597	20,765	20,862	20,402	20,192	19,455	
Change	583	168	97	(460)	(210)	(737)	(1,142)
%Change	2.9 %	0.8 %	0.5 %	(2.2) %	(1.0) %	(3.6) %	(5.5) %
Student Credit Hours	291,084	294,139	295,525	289,398	285,778	274,080	
Change	7,914	3,055	1,386	(6,127)	(3,620)	(11,698)	(17,004)
%Change	2.8 %	1.0 %	0.5 %	(2.1) %	(1.3) %	(4.1) %	(5.8) %

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 35,347,493	5.9 %	\$ 13,387,133	13.6 %
Instructional Services	186,871,581	30.9	32,990,164	33.5
Academic Support	50,724,027	8.4	11,095,055	11.3
Student Services	29,164,743	4.8	10,382,632	10.5
Research	93,483,364	15.5	3,490,029	3.5
Public Service	13,727,026	2.3	147,777	0.2
Student Aid	82,099,908	13.6	2,941	0.0
Auxiliary	60,707,971	10.0	0	0.0
Physical Plant/Central Services	37,957,518	6.3	26,986,659	27.4
Debt Services	14,031,326	2.3	0	0.0
TOTAL	\$ 604,114,957	100.0 %	\$ 98,482,390	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	300.9	309.8	309.8	309.8	309.8
Instructional Services	1,666.3	1,528.1	1,528.1	1,528.1	1,528.1
Academic Support	343.4	358.5	358.5	358.5	358.5
Student Services	269.9	267.1	267.1	267.1	267.1
Research	262.7	393.6	393.6	393.6	393.6
Public Service	54.4	53.5	53.5	53.5	53.5
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	550.5	559.7	559.7	559.7	559.7
Physical Plant/Central Services	429.4	394.2	394.2	394.2	394.2
Debt Services	0.0	0.0	0.0	0.0	0.0
TOTAL	3,877.5	3,864.5	3,864.5	3,864.5	3,864.5

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.

A. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$35.3 million, including \$13.4 million from the State General Fund. The revised estimate is a decrease of \$3.8 million, or 9.7 percent, from all funds and an increase of \$498,467, or 3.9 percent, from the State General Fund from the approved amount. There are decreases in expenditures for contractual services (\$4.9 million), commodities (\$188,952), and capital outlay (\$156,312), with an offsetting increase in salaries and wages (\$1.3 million).

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

B. Instructional Services

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

The **agency** requests FY 2019 operating expenditures of \$186.9 million, including \$33.0 million from the State General Fund. The revised estimate is a decrease of \$11.4 million, or 5.7 percent, from all funds and \$427,212, or 1.3 percent, from the State General Fund below the approved amount. The decrease is primarily in salaries and wages (\$11.7 million).

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

C. Academic Support

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

The **agency** requests FY 2019 operating expenditures of \$50.7 million, including \$11.1 million from the State General Fund. The revised estimate is an increase of \$3.1 million, or 6.6 percent, from all funds and \$73,355, or 0.7 percent, from the State General Fund above the approved amount. The increase is primarily in expenditures for contractual services (\$2.7 million) and salaries and wages (\$747,446).

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

D. Student Services

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

The **agency** requests FY 2019 operating expenditures of \$29.2 million, including \$10.4 million from the State General Fund. The revised estimate is an increase of \$848,459, or 3.0 percent, from all funds and \$62,772, or 0.6 percent, from the State General Fund above the approved amount. The increase is primarily in expenditures for other assistance (\$1.4 million), contractual services (\$324,737), and capital outlay (\$228,952), with offsetting decreases in salaries and wages (\$1.1 million).

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

E. Research

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

The **agency** requests FY 2019 operating expenditures of \$93.5 million, including \$3.5 million from the State General Fund. The revised estimate is an increase of \$23.0 million, or 32.6 percent, from all funds and a decrease of \$513,641, or 12.8 percent, from the State General Fund from the approved amount. The increase is primarily in expenditures for salaries and wages (\$16.6 million), contractual services (\$3.1 million), commodities (\$1.7 million), and other assistance (\$1.5 million).

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

F. Public Service

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

The **agency** requests FY 2019 operating expenditures of \$13.7 million, including \$147,777 from the State General Fund. The revised estimate is a decrease of \$2.2 million, or 14.0 percent, from all funds and \$35,665, or 19.4 percent, from the State General Fund below the approved amount. The decrease is primarily in expenditures for other assistance (\$2.4 million).

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

G. Student Aid

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

The **agency** requests FY 2019 operating expenditures of \$82.1 million, including \$2,941 from the State General Fund. The revised estimate is an increase of \$10.5 million, or 14.7 percent, from all funds and \$2,941, or 100.0 percent, from the State General Fund above the approved amount. The increase is primarily in expenditures for other assistance (\$10.5 million).

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

H. Auxiliary

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

The **agency** requests FY 2019 operating expenditures of \$60.7 million, all from special revenue funds. The revised estimate is an increase of \$2.8 million, or 4.8 percent, above the approved amount. The increase is primarily in expenditures for salaries and wages (\$1.2 million) and contractual services (\$6.0 million), with an offsetting decrease in other assistance (\$3.4 million).

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

I. Physical Plant/Central Services

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

The **agency** requests FY 2019 operating expenditures of \$38.0 million, including \$27.0 million from the State General Fund. The revised estimate is a decrease of \$1.4 million, or 3.6 percent, from all funds and an increase of \$774,095, or 3.0 percent, from the State General Fund from the approved amount. The decreases are primarily in expenditures for salaries and wages (\$287,976) and contractual services (\$1.2 million).

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** requests FY 2019 operating expenditures of \$14.0 million, all from special revenue funds. This is an increase of \$2.1 million, or 17.3 percent, above the approved amount.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 13,802,182	\$ 13,802,182	\$ 224,643	\$ 224,643
Jon Wefald Hall and Dining	3,660,000	3,660,000	0	0
Pittman Freezer	520,000	520,000	0	0
Jardine	795,000	795,000	820,000	820,000
Moore Hall	0	0	750,000	750,000
Agronomy Education Center	0	0	800,000	800,000
Parking	800,000	800,000	800,000	800,000
Debt Service—Principal	16,728,935	16,728,935	17,191,679	17,191,679
TOTAL	\$ 36,306,117	\$ 36,306,117	\$ 20,586,322	\$ 20,586,322
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	15,887,538	15,887,538	0	0
All Other Funds	20,418,579	20,418,579	20,586,322	20,586,322
TOTAL	\$ 36,306,117	\$ 36,306,117	\$ 20,586,322	\$ 20,586,322

FY 2018 – Current Year. The **agency** requests a revised estimate of \$36.3 million, all from special revenue funds, for capital improvements in FY 2018. This is an increase of \$16.7 million, or 85.3 percent, above the approved amount. The increase is mainly due to the transfer of the Educational Building Fund from the Board of Regents for rehabilitation and repair projects.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$20.6 million, all from special revenue funds, for capital improvements for FY 2019. This is an increase of \$1.6 million, or 8.4 percent, above the approved amount. The increase is in debt service.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Six-year graduation rate	62.0%	62.8%	63.0%	63.0%
Extramural support (in millions)	\$130.0	\$139.3	\$140.0	\$140.0
Number of degrees conferred	5,100	5,375	5,300	5,300

KANSAS STATE UNIVERSITY – EXTENSION SYSTEMS AND AGRICULTURE RESEARCH PROGRAMS

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 46,071,765	\$ 45,798,391	\$ 45,798,391	\$ 45,902,644	\$ 45,902,644
Other Funds	98,835,036	102,718,053	102,718,053	102,308,879	102,308,879
<i>Subtotal</i>	<i>\$ 144,906,801</i>	<i>\$ 148,516,444</i>	<i>\$ 148,516,444</i>	<i>\$ 148,211,523</i>	<i>\$ 148,211,523</i>
Capital Improvements:					
State General Fund	\$ 2,642	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	849,754	200,000	200,000	75,000	75,000
<i>Subtotal</i>	<i>\$ 852,396</i>	<i>\$ 200,000</i>	<i>\$ 200,000</i>	<i>\$ 75,000</i>	<i>\$ 75,000</i>
TOTAL	<u>\$ 145,759,197</u>	<u>\$ 148,716,444</u>	<u>\$ 148,716,444</u>	<u>\$ 148,286,523</u>	<u>\$ 148,286,523</u>
Percentage Change:					
Operating Expenditures					
State General Fund	2.5 %	(0.6) %	(0.6) %	0.2 %	0.2 %
All Funds	5.1	2.5	2.5	(0.2)	(0.2)
FTE Positions	1,097.0	1,106.2	1,106.2	1,106.2	1,106.2

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

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

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

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345), which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

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

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning for FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

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

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$53,433 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$949,476 in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$1.4 million in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$1.3 million in FY 2017.

The **2017 Legislature** added \$178,020 all from the State General Fund, for salary adjustments according to the statute for FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$148.7 million, including \$45.8 million from the State General Fund, in FY 2018. This is an increase of \$4.6 million, or 3.2 percent, all from special revenue funds. The increase is mainly due to increased expenditures for salaries and wages (\$4.1 million), primarily from the Restricted Fees Fund. There are no changes to the capital improvement revised estimate from the approved amount.

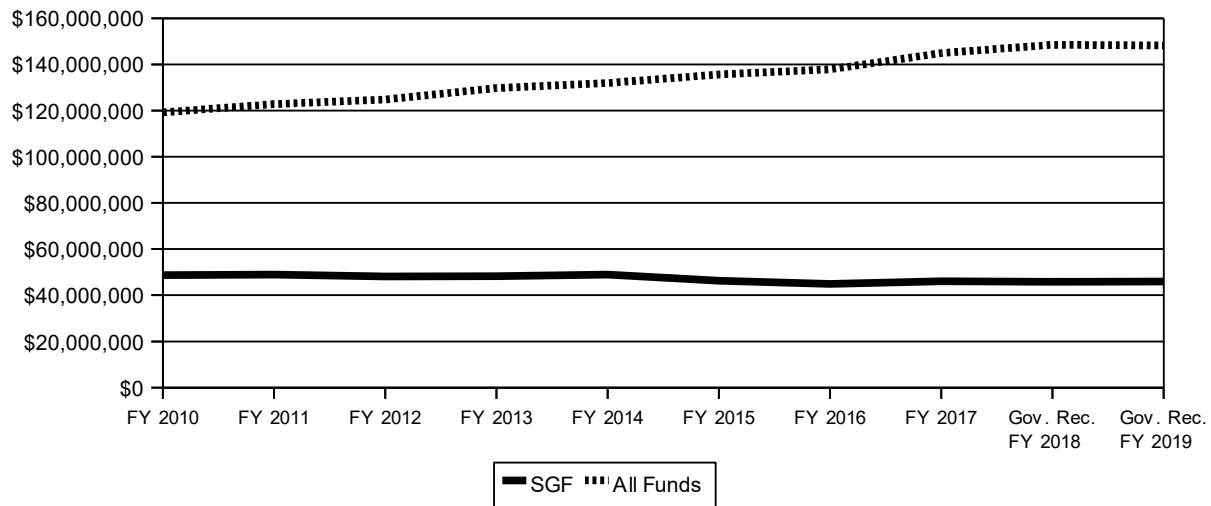
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$148.3 million, including \$45.9 million from the State General Fund, for FY 2019. This is an increase of \$4.0 million, or 2.8 percent, all from special revenue funds. The increase is mainly due to increased expenditures for salaries and wages (\$4.4 million), primarily from the Restricted Fees Fund. There are no changes to the capital improvement revised estimate from the approved amount.

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	\$ 48,699,791	(7.4)%	\$ 119,232,780	(1.2)%	1,198.5
2011	48,951,068	0.5	122,805,825	3.0	1,191.6
2012	48,160,371	(1.6)	124,811,677	1.6	1,173.5
2013	48,182,071	0.0	129,751,842	4.0	1,160.4
2014	46,908,989	(2.6)	131,953,182	1.7	1,116.9
2015	46,265,381	(1.4)	135,657,175	2.8	1,125.1
2016	44,926,563	(2.9)	137,882,780	1.6	1,097.0
2017	46,071,765	2.5	144,906,801	5.1	1,097.0
2018 Gov. Rec.	45,798,391	(0.6)	148,516,444	2.5	1,106.2
2019 Gov. Rec.	45,902,644	0.2	148,211,523	(0.2)	1,106.2
Ten-Year Change Dollars/Percent	\$ (2,797,147)	(5.7)%	\$ 28,978,743	24.3 %	(92.3)

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Academic Support	\$ 134,861	\$ 124,830	\$ 124,830	\$ 0	-- %	\$ 124,830	\$ 124,830	\$ 0	-- %
Research	89,486,266	90,607,995	89,953,329	(654,666)	(0.7)	90,607,995	89,953,329	(654,666)	(0.7)
Public Service	54,084,781	57,566,389	57,916,134	349,745	0.6	57,566,389	57,916,134	349,745	0.6
Physical Plant/Central Services	1,200,893	217,230	217,230	0	--	217,230	217,230	0	--
TOTAL	\$ 144,906,801	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 93,594,863	\$ 100,479,750	\$ 101,305,991	\$ 826,241	0.8 %	\$ 100,479,750	\$ 101,305,991	\$ 826,241	0.8 %
Contractual Services	20,182,609	18,101,656	17,564,086	(537,570)	(3.0)	18,101,656	17,564,086	(537,570)	(3.0)
Commodities	11,235,419	10,865,884	10,537,369	(328,515)	(3.0)	10,865,884	10,537,369	(328,515)	(3.0)
Capital Outlay	4,380,904	4,200,077	4,128,334	(71,743)	(1.7)	4,200,077	4,128,334	(71,743)	(1.7)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$ 129,393,795</i>	<i>\$ 133,647,367</i>	<i>\$ 133,535,780</i>	<i>\$ (111,587)</i>	<i>(0.1) %</i>	<i>\$ 133,647,367</i>	<i>\$ 133,535,780</i>	<i>\$ (111,587)</i>	<i>(0.1) %</i>
Aid to Local Units	340,268	326,143	326,143	0	--	326,143	326,143	0	--
Other Assistance	15,172,738	14,542,934	14,349,600	(193,334)	(1.3)	14,542,934	14,349,600	(193,334)	(1.3)
TOTAL	\$ 144,906,801	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %
Financing:									
State General Fund	\$ 46,071,765	\$ 45,798,391	\$ 45,902,644	\$ 104,253	0.2 %	\$ 45,798,391	\$ 45,902,644	\$ 104,253	0.2 %
Restricted Fees Fund	42,775,387	47,490,577	47,788,907	298,330	0.6	47,490,577	47,788,907	298,330	0.6
All Other Funds	56,059,649	55,227,476	54,519,972	(707,504)	(1.3)	55,227,476	54,519,972	(707,504)	(1.3)
TOTAL	\$ 144,906,801	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %	\$ 148,516,444	\$ 148,211,523	\$ (304,921)	(0.2) %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$45,798,391 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 45,798,391	\$ 45,798,391	\$ 0	\$ 45,798,391	\$ 0
All Other Funds	98,290,551	102,918,053	4,627,502	102,918,053	4,627,502
TOTAL	\$ 144,088,942	\$ 148,716,444	\$ 4,627,502	\$ 148,716,444	\$ 4,627,502
FTE Positions	1,097.0	1,106.2	9.2	1,106.2	9.2

The **agency** requests a revised estimate of \$148.7 million, including \$45.8 million from the State General Fund, in FY 2018. This is an increase of \$4.6 million, or 3.2 percent, all from special revenue funds. The increase is mainly due to increased expenditures for salaries and wages (\$4.1 million), primarily from the Restricted Fees Fund. There are no changes to the capital improvement revised estimate from 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 2017 Legislature approved a State General Fund budget of \$45,902,644 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 45,902,644	\$ 45,902,644	\$ 0	\$ 45,902,644	\$ 0
All Other Funds	98,399,711	102,383,879	3,984,168	102,383,879	3,984,168
TOTAL	\$ 144,302,355	\$ 148,286,523	\$ 3,984,168	\$ 148,286,523	\$ 3,984,168
FTE Positions	1,097.0	1,106.2	9.2	1,106.2	9.2

The **agency** requests a revised estimate of \$148.3 million, including \$45.9 million from the State General Fund, for FY 2019. This is an increase of \$4.0 million, or 2.8 percent, all from special revenue funds. The increase is mainly due to increased expenditures for salaries and wages (\$4.4 million), primarily from the Restricted Fees Fund. There are no changes to the capital improvement revised estimate from 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, there are no longevity bonus payments.**

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

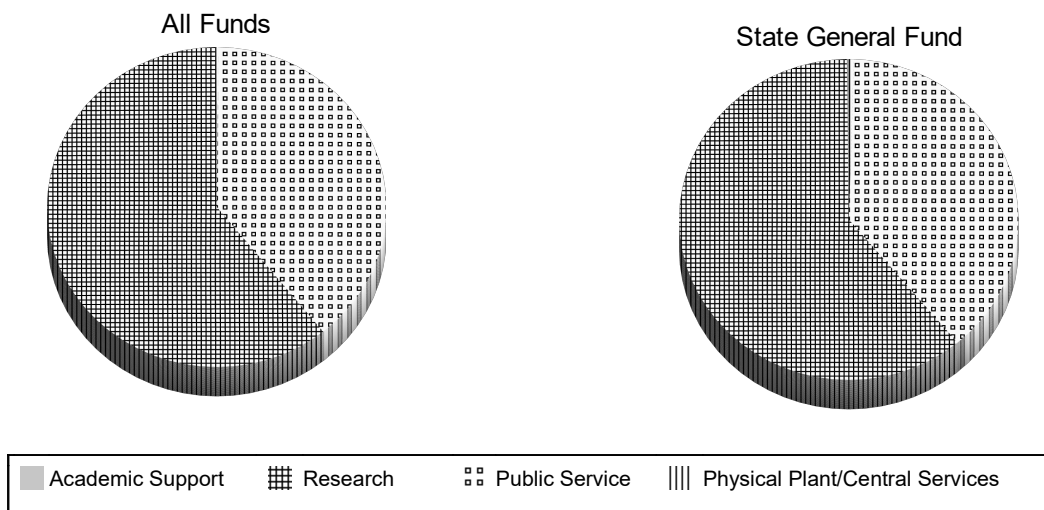
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	31.0 %	31.0 %
Restricted Fees Fund	32.2	32.2
All Other Funds	36.8	36.8
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Academic Support	\$ 124,830	0.1 %	\$ 81,666	0.2 %
Research	89,953,329	60.7	27,948,626	60.9
Public Service	57,916,134	39.1	17,655,122	38.5
Physical Plant/Central Services	217,230	0.1	217,230	0.5
TOTAL	\$ 148,211,523	100.0 %	\$ 45,902,644	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Academic Support	0.0	0.0	0.0	0.0	0.0
Research	537.9	542.0	542.0	542.0	542.0
Public Service	559.1	564.2	564.2	564.2	564.2
Physical Plant/Central Services	0.0	0.0	0.0	0.0	0.0
TOTAL	1,097.0	1,106.2	1,106.2	1,106.2	1,106.2

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. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$124,830, including \$81,666 from the State General Fund. This is a decrease of \$14,141, or 10.2 percent, from all funds and \$10,123, or 11.0 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for contractual services.

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

B. Research

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

The **agency** estimates FY 2019 operating expenditures of \$90.0 million, including \$27.9 million from the State General Fund. This is an increase of \$3.2 million, or 3.7 percent, from all funds and \$45,827, or 0.2 percent, from the State General Fund above the approved amount. This is mainly due to an increase in expenditures for salaries and wages (\$2.3 million) and other assistance (\$1.8 million), with an offsetting decrease in contractual services (\$379,662) and commodities (\$483,419).

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

C. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$57.9 million, including \$17.7 million from the State General Fund. This is an increase of \$869,831, or 1.5 percent, from all funds and a decrease of \$74,914, or 0.4 percent, from the State General Fund from the approved amount. The increase is mainly in expenditures for salaries and wages.

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

D. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$217,230, all from the State General Fund, in contractual services. This is an increase of \$91,579, or 72.9 percent, from all funds including \$217,230, or 100.0 percent, from the State General Fund. This expense was once paid for by special revenue funds and is now paid with State General Fund.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Capital Lease	\$ 200,000	\$ 200,000	\$ 75,000	\$ 75,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	200,000	200,000	75,000	75,000
TOTAL	\$ 200,000	\$ 200,000	\$ 75,000	\$ 75,000

FY 2018 – Current Year. The agency estimates \$200,000, all from special revenue funds, for capital improvements in FY 2018. This is the same as the approved amount.

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

FY 2019 – Budget Year. The agency estimates \$75,000, all from special revenue funds, for capital improvements for FY 2019. This is the same as the approved amount.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of new research grants	500	698	748	788
Number of renewed research grants	32	37	37	37
Dollar value of grant receipts (in millions)	\$52.0	\$57.3	\$60.0	\$62.0

KANSAS STATE UNIVERSITY VETERINARY MEDICAL CENTER

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 14,190,480	\$ 14,436,520	\$ 14,436,520	\$ 14,528,680	\$ 14,528,680
Other Funds	37,578,191	45,652,354	45,652,354	46,156,547	46,156,547
<i>Subtotal</i>	<i>\$ 51,768,671</i>	<i>\$ 60,088,874</i>	<i>\$ 60,088,874</i>	<i>\$ 60,685,227</i>	<i>\$ 60,685,227</i>
Capital Improvements:					
State General Fund	\$ 397,011	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	3,320,948	6,320,572	6,320,572	1,700,328	1,700,328
<i>Subtotal</i>	<i>\$ 3,717,959</i>	<i>\$ 6,320,572</i>	<i>\$ 6,320,572</i>	<i>\$ 1,700,328</i>	<i>\$ 1,700,328</i>
TOTAL	<u>\$ 55,486,630</u>	<u>\$ 66,409,446</u>	<u>\$ 66,409,446</u>	<u>\$ 62,385,555</u>	<u>\$ 62,385,555</u>

Percentage Change:

Operating Expenditures

State General Fund	0.5 %	1.7 %	1.7 %	0.6 %	0.6 %
All Funds	8.2	16.1	16.1	1.0	1.0

FTE Positions	361.1	437.9	437.9	437.9	437.9

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 Veterinary Medical Center was established at Kansas State University in 1905. It was included within the main campus budget of Kansas State University until 1978. The institution trains veterinarians, conducts broad-based interdisciplinary research, provides continuing education for veterinarians, and provides hospital and diagnostic services to the public. Its academic programs are fully accredited by the Council on Education of the American Veterinary Medical Association. **A total of 452 students attended the institution during the Fall 2017 semester, which is a decrease of 9, or 2.0 percent, below the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning for FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

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

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

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

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

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

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

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

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$21,256 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$292,541 in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$440,646 in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$509,103 in FY 2017.

The **2017 Legislature** added \$56,205, all from the State General Fund, for FY 2019 to restore funding cuts to a 3.0 percent reduction. The Legislature also added \$51,005, all from the State General Fund, for salary adjustments according to the statute for FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$66.4 million, including \$14.4 million from the State General Fund, in FY 2018. This is an increase of \$14.2 million, or 27.3 percent, all from special revenue funds, above the approved amount. The increase is mainly due to increases in operating expenditures for salaries and wages (\$5.9 million) and contractual services (\$3.1 million), with additional expenditures in capital improvements of \$5.0 million.

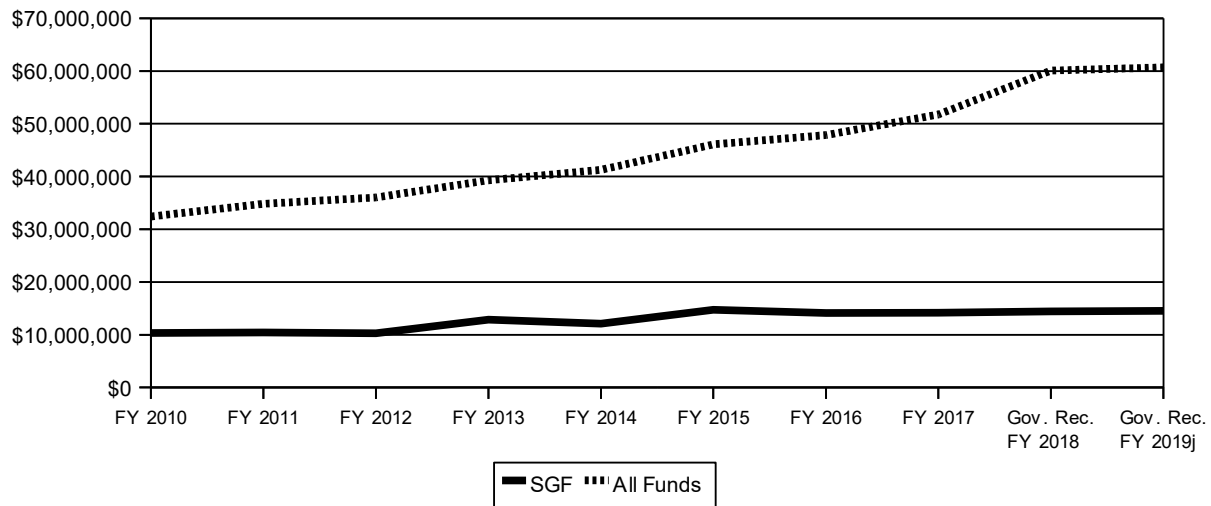
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$62.4 million, including \$14.5 million from the State General Fund, for FY 2019. This is an increase of \$11.3 million, all from special revenue funds, above the approved amount. The increase is mainly due to increases in operating expenditures for salaries and wages (\$6.0 million), contractual services (\$3.1 million), and commodities (\$1.2 million), with additional expenditures in capital improvements of \$1.7 million.

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	\$ 10,336,516	(4.7)%	\$ 32,410,739	(3.4)%	309.1
2011	10,415,617	0.8	34,818,811	7.4	310.9
2012	10,251,459	(1.6)	36,027,437	3.5	312.7
2013	12,832,430	25.2	39,273,500	9.0	320.1
2014	12,074,595	(5.9)	41,261,154	5.1	323.8
2015	14,728,160	22.0	46,079,808	11.7	332.6
2016	14,121,440	(4.1)	47,854,322	3.9	361.1
2017	14,190,480	0.5	51,768,671	8.2	361.1
2018 Gov. Rec.	14,436,520	1.7	60,088,874	16.1	437.9
2019 Gov. Rec.	14,528,680	0.6	60,685,227	1.0	437.9
Ten-Year Change Dollars/Percent	\$ 4,192,164	40.6 %	\$ 28,274,488	87.2 %	128.8

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18	
By Program:											
Instructional Services	\$ 36,240,107	\$ 42,044,145	\$ 42,598,671	\$ 554,526	1.3 %	\$ 42,044,145	\$ 42,598,671	\$ 554,526	1.3 %		
Academic Support	7,070,751	8,838,135	8,784,016	(54,119)	(0.6)	8,838,135	8,784,016	(54,119)	(0.6)		
Research	89,221	788,890	792,816	3,926	0.5	788,890	792,816	3,926	0.5		
Public Service	5,731,289	5,605,745	5,667,437	61,692	1.1	5,605,745	5,667,437	61,692	1.1		
Student Aid	400,405	400,000	400,000	0	--	400,000	400,000	0	--		
Physical Plant/Central Services	2,236,898	2,411,959	2,442,287	30,328	1.3	2,411,959	2,442,287	30,328	1.3		
TOTAL	\$ 51,768,671	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 38,407,040	\$ 42,363,829	\$ 42,775,418	\$ 411,589	1.0 %	\$ 42,363,829	\$ 42,775,418	\$ 411,589	1.0 %		
Contractual Services	7,295,577	9,072,805	8,994,178	(78,627)	(0.9)	9,072,805	8,994,178	(78,627)	(0.9)		
Commodities	3,243,089	4,762,442	5,009,241	246,799	5.2	4,762,442	5,009,241	246,799	5.2		
Capital Outlay	2,064,248	2,971,920	2,988,512	16,592	0.6	2,971,920	2,988,512	16,592	0.6		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal-Operations	\$ 51,009,954	\$ 59,170,996	\$ 59,767,349	\$ 596,353	1.0 %	\$ 59,170,996	\$ 59,767,349	\$ 596,353	1.0 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	758,707	917,878	917,878	0	--	917,878	917,878	0	--		
TOTAL	\$ 51,768,661	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %		
Financing:											
State General Fund	\$ 14,190,480	\$ 14,436,520	\$ 14,528,680	\$ 92,160	0.6 %	\$ 14,436,520	\$ 14,528,680	\$ 92,160	0.6 %		
General Fees Fund	20,798,245	18,502,103	18,502,103	0	--	18,502,103	18,502,103	0	--		
Restricted Fees Fund	8,489,941	9,461,032	9,544,657	83,625	0.9	9,461,032	9,544,657	83,625	0.9		
All Other Funds	8,290,005	17,689,219	18,109,787	420,568	2.4	17,689,219	18,109,787	420,568	2.4		
TOTAL	\$ 51,768,671	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %	\$ 60,088,874	\$ 60,685,227	\$ 596,353	1.0 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$14,436,520 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 14,436,520	\$ 14,436,520	\$ 0	\$ 14,436,520	\$ 0
All Other Funds	37,732,856	51,972,926	14,240,070	51,972,926	14,240,070
TOTAL	\$ 52,169,376	\$ 66,409,446	\$ 14,240,070	\$ 66,409,446	\$ 14,240,070
FTE Positions	361.1	437.9	76.8	437.9	76.8

The **agency** requests a revised estimate of \$66.4 million, including \$14.4 million from the State General Fund, in FY 2018. This is an increase of \$14.2 million, or 27.3 percent, all from special revenue funds, above the approved amount. The increase is mainly due to increases in operating expenditures for salaries and wages (\$5.9 million), with additional expenditures in capital improvements of \$5.0 million.

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 2017 Legislature approved a State General Fund budget of \$14,528,680 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 14,528,680	\$ 14,528,680	\$ 0	\$ 14,528,680	\$ 0
All Other Funds	36,513,668	47,856,875	11,343,207	47,856,875	11,343,207
TOTAL	\$ 51,042,348	\$ 62,385,555	\$ 11,343,207	\$ 62,385,555	\$ 11,343,207
FTE Positions	361.1	437.9	76.8	437.9	76.8

The **agency** requests a revised estimate of \$62.4 million, including \$14.5 million from the State General Fund, for FY 2019. This is an increase of \$11.3 million, or 22.2 percent, all from special revenue funds, above the approved amount. The increase is mainly due to increases in operating expenditures for salaries and wages (\$6.0 million), contractual services (\$3.1 million), and commodities (\$1.2 million), with additional expenditures in capital improvements of \$1.7 million.

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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	23.9 %	23.9 %
General Fees Fund	30.5	30.5
Restricted Fees Fund	15.7	15.7
All Other Funds	29.9	29.9
TOTAL	100.0 %	100.0 %

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

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds from tuition are deposited in the General Fees Fund, excluding the student activity fees deposited in the Restricted Fees Fund. Tuition is set by the Board of Regents after the legislative session has concluded each year.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 3,435,156	\$ 734,484	\$ 734,484	\$ 741,084	\$ 741,084
Revenue	18,519,218	18,540,502	18,540,502	18,540,502	18,540,502
Transfers in	0	0	0	0	0
Funds Available	\$ 21,954,374	\$ 19,274,986	\$ 19,274,986	\$ 19,281,586	\$ 19,281,586
Less:					
Expenditures	21,072,225	18,502,103	18,502,103	18,502,103	18,502,103
Transfers Out	147,665	31,799	31,799	31,799	31,799
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 734,484	\$ 741,084	\$ 741,084	\$ 747,684	\$ 747,684
Ending Balance as Percent of Expenditures	3.5%	4.0%	4.0%	4.0%	4.0%
Month Highest Ending Balance	August \$ 10,100,000	August \$ 10,100,000	August \$ 10,100,000	August \$ 10,100,000	August \$ 10,100,000
Month Lowest Ending Balance	June \$ 734,000	June \$ 734,000	June \$ 734,000	June \$ 741,000	June \$ 741,000

Enrollment Trends

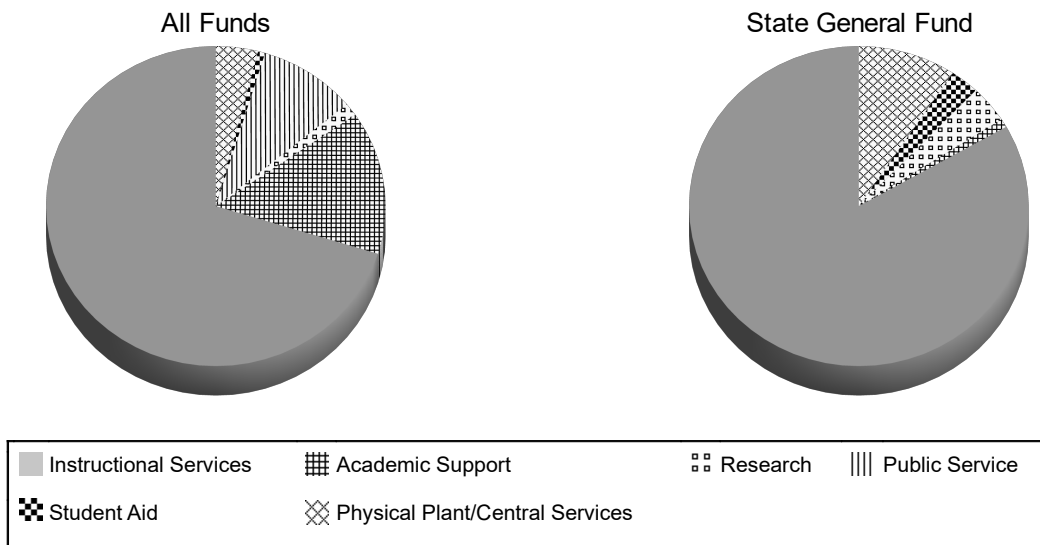
The following table summarizes recent enrollment trends at Kansas State University–Veterinary Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2012 to Fall 2017</u>
Headcount	464	465	476	468	461	452	
Change	7	1	11	(8)	(7)	(9)	(12)
%Change	1.5 %	0.2 %	2.4 %	(1.7)%	(1.5)%	(2.0)%	(2.6)%
FTE Students	723	712	719	717	706	707	
Change	0	(11)	7	(2)	(11)	1	(16)
%Change	0.0 %	(1.5)%	1.0 %	(0.3)%	(1.6)%	0.2 %	(2.2)%
Student Credit Hours	8,680	8,546	8,628	8,601	8,468	8,486	
Change	5	(134)	82	(27)	(133)	18	(194)
%Change	0.1 %	(1.5)%	1.0 %	(0.3)%	(1.5)%	0.2 %	(2.2)%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Instructional Services	\$ 42,598,671	70.2 %	\$ 12,096,929	83.3 %
Academic Support	8,784,016	14.5	123,694	0.9
Research	792,816	1.3	549,513	3.8
Public Service	5,667,437	9.3	0	0.0
Student Aid	400,000	0.7	400,000	2.8
Physical Plant/Central Services	2,442,287	4.0	1,358,544	9.4
TOTAL	\$ 60,685,227	100.0 %	\$ 14,528,680	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Instructional Services	219.6	248.5	248.5	248.5	248.5
Academic Support	59.6	80.3	80.3	80.3	80.3
Research	8.1	4.1	4.1	4.1	4.1
Public Service	43.8	75.0	75.0	75.0	75.0
Student Aid	0.0	0.0	0.0	0.0	0.0
Physical Plant/Central Services	30.0	30.0	30.0	30.0	30.0
TOTAL	361.1	437.9	437.9	437.9	437.9

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. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$42.6 million, including \$12.1 million from the State General Fund. The revised estimate is an increase of \$5.1 million, or 13.6 percent, from all funds and a decrease of \$356,099, or 2.9 percent, from the State General Fund from the approved amount. The increase is mainly in expenditures for salaries and wages (\$2.6 million) and contractual services (\$2.3 million).

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

B. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$8.8 million, including \$123,694 from the State General Fund. This is an increase of \$2.2 million, or 32.7 percent, from all funds and a decrease of \$236,908, or 65.7 percent, from the State General Fund from the approved amount. The increase is mainly in expenditures for salaries and wages.

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

C. Research

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

The **agency** estimates FY 2019 operating expenditures of \$792,816, including \$549,513 from the State General Fund. This is an increase of \$382,588, or 93.3 percent, from all funds and \$549,513, or 100.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for contractual services and commodities.

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

D. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$5.7 million, all from special revenue funds. This is an increase of \$1.8 million, or 45.8 percent, above the approved amount. The increase is mainly in expenditures for salaries and wages.

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

E. Student Aid

The Student Aid program consists of the service scholarships established in the Veterinary Training Program for Rural Kansas by 2006 HB 3005. The College of Veterinary Medicine at KSU is authorized, subject to appropriations, to enter into agreements with up to five first-year veterinary students per year for a loan in the amount of \$20,000 per year for not more than four years for tuition, books, supplies and other school expenses, travel, and training expenses incurred by the student. The program requires that the persons receiving the loans complete the veterinary medicine degree program at the college; complete all advanced training in public health, livestock biosecurity, foreign animal disease diagnosis, and other requirements outlined in the bill; and engage in the full-time practice of veterinary medicine in any county in Kansas that has a population not exceeding 35,000 for a period of one year for each year of assistance provided.

The **agency** estimates FY 2019 operating expenditures of \$400,000, all from the State General Fund. This is the same amount as the approved amount.

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

F. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$2.4 million, including \$1.4 million from the State General Fund. The revised estimate is an increase of \$280,432, or 13.0 percent, from all funds and \$94,499, or 7.5 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for contractual services.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Mosier Hall MRI Enhancement	\$ 2,120,572	\$ 2,120,572	\$ 0	\$ 0
Small Animal Clinic Renovations	0	0	1,700,328	1,700,328
Trotter Vet Lab Renovations	4,200,000	4,200,000	0	0
TOTAL	\$ 6,320,572	\$ 6,320,572	\$ 1,700,328	\$ 1,700,328
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	6,320,572	6,320,572	1,700,328	1,700,328
TOTAL	\$ 6,320,572	\$ 6,320,572	\$ 1,700,328	\$ 1,700,328

FY 2018 – Current Year. The agency requests a revised estimate of \$6.3 million, all from special revenue funds, for capital improvements in FY 2018. This is an increase of \$5.0 million, or 386.2 percent, above the approved amount. The increase is due to the expenditures for the Mosier Hall MRI project moving into FY 2018 and additional expenditures for the Trotter Lab renovations 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 \$1.7 million, all from special revenue funds, for capital improvements for FY 2019. This is an increase of the same amount due to no FY 2019 budget request last year. This expenditure is for additional renovations for the Small Animal Clinic for FY 2019.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Four-year graduation rate	98.0%	85.6%	90.0%	90.0%
Number of animals treated at veterinary hospital	17,000	18,481	18,000	18,000
Research funding (in millions)	\$13.0	\$10.7	\$12.0	\$12.0

PITTSBURG STATE UNIVERSITY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 34,822,599	\$ 34,396,510	\$ 34,396,510	\$ 34,249,159	\$ 34,249,159
Other Funds	69,607,955	70,795,923	70,795,923	70,801,354	70,801,354
<i>Subtotal</i>	<i>\$ 104,430,554</i>	<i>\$ 105,192,433</i>	<i>\$ 105,192,433</i>	<i>\$ 105,050,513</i>	<i>\$ 105,050,513</i>
Capital Improvements:					
State General Fund	\$ 323,429	\$ 542,263	\$ 542,263	\$ 544,517	\$ 544,517
Other Funds	5,981,271	9,044,560	9,044,560	4,016,176	4,016,176
<i>Subtotal</i>	<i>\$ 6,304,700</i>	<i>\$ 9,586,823</i>	<i>\$ 9,586,823</i>	<i>\$ 4,560,693</i>	<i>\$ 4,560,693</i>
TOTAL	<u>\$ 110,735,254</u>	<u>\$ 114,779,256</u>	<u>\$ 114,779,256</u>	<u>\$ 109,611,206</u>	<u>\$ 109,611,206</u>

Percentage Change:

Operating Expenditures

State General Fund	2.5 %	(1.2) %	(1.2) %	(0.4) %	(0.4) %
All Funds	0.3	0.7	0.7	(0.1)	(0.1)

FTE Positions	1,000.9	974.7	974.7	974.7	974.7

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

Pittsburg State University (PSU) was established in 1903 by the Kansas Legislature to serve the higher education needs of Southeast Kansas. In 1970, PSU became a Regents institution operating under the direction of the State Board of Regents. PSU functions as a comprehensive regional university, providing undergraduate and graduate programs and services primarily to the citizens of Southeast Kansas. This is accomplished through academic programs in Arts and Sciences, Business and Economics, Education, and Technology and Applied Science. PSU also is committed to fulfilling its statewide mission in technology and economic development. PSU seeks to fulfill the traditional academic missions of teaching, scholarship, and service. **A total of 6,907 students attended Pittsburg State University during the Fall 2017 semester, which was a decrease of 195 students, or 2.8 percent, below the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

The **2013 Legislature** reduced the State General Fund operating expenditures of the University by 1.5 percent. There also were reductions to the University's salaries and wages all funds expenditures by approximately 0.7 percent for FY 2014 and 0.2 percent for FY 2015.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$55,397 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$709,717.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$1.1 million in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$1.0 million in FY 2017.

The **2017 Legislature** added \$333,658, including \$279,183 from the State General Fund, for salary adjustments according to the legislation for FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$114.8 million, including \$34.9 million from the State General Fund, in FY 2018. This is an all funds increase of \$1.8 million, or 2.4 percent, above the approved amount. The State General Fund amount is the same as the approved. There is an increase of \$4.8 million in the Educational Building Fund for rehabilitation and repair for capital improvements. There is a decrease of \$2.8 million in operating expenditures, including a decrease of salaries and wages (\$1.4 million) and contractual services (\$952,174).

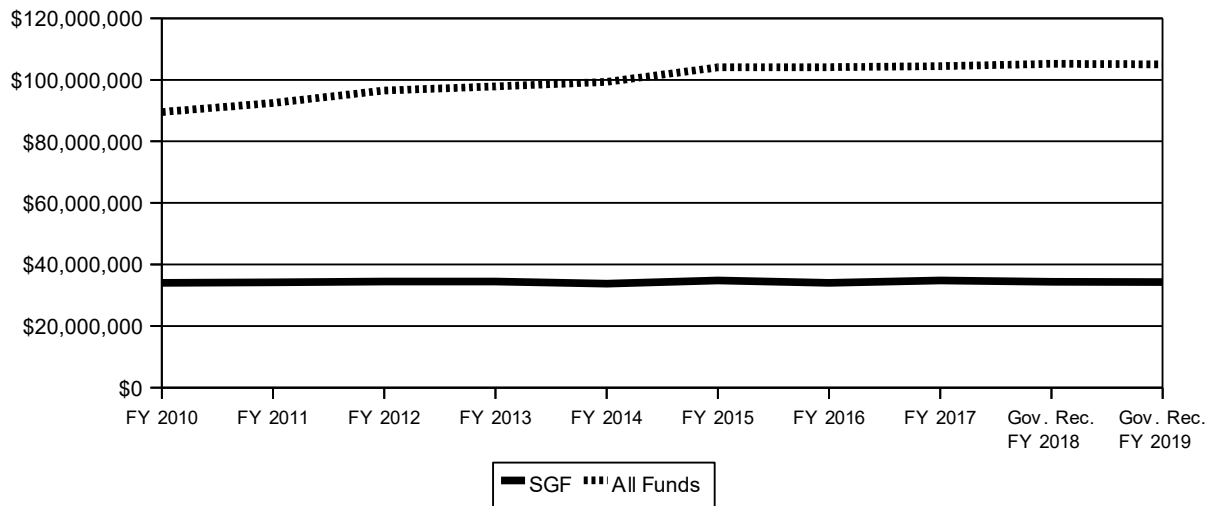
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$109.6 million, including \$34.8 million from the State General Fund, for FY 2019. This is a decrease of \$3.0 million, all from special revenue funds, below the approved amount. There are decreases in salaries and wages (\$1.1 million), contractual services (\$1.4 million), capital outlay (\$635,167), and other assistance (\$648,047), with an offsetting increase in commodities (\$761,733). There are no changes in capital improvements from the approved amount.

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	\$ 34,039,608	(5.8)%	\$ 89,545,836	7.2 %	887.5
2011	34,234,978	0.6	92,474,717	3.3	898.7
2012	34,458,828	0.7	96,517,914	4.4	874.9
2013	34,433,234	(0.1)	97,857,691	1.4	934.5
2014	33,788,292	(1.9)	99,334,735	1.5	934.5
2015	34,794,683	3.0	104,052,919	4.7	958.5
2016	33,989,122	(2.3)	104,121,660	0.1	968.5
2017	34,822,599	2.5	104,430,554	0.3	1,000.9
2018 Gov. Rec.	34,396,510	(1.2)	105,192,433	0.7	974.7
2019 Gov. Rec.	34,249,159	(0.4)	105,050,513	(0.1)	974.7
Ten-Year Change Dollars/Percent	\$ 209,551	0.6 %	\$ 15,504,677	17.3 %	87.2

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Institutional Support	\$ 8,778,433	\$ 8,778,841	\$ 8,348,925	\$ (429,916)	(4.9) %	\$ 8,778,841	\$ 8,348,925	\$ (429,916)	(4.9)%		
Instructional Services	38,695,743	38,054,445	38,294,236	239,791	0.6	38,054,445	38,294,236	239,791	0.6		
Academic Support	10,094,203	8,499,115	8,569,819	70,704	0.8	8,499,115	8,569,819	70,704	0.8		
Student Services	10,083,328	12,912,442	13,003,746	91,304	0.7	12,912,442	13,003,746	91,304	0.7		
Research	2,170,560	2,447,129	2,258,648	(188,481)	(7.7)	2,447,129	2,258,648	(188,481)	(7.7)		
Public Service	1,651,577	2,425,167	2,440,387	15,220	0.6	2,425,167	2,440,387	15,220	0.6		
Student Aid	12,988,144	12,399,642	12,399,642	0	--	12,399,642	12,399,642	0	--		
Auxiliary	6,788,153	7,086,645	7,132,819	46,174	0.7	7,086,645	7,132,819	46,174	0.7		
Physical Plant/Central Services	10,683,552	10,192,008	10,325,181	133,173	1.3	10,192,008	10,325,181	133,173	1.3		
Debt Service	2,496,861	2,396,999	2,277,110	(119,889)	(5.0)	2,396,999	2,277,110	(119,889)	(5.0)		
TOTAL	\$ 104,430,554	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(0.1) %	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(0.1)%		
By Major Object of Expenditure:											
Salaries and Wages	\$ 70,608,877	\$ 67,977,219	\$ 68,703,287	\$ 726,068	1.1 %	\$ 67,977,219	\$ 68,703,287	\$ 726,068	1.1 %		
Contractual Services	12,260,010	15,018,952	14,510,454	(508,498)	(3.4)	15,018,952	14,510,454	(508,498)	(3.4)		
Commodities	4,132,451	5,042,677	5,024,999	(17,678)	(0.4)	5,042,677	5,024,999	(17,678)	(0.4)		
Capital Outlay	1,694,986	2,374,444	2,152,521	(221,923)	(9.3)	2,374,444	2,152,521	(221,923)	(9.3)		
Debt Service	2,496,861	2,396,999	2,277,110	(119,889)	(5.0)	2,396,999	2,277,110	(119,889)	(5.0)		
Subtotal-Operations	\$ 91,193,185	\$ 92,810,291	\$ 92,668,371	\$ (141,920)	(0.2) %	\$ 92,810,291	\$ 92,668,371	\$ (141,920)	(0.2)%		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	13,237,369	12,382,142	12,382,142	0	--	12,382,142	12,382,142	0	--		
TOTAL	\$ 104,430,554	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(0.1) %	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(0.1)%		
Financing:											
State General Fund	\$ 34,822,599	\$ 34,396,510	\$ 34,249,159	\$ (147,351)	(0.4) %	\$ 34,396,510	\$ 34,249,159	\$ (147,351)	(0.4)%		
General Fees Fund	37,281,402	35,350,000	35,350,000	0	--	35,350,000	35,350,000	0	--		
Restricted Fees Fund	11,903,689	13,204,616	13,265,992	61,376	0.5	13,204,616	13,265,992	61,376	0.5		
All Other Funds	20,422,864	22,241,307	22,185,362	(55,945)	(0.3)	22,241,307	22,185,362	(55,945)	(0.3)		
TOTAL	\$ 104,430,554	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(0.1) %	\$ 105,192,433	\$ 105,050,513	\$ (141,920)	(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 \$34,698,414 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 \$240,359, 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 \$34,938,773. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 34,938,773	\$ 34,938,773	\$ 0	\$ 34,938,773	\$ 0
All Other Funds	78,006,157	79,840,483	1,834,326	79,840,483	1,834,326
TOTAL	\$ 112,944,930	\$ 114,779,256	\$ 1,834,326	\$ 114,779,256	\$ 1,834,326
FTE Positions	1,000.9	974.7	(26.2)	974.7	(26.2)

The **agency** requests a revised estimate of \$114.8 million, including \$34.9 million from the State General Fund, in FY 2018. This is an all funds increase of \$1.8 million, or 2.4 percent, above the approved amount. The State General Fund is the same as the approved amount. There is an increase of \$4.8 million in the Educational Building Fund for rehabilitation and repair for capital improvements. There is a decrease of \$2.8 million in operating expenditures, including decreases in salaries and wages (\$1.4 million) and contractual services (\$952,174).

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 2017 Legislature approved a State General Fund budget of \$34,793,676 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 34,793,676	\$ 34,793,676	\$ 0	\$ 34,793,676	\$ 0
All Other Funds	77,820,852	74,817,530	(3,003,322)	74,817,530	(3,003,322)
TOTAL	\$ 112,614,528	\$ 109,611,206	\$ (3,003,322)	\$ 109,611,206	\$ (3,003,322)
FTE Positions	1,000.9	974.7	(26.2)	974.7	(26.2)

The **agency** requests a revised estimate of \$109.6 million, including \$34.8 million from the State General Fund, for FY 2019. This is a decrease of \$3.0 million, or 2.7 percent, all from special revenue funds, below the approved amount. There are decreases in expenditures in salaries and wages (\$1.1 million), contractual services (\$1.4 million), capital outlay (\$635,167), and other assistance (\$648,047), with an offsetting increase in commodities (\$761,733). There are no changes in capital improvements from 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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	32.6 %	32.6 %
General Fees Fund	33.7	33.7
Restricted Fees Fund	12.6	12.6
All Other Funds	21.1	21.1
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 6,705,283	\$ 6,546,604	\$ 6,546,604	\$ 6,464,610	\$ 6,464,610
Revenue	37,595,764	35,389,626	35,389,626	35,389,626	35,389,626
Transfers in	0	0	0	0	0
Funds Available	\$ 44,301,047	\$ 41,936,230	\$ 41,936,230	\$ 41,854,236	\$ 41,854,236
Less:					
Expenditures	37,552,889	35,350,000	35,350,000	35,350,000	35,350,000
Transfers Out	161,547	121,620	121,620	121,620	121,620
Off Budget Expenditures	40,007	0	0	0	0
Ending Balance	\$ 6,546,604	\$ 6,464,610	\$ 6,464,610	\$ 6,382,616	\$ 6,382,616
Ending Balance as Percent of Expenditures	17.4%	18.3%	18.3%	18.1%	18.1%
Month Highest Ending Balance	January \$ 22,652,248	January \$ 24,000,000	January \$ 24,000,000	January \$ 24,000,000	January \$ 24,000,000
Month Lowest Ending Balance	July \$ 4,440,245	June \$ 4,000,000	July \$ 4,000,000	June \$ 4,000,000	July \$ 4,000,000

Enrollment Trends

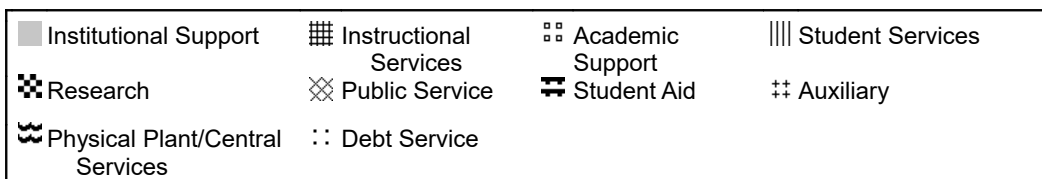
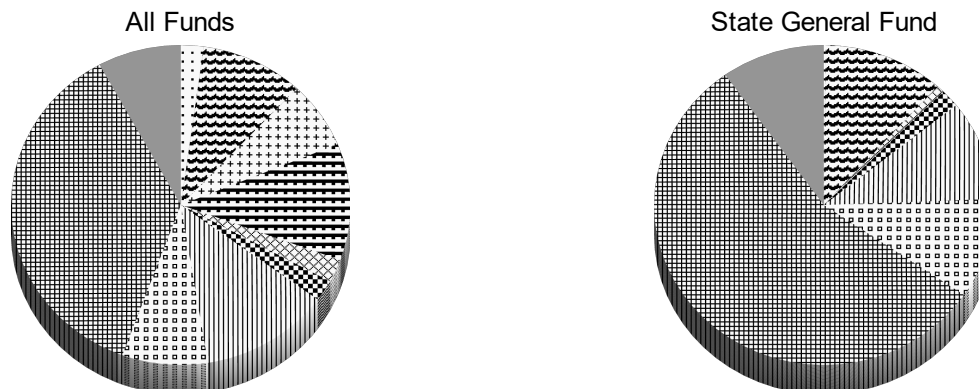
The following table summarizes recent enrollment trends at Pittsburg State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	<u>Fall 2012</u>	<u>Fall 2013</u>	<u>Fall 2014</u>	<u>Fall 2015</u>	<u>Fall 2016</u>	<u>Fall 2017</u>	<u>Fall 2012 to Fall 2017</u>
Headcount	7,289	7,400	7,479	7,244	7,102	6,907	
Change	14	111	79	(235)	(142)	(195)	(382)
% Change	0.2 %	1.5 %	1.1 %	(3.1)%	(2.0)%	(2.7)%	(5.2)%
FTE Students	6,876	6,991	6,981	6,771	6,678	6,444	
Change	(108)	115	(10)	(210)	(93)	(234)	(432)
% Change	(1.5)%	1.7 %	(0.1)%	(3.0)%	(1.4)%	(3.5)%	(6.3)%
Student Credit Hours	97,871	99,312	99,056	96,271	94,839	91,585	
Change	(903)	1,441	(256)	(2,785)	(1,432)	(3,254)	(6,286)
% Change	(0.9)%	1.5 %	(0.3)%	(2.8)%	(1.5)%	(3.4)%	(6.4)%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 8,348,925	7.9 %	\$ 3,376,890	9.9 %
Instructional Services	38,294,236	36.5	19,050,456	55.6
Academic Support	8,569,819	8.2	3,464,599	10.1
Student Services	13,003,746	12.4	3,473,893	10.1
Research	2,258,648	2.2	620,155	1.8
Public Service	2,440,387	2.3	255,378	0.7
Student Aid	12,399,642	11.8	10,177	0.0
Auxiliary	7,132,819	6.8	0	0.0
Physical Plant/Central Services	10,325,181	9.8	3,937,221	11.5
Debt Service	2,277,110	2.2	60,390	0.2
TOTAL	\$ 105,050,513	100.0 %	\$ 34,249,159	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	92.5	93.2	93.2	93.2	93.2
Instructional Services	430.1	430.5	430.5	430.5	430.5
Academic Support	90.8	74.7	74.7	74.7	74.7
Student Services	106.3	104.8	104.8	104.8	104.8
Research	61.8	58.3	58.3	58.3	58.3
Public Service	28.3	29.5	29.5	29.5	29.5
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	54.2	56.1	56.1	56.1	56.1
Physical Plant/Central Services	136.9	127.6	127.6	127.6	127.6
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	1,000.9	974.7	974.7	974.7	974.7

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. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$8.3 million, including \$3.4 million from the State General Fund. The revised estimate is a decrease of \$732,358, or 8.1 percent, from all funds and \$73,968, or 2.1 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for contractual services (\$882,168), with an offsetting increase in salaries and wages (\$278,949).

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

B. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$38.3 million, including \$19.1 million from the State General Fund. The revised estimate is a decrease of \$206,853, or 0.5 percent, from all funds and an increase of \$533,344, or 2.9 percent, from the State General Fund from the approved amount. There are increases in expenditures for salaries and wages (\$123,328) and contractual services (\$276,688), with an offsetting decrease in capital outlay (\$629,418).

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

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$8.6 million, including \$3.5 million from the State General Fund. The revised estimate is a decrease of \$936,762, or 9.9 percent, from all funds and \$410,649, or 10.6 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for salaries and wages (\$805,917) and contractual services (\$444,306).

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$13.0 million, including \$3.5 million from the State General Fund. The revised estimate is an increase of \$88,686, or 0.7 percent, from all funds and \$227,756, or 7.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$60,979) and commodities (\$284,294), with an offsetting decrease in contractual services (\$256,514).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$2.3 million, including \$620,155 from the State General Fund. The revised estimate is a decrease of \$144,526, or 6.0 percent, from all funds and \$19,560, or 3.1 percent, from the State General Fund below the approved amount. The decrease is primarily in expenditures for salaries and wages (\$147,939).

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

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$2.4 million, including \$255,378 from the State General Fund. The revised estimate is a decrease of \$76,347, or 3.0 percent, from all funds and an increase of \$18,428, or 7.8 percent, from the State General Fund from the approved amount. There are decreases in expenditures for contractual services (\$24,571), commodities (\$31,581), and capital outlay (\$32,447), with an offsetting increase in salaries and wages (\$12,252).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$12.4 million, including \$10,177 from the State General Fund. The revised estimate is a decrease of \$648,014, or 5.0 percent, from all funds and an increase of \$584, or 6.1 percent, from the State General Fund from the approved amount. The decrease is mainly in expenditures for other assistance for scholarships.

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$7.1 million, all from special revenue funds. The revised estimate is a decrease of \$139,659, or 1.9 percent, below the approved amount. The decrease is mainly in expenditures for contractual services (\$154,470).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$10.3 million, including \$3.9 million from the State General Fund. The revised estimate is an increase of \$118,747, or 1.2 percent, from all funds and \$3,248, or 0.1 percent, from the State General Fund from the approved amount. The increase is primarily in expenditures for commodities (\$554,564), with an offsetting decrease in salaries and wages (\$393,864).

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$2.3 million, including \$60,390 from the State General Fund. This is an increase of \$7,422, or 0.3 percent, from special revenue funds above the approved amount. There is no change in the State General Fund amount. The increase is due to an increase in bond expenditures.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 4,764,634	\$ 4,764,634	\$ 0	\$ 0
Overman Student Center	250,000	250,000	250,000	250,000
General Maintenance	659,126	659,126	560,000	560,000
Parking	200,000	200,000	200,000	200,000
Debt Service - Principal	3,713,063	3,713,063	3,550,693	3,550,693
TOTAL	\$ 9,586,823	\$ 9,586,823	\$ 4,560,693	\$ 4,560,693
Financing:				
State General Fund	\$ 542,263	\$ 542,263	\$ 544,517	\$ 544,517
Educational Building Fund	4,764,634	4,764,634	0	0
All Other Funds	4,279,926	4,279,926	4,016,176	4,016,176
TOTAL	\$ 9,586,823	\$ 9,586,823	\$ 4,560,693	\$ 4,560,693

FY 2018 – Current Year. The agency requests a revised estimate of \$9.6 million, including \$542,263 from the State General Fund, for capital improvements in FY 2018. This is an increase of \$4.9 million, all from special revenue funds. The increase is mainly due to the transfer of the Educational Building Fund to PSU from the Board of Regents.

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

FY 2019 – Budget Year. The agency requests a revised estimate of \$4.6 million, including \$544,517 from the State General Fund, for capital improvements for FY 2019. This is the same as the approved amount.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Five-year graduation rate	43.0%	44.0%	44.0%	44.0%
Percent of undergraduate credit hours taught by full-time faculty	78.0%	77.6%	78.0%	78.0%

UNIVERSITY OF KANSAS

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 130,484,981	\$ 129,741,617	\$ 129,741,617	\$ 131,263,053	\$ 131,263,053
Other Funds	574,270,802	594,956,394	594,956,394	606,796,713	606,796,713
<i>Subtotal</i>	<i>\$ 704,755,783</i>	<i>\$ 724,698,011</i>	<i>\$ 724,698,011</i>	<i>\$ 738,059,766</i>	<i>\$ 738,059,766</i>
Capital Improvements:					
State General Fund	\$ 1,363,434	\$ 2,360,000	\$ 2,360,000	\$ 2,470,000	\$ 2,470,000
Other Funds	25,401,167	34,605,404	34,605,404	17,829,789	17,829,789
<i>Subtotal</i>	<i>\$ 26,764,601</i>	<i>\$ 36,965,404</i>	<i>\$ 36,965,404</i>	<i>\$ 20,299,789</i>	<i>\$ 20,299,789</i>
TOTAL	<u>\$ 731,520,384</u>	<u>\$ 761,663,415</u>	<u>\$ 761,663,415</u>	<u>\$ 758,359,555</u>	<u>\$ 758,359,555</u>
Percentage Change:					
Operating Expenditures					
State General Fund	0.8 %	(0.6) %	(0.6) %	1.2 %	1.2 %
All Funds	(2.6)	2.8	2.8	1.8	1.8
FTE Positions	5,342.2	5,346.9	5,346.9	5,346.9	5,346.9

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 University of Kansas (KU) was established in 1864 by the Kansas Legislature. KU is a major comprehensive research and teaching university. It is the only Kansas Regents university to hold membership in the Association of American Universities (AAU), a group of 62 public and private research universities that represent excellence in graduate and professional education and the highest achievements in research internationally. In addition to the main campus in Lawrence, KU includes medical centers in Kansas City and Wichita, the Regents Center in Overland Park, and other education and research facilities throughout the state. KU has 14 major academic divisions, including the Liberal Arts and Sciences, Graduate School, Allied Health, Architecture and Urban Design, Business, Education, Engineering, and Social Welfare. **A total of 24,891 students attended the University of Kansas during the Fall 2017 semester, which is a decrease of 1 student, or less than or 0.1 percent, below the Fall 2016 semester.** The University of Kansas Medical Center submits a separate budget and a separate budget analysis is prepared for that institution.

MAJOR ISSUES FROM PRIOR YEARS

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning for FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent and there was an additional reduction to salaries and wages all funds expenditures of approximately 0.5 percent for FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** deleted \$2.0 million, all from the State General Fund, for the Translational Chemical Biology program, added language allowing the University \$25.0 million in bonding authority for the Earth, Energy and Environment project, and allowed the University to exchange property with the University of Kansas Endowment.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$216,214 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$2.7 million in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$4.0 million in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$7.0 million in FY 2017.

The **2017 Legislature** added \$1.6 million for FY 2018 and \$2.9 million for FY 2019 to restore previous year funding cuts to an overall 4.0 percent reduction for FY 2018 and FY 2019.

The **2017 Legislature** also added \$2.2 million, including \$412,165 from the State General Fund, for salary adjustments according to the statutes.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$761.7 million, including \$132.1 million from the State General Fund, in FY 2018. This is a decrease of \$362,513, or less than 0.1 percent, from special revenue funds below the approved amount. There is a decrease of \$12.2 million from operating expenditures, mainly from contractual services (\$21.0 million), commodities (\$3.3 million), and capital outlay (\$8.2 million), with an offsetting increase in expenditures for salaries and wages (\$18.4 million). There is also an offsetting increase of \$11.8 million in capital improvements, mainly due to the transfer of \$11.9 million from the Educational Building Fund for rehabilitation and repair.

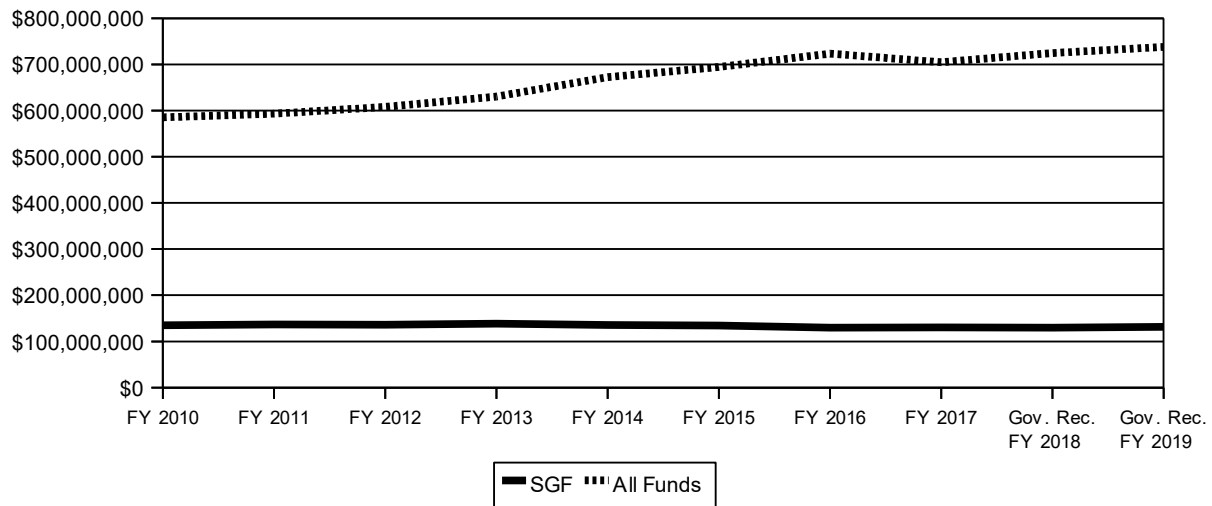
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$758.4 million, including \$133.7 million from the State General Fund, for FY 2019. This is a decrease of \$17.6 million, or 2.3 percent, from special revenue funds below the approved amount. The decrease is mainly in operating expenditures, including contractual services (\$22.7 million), commodities (\$3.6 million), and capital outlay (\$8.7 million), with an offsetting increase in expenditures for salaries and wages (\$18.7 million). There is also a decrease of \$3.2 million, or 2.3 percent, from capital improvement expenditures, mainly due to a decrease in general maintenance and repair projects.

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	\$ 134,699,764	(5.4)%	\$ 585,433,037	3.3 %	5,405.0
2011	136,517,080	1.3	593,230,936	1.3	4,949.0
2012	136,019,806	(0.4)	607,975,534	2.5	4,793.4
2013	138,096,993	1.5	630,471,832	3.7	5,342.1
2014	135,402,775	(2.0)	672,585,831	6.7	5,342.1
2015	134,463,063	(0.7)	694,424,696	3.2	5,342.1
2016	129,474,124	(3.7)	723,371,493	4.2	5,342.1
2017	130,484,981	0.8	704,755,783	(2.6)	5,342.2
2018 Gov. Rec.	129,741,617	(0.6)	724,698,011	2.8	5,346.9
2019 Gov. Rec.	131,263,053	1.2	738,059,766	1.8	5,346.9
Ten-Year Change					
Dollars/Percent	\$ (3,436,711)	(2.6)%	\$ 152,626,729	26.1 %	(58.1)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Institutional Support	\$ 51,991,574	\$ 50,203,818	\$ 50,556,276	\$ 352,458	0.7 %	\$ 50,203,818	\$ 50,556,276	\$ 352,458	0.7 %		
Instructional Services	259,712,924	270,821,049	274,932,749	4,111,700	1.5	270,821,049	274,932,749	4,111,700	1.5		
Academic Support	44,582,830	48,756,548	49,111,681	355,133	0.7	48,756,548	49,111,681	355,133	0.7		
Student Services	29,798,688	29,667,859	29,933,208	265,349	0.9	29,667,859	29,933,208	265,349	0.9		
Research	109,518,763	106,463,480	106,976,022	512,542	0.5	106,463,480	106,976,022	512,542	0.5		
Public Service	8,869,378	9,615,160	9,674,965	59,805	0.6	9,615,160	9,674,965	59,805	0.6		
Student Aid	80,143,095	80,448,822	80,451,696	2,874	0.0	80,448,822	80,451,696	2,874	0.0		
Auxiliary	53,723,823	58,989,331	63,100,148	4,110,817	7.0	58,989,331	63,100,148	4,110,817	7.0		
Physical Plant/Central Services	57,594,010	60,283,307	63,900,175	3,616,868	6.0	60,283,307	63,900,175	3,616,868	6.0		
Debt Service	8,820,698	9,448,637	9,422,846	(25,791)	(0.3)	9,448,637	9,422,846	(25,791)	(0.3)		
TOTAL	\$ 704,755,783	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	1.8 %	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	1.8 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 471,833,221	\$ 483,968,006	\$ 488,190,815	\$ 4,222,809	0.9 %	\$ 483,968,006	\$ 488,190,815	\$ 4,222,809	0.9 %		
Contractual Services	123,359,417	129,866,988	138,830,089	8,963,101	6.9	129,866,988	138,830,089	8,963,101	6.9		
Commodities	17,387,121	17,579,312	17,789,112	209,800	1.2	17,579,312	17,789,112	209,800	1.2		
Capital Outlay	10,026,821	10,098,772	10,098,772	0	0.0	10,098,772	10,098,772	0	0.0		
Debt Service	8,820,698	9,448,637	9,422,846	(25,791)	(0.3)	9,448,637	9,422,846	(25,791)	(0.3)		
Subtotal-Operations	\$ 631,427,278	\$ 650,961,715	\$ 664,331,634	\$ 13,369,919	2.1 %	\$ 650,961,715	\$ 664,331,634	\$ 13,369,919	2.1 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	73,328,505	73,736,296	73,728,132	(8,164)	(0.0)	73,736,296	73,728,132	(8,164)	(0.0)		
TOTAL	\$ 704,755,783	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	1.8 %	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	1.8 %		
Financing:											
State General Fund	\$ 130,484,981	\$ 129,741,617	\$ 131,263,053	\$ 1,521,436	1.2 %	\$ 129,741,617	\$ 131,263,053	\$ 1,521,436	1.2 %		
General Fees Fund	296,410,983	303,549,184	309,443,211	5,894,027	1.9	303,549,184	309,443,211	5,894,027	1.9		
Restricted Fees Fund	134,996,887	137,183,622	137,591,567	407,945	0.3	137,183,622	137,591,567	407,945	0.3		
All Other Funds	142,862,932	154,223,588	159,761,935	5,538,347	3.6	154,223,588	159,761,935	5,538,347	3.6		
TOTAL	\$ 704,755,783	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	1.8 %	\$ 724,698,011	\$ 738,059,766	\$ 13,361,755	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 \$132,101,617 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 132,101,617	\$ 132,101,617	\$ 0	\$ 132,101,617	\$ 0
All Other Funds	629,924,311	629,561,798	(362,513)	629,561,798	(362,513)
TOTAL	\$ 762,025,928	\$ 761,663,415	\$ (362,513)	\$ 761,663,415	\$ (362,513)
FTE Positions	5,342.1	5,346.9	4.8	5,346.9	4.8

The **agency** requests a revised estimate of \$761.7 million, including \$132.1 million from the State General Fund, in FY 2018. This is a decrease of \$362,513, or less than 0.1 percent, from special revenue funds below the approved amount. There is a decrease of \$12.2 million from operating expenditures, mainly from contractual services (\$21.0 million), commodities (\$3.3 million), and capital outlay (\$8.2 million), with an offsetting increase in expenditures for salaries and wages (\$18.4 million). There is also an offsetting increase of \$11.8 million in capital improvements, mainly due to the transfer of \$11.9 million from the Educational Building Fund for rehabilitation and repair.

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 2017 Legislature approved a State General Fund budget of \$133,733,053 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 133,733,053	\$ 133,733,053	\$ 0	\$ 133,733,053	\$ 0
All Other Funds	642,178,762	624,626,502	(17,552,260)	624,626,502	(17,552,260)
TOTAL	\$ 775,911,815	\$ 758,359,555	\$ (17,552,260)	\$ 758,359,555	\$ (17,552,260)
FTE Positions	5,342.1	5,346.9	4.8	5,346.9	4.8

The **agency** requests a revised estimate of \$758.4 million, including \$133.7 million from the State General Fund, for FY 2019. This is a decrease of \$17.6 million, or 2.3 percent, from special revenue funds below the approved amount. The decrease is mainly in operating expenditures, including contractual services (\$22.7 million), commodities (\$3.6 million), and capital outlay (\$8.7 million), with an offsetting increase in expenditures for salaries and wages (\$18.7 million). There is also a decrease of \$3.2 million, or 2.3 percent, from capital improvement expenditures, mainly due to a decrease in general maintenance and repair projects.

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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	17.8 %	17.8 %
General Fees Fund	41.9	41.9
Restricted Fees Fund	18.6	18.6
All Other Funds	21.7	21.7
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 16,394,615	\$ 19,192,438	\$ 19,192,438	\$ 19,100,991	\$ 19,100,991
Revenue	306,767,513	311,576,763	311,576,763	313,376,763	313,376,763
Transfers in	250,000	0	0	0	0
Funds Available	\$ 323,412,128	\$ 330,769,201	\$330,769,201	\$ 332,477,754	\$332,477,754
Less:					
Expenditures	303,052,054	311,000,000	311,000,000	313,000,000	313,000,000
Transfers Out	904,054	668,210	668,210	668,210	668,210
Off Budget Expenditures	263,582	0	0	0	0
Ending Balance	\$ 19,192,438	\$ 19,100,991	\$ 19,100,991	\$ 18,809,544	\$ 18,809,544
Ending Balance as Percent of Expenditures	6.3%	6.1%	6.1%	6.0%	6.0%
Month Highest Ending Balance	July \$ 89,290,491	July \$ 88,000,000	July \$ 88,000,000	July \$ 91,000,000	July \$ 91,000,000
Month Lowest Ending Balance	February \$ 7,729,992	February \$ 5,278,053	February \$ 5,278,053	February \$ 8,250,000	February \$ 8,250,000

Enrollment Trends

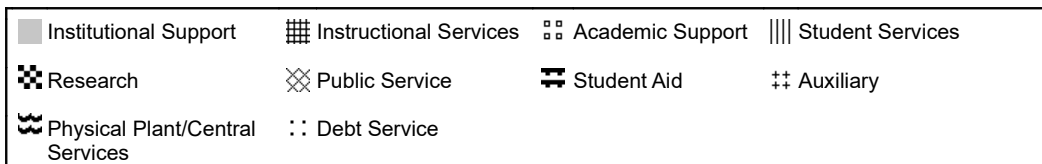
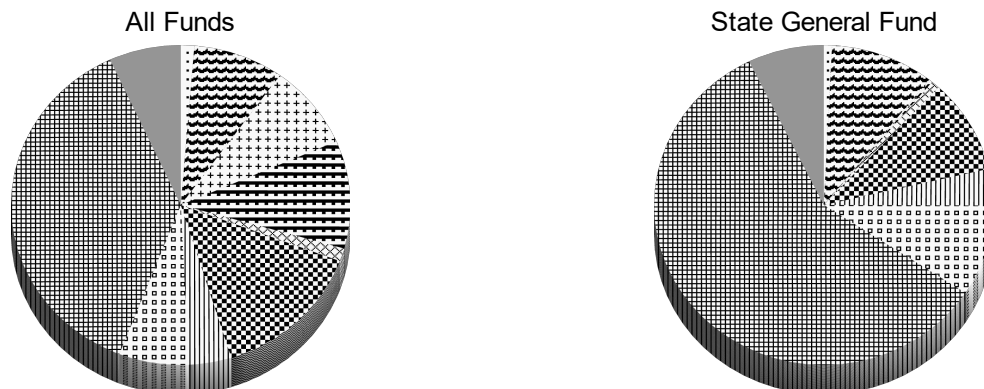
The following table summarizes recent enrollment trends at the University of Kansas. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	24,577	24,435	24,612	24,708	24,892	24,891	
Change	(871)	(142)	177	96	184	-1	314
%Change	(3.4)%	(0.6)%	0.7 %	0.4 %	0.7 %	(0.0)%	1.3 %
FTE Students	22,468	22,327	22,532	22,647	22,726	22,712	
Change	(822)	(141)	205	115	79	(14)	244
%Change	(3.5)%	(0.6)%	0.9 %	0.5 %	0.3 %	(0.1)%	1.1 %
Student Credit Hours	307,914	307,169	309,972	310,757	311,497	311,389	
Change	(10,364)	(745)	2,803	785	740	(108)	3,475
%Change	(3.3)%	(0.2)%	0.9 %	0.3 %	0.2 %	(0.0)%	1.1 %

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 50,556,276	6.8 %	\$ 9,521,685	7.3 %
Instructional Services	274,932,749	37.3	76,756,037	58.5
Academic Support	49,111,681	6.7	12,098,616	9.2
Student Services	29,933,208	4.1	4,863,491	3.7
Research	106,976,022	14.5	12,517,968	9.5
Public Service	9,674,965	1.3	1,040,427	0.8
Student Aid	80,451,696	10.9	236,617	0.2
Auxiliary	63,100,148	8.5	230,660	0.2
Physical Plant/Central Services	63,900,175	8.7	12,979,638	9.9
Debt Service	9,422,846	1.3	1,017,914	0.8
TOTAL	\$ 738,059,766	100.0 %	\$ 131,263,053	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	374.7	370.5	370.5	370.5	370.5
Instructional Services	2,981.5	2,986.2	2,986.2	2,986.2	2,986.2
Academic Support	444.8	418.7	418.7	418.7	418.7
Student Services	302.6	293.9	293.9	293.9	293.9
Research	394.8	413.7	413.7	413.7	413.7
Public Service	89.3	86.3	86.3	86.3	86.3
Student Aid	4.0	3.0	3.0	3.0	3.0
Auxiliary	195.8	198.8	198.8	198.8	198.8
Physical Plant/Central Services	554.7	575.8	575.8	575.8	575.8
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	5,342.2	5,346.9	5,346.9	5,346.9	5,346.9

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. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$50.6 million, including \$9.5 million from the State General Fund. The overall revised estimate is an increase of \$12.4 million, or 32.6 percent, from all funds and a decrease of \$12.5 million, or 56.8 percent, from the State General Fund from the approved amount. There is a shift in funding sources from the State General Fund to the General Fees Fund within this program. There is an increase in expenditures for salaries and wages (\$17.3 million), with offsetting decreases in expenditures for contractual services (\$1.9 million) and capital outlay (\$3.2 million).

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

B. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$274.9 million, including \$76.8 million from the State General Fund. The overall revised estimate is a decrease of \$2.2 million, or 0.8 percent, from all funds and an increase of \$47.5 million, or 162.2 percent, from the State General Fund from the approved amount. There is a shift in funding sources from the General Fees Fund to the State General Fund within this program. There is mainly a decrease of expenditures for contractual services (\$6.3 million) and capital outlay (\$2.3 million), with an offsetting increase in expenditures for salaries and wages (\$7.2 million).

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

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$49.1 million, including \$12.1 million from the State General Fund. The revised estimate is a decrease of \$6.3 million, or 11.4 percent, from all funds and \$9.1 million, or 43.0 percent, from the State General Fund below the approved amount. There are decreases mainly in expenditures for salaries and wages (\$1.2 million), contractual services (\$2.7 million), and capital outlay (\$1.9 million).

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$29.9 million, including \$4.9 million from the State General Fund. The revised estimate is a decrease of \$15.4 million, or 33.9 percent, from all funds and \$3.3 million, or 40.3 percent, from the State General Fund below the approved amount. There are decreases mainly in expenditures for other assistance (\$13.4 million) and contractual services (\$3.8 million), with an offsetting increase in expenditures for salaries and wages (\$2.8 million).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$107.0 million, including \$12.5 million from the State General Fund. The revised estimate is a decrease of \$11.5 million, or 9.7 percent, from all funds and \$9.0 million, or 41.8 percent, from the State General Fund below the approved amount. The decrease is due to decreases in expenditures for salaries and wages (\$5.8 million), contractual services (\$2.6 million), commodities (\$1.2 million), and capital outlay (\$1.5 million).

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

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$9.7 million, including \$1.0 million from the State General Fund. The revised estimate is a decrease of \$881,802, or 8.4 percent, from all funds and \$917,598, or 46.9 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for contractual services (\$1.7 million), with an offsetting increase in expenditures for salaries and wages (\$988,420).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$80.5 million, including \$236,617 from the State General Fund. This is an increase of \$15.7 million, or 24.2 percent, from all funds and \$236,617, or 100.0 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for other assistance (\$15.5 million).

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$63.1 million, including \$230,660 from the State General Fund. This is a decrease of \$8.7 million, or 12.1 percent, from all funds and \$317,785, or 57.9 percent, from the State General Fund below the approved amount. The decrease is primarily in expenditures for contractual services (\$8.9 million).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$63.9 million, including \$13.0 million from the State General Fund. The revised estimate is an overall increase of \$4.6 million, or 7.7 percent, from all funds and a decrease of \$12.2 million, or 48.4 percent, from the State General Fund from the approved amount. The increase is mainly in expenditures for contractual services (\$5.1 million), with an offsetting decrease in salaries and wages (\$1.0 million).

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$9.4 million, including \$1.0 million from the State General Fund. This is an increase of \$62,520, or 0.7 percent, from all funds above the approved amount. The State General Fund amount is the same as the approved. The increase is due to additional interest payments on bonds.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 11,949,998	\$ 11,949,998	\$ 0	\$ 0
Housing	1,050,000	1,050,000	2,950,000	2,950,000
Student Health Facility	3,100,000	3,100,000	400,000	400,000
Student Recreation	805,510	805,510	500,000	500,000
Law Enforcement Training Center	750,000	750,000	750,000	750,000
Research Triangle	300,000	300,000	0	0
General Maintenance	5,551,811	5,551,811	1,000,000	1,000,000
Parking	1,093,060	1,093,060	1,428,791	1,428,791
Debt Service—Principal	12,365,025	12,365,025	13,270,998	13,270,998
TOTAL	\$ 36,965,404	\$ 36,965,404	\$ 20,299,789	\$ 20,299,789
Financing:				
State General Fund	\$ 2,360,000	\$ 2,360,000	\$ 2,470,000	\$ 2,470,000
Educational Building Fund	11,949,998	11,949,998	0	0
All Other Funds	22,655,406	22,655,406	17,829,789	17,829,789
TOTAL	\$ 36,965,404	\$ 36,965,404	\$ 20,299,789	\$ 20,299,789

FY 2018 – Current Year. The agency requests a revised capital improvement budget of \$37.0 million, including \$2.4 million from the State General Fund, in FY 2018. This is an increase of \$11.8 million, or 47.0 percent, from special revenue funds above the approved amount. The increase is mainly due to the transfer of \$11.9 million of the Educational Building Fund from the Board of Regents for rehabilitation and repair.

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

FY 2019 – Budget Year. The agency requests a revised capital improvement budget of \$20.3 million, including \$2.5 million from the State General Fund, for FY 2019. This is a decrease of \$3.2 million, or 13.6 percent, from special revenue funds below the approved amount. The decrease is mainly due to a reduction in miscellaneous building repair projects for FY 2019.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Six-year graduation rate	57.0%	63.4%	63.4%	63.4%
Percent of credit hours taught by faculty	84.0%	85.0%	85.0%	85.0%

UNIVERSITY OF KANSAS MEDICAL CENTER

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 107,393,092	\$ 104,914,311	\$ 104,914,311	\$ 105,371,776	\$ 108,371,776
Other Funds	259,883,072	251,179,106	251,179,106	249,531,946	249,531,946
Subtotal	\$ 367,276,164	\$ 356,093,417	\$ 356,093,417	\$ 354,903,722	\$ 357,903,722
Capital Improvements:					
State General Fund	\$ 1,079,581	\$ 1,122,004	\$ 1,122,004	\$ 1,169,439	\$ 1,169,439
Other Funds	25,312,844	18,095,791	18,095,791	5,740,000	5,740,000
Subtotal	\$ 26,392,425	\$ 19,217,795	\$ 19,217,795	\$ 6,909,439	\$ 6,909,439
TOTAL	\$ 393,668,589	\$ 375,311,212	\$ 375,311,212	\$ 361,813,161	\$ 364,813,161
Percentage Change:					
Operating Expenditures					
State General Fund	4.2 %	(2.3) %	(2.3) %	0.4 %	3.3 %
All Funds	12.7	(3.0)	(3.0)	(0.3)	0.5
FTE Positions	3,239.5	2,986.5	2,986.5	2,986.5	2,986.5

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 University of Kansas Medical Center (KUMC) is under the jurisdiction of the University of Kansas. The Executive Vice-chancellor of KUMC reports directly to the Chancellor of the University of Kansas. KUMC is composed of the School of Medicine (located in Kansas City and Wichita), the School of Nursing, the School of Allied Health, and a graduate school. KUMC was established in 1905 through the merger of a number of proprietary medical schools; the first building on the present site was opened in 1924. **A total of 3,556 students attended the University of Kansas Medical Center during the Fall 2017 semester, which is an increase of 47 students, or 1.3 percent, above the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning in FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents using a credit hour cost calculation model.

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

The **2013 Legislature** reduced the University's State General Fund operating budget by 1.5 percent with an additional reduction to the salaries and wages all funds expenditures of approximately 1.5 percent for FY 2014 and 1.3 percent for FY 2015.

The **2014 Legislature** added \$5.0 million, all from the State General Fund, and deleted the same amount from special revenue funds for cancer research. The Legislature also added language for \$25.0 million in bonding authority for the Health Education Building project.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$73,677 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$2.1 million in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$3.2 million in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$3.7 million in FY 2017.

The **2017 Legislature** passed SB 32, which amended the Medical Student Loan Act to add general psychiatry and child psychiatry to the approved postgraduate residency training program. The bill also amended the Kansas Medical Residency Bridging Program, which allows KUMC to enter into residency bridging loan agreements with three medical residents in training in general or child psychiatry. Two new funds were appropriated for these programs with an appropriation of \$1.0 million, all from the State General Fund, to fund these new programs for FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$375.3 million, including \$106.0 million from the State General Fund, in FY 2018. This is an increase of \$14.4 million, or 4.0 percent, from all funds above the amount approved. There is no change in the State General Fund estimate from the approved amount. The increase is mainly in capital improvements expenditures due to the transfer of \$6.2 million from the Educational Building Fund to KUMC from the Board of Regents for rehabilitation and repair projects, with additional expenditures for parking repairs (\$2.0 million) and the Health Education Building (\$5.0 million). There is also an increase in operational expenditures of \$1.5 million, mainly in salaries and wages (\$6.3 million) and capital outlay (\$2.5 million), with offsetting reductions to expenditures for contractual services (\$2.9 million) and commodities (\$5.5 million).

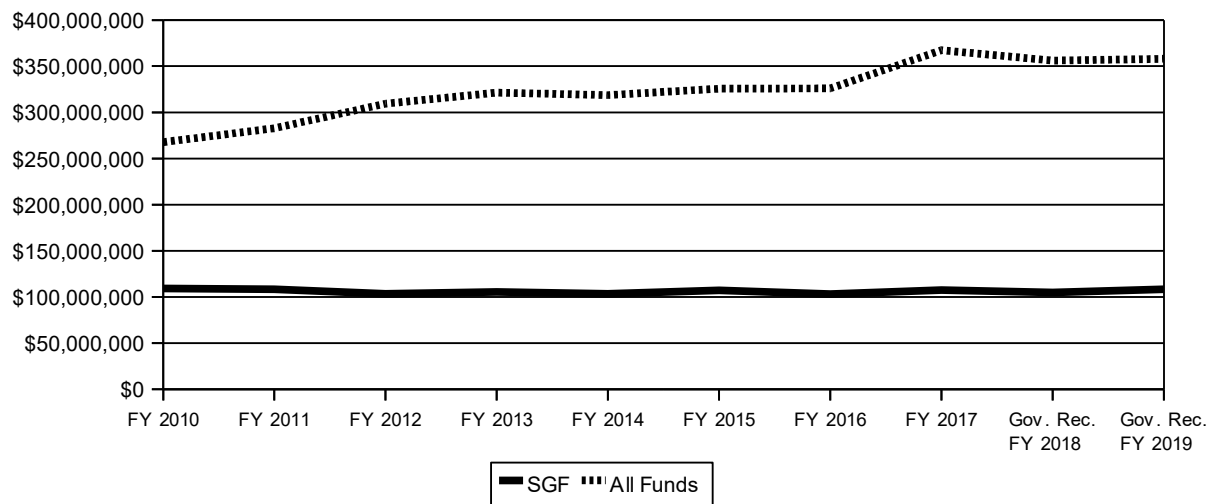
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$361.8 million, including \$106.5 million from the State General Fund, for FY 2019. This is a decrease of \$289,771, or 0.1 percent, from all funds below the approved amount. There is no change in the State General Fund estimate from the approved amount. The decrease is mainly in operational expenditures, including contractual services (\$780,667), commodities (\$1.3 million), and capital outlay (\$297,266), with an offsetting increase in expenditures for salaries and wages (\$1.3 million). There is also an increase of \$1.8 million for parking expenditures in capital improvements.

The **Governor** concurs with the agency's revised estimate, with an additional \$3.0 million, all from the State General Fund, for a dental school 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	\$ 109,293,224	(7.7)%	\$ 267,673,172	2.7 %	2,916.4
2011	108,328,970	(0.9)	282,727,782	5.6	2,438.3
2012	103,274,696	(4.7)	309,369,226	9.4	2,721.0
2013	105,327,704	2.0	321,340,020	3.9	2,837.8
2014	103,377,756	(1.9)	318,598,774	(0.9)	2,837.8
2015	107,261,725	3.8	325,633,791	2.2	2,716.1
2016	103,090,804	(3.9)	325,903,090	0.1	2,910.5
2017	107,393,092	4.2	367,276,164	12.7	3,239.5
2018 Gov. Rec.	104,914,311	(2.3)	356,093,417	(3.0)	2,986.5
2019 Gov. Rec.	108,371,776	3.3	357,903,722	0.5	2,986.5
Ten-Year Change Dollars/Percent	\$ (921,448)	(0.8)%	\$ 90,230,550	33.7 %	70.1

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Institutional Support	\$	36,101,817	\$ 29,917,208	\$ 29,020,452	\$ (896,756)	(3.0) %	\$ 29,917,208	\$ 29,020,452	\$ (896,756)	(3.0) %
Instructional Services		155,012,141	154,427,908	155,769,592	1,341,684	0.9	154,427,908	158,769,592	4,341,684	2.8
Academic Support		18,193,881	16,936,162	16,652,720	(283,442)	(1.7)	16,936,162	16,652,720	(283,442)	(1.7)
Student Services		6,134,154	6,640,873	6,560,807	(80,066)	(1.2)	6,640,873	6,560,807	(80,066)	(1.2)
Research		90,788,531	89,620,165	89,711,047	90,882	0.1	89,620,165	89,711,047	90,882	0.1
Public Service		8,555,946	9,994,253	9,838,033	(156,220)	(1.6)	9,994,253	9,838,033	(156,220)	(1.6)
Student Aid		7,263,690	6,802,997	6,637,509	(165,488)	(2.4)	6,802,997	6,637,509	(165,488)	(2.4)
Auxiliary		4,172,544	3,741,879	3,862,513	120,634	3.2	3,741,879	3,862,513	120,634	3.2
Physical Plant/Central Services		39,153,602	34,093,734	32,874,027	(1,219,707)	(3.6)	34,093,734	32,874,027	(1,219,707)	(3.6)
Debt Service		1,899,858	3,918,238	3,977,022	58,784	1.5	3,918,238	3,977,022	58,784	1.5
TOTAL	\$	367,276,164	\$ 356,093,417	\$ 354,903,722	\$ (1,189,695)	(0.3) %	\$ 356,093,417	\$ 357,903,722	\$ 1,810,305	0.5 %
By Major Object of Expenditure:										
Salaries and Wages	\$	287,171,161	\$ 295,166,453	\$ 296,424,081	\$ 1,257,628	0.4 %	\$ 295,166,453	\$ 299,424,081	\$ 4,257,628	1.4 %
Contractual Services		42,686,807	33,944,629	33,163,962	(780,667)	(2.3)	33,944,629	33,163,962	(780,667)	(2.3)
Commodities		10,706,230	5,344,254	4,059,543	(1,284,711)	(24.0)	5,344,254	4,059,543	(1,284,711)	(24.0)
Capital Outlay		14,308,143	6,892,670	6,595,404	(297,266)	(4.3)	6,892,670	6,595,404	(297,266)	(4.3)
Debt Service		1,899,858	3,918,238	3,977,022	58,784	1.5	3,918,238	3,977,022	58,784	1.5
<i>Subtotal-Operations</i>	<i>\$</i>	<i>356,772,199</i>	<i>\$ 345,266,244</i>	<i>\$ 344,220,012</i>	<i>\$ (1,046,232)</i>	<i>(0.3) %</i>	<i>\$ 345,266,244</i>	<i>\$ 347,220,012</i>	<i>\$ 1,953,768</i>	<i>0.6 %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		10,503,965	10,827,173	10,683,710	(143,463)	(1.3)	10,827,173	10,683,710	(143,463)	(1.3)
TOTAL	\$	367,276,164	\$ 356,093,417	\$ 354,903,722	\$ (1,189,695)	(0.3) %	\$ 356,093,417	\$ 357,903,722	\$ 1,810,305	0.5 %
Financing:										
State General Fund	\$	107,393,092	\$ 104,914,311	\$ 105,371,776	\$ 457,465	0.4 %	\$ 104,914,311	\$ 108,371,776	\$ 3,457,465	3.3 %
General Fees Fund		49,372,986	48,118,080	45,614,359	(2,503,721)	(5.2)	48,118,080	45,614,359	(2,503,721)	(5.2)
Restricted Fees Fund		92,785,478	79,311,164	79,076,078	(235,086)	(0.3)	79,311,164	79,076,078	(235,086)	(0.3)
All Other Funds		117,724,608	123,749,862	124,841,509	1,091,647	0.9	123,749,862	124,841,509	1,091,647	0.9
TOTAL	\$	367,276,164	\$ 356,093,417	\$ 354,903,722	\$ (1,189,695)	(0.3) %	\$ 356,093,417	\$ 357,903,722	\$ 1,810,305	0.5 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$106,036,315 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 106,036,315	\$ 106,036,315	\$ 0	\$ 106,036,315	\$ 0
All Other Funds	254,839,365	269,274,897	14,435,532	269,274,897	14,435,532
TOTAL	\$ 360,875,680	\$ 375,311,212	\$ 14,435,532	\$ 375,311,212	\$ 14,435,532
FTE Positions	3,239.5	2,986.5	(253.0)	2,986.5	(253.0)

The **agency** requests a revised estimate of \$375.3 million, including \$106.0 million from the State General Fund, in FY 2018. This is an increase of \$14.4 million, or 4.0 percent, from all funds above the approved amount. There is no change in the State General Fund estimate from the approved amount. The increase is mainly in capital improvement expenditures due to the transfer of \$6.2 million from the Educational Building Fund to KUMC from the Board of Regents for rehabilitation and repair projects, with additional expenditures for parking repairs (\$2.0 million) and the Health Education Building (\$5.0 million). There is also an increase in operational expenditures of \$1.5 million, mainly in salaries and wages (\$6.3 million) and capital outlay (\$2.5 million), with offsetting reductions to expenditures for contractual services (\$2.9 million) and commodities (\$5.5 million).

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 2017 Legislature approved a State General Fund budget of \$106,541,215 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 106,541,215	\$ 106,541,215	\$ 0	\$ 109,541,215	\$ 3,000,000
All Other Funds	255,561,717	255,271,946	(289,771)	255,271,946	(289,771)
TOTAL	\$ 362,102,932	\$ 361,813,161	\$ (289,771)	\$ 364,813,161	\$ 2,710,229
FTE Positions	3,239.5	2,986.5	(253.0)	2,986.5	(253.0)

The **agency** requests a revised estimate of \$361.8 million, including \$106.5 million from the State General Fund, for FY 2019. This is a decrease of \$289,771, or 0.1 percent, from all funds below the approved amount. There is no change in the State General Fund estimate from the approved amount. The decrease is mainly in operational expenditures, including contractual services (\$780,667), commodities (\$1.3 million), and capital outlay (\$297,266), with an offsetting increase in expenditures for salaries and wages (\$1.3 million). There is also an increase of \$1.8 million for parking expenditures in capital improvements.

The **Governor** concurs with the agency's revised estimate, with an additional \$3.0 million, all from the State General Fund, for a dental school 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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	29.7 %	30.3 %
General Fees Fund	12.9	12.7
Restricted Fees Fund	22.3	22.1
All Other Funds	35.2	34.9
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 11,489,752	\$ 3,961,764	\$ 3,961,764	\$ 1,510,825	\$ 1,510,825
Revenue	44,696,459	46,494,805	46,494,805	46,491,909	46,491,909
Transfers in	0	0	0	0	0
Funds Available	\$ 56,186,211	\$ 50,456,569	\$ 50,456,569	\$ 48,002,734	\$ 48,002,734
Less:					
Expenditures	51,847,113	48,588,080	48,588,080	46,104,359	46,104,359
Transfers Out	377,334	357,664	357,664	365,924	365,924
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 3,961,764	\$ 1,510,825	\$ 1,510,825	\$ 1,532,451	\$ 1,532,451
Ending Balance as Percent of Expenditures	7.6%	3.1%	3.1%	3.3%	3.3%
Month Highest Ending Balance	January \$ 15,444,815	November \$ 10,000,000	November \$ 10,000,000	December \$ 10,000,000	December \$ 10,000,000
Month Lowest Ending Balance	November \$ 2,598,986	May \$ 2,000,000	May \$ 2,000,000	November \$ 2,000,000	November \$ 2,000,000

Enrollment Trends

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

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	3,362	3,349	3,371	3,383	3,509	3,556	
Change	92	(13)	22	12	126	47	194
%Change	2.8 %	(0.4)%	0.7 %	0.4 %	3.7 %	1.3 %	5.8 %
FTE Students*	3,038	3,045	3,062	3,089	3,191	3,227	
Change	63	7	17	27	102	36	189
%Change	2.1 %	0.2 %	0.6 %	0.9 %	3.3 %	1.1 %	6.2 %
Student Credit Hours	29,509	29,765	31,186	31,213	32,485	33,995	
Change	860	256	1,421	27	1,272	1,510	4,486
%Change	3.0 %	0.9 %	4.8 %	0.1 %	4.1 %	4.6 %	15.2 %

*Enrollment includes medical residents/fellows and visiting MD/Pharm.D. students.

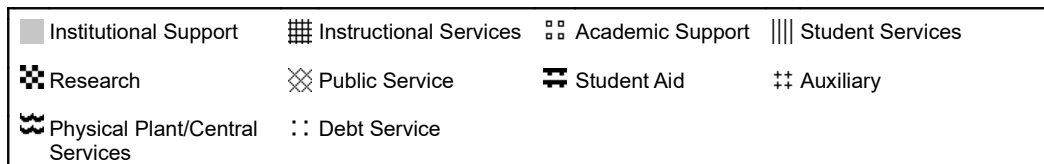
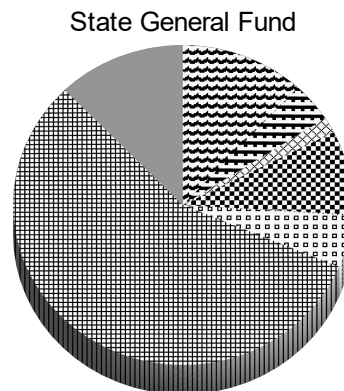
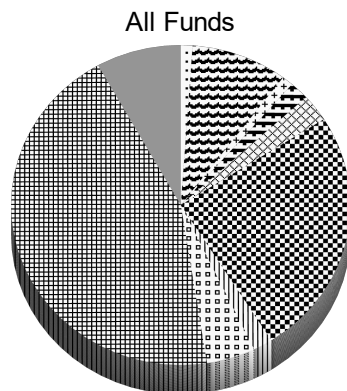
Medical students, MD/Ph.D students, medical residents/fellows, professional UG certificate program students, psychiatry interns/practicum students, and visiting MD/Pharm.D. students are all classified as full-time regardless of student credit hours and have an FTE assigned to 1.0.

All other FTE are based upon dividing credit hours by 15 for undergraduate students and by 9 for graduate or professional students.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 29,020,452	8.1 %	\$ 13,263,883	12.2 %
Instructional Services	158,769,592	44.4	61,174,234	56.4
Academic Support	16,652,720	4.7	5,693,816	5.3
Student Services	6,560,807	1.8	112,757	0.1
Research	89,711,047	25.1	9,195,590	8.5
Public Service	9,838,033	2.7	1,727,836	1.6
Student Aid	6,637,509	1.9	4,353,262	4.0
Auxiliary	3,862,513	1.1	0	0.0
Physical Plant/Central Services	32,874,027	9.2	12,600,183	11.6
Debt Service	3,977,022	1.1	250,215	0.2
TOTAL	\$ 357,903,722	100.0 %	\$ 108,371,776	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	231.1	178.8	178.8	178.8	178.8
Instructional Services	1,389.2	1,332.8	1,332.8	1,332.8	1,332.8
Academic Support	153.1	125.6	125.6	125.6	125.6
Student Services	62.9	62.1	62.1	62.1	62.1
Research	1,039.7	961.3	961.3	961.3	961.3
Public Service	98.9	72.7	72.7	72.7	72.7
Student Aid	0.1	1.4	1.4	1.4	1.4
Auxiliary	41.9	39.7	39.7	39.7	39.7
Physical Plant/Central Services	222.6	212.1	212.1	212.1	212.1
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	3,239.5	2,986.5	2,986.5	2,986.5	2,986.5

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.

A. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$29.0 million, including \$13.3 million from the State General Fund. The revised estimate is a decrease of \$3.5 million, or 10.7 percent, from all funds and an increase of \$443,460, or 3.5 percent, from the State General Fund from the approved amount. The decrease is primarily in expenditures for commodities (\$5.8 million), with an offsetting increase in expenditures for salaries and wages (\$667,511) and capital outlay (\$1.5 million).

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

B. Instructional Services

The Instructional Services program includes all instruction of students.

The **agency** estimates FY 2019 operating expenditures of \$155.8 million, including \$58.2 million from the State General Fund. The revised estimate is a decrease of \$275,035, or 0.2 percent, from all funds and an increase of \$2.1 million, or 3.8 percent, from the State General Fund from the approved amount. The decrease is primarily in expenditures for contractual services (\$2.6 million) and commodities (\$220,687), with an offsetting increase in expenditures for salaries and wages (\$2.3 million).

The **Governor** concurs with the agency's revised estimate with an additional \$3.0 million, all from the State General Fund, for a dental school for FY 2019.

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$16.7 million, including \$5.7 million from the State General Fund. The revised estimate is a decrease of \$1.0 million, or 5.7 percent, from all funds and \$1.5 million, or 20.5 percent, from the State General Fund below the approved amount. The decrease is in all operating expenditures categories.

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$6.6 million, including \$112,757 from the State General Fund. The revised estimate is an increase of \$659,082, or 11.2 percent, from all funds above the approved amount. There is no change in the revised estimate for State General Fund. The increase is mainly in expenditures for salaries and wages (\$1.2 million), with offsetting decreases in expenditures for contractual services (\$265,010) and capital outlay (\$172,397).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$89.7 million, including \$9.2 million from the State General Fund. The revised estimate is an increase of \$3.0 million, or 3.4 percent, from all funds and \$110,682, or 1.2 percent, from the State General Fund above the approved amount. The increase is mainly in expenditures for salaries and wages (\$2.9 million).

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

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$9.8 million, including \$1.7 million from the State General Fund. The revised estimate is a decrease of \$142,754, or 1.4 percent, from all funds and \$232,918, or 11.9 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for salaries and wages (\$580,180) and contractual services (\$789,989), with an offsetting increase in expenditures for other assistance (\$991,323).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$6.6 million, including \$4.4 million from the State General Fund. The revised estimate is a decrease of \$1.5 million, or 18.3 percent, from special revenue funds below the approved amount. The decrease is mainly in expenditures for other assistance (\$1.4 million).

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$3.9 million, all from special revenue funds. The revised estimate is an increase of \$16,034, or 0.4 percent, from all funds above the approved amount. The increase is primarily in expenditures for salaries and wages (\$229,179) and contractual services (\$108,312), with offsetting decreases in expenditures for commodities (\$130,746) and capital outlay (\$175,789).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$32.9 million, including \$12.6 million from the State General Fund. The revised estimate is an increase of \$1.8 million, or 5.9 percent, from all funds and a decrease of \$201,135, or 1.6 percent, from the State General Fund from the approved amount. The increases are primarily in expenditures for salaries and wages (\$1.9 million) and capital outlay (\$1.0 million), with offsetting decreases in expenditures for contractual services (\$608,192) and commodities (\$494,837).

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

J. Debt Service

The Debt Service program is responsible for payments of interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$4.0 million, including \$250,215 from the State General Fund. This is an increase of \$1.6 million, or 65.7 percent, all from special revenue funds above the approved amount. The increase is due to the parking garage number five bonds.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 6,199,791	\$ 6,199,791	\$ 0	\$ 0
Health Education Building	6,036,000	6,036,000	0	0
General Maintenance	625,000	625,000	625,000	625,000
Parking	500,000	500,000	500,000	500,000
Debt Service—Principal	5,857,004	5,857,004	5,784,439	5,784,439
TOTAL	\$ 19,217,795	\$ 19,217,795	\$ 6,909,439	\$ 6,909,439
Financing:				
State General Fund	\$ 1,122,004	\$ 1,122,004	\$ 1,169,439	\$ 1,169,439
Educational Building Fund	6,199,791	6,199,791	0	0
All Other Funds	11,896,000	11,896,000	5,740,000	5,740,000
TOTAL	\$ 19,217,795	\$ 19,217,795	\$ 6,909,439	\$ 6,909,439

FY 2018 – Current Year. The agency requests a revised capital improvement budget of \$19.2 million, including \$1.1 million from the State General Fund, in FY 2018. This is an increase of \$12.9 million, or 206.3 percent, from all funds above the approved amount. The increase is due to the transfer of the Educational Building Fund (\$6.2 million) and the Health Education Building construction.

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

FY 2019 – Budget Year. The agency requests a revised capital improvement budget of \$6.9 million, including \$1.2 million from the State General Fund, for FY 2019. This is an increase of \$2.0 million, or 40.3 percent, from all funds above the approved amount. The increase is mainly due to debt service payments for the parking garage number five.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of awards for Medical Student Loan Program	N/A	109	120	120
Total cost of Medical Loan Program awards (in millions)	N/A	\$6.5	\$6.8	\$7.0

WICHITA STATE UNIVERSITY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 71,665,422	\$ 71,060,543	\$ 71,060,543	\$ 71,875,016	\$ 78,575,016
Other Funds	234,235,283	241,328,652	241,328,652	242,739,713	242,739,713
Subtotal	\$ 305,900,705	\$ 312,389,195	\$ 312,389,195	\$ 314,614,729	\$ 321,314,729
Capital Improvements:					
State General Fund	\$ 51,970	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	12,552,920	14,263,583	14,263,583	27,373,419	27,373,419
Subtotal	\$ 12,604,890	\$ 14,263,583	\$ 14,263,583	\$ 27,373,419	\$ 27,373,419
TOTAL	\$ 318,505,595	\$ 326,652,778	\$ 326,652,778	\$ 341,988,148	\$ 348,688,148
Percentage Change:					
Operating Expenditures					
State General Fund	0.7 %	(0.8) %	(0.8) %	1.1 %	10.6 %
All Funds	6.6	2.1	2.1	0.7	2.9
FTE Positions	2,087.3	2,087.4	2,087.4	2,087.4	2,087.4

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

Wichita State University (WSU) was established as Fairmount College and was operated by the Congregational Church from 1895 to 1926. In 1926, it became a municipal university under the jurisdiction of the City of Wichita. Since July 1, 1964, the institution has been a part of the state Regents system of higher education under the auspices of the Kansas Board of Regents. As a metropolitan university located in the state's largest urban area, the University serves a large number of nontraditional students. WSU has two distinct student bodies: one is comprised of traditional students ages 18 to 23 who devote themselves full-time to school and campus activities, and the other is comprised of older students who work on a part-time or full-time basis while in school. **A total of 15,081 students attended Wichita State University during the Fall 2017 semester, which is an increase of 607 students, or 4.2 percent, above the Fall 2016 semester.**

MAJOR ISSUES FROM PRIOR YEARS

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

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

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning for FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

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

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award \$1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education. The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Washburn Institute of Technology. This provision became effective July 1, 2013.

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

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

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

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There also was a reduction of all funds expenditures to salaries and wages of approximately 1.1 percent in FY 2014 and less than 0.1 percent in FY 2015.

The **2014 Legislature** added \$3.5 million, all from the State General Fund, for the National Center for Aviation Training equipment and training and deleted \$3.0 million from the Economic Development Initiatives Fund for the same project in FY 2015.

The **2014 Legislature** also added \$5.0 million, all from the State General Fund, for aviation research and deleted the \$5.0 million transfer from the Department of Commerce for the same aviation research for FY 2015.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$141,340 and the **February 2015 State General Fund allotment** reduced approved expenditures by \$1.5 million in FY 2015.

The **Governor's March 2016 State General Fund allotment** reduced approved expenditures by \$2.2 million in FY 2016.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$2.8 million in FY 2017.

The **2017 Legislature** added \$609,863, all from the State General Fund, to restore funding cuts to a 3.0 percent reduction for FY 2019.

The **2017 Legislature** also added \$932,740, including \$292,104 from the State General Fund, for salary adjustments according to the statutes for FY 2018 and 2019.

The **2017 Legislature** also passed SB 174, which affiliates the Wichita Area Technical College (WATC) with Wichita State University (WSU). The bill changes the governing board of the WATC to an industry advisory board to the President of WSU.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$326.7 million, including \$71.1 million from the State General Fund, in FY 2018. This is an increase of \$16.1 million, or 5.2 percent, all from special revenue funds. There are increases in operational expenditures in salaries and wages (\$3.3 million) and contractual services (\$9.8 million), with offsetting decreases in expenditures for commodities (\$1.3 million) and debt service (\$1.4 million). There is also an increase of \$8.2 million, all from the Educational Building Fund, for rehabilitation and repair in capital improvements.

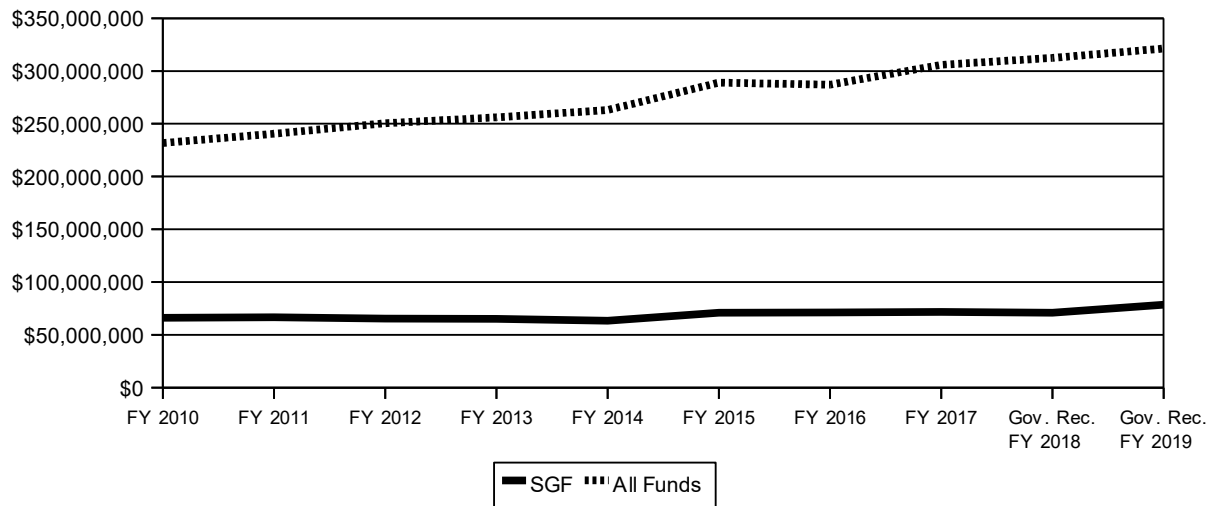
The **Governor** concurs with the agency's revised estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$342.0 million, including \$71.9 million from the State General Fund, for FY 2019. This is an increase of \$31.7 million, or 10.2 percent, all from special revenue funds. There are operational increases in expenditures for salaries and wages (\$3.8 million) and contractual services (\$10.5 million), with offsetting decreases in expenditures for commodities (\$634,347), capital outlay (\$306,824), and debt service (\$1.4 million). There is also an increase of \$20.3 million in capital improvements for the School of Business (\$17.0 million) and Henrion Hall renovations (\$4.7 million).

The **Governor** concurs with the agency's revised estimate with the addition of \$5.0 million for the National Institute for Aviation Research and \$1.7 million for the National Center for Aviation Training, all from the State General Fund 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	\$ 66,127,368	(8.5)%	\$ 231,800,767	6.8 %	1,866.4
2011	66,596,991	0.7	240,572,714	3.8	1,916.6
2012	65,285,189	(2.0)	250,525,657	4.1	1,904.3
2013	65,176,386	(0.2)	256,070,913	2.2	1,950.4
2014	63,335,814	(2.8)	263,039,017	2.7	2,017.1
2015	70,934,109	12.0	288,997,422	9.9	2,017.1
2016	71,149,663	0.3	287,049,440	(0.7)	2,125.3
2017	71,665,422	0.7	305,900,705	6.6	2,087.3
2018 Gov. Rec.	71,060,543	(0.8)	312,389,195	2.1	2,087.4
2019 Gov. Rec.	78,575,016	10.6	321,314,729	2.9	2,087.4
Ten-Year Change Dollars/Percent	\$ 12,447,648	18.8 %	\$ 89,513,962	38.6 %	221.0

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Institutional Support	\$ 20,561,914	\$ 23,303,987	\$ 23,283,863	\$ (20,124)	(0.1) %	\$ 23,303,987	\$ 23,283,863	\$ (20,124)	(0.1)%
Instructional Services	76,307,162	79,302,166	79,674,554	372,388	0.5	79,302,166	79,674,554	372,388	0.5
Academic Support	31,051,519	30,423,684	30,706,535	282,851	0.9	30,423,684	30,706,535	282,851	0.9
Student Services	22,872,010	25,508,261	25,667,941	159,680	0.6	25,508,261	25,667,941	159,680	0.6
Research	67,725,036	63,756,796	64,770,480	1,013,684	1.6	63,756,796	71,470,480	7,713,684	12.1
Public Service	19,985,021	19,711,585	20,043,790	332,205	1.7	19,711,585	20,043,790	332,205	1.7
Student Aid	33,761,953	35,319,010	35,319,010	0	0.0	35,319,010	35,319,010	0	0.0
Auxiliary	7,135,675	7,803,282	7,822,648	19,366	0.2	7,803,282	7,822,648	19,366	0.2
Physical Plant/Central Services	22,247,008	23,186,211	23,439,944	253,733	1.1	23,186,211	23,439,944	253,733	1.1
Debt Service	4,253,407	4,074,213	3,885,964	(188,249)	(4.6)	4,074,213	3,885,964	(188,249)	(4.6)
TOTAL	\$ 305,900,705	\$ 312,389,195	\$ 314,614,729	\$ 2,225,534	0.7 %	\$ 312,389,195	\$ 321,314,729	\$ 8,925,534	2.9 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 178,039,889	\$ 184,219,630	\$ 185,795,255	\$ 1,575,625	0.9 %	\$ 184,219,630	\$ 185,795,255	\$ 1,575,625	0.9 %
Contractual Services	55,065,422	59,816,792	60,501,950	685,158	1.1	59,816,792	67,201,950	7,385,158	12.3
Commodities	12,137,098	12,457,905	12,459,499	1,594	0.0	12,457,905	12,459,499	1,594	0.0
Capital Outlay	18,768,802	12,707,997	12,859,403	151,406	1.2	12,707,997	12,859,403	151,406	1.2
Debt Service	4,253,407	4,074,213	3,885,964	(188,249)	(4.6)	4,074,213	3,885,964	(188,249)	(4.6)
<i>Subtotal-Operations</i>	<i>\$ 268,264,618</i>	<i>\$ 273,276,537</i>	<i>\$ 275,502,071</i>	<i>\$ 2,225,534</i>	<i>0.8 %</i>	<i>\$ 273,276,537</i>	<i>\$ 282,202,071</i>	<i>\$ 8,925,534</i>	<i>3.3 %</i>
Aid to Local Units	8,704	8,791	8,791	0	0.0	8,791	8,791	0	0.0
Other Assistance	37,627,383	39,103,867	39,103,867	0	0.0	39,103,867	39,103,867	0	0.0
TOTAL	\$ 305,900,705	\$ 312,389,195	\$ 314,614,729	\$ 2,225,534	0.7 %	\$ 312,389,195	\$ 321,314,729	\$ 8,925,534	2.9 %
Financing:									
State General Fund	\$ 71,665,422	\$ 71,060,543	\$ 71,875,016	\$ 814,473	1.1 %	\$ 71,060,543	\$ 78,575,016	\$ 7,514,473	10.6 %
General Fees Fund	85,258,003	87,418,780	87,403,757	(15,023)	(0.0)	87,418,780	87,403,757	(15,023)	(0.0)
Restricted Fees Fund	75,000,305	82,775,830	83,402,380	626,550	0.8	82,775,830	83,402,380	626,550	0.8
All Other Funds	73,976,975	71,134,042	71,933,576	799,534	1.1	71,134,042	71,933,576	799,534	1.1
TOTAL	\$ 305,900,705	\$ 312,389,195	\$ 314,614,729	\$ 2,225,534	0.7 %	\$ 312,389,195	\$ 321,314,729	\$ 8,925,534	2.9 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$71,060,543 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 71,060,543	\$ 71,060,543	\$ 0	\$ 71,060,543	\$ 0
All Other Funds	239,535,698	255,592,235	16,056,537	255,592,235	16,056,537
TOTAL	\$ 310,596,241	\$ 326,652,778	\$ 16,056,537	\$ 326,652,778	\$ 16,056,537
FTE Positions	2,087.3	2,087.4	0.1	2,087.4	0.1

The **agency** requests a revised estimate of \$326.7 million, including \$71.1 million from the State General Fund, in FY 2018. This is an increase of \$16.1 million, or 5.2 percent, all from special revenue funds. There are increases in operational expenditures in salaries and wages (\$3.3 million) and contractual services (\$9.8 million), with offsetting decreases in expenditures for commodities (\$1.3 million) and debt service (\$1.4 million). There is also an increase of \$8.2 million, all from the Educational Building Fund, for rehabilitation and repair in capital improvements.

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

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$71,875,016 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 71,875,016	\$ 71,875,016	\$ 0	\$ 78,575,016	\$ 6,700,000
All Other Funds	238,367,987	270,113,132	31,745,145	270,113,132	31,745,145
TOTAL	\$ 310,243,003	\$ 341,988,148	\$ 31,745,145	\$ 348,688,148	\$ 38,445,145
FTE Positions	2,087.3	2,087.4	0.1	2,087.4	0.1

The **agency** requests a revised estimate of \$342.0 million, including \$71.9 million from the State General Fund, for FY 2019. This is an increase of \$31.7 million, or 10.2 percent, all from special revenue funds. There are operational increases in salaries and wages (\$3.8 million) and contractual services (\$10.5 million), with offsetting decreases in expenditures for commodities (\$634,347), capital outlay (\$306,824), and debt service (\$1.4 million). There is also an increase of \$20.3 million in capital improvements for the School of Business (\$17.0 million) and Henrion Hall renovations (\$4.7 million).

The **Governor** concurs with the agency's revised estimate, with the addition of \$5.0 million for the National Institute for Aviation Research and \$1.7 million for the National Center for Aviation Training, all from the State General 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, there are no longevity bonus payments.**

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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	22.7 %	24.5 %
General Fees Fund	27.8	27.2
Restricted Fees Fund	26.5	26.0
All Other Funds	22.8	22.3
TOTAL	100.0 %	100.0 %

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

General Fees Fund

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

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 7,782,809	\$ 5,503,000	\$ 5,503,000	\$ 5,401,236	\$ 5,401,236
Revenue	85,196,179	88,407,876	88,407,876	88,407,876	88,407,876
Transfers in	154,173	155,219	155,219	155,219	155,219
Funds Available	\$ 93,133,161	\$ 94,066,095	\$ 94,066,095	\$ 93,964,331	\$ 93,964,331
Less:					
Expenditures	87,329,014	88,365,876	88,365,876	88,365,876	88,365,876
Transfers Out	143,542	143,764	143,764	143,764	143,764
Off Budget Expenditures	157,605	155,219	155,219	155,219	155,219
Ending Balance	\$ 5,503,000	\$ 5,401,236	\$ 5,401,236	\$ 5,299,472	\$ 5,299,472
Ending Balance as Percent of Expenditures	6.3%	6.1%	6.1%	6.0%	6.0%
Month Highest Ending Balance	January \$ 21,806,682	January \$ 20,786,682	January \$ 20,786,682	January \$ 20,893,612	January \$ 20,893,612
Month Lowest Ending Balance	July \$ 3,074,670	July \$ 1,430,060	July \$ 1,430,060	July \$ 1,456,852	July \$ 1,456,852

Enrollment Trends

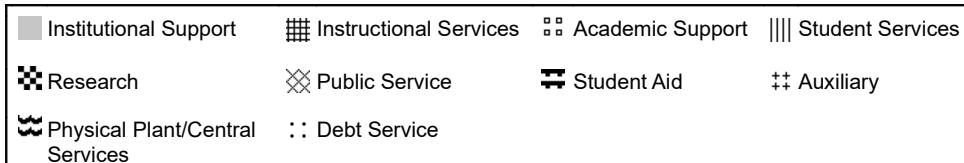
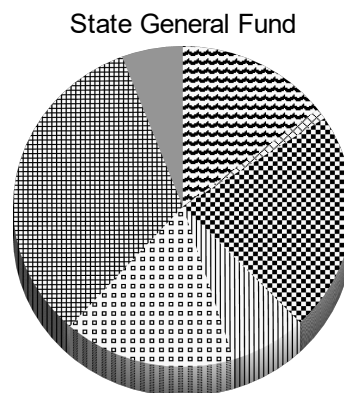
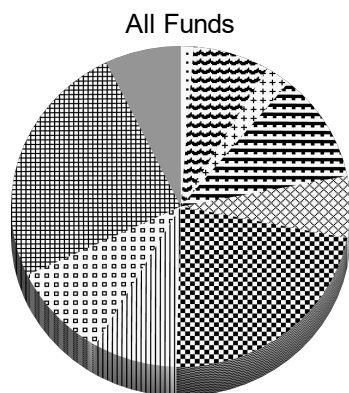
The following table summarizes recent enrollment trends at Wichita State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time based on the number of credit hours the students are enrolled.

	Fall 2012	Fall 2013	Fall 2014	Fall 2015	Fall 2016	Fall 2017	Fall 2012 to Fall 2017
Headcount	14,898	14,550	15,003	14,495	14,474	15,081	
Change	(202)	(348)	453	(508)	(21)	607	183
% Change	(1.3)%	(2.3)%	3.1%	(3.4)%	(0.1)%	4.2%	(1.2)%
FTE Students	11,684	11,696	11,962	14,017	11,560	11,597	
Change	(2)	12	266	2,055	(2,457)	37	(87)
% Change	0.0%	0.1%	2.3%	17.2%	(17.5)%	0.3%	(0.7)%
Student Credit Hours	161,843	161,922	165,132	160,906	160,647	161,516	
Change	33	79	3,210	(4,226)	(259)	869	(327)
% Change	0.0%	0.0%	2.0%	(2.6)%	(0.2)%	0.5%	(0.2)%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Institutional Support	\$ 23,283,863	7.2 %	\$ 4,576,210	5.8 %
Instructional Services	79,674,554	24.8	25,616,499	32.6
Academic Support	30,706,535	9.6	12,914,122	16.4
Student Services	25,667,941	8.0	5,727,563	7.3
Research	71,470,480	22.2	17,382,527	22.1
Public Service	20,043,790	6.2	855,679	1.1
Student Aid	35,319,010	11.0	0	0.0
Auxiliary	7,822,648	2.4	0	0.0
Physical Plant/Central Services	23,439,944	7.3	11,502,416	14.6
Debt Service	3,885,964	1.2	0	0.0
TOTAL	\$ 321,314,729	100.0 %	\$ 78,575,016	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Institutional Support	154.0	155.1	155.1	155.1	155.1
Instructional Services	728.0	727.9	727.9	727.9	727.9
Academic Support	244.1	246.0	246.0	246.0	246.0
Student Services	223.5	229.4	229.4	229.4	229.4
Research	250.3	270.6	270.6	270.6	270.6
Public Service	152.3	157.1	157.1	157.1	157.1
Student Aid	0.0	0.0	0.0	0.0	0.0
Auxiliary	35.5	36.3	36.3	36.3	36.3
Physical Plant/Central Services	299.6	265.0	265.0	265.0	265.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	2,087.3	2,087.4	2,087.4	2,087.4	2,087.4

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. Institutional Support

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

The **agency** estimates FY 2019 operating expenditures of \$23.3 million, including \$4.6 million from the State General Fund. The revised estimate is a decrease of \$220,301, or 0.9 percent, from all funds and \$28,994, or 0.6 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for commodities (\$1.5 million), with an offsetting increase in expenditures for salaries and wages (\$1.2 million).

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

B. Instructional Services

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

The **agency** estimates FY 2019 operating expenditures of \$79.7 million, including \$25.6 million from the State General Fund. The revised estimate is an increase of \$2.9 million, or 3.7 percent, from all funds and \$532,560, or 2.1 percent, from the State General Fund above the approved amount. The increase is primarily in expenditures for salaries and wages (\$1.3 million), capital outlay (\$661,096), and other assistance (\$899,112).

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

C. Academic Support

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

The **agency** estimates FY 2019 operating expenditures of \$30.7 million, including \$12.9 million from the State General Fund. The revised estimate is an increase of \$4.4 million, or 16.9 percent, from all funds and \$3.0 million, or 30.2 percent, from the State General Fund above the approved amount. There are increases in all expenditure categories.

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

D. Student Services

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

The **agency** estimates FY 2019 operating expenditures of \$25.7 million, including \$5.7 million from the State General Fund. The revised estimate is an increase of \$3.8 million, or 17.4 percent, from all funds and a decrease of \$1.6 million, or 21.8 percent, from the State General Fund from the approved amount. The increase is mainly in expenditures for salaries and wages (\$1.6 million) and contractual services (\$2.8 million), with an offsetting decrease in expenditures for other assistance (\$661,694).

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

E. Research

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

The **agency** estimates FY 2019 operating expenditures of \$64.8 million, including \$10.7 million from the State General Fund. The revised estimate is an increase of \$4.3 million, or 7.1 percent, from all funds and a decrease of \$558,278, or 5.0 percent, from the State General Fund from the approved amount. There is an increase in expenditures for salaries and wages (\$1.3 million) and contractual services (\$3.5 million), with an offsetting decrease in capital outlay (\$904,729) and commodities (\$56,033) expenditures.

The **Governor** concurs with the agency's revised estimate for FY 2019, with the addition of \$5.0 million for the National Institute for Aviation Research and \$1.7 million for the National Center for Aviation Training.

F. Public Service

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

The **agency** estimates FY 2019 operating expenditures of \$20.0 million, including \$855,679 from the State General Fund. The revised estimate is a decrease of \$456,729, or 2.2 percent, from all funds and \$76,148, or 8.2 percent, from the State General Fund below the approved amount. The decrease is mainly in expenditures for salaries and wages (\$816,143), capital outlay (\$184,175), and other assistance (\$123,427), with an offsetting increase in expenditures for contractual services (\$606,187).

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

G. Student Aid

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

The **agency** estimates FY 2019 operating expenditures of \$35.3 million, all from special revenue funds. This is a decrease of \$1.8 million, or 4.9 percent, below the approved amount. The decrease is mainly in expenditures for other assistance for scholarships.

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

H. Auxiliary

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

The **agency** estimates FY 2019 operating expenditures of \$7.8 million, all from special revenue funds. The revised estimate is an increase of \$921,945, or 13.4 percent, above the approved amount. The increase is mainly in expenditures for commodities (\$725,420) and contractual services (\$141,237).

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

I. Physical Plant/Central Services

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

The **agency** estimates FY 2019 operating expenditures of \$23.4 million, including \$11.5 million from the State General Fund. The revised estimate is a decrease of \$8,167, or less than 0.1 percent, from all funds and \$873,291, or 7.1 percent, from the State General Fund below the approved amount. The decrease is in expenditures for salaries and wages (\$1.1 million), commodities (\$326,322), and capital outlay (313,176), with an offsetting increase in expenditures for contractual services (\$1.7 million).

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

J. Debt Service

The Debt Service program is responsible for payments of the interest on various forms of debt financing within the operating budget. The debt service principal payments are within the capital improvement budget.

The **agency** estimates FY 2019 operating expenditures of \$3.9 million, all from special revenue funds. This is a decrease of \$1.4 million, or 26.7 percent, below the approved amount. The decrease is due to the remaining two of the four Engineering Research Lab bonds being paid off in FY 2018.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 8,244,280	\$ 8,244,280	\$ 0	\$ 0
General Maintenance	221,300	221,300	221,300	221,300
School of Business	0	0	17,000,000	17,000,000
Henrion Hall renovations	0	0	4,665,000	4,665,000
Parking	500,000	500,000	600,000	600,000
Debt Service	5,298,003	5,298,003	4,887,119	4,887,119
TOTAL	\$ 14,263,583	\$ 14,263,583	\$ 27,373,419	\$ 27,373,419
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
Educational Building Fund	8,244,280	8,244,280	0	0
All Other Funds	6,019,303	6,019,303	27,373,419	27,373,419
TOTAL	\$ 14,263,583	\$ 14,263,583	\$ 27,373,419	\$ 27,373,419

FY 2018 – Current Year. The agency requests a revised estimate for capital improvements of \$14.3 million, all from special revenue funds, for capital improvements in FY 2018. This is an increase of \$7.1 million, or 98.5 percent, above the approved amount. The increase is mainly due to the transfer of \$8.2 million to the Educational Building Fund from the Board of Regents for rehabilitation and repair. There was a technical correction that removed \$100,000 from the State General Fund that was in the approved budget during the 2017 Session.

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

FY 2019 – Budget Year. The agency requests a revised estimate for capital improvements of \$27.4 million, all from special revenue funds, for capital improvements for FY 2019. This is an increase of \$20.4 million, or 291.1 percent, above the approved amount. The increase is due to additional expenditures for the School of Business (\$17.0 million) and Henrion Hall renovations (\$4.7 million). There was a technical correction that removed \$100,000 from the State General Fund that was in the approved budget during the 2017 Session.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of research grants and contracts awarded	1,198	1,069	1,123	1,180
External funding for research, training, and service activities (in millions)	\$78.0	\$91.0	\$95.8	\$100.2
Number of research proposals submitted for grant and contract awards	1,099	860	904	952

STATE HISTORICAL SOCIETY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 3,948,017	\$ 4,014,833	\$ 4,014,833	\$ 4,076,720	\$ 4,031,056
Other Funds	2,595,092	2,528,222	2,528,222	2,655,405	2,655,405
<i>Subtotal</i>	<i>\$ 6,543,109</i>	<i>\$ 6,543,055</i>	<i>\$ 6,543,055</i>	<i>\$ 6,732,125</i>	<i>\$ 6,686,461</i>
Capital Improvements:					
State General Fund	\$ 271,241	\$ 279,552	\$ 279,552	\$ 250,000	\$ 250,000
Other Funds	233,576	43,000	43,000	48,000	48,000
<i>Subtotal</i>	<i>\$ 504,817</i>	<i>\$ 322,552</i>	<i>\$ 322,552</i>	<i>\$ 298,000</i>	<i>\$ 298,000</i>
TOTAL	\$ 7,047,926	\$ 6,865,607	\$ 6,865,607	\$ 7,030,125	\$ 6,984,461

Percentage Change:

Operating Expenditures

State General Fund	21.7 %	1.7 %	1.7 %	1.5 %	0.4 %
All Funds	0.4	(0.0)	(0.0)	2.9	2.2
FTE Positions	63.0	82.5	82.5	82.5	82.5

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 Historical Society was founded in 1875 by Kansas newspaper editors and publishers in order to maintain records of the State's founding. Today, that mission has expanded to include identifying, collecting, preserving, and interpreting materials and information pertaining to Kansas history. The goal is to increase awareness and appreciation of Kansas history and how it relates to people's lives. In 1905, the State Historical Society became the official archival agency of the State and it is the State's trustee in administering State-owned historic sites. The agency administers both state and federal historic preservation programs and provides curricular materials on state history to K-12 schools.

The State Historical Society has established five programs to carry out the agency's mission. These programs are:

- **Administration.** The goal of the Administration program is to create a working environment that allows Historical Society staff members to function efficiently; to provide support services to all State Historical Society programs; and to provide for the environmental and physical security of the staff, patrons, and collections of the Kansas Historical Society. This program includes funding for information technology, marketing, and facilities management;

- **Education and Museum.** The goal of the Education and Museum program is to interpret the people and events of Kansas history for students and the public. This program includes the operation of the Kansas Museum of History and the Capitol Visitor Center;
- **Cultural Resources.** The goal of the Cultural Resources program is to preserve the state's archeological, architectural, and historic resources;
- **State Archives.** The goal of the State Archives program is to preserve and make accessible government records of enduring value, and collects other manuscripts, photographs, maps, newspapers, and other documents; and
- **Kansas Humanities Council.** The Kansas State Historical Society budget contains pass-through funds for the not-for-profit Kansas Humanities Council. Previously, this funding was included in the Administration program, but it is now budgeted as a separate program.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** deleted \$134,530, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** deleted \$200,000, all from the State General Fund, to remove funding the Governor had added to pass through to a 501(c)(3) arts organization replacing the Arts Commission for FY 2012. In addition, the Legislature deleted 17.0 vacant FTE positions, leaving 117.0 FTE positions. The 2011 Legislature added \$50,000, all from the State General Fund, for repair and replacement of lighting fixtures at the State Historical Society museum and headquarters building for FY 2012.

The **2012 Legislature** added \$125,000, all from the State General Fund, for capital improvement projects for FY 2013. The Legislature also added \$125,000, all from the State General Fund, for operating expenditures for FY 2013. Additionally, the agency was required to eliminate FTE positions that had been unfilled for greater than 120 days as of June 30, 2012. This eliminated 20.0 FTE positions.

The **2013 Legislature** deleted \$24,199, all from the State General Fund, to maintain FY 2015 operating expenditures at the FY 2014 level; deleted \$65,000, all from special revenue funds, from the Shawnee Indian Mission restoration project for FY 2015; added \$35,000, all from special revenue funds, for the Hollenberg Station exterior siding preservation project for FY 2015; and added \$30,000, all from special revenue funds, for the Mine Creek exterior cleaning and resealing project for FY 2015.

The **2014 Legislature** passed HB 2643, which changed property tax collections in the State. Of relevance to the Kansas State Historical Society, HB 2643 lowered the mortgage registration tax and entirely eliminated the portion of that tax that funded the Heritage Trust Fund. The Heritage Trust Fund was created by the 1990 Legislature and funds grants for the preservation of historical buildings. The mortgage registration tax was replaced by a \$1-per-page fee on the first and all subsequent pages of any deeds, mortgages, and other related instruments executed in the State. These fees are collected by the counties. Additionally, the annual cap for payments to the Heritage Trust Fund from each county was lowered from \$100,000 to \$30,000.

The **2015 Legislature** deleted \$184,281 for FY 2016 and \$187,645 for FY 2017, all from the State General Fund, for a 4.0 percent operating reduction; added \$55,000 in FY 2016 and FY 2017, all from special revenue funds, to allow the agency to provide weekend hours at the Capitol Visitor Center; and added \$42,500, all from special revenue funds, and authorized expenditures of another \$42,500 from existing resources in the Rehabilitation and Repair State General Fund account for the replacements of the State Archives roof for FY 2016.

The **Governor's July 30, 2015, allotment** of \$800,000 reduced the State General Fund operating budget for FY 2016 by 20.0 percent. Agency fee funds filled the gap.

The **2017 Legislature** added \$118,464, including \$83,186 from the State General Fund, for a 2.5 percent salary increase for agency employees with less than five years of service and a 5.0 percent salary increase for agency employees who have not had a pay adjustment in five years. The Legislature also added \$22,180, all from the State General Fund, for FY 2018 and FY 2019 for the agency to provide tours of the Statehouse on Saturdays. The Legislature added \$13,296, all from the State General Fund, for cybersecurity enhancements for the State.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$6.9 million, including \$4.3 million from the State General Fund. The estimate includes an operating budget of \$6.5 million, including \$4.0 million from the State General Fund, which is an all funds decrease of \$210,550, or 3.1 percent, below the budget approved by the 2017 Legislature. The State General Fund revised estimate is the same as the FY 2018 approved budget. The special revenue fund decrease is due to decreased expenditures on salaries and wages, the Kansas Enterprise Electronic Preservation System, and a new online education program. The revised estimate includes 82.5 FTE positions, which is an increase of 3.3 positions above the approved amount.

The capital improvements budget is \$322,552, including \$279,552 from the State General Fund. This is an all funds increase of \$25,000, or 8.4 percent, above the FY 2018 approved budget. This includes a special revenue fund increase of \$25,000, or 138.9 percent, above the approved budget, which is attributable to increased federal funds and private funds. The State General Fund amount is the same as the FY 2018 approved budget and includes a reappropriation of \$29,552 from FY 2017 for rehabilitation and repair at the Kansas Museum of History.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$7.0 million, including \$4.3 million from the State General Fund. The estimate includes an operating budget of \$6.7 million, including \$4.1 million from the State General Fund. This is an all funds decrease of \$40,339, or 0.6 percent, and a State General Fund increase of \$45,664, or 1.1 percent, from the budget approved by the 2017 Legislature. The special revenue fund decrease is primarily due to decreased expenditures on the Kansas Enterprise Electronic Preservation System and a new online education program. The State General Fund increase is due to the agency's supplemental request for cybersecurity funding. The revised estimate includes 82.5 FTE positions, which is an increase of 3.3 positions above the approved amount.

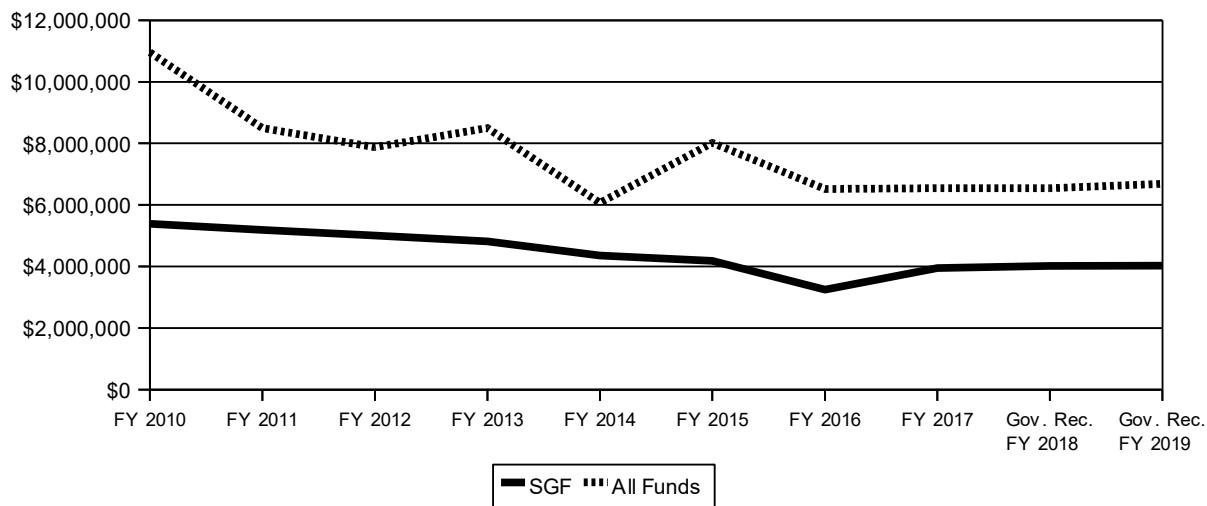
The capital improvements budget is \$298,000, including \$250,000 from the State General Fund. This is an all funds decrease of \$15,000, or 4.8 percent, below the FY 2018 approved budget. This includes a special revenue fund decrease of \$15,000, or 23.8 percent, below the approved budget. The State General Fund amount is the same as the approved amount. The special revenue fund decrease is due to the postponement of a rehabilitation project at Kaw Mission.

The **Governor** recommends FY 2019 expenditures of \$7.0 million, including \$4.3 million from the State General Fund. The recommendation includes an operating budget of \$6.7 million, including \$4.0 million from the State General Fund. This is an all funds decrease of \$45,664, or 0.7 percent, and a State General Fund decrease of \$45,664, or 1.1 percent, below the agency's revised estimate. This is attributable to the Governor's recommendation not to include the agency's supplemental request for cybersecurity for FY 2019. The recommendation includes 82.5 FTE positions, which is the same as the agency's request.

The Governor's recommendation includes a capital improvements budget of \$298,000, including \$250,000 from the State General Fund. This is the same as 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	\$ 5,385,039	(7.1)%	\$ 10,958,203	28.6 %	138.5
2011	5,187,578	(3.7)	8,496,824	(22.5)	137.5
2012	5,003,465	(3.5)	7,877,267	(7.3)	84.0
2013	4,816,242	(3.7)	8,498,524	7.9	97.5
2014	4,354,437	(9.6)	6,069,523	(28.6)	72.5
2015	4,179,292	(4.0)	8,016,809	32.1	64.5
2016	3,244,141	(22.4)	6,519,417	(18.7)	65.0
2017	3,948,017	21.7	6,543,109	0.4	63.0
2018 Gov. Rec.	4,014,833	1.7	6,543,055	(0.0)	82.5
2019 Gov. Rec.	4,031,056	0.4	6,686,461	2.2	82.5
Ten-Year Change Dollars/Percent	\$ (1,353,983)	(25.1)%	\$ (4,271,742)	(39.0)%	(56.0)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 2,285,500	\$ 2,163,945	\$ 2,239,891	\$ 75,946	3.5 %	\$ 2,163,945	\$ 2,194,227	\$ 30,282	1.4 %		
Education & Museum	715,679	762,590	782,929	20,339	2.7	762,590	782,929	20,339	2.7		
Cultural Resources	2,477,265	2,496,716	2,569,860	73,144	2.9	2,496,716	2,569,860	73,144	2.9		
State Archives	1,064,665	1,069,303	1,088,944	19,641	1.8	1,069,303	1,088,944	19,641	1.8		
Kansas Humanities Council	0	50,501	50,501	0	--	50,501	50,501	0	--		
TOTAL	\$ 6,543,109	\$ 6,543,055	\$ 6,732,125	\$ 189,070	2.9 %	\$ 6,543,055	\$ 6,686,461	\$ 143,406	2.2 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 3,958,254	\$ 4,196,743	\$ 4,360,990	\$ 164,247	3.9 %	\$ 4,196,743	\$ 4,360,990	\$ 164,247	3.9 %		
Contractual Services	1,257,911	1,130,686	1,132,944	2,258	0.2	1,130,686	1,087,280	(43,406)	(3.8)		
Commodities	111,379	132,250	132,300	50	0.0	132,250	132,300	50	0.0		
Capital Outlay	33,456	64,000	59,390	(4,610)	(7.2)	64,000	59,390	(4,610)	(7.2)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal-Operations	\$ 5,361,000	\$ 5,523,679	\$ 5,685,624	\$ 161,945	2.9 %	\$ 5,523,679	\$ 5,639,960	\$ 116,281	2.1 %		
Aid to Local Units	374,923	186,000	176,000	(10,000)	(5.4)	186,000	176,000	(10,000)	(5.4)		
Other Assistance	807,186	833,376	870,501	37,125	4.5	833,376	870,501	37,125	4.5		
TOTAL	\$ 6,543,109	\$ 6,543,055	\$ 6,732,125	\$ 189,070	2.9 %	\$ 6,543,055	\$ 6,686,461	\$ 143,406	2.2 %		
Financing:											
State General Fund	\$ 3,948,017	\$ 4,014,833	\$ 4,076,720	\$ 61,887	1.5 %	\$ 4,014,833	\$ 4,031,056	\$ 16,223	0.4 %		
Heritage Trust Fund	905,044	915,214	957,476	42,262	4.6	915,214	957,476	42,262	4.6		
All Other Funds	1,690,048	1,613,008	1,697,929	84,921	5.3	1,613,008	1,697,929	84,921	5.3		
TOTAL	\$ 6,543,109	\$ 6,543,055	\$ 6,732,125	\$ 189,070	2.9 %	\$ 6,543,055	\$ 6,686,461	\$ 143,406	2.2 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$4,264,833 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 \$29,552, 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 \$4,294,385. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 4,294,385	\$ 4,294,385	\$ 0	\$ 4,294,385	\$ 0
All Other Funds	2,756,772	2,571,222	(185,550)	2,571,222	(185,550)
TOTAL	\$ 7,051,157	\$ 6,865,607	\$ (185,550)	\$ 6,865,607	\$ (185,550)
FTE Positions	79.3	82.5	3.3	82.5	3.3

The **agency** requests a revised estimate of \$6.9 million, including \$4.3 million from the State General Fund. The revised estimate is an all funds decrease of \$185,550, or 2.6 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund decrease of \$185,550, or 6.7 percent, below the approved amount. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 82.5 FTE positions, which is an increase of 3.3 positions above the approved amount.

The revised estimate includes an operating budget of \$6.5 million, including \$4.0 million from the State General Fund. The revised operating budget is an all funds decrease of \$210,550, or 3.1 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund decrease of \$210,550, or 7.7 percent, below the approved amount. The State General Fund revised estimate for the operating budget is the same as the approved amount. The agency did shift \$84,660 in State General Fund expenditures from salaries and wages and \$10,000 in State General Fund expenditures from aid to local units of government to expenditures in contractual services and commodities. The shift of State General Fund expenditures away from salaries and wages is due to the agency leaving some authorized FTE positions open.

The special revenue fund decrease is primarily attributable to the following factors:

- \$31,637 in reduced expenditures on salaries and wages due to the agency keeping authorized FTE positions open; and
- \$144,513 in reduced expenditures on contractual services due to reduced expenditures on Kansas Enterprise Electronic Preservation System (KEEP), the State's repository for permanent digital records, and the agency's decision to postpone the implementation of a new online education program.

The increase of 3.3 FTE positions is due to the agency filling 3.0 vacant classified positions with newly created unclassified positions during FY 2017. The funding originally allocated for the classified positions will be used to fund the new unclassified positions. However, the vacant classified positions will remain part of the agency's authorized FTE. The 0.3 FTE position will be funded by moneys appropriated by the 2017 Legislature to provide for Saturday tours of the Statehouse.

The revised estimate includes a capital improvements budget of \$322,552, including \$279,552 from the State General Fund. The revised estimate is an all funds increase of \$25,000, or 8.4 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$25,000, or 138.9 percent, above the approved amount. The State General Fund is the same as the approved budget and includes a reappropriation from FY 2017 of \$29,552 for rebuilding a chiller at the Kansas Museum of History.

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

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$4.3 million for FY 2019. No adjustments have subsequently been made to this amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 4,281,056	\$ 4,326,720	\$ 45,664	\$ 4,281,056	\$ 0
All Other Funds	2,804,408	2,703,405	(101,003)	2,703,405	(101,003)
TOTAL	\$ 7,085,464	\$ 7,030,125	\$ (55,339)	\$ 6,984,461	\$ (101,003)
FTE Positions	79.3	82.5	3.3	82.5	3.3

The **agency** requests a revised estimate of \$7.0 million, including \$4.3 million from the State General Fund. The revised estimate is an all funds decrease of \$55,339, or 0.8 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$45,664, or 1.1 percent, and a special revenue fund decrease of \$101,003, or 3.6 percent, from the approved budget. The approved budget includes 82.5 FTE positions, which is an increase of 3.3 positions above the approved amount.

The revised estimate includes an operating budget of \$6.7 million, including \$4.1 million from the State General Fund. The operating budget is an all funds decrease of \$40,339, or 0.6 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$45,664, or 1.1 percent, and a special revenue fund decrease of \$86,003, or 3.1 percent, from the approved amount. The State General Fund increase is primarily attributable to the agency's supplemental request for \$45,664 for cybersecurity enhancements for FY 2019.

The special revenue fund decrease is primarily attributable to:

- \$84,525 in decreased expenditures for contractual services due to decreased expenditures on KEEP, the State's repository for permanent digital records, and the agency's decision to postpone the implementation of a new online education program; and
- \$18,705 in decreased expenditures for commodities due to the agency shifting expenditures from special revenue funds to the State General Fund.

The increase of 3.3 FTE positions is due to the agency filling 3.0 vacant classified positions with newly created unclassified positions during FY 2017. The funding originally allocated for the classified positions will be used to fund the new unclassified positions. However, the vacant classified positions will remain part of the agency's authorized FTE. The 0.3 FTE position will be funded by moneys appropriated by the 2017 Legislature to provide for Saturday tours of the Statehouse.

The revised estimate includes a capital improvements budget of \$298,000, including \$250,000 from the State General Fund. The revised estimate is an all funds decrease of \$15,000, or 4.8 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a special revenue fund decrease of \$15,000, or 23.8 percent, below the approved amount. The revised State General Fund estimate is the same as the approved budget. The special revenue fund decrease is attributable to the postponement of a rehabilitation project at Kaw Mission.

The **Governor** recommends FY 2019 expenditures of \$7.0 million, including \$4.3 million from the State General Fund. The recommendation is an all funds decrease of \$45,664, or 0.6 percent, below the agency's revised FY 2019 estimate. This includes a State General Fund decrease of \$45,664, or 1.1 percent, below the revised estimate. The recommendation includes 82.5 FTE positions, which is the same as the agency's request.

The Governor's recommendation includes an operating budget of \$6.7 million, including \$4.0 million from the State General Fund. The recommendation is an all funds decrease of \$45,664, or 0.7 percent, below the agency's revised estimate. This includes a State General Fund decrease of \$45,664, or 1.1 percent, below the agency's request. The State General Fund decrease is attributable to the Governor not recommending the agency's FY 2019 supplemental request.

The Governor recommends a capital improvements budget of \$298,000, including \$250,000 from the State General Fund. This is the same as the agency's revised estimate.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cybersecurity	\$ 45,664	\$ 45,664	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$45,664, all from the State General Fund, to pay information technology fees to the Office of Information Technology Services (OITS) related to the Governor's 2017 GBA No. 1, Item 13, which provided for cybersecurity enhancements for state agencies. Agency officials indicate that if the State Historical Society is required to make these payments for FY 2019 without additional funds, it would hamper the agency's information technology needs. If the agency is not required to make these payments for FY 2019, then the supplemental request is withdrawn.

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

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 \$34,480, including \$24,403 from the State General Fund, and FY 2019 longevity payments total \$35,760, including \$25,184 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

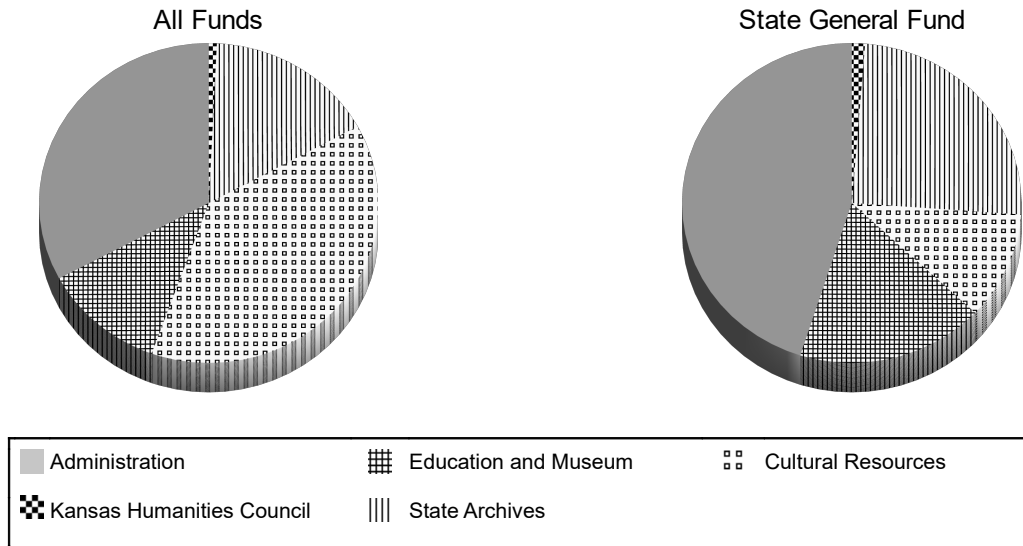
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	60.6 %	60.3 %
Heritage Trust Fund	14.2	14.3
All Other Funds	25.2	25.4
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 2,194,227	32.8 %	\$ 1,817,437	45.1 %
Education and Museum	782,929	11.7	720,333	17.9
Cultural Resources	2,569,860	38.4	439,343	10.9
State Archives	1,088,944	16.3	1,003,442	24.9
Kansas Humanities Council	50,501	0.8	50,501	1.3
TOTAL	\$ 6,686,461	100.0 %	\$ 4,031,056	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	16.5	20.5	20.5	20.5	20.5
Education and Museum	11.5	16.0	16.0	16.0	16.0
Cultural Resources	18.0	28.0	28.0	28.0	28.0
State Archives	17.0	18.0	18.0	18.0	18.0
Kansas Humanities Council	0.0	0.0	0.0	0.0	0.0
TOTAL	63.0	82.5	82.5	82.5	82.5

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.

A. Administration

The goal of the Administration program is to create a working environment that allows the State Historical Society staff to function efficiently and creatively, to provide supportive services to all State Historical Society programs, and to provide for the environmental and physical security of the staff, patrons, and collections in the Kansas History Center. The Administration program includes funding for marketing, information technology, and facilities management. Responsibilities of the program include:

- Oversight and fiscal responsibility for the agency;
- Coordinating the agency's communications with the public;
- Facility rentals;
- Management of agency facilities;
- Providing utilities for all 58 buildings owned by the agency; and
- Providing information technology infrastructure needed to deliver all agency programs and services.

In prior years, the Administration program served as the pass-through for the appropriation for the Kansas Humanities Council. Beginning in FY 2018, the agency has created a separate program to track those moneys.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,078,970	\$ 1,211,359	\$ 1,211,359	\$ 1,257,157	\$ 1,257,157
Contractual Services	1,041,586	805,786	805,786	840,544	794,880
Commodities	79,643	82,800	82,800	82,800	82,800
Capital Outlay	24,800	64,000	64,000	59,390	59,390
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,224,999	\$ 2,163,945	\$ 2,163,945	\$ 2,239,891	\$ 2,194,227
Aid to Local Units	10,000	0	0	0	0
Other Assistance	50,501	0	0	0	0
TOTAL	\$ 2,285,500	\$ 2,163,945	\$ 2,163,945	\$ 2,239,891	\$ 2,194,227
Financing:					
State General Fund	\$ 1,877,756	\$ 1,888,794	\$ 1,888,794	\$ 1,863,101	\$ 1,817,437
All Other Funds	407,744	275,151	275,151	376,790	376,790
TOTAL	\$ 2,285,500	\$ 2,163,945	\$ 2,163,945	\$ 2,239,891	\$ 2,194,227
FTE Positions	16.5	20.5	20.5	20.5	20.5

The **agency** requests FY 2018 revised expenditures of \$2.2 million, including \$1.9 million from the State General Fund. The revised estimate is an all funds decrease of \$229,937,

or 9.6 percent, below the the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$66,566, or 3.4 percent, and a special revenue fund decrease of \$163,371, or 37.3 percent, below the approved budget. The request includes 20.5 FTE positions, which is an increase of 2.0 positions above the approved amount.

The State General Fund decrease is primarily attributable to the following factors:

- \$50,501 in reduced expenditures for other assistance, which is due to the Administration program no longer serving as the pass-through entity for the Kansas Humanities Council; and
- \$56,325 in reduced expenditures for salaries and wages, which is due to the agency leaving open some authorized FTE positions to meet budget appropriations.

The State General Fund decrease is partially offset by increased expenditures on commodities (\$27,000) and capital outlay (\$20,000).

The special revenue fund decrease is primarily attributable to the following factors:

- \$74,013 in reduced expenditures for contractual services, which is partially due to reduced information technology costs associated with KEEP, the State's repository for permanent digital records; and
- \$61,358 in reduced expenditures for salaries and wages, which is due to the agency leaving open some authorized FTE positions to meet budget allocations.

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

The **agency** requests FY 2019 revised expenditures of \$2.2 million, including \$1.9 million from the State General Fund. The revised estimate is an all funds decrease of \$154,682, or 6.5 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$76,569, or 3.9 percent, and a special revenue fund decrease of \$78,113, or 17.2 percent, below the approved budget. The request includes 20.5 FTE positions, which is an increase of 7.5 positions above the approved amount.

The State General Fund decrease is primarily attributable to the following factors:

- \$50,501 in reduced expenditures for other assistance, which is due to the Administration program no longer serving as the pass-through entity for the Kansas Humanities Council; and
- \$51,964 in reduced expenditures for salaries and wages, which is due to the agency leaving open some authorized FTE positions to meet budget appropriations.

The State General Fund decrease is partially offset by increased expenditures on contractual services (\$12,313), commodities (\$15,758), and capital outlay (\$7,565).

The special revenue fund decrease is primarily attributable to the following factors:

- \$31,907 in reduced expenditures for contractual services, which is partially due to reduced information technology costs associated with KEEP, the State's repository for permanent digital records; and
- \$37,013 in reduced expenditures for salaries and wages, which is due to the agency leaving open some authorized FTE positions to meet budget appropriations.

The **Governor** recommends FY 2019 expenditures of \$2.2 million, including \$1.8 million from the State General Fund. The recommendation is an all funds decrease of \$45,664, or 2.0 percent, below the agency's revised FY 2019 estimate. This includes a State General Fund decrease of \$45,664, or 2.5 percent, below the agency's request. The decrease is attributable to the Governor not recommending the agency's FY 2019 supplemental request for increased cybersecurity funding. The recommendation includes 20.5 FTE positions, which is the same as the revised estimate.

B. Education and Museum

As part of the agency's FY 2014 reorganization, the Education division and Museum division were combined into a single program. The State-owned historic sites that were previously part of the Museum Division were transferred to the Cultural Resources division. The goal of the Education and Museum division is to interpret the people and events of Kansas history for students and the general public. This includes providing curriculum support for the teaching of Kansas history and government in K-12 classrooms, which is required by statute and state curriculum standards. As part of this curriculum support, the Historical Society has developed a textbook on Kansas history that is used in the majority of school districts in Kansas. The division cares for the State's historic artifact collection and operates the Kansas Museum of History. Additionally, the division is responsible for the operation of the Capitol Visitor Center. Funding for this division has shifted from its historical State General Fund base to a balance of user fees deposited in agency fee funds and the State General Fund.

EDUCATION AND MUSEUM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 681,553	\$ 718,090	\$ 718,090	\$ 738,429	\$ 738,429
Contractual Services	15,777	28,000	28,000	28,000	28,000
Commodities	10,095	16,500	16,500	16,500	16,500
Capital Outlay	7,969	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 715,394</i>	<i>\$ 762,590</i>	<i>\$ 762,590</i>	<i>\$ 782,929</i>	<i>\$ 782,929</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 715,394	\$ 762,590	\$ 762,590	\$ 782,929	\$ 782,929
Financing:					
State General Fund	\$ 678,328	\$ 713,903	\$ 713,903	\$ 720,333	\$ 720,333
All Other Funds	37,066	48,687	48,687	62,596	62,596
TOTAL	\$ 715,394	\$ 762,590	\$ 762,590	\$ 782,929	\$ 782,929
FTE Positions	11.5	16.0	16.0	16.0	16.0

The **agency** requests FY 2018 revised expenditures of \$762,590, including \$713,903 from the State General Fund. The revised estimate is an all funds decrease of \$37,966, or 4.7 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$49,792, or 7.5 percent above, and a special revenue fund decrease of \$87,758, or 64.3 percent, below the approved budget. The revised estimate includes 16.0 FTE positions, which is an increase of 3.3 positions above the approved amount.

The State General Fund increase is primarily attributable to the following factors:

- \$22,292 in increased expenditures for salaries and wages, which is due to the state employee salary adjustment approved by the 2017 Legislature and is not reflected in the FY 2018 approved program budget; and
- \$23,000 in increased expenditures for contractual services, which is due to the agency shifting some expenditures for contractual services from special revenue funds to the State General Fund.

The special revenue fund decrease is primarily attributable to \$80,000 in reduced expenditures on contractual services. This is due to the agency postponing the implementation of a new online education program.

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

The **agency** requests FY 2019 revised expenditures of \$782,929, including \$720,333 from the State General Fund. The revised estimate is an all funds decrease of \$28,416, or 3.5 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$45,570, or 6.8 percent, and a special revenue fund decrease of \$73,986, or 54.2 percent, from the approved budget. The revised estimate includes 16.0 FTE positions, which is a decrease of 2.3 positions below the approved amount.

The State General Fund increase is attributable to the following factors:

- \$21,523 in increased expenditures for salaries and wages, which is due to the state employee salary adjustment approved by the 2017 Legislature and is not reflected in the FY 2019 approved program budget; and
- \$23,000 in increased expenditures for contractual services, which is due to the agency shifting some expenditures for contractual services from special revenue funds to the State General Fund.

The special revenue fund decrease is primarily attributable to \$80,000 in reduced expenditures on contractual services. This is due to the agency postponing the implementation of a new online education program. The decrease in contractual expenditures is partially offset by increased expenditures on salaries and wages, which is attributable to the state employee salary adjustment approved by the 2017 Legislature.

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

C. Cultural Resources

The goal of the Cultural Resources division is to preserve the state's archeological, architectural, and historic resources, while at the same time assisting communities and property owners in economic development through assistance in rehabilitating and repurposing historic structures. The division also preserves and operates 16 State-owned historic sites. The State of Kansas has owned state historic sites since 1899 and state statutes determine the legislative process for obtaining additional sites. These State-owned historic sites were moved to the Cultural Resources Division during the agency's FY 2014 reorganization.

The division is funded through a combination of State General Fund, state special revenue funds, and federal funds. Enacted by the U.S. Congress in 1966 and amended in 1970 and 1980, the National Preservation Act provides for a National Register of Historic Places to include districts, sites, buildings, structures, and objects significant to American history, archeology, and culture. The Act provides funding for the State's Historic Preservation program, which is overseen by the Executive Director of the State Historical Society in his or her capacity as the State Historic Preservation Officer. These federal funds are used to cover administrative costs related to the program and require a 40.0 percent match, which is paid through moneys from the State General Fund.

The State of Kansas also has adopted legislation protecting the state's cultural resources. The State provides incentives (grants and tax credits) to property owners to rehabilitate their historic structures. The State Historical Society possesses grant-making authority over moneys in the Historical Preservation Fund (federal funds) and the Heritage Trust Fund (funded by mortgage document fees).

CULTURAL RESOURCES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,197,998	\$ 1,304,841	\$ 1,304,841	\$ 1,353,310	\$ 1,353,310
Contractual Services	149,978	211,600	211,600	209,100	209,100
Commodities	7,173	11,400	11,400	11,450	11,450
Capital Outlay	508	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,355,657</i>	<i>\$ 1,527,841</i>	<i>\$ 1,527,841</i>	<i>\$ 1,573,860</i>	<i>\$ 1,573,860</i>
Aid to Local Units	364,923	186,000	186,000	176,000	176,000
Other Assistance	756,685	782,875	782,875	820,000	820,000
TOTAL	<u>\$ 2,477,265</u>	<u>\$ 2,496,716</u>	<u>\$ 2,496,716</u>	<u>\$ 2,569,860</u>	<u>\$ 2,569,860</u>
Financing:					
State General Fund	\$ 416,426	\$ 417,336	\$ 417,336	\$ 439,343	\$ 439,343
All Other Funds	2,060,839	2,079,380	2,079,380	2,130,517	2,130,517
TOTAL	<u>\$ 2,477,265</u>	<u>\$ 2,496,716</u>	<u>\$ 2,496,716</u>	<u>\$ 2,569,860</u>	<u>\$ 2,569,860</u>
FTE Positions	18.0	28.0	28.0	28.0	28.0

The **agency** requests FY 2018 revised expenditures of \$2.5 million, including \$417,336 from the State General Fund. The revised estimate is an all funds increase of \$70,754, or 2.9 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$5,835, or 1.4 percent, and a special revenue fund increase of \$76,589, or 3.8 percent, from the approved budget. The revised estimate includes 28.0 FTE positions, which is an increase of 8.0 positions above the approved amount.

The State General Fund decrease is primarily attributable to the agency holding open some authorized FTE positions in order to meet budget appropriations.

The special revenue fund increase is primarily attributable to the following factors:

- \$33,989 in increased expenditures for salaries and wages, which is due to the state employee salary adjustment approved by the 2017 Legislature and is not reflected in the FY 2018 approved program budget; and
- \$44,500 in increased expenditures for contractual services, which is primarily due to increased expenditures on utilities.

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

The **agency** requests FY 2019 revised expenditures of \$2.6 million, including \$439,343 from the State General Fund. The revised estimate is an all funds increase of \$90,568, or 3.7 percent, above the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$10,476, or 2.4 percent, and a special revenue fund increase of \$80,092, or 3.9 percent, above the approved budget. The revised estimate includes 28.0 FTE positions, which is an increase of 8.0 FTE positions above the approved amount.

The State General Fund increase is primarily attributable to \$9,526 in increased expenditures on salaries and wages, which is due to the state employee salary adjustment approved by the 2017 Legislature and is not reflected in the FY 2018 approved program budget.

The special revenue fund increase is primarily attributable to the following factors:

- \$39,092 in increased expenditures for salaries and wages, which is due to the state employee salary adjustment approved by the 2017 Legislature and is not reflected in the FY 2018 approved program budget; and
- \$41,900 in increased expenditures for contractual services, which is primarily due to increased expenditures on utilities.

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

D. State Archives

The State Archives division was established as part of the agency's FY 2014 reorganization. The division combines the government records management and preservation responsibilities performed by the state archives with the function of the previous historical research collections division. The division works with the State Records Board to ensure all government records are scheduled for retention or disposition. The division also collects a variety of historical documents to tell the stories of Kansas people through online resources.

Responsibilities of the division include: collecting, preserving, and making available Kansas governmental records of enduring or permanent value; offering training to local and state government officials on records management and collaborating with officials on best practices; review proposed state agency plans for information technology projects over \$250,000 to ensure adequate provisions are included for the management and preservation of long-term state government records; efficiently administer the land survey reference reports programs; acquiring and preserving newspapers throughout the state; digitizing historical newspapers for online accessibility; and operating the research room at the State Archives.

The State Records Center was officially closed at the end of FY 2015. The Center previously held non-current, but still active, paper records for state agencies and was funded by payments from those agencies. As fewer agencies made use of the Center, it was no longer cost-effective to offer the service.

STATE ARCHIVES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 999,733	\$ 962,453	\$ 962,453	\$ 1,012,094	\$ 1,012,094
Contractual Services	50,285	85,300	85,300	55,300	55,300
Commodities	14,468	21,550	21,550	21,550	21,550
Capital Outlay	179	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,064,665</i>	<i>\$ 1,069,303</i>	<i>\$ 1,069,303</i>	<i>\$ 1,088,944</i>	<i>\$ 1,088,944</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,064,665	\$ 1,069,303	\$ 1,069,303	\$ 1,088,944	\$ 1,088,944
Financing:					
State General Fund	\$ 975,222	\$ 944,299	\$ 944,299	\$ 1,003,442	\$ 1,003,442
All Other Funds	89,443	125,004	125,004	85,502	85,502
TOTAL	\$ 1,064,665	\$ 1,069,303	\$ 1,069,303	\$ 1,088,944	\$ 1,088,944
FTE Positions	17.0	18.0	18.0	18.0	18.0

The **agency** requests FY 2018 revised expenditures of \$1.1 million, including \$944,299 from the State General Fund. The revised estimate is an all funds decrease of \$63,902, or 5.6 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$27,892, or 2.9 percent, and a special revenue fund decrease of \$36,010, or 22.4 percent, below the approved budget. The revised estimate includes 18.0 FTE positions, which is a decrease of 10.0 positions below the approved amount.

The State General Fund decrease is primarily attributable to decreased expenditures of \$42,892 for salaries and wages, which is due to the agency holding open some authorized FTE positions to meet budget appropriations. This is partially offset by the agency shifting \$15,000 in contractual services expenditures from special revenue fund moneys to the State General Fund.

The special revenue fund decrease is primarily attributable to \$35,000 in decreased expenditures for contractual services, which is partially due to reduced information technology costs associated with KEEP, the State's repository for permanent digital records.

The decrease in FTE positions is attributable to the agency studying its needs and reallocating positions to those functions it deems critical to the agency mission.

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

The **agency** requests FY 2019 revised expenditures of \$1.1 million, including \$1.0 million from the State General Fund. The revised estimate is an all funds increase of \$1,690, or 0.2 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund increase of \$15,686, or 1.6 percent, and a special revenue fund decrease of \$13,996, or 14.1 percent, from the approved budget. The revised estimate includes 18.0 FTE positions, which is a decrease of 10.0 positions below the approved amount.

The State General Fund increase and special revenue fund decrease is primarily attributable to the agency shifting contractual services expenditures from special revenue fund moneys to the State General Fund. The State General Fund increase is partially offset by decreased expenditures of \$8,832 for salaries and wages, which is due to the agency holding open some authorized FTE positions to meet budget appropriations.

The decrease in FTE positions is attributable to the agency studying its needs and reallocating positions to those functions it deems critical to the agency mission.

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

E. Kansas Humanities Council

The Kansas Humanities Council (KHC) is a nonprofit that connects communities to the history, traditions, and ideas that strengthen civic life. For the next three fiscal years, the Kansas Humanities Council will use state funds in support of Heritage Grants and Community Resource Grants. Heritage Grants provide support for projects that preserve and interpret local community history, while Community Resources Grants support speakers in Kansas history, book discussions, and traveling museum exhibits.

The State Historical Society serves as a pass-through for state funding to the Kansas Humanities Council, which is specifically appropriated to the KHC. Previously, these pass-through moneys were budgeted under the Administration program, but are now budgeted as a separate program.

KANSAS HUMANITIES COUNCIL SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	50,501	50,501	50,501	50,501
TOTAL	\$ 0	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
Financing:					
State General Fund	\$ 0	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
All Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2018 revised expenditures of \$50,501, all from the State General Fund. The revised estimate is the same as the FY 2018 budget approved by the 2017 Legislature.

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

The **agency** requests FY 2019 revised expenditures of \$50,501, all from the State General Fund. The revised estimate is the same as the FY 2019 budget approved by the 2017 Legislature.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Cottonwood Ranch Roof				
Repairs	\$ 23,000	\$ 23,000	\$ 0	\$ 0
Rehabilitation and Repair	279,552	279,552	250,000	250,000
Fort Hays Blockhouse				
Repair	20,000	20,000	15,000	15,000
Red Rocks Exterior Painting	0	0	33,000	33,000
TOTAL	\$ 322,552	\$ 322,552	\$ 298,000	\$ 298,000
Financing:				
State General Fund	\$ 279,552	\$ 279,552	\$ 250,000	\$ 250,000
All Other Funds	43,000	43,000	48,000	48,000
TOTAL	\$ 322,552	\$ 322,552	\$ 298,000	\$ 298,000

FY 2018 – Current Year. The **agency** requests a revised capital improvements budget of \$322,552, including \$279,552 from the State General Fund. The revised estimate is an all funds increase of \$25,000, or 8.4 percent, above the the FY 2018 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$25,000, or 138.9 percent, above the approved budget. The State General Fund revised estimate is the same as the approved budget and includes a reappropriation of \$29,552 from FY 2017. The special revenue fund increase is attributable to increased private donations for the Cottonwood Ranch roof repair and increased federal funding for the study of the Fort Hays Blockhouse.

The revised capital improvements budget includes the following projects:

- **Cottonwood Ranch Roof Repair.** This project will replace the wood shingles on multiple buildings at Cottonwood Ranch in Sheridan County and will be completed with private donations;
- **Rehabilitation and Repair Projects.** This requested annual State General Fund appropriation of \$250,000 is to make unanticipated repairs to the more than 50 buildings located at the 16 state historic sites and at Kansas State Historical Society headquarters, including the replacement of a chiller at the Kansas Museum of History using the moneys reappropriated from FY 2017; and
- **Fort Hays Blockhouse Repair.** The agency proposes to undertake a study with the City of Hays to determine the cause of repeated water damage to the blockhouse, which will be completed with federal and private funds.

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

FY 2019 – Budget Year. The **agency** requests a revised capital improvements budget of \$298,000, including \$250,000 from the State General Fund. The revised estimate is an all funds decrease of \$15,000, or 4.8 percent, below the FY 2019 budget approved by the 2017 Legislature. This includes a special revenue fund decrease of \$15,000, or 23.8 percent, below the approved amount. The State General Fund revised estimate is the same as the approved budget. The special revenue fund decrease is attributable to the postponement of a rehabilitation project at Kaw Mission.

The revised capital improvements budget includes the following projects:

- **Rehabilitation and Repair Projects.** This requested annual State General Fund appropriation of \$250,000 is to make unanticipated repairs to the more than 50 buildings located at the 16 state historic sites and at Kansas State Historical Society headquarters;
- **Fort Hays Blockhouse Repair.** The agency proposes to undertake a study with the City of Hays to determine the cause of repeated water damage to the blockhouse, which will be completed with federal and private funds; and
- **Red Rocks Exterior Painting.** This project will repair and repaint the brick veneer at William Allen White's home in Emporia and will be completed with federal funds.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of page views on kshs.org and <i>Kansas Memory</i> (in millions)	N/A	5.7	5.5	5.5
Number of visitors to the Kansas Museum of History, State Capitol, and historic sites	116,000	119,362	115,000	116,000
Number of curriculum materials distributed	N/A	48,070	50,000	50,000

STATE LIBRARY

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 3,864,035	\$ 3,872,811	\$ 3,872,811	\$ 3,881,357	\$ 3,881,357
Other Funds	1,197,604	1,887,564	1,887,564	1,883,780	1,883,780
<i>Subtotal</i>	<i>\$ 5,061,639</i>	<i>\$ 5,760,375</i>	<i>\$ 5,760,375</i>	<i>\$ 5,765,137</i>	<i>\$ 5,765,137</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>
TOTAL	\$ 5,061,639	\$ 5,760,375	\$ 5,760,375	\$ 5,765,137	\$ 5,765,137

Percentage Change:

Operating Expenditures

State General Fund	(4.4) %	0.2 %	0.2 %	0.2 %	0.2 %
All Funds	(14.3)	13.8	13.8	0.1	0.1
FTE Positions	30.0	30.0	30.0	30.0	30.0

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 State Library has served the State since 1855, and has existed in its present form since 1963 with the passage of the State Library Act, KSA 75-2534, *et seq.* The purpose of the State Library Act was to establish an agency empowered to assist library development throughout the state and to provide library and information extension services to all the residents of the state who do not have access to library service. Additionally, the State Library provides and promotes library and information services to legislators and state government officials. The State Library conducts programs to promote literacy and reading for everyone. The agency is headed by the State Librarian, who is appointed by the Governor. The State Library serves as a member *ex officio* (not entitled to vote) on the State Library of Kansas Board and serves as the Secretary (KSA 75-2546).

The State Library serves as a catalyst to improve statewide library services through grants-in-aid to public libraries and several regional systems of cooperating libraries. The State Library administers grant and aid programs, statewide library resource sharing, state and federal document depository service, and the Kansas Center for the Book. The State Library also runs the State Data Center, which works with the U.S. Census Bureau and other agencies to improve the quality, accuracy, and completeness of census data estimates. Additionally, the State Library maintains statewide subscriptions to a variety of Internet databases, the Kansas Talking Books Service for blind and handicapped Kansans, and oversees the state's Summer Reading Program.

The State Library currently operates two programs that provide and support library services:

- **Administration.** This program provides reference and information services to the Legislature and state government; provides administrative support, personnel, financial, and accounting services for the State Library; provides consulting services throughout the State; administers state and federal aid for libraries; facilitates access to statewide online library resources; supported statewide inter-library loan and inter-library cooperation and communication; and administers the library's web presence; and
- **Services to the Blind and Handicapped.** This program operates the Kansas Talking Books Service, which provides a range of services for Kansas residents who cannot read conventional printed materials due to visual or physical impairments.

Under Performance-Based Budgeting, the State Library will move to a three-program structure to carry out its agency mission. They are as follows:

- Reference Division;
- Statewide Services and Resources Division; and
- Talking Books Service to the Blind Division.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$219,711, all from the State General Fund. One vacant FTE position was eliminated, which decreased the agency's FTE limitation from 15.0 in FY 2011 to 24.0 in FY 2012.

The **2012 Legislature** added \$800,000, all from the State General Fund, to fund research databases through the State Library for FY 2013. This funding was originally included in the Board of Regents budget.

The **2013 Legislature** added \$800,000, all from the State General Fund, to fund statewide database subscriptions. Additionally, the Legislature added \$89,369, all from the State General Fund, and 1.0 FTE position for the implementation of the Children's Internet Protection Act for FY 2014. The 2013 Legislature also deleted \$388,099, all from the State General Fund, for a reduction in operating expenditures for FY 2014. Funding for salaries and wages was reduced by \$186,301 in FY 2014 and by \$186,612 in FY 2015.

The **2017 Legislature** added \$36,402, including \$28,934 from the State General Fund, for a 2.5 percent salary adjustment for state employees with less than five years of service and a 5.0 percent salary adjustment for state employees who have not had a pay adjustment in five years. The Legislature also added \$3,149, all from the State General Fund, to provide for cybersecurity enhancements in FY 2018.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$5.8 million, including \$3.9 million from the State General Fund. The total revised estimate is the same as the budget approved by the 2017 Legislature. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 30.0 FTE positions, which is the same as the approved number.

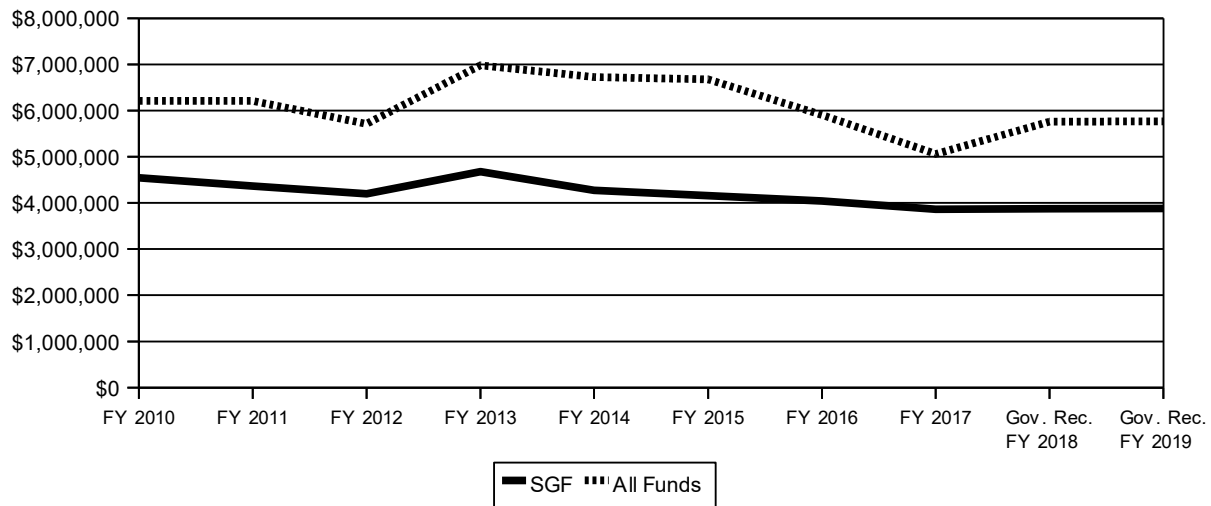
The **Governor** concurs with the agency's FY 2018 revised estimate.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$5.8 million, including \$3.9 million from the State General Fund. This is an all funds increase of \$20,773, or 0.4 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a special revenue fund increase of \$20,773, or 1.1 percent, above the approved budget. The State General Fund revised estimate is the same as the approved budget. The special revenue fund increase is due to a 2.5 percent salary increase approved by the Governor to cover those employees not included in the state employee pay plan approved by the 2017 Legislature. The revised estimate includes 30.0 FTE positions, which is the same as the approved number.

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	\$ 4,545,907	(13.6)%	\$ 6,209,463	(14.3)%	21.8
2011	4,363,021	(4.0)	6,208,406	(0.0)	31.8
2012	4,200,598	(3.7)	5,712,323	(8.0)	20.0
2013	4,674,521	11.3	6,979,921	22.2	26.0
2014	4,274,292	(8.6)	6,725,998	(3.6)	31.0
2015	4,155,734	(2.8)	6,677,117	(0.7)	31.0
2016	4,042,473	(2.7)	5,905,602	(11.6)	30.0
2017	3,864,035	(4.4)	5,061,639	(14.3)	30.0
2018 Gov. Rec.	3,872,811	0.2	5,760,375	13.8	30.0
2019 Gov. Rec.	3,881,357	0.2	5,765,137	0.1	30.0
Ten-Year Change Dollars/Percent	\$ (664,550)	(14.6)%	\$ (444,326)	(7.2)%	8.2

Summary of Operating Budget FY 2017 - FY 2019

State Library

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 4,521,341	\$ 5,178,781	\$ 5,177,435	\$ (1,346)	(0.0) %	\$ 5,178,781	\$ 5,177,435	\$ (1,346)	(0.0) %		
Services to Blind & Handicapped	540,298	581,594	587,702	6,108	1.1	581,594	587,702	6,108	1.1		
TOTAL	\$ 5,061,639	\$ 5,760,375	\$ 5,765,137	\$ 4,762	0.1 %	\$ 5,760,375	\$ 5,765,137	\$ 4,762	0.1 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 1,397,229	\$ 1,463,242	\$ 1,470,662	\$ 7,420	0.5 %	\$ 1,463,242	\$ 1,470,662	\$ 7,420	0.5 %		
Contractual Services	1,947,809	2,568,838	2,574,754	5,916	0.2	2,568,838	2,574,754	5,916	0.2		
Commodities	219,613	168,030	163,030	(5,000)	(3.0)	168,030	163,030	(5,000)	(3.0)		
Capital Outlay	72,816	129,700	129,700	0	--	129,700	129,700	0	--		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal-Operations	\$ 3,637,467	\$ 4,329,810	\$ 4,338,146	\$ 8,336	0.2 %	\$ 4,329,810	\$ 4,338,146	\$ 8,336	0.2 %		
Aid to Local Units	1,423,272	1,430,565	1,426,991	(3,574)	(0.2)	1,430,565	1,426,991	(3,574)	(0.2)		
Other Assistance	900	0	0	0	--	0	0	0	--		
TOTAL	\$ 5,061,639	\$ 5,760,375	\$ 5,765,137	\$ 4,762	0.1 %	\$ 5,760,375	\$ 5,765,137	\$ 4,762	0.1 %		
Financing:											
State General Fund	\$ 3,864,035	\$ 3,872,811	\$ 3,881,357	\$ 8,546	0.2 %	\$ 3,872,811	\$ 3,881,357	\$ 8,546	0.2 %		
Federal Library Services & Technology Act Fund	1,120,067	1,676,944	1,662,189	14,755	0.9	1,676,944	1,662,189	(14,755)	(0.9)		
All Other Funds	77,537	210,620	221,591	10,971	5.2	210,620	221,591	10,971	5.2		
TOTAL	\$ 5,061,639	\$ 5,760,375	\$ 5,765,137	\$ 4,762	0.1 %	\$ 5,760,375	\$ 5,765,137	\$ 4,762	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 \$3.9 million for the State Library in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor's Rec. FY 2018	Governor's Change from Approved
State General Fund	\$ 3,872,811	\$ 3,872,811	\$ 0	\$ 3,872,811	\$ 0
All Other Funds	1,887,564	1,887,564	0	1,887,564	0
TOTAL	\$ 5,760,375	\$ 5,760,375	\$ 0	\$ 5,760,375	\$ 0
FTE Positions	30.0	30.0	0.0	30.0	0.0

The **agency** requests expenditures of \$5.8 million, including \$3.9 million from the State General Fund. This is the same as the FY 2018 budget approved by the 2017 Legislature. The revised estimate includes 30.0 FTE positions, which is the same as the approved number.

However, some changes have been made to individual objects of expenditure. The agency shifted expenditures of \$5,638 from salaries and wages to contractual services in FY 2018. This change is attributable to reduced expenditures for salaries and wages due to the agency leaving several approved FTE positions, including the State Librarian, open for part of the fiscal year. In accordance with the pay plan approved by the Governor, the agency used some of the savings from these open positions to fund a 2.5 percent salary increase from existing resources for employees not originally covered by the state employee salary adjustment approved by the 2017 Legislature. The rest of the savings from open FTE positions was shifted to contractual services due to increased expenditures for database access fees.

Additionally, the agency shifted a portion of salaries and wages expenditures from the State General Fund to federal funds, as the federal funds are expected to increase in FY 2018.

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 \$3.9 million for the State Library for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor's Rec. FY 2019	Governor's Change from Approved
State General Fund	\$ 3,881,357	\$ 3,881,357	\$ 0	\$ 3,881,357	\$ 0
All Other Funds	1,863,007	1,883,780	20,773	1,883,780	20,773
TOTAL	\$ 5,744,364	\$ 5,765,137	\$ 20,773	\$ 5,765,137	\$ 20,773
FTE Positions	30.0	30.0	0.0	30.0	0.0

The **agency** requests a revised estimate of \$5.8 million, including \$3.9 million from the State General Fund. The revised estimate is an all funds increase of \$20,773, or 0.4 percent, above the FY 2018 budget approved by the 2017 Legislature. This increase includes a special revenue fund increase of \$20,773, or 1.1 percent, above the approved amount. The State General Fund revised estimate is the same as the approved budget. The revised estimate includes 30.0 FTE positions, which is the same as the approved number.

The special revenue fund increase is attributable to increased expenditures for salaries and wages. This is due to increased expenditures for unclassified regular salaries and group hospitalization expenditures, partially offset by decreased expenditures for classified regular and unclassified temporary salaries. The increased expenditures for unclassified regular salaries and decreased classified regular salaries are attributable to the 2.5 percent salary increase offered by the agency, and approved by the Governor, to classified employees who voluntarily accepted moving their positions from classified to unclassified service. To cover the increased expenditures associated with salaries and wages, the agency has shifted expenditures from the State General Fund to federal funds, as the federal funds are expected to increase for FY 2019.

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 longevity payments total \$1,000, including \$697 from the State General Fund, and FY 2019 longevity payments total \$1,000, including \$695 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

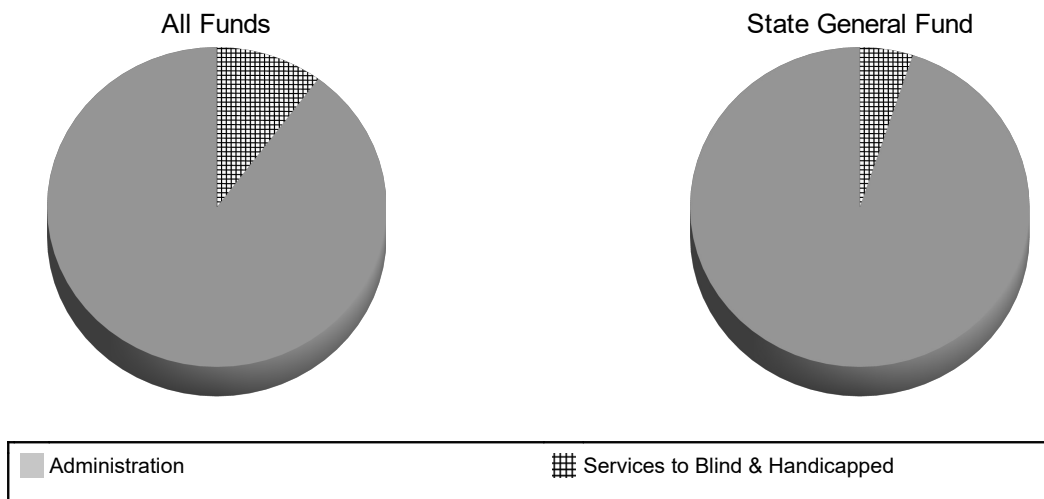
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	67.3 %	67.3 %
Federal Library Services & Technology Act Fund	28.8	28.8
All Other Funds	3.8	3.8
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 5,177,435	89.8 %	\$ 3,684,923	94.9 %
Services to Blind & Handicapped	\$ 587,702	10.2 %	\$ 196,434	5.1 %
TOTAL	\$ 5,765,137	100.0 %	\$ 3,881,357	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	20.0	20.0	20.0	20.0	20.0
Services to Blind & Handicapped	10.0	10.0	10.0	10.0	10.0
TOTAL	30.0	30.0	30.0	30.0	30.0

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.

A. Administration

The Administration program provides a variety of services, including: reference and information for the Legislature and state government; consultation to libraries throughout the state; administration of state and federal aid to libraries; facilitating access to statewide online

library resources; supporting statewide inter-library loan and inter-library cooperation and communication; and providing administrative support, personnel, financial, and accounting services for the State Library.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,031,654	\$ 1,082,363	\$ 1,082,363	\$ 1,081,825	\$ 1,081,825
Contractual Services	1,833,657	2,438,517	2,438,517	2,446,283	2,446,283
Commodities	216,868	165,500	165,500	160,500	160,500
Capital Outlay	71,162	129,700	129,700	129,700	129,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,153,341</i>	<i>\$ 3,816,080</i>	<i>\$ 3,816,080</i>	<i>\$ 3,818,308</i>	<i>\$ 3,818,308</i>
Aid to Local Units	1,367,100	1,362,701	1,362,701	1,359,127	1,359,127
Other Assistance	900	0	0	0	0
TOTAL	\$ 4,521,341	\$ 5,178,781	\$ 5,178,781	\$ 5,177,435	\$ 5,177,435
Financing:					
State General Fund	\$ 3,454,500	\$ 3,677,916	\$ 3,677,916	\$ 3,684,923	\$ 3,684,923
All Other Funds	1,066,841	1,500,865	1,500,865	1,492,512	1,492,512
TOTAL	\$ 4,521,341	\$ 5,178,781	\$ 5,178,781	\$ 5,177,435	\$ 5,177,435
FTE Positions	20.0	20.0	20.0	20.0	20.0

The **agency** requests FY 2018 revised expenditures of \$5.2 million, including \$3.7 million from the State General Fund. The revised estimate is an all funds increase of \$37,484, or 0.7 percent, above the FY 2018 budget approved by the 2017 Legislature. This increase includes a State General Fund increase of \$174,051, or 5.0 percent, and a special revenue fund decrease of \$136,567, or 8.3 percent, from the approved amount. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The State General Fund increase and special revenue fund decrease is primarily attributable to the agency shifting expenditures for capital outlay from federal funds to the State General Fund. The increase in the State General Fund revised estimate is also attributable to the 2.5 percent salary adjustment offered by the agency, and approved by the Governor, to employees not covered in the Legislature-approved pay plan. The special revenue decrease is partially offset by increased federal fund expenditures for salaries and wages due to the agency's 2.5 percent pay increase.

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

The **agency** requests FY 2019 revised expenditures of \$5.2 million, including \$3.7 million from the State General Fund. The revised estimate is an all funds increase of \$50,231, or 1.0 percent, above the FY 2019 budget approved by the 2017 Legislature. This increase includes a State General Fund increase of \$159,632, or 4.5 percent, and a special revenue fund decrease of \$109,401, or 6.8 percent, from the approved budget. The revised estimate includes 20.0 FTE positions, which is the same as the approved number.

The State General Fund increase and special revenue fund decrease is primarily attributable to the agency shifting expenditures for capital outlay and contractual services from

federal funds to the State General Fund. The special revenue fund decrease is partially offset by increased federal fund expenditures for salaries and wages as a result of increased expenditures for unclassified regular salaries and group hospitalization, partially offset by decreased expenditures on classified regular salaries. The increased expenditures for unclassified regular salaries and decreased classified regular salaries are attributable to the 2.5 percent salary increase offered by the agency, and approved by the Governor, to classified employees who voluntarily accepted moving their positions from classified to unclassified service.

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

B. Services to the Blind and Handicapped

The State Library operates the Kansas Talking Books Program, which is located on the campus of Emporia State University. This program provides a variety of reading materials for visually impaired citizens of Kansas. Such items include materials in Braille and recorded formats that can be requested and delivered to a patron's home.

SERVICES TO BLIND AND HANDICAPPED SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 365,575	\$ 380,879	\$ 380,879	\$ 388,837	\$ 388,837
Contractual Services	114,152	130,321	130,321	128,471	128,471
Commodities	2,745	2,530	2,530	2,530	2,530
Capital Outlay	1,654	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 484,126</i>	<i>\$ 513,730</i>	<i>\$ 513,730</i>	<i>\$ 519,838</i>	<i>\$ 519,838</i>
Aid to Local Units	56,172	67,864	67,864	67,864	67,864
Other Assistance	0	0	0	0	0
TOTAL	\$ 540,298	\$ 581,594	\$ 581,594	\$ 587,702	\$ 587,702
Financing:					
State General Fund	\$ 409,535	\$ 194,895	\$ 194,895	\$ 196,434	\$ 196,434
All Other Funds	130,763	386,699	386,699	391,268	391,268
TOTAL	\$ 540,298	\$ 581,594	\$ 581,594	\$ 587,702	\$ 587,702
FTE Positions	10.0	10.0	10.0	10.0	10.0

The **agency** requests FY 2018 expenditures of \$581,594, including \$194,895 from the State General Fund. The revised estimate is an all funds decrease of \$1,082, or 0.2 percent, below the FY 2018 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$145,117, or 42.7 percent, and a special revenue fund increase of \$144,035, or 59.4 percent, from the approved budget. The revised estimate includes 10.0 FTE positions, which is the same as the approved number.

The State General Fund decrease and special revenue fund increase is solely attributable to the agency shifting expenditures for salaries and wages from the State General Fund to federal funds, as federal funds are expected to increase in FY 2018. Since the Kansas

Talking Books Program is a statewide program, federal funds may be used to cover salaries and wages for program employees.

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

The **agency** requests FY 2019 expenditures of \$587,702, including \$196,434 from the State General Fund. The revised estimate is an all funds increase of \$6,944, or 1.2 percent, above the FY 2019 budget approved by the 2017 Legislature. This includes a State General Fund decrease of \$130,698, or 40.0 percent, and a special revenue fund increase of \$137,642, or 54.3 percent, from the approved budget. The revised estimate includes 10.0 FTE positions, which is the same as the approved number.

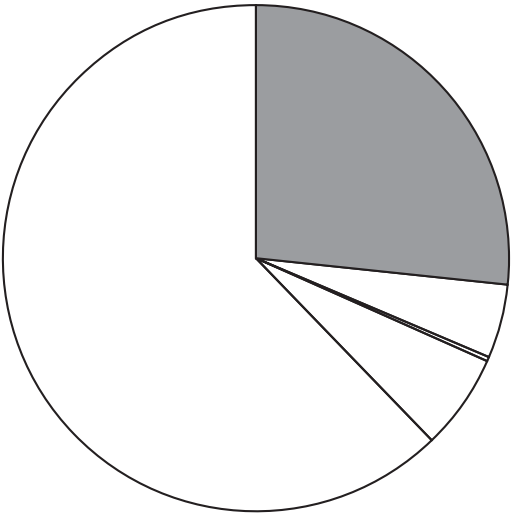
The State General Fund decrease and special revenue fund increase is solely attributable to the agency shifting expenditures for salaries and wages from the State General Fund to federal funds, as federal funds are expected to increase for FY 2019. Since the Kansas Talking Books Program is a statewide program, federal funds may be used to cover salaries and wages for program employees.

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

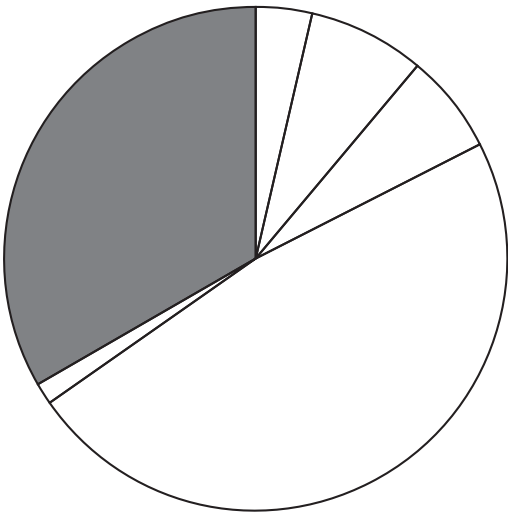
PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of children participating in summer reading programs	100,000	86,947	88,000	88,000
Number of titles circulated in Talking Books Services	260,000	212,130	214,000	214,000
Number of users of Talking Books Services	6,000	5,313	5,500	5,500
Number of Database searches/queries (in millions)	168	204	215	225
Items loaned through Inter Library Loan	980,000	932,759	942,087	954,508

HUMAN SERVICES

State General Fund



All Funds



Human Services provides services to individuals. Services provided include cash and medical assistance, care of the mentally ill and developmentally disabled in state hospital and community placements, and unemployment payments.

The Governor's FY 2019 recommendation for the Human Services function totals \$5.6 billion from all funding sources, including \$1.9 billion from the State General Fund.

The FY 2019 recommendation represents a State General Fund increase of 8.3 percent, or \$143.1 million, above the FY 2018 recommendation. Expenditures from all funds increase by 5.8 percent, or \$304.8 million, above the FY 2018 recommendation.

Agencies in this Function:	
<i>Kansas Department of Health and Environment.....</i>	<i>1183</i>
<i>Department for Children and Families.....</i>	<i>1218</i>
<i>Kansas Department for Aging and Disability Services.....</i>	<i>1257</i>
<i>Kansas Neurological Institute.....</i>	<i>1304</i>
<i>Parsons State Hospital and Training Center.....</i>	<i>1332</i>
<i>Larned State Hospital.....</i>	<i>1362</i>
<i>Osawatomie State Hospital.....</i>	<i>1389</i>
<i>Kansas Commission on Veterans' Affairs Office.....</i>	<i>1413</i>
<i>Kansas Department of Labor.....</i>	<i>1444</i>
<i>Kansas Guardianship Program.....</i>	<i>1480</i>

A total of 6,729.6 FTE positions are recommended by the Governor for the Human Services function for FY 2019, which is a decrease of 9.0 FTE positions below the FY 2018 recommendation. Of all state FTE positions, 16.8 percent are in this function.

Agencies in this function compose 26.9 percent of the total State General Fund budget for FY 2019, which is an increase of 1.2 percent above the FY 2018 recommendation. They compose 33.2 percent of expenditures from all funding sources for FY 2019, which is an increase of 0.8 percent above the FY 2018 recommendation.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 679,226,051	\$ 603,216,377	\$ 645,022,171	\$ 651,168,970	\$ 776,295,662
Other Funds	1,938,589,145	2,077,075,702	2,017,795,477	1,944,462,141	2,099,911,111
Subtotal	\$ 2,617,815,196	\$ 2,680,292,079	\$ 2,662,817,648	\$ 2,595,631,111	\$ 2,876,206,773
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 2,617,815,196	\$ 2,680,292,079	\$ 2,662,817,648	\$ 2,595,631,111	\$ 2,876,206,773

Percentage Change:

Operating Expenditures

State General Fund	(2.4) %	(11.2) %	(5.0) %	7.9 %	20.4 %
All Funds	3.8	2.4	1.7	(3.2)	8.0
FTE Positions	1,133.3	1,206.6	1,206.6	1,206.6	1,206.6

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 Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to promote and protect the health of Kansans through public health programs and services and through the preservation, protection, and remediation of natural resources in the environment.

The agency is divided into three main divisions: the Division of Public Health, the Division of Health Care Finance, and the Division of Environment.

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director and five bureaus: Disease Control and Prevention, Health Promotion, Family Health, Community Health Systems, and Epidemiology and Public Health Informatics. The Administration program is also included in the Division of Health function.

The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda, which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties, and functions of the

Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency, and effectiveness of health services and public health programs. The Division oversees the State's Medicaid program, the State Employee Health Plan, and the State Self-Insurance Fund workers compensation program.

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes six bureaus: Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (includes the Office of the Director of the Division of Environment), and the Health and Environmental Laboratories.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** added \$2.5 million, all from the State General Fund, for FY 2009 for additional funding for primary safety net clinics and added \$2.2 million, all from the Children's Initiatives Fund, to expand newborn screening. In addition, the Legislature shifted FY 2009 expenditures of \$3.5 million for Part C Infant Toddler (Tiny-K) services from the State General Fund to the Children's Initiatives Fund and added an additional \$1.0 million from the Children's Initiatives Fund for Tiny-K services in FY 2009.

The **2008 Legislature** deleted \$405,270, including \$74,949 from the State General Fund, and 5.0 FTE positions for FY 2009 to reflect the transfer of responsibility for the survey and certification of hospital long-term care units from the Kansas Department of Health and Environment to the Department on Aging.

The **2008 Legislature** also deleted \$1.8 million, including \$184,962 from the State General Fund, for FY 2009 to implement provisions of 2008 SB 584, which transfers responsibility for the inspection and licensing of food service and lodging facilities from the Kansas Department of Health and Environment to the Department of Agriculture.

The **2009 Legislature** appropriated funding of \$346,125, all from the State General Fund, for FY 2010 for the Pregnancy Maintenance Initiative.

The **2009 Legislature** lapsed funding of \$680,000, all from the State General Fund, which had been appropriated as matching funding by the 2007 Legislature for the City of Treece buyout program.

The **2010 Legislature** deleted \$548,617, all from the State General Fund, and 1.0 FTE position for an operating expenditure reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011 for the Health function. The Legislature excluded the Cerebral Palsy Posture Seating program from the reduction.

The **2010 Legislature** added \$199,113, all from the State General Fund, for the Teen Pregnancy Prevention program for FY 2011. This restored funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** added language directing the agency to expend \$199,113, all from the State General Fund, for the Pregnancy Maintenance Initiative for FY 2011. The funding was to come from existing resources. This restores funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** appropriated the Health Information Exchange–Federal Fund as a no limit fund for FY 2011. The Fund will be used to receive and expend a five-year, \$9.0 million federal grant to establish the Kansas Health Information Exchange.

The **2010 Legislature** deleted \$191,193, all from the State General Fund, and 3.0 FTE positions to achieve a State General Fund reduction of approximately 2.5 percent from the Governor’s recommendation for FY 2011 for the Environment function.

The **2010 Legislature** appropriated the QuantiFERON TB Laboratory Fund as a no limit fund for FY 2011. The Fund will be used to deposit contractual services payments received from state universities that wish to contract for lab services related to the requirements that all college students have a tuberculosis test using QuantiFERON.

In **2011**, the Governor signed Executive Reorganization Order (ERO) No. 38, which transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies and administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children’s Health Insurance Program (Title XXI).

The **2011 Legislature** added \$100,000, all from the State General Fund, to the Teen Pregnancy Prevention program, bringing total funding available in FY 2011 to \$299,113 in FY 2011. For FY 2012, the Legislature added \$150,887, all from the State General Fund, to the program, bringing the total available for FY 2012 to \$350,000.

The **2011 Legislature** added \$100,000, all from the State General Fund, to the Senator Stan Clark Pregnancy Maintenance Initiative, bringing total funding available in FY 2011 to \$299,113.

The **2011 Legislature** deleted \$165,000 and 1.0 FTE position from the Office of the Director of Health for FY 2012.

The **2011 Legislature** deleted \$2,786, all from the Children’s Initiatives Fund, because of projected shortfalls in tobacco funding for FY 2012.

The **2011 Legislature** deleted \$14,097,744, including \$6,000,000 from the State General Fund, for FY 2012 for reduced regular medical Medicaid expenditures associated with savings achieved in the Prepaid Ambulatory Health Plan managed care contract for mental health services.

The **2011 Legislature** deleted funding totaling \$1,879,699, including \$800,000 from the State General Fund, to capture savings in the Medicaid prescription drug program for FY 2012. A number of antidepressants and atypical anti-psychotic medications are or will soon be available in generic form and should result in prescription drug savings, according to the agency.

The **2011 Legislature** added \$750,000, all from the State General Fund, to partially restore the Local Environmental Protection Program (LEPP) program for FY 2012.

The **2011 Legislature**, because of a shortfall in budgeted tobacco receipts, deleted funding of \$11,712, all from the Children’s Initiatives Fund, from the newborn screening

program, in addition to the other Children's Initiatives Fund reductions for the global reductions approved by the Legislature totaling \$23,750 for FY 2012.

The **2011 Legislature** deleted \$480,511, all from the State General Fund, to reduce the agency's State General Fund expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent for FY 2012.

The **2011 Legislature** passed the Kansas Health Information and Technology Act (HB 2182), which synchronizes Kansas health information laws with Health Insurance Portability Accountability Act (HIPAA) privacy and security rules. This bill will allow Kansas Health Information Exchange to move forward in developing the framework for electronic health records.

In **2011**, the agency started a major initiative to implement the Kansas Eligibility and Enforcement System (KEES) to update the technology and processes for determining eligibility for medical programs and to detect fraud. The project is estimated to cost \$137.9 million over five years to implement and \$50.0 million each year for ongoing costs to maintain and operate the system. Phase I of the project implements a public portal for online application capability with initial functionality for Medicaid and Children's Health Insurance Program (CHIP) in Fall 2013.

In addition, the agency started a process to reform Medicaid, which included the implementation of Managed Care contracts for all medical programs. The contracts were awarded in Fall 2012 and implemented in January 2013. The Initiative also included agency realignment related to Medicaid responsibility.

The **2012 Legislature** acknowledged the enactment of ERO No. 41, which became effective on July 1, 2012, and transferred programs from KDHE to the Kansas Department for Aging and Disability Services (KDADS). The following areas of the Health Occupations Credentialing program at KDHE were transferred and are administered by the Secretary for Aging and Disability Services:

- Licensure of adult care home administrators;
- Licensure of dietitians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides; and
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility Licensure program was also transferred to KDADS.

In addition, the ERO further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in KDHE.

The **2012 Legislature** passed SB 14, which established the Newborn Screening Fund and funding mechanism for the program. Specifically, the bill establishes the Kansas Newborn Screening Fund in KDHE and creates a mechanism for depositing a portion of the privilege fees

received by the State from Health Maintenance Organizations (HMOs) into the new Fund. All expenditures from the Fund must be used for the program. The bill requires the Director of Accounts and Reports, Division of Accounts and Reports, Department of Administration, to determine, on a monthly basis, the amount of receipts from HMOs' privilege fee collections and to transfer the amount necessary to fund the Newborn Screening program for the preceding month as certified by the Secretary of Health and Environment or designee. The transfer cannot exceed the amount credited to the State General Fund pursuant to KSA 40-3213. KSA 2011 Supp. 40-3213 requires HMOs to pay, on an annual basis, a privilege fee in an amount equal to 1.0 percent per annum of the total of all premiums, subscription charges, or other similar charges made by the HMO to its enrollees. Under the prior law, the entire amount of the collected privilege fees was deposited into the State General Fund.

The **2012 Legislature** added \$407,000, all from the State General Fund, for the Early Detection Works program for FY 2012.

The **2012 Legislature** added \$634,584, all from the State General Fund, for the Primary Care–Safety Net Clinics program for a total program expenditure of \$7,877,649 for FY 2013. To offset this addition, the Legislature deleted \$134,584, all from the State General Fund, for operating expenditures of \$500,000, all from the State General Fund, for the Medicaid Reform Health Savings Account (HSA) program for FY 2013.

The **2012 Legislature** deleted \$1.0 million, including \$600,000 from the State General Fund, for statewide education prior to implementation of KanCare for FY 2013 and deleted \$2,427,116, including \$776,677 from the State General Fund, to update the Medicaid Management Information System for KanCare for FY 2013.

The **2012 Legislature** increased the Health Care Access Improvement Fund limit from \$33,354,454 to no limit to account for the increased revenues and expenditures as a result of 2012 HB 2416, which changed the base year for the assessment calculations for FY 2013.

The **2012 Legislature** added language for a new special revenue fund with a \$1.0 million limit for FY 2013 for the purpose of integrating the Medicaid Management Information System and data analysis to monitor data from contractors. State Finance Council may release funds only upon receiving the Approved Medicaid Reform waiver approval by the federal Centers for Medicare and Medicaid Services.

The **2012 Legislature** added language for FY 2013 to delay the implementation of the Home and Community Based Services Waiver for individuals with developmental disabilities in a managed care system (KanCare), as well as to allow for an optional pilot program for those developmental disabilities service provider organizations for FY 2013.

The **2012 Legislature** added \$800,000 for the Local Environmental Protection Program, all from the State Water Plan Fund, for FY 2013. The funding was subsequently vetoed by the Governor.

The **2013 Legislature** added \$634,584, including \$317,292 from the State General Fund to Primary Care–Safety Net Clinics for FY 2014 and \$317,292, all from the State General Fund, for FY 2015.

The **2014 Legislature** approved funding the Governor added for KanCare pilots of \$10.5 million, including \$4.5 million from the State General Fund. KDHE requested approval from the federal Centers for Medicare and Medicaid Services to implement three pilot programs designed

to support Kansans who might otherwise be enrolled in Medicaid. Two of the proposed pilots focus on increasing opportunities for Kansans with disabilities to work and the third pilot would offer an alternative to transitional Medicaid using a Health Account model.

KDHE received \$10.8 million from CHIP in FY 2014 in bonus funding for simplifying enrollment and successfully enrolling eligible children. The 2014 Legislature transferred \$7.1 million of this bonus funding to the KDADS to provide additional services to individuals on the underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015.

In addition, \$200,000 was added to Safety Net Clinics–Primary Care for FY 2015 from money received for the CHIP Bonus Award. The Legislature also added language directing the agency to spend an additional \$125,000 of the reappropriated State General Fund in the Aid to Local Programs on the Safety Net Clinics–Primary Care Program.

The **2014 Legislature** deleted \$4.7 million, including \$14.8 million from the State General Fund, for spring human services consensus caseload estimates in FY 2014 and added \$58.6 million from all funding sources and deleted \$8.5 million from the State General Fund for spring human services consensus caseload estimates for FY 2015.

The **Governor's December 2014 State General Fund allotment** reduced approved expenditures by \$1.0 million in FY 2015.

The **2015 Session** had several policy and organizational adjustments affecting KDHE, Divisions of Health and Health Care Finance.

The **Governor** issued ERO No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families (DCF) to KDHE, effective January 1, 2016. The Governor indicated this reorganization was anticipated to increase accuracy in Medicaid eligibility determination and partially reduce program expenditures through uniform implementation of policy and processing changes. The associated savings were to be split between KDHE and KDADS. In addition, ERO No. 43 transferred foster care licensing responsibilities from KDHE to DCF, effective July 1, 2015.

The **2015 Legislature** adjusted funding to implement the provisions of ERO No. 43. The Legislature deleted \$1.9 million, including \$920,000 from the State General Fund, and 23.0 FTE positions for FY 2016 and deleted \$2.0 million, including \$938,000 from the State General Fund, and 23.0 FTE positions for FY 2017 to implement the provision that transfers the foster care licensing program from KDHE, Division of Public Health, to DCF. The Legislature added \$3.5 million, including \$869,000 from the State General Fund, and 138.0 FTE positions for FY 2016 and added \$6.9 million, including \$1.7 million from the State General Fund, and 138.0 FTE positions for FY 2017 to implement the portion of the ERO that transfers the Medicaid eligibility determination program from DCF to KDHE, Division of Health Care Finance.

House Sub. for SB 112 (2015) included language stating that no state agency shall expend any state moneys for FY 2015, FY 2016, and FY 2017 for the purpose of implementing KanCare Health Homes–Chronic Conditions unless the Legislature expressly consents to such program and expenditures. It also contained language requiring the agency to submit a report regarding ERO No. 43 implementation and the transition of the eligibility responsibilities and staff, effective January 2016, to determine whether the proposed changes were effective in decreasing the Medicaid Eligibility Payment Error Rate Measurement (PERM) rates for Kansas.

The bill also requires an audit of the Health Care Access Improvement Fund and a report to the 2016 Legislature of a sustainability plan for the program using only assessment revenues.

The **2015 Legislature** passed Senate Sub. for HB 2281, which created the Medical Assistance Fee Fund and increased the annual privilege fees paid by every HMO for the reporting period beginning January 1, 2015, and ending December 31, 2017, from 1.00 percent per year to 3.31 percent per year of the total of all premiums, subscription charges, or any other term that may be used to describe the charges made by such organization to enrollees. The privilege fees collected or received by the Commissioner of Insurance from July 1, 2015, through June 30, 2018, from HMOs, including the three KanCare Managed Care Organizations (MCOs) and Medicare provider organizations for fees specified in law are to be deposited in the Fund to be expended for Medicaid medical assistance payments only. On and after January 1, 2018, the privilege fee will be 2.00 percent. The Legislature deleted \$31.0 million, including \$119.8 million from the State General Fund, and added \$88.8 million from the Medical Assistance Fund for FY 2016 and deleted \$29.6 million, including \$123.7 million from the State General Fund, and added \$94.1 million for the Medical Assistance Fund for FY 2017 to adjust funding to implement the HMO privilege fee changes at 3.31 percent.

The **2015 Legislature** passed Senate Sub. for HB 2149, which required KDHE to reimburse medical care facilities in certain situations for donor human breast milk provided to a recipient of medical assistance under the Kansas Medical Assistance Program. The bill also amended the procedures regarding restrictions of patients' access to any new prescription-only drug under the Kansas Medicaid Program. Specifically, the bill allows prior authorization or other restrictions on medications used to treat mental illness to be imposed on Medicaid recipients for medications subject to guidelines developed by the Medicaid Drug Utilization Review Board; establishes requirements for Board review of medications used to treat mental illness available for use before and after July 1, 2015; and creates a Mental Health Medication Advisory Committee, which is required to provide the Board with recommendations for the development of guidelines.

The **2015 Legislature** added \$378,000, all from the State General Fund, to Primary Care–Safety Net Clinics for FY 2016 due to funds made available through a transfer from the Kansas Endowment for Youth to the State General Fund.

The **Governor's November 2015 State General Fund allotment** reduced approved expenditures by \$15.8 million in FY 2016.

The **2016 Legislature** passed SB 248, which prescribes the priority for expenditures and grants for family planning services finances with federal Title X funds. The bill specifies KDHE, Division of Public Health, shall make any expenditure or grant first to public entities, including state, county, and local health departments and health clinics, and second, if funds remain, to non-public entities that are hospitals or federal qualified health centers that provide comprehensive primary and preventative care in addition to family planning services. This codified in statute a proviso that has been included in the appropriation bills since 2011.

The **2016 Legislature** passed House Sub. for SB 402, which includes provisions related to what is known as step therapy and removes the prohibition from requiring a Medicaid recipient to use or fail with a drug usage or drug therapy prior to allowing the recipient to receive the product or therapy recommended by the recipient's physician (a practice commonly referred to as step therapy); provides for patient protections for individuals on a drug therapy commenced prior to the effective date of the bill, including a 30-day trial limit on drug usage or drug therapy used for the treatment of multiple sclerosis; provides for a 72-hour expedited appeal process on a physician request for an override; requires KDHE to study, review, and

report to the Legislature on the use of step therapy in Medicaid and the savings under the program; provides for a step therapy exemption; and requires any policy or rule and regulation related to the implementation of the program be reviewed and approved by the Medicaid Drug Utilization Review Board prior to implementation by KDHE with the additional requirement that any policy or rule and regulation regarding any medication used to treat mental illness also is reviewed and approved by the Mental Health Medication Advisory Committee.

The **2016 Legislature** passed HB 2615, which amends and creates law regarding charitable health care providers, the Acupuncture Practice Act and the Physical Therapy Practice Act, the Behavioral Sciences Regulatory Board, the Interstate Medical Licensure Compact, and the Independent Practice of Midwifery Act. The bill allows charitable health care providers and dentists to fulfill one hour of continuing education credit for performance of two hours of gratuitous service to medically indigent persons if the provider signs an agreement with the Secretary of Health and Environment to provide gratuitous services. Health care providers are allowed to fulfill a maximum of 20 continuing educational credits through gratuitous service per licensure period, and dentists are allowed to fulfill a maximum of 6 continuing educational credits through gratuitous service per licensure period. The bill also creates the Independent Practice of Midwifery Act (Midwifery Act). Effective January 1, 2017, the Midwifery Act will allow certified nurse-midwives to practice without a collaborative practice agreement with a person licensed to practice medicine and surgery within a limited scope practice as set forth in the bill. The bill also prohibits nurse-midwives engaged in the independent practice of midwifery from performing or inducing abortions or from prescribing drugs for an abortion.

The **2016 Legislature** added language directing no expenditures can be made during FY 2016 and FY 2017 to proceed with integration of the Medicaid Home and Community Based Services waivers if the proposed integration is planned to occur prior to FY 2019. In addition, reports are required to the Legislature during FY 2017.

The **Governor's May 2016 State General Fund allotment** reduced approved expenditures by \$39.9 million in FY 2017.

The **2017 Legislature** passed HB 2079, which allowed supplemental Medicaid reimbursement for certain providers of ground emergency medical transportation services, created an intergovernmental transfer program, increased the annual HMO privilege fee, changed the privilege fee payment structure, created a priority system for use of revenue from the assessment, changed accounting procedures for the Kansas Newborn Screening Fund, and established a limit on the amount to be transferred to the the Kansas Newborn Screening Fund. Included with the increase of the privilege fee was restoration of the 4.0 percent rate reduction to Medicaid providers that was part of the May 2016 State General Fund allotment and creation of the Community Mental Health Center Improvement Fund within KDADS.

The **2017 Legislature** passed HB 2026, which changed the Kansas Program of Medical Assistance by amending and creating in law processes for MCOs providing Medicaid services.

The **2017 Legislature** transferred \$2.7 million, all from the Health Insurance Premium Reserve Fund to the On-site State Employee Health Clinic Fund created within the Department of Administration, to establish an on-site clinic for state employees for FY 2018.

The **2017 Legislature** added \$1.0 million, all from the State General Fund, for both FY 2018 and FY 2019 for safety net clinics and added language to specify the amount to be expended within the aid to local units—primary health projects appropriations line item for the Kansas Association for Medically Underserved and for the Community-based Primary Care Grants.

The **2017 Legislature** added language for both FY 2018 and FY 2019 requiring the agency to contract for services to survey and certify dialysis treatment facilities and allowing the agency to charge the cost of the survey to the facility if the survey has not been performed within one year of notification that the facility is operational. The language also required compliance with federal law.

The **2017 Legislature** added \$5.0 million, including \$2.2 million from the State General Fund, for both FY 2018 and FY 2019, which includes language requiring the agency to set Medicaid reimbursement rates for children's hospitals contracting with a KanCare MCO at levels that restore calendar year 2015 reductions. There also was related language added for FY 2018 requiring the agency to complete a study on the statewide average cost recovery ratio for all Kansas hospitals contracting with MCOs.

The **2017 Legislature** added \$1.1 million, including \$188,159 from the State General Fund, for both FY 2018 and FY 2019 for a salary adjustment (excluding 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), including: a 2.5 percent salary adjustment for judges and non-judicial staff; a 2.5 percent salary adjustment for all state employees with less than five years of service; and a 5.0 percent salary adjustment for state employees who have not had a pay adjustment in five years.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$2.7 billion, including \$603.2 million from the State General Fund, for operating expenditures in FY 2018. This is an increase of \$72.3 million, or 2.8 percent, including \$134,258 from the State General Fund, above the amount approved by the 2017 Legislature. The request includes \$23.6 million for the Administration function, \$148.9 million for the Division of Public Health, \$2.4 billion for the Division of Health Care Finance, and \$71.2 million for the Division of Environment. The State General Fund increase above the approved amount is due to two supplemental requests in the Division of Public Health for emergency response improvements. The all funds increase is primarily due to adjustments in contractual service fees related to the medical assistance programs. The agency request includes 1,206.6 FTE positions, which is an increase of 76.3 FTE positions above the number approved by the 2017 Legislature, primarily due to increases in the Division of Health Care Finance for eligibility, Medicaid Operations, and the Clearinghouse.

The **Governor** recommends operating expenditures of \$2.7 billion, including \$645.0 million from the State General Fund in FY 2018. The recommendation is a decrease of \$17.5 million, or 0.7 percent, and a State General Fund increase of \$41.8 million, from the agency's revised estimate. The Governor's recommendation includes fully funding human services consensus caseload estimates, which includes an all funds decrease of \$17.0 million and a State General Fund increase of \$53.8 million; lapses of State General Fund reappropriations of \$381,477; and transferring \$11.5 million from the Health Care Access Improvement Fund to the Medical Programs Fee Fund.

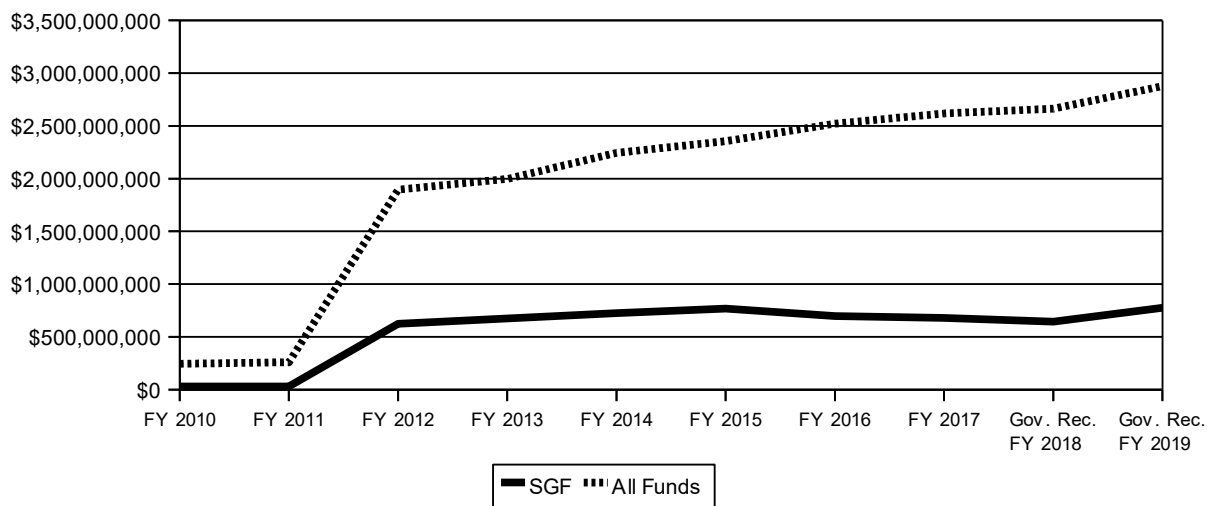
FY 2019 – Budget Year. The **agency** requests a revised estimate of \$2.6 billion, including \$651.2 million from the State General Fund, for operating expenditures for FY 2019. The request is an increase of \$34.5 million, or 1.3 percent, including \$137,024 from the State General Fund, above the amount approved by the 2017 Legislature. The request includes \$22.6

million for the Administration function, \$146.4 million for the Division of Public Health, \$2.4 billion for the Division of Health Care Finance, and \$68.0 million for the Division of Environment. The State General Fund increase above the approved amount is due to two supplemental requests in the Division of Public Health for emergency response improvements. The all funds increase is primarily due to adjustments in contractual service fees related to the medical assistance programs. The agency request includes 1,206.6 FTE positions, which is an increase of 77.3 FTE positions above the number approved by the 2017 Legislature, primarily due to increases in the Division of Health Care Finance for eligibility, Medicaid Operations, and the Clearinghouse.

The **Governor** recommends \$2.9 billion, including \$776.3 million from the State General Fund, for operating expenditures for FY 2019. The recommendation is an increase of \$280.6 million, or 10.8 percent, including \$125.1 million from the State General Fund, above the agency's revised estimate. The Governor's recommendation includes fully funding human services consensus caseload estimates, which includes an all funds increase of \$256.3 million, including \$114.7 million from the State General Fund; increasing Children's Initiatives Fund expenditures by \$33,066 in the Healthy Start/Home Visitor Program; providing a 4.0 percent Medicaid rate increase to all hospitals totaling \$22.1 million, including \$9.6 million from the State General Fund; and providing funding for hospitals starting new medical residency programs totaling \$2.3 million, including \$1.0 million from the State General Fund.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 30,909,024	(9.0)%	\$ 244,635,937	2.4 %	1,061.4
2011	30,729,451	(0.6)	259,937,352	6.3	1,058.4
2012	623,295,158	1,928.3	1,895,723,904	629.3	1,274.6
2013	673,845,298	8.1	1,997,106,319	5.3	1,158.0
2014	725,058,164	7.6	2,244,135,298	12.4	1,120.8
2015	767,428,847	5.8	2,354,956,619	4.9	1,099.3
2016	695,993,675	(9.3)	2,521,077,036	7.1	1,133.3
2017	679,226,051	(2.4)	2,617,815,196	3.8	1,133.3
2018 Gov. Rec.	645,022,171	(5.0)	2,662,817,648	1.7	1,206.6
2019 Gov. Rec.	776,295,662	20.4	2,876,206,773	8.0	1,206.6

Ten-Year Change

Dollars/Percent \$ 745,386,638 2,411.6 % \$ 2,631,570,836 1,075.7 % 145.2

Staff Note: The large increase in FY 2012 is a result of Executive Reorganization Order No. 41, which consolidated Medicaid fiscal and contractual management in the Kansas Department of Health and Environment. This included the creation of the Division of Health Care Finance.

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 18,592,777	\$ 23,633,960	\$ 22,580,472	\$ (1,053,488)	(4.5) %	\$ 23,564,271	\$ 22,580,472	\$ (983,799)	(4.2) %		
Public Health	153,197,661	148,886,364	146,405,958	(2,480,406)	(1.7)	148,440,318	146,302,000	(2,138,318)	(1.4)		
Health Care Finance	2,381,638,163	2,436,594,370	2,358,611,375	(77,982,995)	(3.2)	2,419,635,674	2,639,290,995	219,655,321	9.1		
Environment	64,386,595	71,177,385	68,033,306	(3,144,079)	(4.4)	71,177,385	68,033,306	(3,144,079)	(4.4)		
TOTAL	\$ 2,617,815,196	\$ 2,680,292,079	\$ 2,595,631,111	\$ (84,660,968)	(3.2) %	\$ 2,662,817,648	\$ 2,876,206,773	\$ 213,389,125	8.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 63,655,836	\$ 78,396,939	\$ 80,547,791	\$ 2,150,852	2.7 %	\$ 78,262,681	\$ 80,410,767	\$ 2,148,086	2.7 %		
Contractual Services	225,326,925	244,198,206	201,154,201	(43,044,005)	(17.6)	244,080,835	201,154,201	(42,926,634)	(17.6)		
Commodities	6,040,644	4,582,655	4,216,374	(366,281)	(8.0)	4,318,549	4,216,374	(102,175)	(2.4)		
Capital Outlay	3,433,977	2,256,347	1,728,674	(527,673)	(23.4)	2,256,347	1,728,674	(527,673)	(23.4)		
Debt Service	0	0	0	0	--	0	0	0	--		
<i>Subtotal-Operations</i>	<i>\$ 298,457,382</i>	<i>\$ 329,434,147</i>	<i>\$ 287,647,040</i>	<i>\$ (41,787,107)</i>	<i>(12.7) %</i>	<i>\$ 328,918,412</i>	<i>\$ 287,510,016</i>	<i>\$ (41,408,396)</i>	<i>(12.6) %</i>		
Aid to Local Units	55,502,406	45,392,071	41,992,359	(3,399,712)	(7.5)	45,392,071	42,025,425	(3,366,646)	(7.4)		
Other Assistance	2,263,855,408	2,305,465,861	2,265,991,712	(39,474,149)	(1.7)	2,288,507,165	2,546,671,332	258,164,167	11.3		
TOTAL	\$ 2,617,815,196	\$ 2,680,292,079	\$ 2,595,631,111	\$ (84,660,968)	(3.2) %	\$ 2,662,817,648	\$ 2,876,206,773	\$ 213,389,125	8.0 %		
Financing:											
State General Fund	\$ 679,226,051	\$ 603,216,377	\$ 651,168,970	\$ 47,952,593	7.9 %	\$ 645,022,171	\$ 776,295,662	\$ 131,273,491	20.4 %		
State Water Plan Fund	1,751,804	1,687,934	1,819,472	131,538	7.8	1,687,934	1,819,472	131,538	7.8		
Children's Initiative Fund	6,974,699	6,976,207	6,975,463	(744)	(0.0)	6,976,207	7,008,529	32,322	0.5		
Special Revenue Funds	350,068,499	424,676,790	376,713,027	(47,963,763)	(11.3)	436,176,790	376,713,027	(59,463,763)	(13.6)		
Federal Funds	1,554,275,572	1,614,002,076	1,532,261,856	(81,740,220)	(5.1)	1,543,221,851	1,687,677,760	144,455,909	9.4		
All Other Funds	25,518,571	29,732,695	26,692,323	(3,040,372)	(10.2)	29,732,695	26,692,323	(3,040,372)	(10.2)		
TOTAL	\$ 2,617,815,196	\$ 2,680,292,079	\$ 2,595,631,111	\$ (84,660,968)	(3.2) %	\$ 2,662,817,648	\$ 2,876,206,773	\$ 213,389,125	8.0 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$601.5 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 \$1,549,045, 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 \$603.1 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 603,082,119	\$ 603,216,377	\$ 134,258	\$ 645,022,171	\$ 41,940,052
All Other Funds	2,004,800,292	2,077,075,702	72,275,410	2,017,795,477	12,995,185
TOTAL	\$ 2,607,882,411	\$ 2,680,292,079	\$ 72,409,668	\$ 2,662,817,648	\$ 54,935,237
FTE Positions	1,130.3	1,206.6	76.3	1,206.6	76.3

The **agency** requests a revised estimate of \$2.7 billion, including \$603.2 million from the State General Fund, in FY 2018. This is an increase of \$72.4 million, or 2.8 percent, including \$134,258 from the State General Fund, above the amount approved by the 2017 Legislature. The State General Fund increase is due to the supplemental requests for two new positions in the Division of Public Health for emergency response improvements, detailed in the following section. The all funds increase includes a State Water Plan Fund reappropriation of \$75,456 and a Children's Initiatives Fund reappropriation of \$744. The remaining all funds increase is primarily attributable to adjustments in contractual service fees related to the medical assistance programs, with a majority of the changes in the Medicaid Management Information System (MMIS). The agency request includes 1,206.6 FTE positions, which is an increase of 76.3 FTE positions above the number approved by the 2017 Legislature, primarily due to increases in the Division of Health Care Finance for eligibility, Medicaid Operations, and the Clearinghouse.

The **Governor** recommends operating expenditures of \$2.7 billion, including \$645.0 million from the State General Fund, in FY 2018. The recommendation is a decrease of \$17.5 million, or 0.7 percent, and a State General Fund increase of \$41.8 million, from the agency's revised estimate. The Governor's recommendation includes fully funding human services consensus caseload estimates, which includes an all funds decrease of \$17.0 million and a

State General Fund increase of \$53.8 million; lapsing State General Fund reappropriations of \$381,477; and transferring \$11.5 million from the Health Care Access Improvement Fund to the Medical Programs Fee Fund.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emergency Procedure Specialist Position	\$ 67,129	\$ 67,129	0.0	\$ 0	\$ 0	0.0
Emergency Trainer Position	67,129	67,129	0.0	0	0	0.0
TOTAL	\$ 134,258	\$ 134,258	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$134,258, all from the State General Fund, for two supplemental requests in FY 2018. The request consists of \$67,129 for salary and wage expenditures for an Emergency Procedure Specialist and the same amount for an Emergency Trainer, both within the Bureau of Community Health Systems in the Division of Public Health. The agency indicated the positions are necessary to improve internal incident response planning and coordination. This need was identified after emergency incidents that occurred during 2016 in Atchison and Neodesha. The agency is not requesting any additional FTE positions as the intent is to use current vacant positions from other areas of the agency.

The **Governor** does not recommend additional funding for the new positions but does recommend the agency fill the positions and fund them within existing resources.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$651.0 million for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 651,031,946	\$ 651,168,970	\$ 137,024	\$ 776,295,662	\$ 125,263,716
All Other Funds	1,910,076,730	1,944,462,141	34,385,411	2,099,911,111	189,834,381
TOTAL	\$ 2,561,108,676	\$ 2,595,631,111	\$ 34,522,435	\$ 2,876,206,773	\$ 315,098,097
FTE Positions	1,129.3	1,206.6	77.3	1,206.6	77.3

The **agency** requests a revised estimate of \$2.6 billion, including \$651.2 million from the State General Fund, for FY 2019. This is an increase of \$34.5 million, or 1.3 percent, including \$137,024 from the State General Fund, above the amount approved by the 2017 Legislature.

The State General Fund increase is due to the supplemental requests for two new positions in the Division of Public Health described in the following section. The all funds increase is primarily adjustments in contractual service fees related to the medical assistance programs, with a majority of the changes in Maximus and Accenture contracts. The agency request includes 1,206.6 FTE positions, which is an increase of 77.3 FTE positions above the number approved by the 2017 Legislature, primarily due to increases in the Division of Health Care Finance for eligibility, Medicaid Operations, and the Clearinghouse added in FY 2018 and continued for FY 2019.

The **Governor** recommends \$2.9 billion, including \$776.3 million from the State General Fund, for operating expenditures for FY 2019. The recommendation is an increase of \$280.6 million, or 10.8 percent, including \$125.1 million from the State General Fund, above the agency's revised estimate. The Governor's recommendation includes fully funding the human services consensus caseload estimates, which includes an all funds increase of \$256.3 million, including \$114.7 million from the State General Fund; increasing Children's Initiatives Fund expenditures by \$33,066 in the Healthy Start/Home Visitor Program; providing a 4.0 percent Medicaid rate increase to all hospitals totaling \$22.1 million, including \$9.6 million from the State General Fund; and providing funding for hospitals starting new medical residency programs, totaling \$2.3 million, including \$1.0 million from the State General Fund.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Emergency Procedure Specialist Position	\$ 68,512	\$ 68,512	0.0	\$ 0	\$ 0	0.0
Emergency Procedure Specialist	68,512	68,512	0.0	0	0	0.0
TOTAL	\$ 137,024	\$ 137,024	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$137,024, all from the State General Fund, for two supplemental requests for FY 2019. The request consists of \$68,512 for salary and wage expenditures for an Emergency Procedure Specialist and the same amount for an Emergency Trainer, both within the Bureau of Community Health Systems in the Division of Public Health. The positions are the same as those requested in the FY 2018 supplemental request and are necessary to improve internal incident response planning and coordination. This need was identified after emergency incidents that occurred during 2016 in Atchison and Neodesha. The agency is not requesting any additional FTE positions as the intent is to use current vacant positions from other areas of the agency.

The **Governor** does not recommend additional funding for the new positions but does recommend the agency fill the positions and fund them within existing resources.

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 \$173,967, including \$26,518 from the State General Fund, and FY 2019 longevity payments total \$181,000, including \$27,504 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	25.1 %	27.0 %
State Water Plan Fund	0.1	0.1
Children's Initiatives Fund	0.3	0.2
Special Revenue Funds	14.5	13.1
Federal Funds	59.0	58.7
All Other Funds	1.0	0.9
TOTAL	100.0 %	100.0 %

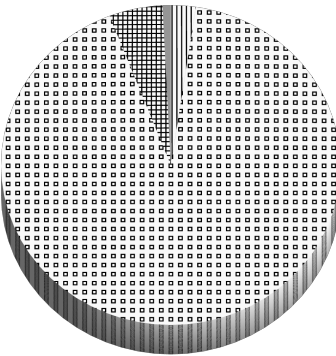
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

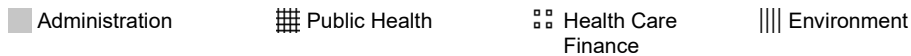
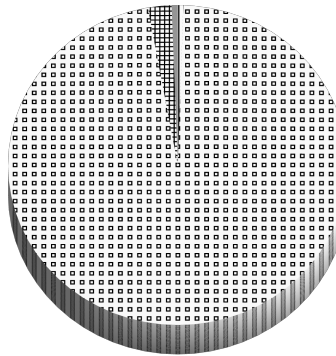
Expenditures by Program

Governor's FY 2019 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 22,580,472	0.8 %	\$ 4,543,076	0.6 %
Public Health	146,302,000	5.1	17,370,841	2.2
Health Care Finance	2,639,290,995	91.8	750,332,269	96.7
Environment	68,033,306	2.4	4,049,476	0.5
TOTAL	\$ 2,876,206,773	100.0 %	\$ 776,295,662	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	101.0	116.6	116.6	116.6	116.6
Public Health	336.3	340.5	340.5	340.5	340.5
Health Care Finance	269.0	323.4	323.4	323.4	323.4
Environment	427.1	426.1	426.1	426.1	426.1
TOTAL	1,133.3	1,206.6	1,206.6	1,206.6	1,206.6

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 central management and administrative support functions of KDHE. The program includes the Secretary's Office, which sets agency policy and coordinates operations in order to carry out statutory mandates. The Office of Legal Services supports all program areas in the enforcement of health and environmental laws and regulations. The Division of Management and Budget provides financial and strategic planning support services to all programs in KDHE. Financial services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions. The Division also confers with Human Resource staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

The Office of Communications supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The Office of Information Technology Services (OITS) is under the Kansas Executive Chief Information Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology from hardware and basic desktop applications to vendor produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,383,242	\$ 8,857,987	\$ 8,857,987	\$ 9,160,688	\$ 9,160,688
Contractual Services	12,072,514	14,387,975	14,318,286	13,062,376	13,062,376
Commodities	36,383	98,059	98,059	63,059	63,059
Capital Outlay	86,000	289,939	289,939	294,349	294,349
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 18,578,139	\$ 23,633,960	\$ 23,564,271	\$ 22,580,472	\$ 22,580,472
Aid to Local Units	0	0	0	0	0
Other Assistance	14,638	0	0	0	0
TOTAL	\$ 18,592,777	\$ 23,633,960	\$ 23,564,271	\$ 22,580,472	\$ 22,580,472
Financing:					
State General Fund	\$ 4,525,626	\$ 5,888,768	\$ 5,819,079	\$ 4,543,076	\$ 4,543,076
All Other Funds	14,067,151	17,745,192	17,745,192	18,037,396	18,037,396
TOTAL	\$ 18,592,777	\$ 23,633,960	\$ 23,564,271	\$ 22,580,472	\$ 22,580,472
FTE Positions	101.0	116.6	116.6	116.6	116.6

The **agency** requests a revised estimate of \$23.6 million, including \$5.9 million from the State General Fund, for the Administration function in FY 2018. This is an increase of \$3.3 million, including \$1.1 million from the State General Fund, above the amount approved by the 2017 Legislature.

The increases are primarily in the following categories:

- **Salaries and Wages.** The agency requests expenditures of \$8.9 million, which is an increase of \$1.2 million, or 15.1 percent, above the approved amount for salaries and wages in FY 2018. The increase is due to the addition of 15.6 FTE positions, primarily for eligibility and outreach; and
- **Contractual Services.** The agency requests \$14.4 million, which is an increase of \$1.9 million, or 15.2 percent, above the approved amount for contractual services in FY 2018. The increase is primarily in state buildings operating charges and in professional services fees. The increase also includes an addition of \$250,000 for the replacement of the chiller units at the laboratories at Forbes Field.

The **Governor** recommends \$23.6 million, including \$5.8 million from the State General Fund, in FY 2018. This is a decrease of \$69,689, or 0.3 percent, all from the State General Fund, below the agency's revised estimate. The decrease is due to the Governor's recommendation to lapse the reappropriation for the Office of the Inspector General, which was transferred to the Office of the Attorney General by the 2017 Legislature.

The **agency** requests a revised estimate of \$22.6 million, including \$4.5 million from the State General Fund, for the Administration function for FY 2019. This is an all funds increase of \$2.1 million and a decrease of \$260,137 from the State General Fund from the amount approved by the 2017 Legislature. The increases are primarily in the following categories:

- **Salaries and Wages.** The agency requests expenditures of \$9.2 million, which is an increase of \$1.4 million, or 18.2 percent, above the approved amount for salaries and wages for FY 2019. The increase is due to 15.6 FTE positions added in FY 2018 and continued in FY 2019, primarily for eligibility and outreach; and
- **Contractual Services.** The agency requests \$13.1 million, which is an increase of \$533,936, or 4.3 percent, above the approved amount for contractual services for FY 2019. The increase is primarily in state buildings operating charges paid to the Department of Administration.

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

B. Public Health

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three basic functions are employed to further this mission. The assessment function is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. The policy development function utilizes scientific knowledge in making important health policy decisions. Finally, the assurances function makes certain that services are provided to meet the State's health goals. This may be done directly through state or local programs or indirectly through encouraging others to act. Within the Division, the Office of the Director includes general management functions of the Division as well as the Center for Health Equity (CHE) and the Center for Performance Management (CPM).

While the bulk of its staff and programs are located in Topeka, the Division of Public Health provides direct services throughout the state, with staff stationed in several of KDHE's

district offices. In addition, the Division works closely with 100 local health departments serving all 105 Kansas counties. Five bureaus administer the Division of Public Health programs.

The **Bureau of Community Health Systems** continues to grow as programmatic alignment for improved coordination of programs occurs. The Bureau provides leadership for the agency in the Public Health and Hospital Preparedness Program, which coordinates response to all public health and radiation emergency situations, whether caused by natural events or acts of terrorism. There is close collaboration with other federal, state, and local partners, including the Wolf Creek nuclear generating station. The Health Facilities Program licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers. The Radiation Program inspects mammography and x-ray equipment at the state's health and medical facilities. The Bureau helps local communities serve local health needs by providing technical assistance and other resources. Kansans who face financial, geographic, or other barriers to accessing health care services are served by programs in Primary Care, Rural Health, and the State Trauma Program. Liaison efforts with local health departments and critical access hospitals across the state are coordinated in the bureau, working toward an effective, "seamless" system for public health efforts in Kansas.

The **Bureau of Disease Control and Prevention** concentrates on identifying, preventing, and controlling communicable diseases of crucial public health concern. The Bureau conducts focused programming in regard to tuberculosis education and prevention, HIV/STD education and prevention, adult viral hepatitis education and prevention, and immunizations for vaccine-preventable diseases among children and adults.

The **Bureau of Health Promotion** assists communities in decreasing the prevalence of health risk behaviors that contribute to the leading preventable chronic diseases and injury in the Kansas population by providing grant funding, technical assistance, and training to local communities for the development of community-based interventions aimed at reducing the prevalence of the leading risk factors for chronic disease (nutrition, physical activity, and tobacco prevention), unintentional injury (proper use of safety restraints, helmets, and smoke detectors), and intentional injury (bullying behaviors); linking community-based intervention and grant activity between bureaus and outside partners; providing public and professional education on emergent chronic disease and injury health issues; developing and evaluating nutrition, physical activity, and tobacco use prevention and injury prevention programs that meet the expressed needs of communities and statewide programs, or both; increasing collaboration among stakeholders through development, implementation, evaluation, and institutionalization of nutrition, physical activity, tobacco use prevention, and injury prevention programs; increasing public awareness regarding the association between health risk behaviors and chronic disease; engaging statewide organizations that represent disparate populations to improve health risk behaviors; and sponsoring a statewide youth movement, including regional youth training, statewide leadership summit, a tobacco cessation program for special populations, a website, regional van tours, promotional rallies, national training for youth leaders, and the development of youth chapters aimed at decreasing tobacco use among Kansas youth.

The **Bureau of Family Health** supports a statewide system of public health services for maternal and child populations, including women of reproductive age, pregnant women, infants, children, and adolescents up to 22 years old. The Early Care and Youth Programs section (Child Care Licensing) is responsible for licensing and regulating approximately 6,000 child care facilities and agencies serving children under the age of 16. The Children and Families section includes Maternal and Child Health and Reproductive Health programs, supporting services for women (preconception/family planning), pregnant women, infants, children, adolescents, and men with focus on communities and schools. The Special Health Services section activities include newborn hearing and metabolic screening, infant-toddler services (early intervention),

and special health care needs with priority to coordinating medical specialty services and systems for children and youth. The Nutrition and WIC Services section supports nutrition education and supplemental foods for low-income (pregnant, breastfeeding, and postpartum) mothers and their young children (infants to 5 years old). In FY 2015, the Healthy Homes and Lead Hazard Prevention Program (HHLHPP) was transferred to the Bureau of Family Health to further align programming aimed at improving the health, safety, and well-being of children and families. The program activities include licensure and certification of individuals and industry, accreditation of training providers for all licensed lead activity disciplines, and education outreach for high-risk industry and the general public. The Child Placing Agency and Residential Programs Section (Foster Care) successfully transitioned from the Bureau of Family Health to the Department for Children and Families, effective July 1, 2015, in response to Executive Reorganization Order No. 43.

The **Bureau of Epidemiology and Public Health Informatics**, under the supervision of the State Epidemiologist, manages the State's reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, provides professional staffing to a 24-hour disease response hotline, and conducts a number of special projects and studies related to the control of infectious diseases in Kansas. The Bureau also administers the State's health care-associated infections prevention and control program. In addition, this bureau is a data and information support group for KDHE, as well as other state agencies. This includes vital records acquisition, management, and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. Annually, the office registers approximately 100,000 vital records and issues over 320,000 certified copies of documents.

PUBLIC HEALTH SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 18,392,700	\$ 21,699,619	\$ 21,565,361	\$ 22,105,351	\$ 21,968,327
Contractual Services	31,670,140	26,669,756	26,622,074	24,321,659	24,321,659
Commodities	3,244,249	1,919,700	1,655,594	1,614,114	1,614,114
Capital Outlay	588,445	436,073	436,073	383,990	383,990
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 53,895,534	\$ 50,725,148	\$ 50,279,102	\$ 48,425,114	\$ 48,288,090
Aid to Local Units	36,769,791	37,168,140	37,168,140	36,924,642	36,957,708
Other Assistance	62,532,336	60,993,076	60,993,076	61,056,202	61,056,202
TOTAL	\$ 153,197,661	\$ 148,886,364	\$ 148,440,318	\$ 146,405,958	\$ 146,302,000
Financing:					
State General Fund	\$ 15,773,442	\$ 18,093,258	\$ 17,647,212	\$ 17,507,865	\$ 17,370,841
All Other Funds	137,424,219	130,793,106	130,793,106	128,898,093	128,931,159
TOTAL	\$ 153,197,661	\$ 148,886,364	\$ 148,440,318	\$ 146,405,958	\$ 146,302,000
FTE Positions	336.3	340.5	340.5	340.5	340.5

The **agency** requests a revised estimate of \$148.9 million, including \$18.1 million from the State General Fund, for the Division of Public Health in FY 2018. This is an increase of \$1.1 million, or 0.7 percent, and a State General Fund increase of \$737,595, or 4.2 percent, above the amount approved by the 2017 Legislature. A majority of the the increase is in contractual services, primarily for professional fees in the Bureaus of Disease Control and Prevention,

Health Promotions, and Family Health. These services are often directly related to payments for medical services or prevention activities for Kansans. The agency also requested Executive Directives for the establishment of three new federal funds: the Universal Newborn Screening and Intervention Fund, the Lifting Young Families Toward Excellence Project Fund, and the CDC Multipurpose Grant Fund.

The **Governor** recommends \$148.4 million, including \$17.6 million from the State General Fund, in FY 2018. This is a decrease of \$446,046, or 0.3 percent, all from the State General Fund, below the agency's revised estimate. The decrease is due to the Governor not recommending \$134,258 in additional funding for the agency's supplemental request for an Emergency Procedure Specialist and an Emergency Trainer, both within the Bureau of Community Health Systems in the Division of Public Health. The remainder of the decrease is due to lapses of reappropriations for vaccine purchases and Ryan White matching funds. The Governor also issued Executive Directives to authorize the establishment of the three new federal funds requested by the agency.

The **agency** requests a revised estimate of \$146.4 million, including \$17.5 million from the State General Fund, for the Division of Public Health for FY 2019. This is a decrease of \$721,891, or 0.5 percent, and an increase of \$140,653, or 0.8 percent, from the amount approved by the 2017 Legislature. The decrease is in the other assistance category, partially offset by increases in most other categories, primarily in aid to local units of government. These shifts reflect revised estimates in grants received for a variety of programs.

The **Governor** recommends \$146.3 million, including \$17.4 million from the State General Fund, for FY 2019. This is a decrease of \$103,958, or 0.1 percent, including \$137,024 from the State General Fund, below the agency's revised request. The State General Fund decrease is due to the Governor not recommending additional funding for the agency's supplemental request for an Emergency Procedure Specialist and an Emergency Trainer, both within the Bureau of Community Health Systems in the Division of Public Health. The Governor recommends these positions be funded within existing resources. The decrease is partially offset by an all funds increase of \$33,066, all from the Children's Initiatives Fund, for the Health Start/Home Visitor Program to restore funding to the level prior to the FY 2017 allotments.

C. Health Care Finance

Executive Reorganization Order No. 38 transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to KDHE as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies and administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI).

Executive Reorganization Order No. 41, effective FY 2013, further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in the Kansas Department of Health and Environment. The Division of Health Care Finance has primary contract oversight responsibility for KanCare. The Division is responsible for interagency coordination and promoting integrated oversight.

The Division of Health Care Finance includes the Office of the Director and three major program areas: Medicaid/KanCare, Program Finance and Informatics, and State Employee Benefits.

The Office of the Director oversees the operations and administrative responsibilities of the agency and is responsible for ensuring the agency's compliance with statutory obligations. The Office is responsible for coordinating all programs established to assist with the mission and vision of the Division.

Medicaid/KanCare

The Medicaid/KanCare Unit develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan, and the Children's Health Insurance Program (CHIP). Persons served by these programs include low-income children and adults, people with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the Division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), ensures compliance with relevant federal rules and regulations, and coordinates health care purchasing and planning among various state agencies.

Medicaid is a federal state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations (e.g., elderly poor receiving Social Security Income) and certain services (e.g., physician services). These eligibility groups and services are referred to as "mandatory."

Mandatory benefits include:

- **Acute Care Benefits:**
 - Physician services;
 - Laboratory and x-ray services;
 - Inpatient hospital services;
 - Outpatient hospital services;
 - Early and periodic screening, diagnostic, and treatment (EPSDT) services for individuals under 21 years old;
 - Family planning and supplies;
 - Federally qualified health center (FQHC) services;
 - Rural health clinic services;
 - Nurse-midwife services; and
 - Certified pediatric and family nurse practitioner services; and
- **Long-Term Care Benefits:**
 - Institutional Services: Nursing facility (NF) services for individuals 21 years old or older.

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid) or Title XXI (CHIP). Under Title XIX, the federal government provides approximately 55.0 percent of the cost of

Medicaid services with no upper limit on what the federal government will reimburse the State. The State provides the remaining 45.0 percent of the cost of Medicaid services. Under Title XXI, the federal government provides approximately 92.0 percent of the cost up to a maximum allotment, and the State provides the remaining 8.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

The federal authorization of the current KanCare program expires December 31, 2018, following a one-year extension granted in October 2017. The agency submitted a renewal application for the KanCare program to CMS in December 2017 and is currently working through the RFP process for the new program, called KanCare 2.0, which would include several new features, such as care coordination and work requirements, in addition to current program components.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, CHIP, to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal/state partnership similar to Medicaid. The program was designed to provide coverage to “targeted low-income children.” A “targeted low-income child” is one who resides in a family with income below 200.0 percent of the federal poverty level (FPL) or whose family has an income no more than 50.0 percent higher than the State’s Medicaid-eligibility threshold. The 2009 Legislature approved and funded an expansion of CHIP to children in families up to 250.0 percent of the 2008 FPL. Kansas provides free or low-cost health insurance coverage to children who:

- Are under the age of 19;
- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by other health insurance.

In FY 2017, the agency spent nearly \$2.0 billion purchasing health care for more than 400,000 persons through the Medicaid and CHIP programs. It is the third largest purchaser of health care services and the largest purchaser of children’s health care services in Kansas. Approximately 75.0 percent of the people served were low-income children and families, although spending for these populations composes only 34.0 percent of total spending on medical care. Medicaid pays for approximately 40.0 percent of the births in Kansas each year. Services for people with disabilities and the aging population compose the majority of expenditures. Previous federal funding for CHIP and other mandatory programs in the Department of Health and Human Services expired September 30, 2017. Short-term solutions were utilized for several months. Congress recently passed, and the President signed, a Continuing Resolution reauthorizing federal funding for CHIP and related programs through September 30, 2023.

The Medicaid/KanCare Unit is comprised of the following sections: Clinical Policy and Improvement, Eligibility, and Operations.

Clinical Policy Improvement includes a Medical Policy Unit for medical review and policy research that maintains remaining fee-for-service (FFS) benefits, and assesses each of the medical programs for overall functioning by reviewing the programs' past and current trends in reimbursement and coverage issues for effectiveness, efficiency, and quality in conjunction with the mission and vision of the Division of Health Care Finance. A Pharmacy unit is also part of Clinical Policy Improvement and is responsible for overseeing MCOs and FFS pharmacy operations, including managing the Drug Utilization Review and Preferred Drug List processes.

The Medicaid Initiatives Unit within Clinical Policy Improvement is responsible for research, development, and training for new Medicaid initiatives. The unit also serves as a liaison for KanCare with the Division of Public Health when initiatives overlap between Public Health and KanCare.

Eligibility currently has three units that oversee all aspects of Medicaid eligibility. The Eligibility Policy Unit is responsible for overseeing all program, policy, and training activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience, and actively works with community partners to develop strategies for enrolling eligible beneficiaries.

The Eligibility Policy Unit has been integral to the Kansas Eligibility Enforcement System (KEES) project. The Unit has provided policy support, and some members have been assigned to the project full time. KEES is an information system that is used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE is partnering with the Department for Children and Families so that eligibility for other human service programs will be included, such as Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), child care assistance, Low Income Energy Assistance Program (LIEAP), and others. Phase 1 implemented the medical assistance online application in July 2012. Phase 2.6 was implemented in July 2015 with a full range of medical assistance eligibility functionality. In August 2017, Phase 3 implemented the human services components. The project is now in post-implementation and ongoing operations mode.

The Out-Stationed Eligibility Specialist and Presumptive Medical Disability Determination Unit (OSW/PMDD) includes a group of 30 eligibility workers that are set up in local communities and provide application assistance and outreach. The out-stationed Eligibility Specialist workers provide local application processing for children, families, and pregnant women. Intake Manager Specialists work to process Home and Community Based Services applications in a timely manner and help guide consumers through the financial and functional eligibility process. The Presumptive Medical Disability Determination Unit makes disability determinations for medical assistance applicants who claim a disability and are currently awaiting a determination from the Social Security Administration.

Medicaid Operations is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding. It oversees more than 200 operational contracts and is responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare. In addition, Medicaid Operations is responsible for claims processing, dispute resolution, fair hearings, and implementation of policy changes and federal mandates. Eligibility determination for participation in KanCare and other medical programs and management and oversight of the KanCare eligibility clearinghouse also are included in this section.

It also is responsible for the oversight of the daily operational issues for the three KanCare MCOs: Amerigroup Kansas, Sunflower Health Plan, and United Healthcare of the

Midwest. This oversight spans across the full range of managed care Medicaid and CHIP populations. The realm of responsibilities includes issue resolution for members and providers, review of material for accuracy, clarity, compliance with program requirement and readability and coordination with the Kansas Title V Maternal and Child Health Program, and the KDHE Dental program.

Program Finance and Informatics

The Program Finance and Informatics section provides financial analysis and estimations of the State's Medicaid and CHIP to all Division of Health Care Finance (DHCF) program areas.

The **Medicaid Programs Finance and Reporting Unit** is charged with the fiscal management and accurate financial reporting for the Division. Key finance activities include managing the budget submission; accurately reporting expenditures and revenues to the federal government; and prudently managing cash balances, receipts, and receivables. The Accounting section manages all payables processing, including reconciling contractor pay tapes for provider payments, managing contract encumbrances, and developing management reports to guide decision-making.

The **Informatics Unit** provides KDHE with information for data-driven policy setting and continuous improvement of programs. This is accomplished through the collection of health and health care information from health care claims of the Kansas Medicaid population, including programmatic and administrative data, as well as market-generated data. Also, the Unit administers the Kansas Health Insurance Information System (KHIS), Health Professional Licensure, and the Hospital Inpatient Discharge data set, which produce standard as well as *ad hoc* reports. Finally, the Unit designs, implements, maintains, and automates dashboards and reports employing state-of-the-art best practices in data visualization/presentation to enhance decision-making by staff and other health industry stakeholders.

The **Projections Unit** is responsible for collaborating with program staff to compute the fiscal impact of proposed policies, forecast caseloads, and provide projections for CMS. The Unit is also responsible for assisting with the development of the Division's budget and estimating interagency expenditures for Medicaid assistance. This unit tracks and evaluates legislative activities that may impact activities of the Division.

The **Health Care Informatics Unit** provides KDHE and outside stakeholders with health care data information policy setting and continuous program and financial improvement. This is accomplished through collecting health care information from claims associated with the Kansas Medicaid population, including programmatic and administrative data.

The **Fiscal Analysis and Projections Unit** is responsible for financial reviews and oversight of the KanCare managed care organizations, development of the Division budget, interagency medical caseload projections, risk management tracking, and fiscal monitoring of critical projects.

Medicaid Eligibility Quality Control (MEQC) is a federally mandated unit that completes in-depth analysis of compliance with state and federal regulations surrounding eligibility for Medicaid benefits. MEQC audits both the HealthWave Clearing House and the Kansas Department for Children and Families for Medicaid accuracy. Additionally, MEQC conducts eligibility and payment reviews of Medicaid and CHIP for the Payment Error Rate Measurement (PERM) project.

In FY 2015, MEQC participated in the transition planning related to Executive Reorganization Order No. 43 and completed additional audits based upon state needs and CMS mandates. MEQC is continuing to take a proactive stance toward error reduction by providing comprehensive data to audited agencies, reviewing agency quarterly reports, and increasing areas of assessment. These combined efforts are aimed at increasing efficiency and accuracy in Medicaid and CHIP determinations.

State Employee Benefit Plan

The **State Employee Health Benefit Plan (SEHBP)** administers health benefits for state employees, retirees, non-state group members, and state employees with workers' compensation claims. The plan is overseen by the Health Care Commission, which was statutorily created in 1984 to design and implement a health care benefits program. Coverages included in the plan are medical, prescription drugs, dental and employee health and wellness, and vision.

Total enrollment numbers in the SEHBP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-state public employer groups, qualified beneficiaries on COBRA, and other individuals identified in KAR 108-1-1, KAR 108-1-3, and KAR 108-1-4. There are 172 non-state public employers participating in the SEHBP. As of July 1, 2017, non-state public employers included 31 school districts; 82 cities, counties, or townships; 21 extension offices or libraries; 18 public hospitals; 9 housing authorities; and 11 miscellaneous local government entities. The number of members in the groups range from 1 to 1,039. There are 23 groups who have more than 200, and 36 have between 100 and 200 members.

ENROLLMENT FIGURES

Group	Participants
Active State of Kansas employees	32,570
Active Non-State Public Employees (education and local units)	6,622
Direct bill/Retiree member	10,313
COBRA member	344
TOTAL	49,849

Note: Total may not add due to rounding.

Currently, 88.0 percent of active state employees and 86.0 percent of the non-state public employer population are enrolled. For the active state population, 48.0 percent are enrolled in single coverage and 52.0 percent provide coverage for their dependents.

Reportable expenditures for this program represent costs for administering the program as it relates to non-state employee members, such as local units of government and school districts. All other expenditures related to the operation of the program are included in the non-reportable section as they are financed by payments from state agencies.

Health Plan Ancillary Services includes the following:

- Flexible Spending Accounts (FSA) programs are administered through a third-party administrator. FSA programs are offered to active State of Kansas employees and include a health care FSA to help employees pay with pre-tax dollars expenses not covered by their health, dental, and vision plans and a

dependent care FSA to help employees pay daycare expenses for their dependents under age 13 or elder care. Currently, there are 7,945 active state employees that participate in these programs;

- Premium Billing Administration services are provided for the public employers and direct bill programs offered through the SEHBP. The administrator provides invoices to the members, collects premiums, and remits premiums back to the State. There are 24,737 members participating in these two programs; and
- Employee Health and Wellness, or HealthQuest, was instituted in 1988 to provide wellness programs with the goal of improving employee health and reducing health care costs. Program offerings include an annual online health assessment and health screening, health coaching, web-based lifestyle programs, online health resources, condition and disease management programs, employee assistance counseling and referrals, life coaching, a wellness newsletter, a blog, and wellness presentations for employee groups across Kansas.

The **Workers Compensation Program** for state employees is called the State Self Insurance Fund (SSIF). The Fund was implemented in 1972. It is a self-insured, self-administered program funded by agency rates based on experience rating. The program manages and processes claims for injuries that arise out of and in the course of employment. Medical compensation to treat the employee's injury does not have a cap. Medical payments to providers are based on a fee schedule developed by the Workers Compensation Division of the Kansas Department of Labor. Additionally, compensation is paid for loss of time, permanent impairment, or death. A medical review service is utilized to review claims for medical appropriateness, nurse case management on complex cases, and pricing. On average, 257 accident reports are received monthly. In FY 2017, the SSIF spent about \$19.7 million on claims expenses with about 81.4 percent for medical services and 18.6 percent for indemnity. Payments to injured workers are reflected in the other assistance expenditures in the non-reportable budget.

**HEALTH CARE FINANCE
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and					
Wages	\$ 12,795,400	\$ 17,630,664	\$ 17,630,664	\$ 18,505,272	\$ 18,505,272
Contractual					
Services	156,165,250	178,291,086	178,291,086	138,991,379	138,991,379
Commodities	35,253	35,373	35,373	35,373	35,373
Capital Outlay	1,262,878	622,434	622,434	622,435	622,435
Debt Service	0	0	0	0	0
Subtotal -	\$ 170,258,781	\$ 196,579,557	\$ 196,579,557	\$ 158,154,459	\$ 158,154,459
Operations					
Aid to Local					
Units	15,492,411	0	0	0	0
Other					
Assistance	2,195,886,971	2,240,014,813	2,223,056,117	2,200,456,916	2,481,136,536
TOTAL	\$ 2,381,638,163	\$ 2,436,594,370	\$ 2,419,635,674	\$ 2,358,611,375	\$ 2,639,290,995
Financing:					
State General					
Fund	\$ 654,714,834	\$ 575,143,020	\$ 617,464,549	\$ 625,068,553	\$ 750,332,269
All Other Funds	1,726,923,329	1,861,451,350	1,802,171,125	1,733,542,822	1,888,958,726
TOTAL	\$ 2,381,638,163	\$ 2,436,594,370	\$ 2,419,635,674	\$ 2,358,611,375	\$ 2,639,290,995
FTE Positions	269.0	323.4	323.4	323.4	323.4

The **agency** requests a revised estimate of \$2.4 billion, including \$575.1 million from the State General Fund, for the Division of Health Care Finance in FY 2018. This is an increase of \$60.5 million, or 2.5 percent, and a State General Fund decrease of \$90,606, or less than 0.1 percent, from the amount approved by the 2017 Legislature. This program also has off-budget expenditures of \$37.8 million for the Health Benefits and Workers Compensation programs. The increases are primarily in the following categories:

- **Salaries and Wages.** The agency requests \$17.6 million, which is an increase of \$3.3 million, or 23.1 percent, above the approved amount for salaries and wages in FY 2018. The increase is due to the addition of 54.4 FTE positions primarily for KEES staff, specialty eligibility staff, testers in Medicaid Operations, and Clearinghouse staff.
- **Contractual Services.** The agency requests \$178.3 million, which is an increase of \$53.3 million, or 42.6 percent, above the approved amount for contractual services in FY 2018. A majority of this increase is for MMIS contractual adjustments due to several changes including a change in a federal Medicaid Managed Care rule requiring additional provider enrollment staff and anticipation of certification of the new KMMS system trailing the go-live date by six months claiming a 50/50 match and delaying the 75/25 match.

The **Governor** recommends Health Care Finance expenditures of \$2.4 billion, including \$617.5 million from the State General Fund, in FY 2018. This includes fully funding human services consensus caseload estimates, which includes an all funds decrease of \$17.0 million

and a State General Fund increase of \$53.8 million; lapsing State General Fund reappropriations of \$381,477; and transferring \$11.5 million from the Health Care Access Improvement Fund to the Medical Programs Fee Fund. The transfer was recommended due to a balance in the Fund after a regular accounting entry in FY 2013 did not reflect correct funding totals.

The **agency** requests a revised estimate of \$2.4 billion, including \$625.1 million from the State General Fund, for the Division of Health Care Finance for FY 2019. This is an increase of \$27.6 million, or 1.2 percent, above the amount approved by the 2017 Legislature. This program also has off-budget expenditures of \$37.0 million for the Health Benefits and Workers Compensation programs. The increases are primarily in the following categories:

- **Salaries and Wages.** The agency requests \$18.5 million, which is an increase of \$3.1 million, or 20.4 percent, above the approved amount for salaries and wages for FY 2019. The increase is due to the addition of 54.4 FTE positions added in FY 2018 and continued in FY 2019 for eligibility, Medicaid Operations, and the Clearinghouse functions; and
- **Contractual Services.** The agency requests \$139.0 million, which is an increase of \$20.6 million, or 17.4 percent, above the approved amount for contractual services for FY 2019. The increase is primarily for several adjustments in the Maximus and Accenture contracts including new amendments and increases in average overtime related to KEES application processing.

The **Governor** recommends Health Care Finance expenditures of \$2.6 billion, including \$750.3 million from the State General Fund, for FY 2019. The recommendation includes fully funding human services consensus caseload estimates, which includes an all funds increase of \$256.3 million, including \$114.7 million from the State General Fund; providing a 4.0 percent Medicaid rate increase to all hospitals totaling \$22.1 million, including \$9.6 million from the State General Fund; and providing funding for hospitals starting new medical residency programs totaling \$2.3 million, including \$1.0 million from the State General Fund. The funding for hospitals and the residency programs were recommended as health care initiatives to increase access and improve the quality of services provided to vulnerable Kansans.

D. Environment

The Division of Environment protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The **Bureau of Waste Management** has primary responsibility for the solid waste, hazardous waste, and waste tire programs, which are entirely funded from state fees and federal grants. The Bureau works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation for closed city dump remediation and corrective action.

The **Bureau of Air** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The **Bureau of Water** issues permits for wastewater treatment, control and disposal for municipalities, industries, and commercial and livestock entities, and is heavily influenced by federal law and regulation. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators; administers two low interest loan programs for water works and wastewater treatment works; administers programs to address non-point sources of pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The **Bureau of Environmental Remediation** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is recalcitrant. In addition, the Bureau also is responsible for administering the duties of the Department related to the regulation and clean-up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau also is responsible for the stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

The **Health and Environment Laboratories** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The Chemistry Laboratory conducts analyses to evaluate environmental water quality, define radiological hazards, and monitor the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to the issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, food-borne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

ENVIRONMENT SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 26,084,494	\$ 30,208,669	\$ 30,208,669	\$ 30,776,480	\$ 30,776,480
Contractual Services	25,419,021	24,849,389	24,849,389	24,778,787	24,778,787
Commodities	2,724,759	2,529,523	2,529,523	2,503,828	2,503,828
Capital Outlay	1,496,654	907,901	907,901	427,900	427,900
Debt Service	0		0	0	0
<i>Subtotal - Operations</i>	<i>\$ 55,724,928</i>	<i>\$ 58,495,482</i>	<i>\$ 58,495,482</i>	<i>\$ 58,486,995</i>	<i>\$ 58,486,995</i>
Aid to Local Units	3,240,204	8,223,931	8,223,931	5,067,717	5,067,717
Other Assistance	5,421,463	4,457,972	4,457,972	4,478,594	4,478,594
TOTAL	<u>\$ 64,386,595</u>	<u>\$ 71,177,385</u>	<u>\$ 71,177,385</u>	<u>\$ 68,033,306</u>	<u>\$ 68,033,306</u>
Financing:					
State General Fund	\$ 4,212,149	\$ 4,091,331	\$ 4,091,331	\$ 4,049,476	\$ 4,049,476
All Other Funds	60,174,446	67,086,054	67,086,054	63,983,830	63,983,830
TOTAL	<u>\$ 64,386,595</u>	<u>\$ 71,177,385</u>	<u>\$ 71,177,385</u>	<u>\$ 68,033,306</u>	<u>\$ 68,033,306</u>
FTE Positions	427.1	426.1	426.1	426.1	426.1

The **agency** requests \$71.2 million, including \$4.1 million from the State General Fund and \$441,327 from the State Water Plan Fund, for the Environment program in FY 2018. This is an increase of \$10.2 million, or 16.8 percent, above the approved amount. This amount includes \$80,774 in reappropriations from the State General Fund and \$75,456 from the State Water Plan Fund. The agency estimates \$441,327 in expenditures from the State Water Plan Fund, in addition to a reappropriation of \$75,456. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$30.2 million in salaries and wages expenditures for the Environment program in FY 2018. This is an increase of \$767,888, or 2.6 percent, above the approved amount. The increase is due to increased expenditures as the Laboratories fill vacant positions, as well as employer contributions to KPERS;
- **Contractual Services.** The agency requests \$24.8 million in contractual services for the Environment program in FY 2018. This is an increase of \$2.3 million, or 10.4 percent, above the approved amount. The increase is due to increased expenditures in the Bureau of Environmental Remediation for underground storage tank field work that was not completed during FY 2017;
- **Commodities.** The agency requests \$2.5 million in commodities for the Environment program in FY 2018. This is an increase of \$49,963, or 2.0 percent, above the approved amount. The increase is due to increased expenditures on scientific and professional supplies for the Kansas Health and Environmental Laboratories;
- **Capital Outlay.** The agency requests \$907,901 in capital outlay expenditures for the Environment program in FY 2018. This is an increase of \$179,563, or 24.7 percent, above the approved amount. The increase is due to expenditures associated with replacing and upgrading computer equipment, as well as the

purchase of a mass spectrometer for the Kansas Health and Environmental Laboratories;

- **Aid to Local Units of Government.** The agency estimates \$8.2 million in aid to local units of government in FY 2018. This is an increase of \$4.7 million, or 136.4 percent, above the approved amount. The increase is due to expenditures relating to grants for solid waste and waste tire disposal and costs relating to two dry-cleaner contamination clean-up sites; and
- **Other Assistance.** The agency estimates \$4.5 million in other assistance in FY 2018. This is an increase of \$2.1 million, or 92.8 percent, above the approved amount. The increase is due to a change in the timeline of the federally funded Nonpoint Source Program, which allowed the Bureau of Water to expend more federal funds than previously planned in FY 2018.

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

The **agency** requests \$68.0 million, including \$4.0 million from the State General Fund and \$586,387 from the State Water Plan Fund, for the Environment program for FY 2019. This is an increase of \$6.6 million, or 10.8 percent, above the approved amount. Major changes are detailed below:

- **Salaries and Wages.** The agency requests \$30.8 million in salaries and wages expenditures for the Environment program for FY 2019. This is an increase of \$839,948, or 2.8 percent, above the approved amount. The increase is due to increased expenditures as the Laboratories fill vacant positions, as well as employer contributions to KPERS;
- **Contractual Services.** The agency requests \$24.8 million in contractual services for the Environment program for FY 2019. This is an increase of \$2.3 million, or 10.1 percent, above the approved amount. The increase is due to increased expenditures in the Bureau of Environmental Remediation for underground storage tank field work that was not completed in FY 2017;
- **Commodities.** The agency requests \$2.5 million in commodities for the Environment program for FY 2019. This is an increase of \$31,006, or 1.3 percent, above the approved amount. The increase is due to increased expenditures on scientific and professional supplies for the Kansas Health and Environmental Laboratories;
- **Aid to Local Units of Government.** The agency estimates \$5.1 million in aid to local units of government for FY 2019. This is an increase of \$1.6 million, or 45.7 percent, above the approved amount. The increase is due to solid waste and waste tire disposal grants and costs relating to two dry-cleaner contamination clean-up sites; and
- **Other Assistance.** The agency estimates \$4.5 million in other assistance for FY 2019. This is an increase of \$2.2 million, or 93.7 percent, above the approved amount. The increase is due to a change in the timeline of the federally funded

Nonpoint Source Program, which allowed the Bureau of Water to expend more federal funds than previously planned in FY 2019.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Division of Public Health				
Number of clients accessing primary health clinics	400,000	261,811	265,000	265,000
Average number of WIC participants served annually	105,290	99,333	99,700	99,700
Percent of children less than 6 years old with 2 or more immunizations	85.0%	83.4%	85.0%	85.0%
Number of children (ages 0-2) receiving services from the Infants and Toddlers Program	9,950	9,800	10,000	10,200
Division of Environment				
Number of permitted hazardous waste facilities	47	47	47	48
Number of public water supply samples tested annually	46,000	194,292	190,000	190,000
Number of petroleum storage tank trust fund sites approved	25	20	25	25
Number of annual inspections at solid waste sites	350	281	300	300

DEPARTMENT FOR CHILDREN AND FAMILIES

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 241,316,233	\$ 256,244,899	\$ 267,222,996	\$ 258,805,201	\$ 265,766,330
Other Funds	345,430,621	356,619,397	352,567,245	361,632,392	352,758,238
<i>Subtotal</i>	<i>\$ 586,746,854</i>	<i>\$ 612,864,296</i>	<i>\$ 619,790,241</i>	<i>\$ 620,437,593</i>	<i>\$ 618,524,568</i>
Capital Improvements:					
State General Fund	\$ 28,328	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	113,439	250,000	250,000	250,000	250,000
<i>Subtotal</i>	<i>\$ 141,767</i>	<i>\$ 250,000</i>	<i>\$ 250,000</i>	<i>\$ 250,000</i>	<i>\$ 250,000</i>
TOTAL	<u>\$ 586,888,621</u>	<u>\$ 613,114,296</u>	<u>\$ 620,040,241</u>	<u>\$ 620,687,593</u>	<u>\$ 618,774,568</u>
Percentage Change:					
Operating Expenditures					
State General Fund	10.0 %	6.2 %	10.7 %	1.0 %	(0.5) %
All Funds	0.8	4.5	5.6	1.2	(0.2)
FTE Positions	2,460.1	2,487.0	2,508.0	2,462.0	2,483.0

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 for Children and Families (DCF) is a cabinet-level agency headed by a secretary appointed by the Governor. The mission of the agency is to protect children, promote healthy families, and encourage personal responsibility. The Department operates through nine programs: Administration, Child Support Services, Economic and Employment Services, Rehabilitation Services, Prevention and Protection Services, Developmental Disabilities Council, Client Services Delivery, Transfers to Other State Agencies, and Faith-Based Community Initiatives.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** passed SB 134, which limits the court's jurisdiction over a child in need of care to the child's 18th birthday or June 1 of the school year during which the child turns 18 if the child is still in high school, unless there is no court-approved transition plan. If there is no court-approved transition plan, the court retains jurisdiction over the child until a transition plan is approved by the court or until the child's 21st birthday. The bill amends prior law to authorize the Department to obtain custody of a child 15 years or younger, a 16- or 17-year-old child if the child has no identifiable parental or family resources, or a 16- or 17-year-old child if the child shows signs of physical, mental, emotional, or sexual abuse.

The **2009 Legislature** approved savings of \$1.7 million, including \$1.5 million from the State General Fund, in FY 2010 as a result of changing custody policy for children in need of care, to release the children from the custody of the State at age 18 instead of 21. In addition, the 2009 Legislature approved savings of \$3.1 million, including \$2.8 million from the State General Fund, in FY 2010 as a result of changing the youth custody policy so that youth age 16 or older will only be placed in the custody of the State for reasons of maltreatment.

The **2009 Legislature** reduced FY 2009 appropriations by \$11.5 million, including \$5.2 million from the State General Fund, for a 1.25 percent across-the-board reduction, excluding human services consensus caseloads.

The **2009 Legislature** added \$27.3 million, all from federal funds, in FY 2009 to reflect increased funding received for the Low Income Energy Assistance Program and reduced the consolidated grants to the Community Mental Health Centers by \$1.8 million, all from the State General Fund, in FY 2009. In addition, the Legislature reduced salaries and wages in FY 2009 by \$3.9 million, including \$1.9 million from the State General Fund, below the FY 2009 approved amount.

The **2009 Legislature** approved savings of \$15.1 million, including \$14.1 million from the State General Fund, in FY 2010 from renegotiating the foster care contract.

The **2009 Legislature** added \$520,000, all from the State General Fund, in FY 2010 to maintain partial funding for the Funeral Assistance program to allow payments of up to \$545 per funeral.

The **2009 Legislature** added funding of \$487,500, all from the State General Fund, in FY 2010 for the contract with Kansas Legal Services, which was transferred from the Kansas Health Policy Authority. In addition, the Legislature included language directing that expenditures of \$50,000 would be made in FY 2010 from the Children's Initiatives Fund to provide training for the early diagnosis of autism.

The **2010 Legislature** added \$2.0 million from all funding sources and deleted \$16.6 million from the State General Fund for human services consensus caseload estimates in FY 2010.

The **2010 Legislature** approved the policy limiting General Assistance eligibility to 12 months from 18 months of eligibility. This limitation was estimated to result in savings of \$592,696, including \$381,122 from the State General Fund. It was estimated this policy change would result in approximately 494 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature approved the policy limiting MediKan Mental Health Assistance eligibility to 12 months from 18 months of eligibility. This limitation was estimated to result in savings of \$820,587, all from the State General Fund. It is estimated this policy change would result in approximately 190 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature deleted \$519,900, all from the State General Fund, to eliminate the funeral assistance program for FY 2011, leaving \$100 in this program for FY 2011.

The **2010 Legislature** deleted \$4.1 million, including \$1.8 million from the State General Fund, or 2.5 percent, for a salary and wage reduction for FY 2011.

The **2010 Legislature** added language directing the agency to contract with Kansas Legal Services for disability determination case management and legal representation for FY 2011.

In addition, the **2010 Legislature** deleted \$500,000, all from the State General Fund, to reduce funding for administration for FY 2011.

The **2010 Legislature** deleted \$3.6 million from all funding sources and added \$2.6 million from the State General Fund for human services consensus caseload estimates for FY 2011.

By the end of FY 2010, the Rehabilitation Center for the Blind and Visually Impaired was closed by the agency. Individuals previously served at the facility are now being served in the community.

The **2011 Legislature** deleted \$9.9 million, all from the State General Fund, for FY 2012 to reflect a 5.0 percent reduction in State General Fund expenditures, excluding human services consensus caseload programs. In addition, the Legislature deleted \$1.0 million, all from the State General Fund, for FY 2012 to reduce Administration program expenditures.

The **2011 Legislature** also deleted \$1.0 million, all from the State General Fund, from the Adoption Support program for FY 2012, and added the same amount from federal funds. The Legislature deleted \$3,197,688, including \$2,827,606 from the State General Fund, for FY 2012 to maintain foster care contract rates at the FY 2011 level. In addition, the Legislature deleted \$3.1 million, all from the Child Care Development Federal Fund, for FY 2012 for the child care assistance program, leaving \$71.6 million in the program.

The **2011 Legislature** added \$180,900 from the Children's Initiatives Fund and deleted the same amount from federal funds for FY 2012 for the child care assistance program. The Legislature also added \$10,202,779, including \$69,100 from the Children's Initiatives Fund, for FY 2012 for the Early Head Start program. In addition, the Legislature included language requiring funding for the Early Head Start program be expended for that purpose.

The **2012 Legislature** approved FY 2012 expenditures of \$1.6 billion, including \$626.6 million from the State General Fund, for the Department. The approved amount included adjustments to fund the human services consensus caseload estimates. For FY 2013, the Legislature approved expenditures of \$613.8 million, including \$234.0 million from the State General Fund. The FY 2013 approved amount is an all funds decrease of \$956.5 million, or 60.8 percent, below the FY 2012 approved amount. The FY 2013 State General Fund approved amount is a decrease of \$392.6 million, or 62.7 percent, below the FY 2012 approved amount.

In **2012**, Executive Reorganization Order (ERO) No. 41 renamed the Department of Social and Rehabilitation Services to the Department for Children and Families. In addition, the ERO renamed the Department on Aging to the Department for Aging and Disability Services. The ERO transferred the Division of Behavioral Health Services, including all home- and community-based services and mental health services, from the Department of Social and Rehabilitation Services to the Department for Aging and Disability Services. The Legislature added \$7.6 million, all from the Children's Initiatives Fund, for total FY 2013 Children's Initiatives Fund expenditures of \$26.7 million. In addition, the Legislature added \$2.6 million, including \$2.3 million from the State General Fund, to restore reductions to the foster care rates.

The **2013 Legislature** deleted \$3.5 million, including \$1.7 million from the State General Fund, in FY 2013 for the Temporary Assistance to Needy Families program to reflect a reduction in beneficiaries associated with implementation of program policy changes and decreasing unemployment. In addition, the Legislature deleted \$5.8 million, including \$2.4 million from the State General Fund, for FY 2014 and deleted \$5.2 million, all from federal funds, for FY 2015 for the same program. In addition, the Legislature deleted \$7.9 million, including \$4.8 million from the State General Fund, for FY 2014 in anticipated savings from the implementation of a policy requiring a 30-hour work week to qualify for child care assistance.

The **2014 Legislature** deleted \$1.0 million, all from the Children's Initiatives Fund, from the Kansas Reads to Succeed program to be expended by Lexia in FY 2014 and transferred the funding to the State General Fund. In addition, the Legislature deleted \$1.8 million from the State General Fund reappropriation from FY 2013 to FY 2014 and deleted \$1.5 million from the State General reappropriation from FY 2013 to FY 2015.

The **2014 Legislature** also added \$9.2 million, all from the Temporary Assistance for Needy Families Fund, for the Reading Roadmap Initiative in both FY 2014 and FY 2015. The 2014 Legislature also added \$1.8 million from all funding sources and deleted \$5.2 million from the State General Fund for human services consensus caseload estimates in FY 2014 and added \$7.9 million, including \$5.3 million from the State General Fund, for FY 2015.

The **2015 Legislature** added \$2.5 million, including \$51,000 from the State General Fund, and deleted 115.0 FTE positions for FY 2016 and added \$888,791 from all funding sources, including a reduction of \$799,000 from the State General Fund, and deleted 115.0 FTE positions for FY 2017 to implement the provisions of ERO No. 43, which transferred the Medicaid eligibility determination program to the Department of Health and Environment and transferred the foster care licensing program to the Department for Children and Families.

In addition, the **2015 Legislature** added \$375,000 for expenditures associated with the agency's relocation to a new office location for FY 2016 and included language directing the Secretary for Children and Families to sell property located in Neosho County for FY 2016. The Legislature also added \$6.3 million, all from federal funds, for FY 2016 and FY 2017 for a new Supplemental Nutrition Assistance Program Employment and Training Pilot program.

The **2015 Legislature** also deleted \$731,268 from all funding sources, including the addition of \$319,767 from the State General Fund, for FY 2016 and deleted \$301,222 from all funding sources, including the addition of \$355,460 from the State General Fund, for FY 2017 to implement the provisions of 2015 Senate Sub. for HB 2258, which is related to changes to the Child Care, Temporary Assistance for Needy Families, and food assistance programs.

The **2015 Legislature** also eliminated the Kansas Reads to Succeed program, which was previously funded at \$6.0 million from the Children's Initiatives Fund starting in FY 2016 and deleted \$16.8 million, including \$8.0 million from the State General Fund, for FY 2016 and deleted \$14.3 million, including \$8.0 million from the State General Fund, for FY 2017 for a 4.0 percent reduction in operations.

The **2016 Legislature** passed SB 418, the Host Families Act, which allows a child placement agency or other charitable organization to establish a program to provide temporary care of children by a host family. The 2016 Legislature also passed SB 402, which made changes pertaining to eligibility for public assistance.

The **2016 Legislature** transferred \$9.0 million, all from the Early Childhood Block Grant, to the State General Fund in FY 2016 and added language directing the Secretary for Children and Families to sell property to the Neosho Memorial Regional Medical Center at a price agreed to by both parties for FY 2017.

In addition, the **2016 Legislature** added \$1.1 million, including \$900,000 from the State General Fund, for salary increases for social workers and social worker supervisors for FY 2017. The Legislature also added \$4.0 million from all funding sources, including the deletion of \$8.1 million from the State General Fund, to fund human services consensus caseload estimates in FY 2016 and added \$3.4 million, including \$4.7 million from the State General Fund, to fund human services consensus caseload estimates for FY 2017.

The **2017 Legislature** passed House Sub. for SB 126, which required the Secretary for Children and Families to establish a Child Welfare System Task Force (Task Force) to study the Kansas child welfare system. The Task Force is comprised of legislators and voting and non-voting stakeholders. The Task Force must convene working groups to study the Department for Children and Families' general administration of child welfare, protective services, family preservation, reintegration, foster care, and permanency placement. The Task Force must submit to the Legislature a preliminary progress report detailing the Task Force's study by January 8, 2018, and a final report by January 14, 2019. The Task Force sunsets June 30, 2019.

In addition, the **2017 Legislature** passed Sub. for Sub. for SB 95, which amended law for public assistance programs concerning telephonic signatures. The bill requires a telephonic signature by an applicant or an applicant's authorized representative be accepted to fulfill any signature requirement for application for public assistance programs administered by the Secretary for Children and Families. The bill makes a telephonic signature an option for applicants, not a requirement.

The **2017 Legislature** included FY 2018 and FY 2019 increases from the federal Temporary Assistance for Needy Families Fund, including the addition of \$3.0 million for an intensive home visitation program, Healthy Families, operated by Kansas Children's Service League, and \$105,557 to increase funding for the Options Domestic and Family Violence Services Center for FY 2018. The FY 2018 approved budget also includes the addition of \$800,000, all from the State General Fund, and reduction of the same amount from fee funds to replace revenue associated with the proposed elimination of the 4.0 percent cost recovery fee on non-assistance child support collection for FY 2018.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** submits a FY 2018 revised estimate totaling \$613.1 million, including \$256.2 million from the State General Fund. This is an increase of \$5.4 million, or 0.9 percent, including \$1.8 million from the State General Fund, above the approved amount. The revised request includes the supplemental request of \$2.0 million, including \$1.8 million from the State General Fund, to reduce the shrinkage rate for the Kansas Protection Reporting Center and the social services field staff. Also included in the revised estimate is the addition of \$400,000 for social worker recruitment, \$728,863 for temporary staff to assist with the Kansas Eligibility Enforcement System (KEES) conversion, and \$6.9 million in additional Low Income Energy Assistance Program (LIEAP) payments.

The agency submits a revised capital improvement estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center. The lease-to-buy agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is an increase of \$250,000 above the approved amount of \$0.

The **Governor** recommends recommends \$620.0 million, including \$267.2 million from the State General Fund, in FY 2018. The recommendation is an increase of \$6.9 million, or 1.1 percent, including \$11.0 million from the State General Fund, above the agency's revised estimate. The recommendation also includes 2,508.0 FTE positions, which is an increase of 21.0 FTE positions above the agency's revised estimate. The Governor recommends the agency's supplemental request to reduce budgeted shrinkage for the Kansas Protection Report Center and social services field staff.

The Governor's recommendation includes the addition of \$75,000, including \$60,750 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$1.0 million, all from the State General Fund, for a strategic decision-making software tool for the Kansas Protection and Report Center; and the addition of \$250,000, including \$167,500 from the State General Fund, for emergency placement beds for children in the foster care system. The Governor's recommendation also funds the fall human services consensus caseload estimate, which was an increase of \$4.4 million, including \$9.1 million from the State General Fund. The recommendation includes the addition of \$500,000, including \$405,000 from the State General Fund, and 20.0 FTE positions in FY 2018 to increase child welfare field staff, including social workers, and the addition of \$100,000, all from the federal Temporary Assistance for Needy Families Fund, in FY 2018 to provide funding for strong families promotion.

The recommendation also includes the addition of \$600,000, including \$215,000 from the State General Fund, in FY 2018 as funding for a top-to-bottom review of the agency by an outside consultant. In addition, the Governor recommends deleting \$300,000, all from the State General Fund, from adoption support services and adding to operations to be expended as part of the top-to-bottom review, for total expenditures of \$900,000.

The Governor concurs with the agency's capital improvement request totaling \$250,000, all from special revenue funds.

FY 2019 – Budget Year. The **agency** submits a FY 2019 revised estimate totaling \$620.7 million, including \$258.8 million from the State General Fund. This is an increase of \$19.9 million, or 3.3 percent, including \$5.7 million from the State General Fund, above the approved amount. The revised request includes three supplemental requests totaling \$17.8 million, including \$5.7 million from the State General Fund. Also included in the revised estimate is the addition of \$400,000 for social worker recruitment, \$5.5 million in the Supplemental Nutrition Assistance Program (SNAP) work program, and \$6.9 million in additional LIEAP payments.

The agency submits a revised capital improvement estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center. The lease-to-buy agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is an increase of \$250,000 above the approved amount of \$0.

The **Governor** recommends \$618.8 million, including \$265.8 million from the State General Fund, for FY 2019. This is a decrease of \$1.9 million, or 0.3 percent, from all funding sources, and a State General Fund increase of \$7.0 million, or 2.7 percent, and an increase of 21.0 FTE positions from the agency's revised estimate. The Governor does not recommend the agency's supplemental request to spend \$15.0 million, including \$3.2 million from the State General Fund, to replace the Kansas Management Information System for vocational rehabilitation services for FY 2019. The Governor does recommend the agency's supplemental request to reduce budgeted shrinkage for the Kansas Protection Report Center and social services field staff, and partially recommends increased funding for background checks and fingerprinting contracts.

The Governor's recommendation includes the addition of \$150,000, including \$121,500 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$500,000, including \$335,000 from the State General Fund, for emergency placement beds for children in the foster care system; and the addition of \$2.0 million from the federal Temporary

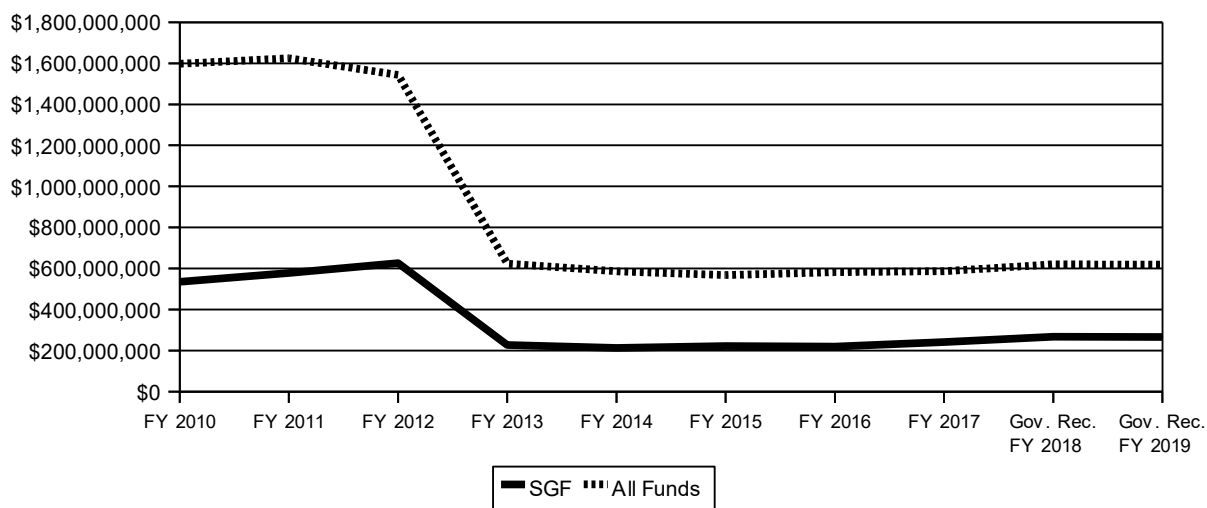
Assistance for Needy Families Fund for family preservation services. The Governor's recommendation also funds the fall human services consensus caseload estimate, which was an increase of \$4.6 million, including \$8.0 million from the State General. The recommendation includes the addition of \$1.0 million, including \$810,000 from the State General Fund, and 20.0 FTE positions for FY 2019 to increase child welfare field staff, including social workers, and the addition of \$200,000, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to provide funding for strong families promotion.

Also included in the Governor's recommendation is the addition of \$500,000, including \$285,000 from the State General Fund, for FY 2019 to fund a top-to-bottom review of the agency by an outside consultant. The Governor's recommendation includes the addition of \$2.0 million, all from the federal Temporary Assistance for Needy Families Fund, to fund the Work for Success Fatherhood Program and the addition of \$1.4 million, all from the federal Temporary Assistance for Needy Families Fund, to expand the Jobs for America's Graduates program.

The Governor concurs with the agency's capital improvement request totaling \$250,000, all from special revenue funds.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 535,190,917	(15.8)%	\$ 1,597,760,010	1.6 %	3,798.9
2011	577,729,487	7.9	1,624,463,159	1.7	3,748.9
2012*	626,281,632	8.4	1,543,230,935	(5.0)	3,245.4
2013*	226,445,057	(63.8)	623,314,830	(59.6)	2,796.3
2014	212,957,715	(6.0)	585,957,793	(6.0)	2,801.8
2015	221,851,474	4.2	567,707,628	(3.1)	2,530.0
2016	219,289,135	(1.2)	582,086,131	2.5	2,609.4
2017	241,316,233	10.0	586,746,854	0.8	2,460.1
2018 Gov. Rec.	267,222,996	10.7	619,790,241	5.6	2,508.0
2019 Gov. Rec.	265,766,330	(0.5)	618,524,568	(0.2)	2,483.0
Ten-Year Change					
Dollars/Percent	\$ (269,424,587)	(50.3)%	\$ (979,235,442)	(61.3)%	(1,315.9)

*The significant decrease between FY 2012 and FY 2013 is attributable to the implementation of ERO No. 41 transferring Disability and Behavioral Health Services (DBHS) to the Department for Aging and Disability Services.

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	52,802,913	\$ 42,586,205	\$ 41,751,189	\$ (835,016)	(2.0) %	\$ 43,486,205	\$ 42,216,873	\$ (1,269,332)	(2.9)%
Child Support Services		36,641,997	35,982,358	35,636,907	(345,451)	(1.0)	36,082,358	37,836,907	1,754,549	4.9
Econ & Employ Services		130,387,575	139,959,086	132,336,277	(7,622,809)	(5.4)	139,672,286	133,686,277	(5,986,009)	(4.3)
Rehabilitation Services		31,488,698	38,109,914	55,286,013	17,176,099	45.1	38,109,914	40,286,013	2,176,099	5.7
Prevent & Protect Serv		230,104,360	248,043,683	248,045,987	2,304	0.0	253,756,428	255,279,307	1,522,879	0.6
DD Council		400,591	611,068	612,230	1,162	0.2	611,068	612,230	1,162	0.2
Client Services Delivery		104,596,390	106,939,864	106,128,744	(811,120)	(0.8)	107,439,864	107,966,715	526,851	0.5
Transfers		(788,575)	0	0	0	--	0	0	0	--
Faith Based Comm		1,112,905	632,118	640,246	8,128	1.3	632,118	640,246	8,128	1.3
TOTAL	\$	586,746,854	\$ 612,864,296	\$ 620,437,593	\$ 7,573,297	1.2 %	\$ 619,790,241	\$ 618,524,568	\$ (1,265,673)	(0.2)%
By Major Object of Expenditure:										
Salaries and Wages	\$	124,992,537	\$ 128,244,280	\$ 127,298,677	\$ (945,603)	(0.7) %	\$ 128,772,580	\$ 129,264,112	\$ 491,532	0.4 %
Contractual Services		105,098,630	102,921,301	116,493,784	13,572,483	13.2	104,568,001	101,911,123	(2,656,878)	(2.5)
Commodities		1,290,354	1,181,967	1,188,622	6,655	0.6	1,181,967	1,188,622	6,655	0.6
Capital Outlay		4,277,570	1,309,010	1,139,709	(169,301)	(12.9)	1,309,010	1,139,709	(169,301)	(12.9)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$</i>	<i>235,659,091</i>	<i>\$ 233,656,558</i>	<i>\$ 246,120,792</i>	<i>\$ 12,464,234</i>	<i>5.3 %</i>	<i>\$ 235,831,558</i>	<i>\$ 233,503,566</i>	<i>\$ (2,327,992)</i>	<i>(1.0)%</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		351,087,763	379,207,738	374,316,801	(4,890,937)	(1.3)	383,958,683	385,021,002	1,062,319	0.3
TOTAL	\$	586,746,854	\$ 612,864,296	\$ 620,437,593	\$ 7,573,297	1.2 %	\$ 619,790,241	\$ 618,524,568	\$ (1,265,673)	(0.2)%
Financing:										
State General Fund	\$	241,316,233	\$ 256,244,899	\$ 258,805,201	\$ 2,560,302	1.0 %	\$ 267,222,996	\$ 265,766,330	\$ (1,456,666)	(0.5)%
Children Initiatives Fund		7,107,291	7,107,291	7,107,291	0	--	7,107,291	7,188,036	80,745	1.1
Temp Assist Needy Fam		86,289,534	86,644,803	88,620,286	1,975,483	2.3	82,244,235	91,049,524	8,805,289	10.7
Child Care Develop		18,126,825	22,363,389	22,244,267	(119,122)	(0.5)	22,398,759	22,263,755	(135,004)	(0.6)
Social Welfare Fund		15,373,802	11,302,828	11,321,078	18,250	0.2	11,302,828	11,321,078	18,250	0.2
Child Support Enforce		25,522,725	24,415,477	24,425,248	9,771	0.0	24,425,467	24,430,753	5,286	0.0
All Other Funds		193,010,444	204,785,609	207,914,222	3,128,613	1.5	205,088,665	196,505,092	(8,583,573)	(4.2)
TOTAL	\$	586,746,854	\$ 612,864,296	\$ 620,437,593	\$ 7,573,297	1.2 %	\$ 619,790,241	\$ 618,524,568	\$ (1,265,673)	(0.2)%

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$253,499,559 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 \$945,816, 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 \$254,445,375. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 254,445,375	\$ 256,244,899	\$ 1,799,524	\$ 267,222,996	\$ 12,777,621
All Other Funds	353,274,412	356,869,397	3,594,985	352,817,245	(457,167)
TOTAL	\$ 607,719,787	\$ 613,114,296	\$ 5,394,509	\$ 620,040,241	\$ 12,320,454
FTE Positions	2,460.2	2,487.0	26.8	2,508.0	47.8

The **agency** submits a FY 2018 revised estimate totaling \$613.1 million, including \$256.2 million from the State General Fund. This is an increase of \$5.4 million, or 0.9 percent, including \$1.8 million from the State General Fund. The revised request includes the supplemental request of \$2.0 million, including \$1.8 million from the State General Fund, to reduce the shrinkage rate for the Kansas Protection Reporting Center and the social services field staff. Also included in the revised estimate is the addition of \$400,000 for social worker recruitment, \$728,863 for temporary staff to assist with the Kansas Eligibility Enforcement System (KEES) conversion, and \$6.9 million in additional Low Income Energy Assistance Program (LIEAP) payments.

The agency's revised estimate includes the addition of 26.8 FTE positions above the number approved by the 2017 Legislature. The additional positions include the addition of 19.0 FTE positions that were previously assigned to the KEES project, 10.0 FTE positions added to the Protection Report Center, 15.0 FTE positions added in the field offices for child and adult protective services, and 4.0 FTE positions in family preservation services, partially offset by 22.0 FTE positions inactivated as a method to fund salary increases.

The **Governor** recommends \$620.0 million, including \$267.2 million from the State General Fund, in FY 2018. The recommendation is an increase of \$6.9 million, or 1.1 percent, including \$11.0 million from the State General Fund, above the agency's revised estimate. The recommendation also includes 2,508.0 FTE positions, which is an increase of 21.0 FTE positions above the agency's revised estimate. The Governor recommends the agency's supplemental request to reduce budgeted shrinkage for the Kansas Protection Report Center and social services field staff.

The Governor's recommendation includes the addition of \$75,000, including \$60,750 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$1.0 million, all from the State General Fund, for a strategic decision-making software tool for the Kansas Protection and Report Center; and the addition of \$250,000, including \$167,500 from the State General Fund, for emergency placement beds for children in the foster care system. The Governor's recommendation also funds the fall human services consensus caseload estimate, which was an increase of \$4.4 million, including \$9.1 million from the State General Fund. The recommendation includes the addition of \$500,000, including \$405,000 from the State General Fund, and 20.0 FTE positions in FY 2018 to increase child welfare field staff, including social workers, and the addition of \$100,000, all from the federal Temporary Assistance for Needy Families Fund, in FY 2018 to provide funding for strong families promotion.

The recommendation also includes the addition of \$600,000, including \$215,000 from the State General Fund, in FY 2018 to fund a top-to-bottom review of the agency by an outside consultant. In addition, the Governor recommends deleting \$300,000, all from the State General Fund, from adoption support services and adding to operations to be expended as part of the top-to-bottom review, for total expenditures of \$900,000.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Shrinkage Reduction	\$ 1,799,524	\$ 1,997,852	0.0	\$ 1,799,524	\$ 1,997,852	0.0
Add Child Welfare Staff	0	0	0.0	405,000	500,000	20.0
Top-to-Bottom Review	0	0	0.0	215,000	600,000	0.0
Emergency Beds	0	0	0.0	167,500	250,000	0.0
Add Protect Investigator	0	0	0.0	60,750	75,000	1.0
Decision-Making Tool	0	0	0.0	1,000,000	1,000,000	0.0
Strong Families	0	0	0.0	0	100,000	0.0
TOTAL	\$ 1,799,524	\$ 1,997,852	0.0	\$ 3,647,774	\$ 4,522,852	21.0

The **agency** requests the addition of \$2.0 million, including \$1.8 million from the State General Fund, to reduce the shrinkage levels for the Kansas Protection Reporting Center from 25.2 percent to 8.5 percent and the social services field staff (staff who oversee the child welfare contractors) from 10.2 percent to 7.1 percent.

The **Governor** recommends the addition of the supplemental funding in FY 2018.

The Governor also recommends six additional supplementals totaling \$2.5 million, including \$1.8 million from the State General Fund, and 21.0 FTE positions. These are detailed below.

Additional Child Welfare Staff. The Governor recommends the addition of \$500,000, including \$405,000 from the State General Fund, and 20.0 FTE positions in FY 2018 to increase child welfare field staff, including social workers.

Top-to-Bottom Review. The Governor recommends the addition of \$600,000, including \$215,000 from the State General Fund, in FY 2018 as funding for top-to-bottom review of the agency by an outside consultant. In addition, the Governor recommends deleting \$300,000, all from the State General Fund, from adoption support services and adding to operations to be expended as part of the top-to-bottom review, for a total of \$900,000 expenditures.

Emergency Beds. The Governor recommends the addition of \$250,000, including \$167,500 from the State General Fund, for emergency placements beds for children in foster care placement.

Add Protective Investigator. The Governor recommends the addition of \$75,000, including \$60,750 from the State General Fund, and 1.0 FTE position in FY 2018 to hire a protective investigator to assist with locating missing foster children.

Decision-Making Tool. The Governor recommends the addition of \$1.0 million, all from the State General Fund, in FY 2018 to fund the purchase of a strategic decision-making software tool for the Kansas Protection and Report Center.

Strong Families Promotion. The Governor recommends the addition of \$100,000, all from the federal Temporary Assistance for Needy Families Fund, in FY 2018 to provide funding for strong families promotion.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$253,109,716 for FY 2019.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 253,109,716	\$ 258,805,201	\$ 5,695,485	\$ 265,766,330	\$ 12,656,614
All Other Funds	347,660,032	361,882,392	14,222,360	353,008,238	5,348,206
TOTAL	\$ 600,769,748	\$ 620,687,593	\$ 19,917,845	\$ 618,774,568	\$ 18,004,820
FTE Positions	2,460.2	2,462.0	1.8	2,483.0	22.8

The **agency** submits a FY 2019 revised estimate totaling \$620.7 million, including \$258.8 million from the State General Fund. This is an increase of \$19.9 million, or 3.3 percent, including \$5.7 million from the State General Fund. The revised request includes three supplemental requests totaling \$17.8 million, including \$5.7 million from the State General Fund. Also included in the revised estimate is the addition of \$400,000 for social worker recruitment, \$5.5 million in Supplemental Nutrition Assistance Program (SNAP) work program, and \$6.9 million in additional LIEAP assistance payments.

The **Governor** recommends \$618.8 million, including \$265.8 million from the State General Fund, for FY 2019. This is a decrease of \$1.9 million, or 0.3 percent, from all funds; a State General Fund increase of \$7.0 million, or 2.7 percent; and an increase of 21.0 FTE positions from the agency's revised estimate. The Governor does not recommend the agency's supplemental request to spend \$15.0 million, including \$3.2 million from the State General Fund, to replace the Kansas Management Information System for vocational rehabilitation services for FY 2019. The Governor does recommend the agency's supplemental request to reduce budgeted shrinkage for the Kansas Protection Report Center and social services field staff, and partially recommends increased funding for background checks and fingerprinting contracts.

The Governor's recommendation includes the addition of \$150,000, including \$121,500 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$500,000, including \$335,000 from the State General Fund, for emergency placement beds for children in the foster care system; and the addition of \$2.0 million from the federal Temporary Assistance for Needy Families Fund for family preservation services. The Governor's recommendation also funds the fall human services consensus caseload estimate, which was an increase of \$4.6 million, including \$8.0 million from the State General Fund. The recommendation includes the addition of \$1.0 million, including \$810,000 from the State General Fund, and 20.0 FTE positions for FY 2019 to increase child welfare field staff, including social workers, and the addition of \$200,000, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to provide funding for strong families promotion.

Also included in the Governor's recommendation is the addition of \$500,000, including \$285,000 from the State General Fund, for FY 2019 to fund a top-to-bottom review of the agency by an outside consultant. The Governor's recommendation includes the addition of \$2.0 million, all from the federal Temporary Assistance for Needy Families Fund, to fund the Work for Success Fatherhood Program and the addition of \$1.4 million, all from the federal Temporary Assistance for Needy Families Fund, to expand the Jobs for America's Graduates program.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Shrinkage Reduction	\$ 1,799,524	\$ 1,997,852	0.0	\$ 2,567,599	\$ 2,911,987	0.0
Fingerprinting	700,961	843,765	0.0	547,820	662,404	0.0
KMIS Vocational Rehab Replacement	3,195,000	15,000,000	0.0	0	0	0.0
Add Child Welfare Staff	0	0	0.0	810,000	1,000,000	20.0
Top-to-Bottom Review	0	0	0.0	285,000	500,000	0.0
Emergency Beds	0	0	0.0	335,000	500,000	0.0
Add Protect Investigator	0	0	0.0	121,500	150,000	1.0
Strong Families	0	0	0.0	0	200,000	0.0
Family Preservation	0	0	0.0	0	2,000,000	0.0
Work for Success Fatherhood	0	0	0.0	0	2,000,000	0.0
JAG expansion	0	0	0.0	0	1,350,000	0.0
CIF for Family Preservation	0	0	0.0	0	80,745	0.0
TOTAL	\$ 5,695,485	\$ 17,841,617	0.0	\$ 4,666,919	\$ 11,355,136	21.0

The **agency** requests \$17.8 million, including \$5.7 million from the State General Fund, for three supplemental requests for FY 2019. These are detailed below.

Shrinkage Reduction. The **agency** requests the addition of \$2.0 million, including \$1.8 million from the State General Fund, to reduce the shrinkage levels for the Kansas Protection Reporting Center from 27.4 percent to 10.0 percent and the social services field staff (staff who oversee the child welfare contractors) from 12.4 percent to 9.3 percent.

The **Governor** recommends the supplemental request with an increased level of funding. The Governor recommends the addition of \$2.9 million, including \$2.6 million from the State General Fund.

Background Checks and Fingerprinting. The **agency** requests the addition of \$843,765, including \$700,961 from the State General Fund, to fund the continuation of increased fingerprinting and background checks begun in FY 2017 after the issuance of Legislative Division of Post Audit findings that checks were not happening as often or as thoroughly as they should. The expenditures were funded from existing resources in FY 2017 and *via* reappropriations in FY 2018. Of the request, \$724,024, including \$600,961 from the State General Fund, is requested for the additional background checks and \$119,741, including \$100,000 from the State General Fund, is requested for the fingerprinting contract.

The **Governor** partially recommends the supplemental request, with the addition of \$662,404, including \$547,820 from the State General Fund.

KMIS Vocational Rehabilitation Replacement. The **agency** requests the addition of \$15.0 million, including \$3.2 million from the State General Fund, to replace the Kansas Management Information System (KMIS) used to track and pay for vocational rehabilitation services. The system is also intended to include eligibility determinations, plans for employment, and submission of state and federal reports. The federal funds, from federal FY 2017, require a 21.3 percent state match to be expended, and will be lapsed if not obligated during federal FY 2018.

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

The Governor also recommends nine additional supplementals totaling \$7.8 million, including \$1.6 million from the State General Fund, and 21.0 FTE positions. These are detailed below.

Additional Child Welfare Staff. The Governor recommends the addition of \$1.0 million, including \$810,000 from the State General Fund, and 20.0 FTE positions for FY 2019 to increase child welfare field staff, including social workers.

Top-to-Bottom Review. The Governor recommends the addition of \$500,000, including \$285,000 from the State General Fund, for FY 2019 as funding for top-to-bottom review of the agency by an outside consultant.

Emergency Beds. The Governor recommends the addition of \$500,000, including \$335,000 from the State General Fund, for FY 2019 for emergency placements beds for children in foster care placement.

Add Protective Investigator. The Governor recommends the addition of \$150,000, including \$121,500 from the State General Fund, and 1.0 FTE position for FY 2019 to hire a protective investigator to assist with locating missing foster children.

Strong Families Promotion. The Governor recommends the addition of \$200,000, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to provide funding for strong families promotion.

Family Preservation. The Governor recommends the addition \$2.0 million, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to increase funding for family preservation services.

Work for Success Fatherhood. The Governor recommends the addition of \$2.0 million, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to fund the Work for Success Fatherhood Program. The program is designed to assist parents and children to develop and maintain healthy relationships and assist non-custodial parents in gaining and retaining employment.

Jobs for America's Graduates (JAG) Expansion. The Governor recommends the addition of \$1.4 million, all from the federal Temporary Assistance for Needy Families Fund, for FY 2019 to expand the Jobs for America's Graduates program, which provides assistance to students facing at least three barriers to success who are at the risk of failing in school.

CIF for Family Preservation. The Governor recommends the addition of \$80,745, all from the Children's Initiatives Fund, for the family preservation program for FY 2019 to restore funding to the FY 2016 level.

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 \$605,980, including \$328,196 from the State General Fund, and FY 2019 longevity payments total \$634,326, including \$345,875 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

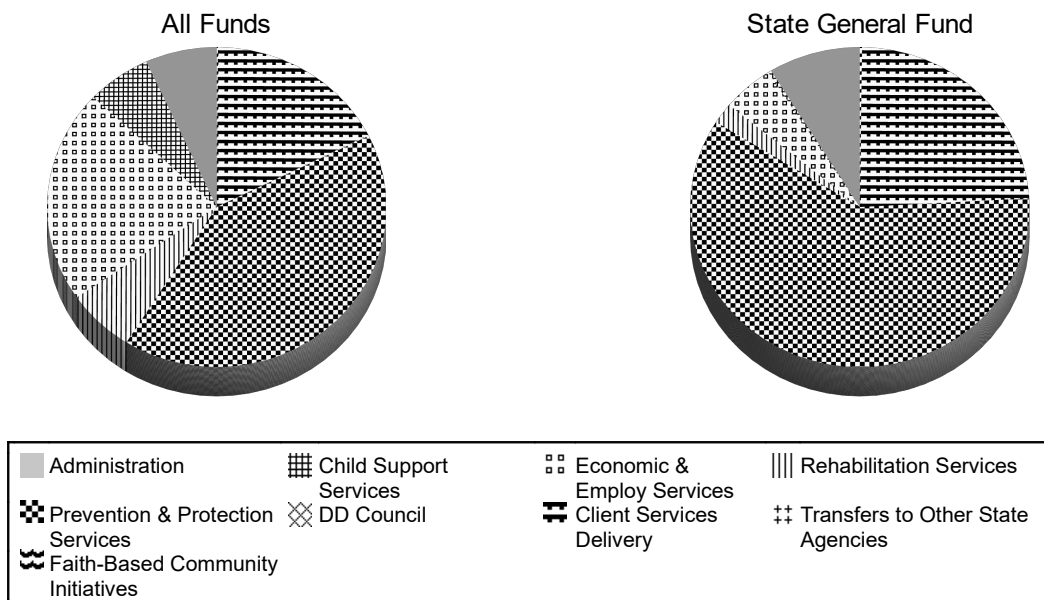
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	41.7 %	43.0 %
Temp Assist for Needy Families - Federal	14.3	14.7
Children's Initiatives Fund	1.2	1.2
Vocational Rehab Federal	6.3	4.4
Social Services Block Grant - Federal	3.3	3.4
Title IV-E Foster Care - Fed	3.8	3.9
All Other Funds	29.4	29.4
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 42,216,873	6.8 %	\$ 23,289,060	8.8 %
Child Support Services	37,836,907	6.1	800,000	0.3
Economic & Employment Services	133,686,277	21.6	13,089,536	4.9
Rehabilitation Services	40,286,013	6.5	5,598,090	2.1
Prevention & Protection Services	255,279,307	41.3	158,843,577	59.8
DD Council	612,230	0.1	3,578	0.0
Client Services Delivery	107,966,715	17.5	63,579,349	23.9
Transfers to Other State Agencies	0	--	0	--
Faith-Based Community Initiatives	640,246	0.1	563,140	0.2
TOTAL	\$ 618,524,568	100.0 %	\$ 265,766,330	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	274.2	282.8	282.8	257.8	257.8
Child Support Services	33.0	34.0	34.0	34.0	34.0
Econ & Employ Services	93.0	102.0	102.0	102.0	102.0
Rehabilitation Services	129.8	128.8	128.8	128.8	128.8
Prevent & Protect Serv	124.0	136.0	137.0	136.0	137.0
DD Council	4.0	4.0	4.0	4.0	4.0
Client Services Delivery	1,789.1	1,792.4	1,812.4	1,792.4	1,812.4
Transfers	0.0	0.0	0.0	0.0	0.0
Faith-Based Comm	13.0	7.0	7.0	7.0	7.0
TOTAL	2,460.1	2,487.0	2,508.0	2,462.0	2,483.0

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.

A. Administration

The mission of the Administration Division is to provide quality and cost-effective services to staff, supervisors, and managers within DCF. This division's services enable employees to do their work with adequate funding, facilities, equipment, technology, and other support to help ensure their work complies with federal requirements and state policies. Administration consists of four programs: Operations, Strategic Development, Information Technology Services, and Human Resources.

Operations. The Operations program consists of three subprograms: Office of the Secretary, Legal and Audit Services, and Operations. The Operations program provides executive direction and operational activities for the entire agency including budget, legal, and audit services. Also included in the program are Foster Care Licensing Services, which licenses and regulates foster care facilities. These activities were transferred from the Department of Health and Environment effective July 1, 2015, pursuant to Executive Reorganization Order No. 43.

Strategic Development. The Strategic Development program provides consultation and infrastructure to support training the workforce in new business processes and for improved performance. The goal of the program is to centralize training to reduce replication and result in cost savings.

Information Technology Services. This support program is responsible for managing new information technology systems projects, maintaining information systems that support the agency's business, coordinating access to and protection of the agency's data resources, and providing information technology infrastructure management and user support.

Human Resources. This support program is responsible for providing personnel support to the regional offices and the central office. These activities include recruitment, retention, and staff employment as well as succession planning for all positions.

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 17,729,361	\$ 16,688,029	\$ 16,688,029	\$ 16,073,766	\$ 16,073,766
Contractual Services	31,385,069	24,964,951	25,864,951	24,827,837	25,293,521
Commodities	198,240	147,302	147,302	146,663	146,663
Capital Outlay	3,384,766	785,923	785,923	702,923	702,923
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 52,697,436</i>	<i>\$ 42,586,205</i>	<i>\$ 43,486,205</i>	<i>\$ 41,751,189</i>	<i>\$ 42,216,873</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	105,477	0	0	0	0
TOTAL	<u>\$ 52,802,913</u>	<u>\$ 42,586,205</u>	<u>\$ 43,486,205</u>	<u>\$ 41,751,189</u>	<u>\$ 42,216,873</u>
Financing:					
State General Fund	\$ 21,984,095	\$ 22,993,520	\$ 23,508,520	\$ 23,030,503	\$ 23,289,060
All Other Funds	30,818,818	19,592,685	19,977,685	18,720,686	18,927,813
TOTAL	<u>\$ 52,802,913</u>	<u>\$ 42,586,205</u>	<u>\$ 43,486,205</u>	<u>\$ 41,751,189</u>	<u>\$ 42,216,873</u>
FTE Positions	274.2	282.8	282.8	257.8	257.8

The **agency** requests a revised estimate for FY 2018 expenditures of \$42.6 million, including \$23.0 million from the State General Fund. The revised estimate is an increase of \$791,532, or 1.9 percent, above the amount approved by the 2017 Legislature. The majority of the increase is attributable to increases in salaries and wages, partially offset by decreases in other areas of expenditures.

The **Governor** recommends \$43.5 million, including \$23.5 million from the State General Fund, in FY 2018. This is an increase of \$900,000, or 2.1 percent, including \$515,000 from the State General Fund, above the agency's estimate. The increase is attributable to the addition of funding for a top-to-bottom review of the agency.

The **agency** requests a revised estimate for FY 2019 expenditures of \$41.8 million, including \$23.0 million from the State General Fund. The revised estimate is an increase of \$267,882, or 0.6 percent, above the amount approved by the 2017 Legislature. The increase includes increased State General Fund expenditures of \$643,246 above the amount approved by the 2017 Legislature. The increase is mainly attributable to the supplemental request to add \$260,729, including \$201,384 from the State General Fund, for background checks and fingerprinting as well as increases in salaries and wages.

The **Governor** recommends \$42.2 million, including \$23.3 million from the State General Fund, for FY 2019. This is an increase of \$465,684, or 1.1 percent, including \$258,557 from the State General Fund, above the agency's estimate. The increase is attributable to the addition of \$500,000, including \$285,000 from the State General Fund, for the top-to-bottom review of the agency. The addition is partially offset by the Governor only partially recommending the agency's supplemental request for background checks and fingerprinting.

B. Child Support Services

The U.S. Congress enacted the Child Support Enforcement program, Title IV-D of the Social Security Act, which requires each state to establish an effective statewide uniform child support program. Failure to meet federal requirements of child support enforcement can result in fiscal sanctions to both the Temporary Assistance for Needy Families (TANF) Block Grant and Child Support Enforcement (CSE) grants. The Child Support Enforcement program is a federal, state, county, and private operation that must satisfy numerous federal requirements. DCF is the designated Title IV-D child support enforcement agency for Kansas. Although a majority of persons served are receiving other DCF benefits, any custodial parent may ask for absent parent location and support enforcement services. Any non-custodial parents may apply to establish paternity or modify a support order as well. Effective July 1, 2015, cooperation with child support services is mandatory for persons to receive food assistance.

During FY 2017, the Child Support Services (CSS) program collected \$206.1 million and estimates collections of \$212.9 million for FY 2018 and \$217.2 million for FY 2019. The federally mandated single receipting and disbursement operation for all child support payments, the Kansas Payment Center, has estimated operating costs of \$4.7 million in FY 2018. Of the collections, approximately \$875,000 will be paid to the Office of Judicial Administration for child support services provided by the central staff and Clerks of the Court. The majority of expenditures are associated with the contracts for privatized child support enforcement, estimated at \$22.5 million. The Customer Service Center is designed to streamline the work of regional staff by handling routine communication with clients at an estimated cost of \$1.6 million in FY 2018. Fees for setoff services by the Department of Administration and the federal government account for another \$438,016. Finally, \$500,000 will be paid to the Department of Labor for operating the State New Hires Directory.

In FY 2018, the agency estimates a caseload of 144,697 cases with collections of \$212.9 million and an average of \$1,471 collected per case. Of this amount, the State will retain \$7.7 million. For FY 2019, the agency estimates a caseload of 147,168 cases with collections of \$217.5 million and an average of \$1,476 collected per case. Of this amount, \$6.6 million will be retained by the State.

The CSS Program also includes fatherhood initiatives that are intended to encourage the involvement of absent parents in their children's lives.

CHILD SUPPORT SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,162,675	\$ 2,086,654	\$ 2,086,654	\$ 2,126,586	\$ 2,126,586
Contractual Services	32,971,237	31,971,932	31,971,932	31,954,703	31,954,703
Commodities	51,384	33,312	33,312	33,312	33,312
Capital Outlay	18,331	8,750	8,750	8,750	8,750
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 35,203,627	\$ 34,100,648	\$ 34,100,648	\$ 34,123,351	\$ 34,123,351
Aid to Local Units	0	0	0	0	0
Other Assistance	1,438,370	1,881,710	1,981,710	1,513,556	3,713,556
TOTAL	\$ 36,641,997	\$ 35,982,358	\$ 36,082,358	\$ 35,636,907	\$ 37,836,907
Financing:					
State General Fund	\$ 0	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
All Other Funds	36,641,997	35,182,358	35,282,358	34,836,907	37,036,907
TOTAL	\$ 36,641,997	\$ 35,982,358	\$ 36,082,358	\$ 35,636,907	\$ 37,836,907
FTE Positions	33.0	34.0	34.0	34.0	34.0

The **agency** requests a revised estimate for FY 2018 expenditures of \$36.0 million, including \$800,000 from the State General Fund. The request is an increase of \$34,618, or 0.1 percent, above the amount approved by the 2017 Legislature. The majority of the increase is attributable to increases in salaries and wages, partially offset by decreases in contractual services.

The **Governor** recommends \$36.1 million, including \$800,000 from the State General Fund, in FY 2018. This is an increase of \$100,000, or 0.3 percent, above the agency's revised estimate. The increase is attributable to the addition of funding for strong families promotion.

The **agency** requests a revised estimate for FY 2019 expenditures of \$35.6 million, including \$800,000 from the State General Fund. The request is a decrease of \$328,718, or 0.9 percent, below the amount approved by the 2017 Legislature. The majority of the decrease is attributable to decreases in contractual services, partially offset by increases in salaries and wages.

The **Governor** recommends \$37.8 million, including \$800,000 from the State General Fund, for FY 2019. This is an increase of \$2.2 million, or 6.2 percent, above the agency's revised estimate. The increase is attributable to the addition of \$200,000 to provide funding for strong families promotion and the addition of \$2.0 million to expand the Work for Success Fatherhood Program.

C. Economic and Employment Services

Economic and Employment Services has responsibility for a variety of economic and other assistance programs. These include Temporary Assistance for Families cash assistance and employment services, energy assistance, refugee assistance, food assistance, the food assistance employment program, child care, and federal food distribution programs.

**ECONOMIC AND EMPLOYMENT SERVICES PROGRAM
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,896,094	\$ 6,370,947	\$ 6,370,947	\$ 6,636,934	\$ 6,636,934
Contractual Services	7,908,367	11,734,324	11,734,324	10,556,837	10,556,837
Commodities	54,823	61,142	61,142	57,914	57,914
Capital Outlay	22,001	747	747	622	622
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,881,285</i>	<i>\$ 18,167,160</i>	<i>\$ 18,167,160</i>	<i>\$ 17,252,307</i>	<i>\$ 17,252,307</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	116,506,290	121,791,926	121,505,126	115,083,970	116,433,970
TOTAL	<u>\$ 130,387,575</u>	<u>\$ 139,959,086</u>	<u>\$ 139,672,286</u>	<u>\$ 132,336,277</u>	<u>\$ 133,686,277</u>
Financing:					
State General Fund	\$ 12,839,454	\$ 13,383,079	\$ 13,383,079	\$ 13,194,571	\$ 13,089,536
All Other Funds	117,548,121	126,576,007	126,289,207	119,141,706	120,596,741
TOTAL	<u>\$ 130,387,575</u>	<u>\$ 139,959,086</u>	<u>\$ 139,672,286</u>	<u>\$ 132,336,277</u>	<u>\$ 133,686,277</u>
FTE Positions	93.0	102.0	102.0	102.0	102.0

The **agency** requests a revised estimate for FY 2018 expenditures of \$140.0 million, including \$13.4 million from the State General Fund, for the Economic and Employment Support Services program. The revised estimate is an increase of \$8.2 million, or 6.2 percent, above the amount approved by the 2017 Legislature. The majority of the increase, \$6.9 million, is in other assistance payments for the Low Income Energy Assistance Program (LIEAP). Increases were also included in salaries and wages and contractual services. A portion of the increase was due to the addition of \$728,863, including \$333,090 from the State General Fund, for temporary staff to assist with the conversion to the Kansas Eligibility Enforcement System (KEES) and for the implementation of the identity verification contract.

The **Governor** recommends \$139.7 million, including \$13.4 million from the State General Fund, in FY 2018. This is a decrease of \$286,800, or 0.2 percent, below the agency's revised estimate. The reduction is attributable to decreases in the consensus caseload estimate for the Temporary Assistance for Needy Families cash assistance program.

The **agency** requests a revised estimate for FY 2019 of \$132.3 million, including \$13.2 million from the State General Fund, for the Economic and Employment Support Services program. The revised estimate is an increase of \$7.0 million, or 5.6 percent, above the amount approved by the 2017 Legislature. The majority of the increase, \$5.5 million, is in short-term non-reoccurring payments for Supplemental Nutrition Assistance Program (SNAP) work program participants. Also included is an increase of \$1.7 million in other assistance payments for LIEAP. Increases were also included in salaries and wages and contractual services.

The **Governor** recommends \$133.7 million, including \$13.1 million from the State General Fund, for FY 2019. This is an increase of \$1.4 million, or 1.0 percent, from all funds and a decrease of \$105,035, or 0.8 percent, from the State General Fund from the agency's revised estimate. The increase is attributable to the addition of \$1.4 million, all from the federal Temporary Assistance for Needy Families Fund, for the Jobs for America's Graduates program expansion. The State General Fund decrease is offset by an increase of the same amount from the federal Temporary Assistance for Needy Families Fund due to a reduction in the state match required for the cash assistance program.

Below are details for selected programs included in the above totals.

Temporary Assistance for Families (TAF) Program. This subprogram provides cash assistance to very low-income families. Families with incomes at approximately 24.0 percent of the federal poverty level may qualify for TAF assistance. Almost all families with an adult must participate in work activities and seek employment through the TAF Employment Services program. Cash assistance is not an entitlement and is limited to 24 months, with provisions for extended assistance up to 36 months if the family meets hardship criteria. Families must cooperate with the CCS program in order to receive benefits. Temporary Assistance for Families benefits are financed by the federal Temporary Assistance for Needy Families (TANF) Block Grant and state funds. This program is subject to the consensus caseload estimating process in the fall and spring of each year.

In order to receive the entire \$101,478,163 federal TANF Block Grant, Kansas must spend a specified minimum in state funds, the TANF Maintenance of Effort (TANF MOE). The TANF MOE is \$65,866,230 and represents 80.0 percent of state funds spent in the base fiscal year of 1994. The MOE is reduced to 75.0 percent of the amount for states that meet the work requirements. The TANF MOE is budgeted in specific program budgets. A major source of the MOE is net refunds from the Kansas Earned Income Tax Credit. The TANF law allows states to claim refundable tax credits toward the MOE if the credit exceeds the underlying tax upon which the tax credit is based. The State General Fund does not finance MOE in the Governor's FY 2017 recommendation. During FY 2012, the medical assistance and cash assistance applications were separated, which has resulted in reductions in cash assistance caseloads. When the applications were together, the individual did not have to choose to make a separate application for cash assistance.

The **agency** estimates a caseload of approximately 4,173 families, including 9,550 average monthly persons, at an average cost of \$111.00 per person in FY 2018. The estimate is based on the caseload estimate of \$12.8 million. For FY 2019, the agency estimates a caseload of approximately 3,519, including 8,054 average monthly persons, at an average cost of \$111.00 per person.

The **Governor** recommends the reduction of \$286,800, all from federal TANF funds, in FY 2018, and reduction of \$105,035, all from the State General Fund, offset by the addition of the same amount from federal TANF funds for FY 2019.

TAF Employment Services. This subprogram provides services that help adults obtain and keep employment. All adult TAF recipients, except those with a child under 2 months of age, those age 60 or over, and those needed in the home to care for a disabled household member, must work or participate in work-readiness activities 30 hours a week (55 hours for two-parent households). Federal law requires that at least 50.0 percent of TAF adults whose youngest child is over the age of 1 must be involved in a work activity each month or the state faces a reduction in the TANF Block Grant. The program offers 12 months of transitional services to families leaving cash assistance for employment. TAF Employment Services are financed by the TANF Block Grant.

The **agency** anticipates a caseload of 3,852 average persons per month accessing employment services in FY 2018 at a monthly cost of \$74.04 per person. The estimate is based on the caseload estimate of \$3.4 million approved by the Legislature. The agency anticipates a caseload of 3,249 average persons per month accessing employment services for FY 2019 at a monthly cost of \$81.43 per person. The estimate is based on an estimate of \$3.2 million.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

The Economic and Employment Services program also includes other programs funded from the federal Temporary Assistance for Needy Families Fund.

Low Income Energy Assistance Program (LIEAP). This subprogram provides a one-time annual benefit to low-income households for energy bills to avoid the shutoff of utility services during the winter. To qualify for energy assistance, households must have incomes below 130.0 percent of the federal poverty level, must have made recent payments on their energy bills, and must pay directly for heating costs or must pay rent that includes utility costs. Payments are sent directly to the utility/fuel provider, and the payments are credited to the household's bill. The program is funded entirely by a block grant from the U.S. Department of Health and Human Services.

The **agency** estimates providing assistance to 37,934 households, including 86,148 persons, in FY 2018 at an average cost of \$690 per year. For FY 2019, the agency estimates providing assistance to 37,934 households, including 86,148 persons, at an average cost of \$674 per year.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Food Assistance. This subprogram provides benefits to individuals and families to assist with food costs. This 100.0 percent federally funded program assists individuals and families with incomes less than 130.0 percent of the federal poverty level. Food assistance benefits are issued through electronic benefit transfer (EBT). Each family or individual receives a plastic "Vision" card with credit in an individual account that may be used only for the purchase of food. Food assistance benefit expenditures are not shown in the state budget because expenditures are not made from the state treasury. The funding is not included in the state budget; however, the agency estimates a decrease in both caseloads and expenditures for this program.

FOOD ASSISTANCE PROGRAM					
	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Agency Est.	FY 2019 Agency Est.
Average Monthly Persons	277,614	258,412	246,812	222,480	208,440
Food Assistance Benefits	\$ 376,604,917	\$ 350,433,060	\$ 339,238,171	\$ 303,685,200	\$ 286,396,560

Supplemental Assistance Nutrition Program (SNAP) Employment and Training Program. This subprogram operates in 36 counties, including Douglas, Sedgwick, and Shawnee, providing job search, education related to employment, and job retention services to adults under age 50 receiving SNAP benefits but not receiving TANF cash assistance. The federal Department of Agriculture provides 100.0 percent of the administrative costs and 50.0 percent of participant costs. In addition, the subprogram includes additional federal funds for pilot projects that provides intensive case management services, placements in training and employment opportunities, job coaching, and job retention services. In addition, the subprogram includes short-term benefits to assist individuals with finding employment in limited counties until being expanded statewide in January 2019.

The **agency** estimates assisting an average of 363 persons in FY 2018 at an average monthly cost of \$19 per person in the SNAP Employment and Training program; 619 persons at an average cost of \$175 per person for the pilot program; and 631 persons at an average cost of \$1,000 for short-term benefits. For FY 2019, the agency estimates assisting an average of 363 persons in FY 2018 at an average monthly cost of \$15 per person in the SNAP Employment and Training program; 178 persons at an average cost of \$152 per person for the pilot program; and 5,500 persons at an average cost of \$1,000 for short-term benefits.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Child Care Assistance Program. This subprogram provides payments to child care providers, allowing low-income families to remain in the workforce. To qualify, families must have incomes below 185.0 percent of the federal poverty level (FPL) and must comply with Child Support Enforcement requirements. Families with incomes above 70.0 percent of the FPL are required to pay a share of the child care cost. Child care is provided by centers, licensed providers, and unregulated providers, which covers care by relatives and care provided by persons in the child's home.

A majority of the financing in the Child Care Assistance program is provided by the federal Child Care and Development Fund, which is composed of mandatory, matching, and discretionary funds. For a state to access mandatory and matching funds, it must meet the state maintenance of effort (\$6.7 million) and use at least 70.0 percent of the total amount for child care assistance. Discretionary funds are 100.0 percent federal funds and matching funds are matched at the Federal Medical Assistance Percentage (FMAP) rate (approximately 40.0 percent from the state and 60.0 percent from federal).

The majority of child care quality expenditures are devoted to resource and referral services. The program provides information to parents about child care available in their communities and referrals to other programs in response to family needs. It also maintains databases on child care programs, builds the supply of child care by providing training and technical assistance to new and existing providers, and improves child care quality by offering training for family child care providers, center staff, and directors.

The **agency** estimates assisting an average of 5,276 families, including 9,721 children, in FY 2018 at an average monthly cost of \$338 per child in the child care assistance program. For FY 2019, the agency estimates assisting an average of 4,794 families, including 8,840 children, at an average monthly cost of \$344.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Kansas Early Head Start Program. This subprogram provides early intervention services, including: weekly home visits, physical and mental health education, nutrition education, social services, parental involvement and education, services for children with disabilities, job seeking and retention support, and child care for parents who are working or are in school. Kansas Early Head Start grants are awarded to 11 early learning programs.

The **agency** estimates providing services to an average of 923 children in FY 2017, FY 2018, and FY 2019, at an average cost of \$9,876.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

**CHILD CARE AND CARE QUALITY/EARLY HEAD START
SUMMARY OF EXPENDITURES FY 2018 – FY 2019**

Item	Agency Est. FY 2018 SGF	Agency Est. FY 2018 All Funds	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds
Child Care Assistance	\$ 10,429,859	\$ 39,428,376	\$ 10,429,859	\$ 36,491,520
Child Care Quality	0	5,083,046	0	5,083,046
Early Head Start	0	9,238,642	0	9,238,642
TOTAL	\$ 10,429,859	\$ 53,750,064	\$ 10,429,859	\$ 50,813,208
	Gov. Rec. FY 2018 SGF	Gov. Rec. FY 2018 All Funds	Gov. Rec. FY 2019 SGF	Gov. Rec. FY 2019 All Funds
Child Care Assistance	\$ 10,429,859	\$ 39,428,376	\$ 10,429,859	\$ 36,491,520
Child Care Quality	0	5,083,046	0	5,083,046
Early Head Start	0	9,238,642	0	9,238,642
TOTAL	\$ 10,429,859	\$ 53,750,064	\$ 10,429,859	\$ 50,813,208

D. Rehabilitation Services

The Rehabilitation Services program is responsible for seeing that comprehensive vocational rehabilitation (VR) services are available to help people with disabilities become gainfully employed. Within the Rehabilitation Services program is the Kansas Commission for the Deaf and Hard of Hearing as well as the Department's responsibilities for the federal Workforce Innovation and Opportunity Act (WIOA), which requires cooperation with the Kansas Department of Commerce and the Kansas Board of Regents.

Rehabilitation Services for the Blind Program. This subprogram provides a broad array of programs for people who are blind or visually impaired, including core vocational rehabilitation to help consumers become gainfully employed. In addition, the program administers the Kansas Seniors Achieving Independent Living program; administers the Rehabilitation Teaching program; operates the Business Enterprise Program; and operates the Office Experience Project. Services for the Blind also administers several independent living and specialized employment programs.

Disability Determination Services. This subprogram provides services that make disability and blindness determinations for the U.S. Social Security Administration on the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) claims filed or reviewed in Kansas. The workload consists of claims for adults and children filing for initial, reconsideration, and hearings level decisions. Continuing disability reviews also are conducted for Kansans already receiving disability benefits.

Rehabilitation Services Case Services. This subprogram provides services to assist persons with physical or mental disabilities to obtain employment and live more independently. To be eligible to receive services, a person must have a physical or mental impairment that presents a substantial impairment to employment. In addition, Rehabilitation Services Independent Living develops and provides services to individuals in partnership with the Statewide Independent Living Council.

Rehabilitation Services Independent Living. This subprogram develops and provides to individuals the skills for inclusion in all aspects of community life, including engagement on employment goals as well as teaching independent living skills and advocating for inclusion of individuals with disabilities.

End-Dependence Kansas. This is a multi-year, multi-agency program to implement and sustain evidence-based employment practices to increase employment options and outcomes for Kansans with disabilities. The program is operated in cooperation with Kansas Department of Commerce, the Kansas Department of Health and Environment, the Kansas Department for Aging and Disability Services, and the Kansas Department of Corrections.

REHABILITATION SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,926,558	\$ 6,600,936	\$ 6,600,936	\$ 6,729,501	\$ 6,729,501
Contractual Services	10,418,665	11,728,708	11,728,708	26,512,030	11,512,030
Commodities	47,721	48,378	48,378	53,178	53,178
Capital Outlay	286,081	304,202	304,202	307,402	307,402
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 15,679,025	\$ 18,682,224	\$ 18,682,224	\$ 33,602,111	\$ 18,602,111
Aid to Local Units	0	0	0	0	0
Other Assistance	15,809,673	19,427,690	19,427,690	21,683,902	21,683,902
TOTAL	\$ 31,488,698	\$ 38,109,914	\$ 38,109,914	\$ 55,286,013	\$ 40,286,013
Financing:					
State General Fund	\$ 5,276,826	\$ 5,005,605	\$ 5,005,605	\$ 8,793,090	\$ 5,598,090
All Other Funds	26,211,872	33,104,309	33,104,309	46,492,923	34,687,923
TOTAL	\$ 31,488,698	\$ 38,109,914	\$ 38,109,914	\$ 55,286,013	\$ 40,286,013
FTE Positions	129.8	128.8	128.8	128.8	128.8

The **agency** requests a revised estimate in FY 2018 of \$38.1 million, including \$5.0 million from the State General Fund. The revised estimate is a decrease of \$1.8 million, or 4.6 percent, below the amount approved by the 2017 Legislature. The majority of the decrease is attributable to changes in other assistance, mainly due to estimated decreases in caseloads for vocational rehabilitation case services. These decreases are partially offset by increases in contractual services.

The **Governor** recommends \$38.1 million, including \$5.0 million from the State General Fund, in FY 2018. This is the same as the agency's revised estimate.

The **agency** requests a revised estimate for FY 2019 of \$55.3 million, including \$8.8 million from the State General Fund. The revised estimate is an increase of \$14.1 million, or 34.3 percent, including \$3.0 million from the State General Fund, above the amount approved by the 2017 Legislature. The revised estimate includes \$15.0 million, including \$3.2 million from the State General Fund, for the supplemental request to replace the Kansas Management Information System (KMIS) vocational rehabilitation services system. The increases are partially offset by a decrease in other assistance, mainly due to estimated decreases in caseloads for vocational rehabilitation case services.

The **Governor** recommends \$40.3 million, including \$5.6 million from the State General Fund, for FY 2019. This is a decrease of \$15.0 million, or 27.1 percent, including \$3.2 million from the State General Fund, below the agency's revised estimate. The reduction is attributable to the Governor not recommending the inclusion of the agency's supplemental request to replace the KMIS vocational rehabilitation services system.

E. Prevention and Protection Services Program

Prevention and Protection Services has a mission to protect children; promote permanent, nurturing families; and strengthen community partnerships to serve children. Prevention and Protection Services delivers services to the target population through multiple programs: Administration, Protection Reporting Center, Child Protective Services/Family Support, Reintegration/Foster Care, and Adoption/Alternate Permanency. The division also provides investigative and intervention services for adults directed towards safeguarding the well-being and welfare of adults in need of protection, such as aged and disabled individuals, and potential victims of human trafficking.

PREVENTION AND PROTECTION SERVICES PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,554,927	\$ 7,212,161	\$ 7,240,461	\$ 7,239,776	\$ 7,367,240
Contractual Services	5,934,039	4,850,677	5,597,377	4,888,751	4,840,406
Commodities	50,744	68,853	68,853	68,853	68,853
Capital Outlay	210,966	7,672	7,672	7,672	7,672
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,750,676</i>	<i>\$ 12,139,363</i>	<i>\$ 12,914,363</i>	<i>\$ 12,205,052</i>	<i>\$ 12,284,171</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	217,353,684	235,904,320	240,842,065	235,840,935	242,995,136
TOTAL	\$ 230,104,360	\$ 248,043,683	\$ 253,756,428	\$ 248,045,987	\$ 255,279,307
Financing:					
State General Fund	\$ 138,106,391	\$ 151,035,035	\$ 161,093,132	\$ 150,342,881	\$ 158,843,577
All Other Funds	91,997,969	97,008,648	92,663,296	97,703,106	96,435,730
TOTAL	\$ 230,104,360	\$ 248,043,683	\$ 253,756,428	\$ 248,045,987	\$ 255,279,307
FTE Positions	124.0	136.0	137.0	136.0	137.0

The **agency** requests a revised estimate in FY 2018 of \$248.0 million, including \$151.0 million from the State General Fund. The estimate is a decrease of \$1.5 million, or 0.6 percent, including an increase of \$975,889 from the State General Fund, from the amount approved by the 2017 Legislature. The revised estimate includes the addition of \$860,000, all from the State General Fund, associated with the supplemental request to reduce the budgeted shrinkage rate at the Protection Reporting Center. The majority of the decrease is attributable to other assistance, including estimated decreases in adoption support caseloads and community grants. These decreases are partially offset by increases in salaries and wages and contractual services, including expenditures associated with social worker recruitment.

The **Governor** recommends \$253.8 million, including \$161.1 million from the State General Fund in FY 2018. This is an increase of \$5.7 million, or 2.3 percent, including \$10.1 million from the State General Fund, above the agency's revised estimate. The recommendation

includes the addition of \$75,000, including \$60,750 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$1.0 million, all from the State General Fund, for a strategic decision-making software tool for the Kansas Protection and Report Center; and the addition of \$250,000, including \$167,500 from the State General Fund, for emergency placement beds for children in the foster care system. The Governor's recommendation also funds the fall human services consensus caseload estimate for foster care, which was an increase of \$4.7 million, including \$9.1 million from the State General. The additional funding is partially offset by a reduction of \$300,000, all from the State General Fund for adoption services.

The **agency** requests a revised estimate for FY 2019 of \$248.0 million, including \$150.3 million from the State General Fund. The estimate is a decrease of \$1.3 million, or 0.5 percent, including an increase of \$981,334 from the State General Fund, from the amount approved by the 2017 Legislature. The revised estimate includes the addition of \$860,000, all from the State General Fund, associated with the supplemental request to reduce the budgeted shrinkage rate at the Protection Reporting Center. The revised estimate also includes the addition of \$583,036, including \$499,577 from the State General Fund, for the supplemental request to add funding for background checks and fingerprinting. The majority of the decrease is attributable to other assistance, including estimated decreases in adoption support caseloads and community grants. These decreases are partially offset by increases in salaries and wages and contractual services, including expenditures associated with social worker recruitment.

The **Governor** recommends \$255.3 million, including \$158.8 million from the State General Fund, for FY 2019. This is an increase of \$7.2 million, or 2.9 percent, including \$8.5 million from the State General Fund, above the agency's revised estimate. The recommendation includes the addition of \$150,000, including \$121,500 from the State General Fund, and 1.0 FTE position for a protective investigator; the addition of \$500,000, including \$335,000 from the State General Fund, for emergency placement beds for children in the foster care system; and the addition of \$2.0 million from the federal Temporary Assistance for Needy Families Fund for family preservation services. The Governor's recommendation also funds the fall human services consensus caseload estimate for foster care, which was an increase of \$4.6 million, including \$8.1 million from the State General.

Below are details for selected programs included in the above totals.

Protection Report Center (PRC). This subprogram provides a 24-hours-a-day, 7-days-a-week hotline to take reports from callers statewide regarding alleged abuse or neglect. The PRC screens the reports and sends the reports needing investigation to the local DCF area office if warranted. If reports received at the PRC after hours are determined to meet the criteria for a same-day response, PRC staff will notify the local law enforcement agency.

Child Protective Services and Family Support Program. This subprogram responds to reports alleging a child is in need of care (CINC). Social workers in local DCF offices are responsible for determining if a child abuse report is valid and whether there is a need for further action. If the report alleges abuse or neglect, the response involves assessing the immediate safety of the child, evaluating the family's ability to protect the child, and determining the services required to support the family in safely caring for their child.

Adult Protective Services. This subprogram provides activities directed towards safeguarding the well-being and welfare of adults in need of protection. Social workers investigate reports of abuse or neglect and arrange for provision of services to those individuals.

The **agency** estimates providing services to 10,154 individuals in FY 2018 at a cost of \$350,000, all from the State General Fund. For FY 2019, the agency estimates providing services to 10,223 individuals at a cost of \$350,000, all from the State General Fund.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Community Services. This subprogram establishes local collaborative efforts to provide services to children and their families to prevent unnecessary placements of children into foster care (included in other grants and contracts in the summary table). These efforts are primarily directed at children who are safe from abuse or neglect, or both, by their caregivers but who need preventive services either because of their own behaviors or the parents' need for support. These could be children with behavioral problems, truants, or children with serious medical or mental health needs.

The **agency** estimates providing services to 274 families in FY 2018 and FY 2019 at an annual cost of \$3,650 per family.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Family Services. Family services are provided to families in crisis resulting from sudden onset of urgent circumstances endangering a child and resulting in the risk of removal from their home. These services are provided to the entire family rather than to individual family members.

Family Preservation Services. This subprogram provides intensive in-home services offered to families, through a contract with a private vendor, who are at risk of having a child come into the custody of the Department and removed from their home unless the family can make the changes necessary to provide adequate care and safety. The DCF social worker is responsible for monitoring service delivery to achieve established outcomes.

The **agency** estimates referring 2,394 families for these services in FY 2018 and FY 2019, at a cost of \$4,319 per referral.

The **Governor** concurs with the agency's estimate in FY 2018 and recommends the addition of \$2.0 million, all from the federal Temporary Assistance for Needy Families Fund, and \$80,745 from the Children's Initiatives Fund for FY 2019.

Reintegration/Foster Care Services. This subprogram provides services that have been provided through private contract agencies since 1997. Services provided by the child welfare case management providers include case planning, placement, service delivery, and collaboration with communities. DCF workers are responsible for monitoring service delivery to achieve established outcomes. Services are provided to children and families when the court has found the child to be a child in need of care (CINC) and requiring out-of-home placement to meet their safety needs. Requests for proposals will be issued for new contracts beginning July 1, 2019.

The **agency** estimates serving approximately 6,554 children in the reintegration program in FY 2018 at an estimated monthly cost of \$2,301 per child. For FY 2019, the agency estimates serving 6,815 children at an estimate monthly cost of \$2,201 per child. This does not include any adjustments made by the consensus caseload estimating process to which this program is subject.

The **Governor** recommends the addition of \$4.7 million, including \$9.1 million from the State General Fund, in FY 2018 and the addition of \$4.6 million, including \$8.1 million from the State General Fund, for FY 2019. The Governor's recommendation fully funds the fall human services consensus caseload estimate.

Adoption Support Services. This subprogram provides services that are designed to benefit children whose parents' parental rights have been terminated or relinquished by providing the children with a permanent family. Examples of services include:

- Adoption support payments are available to assist adoptive families in meeting the special needs of the children they adopt;
- Permanent guardianship is an alternative permanent placement when the courts have determined children cannot return home but for whom adoption is not an option; and
- Life Skills and Independent Living Services are provided to older children to prepare them for adulthood once they leave state custody.

For FY 2018 in adoption support, the **agency** estimates providing support for an average of 9,193 children per month at a cost of \$345 per child. For FY 2019 in adoption support, the agency estimates providing support for an average of 9,476 children per month at a cost of \$344 per child.

The **Governor** reduces the agency's estimate by \$300,000, all from the State General Fund, in FY 2018 and concurs with the agency's estimate for FY 2019.

Permanent Custodianship. This is a permanency option when reintegration and adoption are not a preferred option for the child. When a custodianship is established, a subsidy may be provided to assist the families until the child reaches 18 years of age.

For FY 2018 in permanent custodianship, the **agency** estimates serving an average of 196 children per month at an average monthly cost of \$290 per child. For FY 2019, the agency estimates serving an average of 186 children per month at an average monthly cost of \$290 per child.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Independent Living. Independent living services are available to any child in the custody of the Secretary and in out-of-home placement for any length of time on or after their 15th birthday. Available services include assistance with completing secondary and post-secondary education, monthly subsidies, life-skills training, and leadership opportunities.

For both FY 2018 and FY 2019 in independent living, the **agency** estimates serving an average of 901 youth per month at an average monthly cost of \$2,187 per child.

The **Governor** concurs with the agency's estimate for FY 2018 and FY 2019.

Human Trafficking. This program rapidly assesses alleged juvenile victims of human trafficking and refers them to the appropriate services and temporary placement.

PREVENTION AND PROTECTION SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2019				
Item	Agency Est. FY 2018 SGF	Agency Est. FY 2018 All Funds	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds
Protection Report Center	\$ 4,612,973	\$ 4,612,973	\$ 4,623,756	\$ 4,623,756
Family Preservation	931,067	10,784,092	932,719	10,788,237
Reintegration/Foster Care*	115,540,000	181,000,000	114,750,000	180,000,000
Permanent Custodianship	682,425	682,425	646,815	646,815
Adult Protective Service	737,118	737,118	739,413	739,413
Adoption Support	20,947,941	38,077,061	21,132,876	39,149,286
Human Trafficking	324,370	324,370	324,370	324,370
Independent Living	545,391	2,726,959	545,678	2,728,394
TOTAL	\$ 144,321,285	\$ 238,944,998	\$ 143,695,627	\$ 239,000,271
	Gov. Rec. FY 2018 SGF	Gov. Rec. FY 2018 All Funds	Gov. Rec. FY 2019 SGF	Gov. Rec. FY 2019 All Funds
Protection Report Center	\$ 4,612,973	\$ 4,612,973	\$ 4,699,920	\$ 4,699,920
Family Preservation	931,067	10,784,092	932,719	12,868,982
Reintegration/Foster Care*	124,837,347	185,937,745	123,179,730	185,073,456
Permanent Custodianship	682,425	682,425	646,815	646,815
Adult Protective Service	737,118	737,118	739,413	739,413
Adoption Support	20,947,941	38,077,061	21,132,876	39,149,286
Human Trafficking	324,370	324,370	324,370	324,370
Independent Living	545,391	2,726,959	545,678	2,728,394
TOTAL	\$ 153,618,632	\$ 243,882,743	\$ 152,201,521	\$ 246,230,636
*This program is subject to the consensus caseload process for entitlement programs.				

F. Kansas Council on Developmental Disabilities

This support program's responsibilities include monitoring and evaluating the developmental disabilities program and services to ensure increased independence, productivity, and integration into the community. This program is federally established and funded.

COUNCIL ON DEVELOPMENTAL DISABILITIES PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 258,727	\$ 292,652	\$ 292,652	\$ 298,037	\$ 298,037
Contractual Services	91,013	108,541	108,541	111,972	111,972
Commodities	11,176	1,283	1,283	1,283	1,283
Capital Outlay	10,194	6,500	6,500	6,500	6,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 371,110</i>	<i>\$ 408,976</i>	<i>\$ 408,976</i>	<i>\$ 417,792</i>	<i>\$ 417,792</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	29,481	202,092	202,092	194,438	194,438
TOTAL	\$ 400,591	\$ 611,068	\$ 611,068	\$ 612,230	\$ 612,230
Financing:					
State General Fund	\$ 0	\$ 2,895	\$ 2,895	\$ 3,578	\$ 3,578
All Other Funds	400,591	608,173	608,173	608,652	608,652
TOTAL	\$ 400,591	\$ 611,068	\$ 611,068	\$ 612,230	\$ 612,230
FTE Positions	4.0	4.0	4.0	4.0	4.0

The **agency** requests a revised estimate in FY 2018 of \$611,068, including \$2,895 from the State General Fund. The revised estimate is an increase of \$2,954, or 0.5 percent, above the amount approved by the 2017 Legislature. The majority of the increase was in contractual services and salaries and wages, partially offset by decreases in other assistance. The increase in contractual services was mainly attributable to the Developmental Disabilities Council plans to move its offices from the Docking State Office Building to a larger space in the Landon State Office Building and expenditures for the monumental surcharge that were previously budgeted in the Administration program.

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

The **agency** requests a revised estimate for FY 2019 of \$612,230, including \$3,578 from the State General Fund. The revised estimate is an increase of \$3,578, or 0.6 percent, above the amount approved by the 2017 Legislature. The majority of the increase was in contractual services and salaries and wages, partially offset by decreases in other assistance. The increase in contractual services was mainly attributable to the Developmental Disabilities Council plans to move its offices from the Docking State Office Building to a larger space in the Landon State Office Building and expenditures for the monumental surcharge that were previously budgeted in the Administration program.

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

G. Client Services Delivery

Operations staff are employed throughout Kansas and deliver the bulk of all DCF benefits and many direct services in the four regional management areas (East, Kansas City, West, and Wichita). The staff in these four regions perform a variety of functions, including: determining eligibility for DCF programs; investigating alleged abuse, neglect, and fiduciary abuse of adults, and help providing protective services; investigating alleged abuse and neglect

of children, and coordinating with and overseeing all foster care, adoption, and family preservation contractors; coordinating all DCF programs and services; and conducting quality assurance and monitoring for children and adults receiving services.

The service centers in Greensburg and Iola were closed, with staff in those service centers being relocated to surrounding service centers.

CLIENT SERVICES DELIVERY PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 86,656,871	\$ 88,536,423	\$ 89,036,423	\$ 87,729,471	\$ 89,567,442
Contractual Services	16,727,095	17,397,904	17,397,904	17,477,390	17,477,390
Commodities	861,119	810,821	810,821	816,543	816,543
Capital Outlay	345,090	194,716	194,716	105,340	105,340
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 104,590,175	\$ 106,939,864	\$ 107,439,864	\$ 106,128,744	\$ 107,966,715
Aid to Local Units	0	0	0	0	0
Other Assistance	6,215	0	0	0	0
TOTAL	\$ 104,596,390	\$ 106,939,864	\$ 107,439,864	\$ 106,128,744	\$ 107,966,715
Financing:					
State General Fund	\$ 61,040,135	\$ 62,468,825	\$ 62,873,825	\$ 62,077,438	\$ 63,579,349
All Other Funds	43,556,255	44,471,039	44,566,039	44,051,306	44,387,366
TOTAL	\$ 104,596,390	\$ 106,939,864	\$ 107,439,864	\$ 106,128,744	\$ 107,966,715
FTE Positions	1,789.1	1,792.4	1,812.4	1,792.4	1,812.4

The **agency** requests a revised estimate in FY 2018 of \$106.9 million, including \$62.5 million from the State General Fund. The revised estimate is an increase of \$3.6 million, or 3.5 percent, including \$3.2 million from the State General Fund, above the amount approved by the 2017 Legislature. The revised estimate includes the addition of \$1.1 million, including \$939,524 from the State General Fund, associated with the supplemental request to reduce social services field staff shrinkage. The revised estimate also includes increases in salaries and wages.

The **Governor** recommends \$107.4 million, including \$62.9 million from the State General Fund, in FY 2018. This is an increase of \$500,000, or 0.5 percent, including \$405,000 from the State General Fund, and 20.0 FTE positions above the agency's revised estimate. The increase is attributable to Governor's recommendation to add 20.0 child welfare field staff, including social workers, to the agency.

The **agency** requests a revised estimate for FY 2019 of \$106.1 million, including \$62.1 million from the State General Fund. The revised estimate is an increase of \$3.1 million, or 3.1 percent, including \$2.5 million from the State General Fund, above the amount approved by the 2017 Legislature. The revised estimate includes the addition of \$1.1 million, including \$939,524 from the State General Fund, associated with the supplemental request to reduce social services field staff shrinkage. The revised estimate also includes increases in salaries and wages.

The **Governor** recommends \$108.0 million, including \$63.6 million from the State General Fund, for FY 2019. This is an increase of \$1.8 million, or 1.7 percent, including \$1.5 million from the State General Fund, and 20.0 FTE positions above the agency's revised estimate. A portion of the increase is attributable to the Governor's recommendation to add 20.0 child welfare field staff, including social workers, to the agency. The remainder of the increase is attributable to additional funds being recommended to decrease the field staff shrinkage levels.

H. Transfers to Other State Agencies

Select services are accomplished through transferring funds to other state agencies that perform the activities. Funds are transferred to:

- Kansas Board of Regents for job credentialing;
- Kansas Department of Education for the Kansas Preschool Program and Community-Based Child Abuse Prevention Grant;
- Kansas Department of Health and Environment for child care licensing and KEES development;
- Kansas State University for SNAP nutrition education;
- Kansas Department of Labor for SNAP Education and Training and disability determination services;
- Kansas Department of Corrections for Title IV-E foster care administration costs; and
- Kansas Department for Aging and Disability Services for the Senior Care Act.

TRANSFERS TO OTHER STATE AGENCIES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	(627,148)	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>\$ (627,148)</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	(161,427)	0	0	0	0
TOTAL	\$ (788,575)	\$ 0	\$ 0	\$ 0	\$ 0
Financing:					
State General Fund	\$ 1,438,222	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	(2,226,797)	0	0	0	0
TOTAL	\$ (788,575)	\$ 0	\$ 0	\$ 0	\$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0

This program transfers federal funding to other state agencies, generally as non-expense items. This program contains reportable expenditures only in actuals.

I. Faith-Based Community Initiatives

Faith-Based and Community Initiatives collects information pertaining to community and faith-based non-profits that may enhance the services of the Department. The program includes a Mentoring Initiative and efforts to build community capacity to address poverty.

FAITH-BASED COMMUNITY INITIATIVES PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 807,324	\$ 456,478	\$ 456,478	\$ 464,606	\$ 464,606
Contractual Services	290,293	164,264	164,264	164,264	164,264
Commodities	15,147	10,876	10,876	10,876	10,876
Capital Outlay	141	500	500	500	500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,112,905</i>	<i>\$ 632,118</i>	<i>\$ 632,118</i>	<i>\$ 640,246</i>	<i>\$ 640,246</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,112,905	\$ 632,118	\$ 632,118	\$ 640,246	\$ 640,246
Financing:					
State General Fund	\$ 631,110	\$ 555,940	\$ 555,940	\$ 563,140	\$ 563,140
All Other Funds	481,795	76,178	76,178	77,106	77,106
TOTAL	\$ 1,112,905	\$ 632,118	\$ 632,118	\$ 640,246	\$ 640,246
FTE Positions	13.0	7.0	7.0	7.0	7.0

The **agency** requests a revised estimate in FY 2018 of \$632,118, including \$555,940 from the State General Fund. The revised estimate is a decrease of \$543,158, or 46.2 percent, below the amount approved by the 2017 Legislature. The majority of the decrease is in salaries and wages and is attributable to funding being transferred to other programs in the agency.

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

The **agency** requests a revised estimate for FY 2019 of \$640,246, including \$563,140 from the State General Fund. The revised estimate is a decrease of \$538,072, or 45.7 percent, below the amount approved by the 2017 Legislature. The majority of the decrease is in salaries and wages and is attributable to funding being transferred to other programs in the agency.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehab and Repair	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
	0	0	0	0
TOTAL	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	250,000	250,000	250,000	250,000
TOTAL	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

FY 2018 – Current Year. The **agency** submits a revised estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center. The lease-to-buy agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is an increase of \$250,000 above the approved amount of \$0.

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

FY 2019 – Budget Year. The **agency** submits a revised estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center. The lease-to-buy agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is an increase of \$250,000 above the approved amount of \$0.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Child Support Services:				
Child support caseload (total average monthly cases)	N/A	140,689	144,697	147,168
Collection per case	N/A	\$1,465	\$1,471	\$1,476
State portion of support retained by Kansas (in millions)	N/A	\$9.50	\$7.71	\$6.60
Economic and Employment Services:				
TANF cash assistance (average monthly families)	N/A	4,867	4,173	3,519
Low income energy assistance households	N/A	37,934	37,934	37,934
Childcare assistance caseload (average monthly families)	N/A	5,736	5,276	4,794
Rehabilitation Services:				
Base average monthly persons	N/A	5,842	5,972	6,194
"End Dependence KS" (average monthly persons)	N/A	67	1,754	2,324
Workforce Innovation and Opportunity (average monthly persons)	N/A	26	577	746
Prevention and Protection Services:				
Average number of children in foster care each month	6,290	6,308	6,554	6,815

KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 648,920,943	\$ 744,435,146	\$ 688,987,829	\$ 898,978,241	\$ 701,854,406
Other Funds	925,668,921	883,411,355	953,371,296	1,063,435,644	1,003,299,579
<i>Subtotal</i>	<i>\$ 1,574,589,864</i>	<i>\$ 1,627,846,501</i>	<i>\$ 1,642,359,125</i>	<i>\$ 1,962,413,885</i>	<i>\$ 1,705,153,985</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	7,885,543	10,852,142	10,852,142	8,180,000	8,180,000
<i>Subtotal</i>	<i>\$ 7,885,543</i>	<i>\$ 10,852,142</i>	<i>\$ 10,852,142</i>	<i>\$ 8,180,000</i>	<i>\$ 8,180,000</i>
TOTAL	\$ 1,582,475,407	\$ 1,638,698,643	\$ 1,653,211,267	\$ 1,970,593,885	\$ 1,713,333,985

Percentage Change:

Operating Expenditures

State General Fund	0.0 %	14.7 %	6.2 %	20.8 %	1.9 %
All Funds	2.4	3.4	4.3	20.6	3.8

FTE Positions	295.0	295.0	295.0	295.0	295.0

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 for Aging and Disability Services (KDADS) was established by statute in 1977 as a cabinet-level agency headed by a secretary appointed by the Governor, subject to confirmation by the Senate. The agency goals are to promote security, dignity, and independence of older adults and persons with disabilities. KDADS is responsible for the distribution for Medicaid long-term care payments, survey and certification for adult care homes, behavioral health programs, home and community-based services for older adults and persons with disabilities, and the management and oversight of the five state hospitals. The Department is mandated under the federal Older Americans Act to serve as an advocate for seniors and to administer programs funded by Older Americans Act appropriations.

The Department is organized into the major areas of Administration; Commission on Aging and Aging Grants; Medicaid program; Behavioral Health-Operations and Grants; Community Services Administration; and the Survey, Certification, and Credentialing program.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed Senate Sub. for Senate Sub. for Sub. for HB 2320, which established a provider assessment up to \$1,950 on each licensed bed within skilled nursing care facilities, including nursing facilities for mental health and hospital long-term care units. The Kansas Soldiers' Home and the Kansas Veterans' Home were excluded from the assessment. A provider assessment is a mechanism used to maximize the amount of federal funding for the State by generating new state funds. After collection, the additional funds are used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid-eligible services in licensed nursing facilities. The 2004 Legislature had implemented a provider assessment for hospitals. The nursing facility assessment sunsets in four years and after the first three years, the assessment amount will be adjusted to be no more than 60.0 percent of the assessment collected in previous years. As of December 2011, there were 342 skilled nursing facilities in Kansas. The assessment, in the form passed by the 2010 Legislature, received approval from the federal Centers for Medicare and Medicaid Services on February 11, 2011.

In addition, the **2010 Legislature** added \$1,262,863, including \$311,835 from the State General Fund, to fund telehealth services for 500 individuals to the Home and Community Based Services–Frail Elderly Waiver program for FY 2011. However, the agency delayed implementation of the telehealth program because of shortfalls in the appropriations for existing Home and Community Based Services Waiver programs. The agency stated it did not appear prudent to implement a new service when doing so could create a strong possibility of needing to reduce existing services levels or start waiting lists and never used the appropriated funds for implementation during FY 2011. The program was implemented October 1, 2011.

For FY 2011, the Legislature deleted \$2.0 million, including \$1.7 million from the State General Fund, including:

- \$300,000 from the State General Fund for the Nutrition program, resulting in a reduction of 53,286 meals, or 240 fewer seniors receiving services. However, the agency determined it could absorb this reduction within the agency operations portion of the budget and this reduction did not occur;
- \$1.3 million from the State General Fund for Senior Care Act direct services, case management, assessments, and administration, which would have eliminated services for approximately 1,140 seniors and increased the waiting list. The agency indicated it would absorb this reduction with the agency operations instead; and
- \$345,180, including \$102,304 from the State General Fund, for agency operations. The agency indicated it would reduce expenditures through layoffs, furloughs, leaving positions vacant, and other administrative reductions.

The **2011 Legislature** also deleted \$3.0 million, including \$1.2 million from the State General Fund, and 20.0 FTE (filled and unfilled) positions for agency operations for FY 2012, and funding was used for increased caseloads in the Home Care Based Services for the Frail Elderly Waiver. The 2011 Legislature also deleted 30.0 vacant FTE positions for FY 2012. The agency's FY 2012 FTE position limitation was 164.0 FTE positions.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order (ERO) No. 41, which became effective on July 1, 2012. Specifically, the ERO transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS), including the following items:

- Mental health and substance abuse, serious emotionally disturbed, developmental disability, physical disability, traumatic brain injury, autism, technology assistance, and money follows the person Medicaid waivers and programs;
- Licensure and regulation of community mental health centers;
- Regulation of community developmental disability organizations;
- Licensure of private psychiatric hospitals;
- Licensure and regulation of facilities and providers of residential services;
- Licensure of providers of addiction and prevention services; and
- Any other programs and related grants administered by the Disability and Behavioral Health Services Section.

Further, some areas were transferred from the Kansas Department of Health and Environment (KDHE) to KDADS. The following areas of the Health Occupations Credentialing program of KDHE were transferred and will be administered by KDADS:

- Licensure of adult care home administrators;
- Licensure of dietitians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides; and
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility licensure program was also transferred to KDADS.

The **2012 Legislature** added \$1.2 million, including \$532,343 from the State General Fund, to fund an additional 60 individuals on the Home and Community Based Services—Physical Disability Waiver for FY 2013 to meet the maintenance of effort requirement for the federal Affordable Care Act.

The **2012 Legislature** added \$1.2, all from the Children's Initiatives Fund (CIF), and deleted the same amount from the State General Fund for the Children's Mental Health Initiative for FY 2013 and added \$4.8 million, all from the CIF, for the Family Centered System of Care for FY 2013.

The **2012 Legislature** added \$1.8 million, all from the State General Fund, for reimbursement of non-Medicaid psychiatric inpatient screening for FY 2013.

The **2012 Legislature** added \$881,920, all from the State General Fund, to fully fund the Senior Care Act program for FY 2013, thereby eliminating the waiting list of 340 Kansas seniors.

The **2012 Legislature** added \$4,148,421, including \$1,800,000 from the State General Fund, to fund approximately 97 persons on the waiver for the developmentally disabled and added \$4,148,421, including \$1,800,000 from the State General Fund, to fund approximately 201 persons on the waiver for the physically disabled.

The **2012 Legislature** added \$5.0 million, all from the State General Fund, for mental health grants for FY 2013.

The **Governor** vetoed the addition of funds in FY 2012 to increase the Financial Management System (FMS) reimbursement rate for service costs to payroll agents from \$115 to \$125 from November 2011 through June 2012.

The **2013 Legislature** deleted \$659,760, including \$338,310 from the State General Fund, in FY 2013 and \$673,297, including \$336,497 from the State General Fund, for FY 2014 for salaries and wages, and \$7,490,205, including \$3,250,000 from the State General Fund, in both FY 2013 and FY 2014 for the Home and Community Based Services Waiver for the Frail Elderly for savings achieved through efficiencies the agency implemented. The Legislature also added \$19,161,842, including \$8,276,000 from the State General Fund, to fund Home and Community Based Services Waivers for individuals with Developmental Disabilities and Physical Disabilities for FY 2014, and \$19,235,036, including \$8,276,000 from the State General Fund for FY 2015. This additional funding will serve approximately 437 people waiting for Physical Disabilities Waiver services and 233 people waiting for Developmental Disabilities Waiver services for FY 2014 and continues funding for these same people for FY 2015.

The **2013 Legislature** made a series of modifications to the Problem Gambling and Addictions Grant Fund, including:

- Transferred \$550,000 from the Problem Gambling and Addictions Grant Fund to the Domestic Violence Grants Fund of the Office of the Governor for FY 2014 and FY 2015;
- Transferred \$150,000 from the Problem Gambling and Addictions Grant Fund to the Child Advocacy Centers Grants Fund of the Office of the Governor for FY 2014 and FY 2015;
- Added language requiring continued funding for an FTE position for the Problem Gambling Services Coordinator position for FY 2014 and FY 2015; and

- Added language requiring that at least 10.0 percent of the amount allocated to the Problem Gambling Services program for FY 2014 and FY 2015 be spent on public awareness campaigns for possible problems related to gambling addictions and for services to address gambling and other addictions.

In addition, the **2013 Legislature** deleted \$3.75 million from the CIF and \$6.00 million from the State General Fund for FY 2014 and FY 2015 for mental health grants; added \$9.75 million for mental health grants for at-risk individuals from the Children's Health Insurance Program Fund for FY 2014 and from the Mental Health Grant–State Highway Fund for FY 2015; and added \$355,000, all from the State General Fund, for Community Mental Health Center (CMHC) grants for the Crisis Screening program for FY 2014 and FY 2015.

The **2014 Legislature** appropriated \$4.0 million, all from the State General Fund, in both FY 2014 and FY 2015 for the Home and Community Based Services Waiver for individuals with developmental disabilities to replace funding lapsed on January 1, 2014. In addition, the 2014 Legislature added language directing that expenditures be made to continue providing services to individuals removed from the Home and Community Based Services Waiver for individuals with developmental disabilities and the Home and Community Based Services Waiver for individuals with physical disabilities waiting lists and provide services in FY 2014 and FY 2015, and added language directing any unbudgeted amounts by the Secretary from the Home and Community Based Services Waiver for individuals with physical disabilities appropriation of \$4.0 million made during the 2013 Session be expended for the Home and Community Based Services Waiver for individuals with developmental disabilities underserved waiting list in FY 2014 and FY 2015.

The **2014 Legislature** also added language allowing funding transferred from State General Fund accounts of the Kansas Neurological Institute to be expended for Home and Community Based Services Waiver for individuals with developmental disabilities in FY 2014 and FY 2015. The Legislature also added \$16.3 million, including \$7.1 million from the KDADS Social Welfare Fund, to provide additional services to individuals on underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015, and added \$10.2 million, including \$5.0 million from the State General Fund, to add funding for Home and Community Based Services Waivers for individuals with physical disabilities and developmental disabilities, mental health grants, and substance use disorder treatment for FY 2015.

The **2014 Legislature** transferred \$2.5 million from the Problem Gambling and Addictions Grant Fund to the State General Fund in FY 2014 and added language specifying no one who seeks treatment for problem gambling shall be refused treatment and add language transferring up to \$1.0 million from the KDADS Social Welfare Fund to the Problem Gambling and Addictions Grant Fund if needed for FY 2015.

The **2014 Legislature** added \$3.7 million, all from the State General Fund, associated with the closure of the Rainbow Mental Health Facility and contract for services with Rainbow Mental Health, Inc., for FY 2015. The Legislature also deleted \$54.1 million, including \$32.9 million from the State General Fund, for human services consensus caseload estimates in FY 2014, and deleted \$136.5 million, including \$60.9 million from the State General Fund, for FY 2015.

The **2015 Legislature** deleted \$382,000, all from the Problem Gambling and Addictions Grant Fund, for FY 2016 and FY 2017 and transferred \$94,993 to the State General Fund and \$287,007 to the KDADS Social Welfare Fund. In addition, the Legislature added language to transfer the remaining balances in the Problem Gambling and Addictions Grant Fund to the State General Fund at the end of FY 2016 and FY 2017.

The **2015 Legislature** added \$3.5 million, all from the State General Fund, for FY 2016 for additional community resources needed while building improvements are being completed at Osawatomie State Hospital.

In addition, the **2015 Legislature** shifted savings totaling \$1.5 million from the Kansas Neurological Institute to the KDADS budget for FY 2016 and FY 2017 to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The Legislature increased expenditures by \$1.9 million in additional federal Medicaid funds for FY 2016 and FY 2017 as a result of the additional State General Fund expenditures.

The **2015 Legislature** deleted \$1,198,469 for a 4.0 percent operating reduction for FY 2016 and FY 2017 and deleted \$57.0 million, including \$25.0 million from the State General Fund, for FY 2016 and \$56.8 million, including \$25.0 million from the State General Fund, for FY 2017, associated with the implementation of KanCare policy changes.

Additionally, the **2015 Legislature** added \$1.0 million, all from the State General Fund, for mental health services for FY 2016 and FY 2017 to provide behavioral health access for transitional and intermediate levels of care; added \$6.8 million, including \$3.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Wavier for Individuals with Developmental Disabilities; and added \$2.3 million, including \$1.0 million from the State General Fund, for FY 2016 and FY 2017 to reduce the waiting list for services on the Home and Community Based Services Wavier for Individuals with Developmental Disabilities.

The **2015 Legislature** also deleted \$14.8 million, including \$6.5 million from the State General Fund, for FY 2017 associated with a reduction of the State's payment error rate measurement. The reduction is anticipated with ERO No. 43, which transfers the responsibility for Medicaid eligibility to the KDHE beginning January 1, 2016.

For **FY 2016**, the agency transferred \$1.0 million from the KDADS Social Welfare Fund to the State General Fund for the Governor's July 30, 2015 allotment in FY 2016. The agency also deleted \$13.3 million, all from the State General Fund, for the Governor's November 6, 2015 allotment in FY 2016.

The **April 20, 2016 Governor's Budget Amendment, No. 1, Item 8**, noted Medicaid KanCare expenditures are made from the KDHE; however, an allocation tool was being applied to divide the expenditures between KDHE, KDADS, and the Department of Corrections (DOC). Noting that this allocation tool required additional administrative work, the Governor recommended that beginning in FY 2018, all KanCare expenditures be budgeted for and reflected in KDHE only. This would be a change in accounting and budgeting procedures only, and responsibility for program policies and performance would remain with KDADS and the DOC. The Legislature approved this recommendation.

The **2016 Legislature** added \$3.0 million, all from federal funds, for a new grant from the federal Centers for Medicare and Medicaid Services to develop a fully automated system designed to utilize fingerprints to provide state and national criminal records checks in FY 2016 and FY 2017.

The **2016 Legislature** deleted \$2.3 million, including \$1.0 million from the State General Fund, for the Home and Community Based Services Waiver for Individuals with Physical Disabilities for FY 2017.

The **2016 Legislature** deleted \$3.8 million, all from the State General Fund, for the Children's Mental Health Initiative for FY 2017. This program historically received an appropriation from the CIF. Funding from the CIF is now recommended by the Children's Cabinet regarding the levels and funding sources for the expenditures with final decisions to be made by the Governor for FY 2017.

The **2016 Legislature** added \$47.4 million, including \$10.6 million from the State General Fund, to fund human services consensus caseload estimates in FY 2016, and added \$10.7 million, including deleting \$4.9 million from the State General Fund, to fund human services consensus caseload estimates for FY 2017.

The **2016 Legislature** deleted \$2.7 million, including \$23.6 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs in FY 2016, and deleted \$27.8 million, including \$7.7 million from the State General Fund, to reallocate non-caseload medical savings to caseload programs for FY 2017.

The **2016 Legislature** added \$3.9 million, all from the State General Fund, to fund the continuation of a contract for diversion beds for Osawatimie State Hospital for FY 2017.

The **2017 Legislature** added \$10.5 million, all from the State General Fund, for FY 2018, and added \$13.2 million, all from the State General Fund, for FY 2019 for Community Mental Health Centers grants; added language to lapse \$3.5 million, all from the State General Fund, for FY 2018, and to lapse \$5.0 million, all from the State General Fund, for FY 2019, contingent upon the passage of 2017 HB 2180 or any similar legislation transferring such funding from the Health Management Organization (HMO) privilege fees; and added language to lapse \$3.0 million, all from the State General Fund, for FY 2018, and to lapse \$6.0 million, all from the State General Fund, for FY 2019, contingent upon the passage of 2017 HB 2313 or any similar legislation transferring such funding from receipt of lottery vending machine revenues. HB 2079 (2017) was enacted, transferring \$3.5 million for FY 2018 and \$5.0 million for FY 2019 from HMO privilege fees, so those amounts were lapsed from the State General Fund appropriation. The Governor vetoed HB 2313 and no similar legislation concerning lottery vending machines was passed.

In addition, the **2017 Legislature** added \$20.3 million, including \$9.1 million from the State General Fund, for FY 2018 and \$48.1 million, including \$21.6 million from the State General Fund for FY 2019 to provide a 3.0 percent rate increase for FY 2018 and a 4.0 percent rate increase for FY 2019 for providers of Home and Community Based Services (HCBS) under each of the waivers. The Legislature added \$3.0 million, including \$1.3 million from the State General Fund, in FY 2017, FY 2018, and FY 2019 for the disallowance of the Capable Person Policy by the federal Centers for Medicare and Medicaid Services. The Legislature added \$2.1 million, all from the State General Fund, for FY 2018 and FY 2019 for the Senior Care Act. The Legislature added \$1.3 million, all from the State General Fund, for FY 2018 and FY 2019 for Medicaid inpatient referrals.

The **2017 Legislature** added language requiring quarterly reports on Medicaid HCBS waivers to the Kansas Legislative Research Department and the Kansas Division of the Budget, requiring a separate report for each waiver, including actual and projected expenditures, actual and projected number of individuals served, average cost per members served, and summarized encounter data by waiver population or comparable data to allow for review at the program level for FY 2018 and FY 2019. The Legislature also added language to create a mental health task force to study certain topics related to the current status of various mental health programs in Kansas. Language was also added for a report to be presented to the Legislature at the beginning of the 2018 Legislative Session.

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 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 KDADS, the Legislature added \$211,910, including \$77,296 from the State General Fund, for both FY 2018 and FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate for total expenditures of \$1.6 billion, including \$744.4 million from the State General Fund, in FY 2018. The revised estimate includes capital improvement expenditures totaling \$10.9 million, all from the State Institutions Building Fund, and operating expenditures totaling \$1.6 billion, including \$744.4 million from the State General Fund. This is an all funds increase of \$19.7 million, or 1.2 percent, and a State General Fund increase of \$13.8 million, or 1.9 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. Projects in FY 2018 include the first phase of the replacement of the patient billing and management system for the four state hospitals and implementation of a policy change for backdating Home and Community Based Services adult care home applicants. **Absent the FY 2018 supplementals**, the FY 2018 revised estimate is an all funds increase of \$4.2 million, or 0.3 percent, and a State General Fund decrease of \$20, or less than 0.1 percent, from the amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$689.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$689.0 million from the State General Fund, in FY 2018. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2018. The Governor's recommendation for total expenditures is an all funds increase of \$14.5 million, or 0.9 percent, and a State General Fund decrease of \$55.4 million, or 7.4 percent, from the agency's revised estimate.

The Governor's recommendation includes the following adjustments:

- A decrease of \$15.5 million, including \$13.8 million from the State General Fund, due to the Governor not recommending the agency's supplementals requests in FY 2018;
- An increase of \$8.0 million, including a decrease of \$46.5 million from the State General Fund, for human services caseload adjustments in FY 2018. Also included is a recommendation to add Medicaid Home and Community Based Services (HCBS) waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the Human Services Consensus Caseload estimating process in FY 2018;
- An increase of \$22.0 million, including \$10.4 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE; and
- A lapse of \$5.5 million from the State General Fund, offset by a corresponding increase in expenditures from the Quality Care Services Fund in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate for total expenditures of \$2.0 billion, including \$899.0 million from the State General Fund, for FY 2019. The revised estimate includes capital improvement expenditures totaling \$8.2 million, all from the State Institutions Building Fund, and operating expenditures totaling \$2.0 billion, including \$899.0 million from the State General Fund. This is an all funds increase of \$295.7 million, or 17.7 percent, and a State General Fund increase of \$138.8 million, or 18.3 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

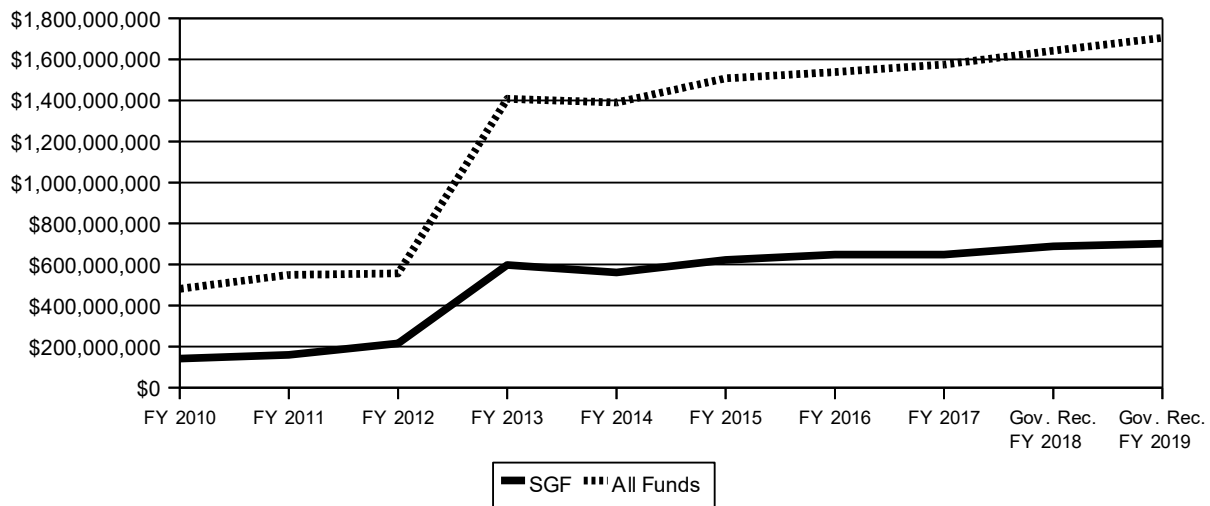
The revised estimate includes supplemental funding totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. Projects for FY 2019 include the second phase of the replacement of the patient billing and management system for the four state hospitals, implementation of a policy change for backdating Home and Community Based Services (HCBS) adult care home applicants, elimination of the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing the nursing facility reimbursement rates, an increase in the salary for surveyor positions, and a salary increase for unclassified employees who did not receive an increase through the 2017 Legislature's pay plan. **Absent the FY 2019 supplementals**, the FY 2019 request is an all funds decrease of \$3.3 million, or 0.2 percent, below the amount approved by the 2017 Legislature. The State General Fund total is the same amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$701.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$1.7 billion, including \$701.9 million from the State General Fund, for FY 2019. The Governor concurs with the agency's revised estimate for capital improvement expenditures for FY 2019. The Governor's recommendation for total expenditures is an all funds decrease of \$257.3 million, or 13.1 percent, and a State General Fund decrease of \$197.1 million, or 21.9 percent, below the agency's revised estimate. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. In addition, the Governor's recommendation includes the following adjustments:

- A decrease of \$298.9 million, including \$138.7 million from the State General Fund, due to the Governor not recommending the agency's supplemental requests to replace the state hospital patient billing and management system, modify a policy concerning application backdating, eliminate the Medicaid HCBS waiting list for individuals with a physical disability and individuals with an intellectual or developmental disability, rebase nursing facility rates, and provide a salary increase for surveyor positions at the amount requested by the agency;
- An increase of \$501,333, including \$160,426 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019;
- A decrease of \$1.8 million, including \$72.7 million from the State General Fund, for human services caseload adjustments for FY 2019. Also included is a recommendation to add Medicaid Home and Community Based Services waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating process for FY 2019;
- An increase of \$25.2 million, including \$6.3 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE for FY 2019; and
- An increase of \$17.7 million, including \$7.9 million from the State General Fund, for a 3.0 percent rate increase for nursing facilities 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	\$ 142,148,326	(16.2)%	\$ 481,929,197	(1.7)%	231.3
2011	159,321,200	12.1	549,667,931	14.1	226.8
2012	215,234,227	35.1	556,918,219	1.3	181.3
2013	597,859,761	177.8	1,407,782,256	152.8	278.5
2014	561,860,405	(6.0)	1,389,821,712	(1.3)	275.0
2015	622,246,143	10.7	1,507,475,129	8.5	275.0
2016	649,214,816	4.3	1,538,018,107	2.0	284.0
2017	648,920,943	0.0	1,574,589,864	2.4	295.0
2018 Gov. Rec.	688,987,829	6.2	1,642,359,125	4.3	295.0
2019 Gov. Rec.	701,854,406	1.9	1,705,153,985	3.8	295.0
Ten-Year Change Dollars/Percent	\$ 559,706,080	393.7 %	\$ 1,223,224,788	253.8 %	63.7

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	11,057,325	\$ 11,320,282	\$ 11,389,071	\$ 68,789	0.6 %	\$ 11,320,282	\$ 11,389,071	\$ 68,789	0.6 %
Aging and Aging Grants		24,809,699	28,191,898	28,985,010	793,112	2.8	28,191,898	28,985,010	793,112	2.8
Medicaid Program		1,435,217,917	1,446,951,375	1,787,297,599	340,346,224	23.5	1,473,966,307	1,538,819,832	64,853,525	4.4
Behavioral Health- Operations and Grant		76,389,194	113,670,397	106,716,094	(6,954,303)	(6.1)	101,168,089	98,367,739	(2,800,350)	(2.8)
Community Services Administration		15,845,466	15,776,614	15,769,615	(6,999)	0.0	15,776,614	15,769,615	(6,999)	0.0
Survey, Certification, and Credentialing		11,270,263	11,935,935	12,256,496	320,561	2.7	11,935,935	11,822,718	(113,217)	(0.9)
TOTAL		\$ 1,574,589,864	\$ 1,627,846,501	\$ 1,962,413,885	\$ 334,567,384	20.6 %	\$ 1,642,359,125	\$ 1,705,153,985	\$ 62,794,860	3.8 %
By Major Object of Expenditure:										
Salaries and Wages	\$	17,215,862	\$ 18,437,770	\$ 18,931,031	\$ 493,261	2.7 %	\$ 18,437,770	\$ 18,497,253	\$ 59,483	0.3 %
Contractual Services		35,190,703	45,255,692	40,036,829	(5,218,863)	(11.5)	45,255,692	40,036,829	(5,218,863)	(11.5)
Commodities		234,863	284,608	293,678	9,070	3.2	284,608	293,678	9,070	3.2
Capital Outlay		165,296	12,646,477	8,559,630	(4,086,847)	(32.3)	144,169	211,275	67,106	46.5
Debt Service		1,720,052	1,502,731	1,267,950	(234,781)	(15.6)	1,502,731	1,267,950	(234,781)	(15.6)
<i>Subtotal-Operations</i>	\$	<i>54,526,776</i>	<i>\$ 78,127,278</i>	<i>\$ 69,089,118</i>	<i>\$ (9,038,160)</i>	<i>(11.6) %</i>	<i>\$ 65,624,970</i>	<i>\$ 60,306,985</i>	<i>\$ (5,317,985)</i>	<i>(8.1) %</i>
Aid to Local Units		50,925,533	66,186,704	69,446,024	3,259,320	4.9	66,186,704	69,446,024	3,259,320	4.9
Other Assistance		1,469,137,555	1,483,532,519	1,823,878,743	340,346,224	22.9	1,510,547,451	1,575,400,976	64,853,525	4.3
TOTAL		\$ 1,574,589,864	\$ 1,627,846,501	\$ 1,962,413,885	\$ 334,567,384	20.6 %	\$ 1,642,359,125	\$ 1,705,153,985	\$ 62,794,860	3.8 %
Financing:										
State General Fund	\$	648,920,943	\$ 744,435,146	\$ 898,978,241	\$ 154,543,095	20.8 %	\$ 688,987,829	\$ 701,854,406	\$ 12,866,577	1.9 %
Children's Initiative Fnd		3,800,000	3,800,000	3,800,000	0	--	3,800,000	3,800,000	0	--
Problem Gambling and Addiction Grants		5,710,927	5,822,437	5,825,996	3,559	0.1	5,822,437	5,825,996	3,559	0.1
Quality Care Serv Fund		37,922,323	47,000,000	47,000,000	0	--	49,000,000	43,500,000	(5,500,000)	(11.2)
Title XIX Federal Fund		805,839,839	750,031,273	932,934,006	182,902,733	24.4	817,991,214	876,593,145	58,601,931	7.2
Prevention Treatment Subst Abuse Grant		11,881,786	12,117,285	12,131,829	14,544	0.1	12,117,285	12,131,829	14,544	0.1
All Other Funds		60,514,046	64,640,360	61,743,813	(2,896,547)	(4.5)	64,640,360	61,448,609	(3,191,751)	(4.9)
TOTAL		\$ 1,574,589,864	\$ 1,627,846,501	\$ 1,962,413,885	\$ 334,567,384	20.6 %	\$ 1,642,359,125	\$ 1,705,153,985	\$ 62,794,860	3.8 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$729,742,426 in FY 2018. Several adjustments have subsequently been made to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$3,443,432, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018;
- A transfer of \$2,020,000 to Osawatomie State Hospital for operating expenditures in anticipation of the facility becoming recertified for FY 2019; and
- A transfer of \$580,000 to Larned State Hospital to provide a salary increase for Mental Health Technicians.

The adjustments change the FY 2018 approved State General Fund amount to \$730,585,858. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 730,585,858	\$ 744,435,146	\$ 13,849,288	\$ 688,987,829	\$ (41,598,029)
All Other Funds	888,395,898	894,263,497	5,867,599	964,223,438	75,827,540
TOTAL	\$ 1,618,981,756	\$ 1,638,698,643	\$ 19,716,887	\$ 1,653,211,267	\$ 34,229,511
FTE Positions	295.0	295.0	0.0	295.0	0.0

The **agency** requests a revised estimate for total expenditures of \$1.6 billion, including \$744.4 million from the State General Fund, in FY 2018. The revised estimate includes capital improvement expenditures totaling \$10.9 million, all from the State Institutions Building Fund, and operating expenditures totaling \$1.6 billion, including \$744.4 million from the State General Fund. This is an all funds increase of \$19.7 million, or 1.2 percent, and a State General Fund increase of \$13.8 million, or 1.9 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. Projects in FY 2018 include the first phase of the replacement of the patient billing and management system for the four state hospitals and implementation of a policy change for backdating Home and Community Based Services adult care home applicants. **Absent the FY 2018 supplementals**, the FY 2018 revised estimate is an all funds increase of \$4.2 million, or 0.3 percent, and a State General Fund decrease of \$20, or less than 0.1 percent, from the amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$689.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$689.0 million from the State General Fund, in FY 2018. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2018. The Governor's recommendation for total expenditures is an all funds increase of \$14.5 million, or 0.9 percent, and a State General Fund decrease of \$55.4 million, or 7.4 percent, from the agency's revised estimate. The Governor's recommendation includes the following adjustments:

- A decrease of \$15.5 million, including \$13.8 million from the State General Fund, due to the Governor not recommending agency's supplementals requests in FY 2018;
- An increase of \$8.0 million, including a decrease of \$46.5 million from the State General Fund, for human services caseload adjustments in FY 2018. Also included is a recommendation to add Medicaid Home and Community Based Services (HCBS) waivers and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating process in FY 2018;
- An increase of \$22.0 million, including \$10.4 million from the State General Fund, for additional funding for Medicaid HCBS waivers and PACE in FY 2018; and
- A lapse of \$5.5 million in State General Fund expenditures, offset by a corresponding increase in expenditures from the Quality Care Services Fund in FY 2018.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hospital Patient Management and Billing System Replacement	\$ 12,502,308	\$ 12,502,308	0.0	\$ 0	\$ 0	0.0
HCBS Application Backdating Policy	1,347,000	3,000,000	0.0	0	0	0.0
PACE Added to Social Services Caseloads	0	0	0.0	0	0	0.0
HCBS Waivers Added to Social Services Caseloads	0	0	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	(46,514,530)	7,987,569	0.0
Quality Care Services Fund Expenditures for State General Fund	0	0	0.0	(5,500,000)	0	0.0
HCBS Waivers and PACE Expenditures	0	0	0.0	10,416,521	22,027,363	0.0
TOTAL	\$ 13,849,308	\$ 15,502,308	0.0	\$ (41,598,009)	\$ 30,014,932	0.0

The **agency** requests supplementals totaling \$15.5 million, including \$13.8 million from the State General Fund, in FY 2018. The supplemental requests are detailed below.

Hospital Management and Billing System Replacement. The agency requests \$12.5 million, all from the State General Fund, to replace the patient management and billing system for all four state hospitals. The agency states total expenditures for this project total \$28.6 million over five years. FY 2018 expenditures include \$5.0 million in one-time costs and \$7.5 million in implementation costs. The agency states the four hospitals are operating with outdated programs to manage patient billing, pharmacy ordering and dispensing, psychological behavior data, inventory tracking, electronic medical records, monitoring of portable defibrillation equipment, accounting and reimbursement, and staff scheduling, all of which would be replaced with the new system. The agency states the current systems are unsustainable and pose a threat to competent and accurate patient care, but also significantly reduce the efficiency and effectiveness of the respective finance departments' ability to bill revenue sources, such as Medicare, Medicaid, and private insurance.

Home and Community Based Services Application Backdating Policy. The agency requests \$3.0 million, including \$1.3 million from the State General Fund, to allow retroactive payments to the date of the Medicaid application for individuals residing in an adult care home at the time a Medicaid application is submitted. For individuals spending down and becoming HCBS-eligible in an adult care home (assisted living facilities, residential health care facilities, and home plus), their adult care home services are not applied retroactively to the date of the Medicaid application, but instead to the plan of care date following eligibility. In these instances, the adult care home goes without payment for the time period the eligibility would be determined and puts the individuals at risk of having to move out of their homes.

PACE Included in Human Services Caseload Estimating. The agency requests all expenditures for the Program for All-Inclusive Care for the Elderly (PACE) be included in the Social Services Consensus Caseload process in FY 2018. Currently, the medical portion of PACE is included in the Caseload process, but not the long-term portion of the payment.

HCBS Waivers Included in Human Services Caseload Estimating. The agency requests expenditures for the Medicaid HCBS Waivers be included in the Social Services Consensus Caseload process in FY 2018. The agency states, for programs with a wait list, the State would continue to offer services up to the maximum point-in-time number approved by federal CMS.

The **Governor** recommends supplementals totaling \$30.0 million, including a decrease of \$41.1 million from the State General Fund, in FY 2018. The Governor does not recommend the agency's requests for supplemental funding. The Governor concurs with the agency requests to add Medicaid HCBS waivers and all PACE expenditures to the human services consensus caseload estimating process. In addition, the Governor recommends the additional adjustments below.

Human Services Consensus Caseloads. The Governor recommends adding \$8.0 million, including a decrease of \$46.5 million from the State General fund, due to the human services consensus caseload adjustments in FY 2018.

Quality Care Services Fund Expenditures Replacement. The Governor recommends lapsing \$5.5 million from the State General Fund and adding \$5.5 million in expenditures from the Quality Care Services Fund in FY 2018. The Quality Care Service Fund receives revenue from the Nursing Facility Provider Assessment.

HCBS Waivers and PACE Expenditures. The Governor recommends adding \$22.0 million, including \$10.4 million from the State General Fund, for increased expenditures on Medicaid HCBS waivers and PACE.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$760,166,785 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 760,166,785	\$ 898,978,241	\$ 138,811,456	\$ 701,854,406	\$ (58,312,379)
All Other Funds	914,702,197	1,071,615,644	156,913,447	1,011,479,579	96,777,382
TOTAL	\$ 1,674,868,982	\$ 1,970,593,885	\$ 295,724,903	\$ 1,713,333,985	\$ 38,465,003
FTE Positions	295.0	295.0	0.0	295.0	0.0

The **agency** requests a revised estimate for total expenditures of \$2.0 billion, including \$899.0 million from the State General Fund, for FY 2019. The revised FY 2019 estimate includes capital improvement expenditures totaling \$8.2 million, all from the State Institutions Building Fund, and operating expenditures totaling \$2.0 billion, including \$899.0 million from the State General Fund. This is an all funds increase of \$295.7 million, or 17.7 percent, and a State General Fund increase of \$138.8 million, or 18.3 percent, above the amount approved by the 2017 Legislature. The revised estimate includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The revised estimate includes 295.0 FTE positions, which is the same number approved by the 2017 Legislature.

The revised estimate includes supplemental funding totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. Projects for FY 2019 include the second phase of the replacement of the patient billing and management system for the four state hospitals, implementation of a policy change for backdating Home and Community Based Services (HCBS) adult care home applicants, elimination of the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing the nursing facility reimbursement rates, an increase in the salary for surveyor positions, and a salary increase for unclassified employees who did not receive an increase through the 2017 Legislature's pay plan. **Absent the FY 2019 supplementals**, the FY 2019 request is an all funds decrease of \$3.3 million, or 0.2 percent, below the amount approved by the 2017 Legislature. The State General Fund total is the same amount approved by the 2017 Legislature.

The **Governor** recommends \$1.7 billion, including \$701.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$1.7 billion, including \$701.9 million from the State General Fund, for FY 2019. The Governor concurs with the agency's revised estimate for capital improvement expenditures for FY 2019. The Governor's recommendation for total expenditures is an all funds decrease of \$257.3 million, or 13.1 percent, and a State General Fund decrease of \$197.1 million, or 21.9 percent, from the agency's revised estimate. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. In addition, the Governor's recommendation includes the following adjustments:

- A decrease of \$298.9 million, including \$138.7 million from the State General Fund, due to the Governor not recommending the agency's supplemental requests to replace the state hospital patient billing and management system, modifying a policy concerning application backdating, elimination of the Medicaid HCBS waiting list for individuals with a physical disability and individuals with an intellectual or developmental disability, rebasing nursing facility rates, and providing a salary increase for surveyor positions at the amount requested by the agency;
- An increase of \$501,333, including \$160,426 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019;
- A decrease of \$1.8 million, including \$72.7 million from the State General Fund, for human services caseload adjustments for FY 2019. Also included is a recommendation to add Medicaid Home and Community Based Services waivers

and all expenditures for the Program for the All-Inclusive Care for the Elderly (PACE) to the human services consensus caseload estimating Process for FY 2019;

- An increase of \$25.2 million, including \$6.3 million from the State General Fund, for additional expenditures on Medicaid HCBS waivers and PACE for FY 2019; and
- An increase of \$17.7 million, including \$7.9 million from the State General Fund, for a 3.0 percent rate increase for nursing facilities for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hospital Patient Management and Billing System Replacement	\$ 8,348,355	\$ 8,348,355	0.0	\$ 0	\$ 0	0.0
HCBS Application Backdating Policy	1,347,000	3,000,000	0.0	0	0	0.0
PD & I/DD Wait List Elimination	89,801,103	200,002,456	0.0	0	0	0.0
Nursing Facility Rate Rebasng	38,884,495	86,602,437	0.0	0	0	0.0
Surveyor Salary Increase	299,000	935,111	0.0	160,426	501,333	0.0
Unclassified Salary Increase	131,503	131,503	0.0	131,503	131,503	0.0
PACE Added to Social Services Caseloads	0	0	0.0	0	0	0.0
HCBS Waivers Added to Social Services Caseloads	0	0	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	(72,650,676)	(1,813,439)	0.0
HCBS Waivers and PACE Expenditures	0	0	0.0	6,346,368	25,235,345	0.0
Nursing Facility Rate Increase	0	0	0.0	7,700,000	17,705,220	0.0
TOTAL	\$ 138,811,456	\$ 299,019,862	0.0	\$ (58,312,379)	\$ 41,759,962	0.0

The **agency** requests supplementals totaling \$299.0 million, including \$138.8 million from the State General Fund, for FY 2019. The supplemental requests are detailed below.

Hospital Patient Management and Billing System Replacement. The agency requests \$8.3 million, all from the State General Fund, for the second phase of the replacement of the state hospital patient management and billing system. This is a continuation in part of the initial supplemental request in FY 2018. The agency states the four hospitals are operating with outdated programs to manage patient billing, pharmacy ordering and dispensing, psychological behavior data, inventory tracking, electronic medical records, monitoring of portable defibrillation equipment, accounting and reimbursement, and staff scheduling, all of which would be replaced with the new system. The agency states the systems are unsustainable and post a threat to

competent and accurate patient care, but also significantly reduce the efficiency and effectiveness of the respective finance department's ability to bill revenue sources, such as Medicare, Medicaid, and private insurance.

HCBS Application Backdating Policy. The agency requests \$3.0 million, including \$1.3 million from the State General Fund, to allow retroactive payments to the date of the Medicaid application for individuals residing in an adult care home at the time a Medicaid application is submitted. For individuals spending down and becoming HCBS-eligible in an adult care home (assisted living facilities, residential health care facilities, and home plus), their adult care home services are not applied retroactively to the date of the Medicaid application, but instead to the plan of care date following eligibility. In these instances, the adult care home goes without payment for the time period the eligibility would be determined and puts the individuals at risk of having to move out of their homes.

Elimination of the Medicaid HCBS PD and I/DD Wait Lists. The agency requests \$200.0 million, including \$89.8 million from the State General Fund, to eliminate the Medicaid HCBS waiting lists for individuals with a physical disability and individuals with an intellectual or developmental disability. The agency states this would also be an ongoing cost after FY 2019. The agency states to implement this change, it would need to modify federal waiver language concerning existing specifications on number of individuals served.

Nursing Facility Rate Rebasing. The agency requests \$86.6 million, including \$38.9 million from the State General Fund, to provide a full rebase for nursing facility reimbursements for FY 2019. The Kansas Medicaid nursing facility reimbursement system establishes prospective *per diem* rates for each enrolled facility based upon the unique cost of each provider. Rates are determined for each provider by dividing their total inflated costs by total days of care provided. There are limits and add-ons, as well as a case mix adjustments that are applied to the rates. The Kansas Medicaid State Plan also provides that inflation is applied from the midpoint of the cost data period to the midpoint of the rate setting period. KSA 75-5958 states that subject to provisions of appropriations acts, information from the three most recent calendar year cost reports is to be averaged together to calculate the nursing facility rates. This supplemental request addresses the estimated fiscal impact of rebasing and inflating nursing facility rates for FY 2019 to the costs of the three most recent calendar years (FY 2015, FY 2016, and FY 2017) with inflation to the midpoint of FY 2019 (December 31, 2018).

Surveyor Salary Increase. The agency requests \$935,111, including \$299,000 from the State General Fund, to provide a salary increase to surveyors of nursing facilities and adult care homes for FY 2019. The agency states funding is needed to allow KDADS the ability to provide the necessary staffing to meet federal and state requirements related to nursing facility and adult care home surveys. The agency states that without the increase, the agency will more than likely see reduced staff retention and additional turn-over, due to wages significantly below the industry standard, and will continue to prevent compliance with the survey requirements from the federal CMS, resulting in reduced federal funding. The agency states KDADS Certified Registered Nurse Surveyors make \$48,484 annually, roughly \$8,500 less per year than the average Kansas Registered Nurse. In 2017, KDADS was found to be out of compliance in conducting consecutive standard surveys within 15 months for all nursing homes, as KDADS' average for federal FY 2016 was 15.1 months. The average percent salary increase for these positions would be 19.7 percent.

Unclassified Salary Increase. The agency requests \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan. The agency states that without this funding, it would likely experience reduced staff retention, loss of subject matter experts, increased turnover, a

reduction in the timeliness in policy changes, and a decrease in effectiveness and efficiency in assisting stakeholders.

PACE Included in Human Services Caseload Estimating. The agency requests all expenditures for the Program for All-Inclusive Care for the Elderly (PACE) be included in the Social Services Consensus Caseload process for FY 2019. Currently, the medical portion of PACE is included in the Caseload process, but not the long-term portion of the payment.

HCBS Waivers Included in Human Services Caseload Estimating. The agency requests expenditures for the Medicaid HCBS Waivers be included in the Social Services Consensus Caseload process for FY 2019. The agency states, for programs with a wait list, the State would continue to offer services up to the maximum point-in-time number approved by the federal CMS.

The **Governor** recommends supplementals totaling \$41.8 million, including a decrease of \$58.3 million from the State General Fund, for FY 2019. The Governor concurs with the agency's supplemental request for \$131,503, all from the State General Fund, to provide a 2.5 percent salary increase to unclassified employees not included in the 2017 Legislature's pay plan, but no other agency requests for supplemental funding. The Governor concurs with the agency requests to add Medicaid HCBS waivers and all PACE expenditures to the human services consensus caseload estimating process. In addition, the Governor recommends the additional adjustments below.

Surveyor Salary Increase. The Governor recommends adding \$501,333, including \$160,426 from the State General Fund, for a salary increase for surveyors of nursing homes and adult care homes for FY 2019.

Human Services Consensus Caseloads. The Governor recommends deleting \$1.8 million, including \$72.7 million from the State General Fund, due to human services consensus caseload adjustments for FY 2019.

HCBS Waivers and PACE Re-estimated Expenditures. The Governor recommends adding \$25.2 million, including \$6.3 million from the State General Fund, for additional expenditures on Medicaid HCBS waivers and PACE for FY 2019.

Nursing Facility Rate Increase. The Governor recommends adding \$17.7 million, including \$7.7 million from the State General Fund, to provide a 3.0 percent rate increase for nursing facilities 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 \$32,797, including \$12,660 from the State General Fund, and FY 2019 longevity payments total \$33,634, including \$13,034 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	45.8 %	41.2 %
Children's Initiative Fund	0.2	0.2
Problem Gambling and Addiction Grant Fund	0.3	0.3
Quality Care Service Fund	2.4	2.6
Title XIX Federal Fund	47.5	51.4
Prevention Treatment Substance Abuse Grant	0.6	0.7
All Other Funds	3.1	3.6
TOTAL	100.0 %	100.0 %

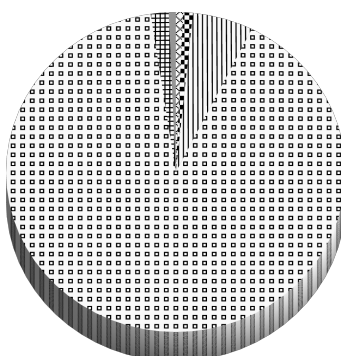
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

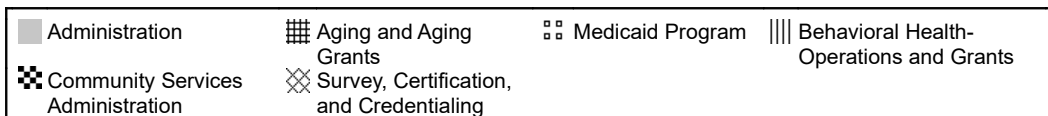
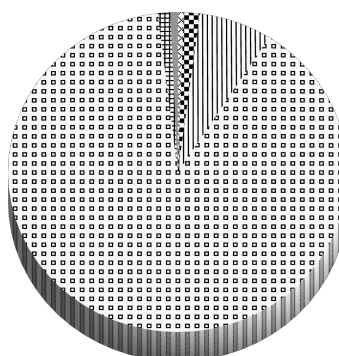
Expenditures by Program

Governor's FY 2019 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 11,389,071	0.7 %	\$ 4,952,740	0.7 %
Aging and Aging Grants	28,985,010	1.7	8,213,514	1.2
Medicaid Program	1,538,819,832	90.2	625,187,017	89.1
Behavioral Health—Operations and Grants	98,367,739	5.8	48,893,093	7.0
Community Services Administration	15,769,615	0.9	10,551,023	1.5
Survey, Certification, and Credentialing	11,822,718	0.7	4,057,019	0.6
TOTAL	\$ 1,705,153,985	100.0 %	\$ 701,854,406	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	97.0	97.0	97.0	97.0	97.0
Aging and Aging Grants	19.0	19.0	19.0	19.0	19.0
Medicaid Program	0.0	0.0	0.0	0.0	0.0
Behavioral Health– Operations and Grants	28.0	28.0	28.0	28.0	28.0
Community Services Administration	16.0	16.0	16.0	16.0	16.0
Survey, Certification, and Credentialing	135.0	135.0	135.0	135.0	135.0
TOTAL	295.0	295.0	295.0	295.0	295.0

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.

A. Administration

The Administration program includes all administrative functions of KDADS. The Secretary for Aging and Disability Services has organized the program into the Office of the Secretary and the Financial and Information Services Commission. The Office of the Secretary provides general administrative functions of KDADS. The Financial and Information Services Commission is responsible for all fiscal information and technology services for the agency.

Office of the Secretary

KDADS is a cabinet-level agency administered by a Secretary who is appointed by and serves at the pleasure of the Governor. The Secretary serves as the chief executive officer, overseeing all aspects of agency operations. The Secretary has the authority to sign all documents, letters, contracts, and grants related to state and federal aging programs. The divisions within the office of the secretary are described below.

State Advisory Council. The State Advisory Council on Aging was established (KSA 75-5911) to advise the Governor and the Secretary about the needs of older Kansans and to advocate on their behalf. The Council is composed of 15 members, 11 of whom are appointed by the Governor and the remaining 4 are appointed, 1 each, by the majority and minority leaders of the Kansas House of Representatives and the Kansas Senate. Legislative members serve at the pleasure of the appointing authority while gubernatorial appointments are for a 3-year period.

Assistant Secretary/Policy and Legislative Affairs Division. The Policy and Legislative Affairs Division is within the Office of the Secretary. The Policy and Legislative Affairs Director reports directly to the Secretary and serves as an advisor on policy initiatives. The Director also monitors legislative policy affecting KDADS.

Legal Division. The Legal Division provides consultation and advice to the Secretary and agency staff. The Division includes three sections: Central Office; State Hospitals and Licensing; and Litigation. Each attorney has specialized knowledge in areas relevant to the legal

needs of a state agency having both program and regulatory responsibilities. Specific duties include legal research, oral and written legal opinions, representation of the agency in administrative hearings and before State and Federal Courts contracts, adoption of rules and regulations, policy review, and legislation. The Division also enforces state and federal laws and regulations pertaining to the licensure and certification of adult care homes.

Human Resources Division. The goal of the Human Resources (HR) Division is to oversee and provide technical and expert assistance on recruitment, selection, performance management, benefits, position management, organizational management, classification, compensation, employee relations, guidance and discipline, employee recognition, employee development and training, layoffs, furloughs, time and leave, payroll, benefits, the Family Medical Leave Act, the Americans with Disabilities Act, the shared leave program, and retirement. HR staff also provides assistance as the agency reassesses and reorganizes operations and staffing needs in furtherance of efficiency. Partnering with agency management in these endeavors is critical, as HR staff will be able to provide valuable assistance and guidance as the agency evolves and works through the challenges presented.

Communications Division. The Communications Division is responsible for public perception of the agency, which includes the Legislature, constituents, members of the public, service providers, stakeholders, and the media. The Division also is responsible for all Freedom of Information and Kansas Open Records Act requests.

KanCare Ombudsman. The KanCare Ombudsman assists in the resolution of concerns about services, coverage, access, and rights. In addition, the Ombudsman helps participants understand the grievance and appeal process, as well as the State Fair Hearing process, and assists participants in navigating such processes. The services of the Ombudsman are available to all Medicaid-eligible populations, with a focus on KanCare enrollees utilizing Long-Term Services and Supports.

Financial and Information Services Commission

The Financial and Information Services Commission is led by the Chief Financial Officer. The goal of the Commission is to manage and maintain all fiscal information and technology services for the agency. The Commission is broken down into four parts: Budget Division, Accounting and Financial Management Division, Fiscal and Program Analysis Division, and Information Services Division.

Budget Division. The goal of the Budget Division is to provide helpful, timely, and accurate budgetary information to all agency personnel. The Division provides program and budget analysis and budgetary recommendations to the Secretary and prepares the agency's annual budget submission. This division also is responsible for preparing the annual federal application for Medicare and Medicaid funds for the Survey and Certification Commission.

Accounting and Financial Management Division. The Accounting and Financial Management Division has the responsibility for payment of the weekly Medicaid claims. Close coordination between the Division, the Kansas Department of Health and Environment, the state Medicaid agency, the Department of Administration, and the Medicaid fiscal agent who manages the Medicaid Management Information System is required to ensure claims are paid in a timely manner. The Division also initiates and processes Medicaid off-System payments upon receipt of inquiries and requests regarding suspended, rejected, or late payments. The Division prepares Medicaid expenditure reports for submission to the state Medicaid agency.

The Fiscal Unit allocates federal Older American Act and Senior Care Act funds using intrastate funding formulas. It has responsibility for all federal financial status reports, including quarterly and annual financial reports to the federal Centers for Medicare and Medicaid Services for the survey and certification of adult long-term care and quarterly Medicaid estimates reports. The Unit also performs the financial management function for grants and contracts to Area Agencies on Aging and other service providers, including special project grants and contracts.

This division also develops, implements, and maintains a system for allocating KDADS' administrative costs for interpreting and applying federal and state policies governing purchasing, cost principles, and grants management. The Division also ensures its internal processes and systems are in compliance with appropriate state and federal mandates and that appropriate internal controls exist.

Fiscal and Program Analysis Division. The Fiscal and Program Analysis Division supports the agency through collection, analysis, and reporting of data at all levels: statewide, county, city, planning and service area, case management entities, survey and certification regions, federal Centers for Medicare and Medicaid Services regions, and nationwide. The purpose of the analysis activity is to provide information on current status and provide advance notice of trends to program administrators at the state level and to local administrators of aging programs. The Division is responsible for the completion and submission of the Older Americans Act annual program report and Centers for Medicare and Medicaid Services 372 reports and also compiles and publishes the Home and Community Based Services–Frail Elderly Waiver quality assurance reports, annual Older American Act and Senior Care Act quality review reports, and federal Centers for Medicare and Medicaid Services quarterly reports. Additional responsibilities include monitoring and projecting caseloads for all Medicaid programs.

The Division also manages the Medicaid Nursing Facility program. Staff members are responsible for collecting and reviewing Medicaid cost reports, conducting financial audits, setting nursing facility payment rates, and assisting providers with Medicaid financing matters.

Audit Services performs the following tasks: determines that reported nursing facility costs and resident days used to set reimbursement rates for Medicaid residents are in compliance with state and federal regulations and policies; reviews and analyzes all Area Agencies on Aging single audit reports and identifies issues that require management attention; visits audit firms that provide audit services to Area Agencies on Aging and reviews audit work papers as necessary; performs audits of Resident Personal Needs Fund accounts at nursing facilities as requested by the Survey and Certification Commission or the state ombudsman; and performs audits for nursing facilities requesting asset rebases as received during the year.

Promoting Excellent Alternative in Kansas Nursing Homes (PEAK). KDADS began this initiative in 2002 to promote innovation in long-term care. In the first 10 years, 51 different nursing homes were recognized for their achievements in pursuing cultural change. During FY 2013, the agency began to transition PEAK from an education and recognition program to a multi-step quality improvement process. A team of stakeholders, including representatives from KDADS, the nursing homes trade association, and other advocacy groups, was assembled in July of 2011 to begin the recreation of PEAK. The program will provide incentives for homes that have made significant achievements with regard to culture change but also will begin to identify homes that have achieved or maintained competency in person-centered care. The goals of the new PEAK will be to move more nursing homes to pursue culture change and adopt person-centered care.

Information Services Division

The Information Services Division's primary function is to maintain, enhance, and secure all technological systems, such as the Kansas Aging Management Information System (KAMIS); data communication systems; the voice communication systems; and the data storage systems. These systems enhance the agency's ability to track customers and services provided by Area Agencies on Aging and other service providers; prevent attacks and breaches of the agency's network; support the e-mail system; and maintain a high level of security. Staff manages databases, applications, performs custom data extractions, and monitors data integrity.

Debt Service Interest

The administration program also includes interest payments on agency debt service. Information on principal payment on debt service is included within the capital improvements section of this analysis.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,903,736	\$ 6,350,578	\$ 6,350,578	\$ 6,458,034	\$ 6,458,034
Contractual Services	3,196,930	3,199,919	3,199,919	3,315,963	3,315,963
Commodities	132,191	134,929	134,929	143,999	143,999
Capital Outlay	100,129	111,125	111,125	182,125	182,125
Debt Service	1,720,052	1,502,731	1,502,731	1,267,950	1,267,950
<i>Subtotal - Operations</i>	<i>\$ 11,053,038</i>	<i>\$ 11,299,282</i>	<i>\$ 11,299,282</i>	<i>\$ 11,368,071</i>	<i>\$ 11,368,071</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	4,287	21,000	21,000	21,000	21,000
TOTAL	\$ 11,057,325	\$ 11,320,282	\$ 11,320,282	\$ 11,389,071	\$ 11,389,071
Financing:					
State General Fund	\$ 4,083,293	\$ 4,560,053	\$ 4,560,053	\$ 4,952,740	\$ 4,952,740
All Other Funds	6,974,032	6,760,229	6,760,229	6,436,331	6,436,331
TOTAL	\$ 11,057,325	\$ 11,320,282	\$ 11,320,282	\$ 11,389,071	\$ 11,389,071
FTE Positions	97.0	97.0	97.0	97.0	97.0

The **agency** requests a revised estimate of \$11.4 million, including \$5.0 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$3.1 million, or 21.3 percent, and a State General Fund decrease of \$3.4 million, or 40.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in contractual services expenditures. The 2017 Legislature added \$3.9 million, all from the State General Fund, for continuation of the contract for inpatient psychiatric beds in the community due to a restricted census at Osawatimie State Hospital. Funding for this purpose was originally added to the Administration program, but has been reallocated for the same purpose to a different program. The Administration program includes supplemental funding totaling \$131,503, all from the State General Fund, to provide a salary increase to unclassified employees who did not receive an increase in the 2017 Legislature's play plan. The program includes 97.0 FTE positions, which is a decrease of a 0.5 FTE position fewer than the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating the position to another program.

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

B. Commission on Aging and Aging Grants

The Commission on Aging and Aging Grants (Commission) includes eight divisions: 1) Commission Administration; 2) Older Americans Act; 3) Senior Care Act; 4) Transitional Services and Client Assessment, Referral, and Evaluation (CARE); 5) Information and Community Resources; 6) Aging and Disability Resource Centers (ADRC); 7) Quality Review; and 8) Nutrition Programs. The Commission is responsible for providing services to Kansas seniors through a privatized network of providers. The Commission provides day-to-day management and training and provision of technical assistance to providers funded by the Senior Care Act, Older Americans Act, Medicaid, and the State General Fund.

The goal of the Commission is to improve the quality and performance of community programs for Kansas seniors and to rebalance nursing home and community care systems to prevent premature placement in nursing homes through an effective and supportive community aging network.

Older Americans Act Programs

The Older Americans Act (OAA) was established by Congress in 1965 to provide services to seniors age 60 or older. In the 1972 revisions to the OAA, the Area Agencies on Aging (AAAs) was created to deliver services in communities.

The U.S. Department of Health and Human Services' Administration on Aging annually determines the level of federal funding allotted to Kansas. Program funding is allocated to each state unit on aging (KDADS), based on the number of older persons in the state, to plan, develop, and coordinate systems of supportive in-home and community-based services. KDADS then distributes those funds by formula to the Area Agencies on Aging or contracts with public or private groups to provide services.

Title III-B Supportive Services (Information and Referral). This part of the OAA program provides Kansans with objective, accessible, and useful information to promote healthy aging, financial security, and long-term care choices to assist them in making informed decisions. It also promotes accessibility of information sources to all Kansans.

Title III-D Disease Prevention and Health Promotion. This portion of the Older Americans Act program promotes disease prevention and health promotion services. These services enable seniors to make informed choices about their lifestyle changes and health. This funding can be used to support any of 15 health-related services.

Title III-E Caregiver Support. The National Family Caregiver Support program is designed to be as flexible as possible to support the needs of family caregivers. There are seven categories of service available: Information, Assistance, Counseling, Support Groups, Caregivers Training, Respite, and Supplemental Services. The program targets family caregivers providing in-home or community care to an older adult, caregivers who provide care for individuals with Alzheimer's disease, grandparents or relatives age 55 or older who are relative caregivers for children younger than 19 years of age, and a grandparent or relative age 55 or older providing care to a disabled adult aged 19 to 59. It also directs states to give priority to services for older individuals with the greatest social and economic need, with particular attention to low-income older individuals and grandparents or relatives providing care and support to persons with mental retardation and related developmental disabilities.

Senior Care Act Programs

The Senior Care Act (SCA) provides a critical early intervention component to the Kansas long-term care network. The SCA program provides services in the customer's home, such as homemaker, chore, attendant care, and case management services. The services are designed to prevent premature nursing home placement for persons who have not exhausted their financial resources, unlike the Home and Community Based Services–Frail Elderly Waiver (HCBS/FE) program. The program is targeted at those who are 60 years of age or older. Participants contribute a significantly higher proportion of the cost of SCA services than participants in the HCBS/FE program. Participant contributions are determined by a sliding fee scale based upon self-reported income and liquid assets for individuals served by the program. The program is funded by a Social Services Block Grant, which is passed through the Department for Children and Families to KDADS, and amounts to \$4.5 million per year.

KDADS funds SCA services through Area Agencies on Aging (AAAs). Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

	Actual FFY 2016	Est. FFY 2017	Est. FFY 2018	Est. FFY 2019
Total amount of expenditures, including local match and program income	\$7,868,588	\$7,868,588	\$7,868,588	\$7,868,588
Number of unduplicated customers served annually	4,201	4,350	4,350	4,350
Average monthly KDADS expenditure per customer	\$235	\$230	\$230	\$230
Average monthly customer contribution	\$26	\$30	\$30	\$30

*Federal Fiscal Year (FFY) includes October 1 to September 30 of the following year.

Transition Services and Client Assessment, Referral, and Evaluation Programs

Client, Assessment, Referral, and Evaluation program. The Client Assessment, Referral, and Evaluation (CARE) program is responsible for diverting seniors from nursing home and into the community. CARE has the responsibility for managing the statewide screening of applicants for nursing home services and providing information and referral for other optional community-based services. The CARE program meets the federal requirements for the Pre-Admission Screening and Resident Review.

Lifespan Respite. KDADS, along with the Kansas Lifespan Coalition, are partnering on the Lifespan Respite Care grant. The grant has four primary objectives, which include: 1) expanding coordination, participation, and dissemination of respite resources; 2) developing a statewide respite network; 3) increasing family caregiver access to respite services and ease in securing respite providers; and 4) increasing the availability of qualified respite providers and skilled caregivers.

Vulnerable Elder Rights Protection Activities. The program promotes Elder Rights Activities, which provides persons age 60 and older access to the system of justice. Legal service providers (attorneys) act as advocates and offer advice and representation. Activities also include programs for the prevention and awareness of elder abuse, neglect, and exploitation of older individuals.

Information and Community Resources Division—SHICK/SMP/MIPPA

The Information and Community Resources Division provides information and assistance in accessing services through the administration of grant programs. The Senior Health Insurance Counseling for Kansas (SHICK) grant supports a statewide network of trained counselors who provide information, assistance, and counseling to people with questions about Medicare and other health insurance programs. The Senior Medicare Patrol (SMP) grant funds a statewide network of volunteers and partners who educate Kansans about recognizing and reporting health care fraud and abuse. The Division also works with the Older Americans Act, Senior Care Act, Vulnerable Elder Rights Protection, and Alzheimer's Disease Innovation, providing state and federal passthrough grants to local units of government and other qualified organizations. Grants provide services to Kansans age 60 or older in their homes or within the community.

Senior Health Insurance Counseling for Kansas (SHICK). The federal Centers for Medicare and Medicaid Services (CMS) funds a nationwide network of State Health Insurance Assistance Programs (SHIPs). In Kansas, the SHIP is known as the Senior Health Insurance Counseling for Kansas (SHICK). This counseling program helps seniors navigate their way through the health insurance and Medicare systems and helps them access privately administered Prescription Assistance programs. The SHICK program is free and provides a reliable, confidential, and unbiased source of information.

SHICK uses a statewide network of sponsoring organizations, call centers, and trained volunteers to provide information, assistance, and counseling to Medicare beneficiaries in their communities. The Senior Health Insurance Counseling for Kansas team also has established partnerships with many community-based organizations and other agencies that provide services to people with Medicare and Medicaid in Kansas. In addition to helping beneficiaries understand their options and select plans of their choice, the Senior Health Insurance Counseling for Kansas staff has taken a lead role in helping beneficiaries resolve problems with their Medicare Part D coverage. They also continue to provide education and counseling about Part D; the new preventive benefits available under Medicare; the Low Income Subsidy that can help beneficiaries with prescription costs; and long-term care insurance options.

Kansas Senior Medicare Patrol Program. The Kansas Senior Medicare Patrol (SMP) project educates Kansas Medicare and Medicaid beneficiaries about health care error, fraud, and abuse. SMP is one of the projects funded by the federal Administration on Aging. KDADS collaborates with community-based organizations across the state to recruit retired professionals and train them as volunteer educators. Together with partner organizations, these volunteers create a statewide network of fraud experts who educate beneficiaries about identifying and reporting health care errors, fraud, and abuse.

Medicare Improvement for Patients and Providers Act. The Medicare Improvement for Patients and Providers Act (MIPPA) grants providers outreach to eligible Medicare beneficiaries regarding the benefits available under the title XVIII of the Social Security Act (SSA), including the Medicare prescription drug benefit under Part D of title XVIII of the SSA and under the Medicare Savings Program, and to coordinate efforts to inform older Americans about benefits available under federal and state programs.

Aging and Disability Resource Center

The Aging and Disability Resource Center (ADRC) grant creates a single point of entry for older individuals and individuals with disabilities; this single point of entry includes program information, application process, and eligibility determination. The Hospital Discharge Model (HDM) grant is developing a person-centered planning model that focuses on discharging HDM patient's HCBS and reducing default discharged to nursing homes. Community Transition Opportunities (CTO) is a federal grant the agency received to help people who have indicated in a nursing home that they would like to go back to the community. This program coordinates those residents with the appropriate community services and supports.

Quality Review Program

The Quality Review Division is responsible for collecting data relative to policy compliance of the Area Agencies on Aging. Each quarter, the Division's staff reviews a statistically significant number of customer case files for the Older Americans Act and Senior Care Act programs to ensure policies and regulations are being followed and that care is being delivered in line with the customers' plan of care. Additionally, the Division's staff interviews the same customers to determine customer satisfaction. The information is then forwarded to the Fiscal and Program Analysis Division for aggregation, analysis, and dissemination among KDADS' stakeholders in report format.

Nutrition Grants

This program provides grants to Area Agencies on Aging for the provision of nutrition services in either a congregate setting or in the homes of older Kansans who are homebound. Federal, state, and special revenues at the state level are combined with local funds to support the program. Customers also share in the cost of nutrition service by voluntarily contributing toward the cost of their meals.

Title III-C Nutrition Program. This program, which started in 1965, authorizes nutrition services for persons aged 60 or over and their spouses and, in certain conditions, persons with disabilities under the age of 60. Meals are provided to eligible participants on a contribution basis in a congregate setting (Title III-C (1)), or within a homebound individual's place of residence (Title III-C (2)).

	Actual FFY 2016	Est. FFY 2017	Est. FFY 2018	Est. FFY 2019
Home Delivered (number of unduplicated persons)	11,498	11,300	11,300	11,300
Traditional Congregate (number of unduplicated persons)	23,684	24,000	24,000	24,000
Total Meals Served	3,131,709	3,023,500	3,023,500	3,023,500
Cost Per Meal	\$5.87	\$6.00	\$6.00	\$6.00

*Federal Fiscal Year (FFY) includes October 1 to September 30 of the following year.

COMMISSION ON AGING AND AGING GRANTS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 954,949	\$ 1,140,325	\$ 1,140,325	\$ 1,151,984	\$ 1,151,984
Contractual Services	2,489,927	3,453,252	3,453,252	4,234,705	4,234,705
Commodities	12,585	14,525	14,525	14,525	14,525
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,457,461</i>	<i>\$ 4,608,102</i>	<i>\$ 4,608,102</i>	<i>\$ 5,401,214</i>	<i>\$ 5,401,214</i>
Aid to Local Units	7,629,618	8,699,131	8,699,131	8,699,131	8,699,131
Other Assistance	13,722,620	14,884,665	14,884,665	14,884,665	14,884,665
TOTAL	\$ 24,809,699	\$ 28,191,898	\$ 28,191,898	\$ 28,985,010	\$ 28,985,010
Financing:					
State General Fund	\$ 5,886,617	\$ 7,828,302	\$ 7,828,302	\$ 8,213,514	\$ 8,213,514
All Other Funds	18,923,082	20,363,596	20,363,596	20,771,496	20,771,496
TOTAL	\$ 24,809,699	\$ 28,191,898	\$ 28,191,898	\$ 28,985,010	\$ 28,985,010
FTE Positions	19.0	19.0	19.0	19.0	19.0

The **agency** requests a revised estimate of \$29.0 million, including \$8.2 million from the State General Fund, for the Commission on Aging and Aging Grants program for FY 2019. This is an all funds decrease of \$3.2 million, or 9.8 percent, and a State General Fund decrease of \$1.6 million, or 15.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency reallocating expenditures added by the 2017 Legislature to the appropriate programs. The program includes 19.0 FTE positions, which is the same number approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Commission on Aging and Aging Grants program for FY 2019.

C. Medicaid Program (formerly Medical and Community Services)

The Medicaid program (formerly the Medical and Community Services program) encompasses all of the medical services programs KDADS manages, most of which are included in KanCare. Services include: Mental Health Services; Psychiatric Residential Treatment Facilities; Nursing Facilities for Mental Health; Substance Abuse Disorder Services; Nursing Facility Program; Home and Community Based Services Waivers; and the Program for All-Inclusive Care for the Elderly.

Mental Health Services: KanCare

KanCare manages the Medicaid-funded community mental health services. The three KanCare Managed Care Organizations (MCOs) contract with a variety of community mental health providers that include community mental health centers and other private mental health practitioners to provide Medicaid-funded mental health services throughout the state. The MCOs are responsible for ensuring persons with mental illness who are Medicaid-eligible

receive a comprehensive array of timely, quality, accessible, and effective mental health services in all areas of the state. The goal of these services is for persons with mental illness to experience recovery and live safe, healthy, successful, self-determined lives in their home and community.

Psychiatric Residential Treatment Facilities: KanCare

Psychiatric Residential Treatment Facilities (PRTFs) are licensed facilities that provide comprehensive mental health inpatient treatment for youth who cannot otherwise be served safely and effectively in a less restrictive environment. Youth are screened by community mental health centers (CMHC) to determine the medical necessity for this level of care. PRTFs are expected to include family, agencies, and community as they offer strengths-based, culturally competent, medically appropriate mental health treatment. Treatment is uniquely designed to support reintegration to family/community living environment utilizing coordinated care support systems and Community Based Services. In Spring 2011, utilization of PRTFs dropped in response to increased utilization review efforts. Behavioral Health Mental Health Administration staff has closely monitored this change to ensure that children are receiving medically necessary level of care. FY 2012 saw increased and effective use of community-based services and coordinated care.

Nursing Facilities for Mental Health: KanCare

Nursing Facilities for Mental Health (NF/MHs) provide out-of-home residential care and treatment for persons experiencing severe symptoms of mental illness. Persons seeking placement in NF/MHs are screened to determine whether or not their needs can be met with community-based services before their admission to the NF/MHs is authorized. Currently, persons needing these services are required to travel long distances from their homes due to the limited number of facilities in the state. NF/MHs are classified by the Centers for Medicare and Medicaid Services (CMS) as Institutions for Mental Disease (IMDs). CMS does not allow payment of Federal Financial Participation (FFP) to IMDs for persons between 22 and 64 years of age. Public payment for persons in this age range is funded entirely through the State General Fund. NF/MHs facilities have experienced an increase in the number of people not eligible for FFP, creating a need for additional State funds. In addition, by state statute, NF/MHs reimbursement rates are reviewed each year. This results in annual rate increases.

The Community Services and Programs Commission established the Hospital and Home Initiative to engage providers, advocates, consumers, and family members in developing a strategic plan that focuses on the necessary components of a comprehensive array of mental health services. The Hospital and Home Initiative strategic plan recommends developing a new vision for NF/MHs. The new vision defines the role of NF/MHs as mental health rehabilitation facilities. The draft vision also enhances the role of the local community mental health centers (CMHCs) in assisting NF/MHs in transitioning residents to community placement. Finally, alternative models of small Medicaid-funded residential treatment facilities for adults are being explored that could provide these needed services in more Kansas communities. NF/MHs also participate in the Medicaid pay-for-performance program (PEAK).

Substance Abuse Disorder Services: KanCare

Substance Abuse Disorder (SUD) Services administers and manages Medicaid-funded community-based alcohol and drug abuse treatment services. Medicaid-eligible Kansans in need of treatment services can access outpatient, intermediate, reintegration, medical detox,

and other related hospital-based services from more than 170 enrolled providers located across the state. The contracted managed care organization assists SUD Services in meeting its mission by contracting with treatment providers across the state to provide effective treatment services to the greatest number of persons.

Nursing Facility Program: KanCare

The Nursing Facility (NF) Program is responsible for enrollment of nursing homes providing Medicaid services to customers and reimbursement for those services. KDADS also collects Civil Monetary Penalties (CMPs) from nursing facilities in instances of substandard quality of care, as determined by the KDADS surveyors. As of June 30, 2017, there were 315 nursing homes operating in the Kansas as Medicaid providers and, when combined with the 10 nursing homes for mental health, they serve all 105 counties in the state. These homes provide care for a monthly average of 9,335 residents whose care is paid by Medicaid. Nursing homes are reimbursed for Medicaid resident care using a cost-based, facility-specific, prospective payment system. As of July 1, 2017, the average daily reimbursement rate is \$173.04.

In 2010, the Kansas Legislature passed a provider assessment for nursing facilities. This allows Kansas to tax providers, match the providers' funds with federal funds, and reimburse nursing facilities at a higher rate. On July 1, 2016, the provider assessment was increased. In FY 2017, the agency collected \$39.9 million from this assessment.

Head Injury Rehabilitation Hospitals: KanCare

Head Injury Rehabilitation Hospitals provide Medicaid-funded services to individuals with a Traumatic Brain Injury (TBI) who require services at a level of intensity, duration, or frequency that may not be available in the community-based setting. Services must be restorative and rehabilitative in nature. Services include behavioral therapy, cognitive therapy, drug and alcohol abuse therapy, independent living skills training, occupational therapy, and physical therapy. In January 2013, KDADS integrated the services provided under this program with the State's Section 1115 KanCare Demonstration Project.

Intermediate Care Facilities for Individuals with Intellectual Disabilities: KanCare

The Community Services and Programs Commission (CSP) administers Intermediate Care Facilities for Individuals with Intellectual Disabilities (ICF/IIDs). Private ICF/IIDs are Medicaid-funded, federally regulated, 24-hour care and training facilities that serve persons with intellectual or developmental disabilities. Each ICF/IID is reimbursed a *per diem* rate for each person living in the facility. Effective January 1, 2013, KDADS integrated the services provided under this program with the State's Section 1115 KanCare Demonstration Project.

Home and Community Based Services Waivers

Home and Community Based Services (HCBS) Waiver Services provides services for more than 19,500 individuals with disabilities throughout the state through six different waiver programs: Intellectual and Developmental Disability (I/DD) Waiver, Physical Disability (PD) Waiver, Traumatic Brain Injury (TBI) Waiver, Technical Assisted (TA) Waiver, Autism Waiver, and Frail Elderly (FE) Waiver. In addition to these waiver programs, Community services and programs work through the Money Follows the Person Grant to assist with the transitions from institutional settings to services based in the community. The goal of waiver services is to

provide individuals with disabilities services within their own communities to improve quality-of-life outcomes. Supports and services provided include day and residential, family support services, and personal care services, which assist people with daily living tasks. Individuals have the opportunity to self-direct their services, including the hiring, training, scheduling, supervising, and releasing of attendants. Services also include assistive services, such as home modifications; technology devices; transitional living services, such as teaching independent living skills; and rehabilitation services, such as physical, occupational, speech, behavioral, and cognitive therapies. Services are coordinated by case managers or independent living counselors.

These services are provided through community providers, such as Community Developmental Disability Organizations, Centers for Independent Living, and home health agencies. Financing is provided by Medicaid Home and Community Based Services Waivers, grants to Community Developmental Disability Organizations, and through the regular medical portion of the Medicaid program.

To be served by a HCBS Waiver, a person must be determined both financially and functionally eligible. Once eligible, the person may receive both waiver services and regular medical services, such as doctors visits and pharmaceuticals.

Money Follows the Person. KDADS participates in the federal Money Follows the Person (MFP) program, which is a demonstration grant. The grant permits the qualified institutional setting funding to “follow the person” to the most appropriate Medicaid HCBS waiver. Kansans making long-term care decisions are provided complete information, are given the opportunity to discuss their choices, and learn how they can be served in the community. This program helps shift Medicaid’s traditional emphasis on institutional care to a system offering greater choices that include HCBS and helps eliminate barriers that prevent residents from transitioning back into the community. The grant is administered through KDADS and the Kansas Department of Health and Environment (KDHE).

The MFP program not only allows for the resident to receive HCBS in the community, but also to receive enhanced services called “Transition Services,” which allow for payment of utility deposits and other expenses to reestablish a residence. MFP-enhanced services make it possible for the resident to return to the community. Customers can receive up to 365 days of MFP funding before their cases are transitioned to the appropriate HCBS waiver. Four target populations will be served by this grant: the Frail Elderly (FE), individuals with a Physical Disability (PD), individuals with a Traumatic Brain Injury (TBI), and individuals with a Developmental Disability (DD). KDADS is responsible for administering the MFP program.

To be eligible for this program, an individual must meet the following requirements:

- Be a current resident of a qualified institutional setting for 90 days;
- Be Medicaid-eligible prior to receiving MFP services;
- Meet the functional eligibility for waived services; and
- Have an interest in moving back to the community.

State funds have been transferred from the grant to the FE, PD, TBI, and DD Waivers to the Money Follows the Person program.

Waiting Lists. Some programs are not entitlements. If more people apply for and need these programs than the available funds can support, a waiting list for the program is established.

I/DD Waiver. As of October 2017, there were 3,603 persons on the I/DD waiting list who currently do not receive any HCBS services.

PD Waiver. As of October 2017, there were 1,318 persons on the waiting list.

FE Waiver. The FE waiver does not have a waiting list as of October 2017.

Autism Waiver. As of October 2017, there were 289 children on the “proposed waiver recipient” waiting list who currently do not receive any HCBS Autism Waiver services.

TA Waiver. As of October 2017, there was no waiting list. In order to continue the no waiting list status and control the cost of the program, the program modified its community and hospital referral process for program access. In addition, the program has instituted a system where waiver recipients graduate from a high level of care to a lower level of care when individuals become medically stable. The cost of the program also is maintained due to the program’s emphasis on a parent/legal guardian’s participation in the caregiving and as part of the informal support system.

TBI Waiver. As of October 2017, there was no waiting list. To help control growth and related costs, the program maintains the eligibility criterion that recipients make progress in rehabilitation and independent living skills training. As such, the average length of time spent receiving TBI Waiver services is three years.

Program of All-Inclusive Care for the Elderly (PACE). The Program of All-Inclusive Care for the Elderly Program is a form of managed care in that the provider accepts a capitated rate in the form of a monthly “premium.” Most participants are eligible for both Medicare and Medicaid benefits. The Program of All-Inclusive Care for the Elderly Program Medicaid rate is negotiated at a minimum of a federally required 5.0 percent cost savings of the calculated upper payment limit, based on past fee for service costs for Medicaid beneficiaries age 55 and over for each unique service coverage area. For this capitated payment, the provider assumes the full risk for their participant’s long-term care needs. The monthly capitated payment is a fixed amount that extends over the life of the participant, regardless of changes in the participant’s health status or service needs. Participants may be required to pay a portion of the capitated payment depending on their income.

PACE organizations must have a center that is approved by Centers for Medicare and Medicaid Services and the State to provide adult day care services, clinical services, therapies, meals, social services, assistance with activities of daily living, and medication management. In addition, the sites are required to have a primary care physician who is part of the team of professionals that helps the participants manage their care. Each participant has access to all specialty services covered under either Medicare, Medicaid, or both. The first Program of All-Inclusive Care for the Elderly (PACE) site, called HOPE, was opened in 2002 by Via Christi Health Services in Wichita. HOPE serves up to 275 participants in Sedgwick County. The Midland Care Connection PACE site, located in Topeka, opened in 2007 and serves up to 105 participants in Shawnee County and the six surrounding counties. KDADS plans to significantly expand PACE over the next few years. The first phase of the expansion included adding capacity to the original two programs, Via Christi HOPE and Midland Care, in FY 2013. The second phase includes adding PACE providers to additional market areas. The agency states

the expansion will be budget neutral overall, as PACE rates are similar to the KanCare capitated rates for the frail elderly and nursing home eligible population, and because PACE will be a dual enrollment option to KanCare and an eligible person that enrolls in PACE and will not enroll into a KanCare plan.

To be eligible to enroll, an individual must meet the following requirements:

- Be 55 years of age or older;
- Be determined to meet the nursing facility level-of-care threshold;
- Reside in the service area of the PACE organization; and
- Be able to live in a community setting without jeopardizing his or her health or safety.

PACE Expenditures Shift from KDHE. Beginning in FY 2018, the KDHE portion of the PACE program budget attributable to acute health care was transferred to KDADS, making KDADS responsible for all PACE program payments.

MEDICAID PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	32,798	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>\$ 32,798</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,435,185,119	1,446,951,375	1,473,966,307	1,787,297,599	1,538,819,832
TOTAL	<u>\$1,435,217,917</u>	<u>\$1,446,951,375</u>	<u>\$1,473,966,307</u>	<u>\$1,787,297,599</u>	<u>\$1,538,819,832</u>
Financing:					
State General Fund	\$ 589,036,795	\$ 656,049,083	\$ 613,104,074	\$ 813,823,923	\$ 625,187,017
All Other Funds	846,181,122	790,902,292	860,862,233	973,473,676	913,632,815
TOTAL	<u>\$1,435,217,917</u>	<u>\$1,446,951,375</u>	<u>\$1,473,966,307</u>	<u>\$1,787,297,599</u>	<u>\$1,538,819,832</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised estimate of \$1.8 billion, including \$813.8 million from the State General Fund, for the Medicaid program for FY 2019. This is an all funds increase of \$288.3 million, or 19.2 percent, and a State General Fund increase of \$128.7 million, or 18.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's supplemental requests to clear the waiting list for individuals on the physical disability and intellectual or developmental disability waiting lists (\$200.0 million), rebase the nursing facility rates (\$86.6 million), and for HCBS application backdating (\$3.0 million).

The **Governor** recommends \$1.5 billion, including \$625.2 million from the State General Fund, for the Medicaid program for FY 2019. This is an all funds decrease of \$248.5 million, or 13.9 percent, and a State General Fund decrease of \$188.6 million, or 23.2 percent, below the agency's revised estimate. The decrease is primarily attributable to the Governor not recommending the agency's supplemental requests to eliminate the waiting list for individuals with a physical disability and individuals with an intellectual and developmental disability, rebasing nursing facility rates, and changing a policy on backdating certain applications for FY 2019. The Governor's recommendation includes human services consensus caseload adjustments, a 3.0 percent rate increase for nursing facilities, and increased expenditures for Medicaid HCBS waivers and PACE for FY 2019.

D. Behavioral Health-Operations and Grants

Behavioral Health–Operations and Grants program includes Behavioral Health Mental Health services, Behavioral Health Substance Use Disorders, Behavioral Health Mental Health Administration, Behavioral Health Mental Health Grants and Contracts, Behavioral Health Substance Use Disorders Administration, Behavioral Health Addiction Services Grants, and Hospital Administration.

Behavioral Health Mental Health

The foundation for all community mental health services is the Mental Health Reform Act, KSA 39-1601 *et seq.* The Treatment Act for Mentally Ill Persons, KSA 59-2901 *et seq.*, states how patients shall be provided psychiatric treatment on both a voluntary and involuntary basis. KSA 65-4403 describes the procedures for providing state aid to Community Mental Health Centers. KSA 75-3307b authorizes the agency to enforce the laws relating to the hospitalization of mentally ill persons in mental health hospitals and community treatment facilities.

Behavioral Health Substance Use Disorders (SUD)

In 1972, the Kansas Legislature established the State Alcohol Program (KSA 65-4001). In 1973, the Kansas Legislature established the Drug Abuse Program (KSA-75-5375). Both programs functioned separately under a five-member commission until 1975, when the commissions were abolished and the Alcohol and Drug programs were brought into the Department of Social and Rehabilitation Services (SRS). In 1980, the Governor issued Executive Reorganization Order (ERO) No. 17. Section 18 of that ERO established the alcohol and drug programs as a full service component in SRS. In 2007, SB 354 merged the separate statutes through an amendment of KSA 65-4001.

KSA 65-4007 *et seq.*, 65-4601 *et seq.*, and 75-5375 *et seq.* deal with alcohol and drug prevention, treatment, and licensing functions. Funding for these programs is through the Community Alcoholism and Intoxication Programs Fund, KSA 41-1126, and the Alcoholism Treatment Fund, KSA 41-2622. Federally, alcohol treatment and prevention activities are governed by PL 97-35. This legislation also provides for federal funding through the Substance Abuse Prevention and Treatment Block Grant.

Since the passage of 2007 SB 66, which designated 2.0 percent of the State proceeds from expanded gaming activities to be made available to treat problem gambling and other addictions, Behavioral Health SUD has worked to heighten awareness of and treatment services to problem gamblers in Kansas.

Behavioral Health Mental Health Administration

Behavioral Health Mental Health (BMMH) Administration's mission is partnering to promote prevention, treatment, and recovery to ensure Kansans with behavioral health needs live safe, healthy, successful, and self-determined lives in their communities. BMMH Administration manages, monitors, and oversees the Kansas public mental health service system. This includes purchasing mental health services required for persons who do not have the means to pay. Individuals served include adults with a severe and persistent mental illness (SPMI) and children with a severe emotional disturbance (SED). BMMH Administration purchases services through grants and contracts utilizing State funding and Medicaid funding. Funding through grants and contracts is awarded to Community Mental Health Centers (CMHCs), private community mental health providers, Psychiatric Residential Treatment Facilities (PRTFs), Nursing Facilities for Mental Health (NF/MH), Consumer Run Organizations, advocacy groups, a pharmacy benefits manager, housing organizations, and universities. BMMH Administration monitors and holds providers and contractors accountable for ensuring persons with mental illness, especially those with a SPMI/SED, receive quality services that meet their needs.

In addition to purchasing services, BMMH Administration strives to improve the lives of persons with mental illness by supporting the development and implementation of person-centered, evidence-based practices; furnishing direct technical assistance to providers; and utilizing a continuous quality improvement process. BMMH Administration also establishes and ensures compliance with licensing standards for CMHCs, private freestanding psychiatric hospitals, PRTFs for youth, and adult residential care facilities. BMMH Administration is responsible for the budget, oversight, and management of nursing facilities that serve persons with mental illness (NF/MHs). BMMH Administration strives to coordinate mental health services across all service systems including, but not limited to, the physical health care, juvenile justice, adult criminal justice, and child welfare systems. BMMH Administration provides support for the Governor's Behavioral Health Services Planning Council charged with providing independent oversight and recommendations for Kansas' mental health system. BMMH Administration also works closely with the state mental health hospitals, NF/MHs, PRTFs, private acute care hospitals, and CMHCs to ensure that individuals ready for discharge are provided appropriate community-based services.

Behavioral Health Mental Health Grants and Contracts

BMMH Grants and Contracts includes services through grants and contracts. Grants and contracts are awarded to community mental health centers, private community mental health providers, housing agencies, pharmacy benefit managers, and others. BMMH Administration monitors and manages these grants and contracts to ensure quality, effective mental health services are provided to Kansans who need them the most.

Behavioral Health Substance Use Disorders Administration

Behavioral Health Substance Use Disorders (BHSUD) Administration supports a system of services for individuals experiencing alcoholism, drug dependence, or a gambling addiction, using Federal Block Grant, Medicaid, and State funds. BHSUD purchases an array of services for the treatment of addictions in Kansas, which utilizes a consumer and community-centered philosophy; encourages collaboration with agencies, including dissemination of information and integrating technology and resources that benefit the client; ensures availability and accessibility to recovery services across the state; and promotes continuous quality improvement based on data, research, and outcomes. BHSUD establishes and monitors compliance to standards for

program licensure certification of person-centered case managers, certification of peer mentors, certification of problem gambling counselors, promotes outcomes-based planning and performance improvement, encourages utilization of evidenced-based practices, and provides workforce and leadership development through training opportunities for front-line staff and clinical supervisors.

BHSUD has adopted the National Institute of Drug Abuse (NIDA) principles, a research-based guide that lists science-based treatment strategies for treatment providers. In addition, Addiction and Prevention Services (AAPS) uses the following National Performance Outcomes Measures (NOMS) as performance measures: Abstinence from Drug/Alcohol Use; Increased and/or Retained Employment; Decreased Criminal Justice Involvement; Increased Stability in Housing; Increased Access to Services; Increased Retention in Treatment; Client Perception of Care; Cost Effectiveness; Use of Evidence-Based Practices; and Increased Social Supports/Social Connectedness.

Problem Gambling. Behavior Health Services administers problem gambling public awareness, prevention, and treatment services through 3.5 FTE positions.

Prevention. Behavior Health Services administers prevention programs designed to address target indicators in addition to providing education and awareness around drug and alcohol concerns. Behavior Health Prevention is also responsible for ensuring Kansas is compliant with federal Synar regulations. Under the Synar Amendment, the State must conduct random, unannounced inspections of tobacco retail outlets to determine a level of compliance with the prohibition of selling tobacco products to minors. The inspections are conducted by the Kansas Department of Revenue's Alcoholic Beverage Control (ABC) division. Federal rules require 80 percent compliance with the prohibition of selling of tobacco to minors; a "soft" compliance rate of 90 percent has been announced as a goal to states for future years. Failure to reach the required target of 80 percent for FY 2005 resulted in a \$2.8 million penalty and required Kansas to increase its financial investment in reducing youth access to tobacco. The State of Kansas completed this penalty phase in FY 2007. Due to the penalty, \$400,000 was committed to the BHSUD budget to maintain and increase retailers' compliance with federal Synar requirements. Through these efforts, Kansas has both maintained compliance to the required federal standard and achieved the 90 percent goal set by the Center for Substance Abuse Prevention.

Behavioral Health Addiction Services Grants

Addiction Services Treatment. Through a system of contracts and grants managed by a contracted managed care entity. Behavioral Health Addiction Services (BHAS) supports a system of services for low-income individuals experiencing alcoholism, drug dependence, or a gambling addiction. BHAS monitors compliance to standards for program licensure and treatment counselor credentialing, promotes outcomes-based planning and performance improvement, encourages utilization of evidenced-based practices, and provides workforce and leadership development through training opportunities for front-line staff and clinical supervisors.

Prevention. Behavior Health Prevention programs exist across communities throughout Kansas as well as supporting Synar compliance. Through a system of grants and contracts, Behavior Health Prevention supports an infrastructure in reducing past 30-day alcohol use, binge drinking, and 30-day cigarette use among students in grades 6, 8, 10, and 12. Included in this infrastructure are agencies that support the "Kansas Communities That Care" student survey, other evaluation data, and an administrative and logistics coordinator. Behavior Health also supports Synar Compliance in collaboration with the Cigarette and Tobacco Enforcement

team through the Kansas Department of Revenue. BHAS Prevention also supports Synar Compliance in collaboration with the Cigarette and Tobacco Enforcement team through the Kansas Department of Revenue.

Problem Gambling. Problem Gambling Services provides first-contact, crisis intervention and on-demand treatment for problem gamblers and their families. The Problem Gambling Program provides a Help Line 24 hours a day, 365 days a year, staffed by Masters level professionals. Prevention Education and awareness activities are also funded, including grants to four community task forces and a statewide coalition.

Hospital Administration

The Hospital Administration program provides services to the state hospitals programs. Services include medical liability insurance for physicians, cost reports, and hospital administration expenses, including consultant and service contracts. As of FY 2017, Dietary Services contract payments are reflected in the individual budgets of the hospitals impacted.

BEHAVIORAL HEALTH OPERATIONS AND GRANTS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,468,562	\$ 1,696,671	\$ 1,696,671	\$ 1,769,241	\$ 1,769,241
Contractual Services	16,081,825	25,124,928	25,124,928	18,992,688	18,992,688
Commodities	6,643	5,918	5,918	5,918	5,918
Capital Outlay	999	12,505,108	2,800	8,351,155	2,800
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 17,558,029</i>	<i>\$ 39,332,625</i>	<i>\$ 26,830,317</i>	<i>\$ 29,119,002</i>	<i>\$ 20,770,647</i>
Aid to Local Units	38,605,636	52,747,293	52,747,293	56,006,613	56,006,613
Other Assistance	20,225,529	21,590,479	21,590,479	21,590,479	21,590,479
TOTAL	\$ 76,389,194	\$ 113,670,397	\$ 101,168,089	\$ 106,716,094	\$ 98,367,739
Financing:					
State General Fund	\$ 36,280,284	\$ 62,839,179	\$ 50,336,871	\$ 57,241,448	\$ 48,893,093
All Other Funds	40,108,910	50,831,218	50,831,218	49,474,646	49,474,646
TOTAL	\$ 76,389,194	\$ 113,670,397	\$ 101,168,089	\$ 106,716,094	\$ 98,367,739
FTE Positions	28.0	28.0	28.0	28.0	28.0

The **agency** requests a revised estimate of \$106.7 million, including \$57.2 million from the State General Fund, for the Behavioral Health Operations and Grants program. This is an all funds increase of \$12.5 million, or 13.2 percent, and a State General Fund increase of \$13.4 million, or 30.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in aid to local units of government and capital outlay, partially offset by a decrease in other assistance. The program includes increased expenditures of \$3.2 million, all from federal funds, due to receipt of a new federal opioid grant, which will be used to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment need, and reduce opioid overdose by region. The program includes the agency's request for supplemental funding for the second phase of replacement of the state hospitals billing and patient management systems (\$8.3 million). The program includes 28.0 FTE positions, which is a decrease of 12.5 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs.

The **Governor** recommends \$98.4 million, including \$48.9 million from the State General Fund for the Behavioral Health Operations and Grants program for FY 2019. This is an all funds decrease of \$8.3 million, or 7.8 percent, and a State General Fund decrease of \$8.3 million, or 14.6 percent, below the agency's revised estimate for FY 2019. The all funds and State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request to replace the state hospitals billing and patient management systems for FY 2019.

E. Community Services Administration

Community Services Administration provides oversight of the purchasing of community-based supports and services, including staff who manage and administer the Medicaid Home and Community Based Services Waivers. Additionally, this program administers grant funds to Community Developmental Disability Organizations.

Community Services Administration's mission is to support Kansans in living self-determined, meaningful lives by ensuring access to quality person-centered services. Community Services Administration ensures the supports and services purchased allow persons to live successfully in their home and community; persons are treated with dignity and respect; have opportunities for independence; and are free from abuse, neglect, and exploitation.

COMMUNITY SERVICES ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,153,749	\$ 944,975	\$ 944,975	\$ 926,966	\$ 926,966
Contractual Services	9,990,939	10,068,519	10,068,519	10,079,529	10,079,529
Commodities	7,967	9,240	9,240	9,240	9,240
Capital Outlay	2,532	13,600	13,600	13,600	13,600
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,155,187</i>	<i>\$ 11,036,334</i>	<i>\$ 11,036,334</i>	<i>\$ 11,029,335</i>	<i>\$ 11,029,335</i>
Aid to Local Units	4,690,279	4,740,280	4,740,280	4,740,280	4,740,280
Other Assistance	0	0	0	0	0
TOTAL	\$ 15,845,466	\$ 15,776,614	\$ 15,776,614	\$ 15,769,615	\$ 15,769,615
Financing:					
State General Fund	\$ 10,098,216	\$ 9,053,069	\$ 9,053,069	\$ 10,551,023	\$ 10,551,023
All Other Funds	5,747,250	6,723,545	6,723,545	5,218,592	5,218,592
TOTAL	\$ 15,845,466	\$ 15,776,614	\$ 15,776,614	\$ 15,769,615	\$ 15,769,615
FTE Positions	16.0	16.0	16.0	16.0	16.0

The **agency** requests a revised estimate of \$15.8 million, including \$10.6 million from the State General Fund, for the Community Services Administration program for FY 2019. This is an all funds decrease of \$1.2 million, or 7.1 percent, and a State General Fund increase of \$193,207, or 1.9 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in contractual services for outsourcing certain administrative functions. The program includes 16.0 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs.

The **Governor** concurs with the agency's revised estimate for the Community Services Administration program for FY 2019.

F. Survey, Certification, and Credentialing

The primary purpose of the Survey, Certification, and Credentialing Commission is to protect public health through the inspection and licensing of adult care homes in Kansas, as defined by KSA 39-923. The Commission develops and enforces regulations related to adult care homes. Field staff document compliance with state regulations and federal certification standards through on-site surveys. Investigations of alleged abuse, neglect, or exploitation also are conducted. In rare cases, the Commission may assume temporary management of a nursing home facility pursuant to a court order. The Commission is comprised of three divisions: Long-Term Care Consulting, Survey and Certification, and Health Occupations Credentialing.

Long-Term Care Consulting Division

The Long-Term Care Consulting Division assures the quality of care and quality of life of residents in adult care homes through several efforts. These initiatives include the development of policies, regulations, and educational offerings, as well as developing and maintaining effective liaison with officials in the federal Centers for Medicare and Medicaid Services (CMS), other state agencies, professional organizations, and the public. This division provides assistance to long-term care providers through consultation on nursing, administration, nutrition, construction, remodeling, and data issues. The Division continues to focus much of its efforts on culture change, or resident-centered care, in nursing home settings. This approach values smaller, more homelike settings and individualized care planning that includes emphasis on quality-of-life concerns.

Survey and Certification Division

The Survey and Certification Division evaluates facilities and providers for state licensure and federal certification purposes. These responsibilities are accomplished through the administrative review of initial qualifications and ongoing surveys conducted by teams comprised primarily of registered nurses and a life safety code inspector. Generally speaking, the Survey and Certification Division activities are divided between nursing facilities/long-term care units of hospitals, intermediate care facilities, assisted living facilities, and other "state licensed only" facilities.

The Survey and Certification Division also is responsible for surveyor training and orientation, survey quality improvement efforts, policy and procedure development, and survey management. Beginning in FY 2006, the Commission became a "pilot state" in implementing CMS' Quality Indicator Survey (QIS) process for Medicare- and Medicaid-certified nursing facilities. Full implementation of the QIS process across the state occurred in FY 2011.

Other functions the Commission performs are enforcement and implementation of a Complaint Program. The Enforcement Coordinator assures that corrective actions are imposed accurately and in a timely way when facilities fail to meet conditions of participation and licensure and certification standards. The Complaint Program performs complaint intake activities through the complaint hotline, triage of complaints and assures that on-site investigations are coordinated for complaint intakes according to state and federal requirements. These programs report directly to the Commissioner.

Health Occupations Credentialing

Health Occupations Credentialing (HOC) administers the Health Occupations Credentialing Act (KSA 65-5001 *et seq.*), a review process whereby health professions seeking credentialing apply for a credentialing review. The program also issues licenses to dietitians, speech-language pathologists, audiologists, and adult care home administrators. Certification programs administered by the program include nurse aides, home health aides, and medication aides. Related to the certification program is administration of the Kansas Nurse Aide Registry, which is a federally mandated program to ensure that facilities hire nurse aides and home health aides with no abuse, neglect, or exploitation on their records. Other related professions or para-professions administered through this section include operators of residential care facilities or assisted living facilities, activities directors, social service designees, and paid nutrition assistants for adult care homes in Kansas.

The State of Kansas began requiring operators of adult care homes, health home agencies, and staffing agencies to ensure that no one worked in those settings who had a criminal history of a prescribed list of crimes. This legislation went into effect July 1, 1997, and the enforcement of the “prohibited criminal histories” began in 1998. In a partnership between KDADS and the Kansas Bureau of investigation (KBI), operators submit information on each person for whom they request a criminal record check to the HOC Criminal Record Check program. HOC is linked to the KBI through a telecommunications system that provides initial data on each person for whom there is a record check requested. The information from KBI then provides the basis upon which operators are guided in determining a person’s eligibility to work in that setting. HOC provides the data entry of these requests, processes the information received back from KBI, and notifies the operators when a criminal record indicates the person should not be employed.

In FY 2016, HOC was awarded a \$3.0 million grant from CMS to develop a Kansas National Criminal Information System. The current criminal record check process is a name-based system that only checks for criminal offenses in Kansas. With this grant, the goal was to develop a fully automated system designed to utilize fingerprints to provide state and national criminal record checks. The central infrastructure components for the system and the related budget items include: 1) live scan equipment for scanning fingerprints as the personal identifier; 2) the Center for Naval Analysis (CAN) developed system for implementing the web-based workforce automation and registry checking process; 3) cost subsidy for facilities for the increased cost for KBI fingerprint-based criminal record checks; and 4) integration of existing software with the automated criminal record check system.

SURVEY, CERTIFICATION, AND CREDENTIALING SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 7,734,866	\$ 8,305,221	\$ 8,305,221	\$ 8,624,806	\$ 8,191,028
Contractual Services	3,398,284	3,409,074	3,409,074	3,413,944	3,413,944
Commodities	75,477	119,996	119,996	119,996	119,996
Capital Outlay	61,636	16,644	16,644	12,750	12,750
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,270,263</i>	<i>\$ 11,850,935</i>	<i>\$ 11,850,935</i>	<i>\$ 12,171,496</i>	<i>\$ 11,737,718</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	85,000	85,000	85,000	85,000
TOTAL	<u>\$ 11,270,263</u>	<u>\$ 11,935,935</u>	<u>\$ 11,935,935</u>	<u>\$ 12,256,496</u>	<u>\$ 11,822,718</u>
Financing:					
State General Fund	\$ 3,535,738	\$ 4,105,460	\$ 4,105,460	\$ 4,195,593	\$ 4,057,019
All Other Funds	7,734,525	7,830,475	7,830,475	8,060,903	7,765,699
TOTAL	<u>\$ 11,270,263</u>	<u>\$ 11,935,935</u>	<u>\$ 11,935,935</u>	<u>\$ 12,256,496</u>	<u>\$ 11,822,718</u>
FTE Positions	135.0	135.0	135.0	135.0	135.0

The **agency** requests a revised estimate of \$12.3 million, including \$4.2 million from the State General Fund, for the Survey, Certification, and Credentialing program for FY 2019. This is an all funds increase of \$2.6 million, or 27.0 percent, and a State General Fund increase of \$1.5 million, or 55.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and contractual services expenditures. The agency states recruitment and retention of health facility surveyors is a high priority for the agency and the budget request reflects the expectation that more surveyor positions will remain filled in comparison to previous fiscal years. The program includes supplemental funding totaling \$935,111, including \$299,000 from the State General Fund, to provide a salary increase for surveyor positions for FY 2019. The program includes 135.0 FTE positions, which is an increase of 13.5 FTE positions above the number approved by the 2017 Legislature. The increase is attributable to the agency reallocating positions from other programs.

The **Governor** recommends \$11.8 million, including \$4.1 million from the State General Fund, for the Survey, Certification, and Credentialing program for FY 2019. This is an all funds decrease of \$433,778, or 3.5 percent, and a State General Fund decrease of \$138,574, or 3.3 percent, below the agency's revised estimate for FY 2019. The all funds decrease is attributable to the Governor recommending a salary increase for surveyor positions lower than the amount in the supplemental request from the agency.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair State Hospitals	\$ 5,922,142	\$ 5,922,142	\$ 3,000,000	\$ 3,000,000
Debt Service Principal - State Hospital Rehab and Repair	1,920,000	1,920,000	2,035,000	2,035,000
Debt Service Principal - State Security Hospital	3,010,000	3,010,000	3,145,000	3,145,000
TOTAL	\$ 10,852,142	\$ 10,852,142	\$ 8,180,000	\$ 8,180,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	10,852,142	10,852,142	8,180,000	8,180,000
TOTAL	\$ 10,852,142	\$ 10,852,142	\$ 8,180,000	\$ 8,180,000

FY 2018 – Current Year. The **agency** requests a revised estimate for capital improvements of \$10.9 million, all from the State Institutions Building Fund, in FY 2018. This is an increase of \$2.9 million, or 36.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the reappropriation of \$3.0 million for rehabilitation and repair funding not expended in FY 2017. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital. The last debt service payment for the State Security Hospital is scheduled for November 1, 2022, and the last debt service payment scheduled for the state hospital rehabilitation and repair is scheduled for May 1, 2024.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate for capital improvements of \$8.2 million, all from the State Institutions Building Fund, for FY 2019. This is the same amount approved by the 2017 Legislature. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Aging Grants:				
Number of meals served	3,100,120	3,131,709	3,131,709	3,131,709
Cost per meal	\$6.00	\$5.95	\$5.95	\$5.95
Number of customers receiving support services	250,000	260,027	260,027	260,027
Number of area agencies and case management entities found to be in compliance with federal and state requirements for providing services to seniors	20	20	20	20
Behavioral Health - Operations and Grants:				
Number of persons with severe and persistent mental illness receiving inpatient or outpatient services	13,000	21,893	21,893	21,893
Number of target or developmental communities engaged in implementing the Kansas Prevention Collaborative Community Initiative	N/A	17	13	13
Number of individuals receiving problem gambling treatment	145	172	172	172
Number of individuals receiving community-based alcohol and drug treatment services	13,000	14,422	14,422	14,422

KANSAS NEUROLOGICAL INSTITUTE

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 10,105,827	\$ 10,820,636	\$ 9,990,636	\$ 10,413,935	\$ 10,041,232
Other Funds	15,451,177	14,583,372	15,385,343	15,132,293	15,506,887
<i>Subtotal</i>	<i>\$ 25,557,004</i>	<i>\$ 25,404,008</i>	<i>\$ 25,375,979</i>	<i>\$ 25,546,228</i>	<i>\$ 25,548,119</i>
Capital Improvements:					
State General Fund	\$ 93,101	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	87,725	185,248	166,750	0	86,131
<i>Subtotal</i>	<i>\$ 180,826</i>	<i>\$ 185,248</i>	<i>\$ 166,750</i>	<i>\$ 0</i>	<i>\$ 86,131</i>
TOTAL	<u>\$ 25,737,830</u>	<u>\$ 25,589,256</u>	<u>\$ 25,542,729</u>	<u>\$ 25,546,228</u>	<u>\$ 25,634,250</u>
Percentage Change:					
Operating Expenditures					
State General Fund	7.5 %	7.1 %	(1.1) %	(3.8) %	0.5 %
All Funds	2.2	(0.6)	(0.7)	0.6	0.7
FTE Positions	435.7	437.7	437.7	437.7	437.7

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 Neurological Institute (KNI) provides treatment for adults with intellectual and developmental disabilities. Individuals with intellectual and developmental disabilities have conditions that originate early in life, most often before birth. Developmental disabilities often require some level of ongoing support throughout a lifetime. As a result, those living in state developmental disability hospitals tend to remain at the facility for much longer than patients at the state mental health hospitals. Therefore, the state developmental disability hospitals are both treatment centers and homes for those individuals who are not served in the community.

The Kansas Neurological Institute was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. The agency's mission is "to support each person who lives at KNI to have a meaningful life," which is accomplished by ensuring well-being, providing opportunities for choice, promoting personal relationships, encouraging participation in the community, and recognizing individuality. The agency has developed a person-centered approach to patient treatment, which focuses on the desires of the resident and not just on the assessments of the various professional disciplines.

Many KNI residents require intensive physical and medical supports, most are unable to speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. The people who live at KNI are growing older and, due to the aging process, face increasingly complex medical, physical, and behavioral support challenges. Patients at KNI live in 20 homes in 4 residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community.

MAJOR ISSUES FROM PRIOR YEARS

In **FY 2008**, the Department of Social and Rehabilitation Services (SRS) was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. SRS decided not to pursue additional litigation.

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas State School for the Deaf, the Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, state developmental disability hospitals, and the Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended SRS review the residents at the Kansas Neurological Institute who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that the Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his Executive Reorganization Order (ERO) to carry out the recommendations concerning the closure of the Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center, the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for the Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged SRS to consolidate resources on the developmental disability hospital campuses and identify individuals who can be better served in the community. As a result, the Kansas Neurological Institute consolidated one home on its campus in FY 2009, another in FY 2010, and another in FY 2014.

During the **2011 Session**, the Governor recommended the closure of the Kansas Neurological Institute for FY 2012. The Governor estimated it would take the agency 23 months to close the facility if the agency achieved a goal of moving 7 residents a month to community placements. The deletion of \$658,832 from all funds, including \$277,039 from the State General Fund, represented the savings the Governor estimated as a result of a recommendation to begin the closure of the agency for FY 2012. The 2011 Legislature restored the funding. This addition by the 2011 Legislature fully funded the operation of the agency for FY 2012 and eliminated the Governor's plan to close the Kansas Neurological Institute facility.

Also during the **2011 Session**, the Senate Ways and Means Committee recommended the Department on Social and Rehabilitation Services reject closure or downsizing plans for the Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of SRS to investigate and identify: 1) management and service efficiencies that could be implemented for the Kansas Neurological Institute and Parsons State Hospital and Training Facility, which would create cost-savings at the facilities while maintaining current operations and care; and 2) additional programs and resources the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for Individuals with Developmental Disabilities Waiver expenditures. The Committee directed SRS to fund the independent audit and report the audit findings to the Senate Ways and Means chair on September 1, 2011. The audit, conducted by the Legislative Division of Post Audit, was presented to the Legislative Post Audit Committee on December 13, 2011.

The **2013 Legislature** deleted \$753,000, including \$301,000 from the State General Fund, and 12.0 FTE positions as part of the consolidation of a cottage on the Kansas Neurological Institute campus for FY 2014 and FY 2015.

The **2015 Legislature** implemented the agency's reduced resource option to delete 11.5 FTE positions in FY 2015, 10.0 FTE positions for FY 2016, and 14.0 FTE positions for FY 2017, and transfer the savings under statutory authority to the Kansas Department for Aging and Disability Services (KDADS) Home and Community Based Services Waiver for Individuals with Developmental Disabilities in the amount of \$800,000 in FY 2015, \$1.5 million for FY 2016, and \$1.5 million for FY 2017.

The **2017 Legislature** added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except select groups); 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 KNI, the Legislature added \$530,833, all from the State General Fund, for both FY 2018 and FY 2019.

AVERAGE DAILY CENSUS

Average Daily Census (ADC) represents the average number of patients in a hospital over a fiscal year for Kansas Neurological Institute.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Total	143	143	142	141	141

ADMISSIONS

The chart below shows admissions for Kansas Neurological Institute. This does not include transfers in from other KDADS institutions.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Total	4	6	2	4	4

SEPARATIONS

The chart below shows separations due to discharge and death for Kansas Neurological Institute.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Total	5	5	6	4	4

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$25.6 million, including \$10.8 million from the State General Fund, for both operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised estimate for operating expenditures totals \$25.4 million, including \$10.8 million from the State General Fund, in FY 2018. For operating expenditures, the revised estimate is an all funds decrease of \$6,899, or less than 0.1 percent, and a State General Fund increase of \$830,000, or 8.3 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures, partially offset by an increase in employer contributions for state employee health insurance, household supplies, and food for patients. The State General Fund increase is attributable to the agency's request for supplemental funding to replace decreased federal revenues. The revised estimate includes 437.7 FTE positions, which is the same as the number approved by the 2017 Legislature.

The agency's revised estimate for capital improvement expenditures totals \$185,248, all from the State Institutions Building Fund, in FY 2018. The is the same amount approved by the 2017 Legislature. Although most capital improvements for KNI are submitted in the KDADS budget revised estimate, these capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends \$25.5 million, including \$10.0 million from the State General Fund, for operating expenditures and capital improvement expenditures in FY 2018. Of this amount, the Governor recommends operating expenditures totaling \$25.4 million, including \$10.0 million from the State General Fund, in FY 2018. For operating expenditures, this is an all funds decrease of \$28,029, or 0.1 percent, and a State General Fund decrease of \$830,000, or 7.7 percent, below the agency's revised estimate in FY 2018. The all funds decrease is attributable to the Governor recommending decreased operating expenditures. The State General Fund decrease is attributable to the Governor not recommending some of the agency's supplemental requests and partially recommending other supplementals from adjusted funding sources in FY 2018.

The Governor's recommendation for capital improvement expenditures totals \$166,750, all from the State Institutions Building Fund, for debt service principal payments in FY 2018. This is a decrease of \$18,498, or 10.0 percent, below the agency's revised estimate. The decrease is attributable to the Governor recommending capital improvement expenditures to more closely match the agency's debt service schedule in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$25.5 million, including \$10.4 million from the State General Fund, for operating expenditures for FY 2019. The revised estimate is an all funds increase of \$70,706, or 0.3 percent, and a State General Fund increase of \$372,703, or 3.7 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in expenditures on household supplies, food for patients, medical treatment for patients, and employer contributions for state employee health insurance, partially offset by a decrease in workers compensation expenditures and an adjustment to salary shrinkage. The State General Fund increase is attributable to the agency's request for supplemental funding primarily to replace decreased federal revenues. The revised estimate includes 437.7 FTE positions, which is the same as the number approved by the 2017 Legislature.

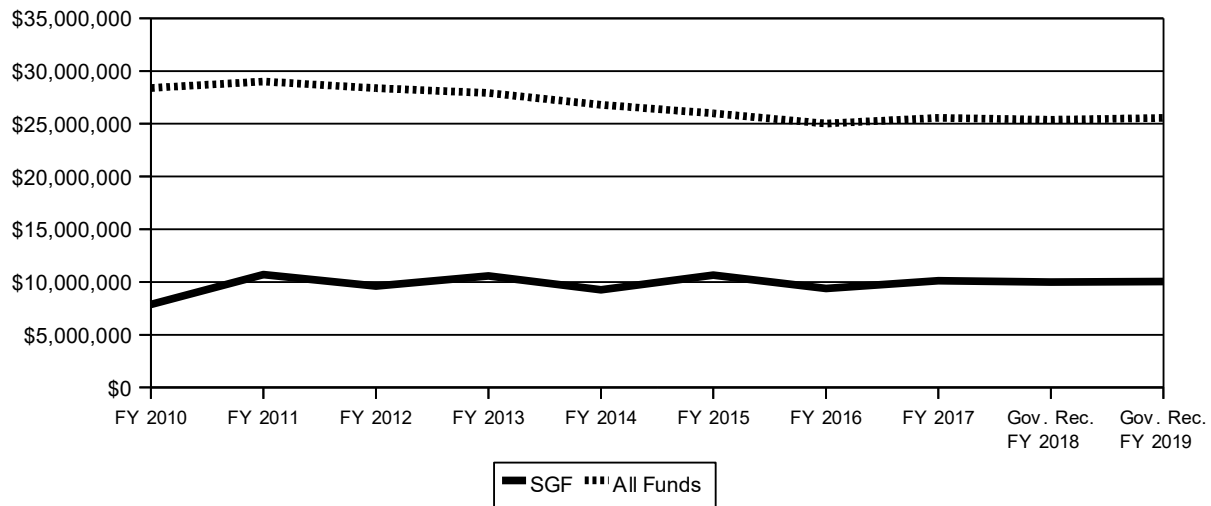
The agency does not request capital improvement expenditures for FY 2019. FY 2018 contains the final payment for participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends \$25.6 million, including \$10.0 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. For operating expenditures, the Governor recommends \$25.5 million, including \$10.0 million from the State General Fund. For operating expenditures, this is an all funds increase of \$1,891, or less than 0.1 percent, and a State General Fund decrease of \$372,703, or 3.6 percent, from the agency's revised estimate. The all funds increase is attributable to an increase in debt interest expenditures from the State Institutions Building Fund to more closely match the agency's debt service schedule for bond interest payments. The State General Fund decrease is attributable to the Governor not recommending some of the agency's supplemental requests and partially recommending other supplementals from adjusted funding sources for FY 2019.

The Governor's recommendation for capital improvement expenditures totals \$86,131, all from the State Institutions Building Fund, for FY 2019. The agency did not budget capital improvement expenditures, but the Governor recommends \$86,131, all from the State Institutions Building Fund, to more closely match the agency's debt service schedule for bond principal payments 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	\$ 7,876,610	(25.0)%	\$ 28,394,478	2.9 %	574.2
2011	10,709,270	36.0	29,004,350	2.1	550.7
2012	9,605,217	(10.3)	28,375,878	(2.2)	491.7
2013	10,567,612	10.0	27,918,672	(1.6)	491.7
2014	9,261,525	(12.4)	26,795,791	(4.0)	473.2
2015	10,654,029	15.0	25,988,197	(3.0)	461.7
2016	9,401,519	(11.8)	25,018,896	(3.7)	437.7
2017	10,105,827	7.5	25,557,004	2.2	435.7
2018 Gov. Rec.	9,990,636	(1.1)	25,375,979	(0.7)	437.7
2019 Gov. Rec.	10,041,232	0.5	25,548,119	0.7	437.7
Ten-Year Change Dollars/Percent	\$ 2,164,622	27.5 %	\$ (2,846,359)	(10.0)%	(136.5)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 1,402,427	\$ 1,539,335	\$ 1,541,016	\$ 1,681	0.1 %	\$ 1,508,135	\$ 1,541,016	\$ 32,881	2.2 %		
Staff Education and Research	453,195	595,983	596,829	846	0.1	595,983	596,829	846	0.1		
Program and Supported Living	13,433,132	13,336,800	13,469,928	133,128	1.0	13,336,800	13,469,928	133,128	1.0		
Ancillary Services	2,280,085	2,415,419	2,414,422	(997)	(0.0)	2,415,419	2,414,422	(997)	(0.0)		
Medical and Surgical Services	3,028,030	2,991,592	2,994,783	3,191	0.1	2,991,592	2,994,783	3,191	0.1		
Physical Plant/Central Services	4,960,135	4,524,879	4,529,250	4,371	0.1	4,528,050	4,531,141	3,091	0.1		
TOTAL	\$ 25,557,004	\$ 25,404,008	\$ 25,546,228	\$ 142,220	0.6 %	\$ 25,375,979	\$ 25,548,119	\$ 172,140	0.7 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 20,650,173	\$ 20,901,647	\$ 21,050,231	\$ 148,584	0.7 %	\$ 20,901,647	\$ 21,050,231	\$ 148,584	0.7 %		
Contractual Services	2,271,471	2,290,185	2,290,392	207	0.0	2,258,985	2,290,392	31,407	1.4		
Commodities	1,906,362	1,918,223	1,917,773	(450)	(0.0)	1,918,223	1,917,773	(450)	(0.0)		
Capital Outlay	691,773	287,832	287,832	0	0.0	287,832	287,832	0	0.0		
Debt Service	13,993	6,121	0	(6,121)	(100.0)	9,292	1,891	(7,401)	(79.6)		
Subtotal-Operations	\$ 25,533,772	\$ 25,404,008	\$ 25,546,228	\$ 142,220	0.6 %	\$ 25,375,979	\$ 25,548,119	\$ 172,140	0.7 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	23,232	0	0	0	--	0	0	0	--		
TOTAL	\$ 25,557,004	\$ 25,404,008	\$ 25,546,228	\$ 142,220	0.6 %	\$ 25,375,979	\$ 25,548,119	\$ 172,140	0.7 %		
Financing:											
State General Fund	\$ 10,105,827	\$ 10,820,636	\$ 10,413,935	\$ (406,701)	(3.8) %	\$ 9,990,636	\$ 10,041,232	\$ 50,596	0.5 %		
KNI Fee Fund	1,296,250	1,739,839	1,741,119	1,280	0.1	1,902,791	1,783,822	(118,969)	(6.3)		
Title XIX Fund	13,650,475	12,359,642	12,913,454	553,812	4.5	12,995,490	13,243,454	247,964	1.9		
All Other Funds	504,452	483,891	477,720	(6,171)	(1.3)	487,062	479,611	(7,451)	(1.5)		
TOTAL	\$ 25,557,004	\$ 25,404,008	\$ 25,546,228	\$ 142,220	0.6 %	\$ 25,375,979	\$ 25,548,119	\$ 172,140	0.7 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$9,990,636 in FY 2018. No adjustments have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 9,990,636	\$ 10,820,636	\$ 830,000	\$ 9,990,636	\$ 0
All Other Funds	15,605,519	14,768,620	(836,899)	15,552,093	(53,426)
TOTAL	\$ 25,596,155	\$ 25,589,256	\$ (6,899)	\$ 25,542,729	\$ (53,426)
FTE Positions	437.7	437.7	0.0	437.7	0.0

The **agency** requests a revised estimate of \$25.6 million, including \$10.8 million from the State General Fund, for both operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised for operating expenditures totals \$25.4 million, including \$10.8 million from the State General Fund, in FY 2018. For operating expenditures, the revised estimate is an all funds decrease of \$6,899, or less than 0.1 percent, and a State General Fund increase of \$830,000, or 8.3 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures, partially offset by an increase in employer contributions for state employee health insurance, household supplies, and food for patients. The State General Fund increase is attributable to the agency's request for supplemental funding to replace decreased federal revenues. Capital improvements are described within the capital improvements section of this document. The revised estimate includes 437.7 FTE positions, which is the same as the number approved by the 2017 Legislature. The revised estimate for operating expenditures is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$20.9 million, including \$8.6 million from the State General Fund, for salaries and wages in FY 2018. This is an all funds decrease of \$376,588, or 1.8 percent, and a State General Fund increase of \$589,423, or 7.3 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures, partially offset by an adjustment in salary shrinkage and an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$2.3 million, including \$1.4 million from the State General Fund, for contractual services in FY 2018. This is an all funds increase of \$57,398, or 2.6 percent, and a State General Fund increase of \$411,160, or 42.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for medical treatment for patients and in utilities;

- **Commodities.** The agency requests \$1.9 million, including \$576,272 from the State General Fund, for commodities in FY 2018. This is an all funds increase of \$210,960, or 12.4 percent, and a State General Fund decrease of \$230,212, or 28.5 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in household supplies for patients and expenditures on food for patients;
- **Capital Outlay.** The agency requests \$287,832, including \$245,129 from the State General Fund, for capital outlay in FY 2018. This is an all funds increase of \$101,332, or 54.3 percent, and a State General Fund increase of \$59,629, or 32.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in equipment for patient treatment and household furniture and fixtures for patients; and
- **Debt Service.** The agency requests \$6,121, all from the State Institutions Building Fund, for debt service interest expenditures in FY 2018. This is an all funds decrease of \$1, or less than 0.1 percent, from the amount approved by the 2017 Legislature. The decrease is due to the agency re-estimating debt service interest expenditures. Debt service principal expenditures are a capital improvement expenditure and are included in the capital improvements section of this document.

The **Governor** recommends \$25.5 million, including \$10.0 million from the State General Fund, for operating expenditures and capital improvement expenditures in FY 2018. Of this amount, the Governor recommends operating expenditures totaling \$25.4 million, including \$10.0 million from the State General Fund, in FY 2018. For operating expenditures, this is an all funds decrease of \$28,029, or 0.1 percent, and a State General Fund decrease of \$830,000, or 7.7 percent, below the agency's revised estimate in FY 2018. The all funds decrease is attributable to the Governor recommending decreased operating expenditures. The State General Fund decrease is attributable to the Governor not recommending some of the agency's supplemental requests and partially recommending other supplementals from adjusted funding sources in FY 2018. For capital improvement expenditures, the Governor recommends \$166,750, all from the State Institutions Building Fund, for debt service principal payments in FY 2018. This is a decrease of \$18,498, or 10.0 percent, below the agency's revised estimate. The decrease is attributable to the Governor recommending capital improvement expenditures more closely match the agency's debt service schedule in FY 2018.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement	\$ 830,000	\$ 830,000	0.0	\$ 0	\$ 798,800	0.0
Fee Fund Converted to						
a No Limit Fund	0	0	0.0	0	0	0.0
Debt Service Adjustment	0	0	0.0	0	(15,327)	0.0
TOTAL	\$ 830,000	\$ 830,000	0.0	\$ 0	\$ 783,473	0.0

The **agency** submits two supplemental requests totaling \$830,000, all from the State General Fund, in FY 2018.

Funding to Offset Projected Revenue Shortfall. The agency requests \$830,000, all from the State General Fund, in FY 2018, to offset lower fee fund and federal Title XIX revenues. The agency projects a decrease in the daily bed reimbursement rate and decrease in the federal share of expenditures in federal FY 2018.

Conversion of Limited Fee Fund to No Limit. The agency requests the Kansas Neurological Institute Fee Fund be converted from a limited fund to a no limit fund. The agency states a no limit fund would allow KNI more flexibility in cash flow throughout the year.

The **Governor** does not recommend the agency's request for revenue replacement from the State General Fund. The Governor estimates higher fee fund and federal fund revenue than the agency and recommends the agency expend funding for operations from these sources. The Governor does not recommend converting the Kansas Neurological Institute Fee Fund to a no limit fund in FY 2018. Also, the Governor recommends a decrease of \$15,327, all from the State Institutions Building Fund, to more accurately match the agency's debt service payment schedule 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 \$10,041,232 for FY 2019. No adjustments have been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 10,041,232	\$ 10,413,935	\$ 372,703	\$ 10,041,232	\$ 0
All Other Funds	15,434,290	15,132,293	(301,997)	15,593,018	158,728
TOTAL	\$ 25,475,522	\$ 25,546,228	\$ 70,706	\$ 25,634,250	\$ 158,728
FTE Positions	437.7	437.7	0.0	437.7	0.0

The **agency** requests a revised estimate of \$25.5 million, including \$10.4 million from the State General Fund, for operating expenditures for FY 2019. The agency does not request capital improvement expenditures for FY 2019. The revised estimate is an all funds increase of \$70,706, or 0.3 percent, and a State General Fund increase of \$372,703, or 3.7 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency's two requests for supplemental funding and an increase in expenditures on household supplies, food for patients, medical treatment for patients, and employer contributions for state employee health insurance, partially offset by a decrease in workers compensation expenditures and an adjustment to salary shrinkage. The State General Fund increase is attributable to the agency's request for supplemental funding primarily to replace decreased federal revenues. The revised estimate includes 437.7 FTE positions, which is the same as the number approved by the 2017 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$21.1 million, including \$8.9 million from the State General Fund, for salaries and wages for FY 2019. This is an all

funds decrease of \$346,820, or 1.6 percent, and a State General Fund increase of \$769,660, or 9.5 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures and an adjustment to salary shrinkage, partially offset by an increase in employer contributions for state employee health insurance and the agency's request for supplemental funding for a pay increase for certain employees;

- **Contractual Services.** The agency requests \$2.3 million, including \$952,072 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$106,553, or 4.9 percent, and a State General Fund increase of \$31,920, or 3.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for medical treatment for patients, utilities, and computer services;
- **Commodities.** The agency requests \$1.9 million, including \$276,272 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$210,641, or 12.3 percent, and a State General Fund decrease of \$530,209, or 65.7 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in household supplies for patients and expenditures on food for patients;
- **Capital Outlay.** The agency requests \$287,832, all from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$100,332, or 53.5 percent, and a State General Fund increase of \$101,332, or 54.3 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an increase in equipment for patient treatment and household furniture and fixtures for patients; and
- **Debt Service.** The agency does not request debt service interest expenditures for FY 2019, as the final bond payment for the agency's participation in the State's Facility Conservation Improvement Program occurred in FY 2018.

The **Governor** recommends \$25.6 million, including \$10.0 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. For operating expenditures, the Governor recommends \$25.5 million, including \$10.0 million from the State General Fund. For operating expenditures, this is an all funds increase of \$1,891, or less than 0.1 percent, and a State General Fund decrease of \$372,703, or 3.6 percent, from the agency's revised estimate. The all funds increase is attributable to an increase in debt interest expenditures from the State Institutions Building Fund, to more closely match the agency's debt service schedule for bond interest payments. The State General Fund decrease is attributable to the Governor not recommending some of the agency's supplemental requests and partially recommending other supplementals from adjusted funding sources for FY 2019.

The Governor recommends capital improvement expenditures totaling \$86,131, all from the State Institutions Building Fund, for FY 2019. The agency did not budget capital improvement expenditures, but the Governor recommends \$86,131, all from the State Institutions Building Fund, to more closely match the agency's debt service schedule for bond principal payments for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement	\$ 330,000	\$ 330,000	0.0	\$ 0	\$ 330,000	0.0
Salary Increase	42,703	42,703	0.0	0	42,703	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
Debt Service Adjustment	0	0	0.0	0	88,022	0.0
TOTAL	\$ 372,703	\$ 372,703	0.0	\$ 0	\$ 460,725	0.0

The **agency** submits three supplemental requests totaling \$372,703, all from the State General Fund, for FY 2019.

Funding to Offset Projected Revenue Shortfall. The agency requests \$330,000, all from the State General Fund, for FY 2019 to offset lower fee fund and federal Title XIX revenues. The agency projects a decrease in the daily bed reimbursement rate and decrease in the federal share of expenditures for federal FY 2019.

Salary Increase. The agency requests \$42,703, all from the State General Fund, for FY 2019 to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018.

Conversion of Limited Fee Fund to No Limit. The agency requests the Kansas Neurological Institute Fee Fund be converted from a limited fund to a no limit fund. The agency states a no limit fund would allow KNI more flexibility in cash flow throughout the year.

The **Governor** recommends supplementals totaling \$460,725, all from special revenue funds, for FY 2019. The Governor does not recommend the agency's request for revenue replacement from the State General Fund. The Governor estimates higher fee fund and federal fund revenue than the agency and recommends the agency expend funding for operations from these sources. The Governor recommends the agency's supplemental request to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018, but recommends this be funded from the agency fee funds. The Governor does not recommend converting the Kansas Neurological Institute Fee Fund to a no limit fund for FY 2019. Also, the Governor recommends the addition of \$88,022, all from the State Institutions Building Fund, for debt service expenditures to more accurately match the agency's debt service payment schedule.

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 \$148,222, including \$61,123 from the State General Fund, and FY 2019 longevity payments total \$156,236, including \$65,723 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

Federal Title XIX funding comprises approximately one-third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid-certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish per diem rates they charge to Medicaid for each day a person covered by Medicaid lives in the facility. Kansas Neurological Institute is a developmental disabilities hospital.

The state mental health (MH) hospitals establish *per diem* rates in much the same way as the state developmentally disabled (DD) hospitals, but are classified as institutions for mental disease (IMDs). The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital (DSH) program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of DSH funding available to the hospitals has decreased, which decreases receipts into the central fund.

KNI is primarily funded through three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. Revenues are based on average resident census and projected changes in social security, parent pay, and earnings. The third source is federal Title XIX funding, which is earned by the developmental disability institutions through Medicaid reimbursements for services provided based on a daily room rate. The federal Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the four state hospitals in amounts equal to its approved appropriations.

Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	40.8 %	39.3 %
KNI Fee Fund	6.8	7.0
Title XIX Fund	50.5	51.8
All Other Funds	1.9	1.9
TOTAL	100.0 %	100.0 %

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

Kansas Neurological Institute Fee Fund Analysis

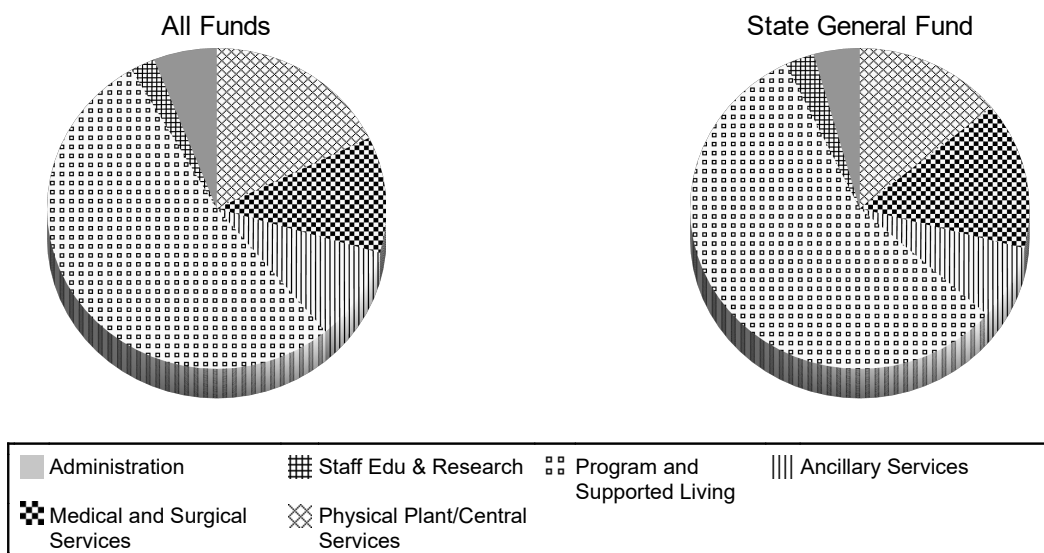
KSA 76-17c01a provides the superintendent of the Kansas Neurological Institute shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Kansas Neurological Institute Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 985,303	\$ 1,033,867	\$ 1,033,867	\$ 594,587	\$ 431,635
Revenue	1,344,814	1,300,559	1,300,559	1,352,187	1,352,187
Transfers in	0	0	0	0	0
<i>Funds Available</i>	<u>\$ 2,330,117</u>	<u>\$ 2,334,426</u>	<u>\$ 2,334,426</u>	<u>\$ 1,946,774</u>	<u>\$ 1,783,822</u>
Less:					
Expenditures	1,296,250	1,739,839	1,902,791	1,741,119	1,783,822
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 1,033,867</u>	<u>\$ 594,587</u>	<u>\$ 431,635</u>	<u>\$ 205,655</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	79.8%	34.2%	22.7%	11.8%	0.0%
Month Highest Ending Balance	February <u>\$ 1,311,814</u>	February <u>\$ 1,376,471</u>	February <u>\$ 1,213,509</u>	February <u>\$ 791,622</u>	February <u>\$ 585,967</u>
Month Lowest Ending Balance	March \$ 935,815	June \$ 594,587	June \$ 431,635	June \$ 205,655	June \$ 0

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 1,541,016	6.0 %	\$ 441,378	4.4 %
Staff Education and Research	596,829	2.3	280,058	2.8
Program and Supported Living	13,469,928	52.7	5,655,205	56.3
Ancillary Services	2,414,422	9.5	755,253	7.5
Medical and Surgical Services	2,994,783	11.7	1,488,634	14.8
Physical Plant/Central Services	4,531,141	17.7	1,420,704	14.1
TOTAL	\$ 25,548,119	100.0 %	\$ 10,041,232	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	16.0	16.0	16.0	16.0	16.0
Staff Edu & Research	9.0	8.0	8.0	8.0	8.0
Program & Supp Living	294.0	297.0	297.0	297.0	297.0
Ancillary Services	23.7	23.7	23.7	23.7	23.7
Med & Surgical Services	40.0	40.0	40.0	40.0	40.0
Phys Plant/Ctrl Services	53.0	53.0	53.0	53.0	53.0
TOTAL	435.7	437.7	437.7	437.7	437.7

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 General Administration program provides overall management activities such as budgeting, planning, and staffing designed to ensure residents' basic needs are met and proper care and treatment are received. This program ensures the effective and efficient provision of supports and services for people with developmental disabilities who live at the Kansas Neurological Institute and ensures KNI meets the requirements of rules, regulations, policies, and standards of relevant state and federal agencies. This program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 810,648	\$ 936,689	\$ 936,689	\$ 938,370	\$ 938,370
Contractual Services	496,999	562,296	531,096	562,296	562,296
Commodities	51,147	30,350	30,350	30,350	30,350
Capital Outlay	20,627	10,000	10,000	10,000	10,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,379,421</i>	<i>\$ 1,539,335</i>	<i>\$ 1,508,135</i>	<i>\$ 1,541,016</i>	<i>\$ 1,541,016</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	23,006	0	0	0	0
TOTAL	\$ 1,402,427	\$ 1,539,335	\$ 1,508,135	\$ 1,541,016	\$ 1,541,016
Financing:					
State General Fund	\$ 919,953	\$ 533,324	\$ 433,324	\$ 441,378	\$ 441,378
All Other Funds	482,474	1,006,011	1,074,811	1,099,638	1,099,638
TOTAL	\$ 1,402,427	\$ 1,539,335	\$ 1,508,135	\$ 1,541,016	\$ 1,541,016
FTE Positions	16.0	16.0	16.0	16.0	16.0

The **agency** requests a revised estimate of \$1.5 million, including \$441,378 from the State General Fund, for the Administration program for FY 2019. This is an all funds increase of \$51,146, or 3.4 percent, and a State General Fund decrease of \$432,175, or 49.5 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in contractual services and commodities, partially offset by a decrease in salaries expenditures. The program includes 16.0 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 requests \$938,370, including \$400,878 from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$35,721, or 3.7 percent, and a State General Fund increase of \$43,104, or 12.0 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures;
- **Contractual Services.** The agency requests \$562,296, including \$150 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$72,317, or 14.8 percent, and a State General Fund decrease of

\$489,829, or more than 99.9 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in computer services expenditures and the State General Fund decrease is an expenditure shift to special revenue funds;

- **Commodities.** The agency requests \$30,350, all from the State General Fund, for commodities for FY 2019. This is an increase of \$11,550, or 61.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for data processing supplies and office supplies; and
- **Capital Outlay.** The agency requests \$10,000, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$3,000, or 42.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in computer equipment expenditures.

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

B. Staff Education and Research

The Staff Education and Research program provides, facilitates, and coordinates all training for current and new employees, as well as specialized training for staff working in community developmental disability facilities to ensure they develop and maintain the skills necessary to provide high quality person-centered services. In addition, field placements for college students seeking developmental disability experience and training of participants are provided by this program.

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 409,931	\$ 552,183	\$ 552,183	\$ 553,029	\$ 553,029
Contractual Services	42,594	43,000	43,000	43,000	43,000
Commodities	670	800	800	800	800
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 453,195</i>	<i>\$ 595,983</i>	<i>\$ 595,983</i>	<i>\$ 596,829</i>	<i>\$ 596,829</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 453,195	\$ 595,983	\$ 595,983	\$ 596,829	\$ 596,829
Financing:					
State General Fund	\$ 156,585	\$ 275,371	\$ 275,371	\$ 280,058	\$ 280,058
All Other Funds	296,610	320,612	320,612	316,771	316,771
TOTAL	\$ 453,195	\$ 595,983	\$ 595,983	\$ 596,829	\$ 596,829
FTE Positions	9.0	8.0	8.0	8.0	8.0

The **agency** requests a revised estimate of \$596,829, including \$280,058 from the State General Fund, for the Staff Education and Research program for FY 2019. This is an all funds increase of \$124,196, or 26.3 percent, and a State General Fund increase of \$79,023, or 39.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures. The program includes 8.0 FTE positions, which is a decrease of 1.0 FTE position below the number approved by the 2017 Legislature. The FTE decrease is attributable to the agency shifting positions between programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$553,029, including \$236,258 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$123,766, or 28.8 percent, and a State General Fund increase of \$78,593, or 49.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular and temporary salary expenditures;
- **Contractual Services.** The agency requests \$43,000, all from the State General Fund, for contractual services for FY 2019. This is an increase of \$380, or 0.9 percent, above the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$800, all from the State General Fund, for commodities for FY 2019. This is an increase of \$50, or 6.7 percent, above the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The agency did not request capital outlay expenditures for this program for FY 2019.

The **Governor** concurs with the agency's revised estimate for the Staff Education and Research program for FY 2019.

C. Program and Supported Living

The goal of the Kansas Neurological Institute is to support each resident so each person has a meaningful life. This is accomplished by providing opportunities for choice, promoting personal relationships, and encouraging community involvement for Kansas Neurological Institute residents. The Personalized Lifestyle Designs maps the appropriate services, supports, and training, given the person's needs and wants. Living units provide a more home-like environment and each resident can experience normal responsibilities such as cooking meals and doing laundry. According to the agency, this model of responsibility, choice, and independence provides a better match to the community placement where each person will move when that individual has completed residential treatment. The Program and Supported Living program includes the Habilitation and Treatment and the Program and Supported Living sub-programs.

PROGRAM AND SUPPORTED LIVING SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 13,056,166	\$ 12,946,603	\$ 12,946,603	\$ 13,079,730	\$ 13,079,730
Contractual Services	14,774	16,497	16,497	16,499	16,499
Commodities	320,333	333,700	333,700	333,699	333,699
Capital Outlay	41,633	40,000	40,000	40,000	40,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$13,432,906</i>	<i>\$ 13,336,800</i>	<i>\$ 13,336,800</i>	<i>\$ 13,469,928</i>	<i>\$ 13,469,928</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	226	0	0	0	0
TOTAL	<u>\$13,433,132</u>	<u>\$ 13,336,800</u>	<u>\$ 13,336,800</u>	<u>\$ 13,469,928</u>	<u>\$ 13,469,928</u>
Financing:					
State General Fund	\$ 3,785,774	\$ 5,785,976	\$ 5,785,976	\$ 5,697,908	\$ 5,655,205
All Other Funds	9,647,358	7,550,824	7,550,824	7,772,020	7,814,723
TOTAL	<u>\$13,433,132</u>	<u>\$ 13,336,800</u>	<u>\$ 13,336,800</u>	<u>\$ 13,469,928</u>	<u>\$ 13,469,928</u>
FTE Positions	294.0	297.0	297.0	297.0	297.0

The **agency** requests a revised estimate of \$13.5 million, including \$5.7 million from the State General Fund, for the Program and Supported Living program for FY 2019. This is an all funds increase of \$203,291, or 1.5 percent, and a State General Fund increase of \$596,678, or 11.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary and capital outlay expenditures. The program includes 297.0 FTE positions, which is an increase of 1.0 FTE position above the number approved by the 2017 Legislature. The FTE increase is attributable to the agency shifting a position from another program for FY 2019. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$13.1 million, including \$5.6 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$179,868, or 1.4 percent, and a State General Fund increase of \$906,954, or 19.2 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in salary expenditures due to the agency reallocating one position to the program and an increase in employer contributions for state employee health insurance, partially offset by a decrease in workers compensation expenditures. The State General Fund decrease is an expenditure shift to special revenue funds;
- **Contractual Services.** The agency requests \$16,499, all from the State General Fund, for contractual services for FY 2019. This is an increase of \$1,949, or 13.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for staff to accompany patients on leisure activities;
- **Commodities.** The agency requests \$333,699, all from special revenue funds, for commodities for FY 2019. This is an all funds increase of \$1,474, or 0.4 percent, and a State General Fund decrease of \$332,255, or 100.0 percent, from

the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in recreational supplies for patient activities and the State General Fund decrease is an expenditure shift to special revenue funds; and

- **Capital Outlay.** The agency requests \$40,000, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$20,000, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for recreation supplies and materials for patients.

The **Governor** recommends \$13.5 million, including \$5.7 million from the State General Fund, for the Program and Supported Living program for FY 2019. This is the same all funds amount as the agency's revised estimate. The State General Fund amount is a decrease of \$42,703, or 0.7 percent, below the agency's revised estimate. The State General Fund decrease is attributable to the Governor recommending the agency's supplemental request for a salary increase to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018 be funded from the agency's fee funds.

D. Ancillary Services

The Ancillary Services program is composed of three sub-programs: Activity Therapies, Supported Employment Services, and Allied Clinical Services. The sub-programs operate in conjunction with the self-directed work teams where the teams participate in the resident evaluation process and, with other team members, in planning the personalized lifestyle design. Activity Therapies provides an expanded array of individualized social, leisure, and spiritual opportunities for those living at the Kansas Neurological Institute, including activities with their foster grandparents. The Supported Employment sub-program provides support for the people who live at the Kansas Neurological Institute in all aspects of finding, securing, and retaining individualized and meaningful employment either in the community or in one of the entrepreneurial businesses operated at KNI. Allied Clinical Services provides the specialized services required by medical and program needs identified for all residents such as radiology, dental, psychological, speech and hearing, and chaplaincy services.

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,456,668	\$ 1,550,948	\$ 1,550,948	\$ 1,550,211	\$ 1,550,211
Contractual Services	337,362	402,092	402,092	402,297	402,297
Commodities	376,504	382,379	382,379	381,914	381,914
Capital Outlay	109,551	80,000	0	80,000	80,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,280,085	\$ 2,415,419	\$ 2,335,419	\$ 2,414,422	\$ 2,414,422
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,280,085	\$ 2,415,419	\$ 2,335,419	\$ 2,414,422	\$ 2,414,422
Financing:					
State General Fund	\$ 996,391	\$ 743,882	\$ 743,882	\$ 755,253	\$ 755,253
All Other Funds	1,283,694	1,671,537	1,671,537	1,659,169	1,659,169
TOTAL	\$ 2,280,085	\$ 2,415,419	\$ 2,415,419	\$ 2,414,422	\$ 2,414,422
FTE Positions	23.7	23.7	23.7	23.7	23.7

The **agency** requests a revised estimate of \$2.4 million, including \$755,253 from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds increase of \$7,295, or 0.3 percent, and a State General Fund decrease of \$205,106, or 21.4 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in patient care services and supplies for patient treatment, partially offset by a decrease in salary expenditures and the State General Fund decrease is an expenditure shift to special revenue funds. The program includes 23.7 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 requests \$1.6 million, including \$591,753 from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$31,517, or 2.0 percent, and a State General Fund increase of \$73,964, or 14.3 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures, partially offset by an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$402,297, including \$83,500 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$42,278, or 11.7 percent, and a State General Fund increase of \$31,450, or 60.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in patient care expenditures and in-state travel expenditures;
- **Commodities.** The agency requests \$381,914, all from special revenue funds, for commodities for FY 2019. This is an all funds increase of \$31,534, or 9.0 percent, and a State General Fund decrease of \$276,520, or 100.0 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in supplies for patient treatment; and

- **Capital Outlay.** The agency requests \$80,000, all from the State General Fund, for capital outlay for FY 2019. This is an all funds decrease of \$35,000, or 30.4 percent, and a State General Fund decrease of \$34,000, or 29.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in equipment for patients.

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

E. Medical and Surgical Services

The Medical and Surgical Services program provides healthcare for all clients with various types of acute and chronic conditions. It provides intermediate health care 24 hours a day, 7 days a week. When it is not feasible to serve patients at the facility, KNI provides services through contracts with other medical providers or specialists in the community. Therapeutic modifications of diets and other clinical services are provided by a staff dietitian. The major portion of the cost is covered by Medicaid, Medicare, or other insurance.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,629,060	\$ 2,626,292	\$ 2,626,292	\$ 2,629,483	\$ 2,629,483
Contractual Services	141,815	130,800	130,800	130,800	130,800
Commodities	190,950	189,500	189,500	189,500	189,500
Capital Outlay	66,205	45,000	45,000	45,000	45,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,028,030</i>	<i>\$ 2,991,592</i>	<i>\$ 2,991,592</i>	<i>\$ 2,994,783</i>	<i>\$ 2,994,783</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,028,030</u>	<u>\$ 2,991,592</u>	<u>\$ 2,991,592</u>	<u>\$ 2,994,783</u>	<u>\$ 2,994,783</u>
Financing:					
State General Fund	\$ 957,490	\$ 1,466,700	\$ 1,466,700	\$ 1,488,634	\$ 1,488,634
All Other Funds	2,070,540	1,524,892	1,524,892	1,506,149	1,506,149
TOTAL	<u>\$ 3,028,030</u>	<u>\$ 2,991,592</u>	<u>\$ 2,991,592</u>	<u>\$ 2,994,783</u>	<u>\$ 2,994,783</u>
FTE Positions	40.0	40.0	40.0	40.0	40.0

The **agency** requests a revised estimate of \$3.0 million, including \$1.5 million from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds increase of \$30,924, or 1.0 percent, and a State General Fund increase of \$226,986, or 18.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in medical services and equipment for patients, partially offset by a decrease in salary expenditures and the State General Fund increase is an expenditure shift from special revenue funds. The program includes 40.0 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 requests \$2.6 million, including \$1.1 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$60,878, or 2.3 percent, and a State General Fund increase of \$135,184, or 13.7 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in workers compensation expenditures, partially offset by an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$130,800, all from the State General Fund, for contractual services for FY 2019. This is an increase of \$20,352, or 18.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in medical services expenditures;
- **Commodities.** The agency requests \$189,500, all from the State General Fund, for commodities for FY 2019. This is an increase of \$36,450, or 23.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to increased expenditures for medical supplies to patients; and
- **Capital Outlay.** The agency requests \$45,000, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$35,000, or 350.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in medical equipment for patients.

The **Governor** concurs with the agency's revised estimate for the Medical and Surgical Services program for FY 2019.

F. Physical Plant/Central Services

The Physical Plant and Central Services program operates the central heating and cooling plant; maintains the buildings, grounds, and equipment; provides dietary, safety, security, and purchasing services; and receives goods and supplies. The program is composed of three sub-programs: Engineering, Supply Services, and Security and Protection. Engineering and Protection manages the operation of the heating and cooling systems, power plant, water distribution systems, sewage disposal, emergency electrical service, maintenance of 183 acres, parking lots, and roadways as well as performing maintenance on 12 buildings and all types of equipment. Supply Services is responsible for procurement, storage, and issue of all commodities and equipment and for activities including purchasing, warehousing, delivery, clothing fitting, alterations, and clothing repairs. Laundry services are provided through a contract with the Department of Corrections.

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,287,700	\$ 2,288,932	\$ 2,288,932	\$ 2,299,408	\$ 2,299,408
Contractual Services	1,237,927	1,135,500	1,135,500	1,135,500	1,135,500
Commodities	966,758	981,494	981,494	981,510	981,510
Capital Outlay	453,757	112,832	112,832	112,832	112,832
Debt Service	13,993	6,121	9,292	0	1,891
<i>Subtotal - Operations</i>	<i>\$ 4,960,135</i>	<i>\$ 4,524,879</i>	<i>\$ 4,528,050</i>	<i>\$ 4,529,250</i>	<i>\$ 4,531,141</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 4,960,135</u>	<u>\$ 4,524,879</u>	<u>\$ 4,528,050</u>	<u>\$ 4,529,250</u>	<u>\$ 4,531,141</u>
Financing:					
State General Fund	\$ 3,289,634	\$ 2,015,383	\$ 1,285,383	\$ 1,750,704	\$ 1,420,704
All Other Funds	1,670,501	2,509,496	3,242,667	2,778,546	3,110,437
TOTAL	<u>\$ 4,960,135</u>	<u>\$ 4,524,879</u>	<u>\$ 4,528,050</u>	<u>\$ 4,529,250</u>	<u>\$ 4,531,141</u>
FTE Positions	53.0	53.0	53.0	53.0	53.0

The **agency** requests a revised estimate of \$4.5 million, including \$1.8 million from the State General Fund, for the Physical Plant and Central Services program for FY 2019. This is an all funds increase of \$184,687, or 4.3 percent, and a State General Fund increase of \$638,130, or 57.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in household supplies and food for patients, partially offset by a decrease in expenditures for laundry services for patients. The State General Fund increase is an expenditure shift from special revenue funds. The program includes 53.0 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 requests \$2.3 million, including \$904,127 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$8,495, or 0.4 percent, and a State General Fund increase of \$62,694, or 7.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures for unclassified employees, employer contributions for state employee health insurance, and employer KPERS contributions, partially offset by a decrease in workers compensation expenditures and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$1.1 million, including \$678,123 from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$30,723, or 2.6 percent, and a State General Fund increase of \$467,618, or 222.1 percent, above the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in laundry services for patients, partially offset by an increase in utilities expenditures;
- **Commodities.** The agency requests \$981,510, including \$55,622 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$129,583, or 15.2 percent, and a State General Fund increase of \$30,486, or

121.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in household supplies and food for patients, partially offset by a decrease in building repair supplies; and

- **Capital Outlay.** The agency requests \$112,832, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$77,332, or 217.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in household furniture and equipment for patients.

The **Governor** recommends \$4.5 million, including \$1.4 million from the State General Fund, for the Physical Plant and Central Services program for FY 2019. This is an all funds increase of \$1,891, or less than 0.1 percent, and a State General Fund decrease of \$330,000, or 18.8 percent, from the agency's revised estimate for FY 2019. The all funds increase is attributable to an increase in debt service interest payments to more closely match the agency's debt service schedule, which shows the final debt service payment will occur in FY 2019. The State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request for revenue replacement from the State General Fund. The Governor recommends expenditures for \$330,000 from the agency federal Title XIX Fund.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Bond Principal	\$ 185,248	\$ 166,750	\$ 0	\$ 86,131
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	185,248	166,750	0	86,131
TOTAL	\$ 185,248	\$ 166,750	\$ 0	\$ 86,131

FY 2018 – Current Year. The **agency** requests a revised estimate of \$185,248, all from the State Institutions Building Fund, for capital improvements in FY 2018. The is the same amount approved by the 2017 Legislature. Although most capital improvements for KNI are submitted in the KDADS budget revised estimate, these capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program. The conservation project was accomplished through a comprehensive energy service performance audit and subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements, and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

The **Governor** recommends \$166,750, all from the State Institutions Building Fund, for debt service principal payments in FY 2018. This is a decrease of \$18,498, or 10.0 percent, below the agency's revised estimate. The decrease is attributable to the Governor recommending capital improvement expenditures to more closely match the agency's debt service schedule in FY 2018.

FY 2019 – Budget Year. The **agency** does not request capital improvement expenditures for FY 2019. The agency states FY 2018 contains the final payment for participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends \$86,131, all from the State Institutions Building Fund, for debt service principal payments for FY 2019. According to the amortization schedule for debt service, the agency's final debt service payment will be in FY 2019.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of people living at KNI participating in supported employment	109	106	109	109
Percent of patients whose guardians agree the patient is treated with respect and dignity at KNI	100.0%	99.0%	100.0%	100.0%
Percent of patients whose guardians agree that KNI provides a comprehensive array of services that meets the patient's overall needs and expectations	98.0%	98.0%	100.0%	100.0%

PARSONS STATE HOSPITAL AND TRAINING CENTER

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 12,415,691	\$ 14,745,380	\$ 12,288,728	\$ 14,947,330	\$ 12,352,049
Other Funds	14,371,580	13,918,813	14,840,035	13,984,255	14,562,013
<i>Subtotal</i>	<i>\$ 26,787,271</i>	<i>\$ 28,664,193</i>	<i>\$ 27,128,763</i>	<i>\$ 28,931,585</i>	<i>\$ 26,914,062</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	164,384	171,260	171,260	178,424	178,424
<i>Subtotal</i>	<i>\$ 164,384</i>	<i>\$ 171,260</i>	<i>\$ 171,260</i>	<i>\$ 178,424</i>	<i>\$ 178,424</i>
TOTAL	<u>\$ 26,951,655</u>	<u>\$ 28,835,453</u>	<u>\$ 27,300,023</u>	<u>\$ 29,110,009</u>	<u>\$ 27,092,486</u>

Percentage Change:

Operating Expenditures

State General Fund	8.4 %	18.8 %	(1.0) %	1.4 %	0.5 %
All Funds	2.5	7.0	1.3	0.9	(0.8)

FTE Positions	477.2	477.2	477.2	477.2	477.2

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

Parsons State Hospital and Training Center is one of two residential treatment, training, and care facilities operated by the State of Kansas to serve individuals with intellectual and developmental disabilities whose circumstances require specialized residential service provisions. The Parsons State Hospital was opened in 1903 to treat the epileptic. In 1953, the program was changed to provide residential services for mentally retarded children and the name was changed to the Parsons State Training School and then changed a few years later to the Parsons State Hospital and Training Center (PSH&TC) to more accurately describe the treatment programs. The Center's mission is to serve the habilitation, rehabilitation, and residential care needs of each person referred or admitted in ways that fulfill standards of quality and effectiveness and thus enable each person to acquire greater control and additional options for meeting their needs. An individualized treatment plan focusing on clients' needs, wants, and interests is developed for each client in the institution in order to enhance their quality of life. In addition, Parsons State Hospital and Training Center serves as the statewide resource center for persons with a dual diagnosis of developmental disability and psychiatric impairment in order to provide more appropriate treatment services for these individuals. The facility has a budgeted bed capacity of 188 patients.

MAJOR ISSUES FROM PRIOR YEARS

In **FY 2008**, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation. If the lawsuit had been successful, the expectation was that the five state hospitals might receive \$2.4 million of the \$13.6 million that was in dispute, which is crucial to maintaining a balance in the federal Title XIX account.

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, Beloit Juvenile Correctional Facility, state developmental disability hospitals, and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended the Department of Social and Rehabilitation Services review the residents at the Kansas Neurological Institute (KNI) who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that the Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his executive reorganization order (ERO) to carry out the recommendations concerning the closure of the Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center, the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for the Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged the Department of Social and Rehabilitation Services to consolidate resources on the Kansas Neurological Institute and Parsons State Hospital and Training Center campuses and identify individuals who could be better served in the community. As a result, Parsons State Hospital and Training Center consolidated a cottage at the end of December 2009. The residents were moved into other cottages and 19.0 temporary staff were released.

The **2011** Senate Ways and Means Committee directed the Department of Social and Rehabilitation Services (SRS) to reject closure and downsizing plans for the Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of the Department that would investigate and identify: 1) management and service efficiencies that could be implemented for KNI and PSH&TC, which would create cost savings at the facilities while maintaining current operations and care, and 2) additional programs and resources the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for Individuals with Developmental Disabilities Waiver expenditures. The Committee directed the Department to fund the independent audit and report the audit finding to the Senate Ways and Means chair on September 1, 2011. The Legislative Division of Post Audit report was presented in December 2011.

The **2015 Legislature** added \$500,000, all from the Title XIX Fund, in FY 2015 for increased operating expenditures by Parsons State Hospital in assisting Osawatomie State Hospital with its plan of correction following the surveys by the federal Centers for Medicare and Medicaid Services (CMS) in Fall 2014.

The **2016 Legislature** added \$973,000 in FY 2016 and \$1.0 million for FY 2017, all from the State General Fund, from moneys transferred from Larned State Hospital and added 10.0 FTE positions in both years to expand the Sexual Predator Treatment Program Transition Unit at Parsons State Hospital and Training Program. The Legislature also deleted \$117,068, all from the State General Fund, and transferred the same amount to the Kansas Department for Aging and Disability Services in FY 2016 and FY 2017 to reallocate a portion of the funding for a Forensic Psychologist position between the agencies.

The **2017 Legislature** added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except select groups); 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 PSH&TC, the Legislature added \$597,198, all from the State General Fund, in both FY 2018 and FY 2019.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Parsons State Hospital and Training Center.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
TOTAL	188	188	188	188	188

AVERAGE DAILY CENSUS

Average Daily Census represents the daily average number of patients in a hospital over a fiscal year.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
TOTAL	170	163	159	163	163

ADMISSIONS

The chart below shows admissions to Parsons State Hospital and Training Center.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
First admissions	9	8	15	15	12
Re-admissions and/or transfers from other KDADS institutions	0	3	2	2	1
TOTAL	9	11	17	17	13

END OF THE YEAR CENSUS

The chart below shows the census at the end of each fiscal year at Parsons State Hospital and Training Center.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
TOTAL	169	164	159	164	164

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$28.8 million, including \$14.7 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised estimate for operating expenditures totals \$28.7 million, including \$14.7 million from the State General Fund, in FY 2018. For operating expenditures, the revised estimate is an all funds increase of \$1.9 million, or 7.1 percent, and a State General Fund increase of \$2.5 million, or 20.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's requests for supplemental funding totaling \$2.5 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The revised estimate includes 477.2 FTE positions, which is the same number approved by the 2017 Legislature.

The agency's revised estimate for capital improvements totals \$171,260, all from the State Institutions Building Fund, in FY 2018. This is the same amount approved by the 2017 Legislature. Capital improvement funding will be used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends \$27.3 million, including \$12.3 million from the State General Fund, for operating expenditures and capital improvement expenditures in FY 2018. Of this amount, the Governor recommends operating expenditures totaling \$27.1 million, including \$12.3 million from the State General Fund. For operating expenditures, this is an all funds decrease of \$1.5 million, or 5.4 percent, and a State General Fund decrease of \$2.5 million, or 16.7 percent, below the agency's revised estimate in FY 2018. The decrease is primarily attributable to the Governor not recommending the agency's supplemental request to provide funding for 30.0 positions and partially recommending other agency's supplementals using adjusted funding sources.

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 of \$29.1 million, including \$14.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the agency's revised estimate for operating expenditures totals \$28.9 million, including \$14.9 million from the State General Fund, for FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$2.1 million, or 7.8 percent, and a State General Fund increase of \$2.6 million, or 21.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's

requests for FY 2019 supplemental funding totaling \$2.6 million, all from the State General Fund. The all funds increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The revised estimate includes 477.2 FTE positions, which is the same number approved by the 2017 Legislature.

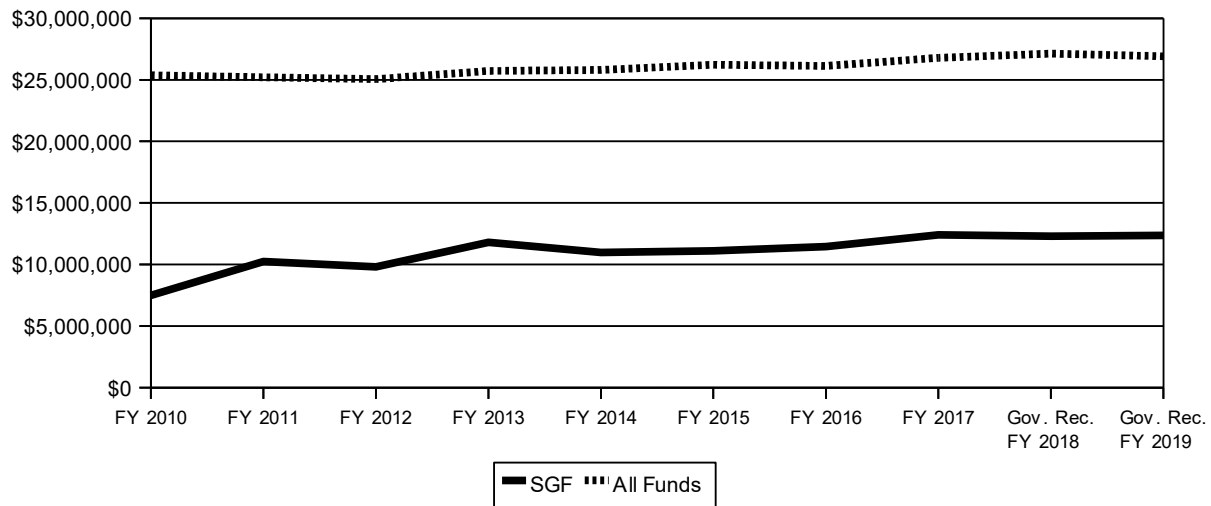
The agency's revised estimate for capital improvements totals \$178,424, all from the State Institutions Building Fund, for FY 2019. This is the same amount approved by the 2017 Legislature. Capital improvement funding will be used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends \$27.1 million, including \$12.4 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures totaling \$26.9 million, including \$12.4 million from the State General Fund. For operating expenditures, the Governor's recommendation is an all funds decrease of \$2.0 million, or 7.0 percent, and a State General Fund decrease of \$2.6 million, or 17.4 percent, below the agency's revised estimate. The decrease is primarily attributable to the Governor not recommending the agency's supplemental request to provide funding for 42.0 positions and partially recommending other agency's supplementals using adjusted funding sources.

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	\$ 7,488,369	(25.0)%	\$ 25,373,480	4.3 %	497.2
2011	10,229,912	36.6	25,208,625	(0.6)	495.2
2012	9,805,405	(4.1)	25,059,402	(0.6)	455.2
2013	11,800,503	20.3	25,719,965	2.6	466.2
2014	10,980,787	(6.9)	25,799,495	0.3	467.2
2015	11,103,666	1.1	26,224,199	1.6	467.2
2016	11,450,147	3.1	26,126,796	(0.4)	477.2
2017	12,415,691	8.4	26,787,271	2.5	477.2
2018 Gov. Rec.	12,288,728	(1.0)	27,128,763	1.3	477.2
2019 Gov. Rec.	12,352,049	0.5	26,914,062	(0.8)	477.2
Ten-Year Change Dollars/Percent	\$ 4,863,680	64.9 %	\$ 1,540,582	6.1 %	(20.0)

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 1,188,404	\$ 1,328,305	\$ 1,367,446	\$ 39,141	2.9 %	\$ 1,328,305	\$ 1,367,446	\$ 39,141	2.9 %
Staff Education and Research	323,186	334,591	343,459	8,868	2.7	334,591	343,459	8,868	2.7
SPTP Transition	1,949,103	2,006,920	2,009,031	2,111	0.1	2,006,920	2,009,031	2,111	0.1
Habilitation and Treatment	14,008,991	15,764,171	15,866,944	102,773	0.7	14,364,171	13,866,944	(497,227)	(3.5)
Ancillary Services	2,260,135	2,427,479	2,315,611	(111,868)	(4.6)	2,292,049	2,298,088	6,039	0.3
Medical and Surgical Services	2,387,006	2,256,468	2,324,494	68,026	3.0	2,256,468	2,324,494	68,026	3.0
Physical Plant/Central Services	4,670,446	4,546,259	4,704,600	158,341	3.5	4,546,259	4,704,600	158,341	3.5
TOTAL	\$ 26,787,271	\$ 28,664,193	\$ 28,931,585	\$ 267,392	0.9 %	\$ 27,128,763	\$ 26,914,062	\$ (214,701)	(0.8)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 23,505,228	\$ 24,998,958	\$ 25,532,272	\$ 533,314	2.1 %	\$ 23,598,958	\$ 23,532,272	\$ (66,686)	(0.3)%
Contractual Services	1,974,318	2,169,494	2,071,022	(98,472)	(4.5)	2,169,494	2,071,022	(98,472)	(4.5)
Commodities	1,194,894	1,202,435	1,214,649	12,214	1.0	1,202,435	1,214,649	12,214	1.0
Capital Outlay	76,878	276,775	104,275	(172,500)	(62.3)	141,345	86,752	(54,593)	(38.6)
Debt Service	23,407	16,531	9,367	(7,164)	(43.3)	16,531	9,367	(7,164)	(43.3)
<i>Subtotal-Operations</i>	<i>\$ 26,774,725</i>	<i>\$ 28,664,193</i>	<i>\$ 28,931,585</i>	<i>\$ 267,392</i>	<i>0.9 %</i>	<i>\$ 27,128,763</i>	<i>\$ 26,914,062</i>	<i>\$ (214,701)</i>	<i>(0.8)%</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	12,546	0	0	0	--	0	0	0	--
TOTAL	\$ 26,787,271	\$ 28,664,193	\$ 28,931,585	\$ 267,392	0.9 %	\$ 27,128,763	\$ 26,914,062	\$ (214,701)	(0.8)%
Financing:									
State General Fund	\$ 12,415,691	\$ 14,745,380	\$ 14,947,330	\$ 201,950	1.4 %	\$ 12,288,728	\$ 12,352,049	\$ 63,321	0.5 %
PSH&TC Fee Fund	1,242,718	834,082	843,250	9,168	1.1	1,155,304	1,110,727	(44,577)	(3.9)
Title XIX Fund	13,104,984	13,068,200	13,131,638	63,438	0.5	13,668,200	13,441,919	(226,281)	(1.7)
All Other Funds	23,878	16,531	9,367	(7,164)	(43.3)	16,531	9,367	(7,164)	(43.3)
TOTAL	\$ 26,787,271	\$ 28,664,193	\$ 28,931,585	\$ 267,392	0.9 %	\$ 27,128,763	\$ 26,914,062	\$ (214,701)	(0.8)%

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$12,288,728 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 12,288,728	\$ 14,745,380	\$ 2,456,652	\$ 12,288,728	\$ 0
All Other Funds	14,654,206	14,090,073	(564,133)	15,011,295	357,089
TOTAL	\$ 26,942,934	\$ 28,835,453	\$ 1,892,519	\$ 27,300,023	\$ 357,089
FTE Positions	477.2	477.2	0.0	477.2	0.0

The **agency** requests a revised estimate of \$28.8 million, including \$14.7 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised estimate for operating expenditures totals \$28.7 million, including \$14.7 million from the State General Fund, in FY 2018. For operating expenditures, the revised estimate is an all funds increase of \$1.9 million, or 7.1 percent, and a State General Fund increase of \$2.5 million, or 20.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's requests for supplemental funding totaling \$2.5 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. Capital improvements are included within the capital improvements section of this document. The revised estimate includes 477.2 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 requests \$25.0 million, including \$12.5 million from the State General Fund, for salaries and wages in FY 2018. This is an all funds increase of \$1.7 million, or 7.2 percent, and a State General Fund increase of \$1.7 million, or 15.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to fill 30 open positions due to an increase in staffing ratio for patients with dangerous behaviors or critical medical needs, an increase in overtime expenditures, and an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$2.2 million, including \$1.2 million from the State General Fund, for contractual services in FY 2018. This is an all funds increase of \$84,311, or 4.0 percent, and a State General Fund increase of \$66,619, or 5.8 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in professional services for patient treatment and computer services expenditures. The State General Fund increase is due to a shift of expenditures from special revenue funds to the State General Fund;

- **Commodities.** The agency requests \$1.2 million, including \$806,731 from the State General Fund, for commodities in FY 2018. This is an all funds decrease of \$79,368, or 6.2 percent, and a State General Fund increase of \$507,782, or 169.9 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in expenditures for household supplies, building repair supplies, and food for patients. The State General Fund increase is due to a shift of expenditures from special revenue funds to the State General Fund;
- **Capital Outlay.** The agency requests \$276,775, including \$241,525 from the State General Fund, for capital outlay in FY 2018. This is an all funds increase of \$206,355, or 293.0 percent, and a State General Fund increase of \$203,075, or 528.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to replace an x-ray machine and for ongoing software and maintenance expenditures; and
- **Debt Service.** The agency requests \$16,531, all from the State Institutions Building Fund, for debt service interest in FY 2018. This is the same amount approved by the 2017 Legislature. Debt service principal expenditures are a capital improvement expenditure and are included in the capital improvements section of this document.

The **Governor** recommends \$27.3 million, including \$12.3 million from the State General Fund, for operating expenditures and capital improvement expenditures in FY 2018. Of this amount, the Governor recommends operating expenditures totaling \$27.1 million, including \$12.3 million from the State General Fund. For operating expenditures, this is an all funds decrease of \$1.5 million, or 5.4 percent, and a State General Fund decrease of \$2.5 million, or 16.7 percent, below the agency's revised estimate in FY 2018. The decrease is primarily attributable to the Governor not recommending the agency's supplemental request to provide funding for 30.0 positions and partially recommending other agency's supplementals using adjusted funding sources. The Governor concurs with the agency's revised estimate for capital improvements in FY 2018.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 1,400,000	\$ 1,400,000	0.0	\$ 0	\$ 0	0.0
Revenue Replacement	869,152	869,152	0.0	0	869,152	0.0
X-ray Machine Replacement	187,500	187,500	0.0	0	52,070	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 2,456,652	\$ 2,456,652	0.0	\$ 0	\$ 921,222	0.0

The **agency** submits four supplemental requests totaling \$2.5 million, all from the State General Fund, in FY 2018. These requests are detailed below.

Staffing Increase. The agency requests \$1.4 million, all from the State General Fund, in FY 2018 to provide funding for 30.0 additional positions. The agency states it has seen an increase in emergency admissions requiring around-the-clock care, and without supplemental funding, it would need to keep positions open, risking federal funding by having insufficient staffing levels.

Revenue Replacement. The agency requests \$869,152, all from the State General Fund, in FY 2018 to offset lower fee fund and federal Title XIX revenues. The agency projects a decrease in the daily bed reimbursement rate and a decrease in Federal Medical Assistance Percentages (FMAP) in federal FY 2018.

X-ray Machine Replacement and Maintenance. The agency requests \$187,500, all from the State General Fund, in FY 2018, to replace an x-ray machine and provide ongoing expenditures for software and service updates for new equipment. The agency states that because of the machine's age, it is impossible to find replacement parts to make repairs. The agency states the x-ray machine costs \$165,000, one-time training totals \$2,500, and annual software and servicing costs are \$20,000 per year.

Conversion of Limited Fee Fund to No Limit. The agency requests the Parsons State Hospital and Training Center Fee Fund be converted from a limited fund to a no limit fund. The agency states a no limit fund would allow PSH&TC more flexibility to manage cash flow throughout the year.

The **Governor** recommends supplementals totaling \$921,222, all from special revenue funds, in FY 2018. The Governor does not recommend the agency's supplemental request for increased State General Fund expenditures to increase staffing levels. The Governor does not recommend the agency's request for supplemental funding from the State General Fund for revenue replacement. The Governor projects a higher fee fund balance and higher federal fund balance than the agency, based on historic trends, and recommends the agency make expenditures from fee funds and federal funds. The Governor does not recommend the agency's request for supplemental funding from the State General Fund for an x-ray machine and maintenance, but recommends expenditures of \$52,070 from the agency's fee fund for an x-ray machine and recommends the agency find savings in other parts of the budget to accommodate purchasing the equipment and support maintenance. The Governor does not recommend converting the agency's fee fund to a no limit fund 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 \$12.4 million for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 12,352,049	\$ 14,947,330	\$ 2,595,281	\$ 12,352,049	\$ 0
All Other Funds	14,673,716	14,162,679	(511,037)	14,740,437	66,721
TOTAL	\$ 27,025,765	\$ 29,110,009	\$ 2,084,244	\$ 27,092,486	\$ 66,721
FTE Positions	477.2	477.2	0.0	477.2	0.0

The **agency** requests a revised estimate of \$29.1 million, including \$14.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the agency's revised estimate for operating expenditures totals \$28.9 million, including \$14.9 million from the State General Fund, for FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$2.1 million, or 7.8 percent, and a State General Fund increase of \$2.6 million, or 21.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's requests for supplemental funding totaling \$2.6 million, all from the State General Fund. The all funds increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. Capital improvement expenditures are included within the capital improvements section of this document. The revised estimate includes 477.2 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 requests \$25.5 million, including \$12.9 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$2.1 million, or 8.9 percent, and a State General Fund increase of \$1.8 million, or 16.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to fill 42.0 open positions due to an increase in staffing ratio for patients with dangerous behaviors or critical medical needs, an increase in overtime expenditures, and an increase in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$2.1 million, including \$1.1 million from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$14,966, or 0.7 percent, and a State General Fund increase of \$165,993, or 17.7 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in professional services for patient treatment. The State General Fund increase is due to a shift of expenditures from special revenue funds to the State General Fund;
- **Commodities.** The agency requests \$1.2 million, including \$826,883 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$78,989, or 6.1 percent, and a State General Fund increase of \$523,058, or 172.2 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in household supplies, food for patients, and pharmaceutical expenditures. The State General Fund increase is due to a shift of expenditures from special revenue funds to the State General Fund;

- **Capital Outlay.** The agency requests \$104,275, including \$69,025 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$60,455, or 138.0 percent, and a State General Fund increase of \$56,875, or 468.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in equipment for patient treatment including the agency's request for supplemental funding for ongoing maintenance and software expenditures for the x-ray machine requested to be purchased in FY 2018; and
- **Debt Service.** The agency requests \$9,367, all from the State Institutions Building Fund, for debt service interest for FY 2019. This is the same amount approved by the 2017 Legislature.

The **Governor** recommends \$27.1 million, including \$12.4 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures totaling \$26.9 million, including \$12.4 million from the State General Fund. For operating expenditures, the Governor's recommendation is an all funds decrease of \$2.0 million, or 7.0 percent, and a State General Fund decrease of \$2.6 million, or 17.4 percent, below the agency's revised estimate. The decrease is primarily attributable to the Governor not recommending the agency's supplemental request to provide funding for 42.0 positions and partially recommending other agency's supplementals using adjusted funding sources. The Governor concurs with the agency's revised estimate for capital improvements for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 2,000,000	\$ 2,000,000	0.0	\$ 0	\$ 0	0.0
Revenue Replacement	514,136	514,136	0.0	0	514,136	0.0
X-ray Machine Software and Maintenance	20,000	20,000	0.0	0	2,477	0.0
Salary Increase	61,145	61,145	0.0	0	61,145	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 2,595,281	\$ 2,595,281	0.0	\$ 0	\$ 577,758	0.0

The **agency** submits five supplemental requests totaling \$2.6 million, all from the State General Fund, for FY 2019. These requests are detailed below.

Staffing Level Increase. The agency requests \$2.0 million, all from the State General Fund, for FY 2019 to provide funding for 42.0 additional positions. The agency states it has seen an increase in emergency admissions requiring around-the-clock care, and without supplemental funding, it would need to keep positions open, risking federal funding by having insufficient staffing levels.

Revenue Replacement. The agency requests \$514,136, all from the State General Fund, for FY 2019 to offset lower fee fund and federal Title XIX revenues. The agency projects a decrease in the daily bed reimbursement rate and a decrease in FMAP in federal FY 2019.

X-ray Machine Software and Maintenance. The agency requests \$20,000, all from the State General Fund, for FY 2019 for ongoing software and service updates for the x-ray equipment requested in FY 2018.

Salary Increase. The agency requests \$61,145, all from the State General Fund, for FY 2019 to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018.

Conversion of Limited Fee Fund to No Limit. The agency requests the Parsons State Hospital and Training Center Fee Fund be converted from a limited fund to a no limit fund. The agency states a no limit fund would allow PSH&TC more flexibility to manage cash flow throughout the year.

The **Governor** recommends supplementals totaling \$577,758, all from special revenue funds, in FY 2018. The Governor does not recommend the agency's supplemental request for increased State General Fund expenditures to increase staffing levels. The Governor does not recommend the agency's request for supplemental funding from the State General Fund for revenue replacement. The Governor projects a higher fee fund balance and higher federal fund balance than the agency, based on historic trends, and recommends the agency make expenditures from fee funds and federal funds. The Governor does not recommend the agency's request for supplemental funding from the State General Fund for x-ray machine maintenance, but recommends expenditures of \$2,477 from the agency's fee fund for this purpose. The Governor does not recommend converting the agency's fee fund into a no limit 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 longevity payments total \$138,640, including \$60,016 from the State General Fund, and FY 2019 longevity payments total \$144,040, including \$63,474 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

Federal Title XIX funding comprises approximately one-third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid-certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates they charge to Medicaid for each day a person covered by Medicaid lives in the facility. Parsons State Hospital and Training Center is a developmental disabilities hospital.

The state mental health (MH) hospitals establish *per diem* rates in much the same way as the state developmentally disabled (DD) hospitals, but are classified as institutions for mental disease (IMDs). The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital (DSH) program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of DSH funding available to the hospitals has decreased, which decreases receipts into the central fund.

Parsons State Hospital and Training Center is primarily funded through three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. Revenues are based on average resident census and projected changes in social security, parent pay, and earnings. The third source is federal Title XIX funding, which is earned by the developmental disability institutions through Medicaid reimbursements for services provided based on a daily room rate. The federal Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the four state hospitals in amounts equal to its approved appropriations.

Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	51.7 %	45.9 %
PSH&TC Fee Fund	2.9	4.1
Title XIX Fund	45.4	49.9
State Inst. Building Fund	0.0	0.0
TOTAL	100.0 %	100.0 %

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

Parsons State Hospital and Training Center Fee Fund Analysis

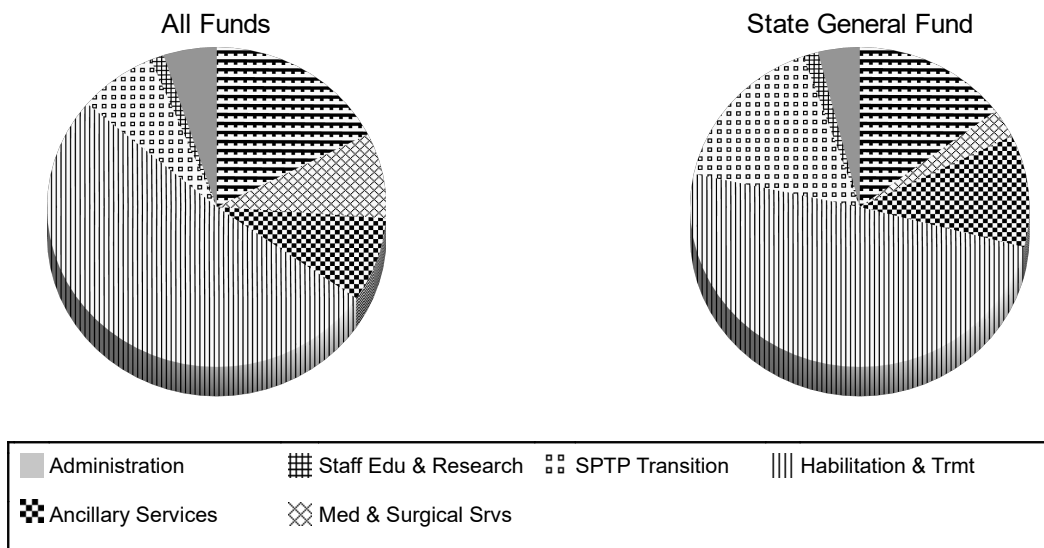
KSA 76-1409a provides that the superintendent of the Parsons State Hospital and Training Center shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training Center Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution. The agency estimates a decrease in revenue for the Fund in FY 2018 and FY 2109 and states most parents and guardians of residents at PSH&TC pay board and care at the lowest established rate due to their lack of income, and the Fund has a documented trend of 3.0 percent decrease in receipts per fiscal year for the last four years.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 38,074	\$ (16)	\$ (16)	\$ 0	\$ 0
Revenue	1,204,628	834,098	1,155,320	844,114	1,110,727
Transfers in	0	0	0	0	0
Funds Available	\$ 1,242,702	\$ 834,082	\$ 1,155,304	\$ 844,114	\$ 1,110,727
Less:					
Expenditures	1,242,718	834,082	1,155,304	843,250	1,110,727
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ (16)	\$ 0	\$ 0	\$ 864	\$ 0
Ending Balance as Percent of Expenditures	(0.0%)	0.0%	0.0%	0.1%	0.0%
Month Highest Ending Balance	January \$ 113,141	January \$ 109,267	January \$ 430,489	January \$ 110,330	January \$ 376,943
Month Lowest Ending Balance	September \$ (212,022)	September \$ (250,096)	September \$ 71,126	September \$ (244,076)	September \$ 22,537

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 1,367,446	5.1 %	\$ 489,983	4.0 %
Staff Education and Research	343,459	1.3	178,516	1.4
SPTP Transition	2,009,031	7.5	2,009,031	16.3
Habilitation and Treatment	13,866,944	51.5	6,089,332	49.3
Ancillary Services	2,298,088	8.5	1,400,551	11.3
Medical and Surgical Services	2,324,494	8.6	361,625	2.9
Physical Plant/Central Services	4,704,600	17.5	1,823,011	14.8
TOTAL	\$ 26,914,062	100.0 %	\$ 12,352,049	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	17.0	15.0	15.0	15.0	15.0
Staff Education and Research	5.0	4.6	4.6	4.6	4.6
SPTP Transition	21.0	31.2	31.2	31.2	31.2
Habilitation & Treatment	289.0	293.5	293.5	293.5	293.5
Ancillary Services	34.2	30.7	30.7	30.7	30.7
Medical & Surgical Services	30.0	29.0	29.0	29.0	29.0
Phys Plant/Central Services	81.0	73.2	73.2	73.2	73.2
TOTAL	477.2	477.2	477.2	477.2	477.2
<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

The agency's Administration program provides an administrative structure for approximately 165 persons residing at PSH&TC. The superintendent and other administrators plan and budget for the institution's needs and manage resources allocated to the institution for the fiscal year. The administrators account for all expenditures for supplies, equipment, and personnel; collect all money for treatment of residents and for other services; recruit personnel and manage fringe benefit programs; maintain client records and statistics; and provide communication services within and outside the institution.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 919,847	\$ 997,492	\$ 997,492	\$ 1,090,627	\$ 1,090,627
Contractual Services	233,364	303,263	303,263	249,269	249,269
Commodities	16,031	13,050	13,050	13,050	13,050
Capital Outlay	19,162	14,500	14,500	14,500	14,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,188,404</i>	<i>\$ 1,328,305</i>	<i>\$ 1,328,305</i>	<i>\$ 1,367,446</i>	<i>\$ 1,367,446</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,188,404	\$ 1,328,305	\$ 1,328,305	\$ 1,367,446	\$ 1,367,446
Financing:					
State General Fund	\$ 346,084	\$ 531,251	\$ 531,251	\$ 551,128	\$ 489,983
All Other Funds	842,320	797,054	797,054	816,318	877,463
TOTAL	\$ 1,188,404	\$ 1,328,305	\$ 1,328,305	\$ 1,367,446	\$ 1,367,446
FTE Positions	17.0	15.0	15.0	15.0	15.0

The **agency** requests a revised estimate of \$1.4 million, including \$551,128 from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$121,974, or 8.2 percent, and a State General Fund decrease of \$163,847, or 22.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in salary expenditures due to the agency reallocating positions to other programs, an adjustment in salary shrinkage, and a decrease in computer services expenditures. The program includes 15.0 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.1 million, including \$433,874 from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$104,598, or 8.8 percent, and a State General Fund decrease of \$243,876, or 36.0 percent, below the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures due to the agency reallocating positions to other programs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$249,269, including \$89,704 from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$13,681, or 5.2 percent, and a State General Fund increase of \$54,729, or 156.5 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in computer services expenditures;
- **Commodities.** The agency requests \$13,050, all from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$5,750, or 30.6 percent, and a State General Fund increase of \$10,800, or 480.0 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in data processing supplies; and
- **Capital Outlay.** The agency requests \$14,500, all from the State General Fund, for capital outlay for FY 2019. This an all funds increase of \$2,055, or 16.5 percent, above the amount approved by the 2017 Legislature. It is also a State General Fund increase of \$14,500, as the agency did not budget capital outlay expenditures from the State General Fund in the budget approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in office equipment.

The **Governor** recommends \$1.4 million, including \$489,983 from the State General Fund, for the Administration program for FY 2019. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$61,145, or 11.1 percent, below the agency's revised estimate. The State General Fund decrease is attributable to the Governor recommending the agency's supplemental request to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018, but to be funded through the agency's fee fund rather than the State General Fund.

B. Staff Education and Research

The Staff Education and Research program provides basic and advanced training for direct care staff as well as new employee orientation and continuing education for all staff. In addition, this program provides technical support and training for community agencies that receive clients from the institution or request such service.

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 279,782	\$ 291,141	\$ 291,141	\$ 300,009	\$ 300,009
Contractual Services	40,339	40,350	40,350	40,350	40,350
Commodities	3,065	3,100	3,100	3,100	3,100
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 323,186</i>	<i>\$ 334,591</i>	<i>\$ 334,591</i>	<i>\$ 343,459</i>	<i>\$ 343,459</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 323,186	\$ 334,591	\$ 334,591	\$ 343,459	\$ 343,459
Financing:					
State General Fund	\$ 116,833	\$ 87,004	\$ 87,004	\$ 178,516	\$ 178,516
All Other Funds	206,353	247,587	247,587	164,943	164,943
TOTAL	\$ 323,186	\$ 334,591	\$ 334,591	\$ 343,459	\$ 343,459
FTE Positions	5.0	4.6	4.6	4.6	4.6

The **agency** requests a revised estimate of \$343,459, including \$178,516 from the State General Fund, for the Staff Education and Research program for FY 2019. This is an all funds decrease of \$6,267, or 1.8 percent, and a State General Fund decrease of \$3,486, or 1.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in salary expenditures due to the agency reallocating a 0.4 FTE position to a different program, partially offset by an increase in expenditures for data processing supplies. The program includes 4.6 FTE positions, which is a decrease of 0.4 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$300,009, including \$135,066 from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$8,617, or 2.8 percent, and a State General Fund decrease of \$11,936, or 8.1 percent, below the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures due to shifting a 0.4 FTE position to a different program, partially offset by an increase in workers compensation expenditures;
- **Contractual Services.** The agency requests \$40,350, all from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$850, or 2.2 percent, and a State General Fund increase of \$5,350, or 15.3 percent, above the amount approved by the 2017 Legislature;

- **Commodities.** The agency requests \$3,100, all from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$1,500, or 93.8 percent, above the amount approved by the 2017 Legislature. The State General Fund amount is an increase of \$3,100, as the agency did not budget capital outlay expenditures from the State General Fund in the budget approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in data processing supplies; and
- **Capital Outlay.** The agency does not request capital outlay expenditures for the Administration program for FY 2019.

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

C. Sexual Predator Treatment Program-Transition Unit

The Sexual Predator Treatment Program (SPTP) is a transition unit at PSH&TC that offers individuals meeting strict, specified objectives a chance to re-enter the public sector. The transition program at PSH&TC began in 2014 and provides a variety of supports to each individual, such as a monthly stipend, travel to and from job searches and work settings, and professional counseling. All medical needs, including physician visits, hospital treatment services, and prescription medications, also are supported by the program utilizing community providers. Only after all objectives have been met will an individual be evaluated for the opportunity to re-enter a public setting. Prior to July 1, 2015, there was a statutory requirement that no more than eight SPTP transition individuals could reside in one county. However, recent legislation allows counties to surpass that total. In 2015, PSH&TC opened a second reintegration facility (Willow House) to support additional clients entering the program. The agency estimates an average daily census of 15 patients for FY 2018 and 16 patients for FY 2019. The agency states it is expected that residents will spend an average of 4.7 years at the reintegration facility, depending on their compliance with treatment, therapy, and program rules.

SEXUAL PREDATOR TREATMENT PROGRAM-TRANSITION UNIT SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,608,752	\$ 1,618,839	\$ 1,618,839	\$ 1,664,178	\$ 1,664,178
Contractual Services	304,948	353,706	353,706	311,028	311,028
Commodities	26,792	26,875	26,875	26,325	26,325
Capital Outlay	8,611	7,500	7,500	7,500	7,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,949,103</i>	<i>\$ 2,006,920</i>	<i>\$ 2,006,920</i>	<i>\$ 2,009,031</i>	<i>\$ 2,009,031</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,949,103	\$ 2,006,920	\$ 2,006,920	\$ 2,009,031	\$ 2,009,031
Financing:					
State General Fund	\$ 1,949,103	\$ 2,006,920	\$ 2,006,920	\$ 2,009,031	\$ 2,009,031
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,949,103	\$ 2,006,920	\$ 2,006,920	\$ 2,009,031	\$ 2,009,031
FTE Positions	21.0	31.2	31.2	31.2	31.2

The **agency** requests a revised estimate of \$2.0 million, all from the State General Fund, for the Sexual Predator Treatment Program Transition Unit for FY 2019. This is an increase of \$658,382, or 48.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures due to the agency reallocating 9.2 FTE positions to the transition unit program because of a projected increase in patients in the transition units. The increase is partially offset by a decrease in computer services expenditures. The program includes 31.2 FTE positions, which is an increase of 9.2 FTE positions above the number approved by the 2017 Legislature. The increase is attributable to the agency reallocating positions between programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.7 million, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$657,214, or 65.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures due to the agency reallocating positions to the program because of a projected increase in patient census at the transition units;
- **Contractual Services.** The agency requests \$311,028, all from the State General Fund, for contractual services for FY 2019. This is a decrease of \$17,182, or 5.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in computer services expenditures, partially offset by an increase in utilities expenditures;
- **Commodities.** The agency requests \$26,325, all from the State General Fund, for commodities for FY 2019. This is an increase of \$13,750, or 109.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for pharmaceuticals, data processing supplies, and house supplies for the transition units; and
- **Capital Outlay.** The agency requests \$7,500, all from the State General Fund, for capital outlay for FY 2019. This is an increase of \$4,600, or 158.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in household furniture and equipment for the transition units.

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

D. Habilitation and Treatment

The Habilitation and Treatment program consists of two subprograms: Developmental Training and Dual Diagnosis and Training Services. The goal of the Developmental Training subprogram is to enable residents to make choices based on their personal preferences for all aspects of their lives. All clients are enrolled in individual training programs that may include adjunctive therapies, education, or special training programs, and are offered additional religious, leisure-time, and recreational activities provided during evenings and weekends. Essential Lifestyle Plans are prepared for all individuals and guardians who request consideration for placement in a community setting.

The Dual Diagnosis and Training Services subprogram provides short-term residential treatment for children and adults who have been dually diagnosed with both a developmental disability and a mental illness. The In-patient Services program is a unit at Parsons that serves up to 13 individuals at one time. In addition, four Outreach Services Teams travel throughout the state to train providers of community services how to serve dually diagnosed individuals.

Finally, through a contract with the Kansas Research Center and the Kansas University Center on Developmental Disabilities at Parsons, community service programs are provided throughout the state. Staff from the University of Kansas has been involved in these two programs for over 50 years. Both programs have achieved international recognition for the work conducted by university faculty, in close collaboration with the staff of Parsons State Hospital. The program's objective is to prevent unnecessary or inappropriate institutionalization of persons with developmental disabilities through respite care.

HABILITATION AND TREATMENT SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 13,449,598	\$ 15,195,421	\$ 13,795,421	\$ 15,290,589	\$ 13,290,589
Contractual Services	217,838	217,225	217,225	219,975	219,975
Commodities	316,190	317,025	317,025	321,880	321,880
Capital Outlay	16,478	34,500	34,500	34,500	34,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 14,000,104	\$ 15,764,171	\$ 14,364,171	\$ 15,866,944	\$ 13,866,944
Aid to Local Units	0	0	0	0	0
Other Assistance	8,887	0	0	0	0
TOTAL	\$ 14,008,991	\$ 15,764,171	\$ 14,364,171	\$ 15,866,944	\$ 13,866,944
Financing:					
State General Fund	\$ 4,735,449	\$ 8,448,954	\$ 6,179,802	\$ 8,603,468	\$ 6,089,332
All Other Funds	9,273,542	7,315,217	8,184,369	7,263,476	7,777,612
TOTAL	\$ 14,008,991	\$ 15,764,171	\$ 14,364,171	\$ 15,866,944	\$ 13,866,944
FTE Positions	289.0	293.5	293.5	293.5	293.5

The **agency** requests a revised estimate of \$15.9 million, including \$8.6 million from the State General Fund, for the Habilitation and Treatment program for FY 2019. This is an all funds increase of \$2.5 million, or 18.6 percent, and a State General Fund increase of \$3.5 million, or 70.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures. The program includes 293.5 FTE positions, which is an increase of 5.5 FTE positions above the number approved by the 2017 Legislature. The increase is primarily attributable to the agency reallocating positions between programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$15.3 million, including \$8.2 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$2.5 million, or 19.3 percent, and a State General Fund increase of \$3.4 million, or 69.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures, partially due to the agency reallocation positions from other programs;

- **Contractual Services.** The agency requests \$219,975, including \$91,825 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$26,625, or 13.8 percent, and a State General Fund decrease of \$75,600, or 45.2 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in expenditures for in-state travel;
- **Commodities.** The agency requests \$321,880, all from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$25,620, or 7.4 percent, and a State General Fund increase of \$249,030, or 341.8 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in expenditures for household supplies and food for patients; and
- **Capital Outlay.** The agency requests \$34,500, including \$14,500 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$22,000, 176.0 percent, and a State General Fund increase of \$10,000, or 222.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for equipment for patient treatment and household furniture and equipment.

The **Governor** recommends \$13.9 million, including \$6.1 million from the State General Fund, for the Habilitation and Treatment program for FY 2019. This is an all funds decrease of \$2.0 million, or 12.6 percent, and a State General Fund decrease of \$2.5 million, or 29.2 percent, below the agency's revised estimate. The all funds decrease is attributable to the Governor not recommending the agency's supplemental request for additional staffing (\$2.0 million). The State General Fund decrease is also attributable to the Governor not recommending the agency's supplemental request for revenue replacement from the State General Fund. The Governor estimates higher fee fund and federal fund revenues than the agency and recommends the agency use these funding sources for operating expenditures.

E. Ancillary Services

The Ancillary Services program is comprised of three subprograms: Activity Therapy, Special Education, and Allied Clinical Services. These three subprograms operate to promote client individualized developmental activities and services. The Activity Therapy subprogram enriches the client lifestyle with religious services, leisure-time activities, and work programs. Over half of the resident population is involved in at least one of the programs offered daily. The Special Education subprogram ensures all school-age children are enrolled in a program accredited by the Kansas Department of Education. Services for the Special Purpose School are contracted with the Southeast Kansas Education Service Center. The Allied Clinical Services subprogram provides support services for all clients (*i.e.*, radiology, medical laboratory, pharmacy, dental, psychological, social, occupational and rehabilitation, speech and hearing, and chaplaincy).

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,725,554	\$ 1,648,869	\$ 1,648,869	\$ 1,701,551	\$ 1,701,551
Contractual Services	369,270	429,410	429,410	431,085	431,085
Commodities	152,860	152,875	152,875	154,150	154,150
Capital Outlay	8,792	196,325	60,895	28,825	11,302
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,256,476</i>	<i>\$ 2,427,479</i>	<i>\$ 2,292,049</i>	<i>\$ 2,315,611</i>	<i>\$ 2,298,088</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,659	0	0	0	0
TOTAL	<u>\$ 2,260,135</u>	<u>\$ 2,427,479</u>	<u>\$ 2,292,049</u>	<u>\$ 2,315,611</u>	<u>\$ 2,298,088</u>
Financing:					
State General Fund	\$ 1,000,059	\$ 1,606,154	\$ 1,418,654	\$ 1,420,551	\$ 1,400,551
All Other Funds	1,260,076	821,325	873,395	895,060	897,537
TOTAL	<u>\$ 2,260,135</u>	<u>\$ 2,427,479</u>	<u>\$ 2,292,049</u>	<u>\$ 2,315,611</u>	<u>\$ 2,298,088</u>
FTE Positions	34.2	30.7	30.7	30.7	30.7

The **agency** requests a revised estimate of \$2.3 million, including \$1.4 million from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds decrease of \$143,153, or 5.8 percent, and a State General Fund increase of \$344,889, or 32.1 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures due to the agency reallocating positions to other programs. The decrease is partially offset by an increase in professional services for patient services. The program includes 30.7 FTE positions, which is a decrease of 3.5 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions between programs. The revised estimates is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.7 million, including \$807,691 from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$162,688, or 8.7 percent, and a State General Fund increase of \$143,179, or 21.5 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures due to the agency reallocating positions to other programs;
- **Contractual Services.** The agency requests \$431,085, including \$430,135 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$48,110, or 12.6 percent, and a State General Fund increase of \$135,735, or 46.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in professional services for patient treatment;
- **Commodities.** The agency requests \$154,150, including \$153,900 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$55,200, or 26.4 percent, and a State General Fund increase of \$37,150, or 31.8 percent, from the amount approved by the 2017 Legislature. The all funds decrease

is primarily attributable to a decrease in expenditures for pharmaceuticals and other medical supplies; and

- **Capital Outlay.** The agency requests \$28,825, all from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$26,625, or 1,210.2 percent, above the amount approved by the 2017 Legislature. The State General Fund amount is an increase of \$28,825, as the agency did not budget capital outlay expenditures from the State General Fund in the budget approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency's request for supplemental funding for ongoing software and maintenance expenditures for the x-ray machine to be purchased in FY 2018.

The **Governor** recommends \$2.3 million, including \$1.4 million from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds decrease of \$17,523, or 0.8 percent, and a State General Fund decrease of \$20,000, or 1.4 percent, below the agency's revised estimate. The all funds and State General Fund decreases are due to the Governor's recommendation not to add State General Fund dollars for x-ray machine maintenance, but to use agency fee funds for this purpose for \$2,477, rather than the amount in the agency's supplemental request.

F. Medical and Surgical Services

The Medical and Surgical Services program monitors, evaluates, treats, and engages in preventive medical practices that result in or promote the maximum health of clients. Specifically, this program provides medical and nursing care for those clients with acute and chronic medical conditions, daily clinics for the diagnosis and treatment of individual client health problems, up-to-date immunizations and records, and additional medical services as necessary. Additional services include the coordination of necessary major medical needs and treatments for residents through outside providers. Costs for these services are normally covered by Medicaid under the Title XIX program.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,336,249	\$ 2,206,813	\$ 2,206,813	\$ 2,274,839	\$ 2,274,839
Contractual Services	19,025	17,900	17,900	17,900	17,900
Commodities	30,127	30,055	30,055	30,055	30,055
Capital Outlay	1,605	1,700	1,700	1,700	1,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,387,006</i>	<i>\$ 2,256,468</i>	<i>\$ 2,256,468</i>	<i>\$ 2,324,494</i>	<i>\$ 2,324,494</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,387,006</u>	<u>\$ 2,256,468</u>	<u>\$ 2,256,468</u>	<u>\$ 2,324,494</u>	<u>\$ 2,324,494</u>
Financing:					
State General Fund	\$ 857,289	\$ 351,465	\$ 351,465	\$ 361,625	\$ 361,625
All Other Funds	1,529,717	1,905,003	1,905,003	1,962,869	1,962,869
TOTAL	<u>\$ 2,387,006</u>	<u>\$ 2,256,468</u>	<u>\$ 2,256,468</u>	<u>\$ 2,324,494</u>	<u>\$ 2,324,494</u>
FTE Positions	30.0	29.0	29.0	29.0	29.0

The **agency** submits a revised estimate of \$2.3 million, including \$361,625 from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds increase of \$90,987, or 4.1 percent, and a State General Fund decrease of \$1.1 million, or 75.3 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in salary expenditures for overtime. The program includes 29.0 FTE positions, which is a decrease of 1.0 FTE position below the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions between programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.3 million, including \$311,970 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$94,407, or 4.3 percent, and a State General Fund decrease of \$1.1 million, or 78.4 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in expenditures for overtime;
- **Contractual Services.** The agency requests \$17,900, all from the State General Fund, for contractual services for FY 2019. This is the same all funds amount approved by the 2017 Legislature. The State General Fund amount is an increase of \$12,500, or 231.5 percent, above the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$30,055, all from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$2,245, or 7.0 percent, and a State General Fund increase of \$16,055, or 114.7 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in household supplies; and
- **Capital Outlay.** The agency requests \$1,700, all from the State General Fund, for capital outlay for FY 2019. This is an all funds decrease of \$1,175, or 40.9 percent, below the amount approved by the 2017 Legislature. The State General Fund

amount is an increase of \$1,700, as the agency did not budget capital outlay expenditures from the State General Fund in the budget approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in radio equipment.

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

G. Physical Plant/Central Services

The Physical Plant and Central Services program is comprised of four subprograms: Engineering and Protection, Supply Services, Dietary Services, and Laundry. The Engineering and Protection subprogram maintains and improves the buildings, equipment, and grounds for 366,000 square feet of buildings and 163 acres; provides telephone communications personnel; provides housekeeping/custodial services; provides transportation vehicles, vehicle maintenance, and driver/delivery personnel; and provides security staff and procedures to protect property, residents, and staff. Supply Services makes capital equipment and supplies available for the operation of the facilities and resident programs. Clothing is provided to many of the residents. The Dietary Services subprogram provides a monthly budget for each cottage where three meals a day are prepared within each cottage. Residents dine at a table within their cottage rather than traveling to a cafeteria. Laundry provides clean clothing, towels, and bed linens for all residents and areas requiring laundry service.

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,185,446	\$ 3,040,383	\$ 3,040,383	\$ 3,210,479	\$ 3,210,479
Contractual Services	789,534	807,640	807,640	801,415	801,415
Commodities	649,829	659,455	659,455	666,089	666,089
Capital Outlay	22,230	22,250	22,250	17,250	17,250
Debt Service	23,407	16,531	16,531	9,367	9,367
Subtotal - Operations	\$ 4,670,446	\$ 4,546,259	\$ 4,546,259	\$ 4,704,600	\$ 4,704,600
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,670,446	\$ 4,546,259	\$ 4,546,259	\$ 4,704,600	\$ 4,704,600
Financing:					
State General Fund	\$ 3,410,874	\$ 1,713,632	\$ 1,713,632	\$ 1,823,011	\$ 1,823,011
All Other Funds	1,259,572	2,832,627	2,832,627	2,881,589	2,881,589
TOTAL	\$ 4,670,446	\$ 4,546,259	\$ 4,546,259	\$ 4,704,600	\$ 4,704,600
FTE Positions	81.0	73.2	73.2	73.2	73.2

The **agency** submits a revised estimate of \$4.7 million, including \$1.8 million from the State General Fund, for the Physical Plant/Central Services program for FY 2019. This is an all funds decrease of \$289,245, or 5.8 percent, and a State General Fund decrease of \$82,977, or 4.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in salary expenditures due to the agency shifting positions to other programs, an adjustment in salary shrinkage, and a decrease in utilities expenditures. The program includes 73.2 FTE positions, which is a decrease of 7.8 FTE positions below the

number approved by the 2017 Legislature. The decrease is attributable to the agency shifting positions to other programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$3.2 million, including \$1.4 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$260,415, or 7.5 percent, and a State General Fund decrease of \$323,861, or 18.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in salary expenditures by shifting 7.8 FTE positions to other programs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$801,415, including \$125,294 from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$29,756, or 3.6 percent, and a State General Fund increase of \$50,461, or 67.4 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in utilities expenditures;
- **Commodities.** The agency requests \$666,089, including \$278,573 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$5,424, or 0.8 percent, and a State General Fund increase of \$193,173, or 226.2 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in food for patients;
- **Capital Outlay.** The agency requests \$17,250, including \$2,000 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$6,350, or 58.3 percent, and a State General Fund decrease of \$2,750, or 57.9 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in office furniture and equipment expenditures; and
- **Debt Service.** The agency requests \$9,367, all from special revenue funds, for debt service interest for FY 2019. This is the same amount approved by the 2017 Legislature. Debt service principal expenditures are detailed within the capital improvements section of this document.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Bond Principal	\$ 171,260	\$ 171,260	\$ 178,424	\$ 178,424
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	171,260	171,260	178,424	178,424
TOTAL	\$ 171,260	\$ 171,260	\$ 178,424	\$ 178,424

FY 2018 – Current Year. The **agency** submits a revised estimate for capital improvements of \$171,260, all from the State Institutions Building Fund, in FY 2018. This is the same amount approved by the 2017 Legislature. Capital improvement funding will be used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program. The conservation project was accomplished through a comprehensive energy service performance audit and subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements, such as lighting retrofits, mechanical improvements, and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

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

FY 2019 – Budget Year. The **agency** submits a revised estimate for capital improvements of \$178,424, all from the State Institutions Building Fund, for FY 2019. This is the same amount approved by the 2017 Legislature. Capital improvement funding will be used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Percent of residents employed through work programs or in the community	84.8%	88.1%	88.3%	89.6%
Percent of compliance with intermediate care facility for the intellectually disabled standards for habilitation and treatment	100.0%	100.0%	100.0%	100.0%
Percent of residents participating in community-based leisure activities	100.0%	100.0%	100.0%	100.0%

LARNED STATE HOSPITAL

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 55,364,010	\$ 66,703,967	\$ 58,016,179	\$ 65,954,478	\$ 61,051,433
Other Funds	8,287,852	2,446,316	8,511,705	3,288,421	8,191,466
<i>Subtotal</i>	<i>\$ 63,651,862</i>	<i>\$ 69,150,283</i>	<i>\$ 66,527,884</i>	<i>\$ 69,242,899</i>	<i>\$ 69,242,899</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>
TOTAL	<u>\$ 63,651,862</u>	<u>\$ 69,150,283</u>	<u>\$ 66,527,884</u>	<u>\$ 69,242,899</u>	<u>\$ 69,242,899</u>
Percentage Change:					
Operating Expenditures					
State General Fund	17.3 %	20.5 %	4.8 %	(1.1) %	5.2 %
All Funds	12.6	8.6	4.5	0.1	4.1
FTE Positions	943.5	943.5	978.5	943.5	998.5

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

Larned State Hospital (LSH) provides psychiatric treatment and limited detox facilities to adults from the 61 western counties of the state through collaborative efforts with consumers, community-based mental health providers, the judicial system, and the Department of Corrections. Larned State Hospital was established in 1911. The State Security Hospital, opened in 1937, serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. Since 1994, the Sexual Predator Treatment Program (SPTP) has provided treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. Used in the last phase of treatment, the SPTP reintegration units are located at Larned State Hospital, Osawatimie State Hospital, and Parsons State Hospital and Training Center. These units are used to treat patients who have been deemed ready for transition and reintegration from the treatment program.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** passed House Sub. for SB 91, which prohibits the Department of Social and Rehabilitation Services from placing more than eight sexually violent predators in any one county on transitional release or conditional release; states these patients be housed only on State property; and requires a report to the Governor every year on the status of transitional persons. The Department of Social and Rehabilitation Services testified that House Sub. for SB 91 creates both programmatic and fiscal challenges for the Sexual Predator Treatment Program. The more populated counties, such as Johnson, Wyandotte, Shawnee, and Sedgwick, typically have the optimal resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for re-offending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to the Department, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight-person maximum, and no other county can be found to provide the needed services for that individual, the Department of Social and Rehabilitation Services and the State of Kansas risk contempt of court charges and lawsuits.

As part of a submitted 10.0 percent reduced resources option prepared at the direction of the Senate Ways and Means Committee in 2009, the Department of Social and Rehabilitation Services included the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the Larned campus and the option to contract out these services to a private facility. The new private program, KVC Behavioral HealthCare, began operation in Spring 2010 in Hays, Kansas. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth was vacated during Summer 2010, 11 additional Adult Civil Psychiatric Service beds were opened in the building complex. Funding for the staffing of the newly opened 11-bed unit at Larned was from savings realized from contracting out the youth beds at Larned.

The opening of the additional adult beds was determined necessary by the Department of Social and Rehabilitation Services as the Department temporarily suspended voluntary admissions to the three Kansas mental health hospitals during May 2010 and July 2010. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 Community Mental Health Centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility, and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and did not have additional resources to serve persons seeking voluntary admissions. Additional actions were taken, such as initiating agreements with community partners to establish alternative inpatient resources, but the Department of Social and Rehabilitation Services expected census issues to continue in FY 2012 and FY 2013.

The **2012 Legislature** approved funding to open an additional 30-bed unit for the Sexual Predator Treatment Program, which was completed on July 31, 2012, in the Isaac Ray Building on the grounds of the facility. This has improved space constrictions in the main Sexual Predator Treatment Program building.

In **September 2013**, the Legislative Division of Post Audit (LPA) performed a follow-up audit of the Sexual Predator Treatment Program and determined that overall, the Program has sufficiently addressed staff and resident safety and security issues. However, it identified further areas of concern, including inadequate key controls, employees working excessive amounts of overtime, and prohibited items entering the residential buildings. Agency officials concurred with the report's findings for the most part and are taking action to comply with the recommendations from LPA. The agency did not agree it had not met its own minimum staffing goals because audit findings were based on data errors and that any drop below minimum staffing is planned and approved.

In **April 2015**, LPA performed another follow-up audit of the Sexual Predator Treatment Program and determined that Kansas' program did not adhere to the recommended practices of programs in Iowa, Washington, and Wisconsin regarding emphasizing individualized treatment. It noted that the Kansas Sexual Predator Treatment Program met many legal requirements and most statutory program requirements. However, the program may not have adequately addressed other statutory requirements related to education and rehabilitation. It also was noted the residents who completed the first five phases at Larned did not necessarily arrive at the reintegration facilities with the skills to be successful; program officials had not maintained appropriate records and documentation to effectively manage the program, policies, and program guidance were outdated and not adhered to; and until recently, the Kansas Department for Aging and Disability Services (KDADS) had not filed annual reports with the Legislature as required by statute. The audit also found program costs were anticipated to double by 2025 and an insufficient labor force will create staffing problems for the program as it grows. KDADS officials disagreed with a number of the report findings, noting recent changes to the program after the audit had been completed.

The **2015 Legislature** deleted \$5.4 million, all from the State General Fund, in FY 2015 and \$2.2 million, all from the State General Fund, for FY 2016 to adopt the agency's reduced resource option to delay opening of the Meyer Building for the Sexual Predator Treatment Program until January 2016.

The **2016 Legislature** deleted \$973,000 in FY 2016 and \$1.0 million for FY 2017, all from the State General Fund, and deleted 10.0 FTE positions in both years to decrease operations of the Sexual Predator Treatment Program at Larned State Hospital and added the same amount to expand the Sexual Predator Treatment Program transition units at Parsons State Hospital and Training Center. Also, the Legislature deleted \$151,461 in FY 2016 and \$155,989 for FY 2017, all from the State General Fund, and 2.0 FTE positions to reallocate a Forensic Psychologist position and Legal Support position to the Kansas Department for Aging and Disability Services (KDADS). Funding for both positions was transferred to KDADS.

The **2016 Legislature** also added \$1.0 million, all from the State General Fund, to address under-staffing issues in FY 2016. The Legislature also added \$1.9 million, all from the State General Fund, and deleted \$1.9 million, all from special revenue funds, in FY 2016 to replace Medicaid Disproportionate Share Hospital revenues lost due to a previous calculation of Sexual Predator Treatment Program patients in the indigent patient population group at Larned State Hospital.

In addition, the **2016 Legislature** added \$450,000, all from the State General Fund, to provide a 2.5 percent pay increase for mental health technicians at Larned State Hospital for FY 2017.

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 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 Larned State Hospital, the Legislature added \$519,586, all from the State General Fund, for both FY 2018 and FY 2019.

The **2017 Legislature** also added \$6.5 million, all from the State General Fund, in FY 2017, FY 2018, and FY 2019 to replace federal and other funding lost due to the agency previously counting patients in the Sexual Predator Treatment Program as part of the eligible Disproportionate Share Hospital population and due to a decreased number of patients eligible for Medicaid and Medicare reimbursements.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Larned State Hospital at the end of the fiscal year.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Psychiatric Services Program	90	90	90	90	90
State Security Program	220	220	230	230	230
SPTP	240	240	240	240	240
Meyer Reintegration	N/A	N/A	16	16	16
MiCo Transition House	8	8	8	8	8
TOTAL	558	558	584	584	584

AVERAGE DAILY CENSUS

Average Daily Census represents the average number of patients at Larned State Hospital over a fiscal year.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Psychiatric Services Prgm	101	86	70	75	77
State Security Program	202	200	156	170	175
SPTP	228	229	232	245	253
MiCo Transition House	7	9	8	13	16
Meyer Reintegration	N/A	3	8	8	16
TOTAL	538	527	474	511	537

ADMISSIONS

The chart below shows admissions for Larned State Hospital.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
First Admissions	634	584	663	644	632
Readmission	532	552	670	580	585
Transfers in—Other KDADS Institutions	34	33	34	33	33
TOTAL	1,200	1,169	1,367	1,257	1,250

AVERAGE LENGTH OF STAY

The chart below shows the average length of days stay for adults at Larned State Hospital.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
Psychiatric Services Program	51	38	47	43	42
State Security Program	252	299	342	320	321

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$69.2 million, including \$66.7 million from the State General Fund, for operating expenditures in FY 2018. This is an all funds increase of \$4.0 million, or 6.1 percent, and a State General Fund increase of \$9.9 million, or 17.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's four requests for supplemental funding totaling \$9.9 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The agency's revised estimate does not include capital improvement expenditures. The revised estimate includes 943.5 FTE positions, which is the same number approved by the 2017 Legislature.

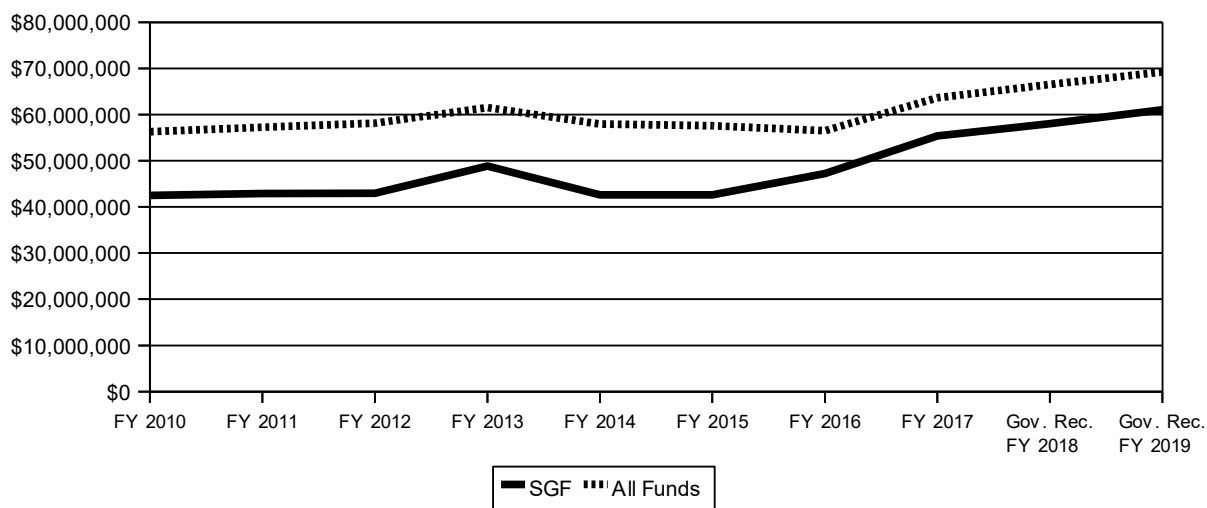
The **Governor** recommends \$66.5 million, including \$58.0 million from the State General Fund, for operating expenditures in FY 2018. This is an all funds decrease of \$2.6 million, or 3.8 percent, and a State General Fund decrease of \$8.7 million, or 13.0 percent, below the agency's revised estimate in FY 2018. The all funds decrease is primarily attributable to the Governor recommending supplemental funding for increased expenditures for the SPTP reintegration units at a lower amount than the agency's supplemental request. The State General Fund decrease is primarily attributable to the Governor estimating higher federal revenues and recommending that the agency use \$6.1 million in fee and federal funding sources for operations, rather than supplemental funding from the State General Fund. The Governor recommends adding 35.0 FTE positions to implement the agency's supplemental request for the Sexual Predator Treatment Program transition units. The agency requested additional expenditures for staffing as part of its supplemental request, but did not include additional FTE positions within its revised budget estimate.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$69.2 million, including \$66.0 million from the State General Fund, for FY 2019. This is an all funds increase of \$4.5 million, or 6.9 percent, and a State General Fund increase of \$9.6 million, or 17.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's six requests for supplemental funding totaling \$9.6 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The revised estimate does not include capital improvement expenditures. The revised estimate includes 943.5 FTE positions, which is the same number approved by the 2017 Legislature.

The **Governor** recommends \$69.2 million, including \$61.1 million from the State General Fund, for FY 2019. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$4.9 million, or 7.4 percent, below the agency's revised estimate for FY 2019. The State General Fund decrease is due to the Governor estimating higher federal revenue and recommending some of the agency's supplemental requests from agency fee and federal funds, rather than the State General Fund. The Governor recommends adding 55.0 FTE positions to implement the agency's supplemental request for the Sexual Predator Treatment Program transition units. The agency requested additional expenditures for staffing in its supplemental requests, but did not include additional FTE positions within its revised budget estimate.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 42,466,987	4.9 %	\$ 56,297,843	5.6 %	999.2
2011	42,887,827	1.0	57,260,017	1.7	999.2
2012	42,935,618	0.1	58,138,073	1.5	862.2
2013	48,870,060	13.8	61,519,684	5.8	955.2
2014	42,639,096	(12.8)	57,964,370	(5.8)	959.5
2015	42,588,858	(0.1)	57,595,313	(0.6)	957.5
2016	47,204,418	10.8	56,508,630	(1.9)	947.5
2017	55,364,010	17.3	63,651,862	12.6	943.5
2018 Gov. Rec.	58,016,179	4.8	66,527,884	4.5	978.5
2019 Gov. Rec.	61,051,433	5.2	69,242,899	4.1	998.5
Ten-Year Change Dollars/Percent	\$ 18,584,446	43.8 %	\$ 12,945,056	23.0 %	(0.7)

Summary of Operating Budget FY 2017 - FY 2019

Larned State Hospital

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 3,702,562	\$ 5,893,617	\$ 5,652,504	\$ (241,113)	(4.1) %	\$ 5,893,617	\$ 5,652,504	\$ (241,113)	(4.1) %
Staff Education and Research	213,519	254,340	260,449	6,109	2.4	254,340	260,449	6,109	2.4
Psychiatric Services	8,608,192	8,210,231	8,257,591	47,360	0.6	8,210,231	8,257,591	47,360	0.6
State Security Hospital	15,645,651	14,456,243	14,354,723	(101,520)	(0.7)	14,456,243	14,354,723	(101,520)	(0.7)
Sexual Predator Treatment	19,530,959	23,685,380	23,970,167	284,787	1.2	21,062,981	23,970,167	2,907,186	13.8
Ancillary Services	7,213,872	8,015,823	8,053,751	37,928	0.5	8,015,823	8,053,751	37,928	0.5
Physical Plant/Central Services	8,737,107	8,634,649	8,693,714	59,065	0.7	8,634,649	8,693,714	59,065	0.7
TOTAL	\$ 63,651,862	\$ 69,150,283	\$ 69,242,899	\$ 92,616	0.1 %	\$ 66,527,884	\$ 69,242,899	\$ 2,715,015	4.1 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 44,523,661	\$ 47,287,119	\$ 47,326,118	\$ 38,999	0.1 %	\$ 44,665,770	\$ 47,327,171	\$ 2,661,401	6.0 %
Contractual Services	15,623,527	17,975,954	18,032,481	56,527	0.3	17,975,954	18,032,481	56,527	0.3
Commodities	3,452,046	3,647,491	3,674,815	27,324	0.7	3,647,491	3,674,815	27,324	0.7
Capital Outlay	19,348	201,428	161,172	(40,256)	(20.0)	201,428	161,172	(40,256)	(20.0)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$ 63,618,582</i>	<i>\$ 69,111,992</i>	<i>\$ 69,194,586</i>	<i>\$ 82,594</i>	<i>0.1 %</i>	<i>\$ 66,490,643</i>	<i>\$ 69,195,639</i>	<i>\$ 2,704,996</i>	<i>4.1 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	33,280	38,291	48,313	10,022	26.2	37,241	47,260	10,019	26.9
TOTAL	\$ 63,651,862	\$ 69,150,283	\$ 69,242,899	\$ 92,616	0.1 %	\$ 66,527,884	\$ 69,242,899	\$ 2,715,015	4.1 %
Financing:									
State General Fund	\$ 55,364,010	\$ 66,703,967	\$ 65,954,478	\$ (749,489)	(1.1) %	\$ 58,016,179	\$ 61,051,433	\$ 3,035,254	5.2 %
LSH Fee Fund	2,547,416	3,444,194	3,946,301	502,107	14.6	3,556,862	4,179,927	623,065	17.5
Title XIX Fund	5,563,669	(1,127,498)	(787,500)	339,998	(30.2)	4,825,223	3,881,919	(943,304)	(19.5)
All Other Funds	176,767	129,620	129,620	0	--	129,620	129,620	0	--
TOTAL	\$ 63,651,862	\$ 69,150,283	\$ 69,242,899	\$ 92,616	0.1 %	\$ 66,527,884	\$ 69,242,899	\$ 2,715,015	4.1 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$55,974,757 in FY 2018. Two adjustments have subsequently been made to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$201,723, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018; and
- An increase of \$580,000, based on a transfer from the Kansas Department for Aging and Disability Services (KDADS), to allow the agency to self-fund a pay increase for Mental Health Developmental Disability Technicians in FY 2018.

These adjustments change the FY 2018 approved State General Fund amount to \$56,756,480. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 56,756,480	\$ 66,703,967	\$ 9,947,487	\$ 58,016,179	\$ 1,259,699
All Other Funds	8,440,867	2,446,316	(5,994,551)	8,511,705	70,838
TOTAL	\$ 65,197,347	\$ 69,150,283	\$ 3,952,936	\$ 66,527,884	\$ 1,330,537
FTE Positions	943.5	943.5	0.0	978.5	35.0

The **agency** requests a revised estimate of \$69.2 million, including \$66.7 million from the State General Fund, for operating expenditures in FY 2018. This is an all funds increase of \$4.0 million, or 6.1 percent, and a State General Fund increase of \$9.9 million, or 17.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's four requests for supplemental funding totaling \$9.9 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The agency's revised estimate does not include capital improvement expenditures. The revised estimate includes 943.5 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 requests \$47.3 million, including \$50.7 million from the State General Fund, for salaries and wages in FY 2018. This is an all funds increase of \$8.3 million, or 21.3 percent, and a State General Fund increase of \$14.3 million, or 39.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in salary expenditures due to the agency's requests for supplemental funding;
- **Contractual Services.** The agency requests \$18.0 million, including \$13.9 million from the State General Fund, for contractual services in FY 2018. This is an all funds decrease of \$2.5 million, or 12.1 percent, and a State General Fund decrease of \$686,945, or 4.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in food for patients and expenditures for patient medical treatment. The hospital previously provided food services to Larned Juvenile Correctional Facility (LJCF) through a Memorandum of Understanding, but LJCF has closed and the hospital has re-estimated associated expenditures;
- **Commodities.** The agency requests \$3.6 million, including \$1.9 million from the State General Fund, for commodities in FY 2018. This is an all funds decrease of \$1.1 million, or 22.8 percent, and a State General Fund decrease of \$387,927, or 17.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for medical supplies, pharmaceuticals for patients, data processing supplies, and household supplies;
- **Capital Outlay.** The agency requests \$201,428, including \$199,728 from the State General Fund, for capital outlay in FY 2018. This is an all funds decrease of \$47,546, or 19.1 percent, and a State General Fund decrease of \$2.5 million, or 92.5 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in office equipment, household furniture for patients, and equipment for the physical plant and central services program; and
- **Other Assistance.** The agency requests \$38,291, including \$38,235 from the State General Fund, for other assistance in FY 2018. This is an all funds increase of \$12,483, or 48.4 percent, and a State General Fund increase of \$12,535, or 48.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in stipends for SPTP reintegration patients due to an increased patient census.

The **Governor** recommends \$66.5 million, including \$58.0 million from the State General Fund, for operating expenditures in FY 2018. This is an all funds decrease of \$2.6 million, or 3.8 percent, and a State General Fund decrease of \$8.7 million, or 13.0 percent, below the agency's revised estimate in FY 2018. The all funds decrease is primarily attributable to the Governor recommending supplemental funding for increased expenditures for the SPTP reintegration units at a lower amount than the agency's supplemental request. The State General Fund decrease is primarily attributable to the Governor estimating higher federal revenues and recommending that the agency use \$6.1 million in fee and federal funding sources for operations, rather than supplemental funding from the State General Fund. The Governor recommends adding 35.0 FTE positions to implement the agency's supplemental request for the Sexual Predator Treatment Program transition units. The agency requested

additional expenditures for staffing as part of its supplemental request, but did not include additional FTE positions within its revised budget estimate.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
SPTP Reintegration	\$ 3,882,098	\$ 3,882,098	0.0	\$ 1,259,699	\$ 1,259,699	35.0
Revenue Shortfall	6,065,389	6,065,389	0.0	0	6,065,389	0.0
Fee Fund Conversion to						
No Limit	0	0	0.0	0	0	0.0
SPTP Funds Merged	0	0	0.0	0	0	0.0
TOTAL	\$ 9,947,487	\$ 9,947,487	0.0	\$ 1,259,699	\$ 7,325,088	35.0

The **agency** requests four supplementals totaling \$9.9 million, all from the State General Fund, in FY 2018.

Sexual Predator Treatment Program (SPTP) Reintegration. The agency requests \$3.9 million, all from the State General Fund, for increased expenditures for the SPTP reintegration facilities in FY 2018. The agency states the SPTP reintegration and transition units have seen significant changes in participation since implementing changes to the SPTP program in 2016. The increase in participation has resulted in more residents being reviewed by the Progress Review Panel for advancement to the reintegration facilities. Based on trends seen over the last year, the agency states it projects that all 16 beds at each reintegration facility will be at capacity by July 1, 2018, with residents slated to see the Progress Review Panel at least four times per year. Part of the expenditures will be for expansion of the reintegration house at Osawatomie State Hospital (OSH), which will provide 9 new beds. Other expenditures include structural and staffing changes to accommodate increased patient census. The increased expenditures include the LSH Meyer East House (\$585,000), LSH Meyer West House (\$2.7 million), and OSH MiCo House (\$560,522).

Revenue Shortfall Replacement. The agency requests \$6.1 million, all from the State General Fund, to replace a projected shortfall in federal revenue in FY 2018. The agency states it anticipates a shortfall below projections for federal Title XIX Medicaid revenue and would need funding from the State General Fund to maintain current operations. The agency states this total also includes \$1.6 million to replace Disproportionate Share Hospital (DSH) revenues that may be withheld from LSH after reconciliation of past cost report audits. The 2017 Legislature added funding to replace revenue for this purpose in FY 2017, FY 2018, and FY 2019, with the final recoupment expected to occur in FY 2020. The agency states it has been notified that the remaining DSH recoupment amount may be recouped in FY 2018 and FY 2019, so the agency has requested funding so no amount of recoupment will remain after FY 2019.

Fee Fund Conversion to No Limit. The agency requests to convert the Larned State Hospital Fee Fund from a limited fund to a no limit fund in FY 2018. The agency states a no limit fund would allow LSH more flexibility in managing cash flow throughout the year.

SPTP Operating Fund and Reintegration Fund Merged. The agency request the following State General Fund accounts be combined in FY 2018: Larned State Hospital Sexual Predator Treatment Program Fund and Larned State Hospital Sexual Predator Treatment

Program Reintegration Fund. The agency states these funds were initially combined, then split into two funds in January 2016. The agency requests to recombine the funds to utilize a common fund for the SPTP program.

The **Governor** recommends supplementals totaling \$7.3 million, including \$1.3 million from the State General Fund, and 35.0 FTE positions in FY 2018. The Governor recommends \$1.3 million, all from the State General Fund, for increased expenditures for the Sexual Predator Treatment Program reintegration units and 35.0 FTE positions to implement these changes. Included in this recommendation, the Governor recommends \$836,807 and 17.0 FTE positions for inpatient treatment and \$422,892 and 18.0 FTE positions for reintegration expansion. The Governor estimates higher federal revenues than the agency and recommends supplemental expenditures totaling \$6.1 million for operations from agency fee and federal funds rather than from the State General Fund. The Governor does not recommend converting the agency's fee fund to a no limit fund nor combining the Larned State Hospital SPTP Fund and Larned State Hospital SPTP Reintegration Fund 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 \$56,333,480 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 56,333,480	\$ 65,954,478	\$ 9,620,998	\$ 61,051,433	\$ 4,717,953
All Other Funds	8,449,806	3,288,421	(5,161,385)	8,191,466	(258,340)
TOTAL	\$ 64,783,286	\$ 69,242,899	\$ 4,459,613	\$ 69,242,899	\$ 4,459,613
FTE Positions	943.5	943.5	0.0	998.5	55.0

The **agency** requests a revised estimate for operating expenditures of \$69.2 million, including \$66.0 million from the State General Fund, for FY 2019. This is an all funds increase of \$4.5 million, or 6.9 percent, and a State General Fund increase of \$9.6 million, or 17.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's six requests for supplemental funding totaling \$9.6 million, all from the State General Fund. The increase is partially offset by a decrease in expenditures from special revenue funds, as the agency projects decreased revenues and has decreased expenditures from these sources. The revised estimate does not include capital improvement expenditures. The revised estimate includes 943.5 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 requests \$47.3 million, including \$49.9 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$8.3 million, or 21.3 percent, and a State General Fund increase of \$13.4 million, or 36.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an

increase in salary expenditures due to the agency's requests for supplemental funding;

- **Contractual Services.** The agency requests \$18.0 million, including \$13.9 million from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$2.6 million, or 12.4 percent, and a State General Fund decrease of \$1.0 million, or 6.9 percent, below the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in food for patients and expenditures for patient medical treatment. The hospital previously provided food services to Larned Juvenile Correctional Facility (LJCF) through a Memorandum of Understanding, but LJCF has closed and the hospital has re-estimated associated expenditures;
- **Commodities.** The agency requests \$3.7 million, including \$1.9 million from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$1.2 million, or 24.8 percent, and a State General Fund decrease of \$288,282, or 13.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for medical supplies, pharmaceuticals for patients, data processing supplies, and household supplies;
- **Capital Outlay.** The agency requests \$161,172, including \$159,472 from the State General Fund, for capital outlay for FY 2019. This is an all funds decrease of \$101,167, or 38.6 percent, and a State General Fund decrease of \$2.5 million, or 94.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in office equipment, household furniture for patients, and equipment for the physical plant and central services program; and
- **Other Assistance.** The agency requests \$48,313, including \$48,256 from the State General Fund, for other assistance for FY 2019. This is an all funds increase of \$19,990, or 70.6 percent, and a State General Fund increase of \$20,042, or 71.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in stipends for SPTP reintegration patients due to an increased patient census.

The **Governor** recommends \$69.2 million, including \$61.1 million from the State General Fund, for FY 2019. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$4.9 million, or 7.4 percent, below the agency's revised estimate for FY 2019. The State General Fund decrease is due to the Governor estimating higher federal revenue and recommending some of the agency's supplemental requests from agency fee and federal funds, rather than the State General Fund. The Governor recommends adding 55.0 FTE positions to implement the agency's supplemental request for the Sexual Predator Treatment Program transition units. The agency requested additional expenditures for staffing in its supplemental requests, but did not include additional FTE positions within its revised budget estimate.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
SPTP Reintegration	\$ 4,183,343	\$ 4,183,343	0.0	\$ 4,183,343	\$ 4,183,343	55.0
Revenue Shortfall	4,669,419	4,669,419	0.0	0	4,669,419	0.0
MHDD Salary Increase	534,610	534,610	0.0	534,610	534,610	0.0
Unclassified Salary Increase	233,626	233,626	0.0	0	233,626	0.0
Conversion of Fee Fund to No Limit	0	0	0.0	0	0	0.0
SPTP Funds Merged	0	0	0.0	0	0	0.0
TOTAL	\$ 9,620,998	\$ 9,620,998	0.0	\$ 4,717,953	\$ 9,620,998	55.0

The **agency** requests six supplementals totaling \$9.6 million, all from the State General Fund, for FY 2019.

Sexual Predator Treatment Program (SPTP) Reintegration. The agency requests \$4.2 million, all from the State General Fund, for increased expenditures for the SPTP reintegration facilities for FY 2019. The agency states the SPTP reintegration and transition units have seen significant changes in participation since implementing changes to the SPTP program in 2016. The increase in participation has resulted in more residents being reviewed by the Progress Review Panel for advancement to the reintegration facilities. Based on trends seen over the last year, the agency states it projects that all 16 beds at each reintegration facility will be at capacity by July 1, 2018, with residents slated to see the Progress Review Panel at least four times per year. Most expenditures continue structural and staffing changes to accommodate increased patient census requested in FY 2018. Expenditures also include the opening of a new reintegration facility for FY 2019 to accommodate anticipated patient census increase. The agency states the location for this new reintegration unit has not currently been determined. The expenditures for this supplemental request include the LSH Meyer East House (\$567,000), LSH Meyer West House (\$2.7 million), OSH MiCo House (\$504,373), and one new facility (\$461,557).

Revenue Shortfall. The agency requests \$4.7 million, all from the State General Fund, to replace a projected shortfall in federal revenue for FY 2019. The agency states it anticipates a shortfall below projections for federal Title XIX Medicaid revenue and would need funding from the State General Fund to maintain operations. The agency states this total also includes \$1.6 million to replace Disproportionate Share Hospital (DSH) revenues that may be withheld from LSH after reconciliation of past cost report audits. The 2017 Legislature added funding to replace revenue for this purpose in FY 2017, FY 2018, and FY 2019, with the final recoupment expected to occur in FY 2020. The agency states it has been notified that the remaining DSH recoupment amount may be recouped in FY 2018 and FY 2019, so the agency has requested funding so amount of recoupment will remain after FY 2019.

Mental Health Developmental Disability Technician Salary Increase. The agency requests \$534,610, all from the State General Fund, to provide a salary increase increase for Mental Health Developmental Disability Technicians at Larned State Hospital for FY 2019.

Unclassified Salary Increase. The agency requests \$233,626, all from the State General Fund, to provide a 2.5 percent salary increase for unclassified employees who were not included in the 2017 Legislature's pay plan.

Fee Fund Conversion to No Limit. The agency requests to convert the Larned State Hospital Fee Fund from a limited fund to a no limit fund for FY 2019. The agency states a no limit fund would allow LSH more flexibility in managing cash flow throughout the year.

SPTP Operating Fund and Reintegration Fund Merged. The agency request the following State General Fund accounts be combined for FY 2019: Larned State Hospital Sexual Predator Treatment Program Fund and Larned State Hospital Sexual Predator Treatment Program Reintegration Fund. The agency states these funds were initially combined, then split into two funds in January 2016. The agency requests to recombine the funds to utilize a common fund for the SPTP program.

The **Governor** recommends supplementals totaling \$9.6 million, including \$4.7 million from the State General Fund, and 55.0 FTE positions for FY 2019. The Governor recommends \$4.2 million, all from the State General Fund, for increased expenditures for the Sexual Predator Treatment Program reintegration units and 55.0 FTE positions to implement these changes. Included in this recommendation, the Governor recommends \$2.7 million and 17.0 FTE positions for inpatient treatment and \$1.5 million and 38.0 FTE positions for reintegration expansion. The Governor estimates higher federal revenues than the agency and recommends supplemental expenditures totaling \$4.7 million for operations from agency fee and federal funds, rather than the State General Fund. The Governor recommends \$534,610, all from the State General Fund, for a salary increase for Mental Health Developmental Disability Technicians for FY 2019. The Governor recommends a salary increase to provide a 2.5 percent salary increase for unclassified employees who were not included the 2017 legislative pay plan, but recommends it be from agency fee funds rather than from the State General Fund. The Governor does not recommend converting the agency's fee fund to a no limit fund nor combining the Larned State Hospital SPTP Fund and Larned State Hospital SPTP Reintegration 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 longevity payments total \$107,960, including \$104,706 from the State General Fund, and FY 2019 longevity payments total \$116,920, including \$113,179 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	95.3 %	88.2 %
Larned State Hospital FF	5.7	6.0
Title XIX Fund	(1.1)	5.6
All Other Funds	0.2	0.2
TOTAL	100.0 %	100.0 %

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

Larned State Hospital Fee Fund Analysis

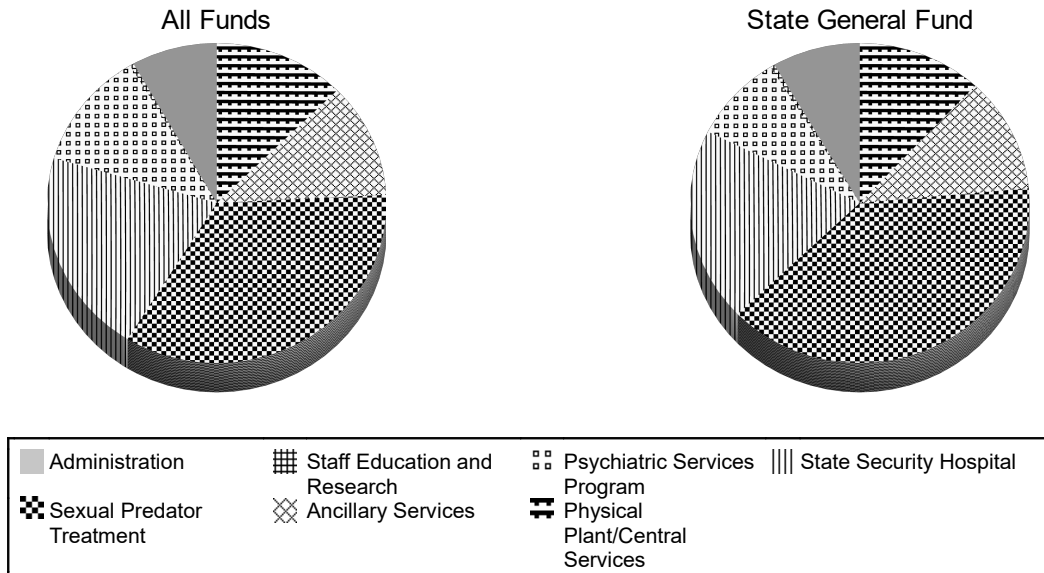
KSA 76-1302a requires the superintendent of Larned State Hospital remit all moneys received from charges under KSA 59-2006 and deposit them into the Larned State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution. Major sources of revenue for this fund include collection of Medicare A and B reimbursements, insurance reimbursements for eligible patients, and private pay for hospital treatment.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 191,943	\$ 1,091,640	\$ 1,091,640	\$ 965,764	\$ 853,096
Revenue	3,446,763	3,318,318	3,318,318	3,326,831	3,326,831
Transfers in	350	0	0	0	0
Funds Available	\$ 3,639,056	\$ 4,409,958	\$ 4,409,958	\$ 4,292,595	\$ 4,179,927
Less:					
Expenditures	2,547,416	3,444,194	3,556,862	3,946,301	4,179,927
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 1,091,640	\$ 965,764	\$ 853,096	\$ 346,294	\$ 0
Ending Balance as Percent of Expenditures	42.9%	28.0%	24.0%	8.8%	0.0%
Month Highest Ending Balance	March \$ 1,483,335	March \$ 1,883,032	March \$ 995,700	March \$ 1,694,728	March \$ 1,071,663
Month Lowest Ending Balance	July \$ 224,003	July \$ 235,200	July \$ (652,132)	July \$ 168,000	July \$ (455,065)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 5,652,504	8.2 %	\$ 5,123,938	8.4 %
Staff Education and Research	260,449	0.4	257,487	0.4
Psychiatric Services	8,257,591	11.9	5,386,277	8.8
State Security Hospital	14,354,723	20.7	11,951,395	19.6
Sexual Predator Treatment	23,970,167	34.6	23,970,167	39.3
Ancillary Services	8,053,751	11.6	7,103,428	11.6
Physical Plant/Central Services	8,693,714	12.6	7,258,741	11.9
TOTAL	\$ 69,242,899	100.0 %	\$ 61,051,433	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	36.0	36.0	36.0	36.0	36.0
Staff Education and Research	4.0	4.0	4.0	4.0	4.0
Psychiatric Services Program	128.0	128.0	128.0	128.0	128.0
State Security Hospital	263.0	263.0	263.0	263.0	263.0
Sexual Predator Treatment Program	295.5	295.5	330.5	295.5	350.5
Ancillary Services	69.0	69.0	69.0	69.0	69.0
Physical Plant/Central Services	148.0	148.0	148.0	148.0	148.0
TOTAL	943.5	943.5	978.5	943.5	998.5
<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 oversees planning, program implementation, and monitoring for the agency's operations. The program includes human resources, financial services, information technology, legal services, quality management, risk management, standards oversight, research, and customer service. The program provides general leadership and oversight of the agency through development, ongoing refinements and implementation of the agency's mission, vision, and strategic plan.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,997,033	\$ 2,256,513	\$ 2,257,563	\$ 2,058,000	\$ 2,059,053
Contractual Services	1,506,210	3,400,170	3,400,170	3,357,438	3,357,438
Commodities	196,569	233,744	233,744	233,871	233,871
Capital Outlay	1,068	1,500	1,500	1,500	1,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,700,880</i>	<i>\$ 5,891,927</i>	<i>\$ 5,892,977</i>	<i>\$ 5,650,809</i>	<i>\$ 5,651,862</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,682	1,690	640	1,695	642
TOTAL	\$ 3,702,562	\$ 5,893,617	\$ 5,893,617	\$ 5,652,504	\$ 5,652,504
Financing:					
State General Fund	\$ 3,263,730	\$ 5,598,985	\$ 5,598,985	\$ 5,357,564	\$ 5,123,938
All Other Funds	438,832	294,632	294,632	294,940	528,566
TOTAL	\$ 3,702,562	\$ 5,893,617	\$ 5,893,617	\$ 5,652,504	\$ 5,652,504
FTE Positions	36.0	36.0	36.0	36.0	36.0

The **agency** requests a revised estimate of \$5.7 million, including \$5.4 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$4.5 million, or 44.5 percent, and a State General Fund decrease of \$4.3 million, or 44.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in food for patients. The hospital previously provided food services to Larned Juvenile Correctional Facility (LJCF) through a Memorandum of Understanding, but LJCF has closed and the hospital has re-estimated associated expenditures. The decrease is partially offset by the agency's request for supplemental funding to provide a 2.5 percent salary increase for individuals not included in the 2017 Legislature's pay plan. The program includes 36.0 FTE positions, which is an increase of 5.0 FTE positions above the number approved by the 2017 Legislature. The increase is attributable to the agency reallocating positions from other programs.

The **Governor** recommends \$5.6 million, including \$5.1 million from the State General Fund, for the Administration program for FY 2019. This is the same all funds amount and a decrease of \$233,626, all from the State General Fund, below the agency's revised estimate. The State General Fund decrease is due to the Governor recommending the agency's supplemental request for a salary increase to provide a 2.5 percent salary increase for unclassified employees who were not included the 2017 legislative pay plan be funded from the agency's fee fund rather than from the State General Fund. In addition, the Governor recommends reallocating \$1,053 from other assistance expenditures for the Voluntary Retirement Incentive Program to decrease salary shrinkage.

B. Staff Education and Research

The Staff Education and Research program assists employees in the acquisition of skills and knowledge for personal development and career advancement. The program provides educational opportunities to assist LSH employees in enhancing competent performance through facilitating training opportunities. The agency states the program creates a learning environment that assists staff in enhancing awareness of what they need to learn in acquiring new knowledge and skills to coordinate and conduct programs that provide continuing education for licensed professional staff and offer educational opportunities to mental health professionals and employees of affiliated agencies throughout Kansas. The program is charged with maintaining the training records for LSH staff, creating and monitoring trainings, and writing computer-based trainings as requested.

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 185,839	\$ 226,431	\$ 226,431	\$ 232,494	\$ 232,494
Contractual Services	22,702	22,891	22,891	22,927	22,927
Commodities	4,978	5,018	5,018	5,028	5,028
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 213,519</i>	<i>\$ 254,340</i>	<i>\$ 254,340</i>	<i>\$ 260,449</i>	<i>\$ 260,449</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 213,519	\$ 254,340	\$ 254,340	\$ 260,449	\$ 260,449
Financing:					
State General Fund	\$ 203,951	\$ 251,407	\$ 251,407	\$ 257,487	\$ 257,487
All Other Funds	9,568	2,933	2,933	2,962	2,962
TOTAL	\$ 213,519	\$ 254,340	\$ 254,340	\$ 260,449	\$ 260,449
FTE Positions	4.0	4.0	4.0	4.0	4.0

The **agency** requests a revised estimate of \$260,449, including \$257,487 from the State General Fund, for the Staff Education and Research program for FY 2019. This is an all funds decrease of \$52,138, or 16.7 percent, and a State General Fund decrease of \$3,646, or 1.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in professional fees for staff training exercises and salary expenditures, partially offset by an adjustment to salary shrinkage and an increase in employer contributions for state employee health insurance. The program includes 4.0 FTE positions, which is the same number approved by the 2017 Legislature.

The **Governor** concurs with the agency's revised estimate for the Staff Education and Research program for FY 2019.

C. Psychiatric Services

The Psychiatric Services program provides psychiatric treatment to Kansas citizens 18 years or older. Service units include a 30-bed Crisis Stabilization Unit for acute stabilization and treatment and two Adult Treatment Units for patients with chronic conditions budgeted for 30 beds each. Patients are admitted for both evaluation and inpatient treatment. Pre-admission screening is completed by Community Mental Health Centers. Upon admission, a comprehensive evaluation is performed and an individualized treatment plan is subsequently developed for each patient. Adults may be admitted either on a voluntary basis or because of a civil commitment. Social detoxification services for up to 72 hours are provided within the PSP at LSH for persons referred by law enforcement agencies or by a district court. The adult units had an average daily census of 70 patients in FY 2017.

PSYCHIATRIC SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,602,562	\$ 6,210,633	\$ 6,210,633	\$ 6,266,520	\$ 6,266,520
Contractual Services	1,689,415	1,684,336	1,684,336	1,675,733	1,675,733
Commodities	313,452	313,506	313,506	313,581	313,581
Capital Outlay	1,663	1,700	1,700	1,700	1,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,607,092</i>	<i>\$ 8,210,175</i>	<i>\$ 8,210,175</i>	<i>\$ 8,257,534</i>	<i>\$ 8,257,534</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,100	56	56	57	57
TOTAL	\$ 8,608,192	\$ 8,210,231	\$ 8,210,231	\$ 8,257,591	\$ 8,257,591
Financing:					
State General Fund	\$ 5,949,432	\$ 5,062,516	\$ 5,062,516	\$ 5,386,277	\$ 5,386,277
All Other Funds	2,658,760	3,147,715	3,147,715	2,871,314	2,871,314
TOTAL	\$ 8,608,192	\$ 8,210,231	\$ 8,210,231	\$ 8,257,591	\$ 8,257,591
FTE Positions	128.0	128.0	128.0	128.0	128.0

The **agency** requests a revised estimate of \$8.3 million, including \$5.4 million from the State General Fund, for the Psychiatric Services program for FY 2019. This is an all funds increase of \$1.1 million, or 15.9 percent, and a State General Fund increase of \$5.3 million, or 5,716.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in expenditures for contract staffing and employer contributions for state employee health insurance, partially offset by a decrease in supplies for drugs and pharmaceuticals for patient treatment. The program includes 128.0 FTE positions, which is an increase of 3.0 FTE positions above the number approved by the 2017 Legislature. The increase is primarily attributable to the agency reallocating positions from other programs.

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

D. State Security Hospital

The State Security Hospital program was originally established in 1939. This program serves male and female adults from all 105 Kansas counties who are admitted through forensic commitment statutes or transferred from the Kansas Department of Corrections (KDOC) for acute or secure residential treatment. The program is housed in the Isaac Ray building and currently serves 170 patients on six units.

Reasons for referral to the program include pre-trial and post-trial assessments, competency restoration, sexual predator evaluation, pre-sentence as well as mental state evaluations, and treatment for those determined not guilty due to lack of mental state, treatment in lieu of confinement, as well as treatment and stabilization of acute symptoms for individuals referred by the KDOC. One unit, the Security Behavior Unit (SBU) serves a group of males who are civilly, rather than criminally, committed and who pose a very high risk for dangerousness and have been charged or arrested for a felony and on hold order from jail. The State Security Hospital program had an average daily census of 156 patients in FY 2017.

STATE SECURITY HOSPITAL SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 12,000,663	\$ 10,849,807	\$ 10,849,807	\$ 10,747,905	\$ 10,747,905
Contractual Services	2,872,495	2,840,631	2,840,631	2,840,878	2,840,878
Commodities	765,992	764,370	764,370	764,503	764,503
Capital Outlay	(1,375)	1,400	1,400	1,400	1,400
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 15,637,775</i>	<i>\$ 14,456,208</i>	<i>\$ 14,456,208</i>	<i>\$ 14,354,686</i>	<i>\$ 14,354,686</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,876	35	35	37	37
TOTAL	<u>\$ 15,645,651</u>	<u>\$ 14,456,243</u>	<u>\$ 14,456,243</u>	<u>\$ 14,354,723</u>	<u>\$ 14,354,723</u>
Financing:					
State General Fund	\$ 12,843,394	\$ 17,903,637	\$ 11,838,248	\$ 16,620,814	\$ 11,951,395
All Other Funds	2,802,257	(3,447,394)	2,617,995	(2,266,091)	2,403,328
TOTAL	<u>\$ 15,645,651</u>	<u>\$ 14,456,243</u>	<u>\$ 14,456,243</u>	<u>\$ 14,354,723</u>	<u>\$ 14,354,723</u>
FTE Positions	263.0	263.0	263.0	263.0	263.0

The **agency** requests a revised estimate of \$14.4 million, including \$16.6 million from the State General Fund, for the State Security Hospital program for FY 2019. This is an all funds increase of \$2.2 million, or 18.2 percent, and a State General Fund increase of \$4.7 million, or 39.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and contractual staffing expenditures, due to the agency's requests for supplemental funding to replace a shortfall of federal revenue and to provide a salary increase to Mental Health Developmental Disability Technicians. The program includes 263.0 FTE positions, which is a decrease of 10.0 FTE positions fewer than the number approved by the 2017 Legislature. The decrease is primarily attributable to a reallocation of positions from other programs. (*Note: Expenditures from all other funds are reflected as a negative total, due to the agency requesting salary shrinkage from the federal Title XIX Fund in excess of salary expenditures from the same funding source.*)

The **Governor** recommends \$14.4 million, including \$12.0 million from the State General Fund, for the State Security Hospital program for FY 2019. This is the same all funds amount as the agency's revised estimate and a State General Fund decrease of \$4.7 million, or 28.1 percent, below the agency's revised estimate for FY 2019. The State General Fund decrease is attributable to the Governor estimating higher federal revenue than the agency, and recommending the agency's request for supplemental funding for operations be from the agency fee and federal funds for FY 2019. In addition, the Governor's recommendation includes funding the agency's supplemental request for a salary increase for Mental Health Technicians from the State General Fund.

E. Sexual Predator Treatment Program

The Sexual Predator Treatment Program (SPTP) was established in 1994 by the Sexual Predator Act (KSA 59-29A01 *et seq.*) to provide treatment for convicted sex offenders who have finished their prison sentences and who have been civilly committed by the courts to the SPTP inpatient treatment program at Larned State Hospital. The SPTP is comprised of three phases

of treatment. Phases one and two are located at LSH and phase three includes treatment at a reintegration and transition unit located at LSH, Osawatomie State Hospital (OSH), or Parsons State Hospital and Training Center (PSH&TC). The SPTP was given a dual mission. First, SPTP's goal is to protect the public from any further victimization by sexual offenders committed to the program. Second, SPTP is required to provide a program of treatment that would assist motivated offenders to reduce their risk for re-offense to the point they could safely live in open society and become contributing citizens.

The reintegration and transition units are State-funded programs housed on the grounds of LSH, OSH, and PSH&TC and are limited to 16 beds per any one county in the State of Kansas. To be evaluated as ready for the program, a resident must have successfully progressed through the residential portion of the treatment program and have a motivation to re-enter open society and conduct his life in a responsible manner. These residents are reviewed and interviewed by the Progress Review Panel and are determined to be appropriated candidates for a reintegration program based on clinical recommendation. Duration of the program depends primarily on the resident's compliance with treatment, therapy, and program rules. Therefore, the estimated completion time for residents of reintegration facilities are individualized due to the individual resident's progress in treatment. The Sexual Predator Treatment Program had an average daily census in FY 2017 of 248 patients, including 8 patients in the MiCo House transition unit, and 8 patients in the Meyer Reintegration facility.

SEXUAL PREDATOR TREATMENT PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 12,937,396	\$ 16,599,596	\$ 13,977,197	\$ 16,753,155	\$ 16,753,155
Contractual Services	5,914,731	6,199,446	6,199,446	6,342,562	6,342,562
Commodities	646,193	656,741	656,741	675,095	675,095
Capital Outlay	14,723	193,087	193,087	152,831	152,831
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 19,513,043</i>	<i>\$ 23,648,870</i>	<i>\$ 21,026,471</i>	<i>\$ 23,923,643</i>	<i>\$ 23,923,643</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	17,916	36,510	36,510	46,524	46,524
TOTAL	\$ 19,530,959	\$ 23,685,380	\$ 21,062,981	\$ 23,970,167	\$ 23,970,167
Financing:					
State General Fund	\$ 19,208,150	\$ 23,418,077	\$ 20,795,678	\$ 23,970,167	\$ 23,970,167
All Other Funds	322,809	267,303	267,303	0	0
TOTAL	\$ 19,530,959	\$ 23,685,380	\$ 21,062,981	\$ 23,970,167	\$ 23,970,167
FTE Positions	295.5	295.5	330.5	295.5	350.5

The **agency** requests a revised estimate of \$24.0 million, all from the State General Fund, for the Sexual Predator Treatment Program for FY 2019. This is an increase of \$8.4 million, or 54.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary and contractual services expenditures due to the agency's requests for supplemental funding for increased expenditures for the Sexual Predator Treatment Program reintegration units and to provide a salary increase for Mental Health Developmental Disability Technicians. The increase is partially offset by a decrease in commodities expenditures for medical supplies and pharmaceuticals for patients. The program includes 295.5 FTE positions, which is an increase of 2.0 FTE positions more than the number

approved by the 2017 Legislature. The increase is primarily attributable to the agency reallocating positions from other programs.

The **Governor** concurs with the agency's revised estimate for the Sexual Predator Treatment Program for FY 2019. The Governor's recommendation includes funding the agency's supplemental request for increased expenditures for the SPTP reintegration units. The Governor also recommends adding 55.0 FTE positions to implement the agency's supplemental request for the SPTP transition units for FY 2019. The agency requested funding for staffing in its supplemental request, but did not include an increase in FTE positions within its revised budget estimate for FY 2019. In addition, the Governor's recommendation includes funding the agency's supplemental request for a salary increase for Mental Health Technicians from the State General Fund.

F. Ancillary Services

The Ancillary Services program consists of Allied Clinical Services, which is comprised of medical services, nursing services, chaplaincy services, the psychology department, the social services department, activities therapy, the pharmacy, the laboratory, and clinic/infection prevention and control.

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,271,378	\$ 6,117,573	\$ 6,117,573	\$ 6,153,999	\$ 6,153,999
Contractual Services	1,130,096	1,086,895	1,086,895	1,088,321	1,088,321
Commodities	807,963	808,489	808,489	808,565	808,565
Capital Outlay	2,866	2,866	2,866	2,866	2,866
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,212,303</i>	<i>\$ 8,015,823</i>	<i>\$ 8,015,823</i>	<i>\$ 8,053,751</i>	<i>\$ 8,053,751</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,569	0	0	0	0
TOTAL	\$ 7,213,872	\$ 8,015,823	\$ 8,015,823	\$ 8,053,751	\$ 8,053,751
Financing:					
State General Fund	\$ 6,101,937	\$ 6,991,218	\$ 6,991,218	\$ 7,103,428	\$ 7,103,428
All Other Funds	1,111,935	1,024,605	1,024,605	950,323	950,323
TOTAL	\$ 7,213,872	\$ 8,015,823	\$ 8,015,823	\$ 8,053,751	\$ 8,053,751
FTE Positions	69.0	69.0	69.0	69.0	69.0

The **agency** requests a revised estimate of \$8.1 million, including \$7.1 million from the State General Fund, for the Ancillary Services program for FY 2019. This is an all funds increase of \$768,655, or 10.6 percent, and a State General Fund decrease of \$2.5 million, or 25.8 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an adjustment to salary shrinkage and an increase in medical supplies and pharmaceuticals for patients, partially offset by a decrease in contract medical services for patients. The program includes 69.0 FTE positions, which is an increase of 6.0 FTE positions more than the number approved by the 2017 Legislature. The increase is primarily attributable to the agency reallocating positions from other programs.

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

G. Physical Plant/Central Services

The Physical Plant/Central Services program is comprised of the following: Engineering Services, Environmental Services, Safety/Security, Purchasing/Supply, Food Services, and Laundry. Engineering Services is responsible for the repair and upkeep of 78 buildings and 949,579 square feet of space on 120 acres of grounds. The Engineering program also provides physical plant service for the hospital and Larned Correctional Mental Health Facility (LCMHF). Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate LSH, as well as works cooperatively with LCMHF. In July 2013, food services were contracted through A'viands, and it continues to provide meal services for the hospital and LCMHF. Also within the Physical Plant/Central Services program, Larned State Hospital pays a portion of the City of Larned's waste water treatment facility bond payments from the State Institutions Building Fund.

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,528,790	\$ 5,026,566	\$ 5,026,566	\$ 5,114,045	\$ 5,114,045
Contractual Services	2,487,878	2,741,585	2,741,585	2,704,622	2,704,622
Commodities	716,899	865,623	865,623	874,172	874,172
Capital Outlay	403	875	875	875	875
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,733,970</i>	<i>\$ 8,634,649</i>	<i>\$ 8,634,649</i>	<i>\$ 8,693,714</i>	<i>\$ 8,693,714</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,137	0	0	0	0
TOTAL	\$ 8,737,107	\$ 8,634,649	\$ 8,634,649	\$ 8,693,714	\$ 8,693,714
Financing:					
State General Fund	\$ 7,793,416	\$ 7,478,127	\$ 7,478,127	\$ 7,258,741	\$ 7,258,741
All Other Funds	943,691	1,156,522	1,156,522	1,434,973	1,434,973
TOTAL	\$ 8,737,107	\$ 8,634,649	\$ 8,634,649	\$ 8,693,714	\$ 8,693,714
FTE Positions	148.0	148.0	148.0	148.0	148.0

The **agency** requests a revised estimate of \$8.7 million, including \$7.3 million from the State General Fund, for the Physical Plant and Central Services program for FY 2019. This is an all funds decrease of \$3.0 million, or 25.3 percent, and a State General Fund decrease of \$1.5 million, or 17.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in food for patients, household supplies, and data processing supplies. The program includes 148.0 FTE positions, which is a decrease of 6.0 FTE positions fewer than the number approved by the 2017 Legislature. The decrease is primarily attributable to the agency reallocating positions from other programs.

The **Governor** concurs with the agency's revised estimate for the Physical Plant and Central Services program for FY 2019.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Average serious patient injuries from patient aggression per 1,000 inpatient days	0.102	0.074	0.067	0.500
Average restraint hours per 1,000 inpatient hours	0.055	0.162	0.150	0.080

OSAWATOMIE STATE HOSPITAL

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 26,696,212	\$ 38,449,877	\$ 28,873,855	\$ 26,997,756	\$ 26,065,060
Other Funds	13,115,321	1,590,303	11,166,325	14,014,324	14,970,843
<i>Subtotal</i>	<i>\$ 39,811,533</i>	<i>\$ 40,040,180</i>	<i>\$ 40,040,180</i>	<i>\$ 41,012,080</i>	<i>\$ 41,035,903</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	57,890	55,000	55,000	75,000	75,000
<i>Subtotal</i>	<i>\$ 57,890</i>	<i>\$ 55,000</i>	<i>\$ 55,000</i>	<i>\$ 75,000</i>	<i>\$ 75,000</i>
TOTAL	<u>\$ 39,869,423</u>	<u>\$ 40,095,180</u>	<u>\$ 40,095,180</u>	<u>\$ 41,087,080</u>	<u>\$ 41,110,903</u>

Percentage Change:

Operating Expenditures

State General Fund	17.1 %	44.0 %	8.2 %	(29.8) %	(9.7) %
All Funds	21.1	0.6	0.6	2.4	2.5

FTE Positions	217.6	478.1	478.1	478.1	478.1

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

Osawatomie State Hospital (OSH) was founded in 1866, originally called the "Kansas Insane Asylum." The name was changed to OSH in 1901 and it is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. It is operated and managed by the Kansas Department for Aging and Disability Services and is licensed by the Kansas Department of Health and Environment. In 2014, operations at Rainbow Mental Health Facility were merged with OSH. The hospital is licensed for 206 patient beds, but currently operates at 158 beds due to a self-imposed moratorium on admissions above 158.

In December 2015, OSH was decertified by the federal Centers for Medicare and Medicaid Services (CMS). Since January 2016, the hospital has been unable to obtain federal revenue through Medicare and Medicaid reimbursements and federal Disproportionate Share Hospital (DSH) payments. OSH responded to the surveys by making structural changes to improve patient safety, increasing staffing levels, and instituting new operating practices. In August 2016, two living units were functionally separated from OSH to form Adair Acute Care (AAC). AAC is considered a functionally free-standing unit, though it is included in the overall total of licensed OSH beds. AAC passed its initial CMS certification survey in August 2017 and a

second survey in November 2017. In December 2017, OSH was informed by CMS that the 60 beds of AAC were recertified for federal reimbursements and the hospital would begin to receive partial DSH payments.

A Sexual Predator Treatment Program reintegration unit is located on the grounds of OSH; however, this program is administered and funded by Larned State Hospital.

MAJOR ISSUES FROM PRIOR YEARS

In response to budget reductions made at the direction of the **Governor**, Osawatomi State Hospital delayed the opening of a remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoided the need for an additional \$1.5 million in FY 2010 to annualize costs, including 49.0 FTE positions. The East Biddle unit remained closed until August 20, 2009, when patients were moved into the unit from an existing unit.

During **May 2010** and **July 2010**, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 community mental health centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility, and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and did not have additional resources to serve persons seeking voluntary admissions. In FY 2010, the number of days over census was 123, or 34.0 percent of the time. In FY 2011, the number of days over census was 119, or 33.0 percent of the time. The agency indicates that a hospital of similar size and serving a similar population as Osawatomi State Hospital should run at an 85.0 percent capacity for its average daily census over the course of a year.

Since November 9, 2011, all patients previously served by Rainbow Mental Health Facility were being served at Osawatomi State Hospital after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshal inspection. A 30-bed wing was subsequently opened at Osawatomi State Hospital.

The **2013 Legislature** concurred with the recommendation of the Governor to combine the operations of Osawatomi State Hospital and Rainbow Mental Health Facility into one agency to eliminate redundancies in one management operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of the Rainbow Mental Health Facility's fee funds to the Osawatomi State Hospital fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to Osawatomi State Hospital. Thirty beds at Osawatomi State Hospital that had previously been operating as Rainbow Mental Health Facility beds were officially designated as Osawatomi State Hospital beds, increasing Osawatomi State Hospital's budgeted bed capacity from 176 to 206 in FY 2015.

In Fall 2014, CMS conducted surveys at Osawatomi State Hospital and determined the hospital would need to take action to address over-census numbers and safety concerns.

The **2015 Legislature** added \$2.0 million, all from special revenue funds, in FY 2015 for operating expenditures for the plan of correction following the surveys by the federal CMS in Fall 2014. The Legislature added \$500,000, all from the State General Fund, for FY 2016 and FY 2017 for additional operational expenditures related to ongoing replacement of equipment and other expenses necessary for compliance following the CMS surveys. The Legislature also deleted \$247,080, all from the State General Fund, for FY 2016 and FY 2017 to implement agency-submitted reduced resource options concerning inventory and dispensing of medication and reduced supplies and other resources.

In December 2015, CMS conducted follow-up surveys at Osawatomie State Hospital and cited the facility for staffing and patient safety concerns. CMS decertified the facility, meaning it could not bill for Medicaid or Medicare reimbursements.

The **2016 Legislature** added \$2.0 million, all from the State General Fund, to address recertification and under-staffing issues in FY 2016. The Legislature also added \$9.5 million, all from the State General Fund, and deleted \$5.9 million, all from special revenue funds, for increased operational expenditures, a consulting contract to regain federal CMC certification, and to offset reductions in fee fund and Title XIX revenue in FY 2016. The Legislature deleted \$1.5 million, all from the State General Fund, in FY 2016 and FY 2017 and added \$1.5 million, all from the Osawatomie State Hospital Fee Fund, in FY 2016 and FY 2017 to change the source of operational funding in FY 2016 and FY 2017. The Legislature added \$1.3 million, all from the State General Fund, to increase registered nurse pay by 10.0 percent and mental health technician pay by 12.0 percent for FY 2017.

The **2016 Legislature** also added language prohibiting the privatization of Osawatomie State Hospital in FY 2016, FY 2017, and FY 2018 without prior specific authorization by the Legislature. The Legislature added language that any request for proposal to provide services and management at Osawatomie State Hospital in FY 2016 and FY 2017 must include provisions for electronic medical records. Provisions noted patient data must not be hosted offshore and any selection of entity providing services or management must be approved by the Legislature.

In August of 2016, two living units were functionally separated from the hospital to form Adair Acute Care (AAC), which is functionally considered a free-standing unit, though it is included among the 206 overall licensed beds on the grounds. The agency notes certification from CMS for these beds will be sought during FY 2017 and if certification is gained, will be maintained during the remainder of FY 2017 and future fiscal years.

The **2017 Legislature** added \$11.8 million, including \$9.0 million from the State General Fund, and deleted \$9.0 million, all from special revenue funds, in FY 2017, and added \$6.6 million, including \$2.3 million from the State General Fund, for FY 2018 for increased operating costs and to replace federal and other funding lost due to the hospital being decertified for Medicaid and Medicare reimbursements. The Legislature also added \$4.7 million, all from the State General Fund, for both FY 2018 and FY 2019 and added language to open at least 20 additional beds for patients at Osawatomie State Hospital. If the facility could not open the beds at OSH, the funding was to be used to enter into a contract to provide patient beds through third-party facilities. The 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 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 Osawatomie State Hospital, the Legislature added \$435,825, all from the State General Fund, for both FY 2018 and FY 2019.

In addition, the **2017 Legislature** added language to require the agency to issue a request for proposal for the construction of a 100-bed psychiatric care facility at OSH. The Legislature also added language to require the agency to conduct an engineering survey on all buildings on the grounds of Osawatomi State Hospital to determine whether buildings can be renovated and the cost of renovation, or, if buildings cannot be renovated, the cost of demolition. The Legislature included language that reports on both topics should be presented to certain legislative committee's at the beginning of the 2018 Legislative Session.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate for operating expenditures and capital improvements of \$40.1 million, including \$38.4 million from the State General Fund, in FY 2018. Of this amount, the revised estimate for operating expenditures totals \$40.0 million, including \$38.4 million from the State General Fund, in FY 2018. For operating expenditures, this is an all funds increase of \$5.3 million, or 15.3 percent, and a State General Fund increase of \$14.7 million, or 62.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's requests for supplemental funding totaling \$14.7 million, all from the State General Fund. The agency has re-estimated operating expenditures based on recent actual expenditures and estimates decreased revenue from federal funding sources and fee funds due to the decertification of OSH. The agency has decreased certain expenditures from federal and fee funds to partially offset the increase in funding from the State General Fund. The revised estimate includes 478.1 FTE positions, which is the same number approved by the 2017 Legislature.

The agency's revised capital improvements request totals \$55,000, all from the Osawatomi State Hospital Fee Fund, in FY 2018. This is an all funds increase of \$25,000, or 83.3 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature. The agency states these expenditures will include replacement of certain exterior doors and frames and other minor repairs due to the age of certain buildings.

The **Governor** recommends \$40.1 million, including \$28.9 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$40.0 million, including \$28.9 million from the State General Fund, in FY 2018. This is the same all funds amount and a State General Fund decrease of \$9.6 million, or 24.9 percent, below the agency's revised estimate in FY 2018. The Governor recommends supplemental funding totaling \$14.7 million, including \$5.1 million from the State General Fund. The Governor recommends supplemental funding from the State General Fund totaling \$5.1 million for operating expenditures. The Governor estimates higher federal revenue and lower fee fund revenue and recommends increased expenditures from federal funds of \$10.3 million and decreased expenditures from fee funds by \$700,000 for operating expenditures.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate for operating expenditures and capital improvements of \$41.1 million, including \$27.0 million from the State General Fund, for FY 2019. The agency's revised estimate for operating expenditures totals \$41.0 million, including \$27.0 million from the State General Fund, for FY 2019. For operating expenditures, this is an all funds increase of \$16.3 million, or 65.7 percent, and a State General

Fund increase of \$8.4 million, or 44.9 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency's supplemental requests totaling \$8.3 million from the State General Fund for FY 2019. The increase is also attributable to the agency estimating Adair Acute Care being recertified for all of FY 2019, so the agency has estimated an increase in revenues and expenditures associated with recertification. The revised estimate includes 478.1 FTE positions, which is the same number approved by the 2017 Legislature.

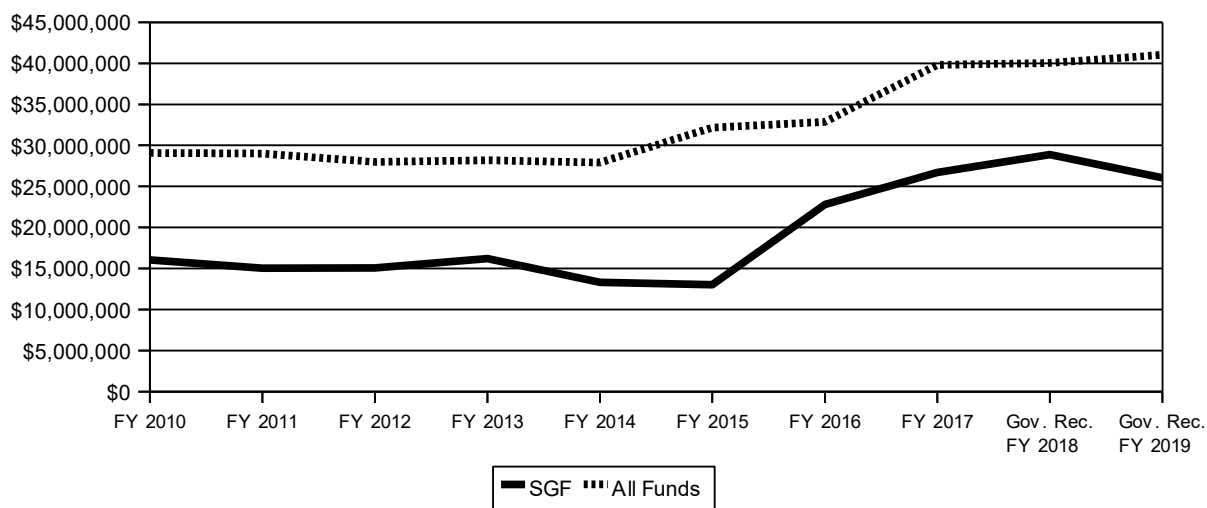
The agency's revised capital improvements request totals \$75,000, all from the Osawatomie State Hospital Fee Fund, for FY 2019. This is an all funds increase of \$45,000, or 150.0 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature. These expenditures will include replacement of certain doors and frames, replacement of a water heater, and other minor repairs due to the age of certain buildings.

The **Governor** recommends \$41.1 million, including \$26.1 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$41.0 million, including \$26.1 million from the State General Fund, for FY 2019. For operating expenditures, the Governor's recommendation is an all funds increase of \$23,823, or 0.1 percent, and a State General Fund decrease of \$932,696, or 3.5 percent, from the agency's revised estimate. The Governor recommends supplemental requests totaling \$8.4 million, including \$7.4 million from the State General Fund. The Governor recommends \$7.2 million in supplemental funding from the State General Fund for operating expenditures. The Governor also estimates higher federal revenue and lower fee fund revenue than the agency and recommends increased expenditures from federal funds of \$1.3 million and decreased expenditures from fee funds by \$300,000 for operating expenditures for FY 2019. The Governor recommends the agency's supplemental request for \$207,276, all from the State General Fund, to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018.

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	\$ 16,029,824	2.3 %	\$ 29,081,034	11.9 %	441.4
2011	15,020,869	(6.3)	29,003,861	(0.3)	441.4
2012	15,064,074	0.3	27,979,050	(3.5)	396.4
2013	16,215,056	7.6	28,186,959	0.7	396.4
2014	13,324,384	(17.8)	27,909,161	(1.0)	385.9
2015	13,031,486	(2.2)	32,163,859	15.2	483.1
2016	22,795,150	74.9	32,862,967	2.2	483.1
2017	26,696,212	17.1	39,811,533	21.1	217.6
2018 Gov. Rec.	28,873,855	8.2	40,040,180	0.6	478.1
2019 Gov. Rec.	26,065,060	(9.7)	41,035,903	2.5	478.1
Ten-Year Change Dollars/Percent	\$ 10,035,236	62.6 %	\$ 11,954,869	41.1 %	36.7

Summary of Operating Budget FY 2017 - FY 2019

Osawatomie State Hospital

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	3,786,497	\$ 4,182,615	\$ 4,253,192	\$ 70,577	1.7 %	\$ 4,182,615	\$ 4,253,192	\$ 70,577	1.7 %
Medical and Surgical Services		7,023,759	7,168,681	7,470,896	302,215	4.2	7,168,681	7,470,896	302,215	4.2
Clinical Services		21,675,203	21,518,679	21,924,595	405,916	1.9	21,518,679	21,948,418	429,739	2.0
Physical Plant/Central Services		7,326,074	7,170,205	7,363,397	193,192	2.7	7,170,205	7,363,397	193,192	2.7
TOTAL	\$	39,811,533	\$ 40,040,180	\$ 41,012,080	\$ 971,900	2.4 %	\$ 40,040,180	\$ 41,035,903	\$ 995,723	2.5 %
By Major Object of Expenditure:										
Salaries and Wages	\$	27,205,991	\$ 27,948,367	\$ 27,509,947	\$ (438,420)	(1.6) %	\$ 28,003,218	\$ 30,332,102	\$ 2,328,884	8.3 %
Contractual Services		10,343,055	9,479,050	10,804,295	1,325,245	14.0	9,479,050	8,060,814	(1,418,236)	(15.0)
Commodities		2,002,127	2,313,912	2,460,987	147,075	6.4	2,313,912	2,460,987	147,075	6.4
Capital Outlay		205,509	244,000	182,000	(62,000)	(25.4)	244,000	182,000	(62,000)	(25.4)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$</i>	<i>39,756,682</i>	<i>\$ 39,985,329</i>	<i>\$ 40,957,229</i>	<i>\$ 971,900</i>	<i>2.4 %</i>	<i>\$ 40,040,180</i>	<i>\$ 41,035,903</i>	<i>\$ 995,723</i>	<i>2.5 %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		54,851	54,851	54,851	0	--	0	0	0	--
TOTAL	\$	39,811,533	\$ 40,040,180	\$ 41,012,080	\$ 971,900	2.4 %	\$ 40,040,180	\$ 41,035,903	\$ 995,723	2.5 %
Financing:										
State General Fund	\$	26,696,212	\$ 38,449,877	\$ 26,997,756	\$ (11,452,121)	(29.8) %	\$ 28,873,855	\$ 26,065,060	\$ (2,808,795)	(9.7) %
OSH Fee Fund		2,788,074	1,520,690	765,706	(754,984)	(49.6)	820,690	765,706	(54,984)	(6.7)
OSH Adair Fee Fund		2,235,305	0	2,938,131	2,938,131	--	0	2,638,131	2,638,131	--
Title XIX Funds		8,059,763	(83,139)	10,310,487	10,393,626	(12,501.5)	10,192,883	11,256,519	1,063,636	10.4
All Other Funds		32,179	152,752	0	(152,752)	(100.0)	152,752	310,487	157,735	103.3
TOTAL	\$	39,811,533	\$ 40,040,180	\$ 41,012,080	\$ 971,900	2.4 %	\$ 40,040,180	\$ 41,035,903	\$ 995,723	2.5 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$20,933,429 in FY 2018. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$808,706, based on the reappropriation of FY 2017 funding that was not spent in FY 2017 and has shifted to FY 2018; and
- An increase of \$2,020,000, due to a one-time transfer from the Kansas Department for Aging and Disability Services to assist the agency with daily operating expenses in anticipation of the agency becoming recertified for federal reimbursements.

These adjustments change the FY 2018 approved State General Fund amount to \$23,762,135. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 23,762,135	\$ 38,449,877	\$ 14,687,742	\$ 28,873,855	\$ 5,111,720
All Other Funds	11,008,829	1,645,303	(9,363,526)	11,221,325	212,496
TOTAL	\$ 34,770,964	\$ 40,095,180	\$ 5,324,216	\$ 40,095,180	\$ 5,324,216
FTE Positions	478.1	478.1	0.0	478.1	0.0

The **agency** requests a revised estimate for operating expenditures and capital improvements of \$40.1 million, including \$38.4 million from the State General Fund, in FY 2018. Of this amount, the revised estimate for operating expenditures totals \$40.0 million, including \$38.4 million from the State General Fund, in FY 2018. For operating expenditures, this is an all funds increase of \$5.3 million, or 15.3 percent, and a State General Fund increase of \$14.7 million, or 62.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's requests for supplemental funding totaling \$14.7 million, all from the State General Fund. The agency has re-estimated operating expenditures based on recent actual expenditures and estimates decreased revenue from federal funding sources and fee funds due to the decertification of OSH. The agency has decreased certain expenditures from those funding sources to partially offset the increase in funding from the State General Fund. Capital improvement expenditures total \$55,000, all from special revenue funds, in FY 2018, which is an all funds increase of \$25,000, or 83.3 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature.

Capital improvement expenditures are detailed within the capital improvements section of this document. The revised estimate includes 478.1 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 requests \$27.9 million, including \$34.1 million from the State General Fund, for salaries and wages in FY 2018. This is an all funds increase of \$19.1 million, or 216.0 percent, and a State General Fund increase of \$23.9 million, or 234.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in unclassified salary expenditures;
- **Contractual Services.** The agency requests \$9.5 million, including \$3.2 million from the State General Fund, for contractual services in FY 2018. This is an all funds decrease of \$11.0 million, or 53.7 percent, and a State General Fund decrease of \$6.3 million, or 66.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for contract labor as the agency has shifted certain expenditures from contractual services to salary expenditures by filling contract positions with permanent staff positions;
- **Commodities.** The agency requests \$2.3 million, including \$1.1 million from the State General Fund, for commodities in FY 2018. This is an all funds increase of \$56,493, or 2.5 percent, and a State General Fund increase of \$266,414, or 30.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in supplies for food preparation and clothing for patients, partially offset by a decrease in drugs and pharmaceuticals for patients;
- **Capital Outlay.** The agency requests \$244,000, all from special revenue funds, for capital outlay in FY 2018. This is an all funds decrease of \$77,400, or 24.1 percent, and a State General Fund decrease of \$321,400, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in information processing equipment and household furniture for patients; and
- **Other Assistance.** The agency requests \$54,851, all from special revenue funds, for other assistance in FY 2018. This is an increase of \$54,851, as the agency did not budget expenditures for other assistance in the budget approved by the 2017 Legislature. Other assistance expenditures include insurance benefit costs incurred as a result of the Voluntary Retirement Incentive Program.

The **Governor** recommends \$40.1 million, including \$28.9 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$40.0 million, including \$28.9 million from the State General Fund, in FY 2018. This is the same all funds amount and a State General Fund decrease of \$9.6 million, or 24.9 percent, below the agency's revised estimate in FY 2018. The Governor recommends supplemental funding totaling \$14.7 million, including \$5.1 million from the State General Fund. The Governor recommends supplemental funding from the State General Fund totaling \$5.1 million for operating expenditures. The Governor estimates higher federal revenue and lower fee fund revenue and recommends increased expenditures from federal funds of \$10.3 million and decreased expenditures from fee funds by \$700,000 for operating expenditures. The Governor concurs with the agency's revised estimate for capital improvement expenditures in FY 2018.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 14,687,742	\$ 14,687,742	0.0	\$ 5,111,720	\$ 14,687,742	0.0
Convert Fee Fund to No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 14,687,742	\$ 14,687,742	0.0	\$ 5,111,720	\$ 14,687,742	0.0

The **agency** submits three supplemental requests totaling \$14.7 million, all from the State General Fund, in FY 2018.

Operating Expenditures. The agency requests \$14.7 million, all from the State General Fund, for operating expenditures in FY 2018. The agency states these funds will cover the budget shortfall due to loss of federal and other revenue from the hospital being decertified and the hospital re-estimating expenses based on FY 2017 actual expenditures. The approved budget included \$2.7 million in federal fund and \$8.3 million in fee fund expenditures. The agency states it budgeted as if OSH would not regain recertification for all of FY 2018, so it decreased projected federal fund expenditures to zero and decreased projected fee fund expenditures to \$1.7 million. Traditionally, Osawatomi State Hospital has operated through funding from the State General Fund, federal funds, reimbursements from private insurance companies, and patient contributions. In December 2015, OSH was decertified by the federal Centers for Medicare and Medicaid Services (CMS) and has been ineligible for federal reimbursements or federal Disproportionate Share Hospital (DSH) funding for hospitals that serve a significant number of patients who cannot provide for their own care and has been unable to bill certain private insurance companies due to contract provisions that require the hospital to be CMS certified. Additionally, once certified, Adair Acute Care at OSH will only be certified for 60 beds. *Note:* In December 2017, 60 beds at OSH were recertified for federal revenue.

Fee Fund Converted to No Limit. The agency requests the Osawatomi State Hospital Fee Fund be converted from a limited fund to a no limit fund in FY 2018. The agency states converting the fund will assist the agency for cash flow purposes with budgeting.

The **Governor** recommends supplementals totaling \$14.7 million, including \$5.1 million from the State General Fund, in FY 2018. The Governor recommends supplemental funding from the State General Fund totaling \$5.1 million for operating expenditures. The Governor estimates higher federal revenue and lower fee fund revenue and recommends increased expenditures from federal funds of \$10.3 million and decreased expenditures from fee funds by \$700,000 for operating expenditures. The Governor does not recommend converting the agency's fee fund to a no limit fund 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 \$18,665,060 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 18,665,060	\$ 26,997,756	\$ 8,332,696	\$ 26,065,060	\$ 7,400,000
All Other Funds	6,114,072	14,089,324	7,975,252	15,045,843	8,931,771
TOTAL	\$ 24,779,132	\$ 41,087,080	\$ 16,307,948	\$ 41,110,903	\$ 16,331,771
FTE Positions	478.1	478.1	0.0	478.1	0.0

The **agency** requests a revised estimate for operating expenditures and capital improvements of \$41.1 million, including \$27.0 million from the State General Fund, for FY 2019. The agency's revised estimate for operating expenditures totals \$41.0 million, including \$27.0 million from the State General Fund, for FY 2019. For operating expenditures, this is an all funds increase of \$16.3 million, or 65.7 percent, and a State General Fund increase of \$8.4 million, or 44.9 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency's supplemental requests totaling \$8.3 million from the State General Fund for FY 2019. The increase is also attributable to the agency estimating Adair Acute Care being recertified for all of FY 2019, so the agency has estimated an increase in revenues and expenditures associated with recertification. Capital improvement expenditures total \$75,000, all from special revenue funds, for FY 2019, which is an all funds increase of \$45,000, or 150.0 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature. Capital improvement expenditures are detailed within the capital improvements section of this document. The revised estimate includes 478.1 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 requests \$27.5 million, including \$19.1 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$19.2 million, or 230.3 percent, and a State General Fund increase of \$15.4 million, or 428.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in unclassified salary expenditures as the agency has re-estimated expenditures based on FY 2017 actual expenditures and has replaced contract positions with permanent positions;
- **Contractual Services.** The agency requests \$10.8 million, including \$6.6 million from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$3.0 million, or 21.9 percent, and a State General Fund decrease of \$7.2 million, or 52.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for contract labor as the agency has re-estimated expenditures based on FY 2017 actual expenditures and has replaced contract positions with permanent positions, which are compensated through salaries instead of contractual services;

- **Commodities.** The agency requests \$2.5 million, including \$1.3 million from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$203,568, or 9.0 percent, and a State General Fund increase of \$389,693, or 45.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in supplies for food preparation and clothing for patients, partially offset by a decrease in drugs and pharmaceuticals for patients;
- **Capital Outlay.** The agency requests \$182,000, all from special revenue funds, for capital outlay for FY 2019. This is an all funds decrease of \$139,400, or 43.4 percent, and a State General Fund decrease of \$321,400, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to information processing equipment and household furniture for patients; and
- **Other Assistance.** The agency requests \$54,851, all from the State General Fund, for other assistance for FY 2019. This is an increase of \$54,851, as the agency did not budget expenditures for other assistance in the budget approved by the 2017 Legislature.

The **Governor** recommends \$41.1 million, including \$26.1 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends operating expenditures of \$41.0 million, including \$26.1 million from the State General Fund, for FY 2019. For operating expenditures, the Governor's recommendation is an all funds increase of \$23,823, or 0.1 percent, and a State General Fund decrease of \$932,696, or 3.5 percent, from the agency's revised estimate. The Governor recommends supplemental requests totaling \$8.4 million, including \$7.4 million from the State General Fund. The Governor recommends \$7.2 million in supplemental funding from the State General Fund for operating expenditures. The Governor also estimates higher federal revenue and lower fee fund revenue than the agency and recommends increased expenditures from federal funds of \$1.3 million and decreased expenditures from fee funds by \$300,000 for operating expenditures for FY 2019. The Governor recommends the agency's supplemental request for \$207,276, all from the State General Fund, to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018. The Governor concurs with the agency's revised estimate for capital improvements for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Expenditures	\$ 8,125,420	\$ 8,125,420	0.0	\$ 7,192,724	\$ 8,149,243	0.0
Salary Increase	207,276	207,276	0.0	207,276	207,276	0.0
Convert Fee Fund to No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 8,332,696	\$ 8,332,696	0.0	\$ 7,400,000	\$ 8,356,519	0.0

The **agency** submits four supplemental requests totaling \$8.3 million, all from the State General Fund, for FY 2019.

Operating Funding. The agency requests \$8.1 million, all from the State General Fund, for operating expenditures for FY 2019. The agency states these funds will cover the budget shortfall due to loss of federal and other revenue from the hospital being decertified and the hospital re-estimating expenses based on FY 2017 actual expenditures. The approved budget included \$2.4 million in federal funds and \$3.7 million in fee funds. The agency's revised estimate includes increased projected federal fund revenue to \$10.3 million and decreased projected fee fund revenue to \$1.7 million. While the agency states it anticipates Adair Acute Care (AAC) becoming recertified prior to the beginning of FY 2019, this will only include 60 beds at AAC and the remainder of the hospital will continue to lack certification, so the hospital will not be able to receive federal revenue for the rest of the patients at the hospital. *Note:* In December 2017, 60 beds at OSH were recertified for federal revenue.

Salary Increase. The agency requests \$207,276, all from the State General Fund, for FY 2019 to provide a salary increase to address inequities due to the 2017 Legislature's pay plan.

Fee Fund Converted to No Limit. The agency requests the Osawatomie State Hospital Fee Fund be converted from a limited fund to a no limit fund for FY 2019. The agency states converting the fund will assist the agency for cash flow purposes with budgeting.

The **Governor** recommends supplementals totaling \$8.4 million, including \$7.4 million from the State General Fund, for FY 2019. The Governor recommends supplemental funding of \$7.2 million from the State General Fund for operating expenditures. The Governor estimates higher federal revenue and lower fee fund revenue and recommends increased expenditures from federal funds of \$1.3 million and decreased expenditures from fee funds of \$300,000 for operating expenditures for FY 2019. The Governor recommends the agency's supplemental request for a salary increase for employees to address inequities due to the 2017 legislative pay plan. The Governor does not recommend the agency's fee fund be converted to a no limit 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 longevity payments total \$58,760, including \$58,334 from the State General Fund, and FY 2019 longevity payments total \$60,760, including \$42,414 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	65.8 %	63.5 %
OSH Fee Fund	1.9	1.9
OSH AAC Fee Fund	7.2	6.4
Federal Title XIX Fund	25.1	28.2
TOTAL	100.0 %	100.0 %

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

Osawatomie State Hospital Fee fund

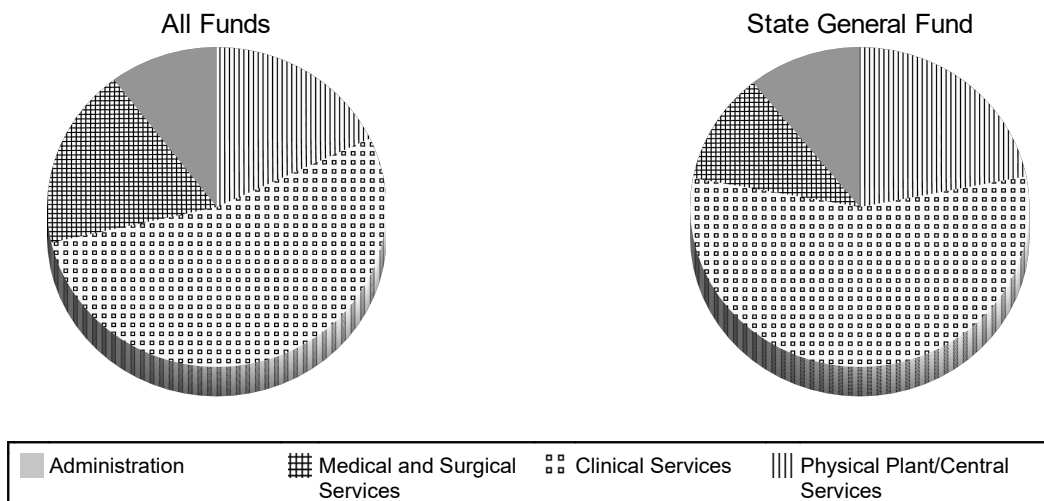
KSA 76-1201c provides that the superintendent of the Osawatomie State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into the Osawatomie State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 2,775,931	\$ (833,267)	\$ (833,267)	\$ 0	\$ 0
Revenue	1,414,181	2,408,957	1,708,957	3,778,837	3,478,837
Transfers in	0	0	0	0	0
Funds Available	\$ 4,190,112	\$ 1,575,690	\$ 875,690	\$ 3,778,837	\$ 3,478,837
Less:					
Expenditures	5,023,379	1,575,690	875,690	3,778,837	3,478,837
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ (833,267)	\$ 0	\$ 0	\$ 0	\$ 0
Ending Balance as Percent of Expenditures	(16.6%)	0.0%	0.0%	0.0%	0.0%
Month Highest Ending Balance	July \$ 1,074,456	July \$ 165,380	July \$ 165,380	September \$ 1,323,585	September \$ 1,323,585
Month Lowest Ending Balance	June \$ (833,267)	May \$ (322,525)	May \$ (322,525)	June \$ 0	June \$ 0

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 4,253,192	10.4 %	\$ 2,819,123	10.8 %
Medical and Surgical Services	7,470,896	18.2	2,938,290	11.3
Clinical Services	21,948,418	53.5	14,595,723	56.0
Physical Plant/Central Services	7,363,397	17.9	5,711,924	21.9
TOTAL	\$ 41,035,903	100.0 %	\$ 26,065,060	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	28.0	40.0	40.0	40.0	40.0
Medical and Surgical Services	7.0	25.0	25.0	25.0	25.0
Clinical Services	127.0	328.5	328.5	328.5	328.5
Physical Plant/Central Services	55.6	84.6	84.6	84.6	84.6
TOTAL	217.6	478.1	478.1	478.1	478.1

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 overarching structure for the hospital and ensures that the activities necessary to manage the facility are completed, and that treatment standards are upheld to ensure that patients receive proper care and treatment, and that the hospital maintains accreditation. Activities included within this program are planning, accounting, budgeting, human resources, reimbursement, payroll systems, legal services, technology management, performance improvement, and accreditation. Expenditures for staff education are also included under the Administration program.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,303,993	\$ 2,687,194	\$ 2,742,045	\$ 2,764,122	\$ 2,818,973
Contractual Services	1,310,403	1,308,545	1,308,545	1,316,194	1,316,194
Commodities	463	51,025	51,025	51,025	51,025
Capital Outlay	116,787	81,000	81,000	67,000	67,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,731,646	\$ 4,127,764	\$ 4,182,615	\$ 4,198,341	\$ 4,253,192
Aid to Local Units	0	0	0	0	0
Other Assistance	54,851	54,851	0	54,851	0
TOTAL	\$ 3,786,497	\$ 4,182,615	\$ 4,182,615	\$ 4,253,192	\$ 4,253,192
Financing:					
State General Fund	\$ 2,437,174	\$ 3,538,224	\$ 2,687,344	\$ 2,819,123	\$ 2,819,123
All Other Funds	1,349,323	644,391	1,495,271	1,434,069	1,434,069
TOTAL	\$ 3,786,497	\$ 4,182,615	\$ 4,182,615	\$ 4,253,192	\$ 4,253,192
FTE Positions	28.0	40.0	40.0	40.0	40.0

The **agency** requests a revised estimate of \$4.3 million, including \$2.8 million from the State General Fund, for the Administration program for FY 2019. This is an all funds decrease of \$2.4 million, or 36.1 percent, and a State General Fund decrease of \$3.8 million, or 57.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in contractual services expenditures, partially offset by an increase in salary expenditures. The program includes supplemental funding totaling \$207,276, all from the State General Fund, to provide a 2.5 percent salary increase for unclassified employees not included in the pay increase provided by the 2017 Legislature. The program includes 40.0 FTE positions, which is an increase of 3.5 FTE positions more than the number approved by the 2017 Legislature. The increase is attributable to the reallocation of positions from other programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.8 million, all from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$2.5 million, or 907.1 percent, and a State General Fund increase of \$2.5 million, or 914.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment to salary shrinkage and the agency's request for supplemental funding to provide a 2.5 percent salary increase for unclassified employees not included in the pay increase provided by the 2017 Legislature;

- **Contractual Services.** The agency requests \$1.3 million, all from special revenue funds, for contractual services for FY 2019. This is an all funds decrease of \$4.9 million, or 78.9 percent, and a State General Fund decrease of \$6.2 million, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for contract labor. The 2017 Legislature added \$4.7 million, all from the State General Fund, for the hospital to operate 20 additional beds for FY 2019. This funding was initially added as a contractual services expenditure, but the agency reports expenditures for this purpose will primarily include salary expenditures, so the agency has decreased contractual services by this amount for the Administration program and reallocated those expenditures as salary expenditures and contractual services expenditures to the Clinical Services program;
- **Commodities.** The agency requests \$51,025, including \$150 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$16,274, or 46.8 percent, and a State General Fund decrease of \$34,601, or 99.5 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to computer parts, partially offset by a decrease in repair supplies;
- **Capital Outlay.** The agency requests \$67,000, all from special revenue funds, for capital outlay for FY 2019. This is an all funds decrease of \$43,150, or 39.2 percent, and a State General Fund decrease of \$110,150, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in computer equipment; and
- **Other Assistance.** The agency requests \$54,851, all from the State General Fund, for other assistance for FY 2019. This is an increase of \$54,851, as the agency did not previously budget expenditures for other assistance in the Administration program in the budget approved by the 2017 Legislature for FY 2019. The increase in other assistance is attributable to the agency budgeting expenditures for insurance benefit costs incurred as a result of the Voluntary Retirement Incentive Program.

The **Governor** recommends \$4.3 million, including \$2.8 million from the State General Fund, for the Administration program for FY 2019. This is the same all funds and State General Fund amounts as the agency's revised estimate for FY 2019. The Governor's recommendation includes supplemental funding to provide a 2.5 percent pay increase for unclassified staff who did not receive an increase in FY 2018. In addition, the Governor's recommendation includes the reallocation of \$54,851, all from the State General Fund, from other assistance for Voluntary Retirement Incentive Program expenditures to salary expenditures to decrease salary shrinkage.

B. Medical and Surgical Services

The Medical and Surgical Services program includes all psychiatric and medical services provided to the hospital patients. From the initial evaluation, through day-to-day care, and up to the point of discharge, the medical staff provides medical and medication management for the patients being treated at the hospital. Coverage is provided around the clock, 365 days a year, so that a physician is always available to address the treatment needs of the patients. In addition, ancillary treatment is provided by the Medical Laboratory, Pharmacy, Dentistry,

Podiatry, Physical Therapy, and other contracted services as appropriate to meet the needs of the patient.

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,089,987	\$ 4,201,350	\$ 4,201,350	\$ 4,340,552	\$ 4,340,552
Contractual Services	1,618,720	1,776,298	1,776,298	1,810,139	1,810,139
Commodities	1,276,408	1,186,033	1,186,033	1,315,205	1,315,205
Capital Outlay	38,644	5,000	5,000	5,000	5,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 7,023,759	\$ 7,168,681	\$ 7,168,681	\$ 7,470,896	\$ 7,470,896
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,023,759	\$ 7,168,681	\$ 7,168,681	\$ 7,470,896	\$ 7,470,896
Financing:					
State General Fund	\$ 5,004,954	\$ 5,213,164	\$ 4,280,833	\$ 2,938,290	\$ 2,938,290
All Other Funds	2,018,805	1,955,517	2,887,848	4,532,606	4,532,606
TOTAL	\$ 7,023,759	\$ 7,168,681	\$ 7,168,681	\$ 7,470,896	\$ 7,470,896
FTE Positions	7.0	25.0	25.0	25.0	25.0

The **agency** requests a revised estimate of \$7.5 million, including \$2.9 million from the State General Fund, for the Medical and Surgical Services program for FY 2019. This is an all funds increase of \$3.9 million, or 109.8 percent, and a State General Fund increase of \$381,907, or 14.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures, partially offset by a decrease in contractual services and commodities expenditures. The program includes 25.0 FTE positions, which is 0.5 FTE positions fewer than the number approved by the 2017 Legislature. The decrease is attributable to the reallocation of the position to another program. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$4.3 million, including \$1.7 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$4.3 million, or 5,562.5 percent, and a State General Fund increase of \$1.2 million, or 262.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in salary expenditures as the agency has re-estimated expenditures based on actual expenditures in FY 2017;
- **Contractual Services.** The agency requests \$1.8 million, all from special revenue funds, for contractual services for FY 2019. This is an all funds decrease of \$122,896, or 6.4 percent, and a State General Fund decrease of \$1.9 million, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for patient medical treatment;
- **Commodities.** The agency requests \$1.3 million, including \$1.2 million from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$185,618, or 12.4 percent, and a State General Fund increase of \$1.1 million,

or 1,059.9 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in pharmaceuticals and other supplies for patient medical treatment; and

- **Capital Outlay.** The agency requests \$5,000, all from special revenue funds, for capital outlay. This is an all funds decrease of \$45,000, or 90.0 percent, and a State General Fund decrease of \$50,000, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in computer equipment expenditures.

The **Governor** concurs with the agency's revised estimate for the Medical and Surgical Services program for FY 2019.

C. Clinical Services

The Clinical Services program provides most group and psychotherapy for inpatient care at Osawatomet State Hospital. Service is provided to 158 licensed beds across five district treatment programs and therapeutic activities occur seven days a week, 365 days a year. Within each treatment program, the care for the patient is individualized per the patient's unique presenting concerns, with coordination and oversight being provided by an interdisciplinary team of mental health professionals. The approach used in each program is drawn from evidenced-based practices, and this approach is regularly reviewed to ensure it remains an accepted and effective standard of care. Clinical Services includes the activity therapies subprogram, which provides patients with specialized clinical services in music, vocational, and recreational therapy, as well as more general leisure skills training consistent with their presenting psychiatric concerns.

CLINICAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 17,018,141	\$ 17,314,685	\$ 17,314,685	\$ 16,538,255	\$ 19,305,559
Contractual Services	4,547,306	3,867,349	3,867,349	5,059,256	2,315,775
Commodities	109,618	316,645	316,645	307,084	307,084
Capital Outlay	138	20,000	20,000	20,000	20,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 21,675,203</i>	<i>\$ 21,518,679</i>	<i>\$ 21,518,679</i>	<i>\$ 21,924,595</i>	<i>\$ 21,948,418</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 21,675,203	\$ 21,518,679	\$ 21,518,679	\$ 21,924,595	\$ 21,948,418
Financing:					
State General Fund	\$ 15,228,789	\$ 26,055,898	\$ 17,563,087	\$ 15,528,419	\$ 14,595,723
All Other Funds	6,446,414	(4,537,219)	3,955,592	6,396,176	7,352,695
TOTAL	\$ 21,675,203	\$ 21,518,679	\$ 21,518,679	\$ 21,924,595	\$ 21,948,418
FTE Positions	127.0	328.5	328.5	328.5	328.5

The **agency** requests a revised estimate of \$21.9 million, including \$15.5 million from the State General Fund, for the Clinical Services program for FY 2019. This is an all funds

increase of \$13.3 million, or 154.6 percent, and a State General Fund increase of \$10.5 million, or 210.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and contractual services expenditures. The program includes \$8.1 million, all from the State General Fund, of the agency's requests for supplemental funding due to decertification and a revenue shortfall. The program includes 328.5 FTE positions, which 0.6 FTE positions fewer than the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating the position to another program. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$16.5 million, including \$10.9 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$11.0 million, or 196.2 percent, and a State General Fund increase of \$9.0 million, or 456.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an adjustment in salary shrinkage and an increase in salary expenditures due to the agency re-estimated expenses based on FY 2017 actual expenditures. Additionally, the 2017 Legislature added \$4.7 million, all from the State General Fund, to open 20 additional beds for patients. This funding was originally added as a contractual service expenditure for contract labor to the Administration program, but it has been reallocated in part to salaries and in part to contractual services for the Clinical Services program, where the funding will be expended for this purpose;
- **Contractual Services.** The agency requests \$5.1 million, including \$4.6 million from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$2.1 million, or 68.5 percent, and a State General Fund increase of \$1.6 million, or 52.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures for staffing and recruiting services;
- **Commodities.** The agency requests \$307,084, all from special revenue funds, for commodities for FY 2019. This is an all funds increase of \$282,579, or 1,153.1 percent, and a State General Fund decrease of \$24,505, or 100.0 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in supplies for patient activities and treatment and an increase in patient clothing; and
- **Capital Outlay.** The agency requests \$20,000, all from special revenue funds, for capital outlay for FY 2019. This is an increase of \$20,000, as the agency did not request expenditures for capital outlay in the budget approved by the 2017 Legislature. The increase is attributable to an increase in equipment for patient therapy.

The **Governor** recommends \$21.9 million, including \$14.6 million from the State General Fund, for the Clinical Services program for FY 2019. This is an all funds increase of \$23,823, or 0.1 percent, and a State General Fund decrease of \$932,696, or 6.0 percent, from the agency's revised estimate. The recommendation includes \$7.2 million from the State General Fund for supplemental funding for operations for FY 2019. The Governor also estimated increased federal revenue and lower fee fund revenue and recommends adding \$1.3 million from federal funds for operations and decreasing fee fund expenditures by \$300,000 for FY 2019.

D. Physical Plant/Central Services

The Physical Plant and Central Services program operates a central heating plant; maintains buildings, grounds and equipment; furnishes dietary and laundry services; and provides supplies for other programs. The OSH campus includes 130 acres and 48 buildings.

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,793,870	\$ 3,745,138	\$ 3,745,138	\$ 3,867,018	\$ 3,867,018
Contractual Services	2,866,626	2,526,858	2,526,858	2,618,706	2,618,706
Commodities	615,638	760,209	760,209	787,673	787,673
Capital Outlay	49,940	138,000	138,000	90,000	90,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 7,326,074	\$ 7,170,205	\$ 7,170,205	\$ 7,363,397	\$ 7,363,397
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,326,074	\$ 7,170,205	\$ 7,170,205	\$ 7,363,397	\$ 7,363,397
Financing:					
State General Fund	\$ 4,025,295	\$ 3,642,591	\$ 4,342,591	\$ 5,711,924	\$ 5,711,924
All Other Funds	3,300,779	3,527,614	2,827,614	1,651,473	1,651,473
TOTAL	\$ 7,326,074	\$ 7,170,205	\$ 7,170,205	\$ 7,363,397	\$ 7,363,397
FTE Positions	55.6	84.6	84.6	84.6	84.6

The **agency** requests a revised estimate of \$7.4 million, including \$5.7 million from the State General Fund, for the Physical Plant and Central Services program for FY 2019. This is an all funds increase of \$1.9 million, or 34.2 percent, and a State General Fund increase of \$1.7 million, or 43.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures due to an adjustment in salary shrinkage and an increase in supplies for food services for patients, partially offset by a decrease in food for patients and household furniture for patients. The program includes 84.6 FTE positions, which is 2.5 FTE positions fewer than the number approved by the 2017 Legislature. The decrease is attributable to the agency reallocating positions to other programs. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$3.9 million, including \$3.7 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$1.9 million, or 97.5 percent, and a State General Fund increase of \$3.2 million, or 684.1 percent, above the amount approved by the 2017 Legislature. The increase primarily attributable to an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$2.6 million, including \$2.1 million from the State General Fund, for contractual services for FY 2019. This is an all funds decrease of \$49,949, or 1.9 percent, and a State General Fund decrease of \$618,655, or 23.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for utilities and food for patients;

- **Commodities.** The agency requests \$787,673, all from special revenue funds, for commodities for FY 2019. This is an all funds increase of \$90,333, or 13.0 percent, and a State General Fund decrease of \$697,340, or 100.0 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in supplies for food services for patients, partially offset by a decrease in building repair supplies; and
- **Capital Outlay.** The agency requests \$90,000, all from special revenue funds, for capital outlay for FY 2019. This is an all funds decrease of \$71,250, or 44.2 percent, and a State General Fund decrease of \$161,250, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in household furniture for patients.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Minor Repairs	\$ 55,000	\$ 55,000	\$ 75,000	\$ 75,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
OSH Fee Fund	55,000	55,000	75,000	75,000
TOTAL	\$ 55,000	\$ 55,000	\$ 75,000	\$ 75,000

FY 2018 – Current Year. The **agency** requests a revised capital improvements request of \$55,000, all from the Osawatomie State Hospital Fee Fund, in FY 2018. This is an all funds increase of \$25,000, or 83.3 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature. The agency states these expenditures will include replacement of certain exterior doors and frames and other facility repairs due to the age of certain buildings. Additional expenditures for capital improvements are included in the budget for the Kansas Department for Aging and Disability Services (KDADS).

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

FY 2019 – Budget Year. The **agency** requests a revised capital improvements request of \$75,000, all from the Osawatomie State Hospital Fee Fund, for FY 2019. This is an all funds increase of \$45,000, or 150.0 percent, and a State General Fund decrease of \$30,000, or 100.0 percent, from the amount approved by the 2017 Legislature. These expenditures will include replacement of certain doors and frames, replacement of a water heater, and other minor repairs due to the age of certain buildings. Additional expenditures for capital improvements are included in the budget for KDADS.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Budgeted bed capacity	146	146	158	158

KANSAS COMMISSION ON VETERANS' AFFAIRS OFFICE

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 6,843,533	\$ 6,749,202	\$ 6,589,788	\$ 6,752,065	\$ 6,627,310
Other Funds	14,833,319	15,604,820	15,627,353	16,183,170	16,331,081
<i>Subtotal</i>	<i>\$ 21,676,852</i>	<i>\$ 22,354,022</i>	<i>\$ 22,217,141</i>	<i>\$ 22,935,235</i>	<i>\$ 22,958,391</i>
Capital Improvements:					
State General Fund	\$ 8,561	\$ 70,678	\$ 70,678	\$ 49,965	\$ 49,965
Other Funds	1,084,634	3,841,496	3,978,377	1,495,553	1,495,553
<i>Subtotal</i>	<i>\$ 1,093,195</i>	<i>\$ 3,912,174</i>	<i>\$ 4,049,055</i>	<i>\$ 1,545,518</i>	<i>\$ 1,545,518</i>
TOTAL	<u>\$ 22,770,047</u>	<u>\$ 26,266,196</u>	<u>\$ 26,266,196</u>	<u>\$ 24,480,753</u>	<u>\$ 24,503,909</u>
Percentage Change:					
Operating Expenditures					
State General Fund	8.8 %	(1.4) %	(3.7) %	0.0 %	0.6 %
All Funds	5.8	3.1	2.5	2.6	3.3
FTE Positions	331.0	373.0	373.0	373.0	373.0

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 Commission on Veterans' Affairs Office (KCVAO) is to serve Kansas veterans and their families, relatives, and dependents with information, advice, direction, and assistance through the coordination of programs and services in the fields of education, health, vocational guidance and placement, and economic security.

Services provided by the agency include long-term nursing and assisted living care to eligible veterans, completion and maintenance of four state veterans' cemeteries, and coordination with federal agencies to provide financial assistance to Kansas veterans for health care and disability income.

The agency serves veterans through 13 field offices, 6 service organization offices, 2 mobile vans, and the central office located in Topeka. Additional services are provided through services grants to veterans' service organizations. Nursing and assisted living care are provided through the Kansas Soldiers' Home (KSH) at Fort Dodge and the Kansas Veterans' Home (KVH) in Winfield.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** added \$240,000, including \$40,000 from the State General Fund, in FY 2008 to fill the Emporia veterans' service representative position and to pay for consulting fees related to the deficiencies found at KSH in Fort Dodge. The Legislature added \$658,173, including \$408,173 from the State General Fund, in FY 2009 for operating expenditures for a new cemetery at Fort Riley, salary and wage increases at KVH in Winfield, replacement of 10 electric beds, replacement of a 12-passenger wheelchair lift van, and the shifting of 24.0 FTE positions to unclassified positions. The shift in staffing was an attempt to resolve issues related to insufficient nursing staff at KSH.

The **2009 Legislature** deleted \$118,895, all from the State General Fund, in FY 2009 and \$367,964, also all from the State General Fund, in FY 2010. The Legislature also deleted \$314,784, all from the State Institutions Building Fund and placed the capital improvements projects on hold pending the outcome of the state investigation into facilities closure.

The **2010 Legislature** added \$833,856, all from the State Institutions Building Fund, for roof repairs at KSH in FY 2011 and also added \$700,000, all from the State General Fund, to the Kansas Commission on Veterans' Affairs (KCVA) operations budget in FY 2011. In addition, the Legislature added language allowing the KCVA to expend scratch lotto funds received by the agency not only for the enhanced service delivery program but also for normal program operations in the Veterans' Services program. The Legislature also closed Triplett Hall, a long-term care nursing facility, at KVH and eliminated payment of veterans' spouses' pharmacy costs at KSH.

The **2011 Legislature** eliminated 158.0 FTE positions for FY 2012, all of which were vacant. The revised position limitation reflects the agency's FTE position funding.

The **2012 Legislature** added \$518,126, all from special revenue funds, to increase expenditure authority at KVH, and \$623,592, all from special revenue funds, to increase expenditure authority at KSH to allow the agency to expend Medicare and Medicaid funds for existing resident services within facilities in FY 2012. The Legislature also eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June 30, 2012, resulting in 29.5 non-FTE positions being eliminated from the agency.

In May 2013, the Legislative Division of Post Audit (LPA) identified a number of concerns with the KCVA, including inadequate financial controls, credit card controls, canteen fund controls, benefit fund controls, and employee travel reimbursement controls at the KVH and the KSH. The report also concluded that the central office had not provided adequate oversight of either facility. In response, the agency instituted a number of reforms and reported its progress to both LPA and the Joint Committee on Kansas Security.

The **2013 Legislature** deleted \$492,830, including \$194,264 from the State General Fund, for FY 2014 and \$516,888, including \$203,755 from the State General Fund, for FY 2015 to maintain funding for salaries and wages at FY 2013 levels after adjusting for both committee action and Kansas Public Employee Retirement System (KPERS) increases for FY 2014 and FY 2015.

In addition, the **2013 Legislature** added language giving authority to transfer existing State General Fund appropriations to the Vietnam War Era Veteran Recognition Award Fund in FY 2013, FY 2014, and FY 2015.

The **2014 Legislature** passed HB 2681, which abolished the KCVA, establishing KCVAO in its place, with similar duties and functions. The 2014 Legislature added \$820,000, all from special revenue funds, for enhancements at the KSH and the KVH. The Legislature added 32.0 FTE positions and approved an increase in salaries and wages and contractual services, primarily attributable to the Triplett Hall expansion, higher expenditures to decrease shrinkage in the Veterans' Services program, and the addition of an unclassified Chief Financial Officer position within the agency with reallocated funds from the administrative program. The Legislature also added 4.0 FTE positions for Veterans' Services positions.

The **2015 Legislature** added language to allow the agency to exceed the expenditure limitations for select funds upon specific authorization by the State Finance Council for FY 2016 and FY 2017.

The **2016 Legislature** added \$600,000, all from the Federal Long Term Care *Per Diem* Fund, in FY 2016 due to an increase in pharmaceutical supply costs. The Legislature also added \$161,500, all from the State Institutions Building Fund, to remodel several rooms in the Custer House at the KSH in FY 2017.

The **2017 Legislature** added \$240,000 in FY 2017, \$260,000 for FY 2018, and \$280,000 for FY 2019, all from federal funds, for increased pharmaceutical expenditures for patients at the KSH and KVH due to increased costs of medicine at the Homes. The Legislature added \$250,000, all from the State Institutions Building Fund, for emergency sewer repairs at the KVH. The Legislature also added funding for a 2.5 percent adjustment for all state employees with less than five years of service (except select groups); 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 KCVAO, the Legislature added \$297,457, including \$63,542 from the State General Fund, for both FY 2018 and FY 2019.

KANSAS SOLDIERS' HOME AVERAGE DAILY CENSUS

Average daily census represents the daily average number of patients at the Kansas Soldiers' Home in each fiscal year.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
KSH Avg. Daily Census	131	126	105	102	140

KANSAS VETERANS' HOME AVERAGE DAILY CENSUS

Average daily census represents the daily average number of patients at the Kansas Veterans' Home in each fiscal year.

	FY 2015 Actual	FY 2016 Actual	FY 2017 Actual	FY 2018 Projected	FY 2019 Projected
KVH Avg. Daily Census	107	118	129	139	151

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$26.3 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised estimate for operating expenditures totals \$22.4 million, including \$6.7 million from the State General Fund, in FY 2018. For operating expenditures, the revised estimate is an all funds increase of \$421,558, or 1.9 percent, and a State General Fund increase of \$228,007, or 3.5 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to two requests for supplemental funding to repair the WaKeeney Veterans' Cemetery and for a 2.5 percent salary adjustment for employees not included in the 2017 Legislature's pay plan. The increase is also attributable to an increase in expenditures for food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home, partially offset by the agency changing the funding source for certain expenditures to off-budget Medicaid funding. The agency's revised estimate includes 373.0 FTE positions, a decrease of 1.0 FTE position below the number approved by the 2017 Legislature. The decrease is attributable to the agency eliminating one vacant position at the Kansas Soldiers' Home.

The agency's revised estimate for capital improvements totals \$3.9 million, including \$70,678 from the State General Fund, in FY 2018. This is an all funds increase of \$2.3 million, or 135.8 percent, and a State General Fund decrease of \$29,322, or 29.3 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years. The State General Fund decrease is attributable to a lower revised estimate for projects for the veterans' cemeteries.

The **Governor** recommends \$26.3 million, including \$6.7 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$22.2 million, including \$6.6 million from the State General Fund, in FY 2018. For operating expenditures, the recommendation is an all funds decrease of \$136,881, or 0.6 percent, and a State General Fund decrease of \$159,414, or 2.4 percent, below the agency's revised estimate. The all funds decrease is attributable to the Governor recommending the agency's supplemental request for repairs at the WaKeeney Veterans' Cemetery, but to use funding from the State Institutions Building Fund rather than the State General Fund, and that the repairs be categorized as a capital improvement expenditure rather than an operating expenditure within the Kansas Veterans' Cemeteries program. The State General Fund decrease is due to the Governor's recommendation on the WaKeeney Veterans' Cemetery repairs from the State Institutions Building Fund and that the agency use federal funding in place of part of the requested State General Fund moneys for the agency's supplemental request for a salary adjustment for employees in FY 2018.

The Governor's recommendation for capital improvements totals \$4.0 million, including \$70,678 from the State General Fund, in FY 2018. This is an all funds increase of \$136,881, or 3.6 percent, all from the State Institutions Building Fund, above the agency's revised estimate. The increase is attributable to the Governor's recommendation for repairs at the WaKeeney Veterans' Cemetery be funded with money from the State Institutions Building Fund as a capital improvement expenditure.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$24.5 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the agency's revised estimate for operating expenditures totals \$22.9 million, including \$6.8 million from the State General Fund, for FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$492,992, or 2.2 percent, and a State General Fund increase of \$164,687, or 2.5 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to two requests for supplemental funding and an increase in expenditures for food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home, partially offset by the agency changing the funding source for certain expenditures to off-budget Medicaid funding. The agency's revised estimate includes 373.0 FTE positions, a decrease of 1.0 FTE position below the number approved by the 2017 Legislature. The decrease is attributable to the agency eliminating one vacant position at the Kansas Soldiers' Home.

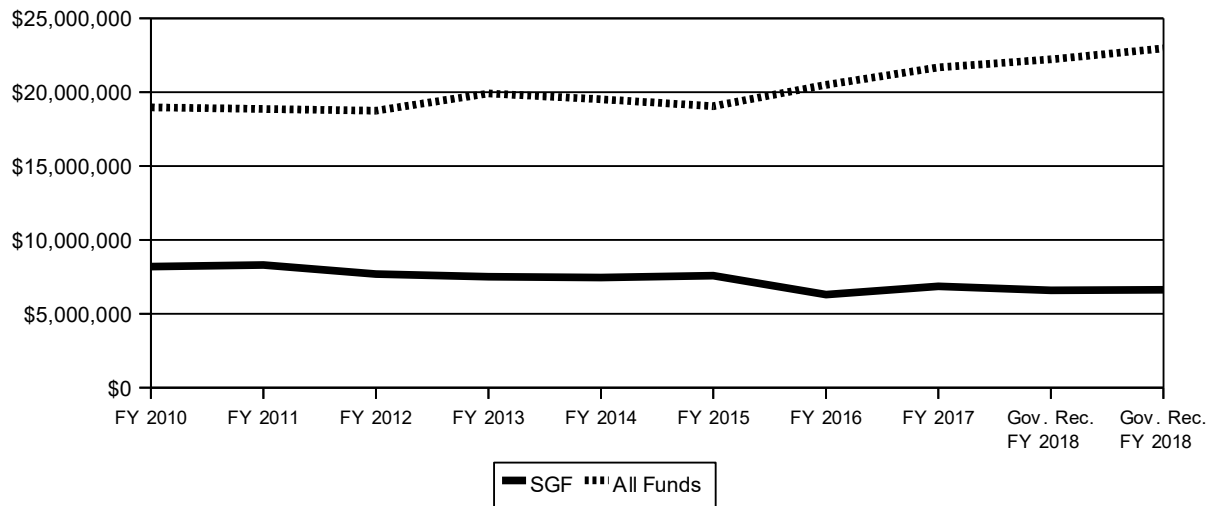
The agency's revised estimate for capital improvements totals \$1.5 million, including \$49,965 from the State General Fund, for FY 2019. This is an all funds decrease of \$63,397, or 3.9 percent, below the amount approved by the 2017 Legislature. The State General Fund amount is the same amount approved by the 2017 Legislature. The all funds decrease is attributable to lapses from the State Institutions Building Fund for projects at the Soldiers' Home and Veterans' Home with revised estimates lower than the estimates previously approved by the 2017 Legislature.

The **Governor** recommends \$24.5 million, including \$6.7 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends \$23.0 million, including \$6.6 million from the State General Fund, for operating expenditures for FY 2019. For operating expenditures, this is an all funds increase of \$23,156, or 0.1 percent, and a State General Fund decrease of \$124,755, or 1.8 percent, from the agency's revised estimate. The all funds increase is attributable to the Governor recommending additional funding for a waste disposal vehicle, partially offset by the Governor not recommending the agency's request for supplemental funding for cybersecurity for FY 2019. The State General Fund decrease is attributable to the Governor recommending the agency's supplemental request for a salary adjustment for employees, but recommends the agency use federal funding in place of part of the State General Fund moneys requested.

The Governor concurs with the agency's revised estimate for capital improvements 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	\$ 8,189,261	(6.0)%	\$ 18,970,847	(6.5)%	522.0
2011	8,301,274	1.4	18,859,098	(0.6)	345.0
2012	7,682,999	(7.4)	18,742,923	(0.6)	305.0
2013	7,503,064	(2.3)	20,619,320	10.0	315.0
2014	7,453,957	(0.7)	19,514,881	(5.4)	304.8
2015	7,569,396	1.5	19,048,736	(2.4)	317.8
2016	6,289,492	(16.9)	20,496,206	7.6	320.5
2017	6,843,533	8.8	21,676,852	5.8	331.0
2018 Gov. Rec.	6,589,788	(3.7)	22,217,141	2.5	373.0
2019 Gov. Rec.	6,627,310	0.6	22,958,391	3.3	373.0
Ten-Year Change Dollars/Percent	\$ (1,561,951)	(19.1)%	\$ 3,987,544	21.0 %	(149.0)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate				Governor's Recommendation				
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$ 572,581	\$ 650,457	\$ 709,623	\$ 59,166	9.1 %	\$ 650,457	\$ 607,779	\$ (42,678)	(6.6)%	
Veterans' Services	2,705,255	2,783,500	2,836,876	53,376	1.9	2,783,500	2,836,876	53,376	1.9	
Kansas Soldiers' Home	7,296,125	7,417,243	7,596,590	179,347	2.4	7,417,243	7,596,590	179,347	2.4	
Kansas Veterans' Home	10,150,869	10,358,861	10,775,212	416,351	4.0	10,358,861	10,900,212	541,351	5.2	
Kansas Veterans' Cemeteries	952,022	1,143,961	1,016,934	(127,027)	(11.1)	1,007,080	1,016,934	9,854	1.0	
TOTAL	\$ 21,676,852	\$ 22,354,022	\$ 22,935,235	\$ 581,213	2.6 %	\$ 22,217,141	\$ 22,958,391	\$ 741,250	3.3 %	
By Major Object of Expenditure:										
Salaries and Wages	\$ 14,468,608	\$ 17,741,170	\$ 18,366,477	\$ 625,307	3.5 %	\$ 17,741,170	\$ 18,366,477	\$ 625,307	3.5 %	
Contractual Services	4,465,999	1,870,113	1,817,563	(52,550)	(2.8)	1,733,232	1,715,719	(17,513)	(1.0)	
Commodities	1,853,539	1,826,343	1,847,508	21,165	1.2	1,826,343	1,847,508	21,165	1.2	
Capital Outlay	276,434	304,824	292,115	(12,709)	(4.2)	304,824	417,115	112,291	36.8	
Debt Service	0	0	0	0	--	0	0	0	--	
Subtotal-Operations	\$ 21,064,580	\$ 21,742,450	\$ 22,323,663	\$ 581,213	2.7 %	\$ 21,605,569	\$ 22,346,819	\$ 741,250	3.4 %	
Aid to Local Units	0	0	0	0	--	0	0	0	--	
Other Assistance	612,272	611,572	611,572	0	--	611,572	611,572	0	--	
TOTAL	\$ 21,676,852	\$ 22,354,022	\$ 22,935,235	\$ 581,213	2.6 %	\$ 22,217,141	\$ 22,958,391	\$ 741,250	3.3 %	
Financing:										
State General Fund	\$ 6,843,533	\$ 6,749,202	\$ 6,752,065	\$ 2,863	0.0 %	\$ 6,589,788	\$ 6,627,310	\$ 37,522	0.6 %	
Federal Domiciliary Per Diem Fund	1,261,457	1,456,292	1,593,210	136,918	9.4	1,456,292	1,593,210	136,918	9.4	
Federal Long Term Care Per Diem Fund	7,938,288	8,395,714	8,722,104	326,390	3.9	8,418,247	8,745,015	326,768	3.9	
Soldiers' Home FF	1,619,216	1,655,556	1,692,664	37,108	2.2	1,655,556	1,692,664	37,108	2.2	
Veterans' Home FF	2,963,445	2,978,538	3,055,135	76,597	2.6	2,978,538	3,055,135	76,597	2.6	
All Other Funds	1,050,913	1,118,720	1,120,057	1,337	0.1	1,118,720	1,245,057	126,337	11.3	
TOTAL	\$ 21,676,852	\$ 22,354,022	\$ 22,935,235	\$ 581,213	2.6 %	\$ 22,217,141	\$ 22,958,391	\$ 741,250	3.3 %	

*Revenues from Medicaid reimbursements at the Kansas Soldiers' Home and Kansas Veterans' Home are paid to the agency from the Kansas Department for Aging and Disability Services (KDADS). This disbursement of funds is considered to be an expenditure for KDADS, so expenditures from these Medicaid funds are considered to be off-budget expenditures. These off-budget expenditures are not included in standard operating expenditures, but are included in further detail in the program level analysis as an off-budget program.

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$6,618,980 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 \$2,215, 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 \$6,621,195. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 6,621,195	\$ 6,819,880	\$ 198,685	\$ 6,660,466	\$ 39,271
All Other Funds	16,970,219	19,446,316	2,476,097	19,605,730	2,635,511
TOTAL	\$ 23,591,414	\$ 26,266,196	\$ 2,674,782	\$ 26,266,196	\$ 2,674,782
FTE Positions	374.0	373.0	(1.0)	373.0	(1.0)

The **agency** requests a revised estimate of \$26.3 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the agency's revised estimate totals \$22.4 million, including \$6.7 million from the State General Fund, for operating expenditures for FY 2018. For operating expenditures, the revised estimate is an all funds increase of \$421,558, or 1.9 percent, and a State General Fund increase of \$228,007, or 3.5 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to two requests for supplemental funding to repair the WaKeeney Veterans' Cemetery and for a 2.5 percent salary adjustment for employees not included in the 2017 Legislature's pay plan. The increase is also attributable to an increase in expenditures for food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home, partially offset by the agency changing the funding source for certain expenditures to off-budget Medicaid funding. Summary of capital improvements is included within the capital improvements section of this document, which reflects State General Fund savings of \$29,322 below the approved amount. The agency's revised estimate includes 373.0 FTE positions, a decrease of 1.0 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency eliminating one vacant position at the Kansas Soldiers' Home.

The 2018 revised estimate is detailed by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$17.7 million, including \$4.6 million from the State General Fund, for salaries and wages in FY 2018. This is an all funds increase of \$88,116, or 0.5 percent, and a State General Fund increase of \$1.0 million, or 29.2 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency's request for supplemental funding to provide a 2.5 percent pay increase to employees who were not included in the 2017 Legislature's pay plan. Major salaries and wages expenditures include salary and fringe benefits for employees in all agency programs;
- **Contractual Services.** The agency's revised estimate totals \$1.9 million, including \$993,257 from the State General Fund, for contractual services in FY 2018. This is an all funds increase of \$606,389, or 48.0 percent, and a State General Fund increase of \$289,838, or 41.2 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to the agency's request for supplemental funding for repairs to the WaKeeney Veterans' Cemetery and surrounding structures after they were damaged by hail on August 10, 2017. The increase is also attributable to an increase in expenditures for food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home. Major contractual services expenditures include a contract for pharmacy services, medical services for patients, communication, rent, and utilities;
- **Commodities.** The agency's revised estimate totals \$1.8 million, including \$446,322 from the State General Fund, for commodities in FY 2018. This is an all funds decrease of \$361,068, or 16.5 percent, and a State General Fund decrease of \$1.1 million, or 70.9 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency partially changing the funding source for patients' food to off-budget Medicaid funding sources. Major commodities expenditures include stationery and office supplies, data processing supplies, fuel and travel expenditures for the mobile offices, pharmaceuticals, and patients' food;
- **Capital Outlay.** The agency's revised estimate totals \$304,824, including \$137,758 from the State General Fund, for capital outlay in FY 2018. This is an all funds increase of \$78,764, or 34.8 percent, and a State General Fund decrease of \$5,466, or 3.8 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in information processing equipment and grounds equipment for the cemeteries program. Major capital outlay expenditures include machinery for repairs to the facilities, computer equipment, office equipment, and household furniture for patients at the Kansas Soldiers' Home and Kansas Veterans' Home; and
- **Other Assistance.** The agency's revised estimate for other assistance totals \$611,572, including \$600,000 from the State General Fund, for other assistance in FY 2018. This is an all funds increase of \$11,572, or 1.9 percent, above the amount approved by the 2017 Legislature. The State General Fund amount is the same amount approved by the 2017 Legislature. The all funds increase is attributable to an increase in comfort funding for patients in the Kansas Soldiers' Home and Kansas Veterans' Home. Major other assistance expenditures include grants to eligible veteran service organizations through the Veterans' Services program.

The **Governor** recommends \$26.3 million, including \$6.7 million from the State General Fund, for operating expenditures and capital improvements in FY 2018. Of this amount, the Governor recommends operating expenditures of \$22.2 million, including \$6.6 million from the State General Fund, in FY 2018. For operating expenditures, the recommendation is an all funds decrease of \$136,881, or 0.6 percent, and a State General Fund decrease of \$159,414, or 2.4 percent, below the agency's revised estimate. The all funds decrease is attributable to the Governor recommending the agency's supplemental request for repairs at the WaKeeney Veterans' Cemetery, but to use funding from the State Institutions Building Fund rather than the State General Fund, and that the repairs be categorized as a capital improvement expenditure rather than an operating expenditure within the Kansas Veterans' Cemetery program. The State General Fund decrease is due to the Governor's recommendation on the WaKeeney Veterans' Cemetery repairs and that the agency use federal funding in place of part of the requested State General Fund moneys for the agency's supplemental request for a salary adjustment for employees in FY 2018.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cemetery Repairs	\$ 136,881	\$ 136,881	0.0	\$ 0	\$ 136,881	0.0
Salary Adjustment	61,804	64,420	0.0	39,271	64,420	0.0
TOTAL	\$ 198,685	\$ 201,301	0.0	\$ 39,271	\$ 201,301	0.0

The **agency** submits two requests for supplemental funding in FY 2018 totaling \$201,301, including \$198,685 from the State General Fund, which includes funding for:

- **Veterans' Cemetery Repairs.** The agency requests \$136,881, all from the State General Fund, in FY 2018 to repair the WaKeeney Veterans' Cemetery after the cemetery and surrounding facilities experienced significant damage from a major hail storm on August 10, 2017; and
- **Salary Adjustment.** The agency requests \$64,420, including \$61,804 from the State General Fund, for a 2.5 percent salary adjustment for employees not included in the 2017 Legislature's pay plan.

The **Governor** recommends \$201,301, including \$39,271 from the State General Fund, in FY 2018. The Governor recommends funding the agency's supplemental request for \$136,881 for repairs at the WaKeeney Veterans' Cemetery, but recommends it be funded through the State Institutions Building Fund and categorized as a capital improvement expenditure. The Governor recommends \$64,420, including \$39,271 from the State General Fund, for the agency's supplemental request for a salary adjustment. The Governor recommends the same all funds amount the agency requested, but recommends the agency use federal funding in place of part of the requested State General Fund moneys requested.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$6.6 million for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 6,637,343	\$ 6,802,030	\$ 164,687	\$ 6,677,275	\$ 39,932
All Other Funds	17,413,815	17,678,723	264,908	17,826,634	412,819
TOTAL	\$ 24,051,158	\$ 24,480,753	\$ 429,595	\$ 24,503,909	\$ 452,751
FTE Positions	374.0	373.0	(1.0)	373.0	(1.0)

The **agency** requests a revised estimate of \$24.5 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the agency's revised estimate for operating expenditures totals \$22.9 million, including \$6.8 million from the State General Fund, for FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$492,992, or 2.2 percent, and a State General Fund increase of \$164,687, or 2.5 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to two requests for supplemental funding for cybersecurity and for a 2.5 percent salary adjustment for employees not included in the 2017 Legislature's pay plan. The increase is also attributable to an increase in expenditures for food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home, partially offset by the agency changing the funding source for certain expenditures to off-budget Medicaid funding. Summary of capital improvements is included within the capital improvements section of this document. The agency's revised estimate includes 373.0 FTE positions, a decrease of 1.0 FTE positions below the number approved by the 2017 Legislature. The decrease is attributable to the agency eliminating one vacant position at the Kansas Soldiers' Home. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$18.4 million, including \$4.7 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$177,405, or 1.0 percent, and a State General Fund increase of \$1.1 million, or 31.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and a request for supplemental funding to provide a 2.5 percent pay increase to employees not included in the 2017 Legislature's pay plan;
- **Contractual Services.** The agency's revised estimate totals \$1.8 million, including \$898,315 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$603,561, or 49.7 percent, and a State General Fund increase of \$182,195, or 25.4 percent, above the amount approved by the 2017 Legislature. The increase is partially attributable to the agency's request for supplemental funding for cybersecurity for FY 2019. The increase is also attributable to an increase in expenditures on food, medical services, and utilities at the Kansas Soldiers' Home and Kansas Veterans' Home;

- **Commodities.** The agency's revised estimate totals \$1.8 million, including \$425,450 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$360,003, or 16.3 percent, and a State General Fund decrease of \$1.1 million, or 72.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency partially changing the funding source for patients' food to off-budget Medicaid funding sources;
- **Capital Outlay.** The agency's revised estimate totals \$292,115, including \$137,758 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$60,457, or 26.1 percent, and a State General Fund decrease of \$11,064, or 7.4 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in information processing equipment and grounds equipment for the cemeteries program; and
- **Other Assistance.** The agency's revised estimate totals \$611,572, including \$600,000 from the State General Fund, for other assistance for FY 2019. This is an all funds increase of \$11,572, or 1.9 percent, all from special revenue funds, above the amount approved by the 2017 Legislature. The State General Fund total is the same amount approved by the 2017 Legislature. The all funds increase is attributable to an increase in comfort funding for patients in the Kansas Soldiers' Home and Kansas Veterans' Home.

The **Governor** recommends \$24.5 million, including \$6.7 million from the State General Fund, for operating expenditures and capital improvements for FY 2019. Of this amount, the Governor recommends \$23.0 million, including \$6.6 million from the State General Fund, for operating expenditures for FY 2019. For operating expenditures, this is an all funds increase of \$23,156, or 0.1 percent, and a State General Fund decrease of \$124,755, or 1.8 percent, from the agency's revised estimate. The all funds increase is attributable to the Governor recommending additional funding for a waste disposal vehicle and the Governor not recommending the agency's request for supplemental funding for cybersecurity for FY 2019. The State General Fund decrease is attributable to the Governor recommending the agency's supplemental request for a salary adjustment for employees, but recommends the agency use federal funding in place of part of the State General Fund moneys requested. The Governor concurs with the agency's revised estimate for capital improvements for FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cybersecurity	\$ 101,844	\$ 101,844	0.0	\$ 0	\$ 0	0.0
Salary Adjustment	62,843	65,502	0.0	39,932	65,502	0.0
Waste Disposal Vehicle	0	0	0.0	0	125,000	0.0
TOTAL	\$ 164,687	\$ 167,346	0.0	\$ 39,932	\$ 190,502	0.0

The **agency** submits two requests for supplemental funding for FY 2019 totaling \$167,346, including \$164,687 from the State General Fund, which includes funding for:

- **Cybersecurity.** The agency requests \$101,844, all from the State General Fund, for cybersecurity expenditures for FY 2019; and
- **Salary Adjustment.** The agency requests \$65,502, including \$62,843 from the State General Fund, for a 2.5 percent salary adjustment for employees not included in the 2017 Legislature's pay plan.

The **Governor** recommends \$190,502, including \$39,932 from the State General Fund, for supplementals for FY 2019. The Governor recommends the same all funds amount the agency requested for a salary adjustment, but recommends the agency use federal funding in place of part of the State General Fund moneys requested. The Governor does not recommend funding for cybersecurity for FY 2019. The Governor recommends the addition of \$125,000, all from the State Institutions Building Fund, to purchase a waste disposal vehicle for the Kansas Veterans' Home 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 \$56,518, including \$14,493 from the State General Fund, and FY 2019 longevity payments total \$62,120, including \$15,787 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	29.4 %	28.9 %
Federal Domiciliary <i>Per Diem</i> Fund	6.9	6.9
Federal Long Term Care <i>Per Diem</i> Fund	38.0	38.1
Soldiers' Home Fee Fund	7.4	7.4
Veterans' Home Fee Fund	13.3	13.3
All Other Funds	5.0	5.4
TOTAL	100.0 %	100.0 %

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

Federal Domiciliary *Per Diem* Fund

The Federal Domiciliary *Per Diem* Fund includes the Veterans' Home Domiciliary Fund (VA *Per Diem*) and the Soldiers' Home Domiciliary Fund (VA *Per Diem*). *Per diem* for nursing care and domiciliary care is provided to an eligible veteran in a facility recognized as a state home for veterans. *Per diem* payments are paid to the facilities on a monthly basis. In order to qualify for *per diem*, State homes for veterans are required to maintain standards for health and safety.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 123,500	\$ 98,629	\$ 98,629	\$ 135,144	\$ 135,144
Revenue	1,236,586	1,492,807	1,492,807	1,668,129	1,668,129
Transfers in	0	0	0	0	0
Funds Available	\$ 1,360,086	\$ 1,591,436	\$ 1,591,436	\$ 1,803,273	\$ 1,803,273
Less:					
Expenditures	1,261,457	1,456,292	1,456,292	1,593,210	1,593,210
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 98,629	\$ 135,144	\$ 135,144	\$ 210,063	\$ 210,063
Ending Balance as Percent of Expenditures	7.8%	9.3%	9.3%	13.2%	13.2%
Month Highest Ending Balance	December \$ 538,251	December \$ 429,855	December \$ 429,855	December \$ 588,999	December \$ 588,999
Month Lowest Ending Balance	June \$ 98,629	June \$ 135,144	June \$ 135,144	June \$ 210,063	June \$ 210,063

Federal Long Term Care *Per Diem* Fund

The Federal Long Term Care *Per Diem* Fund includes the Veterans' Home Federal Fund Long Term Care (VA *Per Diem*) and the Soldiers' Home Federal Fund Long Term Care (VA *Per Diem*). *Per diem* for long-term care is provided to an eligible veteran in a facility recognized as a state home for veterans. *Per diem* payments are paid to the facilities on a monthly basis. In order to qualify for *per diem*, State homes for veterans are required to maintain standards for health and safety.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 460,936	\$ 542,037	\$ 542,037	\$ 563,126	\$ 540,593
Revenue	8,019,389	8,416,803	8,416,803	8,761,422	8,761,422
Transfers in	0	0	0	0	0
Funds Available	\$ 8,480,325	\$ 8,958,840	\$ 8,958,840	\$ 9,324,548	\$ 9,302,015
Less:					
Expenditures	7,938,288	8,395,714	8,418,247	8,722,104	8,745,015
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 542,037	\$ 563,126	\$ 540,593	\$ 602,444	\$ 557,000
Ending Balance as Percent of Expenditures	6.8%	6.7%	6.4%	6.9%	6.4%
Month Highest Ending Balance	April \$ 1,044,223	April \$ 1,227,952	April \$ 1,205,419	April \$ 1,275,728	April \$ 1,241,645
Month Lowest Ending Balance	December \$ 40,992	December \$ 48,205	December \$ 25,672	December \$ 50,080	December \$ 15,997

Soldiers' Home Fee Fund

The Soldiers' Home Fee Fund includes revenues from resident fees and other miscellaneous revenues, such as farm and garage rentals, interest, and obsolete equipment and material sales. Determination of charges to veterans and eligible dependents is based on ability to pay. No veteran or eligible dependent is denied admission because of his or her financial status. Veterans and eligible dependents with limited resources are required to apply for programs they are eligible for, including Medicaid, Medicare, Social Security, or any Veterans' Affairs pension or compensation program. The Soldiers' Home Fee Fund is authorized by KSA 76-1952.

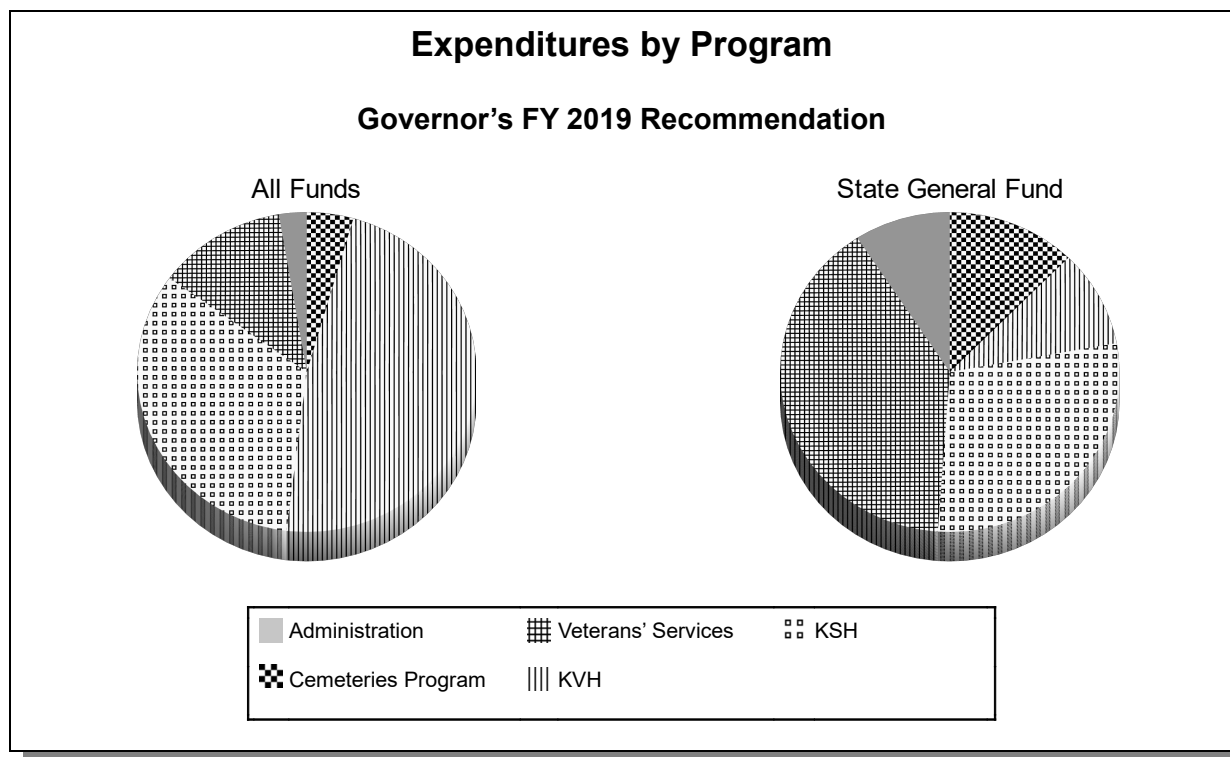
Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 192,856	\$ 6,370	\$ 6,370	\$ 59,456	\$ 59,456
Revenue	1,432,877	1,708,642	1,708,642	1,708,642	1,708,642
Transfers in	0	0	0	0	0
Funds Available	\$ 1,625,733	\$ 1,715,012	\$ 1,715,012	\$ 1,768,098	\$ 1,768,098
Less:					
Expenditures	1,619,363	1,655,556	1,655,556	1,692,664	1,692,664
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 6,370	\$ 59,456	\$ 59,456	\$ 75,434	\$ 75,434
Ending Balance as Percent of Expenditures	0.4%	3.6%	3.6%	4.5%	4.5%
Month Highest Ending Balance	September \$ 561,568	June \$ 59,456	June \$ 59,456	September \$ 173,127	September \$ 173,127
Month Lowest Ending Balance	March \$ (17,253)	March \$ (570)	March \$ (570)	March \$ (5,319)	March \$ (5,319)

Veterans' Home Fee Fund

The Veterans' Home Fee Fund includes revenues from resident fees, interest, rent of unimproved lands, oil royalties, and other miscellaneous sources. Determination of charges to veterans and eligible dependents is based on ability to pay. No veteran or eligible dependent is denied admission because of his or her financial status. Veterans and eligible dependents with limited resources are required to apply for programs they are eligible for, including Medicaid, Medicare, Social Security, or any Veterans' Affairs pension or compensation program. This fund is authorized by KSA 76-1952.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 149,752	\$ 28,455	\$ 28,455	\$ 0	\$ 0
Revenue	2,843,498	2,950,083	2,950,083	3,116,366	3,116,366
Transfers in	0	0	0	0	0
Funds Available	\$ 2,993,250	\$ 2,978,538	\$ 2,978,538	\$ 3,116,366	\$ 3,116,366
Less:					
Expenditures	2,964,795	2,978,538	2,978,538	3,055,135	3,055,135
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 28,455	\$ 0	\$ 0	\$ 61,231	\$ 61,231
Ending Balance as Percent of Expenditures	1.0%	0.0%	0.0%	2.0%	2.0%
Month Highest Ending Balance	January \$ 165,682	October \$ 135,144	October \$ 135,144	October \$ 210,063	October \$ 210,063
Month Lowest Ending Balance	July \$ (167,666)	July \$ (31,859)	July \$ (31,859)	July \$ 42,352	July \$ 42,352

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 607,779	2.6 %	\$ 607,779	9.2 %
Veterans' Services	2,836,876	12.4	2,631,024	39.7
Kansas Soldiers' Home	7,596,590	33.1	1,923,362	29.0
Kansas Veterans' Home	10,900,212	47.5	648,528	9.8
Cemeteries Program	1,016,934	4.4	816,617	12.3
TOTAL	\$ 22,958,391	100.0 %	\$ 6,627,310	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	6.0	7.0	7.0	7.0	7.0
Veterans' Services	31.0	34.0	34.0	34.0	34.0
Kansas Soldiers' Home	107.0	119.0	119.0	119.0	119.0
Kansas Veterans' Home	170.0	196.0	196.0	196.0	196.0
Cemeteries Program	17.0	17.0	17.0	17.0	17.0
TOTAL	331.0	373.0	373.0	373.0	373.0
<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 provides guidance and oversight for all veteran programs while also providing leadership, direction, technical guidance, and support for all agency staff. The program contains the agency's fiscal services, human resources, and information technology functions. The program oversees the Central Office in Topeka, which includes the Agency Director and administrative staff, the State Veteran Services Program Director, the State Cemetery Program Director, the Human Resource Director, and the Chief Property and Fiscal Officer and staff.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 488,996	\$ 503,962	\$ 503,962	\$ 514,725	\$ 514,725
Contractual Services	74,883	130,765	130,765	179,068	77,224
Commodities	4,334	7,223	7,223	7,323	7,323
Capital Outlay	4,368	8,507	8,507	8,507	8,507
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 572,581	\$ 650,457	\$ 650,457	\$ 709,623	\$ 607,779
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 572,581	\$ 650,457	\$ 650,457	\$ 709,623	\$ 607,779
Financing:					
State General Fund	\$ 572,581	\$ 625,438	\$ 625,438	\$ 709,623	\$ 607,779
All Other Funds	0	25,019	25,019	0	0
TOTAL	\$ 572,581	\$ 650,457	\$ 650,457	\$ 709,623	\$ 607,779
FTE Positions	6.0	7.0	7.0	7.0	7.0

The **agency** requests a revised estimate of \$709,623, all from the State General Fund, for the Administration program for FY 2019. This is an increase of \$119,639, or 20.3 percent, all from the State General Fund, above the amount approved by the 2017 Legislature. The

increase is primarily attributable to an increase in contractual services due to the agency's request for supplemental funding for cybersecurity and an increase in salaries and wages expenditures. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$514,725, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$21,614, or 4.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salaries including the agency's request for supplemental funding to provide a 2.5 percent pay increase for employees not included in the 2017 Legislature's pay plan;
- **Contractual Services.** The agency requests \$179,068, all from the State General Fund, for contractual services for FY 2019. This is an increase of \$98,025, or 121.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency's request for supplemental funding for cybersecurity expenditures;
- **Commodities.** The agency requests \$7,323, all from the State General Fund, for commodities for FY 2019. This is the same amount approved by the 2017 Legislature;
- **Capital Outlay.** The agency requests \$8,507, all from the State General Fund, for capital outlay for FY 2019. This is the same amount approved by the 2017 Legislature; and
- **Other Assistance.** The agency does not request other assistance expenditures for FY 2019.

The **Governor** recommends \$607,779, all from the State General Fund, for the Administration program for FY 2019. This is a decrease of \$101,844, or 14.4 percent, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request for cybersecurity for FY 2019.

B. Veterans' Services

The purpose of the Veterans' Services program is to provide and administer a system by which the eligible residents of Kansas can obtain assistance and advice in procuring benefits from the state and federal governments in the area of veterans' or survivors' benefits. Services are provided through 13 field offices located throughout the state, 2 mobile vans, and 6 offices located in the federal Department of Veterans' Affairs (VA) Medical Centers in Topeka, Leavenworth, and Wichita.

Additional services are provided through service grants to Veterans' Service Organizations (VSOs). Where services through VSOs are not available, the KCVA Veterans' Service Representatives (VSRs) provide services. Quality control measures are performed at the Wichita VA Medical Center. Services provided by the program include assistance with obtaining services in the areas of education, health, vocational guidance, and economic security. KCVA is the State Approving Agency (SAA) for the federal GI Bill Education program.

VETERANS' SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,596,657	\$ 1,699,884	\$ 1,699,884	\$ 1,741,679	\$ 1,741,679
Contractual Services	446,468	421,897	421,897	433,478	433,478
Commodities	39,871	39,459	39,459	39,459	39,459
Capital Outlay	22,259	22,260	22,260	22,260	22,260
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,105,255</i>	<i>\$ 2,183,500</i>	<i>\$ 2,183,500</i>	<i>\$ 2,236,876</i>	<i>\$ 2,236,876</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	600,000	600,000	600,000	600,000	600,000
TOTAL	<u>\$ 2,705,255</u>	<u>\$ 2,783,500</u>	<u>\$ 2,783,500</u>	<u>\$ 2,836,876</u>	<u>\$ 2,836,876</u>
Financing:					
State General Fund	\$ 2,558,509	\$ 2,583,269	\$ 2,583,269	\$ 2,631,024	\$ 2,631,024
All Other Funds	146,746	200,231	200,231	205,852	205,852
TOTAL	<u>\$ 2,705,255</u>	<u>\$ 2,783,500</u>	<u>\$ 2,783,500</u>	<u>\$ 2,836,876</u>	<u>\$ 2,836,876</u>
FTE Positions	31.0	34.0	34.0	34.0	34.0

The **agency** requests a revised estimate of \$2.8 million, including \$2.6 million from the State General Fund, for the Veterans' Services program for FY 2019. This is an all funds decrease of \$3,245, or 0.1 percent, and a State General Fund increase of \$36,447, or 1.4 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures and capital outlay, partially offset by an increase in contractual services and commodities. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.7 million, including \$1.6 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds decrease of \$9,686, or 0.6 percent, and a State General Fund decrease of \$21,946, or 1.4 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to an adjustment in salary shrinkage, partially offset by an increase in salary expenditures including the agency's request for supplemental funding for a 2.5 percent pay increase for employees not included in the 2017 Legislature's pay plan;
- **Contractual Services.** The agency requests \$433,478, including \$397,387 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$28,739, or 7.1 percent, and a State General Fund increase of \$44,981, or 12.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in in-state travel expenditures for the mobile veterans services units and building space rental expenditures;
- **Commodities.** The agency requests \$39,459, including \$38,633 from the State General Fund, for commodities for FY 2019. This is an all funds increase of \$6,502, or 19.7 percent, and a State General Fund increase of \$23,725, or 159.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in data processing supplies;

- **Capital Outlay.** The agency requests \$22,260, including \$22,099 from the State General Fund, for capital outlay for FY 2019. This is an all funds decrease of \$28,800, or 56.4 percent, and a State General Fund decrease of \$10,313, or 31.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in furniture expenditures and computer equipment; and
- **Other Assistance.** The agency requests \$600,000, all from the State General Fund, for other assistance for FY 2019. This is the same amount approved by the 2017 Legislature.

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

C. Kansas Soldiers' Home

The mission of KSH at Fort Dodge is to provide quality, long-term health care and enhance the overall well-being of honorably discharged veterans and their dependents in an environment that supports the individuals' biological, sociological, and psychological needs. KSH offers different levels of care, including residential cottages, assisted living, and nursing home care. Cottage residency is open to any eligible veteran and his or her spouse; it provides independent living with assistance from social and health services staff available. Domiciliary care, or assisted living, provides residents with support services such as meal preparation and medication monitoring. Nursing home care also is available for residents who are not capable of supporting and caring for themselves.

KANSAS SOLDIERS' HOME SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,924,752	\$ 6,331,036	\$ 6,331,036	\$ 6,500,478	\$ 6,500,478
Contractual Services	1,494,815	439,502	439,502	439,502	439,502
Commodities	802,432	572,432	572,432	581,648	581,648
Capital Outlay	68,026	68,873	68,873	69,562	69,562
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,290,025</i>	<i>\$ 7,411,843</i>	<i>\$ 7,411,843</i>	<i>\$ 7,591,190</i>	<i>\$ 7,591,190</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,100	5,400	5,400	5,400	5,400
TOTAL	\$ 7,296,125	\$ 7,417,243	\$ 7,417,243	\$ 7,596,590	\$ 7,596,590
Financing:					
State General Fund	\$ 2,431,921	\$ 1,909,979	\$ 1,909,979	\$ 1,923,362	\$ 1,923,362
All Other Funds	4,864,204	5,507,264	5,507,264	5,673,228	5,673,228
TOTAL	\$ 7,296,125	\$ 7,417,243	\$ 7,417,243	\$ 7,596,590	\$ 7,596,590
FTE Positions	107.0	119.0	119.0	119.0	119.0

The **agency** requests a revised estimate of \$7.6 million, including \$1.9 million from the State General Fund, for the Kansas Soldiers' Home program for FY 2019. This is an all funds increase of \$138,384, or 1.9 percent, and a State General Fund increase of \$25,280, or 1.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures and contractual services expenditures, partially offset by a decrease in commodities expenditures. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.5 million, including \$1.8 million from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$373,918, or 6.1 percent, and a State General Fund increase of \$888,253, or 101.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salary expenditures due to the agency planning to fill vacant positions previously held open due to budget constraints and the agency's request for supplemental funding for a 2.5 percent increase for employees not included in the 2017 Legislature's pay plan, partially offset by a decrease in employer contributions for state employee health insurance;
- **Contractual Services.** The agency requests \$439,502, including \$157,332 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$121,566, or 38.2 percent, and a State General Fund increase of \$43,068, or 37.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in computer services and utilities expenditures;
- **Commodities.** The agency requests \$581,648, including \$1,446 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$360,702, or 38.3 percent, and a State General Fund decrease of \$837,577, or 99.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in pharmaceuticals and food for patients;
- **Capital Outlay.** The agency requests \$69,562, all from special revenue funds, for capital outlay for FY 2019. This is an all funds decrease of \$1,798, or 2.5 percent, and a State General Fund decrease of \$68,464, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in computer and furniture expenditures;
- **Other Assistance.** The agency requests \$5,400, all from special revenue funds, for other assistance for FY 2019. This is an increase of \$5,400 above the amount approved by the 2017 Legislature. The increase is primarily attributable to comfort funds provided to residents of the Home.

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

D. Kansas Veterans' Home

The primary mission of KVH in Winfield is to provide nursing care to veterans and their eligible dependents. The KVH officially opened on May 1, 2000, on the grounds of the former Winfield State Hospital and Training Center.

The 80-bed domiciliary, or assisted living program, in Donlon Hall provides shelter, food, and other necessary services required by each resident while allowing the resident to maintain a certain level of independence. The third wing of Donlon Hall was opened on July 14, 2003.

The 104-bed Bleckley Hall was opened June 12, 2000, and is equipped for 78 residents in need of skilled nursing care and 26 residents in need of care related to Alzheimer's disease.

The Triplett Hall expansion was opened in October 2014. The first phase of the business plan, which guides the expansion, has been completed. The first phase was to open Triplett Hall and admit residents there. KVH is currently in phase two of the plan, which is to open Ferguson Hall as a long-term care unit. In FY 2017, the KVH opened Ferguson Wing in Bleckley Hall as a long-term care unit. Currently, 17 of the 26 beds in Ferguson Wing are filled. During FY 2017, the KVH experienced a 24.0 percent increase in admissions as compared to FY 2016 admissions. The KCVAO hired an Admissions Coordinator whose primary task is marketing and recruiting for both homes to increase the amount of admissions. Concurrently with that, the VA now has a policy where its social workers have to respond in writing as to why they do not place veterans at the State Veterans' Homes as their placement of first choice.

KANSAS VETERANS' HOME SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,709,966	\$ 8,414,225	\$ 8,414,225	\$ 8,794,178	\$ 8,794,178
Contractual Services	2,343,457	643,457	643,457	666,904	666,904
Commodities	931,122	1,134,855	1,134,855	1,146,204	1,146,204
Capital Outlay	160,152	160,152	160,152	161,754	286,754
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,144,697</i>	<i>\$ 10,352,689</i>	<i>\$ 10,352,689</i>	<i>\$ 10,769,040</i>	<i>\$ 10,894,040</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,172	6,172	6,172	6,172	6,172
TOTAL	\$ 10,150,869	\$ 10,358,861	\$ 10,358,861	\$ 10,775,212	\$ 10,900,212
Financing:					
State General Fund	\$ 527,808	\$ 700,372	\$ 677,839	\$ 671,439	\$ 648,528
All Other Funds	9,623,061	9,658,489	9,681,022	10,103,773	10,251,684
TOTAL	\$ 10,150,869	\$ 10,358,861	\$ 10,358,861	\$ 10,775,212	\$ 10,900,212
FTE Positions	170.0	196.0	196.0	196.0	196.0

The **agency** requests a revised estimate of \$10.8 million, including \$671,439 from the State General Fund, for the Kansas Veterans' Home for FY 2019. This is an all funds increase of \$445,065, or 4.3 percent, and a State General Fund increase of \$33,695, or 5.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in contractual services and capital outlay expenditures. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$8.8 million, including \$22,911 from the State General Fund, for salaries and wages for FY 2019. This is an all funds increase of \$22,910, or 0.3 percent, and a State General Fund increase of \$218,603, or 111.7 percent, above the amount approved by the 2017 Legislature.

The increase is primarily attributable to an increase in salaries due to the agency's request for supplemental funding for a 2.5 percent pay increase for employees not included in the 2017 Legislature's pay plan, partially offset by a decrease in employer contributions for state employee health insurance;

- **Contractual Services.** The agency requests \$666,904, including \$163,328 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$349,231, or 109.9 percent, and a State General Fund increase of \$47,524, or 41.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in medical services for patients, food for patients, computer services, and communications expenditures;
- **Commodities.** The agency requests \$1.1 million, including \$378,048 from the State General Fund, for commodities for FY 2019. This is an all funds decrease of \$9,303, or 0.8 percent, and a State General Fund decrease of \$300,145, or 44.3 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for household supplies;
- **Capital Outlay.** The agency requests \$161,754, including \$107,152 from the State General Fund, for capital outlay for FY 2019. This is an all funds increase of \$76,055, or 88.7 percent, and a State General Fund increase of \$67,713, or 171.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in furniture and computer equipment expenditures; and
- **Other Assistance.** The agency requests \$6,172, all from special revenue funds, for other assistance for FY 2019. This is an increase of \$6,172, as the agency's FY 2019 approved budget did not include other assistance expenditures in this program. The increase is attributable to comfort funds provided to residents of the Kansas Veterans' Home.

The **Governor** recommends \$10.9 million, including \$648,528 from the State General Fund, for the Kansas Veterans' Home for FY 2019. This is an all funds increase of \$125,000, or 1.2 percent, and a State General Fund decrease of \$22,911, or 3.4 percent, from the agency's revised estimate. The all funds increase is attributable to the Governor recommending the addition of \$125,000, all from the State Institutions Building Fund, for the purchase of a waste disposal vehicle for FY 2019. The State General Fund decrease is attributable to the Governor recommending the agency use federal funds in place of part of the State General Fund moneys requested for the agency's supplemental request for a salary adjustment for FY 2019.

E. Kansas Veterans' Cemeteries Program

The Kansas Veterans' Cemeteries Program provides veterans and their eligible dependents with interment opportunities for burial in a Kansas veterans' cemetery. The program manages and operates the four veterans' cemeteries, and provides staff support and assistance to veterans statewide regarding their interment options and procedures for pre-certification. Cemetery construction was 100.0 percent funded by federal grants from the federal Department of Veterans' Affairs National Cemetery Administration, State Cemetery Grants Programs. Ongoing cemetery operations are largely funded by the State, with minimal federal funding. The cemeteries are located at Fort Dodge, Fort Riley, WaKeeney, and Winfield.

**KANSAS VETERANS' CEMETERIES PROGRAM
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 748,237	\$ 792,063	\$ 792,063	\$ 815,417	\$ 815,417
Contractual Services	106,376	234,492	97,611	98,611	98,611
Commodities	75,780	72,374	72,374	72,874	72,874
Capital Outlay	21,629	45,032	45,032	30,032	30,032
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 952,022</i>	<i>\$ 1,143,961</i>	<i>\$ 1,007,080</i>	<i>\$ 1,016,934</i>	<i>\$ 1,016,934</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 952,022</u>	<u>\$ 1,143,961</u>	<u>\$ 1,007,080</u>	<u>\$ 1,016,934</u>	<u>\$ 1,016,934</u>
Financing:					
State General Fund	\$ 752,714	\$ 930,144	\$ 793,263	\$ 816,617	\$ 816,617
All Other Funds	199,308	213,817	213,817	200,317	200,317
TOTAL	<u>\$ 952,022</u>	<u>\$ 1,143,961</u>	<u>\$ 1,007,080</u>	<u>\$ 1,016,934</u>	<u>\$ 1,016,934</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0

The **agency** requests a revised estimate of \$1.0 million, including \$816,617 from the State General Fund, for the Kansas Veterans' Cemeteries program for FY 2019. This is an all funds increase of \$90,606, or 9.8 percent, and a State General Fund increase of \$13,168, or 1.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in salaries and wages expenditures and capital outlay expenditures. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$815,417, all from the State General Fund, for salaries and wages for FY 2019. This is an increase of \$66,106, or 8.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in employer contributions for state employee health insurance, the agency's request for supplemental funding for a pay increase for employees not included in the 2017 Legislature's pay plan, and an increase in unclassified permanent and temporary salary expenditures;
- **Contractual Services.** The agency requests \$98,611, including \$1,200 from the State General Fund, for contractual services for FY 2019. This is an all funds increase of \$6,000, or 6.5 percent, and a State General Fund decrease of \$51,403, or 97.7 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in building repair expenditures;
- **Commodities.** The agency requests \$72,874, all from special revenue funds, for commodities for FY 2019. This is an all funds increase of \$3,500, or 5.0 percent, and a State General Fund decrease of \$1,535, or 100.0 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in building repair supplies;

- **Capital Outlay.** The agency requests \$30,032, all from special revenue funds, for capital outlay for FY 2019. This is an increase of \$15,000, or 99.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in building repair equipment and machinery; and
- **Other Assistance.** The agency did not request other assistance expenditures for FY 2019.

The **Governor** concurs with the agency's revised estimate for the Kansas Veterans' Cemeteries program for FY 2019.

F. Off-Budget Program

Operations at KSH and KVH are financed by expenditures from several revenue sources, including Federal Veterans Affairs *Per Diem*, the State General Fund, Medicare reimbursements, and Medicaid reimbursements. Revenues from Medicaid reimbursements at KSH and KVH are paid to the agency from the Kansas Department for Aging and Disability Services (KDADS). This disbursement of funds is considered to be an expenditure for KDADS, so expenditures from these Medicaid funds are considered to be off-budget expenditures within the KCVAO budget. These off-budget expenditures are not included in the KCVAO's total on-budget standard operating expenditures, but are noted below as an off-budget program to provide a fuller picture of total agency operations and expenditures.

OFF-BUDGET PROGRAM SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,983,081	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	19,050	2,274,363	2,274,363	2,284,490	2,284,490
Commodities	322,945	349,212	349,212	349,212	349,212
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,325,076</i>	<i>\$ 2,623,575</i>	<i>\$ 2,623,575</i>	<i>\$ 2,633,702</i>	<i>\$ 2,633,702</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,325,076	\$ 2,623,575	\$ 2,623,575	\$ 2,633,702	\$ 2,633,702
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,325,076	2,623,575	2,623,575	2,633,702	2,633,702
TOTAL	\$ 2,325,076	\$ 2,623,575	\$ 2,623,575	\$ 2,633,702	\$ 2,633,702
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised estimate of \$2.6 million, all from special revenue funds, for off-budget expenditures for FY 2019. This is an increase of \$687,824, or 35.3 percent, above the the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency experiencing an increase in Medicaid eligible population at the Kansas Veterans' Home. The agency has revised their revenue projections and expenditures from off-budget Medicaid

funds due to this increased census, partially shifting expenditures from other funding sources to Medicaid off-budget funding. This shift is primarily reflected as an increase in contractual services and commodities, offset by a decrease in capital outlay expenditures. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency does not request expenditures for salaries and wages from off-budget funding sources for FY 2019;
- **Contractual Services.** The agency requests \$2.3 million, all from special revenue funds, for contractual services for FY 2019. This is an increase of \$445,648, or 24.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency shifting partial expenditures for contract staffing and food service expenditures from traditional funding sources to off-budget Medicaid funding;
- **Commodities.** The agency requests \$349,212, all from special revenue funds, for commodities for FY 2019. This is an increase of \$349,212, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the agency shifting funding for food for patients at the Kansas Soldiers' Home and Kansas Veterans' Home from traditional funding sources to off-budget Medicaid funding; and
- **Capital Outlay.** The agency does not request expenditures capital outlay from off-budget funding. This is a decrease of \$107,036, or 100.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to the agency decreasing expenditures on computer equipment and furniture for the Kansas Soldiers' Home and Kansas Veterans' Home.

The **Governor** concurs with the agency's revised estimate for off-budget expenditures for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
KVH Rehab and Repair and Other Projects	\$ 812,050	\$ 812,050	\$ 771,380	\$ 771,380
KSH Rehab and Repair and Other Projects	637,900	637,900	615,173	615,173
KSH Structures Demolition	109,000	109,000	109,000	109,000
KVCP Rehab and Repair and Other Projects	70,678	70,678	49,965	49,965
KVCP Cemeteries Repair	0	136,881	0	0
Reappropriated Funding for Projects Not Completed	2,282,546	2,282,546	0	0
TOTAL	\$ 3,912,174	\$ 4,049,055	\$ 1,545,518	\$ 1,545,518
Financing:				
State General Fund	\$ 70,678	\$ 70,678	\$ 49,965	\$ 49,965
State Institutions Building Fund	3,841,496	3,978,377	1,495,553	1,495,553
TOTAL	\$ 3,912,174	\$ 4,049,055	\$ 1,545,518	\$ 1,545,518

FY 2018 – Current Year. The agency's revised estimate for capital improvements totals \$3.9 million, including \$70,678 from the State General Fund, in FY 2018. This is an all funds increase of \$2.3 million, or 135.8 percent, and a State General Fund decrease of \$29,322, or 29.3 percent, from the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years. The State General Fund decrease is attributable to a lower revised estimate for projects for the veterans cemeteries. The FY 2018 projects are listed by location.

Kansas Veterans' Home

Rehabilitation and Repair and Other Projects. The revised estimate totals \$812,050, all from the State Institutions Building Fund, for rehabilitation and repairs and other projects at the Kansas Veterans' Home. Projects include emergency rehabilitation and repairs, retrofitting the sewage lift station for Donlon Hall, replacement of the service entrance double doors for Bleckley Hall, replacement of the double doors and ceiling fan coil units in the Gulf War Hallway, replacement of the air handlers for Timmerman Hall, window replacements at the resident staff homes, and installation of doors in the courtyard at Hagemeister and Ferguson.

Kansas Soldiers' Home

Rehabilitation and Repair and Other Projects. The revised estimate totals \$637,900, all from the State Institutions Building Fund, for rehabilitation and repairs and other projects at the Kansas Soldiers' Home. Projects include emergency rehabilitation and repairs, campus-wide security cameras and key-less entry system placement, replacement of the emergency power system for Pershing, construction of a covered breezeway for Lincoln Hall, and HVAC renovation for the Custer House.

Demolition of Outdated Campus Structures. The revised estimate totals \$109,000, all from the State Institutions Building Fund, for demolition of campus buildings that are no longer functional. This project is a multi-year, phased project that involves demolishing 11 cottages, 2 old maintenance buildings, and 2 old storage buildings. Funding for this project was approved by the 2017 Legislature.

Kansas Veterans' Cemeteries Program

Rehabilitation and Repair and Other Projects. The revised estimate includes \$70,678, all from the State General Fund, for pre-placed bariatric grave liners at the Veterans' Cemeteries. Funding for this project was approved by the 2017 Legislature.

The **Governor** recommends \$4.0 million, including \$70,678 from the State General Fund, for capital improvements in FY 2018. This is an all funds increase of \$136,881, or 3.5 percent, all from the State Institutions Building Fund, above the agency's revised estimate. The increase is due to the Governor approving the agency's supplemental request for \$136,881 for repairs to the WaKeeney Veterans' Cemetery after it was damaged by hail. The agency requested funding for this purpose from the State General Fund as an operating expenditure within the State Veteran's Cemeteries program. The Governor recommended \$136,881, all from the State Institutions Building Fund, for this purpose as a capital improvement expenditure in FY 2018.

FY 2019 – Budget Year. The agency's revised estimate for capital improvements totals \$1.5 million, including \$49,965 from the State General Fund, for FY 2019. This is an all funds decrease of \$63,397, or 3.9 percent, below the amount approved by the 2017 Legislature. The State General Fund amount is the same amount approved by the 2017 Legislature. The all funds decrease is attributable to lapses from the State Institutions Building Fund for projects at the Soldiers' Home and Veterans' Home with revised estimates lower than the estimates previously approved by the 2017 Legislature. The FY 2019 projects are listed by location.

Kansas Veterans' Home

Rehabilitation and Repair and Other Projects. The revised estimate totals \$771,380, all from the State Institutions Building Fund, for rehabilitation and repairs and other projects at the Kansas Veterans' Home. Projects include emergency repairs and maintenance as needed, installation of a covered walkway for Bleckley Hall, replacement of air handlers for Donlon Hall, and resurfacing of parking lots.

Kansas Soldiers' Home

Rehabilitation and Repair and Other Projects. The revised estimate totals \$615,173, all from the State Institutions Building Fund, for rehabilitation and repairs and other project at the Kansas Soldier's Home. Projects include emergency repairs and maintenance, replacement of a modular boiler in the Nimitz building, replacement of HVAC units, elevator upgrade in Halsey Hall, and replacement of existing asphalt for service entrances and pavements on the property.

Demolition of Outdated Campus Structures. The revised estimate totals \$109,000, all from the State Institutions Building Fund, for demolition of campus buildings that are no longer functional. This project is a multi-year, phased project that involves demolishing 11 cottages, 2 old maintenance buildings, and 2 old storage buildings. Funding for this project was approved by the 2017 Legislature.

Kansas Veterans' Cemeteries Program

Rehabilitation and Repair and Other Projects. The revised estimate totals \$49,965, all from the State General Fund, for rehabilitation and repair projects at the four state cemeteries. Projects include creation of a Scattering Garden Wall at the Fort Dodge Cemetery for memorial plaques; repair of the anchors of the POW/MIA flag pole at the Flag Plaza at the Winfield Cemetery; repair of loose mortar to the administration building at the Winfield Cemetery; painting the interior walls of the administration building at the Winfield Cemetery; and replacement of carpet at the administration building at the Winfield Cemetery. Funding for these projects was approved by the 2017 Legislature.

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

KANSAS DEPARTMENT OF LABOR

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 300,087	\$ 869,952	\$ 573,435	\$ 940,862	\$ 557,552
Other Funds	233,885,832	238,006,529	238,256,529	265,827,271	266,164,682
Subtotal	\$ 234,185,919	\$ 238,876,481	\$ 238,829,964	\$ 266,768,133	\$ 266,722,234
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	571,664	1,390,000	1,390,000	1,100,000	1,100,000
Subtotal	\$ 571,664	\$ 1,390,000	\$ 1,390,000	\$ 1,100,000	\$ 1,100,000
TOTAL	\$ 234,757,583	\$ 240,266,481	\$ 240,219,964	\$ 267,868,133	\$ 267,822,234
Percentage Change:					
Operating Expenditures					
State General Fund	(4.6) %	189.9 %	91.1 %	8.2 %	(2.8) %
All Funds	(15.0)	2.0	2.0	11.7	11.7
FTE Positions	400.7	400.7	400.7	401.7	401.7

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 Labor's (KDOL) mission is to advance the economic well-being of all Kansans by providing quality, accessible, and responsive workforce services. The Department has six programs to assist with the agency's mission: Administration, Labor Market Information Services, Unemployment Insurance (UI), Industrial Safety and Health, Workers Compensation, and Labor Relations.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** approved FY 2009 expenditures of \$105,322, all from the State General Fund, and deleted the same from the Federal Indirect Cost Offset Fund for the Employment Standards program.

The **2009 Legislature** deleted \$7,600, all from the State General Fund, to reduce the agency's FY 2009 approved State General Fund budget by 1.3 percent and deleted \$73,168, all from the State General Fund, to reduce the agency's FY 2010 approved State General Fund budget to 12.6 percent below the FY 2009 approved amount. Additionally, the Legislature transferred \$549,500 from the Human Resources Special Projects Fund and the Workers Compensation Fund to the State General Fund.

During the **2009 Interim**, the Kansas Department of Labor and the Division of the Budget altered the manner in which KDOL reports non-expense items. For FY 2010, KDOL created parallel off budget programs for its Administration, Unemployment Insurance Services, Labor Market Information Services, and Industrial Safety and Health Divisions programs. These off budget programs are codified in Memorandums of Understanding between KDOL and the Department for Children and Families (formerly known as the Department of Social and Rehabilitative Services (SRS)) and the Kansas Department of Health and Environment (KDHE).

The **2010 Legislature** transferred \$800,000 from the Workers Compensation Fund to the State General Fund and deleted \$11,172 from the State General Fund.

The **2011 Legislature** deleted \$77,400, all from special revenue funds, to remove funding for the roof replacement project at 417 SW Jackson Street in Topeka. The Governor recommended and the Legislature approved deleting 53.0 vacant FTE positions from the FY 2011 approved amount of 552.0 positions, leaving 499.0 FTE positions for FY 2012.

The **2011 Legislature** also passed SB 77, which revised provisions of the unemployment security laws pertaining to loan interest payments, the taxable wage base, and extension of tax rate caps on positive balance employers, as well as the number of rate groups for negative balance employers and benefits. The law authorized the creation of the Employment Security Interest Assessment Fund to pay interest owed to the U.S. Department of Labor for advances received by the Kansas Employment Security Trust Fund.

The **2012 Legislature** added \$41,865, all from the State General Fund, to restore funding for salaries and wages the Governor deleted as part of the Voluntary Retirement Incentive Program for FY 2013. This amount was offset with a reduction of \$22,534 from the Workmen's Compensation Fee Fund and \$19,331 from the Employment Security Administration Fund for FY 2013.

The **2013 Legislature** transferred \$300,000 and \$200,000 from the Federal Indirect Cost Offset Fund to the State General Fund for FY 2014 and FY 2015, respectively. The Legislature also deleted \$592,913, including \$3,031 from the State General Fund, to reflect reduced funding for salaries and wages for FY 2014. The Legislature similarly deleted \$601,960, including \$3,077 from the State General Fund, to reflect reduced funding for salaries and wages for FY 2015.

The **2013 Legislature** also passed SB 135, which transferred the boiler inspection duties from the Department of Labor to the State Fire Marshal.

The **2014 Legislature** added \$111,141, including \$598 from the State General Fund, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013. The Legislature also deleted 40.0 vacant FTE positions and 10.0 vacant non-FTE positions in FY 2014 and for FY 2015.

The **2015 Legislature** passed SB 154, which revised provisions of the Employment Security Law pertaining to the calculation of weekly benefits and the assessment of employer contributions and may affect revenue into and expenditures from the Employment Security Administration Fund.

The **2016 Legislature** added \$15.9 million, all from special revenue funds, for increased projected unemployment insurance benefit payments and additional grant funding from the U.S. Department of Labor for information technology projects, partially offset by a reduction in wages for the Unemployment Insurance and Workers Compensation programs resulting from workload reductions and unfilled vacancies in FY 2016.

The **2017 Legislature** added \$311,924, including \$267,399 from the State General Fund, and 3.0 non-FTE positions for the implementation of 2017 House Sub. for SB 86 concerning the Amusement Ride Safety Act. The Legislature added language to appropriate the Amusement Ride Safety Fund as a no limit fund and for a new State General Fund account to delineate funds intended for implementation of the law in FY 2018.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate for FY 2018 operating expenditures of \$238.9 million, including \$869,952 from the State General Fund. The request is an all funds decrease of \$8.4 million, or 3.4 percent, and a State General Fund increase of \$296,517, or 51.7 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in projected unemployment insurance benefit payments and salaries and benefits expenditures. The State General Fund increase is attributable to the agency's supplemental requests for the Victim Information and Notification Service and salaries and activities for the Employment Standards program.

The revised estimate includes 400.7 FTE positions, which is 6.7 FTE positions below the number approved by the 2017 Legislature.

The agency requests a revised capital improvements budget of \$1.4 million, all from special revenue funds, in FY 2018. The request is an increase of \$385,000, or 38.3 percent, above the amount approved by the 2017 Legislature. The increase is included in the agency's supplemental request for FY 2019.

The **Governor** recommends FY 2018 operating expenditures of \$238.8 million, including \$573,435 from the State General Fund, in FY 2018. This is an all funds decrease of \$46,517, or less than 0.1 percent, below the agency's request, and a State General Fund decrease of \$296,517, or 34.1 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service supplemental request (\$250,000) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund. The Governor does not recommend the Employment Standards program supplemental request. (\$46,517).

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 FY 2019 operating expenditures of \$266.8 million, including \$940,862, from the State General Fund. The request is an all funds increase of \$19.6 million, or 7.9 percent, and a State General Fund increase of \$632,821, or 205.4 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in projected unemployment insurance benefit payments and capital outlay expenditures. The State General Fund increase is attributable to the agency's supplemental requests for the Amusement Ride Safety Program, Victim Information and Notification Service and related law enforcement salaries and expenditures, and salaries and activities for the Employment Standards program.

The revised estimate includes 401.7 FTE positions, which is 2.7 FTE positions below the number approved by the 2017 Legislature.

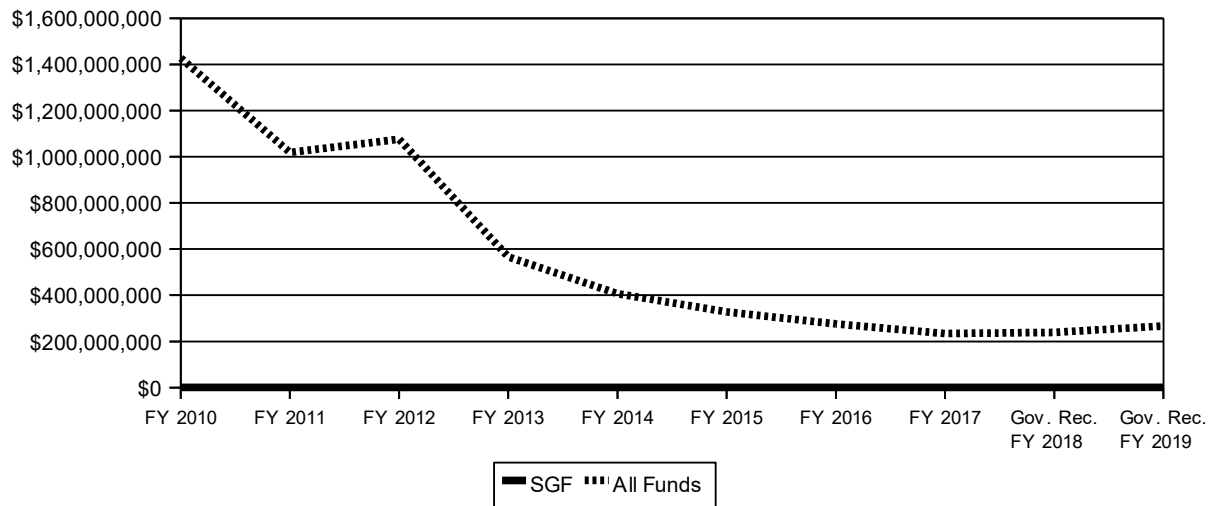
The agency requests a revised capital improvements budget of \$1.1 million, all from special revenue funds, for FY 2019. The request is an increase of \$605,000, or 122.2 percent, above the amount approved by the 2017 Legislature. The increase is included in the agency's supplemental request for FY 2019.

The **Governor** recommends FY 2019 operating expenditures of \$266.8 million, including \$557,552 from the State General Fund, for FY 2019. This is an all funds decrease of \$45,899, or less than 0.1 percent, below the agency's request, and a State General Fund decrease of \$383,310, or 40.7 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service and Law Enforcement supplemental request (\$337,411) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund. The Governor does not recommend the Employment Standards program supplemental request. (\$45,899).

The Governor concurs with the agency's revised estimate for capital improvements 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	\$ 453,981	(16.3)%	\$ 1,427,457,051	84.0 %	764.4
2011	438,372	(3.4)	1,018,695,876	(28.6)	749.7
2012	347,858	(20.6)	1,075,691,350	5.6	465.7
2013	337,594	(3.0)	566,079,719	(47.4)	506.7
2014	294,102	(12.9)	406,615,906	(28.2)	492.6
2015	279,191	(5.1)	327,680,482	(19.4)	425.9
2016	314,545	12.7	275,520,580	(15.9)	421.9
2017	300,087	(4.6)	234,185,919	(15.0)	400.7
2018 Gov. Rec.	573,435	91.1	238,829,964	2.0	400.7
2019 Gov. Rec.	557,552	(2.8)	266,722,234	11.7	401.7
Ten-Year Change Dollars/Percent	\$ 103,571	22.8 %	\$ (1,160,734,817)	(81.3)%	(362.7)

Summary of Operating Budget FY 2017 - FY 2019

Kansas Department of Labor

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	12,642,309	\$ 10,638,481	\$ 10,541,076	\$ (97,405)	(0.9) %	\$ 10,638,481	\$ 10,541,076	\$ (97,405)	(0.9)%
Labor Market Information		1,784,460	1,705,335	1,735,095	29,760	1.7	1,705,335	1,735,095	29,760	1.7
Unemployment Insurance		205,940,602	212,205,115	240,176,195	27,971,080	13.2	212,205,115	240,176,195	27,971,080	13.2
Industrial Safety and Health		1,598,711	1,877,770	1,910,593	32,823	1.7	1,877,770	1,910,593	32,823	1.7
Workers Compensation		11,923,980	12,153,877	12,116,919	(36,958)	(0.3)	12,107,360	12,071,020	(36,340)	(0.3)
Labor Relations		231,934	241,118	243,144	2,026	0.8	241,118	243,144		
Debt Service		63,923	54,785	45,111	(9,674)	(17.7)	54,785	45,111	(9,674)	(17.7)
TOTAL	\$	234,185,919	\$ 238,876,481	\$ 266,768,133	\$ 27,891,652	11.7 %	\$ 238,829,964	\$ 266,722,234	\$ 27,892,270	11.7 %
By Major Object of Expenditure:										
Salaries and Wages	\$	24,698,528	\$ 25,839,328	\$ 26,351,016	\$ 511,688	2.0 %	\$ 25,839,328	\$ 26,351,016	\$ 511,688	2.0 %
Contractual Services		10,655,568	8,400,871	8,114,641	(286,230)	(3.4)	8,356,045	8,070,462	(285,583)	(3.4)
Commodities		173,875	262,650	288,280	25,630	9.8	261,059	286,660	25,601	9.8
Capital Outlay		5,482,505	5,329,316	5,308,790	(20,526)	(0.4)	5,329,216	5,308,690	(20,526)	(0.4)
Debt Service		63,923	54,785	45,111	(9,674)	(17.7)	54,785	45,111	(9,674)	(17.7)
Subtotal-Operations	\$	41,074,399	\$ 39,886,950	\$ 40,107,838	\$ 220,888	0.6 %	\$ 39,840,433	\$ 40,061,939	\$ 221,506	0.6 %
Aid to Local Units		(49,254)	0	0	0	--	0	0	0	--
Other Assistance		193,160,774	198,989,531	226,660,295	27,670,764	13.9	198,989,531	226,660,295	27,670,764	13.9
TOTAL	\$	234,185,919	\$ 238,876,481	\$ 266,768,133	\$ 27,891,652	11.7 %	\$ 238,829,964	\$ 266,722,234	\$ 27,892,270	11.7 %
Financing:										
State General Fund	\$	300,087	\$ 869,952	\$ 940,862	\$ 70,910	8.2 %	\$ 573,435	\$ 557,552	\$ (15,883)	(2.8)%
All Other Funds		233,885,832	238,006,529	265,827,271	27,820,742	11.7	238,256,529	266,164,682	27,908,153	11.7
TOTAL	\$	234,185,919	\$ 238,876,481	\$ 266,768,133	\$ 27,891,652	11.7 %	\$ 238,829,964	\$ 266,722,234	\$ 27,892,270	11.7 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The agency has no adjustments to the approved State General Fund budget in FY 2018.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 573,435	\$ 869,952	\$ 296,517	\$ 573,435	\$ 0
All Other Funds	247,723,066	239,396,529	(8,326,537)	239,646,529	(8,076,537)
TOTAL	\$ 248,296,501	\$ 240,266,481	\$ (8,030,020)	\$ 240,219,964	\$ (8,076,537)
FTE Positions	407.4	400.7	(6.7)	400.7	(6.7)

The **agency** requests a revised estimate for FY 2018 operating expenditures of \$238.9 million, including \$869,952 from the State General Fund. The request is an all funds decrease of \$8.4 million, or 3.4 percent, and a State General Fund increase of \$296,517, or 51.7 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in projected unemployment insurance benefit payments and salaries and benefits expenditures. The State General Fund increase is attributable to the agency's supplemental requests for the Victim Information and Notification Service and salaries and activities for the Employment Standards program.

The agency requests a revised capital improvements budget of \$1.4 million, all from special revenue funds, in FY 2018. The request is an increase of \$385,000, or 38.3 percent, above the amount approved by the 2017 Legislature. The increase is included in the agency's supplemental request for FY 2019.

The revised estimate includes 400.7 FTE positions, which is 6.7 FTE positions below the number approved by the 2017 Legislature. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$25.8 million, including \$444,985 from the State General Fund, for salaries and wages in FY 2018. The request is an all funds decrease of \$107,794, or 0.4 percent, and a State General Fund increase of \$35,412, or 8.6 percent, from the amount approved by the 2017 Legislature. The all funds decrease is attributable to a decrease in classified regular salaries and wages (\$1.0 million) and unclassified temporary salaries and wages (\$432,503), which is partially offset by an increase in unclassified regular salaries in wages (\$1.3 million). The State General Fund increase is primarily attributable to the agency's supplemental request for salaries and supplies for the Employment Standards program (\$46,517);
- **Contractual Services.** The agency requests \$8.4 million, including \$382,717 from the State General Fund, for contractual services in FY 2018. The request is an all funds increase of \$554,814, or 7.1 percent, and a State General Fund increase of \$221,565, or 137.5 percent, above the amount approved by the 2017

Legislature. The all funds increase is primarily attributable to an increase in rental fees (\$704,673) and professional fees (\$633,379), which is partially offset by a decrease in information systems consulting (\$236,204), staffing and recruiting services (\$200,000), general fees (\$90,205), general contractual services (\$87,250), and Office of Information Technology Services (OITS) computer programming and database services (\$76,708);

- **Commodities.** The agency requests \$262,650, including \$4,350 from the State General Fund, for commodities in FY 2018. The request is an all funds decrease of \$21,097, or 7.4 percent, and a State General Fund increase of \$2,240, or 106.2 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in expenditures on office supplies (\$14,270), equipment and materials (\$4,725), and vehicle parts and supplies (\$3,200);
- **Capital Outlay.** The agency requests \$5.3 million, including \$37,900 from the State General Fund, for capital outlay in FY 2018. The request is an all funds increase of \$938,526, or 21.4 percent, and a State General Fund increase of \$37,300, or 6,216.7 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in software development and purchases (\$4.0 million), partially offset by a decrease in expenditures for equipment (\$3.1 million).;
- **Other Assistance.** The agency requests \$199.0 million, all from special revenue funds, for other assistance in FY 2018. The request is a decrease of \$9.8 million, or 4.7 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to a reduction in projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$54,785, all from special revenue funds, for debt service interest payments in FY 2018. The request is unchanged from the amount approved by the 2017 Legislature. Debt service is attributable to amortization of the 401 SW Topeka Boulevard bond.

The **Governor** recommends total expenditures of \$240.2 million, including \$573,435 from the State General Fund, in FY 2018. This is an all funds decrease of \$46,517, or less than 0.1 percent, below the agency's request, and a State General Fund decrease of \$296,517, or 34.1 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service supplemental request (\$250,000) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund. The Governor does not recommend the Employment Standards program supplemental request (\$46,517).

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Employment Standards Program	\$ 46,517	\$ 46,517	0.0	\$ 0	\$ 0	0.0
Victim Information and Notification Service	250,000	250,000	0.0	0	250,000	0.0
Capital Improvements - Rehab and Repair and Roof Replacement at 1309 SW Topeka	0	385,000	0.0	0	385,000	0.0
TOTAL	\$ 296,517	\$ 681,517	0.0	\$ 0	\$ 635,000	0.0

The **agency** requests \$681,517, including \$296,517 from the State General Fund, for the following supplemental requests in FY 2018:

- **Employment Standards Program.** The agency requests \$46,517, all from the State General Fund, for salary increases and activities for the Employment Standards program;
- **Victim Information and Notification Service.** The agency requests \$250,000, all from the State General Fund, for the Victim Information and Notification Service. The Victim Notification Service was purchased as part of the Appriss incarceration data feed and JusticeXchange direct. This enhancement would pay subscription and maintenance costs beyond the original grant from the U.S. Department of Labor. This service is used to identify unemployment fraud. The Department for Children and Families will pay the remaining \$250,000 for the service which the agency utilizes to identify non-custodial parents to enforce and modify child support orders; and
- **Capital Improvements.** The agency requests \$385,000, all from the Workmen's Compensation Fee Fund, for capital improvements, including for general rehabilitation and repair (\$35,000) and the replacement of the roof at 1309 SW Topeka Boulevard (\$350,000).

The **Governor** recommends \$635,000, all from special revenue funds, for supplemental requests in FY 2018. The Governor recommends capital improvements and the Victim Information and Notification Service be funded through the Workmen's Compensation Fee Fund. The Governor does not recommend the Employee Standards supplemental request.

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 Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 308,041	\$ 940,862	\$ 632,821	\$ 557,552	\$ 249,511
All Other Funds	247,327,530	266,927,271	19,599,741	267,264,682	19,937,152
TOTAL	\$ 247,635,571	\$ 267,868,133	\$ 20,232,562	\$ 267,822,234	\$ 20,186,663
FTE Positions	404.4	401.7	(2.7)	401.7	(2.7)

The **agency** requests a revised estimate for FY 2019 operating expenditures of \$266.8 million, including \$940,862, from the State General Fund. The request is an all funds increase of \$19.6 million, or 7.9 percent, and a State General Fund increase of \$632,821, or 205.4 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in projected unemployment insurance benefit payments and capital outlay expenditures. The State General Fund increase is attributable to the agency's supplemental requests for the Amusement Ride Safety Program, Victim Information and Notification Service and related law enforcement salaries and expenditures, and salaries and activities for the Employment Standards program.

The agency requests a revised capital improvements budget of \$1.1 million, all from special revenue funds, for FY 2019. The request is an increase of \$605,000, or 122.2 percent, above the amount approved by the 2017 Legislature. The increase is included in the agency's supplemental request for FY 2019.

The revised estimate includes 401.7 FTE positions, which is 2.7 FTE positions below the number approved by the 2017 Legislature. The decrease in FTE positions is attributable to the elimination of unfilled positions. Supplemental requests, detailed in the following section, will increase the number of FTE positions by 5.0. Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$26.4 million, including \$512,821 from the State General Fund, for salaries and wages for FY 2019. The request is an all funds increase of \$322,663, or 1.2 percent, and a State General Fund increase of \$273,234, or 114.0 percent, above the amount approved by the 2017 Legislature. The all funds decrease is attributable to an increase in unclassified regular salaries and wages (\$1.3 million) and employer contributions to KPERS (\$168,861) and health insurance (\$165,175), which is partially offset by a decrease in classified regular salaries and wages (\$1.0 million) and unclassified temporary salaries and wages (\$300,662). The increase in State General Fund expenditures is attributable to new positions for implementation of the Amusement Ride Safety Act (\$221,981) and for the Employment Standards program (\$45,899);
- **Contractual Services.** The agency requests \$8.1 million, including \$404,131 from the State General Fund, for contractual services for FY 2019. The request is an all funds increase of \$469,288, or 6.1 percent, and a State General Fund increase of \$338,387, or 514.7 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily attributable to an increase in rental fees (\$643,755) and professional fees (\$435,483), which is offset by a decrease in information systems consulting (\$236,924), staffing and recruiting services (\$200,000), and general fees (\$171,172);

- **Commodities.** The agency requests \$288,280, including \$23,210 from the State General Fund, for commodities for FY 2019. The request is an all funds decrease of \$2,684, or 0.9 percent, and a State General Fund increase of \$21,100, or 1,000.0 percent, from the amount approved by the 2017 Legislature. The all funds decrease is primarily attributable to a decrease in expenditures on office supplies (\$11,335) and vehicle parts and supplies (\$3,200), which is partially offset by an increase in professional supplies (\$10,273) and equipment (\$2,180). The State General Fund increase is primarily attributable to the supplemental requests for ongoing law enforcement activities (\$17,000) and the Employment Standards program (\$1,620);
- **Capital Outlay.** The agency requests \$5.3 million, including \$700 from the State General Fund, for capital outlay for FY 2019. The request is an all funds increase of \$2.9 million, or 121.1 percent, and a State General Fund increase of \$100, or 16.7 percent, above the amount approved by the 2017 Legislature. This increase is primarily attributable to a supplemental request for the Workers Compensation digitization project (\$1.9 million) and technology expenditures related to the Unemployment Insurance Benefits and Tax systems modernization project. (\$900,000);
- **Other Assistance.** The agency requests \$226.7 million, all from special revenue funds, for other assistance for FY 2019. The request is an increase of \$15.9 million, or 7.6 percent, above the amount approved by the 2017 Legislature. The increase is attributable to safeguard for projected unemployment insurance benefit payments; and
- **Debt Service.** The agency requests \$45,111, all from special revenue funds, for debt service interest payments for FY 2019. The request unchanged from the amount approved by the 2017 Legislature. Debt service is attributable to amortization of the 401 SW Topeka Boulevard bond.

The **Governor** recommends total expenditures of \$267.8 million, including \$557,552 from the State General Fund, for FY 2019. This is an all funds decrease of \$45,899, or less than 0.1 percent, below the agency's request, and a State General Fund decrease of \$383,310, or 40.7 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service and Law Enforcement supplemental request (\$337,411) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund. The Governor does not recommend the Employment Standards program supplemental request (\$45,899).

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Amusement Ride Safety	\$ 249,511	\$ 249,511	4.0	\$ 249,511	\$ 249,511	4.0
Employment Standards Program	45,899	45,899	0.0	0	0	0.0
Victim Information and Notification Service and Law Enforcement Enforcement Support	337,411	337,411	1.0	0	337,411	1.0
Workers Compensation Digitization Project	0	1,858,366	0.0	0	1,858,366	0.0
Capital Improvements - Rehab and Repair and other projects	0	605,000	0.0	0	605,000	0.0
TOTAL	\$ 632,821	\$ 3,096,187	5.0	\$ 249,511	\$ 3,050,288	5.0

The **agency** requests \$3.1 million, including \$632,821 from the State General Fund, and 5.0 FTE positions for the following supplemental requests for FY 2019:

- **Amusement Ride Safety Program.** The agency requests \$249,511, all from the State General Fund, for salaries and wages, contractual services, and commodities associated with implementation of the Amusement Ride Safety program. Fees generated through licensing and fines alone are not expected to fund the program for FY 2019. The agency requests 4.0 FTE positions for this supplemental request;
- **Employment Standards Program.** The agency requests \$45,899, all from the State General Fund, for salary increases and supplies for the Employment Standards program;
- **Victim Information and Notification Service.** The agency requests \$337,411, all from the State General Fund, for a two-part supplemental request for the Victim Information and Notification Service and law enforcement support. The agency requests \$250,000 for the Victim Notification Service, which was purchased as part of the Appriss incarceration data feed and JusticeXchange direct. This supplemental would pay subscription and maintenance costs beyond the original grant from the U.S. Department of Labor. This service is used to identify unemployment fraud. The Department for Children and Families will pay the remaining \$250,000 for the service which the agency utilizes to identify non-custodial parents to enforce and modify child support orders. KDOL requests an additional \$87,411, all from the State General Fund, to fund an additional staff person and for training and supplies for law enforcement activities. For this request, the agency requests 1.0 FTE position;
- **Workers Compensation Digitization Project.** The agency requests \$1.9 million, all from the Workmen's Compensation Fee Fund, to support the workers

compensation digitization project that began in FY 2017 and is expected to take two to three years to fully implement; and

- **Capital Improvements.** The agency requests \$605,000, all from the Workmen's Compensation Fee Fund, for capital improvements, including for general rehabilitation and repair (\$35,000), installation of intercom systems at 1309 SW Topeka and Eastman (\$200,000), phase 2 renovation of the first floor at 1309 SW Topeka Boulevard (\$120,000), carpet replacement at 401 Topeka Boulevard (\$25,000), sale of vacated warehouse at 414-420 Jackson Street (\$40,000), boiler replacement at 401 Topeka Boulevard (\$125,000), and renovation of lighting at 401 Topeka Boulevard (\$60,000).

The **Governor** recommends \$3.1 million, including \$249,511 from the State General Fund, for supplemental requests for FY 2019. The Governor recommends capital improvements, the Victim Information and Notification Service, and the Workers Compensation Digitization project to be funded through the Workmen's Compensation Fee Fund. The Governor recommends the Amusement Ride Safety Act be funded through the State General Fund. The Governor does not recommend the Employee Standards program increase.

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 \$68,423, including \$1,178 from the State General Fund, and FY 2019 longevity payments total \$69,974, including \$1,216 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	0.4 %	0.2 %
Employment Security Fund		
- Administration Fund	6.9	6.9
Employment Security Fund		
- Benefits Account	85.0	85.0
Workmen's Compensation		
Fee Fund	5.9	6.0
All Other Funds	1.9	1.9
TOTAL	100.0 %	100.0 %

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

Employment Security Fund Analysis

Unemployment Insurance benefits are paid out through the Employment Security Fund, which consists of the following three accounts:

- **Clearing Account.** Receipts into the clearing account are unemployment insurance taxes collected from employers;
- **Trust Account.** Receipts into the trust account are transfers from the clearing account, along with interest earnings on the Unemployment Insurance Trust Fund balance and deposits made by the federal government for payment of benefits to ex-federal employees, ex-military, and the Temporary Extended Unemployment Compensation (TEUC); and
- **Benefit Account.** Receipts into the benefit account are transfers from the Unemployment Insurance Trust Fund to pay unemployment insurance benefits.

The state authorization for this fund is found in KSA 44-712.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 530,132,033	\$ 623,404,033	\$ 623,404,033	\$ 711,001,728	\$ 711,001,728
Revenue	28,855,395	12,411,580	12,411,580	14,007,692	14,007,692
Transfers in	256,431,253	268,384,742	268,384,742	269,615,074	269,615,074
<i>Funds Available</i>	<i>\$ 815,418,681</i>	<i>\$ 904,200,355</i>	<i>\$ 904,200,355</i>	<i>\$ 994,624,494</i>	<i>\$ 994,624,494</i>
Less:					
Expenditures	9,696,477	0	0	0	0
Transfers Out	182,318,171	193,198,627	193,198,627	223,660,295	223,660,295
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 623,404,033</u>	<u>\$ 711,001,728</u>	<u>\$ 711,001,728</u>	<u>\$ 770,964,199</u>	<u>\$ 770,964,199</u>
Ending Balance as Percent of Expenditures	6,429.2%	--	--	--	--
Month Highest Ending Balance	May <u>\$ 631,003,000</u>	May <u>\$ 742,022,346</u>	May <u>\$ 742,022,346</u>	May <u>\$ 846,287,708</u>	May <u>\$ 846,287,708</u>
Month Lowest Ending Balance	March \$ 511,961,000	March \$ 602,035,969	March \$ 602,035,969	March \$ 686,631,127	March \$ 686,631,127

Workmen's Compensation Fee Fund Analysis

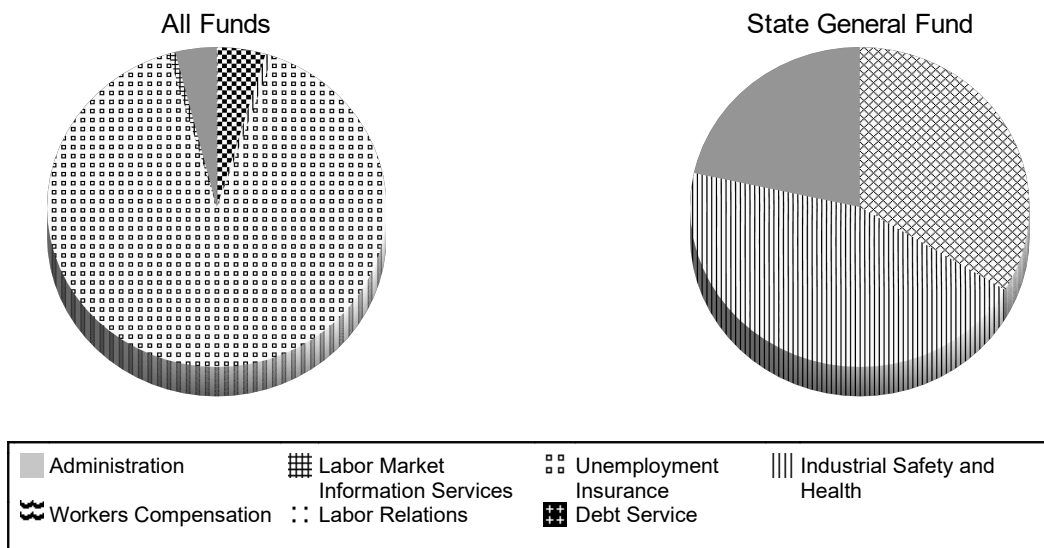
The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on an assessment rate applied to insurance benefit payments. The assessment rate, which is the product of the total amount of revenue needed for the state fiscal year divided by the total amount of claims paid, is 2.79 percent. This fund is authorized under KSA 74-715.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 26,358,016	\$ 23,514,147	\$ 23,514,147	\$ 18,628,464	\$ 18,378,464
Revenue	12,087,944	11,200,000	11,200,000	11,200,000	11,200,000
Transfers in	0	3,441,989	3,441,989	1,828,591	1,828,591
Funds Available	\$ 38,445,960	\$ 38,156,136	\$ 38,156,136	\$ 31,657,055	\$ 31,407,055
Less:					
Expenditures	14,861,788	16,070,373	16,320,373	15,762,906	16,100,317
Transfers Out	12,946	3,441,989	3,441,989	1,828,591	1,828,591
Off Budget Expenditures	57,079	15,310	15,310	15,453	15,453
Ending Balance	\$ 23,514,147	\$ 18,628,464	\$ 18,378,464	\$ 14,050,105	\$ 13,462,694
Ending Balance as Percent of Expenditures	158.2%	115.9%	112.6%	89.1%	83.6%
Month Highest Ending Balance	July \$ 25,725,382	July \$ 22,949,770	July \$ 22,949,770	July \$ 18,181,351	July \$ 17,937,352
Month Lowest Ending Balance	April \$ 15,665,089	April \$ 13,966,000	April \$ 13,966,000	April \$ 11,064,196	April \$ 10,915,711

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 10,541,076	4.0 %	\$ 120,362	21.6 %
Labor Market Information Services	1,735,095	0.7	0	--
Unemployment Insurance	240,176,195	90.0	0	--
Industrial Safety and Health	1,910,593	0.7	249,511	44.8
Workers Compensation	12,071,020	4.5	0	--
Labor Relations	243,144	0.1	187,679	33.7
Debt Service	45,111	--	0	--
TOTAL	\$ 266,722,234	100.0 %	\$ 557,552	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	83.8	83.8	83.8	83.8	83.8
Labor Market Information	25.5	25.5	25.5	25.5	25.5
Unemployment Insurance	187.5	187.5	187.5	188.5	188.5
Industrial Safety and Health	20.3	20.3	20.3	20.5	20.5
Workers Compensation	74.8	75.0	75.0	75.0	75.0
Labor Relations	3.2	3.0	3.0	3.0	3.0
Off-Budget	5.7	5.7	5.7	5.5	5.5
TOTAL	400.7	400.7	400.7	401.7	401.7
<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

The Administration program includes the central management and administrative support function of the Department of Labor. Two subprograms support the activities of the agency's programs: General Administration and Support Services. Five divisions make up the Support Services subprogram: Communications, Fiscal, Human Resources, Information Systems and Technology, and Legal.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,837,844	\$ 6,339,027	\$ 6,339,027	\$ 6,426,327	\$ 6,426,327
Contractual Services	6,163,289	3,206,189	3,206,189	2,910,704	2,910,704
Commodities	30,238	78,675	78,675	79,455	79,455
Capital Outlay	652,260	1,014,590	1,014,590	1,124,590	1,124,590
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,683,631</i>	<i>\$ 10,638,481</i>	<i>\$ 10,638,481</i>	<i>\$ 10,541,076</i>	<i>\$ 10,541,076</i>
Aid to Local Units	(49,254)	0	0	0	0
Other Assistance	7,932	0	0	0	0
TOTAL	\$ 12,642,309	\$ 10,638,481	\$ 10,638,481	\$ 10,541,076	\$ 10,541,076
Financing:					
State General Fund	\$ 133,824	\$ 119,392	\$ 119,392	\$ 120,362	\$ 120,362
All Other Funds	12,508,485	10,519,089	10,519,089	10,420,714	10,420,714
TOTAL	\$ 12,642,309	\$ 10,638,481	\$ 10,638,481	\$ 10,541,076	\$ 10,541,076
FTE Positions	83.8	83.8	83.8	83.8	83.8

The **agency** requests a revised FY 2018 estimate of \$10.6 million, including \$119,392 from the State General Fund, for the Administration program. The request is an all funds increase of \$808,695, or 8.2 percent, and a State General Fund decrease of \$1,812, or 1.5 percent, from the amount approved by the 2017 Legislature. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency requests \$6.3 million for salaries and wages in FY 2018, which is an all funds increase of \$100,836, or 1.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$317,309) and employer contributions to health insurance (\$33,990), which is offset partially by a decrease in unclassified temporary salaries and wages (\$182,232);
- **Contractual Services.** The agency requests \$3.2 million for contractual services in FY 2018, which is an all funds decrease of \$90,374, or 2.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in staffing and recruiting services (\$200,000), information systems consulting (\$236,204), fees (\$180,305), repair services (\$89,361), and OITS computer programming and database services (\$76,708), which is offset partially by an increase in professional fees (\$635,879); and
- **Capital Outlay.** The agency requests \$1.0 million for capital outlay in FY 2018, which is an all funds increase of \$800,000, or 372.8 percent, above the amount approved by the 2017 Legislature. The increase is attributable to an technology expenditures related to the Unemployment Insurance Benefits and Tax systems modernization project.

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

The **agency** requests a revised FY 2019 estimate of \$10.5 million, including \$120,362 from the State General Fund, for the Administration program. The request is an all funds increase of \$736,494, or 7.5 percent, and a State General Fund decrease of \$2,016, or 1.6 percent, from the amount approved by the 2017 Legislature. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$6.4 million for salaries and wages for FY 2019, which is an all funds increase of \$132,627, or 2.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$317,309) and employer contributions to health insurance (\$61,925) and KPERS (\$25,313), which is offset by a decrease in unclassified temporary salaries and wages (\$182,231);
- **Contractual Services.** The agency requests \$2.9 million for contractual services for FY 2019, which is an all funds decrease of \$294,349, or 9.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in staffing and recruiting services (\$200,000), information systems consulting (\$236,924), fees (\$261,372), and repair services (\$89,361), which is offset by an increase in professional fees (\$436,983) and general contractual services (\$48,900); and

- **Capital Outlay.** The agency requests \$1.1 million for capital outlay for FY 2019, which is an all funds increase of \$900,000, or 400.7 percent, above the amount approved by the 2017 Legislature, which is attributable to an increase in technology expenditures related to the Unemployment Insurance Benefits and Tax systems modernization project.

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

B. Labor Market Information

The Labor Market Information Services program is the major research and statistical arm of the agency. The Labor Market Information Services program maintains the state's reporting requirements for the U.S. Department of Labor—Bureau of Labor Statistics. The Labor Market Information Services program is responsible for the following items:

- Calculating and reporting the monthly and annual unemployment rates for the State, each county, and the metropolitan statistical areas of the state;
- Calculating the number of employed in each industrial sector;
- Preparing periodic reports and surveys concerning the labor market in Kansas; and
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

LABOR MARKET INFORMATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,475,424	\$ 1,520,385	\$ 1,520,385	\$ 1,549,629	\$ 1,549,629
Contractual Services	290,242	160,700	160,700	161,196	161,196
Commodities	5,099	10,250	10,250	10,270	10,270
Capital Outlay	13,695	14,000	14,000	14,000	14,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,784,460</i>	<i>\$ 1,705,335</i>	<i>\$ 1,705,335</i>	<i>\$ 1,735,095</i>	<i>\$ 1,735,095</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,784,460	\$ 1,705,335	\$ 1,705,335	\$ 1,735,095	\$ 1,735,095
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,784,460	1,705,335	1,705,335	1,735,095	1,735,095
TOTAL	\$ 1,784,460	\$ 1,705,335	\$ 1,705,335	\$ 1,735,095	\$ 1,735,095
FTE Positions	25.5	25.5	25.5	25.5	25.5

The **agency** requests a revised FY 2018 estimate of \$1.7 million, all from special revenue funds, for the Labor Market Information program. The request is an all funds increase of \$21,863, or 1.3 percent, above the amount approved by the 2017 Legislature. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency requests \$1.5 million for salaries and wages in FY 2018, which is an increase of \$17,813, or 1.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$135,587), unclassified temporary salaries and wages (\$8,751), and employer contributions to KPERS (\$5,692) and health insurance (\$3,891), which is offset by a decrease in classified regular salaries and wages (\$136,218); and
- **Contractual Services.** The agency requests \$160,700 for contractual services in FY 2018, which is an increase of \$3,600, or 2.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures on communication (\$1,000), fees (\$600), utilities (\$600), and rentals (\$500).

The **Governor** concurs with the agency's revised estimate for the Labor Market Information program in FY 2018.

The **agency** requests a revised FY 2019 estimate of \$1.7 million, all from special revenue funds, for the Labor Market Information program. The request is an all funds increase of \$27,720, or 1.6 percent, above the amount approved by the 2017 Legislature. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$1.5 million for salaries and wages for FY 2019, which is an increase of \$23,970, or 1.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$135,587), unclassified temporary salaries and wages (\$8,751), and employer contributions to KPERS (\$14,422) and health insurance (\$11,349), which is offset by a decrease in classified regular salaries and wages (\$136,218), employer contributions to workers compensation (\$3,414) and classified longevity pay (\$2,682); and
- **Contractual Services.** The agency requests \$161,196 for contractual services for FY 2019, which is an increase of \$3,300, or 2.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in expenditures on communication (\$1,000), fees (\$500), utilities (\$500), and rentals (\$500).

The **Governor** concurs with the agency's revised estimate for the Labor Market Information program for FY 2019.

C. Unemployment Insurance

The Unemployment Insurance program provides benefits to eligible applicants to replace part of the wages lost from involuntary unemployment. The agency collects funds for benefits from employers and deposits the revenue in a federally controlled Trust Fund account. The federal Employment Security Administration Fund (ESAF) provides funding for Unemployment

Insurance Services Administration expenditures. The Federal Unemployment Tax Act allows the IRS to collect taxes from employers to administer the Unemployment Insurance program. Unemployment Insurance Services receives a base budget from the ESAF. The program also can receive contingency funds from ESAF in proportion to increases in workload. Unemployment Insurance Services (also known as the Employment Security Division) operates through the following units:

- **Benefits Section.** This unit is responsible for processing unemployment insurance claims and oversees the call center that takes claims;
- **Contributions Section.** This unit is responsible for ensuring employers in Kansas pay unemployment taxes on qualifying employees;
- **Appeals Section.** This unit is composed of unemployment insurance hearing judges who review appeals of determinations concerning unemployment insurance benefits eligibility and whether employers are charged for provided benefits; and
- **Board of Review.** This unit confirms, denies, or changes any appeal made by the unemployment insurance judges.

UNEMPLOYMENT INSURANCE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 10,183,016	\$ 10,536,769	\$ 10,536,769	\$ 10,797,243	\$ 10,797,243
Contractual Services	1,823,859	2,568,750	2,568,750	2,591,592	2,591,592
Commodities	62,026	79,065	79,065	96,065	96,065
Capital Outlay	718,859	31,000	31,000	31,000	31,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,787,760</i>	<i>\$ 13,215,584</i>	<i>\$ 13,215,584</i>	<i>\$ 13,515,900</i>	<i>\$ 13,515,900</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	193,152,842	198,989,531	198,989,531	226,660,295	226,660,295
TOTAL	<u>\$205,940,602</u>	<u>\$ 212,205,115</u>	<u>\$212,205,115</u>	<u>\$ 240,176,195</u>	<u>\$240,176,195</u>
Financing:					
State General Fund	\$ 1,723	\$ 250,000	\$ 0	\$ 337,411	\$ 0
All Other Funds	205,938,879	211,955,115	212,205,115	239,838,784	240,176,195
TOTAL	<u>\$205,940,602</u>	<u>\$ 212,205,115</u>	<u>\$212,205,115</u>	<u>\$ 240,176,195</u>	<u>\$240,176,195</u>
FTE Positions	187.5	187.5	187.5	188.5	188.5

The **agency** requests a revised FY 2018 estimate of \$212.2 million, including \$250,000 from the State General Fund, for the Unemployment Insurance program. The request is an all funds decrease of \$9.3 million, or 4.1 percent, and a State General Fund increase of \$250,000, from the amount approved by the 2017 Legislature.

The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency requests \$10.5 million for salaries and wages in FY 2018, which is an increase of \$101,558, or 1.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$592,322), which is partially offset by a decrease in classified regular salaries and wages (\$338,617), unclassified temporary salaries and wages (\$117,568), and employer contributions to health insurance (\$22,395);
- **Contractual Services.** The agency requests \$2.6 million for contractual services in FY 2018, which is an increase of \$649,000, or 33.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in rental fees (\$634,700) and other fees (\$83,400), which is partially offset by a decrease in communication fees (\$40,500). The agency requests a supplemental of \$250,000, all from the State General Fund, for funding half of the victim information and notification service costs;
- **Commodities.** The agency requests \$79,065 for commodities in FY 2018, which is a decrease of \$21,000, or 21.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in office supplies expenditures (\$20,000); and
- **Other Assistance.** The agency requests \$199.0 million for other assistance for FY 2018, which is a decrease of \$9.8 million, or 4.7 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to a decrease in projected unemployment insurance benefit payments.

The **Governor** recommends \$212.2 million, all from special revenue funds, for the Unemployment Insurance program in FY 2018. The all funds amount is unchanged from the agency's request. However, the recommendation is a State General Fund decrease of \$250,000, or 100.0 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service supplemental request (\$250,000) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund.

The **agency** requests a revised FY 2019 estimate of \$240.2 million, including \$337,411 from the State General Fund, for the Unemployment Insurance program. The request is an all funds decrease of \$16.9 million, or 7.6 percent, and a State General Fund increase of \$337,411 from the amount approved by the 2017 Legislature. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$10.8 million for salaries and wages for FY 2019, which is an increase of \$341,003, or 3.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$628,722) and employer contributions to health insurance (\$98,430) and KPERS (\$94,057), which is partially offset by a decrease in classified regular salaries and wages (\$338,616) and unclassified temporary salaries and wages (\$117,569). The agency requests a supplemental of \$54,811, all from the State General Fund, to fund an additional staff person for additional law enforcement activities;

- **Contractual Services.** The agency requests \$2.6 million for contractual services for FY 2019, which is an increase of \$658,199, or 34.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in rental fees (\$635,680) and other fees (\$79,900), which is partially offset by a decrease in communication fees (\$38,960). The agency requests a supplemental of \$250,000, all from the State General Fund, for funding half of the victim information and notification service costs. The agency requests a supplemental of \$15,000, all from the State General Fund, for additional law enforcement training included in the Victim Information and Notification Service and Law Enforcement Enforcement Support supplemental request;
- **Commodities.** The agency requests \$96,065 for commodities for FY 2019, which is a decrease of \$5,050, or 5.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in expenditures for office supplies (\$19,050), which is offset by an increase in professional and scientific supplies (\$15,000). The agency requests \$17,000, all from the State General Fund, for additional law enforcement supplies included in the Victim Information and Notification Service and Law Enforcement Enforcement Support supplemental request; and
- **Other Assistance.** The agency requests \$226.7 million for other assistance for FY 2018, which is an increase of \$15.9 million, or 7.6 percent, above the amount approved by the 2017 Legislature. The increase is attributable to safeguard for increases in unemployment insurance benefit payments in the future.

The **Governor** recommends \$240.2 million, all from special revenue funds, for the Unemployment Insurance program in FY 2018. The all funds amount is unchanged from the agency's request. However, the recommendation is a State General Fund decrease of \$337,411, or 100.0 percent, below the agency's request. The Governor recommends funding the Victim Information and Notification Service and Law Enforcement support supplemental request (\$337,411) from the Workmen's Compensation Fee Fund instead of the agency's request from the State General Fund.

D. Industrial Safety and Health

The Industrial Safety and Health program coordinates six programs: Accident Prevention, 21(d) Consultation Project, Public Sector Compliance, Kansas Workplace Health and Safety, Annual Safety and Health Conference, and Amusement Ride Inspections. The Annual Safety and Health Conference program is funded by attendee and vendor registration fees. Accident Prevention and Public Sector Compliance receive funding from the Division of Workers Compensation Assessments. These funds also supply the State-funded match for the 21(d) Consultation Project, which derives up to 90.0 percent of its funding from a federal government grant.

Additional information regarding the programs includes the following items:

- **Workers Compensation Accident Prevention.** This program is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers Compensation Act requires insurance carriers to provide these services for their clients. This program is administered

by the Industrial Safety and Health Unit. However, it is funded through the Workmen's Compensation Fee Fund;

- **21(d) Consultation Project.** This is partially funded by a federal grant and offers free and confidential advice to small- and medium-sized businesses with priority given to high-hazard work sites. Consultants from the Kansas Department of Labor work with employers to identify workplace hazards, provide advice on compliance with Occupational Safety Health Act (OSHA) standards, and assist in establishing safety and health management systems;
- **Public Sector Compliance.** This area covers state and local government workers who are excluded from federal coverage under the Occupational Safety and Health Act of 1970;
- **Kansas Workplace Health and Safety.** This program is operated with the Department of Health and Environment and provides free safety and health consultations to state agencies;
- **Annual Safety and Health Conference.** This program is fee-funded and offers workplace health and safety education and training education for emergency personnel, employers, employees, and safety professionals; and
- **Amusement Ride Inspections.** This program ensures amusement ride owners and operators comply with the Kansas Amusement Ride Act.

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,229,630	\$ 1,392,930	\$ 1,392,930	\$ 1,425,413	\$ 1,425,413
Contractual Services	324,045	407,920	407,920	442,930	442,930
Commodities	11,852	25,720	25,720	28,250	28,250
Capital Outlay	33,184	51,200	51,200	14,000	14,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,598,711	\$ 1,877,770	\$ 1,877,770	\$ 1,910,593	\$ 1,910,593
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,598,711	\$ 1,877,770	\$ 1,877,770	\$ 1,910,593	\$ 1,910,593
Financing:					
State General Fund	\$ 740	\$ 267,399	\$ 267,399	\$ 249,511	\$ 249,511
All Other Funds	1,597,971	1,610,371	1,610,371	1,661,082	1,661,082
TOTAL	\$ 1,598,711	\$ 1,877,770	\$ 1,877,770	\$ 1,910,593	\$ 1,910,593
FTE Positions	20.3	20.3	20.3	20.5	20.5

The **agency** requests a revised FY 2018 estimate of \$1.9 million, including \$267,399 from the State General Fund, for the Industrial Safety and Health program. The request is an all funds decrease of \$93,267, or 4.7 percent, below the amount approved by the 2017 Legislature.

There is no change in State General Fund expenditures from the approved amount. The major changes in the FY 2018 request include the following:

- **Contractual Services.** The agency requests \$407,920 for contractual services in FY 2018, which is a decrease of \$144,310, or 26.1 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in general contractual services (\$136,550) and communication fees (\$27,100), which is offset by an increase in postage (\$8,386), repair services (\$4,200), and utilities costs (\$3,200); and
- **Capital Outlay.** The agency requests \$51,200 for capital outlay in FY 2018, which is an increase of \$45,200, or 753.3 percent, above the amount approved by the 2017 Legislature. This increase is primarily attributable to an increase for vehicle purchases due to new inspection requirements of the Amusement Ride Safety Act (\$37,000) and equipment purchases (\$8,000).

The **Governor** concurs with the agency's revised estimate for the Industrial Safety and Health program in FY 2018.

The **agency** requests a revised FY 2019 estimate of \$1.9 million, including \$249,511 from the State General Fund, for the Industrial Safety and Health program. The request is an all funds increase of \$224,297, or 13.3 percent, and a State General Fund increase of \$249,511, above the amount approved by the 2017 Legislature. The State General Fund increase is attributable to the agency's supplemental request to implement the Amusement Ride Safety Act. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$1.4 million for salaries and wages for FY 2019, which is an increase of \$185,497, or 15.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to the supplemental request, all from the State General Fund, for new staff for implementation of the Amusement Ride Safety Act (\$221,981);
- **Contractual Services.** The agency requests \$442,930 for contractual services for FY 2019, which is an increase of \$27,100, or 6.5 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in meals and lodging (\$14,400), postage (\$8,400), general fees (\$8,200), repair services (\$7,900), and utilities (\$6,000), which is offset by a decrease in communication costs (\$17,500). The agency's supplemental request includes \$25,050, all from the State General Fund, for contractual services to implement the Amusement Ride Safety Act; and
- **Commodities.** The agency requests \$28,250 for commodities for FY 2019, which is an increase of \$3,700, or 15.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in equipment and materials (\$2,100) and office supplies (\$2,500), which is offset by a decrease in vehicle parts and supplies (\$1,200). The agency's supplemental request includes \$2,480, all from the State General Fund, for commodities to implement the Amusement Ride Safety Act.

The **Governor** concurs with the agency's revised estimate for the Industrial Safety and Health program for FY 2019.

E. Workers Compensation

The Workers Compensation program administers the Kansas Workers Compensation Act, pursuant to KSA 44-501 *et seq.* The program files and maintains required reports of industrial accidents and discretionary notices of the employment of disabled workers; directs and audits physical and vocational rehabilitation for injured workers; provides the trial court, appellate review, and records repository for contested workers compensation claims; certifies qualified employers as self-insured; and, through its Claims Advisory Section, provides information and claims assistance to injured workers, insurance carriers, employers, and attorneys. Workers Compensation Services is fee-funded by assessments from insurance carriers and self-insured employers. Assessments are based on paid claims during the most recent calendar year in relation to the approved budget. The program is funded entirely from special revenue funds.

WORKERS COMPENSATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 5,758,446	\$ 5,839,936	\$ 5,839,936	\$ 5,938,170	\$ 5,938,170
Contractual Services	2,038,756	2,027,224	1,982,398	1,980,029	1,935,850
Commodities	64,015	68,291	66,700	73,620	72,000
Capital Outlay	4,062,763	4,218,426	4,218,326	4,125,100	4,125,100
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,923,980	\$ 12,153,877	\$ 12,107,360	\$ 12,116,919	\$ 12,071,120
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 11,923,980	\$ 12,153,877	\$ 12,107,360	\$ 12,116,919	\$ 12,071,120
Financing:					
State General Fund	\$ 0	\$ 46,517	\$ 0	\$ 45,899	\$ 0
All Other Funds	11,923,980	12,107,360	12,107,360	12,071,020	12,071,020
TOTAL	\$ 11,923,980	\$ 12,153,877	\$ 12,107,360	\$ 12,116,919	\$ 12,071,020
FTE Positions	74.8	75.0	75.0	75.0	75.0

The **agency** requests a revised FY 2018 estimate of \$12.2 million, including \$46,517 from the State General Fund, for the Workers Compensation program. The request is an increase of \$383,275, or 3.3 percent, and a State General Fund increase of \$46,517 above the amount approved by the 2017 Legislature. The State General Fund increase is for the Employment Standards supplemental request. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency requests \$5.8 million for salaries and wages in FY 2018, which is an increase of \$106,534, or 1.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to a reduction in shrinkage (\$58,557) and an increase in unclassified regular salaries and wages (\$191,390), which is offset by a decrease in classified regular salaries and wages (\$78,465), unclassified temporary salaries and wages (\$52,905), and employer contributions to health insurance (\$13,697);

- **Contractual Services.** The agency requests \$2.0 million for contractual services in FY 2018, which is an increase of \$181,724, or 9.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in repair services (\$76,300), rental fees (62,498), and professional fees associated with the workers compensation digitization project (\$36,000); and
- **Capital Outlay.** The agency requests \$4.2 million for capital outlay in FY 2018, which is an increase of \$93,426, or 2.3 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to software development for the workers compensation digitization project.

The **Governor** recommends \$12.1 million, all from special revenue funds, for the Workers Compensation program in FY 2018. The recommendation is a decrease of \$46,517, or 0.4 percent, all from the State General Fund, attributable to the Governor's recommendation not to fund the agency's Employment Standards supplemental request.

The **agency** requests a revised FY 2019 estimate of \$12.1 million, including \$45,899 from the State General Fund, for the Workers Compensation program. The request is an increase of \$2.2 million, or 22.2 percent, and a State General Fund increase of \$45,899 above the amount approved by the 2017 Legislature. The State General Fund increase is for the Employment Standards supplemental request. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$5.9 million for salaries and wages for FY 2019, which is an increase of \$79,268, or 1.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to a reduction in shrinkage (\$59,912) and an increase in unclassified regular salaries and wages (\$191,392), which is offset by a decrease in classified regular salaries and wages (\$78,466), unclassified temporary salaries and wages (\$52,906), and employer contributions to Medicare (\$21,945) and health insurance (\$15,465);
- **Contractual Services.** The agency requests \$2.0 million for contractual services for FY 2019, which is an increase of \$119,179, or 6.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in repair services (\$75,000) and professional fees associated with the workers compensation digitization project (\$36,000); and
- **Capital Outlay.** The agency requests \$4.1 million for capital outlay for FY 2019, which is an increase of \$2.0 million, or 94.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable the agency's supplemental request for software development for the ongoing workers compensation digitization project (\$1.9 million).

The **Governor** recommends \$12.1 million, all from special revenue funds, for the Workers Compensation program for FY 2019. The recommendation is a decrease of \$45,899, or 0.4 percent, all from the State General Fund, attributable to the Governor's recommendation not to fund the agency's Employment Standards supplemental request.

F. Labor Relations and Employment Standards

The Labor Relations program enforces laws relating to employment standards, labor relations, and public employee relations.

Employment Standards. This is primarily responsible for the enforcement of minimum wage, wage payment, and child labor laws and regulates private employment agencies. The Employment Standards Section consists of the Labor Relations and Employment Standards program and the Public Employee Relations Board (PERB).

Labor Relations. This provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural employers and employees, and all public employers and employees of the State and its agencies as well as other public employers who elect to be brought under the provisions of KSA 75-4321 *et seq.* Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolve prohibited practice charges. Mediation, fact-finding, and arbitration services are available in the event of an impasse.

Public Employee Relations. This administers the Public Employer-Employee Relations Act (PEERA). PEERA covers employees of the State and its agencies, cities, counties, fire districts, school districts (except for teachers), and some colleges.

LABOR RELATIONS AND EMPLOYMENT STANDARDS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 214,168	\$ 210,281	\$ 210,281	\$ 214,234	\$ 214,234
Contractual Services	15,377	30,088	30,088	28,190	28,190
Commodities	645	649	649	620	620
Capital Outlay	1,744	100	100	100	100
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 231,934</i>	<i>\$ 241,118</i>	<i>\$ 241,118</i>	<i>\$ 243,144</i>	<i>\$ 243,144</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 231,934	\$ 241,118	\$ 241,118	\$ 243,144	\$ 243,144
Financing:					
State General Fund	\$ 163,800	\$ 186,644	\$ 186,644	\$ 187,679	\$ 187,679
All Other Funds	68,134	54,474	54,474	55,465	55,465
TOTAL	\$ 231,934	\$ 241,118	\$ 241,118	\$ 243,144	\$ 243,144
FTE Positions	3.2	3.0	3.0	3.0	3.0

The **agency** requests a revised FY 2018 estimate of \$241,118, including \$186,644 from the State General Fund, for the Labor Relations program. The request is a decrease of \$42,286, or 14.9 percent, and a State General Fund increase of \$5,670, or 3.1 percent, from the amount approved by the 2017 Legislature. The major changes in the FY 2018 request include the following:

- **Salaries and Wages.** The agency requests \$210,281 for salaries and wages in FY 2018, which is an increase of \$4,231, or 2.1 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$2,566), unclassified

temporary salaries and wages (\$940), and employer contributions to KPERS (\$500); and

- **Contractual Services.** The agency requests \$30,088 for contractual services in FY 2018, which is a decrease of \$44,826, or 59.8 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in consulting services (\$38,000).

The **Governor** concurs with the agency's revised estimate for the Labor Relations and Employment Standards program in FY 2018.

The **agency** requests a revised FY 2019 estimate of \$243,144, including \$187,679 from the State General Fund, for the Labor Relations program. The request is a decrease of \$42,174, or 14.8 percent, and a State General Fund increase of \$5,874, or 3.2 percent, from the amount approved by the 2017 Legislature. The major changes in the FY 2019 request include the following:

- **Salaries and Wages.** The agency requests \$214,234 for salaries and wages for FY 2019, which is an increase of \$3,687, or 1.8 percent, above the amount approved by the 2017 Legislature. The increase is primarily attributable to an increase in unclassified regular salaries and wages (\$2,567), unclassified temporary salaries and wages (\$939), and employer contributions to KPERS (\$2,292); and
- **Contractual Services.** The agency requests \$28,190 for contractual services for FY 2019, which is a decrease of \$44,141, or 61.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to a decrease in consulting services (\$38,000).

The **Governor** concurs with the agency's revised estimate for the Labor Relations and Employment Standards program for FY 2019.

G. Debt Service

The Debt Service program includes the interest expenditures for repayment of one bond: the Lease Revenue Bond, Series 2002H for the acquisition and renovation of the 401 SW Topeka Boulevard headquarters building. The Lease Revenue bond was obtained in 2002 for \$3,765,000 and was issued for 20 years.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	63,923	54,785	54,785	45,111	45,111
<i>Subtotal - Operations</i>	<i>\$ 63,923</i>	<i>\$ 54,785</i>	<i>\$ 54,785</i>	<i>\$ 45,111</i>	<i>\$ 45,111</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 63,923	\$ 54,785	\$ 54,785	\$ 45,111	\$ 45,111
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	63,923	54,785	54,785	45,111	45,111
TOTAL	\$ 63,923	\$ 54,785	\$ 54,785	\$ 45,111	\$ 45,111
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised FY 2018 estimate of \$54,785, all from special revenue funds, for the Debt Service program, which is unchanged from the amount approved by the 2017 Legislature. The funding is for the interest payments on the 401 SW Topeka Boulevard remodeling bond.

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

The **agency** requests a revised FY 2019 estimate of \$45,111, all from special revenue funds, for the Debt Service program, which is unchanged from the amount approved by the 2017 Legislature. The funding is for the interest payments on the 401 SW Topeka Boulevard remodeling bond.

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

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Rehabilitation and Repair	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Debt Service - Principal	225,000	225,000	230,000	230,000
1309 SW Topeka Boulevard Roof Replacement	350,000	350,000	0	0
427 SW Topeka Boulevard Maintenance Building Construction	500,000	500,000	0	0
1309 SW Topeka Boulevard First Floor Phase 1 Renovation	165,000	165,000	0	0
1309 SW Topeka and 2650 East Circle Drive South Intercom Systems Installation	0	0	200,000	200,000
1309 SW Topeka Boulevard First Floor Phase 2 Renovation	0	0	120,000	120,000
401 SW Topeka Boulevard Lighting Renovation	0	0	60,000	60,000
401 SW Topeka Boulevard Carpet Replacement	0	0	100,000	100,000
416-420 SW Jackson Sale of Vacated Warehouse	0	0	40,000	40,000
401 SW Topeka Boulevard Boilers Replacement	0	0	200,000	200,000
TOTAL	\$ 1,390,000	\$ 1,390,000	\$ 1,100,000	\$ 1,100,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,390,000	1,390,000	1,100,000	1,100,000
TOTAL	\$ 1,390,000	\$ 1,390,000	\$ 1,100,000	\$ 1,100,000

FY 2018 – Current Year. The agency requests a revised capital improvements budget of \$1.4 million, all from special revenue funds, in FY 2018. The request is an increase of \$385,000, or 38.3 percent, above the amount approved by the 2017 Legislature.

Included in the agency request are the following projects:

- **Rehabilitation and Repair.** The agency requests \$150,000 for general rehabilitation and repair of agency-owned buildings. The agency's supplemental request includes \$35,000 above the amount approved by the 2017 Legislature. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service—Principal.** The agency requests \$225,000 for debt service principal payments for the 401 SW Topeka Boulevard remodel bond;

- **1309 SW Topeka Boulevard Roof Replacement.** The agency requests \$350,000 for the removal and replacement of the 16,000-square-foot roof at this location with a new membrane roof. All expenditures for this project are part of the agency's supplemental request. The 20-year-old roof has been losing protective granules and has been repaired many times. The project will go through a bidding process through the Department of Administration;
- **427 SW Topeka Boulevard Maintenance Building Construction.** The agency requests \$500,000 for the construction of a new facilities maintenance building at this location. The proposed project will consist of removing the existing building at this location and constructing a new building approximately 50 feet by 100 feet, which will house the agency's maintenance facilities. Construction of a new maintenance facility will allow the agency to vacate most of the space at 414 SW Jackson Street to 420 SW Jackson Street, after which the buildings could be sold; and
- **1309 SW Topeka Boulevard First Floor Renovation.** The agency requests \$165,000 for renovating the first floor and first floor bathrooms at this location. This project involves removal of current walls, flooring, and ceiling in the two restrooms located on the first floor. The renovated restrooms will meet current Americans with Disabilities Act (ADA) and energy use standards. This project includes new painting, carpeting, replacement of paneling and adding interior windows in walled offices, and other updates throughout the floor, including in hallways, office space, and conference rooms.

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

FY 2019 – Budget Year. The agency requests a revised capital improvements budget of \$1.1 million, all from special revenue funds, for FY 2019. The request is an increase of \$605,000, or 122.2 percent, above the amount approved by the 2017 Legislature.

Included in the agency request are the following projects:

- **Rehabilitation and Repair.** The agency requests \$150,000 for general rehabilitation and repair of agency-owned buildings. The agency's supplemental request includes \$35,000 above the amount approved by the 2017 Legislature. The rehabilitation and repair work includes roofing, painting, carpeting, caulking, replacing sidewalks, and overlaying parking lots;
- **Debt Service—Principal.** The agency requests \$230,000 for debt service principal payments for the 401 SW Topeka Boulevard remodel bond;
- **309 SW Topeka and 2650 East Circle Drive South Intercom Systems Installation.** The agency requests \$200,000 for intercom systems installation at these locations. All expenditures for this project are part of the agency's supplemental request. Neither location currently has means to send out emergency information throughout the buildings at these locations;

- **1309 SW Topeka Boulevard First Floor Phase 2 Renovation.** The agency requests \$120,000 for the first floor phase 2 renovation of the open office area and hallways of the first floor. All expenditures for this project are part of the agency's supplemental request. Renovation includes painting, flooring, lowering the ceiling, installation of new ceiling lights, and duct work;
- **401 SW Topeka Boulevard Lighting Renovation.** The agency requests \$60,000 to replace existing recessed light fixtures with LED light fixtures for more efficient lighting on all three floors. All expenditures for this project are part of the agency's supplemental request;
- **401 SW Topeka Boulevard Carpet Replacement.** The agency requests \$100,000 for carpet replacement at this location. The agency's supplemental request includes \$25,000 above the amount approved by the 2017 Legislature. The agency is exploring options from complete replacement to installing carpet runners over high traffic areas;
- **416-420 SW Jackson Sale of Vacated Warehouse.** The agency requests \$40,000 for two appraisals and costs associated with the sale of property, including closing costs, realtor fees, and title fees. All expenditures for this project are part of the agency's supplemental request; and
- **401 SW Topeka Boulevard Boilers Replacement.** The agency requests \$200,000 for replacement of boilers at this location to a more quality and efficient boiler system. The agency's supplemental request includes \$125,000 above the amount approved by the 2017 Legislature. Current boilers were purchased in 2002 and experience constant breakdowns and expensive repairs.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration:				
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0
Labor Market Information Services:				
Percent of labor market requests processed within three days	95.0%	94.9%	95.0%	95.0%
Number of requests received	500	392	500	500
Unemployment Insurance:				
Number of initial claims filed for benefits	120,800	121,614	116,559	126,458
Percent of intrastate claimants to be issued first payment within 14 days	87.0%	89.9%	87.0%	87.0%
Average duration of unemployment benefits (in weeks)	10.0	10.8	11.3	12.1
Number of claimants exhausting unemployment benefits	15,100	19,200	18,200	22,200
Industrial Safety and Health:				
Number of consultations performed under federal contract	475	350	350	350
Number of serious or imminent hazards identified	1,500	907	900	900
Workers Compensation:				
Number of accident reports	50,000	48,352	50,000	50,000
Average number of days from initial report of fraud or abuse to investigation completion	60	72	90	90
Number of fraud abuse cases reviewed	400	513	500	500
Average number of days from hearing to issued order from appeal of final award	30	35	30	30
Labor Relations:				
Number of impasse cases	25	12	18	20
Number of prohibited practice cases processed	6	4	6	6
Number of wage claims filed	820	758	800	800
Amount of wages collected/recovered	\$600,000	\$940,665	\$625,000	\$650,000

KANSAS GUARDIANSHIP PROGRAM

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 1,151,460	\$ 1,151,460
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 1,149,415</i>	<i>\$ 1,151,460</i>	<i>\$ 1,151,460</i>	<i>\$ 1,151,460</i>	<i>\$ 1,151,460</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>
TOTAL	\$ 1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 1,151,460	\$ 1,151,460

Percentage Change:

Operating Expenditures

State General Fund	0.0 %	0.2 %	0.2 %	0.0 %	0.0 %
All Funds	0.0	0.2	0.2	0.0	0.0

FTE Positions	10.0	10.0	10.0	10.0	10.0

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 Guardianship Program is a quasi-state agency that was established in 1995. Prior to that time, the program had been a part of Kansas Advocacy and Protective Services, Inc. (KAPS). A 1994 federal audit found a conflict of interest with KAPS administering the State's guardianship program. As a result, 1995 SB 342 established the Kansas Guardianship Program as a distinct legal entity whose employees are not considered to be state employees. The entire agency is financed through the State General Fund.

The Kansas Guardianship Program serves adults who, through either physical or mental impairment or disability, are in need of a court-appointed guardian or conservator. The Kansas Guardianship Program serves adults who are without family or financial resources and who are identified by the Department for Children and Families (DCF) or the Kansas Department for Aging and Disability Services (KDADS) as in need of a court-appointed guardian or conservator. The Kansas Guardianship Program recruits volunteers who become qualified and trained to serve in that capacity. The State serves as the surety on the bond for volunteer conservators serving in the Kansas Guardianship Program. Program volunteers receive a monthly stipend of \$30 to defray out-of-pocket expenses incurred while providing service to their wards or conservatees.

The program is governed by a seven-member board of directors, six of whom are appointed by the Governor and one by the Chief Justice of the Kansas Supreme Court.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added \$160,080, all from the State General Fund, for FY 2007 to increase the monthly stipends volunteers receive from \$20 to \$30 per volunteer per ward or conservatee. These funds help cover the cost of the volunteer's out-of-pocket expenses incurred while serving as guardians and conservators.

The **2007 Legislature** added \$37,495, all from the State General Fund, for FY 2008 to increase the base salary for agency employees.

The **2008 Legislature** added \$8,500, all from the State General Fund, to re-establish a regional office in Kansas City. The Legislature also added \$5,000, all from the State General Fund, for additional travel expenditures to fund consistent travel to recruit, train, and support new and existing volunteers.

The **2009 Legislature** directed the staff of the Guardianship Program to be included as part of the State Employee Health Plan, partially to offset budgetary reductions of \$47,448, all from the State General Fund, for FY 2010. In November 2009, the Governor allotted \$34,632 from the agency's State General Fund budget for FY 2010.

The **2010 Legislature** passed SB 372, which granted court orders establishing and governing guardianship or conservatorship in other states full faith and credit within Kansas, except when doing so would violate Kansas law.

The **2011 Legislature** added \$44,418, all from the State General Fund, for FY 2012 to restore funding to FY 2011 levels.

The **2015 Legislature** added \$46,493 for both FY 2016 and FY 2017, all from the State General Fund, to restore reductions in operating expenditures.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$1.2 million, all from the State General Fund, in FY 2018. This is the same as the approved amount.

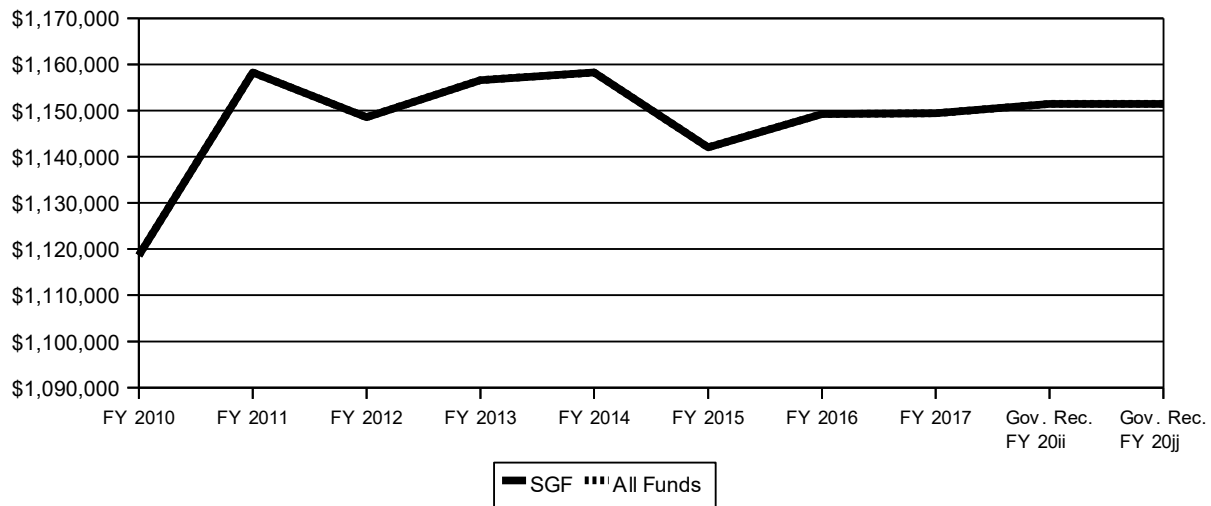
The **Governor** concurs with the agency's estimate in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$1.2 million, all from the State General Fund, for FY 2019. This is the same as the approved amount.

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	\$ 1,118,640	(11.7)%	\$ 1,118,640	(11.7)%	12.0
2011	1,158,265	3.5	1,158,265	3.5	11.0
2012	1,148,577	(0.8)	1,148,577	(0.8)	10.0
2013	1,156,598	0.7	1,156,598	0.7	10.0
2014	1,158,250	0.1	1,158,250	0.1	10.0
2015	1,142,052	(1.4)	1,142,052	(1.4)	10.0
2016	1,149,265	0.6	1,149,265	0.6	10.0
2017	1,149,415	0.0	1,149,415	0.0	10.0
2018 Gov. Rec.	1,151,460	0.2	1,151,460	0.2	10.0
2019 Gov. Rec.	1,151,460	--	1,151,460	--	10.0
Ten-Year Change					
Dollars/Percent	\$ 32,820	2.9 %	\$ 32,820	2.9 %	(2.0)

Summary of Operating Budget FY 2017 - FY 2019

Kansas Guardianship Program

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 0	0.0 %	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %
By Major Object of Expenditure:										
Salaries and Wages	\$	570,119	\$ 582,440	\$ 591,127	\$ 8,687	1.5 %	\$ 582,440	\$ 591,127	\$ 8,687	1.5 %
Contractual Services		561,348	561,512	552,833	(8,679)	(1.5)	561,512	552,833	(8,679)	(1.5)
Commodities		11,152	7,508	7,500	(8)	(0.1)	7,508	7,500	(8)	(0.1)
Capital Outlay		6,796	0	0	0	--	0	0	0	--
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal-Operations	\$	1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		0	0	0	0	--	0	0	0	--
TOTAL	\$	1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %
Financing:										
State General Fund	\$	1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %
All Other Funds		0	0	0	0	--	0	0	0	--
TOTAL	\$	1,149,415	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %	\$ 1,151,460	\$ 1,151,460	\$ 0	-- %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$1,151,460 in FY 2018. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 1,151,460	\$ 1,151,460	\$ 0	\$ 1,151,460	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,151,460	\$ 1,151,460	\$ 0	\$ 1,151,460	\$ 0
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** requests a revised estimate of \$1.2 million, all from the State General Fund, in FY 2018. There are no changes from the approved total amount. This request includes the following items:

- **Salaries and Wages.** The agency requests expenditures of \$582,440 for salaries and wages in FY 2018. This is a decrease of \$4,273, or 0.7 percent, below the approved amount. This decrease is primarily attributable to decreased expenditures in group health hospitalization and workers compensation, partially offset by increased expenditures in unclassified regular positions;
- **Contractual Services.** The agency requests expenditures of \$561,512 for contractual services in FY 2018. This is an increase of \$3,250, or 0.6 percent, above the amount approved. This increase is primarily attributable to increased expenditures in postage and computer programming, partially offset by decreased expenditures in other fees; and
- **Commodities.** The agency requests expenditures of \$7,508 for commodities in FY 2018. This is an increase of \$1,023, or 15.8 percent, above the amount approved. This increase is attributable to increased expenditures in data processing supplies.

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

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$1,151,460 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 1,151,460	\$ 1,151,460	\$ 0	\$ 1,151,460	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,151,460	\$ 1,151,460	\$ 0	\$ 1,151,460	\$ 0
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** requests a revised estimate of \$1.2 million, all from the State General Fund, for FY 2019. There are no changes from the approved total amount. This request includes the following items:

- **Salaries and Wages.** The agency requests expenditures of \$591,127 for salaries and wages for FY 2019. This is a decrease of \$2,015, or 0.3 percent, below the approved amount. This decrease is primarily attributable to decreased expenditures in group health hospitalization and workers compensation, partially offset by increased expenditures in unclassified regular positions;
- **Contractual Services.** The agency requests expenditures of \$552,833 for contractual services for FY 2019. This is an increase of \$515, or 0.1 percent, above the amount approved; and
- **Commodities.** The agency requests expenditures of \$7,500 for commodities for FY 2019. This is an increase of \$1,500, or 25.0 percent, above the amount approved. This increase is attributable to increased expenditures in data processing supplies and stationery and office supplies.

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

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

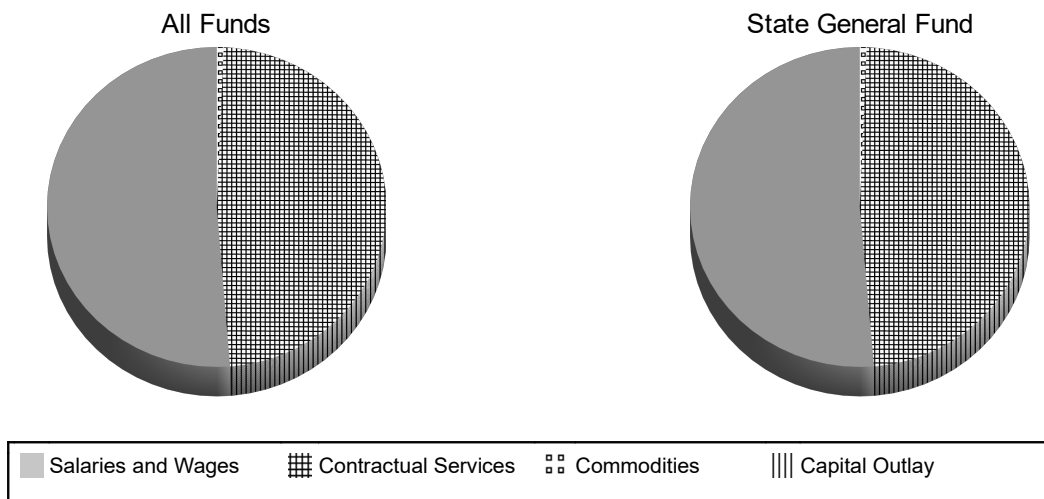
Funding Source	Agency Est. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	100.0 %	0.0 %
All Other Funds	0.0	0.0
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

Expenditures by Object

Governor's FY 2019 Recommendation



Object	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Salaries and Wages	\$ 591,127	51.3 %	\$ 591,127	51.3 %
Contractual Services	552,833	48.0	552,833	48.0
Commodities	7,500	0.7	7,500	0.7
Capital Outlay	0	--	0	--
TOTAL	\$ 1,151,460	100.0 %	\$ 1,151,460	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	10.0	10.0	10.0	10.0	10.0

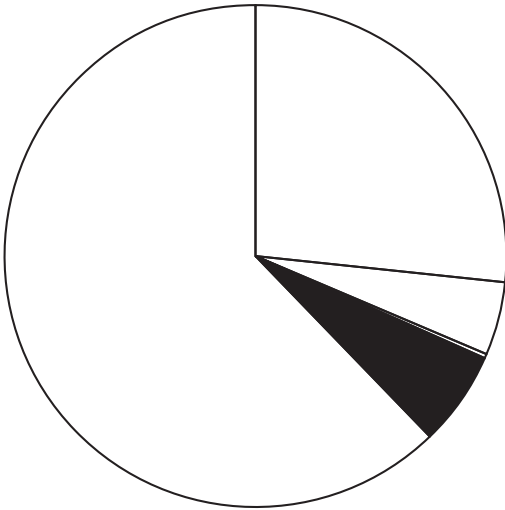
Note: For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

PERFORMANCE MEASURES

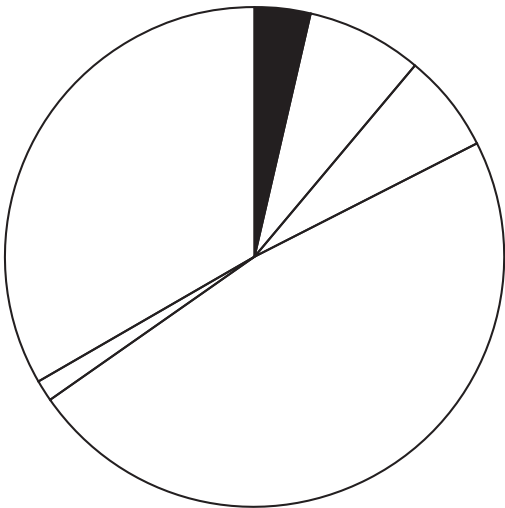
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of wards and conservatees served	1,423	1,388	1,388	1,388
Number of volunteers	773	768	775	775

PUBLIC SAFETY

State General Fund



All Funds



Public Safety provides safety and security to Kansas citizens. This function includes law enforcement agencies and correctional facilities including the Adjutant General’s Department, the Kansas Bureau of Investigation, the Kansas Commission on Peace Officers’ Standards and Training, the Emergency Medical Services Board, the State Fire Marshal, the Highway Patrol, the Sentencing Commission, and the Department of Corrections and its eight adult facilities and two juvenile facilities.

The Governor's FY 2019 recommendation for the Public Safety function totals \$644.0 million from all funding sources, including \$416.9 million from the State General Fund.

Agencies in this Function:

Department of Corrections.....	1491
Adjutant General's Department.....	1547
Kansas Bureau of Investigation.....	1582
Kansas Highway Patrol.....	1614
Kansas Commission on Peace Officers'	
Standards and Training.....	1660
Emergency Medical Services Board.....	1676
State Fire Marshal.....	1692
Kansas Sentencing Commission.....	1708

The FY 2019 recommendation represents a State General Fund increase of 0.8 percent or \$3.3 million from FY 2018. Expenditures from all funds increase by 0.8 percent or \$3.3 million from in FY 2018.

A total of 5,236.7 FTE positions are recommended by the Governor for the Public Safety function in FY 2019, an increase of 17.0 FTE from FY 2018. Of all state FTE positions, 13.1 percent are in this function.

Agencies in this function comprise 6.0 percent of the total State General Fund budget in FY 2019, down from 6.2 percent from FY 2018. They comprise 3.8 percent of expenditures from all funding sources in FY 2019, down from 3.9 percent from in FY 2018.

DEPARTMENT OF CORRECTIONS

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 347,179,899	\$ 370,819,570	\$ 369,993,192	\$ 376,563,406	\$ 373,418,900
Other Funds	30,428,351	35,126,482	35,126,482	32,957,330	32,957,330
<i>Subtotal</i>	<i>\$ 377,608,250</i>	<i>\$ 405,946,052</i>	<i>\$ 405,119,674</i>	<i>\$ 409,520,736</i>	<i>\$ 406,376,230</i>
Capital Improvements:					
State General Fund	\$ 512,166	\$ 410,000	\$ 410,000	\$ 450,000	\$ 450,000
Other Funds	12,486,896	13,184,788	13,184,788	9,635,000	9,635,000
<i>Subtotal</i>	<i>\$ 12,999,062</i>	<i>\$ 13,594,788</i>	<i>\$ 13,594,788</i>	<i>\$ 10,085,000</i>	<i>\$ 10,085,000</i>
TOTAL	<u>\$ 390,607,312</u>	<u>\$ 419,540,840</u>	<u>\$ 418,714,462</u>	<u>\$ 419,605,736</u>	<u>\$ 416,461,230</u>
Percentage Change:					
Operating Expenditures					
State General Fund	0.2 %	6.8 %	6.6 %	1.5 %	0.9 %
All Funds	(0.8)	7.5	7.3	0.9	0.3
FTE Positions	3,669.5	3,654.3	3,654.3	3,654.3	3,654.3

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 Corrections (DOC) provides supervision to adult felony offenders in the state, including inmates incarcerated in one of the eight correctional facilities, post-release supervision (parole), and community-based supervision (probation and treatment-oriented sentencing). The system consists of the DOC Central Office and eight adult correctional facilities. While all nine components are independent agencies, the system structure allows for some commonly utilized items to be budgeted in a central location (e.g., the inmate health care contract). In FY 2014, the DOC added two juvenile correctional facilities into its system and abolished the Juvenile Justice Authority (JJA). The annual appropriations bill grants the Secretary of Corrections the authority to transfer State General Fund dollars between the facilities and the Central Office. In 2017, the Larned Juvenile Correctional Complex was closed. All youth housed at the facility were transferred to the Kansas Juvenile Correctional Complex.

MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** approved Executive Reorganization Order No. 42, which abolished the Juvenile Justice Authority (JJA) and moved all functions, duties, and commissioner of the JJA into the Department of Corrections underneath the Secretary of Corrections. Executive Reorganization Order No. 42 added \$63.8 million, including \$48.8 million from the State General Fund, and 18.0 FTE positions for FY 2014.

The **2016 Legislature** passed SB 367 and HB 2447; both were signed by the Governor. SB 367 changed the law in several ways, one of which was creating the Kansas Juvenile Justice Improvement Fund. The Fund is to be used for the development and implementation of evidence-based community programs and practices for juvenile offenders and their families by community supervision offices, including juvenile intake and assessment, court services, and community corrections. On or before June 30 of each year, the Secretary of Corrections must determine and certify to the Director of Accounts and Reports the amount in each account of the State General Fund of a state agency that the Secretary has determined is an actual or projected cost savings due to cost avoidance from decreased reliance on incarceration in a Juvenile Correctional Facility or youth residential center, with a baseline calculated on the cost of incarceration and placement in FY 2015.

HB 2447 increased the maximum number of days an inmate's sentence may be shortened for earning program credits from 90 to 120 days. The Kansas Sentencing Commission estimated that HB 2447 will save 115 prison beds in FY 2018.

The **2017 Legislature** added language allowing the agency to enter into a lease-purchase agreement for the demolition, design, and construction of a new facility at Lansing Correctional Facility (LCF), or, if more cost-effective, allow the agency to bond with the Kansas Development Finance Authority to demolish, design, and construct a correctional institution at LCF, capping expenditures related to the project at \$155.0 million. The Secretary of Corrections is required to advise and consult the state building advisory commission for the use of an alternative project delivery procurement process; the agency is required to appear before the State Finance Council for approval of the decision for FY 2018.

The State Finance Council had not approved the project for a medium-maximum security unit at Lansing Correctional Facility by the time of this document's publication.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** estimates revised FY 2018 total expenditures for the DOC System of \$419.5 million, including \$371.2 million from the State General Fund. The estimate is an all funds increase of \$5.2 million, or 1.3 percent, including a State General Fund increase of \$862,378, or 0.2 percent, above the approved amount, attributable to a Correctional Institutions Building Fund reappropriation of \$1.7 million, a State Institutions Building Fund reappropriation of \$716,976, the agency's supplemental request (\$826,738), and increases in the Kansas Correctional Industries (KCI) budget for manufacturing supplies and trucks (\$1.7 million). The State General Fund increase is attributable to the agency's supplemental request to maintain its cloud-based e-mail system (\$826,378). The revised estimate includes 3,654.3 FTE positions in FY 2018.

In August of 2017, the Governor issued Executive Directive No. 17-482. The Executive Directive provided a 5.0 percent pay increase for uniformed officers in the Kansas Department of Corrections, except at El Dorado Correctional Facility where the Governor called for a 10.0 percent pay increase. The Executive Directive was a response to state prison staff shortages. The cost of the Executive Directive is \$3.9 million, all from the State General Fund, financed by existing resources in the DOC systemwide budget in FY 2018.

The estimate is an increase of 3.8 FTE positions, which is attributable to the addition of 1.0 FTE position each at Larned Juvenile Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility, offset by a decrease of 0.2 FTE positions across the DOC System.

The agency estimates revised FY 2018 capital improvement expenditures totaling \$13.6 million, which is an increase of \$3.7 million, or 37.5 percent, above the approved amount, including \$410,000 from the State General Fund, which is no change from the approved amount. The revised estimate includes debt service principal payments totaling \$4.5 million, including \$410,000 from the State General Fund, for three different bonds.

DOC intends on entering into a lease-purchase agreement with CoreCivic to demolish an existing medium security facility at LCF and replace it with a new medium-maximum security facility at LCF in FY 2018. DOC asserts that staffing reductions at the facility will allow the project to generate budget savings. It also asserts that beginning construction on the new facility will allow the State to forgo capital improvement expenditures that would otherwise be slated for existing facilities at LCF.

The agency estimates revised FY 2018 total expenditures for the DOC Central Office of \$223.3 million, including \$181.8 million from the State General Fund. The estimate is an all funds increase of \$351,669, or 0.2 percent, including a State General Fund increase of \$826,378, or 0.5 percent, above the approved amount. The increase is primarily due to the agency's supplemental request to maintain its cloud-based e-mail services through the Office of Information and Technology totaling \$826,378, all from the State General Fund. **Absent the supplemental**, the agency's State General Fund estimate is \$180.9 million. The estimate includes 471.8 FTE positions, which is a decrease of 2.3 FTE positions below the approved number.

The agency estimates revised FY 2018 total expenditures for all DOC facilities of \$200.9 million, including \$189.5 million from the State General Fund. The estimate is an increase of \$13.3 million, or 7.1 percent, including a State General Fund increase of \$4.8 million, or 2.6 percent, above the approved amount. One expenditure that caused an increase from the approved was Executive Directive No. 17-482, which increased pay for security-related staff by 5.0 percent at DOC facility agencies, with the exception of El Dorado Correctional Facility which received a pay increase of 10.0 percent. The State General Fund increase was largely attributable to Executive Directive No. 17-482 (\$3.9 million) with the remaining all funds increase being primarily attributable to the facilities' capital improvement projects based on the five-year plan (\$4.7 million). The estimate includes 3,182.5 FTE positions, which is an increase of 6.0 FTE positions above the approved number. 1.0 FTE position each was added at Larned Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility. 2.0 FTE positions were added at LCF.

The **Governor** concurs with the agency's revised estimate in FY 2018 with one exception. The Governor does not recommend funding the DOC Central Office's supplemental request totaling \$826,378, all from the State General Fund, to maintain its cloud-based e-mail service through the Office of Information and Technology Services (OITS); this request is funded through OITS.

FY 2019 – Budget Year. The **agency** requests FY 2019 total expenditures for the DOC System of \$419.6 million, including \$377.0 million from the State General Fund. The request is an all funds increase of \$13.6 million, or 3.3 percent, including a State General Fund increase of \$12.6 million, or 3.5 percent, above the approved amount. The estimate includes 3,654.3 FTE positions, which is an increase of 3.8 FTE positions. This increase is attributable to the addition of 1.0 FTE position each at Larned Juvenile Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility, and a 2.0 FTE position increase at Lansing Correctional Facility, offset by a decrease of 2.3 FTE positions in the DOC Central Office.

The agency requests FY 2019 capital improvement expenditures totaling \$10.1 million, including \$450,000 from the State General Fund. The revised estimate includes \$4.7 million, including \$450,000 from the State General Fund, for debt service principal payments on the three projects for FY 2019.

The agency requests FY 2019 total expenditures for the DOC Central Office of \$224.2 million, including \$183.6 million from the State General Fund. The request is an increase of \$12.6 million, or 6.0 percent, including a State General Fund increase of \$11.7 million, or 6.8 percent, above the FY 2019 approved amount. The increase is primarily attributable to increased expenditures for evidence-based juvenile programs totaling \$4.5 million, all from the State General Fund; the agency's supplemental requests totaling \$5.9 million, all from the State General Fund; and KCI's capital improvement projects totaling \$885,000, all from the Correctional Industries Fund.

Absent the supplementals, the agency requests \$218.3 million, including \$177.7 million from the State General Fund. The request is an all funds increase of \$6.7 million, or 3.2 percent, and a State General Fund increase of \$5.8 million, or 3.4 percent, above the FY 2019 State General Fund approved. The request includes 471.8 FTE positions, which is unchanged from the FY 2019 approved number.

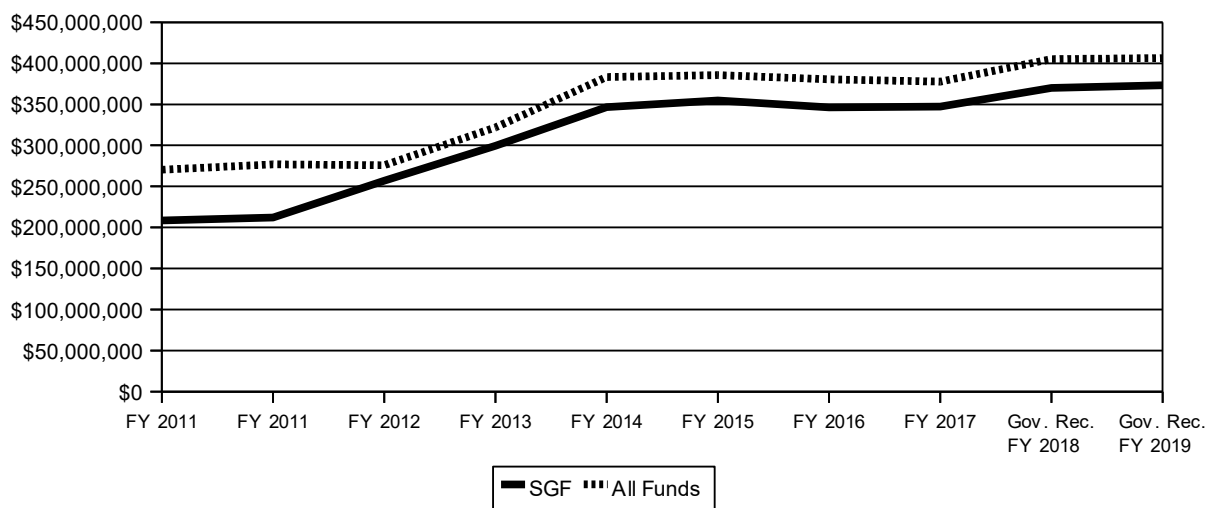
The agency estimates revised FY 2019 total expenditures for all DOC facilities of \$195.4 million, including \$193.4 million from the State General Fund. The estimate is an increase of \$953,503, or 0.5 percent, including a State General Fund increase of \$863,672, or 0.4 percent, above the approved amount. The increase was largely attributable to the facilities supplemental requests totaling \$6.7 million, all from the State General Fund. For FY 2019, each facility agency made a supplemental request to pay their security staff to comply with Executive Directive No. 17-482. The total supplemental requests related to Executive Directive No. 17-482 cost \$4.9 million, all from the State General Fund. The increase in the facilities' budgets are largely offset by the construction at Lansing Correctional Facility (\$1.2 million) and a decrease in the Kansas Juvenile Correctional Complex's budget due to a transfer to juvenile services in the DOC Central Office (\$3.5 million).

Absent the supplementals, the agency requests \$188.7 million, including \$186.7 million from the State General Fund, for FY 2019. The request is a decrease of \$5.7 million, or 3.0 percent, including a State General Fund decrease of \$5.8 million, or 3.0 percent, below the FY 2019 request. The estimate includes 3,182.5 FTE positions, which is an increase of 6.0 FTE positions above the approved number. 1.0 FTE position each was added at Larned Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility. 2.0 FTE positions were added at Lansing Correctional Facility.

The **Governor** recommends \$416.5 million, including \$373.9 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$3.1 million, or 0.7 percent, all from the State General Fund, below the agency's revised estimate. The decrease is attributable to the Governor's non-recommendation of several agency-specific supplemental requests, partially offset by the three additional supplemental requests recommended by the Governor for vehicles (\$400,000), replacement of security equipment (\$364,200), to provide pay equity for uniformed correctional staff across the DOC System included in Executive Directive No. 17-482 to pay all staff at the same level as El Dorado Correctional Facility (\$3.0 million), and to provide corrections professionals not included in Executive Directive No. 17-482 with an approximate 5.0 percent pay increase in salary, including parole officers and supervisors, corrections counselors, and unit team managers and supervisors (\$794,628).

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 208,460,697	(3.0)	270,330,091	(2.2)	3,039.7
2011	212,063,412	1.7	276,852,271	2.4	3,050.5
2012	256,993,688	21.2	275,770,501	(0.4)	3,013.5
2013	299,408,983	16.5	321,795,284	16.7	3,496.5
2014	346,709,721	15.8	383,248,969	19.1	3,493.0
2015	354,863,864	2.4	385,648,455	0.6	3,688.5
2016	346,331,858	(2.4)	380,489,595	(1.3)	3,669.5
2017	347,179,899	0.2	377,608,250	(0.8)	3,669.5
2018 Gov. Rec.	369,993,192	6.6	405,119,674	7.3	3,654.3
2019 Gov. Rec.	373,418,900	0.9	406,376,230	0.3	3,654.3
Ten-Year Change Dollars/Percent	\$ 164,958,203	79.1 %	\$ 136,046,139	50.3 %	614.6

Summary of DOC Systemwide Operating Budget FY 2017 - FY 2019

Department of Corrections

Actual FY 2017	Agency Estimate				Governor's Recommendation			
	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
\$ 186,016,031	\$ 214,422,810	\$ 214,141,901	\$ (280,909)	(0.1) %	\$ 213,596,432	\$ 208,922,407	\$ (4,674,025)	(2.2)%
41,310,039	40,156,005	40,041,726	(114,279)	(0.3)	40,156,005	40,330,790	174,785	0.4
31,382,713	31,695,294	32,105,477	410,183	1.3	31,695,294	32,722,886	1,027,592	3.2
28,603,649	29,420,023	30,409,840	989,817	3.4	29,420,023	30,481,295	1,061,272	3.6
16,306,040	19,799,941	20,454,303	654,362	3.3	19,799,941	20,760,903	960,962	4.9
15,779,381	15,889,557	16,407,020	517,463	3.3	15,889,557	16,520,768	631,211	4.0
15,262,498	15,472,068	15,871,052	398,984	2.6	15,472,068	16,087,041	614,973	4.0
14,411,240	14,660,872	14,872,729	211,857	1.4	14,660,872	15,179,089	518,217	3.5
13,093,730	13,425,230	13,831,162	405,932	3.0	13,425,230	13,888,635	463,405	3.5
10,713,880	11,004,252	11,385,526	381,274	3.5	11,004,252	11,482,416	478,164	4.3
4,729,049	0	0	0	--	0	0	0	--
\$ 377,608,250	\$ 405,946,052	\$ 409,520,736	\$ 3,574,684	0.9 %	\$ 405,119,674	\$ 406,376,230	\$ 1,256,556	0.3 %
Expenditure:								
\$ 188,780,774	\$ 188,092,645	\$ 192,304,917	\$ 4,212,272	2.2 %	\$ 188,092,645	\$ 194,415,550	\$ 6,322,905	3.4 %
116,257,118	144,085,441	138,588,277	(5,497,164)	(3.8)	143,259,063	137,761,899	(5,497,164)	(3.8)
14,169,037	16,553,845	17,379,996	826,151	5.0	16,553,845	17,354,230	800,385	4.8
2,961,348	1,804,108	6,004,858	4,200,750	232.8	1,804,108	1,601,863	(202,245)	(11.2)
1,563,059	656,212	437,306	(218,906)	(33.4)	656,212	437,306	(218,906)	(33.4)
\$ 323,731,336	\$ 351,192,251	\$ 354,715,354	\$ 3,523,103	1.0 %	\$ 350,365,873	\$ 351,570,848	\$ 1,204,975	0.3 %
41,598,037	46,506,375	46,557,826	51,451	0.1	46,506,375	46,557,826	51,451	0.1
12,278,877	8,247,426	8,247,556	130	0.0	8,247,426	8,247,556	130	0.0
\$ 377,608,250	\$ 405,946,052	\$ 409,520,736	\$ 3,574,684	0.9 %	\$ 405,119,674	\$ 406,376,230	\$ 1,256,556	0.3 %
\$ 347,179,899	\$ 370,819,570	\$ 376,563,406	\$ 5,743,836	1.5 %	\$ 369,993,192	\$ 373,418,900	\$ 3,425,708	0.9 %
4,603,874	4,214,521	3,735,756	(478,765)	(11.4)	4,214,521	3,735,756	(478,765)	(11.4)
9,762,118	12,355,333	12,058,794	(296,539)	(2.4)	12,355,333	12,058,794	(296,539)	(2.4)
16,062,359	18,556,628	17,162,780	(1,393,848)	(7.5)	18,556,628	17,162,780	(1,393,848)	(7.5)
\$ 377,608,250	\$ 405,946,052	\$ 409,520,736	\$ 3,574,684	0.9 %	\$ 405,119,674	\$ 406,376,230	\$ 1,256,556	0.3 %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$358,293,874 for the DOC System 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 \$12.1 million, based on reappropriations 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 \$370,403,192. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 370,403,192	\$ 371,229,570	\$ 826,378	\$ 370,403,192	\$ 0
All Other Funds	43,945,485	48,311,270	4,365,785	48,311,270	4,365,785
TOTAL	\$ 414,348,677	\$ 419,540,840	\$ 5,192,163	\$ 418,714,462	\$ 4,365,785
FTE Positions	3,650.5	3,654.3	3.8	3,654.3	3.8

The **agency** estimates revised FY 2018 total expenditures for the DOC System of \$419.5 million, including \$371.2 million from the State General Fund. The estimate is an increase of \$5.2 million, or 1.3 percent, including a State General Fund increase of \$826,378, or 0.2 percent, above the approved amount. The all funds increase is primarily attributable to a Correctional Institutions Building Fund (CIBF) reappropriation of \$1.7 million, a State Institutions Building Fund (SIBF) reappropriation of \$716,976, the agency's supplemental request (\$826,738), and increases in the Kansas Correctional Industries (KCI) budget for manufacturing supplies and trucks (\$1.7 million). The State General Fund increase is attributable to the agency's supplemental request to maintain its cloud-based e-mail system (\$826,378).

The revised estimate includes 3,654.3 FTE positions in FY 2018. The estimate is an increase of 3.8 FTE positions above the approved number. The increase is attributable to the addition of 1.0 FTE position each at Larned Juvenile Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility, and 2.0 FTE positions at Lansing Correctional Facility, offset by a decrease of 2.3 FTE positions in the DOC Central Office.

The agency estimates revised FY 2018 capital improvement expenditures totaling \$13.6 million, which is an increase of \$3.7 million, or 37.5 percent, above the approved amount, including \$410,000 from the State General Fund, which is no change from the approved amount. The increase is attributable to a \$1.7 million CIBF reappropriation, a \$716,976 SIBF reappropriation, and increased expenditures for various projects through the DOC System (\$1.6 million), offset by a \$304,650 decrease for KCI capital improvement projects. The revised estimate includes debt service principal payments totaling \$4.5 million, including \$410,000 from the State General Fund, for three different bonds and rehabilitation. Those projects include:

- The construction of the Kansas Juvenile Correctional Complex and the Larned Juvenile Correctional Facility (2013B Juvenile Correctional Facilities);
- The rehabilitation and repair projects for adult correctional facilities (2007K Infrastructure Projects for Correctional Facilities); and
- The design of two new cell houses at El Dorado Correctional Facility for a 512-bed expansion (2009L-4 Capacity Expansion Projects).

The **Governor** concurs with the agency's revised estimate in FY 2018 with one exception. The Governor does not recommend funding the DOC Central Office's supplemental request totaling \$826,378, all from the State General Fund, to maintain its cloud-based e-mail service through the Office of Information and Technology.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cloud-Based E-mail	\$ 826,378	\$ 826,378	0.0	\$ 0	\$ 0	0.0

The **agency** requests a supplemental totaling \$826,378, all from the State General Fund, to pay the Office of Information Technology Services (OITS) for licensing, OITS staffing, hardware, and overhead in FY 2018. The DOC Central Office transitioned into the new cloud-based e-mail system in FY 2017.

The **Governor** does not recommend the DOC Central Office's supplemental request in FY 2018.

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

There are no adjustments to the approved State General Fund budget for this agency for FY 2019.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 364,437,253	\$ 377,013,406	\$ 12,576,153	\$ 373,868,900	\$ 9,431,647
All Other Funds	41,590,633	42,592,330	1,001,697	42,592,330	1,001,697
TOTAL	\$ 406,027,886	\$ 419,605,736	\$ 13,577,850	\$ 416,461,230	\$ 10,433,344
FTE Positions	3,650.5	3,654.3	3.8	3,654.3	3.8

The **agency** estimates revised FY 2019 total expenditures for the DOC System of \$419.6 million, including \$377.0 million from the State General Fund. The estimate is an increase of \$13.6 million, or 3.3 percent, including a State General Fund increase of \$12.6 million, or 3.5 percent, above the approved amount. The State General Fund increase is attributable to the agency's supplemental requests of \$12.6 million. The \$1.0 million increase from special revenue funds is primarily attributable to Kansas Correctional Industries (KCI) requesting an additional \$1.6 million, primarily for increased purchases of raw materials and increased salaries and wages and KCI's request for \$885,000 for capital improvement expenditures, offset by various decreases from special revenue funds across the DOC System.

The revised estimate includes 3,654.3 FTE positions for FY 2019. The estimate is an increase of 3.8 positions above the approved number. This increase is attributable to the addition of 1.0 FTE position each at Larned Juvenile Correctional Mental Health Facility, El Dorado Correctional Facility, Norton Correctional Facility, and Winfield Correctional Facility, and a 2.0 FTE position increase at Lansing Correctional Facility, offset by a decrease of 2.3 FTE positions in the DOC Central Office.

The agency estimates revised FY 2019 capital improvement expenditures totaling \$10.1 million, which is an increase of \$885,000, or 9.6 percent, above the approved amount, including \$450,000 from the State General Fund, which is no change from the approved amount. The increase is attributable to KCI requesting \$885,000, all from the Correctional Industries Fund, to expand and remodel its administration building (\$800,000) and for a hay barn to protect baled hay used to support the Wild Horse Program (\$85,000).

The **Governor** recommends revised FY 2019 total expenditures for the DOC System of \$416.5 million, including \$373.9 million from the State General Fund. The recommendation is a decrease of \$3.1 million, or 0.7 percent, all from the State General Fund, below the agency's revised estimate. The decrease is attributable to the Governor's non-recommendation of several agency-specific supplemental requests.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
TOADS	\$ 2,148,200	\$ 2,148,200	0.0	\$ 0	\$ 0	0.0
Server Replacement	1,222,540	1,222,540	0.0	0	0	0.0
Juvenile Officer KPERS	920,000	920,000	0.0	0	0	0.0
Cloud-Based E-mails	826,378	826,378	0.0	0	0	0.0
Parole KPERS	720,000	720,000	0.0	0	0	0.0
DOC Vehicles	58,400	58,400	0.0	400,000	400,000	0.0
Central Office						
Professional Pay Plan	0	0	0.0	276,024	276,024	0.0
El Dorado CF	1,827,621	1,827,621	0.0	1,899,076	1,899,076	0.0
Lansing CF	1,290,340	1,290,340	0.0	1,579,404	1,579,404	0.0
Hutchinson CF	846,019	846,019	0.0	1,463,428	1,463,428	0.0
Norton CF	629,145	629,145	0.0	742,893	742,893	0.0
Topeka CF	558,362	558,362	0.0	774,351	774,351	0.0
Winfield CF	503,761	503,761	0.0	561,234	561,234	0.0
LCMHF	489,304	489,304	0.0	586,194	586,194	0.0
Ellsworth CF	309,676	309,676	0.0	616,036	616,036	0.0
Kansas Juvenile CC	226,407	226,407	0.0	533,007	533,007	0.0
TOTAL	\$ 12,576,153	\$ 12,576,153	0.0	\$ 9,431,647	\$ 9,431,647	0.0

The **agency** requests supplementals totaling \$12.6 million, all from the State General Fund, for FY 2019. The supplemental requests are outlined below by facility.

Central Office. The agency requests supplementals totaling \$5.9 million, all from the State General Fund. The request includes supplementals for statewide cloud-based e-mail conversion (\$826,378), Total Offender Automated Documentation System (TOADS) information processing equipment replacement (\$2.1 million), the replacement of servers (\$1.2 million), increased employer contributions to Corrections KPERS for correctional officers within the Parole Services program (\$720,000), an increase in employer contributions to Corrections KPERS for correctional officers within the Juvenile Services program (\$920,000), and vehicle replacements (\$58,400).

El Dorado Correctional Facility. The agency requests supplementals totaling \$1.8 million, all from the State General Fund. The request includes supplementals for a 10.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$1.5 million), four vehicle replacements (\$104,000), and security equipment (\$191,086).

Lansing Correctional Facility. The agency requests supplementals totaling \$1.3 million, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$803,561), security equipment (\$28,974), vehicle replacements (\$192,300), and information technology equipment (IT) replacement (\$265,505).

Hutchinson Correctional Facility. The agency requests supplementals totaling \$846,019, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$726,269) and for the replacement of IT equipment (\$119,750).

Norton Correctional Facility. The agency requests supplementals totaling \$629,145, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$400,114), the renovation of the A Unit (\$135,000), vehicle replacements (\$46,800), security equipment (\$37,231), and health equipment (\$10,000).

Topeka Correctional Facility. The agency requests supplementals totaling \$558,362, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$384,212), the replacement of five aging vehicles (\$108,800), security gear (\$25,125), and to replace one-fourth of the facility's IT equipment (\$40,225).

Winfield Correctional Facility. The agency requests supplementals totaling \$503,761, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$303,761), vehicle replacements (\$75,000), and the purchase of a used trash truck (\$125,000).

Larned Correctional Mental Health Facility. The agency requests supplementals totaling \$489,304, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$275,071), the replacement of some of the agency's IT assets (\$22,241), security equipment (\$51,992), and the replacement of high mileage vehicles with newer vehicles with surplus property (\$140,000).

Ellsworth Correctional Facility. The agency requests supplementals totaling \$309,676, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$254,676), security cameras (\$30,000), and replacement of a mid-sized utility vehicle (\$25,000).

Kansas Juvenile Correctional Complex. The agency requests a supplemental for a 5.0 percent pay increase for those security staff included in Executive Directive No. 17-482 (\$226,407).

The **Governor** recommends \$9.4 million, all from the State General Fund, for some of the agency's supplemental requests and supplements in addition to the agency's supplemental requests for FY 2019. The supplemental request recommendations are outlined below by facility.

Central Office. The Governor recommends funding two supplementals totaling \$676,024, all from the State General Fund, for vehicle replacements (\$400,000) and for an increase for DOC professionals who were not covered by Executive Directive No. 17-482 (\$276,024). The Governor does not recommend the agency's supplemental requests for statewide cloud-based e-mail conversion, Total Offender Automated Documentation System (TOADS) information processing equipment replacement, the replacement of servers, increased employer contributions to Corrections KPERS for correctional officers within the Parole Services program, and an increase in employer contributions to Corrections KPERS for correctional officers within the Juvenile Services program. The DOC will have the authority to transfer the money allocated for vehicle replacement to DOC facilities.

El Dorado Correctional Facility. The Governor recommends funding four supplementals totaling \$1.9 million, all from the State General Fund. The Governor recommends funding the agency's supplementals for a 10.0 percent pay increase for security

staff included in Executive Directive No. 17-482 (\$1.5 million) and security equipment (\$191,086). Additionally, the Governor recommends funding two supplements for an increase for DOC professionals who were not covered by Executive Directive No. 17-482 (\$95,437), and corrections officers at the agency's Labette County facility (\$80,018) who were not covered by Executive Directive No. 17-482.

Lansing Correctional Facility. The Governor recommends funding four supplements totaling \$1.6 million, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$813,769), security equipment (\$18,766), and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$85,991) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$660,878).

Hutchinson Correctional Facility. The Governor recommends funding three supplements totaling \$1.5 million, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$726,269) and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$96,279) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$640,880).

Norton Correctional Facility. The Governor recommends funding four supplements totaling \$732,893, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$400,114) and security equipment (\$47,231), and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$43,627) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$251,921).

Topeka Correctional Facility. The Governor recommends funding four supplements totaling \$774,351, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$384,212), security equipment (\$25,125), and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$36,944) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$328,070).

Winfield Correctional Facility. The Governor recommends funding three supplements totaling \$561,234, all from the State General Fund. The request includes a supplemental for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$303,761) and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$50,363) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$207,110).

Larned Correctional Mental Health Facility. The Governor recommends funding four supplements totaling \$586,194, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$275,071), security equipment (\$51,992), and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$38,312) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$220,819).

Ellsworth Correctional Facility. The Governor recommends funding four supplements totaling \$616,036, all from the State General Fund. The request includes supplementals for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$254,676), security equipment (\$30,000), and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$49,442) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$281,918).

Kansas Juvenile Correctional Complex. The Governor recommends funding three supplements totaling \$533,007, all from the State General Fund. The request includes a supplemental for a 5.0 percent pay increase for security staff included in Executive Directive No. 17-482 (\$226,407) and two supplements the agency did not request, including for an increase in pay for DOC professionals who were not covered by Executive Directive No. 17-482 (\$37,628) and to pay uniformed correctional staff salaries at the same level as El Dorado Correctional Facility (\$268,972).

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 \$694,400, including \$674,916 from the State General Fund, and FY 2019 longevity payments total \$740,520, including \$719,887 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	92.0 %	89.8 %
Federal Funds	0.9	0.9
Correctional Industries	2.9	3.1
All Other Funds	4.2	6.2
TOTAL	100.0 %	100.0 %

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

PROGRAM DETAIL

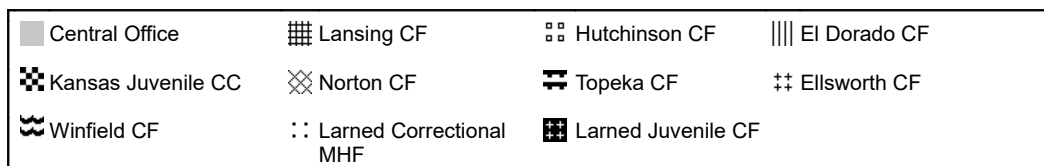
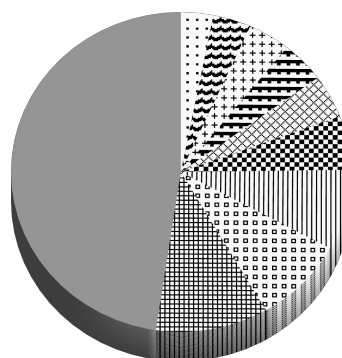
Expenditures by Agency

Governor's FY 2019 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Central Office	\$ 208,922,407	51.4 %	\$ 177,927,061	47.6 %
Lansing CF	40,330,790	9.9	40,040,790	10.7
Hutchinson CF	32,722,886	8.1	32,524,081	8.7
El Dorado CF	30,481,295	7.5	30,461,295	8.2
Kansas Juvenile CC	20,760,903	5.1	20,224,334	5.4
Norton CF	16,520,768	4.1	16,364,036	4.4
Topeka CF	16,087,041	4.0	15,683,602	4.2
Ellsworth CF	15,179,089	3.7	15,111,170	4.0
Winfield CF	13,888,635	3.4	13,600,115	3.6
Larned Correctional MHF	11,482,416	2.8	11,482,416	3.1
Larned Juvenile Correctional Facility	0	--	0	--
TOTAL	\$ 406,376,230	100.0 %	\$ 373,418,900	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Lansing CF	682.0	684.0	684.0	684.0	684.0
Hutchinson CF	507.0	507.0	507.0	507.0	507.0
El Dorado CF	485.0	486.0	486.0	486.0	486.0
Central Office	474.0	471.8	471.8	471.8	471.8
Norton CF	264.0	264.0	264.0	264.0	264.0
Topeka CF	263.0	263.0	263.0	263.0	263.0
Ellsworth CF	235.0	235.0	235.0	235.0	235.0
Kansas Juvenile CC	232.5	355.5	355.5	355.5	355.5
Winfield CF	201.0	201.0	201.0	201.0	201.0
Larned Correctional MHF	186.0	187.0	187.0	187.0	187.0
Larned Juvenile CF	140.0	0.0	0.0	0.0	0.0
TOTAL	3,669.5	3,654.3	3,654.3	3,654.3	3,654.3

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.

Department of Corrections, Central Office

The following portion of this budget analysis only describes the **Department of Corrections Central Office**. This section will include a summary operating budget table, followed by analysis of each program contained within the Department of Corrections Central Office. The Central Office is responsible for managing itself and supervising the operations of correctional facilities (e.g., Ellsworth Correctional Facility) holding felony offenders in the state. The section includes programs designated as A through K. Summaries of DOC corrections facilities are detailed after this portion of the budget analysis.

Summary of Central Office's Operating Budget FY 2017 - FY 2019

Department of Corrections

		Agency Estimate				Governor's Recommendation			
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Inmate Health Care	\$ 64,392,532	\$ 67,761,652	\$ 70,960,360	\$ 3,198,708	4.7 %	\$ 67,761,652	\$ 70,960,360	\$ 3,198,708	4.7 %
Juvenile Services	34,326,057	56,585,195	46,687,426	(9,897,769)	(17.5)	56,585,195	45,767,426	(10,817,769)	(19.1)
Community Supervision	34,321,483	33,744,096	34,973,629	1,229,533	3.6	33,744,096	34,529,653	785,557	2.3
Food Service Contract	15,801,546	15,948,766	16,259,039	310,273	1.9	15,948,766	16,259,039	310,273	1.9
Offender Programs	12,541,868	11,942,849	11,915,894	(26,955)	(0.2)	11,942,849	11,915,894	(26,955)	(0.2)
KS Corr. Industries	9,762,118	12,355,333	12,058,794	(296,539)	(2.4)	11,195,390	11,034,183	(161,207)	(1.4)
Administration	11,952,744	11,969,126	17,524,798	5,555,672	46.4	12,302,691	14,693,891	2,391,200	19.4
Victims Services	895,496	1,665,587	1,486,552	(179,035)	(10.7)	1,665,587	1,486,552	(179,035)	(10.7)
Facility Operations	0	1,376,434	1,410,193	33,759	2.5	1,376,434	1,410,193	33,759	2.5
Debt Service	1,563,059	656,212	437,306	(218,906)	(33.4)	656,212	437,306	(218,906)	(33.4)
Prisoner Review Board	459,128	417,560	427,910	10,350	2.5	417,560	427,910	10,350	2.5
TOTAL	\$ 186,016,031	\$ 214,422,810	\$ 214,141,901	\$ (280,909)	(0.1) %	\$ 213,596,432	\$ 208,922,407	\$ (4,674,025)	(2.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 27,398,860	\$ 27,257,419	\$ 29,682,177	\$ 2,424,758	8.9 %	\$ 27,257,419	\$ 28,318,201	\$ 1,060,782	3.9 %
Contractual Services	96,731,900	123,494,324	117,793,391	(5,700,933)	(4.6)	122,667,946	116,967,013	(5,700,933)	(4.6)
Commodities	5,302,737	7,057,432	7,421,035	363,603	5.2	7,057,432	7,421,035	363,603	5.2
Capital Outlay	1,177,099	1,204,722	4,003,840	2,799,118	232.3	1,204,722	974,700	(230,022)	(19.1)
Debt Service	1,563,059	656,212	437,306	(218,906)	(33.4)	656,212	437,306	(218,906)	(33.4)
Subtotal-Operations	\$ 132,173,655	\$ 159,670,109	\$ 159,337,749	\$ (332,360)	(0.2) %	\$ 158,843,731	\$ 154,118,255	\$ (4,725,476)	(3.0) %
Aid to Local Units	41,598,037	46,506,375	46,557,826	51,451	0.1	46,506,375	46,557,826	51,451	0.1
Other Assistance	12,244,339	8,246,326	8,246,326	0	--	8,246,326	8,246,326	0	--
TOTAL	\$ 186,016,031	\$ 214,422,810	\$ 214,141,901	\$ (280,909)	(0.1) %	\$ 213,596,432	\$ 208,922,407	\$ (4,674,025)	(2.2) %
Financing:									
State General Fund	\$ 157,183,962	\$ 181,360,085	\$ 183,146,555	\$ 1,786,470	1.0 %	\$ 180,533,707	\$ 177,927,061	\$ (2,606,646)	(1.4) %
Federal Funds	3,946,394	3,577,432	3,130,711	(446,721)	(12.5)	3,577,432	3,130,711	(446,721)	(12.5)
Correctional Industries	9,762,118	12,355,333	12,058,794	(296,539)	(2.4)	12,355,333	12,058,794	(296,539)	(2.4)
All Other Funds	15,123,557	17,129,960	15,805,841	(1,324,119)	(7.7)	17,129,960	15,805,841	(1,324,119)	(7.7)
TOTAL	\$ 186,016,031	\$ 214,422,810	\$ 214,141,901	\$ (280,909)	(0.1) %	\$ 213,596,432	\$ 208,922,407	\$ (4,674,025)	(2.2) %

A. Inmate Health Care

Inmate health care is provided for by a new all-inclusive contract with Corizon. The contract covers medical, dental, and mental health services for all inmates and juveniles. The DOC entered into a nine-and-a-half-year contract with Corizon that became effective on January 1, 2014, and comes with four renewal options, which began on July 1, 2015. Due to changes in Medicaid and Health Resources and Services Administration requirements that took effect January 1, 2014, the previous contract with Correct Care Solutions was terminated early on December 31, 2013. Included in the Inmate Health Care program are expenditures for Medicaid services billed to the federal government.

Inmate Health Care Subprograms. The Inmate Health Care program is comprised of two subprograms: Adult Health Care Services and Juvenile Health Care Services. These are detailed below:

- The Adult Health Care Services subprogram provides adult inmates' health care services through the Corizon contract. The subprogram also includes Medicaid inpatient hospitalization costs for inmates who are under 18, over 65, pregnant, or disabled; and
- The Juvenile Health Care Services program provides health care to youth housed at the Kansas Juvenile Correctional Complex. Health care to juveniles was previously provided by contract physicians and psychiatrists and State-employed nursing staff.

INMATE HEALTH CARE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 628,134	\$ 436,726	\$ 436,726	\$ 447,933	\$ 447,933
Contractual Services	62,852,250	66,272,294	66,272,294	69,459,795	69,459,795
Commodities	118,000	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 63,598,384</i>	<i>\$ 66,709,020</i>	<i>\$ 66,709,020</i>	<i>\$ 69,907,728</i>	<i>\$ 69,907,728</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	794,148	1,052,632	1,052,632	1,052,632	1,052,632
TOTAL	\$ 64,392,532	\$ 67,761,652	\$ 67,761,652	\$ 70,960,360	\$ 70,960,360
Financing:					
State General Fund	\$ 62,984,373	\$ 64,965,878	\$ 64,965,878	\$ 69,490,741	\$ 69,490,741
All Other Funds	1,408,159	2,795,774	2,795,774	1,469,619	1,469,619
TOTAL	\$ 64,392,532	\$ 67,761,652	\$ 67,761,652	\$ 70,960,360	\$ 70,960,360
FTE Positions	13.0	7.0	7.0	7.0	7.0

The **agency** estimates revised FY 2019 operating expenditures of \$71.0 million, including \$69.5 million from the State General Fund. The estimate is a decrease of \$259,535, or 0.4 percent, below the approved amount. The decrease is primarily attributable to 6.0 FTE positions converting from state employees to Corizon employees (provider of inmate health care services) and \$600,000 in Medicaid expenditures, offset by increases in the Corizon contract. The agency converts positions to Corizon as they become vacant and deducts those salaries from the total the agency continues to pay. The estimate includes 7.0 FTE positions, which is a decrease of 6.0 FTE positions below the approved number for FY 2019.

The **Governor** concurs with the agency's revised estimate for the inmate health care program for FY 2019.

B. Juvenile Services

The Juvenile Services division was established following the merger of the Juvenile Justice Authority (JJA) and the Department of Corrections on July 1, 2013. This division is responsible for administering state and federal funds and coordinating with other agencies for the operation of a continuum of juvenile justice services statewide. Kansas juvenile justice reform efforts of the mid-1990s established the foundation upon which services are delivered today. Services are delivered through grants to local boards of county commissioners for the development, implementation, operation, and improvement of community-based juvenile justice programs through contracts for community placements, grants for the operation of psychiatric residential treatment facilities, and the Kansas Juvenile Correctional Complex. The Kansas Juvenile Correctional Complex, and, previously, the Larned Juvenile Correctional Facility, submit separate agency budgets. The Juvenile Services program also provides technical assistance and support, consultation, oversight, resources, and training to enhance successful partnerships with local juvenile justice stakeholders for the implementation and operation of comprehensive juvenile justice services in the community.

SB 367 (2016) increased investment in evidence-based programs and practices by reinvesting funds previously budgeted for programs and practices that lack evidence as to their effectiveness in reducing juvenile reoffending. Implementation of reforms began in FY 2017 and will continue over the next two to four years.

Juvenile Services Subprograms. The Juvenile Services Program is comprised of two subprograms: Technical Assistance and Oversight and the Kansas Advisory Group. These are detailed below:

- The Technical Assistance and Oversight subprogram provides support, consultation, analysis, oversight, and resources to administer the operation of various juvenile justice services across Kansas, including, but not limited to: evidence-based programming, detention grants and alternative to detention grants, juvenile intake and assessment services, intensive supervision, and community placements; and
- The Kansas Advisory Group was established in accordance with KSA 75-7007 and is responsible for determining, advocating for, and promoting the best interests of juveniles in the state.

JUVENILE SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,262,311	\$ 1,594,800	\$ 1,594,800	\$ 2,556,142	\$ 1,636,142
Contractual Services	1,645,068	23,502,500	23,502,500	12,857,424	12,857,424
Commodities	17,343	225,362	225,362	270,571	270,571
Capital Outlay	55,230	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,979,952</i>	<i>\$ 25,322,662</i>	<i>\$ 25,322,662</i>	<i>\$ 15,684,137</i>	<i>\$ 14,764,137</i>
Aid to Local Units	20,184,387	24,324,793	24,324,793	24,065,549	24,065,549
Other Assistance	11,161,718	6,937,740	6,937,740	6,937,740	6,937,740
TOTAL	\$ 34,326,057	\$ 56,585,195	\$ 56,585,195	\$ 46,687,426	\$ 45,767,426
Financing:					
State General Fund	\$ 30,650,514	\$ 52,319,879	\$ 52,319,879	\$ 42,690,923	\$ 41,770,923
All Other Funds	3,675,543	4,265,316	4,265,316	3,996,503	3,996,503
TOTAL	\$ 34,326,057	\$ 56,585,195	\$ 56,585,195	\$ 46,687,426	\$ 45,767,426
FTE Positions	20.0	26.0	26.0	26.0	26.0

The **agency** estimates revised FY 2019 operating expenditures of \$46.9 million, including \$42.7 million from the State General Fund. The estimate is an increase of \$2.0 million, or 4.6 percent, including a State General Fund increase of \$4.2 million, or 10.9 percent, above the approved amount. The increase is primarily due to a \$4.5 million increase for evidence-based juvenile programs and a supplemental request totaling \$920,000, all from the State General Fund, to transfer juvenile correctional officers and qualified non-uniformed staff to Corrections KPERs, providing the classifications with earlier retirement eligibility, offset by reductions for out-of-home placements (\$2.6 million). **Absent the supplemental**, the agency estimates operating expenditures of \$45.8 million, including \$41.8 million from the State General Fund. The estimate includes 26.0 FTE positions, which is 6.0 FTE positions more than the approved number. The FTE increase is attributable to new positions being created to oversee the expansion of evidence-based programs. The major changes for FY 2017 are outlined below:

- **Salaries and Wages.** The agency estimates \$2.6 million for salaries and wages. The estimate is an increase of \$1.3 million, or 109.9 percent, above the approved amount. The increase is primarily attributable to a supplemental for KPERs Corrections (\$920,000) and the addition of 6.0 new FTE positions;
- **Contractual Services.** The agency estimates \$12.9 million for contractual services. The estimate is an increase of \$4.7 million, or 57.8 percent, above the approved amount. The increase is primarily due to an additional \$4.5 million being budgeted for evidence-based juvenile programs, all from the State General Fund;
- **Commodities.** The agency estimates \$270,571 for commodities. The estimate is an increase of \$252,811, or 1,423.5 percent, above the approved amount. The increase is primarily attributable to the agency budgeting more for buildings and grounds materials (\$229,571) and gasoline (\$22,500);

- **Aid to Local Units of Government.** The agency estimates \$24.1 million for aid to local units of government. The estimate is a decrease of \$1.7 million, or 6.5 percent, below the approved amount. The decrease is predominantly attributable to the agency reducing grants to community supervision agencies, detention centers, and local governments; and
- **Other Assistance.** The agency estimates \$6.9 million for other assistance. The estimate is a decrease of \$2.6 million, or 27.2 percent, below the approved amount. The decrease is primarily due to reduced expenditures for juvenile Out-Of-Home Placements caseloads.

The **Governor** recommends operating expenditures of \$45.8 million, including \$41.8 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$920,000, all from the State General Fund, or 2.0 percent, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request to increase employer contributions to Corrections KPERS for correctional officers within the Juvenile Services program (\$920,000).

C. Community Supervision

The Community Supervision program consists of correctional programs, services, and sanctions that are administered in the community rather than a correctional facility. Offenders covered under the program include probationers and those sentenced under the alternative drug sentencing policy (2003 SB 123), as well as offenders who have been released from correctional facilities on parole. In addition to supervision and assessment of probationers and parolees, the program also operates residential facilities for adult felony probationers that are designed to increase accountability by helping offenders find employment and develop good work habits. The community corrections subprogram (2007 SB 14) is a grant program administered at the county level. Currently, there are 31 corrections agencies across the state.

Community Supervision Subprograms. The Community Supervision program is comprised of four subprograms: Parole Supervision, the Interstate Compact, the Reentry Program, and Technical Assistance and Oversight. These are detailed below:

- Parole Supervision is the subprogram that supervises offenders who are released from correctional facilities on parole, post-release supervision, or conditional release, but who have not been discharged from his or her sentence;
- The Interstate Compact is responsible for regulating the transfer and movement between states of adult parole and probation offenders under community supervision; and
- The Technical Assistance and Oversight subprogram administers operating grants, behavioral health services to individuals under the supervision of DOC, 3rd time DUI treatment, and payments to an adult residential center.

COMMUNITY SUPERVISION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 8,978,038	\$ 8,371,522	\$ 8,371,522	\$ 9,369,216	\$ 8,925,240
Contractual Services	3,496,606	2,713,837	2,713,837	2,633,447	2,633,447
Commodities	177,640	162,000	162,000	162,000	162,000
Capital Outlay	54,997	50,000	50,000	50,000	50,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,707,281</i>	<i>\$ 11,297,359</i>	<i>\$ 11,297,359</i>	<i>\$ 12,214,663</i>	<i>\$ 11,770,687</i>
Aid to Local Units	21,413,650	22,181,582	22,181,582	22,492,277	22,492,277
Other Assistance	200,552	205,954	205,954	205,954	205,954
TOTAL	<u>\$34,321,483</u>	<u>\$ 33,684,895</u>	<u>\$ 33,684,895</u>	<u>\$ 34,912,894</u>	<u>\$ 34,468,918</u>
Financing:					
State General Fund	\$30,175,853	\$ 30,599,071	\$ 30,599,071	\$ 31,926,082	\$ 31,482,106
All Other Funds	4,145,630	3,085,824	3,085,824	2,986,812	2,986,812
TOTAL	<u>\$34,321,483</u>	<u>\$ 33,684,895</u>	<u>\$ 33,684,895</u>	<u>\$ 34,912,894</u>	<u>\$ 34,468,918</u>
FTE Positions	170.0	163.0	163.0	163.0	163.0

The **agency** estimates revised FY 2019 operating expenditures of \$35.0 million, including \$31.9 million from the State General Fund. The estimate is an increase of \$928,649 million, or 2.7 percent, including a State General Fund increase of \$992,319, or 3.2 percent, above the approved amount. The estimate includes a supplemental of \$720,000, all from the State General Fund, for transferring parole officers, parole supervisors, and special agents to KPERS Corrections—Group A. **Absent the supplemental**, the agency estimates operating expenditures of \$34.3 million, including \$31.2 million from the State General Fund. The estimate includes 163.0 total FTE positions, which is a decrease of 7.0 FTE positions below the approved number. The FTE decrease is attributable to 2.0 FTE positions from parole services being shifted to the reentry program and the transferring of positions due to performance based budgeting. The major changes for FY 2019 are outlined below:

- **Salaries and Wages.** The agency estimates \$9.4 million for salaries and wages. The estimate is an increase of \$547,155, or 6.2 percent, above the approved amount. The increase is primarily attributable to the agency's supplemental request for \$720,000 to place parole officers and related staff into KPERS Corrections—Group A, offset by decreased employer contributions to employee health care;
- **Contractual Services.** The agency estimates \$2.6 million for contractual services. The estimate is an increase of \$283,548, or 12.1 percent, above the approved amount. The increase is primarily due to increased rent fees (\$141,520) and increased professional fees (\$169,251);
- **Commodities.** The agency estimates \$162,000 for commodities. The estimate is an increase of \$87,829, or 118.4 percent, below the approved amount. The increase is primarily attributable to higher gasoline expenditures (\$40,738) and a higher cost for work supplies (\$51,628);

- **Capital Outlay.** The agency estimates \$50,000 for capital outlay. The estimate is unchanged from the approved amount. Expenditures in this category are primarily for maintenance equipment;
- **Aid to Local Units of Government.** The agency estimates \$22.5 million for aid to local units of government. The estimate is unchanged from the approved amount. Expenditures in this category are primarily for intensive supervision programs, adult residential centers, and behavioral health programs; and
- **Other Assistance.** The agency estimates \$205,954 for other assistance. The estimate is an increase of \$10,117, or 5.2 percent, above the approved amount. The increase is attributable to increased payments to Ellis County to supervise offenders in Northwest Kansas and for reimbursement of supervision fees collected from those offenders.

The **Governor** recommends operating expenditures of \$34.5 million, including \$31.5 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$443,976, all from the State General Fund, or 1.3 percent, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request to increase employer contributions to Corrections KPERS for corrections officers within the Parole Services program (\$720,000), partially offset by the Governor's recommendation to provide the agency with a supplemental to increase the salaries of DOC professionals who were not covered by Executive Directive No. 17-482 (\$276,024).

D. Food Service Contract

The DOC entered into a contract with ARAMARK Correctional Services, Inc., in July 1997. ARAMARK is responsible for all labor, food, supplies, and other materials required for the delivery of food services at all of the correctional facilities with the exception of Larned Correctional Mental Health Facility. At Larned Correctional Mental Health Facility, ARAMARK is responsible for labor only as the meals are prepared for Larned Correctional Mental Health Facility by Larned State Hospital. The current contract with ARAMARK was renegotiated in 2011 and will run through 2022.

FY 2018 Food Service Contract - Agency Estimate			
Facilities	9,060 ADP x 3 x 365 =	9,920,700 meals x \$1.550/meal	\$ 15,381,053
Larned Correctional Mental Health Facility		365 days x 600.24/day	219,088
Monitor Meals		36,500 meals x 1.25/meal	45,625
Equipment Maintenance and Replacement Fund			300,000
TOTAL			\$ 15,945,766

The **agency** estimates revised FY 2018 operating expenditures of \$15.9 million, including \$15.9 million from the State General Fund. The estimate is a decrease of \$239,769, or 1.5 percent, including a State General Fund increase of \$3,000, or less than 0.1 percent, from the FY 2018 approved amount. The all funds decrease is due to a projected decrease in the average daily population in the facilities covered by the food service contract. The State General Fund increase is attributable to the DOC transferring the contract dietician from Reentry and Offender Programs to the Food Service program. Additionally, a transfer of \$82,211 is being placed into the General Fees Fund from the Correctional Industries Fund in FY 2018.

The **Governor** concurs with the agency's revised estimate for the food service contract in FY 2018.

FY 2019 Food Service Contract - Agency Estimate			
Facilities	9,059 ADP x 3 x 365 =	9,919,605 meals x \$1.581/meal	\$ 15,686,943
Larned Correctional Mental Health Facility		365 days x 584.46/day	223,471
Monitor Meals		36,500 meals x 1.25/meal	45,625
Equipment Maintenance and Replacement Fund			300,000
TOTAL			\$ 16,256,039

The **agency** estimates revised FY 2019 operating expenditures of \$16.3 million, including \$15.9 million from the State General Fund. The estimate is a decrease of \$280,986, or 1.7 percent, including a State General Fund increase of \$3,000, or less than 0.1 percent, from the FY 2019 approved amount. The all funds decrease is due to a projected decrease in the average daily population in the facilities covered by the food service contract. The State General Fund increase is attributable to the contract dietician being moved from Reentry and Offender Programs to the Food Service program. Additionally, a transfer of \$392,484 is being placed into the General Fees Fund from the Correctional Industries Fund for FY 2019.

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

E. Administration

The Administration program includes the activities of the Secretary of Corrections and other administrative and support personnel for the operation of the Department of Corrections and the management and oversight of correctional facilities and programs providing services to inmates, parolees, and other offenders. The program also includes information systems and communications personnel responsible for planning, operation, and support of all technology and telecommunications functions. This year, the Department of Corrections budgeted Facilities Management, formerly expenditures in the Administration program, as its own distinct program as part of the performance-based budgeting initiative. Facilities Management now refers to the portion of the Central Office budget that helps to maintain and operate the correctional facilities.

Administration Subprograms. The Administration Program is comprised of three subprograms: Administration, Information Services, and Evasions Apprehension and Investment. These are detailed below:

- Administration includes the activities of the Secretary of Corrections and other administrative and support personnel responsible for the operation, management, and oversight of the agency, including the development and implementation of policy and facility oversight;
- Information Services is a subprogram responsible for the planning, operation, and support of all information technology functions and telecommunications; and
- Evasions Apprehension and Investment includes the Secretary, who was previously in the Administration program, and field agents, who were previously placed in the community supervision program.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 7,138,275	\$ 6,508,276	\$ 6,508,276	\$ 6,680,519	\$ 6,680,519
Contractual Services	4,041,341	5,347,502	4,521,124	7,301,791	6,475,413
Commodities	104,824	113,348	113,348	113,348	113,348
Capital Outlay	659,416	0	0	3,429,140	400,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,943,856	\$ 11,969,126	\$ 11,142,748	\$ 17,524,798	\$ 13,669,280
Aid to Local Units	0	0	0	0	0
Other Assistance	8,888	0	0	0	0
TOTAL	\$ 11,952,744	\$ 11,969,126	\$ 11,142,748	\$ 17,524,798	\$ 13,669,280
Financing:					
State General Fund	\$ 9,843,540	\$ 10,311,494	\$ 9,485,116	\$ 15,860,526	\$ 12,005,008
All Other Funds	2,109,204	1,657,632	1,657,632	1,664,272	1,664,272
TOTAL	\$ 11,952,744	\$ 11,969,126	\$ 11,142,748	\$ 17,524,798	\$ 13,669,280
FTE Positions	110.0	98.0	98.0	98.0	98.0

The **agency** estimates revised FY 2019 operating expenditures of \$17.5 million, including \$15.9 million from the State General Fund. The estimate is an increase of \$6.3 million, or 55.7 percent, including a State General Fund increase of \$6.3 million, or 66.3 percent, above the approved amount. The all funds increase is primarily attributable to the agency's four supplemental requests totaling \$4.3 million, all from the State General Fund. **Absent the supplemental**, the agency estimates operating expenditures of \$13.3 million, including \$11.6 million from the State General Fund. The estimate includes 98.0 total FTE positions, which is a decrease of 12.0 FTE positions below the approved number. The FTE decrease is primarily due to the Central Office dividing the Administration program into the Administration program and the Facility Operations program. The major changes for FY 2019 are outlined below:

- **Salaries and Wages.** The agency estimates \$6.7 million for salaries and wages. The estimate is a decrease of \$384,339, or 5.4 percent, below the approved amount. The decrease is primarily attributable to Facility Operations becoming its own program;
- **Contractual Services.** The agency estimates \$7.3 million for contractual services. The estimate is an increase of \$3.2 million, or 79.0 percent, above the approved amount. The increase is primarily due to a \$1.0 million transfer from the Kansas Department for Aging and Disability Services to the DOC for the displaced inmates who were placed in county jails when Larned State Hospital closed 60 beds dedicated to DOC inmates, a \$2.7 million transfer, all from the State General Fund, based on projected savings due to the construction of a new facility and corresponding staff reductions and cost efficiencies gained through it, and the agency's supplemental request for costs associated with the statewide cloud-based e-mail conversion maintenance and upkeep (\$826,378);
- **Capital Outlay.** The agency estimates \$3.4 million for capital outlay. The estimate is an increase of 100.0 percent above the approved amount. The

increase is attributable to the agency's supplemental requests for Total Offender Automated Documentation System (TOADS) replacement (\$2.1 million), server replacements (\$1.2 million), and vehicles (\$58,400); and

- **Commodities.** The agency estimates \$113,348 for commodities. The estimate is an increase of \$612, or 0.5 percent, above the approved amount. The increase is primarily attributable to the purchase of office supplies.

The **Governor** recommends operating expenditures of \$13.7 million, including \$12.0 million from the State General Fund, for FY 2019. The recommendation is a decrease of \$3.9 million, all from the State General Fund, or 22.0 percent, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental requests to maintain statewide cloud-based e-mail conversion (\$826,378), TOADS information processing equipment replacement (\$2.1 million), the replacement of servers (\$1.2 million), and the agency's original supplemental request to replace some vehicles in its fleet (\$58,400), offset by the Governor's recommendation to supplement the agency's budget with \$400,000 allowing the DOC Central Office to allocate as it sees fit to meet the vehicle needs throughout the DOC System.

F. Offender Programs

Offender programs provide direct program services to inmates and parolees. The agency bases its plan of treatment and programs on what is termed the evidence-based research literature, which identifies basic principles for guiding effective correctional programs and practice. As a result, the agency strives to provide the following services and programs to as many offenders as is financially possible, if those offenders are identified as capable of benefiting from the services or programs based on these guiding principles: (1) special, vocational, and academic education; (2) substance abuse treatment for incarcerated offenders; (3) community-based resources to assist offenders when they transition back into the community (Community Based Intermediate Treatment, Outpatient Treatment, and Community Residential Beds); (4) sex offender treatment services; and (5) other programs. In FY 2016, DOC combined the Reentry Services program with the offender programs. Due to the similar goals of both programs, the agency sought more efficient budgeting, tracking, and reporting of expenditures related to the successful reintegration of offenders into society.

Offender Programs Subprograms. The Offender Program is comprised of five subprograms; Housing, Mentoring, Mental Health, Program Providers, and Reentry Programs. These are detailed below:

- The Housing subprogram provides transitional housing for recently released offenders. The DOC has four housing specialists in Wichita, Topeka, Olathe, and Kansas City who work with various landlords, property managers, public housing authorities, parole officers, and unit team counselors to ensure that offenders have safe and affordable housing opportunities;
- The Mentoring subprogram, called Mentoring4Success, provides volunteer mentors to work with offenders pre- and post-release to secure employment and housing, work through family issues, and provide positive social influencing and modeling;

- The Mental Health subprogram works with offenders with mental illness to provide discharge planning services at Lansing, Hutchinson, El Dorado, Topeka, and Larned;
- The Program Providers subprogram contains expenditures for various contracts that provide programming services to offenders' reintegration into the community; and
- The Reentry subprogram works with offenders 18 months prior to release for high risk/need offenders and several months pre-release in all cases. These teams, and the treatment and program providers, receive support from a Central Office team that provides grant writing, policy development, data collection and review, skills development, training, and other support to the teams in the facilities and parole offices.

OFFENDER PROGRAMS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,793,285	\$ 3,974,106	\$ 3,974,106	\$ 4,081,017	\$ 4,081,017
Contractual Services	7,657,389	7,954,670	7,954,670	7,826,250	7,826,250
Commodities	24,198	23,274	23,274	19,362	19,362
Capital Outlay	929	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,475,801</i>	<i>\$ 11,952,050</i>	<i>\$ 11,952,050</i>	<i>\$ 11,926,629</i>	<i>\$ 11,926,629</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	66,067	50,000	50,000	50,000	50,000
TOTAL	<u>\$ 12,541,868</u>	<u>\$ 12,002,050</u>	<u>\$ 12,002,050</u>	<u>\$ 11,976,629</u>	<u>\$ 11,976,629</u>
Financing:					
State General Fund	\$ 7,230,889	\$ 4,677,290	\$ 4,677,290	\$ 4,670,510	\$ 4,670,510
All Other Funds	8,310,979	7,324,760	7,324,760	7,306,119	7,306,119
TOTAL	<u>\$ 15,541,868</u>	<u>\$ 12,002,050</u>	<u>\$ 12,002,050</u>	<u>\$ 11,976,629</u>	<u>\$ 11,976,629</u>
FTE Positions	83.0	71.0	71.0	71.0	71.0

The **agency** estimates revised FY 2019 operating expenditures of \$11.9 million, including \$4.7 million from the State General Fund. The estimate is a decrease of \$196,525, or 1.6 percent, including a State General Fund decrease of \$1.5 million, or 23.7 percent, below the approved amount. The decrease is primarily attributable to the agency increasing its shrinkage rate from 5.0 percent to 7.0 percent within the program. To reach a shrinkage rate of 7.0 percent, the agency is holding 5.0 FTE positions open through the year. The estimate includes 71.0 total FTE positions, which is a decrease of 13.0 FTE positions below the approved number. The batterers intervention program was moved from offender programs into victim services which accounts for a decrease of 6.0 FTE positions.

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

G. Victims Services

The Victim Services program provides services to victims of crimes and inmates in the DOC. These services include notification of changes in offender status, apology repository, public comment session advocacy, tours, victim/offender dialogue, visitation screenings, cease correspondence orders, safety planning/family reintegration, parole violation hearings, and victim impact classes.

Victims Services Subprograms. The Victims Services program is comprised of four subprograms: Victim Notification, Victim Service Liaison, Restorative Justice, and Batterers Intervention. These are detailed below:

- The Victim Notification subprogram is in accordance with KSA 22-3727 and provides written notification of a change in offender status in the case of an offender's release, death, and other listed changes;
- The Victim Service Liaison subprogram allows victims to interact with offenders without meeting them directly;
- The Restorative Justice subprogram provides services that are meant to make a victim of a crime whole; and
- Batterers intervention is certified by the Kansas Office of the Attorney General to provide services to offenders in prison and on parole. The mission of the subprogram is to hold batterers accountable, create nonviolent behavior, and promote safety for victims.

VICTIMS SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 854,970	\$ 1,258,300	\$ 1,258,300	\$ 1,291,293	\$ 1,291,293
Contractual Services	25,024	315,349	315,349	147,060	147,060
Commodities	4,108	91,938	91,938	48,199	48,199
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 884,102</i>	<i>\$ 1,665,587</i>	<i>\$ 1,665,587</i>	<i>\$ 1,486,552</i>	<i>\$ 1,486,552</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	11,394	0	0	0	0
TOTAL	\$ 895,496	\$ 1,665,587	\$ 1,665,587	\$ 1,486,552	\$ 1,486,552
Financing:					
State General Fund	\$ 368,776	\$ 785,695	\$ 785,695	\$ 806,028	\$ 806,028
All Other Funds	526,720	879,892	879,892	680,524	680,524
TOTAL	\$ 895,496	\$ 1,665,587	\$ 1,665,587	\$ 1,486,552	\$ 1,486,552
FTE Positions	16.0	23.0	23.0	23.0	23.0

The **agency** estimates revised FY 2019 operating expenditures of \$1.5 million, including \$806,028 from the State General Fund. The estimate is an increase of \$530,593, or 55.5 percent, including a State General Fund increase of \$456,910, or 130.9 percent, above the approved amount. The estimate includes 23.0 FTE positions, which is an increase of 7.0 FTE positions above the approved number. The FTE and monetary increases are both attributable to the agency adding six positions to victims services from the reentry program. One position is being held open due to budget constraints to adjust the shrinkage rate to 7.0 percent.

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

H. Facility Operations

In FY 2018, the DOC budgeted Facilities Management, formerly part of the Administration program, as its own distinct program as part of the performance-based budgeting initiative. Facilities Management now refers to the portion of the Central Office budget that helps to maintain and operate the correctional facilities. The agency believes it will be able to more accurately report the cost of maintaining and operating the facilities accordingly.

Facility Operations Subprograms. The Facility Operations Program is comprised of two subprograms: Classification and Sentencing and Design and Project Management. These are detailed below:

- The Classification and Sentencing subprogram is the part of the DOC Central Office that helps to manage offenders on the basis of their classifications and sentencings; and
- The Design and Project Management subprogram focuses on maintaining facilities and overseeing the construction of new facilities.

FACILITY OPERATIONS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 1,369,434	\$ 1,369,434	\$ 1,403,193	\$ 1,403,193
Contractual Services	0	5,000	5,000	5,000	5,000
Commodities	0	2,000	2,000	2,000	2,000
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 1,376,434</i>	<i>\$ 1,376,434</i>	<i>\$ 1,410,193</i>	<i>\$ 1,410,193</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 1,376,434	\$ 1,376,434	\$ 1,410,193	\$ 1,410,193
Financing:					
State General Fund	\$ 0	\$ 1,309,851	\$ 1,309,851	\$ 1,341,724	\$ 1,341,724
All Other Funds	0	66,583	66,583	68,469	68,469
TOTAL	\$ 0	\$ 1,376,434	\$ 1,376,434	\$ 1,410,193	\$ 1,410,193
FTE Positions	0.0	21.8	21.8	21.8	21.8

The **agency** estimates revised FY 2019 operating expenditures of \$1.4 million, including \$1.3 million from the State General Fund. The estimate is an increase of \$1.4 million, including a State General Fund increase of \$1.3 million, above the approved amount. The increase is attributable to the creation of the new program. The estimate includes 21.8 FTE positions. The expenditures categories for the agency for FY 2017 are outlined below:

- **Salaries and Wages.** The agency estimates \$1.4 million for salaries and wages. Expenditures in this category will pay for the 21.8 FTE positions. Shrinkage is set at 7.0 percent to stay within budget constraints;
- **Contractual Services.** The agency estimates expenditures of \$5,000 for in-state travel, subsistence, and other operating costs; and
- **Commodities.** The agency estimates \$2,000 for vehicle fuel and supplies.

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

I. Prisoner Review Board

The Prisoner Review Board was created in 2011 through Executive Reorganization Order No. 34, which abolished the Parole Board and transferred its duties and powers to the Prisoner Review Board. The Board consists of three members who conduct parole suitability hearings, final violation hearings and revocation consideration, and public comment sessions. The Chairperson is a full-time employee while the two other members served part-time on the Board while performing other duties within the agency until April 15, 2012. All three members are now full-time employees.

PRISONER REVIEW BOARD SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 435,601	\$ 402,560	\$ 402,560	\$ 412,910	\$ 412,910
Contractual Services	21,385	13,500	13,500	13,500	13,500
Commodities	2,114	1,500	1,500	1,500	1,500
Capital Outlay	28	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 459,128</i>	<i>\$ 417,560</i>	<i>\$ 417,560</i>	<i>\$ 427,910</i>	<i>\$ 427,910</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 459,128	\$ 417,560	\$ 417,560	\$ 427,910	\$ 427,910
Financing:					
State General Fund	\$ 356,834	\$ 417,560	\$ 417,560	\$ 427,910	\$ 427,910
All Other Funds	102,294	0	0	0	0
TOTAL	\$ 459,128	\$ 417,560	\$ 417,560	\$ 427,910	\$ 427,910
FTE Positions	6.0	6.0	6.0	6.0	6.0

The **agency** estimates revised FY 2019 operating expenditures of \$427,910, all from the State General Fund. The estimate is an increase of \$8,092, or 1.9 percent, including a State General Fund increase of \$109,632, or 34.4 percent, above the approved amount. The all funds increase is primarily attributable to an increase in employer contributions to KPERS (\$3,400), increased employer contributions to employee health care (\$3,448), and increased workers' compensation payments (\$3,045). The estimate includes 6.0 FTE positions, which is the same as the approved number.

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

J. Debt Service

The DOC is responsible for managing the construction and financing of facilities' structures throughout the state correctional system. The interest payments on the system's debt is funded under the DOC's operations budget.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	1,563,059	656,212	656,212	437,306	437,306
<i>Subtotal - Operations</i>	<i>\$ 1,563,059</i>	<i>\$ 656,212</i>	<i>\$ 656,212</i>	<i>\$ 437,306</i>	<i>\$ 437,306</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,563,059	\$ 656,212	\$ 656,212	\$ 437,306	\$ 437,306
Financing:					
State General Fund	\$ 140,428	\$ 106,812	\$ 106,812	\$ 65,556	\$ 65,556
All Other Funds	1,422,631	549,400	549,400	371,750	371,750
TOTAL	\$ 1,563,059	\$ 656,212	\$ 656,212	\$ 437,306	\$ 437,306
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates revised 2019 operating expenditures of \$437,306, including \$65,556 from the State General Fund. This is the same as the approved amount. The interest payments are in accordance with established schedules and cover three different bonds. Those projects include:

- The construction of the Kansas Juvenile Correctional Complex and the Larned Juvenile Correctional Facility (2013B Juvenile Correctional Facilities) (\$369,250);
- The rehabilitation and repair projects for adult correctional facilities (2007K Infrastructure Projects for Correctional Facilities) (\$65,556); and

- The design of two new cell houses at El Dorado Correctional Facility for a 512-bed expansion (2009L-4 Capacity Expansion Projects) (\$2,500).

The **Governor** concurs with the agency's revised estimate for its debt service program for FY 2019.

K. Kansas Correctional Industries

Kansas Correctional Industries (KCI) manufactures a variety of products at correctional facilities using inmate labor. These products are sold to government units or not-for-profit organizations. KCI employs 11.0 percent of the total inmate population. Approximately 60.0 percent of sales are with other state agencies, with the balance divided among other eligible organizations.

Kansas Correctional Industries Subprograms. The Kansas Correctional Industries program is comprised of two subprograms: Administration and Kansas Correctional Industries. These are detailed below:

- The Administration subprogram of Kansas Correctional Industries is responsible for the management and oversight of inmates, facilities, and product distribution of the goods made by Kansas Correctional Industries; and
- The Kansas Correctional Industries subprogram is comprised of numerous divisions, including, but not limited to: private industries; the metal products division; the sign and graphics division; the dental program; the farm division; textiles; canteen; sales and marketing division; and warehouses.

KANSAS CORRECTIONAL INDUSTRIES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,308,246	\$ 3,341,695	\$ 3,341,695	\$ 3,439,954	\$ 3,439,954
Contractual Services	1,191,291	1,420,906	1,420,906	1,290,085	1,290,085
Commodities	4,854,510	6,438,010	6,438,010	6,804,055	6,804,055
Capital Outlay	406,499	1,154,722	1,154,722	524,700	524,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 9,760,546</i>	<i>\$ 12,355,333</i>	<i>\$ 12,355,333</i>	<i>\$ 12,058,794</i>	<i>\$ 12,058,794</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,572	0	0	0	0
TOTAL	\$ 9,762,118	\$ 12,355,333	\$ 12,355,333	\$ 12,058,794	\$ 12,058,794
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	9,762,118	12,355,333	12,355,333	12,058,794	12,058,794
TOTAL	\$ 9,762,118	\$ 12,355,333	\$ 12,355,333	\$ 12,058,794	\$ 12,058,794
FTE Positions	56.0	56.0	56.0	56.0	56.0

The **agency** estimates revised FY 2019 operating expenditures of \$12.1 million, all from special revenue funds. The estimate is an increase of \$1.6 million, or 15.6 percent, above the approved amount. The estimate includes 56.0 FTE positions, which is unchanged from the approved number. The major changes for FY 2019 are outlined below:

- **Salaries and Wages.** The agency estimates \$3.4 million for salaries and wages. The estimate is an increase of \$219,645, or 6.8 percent, above the approved amount. The increase is primarily attributable to increased wages (\$120,988), increased employer contributions to health care (\$54,328), increased employer contributions for corrections retirement (\$27,566), and increased employer contributions to Medicare (\$22,562);
- **Contractual Services.** The agency estimates \$1.3 million for contractual services. The estimate is a decrease of \$24,782, or 1.9 percent, below the approved amount. The decrease is primarily attributable to a reduction in copy and print materials (\$82,725) and a reduction in contracted services (\$124,000), offset by increases in repair and service equipment (\$43,425) and rent (\$68,000);
- **Commodities.** The agency estimates \$6.8 million for commodities. The estimate is an increase of \$1.3 million, or 22.9 percent, above the approved amount. The increase is primarily attributable to an increase in the raw materials for its work-site operations (\$1.3 million); and
- **Capital Outlay.** The agency estimates \$524,700 for capital outlay. The estimate is an increase of \$163,700, or 45.3 percent, above the approved amount. The increase is primarily attributable to the budgeting for equipment replacement for the Metal Products division (\$100,000), a box-cutting machine (\$30,000), and expenses related to the purchase of a new grain trailer (\$73,700).

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

Department of Corrections, Correctional Facilities

The following portion of this budget analysis only describes the Department of Corrections' correctional facilities. This section will include two summary operating budget tables, treating each facility as though it were a program, followed by analysis of each correctional facility. The section includes programs designated as L through U. These sections will not detail specific capital improvement projects at these facilities.

Summary of DOC Facilities Operating Budget FY 2017 - FY 2019

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Department of Corrections

Actual FY 2017	Agency Estimate				Governor's Recommendation			
	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
41,310,039	40,156,005	40,041,726	\$ (114,279)	(0.3) %	\$ 40,156,005	\$ 40,330,790	\$ 174,785	0.4 %
31,382,713	31,695,294	32,105,477	410,183	1.3	31,695,294	32,722,886	1,027,592	3.2
28,603,649	29,420,023	30,409,840	989,817	3.4	29,420,023	30,481,295	1,061,272	3.6
16,306,040	19,799,941	20,454,303	654,362	3.3	19,799,941	20,760,903	960,962	4.9
15,779,381	15,889,557	16,407,020	517,463	3.3	15,889,557	16,520,768	631,211	4.0
15,262,498	15,472,068	15,871,052	398,984	2.6	15,472,068	16,087,041	614,973	4.0
14,411,240	14,660,872	14,872,729	211,857	1.4	14,660,872	15,179,089	518,217	3.5
13,093,730	13,425,230	13,831,162	405,932	3.0	13,425,230	13,888,635	463,405	3.5
10,713,880	11,004,252	11,385,526	381,274	3.5	11,004,252	11,482,416	478,164	4.3
4,729,049	0	0	0	--	0	0	0	--
\$ 191,592,219	\$ 191,523,242	\$ 195,378,835	\$ 3,855,593	2.0 %	\$ 191,523,242	\$ 197,453,823	\$ 5,930,581	3.1 %
Expenditure:								
\$ 161,381,914	\$ 160,835,226	\$ 162,622,740	\$ 1,787,514	1.1 %	\$ 160,835,226	\$ 166,097,349	\$ 5,262,123	3.3 %
19,525,218	20,591,117	20,794,886	203,769	1.0	20,591,117	20,794,886	203,769	1.0
8,866,300	9,496,413	9,958,961	462,548	4.9	9,496,413	9,933,195	436,782	4.6
1,784,249	599,386	2,001,018	1,401,632	233.8	599,386	627,163	27,777	4.6
0	0	0	0	--	0	0	0	--
\$ 191,557,681	\$ 191,522,142	\$ 195,377,605	\$ 3,855,463	2.0 %	\$ 191,522,142	\$ 197,452,593	\$ 5,930,451	3.1 %
0	0	0	0	--	0	0	0	--
34,538	1,100	1,230	130	11.8	1,100	1,230	130	11.8
\$ 191,592,219	\$ 191,523,242	\$ 195,378,835	\$ 3,855,593	2.0 %	\$ 191,523,242	\$ 197,453,823	\$ 5,930,581	3.1 %
Financing:								
\$ 189,995,937	\$ 189,459,485	\$ 193,416,851	\$ 3,957,366	2.1 %	\$ 189,459,485	\$ 195,491,839	\$ 6,032,354	3.2 %
657,480	637,089	605,045	(32,044)	(5.0)	637,089	605,045	(32,044)	(5.0)
938,802	1,426,668	1,356,939	(69,729)	(4.9)	1,426,668	1,356,939	(69,729)	(4.9)
\$ 191,592,219	\$ 191,523,242	\$ 195,378,835	\$ 3,855,593	2.0 %	\$ 191,523,242	\$ 197,453,823	\$ 5,930,581	3.1 %

L. Lansing Correctional Facility

Lansing Correctional Facility (LCF), authorized by the *Kansas Constitution* in 1859 as the Kansas State Penitentiary, is the state's largest facility for the incarceration and rehabilitation of adult male offenders at the minimum, medium, and maximum-custody levels. Lansing Correctional Facility is composed of three units with a total capacity of 2,405 inmates. The Central Unit has a capacity for 1,038 maximum security inmates inside the walled unit that covers 2,637 acres encompassing LCF's Central and East Units. In 1990, the name of the Kansas State Penitentiary was changed to Lansing Correctional Facility. An additional 743 beds are in the adjacent medium-custody facility. The medium security facility is a pod design rather than the traditional cell house configuration.

The LCF complex includes 128 buildings on 2,637 acres of land. The headquarters of Kansas Correctional Industries, as well as many of the Kansas Correctional Industries manufacturing shops, is located on the LCF grounds.

LANSING CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 35,125,959	\$ 34,291,251	\$ 34,291,251	\$ 33,685,413	\$ 34,432,282
Contractual Services	3,760,961	3,859,665	3,859,665	3,798,845	3,798,845
Commodities	1,999,872	1,821,272	1,821,272	2,048,396	2,022,630
Capital Outlay	421,249	183,817	183,817	509,072	77,033
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 41,308,041</i>	<i>\$ 40,156,005</i>	<i>\$ 40,156,005</i>	<i>\$ 40,041,726</i>	<i>\$ 40,330,790</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,998	0	0	0	0
TOTAL	\$ 41,310,039	\$ 40,156,005	\$ 40,156,005	\$ 40,041,726	\$ 40,330,790
Financing:					
State General Fund	\$ 40,970,039	\$ 39,866,005	\$ 39,866,005	\$ 39,751,726	\$ 40,040,790
All Other Funds	340,000	290,000	290,000	290,000	290,000
TOTAL	\$ 41,310,039	\$ 40,156,005	\$ 40,156,005	\$ 40,041,726	\$ 40,330,790
FTE Positions	682.0	684.0	684.0	684.0	684.0

The **agency** estimates revised FY 2018 operating expenditures of \$40.2 million, including \$39.9 million from the State General Fund. The estimate is a decrease of \$782,579, or 1.9 percent, including a State General Fund decrease of \$452,284, or 1.9 percent, below the approved amount. The decrease is due to a \$958,223 transfer, all from the State General Fund, to the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff, offset by a \$91,784 reappropriation from the State General Fund and the transfer of two reentry staff from the Central Office (\$113,860). The estimate includes 684.0 FTE positions, which is an increase of 2.0 FTE positions above the approved number in FY 2018. The FTE increase is attributable to the transfer of 2.0 reentry positions from the DOC to LCF.

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

The **agency** requests FY 2019 operating expenditures of \$40.0 million, including \$39.8 million from the State General Fund. The request is a decrease of \$1.2 million, or 2.9 percent, including a State General Fund decrease of \$1.2 million, or 2.9 percent, below the approved amount. The decrease is primarily due to a reduction in salaries and wages (\$1.6 million), largely attributable to the agency budgeting for 87 unfunded positions during the demolition and construction of the medium security unit, and a reduction in contractual services due to the inmate population of LCF being expected to drop from 2,405 to 1,811 inmates (\$390,160), offset by the agency's four supplemental requests totaling \$1.3 million, all from the State General Fund. The agency's supplemental requests are to fund the security staff affected by Executive Directive No. 17-482 (\$803,561), and for information technology equipment replacement costs (\$265,505), security equipment (\$28,974), and vehicle replacements (\$192,300). **Absent the supplementals**, the agency's request is \$2.5 million, or 6.0 percent, including a State General Fund decrease of \$2.5 million, or 6.0 percent, below the approved amount. The request includes 684.0 FTE positions, which is an increase of 2.0 FTE positions above the approved number for FY 2019. The increase is attributable to the transfer of 2.0 reentry positions from the Central Office to LCF.

The **Governor** recommends operating expenditures of \$40.3 million, including \$40.0 million from the State General Fund, for FY 2019. The recommendation is an increase of \$289,064, all from the State General Fund, or 0.7 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending three supplementals be added to the agency's budget to increase the salaries and wages of LCF uniformed correctional staff to the same rate as El Dorado Correctional Facility staff (\$813,769), for an increase for LCF professionals who were not covered by Executive Directive No. 17-482 (\$85,991), and to purchase security equipment (\$18,766), offset by the Governor not recommending the agency's supplemental requests for IT equipment (\$265,505) and vehicle replacements (\$192,300).

M. Hutchinson Correctional Facility

The history of Hutchinson Correctional Facility (HCF) dates to 1988 when the Kansas Legislature appropriated \$1.0 million for the Kansas State Industrial Reformatory. Modeled after the Elmira Reformatory of New York, the facility's first cell house, Cell House A, was completed in 1898, which contained 200 single occupancy cells, each 40 square feet in size.

Today, Hutchinson Correctional Facility is a 1,768-bed, multi-unit correctional facility housing male inmates at the minimum, medium, and maximum security levels. The Central Unit houses maximum- and medium-custody inmates in the traditional walled and secure prison environment. The East Unit is a medium-custody, fenced-in facility with several treatment programs, including the Industrial program that provides a number of inmate jobs. The South Unit is a minimum security facility providing community service to the City of Hutchinson and other eligible organizations, including several duties for HCF. The purpose of the Work Release Unit, opened in 1972 and contained in the South Unit, is to place inmates in a community job to facilitate their transitions from HCF to society.

**HUTCHINSON CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 26,657,570	\$ 27,046,113	\$ 27,046,113	\$ 27,216,992	\$ 27,954,151
Contractual Services	2,579,993	2,656,880	2,656,880	2,723,633	2,723,633
Commodities	1,867,918	1,992,301	1,992,301	2,045,102	2,045,102
Capital Outlay	272,454	0	0	119,750	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 31,377,935	\$ 31,695,294	\$ 31,695,294	\$ 32,105,477	\$ 32,722,886
Aid to Local Units	0	0	0	0	0
Other Assistance	4,778	0	0	0	0
TOTAL	\$ 31,382,713	\$ 31,695,294	\$ 31,695,294	\$ 32,105,477	\$ 32,722,886
Financing:					
State General Fund	\$ 31,171,666	\$ 31,497,043	\$ 31,497,043	\$ 31,906,672	\$ 32,524,081
All Other Funds	211,047	198,251	198,251	198,805	198,805
TOTAL	\$ 31,382,713	\$ 31,695,294	\$ 31,695,294	\$ 32,105,477	\$ 32,722,886
FTE Positions	507.0	507.0	507.0	507.0	507.0

The **agency** estimates revised FY 2018 operating expenditures of \$31.7 million, including \$31.5 million from the State General Fund. The estimate is an increase of \$655,286, or 2.1 percent, including a State General Fund increase of \$653,605, or 2.1 percent, above the approved amount. The increase is primarily due to a \$586,602 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and a State General Fund reappropriation of \$67,003. The estimate includes 507.0 FTE positions, which is unchanged from the approved number in FY 2018.

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

The **agency** requests FY 2019 operating expenditures of \$32.1 million, including \$31.9 million from the State General Fund. The request is an increase of \$844,019, or 2.7 percent, including a State General Fund increase of \$846,019, or 2.7 percent, above the approved amount. The increase is primarily due to the agency's two supplemental requests. The agency has a supplemental request to finance Executive Directive No. 17-482 for increased pay for security staff (\$726,269) and a \$119,750 supplemental request for 70 desktop monitors, six network switches, a server, and desktop computers. **Absent the supplementals**, the agency's request is a decrease of \$1,315, or less than 0.1 percent, below the approved amount. The request includes 507.0 FTE positions, which is unchanged from the approved number for FY 2019.

The **Governor** recommends operating expenditures of \$32.7 million, including \$32.5 million from the State General Fund, for FY 2019. The recommendation is an increase of \$617,409, all from the State General Fund, or 1.9 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to the agency's revised estimate to increase the salaries and wages of DOC uniformed correctional staff at HCF to the same rate as El Dorado Correctional Facility staff (\$640,880) and to provide a salary increase to HCF professionals who were not covered by Executive Directive No. 17-482 (\$96,279), offset by the Governor not recommending the agency's supplemental request for IT equipment (\$119,750).

N. El Dorado Correctional Facility

The 1989 Legislature authorized the construction of the El Dorado Correctional Facility (EDCF) at a cost of \$58.0 million. Initially built with a capacity of 640 beds, a multi-housing dormitory was added in 1995 and two additional cell houses were added in 2001 at a cost of \$17.5 million, bringing the capacity at the Central Unit to 1,365 inmates.

EDCF houses special management and maximum-, medium-, and minimum-custody inmates. Two of the Central Unit's five cell houses are designated for long-term involuntary segregation inmates in single cells. For security and control reasons, these inmates cannot be maintained in general population status at any other correctional facility. A third Central Unit cell house is available as needed for segregation purposes and an Intensive Management Unit (IMU) was added in January 2003. The addition divides the cell house's inmate capacity equally between segregation inmates and IMU inmates. The other two Central Unit cell houses provide medium-custody beds.

The Reception and Diagnostic Unit (RDU) became the state's central intake point for all male offenders committed to the custody of the Secretary of Corrections. Inmates are classified at the maximum-custody level until they are processed, evaluated, classified, and designated to be delivered to one of the state's correctional facilities. The transfer of the RDU center from the Topeka Correctional Facility began in 1998 when the Legislature appropriated funds to plan construction of two new housing units and the RDU transfer. The effort continued until 2002 when full-year RDU funding was placed in the EDCF budget.

EL DORADO CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 24,662,662	\$ 25,004,672	\$ 25,004,672	\$ 25,636,414	\$ 25,811,869
Contractual Services	2,573,950	2,697,337	2,697,337	2,760,326	2,760,326
Commodities	1,242,794	1,718,014	1,718,014	1,798,888	1,798,888
Capital Outlay	116,549	0	0	214,212	110,212
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 28,595,955</i>	<i>\$ 29,420,023</i>	<i>\$ 29,420,023</i>	<i>\$ 30,409,840</i>	<i>\$ 30,481,295</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	7,694	0	0	0	0
TOTAL	<u>\$ 28,603,649</u>	<u>\$ 29,420,023</u>	<u>\$ 29,420,023</u>	<u>\$ 30,409,840</u>	<u>\$ 30,481,295</u>
Financing:					
State General Fund	\$ 28,521,976	\$ 29,400,023	\$ 29,400,023	\$ 30,389,840	\$ 30,461,295
All Other Funds	81,673	20,000	20,000	20,000	20,000
TOTAL	<u>\$ 28,603,649</u>	<u>\$ 29,420,023</u>	<u>\$ 29,420,023</u>	<u>\$ 30,409,840</u>	<u>\$ 30,481,295</u>
FTE Positions	485.0	486.0	486.0	486.0	486.0

The **agency** estimates revised FY 2018 operating expenditures of \$29.4 million, including \$29.4 million from the State General Fund. The estimate is an increase of \$1.1 million, or 3.9 percent, above the approved amount, all from the State General Fund. The increase is primarily due to a \$977,493 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff, a \$53,393 State General Fund transfer from the Central Office for treatment programs, and a State General Fund reappropriation of \$68,719. The estimate includes 486.0 FTE positions, which is an

increase of 1.0 FTE position above the approved number in FY 2018. The increase is attributable to a counselor that worked at EDCF but was budgeted under the Central Office being transferred to EDCF's budget.

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

The **agency** requests FY 2019 operating expenditures of \$30.4 million, including \$30.4 million from the State General Fund. The request is an increase of \$1.9 million, or 6.6 percent, above the approved amount, all from the State General Fund. The increase is primarily due to the agency's three supplemental requests. The agency has supplemental requests to finance Executive Directive No. 17-482 for increased pay for security staff (\$1.5 million), security equipment (*i.e.*, personal protective equipment and radio equipment) (\$191,086), and a supplemental request for passenger cars (\$40,000) and trucks (\$64,000). **Absent the supplementals**, the agency's request is \$28.6 million. The request includes 486.0 FTE positions, which is an increase of 1.0 FTE position above the approved number for FY 2019. The increase is attributable to a counselor that worked at EDCF but was budgeted under the Central Office being transferred to EDCF's budget.

The **Governor** recommends operating expenditures of \$30.5 million, including \$30.5 million from the State General Fund, for FY 2019. The recommendation is an increase of \$71,455, all from the State General Fund, or 0.2 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to the agency's revised estimate to provide EDCF with the ability to fund correctional staff in accordance with Executive Directive No. 17-482 at facilities in LaBette County (\$95,437) and for an increase for EDCF professionals who were not covered by Executive Directive No. 17-482 (\$80,018), offset by the Governor not recommending the agency's supplemental request for vehicle replacements (\$104,000).

O. Kansas Juvenile Correctional Complex

The state's first institution for juvenile rehabilitation was established in Topeka. In 1879, the Legislature provided for the selection of a site for a "state reform school," under the control of State Charitable Institutions, with statutory authority contained in KSA 76-2101 *et seq.* Subsequent name changes in 1901 and 1974 occurred, and the facility became known as the "Youth Center at Topeka" until the Juvenile Justice Authority assumed responsibility for operations in July 1997. Executive Reorganization Order No. 42 abolished the Juvenile Justice Authority and moved control of the facility to the DOC.

The Kansas Juvenile Correctional Complex is the only juvenile correctional facilities in the DOC and provides maximum and medium security beds for the following individuals:

- Adjudicated juveniles committed as juvenile offenders;
- Extended jurisdiction juveniles;
- Youth committed to the Secretary of Corrections; and
- Juvenile felons between the age of 10 and 22 ½.

The Kansas Juvenile Correctional Complex facility is divided into an east campus and a west campus and is comprised of five general areas: the diagnostic/classification area, maximum and medium security housing for male residents, secure female housing in the stand-alone Q/R/S/T building on the east campus, central programs areas, and administrative/support areas. All facility components are located within a secure perimeter fence, with the exception of administration and some general service areas. The facility is currently funded to operate 235 beds.

KANSAS JUVENILE CORRECTIONAL COMPLEX SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 12,149,096	\$ 14,309,623	\$ 14,309,623	\$ 14,952,592	\$ 15,259,192
Contractual Services	3,641,986	4,870,949	4,870,949	4,941,785	4,941,785
Commodities	300,506	373,200	373,200	373,200	373,200
Capital Outlay	210,680	246,169	246,169	186,726	186,726
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 16,302,268</i>	<i>\$ 19,799,941</i>	<i>\$ 19,799,941</i>	<i>\$ 20,454,303</i>	<i>\$ 20,760,903</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,772	0	0	0	0
TOTAL	\$ 16,306,040	\$ 19,799,941	\$ 19,799,941	\$ 20,454,303	\$ 20,760,903
Financing:					
State General Fund	\$ 15,782,670	\$ 19,215,405	\$ 19,215,405	\$ 19,917,734	\$ 20,224,334
All Other Funds	523,370	584,536	584,536	536,569	536,569
TOTAL	\$ 16,306,040	\$ 19,799,941	\$ 19,799,941	\$ 20,454,303	\$ 20,760,903
FTE Positions	232.5	355.5	355.5	355.5	355.5

The **agency** estimates revised FY 2018 operating expenditures of \$19.8 million, including \$19.2 million from the State General Fund. The estimate is a decrease of \$3.7 million, or 15.7 percent, including a \$3.8 million decrease from the State General Fund, or 16.6 percent, below the approved amount. The decrease is primarily due to the agency transferring \$4.0 million, all from the State General Fund, to the DOC to fund initiatives associated with 2016 SB 367, offset by a State General Fund reappropriation of \$180,232. The estimate includes 355.5 FTE positions, which is unchanged from the FY 2018 approved number, but the agency is filling 276.5 positions in FY 2018. Leaving 79.0 positions open will allow the agency to transfer the \$4.0 million to the DOC.

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

The **agency** requests FY 2019 operating expenditures of \$20.5 million, including \$19.9 million from the State General Fund. The request is a decrease of \$3.2 million, or 13.5 percent, including a State General Fund decrease of \$3.3 million, or 14.1 percent, below the approved amount. The decrease is primarily attributable to the agency transferring \$3.5 million to the DOC to fund initiatives associated with 2016 SB 367, offset by the agency's supplemental request to finance Executive Directive No. 17-482 for increased pay for security staff (\$226,407). **Absent the supplementals**, the agency's request is \$20.2 million, including \$19.7 million from the State General Fund. The request includes 355.5 FTE positions, which is unchanged from the FY 2019 approved number, but the agency is only filling 276.5 positions for FY 2019. Leaving 79.0 positions open will allow the agency to transfer the \$3.5 million to the DOC.

The **Governor** recommends operating expenditures of \$20.8 million, including \$20.2 million from the State General Fund, for FY 2019. The recommendation is an increase of \$306,600, all from the State General Fund, or 1.5 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to increase the salaries and wages of DOC uniformed correctional staff at KJCC to the same rate as El Dorado Correctional Facility staff (\$268,972) and for an increase for KJCC professionals who were not covered by Executive Directive No. 17-482 (\$37,628).

P. Norton Correctional Facility

Norton Correctional Facility (NCF) opened in 1987. NCF includes a 707-bed facility that houses male offenders and occupies the buildings of the former Norton State Hospital and a 112-bed Stockton, Kansas, facility that was converted from a farm implement dealership building. In FY 2004, the Stockton facility added 16 beds, raising its capacity to 128. NCF currently has 537 medium and 296 minimum security beds for a total capacity of 835. Kansas Correctional Industries (KCI) maintains its microfilming operation at NCF and employs inmate labor.

NORTON CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 13,804,794	\$ 13,638,348	\$ 13,638,348	\$ 13,810,323	\$ 14,105,871
Contractual Services	1,075,113	1,394,516	1,394,516	1,465,167	1,465,167
Commodities	601,188	687,043	687,043	778,150	778,150
Capital Outlay	296,714	169,400	169,400	353,000	171,200
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 15,777,809	\$ 15,889,307	\$ 15,889,307	\$ 16,406,640	\$ 16,520,388
Aid to Local Units	0	0	0	0	0
Other Assistance	1,572	250	250	380	380
TOTAL	\$ 15,779,381	\$ 15,889,557	\$ 15,889,557	\$ 16,407,020	\$ 16,520,768
Financing:					
State General Fund	\$ 15,678,264	\$ 15,736,330	\$ 15,736,330	\$ 16,250,288	\$ 16,364,036
All Other Funds	101,117	153,227	153,227	156,732	156,732
TOTAL	\$ 15,779,381	\$ 15,889,557	\$ 15,889,557	\$ 16,407,020	\$ 16,520,768
FTE Positions	264.0	264.0	264.0	264.0	264.0

The **agency** estimates revised FY 2018 operating expenditures of \$15.9 million, including \$15.7 million from the State General Fund. The estimate is an increase of \$228,142, or 1.5 percent, including a State General Fund increase of \$236,707, or 1.5 percent, above the approved amount. The increase is primarily due to a \$236,503 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and a \$204 State General Fund reappropriation. The estimate includes 264.0 FTE positions, which is an increase of 1.0 FTE position above the approved number in FY 2018. The increase maintains staff at FY 2017 levels.

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

The **agency** requests FY 2019 operating expenditures of \$16.4 million, including \$16.3 million from the State General Fund. The request is an increase of \$661,671, or 4.2 percent, including \$629,145 from the State General Fund, or 4.0 percent, above the approved amount. The increase is primarily due to the agency's five supplemental requests totaling \$629,145. The agency is asking for the supplemental requests, all from the State General Fund, to finance Executive Directive No. 17-482 for increased pay for security staff (\$400,114), an A-Unit renovation (\$135,000), security equipment (*i.e.*, riot gear, ballistic vests, MHZ Radios, and digital radios) (\$37,231), health and safety equipment (\$10,000), and expanding its fleet by two vehicles (\$46,800). **Absent the supplementals**, the agency's request is \$15.8 million, including

\$15.6 million from the State General Fund. The request includes 264.0 FTE positions, which is an increase of 1.0 FTE position above the approved number for FY 2019. The increase maintains staff at FY 2017 levels.

The **Governor** recommends operating expenditures of \$16.5 million, including \$16.4 million from the State General Fund, for FY 2019. The recommendation is an increase of \$113,748, all from the State General Fund, or 0.7 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to increase the salaries and wages of DOC uniformed correctional staff at NCF to the same rate as El Dorado Correctional Facility staff (\$251,921) and for an increase for NCF professionals who were not covered by Executive Directive No. 17-482 (\$43,627), offset by not recommending the supplements for the A-Unit renovation nor the vehicle fleet expansion.

Q. Topeka Correctional Facility

Topeka Correctional Facility (TCF) dates back to 1961 when legislative action provided the Director of Penal Institutions the authority to convert facilities of the Topeka Technical College into a State Reception and Diagnostic Center (SRDC) with the primary function to perform evaluations of convicted offenders sentenced to the Kansas State Penitentiary and the Kansas State Industrial Reformatory. Inmate work crews from the Penitentiary performed the renovation and the first inmates were received in early 1962.

TCF is currently comprised of two units, which together house all of the state's incarcerated female offenders. The A-E Compound, formerly the Topeka Technical College, consists of six minimum/medium security dormitories and currently houses up to 474 female inmates. The I-J Compound, a medium/maximum security compound located on the grounds of what was previously the SRDC, currently has a capacity of 314. TCF's total capacity is 788.

Until March 2001, the Reception and Diagnostic Unit (RDU), also located on the grounds adjacent to the Central Unit, served as the state's central intake point for all male offenders committed to the custody of the Secretary of Corrections. The 1999 Legislature appropriated funds and bonding authority of \$16.0 million for the construction of two housing units and the transfer of the functions of the RDU to the El Dorado Correctional Facility. Construction was completed in Spring 2001 and the functions were transferred shortly thereafter. Female inmates continue to be evaluated at the TCF.

**TOPEKA CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 13,402,444	\$ 13,742,316	\$ 13,742,316	\$ 13,921,736	\$ 14,286,750
Contractual Services	1,116,427	1,057,752	1,057,752	1,043,166	1,043,166
Commodities	690,623	672,000	672,000	757,125	757,125
Capital Outlay	50,870	0	0	149,025	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 15,260,364</i>	<i>\$ 15,472,068</i>	<i>\$ 15,472,068</i>	<i>\$ 15,871,052</i>	<i>\$ 16,087,041</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,134	0	0	0	0
TOTAL	<u>\$ 15,262,498</u>	<u>\$ 15,472,068</u>	<u>\$ 15,472,068</u>	<u>\$ 15,871,052</u>	<u>\$ 16,087,041</u>
Financing:					
State General Fund	\$ 14,948,182	\$ 15,020,488	\$ 15,020,488	\$ 15,467,613	\$ 15,683,602
All Other Funds	314,316	451,580	451,580	403,439	403,439
TOTAL	<u>\$ 15,262,498</u>	<u>\$ 15,472,068</u>	<u>\$ 15,472,068</u>	<u>\$ 15,871,052</u>	<u>\$ 16,087,041</u>
FTE Positions	263.0	263.0	263.0	263.0	263.0

The **agency** estimates revised FY 2018 operating expenditures of \$15.5 million, including \$15.0 million from the State General Fund. The estimate is an increase of \$143,182, or 1.9 percent, including a State General Fund increase of \$135,251, or 0.9 percent, above the approved amount. The increase is primarily due to a \$226,082 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and a State General Fund reappropriation of \$164. The estimate includes 263.0 FTE positions, which is unchanged from the approved number in FY 2018.

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

The **agency** requests FY 2019 operating expenditures of \$15.9 million, including \$15.5 million from the State General Fund. The request is an increase of \$438,249, or 2.8 percent, including a State General Fund increase of \$467,368, or 3.1 percent, above the approved amount. The increase is primarily due to the agency's four supplemental requests totaling \$558,362, all from the State General Fund. The agency is asking for the supplemental requests to finance Executive Directive No. 17-482 for increased pay for security staff (\$384,212), security equipment (\$25,125), the replacement of a quarter of the agency's IT equipment (\$40,225), and the replacement of five vehicles (\$108,800). **Absent the supplementals**, the agency's request is \$15.3 million, including \$14.9 million from the State General Fund. The request includes 263.0 FTE positions, which is unchanged from the approved amount for FY 2019.

The **Governor** recommends operating expenditures of \$16.1 million, including \$15.9 million from the State General Fund, for FY 2019. The recommendation is an increase of \$215,989, all from the State General Fund, or 1.4 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to increase the salaries and wages of DOC uniformed correctional staff at TCF to the same rate as El Dorado Correctional Facility staff (\$328,070) and for an increase for TCF professionals who were not covered by Executive Directive No. 17-482 (\$36,944), offset by the Governor not recommending the agency's supplemental requests for vehicle replacements (\$108,800) and IT equipment (\$40,225).

R. Ellsworth Correctional Facility

Planning for the Ellsworth Correctional Facility (ECF) began in 1986 in response to the need for additional bed space due to a rapidly increasing inmate population. The first inmate was received in August 1988. Expansion projects were completed in the 632-bed medium and minimum-custody facility for male offenders in 1995 at a total construction cost of \$19.7 million.

The 2000 Legislature approved expenditures of \$6.1 million for the construction of a 100-cell housing unit at ECF. Due to the need for medium-custody beds, the DOC has opted to house 200 medium-custody inmates in the unit that was completed in May 2002. Also constructed during this time, using Violent Offender Incarceration/Truth in Sentencing funds and 10.0 percent state matching funds, was the expansion (completed in March 2002) of the existing warehouse, a Staff Development building completed in September 2002, and an Industrial Building completed in November 2002.

In June 2002, the InnerChange Freedom Initiative (IFI) was transferred from the Winfield Correctional Facility to ECF. Working with the State of Kansas and Prison Fellowship, IFI advances the DOC objectives of rehabilitation and recidivism reduction by exposing offenders to work, education, support groups, and victim-offender reconciliation.

ELLSWORTH CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 11,965,080	\$ 12,254,453	\$ 12,254,453	\$ 12,424,957	\$ 12,756,317
Contractual Services	1,351,743	1,474,431	1,474,431	1,460,489	1,460,489
Commodities	977,950	931,138	931,138	931,433	931,433
Capital Outlay	114,553	0	0	55,000	30,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,409,326</i>	<i>\$ 14,660,022</i>	<i>\$ 14,660,022</i>	<i>\$ 14,871,879</i>	<i>\$ 15,178,239</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,914	850	850	850	850
TOTAL	\$ 14,411,240	\$ 14,660,872	\$ 14,660,872	\$ 14,872,729	\$ 15,179,089
Financing:					
State General Fund	\$ 14,411,242	\$ 14,594,012	\$ 14,594,012	\$ 14,804,810	\$ 15,111,170
All Other Funds	(2)	66,860	66,860	67,919	67,919
TOTAL	\$ 14,411,240	\$ 14,660,872	\$ 14,660,872	\$ 14,872,729	\$ 15,179,089
FTE Positions	235.0	235.0	235.0	235.0	235.0

The **agency** estimates revised FY 2018 operating expenditures of \$14.7 million, including \$14.6 million from the State General Fund. The estimate is an increase of \$200,035, or 1.4 percent, including a State General Fund increase of \$200,461, or 1.4 percent, above the approved amount. The increase is primarily due to a \$168,009 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and a State General Fund reappropriation of \$32,452. The estimate includes 235.0 FTE positions, which is unchanged from the approved number in FY 2018.

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

The **agency** requests FY 2019 operating expenditures of \$14.9 million, including \$14.8 million from the State General Fund. The request is an increase of \$310,228, or 2.1 percent, including a State General Fund increase of \$309,676, or 2.1 percent, above the approved amount. The increase is primarily due to the agency's three supplemental requests totaling \$309,676, all from the State General Fund. The agency is asking for the supplemental requests to finance Executive Directive No. 17-482 for increased pay for security staff (\$254,676), security cameras (\$30,000), and a vehicle (\$25,000). **Absent the supplementals**, the agency's request is \$14.6 million, including \$14.5 million from the State General Fund. The request includes 235.0 FTE positions, which is unchanged from the approved number for FY 2019.

The **Governor** recommends operating expenditures of \$15.2 million, including \$15.1 million from the State General Fund, for FY 2019. The recommendation is an increase of \$306,360, all from the State General Fund, or 2.1 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to increase the salaries and wages of DOC uniformed correctional staff at ECF to the same rate as El Dorado Correctional Facility staff (\$281,918) and for an increase for ECF professionals who were not covered by Executive Directive No. 17-482 (\$49,442), offset by the Governor not recommending the agency's supplemental requests for vehicle replacements (\$25,000).

S. Winfield Correctional Facility

Winfield Correctional Facility (WCF) is a minimum-custody facility for male inmates established in 1984. Until 1986, WCF served as a pre-release center but has since been renovated and remodeled to house 520 inmates in dormitory-like settings. During FY 2004, 16 beds were added to C Dorm and 18 in B Dorm, bringing the total capacity to 554. During the 1995 Session, funds were appropriated to renovate two buildings formerly used by the Winfield State Hospital and Training Center. In 1997, the Legislature appropriated funds to renovate and reoccupy one of the Winfield Correctional Facility dormitories, which reopened in the same year.

In September 1996, the DOC shifted the Wichita Work Release Facility and its budget from the DOC Central Office to the WCF office. The work release's 250-bed capacity increased the total capacity for the combined operations to 804.

**WINFIELD CORRECTIONAL FACILITY
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 10,577,596	\$ 10,872,373	\$ 10,872,373	\$ 11,146,323	\$ 11,403,796
Contractual Services	1,647,521	1,861,467	1,861,467	1,894,608	1,894,608
Commodities	630,469	691,390	691,390	590,231	590,231
Capital Outlay	234,178	0	0	200,000	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 13,089,764</i>	<i>\$ 13,425,230</i>	<i>\$ 13,425,230</i>	<i>\$ 13,831,162</i>	<i>\$ 13,888,635</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,966	0	0	0	0
TOTAL	\$ 13,093,730	\$ 13,425,230	\$ 13,425,230	\$ 13,831,162	\$ 13,888,635
Financing:					
State General Fund	\$ 13,098,281	\$ 13,143,427	\$ 13,143,427	\$ 13,542,642	\$ 13,600,115
All Other Funds	(4,551)	281,803	281,803	288,520	288,520
TOTAL	\$ 13,093,730	\$ 13,425,230	\$ 13,425,230	\$ 13,831,162	\$ 13,888,635
FTE Positions	201.0	201.0	201.0	201.0	201.0

The **agency** estimates revised FY 2018 operating expenditures of \$13.4 million, including \$13.1 million from the State General Fund. The estimate is an increase of \$192,614, or 1.5 percent, including a State General Fund increase of \$189,173, or 1.5 percent, above the approved amount. The increase is primarily due to a \$185,345 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and a State General Fund reappropriation of \$3,828. The estimate includes 201.0 FTE positions, which is an increase of 1.0 FTE position above the approved number in FY 2018. The increase is attributable to the agency wanting to hold its staffing levels at the same level as FY 2017.

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

The **agency** requests FY 2019 operating expenditures of \$13.8 million, including \$13.5 million from the State General Fund. The request is an increase of \$513,448, or 3.9 percent, including a State General Fund increase of \$503,761, or 3.9 percent, above the approved amount. The increase is primarily due to the agency's three supplemental requests totaling \$503,761, all from the State General Fund. The agency is asking for the supplemental requests to finance Executive Directive No. 17-482 for increased pay for security staff (\$303,761), a used trash truck (\$125,000), and vehicle replacements (\$75,000). **Absent the supplementals**, the agency's request is \$13.2 million, including \$13.0 million from the State General Fund. The request includes 201.0 FTE positions, which is an increase of 1.0 FTE position above the approved number for FY 2019. The increase is attributable to the agency wanting to hold its staffing levels at the same level as FY 2017.

The **Governor** recommends operating expenditures of \$13.9 million, including \$13.6 million from the State General Fund, for FY 2019. The recommendation is an increase of \$57,473, all from the State General Fund, or 0.4 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to increase the salaries and wages of DOC uniformed correctional staff at WCF to the same rate as El Dorado Correctional Facility staff (\$207,110) and for an increase for WCF professionals

who were not covered by Executive Directive No. 17-482 (\$50,363), offset by the Governor not recommending the agency's supplemental requests for vehicle replacements (\$75,000) and a trash truck (\$125,000).

T. Larned Correctional Mental Health Facility

Larned Correctional Mental Health Facility (LCMHF) houses and treats inmates who are unable to function in the general population of a correctional facility for mental health reasons but are not in need of acute care or hospitalization. Inmates are referred to LCMHF by other correctional facilities or by the Larned State Hospital. LCMHF is a transitional program in which inmates enter and leave the program rather than remaining at the Facility for a specific length of time. LCMHF was constructed to bring the State into compliance with a U.S. District Court consent decree order and began receiving inmates in January 1992. LCMHF's Central Unit contains 150 beds with future expansion capabilities to 300 beds. In addition, the West Unit contains 288 minimum-custody beds, mostly for male inmates who provide work detail labor for Larned State Hospital and local communities. However, some beds are for inmates with medical problems or who attend a chemical dependency recovery program.

LCMHF has a structured three-step program. Step A is the most restrictive with minimal privileges. All inmates entering the program spend at least 72 hours on this level. Step B offers increased out-of-cell time, cafeteria privileges, and activity therapy and group therapy in the living unit. Step C provides access to all programs, work assignments, and activities. Inmates may gain or lose step status based on program participation and behavior. Prior to FY 2001, the Chemical Dependency Program, which provides intensive evaluation and treatment for inmates, was operated by Larned State Hospital for the DOC. The 2000 Legislature shifted the program and funding, including capital improvement funding of \$300,000 from the Correctional Institutions Building Fund for renovation of space for the program at the LCMHF.

LARNED CORRECTIONAL MENTAL HEALTH FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 9,557,865	\$ 9,676,077	\$ 9,676,077	\$ 9,827,990	\$ 10,087,121
Contractual Services	575,702	718,120	718,120	706,867	706,867
Commodities	517,276	610,055	610,055	636,436	636,436
Capital Outlay	60,510	0	0	214,233	51,992
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,711,353</i>	<i>\$ 11,004,252</i>	<i>\$ 11,004,252</i>	<i>\$ 11,385,526</i>	<i>\$ 11,482,416</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,527	0	0	0	0
TOTAL	<u>\$ 10,713,880</u>	<u>\$ 11,004,252</u>	<u>\$ 11,004,252</u>	<u>\$ 11,385,526</u>	<u>\$ 11,482,416</u>
Financing:					
State General Fund	\$ 10,708,645	\$ 10,986,752	\$ 10,986,752	\$ 11,385,526	\$ 11,482,416
All Other Funds	5,235	17,500	17,500	0	0
TOTAL	<u>\$ 10,713,880</u>	<u>\$ 11,004,252</u>	<u>\$ 11,004,252</u>	<u>\$ 11,385,526</u>	<u>\$ 11,482,416</u>
FTE Positions	186.0	187.0	187.0	187.0	187.0

The **agency** estimates revised FY 2018 operating expenditures of \$11.0 million, including \$11.0 million from the State General Fund. The estimate is an increase of \$368,237 or 3.5 percent, including a State General Fund increase of \$368,237, or 3.3 percent, above the approved amount. The increase is primarily due to a \$175,937 transfer, all from the State General Fund, from the Central Office to help finance Executive Directive No. 17-482 for increased pay for security staff and another State General Fund Transfer from Central Office to pay for treatment programs (\$174,800). The estimate includes 187.0 FTE positions, which is an increase of 1.0 FTE position above the approved number in FY 2018. The increase is attributable to DOC transferring 1.0 FTE counselor position from offender programs to LCMHF.

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

The **agency** requests FY 2019 operating expenditures of \$11.4 million, all from the State General Fund. The request is an increase of \$753,200, or 7.1 percent, above the approved amount. The increase is primarily due to the agency's four supplemental requests totaling \$489,304, which is an increase of contractual service expenditures (\$96,410) and an increase in commodities (\$62,783). The agency is asking for the supplemental requests to finance Executive Directive No. 17-482 for increased pay for security staff (\$275,071), security equipment (\$51,992), information processing equipment (\$22,241), and the replacement of vehicles for perimeter patrol (\$140,000). **Absent the supplementals**, the agency's request is \$10.9 million, all from the State General Fund. The request includes 187.0 FTE positions, which is an increase of 1.0 FTE position above the approved number for FY 2019. The increase is attributable to DOC transferring 1.0 FTE counselor position from offender programs to LCMHF.

The **Governor** recommends operating expenditures of \$11.5 million, all from the State General Fund, for FY 2019. The recommendation is an increase of \$96,890, or 0.9 percent, above the agency's revised estimate. The increase is attributable to the Governor recommending two supplementals be added to the agency's revised estimate to increase the salaries and wages of DOC uniformed correctional staff at LCMHF to the same rate as El Dorado Correctional Facility staff (\$220,819) and for an increase for LCMHF professionals who were not covered by Executive Directive No. 17-482 (\$38,312), offset by the Governor not recommending the agency's supplemental requests for vehicle replacements (\$140,000) and IT equipment (\$22,241).

U. Larned Juvenile Correctional Facility

Larned Juvenile Correctional Facility (LJCF) is one of two state juvenile correctional facilities in Kansas providing custody and care for adjudicated juveniles. LJCF is administered by the DOC and operates as a medium and maximum security facility. On September 29, 2016, the DOC announced that LJCF would close on March 3, 2017. The DOC also stated it intended to keep youth housed at LJCF until January 23, 2017. All youth at the Facility will be transferred to the Kansas Juvenile Correctional Complex.

LARNED JUVENILE CORRECTIONAL FACILITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,478,848	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	1,201,822	0	0	0	0
Commodities	37,704	0	0	0	0
Capital Outlay	6,492	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,724,866</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	4,183	0	0	0	0
TOTAL	\$ 4,729,049	\$ 0	\$ 0	\$ 0	\$ 0
Financing:					
State General Fund	\$ 4,704,972	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	24,077	0	0	0	0
TOTAL	\$ 4,729,049	\$ 0	\$ 0	\$ 0	\$ 0
FTE Positions	140.0	0.0	0.0	0.0	0.0

The **agency** is not requesting any funds in FY 2018 or for FY 2019 due to its closing during FY 2017. The DOC identified 3.0 custodial staff members that it will employ at LJCF to maintain the facility in an attempt to slow the depreciation of the facility. These staff members are not featured on the table above as they are within the DOC Central Office budget.

The **Governor** concurs with the agency's estimates for FY 2018 and FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Central Office	\$ 8,883,323	\$ 8,883,323	\$ 10,085,000	\$ 10,085,000
Lansing CF	107,451	107,451	0	0
Topeka CF	264,774	264,774	0	0
Kansas Juvenile CC	791,249	791,249	0	0
Norton CF	201,107	201,107	0	0
Hutchinson CF	2,065,222	2,065,222	0	0
Larned Correctional MHF	199,197	199,197	0	0
Ellsworth CF	247,904	247,904	0	0
Larned Juvenile CF	0	0	0	0
El Dorado CF	774,156	774,156	0	0
Winfield CF	60,405	60,405	0	0
TOTAL	\$ 13,594,788	\$ 13,594,788	\$ 10,085,000	\$ 10,085,000
Financing:				
State General Fund	\$ 410,000	\$ 410,000	\$ 450,000	\$ 450,000
Correctional Industries Fund	595,350	595,350	885,000	885,000
Correctional Institutions Building Fund	7,234,235	7,234,235	4,625,000	4,625,000
State Institutions Building Fund	5,355,203	5,355,203	4,125,000	4,125,000
TOTAL	\$ 13,594,788	\$ 13,594,788	\$ 10,085,000	\$ 10,085,000

FY 2018 – Current Year. The agency estimates revised FY 2018 capital improvement expenditures of \$13.6 million, including \$410,000 from the State General Fund. All capital improvement projects are in accordance with the agency's five-year capital improvements plan. Major changes in FY 2018 are outlined below by facility:

- Central Office.** The agency estimates revised FY 2018 capital improvement expenditures of \$8.9 million, including \$410,000 from the State General Fund. The estimate is a decrease of \$1.0 million, or 10.1 percent, all from special revenue funds, below the approved amount. The estimate includes debt service principal payments totaling \$4.5 million, including \$410,000 from the State General Fund, for three different bonds and rehabilitation and repair expenditures totaling \$4.4 million, all from special revenue funds, for projects in accordance with the agency's five-year capital improvements plan. The decrease is primarily due to the agency only transferring \$3.0 million of the \$4.0 million of Correctional Institutions Building Fund (CIBF) money to the facility agencies in the DOC System, reserving CIBF dollars in the Central Office that may be transferred if needed;
- Hutchinson Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$2.1 million, all from the CIBF. The estimate is an increase of \$2.1 million, or 100.0 percent, above the approved amount. Major projects include clinic renovation (\$1.0 million), improved perimeter security (\$350,000), putting fronts on segregated cells (\$350,000), and for new rotunda controls (\$324,000);

- **Kansas Juvenile Correctional Complex.** The agency estimates FY 2018 capital improvement expenditures of \$791,249, all from the State Institutions Building Fund. The estimate is an increase of \$791,249, or 100.0 percent, above the approved amount. Major projects include the renovation of educational rooms (\$435,250), the renovation of Kanza (\$190,800), the renovation of a laundry room (\$93,636), and the Shawnee Renovation rehabilitation and repair project (\$67,965);
- **El Dorado Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$774,156, all from the CIBF. The estimate is an increase of \$774,156, or 100.0 percent, above the approved amount. Major projects include rehabilitation and repair work on a metal roof for the G cell (\$370,000), a laundry washer (\$137,000), a mental health classroom (\$68,000), exercise yard fencing (\$67,500), and the replacement of locks (\$41,156);
- **Topeka Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$264,774, all from the CIBF. The estimate is an increase of \$264,774, or 100.0 percent, above the approved amount. Major projects include the retrofit of a metal roof for the upgrade of an HVAC (\$160,000), the replacement of mechanical units at the G Dorm (\$52,000), and the upgrade of a fire alarm (\$35,801);
- **Ellsworth Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$247,904, all from the CIBF. The estimate is an increase of \$247,904, or 100.0 percent, above the approved amount. The major projects a re-roof of building 14 (\$182,000), the replacement of a sally port gate (\$35,000), and LED lighting upgrades (\$16,564);
- **Norton Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$201,107, all from the CIBF. The estimate is an increase of \$201,107, or 100.0 percent, above the approved amount. Major projects include the replacement of mechanical units (\$85,000), emergency repairs (\$50,000), and a rehabilitation and repair project for the fire stairs in the A dormitory (\$33,000);
- **Larned Correctional Mental Health Facility.** The agency estimates FY 2018 capital improvement expenditures of \$199,197, all from the CIBF. The estimate is an increase of \$199,197, or 100.0 percent, above the approved amount. Major projects include the installation of a staff alarm system (\$101,000) and the rehabilitation and repair for a sally port gate (\$75,000);
- **Lansing Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$107,451, all from the CIBF. The estimate is an increase of \$107,451, or 100.0 percent, above the approved amount. Major projects include the installation of a perimeter fence (\$40,000), the completion of the D cell house locking system (\$20,035), rehabilitation and repair on the lime pit closure (\$16,000), and three other projects totaling (\$31,416);

- **Winfield Correctional Facility.** The agency estimates FY 2018 capital improvement expenditures of \$60,405, all from the CIBF. The estimate is an increase of \$60,405, or 100.0 percent, above the approved amount. The major projects are for LED lighting (\$25,000), HVAC for the Administration building (\$13,900), and concrete paving (\$12,145); and
- **Larned Juvenile Correctional Facility.** The agency is closed and has no capital improvement budget in FY 2018.

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

FY 2019 – Budget Year. The agency estimates revised FY 2019 capital improvement expenditures of \$10.1 million, including \$450,000 from the State General Fund. Capital improvement expenditures for FY 2019 for the facilities will be made at the discretion of the DOC's Central Office. Major changes for FY 2017 are outlined below:

- **Central Office.** The agency estimates revised FY 2019 capital improvement expenditures of \$10.1 million, including \$450,000 from the State General Fund. The estimate is an increase of \$885,000, or 9.6 percent, all from the Correctional Industries Fund, above the approved amount. The estimate includes debt service principal payments totaling \$4.7 million, including \$450,000 from the State General Fund, for three different bonds and rehabilitation and repair expenditures totaling \$4.5 million, all from special revenue funds, for projects in accordance with the agency's five year capital improvements plan. The all funds increase is due to Kansas Correctional Industries (KCI) expanding and remodeling the KCI Administration Building (\$800,000) and to build a new hay barn to protect baled hay for horses in the Wild Horse Program (\$85,000).

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Department of Corrections Central Office:				
<i>Operations</i>				
Number of security audits conducted	10	10	10	10
Number of safety inspections conducted	N/A	200	300	300
Number of Community Correction programs requiring technical assistance and oversight by Central Administration	31	31	31	31
Number of individuals supported by information technology services	N/A	8,500	8,700	8,800
<i>Parole Services</i>				
Number of offenders under parole supervision	N/A	5,486	5,804	6,015
Number of offenders under parole supervision returned to prison with new sentences for felony offenses	N/A	195	195	150
Number of offenders under parole supervision returned to prison for condition violations	N/A	1,142	1,239	1,162
<i>Community Supervision</i>				
Average adult felony intensive supervision population	N/A	8,164	8,245	8,300
Number of adult felony residential centers	N/A	217	220	223
Total amount of restitution paid	N/A	\$525,135	\$528,740	\$530,326
<i>Treatment and Programs</i>				
Percent of GED/academic improvement	N/A	60.0%	60.0%	60.0%
Percent of successful vocation training skills	N/A	82.0%	85.0%	85.0%
Percent of successful college courses	N/A	98.0%	100.0%	100.0%
<i>Inmate Health Care</i>				
Percent of medical staff vacancies that will not exceed 5.0%	N/A	5.0%	5.0%	5.0%
Percent of mental health staff that will not exceed 5.0%	N/A	5.0%	5.0%	5.0%
Number of axis I mental health treatments	N/A	2,000	2,300	2,300
<i>Juvenile Services</i>				
Number of residential provider site visits conducted	14	11	10	10
Number of training sessions provided to agency stakeholders	2	9	5	5
Number of teleconferences provided for juvenile intake and assessment	N/A	12	12	12
<i>Prisoner Review Board</i>				
Number of meetings attended by the Board	N/A	205	225	225
<i>Victims Services</i>				
Number of victims who registered for services	32,000	32,753	33,000	33,500
Number of victims who received services	9,000	9,127	9,000	9,000
Number of victims served	N/A	436	500	575
<i>Food Service</i>				
Number of meals served to offenders	N/A	10,356,431	10,112,325	10,132,400
<i>Kansas Correctional Industries</i>				
Inmates participating in traditional industries program (ADP)	320	307	307	307
Inmates participating in private industry program (ADP)	821	748	748	748
Ellsworth Correctional Facility:				
Number of inmate-on-inmate batteries	10	7	10	10
Number of inmate assaults on staff	5	1	2	2
El Dorado Correctional Facility:				
Number of inmate-on-inmate batteries	26	29	33	45
Number of inmate assaults on staff	36	62	78	98
Hutchinson Correctional Facility:				
Number of inmate-on-inmate batteries	4	258	79	79
Number of inmate assaults on staff	20	72	36	36
Lansing Correctional Facility:				
Number of inmate-on-inmate batteries	80	83	68	62
Number of inmate assaults on staff	6	6	5	4

Larned Correctional Mental Health Facility:				
Number of inmate-on-inmate batteries	29	44	54	54
Number of inmate assaults on staff	100	114	119	119
Norton Correctional Facility:				
Number of inmate on inmate batteries	N/A	12	10	10
Number of inmate assaults on staff	N/A	0	0	0
Topeka Correctional Facility:				
Number of inmate-on-inmate batteries	20	33	30	29
Number of inmate assaults on staff	15	2	2	1
Winfield Correctional Facility:				
Percentage of inmates available for work who are employed	90.0%	90.0%	90.0%	90.0%
Percentage of inmates unemployed because of no jobs available	7.0%	7.0%	7.0%	7.0%
Kansas Juvenile Correctional Complex:				
Percent of offenders who showed improvement on standardized academic instruments	50.0%	52.0%	50.0%	50.0%
Percent of juveniles who complete substance abuse treatment	45.0%	64.0%	50.0%	55.0%
Percent of juveniles who complete sex offender treatment	90.0%	82.0%	90.0%	90.0%
Larned Juvenile Correctional Facility:				
Percent of offenders who showed improvements on standardized academic instruments in reading	72.0%	N/A	N/A	N/A
Percent of juveniles who complete substance abuse treatment	82.0%	N/A	N/A	N/A

ADJUTANT GENERAL'S DEPARTMENT

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 7,119,188	\$ 11,750,083	\$ 10,185,734	\$ 9,818,608	\$ 8,366,409
Other Funds	35,760,389	56,831,953	54,986,352	52,016,649	50,564,449
<i>Subtotal</i>	<i>\$ 42,879,577</i>	<i>\$ 68,582,036</i>	<i>\$ 65,172,086</i>	<i>\$ 61,835,257</i>	<i>\$ 58,930,858</i>
Capital Improvements:					
State General Fund	\$ 1,695,107	\$ 1,484,458	\$ 1,234,458	\$ 3,708,698	\$ 1,291,731
Other Funds	11,460,964	9,582,173	9,582,173	24,971,021	24,971,021
<i>Subtotal</i>	<i>\$ 13,156,071</i>	<i>\$ 11,066,631</i>	<i>\$ 10,816,631</i>	<i>\$ 28,679,719</i>	<i>\$ 26,262,752</i>
TOTAL	\$ 56,035,648	\$ 79,648,667	\$ 75,988,717	\$ 90,514,976	\$ 85,193,610

Percentage Change:

Operating Expenditures

State General Fund	2.6 %	65.0 %	43.1 %	(16.4) %	(17.9) %
All Funds	(9.1)	59.9	52.0	(9.8)	(9.6)

FTE Positions	253.5	259.5	259.5	259.5	259.5

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 Adjutant General's Department provides for the organization and readiness training of the Kansas Air and Army National Guard, implementation of statewide Emergency Management programs, and homeland security for Kansas. The Adjutant General is the Governor's appointed military chief of staff, commanding the National Guard, and also serves as Director of Kansas Emergency Management and Director of Kansas Homeland Security. The Kansas National Guard has over 7,200 members across the state working in full-time civilian jobs and performing federal military duty on scheduled training weekends and summer camps. The agency assists Kansans during events such as winter storms, floods, tornadoes, wild fires, electrical power failures, hazardous material incidents, droughts, dam failures, radiological incidents, urban fires, earthquakes, or any other disaster or civil disturbance, including terrorism.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** took the following actions affecting the agency:

- Added a total of \$6.6 million, all from the Statewide Maintenance and Disaster Relief Fund, for hazard mitigation, including language making the expenditure of

\$1.6 million for the creation of a Fusion Center. A Fusion Center is a multi-agency team providing homeland security information and analysis; and

- Added \$9.0 million in bonding authority for the creation of the Great Plains Regional Training Center in Salina.

The **2008 Legislature** took the following actions affecting the agency:

- Added \$55.0 million, including \$10.1 million from the State General Fund, for disaster assistance funding in FY 2008 to provide additional assistance required for current expenditure estimates related to the December 2007 ice storm; and
- Added \$500,000, all from the State General Fund, in FY 2008 for National Guard death benefits for the families of two National Guard members killed as a result of federal active duty in a combat zone.

The **2009 Legislature** took the following actions affecting the agency:

- Added \$12.75 million, including \$1.50 million from the State General Fund, for disaster relief in FY 2009, and added language to reappropriate any remaining funds in the disaster relief account to FY 2010;
- Added \$250,000, all from the State General Fund, in FY 2009 for a death benefit for one family of a National Guard member killed as a result of federal active duty in a combat zone;
- The Governor recommended special one-time transfers of \$1.9 million from the Adjutant General Expense Fund—Hazardous Mitigation sub-fund and \$319,657 from the National Guard Life Insurance Premium Reimbursement Payment Fund to the State General Fund. The Legislature accepted the Governor's recommendation;
- Added \$66.5 million, including \$7.8 million from the State General Fund, for disaster assistance funding for payments on open disasters for FY 2010;
- Added an additional \$157.3 million, including \$18.5 million from the State General Fund, for FY 2010 for disaster relief expenditures for electric cooperatives related to the December 2007 ice storm;
- Reduced the agency's budget by 1.25 percent, during the regular session, as part of an across-the-board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates in FY 2009 (\$324,446) and FY 2010 (\$324,446); and
- Reduced the agency's budget by 2.75 percent, during Omnibus, as part of an across-the-board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates for FY 2010 (\$1.2 million, including \$358,727 from the State General Fund).

The **2010 Legislature** took the following actions affecting the agency:

- Added \$459,357, all from the National Guard Museum Assistance Fund, in FY 2010 for the 35th Infantry Division museum expansion. In addition, \$459,357 was transferred from the State General Fund to the National Guard Museum Assistance Fund in FY 2010;
- Added \$101.0 million, including \$10.2 million from the State General Fund, towards disaster relief payments on 11 open disasters in FY 2011; and
- During the 2010 Interim, the State Finance Council authorized expenditures of \$9.0 million, all from the State Emergency Fund, for FY 2011 for the cost of weather-related disasters. These funds allowed the agency to expend \$90.0 million towards disaster relief (\$9.0 million State's share, \$13.5 million local share, \$67.5 million federal match). KSA 75-3712 provides that the State Finance Council may authorize expenditures from the State Emergency Fund, not to exceed \$10.0 million.

The **2011 Legislature** took the following actions affecting the agency:

- Approved federal funds expenditures of \$40.0 million in FY 2011 and \$25.5 million for FY 2012 for the architectural, engineering, and construction costs of the Wichita Field Maintenance Shop and Armory. The 100.0 percent federally funded Armory and Field Maintenance Shop in Wichita houses the 287th Sustainment Brigade;
- Added \$40.0 million, including \$4.0 million from the State General Fund, for disaster relief expenditures for FY 2012;
- Approved reducing the agency's FTE limitation by 20.0 vacant FTE positions from 219.0 to 199.0 FTE positions for FY 2012; and
- During the 2011 Interim, the State Finance Council authorized expenditures of \$10.0 million, all from the State Emergency Fund, for FY 2012 for the cost of weather-related disasters. These funds allow the agency to expend \$100.0 million towards disaster relief (\$10.0 million State's share, \$15.0 million local share, and \$75.0 million federal match). KSA 75-3712 provides that the State Finance Council may authorize expenditures from the State Emergency Fund, not to exceed \$10.0 million, in a given fiscal year.

The **2013 Legislature** took the following actions affecting the agency:

- Added \$651,428, all from special revenue funds, and 3.0 FTE positions to transfer emergency response deployment personnel and resources from the Kansas Department of Transportation to the Adjutant General from FY 2013 to FY 2015; and
- Transferred \$270,670, all from the State Highway Fund, to a newly created special revenue fund for the Office of Emergency Communications for FY 2014 and FY 2015.

The **2014 Legislature** took the following actions affecting the agency:

- Added \$155,168 in FY 2014 and \$151,168 for FY 2015, all from special revenue funds, for collecting information from emergency first responders regarding equipment needed for mobile data communications;
- Deleted 15.0 vacant FTE positions in FY 2014 and FY 2015;
- Lapsed \$3.0 million, all from the Disaster Relief Account, in FY 2014; and
- Created and appropriated the Geological Survey Fund as a no limit fund and transferred \$160,000, all from the Disaster Relief Account, to the Geological Survey Fund in FY 2014.

The **2015 Legislature** took the following actions affecting the agency:

- Added \$270,690, all from the Emergency Communications Fund, to provide continued funding for the Office of Emergency Communications for FY 2016 and FY 2017. The source of this funding comes *via* a transfer from the State Highway Fund;
- Added \$70,811, including \$35,406 from the State General Fund, for FY 2016 and \$74,143, including \$37,070 from the State General Fund, for FY 2017 for an additional non-FTE emergency planner position;
- Added \$82,228 for FY 2016 and \$86,124 for FY 2017, all from the State General Fund, for an additional non-FTE Fusion Center analyst position;
- Added \$472,000, all from the State General Fund, for FY 2016 to fund the design of a new State Emergency Operations and Training Center at the Forbes Field, 190th Air Wing property;
- Added \$163,688 for FY 2016 and \$162,489 for FY 2017, all from the State General Fund, to provide a base level of funding for rehabilitation and repair projects; and
- Deleted \$1.6 million for FY 2016 and added \$244,940 for FY 2017, all from the State General Fund, to provide for new expenditures related to debt service refunding that occurred in FY 2015.

The **2016 Legislature** took the following actions affecting the agency:

- Provided an additional \$350,365, all from the State General Fund, to aid to local units of government to provide additional disaster relief expenditures in FY 2016, and allowing \$500,000 for the State's portion of budget year disaster relief expenditures;
- Deleted \$933,388, all from the State General Fund, from the unencumbered balance of the Disaster Relief Account in FY 2016; and

- Added \$340,000, all from the State General Fund, for force protection expenditures in FY 2016. Expenditures were for security purchases at recruiting offices and armories, inclusive of access control, ballistic protection, armed response, and other incident mitigation equipment.

The **2017 Legislature** took the following actions affecting the agency:

- Added \$6.0 million, including \$1.8 million from the State General Fund, to provide additional disaster relief expenditure authority in FY 2017. This amount includes \$550,000 for Neodesha, which was a state-only declared disaster, to provide bottles of safe drinking water for residents in FY 2017. The agency noted there were 15 open disasters, 7 of which were wild fires, in March of FY 2017;
- Added \$8.3 million, including \$815,138 from the State General Fund, to provide additional disaster relief expenditure authority for 11 open disasters for FY 2018;
- Added \$315,518, all from the State General Fund, for two calibrators for the Kansas Division of Emergency Management to maintain its statutory responsibility to maintain a radiological detection and calibration program for FY 2018, pursuant to KSA 48-928 and KSA 48-3201;
- Added \$206,118, all from federal funds, for the Kansas City Firing Range Clean Up and \$161,502, all from federal funds, for the Hutchinson Firing Range Clean Up for FY 2018;
- Added \$180,103, including \$90,051 from the State General Fund, to remove asbestos at 23 armories and facilities for FY 2018;
- Added \$247,685, including \$123,842 from the State General Fund, for lead paint encapsulation at 23 armories and facilities for FY 2018;
- Added \$6.0 million, including \$262,465 from the State General Fund, to provide additional disaster relief expenditure authority for three open disasters for FY 2019;
- Appropriated the Kansas Intelligence Fusion Center Fund, established in 2017 SB 184, as a no limit fund for FY 2018 and FY 2019; and
- Added \$149,656, including \$30,534 from the State General Fund, 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 totaling \$79.6 million, including \$13.2 million from the State General Fund, for operations and capital improvements. The revised FY 2018 estimate is an all funds increase of \$16.3 million, or 25.7 percent, and a State General Fund increase of \$3.6 million, or 38.0 percent, above the approved amount in FY 2018. The agency's FY 2018 revised estimate includes 12 supplemental funding requests totaling \$12.2 million, including \$3.6 million from the State General Fund.

The FY 2018 revised estimate includes 259.5 FTE positions, which is an increase of 5.0 FTE positions above the number approved by the 2017 Legislature. These positions are part of the agency's supplemental requests in FY 2018. Major adjustments from the FY 2018 approved budget include:

- **State General Fund.** A State General Fund increase of \$3.6 million above the FY 2018 approved amount is primarily due to the State General Fund portion of the agency's 12 supplemental requests;
- **State's General Fund Disaster Relief Expenditure Authority.** The approved FY 2018 budget included State General Fund expenditures totaling \$2.4 million for the State's portion of disaster relief expenditures on open disasters (10.0 percent of federally declared disasters). The revised FY 2018 estimated payout schedule for the State's portion totals \$4.0 million, which is \$1.7 million, or 70.1 percent, above the amount approved by the 2017 Legislature in FY 2018. The agency is requesting a supplemental for disaster relief expenditures to cover this difference;
- **Absent State General Fund supplemental requests.** The agency's FY 2018 revised estimate for State General Fund expenditures is no change from the amount approved by the 2017 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2018 revised estimate includes all other funds expenditures totaling \$66.4 million, which is an increase of \$12.7 million, or 23.5 percent, above the FY 2018 approved amount. This increase is primarily attributable to the additional expenditure of special revenue funds (\$595,399) and the anticipated receipt and expenditure of additional federal funding (\$12.1 million).

The **Governor** recommends a FY 2018 total budget of \$76.0 million, including \$11.4 million from the State General Fund. This is an all funds decrease of \$3.7 million, or 4.6 percent, and a State General Fund decrease of \$1.8 million, or 13.7 percent, below the agency's FY 2018 revised estimate. The decrease is attributable to the Governor recommending \$8.6 million, including \$1.8 million from the State General Fund, for nine agency requested supplementals, and not recommending \$3.6 million, including \$1.8 million from the State General Fund, for three supplemental requests.

The Governor's recommendation includes \$10.8 million, including \$1.2 million from the State General Fund, for capital improvements in FY 2018. This is an all funds decrease of \$250,000, or 2.3 percent, and a State General Fund decrease of \$250,000, or 16.8 percent, below the agency's revised FY 2018 estimate. This decrease is due to the Governor not recommending the agency's supplemental request for Crisis City HVAC Replacement in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised FY 2019 estimate totaling \$90.5 million, including \$13.5 million from the State General Fund, for operations and capital improvements. The revised FY 2019 estimate is an all funds increase of \$36.4 million, or 67.1 percent, and a State General Fund increase of \$6.3 million, or 85.9 percent, above the approved amount for FY 2019. The agency's FY 2019 revised estimate includes ten supplemental funding requests totaling \$42.6 million, including \$6.3 million from the State General Fund.

The FY 2019 revised estimate includes 259.5 FTE positions, which is an increase of 5.0 FTE positions above the number approved by the 2017 Legislature. These positions are part of the agency's supplemental requests for FY 2019. Major adjustments from the FY 2019 approved budget include:

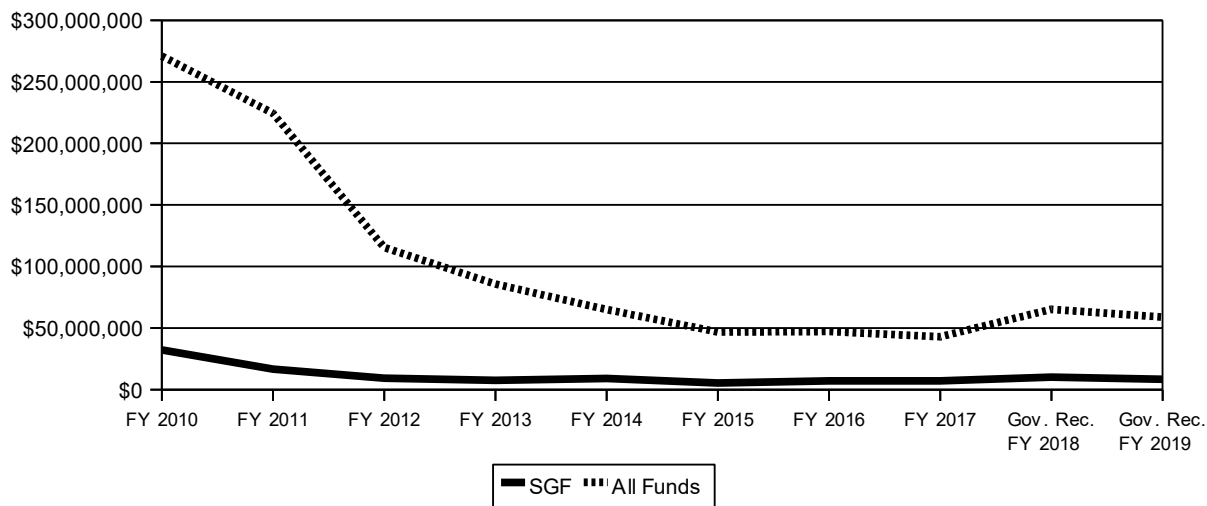
- **State General Fund.** A State General Fund increase of \$6.3 million above the FY 2019 approved amount is primarily due to the State General Fund portion of the agency's ten supplemental requests;
- **State's General Fund Disaster Relief Expenditure Authority.** The approved FY 2019 budget included State General Fund expenditures totaling \$762,465 for the State's portion of disaster relief expenditures on open disasters (10.0 percent of federally declared disasters). The revised FY 2019 estimated payout schedule for the State's portion totals \$3.1 million, which is \$2.3 million, or 301.6 percent, above the amount approved by the 2017 Legislature for FY 2019. The agency is requesting a supplemental for disaster relief expenditures to cover this difference;
- **Absent State General Fund supplemental requests.** The agency's FY 2019 revised estimate for State General Fund expenditures is no change from the amount approved by the 2017 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2019 revised estimate includes all other funds expenditures totaling \$77.0 million, which is an increase of \$30.1 million, or 64.2 percent, above the FY 2018 approved amount. This increase is primarily attributable to the additional expenditure of special revenue funds (\$646,186) and the anticipated receipt and expenditure of additional federal funding (\$29.5 million).

The **Governor** recommends a FY 2019 total budget of \$85.2 million, including \$9.7 million from the State General Fund. This is an all funds decrease of \$5.3 million, or 5.9 percent, and a State General Fund decrease of \$3.9 million, or 28.6 percent, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending \$37.3 million, including \$2.4 million for eight agency requested supplementals, and not recommending \$5.3 million, including \$3.9 million from the State General Fund, for two supplemental requests.

The Governor's recommendation includes \$26.3 million, including \$1.3 million from the State General Fund, for capital improvements for FY 2019. This is an all funds decrease of \$2.4 million, or 8.4 percent, including a State General Fund decrease of \$2.4 million, or 65.2 percent, below the agency's revised FY 2019 estimate. This decrease is due to the Governor not recommending the agency's supplemental request for Kansas Intelligence Fusion Center design 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	\$ 32,219,874	14.3 %	\$ 271,008,350	14.5 %	475.2
2011	16,557,307	(48.6)	224,429,806	(17.2)	473.5
2012	9,179,456	(44.6)	115,452,148	(48.6)	486.7
2013	7,503,792	(18.3)	85,724,171	(25.7)	479.1
2014	8,956,085	19.4	65,005,526	(24.2)	445.1
2015	5,368,224	(40.1)	46,770,744	(28.1)	449.1
2016	6,939,857	29.3	47,146,648	0.8	292.5
2017	7,119,188	2.6	42,879,577	(9.1)	253.5
2018 Gov. Rec.	10,185,734	43.1	65,172,086	52.0	259.5
2019 Gov. Rec.	8,366,409	(17.9)	58,930,858	(9.6)	259.5

Ten-Year Change

Dollars/Percent \$ (23,853,465) (74.0)% \$ (212,077,492) (78.3)% (215.7)

Note: Fluctuations in State General Fund and all other fund financing are largely attributed to disaster relief funding.

Summary of Operating Budget FY 2017 - FY 2019

Adjutant General's Department

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	2,603,547	\$ 3,205,987	\$ 3,264,897	\$ 58,910	1.8 %	\$ 3,205,987	\$ 3,264,897	\$ 58,910	1.8 %
Emergency										
Management and										
Homeland Security		19,692,588	11,181,060	8,827,997	(2,353,063)	(21.0)	10,618,560	8,827,997	(1,790,563)	(16.9)
Infrastructure		20,332,248	23,821,719	23,661,201	(160,518)	(0.7)	20,974,269	20,756,802	(217,467)	(1.0)
Declared Disaster										
Payments		9,527	30,168,593	25,914,985	(4,253,608)	(14.1)	30,168,593	25,914,985	(4,253,608)	(14.1)
Debt Service		241,667	204,677	166,177	(38,500)	(18.8)	204,677	166,177	(38,500)	(18.8)
TOTAL	\$	42,879,577	\$ 68,582,036	\$ 61,835,257	\$ (6,746,779)	(9.8) %	\$ 65,172,086	\$ 58,930,858	\$ (6,241,228)	(9.6) %
By Major Object of Expenditure:										
Salaries and Wages	\$	16,518,071	\$ 16,087,488	\$ 16,344,806	\$ 257,318	1.6 %	\$ 16,087,488	\$ 16,344,806	\$ 257,318	1.6 %
Contractual Services		9,966,819	14,381,631	12,652,723	(1,728,908)	(12.0)	11,185,240	10,183,984	(1,001,256)	(9.0)
Commodities		1,540,762	2,658,924	2,142,588	(516,336)	(19.4)	2,445,365	1,706,928	(738,437)	(30.2)
Capital Outlay		1,819,724	831,850	814,938	(16,912)	(2.0)	831,850	814,938	(16,912)	(2.0)
Debt Service		241,667	204,677	166,177	(38,500)	(18.8)	204,677	166,177	(38,500)	(18.8)
Subtotal-Operations	\$	30,087,043	\$ 34,164,570	\$ 32,121,232	\$ (2,043,338)	(6.0) %	\$ 30,754,620	\$ 29,216,833	\$ (1,537,787)	(5.0) %
Aid to Local Units		11,485,957	27,088,867	23,173,148	(3,915,719)	(14.5)	27,088,867	23,173,148	(3,915,719)	(14.5)
Other Assistance		1,306,577	7,328,599	6,540,877	(787,722)	(10.7)	7,328,599	6,540,877	(787,722)	(10.7)
TOTAL	\$	42,879,577	\$ 68,582,036	\$ 61,835,257	\$ (6,746,779)	(9.8) %	\$ 65,172,086	\$ 58,930,858	\$ (6,241,228)	(9.6) %
Financing:										
State General Fund	\$	7,119,188	\$ 11,750,083	\$ 9,818,608	\$ (1,931,475)	(16.4) %	\$ 10,185,734	\$ 8,366,409	\$ (1,819,325)	(17.9) %
Emergency										
Management Disaster										
Federal Funds		7,096,312	26,129,528	22,852,928	(3,276,600)	(12.5)	26,129,528	22,852,928	(3,276,600)	(12.5)
Other Federal Funds		27,230,143	29,149,040	27,628,097	(1,520,943)	(5.2)	27,303,439	26,175,897	(1,127,542)	(4.1)
All Other Funds		1,433,934	1,553,385	1,535,624	(17,761)	(1.1)	1,553,385	1,535,624	(17,761)	(1.1)
TOTAL	\$	42,879,577	\$ 68,582,036	\$ 61,835,257	\$ (6,746,779)	(9.8) %	\$ 65,172,086	\$ 58,930,858	\$ (6,241,228)	(9.6) %

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$8,322,664 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 \$1,267,533, 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 \$9,590,197. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 9,590,197	\$ 13,234,541	\$ 3,644,344	\$ 11,420,192	\$ 1,829,995
All Other Funds	53,762,631	66,414,126	12,651,495	64,568,525	10,805,894
TOTAL	\$ 63,352,828	\$ 79,648,667	\$ 16,295,839	\$ 75,988,717	\$ 12,635,889
FTE Positions	254.5	259.5	5.0	259.5	5.0

The **agency** requests a revised FY 2018 estimate totaling \$79.6 million, including \$13.2 million from the State General Fund, for operations and capital improvements. The revised FY 2018 estimate is an all funds increase of \$16.3 million, or 25.7 percent, and a State General Fund increase of \$3.6 million, or 38.0 percent, above the approved amount in FY 2018. The agency's FY 2018 revised estimate includes 12 supplemental funding requests totaling \$12.2 million, including \$3.6 million from the State General Fund.

The FY 2018 revised estimate includes 259.5 FTE positions, which is an increase of 5.0 FTE positions above the number approved by the 2017 Legislature. These positions are part of the agency's supplemental requests in FY 2018. Major adjustments from the FY 2018 approved budget include:

- **State General Fund.** A State General Fund increase of \$3.6 million above the FY 2018 approved amount is primarily due to the State General Fund portion of the agency's 12 supplemental requests;

- **State's General Fund Disaster Relief Expenditure Authority.** The approved FY 2018 budget included State General Fund expenditures totaling \$2.4 million for the State's portion of disaster relief expenditures on open disasters (10.0 percent for federally declared disasters). The revised FY 2018 estimated payout schedule for the State's portion totals \$4.0 million, which is \$1.7 million, or 70.1 percent, above the amount approved by the 2017 Legislature in FY 2018. The agency is requesting a supplemental for disaster relief expenditures to cover this difference;
- **Absent State General Fund supplemental requests.** The agency's FY 2018 revised estimate for State General Fund expenditures is no change from the amount approved by the 2017 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2018 revised estimate includes all other funds expenditures totaling \$66.4 million, which is an increase of \$12.7 million, or 23.5 percent, above the FY 2018 approved amount. This increase is primarily attributable to the additional expenditure of special revenue funds (\$595,399) and the anticipated receipt and expenditure of additional federal funding (\$12.1 million).

The **Governor** recommends a FY 2018 total budget of \$76.0 million, including \$11.4 million from the State General Fund. This is an all funds decrease of \$3.7 million, or 4.6 percent, and a State General Fund decrease of \$1.8 million, or 13.7 percent, below the agency's FY 2018 revised estimate. The decrease is attributable to the Governor recommending \$8.6 million, including \$1.8 million from the State General Fund, for nine agency requested supplementals, and not recommending \$3.6 million, including \$1.8 million from the State General Fund, for three supplemental requests. Further details on supplementals is contained in the following table titled "FY 2018 Supplementals" in this budget analysis.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Update Regional Mitigation Plans	\$ 84,417	\$ 337,666	0.0	\$ 84,417	\$ 337,666	0.0
Pre-disaster Mitigation Administrative Grant	140,625	562,500	0.0	0	0	0.0
NBAF Planner Position	19,968	79,873	1.0	19,968	79,873	1.0
Disaster Relief Funding	1,663,979	5,920,181	0.0	1,663,979	5,920,181	0.0
Rehabilitation and Repair	1,423,724	2,847,450	0.0	0	0	
Structural Craftsman Position - Forbes Field	13,940	55,764	1.0	13,940	55,764	1.0
Electrical Systems Craftsman Position - Forbes Field	12,636	50,545	1.0	12,636	50,545	1.0
Pavement/Grounds Craftsman Position - Forbes Field	10,502	42,013	1.0	10,502	42,013	1.0
Custodian Position - Forbes Field	10,053	40,213	1.0	10,053	40,213	1.0
Air Support Operations Squadron	14,500	43,501	0.0	14,500	58,001	0.0
Capital Improvements:						
Crisis City HVAC Replacement	250,000	250,000	0.0	0	0	0.0
Ft. Leavenworth Readiness Center Design	0	2,000,000	0.0	0	2,000,000	0.0
TOTAL	\$ 3,644,344	\$ 12,229,706	5.0	\$ 1,829,995	\$ 8,584,256	5.0

The **agency** requests a revised FY 2018 estimate that includes supplemental funding requests totaling \$12.2 million, including \$3.6 million from the State General Fund. This request is comprised of: 1) ten operating supplementals for \$10.0 million, including \$3.4 million from the State General Fund; and 2) two capital improvements supplementals for \$2.3 million, including \$250,000 from the State General Fund, in FY 2018.

The agency's supplemental requests in FY 2018 are detailed below.

Update Regional Mitigation Plans. The agency requests \$337,666, including \$84,417 from the State General Fund, to update 12 regional mitigation plans for the State in FY 2018. This request would be funded with 25.0 percent State General Fund moneys and 75.0 percent federal funds, and would allow the agency to hire a contractor to conduct the 12 regional mitigation plans update, and associated administrative costs. The agency states updating these plans every five years will keep Kansas in compliance and competitive with other states when applying for pre-disaster mitigation grants.

The **Governor** recommends the supplemental in FY 2018.

Pre-disaster Mitigation Administrative Grant. The agency requests \$562,500, including \$140,625 from the State General Fund, to provide for the administrative portion of the Hutchinson pre-disaster mitigation grant submission. The agency states the pre-disaster mitigation grant being applied for is for drainage system improvements for Hutchinson, Kansas. This improvement project is estimated to cost \$15.0 million and will be provided for 75.0 percent federal (\$11.25 million), and 25.0 percent by the City of Hutchinson (\$3.75 million). The money being requested would be for an additional administrative grant, as the Kansas Division of Emergency Management (KDEM) will be the grant manager for the City of Hutchinson. If this additional management grant is not provided for, KDEM will have to pay for the entire amount of administering the Hutchinson Pre-disaster Mitigation Grant if the grant is approved.

The **Governor** does not recommend the supplemental in FY 2018.

NBAF Planner Position. The agency requests \$79,873, including \$19,968 from the State General Fund, and 1.0 FTE position to hire an additional Kansas Division of Emergency Management (KDEM) Planner position to provide emergency management planning specific to the new National Bio and Agro-defense Facility (NBAF) currently under construction near the Kansas State University's Manhattan campus in FY 2018. The agency states the facility is a biocontainment level-4 laboratory replacing the Plum Island Animal Disease Center in New York and studies high-consequence zoonotic diseases treating both animal agricultural industry and public health, and further states the NBAF will be the nation's only animal Biosafety Level 4 (BSL-4) facility housing pathogens that do not currently have treatments or countermeasures. The requested planner would be specifically charged with evaluating current local disaster emergency plan standards and adjusting standards as needed to accommodate the arrival of the new facility and large accompanying consequences in the event of an emergency; assist local emergency management with emergency planning preparations and ensure the state disaster emergency plan and resource management plan successfully address the State's needs in relation to the NBAF; and act as the conduit between private sector, local government, and federal entities for all emergency state preparedness efforts to include planning and exercising. The agency states the current KDEM planning section is not adequately staffed to perform the statutorily required state planning tasks in order to accommodate the emergency planning needs of the nation's only BSL-4.

The **Governor** recommends the supplemental in FY 2018.

Disaster Relief Funding. The agency requests \$5.9 million, including \$1.7 million from the State General Fund, for the State's portion of disaster relief payments on seven open disasters in FY 2018. [Disaster Declaration (FY - DR#) - 4010; 4150; 4230; 4287; 4304; 4319; State D. - Wilson County.]

2011 - DR - 4010 - *severe storms, straight-line winds, tornadoes, and flooding* in Barton, Clay, Cloud, Hamilton, Jewell, Lincoln, Logan, Lyon, Marion, Mitchell, Morton, Osage, Osborne, Ottawa, Pottawatomie, Republic, Riley, Rooks, Rush, Russell, Sherman, Smith, Stafford, Stanton, and Washington counties.

2013 - DR - 4150 - *severe storms, straight-line winds, tornadoes, and flooding* in Barber, Barton, Bourbon, Butler, Chase, Cherokee, Clark, Clay, Cloud, Coffey, Comanche, Cowley, Crawford, Dickinson, Edwards, Elk, Ellsworth, Ford, Geary, Greenwood, Hamilton, Harper, Harvey, Hodgeman, Kingman, Kiowa, Lane, Linn, Lyon, Marion, McPherson, Meade, Montgomery, Morris, Ness, Ottawa, Pawnee, Pratt, Reno, Republic, Rice, Saline, Sumner, Washington, Wilson, and Woodson counties.

2015 - DR - 4230 - severe storms, tornadoes, straight-line winds, and flooding in Atchison, Barton, Brown, Butler, Chase, Chautauqua, Cherokee, Cheyenne, Clay, Cloud, Coffey, Cowley, Doniphan, Edwards, Elk, Ellsworth, Franklin, Gray, Greenwood, Harper, Haskell, Hodgeman, Jackson, Jefferson, Jewell, Lyon, Marion, Marshall, McPherson, Meade, Miami, Morris, Nemaha, Neosho, Osage, Pottawatomie, Republic, Rice, Stevens, Sumner, Wabaunsee, and Washington counties.

2016 - DR - 4287 - severe storms and flooding in Cheyenne, Cowley, Ellis, Graham, Greenwood, Kingman, Norton, Rooks, Russell, Sedgwick, and Sumner counties.

2017 - DR - 4304 - severe winter storm in Barton, Clark, Comanche, Edwards, Ellsworth, Ford, Hodgeman, Jewell, Kiowa, Meade, Ness, Pawnee, Pratt, Rush, Seward, Sheridan, Stafford, and Trego counties.

2017 - DR - 4319 - severe winter storm, snowstorm, straight-line winds, and flooding in Cherokee, Cheyenne, Crawford, Decatur, Finney, Gove, Graham, Grant, Greeley, Hamilton, Haskell, Kearny, Lane, Logan, Morton, Neosho, Norton, Rawlins, Scott, Seward, Sheridan, Sherman, Stanton, Stevens, Thomas, Wallace, and Wichita counties.

2017 - State Only Declaration - Neodesha; Wilson County - Aerosol Plant Explosion.

The **Governor** recommends the supplemental in FY 2018.

Rehabilitation and Repair. The agency requests \$2.8 million, including \$1.4 million from the State General Fund, for rehabilitation and repair of facilities in FY 2018. The agency states, "That without state matching funds the Federal Government will not be able to provide federal funds to match facility renovations, modernizations, and repairs for the 36 Armories and other National Guard Facilities. The cooperative agreement between the state and National Guard Bureau requires mostly a 50 percent state match with a few exceptions of 25 percent state match on Readiness Centers (Armories). The state funds that are being requesting would go towards large modernization projects, HVAC replacements, roof replacements, improving building envelop, physical security requirements, grounds keeping, code compliance, utility infrastructure replacement, and energy saving projects."

The **Governor** does not recommend the supplemental in FY 2018.

Four new positions requested at Forbes Field. The agency is requesting \$188,535, including \$47,131 from the State General Fund, and 4.0 FTE positions to more fully staff and provide for the Field, which is being more heavily utilized. The agency notes that the Field is authorized for 26.0 FTE positions, but only currently has 16.0 assigned. The agency notes there is already a backlog on work orders, and that the Field has seen an increase of 160 Kansas National Guard Headquarters personnel on base, and has had to begin supporting more than 30,000 square feet of facility that was previously unoccupied. The agency anticipates this could cause issues with buildings it is responsible for and put them out of compliance with the Federal and State Agreement. The 4.0 positions being requested to provide for the Field's needs include (listed in order of agency requested importance):

- **Structural Craftsman.** The agency requests \$55,764, including \$13,940 from the State General Fund, in FY 2018;
- **Electrical Systems Craftsman.** The agency requests \$50,545, including \$12,636 from the State General Fund, in FY 2018;

- **Pavement/Grounds Craftsman.** The agency requests \$42,013, including \$10,502 from the State General Fund, in FY 2018; and
- **Custodian.** The agency requests \$40,213, including \$10,053 from the State General Fund, in FY 2018.

The **Governor** recommends the supplementals in FY 2018.

Air Support and Operations Squadron (ASOS), Smoky Hill Range. The agency requests \$43,501, including \$14,500 from the State General Fund, to provide for the State's matching share of utility and sustainment costs for the Air Support Operations Squadron (ASOS) facility as part of the Cooperative Agreement with the National Guard Bureau in which the State is required to provide 25.0 percent of utility and sustainment costs for the facility in FY 2018. The funds will be spent on the following: septic tank pumping, fire alarm inspection, monitoring and repair, monthly pest control, calibration testing of equipment, repair service of machinery and equipment, facility maintenance and repair, custodial services, utilities, propane (heating fuel for facilities), building materials, supplies, parts, agriculture items, small tools for maintenance and repair, and small improvements to facilities. The agency notes the budget for ASOS is currently being funded from McConnell; has already prevented McConnell from hiring an electrical systems craftsman, and further reduced maintenance and service parts and materials for all base facilities, grounds, and custodial operations; and has 11 vacant positions with a limited budget.

The **Governor** recommends the supplemental in FY 2018.

Crisis City Heating Ventilating and Air Conditioning (HVAC) Replacement. The agency is requesting \$250,000, all from the State General Fund, to replace the HVAC system at the Crisis City Training Facility outside of Salina, Kansas. The agency states the requested system would be more efficient at heating and cooling and maintaining the building at a temperature between 65 to 78 degrees.

The **Governor** does not recommend the supplemental in FY 2018.

Ft. Leavenworth Readiness Center–Design. The agency is requesting \$2.0 million, all from federal funds, for the design of a new Ft. Leavenworth Readiness Center. The agency states, "The Kansas Army National Guard will be building a new Readiness Center at Ft. Leavenworth. The cost of the project is estimated at \$29.0 million, and the project will be built on Federal Land and will not require any type of state match."

The **Governor** recommends the supplemental 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 \$7,275,333 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 7,275,333	\$ 13,527,306	\$ 6,251,973	\$ 9,658,140	\$ 2,382,807
All Other Funds	46,880,715	76,987,670	30,106,955	75,535,470	28,654,755
TOTAL	\$ 54,156,048	\$ 90,514,976	\$ 36,358,928	\$ 85,193,610	\$ 31,037,562
FTE Positions	254.5	259.5	5.0	259.5	5.0

The **agency** requests a revised FY 2019 estimate totaling \$90.5 million, including \$13.5 million from the State General Fund, for operations and capital improvements. The revised FY 2019 estimate is an all funds increase of \$36.4 million, or 67.1 percent, and a State General Fund increase of \$6.3 million, or 85.9 percent, above the approved amount for FY 2019. The agency's FY 2019 revised estimate includes ten supplemental funding requests totaling \$42.6 million, including \$6.3 million from the State General Fund.

The FY 2019 revised estimate includes 259.5 FTE positions, which is an increase of 5.0 FTE positions above the number approved by the 2017 Legislature. These positions are part of the agency's supplemental requests for FY 2019. Major adjustments from the FY 2019 approved budget include:

- **State General Fund.** A State General Fund increase of \$6.3 million above the FY 2019 approved amount is primarily due to the State General Fund portion of the agency's ten supplemental requests;
- **State's General Fund Disaster Relief Expenditure Authority.** The approved FY 2019 budget included State General Fund expenditures totaling \$762,465 for the State's portion of disaster relief expenditures on open disasters (10.0 percent for federally declared disasters). The revised FY 2019 estimated payout schedule for the State's portion totals \$3.1 million, which is \$2.3 million, or 301.6 percent, above the amount approved by the 2017 Legislature for FY 2019. The agency is requesting a supplemental for disaster relief expenditures to cover this difference;
- **Absent State General Fund supplemental requests.** The agency's FY 2019 revised estimate for State General Fund expenditures is no change from the amount approved by the 2017 Legislature; and
- **Federal Funds and All Other Funds.** The FY 2019 revised estimate includes all other funds expenditures totaling \$77.0 million, which is an increase of \$30.1 million, or 64.2 percent, above the FY 2018 approved amount. This increase is primarily attributable to the additional expenditure of special revenue funds (\$646,186) and the anticipated receipt and expenditure of additional federal funding (\$29.5 million).

The **Governor** recommends a FY 2019 total budget of \$85.2 million, including \$9.7 million from the State General Fund. This is an all funds decrease of \$5.3 million, or 5.9 percent, and a State General Fund decrease of \$3.9 million, or 28.6 percent, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending \$37.3

million, including \$2.4 million from the State General Fund, for eight agency requested supplementals, and not recommending \$5.3 million, including \$3.9 million from the State General Fund, for two supplemental requests. Further details on supplementals is contained in the following table called "FY 2019 Supplementals" in this budget analysis.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
NBAF Planner Position	\$ 20,277	\$ 81,100	1.0	\$ 20,277	\$ 81,100	1.0
Disaster Relief Funds	2,299,592	19,589,757	0.0	2,299,592	19,589,757	0.0
Rehabilitation and Repair	1,452,199	2,904,399	0.0	0	0	0.0
Structural Craftsman Position - Forbes Field	14,189	56,758	1.0	14,189	56,758	1.0
Electrical Systems Craftsman Position - Forbes Field	12,871	51,486	1.0	12,871	51,486	1.0
Pavement/Grounds Craftsman Position - Forbes Field	10,716	42,868	1.0	10,716	42,868	1.0
Custodian Position - Forbes Field	10,262	41,049	1.0	10,262	41,049	1.0
Air Support Operations Squadron	14,900	59,601	0.0	14,900	59,601	0.0
<u>Capital Improvements:</u>						
KIFC - Design	2,416,967	2,416,967	0.0	0	0	0.0
Ft. Leavenworth Readiness Center Construction	0	17,400,000	0.0	0	17,400,000	0.0
TOTAL	\$ 6,251,973	\$ 42,643,985	5.0	\$ 2,382,807	\$ 37,322,619	5.0

The **agency** requests supplementals totaling \$42.6 million, including \$6.3 million from the State General Fund. This request is comprised of eight operating supplementals totaling \$22.8 million, including \$3.8 million from the State General Fund, and two capital improvements supplementals totaling \$19.8 million, including \$2.4 million from the State General Fund, for FY 2019.

NBAF Planner Position. The agency requests \$81,100, including \$20,277 from the State General Fund, and 1.0 FTE position to hire an additional Kansas Division of Emergency Management (KDEM) Planner position to provide emergency management planning specific to the new National Bio and Agro-defense Facility (NBAF) currently under construction near the Kansas State University's Manhattan Campus for FY 2019. The agency states the facility is a biocontainment level-4 laboratory replacing the Plum Island Animal Disease Center in New York and studies high-consequence zoonotic diseases treating both animal agricultural industry and public health, and further states the NBAF will be the nation's only animal Biosafety Level 4 (BSL-4) facility housing pathogens that do not currently have treatments or countermeasures. The requested planner would be specifically charged with evaluating current local disaster emergency plan standards and adjusting standards as needed to accommodate the arrival of the new facility and large accompanying consequences in the event of an emergency; assist local emergency management with emergency planning preparations and ensure the state

disaster emergency plan and resource management plan successfully address the State's needs in relation to the NBAF; and act as the conduit between private sector, local government, and federal entities for all emergency state preparedness efforts to include planning and exercising. The agency states the current KDEM planning section is not adequately staffed to perform the statutorily required state planning tasks in order to accommodate the emergency planning needs of the nation's only BSL-4. This is the continuation of the agency's requested position in FY 2018.

The **Governor** recommends the supplemental for FY 2019.

Disaster Relief Funding. The agency requests \$19.6 million, including \$2.3 million from the State General Fund, for the State's portion of disaster relief payments on three open disasters for FY 2019. (DR - 4230; 4287; 4319.)

2015 - DR - 4230 - severe storms, tornadoes, straight-line winds, and flooding in Atchison, Barton, Brown, Butler, Chase, Chautauqua, Cherokee, Cheyenne, Clay, Cloud, Coffey, Cowley, Doniphan, Edwards, Elk, Ellsworth, Franklin, Gray, Greenwood, Harper, Haskell, Hodgeman, Jackson, Jefferson, Jewell, Lyon, Marion, Marshall, McPherson, Meade, Miami, Morris, Nemaha, Neosho, Osage, Pottawatomie, Republic, Rice, Stevens, Sumner, Wabaunsee, and Washington counties.

2016 - DR - 4287 - severe storms and flooding in Cheyenne, Cowley, Ellis, Graham, Greenwood, Kingman, Norton, Rooks, Russell, Sedgwick, and Sumner counties.

2017 - DR - 4319 - severe winter storm, snowstorm, straight-line winds, and flooding in Cherokee, Cheyenne, Crawford, Decatur, Finney, Gove, Graham, Grant, Greeley, Hamilton, Haskell, Kearny, Lane, Logan, Morton, Neosho, Norton, Rawlins, Scott, Seward, Sheridan, Sherman, Stanton, Stevens, Thomas, Wallace, and Wichita Counties. This declaration also authorized snow assistance for a period of 48 hours for Greeley, Hamilton, Lane, Logan, Morton, Scott, Thomas, and Wallace counties.

The **Governor** recommends the supplemental for FY 2019.

Rehabilitation and Repair. The agency requests \$2.9 million, including \$1.5 million from the State General Fund, for rehabilitation and repair of facilities for FY 2019. The agency states, "That without state matching funds the Federal Government will not be able to provide federal funds to match facility renovations, modernizations, and repairs for the 36 Armories and other National Guard Facilities. The cooperative agreement between the state and National Guard Bureau requires mostly a 50 percent state match with a few exceptions of 25 percent state match on Readiness Centers (Armories). The state funds that are being requesting would go towards large modernization projects, HVAC replacements, roof replacements, improving building envelop, physical security requirements, grounds keeping, code compliance, utility infrastructure replacement, and energy saving projects."

The **Governor** does not recommend the supplemental for FY 2019.

Four new positions requested at Forbes Field (Field). The agency is requesting \$192,161, including \$48,038 from the State General Fund, and 4.0 FTE positions to continue to more fully staff and provide for the Field that is being more heavily utilized for FY 2019. The agency notes that the Field is authorized for 26.0 FTE positions, but only currently has 16.0 assigned. The agency notes there is already a backlog on work orders, and that the Field has seen an increase of 160 Kansas National Guard Headquarters personnel on base, and has had

to begin supporting more than 30,000 square feet of facility that was previously unoccupied. The agency anticipates this could cause issues with buildings it is responsible for and put them out of compliance with the Federal and State Agreement. The 4.0 positions being requested to provide for the Field's needs include (listed in order of agency requested importance):

- **Structural Craftsman.** The agency requests \$56,758, including \$14,189 from the State General Fund, for FY 2019;
- **Electrical Systems Craftsman.** The agency requests \$51,486, including \$12,871 from the State General Fund, for FY 2019;
- **Pavement/Grounds Craftsman.** The agency requests \$42,868, including \$10,716 from the State General Fund, for FY 2019; and
- **Custodian.** The agency requests \$41,049, including \$10,262 from the State General Fund, for FY 2019.

The **Governor** recommends the supplementals for FY 2019.

Air Support and Operations Squadron (ASOS), Smoky Hill Range. The agency requests \$59,601, including \$14,900 from the State General Fund, to provide for the State's matching share of utility and sustainment costs for the Air Support Operations Squadron (ASOS) facility as part of the Cooperative Agreement with the National Guard Bureau in which the State is required to provide 25.0 percent of utility and sustainment costs for the facility for FY 2019. The funds will be spent on the following: septic tank pumping, fire alarm inspection, monitoring and repair, monthly pest control, calibration testing of equipment, repair service of machinery and equipment, facility maintenance and repair, custodial services, utilities, propane (heating fuel for facilities), building materials, supplies, parts, agriculture items, small tools for maintenance and repair, and small improvements to facilities. The agency notes the budget for ASOS is currently being funded from McConnell; has already prevented McConnell from hiring an electrical systems craftsman, and further reduced maintenance and service parts and materials for all base facilities, grounds, and custodial operations; and has 11 vacant positions with a limited budget.

The **Governor** recommends the supplemental for FY 2019.

Kansas Intelligence Fusion Center (KIFC) - Design. The agency is requesting \$2.4 million, all from the State General Fund, to design a new multi-agency multi-discipline State Homeland Security Intelligence Fusion Center to be located on or adjacent to the grounds of the Kansas National Guard 190th Refueling Wing at Forbes Field in Topeka, for FY 2019. The agency states, "The facility will be the primary state center for state cyber-terrorism and bio-threat intelligence analysis. It will address increased space requirements, provide considerably more robust physical security, and allow for greater partnership between public and private owners of critical infrastructure. The project shall also include all necessary facility support, such as parking, emergency power generation, and key communication systems. This facility is a vital component of Kansas' security and the Kansas National Guard's Headquarters' relocation to Forbes Field."

The **Governor** does not recommend the supplemental for FY 2019.

Ft. Leavenworth Readiness Center–Construction. The agency is requesting \$17.4 million, all from federal funds, to begin construction of a new Ft. Leavenworth Readiness Center. The agency states, “The Kansas Army National Guard will be building a new Readiness Center at Ft. Leavenworth. The total cost of the project is estimated at \$29.0 million. The project will be built on Federal Land and will not require any type of state fund match.” The \$11.6 million remaining for project construction expenditures are estimated to be spent for FY 2020.

The **Governor** recommends the supplemental 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 \$7,040, including \$1,249 from the State General Fund, and FY 2019 longevity payments total \$7,640, including \$1,342 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	15.9 %	14.2 %
Non-Federal Special Revenue Funds	2.5	2.6
Federal Emergency Assistance Fund	37.0	38.8
Other Federal Funds	44.7	44.4
TOTAL	100.0 %	100.0 %

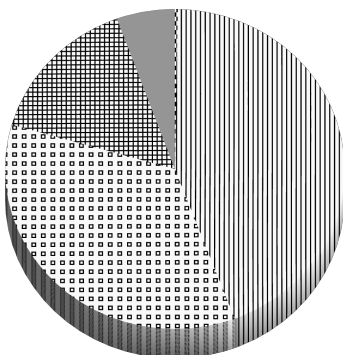
Note: Details may not add to totals due to rounding.

PROGRAM DETAIL

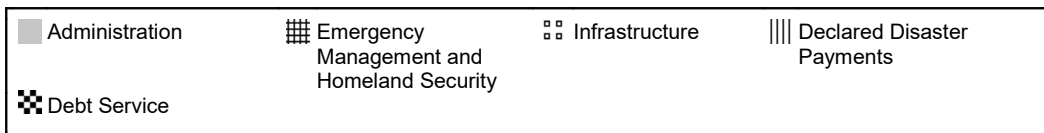
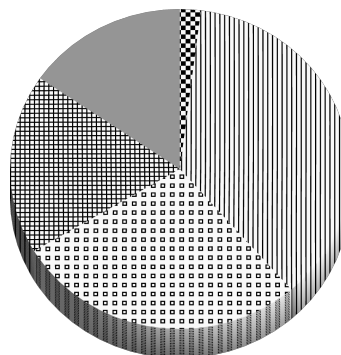
Expenditures by Program

Governor's FY 2019 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 3,264,897	5.5 %	\$ 1,288,072	15.4 %
Emergency Management and Homeland Security	8,827,997	15.0	1,519,618	18.2
Infrastructure	20,756,802	35.2	2,330,485	27.9
Declared Disaster Payments	25,914,985	44.0	3,062,057	36.6
Debt Service	166,177	0.3	166,177	2.0
TOTAL	\$ 58,930,858	100.0 %	\$ 8,366,409	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	33.8	19.8	19.8	19.8	19.8
Emergency Management and Homeland Security	48.8	67.8	67.8	67.8	67.8
Infrastructure	171.0	172.0	172.0	172.0	172.0
Declared Disaster Payments	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	253.5	259.5	259.5	259.5	259.5

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.

A. Administration

The Administration program is responsible for the administrative functions of the agency. Sections include the Office of the Adjutant General, Office of State Human Resources, Comptroller's Office, Public Affairs Office, Information Technology Office, Archives, administration of the Military Bill of Rights, STARBASE, and other administrative services and support.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,027,300	\$ 1,458,002	\$ 1,458,002	\$ 1,481,526	\$ 1,481,526
Contractual Services	292,925	201,079	201,079	172,465	172,465
Commodities	113,098	135,825	135,825	136,825	136,825
Capital Outlay	169,224	116,200	116,200	116,200	116,200
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,602,547</i>	<i>\$ 1,911,106</i>	<i>\$ 1,911,106</i>	<i>\$ 1,907,016</i>	<i>\$ 1,907,016</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,000	1,294,881	1,294,881	1,357,881	1,357,881
TOTAL	\$ 2,603,547	\$ 3,205,987	\$ 3,205,987	\$ 3,264,897	\$ 3,264,897
Financing:					
State General Fund	\$ 1,804,193	\$ 1,326,371	\$ 1,326,371	\$ 1,288,072	\$ 1,288,072
All Other Funds	799,354	1,879,616	1,879,616	1,976,825	1,976,825
TOTAL	\$ 2,603,547	\$ 3,205,987	\$ 3,205,987	\$ 3,264,897	\$ 3,264,897
FTE Positions	33.8	19.8	19.8	19.8	19.8

The **agency** requests a FY 2018 revised estimate totaling \$3.2 million, including \$1.3 million from the State General Fund, for the Administration program. This is an all funds increase of \$1.0 million, or 48.4 percent, and a State General Fund decrease of \$79,321, or 5.6

percent, from the FY 2018 approved amount. There is a decrease in salaries and wages expenditures for this program, which are offset by the increase due to the agency's restructuring budgetary programs and moving STARBASE program funding and expenditures into this program (\$1.3 million, all from special revenue funds).

The agency's revised FY 2018 estimate includes a decrease of 14.0 FTE positions below the approved number. The position decrease in this program is paralleled with a corresponding increase in the Emergency Management and Homeland Security program. This budget reorganization includes the transition of functions that used to be part of the Administration program, including: the 911 Coordinating Council, Communication on Wheels, Civil Air Patrol, and Office of Emergency Communications functions.

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

The **agency** requests a FY 2019 revised estimate totaling \$3.3 million, including \$1.3 million from the State General Fund, for the Administration program. This is an all funds increase of \$1.1 million, or 51.0 percent, and a State General Fund decrease of \$130,750, or 9.2 percent, from the FY 2019 approved amount. There is a decrease in salaries and wages expenditures for this program, which are offset by the increase due to the agency's restructuring budgetary programs and moving STARBASE program funding and expenditures into this program (\$1.3 million, all from special revenue funds).

The agency's revised FY 2019 estimate includes a decrease of 14.0 FTE positions below the approved number. The position decrease in this program is paralleled with a corresponding increase in the Emergency Management and Homeland Security program. This budget reorganization includes the transition of functions that used to be part of the Administration program, including: the 911 Coordinating Council, Communication on Wheels, Civil Air Patrol, and Office of Emergency Communications functions.

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

B. Emergency Management and Homeland Security

The Emergency Management and Homeland Security program includes subprograms to provide for the planning, training, mitigation, guidance, technical assistance, and coordination of state and local governments in the event and preparation for emergencies or disasters. The program seeks to protect Kansans from all hazards and to reduce the vulnerability of people, property, and the environment by eliminating or reducing disaster impact, enhancing state and local emergency management organizational readiness, rapid and effective disaster response, effective recovery, and proactive leadership and advocacy. Expenditures in this program reflect expenditures for the Kansas Division of Emergency Management (KDEM); Kansas Intelligence Fusion Center (KFIC); Radiological, Biological, and Nuclear responsibilities; Civil Air Patrol; State Active Duty; and Emergency Communications.

Emergency Communications include the 911 Coordinating Council, Operations of Emergency Communications, Communications on Wheels, and the State and Local Implementation Grant Program.

The State Active Duty Operations provide funding for payment of Kansas National Guard soldiers when they are called to State Active Duty. Soldiers may be called to State Active Duty for disasters or emergencies such as floods, tornadoes, ice storms, terrorism, or a civil disturbance. The program also pays for the use of federal training equipment on a cost basis for

equipment issued to the Kansas National Guard. The Governor has the authority to call approximately 7,000 Kansas National Guard citizen soldiers and airmen to leave their full-time employment and families to serve on emergency or other State Active Duty. The current number of assigned positions is 2,023 Air National Guard Members (2,298 authorized, 88.0 percent of authorized) and 4,594 Army National Guard Members (4,946 authorized, 92.9 percent of authorized). The State Active Duty does not contain any FTE positions, unless however, KSA 75-2935 (g) states that when National Guard Members are called in for State Active Duty, they are considered to be active within the unclassified service and are compensated within these parameters. The State pays the salaries and *per diem* for the service of these members.

EMERGENCY MANAGEMENT AND HOMELAND SECURITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,696,220	\$ 5,143,311	\$ 5,143,311	\$ 5,224,189	\$ 5,224,189
Contractual Services	2,446,506	2,103,086	1,540,586	755,138	755,138
Commodities	172,068	262,761	262,761	231,229	231,229
Capital Outlay	804,075	167,782	167,782	176,282	176,282
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 8,118,869	\$ 7,676,940	\$ 7,114,440	\$ 6,386,838	\$ 6,386,838
Aid to Local Units	11,476,430	3,504,120	3,504,120	2,441,159	2,441,159
Other Assistance	97,289	0	0	0	0
TOTAL	\$ 19,692,588	\$ 11,181,060	\$ 10,618,560	\$ 8,827,997	\$ 8,827,997
Financing:					
State General Fund	\$ 3,127,154	\$ 2,151,780	\$ 2,011,155	\$ 1,519,618	\$ 1,519,618
All Other Funds	16,565,434	9,029,280	8,607,405	7,308,379	7,308,379
TOTAL	\$ 19,692,588	\$ 11,181,060	\$ 10,618,560	\$ 8,827,997	\$ 8,827,997
FTE Positions	48.8	67.8	67.8	67.8	67.8

The **agency** requests a FY 2018 revised estimate totaling \$11.2 million, including \$2.2 million from the State General Fund, for the Emergency Management and Homeland Security (EM & HS) program. This is an all funds decrease of \$17.8 million, or 61.4 percent, and a State General Fund decrease of \$807,792, or 27.3 percent, below the FY 2018 approved amount. The decreases are primarily due to the agency restructuring budgetary programs, and the movement of declared disaster payments to a separate program. The agency is requesting three supplementals in FY 2018 for the following projects: 1) Update Regional Mitigation Plans (\$337,666 from all funds, including \$84,417 from the State General Fund); 2) Mitigation Grant (\$562,500 from all funds, including \$140,625 from the State General Fund); and 3) NBAF Planner position (\$79,873 from all funds, including \$19,968 from the State General Fund). Funding requested for FY 2018 supplemental requests totals \$980,039, including \$245,010 from the State General Fund. The large decrease from the FY 2018 approved amount is primarily due to budget restructuring and movement of declared disaster payments to its own program within the FY 2018 revised estimate.

The agency's revised FY 2018 estimate includes the increase of 18.0 FTE positions above the approved number. The position increase in this program is related with corresponding decreases in other programs to conform to the agency's budget reorganization. This budget reorganization includes the transition of functions that were once part of other programs into this program, including: the 911 Coordinating Council, Communication on Wheels, Civil Air Patrol, and Office of Emergency Communications functions.

The **Governor** recommends \$10.6 million, including \$2.0 million from the State General Fund, for the EM & HS program in FY 2018. This is an all funds decrease of \$562,500, or 5.0 percent, and a State General Fund decrease of \$140,625, or 6.5 percent, below the agency's revised FY 2018 estimate. The decrease is due to the Governor not recommending the agency's supplemental request for Pre-disaster Mitigation Administrative Grant in FY 2018.

The **agency** requests a FY 2019 revised estimate totaling \$8.8 million, including \$1.5 million from the State General Fund, for the EM & HS program. This is an all funds decrease of \$12.9 million, or 59.3 percent, and a State General Fund decrease of \$580,256, or 27.6 percent, below the FY 2019 approved amount. The decreases are primarily due to the agency restructuring budgetary programs and the movement of declared disaster payments to a separate program. The EM & HS program includes one FY 2019 supplemental request within this program for a NBAF Planner position (\$81,100 from all funds, including \$20,277 from the State General Fund). The large decrease from the FY 2019 approved amount is primarily due to budget restructuring and movement of declared disaster payments to its own program within the FY 2019 revised estimate.

The agency's revised FY 2019 estimate includes the increase of 18.0 FTE positions above the approved number. The position increase in this program is paralleled with a corresponding decrease in other programs. This budget reorganization includes the transition of functions that were once part of other programs into this program, including: the 911 Coordinating Council, Communication on Wheels, Civil Air Patrol, and Office of Emergency Communications functions.

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

C. Infrastructure

The Infrastructure program is responsible for the maintenance of the physical facilities and equipment of the Kansas Army and Air National Guard. The agency maintains the State Defense Building, the Headquarters Complex, the Great Plains Regional Training Center, 38 Army National Guard armories, and one Armed Forces Reserve Center. This also includes nine field maintenance sites, facilities at the Forbes Field in Topeka, the McConnell Air Force Base in Wichita, the Smokey Hill Weapons Range in Salina, and Crisis City near Salina. This program also accounts for the physical security of facilities, environmental compliance to preserve, protect, conserve, and restore the quality of the environment, and utility services of these facilities. The Governor has the authority to commit the large amount of federal training equipment issued to the Kansas National Guard, including helicopters, wheeled vehicles, aircraft, engineer equipment, personnel carriers, generators, and other similar items. The State pays for the use of this equipment on a cost basis.

INFRASTRUCTURE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 9,794,551	\$ 9,486,175	\$ 9,486,175	\$ 9,639,091	\$ 9,639,091
Contractual Services	7,227,388	12,077,466	9,443,575	11,725,120	9,256,381
Commodities	1,255,596	1,710,210	1,496,651	1,774,534	1,338,874
Capital Outlay	846,425	547,868	547,868	522,456	522,456
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 19,123,960</i>	<i>\$ 23,821,719</i>	<i>\$ 20,974,269</i>	<i>\$ 23,661,201</i>	<i>\$ 20,756,802</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,208,288	0	0	0	0
TOTAL	<u>\$ 20,332,248</u>	<u>\$ 23,821,719</u>	<u>\$ 20,974,269</u>	<u>\$ 23,661,201</u>	<u>\$ 20,756,802</u>
Financing:					
State General Fund	\$ 1,936,647	\$ 4,028,190	\$ 2,604,466	\$ 3,782,684	\$ 2,330,485
All Other Funds	18,395,601	19,793,529	18,369,803	19,878,517	18,426,317
TOTAL	<u>\$ 20,332,248</u>	<u>\$ 23,821,719</u>	<u>\$ 20,974,269</u>	<u>\$ 23,661,201</u>	<u>\$ 20,756,802</u>
FTE Positions	171.0	172.0	172.0	172.0	172.0

The **agency** requests a FY 2018 revised estimate totaling \$23.8 million, including \$4.0 million from the State General Fund, for the Infrastructure program. This is an all funds increase of \$1.7 million, or 7.7 percent, and a State General Fund increase of \$1.5 million, or 61.9 percent, above the amount approved by the 2017 Legislature. The increases are primarily due to the agency's six FY 2018 supplemental requests within this program for: 1) Rehabilitation and Repair (\$2.8 million from all funds, including \$1.4 million from the State General Fund); 2) four new positions to support Forbes Field (\$188,535 from all funds, including \$47,131 from the State General Fund); and 3) McConnell Air Support Operations Squadron funding (\$43,501 from all funds, including \$14,500 from the State General Fund). Funding requested for FY 2018 supplemental requests totals \$3.1 million, including \$1.5 million from the State General Fund. The increase to the FY 2018 request is offset in part by the exclusion of \$1.3 million, all from federal funds, from the FY 2018 revised estimate as funding for the STARBASE Program has been moved to the Administration program.

The **Governor** recommends \$21.0 million, including \$2.6 million from the State General Fund, for the Infrastructure program in FY 2018. This is an all funds decrease of \$2.8 million, or 12.0 percent, and a State General Fund decrease of \$1.4 million, or 35.3 percent, below the agency's revised FY 2018 estimate. The decrease is due to the Governor not recommending the agency's supplemental request for rehabilitation and repair expenditures in FY 2018.

The **agency** requests a FY 2019 revised estimate totaling \$23.7 million, including \$3.8 million from the State General Fund, for the Infrastructure program. This is an all funds increase of \$2.2 million, or 10.5 percent, and a State General Fund increase of \$1.5 million, or 66.8 percent, above the amount approved by the 2017 Legislature. The increases are primarily due to the agency's six supplemental requests within this program for FY 2018 that reoccur for FY 2019. The agency's supplemental requests for FY 2019 within this program include: 1) Rehabilitation and Repair (\$2.9 million from all funds, including \$1.5 million from the State General Fund); 2) four new positions to support Forbes Field (\$192,161 from all funds, including \$48,038 from the State General Fund); and 3) McConnell Air Support Operations Squadron funding (\$59,601 from all funds, including \$14,900 from the State General Fund). Funding

requested for FY 2019 supplemental requests totals \$3.2 million, including \$1.5 million from the State General Fund. The increase to the FY 2019 revised estimate is offset in part by the exclusion of \$1.3 million, all from federal funds, from the FY 2019 revised estimate as funding for the STARBASE Program has been moved to the Administration program.

The **Governor** recommends \$20.8 million, including \$2.3 million from the State General Fund, for the Infrastructure program for FY 2019. This is an all funds decrease of \$2.9 million, or 12.3 percent, and a State General Fund decrease of \$1.5 million, or 38.4 percent, below the agency's revised FY 2019 estimate. The decrease is due to the Governor not recommending the agency's supplemental request for rehabilitation and repair expenditures for FY 2019.

D. Disaster Recovery Payments

The agency established the Disaster Recovery Payments program to specifically track expenditures for disaster relief payments. Expenditures included within this program track payments for State-declared disasters, and federally declared disasters. Disaster funding for State-only declared disasters is 100.0 percent the responsibility of the State, whereas federally declared disasters (meeting the damage thresholds set by the Federal Emergency Management Agency (FEMA)) are typically funded by 75.0 percent federal fund, with a 25.0 percent non-federal match. The non-federal match for federally declared disasters has historically been provided for with the State providing 10.0 and local units of government making up the other 15.0 percent of the non-federal matching funds. The agency notes that in FY 2017, there were 13 requests for federal disaster declarations, and 11 federal disaster declarations were made. In addition, there was 1 State-declared disaster in FY 2017, for Wilson County.

DISASTER RECOVERY PAYMENTS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	550,128	550,128	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 550,128</i>	<i>\$ 550,128</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	9,527	23,584,747	23,584,747	20,731,989	20,731,989
Other Assistance	0	6,033,718	6,033,718	5,182,996	5,182,996
TOTAL	\$ 9,527	\$ 30,168,593	\$ 30,168,593	\$ 25,914,985	\$ 25,914,985
Financing:					
State General Fund	\$ 9,527	\$ 4,039,065	\$ 4,039,065	\$ 3,062,057	\$ 3,062,057
All Other Funds	0	26,129,528	26,129,528	22,852,928	22,852,928
TOTAL	\$ 9,527	\$ 30,168,593	\$ 30,168,593	\$ 25,914,985	\$ 25,914,985
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a FY 2018 revised estimate totaling \$30.2 million, including \$4.0 million from the State General Fund, for the Disaster Recovery Payments program. This amount includes ongoing payouts for seven open disasters, one of which was a State-only declaration for Wilson County, for which the State's FY 2018 portion of all open disasters is estimated to be \$4.0 million. The agency is requesting a FY 2018 supplemental totaling \$5.9 million, including

\$1.7 million from the State General Fund, to provide for disaster relief expenditures on open disasters.

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

The **agency** requests a FY 2019 revised estimate totaling \$25.9 million, including \$3.1 million from the State General Fund, for the Disaster Recover Payments program. This amount includes ongoing payouts for three open disasters. The agency states, "Disasters are based on actual events; therefore, future events are not budgeted." The agency is requesting a FY 2019 supplemental totaling \$19.6 million, including \$2.3 million from the State General Fund, to provide for disaster relief expenditures on open disasters.

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

E. Debt Service

The 2000 Legislature approved the issuance of \$22.0 million in revenue bonds in five increments to fund restoration of the Kansas National Guard armories. The first bonds were issued in November 2000 with the final bonds being issued during 2005. This is a 20-year bonding program.

Subsequently, the 2005 Legislature approved the issuance of an additional \$9.0 million in bonds for armory renovation with three bonds issues of \$3.0 million to be made in FY 2007, FY 2008, and FY 2009. Each issuance required State Finance Council approval prior to being issued. The agency received approvals and issued the FY 2007 bonds in September 2007, the FY 2008 bonds in September 2008, and then received approval for the final set of bonds at the June 2010 meeting of the State Finance Council.

The 2005 Legislature also approved the issuance of bonds for the Pittsburg State University and Adjutant General's Department joint use facility. The first debt service payment on these bonds was made in FY 2007 from the Principal and Interest account, and the first payment from the State General Fund was made in FY 2008. The final payment for these bonds was made in FY 2017.

The 2007 Legislature approved the issuance of \$9.0 million in revenue bonds to construct, equip, and purchase land for the Great Plains Training Center in Salina. These bonds were issued in September 2007. The first debt service payment from the State General Fund was paid in FY 2009.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Armory Bonds	\$ 169,857	\$ 154,721	\$ 154,721	\$ 135,518	\$ 135,518
PSU University Bonds	3,199	0	0	0	0
Great Plains Training Center Bonds	68,611	49,956	49,956	30,659	30,659
TOTAL	\$ 241,667	\$ 204,677	\$ 204,677	\$ 166,177	\$ 166,177
Financing:					
State General Fund	\$ 241,667	\$ 204,677	\$ 204,677	\$ 166,177	\$ 166,177
All Other Funds	0	0	0	0	0
TOTAL	\$ 241,667	\$ 204,677	\$ 204,677	\$ 166,177	\$ 166,177

The **agency** requests State General Fund debt service interest payments totaling \$204,677 in FY 2018 and \$166,177 for FY 2019. Debt service payments for bonds include the following items:

- **Armory Bonds.** The agency requests \$154,721 in FY 2018 and \$135,518 for FY 2019 for debt service interest payments on bonds for the restoration of Kansas National Guard armories;
- **Pittsburg State University Bonds.** The agency's final debt service interest payment on bonds issued for the Pittsburg Joint Readiness Center was made in FY 2017; and
- **Great Plains Training Center Bonds.** The agency requests \$49,956 in FY 2018 and \$30,659 for FY 2019 for debt service interest payments on the bonds issued for the Great Plains Training Center.

The **Governor** concurs with the agency's requests for debt service expenditures in FY 2018 and FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Debt Service Principal:				
Armory Bonds	\$ 435,000	\$ 435,000	\$ 460,000	\$ 460,000
GPRT Center Bonds	425,000	425,000	445,000	445,000
<i>Subtotal—Debt Service Principal SGF</i>	<i>\$ 860,000</i>	<i>\$ 860,000</i>	<i>\$ 905,000</i>	<i>\$ 905,000</i>
State General Fund Projects:				
Rehabilitation and Repair of Armories	\$ 374,458	\$ 374,458	\$ 386,731	\$ 386,731
Crisis City HVAC Replacement	250,000	0	0	0
Kansas Intelligence Fusion Center (KIFC) - Design	0	0	2,416,967	0
<i>Subtotal—SGF Projects</i>	<i>\$ 624,458</i>	<i>\$ 374,458</i>	<i>\$ 2,803,698</i>	<i>\$ 386,731</i>
Special Revenue Fund (SRF) / Federal Fund Projects (FED):				
NGB Ops/Maint. R&R Match FED	\$ 6,912,173	\$ 6,912,173	\$ 6,921,021	\$ 6,921,021
Ft. Leavenworth Readiness Center Design/Construct.	2,000,000	2,000,000	17,400,000	17,400,000
General Fees Fund	650,000	650,000	650,000	650,000
Military Fees Fund	20,000	20,000	0	0
<i>Subtotal—SRF & FED Projects</i>	<i>\$ 9,582,173</i>	<i>\$ 9,582,173</i>	<i>\$ 24,971,021</i>	<i>\$ 24,971,021</i>
TOTAL	\$ 11,066,631	\$ 10,816,631	\$ 28,679,719	\$ 26,262,752
Financing:				
State General Fund	\$ 1,484,458	\$ 1,234,458	\$ 3,708,698	\$ 1,291,731
All Other Funds	9,582,173	9,582,173	24,971,021	24,971,021
TOTAL	\$ 11,066,631	\$ 10,816,631	\$ 28,679,719	\$ 26,262,752

FY 2018 – Current Year. The agency requests a revised estimate for capital improvements totaling \$11.1 million, including \$1.5 million from the State General Fund, in FY 2018. The revised FY 2018 estimate includes two supplemental requests and is detailed, as follows:

- **State General Fund.** The FY 2018 revised estimate includes debt service principal expenditures totaling \$860,000; rehabilitation and repair expenditures of \$374,458; and a supplemental request for \$250,000 for replacement of the Crisis City HVAC; and
- **All Other Funds.** The FY 2018 revised estimate includes \$9.6 million, including \$8.9 million from federal funds and \$670,000 from special revenue funds. This includes one supplemental request for \$2.0 million, all from federal funds, for the

design of the Ft. Leavenworth Readiness Center and matching federal funding for rehabilitation and repair expenditures in FY 2018.

Capital improvements projects included in the FY 2018 revised estimate are as follows:

- **Rehabilitation and Repair.** The agency is requesting \$374,458, all from the State General Fund, for rehabilitation and repair expenditures in FY 2018. The agency notes rehabilitation and repair expenditures include those for 36 Kansas armories (over 1.3 million square feet of armory facilities) and National Guard facilities in order to draw down matching federal money per the Cooperative Agreement with the National Guard Bureau (facilities are applicable for a 50.0 percent or 25.0 percent match depending on facility ownership). Expenditures for rehabilitation and repair include large modernization projects, Heating Ventilation Air Conditioning (HVAC) replacements, roof replacements, improving building envelope, physical security requirements, groundskeeping, code compliance, utility infrastructure replacement, and energy saving projects;
- **Crisis City HVAC Replacement.** The agency is requesting \$250,000, all from the State General Fund, as supplemental funding to replace the HVAC system at the Crisis City Training Facility outside of Salina, Kansas. The agency states the requested system would be more efficient at heating and cooling and maintaining the building at a temperature between 65 to 78 degrees; and
- **Ft. Leavenworth Readiness Center–Design.** The agency is requesting \$2.0 million, all from federal funds, as a supplemental for the design of a new Ft. Leavenworth Readiness Center. The agency states, “The Kansas Army National Guard will be building a new Readiness Center at Ft. Leavenworth. The cost of the project is estimated at \$29.0 million, and the project will be built on Federal Land and will not require any type of state match.” The FY 2018 revised estimate includes funding for the initial design of the facility, the FY 2019 revised estimate begins construction, and the five-year capital improvements plan includes an additional \$11.6 million, all from federal funds, to be expended for facility construction for FY 2020.

The **Governor** recommends \$10.8 million, including \$1.2 million from the State General Fund, for capital improvements in FY 2018. This is an all funds decrease of \$250,000, or 2.3 percent, and a State General Fund decrease of \$250,000, or 16.8 percent, below the agency’s revised FY 2018 estimate. This decrease is due to the Governor not recommending the agency’s supplemental request for Crisis City HVAC replacement in FY 2018.

FY 2019 – Budget Year. The **agency** requests a revised estimate for capital improvements totaling \$28.7 million, including \$3.7 million from the State General Fund, for FY 2019. The revised FY 2019 estimate includes two supplemental requests and is detailed, as follows:

- **State General Fund.** The agency’s FY 2019 revised estimate includes debt service principal expenditures totaling \$905,000; rehabilitation and repair expenditures of \$386,731; and one supplemental request for \$2.4 million for the design of a new Kansas Intelligence Fusion Center on or adjacent to Forbes Field; and

- **All Other Funds.** The FY 2019 revised estimate includes \$25.0 million, including \$24.3 million from federal funds and \$650,000 from special revenue funds for FY 2019. This includes one supplemental request for \$17.4 million, all from federal funds, to begin construction of a new Ft. Leavenworth Readiness Center and matching federal funds for rehabilitation and repair expenditures.

Capital improvements projects included in the revised estimate for FY 2019 are as follows:

- **Rehabilitation and Repair.** The agency is requesting \$386,731, all from the State General Fund, for rehabilitation and repair expenditures for FY 2019. The agency notes rehabilitation and repair expenditures include those for 36 Kansas armories (over 1.3 million square feet of armory facilities) and National Guard facilities in order to draw down matching federal money per the Cooperative Agreement with the National Guard Bureau (facilities are applicable for a 50.0 percent or 25.0 percent match depending on facility ownership). Expenditures for rehabilitation and repair include large modernization projects, HVAC replacements, roof replacements, improving building envelope, physical security requirements, groundskeeping, code compliance, utility infrastructure replacement, and energy saving projects;
- **Ft. Leavenworth Readiness Center—Construction.** The agency is requesting a supplemental for \$17.4 million, all from federal funds, to begin construction of a new Ft. Leavenworth Readiness Center. The agency states, “The Kansas Army National Guard will be building a new Readiness Center at Ft. Leavenworth. The cost of the project is estimated at \$29.0 million, and the project will be built on Federal Land and will not require any type of state match.” The FY 2019 revised estimate includes funding to begin construction of the facility, and the five-year capital improvements plan includes an additional \$11.6 million, all from federal funds, to be expended for facility construction for FY 2020; and
- **Kansas Intelligence Fusion Center (KIFC)—Design.** The agency is requesting a supplemental for \$2.4 million, all from the State General Fund, to design a new multi-agency multi-discipline State Homeland Security Intelligence Fusion Center to be located on or adjacent to the grounds of the Kansas National Guard 190th Refueling Wing at Forbes Field in Topeka for FY 2019. The agency states, “The facility will be the primary state center for state cyber-terrorism and bio-threat intelligence analysis. It will address increased space requirements, provide considerably more robust physical security, and allow for greater partnership between public and private owners of critical infrastructure. The project shall also include all necessary facility support, such as parking, emergency power generation, and key communication systems. This facility is a vital component of Kansas’ security and the Kansas National Guard’s Headquarters’ relocation to Forbes Field.” The five-year capital improvements plan includes continuing construction expenditures of \$16,113,476 for 2020 and \$10,742,317 for FY 2021, all from the State General Fund.

Other Project Notations Beyond FY 2019—2020 Joint Force Headquarters (JFHQ) project. The agency notes that as part of its submitted five-year capital improvements plan, the Kansas Army National Guard will be building a new JFHQ for an estimated \$15.0 million, all from federal funds, as the project will be built on federal land and will require no state match.

The project is scheduled to be designed for FY 2020 (\$1.5 million), and construction is set to begin for FY 2022 (\$9.0 million) and completed in FY 2023 (\$6.0 million).

The **Governor** recommends \$26.3 million, including \$1.3 million from the State General Fund, for capital improvements for FY 2019. This is an all funds decrease of \$2.4 million, or 8.4 percent, and a State General Fund decrease of \$2.4 million, or 65.2 percent, below the agency's revised FY 2019 estimate. This decrease is due to the Governor not recommending the agency's supplemental request for Kansas Intelligence Fusion Center design for FY 2019.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration:				
Number of students served through the STARBASE Program	N/A	7,168	5,200	5,200
Percent of uptime for all prescribed services	N/A	94.0%	99.9%	99.9%
Percent of employees reviewed annually	N/A	95.0%	97.0%	99.0%
Percent of positive customer service feedback	N/A	75.0%	95.0%	95.0%
Emergency Preparedness:				
Number of threat briefings	N/A	119	100	100
Number of top tier exercises conducted	N/A	6	5	5
Number of preparedness campaigns conducted	N/A	11	9	9
Number of written intelligence reports published	N/A	191	150	175
Infrastructure:				
Percent of routine work orders processed within 60 days	N/A	87.0%	100.0%	100.0%
Percent of urgent work orders processed within seven days	N/A	92.0%	100.0%	100.0%

KANSAS BUREAU OF INVESTIGATION

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 21,288,545	\$ 21,823,961	\$ 21,723,980	\$ 23,454,029	\$ 23,339,740
Other Funds	11,573,706	13,769,006	13,769,006	13,505,067	13,505,067
<i>Subtotal</i>	<i>\$ 32,862,251</i>	<i>\$ 35,592,967</i>	<i>\$ 35,492,986</i>	<i>\$ 36,959,096</i>	<i>\$ 36,844,807</i>
Capital Improvements:					
State General Fund	\$ 2,134,425	\$ 2,277,800	\$ 2,527,800	\$ 2,380,000	\$ 2,630,000
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 2,134,425</i>	<i>\$ 2,277,800</i>	<i>\$ 2,527,800</i>	<i>\$ 2,380,000</i>	<i>\$ 2,630,000</i>
TOTAL	\$ 34,996,676	\$ 37,870,767	\$ 38,020,786	\$ 39,339,096	\$ 39,474,807
Percentage Change:					
Operating Expenditures					
State General Fund	10.0 %	2.5 %	2.0 %	7.5 %	7.4 %
All Funds	1.6	8.3	8.0	3.8	3.8
FTE Positions	288.0	294.0	294.0	294.0	307.0

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 Bureau of Investigation (KBI) was established in 1939 as a division within the Office of the Attorney General. The mission of the KBI is to provide professional investigative and laboratory services to Kansas criminal justice agencies and to collect and disseminate criminal justice information for the purpose of promoting public safety and the prevention of crime in Kansas. The KBI headquarters is located in Topeka and has regional offices in Wichita and Overland Park. Laboratory facilities are located in Topeka, Great Bend, Pittsburg, and Kansas City.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** added language providing for the reappropriation of the \$124,000, all from the State General Fund, to FY 2009 for the KBI to purchase property in Topeka in the block containing the headquarters building and added \$50,000, all from the State General Fund, to complete the buyout and demolition of properties on the same block as the headquarters.

The **2009 Legislature** added language to reappropriate the total unencumbered State General Fund balance of the Land Acquisition Fund savings to operating expenditures in FY 2010 to provide funding for Kansas Criminal Justice Information System (KCJIS) communication lines. The legislation added \$326,000, all from the State General Fund, for the KCJIS Central Message Switch Replacement project in FY 2010, and reduced the agency's budget by 1.25 percent as part of an across-the-board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates for FY 2009 (\$212,814) and FY 2010 (\$209,672). The legislation also reduced the agency's budget by 2.75 percent, as part of an across-the-board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures excluding debt service payments and caseload estimates for FY 2010 (\$423,085).

The **2010 Legislature** deleted \$218,000 from the State General Fund and added \$660,000 from the Criminal Justice Information System Line Fund for FY 2011 with the passage of 2010 Senate Sub. for HB 2226, which raised district court traffic fines by \$5 to provide funding for the KCJIS circuits. The legislation added \$1,080,630, all from the State General Fund, to assist in reducing the DNA backlog in FY 2011. The funds allowed for the purchase of new equipment and consumables, as well as for computer and software licenses.

The **2011 Legislature** added \$150,000, all from the State General Fund, in FY 2011 and \$450,000, all from the State General Fund, for FY 2012 to provide funding for methamphetamine laboratory cleanup and approved a reduced resources budget in FY 2012, which was an all funds decrease of \$556,598 and a State General Fund decrease of \$783,941.

The **2013 Legislature** added language authorizing expenditures for an agreement with Washburn University for the construction of the forensic laboratory in FY 2014 and added \$608,532, all from the State General Fund, and 5.0 FTE positions for FY 2014 and FY 2015 for the Crimes Against Children Unit.

The **2013 Legislature** deleted \$384,785 in FY 2013 and \$200,000 for FY 2014 for the methamphetamine laboratory cleanup program and deleted \$987,465, including \$176,270 from the State General Fund, in FY 2014 and deleted \$1,032,241, including \$203,729 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2015.

The **2014 Legislature** added \$1,350, all from the Kansas Criminal Justice Information System (KCJIS) Line Fund, to procure and operate telecommunications circuits for each county in FY 2014 and FY 2015, and made the KCJIS Line Fund a no limit fund. The legislation also added \$940,646, all from the State General Fund, for a 10.0 percent base pay increase for all forensic scientist and special agent positions for FY 2015.

The **2015 Legislature** added 12.0 non-FTE positions for the forensic laboratory at Washburn University for FY 2016 and FY 2017. The legislation added \$4.3 million, all from the State General Fund, for debt service payments for the new forensic laboratory at Washburn University for FY 2016 and FY 2017. The legislation also added \$1.0 million, all from special revenue funds, for maintenance and support of KCJIS, and added language permitting the KBI to use funds in the KCJIS Line Fund for maintenance and support of KCJIS.

The **2016 Legislature** deleted \$346,463, all from the State General Fund, in FY 2016 as part of the Governor's July 30, 2015, allotment. In addition, the legislation added \$1.1 million, all from special revenue funds, in FY 2016 for operational adjustments, including increased expenditures from the KCJIS Line Fund (\$256,320), Record Check Fee Fund (\$91,435), and federal funds (\$763,501). The legislation also added language allowing the use of existing funds of not more than \$340,000 to repair the Topeka headquarters parking garage in FY 2016.

The **2016 Legislature** added \$1.5 million, all from special revenue funds, for FY 2017 for operational adjustments, including increased expenditures from the KCJIS Line Fund (\$256,320), Record Check Fee Fund (\$307,733), forfeiture funds (\$250,000), and federal funds (\$658,722). The legislation deleted \$150,000, all from the State General Fund, for FY 2017 to reduce methamphetamine laboratory cleanup expenditures. The legislation also added language allowing the use of existing funds for salaries and wages expenditures for FY 2017. This language allows for progression within the existing pay structure for the agency's employees.

The **2017 Legislature** added \$885,820, all from the State General Fund, to implement the agency's recruitment and retention plan for FY 2019. Funding in FY 2018 consists of both Record Check Fee Fund and savings from vacant positions, and funding for FY 2019 will consist solely of moneys from the State General Fund.

The **2017 Legislature** also added \$802,569 for FY 2018 and \$664,737 for FY 2019, all from the State General Fund, for 6.0 Forensic Scientist positions to accommodate for increased sexual assault kit submissions.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$37.8 million, including \$24.0 million from the State General Fund, in FY 2018. The revised estimate is an all funds increase of \$929,710, or 2.5 percent, and a State General Fund increase of \$99,981, or 0.4 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily due to a feasibility study on a replacement for the Automated Fingerprint Identification System (\$400,000), the system construction for the Kansas Incident Based Reporting System replacement (\$150,000), and a document imaging system replacement (\$500,000). The State General Fund increase is entirely due to the agency's supplemental request for a 2.5 percent salary adjustment for certain state employees (\$99,981).

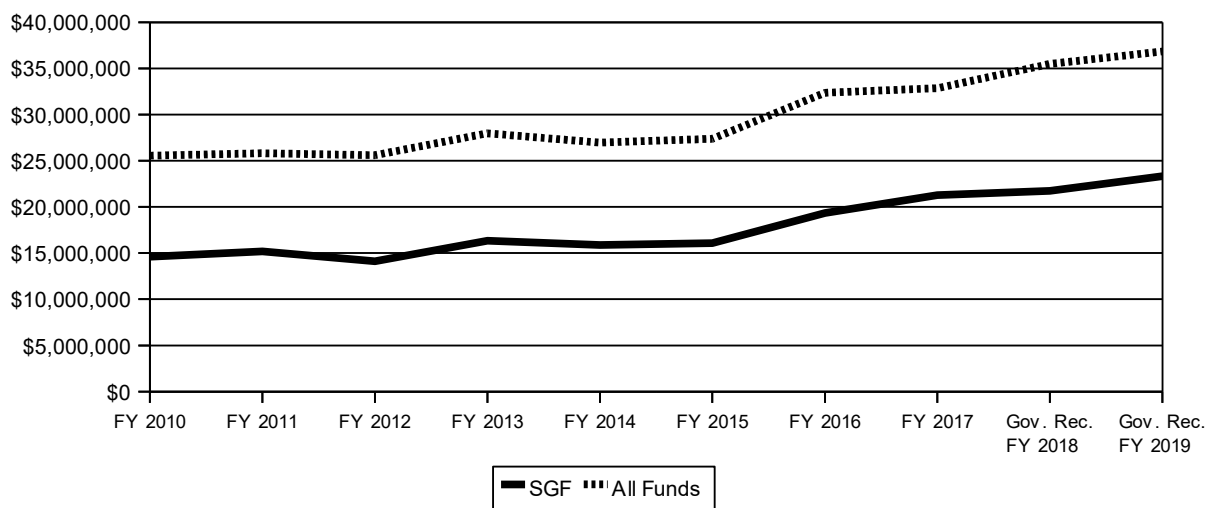
The **Governor** recommends \$38.0 million, including \$24.3 million from the State General Fund, in FY 2018. The recommendation is a State General Fund increase of \$150,019, or 0.4 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas (\$250,000). The increase is partially offset by the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment (\$99,981). The Governor's recommendation includes a transfer of \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide additional funding for the new facility and the supplemental request.

FY 2019 – Budget Year. The **agency** requests a revised estimate of \$39.3 million, including \$25.8 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$2.6 million, or 7.0 percent, and a State General Fund increase of \$1.4 million, or 5.8 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily due to a \$1.3 million adjustment in shrinkage. The State General Fund increase is entirely due to the agency's supplemental requests for filling 13.0 unfunded Special Agent vacancies (\$1.3 million) and for a 2.5 percent salary adjustment for certain state employees (\$99,981).

The **Governor** recommends \$39.5 million, including \$26.0 million from the State General Fund, for FY 2019. The recommendation is a State General Fund increase of \$135,711, or 0.4 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas (\$250,000). The increase is partially offset by the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment (\$99,981) and part of the agency's supplemental request for vacant position funding (\$14,308). The Governor's recommendation includes a transfer of \$1.6 million from the Attorney General's Court Cost Fund to the State General Fund to provide additional funding for the new facility and the supplemental request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 14,607,892	(3.0)%	\$ 25,551,718	(0.4)%	221.0
2011	15,180,709	3.9	25,813,836	1.0	221.0
2012	14,102,572	(7.1)	25,598,545	(0.8)	209.0
2013	16,343,055	15.9	27,972,736	9.3	218.0
2014	15,872,266	(2.9)	26,967,017	(3.6)	211.0
2015	16,082,694	1.3	27,380,504	1.5	223.0
2016	19,355,529	20.4	32,360,465	18.2	223.0
2017	21,288,545	10.0	32,862,251	1.6	288.0
2018 Gov. Rec.	21,723,980	2.0	35,492,986	8.0	294.0
2019 Gov. Rec.	23,339,740	7.4	36,844,807	3.8	307.0
Ten-Year Change Dollars/Percent	\$ 8,731,848	59.8 %	\$ 11,293,089	44.2 %	86.0

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
General Services	\$ 8,008,578	\$ 4,378,338	\$ 3,918,880	\$ (459,458)	(10.5) %	\$ 4,278,357	\$ 3,818,899	\$ (459,458)	(10.7) %		
Field Investigations	12,513,648	5,056,834	6,573,258	1,516,424	30.0	5,056,834	6,558,950	1,502,116	29.7		
Forensic Laboratory	10,123,956	10,121,484	10,680,932	559,448	5.5	10,121,484	10,680,932	559,448	5.5		
KCJIS & IT	0	4,572,716	4,852,166	279,450	6.1	4,572,716	4,852,166	279,450	6.1		
Information Services	0	2,015,000	1,398,563	(616,437)	(30.6)	2,015,000	1,398,563	(616,437)	(30.6)		
Special Operations	0	7,294,670	7,492,622	197,952	2.7	7,294,670	7,492,622	197,952	2.7		
Debt Service	2,216,069	2,153,925	2,042,675	(111,250)	(5.2)	2,153,925	2,042,675	(111,250)	(5.2)		
TOTAL	\$ 32,862,251	\$ 35,592,967	\$ 36,959,096	\$ 1,366,129	3.8 %	\$ 35,492,986	\$ 36,844,807	\$ 1,351,821	3.8 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 19,810,292	\$ 20,991,074	\$ 23,698,289	\$ 2,707,215	12.9 %	\$ 20,891,093	\$ 23,598,308	\$ 2,707,215	13.0 %		
Contractual Services	6,651,646	7,599,837	7,441,036	(158,801)	(2.1)	7,599,837	7,426,728	(173,109)	(2.3)		
Commodities	1,341,344	1,212,620	1,378,858	166,238	13.7	1,212,620	1,378,858	166,238	13.7		
Capital Outlay	1,229,991	1,996,506	1,128,348	(868,158)	(43.5)	1,996,506	1,128,348	(868,158)	(43.5)		
Debt Service	2,216,069	2,153,925	2,042,675	(111,250)	(5.2)	2,153,925	2,042,675	(111,250)	(5.2)		
Subtotal-Operations	\$ 31,249,342	\$ 33,953,962	\$ 35,689,206	\$ 1,735,244	5.1 %	\$ 33,853,981	\$ 35,574,917	\$ 1,720,936	5.1 %		
Aid to Local Units	1,535,501	1,506,030	1,236,646	(269,384)	(17.9)	1,506,030	1,236,646	(269,384)	(17.9)		
Other Assistance	77,408	132,975	33,244	(99,731)	(75.0)	132,975	33,244	(99,731)	(75.0)		
TOTAL	\$ 32,862,251	\$ 35,592,967	\$ 36,959,096	\$ 1,366,129	3.8 %	\$ 35,492,986	\$ 36,844,807	\$ 1,351,821	3.8 %		
Financing:											
State General Fund	\$ 21,288,545	\$ 21,823,961	\$ 23,454,029	\$ 1,630,068	7.5 %	\$ 21,723,980	\$ 23,339,740	\$ 1,615,760	7.4 %		
Record Check Fee Fund	2,649,774	3,395,784	4,174,187	778,403	22.9	3,395,784	4,174,187	778,403	22.9		
KCJIS Line Fund	1,855,011	1,686,530	1,858,031	171,501	10.2	1,686,530	1,858,031	171,501	10.2		
Forensic Laboratory and Materials Fee Fund	1,736,919	2,228,834	2,307,073	78,239	3.5	2,228,834	2,307,073	78,239	3.5		
Federal Funds	4,151,767	5,392,686	4,066,773	(1,325,913)	(24.6)	5,392,686	4,066,773	(1,325,913)	(24.6)		
All Other Funds	1,180,235	1,065,172	1,099,003	33,831	3.2	1,065,172	1,099,003	33,831	3.2		
TOTAL	\$ 32,862,251	\$ 35,592,967	\$ 36,959,096	\$ 1,366,129	3.8 %	\$ 35,492,986	\$ 36,844,807	\$ 1,351,821	3.8 %		

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$23.5 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 \$463,709, 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 \$24.0 million. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 24,001,780	\$ 24,101,761	\$ 99,981	\$ 24,251,780	\$ 250,000
All Other Funds	12,939,277	13,769,006	829,729	13,769,006	829,729
TOTAL	\$ 36,941,057	\$ 37,870,767	\$ 929,710	\$ 38,020,786	\$ 1,079,729
FTE Positions	294.0	294.0	0.0	294.0	0.0

The **agency** requests a revised estimate of \$37.8 million, including \$24.0 million from the State General Fund, in FY 2018. The revised estimate is an all funds increase of \$929,710, or 2.5 percent, and a State General Fund increase of \$99,981, or 0.4 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily due to a feasibility study on a replacement for the Automated Fingerprint Identification System (\$400,000), the system construction for the Kansas Incident Based Reporting System replacement (\$150,000), a document imaging system replacement (\$500,000). The State General Fund increase is entirely due to the agency's supplemental request for a 2.5 percent salary adjustment for certain state employees (\$99,981). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$21.0 million, including \$14.9 million from the State General Fund, for salary and wage expenditures in FY 2018. The revised estimate is a decrease of \$217,501, or 1.0 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to lower projected spending on unclassified temporary employees. The decrease is partially offset by a \$99,981 increase from the agency's supplemental request for a 2.5 percent salary adjustment for employees who are willing to enter unclassified service and did not see any benefit from the salary adjustment passed by the 2017 Legislature;

- **Contractual Services.** The agency requests a revised estimate of \$7.6 million, including \$3.6 million from the State General Fund, for contractual services expenditures in FY 2018. The revised estimate is an all funds increase of \$633,533, or 9.1 percent, and a State General Fund increase of \$639,712, or 21.4 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$400,000 increase to conduct a feasibility study on a replacement for the Automated Fingerprint Identification System (AFIS) and a \$150,000 increase for the system construction on a replacement for the Kansas Incident Based Reporting System (KIBRS);
- **Commodities.** The agency requests a revised estimate of \$1.2 million, including \$657,617 from the State General Fund, for commodities expenditures in FY 2018. The revised estimate is a decrease of \$26,938, or 2.2 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to a \$19,935 decrease in professional and scientific supply expenditures from one-time purchases of sexual assault kit testing supplies in FY 2017;
- **Capital Outlay.** The agency requests a revised estimate of \$2.0 million, including \$502,902 from the State General Fund, for capital outlay expenditures in FY 2018. The revised estimate is an increase of \$835,603, or 72.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$500,000 increase to replace a document imaging machine.
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$1.5 million, all from special revenue funds, for aid to local units of government expenditures in FY 2018. The revised estimate is an increase of \$141,191, or 10.3 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to Sexual Assault Kit Initiative Grant expenditures in the General Services program. Those funds support local governments that investigate cases based on the analysis on sexual assault kits; and
- **Other Assistance.** The agency requests a revised estimate of \$132,975, all from the Sexual Assault Kit Initiative Grant, for other assistance expenditures in FY 2018. The revised estimate is an increase of \$19,731, or 17.4 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to Sexual Assault Kit Initiative Grant expenditures in the General Services program. Those funds support organizations that aim to reduce victimization, encourage reporting of sexual assault, and enhance victim services and support.

The **Governor** recommends \$38.0 million, including \$24.3 million from the State General Fund, in FY 2018. The recommendation is a State General Fund increase of \$150,019, or 0.4 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas (\$250,000). The increase is partially offset by the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment (\$99,981). The Governor's recommendation includes a transfer of \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide additional funding for the new facility and the supplemental request.

Supplemental Detail

FY 2018 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
2.5% Salary Adjustment	\$ 99,981	\$ 99,981	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$99,981, all from the State General Fund, for one supplemental request in FY 2018. This supplemental request includes:

- **2.5 percent Salary Adjustment.** The agency requests \$99,981, all from the State General Fund, for a 2.5 percent pay increase in FY 2018. Only employees that enter unclassified service and that did not see any benefit from the salary adjustments passed by the 2017 Legislature will be eligible for this salary adjustment.

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 \$36.8 million for the Kansas Bureau of Investigation for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 24,419,740	\$ 25,834,029	\$ 1,414,289	\$ 25,969,740	\$ 1,550,000
All Other Funds	12,341,143	13,505,067	1,163,924	13,505,067	1,163,924
TOTAL	\$ 36,760,883	\$ 39,339,096	\$ 2,578,213	\$ 39,474,807	\$ 2,713,924
FTE Positions	294.0	294.0	0.0	307.0	13.0

The **agency** requests a revised estimate of \$39.3 million, including \$25.8 million from the State General Fund, for FY 2019. The revised estimate is an all funds increase of \$2.6 million, or 7.0 percent, and a State General Fund increase of \$1.4 million, or 5.8 percent, above the amount approved by the 2017 Legislature. The all funds increase is primarily due to a \$1.3 million adjustment in shrinkage. The State General Fund increase is entirely due to the agency's supplemental requests for filling 13.0 unfunded Special Agent vacancies (\$1.3 million) and for a 2.5 percent salary adjustment for certain state employees (\$99,981). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$23.7 million, including \$16.6 million from the State General Fund, for salary and wage

expenditures for FY 2019. The revised estimate is an increase of \$2.1 million, or 9.6 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$1.1 million increase from the agency's supplemental requests for filling 13.0 unfunded Special Agent vacancies (\$1.0 million) and for a 2.5 percent salary adjustment (\$99,981) for employees who are willing to enter unclassified service and did not see any benefit from the salary adjustment passed by the 2017 Legislature;

- **Contractual Services.** The agency requests a revised estimate of \$7.4 million, including \$3.8 million from the State General Fund, for contractual services expenditures for FY 2019. The revised estimate is an increase of \$210,018, or 2.9 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$150,000 increase for the system construction on a replacement for the Kansas Incident Based Reporting System (KIBRS);
- **Commodities.** The agency requests a revised estimate of \$1.4 million, including \$850,005 from the State General Fund, for commodities expenditures for FY 2019. The revised estimate is an increase of \$160,928, or 13.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$64,350 increase from the agency's supplemental request for filling 13.0 unfunded Special Agent vacancies;
- **Capital Outlay.** The agency requests a revised estimate of \$1.1 million, including \$206,899 from the State General Fund, for capital outlay expenditures for FY 2019. The revised estimate is an increase of \$109,382, or 10.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to a \$159,950 increase for software purchases and a \$175,000 increase for information processing equipment;
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$1.2 million, all from special revenue funds, for aid to local units of government expenditures for FY 2019. The revised estimate is an increase of \$11,445, or 0.9 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to Sexual Assault Kit Initiative Grant expenditures in the General Services program. Those funds support local governments that investigate cases based on the analysis on sexual assault kits; and
- **Other Assistance.** The agency requests a revised estimate of \$33,244, all from the Sexual Assault Initiative Grant, for other assistance expenditures for FY 2019. The revised estimate is an increase of \$4,931, or 17.4 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to Sexual Assault Kit Initiative Grant expenditures in the General Services program. Those funds support organizations that aim to reduce victimization, encourage reporting of sexual assault, and enhance victim services and support.

The **Governor** recommends \$39.5 million, including \$26.0 million from the State General Fund, for FY 2019. The recommendation is a State General Fund increase of \$135,711, or 0.4 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas (\$250,000). The increase is partially offset by the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment (\$99,981) and part of the agency's supplemental request for vacant position funding (\$14,308). The Governor's

recommendation includes a transfer of \$1.6 million from the Attorney General's Court Cost Fund to the State General Fund to provide additional funding for the new facility and the supplemental request.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
2.5% Salary Adjustment	\$ 99,981	\$ 99,981	0.0	\$ 0	\$ 0	0.0
Vacant Position Funding	1,314,308	1,314,308	0.0	1,300,000	1,300,000	0.0
TOTAL	\$ 1,414,289	\$ 1,414,289	0.0	\$ 1,300,000	\$ 1,300,000	0.0

The **agency** requests \$1.4 million, all from the State General Fund, for supplemental requests for FY 2019. These requests include:

- **2.5 percent Salary Adjustment.** The agency requests \$99,981, all from the State General Fund, for a 2.5 percent pay increase for FY 2019. Only employees who enter unclassified service and did not see any benefit from the salary adjustments passed by the 2017 Legislature will be eligible for this salary adjustment; and
- **Vacant Position Funding.** The agency requests \$1.3 million, all from the State General Fund, for filling 13.0 of 16.0 unfunded Special Agent vacancies for FY 2019. The agency states that staffing in its Field Investigations and Special Operations Divisions are at its lowest point in ten years, while overtime spending has increased over 1,000 percent. ten Special Agents would be strategically placed throughout Kansas to investigate violent crimes, crimes against children, public corruption, and other crimes. Three Special Agents would be assigned to the Child Victim Unit to combat the online exploitation of children.

The **Governor** recommends \$1.3 million, all from the State General Fund, for 13.0 Special Agent positions for FY 2019. The Governor recommends transferring \$1.3 million from the Attorney General's Court Cost Fund to the State General Fund to provide the additional funding necessary for the project. The Governor does not recommend adopting the agency's supplemental request for a 2.5 percent salary adjustment.

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 \$70,360, including \$49,802 from the State General Fund, and FY 2019 longevity payments total \$59,200, including \$41,320 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	63.5 %	63.3 %
Record Check Fee Fund	11.3	11.3
KCJIS Line Fund	5.0	5.0
Forensic Laboratory and Materials Fee Fund	6.2	6.3
Federal Funds	11.0	11.0
All Other Funds	3.0	3.0
TOTAL	100.0 %	100.0 %

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

Record Check Fee Fund Analysis

The Record Check Fee Fund, which is a no limit fee fund, was established to collect fees in order to recover all or part of the direct and indirect operating expenses for criminal history record checks conducted for non-criminal justice entities and private organizations. Expenditures may be made from the Record Check Fee Fund for operating expenditures of the KBI. There are a variety of record checks, each with a different fee. In addition, moneys collected pay the Federal Bureau of Investigation (FBI) for fingerprint searches done at the national level.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 1,607,309	\$ 1,801,731	\$ 1,801,731	\$ 1,278,585	\$ 1,278,585
Revenue	2,844,196	2,872,638	2,872,638	2,901,364	2,901,364
Transfers in	0	0	0	0	0
Funds Available	\$ 4,451,505	\$ 4,674,369	\$ 4,674,369	\$ 4,179,949	\$ 4,179,949
Less:					
Expenditures	2,649,774	3,395,784	3,395,784	4,174,187	4,174,187
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 1,801,731	\$ 1,278,585	\$ 1,278,585	\$ 5,762	\$ 5,762
Ending Balance as Percent of Expenditures	68.0%	37.7%	37.7%	0.1%	0.1%
Month Highest Ending Balance	May \$ 2,032,541	May \$ 1,442,378	May \$ 1,442,378	May \$ 6,500	May \$ 6,500
Month Lowest Ending Balance	July \$ 1,504,264	July \$ 1,067,489	July \$ 1,067,489	July \$ 4,811	July \$ 4,811

Kansas Criminal Justice Information System (KCJIS) Fee Fund Analysis

Expenditures from the KCJIS Line Fund are used to provide communication lines, outlets, and terminals to each county for KCJIS, pursuant to KSA 74-5707. The 2015 Legislature

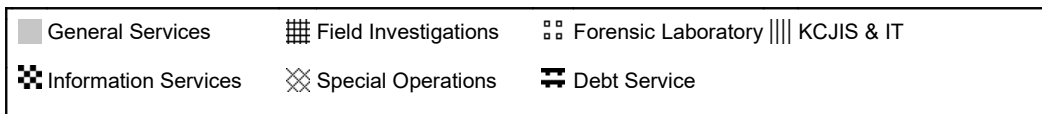
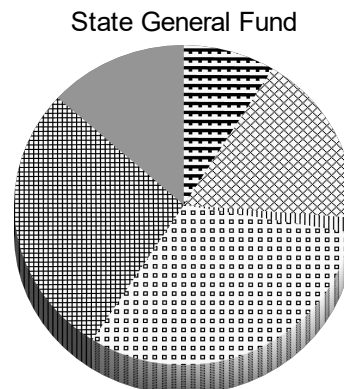
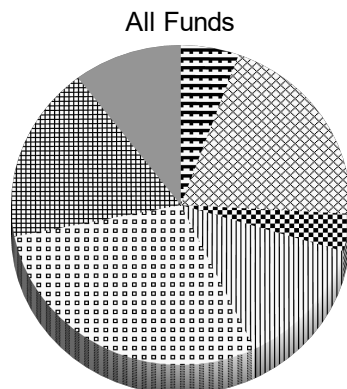
added proviso language to 2015 House Sub. for SB 112, which allows the KBI to expend money from the Fund for maintenance and support of KCJIS for FY 2016 and FY 2017. Revenues deposited into the Fund include 4.4 percent of all remittances, penalties, and forfeitures received from district courts. Additionally, 2015 House Sub. for SB 112 allows for additional revenue—up to \$1.0 million annually—to be deposited into the Fund for FY 2016 and FY 2017. The source of the additional revenue is \$1 of the Division of Vehicles modernization surcharge collected and remitted to the Secretary of Revenue.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 216,074	\$ 105,613	\$ 105,613	\$ 179,083	\$ 179,083
Revenue	1,744,550	1,760,000	1,760,000	1,760,000	1,760,000
Transfers in	0	0	0	0	0
Funds Available	\$ 1,960,624	\$ 1,865,613	\$ 1,865,613	\$ 1,939,083	\$ 1,939,083
Less:					
Expenditures	1,855,011	1,686,530	1,686,530	1,858,031	1,858,031
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 105,613	\$ 179,083	\$ 179,083	\$ 81,052	\$ 81,052
Ending Balance as Percent of Expenditures	5.7%	10.6%	10.6%	4.4%	4.4%
Month Highest Ending Balance	September \$ 648,408	September \$ 573,429	September \$ 573,432	September \$ 259,529	September \$ 259,532
Month Lowest Ending Balance	June \$ 92,036	June \$ 81,394	June \$ 81,394	June \$ 36,838	June \$ 36,839

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
General Services	\$ 3,818,899	10.4 %	\$ 3,104,008	13.3 %
Field Investigation	6,558,950	17.8	6,455,175	27.7
Forensic Laboratory	10,680,932	29.0	7,302,820	31.3
KCJIS & IT	4,852,166	13.2	345,347	1.5
Information Services	1,398,563	3.8	0	0.0
Special Operations	7,492,622	20.3	4,089,715	17.5
Debt Service	2,042,675	5.5	2,042,675	8.8
TOTAL	\$ 36,844,807	100.0 %	\$ 23,339,740	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
General Services	76.5	28.0	28.0	28.0	28.0
Field Investigations	71.0	70.0	70.0	71.0	84.0
Forensic Laboratory	91.5	89.0	89.0	89.0	89.0
KCJIS & IT	0.0	32.0	32.0	31.0	31.0
Information Services	0.0	26.0	26.0	26.0	26.0
Special Operations	49.0	49.0	49.0	49.0	49.0
TOTAL	288.0	294.0	294.0	294.0	307.0

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.

A. General Services

The General Services program is responsible for establishing efficient and effective programs, policies, and procedures that provide relevant and timely management, data processing, and administrative services in support of KBI operations and the Kansas criminal justice community. The agency carries out its administrative functions through a variety of subprograms:

Office of the Director. The Office of the Director provides the overall management of the agency. The Director is ultimately responsible for the efficient operation of the agency and administration of agency programs in alignment with the agency mission, overarching goals, and in fulfillment of statutory obligations.

Office of Governmental Affairs. The Office of Governmental Affairs is responsible for coordinating intergovernmental relations activities to ensure the effective and accurate representation of the KBI in governmental affairs. The Executive Officer is the principal advisor to the Director and his Executive Staff with respect to legislative affairs and policy matters affecting state and local government.

Office of General Counsel. The Office of General Counsel provides timely and efficient counsel and provides legal representation to the agency Director and, as appropriate, to the executive staff, divisions, units, and line employees on legal matters relating to agency operations.

Office of Communications and Engagement. The Office of Communications and Engagement is responsible for internal and external communication initiatives as well as preparing and responding to external media inquiries. This office also coordinates and develops the agency's public service announcements.

Office of Professional Standards. The Office of Professional Standards is responsible for developing and reviewing internal agency policies and ensuring agency officials adhere to those standards. This Office is staffed by one Special Agent in Charge who is tasked with conducting objective investigations when the agency receives a complaint or becomes aware of situations involving employee misconduct. Additionally, the Special Agent in Charge conducts audits and inspections of agency programs and processes to ensure adherence to established standards.

Human Resources Office. The Human Resources Office is responsible for personnel management and agency-wide recruitment. This office manages the posting of vacant positions, receipt and processing of applications, and the background and hiring processes. Additionally, the Office is responsible for benefits management, payroll, and employee relations.

Fiscal Office. The Fiscal Office provides financial services to both internal and external customers using generally accepted accounting principles. This office is responsible for maintenance of the accounting system and the financial records of the agency. It also manages the agency's budget by providing fiscal oversight of agency programs, monitoring the budget process, and preparing fiscal information. Additionally, the Office administers approximately 13 state or federal grants that are used to fund programs that enhance the criminal justice system or generally improve public safety in Kansas.

Facilities Operations. The Facilities Operations subprogram works towards providing a safe and welcoming environment for employees and agency visitors. Those in Facilities Operations are responsible for ensuring that the agency's facilities are clean, safe, secure, and well maintained. Custodial, maintenance, and security personnel at each facility are included in this group.

GENERAL SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,684,305	\$ 2,041,939	\$ 1,941,958	\$ 2,163,609	\$ 2,063,628
Contractual Services	2,680,594	1,662,824	1,662,824	1,537,075	1,537,075
Commodities	52,636	57,700	57,700	57,700	57,700
Capital Outlay	476,751	146,170	146,170	59,906	59,906
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,894,286</i>	<i>\$ 3,908,633</i>	<i>\$ 3,808,652</i>	<i>\$ 3,818,290</i>	<i>\$ 3,718,309</i>
Aid to Local Units	38,452	336,730	336,730	67,346	67,346
Other Assistance	75,840	132,975	132,975	33,244	33,244
TOTAL	\$ 8,008,578	\$ 4,378,338	\$ 4,278,357	\$ 3,918,880	\$ 3,818,899
Financing:					
State General Fund	\$ 2,971,103	\$ 3,145,204	\$ 3,045,223	\$ 3,203,989	\$ 3,104,008
All Other Funds	5,037,475	1,233,134	1,233,134	714,891	714,891
TOTAL	\$ 8,008,578	\$ 4,378,338	\$ 4,278,357	\$ 3,918,880	\$ 3,818,899
FTE Positions	76.5	28.0	28.0	28.0	28.0

The **agency** requests a revised estimate of \$4.4 million, including \$3.1 million from the State General Fund, for the General Services program in FY 2018. The revised estimate is a decrease of \$4.4 million, or 50.1 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 General Services program previously contained functions that are now housed in the Kansas Criminal Justice Information System and Information Technology (KCJIS & IT) program (\$4.6 million) and the Information Services program (\$2.0 million). The decrease is offset by a \$99,981 increase from the agency's supplemental request for a 2.5 percent salary adjustment for employees who are willing to enter unclassified service and did not see any benefit from the salary adjustment passed by the 2017 Legislature.

The **Governor** recommends \$4.3 million, including \$3.0 million from the State General Fund, for the General Services program in FY 2018. The recommendation is a decrease of \$99,981, or 2.3 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment.

The **agency** requests a revised estimate of \$3.9 million, including \$3.2 million from the State General Fund, for the General Services program for FY 2019. The revised estimate is a decrease of \$459,458, or 10.7 percent, below the agency's revised estimate in FY 2018. The decrease is primarily due to a \$369,115 decrease in federal Sexual Assault Kit Initiative Grant expenditures and a \$81,964 decrease in professional and scientific equipment expenditures.

The **Governor** recommends \$3.8 million, including \$3.1 million from the State General Fund, for the General Services program for FY 2019. The recommendation is a decrease of \$99,981, or 2.6 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation not to adopt the agency's supplemental request for a 2.5 percent salary adjustment.

B. Field Investigations

The Field Investigations program is responsible for promoting public safety and governmental integrity, at the request of partner law enforcement agencies and the Kansas Attorney General, through the aggressive and efficient investigation of serious criminal violations, the collection of information and evidence, the collection and dissemination of criminal intelligence information, and the completion of background investigations. The program prioritizes the investigation of major crimes of violence, major drug trafficking organizations, crimes involving child victims, crimes involving governmental integrity, and crimes wherein the local jurisdiction has a recognized conflict of interest in investigating the offense. This program achieves these goals through a variety of subprograms, detailed below.

Management and Support. The Management and Support Unit is responsible for the oversight of personnel, development and implementation of policy, and accountability for established performance measures. This unit is responsible for coordinating and implementing the statutorily required continuing education and basic training for both of the agency's Investigations Divisions.

General Investigative Operations. The General Investigative Operations Unit is responsible for deploying Special Agent staff in sufficient numbers to effectively investigate crimes utilizing recognized best practices. This Unit utilizes a core group of specially trained Special Agents to respond to homicides and suspicious deaths and/or crimes committed by public officials. Statutorily required investigations, including in-custody death investigations and cases conducted at the direction of the Kansas Attorney General are also included in this program.

Child Victims Team. The Child Victims Team (CVT) investigates the serious sexually violent crimes, which are designated as "Jessica's Law" violations pursuant to KSA 21-6627, serious physical abuse of a child, and crimes committed by suspects who are designated as habitual sexual offenders pursuant to KSA 21-6627. CVT members conduct an average of 56 investigations per year. CVT members also investigate 75 percent of the cases involving child victims; the remaining 25 percent of these cases are worked by other Special Agents who normally work cases referred to the General Investigative Operations Unit.

Crime Scene Response Team. The Crime Scene Response Team (CSRT) deploys Special Agent and Forensic Scientist staff to investigate major crime scenes. The crime scenes they process are typically related to homicide, law enforcement uses of deadly force, and violent sexual assaults. The CSRT is supervised and managed full-time by one Assistant Special Agent in Charge with ten Special Agents and seven Forensic Scientists whose part time participation on the team is a collateral duty to their full-time assignments. The CSRT occasionally supports larger agencies that lack the level of expertise to reconstruct a crime scene or perform certain examinations at the scene of the crime.

Case Management Unit. The Case Management Unit (CMU) supports the investigative process by performing multiple duties related to the management of physical master case files, the retention of criminal investigative files according to the prescribed retention schedule, and the dissemination of criminal investigation reports and case files in support of the judicial process. This unit also manages the agency's electronic Investigative Case Management System (ICMS) and supports investigative personnel who are required to document case-related activities in ICMS.

Agent Evidence Operations. The Agent Evidence Operations Unit works to ensure the integrity of evidence that will be used for criminal prosecution and maintains the accountability of evidence held by the agency until it is properly disposed of through appropriate legal means. To ensure accountability, regular audits and inspections of evidence facilities are performed as a part of this subprogram. This unit also supports both of the agency's investigative divisions through the management, appropriate retention, and legal disposal of evidence seized during the course of an investigation.

Missing Persons Clearinghouse Operations. The Missing Persons Clearinghouse contains over 500 missing persons listed in a statutorily required database. Of those missing individuals, about 63 percent are juveniles. The database also serves as a collection and distribution point for information related to unidentified human remains. This unit conducts daily verifications of new missing persons and interacts with law enforcement agencies conducting investigations into missing persons along with other governmental agencies. This unit also maintains files of the reported unidentified remains that law enforcement agencies in Kansas have discovered, acting as a repository and facilitator to assist in locating the missing and identify the unidentified remains.

Background Investigations Operations. The Background Investigations Operations Unit conducts background investigations, including both pre-employment backgrounds on prospective KBI employees and those the agency is statutorily required to conduct. Background Investigations are conducted to determine the suitability of an individual for appointment to an important position within state government or within the judicial system and are generally aimed at assessing the individual's judgment, ability, honesty, responsible behavior, loyalty, mental stability, attitude, and prior criminal involvement or association.

Federal Task Force Operations. The Federal Task Force Operations subprogram contains Special Agents who participate in federal operations. Currently, one Special Agent is assigned to support the Federal Bureau of Investigation's (FBI) Heart of America Regional Computer Forensics Laboratory, part of the FBI's Joint Terrorism Task Force, and one Special Agent to the FBI's Crimes Against Children task forces. There is a pending request for another Special Agent to be assigned to the FBI's Cyber Crimes Task Force.

FIELD INVESTIGATIONS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 8,383,823	\$ 4,180,959	\$ 4,180,959	\$ 5,510,472	\$ 5,510,472
Contractual Services	2,223,813	650,775	650,775	863,586	849,278
Commodities	162,971	70,100	70,100	142,950	142,950
Capital Outlay	244,424	155,000	155,000	56,250	56,250
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,015,031</i>	<i>\$ 5,056,834</i>	<i>\$ 5,056,834</i>	<i>\$ 6,573,258</i>	<i>\$ 6,558,950</i>
Aid to Local Units	1,497,049	0	0	0	0
Other Assistance	1,568	0	0	0	0
TOTAL	\$ 12,513,648	\$ 5,056,834	\$ 5,056,834	\$ 6,573,258	\$ 6,558,950
Financing:					
State General Fund	\$ 8,979,087	\$ 4,954,090	\$ 4,954,090	\$ 6,469,483	\$ 6,455,175
All Other Funds	3,534,561	102,744	102,744	103,775	103,775
TOTAL	\$ 12,513,648	\$ 5,056,834	\$ 5,056,834	\$ 6,573,258	\$ 6,558,950
FTE Positions	71.0	70.0	70.0	71.0	84.0

The **agency** requests a revised estimate of \$5.1 million, including \$5.0 million from the State General Fund, for the Field Investigations program in FY 2018. The revised estimate is an decrease of \$7.1 million, or 58.4 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 Field Investigations program previously contained functions that are now housed in the Special Operations program (\$7.3 million). The decrease is offset by a \$1.3 million increase from the agency's supplemental request for filling 13.0 unfunded Special Agent vacancies.

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

The **agency** requests a revised estimate of \$6.6 million, including \$6.5 million from the State General Fund, for the Field Investigations program for FY 2019. The revised estimate is an increase of \$1.5 million, or 30.0 percent, above the agency's revised estimate in FY 2018. The increase is primarily due to the agency's supplemental request for filling unfunded Special Agent vacancies (\$1.3 million).

The **Governor** recommends \$6.6 million, including \$6.5 million from the State General Fund, for the Field Investigations program for FY 2019. The recommendation is a decrease of \$14,308, or 0.2 percent, below the agency's revised estimate. The decrease is entirely due to the Governor's recommendation to partially adopt the agency's supplemental request for filling unfunded Special Agent vacancies. The Governor's recommendation includes transferring \$1.3 million from the Attorney General's Court Cost Fund to the State General Fund to provide the additional funding necessary for the project.

C. Forensic Laboratory

The Forensic Laboratory program is responsible for providing timely, state-of-the-art forensic services to the Kansas public safety community through science and modern technology. To accomplish this, the forensic laboratory seeks to maintain its accreditation as a forensic laboratory, develop and retain a staff of highly trained and qualified forensic scientists, improve technology levels and facilities, and be consistent with best practices in forensic science. This program achieves these goals through a variety of subprograms, detailed below.

Management and Support. The Management and Support Unit is responsible for the administration and conformance of laboratory policies, procedures, quality assurance, facilities and supervision of laboratory support staff and supervisors. This unit oversees the Laboratory Information Management System (LIMS) and the quality assurance program to ensure compliance with the accreditation, safety, and security programs within the laboratory. Administrative staff are responsible for managing thousands of case files and communications with external customers within the criminal justice system and schedule approximately 4,000 subpoenas for testimony each year.

Biology/DNA Unit. The Biology/DNA Unit is responsible for the identification and analysis of biological materials and for developing DNA profiles from evidence and reference samples. The potential for developing a suspect or providing investigative leads make DNA a powerful tool for law enforcement and, for that reason, the services for this section are in high demand.

Databank Unit. The Databank Unit is responsible for the collection, maintenance, and analysis of offender DNA samples pursuant to Kansas law. This unit also maintains the Combined DNA Index System (CODIS) to link forensic and offender profiles. Matches made between profiles can link crimes, identify serial offenders, and generate investigative leads in unsolved cases.

Digital Evidence Unit. The Digital Evidence Unit is responsible for the collection, processing, examination, and analysis of digital media that is stored on a wide variety of electronic devices, including, but not limited to, computer systems, mobile devices, external storage devices, and removable media.

Drug Chemistry Unit. The Drug Chemistry Unit is responsible for the analysis of controlled substances, clandestine laboratory, general chemical, and alcoholic beverage evidence.

Evidence Control Centers. The Evidence Control Centers subprogram is responsible for the safekeeping of all evidence submitted across the state to the laboratory for examination in criminal cases.

Firearm and Toolmark Unit. The Firearm and Toolmark Unit is responsible for the examination of firearms, bullets, cartridge cases, ammunition components, fractured items, tools, tool-marked surfaces, and gunshot-damaged clothing.

Latent Print Unit. The Latent Print Unit is responsible for the development, recovery, and examination of latent prints from evidence. They compare latent prints removed from evidence to known prints of individuals and unidentified latent prints in the Automated Fingerprint Identification System (AFIS). Evidence is also examined for the development and recovery of footwear and tire track impressions. Unknown impressions are compared to known footwear, known tires, and test impressions.

Questioned Document Unit. The Questioned Document Unit is responsible for the examination of document evidence to determine origin, authenticity, or authorship. This unit also performs lottery ticket quality control for the Kansas Lottery.

Toxicology Unit. The Toxicology Unit is responsible for the analyses of human biological materials for the presence and amounts of alcohol, drugs, or other toxic compounds. Case types examined by the Toxicology Section include driving-under-the-influence, drug distribution/possession, drug facilitated sexual assault, child endangerment, and death investigations.

Trace Evidence Unit. The Trace Evidence Unit is responsible for performing primer gunshot residue and fire debris testing. This unit is in the process of developing capabilities in the trace disciplines of physical fit, fiber, and paint analysis.

FORENSIC LABORATORY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 6,742,164	\$ 7,285,615	\$ 7,285,615	\$ 8,033,924	\$ 8,033,924
Contractual Services	1,747,239	1,178,985	1,178,985	1,140,110	1,140,110
Commodities	1,125,737	994,316	994,316	1,091,348	1,091,348
Capital Outlay	508,816	662,568	662,568	415,550	415,550
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 10,123,956	\$ 10,121,484	\$ 10,121,484	\$ 10,680,932	\$ 10,680,932
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 10,123,956	\$ 10,121,484	\$ 10,121,484	\$ 10,680,932	\$ 10,680,932
Financing:					
State General Fund	\$ 7,122,286	\$ 6,698,472	\$ 6,698,472	\$ 7,302,820	\$ 7,302,820
All Other Funds	3,001,670	3,423,012	3,423,012	3,378,112	3,378,112
TOTAL	\$ 10,123,956	\$ 10,121,484	\$ 10,121,484	\$ 10,680,932	\$ 10,680,932
FTE Positions	91.5	89.0	89.0	89.0	89.0

The **agency** requests a revised estimate of \$10.1 million, including \$6.7 million from the State General Fund, for the Forensic Laboratory program in FY 2018. The revised estimate is a decrease of \$833,824, or 7.6 percent, below the amount approved by the 2017 Legislature. The decrease is primarily due to lower projected expenditures for unclassified temporary employees.

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

The **agency** requests a revised estimate of \$10.7 million, including \$7.3 million from the State General Fund, for the Forensic Laboratory program for FY 2019. The revised estimate is

an increase of \$559,448, or 5.5 percent, above the agency's revised estimate in FY 2018. The increase is primarily due to a \$748,309 increase in salaries and wage and is offset by a \$247,018 decrease in microcomputer, professional and scientific equipment.

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

D. Kansas Criminal Justice Information System & Information Technology

The Kansas Criminal Justice Information System & Information Technology (KCJIS & IT) program contains the Information Technology (IT) Division, which serves a diverse set of stakeholders and supports a wide range of technologies. The program's primary responsibilities include supporting agency initiatives and supporting supporting the Kansas Criminal Justice Information System (KCJIS) through a variety of subprograms, detailed below.

KCJIS & IT Management and Support. The Management and Support Unit is responsible for administrative support for all other groups within the Information Technology Division. This group provides support for correspondence, mail, training, travel, scheduling, purchasing, reporting, and other administrative needs of the Division. In addition, the group provides the information technology purchasing agent for the entire agency, manages the statewide KCJIS user group community, assists with the yearly KCJIS conference, and performs other outward-facing support tasks as needed.

Technical Support and Data Center Operations. The Technical Support Unit is responsible for installing, maintaining, troubleshooting, and replacing all hardware and software for the agency, as well as the platforms and secure data center within which KCJIS operates. They serve as the central review and purchasing point for all information technology resources at the agency and for KCJIS, and provide day-to-day support of desktops, laptops, printers, and a wide variety of specialized equipment. Management of network resources, including shared data, account management for the KBI, and collaboration systems are the responsibility of Technical Support.

Help Desk and Communications. The Help Desk Unit provides a single point of contact for agency users for all information technology systems, as well as first-line support for the nearly 10,000 KCJIS users who utilize KCJIS resources. This unit is also responsible for monitoring and managing physical security systems for the KBI, assisting in the issuance of Amber Alerts and other critical communications, managing the on-boarding of agency users, and support of mobile solutions utilized by agency staff. KCJIS relies heavily on this unit, as they provide a means of communication to other state and national partners when local agency systems fail. Initial contact regarding any agency or KCJIS system is usually managed by this unit.

Information Technology Security and Networking. The Information Technology Security Unit is responsible for installing, maintaining, and administering security hardware and software for the agency and for KCJIS. This includes the core firewalls, mobile firewalls, vulnerability scanning, Internet and e-mail security, and virus protection. Additionally, this unit maintains all secure connections to and from the agency and KCJIS, including network access control, authentication, and securing services. This unit is also involved in network management for the agency and KCJIS, disaster recovery, continuity of operations planning, security training, risk assessment, policy development, and secure mobile access.

Project Management. The Project Management Unit is responsible for overseeing information technology projects specialized to the particular needs and requirements of the

criminal justice community, governance, and business processes. Development of project plans, schedule maintenance, resource and budget management, risk management, contract development, oversight of testing and quality assurance, project documentation, requirements gathering, business analysis, and reporting are the main areas of responsibility for the Project Management Unit. This unit interfaces with the Kansas Information Technology Office (KITO), major system vendors, and stakeholders both internal and external who are involved in information technology projects, as well as reviewing policy compliance at the state and federal level.

Application Development and Data Management. The Application Development Unit is responsible for supporting a large number of services offered to stakeholders both within the agency and in the KCJIS community. Development and integration of new applications and services, as well as support and integration for legacy systems, are this unit's responsibility. Many of the projects given to the IT Division become part of the workload for Application Development. Additionally, Application Development is the primary line of support for partner agencies and stakeholders who have a need to integrate with agency or KCJIS systems. This unit is also responsible for supporting the many repositories and databases housed within the agency or accessed through KCJIS systems, including data integration to and from other systems and agencies, and ongoing maintenance of existing systems.

KANSAS CRIMINAL JUSTICE INFORMATION SYSTEM & INFORMATION TECHNOLOGY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 2,283,317	\$ 2,283,317	\$ 2,574,590	\$ 2,574,590
Contractual Services	0	1,922,341	1,922,341	1,906,191	1,906,191
Commodities	0	5,483	5,483	5,483	5,483
Capital Outlay	0	361,575	361,575	365,902	365,902
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 4,572,716</i>	<i>\$ 4,572,716</i>	<i>\$ 4,852,166</i>	<i>\$ 4,852,166</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 4,572,716	\$ 4,572,716	\$ 4,852,166	\$ 4,852,166
Financing:					
State General Fund	\$ 0	\$ 987,579	\$ 987,579	\$ 345,347	\$ 345,347
All Other Funds	0	3,585,137	3,585,137	4,506,819	4,506,819
TOTAL	\$ 0	\$ 4,572,716	\$ 4,572,716	\$ 4,852,166	\$ 4,852,166
FTE Positions	0.0	32.0	32.0	31.0	31.0

The **agency** requests a revised estimate of \$4.6 million, including \$987,579 from the State General Fund, for the Kansas Criminal Justice Information System and Information Technology program in FY 2018. The revised estimate is an increase of \$4.6 million, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency restructuring its programs under the Performance Based Budgeting framework. The KCJIS & IT program was previously contained in the General Services program and did not exist as an independent program until FY 2018.

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

The **agency** requests a revised estimate of \$4.9 million, including \$345,347 from the State General Fund, for the Kansas Criminal Justice Information System and Information Technology program for FY 2019. The revised estimate is an increase of \$279,450, or 6.1 percent, above the agency's revised estimate in FY 2018. The increase is primarily due to a \$276,273 increase in salaries and wages.

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

E. Information Services

The Information Services program contains the Information Services Division, which collects and disseminates criminal justice information for the purposes of promoting public safety and preventing crime in Kansas. The Division is statutorily responsible for incident and arrest data, adult and juvenile criminal history record information, and administration of the Kansas Offender Registration Act through a variety of subprograms, detailed below.

Management and Support. The Management and Support Unit is responsible for the oversight of personnel, development and implementation of policy, and accountability for established performance measures.

Incident Based Reporting Unit. The Incident Based Reporting Unit maintains the Kansas Incident Based Reporting System (KIBRS), a statewide crime data repository used to collect information obtained from Kansas Standard Offense Reports (KSOR) and Kansas Standard Arrest Reports (KSAR). KIBRS assists the agency in helping develop a clear picture of the crime problems in Kansas.

Offender Registration Unit. The Offender Registration Unit maintains the offender registration repository for sex, violent, and drug offenders in Kansas, pursuant to KSA 22-4901. Registrations are submitted quarterly from sheriffs' offices for each offender based upon the month of birth. The agency manages registrations through the Kansas Offender Registration Tool (KsORT). Currently, 64 agencies use KsORT to submit over 5,400 registrations quarterly. In 2016, the registry began accepting electronic submissions for registrations through an interface with a third party vendor. There are currently 21 counties using the interface. An additional eight agencies are expected to move to the interface in 2018.

Criminal History Records Unit. The Criminal History Unit maintains the repository for criminal history records in Kansas, pursuant to KSA 22-4701. The records in the repository include fingerprint-based arrests, filings, court dispositions, and prison confinements. This unit also maintains the Automated Fingerprint Identification System (AFIS). AFIS is a fingerprint and palm print repository that contains the fingerprints and palm prints of Kansas registered offenders and certain arrestees. AFIS identifies offenders by the patterns of fingerprints to determine if they are a new or recidivist offender. The data detailing the individual and the crime on the fingerprint card is then electronically submitted to the Criminal History Records repository based upon the fingerprint identity. Fingerprints are also processed for civil applicants based upon state and federal statutes authorizing for, among others, employment, licensing, child placement, and visa applications purposes. Fingerprints are compared to the criminal fingerprints to determine whether an applicant has a criminal history. The results of the fingerprint search are sent to the appropriate agency so they can determine eligibility for the reason the fingerprints were submitted.

INFORMATION SERVICES SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 1,218,319	\$ 1,218,319	\$ 1,182,472	\$ 1,182,472
Contractual Services	0	378,588	378,588	203,751	203,751
Commodities	0	4,800	4,800	4,800	4,800
Capital Outlay	0	413,293	413,293	7,540	7,540
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 2,015,000</i>	<i>\$ 2,015,000</i>	<i>\$ 1,398,563</i>	<i>\$ 1,398,563</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 2,015,000	\$ 2,015,000	\$ 1,398,563	\$ 1,398,563
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	2,015,000	2,015,000	1,398,563	1,398,563
TOTAL	\$ 0	\$ 2,015,000	\$ 2,015,000	\$ 1,398,563	\$ 1,398,563
FTE Positions	0.0	26.0	26.0	26.0	26.0

The **agency** requests a revised estimate of \$2.0 million, all from special revenue funds, for the Information Services program in FY 2018. The revised estimate is an increase of \$2.0 million, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency restructuring its programs under the Performance Based Budgeting framework. The Information Services program was previously contained in the General Services program and did not exist as an independent program until FY 2018.

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

The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, for the Information Services program for FY 2019. The revised estimate is a decrease of \$616,437, or 30.6 percent, below the agency's revised estimate in FY 2018. The decrease is primarily due to a \$388,953 decrease in professional and scientific equipment for FY 2018 expenditures not present in FY 2019; a \$144,304 decrease in professional fees; and a \$27,000 decrease in staffing and recruiting services.

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

F. Special Operations

The Special Operations program contains the Special Operations Division, which provides professional proactive investigative, technical, and tactical services to the criminal justice community in Kansas. The Division is the agency's primary resource for conducting criminal investigative and crime intelligence services, with a prioritized effort on identifying and targeting the most serious violent criminal offenders and organized criminal enterprises which pose threats to Kansas citizens. To accomplish this, the Division employs a collaborative, multi-agency approach to its investigations through a variety of subprograms, detailed below.

Management and Support. The Management and Support Unit is responsible for the oversight of personnel, development and implementation of policy, and accountability for established performance measures.

General Investigative Operations. The General Investigative Operations Unit encompasses the Division's overall mission and performance. Agents work together and with local, state, and federal partners to target repeat criminal offenders with a propensity for violence. The Unit also works to disrupt and dismantle criminal groups involved in drug manufacturing and distribution in and affecting Kansas. This unit also manages the Technical Services Unit and Asset Forfeiture Program.

Criminal Intelligence Unit. The Criminal Intelligence Unit provides criminal case support to Special Agents in both of the agency's investigative divisions. This unit facilitates internal and external information exchange, provide tactical case support, and produce intelligence reports that provide timely, accurate, and relevant information to support and help guide decision-making in the law enforcement community. Additionally, this unit fulfills various collateral duty responsibilities in support of the agency's mission, program requirements, and statutory mandates.

Statewide Intelligence Operations. The Statewide Intelligence Operations subprogram includes both Special Agents and Intelligence Analysts to proactively collect information and share intelligence for the purpose of promoting public safety and preventing crime in Kansas. The agency has assigned an Assistant Special Agent in Charge (ASAC) to the Kansas Intelligence Fusion Center (KIFC) to supervise assigned staff and act as a liaison between the KIFC, the agency, and the Kansas law enforcement community. This group utilizes the Kansas Intelligence System (KIS), a secure, electronic, statewide intelligence network used by law enforcement and criminal justice agencies for the purpose of sharing criminal intelligence information. KIS provides a necessary balance between preventing and controlling crime while protecting the privacy and constitutional rights of its citizens. The Kansas Intelligence Association (KIA) is an information and intelligence sharing organization open to agencies that have an investigative criminal justice function and is comprised of 14 districts in the state.

High Risk Warrant Team. The High Risk Warrant Team is comprised of specially trained Special Agents who carry out high-risk tactical operations in support of agency investigations and other local, state, and federal law enforcement agencies who request their assistance. They conduct operations, which include arresting violent individuals, executing high-risk search warrants, performing dignitary protection details, and responding to critical events such as hostage rescue incidents and barricaded subjects with a propensity for violence.

Clandestine Laboratory Response and Meth Waste Disposal Program. The Clandestine Laboratory Response Team contains both Special Agents and Chemists to provide technical, investigative, and hazardous waste cleanup assistance to local and state law enforcement agencies upon the discovery of clandestine methamphetamine manufacturing sites. In partnership with the Drug Enforcement Administration (DEA), the Special Operations Division manages and coordinates Kansas' Meth Waste Disposal Program, which responds to domestic methamphetamine lab incidents in the state and minimizes opportunities for citizens to be endangered by the dangerous chemical environments methamphetamine labs create.

Federal Task Force Operations. The Federal Task Force Operations subprogram includes Special Agents cross-designated as federal task force officers to both the United States Secret Service's Task Force and the Department of Homeland Security's Homeland Security Investigations Task Force. Currently, the Special Operations Division does not have any agents assigned to federal task forces on a full-time basis.

High Intensity Drug Trafficking Area Operations. The High Intensity Drug Trafficking Area Operations subprogram contains a partnership with the Office of National Drug Control Policy's Midwest High Intensity Drug Trafficking Area (HIDTA) program. HIDTA provides drug enforcement resources that are critical to the ability of state and local law enforcement to combat drug crimes and associated violence. The agency acts as the fiduciary agent for the Midwest HIDTA program.

SPECIAL OPERATIONS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 3,980,925	\$ 3,980,925	\$ 4,233,222	\$ 4,233,222
Contractual Services	0	1,806,324	1,806,324	1,790,323	1,790,323
Commodities	0	80,221	80,221	76,577	76,577
Capital Outlay	0	257,900	257,900	223,200	223,200
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 6,125,370</i>	<i>\$ 6,125,370</i>	<i>\$ 6,323,322</i>	<i>\$ 6,323,322</i>
Aid to Local Units	0	1,169,300	1,169,300	1,169,300	1,169,300
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 7,294,670	\$ 7,294,670	\$ 7,492,622	\$ 7,492,622
Financing:					
State General Fund	\$ 0	\$ 3,884,691	\$ 3,884,691	\$ 4,089,715	\$ 4,089,715
All Other Funds	0	3,409,979	3,409,979	3,402,907	3,402,907
TOTAL	\$ 0	\$ 7,294,670	\$ 7,294,670	\$ 7,492,622	\$ 7,492,622
FTE Positions	0.0	49.0	49.0	49.0	49.0

The **agency** requests a revised estimate of \$7.3 million, including \$3.9 million from the State General Fund, for the Special Operations program in FY 2018. The revised estimate is an increase of \$7.3 million, or 100.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency restructuring its programs under the Performance Based Budgeting framework. The Special Operations program was previously contained in the Field Investigations program and did not exist as an independent program until FY 2018.

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

The **agency** requests a revised estimate of \$7.5 million, including \$4.1 million from the State General Fund, for the Special Operations program for FY 2019. The revised estimate is an increase of \$197,952, or 2.7 percent, above the agency's revised estimate in FY 2018. The increase is primarily due to a \$252,297 increase in salaries and wages.

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

G. Debt Service

The Debt Service program contains payments on the forensic science laboratory located at Washburn University. The laboratory officially opened in November 2015. The Topeka Building Commission authorized the issuance of its Public Building Commission Leasehold Revenue Bonds in the principal amount not exceeding \$59.0 million.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	2,216,069	2,153,925	2,153,925	2,042,675	2,042,675
<i>Subtotal - Operations</i>	<i>\$ 2,216,069</i>	<i>\$ 2,153,925</i>	<i>\$ 2,153,925</i>	<i>\$ 2,042,675</i>	<i>\$ 2,042,675</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,216,069</u>	<u>\$ 2,153,925</u>	<u>\$ 2,153,925</u>	<u>\$ 2,042,675</u>	<u>\$ 2,042,675</u>
Financing:					
State General Fund	\$ 2,216,069	\$ 2,153,925	\$ 2,153,925	\$ 2,042,675	\$ 2,042,675
All Other Funds	0	0	0	0	0
TOTAL	<u>\$ 2,216,069</u>	<u>\$ 2,153,925</u>	<u>\$ 2,153,925</u>	<u>\$ 2,042,675</u>	<u>\$ 2,042,675</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$2.2 million, all from the State General Fund, for the Debt Service program in FY 2018. The revised estimate is the same as the amount approved by the 2017 Legislature.

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

The **agency** requests \$2.0 million, all from the State General Fund, for the Debt Service program for FY 2019. The revised estimate is the same as the agency's revised estimate in FY 2018 and the amount approved by the 2017 Legislature.

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

H. Off-Budget

This section is included for informational purposes only and the expenditures for this program are not included in other parts of this budget analysis unless specifically noted. Primary funding for the agency's off-budget program comes from the Intergovernmental Service Fund, which was established to collect fees in order to recover all or part of the direct and indirect operating expenses for criminal history record checks conducted for other state agencies by statute or request. Additionally, the Off-Budget Motor Pool Fund provides some of the program's funding. The Off-Budget Motor Pool Fund's revenue comes from money charged internally for mileage. Currently, the charge is \$0.41 per mile. This money is used to pay for gas, vehicle repairs, and vehicle replacement costs.

**OFF-BUDGET
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,451,227	\$ 1,431,578	\$ 1,431,578	\$ 1,776,905	\$ 1,776,905
Contractual Services	1,082,348	1,569,300	1,569,300	1,168,500	1,168,500
Commodities	210,803	227,700	227,700	37,800	237,800
Capital Outlay	724,448	860,650	860,650	333,400	333,400
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,468,826</i>	<i>\$ 4,089,228</i>	<i>\$ 4,089,228</i>	<i>\$ 3,316,605</i>	<i>\$ 3,516,605</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,468,826</u>	<u>\$ 4,089,228</u>	<u>\$ 4,089,228</u>	<u>\$ 3,316,605</u>	<u>\$ 3,516,605</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,468,826	4,089,228	4,089,228	3,516,605	3,516,605
TOTAL	<u>\$ 3,468,826</u>	<u>\$ 4,089,228</u>	<u>\$ 4,089,228</u>	<u>\$ 3,516,605</u>	<u>\$ 3,516,605</u>
FTE Positions	29.0	32.0	32.0	36.0	36.0

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Forensic Laboratory– Principal Debt Service	\$ 2,170,000	\$ 2,170,000	\$ 2,280,000	\$ 2,280,000
Rehabilitation and Repair	100,000	100,000	100,000	100,000
Forensic Laboratory– Tornado Shelter	7,800	7,800	0	0
Internet Crimes Against Children Facility	0	250,000	0	250,000
TOTAL	\$ 2,277,800	\$ 2,527,800	\$ 2,380,000	\$ 2,630,000
Financing:				
State General Fund	\$ 2,277,800	\$ 2,527,800	\$ 2,380,000	\$ 2,630,000
All Other Funds	0	0	0	0
TOTAL	\$ 2,277,800	\$ 2,527,800	\$ 2,380,000	\$ 2,630,000

FY 2018 – Current Year. The agency requests a revised estimate of \$2.3 million, all from the State General Fund, for capital improvements expenditures in FY 2018. The revised estimate is an increase of \$7,800, or 0.3 percent, above the amount approved by the 2017 Legislature. The increase is entirely due to the construction of a tornado shelter at the agency's forensic science laboratory in Pittsburg.

The **Governor** recommends \$2.5 million, all from the State General Fund, for capital improvement expenditures in FY 2018. The recommendation is an increase of \$250,000, or 11.0 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas. The Governor recommends transferring \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide the additional funding necessary for the project.

FY 2019 – Budget Year. The agency requests a revised estimate of \$2.4 million, all from the State General Fund, for capital improvements expenditures for FY 2019. The revised estimate is the same as the amount approved by the 2017 Legislature.

The **Governor** recommends \$2.6 million, all from the State General Fund, for capital improvements expenditures for FY 2019. The recommendation is an increase of \$250,000, or 10.5 percent, above the agency's revised estimate. The increase is entirely due to the Governor's recommendation to construct an Internet Crimes Against Children facility in northeast Kansas. The Governor recommends transferring \$250,000 from the Attorney General's Court Cost Fund to the State General Fund to provide the additional funding necessary for the project.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
General Services:				
Number of positions authorized	--	344	--	--
Number of filled positions	--	293	--	--
Number of vacant positions	--	51	--	--
Percentage of positions vacant	--	15%	--	--
Maintained vacancy level below 3%	--	No	--	--
Field Investigations:				
Number of investigations opened	--	167	--	--
Number of priority investigations declined	--	34	--	--
Percent of priority investigations declined	--	14	--	--
Number of non-priority investigations declined	--	34	--	--
Forensic Laboratory:				
Percent of forensic laboratory assignments completed in 60 days	--	53.2%	--	--
Available scientists	--	45	--	--
Total forensic laboratory backlog	--	4,690	--	--
Number of completed assignments	--	26,922	--	--
Number of professional training sessions	--	244	--	--
KCJIS & IT:				
Number of IT security incidents	--	6	--	--
Vulnerability scans conducted	--	4	--	--
Critical systems' combined uptime	--	100	--	--
Employee compliance with security awareness training	--	92	--	--
Information Services:				
Percent of dispositions submitted electronically	--	77%	--	--
Percent of fingerprint records submitted electronically	--	62%	--	--
Percent of law enforcement agencies submitting electronic reports	--	23%	--	--
Percent of offenders compliant with Kansas Offender Registration Act	--	90%	--	--
Number of agencies compliant with KIBRS reporting requirements	--	257	--	--
Special Operations:				
Percent of cases completed within 90 days	--	52%	--	--
Number of arrests made	--	69	--	--
Number of meth waste disposal requests	--	12	--	--
Number of intelligence reports produced	--	554	--	--
Number of tactical services completed	--	18	--	--

Note: The agency chose not to provide estimated performance measures, and stated that the inherent volatility of the metrics makes them difficult to accurately predict.

KANSAS HIGHWAY PATROL

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	86,282,837	84,504,228	84,504,251	85,805,271	85,402,713
<i>Subtotal</i>	<u>\$ 86,282,837</u>	<u>\$ 84,504,228</u>	<u>\$ 84,504,251</u>	<u>\$ 85,805,271</u>	<u>\$ 85,402,713</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	978,169	1,667,832	1,667,832	1,075,239	858,146
<i>Subtotal</i>	<u>\$ 978,169</u>	<u>\$ 1,667,832</u>	<u>\$ 1,667,832</u>	<u>\$ 1,075,239</u>	<u>\$ 858,146</u>
TOTAL	<u>\$ 87,261,006</u>	<u>\$ 86,172,060</u>	<u>\$ 86,172,083</u>	<u>\$ 86,880,510</u>	<u>\$ 86,260,859</u>

Percentage Change:

Operating Expenditures

State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	10.3	(2.1)	(2.1)	1.5	1.1
FTE Positions	881.0	881.0	881.0	881.0	881.0

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 Highway Patrol (KHP) is to provide protection of life and property through the enforcement of traffic, criminal, and other laws of the State of Kansas and supporting homeland security initiatives. Other services provided by the Highway Patrol include training to law enforcement officers for the detection and apprehension of drunk drivers, motorist assistance, title inspection for cars being titled for the first time in Kansas, and the Motor Carrier Assistance program. The agency operates the Kansas Highway Patrol Training Center in Salina to provide training for new recruits and continuing education for KHP sworn officers. The agency also works to reduce the number of oversized, overweight, or unsafe commercial vehicles through the Motor Carrier Inspection program.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** took the following actions affecting the agency:

- Added \$191,854, all from special revenue funds, for additional trooper pay increases in FY 2008. This funding was the difference between the funding approved by the 2007 Legislature for the FY 2008 pay increases, and the amount needed to fulfill the 4.0 percent pay increase under the Trooper Memorandum of Agreement;
- Added \$275,000, all from the Kansas Highway Patrol Operations Fund, for additional trooper fuel costs in FY 2008;
- Adjusted the expenditure limitation on the KHP Operations Fund in FY 2008 and FY 2009 by reducing the expenditure limitation by \$550,000 in FY 2008 and increasing the expenditure limitation for FY 2009 by the same amount. This moved part of the expenditure authority for the purchase of digital in-car cameras from FY 2008 to FY 2009. This left \$275,000 of the original \$825,000 in FY 2008 to be utilized for trooper fuel costs as mentioned in the preceding bullet; and
- Added \$188,700, all from the KHP Motor Vehicle Fund, to replace eight non-law enforcement vehicles in FY 2009.

The **2009 Legislature** took the following actions affecting the agency:

- The Governor recommended special one-time transfers totaling \$450,000 from the General Fees Fund (\$300,000) and the Highway Patrol Training Center Fund (\$150,000) to the State General Fund in FY 2009. The Legislature accepted the Governor's recommendation but reduced the transfers by 21.5 percent for a total transfer of \$353,250;
- The Governor recommended and the Legislature approved the addition of \$1,007,680, all from special revenue funds, as part of the agency's supplemental request for additional fuel expenditures related to fuel price increases in FY 2009;
- The Governor recommended and the Legislature approved partial reductions from the agency's reduced resources budget totaling \$1,473,559, including \$1,039,953 from the State General Fund, which included reductions in out-of-state travel, information technology replacement of equipment and software, and the elimination of one trooper trainee class for FY 2010;
- Added \$189,204, including \$130,153 from the State General Fund, for FY 2010 for undermarket pay adjustments for positions that had recommended pay adjustments in the Hay group study on Kansas state employee compensation. The study was completed in FY 2008;
- Reduced the agency's budget by 1.25 percent as part of an across-the-board reduction to the Governor's FY 2009 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates in FY 2009 (\$493,739) and FY 2010 (\$493,739);

- Deleted \$1,826,911, including \$938,041 from the State General Fund, from the FY 2010 Governor's recommended budget in order to reach a target of 5.0 percent below the FY 2009 Governor's recommendation for expenditures for FY 2010; and
- During Omnibus, reduced the agency's budget by 2.75 percent as part of an across-the-board reduction to the Governor's FY 2010 recommended State General Fund operating expenditures, excluding debt service payments and caseload estimates for FY 2010 (\$951,599).

The **2011 Legislature** took the following actions affecting the agency:

- Passed Senate Sub. for HB 2014, which authorized and directed the agency to pay from the Kansas Highway Patrol Operations Fund amounts for medical expenses of a prisoner in custody totaling \$125,416 to the Kansas University Physicians, Inc., and the University of Kansas Hospital Authority;
- Approved the transfer of \$1.6 million from the agency's Motor Vehicle Fund to the State General Fund for FY 2012 as part of the agency's reduced resources budget; and
- Approved reducing the agency's FTE limitation by 8.0 vacant FTE positions from 859.0 to 851.0 FTE positions for FY 2012.

The **2012 Legislature** took the following actions affecting the agency:

- Added \$215,326, all from special revenue funds, to restore funding that was deleted by the Governor's recommended savings from the Voluntary Retirement Incentive Program for FY 2013; and
- Transferred \$627,766 from the State General Fund to the Operations Fund for FY 2013, and raised the expenditure limit on the Operations Fund by that amount to provide for a payout for accumulated holiday and overtime hours. Language stating the money may only be spent on the payout for accumulated holiday and overtime hours or the funding will lapse was also added.

The **2013 Legislature** took the following actions affecting the agency:

- Approved up to a 5.0 percent pay increase for all state troopers, excluding the Colonel and Lieutenant Colonel. The increase was funded within existing special revenue funds for FY 2014;
- Appropriated \$1,204,068 from a transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund to continue funding for the 5.0 percent pay increase for FY 2015; and
- Added language authorizing the use of Federal Forfeiture funds for capital improvement at Troop F headquarters for FY 2014 and FY 2015.

The **2014 Legislature** took the following actions affecting the agency:

- Added \$204,598 in FY 2014 and \$208,183 for FY 2015, all from special revenue funds, to provide a 5.0 percent pay increase to individuals in the following classifications: Law Enforcement Officer I, II, and III, and Public Service Executive II. This increase is not an increased transfer from the Highway Fund; it is self-funded within the existing budget; and
- Transferred \$1.0 million, all from the Vehicle Identification Number Fee Fund, to the State General Fund for FY 2015.

The **2015 Legislature** took the following actions affecting the agency:

- Added additional capital improvements expenditures totaling \$631,300, all from special revenue funds, for the replacement of the east and west retaining walls at the Training Academy in Salina in FY 2015;
- Added \$292,740, all from special revenue funds, for labor, materials, and equipment to re-pipe the supply and return water mains on all three levels of the dormitory at the Training Academy in Salina in FY 2015;
- Added \$559,980, all from Federal Forfeiture funds, for unanticipated expenditures related to the construction of Troop F headquarters in FY 2015. This funding is comprised of: a) \$324,980, as a 10.0 percent contingency for unanticipated expenditures that may arise during the construction of the site; and b) \$235,000 to procure paving services for the site in FY 2015;
- Added \$535,659, all from special revenue funds, to provide for the agency's newly proposed compensation plan for non-supervisory personnel for FY 2016 and FY 2017. This increase reflects additional Federal Forfeiture expenditures for FY 2016 and FY 2017; and
- Deleted \$2.2 million for FY 2016 and \$2.3 million for FY 2017, all from special revenue funds, for a 4.0 percent reduction to agency operations.

The **2016 Legislature** took the following actions affecting the agency:

- Transferred \$56,223 from the unspent FY 2015 ending balance of the KHP Operations Fund to the State General Fund in FY 2016;
- Added \$3.0 million, all from Federal Forfeiture funds, to move capital improvement projects approved by the 2015 Legislature in FY 2015 into FY 2016. These capital improvements projects included the remaining construction obligations on Troop F headquarters in Kechi (\$1.4 million) and two projects for the Training Academy in Salina. The projects in Salina include replacement of water mains on all three levels of the dormitory (\$753,800) and replacement of the east and west retaining walls (\$783,264). The agency was approved for expenditure increases to both of the Training Academy projects from the amounts originally approved by the 2015 Legislature;

- Deleted 5.0 FTE positions to accurately reflect the agency's reclassification of 5.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2016 and for FY 2017;
- The approved FY 2017 budget includes increases reflective of the agency's institution of the new pay plan proposed during the 2015 Session. In action during the 2015 Legislature, proviso language was included to suspend usage restrictions on State Forfeiture Funds to provide greater flexibility and allow the agency to self-fund a portion of the newly proposed pay plan for non-supervisory personnel in FY 2016 and for FY 2017. The agency's approved FY 2017 budget includes the progression of the pay plan to include supervisory ranks calculated as of June 30, 2017, with an effective date of July 2016. The agency estimated the additional cost of the pay increase to total \$4.8 million, all from special revenue funds, for FY 2017;
- Passed HB 2696, which, among other actions, created the Kansas Highway Patrol Staffing and Training Fund and added a new \$2.00 nonrefundable surcharge to each vehicle registration fee to be deposited into the Fund. The bill also contained language stating that moneys deposited into the Fund only be used for the purposes set forth in the law creating the Fund. The fiscal note on the bill estimated that the new \$2.00 surcharge on vehicle registrations would generate approximately \$5.4 million to the Fund for the staffing and training of the Highway Patrol. This estimation was based on 2.7 million vehicle registrations in calendar year 2015; and
- Passed House Sub. for SB 249, which appropriated the Kansas Highway Patrol Staffing and Training Fund as a no limit fund for FY 2017.

The **2017 Legislature** took the following actions affecting the agency:

- Added \$35,000, all from special revenue funds, for one-time expenditures to replace security cameras at Cedar Crest in FY 2017;
- Added \$245,900, all from special revenue funds, to replace heating, ventilation, and air Conditioning (HVAC) controls at Troop J/C/M in FY 2017;
- Transferred \$5,504, all from the Highway Patrol Operating 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 \$252,172, all from federal funds, for the construction of a new storage building at Troop F headquarters in Kechi for FY 2018.;
- Added \$170,775, all from special revenue funds, for the replacement of a boiler and water heater in the Gym Building at the Training Academy in Hutchinson for FY 2018;
- Added \$537,625, all from special revenue funds, to remove the boiler and replace HVAC controls at the Power Plant Building at the Training Academy in Hutchinson for FY 2018; and

- The Legislature added \$354,509, 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. For the Highway Patrol, this amount provides for non-enforcement employees.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a FY 2018 revised estimate for total agency expenditures of \$86.2 million, all from special revenue funds, which is a decrease of \$707,939, or 0.8 percent, below the amount approved by the 2017 Legislature. The revised estimate includes 881.0 FTE positions, which is an increase of 1.0 FTE position above the approved number. The agency states this position was due to the inclusion of an accountant I position that is vacant. The FY 2018 revised estimate includes \$1.7 million, all from special revenue funds, for capital improvements. The decrease from the approved amount is a reduction of \$737,507 in agency operations, partially offset by an increase of \$29,568 in capital improvements expenditures. Total expenditures from the Operations Fund (sourced from the State Highway Fund) are a decrease of \$165,662, or 0.3 percent, below the amount approved by the 2017 Legislature.

The agency's FY 2018 revised estimate includes capital improvement expenditures totaling \$1.7 million, all from special revenue funds, in FY 2018. Capital improvement expenditures include \$360,000 for debt service principal payments on the Fleet Center, \$317,200 for rehabilitation and repair, and \$990,632 for projects in FY 2018.

The **Governor** recommends FY 2018 total agency expenditures of \$86.2 million, all from special revenue funds. The recommendation is an increase of \$23, or less than 0.1 percent, above the agency's revised FY 2018 estimate. The increase is attributable to a carryover of \$23 from the FY 2017 debt service payment on the agency's fleet facility.

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

FY 2019 – Budget Year. The **agency** requests a FY 2019 revised estimate for total agency expenditures of \$86.9 million, all from special revenue funds, which is an increase of \$312,489, or 0.4 percent, above the amount approved by the 2017 Legislature. The revised estimate includes 881.0 FTE positions, which is an increase of 1.0 FTE position above the approved number. The agency states this position was due to the inclusion of an accountant I position that is vacant. The FY 2019 revised estimate includes \$1.1 million, all from special revenue funds, for capital improvements. The decrease from the approved amount is a decrease of \$440,190 in agency operations, offset by an increase of \$752,679 in capital improvements expenditures. Total expenditures from the Operations Fund (sourced from the State Highway Fund) are an increase of \$376,344, or 0.7 percent, above the amount approved by the 2017 Legislature.

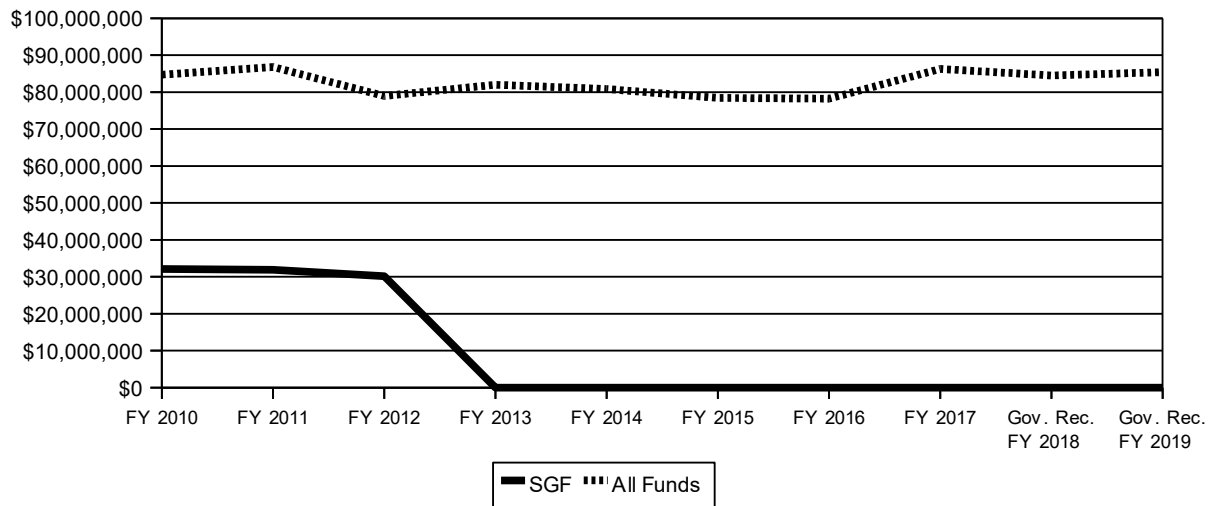
The agency's FY 2019 revised estimate includes capital improvement expenditures totaling \$1.1 million, all from special revenue funds, for FY 2019. Capital improvement expenditures include \$217,093 for debt service principal payments as a supplemental for the purchase of Troop B headquarters, \$322,058 for rehabilitation and repair, and \$536,088 for projects for FY 2019.

The **Governor** recommends FY 2019 total agency expenditures of \$86.3 million, all from special revenue funds. The recommendation is a decrease of \$619,651, or 0.7 percent, below the agency's revised FY 2019 estimate. The decrease is attributable to the Governor not recommending any of the agency's supplementals for FY 2019.

The Governor recommends capital improvements totaling \$858,146, all from special revenue funds, for FY 2019. The recommendation is a decrease of \$217,093, or 20.2 percent, below the agency's revised FY 2019 estimate for capital improvements. The decrease is attributable to the Governor not recommending the agency's supplemental request for debt service principal expenditures for the purchase of Troop B headquarters.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 32,128,443	%	\$ 84,744,451	(2.5)%	897.0
2011	31,888,897	(0.7)	86,804,263	2.4	886.0
2012	30,117,709	(5.6)	78,966,265	(9.0)	875.0
2013	0	(100.0)	81,993,441	3.8	875.0
2014	0	--	80,842,665	(1.4)	887.0
2015	0	--	78,428,718	(3.0)	885.0
2016	0	--	78,221,254	(0.3)	886.0
2017	0	--	86,282,837	10.3	881.0
2018 Gov. Rec.	0	--	84,504,251	(2.1)	881.0
2019 Gov. Rec.	0	--	85,402,713	1.1	881.0
Ten-Year Change					
Dollars/Percent	\$ (32,128,443)	(100.0)%	\$ 658,262	0.8 %	(16.0)

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	4,199,679	\$ 7,556,782	\$ 7,564,207	\$ 7,425	0.1 %	\$ 7,556,782	\$ 7,244,556	\$ (312,226)	(4.1)%
Operations Support		59,132,844	50,883,329	51,426,798	543,469	1.1	50,883,352	51,426,798	543,446	1.1
Information Technology		3,435,957	0	0	0	--	0	0	0	--
Aircraft Operations		0	2,695,194	2,413,806	(281,388)	(10.4)	2,695,194	2,413,806	(281,388)	(10.4)
Fleet		0	7,565,697	7,617,490	51,793	0.7	7,565,697	7,617,490	51,793	0.7
Vehicle ID Number		2,886,631	2,889,398	2,939,302	49,904	1.7	2,889,398	2,939,302	49,904	1.7
Motorist Assistance		1,368,114	1,411,145	1,415,985	4,840	0.3	1,411,145	1,415,985	4,840	0.3
Capitol Police		3,931,550	1,482,418	1,512,154	29,736	2.0	1,482,418	1,512,154	29,736	2.0
Homeland Security		2,521,233	1,720,166	2,331,341	611,175	35.5	1,720,166	2,331,341	611,175	35.5
Motor Carrier Inspection		4,306,060	4,113,147	4,217,871	104,724	2.5	4,113,147	4,217,871	104,724	2.5
Turnpike Patrol		4,472,967	4,177,502	4,283,410	105,908	2.5	4,177,502	4,283,410	105,908	2.5
Debt Service		27,802	9,450	82,907	73,457	777.3	9,450	0	(9,450)	(100.0)
TOTAL	\$	86,282,837	\$ 84,504,228	\$ 85,805,271	\$ 1,301,043	1.5 %	\$ 84,504,251	\$ 85,402,713	\$ 898,462	1.1 %
By Major Object of Expenditure:										
Salaries and Wages	\$	62,197,542	\$ 62,660,013	\$ 65,054,972	\$ 2,394,959	3.8 %	\$ 62,660,013	\$ 65,054,972	\$ 2,394,959	3.8 %
Contractual Services		6,852,231	6,658,407	6,736,307	77,900	1.2	6,658,430	6,416,656	(241,774)	(3.6)
Commodities		4,287,356	5,926,892	4,738,015	(1,188,877)	(20.1)	5,926,892	4,738,015	(1,188,877)	(20.1)
Capital Outlay		10,653,046	7,959,386	7,253,070	(706,316)	(8.9)	7,959,386	7,253,070	(706,316)	(8.9)
Debt Service		27,802	9,450	82,907	73,457	777.3	9,450	0	(9,450)	(100.0)
<i>Subtotal-Operations</i>	<i>\$</i>	<i>84,017,977</i>	<i>\$ 83,214,148</i>	<i>\$ 83,865,271</i>	<i>\$ 651,123</i>	<i>0.8 %</i>	<i>\$ 83,214,171</i>	<i>\$ 83,462,713</i>	<i>\$ 248,542</i>	<i>0.3 %</i>
Aid to Local Units		2,200,311	1,290,080	1,940,000	649,920	50.4	1,290,080	1,940,000	649,920	50.4
Other Assistance		64,549	0	0	0	--	0	0	0	--
TOTAL	\$	86,282,837	\$ 84,504,228	\$ 85,805,271	\$ 1,301,043	1.5 %	\$ 84,504,251	\$ 85,402,713	\$ 898,462	1.1 %
Financing:										
State General Fund	\$	0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
KHP Operations		53,512,879	52,080,366	52,756,398	676,032	1.3	52,080,389	52,353,840	273,451	0.5
KHP Staffing & Training		1,038,571	4,538,480	7,882,764	3,344,284	73.7	4,538,480	7,882,764	3,344,284	73.7
VIN Fee Fund		2,886,050	3,889,398	2,939,302	(950,096)	(24.4)	3,889,398	2,939,302	(950,096)	(24.4)
KHP Motor Vehicle Fund		6,364,722	5,950,799	5,950,799	0	--	5,950,799	5,950,799	0	--
Patrol of KS Turnpike		4,294,696	4,177,502	4,283,410	105,908	2.5	4,177,502	4,283,410	105,908	2.5
Federal Funds		10,892,240	8,442,882	9,114,618	671,736	8.0	8,442,882	9,114,618	671,736	8.0
All Other Funds		7,293,679	5,424,801	2,877,980	(2,546,821)	(46.9)	5,424,801	2,877,980	(2,546,821)	(46.9)
TOTAL	\$	86,282,837	\$ 84,504,228	\$ 85,805,271	\$ 1,301,043	1.5 %	\$ 84,504,251	\$ 85,402,713	\$ 898,462	1.1 %

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 Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	86,879,999	86,172,060	(707,939)	86,172,083	(707,916)
TOTAL	\$ 86,879,999	\$ 86,172,060	\$ (707,939)	\$ 86,172,083	\$ (707,916)
FTE Positions	880.0	881.0	1.0	881.0	1.0

The **agency** requests a FY 2018 revised estimate for total agency expenditures of \$86.2 million, all from special revenue funds, which is a decrease of \$707,939, or 0.8 percent, below the amount approved by the 2017 Legislature. The revised estimate includes 881.0 FTE positions, which is an increase of 1.0 FTE position above the approved number. The agency states this position was due to the inclusion of an accountant I position that is vacant. The FY 2018 revised estimate includes \$1.7 million, all from special revenue funds, for capital improvements. The decrease from the approved amount is a reduction of \$737,507 in agency operations, partially offset by an increase of \$29,568 in capital improvement expenditures. Expenditures from the Kansas Highway Patrol Operations Fund (sourced from the State Highway Fund) total \$52.7 million, which is a decrease of \$165,662, or 0.3 percent, below the amount approved by the 2017 Legislature.

Objects of expenditure within the FY 2018 revised estimate are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$62.7 million for salaries and wages, which is a decrease of \$422,125, or 0.7 percent, below the amount approved by the 2017 Legislature. Decreases primarily occur in expenditures for classified regular pay (\$784,518), classified temporary pay (\$129,013), employer contributions to employee health care (\$55,489), and Medicare (\$41,850). These decreases are partially offset by increases primarily in expenditures for classified overtime pay (\$566,890) and police and firemen retirement (\$68,652);
- **Contractual Services.** The agency's revised estimate includes \$6.7 million for contractual services, which is an increase of \$142,665, or 2.2 percent, above the amount approved by the 2017 Legislature. Increases primarily occur in expenditures for meals and lodging (\$152,342), job-related training and conference registration (\$151,052), self-propelled collision repair (\$125,511), passenger car collision repairs (\$99,170), computer software maintenance and

services (\$76,588), and computer programming operations (\$66,812). These increases are offset by reduced expenditures, primarily in repair and service of building grounds (\$305,284), other fees (\$117,188), and surety bond and insurance premiums (\$103,029);

- **Commodities.** The agency's revised estimate includes \$5.9 million for commodities, which is an increase of \$1.5 million, or 33.0 percent, above the amount approved by the 2017 Legislature. Increases primarily occur in expenditures for professional scientific supplies—other (\$964,995), gasoline (\$593,865), and clothing (\$76,018). These increases are partially offset by decreases primarily in expenditures for other vehicle parts and supplies (\$164,426) and buildings and grounds materials (\$27,990). The agency states this \$1.5 million increase is related to commodities expenditures for generators, trailers, and protective equipment for the newly created Mobile Field Force (MFF), as well as to replace shop equipment in the hangar and fleet departments;
- **Capital Outlay.** The agency's revised estimate includes \$8.0 million for capital outlay, which is a decrease of \$219,423, or 2.7 percent, below the amount approved by the 2017 Legislature. The decrease is primarily attributable to reduced expenditures for self-propelled equipment (\$932,000) and microcomputer equipment (\$221,278). These decreases are partially offset by increases in expenditures for software (\$384,494), trucks (\$231,625), passenger cars (\$183,920), and professional and scientific equipment (\$115,585);
- **Debt Service.** The agency's revised estimate includes \$9,450 for debt services, all from special revenue funds, for the final debt service interest payment on the Fleet Center in FY 2018; and
- **Aid to Local Units of Government.** The agency's revised estimate includes \$1.3 million for aid to local units of government, which is a decrease of \$1.7 million, or 57.0 percent, below the amount approved by the 2017 Legislature. Projected expenditures in this category are for qualifying Homeland Security expenditures and protection projects.

The agency's FY 2018 revised estimate includes capital improvement project expenditures totaling \$1.7 million, all from special revenue funds. This is an increase of \$29,568, all from special revenue funds, above the amount approved by the 2017 Legislature. These expenditures are more fully detailed in the capital improvements section towards the end of this agency's budget analysis.

The **Governor** recommends FY 2018 total agency expenditures of \$86.2 million, all from special revenue funds. The recommendation is an increase of \$23, or less than 0.1 percent, above the agency's revised FY 2018 estimate. The increase is attributable to a carryover of \$23 from the FY 2017 debt service payment on the agency's fleet facility.

The Governor concurs with the agency's revised estimate for capital improvements expenditures 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 Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	86,568,021	86,880,510	312,489	86,260,859	(307,162)
TOTAL	\$ 86,568,021	\$ 86,880,510	\$ 312,489	\$ 86,260,859	\$ (307,162)
FTE Positions	880.0	881.0	1.0	881.0	1.0

The **agency** requests a FY 2019 revised estimate for total agency expenditures of \$86.9 million, all from special revenue funds, which is an increase of \$312,489, or 0.4 percent, above the amount approved by the 2017 Legislature. The revised estimate includes 881.0 FTE positions, which is an increase of 1.0 FTE position above the approved number. The agency states this position was due to the inclusion of an accountant I position that is vacant. The FY 2019 revised estimate includes \$1.1 million, all from special revenue funds, for capital improvements. The increase from the approved amount is an increase of \$752,679 in capital improvement expenditures, offset by a decrease of \$440,190 in agency operations. Expenditures from the Kansas Highway Patrol Operations Fund (transferred from the State Highway Fund) total \$53.2 million, which is a decrease of \$376,344, or 0.7 percent, below the amount approved by the 2017 Legislature.

Objects of expenditure within the FY 2019 revised estimate are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$65.1 million for salaries and wages, which is a decrease of \$97,922, or 0.2 percent, below the amount approved by the 2017 Legislature. Decreases primarily occur in expenditures for classified regular pay (\$4.0 million), classified holiday pay not in the base (\$629,915), classified taxable business expenses (\$260,500), employer contributions to state employee health insurance (\$132,754), and workers compensation (\$93,738). These decreases are partially offset by increases primarily in expenditures for unclassified temporary pay (\$2.2 million), classified holiday pay in base (\$657,879), police and firemen retirement (\$619,941), classified overtime (\$574,057), classified temporary pay (\$558,927), and unclassified regular pay (\$439,537);
- **Contractual Services.** The agency's revised estimate includes \$6.7 million for contractual services, which is an increase of \$234,144, or 3.6 percent, above the amount approved by the 2017 Legislature. Increases primarily occur in expenditures for computer programming operations (\$386,463), meals and lodging (\$161,782), and computer software maintenance and services (\$129,198). These increases are partially offset by decreases primarily in expenditures for repair and service of building grounds (\$311,693) and other fees (\$119,600);

- **Commodities.** The agency's revised estimate includes \$4.7 million for commodities, which is a decrease of \$98,089, or 2.0 percent, below the amount approved by the 2017 Legislature. Decreases primarily occur in expenditures for other vehicle parts and supplies (\$170,089) and gasoline (\$114,750). These decreases are offset by increases primarily in expenditures for clothing (\$121,539), professional scientific supplies (\$39,785), food for human consumption (\$17,494), and household supplies (\$8,764);
- **Capital Outlay.** The agency's revised estimate includes \$7.3 million for capital outlay, which is an increase of \$498,632, or 7.4 percent, above the amount approved by the 2017 Legislature. Increases primarily occur in expenditures for professional and scientific equipment (\$304,932), trucks (\$236,572), and passenger cars (\$183,920). These increases are offset by decreases primarily in microcomputer equipment (\$223,844);
- **Debt Service.** The agency's revised estimate includes \$82,907 for debt service, all from special revenue funds, for the interest portion of the agency's FY 2019 supplemental request to finance the purchase of a Troop B headquarters building in Shawnee County; and
- **Aid to Local Units of Government.** The agency's revised estimate includes \$1.9 million for aid to local units of government, which is a decrease of \$1.1 million, or 35.5 percent, below the amount approved by the 2017 Legislature. Projected expenditures in this category are for qualifying Homeland Security expenditures and protection projects.

The agency's FY 2019 revised estimate includes capital improvements project expenditures totaling \$1.1 million, all from special revenue funds. This is an increase of \$752,679, all from special revenue funds, above the amount approved by the 2017 Legislature. Capital improvement supplemental requests and project expenditures are more fully detailed in the capital improvements section towards the end of this agency's budget analysis.

The **Governor** recommends FY 2019 total agency expenditures of \$86.3 million, all from special revenue funds. The recommendation is a decrease of \$619,651, or 0.7 percent, below the agency's revised FY 2019 estimate. The decrease is attributable to the Governor not recommending any of the agency's supplementals for FY 2019.

The Governor recommends capital improvements totaling \$858,146, all from special revenue funds, for FY 2019. The recommendation is a decrease of \$217,093, or 20.2 percent, below the agency's revised FY 2019 estimate for capital improvements. The decrease is attributable to the Governor not recommending the agency's supplemental request for debt service principal expenditures for the purchase of Troop B headquarters.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Cybersecurity	\$ 0	\$ 319,651	0.0	\$ 0	\$ 0	0.0
Purchase of Troop B						
Debt Service	0	0	0.0	0	0	0.0
Interest	0	82,907	0.0	0	0	0.0
Principal	0	217,093	0.0	0	0	0.0
TOTAL	\$ 0	\$ 619,651	0.0	\$ 0	\$ 0	0.0

The **agency** requests a revised estimate for FY 2019 includes two requests for supplemental funding totaling \$619,651, all from special revenue funds, which include the following.

Cybersecurity. The agency requests supplemental funding totaling \$319,651, all from the KHP Operations Fund, for cybersecurity initiatives for FY 2019. The Governor's recommendation during the 2017 Legislative Session was to provide for these initiatives for FY 2018 and FY 2019. The 2017 Legislature approved initial cybersecurity funding for FY 2018 in 2017 Senate Sub. for HB 2002, but did not include funding for FY 2019. The agency requests that funding for this initiative be provided from the KHP Operations Fund, which would be supported by an increased transfer from the State Highway Fund.

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

Purchase Troop B Debt Service. The agency requests \$300,000, as part of the annual transfers from the State Highway Fund, out to FY 2030, as a supplemental funding request. The funding would be used to finance the purchase of currently leased property at 3501 NW U.S. Highway 24, which has an office/storage building and four warehouses. The agency would move Troop B headquarters from the Department of Transportation (KDOT)-owned facility at I-70 and Gage in Topeka to this leased property. The agency notes December 2018 will be the beginning of the eighth year of the lease and lease expenditures will continue to increase each year until the final year of the lease in 2020. The agency could then exercise its option to purchase the property if the lessor is willing to set a purchase price based on the fair market value of the property, which has been assessed at \$2.8 million. This request is to allow the agency to finance the purchase of Troop B headquarters building in Shawnee County, with debt service funding through an annual transfer from the State Highway Fund. If this request is approved, the agency also requests the creation of a new limited budget unit under the KHP Operations Fund for these payments. The debt service interest portion of this request for FY 2019 will be \$82,907, all from the State Highway Fund, and is accounted for within the Debt Service program part of this budget analysis, and the debt service principal portion of this request will be \$217,093, all from the State Highway Fund, and is accounted for within the capital improvements part of this budget analysis.

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

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 \$349,041, all from special revenue funds, and FY 2019 longevity payments total \$370,522, 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	0.0 %	0.0 %
KHP Operations Fund	61.5	61.3
Staffing and Training Fund	9.2	9.2
VIN Fee Fund	3.4	3.4
HWY Patrol Motor Vehicle Fund	6.9	7.0
Patrol of KS Turnpike Fund	5.0	5.0
Federal Funds	10.6	10.7
All Other Funds	3.4	3.4
TOTAL	100.0 %	100.0 %

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

KHP Staffing and Training Fund

The 2016 Legislature passed HB 2696, which created the Kansas Highway Patrol Staffing and Training Fund and added a new \$2.00 nonrefundable surcharge to each vehicle registration fee to be deposited into the Fund. The bill also contained language stating moneys deposited into the Fund may only be used for the purposes set forth in the law creating the Fund. The Kansas Highway Patrol Staffing and Training Fund was appropriated as a no limit fund for FY 2017 by 2016 House Sub. for SB 249. Given the Fund was appropriated within the FY 2017 budget, highs and lows for the Fund have not yet been established.

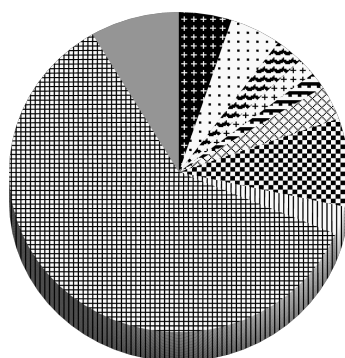
Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 0	\$ 5,254,398	\$ 5,254,398	\$ 6,715,918	\$ 6,715,998
Revenue	6,292,969	6,000,000	6,000,000	6,000,000	6,000,000
Transfers in	0	0	0	0	0
Funds Available	\$ 6,292,969	\$ 11,254,398	\$ 11,254,398	\$ 12,715,918	\$ 12,715,998
Less:					
Expenditures	1,038,571	4,538,480	4,538,400	7,882,764	7,882,764
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 5,254,398	\$ 6,715,918	\$ 6,715,998	\$ 4,833,154	\$ 4,833,234
Ending Balance as Percent of Expenditures	505.9%	148.0%	148.0%	61.3%	61.3%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation

All Funds



Administration	Operations Support	Information Technology	Aircraft Operations
Fleet	Vehicle ID Number	Motorist Assistance	Capitol Police
Homeland Security	Motor Carrier Inspection	Turnpike Patrol	Debt Service

Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 7,244,556	8.5 %	\$ 0	-- %
Operations Support	51,426,798	60.2	0	--
Information Technology	0	0.0	0	--
Aircraft Operations	2,413,806	2.8	0	--
Fleet	7,617,490	8.9	0	--
Vehicle ID Number	2,939,302	3.4	0	--
Motorist Assistance	1,415,985	1.7	0	--
Capitol Police	1,512,154	1.8	0	--
Homeland Security	2,331,341	2.7	0	--
Motor Carrier Inspection	4,217,871	4.9	0	--
Turnpike Patrol	4,283,410	5.0	0	--
Debt Service	0	0.0	0	--
TOTAL	\$ 85,402,713	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019					
Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	74.5	74.5	74.5	74.5	74.5
Operations Support	571.0	571.0	571.0	571.0	571.0
Information Technology	0.0	0.0	0.0	0.0	0.0
Aircraft Operations	18.0	18.0	18.0	18.0	18.0
Fleet	10.0	10.0	10.0	10.0	10.0
Vehicle ID Number	43.0	43.0	43.0	43.0	43.0
Motorist Assistance	20.0	20.0	20.0	20.0	20.0
Capitol Police	27.0	27.0	27.0	27.0	27.0
Homeland Security	4.0	4.0	4.0	4.0	4.0
Motor Carrier Inspection	58.0	58.0	58.0	58.0	58.0
Turnpike Patrol	51.5	51.5	51.5	51.5	51.5
Off Budget	4.0	4.0	4.0	4.0	4.0
TOTAL	881.0	881.0	881.0	881.0	881.0

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.

The agency notes that the original creation of the FY 2018 and FY 2019 budgets submitted to the 2017 Legislature required the manual calculation for payroll expenditures included. This causes each program's budget (outside of Operations Support) to reflect increases to the salaries and wages budget for FY 2019, beyond automatic re-classifications, to reflect fringe benefits costs now actually being accounted for by the program in which they occurred rather than all being reflected within the Operations Support program as was included in the originally approved FY 2018 and FY 2019 program budgets.

The agency further notes that salaries and wages expenditures include adjustments for automatic re-classifications of certain positions that occurs due to satisfactory performance, years of service, and advanced training received.

Additionally, expenditures made on a repeated basis within programs are primarily based upon provided Budget Indices supplied by the Division of the Budget. The agency applies these Budget Indices to FY 2017 actual expenditures in order to generate a large portion of FY 2018 expenditures, and applies Budget Indices to the FY 2018 projections in order to generate FY 2019 budget projections.

A. Administration

The agency states the Administration program provides leadership and support for the successful operation of KHP law enforcement. This program includes the Superintendent's Office, fiscal, legal, records, professional standards unit, information technology, public and government affairs, and human resources services. As part of performance-based budgeting, the agency's information technology function has been combined with this program in FY 2018.

Information Technology Program. This program includes all aspects of information technology within the agency, including dispatch systems, in-car systems, communication devices, reporting and citation systems, and internal support systems, including desktop, fleet, inventory, and remote access. This program has been combined with the Administration program in FY 2018 and for FY 2019, as part of implementing performance-based budgeting.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,002,362	\$ 4,955,644	\$ 4,955,644	\$ 5,038,189	\$ 5,038,189
Contractual Services	949,911	1,962,201	1,962,201	2,118,945	1,799,294
Commodities	241,901	273,453	273,453	279,759	279,759
Capital Outlay	4,323	365,484	365,484	127,314	127,314
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,198,497</i>	<i>\$ 7,556,782</i>	<i>\$ 7,556,782</i>	<i>\$ 7,564,207</i>	<i>\$ 7,244,556</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,182	0	0	0	0
TOTAL	\$ 4,199,679	\$ 7,556,782	\$ 7,556,782	\$ 7,564,207	\$ 7,244,556
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,199,679	7,556,782	7,556,782	7,564,207	7,244,556
TOTAL	\$ 4,199,679	\$ 7,556,782	\$ 7,556,782	\$ 7,564,207	\$ 7,244,556
FTE Positions	74.5	74.5	74.5	74.5	74.5

The **agency** requests a revised FY 2018 estimate of \$7.6 million, all from special revenue funds, for the Administration program. This is an increase of \$3.3 million, or 76.8 percent, above the amount approved by the 2017 Legislature. The request includes 74.5 FTE positions, which is an increase of 28.0 FTE positions above the number approved by the 2017 Legislature.

A notable change between the FY 2018 revised estimate and the FY 2018 approved amount is the agency's decision to combine the Information Technology program into the Administrative program as part of performance-based budgeting accounts for several changes. Expenditures for this program totaled \$3.4 million, all from special revenue funds, and 25.0 FTE positions in FY 2017.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$5.0 million, all from special revenue funds, to fund 74.5 FTE positions in FY 2018. This request is an increase of \$2.0 million, or 66.1 percent, above the amount approved by the 2017 Legislature. The Information Technology program in FY 2017 contained 25.0 FTE positions and \$1.2 million, all from special revenue funds, in salaries and wages. This also includes the addition of 3.0 FTE positions above the number approved by the 2017 Legislature;

- **Contractual Services.** The agency requests \$2.0 million, all from special revenue funds, for contractual services in FY 2018. This request is an increase of \$1.0 million, or 109.6 percent, above the amount approved by the 2017 Legislature. The Information Technology program contained \$781,216 in contractual service expenditures in FY 2017.
- **Commodities.** The agency requests \$273,453, all from special revenue funds, for commodities in FY 2018. This request is a decrease of \$77,153, or 22.0 percent, below the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The agency requests \$365,484, all from special revenue funds, for capital outlay in FY 2018. This request is an increase of \$362,679, or 12,929.7 percent, above the amount approved by the 2017 Legislature. The agency states this includes one-time purchases of Computer-Aided Design, Records Management System, and Automobile Vehicle Locator software. Administration previously managed a capital outlay budget of approximately \$3,000 annually, and the Information Technology program expenditures have varied by project and replacement cycles, but has been nearly at \$320,000 annually.

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

The **agency** requests a revised FY 2019 estimate of \$7.6 million, all from special revenue funds, for the Administration program. This is an increase of \$4.1 million, or 120.8 percent, above the amount approved by the 2017 Legislature. The request includes 74.5 FTE positions, which is an increase of 28.0 FTE positions above the number approved by the 2017 Legislature.

Notable changes between the FY 2019 revised estimate and the FY 2019 approved amount include the agency's decision to combine the Information Technology program into the Administrative program as part of performance-based budgeting. Expenditures for this program totaled \$3.4 million, all from special revenue funds, and 25.0 FTE positions in FY 2017. The agency also requests supplemental funding totaling \$319,651, all from the KHP Operations Fund, for cybersecurity initiatives for FY 2019. The Governor's recommendation during the 2017 Legislature was to provide for these initiatives for FY 2018 and FY 2019. The 2017 Legislature approved initial cybersecurity funding for FY 2018 within 2017 Senate Sub. for HB 2002, but did not include funding for FY 2019. The agency requests that funding for this initiative be provided from the KHP Operations Fund, which would be supported by an increased transfer from the State Highway Fund.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency revised estimate for this program includes expenditures of \$5.0 million, all from special revenue funds, to fund 74.5 FTE positions for FY 2019. The request is an increase of \$2.9 million, or 137.7 percent, above the amount approved by the 2017 Legislature. The Information Technology program in FY 2017 contained 25.0 FTE positions and \$1.2 million, all from special revenue funds, in salaries and wages. This also includes the addition of 3.0 FTE positions above the number approved by the 2017 Legislature;

- **Contractual Services.** The agency requests \$2.1 million, all from special revenue funds, for contractual services for FY 2019. This request is an increase of \$1.2 million, or 124.1 percent, above the amount approved by the 2017 Legislature. The Information Technology program in FY 2017 contained \$781,216 in contractual service expenditures. This category accounts for the agency's supplemental request for cybersecurity funding of \$319,651, to be provided by a transfer from the State Highway Fund;
- **Commodities.** The agency requests \$279,759, all from special revenue funds, for commodities for FY 2019. The request is a decrease of \$78,674, or 21.9 percent, below the amount approved by the 2017 Legislature. Primary decreases happen in professional and scientific supplies for ammunition purchases; and
- **Capital Outlay.** The agency requests \$127,314, all from special revenue funds, for capital outlay for FY 2019. The request is an increase of \$124,450, or 4,345.3 percent, above the amount approved by the 2017 Legislature. Administration previously managed a capital outlay budget of approximately \$3,000 annually, and the Information Technology program expenditures have varied by project and replacement cycles, but has been nearly at \$320,000 annually. This decrease is related to the one-time expenditures for Computer-Aided Design, Records Management System, and Automobile Vehicle Locator software included within the FY 2018 budget.

The **Governor** recommends \$85.7 million, all from special revenue funds, for FY 2019. The recommendation is a decrease of \$319,651, or 4.2 percent, below the agency's revised FY 2019 estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request for cybersecurity funding for FY 2019.

B. Operations Support

The Highway Patrol Operations Support program performs the agency's main statutory assignment, enforcement of the state's traffic, criminal, and other laws. The program is divided into a number of subprograms, detailed below.

Breath Alcohol Unit. The Breath Alcohol Unit was created in 1989 with a grant from the National Highway Traffic Safety Administration (NHTSA). The program was created to enhance the detection and apprehension by law enforcement officers of individuals driving under the influence. This includes educational programs for law enforcement officers, such as DUI Detection/Standardized Field Sobriety Testing, the Drug Recognition Expert program, and the Traffic Occupant Protection Strategies (TOPS) Seat Belt program. The program also provides funding for operating checkpoints.

Kansas Highway Patrol Training Academy. Located in Salina, the Kansas Highway Patrol Training Academy provides law enforcement education and training to KHP personnel. Training includes initial education for KHP recruits and the statutorily required 40 hours of continuing education for each Highway Patrol sworn officer. The Training Academy also is available to help meet the training needs of other agencies.

Civil Assessment Program. This program was created in FY 2006 as a joint effort with the Kansas Corporation Commission (KCC) to reduce the number of injury and fatality accidents involving commercial motor vehicles. Beginning in 2006, the KCC began assessing civil penalties for motor carriers for out-of-service violations with the issuance of misdemeanor citations by KHP troopers. A biennial transfer of civil assessment penalties is provided to the KHP from the KCC.

Motor Carrier Safety Assistance Program. The duty of the Motor Carrier Safety Assistance Program (MCSAP) is to regulate the commercial traffic traveling on the highways of Kansas. The MCSAP enforces the uniform traffic code and the statutes regulating motor carriers and property, as well as the rules and regulations adopted by the KCC. The program is financed at 80.0 percent from federal funds and 20.0 percent from state funds, with the federal portion on a strict reimbursement basis and the state portion financed by motor carrier fees transferred from the KCC. This program also includes the 100.0 percent federally funded New Entrant program. In FY 2017, grants for High-Priority Media and Troopers on Patrol for Safety (TOPS) also are managed by this unit and provide federal funding for these specific functions.

OPERATIONS SUPPORT SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 42,664,280	\$ 42,629,536	\$ 42,629,536	\$ 44,592,653	\$ 44,592,653
Contractual Services	3,937,061	3,082,138	3,082,161	3,079,770	3,079,770
Commodities	3,233,860	4,672,846	4,672,846	3,461,720	3,461,720
Capital Outlay	9,287,760	498,809	498,809	292,655	292,655
Debt Service	0	0	0	0	0
Subtotal - Operations	\$59,122,961	\$ 50,883,329	\$ 50,883,352	\$ 51,426,798	\$ 51,426,798
Aid to Local Units	0	0	0	0	0
Other Assistance	9,883	0	0	0	0
TOTAL	<u>\$59,132,844</u>	<u>\$ 50,883,329</u>	<u>\$ 50,883,352</u>	<u>\$ 51,426,798</u>	<u>\$ 51,426,798</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	59,132,844	50,883,329	50,883,352	51,426,798	51,426,798
TOTAL	<u>\$59,132,844</u>	<u>\$ 50,883,329</u>	<u>\$ 50,883,352</u>	<u>\$ 51,426,798</u>	<u>\$ 51,426,798</u>
FTE Positions	571.0	571.0	571.0	571.0	571.0

The **agency** requests a revised FY 2018 estimate totaling \$50.9 million, all from special revenue funds, for the Operations Support program in FY 2018. This is a decrease of \$7.2 million, or 12.4 percent, below the amount approved by the 2017 Legislature. A change from the agency's FY 2018 budget approved by the 2017 Legislature includes the agency's decision to report expenditures for the Fleet Operations program and the Aircraft Operations program as individual programs, separate from the Operations Support program, as part of performance-based budgeting in FY 2018.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$42.6 million, all from special revenue funds, to fund 571.0 FTE positions in FY 2018. The request is a decrease of \$797,287, or 1.8 percent, below the amount approved by the 2017 Legislature. This is a decrease of 4.0 FTE positions from the number approved by the 2017 Legislature. The agency notes there are 57.0 unfunded Trooper positions in FY 2018;
- **Contractual Services.** The agency requests \$3.1 million, all from special revenue funds, for contractual services in FY 2018. This request is a decrease of \$443,046, or 12.6 percent, below the amount approved by the 2017 Legislature. The agency states this request is based on the projection of provided budget indices rates. Expenditures in this category include: postage, telecommunications, cellular phones, data lines, computer access, copiers, utilities and surety bonds and insurance on buildings still indebted, and pest control;
- **Commodities.** The agency requests \$4.7 million, all from special revenue funds, for commodities in FY 2018. The request is an increase of \$1.1 million, or 32.2 percent, above the amount approved by the 2017 Legislature. The increase in this category largely reflects higher-than-anticipated gasoline expenditures, as well as approximately \$1.0 million, all from the Vehicle Identification Number Fee Fund, for the protective and other equipment for the newly created Mobile Field Force team; and
- **Capital Outlay.** The agency requests \$498,809, all from special revenue funds, for capital outlay in FY 2018. The request is a decrease of \$7.1 million, or 93.4 percent, below the amount approved by the 2017 Legislature. The agency states expenditures in this category fluctuate based on one-time funds and purchases. The agency notes that FY 2018 expenditures include \$150,000 for the one-time purchase of Acadis Training Tracking software for the Academy; and \$140,000 for the purchase of robotic total station funding.

The **Governor** recommends \$50.9 million, all from special revenue funds, in FY 2018. The recommendation is an increase of \$23, or less than 0.1 percent, above the agency's revised FY 2018 estimate. The increase is attributable to the Governor recommending the expenditure of a carryover of \$23 from the FY 2017 debt service payment on the agency's fleet facility.

The **agency** requests a revised FY 2019 estimate totaling \$51.4 million, all from special revenue funds, for the Operations Support program for FY 2019. The request is a decrease of \$13.1 million, or 20.3 percent, below the amount approved by the 2017 Legislature. A change from the agency's FY 2019 budget approved by the 2017 Legislature includes the agency's decision to report expenditures for the Fleet Operations program and the Aircraft Operations program as individual programs, separate from the Operations Support program, as part of performance-based budgeting for FY 2019.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests expenditures of \$44.6 million, all from special revenue funds, to fund 571.0 FTE positions for FY 2019. The request is a decrease of \$6.2 million, or 12.2 percent, below the amount approved by the 2017 Legislature. The agency notes there are 42.0 unfunded Trooper positions for FY 2019;
- **Contractual Services.** The agency requests \$3.1 million, all from special revenue funds, for contractual services for FY 2019. This request is a decrease of \$561,438, or 15.4 percent, below the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$3.5 million, all from special revenue funds, for commodities for FY 2019. The request is a decrease of \$420,629, or 10.8 percent, below the amount approved by the 2017 Legislature. The agency states there were large one-time expenditures included in the FY 2018 budget that are not included for FY 2019, and uniform expenditures included in the FY 2019 budget; and
- **Capital Outlay.** The agency requests \$292,655, all from special revenue funds, for capital outlay for FY 2019. The request is a decrease of \$5.9 million, or 95.3 percent, below the amount approved by the 2017 Legislature. The agency states expenditures in this category fluctuate based on one-time funds and purchases, and the FY 2019 budget includes \$140,000 for the purchase of robotic total station funding.

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

C. Information Technology

The Information Technology program includes all aspects of information technology within the agency, including dispatch systems, in-car systems, communication devices, reporting and citation systems, and internal support systems, including desktop, fleet, inventory, and remote access. This program has been combined with the Administration program in FY 2018 and FY 2019 as part of implementing performance-based budgeting.

INFORMATION TECHNOLOGY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 1,249,237	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	781,216	0	0	0	0
Commodities	230,228	0	0	0	0
Capital Outlay	1,175,276	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,435,957</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
TOTAL	\$ 3,435,957	\$ 0	\$ 0	\$ 0	\$ 0
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,435,957	0	0	0	0
TOTAL	\$ 3,435,957	\$ 0	\$ 0	\$ 0	\$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency's** revised estimate in FY 2018 and FY 2019 do not reflect expenditures for this program, as it was merged with the Administration program as part of performance-based budgeting implementation.

The **Governor** concurs with the agency's revised estimate for FY 2018 and FY 2019.

D. Aircraft Operations

The Aircraft Operations program was created to manage the agency's aircraft fleet, including the State's non-enforcement aircraft. This includes maintenance, fuel, parts, and aircraft acquisitions. In FY 2007, the agency constructed a hangar at Billard Airport in Topeka, with aircraft support also conducted in Salina and Hays. Since FY 2006, a transfer of \$400,000 was made from the Highway Patrol Motor Vehicle Fund (MVF) to the Aircraft-On-Budget Fund to subsidize the costs; this transfer was increased to \$600,000 starting in FY 2013.

AIRCRAFT OPERATIONS SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 1,501,047	\$ 1,501,047	\$ 1,539,581	\$ 1,539,581
Contractual Services	0	659,706	659,706	599,595	599,595
Commodities	0	254,919	254,919	262,466	262,466
Capital Outlay	0	279,522	279,522	12,164	12,164
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 2,695,194</i>	<i>\$ 2,695,194</i>	<i>\$ 2,413,806</i>	<i>\$ 2,413,806</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 2,695,194	\$ 2,695,194	\$ 2,413,806	\$ 2,413,806
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	2,695,194	2,695,194	2,413,806	2,413,806
TOTAL	\$ 0	\$ 2,695,194	\$ 2,695,194	\$ 2,413,806	\$ 2,413,806
FTE Positions	18.0	18.0	18.0	18.0	18.0

The **agency** requests FY 2018 expenditures totaling \$2.7 million, all from special revenue funds, for the Aircraft Operations program in FY 2018. A change from the agency's FY 2018 budget approved by the 2017 Legislature includes the agency's decision to report expenditures for the Aircraft Operations program as an individual program, separate from the Operations Support Program, as part of performance-based budgeting in FY 2018 and FY 2019. Requests by object of expenditure are new as this program was not separated as part of the budget approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$1.5 million, all from special revenue funds, to fund 18.0 FTE positions in FY 2018;
- **Contractual Services.** The agency requests \$659,706, all from special revenue funds, for contractual services in FY 2018. The agency notes expenditures include telecommunication, data lines, computer access, cellular phones, maintenance, services and utilities for the hangar facilities, travel, and insurance for aircraft and vehicles assigned to this program. The agency also notes the Bell Helicopter was damaged in a crash and will require a one-time insurance deductible payment of \$125,000 to be repaired;
- **Commodities.** The agency requests \$254,919, all from special revenue funds, for commodities in FY 2018. Expenditures include aircraft fuel, supplies and parts, mechanics, uniforms, and building and cleaning supplies for facilities; and

- **Capital Outlay.** The agency requests \$279,522, all from special revenue funds, for capital outlay in FY 2018. Expenditures for this category include hangar equipment and its replacement. The agency notes that in FY 2018 a one-time expenditure of \$268,000 for the replacement of a FLIR unit on the Bell Helicopter that was damaged in a crash will provide for the agency's portion of the insurance replacement.

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

The **agency** requests FY 2019 expenditures totaling \$2.4 million, all from special revenue funds, for the Aircraft Operations program for FY 2019. The request is a decrease of \$281,388, or 10.4 percent, below the agency's FY 2018 request.

Changes from the agency's FY 2018 budget request include the following items:

- **Salaries and Wages.** The agency requests \$1.5 million, all from special revenue funds, to fund 18.0 FTE positions for FY 2019. The request is an increase of \$38,534, or 2.6 percent, above the agency's FY 2018 request;
- **Contractual Services.** The agency requests \$599,595, all from special revenue funds, for contractual services for FY 2019. This request is a decrease of \$60,111, or 9.1 percent, below the agency's FY 2018 request;
- **Commodities.** The agency requests \$262,466, all from special revenue funds, for commodities for FY 2019. The request is an increase of \$7,547, or 3.0 percent, above the agency's FY 2018 request; and
- **Capital Outlay.** The agency requests \$12,164, all from special revenue funds, for capital outlay for FY 2019. The request is a decrease of \$267,358, or 95.6 percent, below the agency's FY 2018 request. This large decrease is due to one-time expenditures in the FY 2018 budget.

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

E. Fleet

The Fleet Operations program was established in FY 1997 to capture all costs associated with the agency's vehicle fleet operations. Expenses include operation of the agency garage in Topeka, personnel, and vehicle acquisition and related equipment. As part of the FY 2018 budget, these expenditures have been separated from the Operations Support program.

FLEET SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 629,004	\$ 629,004	\$ 640,790	\$ 640,790
Contractual Services	0	152,304	152,304	155,706	155,706
Commodities	0	257,415	257,415	259,920	259,920
Capital Outlay	0	6,526,974	6,526,974	6,561,074	6,561,074
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 7,565,697</i>	<i>\$ 7,565,697</i>	<i>\$ 7,617,490</i>	<i>\$ 7,617,490</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 7,565,697	\$ 7,565,697	\$ 7,617,490	\$ 7,617,490
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	7,565,697	7,565,697	7,617,490	7,617,490
TOTAL	\$ 0	\$ 7,565,697	\$ 7,565,697	\$ 7,617,490	\$ 7,617,490
FTE Positions	10.0	10.0	10.0	10.0	10.0

The **agency** requests FY 2018 expenditures totaling \$7.6 million, all from special revenue funds, for the Fleet program in FY 2018. A change from the agency's FY 2018 budget approved by the 2017 Legislature includes the agency's decision to report expenditures for the Fleet program as an individual program, separate from the Operations Support program, as part of performance-based budgeting in FY 2018.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$629,004, all from special revenue funds, to fund 10.0 FTE positions in FY 2018;
- **Contractual Services.** The agency requests \$152,304, all from special revenue funds, for contractual services in FY 2018. Expenditures in this category include telecommunication, data lines, computer access, cellular phones, maintenance, services and utilities for the fleet building, travel, copier rent, and vehicle insurance for fleet-assigned vehicles;
- **Commodities.** The agency requests \$257,415, all from special revenue funds, for commodities in FY 2018. Expenditures in this category include vehicle supplies and parts, mechanics, and building and cleaning supplies for the fleet building and garage; and
- **Capital Outlay.** The agency requests \$6.5 million, all from special revenue funds, for capital outlay in FY 2018. Expenditures in this category include the purchase of replacement cars and trucks used in law enforcement.

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

The **agency** requests FY 2019 expenditures totaling \$7.6 million, all from special revenue funds, for the Fleet program for FY 2019. The request is an increase of \$51,793, or 0.7 percent, above the agency's FY 2018 request. A change from the agency's FY 2018 budget request includes the agency's decision to report expenditures for the Fleet program as an individual program, separate from the Operations Support program, as part of performance-based budgeting for FY 2019.

Changes from the agency's FY 2019 request include the following items:

- **Salaries and Wages.** The agency requests \$640,790, all from special revenue funds, to fund 10.0 FTE positions for FY 2019. The request is an increase of \$11,786, or 1.9 percent, above the agency's FY 2018 request;
- **Contractual Services.** The agency requests \$155,706, all from special revenue funds, for contractual services for FY 2019. The request is an increase of \$3,402, or 2.2 percent, above the agency's FY 2018 request;
- **Commodities.** The agency requests \$259,920, all from special revenue funds, for commodities for FY 2019. The request is an increase of \$2,505, or 1.0 percent, above the agency's FY 2018 request; and
- **Capital Outlay.** The agency requests \$6.6 million, all from special revenue funds, for capital outlay for FY 2019. The request is an increase of \$34,100, or 0.5 percent, above the agency's FY 2018 request.

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

F. Vehicle Identification Number

The Vehicle Identification Number (VIN) program is responsible for the inspection of the VIN number of every car being titled in Kansas for the first time, as well as certain rebuilt salvage and assembled vehicles. The inspection verifies the VIN on the vehicle title matches the VIN on the car and that neither number has been altered. The inspection may be conducted by staff of the KHP or by another law enforcement agency designated by the KHP. The 2011 Legislature amended KSA 8-116a to allow the Highway Patrol to charge \$15 per inspection (an increase of \$5 over the previous inspection fee of \$10), which is deposited into the VIN Fund. This fee then increased to \$20 per inspection on July 1, 2012. If a designated law enforcement agency conducts the inspection, the local agency retains \$18.00 of the fee and remits the remaining \$2.00 to the Highway Patrol. This fee finances the expenses of this program. The agency notes increases in the inspection fee has allowed the program to be self-supporting since FY 2013.

VEHICLE IDENTIFICATION NUMBER SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 2,419,098	\$ 2,468,648	\$ 2,468,648	\$ 2,509,541	\$ 2,509,541
Contractual Services	355,322	346,944	346,944	353,551	353,551
Commodities	78,476	71,855	71,855	74,218	74,218
Capital Outlay	33,551	1,951	1,951	1,992	1,992
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,886,447</i>	<i>\$ 2,889,398</i>	<i>\$ 2,889,398</i>	<i>\$ 2,939,302</i>	<i>\$ 2,939,302</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	184	0	0	0	0
TOTAL	<u>\$ 2,886,631</u>	<u>\$ 2,889,398</u>	<u>\$ 2,889,398</u>	<u>\$ 2,939,302</u>	<u>\$ 2,939,302</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,886,631	2,889,398	2,889,398	2,939,302	2,939,302
TOTAL	<u>\$ 2,886,631</u>	<u>\$ 2,889,398</u>	<u>\$ 2,889,398</u>	<u>\$ 2,939,302</u>	<u>\$ 2,939,302</u>
FTE Positions	43.0	43.0	43.0	43.0	43.0

The **agency** requests a revised FY 2018 estimate totaling \$2.9 million, all from special revenue funds, for the Vehicle Identification Number program in FY 2018. This is an increase of \$162,608, or 6.0 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$2.5 million, all from special revenue funds, to fund 43.0 FTE positions in FY 2018. The request is an increase of \$158,335, or 6.9 percent, above the amount approved by the 2017 Legislature. The agency notes automatic reclassification of position occurs due to satisfactory performance, years of service, and advanced training;
- **Contractual Services.** The agency requests \$346,944, all from special revenue funds, for contractual services in FY 2018. This request is an increase of \$10,277, or 3.1 percent, above the amount approved by the 2017 Legislature. Expenditures in this category include rent, janitorial, pest control, grounds keeping, utilities, and phone/data lines/service. The agency states expenditure increases are based on the application of Budget Indices to FY 2017 actual expenditures;
- **Commodities.** The agency requests \$71,855, all from special revenue funds, for commodities in FY 2018. The request is an increase of \$139, or 0.2 percent, above the amount approved by the 2017 Legislature. Expenditures in this category include stationery, office supplies, and printing of rebuilt stickers and MVE1 forms for inspections. The agency states expenditure increases are based on the application of Budget Indices to FY 2017 actual expenditures; and

- **Capital Outlay.** The agency requests \$1,951, all from special revenue funds, for capital outlay in FY 2018. The request is a decrease of \$6,143, or 75.9 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include shop and maintenance equipment. The agency states expenditure increases are based on the application of Budget Indices to FY 2017 actual expenditures

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

The **agency** requests a revised FY 2019 estimate totaling \$2.9 million, all from special revenue funds, for the Vehicle Identification Number program for FY 2019. The request is an increase of \$896,317, or 43.9 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$2.5 million, all from special revenue funds, to fund 43.0 FTE positions for FY 2019. The request is an increase of \$891,888, or 55.1 percent, above the amount approved by the 2017 Legislature. The agency notes automatic reclassification of position does occur due to satisfactory performance, years of service, and advanced training;
- **Contractual Services.** The agency requests \$353,551, all from special revenue funds, for contractual services for FY 2019. This request is an increase of \$10,748, or 3.1 percent, above the amount approved by the 2017 Legislature. The agency states expenditure increases are based on the application of Budget Indices to FY 2018 projected expenditures;
- **Commodities.** The agency requests \$74,218, all from special revenue funds, for commodities for FY 2019. The request is a decrease of \$47, or 0.1 percent, below the amount approved by the 2017 Legislature. The agency states expenditure increases are based on the application of Budget Indices to FY 2018 projected expenditures; and
- **Capital Outlay.** The agency requests \$1,992, all from special revenue funds, for capital outlay for FY 2019. The request is a decrease of \$6,279, or 75.9 percent, below the amount approved by the 2017 Legislature. The agency states expenditure increases are based on the application of Budget Indices to FY 2018 projected expenditures.

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

G. Motorist Assistance

The Motorist Assistance program was established with KDOT for special project employees to patrol major, urban interstate highways to assist stranded motorists. The program's goal is to decrease the amount of time disabled motorists spend on the side of the highway, which increases safety and reduces traffic fatalities. The program is staffed by non-FTE unclassified employees who patrol major interstates, and allows the troopers to

concentrate on law enforcement duties rather than assisting these individuals. The cost of this program is shared with KDOT with funding provided through federal funds (80.0 percent) and a state match through the Highway Safety Fund (20.0 percent) (the Highway Safety Fund receives a transfer from KDOT). Expenditure categories are based on the budget and program direction agreed upon with KDOT.

MOTORIST ASSISTANCE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 885,480	\$ 927,835	\$ 927,835	\$ 945,985	\$ 945,985
Contractual Services	38,942	78,946	78,946	79,476	79,476
Commodities	311,432	284,847	284,847	284,270	284,270
Capital Outlay	132,260	119,517	119,517	106,254	106,254
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,368,114</i>	<i>\$ 1,411,145</i>	<i>\$ 1,411,145</i>	<i>\$ 1,415,985</i>	<i>\$ 1,415,985</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,368,114</u>	<u>\$ 1,411,145</u>	<u>\$ 1,411,145</u>	<u>\$ 1,415,985</u>	<u>\$ 1,415,985</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,368,114	1,411,145	1,411,145	1,415,985	1,415,985
TOTAL	<u>\$ 1,368,114</u>	<u>\$ 1,411,145</u>	<u>\$ 1,411,145</u>	<u>\$ 1,415,985</u>	<u>\$ 1,415,985</u>
FTE Positions	20.0	20.0	20.0	20.0	20.0

The **agency** requests a revised FY 2018 estimate totaling \$1.4 million, all from special revenue funds, for the Motorist Assistance program in FY 2018. This is an increase of \$63,644, or 4.7 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$927,835, all from special revenue funds, to fund 20.0 FTE positions in FY 2018. The request is an increase of \$56,762, or 6.5 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$78,946, all from special revenue funds, for contractual services in FY 2018. This request is a decrease of \$322, or 0.4 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include vehicle registration, insurance, and repair;
- **Commodities.** The agency requests \$284,847, all from special revenue funds, for commodities in FY 2018. The request is an increase of \$8,092, or 2.9 percent, above the amount approved by the 2017 Legislature. Expenditures in this category primarily include fuel and uniforms; and
- **Capital Outlay.** The agency requests \$119,517, all from special revenue funds, for capital outlay in FY 2018. The request is a decrease of \$888, or 0.7 percent,

below the amount approved by the 2017 Legislature. Expenditures in this category include utility truck beds, light bars, push bumpers, alarm systems, in-car cameras, variable message boards, and miscellaneous tools for each truck. FY 2018 includes funding for three variable message sign boards, and two F-350 gas crew cab pickups. Expenditures also include utility beds and push bumpers.

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

The **agency** requests a revised FY 2019 estimate totaling \$1.4 million, all from special revenue funds, for the Motorist Assistance program for FY 2019. The request is an increase of \$303,384, or 27.3 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$945,985, all from special revenue funds, to fund 20.0 FTE positions for FY 2019. The request is an increase of \$309,811, or 48.7 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$79,476, all from special revenue funds, for contractual services for FY 2019. This request is an increase of \$3,516, or 4.6 percent, above the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$284,270, all from special revenue funds, for commodities for FY 2019. The request is a decrease of \$7,522, or 2.6 percent, below the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The agency requests \$106,254, all from special revenue funds, for capital outlay for FY 2019. The request is a decrease of \$2,421, or 2.2 percent, below the amount approved by the 2017 Legislature. FY 2019 includes funding for two variable message sign boards, and two F-350 gas crew cab pickups. Expenditures also include a utility bed and a push bumper.

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

H. Capitol Police

The mission of the Capitol Police is to provide for the safety of persons and the protection of property within the Capitol Complex and at other State-owned or -leased property within Shawnee County. In prior years, the Capitol Police was funded through a contract with the Department of Administration. The 2005 Legislature provided State General Fund financing directly to the KHP for this program, giving the agency direct control over the financing of the Capitol Police. The 2006 Legislature changed the name of the program from "Capitol Area Security Patrol" to "Capitol Police."

CAPITOL POLICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,432,764	\$ 1,482,418	\$ 1,482,418	\$ 1,512,154	\$ 1,512,154
Contractual Services	409,787	0	0	0	0
Commodities	79,071	0	0	0	0
Capital Outlay	8,360	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,929,982</i>	<i>\$ 1,482,418</i>	<i>\$ 1,482,418</i>	<i>\$ 1,512,154</i>	<i>\$ 1,512,154</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,568	0	0	0	0
TOTAL	<u>\$ 3,931,550</u>	<u>\$ 1,482,418</u>	<u>\$ 1,482,418</u>	<u>\$ 1,512,154</u>	<u>\$ 1,512,154</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,931,550	1,482,418	1,482,418	1,512,154	1,512,154
TOTAL	<u>\$ 3,931,550</u>	<u>\$ 1,482,418</u>	<u>\$ 1,482,418</u>	<u>\$ 1,512,154</u>	<u>\$ 1,512,154</u>
FTE Positions	27.0	27.0	27.0	27.0	27.0

The **agency** requests a revised FY 2018 estimate totaling \$1.5 million, all from special revenue funds, for the Capitol Police program in FY 2018. This is a decrease of \$2.5 million, or 63.0 percent, below the amount approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$1.5 million, all from special revenue funds, to fund 27.0 FTE positions in FY 2018. The request is a decrease of \$2.0 million, or 57.6 percent, below the amount approved by the 2017 Legislature. The agency states the primary decrease in this category is due to the agency's decision that, beginning in FY 2018, all Law Enforcement Officer positions with primary responsibilities of patrolling and dispatch positions will be moved to the Operations Support program. This accounts for a decrease of 23.0 FTE positions and associated salary expenditures from the number approved by the 2017 Legislature;
- **Contractual Services.** The agency request does not include any expenditures in this category in FY 2018, as these expenditures have become part of the Operations Support program;
- **Commodities.** The agency request does not include any expenditures in this category in FY 2018, as these expenditures have become part of the Operations Support program; and
- **Capital Outlay.** The agency request does not include any expenditures in this category in FY 2018, as these expenditures have become part of the Operations Support program.

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

The **agency** requests a revised FY 2019 estimate totaling \$1.5 million, all from special revenue funds, for the Capitol Police program for FY 2019. The request is a decrease of \$1.1 million, or 43.0 percent, below the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$1.5 million, all from special revenue funds, to fund 27.0 FTE positions for FY 2019. The request is a decrease of \$1.1 million, or 43.0 percent, below the amount approved by the 2017 Legislature. The agency states the primary decrease in this category is due to the agency's decision that, beginning in FY 2018, all Law Enforcement Officer positions with primary responsibilities of patrolling and dispatch positions will be moved to the Operations Support program. This accounts for a decrease of 23.0 FTE positions and associated salary expenditures from the number approved by the 2017 Legislature;
- **Contractual Services.** The agency request does not include any expenditures in this category for FY 2019, as these expenditures have become part of the Operations Support program;
- **Commodities.** The agency request does not include any expenditures in this category for FY 2019, as these expenditures have become part of the Operations Support program; and
- **Capital Outlay.** The agency request does not include any expenditures in this category for FY 2019, as these expenditures have become part of the Operations Support program.

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

I. Homeland Security

The Kansas Highway Patrol is the state-designated administrative agency to help administer the federal Homeland Security Grant program. Funding for the program is provided by the U.S. Department of Homeland Security. Funds are provided to the state's seven homeland security regions for the purpose of preventing, planning for, responding to, and recovering from an act of terrorism and other catastrophic events. This includes funding for specialized training, exercises, and equipment.

HOMELAND SECURITY SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 199,221	\$ 344,096	\$ 344,096	\$ 354,837	\$ 354,837
Contractual Services	61,763	60,198	60,198	28,822	28,822
Commodities	3,573	7,162	7,162	7,682	7,682
Capital Outlay	4,965	18,630	18,630	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 269,522</i>	<i>\$ 430,086</i>	<i>\$ 430,086</i>	<i>\$ 391,341</i>	<i>\$ 391,341</i>
Aid to Local Units	2,200,311	1,290,080	1,290,080	1,940,000	1,940,000
Other Assistance	51,400	0	0	0	0
TOTAL	<u>\$ 2,521,233</u>	<u>\$ 1,720,166</u>	<u>\$ 1,720,166</u>	<u>\$ 2,331,341</u>	<u>\$ 2,331,341</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,521,233	1,720,166	1,720,166	2,331,341	2,331,341
TOTAL	<u>\$ 2,521,233</u>	<u>\$ 1,720,166</u>	<u>\$ 1,720,166</u>	<u>\$ 2,331,341</u>	<u>\$ 2,331,341</u>
FTE Positions	4.0	4.0	4.0	4.0	4.0

The **agency** requests a revised FY 2018 estimate totaling \$1.7 million, all from special revenue funds, for the Homeland Security program in FY 2018. This is a decrease of \$1.5 million, or 47.2 percent, below the amount approved by the 2017 Legislature.

Changes from the FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$344,096, all from special revenue funds, to fund 4.0 FTE positions in FY 2018. The request is an increase of \$153,587, or 80.6 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$60,198, all from special revenue funds, for contractual services in FY 2018. This request is a decrease of \$2,552, or 4.1 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include phone service, travel, and consulting services;
- **Commodities.** The agency requests \$7,162, all from special revenue funds, for commodities in FY 2018. The request is an increase of \$3,162, or 79.1 percent, above the amount approved by the 2017 Legislature. Expenditures in this category include vehicle gasoline and office and data supplies;
- **Capital Outlay.** The agency requests \$18,630, all from special revenue funds, for capital outlay in FY 2018. The request is an increase of \$18,630, as the agency did not budget any expenditures within the budget approved by the 2017 Legislature. Expenditures in this category include bomb squad equipment as allowed by a federal grant; and

- **Aid to Local Units of Government.** The agency requests \$1.3 million, all from special revenue funds, for aid to local units of government in FY 2018. The request is a decrease of \$1.7 million, or 57.0 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include qualifying Homeland Security expenditures and protection projects.

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

The **agency** requests a revised FY 2019 estimate totaling \$2.3 million, all from special revenue funds, for the Homeland Security program for FY 2019. The request is a decrease of \$866,266, or 27.1 percent, below the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$354,837, all from special revenue funds, to fund 4.0 FTE positions for FY 2019. The request is an increase of \$223,178, or 169.5 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$28,822, all from special revenue funds, for contractual services for FY 2019. This request is a decrease of \$33,264, or 53.6 percent, below the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$7,682, all from special revenue funds, for commodities for FY 2019. The request is an increase of \$3,682, or 92.1 percent, above the amount approved by the 2017 Legislature;
- **Capital Outlay.** The agency requests no capital outlay expenditures for FY 2019. This is no change from the amount approved by the 2017 Legislature; and
- **Aid to Local Units of Government.** The agency requests \$1.9 million, all from special revenue funds, for aid to local units of government for FY 2019. The request is a decrease of \$1.1 million, or 35.3 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include qualifying Homeland Security expenditures and protection projects.

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

J. Motor Carrier Inspection

The Motor Carrier Inspection (MCI) program was established to reduce the usage of oversized, overweight, or unsafe commercial vehicles on Kansas roads and highways. This program includes the inspection of commercial motor vehicles to ensure compliance with regulations adopted by the KCC. The program was transferred from the Department of Revenue to the KHP in FY 1989. Efforts to reduce the use of overweight vehicles on Kansas highways include the operation of ports of entry, the utilization of mobile units to check the weight of trucks, and safety and informational programs. There are nine facilities diversely located throughout the State.

**MOTOR CARRIER INSPECTION
SUMMARY OF EXPENDITURES FY 2017 – FY 2019**

Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 3,890,942	\$ 3,561,291	\$ 3,561,291	\$ 3,655,177	\$ 3,655,177
Contractual Services	311,375	309,719	309,719	314,059	314,059
Commodities	98,110	93,638	93,638	97,018	97,018
Capital Outlay	5,301	148,499	148,499	151,617	151,617
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,305,728</i>	<i>\$ 4,113,147</i>	<i>\$ 4,113,147</i>	<i>\$ 4,217,871</i>	<i>\$ 4,217,871</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	332	0	0	0	0
TOTAL	<u>\$ 4,306,060</u>	<u>\$ 4,113,147</u>	<u>\$ 4,113,147</u>	<u>\$ 4,217,871</u>	<u>\$ 4,217,871</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,306,060	4,113,147	4,113,147	4,217,871	4,217,871
TOTAL	<u>\$ 4,306,060</u>	<u>\$ 4,113,147</u>	<u>\$ 4,113,147</u>	<u>\$ 4,217,871</u>	<u>\$ 4,217,871</u>
FTE Positions	58.0	58.0	58.0	58.0	58.0

The **agency** requests a revised FY 2018 estimate totaling \$4.1 million, all from special revenue funds, for the Motor Carrier Inspection program in FY 2018. This is a decrease of \$366,493, or 8.2 percent, below the amount approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$3.6 million, all from special revenue funds, to fund 58.0 FTE positions in FY 2018. The request is a decrease of \$362,569, or 9.2 percent, below the amount approved by the 2017 Legislature. This amount includes a decrease of 5.0 FTE positions below the number approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$309,719, all from special revenue funds, for contractual services in FY 2018. This request is an increase of \$13,504, or 4.6 percent, above the amount approved by the 2017 Legislature. Expenditures in this category include rent, copiers, janitorial and linen service, refuse removal service, pest control, groundskeeping, phones, utilities, vehicle repairs and insurance, scale calibrations, load tests, and minor scale repairs;
- **Commodities.** The agency requests \$93,638, all from special revenue funds, for commodities in FY 2018. The request is a decrease of \$14,701, or 13.6 percent, below the amount approved by the 2017 Legislature. Expenditures include vehicle fuel and parts, food for education and training, propane for heating, and uniforms; and

- **Capital Outlay.** The agency requests \$148,499, all from special revenue funds, for capital outlay in FY 2018. The request is a decrease of \$2,727, or 1.8 percent, below the amount approved by the 2017 Legislature. Expenditures in this category are to replace five vehicles for law enforcement purposes.

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

The **agency** requests a revised FY 2019 estimate totaling \$4.2 million, all from special revenue funds, for the Motor Carrier Inspection program for FY 2019. The request is an increase of \$1.0 million, or 31.3 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$3.7 million, all from special revenue funds, to fund 58.0 FTE positions for FY 2019. The request is an increase of \$1.0 million, or 38.2 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$314,059, all from special revenue funds, for contractual services for FY 2019. This request is an increase of \$13,751, or 4.6 percent, above the amount approved by the 2017 Legislature;
- **Commodities.** The agency requests \$97,018, all from special revenue funds, for commodities for FY 2019. The request is a decrease of \$15,326, or 13.6 percent, below the amount approved by the 2017 Legislature; and
- **Capital Outlay.** The agency requests \$151,617, all from special revenue funds, for capital outlay for FY 2019. The request is a decrease of \$2,785, or 1.8 percent, below the amount approved by the 2017 Legislature. Expenditures in this category are to replace five vehicles for law enforcement purposes.

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

K. Turnpike Patrol

The Turnpike Patrol program provides security and law enforcement on the Kansas Turnpike. Troopers enforce traffic laws, render services to the motoring public, investigate accidents, provide emergency aid to injured persons, and develop cases pertaining to all criminal activity occurring on the Kansas Turnpike Authority (KTA) property. The agency notes the KTA reimburses the KHP for all of its expenditures related to patrol of the Turnpike.

TURNPIKE PATROL SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 4,454,158	\$ 4,160,494	\$ 4,160,494	\$ 4,266,065	\$ 4,266,065
Contractual Services	6,854	6,251	6,251	6,383	6,383
Commodities	10,705	10,757	10,757	10,962	10,962
Capital Outlay	1,250	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,472,967</i>	<i>\$ 4,177,502</i>	<i>\$ 4,177,502</i>	<i>\$ 4,283,410</i>	<i>\$ 4,283,410</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 4,472,967</u>	<u>\$ 4,177,502</u>	<u>\$ 4,177,502</u>	<u>\$ 4,283,410</u>	<u>\$ 4,283,410</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,472,967	4,177,502	4,177,502	4,283,410	4,283,410
TOTAL	<u>\$ 4,472,967</u>	<u>\$ 4,177,502</u>	<u>\$ 4,177,502</u>	<u>\$ 4,283,410</u>	<u>\$ 4,283,410</u>
FTE Positions	51.5	51.5	51.5	51.5	51.5

The **agency** requests a revised FY 2018 estimate totaling \$4.2 million, all from special revenue funds, for the Turnpike Patrol program in FY 2018. This is a decrease of \$47,441, or 1.1 percent, below the amount approved by the 2017 Legislature.

Changes from the agency's FY 2018 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$4.2 million, all from special revenue funds, to fund 51.5 FTE positions in FY 2018. The request is a decrease of \$48,338, or 1.1 percent, and 1.0 FTE position below the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$6,251, all from special revenue funds, for contractual services in FY 2018. This request is a decrease of \$784, or 11.1 percent, below the amount approved by the 2017 Legislature. Expenditures in this category include repair and servicing vehicles, and accounting, payroll, and budgeting through the Department of Administration; and
- **Commodities.** The agency requests \$10,757, all from special revenue funds, for commodities in FY 2018. The request is an increase of \$1,681, or 18.5 percent, above the amount approved by the 2017 Legislature. Expenditures include supplies purchased from KHP Central Supply and food expenditures during continuing education training.

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

The **agency** requests a revised FY 2019 estimate totaling \$4.3 million, all from special revenue funds, for the Turnpike Patrol program for FY 2019. The request is an increase of \$1.0 million, or 31.0 percent, above the amount approved by the 2017 Legislature.

Changes from the agency's FY 2019 budget approved by the 2017 Legislature include the following items:

- **Salaries and Wages.** The agency requests \$4.3 million, all from special revenue funds, for salaries and wages to fund 51.5 FTE positions for FY 2019. The request is an increase of \$1.0 million, or 31.1 percent, above the amount approved by the 2017 Legislature;
- **Contractual Services.** The agency requests \$6,383, all from special revenue funds, for contractual services for FY 2019. This request is a decrease of \$799, or 11.1 percent, below the amount approved by the 2017 Legislature; and
- **Commodities.** The agency requests \$10,962, all from special revenue funds, for commodities for FY 2019. The request is an increase of \$1,714, or 18.5 percent, above the amount approved by the 2017 Legislature.

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

L. Debt Service

The Kansas Highway Patrol is currently making debt service principal and interest payments on the Fleet Operations Center. The final payment on the 15-year bonds for the Fleet Center is scheduled to be made in FY 2018. Debt service interest payments are classified as operating expenditures and are detailed below; however, debt service principal payments are classified as capital improvement expenditures and are included in the capital improvements section of this budget analysis.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Debt Service	\$ 27,802	\$ 9,450	\$ 9,450	\$ 82,907	\$ 0
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	27,802	9,450	9,450	82,907	0
TOTAL	\$ 27,802	\$ 9,450	\$ 9,450	\$ 82,907	\$ 0

The **agency** requests a revised FY 2018 estimate totaling \$9,450, all from special revenue funds, for the final debt service interest payment on the Fleet Center.

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

The **agency** requests a revised FY 2019 estimate totaling \$82,907, all from special revenue funds, to provide for the debt service interest portion of the agency's FY 2019 supplemental request for the purchase of Troop B headquarters. The agency requests \$300,000

for FY 2019 as part of annual transfers from the State Highway Fund out to FY 2030, as a supplemental funding request. This would finance the purchase of currently leased property at 3501 NW U.S. Highway 24, which has an office and storage building and four warehouses. This would allow the agency to move Troop B headquarters from the KDOT-owned facility at I-70 and Gage in Topeka to this leased property. The agency notes December 2018 will be the beginning of eighth year of the lease and lease expenditures will continue to increase each year until the final year of the lease in 2020. The agency could then exercise its option to purchase the property if the lessor is willing to set a purchase price based on the fair market value of the property, which has been assessed at \$2.8 million. This request is to allow the agency to finance the purchase of Troop B headquarters building in Shawnee County with debt service funding being provided through an annual transfer from the State Highway Fund. If this request is approved, the agency also requests the creation of a new limited budget unit under the KHP Operations Fund for these payments. The debt service interest portion of this request for FY 2019 will be \$82,907, all from the State Highway Fund, and is accounted for within the Debt Service program part of this budget analysis, and the debt service principal portion of this request will be \$217,093, all from the State Highway Fund, and is accounted for within the capital improvements part of this budget analysis.

The **Governor** does not recommend the agency's request for the purchase of Troop B headquarters, and includes no debt service expenditure for FY 2019.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Debt Service Principal	\$ 360,000	\$ 360,000	\$ 217,093	\$ 0
Rehabilitation and Repair				
Scales and Buildings	130,000	130,000	130,000	130,000
Scale Replacement	130,000	130,000	134,000	134,000
Academy Roof and Boiler				
Replacement	57,200	57,200	58,058	58,058
Troop F & Troop E Storage				
Buildings	252,172	252,172	252,172	252,172
Troop J - Replace and				
Upgrade Security and				
Access System	0	0	220,666	220,666
Troop J - Shooting Range				
Improvements	0	0	63,250	63,250
Training Academy Projects:				
Gym - Replace				
Boiler/Water Heater	170,775	170,775	0	0
Power Plant - Remove				
Boiler and Replace HVAC	537,625	537,625	0	0
Projects Expenditures				
Increase from Approved	30,060	30,060	0	0
TOTAL	\$ 1,667,832	\$ 1,667,832	\$ 1,075,239	\$ 858,146
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,667,832	1,667,832	1,075,239	858,146
TOTAL	\$ 1,667,832	\$ 1,667,832	\$ 1,075,239	\$ 858,146

FY 2018 – Current Year. The **agency** requests a revised estimate for capital improvement expenditures totaling \$1.7 million, all from special revenue funds, in FY 2018.

The agency's FY 2018 revised estimate includes the following expenditures:

- **Debt Service Principal.** The agency requests \$360,000, all from special revenue funds, for debt service principal payments for the Fleet Center in FY 2018, which is the final payment;
- **Rehabilitation and Repair Scales and Buildings.** The agency requests \$347,260, all from special revenue funds, for rehabilitation, repair, and replacement expenditures for scales and buildings in FY 2018. This amount includes funding for labor, materials, and equipment to replace or repair State-owned facilities, scales, and fixtures, which include: 1) the Kansas Highway Patrol Training Academy campus; 2) eight Motor Carrier Inspection stations with ten scales; 3) the vehicle fleet/maintenance building; 4) three vehicle identification number inspection facilities; 5) the Valley Center troop building; 6) the Billard hangar facility; 7) the Troop C district office building in Ellsworth; and 8) the Troop F headquarters building in Kechi. This request includes funding for:

- \$130,000 for routine rehabilitation and repair for scales and buildings;
- \$130,000 for scale replacement; and
- \$57,200 for Academy roof and boiler replacements;
- **Troop F Storage Building.** The agency requests \$252,172, all from federal funds, for the construction of a new storage building at Troop F headquarters in Kechi for FY 2018. The building will be 120 feet by 60 feet and have 6 garage bay doors. The agency anticipates using the building to store the bomb truck and containment vessel, KBI crime scene truck, BearCat armored vehicle, convincer, roll-back truck, and lawn equipment and additional storage. The agency notes cost estimates include a 15.0 percent contingency amount;
- **Training Academy (Salina) Projects.** The agency requests \$708,400, all from special revenue funds, for two FY 2018 projects at the Training Academy, in FY 2018. This amount includes:
 - **Gym Boiler and Water Heater.** The agency requests \$170,775, all from the VIN Fee Fund, for the replacement of a boiler and water heater in the Gym Building at the Training Academy in FY 2018. The agency notes cost estimates include a 15.0 percent contingency amount; and
 - **Power Plant Boiler Removal and HVAC Controls.** The agency requests \$537,625, all from the Highway Patrol Training Center Fund, to remove the boiler and replace HVAC controls at the Power Plant Building at the Training Academy in FY 2018. The agency notes cost estimates include a 15.0 percent contingency amount; and
- **Projects Expenditures Increase from the Approved.** The agency notes there is an increase of \$30,060, all from special revenue funds, from the amount approved by the 2017 Legislature for projects, and that expenditure adjustments can occur as part of the project bidding process. This increase reflects those adjustments.

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

FY 2019 – Budget Year. The **agency** requests a revised estimate for capital improvement expenditures totaling \$1.1 million, all from special revenue funds, for FY 2019.

The agency's FY 2019 revised estimate includes the following expenditures:

- **Debt Service Principal.** The agency requests \$217,093, as part of annual transfers from the State Highway Fund out to FY 2030, as a supplemental funding request to finance the purchase of currently leased property at 3501 NW U.S. Highway 24, which has an office and storage building and four warehouses. The agency would move Troop B headquarters from the KDOT-owned facility at I-70 and Gage in Topeka to this leased property. The agency notes December 2018 will be the beginning of the eighth year of the lease, and lease expenditures will continue to increase each year until the final year of the lease in 2020. The agency could then exercise its option to purchase the property if the lessor is willing to set a purchase price based on the fair market value of the property,

which has been assessed at \$2.8 million. This request is to allow the agency to finance the purchase of the Troop B headquarters building in Shawnee County, with debt service funding through an annual transfer from the State Highway Fund. If this request is approved, the agency also requests the creation of a new limited budget unit under the KHP Operations Fund for these payments;

- **Rehabilitation and Repair Scales and Buildings.** The agency requests \$322,058, all from special revenue funds, for rehabilitation, repair, and replacement expenditures for scales and buildings for FY 2019. This amount includes funding for labor, materials, and equipment to replace or repair owned facilities, scales, and fixtures, which include: 1) the Kansas Highway Patrol Training Academy campus; 2) eight Motor Carrier Inspection stations with ten scales; 3) the vehicle fleet/maintenance building; 4) three vehicle identification number inspection facilities; 5) the Valley Center troop building; 6) the Billard hangar facility; 7) the Troop C district office building in Ellsworth; and 8) the Troop F headquarters building in Kechi. This request includes funding for:
 - \$130,000 for routine rehabilitation and repair for scales and buildings;
 - \$130,000 for scale replacement; and
 - \$58,058 for Academy roof and boiler replacements;
- **Troop E Storage Building.** The agency requests \$252,172, all from federal funds, for the construction of a new storage building at Troop E headquarters in Garden City for FY 2019. The building will be 120 feet by 60 feet and have 6 garage bay doors and built on land owned by KDOT. The agency anticipates using the building to store a bomb truck, Bearcast armor vehicle, regional response trailer, truck used to pull trailers, and containment vessel trailer. The agency notes cost estimates include a 15.0 percent contingency amount. The agency states the completion of this project is based on having sufficient funds within the Federal Forfeiture Fund; and
- **Training Academy (Salina) Projects.** The agency requests \$536,088, all from special revenue funds, for two FY 2019 projects at the Training Academy in FY 2018. This amount includes:
 - **Troop J—Replace and Upgrade Security and Access System.** The agency requests \$220,666, all from the VIN Fee Fund, to replace and upgrade the security and access system for FY 2019, for which the agency received a quote from Sandifer Engineering. The agency notes cost estimates include a 15.0 percent contingency amount; and
 - **Troop J—Shooting Range Improvements.** The agency is requesting \$63,250, all from the Highway Patrol Training Center Fund, to install concrete and replace barriers at the Troop J shooting range.

The **Governor** recommends \$858,146, all from special revenue funds, for FY 2019. The recommendation is a decrease of \$217,093, or 20.2 percent, below the agency's revised FY 2019 estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request for debt service principal expenditures for the purchase of Troop B headquarters.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Administration:				
Number of miles patrolled	N/A	10,986,220	12,000,000	12,750,000
Percent of fatalities per 100 million miles traveled	1.0%	1.2%	1.0%	1.0%
Number of felony arrests	1,000	899	1,000	1,000
Percent of injury accidents involving alcohol	7.0%	6.4%	6.0%	6.0%
Percent of seat belt law compliance	93.0%	92.0%	93.0%	93.0%
Turnpike Patrol:				
Number of miles patrolled	1,800,000	1,815,988	1,800,000	1,800,000
Percent of fatalities to total accidents	0.41%	0.95%	0.55%	0.55%
Number of DUI arrests	450	374	400	400
Motor Carrier Inspection:				
Number of safety programs presented	50	49	50	50
Percent of vehicles at ports exceeding the legal weight limit	0.20%	0.20%	0.20%	0.20%
Percent of trucks stopped by mobile units illegally overweight	20.0%	20.0%	20.0%	20.0%
Capitol Police:				
Number of crimes reported and complaints filed	1,400	988	1,000	1,000
Number of arrests	250	322	290	290
Number of patrol hours	32,000	27,200	30,000	30,000
Homeland Security:				
Percent of proposals reviewed	N/A	100.0%	100.0%	100.0%
Percent of funds obligated	N/A	100.0%	100.0%	100.0%

KANSAS COMMISSION ON PEACE OFFICERS' STANDARDS AND TRAINING

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	749,233	809,703	809,703	843,140	843,140
<i>Subtotal</i>	<i>\$ 749,233</i>	<i>\$ 809,703</i>	<i>\$ 809,703</i>	<i>\$ 843,140</i>	<i>\$ 843,140</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>
TOTAL	\$ 749,233	\$ 809,703	\$ 809,703	\$ 843,140	\$ 843,140
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(13.7)	8.1	8.1	4.1	4.1
FTE Positions	7.0	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

The Kansas Commission on Peace Officers' Standards and Training (KS CPOST) was created by the 2006 Legislature. Initial funding and operation as a separate state agency occurred in 2008. The mission of KS CPOST is to provide the citizens of Kansas with qualified, trained, ethical, competent, and professional peace officers, as well as to adopt and enforce professional standards for certification of peace officers. The Commission maintains a central registry of the demographics of Kansas law enforcement officers and their qualifications and employment history. This registry is available for all agencies that appoint or elect law enforcement officers for use as a reference when reviewing employment applications. In addition, the Commission conducts criminal and administrative investigations related to law enforcement officers' qualifications. As a result of these investigations, the Commission may suspend, revoke, or deny the certification of a law enforcement officer.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** created the Kansas Commission on Peace Officers' Standards and Training with funding provided through docket fees. Initial funding and full staffing was first included in the FY 2008 budget.

During the **2009 Session**, the Governor recommended a special one-time transfer of \$500,000 from the Kansas Commission on Peace Officers' Standards and Training Fee Fund (KS CPOST Fund) to the State General Fund in FY 2009. The Legislature accepted the Governor's recommendation but reduced the transfer by 21.5 percent, for a total transfer of \$392,500. Additionally, the Legislature deleted \$77,067, all from the KS CPOST Fund, to apply a 10.0 percent reduction based on the Governor's FY 2009 recommendation to the FY 2010 budget.

The **2010 Legislature** transferred \$200,000, all from the KS CPOST Fund, to the State General Fund in FY 2011.

The **2011 Legislature** appropriated the Local Law Enforcement Training Reimbursement Fund in FY 2012. This fund was added as the result of HB 2001, which transferred the oversight of the fund from the Kansas Law Enforcement Training Center to the KS CPOST.

The **2012 Legislature** recommended KS CPOST remain a separate state agency with a budget of \$840,000, all from special revenue funds, and 7.0 FTE positions. For FY 2013, the Governor had recommended the duties and functions of KS CPOST be transferred to the Office of the Attorney General.

The **2013 Legislature** deleted \$55,832, all from special revenue funds, to reflect reduced funding for salaries and wages in FY 2014 and also deleted \$58,061, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2014 Legislature** transferred \$53,000 from the Local Law Enforcement Reimbursement Fee Fund to the KS CPOST Fund in FY 2014 and for FY 2015. The Legislature also added \$5,336, all from special revenue funds, for FY 2015.

The **2016 Legislature** added \$140,000, all from special revenue funds, for a database replacement in FY 2016 and \$10,000, all from special revenue funds, for database maintenance for FY 2017.

The **2016 Legislature** also passed HB 2696, which increased the fee assessed in certain cases filed in municipal courts from \$20.00 to \$22.50. The revenue generated from the fee increase is deposited into the KS CPOST Fund. Additionally, the bill stated the Legislature intended the fund be used only for the purposes set forth in the law creating this fund.

The **2017 Legislature** added \$8,300, 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 totaling \$809,703, all from special revenue funds, in FY 2018. This is an all funds decrease of \$3,644, or 0.5 percent, below the amount approved by the 2017 Legislature. This decrease is primarily due to \$32,536 less in anticipated expenditures from the Local Law Enforcement Training Reimbursement Fund, based upon past fund receipts, partially offset by increased expenditures for four agency supplemental requests totaling \$28,892, all from special revenue funds, in FY 2018. The agency's revised estimate includes 7.0 FTE positions, which is unchanged from the approved number.

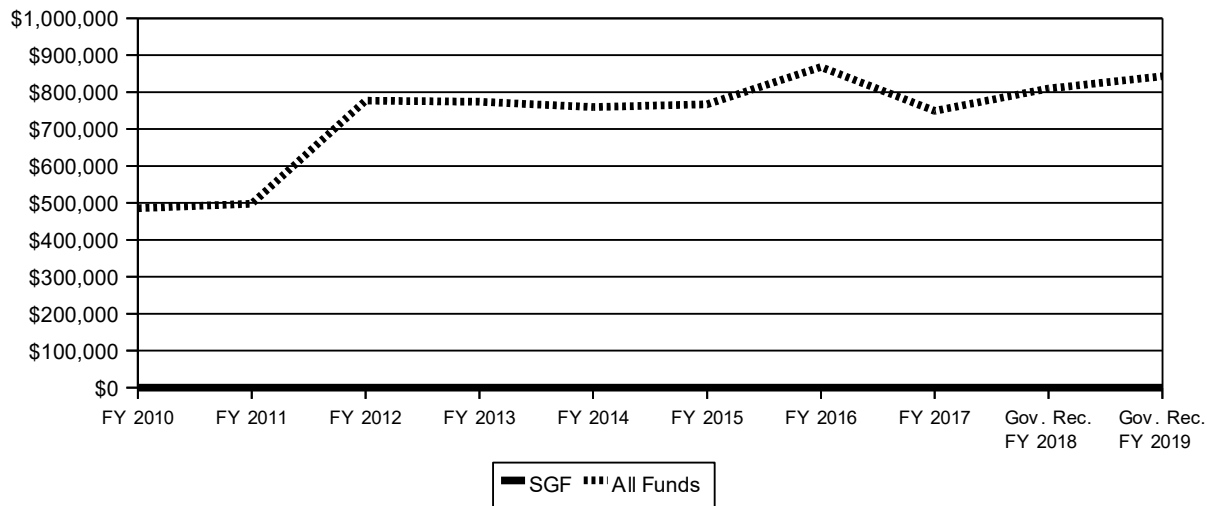
The **Governor** concurs with the agency's revised FY 2018 estimate.

FY 2019 – Budget Year. The **agency** requests a revised estimate totaling \$843,140, all from special revenue funds, for FY 2019. This is an all funds decrease of \$349, or less than 0.1 percent, below the amount approved by the 2017 Legislature. This decrease is primarily due to \$32,536 less in anticipated expenditures from the Local Law Enforcement Training Reimbursement Fund, based upon past fund receipts, partially offset by increased expenditures for four agency supplemental requests totaling \$32,187, all from the KS CPOST Fund, for FY 2019. The agency's revised estimate includes 7.0 FTE positions, which is unchanged from the approved number.

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	-- %	\$ 485,748	6.1 %	7.0
2011	0	--	497,823	2.5	7.0
2012	0	--	776,871	56.1	7.0
2013	0	--	773,881	(0.4)	7.0
2014	0	--	759,484	(1.9)	7.0
2015	0	--	767,116	1.0	7.0
2016	0	--	868,020	13.2	7.0
2017	0	--	749,233	(13.7)	7.0
2018 Gov. Rec.	0	--	809,703	8.1	7.0
2019 Gov. Rec.	0	--	843,140	4.1	7.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ 357,392	73.6 %	0.0

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 749,233	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 425,889	\$ 478,280	\$ 491,792	\$ 13,512	2.8 %	\$ 478,280	\$ 491,792	\$ 13,512	2.8 %		
Contractual Services	113,853	132,205	146,096	13,891	10.5	132,205	146,096	13,891	10.5		
Commodities	6,487	5,163	8,033	2,870	55.6	5,163	8,033	2,870	55.6		
Capital Outlay	10,003	18,420	21,584	3,164	17.2	18,420	21,584	3,164	17.2		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal-Operations	\$ 556,232	\$ 634,068	\$ 667,505	\$ 33,437	5.3 %	\$ 634,068	\$ 667,505	\$ 33,437	5.3 %		
Aid to Local Units	193,001	175,635	175,635	0	--	175,635	175,635	0	--		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 749,233	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
KS CPOST Fund	541,004	634,068	667,505	33,437	5.3	634,068	667,505	33,437	5.3		
Local Law Enforcement Training Reimbursement Fund	208,229	175,635	175,635	0	--	175,635	175,635	0	--		
TOTAL	\$ 749,233	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %	\$ 809,703	\$ 843,140	\$ 33,437	4.1 %		

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 Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	813,347	809,703	(3,644)	809,703	(3,644)
TOTAL	\$ 813,347	\$ 809,703	\$ (3,644)	\$ 809,703	\$ (3,644)
FTE Positions	7.0	7.0	0.0	7.0	0.0

The **agency** requests a revised estimate totaling \$809,703, all from special revenue funds, in FY 2018. This is an all funds decrease of \$3,644, or 0.5 percent, below the amount approved by the 2017 Legislature. This decrease is primarily due to \$32,536 less in anticipated expenditures from the Local Law Enforcement Training Reimbursement Fund, based upon past fund receipts, partially offset by increased expenditures for four agency supplemental requests totaling \$28,892, all from special revenue funds, in FY 2018. The agency's revised estimate includes 7.0 FTE positions, which is unchanged from the approved number.

Categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$478,280, which is an all funds increase of \$9,388, or 2.0 percent, above the amount approved by the 2017 Legislature. The increase is attributable to increases in expenditures for Kansas Police and Fireman retirement (\$17,347) and unclassified salaries (\$11,057). The increase is partially offset by decreases to classified salaries (\$8,300) and reduced group health insurance (\$12,401) expenditures;
- **Contractual Services.** The agency's revised estimate includes \$132,205, which is an all funds increase of \$12,646, or 10.6 percent, above the amount approved by the 2017 Legislature. Increases from the approved amount primarily reflect three of the agency's supplemental requests for Choose Networks, AGS Central Registry Database modification, and cybersecurity;
- **Commodities.** The agency's revised estimate includes \$5,163, which is an all funds decrease of \$287, or 5.3 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to reductions in expenditures for gasoline (\$1,020), other supplies and materials (\$800), and data processing supplies (\$600). These decreases are partially offset by an increase in stationery and office supplies expenditures (\$1,020);

- **Capital Outlay.** The agency's revised estimate includes \$18,420, which is an all funds increase of \$7,145, or 63.4 percent, above the amount approved by the 2017 Legislature. The increase from the FY 2017 approved amount primarily reflects the agency's supplemental request for Azure Cloud for Government; and
- **Aid to Local Units of Government.** The agency's revised estimate includes \$175,635, which is an all funds decrease of \$32,536, or 15.6 percent, below the amount approved by the 2017 Legislature. Expenditures in this category are reimbursements to municipalities that operate and train officers in their own satellite law enforcement academies. Expenditures are made according to revenues received by the Local Law Enforcement Training Reimbursement Fund (KSA 12-4117).

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
Azure Cloud for Government	\$ 0	\$ 9,420	0.0	\$ 0	\$ 9,420	0.0
Choose Networks	0	8,289	0.0	0	8,289	0.0
AGS Central Registry Database Modification	0	9,380	0.0	0	9,380	0.0
Cybersecurity	0	1,803	0.0	0	1,803	0.0
TOTAL	\$ 0	\$ 28,892	0.0	\$ 0	\$ 28,892	0.0

The **agency** requests four supplementals totaling \$28,892, all from the Kansas Commission on Peace Officers' Standards and Training Fund (KS CPOST Fund), in FY 2018. The agency's four supplementals are detailed below:

- **Azure Cloud for Government.** The agency requests \$9,420, all from the KS CPOST Fund, for annual cloud hosting services through Azure Cloud for Government, of the agency's Central Registry (CR) Database. The agency notes this course of action was recommended and approved by the Office of Information Technology Services (OITS). Additionally, the agency notes the final cost of cloud storage has not been completely finalized at the time of its budget submission. The amount requested is based upon the current rate of storage the agency has been charged. The agency states the CR Database was originally implemented in 2017, the FY 2017 costs for cloud storage of the system were paid for with initial project funding, and this funding will be for annual on-going cloud hosting services in FY 2018;
- **Choose Networks.** The agency requests \$8,289, all from the KS CPOST Fund, to provide for network service increases in FY 2018. The agency states, as its offices are located in Wichita, OITS is unable to assist with the agency's needs. The agency states, in its review of providers that charge on an hourly basis, it found Choose Networks to be the best option. The agency notes this amount is

in addition to the amount already being paid for current contracts with Choose Networks;

- **Allied Global Services (AGS) Central Registry Database Modification.** The agency requests \$9,380, all from the KS CPOST Fund, to purchase modifications to the Central Registry (CR) Database from AGS. The agency states the CR Database was competitively bid and awarded to AGS in 2016 and implemented in 2017. After implementation, it was decided that modifications to the system were required. AGS has provided the agency with estimates of 117 hours, at an \$80-per-hour rate. The agency notes it has separated CR modifications into two categories: “must do” and “need to do.” The FY 2018 request is based upon the “must do” items, and the FY 2019 additional request is based upon the “need to do” items; and
- **Cybersecurity.** The agency requests \$1,803, all from the KS CPOST Fund, for cybersecurity costs initiated by OITS in FY 2018.

The **Governor** recommends all of the agency’s supplemental requests 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 Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	843,489	843,140	(349)	843,140	(349)
TOTAL	\$ 843,489	\$ 843,140	\$ (349)	\$ 843,140	\$ (349)
FTE Positions	7.0	7.0	0.0	7.0	0.0

The **agency** requests a revised estimate totaling \$843,140, all from special revenue funds, for FY 2019. This is an all funds decrease of \$349, or less than 0.1 percent, below the amount approved by the 2017 Legislature. This decrease is primarily due to \$32,536 less in anticipated expenditures from the Local Law Enforcement Training Reimbursement Fund, based upon past fund receipts, partially offset by increased expenditures for four agency supplemental requests totaling \$32,187, all from the KS CPOST Fund, for FY 2019. The agency's revised estimate includes 7.0 FTE positions, which is unchanged from the approved number.

Categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$491,792, which is an all funds decrease of \$8,020, or 1.6 percent, below the amount approved by the 2017 Legislature. The decrease is attributable to decreased expenditures for state employee retirement (\$25,312) and public employee classified salaries (\$8,300). The decrease is partially offset by an increase in Kansas Police and Fireman retirement (\$18,315);
- **Contractual Services.** The agency's revised estimate includes \$146,096, which is an all funds increase of \$27,840, or 23.5 percent, above the amount approved by the 2017 Legislature. Increases from the approved amount primarily reflect three of the agency's supplemental requests for Choose Networks, AGS Central Registry Database modification, and cybersecurity;
- **Commodities.** The agency's revised estimate includes \$8,033, which is an all funds increase of \$2,083, or 35.0 percent, above the amount approved by the 2017 Legislature. The increase is primarily reflected in expenditures for stationery and office supplies (\$3,083). The increase is partially offset by decreases in gasoline expenditures (\$1,000);
- **Capital Outlay.** The agency's revised estimate includes \$21,584, which is an all funds increase of \$10,284, or 91.0 percent, above the amount approved by the

2017 Legislature. The increase from the approved amount primarily reflects the agency's supplemental request for Azure Cloud for Government; and

- **Aid to Local Units of Government.** The agency's revised estimate includes \$175,635, which is an all funds decrease of \$32,536, or 15.6 percent, below the amount approved by the 2017 Legislature. Expenditures in this category are reimbursements to municipalities that operate and train officers in their own satellite law enforcement academies. Expenditures are made according to revenues received by the Local Law Enforcement Training Reimbursement Fund (KSA 12-4117).

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

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Azure Cloud for Government	\$ 0	\$ 9,420	0.0	\$ 0	\$ 9,420	0.0
Choose Networks	0	8,289	0.0	0	8,289	0.0
AGS Central Registry Database Modification	0	12,675	0.0	0	12,675	0.0
Cybersecurity	0	1,803	0.0	0	1,803	0.0
TOTAL	\$ 0	\$ 32,187	0.0	\$ 0	\$ 32,187	0.0

The **agency** requests four enhancements totaling \$32,187, all from the Kansas Commission on Peace Officers' Standards and Training fund (KS CPOST Fund), for FY 2019. The agency's four enhancements for FY 2019 are detailed below:

- **Azure Cloud for Government.** The agency requests \$9,420, all from the KS CPOST Fund, for annual cloud hosting services through Azure Cloud for Government, of the agency's Central Registry (CR) Database. The agency notes this course of action was recommended and approved by the Office of Information Technology Services (OITS). Additionally, the agency notes the final cost of cloud storage has not been completely finalized at the time of its budget submission. The amount requested is based upon the current rate of storage the agency has been charged. The agency states the CR Database was originally implemented in 2017, the FY 2017 costs for cloud storage of the system were paid for with initial project funding, and this funding will be for annual on-going cloud hosting services for FY 2019;
- **Choose Networks.** The agency requests \$8,289, all from the KS CPOST Fund, to provide for network services increases for FY 2019. The agency states, as its offices are located in Wichita, OITS is unable to assist with the agency's needs. The agency states, in its review of providers that charge on an hourly basis, it found Choose Networks to be the best option. The agency notes this amount is in addition to the amount already being paid for current contracts with Choose Networks;

- **Allied Global Services (AGS) Central Registry Database Modification.** The agency requests \$12,675, all from the KS CPOST Fund, to purchase modifications to the Central Registry Database from AGS. The agency states the Central Registry Database was competitively bid and awarded to AGS in 2016 and implemented in 2017. After implementation, it was decided that modifications to the system were required. AGS has provided the agency with estimates of 158 hours, at an \$80-per-hour rate. The agency notes it has separated modifications into two categories: “must do” and “need to do.” The FY 2019 request is based upon the “need to do” items; and
- **Cybersecurity.** The agency requests \$1,803, all from the KS CPOST Fund, for cybersecurity costs initiated by OITS for FY 2019.

The **Governor** recommends all of the agency's supplemental requests 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
KC POST Fund	79.2 %	79.2 %
Local Law Enforcement Training Reimbursement Fund	20.8	20.8
TOTAL	100.0 %	100.0 %

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

Kansas Commission on Peace Officers' Standards and Training Fund

The Kansas Commission on Peace Officers' Standards and Training Fund (KS CPOST Fund) is primarily funded through docket fees. KSA 12-4117 provides that a sum of \$22.50 is assessed on each case filed in municipal court, other than a non-moving traffic violation, where there is a finding of guilty or a plea of no contest, forfeiture of bond, or a diversion. Of the \$22.50 assessed, \$5.00 is deposited into the KS CPOST Fund. In addition, KSA 74-5619 allows the agency to receive and deposit into the Fund any public or private grants, gifts, or donations.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 300,915	\$ 641,212	\$ 641,212	\$ 860,328	\$ 860,328
Revenue	881,301	853,184	853,184	832,981	832,981
Transfers in	0	0	0	0	0
Funds Available	\$ 1,182,216	\$ 1,494,396	\$ 1,494,396	\$ 1,693,309	\$ 1,693,309
Less:					
Expenditures	541,004	634,068	634,068	667,505	667,505
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 641,212	\$ 860,328	\$ 860,328	\$ 1,025,804	\$ 1,025,804
Ending Balance as Percent of Expenditures	118.5%	135.7%	135.7%	153.7%	153.7%
Month Highest Ending Balance	June \$ 641,212	June \$ 860,328	June \$ 860,328	June \$ 1,025,804	June \$ 1,025,804
Month Lowest Ending Balance	July \$ 262,590	July \$ 559,545	July \$ 559,545	July \$ 750,754	July \$ 750,754

Local Law Enforcement Training Reimbursement Fund

The Local Law Enforcement Training Fund is used to reimburse municipalities that have officers participating in local law enforcement training programs. KSA 12-4117 provides that a sum of \$22.50 is assessed on each case filed in municipal court, other than a non-moving traffic violation, where there is a finding of guilty or a plea of no contest, forfeiture of bond, or a diversion. Of the \$22.50 assessed, \$1.00 is deposited into the Local Law Enforcement Training Reimbursement Fund.

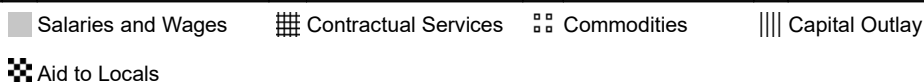
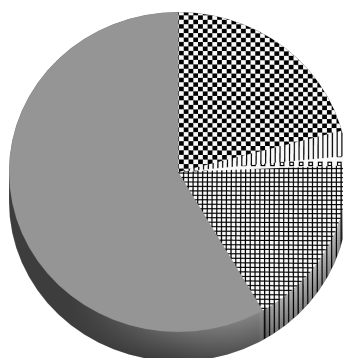
Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 208,568	\$ 175,974	\$ 175,974	\$ 175,974	\$ 175,974
Revenue	175,635	175,635	175,635	175,635	175,635
Transfers in	0	0	0	0	0
<i>Funds Available</i>	<u>\$ 384,203</u>	<u>\$ 351,609</u>	<u>\$ 351,609</u>	<u>\$ 351,609</u>	<u>\$ 351,609</u>
Less:					
Expenditures	208,229	175,635	175,635	175,635	175,635
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 175,974</u>	<u>\$ 175,974</u>	<u>\$ 175,974</u>	<u>\$ 175,974</u>	<u>\$ 175,974</u>
Ending Balance as Percent of Expenditures	84.5%	100.2%	100.2%	100.2%	100.2%
Month Highest Ending Balance	September <u>\$ 249,887</u>	September <u>\$ 210,836</u>	September <u>\$ 210,836</u>	June <u>\$ 175,974</u>	June <u>\$ 175,974</u>
Month Lowest Ending Balance	October \$ 55,817	October \$ 339	October \$ 339	October \$ 0	October \$ 0

PROGRAM DETAIL

Expenditures by Object

Governor's FY 2019 Recommendation

All Funds



Object	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Salaries and Wages	\$ 491,792	58.3 %	\$ 0	-- %
Contractual Services	146,096	17.3	0	--
Commodities	8,033	1.0	0	--
Capital Outlay	21,584	2.6	0	--
Aid to Locals	175,635	20.8	0	--
TOTAL	\$ 843,140	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	7.0	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. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of complaints checked	120	96	105	105
Cases assigned to investigators	115	95	100	100
Number of officer licensing actions	35	20	35	35

EMERGENCY MEDICAL SERVICES BOARD

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	2,007,311	2,208,769	2,208,769	2,206,519	2,206,519
<i>Subtotal</i>	<i>\$ 2,007,311</i>	<i>\$ 2,208,769</i>	<i>\$ 2,208,769</i>	<i>\$ 2,206,519</i>	<i>\$ 2,206,519</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>
TOTAL	<u>\$ 2,007,311</u>	<u>\$ 2,208,769</u>	<u>\$ 2,208,769</u>	<u>\$ 2,206,519</u>	<u>\$ 2,206,519</u>

Percentage Change:

Operating Expenditures

State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	0.8	10.0	10.0	(0.1)	(0.1)
FTE Positions	15.5	16.0	16.0	16.0	16.0

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 Emergency Medical Services Board (KBEMS) is to protect and promote the welfare of the citizens of Kansas through the efficient and effective regulation of emergency medical services (EMS) and to ensure quality out-of-hospital care is available throughout the state. Duties include issuing permits and inspecting ambulance services operating in the state, examining and certifying ambulance attendants, training and certifying EMS instructors, and approving EMS training programs and continuing education courses.

Attendants certified and trained by the agency include emergency medical responders, advanced emergency medical technicians, paramedics, and emergency medical technicians. In addition, the Board certifies instructor-coordinators.

The agency also operates the Education Incentive Grant program, which provides funding for education to individuals and ambulance services to help address the shortage of EMS attendants in rural Kansas. Another priority is the Kansas Emergency Medical Services Information System (KEMSIS), a project with the goal of greater EMS data collection and information analysis to assist the agency, the Governor, and the Legislature in assessing and supporting the training and funding needs of EMS in Kansas.

The agency is one program divided into three services: Compliance, Issuances, and Research/Analysis. Staffing includes 16.0 FTE positions.

The Board is primarily funded by a 1.25 percent levy imposed on fire insurance premiums. The 2004 Legislature established permanent funding for the Board of Emergency Medical Services with the passage of SB 312, which allows the Board 0.25 percent of fire insurance premiums (KSA 75-1508).

The Board is comprised of 15 members, 11 of whom are appointed by the Governor: three physicians who are actively involved in emergency medical services; two county commissioners, both from counties making a levy for ambulance services, at least one of whom shall be from a county with a population less than 15,000; one instructor-coordinator; one hospital administrator actively involved in EMS; one member of a firefighting unit providing EMS; and three attendants actively involved in EMS who represent at least two classifications of attendants, one of whom is from a volunteer emergency medical service.

The other four members of the Board are: one member of the Kansas Senate appointed by the President of the Senate; one member of the Kansas Senate appointed by the Minority Leader of the Senate; one member of the Kansas House of Representatives appointed by the Speaker of the House; and one member of the Kansas House of Representatives appointed by the Minority Leader of the House.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** took the following actions affecting this agency:

- Added \$100,000 from the EMS Operating Fund for FY 2008 to increase the Education Incentive Grant program. The Legislature also passed SB 8, which created the EMS Revolving Fund, the purpose of which is to improve and enhance emergency services in Kansas. The bill also contained several seat belt laws, and 2.5 percent of remittances from those violations were directed to the EMS Revolving Fund. The Fund was given no limit expenditure authority;
- In addition, SB 8 authorized the issuance of non-transferable EMS license plates. The plates have been available since January 1, 2008, to any resident owner or lessee of one or more passenger vehicles, trucks of a gross weight of 20,000 pounds or less, or motorcycles who provides proof that he or she is an emergency medical services attendant; and
- The 2007 Legislature also added \$20,000 from the EMS Operating Fund for exam proctors and required KBEMS to report to the House Appropriations Committee and Senate Ways and Means Committee on or before February 1, 2008, regarding the use of the EMS Revolving Fund.

The **2008 Legislature** added language requiring a report from all six EMS regions regarding the most recent EMS examination in each region in FY 2008. Additional legislation passed in 2008 affecting EMS include the following items:

- SB 438 prohibited an employer from terminating any employee because the employee serves as a volunteer firefighter, volunteer certified EMS attendant, volunteer reserve law enforcement officer, or volunteer part-time law enforcement officer. The protection does not apply to full-time firefighters or law enforcement officers who volunteer as EMS attendants, firefighters, or law enforcement officers;
- SB 514 allowed the Board to grant a temporary variance from identified regulations when a literal application or enforcement of the regulations would result in serious hardship and the relief granted would not result in an unreasonable risk to the public interest, safety, or welfare; and
- SB 512 provided clarification on certificates, temporary certificates, and sanctions:
 - The agency may not grant an EMS attendant certificate unless they have successfully completed coursework or passed the required exam;
 - The Board may grant a temporary attendant's certificate if the applicant is certified or licensed in another jurisdiction and can complete the coursework within one year, or if the applicant is waiting on exam results;
 - Any applicant who has been granted a temporary certificate must be under the direct supervision of a physician, a physician's assistant, a professional nurse, or an attendant holding a certificate higher or equivalent to the applicant; and
 - The bill required the Board to adopt, through rules and regulations, a graduated list of sanctions for violations of the Emergency Medical Services Act, which specifies the number and severity of violations for the imposition of each level of sanction.

The **2009 Legislature** transferred \$41,665 from the EMS Operating Fund to the State General Fund in FY 2009 and \$54,160 for FY 2010.

The **2010 Legislature** adjusted the distribution of the administrative fee related to the 1.25 percent levy on fire insurance premiums in order to proportionately distribute the fee across the three agencies the levy supports. Previously, this fee was charged solely to the State Fire Marshal. The 2010 Legislature assessed the \$200,000 fee as follows for FY 2011: \$128,000 from the State Fire Marshal; \$40,000 from the Emergency Medical Services Board; and \$32,000 from the University of Kansas Fire and Rescue Training Institute.

Additionally, the **2010 Legislature** passed House Sub. for SB 262, which made changes to the levels of attendants certified by the Board and expanded certain levels' scope of practice. This included the following transitions:

- First responders transitioned to emergency medical responders;

- Emergency medical technician-intermediates, emergency medical technician-defibrillators, and emergency medical technician-intermediate/defibrillators all transitioned to advanced emergency medical technicians;
- Emergency medical technicians remained the same; and
- Mobile intensive care technicians transitioned to paramedics.

The **2010 Legislature** also passed SB 262, which created a Medical Advisory Council consisting of six members. One member is a non-physician Board member, one is both a Board member and a physician, and the other four are physicians who are not Board members but are active in EMS. The purpose of this council is to advise and assist the Board in matters of medical standards and practices, as determined by the Board.

The **2011 Legislature** added 1.0 FTE position, for a total of 14.0 FTE positions for FY 2012. This maintained a Deputy Director position that was eliminated in the Governor's recommendation.

The **2013 Legislature** deleted \$19,644, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014. It also deleted \$25,989, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** passed Senate Sub. for HB 2135, which authorized the Director of the Budget, if the Director determines the unencumbered ending balance of the State General Fund for FY 2016 will 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. The authority does not apply to appropriations for the Judicial Branch; Legislative Branch agencies; debt service; employer contributions to the Kansas Public Employees Retirement System; the Department of Education, except the operating expenditures account of the State General Fund; or demand transfers to the School District Capital Improvements Fund. The authority included a \$500,000 straight budget transfer from the Emergency Medical Services Operating Fund to the State General Fund, of which \$250,000 was certified in August and \$250,000 was certified in January to transfer.

The **2016 Legislature** added \$40,000 in FY 2016 and \$30,000 for FY 2017, all from special revenue funds, for SB 225, which is the Interstate Compact for Recognition of Emergency Medical Personnel Licensure.

The **2017 Legislature** added \$107,195, all from special revenue funds, and 2.0 non-FTE unclassified permanent positions for FY 2018, and \$89,468, all from special revenue funds, and 2.0 non-FTE unclassified permanent positions for FY 2019 for the agency to provide examination services for skills testing across the state.

The **2017 Legislature** also added \$16,079, 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 FY 2018 estimate of \$2.2 million, all from special revenue funds. The revised estimate is no change from the amount approved by the 2017 Legislature. The revised estimate includes 16.0 FTE positions, which is the same number approved by the 2017 Legislature.

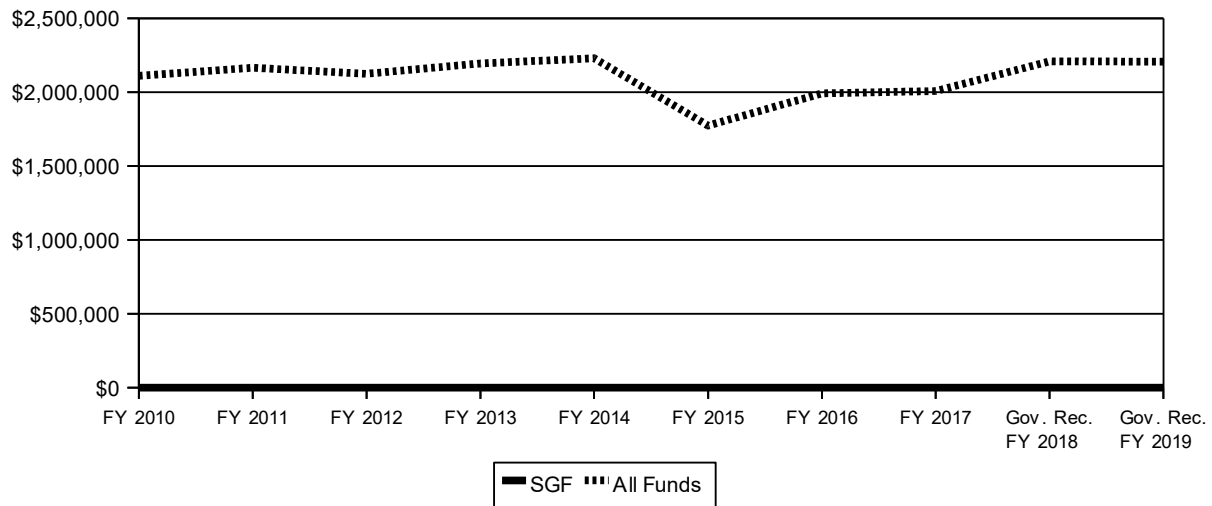
The **Governor** concurs with the agency's revised FY 2018 estimate.

FY 2019 – Budget Year. The **agency** requests a revised FY 2019 estimate of \$2.2 million, all from special revenue funds. The revised estimate is no change from the amount approved by the 2017 Legislature. The revised estimate includes 16.0 FTE positions, which is the same number approved by the 2017 Legislature.

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	-- %	\$ 2,110,600	(15.3)%	14.0
2011	0	--	2,165,172	2.6	14.0
2012	0	--	2,123,938	(1.9)	14.0
2013	0	--	2,194,293	3.3	14.0
2014	0	--	2,229,209	1.6	14.0
2015	0	--	1,773,664	(20.4)	14.0
2016	0	--	1,991,563	12.3	18.0
2017	0	--	2,007,311	0.8	15.5
2018 Gov. Rec.	0	--	2,208,769	10.0	16.0
2019 Gov. Rec.	0	--	2,206,519	(0.1)	16.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 95,919	4.5 %	2.0

Summary of Operating Budget FY 2017 - FY 2019

		Agency Estimate					Governor's Recommendation				
Actual FY 2017		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18		
By Program:											
Administration	\$ 2,007,311	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1) %	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1)%		
By Major Object of Expenditure:											
Salaries and Wages	\$ 759,325	\$ 906,472	\$ 923,582	\$ 17,110	1.9 %	\$ 906,472	\$ 923,582	\$ 17,110	1.9 %		
Contractual Services	373,427	436,100	439,146	3,046	0.7	436,100	439,146	3,046	0.7		
Commodities	18,827	59,139	39,832	(19,307)	(32.6)	59,139	39,832	(19,307)	(32.6)		
Capital Outlay	3,463	13,808	13,709	(99)	(0.7)	13,808	13,709	(99)	(0.7)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal-Operations	\$ 1,155,042	\$ 1,415,519	\$ 1,416,269	\$ 750	0.1 %	\$ 1,415,519	\$ 1,416,269	\$ 750	0.1 %		
Aid to Local Units	702,269	643,250	640,250	(3,000)	(0.5)	643,250	640,250	(3,000)	(0.5)		
Other Assistance	150,000	150,000	150,000	0	--	150,000	150,000	0	--		
TOTAL	\$ 2,007,311	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1) %	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1)%		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
Emergency Medical Services Operating	1,257,554	1,516,650	1,517,053	403	0.0	1,516,650	1,517,053	403	0.0		
Education Incentive Grant Payment Fund	361,292	315,119	315,466	347	0.1	315,119	315,466	347	0.1		
EMS Revolving Fund	388,465	377,000	374,000	(3,000)	(0.8)	377,000	374,000	(3,000)	(0.8)		
TOTAL	\$ 2,007,311	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1) %	\$ 2,208,769	\$ 2,206,519	\$ (2,250)	(0.1)%		

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 Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,208,769	2,208,769	0	2,208,769	0
TOTAL	\$ 2,208,769	\$ 2,208,769	\$ 0	\$ 2,208,769	\$ 0
FTE Positions	16.0	16.0	0.0	16.0	0.0

The **agency** requests a revised FY 2018 estimate of \$2.2 million, all from special revenue funds. The revised estimate is no change from the amount approved by the 2017 Legislature. The revised estimate includes 16.0 FTE positions, which is the same number approved by the 2017 Legislature.

Categories of expenditures are detailed below:

- **Salaries and Wages.** The agency's revised FY 2018 estimate includes \$906,472, all from special revenue funds, for salaries and wages. The FY 2018 revised estimate is a decrease of \$209, or less than 0.1 percent, below the amount approved by the 2017 Legislature. Funding supports 16.0 FTE positions and 15 Board members;
- **Contractual Services.** The agency's revised FY 2018 estimate includes \$436,100, all from special revenue funds, for contractual services. The FY 2018 revised estimate is an increase of \$209, or less than 0.1 percent, above the amount approved by the 2017 Legislature. Funding supports assisting attendants and ambulance services throughout the state. The agency notes this involves a significant amount of travel statewide. Funding also is included for ongoing costs associated with rent within the Landon State Office Building and with the Kansas Emergency Medical Services Information System (KEMSIS) for statewide data collection;
- **Commodities.** The agency's revised FY 2018 estimate includes \$59,139, all from special revenue funds, for commodities. The FY 2018 revised estimate is no change from the amount approved by the 2017 Legislature. Funding supports replacing general office supplies and fuel for rental cars;

- **Capital Outlay.** The agency's revised FY 2018 estimate includes \$13,808, all from special revenue funds, for capital outlay. The revised estimate is no change from the amount approved by the 2017 Legislature. Funding in this category is for replacement computers, printers, and a server to ensure proper functioning electronics for day-to-day operations. The agency states expenditures in this category reflect expenditures for the agency's approved three-year information technology management and budget plan;
- **Aid to Local Units of Government.** The agency's revised FY 2018 estimate includes \$643,250, all from special revenue funds, for aid to local units of government. The revised estimate is no change from the amount approved by the 2017 Legislature. This amount includes: \$300,000 for the Education Incentive Grant program, which allows for recruitment and retention of EMS workers throughout the state, and \$343,250 for the Kansas Revolving and Assistance (KRAF) Grant program, which awards equipment and materials, on request, to ambulance services around the state based on identifiable needs; and
- **Other Assistance.** The agency's revised estimate includes \$150,000, all from special revenue funds, for other assistance. The revised estimate is no change from the amount approved by the 2017 Legislature. The major expenditure in this area is the allocation of funds to support the six EMS regions providing support, information, and communication to the approximately 10,500 certified EMS attendants throughout the state.

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 Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,206,519	2,206,519	0	2,206,519	0
TOTAL	\$ 2,206,519	\$ 2,206,519	\$ 0	\$ 2,206,519	\$ 0
FTE Positions	16.0	16.0	0.0	16.0	0.0

The **agency** requests a revised FY 2019 estimate of \$2.2 million, all from special revenue funds. The revised estimate is no change from the amount approved by the 2017 Legislature. The revised estimate includes 16.0 FTE positions, which is the same number approved by the 2017 Legislature.

Categories of expenditures are detailed below:

- **Salaries and Wages.** The agency's revised FY 2019 estimate includes \$923,582, all from special revenue funds, for salaries and wages. The FY 2019 revised estimate is an increase of \$4,198, or 0.5 percent, above the amount approved by the 2017 Legislature. Increases occur as part of fringe benefit indices increases. Funding supports 16.0 FTE positions and 15 Board members;
- **Contractual Services.** The agency's revised FY 2019 estimate includes \$439,146, all from special revenue funds, for contractual services. The FY 2019 revised estimate is a decrease of \$4,802, or 1.1 percent, below the amount approved by the 2017 Legislature. Primary decreases occur in travel and meals and lodging. Funding supports assisting attendants and ambulance services throughout the state. The agency notes this involves a significant amount of travel statewide. Funding also is included for ongoing costs associated with rent within the Landon State Office Building and with the Kansas Emergency Medical Services Information System (KEMSIS) for statewide data collection;
- **Commodities.** The agency's revised FY 2019 estimate includes \$39,832, all from special revenue funds, for commodities. The FY 2019 revised estimate is no change from the amount approved by the 2017 Legislature. Funding supports replacing general office supplies and fuel for rental cars;
- **Capital Outlay.** The agency's revised FY 2019 estimate includes \$13,709, all from special revenue funds, for capital outlay. The revised estimate is an

increase of \$604, or 4.6 percent, above the amount approved by the 2017 Legislature. Funding in this category is for replacement computers, printers, and a server to ensure proper functioning electronics for day-to-day operations. The agency states expenditures in this category reflect expenditures for the agency's approved three-year information technology management and budget plan;

- **Aid to Local Units of Government.** The agency's revised FY 2019 estimate includes \$640,250, all from special revenue funds, for aid to local units of government. The FY 2019 revised estimate is no change from the amount approved by the 2017 Legislature. This amount includes: 1) \$300,000 for the Education Incentive Grant program, which allows for recruitment and retention of EMS workers throughout the state, and 2) \$340,250 for the Kansas Revolving and Assistance (KRAF) Grant program, which awards equipment and materials, on request, to ambulance services around the state based on identifiable needs; and
- **Other Assistance.** The agency's revised FY 2019 estimate includes \$150,000, all from special revenue funds, for other assistance. The revised estimate is no change from the amount approved by the 2017 Legislature. The major expenditure in this area is the allocation of funds to support the six EMS regions providing support, information, and communication to the approximately 10,500 certified EMS attendants throughout the state.

The **Governor** recommends 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. **For this agency, FY 2018 longevity payments total \$2,000, all from special revenue funds, and FY 2019 longevity payments total \$2,000, 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
EMS Operating Fund	68.7 %	68.7 %
Education Incentive Grant Payment Fund	14.3	14.3
EMS Revolving Fund	17.0	17.0
TOTAL	100.0 %	100.0 %

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

Emergency Medical Services (EMS) Operating Fund Analysis

The Kansas Board of Emergency Medical Services is primarily financed through the EMS Operating Fund. Revenue for the Fund includes regulatory fees and a levy of 0.25 percent gross cash receipts on fire insurance premiums (KSA 15-1508). Fees collected by the agency are for ambulance licenses, ambulance services' licenses, examinations and certifications, certification renewals, and replacement cards or certificates.

The Board receives fees in the amounts noted in the following table for certifications or permits for first responders, mobile intensive care technicians, emergency medical technicians, instructor-coordinators, and ambulance services.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 1,312,860	\$ 1,700,823	\$ 1,700,823	\$ 1,574,560	\$ 1,574,560
Revenue	1,945,517	1,953,000	1,953,000	2,059,000	2,059,000
Transfers in	0	3,237	3,237	2,000	2,000
Funds Available	\$ 3,258,377	\$ 3,657,060	\$ 3,657,060	\$ 3,635,560	\$ 3,635,560
Less:					
Expenditures	1,257,554	1,516,650	1,516,650	1,517,053	1,517,053
Transfers Out	300,000	565,850	565,850	550,000	550,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 1,700,823	\$ 1,574,560	\$ 1,574,560	\$ 1,568,507	\$ 1,568,507
Ending Balance as Percent of Expenditures	135.2%	103.8%	103.8%	103.4%	103.4%
Month Highest Ending Balance	June \$ 1,704,273	June \$ 1,700,823	June \$ 1,700,823	June \$ 2,043,996	June \$ 2,043,996
Month Lowest Ending Balance	October \$ 743,742	October \$ 963,525	October \$ 963,525	October \$ 891,996	October \$ 891,996

Transfers out in FY 2018 reflect: \$250,000 transferred to the State General Fund as part of 2017 Senate Sub. for HB 2002; \$300,000 transferred to the Education Incentive Grant Fund to be used for grants; and adjustments to anticipated revenues and charges for state accounting services rendered.

Transfers out for FY 2019 reflect: \$250,000 transferred to the State General Fund as part of 2017 Senate Sub. for HB 2002; and \$300,000 transferred to the Education Incentive Grant Fund.

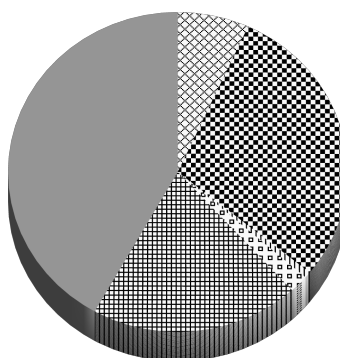
Fees Charged by Emergency Medical Services Board		
Emergency Medical Services Licensure Fees	Current Fee	Statutory Limit
First responder fees:		
Examination/certification application fee	\$ 15	\$ 15
Certification renewal application fee for biennial basis renewal received before expiration	20	20
Certification renewal application fee received within 31 calendar days after expiration	40	40
Certification renewal application fee received on or after the 32nd calendar day after expiration	80	80
Mobile intensive care technician fees:		
Examination/certification application fee	65	65
Certification renewal application fee received before expiration	50	50
Certification renewal application fee received within 31 calendar days after expiration	100	100
Certification renewal application fee received on or after the 32nd calendar day after expiration	200	200
EMT, EMT-I, EMT-D, and EMT-I/D fees:		
Examination/certification application fee	50	50
Certification renewal application fee received before expiration	30	30
Certification renewal application fee received within 31 calendar days after expiration	60	60
Certification renewal application fee received on or after the 32nd calendar days after expiration	120	120
Certification renewal application fee for EMT-I/D dual certification received before expiration	30	30
Certification renewal application fee for EMT-I/D dual certification received within 31 calendar days after expiration	60	60
Certification renewal application fee for EMT-I/D dual certification received on or after the 32nd calendar day after expiration	120	120
Instructor-coordinator and training officer fees:		
Examination/certification application fee	65	65
Certification renewal application fee received before expiration	30	30
Certification renewal application fee received within 31 calendar days after expiration	60	60
Certification renewal application fee received on or after the 32nd calendar day after expiration	120	120
Type I, II, II-A, and V ambulance service fees:		
Service permit application fee	100	100
Service permit renewal fee received on or before expiration	100	100
Service permit renewal fee received after expiration	200	200
Vehicle license application fee	40	40
Temporary license for an ambulance	10	10
<i>Note: Fee schedule and references to applicable authorizing statutes may be found in KAR 109-7-1.</i>		

PROGRAM DETAIL

Expenditures by Object

Governor's FY 2019 Recommendation

All Funds



Salaries and Wages	Contractual Services	Commodities	Capital Outlay
Aid to Locals	Other Assistance		

Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Salaries and Wages	\$ 923,582	41.9 %	\$ 0	-- %
Contractual Services	439,146	19.9	0	--
Commodities	39,832	1.8	0	--
Capital Outlay	13,709	0.6	0	--
Aid to Local Units	640,250	29.0	0	--
Other Assistance	150,000	6.8	0	--
TOTAL	\$ 2,206,519	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	15.5	16.0	16.0	16.0	16.0

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. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of ambulance service inspections completed	173	173	173	173
Number of times technical assistance provided at an on-site inspection	275	275	275	275
Number of ambulance attendants re-certified	4,037	4,037	4,000	4,100
Number of instructors/coordinators re-certified	100	108	100	100
Number of initial education courses processed	200	222	200	200
Number of complaints received	N/A	72	70	70
Number of continuing education audits	600	4	600	600

STATE FIRE MARSHAL

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	5,409,341	5,896,120	5,896,120	5,990,327	5,990,327
<i>Subtotal</i>	<i>\$ 5,409,341</i>	<i>\$ 5,896,120</i>	<i>\$ 5,896,120</i>	<i>\$ 5,990,327</i>	<i>\$ 5,990,327</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>
TOTAL	\$ 5,409,341	\$ 5,896,120	\$ 5,896,120	\$ 5,990,327	\$ 5,990,327

Percentage Change:

Operating Expenditures

State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	7.1	9.0	9.0	1.6	1.6
FTE Positions	60.5	62.5	62.5	62.5	62.5

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 Kansas State Fire Marshal was originally established in 1913, abolished in 1933, and re-established in 1939. The mission of the Office of the State Fire Marshal is to reduce the deaths, injuries, and property losses of Kansans through inspection, enforcement, regulation, investigation, education, and hazardous material and search and rescue incident responses. The Office promotes prevention, educational, and investigative activities to mitigate incidents, promote life safety, and deter crimes. Four agency programs assist with the agency's mission: Administration, Investigation, Fire Prevention, and Emergency Response. The agency receives no State General Fund appropriation and is primarily funded through a levy on fire insurance premiums collected in the state.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** established the Kansas Fireworks Act to be administered by the State Fire Marshal. The Act requires any person who intends to sell, offer for sale, or possess with intent to sell any consumer fireworks, display fireworks, or articles pyrotechnic or discharge, use, or display fireworks or articles pyrotechnic be required to obtain the appropriate license from the State Fire Marshal.

The **2008 Legislature** passed SB 178 and added \$63,188 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. SB 178 created standards for “flame retardant” cigarettes under the Fire Safety Standard and Firefighter Protection Act. The State Fire Marshal proposed equivalent test methods for cigarettes that are not sent to the American Society for Testing and Materials to be tested. Manufacturers are required to pay the State Fire Marshal a fee of \$250 to defray costs of processing, testing enforcement, administration, and oversight activities. Cigarettes must be re-certified every three years or when a change to the cigarettes is made by a manufacturer.

The **2008 Legislature** passed Senate Sub. for HB 2634 and added \$78,119 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. Senate Sub. for HB 2634 created two new laws regarding non-fuel flammable or combustible liquid above ground storage tanks. The State Fire Marshal conducted an on-site inspection of any facility in existence on the effective date of the bill to determine compliance with standards. If the facility was not in compliance, any necessary changes were required to be made as soon as possible, but no later than July 1, 2012. No revenues were available until FY 2013 and are now contingent upon non-compliant sites.

The **2009 Legislature** deleted \$101,757, or 3.0 percent, from the Fire Marshal Fee Fund in FY 2009 and transferred the savings to the State General Fund. The Legislature also deleted \$132,423 in budget reductions from the State Fire Marshal Fee Fund in FY 2010 and transferred the savings to the State General Fund.

The **2010 Legislature** added language to House Sub. for SB 572 adjusting the statutory distribution (KSA 75-1508) of the 1.25 percent levy on fire insurance premiums in order to distribute the State General Fund administrative services fee across the three agencies the levy supports rather than being solely charged to the State Fire Marshal in FY 2011. The language distributed the \$200,000 fee across the three agencies by the proportion of the levy each agency receives.

The **2012 Legislature** passed SB 387, which changed the State Fire Marshal's qualifications. The qualifications no longer require the State Fire Marshal to have knowledge of building construction, but require the individual to have no less than five years of experience in fire prevention and inspection, safety inspection, investigation, or any combination of experience.

The **2013 Legislature** added \$582,652 and 7.0 FTE positions for FY 2014 and \$565,618 and 7.0 FTE positions for FY 2015, all from the Boiler Inspection Fee Fund, for the Boiler Inspection program, which was transferred from the Kansas Department of Labor to the State Fire Marshal under SB 135. The Legislature also appropriated the Explosives Regulatory and Training Fund, which is funded through fees collected by the State Fire Marshal from those who sell or manufacture bottle rockets at wholesale.

The **2014 Legislature** transferred \$2.5 million from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund for 2015 pursuant to HB 2506.

The **2015 Legislature** passed HB 2097, which permits the State Fire Marshal to enter into contracts to establish regional emergency response, search, and rescue teams to respond to hazardous materials or search-and-rescue events. The bill also renamed the Hazardous Materials Emergency Fund to the Emergency Response Fund. In House Sub. for SB 112, the Legislature added an additional \$200,000 for FY 2016 and \$250,000 for FY 2017, all from the Fire Marshal Fee Fund, and 2.0 non-FTE positions to fund the fiscal note attached to HB 2097.

House Sub. for SB 112 also increased the maximum transfer amount allowable from the Fire Marshal Fee Fund to the Emergency Response Fund from \$50,000 to up to \$500,000.

The **2015 Legislature** authorized the transfer of \$1.0 million from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund for both FY 2016 and FY 2017, pursuant to House Sub. for SB 112.

The **2016 Legislature** took the following actions affecting the agency:

- Transferred \$1.0 million in FY 2016 and \$750,000 for FY 2017 from the Fire Marshal Fee Fund to the State General Fund;
- Deleted 4.0 unfunded FTE positions in FY 2016 and for FY 2017; and
- Added \$200,000, all from special revenue funds, for FY 2017 to implement a grant program to assist local fire departments.

The **2017 Legislature** took the following actions affecting the agency:

- Added \$75,000 for FY 2018 and \$100,000 for FY 2019, all from the Fire Marshal Fee Fund, to provide additional training and equipment that can be sustained and replaced for search and rescue;
- Transferred \$2.0 million from the Fire Marshal Fee Fund to the State General Fund for both FY 2018 and FY 2019; and
- Added \$43,376, 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 FY 2018 estimate of \$5.9 million, all from special revenue funds. The revised estimate is an increase of \$180,240, or 3.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's request and approval by the State Finance Council to allow additional expenditures of \$125,000, all from the State Emergency Response Fund, in relation to agency assistance in out-of-state disaster response, and an increase in salaries and wages expenditures, offset in part by a decrease in commodities expenditures. The revised estimate includes 62.5 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2017 Legislature. The agency states this is a technical correction, as the Statewide Management, Account and Reporting Tool system (SMART) has positions listed that are currently vacant and unfunded. In the previous year's budget submitted, the positions were unintentionally omitted as they are vacant. Due to budgetary constraints, the two vacant and unfunded positions are a Chief Boiler Inspector and an Accounting Specialist.

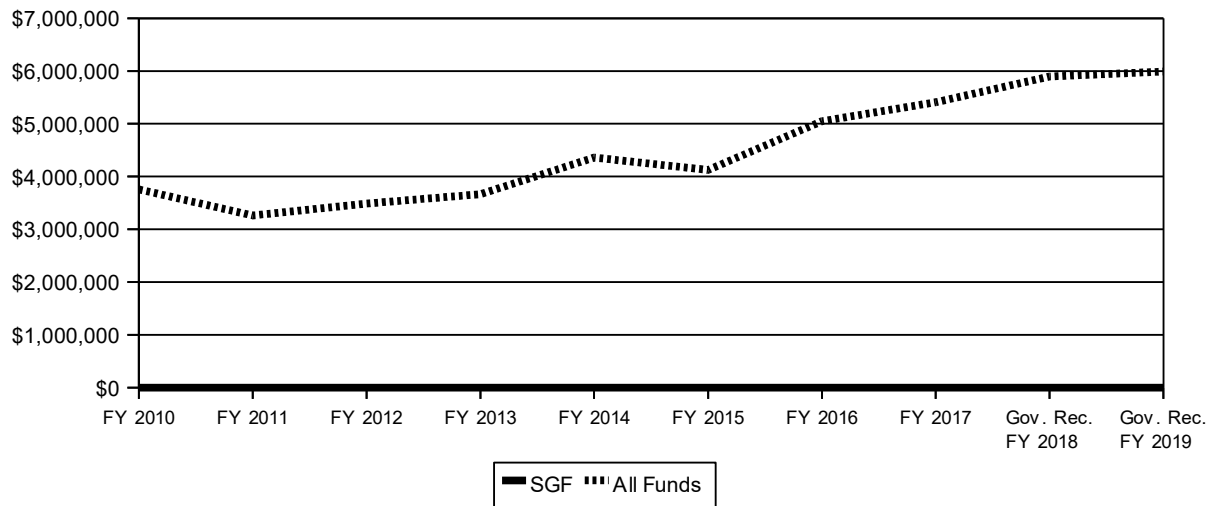
The **Governor** concurs with the agency's revised FY 2018 estimate.

FY 2019 – Budget Year. The **agency** requests a revised FY 2019 estimate of \$6.0 million, all from special revenue funds. The revised estimate is an increase of \$270,831, or 4.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's two supplemental requests and increases to salaries and wages expenditures, offset in part by a decrease in commodities expenditures. The revised estimate includes 62.5 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2017 Legislature. The agency states this is a technical correction, as the Statewide Management, Account and Reporting Tool system (SMART) has positions listed that are currently vacant and unfunded. In the previous year's budget submitted, the positions were unintentionally omitted as they are vacant. Due to budgetary constraints, the two vacant and unfunded positions are a Chief Boiler Inspector and an Accounting Specialist.

The **Governor** concurs with the agency's revised FY 2019 estimate for expenditures. The recommendation also includes the reduction of the FY 2019 transfer of \$2.0 million from the Fire Marshal Fee Fund to the State General Fund approved in 2017 Senate Sub. for HB 2002 to \$1.0 million. The amount was set to be transferred in two separate transfers: the first transfer on July 1, 2018, and the second on January 1, 2019. This would decrease the two transfer amounts from \$1.0 million transfers to \$500,000 transfers on the above mentioned dates.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 0	-- %	\$ 3,756,142	(15.0)%	53.0
2011	0	--	3,262,262	(13.1)	53.0
2012	0	--	3,486,988	6.9	49.0
2013	0	--	3,664,916	5.1	56.5
2014	0	--	4,359,397	18.9	62.5
2015	0	--	4,124,256	(5.4)	57.0
2016	0	--	5,048,598	22.4	60.5
2017	0	--	5,409,341	7.1	60.5
2018 Gov. Rec.	0	--	5,896,120	9.0	62.5
2019 Gov. Rec.	0	--	5,990,327	1.6	62.5
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 2,234,185	59.5 %	9.5

Summary of Operating Budget FY 2017 - FY 2019

State Fire Marshal

		Agency Estimate					Governor's Recommendation			
		Actual FY 2017	Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:										
Administration	\$	5,409,341	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %
By Major Object of Expenditure:										
Salaries and Wages	\$	3,583,008	\$ 3,803,306	\$ 3,900,002	\$ 96,696	2.5 %	\$ 3,803,306	\$ 3,900,002	\$ 96,696	2.5 %
Contractual Services		1,009,445	1,255,376	1,116,562	(138,814)	(11.1)	1,255,376	1,116,562	(138,814)	(11.1)
Commodities		283,704	295,268	268,638	(26,630)	(9.0)	295,268	268,638	(26,630)	(9.0)
Capital Outlay		329,739	342,170	305,125	(37,045)	(10.8)	342,170	305,125	(37,045)	(10.8)
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal-Operations	\$	5,205,896	\$ 5,696,120	\$ 5,590,327	\$ (105,793)	(1.9) %	\$ 5,696,120	\$ 5,590,327	\$ (105,793)	(1.9) %
Aid to Local Units		197,559	200,000	400,000	200,000	100.0	200,000	400,000	200,000	100.0
Other Assistance		5,886	0	0	0	--	0	0	0	--
TOTAL	\$	5,409,341	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %
Financing:										
State General Fund	\$	0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Fire Marshal Fee Fund		4,528,478	5,109,612	5,287,336	177,724	3.5	5,109,612	5,287,336	177,724	3.5
Boiler Inspection Fee Fund		683,119	449,990	488,276	38,286	8.5	449,990	488,276	38,286	8.5
Emergency Response Fund		14,230	150,000	25,000	(125,000)	(83.3)	150,000	25,000	(125,000)	(83.3)
All Other Funds		183,514	186,518	189,715	3,197	1.7	186,518	189,715	3,197	1.7
TOTAL	\$	5,409,341	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %	\$ 5,896,120	\$ 5,990,327	\$ 94,207	1.6 %

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 Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,715,880	5,896,120	180,240	5,896,120	180,240
TOTAL	\$ 5,715,880	\$ 5,896,120	\$ 180,240	\$ 5,896,120	\$ 180,240
FTE Positions	60.5	62.5	2.0	62.5	2.0

The **agency** requests a revised FY 2018 estimate of \$5.9 million, all from special revenue funds. The revised estimate is an increase of \$180,240, or 3.2 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's request and approval by the State Finance Council to allow additional expenditures of \$125,000, all from the State Emergency Response Fund, in relation to agency assistance in disaster response, and an increase in salaries and wages expenditures, partially offset by a decrease in commodities expenditures. The revised estimate includes 62.5 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2017 Legislature. The agency states this is a technical correction, as the Statewide Management, Account and Reporting Tool system (SMART) has positions listed that are currently vacant and unfunded. In the previous year's budget submitted, the positions were unintentionally omitted as they are vacant. Due to budgetary constraints, the two vacant and unfunded positions are a Chief Boiler Inspector and an Accounting Specialist.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's revised FY 2018 estimate includes \$3.8 million, all from special revenue funds, for salaries and wages. The FY 2018 revised estimate is an increase of \$58,376, or 1.6 percent, above the amount approved by the 2017 Legislature. Funding supports 62.5 FTE positions. Primary increases from the approved include unclassified regular salary expenditures (\$68,170), employer contributions to police and firemen retirement (\$11,464), and employer contributions to State employee retirement (\$10,384). These increases are partially offset by primary decreases in classified regular salary expenditures (\$30,645) and group health expenditures (\$7,735);
- **Contractual Services.** The agency's revised FY 2018 estimate includes \$1.3 million, all from special revenue funds, for contractual services. The FY 2018 revised estimate is an increase of \$125,000, or 11.1 percent, above the amount

approved by the 2017 Legislature. Expenditures in this category include communication, travel, internal and external agency training, safe cigarette testing, and vehicle service. The primary increase in other fees (\$125,000) is in regard to the agency's request and approval by the State Finance Council on September 11, 2017, to expend \$125,000, all from the Emergency Response Fund, for Hurricane Harvey (Texas) response expenditures in FY 2018. These expenditures will eventually be reimbursed and deposited back into the Emergency Response Fund for future disaster response;

- **Commodities.** The agency's revised FY 2018 estimate includes \$295,268, all from special revenue funds, for commodities. The FY 2018 revised estimate is a decrease of \$3,136, or 1.1 percent, below the amount approved by the 2017 Legislature. Funding supports vehicle fuel, reference materials, smoke detectors, equipment, and supplies. Primary decreases include gasoline (\$2,139), stationery and office supplies (\$813), and diesel fuel (\$184);
- **Capital Outlay.** The agency's revised FY 2018 estimate includes \$342,170, all from special revenue funds, for capital outlay. The revised estimate is no change from the amount approved by the 2017 Legislature. Funding in this category is for general equipment with a useful life of one or more years. Expenditures include computer equipment, trucks, replacement radios, and specialized inspections equipment; and
- **Aid to Local Units of Government.** The agency's revised FY 2018 estimate includes \$200,000, all from special revenue funds, for aid to local units of government. This is no change from the amount approved by the 2017 Legislature. This funding provides for no-match grants to volunteer/part-time fire departments across the state for personal protection equipment, physicals not covered by insurance, and support of junior firefighter programs.

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

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 Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,719,496	5,990,327	270,831	5,990,327	270,831
TOTAL	\$ 5,719,496	\$ 5,990,327	\$ 270,831	\$ 5,990,327	\$ 270,831
FTE Positions	60.5	62.5	2.0	62.5	2.0

The **agency** requests a revised FY 2019 estimate of \$6.0 million, all from special revenue funds. The revised estimate is an increase of \$270,831, or 4.7 percent, above the amount approved by the 2017 Legislature. The increase is primarily due to the agency's two supplemental requests and increases to salaries and wages expenditures, partially offset by a decrease in commodities expenditures. The revised estimate includes 62.5 FTE positions, which is an increase of 2.0 FTE positions above the number approved by the 2017 Legislature. The agency states this is a technical correction, as the Statewide Management, Account and Reporting Tool system (SMART) has positions listed that are currently vacant and unfunded. In the previous year's budget submitted, the positions were unintentionally omitted as they are vacant. Due to budgetary constraints, the two vacant and unfunded positions are a Chief Boiler Inspector and an Accounting Specialist.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's revised FY 2019 estimate includes \$3.9 million, all from special revenue funds, for salaries and wages. The FY 2019 revised estimate is an increase of \$97,269, or 2.6 percent, above the amount approved by the 2017 Legislature. Funding supports 62.5 FTE positions. Primary increases from the approved include unclassified regular salary expenditures (\$137,925) and employer contributions to police and firemen retirement (\$12,103). These increases are partially offset by primary decreases in classified regular salary expenditures (\$30,648), employer contributions to public employee retirement (\$11,690), and workers compensation (\$2,844). Part of the increase includes the agency's supplemental request for additional expenditures related to additional health insurance expenditures;
- **Contractual Services.** The agency's revised FY 2019 estimate includes \$1.1 million, all from special revenue funds, for contractual services. The FY 2019 revised estimate is no change from the amount approved by the 2017 Legislature. Expenditures in this category support communication, travel, internal and external agency training, safe cigarette testing, and vehicle service;
- **Commodities.** The agency's revised FY 2019 estimate includes \$268,638, all from special revenue funds, for commodities. The FY 2019 revised estimate is a decrease of \$26,436, or 9.0 percent, below the amount approved by the 2017 Legislature. Funding supports vehicle fuel, reference materials, smoke detectors, equipment, and supplies. Primary decreases include gasoline (\$24,446) and diesel fuel (\$1,992);
- **Capital Outlay.** The agency's revised FY 2019 estimate includes \$305,125, all from special revenue funds, for capital outlay. The revised estimate is no change from the amount approved by the 2017 Legislature. Funding in this category is for general equipment with a useful life of one or more years. Expenditures include computer equipment, trucks, replacement radios, and specialized inspections equipment; and

- **Aid to Local Units of Government.** The agency's revised FY 2019 estimate includes \$400,000, all from special revenue funds, for aid to local units of government. This is an increase of \$200,000, or 100.0 percent, above the amount approved by the 2017 Legislature, and is due to the agency's supplemental request for additional expenditures to cover grant requests. This funding provides for no-match grants to volunteer/part-time fire departments across the state for personal protection equipment, physicals not covered by insurance, and support of junior firefighter programs.

The **Governor** concurs with the agency's revised FY 2019 estimate for expenditures. The recommendation also includes the reduction of the FY 2019 transfer of \$2.0 million from the Fire Marshal Fee Fund to the State General Fund approved in 2017 Senate Sub. for HB 2002 to \$1.0 million for FY 2019. The amount was set to be transferred in two separate transfers: the first transfer on July 1, 2018, and the second on January 1, 2019. This would decrease the two transfer amounts from \$1.0 million transfers to \$500,000 transfers on the above mentioned dates.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Health Insurance Increases	\$ 0	\$ 19,500	0.0	\$ 0	\$ 19,500	0.0
Kansas Firefighter Recruitment and Safety Grant Program	0	200,000	0.0	0	200,000	0.0
TOTAL	\$ 0	\$ 219,500	0.0	\$ 0	\$ 219,500	0.0

The **agency** requests two supplementals totaling \$219,500, all from the Fire Marshal Fee Fund, for FY 2019.

Health Insurance Increases. The **agency** requests \$19,500, to provide for increases to health insurance costs as per the most recent budget indices, for FY 2019.

The **Governor** recommends the supplemental request.

Kansas Firefighter Recruitment and Safety Grant Program. The **agency** requests \$200,000, to provide a total of \$400,000 to cover grant requests, for FY 2019. This funding provides for no-match grants to volunteer/part-time fire departments across the state for personal protection equipment, physicals not covered by insurance, and support of junior firefighter programs. The agency states that in FY 2017, it received requests for over \$800,000 worth of support towards needed equipment and support for volunteer and part-time fire departments.

The **Governor** recommends the supplemental request.

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 \$2,480, all from special revenue funds, and FY 2019 longevity payments total \$2,640, 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	0.0 %	0.0 %
Fire Marshal Fee Fund	88.3	88.3
Boiler Inspection Fee Fund	8.2	8.2
Fire Safety Standard / Fire Fighter Protection and Enforcement Fund	0.4	0.4
All Other Funds	3.2	3.2
TOTAL	100.0 %	100.0 %

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

Fire Marshal Fee Fund

The Fire Marshal Fee Fund is the primary source of funding for the agency. KSA 75-1508 requires each fire insurance company doing business in Kansas to pay the Commissioner of Insurance. Pursuant to the statute, the levy shall not exceed 0.8 percent of a sum equal to the gross cash receipts of such company on all fire business transacted by the company in the preceding calendar year.

KSA 75-1514 requires 10.0 percent of this levy (prior to distribution to the three agencies supported by it), up to a cap of \$100,000, is remitted to the State General Fund. This transfer is intended to reimburse the State General Fund for administrative services provided to this agency.

Transfers to the State General Fund from the Fire Marshal Fee Fund have periodically occurred. Senate Sub. for HB 2002 (2017) transfers \$2.0 million in FY 2018 and \$2.0 million for FY 2019.

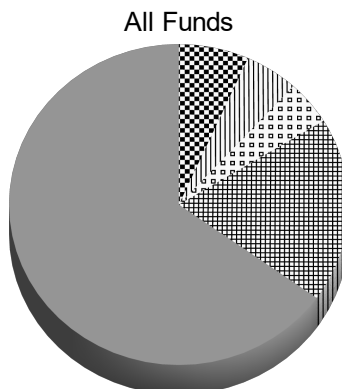
Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 5,848,714	\$ 4,901,781	\$ 4,901,781	\$ 3,099,569	\$ 3,099,569
Revenue	5,331,539	5,307,400	5,307,400	5,358,600	5,358,600
Transfers in	6	0	0	0	0
Funds Available	\$ 11,180,259	\$ 10,209,181	\$ 10,209,181	\$ 8,458,169	\$ 8,458,169
Less:					
Expenditures	4,528,478	5,109,612	5,109,612	5,287,336	5,287,336
Transfers Out	1,750,000	2,000,000	2,000,000	2,000,000	1,000,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 4,901,781	\$ 3,099,569	\$ 3,099,569	\$ 1,170,833	\$ 2,170,833
Ending Balance as Percent of Expenditures	108.2%	60.7%	60.7%	22.1%	41.1%
Month Highest Ending Balance	December \$ 5,126,226	December \$ 4,296,267	December \$ 4,296,267	December \$ 3,593,152	December \$ 3,593,152
Month Lowest Ending Balance	May \$ 2,914,486	May \$ 2,442,618	May \$ 2,442,618	May \$ 1,170,833	May \$ 1,170,833

The **Governor** recommends reducing the FY 2019 transfer of \$2.0 million from the Fire Marshal Fee Fund to the State General Fund approved in 2017 Senate Sub. for HB 2002 to \$1.0 million for FY 2019. The amount was set to be transferred in two separate transfers: the first transfer on July 1, 2018, and the second on January 1, 2019. This would decrease the two transfer amounts from \$1.0 million transfers to \$500,000 transfers on the above mentioned dates.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Salaries and Wages	Contractual Services	Commodities	Capital Outlay
Aid to Local Units	Other Assistance		

Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Salaries and Wages	\$ 3,900,002	65.1 %	\$ 0	-- %
Contractual Services	1,116,562	18.6	0	--
Commodities	268,638	4.5	0	--
Capital Outlay	305,125	5.1	0	--
Aid to Local Units	400,000	6.7	0	--
Other Assistance	0	0.0	0	--
TOTAL	\$ 5,990,327	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	57.3	59.3	59.3	59.3	59.3
Off-Budget	3.2	3.2	3.2	3.2	3.2
TOTAL	60.5	62.5	62.5	62.5	62.5

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.

Off-Budget (Contract Inspections)

The Fire Prevention Division contracts with the Kansas Department for Aging and Disability Services (KDADS) to conduct fire and life safety surveys of Medicare and Medicaid nursing facilities, and with the Kansas Department of Health and Environment (KDHE) to conduct fire and life safety surveys of Medicare and Medicaid medical facilities. The funds received each year help cover payroll expenses for a number of the Fire Prevention Inspectors that perform the inspections. In late FY 2009, the Division went from dedicated inspectors completing these inspections to expanding training and education to all inspectors to save travel and other costs. The contracts are negotiated annually based on inspection levels.

Expenditures for FY 2017, FY 2018, and FY 2019 are funded out of the Off-Budget Contract Inspections Fund.

Off-budget FTE positions are reflected in the "FTE Positions By Program" table above, but off-budget expenditures for investigations only are reflected within the following table.

CONTRACT INSPECTIONS (OFF-BUDGET) SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 243,358	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000
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>\$ 243,358</i>	<i>\$ 230,000</i>	<i>\$ 230,000</i>	<i>\$ 230,000</i>	<i>\$ 230,000</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 243,358	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	243,358	230,000	230,000	230,000	230,000
TOTAL	\$ 243,358	\$ 230,000	\$ 230,000	\$ 230,000	\$ 230,000
FTE Positions	3.2	3.2	3.2	3.2	3.2

The **agency** requests a revised FY 2018 estimate that includes off-budget contract inspections expenditures of \$230,000, all from the Contract Inspections Fund. This is an increase of \$409, or 0.2 percent, above the amount approved by the 2017 Legislature. This increase is due to increased health insurance expenditures. The revised estimate includes 3.2 FTE positions, which is a decrease of 0.2 FTE positions below the number approved by the 2017 Legislature. The agency anticipates inspections performed will total \$200,000 for KDADS, and \$30,000 for KDHE in FY 2018.

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

The **agency** requests a revised FY 2019 estimate that includes off-budget contract inspections expenditures of \$230,000, all from the Contract Inspections Fund. This is no change from the amount approved by the 2017 Legislature. The revised estimate includes 3.2 FTE positions, which is a decrease of 0.2 FTE positions below the amount approved by the 2017 Legislature. The agency anticipates inspections performed will total \$200,000 for KDADS, and \$30,000 for KDHE for FY 2019.

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

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of investigative hours	9,000	10,885	9,500	10,000
Number of requests for investigations	380	406	390	400
Number of fire investigations	N/A	213	250	300

KANSAS SENTENCING COMMISSION

Expenditure	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Operating Expenditures:					
State General Fund	\$ 7,326,944	\$ 7,560,300	\$ 7,560,300	\$ 9,367,719	\$ 7,417,719
Other Funds	91,942	70,860	70,860	503,461	153,461
<i>Subtotal</i>	<i>\$ 7,418,886</i>	<i>\$ 7,631,160</i>	<i>\$ 7,631,160</i>	<i>\$ 9,871,180</i>	<i>\$ 7,571,180</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>
TOTAL	\$ 7,418,886	\$ 7,631,160	\$ 7,631,160	\$ 9,871,180	\$ 7,571,180

Percentage Change:

Operating Expenditures

State General Fund	0.0 %	3.2 %	3.2 %	23.9 %	(1.9) %
All Funds	(0.5)	2.9	2.9	29.4	(0.8)

FTE Positions	13.5	13.5	13.5	13.5	13.5

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 Sentencing Commission was created by the 1989 Legislature to develop a sentencing guideline model, or grid, based upon fairness and equity and to provide a mechanism for linking justice and corrections policies. The Commission tracks and assesses sentencing impositions using statistical methodologies to develop prison population projections and legislative impacts to interested parties, including the Kansas Department of Corrections, Governor, and the Legislature. The Commission also administers the Substance Abuse Treatment Program created by the 2003 Legislature in SB 123, principally codified as KSA 21-6824.

MAJOR ISSUES FROM PRIOR YEARS

The **2003 Legislature** moved the penalties for possession of illegal drugs from a punishment model to a treatment model with the passage of SB 123 during the 2003 Session. The bill established a non-prison sentence of drug abuse treatment, which is not to exceed 18 months. The bill also reduced all illegal drug possession criminal penalties regardless of the second, third, or subsequent possession conviction to a level 4 drug offense. First-time marijuana possession remained as a class A misdemeanor.

The **2010 Legislature** approved a FY 2010 reduction of \$2,178, including \$2,042 from the State General Fund, in the form of a 5.0 percent state officers salary reduction (\$1,092 from the State General Fund) and a moratorium on contributions to the KPERS Death and Disability Fund (\$1,086, including \$950 from the State General Fund). The Legislature made the following adjustments to the FY 2011 budget:

- Approved the Governor's recommendation to increase the use of fee funds by \$662,400 to offset the same amount of State General Fund expenditures; and
- Approved the Governor's recommended reduction of \$422,208 from the State General Fund for 2003 SB 123 drug treatment program expenditures.

The **2011 Legislature** approved FY 2012 reductions totaling \$96,354, including \$92,473 from the State General Fund. The adjustments included deleting \$86,760, including \$83,556 from the State General Fund, as part of an across-the-board reduction.

The **2013 Legislature** approved the addition of \$81,257, all from the State General Fund, and 1.0 FTE position for FY 2014 and FY 2015 to monitor the implementation of HB 2170, the Justice Reinvestment Act.

The **2015 Legislature** added \$179,544, all from the State General Fund, for funding the projected shortfall for substance abuse treatment program expenditures for FY 2016 and FY 2017. The Legislature added \$20,000, all from the State General Fund, and a 0.5 FTE position for a part-time data entry position to assist the agency in processing backlogged felony journal entries for FY 2016 and FY 2017.

The **2016 Legislature** approved the Governor's recommendation adding \$179,544, all from the State General Fund, for the funding of the agency's projected shortfall for Substance Abuse Treatment Program expenditures in FY 2016 and for FY 2017.

The **2017 Legislature** approved the FY 2017 budget that included \$350,510, all from special revenue funds, to allow the agency to contract with a third-party utilization management company to improve its Treatment Provider Payment System.

BUDGET SUMMARY AND KEY POINTS

FY 2018 – Current Year. The **agency** requests a revised estimate of \$7.6 million, including \$7.6 million from the State General Fund, in FY 2018. The estimate is an all funds decrease of \$198,006, or 2.5 percent, all from special revenue funds. The decrease is primarily due to the agency not expending \$200,125 from the General Fees Fund to implement a new payment methodology, partially offset by the financing of a study on the 2003 SB 123 drug treatment program for \$20,000. The estimate includes 13.5 FTE positions, which is the same as the approved number in FY 2018.

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

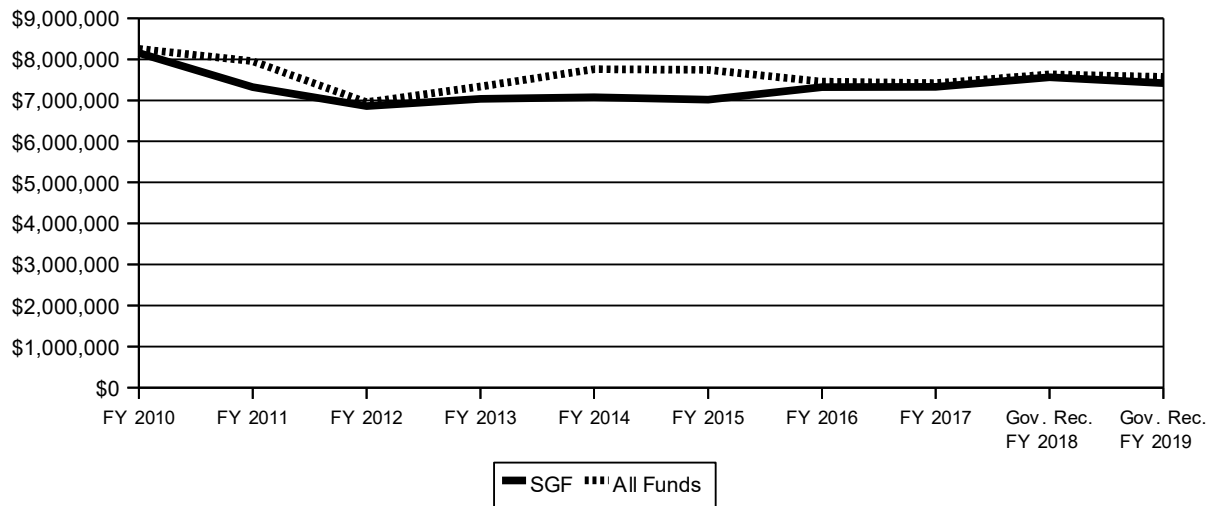
FY 2019 – Budget Year. The **agency** requests a revised estimate of \$9.9 million, including \$9.4 million from the State General Fund, for FY 2019. The estimate is an all funds increase of \$2.3 million, or 30.5 percent, and a State General Fund increase of \$2.0 million, or 26.3 percent, above the approved amount. The increase is primarily due to the agency's supplemental request to expand the SB 123 drug treatment program by \$2.3 million, including

\$2.0 million from the State General Fund, for FY 2019. The estimate includes 13.5 FTE positions, which is the same as the approved number for FY 2019.

The **Governor** concurs with the agency's FY 2019 revised estimate with one exception. The Governor does not recommend funding the agency's supplemental request for \$2.3 million, including \$2.0 million from the State General Fund, to expand and modify the SB 123 Treatment Program to comply with legislation that it has proposed and is currently before the House Committee on Corrections and Juvenile Justice.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2010 – FY 2019



OPERATING EXPENDITURES FY 2010 – FY 2019

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2010	\$ 8,156,594	(1.9)%	\$ 8,253,571	(2.1)%	10.0
2011	7,320,944	(10.2)	7,954,442	(3.6)	12.0
2012	6,857,997	(6.3)	6,953,459	(12.6)	12.0
2013	7,033,235	2.6	7,335,652	5.5	12.0
2014	7,076,303	0.6	7,759,597	5.8	13.0
2015	7,018,535	(0.8)	7,742,439	(0.2)	13.0
2016	7,324,753	4.4	7,454,878	(3.7)	13.5
2017	7,326,944	0.0	7,418,886	(0.5)	13.5
2018 Gov. Rec.	7,560,300	3.2	7,631,160	2.9	13.5
2019 Gov. Rec.	7,417,719	(1.9)	7,571,180	(0.8)	13.5
Ten-Year Change Dollars/Percent	\$ (738,875)	(9.1)%	\$ (682,391)	(8.3)%	3.5

Summary of Operating Budget FY 2017 - FY 2019

	Actual FY 2017	Agency Estimate				Governor's Recommendation			
		Estimate FY 2018	Estimate FY 2019	Dollar Change from FY 18	Percent Change from FY 18	Rec. FY 2018	Rec. FY 2019	Dollar Change from FY 18	Percent Change from FY 18
By Program:									
Administration	\$ 911,242	\$ 1,486,512	\$ 1,486,391	\$ (121)	(0.0) %	\$ 1,486,512	\$ 1,486,391	\$ (121)	(0.0)%
Substance Abuse Treatment	6,507,644	6,144,648	8,384,789	2,240,141	36.5	6,144,648	6,084,789	(59,859)	(1.0)
TOTAL	\$ 7,418,886	\$ 7,631,160	\$ 9,871,180	\$ 2,240,020	29.4 %	\$ 7,631,160	\$ 7,571,180	\$ (59,980)	(0.8)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 778,472	\$ 841,858	\$ 858,241	\$ 16,383	1.9 %	\$ 841,858	\$ 858,241	\$ 16,383	1.9 %
Contractual Services	121,211	627,804	611,300	(16,504)	(2.6)	627,804	611,300	(16,504)	(2.6)
Commodities	8,475	8,850	8,850	0	--	8,850	8,850	0	0.0
Capital Outlay	3,084	8,000	8,000	0	--	8,000	8,000	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal-Operations</i>	<i>\$ 911,242</i>	<i>\$ 1,486,512</i>	<i>\$ 1,486,391</i>	<i>\$ (121)</i>	<i>(0.0) %</i>	<i>\$ 1,486,512</i>	<i>\$ 1,486,391</i>	<i>\$ (121)</i>	<i>(0.0) %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	0
Other Assistance	6,507,644	6,144,648	8,384,789	2,240,141	36.5	6,144,648	6,084,789	(59,859)	(1.0)
TOTAL	\$ 7,418,886	\$ 7,631,160	\$ 9,871,180	\$ 2,240,020	29.4 %	\$ 7,631,160	\$ 7,571,180	\$ (59,980)	(0.8)%
Financing:									
State General Fund	\$ 7,326,944	\$ 7,560,300	\$ 9,367,719	\$ 1,807,419	23.9 %	\$ 7,560,300	\$ 7,417,719	\$ (142,581)	(1.9)%
General Fees Fund	61,613	70,860	503,461	432,601	610.5	70,860	153,461	82,601	116.6
Federal Funds	30,329	0	0	0	--	0	0	0	--
TOTAL	\$ 7,418,886	\$ 7,631,160	\$ 9,871,180	\$ 2,240,020	29.4 %	\$ 7,631,160	\$ 7,571,180	\$ (59,980)	(0.8)%

BUDGET OVERVIEW

A. FY 2018 – Current Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$7,410,983 for 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 \$149,317 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 \$7,560,300. That amount is reflected in the table below as the currently approved FY 2018 State General Fund budget.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2018	Agency Estimate FY 2018	Agency Change from Approved	Governor Rec. FY 2018	Governor Change from Approved
State General Fund	\$ 7,560,300	\$ 7,560,300	\$ 0	\$ 7,560,300	\$ 0
All Other Funds	268,866	70,860	(198,006)	70,860	(198,006)
TOTAL	\$ 7,829,166	\$ 7,631,160	\$ (198,006)	\$ 7,631,160	\$ (198,006)
FTE Positions	13.5	13.5	0.0	13.5	0.0

The **agency** requests FY 2018 operating expenditures of \$7.6 million, including \$7.6 million from the State General Fund. The estimate is an all funds decrease of \$198,006, or 2.5 percent, below the approved amount. The decrease is primarily attributable to a decrease in the agency's Administration program. The agency estimated expenditures of \$200,235 from the General Fees Fund to contract with a third-party utilization management company to improve its Treatment Provider Payment System by implementing a medical model in FY 2017 and FY 2018, but the process not been fully implemented.

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

B. FY 2019 – Budget Year

Adjustments to Approved State General Fund Budget

The 2017 Legislature approved a State General Fund budget of \$9,871,180 for FY 2019. No adjustments have subsequently been made to that amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2019	Agency Estimate FY 2019	Agency Change from Approved	Governor Rec. FY 2019	Governor Change from Approved
State General Fund	\$ 7,417,719	\$ 9,367,719	\$ 1,950,000	\$ 7,417,719	\$ 0
All Other Funds	144,683	503,461	358,778	153,461	8,778
TOTAL	\$ 7,562,402	\$ 9,871,180	\$ 2,308,778	\$ 7,571,180	\$ 8,778
FTE Positions	13.5	13.5	0.0	13.5	0.0

The **agency** requests a revised estimate of \$9.9 million, including \$9.4 million from the State General Fund, for FY 2019. The estimate is an all funds increase of \$2.3 million, or 30.5 percent, and a State General Fund increase of \$2.0 million, or 26.3 percent, above the FY 2019 approved amount. The increase is primarily due to the agency's supplemental request to expand the 2003 SB 123 drug treatment program by \$2.3 million, including \$2.0 million from the State General Fund, for FY 2019. The agency indicates HB 2088 would expand the program by qualifying drug severity level 4 offenders for treatment and HB 2090 would qualify those convicted for third-time possession of a controlled substance. The agency states that the passage of these bills would increase payments to treatment providers by \$1.8 million and \$500,000, respectively.

The **Governor** recommends FY 2019 expenditures of \$7.6 million, including \$7.4 million from the State General Fund. The recommendation is a decrease of \$2.3 million, or 23.3 percent, including \$2.0 million from the State General Fund, or 20.8 percent, below the agency's FY 2019 request. The decrease is attributable to the Governor not recommending the agency's supplemental request to expand and modify the SB 123 Treatment Program to comply with legislation that is currently before the House Committee on Corrections and Juvenile Justice.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
SB 123 Enhancement	1,950,000	2,300,000	0.0	0	0	0.0
TOTAL	\$ 1,950,000	\$ 2,300,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$2.3 million, including \$2.0 million from the State General Fund, to fund expenditures associated with 2017 HB 2088 and 2017 HB 2090 legislation sponsored by the Commission. These bills are currently in the House Committee on Corrections and Juvenile Justice. HB 2088 would expand the SB 123 program to include drug severity level 4 offenders.

HB 2090 would repeal the special sentencing rule for third-time possession of a controlled substance. The Sentencing Commission believes that costs associated with HB 2088 are estimated at \$1.8 million while HB 2090 would require an additional appropriation of \$500,000.

The **Governor** does not recommend funding the agency's \$2.3 million supplemental request that would expand and modify the SB 123 Treatment Program by allowing drug severity level 4 offenders for treatment and qualifying those convicted for third-time possession of a controlled substance. The agency is asking for the supplemental request, anticipating the passage of 2017 HB 2088 and 2017 HB 2090. The bills are currently before the House Committee on Corrections and Juvenile Justice.

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 payments 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. Percent of Total FY 2019	Gov. Rec. Percent of Total FY 2019
State General Fund	95.0 %	98.0 %
General Fees Fund	5.0	2.0
TOTAL	100.0 %	100.0 %

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

General Fees Fund Analysis

The Sentencing Commission General Fees Fund receives funds from the sale of publications and reimbursements from other state agencies. The Fund previously received funds from offender reimbursement for 2003 SB 123 drug treatment, but those funds are now treated as a reimbursement of expenditures from the State General Fund. Therefore, this fund is no longer a viable funding source to offset Substance Abuse Treatment program expenditures.

Resource Estimate	Actual FY 2017	Agency Estimate FY 2018	Gov. Rec. FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019
Beginning Balance	\$ 158,431	\$ 532,682	\$ 532,682	\$ 549,671	\$ 549,671
Revenue	435,864	88,349	88,349	88,349	88,349
Transfers in	0	0	0	0	0
Funds Available	\$ 594,295	\$ 621,031	\$ 621,031	\$ 638,020	\$ 638,020
Less:					
Expenditures	61,613	70,860	70,860	503,461	153,461
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	500	500	500	500
Ending Balance	\$ 532,682	\$ 549,671	\$ 549,671	\$ 134,059	\$ 484,059
Ending Balance as Percent of Expenditures	864.6%	775.7%	775.7%	26.6%	315.4%
Month Highest Ending Balance	February \$ 198,660	February \$ 667,943	February \$ 667,943	February \$ 689,246	February \$ 689,246
Month Lowest Ending Balance	November \$ 137,362	November \$ 461,843	November \$ 461,843	November \$ 476,573	November \$ 476,573

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2019 Recommendation



Program	Gov. Rec. All Funds FY 2019	Percent of Total	Gov. Rec. SGF FY 2019	Percent of Total
Administration	\$ 1,486,391	19.6 %	\$ 1,332,930	18.0 %
Substance Abuse Treatment	6,084,789	80.4	6,084,789	82.0
TOTAL	\$ 7,571,180	100.0 %	\$ 7,417,719	100.0 %

FTE POSITIONS BY PROGRAM FY 2017 – FY 2019

Program	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Administration	13.5	13.5	13.5	13.5	13.5
Substance Abuse Treatment	0.0	0.0	0.0	0.0	0.0
TOTAL	13.5	13.5	13.5	13.5	13.5

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.

A. Administration

The Administration program develops prison population projections and maintains a statewide sentencing database. The Commission annually publishes the Desk Reference Manual, or Sentencing Guidelines Manual, which contains the sentencing grids and the required sentencing forms for felony offenders. Training and assistance to judges, court services, and other criminal justice professionals also are provided on the implementation of legislative changes regarding sentencing. The agency is also an information resource to the Governor, Legislature, and the State's criminal justice agencies.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 778,472	\$ 841,858	\$ 841,858	\$ 858,241	\$ 858,241
Contractual Services	121,211	627,804	627,804	611,300	611,300
Commodities	8,475	8,850	8,850	8,850	8,850
Capital Outlay	3,084	8,000	8,000	8,000	8,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 911,242	\$ 1,486,512	\$ 1,486,512	\$ 1,486,391	\$ 1,486,391
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 911,242	\$ 1,486,512	\$ 1,486,512	\$ 1,486,391	\$ 1,486,391
Financing:					
State General Fund	\$ 819,300	\$ 1,415,652	\$ 1,415,652	\$ 1,332,930	\$ 1,332,930
All Other Funds	91,942	70,860	70,860	153,461	153,461
TOTAL	\$ 911,242	\$ 1,486,512	\$ 1,486,512	\$ 1,486,391	\$ 1,486,391
FTE Positions	13.5	13.5	13.5	13.5	13.5

The **agency** requests revised FY 2018 operating expenditures of \$1.5 million, including \$1.4 million from the State General Fund. The estimate is an all funds increase of \$236,707, or 18.9 percent, and a State General Fund increase of \$434,134, or 44.2 percent, above the FY 2018 approved amount. The increase is primarily due to a \$366,000 increase from the State General Fund, attributable to the agency implementing its plan to migrate its Treatment Provider Payment System from Microsoft Access to a web-based platform. The estimate includes 13.5 FTE positions, which is the same as the approved number.

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

The **agency** requests revised FY 2019 operating expenditures of \$1.5 million, including \$1.3 million from the State General Fund. The estimate is an all funds increase of \$454,342, or 44.0 percent, and a State General Fund increase of \$444,985, or 50.1 percent, above the FY 2019 approved amount. The all funds increase is primarily attributable to the agency expending an additional \$450,825 for contractual service expenditures, with \$425,197 coming from the State General Fund. The increases are due to anticipated changes related to the Treatment Providers Payment System (TPPS) data gathering process. The program has been developed with assistance from OITS-IT personnel to move TPPS from Access to a web-based platform. The agency states that the Access platform has become severely limited, is almost 15 years old,

and the needs of the SB 123 Program surpassed the capabilities of the current TPPS invoicing system. The estimate includes 13.5 FTE positions, which is the same as the approved number.

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

B. Substance Abuse Treatment

The Kansas Sentencing Commission is responsible for the implementation, development, and management of 2003 SB 123. This law requires offenders convicted of drug possession to attend mandatory substance abuse treatment. Treatment options include detoxification, inpatient, outpatient, continuing care, after care, and relapse prevention and education. Offenders are placed under the supervision of Community Corrections. The Kansas Sentencing Commission is responsible for the payment of treatment providers in this program, as well as the collection of reimbursement money from offenders with the ability to pay for a portion of the treatment. The agency is also collecting data on this offender group to analyze whether mandatory substance abuse treatment is an effective alternative to incarceration.

SUBSTANCE ABUSE TREATMENT SUMMARY OF EXPENDITURES FY 2017 – FY 2019					
Item	Actual FY 2017	Agency Est. FY 2018	Gov. Rec. FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,507,644	6,144,648	6,144,648	8,384,789	6,084,789
TOTAL	\$ 6,507,644	\$ 6,144,648	\$ 6,144,648	\$ 8,384,789	\$ 6,084,789
Financing:					
State General Fund	\$ 6,507,644	\$ 6,144,648	\$ 6,144,846	\$ 8,034,789	\$ 6,084,789
All Other Funds	0	0	0	350,000	0
TOTAL	\$ 6,507,644	\$ 6,144,648	\$ 6,144,846	\$ 8,384,789	\$ 6,084,789
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised FY 2018 estimate of \$6.1 million, all from the State General Fund, which is a decrease of \$427,164, or 6.5 percent, from the approved amount. The decrease in the program is attributable to the agency shifting funds originally allocated for the SB 123 drug treatment program's Treatment Provider Payment System to the Administration program in FY 2018.

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

The **agency** requests a revised FY 2019 estimate of \$8.4 million, including \$8.0 million from the State General Fund. The estimate is an all funds increase of \$1.9 million, or 28.5 percent, including a State General Fund increase of \$1.5 million, or 23.2 percent, above the approved budget for FY 2019. The increase is primarily attributable to the agency's

supplemental request to expand the SB 123 program, which totals \$2.3 million, including \$2.0 million from the State General Fund, for FY 2019.

The **Governor** recommends FY 2019 expenditures of \$6.1 million, all from the State General Fund. The recommendation is an all funds decrease of \$2.3 million, or 27.4 percent, including \$2.0 million, or 24.3 percent, from the State General Fund below the agency's FY 2019 request. The decrease is attributable to the Governor not recommending the funding of the agency's supplemental requests to expand the SB 123 drug treatment program.

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2017	Actual FY 2017	Gov. Rec. FY 2018	Gov. Rec. FY 2019
Number of adult journal pre-sentence investigation reports entered into database	20,064	19,133	19,420	19,711
Number of staff hours required to complete adult prison population projections	3,200	3,300	3,400	3,400
Number of offenders receiving alternative substance abuse treatment	1,650	2,000	2,000	2,000
Number of prison bed impact statements completed	700	700	740	750