

BUDGET ANALYSIS

FISCAL YEAR 2020

Submitted to the 2019 Kansas Legislature

KLRD

*Providing objective research and fiscal
analysis for the Kansas Legislature*

Volume I

*Governor's Budget Report Overview
Agriculture and Natural Resources
Transportation
Education
Human Services*

Kansas Legislative Research Department
February 2019

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FISCAL YEAR 2020

Volume I

Governor's Budget Report Overview

Agriculture and Natural Resources

Transportation

Education

Human Services

KLRD

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FOREWORD

The *Fiscal Year 2020 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for fiscal years 2019 and 2020.

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 into 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 Governor's Budget Report Overview and agencies in Agriculture and Natural Resources, Transportation, Education, and Human Services.

Volume II of this publication contains agencies in Public Safety and General Government.

Volume III of this publication contains biennial budget agencies in General Government.

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2020

Abstracters' Board of Examiners **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Adjutant General's Department **KLAASSEN, AARON** (785-296-4396)
 Attorney General **PATEL, AMIT** (785-296-3183)

Behavioral Sciences Regulatory Board **DECKARD, AMY** (785-296-4429)
 Board of Accountancy **SCOTT, J.G.** (785-296-4397)
 Board of Barbering **BAUMANN, BEN** (785-296-3535)
 Board of Cosmetology **BAUMANN, BEN** (785-296-3535)
 Board of Examiners in Optometry **STITES, ASHLEY** (785-296-4439)
 Board of Indigents' Defense Services **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Board of Mortuary Arts **STITES, ASHLEY** (785-296-4439)
 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 **POTTS, VICTORIA** (785-296-7250)

Citizens' Utility Ratepayer Board **POTTS, VICTORIA** (785-296-7250)

Department for Children and Families **STITES, ASHLEY** (785-296-4439)
 Department of Administration **WU, STEVEN** (785-296-4447)
 Department of Agriculture **POTTS, VICTORIA** (785-296-7250)
 Department of Corrections **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Department of Credit Unions **WU, STEVEN** (785-296-4447)
 Department of Education **HESS, JOHN** (785-296-7882)
 Department of Wildlife, Parks and Tourism **POTTS, VICTORIA** (785-296-7250)

El Dorado Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Ellsworth Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 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 **DECKARD, AMY** (785-296-4429)

Health Care Stabilization Fund Board of Governors **OUELLETTE, JENNIFER** (785-296-6684)
 Hutchinson Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)

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 **BAUMANN, BEN** (785-296-3535)
 Kansas Bureau of Investigation **PATEL, AMIT** (785-296-3183)
 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 **POTTS, VICTORIA** (785-296-7250)
 Kansas Dental Board **BAUMANN, BEN** (785-296-3535)
 Kansas Department for Aging and Disability Services **FYE, DAVID** (785-296-4405)
 Kansas Department of Commerce **DEAR, DYLAN** (785-296-0665)
 Kansas Department of Health and Environment – Division of Health and Health Care Finance **OUELLETTE, JENNIFER** (785-296-6684)

Kansas Department of Health and Environment – Division of Environment **POTTS, VICTORIA** (785-296-7250)
 Kansas Department of Labor **HESS, JOHN** (785-296-7882)
 Kansas Department of Revenue **DEAR, DYLAN** (785-296-0665)
 Kansas Department of Transportation **KLAASSEN, AARON** (785-296-4396)
 Kansas Guardianship Program **OUELLETTE, JENNIFER** (785-296-6684)
 Kansas Highway Patrol **KLAASSEN, AARON** (785-296-4396)
 Kansas Human Rights Commission **BAUMANN, BEN** (785-296-3535)
 Kansas Insurance Department **OUELLETTE, JENNIFER** (785-296-6684)
 Kansas Juvenile Correctional Complex **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Kansas Lottery **DEAR, DYLAN** (785-296-0665)
 Kansas Neurological Institute **FYE, DAVID** (785-296-4405)
 Kansas Public Employees Retirement System **PATEL, AMIT** (785-296-3183)
 Kansas Racing and Gaming Commission **DEAR, DYLAN** (785-296-0665)
 Kansas Sentencing Commission **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Kansas State Board of Healing Arts **STITES, ASHLEY** (785-296-4439)
 Kansas State Fair **POTTS, VICTORIA** (785-296-7250)
 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 **POTTS, VICTORIA** (785-296-7250)

Lansing Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 Larned Correctional Mental Health Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)
 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)

Norton Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)

Office of Administrative Hearings **WU, STEVEN** (785-296-4447)
 Office of Information and Technology Services **WU, STEVEN** (785-296-4447)
 Office of the Governor **DECKARD, AMY** (785-296-4429)
 Office of the Revisor of Statutes **SCOTT, J.G.** (785-296-4397)
 Office of the State Bank Commissioner **WU, STEVEN** (785-296-4447)
 Office of the State Treasurer **PATEL, AMIT** (785-296-3183)
 Osawatimie 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 **PATEL, AMIT** (785-296-3183)
 Postsecondary Education Systemwide **MORROW, SHIRLEY** (785-296-3542)

Real Estate Appraisal Board **PATEL, AMIT** (785-296-3183)
 Real Estate Commission **PATEL, AMIT** (785-296-3183)

Secretary of State **DECKARD, AMY** (785-296-4429)
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)

Topeka Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)

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)
Winfield Correctional Facility **ELYACHARSHUSTER, ISAAC** (785-296-4419)

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OVERVIEW OF THE FISCAL YEAR 2020

GOVERNOR'S BUDGET REPORT

In this budget overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from *The FY 2020 Governor's Budget Report*. The Legislative Research Department utilizes the classification of expenditures by function of government and by major purpose of expenditure to coincide with the Division of the Budget and the Division of Accounts and Reports. The Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature.

The summary data in this overview compare FY 2018 actual expenditures and the Governor's FY 2019 revised estimates and FY 2020 recommendations.

SUMMARY OF CHANGES TO ESTIMATED FY 2019 EXPENDITURES

The FY 2019 approved budget totals \$17.0 billion, including \$7.1 billion from the State General Fund. This approved amount includes \$47.6 million of expenditure authority carried forward. The approved budget includes FTE positions totaling 40,103.2.

In FY 2019, the Governor's recommendation totals \$17.2 billion, with \$7.1 billion financed from the State General Fund. The recommendation increases total expenditures by \$194.9 million, including \$54.9 million from the State General Fund, above the approved amount. The recommendation includes additional State General Fund expenditures in the Department for Children and Families for the Kansas Eligibility Enforcement System (KEES) upgrade (\$1.6 million), Family First Prevention Act (\$452,516), and additional child welfare positions (\$802,296). The recommendation includes additional medical contract funding in the Department of Corrections (\$1.4 million) and capital improvement armory and life, health, and safety projects at the Adjutant General's Department (\$1.4 million). The Department of Administration budget includes \$9.3 million, all from the State General Fund, for a one-time payment to settle a dispute over debt setoff payment with the federal government. Human services caseload estimates increased by \$54.6 million, but were partially offset by a decrease of \$43.7 million in the Medicaid waiver programs (waiver programs are not considered to be a caseload expenditure as they are discretionary spending).

It is expected that the Governor's recommended revenue and expenditure adjustments will produce a current year ending balance of \$678.0 million, or 9.5 percent of State General Fund expenditures.

TOTAL STATE EXPENDITURES FOR FY 2020

Summary of Expenditures from All Funds

The Governor's recommendation totals \$18.5 billion from all funding sources with \$7.6 billion financed from the State General Fund. The recommendation increases total expenditures by \$1.2 billion, including \$440.2 million from the State General Fund, above the FY 2019 revised estimate. The recommendation includes the State's new estimates of expenditures for state aid

to K-12 schools of \$198.6 million in State Foundation Aid, which increases the Base Aid for Student Excellence (BASE) from \$4,165 per pupil to \$4,436. The recommendation also increases Kansas Public Employees Retirement System (KPERs)-School contributions by \$284.2 million to bring the State back to the FY 2020 statutory level after the \$194.0 million KPERs delay in FY 2019. This increase is largely offset by the recommendation to reamortize KPERs for FY 2020, which deletes \$160.1 million from all funds.

The ending balance at the close of FY 2020 is now projected to be \$686.0 million, or 9.1 percent of State General Fund expenditures.

Expenditures by Major Purpose

State Operations. Agency operating costs for salaries and wages, contractual services, commodities, and capital outlay. The Governor's FY 2020 recommendation for state operations is \$5,471.6 million, which is an increase of \$94.4 million, or 1.8 percent, above the FY 2019 recommendation. The most significant increases are due to a 2.5 percent base adjustment for state employees (\$63.5 million); enhancements for Judicial Branch employee and judge salaries, as well as the filling of vacant positions and creating some new positions (\$20.1 million); tuition, fees, and allotment restoration at the Regents institutions (\$17.7 million); and medical care and food contract costs at the Department of Corrections institutions (\$10.4 million). The increases are partially offset by decreases at the Department of Revenue, mostly for the automated tax system (\$13.2 million) and the Office of Information Technology Services for enhancement requests granted by the 2018 Legislature for FY 2019 only to modernize the state information technology infrastructure (\$6.6 million).

Aid to Local Units of Government. Aid payments to counties, cities, school districts, and other local government entities; may be from state or federal funds. The Governor's FY 2020 recommendation for aid to local units of government is \$5,946.2 million, which is an increase of \$329.9 million, or 5.9 percent, above the FY 2019 recommendation. Significant changes include an increase of \$502.3 million for K-12 education, partially offset by a decrease of \$160.1 million for reamortization of KPERs.

Other Assistance, Grants, and Benefits. Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants. The Governor's FY 2020 recommendation for other assistance, grants, and benefits is \$6,154.5 million, which is an increase of \$642.4 million, or 11.7 percent, above the FY 2019 recommendation. Significant changes include an increase in the human services consensus caseload estimate and Medicaid expansion of \$587.8 million; however, the State General Fund portion of the consensus caseload decreases by \$20.5 million. Expenditures for foster care in the Department for Children and Families increase by \$35.5 million, including \$27.5 million from the State General Fund. The increase is partially offset by a decrease of \$9.3 million, all from the State General Fund, for a one-time payment in FY 2019 to settle a dispute over debt setoff payment with the federal government.

Capital Improvements. Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense. The Governor's FY 2020 recommendation for capital improvements is \$880.8 million, which is an increase of \$164.0 million, or 22.9 percent, above the FY 2019 recommendation. Changes are largely reflected in the Department of Transportation, with an increase of \$191.8 million for federal funds and projected planned road construction contracts. Expenditures in the Department of Transportation budget fluctuate in its funding request due to its best estimate at a given point in

time as to projects being let and due to its subsequent funding streams. The other substantial increase is in the Department of Administration of \$8.9 million due to increased debt service principal payments.

The increase is partially offset by a decrease in the university budgets (\$30.0 million) due to fewer capital improvement expenditures for FY 2020.

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

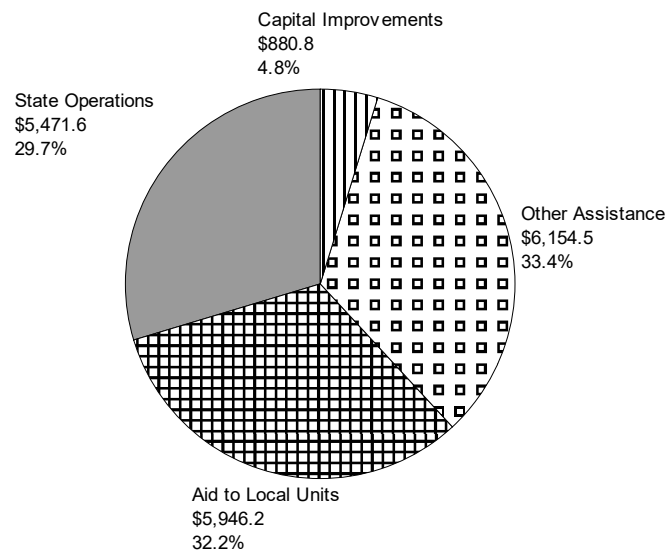
	Actual FY 2018	Gov. Rec. FY 2019	Change		Gov. Rec. FY 2020	Change	
			\$	%		\$	%
State Operations	\$ 5,024.7	\$ 5,377.2	\$ 352.5	7.0 %	\$ 5,471.6	\$ 94.4	1.8 %
Aid to Local Units	5,443.4	5,616.3	172.9	3.2	5,946.2	329.9	5.9
Other Assistance	4,940.4	5,512.1	571.7	11.6	6,154.5	642.4	11.7
<i>Subtotal - Operations</i>	<i>\$ 15,408.5</i>	<i>\$ 16,505.6</i>	<i>\$ 1,097.1</i>	<i>7.1 %</i>	<i>\$ 17,572.3</i>	<i>\$ 1,066.7</i>	<i>6.5 %</i>
Capital Improvements	536.6	716.8	180.2	33.6	880.8	164.0	22.9
TOTAL	\$ 15,945.0	\$ 17,222.3	\$ 1,277.3	8.0 %	\$ 18,453.0	\$ 1,230.7	7.1 %

Note: Totals may not add due to rounding.

Of the total budget recommendation in FY 2019, 31.2 percent is for state operations; 32.6 percent is for state aid to local units of government; 32.0 percent is for other assistance, grants, and benefits; and 4.2 percent is for capital improvements. For FY 2020, 29.7 percent is for state operations; 32.2 percent is for state aid to local units of government; 33.4 percent is for other assistance, grants, and benefits; and 4.8 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures for FY 2020.

FY 2020 EXPENDITURES FROM ALL FUNDS
BY MAJOR PURPOSE
Governor's Recommendation
(Dollars in Millions)

Total: \$18,453.0



Expenditures by Function of Government

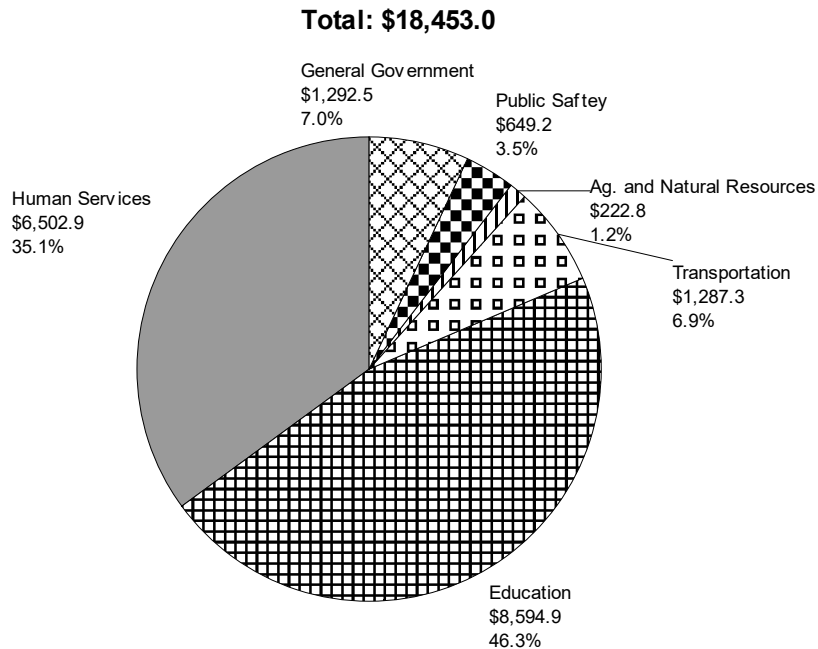
The following table and pie chart summarize expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include General Government, Human Services, Education, Public Safety, Agriculture and Natural Resources, and Transportation. The Education function is the largest component with 47.1 percent of the total expenditures in FY 2019 and 46.6 percent of the total expenditures for FY 2020. The two largest functions of government—Education and Human Services—comprise 81.0 percent of the recommended expenditures in FY 2019 and 81.8 percent for FY 2020.

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

Purpose	Actual FY 2018	Gov. Rec. FY 2019	Change		Gov. Rec. FY 2020	Change	
			\$	%		\$	%
General Government	\$ 1,224.7	\$ 1,284.5	\$ 59.8	4.9 %	\$ 1,292.5	\$ 8.0	0.6 %
Human Services	5,257.6	5,838.8	581.2	11.1	6,502.9	664.1	11.4
Education	7,802.5	8,107.2	304.7	3.9	8,594.9	487.7	6.0
Public Safety	586.0	656.5	70.5	12.0	649.4	(7.1)	(1.1)
Agriculture & Nat. Res.	218.5	223.7	5.2	2.4	222.8	(0.9)	(0.4)
Transportation	855.7	1,111.5	255.8	29.9	1,287.3	175.8	15.8
Other	0.0	0.0	0.0	--	(96.7)	(96.7)	(100.0)
TOTAL	\$ 15,945.0	\$ 17,222.3	\$ 1,277.3	8.0 %	\$ 18,453.0	\$ 1,230.7	7.1 %

Note: Totals may not add due to rounding.

FY 2020 EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT Governor's Recommendation (Dollars in Millions)



Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following table summarizes total state expenditures. The table separates the plan for financing into operating purposes and capital improvements. The State General Fund operating amount shown in the table for FY 2019 is based on current resources of the fund. The net increase in State General Fund operating expenditures from FY 2018 to FY 2019 is \$480.8 million, or 7.3 percent, and from FY 2019 to FY 2020, the increase is \$432.2 million, or 6.1 percent. The Governor's recommendations do, however, include both positive and negative adjustments for individual agencies.

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

	Actual FY 2018	Gov. Rec. FY 2019	Change		Gov. Rec. FY 2020	Change	
			\$	%		\$	%
Operating Expenditures:							
State General Fund	\$ 6,608.7	\$ 7,089.4	\$ 480.8	7.3 %	\$ 7,521.6	\$ 432.2	6.1 %
All Other Funds	8,799.8	9,416.1	616.3	7.0	10,050.6	634.5	6.7
<i>Subtotal</i>	<u>\$ 15,408.5</u>	<u>\$ 16,505.5</u>	<u>\$ 1,097.0</u>	<u>7.1 %</u>	<u>\$ 17,572.2</u>	<u>\$ 1,066.7</u>	<u>6.5 %</u>
Capital Improvements:							
State General Fund	\$ 40.4	36.4	\$ (3.9)	(9.7)%	\$ 44.5	\$ 8.1	22.3 %
All Other Funds	496.2	680.4	184.2	37.1	836.3	155.9	22.9
<i>Subtotal</i>	<u>\$ 536.6</u>	<u>\$ 716.8</u>	<u>\$ 180.2</u>	<u>33.6 %</u>	<u>\$ 880.8</u>	<u>\$ 164.0</u>	<u>22.9 %</u>
TOTAL	<u>\$ 15,945.1</u>	<u>\$ 17,222.3</u>	<u>\$ 1,277.2</u>	<u>8.0 %</u>	<u>\$ 18,453.0</u>	<u>\$ 1,230.7</u>	<u>7.1 %</u>

Note: Totals may not add due to rounding.

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The State General Fund finances 41.4 percent of estimated FY 2019 expenditures. For FY 2020, the State General Fund finances 41.0 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report (Volume 1)* summarizes actual and estimated receipts of federal funds. Estimated FY 2019 receipts are \$7.3 billion, which is an increase of \$11.6 million, or 0.2 percent, above FY 2018 actual receipts. The FY 2020 estimate of \$7.3 billion is \$38.4 million, or 0.5 percent, below FY 2019 estimated receipts. Four agencies—the Department of Health and Environment, the Department for Children and Families, the Department of Education, and the Department for Aging and Disability Services—account for 87.9 percent of FY 2020 estimated federal receipts.

Federal receipts for FY 2019 and FY 2020 are dependent on future actions of the federal government. Past experience indicates the final outcome of those actions will not be known prior to adjournment of the 2019 Legislature.

Expenditures for State Operations

Expenditures for state operations (*i.e.*, for purposes other than local aid, other assistance, and capital improvements) comprise 31.2 percent of total recommended expenditures in FY 2019 and 29.6 percent for FY 2020. The following table divides state operations expenditures into the following components: salaries and wages; contractual services (communications, rent, travel); commodities (food, supplies, stationery); capital outlay

(equipment and furniture, not building and highway construction projects); and debt service interest payments.

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

Function	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2018	FY 2019	\$	%	FY 2020	\$	%
Salaries and Wages	\$ 2,829.0	\$ 2,990.6	\$ 161.6	5.7 %	\$ 3,116.4	\$ 125.8	4.2 %
Contractual Services	1,620.1	1,795.9	175.8	10.9	1,770.8	(25.1)	(1.4)
Commodities	183.8	205.4	21.6	11.8	211.7	6.3	3.1
Capital Outlay	127.8	118.1	(9.7)	(7.6)	110.4	(7.7)	(6.5)
Debt Service Interest	264.0	267.2	3.2	1.2	262.3	(4.9)	(1.8)
TOTAL	\$ 5,024.7	\$ 5,377.2	\$ 352.5	7.0 %	\$ 5,471.6	\$ 94.4	1.8 %

Note: Totals may not add due to rounding.

Salaries and wages expenditures, including fringe benefits, comprise 55.7 percent of the recommended state operations budget in FY 2019 and for FY 2020; salaries and wages expenditures also comprise 57.0 percent of the budget.

The Governor's budget does include additional resources for a general, broad-based salary increase for FY 2020. The Governor's recommendation for FY 2020 appropriates \$63.5 million, including \$22.3 million from the State General Fund, to the State Finance Council. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan.

In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.4 million from the State General Fund. For FY 2020, the estimated cost is \$3.8 million, including \$1.4 million from the State General Fund.

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

The employer retirement contribution rate for KPERS State and School is scheduled to be 13.21 percent in FY 2019 and 14.21 percent for FY 2020. The 2017 Legislature approved reducing KPERS-School employer contributions by \$194.0 million in FY 2019, of which \$138.0 million has been transferred back to the KPERS Trust Fund. The Governor proposes the final transfer contingent on receipts of \$56.0 million be canceled and the KPERS Trust Fund's unfunded liability be reamortized over 30 years. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds. However, reamortization would require the State to pay more over the long run and would delay when the KPERS State/School Group achieves a funded ratio of 80.0 percent by about ten years.

GOVERNOR'S FY 2020 STATE EMPLOYEE SALARY ADJUSTMENTS

	Dollars in Millions	
	State General Fund	All Funds
2.5 percent or One Step for Executive and Legislative Branch Employees	\$ 22.3	\$ 63.5
Judicial Branch Salaries	18.1	18.1
Kansas Insurance Department	0	0.1
Wildlife, Parks and Tourism - Law Enforcement and Park Rangers	0	1.1
Schools for the Deaf and Blind	0.1	0.1

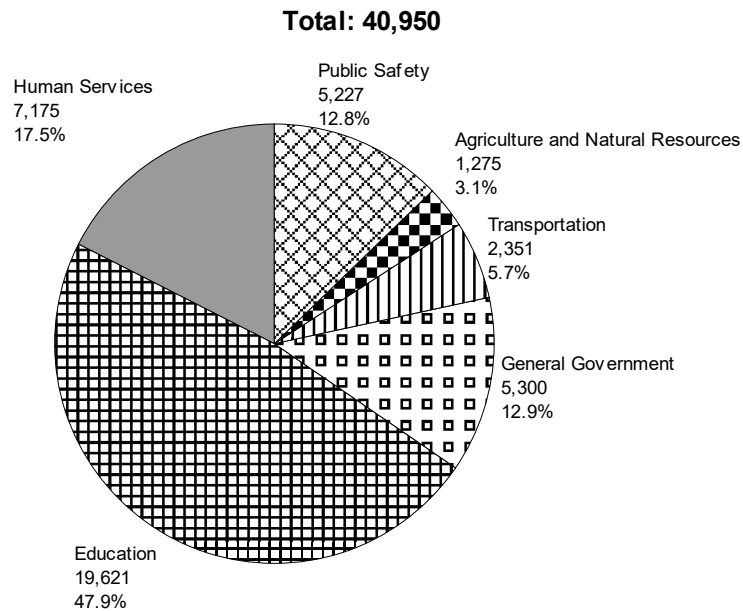
Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are affected by policy recommendations that change the size of the State's workforce. The FY 2019 Governor's budget recommendations increases positions from the approved amount by 813.4 positions from 40,103.2 to 40,916.7, and for FY 2020, increases positions from the approved by 34.2 positions from 40,916.7 to 40,950.9.

The increase above the FY 2019 approved amount is attributable to additional positions at the University of Kansas Medical Center (197.50 positions), Fort Hays State University (137.68 positions), Kansas State University–Veterinary Medical Center (55.38 positions), the Department for Children and Families (109.00 positions), the Department of Health and Environment (338.4 positions), and the Kansas Highway Patrol (56.00 positions).

Within the increase for the Department of Health and Environment is a recommendation by the Governor to add 313.00 positions for the KanCare clearinghouse. Also, within the increase for the Department for Children and Families is a recommendation to add 29.00 positions for child welfare services. A total of 55.00 positions are added to the Department for Children and Families budget for FY 2020 for the same purpose.

**FY 2020 FULL-TIME EQUIVALENT (FTE) POSITIONS
by Function of Government
Governor's Recommendations**



Program or Agency Components of FY 2020 All Funds Budget

To this point, this memorandum has dealt primarily with measuring year-to-year changes proposed in *The Governor's Budget Report*. The following tables pertain to FY 2020 only and measures major program or agency expenditures in dollar terms and as a percent of the total budget. The budget of the Department of Education, the Board of Regents and the Regents institutions, the Department of Health and Environment, the Department for Aging and Disability Services (including the state hospitals), and the Kansas Department of Transportation account for 83.4 percent of total spending for FY 2020.

**GOVERNOR'S RECOMMENDED
EXPENDITURES FROM ALL FUNDS, FY 2020
By Agency or Program**

	Amount (Thousands)	Percent of total	Cumulative Percent	Percent Change from FY 2019
Department of Education	\$ 5,596,812.7	30.3 %	30.3 %	9.8 %
Department of Health and Environment - Health	3,367,969.6	18.3	48.6	16.5
Board of Regents and Institutions	2,965,526.7	16.1	64.7	(0.4)
KDADS, including Hospitals	2,174,723.0	11.8	76.4	6.3
Kansas Department of Transportation	1,287,260.4	7.0	83.4	16.9
Department for Children and Families	727,192.8	3.9	87.4	8.7
Department of Corrections and Facilities	422,918.4	2.3	89.6	0.7
Kansas Lottery	387,900.0	2.1	91.7	0.8
Department of Labor	207,523.3	1.1	92.9	0.9
Department of Administration	190,618.4	1.0	93.9	(1.7)
Judicial Branch	166,244.7	0.9	94.8	15.5
Highway Patrol and KBI	128,663.5	0.7	95.5	21.0
Department of Revenue	112,354.5	0.6	96.1	(10.5)
Department of Wildlife, Parks and Tourism	90,781.3	0.5	96.6	3.3
Department of Commerce	87,264.9	0.5	97.1	(4.8)
Adjutant General's Department	79,506.4	0.4	97.5	(13.4)
Insurance Department and Health Care Stabilization Fund	70,276.3	0.4	97.9	2.1
Department of Health and Environment - Environment	65,678.9	0.4	98.2	0.3
Kansas Public Employee Retirement System (KPERS)	50,094.4	0.3	98.5	4.0
Department of Agriculture	49,526.4	0.3	98.8	(7.4)
Board of Indigent's Defense Services	32,766.0	0.2	99.0	2.0
Office of the Governor	31,844.3	0.2	99.1	(0.4)
Legislative Branch	31,426.6	0.2	99.3	(2.9)
Office of the State Treasurer	30,691.9	0.2	99.5	0.5
Office of the Attorney General	27,155.3	0.1	99.6	(5.6)
KPERS Policy Change	(160,120.1)	(0.9)	98.7	(100.0)
All Other	230,432.8	1.2	100.0	31.0
TOTAL	\$ 18,453,033.2	100.0 %		7.2 %

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

The following tables reflect changes in agency budgets from the Governor's FY 2019 recommendation to the Governor's recommended FY 2020 budget.

CHANGE IN EXPENDITURES FROM ALL FUNDS
FY 2019 to FY 2020
Governor's Recommendation

	Amount (Thousands)	Comments
	\$	
Department of Education	499,329.3	Approved and Recommended K-12
KDHE - Health	477,224.1	School Funding Increases
Department of Transportation	186,212.9	\$400.0 million in Bonding Authority
Department for Aging and Disability Services	130,604.9	Human Services Caseloads
State Employee Pay	63,470.0	2.5 percent adjustment to base pay
Department for Children and Families	58,188.8	Foster Care, 26 child welfare FTE
Board of Regents	43,043.5	Educational Building Fund Allocation
Corrections	12,263.3	Lansing, Shrinkage, Medical and Food
Adjutant General's Department	(12,275.5)	Disaster Relief, Capital Improvements
Department of Revenue	(13,164.9)	One-time Costs for Tax Automation
Kansas State University	(16,902.2)	Capital Improvements
University of Kansas	(20,931.0)	Capital Improvements.
KPERS Policy Change	(160,120.1)	Reamortization over 30 Years
All Other	(37,441.0)	Various
Total Increase	\$ 1,277.3	

Note: Totals may not add due to rounding.

EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

Program and Agency Components of the FY 2020 State General Fund Budget

The following table provides an overview of the program or agency components of the Governor's recommended FY 2020 expenditures from the State General Fund. This table identifies individual components that comprise 99.9 percent of State General Fund expenditures. The Education function accounts for 64.3 percent of all State General Fund expenditures for FY 2020.

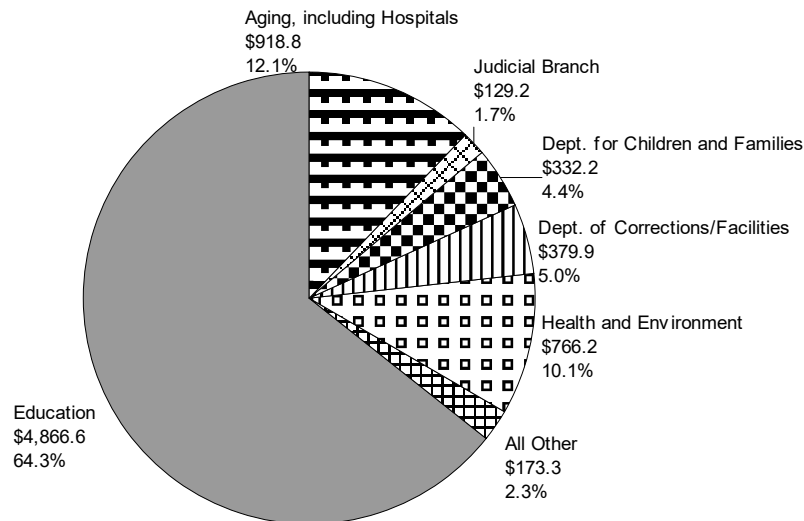
STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Governor's Recommendations for FY 2020

	Amount (Thousands)	Percent of Total	Cumulative Percent	Increase over FY 2019	
				Amount (Thousands)	Percent
Education					
Department of Education	\$ 4,037,413	53.4 %	53.4 %	\$ 518,020	12.8 %
Bd. of Regents/Institutions	805,928	10.7	64.0	11,268	1.4
Other Education	23,238	0.3	64.3	527	2.3
<i>Subtotal - Education</i>	<i>\$ 4,866,579</i>	<i>64.3 %</i>	<i>181.7 %</i>	<i>\$ 529,815</i>	<i>10.9 %</i>
KDADS, including Hospitals	\$ 918,768	12.1 %	76.5 %	\$ 15,879	1.7 %
KDHE - Health	766,176	10.1	86.6	(29,283)	(3.8)
Dept. of Corrections/Facilities	379,932	5.0	91.6	3,725	1.0
Dept. for Children and Families	332,184	4.4	96.0	36,277	10.9
Department of Administration	133,774	1.8	97.8	(1,645)	(1.2)
Judicial Branch	129,162	1.7	99.5	21,927	17.0
Board of Indigents' Defense	32,160	0.4	99.9	668	2.1
Legislative Branch	31,427	0.4	100.3	(927)	(2.9)
KBI	26,263	0.3	100.7	(287)	(1.1)
Department of Revenue	15,668	0.2	100.9	(60)	(0.4)
Department of Agriculture	9,606	0.1	101.0	(250)	(2.6)
Sentencing Commission	8,589	0.1	101.1	788	9.2
Office of the Governor	7,852	0.1	101.2	(833)	(10.6)
Adjutant General's Dept.	7,745	0.1	101.3	(3,143)	(40.6)
Office of the Attorney General	6,505	0.1	101.4	(510)	(7.8)
Commission on Veterans' Affairs Office	5,815	0.1	101.5	50	0.9
KDHE - Environment	4,281	0.1	101.5	(163)	(3.8)
Guardianship Program	1,164	0.0	101.5	0	0.0
Kansas Human Rights Commission	1,080	0.0	101.5	(4)	(0.4)
KPERS Policy Change	(145,348)	(2.0)	99.5	(145,348)	0.0
All Other	26,722	0.4	100.0	13,570	50.8
TOTAL	\$ 7,566,103	100.0 %		\$ 440,246	0.0 %

Note: Totals may not add due to rounding.

**FY 2020 State General Fund Expenditures
by Major Program or Agency
Governor's Recommendation
(Dollars in Millions)**

Total: \$7,566.1



State General Fund Expenditures by Function of Government

The next table summarizes State General Fund expenditures by function of government. The Education function accounts for the largest portion of the State General Fund budget (60.9 percent in FY 2019 and 63.3 percent for FY 2020). Two functions—Education and Human Services—account for 89.0 percent of all State General Fund expenditures in FY 2019 and 89.6 percent for FY 2020.

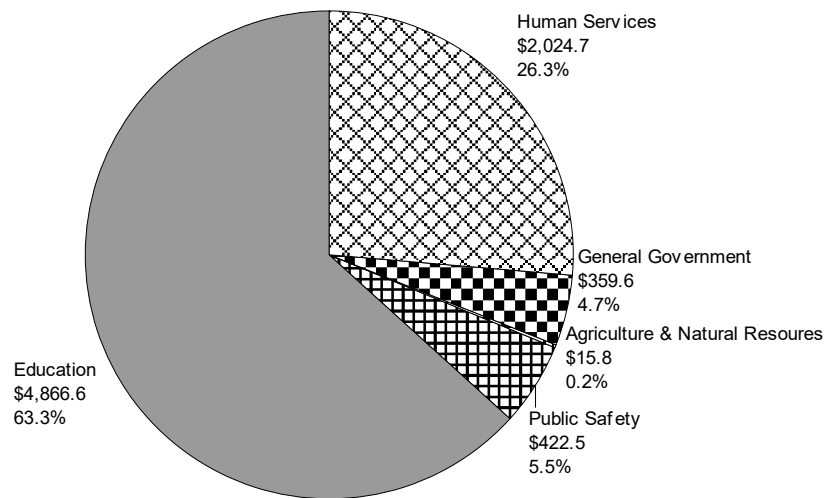
**STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT
Governor's Recommendation
(Dollars in Millions)**

Function	Actual FY 2018	Gov. Rec. FY 2019	Change \$	Change %	Gov. Rec. FY 2020	Change \$	Change %
General Government	\$ 316.6	\$ 349.7	\$ 33.1	10.5 %	\$ 359.6	\$ 9.9	2.8 %
Human Services	1,740.9	2,001.7	260.8	15.0	2,024.7	23.0	1.1
Education	4,175.0	4,336.8	161.8	3.9	4,866.6	529.8	12.2
Public Safety	391.1	421.4	30.3	7.7	422.5	1.1	0.3
Agriculture/Natural Resources	15.0	16.2	1.2	8.0	15.8	(0.4)	(2.5)
Transportation	10.4	0.0	(10.4)	(100.0)	0.0	0.0	--
Reamortization and Salary Adjustment	0.0	0.0	0.0	--	(123.1)	(123.1)	--
TOTAL	\$ 6,649.1	\$ 7,125.9	\$ 476.8	7.2 %	\$ 7,566.1	\$ 440.2	6.2 %

Note: Totals may not add due to rounding.

**FY 2020 STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT
Governor's Recommendation
(Dollars in Millions)**

Total: \$7,566.1



Note: Pie excludes \$129.1 million in reamortization savings and salaries expenditures which are not allocated by function of Government.

Expenditures by Major Purpose

Almost \$3.8 billion (53.0 percent) of recommended FY 2019 expenditures from the State General Fund is paid to local units of government; 24.4 percent is for other assistance, grants, and benefits expenditures; 22.1 percent represents the costs of state operations; and less than 0.5 percent is for capital improvements.

Approximately more than \$4.2 billion (54.9 percent) of recommended FY 2020 expenditures from the State General Fund is paid to local units of government; 22.9 percent is for other assistance, grants, and benefits expenditures; 21.6 percent represents the costs of state operations; and less than 0.6 percent is for capital improvements.

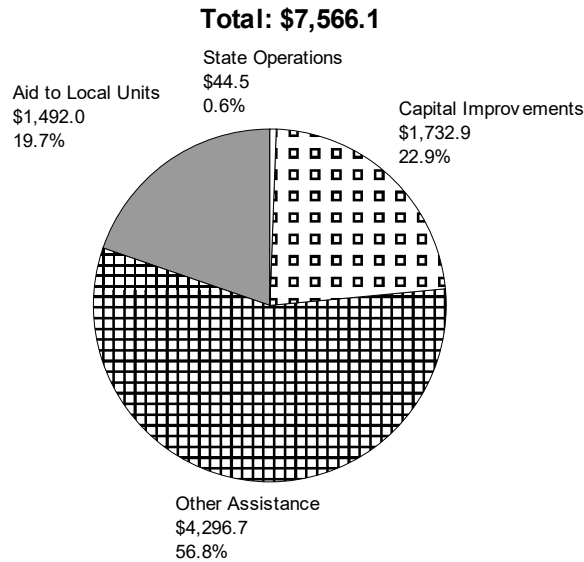
The following table reflects expenditures for the State General Fund by major purpose.

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

	Actual FY 2018	Gov. Rec. FY 2019	Change		Gov. Rec. FY 2020	Change	
			\$	%		\$	%
State Operations	\$ 1,481.4	\$ 1,577.5	\$ 96.1	6.5 %	\$ 1,637.4	\$ 59.9	3.8 %
Aid to Local Units	3,640.1	3,776.3	136.2	3.7	4,151.4	375.1	9.9
Other Assistance	1,487.3	1,735.6	248.3	16.7	1,732.9	(2.7)	(0.2)
<i>Subtotal - Operations</i>	<i>\$ 6,608.8</i>	<i>\$ 7,089.4</i>	<i>\$ 480.6</i>	<i>7.3 %</i>	<i>\$ 7,521.7</i>	<i>\$ 432.3</i>	<i>6.1 %</i>
Capital Improvements	40.4	36.4	(4.0)	(9.9)	44.5	8.1	22.3
TOTAL	\$ 6,649.2	\$ 7,125.8	\$ 476.6	7.2 %	\$ 7,566.1	\$ 440.2	6.2 %

Note: Totals may not add due to rounding.

**FY 2020 STATE GENERAL FUND EXPENDITURES
BY MAJOR PURPOSE
Governor's Recommendation
(Dollars in Millions)**



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

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

Function	Actual FY 2018	Gov. Rec. FY 2019	Change		Gov. Rec. FY 2020	Change	
			\$	%		\$	%
General Government	\$ 273.3	\$ 304.6	\$ 31.3	11.5 %	\$ 316.3	\$ 11.7	3.8 %
Human Services	253.1	282.8	29.7	11.7	297.8	15.0	5.3
Education	592.3	620.8	28.5	4.8	629.2	8.4	1.4
Public Safety	333.9	354.0	20.1	6.0	356.6	2.6	0.7
Agriculture/Natural Resources	14.4	15.3	0.9	6.3	15.1	(0.2)	(1.3)
Transportation	14.4	0.0	(14.4)	(100.0)	0.0	0.0	--
Salary Adjustment	0.0	0.0	0.0	--	22.3	22.3	100.0
TOTAL	\$ 1,481.4	\$ 1,577.5	\$ 96.1	6.5 %	\$ 1,637.3	\$ 59.8	3.8 %

Note: Totals may not add due to rounding.

State Aid to Local Units of Government

**STATE GENERAL FUND STATE AID TO LOCAL UNITS OF GOVERNMENT
(Dollars in Thousands)**

	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	Change FY 2019 - 2020	
				Amount	Percent
State Foundation Aid	\$ 2,001,554	\$ 2,109,651	\$ 2,317,775	\$ 208,124	9.9 %
Supp. State Aid	454,500	494,300	503,300	9,000	1.8
<i>Subtotal</i>	\$ 2,456,054	\$ 2,603,951	\$ 2,821,075	\$ 217,124	8.3 %

STATE GENERAL FUND STATE AID TO LOCAL UNITS OF GOVERNMENT
(Dollars in Thousands)

	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	Change FY 2019 - 2020	
				Amount	Percent
Special Education	\$ 435,982	\$ 490,381	\$ 497,881	\$ 7,500	1.5
Capital Outlay State Aid	60,531	65,444	67,750	2,306	3.5
KPERS USDs	384,875	279,103	543,865	264,762	94.9
KPES Non-USDs	21,846	33,555	43,016	9,461	28.2
KPERS Layering (FY 2017)	6,400	6,400	6,400	0	0.0
KPERS Layering (FY 2019)	0	0	19,400	19,400	--
Mental Health Pilot	0	7,454	7,454	0	0.0
Juvenile Detention	4,084	5,061	5,061	0	0.0
Food Assistance	2,394	2,391	2,391	0	0.0
Professional Development	1,700	1,700	1,700	0	0.0
Mentor Teacher Program	798	1,300	1,300	0	0.0
Technical Education Trans.	0	650	650	0	0.0
Governor's Teaching Scholarships	205	306	306	0	0.0
Tech. Ed. Incentive	105	800	0	(800)	(100.0)
Education Superhighway	0	300	950	650	216.7
Juvenile Crisis Center Pilot	0	300	300	0	0.0
Deaf and Blind Program Aid	99	110	110	0	0.0
Discretionary Grants	184	181	181	0	0.0
<i>Subtotal - USDs</i>	<u>\$ 3,375,257</u>	<u>\$ 3,499,387</u>	<u>\$ 4,019,790</u>	<u>\$ 520,403</u>	<u>14.9</u>
Post. Tiered Tech. Educ.	\$ 55,969	\$ 57,512	\$ 58,301	\$ 789	1.4
Non-Tiered Course Credit	73,436	75,462	76,496	1,034	1.4
Technical Colleges Equip.	383	393	398	5	1.3
Voc. Ed. Capital Outlay	69	71	72	1	1.4
Adult Basic Education	1,399	1,435	1,457	22	1.5
Washburn University	11,425	11,768	11,901	133	1.1
Tech. Ed. Tuition	27,303	29,050	29,050	0	0.0
Nursing Faculty Grant	760	847	872	25	3.0
Teacher Scholarships	100	0	0	0	--
State Library	1,290	1,298	1,298	0	0.0
<i>Subtotal - Education</i>	<u>\$ 172,134</u>	<u>\$ 177,836</u>	<u>\$ 179,845</u>	<u>\$ 2,009</u>	<u>1.1</u>
Community Corrections	\$ 19,535	\$ 20,191	\$ 20,191	\$ 0	0.0
Juvenile Programs	22,299	26,045	26,045	0	0.0
Public Health	5,576	5,601	5,585	(16)	(0.3)
Community and Nutrition Grants	2,092	2,351	2,351	0	0.0
Agricultural Conservation Districts	0	250	0	(250)	(100.0)
KPERS Policy Change	0	0	(145,349)	(145,349)	100.0
Legislative Claims	0	28	28	0	100.0
Disaster Relief	710	1,622	547	(1,075)	(66.3)
SGF TOTAL	<u>\$ 3,597,603</u>	<u>\$ 3,733,310</u>	<u>\$ 4,109,033</u>	<u>\$ 375,722</u>	<u>10.1 %</u>

Note: Totals may not add due to rounding.

SELECTED EDUCATION STATE AID FROM OTHER FUNDS
(Dollars in Thousands)

	Actual FY 2018	Gov. Est. FY 2019	Gov. Rec. FY 2020	Change	
				\$	%
20-Mill Local Property Tax \$	641,068	\$ 678,357	\$ 711,954	\$ 33,597	5.0 %
School District Finance Fund	55,447	56,000	56,000	0	0.0
State Highway Fund	107,250	45,000	0	(45,000)	(100.0)
Mineral Production Fund	7,197	9,233	11,100	1,867	20.2
Capital Improvement State Aid	189,764	203,151	215,000	11,849	5.8
KPERS - ELARF	39,883	40,084	41,633	1,549	3.9
CIF - Parents as Teachers	7,238	8,238	8,238	0	0.0
CIF - Pre-K Program	0	1,980	1,980	0	0.0
Extraordinary Declining Enrollment	2,488	0	0	0	--
State Safety Fund	1,465	1,622	1,592	(30)	(1.8)
School Safety and Security Grants	0	5,000	0	(5,000)	(100.0)
TOTAL	\$ 1,051,800	\$ 1,048,665	\$ 1,047,496	\$ (1,168)	(0.1)%

Note: Totals may not add due to rounding.

SELECTED NON-EDUCATION STATE AID FROM OTHER FUNDS
(Dollars in Thousands)

	Actual FY 2018	Gov. Est. FY 2019	Gov. Rec. FY 2020	Change	
				\$	%
KDOT - CCHF and County Equalization	\$ 152,619	\$ 155,428	\$ 155,847	\$ 420	0.3
KDOT - Aviation	4,925	5,000	5,000	0	0.0
Insurance - Firefighters Relief	13,413	13,500	13,500	0	0.0
Commerce - CDBG	12,926	8,677	8,677	0	0.0
Lottery - Expanded Lottery Aid to Locals	12,080	12,288	12,378	90	0.7
Corrections	3,217	5,099	5,097	(2)	(0.0)
KDOR - Oil and Gas Mineral Production	4,168	3,685	3,685	0	0.0
KDHE - Local Health Departments	4,686	4,709	4,709	0	0.0
KDHE Environmental Enforcement	8,371	2,423	2,476	54	2.2
Agriculture - SWPF Aid to Locals Districts	2,000	2,093	2,093	0	0.0
TOTAL	\$ 218,405	\$ 212,900	\$ 213,462	\$ 562	0.3 %

Note: Totals may not add due to rounding.

INCREASE IN STATE GENERAL FUND EXPENDITURES
Governor's Recommendation
FY 2019 - FY 2020

	Amount (Millions)	Percent of Total Increase
K-12 Inflation Adjustment	\$ 104.5	23.7 %
K-12 Consensus KPERS Adjustment	61.4	13.9
K-12 School finance adjustments	89.3	20.3
K-12 Information Superhighway	1.0	0.2
K-12 Transportation Weighting	45.0	10.2
KPERS School Layering Payment	213.4	48.5
Regents Allotments Restoration	8.9	2.0
Global Food Systems Research	4.0	0.9
Children's Health Insurance (CHIP)	12.4	2.8
PACE Rate Increase	3.1	0.7
Medicaid Expansion	14.2	3.2
State Hospital Revenue Shortfall	5.8	1.3
Children and Families Initiatives	13.2	3.0
Sentencing Commission - HB 2458	1.2	0.3
Corrections Medical Contract	2.6	0.6
KPERS Reamortization	(145.3)	(33.0)
State Employee Pay Plan	22.3	5.1
All Other Adjustments	(16.8)	(3.8)
Total Increase	\$ 440.2	

DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local *Ad Valorem* Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (CCRSF), and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these demand transfers to revenue transfers, these funds were no longer considered State General Fund expenditures and thus, no longer subject to the State General Fund ending balance law. In FY 2003, the Governor recommended changing the State Water Plan Fund and the School District Capital Improvements Fund to revenue transfers as well. Since FY 2004, the remaining demand transfers, with the exception of the School District Capital Outlay Fund, are also treated as revenue transfers. The only transfers recommended in FY 2019 are the School District Capital Improvement Fund (\$203.2 million) and the Regents Faculty of Distinction (\$686,682) and for FY 2020 are the School District Capital Improvement Fund (\$215.0 million) and the Regents Faculty of Distinction (\$1,672,293).

**FY 2020 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND
TO OTHER STATE FUNDS
(Dollars in Thousands)**

	FY 2020		
	No Law Change	Governor's Proposed	Difference
School District Capital Improvement Fund	\$ 215,000	\$ 215,000	\$ 0
School District Capital Outlay	67,750	67,750	
Regents Faculty of Distinction	1,672	1,672	0
TOTAL	\$ 284,422	\$ 284,422	\$ 0

Status of the State General Fund

The Governor's recommendations for FY 2019 and FY 2020 would result in an ending balance of \$678.0 million at the end of FY 2019 and \$686.0 million at the end of FY 2020. Recommended receipts for FY 2019 and FY 2020 are equal to the consensus revenue estimates with the exception of certain transfers, adjustments, and revenue proposals recommended by the Governor, which decrease projected State General Fund receipts by \$267.6 million in FY 2019 and increase projections by \$302.9 million for FY 2020.

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

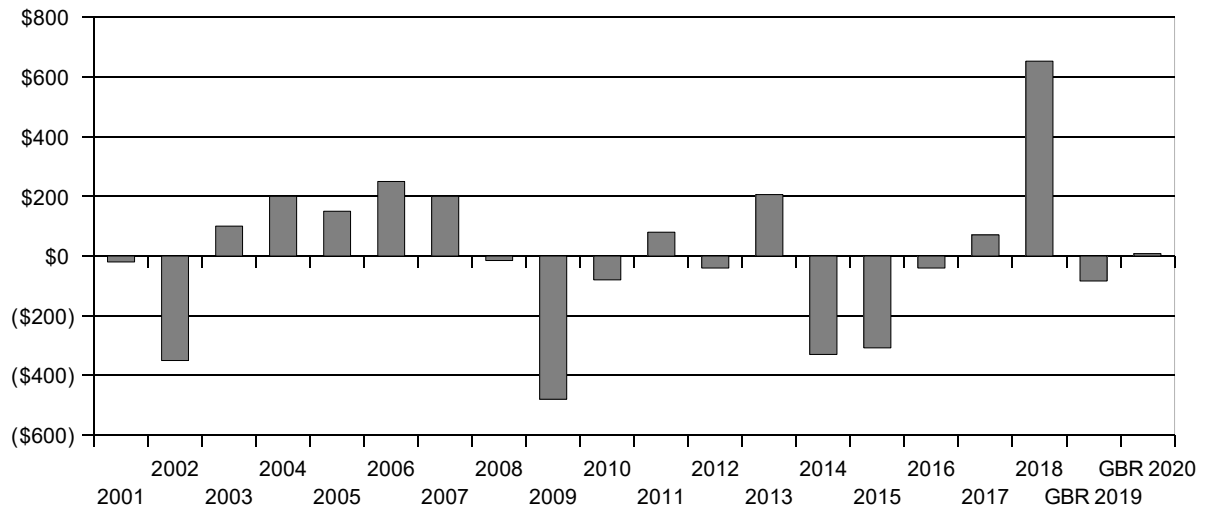
- Use additional State General Fund tax receipt revenue to repay the Pooled Money Investment Board (PMIB) loan in FY 2019, eliminating transfers in future fiscal years; and
- Reduce the transfer from the State Highway Fund to the State General Fund in FY 2020 by \$55.0 million.

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

	Actual FY 2018	Gov. Rec. FY 2019	Change	Gov. Rec. FY 2020	Change
Beginning Unencumbered Cash	\$ 108.5	\$ 761.7	\$ 653.2	\$ 678.0	\$ (83.7)
Receipts	7,302.3	7,309.7	7.4	7,271.3	(38.4)
Gov. Rec. Adjustments	0.0	(267.6)	(267.6)	302.9	570.5
Adjusted Receipts	7,302.3	7,042.1	(260.2)	7,574.2	532.1
<i>Total Resources</i>	<i>\$ 14,713.1</i>	<i>\$ 7,803.8</i>	<i>\$ (6,909.3)</i>	<i>\$ 8,252.2</i>	<i>\$ 448.4</i>
Less: Expenditures	6,649.1	7,125.9	476.8	7,566.1	440.2
Ending Unencumbered Cash Balance	\$ 8,064.0	\$ 678.0	\$ (7,386.0)	\$ 686.0	\$ 8.0
Ending Balance as a Percentage of Expenditures	1.2 %	0.1 %	(15.5) %	0.1 %	
Adj. Receipts in Excess of Expenditures	\$ 653.2	\$ (83.8)	\$	\$ 8.1	\$

Note: Totals may not add due to rounding.

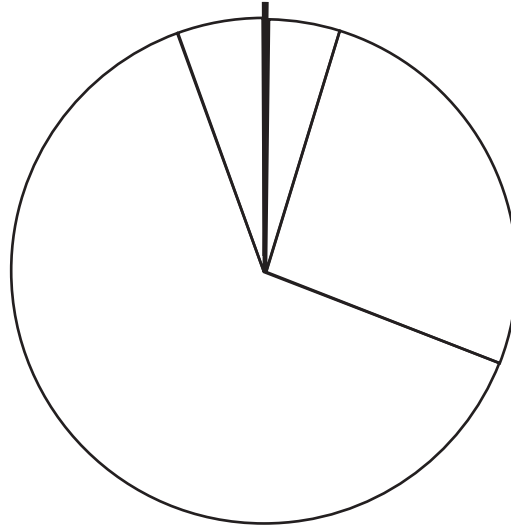
**RECEIPTS IN EXCESS OF EXPENDITURES
GOVERNOR'S RECOMMENDATION – STATE GENERAL FUND
(Dollars in Millions)**



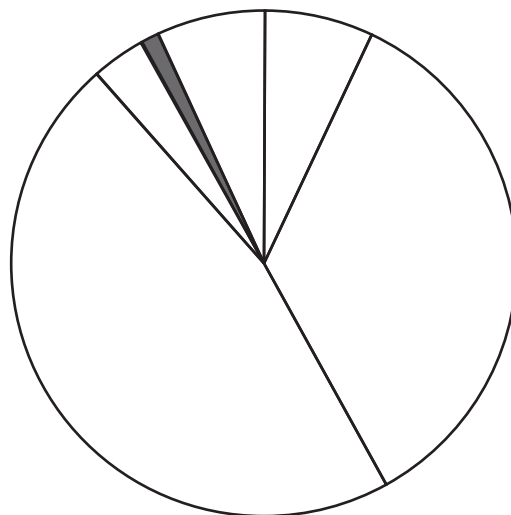
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AGRICULTURE AND NATURAL RESOURCES

State General Fund



All Funds



Agriculture and Natural Resources protects and regulates the natural and physical resources of the state. The analysis for the Kansas Department of Health and Environment (KDHE)–Division of Environment can be found included with the KDHE–Division of Health and Health Care Finance in the Human Services section of this publication.

The Governor's FY 2020 recommendation for the Agriculture and Natural Resources function of government totals \$222.8 million from all funding sources, including \$15.8 million from the State General Fund.

Agencies in this Function:		
<i>Department of Agriculture.....</i>	<i>23</i>	The FY 2020 recommendation represents a State General Fund decrease of 2.6 percent, or \$420,619, below FY 2019. Expenditures from all funds decrease 0.4 percent, or \$957,431, below the FY 2019 recommendation.
<i>Department of Wildlife, Parks and Tourism.....</i>	<i>53</i>	
<i>Kansas Water Office.....</i>	<i>83</i>	
<i>Kansas State Fair.....</i>	<i>101</i>	

A total of 1,275.0 FTE positions are recommended by the Governor for the Agriculture and Natural Resources function for FY 2020, which is unchanged from FY 2019. Of all state FTE positions, 3.1 percent are in this function.

Agencies in this function comprise 0.2 percent of the total State General Fund budget for FY 2020, down from less than 0.1 percent, from FY 2019. They comprise 1.2 percent of expenditures of all funding sources for FY 2020, down from 1.3 percent in FY 2019.

DEPARTMENT OF AGRICULTURE

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 9,202,853	\$ 9,956,098	\$ 9,856,098	\$ 10,689,698	\$ 9,606,098
Other Funds	35,017,634	43,653,941	43,653,941	41,070,336	39,920,336
<i>Subtotal</i>	<i>\$ 44,220,487</i>	<i>\$ 53,610,039</i>	<i>\$ 53,510,039</i>	<i>\$ 51,760,034</i>	<i>\$ 49,526,434</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>\$ 44,220,487</u>	<u>\$ 53,610,039</u>	<u>\$ 53,510,039</u>	<u>\$ 51,760,034</u>	<u>\$ 49,526,434</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(3.0) %	8.2 %	7.1 %	7.4 %	(2.5) %
All Funds	(2.2)	21.2	21.0	(3.5)	(7.4)
FTE Positions	329.1	334.5	334.5	334.5	334.5

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 Agriculture is responsible for implementing food safety, consumer and environmental protection, and water resource allocation programs. This includes the assurance of a safe meat, milk, and egg supply; safety of the food supply through inspection at food processing and retail establishments; the responsible and judicious use of pesticides and nutrients; the protection of Kansas' natural and cultivated plants; the integrity of weighing and measuring devices in commerce; and that the waters of Kansas are put to beneficial use. The agency consists of 15 programs under six main categories: Administration; Agribusiness Services (Meat and Poultry, Food Safety, Dairy and ACAP, Weights and Measures, Grain Warehouse, Agricultural Laboratories, Plant Protection and Seed, Pesticide and Fertilizer); Water Resources (Water Management, Water Appropriations, Water Structures); Animal Health; Conservation; and Agriculture Marketing. The Secretary of Agriculture is a gubernatorial appointee and serves as head of the agency.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** transferred the Food Service Inspection program, including regulation of food service establishments (restaurants) and lodging, from the Kansas

Department of Health and Environment (KDHE) to the Department of Agriculture. The transfer included \$1,811,893, including \$184,962 from the State General Fund, and 38.0 FTE positions from KDHE budget to the Department of Agriculture budget. In addition, the 2008 Legislature requested an audit be conducted on the feasibility of combining several state agencies. The resulting performance audit report was entitled "Agricultural-Related Agencies: A K-GOAL Audit Determining Whether Cost Savings Could Be Achieved By Making the Animal Health Department and the Conservation Commission Part of the Department of Agriculture."

The **2010 Legislature** deleted \$233,797, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011, and added \$29,000, all from the State General Fund, to continue agricultural land valuations performed by the Agricultural Statistics program for FY 2011. The same amount was deleted from the Department of Revenue's FY 2011 budget. This amount fully funded the land valuations for FY 2011.

The **2010 Legislature** also added \$75,000, all from the Economic Development Initiatives Fund, for Grain Warehouse Inspection program expenditures for FY 2011, and added language for FY 2011 that allowed the agency to reappropriate. The Legislature also added language establishing a new fund called the "Lodging Fee Fund" with a no limit expenditure limitation and added language stating expenditures may be made from the Fund for Lodging Inspection program expenditures.

The **2011 Legislature** approved Executive Reorganization Order No. 40, which transferred the Agriculture Products Development Division within the Department of Commerce to the Department of Agriculture and renamed it the Marketing and Promotions program, consolidated the Kansas Animal Health Department and the Livestock Commissioner within the Department of Agriculture as the Animal Health Division, and consolidated the State Conservation Commission within the Department of Agriculture as the Conservation Division.

The **2011 Legislature** also added \$1.0 million, all from special revenue funds, for replacement vehicles, grain warehouse inspections, the Conservation Reserve Enhancement program, streamgage monitoring, livestock market reporting, non-point source pollution, aid to conservation districts, the Compliance Education Fee Fund, and feral swine eradication. Those increases were partially offset by reductions totaling \$826,891, including \$227,025 from the State General Fund, for the Water Supply Restoration program, self-funded longevity bonus payments, office supplies, cell phone expenditures, a 5.0 percent information technology reduction, an administration activities reduction, a death and disability contribution moratorium, and an across-the-board reduction.

The **2012 Legislature** added \$468,983 and 6.0 FTE positions to restore funding and positions that were deleted for savings from the Voluntary Retirement Incentive Program for FY 2013. The 2012 Legislature also approved the addition of \$465,907, all from special revenue funds, and restored 3.0 FTE positions deleted by the Governor to the Division of Water Resources for FY 2013 to assist in the processing of water appropriation applications. The approved budget also shifted \$672,281, all from the State Water Plan Fund, from water rights purchased to the Water Transition Assistance program and Conservation Enhancement program for FY 2013.

The **2013 Legislature** added language to allow the agency to transfer funds between line items in the State Water Plan Fund appropriation with approval from the State Finance Council for FY 2014 and FY 2015.

The **2014 Legislature** added \$321,114, all from the Veterinary Examiners Fee Fund, and 4.0 FTE positions to consolidate the Board of Veterinary Examiners into the agency in accordance with 2014 SB 278 for FY 2015.

The **2014 Legislature** also added \$210,000, including \$160,000 from the State General Fund and \$50,000 from the State Water Plan Fund, to fund wheat genetics research at the Kansas Wheat Innovation Center, and directed the agency to utilize State Water Plan Fund moneys for expenditures other than salaries and wages for FY 2015.

The **2014 Legislature** also deleted \$160,000, all from the State General Fund, for supplemental funding for the Weights and Measures program for FY 2015 and \$50,000, all from the State Water Plan Fund, for streambank stabilization projects for FY 2015.

The **2015 Legislature** added language requiring the Department of Agriculture to submit a zero base budget request for use as a pilot program for the budget process.

The **2015 Legislature** also added \$500,000, all from the Economic Development Initiatives Fund, for the Agriculture Marketing program for FY 2017. The Legislature also deleted the funding for and language authorizing the Conservation Reserve Enhancement Program for FY 2017.

The **2016 Legislature** authorized the Conservation Reserve Enhancement Program for FY 2017, funded by carry-forward expenditures from the State Water Plan Fund. Additionally, the temporary merger between the Kansas Department of Agriculture and the Board of Veterinary Examiners expired, and the Board became a separate agency again, effective FY 2017.

The **2016 Legislature** also added language authorizing the Conservation Reserve Enhancement Program and authorizing the use of State Water Plan Fund reappropriations to fund the program for FY 2017.

Additionally, the **Governor's May 2016 allotment** deleted \$395,775, all from the State General Fund, for FY 2017.

The **2017 Legislature** added \$60,000, all from special revenue funds, for the acquisition of a Quattro Micro Analyzer and a Bentley Somatic Cell Counter for FY 2018 and FY 2019.

The **2018 Legislature** added \$250,000, all from the State General Fund, for an animal traceability pilot project for FY 2019 and added \$77,868, all from the State General Fund, for an animal facilities inspector for FY 2019.

The **2018 Legislature** also added \$850,000, all from the State Water Plan Fund, for water-related projects, including sorghum (\$150,000) and hemp (\$100,000) crop research, streambank stabilization (\$500,000), and irrigation technology adoption (\$100,000) for FY 2019.

Additionally, the **2018 Legislature** enacted SB 63, which creates the Alternative Crop Research Act and authorizes the growth, processing, and distribution of industrial hemp for research purposes.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates FY 2019 revised expenditures of \$53.6 million, including \$10.0 million from the State General Fund. This is an all funds increase of \$5.0 million, or 10.4 percent, and a State General Fund increase of \$100,000, or 1.0 percent, above the FY 2019 approved amount. The increases reflect adjustments for architects and engineers for water-related projects, animal health livestock market payments, and water resource and non-point source cost-share payments to land owners. The revised estimate includes reappropriations of \$1.1 million from the State Water Plan Fund.

The revised estimate includes 334.5 FTE positions, which is a decrease of 28.5 FTE positions below the FY 2019 approved amount. The agency indicates it reduced the number of FTE positions in order to more closely reflect the number of positions the agency uses as a result of consolidating positions and finding efficiencies.

The **Governor** recommends \$53.5 million, including \$10.0 million from the State General Fund, in FY 2019. This is a decrease of \$100,000, or 0.2 percent, all from the State General Fund, below the revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request.

FY 2020 – Budget Year. The **agency** requests FY 2020 expenditures of \$51.8 million, including \$10.7 million from the State General Fund. This is an all funds decrease of \$1.9 million, or 3.5 percent, and a State General Fund increase of \$733,600, or 7.4 percent, from the FY 2019 revised estimate. The decreases reflect adjustments for architects and engineers for water-related projects and assistance programs, partially offset by increases in salaries and wages. The State General Fund increase is due to the agency's enhancement requests.

The request includes 334.5 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$49.5 million, including \$9.6 million from the State General Fund, for FY 2020. This is an all funds decrease of \$2.2 million, or 4.3 percent, and a State General Fund decrease of \$1.1 million, or 10.1 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's enhancement requests.

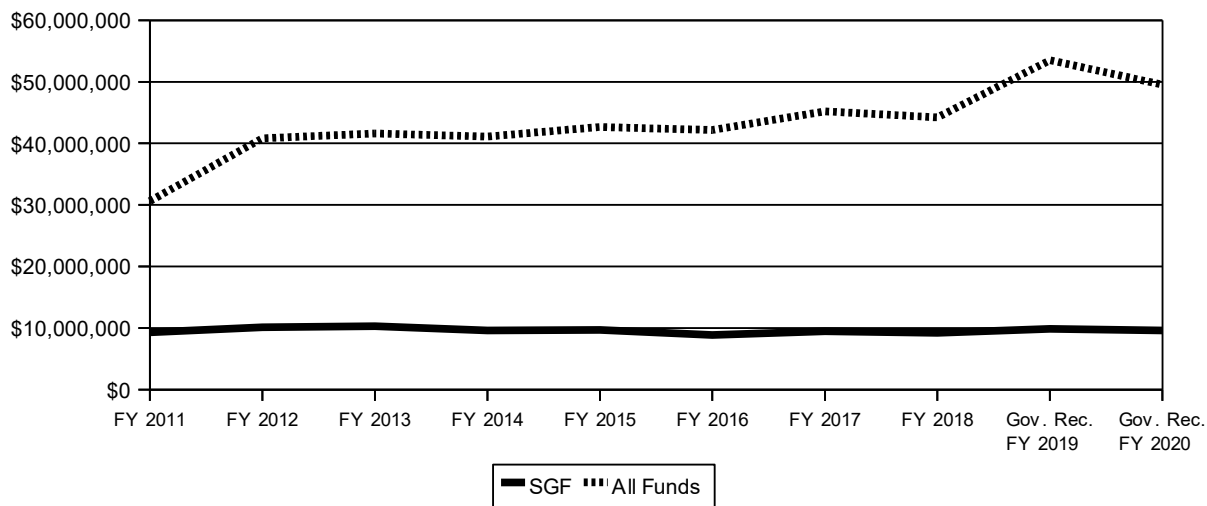
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of pet animal complaints responded to within five days	N/A	N/A	N/A	60.0 %	70.0 %	80.0 %
Percent of Kansas livestock markets inspected per six-month period	N/A	N/A	N/A	95.0 %	98.0 %	100.0 %
Percent of Kansas food establishments inspected annually	100.0 %	100.0 %	100.0 %	93.3 %	97.5 %	97.5 %
Percent of field inspections completed within established time frames	N/A	N/A	N/A	98.0 %	95.0 %	95.0 %
Percent of licensed warehouses inspected annually	N/A	N/A	N/A	73.0 %	90.0 %	100.0 %
Percent of available funds directed to soil health programs	N/A	N/A	N/A	100.0 %	95.0 %	95.0 %
Percent of total number of streambanks designated for protections completed	N/A	N/A	N/A	80.0 %	80.0 %	85.0 %
Annual percent growth in Kansas dairy industry	N/A	N/A	N/A	6.7 %	6.0 %	6.0 %
Percent of completed stream obstructions, levee, floodplains fill, and channel change permits processed within established time frame	N/A	N/A	N/A	80.0 %	100.0 %	100.0 %
Percent of completed dam permits processed within established time frame	N/A	N/A	N/A	76.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 42.2	\$ 45.2	\$ 50.3	\$ 44.2	\$ 53.5	\$ 49.5
FTE Positions	323.5	317.5	363.0	329.1	334.5	334.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 9,306,234	(5.0)%	\$ 30,611,208	15.7 %	389.0
2012	10,143,610	9.0	40,822,187	33.4	411.0
2013	10,309,478	1.6	41,602,901	1.9	354.7
2014	9,582,162	(7.1)	41,101,813	(1.2)	357.5
2015	9,693,976	1.2	42,664,762	3.8	319.5
2016	8,851,362	(8.7)	42,166,800	(1.2)	323.5
2017	9,487,162	7.2	45,205,556	7.2	317.5
2018	9,202,853	(3.0)	44,220,487	(2.2)	329.1
2019 Gov. Rec.	9,856,098	7.1	53,510,039	21.0	334.5
2020 Gov. Rec.	9,606,098	(2.5)	49,526,434	(7.4)	334.5
Ten-Year Change Dollars/Percent	\$ 299,864	3.2 %	\$ 18,915,226	61.8 %	(54.5)

Summary of Operating Budget FY 2018 - FY 2020

Department of Agriculture

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 6,170,340	\$ 7,156,612	\$ 6,926,332	\$ (230,280)	(3.2) %	\$ 7,056,612	\$ 6,426,332	\$ (630,280)	(8.9)%
Agribusiness Services	14,320,408	16,140,084	16,460,168	320,084	2.0	16,140,084	16,401,568	261,484	1.6
Water Resources	12,491,211	13,081,595	12,261,892	(819,703)	(6.3)	13,081,595	11,736,892	(1,344,703)	(10.3)
Conservation	6,217,088	11,572,756	10,066,074	(1,506,682)	(13.0)	11,572,756	9,166,074	(2,406,682)	(20.8)
Animal Health	2,596,647	2,934,658	2,989,582	54,924	1.9	2,934,658	2,989,582	54,924	1.9
Agricultural Marketing	2,424,793	2,724,334	3,055,986	331,652	12.2	2,724,334	2,805,986	81,652	3.0
TOTAL	\$ 44,220,487	\$ 53,610,039	\$ 51,760,034	\$ (1,850,005)	(3.5) %	\$ 53,510,039	\$ 49,526,434	\$ (3,983,605)	(7.4)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 22,026,050	\$ 23,753,143	\$ 25,540,965	\$ 1,787,822	7.5 %	\$ 23,753,143	\$ 25,015,965	\$ 1,262,822	5.3 %
Contractual Services	13,917,477	17,699,509	15,216,472	(2,483,037)	(14.0)	17,599,509	14,716,472	(2,883,037)	(16.4)
Commodities	703,600	910,519	787,381	(123,138)	(13.5)	910,519	787,381	(123,138)	(13.5)
Capital Outlay	1,018,415	1,152,737	931,447	(221,290)	(19.2)	1,152,737	872,847	(279,890)	(24.3)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 37,665,542	\$ 43,515,908	\$ 42,476,265	\$ (1,039,643)	(2.4) %	\$ 43,415,908	\$ 41,392,665	\$ (2,023,243)	(4.7) %
Aid to Local Units	2,000,000	2,342,637	2,742,637	400,000	17.1	2,342,637	2,092,637	(250,000)	(10.7)
Other Assistance	4,554,945	7,751,494	6,541,132	(1,210,362)	(15.6)	7,751,494	6,041,132	(1,710,362)	(22.1)
TOTAL	\$ 44,220,487	\$ 53,610,039	\$ 51,760,034	\$ (1,850,005)	(3.5) %	\$ 53,510,039	\$ 49,526,434	\$ (3,983,605)	(7.4)%
Financing:									
State General Fund	\$ 9,202,853	\$ 9,956,098	\$ 10,689,698	\$ 733,600	7.4 %	\$ 9,856,098	\$ 9,606,098	\$ (250,000)	(2.5)%
Economic Development Initiatives Fund	1,060,657	1,020,407	1,020,407	0	0.0	1,020,407	1,020,407	0	0.0
State Water Plan Fund	6,887,534	10,147,760	10,196,614	48,854	0.5	10,147,760	9,046,614	(1,101,146)	(10.9)
Federal Funds	11,182,163	12,651,296	10,408,832	(2,242,464)	(17.7)	12,651,296	10,408,832	(2,242,464)	(17.7)
All Other Funds	15,887,280	19,834,478	19,444,483	(389,995)	(2.0)	19,834,478	19,444,483	(389,995)	(2.0)
TOTAL	\$ 44,220,487	\$ 53,610,039	\$ 51,760,034	\$ (1,850,005)	(3.5) %	\$ 53,510,039	\$ 49,526,434	\$ (3,983,605)	(7.4)%

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$9,856,098 for the Department of Agriculture in FY 2019. No adjustments have been made subsequently 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	\$ 9,856,098	\$ 9,956,098	\$ 100,000	\$ 9,856,098	\$ 0
All Other Funds	38,705,701	43,653,941	4,948,240	43,653,941	4,948,240
TOTAL	\$ 48,561,799	\$ 53,610,039	\$ 5,048,240	\$ 53,510,039	\$ 4,948,240
FTE Positions	363.0	334.5	(28.5)	334.5	(28.5)

The **agency** estimates revised FY 2019 expenditures of \$53.6 million, including \$10.0 million from the State General Fund. This is an all funds increase of \$5.0 million, or 10.4 percent, and a State General Fund increase of \$100,000, or 1.0 percent, above the FY 2019 approved amount. This revised estimate includes \$1.1 million in reappropriations for the State Water Plan Fund. This all funds increase is due to increased expenditures on contractual services for the agency's supplemental request and other assistance, partially offset by decreased expenditures on salaries and wages. Major expenditures are detailed below:

- **Salaries and Wages.** The agency estimates FY 2019 revised salaries and wages expenditures of \$23.8 million, including \$8.1 million from the State General Fund. This is an all funds decrease of \$907,719, or 3.7 percent, and a State General Fund increase of \$94,514, or 1.2 percent, from the FY 2019 approved amount. The agency indicates the all funds decrease is due to the reorganization and consolidation of positions throughout the agency;
- **Contractual Services.** The agency estimates FY 2019 revised contractual services expenditures of \$17.7 million, including \$1.4 million from the State General Fund. This is an all funds increase of \$3.7 million, or 26.5 percent, and a State General Fund decrease of \$279,186, or 17.0 percent, from the FY 2019 approved amount. This all funds increase is due to increased expenditures on architects and engineers for water-related projects and animal health livestock market payments;
- **Commodities.** The agency estimates FY 2019 revised commodities expenditures of \$910,519, including \$147,643 from the State General Fund. This is an all funds decrease of \$19,800, or 2.1 percent, and a State General Fund

decrease of \$1,468, or 1.0 percent, below the FY 2019 approved amount. This decrease is mainly due to decreased expenditures on data processing supplies;

- **Capital Outlay.** The agency estimates FY 2019 revised capital outlay expenditures of \$1.2 million, including \$85,224 from the State General Fund. This is an all funds increase of \$11,421, or 1.0 percent, and a State General Fund increase of \$36,140, or 73.6 percent, above the FY 2019 approved amount. This increase is due to increased expenditures on vehicles and the agency's supplemental request, which is described in the following Supplemental Detail section;
- **Aid to Local Units of Government.** The agency estimates FY 2019 revised aid to local units of government expenditures of \$2.3 million, including \$250,000 from the State General Fund. This is an all funds increase of \$250,000, or 11.9 percent, all from the State General Fund, above the FY 2019 approved amount. This increase is due to increased expenditures on aid to local conservation districts; and
- **Other Assistance.** The agency estimates FY 2019 revised other assistance expenditures of \$7.8 million, all from special revenue funds. This is an increase of \$2.0 million, or 34.9 percent, above the FY 2019 approved amount. This increase is partially due to reappropriation of State Water Plan Fund moneys for water resource and non-point source cost-share payments to land owners.

The **Governor** recommends \$53.6 million, including \$10.0 million from the State General Fund, in FY 2019. This is a decrease of \$100,000, or 0.2 percent, all from the State General Fund, below the agency's revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
K-State IT Cloud	\$ 100,000	\$ 100,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests an FY 2019 supplemental of \$100,000, all from the State General Fund, to move the agency's data center to a cloud owned and managed by Kansas State University.

The **Governor** does not recommend the agency's FY 2019 supplemental request.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 51,760,034	\$ 49,526,434	\$	(2,233,600)
FTE Positions	334.5	334.5		0.0
Change from FY 2019:				
Dollar Change:				
State General Fund	\$ 733,600	\$ (250,000)		
All Other Funds	(2,583,605)	(3,733,605)		
TOTAL	<u>\$ (1,850,005)</u>	<u>\$ (3,983,605)</u>		
Percent Change:				
State General Fund	7.4 %	(2.5) %		
All Other Funds	(5.9)	(8.6)		
TOTAL	<u>(3.5) %</u>	<u>(7.4) %</u>		
Change in FTE Positions	0.0	0.0		

The **agency** requests FY 2020 expenditures of \$51.8 million, including \$10.7 million from the State General Fund. This is an all funds decrease of \$1.9 million, or 3.5 percent, and a State General Fund increase of \$733,600, or 7.4 percent, from the FY 2019 revised estimate. This all funds decrease is primarily due to decreased expenditures on contractual services and other assistance, partially offset by increases in salaries and wages and aid to local units of government. The increase in State General Fund expenditures is due to the agency's enhancement requests. Major expenditures are detailed below:

- Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$25.5 million, including \$8.8 million from the State General Fund. This is an all funds increase of \$1.8 million, or 7.5 percent, and a State General Fund increase of \$657,002, or 8.1 percent, above the FY 2019 revised estimate. This increase is primarily due to increased agency-wide expenditures on employer contributions to health insurance, KPERS, unclassified positions, and the agency's enhancement requests;
- Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$15.2 million, including \$1.5 million from the State General Fund. This is an all funds decrease of \$2.5 million, or 14.0 percent, and a State General Fund increase of \$108,591, or 7.9 percent, from the FY 2019 revised estimate. The decrease is largely due to decreased expenditures on architects and engineers in the Division of Water Resources and Conservation. The agency expects a portion of this decrease to be offset by future reappropriation of State Water Plan Fund moneys due to the timing of projects and payments to contractors. The increase in State General Fund expenditures is due to the agency's enhancement requests;

- **Commodities.** The agency requests FY 2020 commodities expenditures of \$787,381, including \$113,009 from the State General Fund. This is an all funds decrease of \$123,138, or 13.5 percent, and a State General Fund decrease of \$34,634, or 23.5 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures in the Agribusiness Services program, primarily on gasoline;
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$931,447, including \$87,865 from the State General Fund. This is an all funds decrease of \$221,290, or 19.2 percent, and a State General Fund increase of \$2,641, or 3.1 percent, from the FY 2019 revised estimate. This all funds decrease is due to decreased agency-wide expenditures on vehicles, software, and equipment;
- **Aid to Local Units of Government.** The agency requests FY 2020 aid to local units of government expenditures of \$2.7 million, including \$250,000 from the State General Fund. This is an all funds increase of \$400,000, or 17.1 percent, above the FY 2019 revised estimate. There is no change in the amount of State General Fund expenditures. This increase is due to increased expenditures on aid to conservation districts due to the agency's FY 2020 enhancement; and
- **Other Assistance.** The agency requests FY 2020 other assistance expenditures of \$6.5 million, all from special revenue funds. This is a decrease of \$1.2 million, or 15.6 percent, below the FY 2019 revised estimate. The decrease is due to decreased expenditures in the Administration and Conservation programs.

The **Governor** recommends \$49.5 million, including \$9.6 million from the State General Fund, for FY 2020. This is a decrease of \$2.2 million, or 4.3 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's enhancement requests.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
K-State IT Cloud	\$ 250,000	\$ 250,000	0.0	\$ 0	\$ 0	0.0
CattleTrace	250,000	250,000	0.0	0	0	0.0
Interstate Water Engineer	100,000	100,000	0.0	0	0	0.0
Water Structures Engineer	100,000	100,000	0.0	0	0	0.0
Lab Hemp Testing Equipment	58,600	58,600	0.0	0	0	0.0
Water Appropriations Program Operations	325,000	325,000	0.0	0	0	0.0
Conservation Best Management Practices	0	500,000	0.0	0	0	0.0
Conservation District Aid	0	400,000	0.0	0	0	0.0
Crop and Livestock Water Research	0	250,000	0.0	0	0	0.0
TOTAL	\$ 1,083,600	\$ 2,233,600	0.0	\$ 0	\$ 0	0.0

The **agency** requests eight enhancements totaling \$2.2 million, including \$1.1 million from the State General Fund, for FY 2020. These enhancements include:

- \$250,000, all from the State General Fund, to move the Department of Agriculture data center to a cloud owned and managed by Kansas State University. The agency states this partnership would continue the information technology (IT) partnership with Kansas State University that it developed when it moved to Manhattan in 2014;
- \$250,000, all from the State General Fund, to complete the CattleTrace (animal traceability) pilot project the 2018 Legislature funded for FY 2019. The project funding is matched by private and federal funds;
- \$100,000, all from the State General Fund, to fund a vacant 1.0 FTE position for an interstate water compact engineer;
- \$100,000, all from the State General Fund, to fund a vacant 1.0 FTE position for a water structures engineer;
- \$58,600, all from the State General Fund, for equipment for industrial hemp testing;
- \$325,000, all from the State General Fund, for operations of the water appropriations program. The agency states the funding would be revenue replacement for funds that had been diverted to the water conservation programs from other non-water divisions. The requested moneys would fund the

development of Local Environmental Management Areas (LEMAs) and Water Conservation Areas (WCAs);

- \$500,000, all from the State Water Plan Fund, to implement water conservation best management practices, including irrigation technology adoption;
- \$400,000, all from the State Water Plan Fund, for conservation district operations in the form of matches to county government funding; and
- \$250,000, all from the State Water Plan Fund, for crop and livestock research.

The **Governor** does not recommend the agency's FY 2020 enhancement requests.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$464,790, including \$150,933 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$18,676, including \$6,374 from the State General Fund, and FY 2020 longevity payments total \$19,285, including \$6,352 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

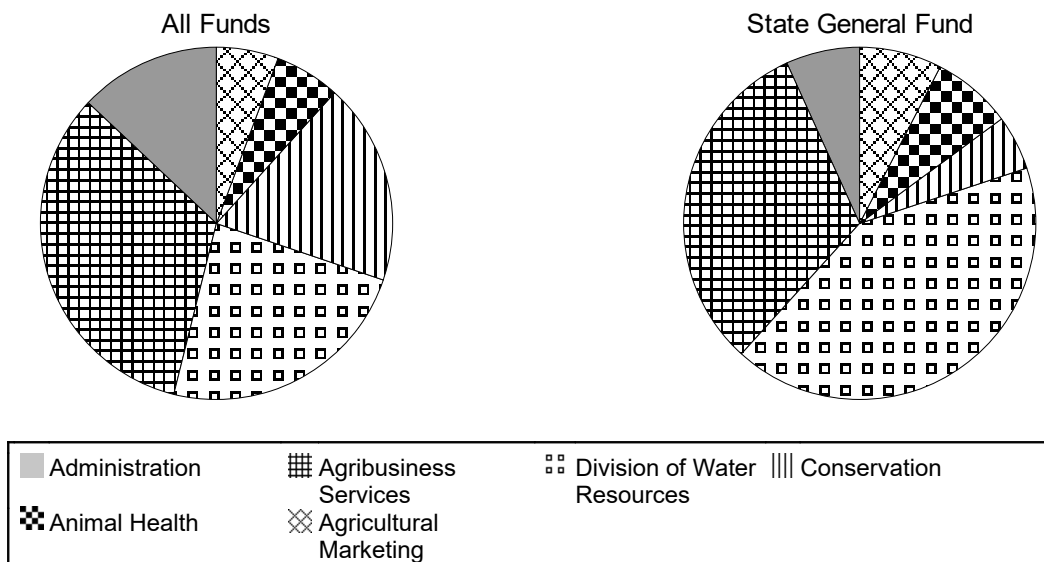
Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	20.7 %	19.4 %
Economic Development Initiatives Fund	2.0	2.1
State Water Plan Fund	19.7	18.3
Federal Funds	20.1	21.0
All Other Funds	37.6	39.3
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 6,426,332	13.0 %	\$ 652,051	6.8 %
Agribusiness Services	16,401,568	33.1	3,026,748	31.5
Division of Water Resources	11,736,892	23.7	4,014,600	41.8
Conservation	9,166,074	18.5	483,000	5.0
Animal Health	2,989,582	6.0	703,300	7.3
Agricultural Marketing	2,805,986	5.7	726,399	7.6
TOTAL	\$ 49,526,434	100.0 %	\$ 9,606,098	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	35.4	35.4	35.4	35.4	35.4
Agribusiness Services	183.5	186.3	186.3	185.3	185.3
Water Resources	70.8	71.8	71.8	72.8	72.8
Conservation	9.0	9.0	9.0	9.0	9.0
Animal Health	17.5	19.1	19.1	19.1	19.1
Agriculture Marketing	13.0	13.1	13.1	13.1	13.1
TOTAL	329.1	334.5	334.5	334.5	334.5
<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. Administration

The Administration program provides the general policy, outreach, coordination, and management functions for the agency.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.3	\$ 7.5	\$ 6.5	\$ 6.2	\$ 7.1	\$ 6.4
FTE Positions	51.0	35.5	43.4	35.4	35.4	35.4

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 3,065,619	\$ 3,137,232	\$ 3,137,232	\$ 3,258,549	\$ 3,258,549
Contractual Services	1,604,089	1,727,780	1,627,780	1,838,183	1,588,183
Commodities	72,039	73,600	73,600	73,600	73,600
Capital Outlay	393,592	236,000	236,000	206,000	206,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,135,339</i>	<i>\$ 5,174,612</i>	<i>\$ 5,074,612</i>	<i>\$ 5,376,332</i>	<i>\$ 5,126,332</i>
Aid to Local Units	0	250,000	250,000	250,000	0
Other Assistance	1,035,001	1,732,000	1,732,000	1,300,000	1,300,000
TOTAL	<u>\$ 6,170,340</u>	<u>\$ 7,156,612</u>	<u>\$ 7,056,612</u>	<u>\$ 6,926,332</u>	<u>\$ 6,426,332</u>
Financing:					
State General Fund	\$ 488,034	\$ 989,488	\$ 889,488	\$ 1,152,051	\$ 652,051
All Other Funds	5,682,306	6,167,124	6,167,124	5,774,281	5,774,281
TOTAL	<u>\$ 6,170,340</u>	<u>\$ 7,156,612</u>	<u>\$ 7,056,612</u>	<u>\$ 6,926,332</u>	<u>\$ 6,426,332</u>
FTE Positions	35.4	35.4	35.4	35.4	35.4

The **agency** requests FY 2020 expenditures of \$6.9 million, including \$1.2 million from the State General Fund, for the Administration program. This is an all funds decrease of \$230,280, or 3.2 percent, and a State General Fund increase of \$162,563, or 16.4 percent, from the FY 2019 revised estimate. The decrease is due to decreased expenditures on capital outlay and other assistance, partially offset by increased expenditures on salaries and wages and contractual services. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$3.3 million, including \$642,051 from the State General Fund. This is an all funds increase of \$121,317, or 3.9 percent, and a State General Fund increase of \$12,563, or 2.0 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on employer contributions to group health insurance and KPERS, as well as on unclassified salaries;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$1.8 million, including \$260,000 from the State General Fund. This is an all funds increase of \$110,403, or 6.4 percent, and a State General Fund increase of \$150,000, or 136.4 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on computer programming and building space rental;
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$206,000, all from special revenue funds. This is a decrease of \$30,000, or 12.7 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on office equipment, partially offset by increased expenditures on passenger cars; and

- **Other Assistance.** The agency requests FY 2020 expenditures of \$1.3 million, all from special revenue funds. This is a decrease of \$432,000, or 24.9 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on federal aid to qualified non-state entities.

The **Governor** recommends \$6.4 million, including \$652,051 from the State General Fund, for FY 2020. This is a decrease of \$500,000, or 7.2 percent, all from the State General Fund, below the agency's FY 2019 revised estimate. The decrease is due to the Governor not recommending the agency's two enhancement requests for funding for a data cloud and for the CattleTrace pilot project.

B. Agribusiness Services

Agribusiness Services consists of the Meat and Poultry, Food Safety, Dairy and Feed Safety, Weights and Measures, Grain Warehouse, Agricultural Laboratories, Plant Protection and Seed, and Pesticide and Fertilizer programs.

The Meat and Poultry program conducts inspections to ensure safe and wholesome meat and poultry products and to detect and eliminate those items that pose a health threat, are mislabeled, or serve as a source of economic fraud to the consumer. The Food Safety program conducts food safety inspections of food establishments, food processors, and lodging establishments. The Dairy and Feed Safety program regulates the milk production, transportation, processing, and distribution industry in Kansas. The Weights and Measures program is responsible for ensuring devices involving weight, measurement, or price scanning in commerce are accurate. The Grain Warehouse program ensures depositors of grain in public warehouses are protected from fraud. The Agricultural Laboratories program provides sample analysis in order to enforce the regulatory functions of the agency. The Plant Protection and Seed program protects the state's natural and cultivated plant resources from pests, diseases, and weeds. The Pesticide and Fertilizer program regulates pesticide and fertilizer products and chemical applicators.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of Kansas food establishments inspected annually	100.0 %	100.0 %	100.0 %	93.3 %	97.5 %	97.5 %
Percent of field inspections completed within established time frames	N/A	N/A	N/A	98.0 %	95.0 %	95.0 %
Percent of licensed warehouses inspected annually	N/A	N/A	N/A	73.0 %	90.0 %	100.0 %
Percent of official inventory improvements completed	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Percent in compliance with FDA guidelines and national standards	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Percent sampling of RTE products according to established goals	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Percent sampling of raw meat products according to established goals	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of corrective action completed on issued rejection notices	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Percent of licensees whose paperwork is reviewed annually	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Percent of laboratory staff completing proficiency testing	N/A	N/A	N/A	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.4	\$ 14.2	\$ 15.1	\$ 14.3	\$ 16.1	\$ 16.4
FTE Positions	165.0	174.0	193.4	183.5	186.3	185.3

AGRIBUSINESS SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 10,718,370	\$ 11,714,639	\$ 11,714,639	\$ 12,415,398	\$ 12,415,398
Contractual Services	2,480,442	2,732,320	2,732,320	2,642,586	2,642,586
Commodities	527,020	710,238	710,238	585,797	585,797
Capital Outlay	594,441	819,387	819,387	652,887	594,287
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 14,320,273</i>	<i>\$ 15,976,584</i>	<i>\$ 15,976,584</i>	<i>\$ 16,296,668</i>	<i>\$ 16,238,068</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	135	163,500	163,500	163,500	163,500
TOTAL	\$ 14,320,408	\$ 16,140,084	\$ 16,140,084	\$ 16,460,168	\$ 16,401,568
Financing:					
State General Fund	\$ 2,945,289	\$ 3,039,311	\$ 3,039,311	\$ 3,085,348	\$ 3,026,748
All Other Funds	11,375,119	13,100,773	13,100,773	13,374,820	13,374,820
TOTAL	\$ 14,320,408	\$ 16,140,084	\$ 16,140,084	\$ 16,460,168	\$ 16,401,568
FTE Positions	183.5	186.3	186.3	185.3	185.3

The **agency** requests FY 2020 expenditures for Agribusiness Services of \$16.5 million, including \$3.1 million from the State General Fund. This is an all funds increase of \$320,084, or 2.0 percent, and a State General Fund increase of \$46,037, or 1.5 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on salaries and

wages, partially offset by decreased expenditures on contractual services, commodities, and capital outlay. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$12.4 million, including \$2.7 million from the State General Fund. This is an all funds increase of \$700,759, or 6.0 percent, and a State General Fund increase of \$83,110, or 3.2 percent, above the FY 2019 revised estimate. This increase is mainly due to increased expenditures on unclassified salaries, employer contributions to KPERS, and the filling of vacant positions (reduction of shrinkage rate);
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$2.6 million, including \$251,718 from the State General Fund. This is an all funds decrease of \$89,734, or 3.3 percent, and a State General Fund decrease of \$5,079, or 2.0 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures in the meat and poultry, weights and measures, pesticide and fertilizer, and plant protection and weed control departments, partially offset by increased expenditures in the food safety, grain warehouse, agricultural laboratories, and dairy and feed safety departments;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$585,797, including \$109,758 from the State General Fund. This is an all funds decrease of \$124,441, or 17.5 percent, and a State General Fund decrease of \$34,635, or 24.0 percent, below the FY 2019 revised estimate. This decrease is primarily due to decreased expenditures on gasoline; and
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$652,887, including \$61,745 from the State General Fund. This is an all funds decrease of \$166,500, or 20.3 percent, and a State General Fund increase of \$2,641, or 4.5 percent, from the FY 2019 revised estimate. This decrease is due to decreased expenditures in the food safety, weights and measures, grain warehouse, pesticide and fertilizer, dairy and feed safety, and plant protection and weed control departments.

Details on requested FY 2020 expenditures in individual programs within Agribusiness Services are provided below:

- **Meat and Poultry.** The agency requests FY 2020 expenditures for the Meat and Poultry program of \$3.1 million, including \$1.5 million from the State General Fund. This is an all funds increase of \$88,407, or 2.9 percent, and a State General Fund decrease of \$12,562, or 0.8 percent, from the FY 2019 revised estimate. This all funds increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS;
- **Food Safety.** The agency requests FY 2020 expenditures for the Food Safety program of \$4.6 million, all from special revenue funds. This is an increase of \$169,768, or 3.8 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS and group health insurance, as well as contractual services, including meals and lodging;

- **Dairy and Feed Safety.** The agency requests FY 2020 expenditures for the Dairy and Feed Safety program of \$1.6 million, including \$18,200 from the State General Fund. This is an all funds increase of \$45,835, or 3.0 percent, with no change in the State General Fund amount, from the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS, and contractual services, including meals and lodging;
- **Weights and Measures.** The agency requests FY 2020 expenditures for the Weights and Measures program of \$1.6 million, including \$714,900 from the State General Fund. This is an all funds decrease of \$83,419, or 5.0 percent, and a State General Fund decrease of \$1, or less than 1.0 percent, below the FY 2019 revised estimate. The decrease is due to decreased expenditures on contractual services, including laboratory fees and repair and servicing; commodities, including fuel and gasoline; and capital outlay, including professional and scientific equipment;
- **Grain Warehouse.** The agency requests FY 2020 expenditures for the Grain Warehouse program of \$509,889, including \$142,100 from the State General Fund. This is an all funds increase of \$40,407, or 8.6 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions, the filling of vacant positions (reduction of shrinkage rate), and employer contributions to KPERS, and contractual services, including computer programming. The decrease is partially offset by decreased expenditures to commodities on gasoline and to capital outlay on passenger cars;
- **Agricultural Laboratories.** The agency requests FY 2020 expenditures for the Agricultural Laboratories program of \$1.9 million, including \$254,800 from the State General Fund. This is an all funds increase of \$74,729, or 4.1 percent, and a State General Fund increase of \$58,600, or 29.9 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS; contractual services, including electricity and repair and servicing; and capital outlay on professional and scientific equipment;
- **Plant Protection and Seed.** The agency requests FY 2020 expenditures for the Plant Protection and Seed program of \$1.3 million, including \$447,200 from the State General Fund. This is an all funds increase of \$11,752, or 0.9 percent, with no change in the State General Fund amount, from the FY 2019 revised estimate. The increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS, group health insurance, and Medicare; and
- **Pesticide and Fertilizer.** The agency requests FY 2020 expenditures for the Pesticide and Fertilizer program of \$1.8 million, all from special revenue funds. This is a decrease of \$27,395, or 1.5 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on contractual services, including credit card fees and charges, computer software maintenance, and other professional fees, and capital outlay, including trucks. The decrease is partially offset by increased expenditures on salaries and wages

on unclassified position, the filling of vacant positions (reduction of shrinkage rate), and employer contributions to fringe benefits.

The **Governor** recommends \$16.4 million, including \$3.0 million from the State General Fund, for FY 2020. This is a decrease of \$58,600, all from the State General Fund, or 0.4 percent, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's enhancement request for a mass spectrometer in the Agricultural Laboratory subprogram.

C. Animal Health

The Animal Health program ensures the public health, safety, and welfare of Kansas' citizens and enhances the economic viability of the state's livestock production through livestock identification, animal health planning and preparedness, disease prevention, and control and eradication of infectious and contagious livestock and domestic animal disease in Kansas. The program also regulates facilities that produce, sell, board, train, rescue, offer for adoption, or harbor companion animals and enforces the laws governing such facilities. The program directs a Brand Registration and Inspection program, identifies ownership of lost or stolen livestock, informs the public of the status of the health of livestock in the state, and promotes understanding and gains public assistance in achieving this mission. The Animal Health program was transferred to the Department of Agriculture in FY 2012 as part of Executive Reorganization Order No. 40.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of animal complaints responded to within five days	N/A	N/A	N/A	60.0 %	70.0 %	80.0 %
Percent of Kansas livestock markets inspected per six-month period	N/A	N/A	N/A	95.0 %	98.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.1	\$ 2.5	\$ 2.6	\$ 2.6	\$ 2.9	\$ 3.0
FTE Positions	17.5	17.5	20.3	17.5	19.1	19.1

ANIMAL HEALTH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,364,660	\$ 1,531,127	\$ 1,531,127	\$ 1,610,898	\$ 1,610,898
Contractual Services	1,202,400	1,308,049	1,308,049	1,311,793	1,311,793
Commodities	28,673	41,892	41,892	41,091	41,091
Capital Outlay	914	53,590	53,590	25,800	25,800
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,596,647</i>	<i>\$ 2,934,658</i>	<i>\$ 2,934,658</i>	<i>\$ 2,989,582</i>	<i>\$ 2,989,582</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,596,647</u>	<u>\$ 2,934,658</u>	<u>\$ 2,934,658</u>	<u>\$ 2,989,582</u>	<u>\$ 2,989,582</u>
Financing:					
State General Fund	\$ 615,600	\$ 703,300	\$ 703,300	\$ 703,300	\$ 703,300
All Other Funds	1,981,047	2,231,358	2,231,358	2,286,282	2,286,282
TOTAL	<u>\$ 2,596,647</u>	<u>\$ 2,934,658</u>	<u>\$ 2,934,658</u>	<u>\$ 2,989,582</u>	<u>\$ 2,989,582</u>
FTE Positions	17.5	19.1	19.1	19.1	19.1

The **agency** requests FY 2020 expenditures for the Animal Health program of \$3.0 million, including \$703,300 from the State General Fund. This is an all funds increase of \$54,924, or 1.9 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. This increase is due to increases in salaries and wages, partially offset by decreases in capital outlay. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$1.6 million, including \$528,300 from the State General Fund. This is an all funds increase of \$79,771, or 5.2 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. The increase is due to increased expenditures on the filling of vacant positions (reduction of shrinkage rate), employer contributions to KPERS, and unclassified positions;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$1.3 million, including \$175,000 from the State General Fund. This is an all funds increase of \$3,744, or 0.3 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. This all funds increase is due to increased expenditures on computer programming and building rent, partially offset by decreased expenditures on vehicle repairs and lecturers;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$41,091, all from special revenue funds. This is a decrease of \$801, or 1.9 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on professional scientific supplies; and
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$25,800, all from special revenue funds. This is a decrease of \$27,790, or 51.9

percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on trucks.

The **Governor** concurs with the agency's FY 2020 request.

D. Conservation

Prior to FY 2012, the State Conservation Commission was a separate agency that was established in 1937 to promote soil and water conservation. The mission of the Commission was to administer conservation programs designed to enable local entities and individuals to protect and enhance Kansas' natural resources. The Conservation program operates eight subprograms, including: Aid to Conservation Districts, Watershed Dam Construction, Water Resource Cost-Share, Water Supply Restoration, Non-point Source Pollution, Riparian and Wetland Protection, Land Reclamation, and Water Quality Buffer Initiatives. The Conservation program was transferred to the Kansas Department of Agriculture as part of Executive Reorganization Order No. 40.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of available funds directed to soil health programs	N/A	N/A	N/A	100.0 %	95.0 %	95.0 %
Percent of total number of streambanks designated for protection completed	N/A	N/A	N/A	80.0 %	80.0 %	85.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.6	\$ 8.6	\$ 8.4	\$ 6.2	\$ 11.6	\$ 9.2
FTE Positions	9.0	9.0	10.0	9.0	9.0	9.0

CONSERVATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 744,734	\$ 793,844	\$ 793,844	\$ 822,205	\$ 822,205
Contractual Services	332,459	3,112,024	3,112,024	1,999,227	1,999,227
Commodities	6,913	8,050	8,050	10,151	10,151
Capital Outlay	4,137	500	500	500	500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,088,243	\$ 3,914,418	\$ 3,914,418	\$ 2,832,083	\$ 2,832,083
Aid to Local Units	2,000,000	2,092,637	2,092,637	2,492,637	2,092,637
Other Assistance	3,128,845	5,565,701	5,565,701	4,741,354	4,241,354
TOTAL	\$ 6,217,088	\$ 11,572,756	\$ 11,572,756	\$ 10,066,074	\$ 9,166,074
Financing:					
State General Fund	\$ 480,800	\$ 483,000	\$ 483,000	\$ 483,000	\$ 483,000
All Other Funds	5,736,288	11,089,756	11,089,756	9,583,074	8,683,074
TOTAL	\$ 6,217,088	\$ 11,572,756	\$ 11,572,756	\$ 10,066,074	\$ 9,166,074
FTE Positions	9.0	9.0	9.0	9.0	9.0

The **agency** requests FY 2020 expenditures of \$10.1 million, including \$483,000 from the State General Fund, for the Conservation program. This is an all funds decrease of \$1.5 million, or 13.0 percent, with no change in the State General Fund amount, from the FY 2019 revised estimate. The decrease is due to decreased expenditures on contractual services and other assistance, partially offset by increased expenditures on salaries and wages, commodities, and aid to local units of government. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$822,205, including \$483,000 from the State General Fund. This is an all funds increase of \$28,361, or 3.6 percent, with no change in the State General Fund amount, from the FY 2019 revised estimate. The increase is due to increased expenditures on unclassified positions and employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$2.0 million, all from special revenue funds, which is a decrease of \$1.1 million, or 35.8 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on architects and engineers and professional fees;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$10,151, all from special revenue funds. This is an increase of \$2,101, or 26.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on gasoline and supplies and materials;
- **Aid to Local Units of Government.** The agency requests FY 2020 aid to local units of government expenditures of \$2.5 million, all from special revenue funds. This is an increase of \$400,000, or 19.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on aid to conservation districts; and
- **Other Assistance.** The agency requests FY 2020 other assistance expenditures of \$4.7 million, all from special revenue funds. This is a decrease of \$824,347, or 14.8 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on conservation cost-share payments to land owners.

The **Governor** recommends \$9.2 million, including \$483,000 from the State General Fund, for FY 2020. This is a decrease of \$900,000, or 8.9 percent, all from the State Water Plan Fund, below the requested amount. The decrease is due to the Governor not recommending the agency's two enhancement requests of funding to adopt irrigation technology and to enhance conservation district operations.

E. Agriculture Marketing

Agriculture Marketing was transferred to the Department of Agriculture in FY 2011 as part of Executive Reorganization Order No. 40. This program is focused on growing the agricultural industry in Kansas through loan programs, marketing, and agricultural initiatives. The Agricultural Marketing, Advocacy, and Outreach team identifies with the following team goals: retain and serve current farms, ranches, and agribusinesses in Kansas; grow current farms, ranches, and agribusinesses in Kansas; expand the Kansas agriculture industry; assist in

maintaining/growing rural Kansas communities; raising awareness of agriculture; and create appreciation for agriculture.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Annual percent growth in Kansas dairy industry	N/A	N/A	N/A	6.7 %	6.0 %	6.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.8	\$ 2.5	\$ 2.4	\$ 2.4	\$ 2.7	\$ 2.8
FTE Positions	9.0	10.5	14.0	13.0	13.0	13.1

AGRICULTURE MARKETING SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 947,885	\$ 1,120,998	\$ 1,120,998	\$ 1,199,318	\$ 1,199,318
Contractual Services	1,060,633	1,284,732	1,284,732	1,490,065	1,240,065
Commodities	25,370	33,984	33,984	33,985	33,985
Capital Outlay	5,941	1,600	1,600	1,600	1,600
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,039,829	\$ 2,441,314	\$ 2,441,314	\$ 2,724,968	\$ 2,474,968
Aid to Local Units	0	0	0	0	0
Other Assistance	384,964	283,020	283,020	331,018	331,018
TOTAL	\$ 2,424,793	\$ 2,724,334	\$ 2,724,334	\$ 3,055,986	\$ 2,805,986
Financing:					
State General Fund	\$ 722,700	\$ 726,399	\$ 726,399	\$ 726,399	\$ 726,399
All Other Funds	1,702,093	1,997,935	1,997,935	2,329,587	2,079,587
TOTAL	\$ 2,424,793	\$ 2,724,334	\$ 2,724,334	\$ 3,055,986	\$ 2,805,986
FTE Positions	13.0	13.1	13.1	13.1	13.1

The **agency** requests FY 2020 expenditures for the Agriculture Marketing program of \$3.1 million, including \$726,399 from the State General Fund. This is an all funds increase of \$331,652, or 12.2 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and other assistance. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$1.2 million, including \$106,783 from the State General Fund. This is an all funds increase of \$78,320, or 7.0 percent, and a State General Fund increase of \$38,946, or 57.4 percent, above the FY 2019 revised estimate. The increase is primarily due to increased expenditures on unclassified positions and employer contributions to KPERS;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$1.5 million, including \$619,616 from the State General Fund. This is an all funds increase of \$205,333, or 16.0 percent, and a State General

Fund decrease of \$38,946, or 5.9 percent, from the FY 2019 revised estimate. This all funds increase is due to increased expenditures on other contractual services, partially offset by decreased expenditures on lecturers and entertainers. The State General Fund decrease is due to the shifting of \$26,585 from contractual services to salaries and wages; and

- **Other Assistance.** The agency requests FY 2020 other assistance expenditures of \$331,018, all from special revenue funds. This is an increase of \$47,998, or 17.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on federal aid to qualified non-state entities.

The **Governor** recommends \$2.8 million, including \$726,399 from the State General Fund, for FY 2020. This is a decrease of \$250,000, or 8.2 percent, all from the State Water Plan Fund, below the requested amount. The decrease is due to the Governor not recommending the agency's enhancement request of additional funding for additional crop and livestock water research projects.

F. Water Resources

Division of Water Resources programs include Water Management, Water Appropriations, and Water Structures. The Water Management Services program is responsible for administrative, fiscal, legal, and legislative functions, in addition to supervising water conservation issues, data entry for the Water Rights Information System, management of the Geographic Information System, hydrologic studies, and coordination with other water-related agencies and facilitating the stakeholder process in the state. The Water Appropriations program administers the Kansas Water Appropriation Act and rules and regulations pertaining to the management of water resources. The Water Structures program regulates human activities that affect the flow of rivers and streams to ensure such activities are properly planned, constructed, operated, and maintained.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of completed stream obstructions, levee, floodplains fill, and channel change permits processed within established time frame	N/A	N/A	N/A	80.0 %	100.0 %	100.0 %
Percent of completed dam permits processed within established time frame	N/A	N/A	N/A	76.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 9.0	\$ 9.9	\$ 15.3	\$ 12.5	\$ 13.1	\$ 11.7
FTE Positions	72.0	71.0	82.0	70.8	71.8	72.8

WATER RESOURCES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,184,782	\$ 5,455,303	\$ 5,455,303	\$ 6,234,597	\$ 5,709,597
Contractual Services	7,237,454	7,534,604	7,534,604	5,934,618	5,934,618
Commodities	43,585	42,755	42,755	42,757	42,757
Capital Outlay	19,390	41,660	41,660	44,660	44,660
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 12,485,211</i>	<i>\$ 13,074,322</i>	<i>\$ 13,074,322</i>	<i>\$ 12,256,632</i>	<i>\$ 11,731,632</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	6,000	7,273	7,273	5,260	5,260
TOTAL	<u>\$ 12,491,211</u>	<u>\$ 13,081,595</u>	<u>\$ 13,081,595</u>	<u>\$ 12,261,892</u>	<u>\$ 11,736,892</u>
Financing:					
State General Fund	\$ 3,950,430	\$ 4,014,600	\$ 4,014,600	\$ 4,539,600	\$ 4,014,600
All Other Funds	8,540,781	9,066,995	9,066,995	7,722,292	7,722,292
TOTAL	<u>\$ 12,491,211</u>	<u>\$ 13,081,595</u>	<u>\$ 13,081,595</u>	<u>\$ 12,261,892</u>	<u>\$ 11,736,892</u>
FTE Positions	70.8	71.8	71.8	72.8	72.8

The **agency** requests FY 2020 expenditures for the Division of Water Resources of \$12.3 million, including \$4.5 million from the State General Fund. This is an all funds decrease of \$819,703, or 6.3 percent, and a State General Fund increase of \$525,000, or 13.1 percent, from the FY 2019 revised estimate. This all funds decrease is due to decreased expenditures on contractual services and other assistance, partially offset by increased expenditures on salaries and wages and capital outlay. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$6.2 million, including \$4.3 million from the State General Fund. This is an all funds increase of \$779,294, or 14.3 percent, and a State General Fund increase of \$522,383, or 13.7 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on unclassified positions and employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$5.9 million, including \$168,385 from the State General Fund. This is an all funds decrease of \$1.6 million, or 21.2 percent, and a State General Fund increase of \$2,616, or 1.6 percent, from the FY 2019 revised estimate. This all funds decrease is primarily due to decreased expenditures on architects and engineers in the water structures program;
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$44,660, including \$26,120 from the State General Fund. This is an all funds increase of \$3,000, or 7.2 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. The all funds increase is due to increased expenditures on professional and scientific equipment, partially offset by decreased expenditures on information processing equipment; and

- **Other Assistance.** The agency requests FY 2020 other assistance expenditures of \$5,260, all from special revenue funds. This is a decrease of \$2,013, or 27.7 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures in the Water Structures program on federal aid to non-state entities.

The Division of Water Resources subprograms' expenditures are detailed below:

- **Water Management.** The agency requests FY 2020 expenditures for the Water Management program of \$1.7 million, including \$918,900 from the State General Fund. This is an all funds increase of \$74,038, or 4.6 percent, and a State General Fund increase of \$100,000, or 12.2 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions to KPERS and group health insurance. The increase is partially offset by decreases in contractual services expenditures for architects and engineers;
- **Water Appropriations.** The agency requests FY 2020 expenditures for the Water Appropriations program of \$4.2 million, including \$2.8 million from the State General Fund. This is an all funds increase of \$511,111, or 13.9 percent, and a State General Fund increase of \$325,000, or 13.3 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, including unclassified positions and employer contributions on KPERS and group health insurance; contractual services, including building space rental and computer programming; and capital outlay on professional and scientific equipment; and
- **Water Structures.** The agency requests FY 2020 expenditures for the Water Structures program of \$6.4 million, including \$846,300 from the State General Fund. This is an all funds decrease of \$1.4 million, or 18.1 percent, and a State General Fund increase of \$100,000, or 13.4 percent, from the FY 2019 revised estimate. This all funds decrease is due to decreased expenditures on contractual services for architects and engineers.

The **Governor** recommends \$11.7 million, including \$4.0 million from the State General Fund, for FY 2020. This is a decrease of \$525,000, or 4.3 percent, all from the State General Fund, below the agency's requested amount. The decrease is due to the Governor not recommending the agency's enhancement requests for additional funding for the water appropriations program, a water structures engineer, or a civil engineer on the interstate team.

DEPARTMENT OF WILDLIFE, PARKS AND TOURISM

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	71,032,716	71,653,431	71,653,431	73,103,639	73,103,639
Subtotal	\$ 71,032,716	\$ 71,653,431	\$ 71,653,431	\$ 73,103,639	\$ 73,103,639
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	20,014,645	15,429,000	16,198,500	17,677,660	17,677,660
Subtotal	\$ 20,014,645	\$ 15,429,000	\$ 16,198,500	\$ 17,677,660	\$ 17,677,660
TOTAL	\$ 91,047,361	\$ 87,082,431	\$ 87,851,931	\$ 90,781,299	\$ 90,781,299
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	11.9	0.9	0.9	2.0	2.0
FTE Positions	445.0	458.8	458.8	458.8	458.8

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

AGENCY OVERVIEW

The Kansas Department of Wildlife, Parks and Tourism is a cabinet-level agency administered by the Secretary of Wildlife, Parks and Tourism. The Secretary is appointed by the Governor, subject to confirmation by the Kansas Senate. The Kansas Wildlife, Parks and Tourism Commission, a seven-member board appointed by the Governor, serves in an advisory role to the Secretary. The Commission has the authority to approve the agency's rules and regulations. The Secretary for Wildlife, Parks and Tourism and Assistant Secretary for Administration are located in the Topeka administrative offices, while the Assistant Secretary for Operations is located in Pratt. The agency is administered by staff in the Topeka office while field operations are managed from the Pratt office.

The agency was created through the merger of the Park and Resources Authority (located in Topeka) and the Fish and Game Commission (located in Pratt). The Department of Wildlife and Parks was created by Executive Reorganization Order No. 22, which was issued by Governor Hayden on February 10, 1987, and approved by the 1987 Legislature. In 2011, Governor Brownback issued Executive Reorganization Order No. 36, which transferred the Division of Travel and Tourism Development from the Department of Commerce to the Department of Wildlife and Parks and renamed the agency the Department of Wildlife, Parks and Tourism.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** deleted \$527,244 from the agency's State General Fund operating budget and increased the Parks Fee Fund limitation by the same amount in order to offset the recommended State General Fund reduction for FY 2011. The 2010 Legislature also added \$84,000, all from special revenue funds, and 1.0 FTE position for a Natural Resource Officer position for FY 2011. The position is part of the agency's sworn law enforcement personnel with jurisdiction on public and private lands that enforces both state and federal fish and wildlife laws, boating laws, and regulation of public lands.

The **2011 Legislature** approved Executive Reorganization Order No. 36, which transferred the Division of Travel and Tourism Development from the Department of Commerce to the Department of Wildlife and Parks and renamed the agency the Department of Wildlife, Parks and Tourism. The 2011 Legislature also added \$1.7 million, all from the special revenue funds, for public fishing areas, the Rocky Ford Wildlife Area study, zebra mussel prevention, dam repair, and walk-in hunting access. Those increases were offset by reductions totaling \$2.2 million, including \$133,994 from the State General Fund, for land acquisition, bottled water, office supplies, and cell phone expenditures; a 5.0 percent information technology reduction; an administration activities reduction; a death and disability contribution moratorium; and an across-the-board reduction.

The **2012 Legislature** eliminated State General Fund support for the agency, which was primarily replaced with Economic Development Initiatives Fund dollars. The Legislature also approved \$1.8 million in Expanded Lottery Act Revenues Fund dollars to retire debt associated with building cabins in state parks. Additionally, the 2012 Legislature passed HB 2729, which allows an owner of a vehicle to purchase a nontransferable park and recreation motor vehicle permit during the vehicle registration process. The 2012 Legislature also provided \$800,000 in supplemental funding due to a shortage in fee fund revenue caused by the extreme weather and the blue-green algae problem.

The **2013 Legislature** added \$2.1 million from the Wildlife Fee Fund for FY 2014 to allow the agency to lease land for walk-in hunting. The 2013 Legislature also added \$800,000 from special revenue funds for FY 2014 and FY 2015 for vehicle replacements, and added language to allow the agency to purchase 824 acres of land in Jefferson County. The Legislature also deleted a total of \$2.0 million, including \$893,394 from the Economic Development Initiatives Fund, for FY 2014 and \$1.4 million, including \$234,017 from the Economic Development Initiatives Fund, for FY 2015 for reductions to the Parks program and to reflect reduced funding for salaries and wages. The Legislature also reduced the transfer from the State Highway Fund to the Department Access Roads Fund by \$350,000 for FY 2014.

The **2014 Legislature** added \$3.0 million, including \$2.3 million from the Wildlife Restoration Fund and \$750,000 from the Wildlife Fee Fund, to restore the Neosho Wildlife Area for FY 2015.

The **2016 Legislature** added \$100,000 in FY 2016 and for FY 2017, all from the Wildlife Fee Fund, for a fish habitat enhancement project. Additionally, the Legislature added \$120,000, all from special revenue funds, in FY 2016 to move a water line for the Region 2 office.

The **2016 Legislature** also transferred \$118,860 from the Bridge Maintenance Fund to the State General Fund and \$381,140 from the Department Access Roads Fund to the State General Fund for the Governor's July 30, 2015, allotment in FY 2016.

The **2017 Legislature** added \$360,000, all from the Wildlife Fee Fund, for dam repairs at the Woodson County State Fishing Lake in FY 2017. The Legislature also added \$2.8 million, all from the Wildlife Fee Fund, for dam repairs at the Woodson County State Fishing Lake and the Clark State Fishing Lake for FY 2018.

The **2017 Legislature** also added \$200,000, all from special revenue funds, for the development of recovery plans for state-threatened and -endangered species, pursuant to 2016 Senate Sub. for HB 2156, for FY 2018 and FY 2019. Additionally, the 2017 Legislature added \$140,000 for FY 2018 and \$70,000 for FY 2019, all from special revenue funds, for the purchase of heavy duty truck replacements for fish stocking; added \$311,000, all from special revenue funds, for three new game warden positions within the Law Enforcement Division for FY 2018 and FY 2019; and added \$440,000 for FY 2018 and \$220,000 for FY 2019, all from special revenue funds, for vehicle replacements.

The **2018 Legislature** added language allowing the agency to progress within the existing pay structure without the requirement to transfer to unclassified service for FY 2019. The Legislature also added language to allow the agency to expend funds to issue senior lifetime hunting and fishing licenses to disabled veteran Kansans aged 65 and older for FY 2019.

The **2018 Legislature** also added \$550,000 for Clark State Fishing Lake dam repair, \$790,000 for a law enforcement records management system, \$1,500,000 for the walk-in hunting access program, and \$200,000 for park vehicles and equipment, all from special revenue funds, for FY 2019.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates FY 2019 revised operating expenditures of \$71.7 million, all from special revenue funds. This is an increase of \$622,220, or 0.9 percent, above the FY 2019 approved amount. This increase is due to increased expenditures on salaries and wages due to the agency's supplemental request for law enforcement officer pay adjustments. The agency estimates 458.8 FTE positions in FY 2019, which is an increase of 13.8 FTE positions, or 3.1 percent, above the FY 2019 approved number.

The agency estimates FY 2019 revised capital improvement expenditures of \$15.4 million, all from special revenue funds, which is no change from the FY 2019 approved amount.

The **Governor** concurs with the agency's revised estimate for operating expenditures and FTE positions in FY 2019.

The Governor recommends capital improvement expenditures of \$16.2 million, all from special revenue funds, for FY 2019. This is an increase of \$769,500, or 5.0 percent, above the agency's revised estimate. The increase is due to the Governor recommending additional supplemental funding to repair the Crawford County Dam.

FY 2020 – Budget Year. The **agency** requests FY 2020 operating expenditures of \$73.1 million, all from special revenue funds. This is an increase of \$1.5 million, or 2.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and

wages, contractual services, and capital outlay. The agency requests 458.8 FTE positions for FY 2020, which is no change from the FY 2019 revised estimate.

The agency requests FY 2020 capital improvement expenditures of \$17.7 million, all from special revenue funds, which is an increase of \$2.2 million, or 14.6 percent, above the FY 2019 revised estimate.

The **Governor** concurs with the agency's request for FY 2020.

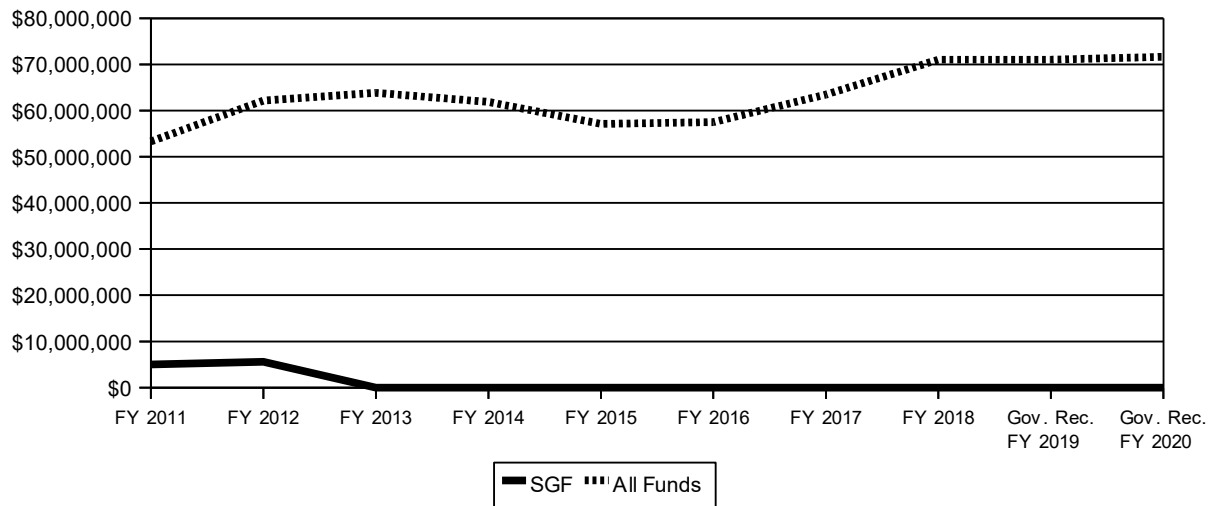
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
State Park Revenue (Park Fee Fund and Cabin Fee Fund, in millions)	\$ 8.9	\$ 9.6	\$ 12.7	\$ 10.7	\$ 10.7	\$ 10.7
Number of annual park vehicle permits sold	73,333	144,530	125,000	150,208	155,000	155,000
Number of acres enrolled in the Walk-In Hunting Access Program (in millions)	1.1	1.0	1.2	1.1	1.1	1.2
Number of visitors at all education centers	N/A	260,450	N/A	257,885	260,000	260,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 70.1	\$ 72.8	\$ 86.3	\$ 91.1	\$ 87.9	\$ 90.8
FTE Positions	422.0	445.0	445.0	445.0	458.8	458.8

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 4,994,696	(3.6)%	\$ 53,307,896	10.2 %	452.5
2012	5,552,494	11.2	62,158,934	16.6	452.5
2013	0	(100.0)	63,857,062	2.7	415.0
2014	0	--	61,884,991	(3.1)	370.0
2015	0	--	57,108,974	(7.7)	341.0
2016	0	--	57,511,003	0.7	422.0
2017	0	--	63,480,620	10.4	445.0
2018	0	--	71,032,716	11.9	445.0
2019 Gov. Rec.	0	--	71,653,431	0.9	458.8
2020 Gov. Rec.	0	--	73,103,639	2.0	458.8
Ten-Year Change Dollars/Percent	\$ (4,994,696)	(100.0)%	\$ 19,795,743	37.1 %	6.3

Summary of Operating Budget FY 2018 - FY 2020

Department of Wildlife, Parks and Tourism

		Agency Estimate					Governor's Recommendation				
Actual FY 2018		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19		
By Program:											
Administration	\$ 9,648,762	\$ 11,190,886	\$ 10,995,351	\$ (195,535)	(1.7) %	\$ 11,190,886	\$ 10,995,351	\$ (195,535)	(1.7)%		
Tourism	3,824,768	4,715,938	4,574,080	(141,858)	(3.0)	4,715,938	4,574,080	(141,858)	(3.0)		
Ecological Services	2,086,610	2,176,313	2,615,472	439,159	20.2	2,176,313	2,615,472	439,159	20.2		
Education	1,944,881	2,111,519	2,278,430	166,911	7.9	2,111,519	2,278,430	166,911	7.9		
Law Enforcement	7,252,000	8,174,878	8,404,584	229,706	2.8	8,174,878	8,404,584	229,706	2.8		
Parks	13,883,520	13,541,076	14,153,014	611,938	4.5	13,541,076	14,153,014	611,938	4.5		
Fish & Wildlife	30,246,193	28,430,230	28,776,492	346,262	1.2	28,430,230	28,776,492	346,262	1.2		
Grants	2,021,482	1,195,000	1,195,000	0	0.0	1,195,000	1,195,000	0	0.0		
Debt Service	124,500	117,591	111,216	(6,375)	(5.4)	117,591	111,216	(6,375)	(5.4)		
TOTAL	\$ 71,032,716	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 30,580,097	\$ 33,806,171	\$ 34,456,548	\$ 650,377	1.9 %	\$ 33,806,171	\$ 34,456,548	\$ 650,377	1.9 %		
Contractual Services	24,951,033	24,129,428	25,481,970	1,352,542	5.6	24,129,428	25,481,970	1,352,542	5.6		
Commodities	6,925,614	8,053,045	7,266,644	(786,401)	(9.8)	8,053,045	7,266,644	(786,401)	(9.8)		
Capital Outlay	6,403,696	3,824,796	4,104,861	280,065	7.3	3,824,796	4,104,861	280,065	7.3		
Debt Service	124,500	117,591	111,216	(6,375)	(5.4)	117,591	111,216	(6,375)	(5.4)		
Subtotal - Operations	\$ 68,984,940	\$ 69,931,031	\$ 71,421,239	\$ 1,490,208	2.1 %	\$ 69,931,031	\$ 71,421,239	\$ 1,490,208	2.1 %		
Aid to Local Units	1,907,777	1,509,400	1,469,400	(40,000)	(2.7)	1,509,400	1,469,400	(40,000)	(2.7)		
Other Assistance	139,999	213,000	213,000	0	0.0	213,000	213,000	0	0.0		
TOTAL	\$ 71,032,716	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
Economic Development Initiatives Fund	4,966,504	5,031,690	5,031,690	0	0.0	5,031,690	5,031,690	0	0.0		
Wildlife Fee Fund	26,755,748	33,011,277	33,480,488	469,211	1.4	33,011,277	33,480,488	469,211	1.4		
Parks Fee Fund	8,811,883	10,563,836	10,415,243	(148,593)	(1.4)	10,563,836	10,415,243	(148,593)	(1.4)		
Federal Funds	19,724,503	13,770,805	15,975,134	2,204,329	16.0	13,770,805	15,975,134	2,204,329	16.0		
All Other Funds	10,774,078	9,275,823	8,201,084	(1,074,739)	(11.6)	9,275,823	8,201,084	(1,074,739)	(11.6)		
TOTAL	\$ 71,032,716	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %	\$ 71,653,431	\$ 73,103,639	\$ 1,450,208	2.0 %		

BUDGET OVERVIEW

A. FY 2019 – 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 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	86,460,211	87,082,431	622,220	87,851,931	1,391,720
TOTAL	\$ 86,460,211	\$ 87,082,431	\$ 622,220	\$ 87,851,931	\$ 1,391,720
FTE Positions	445.0	458.8	13.8	458.8	13.8

The **agency** estimates FY 2019 revised total expenditures of \$87.1 million, all from special revenue funds, including \$71.7 million in operating expenditures and \$15.4 million in capital improvement expenditures. This is a total increase of \$622,220, or 0.7 percent, above the FY 2019 approved amount.

The agency estimates FY 2019 revised operating expenditures of \$71.7 million, all from special revenue funds. This is an increase of \$622,220, or 0.9 percent, above the FY 2019 approved amount. This increase is due to increased expenditures on salaries and wages. Major expenditures are provided below:

- **Salaries and Wages.** The agency requests FY 2019 revised salaries and wages expenditures of \$33.8 million, which is an increase of \$622,220, or 1.9 percent. This increase is due to the agency's supplemental request for pay adjustments for law enforcement officers. The supplemental increase of \$1.0 million is partially offset by \$532,972 in salary adjustments by the 2018 Legislature that were not included in the agency's revised estimate.

The agency estimates 458.8 FTE positions in FY 2019, which is an increase of 13.8 FTE positions above the FY 2019 approved amount. This increase is due to increased FTE positions in the Law Enforcement, Parks, Education, and Fish and Wildlife programs. The increased funding is reflected by reducing the shrinkage rate.

The agency estimates FY 2019 revised capital improvement expenditures of \$15.4 million, which is no change from the FY 2019 approved amount. Capital Improvements are detailed below.

The **Governor** concurs with the agency's FY 2019 revised operating expenditure estimate. The Governor recommends capital improvement expenditures of \$16.2 million, all from special revenue funds, in FY 2019. This is an increase of \$769,500, or 5.0 percent, above

the agency's revised estimate. The increase is due to the Governor recommending additional supplemental funding to repair the Crawford County Dam.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pay adjustments for law enforcement employees and seasonal park rangers	\$ 0	\$ 1,041,192	0.0	\$ 0	\$ 1,041,192	0.0
Crawford County Dam Repairs	0	0	0.0	0	769,500	0.0
TOTAL	\$ 0	\$ 1,041,192	0.0	\$ 0	\$ 1,810,692	0.0

The **agency** requests FY 2019 supplemental expenditures of \$1.0 million, all from special revenue funds, to adjust the pay of law enforcement employees and seasonal park rangers. The agency received authorization in the 2018 Legislative Session to progress its officers along its pay matrix at its discretion without strict regard for length of service. The agency now requests funding to increase salaries and wages for law enforcement officers by 2.5 percent every two years as they move through the pay matrix. This request is the result of collective bargaining between the Fraternal Order of Police and the agency.

The **Governor** concurs with the agency's FY 2019 supplemental request. The Governor also recommends \$769,500, all from special revenue funds, to repair the Crawford County Dam.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 73,103,639	\$ 73,103,639	\$ 0
FTE Positions	458.8	458.8	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	1,450,208	1,450,208	
TOTAL	\$ 1,450,208	\$ 1,450,208	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	2.0	2.0	
TOTAL	2.0 %	2.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2020 operating expenditures of \$73.1 million, all from special revenue funds, which is an increase of \$1.5 million, or 2.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and capital outlay, partially offset by decreases in commodities, debt service, and aid to local units of government. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$34.5 million, all from special revenue funds, which is an increase of \$650,377, or 1.9 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to group health insurance and KPERS agency-wide, as well as unclassified temporary positions in the Parks program;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$25.5 million, all from special revenue funds, which is an increase of \$1.4 million, or 5.6 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures in the Fish and Wildlife program on contracts, such as heavy equipment, grounds maintenance, and chemical spraying contracts;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$7.3 million, all from special revenue funds, which is a decrease of \$786,401, or 9.8 percent, below the FY 2019 revised estimate. This decrease is primarily due to decreased expenditures on fuel and agriculture supplies in the Fish and Wildlife program;

- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$4.1 million, all from special revenue funds, which is an increase of \$280,065, or 7.3 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on trucks, partially offset by decreased expenditures on computer equipment;
- **Debt Services.** The agency requests FY 2020 debt service expenditures of \$111,216, all from special revenue funds, which is a decrease of \$6,375, or 5.4 percent, below the FY 2019 revised estimate. This decrease is due to paying down debt according to the debt service schedule; and
- **Aid to Local Units.** The agency requests FY 2020 aid to local units of government expenditures of \$1.5 million, all from special revenue funds, which is a decrease of \$40,000, or 2.7 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures in the Fish and Wildlife program.

The agency requests 458.8 FTE positions for FY 2020, which is no change from the FY 2019 revised estimate.

The agency requests capital improvement expenditures of \$17.7 million, which is an increase of \$2.2 million, or 14.6 percent, above the FY 2019 revised estimate. Capital improvements are detailed on the Capital Improvements section in this analysis.

The **Governor** concurs with the agency's FY 2020 request.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pay adjustments for law enforcement employees and seasonal park rangers	\$ 0	\$ 1,125,192	0.0	\$ 0	\$ 1,125,192	0.0

The **agency** requests enhancement expenditures of \$1.1 million for FY 2020, all from special revenue funds, to adjust the pay of law enforcement employees and seasonal park rangers. The agency received authorization in the 2018 Legislative Session to progress its officers along its pay matrix at its discretion without strict regard for length of service. The agency now requests funding to increase salaries and wages for law enforcement officers by 2.5 percent every two years as they move through the pay matrix. This request is the result of collective bargaining between the Fraternal Order of Police and the agency.

The **Governor** concurs with the agency's FY 2020 request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$532,972, all from special revenue funds.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$42,995 and FY 2020 longevity payments total \$46,800, 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	0.0 %	0.0 %
Economic Development Initiatives Fund	6.8	6.9
Wildlife Fee Fund	45.8	45.8
Parks Fee Fund	14.2	14.2
Federal Funds	21.9	21.9
All Other Funds	11.2	11.2
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Wildlife Fee Fund

The major sources of receipts to the Wildlife Fee Fund are from the sale of hunting, fishing, and trapping licenses. The fees to be collected from the issuance of such licenses are established by the Kansas Wildlife, Parks and Tourism Commission through the approval of rules and regulations submitted by the Secretary of Wildlife, Parks and Tourism.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 15,476,526	\$ 14,454,865	\$ 14,454,865	\$ 10,093,731	\$ 9,504,731
Revenue	32,272,542	32,447,000	32,447,000	32,447,000	32,447,000
Transfers in	3,483	0	0	0	0
Funds Available	\$ 47,752,551	\$ 46,901,865	\$ 46,901,865	\$ 42,540,731	\$ 41,951,731
Less:					
Expenditures	\$ 33,297,686	\$ 36,808,134	\$ 37,397,134	\$ 37,520,140	\$ 37,520,140
Transfers Out		0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 14,454,865	\$ 10,093,731	\$ 9,504,731	\$ 5,020,591	\$ 4,431,591
Ending Balance as Percent of Expenditures	43.4%	27.4%	25.4%	13.4%	11.8%
Month Highest Ending Balance	May \$ 21,869,285	May \$ 21,869,285	May \$ 21,280,285	May \$ 21,869,285	May \$ 21,280,285
Month Lowest Ending Balance	March \$ 12,795,861	March \$ 12,650,705	March \$ 12,061,705	March \$ 858,772	March \$ 269,772

Parks Fee Fund

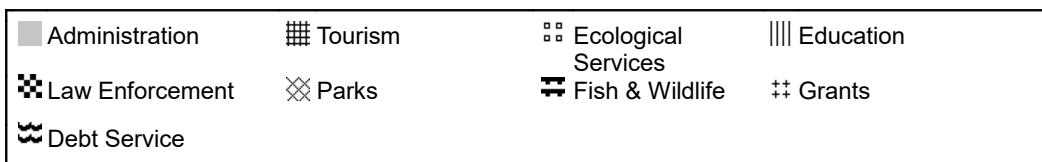
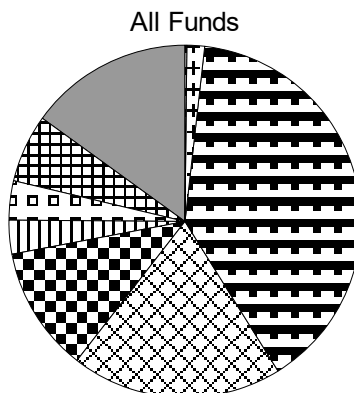
The Parks Fee Fund is the depository for moneys received from state park permit fees, tolls, rentals, and charges derived from the use, lease, or operation of state parks. The Department establishes fees for the use of state parks by rules and regulations and upon review by the Kansas Wildlife, Parks and Tourism Commission.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 3,451,236	\$ 2,638,613	\$ 2,638,613	\$ 2,345,677	\$ 2,165,177
Revenue	9,278,396	11,500,000	11,500,000	11,500,000	11,500,000
Transfers in	0	0	0	0	0
Funds Available	\$ 12,729,632	\$ 14,138,613	\$ 14,138,613	\$ 13,845,677	\$ 13,665,177
Less:					
Expenditures	\$ 10,090,883	\$ 11,792,936	\$ 11,973,436	\$ 11,692,183	\$ 11,692,183
Transfers Out	0	0	0	0	0
Off Budget Expenditures	136	0	0	0	0
Ending Balance	\$ 2,638,613	\$ 2,345,677	\$ 2,165,177	\$ 2,153,494	\$ 1,972,994
Ending Balance as Percent of Expenditures	26.1%	19.9%	18.1%	18.4%	16.9%
Month Highest Ending Balance	September \$ 5,337,193	September \$ 5,337,193	September \$ 5,156,693	September \$ 5,337,193	September \$ 5,156,693
Month Lowest Ending Balance	March \$ 4,296,704	March \$ 2,824,618	March \$ 2,644,118	March \$ 2,573,745	March \$ 2,393,245

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 10,995,351	15.0 %	\$ 0	-- %
Tourism	4,574,080	6.3	0	--
Ecological Services	2,615,472	3.6	0	--
Education	2,278,430	3.1	0	--
Law Enforcement	8,404,584	11.5	0	--
Parks	14,153,014	19.4	0	--
Fish & Wildlife	28,776,492	39.4	0	--
Grants	1,195,000	1.6	0	--
Debt Service	111,216	0.2	0	--
TOTAL	\$ 73,103,639	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	69.0	69.0	69.0	69.0	69.0
Tourism	12.0	11.8	11.8	11.8	11.8
Ecological Services	12.0	12.0	12.0	12.0	12.0
Education	13.0	14.0	14.0	14.0	14.0
Law Enforcement	83.0	87.0	87.0	87.0	87.0
Parks	112.0	114.0	114.0	114.0	114.0
Fish & Wildlife	144.0	151.0	151.0	151.0	151.0
Grants	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	445.0	458.8	458.8	458.8	458.8

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

A. Administration

The Administration program includes the Office of the Secretary and is divided between Topeka and Pratt, with each location supervised by an assistant secretary. The Topeka office includes planning, legal, budget, and engineering sections. The Pratt office includes operations, environmental services, human resources, information technology, and education sections. The program also includes the Wildlife, Parks and Tourism Commission. The Pratt office also includes support services of aircraft operations, accounting, business management, licensing and permitting, purchasing, and facility maintenance operations.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of permits and licenses issued:						
Deer permits	208,476	218,407	210,000	215,694	220,000	220,000
Fishing licenses	258,043	226,215	270,000	210,956	215,000	215,000
Hunting licenses	126,624	133,521	130,000	143,607	144,000	144,000
Annual park use permits	140,125	144,530	125,000	150,208	155,000	160,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.8	\$ 8.9	\$ 10.6	\$ 9.6	\$ 11.2	\$ 11.0
FTE Positions	66.0	69.0	69.0	69.0	69.0	69.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 4,879,830	\$ 5,402,619	\$ 5,402,619	\$ 5,445,382	\$ 5,445,382
Contractual Services	3,141,252	3,452,625	3,452,625	3,728,474	3,728,474
Commodities	264,715	355,017	355,017	319,305	319,305
Capital Outlay	1,362,965	1,980,625	1,980,625	1,502,190	1,502,190
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 9,648,762	\$ 11,190,886	\$ 11,190,886	\$ 10,995,351	\$ 10,995,351
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 9,648,762	\$ 11,190,886	\$ 11,190,886	\$ 10,995,351	\$ 10,995,351
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	9,648,762	11,190,886	11,901,886	10,995,351	10,995,351
TOTAL	\$ 9,648,762	\$ 11,190,886	\$ 11,901,886	\$ 10,995,351	\$ 10,995,351
FTE Positions	69.0	69.0	69.0	69.0	69.0

The **agency** requests FY 2020 expenditures for the Administration program of \$11.0 million, all from special revenue funds. This a decrease of \$195,535, or 1.7 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on commodities and capital outlay, partially offset by increased expenditures on salaries and wages and contractual services. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$5.4 million, which is an increase of \$42,763, or 0.8 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$3.7 million, which is an increase of \$275,849, or 8.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on intergovernmental communication services, including Office of Information Technology Services and data warehousing expenditures, and physicians and medical associations;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$319,305, which is a decrease of \$35,712, or 10.1 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on clothing and other supplies, including gift shop items at the state parks; and
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$1.5 million, which is a decrease of \$478,435, or 24.2 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on microcomputer equipment, partially offset by an increase in expenditures on trucks.

The **Governor** concurs with the agency's FY 2020 request.

B. Tourism

The Tourism Division promotes Kansas to travel media, groups, tour market, leisure travelers, and the international travel community. The Division uses marketing initiatives, creates opportunities for leveraging limited marketing dollars, and supports numerous state and local tourism promotion efforts. This is all done in an effort to increase Kansas tourism and travel. The tourism division administers the Belle Plaine and Goodland Travel Information Centers. This division operates the Attraction Development Grant program and Marketing Grant program. The Division also has worked extensively with group and international tour operators to attract tours to Kansas and has created the Flint Hills Development Initiative to help realize the tourism potential of the Flint Hills. The Division maintains the official State of Kansas tourism website, and produces the Kansas Visitor's Guide, Calendar of Events, and *KANSAS!* magazine.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
<i>Kansas!</i> magazine subscriptions	29,500	20,495	25,000	18,752	22,000	25,000
Number of grants awarded	2	3	5	5	5	5
Travel Information Center visitation	226,593	211,156	240,000	120,000	130,000	140,000
Magazine Revenue	548,509	452,840	475,000	391,074	402,000	419,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.7	\$ 4.1	\$ 4.7	\$ 3.9	\$ 4.7	\$ 4.6
FTE Positions	11.0	12.0	12.0	12.0	11.8	11.8

TOURISM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 586,915	\$ 842,961	\$ 842,961	\$ 844,103	\$ 844,103
Contractual Services	3,218,035	3,685,155	3,685,155	3,542,155	3,542,155
Commodities	11,474	39,822	39,822	39,822	39,822
Capital Outlay	8,344	5,000	5,000	5,000	5,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,824,768	\$ 4,572,938	\$ 4,572,938	\$ 4,431,080	\$ 4,431,080
Aid to Local Units	0	0	0	0	0
Other Assistance	0	143,000	143,000	143,000	143,000
TOTAL	\$ 3,824,768	\$ 4,715,938	\$ 4,715,938	\$ 4,574,080	\$ 4,574,080
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,824,768	4,715,938	4,715,938	4,574,080	4,574,080
TOTAL	\$ 3,824,768	\$ 4,715,938	\$ 4,715,938	\$ 4,574,080	\$ 4,574,080
FTE Positions	12.0	11.8	11.8	11.8	11.8

The **agency** requests FY 2020 expenditures for the Tourism Division of \$4.6 million, all from special revenue funds. This is a decrease of \$141,858, or 3.0 percent, below the FY 2019

revised estimate. The decrease is due to decreased expenditures on contractual services, partially offset by increased expenditures on salaries and wages. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2021 salaries and wages expenditures of \$844,103, which is an increase of \$1,142, or 0.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to KPERS and group health insurance, partially offset by decreased expenditures on classified positions; and
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$3.5 million, which is a decrease of \$143,000, or 3.9 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on professional fees.

The **Governor** concurs with the agency's FY 2020 request.

C. Ecological Services

The Ecological Services program is responsible for the protection, research, management, and recovery of all non-game species in the state, representing approximately 98.0 percent of aquatic and terrestrial fauna in Kansas.

Prior to FY 2017, the Ecological Services program was budgeted within the Fish and Wildlife program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 1.7	\$ 1.8	\$ 2.2	\$ 2.1	\$ 2.2	\$ 2.6
FTE Positions	0.0	12.0	12.0	12.0	12.0	12.0

ECOLOGICAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 924,630	\$ 967,071	\$ 967,071	\$ 977,440	\$ 977,440
Contractual Services	933,765	1,146,979	1,146,979	1,572,769	1,572,769
Commodities	65,022	48,563	48,563	51,563	51,563
Capital Outlay	163,193	13,700	13,700	13,700	13,700
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,086,610</i>	<i>\$ 2,176,313</i>	<i>\$ 2,176,313</i>	<i>\$ 2,615,472</i>	<i>\$ 2,615,472</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,086,610</u>	<u>\$ 2,176,313</u>	<u>\$ 2,176,313</u>	<u>\$ 2,615,472</u>	<u>\$ 2,615,472</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,086,610	2,176,313	2,176,313	2,615,472	2,615,472
TOTAL	<u>\$ 2,086,610</u>	<u>\$ 2,176,313</u>	<u>\$ 2,176,313</u>	<u>\$ 2,615,472</u>	<u>\$ 2,615,472</u>
FTE Positions	12.0	12.0	12.0	12.0	12.0

The **agency** requests FY 2020 expenditures for the Ecological Services program of \$2.6 million, all from special revenue funds. This is an increase of \$439,159, or 20.2 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on salaries and wages, contractual services, and commodities. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$977,440, which is an increase of \$10,369, or 1.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$1.6 million, which is an increase of \$425,790, or 37.1 percent, above the FY 2019 revised estimate. This increase is largely due to increased expenditures on fees, including payments to land owners and research projects with universities; and
- **Commodities.** The agency requests FY 2020 commodities expenditures for the ecological services program of \$51,563, which is an increase of \$3,000, or 6.2 percent, above the FY 2019 revised estimate. This increase is largely due to increased expenditures on gasoline.

The **Governor** concurs with the agency's FY 2020 request.

D. Education

The education program is responsible for outdoor-related educational programs that help citizens learn about, use, and enjoy the Kansas outdoors and Kansas fish and wildlife resources. The program offers outdoor skills workshops, training, and activities. In addition, the

program operates five nature centers and offers environmental education programs and outreach designed to enhance knowledge, understanding, and appreciation of Kansas natural resources. The program is divided into three components: Wildlife Education, Hunter Education, and Boating Education.

Prior to FY 2017, the Education program was budgeted within the Fish and Wildlife program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.6	\$ 1.8	\$ 2.0	\$ 1.9	\$ 2.1	\$ 2.3
FTE Positions	0.0	13.0	13.0	13.0	14.0	14.0

EDUCATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,031,708	\$ 988,446	\$ 988,446	\$ 1,000,643	\$ 1,000,643
Contractual Services	561,547	610,309	610,309	691,809	691,809
Commodities	313,021	339,709	339,709	412,923	412,923
Capital Outlay	38,605	53,655	53,655	53,655	53,655
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,944,881	\$ 1,992,119	\$ 1,992,119	\$ 2,159,030	\$ 2,159,030
Aid to Local Units	0	119,400	119,400	119,400	119,400
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,944,881	\$ 2,111,519	\$ 2,111,519	\$ 2,278,430	\$ 2,278,430
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,944,881	2,111,519	2,111,519	2,278,430	2,278,430
TOTAL	\$ 1,944,881	\$ 2,111,519	\$ 2,111,519	\$ 2,278,430	\$ 2,278,430
FTE Positions	13.0	14.0	14.0	14.0	14.0

The **agency** requests FY 2020 expenditures for the Education program of \$2.3 million, all from special revenue funds. This is an increase of \$166,911, or 7.9 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and commodities. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$1.0 million, which is an increase of \$12,197, or 1.2 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to KPERS and group health insurance;

- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$691,809, which is an increase of \$81,500, or 13.4 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on payments to education partners for the coordination of projects and on shooting range development; and
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$412,923, which is an increase of \$73,214, or 21.6 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on professional science supply materials, including materials for educational demonstrations and workshops.

The **Governor** concurs with the agency's FY 2020 request.

E. Law Enforcement

The Law Enforcement program is responsible for statewide enforcement of both state and federal fish and wildlife laws, boating laws, and regulation of public lands. The program is composed of Natural Resource Officers who are sworn law enforcement personnel with jurisdiction on public and private lands. These officers also provide assistance to other federal, state, and local law enforcement agencies when requested.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 6.7	\$ 6.8	\$ 7.6	\$ 7.3	\$ 8.2	\$ 8.4
FTE Positions	81.0	83.0	83.0	83.0	87.0	87.0

LAW ENFORCEMENT SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,184,543	\$ 6,300,017	\$ 6,300,017	\$ 6,444,723	\$ 6,444,723
Contractual Services	569,959	711,361	711,361	601,361	601,361
Commodities	674,584	747,500	747,500	859,000	859,000
Capital Outlay	822,914	416,000	416,000	499,500	499,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,252,000</i>	<i>\$ 8,174,878</i>	<i>\$ 8,174,878</i>	<i>\$ 8,404,584</i>	<i>\$ 8,404,584</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,252,000	\$ 8,174,878	\$ 8,174,878	\$ 8,404,584	\$ 8,404,584
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,252,000	8,174,878	8,174,878	8,404,584	8,404,584
TOTAL	\$ 7,252,000	\$ 8,174,878	\$ 8,174,878	\$ 8,404,584	\$ 8,404,584
FTE Positions	83.0	87.0	87.0	87.0	87.0

The **agency** requests FY 2020 expenditures for the Law Enforcement program of \$8.4 million, all from special revenue funds. This is an increase of \$229,706, or 2.8 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on salaries and wages, commodities, and capital outlay, partially offset by decreased expenditures on contractual services. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$6.4 million, which is an increase of \$144,706, or 2.3 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on employer contributions to KPERS and group health insurance, as well as the agency's enhancement request to adjust the pay of law enforcement officers;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$601,361, which is a decrease of \$110,000, or 15.5 percent, below the FY 2019 revised estimate. This decrease is due to the reorganization of the budget to better reflect actual expenditures;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$859,000, which is an increase of \$111,500, or 14.9 percent, above the FY 2019 revised estimate. This increase is mainly due to increased expenditures on gasoline, clothing, supplies, and equipment; and
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$499,500, which is an increase of \$83,500, or 20.1 percent, above the FY 2019 revised estimate. The increase is primarily due to increased expenditures on computer equipment and trucks, offset by decreased expenditures on furniture and self-propelled equipment.

The **Governor** concurs with the agency's FY 2020 request.

F. Parks

The State Parks program manages the 25 state parks and the Prairie Spirit Rail Trail. The following 25 parks have been designated as part of the state park system: Cedar Bluff State Park (Trego Co.); Cheney State Park (Kingman Co. and Reno Co.); Clinton State Park (Douglas Co.); Cross Timbers State Park at Toronto Lake (Woodson Co.); Eisenhower State Park (Osage Co.); El Dorado State Park (Butler Co.); Elk City State Park (Montgomery Co.); Fall River State Park (Greenwood Co.); Glen Elder State Park (Mitchell Co.); Hillsdale State Park (Miami Co.); Kanopolis State Park (Ellsworth Co.); Kaw River State Park (Shawnee Co.); Lake Crawford State Park (Crawford Co.); Lake Meade State Park (Meade Co.); Lake Scott State Park (Scott Co.); Lovewell State Park (Jewell Co.); Milford State Park (Geary Co.); Mushroom Rock State Park (Ellsworth Co.); Perry State Park (Jefferson Co.); Pomona State Park (Osage Co.); Prairie Dog State Park (Norton Co.); Sand Hills State Park (Reno Co.); Tuttle Creek State Park (Pottawatomie Co. and Riley Co.); Webster State Park (Rooks Co.); and Wilson State Park (Russell Co.).

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Park Fee Fund revenue (in millions)	\$ 7.7	\$ 8.3	\$ 11.4	\$ 9.3	\$ 9.3	\$ 9.3
Cabin Fee Fund revenue (in millions)	\$ 1.2	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4
Total annual park vehicle permits sold	129,596	144,530	125,000	150,208	155,000	155,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 11.8	\$ 13.4	\$ 13.2	\$ 14.0	\$ 13.5	\$ 14.2
FTE Positions	102.0	112.0	114.0	112.0	114.0	114.0

PARKS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 7,107,588	\$ 8,037,172	\$ 8,037,172	\$ 8,350,110	\$ 8,350,110
Contractual Services	3,902,063	3,827,579	3,827,579	3,573,146	3,573,146
Commodities	1,733,189	1,326,325	1,326,325	1,689,758	1,689,758
Capital Outlay	1,140,680	350,000	350,000	540,000	540,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 13,883,520	\$ 13,541,076	\$ 13,541,076	\$ 14,153,014	\$ 14,153,014
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 13,883,520	\$ 13,541,076	\$ 13,541,076	\$ 14,153,014	\$ 14,153,014
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	13,883,520	13,541,076	13,541,076	14,153,014	14,153,014
TOTAL	\$ 13,883,520	\$ 13,541,076	\$ 13,541,076	\$ 14,153,014	\$ 14,153,014
FTE Positions	112.0	114.0	114.0	114.0	114.0

The **agency** requests FY 2020 expenditures for the Parks program of \$14.2 million, all from special revenue funds. This is an increase of \$611,938, or 4.5 percent, above the FY 2019

revised estimate. The increase is due to increased expenditures on salaries and wages, commodities, and capital outlay, partially offset by decreased expenditures on contractual services. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$8.4 million, which is an increase of \$312,938, or 3.9 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on unclassified seasonal workers;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$3.6 million, which is a decrease of \$254,433, or 6.6 percent, below the FY 2019 revised estimate. The decrease is mainly due to decreased expenditures on electricity, which the agency indicates is caused by shifting some of the electricity expenditures off-budget;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$1.7 million, which is an increase of \$363,433, or 27.4 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on gasoline; and
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$540,000, which is an increase of \$190,000, or 54.3 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on computer equipment, trucks, and furniture.

The **Governor** concurs with the agency's FY 2020 request.

G. Fish and Wildlife

The Fish and Wildlife program is divided into three sections: Fisheries, Wildlife, and Public Lands. The Fisheries section is responsible for three activities: fish culture, fisheries management, and fisheries research and surveys. The Wildlife section conducts research, surveys, and wildlife management. The Public Lands section is responsible for the habitat management of 373,000 acres of public land and water.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of wildlife population surveys conducted	30	12	30	15	13	13
Number of hunter and landowner surveys conducted	15	12	15	11	11	11
Number of Hunter Education students certified	N/A	8,244	N/A	7,152	8,000	8,000
Number of visitors at all education centers	N/A	260,450	N/A	257,885	260,000	260,000
Number of acres in Walk-in Hunting Program (in millions)	1.1	1.0	1.2	1.1	1.1	1.2
Number of iSportsman check-ins	N/A	144,530	N/A	150,208	155,000	155,000
Number of acres affected by wildlife habitat improvement programs	N/A	146,750	N/A	243,633	250,000	250,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 22.6	\$ 26.1	\$ 26.2	\$ 30.2	\$ 28.4	\$ 28.8
FTE Positions	162.0	169.0	169.0	169.0	177.0	177.0

FISH AND WILDLIFE SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 10,864,883	\$ 11,267,885	\$ 11,267,885	\$ 11,394,147	\$ 11,394,147
Contractual Services	12,589,318	10,695,420	10,695,420	11,772,256	11,772,256
Commodities	3,863,609	5,196,109	5,196,109	3,894,273	3,894,273
Capital Outlay	2,866,995	1,005,816	1,005,816	1,490,816	1,490,816
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 30,184,805</i>	<i>\$ 28,165,230</i>	<i>\$ 28,165,230</i>	<i>\$ 28,551,492</i>	<i>\$ 28,551,492</i>
Aid to Local Units	61,388	265,000	265,000	225,000	225,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 30,246,193	\$ 28,430,230	\$ 28,430,230	\$ 28,776,492	\$ 28,776,492
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	30,246,193	28,430,230	28,430,230	28,776,492	28,776,492
TOTAL	\$ 30,246,193	\$ 28,430,230	\$ 28,430,230	\$ 28,776,492	\$ 28,776,492
FTE Positions	144.0	151.0	151.0	151.0	151.0

The **agency** requests FY 2020 expenditures for the Fish and Wildlife program of \$28.8 million, all from special revenue funds. This is an increase of \$346,262, or 1.2 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures in salaries and wages, contractual services, and capital outlay, partially offset by decreased expenditures on commodities and aid to local units of government. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$11.4 million, which is an increase of \$126,262, or 1.1 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on employer contributions to group health insurance and KPERS;

- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$11.8 million, which is an increase of \$1.1 million, or 10.1 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on repair and service of buildings and grounds and land rental;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$3.9 million, which is a decrease of \$1.3 million, or 25.1 percent, below the FY 2019 revised estimate. The decrease is primarily due to decreased expenditures on agricultural supplies and materials and fuel, partially offset by increased expenditures on chemicals;
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$1.5 million, which is an increase of \$485,000, or 48.2 percent, above the FY 2019 revised estimate. The increase is primarily due to increased expenditures on agricultural equipment and machinery and computer equipment; and
- **Aid to Local Units of Government.** The agency requests FY 2020 aid to local units of government expenditures of \$225,000, which is a decrease of \$40,000, or 15.1 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on stocking local ponds and other projects undertaken with municipalities.

The **Governor** concurs with the agency's FY 2020 request.

H. Grants

The Grants program administers a number of local aid and assistance programs to encourage local units of government to improve outdoor recreation opportunities. There are two federal grant programs: the National Rails to Trails Grant program and the Land and Water Conservation Fund Grant program. The Grants program also administers four state grant programs: Community Lake Assistance, Outdoor Wildlife Learning Sites, Shooting Ranges, and Boating Access. The Grants program includes funding for projects and programs for local units of government and for organizations. The agency serves as the entity administering the distribution of state and federal funds related to wildlife, parks, and recreation.

PERFORMANCE MEASURES												
Measure	Actual FY 2016		Actual FY 2017		Gov. Rec. FY 2018		Actual FY 2018		Gov. Rec. FY 2019		Gov. Rec. FY 2020	
There are no performance measures submitted for this program.												
Agency Expenditures												
All Funds (Dollars in Millions)	\$	0.6	\$	1.6	\$	1.2	\$	2.0	\$	1.2	\$	1.2
FTE Positions		0.0		0.0		0.0		0.0		0.0		0.0

GRANTS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	35,094	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>\$ 35,094</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	1,846,389	1,125,000	1,125,000	1,125,000	1,125,000
Other Assistance	139,999	70,000	70,000	70,000	70,000
TOTAL	<u>\$ 2,021,482</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,021,482	1,195,000	1,195,000	1,195,000	1,195,000
TOTAL	<u>\$ 2,021,482</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>	<u>\$ 1,195,000</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2020 expenditures for the Grants program of \$1.2 million, all from special revenue funds. This is no change from the FY 2019 revised estimate.

The **Governor** concurs with the agency's FY 2020 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Rehabilitation and Repair	\$ 6,583,000	\$ 6,583,000	\$ 12,241,000	\$ 12,241,000
Land Acquisition	400,000	400,000	500,000	500,000
Cabin Site Preparation	300,000	300,000	300,000	300,000
Trails Development	2,874,000	2,874,000	700,000	700,000
Shooting Range Development	1,200,000	1,200,000	1,200,000	1,200,000
River Access	100,000	100,000	150,000	150,000
Wetlands Acquisition/Development	650,000	650,000	650,000	650,000
Federally-Mandated Boating Access	1,635,000	1,635,000	906,660	906,660
State and Federal Agriculture Funds	752,000	752,000	0	0
Coast Guard	435,000	435,000	200,000	200,000
Land and Water Conservation Development	375,000	375,000	700,000	700,000
Crawford County Dam Repair	0	769,500	0	0
Debt Service Principal	125,000	125,000	130,000	130,000
TOTAL	\$ 15,429,000	\$ 16,198,500	\$ 17,677,660	\$ 17,677,660
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	15,429,000	16,198,500	17,677,660	17,677,660
TOTAL	\$ 15,429,000	\$ 16,198,500	\$ 17,677,660	\$ 17,677,660

FY 2019 – Current Year. The **agency** estimates FY 2019 revised capital improvement expenditures of \$15.4 million, all from special revenue funds. This is no change from the FY 2019 approved amount. Expenditures include rehabilitation and repair projects totaling \$6.6 million, including parks and public lands maintenance, bridge and dam maintenance, Clark State Fishing Lake dam repair, and education center updates. Other projects include land acquisition (\$400,000), cabin site preparation (\$300,000), trails development (\$2.9 million), shooting range development (\$1.2 million), river access (\$100,000), wetlands acquisition and development (\$650,000), federally mandated boating access (\$1.6 million), state and federal agriculture funds (\$752,000), coast guard (\$435,000), and land and water conservation development (\$375,000).

The **Governor** concurs with the agency's FY 2019 capital improvement estimates. The Governor also recommends \$769,500, all from special revenue funds, to repair the Crawford County Dam.

FY 2020 – Budget Year. The **agency** requests FY 2020 capital improvement expenditures of \$17.7 million, all from special revenue funds. This is an increase of \$2.2 million, or 14.6 percent, above the FY 2019 revised estimate. This increase is due to increased

expenditures on parks major maintenance, fish and wildlife major maintenance, and renovation of Cheyenne Bottoms. Expenditures include rehabilitation and repair projects totaling \$6.6 million, including parks and public lands maintenance, bridge and dam maintenance, Cheyenne Bottoms renovation, and Region 2 office repair. Other projects include land acquisition (\$500,000), cabin site preparation (\$300,000), trails development (\$700,000), shooting range development (\$1.2 million), river access (\$150,000), wetlands acquisition and development (\$650,000), federally mandated boating access (\$906,660), coast guard (\$200,000), and land and water conservation development (\$700,000).

The **Governor** concurs with the agency's FY 2020 capital improvement requests.

KANSAS WATER OFFICE

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 874,376	\$ 896,733	\$ 896,733	\$ 1,118,380	\$ 896,532
Other Funds	8,632,606	9,021,348	9,021,348	12,814,842	9,139,842
<i>Subtotal</i>	<i>\$ 9,506,982</i>	<i>\$ 9,918,081</i>	<i>\$ 9,918,081</i>	<i>\$ 13,933,222</i>	<i>\$ 10,036,374</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>\$ 9,506,982</u>	<u>\$ 9,918,081</u>	<u>\$ 9,918,081</u>	<u>\$ 13,933,222</u>	<u>\$ 10,036,374</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(3.3) %	2.6 %	2.6 %	24.7 %	(0.0) %
All Funds	(21.6)	4.3	4.3	40.5	1.2
FTE Positions	19.0	21.0	21.0	21.0	21.0

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

AGENCY OVERVIEW

The Kansas Water Office is the water planning, policy, and coordination agency for the State. The agency, in conjunction with the Kansas Water Authority, develops water policies through an open planning process; facilitates the coordination of agencies' activities regarding water; and operates a raw water marketing program to ensure an adequate supply for the citizens, municipalities, environment, and industries in the state.

Through the agency's operations and the guidance of the Kansas Water Authority, the Kansas Water Office focuses on water policy planning, including developing the State Water Plan, which details the management, conservation, and development of water resources for the state. Working with the 12 major river basins, the agency develops basin planning sections for the State Water Plan, which documents objectives and critical issues occurring in each of the basins. Additionally, the agency provides the coordination function in focusing action on priority issues as identified in the basin sections of the Kansas Water Plan.

In addition, the agency administers the following programs and acts: Assessment and Evaluation program, Water Marketing program, Water Assurance program, Water Conservation program, the public water supply component of the Multipurpose Small Lakes program, the Kansas Water Planning Act, State Water Plan Storage Act, Kansas Weather Modification Act,

portions of the Water Appropriations Act, and the Water Transfer Act. The agency also negotiates with the federal government for water supply storage in federal lakes.

The Kansas Water Authority provides water policy advice to the Governor, Legislature, and the Director of the Kansas Water Office. Its 24-member board is responsible for approving water storage sales, the State Water Plan, federal contracts, and regulations and legislation proposed by the Kansas Water Office.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** transferred the balance of the Water Conservation Projects Fund (\$9,134,446) and \$739,964 from the State Water Plan Fund in FY 2008 to a new fund called the Western Water Conservation Projects Fund, with guidelines directing the funding to Groundwater Management District No. 3 for oversight of funding projects, and creation of an advisory committee consisting of six ditch companies, and requiring a report by the Groundwater Management District No. 3 every three months on the status of new projects. In addition, the Legislature approved an increased transfer from the Economic Development Initiatives Fund of \$1,043,985 to avert a negative ending balance in the State Water Plan Fund. The Legislature also approved \$534,000, all from the State General Fund, in FY 2009 for a new fund called the Reservoir Storage Beneficial Use Fund.

The **2009 Legislature** approved the transfer of \$2.0 million from the State General Fund to the State Water Plan Fund for FY 2009 and suspended the \$6.0 million statutory transfer from the State General Fund to the State Water Plan Fund for both FY 2009 and FY 2010. For FY 2010, the Legislature approved the transfer of \$3.3 million from the State General Fund to the State Water Plan Fund. The agency's FY 2010 State Water Plan Fund expenditures were increased by \$825,487. The Governor's July 2009 allotments eliminated the FY 2010 transfer approved by the Legislature and expenditures based on the increased transfer were reduced accordingly.

The **2010 Legislature** approved the transfer of \$1.3 million from the State General Fund to the State Water Plan Fund for FY 2011 and appropriated the transfer to be used by four specific programs: Contamination Remediation (\$226,161), Treece Superfund Buyout (\$350,000), Interstate Water Issues (\$137,945), and Aid to Conservation Districts (\$634,138). The 2010 Legislature also changed the expenditure limitation for the State Conservation Storage Water Supply Fund from \$0 to no limit for FY 2011.

The **2011 Legislature** suspended the \$6.0 million demand transfer to the State Water Plan Fund and added funding for the Wichita Aquifer Storage and Recovery Project (\$11,390) and the memorandum of understanding with the Army Corps of Engineers (\$80,702). Those additions were offset by reductions for technical assistance for water users (\$25,000), assessment evaluation (\$16,702), and several universal reductions (\$72,274).

The **2012 Legislature** added \$500,000, all from the Expanded Lottery Act Revenues Fund, for FY 2013 for the Wichita Aquifer Storage and Recovery project and \$40,000, all from the State Water Plan Fund, for Water Resource Education. The funding was subsequently vetoed by the Governor. The Legislature also added \$200,000, all from the State Water Plan Fund, for FY 2013 for the weather modification program contingent upon ten counties participating in the project. The 2012 Legislature suspended the \$6.0 million transfer from the State Water Plan Fund.

The **2013 Legislature** added \$100,000, all from the State Water Plan Fund, for the Weather Modification program in FY 2014.

Also in **2013**, the Governor charged the agency with leading the development of a 50-year vision for water in Kansas. The vision was to be incorporated into the Kansas Water Plan. The agency was to conduct multiple meetings with stakeholders through March 2014 and produce a first draft of the 50-year vision in the summer of that year. The vision was to be completed by November 2014.

The **2014 Legislature** deleted \$419,000, all from the Water Marketing Fund, to reduce FY 2015 bond payments for the John Redmond Reservoir dredging project from \$2,109,400 to \$1,690,400.

The **2015 Legislature** added \$400,000 for both FY 2016 and FY 2017, all from the State Water Plan Fund, for streambank stabilization.

The **Governor's May 2016 allotment** deleted \$250,000, all from the State General Fund, and added \$250,000, all from the Water Marketing Fund, for FY 2017.

The **2016 Legislature** deleted \$8,262, including \$5,731 from the State General Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.

The **2017 Legislature** transferred \$1.2 million, all from the State General Fund, to the State Water Plan Fund for FY 2018. The Legislature also added \$1.0 million, all from the State Water Plan Fund, for streambank stabilization for FY 2018. It also added \$100,000, all from the State Water Plan Fund, for a Kansas River Alluvial aquifer observation well network and \$100,000, all from the State Water Plan Fund, for reservoir bathymetric surveys and biological research, for FY 2018.

The **2018 Legislature** transferred \$200,000 in FY 2018 and \$2.8 million for FY 2019, all from the State General Fund, to the State Water Plan Fund and transferred \$500,000 from the Economic Development Initiatives Fund to the State Water Plan Fund for FY 2019.

The **2018 Legislature** also added \$1.8 million from the State Water Plan to the Kansas Water Office for water-related projects for FY 2019. Projects include the Equus Beds chloride plume (\$50,000), water technology farms (\$75,000), the Milford Lake Watershed Regional Conservation Partnership Program (RCPP) project (\$200,000), harmful algae bloom research (\$100,000), streambank stabilization effectiveness research (\$100,000), Kansas river alluvial monitoring research (\$50,000), bathymetric research (\$100,000), Water Vision education (\$100,000), watershed conservation best practices implementation (\$900,000), and \$100,000 to fund 1.0 FTE for a water resource planner.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates FY 2019 revised expenditures of \$9.9 million, including \$896,733 from the State General Fund. This is an all funds increase of \$749,317, or 8.2 percent, all from special revenue funds, above the FY 2019 approved amount. This revised estimate includes \$487,195 in reappropriations from the State Water Plan Fund. This increase is mainly due to increased expenditures on architects and engineers.

The agency estimates 21.0 FTE positions, which is no change from the FY 2019 approved amount.

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

FY 2020 – Budget Year. The **agency** requests FY 2020 expenditures of \$13.9 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$4.0 million, or 40.5 percent, and a State General Fund increase of \$221,647, or 24.7 percent, above the FY 2019 revised estimate. This increase is primarily due to the agency's enhancement requests.

The agency estimates 21.0 FTE positions, which is no change from the FY 2020 requested amount.

The **Governor** recommends \$10.0 million, including \$896,532 from the State General Fund, for FY 2020. This is an all funds decrease of \$3.9 million, or 28.0 percent, and a State General Fund decrease of \$221,848, or 19.8 percent, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's enhancement requests.

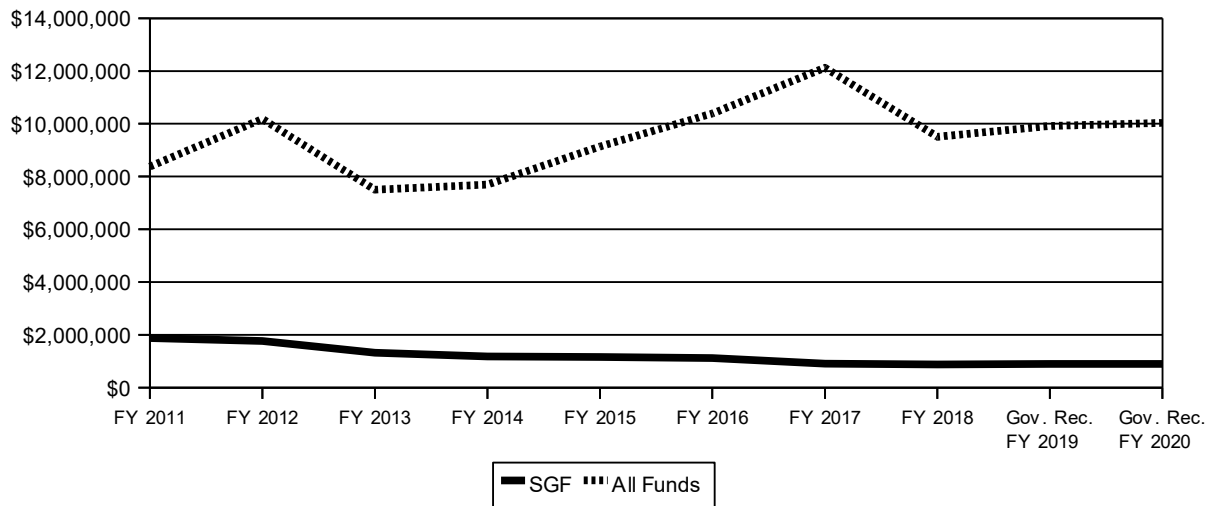
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of <i>Vision</i> action items underway or completed	N/A	N/A	N/A	65.0 %	81.0 %	97.0 %
Percent decrease in estimated reservoir sedimentation rate for Water Marketing Program reservoirs due to upstream BMP implementation	N/A	N/A	N/A	9.5 %	10.0 %	11.0 %
Percent of public water supply systems receiving assistance with water concerns	N/A	N/A	N/A	52.0 %	53.0 %	54.0 %
Percent of time water demands are met by public water supply programs	N/A	N/A	N/A	65.0 %	65.0 %	65.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 10.4	\$ 12.1	\$ 8.0	\$ 9.5	\$ 9.9	\$ 10.0
FTE Positions	20.5	16.0	21.0	19.0	21.0	21.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 1,879,209	(4.2)%	\$ 8,377,752	(2.3)%	22.0
2012	1,762,575	(6.2)	10,182,947	21.5	22.0
2013	1,319,859	(25.1)	7,500,801	(26.3)	19.0
2014	1,182,230	(10.4)	7,694,691	2.6	21.0
2015	1,158,682	(2.0)	9,136,814	18.7	18.0
2016	1,120,859	(3.3)	10,389,076	13.7	20.5
2017	904,576	(19.3)	12,124,647	16.7	16.0
2018	874,376	(3.3)	9,506,982	(21.6)	19.0
2019 Gov. Rec.	896,733	2.6	9,918,081	4.3	21.0
2020 Gov. Rec.	896,532	(0.0)	10,036,374	1.2	21.0
Ten-Year Change Dollars/Percent	\$ (982,677)	(52.3)%	\$ 1,658,622	19.8 %	(1.0)

Summary of Operating Budget FY 2018 - FY 2020

Kansas Water Office

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Water Planning and Implementation	\$	5,430,024	\$ 5,872,155	\$ 9,329,081	\$ 3,456,926	58.9 %	\$ 5,872,155	\$ 5,432,233	\$ (439,922)	(7.5)%
Public Water Supply		4,053,847	4,045,926	4,604,141	558,215	13.8	4,045,926	4,604,141	558,215	13.8
Kansas Water Authority		23,111	0	0	0	--	0	0	0	--
TOTAL	\$	9,506,982	\$ 9,918,081	\$ 13,933,222	\$ 4,015,141	40.5 %	\$ 9,918,081	\$ 10,036,374	\$ 118,293	1.2 %
By Major Object of Expenditure:										
Salaries and Wages	\$	1,466,733	\$ 1,639,872	\$ 1,743,272	\$ 103,400	6.3 %	\$ 1,639,872	\$ 1,567,459	\$ (72,413)	(4.4)%
Contractual Services		7,855,197	8,123,704	12,065,176	3,941,472	48.5	8,123,704	8,350,191	226,487	2.8
Commodities		91,116	78,018	82,850	4,832	6.2	78,018	81,300	3,282	4.2
Capital Outlay		11,775	37,268	41,924	4,656	12.5	37,268	37,424	156	0.4
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>9,424,821</i>	<i>\$ 9,878,862</i>	<i>\$ 13,933,222</i>	<i>\$ 4,054,360</i>	<i>41.0 %</i>	<i>\$ 9,878,862</i>	<i>\$ 10,036,374</i>	<i>\$ 157,512</i>	<i>1.6 %</i>
Aid to Local Units		37,161	0	0	0	--	0	0	0	--
Other Assistance		45,000	39,219	0	(39,219)	(100.0)	39,219	0	(39,219)	(100.0)
TOTAL	\$	9,506,982	\$ 9,918,081	\$ 13,933,222	\$ 4,015,141	40.5 %	\$ 9,918,081	\$ 10,036,374	\$ 118,293	1.2 %
Financing:										
State General Fund	\$	874,376	\$ 896,733	\$ 1,118,380	\$ 221,647	24.7 %	\$ 896,733	\$ 896,532	\$ (201)	(0.0)%
State Water Plan Fund		2,692,002	3,820,325	7,008,130	3,187,805	83.4	3,820,325	3,333,130	(487,195)	(12.8)
Water Marketing Fund		3,301,493	3,724,141	4,236,328	512,187	13.8	3,724,141	4,236,328	512,187	13.8
Federal Funds		247,520	136,651	87,265	(49,386)	(36.1)	136,651	87,265	(49,386)	(36.1)
All Other Funds		2,391,591	1,340,231	1,483,119	142,888	10.7	1,340,231	1,483,119	142,888	10.7
TOTAL	\$	9,506,982	\$ 9,918,081	\$ 13,933,222	\$ 4,015,141	40.5 %	\$ 9,918,081	\$ 10,036,374	\$ 118,293	1.2 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$896,532 for the Kansas Water Office in FY 2019. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$201, based on the reappropriation of FY funding that was not spent in FY 2018 and has shifted to FY 2019.

These adjustments change the FY 2019 approved State General Fund amount to \$896,733. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 896,733	\$ 896,733	\$ 0	\$ 896,733	\$ 0
All Other Funds	8,272,031	9,021,348	749,317	9,021,348	749,317
TOTAL	\$ 9,168,764	\$ 9,918,081	\$ 749,317	\$ 9,918,081	\$ 749,317
FTE Positions	21.0	21.0	0.0	21.0	0.0

The **agency** requests a FY 2019 revised estimate of \$9.9 million, including \$896,733 from the State General Fund. This is an all funds increase of \$749,317, or 8.2 percent, all from special revenue funds, above the FY 2019 approved amount. The increase includes \$487,195 in reappropriation from the State Water Plan Fund. This increase is due to increased expenditures on contractual services and other assistance. Major expenditures are detailed below:

- **Contractual Services.** The agency estimates revised FY 2019 contractual services expenditures of \$8.1 million, including \$68,978 from the State General Fund. This is an all funds increase of \$735,239, or 10.0 percent, with no change to the State General Fund amount, from the FY 2019 approved amount. This increase is due to increased expenditures for architects and engineers; and
- **Other Assistance.** The agency estimates revised FY 2019 other assistance expenditures of \$39,219, all from special revenue funds. This is an increase of \$39,219, or 100.0 percent, above the FY 2019 approved amount. This increase is due to increased expenditures on a geographic information system (GIS) project.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 13,933,222	\$ 10,036,374	\$ (3,896,848)
FTE Positions	21.0	21.0	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 221,647	\$ (201)	
All Other Funds	3,793,494	118,494	
TOTAL	\$ 4,015,141	\$ 118,293	
<i>Percent Change:</i>			
State General Fund	24.7 %	(0.0) %	
All Other Funds	42.1	1.3	
TOTAL	40.5 %	1.2 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2020 expenditures of \$13.9 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$4.0 million, or 40.5 percent, and a State General Fund increase of \$221,647, or 24.7 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, commodities, and capital outlay, and is partially offset by decreased expenditures on other assistance. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$1.7 million, including \$1.0 million from the State General Fund. This is an all funds increase of \$103,400, or 6.3 percent, and a State General Fund increase of \$175,727, or 21.3 percent, above the FY 2019 revised estimate. This increase is due to the agency's FY 2020 enhancement request, explained in the following Enhancement Detail section;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$12.1 million, including \$110,006 from the State General Fund. This is an all funds increase of \$3.9 million, or 48.5 percent, and a State General Fund increase of \$41,028, or 59.5 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on operation and maintenance and debt services on lakes and reservoirs;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$82,850, including \$1,550 from the State General Fund. This is an all funds increase of \$4,832, or 6.2 percent, and a State General Fund increase of \$1,332, or 611.0 percent, above the FY 2019 revised estimate. This increase is primarily due to increased expenditures on food in the Water Planning and Implementation program;

- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$41,924, including \$4,500 from the State General Fund. This is an all funds increase of \$4,656, or 12.5 percent, and a State General Fund increase of \$3,560, or 378.7 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on Esri (Arc-GIS) software programs in the Water Planning and Implementation program; and
- **Other Assistance.** The agency requests FY 2020 other assistance expenditures of \$0. This is a decrease of \$39,219, or 100.0 percent, all from the State Water Plan Fund, below the FY 2019 revised estimate. This decrease is due to the agency anticipating that a GIS project will be completed and paid for in FY 2019.

The **Governor** recommends \$10.0 million, including \$896,532 from the State General Fund, for FY 2020. This is an all funds decrease of \$3.9 million, or 28.0 percent, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's enhancement requests.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Water Resource Planner	\$ 101,848	\$ 101,848	0.0	\$ 0	\$ 0	0.0
Milford Lake Watershed RCPP	0	400,000	0.0	0	0	0.0
Vision Strategic Education Plan	0	150,000	0.0	0	0	0.0
Water Technology Farms	0	175,000	0.0	0	0	0.0
Watershed Conservation BMP Implementation	0	900,000	0.0	0	0	0.0
Equus Beds Chloride Plume Project	0	50,000	0.0	0	0	0.0
Water Injection Dredging	0	1,500,000		0	0	0.0
Streambank Stabilization	0	500,000		0	0	0.0
Water Education Coordinator	120,000	120,000	0.0		0	0.0
TOTAL	\$ 221,848	\$ 3,896,848	0.0	\$ 0	\$ 0	0.0

The **agency** requests nine enhancements for FY 2020. These items include two requests to be funded by the State General Fund to fund a vacant 1.0 FTE position for a water resource planner and a vacant 1.0 FTE position for a water education coordinator, and seven requests to be funded from the State Water Plan. The State Water Plan requests include \$400,000 for the Milford Lake watershed regional conservation project partnership (RCPP), \$150,000 to create a Water Vision strategic education plan, \$175,000 for water technology farms, \$900,000 for watershed conservation best management practice (BMP) implementation, \$50,000 for the Equus Beds chloride plume project, \$1.5 million for water injection dredging, and \$500,000 for streambank stabilization projects. The Kansas Water Authority also requests the reinstatement of the demand transfers from the State General Fund (\$6.0 million) and the Economic Development Initiatives Fund (\$2.0 million) to the State Water Plan Fund for FY 2020.

The **Governor** does not recommend the agency's FY 2020 enhancement requests.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$30,218, including \$15,002 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$680, including \$343 from the State General Fund, and FY 2020 longevity payments total \$720, including \$380 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	8.0 %	8.9 %
State Water Plan Fund	50.3	33.2
Water Marketing Fund	30.4	42.2
Federal Funds	0.6	0.9
All Other Funds	10.6	14.8
TOTAL	100.0 %	100.0 %
<i>Note: Totals may not add due to rounding.</i>		

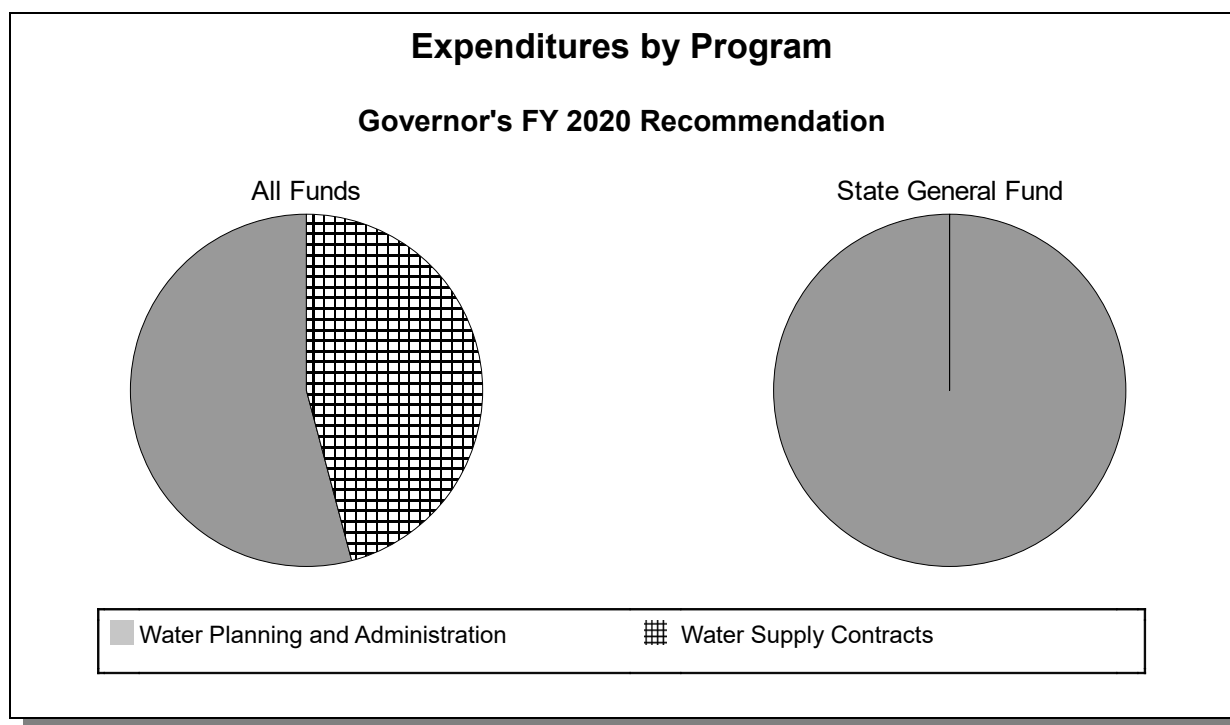
Water Marketing Fund

Under the federal Water Supply Act of 1958, federal reservoirs constructed in Kansas for the purpose of flood control were authorized to include storage space for municipal and industrial water supplies. In 1961, the Legislature provided financial assurance for inclusion of water storage in the federal reservoirs constructed in the state. In 1974, the Legislature passed the State Water Plan Storage Act, which authorizes the agency to contract with water purchasers for sale of water from any reservoir included in the Kansas Water Marketing program. The Water Marketing Fund was created by the 1991 Legislature.

Revenue for the Water Marketing program is generated by the sale of water supplied under contracts with public water suppliers and industries from State-owned storage in federal lakes purchased from the U.S. Army Corps of Engineers. The price for water is set annually according to an established formula and is not negotiable. The Fund is then used to meet the State's contractual water storage obligations to the federal government through transfers to the State Conservation Storage Water Supply Fund and any remaining funds are transferred to the State General Fund for program administration. The table below summarizes receipts, expenditures, and transfers for the Water Marketing Fund as requested by the agency and as recommended by the Governor.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 3,119,742	\$ 4,332,461	\$ 4,332,461	\$ 3,439,180	\$ 3,439,180
Revenue	4,837,933	3,150,781	3,150,781	3,183,134	3,183,134
Transfers in	95,003	98,803	98,803	102,755	102,755
<i>Funds Available</i>	<u>\$ 8,052,678</u>	<u>\$ 7,582,045</u>	<u>\$ 7,582,045</u>	<u>\$ 6,725,069</u>	<u>\$ 6,725,069</u>
Less:					
Expenditures	\$ 3,301,493	\$ 3,724,141	\$ 3,724,141	\$ 4,236,328	\$ 4,236,328
Transfers Out	418,724	418,724	418,724	414,574	414,574
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 4,332,461</u>	<u>\$ 3,439,180</u>	<u>\$ 3,439,180</u>	<u>\$ 2,074,167</u>	<u>\$ 2,074,167</u>
Ending Balance as Percent of Expenditures	131.2%	92.3%	92.3%	49.0%	49.0%
Month Highest Ending Balance	April <u>\$ 4,570,832</u>	March <u>\$ 3,418,643</u>	March <u>\$ 3,418,643</u>	March <u>\$ 3,691,925</u>	March <u>\$ 3,418,643</u>
Month Lowest Ending Balance	November \$ 262,666	November \$ 525,264	November \$ 525,264	November \$ 122,266	November \$ 122,266

PROGRAM DETAIL



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Water Planning and Administration	\$ 5,432,233	54.1 %	\$ 896,532	100.0 %
Water Supply Contracts	4,604,141	45.9	0	0.0
TOTAL	\$ 10,036,374	100.0 %	\$ 896,532	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Water Planning and Implementation	10.0	11.5	11.5	11.5	11.5
Public Water Supply	9.0	9.5	9.5	9.5	9.5
TOTAL	19.0	21.0	21.0	21.0	21.0

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. Water Planning and Implementation

The Water Planning and Implementation program covers the major agency responsibility for the development of the Kansas Water Plan. The administration of the Kansas Water

Planning Act, Kansas Weather Modification Act, and portions of the Water Appropriations and Water Transfer acts are housed in this program.

The Water Planning and Implementation program also houses the Kansas Water Authority, which is statutorily within the Kansas Water Office. The Authority is responsible for advising the Governor, Legislature, and the Director of the Kansas Water Office on water policy issues; approving the Kansas Water Plan; accounting for and making recommendations on the expenditures of State Water Plan Funds; and approving water storage sales, water marketing rate setting, federal contracts, administrative regulations, and legislation proposed by the Kansas Water Office. The Authority is composed of 24 members that represent stakeholder groups and are informed of water-related issues representing water users, water interests, environmental interests, and the general public.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of <i>Vision</i> action items underway or completed	N/A	N/A	N/A	65.0 %	81.0 %	97.0 %
Percent decrease in estimated reservoir sedimentation rate for Water Marketing Program reservoirs due to upstream BMP implementation	N/A	N/A	N/A	9.5 %	10.0 %	11.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.6	\$ 4.0	\$ 4.2	\$ 5.4	\$ 5.9	\$ 5.4
FTE Positions	13.5	12.5	12.5	10.0	11.5	11.5

WATER PLANNING AND IMPLEMENTATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 778,883	\$ 903,318	\$ 903,318	\$ 1,002,324	\$ 826,511
Contractual Services	4,478,749	4,852,600	4,852,600	8,236,251	4,521,266
Commodities	86,512	61,218	61,218	70,050	68,500
Capital Outlay	3,719	15,800	15,800	20,456	15,956
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 5,347,863	\$ 5,832,936	\$ 5,832,936	\$ 9,329,081	\$ 5,432,233
Aid to Local Units	37,161	0	0	0	0
Other Assistance	45,000	39,219	39,219	0	0
TOTAL	\$ 5,430,024	\$ 5,872,155	\$ 5,872,155	\$ 9,329,081	\$ 5,432,233
Financing:					
State General Fund	\$ 851,265	\$ 896,733	\$ 896,733	\$ 1,118,380	\$ 896,532
All Other Funds	4,578,759	4,975,422	4,975,422	8,210,701	4,535,701
TOTAL	\$ 5,430,024	\$ 5,872,155	\$ 5,872,155	\$ 9,329,081	\$ 5,432,233
FTE Positions	10.0	11.5	11.5	11.5	11.5

The **agency** requests FY 2020 expenditures for the Water Planning and Implementation program of \$9.3 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$3.5 million, or 58.9 percent, and a State General Fund increase of \$221,647, or

24.7 percent, above the FY 2019 revised estimate. This increase is due to the agency's enhancement requests. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$1.0 million, including \$1.0 million from the State General Fund. This is an all funds increase of \$99,006, or 11.0 percent, and a State General Fund increase of \$175,727, or 21.3 percent, above the FY 2019 revised estimate. This all funds increase is mainly due to the agency's enhancement request to fund 1.0 existing FTE position as a water education coordinator in FY 2020;
- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$8.2 million, including \$110,006 from the State General Fund. This is an all funds increase of \$3.4 million, or 69.7 percent, and a State General Fund increase of \$41,028, or 59.5 percent, above the FY 2019 revised estimate. This increase is due to the agency's FY 2020 enhancement requests, including travel and Office of Information Technology Services expenditures for a water education coordinator from the State General Fund and several enhancement projects funded by the State Water Plan Fund;
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$70,050, including \$1,550 from the State General Fund. This is an all funds increase of \$8,832, or 14.4 percent, and a State General Fund increase of \$1,332, or 611.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on food, gasoline, and other supplies and materials;
- **Capital Outlay.** The agency requests FY 2020 capital outlay expenditures of \$20,456, including \$4,500 from the State General Fund. This is an all funds increase of \$4,656, or 29.5 percent, and a State General Fund increase of \$3,560, or 378.7 percent, above the FY 2019 revised estimate. This increase is largely due to the agency's enhancement request for office equipment for a water education coordinator; and
- **Other Assistance.** The agency does not request FY 2020 other assistance expenditures. This is a decrease of \$39,219, or 100.0 percent, all from the State Water Plan Fund, below the FY 2019 revised estimate. This decrease is due to the agency anticipating that a GIS project will be completed and paid for in FY 2019.

The **Governor** recommends FY 2020 expenditures for the Water Planning and Implementation Program of \$5.4 million, including \$826,511 from the State General Fund. This is an all funds decrease of \$3.9 million, or 41.8 percent, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's FY 2020 enhancement requests.

B. Public Water Supply

The Public Water Supply program administers supply programs to ensure an adequate supply of water for Kansans receiving water from State-owned storage in federal and state reservoirs. These programs include the water marketing, water assurance, Lower Smoky Hill

access district, and the public water supply components of the Multipurpose Small Lakes program (KSA 82a-1601 *et seq.*). The Kansas Water Office negotiates with the federal government for water supply storage in federal lakes and coordinated reservoir operations to meet multiple uses, primarily benefiting municipal and industrial customers.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of public water supply systems receiving assistance with water concerns	N/A	N/A	N/A	52.0 %	53.0 %	54.0 %
Percent of time water demands are met by public water supply programs	N/A	N/A	N/A	65.0 %	65.0 %	65.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.2	\$ 8.4	\$ 3.8	\$ 4.1	\$ 4.0	\$ 4.6
FTE Positions	7.0	5.5	8.5	9.0	9.5	9.5

PUBLIC WATER SUPPLY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 685,339	\$ 736,554	\$ 736,554	\$ 740,948	\$ 740,948
Contractual Services	3,356,149	3,271,104	3,271,104	3,828,925	3,828,925
Commodities	4,303	16,800	16,800	12,800	12,800
Capital Outlay	8,056	21,468	21,468	21,468	21,468
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 4,053,847	\$ 4,045,926	\$ 4,045,926	\$ 4,604,141	\$ 4,604,141
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,053,847	\$ 4,045,926	\$ 4,045,926	\$ 4,604,141	\$ 4,604,141
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,053,847	4,045,926	4,045,926	4,604,141	4,604,141
TOTAL	\$ 4,053,847	\$ 4,045,926	\$ 4,045,926	\$ 4,604,141	\$ 4,604,141
FTE Positions	9.0	9.5	9.5	9.5	9.5

The **agency** requests FY 2020 expenditures for the Public Water Supply program of \$4.6 million, all from special revenue funds, which is an increase of \$558,215, or 13.8 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages and contractual services, partially offset by decreased expenditures on commodities. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 salaries and wages expenditures of \$740,948, all from special revenue funds. This is an increase of \$4,394, or 0.6 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to KPERS;

- **Contractual Services.** The agency requests FY 2020 contractual services expenditures of \$3.8 million, all from special revenue funds. This is an increase of \$557,821, or 17.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on operation and maintenance fees for lakes and reservoirs; and
- **Commodities.** The agency requests FY 2020 commodities expenditures of \$12,800, all from special revenue funds. This is a decrease of \$4,000, or 23.8 percent, below the FY 2019 revised estimate. This decrease is due to decreased expenditures on stationery and office supplies.

The **Governor** concurs with the agency's FY 2020 request.

KANSAS STATE FAIR

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 390,127	\$ 365,750	\$ 365,750	\$ 333,750	\$ 333,750
Other Funds	4,544,415	4,860,806	4,860,806	5,085,910	5,085,910
<i>Subtotal</i>	<i>\$ 4,934,542</i>	<i>\$ 5,226,556</i>	<i>\$ 5,226,556</i>	<i>\$ 5,419,660</i>	<i>\$ 5,419,660</i>
Capital Improvements:					
State General Fund	\$ 610,000	\$ 640,000	\$ 640,000	\$ 17,109,370	\$ 665,000
Other Funds	701,706	1,106,640	1,106,640	643,260	643,260
<i>Subtotal</i>	<i>\$ 1,311,706</i>	<i>\$ 1,746,640</i>	<i>\$ 1,746,640</i>	<i>\$ 17,752,630</i>	<i>\$ 1,308,260</i>
TOTAL	\$ 6,246,248	\$ 6,973,196	\$ 6,973,196	\$ 23,172,290	\$ 6,727,920
Percentage Change:					
Operating Expenditures					
State General Fund	48.0 %	(6.2) %	(6.2) %	(8.7) %	(8.7) %
All Funds	(9.9)	5.9	5.9	3.7	3.7
FTE Positions	25.0	26.0	26.0	26.0	26.0

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

AGENCY OVERVIEW

The mission of the Kansas State Fair is to promote and showcase Kansas agriculture, industry, and culture; create opportunity for commercial activity; and provide an educational and entertaining experience that is the pride of all Kansans. The annual State Fair is organized and administered by the 13-member State Fair Board. The State Fairgrounds is located in Reno County within the City of Hutchinson. The fairgrounds consist of approximately 280 acres, with 75 buildings and nearly 24 covered acres. The State Fair starts on the Friday following Labor Day in September and runs for 10 days. This makes the State Fair the state's largest single event, attracting more than 350,000 people, plus an estimated 200,000 people to the nearly 400 non-Fair events held throughout the year on the fairgrounds. The agency operates with 25 full-time employees and 551 part-time and temporary employees, in addition to contract plumbers and electricians and inmate labor from the Hutchinson Correctional Facility.

MAJOR ISSUES FROM PRIOR YEARS

The **2008 Legislature** added funding from the Economic Development Initiatives Fund (EDIF) for FY 2009 for marketing and promotion of the State Fair (\$50,000) and competitive exhibit premiums (\$20,000). In addition, the Legislature added \$20,792, all from the State Fair

Fee Fund, to increase part-time seasonal employees' wages. The Legislature also converted 1.0 non-FTE position to 1.0 FTE position.

The **2009 Legislature** did not add funding from the EDIF for FY 2010 for marketing and promotion of the State Fair or for competitive exhibit premiums. In addition, the Legislature suspended the statutory transfer from the State General Fund to the State Fair Capital Improvements Fund in FY 2010.

The **2010 Legislature** deleted the transfer of \$300,000 from the State General Fund to the State Fair Capital Improvements Fund in FY 2010 and for FY 2011. The Legislature also transferred an additional \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund for FY 2011 and to make the transfer on or before March 1, 2011.

The **2011 Legislature** added 1.0 FTE position and \$39,749, all from special revenue funds, for an administrative assistant position in the Competitive Exhibits department and also added \$376,950, all from special revenue funds, for roof replacement projects. The Legislature also made reductions totaling \$23,130, all from special revenue funds, for cell phone expenditures, information technology expenditures, a death and disability moratorium, and an across-the-board reduction.

The **2012 Legislature** added \$25,000, all from the EDIF, for FY 2013 for enhanced marketing of the State Fair's centennial celebration, which was subsequently vetoed by the Governor. The Legislature also approved adding \$11,182,256, all from the Expanded Lottery Act Revenues Fund, for increasing debt service payments to call the bonds for debt service for FY 2013 to reduce future payments for future debt service.

The **2013 Legislature** added \$250,000, all from the State General Fund, for the State's statutorily required match to the State Fair Capital Improvements Fund for FY 2014. The match was not to be made for FY 2015.

The **2014 Legislature** added \$400,000, all from the State Fair Capital Improvements Fund, for capital improvement projects.

The **2015 Legislature** transferred \$100,000 for both FY 2016 and FY 2017, all from the State General Fund, to the State Fair Capital Improvements Fund to match a portion of the agency's contribution.

The **2017 Legislature** transferred \$100,000, all from the State General Fund, to the State Fair Capital Improvements Fund for FY 2018 and FY 2019. The Legislature also added \$150,000, all from the State General Fund, for utility expenditures for FY 2018 and FY 2019.

The **2018 Legislature** added \$165,643, all from special revenue funds, for rehabilitation and repair of the fairgrounds, including replacement of the Pride of Kansas building roof.

The **2018 Legislature** also added language giving the State Fair bonding authority up to \$1.7 million for Bison Arena renovations for FY 2019, and passed SB 415, which repeals the \$300,000 statutory transfer from the State General Fund to the State Fair Capital Improvement Fee Fund and permits the State Fair to retain 86.846 percent of the state sales tax collected from retail sales on the state fairgrounds.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates revised FY 2019 operating expenditures of \$5.2 million, including \$365,750 from the State General Fund. This is an all funds decrease of \$357,041, or 6.4 percent, with no change in the State General Fund amount, from the FY 2019 approved amount.

The agency estimates revised FY 2019 capital improvement expenditures of \$1.7 million, including \$640,000 from the State General Fund. This is an all funds increase of \$434,000, or 33.1 percent, with no change in the State General Fund amount, from the FY 2019 approved amount.

The agency estimates 26.0 FTE positions in FY 2019, which is no change from the FY 2019 approved amount.

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

FY 2020 – Budget Year. The **agency** requests FY 2020 operating expenditures of \$5.4 million, including \$333,750 from the State General Fund. This is an all funds increase of \$193,104, or 3.7 percent, and a State General Fund decrease of \$32,000, or 8.7 percent, from the FY 2019 revised estimate. The State General Fund decrease is due to decreased expenditures on debt service.

The agency requests FY 2020 capital improvement expenditures of \$17.8 million, including \$17.1 million from the State General Fund. This is an all funds increase of \$16.0 million, or 916.4 percent, and a State General Fund increase of \$16.5 million, or 2,573.3 percent, above the FY 2019 revised estimate.

The agency requests 26.0 FTE positions for FY 2020, which is no change from the FY 2019 revised estimate.

The **Governor** recommends \$6.7 million, including \$998,750 from the State General Fund, for FY 2020. This is a decrease of \$16.4 million, or 71.0 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's enhancement requests for the renovation of the Bison Arena and the replacement of the EXPO Center building.

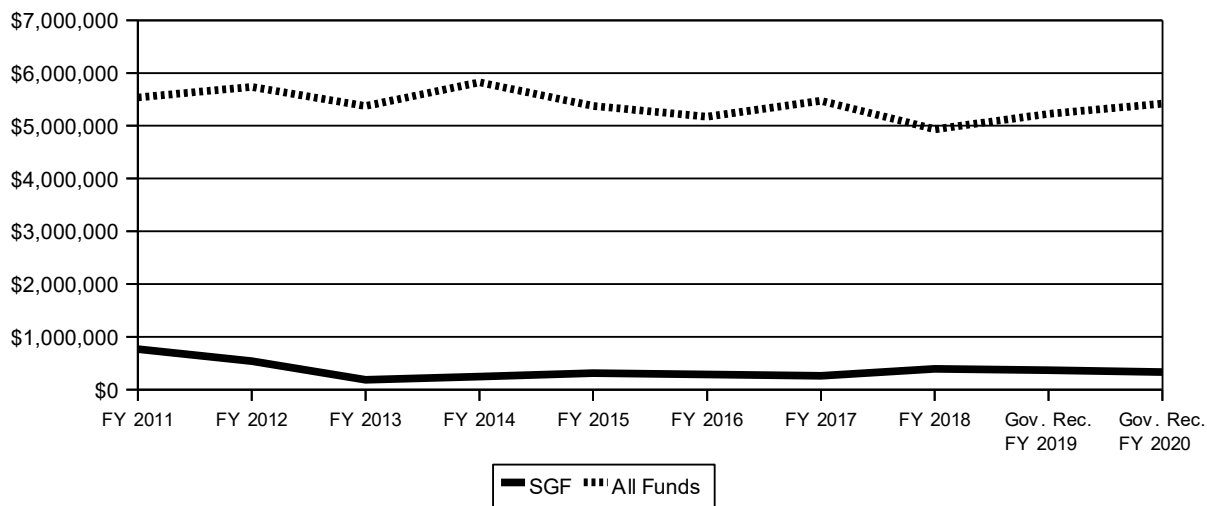
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Cost of grandstand acts as a percent of grandstand ticket sales	N/A	93.0 %	N/A	101.0 %	110.0 %	95.0 %
Percent of counties with Kansas youth participation	N/A	59.0 %	N/A	60.0 %	68.0 %	70.0 %
Percent of school districts with Kansas youth participation	N/A	41.0 %	N/A	42.0 %	46.0 %	46.8 %
Percent of returning exhibitors	N/A	91.0 %	N/A	92.0 %	85.0 %	87.0 %
Percent of Fair attendees also attending grandstand event	N/A	7.0 %	0.0 %	7.3 %	8.5 %	10.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.2	\$ 6.7	\$ 6.8	\$ 6.2	\$ 7.0	\$ 6.7
FTE Positions	25.0	24.0	26.0	25.0	26.0	26.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 764,711	123.7 %	\$ 5,537,889	(0.6)%	24.0
2012	540,422	(29.3)	5,736,223	3.6	25.0
2013	182,165	(66.3)	5,374,945	(6.3)	25.0
2014	247,751	36.0	5,824,490	8.4	25.0
2015	309,566	25.0	5,375,425	(7.7)	25.0
2016	285,942	(7.6)	5,171,847	(3.8)	25.0
2017	263,533	(7.8)	5,474,038	5.8	24.0
2018	390,127	48.0	4,934,542	(9.9)	25.0
2019 Gov. Rec.	365,750	(6.2)	5,226,556	5.9	26.0
2020 Gov. Rec.	333,750	(8.7)	5,419,660	3.7	26.0
Ten-Year Change Dollars/Percent	\$ (430,961)	(56.4)%	\$ (118,229)	(2.1)%	2.0

Summary of Operating Budget FY 2018 - FY 2020

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 3,192,293	\$ 3,457,129	\$ 3,470,189	\$ 13,060	0.4 %	\$ 3,457,129	\$ 3,470,189	\$ 13,060	0.4 %
Facilities Management	1,502,122	1,553,677	1,765,721	212,044	13.6	1,553,677	1,765,721	212,044	13.6
Debt Service	240,127	215,750	183,750	(32,000)	(14.8)	215,750	183,750	(32,000)	(14.8)
TOTAL	\$ 4,934,542	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,792,600	\$ 2,101,446	\$ 2,122,170	\$ 20,724	1.0 %	\$ 2,101,446	\$ 2,122,170	\$ 20,724	1.0 %
Contractual Services	2,625,930	2,609,360	2,813,740	204,380	7.8	2,609,360	2,813,740	204,380	7.8
Commodities	274,863	300,000	300,000	0	0.0	300,000	300,000	0	0.0
Capital Outlay	1,022	0	0	0	--	0	0	0	--
Debt Service	240,127	215,750	183,750	(32,000)	(14.8)	215,750	183,750	(32,000)	(14.8)
<i>Subtotal - Operations</i>	<i>\$ 4,934,542</i>	<i>\$ 5,226,556</i>	<i>\$ 5,419,660</i>	<i>\$ 193,104</i>	<i>3.7 %</i>	<i>\$ 5,226,556</i>	<i>\$ 5,419,660</i>	<i>\$ 193,104</i>	<i>3.7 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 4,934,542	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %
Financing:									
State General Fund	\$ 390,127	\$ 365,750	\$ 333,750	\$ (32,000)	(8.7) %	\$ 365,750	\$ 333,750	\$ (32,000)	(8.7) %
State Fair Capital Improvements Fund	0	(57,640)	141,740	199,380	(345.9)	(57,640)	141,740	199,380	(345.9)
State Fair Fee Fund	4,544,415	4,918,446	4,944,170	25,724	0.5	4,918,446	4,944,170	25,724	0.5
TOTAL	\$ 4,934,542	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %	\$ 5,226,556	\$ 5,419,660	\$ 193,104	3.7 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$1.1 million for the Kansas State Fair in FY 2019. No subsequent adjustments have 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	\$ 1,005,750	\$ 1,005,750	\$ 0	\$ 1,005,750	\$ 0
All Other Funds	5,890,487	5,967,446	76,959	5,967,446	76,959
TOTAL	\$ 6,896,237	\$ 6,973,196	\$ 76,959	\$ 6,973,196	\$ 76,959
FTE Positions	26.0	26.0	0.0	26.0	0.0

The **agency** requests revised FY 2019 operating expenditures of \$5.2 million, including \$365,750 from the State General Fund. This is an all funds decrease of \$357,041, or 6.4 percent, with no change to the State General Fund amount, from the FY 2019 approved amount. This decrease is due to decreased expenditures on contractual services, commodities, and capital outlay, partially offset by increases in salaries and wages expenditures. Major expenditures are detailed below:

- **Salaries and Wages.** The agency estimates revised FY 2019 expenditures of \$2.1 million, all from special revenue funds. This is an increase of \$215,959, or 11.5 percent, above the FY 2019 approved amount. This increase is due to increased expenditures on unclassified positions (\$192,286) and employer contributions to group health insurance, Medicare, and KPERS;
- **Contractual Services.** The agency estimates revised FY 2019 expenditures of \$2.6 million, including \$150,000 from the State General Fund. This is an all funds decrease of \$295,000, or 10.2 percent, with no change to the State General Fund amount, from the FY 2019 approved amount. This decrease is primarily due to decreased expenditures on non-employee awards;
- **Commodities.** The agency requests revised FY 2019 expenditures of \$300,000, all from special revenue funds. This is a decrease of \$172,000, or 36.4 percent, below the FY 2019 approved amount. The decrease is primarily due to decreased expenditures on buildings and grounds material, fuel, and food; and
- **Capital Outlay.** The agency requests revised FY 2019 expenditures of \$0, which is a decrease of \$106,000, or 100.0 percent, below the FY 2019 approved

amount. This decrease is due to decreased expenditures on computer equipment, software, and self-propelled equipment.

The agency requests revised FY 2019 capital improvement expenditures of \$1.7 million, including \$640,000 from the State General Fund. This is an all funds increase of \$434,000, or 33.1 percent, with no change in the State General Fund amount, from the FY 2019 approved amount. Capital improvements are detailed in the Capital Improvements section later in this budget analysis.

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

Supplemental Detail

FY 2019 SUPPLEMENTALS								
Supplementals	Agency Estimate			Governor's Recommendation				
	SGF	All Funds	FTE	SGF	All Funds	FTE		
EXPO Center Roof Replacement	\$ 0	\$ 274,000	0.0	\$ 0	\$ 274,000	0.0		

The **agency** estimates an FY 2019 supplement request of \$274,000, all from the State Fair Capital Improvement Fund, to replace the roof of the EXPO Center on the State Fairgrounds.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 5,419,660	\$ 5,419,660	\$ 0	
FTE Positions	26.0	26.0	0.0	
Change from FY 2019:				
<i>Dollar Change:</i>				
State General Fund	\$ (32,000)	\$ (32,000)		
All Other Funds	225,104	225,104		
TOTAL	\$ 193,104	\$ 193,104		
<i>Percent Change:</i>				
State General Fund	(8.7) %	(8.7) %		
All Other Funds	4.6	4.6		
TOTAL	3.7 %	3.7 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests FY 2020 operating expenditures of \$5.4 million, including \$333,750 from the State General Fund. This is an all funds increase of \$193,104, or 3.7 percent, and a State General Fund decrease of \$32,000, or 8.7 percent, from the FY 2019 revised estimate. The all funds increase is due to increased expenditures on salaries and wages and contractual services, partially offset by decreased expenditures on debt service. The State General Fund decrease is due to decreased expenditures on debt service. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 expenditures of \$2.1 million, all from special revenue funds. This is an increase of \$20,724, or 1.0 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to group health insurance and KPERS;
- **Contractual Services.** The agency requests FY 2020 expenditures of \$2.8 million, including \$150,000 from the State General Fund. This is an all funds increase of \$204,380, or 7.8 percent, with no change to the State General Fund amount, from the FY 2019 revised estimate. This all funds increase is due to increased expenditures on repairs and services on buildings and grounds; and
- **Debt Service.** The agency requests FY 2020 expenditures of \$183,750, all from the State General Fund, which is a decrease of \$32,000, or 14.8 percent, below the FY 2019 revised estimate. This decrease is due a shift to principal payments as the debt is retired.

The agency requests FY 2020 capital improvement expenditures of \$17.8 million, including \$17.1 million from the State General Fund. This is an all funds increase of \$16.0 million, or 916.4 percent, and a State General Fund increase of \$16.5 million, or 2,573.3 percent, above the FY 2019 revised estimate. This increase is due to the agency's enhancement requests, which are detailed in the following Enhancement Detail section.

The **Governor** concurs with the agency's operating expenditures request. The Governor recommends \$6.7 million, including \$998,750 from the State General Fund for FY 2020. This amount includes capital improvements. The request is a decrease of \$16.4 million, or 71.0 percent, below the requested amount. The decrease is due to the Governor not recommending the agency's capital improvement enhancement requests.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Bison Arena Renovation	\$ 7,704,400	\$ 7,704,400	0.0	\$ 0	\$ 0	0.0
EXPO Center Building Replacement	8,739,970	8,739,970	0.0	0	0	0.0
TOTAL	\$ 16,444,370	\$ 16,444,370	0.0	\$ 0	\$ 0	0.0

The **agency** requests two enhancements for FY 2020 totaling \$16.4 million, all from the State General Fund, for the renovation of the Bison Arena and the replacement of the EXPO Center building on the State Fairgrounds.

The **Governor** does not recommend the agency's FY 2020 enhancement requests.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$24,027, including \$0 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$4,160, including \$0 from the State General Fund, and FY 2020 longevity payments total \$4,360, including \$0 from the State General Fund.**

Kansas Public Employees Retirement System (KPERs) Adjustments. The employer retirement contribution rate for KPERs State and School is scheduled to be 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	75.3 %	14.8 %
State Fair Capital Improvement Fund	3.4	11.7
State Fair Fee Fund (including official hospitality)	21.3	73.5
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

State Fair Fee Fund

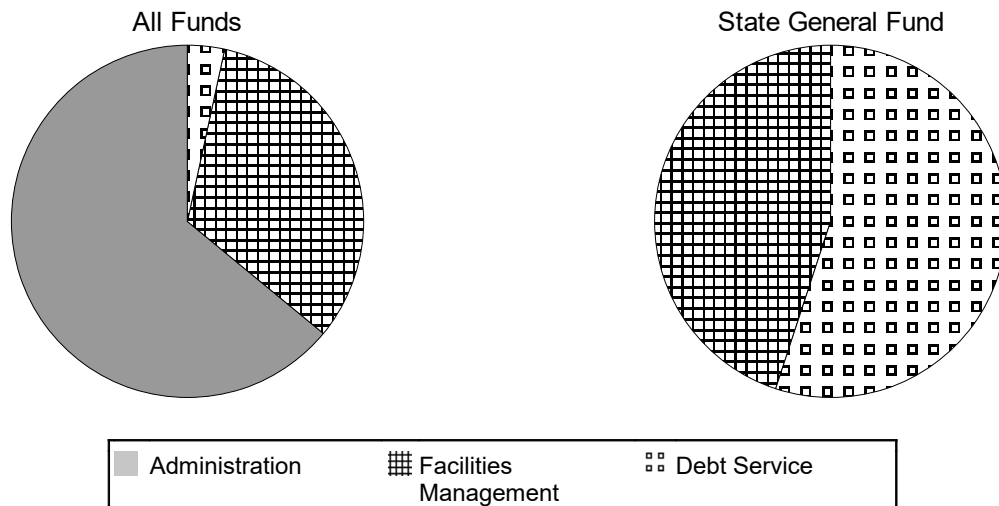
Revenues for the agency come from both State Fair and non-State Fair activities on the State Fairgrounds and are deposited into the State Fair Fee Fund. Revenue sources include admission fees to the State Fair and grandstand entertainment, premium book advertising, building rentals, sales and concessions, and parking fees. The State estimates total non-Fair use of the State Fairgrounds at nearly 400 events throughout the year.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 943,786	\$ 1,200,000	\$ 1,200,000	\$ 1,418,054	\$ 1,418,054
Revenue	5,288,547	5,596,500	5,296,500	5,596,500	5,296,500
Transfers in	0	0	0	0	0
Funds Available	\$ 6,232,333	\$ 6,796,500	\$ 6,496,500	\$ 7,014,554	\$ 6,714,554
Less:					
Expenditures	\$ 4,544,415	\$ 4,918,446	\$ 5,078,446	\$ 4,944,170	\$ 5,104,170
Transfers Out	300,000	300,000	0	300,000	0
Off Budget Expenditures	187,918	160,000	0	160,000	0
Ending Balance	\$ 1,200,000	\$ 1,418,054	\$ 1,418,054	\$ 1,610,384	\$ 1,610,384
Ending Balance as Percent of Expenditures	26.4%	28.8%	27.9%	32.6%	31.6%
Month Highest Ending Balance	September \$ 1,500,000	September \$ 1,500,000	October \$ 1,885,512	September \$ 1,500,000	October \$ 2,093,585
Month Lowest Ending Balance	June \$ 1,000,000	June \$ 1,000,000	July \$ 1,229,331	June \$ 1,000,000	July \$ 1,445,624

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 3,470,189	64.0 %	\$ 0	0.0 %
Facilities Management	1,765,721	32.6	150,000	44.9
Debt Service	183,750	3.4	183,750	55.1
TOTAL	\$ 5,419,660	100.0 %	\$ 333,750	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	14.0	15.0	15.0	15.0	15.0
Facilities Management	11.0	11.0	11.0	11.0	11.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	25.0	26.0	26.0	26.0	26.0

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

A. Administration

The Administration program of the Kansas State Fair provides for the administration of the agency as well as the planning, marketing, and advertising of the State Fair. The Administration program also markets non-Fair use of the State Fairgrounds in Hutchinson.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Cost of grandstand acts as a percent of grandstand ticket sales	N/A	93.0 %	N/A	101.0 %	110.0 %	95.0 %
Percent of counties with Kansas youth participations	N/A	59.0 %	N/A	60.0 %	68.0 %	70.0 %
Percent of school districts with Kansas youth participation	N/A	41.0 %	N/A	42.0 %	46.0 %	46.8 %
Percent of returning exhibitors	N/A	91.0 %	N/A	92.0 %	85.0 %	87.0 %
Percent of Fair attendees also attending grandstand event	N/A	7.0 %	0.0	7.3 %	8.5 %	10.0 %
Cost of grandstand acts as a percent of grandstand ticket sales	N/A	93.0 %	N/A	101.0 %	110.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.5	\$ 3.5	\$ 3.6	\$ 3.2	\$ 3.5	\$ 3.5
FTE Positions	13.0	12.0	14.0	14.0	15.0	15.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,202,116	\$ 1,410,629	\$ 1,410,629	\$ 1,423,689	\$ 1,423,689
Contractual Services	1,776,715	1,822,000	1,822,000	1,822,000	1,822,000
Commodities	212,440	224,500	224,500	224,500	224,500
Capital Outlay	1,022	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,192,293</i>	<i>\$ 3,457,129</i>	<i>\$ 3,457,129</i>	<i>\$ 3,470,189</i>	<i>\$ 3,470,189</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 3,192,293	\$ 3,457,129	\$ 3,457,129	\$ 3,470,189	\$ 3,470,189
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,192,293	3,457,129	3,457,129	3,470,189	3,470,189
TOTAL	\$ 3,192,293	\$ 3,457,129	\$ 3,457,129	\$ 3,470,189	\$ 3,470,189
FTE Positions	14.0	15.0	15.0	15.0	15.0

The **agency** requests FY 2020 expenditures for the Administration program of \$3.5 million, all from special revenue funds. This is an increase of \$13,060, or 0.4 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on salaries and wages.

These expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 expenditures of \$1.4 million. This is an increase of \$13,060, or 0.9 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to group health insurance and KPERS.

The **Governor** concurs with the agency's request for FY 2020.

B. Facilities Management

The Facilities Management program, previously named the Physical Plant and Central Services program, of the Kansas State Fair works to provide convenient, safe, and attractive buildings and grounds to patrons of the State Fair and non-Fair activities on the State Fairgrounds. The Facilities Management program is staffed by 11.0 FTE positions, along with contract plumbers and electricians and inmate labor from the Hutchinson Correctional Facility, whose work includes painting, cleaning, mowing, carpentry projects, and other maintenance jobs.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.7	\$ 1.7	\$ 1.5	\$ 1.6	\$ 1.8
FTE Positions	12.0	12.0	12.0	11.0	11.0	11.0

FACILITIES MANAGEMENT SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 590,484	\$ 690,817	\$ 690,817	\$ 698,481	\$ 698,481
Contractual Services	849,215	787,360	787,360	991,740	991,740
Commodities	62,423	75,500	75,500	75,500	75,500
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,502,122	\$ 1,553,677	\$ 1,553,677	\$ 1,765,721	\$ 1,765,721
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,502,122	\$ 1,553,677	\$ 1,553,677	\$ 1,765,721	\$ 1,765,721
Financing:					
State General Fund	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
All Other Funds	1,352,122	1,403,677	1,403,677	1,615,721	1,615,721
TOTAL	\$ 1,502,122	\$ 1,553,677	\$ 1,553,677	\$ 1,765,721	\$ 1,765,721
FTE Positions	11.0	11.0	11.0	11.0	11.0

The **agency** requests FY 2020 Facilities Management expenditures of \$1.8 million, including \$150,000 from the State General Fund. This is an all funds increase of \$212,044, or 13.6 percent, with no change to the State General Fund amount. This all funds increase is due to increased expenditures on salaries and wages and contractual services. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2020 expenditures of \$698,481, all from special revenue funds. This is an increase of \$7,664, or 1.1 percent, above the FY 2019 revised estimate. This increase is due to increased expenditures on employer contributions to group health insurance and KPERS; and
- **Contractual Services.** The agency requests FY 2020 expenditures of \$991,740, including \$150,000 from the State General Fund. This is an all funds increase of \$204,380, with no change to the State General Fund amount, from the FY 2019 revised estimate. The increase is due to increased expenditures on repair and servicing of buildings and grounds.

The **Governor** concurs with the agency's request for FY 2020.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req.. FY 2020	Gov. Rec. FY 2020
Rehabilitation and Repair	\$ 1,106,640	\$ 1,106,640	\$ 643,260	\$ 643,260
EXPO Center Renovation	0	0	8,739,970	0
Bison Arena Renovation	0	0	7,704,400	0
Debt Service Principal	640,000	640,000	665,000	665,000
TOTAL	\$ 1,746,640	\$ 1,746,640	\$ 17,752,630	\$ 1,308,260
Financing:				
State General Fund	\$ 640,000	\$ 640,000	\$ 17,109,370	\$ 665,000
All Other Funds	1,106,640	1,106,640	643,260	643,260
TOTAL	\$ 1,746,640	\$ 1,746,640	\$ 17,752,630	\$ 1,308,260

FY 2019 – Current Year. The **agency** estimates FY 2019 revised capital improvement expenditures of \$1.7 million, including \$640,000 from the State General Fund. This is an increase of \$434,000, or 33.1 percent, with no change to the State General Fund amount, from the FY 2019 approved amount. This increase is primarily due to increased expenditures on repair and servicing of the building and grounds.

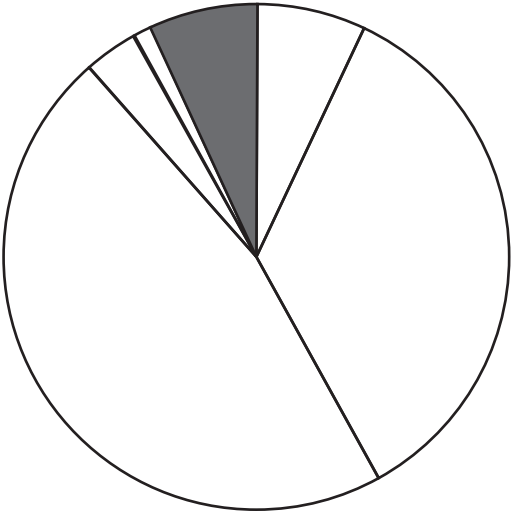
The **Governor** concurs with the agency's FY 2019 capital improvement requests.

FY 2020 – Budget Year. The **agency** requests FY 2020 capital improvements expenditures of \$17.8 million, including \$17.1 million from the State General Fund. This is an all funds increase of \$16.0 million, or 916.4 percent, and a State General Fund increase of \$16.5 million, or 2,573.3 percent, above the FY 2019 revised estimate. The increase is due to the agency's enhancement requests for a new EXPO Center building and renovation of the Bison Arena.

The **Governor** recommends \$1.3 million, including \$665,000 from the State General Fund, in capital improvements expenditures for FY 2020. This is a decrease of \$16.4 million, or 92.6 percent, all from the State General Fund, below the requested amount. The decrease is due to the Governor not recommending the agency's enhancement requests to rebuild the EXPO Center or to upgrade the Bison Arena.

TRANSPORTATION

All Funds



Transportation includes the Department of Transportation, which has responsibility for the construction and maintenance of highways and other transportation functions.

The Governor's FY 2020 recommendation for the Transportation function totals \$1.3 billion from all funding sources.

The FY 2020 recommendation represents an all funds increase by 16.9 percent, or \$186.2 million, above FY 2019.

Agencies in this Function: <i>Kansas Department of Transportation.....119</i>	A total of 2,351.0 FTE positions are recommended by the Governor for the Transportation function for FY 2020, which is no change from FY 2019. Of all state FTE positions, 5.7 percent are in this function.

The agency in this function comprises 0.0 percent of the total State General Fund budget for FY 2020, which is unchanged from FY 2019. It comprises 7.0 percent of expenditures from all funding sources for FY 2020, which is an increase from 6.4 percent in FY 2019.

KANSAS DEPARTMENT OF TRANSPORTATION

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	566,422,164	670,175,865	669,281,769	664,933,917	663,691,737
<i>Subtotal</i>	<u>\$ 566,422,164</u>	<u>\$ 670,175,865</u>	<u>\$ 669,281,769</u>	<u>\$ 664,933,917</u>	<u>\$ 663,691,737</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	299,732,476	431,765,764	431,765,764	628,810,298	623,568,698
<i>Subtotal</i>	<u>\$ 299,732,476</u>	<u>\$ 431,765,764</u>	<u>\$ 431,765,764</u>	<u>\$ 628,810,298</u>	<u>\$ 623,568,698</u>
Reportable Exp.	866,154,640	1,101,941,629	1,101,047,533	1,293,744,215	1,287,260,435
Non-Reportable Exp.	455,383,464	436,337,479	436,337,479	217,173,326	217,173,326
GRAND TOTAL	<u>\$ 1,321,538,104</u>	<u>\$ 1,538,279,108</u>	<u>\$ 1,537,385,012</u>	<u>\$ 1,510,917,541</u>	<u>\$ 1,504,433,761</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(20.3)	18.3	18.2	(0.8)	(0.8)
FTE Positions	2,355.3	2,351.0	2,351.0	2,351.0	2,351.0

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

AGENCY OVERVIEW

The Kansas Department of Transportation (KDOT) is a cabinet-level agency headed by a secretary appointed by the Governor. The purpose of KDOT is to coordinate the planning, development, and operation of the various modes and systems of transportation within the state. KDOT has administrative and planning responsibilities for aviation, highways, public transportation, railroads, and waterways. However, the agency's efforts focus primarily on approximately 10,000 of the state highway system's 140,000 miles of public roads and highways (KSA 68-406(a)). KDOT has five programs: Administration and Transportation Planning, Transportation Planning and Modal Support, Local Support, Maintenance, and Construction.

Reportable and Non-reportable Expenditures

In order to gauge the full magnitude of spending by KDOT, a number of tables include non-reportable expenditures, including bond payments (largest), inter-agency transfers, inter-agency motor fuel sales, payments for the Rail Loan program, and leasing of radios and tower

space as part of KDOT's inter-operable 800 MHz communication system. However, for state budgeting and accounting purposes, an expenditure is categorized as reportable only when it initially is spent to avoid double-counting. Consequently, when reviewing KDOT's budget, most tabular data (including those in the Governor's Budget Report) reflect reportable expenditures and exclude spending of non-reportable money. The magnitude of non-reportable spending by KDOT is significant. Within the agency's budget submission, non-reportable expenditures include \$436.3 million in FY 2019 and \$217.2 million for FY 2020.

State Operations and Capital Improvements

In a state agency budget, state operations include agency operating costs for salaries and wages and other operating expenditures. Other operating expenditures include contractual services, commodities, and capital outlay. Agency budgets also include separate categories for aid to local units of government, other assistance, and capital improvements. The KDOT budget differs from other agency budgets in that expenditures typically considered state operations are included with budgeted capital improvements expenditures. For example, the Construction program includes capital improvements expenditures but also contains expenditures classified as state operations.

MAJOR ISSUES FROM PRIOR YEARS

Comprehensive Transportation Program

The **1999 Legislature** passed a ten-year Comprehensive Transportation Program (CTP) for FY 2000 through FY 2009. The CTP included maintenance and substantial maintenance; construction and reconstruction, with major modifications and priority bridges; system enhancement projects; and a highway demonstration project to evaluate pavement guarantees by the contractor. The CTP also provided enhanced assistance to local units of government and programs for other transportation elements, including rail, air, and public transit.

Total CTP expenditures of \$12.9 billion were proposed in 1999 with total revenues estimated at \$12.7 billion. To fund the program, the Legislature included revenue enhancements totaling \$2.3 billion from motor fuels taxes, a State General Fund sales tax transfer, interest on funds, and bonds. With the completion of the CTP, actual revenues and expenditures from FY 2000 to FY 2009 totaled \$13.3 billion.

The Legislature made a series of adjustments to the financing of the CTP. The following describes the major revenue sources of the CTP, the original funding mechanisms, and the changes adopted by subsequent sessions of the Legislature:

- **Motor Fuels Taxes.** The **1999 Legislature** authorized a 4¢-per-gallon increase in motor fuel taxes. The tax was implemented in phases, with a 2¢ increase on July 1, 1999; a 1¢ increase on July 1, 2001; and the remaining 1¢ increase on July 1, 2003. The 2002 Legislature increased the motor fuel tax an additional 2¢ per gallon beginning on July 1, 2002, for a total increase of 6¢ between 1999 and July 1, 2003. The additional 2¢ increase in 2002 was estimated to generate an additional \$253.7 million for the CTP from FY 2003 to FY 2009;

- **State General Fund Sales Tax Transfer.** Beginning in 1983, a portion of sales tax receipts were transferred from the State General Fund to the State Highway Fund. The Legislature took the following actions regarding these transfers:
 - The **1999 Legislature** approved the transfer of 7.628 percent of sales tax receipts from the State General Fund to the State Highway Fund for FY 2000 and FY 2001. The original intent was to increase the transfer over the next five fiscal years to a rate of 12.0 percent in FY 2005 and subsequent fiscal years; and
 - The **2000 Legislature** reduced the transfers in FY 2000 and FY 2001 by \$27.2 million and \$39.2 million, respectively. The 2001 Legislature approved a further reduction of \$3.0 million in the FY 2001 transfer and reduced the FY 2002 transfer by \$20.0 million. The 2002 Legislature eliminated the FY 2003 sales tax transfer, estimated at \$149.0 million. The 2003 Legislature eliminated the estimated \$128.0 million sales tax transfer in FY 2004. The sales tax transfer was eliminated for the remainder of the CTP by the 2004 Legislature;
- **Sales and Compensating Use Tax Direct Deposit.** The **1989 Legislature** increased the sales and compensating use tax from 4.00 percent to 4.25 percent, and directed that the additional 0.25 percent go to the State Highway Fund; the State Highway Fund also received a direct deposit attributable to this portion of all sales and use tax receipts. The **2004 Legislature** increased the sales and use tax direct deposit to 0.38 percent beginning for FY 2007 and to 0.65 percent for FY 2008 and subsequent fiscal years;
- **Motor Vehicle Registration Fees.** Motor vehicle registration fees are deposited in the State Highway Fund. The **2002 Legislature** increased motor vehicle registration fees for passenger automobiles and pickup trucks by \$5, and for other trucks in amounts ranging from \$2 to \$10, beginning July 1, 2002. The increases were estimated to generate an additional \$84.6 million for the CTP from FY 2003 to FY 2009;
- **Federal Construction Reimbursement.** The **2004 Legislature** included an estimated additional \$250.0 million in federal aid from FY 2005 to FY 2009;
- **Bonding Authority.** The **1999 Legislature** authorized the issuance of CTP bonds of \$995.0 million, backed by the State Highway Fund. The 2001 Legislature authorized additional bond authority of \$277.0 million for the CTP. This additional bonding was authorized to offset the reduction in the sales tax transfer approved by the 2001 Legislature. To compensate for the elimination of the sales tax transfer, the 2004 Legislature authorized the issuance of \$150.0 million in State General Fund-backed bonds with the proceeds deposited in the State Highway Fund. In addition, the 2004 Legislature authorized the issuance of up to an additional \$60.0 million in State General Fund bonds if the Federal Highway Trust Fund did not generate an additional \$50.0 million annually for the CTP. The agency reports all the authorized CTP and State General Fund bonds have been issued. The debt service for the \$210.0 million in State General Fund bonds appears in the Department of Administration's budget; and

- **Other Adjustments.** The **2002 Legislature** transferred \$94.6 million from the State Highway Fund to the State General Fund. This funding was equal to the FY 2002 sales tax transfer amount and was considered a loan with repayment scheduled for FY 2003. The 2003 Legislature delayed repayment until FY 2007 with the repayment to be spread over four fiscal years.

The **2003 Legislature** transferred \$28.9 million from the State Highway Fund to the State General Fund to finance the Kansas Highway Patrol for FY 2004. This transfer was considered to be a loan with repayment scheduled each year from FY 2007 to FY 2010. The 2003 Legislature also transferred \$1.6 million from the State Highway Fund to the State General Fund to finance a portion of the Department of Revenue's Division of Vehicles. This loan was scheduled for repayment in FY 2007.

The **2006 Legislature** approved a \$32.5 million transfer for FY 2007 from the State General Fund to the State Highway Fund for loan repayments. Payments of \$31.9 million annually were scheduled in FY 2008, FY 2009, and FY 2010 (as noted later, Governor and legislative action canceled both the FY 2009 and FY 2010 loan repayments to the State Highway Fund).

Other Major Issues

The **2008 Legislature** passed SB 359, which authorized up to \$1.0 million for FY 2009 and FY 2010 from the North Central Kansas Air Passenger Service Support Fund for the Manhattan, Kansas, regional airport to secure passenger service, with reimbursements for any expenditures to be paid from the Economic Development Initiatives Fund in subsequent fiscal years.

The **2009 Legislature** approved the transfer of \$25,287,150, all from the State Highway Fund, to the State General Fund to reimburse the State General Fund in FY 2009 and FY 2010 for CTP bond payments.

The **2010 Legislature** took the following actions on the agency's budget:

- Approved expenditure reductions and transfers from the State Highway Fund to the State General Fund, which totaled \$143.3 million in FY 2010, and included 1) \$108.0 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance; 2) \$25.3 million transferred to reimburse the State General Fund for debt service principal and interest payments on CTP bonds (as part of 2009 Senate Sub. for HB 2373); and 3) \$10.0 million transferred as part of \$11.0 million in federal funding the agency is eligible to receive as part of the passage of HB 2130, the primary safety belt law;
- Approved expenditure reductions and transfers from the State Highway Fund to the State General Fund totaling \$149.3 million in FY 2011, which included 1) \$124.3 million captured through reductions to agency operations, preservation lettings, and existing State Highway Fund balance, and 2) \$25.0 million to reimburse the State General Fund for debt service principal and interest payments on CTP bonds;
- Approved cancellation of the transfer of \$10.1 million from the State General Fund to the Special City and County Highway Fund in FY 2011;

- Approved cancellation of the FY 2011 loan repayment from the State General Fund to the State Highway Fund of \$30,896,209. The amount was originally delayed from FY 2010 to FY 2011;
- Added language that would repay the 5 previously underpaid counties a total of \$11.1 million from FY 2012 to FY 2016 from the Special City and County Highway Fund. The payments are deducted from the quarterly distributions from the Special City and County Highway Fund for 5 years from the 100 remaining counties that were overpaid from FY 2000 to FY 2009; and
- Passed the ten-year Transportation Works for Kansas (T-WORKS) transportation program (2010 Senate Sub. for Senate Sub. for HB 2650) for the period of FY 2011 to FY 2020. Expenditures for the period are estimated at \$8.2 billion. New revenue enhancements of \$2.7 billion during the period are authorized, including authority to issue new bonds up to an 18.0 percent debt service bonding cap (such that debt service on agency bonds owed in a year cannot exceed 18.0 percent of expected State Highway Fund revenues). It was estimated \$1.7 billion in bonds were to be issued over the ten-year period.

The **2011 Legislature** transferred \$205.0 million from the State Highway Fund to the State General Fund for FY 2012. In order to capture the necessary savings for the FY 2012 transfer, preservation projects were reduced by \$22.0 million in both FY 2011 and FY 2012. The additional \$5.0 million was to capture administrative savings experienced by the agency in FY 2011.

The **2013 Legislature** took the following actions on the agency's budget:

- Transferred \$3.5 million from the State Highway Fund to the new Municipal University Forensic Laboratory Fund for FY 2014 and added language to provide that the transfer shall be repaid in full by Washburn University before the end of FY 2015. The 2013 Legislature then added \$3.5 million, all from the new Municipal University Forensic Laboratory Fund, for FY 2014 to provide funding for a new forensic science laboratory at Washburn University for use by the Kansas Bureau of Investigation;
- Transferred \$6,751,952 from the State Highway Fund to the Department of Revenue's Division of Vehicles Modernization Fund in FY 2013; transferred \$893,036 from the State Highway Fund to the Department of Education in FY 2013, \$143.5 million for FY 2014, and \$107.5 million for FY 2015; and increased the transfer from the State Highway Fund to the Kansas Highway Patrol Operations Fund by \$315,986 in FY 2013;
- Deleted \$25,000 in FY 2013, \$321,267 and 3.0 FTE positions for FY 2014, and \$305,161 and 3.0 FTE positions for FY 2015, all from special revenue funds, to transfer certain emergency response responsibilities from the Department of Transportation to the Adjutant General's Department;
- Approved direct transfers from the State Highway Fund to the Kansas Highway Patrol Operations Fund, totaling \$55.1 million for FY 2014 and \$56.5 million for FY 2015 to support the operations of the Kansas Highway Patrol;

- Reduced the sales tax to 6.15 percent, effective July 1, 2013. This change in sales tax also led to a recalculation of the amount the State Highway Fund receives in order to keep them whole. It was estimated that KDOT would receive sales tax in the amount of \$478.5 million for FY 2014 and \$510.3 million for FY 2015; and
- Passed HB 2234, which names the Secretary of Transportation (Secretary) as the Director of Operations of the Kansas Turnpike Authority (KTA). The Director of Operations is responsible for the daily administration of the toll roads, bridges, structures, and facilities constructed, maintained, or operated by the KTA and the Director, or the Director's designee, would have such powers as are necessary to carry out those responsibilities. The bill set this provision to expire July 1, 2016 (this sunset provision was later removed by the 2015 Legislature in HB 2085);
 - The bill provided the KTA cannot use KTA toll or other revenue in ways other than those established in current law: maintaining, repairing, and operating turnpike projects; paying principal and interest on bonds and creating reserves for the same; fixing and collecting tolls; and entering into certain types of contracts;
 - The bill changed authority for contracting between KTA and KDOT for three years. The bill adds an effective date of July 1, 2016, to provisions in current law regarding contracting between the KTA and KDOT (generally, allowing KTA to contract with KDOT for use of KDOT resources for certain types of work related to KTA projects); and
 - In a new section, the bill stated the KTA retains its separate identity, powers, and duties as an instrumentality of the State; however, the bill in this new section requires duplication of effort, facilities, and equipment between KDOT and the KTA be minimized in operation and maintenance of turnpikes and highways in the state. The KTA and the Secretary are authorized to take actions, including the temporary transfer of personnel, property, and equipment from the KTA to the Secretary and from the Secretary to the KTA. Further, the bill requires the integrity of the bonded indebtedness be maintained through the actions of the KTA. The provisions of this new section were set by the bill to expire July 1, 2016 (this sunset provision was later removed by the 2015 Legislature in HB 2085).

The **2014 Legislature** took the following actions on the agency's budget:

- Deleted \$4.8 million in FY 2014 and \$10.5 million for FY 2015 in debt service expenditures based on the most recent estimates from the Highway Revenue Estimating Group;
- Deleted \$1.4 million in FY 2014 and \$1.7 million for FY 2015 in Special City and County Highway Fund expenditures based on the most recent estimates from the Highway Revenue Estimating Group;
- Deleted \$3.5 million, all from the Municipal University Forensic Laboratory Fund, to reflect expenditures not made from the Fund in FY 2014. These funds were later transferred to the State General Fund as part of 2014 HB 2506;

- Transferred \$7.5 million, all from the State Highway Fund, to the State General Fund to provide for Statehouse grounds renovation and repair payments in FY 2014;
- Transferred \$20.0 million, all from the State Highway Fund, to the Statehouse Debt Service account of the Department of Administration to pay for Statehouse Debt Service payments for FY 2015; and
- Added \$20,800, all from the State Highway Fund, from 2014 Sub. for HB 2424, which allows the agency to expend gifts and donations for designations and memorial signage for FY 2015.

The **2015 Legislature** approved reductions to preservation projects and lettings of \$51.0 million in FY 2015, \$491.0 million for FY 2016, and \$30.0 million for FY 2017, and reductions to agency operations of \$7.8 million in FY 2015, \$13.3 million for FY 2016, and \$13.8 million for FY 2017. These approved reductions helped achieve savings for various transfers, including those to the State General Fund as follows: \$158.5 million in FY 2015 as part of House Sub. for SB 4, and \$129.3 million for FY 2016 and \$130.8 million for FY 2017 as part of House Sub. for SB 112. House Sub. for SB 112 also included language suspending the restriction capping Bond Debt Service expenditures to 18.0 percent of projected State Highway Fund revenues for both FY 2016 and FY 2017.

Additional legislation affecting the agency passed during the **2015 Session** and effective for FY 2016 includes:

- HB 2085 removed the sunset on the KDOT and KTA partnership. Additionally, the legislation designated the Secretary of Transportation as the Director of the Kansas Turnpike Authority. The Secretary previously had been designated the Director of Operations for the KTA;
- SB 270 made several changes to tax law, including raising the state sales tax rate from 6.15 percent to 6.50 percent. The bill requires 16.226 percent for FY 2016 and 16.154 percent beginning July 1, 2016, of state sales tax collections to be deposited in the State Highway Fund. The overall portion of state sales tax receipts directed to the State Highway Fund remains at four-tenths above the CTP level;
- SB 127 requires the Secretary of Transportation, prior to installing any memorial signs, to have received donations that cover the costs associated with designing and installing the signs plus 50.0 percent to help defray future maintenance costs;
- HB 2391 provides state agencies the authority to hire and promote individuals into regular unclassified positions; and
- The Legislature, through the passage of Senate Sub for HB 2135, authorized the Director of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund, up to a total of \$100.0 million, at any time during FY 2016 if the Director determined the unencumbered ending balance of the State General Fund for FY 2016 would be less than \$100.0 million. This authority did not apply to appropriations for the Judicial Branch,

Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERS), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund.

The **2016 Legislature**, through the passage of House Sub. for SB 161, added language to reinstate the maximum annual debt service on outstanding bonds issued shall not exceed 18.0 percent of projected annual State Highway Fund revenues, and set the cap to 19.0 percent for FY 2017. After FY 2017, the cap would continue at 18.0 percent annual debt service to projected annual State Highway Fund revenues. This bill also created the Conversion of Materials and Equipment Fund.

Additional legislation affecting the agency passed during the **2016 Session** includes:

- House Sub. for SB 249 added language directing certain duties for the Director of Unmanned Aircraft Systems for FY 2017;
- SB 245 created the DUI Memorial Signage program, and the Legislature added \$70,000, all from the State Highway Fund, for expenditures related to the administration and operation of this program for FY 2017; and
- In HB 2610, the Legislature added \$19,300 for four memorial signage designations for FY 2017. These FY 2017 designations included the Chief Warrant Officer 5 David Carter Fallen Veterans Memorial Interchange; the John Troy, Pete Hughes, and Earl Seifert Highway; the Captain Chris Norgren Memorial Interchange; and the SGT Lavern W. Tegtmeier Memorial Highway.

The **2017 Legislature** took the following actions on the agency's budget:

- Transferred \$3.3 million, all from the Agency Operations account of the State Highway Fund to the State General Fund, which reflects the information technology savings certified under 2015 House Sub. for SB 112, Sec. 80(s)(1);
- Added \$252,380, all from the State Highway Fund, for costs associated with the implementation of 2017 HB 2096 for FY 2018. This amount includes \$250,000 for transit bus operation on certain highway shoulders in Wyandotte County and \$2,380 for the Eldon K Miller memorial highway designation contained within 2017 HB 2096 for FY 2018;
- Added \$3.2 million in FY 2017, \$1.8 million for FY 2018, and \$2.7 million for FY 2019, all from the Special City and County Highway Fund, to reflect November 2016 estimated expenditures from the highway revenue estimate;
- Transferred the following amounts from the State Highway Fund to the State General Fund: \$266.6 million in FY 2017, \$288.3 million for FY 2018, and \$293.1 million for FY 2019;
- Deleted State Highway Fund preservation projects expenditures of \$284.1 million in FY 2017, \$393.1 million for FY 2018, and \$194.6 million for FY 2019. Additionally, the Legislature deleted State Highway Fund state projects

expenditures of \$19.5 million in FY 2017 and \$185.0 million for FY 2019. These deletions provided for recommended revenue transfers from the State Highway Fund for each respective fiscal year;

- Appropriated the Seat Belt Safety Fund created in 2017 SB 89, which increases the fine from \$10 to \$30 for a person 18 years and older not wearing a seat belt, and deposits this increase into this newly created fund as a no limit fund for FY 2018 and FY 2019;
- Added language to provide bonding authority up to an additional \$400.0 million, at the discretion of the Secretary of Transportation, for reconstruction and maintenance of existing highways over the course of FY 2018 and FY 2019;
- Added language limiting total debt issuance for the T-WORKS program to \$1.7 billion for FY 2018 and FY 2019; and
- Added \$1.2 million, all from special revenue funds, for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel, legislators, teachers and licensed personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019.

The **2018 Legislature** took the following actions on the agency's budget:

- Added \$5.4 million for increases in debt service interest expenditures related to the issuance of \$200.0 million for projects in FY 2018, and added \$15.0 million for FY 2019 related to the issuance of the remaining \$200.0 million;
- Added language limiting the remaining \$200.0 million in bonding authority over the course of FY 2018 and FY 2019 to apply to net proceeds of bond issuance and not solely the principal amount of the bond issuance in FY 2018 and for FY 2019;
- Added language to do the following: review the 23 T-WORKS projects that were delayed to check their priority; meet with the local government officials confirming that such project continues to be the local government's priority project (no substitutions); upon finalizing the 23 projects, implement the bidding process in the most cost-effective manner (do not require bundling); and provide an update report to the 2019 Legislature on the implementation of the projects required by this subsection;
- Passed 2018 House Sub. for SB 391, which establishes the Joint Legislative Transportation Vision Task Force; and
- Passed 2018 SB 375, which designates portions of highways in Kansas as memorial highways in honor of Kansas Highway Patrol officers and a Johnson County deputy sheriff killed in the line of duty, amended several current

designations, and added language that a commemorative sign shall include certain information about rank or title.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a FY 2019 reportable revised estimate totaling \$1.1 billion, all from special revenue funds. This is a decrease of \$459,866, or less than 0.1 percent, below the amount approved by the 2018 Legislature. Changes from the FY 2019 budget approved by the 2018 Legislature include primary increases within contractual services (\$11.5 million) and other assistance (\$6.2 million), which are offset in part by primary decreases to capital improvements expenditures (\$15.2 million) and salaries and wages (\$2.2 million).

The agency states this is the ninth year of the T-WORKS program and fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2019, cost savings or leftover preservation funds being spent, subsequent funding streams for these projects, and debt issuance. FY 2019 capital improvements expenditures were decreased to avoid double counting and when principal payments are made. The agency notes the remaining \$200.0 million in FY 2019 net proceeds bonds will allow the agency to let preservation projects of \$350.0 million in FY 2019, \$336.0 million for FY 2020, and \$347.0 million for FY 2021. In addition to preservation, the agency anticipates expansion and modernization projects lettings of \$52.0 million in FY 2019, \$72.0 million for FY 2020, and \$79.0 million in FY 2021.

The **Governor** recommends FY 2019 reportable expenditures totaling \$1.1 billion, all from special revenue funds. The recommendation is an all funds decrease of \$894,096, or 0.1 percent, below the agency's FY 2019 revised estimate. Recommended adjustments to the agency's FY 2019 revised estimate include adding \$1.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2018 Highway Consensus Revenue Estimating group, and not recommending the agency's supplemental request for Data Center as a Service (\$1.9 million decrease). While not reflected in expenditures, the Governor's recommendation also includes an increase to ordinary transfers from the State Highway Fund by \$622,071 above the amount approved by the 2018 Legislature.

FY 2020 – Budget Year. The **agency** requests a FY 2020 reportable budget of \$1.3 billion, all from special revenue funds. This is an increase of \$191.8 million, or 17.4 percent, above the FY 2019 revised estimate. This is the tenth year of the T-WORKS program and the continuation of current and planned project expenditures, and reflects the agency's best estimate as to project expenditure schedules. The FY 2020 request includes salaries and wages expenditures of \$149.8 million, which is an increase of \$1.8 million, or 1.2 percent, above the FY 2019 revised estimate. The agency states this accounts for increases for employee benefit rates and inflation. The agency's budget does not include any shrinkage. The FY 2020 request includes 2,351.0 FTE positions, which is no change from the FY 2019 revised estimate.

The agency notes there is a large increase in construction expenditures due to FY 2019 expenditures having been decreased to avoid double counting and when principal payments are paid. The agency's budget includes plans to let approximately \$336.0 million in preservation projects and \$72.0 million in expansion and modernization projects.

The agency's budget submission includes federal and local aid reimbursements estimates within the FY 2020 request totaling \$415.0 million. This is an increase of \$16.1 million, or 4.0 percent, above the FY 2019 revised estimate.

The **Governor** recommends FY 2020 reportable expenditures totaling \$1.3 billion, all from special revenue funds. The recommendation is an all funds decrease of \$6.5 million, or 0.5 percent, below the agency's FY 2020 request. Recommended adjustments to the agency's FY 2020 request include adding \$1.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2018 Highway Consensus Revenue Estimating group; not recommending the agency's enhancement requests for Data Center as a Service (\$2.0 million decrease) or Consolidated Service Desk (\$307,380 decrease); and not recommending the relocation of the Newton or Kinsley Subareas (\$5.2 million). While not reflected in expenditures, the Governor's recommendation also includes a decrease to transfers from the State Highway Fund by \$102,422,990 from the FY 2019 approved transfers amount.

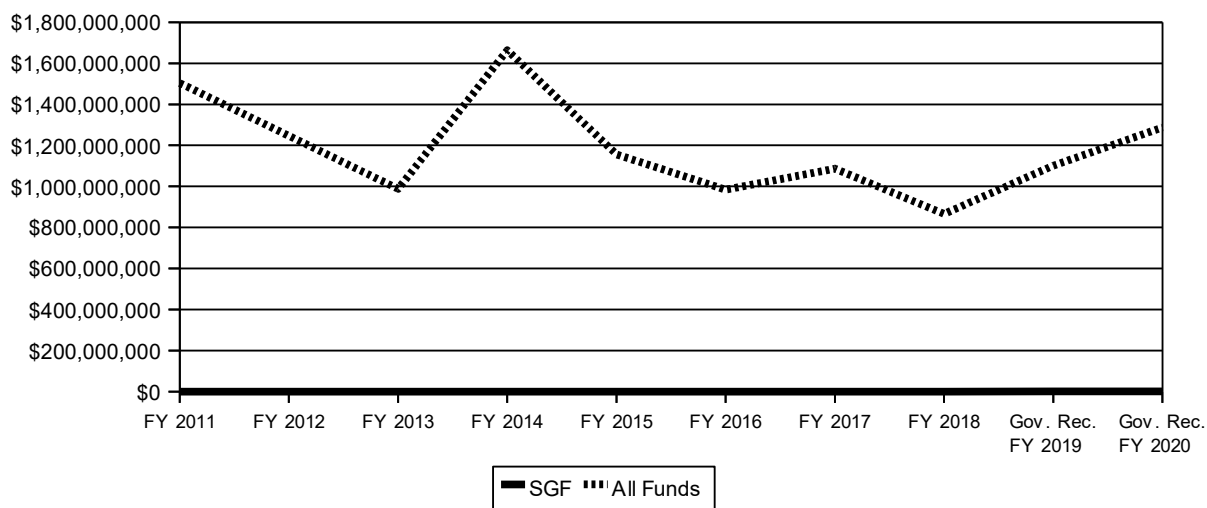
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of interstate miles on the state highway system that are classified as "good"	N/A	N/A	N/A	67.0 %	66.0 %	65.0 %
Percent of non-interstate miles on the state highway system that are classified as "good"	N/A	N/A	N/A	64.0 %	61.0 %	55.0 %
Percentage of highway construction projects completed on time or early	N/A	N/A	N/A	96.0 %	100.0 %	100.0 %
Number of preservation miles programmed for construction	829	915	2,228	1,860	1,521	2,083
Agency Expenditures						
Reportable All Funds (Dollars in Billions)	\$ 0.98	\$ 1.09	\$ 1.04	\$ 0.87	\$ 1.10	\$ 1.29
FTE Positions	2,515.6	2,310.0	2,355.3	2,355.3	2,351.0	2,351.0

BUDGET TRENDS

OPERATING EXPENDITURES - REPORTABLE FY 2011 – FY 2020



OPERATING EXPENDITURES - REPORTABLE FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 0	-- %	\$ 1,503,382,472	30.5 %	3,164.5
2012	0	--	1,246,526,150	(17.1)	2,967.5
2013	0	--	987,928,803	(20.7)	2,880.5
2014	0	--	1,663,870,780	68.4	2,737.5
2015	0	--	1,155,650,548	(30.5)	2,737.5
2016	0	--	984,172,447	(14.8)	2,515.6
2017	0	--	1,086,280,648	10.4	2,310.0
2018	0	--	866,154,640	(20.3)	2,355.3
2019 Gov. Rec.	0	--	1,101,047,533	27.1	2,351.0
2020 Gov. Rec.	0	--	1,287,260,435	16.9	2,351.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ (216,122,037)	(14.4)%	(813.5)

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate				Governor's Recommendation			
Actual FY 2018		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Admin. & Trans. Plan.	\$ 38,681,388	\$ 51,478,902	\$ 52,279,126	\$ 800,224	1.6 %	\$ 49,578,902	\$ 50,014,746	\$ 435,844	0.9 %
Trans. Plan. & Mod. Sup.	48,469,833	66,089,714	61,987,698	(4,102,016)	(6.2)	66,089,714	61,987,698	(4,102,016)	(6.2)
Local Support	172,239,230	186,190,832	186,616,777	425,945	0.2	187,196,736	187,638,977	442,241	0.2
Maintenance	133,554,013	147,879,572	151,420,951	3,541,379	2.4	147,879,572	151,420,951	3,541,379	2.4
Construction	473,210,176	650,302,609	841,439,663	191,137,054	29.4	650,302,609	836,198,063	185,895,454	28.6
Subtotal - Reportable	\$ 866,154,640	\$ 1,101,941,629	\$ 1,293,744,215	\$ 191,802,586	17.4 %	\$ 1,101,047,533	\$ 1,287,260,435	\$ 186,212,902	16.9 %
Admin. & Trans. Plan.	\$ 23,602	\$ 251,000	\$ 251,000	\$ 0	0.0 %	\$ 251,000	\$ 251,000	\$ 0	0.0 %
Trans. Plan. & Mod. Sup.	5,187,475	5,017,196	5,454,500	437,304	8.7	5,017,196	5,454,500	437,304	8.7
Local Support	0	0	0	0	--	0	0	0	--
Maintenance	1,274,827	1,200,000	1,200,000	0	0.0	1,200,000	1,200,000	0	0.0
Construction	448,897,560	429,869,283	210,267,826	(219,601,457)	(51.1)	429,869,283	210,267,826	(219,601,457)	(51.1)
Subtotal - Non-Report.	\$ 455,383,464	\$ 436,337,479	\$ 217,173,326	\$ (219,164,153)	(50.2) %	\$ 436,337,479	\$ 217,173,326	\$ (219,164,153)	(50.2) %
TOTAL	\$ 1,321,538,104	\$ 1,538,279,108	\$ 1,510,917,541	\$ (27,361,567)	(1.8) %	\$ 1,537,385,012	\$ 1,504,433,761	\$ (32,951,251)	(2.1) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 133,020,416	\$ 148,015,726	\$ 149,815,403	\$ 1,799,677	1.2 %	\$ 148,015,726	\$ 149,815,403	\$ 1,799,677	1.2 %
Contractual Services	83,478,066	131,569,682	125,989,257	(5,580,425)	(4.2)	129,669,682	123,724,877	(5,944,805)	(4.6)
Commodities	33,893,541	43,637,224	45,800,110	2,162,886	5.0	43,637,224	45,800,110	2,162,886	5.0
Capital Outlay	17,335,041	15,564,819	15,553,325	(11,494)	(0.1)	15,564,819	15,553,325	(11,494)	(0.1)
Debt Service	88,520,854	93,321,136	91,567,704	(1,753,432)	(1.9)	93,321,136	91,567,704	(1,753,432)	(1.9)
Subtotal - Operations	\$ 356,247,918	\$ 432,108,587	\$ 428,725,799	\$ (3,382,788)	(0.8) %	\$ 430,208,587	\$ 426,461,419	\$ (3,747,168)	(0.9) %
Aid to Local Units	\$ 184,863,176	\$ 208,126,766	\$ 208,143,175	\$ 16,409	0.0 %	\$ 209,132,670	\$ 209,165,375	\$ 32,705	0.0 %
Other Assistance	25,311,070	29,940,512	28,064,943	(1,875,569)	(6.3)	29,940,512	28,064,943	(1,875,569)	(6.3)
Capital Improvements	299,732,476	431,765,764	628,810,298	197,044,534	45.6	431,765,764	623,568,698	191,802,934	44.4
Subtotal - Reportable	\$ 866,154,640	\$ 1,101,941,629	\$ 1,293,744,215	\$ 191,802,586	17.4	\$ 1,101,047,533	\$ 1,287,260,435	\$ 186,212,902	16.9 %
Non-Reportable	\$ 455,383,464	\$ 436,337,479	\$ 217,173,326	\$ (219,164,153)	(50.2)	\$ 436,337,479	\$ 217,173,326	\$ (219,164,153)	(50.2) %
TOTAL	\$ 1,321,538,104	\$ 1,538,279,108	\$ 1,510,917,541	\$ (27,361,567)	(1.8) %	\$ 1,537,385,012	\$ 1,504,433,761	\$ (32,951,251)	(2.1) %
Financing:									
State Highway Fund	\$ 491,369,232	\$ 709,535,076	\$ 908,165,957	\$ 198,630,881	28.0 %	\$ 707,635,076	\$ 900,659,977	\$ 193,024,901	27.3 %
All Other Funds	374,785,408	392,406,553	385,578,258	(6,828,295)	(1.7)	393,412,457	386,600,458	(6,811,999)	(1.7)
Subtotal - Reportable	\$ 866,154,640	\$ 1,101,941,629	\$ 1,293,744,215	\$ 191,802,586	17.4 %	\$ 1,101,047,533	\$ 1,287,260,435	\$ 186,212,902	16.9 %
State Highway Fund	\$ 208,305,287	\$ 230,649,783	\$ 211,048,326	\$ (19,601,457)	(8.5) %	\$ 230,649,783	\$ 211,048,326	\$ (19,601,457)	(8.5) %
All Other Funds	247,078,177	205,687,696	6,125,000	(199,562,696)	(97.0)	205,687,696	6,125,000	(199,562,696)	(97.0)
Subtotal - Non-Report.	455,383,464	436,337,479	217,173,326	(219,164,153)	(50.2)	436,337,479	217,173,326	(219,164,153)	(50.2)
TOTAL	\$ 1,321,538,104	\$ 1,538,279,108	\$ 1,510,917,541	\$ (27,361,567)	(1.8) %	\$ 1,537,385,012	\$ 1,504,433,761	\$ (32,951,251)	(2.1) %

BUDGET OVERVIEW

A. FY 2019 – 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 - REPORTABLE					
	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	1,102,401,495	1,101,941,629	(459,866)	1,101,047,533	(1,353,962)
TOTAL	\$1,102,401,495	\$1,101,941,629	\$ (459,866)	\$1,101,047,533	\$ (1,353,962)
FTE Positions	2,355.3	2,351.0	(4.3)	2,351.0	(4.3)

The **agency** requests a FY 2019 reportable revised estimate totaling \$1.1 billion, all from special revenue funds. This is a decrease of \$459,866, or less than 0.1 percent, below the amount approved by the 2018 Legislature. Changes from the FY 2019 budget approved by the 2018 Legislature include primary increases within contractual services (\$11.5 million) and other assistance (\$6.2 million), which are offset in part by primary decreases to capital improvements expenditures (\$15.2 million) and salaries and wages (\$2.2 million).

The agency states this is the ninth year of the T-WORKS program and fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2019, cost savings or leftover preservation funds being spent, subsequent funding streams for these projects, and debt issuance. FY 2019 capital improvements expenditures were decreased to avoid double counting and when principal payments are made. The agency notes the remaining \$200.0 million in FY 2019 net proceeds bonds will allow the agency to let preservation projects of \$350.0 million in FY 2019, \$336.0 million for FY 2020, and \$347.0 million for FY 2021. In addition to preservation, the agency anticipates expansion and modernization projects lettings of \$52.0 million in FY 2019, \$72.0 million for FY 2020, and \$79.0 million in FY 2021.

The FY 2019 revised estimate includes salaries and wages expenditures totaling \$148.0 million, which is a decrease of \$2.2 million, or 1.5 percent, below the amount approved by the 2018 Legislature. In the FY 2019 reportable revised estimate, salaries and wages support 2,351.0 FTE positions, which is a decrease of 4.3 FTE positions below the number approved by the 2018 Legislature. The agency states funding reflects the FY 2018 pay plan and anticipated staffing necessary to continue to provide services in an efficient and effective manner.

The agency states the FY 2019 revised estimate increases in contractual services are due to additional advertising and marketing in traffic safety (100.0 percent federally reimbursed), Office of Information Technology Services charges increases, and increased expenditures for KS SCOUT and the NAPA store supply contract. Additionally, other assistance increases reflect additional federal grants, state highway funding, and Seat Belt Safety funding.

The agency's FY 2019 revised estimate includes federal and local aid reimbursement estimates totaling \$398.9 million. This is a decrease of \$19.4 million, or 5.1 percent, below FY 2018.

The **Governor** recommends FY 2019 reportable expenditures totaling \$1.1 billion, all from special revenue funds. The recommendation is an all funds decrease of \$894,096, or 0.1 percent, below the agency's FY 2019 revised estimate. Recommended adjustments to the agency's FY 2019 revised estimate include adding \$1.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2018 Highway Consensus Revenue Estimating group, and not recommending the agency's supplemental request for Data Center as a Service (\$1.9 million decrease). While not reflected in the expenditure table above, the Governor's recommendation also includes an increase to ordinary transfers from the State Highway Fund by \$622,071 above the amount approved by the 2018 Legislature.

Supplemental Detail

FY 2019 SUPPLEMENTALS							
Supplementals	Agency Estimate				Governor's Recommendation		
	SGF	All Funds	FTE		SGF	All Funds	FTE
Data Center as a Service \$	0	\$ 1,900,000	0.0	\$	0	\$ 0	0.0

The **agency** requests \$1.9 million, all from the State Highway Fund, for Data Center as a Service in FY 2019. The agency states the funding will "support the migration and operating costs of KDOT systems to the Unisys Hybrid Data Center, and that the additional funding is necessary to move all KDOT servers, data storage and disaster recovery activities from all of the outdated and inadequate data centers that the Executive Branch is currently occupying in Topeka to Level 3 data centers operated by Unisys in Eagan, Minnesota and Ashburn, Virginia. These data centers meet required security and fault tolerance compliance requirements for critical state and federal program functions. Currently, KDOT information technology systems are beyond end of life and the agency faces significant risk due to hardware failure."

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY - REPORTABLE				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 1,293,744,215	\$ 1,287,260,435	\$	(6,483,780)
FTE Positions	2,351.0	2,351.0		0.0
Change from FY 2019:				
Dollar Change:				
State General Fund	\$ 0	\$ 0		
All Other Funds	191,802,586	186,212,902		
TOTAL	\$ 191,802,586	\$ 186,212,902		
Percent Change:				
State General Fund	0.0 %	0.0 %		
All Other Funds	17.4	16.9		
TOTAL	17.4 %	16.7 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests a FY 2020 reportable budget of \$1.3 billion, all from special revenue funds. This is an increase of \$191.8 million, or 17.4 percent, above the FY 2019 revised estimate. This is the tenth year of the T-WORKS program and the continuation of current and planned project expenditures and reflects the agency's best estimate as to project expenditure schedules. The FY 2020 request includes salaries and wages expenditures of \$149.8 million, which is an increase of \$1.8 million, or 1.2 percent, above the FY 2019 revised estimate. The agency states this accounts for increases for employee benefit rates and inflation. The agency's budget does not include any shrinkage. The FY 2020 request includes 2,351.0 FTE positions, which is no change from the FY 2019 revised estimate.

The agency notes there is a large increase in construction expenditures due to FY 2019 expenditures having been decreased to avoid double counting and when principal payments are paid. The agency's budget includes plans to let approximately \$336.0 million in preservation projects and \$72.0 million in expansion and modernization projects.

The agency's budget request includes federal and local aid reimbursements estimates within the FY 2020 request totaling \$415.0 million. This is an increase of \$16.1 million, or 4.0 percent, above the FY 2019 revised estimate.

Adjustments by Program

Administration and Transportation Planning. This is an all funds increase of \$800,244, or 1.6 percent, above the FY 2019 revised estimate. The increases are in expenditures for contractual services (\$485,099), salaries and wages (\$309,460), and commodities (\$14,833). The agency is requesting enhancements for Data Center as a Service (\$2.0 million) and Consolidated Service Desk (\$307,380).

Transportation Planning and Modal Support. This is an all funds decrease of \$4.1 million, or 6.2 percent, below the FY 2019 revised estimate. The decreases are in expenditures for other assistance (\$1.9 million), contractual services (\$1.7 million), aid to local units of government (\$387,172), and capital outlay (\$179,905).

Local Support. This is an all funds increase of \$425,945, or 0.2 percent, above the FY 2019 revised estimate. Increases occur within expenditures for aid to local units of government (\$403,581), salaries and wages (\$18,634), contractual services (\$1,897), commodities (\$1,799), and capital outlay (\$34).

Maintenance. This is an all funds increase of \$3.5 million, or 2.4 percent, above the FY 2019 revised estimate. This increase occurs within expenditures for commodities (\$2.1 million), salaries and wages (\$852,762), contractual services (\$394,218), and capital outlay (\$194,692).

Construction. Operations expenditures are an all funds decrease of \$5.9 million, or 2.7 percent, below the FY 2019 revised estimate. This primarily occurs within contractual services (\$4.7 million), debt service (\$1.7 million), and capital outlay (\$17,147). Capital improvements expenditures are an increase of \$197.0 million, or 45.6 percent, above the FY 2019 revised estimate.

The **Governor** recommends FY 2020 reportable expenditures totaling \$1.3 billion, all from special revenue funds. The recommendation is an all funds decrease of \$6.5 million, or 0.5 percent, below the agency's FY 2020 request. Recommended adjustments to the agency's FY 2020 request include adding \$1.0 million, all from the Special City and County Highway Fund, to reflect the most recent estimated revenues and expenditures by the November 2018 Highway Consensus Revenue Estimating group; not recommending the agency's enhancement requests for Data Center as a Service (\$2.0 million decrease) or Consolidated Service Desk (\$307,380 decrease); and not recommending the relocation of the Newton or Kinsley Subareas (\$5.2 million). While not reflected in the expenditure table above, the Governor's recommendation also includes a decrease to transfers from the State Highway Fund by \$102,422,990 from the FY 2019 approved transfers amount.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Data Center as a Service	\$ 0	\$ 1,957,000	0.0	\$ 0	\$ 0	0.0
Consolidated Service Desk	0	307,380	0.0	0	0	0.0
TOTAL	\$ 0	\$ 2,264,380	0.0	\$ 0	\$ 0	0.0

Data Center as a Service. The **agency** requests \$2.0 million, all from the State Highway Fund, for the Data Center as a Service enhancement. The agency states the funding will "support the migration and operating costs of KDOT systems to the Unisys Hybrid Data Center, and that the additional funding is necessary to move all KDOT servers, data storage and disaster recovery activities from all of the outdated and inadequate data centers that the Executive Branch is currently occupying in Topeka to Level 3 data centers operated by Unisys in Eagan, Minnesota and Ashburn, Virginia. These data centers meet required security and fault tolerance compliance requirements for critical state and federal program functions. Currently,

KDOT information technology systems are beyond end of life and the agency faces significant risk due to hardware failure.”

The **Governor** does not recommend the enhancement.

Consolidated Service Desk. The **agency** requests \$307,380, all from the State Highway Fund, for the Consolidated Service Desk enhancement. The agency states additional funding is “to support the migration and operating costs of KDOT to the Executive Branch IT Centralized Service Desk. The funding is necessary to move all KDOT IT service calls and dispatching to a single operation for the Executive Branch. The Centralized Service Desk provides the Executive Branch with a foundation that will enable the measurement of service requests and incidents, ensure timely delivery of IT services, and produce meaningful reporting and metrics on the delivery of those services to the agencies. The Centralized Service Desk also provides IT with the platform to appropriately engage with contracted vendors and manage the requests and incidents associated with their service delivery to the State. This will allow better management of vendors going forward, holding them accountable to contracted performance metrics.”

The **Governor** does not recommend the enhancement.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$2,393,144, all from special revenue funds.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$257,240, all from special revenue funds, and FY 2020 longevity payments total \$265,880, 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

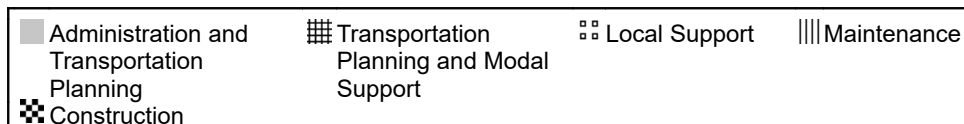
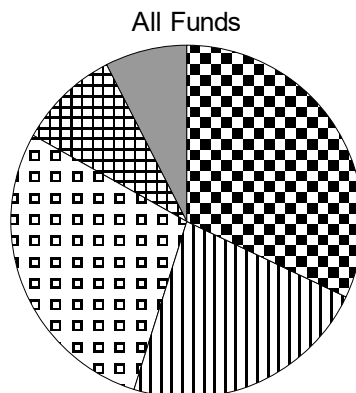
Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State Highway Fund	70.2 %	70.0 %
Highway Bonds Debt Service	16.0	16.1
Special City and County Highway Fund	11.8	11.9
Coordinated Public Transportation Assistance	0.9	0.9
Rail Service Improvement Fund	0.2	0.2
All Other Funds	1.0	1.0
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

Reportable Operating Expenditures by Program

Governor's FY 2020 Recommendation



Note: Pie chart does not include capital improvement expenditures.

Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration & Transportation Planning	\$ 50,014,746	7.5 %	\$ 0	-- %
Transportation Planning and Modal Support	61,987,698	9.3	0	--
Local Support	187,638,977	28.3	0	--
Maintenance	151,420,951	22.8	0	--
Construction	212,629,365	32.0	0	--
TOTAL	\$ 663,691,737	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration & Transportation Planning	348.0	349.5	349.5	349.5	349.5
Transportation Planning and Modal Support	76.0	78.0	78.0	78.0	78.0
Local Support	18.0	18.0	18.0	18.0	18.0
Maintenance	1,257.0	1,262.0	1,262.0	1,262.0	1,262.0
Construction	656.3	643.5	643.5	643.5	643.5
TOTAL	2,355.3	2,351.0	2,351.0	2,351.0	2,351.0
<i>Note:</i> For purposes of this analysis, full-time equivalent (FTE) positions now include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.					

A. Administration and Transportation Planning

The goal of the Administration and Transportation Planning program is to “provide the direction, planning, coordination, communication, and administrative support that foster an integrated, multi-modal transportation system to meet the needs of Kansas.” KDOT maintains a central office with the state divided into six districts. This program coordinates public outreach through media, legislative, and intergovernmental relations. To achieve these goals, the management program is composed of the following three subprograms: Administration, Office of the Secretary, and Operations Support.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of bridges on the state highway system in "good" condition	N/A	76.0 %	75.0 %	75.0 %	75.0 %	75.0 %
Percent of interstate miles on the state highway system that are classified as "good"	N/A	N/A	N/A	67.0 %	66.0 %	65.0 %
Percent of non-interstate miles on the state highway system that are classified as "good"	N/A	N/A	N/A	64.0 %	61.0 %	55.0 %
Number of lost time accidents	85	49	N/A	78	80	80
Agency Expenditures						
Reportable All Funds (Dollars in Millions) \$	45.0	\$ 44.2	\$ 50.3	\$ 38.7	\$ 48.9	\$ 50.0
FTE Positions	416.1	388.0	348.0	348.0	349.5	349.5

ADMINISTRATION AND TRANSPORTATION PLANNING SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 23,616,622	\$ 26,499,355	\$ 26,499,355	\$ 26,808,815	\$ 26,808,815
Contractual Services	14,163,085	22,883,080	20,983,080	23,368,179	21,103,799
Commodities	383,717	649,935	649,935	664,768	664,768
Capital Outlay	278,116	796,532	796,532	787,364	787,364
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 38,441,540</i>	<i>\$ 50,828,902</i>	<i>\$ 48,928,902</i>	<i>\$ 51,629,126</i>	<i>\$ 49,364,746</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	239,848	650,000	650,000	650,000	650,000
Capital Improvements	0	0	0	0	0
Reportable Exp.	\$ 38,681,388	\$ 51,478,902	\$ 49,578,902	\$ 52,279,126	\$ 50,014,746
Non-Reportable Exp.	23,602	251,000	251,000	251,000	251,000
TOTAL	\$ 38,704,990	\$ 51,729,902	\$ 49,829,902	\$ 52,530,126	\$ 50,265,746
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	38,681,388	51,478,902	48,928,902	52,279,126	50,014,746
Reportable Exp.	\$ 38,681,388	\$ 51,478,902	\$ 48,928,902	\$ 52,279,126	\$ 50,014,746
Non-Reportable Exp.	23,602	251,000	251,000	251,000	251,000
TOTAL	\$ 38,704,990	\$ 51,729,902	\$ 49,179,902	\$ 52,530,126	\$ 50,265,746
FTE Positions	348.0	349.5	349.5	349.5	349.5

The **agency** requests a FY 2019 revised estimate for reportable operating expenditures totaling \$51.5 million, all from special revenue funds, for the Administration and Transportation Planning Program. This is an all funds increase of \$1.7 million, or 3.4 percent, above the FY 2019 approved amount. The increase is primarily attributable to an increase in contractual services for the agency's supplemental request for Data Center as a Service (\$1.9 million) in FY 2019.

The **Governor** recommends FY 2019 reportable operating expenditures totaling \$48.9 million, all from special revenue funds, for the Administration and Transportation Planning Program. This is an all funds decrease of \$1.9 million, or 3.7 percent, below the agency's FY 2019 revised estimate. The decrease is due to the Governor not recommending the agency's supplemental request for Data Center as a Service (\$1.9 million).

The **agency** requests FY 2020 reportable operating expenditures totaling \$52.3 million, all from special revenue funds, for the Administration and Transportation Planning program. This is an all funds increase of \$800,244, or 1.6 percent, above the FY 2019 revised estimate. The increases are in expenditures for contractual services (\$485,099), salaries and wages (\$309,460), and commodities (\$14,833). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$26.8 million, all from special revenue funds, to fund 349.5 FTE positions for FY 2020. The request is an all funds increase of \$309,460, or 1.2 percent, above the FY 2019 revised estimate. Expenditure increases primarily occur in employer contributions

to state employee health insurance (\$96,713) and employer contributions to state employee retirement (\$224,121);

- **Contractual Services.** The agency requests expenditures of \$23.4 million, all from special revenue funds, for FY 2020. This request is an all funds increase of \$485,099, or 2.1 percent, above the FY 2019 revised estimate. Primary expenditure increases occur in computer programming operations, due to the agency's enhancement request for Data Center as a Service (\$2.0 million) and Consolidated Service Desk (\$307,380);
- **Commodities.** The agency requests expenditures of \$664,727, all from special revenue funds, for FY 2020. This request is an all funds increase of \$14,833, or 2.3 percent, above the FY 2019 revised estimate. Expenditure increases reflect data processing supplies, stationery and office supplies, and gasoline expenditures;
- **Capital Outlay.** The agency requests expenditures of \$787,364 million, all from special revenue funds, for FY 2020. This request is an all funds decrease of \$9,168, or 1.2 percent, below the FY 2019 revised estimate. Primary expenditure decreases occur in professional and scientific supplies, microcomputer equipment, and software. These increases are partially offset by increases in telecommunications termination equipment; and
- **Other Assistance.** The agency requests \$650,000, all from the State Highway Fund, for expenditures for property damage or loss claims for FY 2020. This is no change from the FY 2019 revised estimate.

Non-reportable Expenditures. The agency's request includes non-reportable expenditures of \$251,000 from two sources: expenditures from the conference fees account (\$250,000) and the remittance of collected sales tax (\$1,000). This is no change from the FY 2019 revised estimate.

The **Governor** recommends FY 2020 reportable operating expenditures totaling \$50.0 million, all from special revenue funds, for the Administration and Transportation Planning Program. This is an all funds decrease of \$2.3 million, or 4.3 percent, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's supplemental request for Data Center as a Service (\$2.0 million) and Consolidated Service Desk (\$307,380).

B. Transportation Planning and Modal Support

The goal of the Transportation Planning and Modal Support program is to "provide planning, coordination, and assistance to ensure a safe, efficient, and reliable multi-modal transportation network on and off the State Highway System." The Transportation Planning and Modal Support program handles planning and management of the agency's transportation program efforts, such as T-WORKS. The program provides for capital and operating assistance for public transportation, preservation or improvement of rail service through loans or grants, improvement of public-use aviation facilities, and highway safety activities designed to reduce traffic accidents and fatalities through modification of driver behavior. To achieve these goals, the management program is comprised of the following five subprograms: Traffic Safety, Transit, Transportation Planning, Aviation, and Rail and Freight.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average number of days to complete traffic studies	450	180	210	200	200	200
Serious injuries per hundred million vehicle miles	3.55	3.01	N/A	3.00	2.95	2.90
Fatalities per hundred million vehicle miles	N/A	1.20	N/A	1.19	1.18	1.17
Percentage of drivers and passengers using safety belts	83.0 %	87.0 %	N/A	83.0 %	84.0 %	85.0 %
Agency Expenditures						
Reportable All Funds (Dollars in Millions) \$	N/A	\$ N/A	\$ 57.7	\$ 48.5	\$ 66.1	\$ 62.0
FTE Positions	N/A	N/A	76.0	76.0	78.0	78.0

TRANSPORTATION PLANNING AND MODAL SUPPORT SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,682,829	\$ 6,544,193	\$ 6,544,193	\$ 6,617,418	\$ 6,617,418
Contractual Services	5,839,719	8,616,670	8,616,670	6,878,622	6,878,622
Commodities	362,974	457,801	457,801	463,254	463,254
Capital Outlay	226,948	835,345	835,345	655,440	655,440
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 12,112,470	\$ 16,454,009	\$ 16,454,009	\$ 14,614,734	\$ 14,614,734
Aid to Local Units	11,736,141	20,345,193	20,345,193	19,958,021	19,958,021
Other Assistance	24,621,222	29,290,512	29,290,512	27,414,943	27,414,943
Capital Improvements	0	0	0	0	0
Reportable Exp.	\$ 48,469,833	\$ 66,089,714	\$ 66,089,714	\$ 61,987,698	\$ 61,987,698
Non-Reportable Exp.	5,187,475	5,017,196	5,017,196	5,454,500	5,454,500
TOTAL	\$ 53,657,308	\$ 71,106,910	\$ 71,106,910	\$ 67,442,198	\$ 67,442,198
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	48,469,833	66,089,714	66,089,714	61,987,698	61,987,698
Reportable Exp.	\$ 48,469,833	\$ 66,089,714	\$ 66,089,714	\$ 61,987,698	\$ 61,987,698
Non-Reportable Exp.	5,187,475	5,017,196	5,017,196	5,454,500	5,454,500
TOTAL	\$ 53,657,308	\$ 71,106,910	\$ 71,106,910	\$ 67,442,198	\$ 67,442,198
FTE Positions	76.0	78.0	78.0	78.0	78.0

The **agency** requests FY 2020 reportable operating expenditures totaling \$62.0 million, all from special revenue funds, for the Transportation Planning and Modal Support program. This is a decrease of \$4.1 million, or 6.2 percent, below the FY 2019 revised estimate. The decreases are in expenditures for other assistance (\$1.9 million), contractual services (\$1.7 million), aid to local units of government (\$387,172), and capital outlay (\$179,905). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$6.6 million, all from special revenue funds, to fund 78.0 FTE positions for FY 2020. This is an all

funds increase of \$73,225, or 1.1 percent, above the FY 2019 revised estimate. Expenditure increases primarily occur in employer contributions to state employee health insurance (\$20,304) and employer contributions to state employee retirement (\$55,463);

- **Contractual Services.** The agency requests expenditures of \$6.9 million, all from special revenue funds, for FY 2020. This is an all funds decrease of \$1.7 million, or 20.2 percent, below the FY 2019 revised estimate. Expenditure decreases primarily occur in other professional fees (\$1.1 million), computer software maintenance services (\$572,638), and computer software rental (\$49,992);
- **Commodities.** The agency requests expenditures of \$463,254, all from special revenue funds, for FY 2020. This is an all funds increase of \$5,453, or 1.2 percent, above the FY 2019 revised estimate. Among other indices increases, the primary expenditure increase is in gasoline expenditures (\$2,685);
- **Capital Outlay.** The agency requests expenditures of \$655,440, all from special revenue funds, for FY 2020. This is an all funds decrease of \$179,905, or 21.5 percent, below the FY 2019 revised estimate. Expenditure decreases primarily occur in software (\$145,600) and data communications equipment (\$27,500);
- **Aid to Local Units of Government.** The agency requests \$20.0 million, all from special revenue funds, for FY 2020. This is an all funds decrease of \$387,172, or 1.9 percent, below the FY 2019 revised estimate. The expenditure decrease is in federal aid; and
- **Other Assistance.** The agency requests \$27.4 million, all from special revenue funds, for FY 2020. This is an all funds decrease of \$1.9 million, or 6.4 percent, below the FY 2019 revised estimate. The expenditure decrease is in federal assistance.

Non-reportable Expenditures. The agency's request includes non-reportable expenditures of \$5.5 million, which includes payments for the Rail Loan program and transfers to other state agencies for safety programs.

The **Governor** concurs with the agency's request for FY 2020.

C. Local Support

The goal of the Local Support program is to “assist in providing safe, efficient, and reliable local transportation systems.” This program provides planning and financial assistance to local governments and administers both state and federal funding for city and county roads, street, and bridge improvements; rural public transportation planning and assistance; transportation for the elderly and disabled; and highway safety plans and programs. The Local Support program includes aid to local units of government through the Special City and County Highway Fund (SCCHF). The SCCHF receives funding from motor fuel taxes and motor carrier property taxes. The funds are distributed quarterly, with 57.0 percent distributed to counties and 43.0 percent distributed to cities. Each county receives a base allocation of \$5,000 with the remainder distributed on a formula based on motor vehicle registration fees, average daily vehicle miles traveled, and total road miles within each county. The city distribution is based on

population. This program includes safety programs targeting seat belt usage, drunk driving, underage drinking, and community awareness such as the “Click It or Ticket” and “You Drink, You Drive, You Lose” media campaigns. To achieve these goals, the local support program is composed of the following subprograms: Special City and County Aid and Local Projects.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of projects awarded to local public government authorities	N/A	N/A	N/A	85	85	85
Agency Expenditures						
Reportable All Funds (Dollars in Millions)	\$ 236.3	\$ 240.3	\$ 184.7	\$ 172.2	\$ 187.2	\$ 187.6
FTE Positions	45.0	42.0	18.0	18.0	18.0	18.0

LOCAL SUPPORT SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,476,204	\$ 1,648,689	\$ 1,648,689	\$ 1,667,323	\$ 1,667,323
Contractual Services	68,280	93,840	93,840	95,737	95,737
Commodities	14,710	25,130	25,130	26,929	26,929
Capital Outlay	0	1,600	1,600	1,634	1,634
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,559,194	\$ 1,769,259	\$ 1,769,259	\$ 1,791,623	\$ 1,791,623
Aid to Local Units	170,680,035	184,421,573	185,427,477	184,825,154	185,847,354
Other Assistance	0	0	0	0	0
Capital Improvements	0	0	0	0	0
Reportable Exp.	\$ 172,239,229	\$ 186,190,832	\$ 187,196,736	\$ 186,616,777	\$ 187,638,977
Non-Reportable Exp.	0	0	0	0	0
TOTAL	\$ 172,239,229	\$ 186,190,832	\$ 187,196,736	\$ 186,616,777	\$ 187,638,977
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	172,239,230	186,190,832	187,196,736	186,616,777	187,638,977
Reportable Exp.	\$ 172,239,230	\$ 186,190,832	\$ 187,196,736	\$ 186,616,777	\$ 187,638,977
Non-Reportable Exp.	0	0	0	0	0
TOTAL	\$ 172,239,230	\$ 186,190,832	\$ 187,196,736	\$ 186,616,777	\$ 187,638,977
FTE Positions	18.0	18.0	18.0	18.0	18.0

The **agency** requests FY 2020 reportable operating expenditures totaling \$186.6 million, all from special revenue funds, for the Local Support program. This is an all funds increase of \$425,945, or 0.2 percent, above the FY 2019 revised estimate. Increases occur within expenditures for aid to local units of government (\$403,581), salaries and wages (\$18,634), contractual services (\$1,897), commodities (\$1,799), and capital outlay (\$34). The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$1.7 million, all from special revenue funds, to fund 18.0 FTE positions for FY 2020. The request is an

all funds increase of \$18,634, or 1.1 percent, above the FY 2019 revised estimate. Expenditure increases primarily occur in employer contributions to state employee health insurance (\$5,172) and employer contributions to state employee retirement (\$14,153);

- **Contractual Services.** The agency requests expenditures of \$95,737, all from special revenue funds, for FY 2020. This request is an increase of \$1,897, or 2.0 percent, above the FY 2019 revised estimate. Expenditure increases primarily occur in intergovernmental local communications service operations (\$667), meals and lodging (\$500), private vehicle miles (\$250), and indices increases;
- **Commodities.** The agency requests expenditures of \$26,929, all from special revenue funds, for FY 2020. This request is an increase of \$1,799, or 7.2 percent, above the FY 2019 revised estimate. Expenditure increases primarily occur in gasoline (\$1,728);
- **Capital Outlay.** The agency requests expenditures of \$1,634, all from special revenue funds, for FY 2020. This request is an increase of \$34, or 2.1 percent, above the FY 2019 revised estimate; and
- **Aid to Local Units of Government.** The agency requests expenditures of \$184.8 million, all from special revenue funds, for expenditures for Special City and County Highway Aid (\$152.3 million) and State Aid (\$30.0 million) for FY 2020. This is an increase of \$403,581, or 0.2 percent, above the FY 2019 revised estimate. The expenditure increase occurs within the Special City and County Highway Aid expenditures.

The **Governor** concurs with the agency's revised estimate in FY 2019 and for FY 2020, but increases Special City and County Highway Fund expenditures by \$1.0 million in FY 2019 and \$1.0 million for FY 2020 in order to reflect the most recent estimated revenues and expenditures by the November 2018 Highway Consensus Revenue Estimating Group.

D. Maintenance

The Maintenance program contains all regular highway and bridge maintenance functions performed by the State. Regular maintenance activities are designed to preserve, repair, and restore the roadway system to its designed or accepted standards. System elements include travel-way surfaces, shoulders, roadsides, drainage facilities, bridges, signs, and markings. Also included are traffic services, such as lighting and signal operation, snow and ice removal, and operation of roadside rest areas. Maintenance activities are undertaken to offset the effects of deterioration, damage, and vandalism. Deterioration includes the effects of aging, weather, material fatigue, and design and construction weaknesses. Activities also include repair of buildings and equipment essential to perform maintenance activities. Funds also are provided to cities to assist in maintenance of routes designated as highway connecting links. Costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. KDOT reimburses cities and counties at the rate of \$3,000-per-lane mile for links maintained. In addition, funds are available for substantial maintenance on city connecting links, and costs for maintenance of these links are apportioned between KDOT and the city as determined by agreement. When cities enter into an agreement for the city connecting links to be maintained by the State, KDOT then becomes responsible for all maintenance on the connecting link.

Also included in this program are Communication System expenditures for the agency's interoperable communications towers. The agency maintains the interoperable statewide 800 MHz radio system for use by the State, KDOT, and local public safety agencies. Agency leasing expenditures are included as non-reportable expenditures while federal funds for the program are included as reportable expenditures.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Total level of service for Maintenance						
Quality Assurance Program	N/A	N/A	N/A	89.4	88.0	88.0
Maintenance expenditures per lane mile	\$ N/A	\$ N/A	\$ N/A	\$ 4,500	\$ 4,500	\$ 4,500
Agency Expenditures						
Reportable All Funds (Dollars in Millions)	\$ 130.4	\$ 129.1	\$ 141.8	\$ 133.6	\$ 147.9	\$ 151.4
FTE Positions	1,310.5	1,220.0	1,257.0	1,257.0	1,262.0	1,262.0

MAINTENANCE SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 60,501,455	\$ 67,295,447	\$ 67,295,447	\$ 68,148,209	\$ 68,148,209
Contractual Services	23,155,526	23,246,844	23,246,844	23,641,062	23,641,062
Commodities	31,392,518	41,258,984	41,258,984	43,358,691	43,358,691
Capital Outlay	15,596,746	12,718,297	12,718,297	12,912,989	12,912,989
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 130,646,245	\$ 144,519,572	\$ 144,519,572	\$ 148,060,951	\$ 148,060,951
Aid to Local Units	2,446,999	3,360,000	3,360,000	3,360,000	3,360,000
Other Assistance	450,000	0	0	0	0
Capital Improvements	10,769	0	0	0	0
Reportable Exp.	\$ 133,554,013	\$ 147,879,572	\$ 147,879,572	\$ 151,420,951	\$ 151,420,951
Non-Reportable Exp.	1,274,827	1,200,000	1,200,000	1,200,000	1,200,000
TOTAL	\$ 134,828,840	\$ 149,079,572	\$ 149,079,572	\$ 152,620,951	\$ 152,620,951
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	133,554,013	147,879,572	147,879,572	151,420,951	151,420,951
Reportable Exp.	\$ 133,554,013	\$ 147,879,572	\$ 147,879,572	\$ 151,420,951	\$ 151,420,951
Non-Reportable Exp.	1,274,827	1,200,000	1,200,000	1,200,000	1,200,000
TOTAL	\$ 134,828,840	\$ 149,079,572	\$ 149,079,572	\$ 152,620,951	\$ 152,620,951
FTE Positions	1,257.0	1,262.0	1,262.0	1,262.0	1,262.0

The **agency** requests FY 2020 reportable operating expenditures totaling \$151.4 million, all from special revenue funds, for the Maintenance program. This is an all funds increase of \$3.5 million, or 2.4 percent, above the FY 2019 revised estimate. This increase occurs within expenditures for commodities (\$2.1 million), salaries and wages (\$852,762), contractual services (\$394,218), and capital outlay (\$194,692).

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$68.1 million, all from special revenue funds, to fund 1,262.0 FTE positions for FY 2020. The request is an all funds increase of \$852,762, or 1.3 percent, above the FY 2019 revised estimate. Primary expenditure increases occur in employer contributions to state employee health insurance (\$335,253) and employer contributions to state employee retirement (\$540,600);
- **Contractual Services.** The agency requests expenditures of \$23.6 million, all from special revenue funds, for FY 2020. This request is an increase of \$394,218, or 1.7 percent, above the FY 2019 revised estimate. Primary expenditure increases occur in electricity (\$92,494), other fees (\$58,524), repair and servicing of building grounds (\$54,183), natural gas (\$22,912), and repair and servicing of traffic lighting (\$16,238);
- **Commodities.** The agency requests expenditures of \$43.4 million, all from special revenue funds, for FY 2020. This request is an increase of \$2.1 million, or 5.1 percent, above the FY 2019 revised estimate. Primary expenditure increases occur within highway rock salt (\$355,771), highway aggregates (\$334,048), other vehicle parts and supplies (\$174,851), highway asphaltic concrete (\$169,255), bio-diesel (\$164,985), gasoline (\$156,571), and highway white traffic paint (\$146,970);
- **Capital Outlay.** The agency requests expenditures of \$12.9 million, all from special revenue funds, for FY 2020. This request is an increase of \$194,692, or 1.5 percent, above the FY 2019 revised estimate. Primary expenditure increases occur in self-propelled equipment (\$582,096), and trucks (\$219,749). These increases are partially offset by decreases primarily road and highway equipment (\$440,838), and passenger cars (\$124,747); and
- **Aid to Local Units of Government.** The agency requests expenditures of \$3.4 million, all from special revenue funds, for expenditures for highway to city connecting link maintenance for FY 2020.

Non-reportable Expenditures. The agency requests non-reportable expenditures totaling \$1.2 million for FY 2020. These expenditures are for inter-agency transfers, including motor fuel sales.

The **Governor** concurs with the agency's request for FY 2020.

E. Construction

The Construction program includes functions and activities associated with constructing new highways and performing major renovations of existing state highways and facilities. The program is divided into eight subprograms: Debt Service; Design/Right of Way, Construction Inspection, Expansion (State Projects), Modernization, Buildings, Local Construction, and Preservation. Activities include right-of-way purchase, design, construction supervision, materials testing, facilities construction and remodeling, and payment of principal and interest on construction financed through the issuance of bonds. In addition, federal aid to local

governments is included in this program. Highway construction projects are classified as preservation, modernization, and expansion/enhancement.

Preservation. Preservation functions are intended to protect public investment by preserving the as-built condition as long as possible and minimizing the need for major improvements. Preservation activities include resurfacing, bridge painting, bridge and culvert repair, major sign replacement, and safety improvements.

Modernization. This program encompasses activities that bring a roadway or intersection up to current design standards. This can be accomplished by widening or adding shoulders, flattening hills or removing curves in a road.

Expansion/Enhancement. This program includes projects that are designed to improve safety, relieve congestion, improve access, and enhance economic development. The categories are corridor improvements, bypass construction, and interchange and separation improvements. Projects must be on the State Highway System or a logical addition to the State Highway System.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percentage of highway construction projects completed on time or early	N/A	N/A	N/A	N/A	100.0 %	100.0 %
Percentage of projects completed over or under budget	N/A	N/A	N/A	0.5 %	0.0 %	0.0 %
Number of preservation miles programmed for construction	829	915	2,228	1,860	1,521	2,083
Number of bridges and culverts programmed for construction	95	33	N/A	43	102	87
<u>Agency Expenditures</u>						
Reportable All Funds (Dollars in millions)	\$ 572.6	\$ 670.6	\$ 607.0	\$ 473.2	\$ 650.3	\$ 836.2
FTE Positions	744.0	660.0	656.3	656.3	643.5	643.5

**CONSTRUCTION
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 41,743,306	\$ 46,028,042	\$ 46,028,042	\$ 46,573,638	\$ 46,573,638
Contractual Services	40,251,456	76,729,248	76,729,248	72,005,657	72,005,657
Commodities	1,739,622	1,245,374	1,245,374	1,286,468	1,286,468
Capital Outlay	1,233,231	1,213,045	1,213,045	1,195,898	1,195,898
Debt Service	88,520,854	93,321,136	93,321,136	91,567,704	91,567,704
Subtotal-Operations	\$ 173,488,469	\$ 218,536,845	\$ 218,536,845	\$ 212,629,365	\$ 212,629,365
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
Capital Improvements	299,732,476	431,765,764	431,765,764	628,810,298	623,568,698
Reportable Exp.	\$ 473,220,945	\$ 650,302,609	\$ 650,302,609	\$ 841,439,663	\$ 836,198,063
Non-Reportable Exp.	448,897,560	429,869,283	429,869,283	210,267,826	210,267,826
TOTAL	\$ 922,118,505	\$ 1,080,171,892	\$ 1,080,171,892	\$ 1,051,707,489	\$ 1,046,465,889
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	473,220,945	650,302,609	650,302,609	841,439,663	836,198,063
Reportable Exp.	\$ 473,220,945	\$ 650,302,609	\$ 650,302,609	\$ 841,439,663	\$ 836,198,063
Non-Reportable Exp.	448,897,560	429,869,283	429,869,283	210,267,826	210,267,826
TOTAL	\$ 922,118,505	\$ 1,080,171,892	\$ 1,080,171,892	\$ 1,051,707,489	\$ 1,046,465,889
FTE Positions	656.3	643.5	643.5	643.5	643.5

The **agency** requests FY 2020 reportable operating expenditures totaling \$841.4 million, all from special revenue funds, for the Construction program. This amount includes operations expenditures totaling \$213.0 million and capital improvements totaling \$628.8 million for the Construction program. Operations expenditures are an all funds decrease of \$5.9 million, or 2.7 percent, below the FY 2019 revised estimate and primarily occur within contractual services (\$4.7 million), debt service (\$1.7 million), and capital outlay (\$17,147). Capital improvements expenditures are an increase of \$197.0 million, or 45.6 percent, above the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests expenditures of \$46.6 million, all from special revenue funds, to fund 643.5 FTE positions for FY 2020. The request is an all funds increase of \$545,596, or 1.2 percent, above the FY 2019 revised estimate. Primary expenditure increases occur in employer contributions to state employee health insurance (\$174,485) and employer contributions to state employee retirement (\$386,762);
- **Contractual Services.** The agency requests expenditures of \$72.0 million, all from special revenue funds, for FY 2020. The request is a decrease of \$4.7 million, or 6.2 percent, below the FY 2019 revised estimate. The primary expenditure decreases occur in architects and engineers (\$4.3 million) and other professional fees (\$595,936);
- **Commodities.** The agency requests expenditures of \$1.3 million, all from special revenue funds, for FY 2020. The request is an increase of \$41,094, or 3.3

percent, above the FY 2019 revised estimate. The primary expenditure increases occur in gasoline (\$20,166), professional and scientific supplies–other (\$7,037), data processing supplies (\$5,798), and power plant supplies (\$2,133);

- **Capital Outlay.** The agency requests expenditures of \$1.2 million, all from special revenue funds, for FY 2020. The request is a decrease of \$17,147, or 1.4 percent, below the FY 2019 revised estimate. The primary decreases are in expenditures for information processing equipment (\$30,800) and microcomputer equipment (\$16,675). These decreases are offset partially by an increase in expenditures for professional and scientific equipment (\$32,974);
- **Debt Service Interest.** The agency requests expenditures of \$91.6 million, all from special revenue funds, for FY 2020. This is an all funds decrease of \$1.8 million, or 1.9 percent, below the FY 2019 revised estimate. The agency notes that debt expenditures overall are declining as per its debt service schedule. The agency issued the remaining \$200.0 million of additional bonding authority approved by the 2017 Legislature in October 2018; and
- **Capital Improvements.** The agency requests expenditures of \$628.8 million, all from special revenue funds, for FY 2020. This request is an increase of \$197.0 million, or 45.6 percent, above the FY 2019 revised estimate. The primary expenditure increases occur in highway bridge construction contracts (\$187.2 million), land and interest in land (\$5.0 million), buildings (\$5.0 million) and highway bridge utility adjustments (\$783,570). These increases are partially offset by a decrease in debt service principal expenditures (\$995,000). The agency notes there is a large increase in construction expenditures due to the additional bonding approved by the the 2017 Legislature. FY 2019 expenditures were reduced to avoid double counting and when principal payments are made.

Non-reportable Expenditures. The agency's FY 2020 budget includes non-reportable expenditures totaling \$210.3 million, all from special revenue funds, for inter-fund transfers (\$209.0 million) and traffic control expenditures for the Kansas Highway Patrol (\$1.4 million).

The **Governor** concurs with the agency's request for FY 2020, but does not recommend the relocation of the Newton or Kinsley Subareas (\$5.2 million).

F. Debt Service

This section details principal, interest, and administrative costs related to bond debt for KDOT. These expenditures are included as part of the Construction program; the following Debt Service table is provided as a breakout for additional detail on debt service expenditures.

As of December 2018, outstanding transportation programs debt totals \$2.14 billion. This amount is composed of \$1.52 billion from the T-WORKS Program and \$0.621 billion from the prior Comprehensive Transportation Program (CTP).

The agency's budget anticipates paying off outstanding CTP debt for FY 2025. Senate Sub. for HB 2002 (2017) included the following provisions in FY 2018 and FY 2019: Authorized the issuance of \$400.0 million in bonds over the course of FY 2018 and FY 2019, at the discretion of the Secretary of Transportation. The legislation also set the limit on total allowable debt issuance for the T-WORKS Program at \$1.70 billion during FY 2018 and FY 2019. The

agency has issued \$200.0 million in par value bonds in October 2017, and the remaining \$200.0 million in net proceeds bonds was issued in October 2018. The agency notes in FY 2020 the 18.0 percent annual bond debt services expenditures to annual projected State Highway Fund revenues cap once again comes into effect, which was part of the original T-WORKS Program debt issuance provisions.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 180.9	\$ 196.0	\$ 198.3	\$ 198.3	\$ 210.7	\$ 207.3
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Debt Service Interest	\$ 88,520,854	\$ 93,321,136	\$ 93,321,136	\$ 91,567,704	\$ 91,567,704
Debt Service Principal	108,285,000	116,635,000	116,635,000	115,640,000	115,640,000
Administrative Costs	1,504,012	710,000	710,000	100,000	100,000
TOTAL	\$ 198,309,866	\$ 210,666,136	\$ 210,666,136	\$ 207,307,704	\$ 207,307,704
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	198,309,866	210,666,136	210,666,136	207,307,704	207,307,704
TOTAL	\$ 198,309,866	\$ 210,666,136	\$ 210,666,136	\$ 207,307,704	\$ 207,307,704

The **agency** requests a FY 2019 revised estimate for debt service expenditures totaling \$210.7 million, all from special revenue funds.

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

The **agency** requests FY 2020 debt service expenditures totaling \$207.3 million, all from special revenue funds.

The **Governor** concurs with the agency's request for FY 2020.

CAPITAL IMPROVEMENTS

KDOT maintains approximately 982 buildings, comprising more than 3.0 million square feet. Structures include 219 primary buildings housing KDOT and Kansas Highway Patrol personnel, offices, shops, and labs, and 767 support structures functioning as chemical, equipment, and materials storage facilities, as well as wash buildings. In addition there are 36 Safety Rest Areas that are maintained throughout the state. These expenditures are included as part of the Construction program; the following table is provided as a breakout for additional detail on buildings expenditures.

CAPITAL IMPROVEMENTS - BUILDINGS PROJECTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req.. FY 2020	Gov. Rec. FY 2020
Rehabilitation and Repair	\$ 4,776,171	\$ 4,776,171	\$ 3,800,000	\$ 3,800,000
Re-roof Buildings - Various Locations	1,231,697	1,231,697	1,359,386	1,359,386
Subarea Modernization - Various Locations	4,610,872	4,610,872	4,374,062	4,374,062
Remote Chemical Storage Bunkers	81,447	81,447	0	0
Chemical Storage Facilities	242,574	242,574	0	0
Purchase Land - Various Locations	50,696	50,696	45,000	45,000
Update Electrical and Bay Extension District Shop - Hutchinson/Salina (District 5)	0	0	1,179,750	1,179,750
Relocate Subarea - Newton	0	0	2,620,800	0
Relocate Subarea - Kinsley	0	0	2,620,800	0
TOTAL	\$ 10,993,457	\$ 10,993,457	\$ 15,999,798	\$ 10,758,198
Financing:				
State Highway Fund	\$ 10,993,457	\$ 10,993,457	\$ 15,999,798	\$ 10,758,198
All Other Funds	0	0	0	0
TOTAL	\$ 10,993,457	\$ 10,993,457	\$ 15,999,798	\$ 10,758,198

FY 2019 – Current Year. The agency estimates revised FY 2019 building expenditures totaling \$11.0 million, all from the State Highway Fund. This is an increase of \$1.7 million, or 18.67 percent, above the amount approved by the 2018 Legislature. The revised estimate includes \$6.2 million for projects and \$4.8 million for rehabilitation and repair. The agency states this increase is due to reappropriations for projects that were delayed from the previous fiscal year. The agency notes it utilizes the state architect and staff, and that priority is given to those projects for which funds are subject to lapsing. Additionally, the agency notes that zoning and regulations can affect the progress of a project. The agency's FY 2019 revised estimate include: 1) estimated re-roofing expenditures for ten locations, 2) subarea bay modernizations for three locations, 3) building four remote chemical storage bunkers, and 4) land purchases totaling \$50,696, all from the State Highway Fund.

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

FY 2020 – Budget Year. The agency requests FY 2020 building expenditures totaling \$16.0 million, all from the State Highway Fund. This is an increase of \$5.0 million, or 45.5 percent, above the FY 2019 revised estimate. The increase is primarily due to the request for two subareas to be relocated for FY 2020. The request includes \$12.2 million for projects and \$3.8 million for rehabilitation and repair. The agency's FY 2020 request includes: 1) re-roofing expenditures for nine locations, 2) subarea bay modernizations for three locations, 3) land purchases totaling \$45,000, and 4) updating the Electrical and Bay Extension District Shop–Hutchinson/Salina (District 5), all from the State Highway Fund.

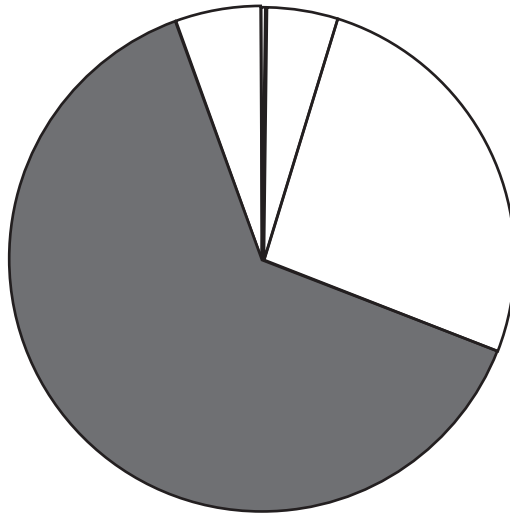
The **Governor** recommends \$10.8 million, all from the State Highway Fund, for buildings projects for FY 2020. The Governor's recommendation does not include the relocation of the Newton or Kinsley Subareas. This exclusion would free up State Highway Funds to go towards projects at the discretion of the Secretary of Transportation. The Governor recommends the project to update the District 5 Electrical and Bay Extension District Shop, which includes continuing funding into FY 2021 of \$1,217,160, all from the State Highway Fund, to finish the project.

STATE FUNDING SOURCES FY 2000-FY 2021 ESTIMATE (DOLLARS IN THOUSANDS)						
Fiscal Year	Motor Fuels Tax	Sales Tax Transfer Received	Revised Sales Tax Direct Deposit*	Vehicle Registration Fees	Totals	
2000 Actual	\$ 356,069	\$ 62,240	\$ 88,598	\$ 134,289	\$ 641,196	
2001 Actual	356,399	51,709	89,241	132,439	629,788	
2002 Actual	371,201	94,288	91,611	132,969	690,069	
2003 Actual	408,119	0	89,369	146,306	643,794	
2004 Actual	420,353	0	90,137	149,369	659,859	
2005 Actual	422,760	0	93,353	154,108	670,221	
2006 Actual	424,666	0	98,914	155,834	679,414	
2007 Actual	430,547	0	158,393	163,047	751,987	
2008 Actual	427,808	0	273,293	162,100	863,201	
2009 Actual	417,771	0	268,740	162,655	849,166	
CTP TOTAL	\$ 4,035,693	\$ 208,237	\$ 1,341,649	\$ 1,493,116	\$ 7,078,695	
2010 Actual	\$ 421,071	\$ 0	\$ 259,445	\$ 166,178	\$ 846,694	
2011 Actual	432,730	0	292,641	167,386	892,757	
2012 Actual	431,549	0	312,358	166,316	910,223	
2013 Actual	411,852	0	319,382	186,962	918,196	
2014 Actual	433,806	0	485,458	201,051	1,120,315	
2015 Actual	436,058	0	511,724	208,935	1,156,717	
2016 Actual	447,300	0	517,698	204,363	1,169,361	
2017 Actual	454,808	0	514,510	211,159	1,180,477	
2018 Actual	458,183	0	529,477	207,621	1,195,281	
2019 Estimate*	462,238	0	532,712	207,500	1,202,450	
2020 Estimate*	463,438	0	540,419	207,500	1,211,357	
2021 Estimate*	464,638	0	549,089	207,500	1,221,227	

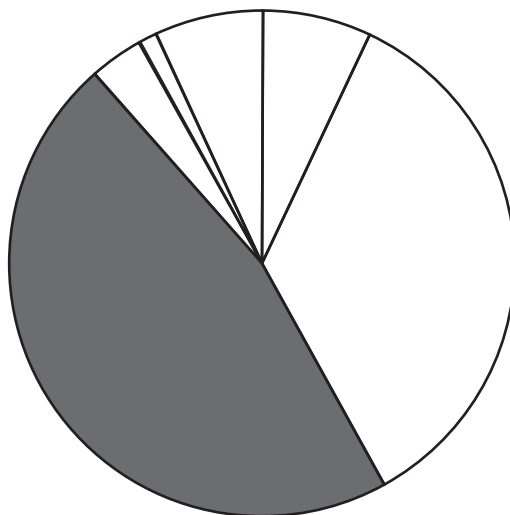
* FY 2019, FY 2020 and FY 2021 revised estimates are based upon projections provided by the November 2018 consensus revenue estimating process.

EDUCATION

State General Fund



All Funds



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

The Governor's FY 2020 recommendation for the Education function totals \$8.6 billion from all funding sources, including \$4.9 billion from the State General Fund.

The FY 2020 recommendation represents a State General Fund increase of 12.2 percent, or \$529.8 million, above FY 2019. Expenditures from all funds increase by 6.0 percent, or \$487.6 million, above FY 2019.

Agencies in this Function:

<i>Department of Education.....</i>	<i>159</i>
<i>Kansas State School for the Blind.....</i>	<i>192</i>
<i>Kansas State School for the Deaf.....</i>	<i>214</i>
<i>Postsecondary Education Systemwide.....</i>	<i>237</i>
<i>Board of Regents.....</i>	<i>266</i>
<i>Emporia State University.....</i>	<i>268</i>
<i>Fort Hays State University.....</i>	<i>269</i>
<i>Kansas State University.....</i>	<i>270</i>
<i>Kansas State University—Extension Systems and Agricultural Research Programs.....</i>	<i>271</i>
<i>Kansas State University—Veterinary Medical Center.....</i>	<i>272</i>
<i>Pittsburg State University.....</i>	<i>273</i>
<i>University of Kansas.....</i>	<i>274</i>
<i>University of Kansas Medical Center.....</i>	<i>275</i>
<i>Wichita State University.....</i>	<i>276</i>
<i>State Historical Society.....</i>	<i>279</i>
<i>State Library.....</i>	<i>304</i>

A total of 19,621.5 FTE positions are recommended by the Governor for the Education function for FY 2020, which is a decrease of 1.0 FTE position below FY 2019. Of all state FTE positions, 47.9 percent are in this function.

Agencies in this function comprise 64.3 percent of the total State General Fund budget for FY 2020, which is an increase of 3.5 percent above FY 2019. They comprise 46.6 percent of expenditures from all funding sources for FY 2020, which is a decrease of 0.5 percent below FY 2019.

DEPARTMENT OF EDUCATION

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 3,390,857,264	\$ 3,546,142,373	\$ 3,519,392,991	\$ 4,060,161,378	\$ 4,037,412,677
Other Funds	1,552,753,134	1,562,874,528	1,578,090,421	1,583,874,261	1,559,400,036
Subtotal	\$ 4,943,610,398	\$ 5,109,016,901	\$ 5,097,483,412	\$ 5,644,035,639	\$ 5,596,812,713
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 4,943,610,398	\$ 5,109,016,901	\$ 5,097,483,412	\$ 5,644,035,639	\$ 5,596,812,713
Percentage Change:					
Operating Expenditures					
State General Fund	9.5 %	4.6 %	3.8 %	14.5 %	14.7 %
All Funds	7.5	3.3	3.1	10.5	9.8
FTE Positions	257.5	267.3	267.3	266.3	266.3

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

AGENCY OVERVIEW

The Department of Education (KSDE) is overseen by the ten-member elected State Board of Education (State Board), which is established by the *Kansas Constitution*. The State 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 serves at the pleasure of the State 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 weightings 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 Plans [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 to 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 demonstrated 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 to 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*, in the **2016 Special Session**, the Legislature passed 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 AVPP. 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 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 was set at \$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 in the Midwest region during the three immediately preceding years.

KSEEA included weightings for at-risk students, bilingual students, low enrollment, high enrollment, high-density at-risk, transportation, career and technical education, new school facilities, cost-of-living, ancillary school facilities, declining enrollment (which expired 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 would be 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. In addition, the Court identified four specific points of inequity:

- The expansion of the authorized uses of capital outlay funds;
- The differing procedures for certain districts to raise their maximum LOB;
- The use of a district's prior year LOB to determine the amount of LOB State Aid; and
- The inclusion of a 10.0 percent floor for the at-risk weighting.

The **2018 Legislature**, in response, passed Sub. for SB 423 and House Sub. for SB 61. The bills phase in approximately \$522.0 million in additional school funding over a five-year period ending in school year 2022-2023. The BASE is scheduled to increase from \$4,165 in school year 2018-2019 (it was set at \$4,128 in 2017 SB 19) to \$4,713 by school year 2022-2023, after which inflationary increases will take effect.

The bills require each school district to adopt a LOB of at least 15.0 percent and to transfer the portion of the LOB attributable to the at-risk and bilingual weightings to the district's at-risk and bilingual funds. The bills change the process for calculating LOB State Aid to use of the district's current-year LOB, but requires districts intending to raise their LOB during the upcoming school year to notify the State Board by April 1 of the current school year.

The bills eliminate the 10.0 percent floor for the at-risk weighting, provide for the transportation weighting to be calculated using a static cost-density curve, and make smaller changes to the high-density at-risk, career and technical education, and bilingual weightings.

The bills also eliminate the provision in 2017 SB 19 that allow school districts to expend capital outlay funds on utilities and property and casualty insurance, and amend provisions related to approval of school district capital improvement bonds by the State Board.

Finally, the bills create the Mental Health Intervention Team pilot program for FY 2019. Participating school districts will enter into agreements with community mental health centers for clinical therapists, case managers, and school liaisons to provide mental health services in Abilene, Garden City, Kansas City, Parsons, Topeka, and Wichita.

On **June 25, 2018**, the Kansas Supreme Court issued its *Gannon VI* ruling. The Court held the Legislature had corrected the four equity issues identified in *Gannon V* and created no additional inequities. In addition, the Court ruled the school finance system remained constitutionally inadequate, determining the Legislature failed to consistently implement its plan to meet the threshold for adequacy identified in the *Montoy* litigation. The Court extended its stay to June 30, 2019, or until further order of the Court, to allow the Legislature to address the remaining adequacy issues during the 2019 Session.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates revised expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund, in FY 2019. The revised estimate is an all

funds increase of \$17.4 million, or 0.3 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$17.0 million, or 0.5 percent, and a special revenue fund increase of \$469,714, or less than 0.1 percent. The increase above the FY 2019 approved budget is primarily attributable to the agency's supplemental requests for increased employer contributions for KPERS-School. The revised estimate includes 267.3 FTE positions, which is an increase of 7.8 FTE positions above the FY 2019 approved number.

The **Governor** recommends expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund, in FY 2019. The recommendation is an all funds decrease of \$11.5 million, or 0.2 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$26.7 million, or 0.8 percent, and a special revenue fund increase of \$15.2 million, or 1.0 percent. The recommendation includes 267.3 FTE positions, which is the same as the agency's FY 2019 revised estimate. The State General Fund decrease and special revenue fund increase are primarily attributable to the Governor's recommendation to adopt the Fall 2018 Education Consensus Estimates in FY 2019.

FY 2020 – Budget Year. The **agency** requests expenditures of \$5.6 billion, including \$4.1 billion from the State General Fund, for FY 2020. The request is an all funds increase of \$535.0 million, or 10.5 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$514.0 million, or 14.5 percent, and a special revenue fund increase of \$21.0 million, or 1.3 percent. The request includes 266.3 FTE positions, which is a decrease of 1.0 FTE position below the FY 2019 revised estimate.

The increase above the agency's FY 2019 revised estimate is in part attributable to the increases in school funding contained in 2017 SB 19, 2018 Sub. for SB 423, and 2018 House Sub. for SB 61. The increase is also attributable to the agency's FY 2020 enhancement requests, which total \$227.1 million, including \$226.4 million from the State General Fund.

The **Governor** recommends expenditures of \$5.6 billion, including \$4.0 billion from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$47.2 million, or 0.8 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$22.8 million, or 0.6 percent, and a special revenue fund decrease of \$24.5 million, or 1.5 percent. The recommendation includes 266.3 FTE positions, which is the same as the agency's FY 2020 request.

The State General Fund decrease is primarily attributable to the Governor's recommendation to adopt the Fall 2018 Education Consensus Estimates in FY 2019. The special revenue fund decrease is primarily attributable to the Governor's recommendation to replace the State Highway Fund transfer for State Foundation Aid with State General Fund moneys.

PERFORMANCE MEASURES

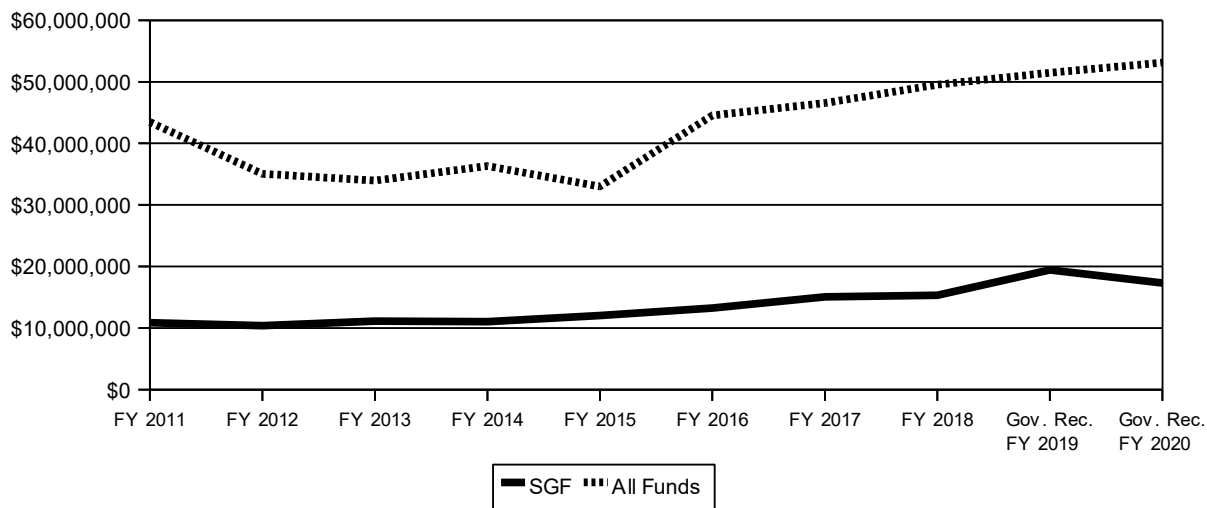
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of meals and snacks served through Child Nutrition and Wellness program (in millions)	101.5	98.1	101.6	102.3	104.4	106.5
Average statewide ACT composite score	21.9	21.7	21.9	21.7	21.2	21.4
Number of families served through Parents as Teachers	N/A	8,275	N/A	8,522	9,900	9,900
Amount of state aid savings found by fiscal audit team (in thousands)	\$ 3,117	\$ 6,476	\$ 13,742	\$ 14,440	\$ 14,500	\$ 14,500
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4,449.5	\$ 4,599.7	\$ 4,970.4	\$ 4,943.6	\$ 5,097.5	\$ 5,596.8
FTE Positions	246.4	247.4	257.5	257.5	267.3	266.3

The agency has modified the performance measure regarding participation in the Parents as Teachers program. Previously, the agency tracked the total number of children served. The agency now tracks the number of families served. Data for FY 2016 actuals and the FY 2018 Governor's recommendation were based on the total number of children served, not families served, and are therefore excluded.

BUDGET TRENDS

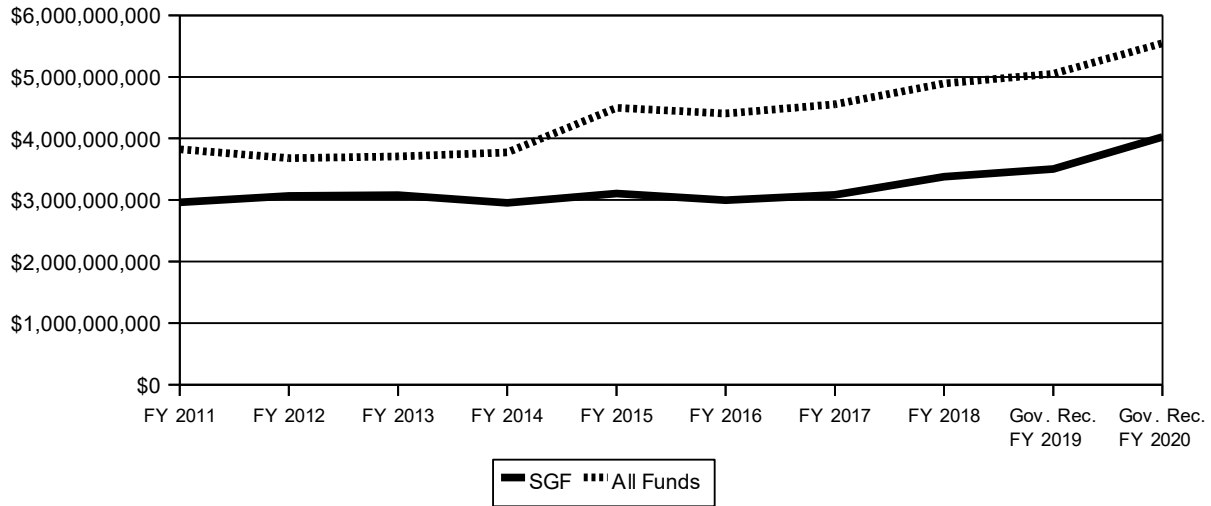
AGENCY OPERATING EXPENDITURES (INCLUDING CHILDREN'S CABINET) FY 2011 – FY 2020



AGENCY OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	44,536,694	35.0	246.4
2017	15,039,455	13.8	46,552,420	4.5	244.4
2018	15,332,057	1.9	49,536,746	6.4	257.5
2019 Gov. Rec.	19,431,044	26.7	51,483,837	3.9	267.3
2020 Gov. Rec.	17,317,914	(10.9)	53,119,016	3.2	266.3
Ten-Year Change Dollars/Percent	\$ 6,441,230	59.2 %	\$ 9,658,335	22.2 %	56.0

AID AND OTHER ASSISTANCE EXPENDITURES FY 2011 – FY 2020



AID AND OTHER ASSISTANCE EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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)	3,772,323,727	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	3,377,839,807	9.5	4,894,107,377	7.4	257.5
2019 Gov. Rec.	3,505,376,947	3.8	5,051,414,575	3.2	267.3
2020 Gov. Rec.	4,023,394,763	14.8	5,546,993,697	9.8	266.3
Ten-Year Change Dollars/Percent	\$ 1,063,060,650	35.9 %	\$ 1,722,961,412	45.1 %	56.0

Summary of Operating Budget FY 2018 - FY 2020

Department of Education

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	14,573,095	\$ 16,917,859	\$ 16,806,226	\$ (111,633)	(0.7) %	\$ 16,917,859	\$ 16,702,004	\$ (215,855)	(1.3)%
Governance of Ed.		360,691	393,802	415,335	21,533	5.5	393,802	415,335	21,533	5.5
Child Nutrition & Wellness		4,050,993	3,822,328	3,976,960	154,632	4.0	3,822,328	3,976,960	154,632	4.0
Standards & Assessments		9,949,142	12,161,163	12,460,920	299,757	2.5	12,161,163	12,460,920	299,757	2.5
Special Ed. Services		14,057,987	12,434,933	12,362,708	(72,225)	(0.6)	12,434,933	12,362,708	(72,225)	(0.6)
Title Progs. & Services		3,419,056	2,951,102	5,231,350	2,280,248	77.3	2,951,102	5,231,350	2,280,248	77.3
Career & Tech. Ed.		1,913,917	1,907,183	2,081,451	174,268	9.1	1,907,183	2,081,451	174,268	9.1
Financial Aid		4,877,309,272	5,037,171,312	5,569,538,041	532,366,729	10.6	5,025,637,823	5,522,419,337	496,781,514	9.9
Children's Cabinet		17,976,245	21,257,219	21,162,648	(94,571)	(0.4)	21,257,219	21,162,648	(94,571)	(0.4)
TOTAL		\$ 4,943,610,398	\$ 5,109,016,901	\$ 5,644,035,639	\$ 535,018,738	10.5 %	\$ 5,097,483,412	\$ 5,596,812,713	\$ 499,329,301	9.8 %
By Major Object of Expenditure:										
Salaries and Wages	\$	17,805,592	\$ 20,655,456	\$ 20,766,236	\$ 110,780	0.5 %	\$ 20,655,456	\$ 20,642,014	\$ (13,442)	(0.1)%
Contractual Services		30,488,460	30,137,530	33,889,455	3,751,925	12.4	30,137,530	31,809,455	1,671,925	5.5
Commodities		474,711	529,632	494,142	(35,490)	(6.7)	529,632	494,142	(35,490)	(6.7)
Capital Outlay		767,983	161,219	173,405	12,186	7.6	161,219	173,405	12,186	7.6
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$	<i>49,536,746</i>	<i>\$ 51,483,837</i>	<i>\$ 55,323,238</i>	<i>\$ 3,839,401</i>	<i>7.5 %</i>	<i>\$ 51,483,837</i>	<i>\$ 53,119,016</i>	<i>\$ 1,635,179</i>	<i>3.2 %</i>
Aid to Local Units		4,839,647,685	4,991,243,900	5,527,266,501	536,022,601	10.7	4,979,960,411	5,482,887,797	502,927,386	10.1
Other Assistance		54,425,967	66,289,164	61,445,900	(4,843,264)	(7.3)	66,039,164	60,805,900	(5,233,264)	(7.9)
TOTAL		\$ 4,943,610,398	\$ 5,109,016,901	\$ 5,644,035,639	\$ 535,018,738	10.5 %	\$ 5,097,483,412	\$ 5,596,812,713	\$ 499,329,301	9.8 %
Financing:										
State General Fund	\$	3,390,857,264	\$ 3,546,142,373	\$ 4,060,161,378	\$ 514,019,005	14.5 %	\$ 3,519,392,991	\$ 4,037,412,677	\$ 518,019,686	14.7 %
State Highway Fund		107,250,000	45,000,000	45,000,000	0	0.0	45,000,000	0	(45,000,000)	(100.0)
20 Mill Property Tax		641,067,606	669,656,040	695,948,713	26,292,673	3.9	678,356,878	711,953,488	33,596,610	5.0
Federal Funds		479,836,035	502,060,060	484,215,161	(17,844,899)	(3.6)	502,060,060	484,215,161	(17,844,899)	(3.6)
All Other Funds		324,599,493	346,158,428	358,710,387	12,551,959	3.6	352,673,483	363,231,387	10,557,904	3.0
TOTAL		\$ 4,943,610,398	\$ 5,109,016,901	\$ 5,644,035,639	\$ 535,018,738	10.5 %	\$ 5,097,483,412	\$ 5,596,812,713	\$ 499,329,301	9.8 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$3,527,415,441 for the Department of Education in FY 2019. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$1,773,178, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019. This excludes budgeted reappropriations that were approved by the 2018 Legislature.

This adjustment changes the FY 2019 approved State General Fund amount to \$3,529,188,619. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 3,529,188,619	\$ 3,546,142,373	\$ 16,953,754	\$ 3,519,392,991	\$ (9,795,628)
All Other Funds	1,562,404,814	1,562,874,528	469,714	1,578,090,421	15,685,607
TOTAL	\$ 5,091,593,433	\$ 5,109,016,901	\$ 17,423,468	\$ 5,097,483,412	\$ 5,889,979
FTE Positions	259.5	267.3	7.8	267.3	7.8

The **agency** estimates revised expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$17.4 million, or 0.3 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$17.0 million, or 0.5 percent, and a special revenue fund increase of \$469,714, or less than 0.1 percent. The revised estimate includes 267.3 FTE positions, which is an increase of 7.8 FTE positions above the FY 2019 approved number.

The increase above the approved budget is primarily attributable to the agency's supplemental requests, which are described below.

KPERS–USDs. The agency requests \$19.0 million, all from the State General Fund, for increased KPERS employer contributions for public schools. The Department of Education estimates covered payroll will increase by approximately 4.75 percent during FY 2019.

KPERS–Non-USDs. The agency requests \$1.0 million, all from the State General Fund, for increased KPERS employer contributions for interlocals, community colleges, and technical colleges. The Department of Education estimates covered payroll will increase by approximately 4.75 percent during FY 2019.

The increase is partially offset by the agency's request to decrease expenditures by \$2.0 million, all from the State General Fund, for the database authorized for the Mental Health Intervention Team (MHIT) pilot program created in 2018 Sub. for SB 423. The agency believes it is more economical to construct the database using agency staff than to solicit bids for the administration and maintenance of the database. The agency proposes to expend \$100,000 for the construction of the database and \$400,000 for administration and maintenance during FY 2019 and \$500,000 per year thereafter for administration and maintenance. To do so, the agency requests authority to reappropriate unspent moneys after the conclusion of FY 2019.

In addition, the agency proposes the remaining balance in the Extraordinary Declining Enrollment State Aid Fund be transferred back to the State General Fund. Senate Sub. for HB 2002 (2017) created this special revenue fund and authorized a one-time transfer of \$2.6 million from the State General Fund to provide funding. FY 2018 expenditures from the Fund totaled \$2.5 million, leaving a balance of \$105,894.

The increase in FTE positions is attributable to the creation of 6.5 FTE positions to absorb increase workloads in school finance (1.0 FTE), Teacher Education and Licensure (1.0 FTE), Child Nutrition and Wellness (1.0 FTE), Special Education Services (1.5 FTE), and Standards and Assessments (2.0 FTE). According to the Department of Education, all of these positions are paid from state fee funds, federal funds, or federal indirect cost reimbursement funds. In addition, the agency created 1.0 FTE position to develop the MHIT database.

The **Governor** recommends expenditures of \$5.1 billion, including \$3.5 billion from the State General Fund, in FY 2019. The recommendation is an all funds decrease of \$11.5 million, or 0.2 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$26.7 million, or 0.8 percent, and a special revenue fund increase of \$15.2 million, or 1.0 percent. The recommendation includes 267.3 FTE positions, which is the same as the agency's FY 2019 revised estimate.

Fall 2018 Education Consensus Estimates

The Governor recommends adoption of the Fall 2018 Education Consensus Estimates in FY 2019. For school finance, the Governor recommends decreased expenditures of \$11.3 million, including \$26.5 million from the State General Fund. For KPERS, the Governor recommends increased expenditures of \$20.0 million, all from the State General Fund. This concurs with the agency's supplemental requests for KPERS in FY 2019. The individual components of the Fall 2018 Estimates are described below.

School Finance–State Foundation Aid. The Governor recommends decreased expenditures of \$27.3 million, including \$39.3 million from the State General Fund, for decreased State Foundation Aid payments in FY 2019. This includes increased expenditures of \$8.7 million from the statewide 20-mill property tax, increased expenditures of \$3.2 million from the School District Finance Fund (optional local property taxes), and increased expenditures of \$164,000 from the Mineral Production Fund. The all funds decrease is primarily attributable to a decrease in weighted FTE enrollment from the Spring 2018 Education Consensus Estimates.

School Finance–Supplemental State Aid. The Governor recommends increased expenditures of \$10.4 million, all from the State General Fund, for increased Supplemental State Aid payments in FY 2019. Supplemental State Aid provides equalization aid for school districts' Local Option Budgets.

School Finance–Capital Outlay State Aid. The Governor recommends increased expenditures of \$2.4 million, all from the State General Fund, for increased Capital Outlay State Aid payments in FY 2019. Capital Outlay State Aid provides equalization aid for school districts' optional capital outlay property taxes, which may not exceed eight mills. 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.

School Finance–Capital Improvement State Aid. The Governor recommends increased expenditures of \$3.2 million, all from special revenue funds, for increased Capital Improvement State Aid payments in FY 2019. Capital Improvement State Aid provides equalization aid for school districts' bonded indebtedness incurred for capital construction projects. 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 is still a State General Fund obligation.

KPERS–USDs. The Governor recommends increased expenditures of \$19.0 million, all from the State General Fund, for KPERS–USDs in FY 2019. This concurs with the agency's supplemental request for increased funding for KPERS–USDs. The Fall 2018 Estimates projected the same increase in the KPERS–USDs obligation that was included in the agency's FY 2019 revised estimate.

KPERS–Non-USDs. The Governor recommends increased expenditures of \$1.0 million, all from the State General Fund, for KPERS–Non-USDs in FY 2019. This concurs with the agency's supplemental request for increased funding for KPERS–Non-USDs. The Fall 2018 Estimates projected the same increase in the KPERS–Non-USDs obligation that was included in the agency's FY 2019 revised estimate.

Other Recommendations

In addition to the adoption of the Fall 2018 Education Consensus Estimates, the Governor recommends the following:

- Delete \$250,000, all from the State General Fund, to lapse unused funding for Teach for America in FY 2019. The 2018 Legislature appropriated \$520,000 for the program. However, the agency indicates it will only expend \$270,000 in FY 2019;
- Lapse \$2.0 million, all from the State General Fund, for the database used by the Mental Health Intervention Team pilot program. The agency's request included a planned reappropriation of \$2.0 million from FY 2019 to FY 2020. Instead, the Governor recommends lapsing the \$2.0 million and appropriating \$500,000 for FY 2020; and
- The Governor recommends the transfer of \$105,894 from the Extraordinary Declining Enrollment Fund back to the State General Fund.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
KPERS–USDs	\$ 18,986,873	\$ 18,986,873	0.0	\$ 18,986,873	\$ 18,986,873	0.0
KPERS–Non-USDs	1,036,647	1,036,647	0.0	1,036,647	1,036,647	0.0
TOTAL	\$ 20,023,520	\$ 20,023,520	0.0	\$ 20,023,520	\$ 20,023,520	0.0

The **agency** requests supplemental funding of \$20.0 million, all from the State General Fund, in FY 2019. The agency's supplemental requests are detailed below.

KPERS–USDs. The agency requests \$19.0 million, all from the State General Fund, for increased KPERS employer contributions for public schools. Due to the additional K-12 funding included in 2018 Sub. for SB 423 and 2018 House Sub. for SB 61, the Department of Education estimates covered payroll will increase by approximately 4.75 percent in FY 2019. This would produce a KPERS obligation of \$279.1 million (excluding the \$194.0 million delayed payment) during the current fiscal year. The current approved appropriation for KPERS–USDs is \$260.1 million.

KPERS–Non-USDs. The agency requests \$1.0 million, all from the State General Fund, for increased KPERS employer contributions for interlocals, community colleges, and technical colleges. The Department of Education estimates covered payroll will increase by approximately 4.75 percent in FY 2019. This would produce a KPERS obligation of \$33.6 million from the State General Fund. The current State General Fund appropriation for KPERS–Non-USDs is \$32.5 million.

Without the supplemental requests, the agency's revised estimate for FY 2019 totals \$5.1 billion, including \$3.5 billion from the State General Fund.

The **Governor** concurs with the agency's supplemental requests in FY 2019 as part of the recommendation to adopt the FY 2018 Education Consensus Estimates.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 5,644,035,639	\$ 5,596,812,713	\$ (47,222,926)	
FTE Positions	266.3	266.3	0.0	
Change from FY 2019:				
Dollar Change:				
State General Fund	\$ 514,019,005	\$ 518,019,686		
All Other Funds	20,999,733	(18,690,385)		
TOTAL	\$ 535,018,738	\$ 499,329,301		
Percent Change:				
State General Fund	14.5 %	14.7 %		
All Other Funds	1.3	(1.2)		
TOTAL	10.5 %	9.8 %		
Change in FTE Positions	(1.0)	(1.0)		

The **agency** requests expenditures of \$5.6 billion, including \$4.1 billion from the State General Fund, for FY 2020. The request is an all funds increase of \$535.0 million, or 10.5 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$514.0 million, or 14.5 percent, and a special revenue fund increase of \$21.0 million, or 1.3 percent. The request includes 266.3 FTE positions, which is a decrease of 1.0 FTE position below the FY 2019 revised estimate.

The increase above the FY 2019 revised estimate is in part attributable to the school funding increases included in 2017 SB 19, 2018 Sub. for SB 423, and 2018 House Sub. for SB 61. The increase is also attributable to the agency's enhancement requests totaling \$227.1 million, including \$226.4 million from the State General Fund. The enhancements include the following major items:

- \$92.7 million, all from the State General Fund, to increase the base aid for student excellence (BASE) from \$4,302 to \$4,436 for FY 2020;
- \$28.5 million, all from the State General Fund, to increase Special Education State Aid payments for FY 2020; and
- \$81.4 million, all from the State General Fund, for increased KPERS employer contributions for both KPERS–USDs and KPERS–Non-USDs for FY 2020.

For greater detail on all enhancement requests by the Department of Education, please see the following Enhancement Detail section.

The special revenue fund increase is also attributable to increased revenue estimates from the statewide 20-mill property tax levy.

The decrease in FTE positions is attributable to the elimination of the 1.0 FTE position created in FY 2019 to create the MHIT database. The agency anticipates construction of the database will be completed by the end of FY 2019.

The **Governor** recommends expenditures of \$5.6 billion, including \$4.0 billion from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$47.2 million, or 0.8 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$22.8 million, or 0.6 percent, and a special revenue fund decrease of \$24.5 million, or 1.5 percent. The recommendation includes 266.3 FTE positions, which is the same as the agency's FY 2020 request.

Fall 2018 Education Consensus Estimates

The Governor recommends adoption of the Fall 2018 Education Consensus Estimates for FY 2020. For school finance, the Governor recommends increased expenditures of \$1.5 million, including a State General Fund decrease of \$19.7 million. For KPERS, the Governor recommends increased expenditures of \$81.4 million, all from the State General Fund. This concurs with the agency's enhancement requests for KPERS for FY 2020. The individual components of the Fall 2018 Estimates are described below.

School Finance–State Foundation Aid. The Governor recommends decreased expenditures of \$15.3 million, including \$36.6 million from the State General Fund, for decreased State Foundation Aid payments for FY 2020. This includes increased expenditures of \$16.0 million from the statewide 20-mill property tax, increased expenditures of \$3.2 million from the School District Finance Fund (optional local property taxes), and increased expenditures of \$2.0 million from the Mineral Production Fund. The all funds decrease is primarily attributable to a decrease in weighted FTE enrollment from the Spring 2018 Education Consensus Estimates.

School Finance–Supplemental State Aid. The Governor recommends increased expenditures of \$12.1 million, all from the State General Fund, for increased Supplemental State Aid payments for FY 2020. This is an increase of \$4.4 million, all from the State General Fund, above the agency's FY 2020 enhancement request. Supplemental State Aid provides equalization aid for school districts Local Option Budgets.

School Finance–Capital Outlay State Aid. The Governor recommends increased expenditures of \$4.8 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2020. This is an increase of \$1.3 million, all from the State General Fund, above the agency's FY 2020 enhancement request. Capital Outlay State Aid provides equalization aid for school districts' optional capital outlay property taxes, which may not exceed eight mills. 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.

School Finance–Capital Improvement State Aid. The Governor concurs with the agency's FY 2020 request for Capital Improvement State Aid. The Fall 2018 Estimates projected the same state aid entitlement for Capital Improvement State Aid that was included in the agency's FY 2020 request.

KPERS–USDs. The Governor recommends increased expenditures of \$73.5 million, all from the State General Fund, for KPERS–USDs for FY 2020. This concurs with the agency's enhancement request for increased funding for KPERS–USDs. The Fall 2018 Estimates projected the same increase in the KPERS–USDs obligation that was included in the agency's FY 2019 revised estimate.

KPERS–Non-USDs. The Governor recommends increased expenditures of \$7.9 million, all from the State General Fund, for KPERS–Non-USDs for FY 2020. This concurs with the agency's enhancement request for increased funding for KPERS–Non-USDs. The Fall 2018 Estimates projected the same increase in the KPERS–Non-USDs obligation that was included in the agency's FY 2019 revised estimate.

School Finance Remedy

In response to the Kansas Supreme Court's ruling in *Gannon VI*, the Governor recommends a school finance remedy of \$104.5 million, all from the State General Fund, for FY 2020. The individual components of the remedy are described below.

State Foundation Aid and BASE Increase. The Governor concurs with the agency's enhancement request for increased funding of \$92.7 million, all from the State General Fund, to increase the base aid for student excellence (BASE) from \$4,302 to \$4,436 for FY 2020. In addition, the Governor recommends adoption of the remainder of the State Board of Education's proposed *Gannon VI* remedy. It includes the following State Foundation Aid and BASE increases through FY 2023:

- FY 2021: Increased expenditures of \$89.7 million, all from the State General Fund, to increase the BASE from \$4,439 to \$4,569;
- FY 2022: Increased expenditures of \$89.7 million, all from the State General Fund, to increase the BASE from \$4,576 to \$4,706; and
- FY 2023: Increased expenditures of \$91.7 million, all from the State General Fund, to increase the BASE from \$4,713 to \$4,846.

KPERS–USDs. The Governor recommends increased expenditures of \$10.3 million, all from the State General Fund, for increased KPERS employer contributions for public schools. This increase is attributable to the recommendation to increase the BASE for FY 2020, which is expected to increase covered payroll.

KPERS–Non-USDs. The Governor recommends increased expenditures of \$1.6 million, all from the State General Fund, for increased KPERS employer contributions for interlocals, community colleges, and technical colleges. This increase is attributable to the recommendation to increase the BASE for FY 2020, which is expected to increase covered payroll.

Other Recommendations

In addition to the adoption of the Fall 2018 Education Consensus Estimates and the *Gannon VI* remedy, the Governor recommends the following:

- Add \$45.0 million, all from the State General Fund, and delete \$45.0 million, all from special revenue funds, to eliminate the transfer from the State Highway Fund to the Department of Education for State Foundation Aid for FY 2020;
- Delete \$41.9 million, including \$41.2 million from the State General Fund, to not fund the agency's enhancement requests for Special Education State Aid, professional development, the Mentor Teacher program, Career and Technical Education (CTE) transportation, Parents as Teachers, the Technical Education Incentive, school food assistance, Kansas Foundation for Agriculture in the Classroom, environmental education, Communities in Schools, and employer contributions for KPERS and group health insurance for FY 2020;
- Delete \$5.0 million, all from the State General Fund, to eliminate funding for the School Safety and Security Grants for FY 2020;
- Delete \$2.1 million, all from the State General Fund, to eliminate funding for Kansas Reading Success for FY 2020;
- Delete \$800,000, all from the State General Fund, to eliminate funding for the Technical Education Incentive for FY 2020;
- Delete \$520,000, all from the State General Fund, to eliminate funding for Teach for America for FY 2020;
- Add \$950,000, all from the State General Fund, for the Education SuperHighway Initiative for FY 2020, which will allow school districts to draw down federal funds totaling \$9.5 million through the e-Rate project to upgrade Internet bandwidth. The agency's FY 2019 revised estimate includes \$300,000 for the Education SuperHighway, but the agency did not request funding for FY 2020. Therefore, the Governor's FY 2020 recommendation is an increase of \$650,000 above the FY 2019 recommendation;
- Add \$20,000, all from the State General Fund, to create the Governor's Scholars Program for FY 2020. The Governor will work with the Department of Education to recognize students who may not otherwise be given recognition through other programs;
- Appropriate \$500,000, all from the State General Fund, for database used by the Mental Health Intervention Team pilot program instead of the agency's planned reappropriation from FY 2019 to FY 2020;
- The Governor recommends Capital Improvement State Aid remain a revenue transfer from the State General Fund for FY 2020;

- The Governor recommends the agency be given authority to transfer funds between the agency's State General Fund accounts; and
- The Governor recommends proviso language allowing the agency to distribute state aid from the State Safety Fund whenever funds are available, instead of by November 1, 2019, for FY 2020.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
State Foundation Aid	\$ 92,659,017	\$ 92,659,017	0.0	\$ 92,659,017	\$ 92,659,017	0.0
Special Education State Aid	28,499,182	28,499,182	0.0	0	0	0.0
Supplemental (LOB) State Aid	7,700,000	7,700,000	0.0	12,083,000	12,083,000	0.0
Professional Development	8,000,000	8,000,000	0.0	0	0	0.0
Capital Outlay State Aid	3,500,000	3,500,000	0.0	4,750,000	4,750,000	0.0
Mentor Teacher Program	1,700,000	1,700,000	0.0	0	0	0.0
Career & Tech. Ed. Transportation	1,066,667	1,066,667	0.0	0	0	0.0
Parents as Teachers	0	710,000	0.0	0	0	0.0
Tech. Ed. Incentive	800,000	800,000	0.0	0	0	0.0
School Food Assistance	900,000	900,000	0.0	0	0	0.0
KS Foundation for Ag. in the Classroom	40,000	40,000	0.0	0	0	0.0
Discretionary Grants—Environmental Ed.	40,000	40,000	0.0	0	0	0.0
Communities in Schools	40,000	40,000	0.0	0	0	0.0
KPERS—USDs	73,465,171	73,465,171	0.0	83,726,775	83,726,775	0.0
KPERS—Non-USDs	7,901,698	7,901,698	0.0	9,498,845	9,498,845	0.0
Operating Budget—KPERS & Health Insurance	124,222	124,222	0.0	0	0	0.0
TOTAL	\$ 226,435,957	\$ 227,145,957	0.0	\$202,717,637	\$202,717,637	0.0

The **agency** requests enhancement funding of \$227.1 million, including \$226.4 million from the State General Fund, for FY 2020. The enhancement requests are detailed below.

State Foundation Aid. The agency requests \$92.7 million, all from the State General Fund, to increase the BASE from \$4,302 to \$4,436 for FY 2020. This request is in response to the Kansas Supreme Court's ruling in *Gannon VI* that the State's school finance system remained inadequately funded and required additional inflationary increases to reach the threshold of post-*Montoy* funding as adjusted for inflation. To calculate this amount, the State Board of Education (State Board) utilized an annual inflationary rate of 1.44 percent, which was the average annual increase in the Consumer Price Index (CPI) for urban consumers in the Midwest region from FY 2011 through FY 2017.

Special Education State Aid. The agency requests \$28.5 million, all from the State General Fund, for increased Special Education State Aid payments for FY 2020. This request is part of the State Board's recommendation to increase Special Education State Aid to 92.0 percent of excess costs by FY 2023 (school year 2022-2023). This would fund Special Education State Aid at 86.0 percent of excess costs for FY 2020. Without additional funding, the agency estimates special education will be funded at 81.4 percent excess costs for FY 2020.

Supplemental (LOB) State Aid. The agency requests \$7.7 million, all from the State General Fund, for increased Supplemental State Aid payments for FY 2020. This request is to fully fund Supplemental State Aid based on the agency's request to increase the BASE from \$4,302 to \$4,436 for FY 2020.

Professional Development. The agency requests \$8.0 million, all from the State General Fund, to fully fund professional development for FY 2020. Under current law, any school district maintaining an approved professional development program is eligible to receive state aid for up to 50.0 percent of actual costs for the program. Current funding for the program is \$1.7 million, all from the State General Fund. Without additional funding, the agency estimates professional development state aid will be prorated at approximately 17.5 percent for FY 2020.

Capital Outlay State Aid. The agency requests \$3.5 million, all from the State General Fund, for increased Capital Outlay State Aid payments for FY 2019. This request is to fully fund current law. Capital Outlay State Aid is a demand transfer from the State General Fund.

Mentor Teacher Program. The agency requests \$1.7 million, all from the State General Fund, to fully fund the Mentor Teacher program for FY 2020. Under current law, any school district maintaining an approved mentor teacher program is eligible to receive up to \$1,000 per mentor teacher participating in the program. Each participating teacher qualifies for state aid for up to three consecutive years. As a result, school districts may receive up to a total of \$3,000 per participating teacher over a three-year period. Current funding for the program is \$1.3 million, all from the State General Fund. This funding provides for a one-year total of \$725 per mentor teacher with no additional aid for the second and third years.

Career and Technical Education (CTE) Transportation. The agency requests \$1.1 million, all from the State General Fund, to fully fund CTE transportation reimbursements to school districts. State law provides for a formula to reimburse school districts a portion of the costs associated with transporting 11th and 12th grade students to postsecondary CTE programs. Current funding for the program is \$650,000, all from the State General Fund. Without additional funding, the agency estimates the formula will be prorated at 38 percent for FY 2020.

Parents as Teachers. The agency requests \$710,000, all from the Children's Initiatives Fund, to provide additional funding for Parents as Teachers for FY 2020. The additional funding would be used to provide services to an additional 1,000 children.

Technical Education Incentive. The agency requests \$800,000, all from the State General Fund, to fully fund the Technical Education Incentive for FY 2020. Current law authorizes the Department of Education to award school districts up to \$1,000 per student who graduates from high school with an industry-recognized credential in a high-need occupation. Current funding for the program is \$800,000, all from the State General Fund, which includes \$750,000 added by the 2018 Legislature. Without additional funding, the agency estimates the incentive will be prorated at 50 percent for FY 2020.

School Food Assistance. The agency requests \$900,000, all from the State General Fund, to fully fund school food assistance payments for FY 2020. State law authorizes state aid in the amount of six cents (\$0.06) per type-A meal served under an approved school lunch program. Current funding for the program is \$2.5 million, all from the State General Fund. Without additional funding, the agency estimates state aid will be prorated to between 4.3 cents (\$0.043) and 4.4 cents (\$0.044) per meal during FY 2020. Federal law requires a state match to draw down federal nutrition funding. The agency indicates current funding is above the federal minimum.

Kansas Foundation for Agriculture in the Classroom (KFAC). The agency requests \$40,000, all from the State General Fund, to reinstate funding for this program for FY 2020. KFAC was formed in 1983 and received an annual appropriation ranging from \$25,000 to \$35,000 for more than 20 years. Funding was eliminated beginning in FY 2012. If approved, the State Board recommends a dollar-for-dollar local match.

Discretionary Grants–Environmental Education. The agency requests \$40,000, all from the State General Fund, to reinstate funding for the Kansas Association for Conservation and Environmental Education (KACEE) for FY 2020. Annual funding for KACEE was eliminated beginning in FY 2010. KACEE provides pre-service and in-service training to help educators integrate the environment into the classroom and more effectively teach mathematics, science, social studies, and reading and writing. If approved, the State Board recommends a dollar-for-dollar local match.

Communities in Schools. The agency requests \$40,000, all from the State General Fund, for increased funding for Communities in Schools for FY 2020. The program is currently funded by a \$50,000 transfer from the Family and Children Investment Fund to a special revenue fund. This request would bring total funding to \$90,000, including \$40,000 from the State General Fund. If approved, the State Board recommends a dollar-for-dollar local match.

KPERS–USDs. The agency requests \$73.5 million, all from the State General Fund, for increased KPERS employer contributions for public schools. This request assumes an increase of 4.0 percent for FY 2020, as outlined in the FY 2020 *Budget Cost Indices*, and is to fully fund the State's KPERS obligation based on current law. It does not reflect the agency's enhancement requests for increased K-12 funding.

KPERS–Non-USDS. The agency requests \$7.9 million, all from the State General Fund, for increased KPERS employer contributions for interlocals, community colleges, and technical colleges. This request assumes an increase of 4.0 percent for FY 2020, as outlined in the FY 2020 *Budget Cost Indices*, and is to fully fund the State's KPERS obligation based on current law. It does not reflect the agency's enhancement requests for increased K-12 funding.

Operating Budget–KPERS and Health Insurance. The agency requests \$124,222, all from the State General Fund, for increases in KPERS and health insurance contribution rates. Without additional funding, the agency indicates it will hold open two to three additional positions for the entirety of the fiscal year.

Without the enhancement requests, the agency requests expenditures of \$5.4 billion, including \$3.8 billion from the State General Fund, for FY 2020.

The **Governor** recommends enhancement funding of \$202.7 million, all from the State General Fund, for FY 2020. Recommended enhancements are described below.

State Foundation Aid. As part of the Governor's proposed *Gannon VI* remedy, the Governor concurs with the agency's enhancement request to add \$92.7 million, all from the State General Fund, to increase the BASE from \$4,302 to \$4,436.

Supplemental State Aid. The Governor recommends expenditures of \$12.1 million, all from the State General Fund, to adopt the Fall 2018 Education Consensus Estimates.

Capital Outlay State Aid. The Governor recommends expenditures of \$4.8 million, all from the State General Fund, to adopt the Fall 2018 Education Consensus Estimates.

KPERS–USDs. The Governor recommends expenditures of \$83.7 million, all from the State General Fund. This includes \$73.5 million to adopt the Fall 2018 Education Consensus Estimates and \$10.3 million to reflect the BASE increase included in the Governor's proposed *Gannon VI* remedy.

KPERS–Non-USDs. The Governor recommends expenditures of \$9.5 million, all from the State General Fund. This includes \$7.9 million to adopt the Fall 2018 Education Consensus Estimates and \$1.6 million to reflect the BASE increase included in the Governor's proposed *Gannon VI* remedy.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$283,647, including \$133,150 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$6,280, including \$2,884 from the State General Fund, and FY 2020 longevity payments total \$6,360, including \$2,876 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

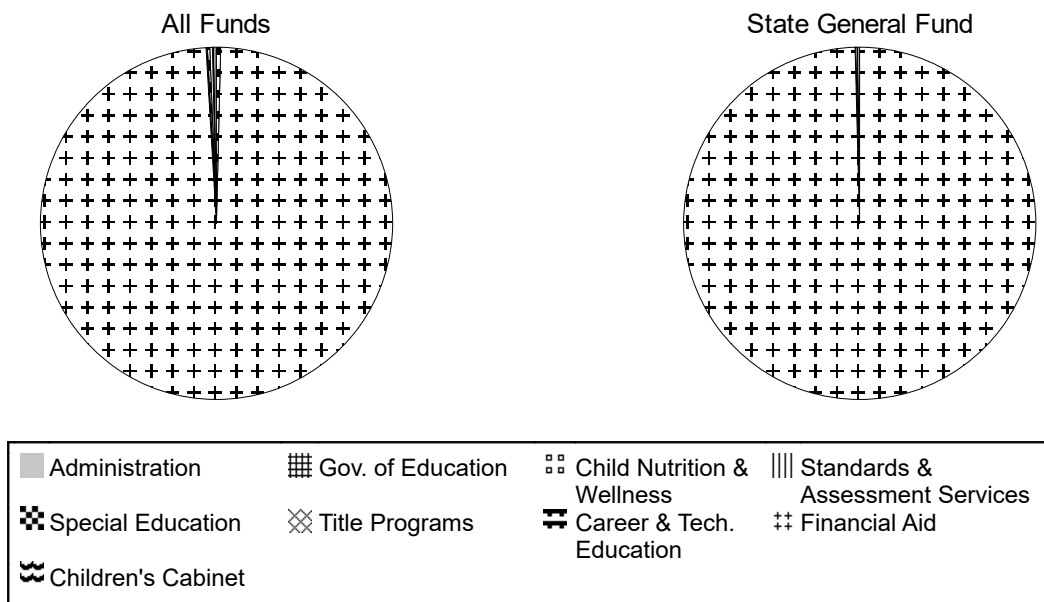
Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	69.4 %	69.0 %
State Highway Fund	0.9	0.9
20-Mill Property Tax	13.1	13.3
Federal Funds	9.8	9.8
All Other Funds	6.8	6.9
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 16,702,004	0.3 %	\$ 9,184,086	0.2 %
Governance of Education	415,335	0.0	415,335	0.0
Child Nutrition and Wellness	3,976,960	0.1	319,665	0.0
Standards and Assessments Services	12,460,920	0.2	5,663,410	0.1
Special Education Services	12,362,708	0.2	581,952	0.0
Title Programs and Services	5,231,350	0.1	45,713	0.0
Career and Technical Education	2,081,451	0.0	1,152,796	0.0
Financial Aid	5,522,419,337	98.7	4,020,049,720	99.6
Children's Cabinet	21,162,648	0.4	0	0.0
TOTAL	\$ 5,596,812,713	100.0 %	\$ 4,037,412,677	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	142.6	145.5	145.5	144.5	144.5
Governance of Education	1.0	1.0	1.0	1.0	1.0
Child Nutrition & Wellness	33.5	35.5	35.5	35.5	35.5
Standards & Assessments	23.8	27.0	27.0	27.0	27.0
Special Education Services	23.8	25.5	25.5	25.5	25.5
Title Programs & Services	15.2	15.0	15.0	15.0	15.0
Career & Technical Ed.	14.7	14.9	14.9	14.9	14.9
Financial Aid	0.0	0.0	0.0	0.0	0.0
Children's Cabinet	3.0	3.0	3.0	3.0	3.0
TOTAL	257.5	267.3	267.3	266.3	266.3

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.

A. Agency Operating Budget (Excluding Children's Cabinet)

This includes all expenditures for state operations within the 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Conduct an administrative review of at least 35.0 percent of school nutrition programs	32.0 %	46.9 %	50.0 %	49.7 %	35.0 %	35.0 %
Number of students enrolled in tuition-free college career and technical education courses	N/A	10,666	N/A	11,711	11,800	11,900
Number of USD field audits completed	286	286	286	286	286	286
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 44.5	\$ 45.0	\$ 46.6	\$ 48.1	\$ 49.8	\$ 51.5
FTE Positions	246.4	244.4	254.5	254.5	264.3	263.3

AGENCY OPERATING BUDGET (EXCLUDING CHILDREN'S CABINET) SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 17,524,654	\$ 20,361,031	\$ 20,361,031	\$ 20,468,300	\$ 20,344,078
Contractual Services	29,322,665	28,746,157	28,746,157	32,563,754	30,483,754
Commodities	471,559	526,305	526,305	491,380	491,380
Capital Outlay	766,547	161,219	161,219	173,405	173,405
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 48,085,425</i>	<i>\$ 49,794,712</i>	<i>\$ 49,794,712</i>	<i>\$ 53,696,839</i>	<i>\$ 51,492,617</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 48,085,425</u>	<u>\$ 49,794,712</u>	<u>\$ 49,794,712</u>	<u>\$ 53,696,839</u>	<u>\$ 51,492,617</u>
Financing:					
State General Fund	\$ 15,332,057	\$ 19,431,044	\$ 19,431,044	\$ 19,522,136	\$ 17,317,914
All Other Funds	32,753,368	30,363,668	30,363,668	34,174,703	34,174,703
TOTAL	<u>\$ 48,085,425</u>	<u>\$ 49,794,712</u>	<u>\$ 49,794,712</u>	<u>\$ 53,696,839</u>	<u>\$ 51,492,617</u>
FTE Positions	254.5	264.3	264.3	263.3	263.3

The **agency** requests a revised estimate of \$49.8 million, including \$19.4 million from the State General Fund, for operating expenditures in FY 2019. The revised estimate is an all funds increase of \$3.8 million, or 8.2 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$3.3 million, or 20.5 percent, and a special revenue fund increase of \$485,812, or 1.6 percent, above the approved budget. The revised estimate includes 264.3 FTE positions, which is an increase of 7.8 FTE positions above the FY 2019 approved number.

The State General Fund increase is primarily attributable to the agency shifting expenditures of \$2.8 million to provide the ACT and WorkKeys assessments to Kansas high school students from the Financial Aid program to the agency operating budget. The agency determined the most effective way to provide the assessments to Kansas students was to enter into a contract with the provider of the ACT and WorkKeys assessments, instead of providing state aid to each school district. The increase is also attributable to the agency's proposal to spend the \$2.5 million appropriation for database for the Mental Health Intervention Team (MHIT) pilot program over multiple fiscal years. As a result, the agency shifted expenditures from the Financial Aid program to the agency operating budget.

The special revenue fund increase is attributable to the agency adding 7.8 FTE positions.

The increase in FTE positions is primarily attributable to the agency adding positions to absorb increasing workloads in school finance (1.0 FTE), Teacher Education and Licensure (1.0 FTE), Child Nutrition and Wellness (1.0 FTE), Special Education Services (1.5 FTE), and Standards and Assessments (2.0 FTE). According to the agency, all these positions are paid from state fee funds, federal funds, or federal indirect cost reimbursement funds. In addition, the agency created 1.0 FTE position for the proposal to create the MHIT database internally.

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

The **agency** requests expenditures of \$53.7 million, including \$19.5 million from the State General Fund, for operating expenditures for FY 2020. The request is an all funds increase of \$3.9 million, or 7.8 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$91,092, or 0.5 percent, and a special revenue fund increase of \$3.8 million, or 12.6 percent. The request includes 263.3 FTE positions, which is a decrease of 1.0 FTE position below the FY 2019 revised estimate.

The State General Fund increase is attributable to the agency's enhancement request for \$124,222, all from the State General Fund, to cover increased employer contribution rates for KPERS and group health insurance. Without additional funding, the agency indicates it will hold open two to three additional positions for the entire fiscal year to cover the costs associated with the increased contribution rates. The State General Fund increase is partially offset by the agency increasing its shrinkage rate to 9.8 percent for FY 2020.

The special revenue fund increase is primarily attributable to increased expenditures from federal funds for contractual services, particularly to provide additional technical assistance and support to schools that receive federal Title I funding (\$3.0 million) and to administer the federal grant that provides funding for pre-school children with disabilities (\$819,994).

The decrease in FTE positions is attributable to the elimination of the 1.0 FTE position created in FY 2019 to create the MHIT database. The agency anticipates construction of the database will be completed by the end of FY 2019.

The **Governor** recommends expenditures of \$51.5 million, including \$17.3 million from the State General Fund, for operating expenditures for FY 2020. The recommendation is an all funds decrease of \$2.2 million, or 4.1 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$2.2 million, or 11.3 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 263.3 FTE positions, which is the same as the agency's request.

The State General Fund decrease is primarily attributable to the Governor's recommendation to eliminate funding for Kansas Reading Success, which is administered by a third party through a contract with the Department of Education. The decrease is also attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. These decreases are partially offset by the Governor's recommendation to create the Governor's Scholars Program in the Department of Education.

B. State Aid and Other Assistance

The agency's Financial Aid program includes all state aid to school districts, as well as most grants provided to local agencies and individuals. In addition, the agency's operating budget includes some expenditures, largely contractual services, which act as a form of state aid since the contracts provide services directly to school districts. To capture these contracts, select operating expenditures are included with state aid and other assistance expenditures from the Financial Aid program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of students with disabilities who graduated from high school	N/A	76.1 %	N/A	77.3 %	83.0 %	84.0 %
Percent of English language learners scoring at "proficient" on Kansas math assessment	16.0 %	15.0 %	18.0 %	17.0 %	18.0 %	29.0 %
Percent of English language learners scoring at "proficient" on Kansas English assessment	19.0 %	14.0 %	22.0 %	16.0 %	17.0 %	28.0 %
Number of FTE students enrolled in K-12 (in thousands)	459.9	457.9	474.2	469.9	473.9	475.1
Weighted FTE students in school finance formula	N/A	680.8	N/A	693.5	692.0	694.3
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4,405.0	\$ 4,555.5	\$ 4,924.9	\$ 4,894.1	\$ 5,051.4	\$ 5,547.0
FTE Positions	246.4	244.4	257.5	257.5	267.3	266.3

**STATE AID AND OTHER ASSISTANCE
SUMMARY OF EXPENDITURES, FY 2018 – FY 2020**

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Est. FY 2020	Gov. Rec. FY 2020
State General Fund					
State Foundation Aid	\$ 2,001,553,533	\$ 2,148,977,487	\$ 2,109,651,452	\$ 2,309,355,304	\$ 2,317,774,923
Supplemental State Aid	454,500,000	483,917,000	494,300,000	498,917,000	503,300,000
Special Education State Aid	435,981,646	490,380,818	490,380,818	526,380,000	497,880,818
Capital Outlay State Aid	60,530,721	63,000,000	65,443,653	66,500,000	67,750,000
KPERS–USDs	384,874,904	279,103,206	279,103,206	533,603,431	543,865,035
KPERS–Non-USDs	21,846,043	33,554,725	33,554,725	41,418,747	43,015,894
KPERS Layering Payment (FY 2017)	6,400,000	6,400,000	6,400,000	6,400,000	6,400,000
KPERS Layering Payment (FY 2019)	0	0	0	19,400,000	19,400,000
Mental Health Pilot Program	0	7,453,886	7,453,886	7,453,886	7,453,886
Juvenile Detention Grants	4,083,589	5,060,528	5,060,528	5,060,528	5,060,528
School Safety & Security Grants*	0	0	0	5,000,000	0
School Food Assistance	2,510,486	2,510,486	2,510,486	3,410,486	2,510,486
ACT/WorkKeys**	0	2,800,000	2,800,000	2,800,000	2,800,000
Kansas Reading Success**	1,814,600	2,100,000	2,100,000	2,100,000	0
Professional Development	1,700,000	1,700,000	1,700,000	9,700,000	1,700,000
Mentor Teacher Program	798,435	1,300,000	1,300,000	3,000,000	1,300,000
Technical Ed. Transportation	0	650,000	650,000	1,716,667	650,000
Teach for America	0	520,000	270,000	520,000	0
IT Education Opportunities**	500,000	500,000	500,000	500,000	500,000
Teacher Excellence Grant/Scholarships	218,350	360,693	360,693	360,693	360,693
Technical Ed. Incentive	105,000	800,000	800,000	1,600,000	0
Education SuperHighway	0	300,000	300,000	0	950,000
Juvenile Transitional Crisis Center Pilot	0	300,000	300,000	300,000	300,000
Deaf-Blind Program Aid	110,000	110,000	110,000	110,000	110,000
Communities in Schools	0	0	0	40,000	0
KS Foundation for Ag. in the Classroom	0	0	0	40,000	0
JAG-K Pilot Program***	0	15,000	15,000	0	0
Discretionary Grants	312,500	312,500	312,500	352,500	312,500
Subtotal–State General Fund	\$ 3,377,839,807	\$ 3,532,126,329	\$ 3,505,376,947	\$ 4,046,039,242	\$ 4,023,394,763
Other State Funds					
20-Mill Local Property Tax	\$ 641,067,606	\$ 669,656,040	\$ 678,356,878	\$ 695,948,713	\$ 711,953,488
School District Finance Fund	55,447,350	52,800,000	56,000,000	52,800,000	56,000,000
KPERS-ELARF	39,883,000	40,084,000	40,084,000	41,632,883	41,632,883
Capital Improvement State Aid	189,764,242	200,000,000	203,151,055	215,000,000	215,000,000
Mineral Production Fund	7,197,185	9,069,000	9,233,000	9,069,000	11,100,000
State Highway Fund	107,250,000	45,000,000	45,000,000	45,000,000	0
School Safety & Security Grants*	0	5,000,000	5,000,000	0	0
Communities in Schools	50,000	50,000	50,000	50,000	50,000
Driver Education Aid	1,478,652	1,682,000	1,682,000	1,607,000	1,607,000
Extraordinary Declining Enrollment	2,487,558	0	0	0	0
USD Checkoff Fund	0	1,000	1,000	0	0
Children's Cabinet–Family & Children Investment Fund	78,048	25,000	25,000	25,000	25,000
Subtotal–Other State Funds	\$ 1,044,703,641	\$ 1,023,367,040	\$ 1,038,582,933	\$ 1,061,132,596	\$ 1,037,368,371

*The 2018 Legislature transferred \$5.0 million from the State General Fund to a special revenue fund for the School Safety and Security Grants. The agency requests future expenditures come directly from the State General Fund.

**Contractual services expenditures but included as state aid because the primary beneficiaries are students and local education agencies.

***Operations expenditures but included as state aid because the primary beneficiaries are students and local education agencies.

STATE AID AND OTHER ASSISTANCE SUMMARY OF EXPENDITURES, FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2018	Agency Est. FY 2020	Gov. Rec. FY 2020
Children's Initiatives Fund					
Parent Education (Parents as Teachers)	\$ 7,237,635	\$ 8,237,635	\$ 8,237,635	\$ 8,947,635	\$ 8,237,635
Kansas Preschool Program (Pre-K Pilot)	0	4,200,000	4,200,000	4,200,000	4,200,000
Children's Cabinet–Early Childhood Block Grant	15,044,039	17,247,809	17,247,809	17,241,249	17,241,249
Children's Cabinet–Child Care Quality Initiative	430,466	500,000	500,000	500,000	500,000
Children's Cabinet–Autism Diagnosis Program	43,047	50,000	50,000	50,000	50,000
Children's Cabinet–Communities Aligned in Early Dev. & Ed.	0	1,000,000	1,000,000	1,000,000	1,000,000
<i>Subtotal-Children's Initiatives Fund</i>	<i>\$ 22,755,187</i>	<i>\$ 31,235,444</i>	<i>\$ 31,235,444</i>	<i>\$ 31,938,884</i>	<i>\$ 31,228,884</i>
Selected Federal Funds					
Special Education	\$ 104,749,822	\$ 102,692,560	\$ 102,692,560	\$ 101,757,250	\$ 101,757,250
School Food Assistance	188,078,219	206,493,055	206,493,055	198,169,679	198,169,679
Elementary and Secondary Education Act (ESEA) Prog.	117,946,980	122,280,067	122,280,067	109,461,892	109,461,892
TANF Children's Programs	3,546,614	4,132,317	4,132,317	4,132,317	4,132,317
Children's Cabinet–Community-Based Child Abuse Prevention	929,324	745,285	745,285	720,000	720,000
All Other Federal Funding	33,557,783	39,875,967	39,875,967	40,760,541	40,760,541
<i>Subtotal-Federal Funds</i>	<i>\$ 448,808,742</i>	<i>\$ 476,219,251</i>	<i>\$ 476,219,251</i>	<i>\$ 455,001,679</i>	<i>\$ 455,001,679</i>
Total-All Other Funds	<u>\$ 1,516,267,570</u>	<u>\$ 1,530,821,735</u>	<u>\$ 1,546,037,628</u>	<u>\$ 1,548,073,159</u>	<u>\$ 1,523,598,934</u>
GRAND TOTAL	<u>\$ 4,894,107,377</u>	<u>\$ 5,062,948,064</u>	<u>\$ 5,051,414,575</u>	<u>\$ 5,594,112,401</u>	<u>\$ 5,546,993,697</u>
Excluding Operating Expenditures					
State General Fund	\$ 3,375,525,207	\$ 3,526,711,329	\$ 3,499,961,947	\$ 4,040,639,242	\$ 4,020,094,763
All Other Funds	1,516,267,570	1,530,821,735	1,546,037,628	1,548,073,159	1,523,598,934
GRAND TOTAL	<u>\$ 4,891,792,777</u>	<u>\$ 5,057,533,064</u>	<u>\$ 5,045,999,575</u>	<u>\$ 5,588,712,401</u>	<u>\$ 5,543,693,697</u>

STATE FOUNDATION AID SUMMARY OF EXPENDITURES, FY 2018 – FY 2020					
Funding Source	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Est. FY 2020	Gov. Rec. FY 2020
State General Fund	\$ 2,001,553,533	\$ 2,148,977,487	\$ 2,109,651,452	\$ 2,309,355,304	\$ 2,317,774,923
20-Mill Local Property Tax	641,067,606	669,656,040	678,356,878	695,948,713	711,953,488
School District Finance Fund	55,447,350	52,800,000	56,000,000	52,800,000	56,000,000
Mineral Production Fund	7,197,185	9,069,000	9,233,000	9,069,000	11,100,000
State Highway Fund	96,600,000	45,000,000	45,000,000	45,000,000	0
TOTAL	<u>\$ 2,801,865,674</u>	<u>\$ 2,925,502,527</u>	<u>\$ 2,898,241,330</u>	<u>\$ 3,112,173,017</u>	<u>\$ 3,096,828,411</u>

BASE AID FOR STUDENT EXCELLENCE (BASE) FY 2018 – FY 2023			
Fiscal Year	Current Law	Agency Request	Governor's Rec.
2018	\$ 4,006	\$ 4,006	\$ 4,006
2019	4,165	4,165	4,165
2020	4,302	4,436	4,436
2021	4,439	4,569	4,569
2022	4,576	4,706	4,706
2023	4,713	4,846	4,846

The **agency** requests \$5.1 billion, including \$3.5 billion from the State General Fund, for state aid and other assistance expenditures in FY 2019. This is an all funds increase of \$18.1 million, or 0.4 percent, and a State General Fund increase of \$18.2 million, or 0.5 percent, above the FY 2019 budget approved by the 2018 Legislature. The increase is attributable to the agency's supplemental requests for increased expenditures for KPERS employer contributions for public schools, interlocals, community colleges, and technical colleges. The State General Fund increase is partially offset by decreased revenue estimates from federal funds.

The **Governor** recommends \$5.1 billion, including \$3.5 billion from the State General Fund, for state aid and other assistance expenditures in FY 2019. This is an all funds decrease of \$11.5 million, or 0.2 percent, and a State General Fund decrease of \$26.7 million, or 0.8 percent, below the agency's FY 2019 revised estimate. The decrease is primarily attributable to the Governor's recommendation to adopt the Fall 2018 Education Consensus Estimates.

The **agency** requests \$5.6 billion, including 4.0 billion from the State General Fund, for state aid and other assistance expenditures for FY 2020. This is an all funds increase of \$531.2 million, or 10.5 percent, and a State General Fund increase of \$513.9 million, or 14.6 percent, above the agency's FY 2019 revised estimate. The increase is partly attributable to the school funding increases included in 2017 SB 19, 2018 Sub. for SB 423, and 2018 House Sub. for SB 61. The increase is also attributable to the agency's enhancement requests, which include the following major items:

- \$92.7 million, all from the State General Fund, to increase the base state aid for student excellence (BASE) from \$4,302 to \$4,436 for FY 2020;
- \$28.5 million, all from the State General Fund, to increase Special Education State Aid payments for FY 2020; and
- \$81.4 million, all from the State General Fund, for increased KPERS employer contributions for both KPERS–USDs and KPERS–Non-USDs for FY 2020.

These increases are partially offset by decreased revenue estimates from federal funds.

The **Governor** recommends \$5.5 billion, including \$4.0 billion from the State General Fund, for state aid and other assistance expenditures for FY 2020. This is an all funds decrease of \$47.1 million, or 0.8 percent, and a State General Fund decrease of \$22.6 million, or 0.6 percent, below the agency's FY 2020 request. The all funds decrease is attributable to the Governor's recommendation to adopt the Fall 2018 Education Consensus Estimates and to the Governor not recommending the agency's FY 2020 enhancement requests for Special Education State Aid, professional development, the Mentor Teacher program, Career and

Technical Education (CTE) transportation, Parents as Teachers, the CTE Incentive, school food assistance, Kansas Foundation for Agriculture in the Classroom, environmental education, and Communities in Schools. The decrease is partially offset by the Governor's recommendation to increase KPERS expenditures to reflect the BASE increase included in the proposed *Gannon VI* remedy. The State General Fund decrease is partially offset by the Governor's recommendation to replace the State Highway Fund transfer for State Foundation Aid with State General Fund moneys.

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 funding 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 Department of Education became the fiscal and administrative agency for the Kansas Children's Cabinet.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of programs that report annual outcomes with data supported by Cabinet-approved plans	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 14.4	\$ 17.9	\$ 17.8	\$ 18.0	\$ 21.3	\$ 21.2
FTE Positions	3.0	3.0	3.0	3.0	3.0	3.0

**KANSAS CHILDREN'S CABINET
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 280,938	\$ 294,425	\$ 294,425	\$ 297,936	\$ 297,936
Contractual Services	1,165,795	1,391,373	1,391,373	1,325,701	1,325,701
Commodities	3,152	3,327	3,327	2,762	2,762
Capital Outlay	1,436	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,451,321</i>	<i>\$ 1,689,125</i>	<i>\$ 1,689,125</i>	<i>\$ 1,626,399</i>	<i>\$ 1,626,399</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	16,524,924	19,568,094	19,568,094	19,536,249	19,536,249
TOTAL	<u>\$ 17,976,245</u>	<u>\$ 21,257,219</u>	<u>\$ 21,257,219</u>	<u>\$ 21,162,648</u>	<u>\$ 21,162,648</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	17,976,245	21,257,219	21,257,219	21,162,648	21,162,648
TOTAL	<u>\$ 17,976,245</u>	<u>\$ 21,257,219</u>	<u>\$ 21,257,219</u>	<u>\$ 21,162,648</u>	<u>\$ 21,162,648</u>
FTE Positions	3.0	3.0	3.0	3.0	3.0

The **agency** requests a revised estimate of \$21.3 million, including \$20.1 million from the Children's Initiatives Fund, in FY 2019. The revised estimate is an all funds increase of \$1.0 million, or 5.1 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a Children's Initiatives Fund increase of \$1.0 million, or 5.3 percent. The Children's Initiatives Fund increase is primarily attributable to the agency shifting expenditures of \$1.0 million for Communities Aligned in Early Development and Education (CAEDE) from the Financial Aid program to the Children's Cabinet. The agency's revised estimate includes 3.0 FTE positions, which is the same as the FY 2019 approved number.

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

The **agency** requests \$21.2 million, including \$20.1 million from the Children's Initiatives Fund, for FY 2020. The request is an all funds decrease of \$94,571, or 0.4 percent, below the agency's FY 2020 request. This includes a Children's Initiatives Fund decrease of \$17,691, or 0.1 percent. The all funds decrease is primarily attributable to decreased revenue estimates from the federal Community-Based Child Abuse Prevention Grant. This federal grant is used to provide other assistance payments through the form of grants and to fund a contract with the University of Kansas to assist the Children's Cabinet in administering the grant. The Children's Initiatives Fund decrease is primarily attributable to decreased expenditures for contractual services. The agency's request includes 3.0 FTE positions, which is the same as the FY 2019 revised estimate.

The **Governor** concurs with the agency's FY 2020 request.

KANSAS STATE SCHOOL FOR THE BLIND

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 5,364,515	\$ 5,485,539	\$ 5,485,539	\$ 5,676,491	\$ 5,642,744
Other Funds	839,284	928,119	928,119	910,408	910,408
<i>Subtotal</i>	<i>\$ 6,203,799</i>	<i>\$ 6,413,658</i>	<i>\$ 6,413,658</i>	<i>\$ 6,586,899</i>	<i>\$ 6,553,152</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	697,862	558,269	558,269	1,141,250	1,128,000
<i>Subtotal</i>	<i>\$ 697,862</i>	<i>\$ 558,269</i>	<i>\$ 558,269</i>	<i>\$ 1,141,250</i>	<i>\$ 1,128,000</i>
TOTAL	<u>\$ 6,901,661</u>	<u>\$ 6,971,927</u>	<u>\$ 6,971,927</u>	<u>\$ 7,728,149</u>	<u>\$ 7,681,152</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(0.7) %	2.3 %	2.3 %	3.5 %	2.9 %
All Funds	0.2	3.4	3.4	2.7	2.2
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 course (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 State 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 the 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 Resources Director, and one Financial Director.

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

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

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 76-11a16. 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.

The **2018 Legislature** added \$21,513, including \$20,501 from the State General Fund, for non-educator salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates total expenditures of \$7.0 million, including \$5.5 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$161,109, or 2.4 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$7,528, or 0.1 percent, and a special revenue fund increase of \$153,581, or 11.5 percent. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The revised estimate includes an operating budget of \$6.4 million, including \$5.5 million from the State General Fund. The operating budget is an all funds increase of \$142,840, or 2.3 percent, above the approved budget. This includes a State General Fund increase of \$7,528, or 0.1 percent, and a special revenue fund increase of \$135,312, or 17.1 percent. The increase is attributable to the agency's supplemental request to provide a 5.0 percent salary increase for teachers at the Kansas State School for the Blind. The special revenue fund increase is attributable to increased expenditures for contractual services and commodities.

The revised estimate includes a capital improvements budget of \$558,269, all from the State Institutions Building Fund. This is an increase of \$18,269, or 3.4 percent, above the approved budget. The increase is attributable to the agency carrying forward funds for rehabilitation and repair projects from FY 2018 to FY 2019.

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

FY 2020 – Budget Year. The **agency** requests total expenditures of \$7.7 million, including \$5.7 million from the State General Fund, for FY 2020. The request is an all funds increase of \$756,222, or 10.8 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$190,952, or 3.5 percent, and a special revenue fund increase of \$565,270, or 38.0 percent. The request includes 81.5 FTE positions, which is the same as the FY 2019 revised estimate.

The total budget includes an operating budget of \$6.6 million, including \$5.7 million from the State General Fund. The operating budget is an all funds increase of \$173,241, or 2.7 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$190,952, or 3.5 percent, and a special revenue fund decrease of \$17,711, or 1.9 percent. The State General Fund increase is primarily attributable to the agency's enhancement requests for teacher salary increases and employer contributions for KPERS and group health insurance for FY 2020.

The total budget includes a capital improvements budget of \$1.1 million, all from the State Institutions Building Fund. This is an increase of \$582,981, or 104.4 percent, above the FY 2019 revised estimate. The increase is attributable to increased expenditures on the safety and security system, campus boilers and heating, ventilation, and air conditioning (HVAC) upgrades, and rehabilitation and repair projects.

The **Governor** recommends total expenditures of \$7.7 million, including \$5.6 million from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$46,997, or 0.6 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$33,747, or 0.6 percent, and a special revenue fund decrease of \$13,250, or 0.6 percent. The recommendation includes 81.5 FTE positions, which is the same number as the agency's request.

The State General Fund decrease is partially attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. It is also attributable to the Governor not recommending the full amount for the enhancement request for teacher salary increases. The decrease is partially offset by the Governor recommending additional funding of \$100,000 to decrease the agency's FY 2020 shrinkage rate.

The special revenue fund decrease is attributable to the Governor's recommendation to decrease the agency's budget for rehabilitation and repair projects for FY 2020.

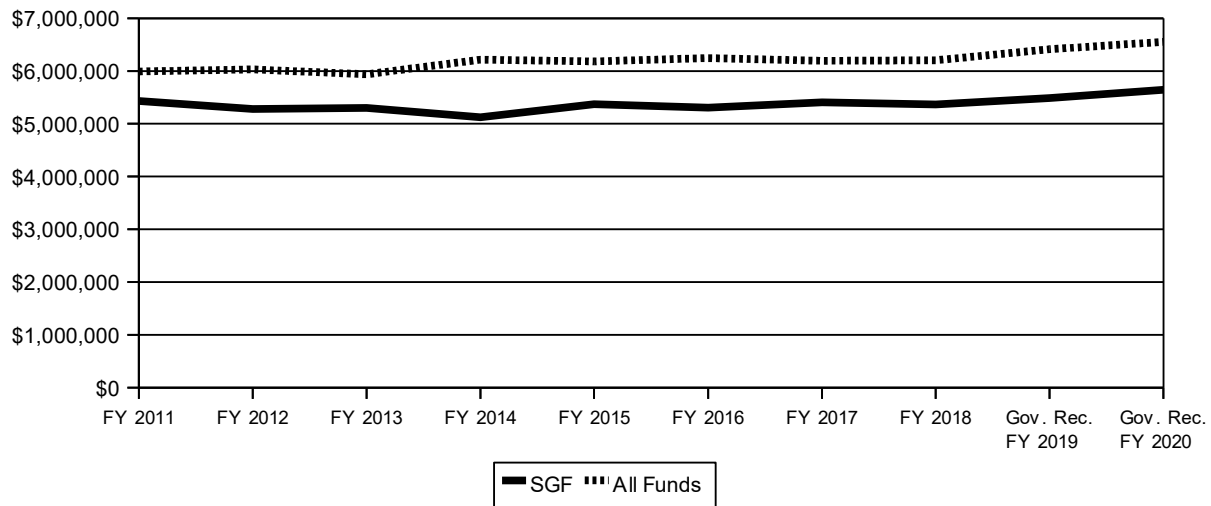
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of students enrolled in eligible adult services programs prior to graduation	N/A	N/A	N/A	N/A	75.0 %	80.0 %
Number of students served in all programs	1,085	1,150	N/A	1,175	1,113	1,200
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 7,159.9	\$ 6,928.7	\$ 7,043.4	\$ 6,901.7	\$ 6,971.9	\$ 7,681.2
FTE Positions	81.5	81.5	81.5	81.5	81.5	81.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	5,364,515	(0.7)	6,203,799	0.2	81.5
2019 Gov. Rec.	5,485,539	2.3	6,413,658	3.4	81.5
2020 Gov. Rec.	5,642,744	2.9	6,553,152	2.2	81.5
Ten-Year Change					
Dollars/Percent	\$ 213,209	3.9 %	\$ 560,710	9.4 %	(12.0)

Summary of Operating Budget FY 2018 - FY 2020

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 367,393	\$ 391,721	\$ 395,955	\$ 4,234	1.1 %	\$ 391,721	\$ 395,955	\$ 4,234	1.1 %
Instructional Services	4,188,288	4,389,117	4,566,844	177,727	4.0	4,389,117	4,433,097	43,980	1.0
Support Services	1,646,598	1,632,820	1,624,100	(8,720)	(0.5)	1,632,820	1,724,100	91,280	5.6
Debt Service	1,520	0	0	0	--	0	0	0	--
TOTAL	\$ 6,203,799	\$ 6,413,658	\$ 6,586,899	\$ 173,241	2.7 %	\$ 6,413,658	\$ 6,553,152	\$ 139,494	2.2 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 4,424,387	\$ 5,046,753	\$ 5,212,994	\$ 166,241	3.3 %	\$ 5,046,753	\$ 5,179,247	\$ 132,494	2.6 %
Contractual Services	1,095,248	1,056,150	1,063,852	7,702	0.7	1,056,150	1,063,852	7,702	0.7
Commodities	221,606	227,055	231,353	4,298	1.9	227,055	231,353	4,298	1.9
Capital Outlay	337,250	0	0	0	--	0	0	0	--
Debt Service	1,520	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 6,080,011	\$ 6,329,958	\$ 6,508,199	\$ 178,241	2.8 %	\$ 6,329,958	\$ 6,474,452	\$ 144,494	2.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	123,788	83,700	78,700	(5,000)	(6.0)	83,700	78,700	(5,000)	(6.0)
TOTAL	\$ 6,203,799	\$ 6,413,658	\$ 6,586,899	\$ 173,241	2.7 %	\$ 6,413,658	\$ 6,553,152	\$ 139,494	2.2 %
Financing:									
State General Fund	\$ 5,364,515	\$ 5,485,539	\$ 5,676,491	\$ 190,952	3.5 %	\$ 5,485,539	\$ 5,642,744	\$ 157,205	2.9 %
Federal Funds	563,804	536,418	537,466	1,048	0.2	536,418	537,466	1,048	0.2
All Other Funds	275,480	391,701	372,942	(18,759)	(4.8)	391,701	372,942	(18,759)	(4.8)
TOTAL	\$ 6,203,799	\$ 6,413,658	\$ 6,586,899	\$ 173,241	2.7 %	\$ 6,413,658	\$ 6,553,152	\$ 139,494	2.2 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The **2018 Legislature** approved a State General Fund budget of \$5,456,227 for the Kansas State School for the Blind in FY 2019. An adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$21,784, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

This adjustment changes the FY 2019 approved State General Fund amount to \$5,478,011. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 5,478,011	\$ 5,485,539	\$ 7,528	\$ 5,485,539	\$ 7,528
All Other Funds	1,332,807	1,486,388	153,581	1,486,388	153,581
TOTAL	\$ 6,810,818	\$ 6,971,927	\$ 161,109	\$ 6,971,927	\$ 161,109
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** estimates total expenditures of \$7.0 million, including \$5.5 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$161,109, or 2.4 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$7,528, or 0.1 percent, and a special revenue fund increase of \$153,581, or 11.5 percent. The revised estimate includes 81.5 FTE positions, which is the same as the approved number.

The revised estimate includes an operating budget of \$6.4 million, including \$5.5 million from the State General Fund. The operating budget is an all funds increase of \$142,840, or 2.3 percent, above the approved budget. This includes a State General Fund increase of \$7,528, or 0.1 percent, and a special revenue fund increase of \$135,312, or 17.1 percent. The State General Fund increase is attributable to the agency's supplemental request to provide a 5.0 percent salary increase for teachers at the Kansas State School for the Blind. The special revenue fund increase is attributable to increased expenditures for contractual services, particularly staffing services and physicians and commodities, including professional scientific supplies and building supplies.

The revised estimate includes a capital improvements budget of \$558,269, all from the State Institutions Building Fund. This is an increase of \$18,269, or 3.4 percent, above the

approved budget. The increase is attributable to the agency carrying forward funds for rehabilitation and repair projects from FY 2018 to FY 2019.

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

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Teacher Salary Increases	\$ 7,528	\$ 7,528	0.0	\$ 7,528	\$ 7,528	0.0

The **agency** requests supplemental funding of \$7,528, all from the State General Fund, in FY 2019 to provide a 5.0 percent salary increase for teachers at the Kansas State School for the Blind (KSSB). KSA 76-11a16 requires that the compensation of teachers at KSSB equal the previous year's salary of teachers employed in the Olathe School District. It was previously estimated that the teacher salary increase in the Olathe School District would be 1.4 percent during FY 2018. However, the actual increase was 5.0 percent. The agency requests supplemental funding to cover the full cost of this statutorily required salary increase.

The full cost of the 5.0 percent salary increase is \$29,312. However, the agency reappropriated \$21,784, all from the State General Fund, from FY 2018 to FY 2019 and will use those reappropriated funds to cover the majority of the salary increase.

Without the supplemental request, the agency's revised estimate for operating expenditures totals \$6.4 million, including \$5.5 million from the State General Fund.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,586,899	\$ 6,553,152	\$ (33,747)
FTE Positions	81.5	81.5	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 190,952	\$ 157,205	
All Other Funds	(17,711)	(17,711)	
TOTAL	\$ 173,241	\$ 139,494	
<i>Percent Change:</i>			
State General Fund	3.5 %	2.9 %	
All Other Funds	(1.9)	(1.9)	
TOTAL	2.7 %	2.2 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$6.6 million, including \$5.7 million from the State General Fund, for FY 2020. The request is an all funds increase of \$173,241, or 2.7 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$190,952, or 3.5 percent, and a special revenue fund decrease of \$17,711, or 1.9 percent. The request includes 81.5 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's FY 2020 enhancement requests. The requests total \$220,264, all from the State General Fund. This is an increase of \$212,736 above the agency's FY 2019 supplemental request. For additional information on the agency's enhancement requests, please see the following Enhancement Detail section. The State General Fund increase is partially offset by the agency increasing its salaries and wages shrinkage rate for FY 2020.

The special revenue fund decrease is primarily attributable to the agency shifting some contractual services expenditures from special revenue funds to the State General Fund.

The **Governor** recommends an operating budget of \$6.6 million, including \$5.6 million from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$33,747, or 0.5 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$33,747, or 0.6 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 81.5 FTE positions, which is the same as the agency's request.

The State General Fund decrease is partially attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. It is also attributable to the Governor not recommending the full amount for the enhancement request for teacher salary

increases. The decrease is partially offset by the Governor recommending additional funding of \$100,000 to decrease the agency's FY 2020 shrinkage rate.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Teacher Salary Increases	\$ 121,440	\$ 121,440	0.0	\$ 86,517	\$ 86,517	0.0
KPERS and Health Insurance	98,824	98,824	0.0	0	0	0.0
TOTAL	\$ 220,264	\$ 220,264	0.0	\$ 86,517	\$ 86,517	0.0

The **agency** requests enhancement funding of \$220,264, all from the State General Fund, for FY 2020. The agency's individual enhancement requests are described below.

Teacher Salary Increases. The agency requests \$121,440, all from the State General Fund, to provide a 5.0 salary increase for teachers at the Kansas State School for the Blind (KSSB). KSA 76-11a16 requires that the compensation of teachers at KSSB equal the previous year's salary of teachers employed in the Olathe School District. Due to the school funding increases included in 2017 SB 19, 2018 Sub. for SB 423, and 2018 House Sub. for SB 61, the agency estimates the salaries for teachers employed in the Olathe School District will increase by 5.0 percent in FY 2019.

KPERS and Health Insurance. The agency requests \$98,824, all from the State General Fund, for increases in KPERS and group health insurance contribution rates for FY 2020. The agency indicates the cost of increases cannot be absorbed due to increased expenditures for teacher salaries.

Without the enhancement requests, the agency's operating budget request totals \$6.4 million, including \$5.5 million from the State General Fund.

The **Governor** recommends enhancement funding of \$86,517, all from the State General Fund, for FY 2020. Individual enhancement recommendations are described below.

Teacher Salary Increases. The Governor recommends \$86,517, all from the State General Fund, to provide a 3.1 percent salary increase for teachers at KSSB. At the time of the agency's budget submission, the planned salary increase in FY 2019 for teachers employed in the Olathe School District was unknown; therefore, it was estimated at 5.0 percent. However, the actual increase is now known to be 3.1 percent.

KPERS and Health Insurance. The Governor does not recommend the agency's enhancement request to cover costs associated with KPERS and group health insurance contribution rates.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$21,513, including \$20,501 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$5,000, including \$4,769 from the State General Fund, and FY 2020 longevity payments total \$5,560, including \$5,307 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

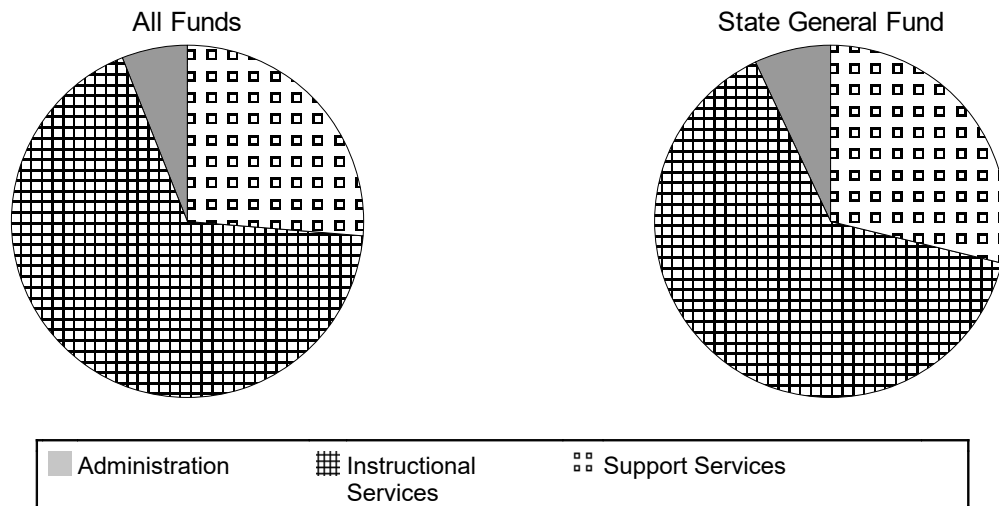
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	86.2 %	86.1 %
Federal Funds	8.2	8.2
All Other Funds	5.7	5.7
TOTAL	100.0 %	100.0 %
<i>Note:</i> Totals may not add due to rounding.		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 395,955	6.0 %	\$ 395,955	7.0 %
Instructional Services	4,433,097	67.6	3,622,104	64.2
Support Services	1,724,100	26.3	1,624,685	28.8
TOTAL	\$ 6,553,152	100.0 %	\$ 5,642,744	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	2.4	2.4	2.4	2.4	2.4
Instructional Services	58.1	58.1	58.1	58.1	58.1
Support Services	21.0	21.0	21.0	21.0	21.0
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. Administrative Services

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

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 191.4	\$ 227.0	\$ 311.8	\$ 367.4	\$ 391.7	\$ 396.0
FTE Positions	1.4	1.4	2.0	2.4	2.4	2.4

ADMINISTRATIVE SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 163,523	\$ 181,899	\$ 181,899	\$ 184,083	\$ 184,083
Contractual Services	202,345	208,322	208,322	210,372	210,372
Commodities	1,525	1,500	1,500	1,500	1,500
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 367,393</i>	<i>\$ 391,721</i>	<i>\$ 391,721</i>	<i>\$ 395,955</i>	<i>\$ 395,955</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 367,393	\$ 391,721	\$ 391,721	\$ 395,955	\$ 395,955
Financing:					
State General Fund	\$ 367,393	\$ 391,721	\$ 391,721	\$ 395,955	\$ 395,955
All Other Funds	0	0	0	0	0
TOTAL	\$ 367,393	\$ 391,721	\$ 391,721	\$ 395,955	\$ 395,955
FTE Positions	2.4	2.4	2.4	2.4	2.4

The **agency** estimates expenditures of \$391,721, all from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$78,940, or 25.2 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$133,106, or 51.5 percent, and a special revenue fund decrease of \$54,166, or 100.0 percent. The revised estimate includes 2.4 FTE positions, which is an increase of 0.4 FTE position above the approved number.

The State General Fund increase is primarily attributable to the agency shifting expenditures for its Accessible Arts contract from the Instructional Services program to the Administration program.

The special revenue fund decrease is attributable to the agency shifting some contractual services expenditures from special revenue funds to the State General Fund and to decreased revenue estimates from federal funds.

The increase in FTE positions is attributable to the agency shifting a 0.4 FTE position from the Instructional Services program to the Administration program to bring the FY 2019 FTE distribution in line with the FY 2018 distribution.

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

The **agency** requests expenditures of \$395,955, all from the State General Fund, for FY 2020. This is an increase of \$4,234, or 1.1 percent, above the FY 2019 revised estimate. The request includes 2.4 FTE positions, which is the same number as the FY 2019 revised estimate. The State General Fund increase is attributable to increased expenditures for KPERS employer contributions and outside attorneys.

The **Governor** concurs with the agency's FY 2020 request.

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 training, 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 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 includes of children with disabilities with non-disabled children. While this subprogram is administered by the Instructional Services program, it is budgeted in the Administrative Services program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 4,676.9	\$ 4,523.2	\$ 4,387.8	\$ 4,188.3	\$ 4,387.1	\$ 4,433.1
FTE Positions	60.1	60.1	59.5	58.1	58.1	58.1

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 3,254,877	\$ 3,750,324	\$ 3,750,324	\$ 3,917,209	\$ 3,783,462
Contractual Services	443,331	470,588	470,588	485,195	485,195
Commodities	86,099	84,505	84,505	85,740	85,740
Capital Outlay	280,193	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,064,500</i>	<i>\$ 4,305,417</i>	<i>\$ 4,305,417</i>	<i>\$ 4,488,144</i>	<i>\$ 4,354,397</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	123,788	83,700	83,700	78,700	78,700
TOTAL	\$ 4,188,288	\$ 4,389,117	\$ 4,389,117	\$ 4,566,844	\$ 4,433,097
Financing:					
State General Fund	\$ 3,475,688	\$ 3,563,766	\$ 3,563,766	\$ 3,755,851	\$ 3,622,104
All Other Funds	712,600	825,351	825,351	810,993	810,993
TOTAL	\$ 4,188,288	\$ 4,389,117	\$ 4,389,117	\$ 4,566,844	\$ 4,433,097
FTE Positions	58.1	58.1	58.1	58.1	58.1

The **agency** estimates expenditures of \$4.4 million, including \$3.6 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$44,888, or 1.0 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund decrease of \$180,464, or 4.8 percent, and a special revenue fund increase of \$225,352, or 37.6 percent. The revised estimate includes 58.1 FTE positions, which is a decrease of 1.4 FTE positions below the approved number.

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

- Decreased expenditures of \$133,847 due to the agency shifting expenditures for the Accessible Arts contract from the Instructional Services program to the Administrative Services program;
- Decreased expenditures of \$75,427 for salaries and wages due to decreased expenditures for classified salaries, decreased expenditures for KPERS and group health insurance contributions, and the agency increasing its shrinkage rate. These decreases are partially offset by the agency's supplemental request of \$7,528 to provide for a 5.0 salary increase for teachers; and
- Increased expenditures of \$27,102 for commodities due to increased expenditures for professional scientific supplies, household supplies, gasoline, data processing supplies, and food.

The special revenue fund increase is primarily attributable to increased expenditures for contractual services, including staffing services, physicians, and database access fees. The increase is also attributable to increased expenditures for commodities, including professional scientific supplies, household supplies, gasoline, data processing supplies, and food.

The FTE decrease is attributable to the agency shifting a 0.4 FTE position to the Administrative Services program and a 1.0 FTE position to the Support Services program to bring the FY 2019 FTE distribution in line with the FY 2018 distribution.

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

The **agency** requests expenditures of \$4.6 million, including \$3.8 million from the State General Fund, for FY 2020. The request is an all funds increase of \$177,727, or 4.0 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$192,085, or 5.4 percent, and a special revenue fund decrease of \$14,358, or 1.7 percent. The request includes 58.1 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's enhancement requests for FY 2021. The increase is also attributable to increased expenditures for physicians and information technology expenditures. The increase is partially offset by the agency increasing its shrinkage rate.

The special revenue fund decrease is attributable to the agency shifting some contractual services and commodities expenditures from special revenue funds to the State General Fund. The decrease is also attributable to decreased other assistance expenditures for scholarships for student tuition.

The **Governor** recommends expenditures of \$4.4 million, including \$3.6 million from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$133,747, or 2.9 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$133,747, or 3.6 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 58.1 FTE positions, which is the same as the agency's request. The State General Fund decrease is in part attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. It is also attributable to the

Governor not recommending the full amount for the enhancement request for teacher salary increases.

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 plan facilities, maintenance of vehicles, and security. Central receiving services distributes all materials that come into KSSB.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,371.1	\$ 1,440.8	\$ 1,599.4	\$ 1,646.6	\$ 1,632.8	\$ 1,724.1
FTE Positions	20.0	20.0	20.0	21.0	21.0	21.0

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,005,987	\$ 1,114,530	\$ 1,114,530	\$ 1,111,702	\$ 1,211,702
Contractual Services	449,572	377,240	377,240	368,285	368,285
Commodities	133,982	141,050	141,050	144,113	144,113
Capital Outlay	57,057	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,646,598	\$ 1,632,820	\$ 1,632,820	\$ 1,624,100	\$ 1,724,100
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,646,598	\$ 1,632,820	\$ 1,632,820	\$ 1,624,100	\$ 1,724,100
Financing:					
State General Fund	\$ 1,519,914	\$ 1,530,052	\$ 1,530,052	\$ 1,524,685	\$ 1,624,685
All Other Funds	126,684	102,768	102,768	99,415	99,415
TOTAL	\$ 1,646,598	\$ 1,632,820	\$ 1,632,820	\$ 1,624,100	\$ 1,724,100
FTE Positions	21.0	21.0	21.0	21.0	21.0

The **agency** estimates expenditures of \$1.6 million, including \$1.5 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$62,309, or 4.0 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$97,171, or 6.8 percent, and a special revenue fund decrease of \$34,862, or 25.3 percent. The revised estimate includes 21.0 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The State General Fund increase is attributable to the agency shifting some contractual services expenditures from special revenue funds to the State General Fund. It is also

attributable to increased contractual services expenditures, including utilities and furniture repair.

The special revenue fund decrease is primarily attributable to the agency shifting contractual services expenditures from special revenue funds to the State General Fund. The decrease is partially offset by increased commodities expenditures, particularly for buildings and grounds materials.

The FTE increase is due to the agency shifting a 1.0 FTE position from the Instructional Services program to the Support Services program to bring the FY 2019 FTE distribution in line with the FY 2018 distribution.

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

The **agency** requests expenditures of \$1.6 million, including \$1.5 million from the State General Fund, for FY 2020. The request is an all funds decrease of \$8,720, or 0.5 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$5,367, or 0.4 percent, and a special revenue fund decrease of \$3,353, or 3.3 percent. The request includes 21.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund decrease is attributable to the agency increasing its shrinkage rate for FY 2020 and the agency shifting some commodities expenditures from the State General Fund to special revenue funds.

The special revenue fund decrease is attributable to decreased contractual services expenditures on utilities, particularly electricity, and job-related training. This decrease is partially offset by increased commodities expenditures on food and buildings and grounds materials.

The **Governor** recommends expenditures of \$1.7 million, including \$1.6 million from the State General Fund, FY 2020. The recommendation is an all funds increase of \$100,000, or 6.2 percent, above the agency's FY 2020 request. This includes a State General Fund increase of \$100,000, or 6.6 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 21.0 FTE positions, which is the same as the agency's request. The State General Fund increase is attributable to the Governor adding \$100,000 to reduce the agency's shrinkage rate for FY 2020.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Safety & Security Systems	\$ 105,000	\$ 105,000	\$ 304,000	\$ 304,000
Campus Boilers & HVAC Upgrades	170,000	170,000	409,000	409,000
Rehabilitation & Repair	283,269	283,269	428,250	415,000
TOTAL	\$ 558,269	\$ 558,269	\$ 1,141,250	\$ 1,128,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	558,269	558,269	1,141,250	1,128,000
TOTAL	\$ 558,269	\$ 558,269	\$ 1,141,250	\$ 1,128,000

FY 2019 – Current Year. The **agency** estimates capital improvements expenditures of \$558,269, all from the State Institutions Building Fund, in FY 2019. This is an increase of \$18,269, or 3.4 percent, above the FY 2019 capital improvements budget approved by the 2018 Legislature. The increase is attributable to the agency carrying forward funds from FY 2018 to FY 2019 for various rehabilitation and repair projects. Individual capital improvements projects are described below.

Safety and Security Systems. The agency estimates expenditures of \$105,000, 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 Blind. This is the same amount approved by the 2018 Legislature. Planned work in FY 2019 includes continuing upgrades to the entrance to Irwin Building, the main visitor and administration building on campus.

Campus Boilers and HVAC Upgrades. The agency estimates expenditures of \$170,000, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. This is the same amount approved by the 2018 Legislature. Agency officials indicate that upgrades will allow energy savings and that proactive measures will help avoid untimely and expensive emergency repairs. Additionally, the agency is working to minimize disruptions to staff and students. Planned work for FY 2019 includes continuing the replacement of the failing HVAC system in the Johnson Building, the main education building on campus.

Rehabilitation and Repair. The agency estimates expenditures of \$283,269, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of \$18,269, or 6.9 percent, above the amount approved by the 2018 Legislature due to the agency carrying forward funds from FY 2018 to FY 2019. Rehabilitation and repair projects includes masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps.

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

FY 2020 – Budget Year. The **agency** requests capital improvements expenditures of \$1.1 million, all from the State Institutions Building Fund, for FY 2020. This is an increase of \$582,981, or 104.4 percent, above the FY 2019 revised estimate. The increase is attributable to increased expenditures for safety and security system upgrades, campus boilers and HVAC upgrades, and rehabilitation and repair projects. Individual capital improvements projects are described below.

Safety and Security Systems. The agency requests expenditures of \$304,000, 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 Blind. This is an increase of \$199,000, or 189.5 percent, above the FY 2019 revised estimate. Planned work for FY 2020 includes upgrading the fire emergency system of the Maxwell Building and upgrading the security windows in the Johnson Building.

Campus Boilers and HVAC. The agency requests expenditures of \$409,000, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. This is an increase of \$239,000, or 140.6 percent, above the FY 2019 revised estimate. Agency officials indicate upgrades will allow energy savings and proactive measures will help avoid untimely and expensive emergency repairs. Additionally, the agency is working to minimize disruptions to staff and students. Planned work for FY 2020 includes replacement of the HVAC system in Vogel Building and installation of new boilers in the Johnson Building.

Rehabilitation and Repair. The agency requests expenditures of \$428,250, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of \$144,981, or 51.2 percent, above the FY 2019 revised estimate. Rehabilitation and repair projects includes masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps. Planned work for FY 2020 includes repairs to the utility tunnels leading to the Johnson Building.

The **Governor** recommends capital improvements expenditures of \$1.1 million, all from the State Institutions Building Fund, for FY 2020. This is a decrease of \$13,250, or 1.2 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending an increase to the agency's budget for general rehabilitation and repair projects. The Governor's recommendation does include rehabilitation and repair funding to repair the utility tunnels leading to the Johnson Building.

KANSAS STATE SCHOOL FOR THE DEAF

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 8,826,705	\$ 9,021,541	\$ 9,021,541	\$ 9,317,114	\$ 9,248,303
Other Funds	1,084,988	1,001,058	1,001,058	955,390	955,390
Subtotal	\$ 9,911,693	\$ 10,022,599	\$ 10,022,599	\$ 10,272,504	\$ 10,203,693
Capital Improvements:					
State General Fund	\$ 4,563	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,112,891	887,390	887,390	2,108,990	1,468,990
Subtotal	\$ 1,117,454	\$ 887,390	\$ 887,390	\$ 2,108,990	\$ 1,468,990
TOTAL	\$ 11,029,147	\$ 10,909,989	\$ 10,909,989	\$ 12,381,494	\$ 11,672,683
Percentage Change:					
Operating Expenditures					
State General Fund	0.2 %	2.2 %	2.2 %	3.3 %	2.5 %
All Funds	3.2	1.1	1.1	2.5	1.8
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.

KSSD 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, 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 State 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 the 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 Managers, one Maintenance/Security Manager, one Human Resources 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 KSSD. 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 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 \$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 teachers, pursuant to KSA 76-11a17. 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.

The **2018 Legislature** added \$37,746, including \$37,119 from the State General Fund, for FY 2019 for non-educator salary increases equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the pay plan authorized by the 2017 Legislature and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

During the **2018 Interim**, the Kansas State School for the Deaf began implementation of the Language Assessment Program (LAP), as required by KSA 75-5397e. The statute mandates every child (ages birth through eight) who is deaf or hard of hearing have their language assessed at least annually to ensure they are meeting linguistic milestones and developing language skills commensurate with their hearing peers. The agency will phase in implementation over five years, with full implementation occurring in FY 2023. During the first year of implementation (FY 2019), the agency plans to assess 50 children. The number of children assessed is planned to increase to 100 during FY 2020 and then to 250 during FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates total expenditures of \$10.9 million, including \$9.0 million from the State General Fund, in FY 2019. The total revised estimate is an all funds increase of \$73,977, or 0.7 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$84,553, or 0.9 percent, and a special revenue fund decrease of \$10,576, or 0.6 percent. The total revised estimate includes 143.5 FTE positions, which is the same as the FY 2019 approved number.

The revised estimate includes an operating budget \$10.0 million, including \$9.0 million from the State General Fund. The revised operating budget is an all funds increase of \$50,206, or 0.5 percent, above the approved budget. This includes a State General Fund increase of \$84,553, or 0.9 percent, and a special revenue fund decrease of \$34,347, or 3.3 percent. The State General Fund increase is attributable to the agency's supplemental request for a salary increase of 5.0 percent for teachers.

The revised estimate includes a capital improvements budget of \$887,390, all from the State Institutions Building Fund. This is an increase of \$23,771, or 2.8 percent, above the approved budget. The increase is attributable to the agency carrying forward funding from FY 2018 to FY 2019, primarily for rehabilitation and repair projects.

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

FY 2020 – Budget Year. The **agency** requests total expenditures of \$12.4 million, including \$9.3 million from the State General Fund, for FY 2020. The total budget is an all funds increase of \$1.5 million, or 13.5 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$295,573, or 3.3 percent, and a special revenue fund increase of \$1.2 million, or 62.3 percent. The request includes 143.5 FTE positions, which is the same as the FY 2019 revised estimate.

The request includes an operating budget of \$10.3 million, including \$9.3 million from the State General Fund. The operating budget is an all funds increase of \$249,905, or 2.5 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$295,573, or 3.3 percent, and a special revenue fund decrease of \$45,668, or 4.6 percent. The State

General Fund increase is attributable to the agency's enhancement requests for salaries and wages for FY 2020.

The request includes a capital improvements budget of \$2.1 million, all from the State Institutions Building Fund. This is an increase of \$1.2 million, or 137.7 percent, above the FY 2019 revised estimate. The increase is attributable to the agency's request for additional funding for continuing projects and for new funding for the renovation of Roth Auditorium.

The **Governor** recommends total expenditures of \$11.7 million, including \$9.2 million from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$708,811, or 5.7 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$68,811, or 0.7 percent, and a special revenue fund decrease of \$640,000, or 20.9 percent. The recommendation includes 143.5 FTE positions, which is the same as the agency's request.

The State General Fund decrease is partially attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. It is also attributable to the Governor not recommending the full amount for the enhancement request for teacher salary increases. The decrease is partially offset by the Governor recommending additional funding of \$140,000 to decrease the agency's FY 2020 shrinkage rate.

The special revenue fund decrease is primarily attributable to the Governor not recommending the full amount for the renovation of Roth Auditorium.

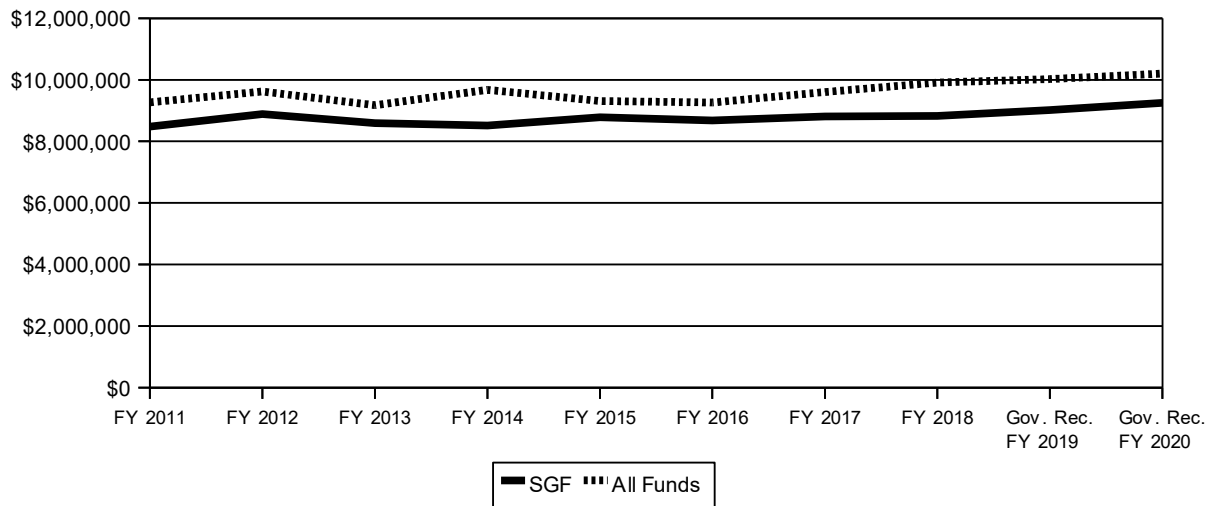
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of increased students in the campus-based program	N/A	133	N/A	141	146	151
Number of increased students receiving support through outreach programs	N/A	245	N/A	250	255	260
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 10.2	\$ 10.6	\$ 11.0	\$ 11.0	\$ 10.9	\$ 11.7
FTE Positions	143.5	143.5	143.5	143.5	143.5	143.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 8,481,384	(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	8,826,705	0.2	9,911,693	3.2	143.5
2019 Gov. Rec.	9,021,541	2.2	10,022,599	1.1	143.5
2020 Gov. Rec.	9,248,303	2.5	10,203,693	1.8	143.5
Ten-Year Change					
Dollars/Percent	\$ 766,919	9.0 %	\$ 935,962	10.1 %	(30.0)

Summary of Operating Budget FY 2018 - FY 2020

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 285,368	\$ 243,869	\$ 244,618	\$ 749	0.3 %	\$ 243,869	\$ 244,618	\$ 749	0.3 %
Instructional Services	7,277,367	7,620,987	7,930,092	309,105	4.1	7,620,987	7,861,281	240,294	3.2
Support Services	2,340,747	2,153,090	2,096,848	(56,242)	(2.6)	2,153,090	2,096,848	(56,242)	(2.6)
Debt Service	8,211	4,653	946	(3,707)	(79.7)	4,653	946	(3,707)	(79.7)
TOTAL	\$ 9,911,693	\$ 10,022,599	\$ 10,272,504	\$ 249,905	2.5 %	\$ 10,022,599	\$ 10,203,693	\$ 181,094	1.8 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 8,316,935	\$ 8,881,866	\$ 9,157,630	\$ 275,764	3.1 %	\$ 8,881,866	\$ 9,088,819	\$ 206,953	2.3 %
Contractual Services	988,449	820,168	816,451	(3,717)	(0.5)	820,168	816,451	(3,717)	(0.5)
Commodities	322,172	261,358	231,977	(29,381)	(11.2)	261,358	231,977	(29,381)	(11.2)
Capital Outlay	275,871	54,554	65,500	10,946	20.1	54,554	65,500	10,946	20.1
Debt Service	8,211	4,653	946	(3,707)	(79.7)	4,653	946	(3,707)	(79.7)
Subtotal - Operations	\$ 9,911,638	\$ 10,022,599	\$ 10,272,504	\$ 249,905	2.5 %	\$ 10,022,599	\$ 10,203,693	\$ 181,094	1.8 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	55	0	0	0	--	0	0	0	--
TOTAL	\$ 9,911,693	\$ 10,022,599	\$ 10,272,504	\$ 249,905	2.5 %	\$ 10,022,599	\$ 10,203,693	\$ 181,094	1.8 %
Financing:									
State General Fund	\$ 8,826,705	\$ 9,021,541	\$ 9,317,114	\$ 295,573	3.3 %	\$ 9,021,541	\$ 9,248,303	\$ 226,762	2.5 %
Federal Funds	304,843	350,244	240,459	(109,785)	(31.3)	350,244	240,459	(109,785)	(31.3)
All Other Funds	780,145	650,814	714,931	64,117	9.9	650,814	714,931	64,117	9.9
TOTAL	\$ 9,911,693	\$ 10,022,599	\$ 10,272,504	\$ 249,905	2.5 %	\$ 10,022,599	\$ 10,203,693	\$ 181,094	1.8 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$8.9 million for the Kansas State School for the Deaf in FY 2019. No adjustments have been made subsequently 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	\$ 8,936,988	\$ 9,021,541	\$ 84,553	\$ 9,021,541	\$ 84,553
All Other Funds	1,899,024	1,888,448	(10,576)	1,888,448	(10,576)
TOTAL	\$ 10,836,012	\$ 10,909,989	\$ 73,977	\$ 10,909,989	\$ 73,977
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** estimates total expenditures of \$10.9 million, including \$9.0 million from the State General Fund, in FY 2019. The total revised estimate is an all funds increase of \$73,977, or 0.7 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$84,553, or 0.9 percent, and a special revenue fund decrease of \$10,576, or 0.6 percent. The total revised estimate includes 143.5 FTE positions, which is the same as the FY 2019 approved number.

The revised estimate includes an operating budget \$10.0 million, including \$9.0 million from the State General Fund. The revised operating budget is an all funds increase of \$50,206, or 0.5 percent, above the FY 2019 approved budget. This includes a State General Fund increase of \$84,553, or 0.9 percent, and a special revenue fund decrease of \$34,347, or 3.3 percent. The State General Fund increase is attributable to the agency's supplemental request for a salary increase of 5.0 percent for teachers. For additional details on this request, please see the following Supplemental Detail section. The special revenue fund decrease is in part attributable to the agency shifting some contractual services and capital outlay expenditures from special revenue funds to the State General Fund. It is also attributable to decreased expenditures on commodities, including office supplies, professional scientific supplies, and building and grounds materials.

The revised estimate includes a capital improvements budget of \$887,390, all from the State Institutions Building Fund. This is an increase of \$23,771, or 2.8 percent, above the FY 2019 approved budget. The increase is attributable to the agency carrying forward moneys from FY 2018 to FY 2019 for rehabilitation and repair projects, along with upgrades to the school's boilers and heating, ventilation, and air conditioning (HVAC) system.

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

Supplemental Detail

FY 2019 SUPPLEMENTALS								
Supplementals	Agency Estimate			Governor's Recommendation				
	SGF	All Funds	FTE	SGF	All Funds	FTE		
Teacher Salary Increases	\$ 84,554	\$ 84,554	0.0	\$ 84,554	\$ 84,554	0.0		

The **agency** requests supplemental funding of \$84,554, all from the State General Fund, in FY 2019 to provide a 5.0 percent salary increase for teachers at the Kansas State School for the Deaf (KSSD). KSA 76-11a17 requires that the compensation of teachers at KSSD equal the previous year's salary of teachers employed in the Olathe School District. It was previously estimated the teacher salary increase in the Olathe School District would be 1.4 percent during FY 2018. However, the actual increase was 5.0 percent. The agency requests supplemental funding to cover the full cost of this statutorily required salary increase.

Without the supplemental request, the agency's revised estimate for operating expenditures totals \$9.9 million, including \$8.9 million from the State General Fund.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 10,272,504	\$ 10,203,693	\$	(68,811)
FTE Positions	143.5	143.5		0.0
Change from FY 2019:				
<i>Dollar Change:</i>				
State General Fund	\$ 295,573	\$ 226,762		
All Other Funds	(45,668)	(45,668)		
TOTAL	\$ 249,905	\$ 181,094		
<i>Percent Change:</i>				
State General Fund	3.3 %	2.5 %		
All Other Funds	(4.6)	(4.6)		
TOTAL	2.5 %	1.8 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests an operating budget of \$10.3 million, including \$9.3 million from the State General Fund, for FY 2020. The operating budget is an all funds increase of \$249,905, or 2.5 percent, above the FY 2019 revised estimate. This includes a State General Fund

increase of \$295,573, or 3.3 percent, and a special revenue fund decrease of \$45,668, or 4.6 percent. The request includes 143.5 FTE positions, which is the same as the FY 2019 estimate.

The State General Fund increase is primarily attributable to the agency's enhancement requests, which total \$383,833, all from the State General Fund. The FY 2020 enhancement requests are an increase of \$299,279 above the agency's FY 2019 supplemental request. For additional detail on the agency's enhancement requests, please see the following Enhancement Detail section.

The special revenue fund decrease is primarily attributable to the expiration of the federal Sound Beginnings Grant, which is being used to facilitate the implementation of the Language Assessment Program.

The agency also requests the creation of a new State General Fund account for official hospitality expenditures. Currently, a proviso attached to the agency's State General Fund appropriation for operating expenditures limits the amount that can be expended for official hospitality.

The **Governor** recommends operating expenditures of \$10.2 million, including \$9.2 million from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$68,811, or 0.7 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$68,811, or 0.7 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 143.5 FTE positions, which is the same as the agency's request.

The State General Fund decrease is in part attributable to the Governor not recommending the agency's enhancement request for funding for employer contributions for KPERS and group health insurance. It is also attributable to the Governor not recommending the full amount for the enhancement request for teacher salary increases. The decrease is partially offset by the Governor recommending additional funding of \$140,000 to decrease the agency's FY 2020 shrinkage rate.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Teacher Salary Increases	\$ 245,749	\$ 245,749	0.0	\$ 175,022	\$ 175,022	0.0
KPERS & Health Insurance	138,084	138,084	0.0	0	0	0.0
TOTAL	\$ 383,833	\$ 383,833	0.0	\$ 175,022	\$ 175,022	0.0

The **agency** requests enhancement funding of \$383,833, all from the State General Fund. The agency's individual enhancement requests are described below.

Teacher Salary Increases. The agency requests \$245,749, all from the State General Fund, to provide a 5.0 salary increase for teachers at the Kansas State School for the Deaf. KSA 76-11a17 requires that the compensation of teachers at KSSD equal the previous year's salary of teachers employed in the Olathe School District. Due to the school funding increases

included in 2017 SB 19, 2018 Sub. for SB 423, and 2018 House Sub. for SB 61, the agency estimates the salaries for teachers employed in the Olathe School District will increase by 5.0 percent in FY 2019.

KPERS and Health Insurance. The agency requests \$138,084, all from the State General Fund, for increases in KPERS and group health insurance contribution rates for FY 2020. The agency indicates the cost of increases cannot be absorbed due to increased costs for teacher salaries and the costs associated with the second year of the implementation of the Language Assessment Program.

Without the enhancement requests, the agency's operating budget request totals \$9.9 million, including \$8.9 million from the State General Fund.

The **Governor** recommends enhancement funding of \$175,022, all from the State General Fund. Individual enhancement recommendations are described below.

Teacher Salary Increases. The Governor recommends \$175,022, all from the State General Fund, to provide a 3.1 percent salary increase for teachers at KSSD. At the time of the agency's budget submission, the planned salary increase in FY 2019 for teachers employed in the Olathe School District was unknown; therefore, it was estimated at 5.0 percent. However, the actual increase is now known to be 3.1 percent.

KPERS and Health Insurance. The Governor does not recommend the agency's enhancement request to cover costs associated with KPERS and group health insurance contribution rates.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$37,746, including \$37,119 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$7,920, including \$7,542 from the State General Fund, and FY 2020 longevity payments total \$8,720, including \$8,337 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

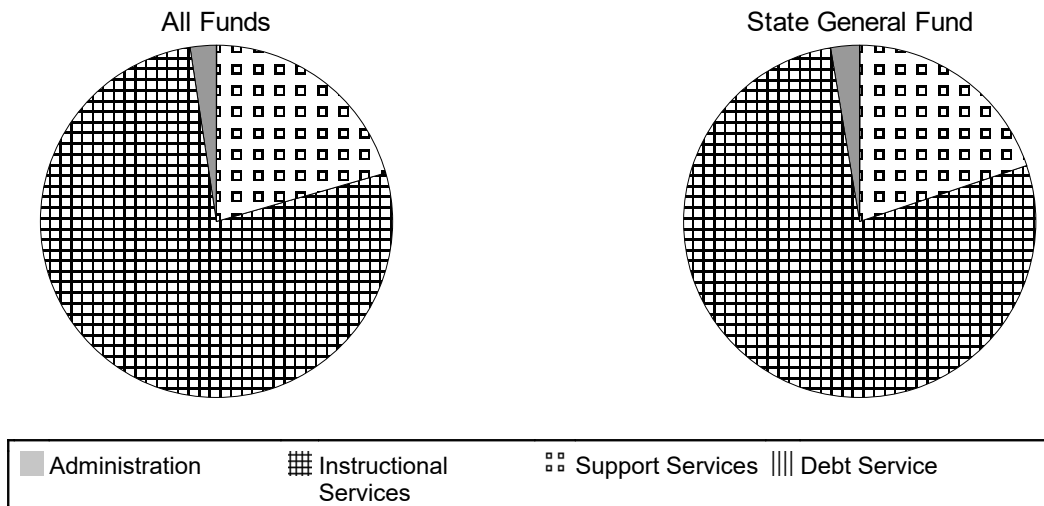
Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	90.7 %	90.6 %
Federal Funds	2.3	2.4
All Other Funds	7.0	7.0
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 244,618	2.4 %	\$ 244,618	2.6 %
Instructional Services	7,861,281	77.0	7,166,882	77.5
Support Services	2,096,848	20.5	1,835,857	19.9
Debt Service	946	0.0	946	0.0
TOTAL	\$ 10,203,693	100.0 %	\$ 9,248,303	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	2.0	2.0	2.0	2.0	2.0
Instructional Services	104.5	104.5	104.5	104.5	104.5
Support Services	37.0	37.0	37.0	37.0	37.0
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. Administrative Services

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 308.6	\$ 291.4	\$ 214.7	\$ 278.9	\$ 243.9	\$ 244.6
FTE Positions	2.0	2.0	2.0	2.0	2.0	2.0

ADMINISTRATIVE SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 248,658	\$ 213,758	\$ 213,758	\$ 216,188	\$ 216,188
Contractual Services	32,953	28,886	28,886	27,380	27,380
Commodities	3,736	1,225	1,225	1,050	1,050
Capital Outlay	21	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 285,368	\$ 243,869	\$ 243,869	\$ 244,618	\$ 244,618
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 285,368	\$ 243,869	\$ 243,869	\$ 244,618	\$ 244,618
Financing:					
State General Fund	\$ 278,887	\$ 243,869	\$ 243,869	\$ 244,618	\$ 244,618
All Other Funds	6,481	0	0	0	0
TOTAL	\$ 285,368	\$ 243,869	\$ 243,869	\$ 244,618	\$ 244,618
FTE Positions	2.0	2.0	2.0	2.0	2.0

The **agency** requests a revised estimate of \$243,869, all from the State General Fund, in FY 2019. This is an increase of \$26,418, or 12.1 percent, above the FY 2019 budget approved by the 2018 Legislature. The revised estimate includes 2.0 FTE positions, which is the same as the approved number. The State General Fund increase is attributable to increased expenditures on salaries and wages. This is, in part, due to the state employee salary adjustment approved by the 2018 Legislature, which is not reflected in the approved number for individual programs.

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

The **agency** requests expenditures of \$244,618, all from the State General Fund, for FY 2020. This is an increase of \$749, or 0.3 percent, above the FY 2019 revised estimate. The

request includes 2.0 FTE positions, which is the same as the FY 2019 number. The State General Fund increase is due to increased expenditures for KPERS and group health insurance employer contributions, which is partially offset by decreased expenditures for outside attorneys.

The **Governor** concurs with the agency's FY 2020 request.

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 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 student maintain academic, social/behavioral, communication, or other skills. Over the past few years, the program has been expanded so more students from local school 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 consultation, on-site observation, professional development training, workshops for parents and professionals, a professional and family resource library, community presentations, and statewide parent support.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 6,885.1	\$ 7,053.2	\$ 7,341.6	\$ 7,277.4	\$ 7,621.0	\$ 7,861.3
FTE Positions	106.5	106.5	106.5	104.5	104.5	104.5

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 6,759,096	\$ 7,229,314	\$ 7,229,314	\$ 7,542,532	\$ 7,473,721
Contractual Services	335,952	273,260	273,260	265,510	265,510
Commodities	86,041	63,859	63,859	56,550	56,550
Capital Outlay	96,278	54,554	54,554	65,500	65,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,277,367</i>	<i>\$ 7,620,987</i>	<i>\$ 7,620,987</i>	<i>\$ 7,930,092</i>	<i>\$ 7,861,281</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,277,367	\$ 7,620,987	\$ 7,620,987	\$ 7,930,092	\$ 7,861,281
Financing:					
State General Fund	\$ 6,542,827	\$ 6,869,868	\$ 6,869,868	\$ 7,235,693	\$ 7,166,882
All Other Funds	734,540	751,119	751,119	694,399	694,399
TOTAL	\$ 7,277,367	\$ 7,620,987	\$ 7,620,987	\$ 7,930,092	\$ 7,861,281
FTE Positions	104.5	104.5	104.5	104.5	104.5

The **agency** requests a revised estimate of \$7.6 million, including \$6.9 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$192,954, or 2.6 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$24,860, or 0.4 percent, and a special revenue fund increase of \$168,094, or 28.8 percent. The revised estimate includes 104.5 FTE positions, which is a decrease of 1.0 FTE position below the approved number.

The State General Fund increase is attributable to the agency's supplemental request for a 5.0 percent teacher salary increase. It is also attributable to the agency shifting capital outlay expenditures for hearing assistive equipment that is leased to local school districts from special revenue funds to the State General Fund. These increases are partially offset by the agency shifting some salaries and wages expenditures from the State General Fund to special revenue funds.

The special revenue fund increase is primarily attributable to the agency decreasing its shrinkage rate. The increase is also attributable to the agency shifting some salaries and wages expenditures from the State General Fund to special revenue funds. It is partially offset by reduced expenditures for professional scientific supplies, office supplies, and other commodities.

The FTE decrease is attributable 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.

The **agency** requests \$7.9 million, including \$7.2 million from the State General Fund, for FY 2020. The request is an all funds increase of \$309,105, or 4.1 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$365,825, or 5.3 percent, and a special revenue fund decrease of \$56,720, or 7.6 percent. The request includes 104.5 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's enhancement requests for a 5.0 percent teacher salary increase and additional funding to cover increases in KPERS and group health insurance employer contributions.

The special revenue fund decrease is primarily attributable to the expiration of the federal Sound Beginnings Grant, which is being used to fund the implementation of the Language Assessment Program.

The **Governor** recommends expenditures of \$7.9 million, including \$7.2 million from the State General Fund, FY 2020. The recommendation is an all funds decrease of \$68,811, or 0.9 percent. This includes a State General Fund decrease of \$68,811, or 1.0 percent. The special revenue fund amount is the same as the agency's request. The recommendation includes 104.5 FTE positions, which is the same as the agency's request.

The State General Fund decrease is in part attributable to the Governor not recommending the agency's enhancement request for funding to cover costs associated with employer contributions for KPERS and group health insurance. It is also attributable to the Governor not recommending the full amount for the enhancement request for teacher salary increases. The decrease is partially offset by the Governor recommending additional funding of \$140,000 to decrease the agency's FY 2020 shrinkage rate.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 2,053.5	\$ 2,244.1	\$ 2,263.4	\$ 2,340.7	\$ 2,153.1	\$ 2,096.8
FTE Positions	35.0	35.0	36.0	37.0	37.0	37.0

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,309,181	\$ 1,438,794	\$ 1,438,794	\$ 1,398,910	\$ 1,398,910
Contractual Services	619,544	518,022	518,022	523,561	523,561
Commodities	232,395	196,274	196,274	174,377	174,377
Capital Outlay	179,572	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,340,692</i>	<i>\$ 2,153,090</i>	<i>\$ 2,153,090</i>	<i>\$ 2,096,848</i>	<i>\$ 2,096,848</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	55	0	0	0	0
TOTAL	<u>\$ 2,340,747</u>	<u>\$ 2,153,090</u>	<u>\$ 2,153,090</u>	<u>\$ 2,096,848</u>	<u>\$ 2,096,848</u>
Financing:					
State General Fund	\$ 1,996,780	\$ 1,903,151	\$ 1,903,151	\$ 1,835,857	\$ 1,835,857
All Other Funds	343,967	249,939	249,939	260,991	260,991
TOTAL	<u>\$ 2,340,747</u>	<u>\$ 2,153,090</u>	<u>\$ 2,153,090</u>	<u>\$ 2,096,848</u>	<u>\$ 2,096,848</u>
FTE Positions	37.0	37.0	37.0	37.0	37.0

The **agency** requests a revised estimate of \$2.2 million, including \$1.9 million from the State General Fund, in FY 2019. The revised estimate is an all funds decrease of \$131,420, or 5.8 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$70,394, or 3.8 percent, and a special revenue fund decrease of \$201,814, or 44.7 percent. The revised estimate includes 37.0 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The State General Fund increase is attributable to the agency shifting some contractual services and commodities expenditures from special revenue funds to the State General Fund. This is partially offset by the agency increasing its shrinkage rate in FY 2019.

The special revenue fund decrease is primarily attributable to the agency increasing its shrinkage rate. It is also attributable to the agency shifting contractual services and commodities expenditures from special revenue funds to the State General Fund and to decreased expenditures on building materials, gasoline, and other commodities.

The FTE increase is attributable 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.

The **agency** requests \$2.1 million, including \$1.8 million from the State General Fund, for FY 2020. The request is an all funds decrease of \$56,242, or 2.6 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$67,294, or 3.5 percent, and a special revenue fund increase of \$11,052, or 4.4 percent. The request includes 37.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund decrease is attributable to decreased expenditures for salaries and wages, including health insurance and unclassified salaries. This is also due to the agency

increasing its shrinkage rate. Additionally, the agency shifted some commodities expenditures from the State General Fund to special revenue funds and decreased commodities expenditures on household supplies, building materials, and gasoline.

The special revenue fund increase is attributable to the agency shifting some commodities expenditures from the State General Fund to special revenue funds.

The **Governor** concurs with the agency's FY 2020 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Debt Service Principal	\$ 88,619	\$ 88,619	\$ 45,690	\$ 45,690
Safety & Security Systems	390,000	390,000	202,300	202,300
Campus Boilers & HVAC Upgrades	91,561	91,561	435,000	435,000
Rehabilitation & Repair	317,210	317,210	523,000	513,000
Roth Auditorium	0	0	903,000	273,000
TOTAL	\$ 887,390	\$ 887,390	\$ 2,108,990	\$ 1,468,990
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	887,390	887,390	2,108,990	1,468,990
TOTAL	\$ 887,390	\$ 887,390	\$ 2,108,990	\$ 1,468,990

FY 2019 – Current Year. The **agency** estimates capital improvements expenditures of \$887,390, all from the State Institutions Building Fund, in FY 2019. This is an increase of \$23,771, or 2.8 percent, above the FY 2019 capital improvements budget approved by the 2018 Legislature. The increase is due to the agency carrying forward the following funds from FY 2018 to FY 2019: \$1,561 for campus boilers and HVAC upgrades and \$22,210 for rehabilitation and repair projects. Individual capital improvements projects are described below.

Debt Service Principal. The agency estimates expenditures of \$88,619, all from the State Institutions Building Fund, to pay principal on the Energy Service Performance Contract awarded in April 2005. This is the same amount approved by the 2018 Legislature. This debt is scheduled to be retired in FY 2020.

Safety and Security Systems. The agency estimates expenditures of \$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. This is the same amount approved by the 2018 Legislature. 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 estimates expenditures of \$91,561, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. This is an increase of \$1,561 above the amount approved by the 2018 Legislature due to the agency carrying forward funds from FY 2018 to FY 2019. Agency officials indicate upgrades will allow energy savings and proactive measures will help avoid untimely and expensive emergency repairs. Additionally, the agency is working to minimize disruptions to staff and students. Planned work for FY 2019 includes replacement of the HVAC system in the Health Center Building.

Rehabilitation and Repair. The agency estimates expenditures of \$317,210, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of

\$22,210 above the amount approved by the 2018 Legislature due to the agency carrying forward funds from FY 2018 to FY 2019. Rehabilitation and repair projects includes masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps.

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

FY 2020 – Budget Year. The **agency** requests capital improvements expenditures of \$2.1 million, all from the State Institutions Building Fund, for FY 2020. This is an increase of \$1.2 million, or 137.7 percent, above the agency's FY 2019 revised estimate. The increase is attributable to the agency's request for funding to repair the auditorium in Roth Building, increased expenditures for campus boilers and HVAC upgrades, and increased expenditures for rehabilitation and repair projects. This increase is partially offset by decreased expenditures for debt service and campus safety and security systems. Individual capital improvements projects are described below.

Debt Service Principal. The agency requests expenditures of \$45,690, all from the State Institutions Building Fund, to pay principal on the Energy Service Performance Contract awarded in April 2005. This is a decrease of \$42,929, or 48.4 percent, below the FY 2019 revised estimate. This debt is scheduled to be retired in FY 2020.

Safety and Security Systems. The agency requests expenditures of \$202,300, 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 is a decrease of \$187,700, or 48.1 percent, below the FY 2019 revised estimate. Planned work for FY 2020 includes replacing remaining magnetic locks on all exterior doors with electric strike locks.

Campus Boilers and HVAC Upgrades. The agency requests expenditures of \$435,000, all from the State Institutions Building Fund, for upgrades to the campus' boilers and HVAC systems. This is an increase of \$343,439, or 375.1 percent, above the FY 2019 revised estimate. Agency officials indicate upgrades will allow energy savings and proactive measures will help avoid untimely and expensive emergency repairs. Additionally, the agency is working to minimize disruptions to staff and students. Planned work for FY 2020 includes replacement of the HVAC system in the Emery Building, which houses the school's elementary education program.

Rehabilitation and Repair. The agency requests expenditures of \$523,000, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of \$205,790, or 64.9 percent, above the FY 2019 revised estimate. Rehabilitation and repair projects includes masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps. Planned work for FY 2020 includes general repairs and modernization of the Roberts Building, which houses the school's secondary education program.

Roth Auditorium. The agency requests \$903,000, all from the State Institutions Building Fund, for renovation of the auditorium located in the Roth Building. The auditorium suffered significant damage several years ago when steamlines in the wall ruptured. The agency indicates that prior to this damage the auditorium served as a major meeting place for the deaf community in Olathe. Renovation includes repair of the damage caused by the ruptured steamlines, replacement of the HVAC system, and updating the auditorium's electrical equipment. The agency indicates this project will be completed during FY 2020.

The **Governor** recommends capital improvements expenditures of \$1.5 million, all from the State Institutions Building Fund, for FY 2020. The recommendation is an all funds decrease of \$640,000, or 30.3 percent, below the agency's FY 2020 request. The decrease is primarily attributable to the Governor recommending the renovation of Roth Auditorium take place over two years instead of one year as requested by the agency. For FY 2020, the Governor recommends the HVAC system be replaced. The decrease is also attributable to the Governor not recommending an increase to the agency's budget for general rehabilitation and repair projects.

POSTSECONDARY EDUCATION SYSTEMWIDE

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 757,625,825	\$ 791,694,953	\$ 791,644,953	\$ 869,437,587	\$ 803,752,439
Other Funds	1,933,132,806	2,025,758,364	2,025,758,364	2,030,387,483	2,030,387,483
<i>Subtotal</i>	<i>\$ 2,690,758,631</i>	<i>\$ 2,817,453,317</i>	<i>\$ 2,817,403,317</i>	<i>\$ 2,899,825,070</i>	<i>\$ 2,834,139,922</i>
Capital Improvements:					
State General Fund	\$ 4,186,432	\$ 3,014,517	\$ 3,014,517	\$ 2,175,063	\$ 2,175,063
Other Funds	134,018,616	158,343,672	158,343,672	129,211,742	129,211,742
<i>Subtotal</i>	<i>\$ 138,205,048</i>	<i>\$ 161,358,189</i>	<i>\$ 161,358,189</i>	<i>\$ 131,386,805</i>	<i>\$ 131,386,805</i>
TOTAL	<u>\$ 2,828,963,679</u>	<u>\$ 2,978,811,506</u>	<u>\$ 2,978,761,506</u>	<u>\$ 3,031,211,875</u>	<u>\$ 2,965,526,727</u>

Percentage Change:

Operating Expenditures					
State General Fund	0.3 %	4.5 %	4.5 %	9.8 %	1.5 %
All Funds	1.8	4.7	4.7	2.9	0.6
FTE Positions	18,732.3	19,016.6	19,016.6	19,016.6	19,016.6

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

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, 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 to 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 of Representatives. 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 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 **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, 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 (NBAF) at Kansas State University. The bill adds a provision predicated issuance of the bonds on approval by the State Finance Council.

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

The **2014 Legislature** also created a performance-based incentive program to award individuals receiving a GED or technical certification from a postsecondary educational institution. In 2015 the Governor vetoed the Performance Incentive Grant from House Sub. for SB 112 and for FY 2016, transferred \$1.9 million to the State General Fund.

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. This funding is now in the Department of Education budget.

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 for FY 2015.

The **Governor's March 2015 State General Fund allotment** reduced approved expenditures by \$17.3 million for FY 2016.

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

The **2018 Legislature** passed HB 2541, which amended the Kansas National Guard Educational Assistance Act to provide educational assistance each semester in an amount equal to the tuition and fees for not more than 15 credit hours. The legislation amended the definition of "eligible guard member".

The **2018 Legislature** also passed HB 2542, which exempted postsecondary educational institutions that have implemented performance agreements with the Kansas Board of Regents from the performance-based budgeting requirements. The legislation also amended statutes for fees collected by the Kansas Board of Regents and removed the June 30, 2018, sunset on the statute authorizing the Kansas Board of Regents to fix, charge, and collect fees for state institutions and institutions domiciled or having their principal place of business outside the state of Kansas.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agencies** request a revised estimate of \$3.0 billion, including \$794.7 million from the State General Fund, in FY 2019. This includes capital improvement expenditures of \$161.4 million, including \$3.0 million from the State General Fund. This is an all funds increase of \$46.1 million, or 2.2 percent, and a State General Fund increase of \$50,000, or less than 0.1 percent, above the FY 2019 approved amount. The increase is primarily in contractual services (\$45.0 million) and commodities (\$14.5 million), partially offset by a decrease in salaries and wages (\$26.9 million). There is also an increase of \$9.4 million in capital improvement budgets, which is primarily for the University of Kansas for heating, ventilation, and air conditioning (HVAC) and chillers, as well as road and sidewalk repairs. The increase in State General Fund moneys is a supplemental request to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned.

The **Governor** recommends \$3.0 billion, including \$794.7 million from the State General Fund, in FY 2019. The Governor concurs with the agencies' requests except for the \$50,000 from the State General Fund supplemental request to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned. The Governor also concurs with the agencies' capital improvement estimates.

FY 2020 – Budget Year. The **agencies** request operating budgets totaling \$2.9 billion, including \$869.4 million from the State General Fund, for FY 2020. This is an all funds increase of \$82.4 million, or 2.9 percent, and a State General Fund increase of \$77.7 million, or 9.8 percent, above the FY 2019 revised estimate. Other funds increases of \$4.6 million are increased expenditures of General Fees Fund moneys (tuition) primarily for salaries and wages, and the State General Fund increase is primarily due to the \$79.0 million enhancements requests.

The agencies request capital improvement expenditures of \$131.4 million, including \$2.2 million from the State General Fund, for FY 2020. This is an all funds decrease of \$30.0 million, or 18.6 percent, and a State General Fund decrease of \$839,454, or 27.8 percent, below the FY 2019 revised estimate. The all funds decrease is due to the completion of many construction projects in FY 2019 and very few construction projects budgeted for FY 2020. The State General Fund decrease is due to reduced debt service principal.

The **Governor** recommends operating budgets totaling \$2.8 billion, including \$803.8 million from the State General Fund, for FY 2020. This is an all funds decrease of \$65.7 million, or 2.3 percent, and a State General Fund decrease of \$65.7 million, or 7.6 percent, below the FY 2020 agencies' requests. The decrease is due to the Governor recommending only two of the agencies' enhancement requests. The Governor recommends the enhancement requests for \$50,000 from the State General Fund to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned and \$315,000 to the Board of Regents for the National Guard Tuition Assistance program. The Governor also adds \$4.0 million to Kansas State University for the Global Foods System research that was cut in prior years and \$8.9 million to restore the remainder of the FY 2017 Governor's allotment to the Board of Regents and universities.

The Governor concurs with the agencies' capital improvement requests for FY 2020.

PERFORMANCE MEASURES

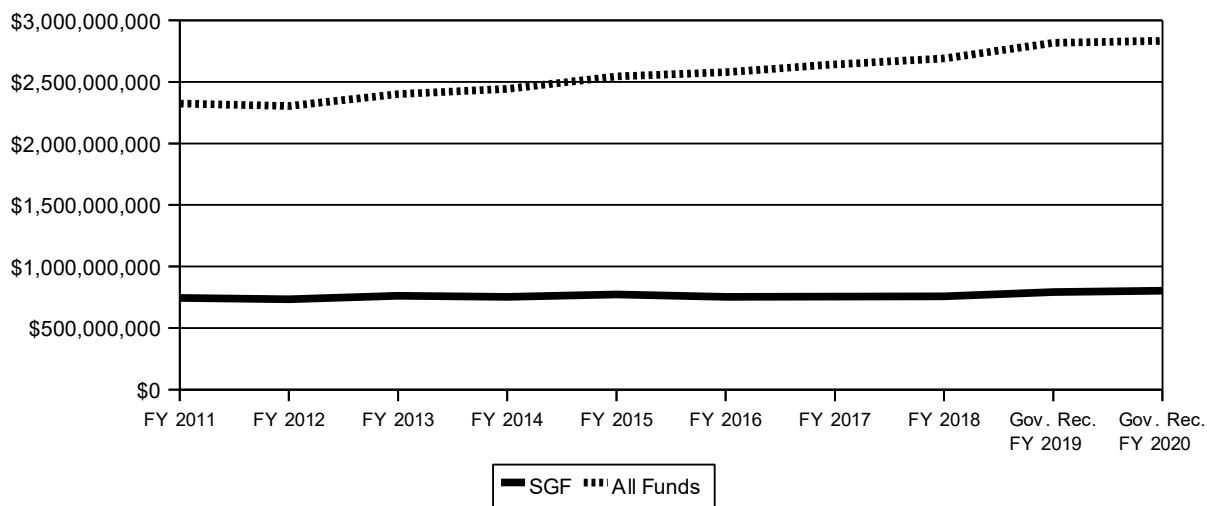
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES					
Measure	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Administration Program					
Percentage of agency administrative costs of total budget	3.5 %	--	3.4 %	3.3 %	3.4 %
Percentage of Board goals completed or made progress towards completion	100.0 %	--	100.0 %	100.0 %	100.0 %
Postsecondary Education Institutions Program					
Attainment: Number of certificates and degrees awarded (Washburn University, Community and Technical Colleges)	20,732	--	21,358	24,130	25,515
First-to-second year retention rates					
Washburn University	71.8 %	--	70.1 %	71.0 %	71.0 %
Community Colleges	59.0 %	--	58.0 %	59.0 %	59.0 %
Technical Colleges	64.7 %		62.3 %	63.0 %	63.0 %
Student Success Index rates					
Washburn University	60.7 %	--	61.0 %	62.0 %	62.0 %
Community Colleges	55.6 %	--	56.0 %	57.0 %	57.0 %
Technical Colleges	68.6 %	--	69.0 %	70.0 %	70.0 %
Excel in Career Technical Education (CTE) Initiative					
Participating Headcount	10,600	--	11,690	12,000	12,000
College Credit Hours Generated	85,150	--	92,092	97,000	97,000
Student Financial Assistance Program					
Initially Eligible Applicants	24,337	--	31,042	27,200	27,000
State Scholarship Award Recipients	11,163	--	11,017	11,800	11,500
Agency Expenditures					
All Funds (Dollars in Millions)	\$ 205.3	\$ 215.1	\$ 212.9	\$ 222.0	\$ 223.0
FTE Positions	62.5	62.5	62.5	62.5	62.5

The Board of Regents is the only agency within the Postsecondary Education Systemwide with performance measures pursuant to HB 2739. The universities each have performance agreements with the Board of Regents and are exempted from the performance-based budgeting requirements.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 745,910,105	(6.7)%	\$ 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	757,625,825	0.3	2,690,758,631	1.8	18,732.3
2019 Gov. Rec.	791,644,953	4.5	2,817,403,317	4.7	19,016.6
2020 Gov. Rec.	803,752,439	1.5	2,834,139,922	0.6	19,016.6
Ten-Year Change					
Dollars/Percent	\$ 57,842,334	7.8 %	\$ 509,833,715	21.9 %	2,020.6

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate				Governor's Recommendation			
Actual FY 2018		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Board of Regents	\$ 212,867,133	\$ 222,053,955	\$ 299,240,639	\$ 77,186,684	34.8 %	\$ 222,003,955	\$ 223,047,446	\$ 1,043,491	0.5 %
Emporia State University	85,250,234	93,015,864	92,995,924	(19,940)	(0.0)	93,015,864	93,314,723	298,859	0.3
Fort Hays State University	135,385,598	124,288,749	127,534,687	3,245,938	2.6	124,288,749	127,913,600	3,624,851	2.9
Kansas State University	549,096,870	581,991,015	576,096,733	(5,894,282)	(1.0)	581,991,015	581,242,479	(748,536)	(0.1)
KSU - ESARP	143,868,345	148,869,421	149,039,222	169,801	0.1	148,869,421	149,541,726	672,305	0.5
KSU - VMC	55,979,733	62,413,189	64,288,937	1,875,748	3.0	62,413,189	64,457,766	2,044,577	3.3
Pittsburg State University	100,315,276	105,057,483	104,622,074	(435,409)	(0.4)	105,057,483	105,002,608	(54,875)	(0.1)
University of Kansas	713,643,407	735,527,863	738,229,919	2,702,056	0.4	735,527,863	739,754,085	4,226,222	0.6
KU Medical Center	377,039,063	404,566,899	405,407,412	840,513	0.2	404,566,899	406,662,097	2,095,198	0.5
Wichita State University	317,312,972	339,668,879	342,369,523	2,700,644	0.8	339,668,879	343,203,392	3,534,513	1.0
TOTAL	\$ 2,690,758,631	\$ 2,817,453,317	\$ 2,899,825,070	\$ 82,371,753	2.9 %	\$ 2,817,403,317	\$ 2,834,139,922	\$ 16,736,605	0.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,619,631,626	\$ 1,669,051,891	\$ 1,680,082,884	\$ 11,030,993	0.7 %	\$ 1,669,051,891	\$ 1,686,340,160	\$ 17,288,269	1.0 %
Contractual Services	401,051,986	445,875,892	438,634,866	(7,241,026)	(1.6)	445,875,892	442,903,673	(2,972,219)	(0.7)
Commodities	91,053,316	102,394,304	106,939,878	4,545,574	4.4	102,394,304	106,939,878	4,545,574	4.4
Capital Outlay	64,101,868	63,118,589	62,635,348	(483,241)	(0.8)	63,118,589	62,635,348	(483,241)	(0.8)
Debt Service	34,896,386	35,801,768	35,148,162	(653,606)	(1.8)	35,801,768	35,148,162	(653,606)	(1.8)
<i>Subtotal - Operations</i>	<i>\$ 2,210,735,182</i>	<i>\$ 2,316,242,444</i>	<i>\$ 2,323,441,138</i>	<i>\$ 7,198,694</i>	<i>0.3 %</i>	<i>\$ 2,316,242,444</i>	<i>\$ 2,333,967,221</i>	<i>\$ 17,724,777</i>	<i>0.8 %</i>
Aid to Local Units	183,401,733	188,629,049	217,192,164	28,563,115	15.1	188,629,049	190,604,216	1,975,167	1.0
Other Assistance	296,621,716	312,581,824	359,191,768	46,609,944	14.9	312,531,824	309,568,485	(2,963,339)	(0.9)
TOTAL	\$ 2,690,758,631	\$ 2,817,453,317	\$ 2,899,825,070	\$ 82,371,753	2.9 %	\$ 2,817,403,317	\$ 2,834,139,922	\$ 16,736,605	0.6 %
Financing:									
State General Fund	\$ 757,625,825	\$ 791,694,953	\$ 869,437,587	\$ 77,742,634	9.8 %	\$ 791,644,953	\$ 803,752,439	\$ 12,107,486	1.5 %
General Fees Fund	751,933,314	780,342,399	788,792,763	8,450,364	1.1	780,342,399	788,792,763	8,450,364	1.1
Restricted Fees Fund	555,634,641	585,336,682	582,337,795	(2,998,887)	(0.5)	585,336,682	582,337,795	(2,998,887)	(0.5)
All Other Funds	625,564,851	660,079,283	659,256,925	(822,358)	(0.1)	660,079,283	659,256,925	(822,358)	(0.1)
TOTAL	\$ 2,690,758,631	\$ 2,817,453,317	\$ 2,899,825,070	\$ 82,371,753	2.9 %	\$ 2,817,403,317	\$ 2,834,139,922	\$ 16,736,605	0.6 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$792,582,990 for the Postsecondary Education Systemwide in FY 2019. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For these agencies, the following adjustment has been made:

- An increase of \$2,076,480, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

This adjustment changes the FY 2019 approved State General Fund amount to \$794,659,470. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 794,659,470	\$ 794,709,470	\$ 50,000	\$ 794,659,470	\$ 0
All Other Funds	2,138,050,736	2,184,102,036	46,051,300	2,184,102,036	46,051,300
TOTAL	\$2,932,710,206	\$ 2,978,811,506	\$ 46,101,300	\$2,978,761,506	\$ 46,051,300
FTE Positions	18,594.3	19,016.6	422.3	19,016.6	422.3

The **agencies** request a revised estimate of \$3.0 billion, including \$794.7 million from the State General Fund, in FY 2019. This is an all funds increase of \$46.1 million, or 2.2 percent, and a State General Fund increase of \$50,000, or less than 0.1 percent, above the FY 2019 approved amount. This includes capital improvement expenditures of \$161.4 million, including \$3.0 million from the State General Fund. The increase is primarily in contractual services (\$45.0 million) and commodities (\$14.5 million), with a partially offsetting decrease in salaries and wages (\$26.9 million). There is also an increase of \$9.4 million in capital improvement budgets, which are primarily for the University of Kansas for HVAC, chillers, and road and sidewalk repairs. The State General Fund increase is for a supplemental request to fulfill the requirements of 2018 HB 2579, which is further described in the following Supplemental Detail section.

The **Governor** recommends \$3.0 billion, including \$794.7 million from the State General Fund, in FY 2019. The Governor concurs with the agencies' requests except for the \$50,000 from the State General Fund supplemental request to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned. The Governor also concurs with the agencies' capital improvement estimates.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
2018 HB 2579 Tuition and Fee Waiver \$	50,000	\$ 50,000	0.0	\$ 0	\$ 0	0.0

The **agencies** estimate a supplemental request of \$50,000, all from the State General Fund, in FY 2019. This request is to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned. There are currently two wrongful convictions before the court. If both individuals pursue higher education assistance as full-time undergraduate students under the bill, the Board of Regents estimates a cost of up to \$50,000 to be incurred by a postsecondary educational institution.

The **Governor** does not recommend the supplemental request in FY 2019.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 2,899,825,070	\$ 2,834,139,922	\$ (65,685,148)	
FTE Positions	19,016.6	19,016.6	0.0	
Change from FY 2019:				
Dollar Change:				
State General Fund	\$ 77,742,634	\$ 12,107,486		
All Other Funds	4,629,119	4,629,119		
TOTAL	\$ 82,371,753	\$ 16,736,605		
Percent Change:				
State General Fund	9.8 %	1.5 %		
All Other Funds	0.2	0.2		
TOTAL	2.9 %	0.6 %		
Change in FTE Positions	0.0	0.0		

The **agencies** request operating budgets totaling \$2.9 billion, including \$869.4 million from the State General Fund, for FY 2020. This is an all funds increase of \$82.4 million, or 2.9 percent, and a State General Fund increase of \$77.7 million, or 9.8 percent, above the FY 2019 revised estimate. Other funds increases of \$4.6 million are increased expenditures of General Fees Fund moneys (tuition) primarily for salaries and wages, and the State General Fund increase is primarily due to the \$79.0 million enhancements requests, which is detailed in the following Enhancement Detail section.

The **Governor** recommends operating budgets totaling \$2.8 billion, including \$803.8 million from the State General Fund, for FY 2020. This is an all funds decrease of \$65.7 million, or 2.3 percent, and a State General Fund decrease of \$65.7 million, or 7.6 percent, below the FY 2020 agencies' requests. The decrease is due to the Governor only recommending two of the enhancement requests. The Governor recommends the enhancement requests for \$50,000 from the State General Fund to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned and \$315,000 to the Board of Regents for the National Guard Tuition Assistance program. The Governor also adds \$4.0 million to Kansas State University for the Global Foods System research that was cut in prior years and \$8.9 million to restore the remainder of the FY 2017 allotment to the Board and universities.

The Governor concurs with the agencies' capital improvement requests for FY 2020.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Investment in State Universities	\$ 50,000,000	\$ 50,000,000	0.0	\$ 0	\$ 0	0.0
Tiered Technical State Aid	7,200,000	7,200,000	0.0	0	0	0.0
Non-Tiered Course Credit Hour Grant	18,000,000	18,000,000	0.0	0	0	0.0
State Aid Washburn University	2,200,000	2,200,000	0.0	0	0	0.0
State Tuition Assistance-Air and Army National Guard	315,000	315,000	0.0	315,000	315,000	0.0
Excel in Career Technical Education	1,200,000	1,200,000	0.0	0	0	0.0
2018 HB 2579 Tuition and Fee Waiver	50,000	50,000	0.0	50,000	50,000	0.0
TOTAL	\$ 78,965,000	\$ 78,965,000	0.0	\$ 365,000	\$ 365,000	0.0

The **agencies** request \$79.0 million, all from the State General Fund, to fund enhancements for FY 2020. The enhancements are described below.

Investment in State Universities. The Board of Regents (Board) requests \$50.0 million, all from the State General Fund, for FY 2020 to assist the Board and state universities progress toward the goals and metrics outlined in the Foresight 2020 Strategic Plan. According to the Board, the additional state investment will assist universities in increasing attainment among Kansans of certificates and degrees awarded to meet the goal of 53,000 per year and produce enough graduates to meet the projected workforce demand.

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

Tiered Technical State Aid. The Board requests \$7.2 million, all from the State General Fund, for FY 2020. This would fully fund the cost model created in 2011 SB 143, which funds the community and technical colleges. There is currently a gap between the Board-calculated state share and the amount received by the State.

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

Non-Tiered Course Credit Hour Grant. The Board requests \$18.0 million, all from the State General Fund, for FY 2020 to fully fund the cost model created in 2011 SB 143, which

funds the community and technical colleges. There is currently a gap between the Board-calculated state share and the amount received by the State.

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

State Aid Washburn University. The Board requests \$2.2 million, all from the State General Fund, for FY 2020 to mirror what the other coordinated institutions would receive with the budget enhancement requests.

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

State Tuition Assistance–Air and Army National Guard. The Board requests \$315,000, all from the State General Fund, for FY 2020 to continue full funding of the Kansas National Guard Educational Assistance Act.

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

Excel in Career Technical Education. The Board and the Technical Education Authority requests \$1.2 million, all from the State General Fund, for FY 2020 to ensure there are sufficient funds to meet student demand.

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

HB 2579 (2018) Tuition and Fee Waiver. The Board requests \$50,000, all from the State General Fund, for FY 2020 to fulfill the requirements of 2018 HB 2579, which creates a benefit to provide tuition assistance for individuals wrongfully convicted and imprisoned. There are currently two wrongful convictions before the court. If both individuals pursue higher education assistance as full-time undergraduate students under the bill, the Board estimates a cost of up to \$50,000 to be incurred by a postsecondary educational institution.

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

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **There are no salary adjustments for these agencies.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	30.0 %	28.4 %
General Fees Fund	27.2	27.8
Restricted Fees Fund	20.1	20.1
Economic Development Initiatives Fund	0.2	0.2
All Other Funds	22.5	23.5
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

STATE GENERAL FUND OPERATING BUDGET

	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
University of Kansas	\$ 129,741,558	\$ 133,827,589	\$ 133,827,589	\$ 133,733,982	\$ 135,258,148
University of Kansas Medical Center	104,800,203	108,656,945	108,656,945	109,652,327	110,907,012
Kansas State University	97,189,995	100,410,207	100,410,207	100,410,207	105,555,953
Kansas State University–ESARP	45,798,391	46,748,150	46,748,150	46,748,150	47,250,654
Kansas State University–Veterinary Medical Center	14,428,408	14,812,749	14,812,749	14,812,749	14,981,578
Emporia State University	30,967,221	31,637,584	31,637,584	31,637,584	31,956,383
Fort Hays State University	32,776,775	33,559,544	33,559,544	33,559,544	33,938,457
Pittsburg State University	34,264,703	35,263,514	35,263,514	34,887,161	35,267,695
Wichita State University	70,811,009	79,978,072	79,978,072	79,978,072	80,811,941
<i>Subtotal</i>	<i>\$ 560,778,263</i>	<i>\$ 584,894,354</i>	<i>\$ 584,894,354</i>	<i>\$ 585,419,776</i>	<i>\$ 595,927,821</i>
Technical Colleges Capital Outlay	\$ 68,722	\$ 70,518	\$ 70,518	\$ 70,518	\$ 71,585
Washburn University	11,424,883	11,767,826	11,767,826	13,967,826	11,900,920
Non-Tiered Course Credit Hour Grant	73,436,476	75,461,934	75,461,934	93,461,934	76,496,329
Postsecondary Tiered Technical Education State Aid	55,968,922	57,511,782	57,511,782	64,711,782	58,300,961
Postsecondary Operating Grant	0	0	0	50,000,000	0
TOTAL	\$ 701,677,266	\$ 729,706,414	\$ 729,706,414	\$ 807,631,836	\$ 742,697,616

The **postsecondary educational institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$807.6 million from the State General Fund for operating budgets for FY 2020. This is an increase of \$77.9 million, or 10.7 percent, above the FY 2019 revised estimate. The increase is due to enhancement requests.

The **Governor** recommends \$742.7 million, all from the State General Fund, for the postsecondary educational institutions. This is a decrease of \$64.9 million, or 8.0 percent, below the FY 2020 agencies' requests. The decrease is attributable to the Governor recommending only one of the operating enhancements the Board of Regents requested. The Governor did recommend \$4.0 million to the Global Foods System program at Kansas State University and \$6.5 million to restore the FY 2017 allotment to the universities for FY 2020.

Community and Technical College Operating Grants. The **Board** requests \$93.5 million from the State General Fund for FY 2020 for non-tiered course credit hour grants for general education and \$64.7 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 for non-tiered course credit hour grants is an increase of \$18.0 million, or 23.8 percent, above the FY 2019 revised estimate. The request for postsecondary tiered technical education state aid for technical education courses is an increase of \$7.2 million, or 12.5 percent, above the FY 2019 revised estimate. The increases are due to an enhancement request to close the gap on the funding model.

The **Governor** recommends \$76.5 million from the State General Fund for FY 2020 for non-tiered course credit hour grants for general education and \$58.3 million for postsecondary tiered technical education state aid. The Governor does not recommend the enhancement request but does recommend the remaining amount to restore the FY 2017 allotment amount.

Municipal University Operating Grant. The **Board** requests \$14.0 million for FY 2020 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 is an increase of \$2.2 million, or 18.7 percent, from the State General Fund above the FY 2019 revised estimate due to the enhancement request to mirror what the other coordinated institutions would receive with the budget enhancement requests.

The **Governor** recommends \$11.9 million, all from the State General Fund, which restores the remainder of the FY 2017 allotment amount for FY 2020.

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 2020. The request is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$4.6 million, including \$1.5 million from the State General Fund, which restores the remainder of the FY 2017 allotment amount for FY 2020.

Other State Funding

The **Board** and **universities** request \$4.5 million from the other centrally appropriated state funds for the benefit of the universities from the Economic Development Initiatives Fund and the State Water Plan Fund for FY 2020.

Economic Development Initiatives Fund

The following are the budgeted expenditures from the Economic Development Initiatives Fund for the Board of Regents:

- \$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;
- \$500,000 for community college comparative grants; and
- \$295,046 for research at Kansas State University–ESARP.

State Water Plan Fund

The following is the budgeted expenditures from the State Water Plan Fund for the University of Kansas:

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

The **Governor** concurs with the agencies' requests for FY 2020.

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 \$1.7 million in 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 2019, the Board of Regents set tuition rates after the adjournment of the 2018 Session and the same schedule is anticipated for FY 2019. The budgets submitted by the universities assume no increase in tuition rates in FY 2019. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2018 Legislature, the revised current year estimate, and the current estimate for FY 2019.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2019	Revised Est. and Gov. Rec FY		Gov. Rec. for FY 2020
		2019	Difference	
University of Kansas	\$ 313,000,000	\$ 320,358,000	\$ 7,358,000	\$ 320,358,000
KU-Medical Center	46,104,359	47,580,231	1,475,872	48,122,146
Kansas State University	228,540,153	216,042,494	(12,497,659)	216,042,494
KSU-Veterinary Medical Center	18,502,103	18,800,811	298,708	18,800,811
KSU-ESARP	0	0	0	0
Emporia State University	28,484,103	30,585,576	2,101,473	29,278,830
Fort Hays State University	44,756,190	46,283,000	1,526,810	46,297,256
Pittsburg State University	35,350,000	35,050,000	(300,000)	35,050,000
Wichita State University	88,210,657	89,199,236	988,579	89,199,236
TOTAL	\$ 802,947,565	\$ 803,899,348	\$ 951,783	\$ 803,148,773

Student Financial Aid

Student Financial Aid. The **Board of Regents** administers a number of student financial aid programs as well as other special programs. The agency requests \$23.1 million, all

from the State General Fund, to support State-sponsored student financial aid programs for FY 2020. Absent the reappropriation, the FY 2020 request is the same as the FY 2019 request.

The **Governor** recommends \$23.4 million, all from the State General Fund for FY 2020. This is an increase of \$326,426, all from the State General Fund. The Governor recommends an additional \$315,000 for the National Guard tuition assistance program and to restore the FY 2017 allotment remaining amount.

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 15,758,338	\$ 15,758,338	8,770	\$ 15,758,338	\$ 15,758,338	8,770

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 978,985	\$ 978,985	978	\$ 1,010,919	\$ 1,010,919	990

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	160

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 528,174	\$ 528,174	300	\$ 528,174	\$ 528,174	300

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 127,202	\$ 127,202	11	\$ 127,202	\$ 127,202	11

Kansas Nurse Educator Scholarship Program (2006 HB 2968). The purpose of the Kansas Nurse Educator program is to increase the number of qualified nursing faculty in 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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 162,032	\$ 162,032	60	\$ 188,126	\$ 188,126	64

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 978,539	\$ 978,539	300	\$ 1,127,649	\$ 1,127,649	320

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 342,700	\$ 400,450	72	\$ 417,255	\$ 475,005	75

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 2020			Governor's Recommendation FY 2020		
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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 45,000	3	\$ 0	\$ 45,000	3

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 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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 107,089	20	\$ 107,089	\$ 107,089	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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 171,607	\$ 171,607	23	\$ 175,335	\$ 175,335	25

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 3,000,434	\$ 3,000,434	410	\$ 3,000,434	\$ 3,000,434	410

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 2020			Governor's Recommendation FY 2020		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 485,403	\$ 485,403	156	\$ 500,314	\$ 500,314	160

Enrollment Trends. The Kansas Board of Regents has changed the way students are counted starting in Fall 2018. In the past, the agency used headcount whereas now the agency is using full-time equivalent students (FTE), which is calculated by taking the total credit hours enrolled and dividing by 30 hours (which is considered a full time student). Full-time equivalent students enrolled at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in Fall 2018 totaled 127,904, which is a decrease of 1,442 FTE positions, or 1.1 percent, below the Fall 2017 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 the full-time equivalent students for Fall 2016, 2017, and 2018.

Full-Time Equivalent Students

Institution	Fall 2016	Fall 2017	Fall 2018	Change Fall 2016- Fall 2018	Percent
University of Kansas	21,626	21,610	21,505	(121)	(0.6)%
University of Kansas Medical Center	2,603	2,718	2,740	137	5.3
Kansas State University	19,477	19,425	18,093	(1,384)	(7.1)
KSU—Veterinary Medical Center	708	715	731	23	3.2
Emporia State University	4,602	4,467	4,493	(109)	(2.4)
Fort Hays State University	9,146	9,282	9,473	327	3.6
Pittsburg State University	6,458	6,236	5,988	(470)	(7.3)
Wichita State University	11,060	11,109	11,285	225	2.0
<i>Subtotal - Regents Institutions</i>	<i>75,680</i>	<i>74,847</i>	<i>74,308</i>	<i>(1,372)</i>	<i>(1.8) %</i>
Washburn University	4,961	5,028	4,931	(30)	(0.6)
Community Colleges	43,944	42,821	41,709	(2,235)	(5.1)
Technical Colleges	5,049	5,493	5,782	733	14.5
Washburn Institute of Technology	1,117	1,157	1,174	57	9.8
Independent Colleges and Universities	19,005	18,695	19,537	532	2.8
<i>Subtotal - Other Institutions</i>	<i>74,076</i>	<i>73,194</i>	<i>73,133</i>	<i>(943)</i>	<i>(1.3) %</i>
TOTAL	149,756	148,041	147,441	(2,315)	(1.5)%

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

REGENTS PEER INSTITUTIONS

University of Kansas

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

Wichita State University

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

Fort Hays State University

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

Kansas State University

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

Emporia State University

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

Pittsburg State University

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

Source: Table 4.35 State University Databook, January 2018

RELATIVE FUNDING OF SALARY - BY INSTITUTION

Institution	Salaries FY 2013	Salaries FY 2017
KU	91.1 %	87.6 %
KSU	91.1	90.2
ESU	86.0	90.7
FHSU	95.0	98.5
PSU	92.2	84.9
WSU	84.2	77.5
Systemwide	87.6 %	83.7 %

Source: Table 4.35 State University Databook, January 2018

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

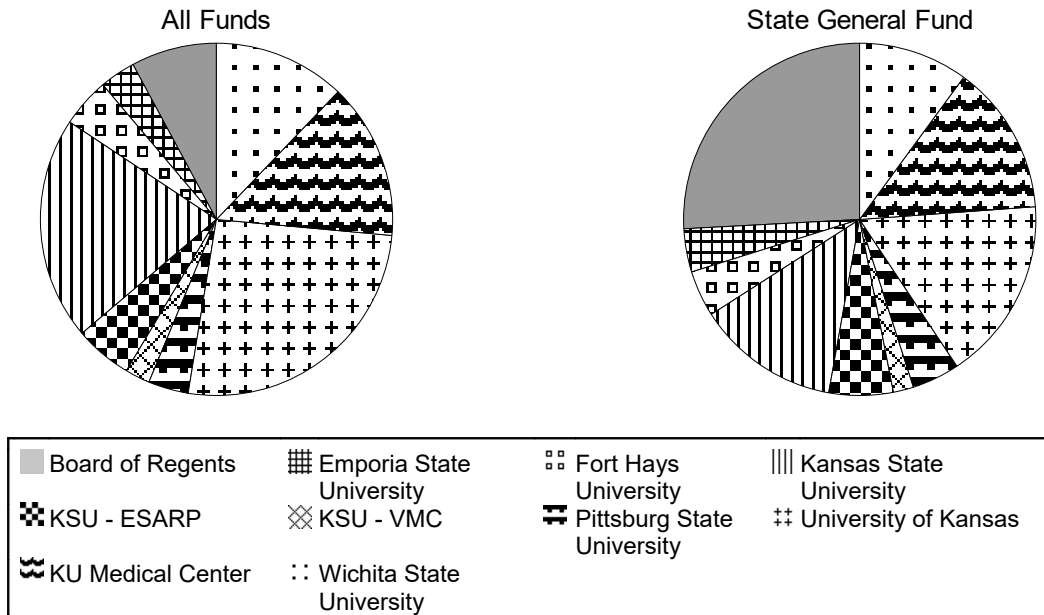
Institution	Resident Tuition AY 2012	Resident Tuition AY 2017	Nonresident Tuition AY 2012	Nonresident Tuition AY 2017
KU	90.1 %	92.4 %	80.1 %	78.0 %
KSU	78.4	78.2	80.1	80.0
ESU	83.3	77.5	121.9	122.7
FHSU	70.5	65.5	98.3	91.9
PSU	73.7	75.8	101.2	103.9
WSU	82.2	84.8	79.0	74.7

Source: Table 2.3 State University Databook, January 2018

AGENCY DETAIL

Expenditures by Agency

Governor's FY 2020 Recommendation



Agency	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Board of Regents	\$ 223,047,446	7.9 %	\$ 207,824,618	25.9 %
Emporia State University	93,314,723	3.3	31,956,383	4.0
Fort Hays State University	127,913,600	4.5	33,938,457	4.2
Kansas State University	581,242,479	20.5	105,555,953	13.1
KSU - ESARP	149,541,726	5.3	47,250,654	5.9
KSU - VMC	64,457,766	2.3	14,981,578	1.9
Pittsburg State University	105,002,608	3.7	35,267,695	4.4
University of Kansas	739,754,085	26.1	135,258,148	16.8
KU Medical Center	406,662,097	14.3	110,907,012	13.8
Wichita State University	343,203,392	12.1	80,811,941	10.1
TOTAL	\$ 2,834,139,922	100.0 %	\$ 803,752,439	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Board of Regents	62.5	62.5	62.5	62.5	62.5
Emporia State University	786.9	786.9	786.9	786.9	786.9
Fort Hays State University	1,077.4	1,080.4	1,080.4	1,080.4	1,080.4
Kansas State University	3,864.5	3,864.8	3,864.8	3,864.8	3,864.8
KSU - ESARP	1,106.2	1,121.1	1,121.1	1,121.1	1,121.1
KSU - VMC	437.9	493.3	493.3	493.3	493.3
Pittsburg State University	976.2	923.8	923.8	923.8	923.8
University of Kansas	5,346.8	5,346.8	5,346.8	5,346.8	5,346.8
KU Medical Center	2,986.5	3,184.0	3,184.0	3,184.0	3,184.0
Wichita State University	2,087.4	2,153.0	2,153.0	2,153.0	2,153.0
TOTAL	18,732.3	19,016.6	19,016.6	19,016.6	19,016.6

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. Board of Regents

Article 6 of the *Kansas Constitution* directs the Legislature to provide for a State Board of Regents composed 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 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.

PERFORMANCE MEASURES					
Measure	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Administration Program					
Percentage of agency administrative costs of total budget	3.5 %	--	3.4 %	3.3 %	3.4 %
Percentage of Board goals completed or made progress towards completion	100.0 %	--	100.0 %	100.0 %	100.0 %
Postsecondary Education Institutions Program					
Attainment: Number of certificates and degrees awarded (Washburn University, Community and Technical Colleges)	20,732	--	21,358	24,130	25,515
First-to-second year retention rates					
Washburn University	71.8 %	--	70.1 %	71.0 %	71.0 %
Community Colleges	59.0 %	--	58.0 %	59.0 %	59.0 %
Technical Colleges	64.7 %		62.3 %	63.0 %	63.0 %
Student Success Index rates					
Washburn University	60.7 %	--	61.0 %	62.0 %	62.0 %
Community Colleges	55.6 %	--	56.0 %	57.0 %	57.0 %
Technical Colleges	68.6 %	--	69.0 %	70.0 %	70.0 %
Excel in Career Technical Education (CTE) Initiative					
Participating Headcount	10,600	--	11,690	12,000	12,000
College Credit Hours Generated	85,150	--	92,092	97,000	97,000
Student Financial Assistance Program					
Initially Eligible Applicants	24,337	--	31,042	27,200	27,000
State Scholarship Award Recipients	11,163	--	11,017	11,800	11,500
Agency Expenditures					
All Funds (Dollars in Millions)	\$ 205.3	\$ 215.1	\$ 212.9	\$ 222.0	\$ 223.0
FTE Positions	62.5	62.5	62.5	62.5	62.5

**BOARD OF REGENTS
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 4,959,705	\$ 5,170,956	\$ 5,170,956	\$ 5,193,477	\$ 5,193,477
Contractual Services	2,026,549	1,616,508	1,616,508	1,598,526	1,666,855
Commodities	43,903	35,128	35,128	34,507	34,507
Capital Outlay	162,076	161,100	161,100	161,100	161,100
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,192,233</i>	<i>\$ 6,983,692</i>	<i>\$ 6,983,692</i>	<i>\$ 6,987,610</i>	<i>\$ 7,055,939</i>
Aid to Local Units	182,407,533	187,664,872	187,664,872	216,227,987	189,640,039
Other Assistance	23,267,367	27,405,391	27,355,391	76,025,042	26,351,468
TOTAL	\$ 212,867,133	\$ 222,053,955	\$ 222,003,955	\$ 299,240,639	\$ 223,047,446
Financing:					
State General Fund	\$ 196,847,562	\$ 206,800,599	\$ 206,750,599	\$ 284,017,811	\$ 207,824,618
All Other Funds	16,019,571	15,253,356	15,253,356	15,222,828	15,222,828
TOTAL	\$ 212,867,133	\$ 222,053,955	\$ 222,003,955	\$ 299,240,639	\$ 223,047,446
FTE Positions	62.5	62.5	62.5	62.5	62.5

The **agency** requests an operating budget of \$299.2 million, including \$284.0 million from the State General Fund, for the Board of Regents for FY 2020. This is an all funds increase of \$77.2 million, or 34.8 percent, and a State General Fund increase of \$77.2 million, or 37.3 percent, above the FY 2019 revised estimate. The increase is primarily due to the enhancement requests totaling \$79.0 million, all from the State General Fund.

The **Governor** recommends \$223.0 million, including \$207.8 million from the State General Fund, for FY 2020. This is an all funds decrease of \$76.2 million, or 25.5 percent, and a State General Fund decrease of \$76.2 million, or 26.8 percent, below the agency's request. The Governor only recommends the funding for two enhancements totaling \$365,000, all from the State General Fund. This includes \$315,000 for the National Guard Tuition Assistance program and \$50,000 for the 2018 HB Tuition Waiver. The Governor also restored the remainder of the FY 2017 allotment reduction to the agency's budget.

B. Emporia State University

Emporia State University (ESU) was originally established in 1863 as the Kansas State Normal School to provide teachers for 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. **The full-time equivalent students attending Emporia State University during the Fall 2018 semester is 4,493, which is an increase of 26 FTE students, or 0.6 percent, above the Fall 2017 semester number.**

EMPORIA STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 58,797,772	\$ 63,277,959	\$ 63,277,959	\$ 63,610,469	\$ 63,929,268
Contractual Services	11,201,224	14,249,114	14,249,114	12,528,063	12,528,063
Commodities	2,278,464	2,838,072	2,838,072	3,012,043	3,012,043
Capital Outlay	1,652,326	1,654,609	1,654,609	1,739,731	1,739,731
Debt Service	600,270	621,985	621,985	1,726,493	1,726,493
<i>Subtotal - Operations</i>	<i>\$ 74,530,056</i>	<i>\$ 82,641,739</i>	<i>\$ 82,641,739</i>	<i>\$ 82,616,799</i>	<i>\$ 82,935,598</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	10,720,178	10,374,125	10,374,125	10,379,125	10,379,125
TOTAL	\$ 85,250,234	\$ 93,015,864	\$ 93,015,864	\$ 92,995,924	\$ 93,314,723
Financing:					
State General Fund	\$ 30,967,221	\$ 31,637,584	\$ 31,637,584	\$ 31,637,584	\$ 31,956,383
All Other Funds	54,283,013	61,378,280	61,378,280	61,358,340	61,358,340
TOTAL	\$ 85,250,234	\$ 93,015,864	\$ 93,015,864	\$ 92,995,924	\$ 93,314,723
FTE Positions	786.9	786.9	786.9	786.9	786.9

The **agency** requests an operating budget of \$93.0 million, including \$31.6 million from the State General Fund, for Emporia State University for FY 2020. This is a decrease of \$19,940, or less than 0.1 percent, all from special revenue funds, below the FY 2019 revised estimate. The decrease is primarily in contractual services (\$1.7 million) with partially offsetting increases in debt service (\$1.1 million) and salaries and wages (\$332,510).

The **Governor** recommends \$93.3 million, including \$32.0 million from the State General Fund, for FY 2020. This is an all funds increase of \$318,799, or 0.3 percent, and a State General Fund increase of \$318,799, or 1.0 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

C. Fort Hays State University

Fort Hays State University (FHSU) is located on land that was once the Fort Hays Military Reservation. In March 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. **The full-time equivalent students attending Fort Hays State University during the Fall 2018 semester is 9,473, which is an increase of 191 FTE students, or 2.1 percent, above the Fall 2017 semester number.**

FORT HAYS STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 78,929,588	\$ 72,917,161	\$ 72,917,161	\$ 75,314,880	\$ 75,693,793
Contractual Services	17,912,223	17,429,500	17,429,500	17,999,500	17,999,500
Commodities	5,432,366	5,533,500	5,533,500	5,583,500	5,583,500
Capital Outlay	6,763,930	5,469,723	5,469,723	5,750,000	5,750,000
Debt Service	652,737	1,043,865	1,043,865	991,807	991,807
<i>Subtotal - Operations</i>	<i>\$ 109,690,844</i>	<i>\$ 102,393,749</i>	<i>\$ 102,393,749</i>	<i>\$ 105,639,687</i>	<i>\$ 106,018,600</i>
Aid to Local Units	644,291	650,000	650,000	650,000	650,000
Other Assistance	25,050,463	21,245,000	21,245,000	21,245,000	21,245,000
TOTAL	\$ 135,385,598	\$ 124,288,749	\$ 124,288,749	\$ 127,534,687	\$ 127,913,600
Financing:					
State General Fund	\$ 32,776,775	\$ 33,559,544	\$ 33,559,544	\$ 33,559,544	\$ 33,938,457
All Other Funds	102,608,823	90,729,205	90,729,205	93,975,143	93,975,143
TOTAL	\$ 135,385,598	\$ 124,288,749	\$ 124,288,749	\$ 127,534,687	\$ 127,913,600
FTE Positions	1,077.4	1,080.4	1,080.4	1,080.4	1,080.4

The **agency** requests an operating budget of \$127.5 million, including \$33.6 million from the State General Fund, for Fort Hays State University for FY 2020. This is an increase of \$3.2 million, or 2.6 percent, all from special revenue funds, above the FY 2019 revised estimate. The increase is primarily in salaries and wages (\$2.4 million), contractual services (\$570,000), and capital outlay (\$280,277).

The **Governor** recommends \$127.9 million, including \$33.9 million from the State General Fund, for FY 2020. This is an all funds increase of \$378,913, or 0.3 percent, and a State General Fund increase of \$318,799, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

D. Kansas State University

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, Health and Human Sciences, 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. **The full-time equivalent students attending Kansas State University during the Fall 2018 semester is 18,824, which is a decrease of 601 FTE students, or 0.3 percent, below the Fall 2017 semester number.**

KANSAS STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 339,988,033	\$ 348,383,904	\$ 348,383,904	\$ 350,391,678	\$ 351,524,789
Contractual Services	75,211,047	80,277,324	80,277,324	77,131,940	81,144,575
Commodities	20,309,883	28,421,212	28,421,212	27,429,984	27,429,984
Capital Outlay	11,452,897	11,642,651	11,642,651	9,941,570	9,941,570
Debt Service	14,557,421	14,457,476	14,457,476	13,843,868	13,843,868
<i>Subtotal - Operations</i>	<i>\$ 461,519,281</i>	<i>\$ 483,182,567</i>	<i>\$ 483,182,567</i>	<i>\$ 478,739,040</i>	<i>\$ 483,884,786</i>
Aid to Local Units	15,000	17,011	17,011	17,011	17,011
Other Assistance	87,562,589	98,791,437	98,791,437	97,340,682	97,340,682
TOTAL	\$ 549,096,870	\$ 581,991,015	\$ 581,991,015	\$ 576,096,733	\$ 581,242,479
Financing:					
State General Fund	\$ 97,189,995	\$ 100,410,207	\$ 100,410,207	\$ 100,410,207	\$ 105,555,953
All Other Funds	451,906,875	481,580,808	481,580,808	475,686,526	475,686,526
TOTAL	\$ 549,096,870	\$ 581,991,015	\$ 581,991,015	\$ 576,096,733	\$ 581,242,479
FTE Positions	3,864.5	3,864.8	3,864.8	3,864.8	3,864.8

The **agency** requests an operating budget of \$576.1 million, including \$100.4 million from the State General Fund, for Kansas State University for FY 2020. This is a decrease of \$5.9 million, or 1.0 percent, all from special revenue funds, below the FY 2019 revised estimate. The decrease is primarily in contractual services (\$3.1 million), commodities (\$991,228), capital outlay (\$1.7 million), and other assistance (\$1.4 million), with a partially offsetting increase in salaries and wages (\$2.0 million).

The **Governor** recommends \$581.2 million, including \$105.6 million from the State General Fund, for FY 2020. This is an all funds increase of \$5.1 million, or 0.9 percent, and a State General Fund increase of \$5.1 million, or 5.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget. The Governor also restored \$4.0 million from the Global Foods System research program that had been reduced in prior years.

E. KSU - Extension and Agriculture Research Programs

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, Health and Human Sciences, 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, Health and Human Sciences, Engineering, and Veterinary Medicine.

KSU - EXTENSION AND AGRICULTURE RESEARCH PROGRAMS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 92,590,586	\$ 102,400,071	\$ 102,400,071	\$ 102,773,268	\$ 103,275,772
Contractual Services	20,696,484	17,264,068	17,264,068	17,151,565	17,151,565
Commodities	10,580,018	9,404,432	9,404,432	9,403,539	9,403,539
Capital Outlay	4,560,119	3,458,380	3,458,380	3,368,380	3,368,380
Debt Service	38,543	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 128,465,750</i>	<i>\$ 132,526,951</i>	<i>\$ 132,526,951</i>	<i>\$ 132,696,752</i>	<i>\$ 133,199,256</i>
Aid to Local Units	326,976	297,166	297,166	297,166	297,166
Other Assistance	15,075,619	16,045,304	16,045,304	16,045,304	16,045,304
TOTAL	\$ 143,868,345	\$ 148,869,421	\$ 148,869,421	\$ 149,039,222	\$ 149,541,726
Financing:					
State General Fund	\$ 45,798,391	\$ 46,748,150	\$ 46,748,150	\$ 46,748,150	\$ 47,250,654
All Other Funds	98,069,954	102,121,271	102,121,271	102,291,072	102,291,072
TOTAL	\$ 143,868,345	\$ 148,869,421	\$ 148,869,421	\$ 149,039,222	\$ 149,541,726
FTE Positions	1,106.2	1,121.1	1,121.1	1,121.1	1,121.1

The **agency** requests an operating budget of \$149.0 million, including \$46.7 million from the State General Fund, for KSU-Extension and Agricultural Research Programs for FY 2020. This is an increase of \$169,801, or 0.1 percent, all from special revenue funds, above the FY 2019 revised estimate. The increase is in salaries and wages (\$373,197) with partially offsetting decreases in contractual services (\$112,503) and capital outlay (\$90,000).

The **Governor** recommends \$149.5 million, including \$47.3 million from the State General Fund, for FY 2020. This is an all funds increase of \$502,504, or 0.3 percent, and a State General Fund increase of \$502,504, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

F. KSU - Veterinary Medical Center

The Veterinary Medical Center was established at Kansas State University (KSU) in 1905. It was included within the main campus budget of KSU 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. **The full-time equivalent students attending KSU – Veterinary Medical Center during the Fall 2018 semester is 731, which is an increase of 16 FTE students, or 2.1 percent, above the Fall 2017 semester number.**

KSU - VETERINARY MEDICAL CENTER SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 40,161,839	\$ 40,815,154	\$ 40,815,154	\$ 41,028,673	\$ 41,197,502
Contractual Services	7,205,789	11,204,787	11,204,787	9,038,740	9,038,740
Commodities	4,988,893	8,243,450	8,243,450	12,071,726	12,071,726
Capital Outlay	2,839,470	1,668,815	1,668,815	1,668,815	1,668,815
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 55,195,991</i>	<i>\$ 61,932,206</i>	<i>\$ 61,932,206</i>	<i>\$ 63,807,954</i>	<i>\$ 63,976,783</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	783,742	480,983	480,983	480,983	480,983
TOTAL	\$ 55,979,733	\$ 62,413,189	\$ 62,413,189	\$ 64,288,937	\$ 64,457,766
Financing:					
State General Fund	\$ 14,428,408	\$ 14,812,749	\$ 14,812,749	\$ 14,812,749	\$ 14,981,578
All Other Funds	41,551,325	47,600,440	47,600,440	49,476,188	49,476,188
TOTAL	\$ 55,979,733	\$ 62,413,189	\$ 62,413,189	\$ 64,288,937	\$ 64,457,766
FTE Positions	437.9	493.3	493.3	493.3	493.3

The **agency** requests an operating budget of \$64.3 million, including \$14.8 million from the State General Fund, for the KSU – Veterinary Medical Center for FY 2020. This is an increase of \$1.9 million, or 3.0 percent, all from special revenue funds, above the FY 2019 revised estimate. The increase is primarily in commodities (\$3.8 million) with a partially offsetting decrease in contractual services (\$2.2 million).

The **Governor** recommends \$64.4 million, including \$15.0 million from the State General Fund, for FY 2020. This is an all funds increase of \$168,829, or 0.3 percent, and a State General Fund increase of \$168,829, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

G. Pittsburg State University

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. **The full-time equivalent students attending Pittsburg State University during the Fall 2018 semester is 5,988, which is a decrease of 248 FTE students, or 4.0 percent, below the Fall 2017 semester number.**

PITTSBURG STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 67,159,007	\$ 65,330,390	\$ 65,330,390	\$ 65,638,176	\$ 66,018,710
Contractual Services	11,204,840	17,154,081	17,154,081	16,851,774	16,851,774
Commodities	3,935,863	5,142,376	5,142,376	5,110,082	5,110,082
Capital Outlay	1,805,775	2,752,403	2,752,403	2,466,496	2,466,496
Debt Service	2,393,956	2,277,110	2,277,110	2,154,423	2,154,423
<i>Subtotal - Operations</i>	<i>\$ 86,499,441</i>	<i>\$ 92,656,360</i>	<i>\$ 92,656,360</i>	<i>\$ 92,220,951</i>	<i>\$ 92,601,485</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	13,815,835	12,401,123	12,401,123	12,401,123	12,401,123
TOTAL	<u>\$ 100,315,276</u>	<u>\$ 105,057,483</u>	<u>\$ 105,057,483</u>	<u>\$ 104,622,074</u>	<u>\$ 105,002,608</u>
Financing:					
State General Fund	\$ 34,264,703	\$ 35,263,514	\$ 35,263,514	\$ 34,887,161	\$ 35,267,695
All Other Funds	66,050,573	69,793,969	69,793,969	69,734,913	69,734,913
TOTAL	<u>\$ 100,315,276</u>	<u>\$ 105,057,483</u>	<u>\$ 105,057,483</u>	<u>\$ 104,622,074</u>	<u>\$ 105,002,608</u>
FTE Positions	976.2	923.8	923.8	923.8	923.8

The **agency** requests an operating budget of \$104.6 million, including \$34.9 million from the State General Fund, for Pittsburg State University for FY 2020. This is a all funds decrease of \$435,409, or 0.4 percent, and a State General Fund decrease of \$376,353, or 1.1 percent, below the FY 2019 revised estimate. The decrease is in all other operations (\$435,409) with a partially offsetting increase in salaries and wages (\$307,786).

The **Governor** recommends \$105.0 million, including \$35.3 million from the State General Fund, for FY 2020. This is an all funds increase of \$380,534, or 0.4 percent, and a State General Fund increase of \$380,534, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

H. University of Kansas

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. **The full-time equivalent students attending the University of Kansas during the Fall 2018 semester is 21,505, which is a decrease of 105 FTE students, or 6.5 percent, below the Fall 2017 semester number.** The University of Kansas Medical Center submits a separate budget and a separate analysis is prepared for that institution.

UNIVERSITY OF KANSAS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 464,155,563	\$ 460,317,551	\$ 460,317,551	\$ 461,345,052	\$ 462,799,995
Contractual Services	136,700,871	161,060,839	161,060,839	160,816,261	160,885,484
Commodities	19,934,183	19,824,191	19,824,191	21,232,518	21,232,518
Capital Outlay	13,705,823	14,145,068	14,145,068	15,275,520	15,275,520
Debt Service	9,346,454	9,422,846	9,422,846	8,840,573	8,840,573
<i>Subtotal - Operations</i>	<i>\$ 643,842,894</i>	<i>\$ 664,770,495</i>	<i>\$ 664,770,495</i>	<i>\$ 667,509,924</i>	<i>\$ 669,034,090</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	69,800,513	70,757,368	70,757,368	70,719,995	70,719,995
TOTAL	\$ 713,643,407	\$ 735,527,863	\$ 735,527,863	\$ 738,229,919	\$ 739,754,085
Financing:					
State General Fund	\$ 129,741,558	\$ 133,827,589	\$ 133,827,589	\$ 133,733,982	\$ 135,258,148
All Other Funds	583,901,849	601,700,274	601,700,274	604,495,937	604,495,937
TOTAL	\$ 713,643,407	\$ 735,527,863	\$ 735,527,863	\$ 738,229,919	\$ 739,754,085
FTE Positions	5,346.8	5,349.8	5,349.8	5,349.8	5,349.8

The **agency** requests an operating budget of \$738.2 million, including \$133.7 million from the State General Fund, for the University of Kansas for FY 2020. This is an all funds increase of \$2.7 million, or 0.4 percent, and a State General Fund decrease of \$93,607, or 0.1 percent, from the FY 2019 revised estimate. The increases are primarily in salaries and wages (\$1.0 million), commodities (\$1.4 million), and capital outlay (\$1.1 million) with partially offsetting decreases in contractual services (\$244,578) and debt service (\$582,273).

The **Governor** recommends \$739.8 million, including \$135.3 million from the State General Fund, for FY 2020. This is an all funds increase of \$1.5 million, or 0.2 percent, and a State General Fund increase of \$1.5 million, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

I. University of Kansas Medical Center

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. **The full-time equivalent students attending the University of Kansas Medical Center during the Fall 2018 semester is 2,740, which is an increase of 22 FTE positions, or 0.8 percent, above the Fall 2017 semester.**

UNIVERSITY OF KANSAS MEDICAL CENTER SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 293,255,336	\$ 321,092,691	\$ 321,092,691	\$ 323,157,569	\$ 324,360,394
Contractual Services	49,859,760	49,828,512	49,828,512	49,792,649	49,794,218
Commodities	11,563,700	10,727,468	10,727,468	10,736,326	10,736,326
Capital Outlay	9,070,500	6,056,953	6,056,953	6,155,695	6,155,695
Debt Service	3,128,260	3,989,272	3,989,272	3,791,096	3,791,096
<i>Subtotal - Operations</i>	<i>\$ 366,877,556</i>	<i>\$ 391,694,896</i>	<i>\$ 391,694,896</i>	<i>\$ 393,633,335</i>	<i>\$ 394,837,729</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	10,161,507	12,872,003	12,872,003	11,774,077	11,824,368
TOTAL	\$ 377,039,063	\$ 404,566,899	\$ 404,566,899	\$ 405,407,412	\$ 406,662,097
Financing:					
State General Fund	\$ 104,800,203	\$ 108,656,945	\$ 108,656,945	\$ 109,652,327	\$ 110,907,012
All Other Funds	272,238,860	295,909,954	295,909,954	295,755,085	295,755,085
TOTAL	\$ 377,039,063	\$ 404,566,899	\$ 404,566,899	\$ 405,407,412	\$ 406,662,097
FTE Positions	2,986.5	3,184.0	3,184.0	3,184.0	3,184.0

The **agency** requests an operating budget of \$405.4 million, including \$109.7 million from the State General Fund, for the University of Kansas Medical Center for FY 2020. This is an all funds increase of \$840,513, or 0.2 percent, and a State General Fund increase of \$995,382, or 0.9 percent, above the FY 2019 revised estimate. The increase is primarily in salaries and wages (\$2.1 million) with a partially offsetting decrease in other assistance (\$1.1 million).

The **Governor** recommends \$406.7 million, including \$110.9 million from the State General Fund, for FY 2020. This is an all funds increase of \$1.3 million, or 0.3 percent, and a State General Fund increase of \$1.3 million, or 1.1 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

J. Wichita State University

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, WSU serves a large number of nontraditional students. WSU has two distinct student bodies: one is composed 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. **The full-time equivalent students attending Wichita State University during the Fall 2018 semester is 11,285, which is an increase of 176 FTE students, or 1.2 percent, above the Fall 2017 semester.**

**WICHITA STATE UNIVERSITY
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 179,634,197	\$ 189,346,054	\$ 189,346,054	\$ 191,629,642	\$ 192,346,460
Contractual Services	69,033,199	75,791,159	75,791,159	75,725,848	75,842,899
Commodities	11,986,043	12,224,475	12,224,475	12,325,653	12,325,653
Capital Outlay	12,088,952	16,108,887	16,108,887	16,108,041	16,108,041
Debt Service	4,178,745	3,989,214	3,989,214	3,799,902	3,799,902
<i>Subtotal - Operations</i>	<i>\$ 276,921,136</i>	<i>\$ 297,459,789</i>	<i>\$ 297,459,789</i>	<i>\$ 299,589,086</i>	<i>\$ 300,422,955</i>
Aid to Local Units	7,933	0	0	0	0
Other Assistance	40,383,903	42,209,090	42,209,090	42,780,437	42,780,437
TOTAL	<u>\$ 317,312,972</u>	<u>\$ 339,668,879</u>	<u>\$ 339,668,879</u>	<u>\$ 342,369,523</u>	<u>\$ 343,203,392</u>
Financing:					
State General Fund	\$ 70,811,009	\$ 79,978,072	\$ 79,978,072	\$ 79,978,072	\$ 80,811,941
All Other Funds	246,501,963	259,690,807	259,690,807	262,391,451	262,391,451
TOTAL	<u>\$ 317,312,972</u>	<u>\$ 339,668,879</u>	<u>\$ 339,668,879</u>	<u>\$ 342,369,523</u>	<u>\$ 343,203,392</u>
FTE Positions	2,087.4	2,153.0	2,153.0	2,153.0	2,153.0

The **agency** requests an operating budget of \$342.4 million, including \$80.0 million from the State General Fund, for Wichita State University for FY 2020. This is an increase of \$2.7 million, or 0.8 percent, all from special revenue funds, above the FY 2019 revised estimate. The increase is primarily in salaries and wages (\$2.3 million) and other assistance (\$571,347).

The **Governor** recommends \$343.2 million, including \$80.8 million from the State General Fund, for FY 2020. This is an all funds increase of \$833,869, or 0.2 percent, and a State General Fund increase of \$833,869, or 1.0 percent, above the agency's request. The Governor restored the remainder of the FY 2017 allotment reduction to the agency's budget.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Board of Regents	\$ 0	\$ 0	\$ 42,000,000	\$ 42,000,000
Emporia State University	12,090,628	12,090,628	5,095,000	5,095,000
Fort Hays State University	15,405,804	15,405,804	11,365,384	11,365,384
Kansas State University	35,878,285	35,878,285	19,724,617	19,724,617
KSU - ESARP	75,000	75,000	80,000	80,000
KSU - VMC	3,888,572	3,888,572	0	0
Pittsburg State University	11,251,213	11,251,213	4,778,498	4,778,498
University of Kansas	43,685,991	43,685,991	18,528,725	18,528,725
KU Medical Center	13,754,602	13,754,602	6,790,000	6,790,000
Wichita State University	25,328,094	25,328,094	23,024,581	23,024,581
TOTAL	\$ 161,358,189	\$ 161,358,189	\$ 131,386,805	\$ 131,386,805
Financing:				
State General Fund	\$ 3,014,517	\$ 3,014,517	\$ 2,175,063	\$ 2,175,063
Educational Building Fund	71,077,223	71,077,223	42,000,000	42,000,000
All Other Funds	87,266,449	87,266,449	87,211,742	87,211,742
TOTAL	\$ 161,358,189	\$ 161,358,189	\$ 131,386,805	\$ 131,386,805

FY 2019 – Current Year. The **agencies** estimate capital improvement expenditures of \$161.4 million, including \$3.0 million from the State General Fund, in FY 2019. This is an all funds increase of \$9.4 million, or 6.2 percent, and a State General Fund decrease of \$1.2 million, or 28.0 percent, from the FY 2019 approved amount. The increase is primarily due to additional construction projects at the University of Kansas, such as: 1) HVAC, chillers, and electrical; 2) Integrated Science, Music, and Spencer Library buildings; and 3) road and sidewalk repair. The State General Fund decrease is due to reduced debt service principal.

The **Governor** concurs with the agencies' estimates in FY 2019.

FY 2020 – Budget Year. The **agencies** request capital improvement expenditures of \$131.4 million, including \$2.2 million from the State General Fund, for FY 2020. This is an all funds decrease of \$30.0 million, or 18.6 percent, and a State General Fund decrease of \$839,454, or 27.8 percent, below the FY 2019 revised estimate. The all funds decrease is due to the completion of many construction projects in FY 2019 and very few construction projects budgeted for FY 2020. The State General Fund decrease is due to reduced debt service principal.

The **Governor** concurs with the agencies' requests for FY 2020.

STATE HISTORICAL SOCIETY

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 4,013,562	\$ 4,058,653	\$ 4,058,653	\$ 4,160,653	\$ 4,160,653
Other Funds	2,310,088	2,524,496	2,524,496	2,684,935	2,684,935
<i>Subtotal</i>	<i>\$ 6,323,650</i>	<i>\$ 6,583,149</i>	<i>\$ 6,583,149</i>	<i>\$ 6,845,588</i>	<i>\$ 6,845,588</i>
Capital Improvements:					
State General Fund	\$ 280,781	\$ 250,000	\$ 250,000	\$ 290,800	\$ 290,800
Other Funds	32,893	522,000	522,000	242,000	242,000
<i>Subtotal</i>	<i>\$ 313,674</i>	<i>\$ 772,000</i>	<i>\$ 772,000</i>	<i>\$ 532,800</i>	<i>\$ 532,800</i>
TOTAL	\$ 6,637,324	\$ 7,355,149	\$ 7,355,149	\$ 7,378,388	\$ 7,378,388
Percentage Change:					
Operating Expenditures					
State General Fund	1.7 %	1.1 %	1.1 %	2.5 %	2.5 %
All Funds	(3.4)	4.1	4.1	4.0	4.0
FTE Positions	63.0	83.5	83.5	83.5	83.5

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; provide support services to all State Historical Society programs; and provide for the environmental and physical security of the staff, patrons, and collections of the State 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 collections of other manuscripts, photographs, maps, newspapers, and other documents; and
- **Humanities Kansas.** The Kansas State Historical Society budget contains pass-through funds for the not-for-profit Humanities Kansas. Previously, this funding was included in the Administration program, but 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. The Legislature also 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 replacement 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 state 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.

The **2018 Legislature** added \$39,185, including \$27,597 from the State General Fund, to provide salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates total revised expenditures of \$7.4 million, including \$4.3 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$331,503, or 4.7 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a special revenue fund increase of \$331,503, or 12.2 percent. The State General Fund revised estimate is the same as the approved amount. The revised estimate includes 83.5 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The revised estimate includes an operating budget of \$6.6 million, including \$4.1 million from the State General Fund. The operating budget is an all funds decrease of \$142,497, or 2.1 percent, below the approved budget. This includes a special revenue fund decrease of \$142,497, or 5.3 percent. The State General Fund amount is the same as the approved amount. The special revenue fund decrease is primarily attributable to decreased salaries and wages expenditures due to the agency leaving some authorized positions vacant.

The revised estimate includes a capital improvements budget of \$772,000, including \$250,000 from the State General Fund. The capital improvements budget is an all funds increase of \$474,000, or 159.1 percent, above the approved budget. This includes a special revenue fund increase of \$474,000, or 987.5 percent. The State General Fund amount is the same as the approved amount. The special revenue fund increase is attributable to the planned expansion of the Law Enforcement Memorial on the Statehouse grounds.

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

FY 2020 – Budget Year. The **agency** requests total expenditures of \$7.4 million, including \$4.5 million from the State General Fund, for FY 2020. The request is an all funds increase of \$23,239, or 0.3 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$142,800, or 3.3 percent, and a special revenue fund decrease of \$119,561, or 3.9 percent. The request includes 83.5 FTE positions, which is the same as the FY 2019 revised estimate.

The request includes an operating budget of \$6.8 million, including \$4.2 million from the State General Fund. The operating budget is an all funds increase of \$262,439, or 4.0 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$102,000, or 2.5 percent, and a special revenue fund increase of \$160,439, or 6.4 percent. The State General Fund increase is attributable to the agency's enhancement request to cover various information technology expenditures. The special revenue fund increase is primarily attributable to increased expenditures for salaries and wages and contractual services.

The request includes a capital improvements budget of \$532,800, including \$290,800 from the State General Fund. The capital improvements budget is an all funds decrease of \$239,200, or 31.0 percent, below the FY 2019 revised estimate. This includes a State General Fund increase of \$40,800, or 16.3 percent, and a special revenue fund decrease of \$280,000, or 53.6 percent. The State General Fund increase is attributable to the agency's enhancement request to fund repairs at the Kaw Mission State Historic Site. The special revenue fund decrease is primarily attributable to the planned completion of the Law Enforcement Memorial expansion on the Statehouse grounds.

The **Governor** concurs with the agency's FY 2020 request.

PERFORMANCE MEASURES

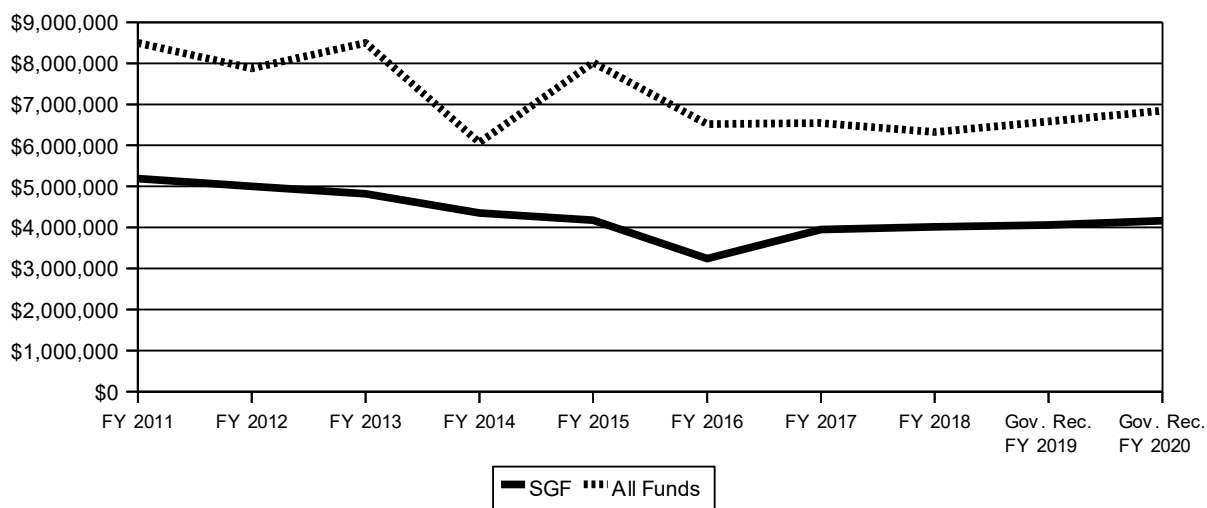
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of page views of digitized KSHS archival content annually accessed on partnership sites (in millions)	N/A	9.9	N/A	40.1	42.2	42.2
Number of statewide jobs created by state and federal historic preservation tax credits annually	N/A	669	N/A	1,242	1,000	1,000
Number of curriculum materials distributed annually	59,943	48,070	50,000	46,428	48,000	48,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 6,881.7	\$ 7,047.9	\$ 6,865.6	\$ 6,637.3	\$ 7,355.1	\$ 7,378.4
FTE Positions	65.0	63.0	82.5	63.0	83.5	83.5

The agency indicates the number of page views of digitized archival content increased by 30.2 million views, or 305.0 percent, from FY 2017 to FY 2018, which is due to a partnership with Newspapers.com and the digitization of the agency's collection of pre-1923 Kansas newspapers.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	4,013,562	1.7	6,323,650	(3.4)	63.0
2019 Gov. Rec.	4,058,653	1.1	6,583,149	4.1	83.5
2020 Gov. Rec.	4,160,653	2.5	6,845,588	4.0	83.5
Ten-Year Change Dollars/Percent	\$ (1,026,925)	(19.8)%	\$ (1,651,236)	(19.4)%	(54.0)

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation				
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19	
By Program:											
Administration	\$	2,113,923	\$ 2,140,817	\$ 2,360,421	\$ 219,604	10.3 %	\$ 2,140,817	\$ 2,360,421	\$ 219,604	10.3 %	
Education & Museum		662,581	772,899	783,756	10,857	1.4	772,899	783,756	10,857	1.4	
Cultural Resources		2,464,551	2,508,955	2,562,908	53,953	2.2	2,508,955	2,562,908	53,953	2.2	
State Archives		1,032,094	1,109,977	1,088,002	(21,975)	(2.0)	1,109,977	1,088,002	(21,975)	(2.0)	
Humanities Kansas		50,501	50,501	50,501	0	0.0	50,501	50,501	0	0.0	
TOTAL	\$	6,323,650	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	
By Major Object of Expenditure:											
Salaries and Wages	\$	3,937,952	\$ 4,236,223	\$ 4,358,162	\$ 121,939	2.9 %	\$ 4,236,223	\$ 4,358,162	\$ 121,939	2.9 %	
Contractual Services		1,053,898	1,160,575	1,287,075	126,500	10.9	1,160,575	1,317,075	156,500	13.5	
Commodities		140,154	133,850	133,850	0	0.0	133,850	133,850	0	0.0	
Capital Outlay		145,151	6,000	36,000	30,000	500.0	6,000	6,000	0	0.0	
Debt Service		0	0	0	0	--	0	0	0	--	
Subtotal - Operations	\$	5,277,155	\$ 5,536,648	\$ 5,815,087	\$ 278,439	5.0 %	\$ 5,536,648	\$ 5,815,087	\$ 278,439	5.0 %	
Aid to Local Units		259,591	256,000	240,000	(16,000)	(6.3)	256,000	240,000	(16,000)	(6.3)	
Other Assistance		786,904	790,501	790,501	0	0.0	790,501	790,501	0	0.0	
TOTAL	\$	6,323,650	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	
Financing:											
State General Fund	\$	4,013,562	\$ 4,058,653	\$ 4,160,653	\$ 102,000	2.5 %	\$ 4,058,653	\$ 4,160,653	\$ 102,000	2.5 %	
Heritage Trust Fund		904,463	959,284	964,820	5,536	0.6	959,284	964,820	5,536	0.6	
Federal Funds		625,630	615,917	672,626	56,709	9.2	615,917	672,626	56,709	9.2	
All Other Funds		779,995	949,295	1,047,489	98,194	10.3	949,295	1,047,489	98,194	10.3	
TOTAL	\$	6,323,650	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	\$ 6,583,149	\$ 6,845,588	\$ 262,439	4.0 %	

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$4.3 million for the Kansas State Historical Society in FY 2019. No adjustments have been made subsequently 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	\$ 4,308,653	\$ 4,308,653	\$ 0	\$ 4,308,653	\$ 0
All Other Funds	2,714,993	3,046,496	331,503	3,046,496	331,503
TOTAL	\$ 7,023,646	\$ 7,355,149	\$ 331,503	\$ 7,355,149	\$ 331,503
FTE Positions	82.5	83.5	1.0	83.5	1.0

The **agency** estimates total revised expenditures of \$7.4 million, including \$4.3 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$331,503, or 4.7 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a special revenue fund increase of \$331,503, or 12.2 percent. The State General Fund revised estimate is the same as the approved amount. The revised estimate includes 83.5 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The revised estimate includes an operating budget of \$6.6 million, including \$4.1 million from the State General Fund. The operating budget is an all funds decrease of \$142,497, or 2.1 percent, below the approved budget. This includes a special revenue fund decrease of \$142,497, or 5.3 percent. The State General Fund revised estimate is the same as the approved amount. The special revenue fund decrease is primarily attributable to decreased salaries and wages expenditures due to the agency leaving some authorized positions vacant. The increase in FTE positions is attributable to the agency adding 1.0 FTE position in the Education and Museum program for public service.

The revised estimate includes a capital improvements budget of \$772,000, including \$250,000 from the State General Fund. The capital improvements budget is an all funds increase of \$474,000, or 159.1 percent, above the approved budget. This includes a special revenue fund increase of \$474,000, or 987.5 percent. The State General Fund amount is the same as the approved amount. The special revenue fund increase is attributable to the planned expansion of the Law Enforcement Memorial on the Statehouse grounds.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
Total Request/Recommendation	\$	6,845,588	\$ 6,845,588	\$ 0
FTE Positions		83.5	83.5	0.0
Change from FY 2019:				
<i>Dollar Change:</i>				
State General Fund	\$	102,000	\$ 102,000	
All Other Funds		160,439	160,439	
TOTAL	\$	262,439	\$ 262,439	
<i>Percent Change:</i>				
State General Fund		2.5 %	2.5 %	
All Other Funds		6.4	6.4	
TOTAL		4.0 %	4.0 %	
Change in FTE Positions		0.0	0.0	

The **agency** requests operating expenditures of \$6.8 million, including \$4.2 million from the State General Fund, for FY 2020. The request is an all funds increase of \$262,439, or 4.0 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$102,000, or 2.5 percent, and a special revenue fund increase of \$160,439, or 6.4 percent. The request includes 83.5 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is attributable to the agency's enhancement request for funding to cover various information technology expenditures. For more information on this request, please see the following Enhancement Detail section.

The special revenue fund increase is partially attributable to increased salaries and wages expenditures, particularly for classified salaries and employer contributions for KPERS and health insurance. It is also attributable to increased contractual services expenditures to reflect the recommended inflation rates.

The **Governor** concurs with the agency's FY 2020 request.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancement	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Information Technology	\$ 102,000	\$ 102,000	0.0	\$ 102,000	\$ 102,000	0.0

The **agency** requests enhancement funding of \$102,000, all from the State General Fund, for expenditures associated with various information technology projects. These include:

- \$30,000 for data storage;
- \$25,000 for the subscription to the software used by the Kansas Enterprise Electronic Preservation System;
- \$12,000 for a cloud backup of critical state documents; and
- \$35,000 for increases in Office of Information Technology Services charges for data storage and Microsoft Office 365.

Without the enhancement request, the agency's operating budget request totals \$6.7 million, including \$4.1 million from the State General Fund.

The **Governor** concurs with the agency's FY 2020 enhancement request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$39,185, including \$27,597 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$28,960, including \$20,790 from the State General Fund, and FY 2020 longevity payments total \$27,800, including \$19,550 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

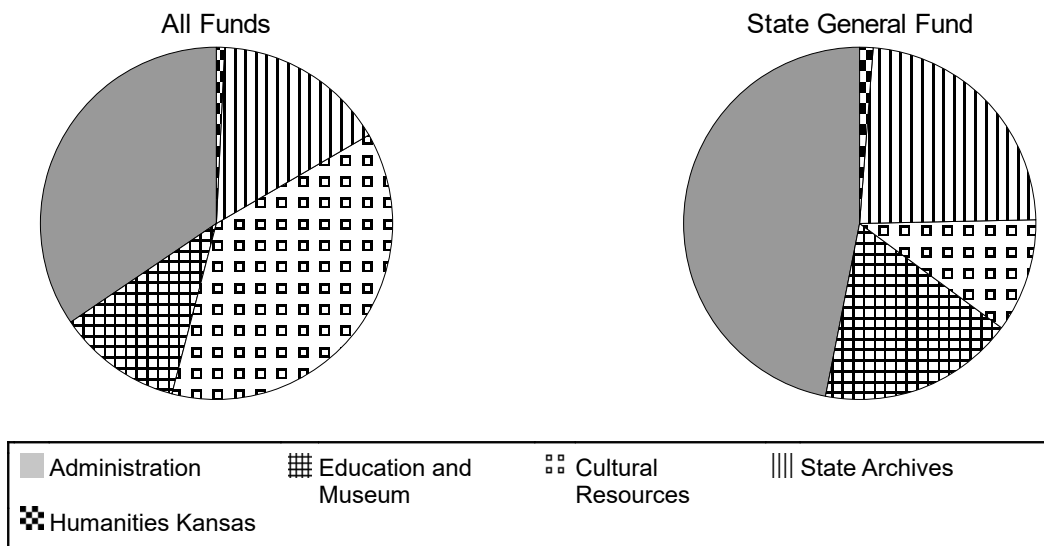
Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	60.8 %	60.8 %
Heritage Trust Fund	14.1	14.1
Federal Funds	9.8	9.8
All Other Funds	15.3	15.3
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 2,360,421	34.5 %	\$ 1,951,246	46.9 %
Education and Museum	783,756	11.4	748,992	18.0
Cultural Resources	2,562,908	37.4	434,074	10.4
State Archives	1,088,002	15.9	975,840	23.5
Humanities Kansas	50,501	0.7	50,501	1.2
TOTAL	\$ 6,845,588	100.0 %	\$ 4,160,653	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	16.5	21.5	21.5	21.5	21.5
Education & Museum	10.5	16.0	16.0	16.0	16.0
Cultural Resources	19.0	28.0	28.0	28.0	28.0
State Archives	17.0	18.0	18.0	18.0	18.0
Humanities Kansas	0.0	0.0	0.0	0.0	0.0
TOTAL	63.0	83.5	83.5	83.5	83.5

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, provide supportive services to all State Historical Society programs, and 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 created a separate program to track those moneys.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,971.7	\$ 2,285.5	\$ 2,163.9	\$ 2,113.9	\$ 2,140.8	\$ 2,360.4
FTE Positions	17.5	16.5	20.5	16.5	21.5	21.5

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,114,038	\$ 1,187,742	\$ 1,187,742	\$ 1,250,846	\$ 1,250,846
Contractual Services	777,842	873,275	873,275	999,775	1,029,775
Commodities	90,610	77,800	77,800	77,800	77,800
Capital Outlay	131,433	2,000	2,000	32,000	2,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,113,923</i>	<i>\$ 2,140,817</i>	<i>\$ 2,140,817</i>	<i>\$ 2,360,421</i>	<i>\$ 2,360,421</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,113,923	\$ 2,140,817	\$ 2,140,817	\$ 2,360,421	\$ 2,360,421
Financing:					
State General Fund	\$ 1,900,812	\$ 1,838,943	\$ 1,838,943	\$ 1,951,246	\$ 1,951,246
All Other Funds	213,111	301,874	301,874	409,175	409,175
TOTAL	\$ 2,113,923	\$ 2,140,817	\$ 2,140,817	\$ 2,360,421	\$ 2,360,421
FTE Positions	16.5	21.5	21.5	21.5	21.5

The **agency** estimates expenditures of \$2.1 million, including \$1.8 million from the State General Fund, for the Administration program in FY 2019. The revised estimate is an all funds decrease of \$53,410, or 2.4 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$21,506, or 1.2 percent, and a special revenue fund decrease of \$74,916, or 19.9 percent. The revised estimate includes 21.5 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The State General Fund increase is primarily attributable to increased contractual services expenditures, particularly for various information technology expenditures, including services purchased from the Office of Information Technology Services. The increase is also attributable to the agency shifting funding for commodities from special revenue funds to the State General Fund. These increases are partially offset by decreased capital outlay expenditures for furniture, fixtures, and other related equipment. They are also offset by decreased salaries and wages expenditures, particularly for classified salaries.

The special revenue fund decrease is attributable in part to decreased salaries and wages expenditures, particularly for classified salaries and employer contributions to KPERS. The decrease is also attributable to the agency shifting funding for commodities from special revenue funds to the State General Fund. Additionally, the decrease is attributable to decreased capital outlay expenditures for furniture, fixtures, and other related equipment.

The increase in FTE positions is attributable to the agency shifting 1.0 FTE position from the Education and Museum program to the Administration program. This position will help rewrite the Kansas history textbook that is produced by the agency.

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

The **agency** requests expenditures of \$2.4 million, including \$2.0 million from the State General Fund, for the Administration program for FY 2020. The request is an all funds increase of \$219,604, or 10.3 percent, above the FY 2019 revised estimate. This includes a State

General Fund increase of \$112,303, or 6.1 percent, and a special revenue fund increase of \$107,301, or 35.5 percent. The request includes 21.5 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's enhancement request for additional funding for various information technology projects. It is also attributable in part to increased salaries and wages expenditures, including for classified salaries and employer contributions for KPERS and health insurance.

The special revenue fund increase is attributable to increased contractual services expenditures to reflect the recommended inflation rates. It is also attributable to increased salaries and wages expenditures for classified salaries and employer contributions for KPERS and health insurance.

The **Governor** concurs with the agency's FY 2020 request.

B. Education and Museum

As part of the agency's FY 2014 reorganization, the Education division and the 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 program. The goal of the Education and Museum program is to interpret the people and events of Kansas history for students and the general public. This includes providing curriculum support for the teachers of Kansas history and government in K-12 classrooms, which is required by statutes 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 the state. The program cares for the State's historic artifact collection and operates the Kansas Museum of History. Additionally, the program is responsible for the operation of the Capitol Visitor Center. Funding for this program has shifted largely from State General Fund appropriations to a combination of user fees deposited in agency fee funds and the State General Fund.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of curriculum materials distributed annually	59,943	48,070	50,000	46,428	48,000	48,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 685.6	\$ 715.4	\$ 762.6	\$ 662.6	\$ 772.9	\$ 783.8
FTE Positions	10.5	11.5	16.0	10.5	16.0	16.0

EDUCATION AND MUSEUM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 619,048	\$ 728,399	\$ 728,399	\$ 739,256	\$ 739,256
Contractual Services	18,484	18,500	18,500	18,500	18,500
Commodities	21,173	22,000	22,000	22,000	22,000
Capital Outlay	3,876	4,000	4,000	4,000	4,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 662,581</i>	<i>\$ 772,899</i>	<i>\$ 772,899</i>	<i>\$ 783,756</i>	<i>\$ 783,756</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 662,581	\$ 772,899	\$ 772,899	\$ 783,756	\$ 783,756
Financing:					
State General Fund	\$ 632,859	\$ 740,136	\$ 740,136	\$ 748,992	\$ 748,992
All Other Funds	29,722	32,763	32,763	34,764	34,764
TOTAL	\$ 662,581	\$ 772,899	\$ 772,899	\$ 783,756	\$ 783,756
FTE Positions	10.5	16.0	16.0	16.0	16.0

The **agency** estimates expenditures of \$772,899, including \$740,136 from the State General Fund, for the Education and Museum program in FY 2019. The revised estimate is an all funds decrease of \$10,030, or 1.3 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$19,803, or 2.7 percent, and a special revenue fund decrease of \$29,833, or 47.7 percent. The request includes 16.0 FTE positions, which is the same as the approved number.

The State General Fund increase is attributable in part to the agency shifting some funding for salaries and wages from special revenue funds to the State General Fund. It is also attributable to increased commodities expenditures for materials related to the production of museum exhibits and increased capital outlay expenditures for furniture, fixtures, and other related equipment. These increases are partially offset by decreased contractual services expenditures to bring planned expenditures in line with FY 2018 actual expenditures.

The special revenue fund decrease is primarily attributable to decreased salaries and wages expenditures. This is due to the agency shifting some expenditures from special revenue funds to the State General Fund and to decreased expenditures for classified salaries and employer contributions for health insurance.

The agency added a new 1.0 FTE position for a public service executive in FY 2019. However, the agency also shifted 1.0 FTE position from the Education and Museum program to the Administration program to assist in rewriting the Kansas history textbook that is produced by the agency. As a result, the total number of FTE positions for the Education and Museum program remained the same despite the creation of a new position.

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

The **agency** requests \$783,756, including \$748,992 from the State General Fund, for the Education and Museum program for FY 2020. The request is an all funds increase of \$10,857, or 1.4 percent, above the FY 2019 revised estimate. This includes a State General

Fund increase of \$8,856, or 1.2 percent, and a special revenue fund increase of \$2,001, or 6.1 percent. The request includes 16.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is attributable to increased salaries and wages expenditures, particularly for classified salaries and employer contributions for KPERS and health insurance.

The special revenue fund increase is attributable to the agency shifting some funding for capital outlay from the State General Fund to special revenue funds.

The **Governor** concurs with the agency's FY 2020 request.

C. Cultural Resources

The goal of the Cultural Resources program is to preserve the state's archeological, architectural, and historic resources, while at the same time assisting communities and property owners in economic development through assistance in rehabilitating and re-purposing historic structures. The program 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 program during the agency's FY 2014 reorganization.

The program is funded through a combination of State General Fund appropriations, 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 Historical Places to include districts, sites, building, structures, and objects significant to American history, archeology, and culture. The Act provides funding for the State's Historical Preservation program, which is overseen by the Executive Director the State Historical Society in his or her capacity as the State Historic Preservation Officer. These federal funds are used to cover administrative expenditures related to the program and required 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).

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of statewide jobs created by state and federal historic preservation tax credits annually	N/A	669	N/A	1,242	1,000	1,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 2,793.3	\$ 2,477.3	\$ 2,496.7	\$ 2,464.6	\$ 2,509.0	\$ 2,562.9
FTE Positions	20.0	18.0	28.0	19.0	28.0	28.0

CULTURAL RESOURCES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,237,689	\$ 1,286,955	\$ 1,286,955	\$ 1,356,908	\$ 1,356,908
Contractual Services	208,402	213,500	213,500	213,500	213,500
Commodities	12,710	12,500	12,500	12,500	12,500
Capital Outlay	9,756	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,468,557</i>	<i>\$ 1,512,955</i>	<i>\$ 1,512,955</i>	<i>\$ 1,582,908</i>	<i>\$ 1,582,908</i>
Aid to Local Units	259,591	256,000	256,000	240,000	240,000
Other Assistance	736,403	740,000	740,000	740,000	740,000
TOTAL	\$ 2,464,551	\$ 2,508,955	\$ 2,508,955	\$ 2,562,908	\$ 2,562,908
Financing:					
State General Fund	\$ 476,694	\$ 431,255	\$ 431,255	\$ 434,074	\$ 434,074
All Other Funds	1,987,857	2,077,700	2,077,700	2,128,834	2,128,834
TOTAL	\$ 2,464,551	\$ 2,508,955	\$ 2,508,955	\$ 2,562,908	\$ 2,562,908
FTE Positions	19.0	28.0	28.0	28.0	28.0

The **agency** estimates expenditures of \$2.5 million, including \$431,255 from the State General Fund, for the Cultural Resources program in FY 2019. The revised estimate is an all funds decrease of \$60,905, or 2.4 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund decrease of \$8,088, or 1.8 percent, and a special revenue fund decrease of \$52,817, or 2.5 percent. The estimate includes 28.0 FTE positions, which is the same as the approved number.

The State General Fund decrease is primarily attributable to decreased salaries and wages expenditures, particularly classified salaries. This decrease is partially offset by increased contractual services expenditures, including for utilities and staff travel to inspect and evaluate historic properties.

The special revenue fund decrease is primarily attributable to decreased salaries and wages expenditures, particularly classified salaries. It is also attributable in part to the agency shifting some funding for contractual services from special revenue funds to the State General Fund.

In addition, the agency shifted expenditures of \$80,000, all from special revenue funds, from other assistance to aid to local units of government.

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

The **agency** requests expenditures of \$2.6 million, including \$434,074 from the State General Fund, for the Cultural Resources program for FY 2020. The request is an all funds increase of \$53,953, or 2.2 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$2,819, or 0.7 percent, and a special revenue fund increase of \$51,134, or 2.5 percent. The request includes 28.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to increased salaries and wages expenditures, including classified salaries, unclassified salaries, and employer contributions for KPERS and health insurance. This increase is partially offset by the agency shifting some funding for contractual services from the State General Fund to special revenue funds.

The special revenue fund increase is primarily attributable to increased salaries and wages expenditures, including classified salaries, unclassified salaries, and employer contributions for KPERS and health insurance. This increase is partially offset by decreased expenditures for aid to local units of government, which help local governments preserve historic buildings and archeological resources.

The **Governor** concurs with the agency's FY 2020 request.

D. State Archives

The State Archives program was established as part of the agency's FY 2014 reorganization. The program combines the government records management and preservation responsibilities performed by the state archives with the function of the previous historical research collections division. The program works with the State Records Board to ensure all government records are scheduled for retention and disposition. The program also collects a variety of historical documents to tell the stories of Kansas people through online resources.

Responsibilities of the program 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; reviewing 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 administering 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 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of page views of digitized KSHS archival content annually accessed on partnership sites (in millions)	N/A	9.9	N/A	40.1	42.2	42.2
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,068.9	\$ 1,064.7	\$ 1,069.3	\$ 1,032.1	\$ 1,110.0	\$ 1,088.0
FTE Positions	17.0	17.0	18.0	17.0	18.0	18.0

STATE ARCHIVES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 967,177	\$ 1,033,127	\$ 1,033,127	\$ 1,011,152	\$ 1,011,152
Contractual Services	49,170	55,300	55,300	55,300	55,300
Commodities	15,661	21,550	21,550	21,550	21,550
Capital Outlay	86	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,032,094</i>	<i>\$ 1,109,977</i>	<i>\$ 1,109,977</i>	<i>\$ 1,088,002</i>	<i>\$ 1,088,002</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,032,094	\$ 1,109,977	\$ 1,109,977	\$ 1,088,002	\$ 1,088,002
Financing:					
State General Fund	\$ 952,696	\$ 997,818	\$ 997,818	\$ 975,840	\$ 975,840
All Other Funds	79,398	112,159	112,159	112,162	112,162
TOTAL	\$ 1,032,094	\$ 1,109,977	\$ 1,109,977	\$ 1,088,002	\$ 1,088,002
FTE Positions	17.0	18.0	18.0	18.0	18.0

The **agency** estimates expenditures of \$1.1 million, including \$1.0 million from the State General Fund, for the State Archives program in FY 2019. The revised estimate is an all funds increase of \$21,033, or 1.9 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund decrease of \$5,624, or 0.6 percent, and a special revenue fund increase of \$26,657, or 31.2 percent. The request includes 18.0 FTE positions, which is the same as the approved number.

The State General Fund decrease is primarily attributable to the agency shifting some funding for salaries and wages from the State General Fund to special revenue funds.

The special revenue fund increase is primarily attributable to increased salaries and wages expenditures for classified salaries and employer contributions for health insurance. It is also attributable in part to the agency shifting some funding for salaries and wages from the State General Fund to special revenue funds.

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

The **agency** requests expenditures of \$1.1 million, including \$1.0 million from the State General Fund, for the State Archives program for FY 2020. The request is an all funds decrease of \$21,975, or 2.0 percent, below the FY 2019 revised estimate. This includes a State General Fund decrease of \$21,978, or 2.2 percent, and a special revenue fund increase of \$3, or less than 0.1 percent. The request includes 18.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund decrease is attributable to decreased salaries and wages expenditures for classified salaries.

The **Governor** concurs with the agency's FY 2020 request.

E. Humanities Kansas

Humanities Kansas, formerly known as the Kansas Humanities Council, is a nonprofit that connects communities to the history, tradition, and ideas that strengthen civic life. Humanities Kansas uses 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 Resource 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 Humanities Kansas, which is specifically appropriated to the organization. Previously, these pass-through moneys were budgeted under the Administration program, but are now budgeted as a separate program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 0.0	\$ 0.0	\$ 50.5	\$ 50.5	\$ 50.5	\$ 50.5
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

HUMANITIES KANSAS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	50,501	50,501	50,501	50,501	50,501
TOTAL	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
Financing:					
State General Fund	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
All Other Funds	0	0	0	0	0
TOTAL	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates revised expenditures of \$50,501, all from the State General Fund, for Humanities Kansas in FY 2019. The revised estimate is the same as the FY 2019 budget approved by the 2018 Legislature.

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

The **agency** requests expenditures of \$50,501, all from the State General Fund, for Humanities Kansas for FY 2020. The request is the same as the FY 2019 revised estimate.

The **Governor** concurs with the agency's FY 2020 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Rehabilitation & Repair	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Kaw Mission	45,000	45,000	40,800	40,800
Law Enforcement Memorial	477,000	477,000	0	0
Shawnee Indian Mission	0	0	242,000	242,000
TOTAL	\$ 772,000	\$ 772,000	\$ 532,800	\$ 532,800
Financing:				
State General Fund	\$ 250,000	\$ 250,000	\$ 290,800	\$ 290,800
All Other Funds	522,000	522,000	242,000	242,000
TOTAL	\$ 772,000	\$ 772,000	\$ 532,800	\$ 532,800

FY 2019 – Current Year. The **agency** estimates capital improvements expenditures of \$772,000, including \$250,000 from the State General Fund, in FY 2019. This is an all funds increase of \$474,000, or 159.1 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a special revenue fund increase of \$474,000, or 987.5 percent. The State General Fund estimate is the same as the approved amount. The special revenue fund increase is primarily attributable to planned expansion of the Law Enforcement Memorial on the Statehouse grounds in FY 2019. Individual capital improvements projects are described below.

Rehabilitation and Repair. The agency estimates expenditures of \$250,000, all from the State General Fund, for rehabilitation and repair projects. The agency uses this funding to conduct unanticipated repairs to the more than 50 buildings located at the 16 state historic sites and at the Kansas State Historical Society headquarters in Topeka. Projects include repairs to roofs, windows, doors, heating and air conditioning, and plumbing. Projects are selected based on urgency of need, public safety, and the preservation of historic buildings.

Kaw Mission Rehabilitation. The agency estimates expenditures of \$45,000, all from special revenue funds, to begin the rehabilitation of the Kaw Mission State Historic Site. This is a decrease of \$3,000 below the approved budget due to decreased revenue estimates from federal funds. The project is estimated to cost a total of \$85,800 over a two-year period. The agency indicates Kaw Mission has not had significant repairs since the 1950s. The project includes:

- \$28,000 for gutter and roof repairs;
- \$27,000 for mechanical, electrical, and plumbing repairs and upgrades;
- \$5,000 for plaster repairs to the interior historic walls;
- \$18,000 for repairs to the historic windows; and
- \$7,800 for project contingency funds.

Law Enforcement Memorial. The agency estimates expenditures of \$477,000, all from special revenue funds, to expand the Law Enforcement Memorial located on the Statehouse grounds. The agency has secured private funding for the entirety of this project.

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

FY 2020 – Budget Year. The **agency** requests capital improvements expenditures of \$532,800, including \$290,800 from the State General Fund, for FY 2020. This is an all funds decrease of \$239,200, or 31.0 percent, below the FY 2019 revised estimate. This includes a State General Fund increase of \$40,800, or 16.3 percent, and a special revenue fund decrease of \$280,000, or 53.6 percent. The State General Fund increase is attributable to the agency's enhancement request for the rehabilitation of Kaw Mission State Historic Site. The special revenue fund decrease is attributable to the planned completion of the Law Enforcement Memorial expansion, which is partially offset by a planned rehabilitation project at Shawnee Indian Mission State Historic Site. Individual capital improvements projects are described below.

Rehabilitation and Repair. The agency requests expenditures of \$250,000, all from the State General Fund, for rehabilitation and repair projects. The agency uses this funding to conduct unanticipated repairs to the more than 50 buildings located at the 16 state historic sites and at the Kansas State Historical Society headquarters in Topeka. Projects include repairs to roofs, windows, doors, heating and air conditioning, and plumbing. Projects are selected based on urgency of need, public safety, and the preservation of historic buildings.

Kaw Mission Rehabilitation. The agency requests expenditures of \$40,800, all from the State General Fund, to finish the rehabilitation of the Kaw Mission State Historic Site. The project is estimated to cost a total of \$85,800 over a two-year period. The agency indicates Kaw Mission has not had significant repairs since the 1950s. The project includes:

- \$28,000 for gutter and roof repairs;
- \$27,000 for mechanical, electrical, and plumbing repairs and upgrades;
- \$5,000 for plaster repairs to the interior historic walls;
- \$18,000 for repairs to the historic windows; and
- \$7,800 for project contingency funds.

Shawnee Indian Mission–West Building Rehabilitation. The agency requests expenditures of \$242,000, all from special revenue funds, to repair and rehabilitate the West Building at Shawnee Indian Mission State Historic Site. The agency has applied for federal funding to cover half of the cost of this project. A not-for-profit organization affiliated with the City of Fairway, with which the agency has an agreement to operate the site, has agreed to match the federal grant with private funds. The project includes:

- \$5,000 for demolition;
- \$81,000 for electrical, mechanical, life safety systems, and plumbing removals for bathrooms not compliant with the Americans with Disabilities Act;
- \$22,000 for accessibility changes;
- \$25,000 for plaster repairs to the interior historic walls;
- \$55,000 for repairs to the historical facade;
- \$8,000 for engineering and consultants;
- \$14,000 for repairs to historic features; and
- \$22,000 for project contingency funds.

The **Governor** concurs with the agency's FY 2020 capital improvements budget.

STATE LIBRARY

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 3,872,811	\$ 3,895,635	\$ 3,895,635	\$ 3,895,635	\$ 3,895,635
Other Funds	1,529,258	1,869,502	1,869,502	1,911,478	1,911,478
Subtotal	\$ 5,402,069	\$ 5,765,137	\$ 5,765,137	\$ 5,807,113	\$ 5,807,113
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 5,402,069	\$ 5,765,137	\$ 5,765,137	\$ 5,807,113	\$ 5,807,113
Percentage Change:					
Operating Expenditures					
State General Fund	0.2 %	0.6 %	0.6 %	0.0 %	0.0 %
All Funds	6.7	6.7	6.7	0.7	0.7
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, KS 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 services. 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 Librarian serves as an ex officio member (not entitled to vote) on the State Library of Kansas Board and serves as the Board Secretary (KS 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, operates the

Kansas Talking Books Services for blind and handicapped Kansans, and oversees the state's Summer Reading Program.

To carry out its agency mission, the State Library has established a new three-program structure:

- **Reference Division.** This division provides research support to Kansas agencies and the Legislature, assists Kansans who need help in identifying legislation or explaining legislative procedures, and cataloging state government records;
- **Statewide Services and Resources Division.** This division oversees library projects and services available to all Kansas residents (the Kansas Library eCard, interlibrary loan, databases, and digital books). In addition to customer and technical support for resident services, the division assists libraries statewide with the federal E-rate program and disseminates library development information; and
- **Talking Books Service to the Visually and Physically Impaired Division.** This program provides a ranges of services for Kansas residents who cannot read conventional printed materials due to visual or physical impairments.

For budgeting purposes, however, the agency continues to budget using its old program structure: Administration and Services to the Blind and Handicapped.

The agency expects to transition to the new three-program structure for budgeting in the near future.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$219,711, all from the State General Fund. 1.0 vacant FTE position was eliminated, which decreased the agency's FTE limitation from 25.0 in FY 2011 to 24.0 in FY 2012.

The **2012 Legislature** added \$800,000, all from the State General Fund, to fund research databases through the State Library for FY 2013. The 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 decrease in operating expenditures for FY 2014. Funding for salaries and wages was decreased by \$186,301 for FY 2014 and \$186,612 for 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 had 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.

The **2018 Legislature** added \$20,537, including \$14,278 from the State General Fund, for salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates revised expenditures of \$5.8 million, including \$3.9 million from the State General Fund, in FY 2019. The revised estimate is an all funds decrease of \$20,537, or 0.4 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a special revenue fund decrease of \$20,537, or 1.1 percent. The State General Fund estimate is the same as the approved amount. The revised estimate includes 30.0 FTE positions, which is the same as the approved number. The special revenue fund decrease is attributable to decreased expenditures for contractual services, which is partially offset by increased special revenue fund expenditures for salaries and wages.

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

FY 2020 – Budget Year. The **agency** requests expenditures of \$5.8 million, including \$3.9 million from the State General Fund, for FY 2020. The request is an all funds increase of \$41,976, or 0.7 percent, above the FY 2019 revised estimate. This includes a special revenue fund increase of \$41,976, or 2.2 percent. The State General Fund amount is the same as the FY 2019 revised estimate. The request includes 30.0 FTE positions, which is the same as the FY 2019 revised estimate. The special revenue fund increase is attributable to increased revenue estimates from the federal Library Services and Technology Act grant.

The **Governor** concurs with the agency's FY 2020 request.

PERFORMANCE MEASURES

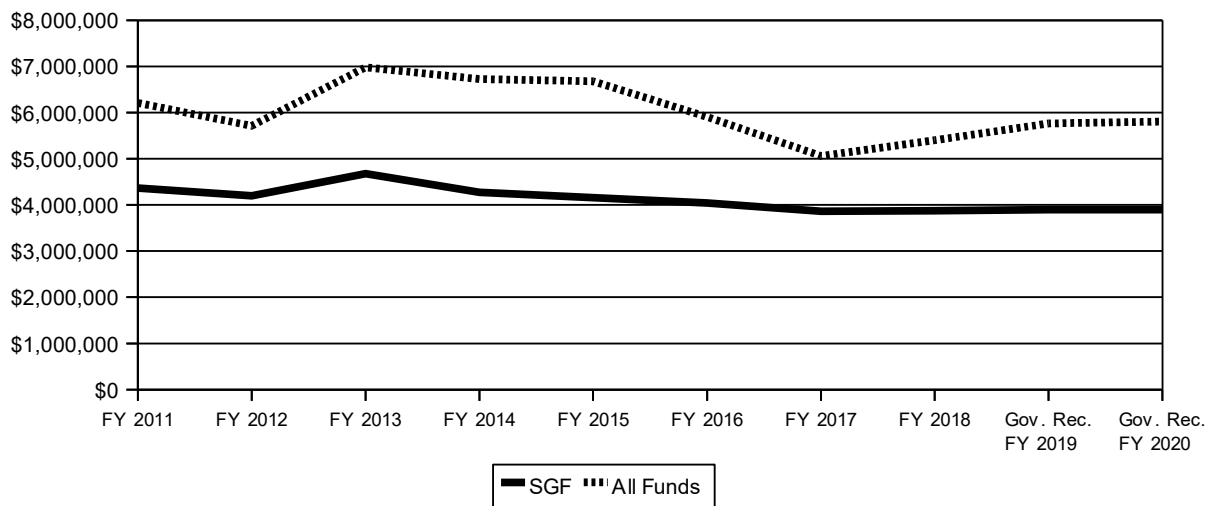
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of children participating in summer reading program	98,540	86,947	88,000	96,876	97,500	98,000
Number of active users of Talking Books Services served annually	N/A	4,790	N/A	4,790	4,790	4,820
Number of database searches/queries (in millions)	164.9	204.3	214.6	168.0	178.0	188.7
Number of requests for information responded to annually	N/A	4,353	N/A	4,353	4,483	4,618
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 5,905.6	\$ 5,061.6	\$ 5,402.1	\$ 5,402.1	\$ 5,765.1	\$ 5,807.1
FTE Positions	30.0	30.0	30.0	30.0	30.0	30.0

The agency has modified the performance measure regarding the number of users of Talking Books Services. Previously, the agency tracked the total number of users. The agency now tracks the total number of active users served annually. Data for FY 2016 actuals and the FY 2018 Governor's recommendation were based on the total number of users, not active users, and are therefore excluded.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	3,872,811	0.2	5,402,069	6.7	30.0
2019 Gov. Rec.	3,895,635	0.6	5,765,137	6.7	30.0
2020 Gov. Rec.	3,895,635	0.0	5,807,113	0.7	30.0
Ten-Year Change Dollars/Percent	\$ (467,386)	(10.7)%	\$ (401,293)	(6.5)%	(1.8)

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation				
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19	
By Program:											
Administration	\$	4,833,508	\$ 5,251,887	\$ 5,196,622	\$ (55,265)	(1.1) %	\$ 5,251,887	\$ 5,196,622	\$ (55,265)	(1.1) %	
Services to the Blind and Handicapped		568,561	513,250	610,491	97,241	18.9	513,250	610,491	97,241	18.9	
TOTAL	\$	5,402,069	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	
By Major Object of Expenditure:											
Salaries and Wages	\$	1,362,803	\$ 1,528,275	\$ 1,536,289	\$ 8,014	0.5 %	\$ 1,528,275	\$ 1,536,289	\$ 8,014	0.5 %	
Contractual Services		2,240,103	2,368,941	2,402,603	33,662	1.4	2,368,941	2,402,603	33,662	1.4	
Commodities		318,432	311,230	311,530	300	0.1	311,230	311,530	300	0.1	
Capital Outlay		110,099	129,700	129,700	0	0.0	129,700	129,700	0	0.0	
Debt Service		0	0	0	0	--	0	0	0	--	
Subtotal - Operations	\$	4,031,437	\$ 4,338,146	\$ 4,380,122	\$ 41,976	1.0 %	\$ 4,338,146	\$ 4,380,122	\$ 41,976	1.0 %	
Aid to Local Units		1,365,632	1,426,991	1,426,991	0	0.0	1,426,991	1,426,991	0	0.0	
Other Assistance		5,000	0	0	0	--	0	0	0	--	
TOTAL	\$	5,402,069	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	
Financing:											
State General Fund	\$	3,872,811	\$ 3,895,635	\$ 3,895,635	\$ 0	0.0 %	\$ 3,895,635	\$ 3,895,635	\$ 0	0.0 %	
Federal Funds		1,464,685	1,764,711	1,806,687	41,976	2.4	1,764,711	1,806,687	41,976	2.4	
All Other Funds		64,573	104,791	104,791	0	0.0	104,791	104,791	0	0.0	
TOTAL	\$	5,402,069	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	\$ 5,765,137	\$ 5,807,113	\$ 41,976	0.7 %	

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$3.9 million for the State Library in FY 2019. No adjustments have been made subsequently 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	\$ 3,895,635	\$ 3,895,635	\$ 0	\$ 3,895,635	\$ 0
All Other Funds	1,890,039	1,869,502	(20,537)	1,869,502	(20,537)
TOTAL	\$ 5,785,674	\$ 5,765,137	\$ (20,537)	\$ 5,765,137	\$ (20,537)
FTE Positions	30.0	30.0	0.0	30.0	0.0

The **agency** estimates revised expenditures of \$5.8 million, including \$3.9 million from the State General Fund, in FY 2019. The revised estimate is an all funds decrease of \$20,537, or 0.4 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a special revenue fund decrease of \$20,537, or 1.1 percent. The State General Fund estimate is the same as the FY 2019 approved amount. The revised estimate includes 30.0 FTE positions, which is the same as the FY 2019 approved number.

While the State General Fund estimate is the same as the approved amount, the agency did shift State General Fund expenditures within various categories of expenditure. The agency decreased State General Fund expenditures for contractual services by \$140,914, or 9.9 percent, and increased State General Fund expenditures for commodities by \$150,000, or 2,693.0 percent. This shift is attributable to the agency recoding expenditures from contractual services to commodities.

The special revenue fund decrease is primarily attributable to decreased expenditures on contractual services due to the agency recoding expenditures. This is partially offset by increased expenditures for classified and unclassified salaries.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,807,113	\$ 5,807,113	\$ 0
FTE Positions	30.0	30.0	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	41,976	41,976	
TOTAL	\$ 41,976	\$ 41,976	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	2.2	2.2	
TOTAL	0.7 %	0.7 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of \$5.8 million, including \$3.9 million from the State General Fund, for FY 2020. The request is an all funds increase of \$41,976, or 0.7 percent, above the FY 2019 revised estimate. This includes a special revenue fund increase of \$41,976, or 2.2 percent. The State General Fund request is the same as the FY 2019 revised estimate. The request includes 30.0 FTE positions, which is the same as the FY 2019 revised estimate.

The special revenue fund increase is attributable to increased revenue estimates from the federal Library Services and Technology Act grant, which will be used to cover higher costs associated with database subscriptions and fees.

The **Governor** concurs with the agency's FY 2020 request.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$20,537, including \$14,278 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$7,400, including \$4,976 from the State General Fund, and FY 2020 longevity payments total \$6,480, including \$4,341 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

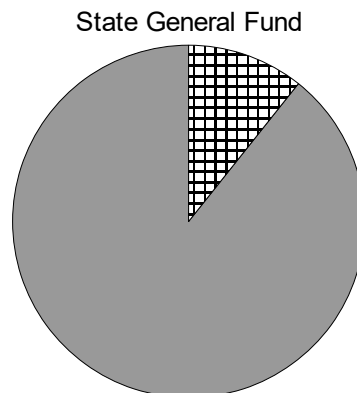
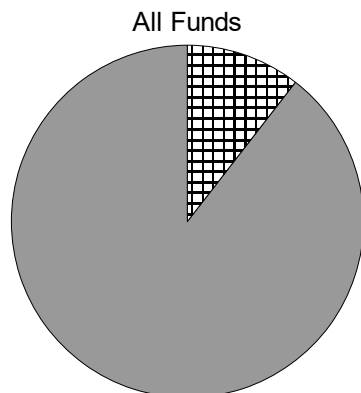
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	67.1 %	67.1 %
Federal Funds	31.1	31.1
All Other Funds	1.8	1.8
TOTAL	100.0 %	100.0 %
<i>Note:</i> Totals may not add due to rounding.		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



■ Administration

▨ Services to the Blind and Handicapped

Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 5,196,622	89.5 %	\$ 3,477,782	89.3 %
Services to the Blind and Handicapped	610,491	10.5	417,583	10.7
TOTAL	\$ 5,807,113	100.0 %	\$ 3,895,365	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	21.0	21.0	21.0	21.0	21.0
Services to the Blind and Handicapped	9.0	9.0	9.0	9.0	9.0
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 interlibrary loan and interlibrary cooperation and communication; and providing administrative support, personnel, financial, and accounting services for the State Library.

Under the agency's new program structure, these services will be divided between the Reference Division and the Statewide Services and Resources Division.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 5,392.0	\$ 4,521.3	\$ 5,178.8	\$ 4,833.2	\$ 5,251.9	\$ 5,196.6
FTE Positions	21.0	20.0	20.0	21.0	21.0	21.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 976,388	\$ 1,213,890	\$ 1,213,890	\$ 1,124,663	\$ 1,124,663
Contractual Services	2,124,108	2,240,470	2,240,470	2,274,132	2,274,132
Commodities	314,941	308,700	308,700	309,000	309,000
Capital Outlay	103,611	129,700	129,700	129,700	129,700
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,519,048	\$ 3,892,760	\$ 3,892,760	\$ 3,837,495	\$ 3,837,495
Aid to Local Units	1,309,460	1,359,127	1,359,127	1,359,127	1,359,127
Other Assistance	5,000	0	0	0	0
TOTAL	\$ 4,833,508	\$ 5,251,887	\$ 5,251,887	\$ 5,196,622	\$ 5,196,622
Financing:					
State General Fund	\$ 3,536,749	\$ 3,573,503	\$ 3,573,503	\$ 3,477,782	\$ 3,477,782
All Other Funds	1,296,459	1,678,384	1,678,384	1,718,840	1,718,840
TOTAL	\$ 4,833,208	\$ 5,251,887	\$ 5,251,887	\$ 5,196,622	\$ 5,196,622
FTE Positions	21.0	21.0	21.0	21.0	21.0

The **agency** estimates revised expenditures of \$5.3 million, including \$3.6 million from the State General Fund, in FY 2019. The revised estimate is an all funds increase of \$74,452, or 1.4 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund decrease of \$111,420, or 3.0 percent, and a special revenue fund increase of \$185,872, or 12.5 percent. The revised estimate includes 21.0 FTE positions, which is an increase of 1.0 FTE position above the FY 2019 approved number.

The State General Fund decrease is attributable to the agency shifting some salaries and wages expenditures from the State General Fund to special revenue funds. The decrease is also attributable to decreased contractual services expenditures, particularly for costs associated with databases. The decrease is partially offset by increased expenditures for commodities, specifically professional scientific supplies. In addition, the agency reclassified some contractual services expenditures as commodities expenditures to better reflect the nature of the expenditures.

The special revenue fund increase is attributable to the agency shifting some salaries and wages expenditures from the State General Fund to special revenue funds, along with increased expenditures for classified and unclassified salaries. The increase is partially offset by the decreased expenditures for contractual services, which is due to decreased costs associated with databases and the agency reclassifying some contractual services expenditures as commodities expenditures.

The FTE increase is attributable to the agency shifting 1.0 FTE position from the Services to the Blind and Handicapped program to the Administration program. This shift reflects the FTE distribution during FY 2018.

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

The **agency** requests expenditures of \$5.2 million, including \$3.5 million from the State General Fund, for FY 2020. The request is an all funds decrease of \$55,265, or 1.1 percent, below the FY 2019 revised estimate. This includes a State General Fund decrease of \$95,721, or 2.7 percent, and a special revenue fund increase of \$40,456, or 2.4 percent. The request includes 21.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund decrease is attributable to decreased expenditures for salaries and wages, particularly classified salaries, due to the agency shifting some salaries and wages expenditures from the Administration program back to the Services to the Blind and Handicapped program.

The special revenue fund increase is attributable to increased revenue estimates from the federal Library Services and Technology Act grant, which will be used to cover higher costs associated with database subscriptions and fees.

The **Governor** concurs with the agency's FY 2020 request.

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.

Under the agency's new program structure, this program will be incorporated into the Talking Books Service to the Visually and Physically Impaired Division.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 513.6	\$ 543.3	\$ 581.6	\$ 568.6	\$ 513.3	\$ 610.5
FTE Positions	9.0	10.0	10.0	9.0	9.0	9.0

SERVICES TO THE BLIND AND HANDICAPPED SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 386,415	\$ 314,385	\$ 314,385	\$ 411,626	\$ 411,626
Contractual Services	115,995	128,471	128,471	128,471	128,471
Commodities	3,491	2,530	2,530	2,530	2,530
Capital Outlay	6,488	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 512,389	\$ 445,386	\$ 445,386	\$ 542,627	\$ 542,627
Aid to Local Units	56,172	67,864	67,864	67,864	67,864
Other Assistance	0	0	0	0	0
TOTAL	\$ 568,561	\$ 513,250	\$ 513,250	\$ 610,491	\$ 610,491
Financing:					
State General Fund	\$ 336,062	\$ 322,132	\$ 322,132	\$ 417,853	\$ 417,853
All Other Funds	232,499	191,118	191,118	192,638	192,638
TOTAL	\$ 568,561	\$ 513,250	\$ 513,250	\$ 610,491	\$ 610,491
FTE Positions	9.0	9.0	9.0	9.0	9.0

The **agency** estimates revised expenditures of \$513,250, including \$322,132 from the State General Fund, in FY 2019. The revised estimate is an all funds decrease of \$74,452, or 12.7 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$125,698, or 64.0 percent, and a special revenue fund decrease of \$200,150, or 51.2 percent. The revised estimate includes 9.0 FTE positions, which is a decrease of 1.0 FTE position below the FY 2019 approved number.

The State General Fund increase and special revenue fund decrease is primarily attributable to the agency shifting expenditures for salaries and wages and contractual services from special revenue funds to the State General Fund. This aligns the FY 2019 budget with actual expenditures during FY 2018. The special revenue fund decrease is also attributable to decreased expenditures for unclassified salaries.

The FTE decrease is attributable to the agency shifting 1.0 FTE position from the Services to the Blind and Handicapped program to the Administration program. This shift reflects the FTE distribution during FY 2018.

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

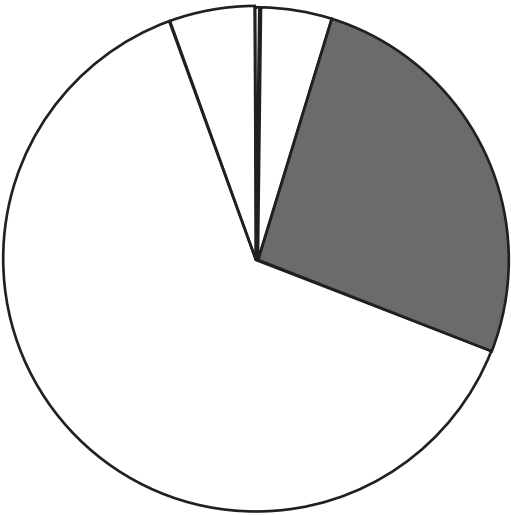
The **agency** requests expenditures of \$610,491, including \$417,853 from the State General Fund, for FY 2020. The request is an all funds increase of \$97,241, or 18.9 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$95,721, or 29.7 percent, and a special revenue fund increase of \$1,520, or 0.8 percent. The request includes 9.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund and special revenue fund increases are attributable to increased expenditures for salaries and wages, particularly unclassified salaries, due to the agency shifting some salaries and wages expenditures back to the Services to the Blind and Handicapped program from the Administration program.

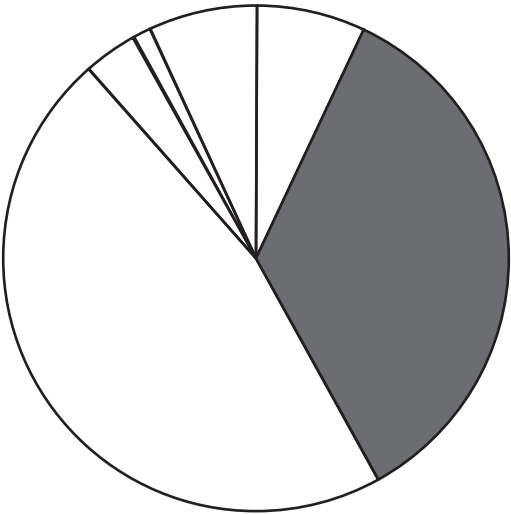
The **Governor** concurs with the agency's FY 2020 request.

HUMAN SERVICES

State General Fund



All Funds



Human Services provide services such as cash and medical assistance, care of the mentally ill and developmentally disabled in state hospitals and community placements, and unemployment payments. This function includes the Kansas Department of Health and Environment (Health and Health Care Finance Divisions), Department for Children and Families, Kansas Department for Aging and Disability Services and all state hospitals, Kansas Commission on Veterans' Affairs Office, Kansas Department of Labor, and Kansas Guardianship Program.

The Governor's FY 2020 recommendation for the Human Services function totals \$6.5 billion from all funding sources, including \$2.0 billion from the State General Fund.

Agencies in this Function:	
<i>Kansas Department of Health and Environment.....</i>	<i>321</i>
<i>Department for Children and Families.....</i>	<i>366</i>
<i>Kansas Department for Aging and Disability Services.....</i>	<i>408</i>
<i>Kansas Neurological Institute.....</i>	<i>464</i>
<i>Parsons State Hospital and Training Center.....</i>	<i>492</i>
<i>Larned State Hospital.....</i>	<i>524</i>
<i>Osawatomie State Hospital.....</i>	<i>560</i>
<i>Kansas Commission on Veterans' Affairs Office.....</i>	<i>587</i>
<i>Kansas Department of Labor.....</i>	<i>621</i>
<i>Kansas Guardianship Program.....</i>	<i>652</i>

The FY 2020 recommendation represents a State General Fund increase of 1.1 percent, or \$22.9 million, above the FY 2019 recommendation. Expenditures from all funds increase by 11.4 percent, or \$664.0 million, above FY 2019.

A total of 7,175.4 FTE positions are recommended by the Governor for the Human Services function for FY 2020, which is an increase of 25.0 FTE positions above FY 2019. Of all state FTE positions, 17.5 percent are in this function.

Agencies in this function comprise 26.8 percent of the total State General Fund budget for FY 2020, which is a decrease of 1.3 percent below FY 2019. They comprise 35.3 percent of expenditures from all funding sources in FY 2020, which is an increase of 1.3 percent above FY 2019.

KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 670,188,948	\$ 830,210,532	\$ 799,903,577	\$ 842,122,351	\$ 770,456,663
Other Funds	2,000,842,898	2,163,683,761	2,156,297,134	2,148,866,706	2,663,191,898
<i>Subtotal</i>	<i>\$ 2,671,031,846</i>	<i>\$ 2,993,894,293</i>	<i>\$ 2,956,200,711</i>	<i>\$ 2,990,989,057</i>	<i>\$ 3,433,648,561</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>\$ 2,671,031,846</u>	<u>\$ 2,993,894,293</u>	<u>\$ 2,956,200,711</u>	<u>\$ 2,990,989,057</u>	<u>\$ 3,433,648,561</u>

Percentage Change:

Operating Expenditures					
State General Fund	(1.3) %	23.9 %	19.4 %	1.4 %	(3.7) %
All Funds	2.0	12.1	10.7	(0.1)	16.2
FTE Positions	1,207.6	1,558.0	1,558.0	1,558.0	1,558.0

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

AGENCY OVERVIEW

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to protect and improve the the health and environment of all of Kansans. This is accomplished 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 six bureaus: Disease Control and Prevention, Health Promotion, Family Health, Community Health Systems, Oral Health, 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 to coordinate with public health programs. The Division oversees the state's Medicaid and Children's Health Insurance programs, 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 **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** also 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 restored 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 was 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 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 the 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 established the Kansas Newborn Screening Fund in KDHE and created 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 the Secretary's 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.

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; established requirements for Board review of medications used to treat mental illness available for use before and after July 1, 2015; and created 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, 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 included provisions related to what is known as step therapy and removed 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); provided 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; provided for a 72-hour expedited appeal process on a physician request for an override; required KDHE to study, review, and report to the Legislature on the use of step therapy in Medicaid and the savings under the program; provided 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 amended and created 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 created the Independent Practice of Midwifery Act (Midwifery Act). Effective January 1, 2017, the Midwifery Act allows 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 could 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 were 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 allows 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 that required the agency to contract for services to survey and certify dialysis treatment facilities and allows 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 included 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 **2018 Legislature** added \$1.0 million, all from the State General Fund, for the tiny-k program both in FY 2018 and for FY 2019. The additional funding is subject to a federal maintenance of effort requirement. The Legislature added \$3.0 million, all from the State General Fund, for the Medicaid regular medical program for the teaching hospitals associated with the Wichita Center for Graduate Medical Education (WCGME) program in FY 2018 and added \$5.9 million, including \$4.3 million from the State General Fund, with \$3.0 million from the State General Fund being for the first half of the fiscal year for the teaching hospitals associated with the WCGME program and the remaining \$1.3 million from the State General Fund is for the Medicaid regular medical program for increased Graduate Medical Education (GME) funding to hospitals currently receiving GME, resulting in a federal match of \$1.7 million for FY 2019. The Legislature added \$425,200, including \$152,600 from the State General Fund, to administratively implement a Medicaid reinstatement policy for individuals being released from corrections facilities, state hospitals, or certain institutional placements for FY 2019.

The **2018 Legislature** added \$2.5 million, all from the State General Fund, to reinstate a program under the federal Medicaid Health Homes option and added language directing the agency to reinstate a program operated under the federal Medicaid Health Homes option for FY

2019. The program is required to be an opt-in program, allowing no more than a 10.0 percent administrative claiming rate by the MCOs, and is required to have a narrower scope of eligibility for adults than the previous program to ensure those who have a behavioral health diagnosis or chronic physical health condition are served.

In addition, the **2018 Legislature** approved funding the Governor added for a 4.0 percent Medicaid rate increase for hospitals totaling \$22.1 million, including \$1.0 million from the State General Fund, for FY 2019. The Legislature also approved \$235,000, all from the State General Fund, and 2.0 FTE positions for livestock waste management added by the Governor for FY 2019.

The **2018 Legislature** also passed several bills with policy changes affecting the agency, including:

- House Sub. for SB 179, which created and amended law to establish juvenile crisis intervention centers and procedures for admission of juveniles to such centers. The bill also made amendments to the Revised Kansas Code for Care of Children (CINC Code) and the Newborn Infant Protection Act within the CINC Code and included several requirements for managed care organizations that contract with KDHE. The Legislature added \$6.0 million, all from the Evidence Based Juvenile Programs Account of the State General Fund for FY 2019 in relation to this bill (and deleted the same amount from the Department of Corrections);
- Sub. for SB 423, which created a new pilot program for the Mental Health Intervention Team between school districts and community mental health centers. The bill requires the Director of the Division of Health Care Finance of KDHE to certify to the Director of the Budget and the Director of Legislative Research the aggregate amount of expenditures for FY 2019 for treatment provided to students under the pilot program, or provided based on a referral from such program. Funding for this program was added within the Department of Education budget;
- Senate Sub. for HB 2028, which established the Kansas Telemedicine Act. The bill provides for coverage of speech-language pathologist and audiologist services *via* telehealth under the Kansas Medical Assistance Program (KMAP), if KMAP covers such services when delivered in person;
- Senate Sub. for HB 2600, which amended the Nuclear Energy Development and Radiation Control Act, provides for the study and investigation of maternal deaths by the Secretary of Health and Environment, and creates the Palliative Care and Quality of Life Interdisciplinary Advisory Council (Council) and the State Palliative Care Consumer and Professional Information and Education Program (Program) within KDHE. The Council is responsible for developing recommendations and advising KDHE on matters related to the establishment, maintenance, operation, outcomes evaluation of palliative care initiatives in the state, and effectiveness of the Program. The Program's purpose is to maximize the effectiveness of palliative care initiatives in the state by ensuring comprehensive and accurate information and education about palliative care is available to the public, health care providers, and health care facilities. The Legislature added \$9,400, including \$6,900 from the State General Fund, in FY 2018 and \$115,000, including

\$85,000 from the State General Fund, for FY 2019 for enacted Senate Sub. for HB 2600;

- HB 2639, which requires local and state law enforcement officers and agencies to assist the Secretary of Health and Environment in taking and processing fingerprints of persons residing, working, or regularly volunteering in a child care facility and to release all records of adult convictions and nonconvictions and adult convictions or adjudications of another state or country to KDHE. The Secretary of Health and Environment is required to adopt rules and regulations, by January 1, 2019, to fix a fee for fingerprinting such persons as required to reimburse KDHE for the cost of fingerprinting. The bill creates the Child Care Criminal Background and Fingerprinting Fund (Fund) in the State Treasury to be administered by the Secretary. All fingerprinting fees collected are to be deposited in the Fund for use in paying local and state law enforcement officers and agencies for the processing of fingerprints and criminal history background checks for KDHE. The Legislature added \$12,560 in FY 2018 and \$35,360 for FY 2019, all from federal funds for HB 2639; and
- HB 2577, which requires all fees collected by the Right-to-Know Program (Program) within KDHE to be deposited into the State Treasury and credited to the Kansas Right-to-Know Fee Fund (Fund), which is created by the bill. Before this bill, these fees were deposited in the State General Fund. Expenditures from the Fund will be used for the administration of the Program, to provide and maintain the reporting system as necessary to comply with KSA 65-5704, and to provide training to the owners or operators of Kansas facilities, Kansas first responders, and Kansas emergency management officials on the existence, access, and use of the reporting system established pursuant to the Kansas Emergency Planning and Community Right-to-Know Act.

The **2018 Legislature** added language in FY 2018 and for FY 2019 to prohibit all agencies from altering state Medicaid managed care services in any manner substantially different than the program in place on January 1, 2018, including eligibility, without prior authorization from the Legislature. In addition, the language requires a request to the Centers for Medicare and Medicaid Services for any waiver in effect on January 1, 2018, to be extended for three years and require contracts to be negotiated for a term of three years and the option for two one-year extensions. The language allows for certain policy changes within the current program to be made, including those addressing concerns with the federal Medicaid institutions for mental diseases (IMD) exclusion, behavioral health access, and telehealth options. The Legislature also added language in FY 2018 and for FY 2019 prohibiting the transfer of funds from the Health Care Access Improvement Fund until a process to fully disclose and reconcile the balance and use of the Fund has been implemented and the 4.0 percent Medicaid rate increase for hospitals is implemented. The language requires the agency to advise and consult with the Health Care Access Improvement Panel and the Kansas Hospital Association (KHA) to develop a process to disclose and reconcile the balance and use of the Health Care Access Improvement Fund. It also requires the agency to share information with a third party agreed to by the agency and the KHA, if certain conditions as detailed in the language are met.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate of \$3.0 billion, including \$830.2 million from the State General Fund, in FY 2019. This is an all funds increase of \$83.8 million, or 2.9 percent, and a State General Fund increase of \$3.0 million, or 0.4

percent, above the amount approved by the 2018 Legislature. The request includes \$23.8 million for the Administration function, \$154.7 million for the Division of Public Health, \$2.7 billion for the Division of Health Care Finance, and \$65.5 million for the Division of Environment. In addition to the agency's supplemental requests, the all funds increase is primarily attributable to increases in contractual services for professional fees in Medicaid-related contracts and other assistance due to increased medical program expenditures in the Division of Health Care Finance and increased commodities for drug and pharmaceuticals, as well as new federal funds in the Division of Public Health. The State General Fund increase is due to the agency's supplemental requests. The agency's revised estimate includes two supplemental requests totaling \$8.9 million, including \$3.0 million from the State General Fund.

The revised estimate includes 1,558.0 FTE positions, which is an increase of 338.4 positions above the number approved by the 2018 Legislature. The increase is primarily due to the agency's supplemental request for additional positions in the KanCare Clearinghouse and for increased federal grant awards within the Division of Health Care Finance.

The **Governor** recommends expenditures of \$3.0 billion, including \$799.9 million from the State General Fund, in FY 2019. This is an all funds decrease of \$37.7 million, or 1.3 percent, and a State General Fund decrease of \$30.3 million, or 3.7 percent, below the FY 2019 agency revised estimate. The Governor's recommendation includes fully funding human services consensus caseload estimates, which includes a decrease of \$43.1 million, including \$29.5 million from the State General Fund. The decrease was partially offset by the Governor's recommendation for additional funding for the Children's Health Insurance Program (CHIP) totaling \$6.2 million, all from special revenue funds, due to revised estimates.

The Governor also recommends the agency's supplemental request for \$8.1 million, including \$2.2 million from the State General Fund, for the KanCare Clearinghouse but did not recommend the request for Data Center as a Service totaling \$803,845, all from the State General Fund. The Governor recommends 1,558.0 FTE positions, which is the same number as the agency's revised estimate.

FY 2020 – Budget Year. The **agency** requests \$3.0 billion, including \$842.1 million from the State General Fund, for FY 2020. This is an all funds decrease of \$2.9 million, or 0.1 percent, and a State General Fund increase of \$11.9 million, or 1.4 percent, from the FY 2019 revised estimate. The request includes \$25.2 million for the Administration function, \$152.2 million for the Division of Public Health, \$2.7 billion for the Division of Health Care Finance, and \$66.4 million for the Division of Environment. The all funds decrease is primarily due to one-time Medicaid-related contract fees in FY 2019 and is partially offset by the agency's enhancement requests and increased federal funding in the Division of Public Health. The State General Fund increase is primarily due to the enhancement requests and is partially offset by decreases in contractual services and capital outlay. The agency request includes seven enhancement requests totaling \$21.4 million, including \$16.8 million from the State General Fund.

The FY 2020 agency request includes 1,558.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$3.4 billion, including \$770.5 million from the State General Fund, for FY 2020. This is an all funds increase of \$442.7 million, or 14.8 percent, and a State General Fund decrease of \$71.7 million, or 8.5 percent, from the agency's FY 2020 request. The Governor's recommendation includes funding Medicaid expansion at an estimate of \$509.3 million, including \$14.2 million from the State General Fund; additional

Children's Initiatives Fund expenditures for Smoking Cessation/Prevention Program Grants (\$154,919), Healthy Start/Home Visitor (\$12,086), SIDS Network Grant (\$13,402), and the Newborn Hearing Aid Loaner Program (\$10,171); and fully funding human services consensus caseload estimates, which includes a decrease of \$87.7 million, including \$87.3 million from the State General Fund, below the agency's request.

In addition, the Governor's recommendation includes the agency's enhancement requests for the Infant and Toddler maintenance of effort (MOE), KanCare Clearinghouse. The Governor recommends the CHIP Funding enhancement request in part, further recommending that CHIP expenditures be funded from the State General Fund and that the fee fund previously used for CHIP be dedicated for KanCare caseload expenditures. This results in a total increase for the CHIP enhancement of \$23.1 million, including \$12.4 million from the State General Fund, above the agency's base request. The Governor did not recommend the agency's enhancement requests for Data Center as a Service, the Trauma Program, Drinking Water Protection, or Contamination Remediation.

The Governor's recommends 1,558.0 FTE positions, which is the same number the agency requested for FY 2020.

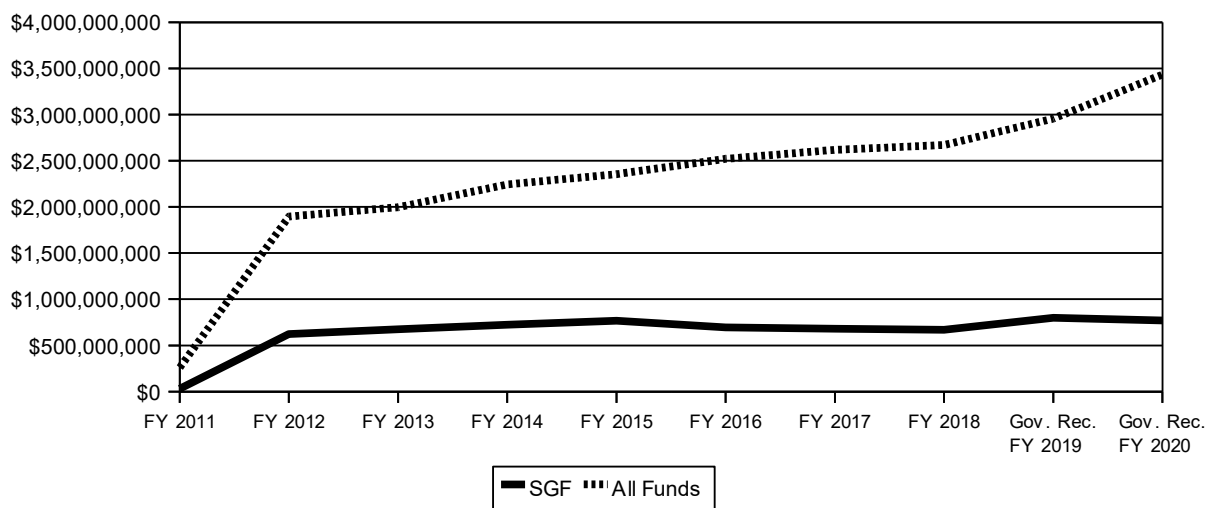
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percentage of KanCare claims processed within 20 days	66.0 %	100.0 %	N/A	100.0 %	100.0 %	100.0 %
Number of children (ages 0-2) receiving Infants and Toddlers services	9,700	9,800	10,000	10,303	10,653	11,003
Number of Kansas children screened for dental disease	161,735	200,000	N/A	220,000	250,000	260,000
Percentage of infants born to women who received prenatal care beginning in the first trimester	80.8 %	81.2 %	N/A	81.7 %	82.2 %	82.7 %
Percent of children less than 6 years old with 2 or more immunizations	82.5 %	83.4 %	85.0 %	82.8 %	85.0 %	85.0 %
Number of expedited vital records customer requests completed within 3 days	114,750	119,224	N/A	139,238	142,022	142,862
Number of public water supply samples tested	N/A	194,292	190,000	198,827	190,000	190,000
Number of new petroleum storage tank trust fund sites approved	24	20	25	24	25	30
Number of annual inspections at solid waste sites	275	281	300	281	300	300
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2,521.1	\$ 2,617.8	\$ 2,662.8	\$ 2,671.0	\$ 2,956.2	\$ 3,433.6
FTE Positions	1,133.3	1,133.3	1,206.6	1,207.6	1,558.0	1,558.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	670,188,948	(1.3)	2,671,031,846	2.0	1,207.6
2019 Gov. Rec.	799,903,577	19.4	2,956,200,711	10.7	1,558.0
2020 Gov. Rec.	770,456,663	(3.7)	3,433,648,561	16.2	1,558.0
Ten-Year Change					
Dollars/Percent	\$ 739,727,212	2,407.2 %	\$ 3,173,711,209	1,221.0 %	499.6

Staff note: The large increase in FY 2012 is a result of Executive Reorganization Order No. 41, which consolidated Medicaid fiscal and contractual management into KDHE and created the Division of Health Care Finance.

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	19,989,160	\$ 23,842,776	\$ 25,208,114	\$ 1,365,338	5.7 %	\$ 23,038,931	\$ 23,710,036	\$ 671,105	2.9 %
Public Health		155,283,525	154,652,188	152,249,967	(2,402,221)	(1.6)	154,652,188	152,420,545	(2,231,643)	(1.4)
Health Care Finance		2,428,241,475	2,749,944,172	2,747,105,123	(2,839,049)	(0.1)	2,713,054,435	3,191,839,034	478,784,599	17.6
Environment		67,517,686	65,455,157	66,425,853	970,696	1.5	65,455,157	65,678,946	223,789	0.3
TOTAL		\$ 2,671,031,846	\$ 2,993,894,293	\$ 2,990,989,057	\$ (2,905,236)	(0.1) %	\$ 2,956,200,711	\$ 3,433,648,561	\$ 477,447,850	16.2 %
By Major Object of Expenditure:										
Salaries and Wages	\$	66,782,707	\$ 89,713,186	\$ 100,622,284	\$ 10,909,098	12.2 %	\$ 89,713,186	\$ 100,622,284	\$ 10,909,098	12.2 %
Contractual Services		233,533,441	267,848,432	246,380,626	(21,467,806)	(8.0)	267,044,587	257,225,797	(9,818,790)	(3.7)
Commodities		6,302,222	4,303,122	4,083,513	(219,609)	(5.1)	4,303,122	4,093,684	(209,438)	(4.9)
Capital Outlay		4,535,057	2,994,616	1,631,762	(1,362,854)	(45.5)	2,994,616	1,631,762	(1,362,854)	(45.5)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$	<i>311,153,427</i>	<i>\$ 364,859,356</i>	<i>\$ 352,718,185</i>	<i>\$ (12,141,171)</i>	<i>(3.3) %</i>	<i>\$ 364,055,511</i>	<i>\$ 363,573,527</i>	<i>\$ (481,984)</i>	<i>(0.1) %</i>
Aid to Local Units		59,514,626	42,337,368	40,951,965	(1,385,403)	(3.3)	42,337,368	40,851,965	(1,485,403)	(3.5)
Other Assistance		2,300,363,793	2,586,697,569	2,597,318,907	10,621,338	0.4	2,549,807,832	3,029,223,069	479,415,237	18.8
TOTAL		\$ 2,671,031,846	\$ 2,993,894,293	\$ 2,990,989,057	\$ (2,905,236)	(0.1) %	\$ 2,956,200,711	\$ 3,433,648,561	\$ 477,447,850	16.2 %
Financing:										
State General Fund	\$	670,188,948	\$ 830,210,532	\$ 842,122,351	\$ 11,911,819	1.4 %	\$ 799,903,577	\$ 770,456,663	\$ (29,446,914)	(3.7)%
State Water Plan Fund		1,656,602	2,484,847	3,200,422	715,575	28.8	2,484,847	2,453,515	(31,332)	(1.3)
Children's Initiative Fund		6,970,464	7,014,272	7,008,529	(5,743)	(0.1)	7,014,272	7,199,107	184,835	2.6
Special Revenue Funds		410,311,499	372,922,516	370,761,788	(2,160,728)	(0.6)	389,281,056	416,917,849	27,636,793	7.1
Federal Funds		1,552,960,786	1,757,615,173	1,743,414,465	(14,200,708)	(0.8)	1,733,870,006	2,212,139,925	478,269,919	27.6
All Other Funds		28,943,547	23,646,953	24,481,502	834,549	3.5	23,646,953	24,481,502	834,549	3.5
TOTAL		\$ 2,671,031,846	\$ 2,993,894,293	\$ 2,990,989,057	\$ (2,905,236)	(0.1) %	\$ 2,956,200,711	\$ 3,433,648,561	\$ 477,447,850	16.2 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$825,533,260, for the Kansas Department of Health and Environment in FY 2019. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$1,651,324, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

This adjustment changes the FY 2019 approved State General Fund amount to \$827,184,584. That amount is reflected in the table below as the currently approved FY State General Fund 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	\$ 827,184,584	\$ 830,210,532	\$ 3,025,948	\$ 799,903,577	\$ (27,281,007)
All Other Funds	2,082,909,191	2,163,683,761	80,774,570	2,156,297,134	73,387,943
TOTAL	\$ 2,910,093,775	\$ 2,993,894,293	\$ 83,800,518	\$ 2,956,200,711	\$ 46,106,936
FTE Positions	1,262.6	1,558.0	295.4	1,558.0	295.4

The **agency** requests a revised estimate of \$3.0 billion, including \$830.2 million from the State General Fund, in FY 2019. This is an increase of \$83.8 million, or 2.9 percent, and a State General Fund increase of \$3.0 million, or 0.4 percent, above the amount approved by the 2018 Legislature. The all funds increase includes a State Water Plan Fund reappropriation of \$31,332 and a Children's Initiatives Fund reappropriation of \$5,743.

The request includes \$23.8 million for the Administration function, \$154.7 million for the Division of Public Health, \$2.7 billion for the Division of Health Care Finance, and \$65.5 million for the Division of Environment. In addition to the agency's supplemental requests, the all funds increase is primarily attributable to increases in contractual services for professional fees in Medicaid-related contracts and other assistance due to increased medical program expenditures in the Division of Health Care Finance and increased commodities for drug and pharmaceuticals, as well as new federal funds, in the Division of Public Health. The agency also requested Executive Directives for the establishment of four new federal funds within the Division of Public Health. The State General Fund increase is due to the agency's supplemental requests. The agency's revised estimate includes two supplemental requests totaling \$8.9 million, including \$3.0 million from the State General Fund.

The revised estimate includes 1,558.0 FTE positions, which is an increase of 338.4 positions above the number approved by the 2018 Legislature. The increase is primarily due to the agency's supplemental request for additional positions in the KanCare Clearinghouse and for increased federal grant awards within the Division of Health Care Finance. The agency's FY 2019 revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$89.7 million, including \$14.5 million from the State General Fund. This is an all funds increase of \$5.6 million, or 6.7 percent, and a State General Fund increase of \$23,337, or 0.2 percent, above the approved amount. The increase is due to the agency's KanCare Clearinghouse supplemental request;
- **Contractual Services.** The agency requests \$267.8 million, including \$8.9 million from the State General Fund. This is an all funds increase of \$65.3 million, or 32.2 percent, and a State General Fund increase of \$1.3 million, or 17.8 percent, above the approved amount. The increase is attributable to the agency's Data Center as a Service supplemental request and increased professional fees in Medicaid-related contracts in the Division of Health Care Finance, primarily due to contract amendments and revised estimates to address computer system projects and upgrades, as well as increased federal grants;
- **Commodities.** The agency requests \$4.3 million, including \$1.1 million from the State General Fund. This is an all funds increase of \$86,748, or 2.1 percent, and a State General Fund increase of \$113,434, or 11.8 percent, above the approved amount. The increase is primarily due to increased expenditures for drugs and pharmaceuticals in the Bureau of Family Health within the Division of Public Health;
- **Capital Outlay.** The agency requests \$3.0 million, including \$631,291 from the State General Fund. This is an all funds increase of \$1.3 million, or 73.2 percent, and a State General Fund increase of \$484,379, or 329.7 percent, above the approved amount. The increase is primarily due to the agency's KanCare Clearinghouse supplemental request;
- **Aid to Local Units of Government.** The agency requests \$42.3 million, including \$5.6 million from the State General Fund. This is an all funds increase of \$311,943, or 0.7 percent, and a State General Fund decrease of \$42,040, or 0.7 percent, from the approved amount. The all funds increase is due to an increase in federal grants in the Bureau of Family Health within the Division of Public Health; and
- **Other Assistance.** The agency requests \$2.6 billion, including \$799.4 million from the State General Fund. This is an all funds increase of \$11.2 million, or 0.4 percent, and a State General Fund increase of \$1.1 million, or 0.1 percent, above the approved amount. The increase is due to increased expenditures in medical programs in the Division of Health Care Finance and increased grants to public health departments under the Division of Public Health.

The **Governor** recommends expenditures of \$3.0 billion, including \$799.9 million from the State General Fund, in FY 2019. This is an all funds decrease of \$37.7 million, or 1.3 percent, and a State General Fund decrease of \$30.3 million, or 3.7 percent, below the FY 2019

agency revised estimate. The Governor's recommendation includes fully funding human services consensus caseload estimates, which includes a decrease of \$43.1 million, including \$29.5 million from the State General Fund. The decrease was partially offset by the Governor's recommendation for additional funding for the Children's Health Insurance Program (CHIP) totaling \$6.2 million, all from special revenue funds, due to revised estimates. The Governor also recommends the agency's supplemental request for \$8.1 million, including \$2.2 million from the State General Fund, for the KanCare Clearinghouse but did not recommend the request for Data Center as a Service totaling \$803,845, all from the State General Fund.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Data Center as a Service	\$ 803,845	\$ 803,845	0.0	\$ 0	\$ 0	0.0
KanCare Clearinghouse	2,222,104	8,051,063	313.0	2,222,104	8,051,063	313.0
TOTAL	\$ 3,025,949	\$ 8,854,908	313.0	\$ 2,222,104	\$ 8,051,063	313.0

The **agency** requests two supplementals totaling \$8.9 million, including \$3.0 million from the State General Fund, and 313.0 FTE positions in FY 2019.

Data Center as a Service

The agency requests \$803,845, all from the State General Fund, for Data Center as a Service within the Administration function. According to the agency, the additional funding is requested to support the migration and operating costs of KDHE systems to the Unisys Hybrid Data Center and is necessary to move all KDHE servers, data storage, and disaster recovery activities from all outdated and inadequate data centers that the Executive Branch is currently occupying in Topeka to Level 3 data centers operated by Unisys in Eagan, Minnesota, and Ashburn, Virginia. These data centers meet required security and fault tolerance compliance requirements for critical state and federal program functions. Currently KDHE information technology systems are beyond end-of-life expectancy and the agency faces significant risk due to hardware failure.

KanCare Clearinghouse

The agency requests \$8.1 million, including \$2.2 million from the State General Fund, and 313.0 FTE positions for the KanCare Clearinghouse within the Division of Health Care Finance. The additional funding is requested to support changes and improvement in Medicaid Eligibility Clearinghouse operations for KDHE, state Medicaid beneficiaries, and providers. The request includes updating training and quality programs and the hiring of 27 training and quality support staff and 13 home and community based services (HCBS) staff by October 2018, as well as 273 staff to move long-term care and elderly/disabled processes back in-house prior to the end of FY 2019. Additionally the request will include various related lease, renovation, and equipment costs. The funding is necessary to improve overall Clearinghouse operations, ensure a smooth transition of key processes back to state control, and minimize further disruption or additional eligibility backlogs that are anticipated to occur during some of the transition process. There are some offsetting, unquantifiable positive impacts to the state budget due to this

increase in Clearinghouse staffing, particularly achieving timely, completed reviews of Medicaid enrollees for which KDHE is paying a per member per month rate while the enrollee may no longer be an eligible program participant.

The **Governor** recommends supplemental funding of \$8.1 million, including \$2.2 million from the State General Fund, and the addition of 313.0 FTE positions in FY 2019 for the KanCare Clearinghouse operations discussed above. The Governor does not recommend the Data Center as a Service initiative as this will be addressed as a global issue.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 2,990,989,057	\$ 3,433,648,561	\$ 442,659,504	
FTE Positions	1,558.0	1,558.0	0.0	
Change from FY 2019:				
<i>Dollar Change:</i>				
State General Fund	\$ 11,911,819	\$ (29,446,914)		
All Other Funds	(14,817,055)	506,894,764		
TOTAL	\$ (2,905,236)	\$ 477,447,850		
<i>Percent Change:</i>				
State General Fund	1.4 %	(3.7) %		
All Other Funds	(0.7)	23.5		
TOTAL	(0.1) %	16.2 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$3.0 billion, including \$842.1 million from the State General Fund, for FY 2020. This is an all funds decrease of \$2.9 million, or 0.1 percent, and a State General Fund increase of \$11.9 million, or 1.4 percent, from the FY 2019 revised estimate. The request includes \$25.2 million for the Administration function, \$152.2 million for the Division of Public Health, \$2.7 billion for the Division of Health Care Finance, and \$66.4 million for the Division of Environment. The all funds decrease is primarily attributable to one-time Medicaid-related contract fees in FY 2019 and is partially offset by the agency's enhancement requests and increased federal funding in the Division of Public Health. The State General Fund increase is primarily due to the enhancement requests and is partially offset by decreases in contractual services and capital outlay. The agency request includes seven enhancement requests totaling \$21.4 million, including \$16.8 million from the State General Fund.

The revised estimate includes 1,558.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The agency's FY 2020 request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$100.6 million, including \$17.2 million from the State General Fund. This is an all funds increase of \$10.9 million, or 12.2 percent, and a State General Fund increase of \$2.6 million, or 17.9 percent, above the FY 2019 revised estimate. The increase is due to the agency's KanCare Clearinghouse enhancement request and increased employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests \$246.4 million, including \$9.6 million from the State General Fund. This is an all funds decrease of \$21.5 million, or 8.0 percent, and a State General Fund increase of \$716,500, or 8.0 percent, from the FY 2019 revised estimate. The all funds decrease is primarily due to one-time Medicaid-related contract fees in FY 2019, partially offset by the agency's Data as a Service and KanCare Clearinghouse enhancements;
- **Commodities.** The agency requests \$4.1 million, including \$932,690 from the State General Fund. This is an all funds decrease of \$219,609, or 5.1 percent, and a State General Fund decrease of \$144,750, or 13.4 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to decreased building and grounds materials and pharmaceutical expenditures in the Division of Public Health and decreased expenditures on professional and scientific supplies, stationery, and gasoline in the Division of Environment;
- **Capital Outlay.** The agency requests \$1.6 million, including \$128,735 from the State General Fund. This is an all funds decrease of \$1.4 million, or 45.5 percent, and a State General Fund decrease of \$502,556, or 79.6 percent, below the FY 2019 revised estimate. The decrease is due to decreased expenditures on passenger vehicles and office furniture in the Division of Public Health, computer and furniture equipment in the Division of Health Care Finance, and professional and scientific equipment and vehicles in the Division of Environment;
- **Aid to Local Units of Government.** The agency requests \$41.0 million, including \$5.6 million from the State General Fund. This is an all funds decrease of \$1.4 million, or 3.3 percent, and a State General Fund decrease of \$15,835, or 0.3 percent, below the FY 2019 revised estimate. The decrease is due to a reduction in federal grants in the Bureau of Family Health within the Division of Public Health; and
- **Other Assistance.** The agency requests \$2.6 billion, including \$808.7 million from the State General Fund. This is an all funds increase of \$10.6 million, or 0.4 percent, and a State General Fund increase of \$9.2 million, or 1.2 percent, above the FY 2019 revised estimate. The increase is due to the agency's Children's Health Insurance Program (CHIP) Funding enhancement request (detailed in the following Enhancement Detail section of this analysis).

The **Governor** recommends expenditures of \$3.4 billion, including \$770.5 million from the State General Fund, for FY 2020. This is an all funds increase of \$442.7 million, or 14.8 percent, and a State General Fund decrease of \$71.7 million, or 8.5 percent, from the agency's FY 2020 request. The Governor's recommendation includes funding Medicaid expansion at an estimate of \$509.3 million, including \$14.2 million from the State General Fund; additional

Children's Initiatives Fund expenditures for Smoking Cessation/Prevention Program Grants (\$154,919), Healthy Start/Home Visitor (\$12,086), SIDS Network Grant (\$13,402), and the Newborn Hearing Aid Loaner Program (\$10,171); and fully funding human services consensus caseload estimates, which includes a decrease of \$87.7 million, including \$87.3 million from the State General Fund, below the agency's request.

In addition, the Governor's recommendation includes the agency's enhancement requests for the Infant and Toddler MOE and KanCare Clearinghouse. The Governor recommends the CHIP Funding enhancement request in part, further recommending that CHIP expenditures be funded from the State General Fund and that the fee fund previously used for CHIP be dedicated for KanCare caseload expenditures. This results in a total increase for the CHIP enhancement of \$23.1 million, including \$12.4 million from the State General Fund, above the agency's base request. The Governor did not recommend the agency's enhancement requests for Data Center as a Service, the Trauma Program, Drinking Water Protection, or Contamination Remediation.

The Governor's recommends 1,558.0 FTE positions, which is the same number the agency requested for FY 2020.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Data Center as a Service	\$ 1,498,078	\$ 1,498,078	0.0	\$ 0	\$ 0	0.0
Infant and Toddler MOE	1,000,000	1,000,000	0.0	1,000,000	1,000,000	0.0
Trauma Program	20,000	20,000	0.0	0	0	0.0
CHIP Funding	9,446,400	0	0.0	12,406,922	23,070,592	0.0
KanCare Clearinghouse	4,866,214	18,107,582	313.0	4,866,214	18,107,582	313.0
Drinking Water Protection	0	396,907	0.0	0	0	0.0
Contamination Remediation	0	350,000	0.0	0	0	0.0
TOTAL	\$ 16,830,692	\$ 21,372,567	313.0	\$ 18,273,136	\$ 42,178,174	313.0

The **agency** requests seven enhancements totaling \$21.4 million, including \$16.8 million from the State General Fund, and 313.0 FTE positions for FY 2020.

Data Center as a Service

The agency requests \$1.5 million, all from the State General Fund, within the Administration function to support the migration and operating costs of KDHE systems to the Unisys Hybrid Data Center.

Infant and Toddler Maintenance of Effort (MOE)

The agency requests \$1.0 million, all from the State General Fund, to meet federal MOE requirements for the Infant and Toddler (tiny-k) Program within the Division of Public Health.

Due to the timing of receipt of the additional \$1.0 million added by the 2018 Legislature, the funds were not able to be distributed until FY 2019, which brings the total increase to \$2.0 million for FY 2019. The original \$1.0 million additional MOE was built into the FY 2020 agency request but to remain in compliance with Part C of the Individuals with Disabilities Education Act, MOE requirements, the total amount budgeted for Part C services must be at least equal to the total amount expended in the previous year.

Trauma Program

The agency requests \$20,000, all from the State General Fund for the Kansas Trauma Program within the Division of Public Health. There is insufficient funding to sustain the statutory requirements of the program. This situation is the result of the elimination of a \$240,000 State General Fund appropriation beginning in FY 2016, a downward trend in the number of seat belt fines, penalties and forfeitures of which the program receives a percentage per KSA 74-7336, and a reduction in fee funds resulting from SB 89 passed by the 2017 Legislature to support the S.A.F.E. program while reducing fees to other programs. The program has implemented efficiencies; however, program expenditures have increased over time and the loss of funding has created annual deficits and a depletion of the Trauma Fee Fund balance that is projected to go negative in FY 2021 without a funding enhancement.

Children's Health Insurance Program (CHIP) Funding

The agency requests \$9.5 million, all from the State General Fund, for CHIP within the Division of Health Care Finance due to a reduction in the federal medical assistance percentage (FMAP) for CHIP beginning in FY 2020. The state match will increase from 7.44 percent to 14.82 percent in FY 2020 and to 26.05 percent in FY 2021. The agency was previously utilizing Medicaid Fee Fund moneys for CHIP expenditures but the fund revenue is not adequate to cover the increase in the state match. The fee fund will continue to be utilized for the 7.44 percent portion of the state match as this amount was previously anticipated. The State General Fund amount will be utilized instead of the fee fund for only the increase, resulting in a net zero all funds amount.

KanCare Clearinghouse

The agency requests \$18.1 million, including \$4.9 million from the State General Fund, and 313.0 FTE positions for continuation of changes and improvements in Medicaid Eligibility Clearinghouse operations requested in FY 2019 within the Division of Health Care Finance.

Drinking Water Protection and Contamination Remediation

The agency requests two FY 2020 enhancements totaling \$746,907, all from the State Water Plan Fund, for contamination remediation and drinking water protection programs within the Division of Environment. The contamination remediation program is the expansion of an existing program in the Bureau of Environmental Remediation (\$396,907). The drinking water protection program is a new initiative, addressing public water systems, that will be housed in the Bureau of Environmental Field Services (\$350,000).

The **Governor** recommends enhancement funding of \$42.2 million, including \$18.3 million from the State General Fund, for FY 2020. The Governor recommends the Infant and Toddler MOE and KanCare Clearinghouse enhancement requests. The Governor recommends

the CHIP Funding request in part, further recommending that CHIP expenditures be funded from the State General Fund and that the fee fund previously used for CHIP be dedicated for KanCare caseload expenditures. This results in a total increase for the CHIP enhancement of \$23.1 million, including \$12.4 million from the State General Fund above the agency's base request. The Governor does not recommend the Data Center as a Service, the Trauma Program, or the Drinking Water Protection and Contamination Remediation enhancement requests.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$1.1 million, including \$174,442 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$131,721, including \$21,356 from the State General Fund, and FY 2020 longevity payments total \$137,123, including \$23,379 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

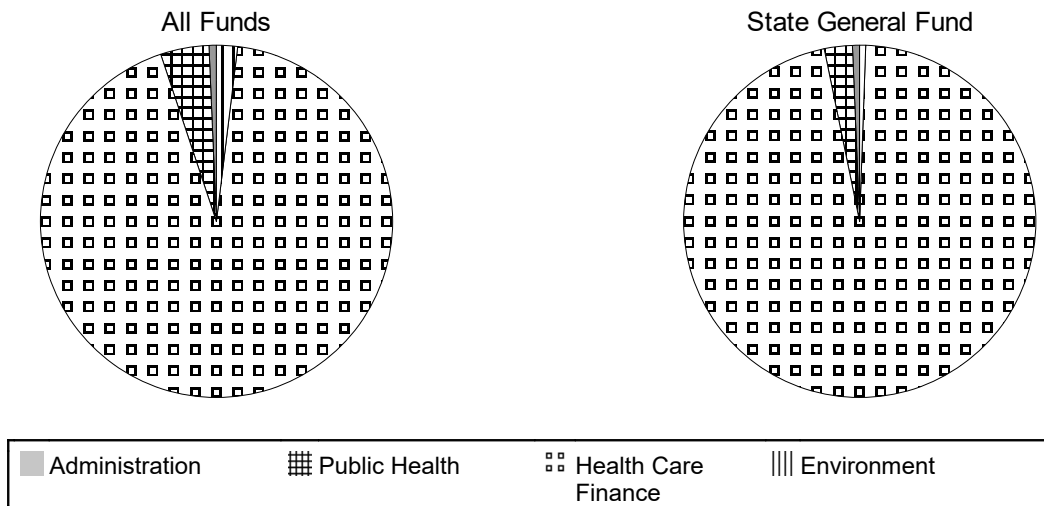
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	28.2 %	22.4 %
State Water Plan Fund	0.1	0.1
Children's Initiatives Fund	0.2	0.2
Special Revenue Funds	12.4	12.1
Federal Funds	58.3	64.4
All Other Funds	0.8	0.7
TOTAL	100.0 %	100.0 %
<i>Note: Totals may not add due to rounding.</i>		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 23,710,036	0.7 %	\$ 5,114,037	0.7 %
Public Health	152,420,545	4.4	19,717,242	2.6
Health Care Finance	3,191,839,034	93.0	741,344,861	96.2
Environment	65,678,946	1.9	4,280,523	0.6
TOTAL	\$ 3,433,648,561	100.0 %	\$ 770,456,663	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	116.6	107.8	107.8	107.8	107.8
Public Health	340.5	348.5	348.5	348.5	348.5
Health Care Finance	323.4	667.0	667.0	667.0	667.0
Environment	427.1	434.7	434.7	434.7	434.7
TOTAL	1,207.6	1,558.0	1,558.0	1,558.0	1,558.0

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 Health Care Finance program includes 43.0 FTE off-budget positions.

AGENCY REQUEST BY BUREAU DETAIL				
By Division	All Funds FY 2019	SGF FY 2019	All Funds FY 2020	SGF FY 2020
Administration	\$ 23,842,776	\$ 5,924,509	\$ 25,208,114	\$ 6,612,115
Public Health:				
Health Administration	21,009	15,409	5,600	0
Bureau of Disease Control and Prevention	11,632,245	1,337,371	11,409,440	1,254,050
Bureau of Health Promotion	15,498,918	473,506	15,566,938	433,396
Bureau of Family Health	91,900,156	6,341,148	89,884,809	6,184,776
Bureau of Community Health Systems	26,313,297	11,777,592	26,416,785	11,634,281
Bureau of Oral Health	799,636	173,215	802,293	174,489
Bureau of Epidemiology and Public Health Informatics	8,486,927	73,200	8,164,102	56,250
<i>Subtotal - Public Health</i>	<i>\$ 154,652,188</i>	<i>\$ 20,191,441</i>	<i>\$ 152,249,967</i>	<i>\$ 19,737,242</i>
Health Care Finance*:				
Medicaid/KanCare Administration	\$ 244,493,132	\$ 11,547,531	\$ 231,454,083	\$ 14,098,671
Medicaid/KanCare Assistance	2,505,451,040	788,103,110	2,515,651,040	797,393,800
<i>Subtotal - Health Care Finance</i>	<i>\$ 2,749,944,172</i>	<i>\$ 799,650,641</i>	<i>\$ 2,747,105,123</i>	<i>\$ 811,492,471</i>
Environment:				
Bureau of Waste Management	\$ 5,348,945	\$ 0	\$ 5,358,653	\$ 0
Bureau of Air Quality	5,755,954	85,137	5,868,990	84,814
Bureau of Water	8,770,315	158,528	8,958,952	146,000
Bureau of Environmental Remediation	26,346,569	525,754	26,821,239	525,646
Bureau of Environmental Field Services	10,878,961	1,648,807	11,080,966	1,594,111
Bureau of Environmental Laboratories	8,354,413	2,025,715	8,337,053	1,929,952
<i>Subtotal - Environment</i>	<i>\$ 65,455,157</i>	<i>\$ 4,443,941</i>	<i>\$ 66,425,853</i>	<i>\$ 4,280,523</i>
TOTAL	\$ 2,993,894,293	\$ 830,210,532	\$ 2,990,989,057	\$ 842,122,351

*The Division of Health Care Finance also includes off-budget expenditures of \$584.1 million in FY 2019 and \$616.5 million for FY 2020 for the the State Employees' Health Benefits Program.

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. 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 Office of Communications supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The Office of Information Technology Services (OITS) is under the Kansas Executive Chief Information Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology from hardware and basic desktop applications to vendor produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget.

The agency also confers with the Office of Personnel Services 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 18.0	\$ 18.6	\$ 23.6	\$ 20.0	\$ 23.0	\$ 23.7
FTE Positions	101.0	101.0	116.6	116.6	107.8	107.8

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 6,673,490	\$ 8,370,103	\$ 8,370,103	\$ 8,471,866	\$ 8,471,866
Contractual Services	12,881,853	15,178,213	14,374,368	16,446,788	14,948,710
Commodities	52,920	65,852	65,852	60,852	60,852
Capital Outlay	380,897	228,608	228,608	228,608	228,608
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 19,989,160	\$ 23,842,776	\$ 23,038,931	\$ 25,208,114	\$ 23,710,036
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 19,989,160	\$ 23,842,776	\$ 23,038,931	\$ 25,208,114	\$ 23,710,036
Financing:					
State General Fund	\$ 5,319,024	\$ 5,924,509	\$ 5,120,664	\$ 6,612,115	\$ 5,114,037
All Other Funds	14,670,136	17,918,267	17,918,267	18,595,999	18,595,999
TOTAL	\$ 19,989,160	\$ 23,842,776	\$ 23,038,931	\$ 25,208,114	\$ 23,710,036
FTE Positions	116.6	107.8	107.8	107.8	107.8

The **agency** requests FY 2020 Administration function expenditures of \$25.2 million, including \$6.6 million from the State General Fund. This is an all funds increase of \$1.4 million, or 5.7 percent, and a State General Fund increase of \$687,606, or 11.6 percent, above the FY 2019 revised estimate, primarily attributable to the agency's enhancement request for Data Center as a Service. The request includes 107.8 FTE positions, which is the same number as the FY 2019 revised estimate. The FY 2020 agency request for the Administration function is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$8.5 million, including \$2.5 million from the State General Fund. This is an increase of \$101,763, or 1.2 percent above the FY 2019 revised estimate due to increased expenditures on employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests \$16.4 million, including \$3.9 million from the State General Fund. This is an increase of \$1.3 million, or 8.4 percent, above the FY 2019 revised estimate due to the agency's enhancement request for Data Center as a Service;
- **Commodities.** The agency requests \$60,852, including \$37,391 from the State General Fund. This is a decrease of \$5,000, or 7.6 percent, below the FY 2019 revised estimate due to reductions in office stationery and supplies; and
- **Capital Outlay.** The agency requests \$228,608, including \$91,866 from the State General Fund. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$23.7 million, including \$5.1 million from the State General Fund, for the Administration program for FY 2020. This is a decrease of \$1.5 million, or 5.9 percent, all from the State General Fund, below the agency's request due to the Governor not recommending the agency's enhancement request for Data Center as a Service.

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 core 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, indirectly through encouraging other public or private entities to act, or by regulatory activity.

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. The Division includes a Health Administration subprogram and six bureaus administer the Division of Public Health programs.

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 through two sections: the STI/HIV (Sexually Transmitted

Infections/Human Immunodeficiency Virus) Section and the TB (Tuberculosis)/Immunization Section.

The **Bureau of Health Promotion** facilitates the development of state and local health objectives that offer a prevention framework for health promotion and evidence based decision-making to promote improvements in population health status. The Bureau pursues funding resources and collaborative partnerships to respond to the State's leading health problems in the areas of chronic disease, including heart disease, dental disease, arthritis, cancer, injury and disability, obesity, stroke, and diabetes. The Bureau also implements population level strategies to reduce the primary risk factors associated with the leading causes of death and disability, including tobacco use prevention, promotion of physical activity, nutritional education, and safety practices to prevent injury.

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 more than 5,000 child care facilities and agencies serving children under the age of 16. The Children and Families section includes the 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/Part C), birth defects surveillance, 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). The Healthy Homes and Lead Hazard Prevention Program manages 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 **Bureau of Community Health Systems** 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 Right-to-Know Program works closely with local emergency management and local emergency planning commissions to assist them in emergency preparedness. 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 health and medical facilities and licenses all users of radioactive materials in the state. The Kansas Radon Program provides education about the health risks of radon and certifies all professionals who perform radon measurement and mitigation in the state.

The Bureau helps 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 Special Populations Health. The Kansas Trauma Program is advisory to the Secretary on trauma-related matters, supports the Kansas Trauma Registry, and provides oversight of trauma center designation processes. Statewide minority health and health equity initiatives are also coordinated within the Bureau. 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 Local Public Health Program

coordinates activities between the agency, local health departments, and other public health community partners.

The **Bureau of Oral Health** works to increase awareness and improve the oral health of all Kansans through oral health data collection, surveillance, and dissemination; statewide oral health education, promotion, and collaboration; development of science-based oral health policy; and programming dedicated to dental disease prevention.

The **Bureau of Epidemiology and Public Health Informatics**, under the supervision of the State Epidemiologist, serves as a data and information support group for the agency as well as other state agencies. The primary responsibilities of the Bureau are vital records acquisition, management, and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. The Bureau also 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 is the administrative home of the State's Health Information Technology Coordinator Program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of clients accessing primary health care clinics	376,994	261,811	265,000	290,875	300,000	300,000
Average number of WIC participants served annually	106,091	99,333	99,700	95,544	94,000	94,000
Percent of children less than 6 years old with 2 or more immunizations	82.5 %	83.4 %	85.0 %	82.8 %	85.0 %	85.0 %
Number of children (ages 0-2) receiving Infants and Toddlers services	9,700	9,800	10,000	10,303	10,653	11,003
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 146.0	\$ 153.2	\$ 148.4	\$ 155.3	\$ 154.7	\$ 152.4
FTE Positions	336.3	336.3	340.5	340.5	348.5	348.5

PUBLIC HEALTH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 19,036,882	\$ 22,862,645	\$ 22,862,645	\$ 23,078,285	\$ 23,078,285
Contractual Services	31,946,317	27,499,373	27,499,373	26,203,030	26,183,030
Commodities	3,479,696	1,786,801	1,786,801	1,597,514	1,607,685
Capital Outlay	407,104	209,149	209,149	189,115	189,115
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 54,869,999</i>	<i>\$ 52,357,968</i>	<i>\$ 52,357,968</i>	<i>\$ 51,067,944</i>	<i>\$ 51,058,115</i>
Aid to Local Units	38,190,292	39,914,900	39,914,900	38,376,361	38,376,361
Other Assistance	62,223,234	62,379,320	62,379,320	62,805,662	62,986,069
TOTAL	<u>\$ 155,283,525</u>	<u>\$ 154,652,188</u>	<u>\$ 154,652,188</u>	<u>\$ 152,249,967</u>	<u>\$ 152,420,545</u>
Financing:					
State General Fund	\$ 17,294,673	\$ 20,191,441	\$ 20,191,441	\$ 19,737,242	\$ 19,717,242
All Other Funds	137,988,852	134,460,747	134,460,747	132,512,725	132,703,303
TOTAL	<u>\$ 155,283,525</u>	<u>\$ 154,652,188</u>	<u>\$ 154,652,188</u>	<u>\$ 152,249,967</u>	<u>\$ 152,420,545</u>
FTE Positions	340.5	348.5	348.5	348.5	348.5

The **agency** requests FY 2020 expenditures of \$152.2 million, including \$19.7 million from the State General Fund, for the Division of Public Health. This is an all funds decrease of \$2.4 million, or 1.6 percent, and a State General Fund decrease of \$454,199, or 2.2 percent, below the FY 2019 revised estimate, primarily attributable to decreases in contractual services and aid to local units of government and partially offset by increases in the salaries and wages and other assistance categories.

Specifically, the FY 2020 agency request includes the following for each bureau within the Division of Public Health:

- \$5,600, all from special revenue funds, for Health Administration;
- \$11.4 million, including \$1.3 million from the State General Fund, for the Bureau of Disease Control and Prevention;
- \$15.6 million, including \$433,396 from the State General Fund, for the Bureau of Health Promotions;
- \$89.9 million, including \$6.2 million from the State General Fund, for the Bureau of Family Health;
- \$26.4 million, including \$11.6 million from the State General Fund, for the Bureau of Community Health Systems;
- \$802,293, including \$174,489 from the State General Fund, for the Bureau of Oral Health; and
- \$8.2 million, including \$56,250 from the State General Fund, for the Bureau of Epidemiology and Public Health Informatics.

The request includes 348.5 FTE positions, which is the same number as the FY 2019 revised estimate.

The FY 2020 agency request for the Division of Public Health is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$23.1 million, including \$1.1 million from the State General Fund. This is an increase of \$215,640, or 0.9 percent, above the FY 2019 revised estimate, primarily due to increased expenditures on employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests \$26.2 million, including \$981,544 from the State General Fund. This is a decrease of \$1.3 million, or 4.7 percent, below the FY 2019 revised estimate. The decrease is attributable to reductions throughout the bureaus, including decreased expenditures for staff recruiting in Disease Control and Prevention as well as reduced expenditures for professional fees in Health Promotions, Family Health, and Epidemiology and Public Health Informatics;
- **Commodities.** The agency requests \$1.6 million, including \$692,895 from the State General Fund. This is a decrease of \$189,287, or 10.6 percent, below the FY 2019 revised estimate, primarily due to decreased building and grounds materials in the Bureau of Epidemiology and Health Informatics and decreased pharmaceutical expenditures in the Bureaus of Disease Control and Prevention and Family Health;
- **Capital Outlay.** The agency requests \$189,115, including \$5,032 from the State General Fund. This is a decrease of \$20,034, or 9.6 percent, below the FY 2019 revised estimate, primarily attributable to decreases in expenditures on passenger vehicles in the Bureau of Disease Control and Prevention and office furniture in the Bureau of Epidemiology and Public Health Informatics;
- **Aid to Local Units of Government.** The agency requests \$38.4 million, including \$5.6 million from the State General Fund. This is a decrease of \$1.5 million, or 3.9 percent, below the FY 2019 revised estimate, primarily due to expiration of federal grants in the Bureau of Family Health, as well as shifts to the other assistance category; and
- **Other Assistance.** The agency requests \$62.8 million, including \$11.3 from the State General Fund. This is an increase of \$426,342, or 0.7 percent, above the FY 2019 revised estimate, primarily due to federal funding shifting to this category from aid to local units of government in the Bureau of Family Health.

The agency also requested Executive Directives for the establishment of four new federal funds within the Division of Public Health: the Kansas Actions to Improve Oral Health Outcomes Fund, the Public Health Crisis Response Fund, the Diabetes and Heart Disease and Stroke Prevention Programs Fund, and the Innovative State and Local Public Health Strategies to Prevent and Manage Diabetes and Heart Disease and Stroke Fund.

The **Governor** recommends expenditures of \$152.4 million, including \$19.7 million from the State General Fund, for the Division of Public Health for FY 2020. This is an all funds increase of \$170,578, or 0.1 percent, and a State General Fund decrease of \$20,000, or 0.1 percent, from the agency's FY 2020 request. The all funds increase is due to the Governor recommending additional Children's Initiatives Fund expenditures for Smoking

Cessation/Prevention Program Grants (\$154,919), Healthy Start/Home Visitor (\$12,086), SIDS Network Grant (\$13,402), and the Newborn Hearing Aid Loaner Program (\$10,171). The Governor's recommendation also includes the agency's enhancement request for the Infant and Toddler MOE. The State General Fund decrease is due to the Governor not recommending the agency's enhancement request for the Trauma Program.

C. Health Care Finance

The Division of Health Care Finance is responsible for developing and maintaining a coordinated health policy agenda that combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The Division oversees the State's Medicaid program (Title XIX), the Children's Health Insurance Program (CHIP) (Title XXI), the State Employee Health Plan (SEHP), and the State Self-Insurance Fund Workers Compensation Program. The Division is responsible for interagency coordination and promoting integrated oversight.

The Division includes two major program areas: Medicaid/KanCare (administration and assistance) and the State Employees' Health Benefits Programs.

The Office of the Director oversees the operations and administrative responsibilities of the division and is responsible for ensuring the division'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

KanCare is the program through which the State administers Medicaid. The State contracts with three managed care organizations (MCOs) to coordinate health care for individuals enrolled in Medicaid. KDHE maintains financial management and contract oversight of the KanCare program while the Kansas Department for Aging and Disability Services administers Medicaid waiver programs for disability services, mental health and substance abuse, as well as operates the State hospitals and institutions. All Medicaid/KanCare expenditures that are not considered assistance to individuals under the program are administration expenditures.

The Medicaid/KanCare Unit develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan, and CHIP. Individuals served by these programs include low-income children and adults, individuals 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, maintains the State Employee Health Plan, 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 and certain services. These eligibility groups and services are referred to as "mandatory."

Mandatory benefits include:

- Acute Care Benefits, which includes:
 - Physician services;
 - Laboratory and x-ray services;
 - Inpatient hospital services;
 - Outpatient hospital services;
 - Early and periodic screening, diagnostic, and treatment services for individuals less than 21 years old;
 - Family planning and supplies;
 - Federally qualified health center services;
 - Rural health clinic services;
 - Nurse-midwife services; and
 - Certified pediatric and family nurse practitioner services;
- Long-Term Care Benefits, including:
 - Institutional Services: Nursing facility 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 through either 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. The federal portion is scheduled to decrease to approximately 85.0 percent in FY 2020 and approximately 74.0 percent in FY 2021. Health care services are purchased through both traditional fee-for-service (FFS) 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 the Centers for Medicare and Medicaid Services (CMS) in December 2017. The renewal was approved December 18, 2018, and is effective January 1, 2019, through December 31, 2023. The agency completed the request for proposal (RFP) process for the MCOs contracted for KanCare beginning January 1, 2019. The three MCOs will be Aetna, Sunflower Health Plan, and United Healthcare of the Midwest. Aetna will join as a new MCO, while Sunflower Health Plan and United Healthcare of the Midwest will continue in their current roles. Amerigroup will no longer provide services.

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 and 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 the SEHP or other private health insurance.

In FY 2018, the agency spent more than \$2.0 billion purchasing health care for more than 400,000 persons through Medicaid and CHIP. It is the third largest purchaser of health care services and the largest purchaser of children's health care services in Kansas. Approximately 74.0 percent of the people served were low-income children and families, although spending for these populations composes only 33.0 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.

The Medicaid/KanCare Unit is composed 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 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. A pharmacy unit is also part of this section and is responsible for overseeing MCO and FFS pharmacy operations, including managing the Drug Utilization Review and Preferred Drug List processes.

The Medicaid Initiatives Unit within this section is responsible for research, development, and training for new Medicaid initiatives. The unit manages the Delivery System Reform Incentive Payment Pool program that is part of the 1115 Demonstration. 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 provides policy support and KEES expertise to the project. KEES is an information system that is used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE has partnered with the Department for Children and Families to include eligibility for other human service programs, 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 Out-Stationed Eligibility Specialist and Intake Manager Group includes a group of 30 eligibility workers that is 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.

The Working Healthy Unit is responsible for managing the Kansas Medicaid buy-in program, Working Healthy, and the home and community-based services program, Work Opportunities Reward Kansans (WORK). Program staff also work with the KanCare MCOs, state agencies, and disability stakeholders on initiatives designed to encourage youth and adults with disabilities to become employed and reduce reliance on public support.

Beginning in 2019 the unit will implement a new Supported Employment Pilot targeting individuals with mental health disabilities as well as those with developmental/intellectual and physical disabilities. The pilot will be designed to provide supports allowing these individuals to seek, obtain, and maintain competitive, integrated employment in their communities and live as independently as possible. The unit will also partner with the Department for Children and Families on their End Dependence project, and with the Department of Commerce's Workforce System on a program for injured workers to stay or return to work.

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.

Medicaid Operations is also responsible for the oversight of the daily operational issues for the three KanCare MCOs. 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 Division of Public Health programs.

Program Finance and Informatics

The Program Finance and Informatics group provides fiscal management, financial analysis, and estimates related to Medicaid and CHIP utilization to all division program areas.

The **Medicaid Programs Finance and Reporting Unit** is charged with the fiscal management and accurate financial reporting of the Division's medical programs. Key finance activities include accurate reporting and tracking of expenditures and revenues, submission of quarterly federal Medicaid and CHIP reports for all KanCare expenditures, submission of quarterly Medicaid and CHIP administration and assistance estimates to CMS, prudent management of cash balances, timely and accurate federal fund draws, cost allocation plan maintenance and updates, management of provider payments through Medicaid Management Information System, and fiscal management of division contracts.

The **Informatics Unit** administers the Kansas Health Insurance Information System, health professional licensure, Medicare historical part A and B dual eligibility, capitation, and the hospital inpatient discharge data sets that produce standard and *ad hoc* reports. The unit also provides database and programming support to other division areas as needed.

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 the agency 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 MCOs, development of the division budget, multi-agency combined medical caseload projections, risk management tracking, and fiscal monitoring of critical projects.

Medicaid Eligibility Quality Control (MEQC) is a federally mandated unit that provides comprehensive audit analysis of state compliance with Medicaid and CHIP eligibility regulations and provides data to assist with corrective action planning for identified error deficiencies. MEQC performs audits on cases processed by the KanCare Clearinghouse, the KDHE Out-Stationed Unit, and any other assigned entities.

Beginning January 1, 2019, MEQC will begin a new federally mandated audit with focus on both active (approved) and negative (denied or terminated) eligibility decisions, and improper payments resulting from erroneous eligibility decisions for active cases.

State Employees' Health Benefits Program

The State Employees' Health Benefits Program administers the **State Employee Health Plan (SEHP)** on behalf of the Health Care Commission (HCC) and the Workers Compensation Program. The HCC was statutorily created in 1984 to design and implement a health care benefits program. In addition, KSA 75-6501 *et seq.* provides for an Employee Advisory Committee, which was implemented in 1995 and provides input on the health plan. Expenditures for this program are off-budget.

For the SEHP, the HCC contracts with an actuarial service to provide guidance in setting rates and insuring the financial stability of the program and manages the plan on a long-term basis through establishing funds in the positive years to help pay for shortages in negative years and maintaining minimal rate increases. Covered members in the SEHP include state employees and their dependents, retired and disable state employees and their dependents, state employees on leave without pay, elected officials, and blind vending facility operators. There are also non-state groups allowed to participate in the SEHP, including unified school districts, community colleges, technical colleges, vocational technical schools, cities, counties, townships, libraries, public hospitals, extension councils, and certain other public entities. The cost to administer this portion of the program is reflected in the premiums charged to the groups, resulting in different composite rate and employee premiums than state agencies.

Total enrollment numbers in the SEHP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-state public employer groups, qualified beneficiaries on COBRA, and other individuals identified in KAR 108-1-1, KAR 108-1-3, and KAR 108-1-4. There are 162 public employers participating in the SEHBP. As of July 1, 2018, non-state public employers included 29 school districts; 75 cities, counties, or townships; 21 extension offices or libraries; 16 public hospitals; 9 housing authorities; and 8 miscellaneous local government entities. The number of members in the groups range from 1 to 246. There are 3 groups who have more than 200, and 20 have between 100 and 200 members.

Enrollment Figures

Group	Participants
Active State of Kansas Employees	32,540
Active Non-State Public Employees	5,721
Direct Bill/Retiree Member	9,746
COBRA Member	406

In plan year 2018, 89.1 percent of active state employees and 85.6 percent of the non-state public employer population were enrolled. For the active state population, 50.2 percent are enrolled in single coverage and 49.8 percent provide coverage for their dependents.

In addition to the the medical, dental, and vision plans offered by the SEHP, the following services are also available:

- Voluntary benefits are offered through Metropolitan Life for accident insurance, hospital indemnity insurance, and critical illness insurance. Employees pay 100.0 percent of the premiums for plans selected;
- Flexible Spending Accounts (FSA) programs are administered through a third-party administrator. FSA programs are offered to active state employees and include a health care FSA as well as a limited purpose FSA for those employees enrolled in Plan C and Plan N to allow employees the use of pre-tax dollars for qualified out-of-pocket expenses for health, dental, and vision care. In addition, a dependent care FSA to help employees pay daycare expenses for their dependents under age 13 or in elder care. Currently, there are 8,346 active state employees who participate in these programs;
- Premium Billing Administration services are provided for the non-state public employer groups and Direct Bill Members. The administrator provides invoices to the members, collects premiums, and remits premiums back to the State; and
- HealthQuest, the SEHP health and wellness program, was instituted in 1988 with the goal of improving employee health and reducing health care costs. The program is now a comprehensive health and wellness program offering an annual online health assessment; on-site biometric screenings; coaching services; a weight management program; web-based lifestyle programs; online health resources; monthly newsletters and webinars; and an employee assistance program for counseling, referrals, and other resources. Employees enrolled in the medical portion of the SEHP earn credits by participating in wellness activities offered through the HealthQuest Rewards Program.

HealthQuest is optional, and employees are not required to participate to be enrolled in the SEHP.

The **Workers Compensation Program** for state employees is called the State Self-Insurance Fund (SSIF). The SSIF was implemented in 1974. It is a self-insured, self-administered program funded by agencies based on an experience rating. The agency rates are developed by an actuarial service using claims experience, payroll history, and caps on expenses. Rates are approved by the Department of Administration and published by the Division of the Budget. 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, 247 accident reports are received monthly. In FY 2018, the SSIF spent about \$17.8 million on claims expenses with about 85.8 percent for medical services and 14.2 percent for indemnity.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures for this division.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2,301.1	\$ 2,381.6	\$ 2,419.6	\$ 2,428.2	\$ 2,713.1	\$ 3,191.8
FTE Positions	270.0	328.0	323.4	667.0	667.0	667.0

HEALTH CARE FINANCE SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 14,814,917	\$ 26,977,564	\$ 26,977,564	\$ 37,201,721	\$ 37,201,721
Contractual Services	162,061,235	199,700,369	199,700,369	177,702,797	190,712,953
Commodities	26,682	41,011	41,011	41,011	41,011
Capital Outlay	2,789,927	1,886,664	1,886,664	621,030	621,030
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 179,692,761	\$ 228,605,608	\$ 228,605,608	\$ 215,566,559	\$ 228,576,715
Aid to Local Units	12,953,630	0	0	0	0
Other Assistance	2,235,595,084	2,521,338,564	2,484,448,827	2,531,538,564	2,963,262,319
TOTAL	\$ 2,428,241,475	\$ 2,749,944,172	\$ 2,713,054,435	\$ 2,747,105,123	\$ 3,191,839,034
Financing:					
State General Fund	\$ 643,647,338	\$ 799,650,641	\$ 770,147,531	\$ 811,492,471	\$ 741,344,861
All Other Funds	1,784,594,137	1,950,293,531	1,942,906,904	1,935,612,652	2,450,494,173
TOTAL	\$ 2,428,241,475	\$ 2,749,944,172	\$ 2,713,054,435	\$ 2,747,105,123	\$ 3,191,839,034
FTE Positions	323.4	667.0	667.0	667.0	667.0

The **agency** requests FY 2020 expenditures of \$2.7 billion, including \$811.5 million from the State General Fund, for the Division of Health Care Finance. This is an all funds decrease of

\$2.8 million, or 0.1 percent, and a State General Fund increase of \$11.8 million, or 1.5 percent, from the FY 2019 revised estimate. The all funds decrease is primarily due to one-time Medicaid-related contract fees in FY 2019, partially offset by the KanCare Clearinghouse enhancement. The State General Fund increase is due to the CHIP Funding and KanCare Clearinghouse enhancements.

The FY 2020 agency request includes \$229.5 million, including \$13.1 million from the State General Fund, for the Office of the Director; \$2.5 billion, including \$797.4 million from the State General Fund, for Medicaid/KanCare; and \$1.9 million, including \$963,404 from the State General Fund, for Program Finance and Informatics.

The request includes 667.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The FY 2020 agency request for the Division of Health Care Finance is detailed by category of expenditure below:

- **Salaries and Wages.** The agency requests \$37.2 million, including \$9.7 million from the State General Fund. This is an increase of \$10.2 million, or 37.9 percent above the FY 2019 revised estimate due to the agency's enhancement request for the KanCare Clearinghouse, as well as increased expenditures on employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests \$177.7 million, including \$4.4 million from the State General Fund. This is a decrease of \$22.0 million, or 11.0 percent, below the FY 2019 revised estimate, primarily due to one-time Medicaid-related contract fees in FY 2019 for amendments and revised estimates to address computer system projects and upgrades, as well as increased federal grants;
- **Commodities.** The agency requests \$41,011, including \$15,167 from the State General Fund. This is the same amount as the FY 2019 revised estimate;
- **Capital Outlay.** The agency requests \$621,030, including \$27,671 from the State General Fund. This is a decrease of \$1.3 million, or 67.1 percent, below the FY 2019 revised estimate due to decreases in Medicaid Administration for computer and furniture equipment; and
- **Other Assistance.** The agency requests \$2.5 billion, including \$797.4 million from the State General Fund. This is an increase of \$10.2 million, or 0.4 percent, above the FY 2019 revised estimate, primarily due to increased expenditures in medical programs.

The FY 2020 agency request for this division also includes \$616.5 million in off-budget expenditures for the State Employees' Health Benefits Program.

The **Governor** recommends expenditures of \$3.2 billion, including \$741.3 million from the State General Fund, for the Division of Health Care Finance for FY 2020. This is an all funds increase of \$444.7 million, or 16.2 percent, and a State General Fund decrease of \$70.1 million, or 8.6 percent, from the agency's FY 2020 request. The all funds increase is primarily due to the Governor's recommendation to fund Medicaid expansion at an estimate of \$509.3 million,

including \$14.2 million from the State General Fund. The Governor's recommendation also includes fully funding human services consensus caseload estimates, which includes a decrease of \$87.7 million, including \$87.3 million from the State General Fund, below the agency's request. In addition, the Governor recommends the agency's enhancement request for the KanCare Clearinghouse and recommends the CHIP Funding enhancement request in part, further recommending that CHIP expenditures be funded from the State General Fund and that the fee fund previously used for CHIP be dedicated for KanCare caseload expenditures. This results in a total increase for the CHIP enhancement of \$23.1 million, including \$12.4 million from the State General Fund, above the agency's base request..

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 is also responsible for administering the duties of the Department related to the regulation and clean-up of alleged illegal drug manufacturing sites.

The **Bureau of Environmental Field Services**, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau 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, defines radiological hazards, and monitors 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of public water supply samples tested	N/A	194,292	190,000	198,827	190,000	190,000
Number of new petroleum storage tank trust fund sites approved	24	20	25	24	25	30
Number of annual inspections at solid waste sites	275	281	300	281	300	300
Number of permitted household hazardous waste facilities	46	47	47	47	48	48
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 56.1	\$ 64.4	\$ 71.2	\$ 67.5	\$ 65.5	\$ 65.7
FTE Positions	427.1	427.1	426.1	427.1	434.7	434.7

ENVIRONMENT SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 26,257,418	\$ 31,502,874	\$ 31,502,874	\$ 31,870,412	\$ 31,870,412
Contractual Services	26,644,036	25,470,477	25,470,477	26,028,011	25,381,104
Commodities	2,742,924	2,409,458	2,409,458	2,384,136	2,384,136
Capital Outlay	957,129	670,195	670,195	593,009	593,009
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 56,601,507</i>	<i>\$ 60,053,004</i>	<i>\$ 60,053,004</i>	<i>\$ 60,875,568</i>	<i>\$ 60,228,661</i>
Aid to Local Units	8,370,704	2,422,468	2,422,468	2,575,604	2,475,604
Other Assistance	2,545,475	2,979,685	2,979,685	2,974,681	2,974,681
TOTAL	\$ 67,517,686	\$ 65,455,157	\$ 65,455,157	\$ 66,425,853	\$ 65,678,946
Financing:					
State General Fund	\$ 3,927,913	\$ 4,443,941	\$ 4,443,941	\$ 4,280,523	\$ 4,280,523
All Other Funds	63,589,773	61,011,216	61,011,216	62,145,330	61,398,423
TOTAL	\$ 67,517,686	\$ 65,455,157	\$ 65,455,157	\$ 66,425,853	\$ 65,678,946
FTE Positions	427.1	434.7	434.7	434.7	434.7

The **agency** requests FY 2020 expenditures of \$66.4 million, including \$4.3 million from the State General Fund, for the Environment Division. This is an all funds increase of \$970,696,

or 1.5 percent, and a State General Fund decrease of \$163,418, or 3.7 percent, from the FY 2019 revised estimate. The all funds increase is due to increased expenditures on salaries and wages, contractual services, and aid to local units of government, partially offset by decreased expenditures on commodities, capital outlay, and other assistance.

Specifically, the FY 2020 agency request includes the following for each bureau within the Division of Environment:

- \$5.3 million, all from special revenue funds, for the Bureau of Waste Management;
- \$5.9 million, including \$84,814 from the State General Fund, for the Bureau of Air Quality;
- \$9.0 million, including \$146,000 from the State General Fund, for the Bureau of Water;
- \$26.8 million, including \$525,646 from the State General Fund, for the Bureau of Environmental Remediation;
- \$11.1 million, including \$1.6 million from the State General Fund, for the Bureau of Environmental Field Services; and
- \$8.3 million, including \$1.9 million from the State General Fund, for the Bureau of Environmental Laboratories.

Major expenditures for FY 2020 are detailed below:

- **Salaries and Wages.** The agency requests \$31.9 million, including \$3.8 million from the State General Fund. This is an all funds increase of \$367,538, or 1.2 percent, and a State General Fund increase of \$20,935, or 0.6 percent, above the FY 2019 revised estimate. The increase is primarily due to increased expenditures on employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests \$26.0 million, including \$294,888 from the State General Fund. This is an all funds increase of \$557,534, or 2.2 percent, and a State General Fund decrease of \$68,554, or 18.9 percent, below the FY 2019 revised estimate. The all funds increase is due to the agency's enhancement requests;
- **Commodities.** The agency requests \$2.4 million, including \$187,237 from the State General Fund. This is an all funds decrease of \$25,322, or 1.1 percent, and a State General Fund decrease of \$15,799, or 7.8 percent, below the FY 2019 revised estimate. The decrease is largely due to decreased expenditures on professional and scientific supplies, stationery, and gasoline;
- **Capital Outlay.** The agency requests \$593,009, including \$4,166 from the State General Fund. This is an all funds decrease of \$77,186, or 11.5 percent, and a State General Fund decrease of \$100,000, or 96.0 percent, below the FY 2019 revised estimate. The decrease is mainly due to decreased expenditures on professional and scientific equipment and vehicles;
- **Aid to Local Units.** The agency requests \$2.6 million, all from special revenue funds. This is an increase of \$153,136, or 6.3 percent, above the FY 2019 revised estimate. The increase is due to increased expenditures on federal aid to

local governments in the Bureau of Air Quality due to a new federal Environmental Protection Agency (EPA) grant focused on diesel reduction; and

- **Other Assistance.** The agency requests \$3.0 million, all from special revenue funds. This is a decrease of \$5,004, or 0.2 percent, below the FY 2019 revised estimate. The decrease is due to decreased expenditures on state aid to qualified non-state entities in the environmental field services bureau.

The **Governor** recommends \$65.7 million, including \$4.3 million from the State General Fund, for the Division of Environment for FY 2020. This is a decrease of \$746,907, or 1.1 percent, all from special revenue funds, below the agency's FY 2020 request. The decrease is due to the Governor not recommending the agency's enhancements for Drinking Water Protection or Contamination Remediation.

DEPARTMENT FOR CHILDREN AND FAMILIES

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 265,352,483	\$ 297,523,162	\$ 295,907,308	\$ 296,897,897	\$ 332,184,161
Other Funds	335,463,458	383,441,480	372,846,726	394,695,724	394,885,369
Subtotal	\$ 600,815,941	\$ 680,964,642	\$ 668,754,034	\$ 691,593,621	\$ 727,069,530
Capital Improvements:					
State General Fund	\$ 23,407	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	39,177	250,000	250,000	123,276	123,276
Subtotal	\$ 62,584	\$ 250,000	\$ 250,000	\$ 123,276	\$ 123,276
TOTAL	\$ 600,878,525	\$ 681,214,642	\$ 669,004,034	\$ 691,716,897	\$ 727,192,806
Percentage Change:					
Operating Expenditures					
State General Fund	10.0 %	12.1 %	11.5 %	(0.2) %	12.3 %
All Funds	2.4	13.3	11.3	1.6	8.7
FTE Positions	2,508.0	2,563.0	2,592.0	2,563.0	2,618.0

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 ten programs: Administration, Licensing, 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 **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 for 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 composed 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.

The **2018 Legislature** passed House Sub. for SB 179, which creates and amends law to establish juvenile crisis intervention centers and procedures for admission of juveniles to such centers. The bill also makes additional amendments to the Revised Kansas Code for Care of Children, including the Newborn Infant Protection Act.

The **2018 Legislature** passed SB 284, which creates the Adoption Protection Act and amends several provisions of the Kansas Adoption and Relinquishment Act. The bill creates the Adoption Protection Act, which states, notwithstanding any other provision of state law and to the extent allowed by federal law, no child placement agency (CPA), as defined by the bill, shall be required to perform, assist, counsel, recommend, consent to, refer, or otherwise participate in any placement of a child for foster care or adoption when the proposed placement of such child violates such CPA's sincerely held religious beliefs.

The **2018 Legislature** passed House Sub. for SB 336, which amends various law related to public records, including the requirement for the release of records or reports related to a child fatality or near fatality resulting from child abuse or neglect and the release of information when a child fatality occurs while the child was in the custody of the Secretary for Children and Families.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate for operating expenditures of \$681.0 million, including \$297.5 million from the State General Fund, in FY 2019. This is an increase of \$31.6 million, or 4.9 percent, including \$8.1 million from the State General Fund, or 2.8 percent, above the FY 2019 approved amount. The revised estimate also includes the following supplemental requests: \$1.2 million, including \$1.1 million from the State General Fund, for additional child welfare staff; \$2.3 million, including \$919,322 from the State General Fund, for mainframe costs; \$830,018, including \$598,766 from the State General Fund, for the federal Families First Prevention Services Act; \$50,000 from the State General Fund to comply with federal requirements of the Fostering Connections and Increasing Adoptions Act of 2008; \$446,900, including \$431,437 from the State General Fund to improve child welfare programs; \$299,912, including \$63,881 from the State General Fund, for recruitment and retention of Vocational Rehabilitation Counselors; \$11.0 million, including \$4.7 million from the State General Fund, for Kansas Eligibility Enforcement System maintenance; and \$319,764, including \$177,728 from the State General Fund, for costs associated with Office of Information Technology Services modernization initiatives. The agency's revised estimate includes an increase of 80.0 FTE positions above the number approved by the 2018 Legislature. The agency added 80.0 positions for Social Work Practicums.

The agency submits a revised capital improvement estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair of the Topeka Service Center. The lease-to-purchase agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is the same as the amount approved by the 2018 Legislature.

The **Governor** recommends \$668.8 million, including \$295.9 million from the State General Fund, for operating expenditures in FY 2019. The recommendation is a decrease of \$12.2 million, or 1.8 percent, including \$1.6 million from the State General Fund, or 0.5 percent, below the agency's revised estimate. The recommendation also includes 2,592.0 FTE positions, which is an increase of 29.0 FTE positions above the agency's revised estimate. The Governor recommends funding for the following supplemental requests: \$831,052, including \$802,296 from the State General Fund, and 26.0 FTE positions for additional child welfare staff; \$537,518, including \$452,516 from the State General Fund, and 3.0 FTE positions for the federal Families First Prevention Services Act; and \$3.7 million, including \$1.6 million from the State General Fund, for Kansas Eligibility and Enforcement System maintenance expenditures.

The Governor concurs with the agency's capital improvement request totaling \$250,000, all from special revenue funds.

FY 2020 – Budget Year. The **agency** requests operating expenditures of \$691.6 million, including \$296.9 million from the State General Fund, for FY 2020. This is an all funds increase of \$10.6 million, or 1.6 percent, and a State General Fund decrease of \$625,265, or 0.2 percent, below the FY 2019 revised estimate. The request also includes the following enhancement requests: \$3.6 million, including \$3.4 million from the State General Fund, for additional child welfare staff; \$3.6 million, including \$1.4 million from the State General Fund, for mainframe costs; \$1.3 million, including \$625,000 from the State General Fund, for development of the Integrated Child Welfare Information System; \$3.9 million, including \$2.1 million from the State General Fund, for the federal Families First Prevention Services Act; \$1.5 million from the State General Fund to comply with federal requirements of the Fostering Connections and Increasing Adoptions Act of 2008; \$441,154, including \$425,890 from the State General Fund to improve child welfare programs; \$1.8 million, including \$997,454 from the State General Fund, to reduce shrinkage; \$364,754, including \$77,692 from the State General Fund, for recruitment and retention of Vocational Rehabilitation Counselors; \$5.7 million, including \$2.5 million from the State General Fund, for Kansas Eligibility Enforcement System maintenance; and \$2.8 million, including \$1.6 million from the State General Fund, for costs associated with Office of Information Technology Services modernization initiatives.

The agency requests capital improvement expenditures of \$123,276, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair of the Topeka Service Center. The lease-to-purchase agreement requires funding to be deposited into the Fund for capital improvements to the building. The agency's request is a decrease of \$126,724 below the agency's FY 2019 revised estimate.

The **Governor** recommends \$727.1 million, including \$332.2 million from the State General Fund, for operating expenditures for FY 2020. The recommendation is an increase of \$35.5 million, including \$35.3 million from the State General Fund, above the agency's FY 2020 request. The recommendation also includes 2,618.0 FTE positions, which is an increase of 55.0 FTE positions above the agency's request. The Governor recommends funding for the following enhancement requests: \$3.3 million, including \$3.2 million from the State General Fund, and 52.0 FTE positions for additional child welfare staff; \$9.3 million, including \$7.0 million from the State General Fund, and 3.0 FTE positions for the federal Families First Prevention Services Act; and \$7.1 million, including \$3.1 million from the State General Fund, for Kansas Eligibility Enforcement System maintenance expenditures.

The Governor concurs with the agency's capital improvement request totaling \$123,276, all from special revenue funds.

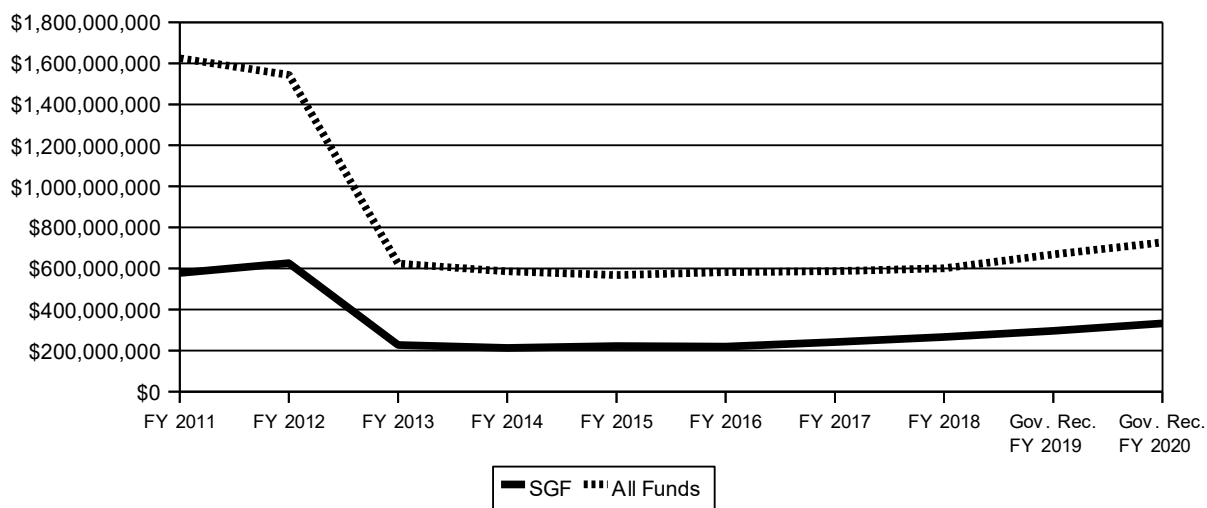
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of children reaching permanency within 12 months of entering foster care	39.7 %	38.1 %	N/A	35.8 %	37.6 %	38.6 %
Total child support collections increase over prior year	1.9	2.1	N/A	1.7	1.5	1.5
Percent of TANF recipients retaining employment after one quarter	N/A	37.1 %	N/A	34.9 %	36.0 %	36.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 582.1	\$ 586.9	\$ 619.8	\$ 600.8	\$ 668.8	\$ 727.1
FTE Positions	2,164.0	2,460.1	2,508.0	2,508.0	2,592.0	2,283.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2011	\$ 577,729,487	8.0 %	\$ 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	265,352,483	10.0	600,815,941	2.4	2,508.0
2019 Gov. Rec.	295,907,308	11.5	668,754,034	11.3	2,592.0
2020 Gov. Rec.	332,184,161	12.3	727,069,530	8.7	2,618.0
Ten-Year Change					
Dollars/Percent	\$ (245,545,326)	(42.5)%	\$ (897,393,629)	(55.2)%	(1,130.9)

Note: 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 2018 - FY 2020

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	44,408,988	\$ 56,074,531	\$ 54,971,442	\$ (1,103,089)	(2.0) %	\$ 46,124,270	\$ 54,256,284	\$ 8,132,014	17.6 %
Licensing		2,534,315	2,257,819	2,305,449	47,630	2.1	2,257,819	2,276,509	18,690	0.8
Child Support Services		35,767,906	37,674,275	36,523,494	(1,150,781)	(3.1)	37,674,275	36,493,072	(1,181,203)	(3.1)
Econ and Employ Serv		124,689,489	151,595,332	161,493,222	9,897,890	6.5	151,295,332	160,507,271	9,211,939	6.1
Rehabilitation Services		30,834,648	37,260,328	37,361,925	101,597	0.3	37,260,328	37,264,219	3,891	0.0
Prevent and Protect Ser		254,261,109	283,309,079	282,094,307	(1,214,772)	(0.4)	282,006,456	321,361,242	39,354,786	14.0
DD Council		819,881	827,172	835,160	7,988	1.0	827,172	831,334	4,162	0.5
Transfers		(278,269)	0	0	0	--	0	0	0	--
Client Service Delivery		107,161,829	110,747,878	114,769,306	4,021,428	3.6	110,090,154	112,845,088	2,754,934	2.5
Faith-based Comm		616,045	1,218,228	1,239,316	21,088	1.7	1,218,228	1,234,511	16,283	1.3
TOTAL	\$	600,815,941	\$ 680,964,642	\$ 691,593,621	\$ 10,628,979	1.6 %	\$ 668,754,034	\$ 727,069,530	\$ 58,315,496	8.7 %
By Major Object of Expenditure:										
Salaries and Wages	\$	127,315,088	\$ 134,491,974	\$ 138,966,049	\$ 4,474,075	3.3 %	\$ 133,427,824	\$ 136,024,382	\$ 2,596,558	1.9 %
Contractual Services		100,587,473	120,016,990	117,187,917	(2,829,073)	(2.4)	109,989,611	115,238,734	5,249,123	4.8
Commodities		1,272,400	1,238,783	1,254,792	16,009	1.3	1,235,031	1,253,994	18,963	1.5
Capital Outlay		1,010,699	950,565	667,456	(283,109)	(29.8)	940,961	673,308	(267,653)	(28.4)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>230,185,660</i>	<i>\$ 256,698,312</i>	<i>\$ 258,076,214</i>	<i>\$ 1,377,902</i>	<i>0.5 %</i>	<i>\$ 245,593,427</i>	<i>\$ 253,190,418</i>	<i>\$ 7,596,991</i>	<i>3.1 %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		370,630,281	424,266,330	433,517,407	9,251,077	2.2	423,160,607	473,879,112	50,718,505	12.0
TOTAL	\$	600,815,941	\$ 680,964,642	\$ 691,593,621	\$ 10,628,979	1.6 %	\$ 668,754,034	\$ 727,069,530	\$ 58,315,496	8.7 %
Financing:										
State General Fund	\$	265,352,483	\$ 297,523,162	\$ 296,897,897	\$ (625,265)	(0.2) %	\$ 295,907,308	\$ 332,184,161	\$ 36,276,853	12.3 %
Children Initiatives Fund		7,107,280	7,188,036	7,188,036	0	0.0	7,188,036	8,274,741	1,086,705	15.1
Temp Assist Needy Fam		84,099,964	89,290,124	91,923,650	2,633,526	2.9	89,379,445	91,416,307	2,036,862	2.3
Child Care Development		19,640,345	32,067,006	47,345,090	15,278,084	47.6	31,726,427	47,263,804	15,537,377	49.0
Social Welfare Fund		11,128,408	9,702,071	10,014,980	312,909	3.2	9,702,071	10,004,637	302,566	3.1
Child Support Enforce		25,605,909	29,694,412	29,207,864	(486,548)	(1.6)	28,468,208	27,071,229	(1,396,979)	(4.9)
All Other Funds		187,881,552	215,499,831	209,016,104	(6,483,727)	(3.0)	206,382,539	210,854,651	4,472,112	2.2
TOTAL	\$	600,815,941	\$ 680,964,642	\$ 691,593,621	\$ 10,628,979	1.6 %	\$ 668,754,034	\$ 727,069,530	\$ 58,315,496	8.7 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$282,195,359 for the Department of Children and Families in FY 2019. 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 \$7.2 million, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

This adjustments change the FY 2019 approved State General Fund amount to \$289,400,105. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 289,400,105	\$ 297,523,162	\$ 8,123,057	\$ 295,907,308	\$ 6,507,203
All Other Funds	359,980,561	383,441,480	23,460,919	373,096,726	13,116,165
TOTAL	\$ 649,380,666	\$ 680,964,642	\$ 31,583,976	\$ 669,004,034	\$ 19,623,368
FTE Positions	2,483.0	2,563.0	79.9	2,592.0	109.0

The **agency** requests a revised estimate for operating expenditures of \$681.0 million, including \$297.5 million from the State General Fund, in FY 2019. This is an increase of \$31.6 million, or 4.9 percent, including \$8.1 million from the State General Fund, above the amount approved by the 2018 Legislature. The revised estimate also includes the following supplemental requests: \$1.2 million, including \$1.1 million from the State General Fund, for additional child welfare staff; \$2.3 million, including \$919,322 from the State General Fund, for mainframe costs; \$830,018, including \$598,766 from the State General Fund, for the federal Families First Prevention Services Act (FFPSA); \$50,000 from the State General Fund to comply with federal requirements of the Fostering Connections and Increasing Adoptions Act of 2008; \$446,900, including \$431,437 from the State General Fund to improve child welfare programs; \$299,912, including \$63,881 from the State General Fund, for recruitment and retention of Vocational Rehabilitation Counselors; \$11.0 million, including \$4.7 million from the State General Fund, for Kansas Eligibility Enforcement System (KEES) maintenance; and \$319,764, including \$177,728 from the State General Fund, for costs associated with Office of Information Technology Services (OITS) modernization initiatives.

The agency's revised estimate includes an increase of 80.0 FTE positions above the number approved by the 2018 Legislature. The agency added 80.0 positions for Social Work Practicums.

The **Governor** recommends \$668.8 million, including \$295.9 million from the State General Fund, in FY 2019. The recommendation is a decrease of \$12.2 million, or 1.8 percent, including \$1.6 million from the State General Fund, below the agency's revised estimate. The Governor recommends funding for the following supplemental requests: \$831,052, including \$802,296 from the State General Fund, and 26.0 FTE positions for additional child welfare staff; \$537,518, including \$452,516 from the State General Fund, and 3.0 FTE positions for the federal Families First Prevention Services Act; and \$3.7 million, including \$1.6 million from the State General Fund, for Kansas Eligibility and Enforcement System maintenance. The Governor's recommendation also funds the fall human services consensus caseload estimate, which was an all funds decrease of \$513,223 and a State General Fund increase of \$3.7 million from the approved amount.

The recommendation also includes 2,592.0 FTE positions, which is an increase of 29.0 FTE positions above the agency's revised estimate. This increase is attributable to the Governor's recommendation to fund 26.0 FTE positions for child welfare staff and 3.0 FTE positions for the federal Families First Prevention Services Act in FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Child Welfare Field Staff	\$ 1,142,141	\$ 1,188,864	0.0	\$ 802,296	\$ 831,052	26.0
Mainframe Costs	919,322	2,291,042	0.0	0	0	0.0
FFPSA	598,766	830,018	0.0	452,516	537,518	3.0
Fostering Connections Staff to Improve Child Welfare System	50,000 431,437	50,000 446,900	0.0 0.0	0 0	0 0	0.0 0.0
Voc Rehab Counselors	63,881	299,912	0.0	0	0	0.0
KEES	4,739,781	11,015,060	0.0	1,581,613	3,675,605	0.0
OITS Modernization	177,728	319,764	0.0	0	0	0.0
TOTAL	\$ 8,123,056	\$ 16,441,560	0.0	\$ 2,836,425	\$ 5,044,175	29.0

The **agency** requests \$16.4 million, including \$8.1 million from the State General Fund, for eight supplemental requests in FY 2019. The **Governor** recommends partial funding for three of the agency's supplemental requests, totaling \$5.0 million, including \$2.8 million from the State General Fund. These are detailed below.

Child Welfare Staff and 24/7 Coverage. The agency requests \$1.2 million, including \$1.1 million from the State General Fund, and 24.0 FTE positions for additional child welfare staff. The agency requests 4.0 FTE positions to hire additional Protection Supervisors and 20.0 FTE positions to hire additional Protection Specialists.

The **Governor** partially recommends the supplemental request with a decreased level of funding. The Governor recommends \$831,052, including \$802,296 from the State General Fund, and 26.0 FTE positions for additional child welfare staff.

Mainframe Costs. The agency requests \$2.3 million, including \$919,322 from the State General Fund, for higher than budgeted costs for mainframe expenditures.

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

Families First Prevention Services Act (FFPSA). The agency requests \$830,018, including \$598,766 from the State General Fund, to secure federal funds for prevention services under FFPSA. FFPSA requires a 50.0 percent match of state funds.

The **Governor** partially recommends the supplemental request with a decreased level of funding. The Governor recommends \$537,518, including \$452,516 from the State General Fund, and 3.0 FTE positions for FFPSA.

Foster Connections. The agency requests \$50,000 from the State General Fund in order to comply with federal maintenance of effort requirements under the Fostering Connections and Increasing Adoptions Act of 2008.

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

Staff to Improve Child Welfare System. The agency requests \$446,900, including \$431,437 from the State General Fund, and 6.0 FTE positions for 3.0 ITS Management Systems Analysts, 1.0 Family First Prevention Services Coordinator, 1.0 Structured Decision Making Automation Specialist, and 1.0 Placement Management System Manager.

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

Vocational Rehabilitation Counselors. The agency requests \$299,912, including \$63,881 from the State General Fund, to expand the Vocational Rehabilitation Counselor classification to three levels with progressively higher pay commensurate with greater experience and higher qualifications in order to recruit and retain Vocational Rehabilitation Counselors.

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

Kansas Eligibility Enforcement System (KEES) Maintenance. The agency requests \$11.0 million, including \$4.7 million from the State General Fund, for additional funding for the non-medical share of KEES ongoing operations and maintenance.

The **Governor** partially recommends the supplemental request with a decreased level of funding. The Governor recommends \$3.7 million, including \$1.6 million from the State General Fund, for KEES maintenance.

OITS Modernization. The agency requests \$319,764, including \$177,728 from the State General Fund, for operating costs associated with OITS Centralized Service Desk and Data Center as a Service.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 691,593,621	\$ 727,069,530	\$ 35,475,909
FTE Positions	2,563.0	2,618.0	55.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ (625,265)	\$ 36,276,853	
All Other Funds	11,254,244	22,038,643	
TOTAL	\$ 10,628,979	\$ 58,315,496	
<i>Percent Change:</i>			
State General Fund	(0.2) %	12.3 %	
All Other Funds	2.9	5.9	
TOTAL	1.6 %	8.7 %	
Change in FTE Positions	0.1	26.0	

The **agency** requests operating expenditures totaling \$691.6 million, including \$296.9 million from the State General Fund, for FY 2020. This is an increase of \$10.6 million, or 1.6 percent, above the FY 2019 revised estimate. This is a State General Fund decrease of \$625,265, or 0.2 percent, below the FY 2019 revised estimate. The request also includes the following enhancement requests the following: \$3.6 million, including \$3.4 million from the State General Fund, for additional child welfare staff; \$3.6 million, including \$1.4 million from the State General Fund, for mainframe costs; \$1.3 million, including \$625,000 from the State General Fund, for development of the Integrated Child Welfare System; \$3.9 million, including \$2.1 million from the State General Fund, for the federal Families First Prevention Services Act (FFPSA); \$1.5 million from the State General Fund to comply with federal requirements of the Fostering Connections and Increasing Adoptions Act of 2008; \$441,154, including \$425,890 from the State General Fund to improve child welfare programs; \$1.8 million, including \$997,454 from the State General Fund, to reduce shrinkage; \$364,754, including \$77,692 from the State General Fund, for recruitment and retention of Vocational Rehabilitation Counselors; \$5.7 million, including \$2.5 million from the State General Fund, for KEES maintenance; and \$2.8 million, including \$1.6 million from the State General Fund, for costs associated with OITS modernization initiatives.

The agency's request includes 2,563.0 FTE positions for FY 2020, which is the same number as the agency's FY 2019 revised estimate.

The **Governor** recommends \$727.1 million, including \$332.2 million from the State General Fund, for FY 2020. The recommendation is an increase of \$35.5 million, or 12.3 percent, including \$35.3 million from the State General Fund, above the agency's FY 2020 request. The Governor recommends funding for the following enhancement requests: \$3.3 million, including \$3.2 million from the State General Fund, and 55.0 FTE positions for additional child welfare staff; \$9.3 million, including \$7.0 million from the State General Fund, and 3.0 FTE positions for the federal Families First Prevention Services Act; and \$7.1 million, including \$3.1 million from the State General Fund, for Kansas Eligibility Enforcement System maintenance.

The Governor's recommendation also funds the fall human services caseload estimate, which is an increase of \$35.5 million, including \$27.5 million from the State General Fund.

The recommendation also includes 2,618.0 FTE positions, which is an increase of 55.0 FTE positions above the agency's request. This increase is attributable to the Governor's recommendation to fund 52.0 FTE positions for child welfare staff and 3.0 FTE positions for the federal Families First Prevention Services Act.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Child Welfare Field Staff	\$ 3,431,808	\$ 3,572,192	0.0	\$ 3,173,276	\$ 3,287,008	52.0
Mainframe Costs	1,435,684	3,577,868	0.0	0	0	0.0
CCWIS	625,000	1,250,000	0.0	0	0	0.0
FFPSA	2,110,795	3,890,210	0.0	6,928,295	9,296,216	3.0
Fostering Connections	1,450,000	1,450,000	0.0	0	0	0.0
Staff to Improve Child Welfare System	425,890	441,154	0.0	0	0	0.0
Reduce Shrinkage	997,454	1,827,391	0.0	0	0	0.0
Voc Rehab Counselors	77,692	364,754	0.0	0	0	0.0
KEES	2,459,832	5,716,550	0.0	3,053,849	7,097,024	0.0
OITS Modernization	1,579,001	2,840,925	0.0	0	0	0.0
CIF Family Preservation	0	0	0.0	0	1,086,705	0.0
TOTAL	\$ 14,593,156	\$ 24,931,044	0.0	\$ 13,155,420	\$ 20,766,953	55.0

The **agency** requests \$24.9 million, including \$14.6 million from the State General Fund, for ten enhancement requests for FY 2020. The **Governor** partially recommended three of the agency's enhancement requests. These are detailed below.

Child Welfare Field Staff. The agency requests \$3.6 million, including \$3.4 million from the State General Fund, and 44.0 FTE positions for additional child welfare staff. The agency requests 20.0 FTE positions to hire additional Protection Specialists.

The **Governor** partially recommends the enhancement request with a decreased level of funding. The Governor recommends \$3.3 million, including \$3.2 million from the State General Fund, and 52.0 FTE positions, which is an additional 26.0 FTE positions above the Governor's FY 2019 recommendation.

Mainframe Costs. The agency requests \$3.6 million, including \$1.4 million from the State General Fund, for higher than budgeted costs for mainframe expenditures.

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

Integrated Child Welfare System. The agency requests \$1.3 million, including \$625,000 from the State General Fund, to develop a new information technology system compliant with federal Comprehensive Child Welfare Information System (CCWIS) requirements.

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

Families First Prevention Services Act (FFPSA). The agency requests \$3.9 million, including \$2.1 million from the State General Fund, to secure federal funds for prevention services under FFPSA. FFPSA requires a 50.0 percent match of state funds.

The Governor recommends the enhancement request with an increased level of funding. The Governor recommends \$9.3 million, including \$7.0 million from the State General Fund, and 3.0 FTE positions.

Foster Connections. The agency requests \$1.5 million from the State General Fund in order to comply with federal maintenance of effort requirements under the Fostering Connections and Increasing Adoptions Act of 2008.

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

Staff to Improve Child Welfare System. The agency requests \$441,154, including \$425,890 from the State General Fund, and 6.0 FTE positions for 3.0 ITS Management Systems Analysts, 1.0 Family First Prevention Services Coordinator, 1.0 Structured Decision Making Automation Specialist, and 1.0 Placement Management System Manager.

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

Reduce Shrinkage. The agency requests \$1.8 million, including \$997,454 from the State General Fund, to reduce agency-wide shrinkage levels from 10.17 percent to 8.93 percent.

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

Vocational Rehabilitation Counselors. The agency requests \$364,754, including \$77,692 from the State General Fund, to expand the Vocational Rehabilitation Counselor classification to three levels with progressively higher pay commensurate with greater experience and higher qualifications in order to recruit and retain Vocational Rehabilitation Counselors.

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

Kansas Eligibility Enforcement System (KEES) Maintenance. The agency requests \$5.7 million, including \$2.5 million from the State General Fund, for additional funding for the non-medical share of KEES ongoing operations and maintenance.

The **Governor** recommends this enhancement request with an increased level of funding. The Governor recommends \$7.1 million, including \$3.1 million from the State General Fund.

OITS Modernization. The agency requests \$2.8 million, including \$1.6 million from the State General Fund, for operating costs associated with OITS Centralized Service Desk and Data Center as a Service.

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

The **Governor** also recommends one additional supplemental request for \$1.1 million, all from the Children's Initiatives Fund, for the family preservation program for FY 2020. The Governor recommends a total of \$20.8 million, including \$13.2 million from the State General Fund, for all FY 2020 enhancement requests.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$1.7 million, including \$907,759 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$509,295, including \$278,748 from the State General Fund, and FY 2020 longevity payments total \$523,147, including \$289,847 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

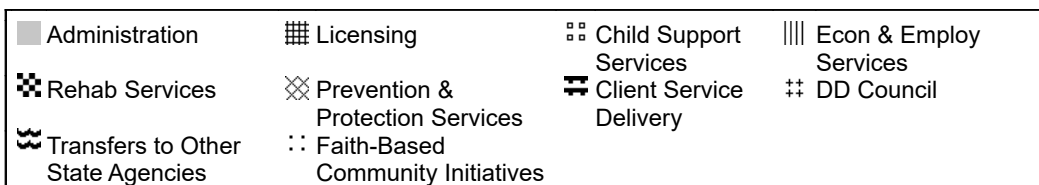
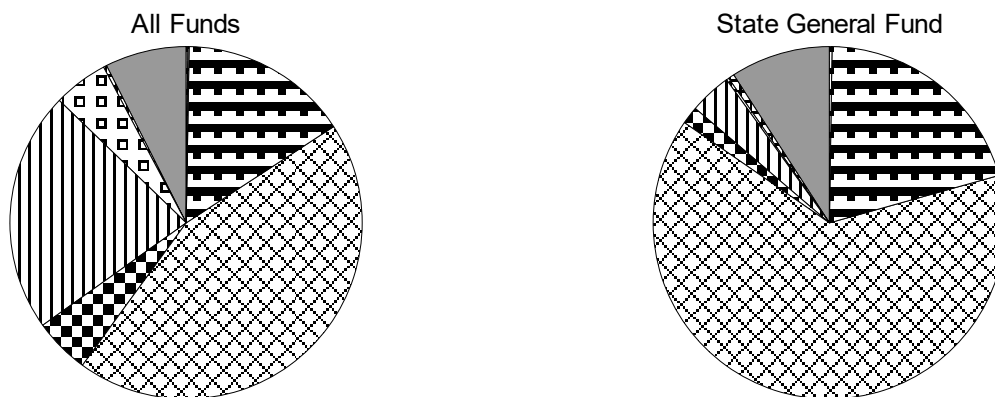
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	42.9 %	45.7 %
Temporary Assist for Needy Families - Federal	13.3	12.6
Children's Initiatives Fund	1.0	1.1
Vocational Rehab Federal	3.3	3.1
Social Services Block Grant - Federal	3.0	2.9
Title IV-E Foster Care - Fed	7.9	8.0
All Other Funds	28.4	26.7
TOTAL	100.0 %	100.0 %
<i>Note: Totals may not add due to rounding.</i>		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 54,256,284	7.5 %	\$ 30,363,399	9.1 %
Licensing	2,276,509	10.0	1,792,295	10.0
Child Support Services	36,493,072	5.0	800,000	0.2
Economic and Employment Services	160,507,271	22.1	12,785,206	3.8
Rehabilitation Services	37,264,219	5.1	5,368,097	1.6
Prevention and Protection Services	321,361,242	44.2	212,437,437	64.0
Developmental Disabilities Council	831,334	0.1	0	0.0
Client Services Delivery	112,845,088	15.5	67,817,785	20.4
Transfers to Other State Agencies	0	0.0	0	0.0
Faith-Based Community Initiatives	1,234,511	0.2	819,942	0.2
TOTAL	\$ 727,069,530	100.0 %	\$ 332,184,161	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	244.8	236.3	239.3	236.3	239.3
Licensing	39.0	39.0	39.0	39.0	39.0
Child Support Services	34.0	34.0	34.0	34.0	34.0
Economic and Employment Services	102.0	107.0	107.0	107.0	107.0
Rehabilitation Services	128.8	129.8	129.8	129.8	129.8
Prevention and Protection Services	136.0	134.0	134.0	134.0	134.0
Developmental Disabilities Council	4.0	4.0	4.0	4.0	4.0
Transfers to other state agencies	0.0	0.0	0.0	0.0	0.0
Client Service Delivery	1,812.4	1,872.9	1,898.9	1,872.9	1,924.9
Faith-based Community Initiatives	7.0	6.0	6.0	6.0	6.0
TOTAL	2,508.0	2,563.0	2,592.0	2,563.0	2,618.0

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 complete 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 six subprograms: Executive and Operations, Legal Services, Audit, Strategic Development, Information Technology Services, and Personnel Services.

Executive and Operations. The Executive and Operations subprogram consists of the Office of the Secretary, Operations, the Office for Monitoring Missing Foster Care Children, and the Office for Background Checks and Fingerprinting. The Operations program provides executive direction and manages agency fiscal operations.

Legal Services. The Legal Services subprogram provides legal services and advice to the Secretary and agency programs, including preparing cases for litigation, managing agency efforts to combat fraud, and coordinating activities related to the Health Insurance Portability and Accountability Act (HIPAA).

Audit Services. The Audit Services subprogram provides examination and evaluation of all agency programs. In addition to conducting financial, compliance, and performance audits within the agency, Audit Services is also responsible for performing external audits of grantees, contractors, and providers to ensure compliance with the contract or grant and state rules and regulations.

Strategic Development. The Strategic Development subprogram provides consultation and infrastructure to support training the workforce in new business processes and for improved performance. The goal of the program is to enhance the agency's capacity to provide services through training and staff development.

Information Technology Services. This support subprogram 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.

Personnel Services. This support subprogram 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.4	\$ 52.8	\$ 43.5	\$ 44.4	\$ 46.1	\$ 54.3
FTE Positions	86.0	274.2	282.8	244.8	239.3	239.3

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 15,655,252	\$ 15,770,906	\$ 15,770,906	\$ 16,125,497	\$ 15,927,652
Contractual Services	28,493,092	39,729,188	29,778,927	38,511,508	37,994,195
Commodities	122,644	120,106	120,106	120,106	120,106
Capital Outlay	137,261	454,331	454,331	214,331	214,331
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 44,408,249	\$ 56,074,531	\$ 46,124,270	\$ 54,971,442	\$ 54,256,284
Aid to Local Units	0	0	0	0	0
Other Assistance	739	0	0	0	0
TOTAL	\$ 44,408,988	\$ 56,074,531	\$ 46,124,270	\$ 54,971,442	\$ 54,256,284
Financing:					
State General Fund	\$ 21,899,487	\$ 28,806,583	\$ 24,551,365	\$ 28,526,625	\$ 30,363,399
All Other Funds	22,509,501	27,267,948	21,572,905	26,444,817	23,892,885
TOTAL	\$ 44,408,988	\$ 56,074,531	\$ 46,124,270	\$ 54,971,442	\$ 54,256,284
FTE Positions	244.8	236.3	239.3	236.3	239.3

The **agency** requests a revised estimate of \$56.1 million, including \$28.8 million from the State General Fund, for the Administration program in FY 2019. The revised estimate is an increase of \$16.8 million, or 42.8 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to increased contractual services expenditures in Information Technology Services. This includes an all funds increase of \$11.0 million, including \$4.7 million from the State General Fund, associated with the agency's supplemental request

for Kansas Eligibility Enforcement System maintenance; \$319,764, including \$177,728 from the State General Fund, associated with the agency's supplemental request for Office of Information Technology Services modernization; and \$2.3 million, including \$919,322 from the State General Fund, for the agency's enhancement request for mainframe costs.

The **Governor** recommends \$46.1 million, including \$24.6 million from the State General Fund, in FY 2019. This is a decrease of \$10.0 million, or 17.7 percent, including \$4.3 million from the State General Fund, below the agency's revised estimate. This decrease is attributable to the Governor's recommendation to only partially fund the agency's supplemental request for Kansas Eligibility Enforcement System maintenance. The Governor's partial recommendation was a decrease of \$7.3 million, including \$3.2 million from the State General Fund, below the agency's revised estimate. The Governor did not recommend the agency's supplemental requests for additional funding for the Office of Information Technology Services modernization or mainframe costs.

The **agency** requests \$55.0 million, including \$28.5 million from the State General Fund, for the Administration program for FY 2020. This is a decrease of \$1.1 million, or 2.0 percent, below the FY 2019 revised estimate. This decrease is primarily attributable to a decrease in contractual services expenditures in the Information Technology Services, partially offset by increased expenditures on computer programming.

The **Governor** recommends \$54.3 million, including \$30.4 million from the State General Fund, for FY 2020. This is an all funds decrease of \$715,158, including a State General Fund increase of \$1.8 million, from the agency's request. The decrease is primarily attributable to decreases in salaries and wages and contractual services. The Governor recommends funding the agency's enhancement request for Kansas Eligibility Enforcement System maintenance expenditures (\$7.1 million, including \$3.1 million from the State General Fund). The Governor did not recommend the agency's enhancement requests for additional funding for the Office of Information Technology Services modernization or mainframe costs.

B. Licensing

The Licensing program includes Residential Licensing and Foster Care Licensing Services, which licenses and regulates foster homes and all other residential and secure child care facilities. Licensing conducts the initial licensure, ongoing regulatory compliance inspections, and complaint investigations for foster homes, residential centers and group boarding homes, detention and secure care centers, attendant care facilities, staff secure facilities, and secure residential treatment facilities. These activities were transferred from the Department of Health and Environment effective July 1, 2015, pursuant to Executive Reorganization Order No. 43.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Foster care and residential facilities licensed	N/A	3,929	N/A	4,223	4,451	4,687
Enforcement actions issued	N/A	118	N/A	147	156	164
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ N/A	\$ N/A	\$ 2.5	\$ 2.3	\$ 2.3
FTE Positions	N/A	N/A	N/A	39.0	39.0	39.0

LICENSING SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,180,296	\$ 2,039,641	\$ 2,039,641	\$ 2,087,037	\$ 2,058,097
Contractual Services	346,450	210,609	210,609	210,843	210,843
Commodities	6,931	6,931	6,931	6,931	6,931
Capital Outlay	638	638	638	638	638
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,534,315</i>	<i>\$ 2,257,819</i>	<i>\$ 2,257,819</i>	<i>\$ 2,305,449</i>	<i>\$ 2,276,509</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,534,315	\$ 2,257,819	\$ 2,257,819	\$ 2,305,449	\$ 2,276,509
Financing:					
State General Fund	\$ 2,004,528	\$ 1,777,581	\$ 1,777,581	\$ 1,815,079	\$ 1,792,295
All Other Funds	529,787	480,238	480,238	490,370	484,214
TOTAL	\$ 2,534,315	\$ 2,257,819	\$ 2,257,819	\$ 2,305,449	\$ 2,276,509
FTE Positions	39.0	39.0	39.0	39.0	39.0

The **agency** requests a revised estimate of \$2.3 million, including \$1.8 million from the State General Fund, for the Licensing program in FY 2019. The revised estimate is a decrease of \$204,738, or 8.3 percent, below the amount approved by the 2018 Legislature. The majority of this decrease is attributable to the transfer of \$167,676 for background checks and fingerprinting to a newly established Operations subprogram.

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

The **agency** requests \$2.3 million, including \$1.8 million from the State General Fund, for the Licensing program for FY 2020. This is an increase of \$47,630, or 2.1 percent, above the FY 2019 revised estimate. This increase is primarily attributable to increased group health insurance expenditures and employer contributions to KPERS.

The **Governor** recommends \$2.3 million, including \$1.8 million from the State General fund for FY 2020. This is a decrease of \$28,940, or 1.3 percent, including \$22,784 from the State General Fund, below the agency's request. This decrease is attributable to the Governor not recommending the agency's requested increases in group health insurance expenditures and employer contributions to KPERS.

C. Child Support Services

The U.S. Congress passed 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 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 2018, the Child Support Services (CSS) program collected \$209.5 million and estimates collections of \$213.5 million for FY 2019 and \$217.7 million for FY 2020. The federally mandated single receipting and disbursement operation for all child support payments, the Kansas Payment Center, has estimated operating costs of \$3.7 million in FY 2019. This is a decrease of \$944,786 below the FY 2018 actual amount due to cost savings from a new contract. Of the collections, approximately \$887,993 will be paid to the Office of Judicial Administration for child support services provided by the central staff and Clerks of the Court in FY 2019. The majority of expenditures are associated with the contracts for privatized child support enforcement, estimated at \$22.5 million in FY 2019. 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 2019.

In FY 2019, the agency estimates a caseload of 141,321 cases with collections of \$213.5 million and an average of \$1,510 collected per case. Of this amount, the State will retain \$7.0 million. For FY 2020, the agency estimates a caseload of 143,234 cases with collections of \$217.7 million and an average of \$1,520 collected per case. Of this amount, \$6.3 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Total child support collections increase above prior years	N/A	2.1	N/A	1.7	1.5	1.5
Percent of current child support collected	N/A	55.5 %	N/A	55.7 %	55.8 %	55.9 %
New child support orders established	N/A	6,402	N/A	6,601	6,733	6,868
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ 36.6	\$ 36.1	\$ 35.8	\$ 37.7	\$ 36.5
FTE Positions	N/A	33.0	34.0	34.0	34.0	34.0

CHILD SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,123,486	\$ 2,160,334	\$ 2,160,334	\$ 2,190,781	\$ 2,160,359
Contractual Services	31,846,515	33,958,323	33,958,323	32,777,095	32,777,095
Commodities	31,070	33,312	33,312	33,312	33,312
Capital Outlay	127,601	8,750	8,750	8,750	8,750
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 34,128,672</i>	<i>\$ 36,160,719</i>	<i>\$ 36,160,719</i>	<i>\$ 35,009,938</i>	<i>\$ 34,979,516</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,639,234	1,513,556	1,513,556	1,513,556	1,513,556
TOTAL	<u>\$ 35,767,906</u>	<u>\$ 37,674,275</u>	<u>\$ 37,674,275</u>	<u>\$ 36,523,494</u>	<u>\$ 36,493,072</u>
Financing:					
State General Fund	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000	\$ 800,000
All Other Funds	34,967,906	36,874,275	36,874,275	35,723,494	35,693,072
TOTAL	<u>\$ 35,767,906</u>	<u>\$ 37,674,275</u>	<u>\$ 37,674,275</u>	<u>\$ 36,523,494</u>	<u>\$ 36,493,072</u>
FTE Positions	34.0	34.0	34.0	34.0	34.0

The **agency** requests a revised estimate of \$37.7 million, including \$800,000 from the State General Fund, for the Child Support Services program in FY 2019. The request is an increase of \$2.0 million, or 5.7 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to an increase in contractual services due to an increase in information systems consulting for the Business Process Re-engineering contract, which is a one-time expense totaling \$2.1 million in FY 2019.

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

The **agency** requests \$36.5 million, including \$800,000 from the State General Fund, for the Child Support Services program for FY 2020. This is a decrease of \$1.2 million, or 3.1 percent, below the agency's FY 2019 revised estimate. The decrease is primarily attributable to decreases in contractual services for information systems consulting.

The **Governor** recommends \$36.5 million, including \$800,000 from the State General Fund, for FY 2020. This is a decrease of \$30,422, or 0.1 percent, below the agency's request. This decrease is attributable to the Governor not recommending the agency's requested increases in group health insurance expenditures and employer contributions to KPERS.

D. 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of EES applications processed timely	N/A	96.5 %	N/A	88.9 %	94.0 %	94.0 %
Percent of TANF recipients retaining employment after one quarter	N/A	37.1 %	N/A	34.9 %	36.0 %	36.0 %
Percent of TANF recipients reporting new employment each month	N/A	10.0 %	N/A	11.3 %	11.5 %	11.5 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ 130.4	\$ 139.7	\$ 124.7	\$ 151.3	\$ 160.6
FTE Positions	N/A	93.0	102.0	102.0	107.0	107.0

ECONOMIC AND EMPLOYMENT SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 6,615,949	\$ 7,381,941	\$ 7,381,941	\$ 7,484,093	\$ 7,398,142
Contractual Services	7,960,604	10,460,279	10,460,279	9,167,304	9,167,304
Commodities	98,382	51,416	51,416	41,860	41,860
Capital Outlay	90,218	8,941	8,941	8,641	8,641
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 14,765,153	\$ 17,902,577	\$ 17,902,577	\$ 16,701,898	\$ 16,615,947
Aid to Local Units	0	0	0	0	0
Other Assistance	109,924,336	133,692,755	133,392,755	144,791,324	143,891,324
TOTAL	\$ 124,689,489	\$ 151,595,332	\$ 151,295,332	\$ 161,493,222	\$ 160,507,271
Financing:					
State General Fund	\$ 12,416,231	\$ 13,015,937	\$ 13,015,937	\$ 12,798,503	\$ 12,785,206
All Other Funds	112,273,258	138,579,395	138,279,395	148,694,719	147,722,065
TOTAL	\$ 124,689,489	\$ 151,595,332	\$ 151,295,332	\$ 161,493,222	\$ 160,507,271
FTE Positions	102.0	107.0	107.0	107.0	107.0

The **agency** requests a revised estimate of \$151.6 million, including \$13.0 million from the State General fund, for the Economic and Employment Services program in FY 2019. The revised estimate is an increase of \$13.9 million, or 10.1 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the addition of \$3.7 million in other assistance payments for the Low Income Energy Assistance Program (LIEAP) due to additional federal funds released after the end of FY 2018 and \$10.1 million in other assistance payments for Child Care Assistance due to federal and state policy changes. The 2014 Child Care and Development Fund Reauthorization requires states to provide tiered and continuous child care coverage for a 12-month period. According to the agency, these policies, effective October 1, 2018, are projected to increase the child care caseload by 1,634 children monthly at an annual cost of \$5.1 million in FY 2019. Additionally, a new agency policy increasing child care subsidy rates, resulting from a child care rate study conducted in 2018, is projected to increase child care expenditures by \$5.4 million in FY 2019.

The **Governor** recommends \$151.3 million, including \$13.0 million from the State General Fund, in FY 2019. This is a decrease of \$300,000, or 0.2 percent, below the agency's

revised estimate. This decrease is attributable to decreases in the consensus caseload estimate for the Temporary Assistance for Needy Families cash assistance program.

The **agency** requests \$161.5 million, including \$12.8 million from the State General Fund, for the Economic and Employment Services program for FY 2020. This is an all funds increase of \$9.9 million, or 6.5 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$217,434, or 1.7 percent, below the agency's FY 2019 revised estimate. The all funds increase is primarily attributable to \$15.4 million in additional other assistance payments for Child Care Assistance, partially offset by a \$3.6 million decrease in other assistance payments for LIEAP.

The **Governor** recommends \$160.5 million, including \$12.8 million from the State General Fund, for FY 2020. This is a decrease of \$985,951, including \$13,297 from the State General Fund, below the agency's request. This decrease is attributable to a \$900,000 decrease in the consensus caseload estimate for Temporary Assistance for Needy Families cash assistance. The additional decrease is attributable to the Governor not recommending the agency's requested increases in group health insurance expenditures and employer contributions to KPERS.

Below are details for selected programs included in the above totals.

Temporary Assistance for Needy Families (TANF) Cash Assistance 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 TANF assistance. Almost all families with an adult must participate in work activities and seek employment through the TANF 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. TANF benefits are financed by the federal 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 \$101.5 million 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.

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 4,098 families, including 9,117 average monthly persons, at an average cost of \$114.00 per person in FY 2019. The estimate is based on the caseload estimate of \$12.5 million. For FY 2020, the agency estimates a caseload of approximately 4,098 families, including 9,117 average monthly persons, at an average cost of \$114.00 per person.

The **Governor** recommends the consensus caseload estimate reduction of \$300,000, all from federal TANF funds, in FY 2019, and the reduction of \$900,000, all from federal TANF funds, for FY 2020.

TANF Employment Services. This subprogram provides services that help adults obtain and keep employment. All adult TANF 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 TANF 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. TANF Employment Services are financed by the TANF Block Grant.

The **agency** anticipates a caseload of 2,818 average persons per month accessing employment services at a monthly cost of \$83.69 per person in FY 2019. The estimate is based on the caseload estimate of \$2.6 million. The agency anticipates a caseload of 2,459 average persons per month accessing employment services for FY 2020 at a monthly cost of \$89.67 per person. The estimate is based on a caseload estimate of \$2.6 million.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

The Economic and Employment Services program also includes other programs funded from the federal TANF 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 36,307 households, including 81,254 persons, at an average cost of \$614 per year in FY 2019. For FY 2020, the agency estimates providing assistance to 36,307 households, including 81,254 persons, at an average cost of \$706 per year.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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 2016 Actual	FY 2017 Actual	FY 2018 Actual	FY 2019 Agency Est.	FY 2020 Agency Est.
Average Monthly Persons	258,412	246,812	222,480	210,435	206,141
Food Assistance Benefits	\$ 350,433,060	\$ 339,238,171	\$ 299,351,194	\$ 289,137,937	\$ 284,721,375

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 U.S. 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, in FY 2019, assisting an average of 427 persons at an average monthly cost of \$25.30 per person in the SNAP Employment and Training program; 585 persons at an average cost of \$99.90 per person for the pilot program; and 3,750 average persons at an average monthly cost of \$1,000.00 per person for the SNAP Work Program. For FY 2020, the agency estimates, for FY 2020, assisting an average of 427 persons at an average monthly cost of \$26.34 per person in the SNAP Employment and Training program and 3,728 persons at an average monthly cost of \$1,000 for the SNAP Work Program. The SNAP Work Program will be implemented in FY 2019 and the pilot programs will be terminated in FY 2019.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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. The 2014 Child Care and Development Fund Reauthorization requires states to provide tiered and continuous child care coverage for a 12-month period. According to the agency these policies, effective October 1, 2018, are projected to increase the child care caseload by 1,634 children monthly at an annual cost of \$5.1 million in FY 2019. Additionally, a new agency policy increasing child care subsidy rates, resulting from a child care rate study conducted in 2018, is projected to increase child care expenditures by \$5.4 million in FY 2019.

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 rate (approximately 40.0 percent from the state and 60.0 percent from the federal level).

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 5,427 families, including 9,999 children, at an average monthly cost of \$388 per child in the child care assistance program in FY 2019. For FY 2020, the agency estimates assisting an average of 6,456 families, including 11,896 children, at an average monthly cost of \$434.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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.

The **agency** estimates providing services to an average of 954 children monthly in FY 2019 and FY 2020, at an average monthly cost of \$11,039.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

CHILD CARE AND CARE QUALITY/EARLY HEAD START SUMMARY OF EXPENDITURES FY 2019 – FY 2020				
Item	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds	Agency Est. FY 2020 SGF	Agency Est. FY 2020 All Funds
Child Care Assistance	\$ 10,429,859	\$ 46,578,872	\$ 10,429,859	\$ 61,959,404
Child Care Quality	0	5,076,046	0	5,076,046
Early Head Start	0	10,531,268	0	10,531,268
TOTAL	\$ 10,429,859	\$ 62,186,186	\$ 10,429,859	\$ 77,566,718
Item	Gov. Rec. FY 2019 SGF	Gov. Rec. FY 2019 All Funds	Gov. Rec. FY 2020 SGF	Gov. Rec. FY 2020 All Funds
Child Care Assistance	\$ 10,429,859	\$ 46,578,872	\$ 10,429,859	\$ 61,959,404
Child Care Quality	0	5,076,046	0	5,076,046
Early Head Start	0	10,531,268	0	10,531,268
TOTAL	\$ 10,429,859	\$ 62,186,186	\$ 10,429,859	\$ 77,566,718

E. 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, which requires cooperation with the Kansas Department of Commerce and the Kansas Board of Regents.

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 the 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of Kansans with disabilities achieving competitive integrated employment	N/A	1,021	N/A	1,062	1,050	1,050
Number of Kansans served through the End Dependence initiative	N/A	517	N/A	611	800	800
Percent of DDS claims processed accurately	N/A	97.3 %	N/A	96.8 %	97.0 %	97.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ 31.5	\$ 38.1	\$ 30.8	\$ 37.3	\$ 37.3
FTE Positions	N/A	129.8	128.8	128.8	129.8	129.8

REHABILITATION SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 4,571,413	\$ 6,864,086	\$ 6,864,086	\$ 6,957,376	\$ 6,859,670
Contractual Services	10,377,364	10,927,285	10,927,285	10,935,592	10,935,592
Commodities	62,127	63,801	63,801	63,801	63,801
Capital Outlay	224,442	227,642	227,642	227,642	227,642
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 15,235,346</i>	<i>\$ 18,082,814</i>	<i>\$ 18,082,814</i>	<i>\$ 18,184,411</i>	<i>\$ 18,086,705</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	15,599,302	19,177,514	19,177,514	19,177,514	19,177,514
TOTAL	\$ 30,834,648	\$ 37,260,328	\$ 37,260,328	\$ 37,361,925	\$ 37,264,219
Financing:					
State General Fund	\$ 4,785,419	\$ 5,368,095	\$ 5,368,095	\$ 5,373,777	\$ 5,368,097
All Other Funds	26,049,229	31,892,233	31,892,233	31,988,148	31,896,122
TOTAL	\$ 30,834,648	\$ 37,260,328	\$ 37,260,328	\$ 37,361,925	\$ 37,264,219
FTE Positions	128.8	129.8	129.8	129.8	129.8

The **agency** requests a revised estimate of \$37.3 million, including \$5.4 million from the State General Fund, for the Rehabilitation Services program in FY 2019. The revised estimate is a decrease of \$3.0 million, or 7.5 percent, below the amount approved by the 2018 Legislature. The majority of this decrease is in the Rehabilitation Services Case Services subprogram on other assistance for the Vocational Rehabilitation Basic Support Grant.

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

The **agency** requests \$37.4 million, including \$5.4 million from the State General Fund, for the Rehabilitation Services program for FY 2020. This is an increase of \$101,597, or 0.3 percent, above the agency's FY 2019 revised estimate. This increase is primarily attributable to increased salaries and wages expenditures for employer contributions for KPERS and group health insurance.

The **Governor** recommends \$37.3 million, including \$5.4 million from the State General Fund, for FY 2020. This is a decrease of \$97,706, including \$5,680 from the State General Fund. This decrease is attributable to the Governor not recommending the agency's requested increases in group health insurance expenditures and employer contributions to KPERS.

F. 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 Services, Reintegration/Foster Care, and Adoption/Alternate Permanency. This 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of children reaching permanency within 12 months of entering foster care	N/A	38.1 %	N/A	35.8 %	37.5 %	38.6 %
Percent of children in out-of-home placements less than 12 months with two or fewer placements	N/A	74.4 %	N/A	70.1 %	74.5 %	78.2 %
Percent of adoptions within 24 months of the removal from home	N/A	22.2 %	N/A	22.2 %	22.1 %	23.6 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ 230.1	\$ 253.8	\$ 254.3	\$ 282.0	\$ 321.4
FTE Positions	N/A	124.0	137.0	136.0	134.0	134.0

PREVENTION AND PROTECTION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 7,245,376	\$ 7,962,619	\$ 7,563,005	\$ 8,062,390	\$ 7,554,100
Contractual Services	3,795,713	5,735,912	5,654,370	6,280,327	4,798,125
Commodities	55,673	58,276	54,088	58,366	54,088
Capital Outlay	54,331	63,701	52,145	52,145	52,145
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,151,093	\$ 13,820,508	\$ 13,323,608	\$ 14,453,228	\$ 12,458,458
Aid to Local Units	0	0	0	0	0
Other Assistance	243,110,016	269,488,571	268,682,848	267,641,079	308,902,784
TOTAL	\$ 254,261,109	\$ 283,309,079	\$ 282,006,456	\$ 282,094,307	\$ 321,361,242
Financing:					
State General Fund	\$ 160,269,942	\$ 181,258,205	\$ 184,301,295	\$ 177,871,472	\$ 212,437,437
All Other Funds	93,991,167	102,050,874	97,705,161	104,222,835	108,923,805
TOTAL	\$ 254,261,109	\$ 283,309,079	\$ 282,006,456	\$ 282,094,307	\$ 321,361,242
FTE Positions	136.0	134.0	134.0	134.0	134.0

The **agency** requests a revised estimate of \$283.3 million, including \$181.3 million from the State General Fund, for the Prevention and Protection program in FY 2019. The revised estimate is \$7.4 million, or 2.7 percent, above the amount approved by the 2018 Legislature. This increase is primarily attributable to the \$5.6 million reappropriation of FY 2018 funding that was not spent in FY 2018. The majority of the reappropriation funding will be used for the agency's settlement with foster care contractors, implementation of the Structured Decision Making Tool, crisis beds for youth in foster care, and travel and meeting costs for the Child Welfare System Task Force.

The **Governor** recommends \$282.0 million, including \$184.3 million from the State General Fund in FY 2019. This is a decrease of \$1.3 million, or 0.5 percent, below the agency's revised estimate. The decrease is attributable to a decrease in federal Title IV-E payments, partially offset by an increase in the State General Fund for foster care caseloads. The Governor's recommendation funds the fall human services consensus caseload estimate for

foster care, which is an all funds decrease of \$513,223 and a State General Fund increase of \$3.7 million from the approved amount.

The **agency** requests \$282.1 million, including \$177.9 million from the State General Fund, for the Prevention and Protection program for FY 2020. The request is a decrease of \$1.2 million, or 0.4 percent, below the agency's FY 2019 revised estimate. The decrease is primarily attributable to the end of the Child Welfare System Task Force and the completion of the Structured Decision Making Tool implementation.

The **Governor** recommends \$321.4 million, including \$212.4 million from the State General Fund, for FY 2020. This is an increase of \$39.3 million, or 13.9 percent, including \$34.6 million, or 19.4 percent, from the State General Fund above the agency's request. The increase is partially attributable to the Governor's recommendation to fund the agency's enhancement request for the federal Families First Prevention Services Act (\$7.1 million, including \$3.1 million from the State General Fund) and the Governor's recommendation to add \$1.1 million from the Children's Initiatives Fund for Family Preservation. The Governor's recommendation also funds the fall human service caseload estimate for foster care, which is an increase of \$35.5 million, including \$27.5 million from the State General Fund.

Below are the 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. 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.

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. 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.

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 providing services to 2,390 families at a cost of \$4,507 per referral for FY 2019 and FY 2020.

The **Governor** concurs with the agency's estimate in FY 2019 and recommends the addition of \$1.1 million from the Children's Initiatives Fund for FY 2020.

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 and requiring out-of-home placement to meet their safety needs. New foster care grants will begin July 1, 2019. One grant has been awarded in each of the eight DCF catchment areas. The new foster care grantees are Saint Francis Ministries, KVC Kansas, TFI, and Cornerstones of Care.

The **agency** estimates serving approximately 7,801 children per month at an estimated monthly cost of \$2,126 for FY 2019 and FY 2020. This does not include any adjustments made by the consensus caseload estimating process to which this program is subject.

The **Governor** recommends an all funds decrease of \$513,223 below the agency's estimate, including a State General Fund increase of \$3.7 million in 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.

In FY 2019 in adoption support, the **agency** estimates providing support for an average of 9,540 children at an average monthly cost of \$437.50. For FY 2020, the **agency** estimates providing support for an average of 9,811 children at an average monthly cost of \$435.44.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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.

In FY 2019 in permanent custodianship, the **agency** estimates serving an average of 159 children a month at an average monthly cost of \$291. For FY 2020, the **agency** estimates serving an average of 154 children a month at an average monthly cost of \$291.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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.

In FY 2019 for independent living, the **agency** estimates serving an average of 902 youth per month at an average monthly cost of \$2,529 per child. For FY 2020, the **agency** estimates serving an average of 911 youth per month at an average monthly cost of \$2,504.

The **Governor** concurs with the agency's estimate for FY 2019 and FY 2020.

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 2019 – FY 2020				
Item	Agency Est. FY 2019 SGF	Agency Est. FY 2019 All Funds	Agency Est. FY 2020 SGF	Agency Est. FY 2020 All Funds
Protection Report Center	\$ 5,181,212	\$ 5,181,212	\$ 5,088,783	\$ 5,088,783
Family Preservation	820,545	12,769,674	820,545	12,769,674
Reintegration/Foster Care*	143,829,223	210,013,223	138,276,000	204,460,000
Permanent Custodianship	565,228	565,228	547,768	547,768
Adult Protective Service	739,927	739,927	744,092	744,092
Adoption Support	21,241,925	39,281,831	21,163,180	40,045,522
Human Trafficking	164,370	164,370	164,370	164,370
Independent Living	520,492	2,906,537	520,941	2,908,772
TOTAL	\$ 173,062,922	\$ 271,622,002	\$ 167,325,679	\$ 266,728,981
	Gov. Rec. FY 2019 SGF	Gov. Rec. FY 2019 All Funds	Gov. Rec. FY 2020 SGF	Gov. Rec. FY 2020 All Funds
Protection Report Center	\$ 5,181,212	\$ 5,181,212	\$ 5,088,783	\$ 5,088,783
Family Preservation	820,545	12,769,674	820,545	13,856,379
Reintegration/Foster Care*	147,500,000	209,500,000	175,000,000	245,000,000
Permanent Custodianship	565,228	565,228	547,768	547,768
Adult Protective Service	739,927	739,927	744,092	744,092
Adoption Support	21,241,925	39,281,831	21,163,180	40,045,522
Human Trafficking	164,370	164,370	164,370	164,370
Independent Living	520,492	2,906,537	520,941	2,908,772
TOTAL	\$ 176,733,699	\$ 271,108,779	\$ 204,049,679	\$ 308,355,686

*This program is subject to the consensus caseload process for entitlement programs.

G. 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of people with developmental disabilities and families who participated in council-supported activities	N/A	2,590	N/A	2,600	2,600	2,600
Number of council efforts that led to improvement of best practices or changes to policies, procedures, and regulations	N/A	17	N/A	20	20	20
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ N/A	\$ 400.6	\$ 611.1	\$ 819.9	\$ 827.2	\$ 831.3
FTE Positions	N/A	4.0	4.0	4.0	4.0	4.0

COUNCIL ON DEVELOPMENTAL DISABILITIES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 273,760	\$ 308,643	\$ 308,643	\$ 316,335	\$ 312,509
Contractual Services	237,177	110,716	110,716	111,012	111,012
Commodities	27,637	7,379	7,379	7,379	7,379
Capital Outlay	43,142	6,500	6,500	6,500	6,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 581,716	\$ 433,238	\$ 433,238	\$ 441,226	\$ 437,400
Aid to Local Units	0	0	0	0	0
Other Assistance	238,165	393,934	393,934	393,934	393,934
TOTAL	\$ 819,881	\$ 827,172	\$ 827,172	\$ 835,160	\$ 831,334
Financing:					
State General Fund	\$ 3,271	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	816,610	827,172	827,172	835,160	831,334
TOTAL	\$ 819,881	\$ 827,172	\$ 827,172	\$ 835,160	\$ 831,334
FTE Positions	4.0	4.0	4.0	4.0	4.0

The **agency** requests a revised estimate of \$827,172 for the Council on Developmental Disabilities program in FY 2019. The revised estimate is an increase of \$214,942, or 35.1 percent, above the amount approved by the 2018 Legislature. This increase is primarily attributable to unspent federal funding that will be expended in FY 2019.

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

The **agency** requests \$835,160 for the Council on Developmental Disabilities program for FY 2020. This is an increase of \$7,988, or 1.0 percent, above the agency's FY 2019 revised estimate. This increase is primarily attributable to increased expenditures on salaries and wages for employer contributions for KPERS and group health insurance.

The **Governor** recommends \$831,334, all from special revenue funds, for FY 2020. This is a decrease of \$3,826, or 0.5 percent, below the agency's request. This decrease is attributable to the Governor not recommending the agency's requested increases in group health insurance expenditures and employer contributions to KPERS.

H. Client Services Delivery

Operations staff are employed throughout Kansas and deliver the bulk of all DCF benefits and many direct services in 36 service centers throughout 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 helping provide 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of EES applications processed timely	N/A	96.5 %	N/A	88.9 %	94.0 %	94.0 %
Percent of findings completed by child protective service workers within the timeframe established in policy	N/A	75.9 %	N/A	71.9 %	75.0 %	80.0 %
Percent of findings completed by adult protective service workers within the timeframe established in policy	N/A	94.1 %	N/A	89.7 %	92.5 %	94.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ 104.6	\$ 107.5	\$ 107.2	\$ 110.1	\$ 112.8
FTE Positions	N/A	1,789.1	1,812.4	1,812.4	1,898.9	1,924.9

CLIENT SERVICE DELIVERY SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 88,859,833	\$ 91,591,177	\$ 90,926,641	\$ 95,320,831	\$ 93,336,949
Contractual Services	17,116,510	18,098,624	18,103,048	18,396,176	18,446,508
Commodities	849,429	878,420	878,856	903,895	907,375
Capital Outlay	332,859	179,657	181,609	148,404	154,256
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 107,158,631</i>	<i>\$ 110,747,878</i>	<i>\$ 110,090,154</i>	<i>\$ 114,769,306</i>	<i>\$ 112,845,088</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,198	0	0	0	0
TOTAL	\$ 107,161,829	\$ 110,747,878	\$ 110,090,154	\$ 114,769,306	\$ 112,845,088
Financing:					
State General Fund	\$ 62,633,831	\$ 65,688,358	\$ 65,284,632	\$ 68,889,093	\$ 67,817,785
All Other Funds	44,527,998	45,059,520	44,805,522	45,880,213	45,027,303
TOTAL	\$ 107,161,829	\$ 110,747,878	\$ 110,090,154	\$ 114,769,306	\$ 112,845,088
FTE Positions	1,812.4	1,872.9	1,898.9	1,872.9	1,924.9

The **agency** requests a revised estimate of \$110.7 million, including \$65.7 million from the State General Fund, for the Client Service Delivery program in FY 2019. The revised estimate is an increase of \$2.8 million, or 2.6 percent, above the amount approved by the 2018 Legislature. The estimate includes an increase of \$1.2 million, including \$1.1 million from the State General Fund, associated with the enhancement request to hire additional child protection specialists and supervisors and \$299,912, including \$63,881 from the State General Fund, associated with the enhancement request for increased pay for vocational rehabilitation counselors. The revised estimate also includes increases in salaries and wages and contractual services.

The **Governor** recommends \$110.1 million, including \$65.3 million from the State General Fund, in FY 2019. This is a decrease of \$657,724, or 0.6 percent, including \$403,726 from the State General Fund, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to only partially fund the agency's supplemental request for additional child welfare staff. The Governor recommends \$831,052, including \$802,296 from the State General Fund, and 26.0 FTE positions.

The **agency** requests \$114.8 million, including \$68.9 million from the State General Fund, for FY 2020. This is an increase of \$4.0 million, or 3.6 percent, above the agency's FY 2019 revised estimate. The estimate includes an increase of \$3.6 million, including \$3.4 million from the State General Fund, associated with the enhancement request to hire additional child protection specialists and supervisors and \$364,754, including \$77,692 from the State General Fund, associated with the enhancement request for increased pay for vocational rehabilitation counselors.

The **Governor** recommends \$112.8 million, including \$67.8 million from the State General Fund, for FY 2020. This is a decrease of \$1.9 million, or 1.7 percent, including \$1.1 million from the State General Fund, below the agency's request. This decrease is primarily attributable to a decrease in group health insurance expenditures and employer contributions to KPERS and the Governor's recommendation to partially fund the agency's supplemental

request for additional child welfare staff. The Governor recommends \$3.3 million, including \$3.2 million from the State General Fund, and 26.0 additional FTE positions (totaling 52.0 FTE positions).

I. 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 Kansas Eligibility Enforcement System (KEES) development;
- Kansas State University for the Supplemental Assistance Nutrition Program (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.

PERFORMANCE MEASURES												
Measure	Actual FY 2016		Actual FY 2017		Gov. Rec. FY 2018		Actual FY 2018		Gov. Rec. FY 2019		Gov. Rec. FY 2020	
There are no performance measures for this program.												
Agency Expenditures												
All Funds (Dollars in Thousands)	\$	N/A	\$	N/A	\$	N/A	\$	(278.3)	\$	N/A	\$	N/A
FTE Positions		N/A		N/A		N/A		0.0		N/A		N/A

TRANSFERS TO OTHER STATE AGENCIES PROGRAM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ (627,031)	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	233,471	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>\$ (393,560)</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	115,291	0	0	0	0
TOTAL	\$ (278,269)	\$ 0	\$ 0	\$ 0	\$ 0
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	(278,269)	0	0	0	0
TOTAL	\$ (278,269)	\$ 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.

J. Faith-Based Community Initiatives

Faith-Based and Community Initiatives collects information pertaining to community and faith-based nonprofits that may enhance the services of the Department. The program includes a Mentoring Initiative and efforts to build community capacity to address poverty.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of face-to-face meetings to recruit foster families for foster care placement options	N/A	491	N/A	5,765	5,880	6,270
Number of community presentations to recruit foster families for foster care placement options	N/A	80	N/A	539	550	590
Number of child placing agencies assisted in recruiting foster care families	N/A	N/A	N/A	52	53	53
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ N/A	\$ 1,112.9	\$ 632.1	\$ 616.0	\$ 1,128.2	\$ 1,234.5
FTE Positions	N/A	13.0	7.0	7.0	6.0	6.0

FAITH-BASED COMMUNITY INITIATIVES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 416,754	\$ 412,627	\$ 412,627	\$ 421,709	\$ 416,904
Contractual Services	180,577	786,054	786,054	798,060	798,060
Commodities	18,507	19,142	19,142	19,142	19,142
Capital Outlay	207	405	405	405	405
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 616,045</i>	<i>\$ 1,218,228</i>	<i>\$ 1,218,228</i>	<i>\$ 1,239,316</i>	<i>\$ 1,234,511</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 616,045	\$ 1,218,228	\$ 1,218,228	\$ 1,239,316	\$ 1,234,511
Financing:					
State General Fund	\$ 539,774	\$ 808,403	\$ 808,403	\$ 823,348	\$ 819,942
All Other Funds	76,271	409,825	409,825	415,968	414,569
TOTAL	\$ 616,045	\$ 1,218,228	\$ 1,218,228	\$ 1,239,316	\$ 1,234,511
FTE Positions	7.0	6.0	6.0	6.0	6.0

The **agency** requests a revised estimate of \$1.2 million, including \$808,403 from the State General Fund, for the Faith-Based Community Initiatives program in FY 2019. The revised estimate is an increase of \$577,982, or 90.3 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to transfers from Prevention and Protection Services for Safe Families, a program that engages faith communities to care for at-risk families, and the addition of Temporary Assistance for Needy Families (TANF) funding for Impact Wednesday, a community project that helps families obtain resources that focus on ending homelessness and poverty.

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

The **agency** requests \$1.2 million, including \$823,348 from the State General Fund, for the Faith-Based Community Initiatives program for FY 2020. This is an increase of \$21,088, or 1.7 percent, above the agency's FY 2019 revised estimate. The increase is primarily attributable to an anticipated building space rental increase and increased expenditures on temporary contracted staff.

The **Governor** recommends \$1.2 million, including \$819,942 from the State General Fund, for FY 2020. This is a decrease of \$4,805, or 0.4 percent, including \$3,406 from the State General Fund, below the agency's request. The decrease is attributable to a decrease in group health insurance expenditures and employer contributions to KPERS.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Rehabilitation and Repair	\$ 250,000	\$ 250,000	\$ 123,276	\$ 123,276
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	250,000	250,000	123,276	123,276
TOTAL	\$ 250,000	\$ 250,000	\$ 123,276	\$ 123,276

FY 2019 – Current Year. The agency estimates a revised estimate of \$250,000, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center in FY 2019. The lease-to-purchase agreement requires funding to be deposited into the Fund for capital improvements to the building. The revised estimate is the same as the amount approved by the 2018 Legislature.

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

FY 2020 – Budget Year. The agency requests \$123,276, all from the Project Maintenance Reserve Fund, for ongoing maintenance and repair for the Topeka Service Center for FY 2020. The lease-to-purchase agreement requires funding to be deposited into the Fund for capital improvements to the building. The estimate is a decrease of \$126,724 below the FY 2019 estimate.

The **Governor** concurs with the agency's FY 2020 request.

KANSAS DEPARTMENT FOR AGING AND DISABILITY SERVICES

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 697,321,455	\$ 777,469,361	\$ 780,148,442	\$ 803,176,661	\$ 796,895,892
Other Funds	954,538,093	1,063,708,246	1,087,881,646	1,096,948,459	1,201,497,848
<i>Subtotal</i>	<i>\$ 1,651,859,548</i>	<i>\$ 1,841,177,607</i>	<i>\$ 1,868,030,088</i>	<i>\$ 1,900,125,120</i>	<i>\$ 1,998,393,740</i>
Capital Improvements:					
State General Fund	\$ 1,533	\$ 43	\$ 0	\$ 43	\$ 0
Other Funds	12,015,032	9,650,137	9,649,941	10,944,098	9,891,141
<i>Subtotal</i>	<i>\$ 12,016,565</i>	<i>\$ 9,650,180</i>	<i>\$ 9,649,941</i>	<i>\$ 10,944,141</i>	<i>\$ 9,891,141</i>
TOTAL	<u>\$ 1,663,876,113</u>	<u>\$ 1,850,827,787</u>	<u>\$ 1,877,680,029</u>	<u>\$ 1,911,069,261</u>	<u>\$ 2,008,284,881</u>

Percentage Change:

Operating Expenditures					
State General Fund	7.5 %	11.5 %	11.9 %	3.3 %	2.1 %
All Funds	4.9	11.5	13.1	3.2	7.0
FTE Positions	283.0	293.0	283.0	292.0	283.0

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 four 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.

In **FY 2012**, the Governor vetoed the addition of funds to increase the Financial Management System 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 Disability Waiver services and 233 people waiting for Developmental Disability 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 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 the 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 the 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.

The **2018 Legislature** added \$39.8 million, including \$17.7 million from the State General Fund, for an increase in nursing facility reimbursement rates for FY 2019. Also, the Legislature added language notwithstanding KSA 75-5958, which requires yearly rebasing of nursing facility reimbursement rates using the three most current years of actual costs, to allow the Secretary for Aging and Disability Services to provide an adjusted rate increase for nursing facilities in FY 2018 and for FY 2019.

The **2018 Legislature** added \$22.0 million, including \$10.4 million from the State General Fund, in FY 2018 and added \$25.2 million, including \$6.3 million from the State General Fund, for FY 2019 for additional expenditures on Medicaid HCBS waivers and the Program for All-Inclusive Care for the Elderly (PACE).

The **2018 Legislature** added \$9.6 million, including \$4.8 million from the State General Fund, to provide Administrative Case Management services for individuals on the Physical Disability (PD), Traumatic Brain Injury (TBI), and Frail Elderly (FE) HCBS waivers for FY 2019. This amount includes \$4.4 million, including \$2.2 million from the State General Fund, for individuals on the PD waiver; \$589,462, including \$294,731 from the State General Fund, for individuals on the TBI waiver; and \$4.5 million, including \$2.3 million from the State General Fund, for individuals on the FE waiver for FY 2019.

The **2018 Legislature** added \$4.8 million, including \$2.2 million from the State General Fund, for supported behavioral health housing services projects for individuals for FY 2019 and added language to require the agency to provide a report to the 2019 Legislature on the status of changes to the state plan concerning housing. Also, the Legislature added \$600,000, all from the General Fees Fund, to provide emergency crisis housing and associated living expenses for individuals who were served by the RSI Crisis Center, Comcare Crisis Center, and Valeo Center for FY 2019. The Legislature added language that the funding is to be spread evenly between the facilities for FY 2019 and required the agency to provide a report to the 2019 Legislature on the status of changes to the state plan concerning housing.

The **2018 Legislature** added \$3.2 million, all from federal funds, in FY 2018 and FY 2019, due to receipt of a new federal opioid grant to provide an increase in access to opioid addiction treatment (including methadone clinics), reduce unmet treatment needs, and reduce opioid overdose by region.

The **2018 Legislature** added \$3.0 million for Community Crisis Stabilization Centers and \$1.0 million for Clubhouse Model Programs, all from special revenue funds, for FY 2019 due to

the transfer of such funding from the Kansas Lottery Operating Fund from the passage of 2018 Sub. for HB 2194.

The **2018 Legislature** added \$1.2 million, all from the KDADS General Fee Fund, to be granted to Rainbow Services Inc. to pay off a loan the entity incurred to remodel its current building in FY 2018; \$1.0 million, all from the Problem Gambling and Addictions Grant Fund, for additional substance abuse treatment services in FY 2018 and FY 2019; \$935,111, including \$299,000 from the State General Fund, for a salary increase for nursing facility surveyors for FY 2019; \$200,000, all from the State General Fund, to provide funding for additional meals through grants to the senior nutrition program (Meals on Wheels) for FY 2019; and \$116,200, all from the State General Fund, to contract with the Association of Community Mental Health Centers of Kansas to fund a statewide Train the Trainer course for Mental Health First Aid training for FY 2019.

The **2018 Legislature** included language in 2018 House Sub. for SB 109 to:

- Require the agency to develop a long-term plan to eliminate the Medicaid HCBS waivers waiting lists and to include this plan in its revised budget estimate submission for FY 2019;
- Continue the Mental Health Task Force authorized by 2017 Senate Sub. for HB 2002 to meet during the 2018 Legislative Interim to study various mental health topics, including the creation of a strategic plan addressing the recommendations of the 2017 Mental Health Task Force and recommending the number and location of additional psychiatric beds, and to submit a written report of its findings to the 2019 Legislature; and
- Require the agency to implement a change to the Medicaid Home and Community Based Services Traumatic Brain Injury (TBI) waiver to allow coverage for individuals with a documented brain injury acquired from a cause not already covered under the waiver, eliminate the requirement that individuals on the waiver must be at least 16 years old, and allow expenditures within existing resources to provide coverage for new individuals on the waiver in FY 2018, FY 2019, and FY 2020.

In addition, the **2018 Legislature** added \$288,167, including \$106,929 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** submits a revised estimate for operating expenditures of \$1.8 billion, including \$777.5 million from the State General Fund, in FY 2019. This is an all funds increase of \$43.8 million, or 2.4 percent, and a State General Fund increase of \$34.1 million, or 4.6 percent, above the FY 2019 revised estimate. The revised estimate includes 293.0 FTE positions, which is a decrease of 3.0 FTE positions below the number approved by the 2018 Legislature. The decrease is attributable to a technical error in the agency's budget submission.

The revised estimate includes supplemental funding totaling \$38.2 million, including \$34.1 million from the State General Fund, and 10.0 FTE positions in FY 2019. Projects in FY 2019 include the first phase of the replacement of the patient billing and management system for the four state hospitals, increased funding for Community Mental Health Center grants, replacement of revenue for crisis centers and Clubhouse Model program due to decreased revenue estimates for lottery vending machines, a mobile response and stabilization pilot program, a crisis hotline, increasing the reimbursement rates for the Program for All-Inclusive Care for the Elderly (PACE) and the Client Assessment Referral and Evaluation (CARE) program, and other projects. **Absent the FY 2019 supplementals**, the FY 2019 revised estimate is an all funds increase of \$7.0 million, or 0.4 percent, above the amount approved by the 2018 Legislature. Also **absent the enhancements**, the State General Fund amount is the same amount approved by the 2018 Legislature.

The agency submits a revised estimate totaling \$9.7 million, including \$9.6 million from the State Institutions Building Fund, for capital improvements in FY 2019. This is an all funds increase of \$1.5 million, or 18.0 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the reappropriation of \$1.5 million for rehabilitation and repair funding not expended in FY 2018. 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** recommends \$1.9 billion, including \$780.1 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the Governor recommends operating expenditures of \$2.0 billion, including \$796.9 million from the State General Fund. The Governor recommends capital improvement expenditures of \$9.6 million, all from special revenue funds, which is a decrease of \$239, including \$43 from the State General Fund, for a technical adjustment to re-categorize certain operating expenditures as commodities rather than capital improvements. The Governor's recommendation for total expenditures is an all funds increase of \$26.9 million, or 1.5 percent, and a State General Fund increase of \$2.7 million, or 0.3 percent, and a decrease of 10.0 FTE positions from the agency's FY 2019 revised estimate. The Governor's recommendation includes the following adjustments:

- A decrease of \$38.2 million, including \$34.1 million from the State General Fund, and 10.0 FTE positions due to the Governor not recommending the agency's supplemental requests in FY 2019;
- An increase of \$165.5 million, including \$80.5 million from the State General Fund, for human services caseload adjustments in FY 2019; and
- A decrease of \$100.4 million, including \$43.7 million from the State General Fund, for decreased expenditures on Medicaid Home and Community Based Services (HCBS) waivers, to adjust for a revised estimate of the cost of these services. There is no reduction in the number of persons served.

FY 2020 – Budget Year. The **agency** requests operating expenditures of \$1.9 billion, including \$803.2 million from the State General Fund, for FY 2020. This is an all funds increase of \$58.9 million, or 3.2 percent, and a State General Fund increase of \$25.7 million, or 3.3 percent, above the FY 2019 revised estimate. The request includes 292.0 FTE positions, which

is a decrease of 1.0 FTE position below the FY 2019 revised estimate. The decrease is attributable to the agency's FY 2019 supplemental request for a 1.0 FTE position for the Housing First Pilot project, and this position will not continue to FY 2020.

The request includes enhancement funding totaling \$108.3 million, including \$63.3 million from the State General Fund, for FY 2020. Projects for FY 2020 include the second phase of the replacement of the patient billing and management system for the four state hospitals, the first phase of a five-year plan to eliminate the Medicaid HCBS PD and I/DD wait lists, increased funding for Community Mental Health Center grants, increased funding to rebase nursing facility reimbursement rates, a mobile response and stabilization pilot program, a crisis hotline, increasing the reimbursement rates for the Program for All-Inclusive Care for the Elderly (PACE) and the Client Assessment Referral and Evaluation (CARE) program, and other projects. **Absent the FY 2020 enhancements**, the FY 2020 request is an all funds decrease of \$49.3 million, or 2.7 percent, and a State General Fund decrease of \$37.6 million, or 4.8 percent, below the FY 2019 revised estimate.

The agency requests \$10.9 million, including \$10.9 million from the State Institutions Building Fund, for capital improvements for FY 2020. This is an all funds increase of \$1.3 million, or 13.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's request of \$1.3 million, all from the State Institutions Building Fund, to renovate Spruce Cottage at Parsons State Hospital and Training Center, including replacement of windows; upgrading the heating, ventilation, and air conditioning (HVAC) and electrical systems; making restrooms compliant with the Americans with Disabilities Act; adding new interior finishes to walkways, floors, and ceilings; adding new lighting; and bringing the building up to current fire and life safety codes. Rehabilitation and repair funding includes projects at the four state hospitals. The request includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

The **Governor** recommends \$2.0 billion, including \$796.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2020. Of this amount, the Governor recommends operating expenditures of \$2.0 billion, including \$796.9 million from the State General Fund. The Governor recommends capital improvements of \$9.9 million, all from special revenue funds, which is a decrease of \$1.1 million, including \$43 from the State General Fund, due to recommending to hold total expenditures from the State Institutions Building Fund at the amount recommended in FY 2019 and for a technical adjustment to re-categorize certain operating expenditures as commodities rather than capital improvements. The Governor's recommendation for total expenditures is an all funds increase of \$97.2 million, or 5.1 percent, a State General Fund decrease of \$6.3 million, or 0.8 percent, and a decrease of 9.0 FTE positions from the agency's FY 2019 revised estimate. The Governor's recommendation includes the following adjustments:

- A decrease of \$93.5 million, including \$60.2 million from the State General Fund, due to the Governor not recommending the agency's enhancement requests, aside from PACE reimbursements rebasing, for FY 2020;
- An increase of \$249.7 million, including \$90.5 million from the State General Fund, for human services caseload adjustments for FY 2020;
- A decrease of \$49.9 million, including \$36.6 million from the State General Fund, for decreased expenditures on Medicaid HCBS waivers, to adjust for a revised

estimate of the cost of these services. There is no reduction in the number of persons served;

- A decrease of \$1.1 million, all from the State Institutions Building Fund, to hold total expenditures from the State Institutions Building Fund at the amount recommended in FY 2019;
- Creation of three new funds for State General Fund expenditures to assist with tracking of expenditures for human services consensus caseloads; and
- A decrease of \$7.4 million, all from the federal Title XIX Fund, for the Mental Health Administration subprogram for FY 2020. These expenditures are not considered part of overall expenditures for the agency, so this recommendation does not adjust overall agency expenditures.

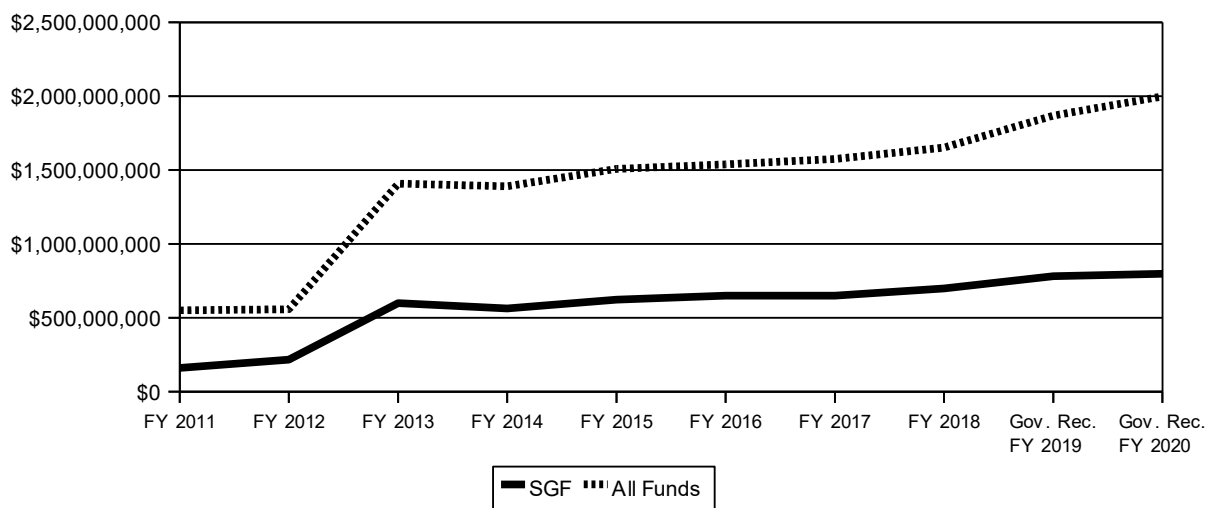
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of Meals Served (in Millions)	3.1	3.1	3.1	3.1	3.1	3.1
Cost Per Meal (in Dollars)	\$ 6.00	\$ 5.95	\$ 5.95	\$ 6.85	\$ 6.85	\$ 6.85
Number of Customers Receiving Support Services through Aging Grants (in Thousands)	N/A	34.8	N/A	34.9	34.9	34.9
Agency Expenditures						
All Funds (Dollars in Billions)	\$ 1.5	\$ 1.6	\$ 1.7	\$ 1.7	\$ 1.9	\$ 2.0
FTE Positions	284.0	295.0	295.0	283.0	283.0	283.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	697,321,455	7.5	1,651,859,548	4.9	283.0
2019 Gov. Rec.	780,148,442	11.9	1,868,030,088	13.1	283.0
2020 Gov. Rec.	796,895,892	2.1	1,998,393,740	7.0	283.0
Ten-Year Change Dollars/Percent	\$ 637,574,692	400.2 %	\$ 1,448,725,809	263.6 %	56.2

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate				Governor's Recommendation			
Actual FY 2018		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 17,521,628	\$ 15,154,648	\$ 12,311,478	\$ (2,843,170)	(18.8) %	\$ 14,525,917	\$ 11,282,749	\$ (3,243,168)	(22.3) %
Aging and Aging Grants	31,828,482	33,647,397	33,109,894	(537,503)	(1.6)	33,492,812	32,955,309	(537,503)	(1.6)
Medicaid Program	1,480,472,706	1,634,932,340	1,702,546,771	67,614,431	4.1	1,691,574,231	1,827,981,769	136,407,538	8.1
Behavioral Health- Operations and Grant	95,928,335	128,520,187	123,055,902	(5,464,285)	(4.3)	99,901,233	97,459,978	(2,441,255)	(2.4)
Community Svcs Admin	15,450,496	15,790,181	16,084,981	294,800	1.9	15,482,381	15,777,181	294,800	1.9
Survey, Certification, and Credentialing	10,657,901	13,132,854	13,016,094	(116,760)	(0.9)	13,053,514	12,936,754	(116,760)	(0.9)
TOTAL	\$ 1,651,859,548	\$ 1,841,177,607	\$ 1,900,125,120	\$ 58,947,513	3.2 %	\$ 1,868,030,088	\$ 1,998,393,740	\$ 130,363,652	7.0 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 16,821,892	\$ 20,267,506	\$ 19,521,864	\$ (745,642)	(3.7) %	\$ 19,607,816	\$ 18,926,164	\$ (681,652)	(3.5) %
Contractual Services	41,621,008	38,728,181	36,833,916	(1,894,265)	(4.9)	38,082,786	35,788,521	(2,294,265)	(6.0)
Commodities	422,896	422,549	426,161	3,612	0.9	422,788	426,402	3,614	0.9
Capital Outlay	(27,796)	12,711,333	8,377,961	(4,333,372)	(34.1)	209,025	29,606	(179,419)	(85.8)
Debt Service	1,450,819	1,267,950	1,026,750	(241,200)	(19.0)	1,267,950	1,026,750	(241,200)	(19.0)
Subtotal - Operations	\$ 60,288,819	\$ 73,397,519	\$ 66,186,652	\$ (7,210,867)	(9.8) %	\$ 59,590,365	\$ 56,197,443	\$ (3,392,922)	(5.7) %
Aid to Local Units	64,897,194	83,585,514	83,489,849	(95,665)	(0.1)	70,603,258	69,312,680	(1,290,578)	(1.8)
Other Assistance	1,526,673,535	1,684,194,574	1,750,448,619	66,254,045	3.9	1,737,836,465	1,872,883,617	135,047,152	7.8
TOTAL	\$ 1,651,859,548	\$ 1,841,177,607	\$ 1,900,125,120	\$ 58,947,513	3.2 %	\$ 1,868,030,088	\$ 1,998,393,740	\$ 130,363,652	7.0 %
Financing:									
State General Fund	\$ 697,321,455	\$ 777,469,361	\$ 803,176,661	\$ 25,707,300	3.3 %	\$ 780,148,442	\$ 796,895,892	\$ 16,747,450	2.1 %
Children's Initiative Fund	3,800,000	3,800,000	3,800,000	0	0.0	3,800,000	3,800,000	0	0.0
Problem Gambling and Addictions Grants	6,716,043	6,825,996	6,825,996	0	0.0	6,825,996	6,825,996	0	0.0
Quality Care Serv Fund	42,965,000	43,500,000	43,500,000	0	0.0	35,975,813	40,000,000	4,024,187	11.2
Title XIX Federal Fund	812,447,738	923,682,077	962,125,033	38,442,956	4.2	955,379,468	1,070,198,224	114,818,756	12.0
Prevention Treatment Subst Abuse Grant	12,310,310	12,314,998	12,314,999	1	0.0	12,314,998	12,314,999	1	0.0
All Other Funds	76,299,002	73,585,175	68,382,431	(5,202,744)	(7.1)	73,585,371	68,358,629	(5,226,742)	(7.1)
TOTAL	\$ 1,651,859,548	\$ 1,841,177,607	\$ 1,900,125,120	\$ 58,947,513	3.2 %	\$ 1,868,030,088	\$ 1,998,393,740	\$ 130,363,652	7.0 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$739,887,481 for the Kansas Department for Aging and Disability Services in FY 2019. One adjustment has been made subsequently 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 \$3,455,477, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

The adjustment changes the FY 2019 approved State General Fund amount to \$743,342,958. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 743,342,958	\$ 777,469,404	\$ 34,126,446	\$ 780,148,442	\$ 36,805,484
All Other Funds	1,062,283,156	1,073,358,383	11,075,227	1,097,531,587	35,248,431
TOTAL	\$ 1,805,626,114	\$ 1,850,827,787	\$ 45,201,673	\$ 1,877,680,029	\$ 72,053,915
FTE Positions	296.0	293.0	(3.0)	283.0	(13.0)

The **agency** submits a revised estimate for total expenditures of \$1.9 billion, including \$777.5 million from the State General Fund, in FY 2019. The revised estimate includes operating expenditures totaling \$1.8 billion, including \$777.5 million from the State General Fund, and capital improvement expenditures totaling \$9.7 million, including \$9.6 million from the State Institutions Building Fund. This is an all funds increase of \$45.2 million, or 2.5 percent, and a State General Fund increase of \$34.1 million, or 4.6 percent, above the FY 2019 amount approved by the 2018 Legislature. The revised estimate includes 293.0 FTE positions, which is a decrease of 3.0 FTE positions below the number approved by the 2018 Legislature. The decrease is attributable to a technical error in the agency's budget submission.

The revised estimate includes supplemental funding totaling \$38.2 million, including \$34.1 million from the State General Fund, and 10.0 FTE positions in FY 2019. Projects in FY 2019 include the first phase of the replacement of the patient billing and management system for the four state hospitals, increased funding for Community Mental Health Center grants, replacement of revenue for crisis centers and Clubhouse Model program due to decreased revenue estimates for lottery vending machines, a mobile response and stabilization pilot program, a crisis hotline, increasing the reimbursement rates for the Program for All-Inclusive Care for the Elderly (PACE) and the Client Assessment Referral and Evaluation (CARE) program, and other projects. **Absent the FY 2019 supplementals**, the FY 2019 revised

estimate is an all funds increase of \$7.0 million, or 0.4 percent, above the amount approved by the 2018 Legislature. Also **absent the enhancements**, the State General Fund amount is the same amount approved by the 2018 Legislature.

The **Governor** recommends \$1.9 billion, including \$780.1 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the Governor recommends operating expenditures of \$2.0 billion, including \$796.9 million from the State General Fund. The Governor recommends capital improvement expenditures of \$9.6 million, all from special revenue funds, which is a decrease of \$239, including \$43 from the State General Fund, for a technical adjustment to re-categorize certain operating expenditures as commodities, rather than capital improvements. The Governor's recommendation for total expenditures is an all funds increase of \$26.9 million, or 1.5 percent, and a State General Fund increase of \$2.7 million, or 0.3 percent, and a decrease of 10.0 FTE positions from the agency's FY 2019 revised estimate. The Governor's recommendation includes the following adjustments:

- A decrease of \$38.2 million, including \$34.1 million from the State General Fund, and 10.0 FTE positions due to the Governor not recommending the agency's supplemental requests in FY 2019;
- An increase of \$165.5 million, including \$80.5 million from the State General Fund, for human services caseload adjustments in FY 2019; and
- A decrease of \$100.4 million, including \$43.7 million from the State General Fund, for decreased expenditures on Medicaid Home and Community Based Services (HCBS) waivers, to adjust for a revised estimate of the cost of these services. There is no reduction in the number of persons served.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 363,600	\$ 595,700	9.0	\$ 0	\$ 0	0.0
Hospital Patient Management System Replacement	12,502,308	12,502,308	0.0	0	0	0.0
Money Follows the Person	1,623,780	1,623,780	0.0	0	0	0.0
CARE Rate Increase	38,646	154,585	0.0	0		
PACE Rate Increase	3,061,056	6,820,556	0.0	0	0	0.0
CMHC Grant Funding Increase	7,823,572	7,823,572	0.0	0	0	0.0
HAPHY and CE/CR Increase	722,674	722,674	0.0	0	0	0.0
Data Center Service Desk	61,594	61,594	0.0	0	0	0.0
Consolidated Service Desk	429,216	429,216	0.0	0	0	0.0
Housing First Pilot	500,000	500,000	1.0	0	0	0.0
Mobile Response Stabilization Pilot and Crisis Hotline	3,000,000	3,000,000	0.0	0	0	0.0
Lottery Vending Machine Revenue Replacement	4,000,000	4,000,000	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	80,470,000	165,486,558	0.0
HCBS Waivers Expenditures	0	0	0.0	(43,664,516)	(100,400,313)	0.0
TOTAL	\$ 34,126,446	\$ 38,233,985	10.0	\$ 36,805,484	\$ 65,086,245	0.0

The **agency** requests supplementals totaling \$38.2 million, including \$34.1 million from the State General Fund, and 10.0 FTE positions in FY 2019. The supplemental requests are detailed below.

Staffing Increase. The agency requests \$595,700, including \$363,600 from the State General Fund, and 9.0 FTE positions to add several staff positions within the agency. The request includes:

- \$79,500, all from the State General Fund, for 1.0 FTE health facility surveyor position for licensing and surveying of state-only funded adult care homes;
- \$65,000, including \$58,500 from the State General Fund, for a qualified information technology (IT) security manager position to provide services to KDADS, the four state hospitals, and the Department for Children and Families;
- \$73,000, including \$36,500 from the State General Fund, for a 1.0 FTE long-term care data analyst position to provide support and monitoring data pertaining to

the long-term services and supports under the KanCare program, including the HCBS and nursing facility quality outcomes;

- \$247,200, including \$123,600 from the State General Fund, for 4.0 FTE long-term services and supports quality review staff to assist the HCBS monitoring team by working in the field to monitor services provided by the KanCare managed care entities;
- \$70,400, including \$35,200 from the State General Fund, for 1.0 FTE behavioral health compliance officer to monitor activities in the Behavioral Health System and contractor services and advise them on meeting program requirements and related policies. This position will have responsibility for developing, coordinating, and conducting training programs across the organization; and
- \$60,600, including \$30,300 from the State General Fund, for 1.0 FTE transition specialist to assist with individuals transitioning institutional settings, such as nursing facilities or intermediate care facilities, for the developmentally disabled to community-based settings, including HCBS. The agency notes funding is needed for this position because this position is currently funded through the federal Money Follows the Person grant, and the agency anticipates the ending of that federal program.

Hospital Patient Management System Replacement. The agency requests \$12.5 million, all from the State General Fund, to begin a five-year process to replace the patient management and billing system for all four state hospitals. The agency states expenditures for this project total \$28.6 million over five years. FY 2019 expenditures total \$12.5 million, including year one costs of \$7.5 million and one-time fees of \$5.0 million. The agency states all 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 defibrillator equipment, accounting and reimbursement, and staffing scheduling, all of which will be replaced with the new system.

Money Follows the Person. The agency requests \$1.6 million, all from the State General Fund, to cover the loss of the enhanced federal match for Money Follows the Person. The agency states this funding is needed to cover the cost of individuals in the first year transitioning out of an institution and without this funding, the agency would need to reduce the number of consumers it serves with HCBS to make up for the loss of this enhanced federal share of the HCBS services.

CARE Rate Increase. The agency requests \$154,585, including \$38,646 from the State General Fund, to increase the reimbursement rate for the Client Assessment Referral and Evaluation (CARE) program in FY 2019. The CARE program provides customers individualized information on long-term care options and assists in determining the appropriate placement. Assessments are conducted by local Aging and Disability Resource Centers or may be performed by a hospital assessor if an individual is transitioning to a nursing facility from a hospital. Individuals requiring additional services related to an intellectual or developmental disability or mental health condition are conducted by a qualified specialist.

PACE Rate Increase. The agency requests \$6.8 million, including \$3.1 million from the State General Fund, to rebase the reimbursement rate for the Program for All-Inclusive Care for the Elderly (PACE) in FY 2019. The agency states the federal Centers for Medicare and Medicaid Services requires PACE reimbursement rates to be rebased every three years.

CMHC Grant Funding Increase. The agency requests \$7.8 million, all from the State General Fund, in FY 2019 to begin to increase grant funding for community mental health centers (CMHCs) to their previously 2006 funding levels adjusted for inflation. The agency states grant funding for CMHCs totaled \$46.7 million in 2006 and \$44.3 million in FY 2019. The agency notes a \$2.4 million difference and estimates that inflationary increases would mean an additional increase of \$10.9 million. The agency requests funding to increase funding incrementally over two years, requesting \$7.8 million in FY 2019 and \$13.3 million for FY 2020. CMHCs provide outpatient services to patients living with severe and persistent mental illnesses and children and youth with severe emotional disturbance. CMHCs also provide screenings for the state mental health hospitals and certain nursing facilities.

HAPHY and CE/CR Increase. The agency requests \$722,674, all from the State General Fund, in FY 2019 for increased funding for the Hospital Alternative to State Psychiatric Hospitalization (HAPHY) and Court Ordered Competency Evaluation and Competency Restoration (CE/CR) programs. The HAPHY grant provides psychiatric hospitalization for youth as an alternative to state psychiatric hospitalization. KVC provides stabilization treatment under a "no eject, no reject" policy. The CE/CR provides a juvenile inpatient setting when specified by court order. The agency reports costs associated with both programs exceeded the contract amounts in FY 2018 and are projected to continue to increase.

Data Center Service Desk. The agency requests \$61,594, all from the State General Fund, in FY 2019 to support the migration and operating costs of KDADS systems to the Unisys Hybrid Data Center. This request would include moving all KDADS servers, data storage, and disaster recovery activities from the current data centers in Topeka to level 3 data centers operated by Unisys in Eagan, Minnesota, or Ashburn, Virginia. The agency states these data centers meet required security and fault tolerance compliance requirements for critical state and federal program functions.

Consolidated Service Desk. The agency requests \$429,216, all from the State General Fund, in FY 2019 to support the migration and operating costs of moving KDADS and all four states hospitals to the executive branch IT Centralized Service Desk.

Housing First Pilot. The agency requests \$500,000, all from the State General Fund, and 1.0 FTE position for the Housing First Pilot project in FY 2019. Included in this amount is \$63,990 for 1.0 position to manage the pilot program. The agency states this proposal is from the Housing and Homelessness Committee and would serve individuals with behavioral health conditions, individuals with co-occurring behavioral health, and other conditions who are experiencing homelessness or need housing prior to discharge from an institutional setting.

Mobile Response and Stabilization Pilot and Crisis Hotline. The agency requests \$3.0 million, all from the State General Fund, in FY 2019 to support the Mobile Response and Stabilization pilot program and the 24/7/365 Crisis Hotline. The agency states the pilot would provide a mobile response to maintain youth in their current residence and would serve 100 youth and families at risk of out-of-home placement and is expected to divert at least 43 youth from psychiatric residential treatment facilities by providing community-based interventions and individualized care planning.

Lottery Vending Machine Revenue Replacement. The agency requests \$4.0 million, all from the State General Fund, to cover the anticipated loss of funds from lottery vending machine revenues in FY 2019. HB 2194 (2018) designated \$4.0 million in lottery vending machine revenue to be distributed to KDADS as follows: \$3.0 million to the Community Crisis Stabilization Fund, and \$1.0 million to Clubhouse Model programs. At the Legislative Budget Committee meeting on September 5, 2018, it was reported there are delays in purchasing the

machines and beginning lottery vending machine operations, so the agency is anticipating it will receive minimal to no revenue from lottery vending machines in FY 2019.

The **Governor** recommends supplementals of \$65.1 million, including \$36.8 million from the State General Fund, in FY 2019. The Governor does not recommend the agency's requests for supplemental funding. The Governor recommends the additional adjustments described below.

Human Services Consensus Caseloads. The Governor recommends adding \$165.5 million, including \$80.5 million from the State General Fund, due to the human services consensus caseload adjustments in FY 2019.

HCBS Waivers Expenditures. The Governor recommends deleting \$100.4 million, including \$43.7 million from the State General Fund, for decreased expenditures on Medicaid HCBS waivers, to adjust for a revised estimate of the cost of these services. There is no reduction in the number of persons served.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,900,125,120	\$ 1,998,393,740	\$ 98,268,620
FTE Positions	292.0	283.0	(9.0)
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 25,707,300	\$ 16,747,450	
All Other Funds	33,240,213	113,616,202	
TOTAL	\$ 58,947,513	\$ 130,363,652	
<i>Percent Change:</i>			
State General Fund	3.3 %	2.1 %	
All Other Funds	3.1	10.4	
TOTAL	3.2 %	7.0 %	
Change in FTE Positions	(1.0)	0.0	

The **agency** requests operating expenditures of \$1.9 billion, including \$803.2 million from the State General Fund, for FY 2020. This is an all funds increase of \$58.9 million, or 3.2 percent, and a State General Fund increase of \$25.7 million, or 3.3 percent, above the FY 2019 revised estimate. The request includes 292.0 FTE positions, which is a decrease of 1.0 FTE position below the FY 2019 revised estimate. The decrease is attributable to the agency's FY 2019 supplemental request for a 1.0 FTE position for the Housing First Pilot project; this position will not continue to FY 2020.

The request includes enhancement funding totaling \$108.3 million, including \$63.3 million from the State General Fund, for FY 2020. Projects for FY 2020 include the second phase of the replacement of the patient billing and management system for the four state

hospitals, the first phase of a five-year plan to eliminate the Medicaid Home and Community Based Services (HCBS) Physical Disability (PD) and Intellectual/Developmental Disability (I/DD) wait lists, increased funding for Community Mental Health Center grants, increased funding to rebase nursing facility reimbursement rates, a mobile response and stabilization pilot program, a crisis hotline, increasing the reimbursement rates for the Program for All-Inclusive Care for the Elderly (PACE) and the Client Assessment Referral and Evaluation (CARE) program, and other projects. **Absent the FY 2020 enhancements**, the FY 2020 request is an all funds decrease of \$58.9 million, or 2.7 percent, and a State General Fund decrease of \$25.7 million, or 4.8 percent, below the FY 2019 revised estimate.

The **Governor** recommends \$2.0 billion, including \$796.9 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds increase of \$98.3 million, or 5.2 percent, a State General Fund decrease of \$6.3 million, or 0.8 percent, and a decrease of 9.0 FTE positions from the agency's FY 2020 request. The all funds increase is primarily attributable to the Governor not recommending the agency's enhancements requests, except for \$6.8 million, including \$3.1 million from the State General Fund, to rebase the reimbursement rates for the Program for All-Inclusive Care for the Elderly (PACE) for FY 2020. The Governor's recommendation includes the following adjustments:

- A decrease of \$93.5 million, including \$60.2 million from the State General Fund, and 9.0 FTE positions due to the Governor not recommending the agency's enhancement requests, aside from PACE reimbursements rebasing, for FY 2020;
- An increase of \$249.7 million, including \$90.5 million from the State General Fund, for human services caseload adjustments for FY 2020;
- A decrease of \$49.9 million, including \$36.6 million from the State General Fund, for decreased expenditures on Medicaid HCBS waivers, to adjust for a revised estimate of the cost of these services. There is no reduction in the number of persons served;
- A decrease of \$1.1 million, all from the State Institutions Building Fund, to hold total expenditures from the State Institutions Building Fund at the amount recommended in FY 2019;
- Creation of three new funds for State General Fund expenditures to assist with tracking of expenditures for the human services consensus caseloads; and
- A decrease of \$7.4 million, all from the federal Title XIX Fund, for the Mental Health Administration subprogram for FY 2020. These expenditures are not considered part of overall expenditures for the agency, so this recommendation does not adjust overall agency expenditures.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 363,600	\$ 595,700	9.0	\$ 0	\$ 0	0.0
Hospital Patient Management System Replacement	8,348,355	8,348,355	0.0	0	0	0.0
PD & I/DD Wait Lists Elimination	20,713,548	47,617,351	0.0	0	0	0.0
Money Follows the Person	1,623,780	1,623,780	0.0	0	0	0.0
Office Space	306,000	400,000	0.0	0	0	0.0
CARE Rate Increase	38,646	154,585	0.0	0	0	0.0
PACE Rate Increase	3,061,056	6,820,556	0.0	3,061,056	6,820,556	0.0
CMHC Grant Funding Increase	13,261,765	13,261,765	0.0	0	0	0.0
HAPHY and CE/CR Increase	915,404	915,404	0.0	0	0	0.0
Nursing Facility Rate Rebasng	8,473,096	18,871,037	0.0	0	0	0.0
Data Center Service Desk	61,594	61,594	0.0	0	0	0.0
Consolidated Service Desk	429,216	429,216	0.0	0	0	0.0
Mobile Response and Stabilization Pilot and Crisis Hotline	3,000,000	3,000,000	0.0	0	0	0.0
TBI Waiver Rate Increase	2,693,163	6,191,180	0.0	0	0	0.0
Human Services Caseloads Adjustments	0	0	0.0	90,500,000	249,656,558	0.0
HCBS Waivers Expenditures	0	0	0.0	(36,552,645)	(49,918,212)	0.0
Capital Improvements Expenditure Adjustment	0	0	0.0	0	(1,052,759)	
Fund Creation for Human Services Consensus Caseload Expenditures	0	0	0.0	0	0	0.0
Non-Expense Adjustment	0	0	0.0	0	0	0.0
TOTAL	\$ 63,289,223	\$ 108,290,523	9.0	\$ 57,008,411	\$ 205,506,143	0.0

The **agency** requests supplemental requests totaling \$108.3 million, including \$63.3 million from the State General Fund, for FY 2020. The enhancement requests are detailed below.

Staffing Increase. The agency requests \$595,700, including \$363,600 from the State General Fund, and 9.0 FTE positions for the continuation of the FY 2019 request to add several staff positions within the agency.

The requests include:

- \$79,500, all from the State General Fund, for 1.0 FTE health facility surveyor position for licensing and surveying of state-only funded adult care homes;
- \$65,000, including \$58,500 from the State General Fund, for a qualified IT security manager position that will provide services to KDADS, the four state hospitals, and the Department for Children and Families;
- \$73,000, including \$36,500 from the State General Fund, for a 1.0 FTE long-term care data analyst position to provide support and monitoring data pertaining to the long-term services and supports under the KanCare program, including the HCBS and nursing facility quality outcomes;
- \$247,200, including \$123,600 from the State General Fund, for 4.0 FTE long-term services and supports quality review staff to assist the HCBS monitoring team by working in the field to monitor services provided by the KanCare managed care entities;
- \$70,400, including \$35,200 from the State General Fund, for 1.0 FTE behavioral health compliance officer to monitor activities in the Behavioral Health System and contractor services and advise them on meeting program requirements and related policies. This position will have responsibility for developing, coordinating, and conducting training programs across the organization; and
- \$60,600, including \$30,300 from the State General Fund, for 1.0 FTE transition specialist to assist with individuals transitioning institutional settings, such as nursing facilities or intermediate care facilities, for the developmentally disabled to community-based settings, including HCBS. The agency notes funding is needed for this position because this position is currently funded through the federal Money Follows the Person grant, and the agency anticipates the ending of that federal program.

Hospital Patient Management System Replacement. The agency requests \$8.3 million, all from the State General Fund, for year two costs in the continuation of the FY 2019 request for a five-year process to replace the patient management and billing system for all four state hospitals. The agency states expenditures for this project total \$28.6 million over five years.

Medicaid HCBS PD and I/DD Wait Lists Elimination. The agency requests \$47.6 million, including \$20.7 million from the State General Fund, to begin a five-year plan to eliminate the HCBS wait lists for individuals with a physical disability and individuals with an intellectual or developmental disability. The agency states expenditures for this project total \$763.7 million, including \$354.9 million from the State General Fund, over five years to completely eliminate the wait lists. The agency states year one costs total \$47.6 million, year two costs total \$97.6 million, year three costs total \$150.1 million, year four costs total \$205.2 million, and year five costs total \$263.1 million. The agency states these costs only account for the impact of the Medicaid HCBS services and appropriations, but there would be an additional impact on the human services consensus caseload services for those individuals on the wait list who would qualify for additional Medicaid services by being offered services through the waivers.

Money Follows the Person. The agency requests \$1.6 million, all from the State General Fund, for continuation of this request from FY 2019 to cover the loss of the enhanced federal match for Money Follows the Person for FY 2020. The agency states this funding is needed to cover the cost of individuals in the first year transitioning out of an institution and without this funding, the agency would need to reduce the number of consumers it serves with HCBS to make up for the loss of this enhanced federal share of the HCBS services.

Office Space. The agency requests \$400,000, including \$306,000 from the State General Fund, to cover the added expense of office space for FY 2020. The agency states it is currently split between two locations, but due to expiring leases, it is in the process of issuing a request for proposal to house the entire agency in one space.

CARE Rate Increase. The agency requests \$154,585, including \$38,646 from the State General Fund, for continuation of this request from FY 2019 to increase the reimbursement rate for the Client Assessment Referral and Evaluation (CARE) program for FY 2020. The CARE program provides customers individualized information on long-term care options and assists in determining the appropriate placement. Assessments are conducted by local Aging and Disability Resource Centers or may be performed by a hospital assessor if an individual is transitioning to a nursing facility from a hospital. Individuals requiring additional services related to an intellectual or developmental disability or mental health condition are conducted by a qualified specialist.

PACE Rate Increase. The agency requests \$6.8 million, including \$3.1 million from the State General Fund, for continuation of this request from FY 2019 to rebase the reimbursement rate for the Program for All-Inclusive Care for the Elderly (PACE) for FY 2020. The agency states the federal Centers for Medicare and Medicaid Services requires PACE reimbursement rates to be rebased every three years.

CMHC Grant Funding Increase. The agency requests \$13.3 million, all from the State General Fund, for an increase in the continuation of the request from FY 2019 to increase funding for community mental health centers (CMHCs) to their previously 2006 funding levels adjusted for inflation for FY 2020. The agency states grant funding for CMHCs totaled \$46.7 million in 2006 and \$44.3 million in FY 2019. The agency notes a \$2.4 million difference and estimates that inflationary increases would mean an additional increase of \$10.9 million. The agency requests funding to increase funding incrementally over two years, requesting \$7.8 million in FY 2019 and \$13.3 million for FY 2020. CMHCs provide outpatient services to patients living with severe and persistent mental illnesses and children and youth with severe emotional disturbance. CMHCs also provide screenings for the state mental health hospitals and certain nursing facilities.

HAPHY and CE/CR Increase. The agency requests \$915,404, all from the State General Fund, for an increase in the continuation of the request from FY 2019 for increased funding for the Hospital Alternative to State Psychiatric Hospitalization (HAPHY) and Court Ordered Competency Evaluation and Competency Restoration (CE/CR) programs for FY 2020. The HAPHY grant provides psychiatric hospitalization for youth as an alternative to state psychiatric hospitalization. KVC provides stabilization treatment under a "no eject, no reject" policy. The CE/CR provides a juvenile inpatient setting when specified by court order. The agency reports costs associated with both programs exceeded the contract amounts in FY 2018 and are projected to continue to increase.

Nursing Facility Rate Rebasing. The agency requests \$18.9 million, including \$8.5 million from the State General Fund, to provide a full rebasing of nursing facility reimbursement rates for FY 2020. The agency states the Kansas Medicaid nursing facility reimbursement

system establishes prospective per diem rates for each enrolled facility based upon the unique costs of each provider. Rates are determined for each provider based on dividing their total inflated costs by total day of care provided, adjusting for limits and add-ons, as well as case mix adjustments. KSA 75-5958 states that subject to provisions in appropriations acts, the three most recent calendar year cost reports should be averaged together to calculate the nursing facility rates. KAR 129-10-18 allows for a factor for inflation to be applied to the cost data. The agency states this request addresses the estimated fiscal impact of rebasing and inflating nursing facility rates for FY 2020 to costs from the three most recent calendar years (2016, 2017, and pro-rated 2018) with inflation to the beginning of FY 2020 (July 1, 2019).

Data Center Service Desk. The agency requests \$61,594, all from the State General Fund, for continuation of this request from FY 2019 to support the migration and operating costs of KDADS systems to the Unisys Hybrid Data Center for FY 2020. This request would include moving all KDADS servers, data storage, and disaster recovery activities from the current data centers in Topeka to level 3 data centers operated by Unisys in Eagan, Minnesota or Ashburn, Virginia. The agency states these data centers meet required security and fault tolerance compliance requirements for critical state and federal program functions.

Consolidated Service Desk. The agency requests \$429,216, all from the State General Fund, for continuation of this request from FY 2019 to support the migration and operating costs of moving KDADS and all four states hospitals to the executive branch IT Centralized Service Desk for FY 2020.

Mobile Response and Stabilization Pilot and Crisis Hotline. The agency requests \$3.0 million, all from the State General Fund, for continuation of this request from FY 2019 to support the Mobile Response and Stabilization pilot program and the 24/7/365 Crisis Hotline for FY 2020. The agency states the pilot would provide a mobile response to maintain youth in their current residence and would serve 100 youth and families at risk of out-of-home placement and is expected to divert at least 43 youth from psychiatric residential treatment facilities by providing community-based interventions and individualized care planning.

TBI Waiver Rate Increase. The agency requests \$6.2 million, including \$2.7 million from the State General Fund, to provide an increase in the reimbursement rate for providers of Medicaid HCBS Traumatic Brain Injury (TBI) waiver services. The agency states the increase will ensure an adequate network of qualified therapy providers and specialists are available statewide to comply with federal Centers for Medicare and Medicaid Services requirements that ensure services are delivered based on a need within an adequate time frame.

The **Governor** recommends enhancements of \$205.5 million, including \$57.0 million from the State General Fund, for FY 2020. The Governor recommends the agency's request for additional funding to rebase the reimbursement rate for PACE expenditures, but does not recommend the agency's other enhancement requests. The Governor recommends the additional adjustments described below.

Human Services Consensus Caseloads. The Governor recommends adding \$249.7 million, including \$90.5 million from the State General Fund, due to the human services consensus caseload adjustments for FY 2020.

HCBS Waivers Expenditures. The Governor recommends deleting \$49.9 million, including \$36.6 million from the State General Fund, for FY 2020 for decreased expenditures on Medicaid HCBS waivers to adjust for a revised estimate of the cost of these services. There is no reduction in the number of persons served.

Capital Improvements Expenditure Adjustment. The Governor recommends deleting \$1.1 million, all from the State Institutions Building Fund, to hold total expenditures from the State Institutions Building Fund at the amount recommended in FY 2019.

Fund Creation for Human Services Consensus Caseload Expenditures. The Governor recommends creation of three new funds for State General Fund expenditures to assist with tracking of expenditures for the human services consensus caseloads: KanCare caseloads, non-KanCare caseloads, and KanCare non-caseloads. The Governor also recommends reallocating expenditures from their current funds to these new funds.

Non-Expense Adjustment. The Governor recommends deleting \$7.4 million, all from the federal Title XIX Fund, for the Mental Health Administrative subprogram for FY 2020. These expenditures are not considered part of the overall expenditures for the agency, so this recommendation does not adjust overall agency expenditures.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$288,167, including \$106,929 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$27,798, including \$9,697 from the State General Fund, and FY 2020 longevity payments total \$28,320, including \$9,596 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	42.3 %	39.9 %
Children's Initiative Fund	0.2	0.2
Program Gambling and Addictions Grant Fund	0.4	0.3
Quality Care Service Fund	2.3	2.0
Title XIX Federal Fund	50.6	53.6
Prevention Treatment Substance Abuse Grant	0.6	0.6
All Other Funds	3.6	3.4
TOTAL	100.0 %	100.0 %

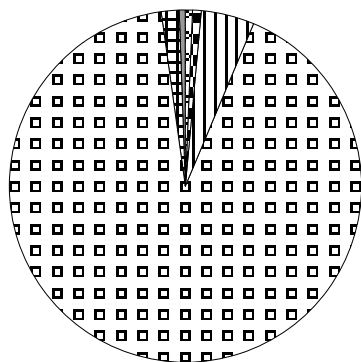
Note: Totals may not add due to rounding.

PROGRAM DETAIL

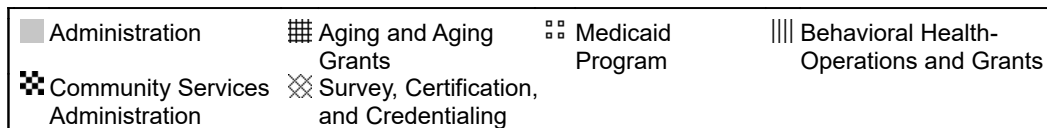
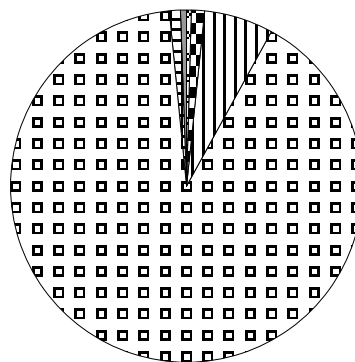
Expenditures by Program

Governor's FY 2020 Recommendation

All Funds



State General Fund



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 11,282,749	0.6 %	\$ 4,547,860	0.6 %
Aging and Aging Grants	32,955,309	1.6	8,100,719	1.0
Medicaid Program	1,827,981,769	91.5	720,640,632	90.4
Behavioral Health - Operations and Grant	97,459,978	4.9	50,535,106	6.3
Community Services Administration	15,777,181	0.8	9,644,048	1.2
Survey, Certification, and Credentialing	12,936,754	0.6	3,427,527	0.4
TOTAL	\$ 1,998,393,740	100.0 %	\$ 796,895,892	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	96.0	98.0	96.0	98.0	96.0
Aging and Aging Grants	15.0	15.0	15.0	15.0	15.0
Medicaid Program	0.0	0.0	0.0	0.0	0.0
Behavioral Health - Operations and Grant	26.0	28.0	26.0	27.0	26.0
Community Services Administration	16.0	17.0	16.0	17.0	16.0
Survey, Certification, and Credentialing	130.0	135.0	130.0	135.0	130.0
TOTAL	283.0	293.0	283.0	292.0	283.0

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 Fiscal 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, 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 and 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 12.9	\$ 11.1	\$ 11.3	\$ 17.5	\$ 14.5	\$ 11.3
FTE Positions	85.5	97.0	97.0	96.0	96.0	96.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,982,771	\$ 6,596,725	\$ 6,458,725	\$ 5,970,343	\$ 5,832,343
Contractual Services	9,916,715	7,077,295	6,586,485	5,097,998	4,207,188
Commodities	185,166	183,339	183,418	186,460	186,541
Capital Outlay	(13,842)	29,025	29,025	29,606	29,606
Debt Service	1,450,819	1,267,950	1,267,950	1,026,750	1,026,750
<i>Subtotal - Operations</i>	<i>\$ 17,521,629</i>	<i>\$ 15,154,334</i>	<i>\$ 14,525,603</i>	<i>\$ 12,311,157</i>	<i>\$ 11,282,428</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	(1)	314	314	321	321
TOTAL	\$ 17,521,628	\$ 15,154,648	\$ 14,525,917	\$ 12,311,478	\$ 11,282,749
Financing:					
State General Fund	\$ 4,705,013	\$ 5,470,620	\$ 4,884,810	\$ 5,439,670	\$ 4,547,860
All Other Funds	12,816,615	9,684,028	9,641,107	6,871,808	6,734,889
TOTAL	\$ 17,521,628	\$ 15,154,648	\$ 14,525,917	\$ 12,311,478	\$ 11,282,749
FTE Positions	96.0	98.0	96.0	98.0	96.0

The **agency** requests \$12.3 million, including \$5.4 million from the State General Fund, for the Administration program for FY 2020. This is an all funds decrease of \$2.8 million, or 18.8 percent, and a State General Fund decrease of \$30,950, or 0.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contractual services

and debt service interest expenditures. The main expenditures for this program in FY 2019 is contract services for the oversight of nursing facilities currently in receivership. The agency estimates the number of facilities in receivership and associated costs will decrease by FY 2020 as these facilities are expected to be under new ownership. The program includes enhancement funding for the 1.0 FTE qualified IT security manager position, the 1.0 FTE long-term care data analyst position, the Data Center Service Desk, the Consolidated Service Desk, and office space enhancements. The program includes 98.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$11.3 million, including \$4.5 million from the State General Fund, and 96.0 FTE positions for FY 2020. This is an all funds decrease of \$1.0 million, or 8.4 percent, a State General Fund decrease of \$891,810, or 16.4 percent, and a decrease of 2.0 FTE positions below the agency's FY 2020 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests for a staffing increase, office space, the data center service initiative, and the consolidated service desk.

B. 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 AAAs. Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

Transition Services and CARE Programs

CARE program. The Client Assessment, Referral, and Evaluation (CARE) program is responsible for diverting seniors from nursing homes 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 pass-through 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 (SMP) 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 (MIPPA). 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 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 Home and Community Based Services (HCBS) and reducing default discharged to nursing homes. Community Transition Opportunities is a federal grant the agency received to help people who have indicated in a nursing home they would like to go back to the community. This program coordinates those residents with the appropriate community services and supports.

Quality Review Division

The Quality Review Division is responsible for collecting data relative to policy compliance of the AAAs. 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 customer's 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 AAAs for the provision of nutrition services in either a congregate setting or in the homes of older Kansans who are home bound. 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 home-bound individual's place of residence (Title III-C (2)).

	Actual FFY 2017	Actual FFY 2018	Est. FFY 2019	Est. FFY 2020
Total Meals Served	3,106,570	3,116,304	3,160,625	3,160,625
Cost Per Meal	\$6.85	\$6.85	\$6.85	\$6.85

Note: Federal Fiscal Year (FFY) includes October 1 to September 30 of the following year.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 29.9	\$ 24.8	\$ 28.2	\$ 31.8	\$ 33.5	\$ 33.0
FTE Positions	18.5	19.0	19.0	15.0	15.0	15.0

AGING AND AGING GRANTS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 992,783	\$ 915,542	\$ 915,542	\$ 840,047	\$ 840,047
Contractual Services	2,611,609	2,825,444	2,670,859	2,803,128	2,648,543
Commodities	16,660	17,116	17,116	13,716	13,716
Capital Outlay	0	60,000	60,000	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,621,052	\$ 3,818,102	\$ 3,663,517	\$ 3,656,891	\$ 3,502,306
Aid to Local Units	8,084,731	8,542,521	8,542,521	8,557,717	8,557,717
Other Assistance	20,122,699	21,286,774	21,286,774	20,895,286	20,895,286
TOTAL	\$ 31,828,482	\$ 33,647,397	\$ 33,492,812	\$ 33,109,894	\$ 32,955,309
Financing:					
State General Fund	\$ 7,976,975	\$ 8,137,797	\$ 8,099,151	\$ 8,139,365	\$ 8,100,719
All Other Funds	23,851,507	25,509,600	25,393,661	24,970,529	24,854,590
TOTAL	\$ 31,828,482	\$ 33,647,397	\$ 33,492,812	\$ 33,109,894	\$ 32,955,309
FTE Positions	15.0	15.0	15.0	15.0	15.0

The **agency** requests \$33.1 million, including \$8.1 million from the State General Fund, for the Aging and Aging Grants program for FY 2020. This is an all funds decrease of \$537,503, or 1.6 percent, and a State General Fund increase of \$1,568, or less than 0.1 percent, from the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in other assistance in community grants due to the ending of a federal CMS demonstration grant for MIPPA for the SHIP and SHICK. The program includes enhancement funding for the CARE rate increase. The program includes 15.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$33.0 million, including \$8.1 million from the State General Fund, for FY 2020. This is an all funds decrease of \$154,585, or 0.5 percent, and a State General Fund decrease of \$38,646, or 0.5 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for a rate increase for CARE. The recommendation includes 15.0 FTE positions, which is the same number as the agency's FY 2020 request.

C. Medicaid Program

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 Use Disorder Services, Nursing Facility Program, Head Injury Rehabilitation Hospitals, Intermediate Care Facilities for Individuals with Intellectual Disabilities, HCBS 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 (CMHCs) 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 CMHCs 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 monitor utilization changes.

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 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 Use 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 MCO assists SUD Services by contracting with treatment providers across the state to provide 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, 2018, there were 322 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 9,316 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, 2018, the average daily reimbursement rate is \$190.24.

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 2018, the agency collected \$39.7 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/IIDs 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 19,200 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, Technology 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 November 2018, there were 3,871 persons on the waiting list who currently do not receive any HCBS services. The waiver for individuals with an intellectual or developmental disability (I/DD) provides Medicaid funding for a variety of community supports and services for persons whose developmental disabilities are severe enough to qualify them for institutional services. Services provided through the I/DD Waiver include day supports, residential support services, supportive home care, and assistive services, as well as other support services.

PD Waiver. As of November 2018, there were 1,741 persons on the waiting list. The waiver for individuals with a Physical Disability (PD) provides Medicaid funding for a variety of community services for those who prefer to live in their community rather than a nursing facility. The primary service provided through this program is personal services, which assists the individual with activities that an individual would perform for themselves if they did not have a disability.

FE Waiver. The FE Waiver does not have a waiting list as of November 2018. The Frail Elderly (FE) Waiver provides Medicaid-eligible customers with the opportunity to receive cost-effective community-based services as an alternate to nursing home care. The federal waiver requires the aggregate cost of serving these customers in their homes be less than if they had elected to enter nursing homes.

Autism Waiver. As of November 2018, there were 266 children on the “proposed waiver recipient” waiting list who currently do not receive any HCBS Autism Waiver services. The Autism Waiver is designed to provide intensive early intervention services to children with an Autism Spectrum Disorder. Services under the waiver include respite care to provide relief for caregivers and parent support and training and intensive individual supports, which provides the therapy needed to assist the child in acquiring, retaining, and improving self-help, socialization, and adaptive skills.

TA Waiver. As of November 2018, there was no waiting list. In 2017, 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 November 2018, there was no waiting list. Currently, this program provides services to individuals with a Traumatic Brain Injury (TBI) who are between 16 to 65 years of age. The 2018 Legislature enacted language requiring KDADS to implement a change to allow coverage for individuals with a documented brain injury acquired from a cause not already covered under the waiver and to eliminate the age restrictions for coverage. KDADS is currently working to implement these changes to the waiver.

Program of All-Inclusive Care for the Elderly. The Program of All-Inclusive Care for the Elderly (PACE) 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 PACE 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 the 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 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 300 participants in Shawnee County and the six surrounding counties. A new site located in McPherson County serves 70 participants in McPherson and 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Billions)	\$ 1.4	\$ 1.4	\$ 1.5	\$ 1.5	\$ 1.7	\$ 1.8
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

MEDICAID PROGRAM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	41,176	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 41,176	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	1,480,431,530	1,634,932,340	1,691,574,231	1,702,546,771	1,827,981,769
TOTAL	\$1,480,472,706	\$1,634,932,340	\$1,691,574,231	\$1,702,546,771	\$1,827,981,769
Financing:					
State General Fund	\$ 621,670,105	\$ 670,975,573	\$ 703,096,221	\$ 700,196,864	\$ 720,640,632
All Other Funds	858,802,601	963,956,767	988,478,010	1,002,349,907	1,107,341,137
TOTAL	\$1,480,472,706	\$1,634,932,340	\$1,691,574,231	\$1,702,546,771	\$1,827,981,769
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$1.7 billion, including \$700.2 million from the State General Fund, for the Medicaid Program for FY 2020. This is an all funds increase of \$67.6 million, or 4.1 percent, and a State General Fund increase of \$29.2 million, or 4.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement requests to begin eliminating the waiting list for individuals on the Physical Disability and Intellectual or Developmental Disability waiting lists (\$47.6 million) and rebase nursing facility reimbursement rates (\$18.9 million). The program also includes continuation of the agency's enhancement request to increase the reimbursement rate for the Program for All-Inclusive Care for the Elderly (\$6.8 million).

The **Governor** recommends \$1.8 billion, including \$720.6 million from the State General Fund, for FY 2020. This is an all funds increase of \$125.4 million, or 7.4 percent, and a State General Fund increase of \$20.4 million, or 2.9 percent, above the agency's FY 2020 request. The increase is primarily attributable to the Governor's recommendation for adjustments for the human services consensus caseload estimates and Medicaid HCBS waiver expenditures, partially offset by the Governor not recommending the agency's enhancement requests to rebase the reimbursement rates for nursing facilities, provide additional funding for money follows the person, increase the reimbursement rate for providers of HCBS waiver services to individuals with a brain injury, and funding to eliminate the waiting lists for HCBS waiver services for individuals with a physical disability and individuals with an intellectual or developmental

disability. The Governor's recommendation also includes recommending the agency's enhancement request to rebase PACE reimbursement rates.

D. Behavioral Health

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 treatment services to problem gamblers in Kansas.

Behavioral Health Mental Health Administration

Behavioral Health Mental Health (BHMH) 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. BHMH 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 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 principles, a research-based guide that lists science-based treatment strategies for treatment providers. In addition, Addiction and Prevention Services uses the following National Performance Outcomes Measures 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 85.9	\$ 76.4	\$ 101.2	\$ 95.9	\$ 99.9	\$ 97.5
FTE Positions	40.5	28.0	28.0	26.0	26.0	26.0

BEHAVIORAL HEALTH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,636,187	\$ 2,070,420	\$ 1,936,030	\$ 1,929,490	\$ 1,859,090
Contractual Services	15,993,749	15,701,512	15,701,512	15,707,308	15,707,308
Commodities	13,289	11,893	11,893	12,143	12,143
Capital Outlay	0	12,502,308	0	8,348,355	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 17,643,225	\$ 30,286,133	\$ 17,649,435	\$ 25,997,296	\$ 17,578,541
Aid to Local Units	52,165,803	70,258,908	57,276,652	70,052,365	55,875,196
Other Assistance	26,119,307	27,975,146	24,975,146	27,006,241	24,006,241
TOTAL	\$ 95,928,335	\$ 128,520,187	\$ 99,901,233	\$ 123,055,902	\$ 97,459,978
Financing:					
State General Fund	\$ 50,140,595	\$ 79,778,177	\$ 51,194,423	\$ 76,095,830	\$ 50,535,106
All Other Funds	45,787,740	48,742,010	48,706,810	46,960,072	46,924,872
TOTAL	\$ 95,928,335	\$ 128,520,187	\$ 99,901,233	\$ 123,055,902	\$ 97,459,978
FTE Positions	26.0	28.0	26.0	27.0	26.0

The **agency** requests \$123.1 million, including \$76.1 million from the State General Fund, for the Behavioral Health program for FY 2020. This is an all funds decrease of \$5.5 million, or 4.3 percent, and a State General Fund decrease of \$3.7 million, or 4.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in capital outlay expenditures as the first phase of the state hospital billing and patient management system replacement in FY 2019 includes higher one-time up-front costs. The program includes enhancement funding for the second phase in the replacement of the state hospital billing and patient management system, increased funding for CMHCs, increased funding for Hospital

Alternative to State Psychiatric Hospitalization and Court Ordered Competency Evaluation and Competency Restoration, a 1.0 FTE behavioral health compliance officer position, and the mobile response and crisis hotline.

The program includes 27.0 FTE positions, which is a decrease of 1.0 FTE position below the number in the FY 2019 revised estimate. The decrease is primarily attributable to the agency reallocating positions to other programs.

The **Governor** recommends \$97.5 million, including \$50.5 million from the State General Fund, and 26.0 FTE positions for FY 2020. This is an all funds decrease of \$25.6 million, or 20.8 percent, a State General Fund decrease of \$25.6 million, or 33.6 percent, and a decrease of 1.0 FTE position below the agency's FY 2020 request. The decrease is primarily attributable to the Governor not recommending the agency's enhancement requests for a staffing increase, additional funding for CMHCs, increased funding for HAPHY and CE/CR, the mobile response and crisis hotline, and replacement of the state hospitals' patient management and billing systems.

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.

PERFORMANCE MEASURES							
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	
There are no performance measures submitted for this program.							
<u>Agency Expenditures</u>							
All Funds (Dollars in Millions)	\$ 17.4	\$ 15.8	\$ 15.8	\$ 15.5	\$ 15.5	\$ 15.8	
FTE Positions	18.0	16.0	16.0	16.0	16.0	16.0	

COMMUNITY SERVICES ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,139,139	\$ 1,327,929	\$ 1,020,129	\$ 1,340,493	\$ 1,032,693
Contractual Services	9,652,741	9,667,267	9,667,267	9,853,832	9,853,832
Commodities	11,956	10,900	10,900	10,889	10,889
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,803,836</i>	<i>\$ 11,006,096</i>	<i>\$ 10,698,296</i>	<i>\$ 11,205,214</i>	<i>\$ 10,897,414</i>
Aid to Local Units	4,646,660	4,784,085	4,784,085	4,879,767	4,879,767
Other Assistance	0	0	0	0	0
TOTAL	\$ 15,450,496	\$ 15,790,181	\$ 15,482,381	\$ 16,084,981	\$ 15,777,181
Financing:					
State General Fund	\$ 9,171,566	\$ 9,618,187	\$ 9,464,287	\$ 9,797,948	\$ 9,644,048
All Other Funds	6,278,930	6,171,994	6,018,094	6,287,033	6,133,133
TOTAL	\$ 15,450,496	\$ 15,790,181	\$ 15,482,381	\$ 16,084,981	\$ 15,777,181
FTE Positions	16.0	17.0	16.0	17.0	16.0

The **agency** requests \$16.1 million, including \$9.8 million from the State General Fund, for the Community Services Administration program for FY 2020. This is an all funds increase of \$294,800, or 1.9 percent, and a State General Fund increase of \$179,761, or 1.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in contractual service expenditures to contract with Community Developmental Disability Organizations to offset local costs of caring out the mandated local management responsibilities of the Developmental Disability Reform Act. The program includes enhancement funding for 4.0 FTE long-term services and supports quality review staff and the 1.0 FTE transition specialist. The program includes 17.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$15.8 million, including \$9.6 million from the State General Fund, and 16.0 FTE positions for FY 2020. This is an all funds decrease of \$307,800, or 1.9 percent, a State General Fund decrease of \$153,900, or 1.6 percent, and a decrease of 1.0 FTE position below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for a staffing increase.

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 composed 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 composed 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 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-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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 8.8	\$ 11.3	\$ 11.9	\$ 10.7	\$ 13.1	\$ 12.9
FTE Positions	121.5	135.0	135.0	130.0	130.0	130.0

SURVEY, CERTIFICATION, AND CREDENTIALING SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 7,071,012	\$ 9,356,890	\$ 9,277,390	\$ 9,441,491	\$ 9,361,991
Contractual Services	3,405,018	3,456,663	3,456,663	3,371,650	3,371,650
Commodities	195,825	199,301	199,461	202,953	203,113
Capital Outlay	(13,954)	120,000	120,000	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 10,657,901</i>	<i>\$ 13,132,854</i>	<i>\$ 13,053,514</i>	<i>\$ 13,016,094</i>	<i>\$ 12,936,754</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 10,657,901</u>	<u>\$ 13,132,854</u>	<u>\$ 13,053,514</u>	<u>\$ 13,016,094</u>	<u>\$ 12,936,754</u>
Financing:					
State General Fund	\$ 3,657,201	\$ 3,489,007	\$ 3,409,550	\$ 3,506,984	\$ 3,427,527
All Other Funds	7,000,700	9,643,847	9,643,964	9,509,110	9,509,227
TOTAL	<u>\$ 10,657,901</u>	<u>\$ 13,132,854</u>	<u>\$ 13,053,514</u>	<u>\$ 13,016,094</u>	<u>\$ 12,936,754</u>
FTE Positions	130.0	135.0	130.0	135.0	130.0

The **agency** requests \$13.0 million, including \$3.5 million from the State General Fund, for the Survey, Certification, and Credentialing program for FY 2020. This is an all funds decrease of \$116,760, or 0.9 percent, and a State General Fund increase of \$17,977, or 0.5 percent, from the FY 2019 revised estimate. The all funds decrease is primarily attributable to one-time expenditures of \$120,000 in FY 2019 to replace vehicles used by inspectors. The program includes enhancement funding for 1.0 FTE health facility surveyor position. The program includes 135.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$12.9 million, including \$3.4 million from the State General Fund, and 130.0 FTE positions for FY 2020. This is an all funds decrease of \$79,340, or 0.6 percent, a State General Fund decrease of \$79,457, or 2.3 percent, and a decrease of 5.0 FTE positions below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for a staffing increase.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Rehabilitation and Repair State Hospitals	\$ 4,470,180	\$ 4,469,941	\$ 4,254,141	\$ 3,201,141
Debt Service Principal - State Hospital Rehab and Repair	2,035,000	2,035,000	2,120,000	2,120,000
Debt Service Principal - State Security Hospital	3,145,000	3,145,000	3,285,000	3,285,000
PSH&TC Spruce Cottage Renovation	0	0	1,285,000	1,285,000
TOTAL	\$ 9,650,180	\$ 9,649,941	\$ 10,944,141	\$ 9,891,141
Financing:				
State General Fund	\$ 43	\$ 0	\$ 43	\$ 0
All Other Funds	9,650,137	9,649,941	10,944,098	9,891,141
TOTAL	\$ 9,650,180	\$ 9,649,941	\$ 10,944,141	\$ 9,891,141

FY 2019 – Current Year. The agency submits a revised estimate totaling \$9.7 million, including \$9.6 million from the State Institutions Building Fund, for capital improvements in FY 2019. This is an all funds increase of \$1.5 million, or 18.0 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the reappropriation of \$1.5 million for rehabilitation and repair funding not expended in FY 2018. 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** recommends capital improvement expenditures of \$9.6 million, all from the State Institutions Building Fund, in FY 2019. This is an all funds decrease of \$239, or less than 0.1 percent, and a State General Fund decrease of \$43, or 100.0 percent, below the agency's FY 2019 revised estimate. The decrease is due to a technical adjustment to re-categorize certain operating expenditures as commodities rather than capital improvements.

FY 2020 – Budget Year. The agency requests \$10.9 million, including \$10.9 million from the State Institutions Building Fund, for capital improvements for FY 2020. This is an all funds increase of \$1.3 million, or 13.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's request of \$1.3 million, all from the State Institutions Building Fund, to renovate Spruce Cottage at Parsons State Hospital and Training Center (PSH&TC), including replacement of windows; upgrading the HVAC and electrical systems; making restrooms compliant with the Americans with Disabilities Act; adding new interior finishes to walkways, floors, and ceilings; adding new lighting; and bringing the building up to current fire and life safety codes. Rehabilitation and repair funding includes projects at the four state hospitals. The revised estimate includes debt service principal payments for the bonds on

the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

The **Governor** recommends \$9.9 million, all from the State Institutions Building Fund, for FY 2020. This is an all funds decrease of \$1.1 million, or 9.6 percent, and a State General Fund decrease of \$43, or 100.0 percent, below the agency's FY 2020 request. The all funds decrease is primarily attributable to holding total agency expenditures from the State Institutions Building Fund at the same amount as FY 2019. The State General Fund decrease is due to a technical adjustment to re-categorize certain operating expenditures as commodities, rather than capital improvements.

KANSAS NEUROLOGICAL INSTITUTE

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 9,985,763	\$ 11,038,880	\$ 10,991,318	\$ 11,024,347	\$ 10,991,318
Other Funds	14,755,564	14,681,460	14,681,460	14,978,160	14,978,160
Subtotal	\$ 24,741,327	\$ 25,720,340	\$ 25,672,778	\$ 26,002,507	\$ 25,969,478
Capital Improvements:					
State General Fund	\$ 4,890	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	185,248	0	0	0	0
Subtotal	\$ 190,138	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 24,931,465	\$ 25,720,340	\$ 25,672,778	\$ 26,002,507	\$ 25,969,478
Percentage Change:					
Operating Expenditures					
State General Fund	(1.2) %	10.5 %	10.1 %	(0.1) %	0 %
All Funds	(3.2)	4.0	3.8	1.1	1.2
FTE Positions	435.7	435.7	435.7	435.7	435.7

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.

KNI 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

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 the Kansas Department of Social and Rehabilitation Services (SRS) review the residents at KNI who met the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that KNI 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 prepared his Executive Reorganization Order (ERO) to carry out the recommendations concerning the closure of KNI 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 KNI 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 could be better served in the community. As a result, KNI 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 KNI 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 KNI facility.

Also during the **2011 Session**, the Senate Committee on Ways and Means recommended SRS reject closure or downsizing plans for KNI 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 KNI/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 could 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 Committee on Ways and Means

chairperson 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 KNI 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 Developmentally Disabled Waiver 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.

The **2018 Legislature** the Legislature added \$229,153, including \$96,592 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

AVERAGE DAILY CENSUS

Average daily census represents the average number of patients in a hospital over a fiscal year for KNI.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Total	142	140	140	140	140

ADMISSIONS

The chart below shows admissions for KNI. This does not include transfers in from other KDADS institutions.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Total	2	6	4	4	4

SEPARATIONS

The chart below shows separations due to discharge and death for KNI.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Total	6	9	4	4	4

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate of \$25.7 million, including \$11.0 million from the State General Fund, for operating expenditures in FY 2019. The revised estimate is an all funds decrease of \$12,338, or less than 0.1 percent, and a State General Fund increase of \$901,056, or 8.9 percent, from the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures, partially offset by an increase in contractual services for medical services for patients. The State General Fund increase is primarily attributable to the agency's request for supplemental funding. The revised estimate includes two supplemental requests totaling \$901,056, all from the State General Fund, in FY 2019. The agency's revised estimate includes 435.7 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2019 Legislature. The agency reports it erred in its budget submission, and the correct FTE count for the agency should be the number approved by the 2018 Legislature.

The **Governor** recommends \$25.7 million, including \$11.0 million from the State General Fund, for operating expenditures in FY 2019. This is a decrease of \$47,562, or 0.2 percent, all from the State General Fund, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding to replace a projected shortfall of revenue. Also, the Governor's recommendation includes decreased contractual services expenditures by \$86,577, all from the State General Fund, and increased

salary expenditures by the same amount, to decrease employee salary shrinkage. The Governor's recommendation includes 435.7 FTE positions, which is the same number as the agency's FY 2019 revised estimate.

FY 2020 – Budget Year. The **agency** requests \$26.0 million, including \$11.0 million from the State General Fund, for operating expenditures for FY 2020. The request is an all funds increase of \$282,167 or 1.1 percent, and a State General Fund decrease of \$14,533, or 0.1 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage. The request includes two enhancement requests totaling \$886,523, all from the State General Fund, for FY 2020. The agency request includes 435.7 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** recommends \$26.0 million, including \$11.0 million from the State General Fund, for operating expenditures for FY 2020. This is a decrease of \$33,029, or 0.1 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor recommending a lower amount of enhancement funding to replace a projected shortfall of revenue. Also, the Governor's recommendation includes decreased contractual services and commodities expenditures by \$85,225, all from the State General Fund, and increased salary expenditures by the same amount, to decrease employee salary shrinkage. The Governor's recommendation includes 435.7 FTE positions, which is the same number as the agency's FY 2020 request.

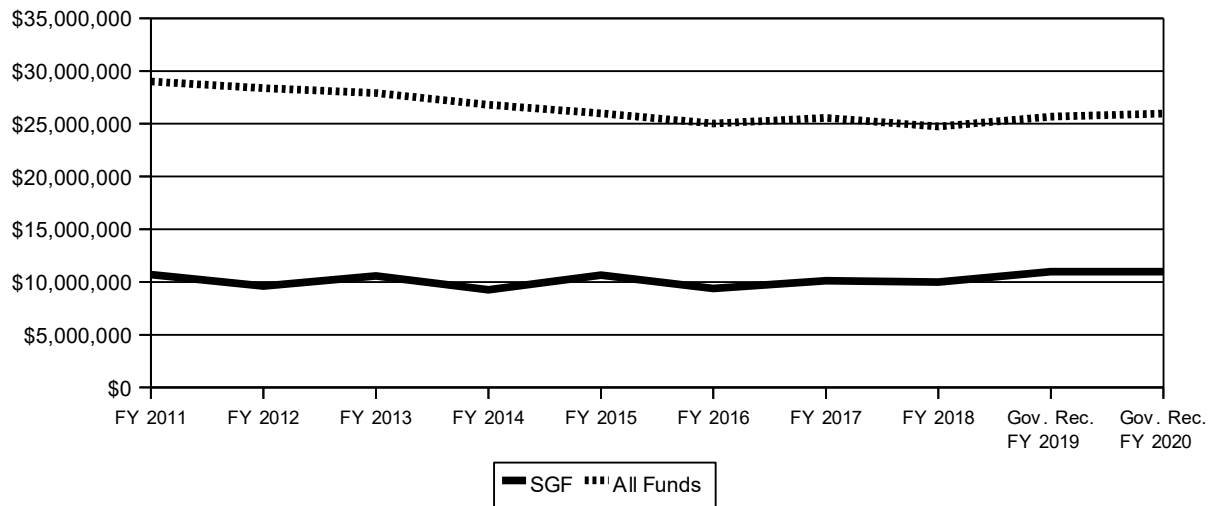
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of people living at KNI participating in supported employment	109	109	109	99	100	100
Percent of patients whose guardians agree the patient is treated with respect and dignity at KNI	100.0 %	100.0 %	99.0 %	100.0 %	100.0 %	100.0 %
Percent of patients whose guardians agree that KNI provides a comprehensive array of services that meets the patient's overall needs and expectations	95.0 %	98.0 %	98.0 %	97.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 25.2	\$ 25.7	\$ 25.5	\$ 24.9	\$ 25.7	\$ 26.0
FTE Positions	437.7	435.7	437.7	435.7	435.7	435.7

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	9,985,763	(1.2)	24,741,327	(3.2)	435.7
2019 Gov. Rec.	10,991,318	10.1	25,672,778	3.8	435.7
2020 Gov. Rec.	10,991,318	0.0	25,969,478	1.2	435.7
Ten-Year Change Dollars/Percent	\$ 282,048	2.6 %	\$ (3,034,872)	(10.5)%	(115.0)

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	1,521,668	\$ 1,551,139	\$ 1,571,693	\$ 20,554	1.3 %	\$ 1,514,488	\$ 1,535,708	\$ 21,220	1.4 %
Staff Education and Research		556,038	646,049	672,149	26,100	4.0	620,128	645,833	25,705	4.1
Program and Supported Living		13,271,346	13,554,237	13,671,292	117,055	0.9	13,836,453	13,963,475	127,022	0.9
Ancillary Services		2,325,395	2,256,963	2,272,188	15,225	0.7	2,205,987	2,222,153	16,166	0.7
Medical and Surgical Services		2,680,396	3,077,967	3,108,024	30,057	1.0	2,965,351	2,997,382	32,031	1.1
Physical Plant/Central Services		4,386,484	4,633,985	4,707,161	73,176	1.6	4,530,371	4,604,927	74,556	1.6
TOTAL	\$	24,741,327	\$ 25,720,340	\$ 26,002,507	\$ 282,167	1.1 %	\$ 25,672,778	\$ 25,969,478	\$ 296,700	1.2 %
By Major Object of Expenditure:										
Salaries and Wages	\$	20,360,992	\$ 21,014,251	\$ 21,224,643	\$ 210,392	1.0 %	\$ 21,053,266	\$ 21,276,839	\$ 223,573	1.1 %
Contractual Services		2,373,695	2,527,685	2,568,072	40,387	1.6	2,441,108	2,510,435	69,327	2.8
Commodities		1,790,786	1,928,904	1,956,492	27,588	1.4	1,928,904	1,928,904	0	0.0
Capital Outlay		209,106	249,500	253,300	3,800	1.5	249,500	253,300	3,800	1.5
Debt Service		5,646	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>24,740,225</i>	<i>\$ 25,720,340</i>	<i>\$ 26,002,507</i>	<i>\$ 282,167</i>	<i>1.1 %</i>	<i>\$ 25,672,778</i>	<i>\$ 25,969,478</i>	<i>\$ 296,700</i>	<i>1.2 %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		1,102	0	0	0	--	0	0	0	--
TOTAL	\$	24,741,327	\$ 25,720,340	\$ 26,002,507	\$ 282,167	1.1 %	\$ 25,672,778	\$ 25,969,478	\$ 296,700	1.2 %
Financing:										
State General Fund	\$	9,985,763	\$ 11,038,880	\$ 11,024,347	\$ (14,533)	(0.1) %	\$ 10,991,318	\$ 10,991,318	\$ 0	0.0 %
KNI Fee Fund		1,902,789	1,751,165	1,324,436	(426,729)	(24.4)	1,751,165	1,324,436	(426,729)	(24.4)
Title XIX Fund		12,451,403	12,463,836	13,196,379	732,543	5.9	12,463,836	13,196,379	732,543	5.9
All Other Funds		401,372	466,459	457,345	(9,114)	(2.0)	466,459	457,345	(9,114)	(2.0)
TOTAL	\$	24,741,327	\$ 25,720,340	\$ 26,002,507	\$ 282,167	1.1 %	\$ 25,672,778	\$ 25,969,478	\$ 296,700	1.2 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$10,137,824 for the Kansas Neurological Institute in FY 2019. No adjustments have been made subsequently 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	\$ 10,137,824	\$ 11,038,880	\$ 901,056	\$ 10,991,318	\$ 853,494
All Other Funds	15,594,854	14,681,460	(913,394)	14,681,460	(913,394)
TOTAL	\$ 25,732,678	\$ 25,720,340	\$ (12,338)	\$ 25,672,778	\$ (59,900)
FTE Positions	437.7	435.7	(2.0)	435.7	(2.0)

The **agency** requests a revised estimate of \$25.7 million, including \$11.0 million from the State General Fund, for operating expenditures in FY 2019. The revised estimate is an all funds decrease of \$12,338, or less than 0.1 percent, and a State General Fund increase of \$901,056, or 8.9 percent, from the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in salary expenditures, partially offset by an increase in contractual services for medical services for patients. The State General Fund increase is primarily attributable to the agency's request for supplemental funding. The revised estimate includes two supplementals totaling \$901,056, all from the State General Fund, in FY 2019. The agency's revised estimate includes 435.7 FTE positions, which is a decrease of 2.0 FTE positions below the number approved by the 2019 Legislature. The agency reports it erred in its budget submission, and the correct FTE count for the agency should be the number approved by the 2018 Legislature. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$21.0 million, including \$7.7 million from the State General Fund, for salaries and wages in FY 2019. This is an all funds decrease of \$222,430, or 1.0 percent, and a State General Fund decrease of \$1.3 million, or 14.1 percent, below the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to the agency funding fewer vacant support staff positions than in the budget approved by the 2018 Legislature, as it does not anticipate filling these positions in FY 2019;
- **Contractual Services.** The agency's revised estimate totals \$2.5 million, including \$1.2 million from the State General Fund, for contractual services in FY 2019. This is an all funds increase of \$237,293, or 10.4 percent, and a State General Fund increase of \$605,231, or 97.3 percent, above the amount approved by the 2018 Legislature. The all funds increase is primarily attributable

to an increase in medical services for patients and computer services expenditures;

- **Commodities.** The agency's revised estimate totals \$1.9 million, including \$1.9 million from the State General Fund, for commodities in FY 2019. This is an all funds increase of \$11,131, or 0.6 percent, and a State General Fund increase of \$1.6 million, or 579.2 percent, above the amount approved by the 2018 Legislature. The all funds increase is primarily attributable to an increase in pharmaceuticals for patients; and
- **Capital Outlay.** The agency's revised estimate totals \$249,500, all from the State General Fund, for capital outlay in FY 2019. This is a decrease of \$38,332, or 13.3 percent, below the amount approved by the 2018 Legislature. The decrease is primarily attributable to a decrease in building repair equipment and household furniture for patients.

The **Governor** recommends \$25.7 million, including \$11.0 million from the State General Fund, for operating expenditures in FY 2019. This is a decrease of \$47,562, or 0.2 percent, all from the State General Fund, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding to replace a projected shortfall of revenue. Also, the Governor's recommendation includes decreased contractual services expenditures by \$86,577, all from the State General Fund, and increased salary expenditures by the same amount, to decrease employee salary shrinkage. The Governor's recommendation includes 435.7 FTE positions, which is the same number as the agency's FY 2019 revised estimate.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement	\$ 901,056	\$ 0	0.0	\$ 853,494	\$ 0	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 901,056	\$ 0	0.0	\$ 853,494	\$ 0	0.0

The **agency** submits two supplemental requests totaling \$0 from all funding sources, including an increase of \$901,056 from the State General Fund, in FY 2019.

Revenue Replacement. The agency requests an increase of \$901,056, all from the State General Fund, and a decrease of \$901,056 from federal Title XIX Funds, due to a revenue shortfall the agency projects in FY 2019. The agency estimates a shortfall of \$901,056, all from the federal Title XIX Fund (Medicaid), partially due to lower patient treatment cost reimbursements in FY 2019. The agency states it has fewer patients than in previous years, accounting for some of the projected shortfall. Additionally, KNI experienced a federal revenue shortfall in FY 2018 and used partial June 2018 billings totaling \$409,260 for expenditures in FY 2018. KNI's traditional practice had been to use all June patient treatment billings for revenue for the following fiscal year.

Conversion of Limited Fee Fund to No Limit. The agency requests the Kansas Neurological Institute Fee Fund be converted to a no limit fund. The agency states a no limit fund would allow KNI more flexibility to manage cash flow throughout the year.

The **Governor** recommends supplemental funding of \$853,494, all from the State General Fund, in FY 2019 to replace the projected revenue shortfall. The Governor does not recommend converting the Kansas Neurological Institute Fee Fund to a no limit fund.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 26,002,507	\$ 25,969,478	\$ (33,029)
FTE Positions	435.7	435.7	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ (14,533)	\$ 0	
All Other Funds	296,700	296,700	
TOTAL	\$ 282,167	\$ 296,700	
<i>Percent Change:</i>			
State General Fund	(0.1) %	0.0 %	
All Other Funds	2.0	2.0	
TOTAL	1.1 %	1.2 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$26.0 million, including \$11.0 million from the State General Fund, for operating expenditures for FY 2020. The request is an all funds increase of \$282,167, or 1.1 percent, and a State General Fund decrease of \$14,533, or 0.1 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage. The request includes two enhancement requests totaling \$886,523, all from the State General Fund, for FY 2020. The agency's revised estimate includes 435.7 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's request totals \$21.2 million, including \$8.6 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$210,392, or 1.0 percent, and a State General Fund increase of \$927,325, or 12.1 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency's request totals \$2.6 million, including \$833,239 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$40,387, or 1.6 percent, and a State General Fund

decrease of \$394,064, or 32.1 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in utilities expenditures;

- **Commodities.** The agency's revised estimate totals \$2.0 million, including \$1.3 million from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$27,588, or 1.4 percent, and a State General Fund decrease of \$551,594, or 29.4 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in the Physical Plant and Central Services program on building repair supplies and patient housing supplies and an increase in the Program and the Supported Living program on food for patients; and
- **Capital Outlay.** The agency's revised estimate totals \$253,300, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$3,800, or 1.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in household equipment for patients and equipment for patient therapy.

The **Governor** recommends \$26.0 million, including \$11.0 million from the State General Fund, for operating expenditures for FY 2020. This is a decrease of \$33,029, or 0.1 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor recommending a lower amount of enhancement funding to replace a projected shortfall of revenue. Also, the Governor's recommendation includes decreased contractual services and commodities expenditures by \$85,225, all from the State General Fund, and increased salary expenditures by the same amount, to decrease employee salary shrinkage. The Governor's recommendation includes 435.7 FTE positions, which is the same number as the agency's FY 2020 request.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Revenue Replacement	\$ 886,523	\$ 0	0.0	\$ 853,494	\$ 0	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 886,523	\$ 0	0.0	\$ 853,494	\$ 0	0.0

The **agency** submits two enhancement requests totaling \$0 from all funding sources, including an increase of \$886,523 from the State General Fund, for FY 2020.

Revenue Replacement. The agency requests an increase of \$886,523, all from the State General Fund, and a decrease of \$886,523, all from special revenue funds, to replace a revenue shortfall the agency projects for FY 2020. The agency estimates a shortfall of \$886,523, including \$424,771 from the federal Title XIX Fund (Medicaid) and \$461,752 from the Kansas Neurological Institute Fee Fund, due to lower patient treatment cost reimbursements for FY 2020. The agency states it has fewer patients than in previous years, accounting for the projected shortfall.

Conversion of Limited Fee Fund to No Limit. The agency requests the Kansas Neurological Institute Fee Fund be converted to a no limit fund. The agency states a no limit fund would allow KNI more flexibility to manage cash flow throughout the year.

The **Governor** recommends enhancement funding of \$853,494, all from the State General Fund, for FY 2020. The Governor recommends the enhancement for additional salary expenditures to replace the projected revenue shortfall. The Governor does not recommend converting the Kansas Neurological Institute Fee Fund to a no limit fund.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$229,153, including \$96,592 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$133,595, including \$48,469 from the State General Fund, and FY 2020 longevity payments total \$137,078, including \$55,455 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	42.4 %	42.3 %
KNI Fee Fund	5.1	5.1
Title XIX Fund	50.8	50.8
All Other Funds	1.8	1.8
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Kansas Neurological Institute Fee Fund Analysis

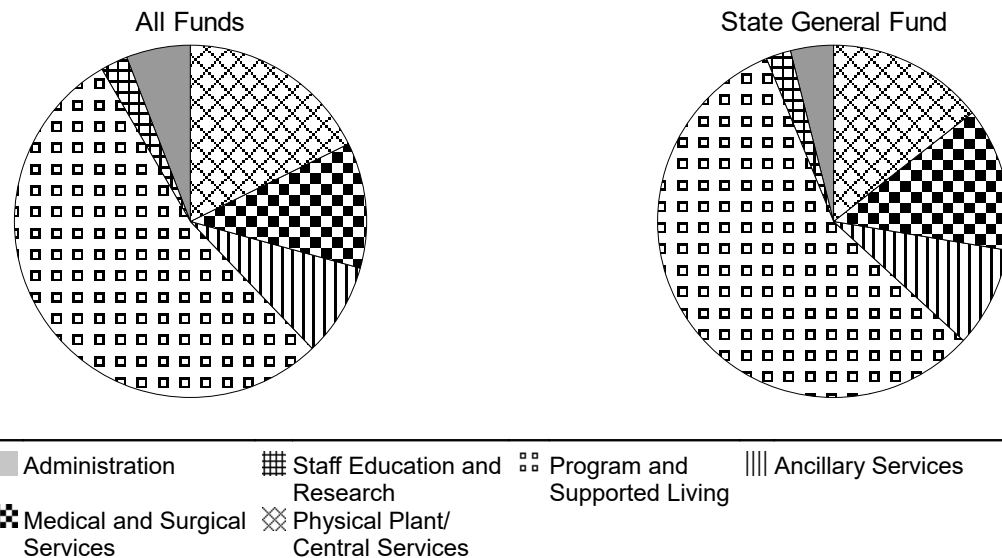
KSA 76-17c01a provides the superintendent of the KNI shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Kansas Neurological Institute Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 1,059,680	\$ 450,272	\$ 450,272	\$ 0	\$ 0
Revenue	1,293,381	1,300,893	1,300,893	1,324,436	1,324,436
Transfers in	0	0	0	0	0
Funds Available	\$ 2,353,061	\$ 1,751,165	\$ 1,751,165	\$ 1,324,436	\$ 1,324,436
Less:					
Expenditures	\$ 1,902,789	\$ 1,751,165	\$ 1,751,165	\$ 1,324,436	\$ 1,324,436
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 450,272	\$ 0	\$ 0	\$ 0	\$ 0
Ending Balance as Percent of Expenditures	23.7%	0.0%	0.0%	0.0%	0.0%
Month Highest Ending Balance	January \$ 572,235	January \$ 109,415	January \$ 109,415	January \$ 86,814	January \$ 86,814
Month Lowest Ending Balance	May \$ 164,990	June \$ 0	June \$ 0	June \$ 0	June \$ 0

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 1,535,708	5.9 %	\$ 435,230	4.0 %
Staff Education and Research	645,833	2.5	248,976	2.3
Program and Supported Living	13,963,475	53.8	6,260,485	57.0
Ancillary Services	2,222,153	8.6	1,010,284	9.2
Medical and Surgical Services	2,997,382	11.5	1,453,643	13.2
Physical Plant/Central Services	4,604,927	17.7	1,582,700	14.4
TOTAL	\$ 25,969,478	100.0 %	\$ 10,991,318	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	15.0	15.0	15.0	15.0	15.0
Staff Education and Research	11.0	11.0	11.0	11.0	11.0
Program and Supported Living	294.0	294.0	294.0	294.0	294.0
Ancillary Services	23.2	23.2	23.2	23.2	23.2
Medical and Surgical Services	38.5	38.5	38.5	38.5	38.5
Physical Plant/Central Services	54.0	54.0	54.0	54.0	54.0
TOTAL	435.7	435.7	435.7	435.7	435.7

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 KNI 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.

PERFORMANCE MEASURES							
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	
There are no performance measures submitted for this program.							
Agency Expenditures							
All Funds (Dollars in Millions)	\$ 1.6	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	\$ 1.5	
FTE Positions	16.0	16.0	16.0	15.0	15.0	15.0	

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 859,564	\$ 846,328	\$ 809,677	\$ 852,782	\$ 816,797
Contractual Services	635,665	679,211	679,211	692,511	692,511
Commodities	16,954	17,100	17,100	17,800	17,800
Capital Outlay	9,265	8,500	8,500	8,600	8,600
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,521,448</i>	<i>\$ 1,551,139</i>	<i>\$ 1,514,488</i>	<i>\$ 1,571,693</i>	<i>\$ 1,535,708</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	220	0	0	0	0
TOTAL	\$ 1,521,668	\$ 1,551,139	\$ 1,514,488	\$ 1,571,693	\$ 1,535,708
Financing:					
State General Fund	\$ 958,431	\$ 1,014,587	\$ 977,936	\$ 471,215	\$ 435,230
All Other Funds	563,237	536,552	536,552	1,100,478	1,100,478
TOTAL	\$ 1,521,668	\$ 1,551,139	\$ 1,514,488	\$ 1,571,693	\$ 1,535,708
FTE Positions	15.0	15.0	15.0	15.0	15.0

The **agency** requests \$1.6 million, including \$471,215 from the State General Fund, for the Administration program for FY 2020. This is an all funds increase of \$20,554, or 1.3 percent, and a State General Fund decrease of \$543,372, or 53.6 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in computer services expenditures and employee fringe benefits. The request includes \$35,985, all from the State General Fund, for the agency's enhancement request to replace an estimated shortfall of revenue. The program includes 15.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$852,782, including \$321,158 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$6,454, or 0.8 percent, and a State General Fund increase of \$11,382, or 3.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$692,511, including \$123,657 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$13,300, or 2.0 percent, and a State General Fund decrease of \$555,554, or 81.8 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in computer services expenditures;
- **Commodities.** The agency requests \$17,800, all from the State General Fund, for commodities for FY 2020. This is an increase of \$700, or 4.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in office supplies; and

- **Capital Outlay.** The agency requests \$8,600, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$100, or 1.2 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$1.5 million, including \$435,230 from the State General Fund, for FY 2020. This is a decrease of \$35,985, or 2.3 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for funding within this program. The program that includes the Governor recommended enhancement funding is the agency's Program and Supported Living program.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.5	\$ 0.5	\$ 0.6	\$ 0.6	\$ 0.6	\$ 0.6
FTE Positions	9.0	8.0	8.0	11.0	11.0	11.0

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 507,295	\$ 598,549	\$ 572,628	\$ 623,649	\$ 597,333
Contractual Services	47,707	46,500	46,500	47,500	47,500
Commodities	497	1,000	1,000	1,000	1,000
Capital Outlay	539	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 556,038</i>	<i>\$ 646,049</i>	<i>\$ 620,128</i>	<i>\$ 672,149</i>	<i>\$ 645,833</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 556,038	\$ 646,049	\$ 620,128	\$ 672,149	\$ 645,833
Financing:					
State General Fund	\$ 166,919	\$ 266,584	\$ 240,663	\$ 275,292	\$ 248,976
All Other Funds	389,119	379,465	379,465	396,857	396,857
TOTAL	\$ 556,038	\$ 646,049	\$ 620,128	\$ 672,149	\$ 645,833
FTE Positions	11.0	11.0	11.0	11.0	11.0

The **agency** requests \$672,149, including \$275,292 from the State General Fund, for the Staff Education and Research program for FY 2020. This is an all funds increase of \$26,100, or 4.0 percent, and a State General Fund increase of \$8,708, or 3.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employer fringe benefits, partially offset by an adjustment in salary shrinkage. The request includes \$26,316, all from the State General Fund, for the agency's enhancement request to replace an estimated shortfall of revenue. The program includes 11.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$623,649, including \$226,792 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$25,100, or 4.2 percent, and a State General Fund increase of \$7,708, or 3.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$47,500, all from the State General Fund, for contractual services for FY 2020. This is an increase of \$1,000, or 2.2 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in job-related trainings; and
- **Commodities.** The agency requests \$1,000, all from the State General Fund, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$645,833, including \$248,976 from the State General Fund, for FY 2020. This is a decrease of \$26,316, or 3.9 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for additional funding within this program. The program that includes the Governor recommended enhancement funding is the agency's Program and Supported Living program.

C. Program and Supported Living

The goal of KNI 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 KNI 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.4	\$ 13.4	\$ 13.3	\$ 13.3	\$ 13.8	\$ 14.0
FTE Positions	297.0	294.0	297.0	294.0	294.0	294.0

PROGRAM AND SUPPORTED LIVING SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 12,927,807	\$ 13,191,587	\$ 13,473,803	\$ 13,302,142	\$ 13,594,325
Contractual Services	18,911	14,000	14,000	14,200	14,200
Commodities	307,229	333,150	333,150	339,250	339,250
Capital Outlay	16,781	15,500	15,500	15,700	15,700
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 13,270,728	\$ 13,554,237	\$ 13,836,453	\$ 13,671,292	\$ 13,963,475
Aid to Local Units	0	0	0	0	0
Other Assistance	618	0	0	0	0
TOTAL	\$ 13,271,346	\$ 13,554,237	\$ 13,836,453	\$ 13,671,292	\$ 13,963,475
Financing:					
State General Fund	\$ 4,051,571	\$ 5,191,095	\$ 5,473,311	\$ 5,968,302	\$ 6,260,485
All Other Funds	9,219,775	8,363,142	8,363,142	7,702,990	7,702,990
TOTAL	\$ 13,271,346	\$ 13,554,237	\$ 13,836,453	\$ 13,671,292	\$ 13,963,475
FTE Positions	294.0	294.0	294.0	294.0	294.0

The **agency** requests \$13.7 million, including \$6.0 million from the State General Fund, for the Program and Supported Living program for FY 2020. This is an all funds increase of \$117,055, or 0.9 percent, and a State General Fund increase of \$777,207, or 15.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits and food for patients, partially offset by an adjustment in salary shrinkage. The program includes 294.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$13.3 million, including \$5.6 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$110,555, or 0.8 percent, and a State General Fund increase of \$770,707, or 16.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an adjustment in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$14,200, all from the State General Fund, for contractual services for FY 2020. This is an increase of \$200, or 1.4 percent, above the FY 2019 revised estimate;

- **Commodities.** The agency requests \$339,250, all from the State General Fund, for commodities for FY 2020. This is an increase of \$6,100, or 1.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in food for patients and household supplies; and
- **Capital Outlay.** The agency requests \$15,700, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$200, or 1.3 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$14.0 million, including \$6.3 million from the State General Fund, for FY 2020. This is an increase of \$292,183, or 2.1 percent, all from the State General Fund, above the agency's FY 2020 request. The increase is attributable to the Governor recommending \$853,494, all from the State General Fund, for additional salary expenditures to decrease employee salary shrinkage. The agency's enhancement request for additional funding was spread between programs, but the Governor's recommendation includes all enhancement funding within this program.

D. Ancillary Services

The Ancillary Services program is composed of three subprograms: Activity Therapies, Supported Employment Services, and Allied Clinical Services. The subprograms 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 KNI, including activities with their foster grandparents. The Supported Employment subprogram provides support for the people who live at KNI in all aspects of finding, securing, and retaining individualized and meaningful employment either in the community or in one of the entrepreneurial businesses operated at KNI. Allied Clinical Services provides the specialized services required by medical and program needs identified for all residents, such as radiology, dental, psychological, speech and hearing, and chaplaincy services.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.3	\$ 2.2	\$ 2.4	\$ 2.3	\$ 2.2	\$ 2.2
FTE Positions	22.7	23.7	23.7	23.2	23.2	23.2

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,605,401	\$ 1,384,729	\$ 1,333,753	\$ 1,401,280	\$ 1,351,245
Contractual Services	307,233	371,174	371,174	367,166	367,166
Commodities	352,872	437,560	437,560	439,242	439,242
Capital Outlay	59,889	63,500	63,500	64,500	64,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,325,395</i>	<i>\$ 2,256,963</i>	<i>\$ 2,205,987</i>	<i>\$ 2,272,188</i>	<i>\$ 2,222,153</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,325,395	\$ 2,256,963	\$ 2,205,987	\$ 2,272,188	\$ 2,222,153
Financing:					
State General Fund	\$ 956,221	\$ 1,044,249	\$ 993,273	\$ 1,060,319	\$ 1,010,284
All Other Funds	1,369,174	1,212,714	1,212,714	1,211,869	1,211,869
TOTAL	\$ 2,325,395	\$ 2,256,963	\$ 2,205,987	\$ 2,272,188	\$ 2,222,153
FTE Positions	23.2	23.2	23.2	23.2	23.2

The **agency** requests \$2.3 million, including \$1.1 million from the State General Fund, for the Ancillary Services program for FY 2020. This is an all funds increase of \$15,225, or 0.7 percent, and a State General Fund increase of \$16,070, or 1.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment to salary shrinkage and a decrease in therapy services for patients. The request includes \$50,035, all from the State General Fund, for the agency's enhancement request to replace an estimated shortfall of revenue. The program includes 23.2 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.4 million, including \$506,619 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$16,551, or 1.2 percent, and a State General Fund increase of \$5,770, or 1.2 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$367,166, including \$96,700 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$4,008, or 1.1 percent, and a State General Fund increase of \$1,800, or 1.9 percent, from the FY 2019 revised estimate. The all funds decrease is primarily attributable to a decrease in therapy services for patients;
- **Commodities.** The agency requests \$439,242, including \$392,500 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$1,682, of 0.4 percent, and a State General Fund increase of \$7,500, or 1.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmaceuticals for patients; and

- **Capital Outlay.** The agency requests \$64,500, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$1,000, or 1.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in rehabilitation equipment for patients.

The **Governor** recommends \$2.2 million, including \$1.0 million from the State General Fund, for FY 2020. This is a decrease of \$50,035, or 2.2 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for additional funding within this program. The program that includes the Governor recommended enhancement funding is the agency's Program and Supported Living program.

E. Medical and Surgical Services

The Medical and Surgical Services program provides health care for all clients with various types of acute and chronic conditions. It provides intermediate health care 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 2.9	\$ 3.0	\$ 3.0	\$ 2.7	\$ 3.0	\$ 3.0
FTE Positions	40.0	40.0	40.0	38.5	38.5	38.5

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,242,001	\$ 2,600,467	\$ 2,487,851	\$ 2,622,024	\$ 2,511,382
Contractual Services	231,406	277,000	277,000	282,000	282,000
Commodities	172,122	165,500	165,500	168,500	168,500
Capital Outlay	34,867	35,000	35,000	35,500	35,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,680,396</i>	<i>\$ 3,077,967</i>	<i>\$ 2,965,351</i>	<i>\$ 3,108,024</i>	<i>\$ 2,997,382</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,680,396	\$ 3,077,967	\$ 2,965,351	\$ 3,108,024	\$ 2,997,382
Financing:					
State General Fund	\$ 947,363	\$ 1,429,334	\$ 1,316,718	\$ 1,564,285	\$ 1,453,643
All Other Funds	1,733,033	1,648,633	1,648,633	1,543,739	1,543,739
TOTAL	\$ 2,680,396	\$ 3,077,967	\$ 2,965,351	\$ 3,108,024	\$ 2,997,382
FTE Positions	38.5	38.5	38.5	38.5	38.5

The **agency** requests \$3.1 million, including \$1.6 million from the State General Fund, for the Medical and Surgical Services program for FY 2020. This is an all funds increase of \$30,057, or 1.0 percent, and a State General Fund increase of \$134,951, or 9.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, medical services for patients, and medical supplies for patients, partially offset by an adjustment in salary shrinkage. The request includes \$110,642, all from the State General Fund, for the agency's enhancement request to replace an estimated shortfall of revenue. The program includes 38.5 FTE positions, which is the same number as the FY 2019 revised estimate. The request 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 2020. This is an all funds increase of \$21,557, or 0.8 percent, and a State General Fund increase of \$126,451, or 13.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$282,00, all from the State General Fund, for contractual services for FY 2020. This is an increase of \$5,000, or 1.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in medical services for patients;
- **Commodities.** The agency requests \$168,500, all from the State General Fund, for commodities for FY 2020. This is an increase of \$3,000, or 1.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in medical supplies for patients; and
- **Capital Outlay.** The agency requests \$35,500, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$500, or 1.4 percent, above

the FY 2019 revised estimate. The increase is primarily attributable to an increase in medical equipment for patients.

The **Governor** recommends \$3.0 million, including \$1.5 million from the State General Fund, for FY 2020. This is a decrease of \$110,642, or 3.6 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for additional funding within this program. The program that includes the Governor recommended enhancement funding is the agency's Program and Supported Living program.

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 subprograms: 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 4.4	\$ 5.0	\$ 4.5	\$ 4.4	\$ 4.5	\$ 4.6
FTE Positions	53.0	53.0	53.0	54.0	54.0	54.0

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,218,924	\$ 2,392,591	\$ 2,375,554	\$ 2,422,766	\$ 2,405,757
Contractual Services	1,132,773	1,139,800	1,053,223	1,164,695	1,107,058
Commodities	941,112	974,594	974,594	990,700	963,112
Capital Outlay	87,765	127,000	127,000	129,000	129,000
Debt Service	5,646	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,386,220</i>	<i>\$ 4,633,985</i>	<i>\$ 4,530,371</i>	<i>\$ 4,707,161</i>	<i>\$ 4,604,927</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	264	0	0	0	0
TOTAL	\$ 4,386,484	\$ 4,633,985	\$ 4,530,371	\$ 4,707,161	\$ 4,604,927
Financing:					
State General Fund	\$ 2,905,258	\$ 2,093,031	\$ 1,989,417	\$ 1,684,934	\$ 1,582,700
All Other Funds	1,481,226	2,540,954	2,540,954	3,022,227	3,022,227
TOTAL	\$ 4,386,484	\$ 4,633,985	\$ 4,530,371	\$ 4,707,161	\$ 4,604,927
FTE Positions	54.0	54.0	54.0	54.0	54.0

The **agency** requests \$4.7 million, including \$1.7 million from the State General Fund, for the Physical Plant and Central Services program for FY 2020. This is an all funds increase of \$73,176, or 1.6 percent, and a State General Fund decrease of \$408,097, or 19.5 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in employee fringe benefits, utilities, building repair expenditures, and patient housing expenditures, partially offset by an adjustment in salary shrinkage. The request includes \$102,234, all from the State General Fund, for the agency's enhancement request to replace an estimated shortfall of revenue. The program includes 54.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.4 million, including \$881,052 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$30,175, or 1.3 percent, and a State General Fund increase of \$5,307, or 0.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$1.1 million, including \$269,182 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$24,895, or 2.2 percent, and a State General Fund increase of \$153,490, or 132.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in utilities and building repair expenditures;
- **Commodities.** The agency requests \$990,700, including \$405,700 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$16,106, or 1.7 percent, and a State General Fund decrease of \$568,894, or 58.4 percent, from the FY 2019 revised estimate. The all funds increase is

primarily attributable to an increase in building repair supplies and patient housing supplies; and

- **Capital Outlay.** The agency requests \$129,000, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$2,000, or 1.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in household equipment for patients.

The **Governor** recommends \$4.6 million, including \$1.6 million from the State General Fund, for FY 2020. This is a decrease of \$102,234, or 2.2 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for additional funding within this program. The Governor's recommendation includes all enhancement funding within the agency's Program and Supported Living program.. The Governor recommends decreasing contractual services expenditures by \$57,637 and commodities expenditures by \$27,588, based on comparison of the agency's request to the agency's historical growth of expenditures in these categories of expenditure, and recommends the agency increase salary expenditures by the combined amount of \$85,225 to decrease agency salary shrinkage.

PARSONS STATE HOSPITAL AND TRAINING CENTER

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 12,288,766	\$ 16,224,556	\$ 14,006,353	\$ 18,044,267	\$ 14,006,353
Other Funds	14,842,453	13,973,916	13,973,916	14,060,349	14,060,349
Subtotal	\$ 27,131,219	\$ 30,198,472	\$ 27,980,269	\$ 32,104,616	\$ 28,066,702
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	171,260	178,424	178,424	91,991	91,991
Subtotal	\$ 171,260	\$ 178,424	\$ 178,424	\$ 91,991	\$ 91,991
TOTAL	\$ 27,302,479	\$ 30,376,896	\$ 28,158,693	\$ 32,196,607	\$ 28,158,693
Percentage Change:					
Operating Expenditures					
State General Fund	(1.0) %	32.0 %	14.0 %	11.2 %	-- %
All Funds	1.3	11.3	3.1	6.3	0.3
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. Its name was changed a few years later to the Parsons State Hospital and Training Center (PSH&TC) to more accurately describe the treatment programs. PSH&TC'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, PSH&TC 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 (SRS) was unsuccessful in litigation with the federal government regarding a \$13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation. If the lawsuit had been successful, the expectation was the five state hospitals might receive \$2.4 million of the \$13.6 million that was in dispute, which is crucial to maintaining a balance in the federal Title XIX account.

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas State 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 SRS review the residents at the Kansas Neurological Institute (KNI) who met the requirements for placement in the community or for transfer to PSH&TC and that KNI be closed. The Commission also recommended the remaining residents at PSH&TC be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepared his executive reorganization order (ERO) to carry out the recommendations concerning the closure of KNI and downsizing of PSH&TC, 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 KNI and PSH&TC. 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 KNI and PSH&TC campuses and identify individuals who could be better served in the community. As a result, PSH&TC 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 Committee on Ways and Means** directed SRS to reject closure and downsizing plans KNI and to continue operations at the facility. Further, the Committee requested an audit independent of the SRS 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 Developmentally Disabled Waiver expenditures. The Committee directed SRS to fund the independent audit and report the audit finding to the Senate Committee on Ways and Means chairperson 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 PSH&TC in assisting Osawatomie State Hospital with its plan of correction following the surveys by the federal Centers for Medicare and Medicaid Services 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 PSH&TC. 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.

The **2018 Legislature** added \$559,765, all from the State General Fund, to provide funding for 12.0 FTE support staff positions due to the hospital experiencing an increased number of patients requiring one-to-one or two-to-one care for extended periods of time for FY 2019. The agency will use the funding to fill vacant unfunded FTE positions, so no additional FTE positions were added.

In addition, the **2018 Legislature** added \$319,369, including \$143,315 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at PSH&TC.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 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 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Total	159	161	161	161	161

ADMISSIONS

The chart below shows admissions to PSH&TC.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
First Admissions	15	12	11	11	11
Re-admissions and Transfers from Other KDADS Institutions	2	3	1	1	1
Total	17	15	12	12	12

END OF THE YEAR CENSUS

The chart below shows the census at the end of each fiscal year at PSH&TC.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Total	159	161	161	161	161

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate of \$30.2 million, including \$16.2 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$2.5 million, or 8.9 percent, and a State General Fund increase of \$3.2 million, or 24.3 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental requests. The revised estimate includes three supplemental requests totaling \$3.2

million, all from the State General Fund, in FY 2019. The agency's revised estimate includes 477.2 FTE positions, which is the same number approved by the 2018 Legislature.

The agency requests a revised estimate of \$178,424, all from the State Institutions Building Fund, for capital improvements in FY 2019. This is the same amount approved by the 2018 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 \$28.2 million, including \$14.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the Governor recommends operating expenditures of \$28.0 million, including \$14.0 million from the State General Fund, in FY 2019. This is a decrease of \$2.2 million, or 7.3 percent, all from the State General Fund, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding to address the estimated revenue shortfall and decrease employee salary shrinkage in FY 2019. The Governor recommends 477.2 FTE positions, which is the same number as the agency's FY 2019 revised estimate.

The Governor concurs with the agency's FY 2019 revised capital improvement expenditures.

FY 2020 – Budget Year. The **agency** requests \$32.1 million, including \$18.0 million from the State General Fund, for operating expenditures for FY 2020. For operating expenditures, this is an all funds increase of \$1.9 million, or 6.3 percent, and a State General Fund increase of \$1.8 million, or 11.2 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to the agency's enhancement request to provide a salary increase to support staff positions for FY 2020. The request includes three enhancement requests totaling \$5.0 million, all from the State General Fund. The request includes 477.2 FTE positions, which is the same number as the FY 2019 revised estimate.

The agency requests \$91,991, all from the State Institutions Building Fund, for capital improvements for FY 2020. Capital improvement funding will be used for the final bond principal payment to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends operating expenditures of \$28.1 million, including \$14.0 million from the State General Fund, for FY 2020. This is a decrease of \$4.0 million, or 12.6 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending enhancement funding for the agency's request for a salary increase for support staff and recommending a lower amount to increase staffing by decreasing employee salary shrinkage. The Governor's recommendation includes 477.2 FTE positions, which is the same number as the agency's FY 2020 request.

The Governor concurs with the agency's request for capital improvements for FY 2020.

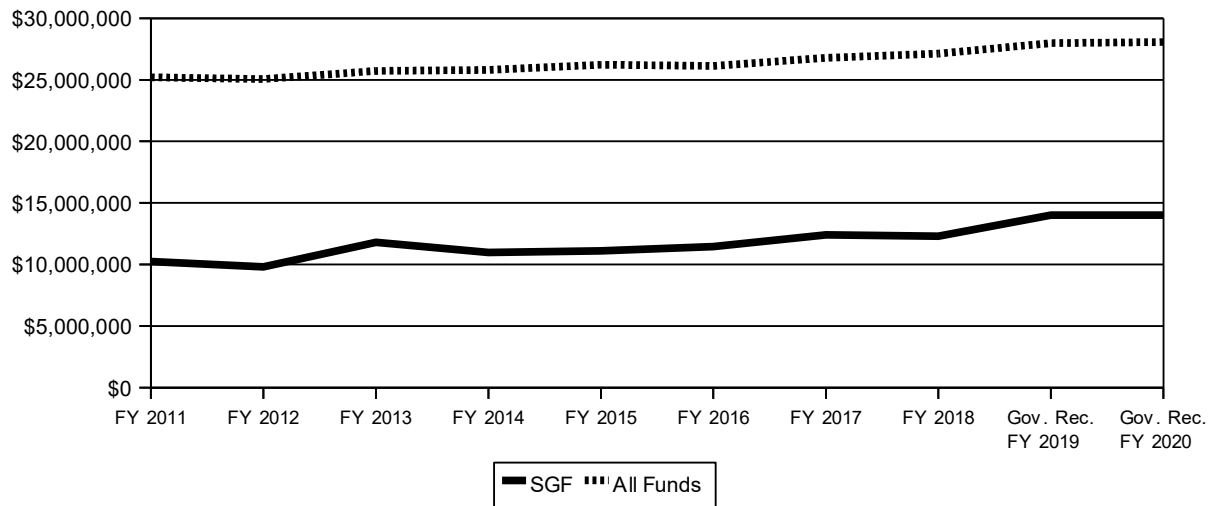
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of residents employed through work programs or in the community	84.7 %	91.2 %	88.3 %	93.8 %	94.4 %	94.4 %
Percent of compliance with intermediate care facility for the intellectually disabled standards for habilitation and treatment	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of residents participating in community-based leisure activities	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 26.3	\$ 27.0	\$ 27.3	\$ 27.3	\$ 28.2	\$ 28.2
FTE Positions	477.2	477.2	477.2	477.2	477.2	477.2

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	12,288,766	(1.0)	27,131,219	1.3	477.2
2019 Gov. Rec.	14,006,353	14.0	27,980,269	3.1	477.2
2020 Gov. Rec.	14,006,353	0.0	28,066,702	0.3	477.2
Ten-Year Change Dollars/Percent	\$ 3,776,441	36.9 %	\$ 2,858,077	11.3 %	(18.0)

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	1,364,193	\$ 1,606,405	\$ 1,502,615	\$ (103,790)	(6.5) %	\$ 1,606,405	\$ 1,502,615	\$ (103,790)	(6.5) %
Staff Education and Research		307,124	372,362	376,170	3,808	1.0	372,362	376,170	3,808	1.0
SPTP Transition		1,943,168	1,969,803	1,969,803	0	0.0	1,969,803	1,969,803	0	0.0
Habilitation and Treatment		14,220,249	15,980,009	17,849,823	1,869,814	11.7	13,761,806	13,811,909	50,103	0.4
Ancillary Services		2,292,621	2,698,081	2,728,837	30,756	1.1	2,698,081	2,728,837	30,756	1.1
Medical and Surgical Services		2,396,461	2,648,211	2,679,125	30,914	1.2	2,648,211	2,679,125	30,914	1.2
Physical Plant/Central Services		4,607,403	4,923,601	4,998,243	74,642	1.5	4,923,601	4,998,243	74,642	1.5
TOTAL	\$	27,131,219	\$ 30,198,472	\$ 32,104,616	\$ 1,906,144	6.3 %	\$ 27,980,269	\$ 28,066,702	\$ 86,433	0.3 %
By Major Object of Expenditure:										
Salaries and Wages	\$	23,573,461	\$ 26,372,270	\$ 28,354,649	\$ 1,982,379	7.5 %	\$ 24,374,958	\$ 24,439,631	\$ 64,673	0.3 %
Contractual Services		2,083,560	2,276,685	2,193,518	(83,167)	(3.7)	2,165,295	2,193,518	28,223	1.3
Commodities		1,293,167	1,324,150	1,337,545	13,395	1.0	1,214,649	1,214,649	0	0.0
Capital Outlay		163,875	216,000	217,000	1,000	0.5	216,000	217,000	1,000	0.5
Debt Service		16,531	9,367	1,904	(7,463)	(79.7)	9,367	1,904	(7,463)	(79.7)
<i>Subtotal - Operations</i>	<i>\$</i>	<i>27,130,594</i>	<i>\$ 30,198,472</i>	<i>\$ 32,104,616</i>	<i>\$ 1,906,144</i>	<i>6.3 %</i>	<i>\$ 27,980,269</i>	<i>\$ 28,066,702</i>	<i>\$ 86,433</i>	<i>0.3 %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		625	0	0	0	--	0	0	0	--
TOTAL	\$	27,131,219	\$ 30,198,472	\$ 32,104,616	\$ 1,906,144	6.3 %	\$ 27,980,269	\$ 28,066,702	\$ 86,433	0.3 %
Financing:										
State General Fund	\$	12,288,766	\$ 16,224,556	\$ 18,044,267	\$ 1,819,711	11.2 %	\$ 14,006,353	\$ 14,006,353	\$ 0	0.0 %
PSH&TC Fee Fund		1,155,305	1,049,582	1,206,440	156,858	14.9	1,049,582	1,206,440	156,858	14.9
Title XIX Fund		13,670,617	12,914,967	12,852,005	(62,962)	(0.5)	12,914,967	12,852,005	(62,962)	(0.5)
All Other Funds		16,531	9,367	1,904	(7,463)	(79.7)	9,367	1,904	(7,463)	(79.7)
TOTAL	\$	27,131,219	\$ 30,198,472	\$ 32,104,616	\$ 1,906,144	6.3 %	\$ 27,980,269	\$ 28,066,702	\$ 86,433	0.3 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$13,055,129 for the Parsons State Hospital and Training Center in FY 2019. No adjustments have been made subsequently 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	\$ 13,055,129	\$ 16,224,556	\$ 3,169,427	\$ 14,006,353	\$ 951,224
All Other Funds	14,855,346	14,152,340	(703,006)	14,152,340	(703,006)
TOTAL	\$ 27,910,475	\$ 30,376,896	\$ 2,466,421	\$ 28,158,693	\$ 248,218
FTE Positions	477.2	477.2	0.0	477.2	0.0

The **agency** requests a revised estimate of \$30.4 million, including \$16.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the agency requests a revised estimate of \$30.2 million, including \$16.2 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, the revised estimate is an all funds increase of \$2.5 million, or 8.9 percent, and a State General Fund increase of \$3.2 million, or 24.3 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental requests. The revised estimate includes three supplemental requests totaling \$3.2 million, all from the State General Fund, in FY 2019. Summary of capital improvements is included in the Capital Improvements section of this document, which reflects the same amount approved by the 2018 Legislature. The agency's revised estimate includes 477.2 FTE positions, which is the same number approved by the 2018 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$26.4 million, including \$14.6 million from the State General Fund, for salaries and wages in FY 2019. This is an all funds increase of \$2.0 million, or 8.3 percent, and a State General Fund increase of \$3.5 million, or 32.0 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental request to fill additional positions and decrease employee salary shrinkage from 8.6 percent to 2.8 percent;
- **Contractual Services.** The agency's revised estimate totals \$2.3 million, including \$1.1 million from the State General Fund, for contractual services in FY 2019. This is an all funds increase of \$205,663, or 9.9 percent, and a State General Fund decrease of \$6,001, or 0.5 percent, from the amount approved by

the 2018 Legislature. The all funds increase is primarily attributable to an increase in computer services, utilities, and medical services for patient care;

- **Commodities.** The agency requests \$1.3 million, including \$464,324 from the State General Fund, for commodities in FY 2019. This is an all funds increase of \$109,501, or 9.0 percent, and a State General Fund decrease of \$362,559, or 43.8 percent, from the amount approved by the 2018 Legislature. The all funds increase is primarily attributable to an increase in food for patients, supplies for building repairs, and an increase in supplies for patient recreational activities;
- **Capital Outlay.** The agency's revised estimate totals \$216,000, including \$49,100 from the State General Fund, for capital outlay in FY 2019. This is an all funds increase of \$129,248, or 149.0 percent, and a State General Fund increase of \$75, or 0.2 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to an increase in patient household furniture, office furniture, and replacement of maintenance vehicles; and
- **Debt Service Interest.** The agency's revised estimate totals \$9,367, all from the State Institutions Building Fund, for debt service interest expenditures in FY 2019. This is the same amount approved by the 2018 Legislature.

The **Governor** recommends \$28.2 million, including \$14.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the Governor recommends operating expenditures of \$28.0 million, including \$14.0 million from the State General Fund, in FY 2019. This is a decrease of \$2.2 million, or 7.3 percent, all from the State General Fund, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding to address the estimated revenue shortfall in FY 2019. The Governor's recommendation also includes decreased contractual services expenditures by \$111,390 and commodities by \$109,501, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in these categories of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. The Governor recommends 477.2 FTE positions, which is the same number as the agency's FY 2019 revised estimate. The Governor concurs with the agency's FY 2019 revised capital improvement expenditures.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 2,710,703	\$ 2,710,703	0.0	\$ 492,500	\$ 492,500	0.0
Revenue Replacement	458,724	0	0.0	458,724	0	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
Operating Expenditure Adjustment to Decrease Employee Salary Shrinkage	0	0	0.0	0	0	0.0
TOTAL	\$ 3,169,427	\$ 2,710,703	0.0	\$ 951,224	\$ 492,500	0.0

The **agency** submits three supplemental requests totaling \$2.7 million, including \$3.2 million from the State General Fund, in FY 2019.

Staffing Increase. The agency requests \$2.7 million, all from the State General Fund, to increase staffing in FY 2019. The agency states it would need to keep approximately 75 to 80 positions open to meet its level of appropriations. The agency also states it currently has 21 positions open, but reports it will need to fill all positions to provide care for patients. The agency reports this additional funding would allow the agency to have 2.8 percent of its positions vacant. The budget approved by the 2018 Legislature included a salary shrinkage percentage of 8.6 percent in FY 2019.

Revenue Replacement. The agency requests \$458,724, all from the State General Fund, to replace federal Title XIX (Medicaid) revenue. The agency experienced a shortfall in federal Title XIX revenue in FY 2018, due to a lower than average patient census and fewer patient treatment reimbursements. Historically, the agency uses June patient reimbursement billings for revenue for the following fiscal year. However, in FY 2018, to meet its budgetary needs, the agency used half of June patient treatment reimbursement billings for FY 2018 expenditures, equaling \$458,724. The agency states it will need this amount in funding from the State General Fund so it does not experience a similar shortfall in revenue in FY 2019.

Conversion of Limited Fee Fund to No Limit. The agency requests the Parsons State Hospital and Training Center Fee Fund be converted 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 \$492,500, including \$951,224, all from the State General Fund, for supplemental funding in FY 2019 to address the revenue shortfall and decrease employee salary shrinkage. Also, the Governor recommends decreasing contractual services expenditures by \$111,390 and commodities by \$109,501, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in these categories of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. As this recommendation decreases and increases expenditures by the same amount, it is budget neutral. The Governor does not recommend converting the Parsons State Hospital and Training Center Fee Fund to a no limit fund.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 32,104,616	\$ 28,066,702	\$ (4,037,914)
FTE Positions	477.2	477.2	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 1,819,711	\$ 0	
All Other Funds	86,433	86,433	
TOTAL	\$ 1,906,144	\$ 86,433	
<i>Percent Change:</i>			
State General Fund	11.2 %	0.0 %	
All Other Funds	0.6	0.6	
TOTAL	6.3 %	0.3 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$32.1 million, including \$18.0 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds increase of \$1.9 million, or 6.3 percent, and a State General Fund increase of \$1.8 million, or 11.2 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to the agency's enhancement request to provide a salary increase to support staff positions for FY 2020. The request includes three enhancement requests totaling \$5.0 million, all from the State General Fund. The request includes 477.2 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$28.4 million, including \$16.6 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$2.0 million, or 7.5 percent, and a State General Fund increase of \$2.0 million, or 13.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to provide a salary increase to support staff positions;
- **Contractual Services.** The agency requests \$2.2 million, including \$993,793 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$83,167, or 3.7 percent, and a State General Fund decrease of \$106,442, or 9.7 percent, below the FY 2019 revised estimate. The all funds decrease is primarily attributable to a decrease in computer services expenditures in the Administration program, due to one-time computer services consulting and security updates in FY 2019;
- **Commodities.** The agency requests \$1.3 million, including \$424,840 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$13,395, or 1.0 percent, and a State General Fund decrease of \$39,484, or 8.5

percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in food for patients and supplies for building repairs;

- **Capital Outlay.** The agency requests \$217,000, including \$46,900 from the State General Fund, for capital outlay for FY 2020. This is an all funds increase of \$1,000, or 0.5 percent, and a State General Fund decrease of \$2,200, or 4.5 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in maintenance vehicles, partially offset by a decrease in office furniture; and
- **Debt Service Interest.** The agency requests \$1,904, all from the State Institutions Building Fund, for debt service interest expenditures for FY 2020. This is a decrease of \$7,463, or 79.7 percent, below the FY 2019 revised estimate. The decrease is attributable to the agency making its final payment on debt service bonds for FY 2020.

The **Governor** recommends operating expenditures of \$28.1 million, including \$14.0 million from the State General Fund, for FY 2020. This is a decrease of \$4.0 million, or 12.6 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending enhancement funding for the agency's request for a salary increase for support staff and recommending a lower amount to increase staffing by decreasing employee salary shrinkage. In addition, the Governor recommends decreasing commodities by \$122,896, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in these categories of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Staffing Increase	\$ 2,865,736	\$ 2,865,736	0.0	\$ 951,224	\$ 951,224	0.0
Support Staff Salary Increase	2,123,403	2,123,403	0.0	0	0	0.0
Fee Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
Operating Expenditure Adjustment to Decrease Employee Salary Shrinkage	0	0	0.0	0	0	0.0
TOTAL	\$ 4,989,139	\$ 4,989,139	0.0	\$ 951,224	\$ 951,224	0.0

The **agency** submits three enhancement requests totaling \$5.0 million, all from the State General Fund, for FY 2020.

Staffing Increase. The agency requests \$2.9 million, all from the State General Fund, to increase staffing for FY 2020. The agency states it would need to keep approximately 75 to 80 positions open to meet its level of appropriations. The agency also states it currently has 21 positions open, but reports it will need to fill all positions to provide care for patients. The agency

reports this additional funding would allow the agency to have 2.8 percent of its positions vacant, rather than more than 13.4 percent in the FY 2020 budget.

Support Staff Salary Increase. The agency requests \$2.1 million, all from the State General Fund, for FY 2020 to provide an 18.7 percent salary increase for 331.5 FTE direct support staff positions. These positions primarily include mental health/developmental disability technicians (261.5 FTE positions), client trainers (50.0 FTE positions), activity specialists (11.0 FTE positions), and a safety and security chief and officers (9.0 FTE positions). The agency states it is experiencing difficulty retaining employees due to more competitive salaries offered by other employers at businesses in the community, many who offer periodic pay increases and retention bonuses.

Conversion of Limited Fee Fund to No Limit. The agency requests the Parsons State Hospital and Training Center Fee Fund be converted 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 \$951,224, all from the State General Fund, for enhancements for FY 2020 to address the projected revenue shortfall and decrease employee salary shrinkage. In addition, the Governor recommends decreasing commodities by \$122,896, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in these categories of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. As this recommendation decreases and increases expenditures by the same amount, it is budget neutral. The Governor does not recommend converting the Parsons State Hospital and Training Center to a no limit fund.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$319,369, including \$143,315 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$115,401, including \$58,672 from the State General Fund, and FY 2020 longevity payments total \$118,764, including \$60,942 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

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. PSH&TC 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, 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.

PSH&TC 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 Kansas Department for Aging and Disability Services central pool and is then redistributed among the four state hospitals in amounts equal to its approved appropriations.

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	56.2 %	49.9 %
PSH&TC Fee Fund	3.8	4.3
Title XIX Fund	40.0	45.8
All Other Funds	0.0	0.0
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Parsons State Hospital and Training Center Fee Fund Analysis

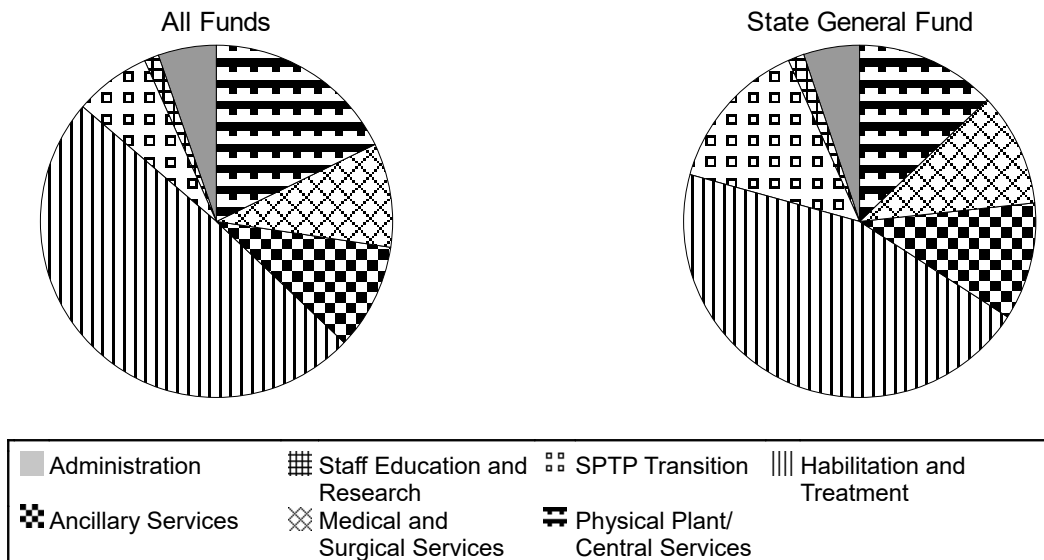
KSA 76-1409a provides that the superintendent of the Parsons State Hospital and Training Center shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training Center Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution. The agency 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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 0	\$ 4,170	\$ 4,170	\$ 179,666	\$ 179,666
Revenue	1,159,475	1,225,078	1,225,078	1,225,078	1,225,078
Transfers in	0	0	0	0	0
Funds Available	\$ 1,159,475	\$ 1,229,248	\$ 1,229,248	\$ 1,404,744	\$ 1,404,744
Less:					
Expenditures	\$ 1,155,305	\$ 1,049,582	\$ 1,049,582	\$ 1,206,440	\$ 1,206,440
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 4,170	\$ 179,666	\$ 179,666	\$ 198,304	\$ 198,304
Ending Balance as Percent of Expenditures	0.4%	17.1%	17.1%	16.4%	16.4%
Month Highest Ending Balance	March \$ 288,160	March \$ 463,656	March \$ 463,656	March \$ 482,294	March \$ 482,294
Month Lowest Ending Balance	June \$ 4,170	June \$ 179,666	June \$ 179,666	June \$ 198,304	June \$ 198,304

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 1,502,615	5.4 %	\$ 721,316	5.1 %
Staff Education and Research	376,170	1.3	208,271	1.5
SPTP Transition	1,969,803	7.0	1,969,803	14.1
Habilitation and Treatment	13,811,909	49.2	6,327,526	45.2
Ancillary Services	2,728,837	9.7	1,512,844	10.8
Medical and Surgical Services	2,679,125	9.5	1,461,634	10.4
Physical Plant/Central Services	4,998,243	17.8	1,804,959	12.9
TOTAL	\$ 28,066,702	100.0 %	\$ 14,006,353	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	15.0	15.1	15.1	15.1	15.1
Staff Education and Research	4.6	5.0	5.0	5.0	5.0
SPTP Transition	31.2	29.4	29.4	29.4	29.4
Habilitation and Treatment	293.5	288.5	288.5	288.5	288.5
Ancillary Services	30.7	35.7	35.7	35.7	35.7
Medical and Surgical Services	29.0	31.0	31.0	31.0	31.0
Physical Plant/Central Services	73.2	72.4	72.4	72.4	72.4
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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.2	\$ 1.3	\$ 1.4	\$ 1.6	\$ 1.5
FTE Positions	17.0	15.0	15.0	15.0	15.1	15.1

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,011,925	\$ 1,125,285	\$ 1,125,285	\$ 1,137,597	\$ 1,137,597
Contractual Services	292,252	418,630	418,630	326,218	326,218
Commodities	36,906	25,340	25,340	25,800	25,800
Capital Outlay	23,110	37,150	37,150	13,000	13,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,364,193</i>	<i>\$ 1,606,405</i>	<i>\$ 1,606,405</i>	<i>\$ 1,502,615</i>	<i>\$ 1,502,615</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,364,193	\$ 1,606,405	\$ 1,606,405	\$ 1,502,615	\$ 1,502,615
Financing:					
State General Fund	\$ 391,726	\$ 814,409	\$ 814,409	\$ 721,316	\$ 721,316
All Other Funds	972,467	791,996	791,996	781,299	781,299
TOTAL	\$ 1,364,193	\$ 1,606,405	\$ 1,606,405	\$ 1,502,615	\$ 1,502,615
FTE Positions	15.0	15.1	15.1	15.1	15.1

The **agency** requests \$1.5 million, including \$721,316 from the State General Fund, for the Administration program for FY 2020. This is an all funds decrease of \$103,790, or 6.5 percent, and a State General Fund decrease of \$93,093, or 11.4 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in computer services expenditures and office furniture, partially offset by an increase in employee fringe benefits. The program includes 15.1 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.1 million, including \$568,799 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$12,312, or 1.1 percent, and a State General Fund increase of \$6,154, or 1.1 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$326,218, including \$123,793 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$92,412, or 22.1 percent, and a State General Fund decrease of \$99,857, or 44.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to one-time computer services consulting and security updates in FY 2019;
- **Commodities.** The agency requests \$25,800, including \$23,475 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$460, or 1.8 percent, and a State General Fund increase of \$10, or less than 0.1 percent, above the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$13,000, including \$5,250 from the State General Fund, for capital outlay for FY 2020. This is an all funds decrease of \$24,150, or 65.0 percent, and a State General Fund increase of \$600, or 12.9

percent, from the FY 2019 revised estimate. The all funds decrease is primarily attributable to a decrease in office furniture.

The **Governor** recommends \$1.5 million, including \$721,316 from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's request.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.4	\$ 0.4
FTE Positions	5.0	5.0	4.6	4.6	5.0	5.0

STAFF EDUCATION AND RESEARCH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 266,676	\$ 329,962	\$ 329,962	\$ 333,695	\$ 333,695
Contractual Services	40,353	42,350	42,350	42,425	42,425
Commodities	67	50	50	50	50
Capital Outlay	28	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 307,124	\$ 372,362	\$ 372,362	\$ 376,170	\$ 376,170
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 307,124	\$ 372,362	\$ 372,362	\$ 376,170	\$ 376,170
Financing:					
State General Fund	\$ 305,723	\$ 206,330	\$ 206,330	\$ 208,271	\$ 208,271
All Other Funds	1,401	166,032	166,032	167,899	167,899
TOTAL	\$ 307,124	\$ 372,362	\$ 372,362	\$ 376,170	\$ 376,170
FTE Positions	4.6	5.0	5.0	5.0	5.0

The **agency** requests \$376,170, including \$208,271 from the State General Fund, for the Staff Education and Research program for FY 2020. This is an all funds increase of \$3,808, or 1.0 percent, and a State General Fund increase of \$1,941, or 0.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe

benefits. The program includes 5.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$333,695, including \$166,846 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$3,733, or 1.1 percent, and a State General Fund increase of \$1,866, or 1.1 percent, above the FY 2019 revised estimate. The all funds increase is attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$42,425, including \$41,425 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$75, or 0.2 percent, all from the State General Fund, above the FY 2019 revised estimate; and
- **Commodities.** The agency requests \$50, all from special revenue funds, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$376,170, including \$208,271 from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's request.

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 in FY 2019, 16 patients for FY 2020, and 16 patients for FY 2021. 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.0	\$ 1.9	\$ 2.0	\$ 1.9	\$ 2.0	\$ 2.0
FTE Positions	22.0	21.0	31.2	31.2	29.4	29.4

**SEXUAL PREDATOR TREATMENT PROGRAM TRANSITION UNIT
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,566,303	\$ 1,568,965	\$ 1,568,965	\$ 1,586,738	\$ 1,586,738
Contractual Services	308,180	364,700	364,700	356,095	356,095
Commodities	21,759	26,138	26,138	16,970	16,970
Capital Outlay	46,926	10,000	10,000	10,000	10,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,943,168</i>	<i>\$ 1,969,803</i>	<i>\$ 1,969,803</i>	<i>\$ 1,969,803</i>	<i>\$ 1,969,803</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,943,168</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>
Financing:					
State General Fund	\$ 1,943,168	\$ 1,969,803	\$ 1,969,803	\$ 1,969,803	\$ 1,969,803
All Other Funds	0	0	0	0	0
TOTAL	<u>\$ 1,943,168</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>	<u>\$ 1,969,803</u>
FTE Positions	31.2	29.4	29.4	29.4	29.4

The **agency** requests \$2.0 million, all from the State General Fund, for the Sexual Predator Treatment Program Transition Unit for FY 2020. This is the same amount as the FY 2019 revised estimate. The program includes 29.4 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$1.6 million, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$17,773, or 1.1 percent, all from the State General Fund, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$356,095, all from the State General Fund, for contractual services for FY 2020. This is a decrease of \$8,605, or 2.4 percent, all from the State General Fund, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in medical care for patients;
- **Commodities.** The agency requests \$16,970, all from the State General Fund, for commodities for FY 2020. This is a decrease of \$9,168, or 35.1 percent, all from the State General Fund, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in pharmaceuticals and medical supplies for patient treatment; and
- **Capital Outlay.** The agency requests \$10,000, all from the State General Fund, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$2.0 million, all from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's request.

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 more than 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.7	\$ 14.0	\$ 14.4	\$ 14.2	\$ 13.8	\$ 13.8
FTE Positions	288.0	289.0	293.5	293.5	288.5	288.5

**HABILITATION AND TREATMENT
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 13,616,749	\$ 15,366,264	\$ 13,148,061	\$ 17,218,468	\$ 13,180,554
Contractual Services	209,792	210,200	210,200	212,300	212,300
Commodities	362,630	381,095	381,095	389,005	389,005
Capital Outlay	30,453	22,450	22,450	30,050	30,050
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 14,219,624</u>	<u>\$ 15,980,009</u>	<u>\$ 13,761,806</u>	<u>\$ 17,849,823</u>	<u>\$ 13,811,909</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	625	0	0	0	0
TOTAL	<u>\$ 14,220,249</u>	<u>\$ 15,980,009</u>	<u>\$ 13,761,806</u>	<u>\$ 17,849,823</u>	<u>\$ 13,811,909</u>
Financing:					
State General Fund	\$ 5,116,855	\$ 8,465,211	\$ 6,247,008	\$ 10,365,440	\$ 6,327,526
All Other Funds	9,103,394	7,514,798	7,514,798	7,484,383	7,484,383
TOTAL	<u>\$ 14,220,249</u>	<u>\$ 15,980,009</u>	<u>\$ 13,761,806</u>	<u>\$ 17,849,823</u>	<u>\$ 13,811,909</u>
FTE Positions	293.5	288.5	288.5	288.5	288.5

The **agency** requests \$17.8 million, including \$10.4 million from the State General Fund, for the Habilitation and Treatment program for FY 2020. This is an all funds increase of \$1.9 million, or 11.7 percent, and a State General Fund increase of \$1.9 million, or 22.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request for a salary increase for direct support staff positions and fringe benefits. The increase is also attributable to an increase in food and furniture for patients. The program includes 288.5 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$17.2 million, including \$10.1 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$1.9 million, or 12.1 percent, and a State General Fund increase of \$1.9 million, or 23.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request for a salary increase for direct support staff positions and an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$212,300, including \$30,325 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$2,100, or 1.0 percent, and a State General Fund increase of \$175, or 0.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in transportation expenditures for home visits, doctors appointments, and patients attending activities in the community;
- **Commodities.** The agency requests \$389,005, including \$244,225 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$7,910, or 2.1 percent, and a State General Fund increase of \$2,540, or 1.1 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in food for patients; and

- **Capital Outlay.** The agency requests \$30,050, including \$16,800 from the State General Fund, for capital outlay for FY 2020. This is an all funds increase of \$7,600, or 33.9 percent, and a State General Fund increase of \$5,600, or 50.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in patient furniture and fixtures.

The **Governor** recommends expenditures of \$13.8 million, including \$6.3 million from the State General Fund, for FY 2020. This is a decrease of \$4.0 million, or 22.6 percent, all from the State General Fund, below the FY 2020 agency request. The decrease is attributable to the Governor not recommending enhancement funding for the agency's request for a salary increase for support staff and recommending a lower amount to increase staffing by decreasing employee salary shrinkage.

E. Ancillary Services

The Ancillary Services program is composed 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. More than 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).

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.4	\$ 2.3	\$ 2.3	\$ 2.3	\$ 2.7	\$ 2.7
FTE Positions	34.2	34.2	30.7	30.7	35.7	35.7

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,676,014	\$ 2,067,629	\$ 2,067,629	\$ 2,091,582	\$ 2,091,582
Contractual Services	435,064	445,240	445,240	446,830	446,830
Commodities	173,835	179,462	179,462	184,675	184,675
Capital Outlay	7,708	5,750	5,750	5,750	5,750
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,292,621</i>	<i>\$ 2,698,081</i>	<i>\$ 2,698,081</i>	<i>\$ 2,728,837</i>	<i>\$ 2,728,837</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,292,621</u>	<u>\$ 2,698,081</u>	<u>\$ 2,698,081</u>	<u>\$ 2,728,837</u>	<u>\$ 2,728,837</u>
Financing:					
State General Fund	\$ 965,419	\$ 1,498,191	\$ 1,498,191	\$ 1,512,844	\$ 1,512,844
All Other Funds	1,327,202	1,199,890	1,199,890	1,215,993	1,215,993
TOTAL	<u>\$ 2,292,621</u>	<u>\$ 2,698,081</u>	<u>\$ 2,698,081</u>	<u>\$ 2,728,837</u>	<u>\$ 2,728,837</u>
FTE Positions	30.7	35.7	35.7	35.7	35.7

The **agency** requests \$2.7 million, including \$1.5 million from the State General Fund, for the Ancillary Services program for FY 2020. This is an all funds increase of \$30,756, or 1.1 percent, and a State General Fund increase of \$14,653, or 1.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits, patient therapy services and supplies, and pharmaceuticals for patients. The program includes 35.7 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.1 million, including \$1.0 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$23,953, or 1.2 percent, and a State General Fund increase of \$11,973, or 1.2 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$446,830, including \$414,255 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$1,590, or 0.4 percent, and a State General Fund increase of \$1,090, or 0.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in patient therapy services;
- **Commodities.** The agency requests \$184,675, including \$66,550 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$5,213, or 2.9 percent, and a State General Fund increase of \$1,590, or 2.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in therapy supplies and pharmaceuticals for patients; and

- **Capital Outlay.** The agency requests \$5,750, all from the State General Fund, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$2.7 million, including \$1.5 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 2.3	\$ 2.4	\$ 2.3	\$ 2.4	\$ 2.6	\$ 2.7
FTE Positions	30.0	30.0	29.0	29.0	31.0	31.0

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,352,449	\$ 2,601,316	\$ 2,601,316	\$ 2,630,600	\$ 2,630,600
Contractual Services	19,287	23,495	23,495	24,875	24,875
Commodities	21,180	21,250	21,250	21,500	21,500
Capital Outlay	3,545	2,150	2,150	2,150	2,150
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,396,461</i>	<i>\$ 2,648,211</i>	<i>\$ 2,648,211</i>	<i>\$ 2,679,125</i>	<i>\$ 2,679,125</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,396,461	\$ 2,648,211	\$ 2,648,211	\$ 2,679,125	\$ 2,679,125
Financing:					
State General Fund	\$ 691,414	\$ 1,445,457	\$ 1,445,457	\$ 1,461,634	\$ 1,461,634
All Other Funds	1,705,047	1,202,754	1,202,754	1,217,491	1,217,491
TOTAL	\$ 2,396,461	\$ 2,648,211	\$ 2,648,211	\$ 2,679,125	\$ 2,679,125
FTE Positions	29.0	31.0	31.0	31.0	31.0

The **agency** requests \$2.7 million, including \$1.5 million from the State General Fund, for the Medical and Surgical Services program for FY 2020. This is an all funds increase of \$30,914, or 1.2 percent, and a State General Fund increase of \$16,177, or 1.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits. The program includes 31.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.6 million, including \$1.4 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$29,284, or 1.1 percent, and a State General Fund increase of \$15,902, or 1.1 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$24,875, including \$14,525 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$1,380, or 5.9 percent, and a State General Fund increase of \$25, or 0.2 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in patient medical care services;
- **Commodities.** The agency requests \$21,500, all from the State General Fund, for commodities for FY 2020. This is an increase of \$250, or 1.2 percent, all from the State General Fund, above the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$2,150, all from the State General Fund, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends expenditures of \$2.7 million, including \$1.5 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's request.

G. Physical Plant/Central Services

The Physical Plant and Central Services program is composed 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.0	\$ 4.7	\$ 4.5	\$ 4.6	\$ 4.9	\$ 5.0
FTE Positions	81.0	81.0	73.2	73.2	72.4	72.4

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 3,083,345	\$ 3,312,849	\$ 3,533,740	\$ 3,355,969	\$ 3,478,865
Contractual Services	778,632	772,070	660,680	784,775	784,775
Commodities	676,790	690,815	581,314	699,545	576,649
Capital Outlay	52,105	138,500	138,500	156,050	156,050
Debt Service	16,531	9,367	9,367	1,904	1,904
Subtotal - Operations	\$ 4,607,403	\$ 4,923,601	\$ 4,923,601	\$ 4,998,243	\$ 4,998,243
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,607,403	\$ 4,923,601	\$ 4,923,601	\$ 4,998,243	\$ 4,998,243
Financing:					
State General Fund	\$ 2,874,461	\$ 1,825,155	\$ 1,825,155	\$ 1,804,959	\$ 1,804,959
All Other Funds	1,732,942	3,098,446	3,098,446	3,193,284	3,193,284
TOTAL	\$ 4,607,403	\$ 4,923,601	\$ 4,923,601	\$ 4,998,243	\$ 4,998,243
FTE Positions	73.2	72.4	72.4	72.4	72.4

The **agency** requests \$5.0 million, including \$1.8 million from the State General Fund, for the Physical Plant/Central Services program for FY 2020. This is an all funds increase of \$74,642, or 1.5 percent, and a State General Fund decrease of \$20,196, or 1.1 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in employee fringe benefits, utilities expenditures, and replacement of additional maintenance vehicles. The program includes 72.4 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$3.4 million, including \$1.7 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$43,120, or 1.3 percent, and a State General Fund increase of \$22,255, or 1.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$784,755, including \$13,375 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$12,705, or 1.6 percent, and a State General Fund increase of \$655, or 5.1 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in utilities expenditures;

- **Commodities.** The agency requests \$699,545, including \$52,120 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$8,730, or 1.3 percent, and a State General Fund decrease of \$34,706, or 40.0 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to an increase in building repair supplies and patient housing construction supplies;
- **Capital Outlay.** The agency requests \$156,050, including \$6,950 from the State General Fund, for capital outlay for FY 2020. This is an all funds increase of \$17,550, or 12.7 percent, and a State General Fund decrease of \$8,400, or 54.7 percent, from the FY 2019 revised estimate. The all funds increase is primarily attributable to the agency replacing additional maintenance vehicles; and
- **Debt Service Interest.** The agency requests \$1,904, all from the State Institutions Building Fund, for debt service interest expenditures for FY 2020. This is a decrease of \$7,463, or 79.7 percent, below the FY 2019 revised estimate. The decrease is attributable to the agency making its final payment on debt service bonds for FY 2020.

The **Governor** recommends expenditures of \$5.0 million, including \$1.8 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's request. The Governor's recommendation includes an increase of \$122,896 in salaries and wages and a decrease of the same amount in commodities, all from the Parsons State Hospital and Training Center Fee Fund, to decrease employee salary shrinkage for FY 2020.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Bond Principal	\$ 178,424	\$ 178,424	\$ 91,991	\$ 91,991
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
State Institutions Building Fund	178,424	178,424	91,991	91,991
TOTAL	\$ 178,424	\$ 178,424	\$ 91,991	\$ 91,991

FY 2019 – Current Year. The agency requests a revised estimate of \$178,424, all from the State Institutions Building Fund, for capital improvements in FY 2019. This is the same amount approved by the 2018 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 2019.

FY 2020 – Budget Year. The agency requests \$91,991, all from the State Institutions Building Fund, for capital improvements for FY 2020. Capital improvement funding will be used for the final bond principal payment 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 request for capital improvements for FY 2020.

LARNED STATE HOSPITAL

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 54,663,066	\$ 76,971,747	\$ 63,105,533	\$ 72,813,428	\$ 62,236,869
Other Funds	11,921,552	8,203,836	7,641,077	8,365,320	7,748,156
<i>Subtotal</i>	<i>\$ 66,584,618</i>	<i>\$ 85,175,583</i>	<i>\$ 70,746,610</i>	<i>\$ 81,178,748</i>	<i>\$ 69,985,025</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 250,000	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 250,000</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	<u>\$ 66,584,618</u>	<u>\$ 85,425,583</u>	<u>\$ 70,746,610</u>	<u>\$ 81,178,748</u>	<u>\$ 69,985,025</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(1.3) %	40.8 %	15.4 %	(5.4) %	(1.4) %
All Funds	4.6	27.9	6.3	(4.7)	(1.1)
FTE Positions	943.5	995.5	995.5	995.5	995.5

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 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 Sexual Predator Treatment Program Reintegration units are located at LSH, Osawatomie 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, Sedgwick, Shawnee, and Wyandotte, 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 Committee on Ways and Means in 2009, the Department of Social and Rehabilitation Services included the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the LSH 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 LSH was from savings realized from contracting out the youth beds at LSH.

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, 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 reported they were 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 was 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 LSH 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 LSH 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 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 LSH.

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 LSH 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 LSH, 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.

The **2018 Legislature** added \$2.5 million, all from the State General Fund, and 33.0 FTE positions in FY 2018 and \$4.2 million, all from the State General Fund, and 55.0 FTE positions for FY 2019 for expansion of the Sexual Predator Treatment Program Reintegration facilities. Also, the Legislature added \$580,000 in FY 2018 and \$534,610 for FY 2019, all from the State General Fund, to provide a 4.0 percent salary increase for mental health technicians.

The **2018 Legislature** deleted \$3.7 million, all from the State General Fund, and added \$3.7 million, all from the federal Title XIX Fund, in FY 2018 and deleted \$251,246, all from the State General Fund, and added \$251,246, all from the federal Title XIX Fund, for FY 2019 to more closely match the agency's projections for federal revenue.

In addition, the **2018 Legislature** added \$930,258, including \$899,782 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for LSH at the end of the fiscal year.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Psychiatric Services	90	90	90	90	90
State Security Hospital	220	220	220	220	220
SPTP	240	250	270	270	270
Meyer Reintegration	16	16	16	16	16
MiCo Transition House	8	8	16	16	16
TOTAL	574	584	612	612	612

AVERAGE DAILY CENSUS

Average Daily Census represents the average number of patients at LSH over a fiscal year.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Psychiatric Services	70	64	65	65	65
State Security Hospital	156	154	154	154	154
SPTP	232	236	245	253	253
Meyer Reintegration	8	7	16	16	16
MiCo Transition House	8	8	8	16	16
TOTAL	474	469	488	504	504

ADMISSIONS

The chart below shows admissions for LSH.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
First Admissions	663	714	644	632	640
Readmission	670	689	580	585	582
Transfers in—Other KDADS Institutions	34	84	33	33	33
TOTAL	1,367	1,487	1,257	1,250	1,255

AVERAGE LENGTH OF STAY

The chart below shows the average length of days stay for adults at LSH.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
Psychiatric Services	46	26	28	30	29
State Security Hospital	342	129	135	140	137

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate of \$85.4 million, all from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the agency requests a revised estimate for operating expenditures of \$85.2 million, including \$77.0 million from the State General Fund, for FY 2020. For operating expenditures, this is an all funds increase of \$14.7 million, or 20.9 percent, and a State General Fund increase of \$14.7 million, or 23.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's supplemental requests. The revised estimate

includes supplementals totaling \$15.0 million, all from the State General Fund, in FY 2019. The revised estimate includes 995.5 FTE positions, which is a decrease of 3.0 FTE positions below the number approved by the 2018 Legislature. The decrease is attributable to a technical error in the budget submission process.

The agency requests a revised estimate of \$250,000, all from the State General Fund, for capital improvements in FY 2019. This is an increase of \$250,000, or 100.0 percent, all from the State General Fund, as the agency did not request capital improvement expenditures in the budget approved by the 2018 Legislature. Capital improvement expenditures include the agency's supplemental request to install security door pass inserts in 150 to 200 doors at the Isaac Ray Building for the State Security Hospital program. The agency states expenditures include installation of at least 150 food pass door inserts, including labor, materials, and 15 paracentric keys.

The **Governor** recommends \$70.7 million, including \$63.1 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, the recommendation is an all funds decrease of \$14.4 million, or 16.9 percent, and a State General Fund decrease of \$13.9 million, or 18.0 percent, below the agency's FY 2019 revised estimate. The decrease is primarily attributable to the Governor not recommending supplemental funding for services provided to Larned Correctional Mental Health Facility (LCMHF), information technology (IT) improvements, or Psychiatric Services program (PSP) improvements. The Governor recommends \$54,405, all from the State Institutions Building Fund, for improvements for the Isaac Ray Building of the State Security Hospital (SSH), but does not recommend other supplemental funding requests for the SSH. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's supplemental request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. In addition, the Governor recommends decreasing contractual services by \$640,804, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in this category of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. The Governor recommends 995.5 FTE positions, which is the same number as the agency's FY 2019 revised estimate.

The Governor does not recommend capital improvement expenditures in FY 2019. This is a decrease of \$250,000, or 100.0 percent, below the agency's FY 2019 revised estimate.

FY 2020 – Budget Year. The **agency** requests \$81.2 million, including \$72.8 million from the State General Fund, for operating expenditure for FY 2020. This is an all funds decrease of \$4.0 million, or 4.7 percent, and a State General Fund decrease of \$4.2 million, or 5.4 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in capital outlay expenditures due to the agency's supplemental requests in FY 2019 for information technology improvements, equipment for the Psychiatric Services program, and the State Security Hospital program. The request includes enhancement requests totaling \$11.4 million, all from the State General Fund, for FY 2020. The request includes 995.5 FTE positions, which is the same number as the FY 2019 revised estimate.

The agency does not request capital improvement expenditures for FY 2020.

The **Governor** recommends \$70.0 million, including \$62.2 million from the State General Fund, for operating expenditures for FY 2020. This is a decrease of \$11.2 million, or 13.8

percent, and a State General Fund decrease of \$10.6 million, or 14.5 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending enhancement funding for services provided to LCMHF, IT improvements, PSP improvements, or SSH improvements. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's enhancement request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. The Governor recommends 995.5 FTE positions, which is the same number as the agency's FY 2020 request.

The Governor does not recommend capital improvement expenditures for FY 2020.

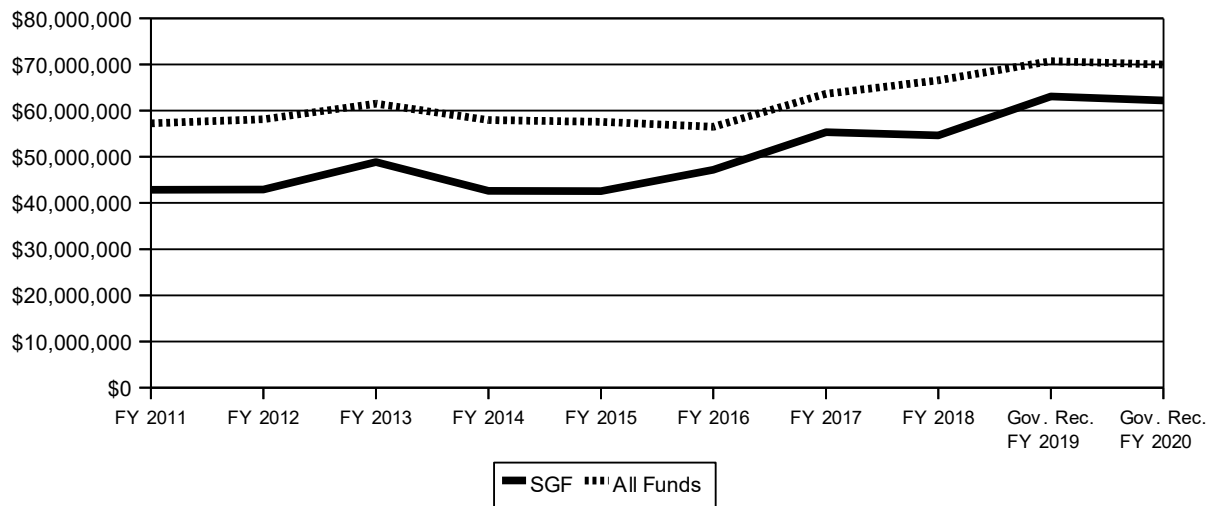
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average serious patient injuries from patient aggression per 1,000 inpatient days	0.122	0.074	0.067	0.074	0.103	0.098
Average restraint hours per 1,000 inpatient hours	0.061	0.162	0.150	0.162	0.101	0.096
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 56.5	\$ 63.7	\$ 66.5	\$ 66.6	\$ 70.7	\$ 70.0
FTE Positions	947.5	943.5	978.5	943.5	995.5	995.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	54,663,066	(1.3)	66,584,618	4.6	943.5
2019 Gov. Rec.	63,105,533	15.4	70,746,610	6.3	995.5
2020 Gov. Rec.	62,236,869	(1.4)	69,985,025	(1.1)	995.5
Ten-Year Change Dollars/Percent	\$ 19,349,042	45.1 %	\$ 12,725,008	22.2 %	(3.7)

Summary of Operating Budget FY 2018 - FY 2020

Larned State Hospital

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	5,919,740	\$ 13,269,582	\$ 10,680,995	\$ (2,588,587)	(19.5) %	\$ 6,757,669	\$ 6,794,082	\$ 36,413	0.5 %
Staff Education and Research		250,613	229,788	232,594	2,806	1.2	229,788	232,594	2,806	1.2
Psychiatric Services		9,420,243	12,613,522	12,386,528	(226,994)	(1.8)	9,722,980	9,819,368	96,388	1.0
State Security Hospital		15,858,638	18,795,612	18,023,878	(771,734)	(4.1)	15,658,719	15,395,514	(263,205)	(1.7)
Sexual Predator Treatment		20,192,968	24,106,073	23,877,617	(228,456)	(0.9)	22,162,043	21,766,331	(395,712)	(1.8)
Ancillary Services		7,721,591	8,798,140	8,537,432	(260,708)	(3.0)	8,798,140	8,537,432	(260,708)	(3.0)
Physical Plant/Central Services		7,220,825	7,362,866	7,439,704	76,838	1.0	7,417,271	7,439,704	22,433	0.3
TOTAL	\$	66,584,618	\$ 85,175,583	\$ 81,178,748	\$ (3,996,835)	(4.7) %	\$ 70,746,610	\$ 69,985,025	\$ (761,585)	(1.1)%
By Major Object of Expenditure:										
Salaries and Wages	\$	45,477,913	\$ 53,690,168	\$ 54,433,703	\$ 743,535	1.4 %	\$ 47,024,162	\$ 47,126,893	\$ 102,731	0.2 %
Contractual Services		16,906,557	23,177,677	22,522,366	(655,311)	(2.8)	18,709,960	18,635,453	(74,507)	(0.4)
Commodities		4,006,350	4,095,139	4,119,787	24,648	0.6	4,095,139	4,119,787	24,648	0.6
Capital Outlay		181,559	4,175,255	65,541	(4,109,714)	(98.4)	880,005	65,541	(814,464)	(92.6)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>66,572,379</i>	<i>\$ 85,138,239</i>	<i>\$ 81,141,397</i>	<i>\$ (3,996,842)</i>	<i>(4.7) %</i>	<i>\$ 70,709,266</i>	<i>\$ 69,947,674</i>	<i>\$ (761,592)</i>	<i>(1.1) %</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		12,239	37,344	37,351	7	0.0	37,344	37,351	7	0.0
TOTAL	\$	66,584,618	\$ 85,175,583	\$ 81,178,748	\$ (3,996,835)	(4.7) %	\$ 70,746,610	\$ 69,985,025	\$ (761,585)	(1.1)%
Financing:										
State General Fund	\$	54,663,066	\$ 76,971,747	\$ 72,813,428	\$ (4,158,319)	(5.4) %	\$ 63,105,533	\$ 62,236,869	\$ (868,664)	(1.4)%
LSH Fee Fund		3,508,089	3,941,051	4,019,872	78,821	2.0	3,941,051	4,019,872	78,821	2.0
Title XIX Fund		8,283,843	4,133,165	4,215,828	82,663	2.0	3,516,001	3,598,664	82,663	2.4
All Other Funds		129,620	129,620	129,620	0	0.0	184,025	129,620	(54,405)	(29.6)
TOTAL	\$	66,584,618	\$ 85,175,583	\$ 81,178,748	\$ (3,996,835)	(4.7) %	\$ 70,746,610	\$ 69,985,025	\$ (761,585)	(1.1)%

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$61,365,838 for Larned State Hospital in FY 2019. One adjustment has been made subsequently 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 \$868,664, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

The adjustment changes the FY 2019 approved State General Fund amount to \$62,234,502. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 62,234,502	\$ 77,221,747	\$ 14,987,245	\$ 63,105,533	\$ 871,031
All Other Funds	8,239,562	8,203,836	(35,726)	7,641,077	(598,485)
TOTAL	\$ 70,474,064	\$ 85,425,583	\$ 14,951,519	\$ 70,746,610	\$ 272,546
FTE Positions	998.5	995.5	(3.0)	995.5	(3.0)

The **agency** requests a revised estimate of \$85.4 million, including \$77.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the agency requests a revised estimate for operating expenditures of \$85.2 million, including \$77.0 million from the State General Fund, in FY 2019. For operating expenditures, this is an all funds increase of \$14.7 million, or 20.9 percent, and a State General Fund increase of \$14.7 million, or 23.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's supplemental requests. The revised estimate includes supplementals totaling \$15.0 million, all from the State General Fund, in FY 2019. The revised estimate includes 995.5 FTE positions, which is a decrease of 3.0 FTE positions below the number approved by the 2018 Legislature. The decrease is attributable to a technical error in the budget submission process. Capital improvement expenditures are included in the capital improvement section, which shows an increase of \$250,000, all from the State General Fund, as the agency did not request capital improvement expenditures in the budget approved by the 2018 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates \$53.7 million, including \$51.3 million from the State General Fund, for salaries and wages in FY 2019. This is an all funds increase of \$5.1 million, or 10.6 percent, and a State General Fund increase of \$4.3 million, or 9.2 percent, above the amount approved by the 2018

Legislature. The increase is primarily attributable to the agency's supplemental requests to fill specific positions within the Psychiatric Services program and the State Security Hospital program, and to decrease agency salary shrinkage by filling other vacant positions at LSH. The decrease is partially offset by a decrease in employee fringe benefits;

- **Contractual Services.** The agency estimates \$23.2 million, including \$18.2 million from the State General Fund, for contractual services in FY 2019. This is an all funds increase of \$5.1 million, or 28.5 percent, and a State General Fund increase of \$5.1 million, or 38.6 percent, above the amount amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental request for the cost of providing services to Larned Correctional Mental Health Facility. The increase is also attributable to an increase in staffing and recruiting services and an increase in utilities;
- **Commodities.** The agency estimates \$4.1 million, including \$3.3 million from the State General Fund, for commodities in FY 2019. This is an all funds increase of \$420,324, or 11.4 percent, and a State General Fund increase of \$1.3 million, or 70.7 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to an increase in household supplies for patient housing and an increase in food for patients; and
- **Capital Outlay.** The agency estimates \$4.2 million, all from the State General Fund, for capital outlay in FY 2019. This is an all funds increase of \$4.0 million, or 2,490.6 percent, and a State General Fund increase of \$4.0 million, or 2,518.2 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental request for information technology improvements and the agency's supplemental requests for equipment for the Psychiatric Services program and the State Security Hospital program.

The **Governor** recommends \$70.7 million, including \$63.1 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, the recommendation is an all funds decrease of \$14.4 million, or 16.9 percent, and a State General Fund decrease of \$13.9 million, or 18.0 percent, below the agency's FY 2019 revised estimate. The decrease is primarily attributable to the Governor not recommending supplemental funding for services provided to LCMHF, IT improvements, or PSP improvements. The Governor recommends \$54,405, all from the State Institutions Building Fund, for improvements for the Isaac Ray Building of the SSH, but does not recommend other supplemental funding requests for the SSH. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's supplemental request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. In addition, the Governor recommends decreasing contractual services by \$640,804, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in this category of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. The Governor recommends 995.5 FTE positions, which is the same number as the agency's FY 2019 revised estimate. The Governor does not recommend capital improvement expenditures in FY 2019. This is a decrease of \$250,000, or 100.0 percent, all from the State General Fund, below the agency's FY 2019 revised estimate.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
LCMHF Services	\$ 3,826,913	\$ 3,826,913	0.0	\$ 0	\$ 0	0.0
IT Improvements	2,685,000	2,685,000	0.0	0	0	0.0
SSH Improvements	1,502,108	1,502,108	0.0	0	54,405	0.0
PSP Improvements	2,173,224	2,173,224	0.0	0	0	0.0
Staffing increase	4,800,000	4,800,000	0.0	253,867	253,867	0.0
Fee Fund Converted to						
a No Limit Fund	0	0	0.0	0	0	0.0
DSH Adjustment	0	0	0.0	617,164	0	0.0
Operating Expenditure						
Adjustment to						
Decrease Employee						
Salary Shrinkage	0	0	0.0	0	0	0.0
TOTAL	\$ 14,987,245	\$ 14,987,245	0.0	\$ 871,031	\$ 308,272	0.0

The **agency** requests six supplementals totaling \$15.0 million, all from the State General Fund, in FY 2019.

LCMHF Services. The agency requests \$3.8 million, all from the State General Fund, for services provided to Larned Correctional Mental Health Facility (LCMHF), in FY 2019. The agency states LSH and LCMHF entered into a memorandum of understanding in 1996, which required LSH to provide meals, laundry, water, and sewer services to LCMHF in exchange for inmate labor to assist with operations at LSH. The agency report LCMHF provides approximately 50 inmates for work detail, paying approximately \$0.60 per day or an average of \$10,950 annually. In contract, LSH provides services to LCMHF at a cost of \$3.1 million in FY 2018, and due to a recent change in population at LCMHF, LSH estimates FY 2019 costs at \$3.8 million.

IT Improvements. The agency requests \$2.7 million, all from the State General Fund, for information technology (IT) improvements at LSH in FY 2019. These improvements include:

- \$500,000 to replace the computer data storage system, including hardware, software, virtualization, and licenses;
- \$600,000 to upgrade the phone system across the hospital's campus. The agency states the current phone system is more than 20 years old and the current equipment is no longer supported by any vendor or manufacturer;
- \$300,000 for a Cisco Switch replacement. The agency states LSH uses more than 35 3700 series switches, which are end-of-life switches, and Cisco has not patched or supported since 2010;
- \$360,000 for replacement of 319 Motorola radios used for the programs across the campus;
- \$500,000 to upgrade the data server; and
- \$425,000 to replace 402 desktop personal computers that are between seven to nine years old and 55 laptops that are about five to nine years old.

SSH Improvements. The agency requests \$1.5 million, all from the State General Fund, for improvements for the State Security Hospital (SSH) program. These improvements include:

- \$54,405 to replace the Uninterrupted Power Supply system for the Isaac Ray Building;
- \$250,000 for installation of security door food pass inserts on 150 to 200 doors in the Isaac Ray Building;
- \$343,250 for ligature-resistant furniture for the Isaac Ray Building;
- \$255,575 for a psychiatrist position for the security behavior unit;
- \$70,049 for a social work specialist position;
- \$78,616 for a clinical therapist position;
- \$119,475 for a supervising psychologist position;
- \$82,639 for a psychologist III position; and
- \$247,917 to convert three current post-doctoral positions assigned to the SSH to psychologist III positions and fund a fourth post-doctoral position to replace one that was lost in previous years.

PSP Improvements. The agency requests \$2.2 million, all from the State General Fund, for improvements for the Psychiatric Services program (PSP). These improvements include:

- \$143,000 to install a Personal Protective Device System that is designed to protect patients, nursing staff, and employees from violent attacks or environmental dangers. Emergency call buttons would be provided to each staff member, which would provide GPS coordinates of the staff members location so staff can respond to a potential threat;
- \$424,850 for nine safety and security officers to manage the Personal Protective Device System;
- \$124,000 to purchase two handicap accessible vans. The agency states the PSP is currently using two old buses that are in poor condition. The buses are used multiples time per day to transport patients to the cafeteria, for treatment, or to discharge placements;
- \$511,514 for two psychiatrist positions. The agency states a ration of 15 patients to one medical provider ratio has been established by Osawatomie State Hospital since it regained partial certification by the federal Centers for Medicare and Medicaid Services, so adding these two positions this would keep the ratio consistent at LSH;

- \$140,098 for two social work specialist positions;
- \$71,114 for one clinical therapist position;
- \$17,000 to convert one post-doctoral position to a psychologist III position;
- \$377,644 for eight mental health/developmental disability technicians;
- \$255,627 for three registered nurse positions; and
- \$108,377 for two licensed practical nurse or licensed mental health professional positions.

Staffing Increase. The agency requests \$4.8 million, all from the State General Fund, to fill vacant unfunded positions in the Psychiatric Services program (\$971,185), the State Security Hospital program (\$1.9 million), and the Sexual Predator Treatment Program (\$1.9 million), in FY 2019. The agency states without this funding, its salary shrinkage rate would be 17.7 percent, but this funding would allow the agency to decrease its salary shrinkage rate to 9.1 percent to provide better care and services to the patients at LSH.

Conversion of Limited Fee Fund to No Limit. The agency requests the Larned State Hospital and Training Center Fee Fund be converted to a no limit fund, in FY 2019. The agency states a no limit fund would allow LSH more flexibility to manage cash flow throughout the year.

The **Governor** recommends supplementals of \$308,272 from all funds and \$871,031 from the State General Fund for FY 2020. The Governor does not recommend supplemental funding for services provided to LCMHF, IT improvements, or PSP improvements. The Governor recommends \$54,405, all from the State Institutions Building Fund, for improvements for the Isaac Ray Building of the SSH, but does not recommend other supplemental funding requests for the SSH. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's supplemental request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. In addition, the Governor recommends decreasing contractual services by \$640,804, based on comparison of the agency's revised estimate to the agency's historical growth of expenditures in this category of expenditure, and recommends the agency increase salary expenditures by the same amounts to decrease employee salary shrinkage. The Governor does not recommend converting the Larned State Hospital Fee Fund to a no limit fund.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 81,178,748	\$ 69,985,025	\$ (11,193,723)
FTE Positions	995.5	995.5	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ (4,158,319)	\$ (868,664)	
All Other Funds	161,484	107,079	
TOTAL	\$ (3,996,835)	\$ (761,585)	
<i>Percent Change:</i>			
State General Fund	(5.4) %	(1.4) %	
All Other Funds	2.0	1.4	
TOTAL	(4.7) %	(1.1) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$81.2 million, including \$72.8 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds decrease of \$4.0 million, or 4.7 percent, and a State General Fund decrease of \$4.2 million, or 5.4 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in capital outlay expenditures due to the agency's supplemental requests in FY 2019 for information technology improvements, equipment for the Psychiatric Services program, and the State Security Hospital program. The request includes enhancement requests totaling \$11.4 million, all from the State General Fund, for FY 2020. The request includes 995.5 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$54.4 million, including \$52.1 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$743,535, or 1.4 percent, and a State General Fund increase of \$730,755, or 1.4 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefits;
- **Contractual Services.** The agency requests \$22.5 million, including \$17.4 million from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$655,311, or 2.8 percent, and a State General Fund decrease of \$786,821, or 4.3 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in staffing and recruiting services and a decrease in contract medical treatment for patients;
- **Commodities.** The agency requests \$4.1 million, including \$3.3 million from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$24,648, or 0.6 percent, and a State General Fund increase of \$7,454, or 0.2 percent, above the FY 2019 revised estimate. The increase is primarily

attributable to an increase in household supplies and treatment supplies for patients, partially offset by a decrease in pharmaceuticals for patients; and

- **Capital Outlay.** The agency requests \$65,541, all from the State General Fund, for capital outlay for FY 2020. This is a decrease of \$4.1 million, or 98.4 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to the agency's supplemental requests for information technology improvements, equipment for the Psychiatric Services program, and equipment for the State Security Hospital program in FY 2019. The decrease is also attributable to one-time expenditures in FY 2019 approved by the 2018 Legislature to expand the Sexual Predator Treatment Program Reintegration facilities.

The **Governor** recommends \$70.0 million, including \$62.2 million from the State General Fund, for operating expenditures for FY 2020. This is a decrease of \$11.2 million, or 13.8 percent, and a State General Fund decrease of \$10.6 million, or 14.5 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending enhancement funding for services provided to LCMHF, IT improvements, PSP improvements, or SSH improvements. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's enhancement request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. The Governor recommends 995.5 FTE positions, which is the same number as the agency's FY 2020 request.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
LCMHF	\$ 3,826,913	\$ 3,826,913	0.0	\$ 0	\$ 0	0.0
Photocopiers	60,000	60,000	0.0	0	0	0.0
SSP Improvements	854,453	854,453	0.0	0	0	0.0
PSP Improvements	1,906,224	1,906,224	0.0	0	0	0.0
Staffing Increase	4,800,000	4,800,000	0.0	253,867	253,867	0.0
Fee Fund Converted to						
a No Limit Fund	0	0	0.0	0	0	0.0
DSH Adjustment	0	0	0.0	617,164	0	0.0
TOTAL	\$ 11,447,590	\$ 11,447,590	0.0	\$ 871,031	\$ 253,867	0.0

The **agency** requests six enhancements totaling \$11.4 million, all from the State General Fund, for FY 2020.

LCMHF Services. The agency requests \$3.8 million, all from the State General Fund, for FY 2020 for continuation of the request from FY 2019 for services provided to Larned Correctional Mental Health Facility (LCMHF). The agency states LSH and LCMHF entered into a memorandum of understanding in 1996, which required LSH to provide meals, laundry, water, and sewer services to LCMHF in exchange for inmate labor to assist with operations at LSH. The agency reports LCMHF provides approximately 50 inmates for work detail, paying approximately \$0.60 per day, an average of \$10,950 annually. In contract, LSH provided services to LCMHF at a cost of \$3.1 million in FY 2018, and due to a recent change in population at LCMHF, LSH estimates FY 2020 costs at \$3.8 million.

Photocopiers. The agency requests \$60,000, all from the State General Fund, for photocopiers for FY 2020. The agency states it currently has 180 personal desktop printers and would like to start replacing these personal printers with office photocopiers. This funding would support 20 additional photocopiers and these expenditures would continue in future years.

SSH Improvements. The agency requests \$854,453, all from the State General Fund, for FY 2020 for continuation of the staffing improvements requested in FY 2019 for the State Security Hospital (SSH) program. These improvements include:

- \$255,575 for a psychiatrist position for the security behavior unit;
- \$70,049 for a social work specialist position;
- \$78,616 for a clinical therapist position;
- \$119,475 for a supervising psychologist position;
- \$82,639 for a psychologist III position; and
- \$247,917 to convert three current post-doctoral positions assigned to the SSH to psychologist III positions and fund a fourth post-doctoral position to replace one that was lost in previous years.

PSP Improvements. The agency requests \$1.9 million, all from the State General Fund, for FY 2020 for continuation of the staffing improvements requested in FY 2019 for the Psychiatric Services program (PSP). These improvements include:

- \$424,850 for nine safety and security officers to manage the Personal Protective Device System;
- \$511,514 for two psychiatrist positions. The agency states a ration of 15 patients to one medical provider ratio has been established by Osawatomie State Hospital since it regained partial certification by the federal Centers for Medicare and Medicaid Services, so adding these two positions this would keep the ratio consistent at LSH;
- \$140,098 for two social work specialist positions;
- \$71,114 for one clinical therapist position;
- \$17,000 to convert one post-doctoral position to a psychologist III position;
- \$377,644 for eight mental health/developmental disability technicians;
- \$255,627 for three registered nurse positions; and
- \$108,377 for two licensed practical nurse or licensed mental health professional positions.

Staffing Increase. The agency requests \$4.8 million, all from the State General Fund, for FY 2020 for continuation of the request in FY 2019 to fill vacant unfunded positions in the Psychiatric Services program (\$914,803), the State Security Hospital program (\$1.8 million), and the Sexual Predator Treatment Program (\$2.1 million). The agency states without this funding, its salary shrinkage rate would be 18.4 percent, but this funding would allow the agency to decrease its salary shrinkage rate to 10.0 percent to provide better care and services to the patients at LSH.

Conversion of Limited Fee Fund to No Limit. The agency requests the Larned State Hospital Fee Fund be converted to a no limit fund, for FY 2020. The agency states a no limit fund would allow LSH more flexibility to manage cash flow throughout the year.

The **Governor** recommends enhancements of \$253,867 from all funding sources and \$871,031 from the State General Fund for FY 2020. The Governor does not recommend enhancement funding for services provided to LCMHF, IT improvements, PSP improvements, or SSH improvements. The Governor recommends \$253,867, all from the State General Fund, for a lower amount of funding than the agency's enhancement request to decrease employee salary shrinkage. The Governor recommends adding \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. The Governor does not recommend converting the Larned State Hospital Fee Fund to a no limit fund.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$930,258, including \$899,782 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$92,200, including \$88,762 from the State General Fund, and FY 2020 longevity payments total \$98,000, including \$94,327 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	89.7 %	88.9 %
LSH Fee Fund	5.0	5.7
Title XIX Fund	5.2	5.1
All Other Funds	0.2	0.2
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Larned State Hospital Fee Fund Analysis

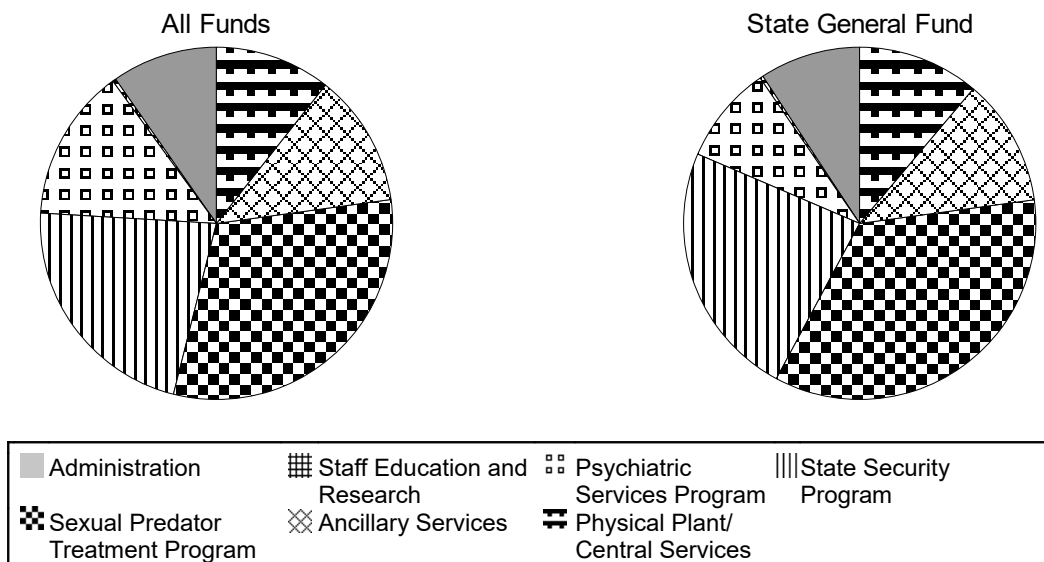
KSA 76-1302a requires the superintendent of LSH to remit all moneys received from charges under KSA 59-2006 and deposit them into the Larned State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution. 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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 1,101,842	\$ 1,629,931	\$ 1,629,931	\$ 1,357,532	\$ 1,357,532
Revenue	4,036,178	3,673,902	3,673,902	3,737,380	3,737,380
Transfers in	0	0	0	0	0
Funds Available	\$ 5,138,020	\$ 5,303,833	\$ 5,303,833	\$ 5,094,912	\$ 5,094,912
Less:					
Expenditures	\$ 3,508,089	\$ 3,941,051	\$ 3,941,051	\$ 4,019,872	\$ 4,019,872
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	5,250	5,250	5,355	5,355
Ending Balance	\$ 1,629,931	\$ 1,357,532	\$ 1,357,532	\$ 1,069,685	\$ 1,069,685
Ending Balance as Percent of Expenditures	46.5%	34.4%	34.4%	26.6%	26.6%
Month Highest Ending Balance	March \$ 4,075,158	March \$ 3,394,105	March \$ 3,394,105	March \$ 2,674,429	March \$ 2,674,429
Month Lowest Ending Balance	June \$ 1,629,931	June \$ 1,357,532	June \$ 1,357,532	June \$ 1,069,865	June \$ 1,069,865

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 6,794,082	9.7 %	\$ 5,763,596	9.3 %
Staff Education and Research	232,594	0.3	176,918	0.3
Psychiatric Services	9,819,368	14.0	5,614,095	9.0
State Security Hospital	15,395,514	22.0	14,687,876	23.6
Sexual Predator Treatment	21,766,331	31.1	21,766,331	35.0
Ancillary Services	8,537,432	12.2	7,291,749	11.7
Physical Plant/Central Services	7,439,704	10.6	6,936,304	11.1
TOTAL	\$ 69,985,025	100.0 %	\$ 62,236,869	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	36.0	44.0	44.0	44.0	44.0
Staff Education and Research	4.0	3.0	3.0	3.0	3.0
Psychiatric Services	128.0	132.0	132.0	132.0	132.0
State Security Hospital	263.0	267.0	267.0	267.0	267.0
Sexual Predator Treatment	295.5	331.5	331.5	331.5	331.5
Ancillary Services	69.0	68.0	68.0	68.0	68.0
Physical Plant/Central Services	148.0	150.0	150.0	150.0	150.0
TOTAL	943.5	995.5	995.5	995.5	995.5
<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. 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.0	\$ 3.7	\$ 5.9	\$ 5.9	\$ 6.8	\$ 6.8
FTE Positions	48.0	36.0	36.0	36.0	44.0	44.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,149,731	\$ 2,008,620	\$ 2,008,620	\$ 2,016,770	\$ 2,016,770
Contractual Services	3,699,963	8,505,627	4,678,714	8,592,484	4,705,571
Commodities	68,379	68,635	68,635	70,006	70,006
Capital Outlay	1,667	2,686,700	1,700	1,735	1,735
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,919,740</i>	<i>\$ 13,269,582</i>	<i>\$ 6,757,669</i>	<i>\$ 10,680,995</i>	<i>\$ 6,794,082</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 5,919,740	\$ 13,269,582	\$ 6,757,669	\$ 10,680,995	\$ 6,794,082
Financing:					
State General Fund	\$ 4,903,755	\$ 12,253,422	\$ 5,741,509	\$ 9,650,509	\$ 5,763,596
All Other Funds	1,015,985	1,016,160	1,016,160	1,030,486	1,030,486
TOTAL	\$ 5,919,740	\$ 13,269,582	\$ 6,757,669	\$ 10,680,995	\$ 6,794,082
FTE Positions	36.0	44.0	44.0	44.0	44.0

The **agency** requests \$10.7 million, including \$9.7 million from the State General Fund, for the Administration program for FY 2020. This is an all funds decrease of \$2.6 million, or 19.5 percent, and a State General Fund decrease of \$2.6 million, or 21.2 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to the agency's supplemental request in FY 2019 for information technology improvements, partially offset by the agency's enhancement request for FY 2020 for photocopier rentals. The program includes enhancement funding for services for LCMHF and photocopier rentals. The program includes 44.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$2.0 million, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$8,150, or 0.4 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit costs;
- **Contractual Services.** The agency requests \$8.6 million, including \$7.6 million from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$86,857, or 1.0 percent, and a State General Fund increase of \$72,679, or 1.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request for photocopier machine rentals;
- **Commodities.** The agency requests \$70,006, including \$62,382 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$1,371, or 2.0 percent, and a State General Fund increase of \$1,223, or 2.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in office supplies; and

- **Capital Outlay.** The agency requests \$1,735, all from the State General Fund, for capital outlay for FY 2020. This is a decrease of \$2.7 million, or 99.9 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to the agency's supplemental request in FY 2019 for information technology improvements.

The **Governor** recommends \$6.8 million, including \$5.8 million from the State General Fund, for FY 2020. This is a decrease of \$3.9 million, or 36.4 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement requests.

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.

PERFORMANCE MEASURES							
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	
There are no performance measures submitted for this program.							
Agency Expenditures							
All Funds (Dollars in Millions)	\$ 0.3	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.2	\$ 0.2	
FTE Positions	4.0	4.0	4.0	4.0	3.0	3.0	

**STAFF EDUCATION AND RESEARCH
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 182,239	\$ 158,480	\$ 158,480	\$ 159,861	\$ 159,861
Contractual Services	57,037	59,895	59,895	61,088	61,088
Commodities	11,337	11,413	11,413	11,645	11,645
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 250,613</i>	<i>\$ 229,788</i>	<i>\$ 229,788</i>	<i>\$ 232,594</i>	<i>\$ 232,594</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 250,613	\$ 229,788	\$ 229,788	\$ 232,594	\$ 232,594
Financing:					
State General Fund	\$ 212,047	\$ 174,614	\$ 174,614	\$ 176,918	\$ 176,918
All Other Funds	38,566	55,174	55,174	55,676	55,676
TOTAL	\$ 250,613	\$ 229,788	\$ 229,788	\$ 232,594	\$ 232,594
FTE Positions	4.0	3.0	3.0	3.0	3.0

The **agency** requests \$232,594, including \$176,918 from the State General Fund, for the Staff Education and Research program for FY 2020. This is an all funds increase of \$2,806, or 1.2 percent, and a State General Fund increase of \$2,304, or 1.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs and employee training expenditures. The program includes 3.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$159,861, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$1,381, or 0.9 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit costs, partially offset by an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$61,088, including \$5,412 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$1,193, or 2.0 percent, and a State General Fund increase of \$691, or 14.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee training expenditures; and
- **Commodities.** The agency requests \$11,645, all from the State General Fund, for commodities for FY 2020. This is an increase of \$232, or 2.0 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$232,594, including \$176,918 from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's FY 2020 request.

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 Psychiatric Services program at LSH for persons referred by law enforcement agencies or by a district court. The adult units had an average daily census of 64 patients in FY 2018.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.9	\$ 8.6	\$ 8.2	\$ 9.4	\$ 9.7	\$ 9.8
FTE Positions	122.0	128.0	128.0	128.0	132.0	132.0

PSYCHIATRIC SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 6,189,186	\$ 9,136,929	\$ 6,513,387	\$ 9,120,235	\$ 6,553,075
Contractual Services	2,544,543	2,623,028	2,623,028	2,668,000	2,668,000
Commodities	674,098	586,565	586,565	598,293	598,293
Capital Outlay	12,416	267,000	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 9,420,243	\$ 12,613,522	\$ 9,722,980	\$ 12,386,528	\$ 9,819,368
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 9,420,243	\$ 12,613,522	\$ 9,722,980	\$ 12,386,528	\$ 9,819,368
Financing:					
State General Fund	\$ 4,949,204	\$ 7,366,827	\$ 5,093,449	\$ 7,564,091	\$ 5,614,095
All Other Funds	4,471,039	5,246,695	4,629,531	4,822,437	4,205,273
TOTAL	\$ 9,420,243	\$ 12,613,522	\$ 9,722,980	\$ 12,386,528	\$ 9,819,368
FTE Positions	128.0	132.0	132.0	132.0	132.0

The **agency** requests \$12.4 million, including \$7.6 million from the State General Fund, for the Psychiatric Services program for FY 2020. This is an all funds decrease of \$226,994, or 1.8 percent, and a State General Fund increase of \$197,264, or 2.7 percent, from the FY 2019 revised estimate. The all funds decrease is primarily attributable to the agency's supplemental request in FY 2019 to install the Personal Protective Device System and to purchase two handicap accessible vans, partially offset by an increase in employee fringe benefits and staffing and recruiting services. The program includes enhancement funding to fill positions identified in

the agency's enhancement request and additional funding to fill vacant positions to reduce the agency's salary shrinkage rate. The program includes 132.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$9.1 million, including \$6.7 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds decrease of \$16,694, or 0.2 percent, and a State General Fund decrease of \$29,474, or 0.4 percent, below the FY 2019 revised estimate. The decrease is attributable to an adjustment in salary shrinkage, partially offset by an increase in employee fringe benefit costs;
- **Contractual Services.** The agency requests \$2.7 million, including \$504,705 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$44,972, or 1.7 percent, and a State General Fund increase of \$487,739, or 2,874.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in staffing and recruiting services and food services for patients; and
- **Commodities.** The agency requests \$598,293, including \$322,387 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$11,728, or 2.0 percent, and a State General Fund increase of \$5,999, or 1.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmaceuticals for patients.

The **Governor** recommends \$9.8 million, including \$5.6 million from the State General Fund, for FY 2020. This is an all funds decrease of \$2.6 million, or 20.7 percent, and a State General Fund decrease of \$1.9 million, or 25.8 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor recommending a lower amount of enhancement funding, \$253,867, all from the State General Fund, to decrease employee salary shrinkage. The Governor's recommendation also includes \$617,164 from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue.

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. The Security Behavior Unit serves a group of males who are civilly, rather than criminally, committed and who pose a very high risk for dangerousness, have been charged with a felony, or were arrested for a felony and are on a hold order from jail. The State Security Hospital program had an average daily census of 154 patients in FY 2018.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 16.0	\$ 15.6	\$ 14.5	\$ 15.9	\$ 15.7	\$ 15.4
FTE Positions	247.0	263.0	263.0	263.0	267.0	267.0

STATE SECURITY HOSPITAL SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 12,228,391	\$ 14,616,498	\$ 11,877,260	\$ 14,569,503	\$ 11,941,139
Contractual Services	2,757,858	2,877,264	2,877,264	2,648,261	2,648,261
Commodities	872,389	904,195	904,195	806,114	806,114
Capital Outlay	0	397,655	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 15,858,638	\$ 18,795,612	\$ 15,658,719	\$ 18,023,878	\$ 15,395,514
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 15,858,638	\$ 18,795,612	\$ 15,658,719	\$ 18,023,878	\$ 15,395,514
Financing:					
State General Fund	\$ 12,665,648	\$ 18,135,020	\$ 14,998,127	\$ 17,316,240	\$ 14,687,876
All Other Funds	3,192,990	660,592	660,592	707,638	707,638
TOTAL	\$ 15,858,638	\$ 18,795,612	\$ 15,658,719	\$ 18,023,878	\$ 15,395,514
FTE Positions	263.0	267.0	267.0	267.0	267.0

The **agency** requests \$18.0 million, including \$17.3 million from the State General Fund, for the State Security Hospital program for FY 2020. This is an all funds decrease of \$771,734, or 4.1 percent, and a State General Fund decrease of \$818,780, or 4.5 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to the agency's supplemental requests in FY 2019 to replace the Uninterrupted Power Supply system and for ligature resistant patient room furniture. The program includes enhancement funding to fill positions identified in the agency's enhancement request and additional funding to fill vacant positions to reduce the agency's salary shrinkage rate. The program includes 267.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$14.6 million, all from the State General Fund, for salaries and wages for FY 2020. This is a decrease of \$46,995, or 0.3 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to an adjustment in salary shrinkage, partially offset by an increase in employee fringe benefit costs;
- **Contractual Services.** The agency requests \$2.6 million, including \$2.2 million from the State General Fund, for contractual services for FY 2020. This is an all

funds decrease of \$229,003, or 8.0 percent, and a State General Fund decrease of \$271,192, or 11.0 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in staffing and recruiting services, contract medical services for patients, and food service for patients; and

- **Commodities.** The agency requests \$806,114, including \$558,447 from the State General Fund, for commodities for FY 2020. This is an all funds decrease of \$98,081, or 10.8 percent, and a State General Fund decrease of \$102,938, or 15.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in pharmaceuticals for patients.

The **Governor** recommends \$15.4 million, including \$14.7 million from the State General Fund, for FY 2020. This is a decrease of \$2.6 million, or 14.6 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement requests.

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 LSH. The SPTP is composed 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 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 2018 Legislature added \$2.5 million, all from the State General Fund, and 33.0 FTE positions in FY 2018 and added \$4.2 million, all from the State General Fund, and 55.0 FTE positions in FY 2019 for expansion of the SPTP Reintegration facilities, including opening Meyer West in FY 2019 and making improvements to increase the patient capacity of Meyer East (formerly Meyer) and the MiCo House at OSH. The Sexual Predator Treatment Program had an average daily census in FY 2018 of 251 patients, including 8 patients in the MiCo House transition unit, and 7 patients in the Meyer East Reintegration facility.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 14.5	\$ 19.5	\$ 21.1	\$ 20.2	\$ 22.2	\$ 21.8
FTE Positions	364.5	295.5	330.5	295.5	331.5	331.5

SEXUAL PREDATOR TREATMENT PROGRAM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 13,371,296	\$ 15,457,127	\$ 14,135,901	\$ 16,207,509	\$ 14,096,223
Contractual Services	5,577,572	6,575,012	5,934,208	6,272,789	6,272,789
Commodities	1,111,045	1,232,489	1,232,489	1,316,357	1,316,357
Capital Outlay	121,192	804,485	804,485	44,002	44,002
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 20,181,105	\$ 24,069,113	\$ 22,107,083	\$ 23,840,657	\$ 21,729,371
Aid to Local Units	0	0	0	0	0
Other Assistance	11,863	36,960	36,960	36,960	36,960
TOTAL	\$ 20,192,968	\$ 24,106,073	\$ 22,144,043	\$ 23,877,617	\$ 21,766,331
Financing:					
State General Fund	\$ 20,192,889	\$ 24,106,073	\$ 22,162,043	\$ 23,877,617	\$ 21,766,331
All Other Funds	79	0	0	0	0
TOTAL	\$ 20,192,968	\$ 24,106,073	\$ 22,162,043	\$ 23,877,617	\$ 21,766,331
FTE Positions	295.5	331.5	331.5	331.5	331.5

The **agency** requests \$23.9 million, all from the State General Fund, for the Sexual Predator Treatment Program for FY 2020. This is a decrease of \$228,456, or 0.9 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to decreased capital outlay expenditures, as the agency had unique costs in FY 2019 to open the Meyer West transition unit and to increase the patient capacity of Meyer East and the MiCo House. The decrease is partially offset by the agency's enhancement request to fill vacant unfunded positions. The program includes enhancement funding totaling \$2.1 million, all from the State General Fund, for part of the agency's enhancement request to fill vacant unfunded positions at LSH. The program includes 331.5 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$16.2 million, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$750,382, or 4.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in unclassified employee salary expenditures and an increase in employer fringe benefits;
- **Contractual Services.** The agency requests \$6.3 million, all from the State General Fund, for contractual services for FY 2020. This is a decrease of

\$302,223, or 4.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contract medical services for patients, staffing and recruiting services, and food for patients;

- **Commodities.** The agency requests \$1.3 million, all from the State General Fund, for commodities for FY 2020. This is an increase of \$83,868, or 6.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmaceuticals for patients; and
- **Capital Outlay.** The agency requests \$44,002, all from the State General Fund, for capital outlay for FY 2020. This is a decrease of \$760,483, or 94.5 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to the agency having increased expenditures in FY 2019 to open the Meyer West transition unit and to make changes to Meyer East and the Mico House to increase patient capacity.

The **Governor** recommends \$21.8 million, all from the State General Fund, for FY 2020. This is a decrease of \$2.1 million, or 8.8 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's request for enhancement funding to fill vacant positions.

F. Ancillary Services

The Ancillary Services program consists of Allied Clinical Services, which is composed 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.7	\$ 7.2	\$ 8.0	\$ 7.7	\$ 8.8	\$ 8.5
FTE Positions	52.0	69.0	69.0	69.0	68.0	68.0

ANCILLARY SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,996,494	\$ 6,812,914	\$ 6,812,914	\$ 6,818,054	\$ 6,818,054
Contractual Services	1,435,419	1,690,288	1,690,288	1,418,846	1,418,846
Commodities	281,111	286,200	286,200	291,619	291,619
Capital Outlay	8,567	8,738	8,738	8,913	8,913
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,721,591</i>	<i>\$ 8,798,140</i>	<i>\$ 8,798,140</i>	<i>\$ 8,537,432</i>	<i>\$ 8,537,432</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,721,591	\$ 8,798,140	\$ 8,798,140	\$ 8,537,432	\$ 8,537,432
Financing:					
State General Fund	\$ 5,840,578	\$ 8,069,588	\$ 8,069,588	\$ 7,291,749	\$ 7,291,749
All Other Funds	1,881,013	728,552	728,552	1,245,683	1,245,683
TOTAL	\$ 7,721,591	\$ 8,798,140	\$ 8,798,140	\$ 8,537,432	\$ 8,537,432
FTE Positions	69.0	68.0	68.0	68.0	68.0

The **agency** requests \$8.5 million, including \$7.3 million from the State General Fund, for the Ancillary Services program for FY 2020. This is an all funds decrease of \$260,708, or 3.0 percent, and a State General Fund decrease of \$777,839, or 9.6 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contracted patient care. The program includes 68.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$6.8 million, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$5,140, or 0.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs;
- **Contractual Services.** The agency requests \$1.4 million, including \$343,879 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$271,442, or 16.1 percent, and a State General Fund decrease of \$785,227, or 69.5 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contracted patient care, including optometry, dental, and physical therapy;
- **Commodities.** The agency requests \$291,619, including \$120,903 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$5,419, or 1.9 percent, and a State General Fund increase of \$2,073, or 1.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmacy and laboratories supplies; and
- **Capital Outlay.** The agency requests \$8,913, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$175, or 2.0 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$8.5 million, including \$7.3 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's FY 2020 request.

G. Physical Plant/Central Services

The Physical Plant/Central Services program is composed 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 more than 100 acres of grounds. The Engineering Services subprogram 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 privatized and contracted through A'viands, which provided meal services for the hospital and LCMHF until June 2018. In July 2018, the food service contract was awarded to Sodexo, which provides food services for all residents, staff, patients, inmates, and visitors for LSH and LCMHF. Also within the Physical Plant/Central Services program, LSH pays a portion of the City of Larned's waste water treatment facility bond payments from the State Institutions Building Fund.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.1	\$ 8.7	\$ 8.6	\$ 7.2	\$ 7.4	\$ 7.4
FTE Positions	110.0	148.0	148.0	148.0	150.0	150.0

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,360,576	\$ 5,499,600	\$ 5,499,600	\$ 5,541,771	\$ 5,541,771
Contractual Services	834,165	846,563	846,563	860,898	860,898
Commodities	987,991	1,005,642	1,005,642	1,025,753	1,025,753
Capital Outlay	37,717	10,677	65,082	10,891	10,891
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 7,220,449	\$ 7,362,482	\$ 7,416,887	\$ 7,439,313	\$ 7,439,313
Aid to Local Units	0	0	0	0	0
Other Assistance	376	384	384	391	391
TOTAL	\$ 7,220,825	\$ 7,362,866	\$ 7,417,271	\$ 7,439,704	\$ 7,439,704
Financing:					
State General Fund	\$ 5,898,945	\$ 6,866,203	\$ 6,866,203	\$ 6,936,304	\$ 6,936,304
All Other Funds	1,321,880	496,663	551,068	503,400	503,400
TOTAL	\$ 7,220,825	\$ 7,362,866	\$ 7,417,271	\$ 7,439,704	\$ 7,439,704
FTE Positions	148.0	150.0	150.0	150.0	150.0

The **agency** requests \$7.4 million, including \$6.9 million from the State General Fund, for the Physical Plant and Central Services program for FY 2020. This is an all funds increase of \$76,838 or 1.0 percent, and a State General Fund increase of \$70,101, or 1.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs, household supplies for patients, and utilities expenditures. The program includes 150.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$5.5 million, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$42,171, or 0.8 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit costs;
- **Contractual Services.** The agency requests \$860,898, including \$516,300 from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$14,335, or 1.7 percent, and a State General Fund increase of \$10,712, or 2.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in utilities expenditures;
- **Commodities.** The agency requests \$1.0 million, including \$866,951 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$20,111, of 2.0 percent, and a State General Fund increase of \$16,997, or 2.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in household supplies for patients; and
- **Capital Outlay.** The agency requests \$10,891, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$214, or 2.0 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$7.4 million, including \$6.9 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amounts as the agency's FY 2020 request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req.. FY 2020	Gov. Rec. FY 2020
Isaac Ray Building Security Door Food Pass Inserts	\$ 250,000	\$ 0	\$ 0	\$ 0
Financing:				
State General Fund	\$ 250,000	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	0	0
TOTAL	\$ 250,000	\$ 0	\$ 0	\$ 0

FY 2019 – Current Year. The agency requests a revised estimate of \$250,000, all from the State General Fund, for capital improvements in FY 2019. This is an increase of \$250,000, or 100.0 percent, all from the State General Fund, as the agency did not request capital improvement expenditures in the budget approved by the 2018 Legislature. Capital improvement expenditures include the agency's supplemental request to install security door pass inserts in 150 to 200 doors at the Isaac Ray Building for the State Security Hospital program. The agency states expenditures include installation of at least 150 food pass door inserts, including labor, materials, and 15 paracentric keys.

The **Governor** does not recommend capital improvement expenditures in FY 2019. This is a decrease of \$250,000, or 100.0 percent, below the agency's FY 2019 revised estimate. (Note: The Governor's recommendation includes \$54,405, all from the State Institutions Building Fund, in supplemental funding for improvements to the State Security Hospital Isaac Ray Building; however, these expenditures were categorized as an operating expenditure and are included in the Physical Plant and Central Services program in FY 2019.)

FY 2020 – Budget Year. The agency does not request capital improvement expenditures for FY 2020.

The **Governor** does not recommend capital improvement expenditures for FY 2020.

OSAWATOMIE STATE HOSPITAL

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 26,658,268	\$ 35,412,931	\$ 34,637,314	\$ 36,649,625	\$ 34,627,179
Other Funds	14,839,544	9,478,787	8,356,258	8,810,240	7,687,711
<i>Subtotal</i>	<i>\$ 41,497,812</i>	<i>\$ 44,891,718</i>	<i>\$ 42,993,572</i>	<i>\$ 45,459,865</i>	<i>\$ 42,314,890</i>
Capital Improvements:					
State General Fund	\$ 7,918	\$ 414,107	\$ 0	\$ 360,000	\$ 10,000
Other Funds	5,220	0	0	0	0
<i>Subtotal</i>	<i>\$ 13,138</i>	<i>\$ 414,107</i>	<i>\$ 0</i>	<i>\$ 360,000</i>	<i>\$ 10,000</i>
TOTAL	<u>\$ 41,510,950</u>	<u>\$ 45,305,825</u>	<u>\$ 42,993,572</u>	<u>\$ 45,819,865</u>	<u>\$ 42,324,890</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(0.1) %	32.8 %	29.9 %	3.5 %	-- %
All Funds	4.2	8.2	3.6	1.3	(1.6)
FTE Positions	374.1	478.0	478.0	478.0	478.0

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

Osawatomie State Hospital (OSH) was founded in 1866, originally called the “Kansas Insane Asylum.” The name was changed to OSH in 1901. OSH is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. 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

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 individuals 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 individuals 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 indicated a hospital of similar size and serving a similar population as Osawatomie State Hospital should run at an 85.0 percent capacity for its average daily census over the course of a year.

Beginning **November 9, 2011**, all patients previously served by Rainbow Mental Health Facility were served at OSH 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 OSH.

The **2013 Legislature** concurred with the Governor's recommendation to combine the operations of OSH 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 OSH fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to OSH. Thirty beds at OSH that had previously been operating as Rainbow Mental Health Facility beds were officially designated as OSH beds, increasing OSH's budgeted bed capacity from 176 to 206 in FY 2015.

In **Fall 2014**, CMS conducted surveys at OSH 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 OSH 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 CMS 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 OSH 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 OSH 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 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 OSH. 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 OSH, 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 OSH 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.

The **2018 Legislature** added \$8.2 million, including \$7.9 million from the State General Fund, in FY 2018 and \$16.1 million, including \$7.2 million from the State General Fund, for FY 2019 for additional operating expenditures at OSH. Also, the Legislature deleted \$2.2 million, all from the State General Fund, and added \$2.2 million, all from the federal Title XIX Fund, in FY 2018 and added \$5.1 million, all from the State General Fund, and deleted \$5.1 million, all from

the federal Title XIX Fund, for FY 2019 to more closely match the agency's projections for federal revenue.

In addition, the **2018 Legislature** added \$603,774, including \$513,710 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomie State Hospital.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
OSH Hospital	94	106	106	106	106
Adair Acute Care	52	52	56	60	60
TOTAL	146	158	162	166	166

AVERAGE DAILY CENSUS

The chart below shows the patient average daily census at Osawatomie State Hospital.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
OSH Hospital	99.6	96.0	100.0	102.0	103.0
Adair Acute Care	42.3	41.6	48.0	50.0	52.0
TOTAL	141.9	137.6	148.0	152.0	155.0

ADMISSIONS

The chart below shows admissions to Osawatomie State Hospital.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
OSH Hospital	295	244	315	315	315
Adair Acute Care	905	923	929	929	929
TOTAL	1,200	1,167	1,244	1,244	1,244

AVERAGE LENGTH OF STAY

The chart below shows the average length of stay for patients at Osawatomie State Hospital in days.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
OSH Hospital	66	1,971	1,971	1,971	1,971
Adair Acute Care	17	15	15	15	15

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** submits a revised estimate of \$44.9 million, including \$35.4 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, this is an all funds increase of \$3.5 million, or 8.3 percent, and a State General Fund increase of \$3.9 million, or 12.4 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental requests. The revised estimate includes three supplemental requests totaling \$4.3 million, all from the State General Fund, in FY 2019. The agency's revised estimate includes 478.0 FTE positions, which is a decrease of 0.1 FTE positions below the number approved by the 2018 Legislature. The decrease is primarily attributable to the agency readjusting the hours for certain employees as it re-categorized certain positions.

The **agency** submits a revised estimate of \$414,107, all from the State General Fund, for capital improvements in FY 2019. This is an all funds increase of \$339,107, or 452.1 percent, and a State General Fund increase of \$414,107, or 100.0 percent, above the amount approved by the 2018 Legislature. The request includes \$89,107 to replace the fiber optic wiring used for information technology services, \$200,000 for road repairs, \$100,000 for sidewalk repairs, and \$25,000 for one chiller/compressor for patient units.

The **Governor** recommends \$43.0 million, including \$34.6 million from the State General Fund, for operating expenditures in FY 2019. This is an all funds decrease of \$1.9 million, or 4.2 percent, and a State General Fund decrease of \$775,617, or 2.2 percent, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding for salary expenditures to fill vacant positions and not recommending the agency's supplemental request for facilities repairs and improvements. The recommendation also includes the addition of \$1.1 million from the State General Fund and the decrease of the same amount from the federal Title XIX Fund (Medicaid) to address an estimated shortfall of federal revenue. The Governor recommends 478.0 FTE positions, which is the same number as the agency's FY 2019 revised estimate.

The Governor does not recommend capital improvement expenditures in FY 2019. This is a decrease of \$414,107, or 100.0 percent, all from the State General Fund, below the agency's FY 2019 revised estimate.

FY 2020 – Budget Year. The **agency** requests \$45.5 million, including \$36.6 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds increase of \$568,147, or 1.3 percent, and a State General Fund increase of \$1.2 million, or 3.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to fill vacant support staff positions, partially offset by a decrease in contract staffing expenditures as the agency plans to fill more vacant salaried staff positions. The request includes three enhancement requests totaling \$5.5 million, all from the State General Fund, for FY 2020. The request includes 478.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **agency** requests \$360,000, all from the State General Fund, for capital improvements for FY 2020. This is a decrease of \$54,107, or 13.1 percent, all from the State General Fund, below the FY 2019 revised estimate. The request includes \$200,000 for road repairs, \$100,000 for sidewalk repairs, \$50,000 for two chillers/compressors for patient units, and \$10,000 for minor repairs to facility structures.

The **Governor** recommends operating expenditures of \$42.3 million, including \$34.6 million from the State General Fund, for FY 2020. This is an all funds decrease of \$3.1 million, or 6.9 percent, and a State General Fund decrease of \$2.0 million, or 5.5 percent, below the agency's FY 2020 request. The all funds decrease is attributable to the Governor recommending a lower amount of enhancement funding for salary expenditures to fill vacant positions and not recommending the agency's enhancement funding for facilities repairs and improvements. The recommendation also includes the addition of \$1.1 million from the State General Fund and the decrease of the same amount from the federal Title XIX Fund (Medicaid) to address an estimated shortfall of federal revenue. The Governor recommends 478.0 FTE positions, which is the same number as the agency's FY 2020 request.

The Governor recommends capital improvement expenditures of \$10,000, all from the State General Fund, for FY 2020. This is a decrease of \$350,000, or 97.2 percent, all from special revenue funds, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending enhancement funding for facilities repairs and improvements.

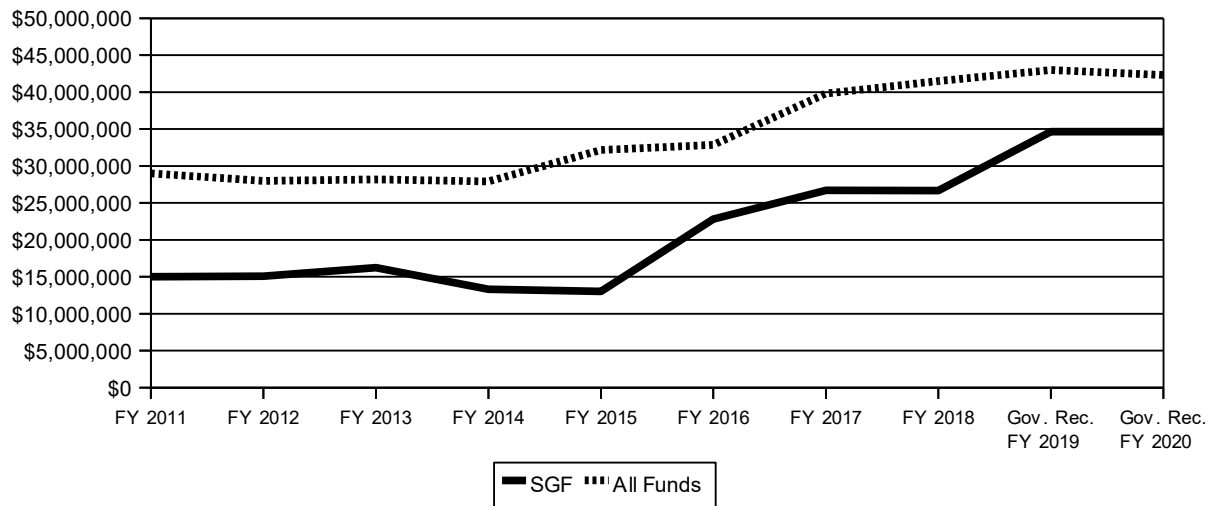
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average restraint hours per 1,000 inpatient hours	N/A	0.20	N/A	0.15	0.10	0.10
Average restraint hours per 1,000 inpatient hours (Adair Acute Care)	N/A	N/A	N/A	0.42	0.31	0.30
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 32.9	\$ 39.9	\$ 40.1	\$ 41.5	\$ 43.0	\$ 42.3
FTE Positions	483.1	217.6	478.1	374.1	478.0	478.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	26,658,268	(0.1)	41,497,812	4.2	374.1
2019 Gov. Rec.	34,637,314	29.9	42,993,572	3.6	478.0
2020 Gov. Rec.	34,627,179	(0.0)	42,314,890	(1.6)	478.0
Ten-Year Change Dollars/Percent	\$ 19,606,310	130.5 %	\$ 13,311,029	45.9 %	36.6

Summary of Operating Budget FY 2018 - FY 2020

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	4,010,851	\$ 4,625,722	\$ 4,787,448	\$ 161,726	3.5 %	\$ 4,625,722	\$ 4,787,448	\$ 161,726	3.5 %
Medical and Surgical Services		7,850,298	7,786,720	8,021,736	235,016	3.0	7,786,720	8,021,736	235,016	3.0
Clinical Services		22,482,375	24,802,231	24,766,643	(35,588)	(0.1)	22,983,685	21,732,468	(1,251,217)	(5.4)
Physical Plant/Central Services		7,154,288	7,677,045	7,884,038	206,993	2.7	7,597,445	7,773,238	175,793	2.3
TOTAL	\$	41,497,812	\$ 44,891,718	\$ 45,459,865	\$ 568,147	1.3 %	\$ 42,993,572	\$ 42,314,890	\$ (678,682)	(1.6)%
By Major Object of Expenditure:										
Salaries and Wages	\$	30,435,344	\$ 32,996,242	\$ 34,600,781	\$ 1,604,539	4.9 %	\$ 31,470,146	\$ 31,566,606	\$ 96,460	0.3 %
Contractual Services		8,910,457	9,722,852	8,613,307	(1,109,545)	(11.4)	9,430,402	8,613,307	(817,095)	(8.7)
Commodities		2,086,217	2,065,024	2,102,817	37,793	1.8	2,065,024	2,102,817	37,793	1.8
Capital Outlay		65,194	107,600	142,960	35,360	32.9	28,000	32,160	4,160	14.9
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>41,497,212</i>	<i>\$ 44,891,718</i>	<i>\$ 45,459,865</i>	<i>\$ 568,147</i>	<i>1.3 %</i>	<i>\$ 42,993,572</i>	<i>\$ 42,314,890</i>	<i>\$ (678,682)</i>	<i>(1.6)%</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		600	0	0	0	--	0	0	0	--
TOTAL	\$	41,497,812	\$ 44,891,718	\$ 45,459,865	\$ 568,147	1.3 %	\$ 42,993,572	\$ 42,314,890	\$ (678,682)	(1.6)%
Financing:										
State General Fund	\$	26,658,268	\$ 35,412,931	\$ 36,649,625	\$ 1,236,694	3.5 %	\$ 34,637,314	\$ 34,627,179	\$ (10,135)	-- %
OSH Fee Fund		875,641	716,362	378,781	(337,581)	(47.1)	716,362	378,781	(337,581)	(47.1)
OSH Adair Fee Fund		0	2,207,525	1,992,223	(215,302)	(9.8)	2,207,525	1,992,223	(215,302)	(9.8)
Title XIX Funds		13,898,194	6,453,900	6,438,216	(15,684)	(0.2)	5,331,371	5,315,687	(15,684)	(0.3)
All Other Funds		65,709	101,000	1,020	(99,980)	(99.0)	101,000	1,020	(99,980)	(99.0)
TOTAL	\$	41,497,812	\$ 44,891,718	\$ 45,459,865	\$ 568,147	1.3 %	\$ 42,993,572	\$ 42,314,890	\$ (678,682)	(1.6)%

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$31,500,284 for the Osawatomie State Hospital in FY 2019. One adjustment has been made subsequently 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 \$135, based on the reappropriation of FY 2018 funding that was not spent in FY 2018 and has shifted to FY 2019.

The adjustment changes the FY 2019 approved State General Fund amount to \$31,500,419. That amount is reflected in the table below as the currently approved FY 2019 State General Fund 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	\$ 31,500,419	\$ 35,827,038	\$ 4,326,619	\$ 34,637,314	\$ 3,136,895
All Other Funds	10,007,117	9,478,787	(528,330)	8,356,258	(1,650,859)
TOTAL	\$ 41,507,536	\$ 45,305,825	\$ 3,798,289	\$ 42,993,572	\$ 1,486,036
FTE Positions	478.1	478.0	(0.1)	478.0	(0.1)

The **agency** submits a revised estimate of \$45.3 million, including \$35.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, operating expenditures total \$44.9 million, including \$35.4 million from the State General Fund. For operating expenditures, this is an all funds increase of \$3.5 million, or 8.3 percent, and a State General Fund increase of \$3.9 million, or 12.4 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental requests. The revised estimate includes three supplemental requests totaling \$4.3 million, all from the State General Fund, in FY 2019. Summary of capital improvements is included within the Capital Improvements section of this analysis, which reflects an all funds increase of \$339,107, or 452.1 percent, and a State General Fund increase of \$414,107, or 100.0 percent, above the amount approved by the 2018 Legislature. The agency's revised estimate includes 478.0 FTE positions, which is a decrease of 0.1 FTE positions below the number approved by the 2018 Legislature. The decrease is primarily attributable to the agency readjusting the hours for certain employees as it re-categorized certain positions. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$33.0 million, including \$29.4 million from the State General Fund, for salaries and wages in FY 2019. This is an all funds increase of \$2.3 million, or 7.4 percent, and a State General Fund increase

of \$2.8 million, or 10.4 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to the agency's supplemental request to fill vacant support staff positions;

- **Contractual Services.** The agency requests \$9.7 million, including \$4.8 million from the State General Fund, for contractual services in FY 2019. This is an all funds increase of \$1.7 million, or 20.6 percent, and a State General Fund increase of \$1.2 million, or 32.7 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to an increase in staffing and recruiting expenditures;
- **Commodities.** The agency requests \$2.1 million, including \$1.1 million from the State General Fund, for commodities in FY 2019. This is an all funds decrease of \$395,963, or 16.1 percent, and a State General Fund decrease of \$140,729, or 11.2 percent, below the amount approved by the 2018 Legislature. The decrease is primarily attributable to a decrease in pharmaceuticals for patients, food for patients, and household supplies; and
- **Capital Outlay.** The agency requests \$107,600, including \$89,600 from the State General Fund, for capital outlay in FY 2019. This is an all funds decrease of \$74,400, or 40.9 percent, and a State General Fund increase of \$89,600, or 100.0 percent, from the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in office equipment.

The **Governor** recommends \$43.0 million, including \$34.6 million from the State General Fund, for operating expenditures in FY 2019. This is an all funds decrease of \$1.9 million, or 4.2 percent, and a State General Fund decrease of \$775,617, or 2.2 percent, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor recommending a lower amount of supplemental funding for salary expenditures to fill vacant positions and not recommending the agency's supplemental request for facilities repairs and improvements. The recommendation also includes the addition of \$1.1 million from the State General Fund and the decrease of the same amount from the federal Title XIX Fund (Medicaid) to address an estimated shortfall of federal revenue. The Governor recommends 478.0 FTE positions, which is the same number as the agency's FY 2019 revised estimate. The Governor does not recommend capital improvement expenditures in FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Support Staff	\$ 3,832,912	\$ 3,832,912	0.0	\$ 2,014,366	\$ 2,014,366	0.0
Facilities Repairs and Improvements	493,707	493,707	0.0	0	0	0.0
Fee Funds Converted to No Limit Funds	0	0	0.0	0	0	0.0
DSH Adjustment	0	0	0.0	1,122,529	0	0.0
TOTAL	\$ 4,326,619	\$ 4,326,619	0.0	\$ 3,136,895	\$ 2,014,366	0.0

The **agency** requests three supplementals totaling \$4.3 million, all from the State General Fund, in FY 2019.

Support Staff. The agency requests \$3.8 million, all from the State General Fund, to fill vacant unfunded support staff positions at OSH in FY 2019. The request includes \$1.9 million to fill positions for the federally certified and licensed side of OSH known as Adair Acute Care (\$500,000 for licensed nursing positions, \$1.2 million for unlicensed nursing positions, and \$116,980 for other direct care staffing needs) and \$2.0 million to fill positions within the remaining licensed-only side of OSH (\$500,000 for licensed nursing positions, \$1.3 million for unlicensed nursing positions, and \$175,470 for other direct care staffing needs).

Facilities Repairs and Improvements. The agency requests \$493,707, all from the State General Fund, for facilities repairs and improvements in FY 2019. This request includes \$89,107 for new fiber optic wiring, \$200,000 for road repairs, \$100,000 for sidewalk repairs, \$39,600 for two half-ton pickups and \$30,000 for two Gator utility vehicles for facilities and grounds utilization, \$25,000 for one chiller/compressor for patient units, and \$10,000 to purchase a new Hustler mower.

Conversion of Limited Fee Fund to No Limit. The agency requests the Osawatomi State Hospital Fee Fund and Osawatomi State Hospital Adair Acute Care Fee Fund be converted to no limit funds. The agency states no limit funds would allow OSH more flexibility to manage cash flow throughout the year.

The **Governor** recommends \$2.0 million, including \$3.1 million from the State General Fund, for supplemental funding in FY 2019. The Governor recommends \$2.0 million, all from the State General Fund, to reduce salary shrinkage and fill vacant positions. The Governor recommends adding \$1.1 million from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. The Governor does not recommend converting the agency's fee funds to no limit funds.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 45,459,865	\$ 42,314,890	\$ (3,144,975)
FTE Positions	478.0	478.0	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 1,236,694	\$ (10,135)	
All Other Funds	(668,547)	(668,547)	
TOTAL	\$ 568,147	\$ (678,682)	
<i>Percent Change:</i>			
State General Fund	3.5 %	0.0 %	
All Other Funds	(7.1)	(8.0)	
TOTAL	1.3 %	(1.6) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$45.5 million, including \$36.6 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds increase of \$568,147, or 1.3 percent, and a State General Fund increase of \$1.2 million, or 3.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to fill vacant support staff positions, partially offset by a decrease in contract staffing expenditures as the agency plans to fill more vacant salaried staff positions. The request includes three enhancement requests totaling \$5.5 million, all from the State General Fund, for FY 2020. The request includes 478.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$34.6 million, including \$31.0 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$1.6 million, or 4.9 percent, and a State General Fund increase of \$1.6 million, or 5.5 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to fill vacant support staff positions;
- **Contractual Services.** The agency requests \$8.6 million, including \$4.4 million from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$1.1 million, or 11.4 percent, and a State General Fund decrease of \$433,123, or 9.0 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contract staffing expenditures, as the agency plans to fill more vacant salaried staff positions. The decrease is also attributable to a decrease in telecommunications expenditures and printer rental expenditures, partially offset by an increase in food for patients and the agency's enhancement request to purchase a tractor for facility usage;

- **Commodities.** The agency requests \$2.1 million, including \$1.1 million from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$37,793, or 1.8 percent, and a State General Fund increase of \$20,322, or 1.8 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmaceuticals for patients and office supplies; and
- **Capital Outlay.** The agency requests \$142,960, including \$134,800 from the State General Fund, for capital outlay for FY 2020. This is an all funds increase of \$35,360, or 32.9 percent, and a State General Fund increase of \$45,200, or 50.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to replacement of manikins for staff CPR training and used in the Licensed Mental Health Technician training program.

The **Governor** recommends \$42.3 million, including \$34.6 million from the State General Fund, for operating expenditures for FY 2020. This is an all funds decrease of \$3.1 million, or 6.9 percent, and a State General Fund decrease of \$2.0 million, or 5.5 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor recommending a lower amount of enhancement funding for salary expenditures to fill vacant positions and not recommending the agency's enhancement funding for facilities repairs and improvements. The recommendation also includes the addition of \$1.1 million from the State General Fund and the decrease of the same amount from the federal Title XIX Fund (Medicaid) to address an estimated shortfall of federal revenue. The Governor recommends 478.0 FTE positions, which is the same number as the agency's FY 2020 request.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Support Staff	\$ 5,048,505	\$ 5,048,505	0.0	\$ 2,014,366	\$ 2,014,366	0.0
Facilities Repairs and Improvements	460,800	460,800	0.0	0	0	0.0
Fee Funds Converted to No Limit Funds	0	0	0.0	0	0	0.0
DSH Adjustment	0	0	0.0	1,122,529	0	0.0
TOTAL	\$ 5,509,305	\$ 5,509,305	0.0	\$ 3,136,895	\$ 2,014,366	0.0

The **agency** requests three enhancements totaling \$5.5 million, all from the State General Fund, for FY 2020.

Support Staff. The agency requests \$5.0 million, all from the State General Fund, to fill vacant unfunded support staff positions at OSH for FY 2020. This request includes \$2.3 million to fill positions for the federally certified and licensed side of OSH known as Adair Acute Care (\$2.1 million for licensed nurse positions and \$202,846 for unlicensed nursing positions) and \$2.7 million to fill positions within the remaining licensed-only side of OSH (\$1.7 million for licensed nurses and \$1.0 million for unlicensed nursing positions).

Facilities Repairs and Improvements. The agency requests \$460,800, all from the State General Fund, for facilities repairs and improvements for FY 2020.

Conversion of Limited Fee Fund to No Limit. The agency requests the Osawatomie State Hospital Fee Fund and Osawatomie State Hospital Adair Acute Care Fee Fund be converted to no limit funds. The agency states no limit funds would allow OSH more flexibility to manage cash flow throughout the year.

The **Governor** recommends \$2.0 million, including \$3.1 million from the State General Fund, for enhancement funding for FY 2020. The Governor recommends \$2.0 million, all from the State General Fund, to reduce salary shrinkage and fill vacant positions. The Governor recommends adding \$1.1 million from the State General Fund and decreasing federal Title XIX (Medicaid) expenditures by the same amount to address an estimated shortfall of federal revenue. The Governor does not recommend converting the agency's fee funds to no limit funds.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$603,774, including \$513,710 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$42,040, including \$38,713 from the State General Fund, and FY 2020 longevity payments total \$45,680, including \$42,076 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	80.6 %	81.8 %
OSH Fee Fund	0.8	0.9
OSH AAC Fee Fund	4.4	4.7
Federal Title XIX Funds	14.2	12.6
All Other Funds	0.0	0.0
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Osawatomie State Hospital Fee Fund

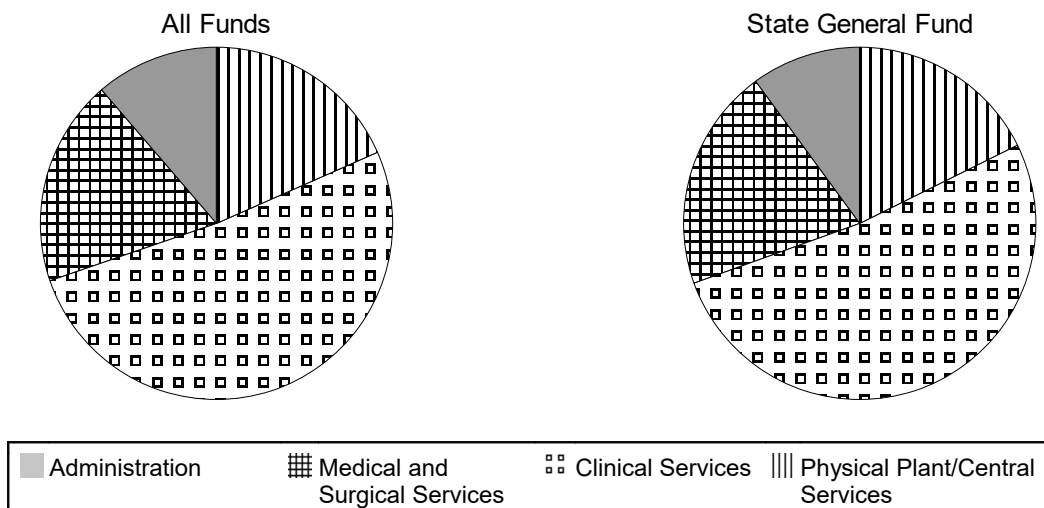
KSA 76-1201c provides that the superintendent of OSH shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into the Osawatomie State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care, and treatment of a patient in a state institution.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ (17,243)	\$ 1,078,623	\$ 1,078,623	\$ 542,307	\$ 542,307
Revenue	1,971,507	2,387,571	2,387,571	2,409,541	2,409,541
Transfers in	0	0	0	0	0
Funds Available	\$ 1,954,264	\$ 3,466,194	\$ 3,466,194	\$ 2,951,848	\$ 2,951,848
Less:					
Expenditures	\$ 875,641	\$ 2,923,887	\$ 2,923,887	\$ 2,371,004	\$ 2,371,004
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 1,078,623	\$ 542,307	\$ 542,307	\$ 580,844	\$ 580,844
Ending Balance as Percent of Expenditures	123.2%	18.5%	18.5%	24.5%	24.5%
Month Highest Ending Balance	January \$ 2,174,900	January \$ 1,093,490	January \$ 1,093,490	January \$ 1,171,195	January \$ 1,171,195
Month Lowest Ending Balance	June \$ 1,078,623	June \$ 542,307	June \$ 542,307	June \$ 580,844	June \$ 580,844

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 4,787,448	11.3 %	\$ 3,488,355	10.1 %
Medical and Surgical Services	8,021,736	19.0	7,078,375	20.4
Clinical Services	21,732,468	51.4	17,941,276	51.8
Physical Plant/Central Services	7,773,238	18.4	6,119,173	17.7
TOTAL	\$ 42,314,890	100.0 %	\$ 34,627,179	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020

Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	38.0	44.5	44.5	44.5	44.5
Medical and Surgical Services	24.0	26.0	26.0	26.0	26.0
Clinical Services	247.5	320.9	320.9	320.9	320.9
Physical Plant/Central Services	64.6	86.6	86.6	86.6	86.6
TOTAL	374.1	478.0	478.0	478.0	478.0

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 the overarching structure for the hospital and ensures the activities necessary to manage the facility are completed, treatment standards are upheld to ensure that patients receive proper care and treatment, and 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.4	\$ 3.8	\$ 4.2	\$ 4.0	\$ 4.6	\$ 4.8
FTE Positions	41.5	28.0	40.0	38.0	44.5	44.5

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 2,506,185	\$ 2,791,601	\$ 2,791,601	\$ 2,970,360	\$ 2,970,360
Contractual Services	1,445,496	1,802,796	1,802,796	1,773,141	1,773,141
Commodities	34,591	31,325	31,325	31,947	31,947
Capital Outlay	23,979	0	0	12,000	12,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 4,010,251	\$ 4,625,722	\$ 4,625,722	\$ 4,787,448	\$ 4,787,448
Aid to Local Units	0	0	0	0	0
Other Assistance	600	0	0	0	0
TOTAL	\$ 4,010,851	\$ 4,625,722	\$ 4,625,722	\$ 4,787,448	\$ 4,787,448
Financing:					
State General Fund	\$ 3,099,054	\$ 3,324,910	\$ 3,324,910	\$ 3,488,355	\$ 3,488,355
All Other Funds	911,797	1,300,812	1,300,812	1,299,093	1,299,093
TOTAL	\$ 4,010,851	\$ 4,625,722	\$ 4,625,722	\$ 4,787,448	\$ 4,787,448
FTE Positions	38.0	44.5	44.5	44.5	44.5

The **agency** requests \$4.8 million, including \$3.5 million from the State General Fund, for the Administration program for FY 2020. This is an all funds increase of \$161,726, or 3.5 percent, and a State General Fund increase of \$163,445, or 4.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs, an adjustment in salary shrinkage, and replacement of manikins for staff CPR training, partially offset by a decrease in telecommunications and printer rental expenditures. The program includes 44.5 FTE positions, which is the same number as the FY 2019 revised estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$3.0 million, including \$2.7 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$178,759, or 6.4 percent, and a State General Fund increase of \$200,662, or 8.0 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$1.8 million, including \$750,214 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$29,655, or 1.6 percent, and a State General Fund decrease of \$49,711, or 6.2 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in telecommunications expenditures and printer equipment rentals;
- **Commodities.** The agency requests \$31,947, including \$25,439 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$622, or 2.0 percent, and a State General Fund increase of \$494, or 2.0 percent, above the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$12,000, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$12,000, or 100.0 percent, all from the State General Fund, above the FY 2019 revised estimate. The increase is primarily attributable to replacement of manikins used for staff CPR training.

The **Governor** recommends \$4.8 million, including \$3.5 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amount as the agency's FY 2020 request.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.8	\$ 7.0	\$ 7.2	\$ 7.9	\$ 7.8	\$ 8.0
FTE Positions	25.5	7.0	25.0	24.0	26.0	26.0

MEDICAL AND SURGICAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,140,546	\$ 4,956,790	\$ 4,956,790	\$ 5,135,206	\$ 5,135,206
Contractual Services	1,425,179	1,503,486	1,503,486	1,533,556	1,533,556
Commodities	1,275,233	1,318,444	1,318,444	1,344,814	1,344,814
Capital Outlay	9,340	8,000	8,000	8,160	8,160
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,850,298</i>	<i>\$ 7,786,720</i>	<i>\$ 7,786,720</i>	<i>\$ 8,021,736</i>	<i>\$ 8,021,736</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,850,298	\$ 7,786,720	\$ 7,786,720	\$ 8,021,736	\$ 8,021,736
Financing:					
State General Fund	\$ 3,680,923	\$ 6,849,332	\$ 6,849,332	\$ 7,078,375	\$ 7,078,375
All Other Funds	4,169,375	937,388	937,388	943,361	943,361
TOTAL	\$ 7,850,298	\$ 7,786,720	\$ 7,786,720	\$ 8,021,736	\$ 8,021,736
FTE Positions	24.0	26.0	26.0	26.0	26.0

The **agency** requests \$8.0 million, including \$7.1 million from the State General Fund, for the Medical and Surgical Services program for FY 2020. This is an all funds increase of \$235,016, or 3.0 percent, and a State General Fund increase of \$229,043, or 3.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs, an adjustment in salary shrinkage, an increase in contract medical treatment for patients, and an increase in pharmaceuticals and other medical supplies for patient care. The program includes 26.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$5.1 million, including \$5.1 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$178,416, or 3.6 percent, and a State General Fund increase of \$177,330, or 3.6 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$1.5 million, including \$1.2 million from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$30,070, or 2.0 percent, and a State General Fund increase of \$35,445, or 3.1 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in contract medical treatment for patients;
- **Commodities.** The agency requests \$1.3 million, including \$829,640 from the State General Fund, for commodities for FY 2020. This is an all funds increase of \$26,370, or 2.0 percent, and a State General Fund increase of \$16,268, or 2.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in pharmaceuticals and medical supplies for patient treatment; and

- **Capital Outlay.** The agency requests \$8,160, all from special revenue funds, for capital outlay for FY 2020. This is an increase of \$160, or 2.0 percent, above the FY 2019 revised estimate.

The **Governor** recommends \$8.0 million, including \$7.1 million from the State General Fund, for FY 2020. This is the same all funds and State General Fund amount as the agency's FY 2020 request.

C. Clinical Services

The Clinical Services program provides most group and psychotherapy for inpatient care at OSH. 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 15.6	\$ 21.7	\$ 21.5	\$ 22.5	\$ 23.0	\$ 21.7
FTE Positions	329.1	127.0	328.5	247.5	320.9	320.9

CLINICAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 18,783,258	\$ 20,820,671	\$ 19,294,575	\$ 22,005,074	\$ 18,970,899
Contractual Services	3,644,947	3,943,351	3,650,901	2,712,525	2,712,525
Commodities	42,240	38,209	38,209	37,044	37,044
Capital Outlay	11,930	0	0	12,000	12,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 22,482,375</i>	<i>\$ 24,802,231</i>	<i>\$ 22,983,685</i>	<i>\$ 24,766,643</i>	<i>\$ 21,732,468</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 22,482,375	\$ 24,802,231	\$ 22,983,685	\$ 24,766,643	\$ 21,732,468
Financing:					
State General Fund	\$ 14,869,373	\$ 19,752,870	\$ 19,056,853	\$ 19,852,922	\$ 17,941,276
All Other Funds	7,613,002	5,049,361	3,926,832	4,913,721	3,791,192
TOTAL	\$ 22,482,375	\$ 24,802,231	\$ 22,983,685	\$ 24,766,643	\$ 21,732,468
FTE Positions	247.5	320.9	320.9	320.9	320.9

The **agency** requests \$24.8 million, including \$19.9 million from the State General Fund, for the Clinical Services program for FY 2020. This is an all funds decrease of \$35,588, or 0.1 percent, and a State General Fund increase of \$100,052, or 0.5 percent, from the FY 2019 revised estimate. The all funds decrease is primarily attributable to the agency decreasing contract staffing expenditures due to the agency's enhancement request to fill vacant staff positions. The program includes one enhancement request for \$5.0 million, all from the State General Fund, to fill vacant support staff positions for FY 2020. The program includes 320.9 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$22.0 million, including \$18.9 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$1.2 million, or 5.7 percent, and a State General Fund increase of \$1.2 million, or 6.6 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in salary and fringe benefit expenditures due to the agency's enhancement request to fill vacant support staff positions and an adjustment in salary shrinkage, partially offset by a decrease in overtime expenditures;
- **Contractual Services.** The agency requests \$2.7 million, including \$963,986 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$1.2 million, or 31.2 percent, and a State General Fund decrease of \$1.1 million, or 52.7 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in contract staffing expenditures, as the agency plans to fill more vacant salaried staff positions;
- **Commodities.** The agency requests \$37,044, including \$2,663 from the State General Fund, for commodities for FY 2020. This is an all funds decrease of \$1,165, or 3.0 percent, and a State General Fund decrease of \$1,838, or 40.8

percent, below the FY 2019 revised estimate. The decrease is primarily attributable to a decrease in supplies for patient activities; and

- **Capital Outlay.** The agency requests \$12,000, all from the State General Fund, for capital outlay for FY 2020. This is an increase of \$12,000, or 100.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to replacement of manikins used by the Licensed Mental Health Technician training program.

The **Governor** recommends \$21.7 million, including \$17.9 million from the State General Fund, for FY 2020. This is an all funds decrease of \$3.0 million, or 12.3 percent, and a State General Fund decrease of \$1.9 million, or 9.6 percent, below the agency's FY 2020 request. The decrease is primarily attributable to a decrease the Governor recommending a lower amount of enhancement funding for salary expenditures to fill vacant positions. The Governor's recommendation also includes an increase of \$1.1 million, all from the State General Fund, and a decrease of the same amount from the federal Title XIX Fund to address an estimated shortfall of federal revenue.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.0	\$ 7.3	\$ 7.2	\$ 7.2	\$ 7.6	\$ 7.8
FTE Positions	87.1	55.6	84.6	64.6	86.6	86.6

PHYSICAL PLANT/CENTRAL SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 4,005,355	\$ 4,427,180	\$ 4,427,180	\$ 4,490,141	\$ 4,490,141
Contractual Services	2,394,835	2,473,219	2,473,219	2,594,085	2,594,085
Commodities	734,153	677,046	677,046	689,012	689,012
Capital Outlay	19,945	99,600	20,000	110,800	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,154,288</i>	<i>\$ 7,677,045</i>	<i>\$ 7,597,445</i>	<i>\$ 7,884,038</i>	<i>\$ 7,773,238</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 7,154,288	\$ 7,677,045	\$ 7,597,445	\$ 7,884,038	\$ 7,773,238
Financing:					
State General Fund	\$ 5,008,918	\$ 5,485,819	\$ 5,406,219	\$ 6,229,973	\$ 6,119,173
All Other Funds	2,145,370	2,191,226	2,191,226	1,654,065	1,654,065
TOTAL	\$ 7,154,288	\$ 7,677,045	\$ 7,597,445	\$ 7,884,038	\$ 7,773,238
FTE Positions	64.6	86.6	86.6	86.6	86.6

The **agency** requests \$7.9 million, including \$6.2 million from the State General Fund, for the Physical Plant and Central Services program for FY 2020. This is an all funds increase of \$206,993, or 2.7 percent, and a State General Fund increase of \$744,154, or 13.6 percent, above the FY 2019 revised estimate. The all funds increase is primarily attributable to the agency's enhancement request for facilities repairs and improvements, an increase in food for patients, and an increase in employee fringe benefit costs. The program includes one enhancement request for \$110,800, all from the State General Fund, for facilities repairs and improvements. Part of the enhancement funding was categorized as an operating expenditure, which is reflected in this program, and the remainder was categorized as a capital improvement expenditure, which is reflected in the capital improvements section of this document. The program includes 86.6 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$4.5 million, including \$4.3 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$62,961, or 1.4 percent, and a State General Fund increase of \$61,378, or 1.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit costs and an adjustment in salary shrinkage;
- **Contractual Services.** The agency requests \$2.6 million, including \$1.5 million from the State General Fund, for contractual services for FY 2020. This is an all funds increase of \$120,866, or 4.9 percent, and a State General Fund increase of \$656,178, or 78.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in building repair services, food for patients, and utilities;
- **Commodities.** The agency requests \$689,012, including \$276,280 from the State General Fund, for commodities for FY 2020. This is an all funds increase of

\$11,966, or 1.8 percent, and a State General Fund increase of \$5,398, or 2.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in office supplies and household supplies for patients; and

- **Capital Outlay.** The agency requests \$110,800, all from the State General Fund, for capital outlay for FY 2020. This is an all funds increase of \$11,200, or 11.2 percent, and a State General Fund increase of \$21,200, or 23.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to purchase a Hustler mower for facility usage, partially offset by fewer expenditures on other building repair equipment.

The **Governor** recommends \$7.8 million, including \$6.1 million from the State General Fund, for FY 2020. This is a decrease of \$110,800, or 1.4 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for facilities repairs and improvements.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Fiber Optic Wiring Replacement	\$ 89,107	\$ 0	\$ 0	\$ 0
Road Repairs	200,000	0	200,000	0
Sidewalk Repairs	100,000	0	100,000	0
Chillers/Compressors	25,000	0	50,000	0
Minor Repairs	0	0	10,000	10,000
TOTAL	\$ 414,107	\$ 0	\$ 360,000	\$ 10,000
Financing:				
State General Fund	\$ 414,107	\$ 0	\$ 360,000	\$ 10,000
All Other Funds	0	0	0	0
TOTAL	\$ 414,107	\$ 0	\$ 360,000	\$ 10,000

FY 2019 – Current Year. The agency submits a revised estimate of \$414,107, all from the State General Fund, for capital improvements in FY 2019. This is an all funds increase of \$339,107, or 452.1 percent, and a State General Fund increase of \$414,107, or 100.0 percent, above the amount approved by the 2018 Legislature. The request includes \$89,107 to replace the fiber optic wiring used for information technology services, \$200,000 for road repairs, \$100,000 for sidewalk repairs, and \$25,000 for one chiller/compressor for patient units.

The **Governor** does not recommend capital improvement expenditures in FY 2019. Rehabilitation and repair expenditures for the state hospitals are included in the budget for the Kansas Department for Aging and Disability Services.

FY 2020 – Budget Year. The agency requests \$360,000, all from the State General Fund, for capital improvements for FY 2020. This is a decrease of \$54,107, or 13.1 percent, all from the State General Fund, below the FY 2019 revised estimate. The request includes \$200,000 for road repairs, \$100,000 for sidewalk repairs, \$50,000 for two chillers/compressors for patient units, and \$10,000 for minor repairs to facility structures.

The **Governor** recommends \$10,000, all from the State General Fund, for minor repairs for FY 2020. Rehabilitation and repair expenditures for the state hospitals are included in the budget for the Kansas Department for Aging and Disability Services.

KANSAS COMMISSION ON VETERANS' AFFAIRS OFFICE

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 6,589,784	\$ 5,723,912	\$ 5,715,224	\$ 5,856,431	\$ 5,765,224
Other Funds	16,223,061	17,090,219	17,090,219	17,056,400	16,885,746
Subtotal	\$ 22,812,845	\$ 22,814,131	\$ 22,805,443	\$ 22,912,831	\$ 22,650,970
Capital Improvements:					
State General Fund	\$ 0	\$ 49,965	\$ 49,965	\$ 49,965	\$ 49,965
Other Funds	1,512,466	4,430,048	4,055,773	1,619,941	1,619,941
Subtotal	\$ 1,512,466	\$ 4,480,013	\$ 4,105,738	\$ 1,669,906	\$ 1,669,906
TOTAL	\$ 24,325,311	\$ 27,294,144	\$ 26,911,181	\$ 24,582,737	\$ 24,320,876
Percentage Change:					
Operating Expenditures					
State General Fund	(3.7) %	(13.1) %	(13.3) %	2.3 %	0.9 %
All Funds	5.2	0.0	(0.0)	0.4	(0.7)
FTE Positions	308.8	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, for 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, all from the State General Fund, for 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 for 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 KVH and KSH. The report also concluded 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 KSH and 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 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 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 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.

The **2018 Legislature** added \$281,292, including the deletion of \$918,708 from the State General Fund, to modify the agency's funding sources for FY 2019. The Legislature added \$1.2 million, all from the Veterans Benefit Lottery Game Fund, due to the receipt of such funding from the Kansas Lottery Operating Fund, and deleted \$918,708 from the State General Fund to modify the agency's funding from lottery proceeds for FY 2019. The Legislature added language to transfer \$1.2 million from the Kansas Lottery Operating Fund to the Veterans Benefit Lottery Game Fund for FY 2019. The Legislature added \$1.3 million, all from the Veterans Benefit Lottery Game Fund, due to the receipt of such funding from the Kansas Lottery Operating Fund to modify the agency's funding from lottery proceeds for FY 2020. The Legislature added language to transfer \$1.3 million, all from the Kansas Lottery Operating Fund to the Veterans Benefit Lottery Game Fund, for FY 2020.

In addition, the **2018 Legislature** added \$125,000, all from the State Institutions Building Fund, for a waste disposal vehicle for KVH for FY 2019. Also, the Legislature added \$208,247, including \$46,554 from the State General Fund, for salary adjustments for FY 2019 equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives and one step for employees who received approximately one step on the Statewide Pay Matrix in FY 2018.

AVERAGE DAILY CENSUS

Average daily census represents the daily average number of patients in a home over a fiscal year.

	FY 2017 Actual	FY 2018 Actual	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected
KSH	105	99	123	125	127
KVH	129	139	143	155	155
Total	234	238	266	280	282

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** requests a revised estimate of \$22.8 million, including \$5.7 million from the State General Fund, for operating expenditures in FY 2019. The revised estimate is an all funds decrease of \$568,297, or 2.4 percent, below the amount approved by the 2018 Legislature. The State General Fund amount is an increase of \$8,688, or 0.2 percent, above the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in overtime expenditures, pharmaceuticals for patients, and household furniture at KVH, partially offset by an increase in utilities and repair expenditures. The State General Fund increase is attributable to the agency's supplemental funding request for background checks for new employees. The agency's revised estimate includes 373.0 FTE positions, which is the same number approved by the 2018 Legislature.

The agency requests revised capital improvements expenditures of \$4.5 million, including \$49,965 from the State General Fund, in FY 2019. This is an all funds increase of \$2.9 million, or 189.9 percent, above the amount approved by the 2018 Legislature. The State General Fund total is the same amount approved by the 2018 Legislature. The increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years. Capital improvement expenditures include projects at KSH, KVH, and the four state cemeteries.

The **Governor** recommends operating expenditures of \$22.8 million, including \$5.7 million from the State General Fund, in FY 2019. For operating expenditures, the recommendation is a decrease of \$8,688, or 0.2 percent, all from the State General Fund, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request for funding for employee background checks.

The Governor recommends capital improvement expenditures of \$4.1 million, including \$49,965 from the State General Fund, in FY 2019. This is an all funds decrease of \$374,275, or 8.4 percent, below the agency's FY 2019 revised estimate. The State General Fund amount is the same as the agency's FY 2019 revised estimate. The all funds decrease is attributable to the Governor not recommending the agency's supplemental requests for \$265,275 for additional funding for the Halsey Hall Kitchen renovation at the Kansas Soldiers' Home and \$109,000 for the conversion of the Eisenhower Hall to an activity center at the Kansas Soldiers' Home.

FY 2020 – Budget Year. The **agency** requests \$22.9 million, including \$5.9 million from the State General Fund, for operating expenditures for FY 2020. For operating expenditures, this is an all funds increase of \$98,700, or 0.4 percent, above the FY 2019 revised estimate. The State General Fund amount is an increase of \$132,519, or 2.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement requests for increased grant funding for the Veterans' Claims Assistance Program and funding for increased employee fringe benefit expenditures. The increase is partially offset by a decrease in capital outlay expenditures, due to a one-time expenditure in FY 2019 to purchase a waste disposal vehicle at KVH. The request includes \$311,861, including \$141,207 from the State General Fund, for three enhancements. The request includes 373.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The agency requests \$1.7 million, including \$49,965 from the State General Fund, for capital improvements for FY 2020. This is an all funds decrease of \$2.8 million, or 62.7 percent, all from the State Institutions Building Fund, below the FY 2019 revised estimate. The decrease is primarily attributable to reappropriated capital improvements funding in FY 2019 for projects not yet completed. Capital improvement expenditures include projects at the Kansas Soldiers' Home, the Kansas Veterans' Home, and the four state cemeteries.

The **Governor** recommends operating expenditures of \$22.7 million, including \$5.8 million from the State General Fund, for FY 2020. This is an all funds decrease of \$261,861, or 1.1 percent, and a State General Fund decrease of \$91,207, or 1.6 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's request for enhancement funding for background checks, fringe benefit increases, and recommending half of the agency's enhancement request for increased funding for the Veterans' Claims Assistance Program.

The Governor concurs with the agency's request for capital improvement expenditures for FY 2020.

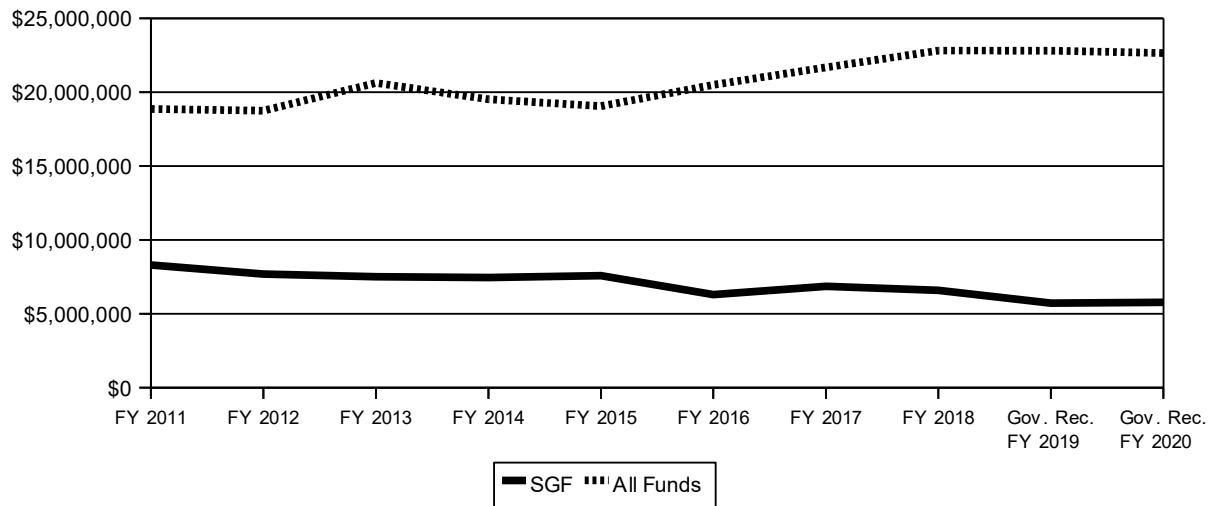
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of contacts with veterans, spouses, and dependents for the Veterans' Services program (in thousands)	143.3	142.8	180.0	144.6	180.0	180.0
Average daily census at the Kansas Soldiers' Home	126	105	102	99	123	125
Average daily census at the Kansas Veterans' Home	118	129	139	139	143	155
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 20.5	\$ 22.8	\$ 26.3	\$ 24.3	\$ 26.9	\$ 24.3
FTE Positions	320.5	331.0	373.0	308.8	373.0	373.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	6,589,784	(3.7)	22,812,845	5.2	308.8
2019 Gov. Rec.	5,715,224	(13.3)	22,805,443	(0.0)	373.0
2020 Gov. Rec.	5,765,224	0.9	22,650,970	(0.7)	373.0
Ten-Year Change					
Dollars/Percent	\$ (2,536,050)	(30.6)%	\$ 3,791,872	20.1 %	28.0

Summary of Operating Budget FY 2018 - FY 2020

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 615,712	\$ 620,021	\$ 625,611	\$ 5,590	0.9 %	\$ 611,333	\$ 611,333	\$ 0	-- %
Veterans' Services	2,720,328	3,001,435	3,040,600	39,165	1.3	3,001,435	2,969,158	(32,277)	(1.1)
Kansas Soldiers' Home	7,093,638	7,057,595	7,133,356	75,761	1.1	7,057,595	7,057,595	0	--
Kansas Veterans' Home	11,338,554	11,052,073	11,017,289	(34,784)	(0.3)	11,052,073	10,927,073	(125,000)	(1.1)
Kansas Veterans' Cemeteries	1,044,613	1,083,007	1,095,975	12,968	1.2	1,083,007	1,085,811	2,804	0.3
TOTAL	\$ 22,812,845	\$ 22,814,131	\$ 22,912,831	\$ 98,700	0.4 %	\$ 22,805,443	\$ 22,650,970	\$ (154,473)	(0.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 14,176,721	\$ 18,364,301	\$ 18,570,278	\$ 205,977	1.1 %	\$ 18,364,301	\$ 18,367,105	\$ 2,804	-- %
Contractual Services	5,655,792	2,146,029	2,089,547	(56,482)	(2.6)	2,137,341	2,080,859	(56,482)	(2.6)
Commodities	2,226,767	1,394,418	1,394,418	0	--	1,394,418	1,394,418	0	0.0
Capital Outlay	145,341	301,159	150,364	(150,795)	(50.1)	301,159	150,364	(150,795)	(50.1)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 22,204,621</i>	<i>\$ 22,205,907</i>	<i>\$ 22,204,607</i>	<i>\$ (1,300)</i>	<i>(0.0) %</i>	<i>\$ 22,197,219</i>	<i>\$ 21,992,746</i>	<i>\$ (204,473)</i>	<i>(0.9) %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	608,224	608,224	708,224	100,000	16.4	608,224	658,224	50,000	8.2
TOTAL	\$ 22,812,845	\$ 22,814,131	\$ 22,912,831	\$ 98,700	0.4 %	\$ 22,805,443	\$ 22,650,970	\$ (154,473)	(0.7)%
Financing:									
State General Fund	\$ 6,589,784	\$ 5,723,912	\$ 5,856,431	\$ 132,519	2.3 %	\$ 5,715,224	\$ 5,765,224	\$ 50,000	0.9 %
Federal Domiciliary Per Diem Fund	1,269,012	1,139,931	1,151,797	11,866	1.0	1,139,931	1,144,969	5,038	0.4
Federal Long Term Care Per Diem Fund	8,236,630	8,734,994	8,834,136	99,142	1.1	8,734,994	8,728,553	(6,441)	(0.1)
KSH Fee Fund	1,564,653	1,468,207	1,498,891	30,684	2.1	1,468,207	1,463,380	(4,827)	(0.3)
KVH Fee Fund	3,357,358	3,377,461	3,395,516	18,055	0.5	3,377,461	3,377,461	0	--
All Other Funds	1,795,408	2,369,626	2,176,060	(193,566)	(8.2)	2,369,626	2,171,383	(198,243)	(8.4)
TOTAL	\$ 22,812,845	\$ 22,814,131	\$ 22,912,831	\$ 98,700	0.4 %	\$ 22,805,443	\$ 22,650,970	\$ (154,473)	(0.7)%

Note: Revenues from Medicaid reimbursements at KSH and KVH are paid to the agency from the Kansas Department for Aging and Disability Services (KDADS). This disbursement of funds is considered to be an expenditure for KDADS, so expenditures from these Medicaid funds are considered to be off-budget expenditures. These off-budget expenditures are not included in standard operating expenditures, but are included in further detail in the program level analysis as an off-budget program.

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$5,765,189 for the Kansas Commission on Veterans' Affairs Office in FY 2019. No adjustments have been made subsequently 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	\$ 5,765,189	\$ 5,773,877	\$ 8,688	\$ 5,765,189	\$ 0
All Other Funds	19,162,757	21,520,267	2,357,510	21,145,992	1,983,235
TOTAL	\$ 24,927,946	\$ 27,294,144	\$ 2,366,198	\$ 26,911,181	\$ 1,983,235
FTE Positions	373.0	373.0	0.0	373.0	0.0

The **agency** requests a revised estimate of \$27.3 million, including \$5.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the agency requests a revised estimate of \$22.8 million, including \$5.7 million from the State General Fund, for operating expenditures in FY 2019. For operating expenditures, the revised estimate is an all funds decrease of \$568,297, or 2.4 percent, below the amount approved by the 2018 Legislature. The State General Fund amount is an increase of \$8,688, or 0.2 percent, above the amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in overtime expenditures, pharmaceuticals for patients, household furniture at the Kansas Veterans' Home (KVH), partially offset by an increase in utilities and repair expenditures. The State General Fund increase is primarily attributable to the agency's request for supplemental funding for background checks for new employees. Summary of capital improvements is included within the capital improvements section of this document, which reflects a capital improvements all funds increase of \$2.9 million, or 189.9 percent, above the amount approved by the 2018 Legislature. The State General Fund total is the same amount approved by the 2018 Legislature. For capital improvements, 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 agency's revised estimate includes 373.0 FTE positions, which is the same number approved by the 2018 Legislature. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency's revised estimate totals \$18.4 million, including \$4.0 million from the State General Fund, for salaries and wages in FY 2019. This is an all funds decrease of \$355,890, or 1.9 percent, and a State General Fund decrease of \$204,869, or 4.9 percent, below the amount approved by the 2018 Legislature. The decrease is primarily attributable to a decrease in overtime expenditures and an adjustment in employee salary shrinkage;

- **Contractual Services.** The agency's revised estimate totals \$2.1 million, including \$827,541 from the State General Fund, for contractual services in FY 2019. This is an all funds increase of \$359,987, or 20.2 percent, and a State General Fund increase of \$443,180, or 115.3 percent, above the amount approved by the 2018 Legislature. The increase is primarily attributable to an increase in utilities, repairs, food for patients, and rehabilitation expenditures at the Kansas Soldiers' Home (KSH) and KVH;
- **Commodities.** The agency requests \$1.4 million, including \$243,975 from the State General Fund, for commodities in FY 2019. This is an all funds decrease of \$453,090, or 24.5 percent, and a State General Fund decrease of \$167,571, or 40.7 percent, below the amount approved by the 2018 Legislature. The decrease is primarily attributable to a decrease in estimated pharmaceutical expenditures for patients at KSH and KVH;
- **Capital Outlay.** The agency's revised estimate totals \$301,159, including \$72,333 from the State General Fund, for capital outlay in FY 2019. This is an all funds decrease of \$115,956, or 27.8 percent, and a State General Fund decrease of \$62,052, or 46.2 percent, below the amount approved by the 2018 Legislature. The decrease is primarily attributable to a decrease in information processing equipment and household furniture for the patients at KVH; and
- **Other Assistance.** The agency's revised estimate totals \$608,224, including \$600,000 from the State General Fund, for other assistance in FY 2019. This is an all funds decrease of \$3,348, or 0.5 percent, below the amount approved by the 2018 Legislature. The State General Fund amount is the same amount approved by the 2018 Legislature. The all funds decrease is primarily attributable to a decrease in expenditures used to oversee the Veterans' Claims Assistance Program grants.

The **Governor** recommends \$26.9 million, including \$5.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2019. Of this amount, the Governor recommends operating expenditures of \$22.8 million, including \$5.7 million from the State General Fund, in FY 2019. For operating expenditures, the recommendation is a decrease of \$8,688, or 0.2 percent, all from the State General Fund, below the agency's revised estimate. The decrease is attributable to the Governor not recommending the agency's supplemental request for funding for employee background checks. The Governor recommends capital improvements of \$4.1 million, including \$49,965 from the State General Fund, in FY 2019. This is a decrease of \$374,275, or 8.4 percent, all from special revenue funds, below the agency's FY 2019 revised estimate. The decrease is attributable to the Governor not recommending the agency's enhancement requests for the Eisenhower Hall conversion or the Halsey Kitchen remodel.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Background Checks	\$ 8,688	\$ 8,688	0.0	\$ 0	\$ 0	0.0
KVH Fire Repairs	0	88,232	0.0	0	88,232	0.0
Eisenhower Conversion	0	109,000	0.0	0	0	0.0
Halsey Kitchen	0	265,275	0.0	0	0	0.0
Veterans Benefit Lottery Game Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 8,688	\$ 471,195	0.0	\$ 0	\$ 88,232	0.0

The **agency** submits the following four requests for supplemental funding totaling \$471,195, including \$8,688 from the State General Fund, in FY 2019.

Background Checks. The agency requests \$8,688, all from the State General Fund, in FY 2019. The agency states newly enacted legislation requires drug screenings for employees holding safety sensitive positions and this funding would aid in covering these expenditures.

KVH Fire Repairs. The agency requests \$88,232, all from the State Institutions Building Fund, in FY 2019. KVH suffered damages by a fire in July 2018. This amount includes a new electrical transformer, replacement and repair of chillers, labor expenditures, and expenditures for food ordered for residents due to power outage and transportation expenditures of temporarily relocating residents to other facilities.

Eisenhower Conversion. The agency requests \$109,000, all from the State Institutions Building Fund, in FY 2019. The agency states administrative offices currently occupy Eisenhower Hall, which would be relocated to Pershing Barracks. The agency states there is no centralized activity center on campus, and this would allow more activity options for residents.

Halsey Hall Kitchen Renovation. The agency requests \$265,275, all from the State Institutions Building Fund, for the renovation of the Halsey Hall kitchen in FY 2019. The 2017 Legislature approved \$412,500 for this project; however, the agency states the cost of construction has increased and requests this additional appropriation to complete the project.

The **Governor** recommends \$88,232, all from the State Institutions Building Fund, for FY 2020. The Governor recommends funding the agency's supplemental request for repairs at the KVH due to fire damage. The Governor does not recommend the agency's supplemental requests for background checks, the Eisenhower Hall conversion, or the Halsey Kitchen remodel. Also, the Governor recommends making the agency's Veterans Benefit Lottery Game Fund a no limit fund.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 22,912,831	\$ 22,650,970	\$	(261,861)
FTE Positions	373.0	373.0		0.0
Change from FY 2019:				
<i>Dollar Change:</i>				
State General Fund	\$ 132,519	\$ 50,000		
All Other Funds	(33,819)	(204,473)		
TOTAL	\$ 98,700	\$ (154,473)		
<i>Percent Change:</i>				
State General Fund	2.3 %	0.9 %		
All Other Funds	(0.2)	(1.2)		
TOTAL	0.4 %	(0.7) %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$22.9 million, including \$5.9 million from the State General Fund, for operating expenditures for FY 2020. For operating expenditures, this is an all funds increase of \$98,700, or 0.4 percent, above the FY 2019 revised estimate. The State General Fund amount is an increase of \$132,519, or 2.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement requests for increased grant funding for the Veterans' Claims Assistance Program and funding for increased employee fringe benefit expenditures. The increase is partially offset by a decrease in capital outlay expenditures, due to a one-time expenditure in FY 2019 to purchase a waste disposal vehicle at KVH. The request includes \$311,861, including \$141,207 from the State General Fund, for three enhancements. The request includes 373.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$18.6 million, including \$4.0 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$205,977, or 1.1 percent, and a State General Fund increase of \$49,908, or 1.3 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request for funding for employee fringe benefit expenditures. The State General Fund increase is also attributable to the agency reallocating State General Fund expenditures between the salaries and wages and the commodities categories of expenditure for the KSH program;
- **Contractual Services.** The agency requests \$2.1 million, including \$827,540 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$56,482, or 2.6 percent, and a State General Fund decrease of \$1, or less than 0.1 percent, below the FY 2019 revised estimate. The decrease is primarily attributable to one-time expenditures in FY 2019 to repair two veterans' services mobile offices for the veterans' services program;

- **Commodities.** The agency requests \$1.4 million, including \$226,587 from the State General Fund, for commodities for FY 2020. This is the same all funds amount as the FY 2019 revised estimate. The State General Fund amount is a decrease of \$17,388, or 7.1 percent, below the FY 2019 revised estimate. The State General Fund decrease is primarily attributable to the agency reallocating State General Fund expenditures between the salaries and wages and the commodities categories of expenditure for the KSH program;
- **Capital Outlay.** The agency requests \$150,364, including \$72,333 from the State General Fund, for capital outlay for FY 2020. This is an all funds decrease of \$150,795, or 50.1 percent, below the FY 2019 revised estimate. The State General Fund amount is the same amount as the FY 2019 revised estimate. The all funds decrease is primarily attributable to a one-time expenditure in FY 2019 to purchase a waste disposal vehicle at KVH; and
- **Other Assistance.** The agency requests \$708,224, including \$700,000 from the State General Fund, for other assistance for FY 2020. This is an all funds increase of \$100,000, or 16.4 percent, and a State General Fund increase of \$100,000, or 16.7 percent, above the FY 2019 revised estimate. The increase is attributable to the agency's request for enhancement funding for the Veterans' Claims Assistance Program.

The **Governor** recommends operating expenditures of \$22.7 million, including \$5.8 million from the State General Fund, for FY 2020. This is an all funds decrease of \$261,861, or 1.1 percent, and a State General Fund decrease of \$91,207, or 1.6 percent, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's request for enhancement funding for background checks, fringe benefit increases, and recommending half of the agency's enhancement request for increased funding for the Veterans' Claims Assistance Program.

Enhancement Detail

FY 2020 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Background Checks	\$ 8,688	\$ 8,688	0.0	\$ 0	\$ 0	0.0
Fringe Benefit Increases	32,519	203,173	0.0	0	0	0.0
VCAP Funding Increase	100,000	100,000	0.0	50,000	50,000	0.0
Veterans Benefit Lottery Game Fund Converted to a No Limit Fund	0	0	0.0	0	0	0.0
TOTAL	\$ 141,207	\$ 311,861	0.0	\$ 50,000	\$ 50,000	0.0

The **agency** submits the following three requests for enhancement funding totaling \$311,861, including \$141,207 from the State General Fund, for FY 2020.

Background Checks. The agency requests \$8,688, all from the State General Fund, for FY 2020. The agency states newly enacted legislation requires drug screenings for employees holding safety sensitive positions and this funding would aid in covering these expenditures.

Fringe Benefit Increases. The agency requests \$203,173, including \$32,519 from the State General Fund, for FY 2020. The agency states employee fringe benefit expenditures are projected to increase significantly, specifically employer contributions for state employee health insurance and employer KPERS contributions for state employees. The agency requests additional funding to cover the cost of the increases.

Veterans Claims Assistance Program (VCAP) Increased Funding. The agency requests \$100,000, all from the State General Fund, for FY 2020. The agency provides service grants to eligible veteran services organizations, which are used to hire service officers. These individuals provide support at the federal Veterans' Affairs Hospitals and the federal Veterans' Affairs Regional Office. The American Legion and Veterans of Foreign Wars organizations currently each receive half of the agency grant funding, and each entity has requested an additional \$50,000 per year.

The **Governor** recommends enhancement funding of \$50,000, all from the State General Fund, for FY 2020. The Governor recommends half of the agency's request for increased funding for the Veterans Claims Assistance Program, but does not recommend the agency's other enhancement requests. Also, the Governor recommends making the agency's Veterans Benefit Lottery Game Fund a no limit fund.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$208,247, including \$46,554 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$54,915, including \$11,902 from the State General Fund, and FY 2020 longevity payments total \$57,160, including \$12,440 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	25.6 %	25.5 %
Federal Domiciliary Per Diem Fund	5.0	5.1
Federal Long Term Care Per Diem Fund	38.6	38.5
KSH Fee Fund	6.5	6.5
KVH Fee Fund	14.8	14.9
All Other Funds	9.5	9.6
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Federal Domiciliary Per Diem Fund

The Federal Domiciliary Per Diem Fund includes the Veterans' Home Domiciliary Fund (KVH Per Diem) and the Soldiers' Home Domiciliary Fund (KSH 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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 98,629	\$ 6,368	\$ 6,368	\$ 101,313	\$ 101,313
Revenue	1,176,751	1,234,876	1,234,876	1,236,876	1,236,876
Transfers in	0	0	0	0	0
Funds Available	\$ 1,275,380	\$ 1,241,244	\$ 1,241,244	\$ 1,338,189	\$ 1,338,189
Less:					
Expenditures	\$ 1,269,012	\$ 1,139,931	\$ 1,139,931	\$ 1,151,797	\$ 1,144,969
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 6,368	\$ 101,313	\$ 101,313	\$ 186,392	\$ 193,220
Ending Balance as Percent of Expenditures	0.5%	8.9%	8.9%	16.2%	16.9%
Month Highest Ending Balance	November \$ 314,061	September \$ 329,414	September \$ 329,414	September \$ 606,043	September \$ 612,871
Month Lowest Ending Balance	June \$ 6,368	June \$ 101,313	June \$ 101,313	June \$ 186,392	June \$ 193,220

Federal Long Term Care Per Diem Fund

The Federal Long Term Care Per Diem Fund includes the Veterans' Home Federal Fund Long Term Care (KVH Per Diem) and the Soldiers' Home Federal Fund Long Term Care (KSH 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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 649,605	\$ 315,015	\$ 315,015	\$ 473,327	\$ 473,327
Revenue	7,902,040	8,893,306	8,893,306	8,893,306	8,893,306
Transfers in	0	0	0	0	0
Funds Available	\$ 8,551,645	\$ 9,208,321	\$ 9,208,321	\$ 9,366,633	\$ 9,366,633
Less:					
Expenditures	\$ 8,236,630	\$ 8,734,994	\$ 8,734,994	\$ 8,834,136	\$ 8,728,553
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 315,015	\$ 473,327	\$ 473,327	\$ 532,497	\$ 638,080
Ending Balance as Percent of Expenditures	3.8%	5.4%	5.4%	6.0%	7.3%
Month Highest Ending Balance	June \$ 315,015	June \$ 437,327	June \$ 437,327	June \$ 532,497	June \$ 638,080
Month Lowest Ending Balance	September \$ (206,538)	September \$ (310,335)	September \$ (310,335)	September \$ (349,129)	September \$ (243,546)

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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 18,700	\$ 10,616	\$ 10,616	\$ 42,409	\$ 42,409
Revenue	1,557,272	1,500,000	1,500,000	1,513,296	1,513,296
Transfers in	0	0	0	0	0
Funds Available	\$ 1,575,972	\$ 1,510,616	\$ 1,510,616	\$ 1,555,705	\$ 1,555,705
Less:					
Expenditures	\$ 1,565,356	\$ 1,468,207	\$ 1,468,207	\$ 1,498,891	\$ 1,463,380
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 10,616	\$ 42,409	\$ 42,409	\$ 56,814	\$ 92,325
Ending Balance as Percent of Expenditures	0.7%	2.9%	2.9%	3.8%	6.3%
Month Highest Ending Balance	November \$ 125,399	November \$ 500,945	November \$ 500,945	November \$ 671,101	November \$ 706,612
Month Lowest Ending Balance	June \$ 10,616	June \$ 42,409	June \$ 42,409	June \$ 56,814	June \$ 92,325

Veteran's Home Fee Fund

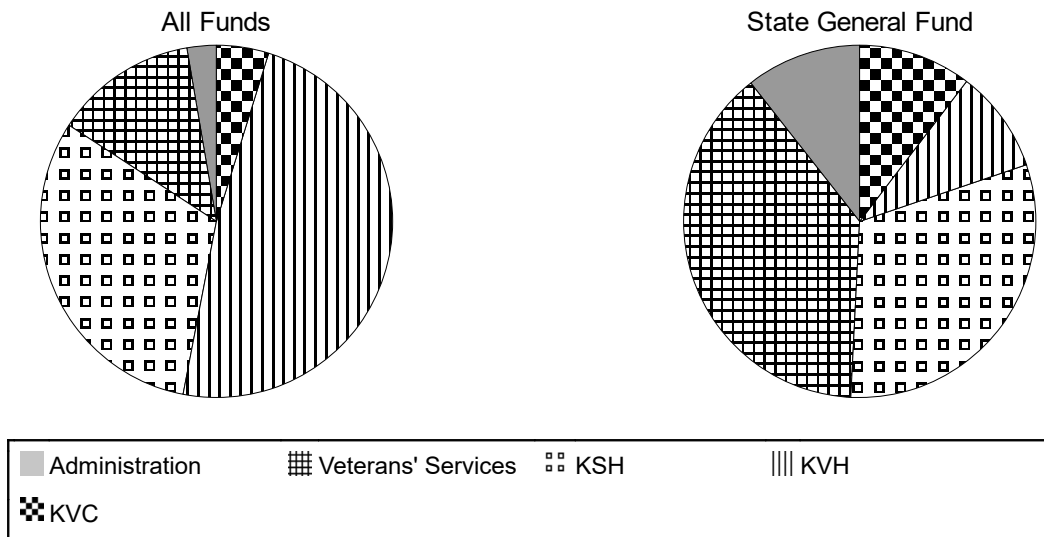
The Veterans' Home Fee Fund includes revenues from resident fees, interest, rent of unimproved lands, oil royalties, and other miscellaneous sources. Determination of charges to veterans and eligible dependents is based on ability to pay. No veteran or eligible dependent is denied admission because of 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 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 111,441	\$ 83,323	\$ 83,323	\$ 41,709	\$ 41,709
Revenue	3,332,398	3,335,847	3,335,847	3,426,083	3,426,083
Transfers in	0	0	0	0	0
Funds Available	\$ 3,443,839	\$ 3,419,170	\$ 3,419,170	\$ 3,467,792	\$ 3,467,792
Less:					
Expenditures	\$ 3,360,516	\$ 3,377,461	\$ 3,377,461	\$ 3,395,516	\$ 3,377,461
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 83,323	\$ 41,709	\$ 41,709	\$ 72,276	\$ 90,331
Ending Balance as Percent of Expenditures	2.5%	1.2%	1.2%	2.1%	2.7%
Month Highest Ending Balance	May \$ 589,665	May \$ 295,168	May \$ 294,168	May \$ 511,487	May \$ 529,542
Month Lowest Ending Balance	June \$ 83,323	June \$ 41,709	June \$ 41,709	June \$ 72,276	June \$ 90,331

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 611,333	2.7 %	\$ 611,333	10.6 %
Veterans' Services	2,969,158	13.1	2,225,179	38.6
Kansas Soldiers' Home	7,057,595	31.2	1,787,803	31.0
Kansas Veterans' Home	10,927,073	48.2	542,843	9.4
Kansas Veterans' Cemeteries	1,085,811	4.8	598,066	10.4
TOTAL	\$ 22,650,970	100.0 %	\$ 5,765,224	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
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	99.0	119.0	119.0	119.0	119.0
Kansas Veterans' Home	155.8	196.0	196.0	196.0	196.0
Kansas Veterans' Cemeteries	17.0	17.0	17.0	17.0	17.0
TOTAL	308.8	373.0	373.0	373.0	373.0
<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 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.6	\$ 0.6	\$ 0.7	\$ 0.6	\$ 0.6	\$ 0.6
FTE Positions	6.0	6.0	7.0	6.0	7.0	7.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 492,842	\$ 512,041	\$ 512,041	\$ 517,632	\$ 512,042
Contractual Services	117,800	101,470	92,782	101,469	92,781
Commodities	4,223	4,223	4,223	4,223	4,223
Capital Outlay	847	2,287	2,287	2,287	2,287
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 615,712</i>	<i>\$ 620,021</i>	<i>\$ 611,333</i>	<i>\$ 625,611</i>	<i>\$ 611,333</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 615,712	\$ 620,021	\$ 611,333	\$ 625,611	\$ 611,333
Financing:					
State General Fund	\$ 590,693	\$ 620,021	\$ 611,333	\$ 625,611	\$ 611,333
All Other Funds	25,019	0	0	0	0
TOTAL	\$ 615,712	\$ 620,021	\$ 611,333	\$ 625,611	\$ 611,333
FTE Positions	6.0	7.0	7.0	7.0	7.0

The **agency** requests \$625,611, all from the State General Fund, for the Administration program for FY 2020. This is an increase of \$5,590, or 0.9 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit expenditures. The program includes funding for the agency's enhancement request for background checks (\$8,688) and partial funding for the agency's enhancement request for fringe benefit increases (\$5,590). The program includes 7.0 FTE positions, which is the same number as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency requests \$517,632, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$5,591, or 1.1 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit expenditures;
- **Contractual Services.** The agency requests \$101,469, all from the State General Fund, for contractual services for FY 2020. This is a decrease of \$1, or less than 0.1 percent, below the FY 2019 revised estimate;
- **Commodities.** The agency requests \$4,223, all from the State General Fund, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$2,287, all from the State General Fund, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$611,333, all from the State General Fund, for FY 2020. This is a decrease of \$14,278, or 2.3 percent, all from the State General Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the

agency's enhancement requests funding for background checks and increased fringe benefit expenditures.

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 KCVAO 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. KCVAO is the state approving agency for the federal GI Bill Education program.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of contacts with veterans, spouses, and dependents (in thousands)	143.3	142.8	180.0	144.6	180.0	180.0
Number of new claims submitted (in thousands)	N/A	9.1	8.0	12.0	10.0	10.0
Number of public outreach events	559	625	500	665	500	500
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.8	\$ 2.7	\$ 2.8	\$ 2.7	\$ 3.0	\$ 3.0
FTE Positions	29.0	34.0	34.0	31.0	34.0	34.0

VETERANS' SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,670,260	\$ 1,838,994	\$ 1,838,994	\$ 1,860,435	\$ 1,838,993
Contractual Services	383,399	469,977	469,977	413,496	413,496
Commodities	33,184	33,184	33,184	33,184	33,184
Capital Outlay	33,485	59,280	59,280	33,485	33,485
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,120,328</i>	<i>\$ 2,401,435</i>	<i>\$ 2,401,435</i>	<i>\$ 2,340,600</i>	<i>\$ 2,319,158</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	600,000	600,000	600,000	700,000	650,000
TOTAL	\$ 2,720,328	\$ 3,001,435	\$ 3,001,435	\$ 3,040,600	\$ 2,969,158
Financing:					
State General Fund	\$ 2,246,274	\$ 2,175,179	\$ 2,175,179	\$ 2,291,944	\$ 2,225,179
All Other Funds	474,054	826,256	826,256	748,656	743,979
TOTAL	\$ 2,720,328	\$ 3,001,435	\$ 3,001,435	\$ 3,040,600	\$ 2,969,158
FTE Positions	31.0	34.0	34.0	34.0	34.0

The **agency** requests \$3.0 million, including \$2.3 million from the State General Fund, for the Veterans' Services program for FY 2020. This is an all funds increase of \$39,165, or 1.3 percent, and a State General Fund increase of \$116,765, or 5.4 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request to increase grant funding to services organizations (\$100,000) and increased employee fringe benefit expenditures (\$21,442), partially offset by one-time expenditures in FY 2019 to repair two mobile veterans services offices. The program includes 34.0 FTE positions, which is the same number as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency requests \$1.9 million, including \$1.5 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$21,441, or 1.2 percent, and a State General Fund increase of \$16,765, or 1.2 percent, above the FY 2019 revised estimate. The increase is attributable to an increase in employee fringe benefit expenditures;
- **Contractual Services.** The agency requests \$413,496, including \$90,515 from the State General Fund, for contractual services for FY 2020. This is an all funds decrease of \$56,481, or 12.0 percent, below the FY 2019 revised estimate. The State General Fund amount is the same as the FY 2019 revised estimate. The all funds decrease is primarily attributable to one-time expenditures in FY 2019 to repair two mobile veterans services offices;
- **Commodities.** The agency requests \$33,184, including \$19,511 from the State General Fund, for commodities for FY 2020. This is the same all funds and State General Fund amounts as the FY 2019 revised estimate;
- **Capital Outlay.** The agency requests \$33,485, including \$26,577 from the State General Fund, for capital outlay for FY 2020. This is an all funds decrease of

\$25,795, or 43.5 percent, below the FY 2019 revised estimate. The State General Fund amount is the same as the FY 2019 revised estimate. The all funds decrease is primarily attributable to a decrease in software expenditures; and

- **Other Assistance.** The agency requests \$700,000, all from the State General Fund, for other assistance for FY 2020. This is an increase of \$100,000, or 16.7 percent, all from the State General Fund, above the FY 2019 revised estimate. The increase is attributable to the agency's enhancement request to increase grants to services organizations for FY 2021.

The **Governor** recommends \$3.0 million, including \$2.2 million from the State General Fund, for FY 2020. This is an all funds decrease of \$71,442, or 2.3 percent, and a State General Fund decrease of \$66,765, or 2.9 percent, below the FY 2020 request. The decrease is attributable to the Governor recommending half of the agency's enhancement request for increased funding for the Veterans Claims Assistance Program and not recommending the agency's enhancement request for increased fringe benefit expenditures.

C. Kansas Soldiers' Home

The mission of the Kansas Soldiers' Home (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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average daily census	126	105	102	99	123	125
Hours per resident day for LTC	N/A	4.40	5.35	4.63	4.26	4.14
Percent of LTC Residents on Medicaid	N/A	35.0	37.0	35.0	35.0	35.0
Percent of LTC Residents Medicare Eligible	N/A	95.0	90.0	90.0	90.0	90.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.6	\$ 7.3	\$ 7.4	\$ 7.1	\$ 7.1	\$ 7.1
FTE Positions	103.0	107.0	119.0	99.0	119.0	119.0

**KANSAS SOLDIERS' HOME
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 4,356,107	\$ 6,073,464	\$ 6,073,464	\$ 6,149,225	\$ 6,073,464
Contractual Services	1,811,448	510,027	510,027	510,027	510,027
Commodities	897,169	444,765	444,765	444,765	444,765
Capital Outlay	25,602	26,027	26,027	26,027	26,027
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,090,326</i>	<i>\$ 7,054,283</i>	<i>\$ 7,054,283</i>	<i>\$ 7,130,044</i>	<i>\$ 7,054,283</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	3,312	3,312	3,312	3,312	3,312
TOTAL	\$ 7,093,638	\$ 7,057,595	\$ 7,057,595	\$ 7,133,356	\$ 7,057,595
Financing:					
State General Fund	\$ 2,289,052	\$ 1,787,803	\$ 1,787,803	\$ 1,787,803	\$ 1,787,803
All Other Funds	4,804,586	5,269,792	5,269,792	5,345,553	5,269,792
TOTAL	\$ 7,093,638	\$ 7,057,595	\$ 7,057,595	\$ 7,133,356	\$ 7,057,595
FTE Positions	99.0	119.0	119.0	119.0	119.0

The **agency** requests \$7.1 million, including \$1.8 million from the State General Fund, for the Kansas Soldiers' Home program for FY 2020. This is an all funds increase of \$75,761, or 1.1 percent, above the FY 2019 revised estimate. The State General Fund amount is the same amount as the FY 2019 revised estimate. The all funds increase is attributable to the agency's enhancement request for increased employee fringe benefit expenditures (\$75,761). The program includes 119.0 FTE positions, which is the same number as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency requests \$6.1 million, including \$1.4 million from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$75,761, or 1.2 percent, and a State General Fund increase of \$17,388 or 1.2 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit expenditures. Also, part of the State General Fund increase is attributable to the agency reallocating State General Fund expenditures between the salaries and wages and the commodities categories of expenditure;
- **Contractual Services.** The agency requests \$510,027, including \$181,008 from the State General Fund, for contractual services for FY 2020. This is the same all funds and State General Fund amounts as the FY 2019 revised estimate;
- **Commodities.** The agency requests \$444,765, including \$147,016 from the State General Fund, for commodities for FY 2020. This is the same all funds amount as the FY 2019 revised estimate. The State General Fund amount is a decrease of \$17,388, or 10.6 percent, below the FY 2019 revised estimate. The decrease is attributable to the agency reallocating State General Fund expenditures between the salaries and wages and commodities categories of expenditure;

- **Capital Outlay.** The agency requests \$26,027, including \$9,811 from the State General Fund for capital outlay for FY 2020. This is the same all funds and State General Fund amount as the FY 2019 revised estimate; and
- **Other Assistance.** The agency requests \$3,312, all from special revenue funds, for other assistance for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$7.1 million, including \$1.8 million from the State General Fund, for FY 2020. This is a decrease of \$75,761, or 1.1 percent, all from special revenue funds, below the agency's FY 2020 request. The State General Fund amount is the same as the agency's FY 2020 request. The all funds decrease is attributable to the Governor not recommending the agency's enhancement request for increased fringe benefit expenditures.

D. Kansas Veterans' Home

The primary mission of the Kansas Veterans' Home (KVH) in Winfield is to provide nursing care to veterans and their eligible dependents. 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, KVH opened Ferguson Wing in Bleckley Hall as a long-term care unit. In FY 2017, 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average daily census	118	129	139	139	143	155
Hours per resident day for LTC	N/A	4.50	4.70	4.36	4.25	4.25
Percent of LTC residents on Medicaid	N/A	26.0	26.0	26.0	26.0	26.0
Percent of LTC residents Medicare eligible	N/A	83.0	80.0	90.0	90.0	90.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.7	\$ 10.2	\$ 10.4	\$ 11.3	\$ 11.1	\$ 10.9
FTE Positions	166.8	170.0	196.0	155.8	196.0	196.0

**KANSAS VETERANS' HOME
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 6,867,960	\$ 9,111,861	\$ 9,111,861	\$ 9,202,077	\$ 9,111,861
Contractual Services	3,193,307	914,712	914,712	914,712	914,712
Commodities	1,222,162	842,217	842,217	842,217	842,217
Capital Outlay	50,213	178,371	178,371	53,371	53,371
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,333,642</i>	<i>\$ 11,047,161</i>	<i>\$ 11,047,161</i>	<i>\$ 11,012,377</i>	<i>\$ 10,922,161</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	4,912	4,912	4,912	4,912	4,912
TOTAL	<u>\$ 11,338,554</u>	<u>\$ 11,052,073</u>	<u>\$ 11,052,073</u>	<u>\$ 11,017,289</u>	<u>\$ 10,927,073</u>
Financing:					
State General Fund	\$ 677,840	\$ 542,843	\$ 542,843	\$ 542,843	\$ 542,843
All Other Funds	10,660,714	10,509,230	10,509,230	10,474,446	10,384,230
TOTAL	<u>\$ 11,338,554</u>	<u>\$ 11,052,073</u>	<u>\$ 11,052,073</u>	<u>\$ 11,017,289</u>	<u>\$ 10,927,073</u>
FTE Positions	155.8	196.0	196.0	196.0	196.0

The **agency** requests \$11.0 million, including \$542,843 from the State General Fund, for KVH for FY 2020. This is an all funds decrease of \$34,784, or 0.3 percent, below the FY 2019 revised estimate. The State General Fund amount is the same as the FY 2019 revised estimate. The all funds decrease is primarily attributable to the one-time purchase of a waste disposal vehicle in FY 2019, partially offset by the agency's enhancement request for an increase in employee fringe benefit expenditures (\$90,216). The program includes 196.0 FTE positions, which is the same number as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency requests \$9.2 million, all from special revenue funds, for salaries and wages for FY 2020. This is an increase of \$90,216, or 1.0 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit expenditures;
- **Contractual Services.** The agency requests \$914,712, including \$453,348 from the State General Fund, for contractual services for FY 2020. This is the same all fund and State General Fund amounts as the FY 2019 revised estimate;
- **Commodities.** The agency requests \$842,217, including \$55,837 from the State General Fund, for commodities for FY 2020. This is the same all fund and State General Fund amounts as the FY 2019 revised estimate;
- **Capital Outlay.** The agency requests \$53,371, including \$33,658 from the State General Fund, for capital outlay for FY 2020. This is an all funds decrease of \$125,000, or 70.1 percent, below the FY 2019 revised estimate. The State General Fund amount is the same as the FY 2019 revised estimate. The all funds decrease is attributable to the one-time purchase of a waste disposal vehicle in FY 2019; and

- **Other Assistance.** The agency requests \$4,912, all from special revenue funds, for other assistance for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$10.9 million, including \$542,843 from the State General Fund, for FY 2020. This is a decrease of \$90,216, or 0.8 percent, all from special revenue funds, below the agency's FY 2020 request. The State General Fund amount is the same as the agency's FY 2020 request. The all funds decrease is attributable to the Governor not recommending the agency's enhancement request for increased fringe benefit expenditures.

E. Kansas Veterans' Cemeteries

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.

PERFORMANCE MEASURES							
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020	
Number of pre-certifications	N/A	464	464	495	464	464	
Number of funeral homes visited or contacted	N/A	26	25	28	25	25	
Number of events attended locally or statewide	N/A	16	15	17	15	15	
Number of burials each year	384	380	380	376	380	380	
Agency Expenditures							
All Funds (Dollars in Millions)	\$ 0.9	\$ 1.0	\$ 1.0	\$ 1.0	\$ 1.1	\$ 1.1	
FTE Positions	15.8	17.0	17.0	17.0	17.0	17.0	

**KANSAS VETERANS' CEMETERIES
SUMMARY OF EXPENDITURES FY 2018 – FY 2020**

Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 789,552	\$ 827,941	\$ 827,941	\$ 840,909	\$ 830,745
Contractual Services	149,838	149,843	149,843	149,843	149,843
Commodities	70,029	70,029	70,029	70,029	70,029
Capital Outlay	35,194	35,194	35,194	35,194	35,194
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,044,613</i>	<i>\$ 1,083,007</i>	<i>\$ 1,083,007</i>	<i>\$ 1,095,975</i>	<i>\$ 1,085,811</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,044,613	\$ 1,083,007	\$ 1,083,007	\$ 1,095,975	\$ 1,085,811
Financing:					
State General Fund	\$ 785,925	\$ 598,066	\$ 598,066	\$ 608,230	\$ 598,066
All Other Funds	258,688	484,941	484,941	487,745	487,745
TOTAL	\$ 1,044,613	\$ 1,083,007	\$ 1,083,007	\$ 1,095,975	\$ 1,085,811
FTE Positions	17.0	17.0	17.0	17.0	17.0

The **agency** requests \$1.1 million, including \$608,230 from the State General Fund, for the Kansas Veterans' Cemeteries program for FY 2020. This is an all funds increase of \$12,968, or 1.2 percent, and a State General Fund increase of \$10,164, or 1.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to the agency's enhancement request for an increase in employee fringe benefit expenditures (\$10,164). The program includes 17.0 FTE positions, which is the same number as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency requests \$840,909, including \$607,030 from the State General Fund, for salaries and wages for FY 2020. This is an all funds increase of \$12,968, or 1.6 percent, and a State General Fund increase of \$10,164, or 1.7 percent, above the FY 2019 revised estimate. The increase is primarily attributable to an increase in employee fringe benefit expenditures;
- **Contractual Services.** The agency requests \$149,843, including \$1,200 from the State General Fund, for contractual services for FY 2020. This is the same all funds and State General Fund amounts as the FY 2019 revised estimate;
- **Commodities.** The agency requests \$70,029, all from special revenue funds, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$35,194, all from special revenue funds, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** recommends \$1.1 million, including \$598,066 from the State General Fund, for FY 2020. This is a decrease of \$10,164, or 0.9 percent, all from the State General

Fund, below the agency's FY 2020 request. The decrease is attributable to the Governor not recommending the agency's enhancement request for increased fringe benefit expenditures.

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.0	\$ 2.3	\$ 2.6	\$ 2.7	\$ 2.7	\$ 2.7
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

OFF-BUDGET PROGRAM SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,314,870	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	676,213	1,722,905	1,722,905	1,722,905	1,722,905
Commodities	142,719	975,181	975,181	975,181	975,181
Capital Outlay	9,121	9,121	9,121	9,121	9,121
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,142,923	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,142,923	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,142,923	2,707,207	2,707,207	2,707,207	2,707,207
TOTAL	\$ 2,142,923	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207	\$ 2,707,207
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$2.7 million, all from special revenue funds, for off-budget expenditures for FY 2020. This is the same amount as the FY 2019 revised estimate. Categories of expenditures are described below:

- **Salaries and Wages.** The agency does not request expenditures for salaries and wages from off-budget funding;
- **Contractual Services.** The agency requests \$1.7 million, all from special revenue funds, for contractual services for FY 2020. This is the same amount as the FY 2019 revised estimate;
- **Commodities.** The agency requests \$975,181, all from special revenue funds, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate; and
- **Capital Outlay.** The agency requests \$9,121, all from special revenue funds, for capital outlay for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** concurs with the agency's request for FY 2020.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
KVH Rehab and Repair and Other Projects	\$ 771,380	\$ 771,380	\$ 502,061	\$ 502,061
KVH Fire Repairs	88,232	88,232	0	0
KVH Maintenance Building	0	0	418,800	418,800
KSH Rehab and Repair and Other Projects	615,173	615,173	641,680	641,680
KSH Eisenhower Building Conversion	109,000	0	0	0
KSH Halsey Hall Kitchen Remodel	265,275	0		0
KSH Demolition of Structures	109,000	109,000	0	0
KVCP Rehab and Repair	49,965	49,965	107,365	107,365
Reappropriated Funding for Projects Not Completed	2,471,988	2,471,988	0	0
TOTAL	\$ 4,480,013	\$ 4,105,738	\$ 1,669,906	\$ 1,669,906
Financing:				
State General Fund	\$ 49,965	\$ 49,965	\$ 49,965	\$ 49,965
All Other Funds	4,430,048	4,055,773	1,619,941	1,619,941
TOTAL	\$ 4,480,013	\$ 4,105,738	\$ 1,669,906	\$ 1,669,906

FY 2019 – Current Year. The agency requests revised capital improvements expenditures of \$4.5 million, including \$49,965 from the State General Fund, in FY 2019. This is an all funds increase of \$2.5 million, or 159.9 percent, above the amount approved by the 2018 Legislature. The State General Fund total is the same amount approved by the 2018 Legislature. The all funds increase is primarily attributable to the agency reappropriating funding from the State Institutions Building Fund for projects not completed in previous fiscal years. The FY 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 (KVH). Projects include emergency repairs and maintenance as needed, installation of a covered walkway for Bleckley Hall, replacement of air handlers for Donlon Hall, installation of handrails for the corridor from Timmerman to Triplett, and replacement of a boiler. Funding for these projects was approved by the 2018 Legislature.

Fire Repairs. The agency requests supplemental funding totaling \$88,232, all from the State Institutions Building Fund, for damages sustained by KVH due to a fire in July 2018. This amount includes a new electrical transformer, replacement and repair of chillers, labor expenditures, and expenditures for food ordered for residents due to power outage and transportation expenditures of temporarily relocating residents to other facilities.

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 projects at the Kansas Soldiers' Home (KSH). Projects include emergency repairs and maintenance as needed, replacement of a boiler, replacement of heating, ventilation, and air conditioning (HVAC) units, and replacement of existing asphalt for service entrances and pavements on the property. Funding for these projects was approved by the 2018 Legislature.

Eisenhower Building Conversion. The agency requests supplemental funding totaling \$109,000, all from the State Institutions Building Fund, to convert Eisenhower Hall into a residents' Activities Center. Administrative offices currently occupy Eisenhower Hall, which would be relocated to Pershing Barracks. The agency states there is no centralized activity center on campus, and this would allow more activity options for residents.

Halsey Hall Kitchen Renovation. The agency requests supplemental funding totaling \$265,275, all from the State Institutions Building Fund, to remodel the Halsey Hall kitchen.

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 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 and 2018 Legislatures.

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 emergency repairs and maintenance as needed; construction of a Scattering Garden Wall at the Fort Dodge cemetery; and projects at the Winfield cemetery, including concrete repair to the flag pole base, repair of loose mortar, and replacing the carpet and painting the interior of the administration building. These projects were approved by the 2017 and 2018 Legislatures.

The **Governor** recommends capital improvement expenditures of \$4.1 million, including \$49,965 from the State General Fund, in FY 2019. This is an all funds decrease of \$374,275, or 8.4 percent, below the agency's FY 2019 revised estimate. The State General Fund amount is the same as the agency's FY 2019 revised estimate. The all funds decrease is attributable to the Governor not recommending the agency's supplemental requests for \$265,275 for additional funding for the Halsey Hall Kitchen renovation at the Kansas Soldiers' Home and \$109,000 for the conversion of the Eisenhower Hall to an activity center at the Kansas Soldiers' Home.

FY 2020 – Budget Year. The agency requests \$1.7 million, including \$49,965 from the State General Fund, for capital improvements for FY 2020. This is an all funds decrease of \$2.8 million, or 62.7 percent, all from the State Institutions Building Fund, below the FY 2019 revised estimate. The decrease is primarily attributable to reappropriated capital improvements funding in FY 2019 for projects not yet completed. For FY 2020, rehabilitation and repairs have been combined with funding for most projects in the capital improvements table. The FY 2020 projects are listed by location.

Kansas Veterans' Home

Rehabilitation and Repair and Other Projects. The request totals \$502,061, all from the State Institutions Building Fund, for rehabilitation and repairs and other projects at KVH. Projects include emergency repairs and maintenance as needed, resurfacing of parking lots, replacement of a boiler, stalling a covered walking for Donlon Hall, and replacement of roofs at resident staff homes.

Maintenance Building Construction. The request totals \$418,800, all from the State Institutions Building Fund, to construct a maintenance building at Fort Dodge. The agency reports there is currently no centralized space to accommodate the maintenance staff and equipment, so equipment and staff are located at multiple locations around Fort Dodge, which has caused logistical problems.

Kansas Soldiers' Home

Rehabilitation and Repair and Other Projects. The request totals \$641,680, all from the State Institutions Building Fund, for rehabilitation and repairs and other projects at KSH. Projects include emergency repairs and maintenance as needed, upgrading an elevator at Halsey Hall, construction of automatic doors for long-term care and domiciliary patient buildings, construction of a welcome center and visitor parking area, construction of a new parking lot for the employee and visitor parking area for the long-term care facility, and construction of a parking area for the Pershing Barracks.

Kansas Veterans' Cemeteries Program

Rehabilitation and Repair and Other Projects. The revised estimate totals \$107,365, including \$49,965 from the State General Fund, for rehabilitation and repair projects at the four state cemeteries. Projects include emergency repairs and maintenance as needed, replacement of a fence at the Fort Riley cemetery, security cameras for all cemeteries, storage unit roof covers for the Winfield cemetery, and construction of a Columbarium Wall at the Winfield cemetery.

The **Governor** concurs with the agency's request for capital improvement expenditures for FY 2020.

KANSAS DEPARTMENT OF LABOR

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 573,435	\$ 895,991	\$ 563,381	\$ 1,472,862	\$ 563,381
Other Funds	201,612,742	204,108,934	204,108,934	205,973,706	206,039,946
<i>Subtotal</i>	<i>\$ 202,186,177</i>	<i>\$ 205,004,925</i>	<i>\$ 204,672,315</i>	<i>\$ 207,446,568</i>	<i>\$ 206,603,327</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,294,954	1,100,000	1,100,000	920,000	920,000
<i>Subtotal</i>	<i>\$ 1,294,954</i>	<i>\$ 1,100,000</i>	<i>\$ 1,100,000</i>	<i>\$ 920,000</i>	<i>\$ 920,000</i>
TOTAL	<u>\$ 203,481,131</u>	<u>\$ 206,104,925</u>	<u>\$ 205,772,315</u>	<u>\$ 208,366,568</u>	<u>\$ 207,523,327</u>

Percentage Change:

Operating Expenditures					
State General Fund	91.1 %	56.2 %	(1.8) %	64.4 %	0.0 %
All Funds	(13.7)	1.4	1.2	1.2	0.9
FTE Positions	382.8	382.8	382.8	381.8	381.8

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

AGENCY OVERVIEW

The Kansas 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 and Support Services, Labor Market Information Services, Unemployment Insurance (UI) Services, Industrial Safety and Health, Workers Compensation, and Labor Relations and Employment Standards.

MAJOR ISSUES FROM PRIOR YEARS

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 Workmen's Compensation Fee 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 programs. These off-budget programs are codified in memorandums of understanding between KDOL and the Department for Children and Families and the Kansas Department of Health and Environment.

The **2010 Legislature** transferred \$800,000 from the Workmen's Compensation Fund to the State General Fund and deleted \$11,712 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 number 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 the extension of tax rate caps on positive balance employers, as well as the number of rate groups for negative balance employer 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 provision 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 fund, 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.

The **2017 Legislature** also added \$443,389, including \$3,858 from the State General Fund, for FY 2018 and FY 2019 for salary increases pursuant to the state employee pay plan authorized by the 2017 Legislature.

The **2018 Legislature** added \$339,545, including \$5,829 from the State General Fund, for salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

BUDGET SUMMARY AND KEY POINTS

FY 2019 – Current Year. The **agency** estimates total expenditures of \$206.1 million, including \$895,991 from the State General Fund, in FY 2019. The total revised estimate is an all funds decrease of \$62.1 million, or 23.1 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$332,610, or 59.0 percent, and a special revenue fund decrease of \$62.4 million, or 23.3 percent. The total revised estimate includes 377.0 FTE positions, which is a decrease of 19.2 FTE positions below the approved number.

The revised estimate includes an operating budget of \$205.0 million, including \$895,991 from the State General Fund. The operating budget is an all funds decrease of \$62.1 million, or 23.2 percent, below the approved budget. This includes a State General Fund increase of \$332,610, or 59.0 percent, and a special revenue fund decrease of \$62.4 million, or 23.4 percent. The State General Fund increase is attributable to the agency's supplemental request for costs related to the Office of Information Technology Services' (OITS) Data Center as a Service initiative. The special revenue fund decrease is primarily attributable to decreased estimates for unemployment services benefits.

The revised estimate includes a capital improvements budget of \$1.1 million, all from special revenue funds. This is the same as the approved budget.

The **Governor** recommends total expenditures of \$205.8 million, including \$563,381 from the State General Fund, in FY 2019. The total recommendation is a decrease of \$332,610, or 0.2 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$332,610, or 37.1 percent. The special revenue fund amount is the same as the agency's FY 2019 revised estimate. The recommendation includes 377.0 FTE positions, which is the same number as the agency's FY 2019 revised estimate. The State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request in FY 2019.

FY 2020 – Budget Year. The **agency** requests total expenditures of \$208.4 million, including \$1.5 million from the State General Fund, for FY 2020. The total request is an all funds increase of \$2.3 million, or 1.1 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$576,871, or 64.4 percent, and a special revenue fund increase of \$1.7 million, or 0.8 percent. The total request includes 376.2 FTE positions, which is a decrease of 0.8 FTE positions below the agency's FY 2019 revised estimate.

The request includes an operating budget of \$207.4 million, including \$1.5 million from the State General Fund. The operating budget is an all funds increase of \$2.4 million, or 1.2 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$576,871, or 64.4 percent, and a special revenue fund increase of \$1.9 million, or 0.9 percent. The State General Fund increase is primarily attributable to the agency's enhancement requests for costs related to OITS' Data Center as a Service initiative, funding additional law enforcement activities, and replacing special revenue funds with State General Fund moneys in the Labor Relations and Employment Standards program. The special revenue fund increase is in part attributable to increased estimates for unemployment services benefits.

The request includes a capital improvements budget of \$920,000, all from special revenue funds. This is a decrease of \$180,000, or 16.4 percent, below the FY 2019 revised estimate. The decrease is attributable to the planned completion of several projects during FY 2019.

The **Governor** recommends total expenditures of \$207.5 million, including \$563,381 from the State General Fund, for FY 2020. The total recommendation is an all funds decrease of \$843,241, or 0.4 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$909,481, or 61.7 percent, and a special revenue fund increase of \$66,240, or less than 0.1 percent. The recommendation includes 376.2 FTE positions, which is the same number as the agency's FY 2020 request. The State General Fund decrease and special revenue fund increase are both attributable to the Governor not recommending the agency's enhancement requests for FY 2020.

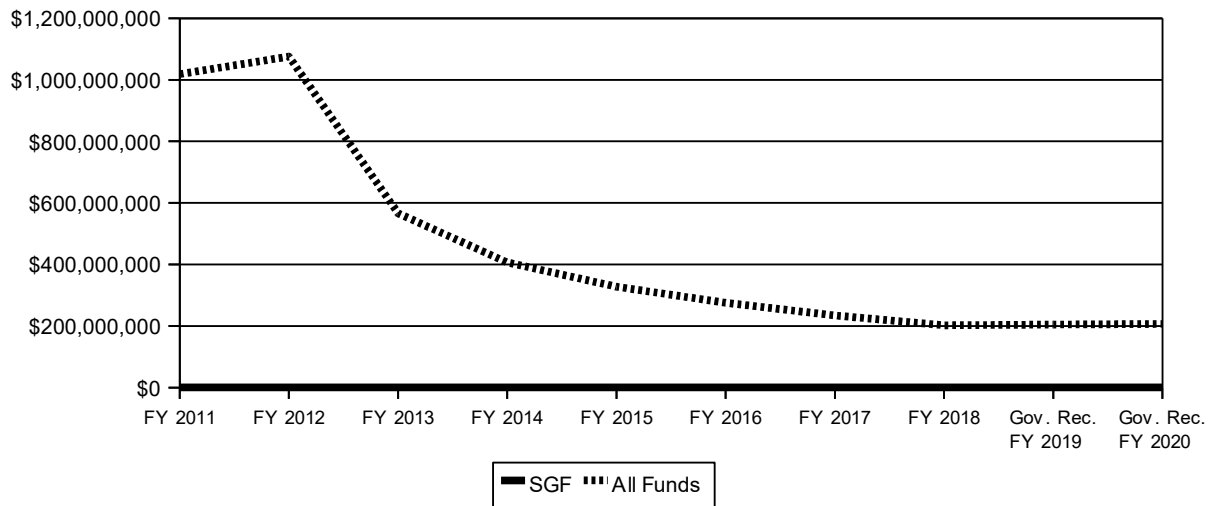
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Kansas unemployment rate	4.1 %	3.6 %	N/A	3.4 %	3.3%	3.4 %
Number of employed Kansas residents (in thousands)	1,424.7	1,425.6	N/A	1,426.3	1,431.5	1,434.0
Average number of weeks claimed for unemployment insurance	11.6	10.8	11.3	11.2	10.7	10.7
Balance of Unemployment Insurance Trust Fund (in millions)	\$ 522.7	\$ 613.1	N/A	\$ 765.5	\$ 818.5	\$ 875.6
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 275.9	\$ 234.8	\$ 240.2	\$ 203.5	\$ 205.8	\$ 207.5
FTE Positions	420.4	400.7	400.7	377.0	377.0	377.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	573,435	91.1	202,186,177	(13.7)	382.8
2019 Gov. Rec.	563,381	(1.8)	204,672,315	1.2	382.8
2020 Gov. Rec.	563,381	0.0	206,603,327	0.9	381.8
Ten-Year Change Dollars/Percent	\$ 125,009	28.5 %	\$ (812,092,549)	(79.7)%	(367.9)

Summary of Operating Budget FY 2018 - FY 2020

Kansas Department of Labor

		Agency Estimate					Governor's Recommendation			
		Actual FY 2018	Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:										
Administration	\$	11,364,810	\$ 11,710,930	\$ 11,746,356	\$ 35,426	0.3 %	\$ 11,378,320	\$ 10,969,026	\$ (409,294)	(3.6)%
Labor Market Info.		1,748,835	1,758,499	1,778,332	19,833	1.1	1,758,499	1,778,332	19,833	1.1
Unemployment Insurance		175,160,403	177,523,494	181,482,983	3,959,489	2.2	177,523,494	181,417,072	3,893,578	2.2
Industrial Safety & Health		1,716,029	1,935,591	1,952,499	16,908	0.9	1,935,591	1,952,499	16,908	0.9
Workers Compensation		11,917,222	11,785,405	10,201,738	(1,583,667)	(13.4)	11,785,405	10,201,738	(1,583,667)	(13.4)
Labor Relations & Employment Stand.		224,093	245,896	249,670	3,774	1.5	245,896	249,670	3,774	1.5
Debt Service		54,785	45,110	34,990	(10,120)	(22.4)	45,110	34,990	(10,120)	(22.4)
TOTAL	\$	202,186,177	\$ 205,004,925	\$ 207,446,568	\$ 2,441,643	1.2 %	\$ 204,672,315	\$ 206,603,327	\$ 1,931,012	0.9 %
By Major Object of Expenditure:										
Salaries and Wages	\$	24,057,977	\$ 25,400,287	\$ 25,791,702	\$ 391,415	1.5 %	\$ 25,400,287	\$ 25,736,891	\$ 336,604	1.3 %
Contractual Services		10,690,467	10,434,971	11,897,591	1,462,620	14.0	10,102,361	11,111,161	1,008,800	10.0
Commodities		137,256	205,440	207,440	2,000	1.0	205,440	205,440	0	0.0
Capital Outlay		4,021,443	4,004,117	834,845	(3,169,272)	(79.2)	4,004,117	834,845	(3,169,272)	(79.2)
Debt Service		54,785	45,110	34,990	(10,120)	(22.4)	45,110	34,990	(10,120)	(22.4)
Subtotal - Operations	\$	38,961,928	\$ 40,089,925	\$ 38,766,568	\$ (1,323,357)	(3.3) %	\$ 39,757,315	\$ 37,923,327	\$ (1,833,988)	(4.6) %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		163,224,249	164,915,000	168,680,000	3,765,000	2.3	164,915,000	168,680,000	3,765,000	2.3
TOTAL	\$	202,186,177	\$ 205,004,925	\$ 207,446,568	\$ 2,441,643	1.2 %	\$ 204,672,315	\$ 206,603,327	\$ 1,931,012	0.9 %
Financing:										
State General Fund	\$	573,435	\$ 895,991	\$ 1,472,862	\$ 576,871	64.4 %	\$ 563,381	\$ 563,381	\$ 0	0.0 %
Employment Security Fund-Benefits		154,708,787	164,915,000	168,680,000	3,765,000	2.3	164,915,000	168,680,000	3,765,000	2.3
Workmen's Compensation FF		14,285,310	15,256,837	13,612,749	(1,644,088)	(10.8)	15,256,837	13,612,749	(1,644,088)	(10.8)
Employment Security Administration Fund		17,702,267	17,072,485	17,240,342	167,857	1.0	17,072,485	17,240,342	167,857	1.0
All Other Funds		14,916,378	6,864,612	6,440,615	(423,997)	(6.2)	6,864,612	6,506,855	(357,757)	(5.2)
TOTAL	\$	202,186,177	\$ 205,004,925	\$ 207,446,568	\$ 2,441,643	1.2 %	\$ 204,672,315	\$ 206,603,327	\$ 1,931,012	0.9 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$563,381 for the Kansas Department of Labor in FY 2019. No adjustments have been made subsequently 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	\$ 563,381	\$ 895,991	\$ 332,610	\$ 563,381	\$ 0
All Other Funds	267,598,398	205,208,934	(62,389,464)	205,208,934	(62,389,464)
TOTAL	\$ 268,161,779	\$ 206,104,925	\$ (62,056,854)	\$ 205,772,315	\$ (62,389,464)
FTE Positions	401.7	382.8	(18.9)	382.8	(18.9)

The **agency** estimates total expenditures of \$206.1 million, including \$895,991 from the State General Fund, in FY 2019. The total revised estimate is an all funds decrease of \$62.1 million, or 23.1 percent, below the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$332,610, or 59.0 percent, and a special revenue fund decrease of \$62.4 million, or 23.3 percent. The total revised estimate includes 382.8 FTE positions, which is a decrease of 18.9 FTE positions below the approved number.

The revised estimate includes an operating budget of \$205.0 million, including \$895,991 from the State General Fund. The operating budget is an all funds decrease of \$62.1 million, or 23.2 percent, below the approved budget. This includes a State General Fund increase of \$332,610, or 59.0 percent, and a special revenue fund decrease of \$62.4 million, or 23.4 percent. The State General Fund increase is attributable to the agency's supplemental request for costs related to the Office of Information Technology Services' (OITS) Data Center as a Service initiative (further described in the following Supplemental Detail section).

The special revenue fund decrease is primarily attributable to decreased other assistance expenditures due to decreased estimates for unemployment services benefits. The FY 2019 approved budget included expenditures of \$226.7 million for unemployment services benefits. However, the agency's revised estimate for unemployment benefits is \$164.9 million. Compared to FY 2018 actual expenditures, this is an increase of \$10.2 million, or 6.6 percent. Additionally, the decrease in FTE positions when compared to the FY 2019 number approved by the 2018 Legislature is attributable to the agency reducing the number of positions to bring the FY 2019 total in line with the FY 2018 actual number.

The revised estimate includes a capital improvements budget of \$1.1 million, all from special revenue funds. This is the same as the approved budget.

The **Governor** recommends total expenditures of \$205.8 million, including \$563,381 from the State General Fund, in FY 2019. The total recommendation is a decrease of \$332,610, or 0.2 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$332,610, or 37.1 percent. The special revenue fund amount is the same as the agency's FY 2019 revised estimate. The recommendation includes 382.8 FTE positions, which is the same number as the agency's FY 2019 revised estimate. The State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request in FY 2019.

Supplemental Detail

FY 2019 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Data Center as a Service \$	332,610	\$ 332,610	0.0	\$ 0	\$ 0	0.0

The **agency** requests supplemental funding of \$332,610, all from the State General Fund, in FY 2019. Individual requests are described below.

Data Center as a Service. The agency requests \$332,610, all from the State General Fund, to cover costs associated with OITS' Data Center as a Service initiative. The agency indicates it does not have adequate federal funding to support the full cost of the initiative and is therefore requesting supplemental funding.

Without the supplemental request, the agency's revised estimate totals \$204.7 million, including \$563,381 from the State General Fund.

The **Governor** does not recommend the agency's supplemental request in FY 2019.

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 207,446,568	\$ 206,603,327	\$	(843,241)
FTE Positions	381.8	381.8		0.0
Change from FY 2019:				
Dollar Change:				
State General Fund	\$ 576,871	\$ 0		
All Other Funds	1,864,772	1,931,012		
TOTAL	\$ 2,441,643	\$ 1,931,012		
Percent Change:				
State General Fund	64.4 %	0.0 %		
All Other Funds	0.9	0.9		
TOTAL	1.2 %	0.9 %		
Change in FTE Positions	(1.0)	(1.0)		

The **agency** requests operating expenditures of \$207.4 million, including \$1.5 million from the State General Fund, for FY 2020. The request is an all funds increase of \$2.4 million, or 1.2 percent, above the agency's FY 2019 revised estimate. This includes a State General Fund increase of \$576,871, or 64.4 percent, and a special revenue fund increase of \$1.9 million, or 0.9 percent. The request includes 381.8 FTE positions, which is a decrease of 1.0 FTE positions below the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's enhancement requests for costs related to the OITS' Data Center as a Service initiative (further described in the following Enhancement Detail section), funding additional law enforcement activities, and replacing special revenue funds with State General Fund moneys in the Labor Relations and Employment Standards program.

The special revenue fund increase is primarily attributable to increased expenditures for other assistance due to an increase in estimated expenditures for unemployment services benefits. It is also attributable to increased contractual services expenditures, particularly for the OITS Data Center as a Service initiative. These increases are partially offset by decreased capital outlay expenditures due to the planned completion of an update to the agency's phone system and the completion of a digitization project in the Workers Compensation Services program.

The decrease in FTE positions is attributable to the Industrial Safety and Health program eliminating 0.8 FTE positions and to a reduction of 0.2 off-budget FTE positions.

The **Governor** recommends operating expenditures of \$206.6 million, including \$563,381 from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$843,241, or 0.4 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$909,481, or 61.7 percent, and a special revenue fund

increase of \$66,240, or less than 0.1 percent. The recommendation includes 381.8 FTE positions, which is the same number as the agency's FY 2020 request. The State General Fund decrease and special revenue fund increase are both attributable to the Governor not recommending the agency's enhancement requests for FY 2020.

Enhancement Detail

Enhancements	FY 2020 ENHANCEMENTS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Data Center as a Service	\$ 777,330	\$ 777,330	0.0	\$ 0	\$ 0	0.0
Law Enforcement	65,911	65,911	0.0	0	0	0.0
Labor Relations & Employment Standards Funding Switch	66,240	0	0.0	0	0	0.0
TOTAL	\$ 909,481	\$ 843,241	0.0	\$ 0	\$ 0	0.0

The **agency** requests enhancement funding of \$843,241, including \$909,481 from the State General Fund, for FY 2020. This is an increase of \$510,631, including \$576,871 from the State General Fund, above the agency's FY 2019 supplemental request. Individual enhancement requests are described below.

Data Center as a Service. The agency requests \$777,330, all from the State General Fund, to cover costs associated with the OITS' Data Center as a Service initiative. The agency indicates it does not have adequate federal funding to support the full cost of the initiative and is therefore requesting supplemental funding.

Law Enforcement. The agency requests \$65,911, all from the State General Fund, to fund additional law enforcement activities that do not relate to the Unemployment Insurance or Workers Compensation programs. Additional activities will include collaboration with other law enforcement agencies to combat human trafficking and fraudulent activities in other programs.

Labor Relations and Employment Standards Funding Switch. The agency requests \$66,240 from the State General Fund to fully fund the Labor Relations and Employment Standards program from the State General Fund and replace the special revenue funding. Currently, this program is funded by a combination of moneys from the State General Fund and special revenue funds.

Absent the enhancement requests, the agency's request totals \$206.6 million, including \$563,381 from the State General Fund.

The **Governor** does not recommend the agency's enhancement requests for FY 2020.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$339,545, including \$5,829 from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

Longevity Bonus Payments. In FY 2019 and for FY 2020, 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 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **For this agency, FY 2019 longevity payments total \$59,823, including \$1,043 from the State General Fund, and FY 2020 longevity payments total \$63,146, including \$1,106 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 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	0.7 %	0.3 %
Employment Security Fund–Benefits	81.3	81.6
Workmen's Compensation Fee Fund	6.6	6.6
Employment Security Administration Fund	8.3	8.3
All Other Funds	3.1	3.1
TOTAL	100.0 %	100.0 %

Note: Totals may not add due to rounding.

Unemployment Insurance Trust Fund (Employment Security Fund–Trust Account) Analysis

KSA 44-712 authorizes 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.** Also known as the Unemployment Insurance Trust Fund (UI Trust Fund), receipts into the trust account are transfers from the clearing account, 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 Compensations (TEUC); and
- **Benefit Account.** Receipts into the benefit account are transfers from the Unemployment Insurance Trust Fund to pay unemployment insurance benefits.

The following table below shows the status of the Unemployment Insurance Trust Fund, or the Trust Account of the Employment Security Fund.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 620,579,000	\$ 765,535,000	\$ 765,535,000	\$ 818,514,554	\$ 818,514,554
Revenue	28,475,306	15,310,700	15,310,700	16,513,931	16,513,931
Transfers in	279,916,316	197,767,073	197,767,073	209,288,000	209,288,000
Funds Available	\$ 928,970,622	\$ 978,612,773	\$ 978,612,773	\$ 1,044,316,485	\$ 1,044,316,485
Less:					
Expenditures	\$ 8,596,047	\$ 0	\$ 0	\$ 0	\$ 0
Transfers Out	154,839,575	160,098,219	160,098,219	168,680,000	168,680,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 765,535,000	\$ 818,514,554	\$ 818,514,554	\$ 875,636,485	\$ 875,636,485
Ending Balance as Percent of Expenditures	8,905.7%	0.0%	0.0%	0.0%	0.0%
Month Highest Ending Balance	June \$ 765,535,000	November \$ 830,092,000	November \$ 830,092,000	June \$ 899,715,843	June \$ 899,715,843
Month Lowest Ending Balance	March \$ 621,561,000	March \$ 786,568,961	March \$ 786,568,961	March \$ 828,145,546	March \$ 828,145,546

Workmen's Compensation Fee Fund Analysis

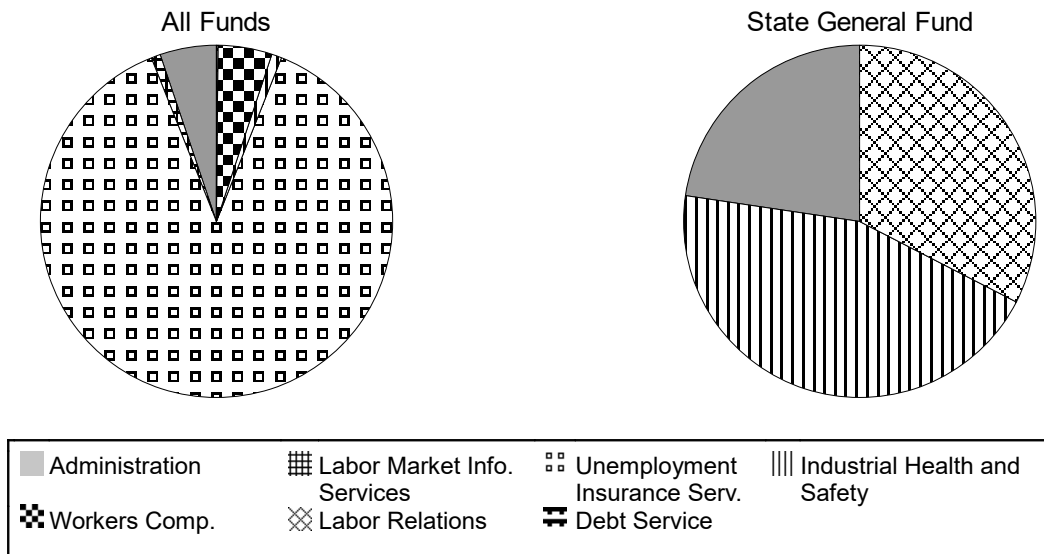
The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on an assessment rate applied to insurance benefit payments. The assessment rate, which is the product of the total amount of revenue needed for the state fiscal year divided by the total amount of claims paid, is 2.79 percent in FY 2019. This fund is authorized under KSA 74-715.

Resource Estimate	Actual FY 2018	Agency Estimate FY 2019	Gov. Rec. FY 2019	Agency Request FY 2020	Gov. Rec. FY 2020
Beginning Balance	\$ 26,586,482	\$ 21,919,696	\$ 21,919,696	\$ 16,699,260	\$ 16,699,260
Revenue	10,802,332	11,000,000	11,000,000	10,569,000	10,569,000
Transfers in	0	3,837,815	3,837,815	1,595,156	1,595,156
Funds Available	\$ 37,388,814	\$ 36,757,511	\$ 36,757,511	\$ 28,863,416	\$ 28,863,416
Less:					
Expenditures	\$ 15,434,014	\$ 16,207,337	\$ 16,207,337	\$ 14,376,749	\$ 14,376,749
Transfers Out	0	3,837,815	3,837,815	1,595,156	1,595,156
Off Budget Expenditures	35,104	13,099	13,099	13,173	13,173
Ending Balance	\$ 21,919,696	\$ 16,699,260	\$ 16,699,260	\$ 12,878,338	\$ 12,878,338
Ending Balance as Percent of Expenditures	142.0%	103.0%	103.0%	89.6%	89.6%
Month Highest Ending Balance	July \$ 25,758,013	July \$ 22,835,368	July \$ 22,835,368	July \$ 18,253,138	July \$ 18,253,138
Month Lowest Ending Balance	April \$ 16,019,539	April \$ 12,086,643	April \$ 12,086,643	April \$ 8,353,138	April \$ 8,353,138

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2020 Recommendation



Program	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Administration	\$ 10,969,026	5.3 %	\$ 127,615	22.7 %
Labor Market Information Services	1,778,332	0.9	0	0.0
Unemployment Insurance Services	181,417,072	87.8	0	0.0
Industrial Safety and Health	1,952,499	0.9	252,336	44.8
Workers Compensation Services	10,201,738	4.9	0	0.0
Labor Relations and Employment Standards	249,670	0.1	183,430	32.6
Debt Service	37,990	0.0	0	0.0
TOTAL	\$ 206,606,327	100.0 %	\$ 563,381	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Administration	82.9	82.9	82.9	82.9	82.9
Labor Market Information	24.0	24.0	24.0	24.0	24.0
Unemployment Insurance	174.8	174.8	174.8	174.8	174.8
Industrial Safety and Health	20.3	20.3	20.3	19.5	19.5
Workers Compensation	72.0	72.0	72.0	72.0	72.0
Labor Relations and Employment Standards	3.0	3.0	3.0	3.0	3.0
Off Budget	5.8	5.8	5.8	5.6	5.6
TOTAL	382.8	382.8	382.8	381.8	381.8
<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. Administration and Support Services

The Administration and Support Services program includes the central management and administrative support function of the Department of Labor. The program is composed of six subprograms: General Administration, Legal, Fiscal, Human Resources, Communications, and Information Systems and Technology.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0	2.0	2.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 11.6	\$ 12.6	\$ 10.6	\$ 11.4	\$ 11.4	\$ 11.0
FTE Positions	82.5	83.8	83.8	82.9	82.9	82.9

ADMINISTRATION & SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,774,440	\$ 6,404,121	\$ 6,404,121	\$ 6,480,980	\$ 6,480,980
Contractual Services	5,480,998	4,223,664	3,891,054	5,182,231	4,404,901
Commodities	16,428	47,210	47,210	47,210	47,210
Capital Outlay	92,944	1,035,935	1,035,935	35,935	35,935
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,364,810</i>	<i>\$ 11,710,930</i>	<i>\$ 11,378,320</i>	<i>\$ 11,746,356</i>	<i>\$ 10,969,026</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 11,364,810</u>	<u>\$ 11,710,930</u>	<u>\$ 11,378,320</u>	<u>\$ 11,746,356</u>	<u>\$ 10,969,026</u>
Financing:					
State General Fund	\$ 239,589	\$ 462,306	\$ 129,696	\$ 904,945	\$ 127,615
All Other Funds	11,125,221	11,248,624	11,248,624	10,841,411	10,841,411
TOTAL	<u>\$ 11,364,810</u>	<u>\$ 11,710,930</u>	<u>\$ 11,378,320</u>	<u>\$ 11,746,356</u>	<u>\$ 10,969,026</u>
FTE Positions	82.9	82.9	82.9	82.9	82.9

The **agency** estimates revised expenditures of \$11.7 million, including \$462,306 from the State General Fund, for the Administration and Support Services program in FY 2019. The revised estimate is an all funds increase of \$1.2 million, or 11.1 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$341,944, or 284.1 percent, and a special revenue fund increase of \$827,910, or 7.9 percent. The revised estimate includes 82.9 FTE positions, which is a decrease of 0.8 FTE positions below the FY 2019 approved number.

The State General Fund increase is primarily attributable to the agency's supplemental request for increased funding to cover costs related to the Office of Information Technology Services' (OITS) Data Center as a Service initiative.

The special revenue fund increase is attributable to increased expenditures for contractual services due to the finalization of an unemployment insurance data cleanup project that started in FY 2017 and is expected to be completed in FY 2019 and increased OITS costs.

The FTE decrease is attributable to the agency adjusting the program's FTE distribution to reflect the FY 2018 actual number.

The **Governor** recommends expenditures of \$11.4 million, including \$129,696 from the State General Fund, in FY 2019. The recommendation is an all funds decrease of \$332,610, or 2.8 percent, below the agency's FY 2019 revised estimate. This includes a State General Fund decrease of \$332,610, or 71.9 percent. The special revenue fund amount is the same as the agency's FY 2019 revised estimate. The recommendation includes 82.9 FTE positions, which is the same as the agency's FY 2019 revised estimate. The State General Fund decrease is attributable to the Governor not recommending the agency's supplemental request in FY 2019.

The **agency** requests expenditures of \$11.7 million, including \$904,945 from the State General Fund, for the Administration and Support Services program for FY 2020. The request is an all funds increase of \$35,426, or 0.3 percent, above the FY 2019 revised estimate. This

includes a State General Fund increase of \$442,639, or 95.7 percent, and a special revenue fund decrease of \$407,213, or 3.6 percent. The request includes 82.9 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is primarily attributable to the agency's enhancement request for increased funding to cover costs related to OITS' Data Center as a Service initiative.

The special revenue fund decrease is primarily attributable to decreased capital outlay expenditures due to the planned completion of a project to update the agency's phone system in FY 2019. This decrease is partially offset by increased contractual expenditures for OITS costs.

The **Governor** recommends expenditures of \$11.0 million, including \$127,615 from the State General Fund, for FY 2020. The recommendation is an all funds decrease of \$777,330, or 6.6 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$777,330, or 85.9 percent. The special revenue fund amount is the same as the agency's FY 2020 request. The recommendation includes 82.9 FTE positions, which is the same as the agency's FY 2020 request. The State General Fund decrease is attributable to the Governor not recommending the agency's FY 2020 enhancement request.

B. Labor Market Information Services

The Labor Market Information Services program is the major research and statistical arm of the agency. The 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 also 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 people employed in each industrial sector;
- Preparing periodic reports and survey concerning the labor market in Kansas;
and
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Percent of labor market requests processed within three days	96.9 %	94.9 %	95.0 %	92.5 %	95.0 %	95.0 %
Number of requests received	453	392	500	373	400	400
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,649.3	\$ 1,787.5	\$ 1,705.3	\$ 1,748.8	\$ 1,758.5	\$ 1,778.3
FTE Positions	26.0	25.5	25.5	24.0	24.0	24.0

LABOR MARKET INFORMATION SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,468,431	\$ 1,551,809	\$ 1,551,809	\$ 1,571,642	\$ 1,571,642
Contractual Services	271,384	195,790	195,790	195,790	195,790
Commodities	8,260	10,000	10,000	10,000	10,000
Capital Outlay	760	900	900	900	900
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,748,835</i>	<i>\$ 1,758,499</i>	<i>\$ 1,758,499</i>	<i>\$ 1,778,332</i>	<i>\$ 1,778,332</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,748,835	\$ 1,758,499	\$ 1,758,499	\$ 1,778,332	\$ 1,778,332
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,748,835	1,758,499	1,758,499	1,778,332	1,778,332
TOTAL	\$ 1,748,835	\$ 1,758,499	\$ 1,758,499	\$ 1,778,332	\$ 1,778,332
FTE Positions	24.0	24.0	24.0	24.0	24.0

The **agency** estimates revised expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program in FY 2019. This is an increase of \$23,404, or 1.3 percent, above the FY 2019 budget approved by the 2018 Legislature. The revised estimate includes 24.0 FTE positions, which is a decrease of 1.5 FTE positions below the FY 2019 approved number.

The special revenue fund increase is attributable to increased expenditures for contractual services, particularly equipment rentals. This increase is partially offset by decreased expenditures for capital outlay to bring planned expenditures in line with FY 2018 actual expenditures.

The decrease in FTE positions is attributable to the agency adjusting the program's FTE distribution to reflect the FY 2018 actual number.

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

The **agency** requests expenditures of \$1.8 million, all from special revenue funds, for the Labor Market Information Services program for FY 2020. This is an increase of \$19,833, or 1.1 percent, above the FY 2019 revised estimate. The request includes 24.0 FTE positions, which is the same as the FY 2019 revised estimate.

The special revenue fund increase is attributable to increased expenditures for salaries and wages, particularly KPERS and health insurance employer contributions.

The **Governor** concurs with the agency's FY 2020 request.

C. Unemployment Insurance Services

The Unemployment Insurance Services 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 the Unemployment Trust Fund. 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 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of initial claims filed for benefits (in thousands)	135.8	121.6	116.6	98.4	102.1	103.8
Percent of intrastate claimants to be issued first payment within 14 days	91.5 %	89.9 %	87.0 %	87.6 %	87.0 %	87.0 %
Average duration of unemployment benefits (in weeks)	11.6	10.8	11.3	11.2	10.7	10.7
Number of claimants exhausting unemployment benefits	24,100	19,182	18,200	16,029	12,100	12,600
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 252.5	\$ 205.9	\$ 212.2	\$ 175.2	\$ 177.5	\$ 181.4
FTE Positions	207.1	187.5	187.5	174.8	174.8	174.8

UNEMPLOYMENT INSURANCE SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 9,677,499	\$ 9,980,434	\$ 9,980,434	\$ 10,163,823	\$ 10,109,012
Contractual Services	1,872,119	2,500,770	2,500,770	2,509,870	2,500,770
Commodities	57,465	71,640	71,640	73,640	71,640
Capital Outlay	329,071	55,650	55,650	55,650	55,650
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 11,936,154</i>	<i>\$ 12,608,494</i>	<i>\$ 12,608,494</i>	<i>\$ 12,802,983</i>	<i>\$ 12,737,072</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	163,224,249	164,915,000	164,915,000	168,680,000	168,680,000
TOTAL	<u>\$ 175,160,403</u>	<u>\$ 177,523,494</u>	<u>\$ 177,523,494</u>	<u>\$ 181,482,983</u>	<u>\$ 181,417,072</u>
Financing:					
State General Fund	\$ 376	\$ 0	\$ 0	\$ 65,911	\$ 0
All Other Funds	175,160,027	177,523,494	177,523,494	181,417,072	181,417,072
TOTAL	<u>\$ 175,160,403</u>	<u>\$ 177,523,494</u>	<u>\$ 177,523,494</u>	<u>\$ 181,482,983</u>	<u>\$ 181,417,072</u>
FTE Positions	174.8	174.8	174.8	174.8	174.8

The **agency** estimates revised expenditures of \$177.5 million, all from special revenue funds, for the Unemployment Insurance Services program in FY 2019. This is a decrease of \$62.7 million, or 26.1 percent, below the FY 2019 budget approved by the 2018 Legislature. The revised estimate includes 174.8 FTE positions, which is a decrease of 13.7 FTE positions below the approved number.

The special revenue fund decrease is primarily attributable to decreased other assistance expenditures due to decreased estimates for unemployment services benefits. The FY 2019 approved budget included expenditures of \$226.7 million for unemployment services benefits. However, the agency's revised estimate for unemployment benefits is \$164.9 million. Compared to FY 2018 actual expenditures, the FY 2019 revised estimate is an increase of \$10.2 million, or 6.6 percent.

The FTE decrease is attributable to the agency adjusting the program's FTE distribution to reflect the FY 2018 actual number.

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

The **agency** requests expenditures of \$181.5 million, including \$65,911 from the State General Fund, for the Unemployment Insurance Services program for FY 2020. The request is an all funds increase of \$4.0 million, or 2.2 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$65,911 and a special revenue fund increase of \$3.9 million, or 2.2 percent. The request includes 174.8 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase is attributable to the agency's enhancement request to fund additional law enforcement activities.

The special revenue fund increase is primarily attributable to increased expenditures for other assistance due to an increase in estimated expenditures for unemployment services benefits.

The **Governor** recommends expenditures of \$181.4 million, all from special revenue funds, FY 2020. The recommendation is an all funds decrease of \$65,911, or less than 0.1 percent, below the agency's FY 2020 request. This includes a State General Fund decrease of \$65,911, or 100.0 percent. The special revenue fund amount is the same as the agency's FY 2020 request. The recommendation includes 174.8 FTE positions, which is the same as the agency's FY 2020 request. The State General Fund decrease is attributable to the Governor not recommending the agency's enhancement request for FY 2020.

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. 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 required insurance carriers to provide these services for their clients. This program is administered by the Industrial Safety and Health program, but 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 and 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 Kansas 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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of consultations performed under federal contract	523	350	350	375	375	375
Number of serious or imminent hazards identified	1,362	907	900	666	800	800
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,662.3	\$ 1,598.7	\$ 1,877.8	\$ 1,716.0	\$ 1,935.6	\$ 1,952.5
FTE Positions	18.3	20.3	20.3	20.3	20.3	19.5

INDUSTRIAL SAFETY AND HEALTH SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 1,265,466	\$ 1,385,206	\$ 1,385,206	\$ 1,422,449	\$ 1,422,449
Contractual Services	394,557	504,835	504,835	504,500	504,500
Commodities	11,749	18,350	18,350	18,350	18,350
Capital Outlay	44,257	27,200	27,200	7,200	7,200
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,716,029	\$ 1,935,591	\$ 1,935,591	\$ 1,952,499	\$ 1,952,499
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,716,029	\$ 1,935,591	\$ 1,935,591	\$ 1,952,499	\$ 1,952,499
Financing:					
State General Fund	\$ 155,358	\$ 252,336	\$ 252,336	\$ 252,336	\$ 252,336
All Other Funds	1,560,671	1,683,255	1,683,255	1,700,163	1,700,163
TOTAL	\$ 1,716,029	\$ 1,935,591	\$ 1,935,591	\$ 1,952,499	\$ 1,952,499
FTE Positions	20.3	20.3	20.3	19.5	19.5

The **agency** estimates revised expenditures of \$1.9 million, including \$252,336 from the State General Fund, for the Industrial Safety and Health program in FY 2019. This is an all funds increase of \$24,998, or 1.3 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund increase of \$2,825, or 1.1 percent, and a special revenue fund increase of \$22,173, or 1.3 percent. The revised estimate includes 20.3 FTE positions, which is a decrease of 0.2 FTE positions below the FY 2019 approved number.

The State General Fund increase is attributable to increased expenditures for contractual services, particularly expenditures for the Amusement Ride Safety program's website and payment portal.

The special revenue fund increase is primarily attributable to increased contractual services expenditures. This includes additional travel for program staff. During FY 2018, the Industrial Health and Safety program experienced a high level of staff turnover. New staff are required to attend industry-specific training conducted by the federal government to attain proper certifications. Such training usually requires staff to travel. This increase is partially offset

by decreased expenditures for salaries and wages, including classified salaries and employer contributions for KPERS and health insurance.

The FTE decrease is attributable to the agency adjusting the program's FTE distribution to reflect the FY 2018 actual number.

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

The **agency** requests expenditures of \$2.0 million, including \$252,336 from the State General Fund, for the Industrial Safety and Health program for FY 2020. The request is an all funds increase of \$16,908, or 0.9 percent, above the FY 2019 revised estimate. This includes a special revenue fund increase of \$16,908, or 1.0 percent. The State General Fund amount is the same as the FY 2019 revised estimate. The request includes 19.5 FTE positions, which is a decrease of 0.8 FTE positions below the FY 2019 revised estimate.

The special revenue fund increase is primarily attributable to increased expenditures for salaries and wages, particularly KPERS and health insurance employer contributions. This increase is partially offset by decreased capital outlay expenditures for microcomputer equipment.

The decrease in FTE positions is attributable to the program eliminating 0.8 FTE positions.

The **Governor** concurs with the agency's FY 2020 request.

E. Workers Compensation Services

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. This program is funded entirely from special revenue funds.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of accident reports	51,081	48,352	50,000	46,991	46,000	45,000
Average number of days from initial report of fraud or abuse to investigation completion	60	72	90	84	90	90
Number of fraud cases investigated	563	513	500	445	500	500
Average number of days from hearing to issued order from appeal of final award	30	35	30	52	40	30
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.8	\$ 11.9	\$ 12.1	\$ 11.9	\$ 11.8	\$ 10.2
FTE Positions	83.5	74.8	75.0	72.0	72.0	72.0

WORKERS COMPENSATION SERVICES SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 5,663,988	\$ 5,859,923	\$ 5,859,923	\$ 5,931,238	\$ 5,931,238
Contractual Services	2,656,492	2,984,210	2,984,210	3,478,500	3,478,500
Commodities	42,415	57,000	57,000	57,000	57,000
Capital Outlay	3,554,327	2,884,272	2,884,272	735,000	735,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,917,222	\$ 11,785,405	\$ 11,785,405	\$ 10,201,738	\$ 10,201,738
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 11,917,222	\$ 11,785,405	\$ 11,785,405	\$ 10,201,738	\$ 10,201,738
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	11,917,222	11,785,405	11,785,405	10,201,738	10,201,738
TOTAL	\$ 11,917,222	\$ 11,785,405	\$ 11,785,405	\$ 10,201,738	\$ 10,201,738
FTE Positions	72.0	72.0	72.0	72.0	72.0

The **agency** estimates revised expenditures of \$11.8 million, all from special revenue funds, for the Workers Compensation Services program in FY 2019. This is a decrease of \$285,615, or 2.4 percent, below the FY 2019 budget approved by the 2018 Legislature. The revised estimate includes 72.0 FTE positions, which is a decrease of 3.0 positions below the approved number.

The special revenue fund decrease is primarily attributable to decreased capital outlay expenditures due to the program beginning to finish a digitization project in FY 2019. The project is expected to be completed during FY 2020. This decrease is partially offset by increased contractual services expenditures due to the Office of Information Technology Services' (OITS) Data Center as a Service initiative.

The decrease in FTE positions is attributable to the agency adjusting the program's FTE distribution to reflect the FY 2018 actual number.

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

The **agency** requests expenditures of \$10.2 million, all from special revenue funds, for the Workers Compensation Services program for FY 2020. This is a decrease of \$1.6 million, or 13.4 percent, below the FY 2019 revised estimate. The request includes 72.0 FTE positions, which is the same as the revised estimate.

The decrease is primarily attributable to decreased capital outlay expenditures due to the planned completion of the program's digitization project during FY 2020. The decrease is partially offset by increased contractual services expenditures due to the OITS Data Center as a Service initiative.

The **Governor** concurs with the agency's FY 2020 request.

F. Labor Relations and Employment Standards

The Labor Relations and Employment Standards program enforces laws relating to the following areas:

- **Employment Standards.** This is primarily responsible for the enforcement of minimum wages, 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;
- **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 provision of KSA 75-4321, *et seq.* Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolved prohibited practice charges. Mediation, fact-finding, and arbitration services are available in the event of an impasse; and
- **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.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of impasse cases	22	12	18	11	12	12
Number of prohibited practice cases processed	4	4	6	3	5	5
Number of wage claims filed	860	758	800	823	775	775
Amount of wages collected/recovered	\$ 590,000	\$ 940,665	\$ 625,000	\$ 534,700	\$ 575,000	\$ 600,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 220.1	\$ 231.9	\$ 241.1	\$ 224.1	\$ 245.9	\$ 249.7
FTE Positions	3.0	3.2	3.0	3.0	3.0	3.0

LABOR RELATIONS AND EMPLOYMENT STANDARDS SUMMARY OF EXPENDITURES FY 2018 – FY 2020					
Item	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Expenditures:					
Salaries and Wages	\$ 208,153	\$ 218,794	\$ 218,794	\$ 221,570	\$ 221,570
Contractual Services	14,917	25,702	25,702	26,700	26,700
Commodities	939	1,240	1,240	1,240	1,240
Capital Outlay	84	160	160	160	160
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 224,093	\$ 245,896	\$ 245,896	\$ 249,670	\$ 249,670
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 224,093	\$ 245,896	\$ 245,896	\$ 249,670	\$ 249,670
Financing:					
State General Fund	\$ 178,112	\$ 181,349	\$ 181,349	\$ 249,670	\$ 183,460
All Other Funds	45,981	64,547	64,547	0	66,240
TOTAL	\$ 224,093	\$ 245,896	\$ 245,896	\$ 249,670	\$ 249,700
FTE Positions	3.0	3.0	3.0	3.0	3.0

The **agency** estimates revised expenditures of \$245,896, including \$181,349 from the State General Fund, for the Labor Relations and Employment Standards program in FY 2019. The revised estimate is an all funds increase of \$2,752, or 1.1 percent, above the FY 2019 budget approved by the 2018 Legislature. This includes a State General Fund decrease of \$6,330, or 3.4 percent, and a special revenue fund increase of \$9,082, or 16.4 percent. The revised estimate includes 3.0 FTE positions, which is the same as the approved number.

The State General Fund decrease is primarily attributable to the agency shifting contractual services expenditures from the State General Fund to special revenue funds. It is partially offset by increased expenditures for salaries and wages, particularly unclassified salaries.

The special revenue fund increase is primarily attributable to the agency shifting contractual services expenditures from the State General Fund to special revenue funds. It is also due to increased expenditures for salaries and wages, particularly unclassified salaries.

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

The **agency** requests expenditures of \$249,670, all from the State General Fund, for the Labor Relations and Employment Standards program for FY 2020. The request is an all funds increase of \$3,774, or 1.5 percent, above the FY 2019 revised estimate. This includes a State General Fund increase of \$68,321, or 37.7 percent, and a special revenue fund decrease of \$64,547, or 100.0 percent. The request includes 3.0 FTE positions, which is the same as the FY 2019 revised estimate.

The State General Fund increase and special revenue fund decrease are primarily attributable to the agency's enhancement request for a funding switch for the Labor Relations and Employment Standards program. The agency would like to fund this program entirely from the State General Fund instead of the current mix of State General Fund and special revenue funds.

The **Governor** recommends expenditures of \$249,670, including \$183,430 from the State General Fund, for FY 2020. The recommendation includes a State General Fund decrease of \$66,240, or 26.5 percent, and a special revenue fund increase of \$66,240 above the agency's FY 2020 request. The recommendation includes 3.0 FTE positions, which is the same as the agency's FY 2020 request. The State General Fund decrease and special revenue fund increases are attributable to the Governor not recommending the agency's FY 2020 enhancement request.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Rehabilitation & Repair	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Intercom Systems	200,000	200,000	0	0
1309 SW Topeka—First Floor Renovation	160,000	160,000	0	0
401 SW Topeka—Lighting	60,000	60,000	0	0
401 SW Topeka—Carpet	100,000	100,000	0	0
401 SW Topeka—Boilers	200,000	200,000	0	0
Parking Lots	0		80,000	80,000
2650 E. Circle Dr. South— HVAC	0		300,000	300,000
2650 E. Circle Dr. South— Lighting & Ceiling	0	0	150,000	150,000
Debt Service Principal	230,000	230,000	240,000	240,000
TOTAL	\$ 1,100,000	\$ 1,100,000	\$ 920,000	\$ 920,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,100,000	1,100,000	920,000	920,000
TOTAL	\$ 1,100,000	\$ 1,100,000	\$ 920,000	\$ 920,000

FY 2019 – Current Year. The **agency** estimates revised capital improvements expenditures of \$1.1 million, all from special revenue funds, in FY 2019. This is the same as the FY 2019 budget approved by the 2018 Legislature. Individual capital improvements projects are described below.

Rehabilitation and Repair. The agency estimates expenditures of \$150,000, all from the Workmen's Compensation Fee Fund, for rehabilitation and repair projects. Rehabilitation and repair projects include overlaying parking lots, replacing sidewalks, painting, carpeting, and caulking. Additionally, the agency indicates reconfiguration of the work space in agency-owned buildings is sometimes necessary when programs and staff are relocated in an effort to be more efficient.

Intercom Systems. The agency estimates expenditures of \$200,000, all from the Workmen's Compensation Fee Fund, to install intercom systems at 1309 SW Topeka and 2650 East Circle Drive South in FY 2019. The agency's headquarters building at 401 SW Topeka currently has an intercom system, but no such system exists to send out important messages or emergency information at the other two locations.

1309 SW Topeka—First Floor Renovation. The agency estimates expenditures of \$160,000, all from the Workmen's Compensation Fee Fund, to complete the second phase of the renovation of the first floor at 1309 SW Topeka. The renovation will include new paint, new flooring, lowering the ceiling, and installation of new ceiling lights. The first floor of 1309 SW Topeka is currently occupied by the agency's information technology and unemployment insurance staff.

401 SW Topeka—Lighting Upgrade. The agency estimates expenditures of \$60,000, all from the Workmen's Compensation Fee Fund, to upgrade the lighting of the entire building at 401 SW Topeka. The current lighting will be replaced with LED light fixtures, which will result in lower electrical expenses and reduced maintenance.

401 SW Topeka—Carpet Replacement. The agency estimates expenditures of \$100,000, all from the Workmen's Compensation Fee Fund, to replace carpet at the agency's headquarters building at 401 SW Topeka.

401 SW Topeka—Boilers Replacement. The agency estimates expenditures of \$200,000, all from the Workmen's Compensation Fee Fund, to replace the boilers at the agency's headquarters building at 401 SW Topeka. The current boilers are approximately 16 years old and were installed during the building's remodel in 2002. The agency indicates the current boilers were lower-end products and have experienced consistent breakdowns, particularly during the last several years. In addition, parts for the current boilers are difficult to locate, which contributes to lengthy, expensive repairs. The agency indicates it plans to replace the current boilers with a higher quality, more efficient boiler system.

Debt Service Principal. The agency estimates expenditures of \$230,000, all from special revenue funds, to pay principal on existing capital improvements debts.

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

FY 2020 – Budget Year. The **agency** requests capital improvements expenditures of \$920,000, all from special revenue funds, for FY 2020. This is a decrease of \$180,000, or 16.4 percent, below the FY 2019 revised estimate. The decrease is attributable to the planned completion of five capital improvements during FY 2019. It is partially offset by three new projects for FY 2020. Individual capital improvements projects are described below.

Rehabilitation and Repair. The agency estimates expenditures of \$150,000, all from the Workmen's Compensation Fee Fund, for rehabilitation and repair projects. Rehabilitation and repair projects include overlaying parking lots, replacing sidewalks, painting, carpeting, and caulking. Additionally, the agency indicates reconfiguration of the work space in agency-owned buildings is sometimes necessary when programs and staff are relocated in an effort to be more efficient.

Parking Lots. The agency requests \$80,000, all from the Workmen's Compensation Fee Fund, to repave and overlay parking lots at three agency-owned buildings. The parking lot at 401 SW Topeka is approximately 8,500 square yards and, according to the agency, will require the repavement of one section and a seal coating for the remaining sections. The agency indicates the parking lots at 1309 SW Topeka and 2650 East Circle Drive South—4,400 and 6,500 square yards, respectively—are anticipated to require a seal coating only.

2650 East Circle Drive South—HVAC. The agency requests \$300,000, all from the Workmen's Compensation Fee Fund, to repair and replace the HVAC vents in the building at 2650 East Circle Drive South. The agency indicates much of the ventilation system in the building needs significant repair or replacement, especially since the system was not part of the renovations to the building that occurred a decade ago. Due to the design of the building, the agency does not know the actual renovations needed to the system at this time. Additionally, any work on the ventilation system will require repair and remodeling of the area around the

ventilation work. The current preliminary estimated cost for the project is \$600,000 (\$300,000 in both FY 2020 and FY 2021).

2650 East Circle Drive South—Lighting and Ceiling. The agency requests \$150,000, all from the Workmen's Compensation Fee Fund, for renovations to the lighting and ceiling in the building at 2650 East Circle Drive South. A new drop ceiling will be installed throughout the second floor and in the portion of the first floor without a drop ceiling. After that is completed, new LED lighting will be installed throughout the entire building, which will result in lower electrical expenses and reduced maintenance.

Debt Service Principal. The agency estimates expenditures of \$240,000, all from special revenue funds, to pay principal on existing capital improvements debts.

The **Governor** concurs with the agency's FY 2020 capital improvements budget.

KANSAS GUARDIANSHIP PROGRAM

	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
Operating Expenditures:					
State General Fund	\$ 1,151,460	\$ 1,164,026	\$ 1,164,026	\$ 1,164,026	\$ 1,164,026
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 1,151,460</i>	<i>\$ 1,164,026</i>	<i>\$ 1,164,026</i>	<i>\$ 1,164,026</i>	<i>\$ 1,164,026</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>\$ 1,151,460</u>	<u>\$ 1,164,026</u>	<u>\$ 1,164,026</u>	<u>\$ 1,164,026</u>	<u>\$ 1,164,026</u>
Percentage Change:					
Operating Expenditures					
State General Fund	0.2 %	1.1 %	1.1 %	0.0 %	0.0 %
All Funds	0.2	1.1	1.1	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 are without family or financial resources and who, through either physical or mental impairment or disability, are identified by the Department for Children and Families or the Kansas Department for Aging and Disability Services 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 **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 Kansas 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 2019 – Current Year. The **agency** requests a revised estimate of \$1.2 million, all from the State General Fund, in FY 2019. This is the same as the amount approved by the 2018 Legislature.

The revised estimate includes 10.0 FTE positions, which is the same number approved by the 2018 Legislature.

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

FY 2020 – Budget Year. The **agency** requests \$1.2 million, all from the State General Fund, for FY 2020. This is the same amount as the FY 2019 revised estimate.

The agency request includes 10.0 FTE positions, which is the same number as the FY 2019 revised estimate.

The **Governor** concurs with the agency's request for FY 2020.

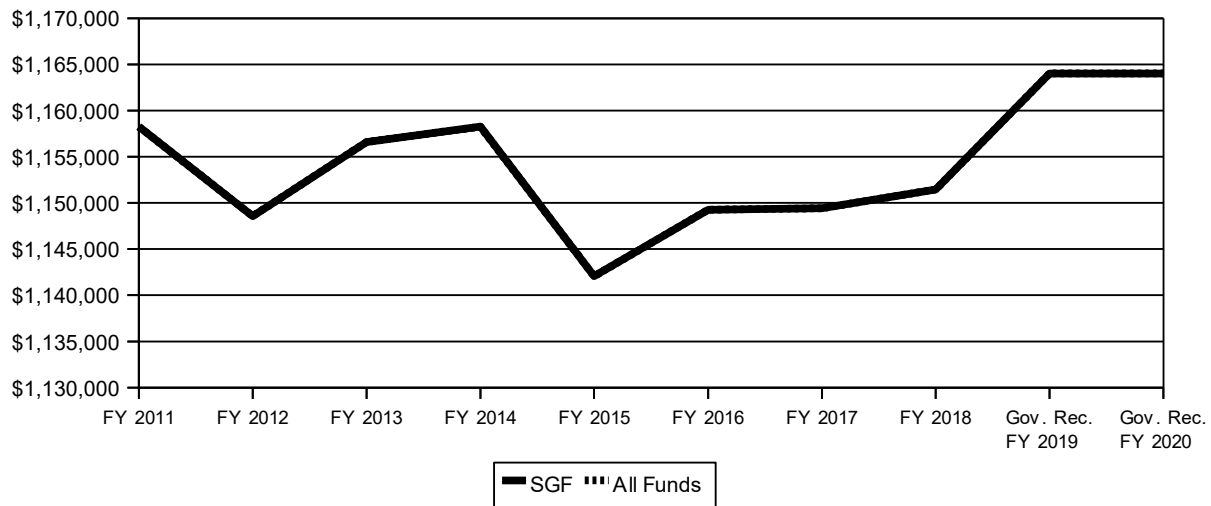
PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

PERFORMANCE MEASURES						
Measure	Actual FY 2016	Actual FY 2017	Gov. Rec. FY 2018	Actual FY 2018	Gov. Rec. FY 2019	Gov. Rec. FY 2020
Number of wards and conservatees served	1,409	1,388	1,388	1,409	1,398	1,401
Number of volunteers serving	765	768	775	768	768	775
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,149.3	\$ 1,149.4	\$ 1,151.5	\$ 1,151.5	\$ 1,164.0	\$ 1,164.0
FTE Positions	10.0	10.0	10.0	10.0	10.0	10.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2011 – FY 2020



OPERATING EXPENDITURES FY 2011 – FY 2020

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	1,151,460	0.2	1,151,460	0.2	10.0
2019 Gov. Rec.	1,164,026	1.1	1,164,026	1.1	10.0
2020 Gov. Rec.	1,164,026	0.0	1,164,026	0.0	10.0
Ten-Year Change Dollars/Percent	\$ 5,761	0.5 %	\$ 5,761	0.5 %	(1.0)

Summary of Operating Budget FY 2018 - FY 2020

	Actual FY 2018	Agency Estimate				Governor's Recommendation			
		Estimate FY 2019	Request FY 2020	Dollar Change from FY 19	Percent Change from FY 19	Rec. FY 2019	Rec. FY 2020	Dollar Change from FY 19	Percent Change from FY 19
By Program:									
Administration	\$ 1,151,460	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %	\$ 1,164,026	\$ 1,164,026	\$ 0	-- %
By Major Object of Expenditure:									
Salaries and Wages	\$ 582,424	\$ 604,764	\$ 609,794	\$ 5,030	0.8 %	\$ 604,764	\$ 609,794	\$ 5,030	0.8 %
Contractual Services	559,674	552,262	547,232	(5,030)	(0.9)	552,262	547,232	(5,030)	(0.9)
Commodities	9,362	7,000	7,000	0	0.0	7,000	7,000	0	0.0
Capital Outlay	0	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 1,151,460</i>	<i>\$ 1,164,026</i>	<i>\$ 1,164,026</i>	<i>\$ 0</i>	<i>0.0 %</i>	<i>\$ 1,164,026</i>	<i>\$ 1,164,026</i>	<i>\$ 0</i>	<i>0.0 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,151,460	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %
Financing:									
State General Fund	\$ 1,151,460	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,151,460	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %	\$ 1,164,026	\$ 1,164,026	\$ 0	0.0 %

BUDGET OVERVIEW

A. FY 2019 – Current Year

Adjustments to Approved State General Fund Budget

The 2018 Legislature approved a State General Fund budget of \$1.2 million for the Kansas Guardianship Program in FY 2019. No adjustments have been made subsequently 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	\$ 1,164,026	\$ 1,164,026	\$ 0	\$ 1,164,026	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,164,026	\$ 1,164,026	\$ 0	\$ 1,164,026	\$ 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 2019. This is the same as the amount approved by the 2018 Legislature.

The revised estimate includes 10.0 FTE positions, which is the same number approved by the 2018 Legislature.

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

B. FY 2020 – Budget Year

FY 2020 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,164,026	\$ 1,164,026	\$ 0
FTE Positions	10.0	10.0	0.0
Change from FY 2019:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	0	0	
TOTAL	\$ 0	\$ 0	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	--	--	
TOTAL	0.0 %	0.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$1.2 million, all from the State General Fund, for FY 2020. This is the same amount as the FY 2019 revised estimate.

The agency request includes 10.0 FTE positions, which is the same number as the FY 2019 revised estimate. The request is detailed by category of expenditure:

- **Salaries and Wages.** The agency requests \$609,794, all from the State General Fund, for salaries and wages for FY 2020. This is an increase of \$5,030, or 0.8 percent, all from the State General Fund, above the FY 2019 revised estimate. The request maintains the current level of staffing with fringe benefits based on Division of the Budget cost indices, KPERS local non-school rates, and non-state employee health plan rates;
- **Contractual Services.** The agency requests \$547,232, all from the State General Fund, for contractual services for FY 2020. This is a decrease of \$5,030, or 0.9 percent, all from the State General Fund, below the FY 2019 revised estimate due to the decrease from 1,130 to 1,116 of estimated volunteer stipends to serve wards or conservatees; and
- **Commodities.** The agency requests \$7,000, all from the State General Fund, for commodities for FY 2020. This is the same amount as the FY 2019 revised estimate.

The **Governor** concurs with the agency's request for FY 2020.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. For FY 2019, the Legislature added \$27.7 million, including \$14.9 million from the State General Fund, to provide salary adjustments equivalent to two steps on the Statewide Pay Matrix for employees who did not receive a salary adjustment as part of the 2017 Salary Initiatives, one step for employees who received approximately one step on the statewide pay matrix in FY 2018, two steps for uniformed corrections officers, two steps for non-judge employees within the Kansas Judicial Branch, and a 2.0 percent salary adjustment for judges and justices. **For this agency, FY 2019 salary adjustments total \$12,566, all from the State General Fund.** This adjustment excludes Kansas state legislators, the Board of Regents and Regents institutions, Kansas Highway Patrol officers, employees of the Kansas Bureau of Investigation included in the Recruitment and Retention Plan, and teachers and licensed personnel and employees at the Kansas State School for the Deaf and the Kansas State School for the Blind.

For FY 2020, the Governor recommends increasing state employee base pay by 2.5 percent. It is estimated the pay increase will require additional expenditures of \$63.5 million from all funding sources, including \$22.3 million from the State General Fund. The plan will increase salaries for permanent classified and unclassified employees in the Executive Branch and the Legislative Branch. Legislators and the Judicial Branch are not included in the proposed pay plan. The pay plan would be appropriated to and, if approved, certified for distribution by the State Finance Council.

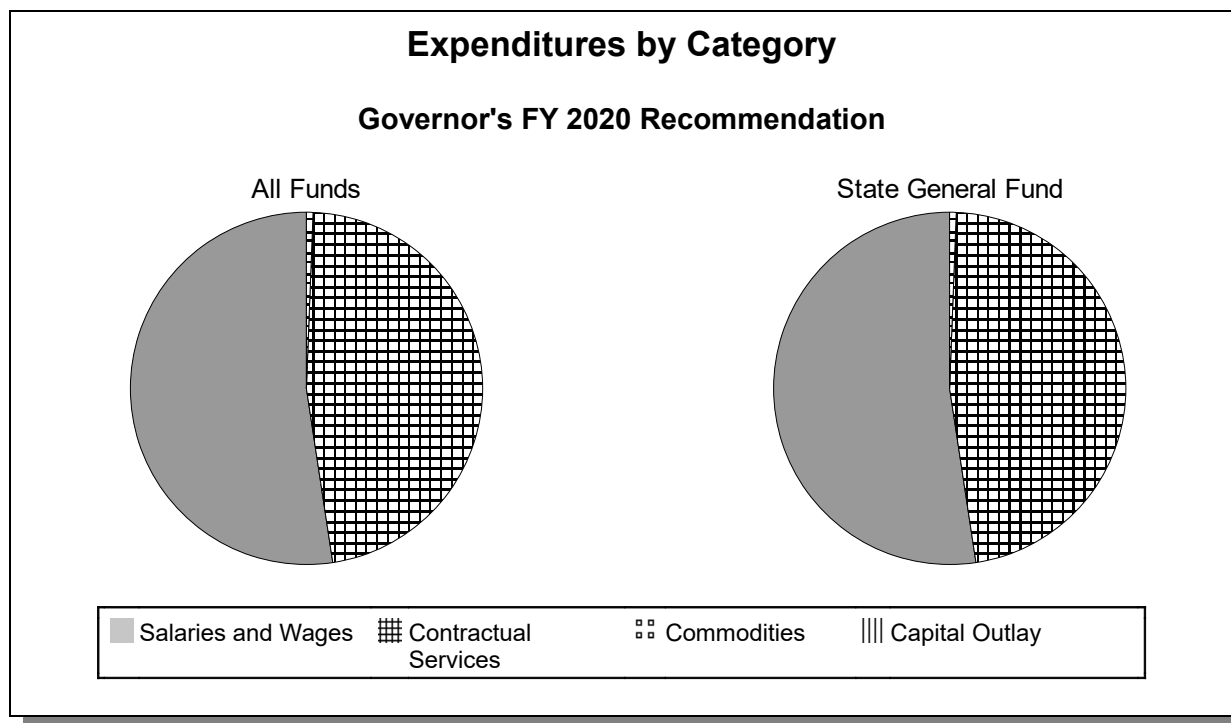
Longevity Bonus Payments. In FY 2019 and for FY 2020, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2019 payment is \$3.6 million, including \$1.9 million from the State General Fund. For FY 2020, the estimated cost is \$3.7 million, including \$2.1 million from the State General Fund. **This agency does not have longevity payments.**

Kansas Public Employees Retirement System (KPERs) Adjustments. The employer retirement contribution rate for KPERs State and School is scheduled to be 13.21 percent in FY 2019 and 14.41 percent for FY 2020. The Governor is recommending the KPERs State/School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 30 years starting in FY 2020. Reamortization would reduce employer contributions for the KPERs State/School Group in the short term. It is estimated that resetting the amortization period to 30 years could produce budget savings of \$145.3 million from the State General Fund and \$160.1 million from all funds for FY 2020. No savings from this policy are currently included in this agency's budget.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2020	Gov. Rec. Percent of Total FY 2020
State General Fund	100.0 %	100.0 %
All Other Funds	0.0	0.0
TOTAL	100.0 %	100.0 %
<i>Note: Totals may not add due to rounding.</i>		

CATEGORY DETAIL



Category	Gov. Rec. All Funds FY 2020	Percent of Total	Gov. Rec. SGF FY 2020	Percent of Total
Salaries and Wages	\$ 609,794	52.4 %	\$ 609,794	52.4 %
Contractual Services	547,232	47.0	547,232	47.0
Commodities	7,000	0.6	7,000	0.6
TOTAL	\$ 1,164,026	100.0 %	\$ 1,164,026	100.0 %

FTE POSITIONS BY PROGRAM FY 2018 – FY 2020					
Program	Actual FY 2018	Agency Est. FY 2019	Gov. Rec. FY 2019	Agency Req. FY 2020	Gov. Rec. FY 2020
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.

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