

BUDGET ANALYSIS

FISCAL YEAR 2022

Submitted to the 2021 Kansas Legislature

KLRD

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

Volume II

*Education
General Government*

Kansas Legislative Research Department
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BUDGET ANALYSIS

FISCAL YEAR 2022

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*Education
General Government*

KLRD

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FOREWORD

The *Fiscal Year 2022 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for fiscal years 2021 and 2022.

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 Human Services, Public Safety, Agriculture and Natural Resources, and Transportation.

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

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

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2022

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 Board of Barbering **RUDDER, ELAINA** (785-296-4395)
 Board of Cosmetology **RUDDER, ELAINA** (785-296-4395)
 Board of Examiners in Optometry **SINCLAIR, SAILOR** (785-296-4410)
 Board of Indigents' Defense Services **MOORE, MATTHEW** (785-296-6684)
 Board of Mortuary Arts **SINCLAIR, SAILOR** (785-296-4410)
 Board of Nursing **LEOPOLD, MEGAN** (785-296-4419)
 Board of Pharmacy **MORROW, SHIRLEY** (785-296-3542)
 Board of Technical Professions **RUDDER, ELAINA** (785-296-4395)
 Board of Veterinary Examiners **POTTS, VICTORIA** (785-296-7250)
 Citizens' Utility Ratepayer Board **POTTS, VICTORIA** (785-296-7250)
 Department for Children and Families **CAINE, CHARDAE** (785-296-3183)
 Department of Administration **WU, STEVEN** (785-296-4447)
 Department of Agriculture **POTTS, VICTORIA** (785-296-7250)
 Department of Corrections **RIEDEL, MURL** (785-296-3184)
 Department of Credit Unions **MOORE, MATTHEW** (785-296-6684)
 Department of Education **VOLKMER, NORMA** (785-296-3535)
 Department of Wildlife, Parks and Tourism **POTTS, VICTORIA** (785-296-7250)
 El Dorado Corrections Facility **RIEDEL, MURL** (785-296-3184)
 Ellsworth Correctional Facility **RIEDEL, MURL** (785-296-3184)
 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 **CAINE, CHARDAE** (785-296-3183)
 Health Care Stabilization Fund Board of Governors **DE BOER, MARTIN** (785-296-4439)
 Hutchinson Correctional Facility **RIEDEL, MURL** (785-296-3184)
 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 **SINCLAIR, SAILOR** (785-296-4410)
 Kansas Board of Regents **MORROW, SHIRLEY** (785-296-3542)
 Kansas Bureau of Investigation **KLAASSEN, AARON** (785-296-4396)
 Kansas Commission on Peace Officers' Standards and Training **RIEDEL, MURL** (785-296-3184)
 Kansas Commission on Veterans' Affairs Office **DE BOER, MARTIN** (785-296-4439)
 Kansas Corporation Commission **POTTS, VICTORIA** (785-296-7250)
 Kansas Dental Board **LEOPOLD, MEGAN** (785-296-4419)
 Kansas Department for Aging and Disability Services **MOORE, MATTHEW** (785-296-6684)
 Kansas Department of Commerce **DEAR, DYLAN** (785-296-0665)
 Kansas Department of Health and Environment **LEOPOLD, MEGAN** (785-296-4419)
 Kansas Department of Labor **POTTS, VICTORIA** (785-296-7250)
 Kansas Department of Revenue **DEAR, DYLAN** (785-296-0665)
 Kansas Department of Transportation **KLAASSEN, AARON** (785-296-4396)
 Kansas Guardianship Program **SINCLAIR, SAILOR** (785-296-4410)
 Kansas Highway Patrol **KLAASSEN, AARON** (785-296-4396)
 Kansas Human Rights Commission **RUDDER, ELAINA** (785-296-4395)
 Kansas Insurance Department **DE BOER, MARTIN** (785-296-4439)
 Kansas Juvenile Correctional Complex **RIEDEL, MURL** (785-296-3184)
 Kansas Lottery **HULL, GABRIELLE** (785-296-4405)
 Kansas Neurological Institution **MOORE, MATTHEW** (785-296-6684)
 Kansas Public Employees Retirement System **WU, STEVEN** (785-296-4447)
 Kansas Racing and Gaming Commission **HULL, GABRIELLE** (785-296-4405)
 Kansas Sentencing Commission **RIEDEL, MURL** (785-296-3184)
 Kansas State Board of Healing Arts **MORROW, SHIRLEY** (785-296-3542)
 Kansas State Fair **POTTS, VICTORIA** (785-296-7250)
 Kansas State School for the Blind **VOLKMER, NORMA** (785-296-3535)
 Kansas State School for the Deaf **VOLKMER, NORMA** (785-296-3535)
 Kansas State University **MORROW, SHIRLEY** (785-296-3542)
 Kansas State University Agricultural Extension **MORROW, SHIRLEY** (785-296-3542)
 Kansas State University Veterinary Medical Center **MORROW, SHIRLEY** (785-296-3542)
 Kansas Water Office **POTTS, VICTORIA** (785-296-7250)
 Lansing Correctional Facility **RIEDEL, MURL** (785-296-3184)
 Larned Mental Health Correctional Facility **RIEDEL, MURL** (785-296-3184)
 Larned State Hospital **MOORE, MATTHEW** (785-296-6684)
 Legislative Coordinating Council **DECKARD, AMY** (785-296-4429)
 Legislative Division of Post Audit **DECKARD, AMY** (785-296-4429)
 Legislative Research Department **DECKARD, AMY** (785-296-4429)
 Legislature **DECKARD, AMY** (785-296-4429)
 Norton Correctional Facility **RIEDEL, MURL** (785-296-3184)
 Office of Administrative Hearings **RUDDER, ELAINA** (785-296-4395)
 Office of Information and Technology Services **FISHER, JAMES** (785-296-6490)
 Office of the Governor **DEAR, DYLAN** (785-296-0665)
 Office of the Revisor of Statutes **DECKARD, AMY** (785-296-4429)
 Office of the State Bank Commissioner **MOORE, MATTHEW** (785-296-6684)
 Office of the State Treasurer **HULL, GABRIELLE** (785-296-4405)
 Osawatimie State Hospital **MOORE, MATTHEW** (785-296-6684)
 Parsons State Hospital and Training Center **MOORE, MATTHEW** (785-296-6684)
 Pittsburg State University **MORROW, SHIRLEY** (785-296-3542)
 Pooled Money Investment Board **HULL, GABRIELLE** (785-296-4405)
 Postsecondary Education Systemwide **MORROW, SHIRLEY** (785-296-3542)
 Real Estate Appraisal Board **DE BOER, MARTIN** (785-296-4439)
 Real Estate Commission **DE BOER, MARTIN** (785-296-4439)
 Secretary of State **HULL, GABRIELLE** (785-296-4405)
 State Board of Tax Appeals **SINCLAIR, SAILOR** (785-296-4410)
 State Fire Marshal **KLAASSEN, AARON** (785-296-4396)
 State Historical Society **DE BOER, MARTIN** (785-296-4439)
 State Institutions for Intellectual Disabilities **MOORE, MATTHEW** (785-296-6684)
 State Institutions for Mental Health **MOORE, MATTHEW** (785-296-6684)
 State Library **VOLKMER, NORMA** (785-296-3535)
 Topeka Correctional Facility **RIEDEL, MURL** (785-296-3184)
 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 **RIEDEL, MURL** (785-296-3184)

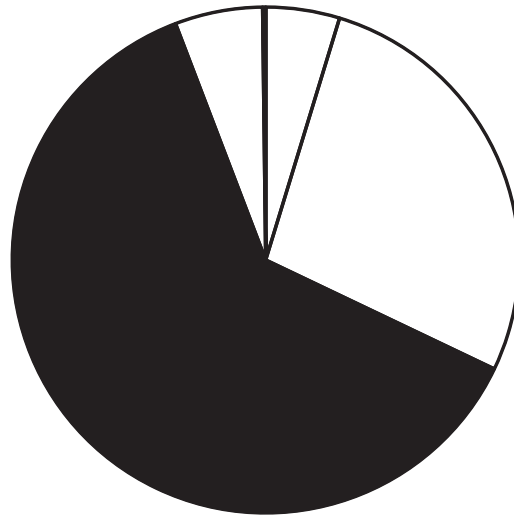
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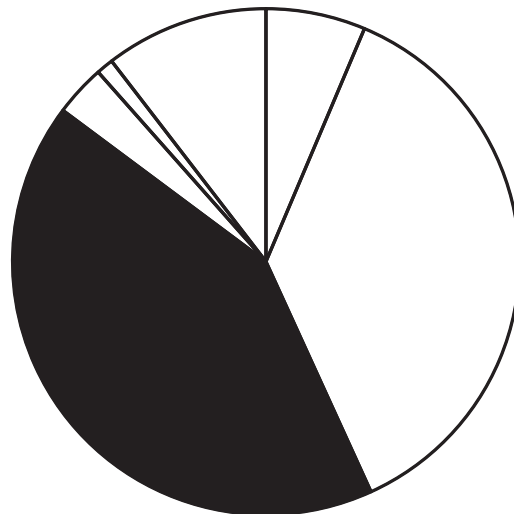
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EDUCATION

State General Fund



All Funds



The Education function of government provides educational services to Kansans through agencies under the supervision of the State Board of Education and the Board of Regents, as well as indirect services provided by the State Historical Society and the State Library. This function includes the following agencies under authority of the State Board of Education: the Kansas State Department of Education, the Kansas State School for the Blind, and the Kansas State School for the Deaf. The function also includes the State-funded universities under the supervision of the Board of Regents.

The Governor's FY 2022 recommendation for the Education function totals \$8.9 billion from all funding sources, including \$5.0 billion from the State General Fund (SGF).

Agencies in this Function:	
Department Of Education.....	753
Postsecondary Education Systemwide.....	787
State Historical Society.....	826
Kansas State School For The Blind.....	852
Kansas State School For The Deaf.....	873
State Library.....	896

The FY 2022 recommendation represents an SGF increase of 5.1 percent, or \$242.3 million, above the FY 2021 amount. Expenditures from all funds increase by less than 0.1 percent, or \$6.0 million, above the FY 2021 amount.

A total of 19,605.2 FTE positions are recommended by the Governor for the Education function for FY 2022, which is the same as the number of FTE positions in FY 2021. Of all state FTE positions, 48.0 percent are in this function.

Agencies in this function comprise 63.3 percent of the total SGF budget for FY 2022, which is an increase of less than .01 percent above the FY 2021 percentage. They comprise 42.3 percent of expenditures from all funding sources for FY 2022, which is an increase of less than 0.1 percent above the FY 2021 percentage.

DEPARTMENT OF EDUCATION

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 3,977,442,487	\$ 3,977,216,267	\$ 3,947,082,187	\$ 4,237,161,001	\$ 4,191,731,257
Other Funds	1,551,279,918	1,675,616,371	1,709,323,922	1,606,733,518	1,594,522,111
<i>Subtotal</i>	<u>\$ 5,528,722,405</u>	<u>\$ 5,652,832,638</u>	<u>\$ 5,656,406,109</u>	<u>\$ 5,843,894,519</u>	<u>\$ 5,786,253,368</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 5,528,722,405</u>	<u>\$ 5,652,832,638</u>	<u>\$ 5,656,406,109</u>	<u>\$ 5,843,894,519</u>	<u>\$ 5,786,253,368</u>
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	(0.0) %	(0.8) %	6.5 %	6.2 %
All Funds	0.0	2.2	2.3	3.4	2.3
FTE Positions	264.2	262.0	262.0	263.0	262.0

For purposes of this analysis, full-time equivalent (FTE) positions 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:

- The **Office of the Commissioner** oversees those agency functions that provide services to the entire agency, including human resources and legal services;
- The **Division of Fiscal and Administrative Services** 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

- The **Division of Learning Services** 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 (SGF), 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 SGF 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 fiscal year (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 demonstrate legislative compliance with the equity standard by June 30, 2016.

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

During the **2016 Session**, the Kansas Supreme Court's ruling in *Gannon III* held that Senate Sub. for HB 2655 corrected the inequities related 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 student populations, transportation, career and technical education, new school facilities, cost-of-living, ancillary school facilities, declining enrollment (which expired 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 phased in approximately \$522.0 million in additional school funding across a five-year period ending in school year 2022-2023. The BASE was 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 required 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 changed the process for calculating LOB State Aid to use of the district's current-year LOB, but required 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 eliminated the 10.0 percent floor for the at-risk weighting, provided for the transportation weighting to be calculated using a static cost-density curve, and made smaller changes to the high-density at-risk student populations, career and technical education, and bilingual weightings.

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

Finally, the bills created the Mental Health Intervention Team pilot program for FY 2019. Participating school districts were required to 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.

The **2019 Legislature** passed House Sub. for SB 16 in response to the Kansas Supreme Court's ruling in *Gannon VI*. The bill amends the BASE for school years 2019-2020, 2020-2021, 2021-2022, and 2022-2023. The BASE for school year 2019-2020 is now \$4,436, with scheduled increases to \$4,846 by school year 2022-2023. Beginning in school year 2023-2024, inflationary increases will take effect. The bill also amends other components of the KSEEA, including at-risk education and various accountability reports.

In addition to amendments to the KSEEA, the bill also changes the definition of "public school" for the purposes of the Low-income Student Scholarship Program from the 100 lowest performing schools to the 100 lowest performing elementary schools.

On **June 14, 2019**, the Kansas Supreme Court issued its *Gannon VII* ruling. The court held the Legislature had substantially complied with the Court's *Gannon VI* mandate to address inflation-related issues. Therefore, the State's school finance system was constitutionally adequate. The Supreme Court retained jurisdiction of the case to ensure continued implementation of the scheduled funding.

The **2020 Legislature** added \$67,700, all SGF, to pay dues to the Education Commission of the States in FY 2020 and for FY 2021, and deleted \$33.5 million, including

\$32.9 million SGF, in FY 2020 and \$47.5 million, including \$38.6 million SGF, for FY 2021 to adopt the Fall 2019 Education Consensus Estimates. The Legislature also added language requiring the State Board of Education require school districts to submit continuous learning plans to receive a waiver from school attendance requirements in FY 2020.

The **2020 Legislature** added \$5.0 million, all SGF, for the Mental Health Intervention Team (MHIT) Pilot Program, and deleted \$20,000, all SGF, to be transferred to the Kansas Board of Regents for the Governor's Scholar Program in FY 2021. The Legislature also added language extending the high-density at-risk student populations weighting through FY 2022.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$5.7 billion, including \$4.0 billion from the State General Fund (SGF), in FY 2021. This is a special revenue fund increase of \$105.7 million, or 1.9 percent, above the amount approved by the 2020 Legislature. The revised estimate includes 261.9 FTE positions, which is a decrease of 2.3 FTE positions below the number approved by the 2020 Legislature. The increase is primarily attributable to the receipt of federal funds under the Coronavirus Aid, Relief, and Economic Security (CARES) Act to respond to the COVID-19 pandemic, including funding for the free and reduced lunch programs, and the awarding of a new federal Preschool Development Birth Through 5 Renewal Grant to the Kansas Children's Cabinet.

The **Governor** recommends revised expenditures of \$5.7 billion, including \$3.9 billion SGF, in FY 2021. This is an all funds increase of \$3.6 million, or 0.1 percent, and an SGF decrease of \$30.1 million, or 0.8 percent, from the agency's revised estimate. The Governor's recommendation includes 261.9 FTE positions, which is the same number as the agency's request. The increase is primarily attributable to the allocation of \$41.6 million from the federal Coronavirus Relief Fund (CRF) by the SPARK Taskforce to the Children's Cabinet, partially offset by the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the deletion of reappropriated funds.

FY 2022 – Budget Year. The **agency** requests expenditures of \$5.8 billion, including \$4.2 billion SGF, for FY 2022. This is an all funds increase of \$191.1 million, or 3.4 percent, and an SGF increase of \$259.9 million, or 6.5 percent, above the FY 2021 revised estimate. The request includes 262.9 FTE positions, which is an increase of 1.0 FTE position above the FY 2021 revised estimate. The SGF increase is primarily attributable to the increase of State Foundation Aid, Kansas Public Employees Retirement System (KPERS) contributions, and special education funding. These increases are due to school funding requirements included in 2018 Sub. for SB 423, 2018 House Sub. for SB 61, and 2019 House Sub. for SB 16. This increase is partially offset by a reduction in federal funding due to the end of COVID-19-related funding in FY 2021.

The **Governor** recommends expenditures of \$5.8 billion, including \$4.2 billion SGF, for FY 2022. This is an all funds decrease of \$57.6 million, or 1.0 percent, including an SGF decrease of \$45.4 million, or 1.1 percent, below the agency's request. The Governor's recommendation includes 261.9 FTE positions, which is a decrease of 1.0 FTE below the agency's request. The all funds decrease is primarily attributable to the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the Governor not recommending the agency's enhancement requests. The FTE position decrease is attributable to the Governor not recommending the agency's enhancement request to create a Dyslexia Coordinator position.

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.

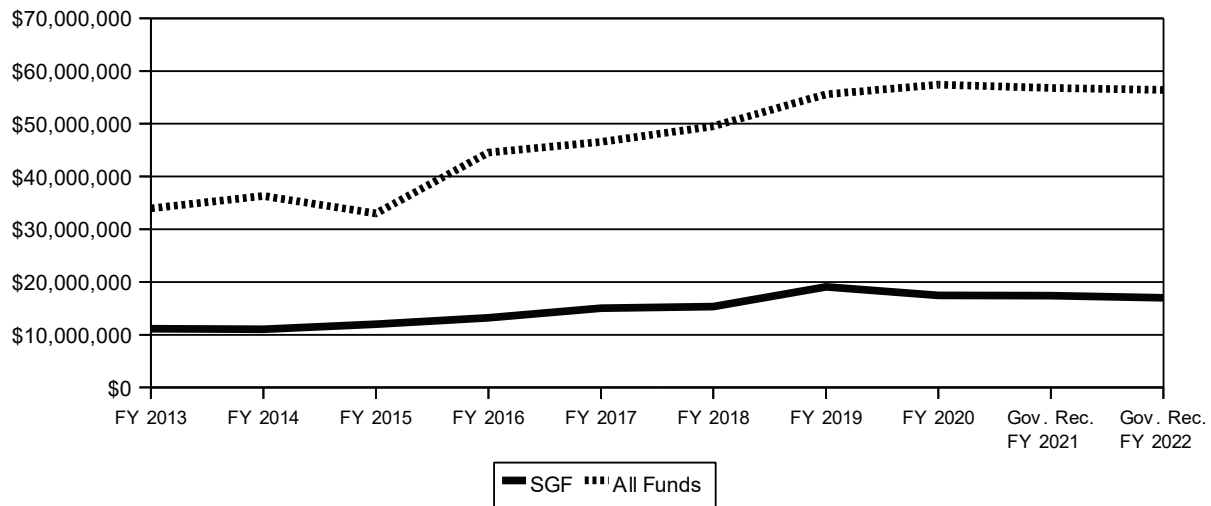
PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Meals and Snacks Served through Child Nutrition and Wellness Program (In Millions)	102.2	102.1	103.2	86.9	103.2	104.2
Average Statewide ACT Composite Score	21.6	21.2	19.5	N/A	19.5	20.0
Statewide High School Graduation Rate*	87.5 %	87.5 %	88.6 %	N/A	90.0 %	80.0 %
Number of Families Served Through Parents as Teachers	8,596	8,792	9,000	8,613	9,000	9,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4,943.6	\$ 5,056.4	\$ 5,536.4	\$ 5,528.7	\$ 5,656.4	\$ 5,786.3
FTE Positions	257.5	267.3	264.2	264.2	261.9	261.9
*The Governor does not utilize this performance measure.						

The amount of state aid savings found by the fiscal audit team was previously identified as a key performance measure. Since it is no longer identified as a key agency-wide performance measure, it is no longer included in this table. However, the measure is included in the performance measure table under the Agency Operating Budget section.

The average statewide ACT composite score decreased in FY 2019 and is projected to stay at a lower score in FY 2021 due to significantly more students taking the ACT now that the Legislature has appropriated funding to pay for each high school student to take the ACT one time for free. As a result, more lower-performing students are now taking the ACT than prior to FY 2019.

BUDGET TRENDS

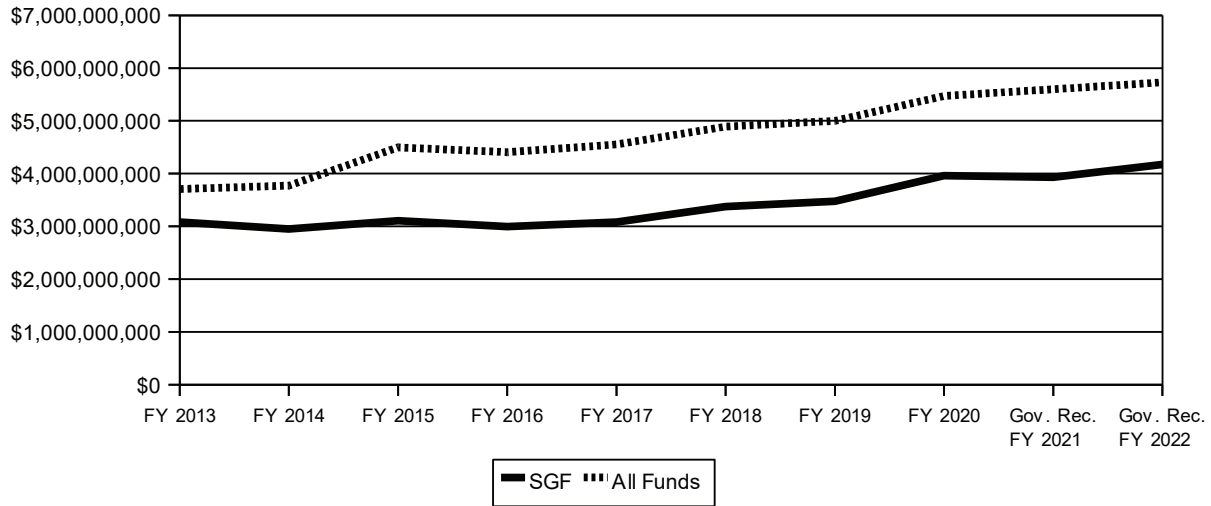
OPERATING EXPENDITURES (INCLUDING CHILDREN'S CABINET) FY 2013 – FY 2022



OPERATING EXPENDITURES (INCLUDING CHILDREN'S CABINET) FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	49,536,806	6.4	257.5
2019	19,086,525	24.5	55,595,806	12.2	267.3
2020	17,432,158	(8.7)	57,404,153	3.3	264.2
2021 Gov. Rec.	17,407,060	(0.1)	56,794,056	(1.1)	262.0
2022 Gov. Rec.	16,987,193	(2.4)	56,414,488	(0.7)	262.0
Ten-Year Change Dollars/Percent	\$ 5,855,167	52.6 %	\$ 22,457,522	66.1 %	(2.5)

AID AND OTHER ASSISTANCE EXPENDITURES FY 2013 – FY 2022



AID AND OTHER ASSISTANCE EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	3,082,195,457	2.9	4,553,183,367	3.4	244.4
2018	3,375,525,207	9.5	4,891,792,777	7.4	257.5
2019	3,475,911,168	3.0	5,000,783,329	2.2	267.3
2020	3,960,010,329	13.9	5,471,318,252	9.4	264.2
2021 Gov. Rec.	3,929,675,127	(0.8)	5,599,612,053	2.3	262.0
2022 Gov. Rec.	4,174,744,064	6.2	5,729,838,880	2.3	262.0
Ten-Year Change Dollars/Percent	\$ 1,094,038,116	35.5 %	\$ 2,022,252,828	54.5 %	(2.5)

Staff Note: Previously, 2017 and 2018 included some operating expenditures, which have now been removed.

Summary of Operating Budget FY 2020 - FY 2022

Department of Education

		Agency Estimate				Governor's Recommendation			
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 67,546,175	\$ 117,299,467	\$ 18,633,570	\$ (98,665,897)	(84.1) %	\$ 158,942,467	\$ 18,633,570	\$ (140,308,897)	(88.3)%
Governance of Education	333,852	407,143	397,126	(10,017)	(2.5)	407,143	397,126	(10,017)	(2.5)
Child Nutrition & Wellness	3,764,343	3,639,797	3,625,656	(14,141)	(0.4)	3,639,797	3,625,656	(14,141)	(0.4)
Standards & Assessments	9,935,468	9,380,314	9,930,162	549,848	5.9	9,380,314	9,832,909	452,595	4.8
Special Ed. Services	17,280,981	12,657,443	12,637,338	(20,105)	(0.2)	12,657,443	12,637,338	(20,105)	(0.2)
Title Programs & Services	9,014,393	5,198,676	4,212,456	(986,220)	(19.0)	5,198,676	4,212,456	(986,220)	(19.0)
Career & Tech Ed.	1,762,040	2,009,405	2,006,995	(2,410)	(0.1)	2,009,405	1,506,995	(502,410)	(25.0)
Financial Aid	5,398,163,149	5,475,585,405	5,765,622,399	290,036,994	5.3	5,437,515,876	5,708,578,501	271,062,625	5.0
Children's Cabinet	20,922,004	26,654,988	26,828,817	173,829	0.7	26,654,988	26,828,817	173,829	0.7
TOTAL	\$ 5,528,722,405	\$ 5,652,832,638	\$ 5,843,894,519	\$ 191,061,881	3.4 %	\$ 5,656,406,109	\$ 5,786,253,368	\$ 129,847,259	2.3 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 20,263,822	\$ 21,394,212	\$ 21,673,788	\$ 279,576	1.3 %	\$ 21,394,212	\$ 21,592,728	\$ 198,516	0.9 %
Contractual Services	36,484,092	34,604,916	35,234,280	629,364	1.8	34,644,916	34,113,833	(531,083)	(1.5)
Commodities	377,659	497,002	497,712	710	0.1	497,002	497,212	210	0.0
Capital Outlay	278,580	154,926	215,918	60,992	39.4	257,926	210,715	(47,211)	(18.3)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 57,404,153	\$ 56,651,056	\$ 57,621,698	\$ 970,642	1.7 %	\$ 56,794,056	\$ 56,414,488	\$ (379,568)	(0.7) %
Aid to Local Units	5,409,582,693	5,529,606,379	5,721,404,614	191,798,235	3.5	5,491,536,850	5,665,157,442	173,620,592	3.2
Other Assistance	61,735,559	66,575,203	64,868,207	(1,706,996)	(2.6)	108,075,203	64,681,438	(43,393,765)	(40.2)
TOTAL	\$ 5,528,722,405	\$ 5,652,832,638	\$ 5,843,894,519	\$ 191,061,881	3.4 %	\$ 5,656,406,109	\$ 5,786,253,368	\$ 129,847,259	2.3 %
Financing:									
State General Fund	\$ 3,977,442,487	\$ 3,977,216,267	\$ 4,237,161,001	\$ 259,944,734	6.5 %	\$ 3,947,082,187	\$ 4,191,731,257	\$ 244,649,070	6.2 %
Children's Initiatives Fund	32,471,779	33,081,181	32,692,483	(388,698)	(1.2)	33,081,181	32,692,483	(388,698)	(1.2)
20 Mill Property Tax	709,436,419	732,980,564	754,822,964	21,842,400	3.0	732,666,769	752,398,146	19,731,377	2.7
Federal Funds	488,030,108	588,717,301	499,509,806	(89,207,495)	(15.2)	588,717,301	499,509,806	(89,207,495)	(15.2)
All Other Funds	321,341,612	320,837,325	319,708,265	(1,129,060)	(0.4)	354,858,671	309,921,676	(44,936,995)	(12.7)
TOTAL	\$ 5,528,722,405	\$ 5,652,832,638	\$ 5,843,894,519	\$ 191,061,881	3.4 %	\$ 5,656,406,109	\$ 5,786,253,368	\$ 129,847,259	2.3 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$4,102.7 million for the Kansas Department of Education in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$4,457,091, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$129,940,651 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$3,977.2 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 3,977,216,267	\$ 3,977,216,267	\$ 0	\$ 3,947,082,187	\$ (30,134,080)
All Other Funds	1,569,940,554	1,675,616,371	105,675,817	1,709,323,922	139,383,368
TOTAL	\$ 5,547,156,821	\$ 5,652,832,638	\$ 105,675,817	\$ 5,656,406,109	\$ 109,249,288
FTE Positions	264.2	262.0	(2.2)	262.0	(2.2)

The **agency** requests a revised estimate of \$5.7 billion, including \$4.0 billion SGF, in FY 2021. This is a special revenue fund increase of \$105.7 million, or 1.9 percent. The increase is primarily attributable to increased federal funding received under the CARES Act in response to the COVID-19 pandemic and the awarding of a new federal Preschool Development Birth Through 5 Grant to the Children's Cabinet.

Federal CARES Act funding includes the following:

- **U.S. Department of Agriculture (USDA) Child Nutrition Programs:** The agency received an additional \$68.2 million for Child Nutrition Programs, and the agency's revised estimate includes expenditures of \$23.5 million in FY 2021;
- **Elementary and Secondary School Emergency Relief (ESSER) Fund:** The agency received \$76.1 million to be distributed to the Kansas unified school

districts (USDs) according to the Title I formula. The agency's revised estimate includes \$68.7 million to be disbursed to the school districts in FY 2021;

- **ESSER Fund—Special Education:** The agency received \$8.0 million to be disbursed to the school districts for special education. The agency's revised estimate includes the entirety to be disbursed in FY 2021; and
- **ESSER Fund—Administration:** The agency received \$422,645 to be used for administrative costs, and the agency's revised estimate includes expenditures of \$404,158 in FY 2021.

The **Governor** recommends revised expenditures of \$5.7 billion, including \$3.9 billion SGF, in FY 2021. This is an all funds increase of \$3.6 million, or 0.1 percent, and an SGF decrease of \$30.1 million, or 0.8 percent, from the agency's revised estimate. The Governor's recommendation includes 261.9 FTE positions, which is the same number as the agency's request. The increase is primarily attributable to the allocation of \$41.6 million from the federal CRF by the SPARK Taskforce to the Children's Cabinet, partially offset by the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the deletion of reappropriated funds.

Fall 2020 Education Consensus Estimates

The Governor recommends adoption of the Fall 2020 Education Consensus Estimates in FY 2021. For school finance, the Governor recommends decreased expenditures of \$26.6 million, including \$18.9 million SGF, below the approved amount and below the agency's revised estimate. For KPERS, the Governor recommends decreased expenditures of \$8.9 million, all SGF, below the approved amount and below the agency's revised estimate.

The individual components of the Fall 2020 Education Consensus Estimates are described below. Unless otherwise noted, all changes from the approved number are also the change from the agency's FY 2021 revised estimate.

School Finance—State Foundation Aid. The Governor recommends expenditures of \$3.1 billion, including \$2.3 billion SGF, for State Foundation Aid in FY 2021. This is a decrease of \$18.8 million, including \$18.9 million SGF, below the FY 2021 approved number. The all funds decrease includes decreased expenditures of \$313,795 from the statewide 20-mill property tax and increased expenditures of \$378,346 from the Mineral Production Education Fund. The School District Finance Fund (optional local property taxes) number is the same as the approved number. The all funds decrease is primarily attributable to a decrease in weighted FTE student enrollment from the Fall 2019 Estimates due to a decrease in weighted FTE students by 8,400, attributable to the COVID-19 pandemic. In particular, the at-risk weighted FTE student population decreased by 2,500 because all students were eligible for the federal free lunch program without submitting an application.

School Finance—Supplemental State Aid. The Governor recommends expenditures of \$513.4 million, all SGF, for Supplemental State Aid in FY 2021. This is the same as the approved budget. Supplemental State Aid provides equalization aid for school districts' Local Option Budgets.

School Finance—Special Education State Aid. The Governor recommends expenditures of \$505.6 million, all SGF, for Special Education State Aid in FY 2021. This is the same as the approved amount. The Fall 2020 Education Consensus Estimates project Special

Education State Aid will cover 73.2 percent of excess costs in FY 2021. This is a decrease from the Fall 2019 Estimates, which projected state aid to cover 75.3 percent of excess costs. (*Note:* The education consensus estimating group did not issue revised estimates in April 2020.)

School Finance–Capital Outlay State Aid. The Governor recommends expenditures of \$75.8 million, all SGF, for Capital Outlay State Aid in FY 2021. This is the same as the FY 2021 approved amount. 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 SGF. As such, they are considered normal SGF expenditures, but there is no line-item appropriation in the appropriations bill.

School Finance–Capital Improvement State Aid. The Governor recommends expenditures of \$205.0 million, all from special revenue funds, for Capital Improvement State Aid in FY 2021. This is a decrease of \$8.0 million below the FY 2021 approved amount. The all funds decrease is primarily attributable to the COVID-19 pandemic delaying bond elections, Andover USD 385 paying off a bond, and a provision of 2017 SB 19. 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 are funded through a revenue transfer from the SGF. Therefore, Capital Improvement State Aid is not classified as an SGF expenditure, but is still an SGF obligation.

KPERS–USDs. The Governor recommends expenditures of \$491.3 million, all SGF, for KPERS–USDs in FY 2021. This is a decrease of \$6.9 million below the FY 2021 approved amount. The Fall 2020 Estimates projected growth in covered payroll of 3.5 percent during FY 2021.

KPERS–Non-USDs. The Governor recommends expenditures of \$75.8 million, including \$34.2 million SGF, for KPERS–Non-USDs in FY 2021. This is a decrease of \$6.6 million, all SGF, below the FY 2021 approved amount. The Fall 2020 Estimates projected growth in covered payroll of 3.5 percent during FY 2021.

Other Recommendations

The Governor recommends funding of \$67,700, all SGF, in FY 2021 to pay dues to the Education Commission of the States (ECS). Kansas joined ECS in 1972 when the State joined the Compact on Education through the enactment of KSA 72-8261. Kansas last paid dues to ECS in FY 2009.

The Governor recommends deleting reappropriations totaling \$1.1 million, all SGF, and \$1.2 million, all SGF, for the Mental Health Intervention Team Pilot Program. The deletion of this funding would not affect planned services.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$129,940,651. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
Operating Expenditures	\$ 68,245	\$ 68,245	0.0
KPERS-Employer Contributions	5,409,547	5,409,547	0.0
KPERS-USDs School Employer Contributions	34,850,268	34,850,268	0.0
Mental Health Intervention Team Pilot Program	3,924,160	3,924,160	0.0
Career & Technical Education Transportation	1,042,882	1,042,882	0.0
Juvenile Transitional Crisis Center Pilot	300,000	300,000	0.0
School Safety and Security Grants	5,000,000	5,000,000	0.0
State Foundation Aid	79,345,549	79,345,549	0.0
TOTAL	\$ 129,940,651	\$ 129,940,651	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,843,894,519	\$ 5,786,253,368	\$ (57,641,151)
FTE Positions	263.0	262.0	(1.0)
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 259,944,734	\$ 244,649,070	
All Other Funds	(68,882,853)	(114,801,811)	
TOTAL	\$ 191,061,881	\$ 129,847,259	
<i>Percent Change:</i>			
State General Fund	6.5 %	6.2 %	
All Other Funds	(4.1)	(6.7)	
TOTAL	3.4 %	2.3 %	
Change in FTE Positions	1.0	0.0	

The **agency** requests a revised estimate of \$5.8 billion, including \$4.2 billion SGF, for FY 2022. This is an all funds increase of \$191.1 million, or 3.4 percent, above the FY 2021 revised

estimate. This includes an SGF increase of \$259.9 million, or 6.5 percent, and a special revenue fund decrease of \$68.9 million, or 4.1 percent, from the FY 2021 revised estimate. The request includes 262.9 FTE positions, which is an increase of 1.0 FTE position above the FY 2021 revised estimate.

The SGF and special revenue fund increases are primarily attributable to the increases in school funding included in 2018 Sub. for SB 423, 2018 House Sub. for SB 61, and 2019 House Sub. for SB 16. This includes the following:

- **State Foundation Aid:** The agency requests increased expenditures of \$177.7 million, or 5.8 percent, including an SGF increase of \$157.5 million, or 6.9 percent, for increased State Foundation Aid. This is primarily due to the Base Aid for Student Excellence (BASE) increasing from \$4,569 to 4,706 for FY 2022;
- **Supplemental State Aid:** The agency requests increased expenditures of \$7.8 million, or 1.5 percent, all SGF, for increased Supplemental State Aid payments;
- **Special Education State Aid:** The agency requests increased expenditures of \$28.1 million, or 5.6 percent, all SGF, for increased Special Education State Aid payments;
- **KPERS-USDs:** The agency requests increased expenditures of \$46.1 million, or 9.2 percent, all SGF, for increased employer contributions to KPERS-USDs; and
- **KPERS-Non-USDs:** The agency requests increased expenditures of \$7.1 million, including \$12.6 million SGF, or 34.8 percent, for increased employer contributions to KPERS–Non-USDs.

The SGF increase and the FTE increase are also attributable to the agency's enhancement requests, which are described below. The special revenue fund decrease is primarily due to the federal CARES Act expenditures in FY 2021, with no CARES Act expenditures budgeted for FY 2022.

Finally, the agency makes the following recommendation and requests:

- The agency recommends the sunset provision for the high-density at-risk student populations weighting in KSA 72-5151 be repealed. The high-density at-risk student populations weighting was scheduled to expire at the end of FY 2020 and was extended to the end of FY 2022 by the 2020 Legislature in SB 66, the appropriations bill;
- The agency requests the Legislature reauthorize the 20 mill property tax levy for FY 2022 and FY 2023. KSA 72-5142 establishes a statewide 20 mill property tax for K-12 education. The proceeds from the uniform property tax levy are remitted to the State Treasurer and then distributed to school districts as part of their State Foundation Aid. The 20 mill property tax levy can only be authorized for two years at a time and was last reauthorized by 2019 House Sub. for SB 16 for FY 2020 and FY 2021;

- The agency requests continued authority to allow the Director of the Budget to transfer funds between the agency's SGF accounts for FY 2022. The 2020 Legislature provided this authority for FY 2021;
- The agency requests proviso language allowing the agency to distribute state aid from the State Safety Fund whenever funds are available, instead of by November 1, 2021, for FY 2022; and
- The agency requests the deletion of \$79,345,549, all SGF, for FY 2022, to continue the FY 2021 State Foundation Aid allotment into FY 2023. The BASE of \$4,706 would still be fully funded.

The **Governor** recommends expenditures of \$5.8 billion, and \$4.2 billion SGF, for FY 2022. This is an all funds decrease of \$57.6 million, or 1.0 percent, including an SGF decrease of \$45.4 million, or 1.1 percent, below the agency's request. The Governor's recommendation includes 261.9 FTE positions, which is a decrease of 1.0 FTE below the agency's request. The all funds decrease is primarily attributable to the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates and the Governor not recommending the agency's enhancement requests. The FTE position decrease is attributable to the Governor not recommending the agency's enhancement request to create a Dyslexia Coordinator position.

Fall 2020 Education Consensus Estimates

The Governor recommends adoption of the Fall 2020 Education Consensus Estimates for FY 2022. For school finance, the Governor recommends decreased expenditures of \$18.1 million, including an SGF decrease of \$944,193, below the approved amount. For KPERS, the Governor recommends decreased expenditures of \$8.3 million, including an SGF decrease of \$13.2 million, below the approved amount.

Compared to the agency's FY 2022 request, the Governor recommends decreased expenditures of \$38.9 million, including an SGF decrease of \$21.7 million, for school finance. Additionally, the Governor recommends decreased expenditures of \$8.3 million, including an SGF decrease of \$13.2 million, below the agency's request for KPERS.

The individual components of the Fall 2020 Education Consensus Estimates are described below. Unless otherwise noted, all changes from the approved number are also the change from the agency's FY 2022 request.

School Finance–State Foundation Aid. The Governor recommends expenditures of \$3.2 billion, including \$2.4 billion SGF, for State Foundation Aid for FY 2022. This is a decrease of \$7.5 million, including an SGF decrease of \$3.3 million, below the FY 2022 approved amount. The all funds decrease includes decreased expenditures of \$2.4 million from the statewide 20-mill property tax and decreased expenditures of \$1.8 million from the Mineral Production Education Fund. The all funds decrease is primarily attributable to a decrease in weighted FTE student enrollment from the Fall 2019 Estimates to due the COVID-19 pandemic.

School Finance–Supplemental State Aid. The Governor recommends expenditures of \$523.6 million, all SGF, for Supplemental State Aid for FY 2022. This is an increase of \$2.4 million above the approved amount. Supplemental State Aid provides equalization aid for school districts' Local Option Budgets.

School Finance—Special Education State Aid. The Governor recommends expenditures of \$512.9 million, all SGF, for Special Education State Aid for FY 2022. This is a decrease of \$20.8 million below the agency's request, attributable to the Governor's recommendation to adopt the Fall 2020 Estimates and to the Governor not recommending the agency's enhancement request for additional Special Education State Aid. The Fall 2020 Education Consensus Estimates project Special Education State Aid will cover 68.7 percent of excess costs in FY 2022. This is a decrease from the Fall 2019 Estimates, which projected state aid to cover 72.0 percent of excess costs. (*Note:* The education consensus estimating group did not issue revised estimates in April 2019.)

School Finance—Capital Outlay State Aid. The Governor recommends expenditures of \$78.5 million, all SGF, for Capital Outlay State Aid for FY 2022. This is the same as the agency's FY 2022 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 SGF. As such, they are considered normal SGF expenditures, but there is no line-item appropriation in the appropriations bill.

School Finance—Capital Improvement State Aid. The Governor recommends expenditures of \$205.0 million, all from special revenue funds, for Capital Improvement State Aid for FY 2022. This is a decrease of \$13.0 million below the agency's FY 2022 request. 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 are funded through a revenue transfer from the SGF. Therefore, Capital Improvement State Aid is not classified as an SGF expenditure, but is still an SGF obligation.

KPERS—USDs. The Governor recommends expenditures of \$538.0 million, all SGF, for KPERS—USDs for FY 2022. This is a decrease of \$6.3 million below the agency's request. The Fall 2020 Estimates projected growth in covered payroll of 3.25 percent during FY 2022.

KPERS—Non-USDs. The Governor recommends expenditures of \$83.0 million, including \$41.9 million SGF, for KPERS—Non-USDs for FY 2022. This is an all funds decrease of \$1.9 million, including an SGF decrease of \$6.9 million, below the agency's request. The Fall 2020 Estimates projected growth in covered payroll of 3.25 percent during FY 2022.

Other Recommendations

In addition to recommending the adoption of the Fall 2020 Education Consensus Estimates, the Governor recommends funding of \$67,700, all SGF, to pay dues to the Education Commission of the States (ECS) for FY 2022. Kansas joined ECS in 1972 when the State joined the Compact on Education through the enactment of KSA 72-8261. Kansas last paid dues to ECS in FY 2009.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Spec. Edu. State Aid	\$ 20,767,166	\$ 20,767,166	0.0	\$ 0	\$ 0	0.0
Mental Health Pilot Program	3,924,160	3,924,160	0.0	0	0	0.0
Mentor Teacher Program	1,000,000	1,000,000	0.0	0	0	0.0
CTE Transportation	650,000	650,000	0.0	0	0	0.0
ACT/WorkKeys	600,000	600,000	0.0	0	0	0.0
Dyslexia Coordinator	97,253	97,253	1.0	0	0	0.0
TOTAL	\$ 27,038,579	\$ 27,038,579	1.0	\$ 0	\$ 0	0.0

The **agency** requests enhancement funding of \$27.0 million, all SGF, for FY 2022. The enhancement requests are detailed below.

State Aid and Other Assistance Enhancement Requests:

- Special Education Services State Aid.** The agency requests \$20,767,166, all SGF, for additional funding for Special Education Services State Aid. KSA 72-3422 provides for Special Education Services State Aid to equal 92 percent of excess costs for special education in Kansas. Special Education Services State Aid for FY 2022 is expected to equal 69.2 percent of excess costs. The percentage of excess costs covered by state aid has decreased over the last several years, because costs for special education services increased faster than the appropriation. Since federal and state law requires the provision of special education services, school districts must finance any excess costs not funded by the State from their general funds or supplemental general funds, reducing the amount available for general education;
- Mental Health Intervention Team (MHIT) Pilot Program.** The agency requests \$3,924,160, all SGF, to expand the MHIT Pilot Program. This additional funding would bring total funding to \$12,673,886 for FY 2022. The pilot program expanded from 32 to 56 school districts in FY 2021;
- Mentor Teacher Program.** The agency requests \$1.0 million, all SGF, for additional funding for the Mentor Teacher Program, which is governed by KSA 72-2561 through 72-2564. Under this program, probationary teachers are provided support and assistance from an on-site mentor teacher for the first three years of the probationary teacher's career. The additional funding would provide stipends for mentors assisting first year teachers (\$1,000) and mentors assisting second year teachers (\$367) for the program's full three years. State law provides for aid to school districts for up to \$1,000 per mentor teacher; and
- Career and Technical Education (CTE) Transportation.** The agency requests \$650,000, all SGF, to reinstate funding for CTE transportation for FY 2022. This funding would not fully fund this program, but it is the amount annually appropriated prior to FY 2021. The 2020 Legislature appropriated \$1,042,882 in FY 2021, which was eliminated under the Governor's July 1, 2020, allotment

plan. This program reimburses school districts for a portion of the costs to transport 11th and 12th grade students to postsecondary CTE programs.

State Operations Enhancement Requests:

- **ACT/WorkKeys.** The agency requests \$600,000, all SGF, for a new contract with ACT, Inc. to provide the ACT exam, ACT WorkKeys assessments, and PreACT practice tests to Kansas high school students. KSA 72-5179 requires the State Board of Education (State Board) to provide one ACT exam and the three ACT WorkKeys assessments (requirements to earn a national career readiness certificate) to each student in 11th and 12th grade and one PreACT practice test to each student in 9th grade free of charge. The current contract will expire at the end of FY 2021 and costs \$2.8 million per year. Additional fees for the provision of these exams is estimated at \$3.2 million in FY 2021, but a provision in the current contract limits those fees to the amount appropriated. When the contract is rebid, it is estimated that the costs of the new contract will increase to \$3.4 million for FY 2022; and
- **Dyslexia Coordinator.** The agency requests \$97,253, all SGF, and 1.0 FTE position, to fund the salary and operating expenses for one new Education Program Consultant to serve as a state dyslexia coordinator. As required by 2018 Sub. for HB 2602, the Legislative Task Force on Dyslexia issued its report in January 2019 to the Governor, Legislature, and State Board. The report contains a variety of recommendations for the State Board aimed at helping educators assist struggling readers, including creation of a position within KSDE to direct and implement statewide dyslexia and early literacy initiatives. The position was not approved by the 2020 Legislature. The Legislative Task Force on Dyslexia resubmitted this recommendation to the State Board, Governor, and Legislature for the 2021 Session.

The agency's FY 2022 request without the enhancement requests is \$5.8 billion, including \$4.2 billion SGF, and includes 261.9 FTE positions.

The **Governor** does not recommend the agency's enhancement requests for FY 2022.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Prof. Development	\$ 1,700,000	\$ 1,700,000	0.0	\$ 1,700,000	\$ 1,700,000	0.0
Mental Health Pilot Program	1,215,004	1,215,004	0.0	1,215,004	1,215,004	0.0
After School Grants	187,500	187,500	0.0	187,500	187,500	0.0
MS After School Grants	125,000	125,000	0.0	125,000	125,000	0.0
ECS Dues	67,700	67,700	0.0	0	0	0.0
National Board Cert.	360,693	360,693	0.0	360,693	360,693	0.0
Edu. SuperHighway	120,000	120,000	0.0	120,000	120,000	0.0
TOTAL	\$ 3,775,897	\$ 3,775,897	0.0	\$ 3,708,197	\$ 3,708,197	0.0

The **agency** submits a reduced resources budget of \$3.8 million, all SGF, for FY 2022. The reduced resources budget is detailed below.

Professional Development: The agency's reduced resources budget includes \$1.7 million, all SGF, for Professional Development, which would eliminate funding for this state aid program for FY 2022. KSA 72-2544 *et seq.* provides for state aid for professional development to school districts with a written professional development plan approved by the State Board of Education. State aid is limited to 0.5 percent of a school district's general fund budget or one-half of actual professional development expenditures, whichever is less.

MHIT Pilot Program: The agency's reduced resources budget includes \$1.2 million, all SGF, for the MHIT Pilot Program. The agency's request includes \$8.7 million, all SGF, for the MHIT Pilot Program for FY 2022. The reduced resources budget would continue funding for the MHIT Pilot Program at the FY 2021 level.

Discretionary Grants—After School: The agency's reduced resources budget includes \$187,500, all SGF, for after school discretionary grants, which would eliminate the funding of this program for FY 2022. This program is governed by proviso language included in the annual appropriations bill and has been funded at \$187,500 since FY 2012. Discretionary grants are awarded to after school programs that operate for a minimum of two hours per day every day school is in session and a minimum of six hours per day for at least five weeks during the summer. Additionally, an individual after school program can receive a maximum of \$25,000 and must provide a dollar-for-dollar local match. KSDE approves funding only for those projects that provide expanded learning opportunities designed to help students meet or exceed state and local standards in core academic subjects, as well as in fine arts, fitness and health, and other needed areas. Funded organizations must primarily serve students from schools with a free and reduced lunch population of at least 40 percent.

Discretionary Grants—Middle School After School: The agency's reduced resources budget includes \$125,000, all SGF, for middle school after school discretionary grants, which would eliminate the funding of this program for FY 2022. This program is governed by the same proviso language as the above after school program and has been funded at \$125,000 since FY 2012. Local programs must serve students in sixth, seventh, and eighth grades, and students in fifth and ninth grade if they are in junior high. Additionally, programs must provide age-appropriate physical activity, career and higher learning opportunities, and academic achievement activities.

Education Commission of the States (ECS) Dues: The agency's reduced resources budget includes \$67,700, all SGF, to pay dues to the Education Commission of the States, which would eliminate funding for the dues for FY 2022. Kansas joined ECS in 1972 when the State joined the Compact on Education through the enactment of KSA 72-8261. Prior to FY 2020, Kansas last paid dues to ECS in FY 2009.

National Board Certification/Governor's Teaching Excellence Scholarships and Awards: The agency's reduced resources budget includes \$360,693, all SGF, for the Governor's Teaching Excellence Scholarships and Awards, which would eliminate funding for this program for FY 2022. KSA 72-2166 authorizes the State Board to provide scholarships of \$1,100 to teachers who are accepted to participate in the National Board for Professional Teaching Standards Certification Incentive Program and \$500 to teachers accepted to participate in the program to renew their certification. Additionally, teachers who have attained National Board Certification are to be paid an incentive bonus of \$1,000, as long as the teacher retains a valid master teacher's certificate. The bonus is paid by the school district employing the teacher, but the school district is entitled to receive state aid equal to the amount of any bonuses paid.

Education SuperHighway: The agency's reduced resources budget includes \$120,000, all SGF, for the Education SuperHighway Program. The Education SuperHighway program provides 10.0 percent in state matching funds to access additional Universal Service Schools and Libraries Program funding, commonly known as "E-rate," for new broadband infrastructure. E-rate provides discounts of up to 90 percent to help eligible schools and libraries obtain affordable telecommunications and Internet access. The agency estimates that all school buildings in Kansas will meet federal standards for high-speed internet during FY 2021, and the funding is therefore not needed for FY 2022.

The **Governor** recommends a reduced resources budget of \$3.7 million, all SGF, for FY 2022. This includes \$1.7 million for Professional Development State Aid, \$1.2 million for the Mental Health Intervention Team Pilot Program, \$312,500 for after school programs, \$360,693 for the Governor's Teaching Excellence Scholarships, and \$120,000 for the Education SuperHighway.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$3,440, including \$1,566 SGF, and FY 2022 longevity payments total \$3,520, including \$1,603 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

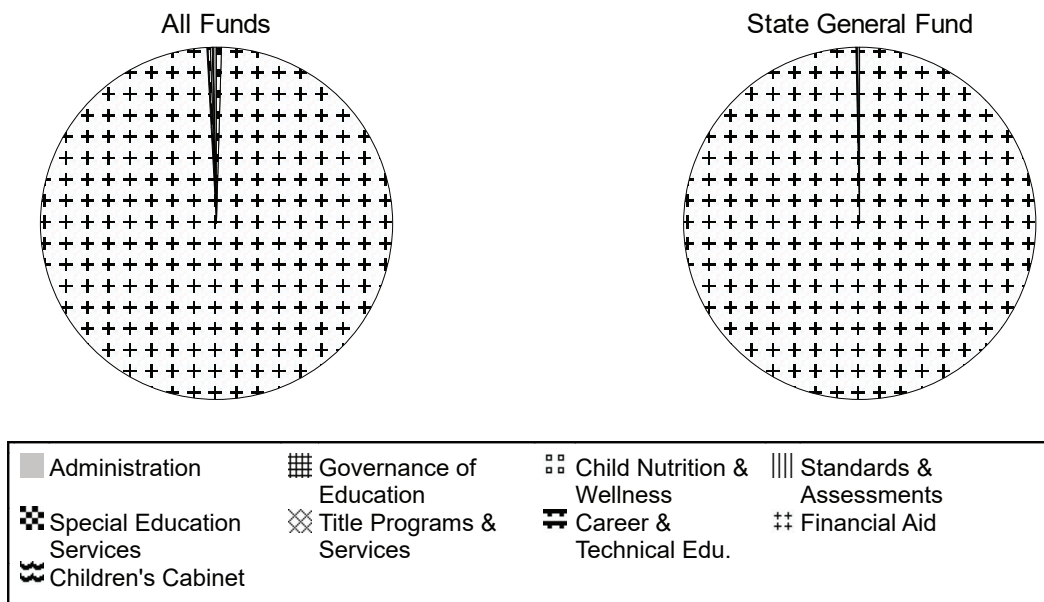
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	72.5 %	72.4 %
Children's Initiatives Fund	0.6	0.6
20 Mill Property Tax	12.9	13.0
Federal Funds	8.5	8.6
All Other Funds	5.5	5.4
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 18,633,570	0.3 %	\$ 9,233,749	0.2 %
Governance of Education	397,126	0.0	397,126	0.0
Child Nutrition & Wellness	3,625,656	0.1	316,377	0.0
Standards & Assessments	9,832,909	0.2	2,965,720	0.1
Special Education Services	12,637,338	0.2	589,187	0.0
Title Programs & Services	4,212,456	0.1	53,154	0.0
Career and Technical Education	1,506,995	0.0	686,880	0.0
Financial Aid	5,708,578,501	98.7	4,177,489,064	99.7
Children's Cabinet	26,828,817	0.5	0	0.0
TOTAL	\$ 5,786,253,368	100.0 %	\$ 4,191,731,257	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	145.4	141.3	141.3	141.3	141.3
Governance of Education	1.0	1.0	1.0	1.0	1.0
Child Nutrition & Wellness	35.4	32.8	32.8	32.8	32.8
Standards & Assessments	25.1	26.2	26.2	27.2	26.2
Special Education Services	25.3	26.3	26.3	26.3	26.3
Title Programs & Services	15.0	14.5	14.5	14.5	14.5
Career & Technical Education	14.0	12.9	12.9	12.9	12.9
Financial Aid	0.0	0.0	0.0	0.0	0.0
Children's Cabinet	3.0	7.0	7.0	7.0	7.0
TOTAL	264.2	262.0	262.0	263.0	262.0
(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of School Finance Printouts Accurately Prepared for Lawmakers within Requested Time Frames	108	64	55	57	75	65
Amount of State Aid Savings Found by Fiscal Audit Team (In Thousands)	\$ 14,440	\$ 17,761	\$ 17,500	\$ 18,600	\$ 16,800	\$ 16,800
Number of USD Field Audits Completed	286	286	286	286	286	286
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 48.1	\$ 54.0	\$ 51.9	\$ 55.9	\$ 51.7	\$ 51.4
FTE Positions	254.5	264.3	261.2	264.2	261.9	261.9

AGENCY OPERATING SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 19,980,267	\$ 20,803,241	\$ 20,803,241	\$ 21,077,463	\$ 20,996,403
Contractual Services	35,264,954	30,105,729	30,145,729	30,870,948	29,750,501
Commodities	366,629	491,915	491,915	491,184	490,684
Capital Outlay	277,267	144,826	247,826	215,918	210,715
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 55,889,117</i>	<i>\$ 51,545,711</i>	<i>\$ 51,688,711</i>	<i>\$ 52,655,513</i>	<i>\$ 51,448,303</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 55,889,117</u>	<u>\$ 51,545,711</u>	<u>\$ 51,688,711</u>	<u>\$ 52,655,513</u>	<u>\$ 51,448,303</u>
Financing:					
State General Fund	\$ 17,432,158	\$ 17,407,060	\$ 17,407,060	\$ 18,194,403	\$ 16,987,193
All Other Funds	38,456,959	34,138,651	34,281,651	34,461,110	34,461,110
TOTAL	<u>\$ 55,889,117</u>	<u>\$ 51,545,711</u>	<u>\$ 51,688,711</u>	<u>\$ 52,655,513</u>	<u>\$ 51,448,303</u>
FTE Positions	264.2	261.9	261.9	262.9	261.9

The **agency** requests a revised estimate of \$51.5 million, including \$17.4 million SGF, for agency operations in FY 2021. This is an all funds increase of \$278,170, or 0.5 percent, above the FY 2021 approved amount. The revised estimate includes 261.9 FTE positions, which is a decrease of 2.3 FTE positions below the FY 2021 number approved.

The all funds increase is primarily attributable to the receipt of federal CARES Act funding for administration, which the agency budgeted as contractual services, offset in part by decreased salaries and wages due to the elimination of vacant positions, including an IT position. The decrease in FTE positions is due to the elimination of vacant positions.

The agency's operating budget includes the following:

- **Salaries and wages.** The agency requests revised expenditures of \$20.8 million, which is a decrease of \$270,270, or 1.3 percent, below the FY 2021 approved amount. This decrease is primarily attributable to the elimination of vacant positions, including an IT position. According to the agency, this includes a shrinkage rate of 6.6 percent in FY 2021;
- **Contractual services.** The agency requests revised expenditures of \$30.1 million, which is an increase of \$549,488, or 1.9 percent, above the FY 2021 approved amount. This increase is primarily attributable to the receipt of CARES Act funding for administration, which the agency budgeted as contractual services. This includes \$6.0 million to fund a contract with the University of Kansas to administer the state assessments and \$2.8 million for a contract to provide the PreACT (for 9th graders) and the ACT and WorkKeys assessments (for 11th graders) to students free of charge. Contractual services expenditures also include contracts to support Title I schools identified for comprehensive or targeted support and to provide training to teachers, administrators, and food service employees;

- **Commodities.** The agency requests revised expenditures of \$491,915, which is a decrease of \$1,008, or 0.2 percent, below the FY 2021 approved amount. This includes training materials, office supplies, and other consumables required to operate the agency; and
- **Capital outlay.** The agency requests revised expenditures of \$144,826, which is the amount approved by the 2020 Legislature. This includes \$44,800, all from special revenue funds, to replace two aging state-owned vehicles expected to have an average of 100,000 miles by June 30, 2021. Additionally, this includes \$70,026, all from special revenue funds, to replace outdated laptops and desktop computers, and \$30,000, all from federal child nutrition administration funds, for tablets to use in the field.

The **Governor** recommends \$51.7 million, including \$17.4 million SGF, for agency operations in FY 2021. This is a special revenue funds increase of \$143,000, or 0.3 percent, above the agency's revised estimate. This increase is attributable to the allocation of \$41.6 million, including \$143,000 for agency operations, from the federal Coronavirus Relief Fund (CRF) by the SPARK Taskforce to the Children's Cabinet.

The **agency** requests \$52.7 million, including \$18.2 million SGF, for agency operations for FY 2022. This is an all funds increase of \$1.1 million, or 2.2 percent, and an SGF increase of \$787,343, or 4.5 percent, above the FY 2021 revised estimate. The request includes 262.9 FTE positions, which is 1.0 FTE position above the FY 2021 revised estimate.

The SGF increase is primarily due to the anticipated increased cost for the new ACT/WorkKeys contract that is set to be rebid for FY 2022 and the ending of the FY 2021 moratorium on KPERS death and disability contributions. The additional funding for the ACT/WorkKeys contract is discussed in the enhancement requests section above. The special revenue funds increase is due to increased capital outlay expenditures.

The additional FTE position is due to the enhancement request for a Dyslexia Coordinator position, which is also noted in the enhancement requests section above.

The agency's operating budget includes the following:

- **Salaries and wages.** The agency requests expenditures of \$21.1 million, which is an increase of \$274,222, or 1.3 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased health insurance costs, increased retirement contributions due to the end of the FY 2021 moratorium on death and disability contributions, and the agency's enhancement request to add 1.0 FTE position for a Dyslexia Coordinator. According to the agency, this includes a shrinkage rate of 6.6 percent for FY 2022;
- **Contractual services.** The agency requests expenditures of \$30.9 million, which is an increase of \$765,219, or 2.5 percent, above the FY 2021 revised estimate. This increase is primarily attributable to the rebidding of the ACT/WorkKeys contract, which is expected to cost \$600,000 more than the amount appropriated in FY 2021. Contractual services expenditures also include contracts to support Title I schools identified for comprehensive or targeted support and to provide training to teachers, administrators, and food service employees;

- **Commodities.** The agency requests expenditures of \$491,184, which is a decrease of \$731, or 0.1 percent, below the FY 2021 revised estimate. This includes training materials, office supplies, and other consumables required to operate the agency; and
- **Capital outlay.** The agency requests revised expenditures of \$215,918, which is an increase of \$71,092, or 49.1 percent, above the FY 2021 revised estimate. This includes \$70,015, all from special revenue funds, for the replacement of three aging state-owned vehicles, and \$110,700, all from special revenue funds, for the replacement of desktop, laptop, and tablet computers per the agency's five year IT plan.

The **Governor** recommends \$51.4 million, including \$17.0 million SGF, for agency operations for FY 2022. This is an SGF decrease of \$1.2 million, or 6.6 percent, below the agency's request. This is primarily attributable to the Governor recommending the reduction of after school program grants (\$9,957 for operations) and the deletion of the Microsoft Information Technology (IT) Education Opportunities certification program (\$500,000). It is also attributable to the Governor not recommending the agency's enhancement requests for the creation of a Dyslexia Coordinator position (\$97,253) and additional funding for the new ACT/WorkKeys contract (\$600,000).

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Five-year Postsecondary Success Rate*	54.0 %	55.0 %	58.0 %	56.0 %	60.0 %	63.0 %
Five-year Postsecondary Effectiveness Rate*	0.5 %	48.0 %	50.0 %	48.0 %	52.0 %	55.0 %
Number of Teaching Assignments Filled by Unlicensed or Licensed Unqualified Educators (One position May Have Multiple Assignments)*	4,358	5,873	5,000	5,469	6,000	4,000
Percent of Students with Disabilities Who Graduated from High School	77.3 %	77.5 %	84.0 %	78.4 %	85.8 %	85.8 %
Percent of Students with Disabilities Enrolled in Higher Education or Some Other Postsecondary Education Program, or Employed within One Year of Graduation*	67.8 %	73.0 %	81.1 %	75.0 %	83.3 %	83.3 %
Number of Technical Assistance Resources Available for Teachers to Improve Academic Performance	1,718	1,829	1,900	2,146	2,150	2,200
Percent of English Language Learners Scoring at Proficient on the Kansas Math Assessment	10.8 %	9.4 %	11.0 %	N/A	9.5 %	11.0 %
Percent of English Language Learners Scoring at Proficient on the Kansas ELA Assessment	8.5 %	7.5 %	9.0 %	N/A	7.5 %	9.0 %
Number of Students in Career and Technical Education Organizations in Kansas	24,329	23,555	23,560	23,441	23,560	23,565
Number of High School Students Enrolled in Tuition-free College, Career, and Technical Education Courses	10,600	13,675	11,700	13,000	11,700	11,710
Percent of Students Served by Mental Health Pilot Program with Improved Academic Performance*	N/A	61.3 %	65.0 %	64.3 %	65.0 %	65.0 %
Number of FTE Students Enrolled in K-12 (In Thousands)	469.9	473.7	473.7	473.3	472.7	473.3
Weighted FTE Students in School Finance Formula (In Thousands)	693.5	688.7	685.9	683.2	678.1	683.8
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4,891.8	\$ 5,000.8	\$ 5,482.9	\$5,471.3	\$ 6,290.9	\$ 5,600.8
FTE Positions	257.5	267.3	264.2	264.2	261.9	261.9

**Staff Note:* These performance measures are not utilized by the Governor.

**STATE AID AND OTHER ASSISTANCE
SUMMARY OF EXPENDITURES, FY 2020 – FY 2022**

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Est. FY 2022^	Gov. Rec. FY 2022
State General Fund					
State Foundation Aid	\$ 2,282,148,870	\$ 2,283,490,228	\$ 2,264,593,190	\$ 2,440,966,522	\$ 2,437,622,329
Supplemental State Aid	503,300,000	513,400,000	513,400,000	521,200,000	523,600,000
Special Education State Aid	497,709,133	505,566,465	505,566,465	533,647,984	512,880,818
Capital Outlay State Aid	72,282,802	75,800,000	75,800,000	78,500,000	78,500,000
KPERS–USDs	514,093,650	498,212,819	491,343,113	544,296,719	537,971,506
KPERS–Non-USDs	37,680,483	36,179,361	34,163,430	48,757,280	41,853,675
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)	19,400,000	19,400,000	19,400,000	19,400,000	19,400,000
Mental Health Pilot Program	8,058,516	8,749,726	7,534,722	12,673,886	7,534,722
Juvenile Detention Grants	4,278,464	5,842,592	5,060,528	5,060,528	5,060,528
School Safety & Security Grants*	4,970,678	0	0	0	0
School Food Assistance	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486
Evidence-Based Reading Programs	1,200,000	0	0	0	0
Professional Development	1,700,000	1,700,000	1,700,000	1,700,000	0
Mentor Teacher Program	1,300,000	1,300,000	1,300,000	2,300,000	1,300,000
Technical Ed. Transportation	1,482,338	0	0	650,000	0
Teach for America	154,000	0	0	0	0
Teacher Excellence Grant/Scholarships	219,674	501,448	360,693	360,693	0
Technical Ed. Incentive	80,000	0	0	0	0
Education SuperHighway	299,300	333,582	120,000	120,000	0
Juvenile Transitional Crisis Center Pilot	300,000	0	0	0	0
Deaf-Blind Program Aid	110,000	110,000	110,000	110,000	110,000
Governor's Scholar Program	20,000	0	0	0	0
Discretionary Grants	311,935	312,500	312,500	312,500	0
Subtotal–State General Fund	\$ 3,960,010,329	\$ 3,959,809,207	\$ 3,929,675,127	\$ 4,218,966,598	\$ 4,174,744,064
Other State Funds					
20 Mill Local Property Tax	\$ 709,436,419	\$ 732,980,564	\$ 732,666,769	\$ 754,822,964	\$ 752,398,146
School District Finance Fund	59,150,764	52,000,000	52,000,000	52,000,000	52,000,000
KPERS–ELARF	41,632,883	41,640,023	41,640,023	36,169,315	41,143,515
Capital Improvement State Aid	203,377,013	213,000,000	205,000,000	218,000,000	205,000,000
Mineral Production Fund	11,687,150	8,203,000	8,581,346	6,601,000	4,840,211
Communities in Schools	50,000	50,000	50,000	50,000	50,000
Driver Education Aid	1,450,222	832,000	832,000	1,415,000	1,415,000
USD Checkoff Fund	37,944	50,000	50,000	50,000	50,000
Private Gifts and Grants	191,889	0	0	0	0
Children's Cabinet–Family & Children Investment Fund	0	25,000	25,000	563,965	563,965
Subtotal–Other State Funds	\$ 1,027,014,284	\$ 1,048,780,587	\$ 1,040,845,138	\$ 1,069,672,244	\$ 1,057,460,837

*The 2018 Legislature transferred \$5.0 million from the SGF to a special revenue fund for the School Safety and Security Grants. To provide grants to all school districts that applied in FY 2019, KSDE supplemented this special revenue fund with some SGF moneys from the agency's operations account. Beginning in FY 2020, funding for the program was appropriated directly from the SGF.

^SB 66, the 2020 appropriations bill, included State Foundation Aid SGF and Supplemental State Aid appropriations, which are included in the agency request for FY 2022. This table does not reflect the agency's request that the Governor or Legislature delete \$79,345,549, all SGF, for FY 2022, to continue the FY 2021 State Foundation Aid allotment into FY 2023. The BASE of \$4,706 would still be fully funded.

(Note: This table previously included some contractual services expenditures because the primary beneficiaries of the contracts were local education agencies. These items have now been removed from the table. The table only shows those expenditures categorized as state aid to local units of government or other assistance.)

STATE AID AND OTHER ASSISTANCE SUMMARY OF EXPENDITURES, FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Est. FY 2022	Gov. Rec. FY 2022
Children's Initiatives Fund					
Parent Education (Parents as Teachers)	\$ 8,376,566	\$ 8,573,747	\$ 8,573,747	\$ 8,437,635	\$ 8,437,635
Kansas Preschool Program (Pre-K Pilot)	4,200,000	4,200,000	4,200,000	4,200,000	4,200,000
Children's Cabinet–Early Childhood Block Grant	17,070,925	17,488,277	17,488,277	17,239,412	17,239,412
Children's Cabinet–Child Care Quality Initiative	500,000	500,000	500,000	500,000	500,000
Children's Cabinet–Autism Diagnosis Program	50,000	50,000	50,000	50,000	50,000
Children's Cabinet–Communities Aligned in Early Dev. & Ed.	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
<i>Subtotal-Children's Initiatives Fund</i>	<i>\$ 31,197,491</i>	<i>\$ 31,812,024</i>	<i>\$ 31,812,024</i>	<i>\$ 31,427,047</i>	<i>\$ 31,427,047</i>
Selected Federal Funds					
Special Education	\$ 101,730,084	\$ 101,757,250	\$ 101,757,250	\$ 105,420,830	\$ 105,420,830
School Food Assistance	187,401,545	226,797,925	226,797,925	205,072,239	205,072,239
Elementary and Secondary Education Act (ESEA) Prog.	116,211,512	179,716,763	179,716,763	108,191,867	108,191,867
TANF Children's Programs	3,714,141	4,132,317	4,132,317	4,132,317	4,132,317
Children's Cabinet–Community-Based Child Abuse Prevention	786,043	720,000	720,000	742,889	742,889
All Other Federal Funding	43,252,823	42,655,509	84,155,509	42,646,790	42,646,790
<i>Subtotal-Federal Funds</i>	<i>\$ 453,096,148</i>	<i>\$ 555,779,764</i>	<i>\$ 597,279,764</i>	<i>\$ 466,206,932</i>	<i>\$ 466,206,932</i>
Total-All Other Funds	\$ 484,293,639	\$ 587,591,788	\$ 629,091,788	\$ 497,633,979	\$ 497,633,979
GRAND TOTAL	\$ 5,471,318,252	\$ 5,596,181,582	\$ 5,599,612,053	\$ 5,786,272,821	\$ 5,729,838,880

STATE FOUNDATION AID SUMMARY OF EXPENDITURES, FY 2020 – FY 2022					
Funding Source	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Est. FY 2022	Gov. Rec. FY 2022
State General Fund	\$ 2,282,148,870	\$ 2,283,490,228	\$ 2,264,593,190	\$ 2,440,966,522	\$ 2,437,622,329
20 Mill Local Property Tax	709,436,419	732,980,564	732,666,769	754,822,964	752,398,146
School District Finance Fund	59,150,764	52,000,000	52,000,000	52,000,000	52,000,000
Mineral Production Fund	11,687,150	8,203,000	8,581,346	6,601,000	4,840,211
TOTAL	\$ 3,062,423,203	\$ 3,076,673,792	\$ 3,057,841,305	\$ 3,254,390,486	\$ 3,246,860,686

BASE AID FOR STUDENT EXCELLENCE (BASE) FY 2020 – FY 2023			
Fiscal Year	Current Law	Agency Request	Governor's Rec.
2020	4,436	4,436	4,436
2021	4,569	4,569	4,569
2022	4,706	4,706	4,706
2023	4,846	4,846	4,846

(Note: Beginning in FY 2024, the BASE will be adjusted by the average percentage increase in the Consumer Price Index for all urban consumers (CPI-U) in the Midwest region during the three immediately preceding school years.)

The **agency** requests a revised estimate of \$5.6 billion, including \$4.0 billion SGF, for state aid and other assistance expenditures in FY 2021. This is an all funds increase of \$102.0 million, or 1.9 percent, and an SGF increase of \$68,246, or less than 0.1 percent, above the amount approved by the 2020 Legislature. The all funds increase is primarily attributable to the receipt of federal funds under the CARES Act for the child nutrition programs and in response to the COVID-19 pandemic.

The **Governor** recommends \$5.6 billion, including \$3.9 billion SGF, for state aid and other assistance expenditures in FY 2021. This is an all funds increase of \$3.4 million, or 0.1 percent, and an SGF decrease of \$30.1 million, or 0.8 percent, from the agency's revised estimate. The all funds increase is primarily attributable to the allocation of \$41.6 million from the federal CRF by the SPARK Taskforce to the Children's Cabinet, partially offset by decreased SGF expenditures due to the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates.

The **agency** requests \$5.8 billion, including \$4.2 billion SGF, for state aid and other assistance expenditures for FY 2022. This is an all funds increase of \$190.1 million, or 3.4 percent, including an SGF increase of \$259.2 million, or 6.5 percent, above the FY 2021 revised estimate.

The SGF and special revenue fund increases are primarily attributable to the increases in school funding included in 2018 Sub. for SB 423, 2018 House Sub. for SB 61, and 2019 House Sub. for SB 16. This includes the following:

- **State Foundation Aid:** An expenditure increase of \$177.7 million, or 5.8 percent, including an SGF increase of \$157.5 million, or 6.9 percent, above the FY 2021 revised estimate, for increased State Foundation Aid. This is primarily due to the Base Aid for Student Excellence (BASE) increasing from \$4,569 to 4,706 for FY 2022;
- **Supplemental State Aid:** An expenditure increase of \$7.8 million, or 1.5 percent, all SGF, above the FY 2021 revised estimate, for increased Supplemental State Aid payments;
- **Special Education State Aid:** An expenditure increase of \$28.1 million, or 5.6 percent, all SGF, above the FY 2021 revised estimate, for increased Special Education State Aid payments;
- **KPERS-USDs:** An expenditure increase of \$46.1 million, or 9.2 percent, all SGF, above the FY 2021 revised estimate, for increased employer contributions to KPERS-USDs; and

- **KPERS-Non-USDs:** An expenditure increase of \$7.1 million, including \$12.6 million SGF, or 34.8 percent, above the FY 2021 revised estimate, for increased employer contributions to KPERS–Non-USDs.

The SGF increase is also attributable to the agency's enhancement requests, including \$20.8 million additional Special Education Services State Aid funding to meet the 92 percent excess costs requirement, \$3.9 million to expand the MHIT Pilot Program, \$1.0 million to fund the Mentor Teacher Program for three years, and \$650,000 to partially fund the CTE transportation program.

The **Governor** recommends \$5.8 billion, including \$4.2 billion SGF, for state aid and other assistance expenditures for FY 2022. This is an all funds decrease of \$57.6 million, or 1.0 percent, including an SGF decrease of \$45.4 million, or 1.1 percent, below the agency's request. The decrease is primarily attributable to the agency receiving an allocation of \$41.6 million from the federal CRF by the SPARK Taskforce to the Children's Cabinet in FY 2021 and the Governor's recommendation to adopt the Fall 2020 Education Consensus Estimates.

C. 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 program 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Children Served through Early Childhood Block Grant Programs*	7,102	7,457	N/A	7,163	N/A	N/A
Number of Professionals Receiving Training or Professional Development through the Child Care Quality Initiative*	452	267	N/A	278	N/A	N/A
Number of Children Receiving Direct Services through the Autism Diagnosis Program*	44	63	N/A	69	N/A	N/A
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)	\$ 18.0	\$ 21.1	\$ 21.3	\$ 20.9	\$ 26.7	\$ 26.8
FTE Positions	3.0	3.0	3.0	3.0	7.0	7.0
*The Governor's Office does not utilize this measure for evaluation purposes.						

CHILDREN'S CABINET SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 283,555	\$ 590,971	\$ 590,971	\$ 596,325	\$ 596,325
Contractual Services	1,219,138	4,499,187	4,499,187	4,363,332	4,363,332
Commodities	11,030	5,087	5,087	6,528	6,528
Capital Outlay	1,313	10,100	10,100	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,515,036	\$ 5,105,345	\$ 5,105,345	\$ 4,966,185	\$ 4,966,185
Aid to Local Units	0	0	0	0	0
Other Assistance	19,406,968	21,549,643	21,549,643	21,862,632	21,862,632
TOTAL	\$ 20,922,004	\$ 26,654,988	\$ 26,654,988	\$ 26,828,817	\$ 26,828,817
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	20,922,004	26,654,988	26,654,988	26,828,817	26,828,817
TOTAL	\$ 20,922,004	\$ 26,654,988	\$ 26,654,988	\$ 26,828,817	\$ 26,828,817
FTE Positions	3.0	7.0	7.0	7.0	7.0

The **agency** requests a revised estimate of \$26.7 million, all from special revenue funds, in FY 2021. This is an increase of \$5.5 million, or 26.0 percent, above the amount approved by the 2020 Legislature. The revised estimate includes 7.0 FTE positions, which is an increase of 4.0 FTE positions above the number approved by the 2020 Legislature. The increase is primarily attributable to increased expenditures for salaries and wages and contractual services due to the receipt of a new federal grant.

On April 29, 2020, the federal Administration for Children and Families awarded the Children's Cabinet a three-year federal Preschool Development Birth Through 5 Renewal Grant

(PDG-R) totaling \$26.8 million. The PDG-R builds on top of a grant received by the Department of Education in 2018 and will be used to fund activities related to improving early childhood care and education through systems alignment, better data and outcomes infrastructure, and workforce development. The Children's Cabinet will lead the implementation, with support from the Kansas Department for Children and Families, the Kansas Department of Health and Environment, and the Kansas State Department of Education. Estimated expenditures associated with the PDG-R in the Children's Cabinet in FY 2021 are as follows:

- Salaries and wages expenditures of \$324,459 to fund 3.0 new FTE positions, including an Early Childhood Systems Coordinator, an Early Childhood Workforce Coordinator, and an Early Childhood Systems Specialist; and
- Contractual services expenditures of \$3.1 million to fund grant activities including the development of an early childhood workforce registry, an early childhood integrated data system, and to provide professional development, workforce support, and equity initiatives.

The increase of 4.0 FTE positions is due to the Preschool Development Grant. The agency anticipates 3.0 FTE for the temporary positions noted above and 1.0 FTE for two accountants who will work part time on the grant.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests \$26.8 million, all from special revenue funds, for FY 2022. This is an increase of \$173,829, or 0.7 percent, above the FY 2021 revised estimate. The request includes 7.0 FTE positions, which is the same number as the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures from the Family and Child Investment Trust Fund for aid to local units of governments and other assistance, offset in part by decreased expenditures for contractual services.

The **Governor** concurs with the agency's request for FY 2022.

POSTSECONDARY EDUCATION SYSTEMWIDE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 838,888,588	\$ 827,411,872	\$ 825,091,037	\$ 877,774,686	\$ 822,707,721
Other Funds	2,088,147,906	2,204,193,191	2,204,193,191	2,119,407,500	2,119,407,500
Subtotal	\$ 2,927,036,494	\$ 3,031,605,063	\$ 3,029,284,228	\$ 2,997,182,186	\$ 2,942,115,221
Capital Improvements:					
State General Fund	\$ 3,972,896	\$ 607,350	\$ 607,350	\$ 609,656	\$ 609,656
Other Funds	143,621,380	146,215,231	146,215,231	111,214,165	111,214,165
Subtotal	\$ 147,594,276	\$ 146,822,581	\$ 146,822,581	\$ 111,823,821	\$ 111,823,821
TOTAL	\$ 3,074,630,770	\$ 3,178,427,644	\$ 3,176,106,809	\$ 3,109,006,007	\$ 3,053,939,042
Percentage Change:					
Operating Expenditures					
State General Fund	6.3 %	(1.4) %	(1.6) %	6.1 %	(0.3) %
All Funds	3.0	3.6	3.5	(1.1)	(2.9)
FTE Positions	19,047.0	19,001.8	19,001.8	19,001.8	19,001.8

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

The **2007 Legislature** passed legislation establishing the Postsecondary Technical Education Authority, which would be composed of the following 12 members: 4 appointed by the Board of Regents; 3 appointed by the Governor, including the 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 **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 Board of Regents for a certificate of approval but would not have to obtain additional approval for a branch campus. The legislation requires institutions to notify the 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, to file a statement of substantial interests with the Kansas Governmental Ethics Commission.

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 in FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the SGF for credit hours approved by the 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 Board of Regents.

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

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

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

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

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

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 SGF allotment** reduced approved expenditures by \$895,434, and the **February 2015 SGF allotment** reduced approved expenditures by \$16.2 million for FY 2015.

The **Governor's March 2015 SGF allotment** reduced approved expenditures by \$17.3 million for FY 2016.

The **Governor's May 2016 SGF 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 SGF to fund these new programs in 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 Board of Regents from the performance-based budgeting requirements. The legislation also amended statutes for fees collected by the Board of Regents and removed the June 30, 2018, sunset on the statute authorizing the 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.

The **2019 Legislature** passed HB 2144, which amends the law related to community college student fees and enacts the Community College Taxpayer Transparency Act. The bill requires any student fees to be charged have a specific purpose and that purpose to be specified on the community college's website. The bill also requires community colleges to identify the courses that are fully transferable to four-year colleges governed by the Board of Regents and display those on the college's website. The bill also requires community colleges to publish certain information to the community college's website under an easily identifiable link titled "taxpayer and student transparency data."

The **2020 Legislature** passed HB 2246, which provided Wichita State University bonding authority for up to \$25.0 million for a new business school. The bill also created in the state treasury the Cancer Research and Public Information Trust Fund for the University of Kansas Medical Center. The legislation created a transfer of \$10.0 million from the SGF into the Cancer Research and Public Information Trust Fund beginning in FY 2022. The University of Kansas Medical Center must provide a report to the legislature detailing how the money is used for cancer research, cancer education, and outreach programs.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agencies** request a revised estimate of \$3.2 billion, including \$828.0 million from the State General Fund (SGF), in FY 2021. This is an all funds increase of \$81.5 million, or 2.6 percent, and an SGF increase of \$295,724, or less than 0.1 percent, above the approved amount. The all funds increase is primarily due to federal funds from the Coronavirus Aid, Relief, and Economic Security (CARES) Act and Governor's Emergency Education Relief (GEER) fund. The SGF increase is due to the supplemental request for the National Guard Scholarship program.

The **agencies** estimate a revised capital improvements budget of \$146.8 million, including \$607,350 SGF, in FY 2021. This is an all funds increase of \$22.2 million, or 17.8 percent, and an SGF decrease of \$1.7 million, or 74.2 percent, from the approved amount. The all funds increase is due to an overall increase in rehabilitation and repair projects across all campuses. The SGF decrease is due to the SGF debt service principal payments being moved to the Department of Administration.

The **Governor** concurs with the agencies' revised estimates, with the exception of not recommending the supplemental request for the National Guard scholarship and lapsing the reappropriations for Kansas State University and Pittsburg State University (\$2.0 million). The Governor also concurs with the agencies capital improvements revised estimates.

FY 2022 – Budget Year. The **agencies** request an operating budget of \$3.0 billion, including \$877.8 million SGF for FY 2022. This is an all funds decrease of \$34.4 million, or 1.1 percent, and an SGF increase of \$50.4 million, or 6.1 percent, from the FY 2021 revised estimate. The all funds decrease is due to the reduction of the federal funds provided in FY 2021 due to the COVID-19 outbreak. The increase of SGF moneys is due to the enhancement request of \$49.3 million and the increased expenditures in salaries and wages for fringe benefits.

The **agencies** request a capital improvements budget of \$111.8 million, including \$609,656 SGF for FY 2022. This is an all funds decrease of \$35.0 million, or 23.8 percent, and an SGF increase of \$2,306, or 0.4 percent, from the FY 2021 revised estimate. The all funds decrease is due to an overall decrease in planned capital improvement expenditures. The SGF increase is for debt service principal payments for FY 2022.

The **Governor** recommends expenditures of \$2.9 billion, including \$822.7 million SGF, for FY 2022. This is an all funds decrease of \$55.1 million, or 1.8 percent, and an SGF decrease of \$55.1 million, or 7.8 percent, below the agencies' requests. The decrease is due to the Governor not recommending the enhancement requests and recommending inclusion of 55.0 percent of the reduced resources budgets submitted by the universities and approximately \$4.0 million from the Board of Regents, which does not include scholarships and the majority of the community and technical college expenditure reduction. In addition, the Governor added a 2.5 percent increase to the Board of Regents Administration program (\$76,770) and a 2.5 percent increase (\$10.3 million) to the University Operating Grant, which is equivalent to the proposed 2.5 percent employee pay plan to be spent at the Board's discretion. The Governor also added \$26.3 million SGF to restore the SGF allotment from FY 2021 when the Governor provided the universities with the federal Governor's Emergency Education Relief (GEER) funds.

The Governor concurs with the agencies' capital improvements budgets for FY 2022.

PERFORMANCE MEASURES

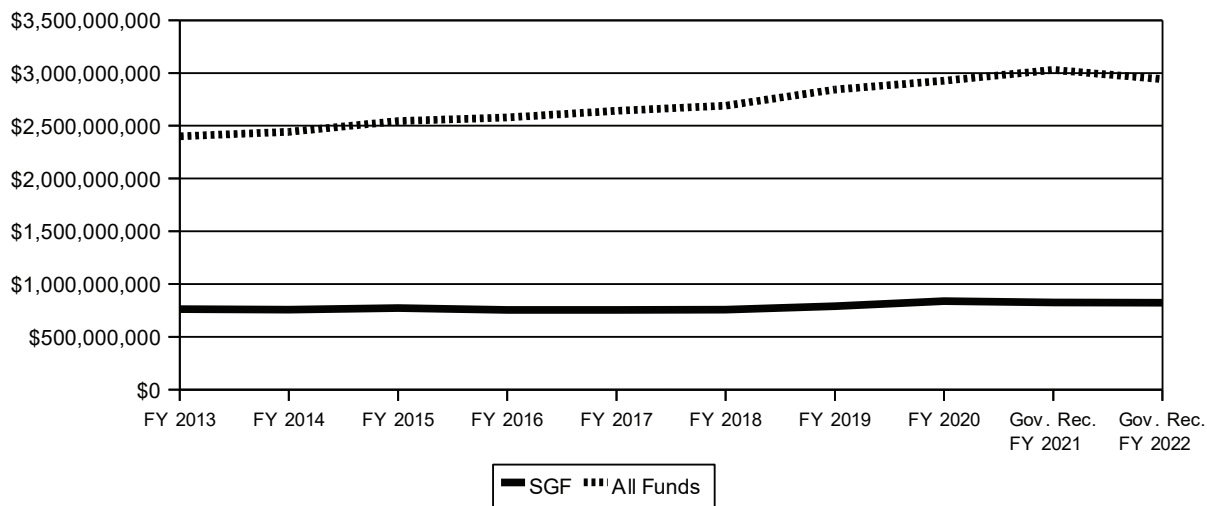
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Administration Program						
Percentage of agency administrative costs of total budget	3.4 %	3.1 %	320.0 %	3.0 %	3.2 %	3.3 %
Percentage of Board goals completed or made progress towards completion	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Postsecondary Education Institutions Program						
Number of certificates and degrees awarded (Washburn University, Community and Technical Colleges)	21,258	22,440	25,515	21,020	21,500	21,500
First-to-Second Year Retention Rates						
Washburn University	70.1 %	68.9 %	69.0 %	69.0 %	69.0	69.0 %
Community Colleges	58.0 %	58.6 %	59.0 %	59.0 %	59.0	59.0 %
Technical Colleges	62.3 %	61.2 %	62.0 %	62.0 %	62.0	62.0 %
Student Success Index Rates						
Washburn University	65.4 %	66.4 %	65.0 %	66.4 %	67.0	67.0 %
Community Colleges	56.4 %	56.4 %	57.0 %	56.4 %	57.0	57.0 %
Technical Colleges	69.7 %	67.7 %	70.0 %	67.7 %	68.0	68.0 %
Excel in Career Technical Education (CTE) Initiative						
Participating Headcount	11,690	13,675	14,000	13,934	14,000	14,000
College Credit Hours Generated	92,092	105,084	110,000	109,226	109,500	109,500
Student Financial Assistance Program						
Initially Eligible Applicants	31,018	31,472	31,500	30,021	30,100	30,100
State Scholarship Award Recipients	10,995	12,021	12,000	12,365	12,400	12,400
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 212.9	\$ 223.1	\$ 236.1	\$ 233.4	\$ 244.4	\$ 281.1
FTE Positions	62.5	62.5	64.5	62.5	63.5	63.5

The Board of Regents is the only agency within the Postsecondary Education Systemwide with performance measures pursuant to 2016 HB 2739. The state universities each have performance agreements with the Board of Regents and are exempted from the performance-based budgeting requirements.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	789,369,446	4.2	2,843,084,434	5.7	18,943.1
2020	838,888,588	6.3	2,927,036,494	3.0	19,047.0
2021 Gov. Rec.	825,091,037	(1.6)	3,029,284,228	3.5	19,001.8
2022 Gov. Rec.	822,707,721	(0.3)	2,942,115,221	(2.9)	19,001.8
Ten-Year Change					
Dollars/Percent	\$ 60,656,063	8.0 %	\$ 541,453,679	22.6 %	976.5

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate				Governor's Recommendation			
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Board of Regents	\$ 233,385,388	\$ 244,689,576	\$ 279,984,894	\$ 35,295,318	14.4 %	\$ 244,393,852	\$ 237,057,613	\$ (7,336,239)	(3.0)%
Emporia State	89,260,016	98,242,393	92,749,636	(5,492,757)	(5.6)	98,242,393	92,436,503	(5,805,890)	(5.9)
Fort Hays State	140,701,290	137,169,267	132,750,347	(4,418,920)	(3.2)	137,169,267	132,419,822	(4,749,445)	(3.5)
Kansas State	541,768,212	579,219,378	552,538,021	(26,681,357)	(4.6)	578,136,731	551,298,520	(26,838,211)	(4.6)
KSU-ESARP	149,458,103	154,528,104	155,302,304	774,200	0.5	154,314,915	154,841,635	526,720	0.3
KSU-VMC	62,644,661	68,733,936	69,232,631	498,695	0.7	68,733,936	68,838,021	104,085	0.2
Pittsburg State	99,369,183	110,335,065	100,509,896	(9,825,169)	(8.9)	109,605,790	100,199,614	(9,406,176)	(8.6)
University of Kansas	766,792,607	757,512,000	731,674,100	(25,837,900)	(3.4)	757,512,000	730,383,460	(27,128,540)	(3.6)
KUMC	417,080,446	447,718,403	458,783,900	11,065,497	2.5	447,718,403	452,545,483	4,827,080	1.1
Wichita State	426,576,588	433,456,941	423,656,457	(9,800,484)	(2.3)	433,456,941	422,094,550	(11,362,391)	(2.6)
TOTAL	\$ 2,927,036,494	\$ 3,031,605,063	\$ 2,997,182,186	\$ (34,422,877)	(1.1) %	\$ 3,029,284,228	\$ 2,942,115,221	\$ (87,169,007)	(2.9)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,733,192,563	\$ 1,774,126,480	\$ 1,773,350,362	\$ (776,118)	(0.0) %	\$ 1,774,126,480	\$ 1,767,239,468	\$ (6,887,012)	(0.4)%
Contractual Services	482,179,248	491,388,039	471,404,035	(19,984,004)	(4.1)	489,774,538	465,257,630	(24,516,908)	(5.0)
Commodities	86,735,803	114,409,806	90,375,003	(24,034,803)	(21.0)	114,409,806	90,362,020	(24,047,786)	(21.0)
Capital Outlay	77,871,038	90,311,590	75,041,036	(15,270,554)	(16.9)	89,899,980	75,041,036	(14,858,944)	(16.5)
Debt Service	32,500,669	37,024,378	34,954,104	(2,070,274)	(5.6)	37,024,378	34,954,104	(2,070,274)	(5.6)
<i>Subtotal - Operations</i>	<i>\$ 2,412,479,321</i>	<i>\$ 2,507,260,293</i>	<i>\$ 2,445,124,540</i>	<i>\$ (62,135,753)</i>	<i>(2.5) %</i>	<i>\$ 2,505,235,182</i>	<i>\$ 2,432,854,258</i>	<i>\$ (72,380,924)</i>	<i>(2.9) %</i>
Aid to Local Units	200,502,436	209,687,705	197,702,350	(11,985,355)	(5.7)	209,687,705	193,978,895	(15,708,810)	(7.5)
Other Assistance	314,054,737	314,657,065	354,355,296	39,698,231	12.6	314,361,341	315,282,068	920,727	0.3
TOTAL	\$ 2,927,036,494	\$ 3,031,605,063	\$ 2,997,182,186	\$ (34,422,877)	(1.1) %	\$ 3,029,284,228	\$ 2,942,115,221	\$ (87,169,007)	(2.9)%
Financing:									
State General Fund	\$ 838,888,588	\$ 827,411,872	\$ 877,774,686	\$ 50,362,814	6.1 %	\$ 825,091,037	\$ 822,707,721	\$ (2,383,316)	(0.3)%
General Fees Fund	732,711,363	728,306,002	737,437,178	9,131,176	1.3	728,306,002	737,437,178	9,131,176	1.3
Restricted Fees Fund	627,471,029	637,465,702	646,063,170	8,597,468	1.3	637,465,702	646,063,170	8,597,468	1.3
All Other Funds	727,965,514	838,421,487	735,907,152	(102,514,335)	(12.2)	838,421,487	735,907,152	(102,514,335)	(12.2)
TOTAL	\$ 2,927,036,494	\$ 3,031,605,063	\$ 2,997,182,186	\$ (34,422,877)	(1.1) %	\$ 3,029,284,228	\$ 2,942,115,221	\$ (87,169,007)	(2.9)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$869,805,767 for the Postsecondary Education Systemwide in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$4,077,277, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$46,159,546, as the result of the Governor's June 2020 SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$827,723,498. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 827,723,498	\$ 828,019,222	\$ 295,724	\$ 825,698,387	\$ (2,025,111)
All Other Funds	2,269,178,547	2,350,408,422	81,229,875	2,350,408,422	81,229,875
TOTAL	\$3,096,902,045	\$3,178,427,644	\$ 81,525,599	\$3,176,106,809	\$ 79,204,764
FTE Positions	19,054.4	19,001.8	(52.6)	19,001.8	(52.6)

The **agency** requests a revised estimate of \$3.2 billion, including \$828.0 million SGF, in FY 2021. This is an all funds increase of \$81.5 million, or 2.6 percent, and an SGF increase of \$295,724, or less than 0.1 percent, above the approved amount. The all funds increase is primarily due to federal funds from the CARES Act and the Governor's Emergency Education Relief (GEER) fund. Due to the COVID-19 pandemic, there are major decreases in expenditures from the housing and parking funds, which were refunded. There is also a shift from expenditures for salaries and wages to contractual services, commodities, and capital outlay to move the campuses to virtual instruction. The SGF increase is due to the supplemental request for the National Guard Scholarship program.

The **Governor** concurs with the agencies' FY 2021 revised estimates, with the exception of not recommending the supplemental request for the National Guard scholarship and lapsing the reappropriations for Kansas State University and Pittsburg State University (\$2.0 million).

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
National Guard Scholarship program	\$ 295,724	\$ 295,724	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$295,724 SGF for the National Guard Scholarship program. According to the agency, demand for the benefit is outpacing available funding. On behalf of the Adjutant General, the Board of Regents requests consideration of the additional funding for this program important to the Kansas National Guard.

The **Governor** does not recommend the supplemental request for the National Guard scholarship program.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to these agencies, the allotment adjustments totaled \$48.3 million, which is partially offset by the Governor's Emergency Education Relief (GEER) fund. The allotments applied to these agencies are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
Board of Regents	\$ (21,904,800)	\$ (11,030,851)	0.0
Emporia State University	(1,032,305)	(208,227)	0.0
Fort Hays State University	(1,078,501)	(204,490)	0.0
Kansas State University	(5,443,406)	(596,926)	0.0
KSU-ESARP	(331,913)	(331,913)	0.0
KSU-VMC	(351,992)	(105,108)	0.0
Pittsburg State University	(1,152,854)	(230,873)	0.0
University of Kansas	(4,192,971)	(735,622)	0.0
KU Medical Center	(8,639,672)	(6,050,996)	0.0
Wichita State University	(4,192,971)	(2,552,171)	0.0
TOTAL	\$ (48,321,385)	\$ (22,047,177)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 2,997,182,186	\$ 2,942,115,221	\$	(55,066,965)
FTE Positions	19,001.8	19,001.8		0.0
Change from FY 2021:				
Dollar Change:				
State General Fund	\$ 50,362,814	\$ (2,383,316)		
All Other Funds	(84,785,691)	(84,785,691)		
TOTAL	<u>\$ (34,422,877)</u>	<u>\$ (87,169,007)</u>		
Percent Change:				
State General Fund	6.1 %	(0.3) %		
All Other Funds	(3.8)	(3.8)		
TOTAL	<u>(1.1) %</u>	<u>(2.9) %</u>		
Change in FTE Positions	0.0	0.0		

The **agencies** request an operating budget of \$3.0 billion, including \$877.8 million SGF, for FY 2022. This is an all funds decrease of \$34.4 million, or 1.1 percent, and an increase of \$50.4 million, or 6.1 percent, SGF from the FY 2021 revised estimate. The all funds decrease is due to the reduction of the federal funds provided in FY 2021 due to the COVID-19 pandemic. There is a decrease in all expenditure categories. The increase of SGF moneys is due to the enhancement request of \$49.3 million and the increased expenditures in salaries and wages for fringe benefits.

The **Governor** recommends expenditures of \$2.9 billion, including \$822.7 million SGF, for FY 2022. This is an all funds decrease of \$55.1 million, or 1.8 percent, and an SGF decrease of \$55.1 million, or 7.8 percent, below the agencies' requests. The decrease is due to the Governor not recommending the enhancement requests and recommending 55.0 percent of the reduced resource budgets submitted by the universities and approximately \$4.0 million from the Board of Regents, which does not include scholarships and the majority of the community and technical college expenditure reduction. In addition, the Governor added a 2.5 percent increase to the Board of Regents Administration program (\$76,770) and a 2.5 percent increase (\$10.3 million) to the University Operating Grant, which is equivalent to the proposed 2.5 percent employee pay plan that the Board of Regents can spend at the Board's discretion. The Governor also added \$26.3 million SGF to restore the SGF allotment from FY 2021 when the Governor provided the universities with the federal Governor's Emergency Education Relief (GEER) funds.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
University Operating Grant	\$ 35,128,695	\$ 35,128,695	0.0	\$ 10,292,230	\$ 10,292,230	0.0
Washburn University	3,341,000	3,341,000	0.0	0	0	0.0
CTE full funding	1,974,197	1,974,197	0.0	0	0	0.0
Close the Gap on Tiered and Non-Tiered State Aid	--	--	0.0	0	0	0.0
Technical Education Capital Outlay	7,500,000	7,500,000	0.0	0	0	0.0
KanGrow Engineering Initiative	--	--	0.0			0.0
National Guard Scholarship	1,399,566	1,399,566	0.0	0	0	0.0
2.5 percent Increase KBOR Administration	0	0	0.0	76,770	76,770	0.0
Restore GEER/SGF Swap	0	0	0.0	26,274,163	26,274,163	0.0
TOTAL	\$ 49,343,458	\$ 49,343,458	0.0	\$ 36,643,163	\$ 36,643,163	0.0

The **agency** requests \$35.1 million SGF to restore the funding for the universities back to the amounts enacted by the 2020 Legislature.

The **Governor** recommends \$10.3 million, all SGF, for the Postsecondary Education Operating Grant, equivalent to a 2.5 percent pay increase to coincide with the state employee pay plan that the Board of Regents may use at its discretion.

The **agency** requests \$3.3 million SGF for Washburn University to create two new programs. One program would build a foundational pipeline of science, technology, engineering, and math (STEM)-focused learners in K-12 schools, which is dependent on knowledgeable and well-trained teachers in STEM-content and opportunities. Washburn University states it is committed to building K-12 teacher preparation networks and pathways focused on supporting and encouraging postsecondary STEM degree attainment. The other program, titled Ensuring Pathways to Student Success, would integrate research-based interventions and Complete College America strategies focused on retention and completion through proven student support services.

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

The **agency** requests \$2.0 million SGF to fully fund the Excel in Career Technical Education program (2012 SB 155). The agency is requesting that the program be funded each year on a three-year rolling average, since the tuition data submitted from the two-year colleges is presented to the Board of Regents after the annual budgets are submitted, and it is difficult for the agency to predict the amount needed to fully fund the program.

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

The **agency** requests the 2021 Legislature consider closing the gap on fully funding the Postsecondary Tiered Technical Education and Non-Tiered Course Credit Hour Grant formulas. The amount necessary to fully fund the Tiered and Non-tiered state aid will be calculated in the winter of 2020 from information submitted from the colleges to the Board of Regents in the fall of 2020.

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

The **agency** requests \$7.5 million SGF to increase funding for existing facilities and equipment at the two-year colleges with technical programs. The total funding for capital outlay aid for the technical programs for FY 2021 is \$71,585 SGF and \$2.5 million from the Economic Development Initiatives Fund (EDIF). According to the agency, funding for this program has remained essentially the same since the 1970s.

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

The **agency** requests the 2021 Legislature continue the KanGrow Engineering Initiative for ten more years. The University Engineering Initiative Act (UEIA) was enacted and signed into law effective July 1, 2011. There was a ten year commitment of \$3.5 million per year (with a \$1-to-\$1 match) for the Colleges of Engineering at KU, KSU, and WSU. This would require an amendment to KSA 74-8768 (b). The transfers are from the Expanded Lottery Act Revenue Fund (ELARF) into the budget of the Department of Commerce. The current statute will expire as of June 30, 2022. The revised statute would need to begin on July 1, 2022.

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

The **agency** requests \$1.4 million SGF for the National Guard Scholarship program. According to the agency, demand for the benefit is outpacing available funding. On behalf of the Adjutant General, the Board of Regents requests consideration of the additional funding for this program important to the Kansas National Guard.

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

The **Governor** recommends \$76,770, all SGF, for a 2.5 percent increase to the Board of Regent's Administration Program.

The **Governor** also adds \$26.3 million, all SGF, to restore the SGF moneys that were allotted when the universities received the Governor's Emergency Education Relief Fund moneys.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agencies reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Board of Regents	\$ (21,515,903)	\$ (21,515,903)	0.0	\$ (3,952,823)	\$ (3,952,823)	0.0
Emporia State	(3,306,777)	(3,306,777)	0.0	(1,818,727)	(1,818,727)	0.0
Fort Hays State	(3,504,267)	(3,504,267)	0.0	(1,927,347)	(1,927,347)	0.0
Kansas State	(10,873,324)	(10,873,324)	0.0	(5,980,329)	(5,980,329)	0.0
KSU-ESARP	(4,931,427)	(4,931,427)	0.0	(2,712,285)	(2,712,285)	0.0
KSU-VMC	(1,537,579)	(1,537,579)	0.0	(845,668)	(845,668)	0.0
Pittsburg State	(3,626,810)	(3,626,810)	0.0	(1,994,745)	(1,994,745)	0.0
University of Kansas	(13,831,333)	(13,831,333)	0.0	(7,607,233)	(7,607,233)	0.0
KUMC	(11,420,069)	(11,420,069)	0.0	(6,008,260)	(6,008,260)	0.0
Wichita State	(8,290,283)	(8,290,283)	0.0	(4,559,626)	(4,559,626)	0.0
TOTAL	\$ (82,837,772)	\$ (82,837,772)	0.0	\$ (37,407,043)	\$ (37,407,043)	0.0

The **agencies** submit a 10.0 percent reduced resources budget of \$82.8 million SGF. From the state universities, these funds are primarily from the salaries and wages expenditure category in most programs of the universities. From the Board of Regents, these funds are primarily from salaries and wages expenditures from the operating program as well as from the Municipal University fund, Community and Technical college funds, and scholarships.

The **Governor** recommends a reduced resources budget of \$33.4 million, approximately 55.0 percent, of what was submitted by the universities and \$4.0 million from the Board of Regents, which does not include scholarships and the majority of the community and technical college expenditure reduction.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, there is no longevity.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	29.0 %	28.0 %
General Fees Fund	24.6	25.1
Restricted Fees Fund	21.6	22.0
All Other Funds	24.8	24.9
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

STATE GENERAL FUND OPERATING BUDGET

	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Emporia State University	\$ 33,617,024	\$ 32,742,400	\$ 32,742,400	\$ 33,067,771	\$ 32,754,638
Fort Hays State University	35,653,962	34,748,540	34,748,540	35,042,674	34,712,149
Kansas State University	109,424,082	106,731,926	105,649,279	108,733,249	107,493,748
KSU-ESARP	49,941,087	51,337,564	51,124,375	49,314,270	48,853,601
KSU-Veterinary Medical Center	15,543,398	15,237,798	15,237,798	15,375,794	14,981,184
Pittsburg State University	36,732,597	36,719,797	35,990,522	36,321,596	36,011,314
University of Kansas	141,044,511	137,274,924	137,274,924	138,313,332	137,022,692
KU Medical Center	115,404,370	112,831,596	112,831,596	114,200,683	107,962,266
Wichita State University	83,654,724	82,337,830	82,337,830	82,902,832	81,340,925
<i>Subtotal</i>	<i>\$ 621,015,755</i>	<i>\$ 609,962,375</i>	<i>\$ 607,937,264</i>	<i>\$ 613,272,201</i>	<i>\$ 601,132,517</i>
Technical Colleges Capital Outlay	\$ 71,585	\$ 71,585	\$ 71,585	\$ 71,585	\$ 70,153
Washburn University	12,213,922	12,445,987	12,445,987	12,445,987	12,197,067
Non-Tiered Course Credit Hour Grant	78,431,571	79,995,039	79,995,039	79,995,039	78,395,139
Postsecondary Tiered Technical Education State Aid	59,804,467	60,967,448	60,967,448	60,967,448	59,748,100
Adult Basic Education	1,457,031	1,457,031	1,457,031	1,457,031	1,427,890
Postsecondary Operating Grant	0	0	0	47,943,892	10,292,230
TOTAL	\$ 772,994,331	\$ 764,899,465	\$ 761,417,323	\$ 816,153,183	\$ 751,542,976

The **postsecondary educational institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request \$816.2 million SGF for operating budgets for FY 2022. This is an increase of \$51.3 million, or 6.7 percent, above the FY 2021 revised estimate. The increase is primarily due to enhancement requests and additional expenditures for salaries and wages fringe benefits.

The **Governor** recommends expenditures of \$751.5 million SGF for the postsecondary educational institutions. This is a decrease of \$64.6 million, or 7.9 percent, below the FY 2022 agencies' requests. The decrease is attributable to the Governor recommending only some of the operating enhancements the Board of Regents requested, deleting approximately half of the reduced resources budget, and adding back the GEER/SGF swap from FY 2021.

Community and Technical College Operating Grants. The **Board of Regents** requests \$80.0 million SGF for FY 2022 for non-tiered course credit hour grants for general education and \$61.0 million for postsecondary tiered technical education state aid for technical

education courses to support the 19 community colleges and 7 technical colleges in the state. The request is the same as the FY 2021 revised estimate, however, the agency is asking the 2021 Legislature to consider an enhancement request with an amount to be determined to close the gap on the funding of the community and technical colleges.

The **Governor** recommends expenditures of \$78.4 million SGF for FY 2022 for non-tiered course credit hour grants for general education and \$59.8 million for postsecondary tiered technical education state aid. The Governor accepted a portion of the reduced resources budget.

Municipal University Operating Grant. The **Board of Regents** requests \$12.4 million for FY 2022 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 **Governor** recommends expenditures of \$12.2 million SGF, which is \$248,920, or 2.0 percent, below the agency's request for FY 2022. The Governor accepted a 2.0 percent reduced resources budget.

Adult Basic Education. The **Board of Regents** requests \$5.1 million, including \$1.5 million SGF, to support the 30 adult education centers in the state for FY 2022. The request is the same amount as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$5.0 million, including \$1.4 million SGF. This is a decrease of \$29,141, or 2.0 percent, below the agency's request for FY 2022. The Governor accepted a 2.0 percent reduced resources budget.

Other State Funding

The **Board of Regents** and **universities** request \$4.6 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 2022.

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
- \$307,939 for research at Kansas State University–Extension Systems and Agricultural Research Programs.

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 2022.

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 an SGF demand transfer. The agency and the Governor estimate transfers will total \$2.6 million in FY 2021.

Tuition and General Fees. State university tuition and fees are set with the approval of the 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 moneys are appropriated to the institutions without an expenditure limit, permitting maximum flexibility in the use of those funds. For FY 2021, the Board of Regents set tuition rates after the adjournment of the 2020 Legislative Session, and the same schedule is anticipated for FY 2022. The budgets submitted by the universities assume no increase in tuition rates in FY 2022. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2020 Legislature, the revised current year estimate, and the current estimate for FY 2022.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2021	Revised Est./		Gov. Rec. for FY 2022
		Gov. Rec FY 2021	Difference	
University of Kansas	\$ 322,058,714	\$ 299,522,354	\$ (22,536,360)	\$ 300,153,355
KU—Medical Center	52,169,453	50,913,475	(1,255,978)	51,530,496
Kansas State University	208,264,364	190,386,440	(17,877,924)	195,776,226
KSU—Veterinary Medical Center	19,470,009	18,601,412	(868,597)	19,085,496
KSU—ESARP	0	0	0	0
Emporia State University	29,389,085	28,266,201	(1,122,884)	28,302,671
Fort Hays State University	52,792,597	44,635,842	(8,156,755)	45,334,348
Pittsburg State University	35,989,847	32,000,000	(3,989,847)	32,000,000
Wichita State University	88,927,707	82,810,289	(6,117,418)	82,369,632
TOTAL	\$ 809,061,776	\$ 747,136,013	\$ (61,925,763)	\$ 754,552,224

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 \$25.3 million SGF to support state-sponsored student financial aid programs for FY 2022. Absent the reappropriation, the FY 2022 request is the same as the FY 2021 request, except for the enhancement request of \$1.4 million SGF for the National Guard scholarship.

The **Governor** recommends expenditures of \$23.9 million SGF for FY 2022. This is a decrease of \$1.4 million SGF due to the Governor not recommending the National Guard scholarship enhancement.

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 (taking 12 credit hours or more per semester) 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 16,258,338	\$ 16,258,338	9,500	\$ 16,258,338	\$ 16,258,338	9,500

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 grade point average (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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,010,919	\$ 1,010,919	1,179	\$ 1,010,919	\$ 1,010,919	1,179

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 2022			Governor's Recommendation FY 2022		
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 Career 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 546,813	\$ 546,813	300	\$ 546,813	\$ 546,813	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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 134,657	\$ 134,657	14	\$ 134,657	\$ 134,657	14

Kansas Nurse Educator Scholarship Program (2006 HB 2968). The purpose of the Kansas Nurse Educator Scholarship 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 188,126	\$ 188,126	80	\$ 188,126	\$ 188,126	80

Service-Based Aid

Kansas Teacher Service Scholarship Program (KSA 74-32,100). The Kansas Teacher Service 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 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 is given 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 1,547,023	\$ 1,547,023	386	\$ 1,547,023	\$ 1,547,023	386

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 facilities must pay one-half of the \$2,500 (licensed practical nurse) or \$3,500 (registered nurse) 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 417,255	\$ 567,255	190	\$ 417,255	\$ 567,255	190

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 2022			Governor's Recommendation FY 2022		
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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 0	\$ 105,000	3	\$ 0	\$ 105,000	3

Optometry Service Scholarship Program (KSA 76-721a). The Kansas Legislature authorized contracts between the 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 for 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 107,089	\$ 107,089	30	\$ 107,089	\$ 107,089	30

Reserve Officers' Training Corps (ROTC) Service Scholarship Program (KSA 74-3255). The ROTC Service 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 175,335	\$ 175,335	22	\$ 175,335	\$ 175,335	22

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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 4,400,000	\$ 4,400,000	500	\$ 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 2022			Governor's Recommendation FY 2022		
SGF	All Funds	Students	SGF	All Funds	Students
\$ 500,314	\$ 500,314	160	\$ 500,314	\$ 500,314	160

Enrollment Trends. The Board of Regents changed the way students are counted starting Fall 2018. In the past, the agency used headcount, whereas now the agency is using full-time equivalent (FTE) students, which is calculated by taking the total credit hours enrolled and dividing by 30 hours per year (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 2020 totaled 136,381, which is a decrease of 8,856 FTE students, or 6.1 percent, below the fall 2019 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 2018, 2019, and 2020.

Full-Time Equivalent Students

Institution	Fall 2018	Fall 2019	Fall 2020	Change Fall 2018- Fall 2020	Percent
Emporia State University	4,493	4,416	4,314	(179)	(4.0)%
Fort Hays State University	9,473	9,562	9,291	(182)	(1.9)
Kansas State University	18,093	17,528	16,629	(1,464)	(8.1)
KSU - Veterinary Medical Center	731	732	730	(1)	(0.1)
Pittsburg State University	5,988	5,844	5,501	(487)	(8.1)
University of Kansas	21,505	21,329	20,614	(891)	(4.1)
University of Kansas Medical Center	2,740	2,774	2,785	45	1.6
Wichita State University	11,285	11,397	11,042	(243)	(2.2)
<i>Subtotal - Regents Institutions</i>	<i>74,308</i>	<i>73,582</i>	<i>70,906</i>	<i>(3,402)</i>	<i>(4.6)%</i>
Washburn University	4,931	4,710	4,394	(537)	(10.9)
Community Colleges	41,709	40,545	35,808	(5,901)	(14.1)
Technical Colleges	5,782	5,947	5,429	(353)	(6.1)
Washburn Institute of Technology	1,174	1,232	932	(242)	9.8
Independent Colleges and Universities	19,537	19,221	18,912	(625)	(3.2)
<i>Subtotal - Other Institutions</i>	<i>73,133</i>	<i>71,655</i>	<i>65,475</i>	<i>(7,658)</i>	<i>(10.5)%</i>
TOTAL	147,441	145,237	136,381	(11,060)	(7.5)%

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

Kansas State University

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

Wichita State University

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

Emporia State University

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

Fort Hays State University

Northwest Missouri State University
Colorado Mesa University
Northeastern State University–OK
Southeast Missouri State University
Tarleton State 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 2020

RELATIVE FUNDING OF SALARY BY INSTITUTION

Institution	Salaries FY 2015	Salaries FY 2019
KU	88.7 %	83.1 %
KSU	92.0	89.0
ESU	90.2	88.1
FHSU	102.1	103.6
PSU	86.4	81.0
WSU	81.2	85.6
Systemwide	90.1 %	85.9 %

Source: Table 4.35 State University Databook, January 2020

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

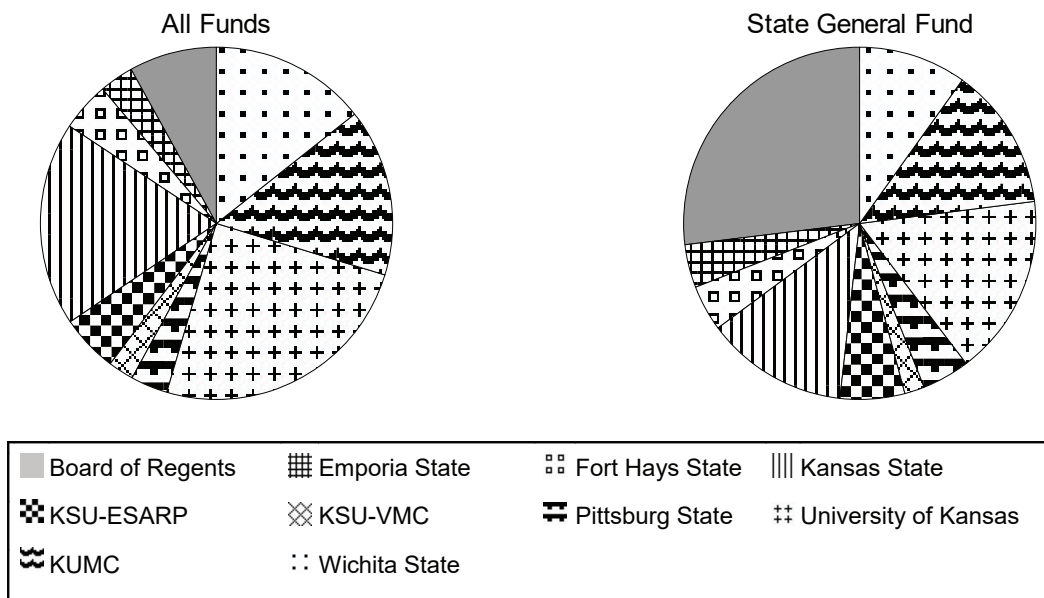
Institution	Resident Tuition AY 2014	Resident Tuition AY 2019	Nonresident Tuition AY 2014	Nonresident Tuition AY 2019
KU	91.9 %	97.6 %	81.4 %	82.6 %
KSU	80.8	82.1	82.7	82.8
ESU	85.9	82.4	135.0	127.3
FHSU	70.7	67.8	96.1	95.9
PSU	78.9	78.9	104.5	126.7
WSU	84.5	87.2	74.3	75.2

Source: Table 2.3, State University Databook, January 2020

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Board of Regents	\$ 237,057,613	8.1 %	\$ 221,575,204	26.9 %
Emporia State	92,436,503	3.1	32,754,638	4.0
Fort Hays State	132,419,822	4.5	34,712,149	4.2
Kansas State	551,298,520	18.7	107,493,748	13.1
KSU-ESARP	154,841,635	5.3	48,853,601	5.9
KSU-VMC	68,838,021	2.3	14,981,184	1.8
Pittsburg State	100,199,614	3.4	36,011,314	4.4
University of Kansas	730,383,460	24.8	137,022,692	16.7
KUMC	452,545,483	15.4	107,962,266	13.1
Wichita State	422,094,550	14.3	81,340,925	9.9
TOTAL	\$ 2,942,115,221	100.0 %	\$ 822,707,721	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Board of Regents	62.5	63.5	63.5	63.5	63.5
Emporia State	788.5	773.6	773.6	773.6	773.6
Fort Hays State	999.3	1,007.8	1,007.8	1,007.8	1,007.8
Kansas State	3,754.0	3,651.1	3,651.1	3,651.1	3,651.1
KSU-ESARP	1,159.2	1,116.5	1,116.5	1,116.5	1,116.5
KSU-VMC	508.0	483.7	483.7	483.7	483.7
Pittsburg State	912.3	912.3	912.3	912.3	912.3
University of Kansas	5,340.5	5,340.5	5,340.5	5,340.5	5,340.5
KUMC	3,333.9	3,443.8	3,443.8	3,443.8	3,443.8
Wichita State	2,188.9	2,209.2	2,209.2	2,209.2	2,209.2
TOTAL	19,047.0	19,001.8	19,001.8	19,001.8	19,001.8

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Administration Program						
Percentage of Agency Administrative Costs of Total Budget	3.4 %	3.1 %	320.0 %	3.0 %	3.2 %	3.3 %
Percentage of Board Goals Completed or Made Progress Towards Completion	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Postsecondary Education Institutions Program						
Number of Certificates and Degrees Awarded (Washburn University, Community and Technical Colleges)	21,258	22,440	25,515	21,020	21,500	21,500
First-to-Second Year Retention Rates						
Washburn University	70.1 %	68.9 %	69.0 %	69.0 %	69.0 %	69.0 %
Community Colleges	58.0 %	58.6 %	58.0 %	59.0 %	59.0 %	59.0 %
Technical Colleges	62.3 %	61.2 %	2.0 %	62.0 %	62.0 %	62.0 %
Student Success Index Rates						
Washburn University	65.4 %	66.4 %	65.0 %	66.4 %	67.0 %	67.0 %
Community Colleges	56.4 %	56.4 %	57.0 %	56.4 %	57.0 %	57.0 %
Technical Colleges	69.7 %	67.7 %	70.0 %	67.7 %	68.0 %	68.0 %
Excel in Career Technical Education (CTE) Initiative						
Participating Headcount	11,690	13,675	14,000	13,934	14,000	14,000
College Credit Hours Generated	92,092	105,084	110,000	109,226	109,500	109,500
Student Financial Assistance Program						
Initially Eligible Applicants	31,018	31,472	31,500	30,021	30,100	30,100
State Scholarship Award Recipients	10,995	12,021	12,000	12,365	12,400	12,400
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 212.9	\$ 223.1	\$ 236.1	\$ 233.4	\$ 244.4	\$ 281.1
FTE Positions	62.5	62.5	64.5	62.5	63.5	63.5

The Board of Regents is the only agency within the Postsecondary Education Systemwide with performance measures pursuant to 2016 HB 2739. The state universities each have performance agreements with the Board of Regents and are exempted from the performance-based budgeting requirements.

BOARD OF REGENTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 5,387,329	\$ 5,289,237	\$ 5,289,237	\$ 5,345,496	\$ 5,194,798
Contractual Services	1,603,422	1,599,035	1,599,035	1,599,997	1,598,097
Commodities	25,076	20,557	20,557	20,582	20,582
Capital Outlay	121,620	106,427	106,427	106,476	106,476
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 7,137,447</i>	<i>\$ 7,015,256</i>	<i>\$ 7,015,256</i>	<i>\$ 7,072,551</i>	<i>\$ 6,919,953</i>
Aid to Local Units	199,501,736	208,673,577	208,673,577	196,688,222	192,964,767
Other Assistance	26,746,205	29,000,743	28,705,019	76,224,121	37,172,893
TOTAL	\$ 233,385,388	\$ 244,689,576	\$ 244,393,852	\$ 279,984,894	\$ 237,057,613
Financing:					
State General Fund	\$ 217,872,833	\$ 217,449,497	\$ 217,153,773	\$ 264,502,485	\$ 221,575,204
All Other Funds	15,512,555	27,240,079	27,240,079	15,482,409	15,482,409
TOTAL	\$ 233,385,388	\$ 244,689,576	\$ 244,393,852	\$ 279,984,894	\$ 237,057,613
FTE Positions	62.5	63.5	63.5	63.5	63.5

The **agency** requests an operating budget of \$280.0 million, including \$264.5 million SGF, for FY 2022. This is an all funds increase of \$35.3 million, or 14.4 percent, and an SGF increase of \$47.1 million, or 21.6 percent, above the FY 2021 revised estimate. The increase is primarily due to the enhancement requests to increase funding for the universities and colleges, fully fund the Excel in Career Technical Education Program, provide additional scholarships, and increase the capital outlay for the technical colleges.

The **Governor** recommends expenditures of \$237.1 million, including \$221.6 million SGF, for FY 2022. This is an all funds decrease of \$42.9 million, or 15.3 percent, and an SGF decrease of \$42.9 million, or 16.2 percent, below the agency's request. The Governor's recommendation does not include \$49.3 million of the enhancement requests for FY 2022. The Governor's recommendation accepted a portion of the agency's reduced resources budget (\$4.0 million); however, the Governor does not recommend any reduction to the scholarships; added \$76,770 as a 2.5 percent increase to the Administration program; and added \$10.3 million to the post secondary educational institutions equivalent to the 2.5 percent state employee pay increase, which the Board of Regents can use at their discretion.

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 programs in 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 2020 semester is 4,314, which is a decrease of 102 FTE students, or 2.3 percent, below the Fall 2019 semester number.**

EMPORIA STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 60,886,187	\$ 64,661,788	\$ 64,661,788	\$ 64,750,488	\$ 64,437,355
Contractual Services	11,781,431	13,332,513	13,332,513	13,101,834	13,101,834
Commodities	1,824,542	5,088,527	5,088,527	1,891,871	1,891,871
Capital Outlay	1,239,183	3,704,980	3,704,980	1,753,672	1,753,672
Debt Service	974,227	1,520,691	1,520,691	1,440,651	1,440,651
Subtotal - Operations	\$ 76,705,570	\$ 88,308,499	\$ 88,308,499	\$ 82,938,516	\$ 82,625,383
Aid to Local Units	0	0	0	0	0
Other Assistance	12,554,446	9,933,894	9,933,894	9,811,120	9,811,120
TOTAL	\$ 89,260,016	\$ 98,242,393	\$ 98,242,393	\$ 92,749,636	\$ 92,436,503
Financing:					
State General Fund	\$ 33,617,024	\$ 32,742,400	\$ 32,742,400	\$ 33,067,771	\$ 32,754,638
All Other Funds	55,642,992	65,499,993	65,499,993	59,681,865	59,681,865
TOTAL	\$ 89,260,016	\$ 98,242,393	\$ 98,242,393	\$ 92,749,636	\$ 92,436,503
FTE Positions	788.5	773.6	773.6	773.6	773.6

The **agency** requests an operating budget of \$92.7 million, including \$33.1 million SGF, for FY 2022. This is an all funds decrease of \$5.5 million, or 5.6 percent, and an SGF increase of \$325,371, or 1.0 percent, from the FY 2021 revised estimate. The decrease is primarily due to reduced expenditures in commodities (\$3.2 million) and capital outlay (\$2.0 million), while the SGF increase is due to additional salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of \$92.4 million, including \$32.8 million SGF, for FY 2022. This is an all funds decrease of \$313,133, or 0.3 percent, and an SGF decrease of \$313,133, or 0.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$1.8 million) and adding the amount of the allotment from the GEER/SGF swap (\$1.5 million).

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 2020 semester is 9,291, which is a decrease of 271 FTE students, or 2.8 percent, below the Fall 2019 semester number.**

FORT HAYS STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 83,920,038	\$ 81,653,535	\$ 81,653,535	\$ 81,163,383	\$ 80,832,858
Contractual Services	16,356,940	16,272,221	16,272,221	14,277,472	14,277,472
Commodities	4,890,769	4,543,129	4,543,129	4,416,629	4,416,629
Capital Outlay	7,073,909	5,923,529	5,923,529	5,492,029	5,492,029
Debt Service	991,593	1,352,817	1,352,817	1,272,215	1,272,215
Subtotal - Operations	\$ 113,233,249	\$ 109,745,231	\$ 109,745,231	\$ 106,621,728	\$ 106,291,203
Aid to Local Units	798,710	788,012	788,012	788,012	788,012
Other Assistance	26,669,331	26,636,024	26,636,024	25,340,607	25,340,607
TOTAL	\$ 140,701,290	\$ 137,169,267	\$ 137,169,267	\$ 132,750,347	\$ 132,419,822
Financing:					
State General Fund	\$ 35,653,962	\$ 34,748,540	\$ 34,748,540	\$ 35,042,674	\$ 34,712,149
All Other Funds	105,047,328	102,420,727	102,420,727	97,707,673	97,707,673
TOTAL	\$ 140,701,290	\$ 137,169,267	\$ 137,169,267	\$ 132,750,347	\$ 132,419,822
FTE Positions	999.3	1,007.8	1,007.8	1,007.8	1,007.8

The **agency** requests an operating budget of \$132.8 million, including \$35.0 million SGF, for FY 2022. This is an all funds decrease of \$4.4 million, or 3.2 percent, and SGF increase of \$294,134, or 0.8 percent, from the FY 2021 revised estimate. The all funds decrease is across all expenditure categories. The SGF increase is due to additional salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of \$132.4 million, including \$34.7 million SGF, for FY 2022. This is an all funds decrease of \$330,525, or 0.2 percent, and an SGF decrease of \$330,525, or 0.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$1.9 million) and adding the amount of the allotment from the GEER/SGF swap (\$1.6 million).

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 2020 semester is 16,629, which is a decrease of 899 FTE students, or 5.1 percent, below the Fall 2019 semester number.**

KANSAS STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 334,168,537	\$ 340,586,961	\$ 340,586,961	\$ 342,346,121	\$ 341,388,761
Contractual Services	77,800,195	85,358,900	84,276,253	75,988,583	75,719,425
Commodities	17,366,829	28,529,920	28,529,920	17,101,145	17,088,162
Capital Outlay	9,269,908	12,410,929	12,410,929	9,771,687	9,771,687
Debt Service	13,337,748	13,101,047	13,101,047	12,361,506	12,361,506
<i>Subtotal - Operations</i>	<i>\$ 451,943,217</i>	<i>\$ 479,987,757</i>	<i>\$ 478,905,110</i>	<i>\$ 457,569,042</i>	<i>\$ 456,329,541</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	89,824,995	99,231,621	99,231,621	94,968,979	94,968,979
TOTAL	\$ 541,768,212	\$ 579,219,378	\$ 578,136,731	\$ 552,538,021	\$ 551,298,520
Financing:					
State General Fund	\$ 109,424,082	\$ 106,731,926	\$ 105,649,279	\$ 108,733,249	\$ 107,493,748
All Other Funds	432,344,130	472,487,452	472,487,452	443,804,772	443,804,772
TOTAL	\$ 541,768,212	\$ 579,219,378	\$ 578,136,731	\$ 552,538,021	\$ 551,298,520
FTE Positions	3,754.0	3,651.1	3,651.1	3,651.1	3,651.1

The **agency** requests an operating budget of \$552.5 million, including \$108.7 million SGF, for FY 2022. This is an all funds decrease of \$26.7 million, or 4.6 percent, and an SGF increase of \$2.0 million, or 1.9 percent, from the FY 2021 revised estimate. The decrease is due to decreases in contractual services (\$9.3 million), commodities (\$11.4 million), capital outlay (\$2.6 million), and other assistance (\$4.3 million), with an offsetting increase in salaries and wages (\$1.8 million). The SGF increase is due to additional salaries and wages fringe benefit expenditures and the partial restoration of the FY 2021 allotment that was supplanted by the federal Governor's Emergency Education Relief (GEER) fund.

The **Governor** recommends expenditures of \$551.3 million, including \$107.5 million SGF, for FY 2022. This is an all funds decrease of \$1.2 million, or 0.2 percent, and an SGF decrease of \$1.2 million, or 1.1 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$6.0 million) and adding the amount of the allotment from the GEER/SGF swap (\$4.7 million).

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), and the International Grain, 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 2 research centers, 2 research-extension centers, and 11 experimental fields in addition to the main station at Manhattan. The research is conducted by KAES in five colleges of KSU: Agriculture, 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 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 102,533,948	\$ 102,517,742	\$ 102,517,742	\$ 103,319,160	\$ 102,858,491
Contractual Services	18,578,649	21,692,101	21,478,912	21,677,188	21,677,188
Commodities	10,258,021	10,584,041	10,584,041	10,581,177	10,581,177
Capital Outlay	4,266,864	4,273,390	4,273,390	4,273,390	4,273,390
Debt Service	35,653	29,379	29,379	19,938	19,938
<i>Subtotal - Operations</i>	<i>\$ 135,673,135</i>	<i>\$ 139,096,653</i>	<i>\$ 138,883,464</i>	<i>\$ 139,870,853</i>	<i>\$ 139,410,184</i>
Aid to Local Units	201,990	226,116	226,116	226,116	226,116
Other Assistance	13,582,978	15,205,335	15,205,335	15,205,335	15,205,335
TOTAL	\$ 149,458,103	\$ 154,528,104	\$ 154,314,915	\$ 155,302,304	\$ 154,841,635
Financing:					
State General Fund	\$ 49,941,087	\$ 51,337,564	\$ 51,124,375	\$ 49,314,270	\$ 48,853,601
All Other Funds	99,517,016	103,190,540	103,190,540	105,988,034	105,988,034
TOTAL	\$ 149,458,103	\$ 154,528,104	\$ 154,314,915	\$ 155,302,304	\$ 154,841,635
FTE Positions	1,159.2	1,116.5	1,116.5	1,116.5	1,116.5

The **agency** requests an operating budget of \$155.3 million, including \$49.3 million SGF, for FY 2022. This is an all funds increase of \$774,200, or 0.5 percent, and SGF decrease of \$2.0 million, or 3.9 percent, from the FY 2021 revised estimate. The increase is due to additional salaries and wages fringe benefit expenditures. The SGF decrease is due to the base allocation not including the transfer from the Board of Regents or the reappropriated funds that are included in FY 2021.

The **Governor** recommends expenditures of \$154.8 million, including \$48.9 million SGF, for FY 2022. This is an all funds decrease of \$460,669, or 0.3 percent, and an SGF decrease of \$460,669, or 0.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$2.7 million) and adding the amount of the allotment from the GEER/SGF swap (\$2.2 million).

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 2020 semester is 730, which is a decrease of 2 FTE students, or 0.4 percent, below the Fall 2019 semester number.**

KSU-VETERINARY MEDICAL CENTER SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 44,932,915	\$ 48,868,683	\$ 48,868,683	\$ 49,362,063	\$ 48,989,453
Contractual Services	8,491,418	9,958,025	9,958,025	9,963,340	9,963,340
Commodities	5,319,471	5,841,229	5,841,229	5,841,229	5,841,229
Capital Outlay	3,070,944	3,393,252	3,393,252	3,393,252	3,393,252
Debt Service	184,152	89,371	89,371	89,371	89,371
Subtotal - Operations	\$ 61,998,900	\$ 68,150,560	\$ 68,150,560	\$ 68,649,255	\$ 68,276,645
Aid to Local Units	0	0	0	0	0
Other Assistance	645,761	583,376	583,376	583,376	561,376
TOTAL	\$ 62,644,661	\$ 68,733,936	\$ 68,733,936	\$ 69,232,631	\$ 68,838,021
Financing:					
State General Fund	\$ 15,543,398	\$ 15,237,798	\$ 15,237,798	\$ 15,375,794	\$ 14,981,184
All Other Funds	47,101,263	53,496,138	53,496,138	53,856,837	53,856,837
TOTAL	\$ 62,644,661	\$ 68,733,936	\$ 68,733,936	\$ 69,232,631	\$ 68,838,021
FTE Positions	508.0	483.7	483.7	483.7	483.7

The **agency** requests an operating budget of \$69.2 million, including \$15.4 million SGF, for FY 2022. This is an all funds increase of \$498,695, or 0.7 percent, and SGF increase of \$137,996, or 0.9 percent, above the FY 2021 revised estimate. The increase is primarily due to additional salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of \$68.8 million, including \$15.0 million SGF, for FY 2022. This is an all funds decrease of \$394,610, or 0.6 percent, and an SGF decrease of \$394,610, or 2.6 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$845,668) and adding the amount of the allotment from the GEER/SGF swap (\$451,058).

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 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 2020 semester is 5,501, which is a decrease of 343 FTE students, or 5.9 percent, below the Fall 2019 semester number.**

PITTSBURG STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 66,032,509	\$ 66,508,090	\$ 66,508,090	\$ 67,109,140	\$ 66,798,858
Contractual Services	12,595,450	19,978,444	19,660,779	14,004,623	14,004,623
Commodities	3,388,991	6,524,884	6,524,884	4,183,802	4,183,802
Capital Outlay	2,141,033	2,777,284	2,365,674	2,292,741	2,292,741
Debt Service	2,141,708	1,428,180	1,428,180	1,311,592	1,311,592
<i>Subtotal - Operations</i>	<i>\$ 86,299,691</i>	<i>\$ 97,216,882</i>	<i>\$ 96,487,607</i>	<i>\$ 88,901,898</i>	<i>\$ 88,591,616</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	13,069,492	13,118,183	13,118,183	11,607,998	11,607,998
TOTAL	\$ 99,369,183	\$ 110,335,065	\$ 109,605,790	\$ 100,509,896	\$ 100,199,614
Financing:					
State General Fund	\$ 36,732,597	\$ 36,719,797	\$ 35,990,522	\$ 36,321,596	\$ 36,011,314
All Other Funds	62,636,586	73,615,268	73,615,268	64,188,300	64,188,300
TOTAL	\$ 99,369,183	\$ 110,335,065	\$ 109,605,790	\$ 100,509,896	\$ 100,199,614
FTE Positions	912.3	912.3	912.3	912.3	912.3

The **agency** requests an operating budget of \$100.5 million, including \$36.3 million SGF, for FY 2022. This is an all funds decrease of \$9.8 million, or 8.9 percent, and SGF decrease of \$398,201, or 1.1 percent, below the FY 2021 revised estimate. The decrease is due to decreases in expenditures for contractual services, commodities, capital outlay, and debt service with partial offsetting increase in salaries and wages due to additional salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of \$100.2 million, including \$36.0 million SGF, for FY 2022. This is an all funds decrease of \$310,282, or 0.3 percent, and an SGF decrease of \$310,282, or 0.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$2.0 million) and adding the amount of the allotment from the GEER/SGF swap (\$1.7 million).

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 2020 semester is 20,614, which is a decrease of 715 FTE students, or 3.4 percent, below the Fall 2019 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 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 492,661,369	\$ 495,313,322	\$ 495,313,322	\$ 487,486,350	\$ 486,195,710
Contractual Services	158,912,625	142,375,538	142,375,538	136,582,987	136,582,987
Commodities	18,282,125	25,549,366	25,549,366	19,530,587	19,530,587
Capital Outlay	18,673,106	21,915,923	21,915,923	16,609,255	16,609,255
Debt Service	7,571,563	7,556,818	7,556,818	7,066,226	7,066,226
<i>Subtotal - Operations</i>	<i>\$ 696,100,788</i>	<i>\$ 692,710,967</i>	<i>\$ 692,710,967</i>	<i>\$ 667,275,405</i>	<i>\$ 665,984,765</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	70,691,819	64,801,033	64,801,033	64,398,695	64,398,695
TOTAL	\$ 766,792,607	\$ 757,512,000	\$ 757,512,000	\$ 731,674,100	\$ 730,383,460
Financing:					
State General Fund	\$ 141,044,511	\$ 137,274,924	\$ 137,274,924	\$ 138,313,332	\$ 137,022,692
All Other Funds	625,748,096	620,237,076	620,237,076	593,360,768	593,360,768
TOTAL	\$ 766,792,607	\$ 757,512,000	\$ 757,512,000	\$ 731,674,100	\$ 730,383,460
FTE Positions	5,340.5	5,340.5	5,340.5	5,340.5	5,340.5

The **agency** requests an operating budget of \$731.7 million, including \$138.3 million SGF, for FY 2022. This is an all funds decrease of \$25.8 million, or 3.4 percent, and an SGF increase of \$1.0 million, or 0.8 percent, from the FY 2021 revised estimate. The decrease is due to decreases in all categories of expenditures. The increase in the SGF amount is due to additional salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of \$730.4 million, including \$137.0 million SGF, for FY 2022. This is an all funds decrease of \$1.3 million, or 0.2 percent, and an SGF decrease of \$1.3 million, or 0.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$7.6 million) and adding the amount of the allotment from the GEER/SGF swap (\$6.3 million).

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 2020 semester is 2,785, which is an increase of 11 FTE students, or 0.4 percent, above the Fall 2019 semester.**

UNIVERSITY OF KANSAS MEDICAL CENTER SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 337,774,430	\$ 359,618,509	\$ 359,618,509	\$ 363,962,119	\$ 362,683,299
Contractual Services	52,005,657	56,410,694	56,410,694	64,594,949	59,635,352
Commodities	10,687,865	13,914,109	13,914,109	13,637,830	13,637,830
Capital Outlay	4,330,896	5,038,686	5,038,686	4,073,741	4,073,741
Debt Service	3,469,037	4,125,409	4,125,409	3,836,056	3,836,056
<i>Subtotal - Operations</i>	<i>\$ 408,267,885</i>	<i>\$ 439,107,407</i>	<i>\$ 439,107,407</i>	<i>\$ 450,104,695</i>	<i>\$ 443,866,278</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	8,812,561	8,610,996	8,610,996	8,679,205	8,679,205
TOTAL	\$ 417,080,446	\$ 447,718,403	\$ 447,718,403	\$ 458,783,900	\$ 452,545,483
Financing:					
State General Fund	\$ 115,404,370	\$ 112,831,596	\$ 112,831,596	\$ 114,200,683	\$ 107,962,266
All Other Funds	301,676,076	334,886,807	334,886,807	344,583,217	344,583,217
TOTAL	\$ 417,080,446	\$ 447,718,403	\$ 447,718,403	\$ 458,783,900	\$ 452,545,483
FTE Positions	3,333.9	3,443.8	3,443.8	3,443.8	3,443.8

The **agency** requests an operating budget of \$458.8 million, including \$114.2 million SGF, for FY 2022. This is an all funds increase of \$11.1 million, or 2.5 percent, and an SGF increase of \$1.4 million, or 1.2 percent, above the FY 2021 revised estimate. The increase is due to increases in expenditures in salaries and wages (\$4.3 million) and contractual services (\$8.2 million) with partially offsetting decreases in commodities (\$276,279), capital outlay (4964,945), and debt service (\$289,353). The increase in SGF moneys is due to additional salaries and wages and fringe benefit expenditures.

The **Governor** recommends expenditures of \$452.5 million, including \$108.0 million SGF, for FY 2022. This is an all funds decrease of \$6.2 million, or 1.4 percent, and an SGF decrease of \$6.2 million, or 5.5 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$6.0 million) and adding the amount of the allotment from the GEER/SGF swap (\$4.7 million). The Governor also deleted \$5.0 million from the Cancer Research fund as a technical correction with the demand transfer beginning in FY 2022 for \$10.0 million.

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 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 composed 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 2020 semester is 11,042, which is a decrease of 355 FTE students, or 3.1 percent, below the Fall 2019 semester.**

WICHITA STATE UNIVERSITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 204,895,301	\$ 209,108,613	\$ 209,108,613	\$ 208,506,042	\$ 207,859,885
Contractual Services	124,053,461	124,410,568	124,410,568	119,613,062	118,697,312
Commodities	14,692,114	13,814,044	13,814,044	13,170,151	13,170,151
Capital Outlay	27,683,575	30,767,190	30,767,190	27,274,793	27,274,793
Debt Service	3,794,988	7,820,666	7,820,666	7,556,549	7,556,549
<i>Subtotal - Operations</i>	<i>\$ 375,119,439</i>	<i>\$ 385,921,081</i>	<i>\$ 385,921,081</i>	<i>\$ 376,120,597</i>	<i>\$ 374,558,690</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	51,457,149	47,535,860	47,535,860	47,535,860	47,535,860
TOTAL	<u>\$ 426,576,588</u>	<u>\$ 433,456,941</u>	<u>\$ 433,456,941</u>	<u>\$ 423,656,457</u>	<u>\$ 422,094,550</u>
Financing:					
State General Fund	\$ 83,654,724	\$ 82,337,830	\$ 82,337,830	\$ 82,902,832	\$ 81,340,925
All Other Funds	342,921,864	351,119,111	351,119,111	340,753,625	340,753,625
TOTAL	<u>\$ 426,576,588</u>	<u>\$ 433,456,941</u>	<u>\$ 433,456,941</u>	<u>\$ 423,656,457</u>	<u>\$ 422,094,550</u>
FTE Positions	2,188.9	2,209.2	2,209.2	2,209.2	2,209.2

The **agency** requests an operating budget of \$423.7 million, including \$82.9 million SGF, for FY 2022. This is an all funds decrease of \$9.8 million, or 2.3 percent, and an SGF increase of \$565,002, or 0.7 percent, from the FY 2021 revised estimate. The decrease is due to overall decreases in all expenditure categories. The increase in SGF is due to additional salaries and wages fringe benefit expenditures and increased SGF operating expenditures for FY 2022 than in FY 2021.

The **Governor** recommends expenditures of \$422.1 million, including \$81.3 million SGF, for FY 2022. This is an all funds decrease of \$1.6 million, or 0.4 percent, and an SGF decrease of \$1.6 million, or 1.9 percent, below the agency's request. The decrease is due to the Governor accepting 55.0 percent of the agency's reduced resources budget (\$4.6 million) and adding the amount of the allotment from the GEER/SGF swap (\$3.0 million).

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Board of Regents	\$ 0	\$ 0	\$ 44,000,000	\$ 44,000,000
Emporia State	12,648,027	12,648,027	3,287,383	3,287,383
Fort Hays State	21,426,400	21,426,400	11,231,904	11,231,904
Kansas State	36,052,424	36,052,424	21,920,428	21,920,428
KSU-ESARP	150,000	150,000	155,000	155,000
KSU-VMC	373,092	373,092	373,092	373,092
Pittsburg State	14,862,394	14,862,394	5,069,658	5,069,658
University of Kansas	26,754,323	26,754,323	10,784,755	10,784,755
KUMC	17,622,907	17,622,907	9,159,268	9,159,268
Wichita State	16,933,014	16,933,014	5,842,333	5,842,333
TOTAL	\$ 146,822,581	\$ 146,822,581	\$ 111,823,821	\$ 111,823,821
Financing:				
State General Fund	\$ 607,350	\$ 607,350	\$ 609,656	\$ 609,656
Educational Building Fund	71,031,593	71,031,593	44,000,000	44,000,000
All Other Funds	75,183,638	75,183,638	67,214,165	67,214,165
TOTAL	\$ 146,822,581	\$ 146,822,581	\$ 111,823,821	\$ 111,823,821

FY 2021 – Current Year. The agencies estimate a revised capital improvements budget of \$146.8 million, including \$607,350 SGF, in FY 2021. This is an all funds increase of \$22.2 million, or 17.8 percent, and an SGF decrease of \$1.7 million, or 74.2 percent, from the approved amount. The all funds increase is due to an overall increase in rehabilitation and repair projects across all campuses. The SGF decrease is due KUMC not expending SGF for rehabilitation and repair and a decrease in the the SGF debt service principal payments.

The **Governor** concurs with the agencies' revised estimate in FY 2021.

FY 2022 – Budget Year. The agencies request a capital improvements budget of \$111.8 million, including \$609,656 SGF, for FY 2022. This is an all funds decrease of \$35.0 million, or 23.8 percent, and an SGF increase of \$2,306, or 0.4 percent, from the FY 2021 revised estimate. The all funds decrease is due to an overall decrease in planned capital improvement expenditures and the completion of the KU heating, ventilation, and air conditioning work and Irving Hill road work; the FHSU Memorial Union addition and south campus drive; and the KSU Willard Hall project. The SGF increase is for PSU debt service principal payments for FY 2022.

The **Governor** concurs with the agencies' request for FY 2022.

STATE HISTORICAL SOCIETY

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 4,047,865	\$ 4,263,435	\$ 4,263,435	\$ 4,293,272	\$ 3,838,945
Other Funds	2,903,278	2,978,390	2,982,890	2,616,995	2,616,995
<i>Subtotal</i>	<i>\$ 6,951,143</i>	<i>\$ 7,241,825</i>	<i>\$ 7,246,325</i>	<i>\$ 6,910,267</i>	<i>\$ 6,455,940</i>
Capital Improvements:					
State General Fund	\$ 487,273	\$ 250,000	\$ 250,000	\$ 900,000	\$ 450,000
Other Funds	51,325	102,500	102,500	35,000	150,000
<i>Subtotal</i>	<i>\$ 538,598</i>	<i>\$ 352,500</i>	<i>\$ 352,500</i>	<i>\$ 935,000</i>	<i>\$ 600,000</i>
TOTAL	\$ 7,489,741	\$ 7,594,325	\$ 7,598,825	\$ 7,845,267	\$ 7,055,940
Percentage Change:					
Operating Expenditures					
State General Fund	(0.1) %	5.3 %	5.3 %	0.7 %	(10.0) %
All Funds	14.1	4.2	4.2	(4.6)	(10.9)
FTE Positions	62.5	85.5	85.5	85.5	85.5

For purposes of this analysis, full-time equivalent (FTE) positions 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 State Historical Society budget contains pass-through funds for the nonprofit 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 **2011 Legislature** deleted \$200,000, all from the State General Fund (SGF), to remove funding the Governor had added to pass through to a 501(c)(3) arts organization replacing the Arts Commission for fiscal year (FY) 2012. In addition, the Legislature deleted 17.0 vacant FTE positions, leaving 117.0 FTE positions. The 2011 Legislature added \$50,000, all SGF, 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 SGF, for capital improvement projects for FY 2013. The Legislature also added \$125,000, all SGF, 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 SGF, 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 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 SGF, 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 SGF operating budget for FY 2016 by 20.0 percent. Agency fee funds filled the gap.

The **2017 Legislature** added \$118,464, including \$83,186 SGF, 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 SGF, for FY 2018 and FY 2019 for the agency to provide tours of the Statehouse on Saturdays. The Legislature added \$13,296, all SGF, for cybersecurity enhancements for the State.

The **2018 Legislature** added \$39,185, including \$27,597 SGF, to provide salary increases pursuant to the Legislative Pay Plan authorized by the 2018 Legislature.

The **2019 Legislature** added \$149,228, including \$107,193 SGF, to provide salary increases pursuant to the Legislative Pay Plan authorized by the 2019 Legislature. The Legislature also added \$102,000, all SGF, to fund various information technology projects.

The **2020 Legislature** added \$20,000, all from the Economic Development Initiatives Fund, for FY 2021 to restore funding for Humanities Kansas' new program called Crossroads Conversations that the Governor had recommended moving to the Department of Commerce.

The **Governor's July 1, 2021 allotment** of \$671,703 reduced the SGF operating budget for FY 2021 by 8.9 percent of the FY 2021 approved amount.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates FY 2021 total expenditures of \$7.6 million, including \$4.5 million State General Fund (SGF). The FY 2021 revised estimate is an all funds increase of \$45,609, or 0.6 percent, and an SGF decrease of \$20,576, or 0.5 percent, from the FY 2021 approved amount. The revised estimate includes 85.5 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The revised estimate includes operating expenditures of \$7.2 million, including \$4.3 million SGF. This is an all funds decrease of \$56,891, or 0.8 percent, and an SGF decrease of \$20,576, or 0.5 percent, below the approved amount. The decrease is primarily attributable to decreased expenditures on salaries and wages due to an increase in employee retirements and resignations and the agency leaving some authorized FTE positions vacant.

The revised estimate includes a capital improvements budget of \$352,500, including \$250,000 SGF. The capital improvement expenditure is an increase of \$102,500, or 41.0 percent, all from special revenue funds, above the approved amount. The special revenue funds increase is primarily attributable to an increase of gifts and grants.

The **Governor** recommends FY 2021 total expenditures of \$7.6 million, including \$4.5 million SGF. This is an all funds increase of \$4,500, all from special revenue funds, or 0.1 percent, above the agency's FY 2021 revised estimate.

The Governor recommends FY 2021 operating expenditures of \$7.2 million, including \$4.3 million SGF. This is an all funds increase of \$4,500, or 0.1 percent, above the agency's FY 2021 revised estimate. The all funds increase is due to the \$4,500 transfer from the Coronavirus

Relief Fund (CRF) recommended by the Strengthening People and Revitalizing Kansas (SPARK) Taskforce and approved by the State Finance Council. This transfer was approved after the agency submitted its budget and therefore was not included in the agency's revised estimate.

The Governor recommends FY 2021 capital improvements expenditures of \$352,500, including \$250,000 SGF. This is the same as the agency's FY 2021 revised capital improvements estimate.

FY 2022 – Budget Year. The **agency** requests total expenditures for FY 2022 of \$7.8 million, including \$5.2 million SGF. The FY 2022 request is an all funds increase of \$250,942, or 3.3 percent, and an SGF increase of \$679,837, or 15.1 percent, above the FY 2021 revised estimate. The request is a special revenue fund decrease of \$428,895, or 13.9 percent, below the revised estimate. The request includes 85.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The FY 2022 request includes operating expenditures of \$6.9 million, including \$4.3 million SGF. The request is an all funds decrease of \$331,558, or 4.6 percent, below the agency's FY 2021 revised estimate. This includes an SGF increase of \$29,837, or 0.7 percent, and a special revenue fund decrease of \$361,395, or 12.1 percent, from the FY 2021 revised estimate.

The SGF increase is primarily attributable to increased salaries and wages expenditures due to the agency planning to fill some vacant FTE positions.

The special revenue fund decrease is primarily attributable to decreased expenditures for other assistance, particularly Historic Preservation Fund grants. Additionally, there was a reduction of fees collected during the COVID-19 pandemic.

The **Governor** recommends FY 2022 total expenditures of \$7.1 million, including \$4.3 million SGF. This is an all funds decrease of \$789,327, or 10.1 percent, and an SGF decrease of \$904,327, or 17.4 percent, below the agency's FY 2022 request.

The Governor recommends FY 2022 operating expenditures of \$6.5 million, including \$3.8 million SGF. This is a decrease of \$454,327, all SGF, or 6.6 percent, below the agency's FY 2021 revised estimate. The SGF decrease is due to the Governor recommending the implementation of the agency's reduced resources budget, which would eliminate funding for 6.0 FTE positions and one part time position.

The Governor recommends FY 2021 capital improvements expenditures of \$600,000, including \$450,000 SGF, for FY 2022. This is an all funds decrease of \$335,000, or 35.8 percent, and an SGF decrease of \$450,000, or 50.0 percent, below the agency's FY 2022 request. The Governor recommends reducing the SGF moneys for rehabilitation and repair requests by 50.0 percent but partially offset the reduction by adding \$115,000 from the Educational Building Fund for repairs to the agency headquarters due to flood damage.

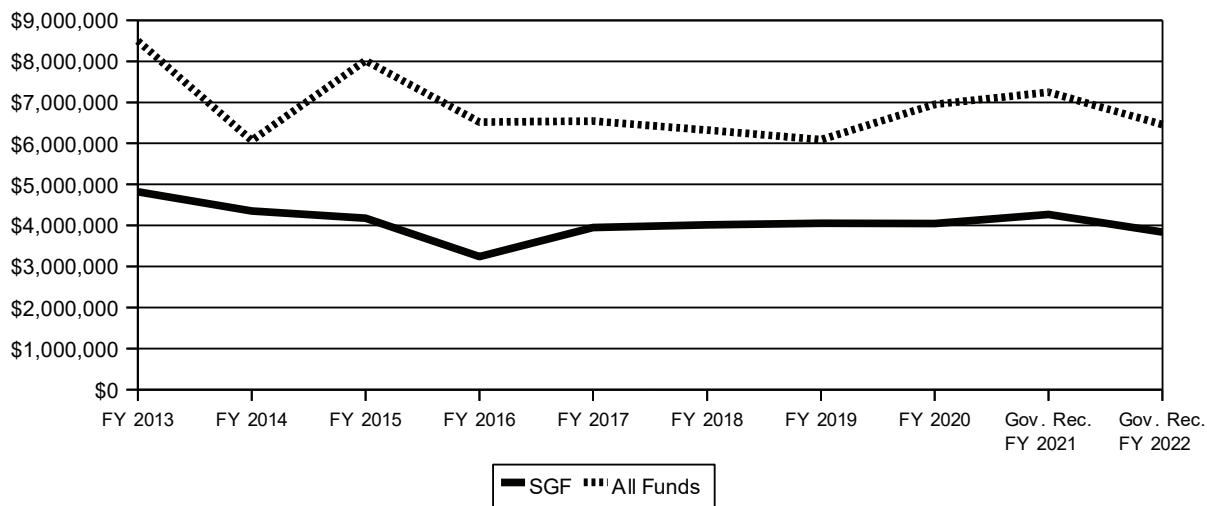
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Annual Land Survey Requests Filled	1,029	1,110	1,150	471	1,000	1,000
Number of Jobs Created by State and Federal Historic Preservation Tax Credits Annually	1,242	596	600	466	500	550
Number of Curriculum Materials Distributed Annually	46,428	53,522	53,522	41,910	40,000	40,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 6,637.3	\$ 6,794.9	\$ 7,692.7	\$ 7,489.7	\$ 7,598.8	\$ 7,055.9
FTE Positions	63.0	64.0	84.5	62.5	85.5	85.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	4,053,282	1.0	6,089,715	(3.7)	64.0
2020	4,047,865	(0.1)	6,951,143	14.1	62.5
2021 Gov. Rec.	4,263,435	5.3	7,246,325	4.2	85.5
2022 Gov. Rec.	3,838,945	(10.0)	6,455,940	(10.9)	85.5
Ten-Year Change Dollars/Percent	\$ (977,297)	(20.3)%	\$ (2,042,584)	(24.0)%	(12.0)

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 2,233,959	\$ 2,293,123	\$ 2,323,296	\$ 30,173	1.3 %	\$ 2,297,623	\$ 2,116,631	\$ (180,992)	(7.9)%
Education & Museum	765,683	799,796	839,822	40,026	5.0	799,796	803,537	3,741	0.5
State Archives	975,287	926,091	971,281	45,190	4.9	926,091	916,479	(9,612)	(1.0)
Cultural Resources	2,925,713	3,172,314	2,725,367	(446,947)	(14.1)	3,172,314	2,573,842	(598,472)	(18.9)
Humanities Kansas	50,501	50,501	50,501	0	0.0	50,501	45,451	(5,050)	(10.0)
TOTAL	\$ 6,951,143	\$ 7,241,825	\$ 6,910,267	\$ (331,558)	(4.6) %	\$ 7,246,325	\$ 6,455,940	\$ (790,385)	(10.9)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 4,138,870	\$ 4,231,624	\$ 4,449,566	\$ 217,942	5.2 %	\$ 4,231,624	\$ 4,050,395	\$ (181,229)	(4.3)%
Contractual Services	1,101,500	1,176,250	1,126,750	(49,500)	(4.2)	1,176,250	1,126,750	(49,500)	(4.2)
Commodities	191,368	206,950	206,950	0	0.0	211,450	156,844	(54,606)	(25.8)
Capital Outlay	70,452	31,500	31,500	0	0.0	31,500	31,500	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 5,502,190</i>	<i>\$ 5,646,324</i>	<i>\$ 5,814,766</i>	<i>\$ 168,442</i>	<i>3.0 %</i>	<i>\$ 5,650,824</i>	<i>\$ 5,365,489</i>	<i>\$ (285,335)</i>	<i>(5.0)%</i>
Aid to Local Units	447,924	285,000	285,000	0	0.0	285,000	285,000	0	0.0
Other Assistance	1,001,029	1,310,501	810,501	(500,000)	(38.2)	1,310,501	805,451	(505,050)	(38.5)
TOTAL	\$ 6,951,143	\$ 7,241,825	\$ 6,910,267	\$ (331,558)	(4.6) %	\$ 7,246,325	\$ 6,455,940	\$ (790,385)	(10.9)%
Financing:									
State General Fund	\$ 4,047,865	\$ 4,263,435	\$ 4,293,272	\$ 29,837	0.7 %	\$ 4,263,435	\$ 3,838,945	\$ (424,490)	(10.0)%
Heritage Trust Fund	1,334,306	948,896	949,670	774	0.1	948,896	949,670	774	0.1
Federal Funds	675,082	1,173,384	682,205	(491,179)	(41.9)	1,177,884	682,205	(495,679)	(42.1)
All Other Funds	893,890	856,110	985,120	129,010	15.1	856,110	985,120	129,010	15.1
TOTAL	\$ 6,951,143	\$ 7,241,825	\$ 6,910,267	\$ (331,558)	(4.6) %	\$ 7,246,325	\$ 6,455,940	\$ (790,385)	(10.9)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$5.2 million for the State Historical Society in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$1,466, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- A decrease of \$671,703 as the result of the Governor's July 1, 2021 SGF allotment; and
- An increase of \$22,042, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021.

These adjustments change the FY 2021 approved SGF amount to \$4.5 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 4,534,011	\$ 4,513,435	\$ (20,576)	\$ 4,513,435	\$ (20,576)
All Other Funds	3,014,705	3,080,890	66,185	3,085,390	70,685
TOTAL	\$ 7,548,716	\$ 7,594,325	\$ 45,609	\$ 7,598,825	\$ 50,109
FTE Positions	84.5	85.5	1.0	85.5	1.0

The **agency** estimates FY 2021 total expenditures of \$7.6 million, including \$4.5 million SGF. The FY 2021 revised estimate is an all funds increase of \$45,609, or 0.6 percent, above the FY 2021 approved amount. The revised estimate includes a reduction of \$20,576, or 0.5 percent, from the SGF, and an increase of \$66,185, from special revenue funds, from the approved amount. The revised estimate includes 85.5 FTE positions, which is an increase of 1.0 FTE position above the approved number.

The revised estimate includes operating expenditures of \$7.2 million, including \$4.3 million SGF. This is an all funds decrease of \$56,891, or 0.8 percent, and an SGF decrease of \$20,576, or 0.5 percent, below the approved amount. The decrease is primarily attributable to decreased expenditures on salaries and wages due to an increase in employee retirements and resignations and the agency leaving some authorized FTE positions vacant.

The revised estimate includes a capital improvements budget of \$352,500, including \$250,000 SGF. The capital improvement expenditure is an increase of \$102,500, or 41.0 percent, all from special revenue funds, above the approved amount. The special revenue funds increase is primarily attributable to an increase of gifts and grants.

The **Governor** recommends FY 2021 total expenditures of \$7.6 million, including \$4.5 million SGF. This is an all funds increase of \$4,500, all from special revenue funds, or 0.1 percent, above the agency's FY 2021 revised estimate.

The Governor recommends FY 2021 operating expenditures of \$7.2 million, including \$4.3 million SGF. This is an all funds increase of \$4,500, or 0.1 percent, above the agency's FY 2021 revised estimate. The all funds increase is due to the Governor including the \$4,500 transfer from the Coronavirus Relief Fund (CRF) recommended by the SPARK Task Force and approved by the State Finance Council. This transfer was approved after the agency submitted its budget and therefore was not included in the agency's revised estimate.

The Governor recommends FY 2021 capital improvements expenditures of \$352,500, including \$250,000 SGF. This is the same as the agency's FY 2021 revised capital improvements estimate.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$691,703. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
Operating Expenditures	\$ (21,703)	\$ (21,703)	0.0
Humanities Kansas	(20,000)	(20,000)	0.0
Rehabilitation and Repair	(650,000)	(650,000)	0.0
TOTAL	\$ (691,703)	\$ (691,703)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,910,267	\$ 6,455,940	\$ (454,327)
FTE Positions	85.5	85.5	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 29,837	\$ (424,490)	
All Other Funds	(361,395)	(365,895)	
TOTAL	\$ (331,558)	\$ (790,385)	
<i>Percent Change:</i>			
State General Fund	0.7 %	(10.0) %	
All Other Funds	(12.1)	(12.3)	
TOTAL	(4.6) %	(10.9) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests total expenditures for FY 2022 of \$7.8 million, including \$5.2 million SGF. The FY 2022 request is an all funds increase of \$250,942, or 3.3 percent, and an SGF increase of \$679,837, or 15.1 percent, above the FY 2021 revised estimate. This includes a special revenue fund decrease of \$428,895, or 13.9 percent, below the revised estimate. The SGF increase is primarily attributable to the agency's enhancement requests. The request includes 85.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The FY 2022 request includes operating expenditures of \$6.9 million, including \$4.3 million SGF. The request is an all funds decrease of \$331,558, or 4.6 percent, below the agency's FY 2021 revised estimate. This includes an SGF increase of \$29,837, or 0.7 percent, and a special revenue fund decrease of \$361,395, or 12.1 percent, from the FY 2021 revised estimate. The request includes 85.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The special revenue fund decrease is primarily attributable to decreased expenditures for other assistance, particularly Historic Preservation Fund grants. Additionally, there was a reduction of fees collected during the COVID-19 pandemic.

The **Governor** recommends FY 2022 total expenditures of \$7.1 million, including \$4.3 million SGF. This is an all funds decrease of \$789,327, or 10.1 percent, and an SGF decrease of \$904,327, or 17.4 percent, below the agency's FY 2022 request.

The Governor recommends FY 2022 operating expenditures of \$6.5 million, including \$3.8 million SGF. This is a decrease of \$454,327, all SGF, or 6.6 percent, below the agency's FY 2021 revised estimate. The SGF decrease is due to the Governor recommending the implementation of the agency's reduced resources budget, which would eliminate funding for 6.0 FTE positions and one part time position.

The Governor recommends FY 2022 capital improvements expenditures of \$600,000, including \$450,000 SGF, for FY 2022. This is an all funds decrease of \$335,000, or 35.8 percent, and an SGF decrease of \$450,000, or 50.0 percent, below the agency's FY 2022 request. The Governor recommends reducing the SGF rehabilitation and repair requests by 50.0 percent but partially offset the reduction by adding \$115,000 from the Educational Building Fund for repairs to the agency headquarters due to flood damage.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Improvements						
Rehabilitation and Repair	\$ 650,000	\$ 650,000	0.0	\$ 200,000	\$ 200,000	0.0
TOTAL	\$ 650,000	\$ 650,000	0.0	\$ 200,000	\$ 200,000	0.0

The **agency** requests a FY 2022 enhancement totaling \$650,000, all SGF. These funds were previously approved for FY 2021, and were allotted by the Governor as part of the Governor's July 2021 allotment plan. The enhancement addresses delayed maintenance to the entrance and lobby portion of the Kansas Museum of History.

The **Governor** recommends \$200,000, all SGF, for the capital improvements to the entrance and lobby of the Kansas Museum of History.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages	\$ 399,171	\$ 399,171	0.0	\$ 399,171	\$ 399,171	0.0
Contractual Services	50,106	50,106	0.0	50,106	50,106	0.0
Commodities	5,050	5,050	0.0	5,050	5,050	0.0
TOTAL	\$ 454,327	\$ 454,327	0.0	\$ 454,327	\$ 454,327	0.0

The **agency** submits a FY 2022 reduced resources budget of \$454,327, all SGF. The agency states it only uses SGF for statutorily required programs. The agency notes the reduced resources budget will primarily impact salaries and wages across all programs and would result in the elimination of funding for 6.0 FTE and 1 part-time position. It would further reduce an additional 1.0 FTE position to part-time. The agency indicates that this would affect the ability to respond to public inquiries, complete educational materials, printing, and maintain its current online presence, which is used by millions of people. The agency notes the reduction could create an inability to respond to emergencies at any of its 58 buildings and structures across the state. The reduced resources would eliminate commodity expenditures for program supplies used for COVID-19 related expenses. Furthermore, the agency would eliminate funds for new special exhibits. Humanities Kansas would experience a 10.0 percent reduction to its funding, resulting in a reduction of 15 communities able to receive community resource assistance to produce local heritage activities.

The **Governor** recommends implementing the agency's reduced resources budget for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$23,920, including \$17,487 SGF, and FY 2022 longevity payments total \$23,120, including \$16,181 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

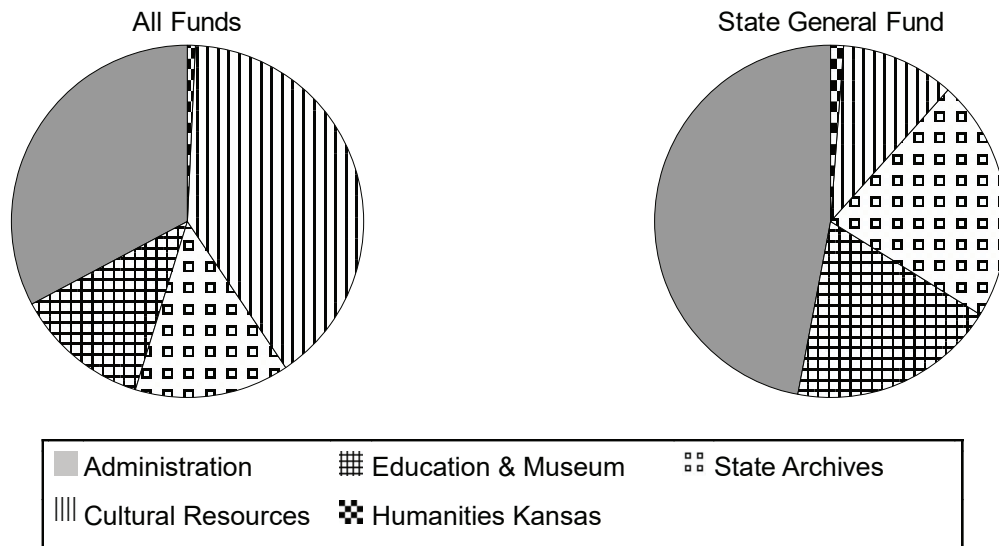
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	62.1 %	59.5 %
Heritage Trust Fund	13.7	14.7
Federal Funds	9.9	10.6
All Other Funds	14.3	15.3
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 2,116,631	32.8 %	\$ 1,805,364	47.0 %
Education & Museum	803,537	12.4	735,088	19.1
State Archives	916,479	14.2	854,995	22.3
Cultural Resources	2,573,842	39.9	400,047	10.4
Humanities Kansas	45,451	0.7	45,451	1.2
TOTAL	\$ 6,455,940	100.0 %	\$ 3,840,945	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	18.0	23.5	23.5	23.5	23.5
Education & Museum	11.5	17.0	17.0	17.0	17.0
State Archives	14.0	18.0	18.0	18.0	18.0
Cultural Resources	19.0	27.0	27.0	27.0	27.0
Humanities Kansas	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	85.5	85.5	85.5	85.5

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 of the State Historical Society. 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 Humanities Kansas (formerly known as the Kansas Humanities Council). Beginning in FY 2018, the agency created a separate program to track those moneys.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Annual Cost Per Visit for Total Agency Program Usage*	\$ 0.16	\$ 0.53	N/A	\$ 0.29	\$ 0.45	\$ 0.40
Number of Social Media Followers*	47,925	53,521	N/A	59,471	60,000	60,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 2,113.9	\$ 2,067.1	\$ 2,401.4	\$ 2,234.0	\$ 2,297.6	\$ 2,116.6
FTE Positions	16.5	19.5	23.5	18.0	23.5	23.5

*The Governor's Office does not utilize this measure for evaluation purposes.

ADMINISTRATION
SUMMARY OF OPERATING EXPENDITURES FY 2020 – FY 2022

Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,196,934	\$ 1,232,723	\$ 1,232,723	\$ 1,312,396	\$ 1,145,837
Contractual Services	819,042	878,600	878,600	829,100	829,100
Commodities	148,233	151,800	156,300	151,800	111,694
Capital Outlay	69,750	30,000	30,000	30,000	30,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,233,959</i>	<i>\$ 2,293,123</i>	<i>\$ 2,297,623</i>	<i>\$ 2,323,296</i>	<i>\$ 2,116,631</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,233,959</u>	<u>\$ 2,293,123</u>	<u>\$ 2,297,623</u>	<u>\$ 2,323,296</u>	<u>\$ 2,116,631</u>
Financing:					
State General Fund	\$ 1,997,485	\$ 2,094,977	\$ 2,094,977	\$ 2,012,029	\$ 1,805,364
All Other Funds	236,474	198,146	202,646	311,267	311,267
TOTAL	<u>\$ 2,233,959</u>	<u>\$ 2,293,123</u>	<u>\$ 2,297,623</u>	<u>\$ 2,323,296</u>	<u>\$ 2,116,631</u>
FTE Positions	18.0	23.5	23.5	23.5	23.5

The **agency** requests a FY 2021 revised estimate of \$2.3 million, including \$2.1 million SGF. The revised estimate is an all funds decrease of \$211,919, or 8.5 percent, below the FY 2021 approved amount. The revised estimate includes an SGF increase of \$73,992, or 3.7 percent, and a special revenue fund decrease of \$285,911, or 59.1 percent, from the FY 2021 approved amount. The revised estimate includes 23.5 FTE positions, which is the same as the approved number. Major expenditure changes are detailed below:

- **Salaries and Wages.** The agency estimates expenditures of \$1.2 million, including \$1.1 million SGF. This is an all funds decrease of \$115,520, or 8.6 percent, and an SGF decrease of \$4,046, or 0.4 percent, below the FY 2021 approved amount. The all funds decrease is primarily attributable to a decrease in employee retirements and the agency leaving some authorized FTE positions vacant;
- **Contractual Services.** The agency estimates expenditures of \$878,600, including \$794,600 million SGF. This is an all funds decrease of \$169,941, or 16.2 percent, and an SGF decrease of \$11,504, or 1.4 percent, below the FY 2021 approved amount. The decrease is primarily attributable to decreased expenditures related to project related fieldwork;
- **Commodities.** The agency estimates expenditures of \$151,800, including \$151,300 SGF. This is an all funds increase of \$54,500, or 56.0 percent, and an SGF increase of \$70,500, or 87.3 percent, above the FY 2021 approved amount. The increase is primarily attributable to increased expenditures on office and data supplies; and
- **Capital Outlay.** The agency estimates expenditures of \$30,000, all SGF. This is a decrease of \$3,000, or 9.1 percent, below the FY 2021 approved amount. The

decrease is primarily attributable to decreased expenditures for furniture, fixtures, and equipment. This amount is partially offset by increased expenditures for information processing equipment.

The **Governor** recommends operating expenditures of 2.3 million, including \$2.1 million SGF. This is an all funds increase of \$4,500, or 0.2 percent, above the agency's revised estimate in FY 2021. The increase is due to Round 3 funding from the CRF for the purchase of personal protective equipment, enhanced cleaning supplies., and other supplies necessary due to the COVID-19 pandemic.

The **agency** requests FY 2022 expenditures of \$2.3 million, including \$2.0 million SGF. The request is an all funds increase of \$30,173, or 1.3 percent, above the agency's FY 2021 revised estimate. This includes an SGF decrease of \$82,948, or 4.0 percent, and a special revenue fund increase of \$113,121, or 57.1 percent, from the FY 2021 revised estimate. The request includes 23.5 FTE positions, which is the same number included in the revised FY 2021 estimate. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests \$1.3 million, including \$1.1 million SGF. This is an all funds increase of \$79,673, or 6.5 percent, and an SGF decrease of \$1,948, or 0.2 percent, from the FY 2021 revised estimate. The increase is primarily attributable to an increase in employee salaries and wages and fringe benefits; and
- **Contractual Services.** The agency requests \$829,100, including \$791,100 SGF. This is an all funds decrease of \$49,500, or 5.6 percent, and an SGF decrease of \$3,500, or 0.4 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to the anticipated completion of the Kansas Memory modernization project.

The **Governor** recommends operating expenditures of 2.1 million, including \$1.8 million SGF. This is an all funds decrease of \$206,665, or 8.9 percent, below the agency's FY 2022 request. The decrease is due to the Governor adopting the agency's reduced resources budget.

B. Education and Museum

As part of the agency's FY 2014 reorganization, the Education and Museum divisions 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 State Historical Society has developed a textbook on Kansas history that is used in the majority of school districts in the state. The program takes care of 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 SGF appropriations to a combination of user fees deposited in agency fee funds and the SGF.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Cost Per Person to Serve Visitors to both the Kansas Museum of History and the Capitol Visitor Center*	\$ 7	\$ 9	\$ 8	\$ 16	\$ 15	\$ 10
Number of Curriculum Materials Distributed Annually	46,428	53,522	48,000	41,914	40,000	40,000
Number of Artifacts Loaned to Other Institutions	83	54	75	52	68	70
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 662.6	\$ 767.1	\$ 809.3	\$ 765.7	\$ 799.8	\$ 803.5
FTE Positions	10.5	11.5	16.0	11.5	17.0	17.0

*Limited interaction in FY 2020 due to COVID-19 pandemic.

EDUCATION AND MUSEUM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 729,859	\$ 763,796	\$ 763,796	\$ 803,822	\$ 777,537
Contractual Services	22,154	22,000	22,000	22,000	22,000
Commodities	13,223	13,500	13,500	13,500	3,500
Capital Outlay	447	500	500	500	500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 765,683	\$ 799,796	\$ 799,796	\$ 839,822	\$ 803,537
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 765,683	\$ 799,796	\$ 799,796	\$ 839,822	\$ 803,537
Financing:					
State General Fund	\$ 701,004	\$ 743,351	\$ 743,351	\$ 771,373	\$ 735,088
All Other Funds	64,679	56,445	56,445	68,449	68,449
TOTAL	\$ 765,683	\$ 799,796	\$ 799,796	\$ 839,822	\$ 803,537
FTE Positions	11.5	17.0	17.0	17.0	17.0

The **agency** estimates FY 2021 revised expenditures of \$799,796, including \$743,351 SGF. The revised estimate is an all funds decrease of \$39,430, or 4.7 percent, below the FY 2021 approved budget. This includes an SGF decrease of \$14,874, or 2.0 percent, and a special revenue fund decrease of \$24,556, or 30.3 percent, below the FY 2021 approved amount. The revised estimate includes 17.0 FTE positions, which is an increase of 1.0 FTE position above the approved number.

Salaries and Wages. The agency requests \$763,796, including \$721,351 SGF. This is an all funds decrease of \$35,930, or 4.5 percent, and an SGF decrease of \$36,874, or 4.9 percent, below the FY 2021 approved amount. The decrease is primarily attributable to an increase in employee retirements and the agency leaving some authorized FTE positions vacant.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests FY 2022 expenditures of \$839,822, including \$771,373 SGF. The request is an all funds increase of \$40,026, or 5.0 percent, above the agency's FY 2021 revised estimate. This includes an SGF increase of \$28,022, or 3.8 percent, and a special revenue fund increase of \$12,004, or 21.3 percent, above the FY 2021 revised estimate. This increase is entirely due to an increase in salaries and wages to fill vacant positions. The request includes 17.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** recommends operating expenditures of \$803,537, including \$735,088 SGF. This is an SGF decrease of \$36,285, or 4.7 percent, below the agency's FY 2022 request. The decrease is due to the Governor adopting the agency's reduced resources budget.

C. 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Kansas Memory (agency digital archives) User Sessions Annually (In Thousands)*	249.8	259.6	265.0	2,089.2	2,100.0	2,100.0
Average Annual Cost Per Request to Answer Research Questions for the Public	\$ 11.93	\$ 14.59	\$ 13.50	\$ 12.88	13.50	13.50
Number of Annual Land Survey Requests Filled	1,029	1,110	1,150	471**	1,000	1,100
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,032.1	\$ 1,054.5	\$ 1,038.3	\$ 975.3	\$ 926.1	\$ 916.5
FTE Positions	17.0	14.0	18.0	14.0	18.0	18.0

*In 2020, the analytics changed to page views to be consistent with the agency's partner sites.
**Limited interaction in FY 2020 due to COVID-19 pandemic.

STATE ARCHIVES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 913,004	\$ 849,241	\$ 849,241	\$ 894,431	\$ 839,629
Contractual Services	46,154	55,300	55,300	55,300	55,300
Commodities	16,129	21,550	21,550	21,550	21,550
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 975,287	\$ 926,091	\$ 926,091	\$ 971,281	\$ 916,479
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 975,287	\$ 926,091	\$ 926,091	\$ 971,281	\$ 916,479
Financing:					
State General Fund	\$ 907,722	\$ 862,611	\$ 862,611	\$ 907,797	\$ 852,995
All Other Funds	67,565	63,480	63,480	63,484	63,484
TOTAL	\$ 975,287	\$ 926,091	\$ 926,091	\$ 971,281	\$ 916,479
FTE Positions	14.0	18.0	18.0	18.0	18.0

The **agency** estimates FY 2021 revised expenditures of \$926,091, including \$862,611 SGF. The revised estimate is an all funds decrease of \$147,756, or 13.8 percent, below the FY 2021 approved budget. This includes an SGF decrease of \$147,750, or 14.6 percent, and a special revenue fund decrease of \$6, or less than 0.1 percent, below the FY 2021 approved amount. The revised estimate includes 18.0 FTE positions, which is the same as the approved number.

Salaries and Wages. The agency estimates expenditures of \$849,241, including \$788,661 SGF. This is an all funds decrease of \$147,756, or 14.8 percent, and an SGF decrease of \$147,750, or 15.8 percent, below the FY 2021 approved amount. The decrease is primarily attributable to an increase in employee retirements and the agency leaving some authorized FTE positions vacant.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests FY 2022 expenditures of \$971,281, including \$907,797 SGF. The request is an all funds increase of \$45,190, or 4.9 percent, above the agency's FY 2021 revised estimate. This includes an SGF increase of \$45,186, or 5.2 percent, and a special revenue fund increase of \$4, or less than 0.1 percent, above the FY 2021 revised estimate. This increase is entirely due to an increase in salaries and wages resulting from filling vacant positions. The request includes 18.0 FTE positions, which is the same as the revised FY 2021 number.

The **Governor** recommends operating expenditures of \$916,479, including \$852,995 SGF. This is an SGF decrease of \$54,802, or 6.0 percent, below the agency's FY 2022 request. The decrease is due to the Governor adopting the agency's reduced resources budget.

D. 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 SGF 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 of 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 require a 40.0 percent match, which is paid through moneys from the SGF.

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Statewide Jobs Created by State and Federal Historic Preservation Tax Credits Annually	1,242	596	600	466	500	550
Estimated Increase in Gross State Product Due to State and Federal Preservation Tax Credits Annually (Dollars in Millions)	\$ 90.4	\$ 24.7	\$ 25.0	\$ 19.3	\$ 23.0	\$ 23.0
Cost Per Person to Serve Visitors at All State Historic Sites	\$ 12	\$ 10	\$ 10	\$ 21	\$ 15	\$ 12
Number of contract archeology projects completed annually	190	205	200	270	220	220
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 2,424.6	\$ 2,150.5	\$ 3,002.4	\$ 2,926.0	\$ 3,172.3	\$ 2,573.8
FTE Positions	19.0	19.0	27.0	19.0	27.0	27.0

CULTURAL RESOURCES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,299,073	\$ 1,385,864	\$ 1,385,864	\$ 1,438,917	\$ 1,287,392
Contractual Services	214,150	220,350	220,350	220,350	220,350
Commodities	13,783	20,100	20,100	20,100	20,100
Capital Outlay	255	1,000	1,000	1,000	1,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,527,261	\$ 1,627,314	\$ 1,627,314	\$ 1,680,367	\$ 1,528,842
Aid to Local Units	447,924	285,000	285,000	285,000	285,000
Other Assistance	950,528	1,260,000	1,260,000	760,000	760,000
TOTAL	\$ 2,925,713	\$ 3,172,314	\$ 3,172,314	\$ 2,725,367	\$ 2,573,842
Financing:					
State General Fund	\$ 391,153	\$ 511,995	\$ 511,995	\$ 551,572	\$ 400,047
All Other Funds	2,534,560	2,660,319	2,660,319	2,173,795	2,173,795
TOTAL	\$ 2,925,713	\$ 3,172,314	\$ 3,172,314	\$ 2,725,367	\$ 2,573,842
FTE Positions	19.0	27.0	27.0	27.0	27.0

The **agency** submits an FY 2021 revised expenditures of \$3.2 million, including \$511,995 SGF. The revised estimate is an all funds increase of \$384,256, or 13.8 percent, above the FY 2021 approved budget. This includes an SGF increase of \$90,098, or 21.4 percent, and a special revenue fund increase of \$294,158, or 12.4 percent, above the FY 2021 approved amount. The revised estimate includes 27.0 FTE positions, which is the same as the approved number.

Salaries and Wages. The agency requests \$1.4 million, including \$464,524 SGF. This is an all funds decrease of \$39,994, or 2.8 percent, and an SGF increase of \$70,627, or 17.9 percent, from the FY 2021 approved amount. The decrease is primarily attributable to an increase in employee retirements and the agency leaving some positions vacant;

Contractual Services. The agency requests \$220,350, including \$35,000 SGF. This is an all funds decrease of \$7,750, or 3.4 percent, and an SGF increase of \$10,000, or 40.0 percent, from the FY 2021 approved amount. The all funds decrease is primarily attributable to decreased expenditures on repair, servicing, and travel; and

Commodities. The agency requests \$20,100, including \$12,471 SGF. This is an all funds decrease of \$13,000, or 39.3 percent, and an SGF increase of \$9,471, or 315.7 percent, from the FY 2021 approved amount. The all funds decrease is primarily attributable to decreased expenditures on supplies, materials, and parts related to repair and servicing of equipment used in archeological investigations as well as photographic materials.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests FY 2022 expenditures of \$2.7 million, including \$551,572 SGF. The request is an all funds decrease of \$446,947, or 14.1 percent, below the agency's FY 2021 revised estimate. This includes an SGF increase of \$39,577, or 7.7 percent, and a special revenue fund decrease of \$486,524, or 18.3 percent, from the FY 2021 revised estimate. The request includes 27.0 FTE positions, which is the same as the revised FY 2021 number.

Salaries and Wages. The agency requests \$1.4 million, including \$521,643 SGF. This is an all funds increase of \$53,035, or 3.8 percent, and an SGF increase of \$57,119, or 12.3, above from the FY 2021 approved amount. The increase is attributable to increased expenditures on salaries and wages and fringe benefits; and

Other Assistance. The agency requests \$760,000, all from special revenue funds, for FY 2022. This is an all funds decrease of \$500,000, or 39.7 percent, below the FY 2021 revised estimate. The decrease is attributable to decreased funding from the Save America's Treasures federal grant.

The **Governor** recommends operating expenditures of \$2.6 million, including \$400,047 SGF. This is an SGF decrease of \$151,525, or 27.5 percent, below the agency's FY 2022 request. The decrease is due to the Governor adopting the agency's reduced resources budget.

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 50.5	\$ 50.5	\$ 50.5	\$ 50.5	\$ 50.5	\$ 45.5
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

HUMANITIES KANSAS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	0	0	0	0	0
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	50,501	50,501	50,501	50,501	45,451
TOTAL	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 45,451
Financing:					
State General Fund	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 45,451
All Other Funds	0	0	0	0	0
TOTAL	\$ 50,501	\$ 50,501	\$ 50,501	\$ 50,501	\$ 45,451
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates FY 2021 revised expenditures of \$50,501 all SGF. The estimate is the same as the approved amount, after the Governor's July 2021 allotment, which reduced funding for Crossroads Conversations, a new Humanities Kansas program.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests expenditures of \$50,501 SGF for FY 2022. This is the same as the revised FY 2021 estimate.

The **Governor** recommends operating expenditures of \$45,451, all SGF for FY 2022. SGF. This is a decrease of \$5,050, or 10.0 percent, below the agency's FY 2022 request. The decrease is due to the Governor adopting the agency's reduced resources budget.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Rehabilitation & Repair	\$ 250,000	\$ 250,000	\$ 250,000	\$ 365,000
Shawnee Indian Mission	20,000	20,000	0	0
Cottonwood Ranch	82,500	82,500	0	0
Kansas Museum of History	0	0	650,000	200,000
Constitution Hall	0	0	35,000	35,000
TOTAL	\$ 352,500	\$ 352,500	\$ 935,000	\$ 600,000
Financing:				
State General Fund	\$ 250,000	\$ 250,000	\$ 900,000	\$ 450,000
All Other Funds	102,500	102,500	35,000	150,000
TOTAL	\$ 352,500	\$ 352,500	\$ 935,000	\$ 600,000

FY 2021 – Current Year. The agency estimates a FY 2021 revised capital improvements budget of \$352,500, including \$250,000 SGF. The revised estimate is an all funds increase of \$102,500, or 41.0 percent, above the FY 2021 approved budget. This includes a special revenue fund increase of \$102,500, or 100.0 percent, above the FY 2021 approved amount. The SGF amount is the same as the approved budget. The special revenue fund increase is attributable to increased expenditures for repairs to the Shawnee Indian Mission historic site and the Cottonwood Ranch historic site. Individual capital improvements projects are described below:

- **Rehabilitation and Repair.** The agency estimates expenditures of \$250,000, all SGF, for rehabilitation and repair projects. The agency states these moneys are used to conduct unanticipated repairs for the more than 50 buildings located at the 16 state historic sites and at the 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;
- **Shawnee Indian Mission - West Building.** The agency estimates expenditures of \$20,000, all from special revenue funds, to rehabilitate the West Building at the Shawnee Indian Mission State Historic Site. The state has partnered with the City of Fairway to operate Shawnee Indian Mission and to complete the rehabilitation of the West Building. The project is funded by federal funds and private moneys raised by a nonprofit organization affiliated with the City of Fairway. Planned work are repairs to historic features, including installation of a historic door; and
- **Cottonwood Ranch.** The agency estimates expenditures of \$82,500, all from special revenue funds, to rehabilitate the Cottonwood Ranch House near Studley, Kansas in Sheridan County. Planned work is the replacement of the roofs of the ranch house, a barn, and multiple buildings located at the historic site.

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 – Budget Year. The agency requests FY 2022 capital improvement expenditures of \$935,000, including \$900,000 SGF. The request is an all funds increase of

\$582,500, or 165.2 percent, above the FY 2021 revised capital improvements estimate. The request includes an SGF increase of \$650,000, or 260.0 percent, and a special revenue fund decrease of \$67,500, or 65.9 percent, from the FY 2021 revised estimate. The SGF increase is attributable to the agency's enhancement request to renovate the entrance and lobby of the Kansas Museum of History. The special revenue fund decrease is attributable to the planned completion of the rehabilitation work at Shawnee Indian Mission State Historic Site and the Cottonwood Ranch Historic Site. Individual capital improvement projects are described below:

- **Rehabilitation and Repair.** The agency requests \$250,000, all SGF, for rehabilitation and repair projects. The agency states these moneys are used to conduct unanticipated repairs for 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; and
- **Kansas Museum of History.** The agency requests \$650,000, all SGF, to renovate the entrance and lobby of the Kansas Museum of History. This request is part of a planned, comprehensive renovation of the Kansas Museum of History. According to the agency, the museum gallery has not changed since the museum opened in 1984. The agency's goal is to update the permanent exhibits to make them more interactive and immersive, with an emphasis on the moments in Kansas history when Kansans made a significant impact on American history. Additionally, the agency indicates the new exhibits are needed to meet current audience needs and to ensure the museum generates appropriate revenue for its continued operation.

As part of this renovation project, the agency is requesting funding to renovate the entrance and lobby of the museum. According to the agency, private donors are willing to fund the new exhibits, but the donors would like a state commitment to the renovation of the building. The request is approximately 10.0 percent of the total cost to renovate and update the museum. The agency indicates this would be a one-time expense. Planned work includes the following:

- Replacement of the museum lobby floor, which has become loose and is a safety hazard;
- Updating electrical systems so that special exhibits can be placed in the museum lobby;
- Updating heating and air conditioning;
- Altering the entrance to the main museum gallery to eliminate unusable space and gain additional exhibit space. According to the agency, this would not require major structural changes to the building; and
- Repairing entrance walkways.

Constitution Hall. The agency requests \$35,000, all from special revenue funds, to rehabilitate Constitution Hall located in Lecompton, Kansas. Planned work includes exterior painting and repairs, as well as interior plaster repairs.

The **Governor** recommends capital improvements expenditures of \$600,000, including \$450,000 SGF, for FY 2022. This is an all funds decrease of \$335,000, or 35.8 percent, and an SGF decrease of \$450,000, or 50.0 percent, below the agency's FY 2022 request. Both the all funds decrease and the SGF decrease are due to the Governor partially recommending the agency's enhancements requests to repair the Kansas Museum of History. The all funds decrease is partially offset by the Governor recommending \$115,000, all from special revenue funds, to repair flooding damage at the agency's headquarters.

KANSAS STATE SCHOOL FOR THE BLIND

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 5,693,906	\$ 5,748,913	\$ 5,748,913	\$ 5,841,239	\$ 5,841,239
Other Funds	1,081,593	1,106,536	1,456,016	1,068,694	1,068,694
<i>Subtotal</i>	<i>\$ 6,775,499</i>	<i>\$ 6,855,449</i>	<i>\$ 7,204,929</i>	<i>\$ 6,909,933</i>	<i>\$ 6,909,933</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,391,731	940,443	1,048,612	919,016	919,016
<i>Subtotal</i>	<i>\$ 1,391,731</i>	<i>\$ 940,443</i>	<i>\$ 1,048,612</i>	<i>\$ 919,016</i>	<i>\$ 919,016</i>
TOTAL	\$ 8,167,230	\$ 7,795,892	\$ 8,253,541	\$ 7,828,949	\$ 7,828,949
Percentage Change:					
Operating Expenditures					
State General Fund	3.8 %	1.0 %	1.0 %	1.6 %	1.6 %
All Funds	9.0	1.2	6.3	0.8	(4.1)
FTE Positions	81.5	81.5	81.5	81.5	81.5

For purposes of this analysis, full-time equivalent (FTE) positions 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 Kansas City, the mission of the Kansas State School for the Blind (KSSB) is to serve as a catalyst and leader in the development of exemplary programs and practices in vision services for students up to the age of 21. KSSB aims to build local capacity throughout the state *via* strategic partnerships with local schools, parents, and communities to ensure learners with visual impairments are able to assume responsible roles in society and lead fulfilling lives.

To fulfill its mission, KSSB established three programs: Administrative Services, Instructional Services, and Support Services. 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 (SGF), in fiscal year (FY) 2011 and \$31,979, all SGF, 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 to increase below-market pay rates 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 SGF 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 SGF, 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 SGF, was added to provide statutorily required salary increases for educators for FY 2017.

The **2017 Legislature** added \$49,451, all SGF, for FY 2018 and \$50,143, all SGF, for FY 2019 to provide statutorily required salary increases for educators, pursuant to KSA 76-11a16. The Legislature also added \$29,266, all SGF, 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 SGF, for non-educator salary increases pursuant to the state employee pay plan authorized by the 2018 Legislature.

The **2019 Legislature** added \$7,528, all SGF, for FY 2019 and \$86,517, all SGF, for FY 2020 to provide statutorily required salary increases for teachers pursuant to KSA 76-11a16. The Legislature also added \$52,119, including \$50,799 SGF, for non-educator salary increases pursuant to the FY 2020 state employee pay plan authorized by the 2019 Legislature.

The **2020 Legislature** added \$72,212, all SGF, for FY 2021 for teacher salary increases pursuant to KSA 76-11a16. The Legislature also added \$27,163, all from the State Institutions Building Fund, for FY 2021 to increase the base budget for rehabilitation and repair projects.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$7.8 million, including \$5.7 million from the State General Fund (SGF) in FY 2021. The total revised estimate is an all funds increase of \$56,965, or 0.7 percent, above the FY 2021 amount approved by the 2020 Legislature. This includes a special revenue fund increase of \$56,974, or 2.9 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 \$6.9 million, including \$5.7 million SGF. The revised operating budget is an all funds increase of \$62,951, or 0.9 percent, above the approved amount. This includes a special revenue funds increase of \$62,960, or 6.0 percent. The special revenue funds increase is primarily attributable to the agency filling new positions in FY 2021.

The revised estimate includes capital improvement expenditures of \$940,443, all from the State Institutions Building Fund. This is a decrease of \$5,986, or 0.6 percent, below the amount approved by the 2020 Legislature due to the agency requesting the deletion of funding that was reappropriated from FY 2020 to FY 2021.

The **Governor** recommends total expenditures of \$8.3 million, including \$5.7 million SGF, in FY 2021. This is a federal funds increase of \$457,649, or 5.9 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$457,649 from the federal Coronavirus Relief Fund to KSSB in FY 2021. The Governor's recommendation includes 81.5 FTE positions, which is the same number as the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests an operating budget of \$6.9 million, including \$5.8 million SGF, for FY 2022. The operating budget is an all funds increase of \$54,484, or 0.8 percent, above the FY 2021 revised estimate. This includes an SGF increase of

\$92,326, or 1.6 percent, and a special revenue fund decrease of \$37,842, or 3.4 percent, from the FY 2021 revised estimate. The request includes 81.5 FTE positions, which is the same number as the FY 2021 revised estimate. The SGF increase is primarily attributable to an increase in salaries and wages for positions filled in FY 2021. The special revenue fund decrease is primarily attributable to a decrease in expenditures for the school breakfast and lunch programs.

The **agency** requests capital improvement expenditures of \$919,016, all from the State Institutions Building Fund. This is a decrease of \$21,427, or 2.3 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the completion of a secure breezeway resulting in expenditures only for maintenance of Life/Safety systems and equipment.

The **Governor** concurs with the agency's request for FY 2022.

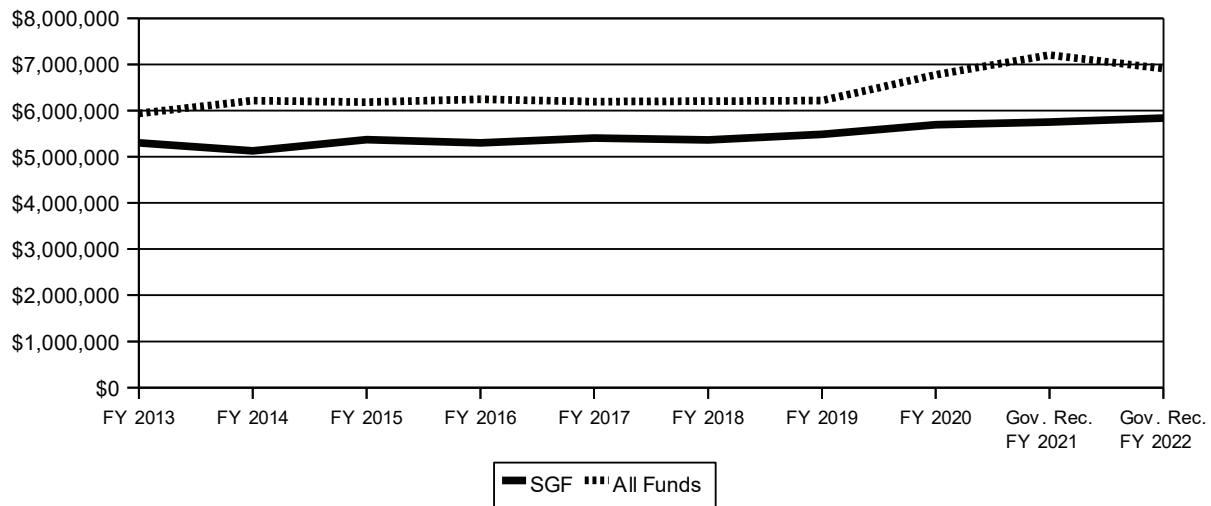
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Students Served Statewide	811	764	853	783	777	868
Number of Students Receiving Services on Campus	27	32	38	38	38	43
Percent of students achieving individualized education program goals and objectives	N/A	91.0 %	N/A	93.8 %	95.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 6,901.7	\$ 6,776.3	\$ 7,945.7	\$ 7,795.9	\$ 8,253.5	\$ 7,828.9
FTE Positions	81.5	81.5	81.5	81.5	81.5	81.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	5,485,171	2.2	6,217,933	0.2	81.5
2020	5,693,906	3.8	6,775,499	9.0	81.5
2021 Gov. Rec.	5,748,913	1.0	7,204,929	6.3	81.5
2022 Gov. Rec.	5,841,239	1.6	6,909,933	(4.1)	81.5
Ten-Year Change					
Dollars/Percent	\$ 538,704	10.2 %	\$ 971,659	16.4 %	(1.0)

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21	
By Program:											
Administrative Services	\$	307,063	\$ 283,210	\$ 276,610	\$ (6,600)	(2.3) %	\$ 632,690	\$ 276,610	\$ (356,080)	(56.3) %	
Instructional Services		4,845,165	4,988,168	4,999,156	10,988	0.2	4,988,168	4,999,156	10,988	0.2	
Support Services		1,623,271	1,584,071	1,634,167	50,096	3.2	1,584,071	1,634,167	50,096	3.2	
TOTAL	\$	6,775,499	\$ 6,855,449	\$ 6,909,933	\$ 54,484	0.8 %	\$ 7,204,929	\$ 6,909,933	\$ (294,996)	(4.1) %	
By Major Object of Expenditure:											
Salaries and Wages	\$	4,806,500	\$ 5,594,649	\$ 5,665,693	\$ 71,044	1.3 %	\$ 5,594,649	\$ 5,665,693	\$ 71,044	1.3 %	
Contractual Services		1,051,822	1,014,696	994,573	(20,123)	(2.0)	1,014,696	994,573	(20,123)	(2.0)	
Commodities		268,685	246,104	249,667	3,563	1.4	246,104	249,667	3,563	1.4	
Capital Outlay		548,595	0	0	0	--	349,480	0	(349,480)	(100.0)	
Debt Service		0	0	0	0	--	0	0	0	--	
<i>Subtotal - Operations</i>	<i>\$</i>	<i>6,675,602</i>	<i>\$ 6,855,449</i>	<i>\$ 6,909,933</i>	<i>\$ 54,484</i>	<i>0.8 %</i>	<i>\$ 7,204,929</i>	<i>\$ 6,909,933</i>	<i>\$ (294,996)</i>	<i>(4.1) %</i>	
Aid to Local Units		0	0	0	0	--	0	0	0	--	
Other Assistance		99,897	0	0	0	--	0	0	0	--	
TOTAL	\$	6,775,499	\$ 6,855,449	\$ 6,909,933	\$ 54,484	0.8 %	\$ 7,204,929	\$ 6,909,933	\$ (294,996)	(4.1) %	
Financing:											
State General Fund	\$	5,693,906	\$ 5,748,913	\$ 5,841,239	\$ 92,326	1.6 %	\$ 5,748,913	\$ 5,841,239	\$ 92,326	1.6 %	
Federal Funds		534,828	540,454	529,623	(10,831)	(2.0)	540,454	529,623	(10,831)	(2.0)	
Federal Coronavirus Relief Fund		0	0	0	0	--	349,480	0	(349,480)	(100.0)	
All Other Funds		546,765	566,082	539,071	(27,011)	(4.8)	566,082	539,071	(27,011)	(4.8)	
TOTAL	\$	6,775,499	\$ 6,855,449	\$ 6,909,933	\$ 54,484	0.8 %	\$ 7,204,929	\$ 6,909,933	\$ (294,996)	(4.1) %	

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$5.8 million for KSSB for FY 2021. Two adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$9, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$40,215 as the result of the Governor's June 29, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$5.7 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 5,748,922	\$ 5,748,913	\$ (9)	\$ 5,748,913	\$ (9)
All Other Funds	1,990,005	2,046,979	56,974	2,504,628	514,623
TOTAL	\$ 7,738,927	\$ 7,795,892	\$ 56,965	\$ 8,253,541	\$ 514,614
FTE Positions	81.5	81.5	0.0	81.5	0.0

The **agency** requests a revised estimate of \$7.8 million, including \$5.7 million SGF, for FY 2021. The total revised estimate is an all funds increase of \$56,965, or 0.7 percent, above the FY 2021 amount approved by the 2020 Legislature. This includes a special revenue fund increase of \$56,974, or 2.9 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 \$6.9 million, including \$5.7 million SGF. The revised operating budget is an all funds increase of \$62,951, or 0.9 percent, above the approved amount. This includes a special revenue fund increase of \$62,960, or 6.0 percent. The special revenue fund increase is primarily attributable to the agency filling new positions in FY 2021.

The revised estimate includes capital improvement expenditures of \$940,443, all from the State Institutions Building Fund. This is a decrease of \$5,986, or 0.6 percent, below the

amount approved by the 2020 Legislature due to the agency requesting the deletion of funding that was reappropriated from FY 2020 to FY 2021.

The **Governor** recommends total expenditures of \$8.3 million, including \$5.7 million SGF, in FY 2021. This is a federal funds increase of \$457,649, or 5.9 percent, above the agency's revised estimate. This increase is attributable to the receipt of federal Coronavirus Relief Fund moneys. The Governor's recommendation includes 81.5 FTE positions, which is the same as the agency's revised estimate.

The Governor recommends an operating budget of \$7.2 million, including \$5.7 million SGF, in FY 2021. This is a federal funds increase of \$349,480, or 5.1 percent, above the agency's revised estimate. This increase is due to the Office of Recovery awarding KSSB \$457,649 from federal COVID-19-related funding, including \$349,480 for operational expenditures.

The Governor recommends capital improvement expenditures of \$1.0 million, all from special revenue funds, in FY 2021. This is a federal funds increase of \$108,169, or 11.5 percent, above the agency's revised estimate. This increase is due to the Office of Recovery awarding KSSB \$457,649 from federal COVID-19 funding, including \$108,169 for capital improvement expenditures.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$40,215. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
KPERs Death & Disability	\$ 35,762	\$ 0	0.0
Coronavirus Relief Swap	4,453	0	0.0
TOTAL	\$ 40,215	\$ 0	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,909,933	\$ 6,909,933	\$ 0
FTE Positions	81.5	81.5	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 92,326	\$ 92,326	
All Other Funds	(37,842)	(387,322)	
TOTAL	\$ 54,484	\$ (294,996)	
<i>Percent Change:</i>			
State General Fund	1.6 %	1.6 %	
All Other Funds	(3.4)	(26.6)	
TOTAL	0.8 %	(4.1) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of \$6.9 million, including \$5.8 million SGF, for FY 2022. This is an all funds increase of \$54,484, or 0.8 percent, including an SGF increase of \$92,326, or 1.6 percent, above the FY 2021 revised estimate. The SGF increase is primarily attributable to an increase in salaries and wages due to the filling of positions in FY 2021. The special revenue fund decrease is primarily attributable to a shifting of certain expenditures to the SGF from special revenue funds. The request includes 81.5 FTE positions, which is the same as the FY 2021 revised estimate number.

The agency requests capital improvement expenditures of \$919,016, all from the State Institutions Building Fund. This is a decrease of \$21,427, or 2.3 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the completion of a secure breezeway resulting in expenditures only for recurring maintenance of Life/Safety systems and equipment. The decrease is partially offset by increased rehabilitation and repair expenditures for the installation of a new back gate and additional perimeter fencing on campus.

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

FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Eliminate Field Service Positions	\$ (241,494)	\$ (241,494)	(3.0)	\$ 0	\$ 0	0.0
Eliminate Campus Positions	(279,044)	(279,044)	(3.0)	0	0	0.0
Eliminate Nursing Position	(63,593)	(63,593)	(1.0)	0	0	0.0
TOTAL	<u>\$ (584,131)</u>	<u>\$ (584,131)</u>	<u>(7.0)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0.0</u>

The **agency** submits a reduced resource budget of \$584,131, all SGF, and 7.0 FTE positions for FY 2022. The agency's proposal includes the elimination of 6.0 FTE teaching positions, including 3.0 FTE field service positions and 3.0 FTE campus positions, and 1.0 FTE for a nursing position.

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

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$5,760, including \$5,479 SGF, and FY 2022 longevity payments total \$5,920, including \$5,633 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

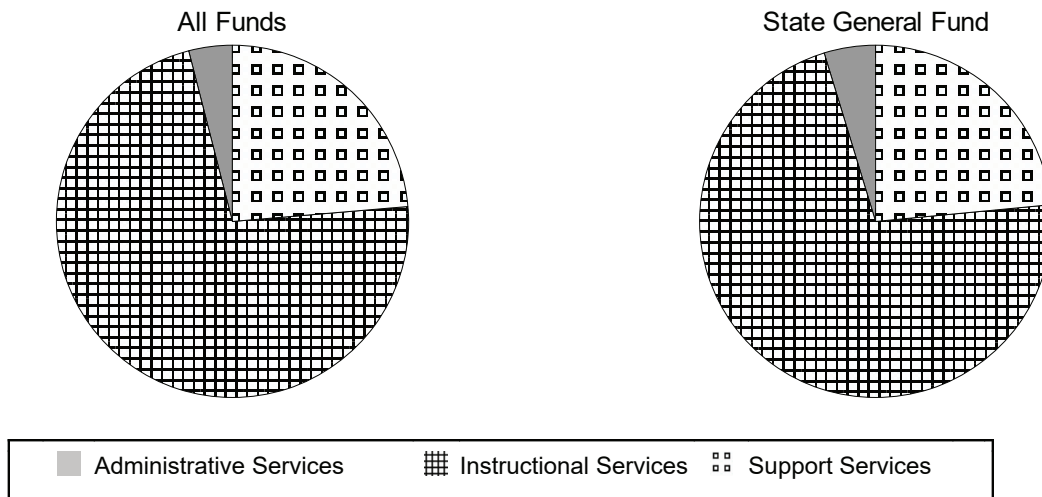
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	84.5 %	84.5 %
Federal Funds	7.7	7.7
All Other Funds	7.8	7.8
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administrative Services	\$ 276,610	4.0 %	\$ 276,610	4.7 %
Instructional Services	4,999,156	72.3	4,193,031	71.8
Support Services	1,634,167	23.6	1,371,598	23.5
TOTAL	\$ 6,909,933	100.0 %	\$ 5,841,239	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	2.0	1.3	1.3	1.3	1.3
Instructional Services	59.5	58.2	58.2	58.2	58.2
Support Services	20.0	22.0	22.0	22.0	22.0
TOTAL	81.5	81.5	81.5	81.5	81.5

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 KSSB. 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Budget Allocated to Instructional Services	N/A	73.0 %	75.0 %	70.0 %	69.2 %	72.3 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 367.4	\$ 256.0	\$ 281.1	\$ 307.1	\$ 632.7	\$ 276.6
FTE Positions	2.4	2.0	2.0	2.0	1.3	1.3

ADMINISTRATIVE SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 214,311	\$ 195,478	\$ 195,478	\$ 196,938	\$ 196,938
Contractual Services	87,955	87,657	87,657	79,597	79,597
Commodities	4,797	75	75	75	75
Capital Outlay	0	0	349,480	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 307,063	\$ 283,210	\$ 632,690	\$ 276,610	\$ 276,610
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 307,063	\$ 283,210	\$ 632,690	\$ 276,610	\$ 276,610
Financing:					
State General Fund	\$ 297,116	\$ 283,210	\$ 283,210	\$ 276,610	\$ 276,610
All Other Funds	9,947	0	349,480	0	0
TOTAL	\$ 307,063	\$ 283,210	\$ 632,690	\$ 276,610	\$ 276,610
FTE Positions	2.0	1.3	1.3	1.3	1.3

The **agency** requests a revised estimate of \$283,210, all SGF, for FY 2021. This is an increase of \$3,700, or 1.3 percent, above the amount approved by the 2020 Legislature. The increase is primarily attributable to an increase in contractual services for database access fees due to teleworking and attorneys' fees. The increase in attorneys' fees is due to an ongoing employee case. The revised estimate includes 1.3 FTE positions, which is a decrease of 0.7 FTE below the number approved by the 2020 Legislature. This decrease reflects a shifting of 0.7 FTE positions to the Support Services Program.

The **Governor** recommends expenditures of \$632,690, including \$283,210 SGF, for FY 2021. This is an increase of \$349,480, or 123.4 percent, above the agency's request. This increase is entirely due to the Office of Recovery allocating \$457,649 from the federal Coronavirus Relief Fund to KSSB, including \$349,480 for operational expenditures, for FY 2021.

This funding is to be used for COVID-19 mitigation, including the purchase of personal protective equipment (PPE) and technology equipment for distance learning.

The **agency** requests expenditures of \$276,610, all SGF, for FY 2022. This is a decrease of \$6,600, or 2.3 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to a decrease in attorneys' fees, which will likely decrease due to the end of an employee-related case in FY 2021. This request includes 1.3 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

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. The KSSB seeks to make students independent learners and equip them with the special skills and knowledge to successfully return them to their home communities and schools. The KSSB provides a fully accredited academic program and services for multiple disabilities. The Instructional Services program 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 due to the distance from the KSSB campus. 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 more than 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 inclusion of children with disabilities with non-disabled children.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Students Served Statewide	811	764	853	783	777	868
Number of New Teachers with Visual Impairments (TVI) and Certified Orientation and Mobility Specialists (COMS) Receiving E-mentoring from KSSB Annually*	N/A	5	10	5	10	15
Number of Professional Development Trainings Offered to All Teachers Who Work with Students Who Are Blind or Have a Visual Impairment Annually*	N/A	10	15	15	25	30
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 4,188.3	\$ 4,539.9	\$ 5,000.7	\$ 4,845.2	\$ 4,988.2	\$ 4,999.2
FTE Positions	58.1	59.5	59.5	59.5	58.2	58.2
*The Governor does not utilize this performance measure.						

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 3,536,292	\$ 4,270,170	\$ 4,270,170	\$ 4,281,253	\$ 4,281,253
Contractual Services	612,315	580,633	580,633	582,118	582,118
Commodities	156,591	137,365	137,365	135,785	135,785
Capital Outlay	441,003	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 4,746,201	\$ 4,988,168	\$ 4,988,168	\$ 4,999,156	\$ 4,999,156
Aid to Local Units	0	0	0	0	0
Other Assistance	98,964	0	0	0	0
TOTAL	\$ 4,845,165	\$ 4,988,168	\$ 4,988,168	\$ 4,999,156	\$ 4,999,156
Financing:					
State General Fund	\$ 3,831,442	\$ 4,184,119	\$ 4,184,119	\$ 4,193,031	\$ 4,193,031
All Other Funds	1,013,723	804,049	804,049	806,125	806,125
TOTAL	\$ 4,845,165	\$ 4,988,168	\$ 4,988,168	\$ 4,999,156	\$ 4,999,156
FTE Positions	59.5	58.2	58.2	58.2	58.2

The **agency** requests a revised estimate of \$5.0 million, including \$4.2 million SGF, for FY 2021. This is an all funds decrease \$2,902, or 0.1 percent, and an SGF decrease of \$73,174, or 1.7 percent, below the amount approved by the 2020 Legislature. This decrease is primarily attributable to the elimination of capital outlay and other assistance expenditures, partially offset by an increase in salaries and wages due to the filling of positions. The revised estimate includes 58.2 FTE positions, which is 1.3 FTE positions below the number approved by the 2020 Legislature. This reflects the shifting of 1.3 FTE positions to the Support Services Program.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests expenditures of \$5.0 million, including \$4.2 million SGF, for FY 2022. This is an all funds increase of \$10,988, or 0.2 percent, and an SGF increase of \$8,912, or 0.2 percent, above the FY 2021 revised estimate. The increase is primarily attributable to an increase in retirement contributions. This request includes 58.2 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,646.6	\$ 1,422.0	\$ 1,530.2	\$ 1,623.3	\$ 1,584.1	\$ 1,634.2
FTE Positions	21.0	20.0	20.0	20.0	22.0	22.0

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,055,897	\$ 1,129,001	\$ 1,129,001	\$ 1,187,502	\$ 1,187,502
Contractual Services	351,552	346,406	346,406	332,858	332,858
Commodities	107,297	108,664	108,664	113,807	113,807
Capital Outlay	107,592	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,622,338</i>	<i>\$ 1,584,071</i>	<i>\$ 1,584,071</i>	<i>\$ 1,634,167</i>	<i>\$ 1,634,167</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	933	0	0	0	0
TOTAL	\$ 1,623,271	\$ 1,584,071	\$ 1,584,071	\$ 1,634,167	\$ 1,634,167
Financing:					
State General Fund	\$ 1,565,348	\$ 1,281,584	\$ 1,281,584	\$ 1,371,598	\$ 1,371,598
All Other Funds	57,923	302,487	302,487	262,569	262,569
TOTAL	\$ 1,623,271	\$ 1,584,071	\$ 1,584,071	\$ 1,634,167	\$ 1,634,167
FTE Positions	20.0	22.0	22.0	22.0	22.0

The **agency** requests a revised estimate of \$1.6 million, including \$1.3 million SGF, for FY 2021. This is an all funds increase of \$62,153, or 4.1 percent, and an SGF increase of \$69,465, or 5.7 percent, above the amount approved by the 2020 Legislature. This increase is primarily attributable an increase in salaries and wages corresponding to the addition of 2.0 FTE positions to Support Services. The revised estimate includes 22.0 FTE positions, which is an increase of 2.0 FTE positions above the FY 2021 approved number. This increase in FTE reflects the shifting of 2.0 FTE positions from the Administrative and Instructional Services Programs to the Support Services Program to increase housekeeping positions.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests expenditures of \$1.6 million, including \$1.4 million SGF, for FY 2022. This is an all funds increase of \$50,096, or 3.2 percent, and an SGF increase of \$90,014, or 7.0 percent, above the FY 2021 revised estimate. This increase is primarily attributable to an increase for salaries and wages for the 2.0 FTE positions shifted into the Support Services Program in FY 2021 to increase housekeeping positions. This increase is partially offset by a decrease in expenditures for recruiting. The SGF increase is primarily attributable to the shifting of some contractual services from the Local Services Reimbursement Fund to the SGF. The request includes 22.0 FTE, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Safety & Security Systems	\$ 280,035	\$ 280,035	\$ 137,756	\$ 137,756
Campus Boiler & HVAC Upgrades	228,900	337,069	250,330	250,330
Rehabilitation & Repair	431,508	431,508	530,930	530,930
TOTAL	\$ 940,443	\$ 1,048,612	\$ 919,016	\$ 919,016
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	940,443	1,048,612	919,016	919,016
TOTAL	\$ 940,443	\$ 1,048,612	\$ 919,016	\$ 919,016

FY 2021 – Current Year. The agency estimates a revised capital improvements budget of \$940,443, all from the State Institutions Building Fund, in FY 2021. This is a decrease of \$5,986, or 0.6 percent, below the amount approved by the 2020 Legislature due to the agency requesting the deletion of funding that was reappropriated.

Safety and Security Systems. The agency estimates expenditures of \$280,035, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedure, and protocols on the campus of KSSB. This is the same amount approved 2020 Legislature.

Campus Boilers and HVAC. The agency estimates expenditures of \$228,900, all from the State Institutions Building Fund, for upgrades to the campus boilers and heating, ventilation, and air conditioning (HVAC) systems. This is the same amount approved by the 2020 Legislature. Agency officials indicate upgrades will allow energy savings and proactive measures will help avoid untimely and expensive emergency repairs. Planned work in FY 2021 includes replacement of components of the HVAC system in Edlund Hall, which serves as the school's dormitory.

Rehabilitation and Repair. The agency estimates expenditures of \$431,508, all from the State Institutions Building Fund, for rehabilitation and repair projects. Rehabilitation and repair projects include masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps. Planned work in FY 2021 includes repairs to the campus' utility tunnels and to ground all buildings on campus from lightning.

The **Governor** recommends a capital improvements budget of \$1.0 million, all from special revenue funds, in FY 2021. This is an increase of \$108,169, or 11.5 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$457,649 from the federal Coronavirus Relief Fund to KSSB, including \$108,169 for project expenditures, in FY 2021. This funding will be used for HVAC plasma ionization devices to limit the spread of COVID-19.

FY 2022 – Budget Year. The **agency** requests a capital improvements budget of \$919,016, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$21,427, or 2.3 percent, below the FY 2021 revised estimate.

Safety and Security Systems. The agency estimates expenditures of \$137,756, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedure, and protocols on the campus of the KSSB. This is a decrease of \$142,279, or 50.8 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the completion of several system upgrades and a shift to only ongoing maintenance and equipment costs for the Life/Safety systems.

Campus Boilers and HVAC. The agency estimates expenditures of \$250,330, all from the State Institutions Building Fund, for upgrades to the campus boilers and HVAC systems. This is an increase of \$21,430, or 9.4 percent, above the FY 2021 revised estimate. Planned work for FY 2022 includes the replacement of HVAC parts for the Brighton Building, which houses the campus makerspace and pool.

Rehabilitation and Repair. The agency estimates expenditures of \$530,930, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of \$99,422, or 23.0 percent, above the FY 2021 revised estimate. Rehabilitation and repair projects include masonry and metal repair, drywall repairs, health and safety inspections, elevator repairs, and repairs to sidewalks and steps. Planned work for FY 2022 includes replacing the back gate on campus and installing additional perimeter fencing.

The **Governor** concurs with the agency's capital improvement budget request for FY 2022.

KANSAS STATE SCHOOL FOR THE DEAF

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 9,341,350	\$ 9,441,322	\$ 9,441,322	\$ 10,067,341	\$ 9,600,683
Other Funds	1,140,952	944,559	1,265,393	942,056	942,056
<i>Subtotal</i>	<i>\$ 10,482,302</i>	<i>\$ 10,385,881</i>	<i>\$ 10,706,715</i>	<i>\$ 11,009,397</i>	<i>\$ 10,542,739</i>
Capital Improvements:					
State General Fund	\$ 3,636	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,940,140	1,387,695	1,506,978	1,192,572	1,021,545
<i>Subtotal</i>	<i>\$ 1,943,776</i>	<i>\$ 1,387,695</i>	<i>\$ 1,506,978</i>	<i>\$ 1,192,572</i>	<i>\$ 1,021,545</i>
TOTAL	<u>\$ 12,426,078</u>	<u>\$ 11,773,576</u>	<u>\$ 12,213,693</u>	<u>\$ 12,201,969</u>	<u>\$ 11,564,284</u>
Percentage Change:					
Operating Expenditures					
State General Fund	3.5 %	1.1 %	1.1 %	6.6 %	1.7 %
All Funds	(2.4)	(0.9)	2.1	6.0	(1.5)
FTE Positions	143.5	143.5	143.5	143.5	143.5

For purposes of this analysis, full-time equivalent (FTE) positions 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, the mission of the Kansas State School for the Deaf is to ensure deaf and hard-of-hearing (D/HH) students achieve their full potential in a language-rich environment. The school established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services. The Kansas State School for the Deaf is a state agency under the control and supervision of the State Board of Education.

The School for the Deaf 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. The School for the Deaf also provides sign language interpreting, audiological services, and community resource and family services. In addition, the School for the Deaf operates an outreach program to serve as a statewide resource center for D/HH students, their families, and their local school districts. This includes the Auditory Training Unit program, which provides equipment and consultative services for hearing-impaired children in public school districts. The agency is responsible for the implementation of the statewide Language Assessment Program.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas 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 Manager, 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 the School for the Deaf. The Legislature also approved the addition of funding for below-market 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 (SGF) appropriations between the two schools for fiscal year (FY) 2013, FY 2014, and FY 2015.

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

The **2016 Legislature** passed Sub. for SB 323, which created the Language Assessment Program to be coordinated by the Kansas Commission for the Deaf and Hard of Hearing. The Kansas State School for the Blind was then chosen to implement the program. The Language Assessment Program requires an annual language assessment be given to every child who is deaf or hard of hearing and who is younger than nine years of age.

The **2017 Legislature** added \$64,721, all SGF, for FY 2018 and \$63,170, all SGF, 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 SGF, for non-educator salary increases pursuant to the state employee pay plan authorized by the 2017 Legislature. The Legislature added \$21,578, all SGF, 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 SGF, 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, 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 planned to assess 50 children. The number of children assessed was planned to increase to 100 during FY 2020 and then to 250 during FY 2021.

The **2019 Legislature** added \$84,554, all SGF, for FY 2019 and \$175,022, all SGF, for FY 2020 to provide statutorily required salary increases for teachers pursuant to KSA 76-11a17. The Legislature also added \$100,631, including \$97,084, for non-educator salary increases pursuant to the FY 2020 state employee pay plan authorized by the 2019 Legislature. Finally, the Legislature added \$903,000, all from the State Institutions Building Fund, for FY 2020 for the renovation of the Roth Auditorium.

The **2020 Legislature** added \$137,004, all SGF, for FY 2021 for statutory teacher salary increases pursuant to KSA 76-11a17. The Legislature also added \$14,750, all from the State Institutions Building Fund, for FY 2021 to increase the base budget for rehabilitation and repair.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$11.8 million, including \$9.4 million from the State General Fund (SGF), in FY 2021. This is an all funds decrease of \$216,172, or 1.8 percent, and an SGF decrease of \$401, or less than 0.1 percent, below the amount approved by the 2020 Legislature. The revised estimate includes 143.5 FTE positions, which is the same number as approved by the 2020 Legislature.

The revised estimate includes an operating budget of \$10.4 million, including \$9.4 million SGF, in FY 2021. This is an all funds decrease of \$207,388, or 2.0 percent, and an SGF decrease of \$401, or less than 0.1 percent, below the amount approved by the 2020 Legislature. The all funds decrease is primarily attributable to decreased contractual services expenditures for travel reimbursement and decreased computer software maintenance costs.

The revised estimate includes a capital improvements budget of \$1.4 million, all from the State Institutions Building Fund, in FY 2021. This is a decrease of \$8,784, or 0.6 percent, below the FY 2021 approved amount. This decrease is due to the agency requesting the deletion of \$8,784 of the \$169,129 reappropriated from FY 2020 into FY 2021. The remainder of the reappropriated funding is attributable to Roth Building repairs scheduled in FY 2020 that were not completed and are now scheduled to be completed in FY 2021.

The **Governor** recommends total expenditures of \$12.2 million, including \$9.4 million SGF, in FY 2021. This is an all funds increase of \$440,117, or 3.7 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating federal Coronavirus Relief Fund moneys to the School for the Deaf in FY 2021. The Governor recommends 143.5 FTE positions, which is the same number as the agency's revised estimate.

The Governor's recommendation includes operating expenditures of \$10.7 million, including \$9.4 million SGF, in FY 2021. This is an all funds increase of \$320,834, or 3.1 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$320,834 to the School for the Deaf for COVID-19-related operational expenditures in FY 2021.

The Governor's recommendation includes a capital improvements budget of \$1.5 million, all from special revenue funds, in FY 2021. This is an all funds increase of \$119,283, or 8.6 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$119,283 to the School for the Deaf to purchase HVAC plasma ionization devices to mitigate COVID-19 in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$12.2 million, including \$10.1 million SGF, for FY 2022. This is an all funds increase of \$428,393, or 3.6 percent, above the FY 2021 revised estimate. This request includes 143.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The agency request includes an operating budget of \$11.0 million, including \$10.1 million SGF, for FY 2022. This is an all funds increase of \$623,516, or 6.0 percent, and an SGF increase of \$626,019, or 6.6 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures due to the agency's enhancement request for Language Assessment Program (LAP) Phase 3 and the filling of a full-time housekeeping position in FY 2021. Without the enhancement request, the agency's FY 2022 operating budget request totals \$10.5 million, including \$9.6 million SGF.

The agency request includes a capital improvements budget of \$1.2 million, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$195,123, or 14.1 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the anticipated completion of the Roth Building renovations, originally scheduled for FY 2020, that were moved in part to FY 2021.

The **Governor** recommends total expenditures of \$11.6 million, including \$9.6 million SGF, for FY 2022. This is an all funds decrease of \$637,685, or 5.2 percent, and an SGF decrease of \$466,658, or 4.6 percent, below the agency's FY 2022 request. The Governor recommends 143.5 FTE positions, which is the same number as the agency's FY 2022 request.

The Governor's recommendation includes operating expenditures of \$10.5 million, including \$9.6 million SGF, for FY 2022. This is an SGF decrease of \$466,658, or 4.2 percent, below the agency's FY 2022 request. This decrease is attributable to the Governor not recommending the agency's enhancement request to fund Phase 3 of the Language Assessment Program.

The Governor's recommendation includes a capital improvements budget of \$1.0 million, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$171,027, or 14.3 percent, below the agency's FY 2022 request. This decrease is attributable to the Governor not recommending funding to upgrade the west campus playground.

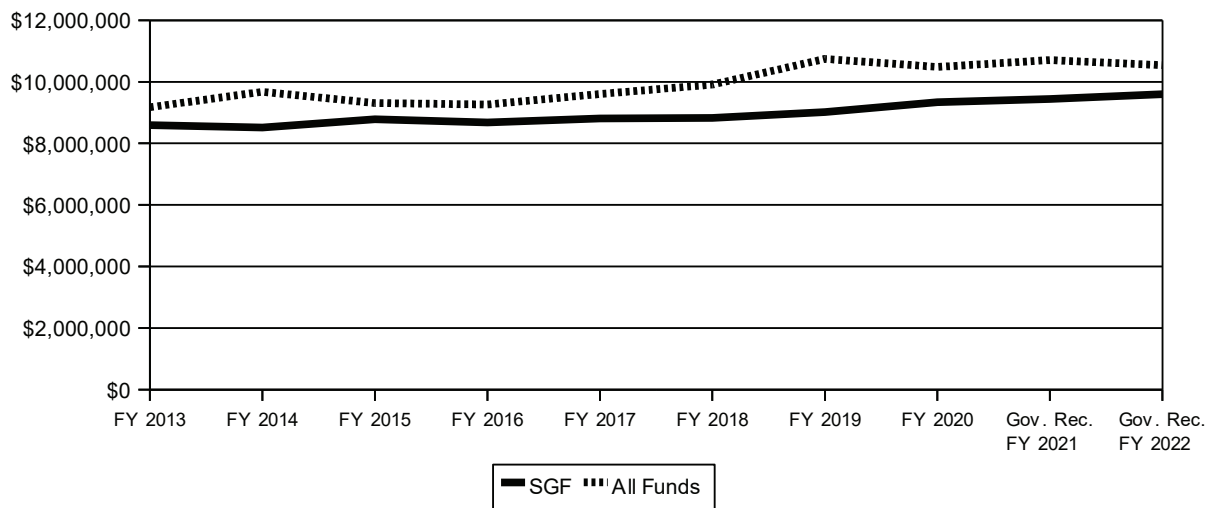
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of School Districts, Cooperatives, Service Centers, and Tiny-K Programs Receiving Technical Assistance from KSSD	92	106	114	125	133	141.0
Number of Students Enrolled in the Campus-based Program	141	146	151	148	153	158.0
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 11.0	\$ 11.6	\$ 12.6	\$ 12.4	\$ 12.2	\$ 11.6
FTE Positions	143.5	143.5	143.5	143.5	143.5	143.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	9,021,541	2.2	10,745,500	8.4	143.5
2020	9,341,350	3.5	10,482,302	(2.4)	143.5
2021 Gov. Rec.	9,441,322	1.1	10,706,715	2.1	143.5
2022 Gov. Rec.	9,600,683	1.7	10,542,739	(1.5)	143.5
Ten-Year Change Dollars/Percent	\$ 1,008,067	11.7 %	\$ 1,365,340	14.9 %	0.0

Summary of Operating Budget FY 2020 - FY 2022

Kansas State School for the Deaf

		Agency Estimate					Governor's Recommendation			
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Administrative Services	\$	394,126	\$ 279,144	\$ 281,477	\$ 2,333	0.8 %	\$ 599,978	\$ 281,477	\$ (318,501)	(53.1)%
Instructional Services		7,828,834	7,865,398	8,462,100	596,702	7.6	7,865,398	7,995,442	130,044	1.7
Support Services		2,258,396	2,241,339	2,265,820	24,481	1.1	2,241,339	2,265,820	24,481	1.1
Debt Service		946	0	0	0	--	0	0	0	--
TOTAL	\$	10,482,302	\$ 10,385,881	\$ 11,009,397	\$ 623,516	6.0 %	\$ 10,706,715	\$ 10,542,739	\$ (163,976)	(1.5)%
By Major Object of Expenditure:										
Salaries and Wages	\$	8,913,814	\$ 9,099,456	\$ 9,508,441	\$ 408,985	4.5 %	\$ 9,099,456	\$ 9,244,409	\$ 144,953	1.6 %
Contractual Services		944,834	910,470	1,091,042	180,572	19.8	910,470	918,755	8,285	0.9
Commodities		288,466	320,980	354,939	33,959	10.6	320,980	324,600	3,620	1.1
Capital Outlay		254,593	54,975	54,975	0	0.0	375,809	54,975	(320,834)	(85.4)
Debt Service		946	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>10,402,653</i>	<i>\$ 10,385,881</i>	<i>\$ 11,009,397</i>	<i>\$ 623,516</i>	<i>6.0 %</i>	<i>\$ 10,706,715</i>	<i>\$ 10,542,739</i>	<i>\$ (163,976)</i>	<i>(1.5)%</i>
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		79,649	0	0	0	--	0	0	0	--
TOTAL	\$	10,482,302	\$ 10,385,881	\$ 11,009,397	\$ 623,516	6.0 %	\$ 10,706,715	\$ 10,542,739	\$ (163,976)	(1.5)%
Financing:										
State General Fund	\$	9,341,350	\$ 9,441,322	\$ 10,067,341	\$ 626,019	6.6 %	\$ 9,441,322	\$ 9,600,683	\$ 159,361	1.7 %
Federal Funds		399,911	328,430	287,962	(40,468)	(12.3)	328,430	287,962	(40,468)	(12.3)
All Other Funds		721,219	616,129	654,094	0	0.0	616,129	654,094	0	0.0
COVID-19 Funds		19,822	0	0	0	--	320,834	0	(320,834)	(100.0)
TOTAL	\$	10,482,302	\$ 10,385,881	\$ 11,009,397	\$ 623,516	6.0 %	\$ 10,706,715	\$ 10,542,739	\$ (163,976)	(1.5)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved an SGF budget of \$9.5 million for the Kansas State School for the Deaf in FY 2021. Several adjustments have been made subsequently to that amount. The adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$401, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$78,593 as the result of the Governor's June 29, 2020, SGF allotment.

This adjustment changes the FY 2021 approved SGF amount to \$9,441,322. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 9,441,723	\$ 9,441,322	\$ (401)	\$ 9,441,322	\$ (401)
All Other Funds	2,548,025	2,332,254	(215,771)	2,772,371	224,346
TOTAL	\$ 11,989,748	\$ 11,773,576	\$ (216,172)	\$ 12,213,693	\$ 223,945
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requests a revised estimate of \$11.8 million, including \$9.4 million SGF, in FY 2021. This is an all funds decrease of \$216,172, or 1.8 percent, and an SGF decrease of \$401, or less than 0.1 percent, below the amount approved by the 2020 Legislature. The revised estimate includes 143.5 FTE positions, which is the same number as approved by the 2020 Legislature.

The revised estimate includes an operating budget of \$10.4 million, including \$9.4 million SGF, in FY 2021. This is an all funds decrease of \$207,388, or 2.0 percent, and an SGF decrease of \$401, or less than 0.1 percent, below the amount approved by the 2020 Legislature. The all funds decrease is primarily attributable to decreased contractual services expenditures for travel reimbursement and decreased computer software maintenance costs. This decrease is partially offset by increased expenditures in salaries and wages due to the filling of a full-time housekeeping position.

The revised estimate includes a capital improvements budget of \$1.4 million, all from the State Institutions Building Fund, in FY 2021. This is a decrease of \$8,784, or 0.6 percent, below the FY 2021 approved amount. This decrease is due to the agency requesting the deletion of \$8,784 of the \$169,129 reappropriated from FY 2020 into FY 2021. The remainder of the reappropriated funding is attributable to Roth Building repairs scheduled in FY 2020 that are now scheduled to be completed in FY 2021.

The **Governor** recommends total expenditures of \$12.2 million, including \$9.4 million SGF, in FY 2021. This is an all funds increase of \$440,117, or 3.7 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating federal Coronavirus Relief Fund moneys to the School for the Deaf in FY 2021. The Governor recommends 143.5 FTE positions, which is the same number as the agency's revised estimate.

The Governor's recommendation includes operating expenditures of \$10.7 million, including \$9.4 million SGF, in FY 2021. This is an all funds increase of \$320,834, or 3.1 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$320,834 to the School for the Deaf for COVID-19-related operational expenditures in FY 2021.

The Governor's recommendation includes a capital improvements budget of \$1.5 million, all from special revenue funds, in FY 2021. This is an all funds increase of \$119,283, or 8.6 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$119,283 to the School for the Deaf for project expenditures for HVAC plasma ionization devices to mitigate COVID-19 in FY 2021.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$78,593. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
Death & Disability	\$ (59,382)	\$ (59,382)	0.0
Coronavirus Relief Swap	(19,211)	(19,211)	0.0
TOTAL	\$ (78,593)	\$ (78,593)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 11,009,397	\$ 10,542,739	\$	(466,658)
FTE Positions	143.5	143.5		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 626,019	\$ 159,361		
All Other Funds	(2,503)	(323,337)		
TOTAL	\$ 623,516	\$ (163,976)		
<i>Percent Change:</i>				
State General Fund	6.6 %	1.7 %		
All Other Funds	(0.3)	(25.6)		
TOTAL	6.0 %	(1.5) %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$12.2 million, including \$10.1 million SGF, for FY 2022. This is an all funds increase of \$428,393, or 3.6 percent, above the FY 2021 revised estimate. This request includes 143.5 FTE, which is the same number as the FY 2021 revised estimate.

The agency request includes an operating budget of \$11.0 million, including \$10.1 million SGF, for FY 2022. This is an all funds increase of \$623,516, or 6.0 percent, and an SGF increase of \$626,019, or 6.6 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures for salaries and wages for staff and for contractual services due to the agency's enhancement request implementing Language Assessment Program (LAP) Phase 3 and the filling of a full-time housekeeping position in FY 2021. Without the enhancement request, the agency's FY 2022 operating budget request totals \$10.5 million, including \$9.6 million SGF.

The agency request includes a capital improvements budget of \$1.2 million, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$195,123, or 14.1 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to expenditures for the Roth Building updates, originally scheduled for FY 2020. The agency requests these expenditures be moved in part to FY 2021 to complete the project.

The **Governor** recommends total expenditures of \$11.6 million, including \$9.6 million SGF, for FY 2022. This is an all funds decrease of \$637,685, or 5.2 percent, and an SGF decrease of \$466,658, or 4.6 percent, below the agency's FY 2022 request. The Governor recommends 143.5 FTE, which is the same number as the agency's FY 2022 request.

The Governor's recommendation includes operating expenditures of \$10.5 million, including \$9.6 million SGF, for FY 2022. This is an SGF decrease of \$466,658, or 4.2 percent, below the agency's FY 2022 request. This decrease is attributable to the Governor not

recommending the agency's enhancement request to fund Phase 3 of the Language Assessment Program.

The Governor's recommendation includes a capital improvements budget of \$1.0 million, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$171,027, or 14.3 percent, below the agency's FY 2022 request. This decrease is attributable to the Governor not recommending funding to upgrade the west campus playground, which is included in rehabilitation and repair.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Language Assessment Phase 3	\$ 466,658	\$ 466,658	4.0	\$ 0	\$ 0	0.0

The **agency** requests enhancement funding of \$466,658, all SGF, and 4.0 FTE positions for FY 2022. The enhancement is to fund the third year of the LAP, which is being phased in over multiple years. The agency began implementation of LAP in FY 2019 and expanded the program in FY 2020. The School for the Deaf did not ask for initial costs of \$210,722 to begin assessing 110 children. These costs were funded from existing resources. To expand the program for FY 2022, the agency requests enhancement funding. Of the total enhancement request, \$264,032 is for salaries and wages to hire 4.0 FTE positions, primarily to conduct evaluations of deaf and hard-of-hearing children, and \$128,096 is for in-state travel so staff members can travel to various regions of the state to conduct evaluations. The remainder of the request is for other contractual services and commodities expenditures. The agency estimates at least 250 children will be served during FY 2022. The agency requested \$466,658 as an enhancement in FY 2021, but the funding was not approved.

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

FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Eliminate Classroom Teaching Positions	\$ 282,662	\$ 282,662	3.0	\$ 0	\$ 0	0.0
Eliminate Outreach/Transition Positions	297,344	297,344	3.0	0	0	0.0
Suspend Language Assessment Program	210,722	210,722	0.0	0	0	0.0
Eliminate Speech/Language Positions	114,365	114,365	1.5	0	0	0.0
Eliminate Hearing Assistive Technology Equipment Purchase	54,975	54,975	0.0	0	0	0.0
TOTAL	\$ 960,068	\$ 960,068	7.5	\$ 0	\$ 0	0.0

The **agency** submits a reduced resources budget totaling \$960,068, all SGF, for FY 2022. This reduced resources budget includes the elimination of 7.5 FTE positions, including 3.0 FTE teaching positions, 3.0 FTE outreach/transition positions, and 1.5 FTE speech/language positions. The agency's reduced resources budget would also suspend the LAP Phase 3 for FY 2022. This program was originally scheduled for implementation over five phases in five years, beginning in FY 2019.

The **Governor** does not recommend reducing the agency's budget for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$8,080, including \$7,945 SGF, and FY 2022 longevity payments total \$8,440, including \$8,301 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

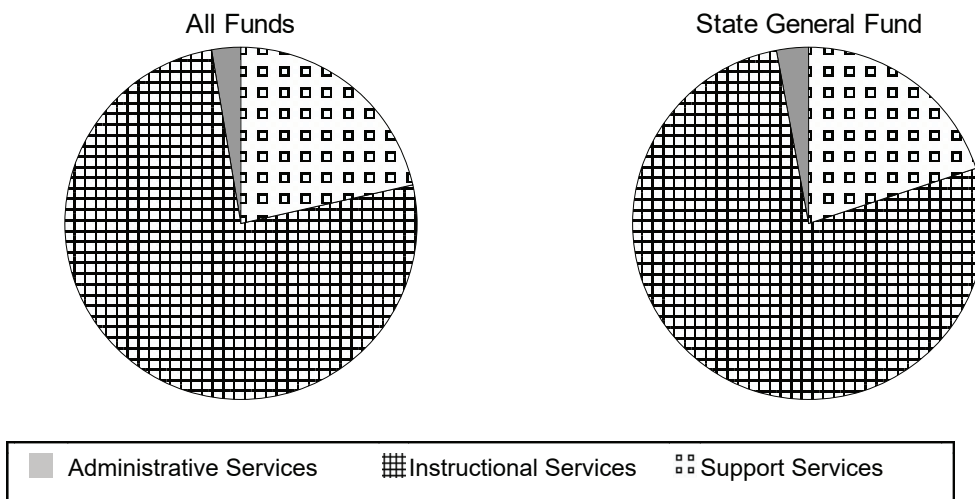
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	91.4 %	91.1 %
Federal Funds	2.6	2.7
All Other Funds	5.9	6.2
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administrative Services	\$ 281,477	2.7 %	\$ 281,477	2.9 %
Instructional Services	7,995,442	75.8	7,405,224	77.1
Support Services	2,265,820	21.5	1,913,982	19.9
TOTAL	\$ 10,542,739	100.0 %	\$ 9,600,683	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administrative Services	2.0	3.0	3.0	3.0	3.0
Instructional Services	104.5	104.5	104.5	104.5	104.5
Support Services	37.0	36.0	36.0	36.0	36.0
Debt Services	0.0	0.0	0.0	0.0	0.0
TOTAL	143.5	143.5	143.5	143.5	143.5

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Qualified Employees Who are Dually Licensed in Content Areas and Deaf Education*	75	76	77	76	77	78
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 278.9	\$ 287.4	\$ 233.7	\$ 394.1	\$ 600.0	\$ 281.5
FTE Positions	2.0	2.0	2.0	2.0	3.0	3.0
*The Governor does not utilize this measure for evaluation purposes.						

ADMINISTRATIVE SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 305,572	\$ 266,044	\$ 266,044	\$ 268,332	\$ 268,332
Contractual Services	40,043	12,200	12,200	12,225	12,225
Commodities	24,198	900	900	920	920
Capital Outlay	24,313	0	320,834	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 394,126	\$ 279,144	\$ 599,978	\$ 281,477	\$ 281,477
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 394,126	\$ 279,144	\$ 599,978	\$ 281,477	\$ 281,477
Financing:					
State General Fund	\$ 352,743	\$ 279,144	\$ 279,144	\$ 281,477	\$ 281,477
All Other Funds	41,383	0	320,834	0	0
TOTAL	\$ 394,126	\$ 279,144	\$ 599,978	\$ 281,477	\$ 281,477
FTE Positions	2.0	3.0	3.0	3.0	3.0

The **agency** requests a revised estimate of \$279,144, all SGF, in FY 2021. This is an increase of \$44,848, or 19.1 percent, above the amount approved by the 2020 Legislature. The increase is primarily attributable to an increase in salaries and wages for the 1.0 FTE position added to the Administrative Services Program. This position is erroneously reflected in the Administrative Services Program as it is actually located in the Instructional Services Program.

The **Governor** recommends \$599,978, including \$279,144 SGF, in FY 2021. This is an all funds increase of \$320,834, or 114.9 percent, above the agency's revised estimate. This

increase is attributable to the Office of Recovery allocating \$320,834 to the School for the Deaf for COVID-19 operational expenditures in FY 2021. Approved COVID-19 operational expenditures include the purchase of protective equipment for mitigation and equipment to support distance learning, including technology for students and teachers.

The **agency** requests operating expenditures of \$281,477, all SGF, for FY 2022. This is an increase of \$2,333, or 0.8 percent, above the FY 2021 revised estimate. This increase is primarily attributable to an increase in salaries and wages for employer retirement contributions. The agency requests 3.0 FTE for Administrative Services Program for FY 2022. As noted in FY 2021, 1.0 FTE is erroneously reflected in the Administrative Services Program rather than the Instructional Services Program.

The **Governor** concurs with the agency's request for FY 2022.

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 provides services to students up to age 21. These programs are designed to meet each student's varying educational needs as well as postsecondary planning, including preparation for employment, advanced education, advanced skill training, and independent living skills.

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

Extended School Year Program. This three-week program is designed to help D/HH students maintain academic, social/behavioral, communication, or other skills. Over the past few years, the program has been expanded so more students from local 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of School Districts, Cooperatives, Service Centers, and Tiny-K Programs Receiving Technical Assistance from KSSD	92	106	114	125	133	141
Number of Students Enrolled in the Campus-based Program	141	146	151	148	153	158
Number of Students Receiving Access to Deaf-appropriate Interventions Programs and Resources*	250	453	462	537	547	558
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 7,277.4	\$ 8,155.6	\$ 8,228.9	\$ 7,828.8	\$ 7,865.4	\$ 7,995.4
FTE Positions	104.5	104.5	104.5	104.5	104.5	104.5
*The Governor does not utilize this measure for evaluation purposes.						

INSTRUCTIONAL SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 7,223,822	\$ 7,426,918	\$ 7,426,918	\$ 7,819,919	\$ 7,555,887
Contractual Services	321,945	267,975	267,975	440,652	268,365
Commodities	91,674	115,530	115,530	146,554	116,215
Capital Outlay	113,138	54,975	54,975	54,975	54,975
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 7,750,579	\$ 7,865,398	\$ 7,865,398	\$ 8,462,100	\$ 7,995,442
Aid to Local Units	0	0	0	0	0
Other Assistance	78,255	0	0	0	0
TOTAL	\$ 7,828,834	\$ 7,865,398	\$ 7,865,398	\$ 8,462,100	\$ 7,995,442
Financing:					
State General Fund	\$ 6,954,712	\$ 7,276,277	\$ 7,276,277	\$ 7,871,882	\$ 7,405,224
All Other Funds	874,122	589,121	589,121	590,218	590,218
TOTAL	\$ 7,828,834	\$ 7,865,398	\$ 7,865,398	\$ 8,462,100	\$ 7,995,442
FTE Positions	104.5	104.5	104.5	104.5	104.5

The **agency** requests a revised estimate of \$7.9 million, including \$7.3 million SGF, in FY 2021. This is an all funds decrease of \$466,357, or 5.6 percent, and an SGF increase of \$60,228, or 0.8 percent, from the amount approved by the 2020 Legislature. This decrease is primarily attributable to decreases in salaries and wages and contractual services for the following reasons.

- **Salaries and Wages:** The agency requests a revised estimate of \$7.4 million for salaries and wages in FY 2021. This is a decrease of \$230,211, or 3.0 percent, below the FY 2021 approved amount due to decreased expenditures for temporary staff, retirement contributions, and health insurance. The temporary staff includes coaching and paraprofessionals working one-on-one with students needing additional assistance. The requirements for these expenditures fluctuate

year-to-year depending on the needs of the students. Part of the decrease is also due to the erroneous inclusion of salary and wage expenditures for an Instructional Services position in the Administrative Services Program; and

- **Contractual Services:** The agency requests a revised estimate of \$267,975 for contractual services in FY 2021. This is a decrease of \$299,764, or 52.8 percent, below the FY 2021 approved amount. This decrease is primarily attributable to shifting teacher tuition reimbursement expenditures out of contractual services, decreased contractual services expenditures for travel reimbursement, and decreased computer software maintenance costs.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests operating expenditures of \$8.5 million, including \$7.9 million SGF, for FY 2022. This is an all funds increase of \$596,702, or 7.6 percent, including an SGF increase of \$595,605, or 8.2 percent, above the FY 2021 revised estimate. The increase is primarily attributable to the following factors.

- **Salaries and Wages:** The agency requests \$7.8 million for salaries and wages for FY 2022. This is an increase of \$393,001, or 5.3 percent, above the FY 2021 revised estimate. This increase is primarily due to increased expenditures for retirement contributions and group health insurance and increased salary and wage costs for the LAP Phase 3 specialist and interpreter positions included in the enhancement request; and
- **Contractual Services:** The agency requests \$440,652 for contractual services for FY 2022. This is an increase of \$172,677, or 64.4 percent, above the FY 2021 revised estimate. This increase is primarily attributable to travel costs and other expenditures associated with the implementation of the LAP Phase 3 included in the enhancement request.

The **Governor** recommends expenditures of \$8.0 million, including \$7.4 million SGF, for FY 2022. This is an SGF decrease of \$466,658, or 5.5 percent, below the agency's request. This decrease is attributable to the Governor not recommending the agency's enhancement request to fund the LAP Phase 3.

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. The Kansas State School for the Deaf shares these services with the Kansas State School for the Blind.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 2,340.7	\$ 2,297.8	\$ 2,014.3	\$ 2,258.4	\$ 2,241.3	\$ 2,265.8
FTE Positions	37.0	37.0	37.0	37.0	36.0	36.0

SUPPORT SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,384,420	\$ 1,406,494	\$ 1,406,494	\$ 1,420,190	\$ 1,420,190
Contractual Services	582,846	630,295	630,295	638,165	638,165
Commodities	172,594	204,550	204,550	207,465	207,465
Capital Outlay	117,142	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,257,002	\$ 2,241,339	\$ 2,241,339	\$ 2,265,820	\$ 2,265,820
Aid to Local Units	0	0	0	0	0
Other Assistance	1,394	0	0	0	0
TOTAL	\$ 2,258,396	\$ 2,241,339	\$ 2,241,339	\$ 2,265,820	\$ 2,265,820
Financing:					
State General Fund	\$ 2,032,949	\$ 1,885,901	\$ 1,885,901	\$ 1,913,982	\$ 1,913,982
All Other Funds	225,447	355,438	355,438	351,838	351,838
TOTAL	\$ 2,258,396	\$ 2,241,339	\$ 2,241,339	\$ 2,265,820	\$ 2,265,820
FTE Positions	37.0	36.0	36.0	36.0	36.0

The **agency** requests a revised estimate of \$2.2 million, including \$1.9 million SGF, in FY 2021. This is an all funds increase of \$214,522, or 10.6 percent, and an SGF decrease of \$105,076, or 5.3 percent, from the FY 2021 approved amount. The all funds increase is primarily attributable to increased expenditures for salaries and wages due to the filling of a full-time housekeeping position in FY 2021 and increased group health insurance expenditures. The SGF decrease is attributable to the shifting of some contractual services and commodities expenditures to the agency's general fee fund and local services reimbursement fund, which are both special revenue funds.

The revised estimate includes 36.0 FTE, which is a decrease of 1.0 FTE below the amount approved by the 2020 Legislature. This is due to the agency's fluctuating need for support staff and the ability to fill those positions with full-time workers, including housekeeping and custodial staff.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests operating expenditures of \$2.3 million, including \$1.9 million SGF, for FY 2022. This is an all funds increase of \$24,481, or 1.1 percent, and an SGF increase of \$28,081, or 1.5 percent, above the FY 2021 revised estimate. This increase is primarily

attributable to increased expenditures for salaries and wages for retirement contributions and group health insurance and increased expenditures for contractual services for utility costs.

The agency's request includes 36.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Safety & Security Systems	\$ 303,900	\$ 303,900	\$ 182,595	\$ 182,595
Campus Boilers & HVAC Upgrades	529,200	648,483	529,200	529,200
Rehabilitation & Repair	400,250	400,250	480,777	309,750
Auditorium Renovation	154,345	154,345	0	0
TOTAL	\$ 1,387,695	\$ 1,506,978	\$ 1,192,572	\$ 1,021,545
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,387,695	1,506,978	1,192,572	1,021,545
TOTAL	\$ 1,387,695	\$ 1,506,978	\$ 1,192,572	\$ 1,021,545

FY 2021 – Current Year. The agency estimates a revised capital improvements budget of \$1.4 million, all from the State Institutions Building Fund, for FY 2021. This is a decrease of \$8,784, or 0.6 percent, below the amount approved by the 2020 Legislature. This decrease is attributable to the agency's request to delete \$8,784 of the \$169,129 that was reappropriated from FY 2020 into FY 2021. The majority of the reappropriation (\$154,345) was attributable to savings from the Roth Building heating, ventilation, and air conditioning (HVAC) renovation that the agency planned to expend for a theater communications system in the Roth auditorium. The agency was unable to submit this project for bid in FY 2020 due to the COVID-19 pandemic, and the agency requests this money be reappropriated into FY 2021 to complete the project.

Safety and Security Systems. The agency requests expenditures of \$303,900, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedure, and protocols on the campus of the Kansas State School for the Deaf. This is the same as the amount approved by the 2020 Legislature. Planned work for FY 2021 includes \$165,000 to secure the entrance to the Taylor Building and replace magnetic locks with electric strike locks on interior doors, along with \$138,900 to upgrade the fire and mass notification system on campus.

Campus Boilers and HVAC Upgrades. The agency requests expenditures of \$529,200, all from the State Institutions Building Fund, for upgrades to the campus boilers and HVAC systems. This is the same as the amount approved by the 2020 Legislature. 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 in FY 2021 includes replacement of portions of the HVAC system and ducts and vents in the Roberts Building, which houses the school's secondary education program.

Rehabilitation and Repair. The agency requests expenditures of \$400,250, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is the same as the amount approved by the 2020 Legislature, including \$14,750 added by the 2020 Legislature to the base rehabilitation and repair budget. Planned work for FY 2021 includes \$90,500 to repair the roof of the Emery Building, which houses the school's elementary program, and general repairs around the campus.

The **Governor** recommends a capital improvements budget of \$1.5 million, all from special revenue funds, in FY 2021. This is an increase of \$119,283, or 8.6 percent, above the agency's revised estimate. This increase is attributable to the Office of Recovery allocating \$119,283 to the School for the Deaf for HVAC plasma ionization devices in classrooms to mitigate COVID-19 in FY 2021.

FY 2022 – Budget Year. The agency requests a capital improvements budget of \$1.2 million, all from the State Institutions Building Fund, for FY 2022. This is a decrease of \$195,123, or 14.1 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the completion of the theater communications system in the Roth auditorium originally scheduled for FY 2020 and moved to FY 2021 due to delays caused by the COVID-19 pandemic.

Safety and Security Systems. The agency requests expenditures of \$182,595, all from the State Institutions Building Fund, for ongoing maintenance and upgrades to security systems, procedure, and protocols on the campus of the Kansas State School for the Deaf. This is a decrease of \$121,305, or 39.9 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to a shifting of expenses from upgrading and replacing systems to maintenance.

Campus Boilers and HVAC Upgrades. The agency requests expenditures of \$529,200, all from the State Institutions Building Fund, for upgrades to the campus boilers and HVAC systems. This is the same as the FY 2021 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 in FY 2022 includes HVAC replacement in the Parks-Bilger building, which includes the gym and student center.

Rehabilitation and Repair. The agency requests expenditures of \$480,777, all from the State Institutions Building Fund, for rehabilitation and repair projects. This is an increase of \$80,527, or 20.1 percent, above the FY 2021 revised estimate. Planned work for FY 2022 includes \$171,027 to replace the current elementary playground surface and equipment with an ADA-compliant playground.

The **Governor** recommends a capital improvements budget of \$1.0 million, all from the State Institutions Building Fund, for FY 2022. This is an all funds decrease of \$171,027, or 14.3 percent, below the agency's request. This decrease is due to the Governor not recommending the upgrade of the west campus playground, which would add duraSAFE rubber tiles to the playground. This funding is part of the agency's rehabilitation and repair request.

STATE LIBRARY

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 3,334,468	\$ 3,929,657	\$ 3,929,657	\$ 3,932,651	\$ 3,928,651
Other Funds	2,245,211	1,932,820	1,932,820	1,895,699	1,895,699
Subtotal	\$ 5,579,679	\$ 5,862,477	\$ 5,862,477	\$ 5,828,350	\$ 5,824,350
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 5,579,679	\$ 5,862,477	\$ 5,862,477	\$ 5,828,350	\$ 5,824,350
Percentage Change:					
Operating Expenditures					
State General Fund	(10.9) %	17.8 %	17.8 %	0.1 %	(0.0) %
All Funds	(2.9)	5.1	5.1	(0.6)	(0.7)
FTE Positions	28.0	31.0	31.0	31.0	31.0

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

AGENCY OVERVIEW

The State Library has served the state since 1855 and has existed in its present form since 1963 with the passage of the State Library Act, KSA 75-2534, *et seq.* The purpose of the State Library Act was to establish an agency empowered to assist library development throughout the state and to provide library and information extension services to all the residents of the state who do not have access to library 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 (KSA 75-2546).

The mission of the State Library is to deliver 21st century library services and resources to all Kansas residents. The State Library also strives to increase reading readiness and on-grade reading acuity, improve chances for academic success, and provide lifelong services to all Kansas residents. Finally, the State Library helps start and grow businesses and assists Kansas residents with employment opportunities. The State Library serves state government, librarians, and every Kansas resident.

To carry out its agency mission, the State Library has established a new three-program structure:

- The **Reference Division** provides research support to Kansas agencies and the Legislature, assists Kansans in identifying legislation or explaining legislative procedures, and catalogs state government records;
- The **Statewide Services and Resources Division** oversees library projects and services available to all Kansas residents, including 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
- The **Talking Books Service to the Visually and Physically Impaired Division** provides a range of services for Kansas residents who cannot read conventional printed materials due to visual or physical impairments.

For budgeting purposes, the agency will begin budgeting all expenditures under the Administration Program in fiscal year (FY) 2021.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$219,711, all from the State General Fund (SGF). Additionally, 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 SGF, 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 SGF, to fund statewide database subscriptions. Additionally, the Legislature added \$89,369, all SGF, 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 SGF, 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 SGF, 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 SGF, to provide for cybersecurity enhancements in FY 2018.

The **2018 Legislature** added \$20,537, including \$14,278 SGF, for salary increases pursuant to the Legislative Pay Plan authorized by the 2018 Legislature.

The **2019 Legislature** added \$40,585, including \$27,167 SGF, for salary increases pursuant to the Legislative Pay Plan authorized by the 2019 Legislature.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$5.9 million, including \$3.9 million from the State General Fund (SGF), in FY 2021. This is an all funds decrease of \$752,017, or 11.4 percent, and an SGF decrease of \$720,420, or 15.5 percent, below the amount approved by the 2020 Legislature. This decrease is primarily attributable to the agency's request that the agency's reappropriations totaling \$740,714 in FY 2021 be lapsed.

The agency's revised estimate includes 31.0 FTE, which is 1.0 FTE position more than the number approved by the 2020 Legislature. The increase is attributable to the adding of a Library Consultant FTE position beginning in FY 2021.

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

FY 2022 – Budget Year. The **agency** requests operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This is an all funds decrease of \$34,127, or 0.6 percent, and an SGF increase of \$2,994, or 0.1 percent, from the FY 2021 revised estimate. The decrease is primarily attributable to the ending of a marketing strategy in western Kansas that was completed in FY 2021.

The agency's request includes 31.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This an SGF decrease of \$4,000, or 0.1 percent, below the agency's request. This decrease reflects the partial acceptance of the agency's reduced resources budget for contractual services.

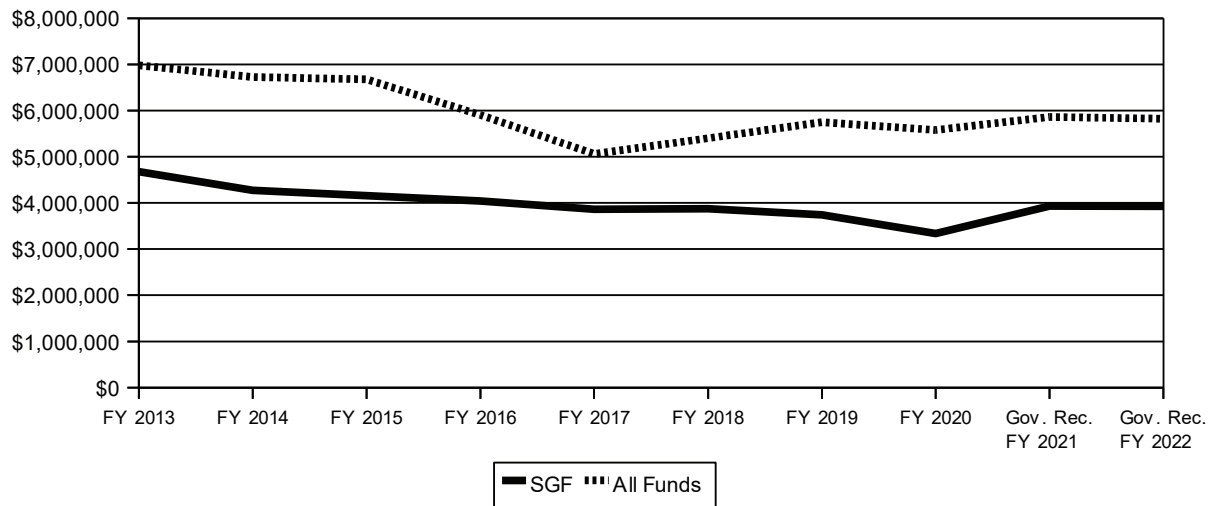
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Children Participating in Summer Reading Program	96,876	93,082	97,500	127,056	127,000	127,000
Number of Active Users of Talking Books Services Served Annually	4,790	4,714	4,760	5,015	5,025	5,035
Number of Database Searches/Queries (In Millions)	168.0	174.4	177.9	136.1	149.7	164.2
Number of Requests for Information Responded to Annually	4,353	4,209	4,400	3,490	4,000	4,500
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 5,402.1	\$ 5,749.2	\$ 5,893.5	\$ 5,580.0	\$ 5,862.0	\$ 5,824.0
FTE Positions	30.0	30.0	30.0	28.0	31.0	31.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
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	3,743,255	(3.3)	5,749,191	6.4	30.0
2020	3,334,468	(10.9)	5,579,679	(2.9)	28.0
2021 Gov. Rec.	3,929,657	17.8	5,862,477	5.1	31.0
2022 Gov. Rec.	3,928,651	(0.0)	5,824,350	(0.7)	31.0
Ten-Year Change Dollars/Percent	\$ (745,870)	(16.0)%	\$ (1,155,571)	(16.6)%	5.0

Summary of Operating Budget FY 2020 - FY 2022

State Library

		Agency Estimate					Governor's Recommendation			
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Administration	\$	5,490,816	\$ 5,862,477	\$ 5,828,350	\$ (34,127)	(0.6) %	\$ 5,862,477	\$ 5,824,350	\$ (38,127)	(0.7) %
Services to the Blind and Handicapped		88,863	0	0	0	--	0	0	0	--
TOTAL	\$	5,579,679	\$ 5,862,477	\$ 5,828,350	\$ (34,127)	(0.6) %	\$ 5,862,477	\$ 5,824,350	\$ (38,127)	(0.7) %
By Major Object of Expenditure:										
Salaries and Wages	\$	1,518,412	\$ 1,552,552	\$ 1,568,966	\$ 16,414	1.1 %	\$ 1,552,552	\$ 1,568,966	\$ 16,414	1.1 %
Contractual Services		2,238,819	2,386,295	2,335,754	(50,541)	(2.1)	2,386,295	2,331,754	(54,541)	(2.3)
Commodities		214,478	214,157	214,157	0	0.0	214,157	214,157	0	0.0
Capital Outlay		19,869	19,840	19,840	0	0.0	19,840	19,840	0	0.0
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>3,991,578</i>	<i>\$ 4,172,844</i>	<i>\$ 4,138,717</i>	<i>\$ (34,127)</i>	<i>(0.8) %</i>	<i>\$ 4,172,844</i>	<i>\$ 4,134,717</i>	<i>\$ (38,127)</i>	<i>(0.9) %</i>
Aid to Local Units		1,588,101	1,689,633	1,689,633	0	0.0	1,689,633	1,689,633	0	0.0
Other Assistance		0	0	0	0	--	0	0	0	--
TOTAL	\$	5,579,679	\$ 5,862,477	\$ 5,828,350	\$ (34,127)	(0.6) %	\$ 5,862,477	\$ 5,824,350	\$ (38,127)	(0.7) %
Financing:										
State General Fund	\$	3,334,468	\$ 3,929,657	\$ 3,932,651	\$ 2,994	0.1 %	\$ 3,929,657	\$ 3,928,651	\$ (1,006)	(0.0) %
Federal Funds		2,245,211	1,932,820	1,895,699	(37,121)	(1.9)	1,932,820	1,895,699	(37,121)	(1.9)
All Other Funds		0	0	0	0	--	0	0	0	--
TOTAL	\$	5,579,679	\$ 5,862,477	\$ 5,828,350	\$ (34,127)	(0.6) %	\$ 5,862,477	\$ 5,824,350	\$ (38,127)	(0.7) %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$3.9 million for the State Library in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$740,714, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$19,538, as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$4.7 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 4,650,077	\$ 3,929,657	\$ (720,420)	\$ 3,929,657	\$ (720,420)
All Other Funds	1,964,417	1,932,820	(31,597)	1,932,820	(31,597)
TOTAL	\$ 6,614,494	\$ 5,862,477	\$ (752,017)	\$ 5,862,477	\$ (752,017)
FTE Positions	30.0	31.0	1.0	31.0	1.0

The **agency** requests a revised estimate of \$5.9 million, including \$3.9 million SGF, in FY 2021. This is an all funds decrease of \$752,017, or 11.4 percent, including an SGF decrease of \$720,420, or 15.5 percent, below the amount approved by the 2020 Legislature. The SGF decrease is primarily attributable to the agency's request that the agency's reappropriation of \$740,114 in FY 2021 be lapsed. The reappropriated funds were designated for contractual services in FY 2020 but went unspent due to the State Library closing during the COVID-19 pandemic. The all other funds decrease is attributable to the agency not expending any moneys from the grants and gifts fund, offset, in part, by increased federal funding for the Library Services and Technology Act Fund.

The agency's revised estimate includes 31.0 FTE, which is 1.0 FTE position more than the number approved by the 2020 Legislature. The increase is attributable to the adding of a Library Consultant FTE position beginning in FY 2021.

The **Governor** concurs with the agency's revised estimate in FY 2021.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$19,538. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
Operating Expenditures	\$ (17,413)	\$ (17,413)	0.0
Talking Books Service	(2,125)	(2,125)	0.0
TOTAL	\$ (19,538)	\$ (19,538)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,828,350	\$ 5,824,350	\$ (4,000)
FTE Positions	31.0	31.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 2,994	\$ (1,006)	
All Other Funds	(37,121)	(37,121)	
TOTAL	\$ (34,127)	\$ (38,127)	
<i>Percent Change:</i>			
State General Fund	0.1 %	(0.0) %	
All Other Funds	(1.9)	(1.9)	
TOTAL	(0.6) %	(0.7) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This is an all funds decrease of \$34,127, or 0.6 percent, including an SGF increase of \$2,994, or 0.1 percent, from the FY 2021 revised estimate. The decrease is primarily attributable to the ending of a marketing strategy in western Kansas that was completed in FY

2021. The decrease is offset in part by increased salaries and wages expenditures for retirement contributions and group health insurance benefits.

The agency's request includes 31.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This is a decrease of \$4,000, all SGF, below the agency's request. This decrease is attributable to the partial acceptance of the submitted reduced resources budget.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
State Aid	\$ (162,297)	\$ (162,297)	0.0	\$ 0	\$ 0	0.0
Contractual Services	(230,968)	(230,968)	0.0	(4,000)	0	0.0
TOTAL	<u>\$ (393,265)</u>	<u>\$ (393,265)</u>	<u>0.0</u>	<u>\$ (4,000)</u>	<u>\$ 0</u>	<u>0.0</u>

The **agency** submits a reduced resources budget of \$393,265, all SGF, for FY 2022. The agency's reduced resources budget includes \$162,297 for State Aid to Local Government and \$230,968 in contractual services expenditures. Items that would be reduced or eliminated include a 10.0 percent reduction to State Aid, a 10.0 percent reduction to Talking Books Outreach, eliminating travel mileage reimbursement, reducing professional organizational fees, eliminating recovery payments to the Kansas Library Express courier system, and reducing upcoming subscription and dues renewals.

The **Governor** partially concurs with the agency's reduced resources budget. The Governor recommends a reduced resources budget of \$4,000, all SGF, for FY 2022. The reduced resources budget includes eliminating travel mileage reimbursement and reducing professional organizational fees.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$5,560, including \$4,514 SGF, and FY 2022 longevity payments total \$5,640, including \$4,580 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

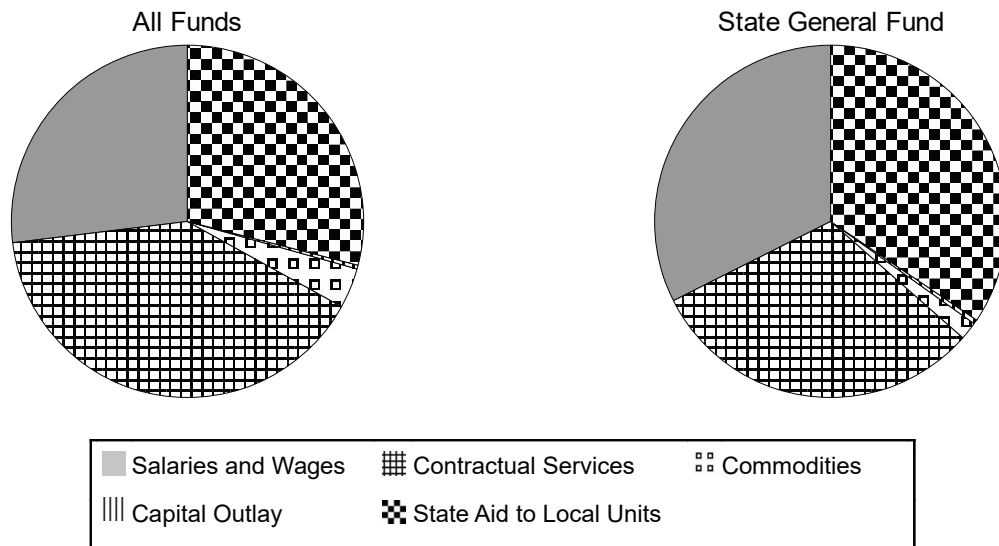
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	67.5 %	67.5 %
Federal Funds	32.5	32.5
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

PROGRAM DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 1,568,966	26.9 %	\$ 1,274,188	32.4 %
Contractual Services	2,331,754	40.0	1,220,608	31.1
Commodities	214,157	3.7	64,700	1.6
Capital Outlay	19,840	0.3	15,179	0.4
State Aid to Local Units	1,689,633	29.0	1,353,976	34.5
TOTAL	\$ 5,824,350	100.0 %	\$ 3,928,651	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	28.0	31.0	31.0	31.0	31.0
Services to the Blind and Handicapped	0.0	0.0	0.0	0.0	0.0
TOTAL	28.0	31.0	31.0	31.0	31.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.

As of FY 2021, the Services to the Blind and Handicapped Program is moved under the Administration Program, and all agency expenditures will be budgeted under the Administration program.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 4,833.2	\$ 5,186.5	\$ 5,893.5	\$ 5,490.8	\$ 5,862.5	\$ 5,824.4
FTE Positions	21.0	21.0	30.0	28.0	31.0	31.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,518,412	\$ 1,552,552	\$ 1,552,552	\$ 1,568,966	\$ 1,568,966
Contractual Services	2,163,999	2,386,295	2,386,295	2,335,754	2,331,754
Commodities	214,478	214,157	214,157	214,157	214,157
Capital Outlay	19,869	19,840	19,840	19,840	19,840
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,916,758</i>	<i>\$ 4,172,844</i>	<i>\$ 4,172,844</i>	<i>\$ 4,138,717</i>	<i>\$ 4,134,717</i>
Aid to Local Units	1,574,058	1,689,633	1,689,633	1,689,633	1,689,633
Other Assistance	0	0	0	0	0
TOTAL	\$ 5,490,816	\$ 5,862,477	\$ 5,862,477	\$ 5,828,350	\$ 5,824,350
Financing:					
State General Fund	\$ 3,245,605	\$ 3,929,657	\$ 3,929,657	\$ 3,932,651	\$ 3,928,651
All Other Funds	2,245,211	1,932,820	1,932,820	1,895,699	1,895,699
TOTAL	\$ 5,490,816	\$ 5,862,477	\$ 5,862,477	\$ 5,828,350	\$ 5,824,350
FTE Positions	28.0	31.0	31.0	31.0	31.0

The **agency** requests a revised estimate of \$5.9 million, including \$3.9 million SGF, in FY 2021. This is an all funds decrease of \$752,017, or 11.4 percent, and an SGF decrease of \$720,420, or 15.5 percent, below the amount approved by the 2020 Legislature. The revised estimate includes 31.0 FTE positions, which is 1.0 FTE position more than the number approved by the 2020 Legislature. This increase is due to the adding of a Library Consultant position.

Major categories of expenditure are provided below:

- **Salaries and Wages:** The agency requests a revised estimate of \$1.6 million, including \$1.3 million SGF, in FY 2021. This is an all funds decrease of \$24,355, or 1.5 percent, and an SGF increase of \$118,474, or 10.4 percent, from the FY 2021 approved amount. This decrease is attributable to the unfilled positions in FY 2020 continuing to be unfilled for part of FY 2021;
- **Contractual Services:** The agency requests a revised estimate of \$2.4 million, including \$1.2 million SGF, in FY 2021. This is an all funds decrease of \$689,601, or 22.4 percent, and an SGF decrease of \$689,701, or 35.8 percent, below the FY 2021 approved amount. This decrease is primarily attributable to the agency's request that funding reappropriated from FY 2020 into FY 2021 be lapsed, including funding for dues and subscriptions;
- **Commodities:** The agency requests a revised estimate of \$214,157, including \$64,700 SGF, in FY 2021. This is an all funds decrease of \$190,843, or 47.1 percent, and an SGF decrease of \$90,870, or 58.4 percent, below the FY 2021 approved amount. This decrease is primarily due to the agency deciding not to purchase computer equipment and not expending any funds from the Grants and Gifts Fund; and
- **Capital Outlay:** The agency requests a revised estimate of \$19,840, including \$15,179 SGF, in FY 2021. This is an all funds decrease of \$109,860, or 84.7 percent, and an SGF decrease of \$114,521, or 88.3 percent, below the FY 2021 approved estimate. This decrease is attributable to decreased expenditures for books, library materials, and computer software due to the temporary closing of libraries in FY 2020 due to the COVID-19 pandemic and the continued physical closure of the State Library in FY 2021.

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

The **agency** requests operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This is an all funds decrease of \$34,127, or 0.6 percent, and an SGF increase of \$2,994, or 0.1 percent, from the FY 2021 revised estimate. The request includes 31.0 FTE positions, which is the same number as the FY 2021 revised estimate.

Major categories of expenditures include:

- **Salaries and Wages:** The agency requests salaries and wages expenditures of \$1.6 million, including \$1.3 million SGF, for FY 2022. This is an all funds increase of \$16,414, or 1.1 percent, including an SGF increase of \$13,615, or 1.1 percent, above the FY 2021 revised estimate. This increase is primarily attributable to increased expenditures for retirement contributions and group health insurance benefits;
- **Contractual Services:** The agency requests contractual services expenditures of \$2.3 million, including \$1.2 million SGF, for FY 2022. This is an all funds decrease of \$50,541, or 2.1 percent, and an SGF decrease of \$10,621, or 0.9 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to the end of a marketing campaign in western Kansas;

- **Commodities:** The agency requests commodities expenditures of \$214,157, including \$64,700 SGF, for FY 2022, which is the same amount as the FY 2021 revised estimate; and
- **Capital Outlay:** The agency requests capital outlay expenditures of \$19,480, including \$15,179 SGF, for FY 2022, which is the same amount as the FY 2021 revised estimate.

The **Governor** recommends operating expenditures of \$5.8 million, including \$3.9 million SGF, for FY 2022. This is an SGF decrease of \$4,000, or 0.1 percent, below the agency's request for FY 2022. This decrease is entirely in contractual services and reflects the partial acceptance of the agency's reduced resources budget. This reduction includes eliminating funding for private mileage reimbursement and reduced funding for professional organizational fees.

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.

Beginning in FY 2021, all agency expenditures will be budgeted under the Administration Program.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ 568.6	\$ 562.7	\$ 0.0	\$ 88.9	\$ N/A	\$ N/A
FTE Positions	9.0	9.0	0.0	0.0	N/A	N/A

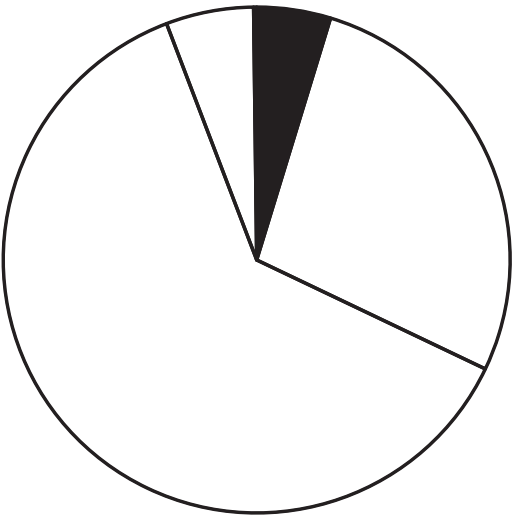
**SERVICES TO THE BLIND AND HANDICAPPED
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	74,820	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>\$ 74,820</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Aid to Local Units	14,043	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 88,863	\$ 0	\$ 0	\$ 0	\$ 0
Financing:					
State General Fund	\$ 88,863	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	0	0	0	0
TOTAL	\$ 88,863	\$ 0	\$ 0	\$ 0	\$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0

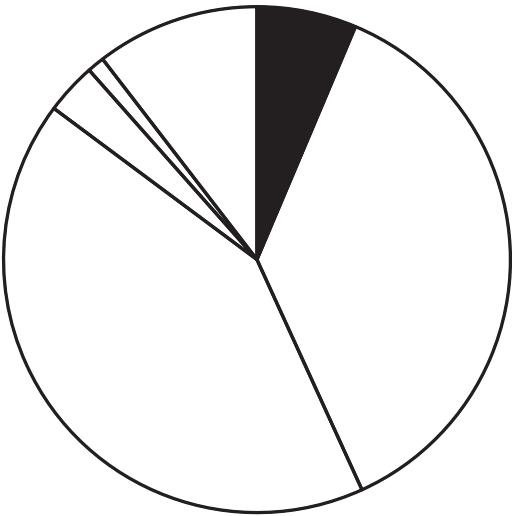
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GENERAL GOVERNMENT

State General Fund



All Funds



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

The Governor's FY 2022 recommendation for the General Government function totals \$1.3 billion from all funding sources, including \$379.2 million from the State General Fund (SGF).

The FY 2022 recommendation represents an SGF increase of 0.1 percent, or \$359,908, above the FY 2021 amount. Expenditures from all funds decrease by 30.5 percent, or \$584.7 million, below the FY 2021 amount.

Agencies in this Function:

<i>Legislative Coordinating Council.....</i>	<i>915</i>
<i>Legislature.....</i>	<i>925</i>
<i>Legislative Research Department.....</i>	<i>934</i>
<i>Legislative Division Of Post Audit.....</i>	<i>946</i>
<i>Office Of The Revisor Of Statutes.....</i>	<i>956</i>
<i>Office Of The Governor.....</i>	<i>966</i>
<i>Secretary Of State.....</i>	<i>988</i>
<i>Attorney General.....</i>	<i>1007</i>
<i>Kansas Insurance Department.....</i>	<i>1040</i>
<i>Office Of The State Treasurer.....</i>	<i>1063</i>
<i>Pooled Money Investment Board.....</i>	<i>1085</i>
<i>Kansas Human Rights Commission.....</i>	<i>1097</i>
<i>Health Care Stabilization Fund Board Of Governors.....</i>	<i>1118</i>
<i>Judicial Branch.....</i>	<i>1135</i>
<i>Judicial Council.....</i>	<i>1166</i>
<i>Board Of Indigents' Defense Services.....</i>	<i>1181</i>
<i>Department Of Administration.....</i>	<i>1208</i>
<i>Office Of Information And Technology Services.....</i>	<i>1274</i>
<i>Kansas Public Employees Retirement System.....</i>	<i>1315</i>
<i>Kansas Lottery.....</i>	<i>1334</i>
<i>Kansas Racing And Gaming Commission.....</i>	<i>1356</i>
<i>Kansas Department Of Revenue.....</i>	<i>1375</i>
<i>State Board Of Tax Appeals.....</i>	<i>1403</i>
<i>Kansas Department Of Commerce.....</i>	<i>1418</i>
<i>Kansas Corporation Commission.....</i>	<i>1460</i>
<i>Citizens' Utility Ratepayer Board.....</i>	<i>1481</i>
<i>Office Of Administrative Hearings.....</i>	<i>1492</i>

A total of 5,540.1 FTE positions are recommended by the Governor for the General Government function for FY 2022, which is an increase of 68.2 FTE positions above the FY 2021 number. Of all state FTE positions, 13.6 percent are in this function.

Agencies in this function comprise 4.8 percent of the total SGF budget for FY 2022, which is a decrease of 0.2 percent below the FY 2021 percentage. They comprise 6.4 percent of expenditures from all funding sources for FY 2022, which is a decrease of 2.7 percent from the FY 2021 percentage.

LEGISLATIVE COORDINATING COUNCIL

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 646,991	\$ 19,738,370	\$ 3,059,662	\$ 757,225	\$ 757,225
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 646,991</i>	<i>\$ 19,738,370</i>	<i>\$ 3,059,662</i>	<i>\$ 757,225</i>	<i>\$ 757,225</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	\$ 646,991	\$ 19,738,370	\$ 3,059,662	\$ 757,225	\$ 757,225
Percentage Change:					
Operating Expenditures					
State General Fund	6.4 %	2,950.8 %	372.9 %	(96.2) %	(75.3) %
All Funds	6.4	2,950.8	372.9	(96.2)	(75.3)
FTE Positions	8.0	8.0	8.0	8.0	8.0

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

AGENCY OVERVIEW

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

MAJOR ISSUES FROM PRIOR YEARS

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

In **2003**, the Governor implemented a new placeholder budget process for all legislative and judicial branch agencies. The fiscal year (FY) 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2003 Legislature. This process left all the budget decisions to be made by the Legislature during the legislative session.

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

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

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

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

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

During the **2017 Session**, the Legislature added \$200,000 for FY 2018 to fund possible expenditures for the Child Welfare System Task Force created by 2017 SB 126.

During the **2020 Session**, the Legislature added \$50.0 million, all from the State General Fund (SGF), for the coronavirus pandemic (COVID-19) response in FY 2020, to be released by the Legislative Coordinating Council following submission by the Director of the Budget and review by the joint Legislative Budget Committee.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates expenditures of \$19.7 million, all from the State General Fund (SGF), in FY 2021, which is the same as the approved amount. The estimate includes \$19.0 million in remaining coronavirus relief moneys that were appropriated in FY 2020 and reappropriated into FY 2021. The majority of remaining expenditures for this agency are in salaries and wages for the 8.0 FTE positions, which is the same as the approved number.

The **Governor** recommends FY 2021 expenditures totaling \$3.1 million, all SGF. This recommendation is a reductions of \$16.7 million, or 84.5 percent, below the agency's revised estimate. The recommendation includes a lapse of \$16.7 million in the Coronavirus Response account of the SGF in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$757,225, all SGF, for FY 2022, which is a decrease of \$19.0 million, or 96.2 percent, below the FY 2021 revised estimate. The majority of the change, \$19.0 million, is the lack of reappropriated moneys from the Coronavirus Response account of the SGF. Additional adjustments include decreases for travel and computer programming, partially offset by increases in employer contributions for group health insurance and the Kansas Public Employees Retirement System (KPERS). The total number of positions requested is 8.0 FTE positions for FY 2022, which is the same number as in FY 2021.

The **Governor** concurs with the agency's FY 2022 request.

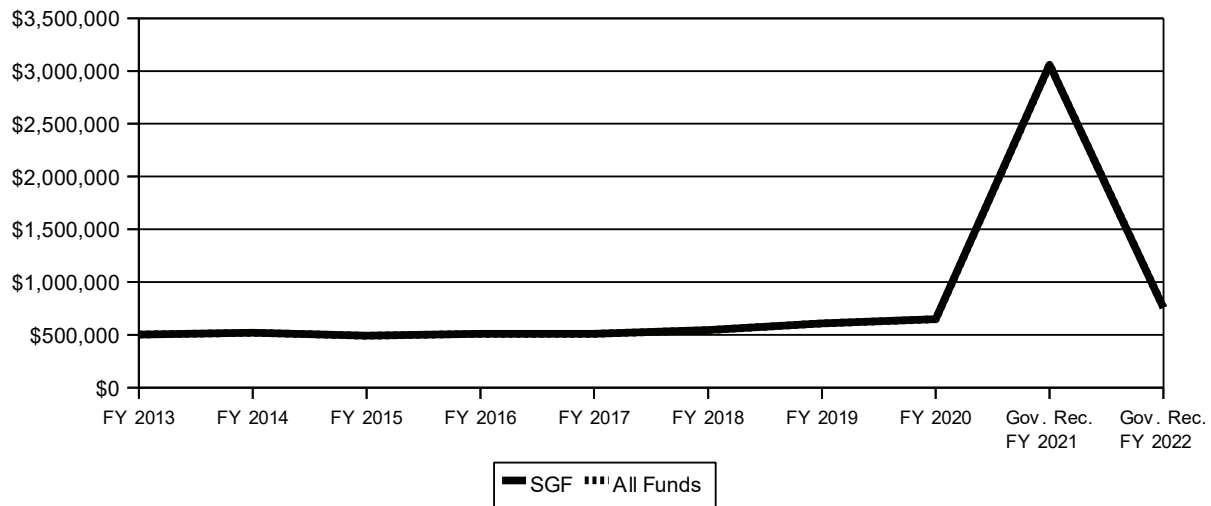
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this agency.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ 544.5	\$ 608.3	\$ 661.4	\$ 647.0	\$ 3,059.7	\$ 757.2
FTE Positions	8.0	8.0	8.0	8.0	8.0	8.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 502,628	(30.1)%	\$ 502,628	(30.1)%	15.0
2014	519,324	3.3	519,324	3.3	15.0
2015	491,234	(5.4)	491,234	(5.4)	8.0
2016	509,404	3.7	509,404	3.7	8.0
2017	508,772	(0.1)	508,772	(0.1)	8.0
2018	544,491	7.0	544,491	7.0	8.0
2019	608,254	11.7	608,254	11.7	8.0
2020	646,991	6.4	646,991	6.4	8.0
2021 Gov. Rec.	3,059,662	372.9	3,059,662	372.9	8.0
2022 Gov. Rec.	757,225	(75.3)	757,225	(75.3)	8.0
Ten-Year Change Dollars/Percent	\$ 254,597	50.7 %	\$ 254,597	50.7 %	(7.0)

Summary of Operating Budget FY 2020 - FY 2022

Legislative Coordinating Council

		Agency Estimate					Governor's Recommendation			
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Administration	\$	646,991	\$ 19,738,370	\$ 757,225	\$ (18,981,145)	(96.2)%	\$ 3,059,662	\$ 757,225	\$ (2,302,437)	(75.3)%
By Major Object of Expenditure:										
Salaries and Wages	\$	630,676	\$ 720,019	\$ 726,925	\$ 6,906	1.0 %	\$ 720,019	\$ 726,925	\$ 6,906	1.0 %
Contractual Services		16,315	39,643	30,300	(9,343)	(23.6)	39,643	30,300	(9,343)	(23.6)
Commodities		0	0	0	0	--	0	0	0	--
Capital Outlay		0	0	0	0	--	0	0	0	--
Debt Service		0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$	646,991	\$ 759,662	\$ 757,225	\$ (2,437)	(0.3) %	\$ 759,662	\$ 757,225	\$ (2,437)	(0.3) %
Aid to Local Units		0	0	0	0	--	0	0	0	--
Other Assistance		0	18,978,708	0	(18,978,708)	(100.0)	2,300,000	0	(2,300,000)	(100.0)
TOTAL	\$	646,991	\$ 19,738,370	\$ 757,225	\$ (18,981,145)	(96.2) %	\$ 3,059,662	\$ 757,225	\$ (2,302,437)	(75.3)%
Financing:										
State General Fund	\$	646,991	\$ 19,738,370	\$ 757,225	\$ (18,981,145)	(96.2) %	\$ 3,059,662	\$ 757,225	\$ (2,302,437)	(75.3)%
All Other Funds		0	0	0	0	--	0	0	0	--
TOTAL	\$	646,991	\$ 19,738,370	\$ 757,225	\$ (18,981,145)	(96.2) %	\$ 3,059,662	\$ 757,225	\$ (2,302,437)	(75.3)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$745,222 for the Legislative Coordinating Council in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$24,993,148, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A transfer of \$6.0 million, including \$5.0 million to the Department of Commerce and \$1.0 million to the Kansas State Fair, for COVID-19 relief.

These adjustments change the FY 2021 approved SGF amount to \$19,738,370. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 19,738,370	\$ 19,738,370	\$ 0	\$ 3,059,662	\$ (16,678,708)
All Other Funds	0	0	0	0	0
TOTAL	\$ 19,738,370	\$ 19,738,370	\$ 0	\$ 3,059,662	\$ (16,678,708)
FTE Positions	8.0	8.0	0.0	8.0	0.0

The **agency** estimates \$19.7 million, all SGF, in FY 2021, which is the same as the approved amount. The estimate includes \$19.0 million in remaining coronavirus relief moneys that were appropriated in FY 2020 and reappropriated into FY 2021. The majority of remaining expenditures for this agency are in salaries and wages for the 8.0 FTE positions, which is the same as the approved number.

The **Governor** recommends FY 2021 expenditures totaling \$3.1 million, all SGF. This recommendation is a reductions of \$16.7 million, or 84.5 percent, below the agency's revised estimate. The recommendation includes a lapse of \$16.7 million in the Coronavirus Response account of the SGF in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 757,225	\$ 757,225	\$ 0
FTE Positions	8.0	8.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (18,981,145)	\$ (2,302,437)	
All Other Funds	0	0	
TOTAL	\$ (18,981,145)	\$ (2,302,437)	
<i>Percent Change:</i>			
State General Fund	(96.2) %	(75.3) %	
All Other Funds	--	--	
TOTAL	(96.2) %	(75.3) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$757,225, all SGF, for FY 2022, which is a decrease of \$19.0 million, or 96.2 percent, below the FY 2021 revised estimate. The majority of the change, \$19.0 million, is the lack of reappropriated moneys from the Coronavirus Response account of the SGF. Additional adjustments include decreases for travel and computer programming, partially offset by increases in employer contributions for group health insurance and KPERS.

The total number of positions requested is 8.0 FTE positions for FY 2022, which is the same number as in FY 2021.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$640, all SGF, and FY 2022 longevity payments total \$680, all SGF.**

Kansas Public Employees Retirement System (KPERs). The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERs Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

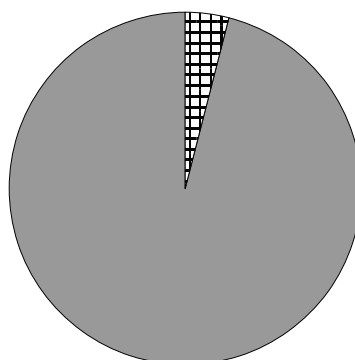
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

State General Fund



Salaries and Wages Contractual Services

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 726,925	96.0 %	\$ 726,925	96.0 %
Contractual Services	30,300	4.0	30,300	4.0
Commodities	0	0.0	0	0.0
Capital Outlay	0	0.0	0	0.0
Aid to Local Units	0	0.0	0	0.0
Other Assistance	0	0.0	0	0.0
TOTAL	\$ 757,225	100.0 %	\$ 757,225	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	8.0	8.0	8.0	8.0	8.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

LEGISLATURE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 17,809,158	\$ 26,901,439	\$ 26,901,439	\$ 23,740,494	\$ 23,740,494
Other Funds	0	0	5,068,000	0	0
<i>Subtotal</i>	<u>\$ 17,809,158</u>	<u>\$ 26,901,439</u>	<u>\$ 31,969,439</u>	<u>\$ 23,740,494</u>	<u>\$ 23,740,494</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 17,809,158</u>	<u>\$ 26,901,439</u>	<u>\$ 31,969,439</u>	<u>\$ 23,740,494</u>	<u>\$ 23,740,494</u>
Percentage Change:					
Operating Expenditures					
State General Fund	2.1 %	51.1 %	51.1 %	(11.8) %	(11.8) %
All Funds	2.1	51.1	79.5	(11.8)	(25.7)
FTE Positions	48.0	48.0	48.0	50.0	50.0

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

AGENCY OVERVIEW

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

MAJOR ISSUES FROM PRIOR YEARS

In **2003**, the Governor implemented a new placeholder budget process for all legislative and judicial branch agencies. The fiscal year (FY) 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during the legislative session.

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

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

The **2020 Legislature** added \$77,600, all from the State General Fund (SGF), for FY 2021 to begin the process to redraw the districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates a revised budget of \$26.9 million, all from the State General Fund (SGF), in FY 2021, which is the same as the approved amount. Amounts have been adjusted to reflect current expenditure patterns. Legislative salaries are budgeted at \$88.66 per day. Included in the revised estimate is funding for Kansas Legislative Office of Information Services (KLOIS) staff. This revised estimate fully funds session office assistants and committee assistants. Legislator subsistence allowance for the current year is \$151.00 per day, which has been the rate effective October 1, 2020. This daily rate is statutorily based on the latest federal reimbursement rates. Non-session legislator allowance remains at the current bi-weekly amount of \$354.15. The calculated number of paid legislative days for the current fiscal year is computed taking into account historical fiscal years' figures. The amount budgeted for operating expenditures is \$4.2 million more than last year's submission. The major adjustments include increases in expenditures for information systems consulting, including work for the Virtual Statehouse project; computer software and equipment; stationery for new legislators; annual maintenance costs for the Virtual Statehouse project; increased travel expenditures; temporary staff; and cleaning supplies. Other adjustments, including increases and decreases, are minor.

The revised estimate includes 48.0 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends \$32.0 million, including \$26.9 million SGF, in FY 2021. The recommendation is an increase of \$5.1 million, or 18.8 percent, all from federal funds, above the agency's FY 2021 revised estimate. The increase is attributable to funds awarded by the Strengthening People and Revitalizing Kansas (SPARK) Taskforce and approved by the State Finance Council from the federal Coronavirus Relief Fund for the Virtual Statehouse project.

FY 2022 – Budget Year. The **agency** requests \$23.7 million, all SGF, for FY 2022, which is \$3.2 million, or 11.8 percent, less than the FY 2021 revised estimate. The majority of the reduction reflects one-time expenditures in FY 2021 that will not reoccur in FY 2022. These reductions are partially offset by the increase of expenditures necessary to implement the constitutional requirement to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census. The request includes the addition of 2.0 FTE positions for KLOIS associated with the Virtual Statehouse project for FY 2022 as well as annual maintenance costs associated with the project. The request includes 50.0 FTE positions, which is an increase of 2.0 FTE positions above the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

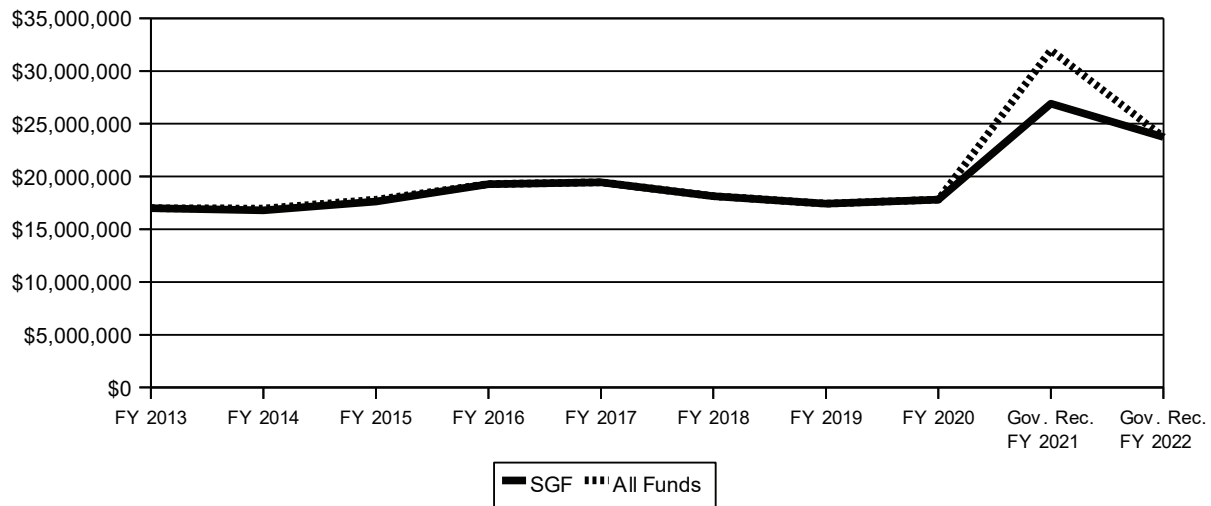
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this agency.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 18.1	\$ 17.4	\$ 23.9	\$ 17.8	\$ 32.0	\$ 23.7
FTE Positions	48.0	48.0	48.0	48.0	48.0	50.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 17,002,410	2.3 %	\$ 17,004,310	1.8 %	48.0
2014	16,794,148	(1.2)	16,958,695	(0.3)	48.0
2015	17,637,779	5.0	17,807,172	5.0	48.0
2016	19,283,981	9.3	19,283,981	8.3	48.0
2017	19,453,259	0.9	19,453,259	0.9	48.0
2018	18,137,852	(6.8)	18,137,852	(6.8)	48.0
2019	17,434,953	(3.9)	17,434,953	(3.9)	48.0
2020	17,809,158	2.1	17,809,158	2.1	48.0
2021 Gov. Rec.	26,901,439	51.1	31,969,439	79.5	48.0
2022 Gov. Rec.	23,740,494	(11.8)	23,740,494	(25.7)	50.0
Ten-Year Change Dollars/Percent	\$ 6,738,084	39.6 %	\$ 6,736,184	39.6 %	2.0

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate				Governor's Recommendation			
	Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 17,809,158	\$ 26,901,439	\$ 23,740,494	\$ (3,160,945)	(11.8)%	\$ 31,969,439	\$ 23,740,494	\$ (8,228,945)	(25.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 10,627,626	\$ 14,561,770	\$ 14,532,541	\$ (29,229)	(0.2)%	\$ 14,561,770	\$ 14,532,541	\$ (29,229)	(0.2)%
Contractual Services	6,872,933	11,842,735	8,838,790	(3,003,945)	(25.4)	11,842,735	8,838,790	(3,003,945)	(25.4)
Commodities	106,526	209,443	109,442	(100,001)	(47.7)	209,443	109,442	(100,001)	(47.7)
Capital Outlay	202,073	259,723	259,721	(2)	(0.0)	5,327,723	259,721	(5,068,002)	(95.1)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 17,809,158	\$ 26,873,671	\$ 23,740,494	\$ (3,133,177)	(11.7)%	\$ 31,941,671	\$ 23,740,494	\$ (8,201,177)	(25.7)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	27,768	0	(27,768)	(100.0)	27,768	0	(27,768)	(100.0)
TOTAL	\$ 17,809,158	\$ 26,901,439	\$ 23,740,494	\$ (3,160,945)	(11.8)%	\$ 31,969,439	\$ 23,740,494	\$ (8,228,945)	(25.7)%
Financing:									
State General Fund	\$ 17,809,158	\$ 26,901,439	\$ 23,740,494	\$ (3,160,945)	(11.8)%	\$ 26,901,439	\$ 23,740,494	\$ (3,160,945)	(11.8)%
Federal Coronavirus Relief Fund	0	0	0	0	--	5,068,000	0	(5,068,000)	(100.0)
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 17,809,158	\$ 26,901,439	\$ 23,740,494	\$ (3,160,945)	(11.8)%	\$ 31,969,439	\$ 23,740,494	\$ (8,228,945)	(25.7)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$20,876,842 for the Legislature in FY 2021. 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 \$6,024,597, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$26,901,439. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 26,901,439	\$ 26,901,439	\$ 0	\$ 26,901,439	\$ 0
All Other Funds	0	0	0	5,068,000	5,068,000
TOTAL	\$ 26,901,439	\$ 26,901,439	\$ 0	\$ 31,969,439	\$ 5,068,000
FTE Positions	48.0	48.0	0.0	48.0	0.0

The **agency** estimates a revised budget of \$26.9 million, all SGF, in FY 2021, which is the same as the approved amount. Amounts have been adjusted to reflect current expenditure patterns. Legislative salaries are budgeted at \$88.66 per day. Included in the revised estimate is funding for KLOIS staff. This revised estimate fully funds session office assistants and committee assistants. Legislator subsistence allowance for the current year is \$151.00 per day, which has been the rate effective since October 1, 2020. This daily rate is statutorily based on the latest federal reimbursement rates. Non-session legislator allowance remains at the current bi-weekly amount of \$354.15. The calculated number of paid legislative days for the current fiscal year is computed taking into account historical fiscal years' details. The amount budgeted for operating expenditures is \$4.2 million more than last year's submission. The major adjustments include expenditure increases for information systems consulting, including work for the Virtual Statehouse project; computer software and equipment; stationery for new legislators; annual maintenance costs for the Virtual Statehouse project; increased travel expenditures; temporary staff; and cleaning supplies. Other adjustments, including increases and decreases, are minor.

The revised estimate includes 48.0 FTE positions, which is the same as the FY 2021 approved number. (*Staff Note:* Funding was included for 2.0 additional FTE positions in the FY 2021 revised estimate, however, the 2.0 FTE positions were inadvertently omitted.)

The **Governor** recommends expenditures of \$32.0 million, including \$26.9 million SGF, in FY 2021. The recommendation is an increase of \$5.1 million, or 18.8 percent, all from federal funds, above the agency's FY 2021 revised estimate. The increase is attributable to funds awarded by the SPARK Taskforce and approved by the State Finance Council from the federal Coronavirus Relief Fund for the Virtual Statehouse project.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 23,740,494	\$ 23,740,494	\$ 0
FTE Positions	50.0	50.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (3,160,945)	\$ (3,160,945)	
All Other Funds	0	(5,068,000)	
TOTAL	\$ (3,160,945)	\$ (8,228,945)	
<i>Percent Change:</i>			
State General Fund	(11.8) %	(11.8) %	
All Other Funds	--	(100.0)	
TOTAL	(11.8) %	(25.7) %	
Change in FTE Positions	2.0	2.0	

The **agency** requests \$23.7 million, all SGF, for FY 2022, which is \$3.2 million, or 11.8 percent, less than the FY 2021 revised estimate. The majority of the reduction reflects one-time expenditures in FY 2021 that will not reoccur in FY 2022. These reductions are partially offset by the increase of expenditures necessary to implement the constitutional requirement to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census. The request includes the addition of 2.0 FTE positions for KLOIS associated with the Virtual Statehouse project for FY 2022 as well as annual maintenance costs associated with the project. The request includes 50.0 FTE positions, which is an increase of 2.0 FTE positions above the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$5,750, all SGF, and FY 2022 longevity payments total \$5,950, all SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	100.0 %	100.0 %
<i>(Note: Totals may not add due to rounding.)</i>		

LEGISLATIVE RESEARCH DEPARTMENT

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 3,780,077	\$ 4,600,069	\$ 4,600,069	\$ 4,546,798	\$ 4,546,798
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 3,780,077</i>	<i>\$ 4,600,069</i>	<i>\$ 4,600,069</i>	<i>\$ 4,546,798</i>	<i>\$ 4,546,798</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	\$ 3,780,077	\$ 4,600,069	\$ 4,600,069	\$ 4,546,798	\$ 4,546,798
Percentage Change:					
Operating Expenditures					
State General Fund	0.1 %	21.7 %	21.7 %	(1.2) %	(1.2) %
All Funds	0.1	21.7	21.7	(1.2)	(1.2)
FTE Positions	40.0	40.0	40.0	40.0	40.0

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

AGENCY OVERVIEW

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

MAJOR ISSUES FROM PRIOR YEARS

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

In **2003**, the Governor implemented a new placeholder budget process for all legislative and judicial branch agencies. The fiscal year (FY) 2004 budget recommended by the Governor

was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during the legislative session.

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

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

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

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

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

The **2020 Legislature** added \$112,477, all from the State General Fund (SGF), for FY 2021 to begin the process to redraw the districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The agency estimates a revised budget of \$4.6 million, all from the State General Fund (SGF), in FY 2021, which is a decrease of \$167,153, or 3.5 percent, below the approved amount. Amounts have been adjusted to reflect current expenditure patterns.

The revised budget reflects the increases necessary to implement the constitutional requirement to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census. The redistricting expenditures include three temporary staff as well as equipment and supplies.

The major adjustment is in other professional fees and reflects additional expenditures for professional development and training, as many of the staff are relatively new, and for database upgrades and website improvements. In addition, the revised estimate includes a lapse of \$167,153 for operations expenditures that are not anticipated to be required.

The total number of FTE positions in the Kansas Legislative Research Department is 40.0 positions, which is the same number as in the FY 2021 approved.

The **Governor** concurs with agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$4.5 million, all SGF, for FY 2022, which is \$53,271, or 1.2 percent, below the FY 2021 revised estimate. The request continues the funding, at a lower rate, for the constitutionally required process to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census.

The request includes 40.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

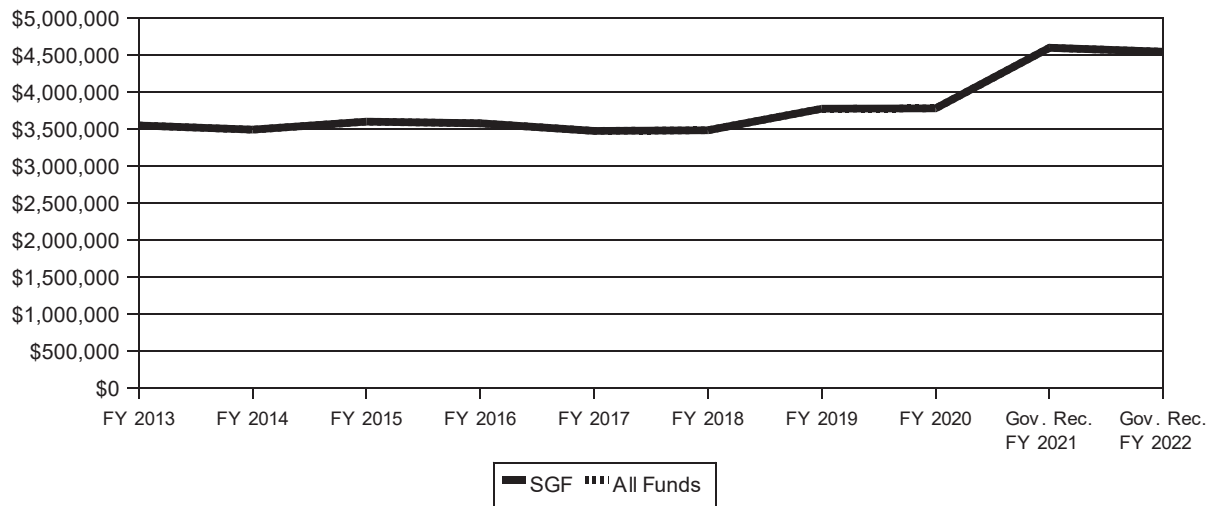
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.5	\$ 3.8	\$ 4.2	\$ 3.8	\$ 4.6	\$ 4.5
FTE Positions	40.0	40.0	40.0	40.0	40.0	40.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 3,548,943	(0.8)%	\$ 3,548,943	(0.8)%	40.0
2014	3,491,410	(1.6)	3,491,410	(1.6)	40.0
2015	3,600,492	3.1	3,600,492	3.1	40.0
2016	3,577,822	(0.6)	3,577,822	(0.6)	40.0
2017	3,475,646	(2.9)	3,475,646	(2.9)	40.0
2018	3,483,590	0.2	3,483,590	0.2	40.0
2019	3,775,612	8.4	3,775,612	8.4	40.0
2020	3,780,077	0.1	3,780,077	0.1	40.0
2021 Gov. Rec.	4,600,069	21.7	4,600,069	21.7	40.0
2022 Gov. Rec.	4,546,798	(1.2)	4,546,798	(1.2)	40.0
Ten-Year Change Dollars/Percent	\$ 997,855	28.1 %	\$ 997,855	28.1 %	0.0

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 3,780,077	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2)%	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2)%		
By Major Object of Expenditure:											
Salaries and Wages	\$ 3,648,076	\$ 4,241,506	\$ 4,271,700	\$ 30,194	0.7 %	\$ 4,241,506	\$ 4,271,700	\$ 30,194	0.7 %		
Contractual Services	100,749	287,614	242,006	(45,608)	(15.9)	287,614	242,006	(45,608)	(15.9)		
Commodities	13,403	21,279	14,204	(7,075)	(33.2)	21,279	14,204	(7,075)	(33.2)		
Capital Outlay	17,849	49,670	18,888	(30,782)	(62.0)	49,670	18,888	(30,782)	(62.0)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 3,780,077	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 3,780,077	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %		
Financing:											
State General Fund	\$ 3,780,077	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2)%	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2)%		
All Other Funds	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 3,780,077	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %	\$ 4,600,069	\$ 4,546,798	\$ (53,271)	(1.2) %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$4,380,604 for the Kansas Legislative Research Department in FY 2021. One adjustments has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$386,618, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$4,767,222. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 4,767,222	\$ 4,600,069	\$ (167,153)	\$ 4,600,069	\$ (167,153)
All Other Funds	0	0	0	0	0
TOTAL	\$ 4,767,222	\$ 4,600,069	\$ (167,153)	\$ 4,600,069	\$ (167,153)
FTE Positions	40.0	40.0	0.0	40.0	0.0

The **agency** estimates a revised budget of \$4.6 million, all SGF, in FY 2021, which is a decrease of \$167,153, or 3.5 percent, below the approved amount. Amounts have been adjusted to reflect current expenditure patterns. The revised budget reflects the increases necessary to implement the constitutional requirement to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census. The redistricting expenditures include three temporary staff as well as equipment and supplies.

The major adjustment is in other professional fees and reflects additional expenditures for professional development and training, as many of the staff are relatively new, and for database upgrades and website improvements. In addition, the revised estimate includes a lapse of \$167,153 for operations expenditures that are not anticipated to be required.

The total number of FTE positions in the Kansas Legislative Research Department is 40.0 positions, which is the same number as the FY 2021 approved amount.

The **Governor** concurs with agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 4,546,798	\$ 4,546,798	\$ 0
FTE Positions	40.0	40.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (53,271)	\$ (53,271)	
All Other Funds	0	0	
TOTAL	\$ (53,271)	\$ (53,271)	
<i>Percent Change:</i>			
State General Fund	(1.2) %	(1.2) %	
All Other Funds	--	--	
TOTAL	(1.2) %	(1.2) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$4.5 million, all SGF, for FY 2022, which is \$53,271, or 1.2 percent, below the FY 2021 revised estimate. The request continues the funding at a lower rate the funding for the constitutionally required process to redraw districts for the House of Representatives, Senate, State Board of Education, and Congress based on the new census.

The request includes 40.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$7,400, all SGF, and FY 2022 longevity payments total \$7,720, all SGF. [Staff note: longevity payments are anticipated for this agency but were inadvertently omitted from the budget submission.]**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

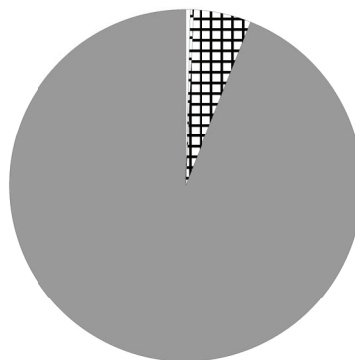
<u>Funding Source</u>	<u>Agency Req. Percent of Total FY 2022</u>	<u>Gov. Rec. Percent of Total FY 2022</u>
State General Fund	100.0 %	100.0 %
<i>(Note: Totals may not add due to rounding.)</i>		

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

State General Fund



■ Salaries and Wages ▤ Contractual Services ▦ Commodities ▨ Capital Outlay

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 4,271,700	93.9 %	\$ 4,271,700	93.9 %
Contractual Services	242,006	5.3	242,006	5.3
Commodities	14,204	0.3	14,204	0.3
Capital Outlay	18,888	0.4	18,888	0.4
TOTAL	\$ 4,546,798	100.0 %	\$ 4,546,798	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	40.0	40.0	40.0	40.0	40.0

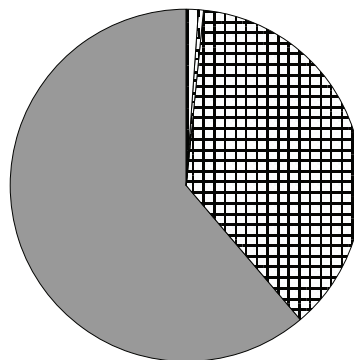
(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

State General Fund



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 14,532,541	61.2 %	\$ 14,532,541	61.2 %
Contractual Services	8,838,790	37.2	8,838,790	37.2
Commodities	109,442	0.5	109,442	0.5
Capital Outlay	259,721	1.1	259,721	1.1
Aid to Local Units	0	0.0	0	0.0
TOTAL	\$ 23,740,494	100.0 %	\$ 23,740,494	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	48.0	48.0	48.0	50.0	50.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

LEGISLATIVE DIVISION OF POST AUDIT

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 2,655,284	\$ 3,335,865	\$ 3,335,865	\$ 3,356,162	\$ 3,356,162
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 2,655,284</u>	<u>\$ 3,335,865</u>	<u>\$ 3,335,865</u>	<u>\$ 3,356,162</u>	<u>\$ 3,356,162</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 2,655,284</u>	<u>\$ 3,335,865</u>	<u>\$ 3,335,865</u>	<u>\$ 3,356,162</u>	<u>\$ 3,356,162</u>
Percentage Change:					
Operating Expenditures					
State General Fund	7.1 %	25.6 %	25.6 %	0.6 %	0.6 %
All Funds	7.1	25.6	25.6	0.6	0.6
FTE Positions	25.0	26.0	26.0	26.0	26.0

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

AGENCY OVERVIEW

The Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for the performance audits of state agencies and programs, information technology (IT) security audits, and evaluations of the state's economic development incentives. The Division's audit work is conducted in accordance with generally accepted governmental auditing standards as set forth by the U.S. Government Accountability Office. The agency operates under the supervision of the ten-member Legislative Post Audit Committee.

MAJOR ISSUES FROM PRIOR YEARS

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

In **2003**, the Governor implemented a new placeholder budget process for all Legislative Branch and Judicial Branch agencies. The fiscal year (FY) 2004 budget recommended by the

Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during session.

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

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

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

Beginning in **FY 2019**, the Legislative Division of Post Audit shifted responsibilities for financial audits to the Department of Administration, reducing 1.0 FTE position. This position was added to the Department of Administration.

In the **2020 Session**, the Legislature added 2.0 FTE positions to assist with ongoing evaluations and audits of economic development tax incentives for FY 2021 as required in 2019 HB 2223.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised expenditures in FY 2021 of \$3.3 million, all from the State General Fund (SGF), which is a decrease of \$24,889, or 0.7 percent, below the approved amount. Contractual service expenditures in FY 2021 include a \$150,000 contingency for hiring outside contractors for both economic development tax incentives evaluation and contracted performance audits.

The FY 2021 revised estimate includes 26.0 FTE positions, which is the same number as the FY 2021 approved.

The **Governor** concurs with agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$3.4 million, all SGF, for FY 2022, which is \$20,297, or 0.6 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern and changes to salaries and wages fringe benefits. One of the major contractual services expenditures is contracts for assistance with selected performance audits and evaluations of economic development tax incentives. An item of increase is building space rental.

The total number of positions requested for FY 2022 is 26.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

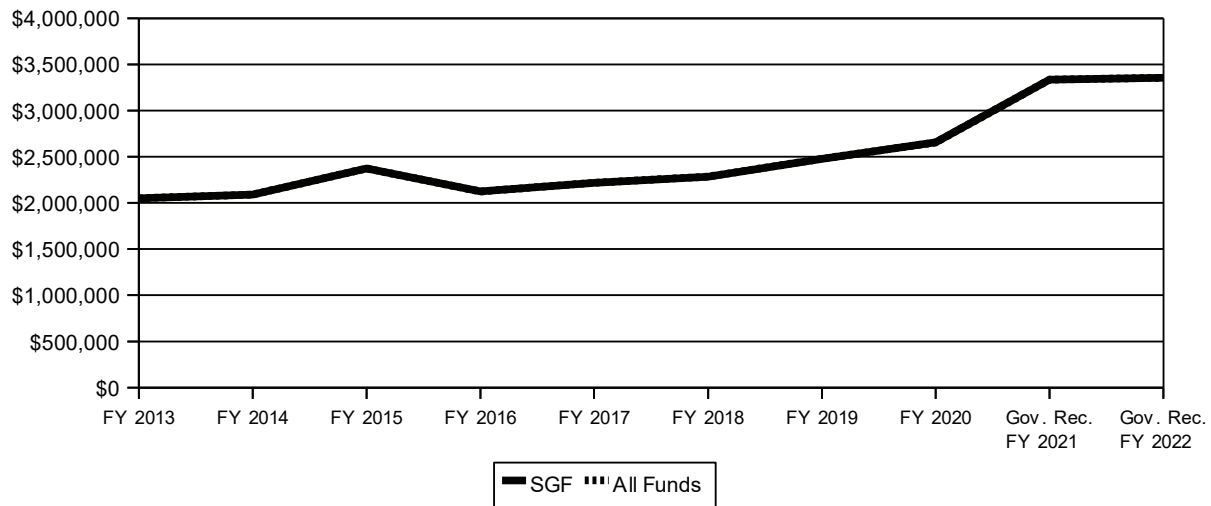
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this agency.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 2.3	\$ 2.5	\$ 2.9	\$ 2.7	\$ 3.3	\$ 3.4
FTE Positions	25.0	25.0	24.0	25.0	26.0	26.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 2,051,057	(7.9)%	\$ 2,051,057	(7.9)%	22.0
2014	2,090,280	1.9	2,090,280	1.9	22.0
2015	2,373,764	13.6	2,373,764	13.6	22.0
2016	2,123,820	(10.5)	2,123,820	(10.5)	25.0
2017	2,218,338	4.5	2,218,338	4.5	25.0
2018	2,285,317	3.0	2,285,317	3.0	25.0
2019	2,478,407	8.4	2,478,407	8.4	25.0
2020	2,655,284	7.1	2,655,284	7.1	25.0
2021 Gov. Rec.	3,335,865	25.6	3,335,865	25.6	26.0
2022 Gov. Rec.	3,356,162	0.6	3,356,162	0.6	26.0
Ten-Year Change Dollars/Percent	\$ 1,305,105	63.6 %	\$ 1,305,105	63.6 %	4.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 2,452,756	\$ 2,971,515	\$ 2,998,312	\$ 26,797	0.9 %	\$ 2,971,515	\$ 2,998,312	\$ 26,797	0.9 %
Contractual Services	175,363	334,100	327,600	(6,500)	(1.9)	334,100	327,600	(6,500)	(1.9)
Commodities	6,095	8,000	8,000	0	0.0	8,000	8,000	0	0.0
Capital Outlay	21,070	22,250	22,250	0	0.0	22,250	22,250	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 2,655,284</i>	<i>\$ 3,335,865</i>	<i>\$ 3,356,162</i>	<i>\$ 20,297</i>	<i>0.6 %</i>	<i>\$ 3,335,865</i>	<i>\$ 3,356,162</i>	<i>\$ 20,297</i>	<i>0.6 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
Financing:									
State General Fund	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$3,099,254 for the Legislative Division of Post Audit in FY 2021. 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 \$261,500, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$3,360,754. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 3,360,754	\$ 3,335,865	\$ (24,889)	\$ 3,335,865	\$ (24,889)
All Other Funds	0	0	0	0	0
TOTAL	\$ 3,360,754	\$ 3,335,865	\$ (24,889)	\$ 3,335,865	\$ (24,889)
FTE Positions	26.0	26.0	0.0	26.0	0.0

The **agency** estimates revised expenditures in FY 2021 of \$3.3 million, all SGF, which is a decrease of \$24,889, or 0.7 percent, below the approved amount. Contractual services expenditures in FY 2021 include a \$150,000 contingency for hiring outside contractors for both economic development tax incentives evaluation and contracted performance audits.

The FY 2021 revised estimate includes 26.0 FTE positions, which is the same number as the FY 2021 approved.

The **Governor** concurs with agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 3,356,162	\$ 3,356,162	\$	0
FTE Positions	26.0	26.0		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 20,297	\$ 20,297		
All Other Funds	0	0		
TOTAL	\$ 20,297	\$ 20,297		
<i>Percent Change:</i>				
State General Fund	0.6 %	0.6 %		
All Other Funds	--	--		
TOTAL	0.6 %	0.6 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$3.4 million, all SGF, for FY 2022, which is \$20,297, or 0.6 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern and changes to salaries and wages fringe benefits. One of the major contractual services expenditures is contracts for assistance with selected performance audits and evaluations of economic development tax incentives. An item of increase is building space rental.

The total number of positions requested for FY 2022 is 26.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$1,280, all SGF, and FY 2022 longevity payments total \$1,360, all SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

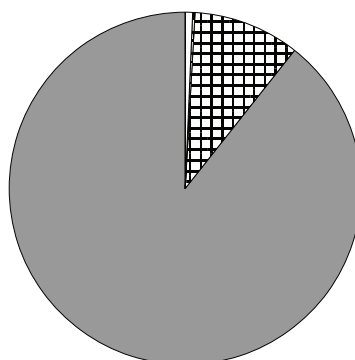
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

State General Fund



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 2,998,312	89.3 %	\$ 2,998,312	89.3 %
Contractual Services	327,600	9.8	327,600	9.8
Commodities	8,000	0.2	8,000	0.2
Capital Outlay	22,250	0.7	22,250	0.7
TOTAL	\$ 3,356,162	100.0 %	\$ 3,356,162	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	25.0	26.0	26.0	26.0	26.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

OFFICE OF THE REVISOR OF STATUTES

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 3,488,636	\$ 4,224,807	\$ 4,224,807	\$ 4,241,111	\$ 4,241,111
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 3,488,636</i>	<i>\$ 4,224,807</i>	<i>\$ 4,224,807</i>	<i>\$ 4,241,111</i>	<i>\$ 4,241,111</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>\$ 3,488,636</u>	<u>\$ 4,224,807</u>	<u>\$ 4,224,807</u>	<u>\$ 4,241,111</u>	<u>\$ 4,241,111</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(4.5) %	21.1 %	21.1 %	0.4 %	0.4 %
All Funds	(4.5)	21.1	21.1	0.4	0.4
FTE Positions	31.5	31.5	31.5	31.5	31.5

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

AGENCY OVERVIEW

The Office of Revisor of Statutes provides, for all legislators and legislative committees: the drafting of bills, resolutions, committee reports, conference committee reports and other legal documents; legal research; legal consultation; and assistance in legislative procedural matters. The Revisor's Office assigns staff to serve all standing legislative committees during the legislative session and all statutory and special committees during the interim. The agency is responsible for continuous statutory revision that includes revising, compiling, editing, indexing, and publishing the general laws of the State of Kansas into volumes of the *Kansas Statutes Annotated* and annual supplements thereto and supervising the computerized legislative information system. The Revisor of Statutes serves as secretary and legal counsel to the Legislative Coordinating Council (LCC) and the Kansas Interstate Cooperation Commission. The Office of Revisor of Statutes operates under the supervision of the LCC. The LCC appoints the Revisor of Statutes, approves the agency budget, and sets broad agency policies.

MAJOR ISSUES FROM PRIOR YEARS

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

In **2003**, the Governor implemented a new placeholder budget process for all legislative and judicial branch agencies. The fiscal year (FY) 2004 budget recommended by the Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during the legislative session.

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

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

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

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

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates a revised FY 2021 budget of \$4.2 million, all from the State General Fund (SGF), which is a decrease of \$384,071, or 8.1 percent, below the approved amount, including reappropriations. Amounts have been adjusted to reflect current expenditure patterns. The decrease is due to the the decision in FY 2020 to not publish selected hardbound volumes of the *Kansas Statutes Annotated*, which was included in the approved amount. The revised estimate includes 31.5 FTE positions, which is the same number as the FY 2021 approved.

The **Governor** concurs with agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$4.2 million, all SGF, for FY 2022, which is an increase of \$16,304, or 0.4 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern. Included in the FY 2022 request is funding for publication of Volumes 3, 3A, and 3B of the *Kansas Statutes Annotated*. The majority of the increase is attributable to increases in salaries and wages fringe benefits.

The total number of positions requested is 31.5 FTE positions for FY 2022, which is the same number as FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

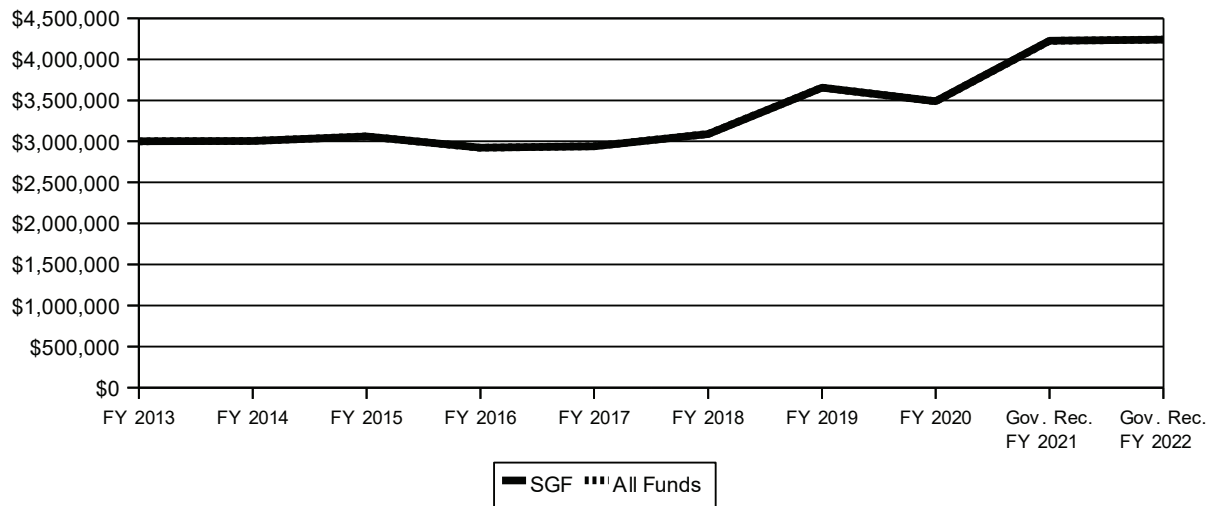
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.1	\$ 3.7	\$ 4.0	\$ 3.5	\$ 4.2	\$ 4.2
FTE Positions	31.5	31.5	31.5	31.5	31.5	31.5

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 3,000,914	(4.8)%	\$ 3,000,914	(4.8)%	31.5
2014	3,005,818	0.2	3,005,818	0.2	31.5
2015	3,060,952	1.8	3,060,952	1.8	31.5
2016	2,922,202	(4.5)	2,922,202	(4.5)	31.5
2017	2,940,623	0.6	2,940,623	0.6	31.5
2018	3,089,979	5.1	3,089,979	5.1	31.5
2019	3,654,668	18.3	3,654,668	18.3	31.5
2020	3,488,636	(4.5)	3,488,636	(4.5)	31.5
2021 Gov. Rec.	4,224,807	21.1	4,224,807	21.1	31.5
2022 Gov. Rec.	4,241,111	0.4	4,241,111	0.4	31.5
Ten-Year Change Dollars/Percent	\$ 1,240,197	41.3 %	\$ 1,240,197	41.3 %	0.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 3,488,636	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 3,048,555	\$ 3,434,077	\$ 3,464,386	\$ 30,309	0.9 %	\$ 3,434,077	\$ 3,464,386	\$ 30,309	0.9 %
Contractual Services	436,015	781,425	767,420	(14,005)	(1.8)	781,425	767,420	(14,005)	(1.8)
Commodities	2,891	4,580	4,580	0	0.0	4,580	4,580	0	0.0
Capital Outlay	1,175	4,725	4,725	0	0.0	4,725	4,725	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 3,488,636</i>	<i>\$ 4,224,807</i>	<i>\$ 4,241,111</i>	<i>\$ 16,304</i>	<i>0.4 %</i>	<i>\$ 4,224,807</i>	<i>\$ 4,241,111</i>	<i>\$ 16,304</i>	<i>0.4 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 3,488,636	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %
Financing:									
State General Fund	\$ 3,488,636	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 3,488,636	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %	\$ 4,224,807	\$ 4,241,111	\$ 16,304	0.4 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$4,121,467 for the Office of Revisor of Statutes in FY 2021. 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 \$487,411, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$4,608,878. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 4,608,878	\$ 4,224,807	\$ (384,071)	\$ 4,224,807	\$ (384,071)
All Other Funds	0	0	0	0	0
TOTAL	\$ 4,608,878	\$ 4,224,807	\$ (384,071)	\$ 4,224,807	\$ (384,071)
FTE Positions	31.5	31.5	0.0	31.5	0.0

The **agency** estimates a revised an FY 2021 budget of \$4.2 million, all SGF, which is a decrease of \$384,071, or 8.1 percent, below the approved amount, including reappropriations. Amounts have been adjusted to reflect current expenditure patterns. The decrease is due to the the decision in FY 2020 to not publish selected hardbound volumes of the *Kansas Statutes Annotated*, which was included in approved amount.

The revised estimate includes 31.5 FTE positions, which is the same number as the FY 2021 approved.

The **Governor** concurs with agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 4,241,111	\$ 4,241,111	\$ 0
FTE Positions	31.5	31.5	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 16,304	\$ 16,304	
All Other Funds	0	0	
TOTAL	\$ 16,304	\$ 16,304	
<i>Percent Change:</i>			
State General Fund	0.4 %	0.4 %	
All Other Funds	--	--	
TOTAL	0.4 %	0.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$4.2 million, all SGF, for FY 2022, which is an increase of \$16,304, or 0.4 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern. Included in the FY 2022 request is funding for publication of Volumes 3, 3A, and 3B of the *Kansas Statutes Annotated*. The majority of the increase is attributable to increases in salaries and wages fringe benefits.

The total number of positions requested is 31.5 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$7,400, all SGF, and FY 2022 longevity payments total \$7,600, all SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

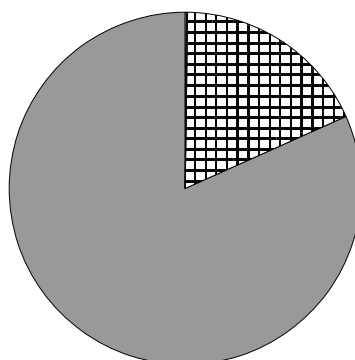
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	100.0 %	100.0 %
<i>(Note: Totals may not add due to rounding.)</i>		

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

State General Fund



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 3,464,386	81.7 %	\$ 3,464,386	81.7 %
Contractual Services	767,420	18.1	767,420	18.1
Commodities	4,580	0.1	4,580	0.1
Capital Outlay	4,725	0.1	4,725	0.1
TOTAL	\$ 4,241,111	100.0 %	\$ 4,241,111	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	31.5	31.5	31.5	31.5	31.5

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

OFFICE OF THE GOVERNOR

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 8,514,659	\$ 8,322,795	\$ 8,322,795	\$ 8,203,369	\$ 8,203,369
Other Funds	24,015,866	437,676,907	439,176,907	29,211,642	29,211,642
<i>Subtotal</i>	<i>\$ 32,530,525</i>	<i>\$ 445,999,702</i>	<i>\$ 447,499,702</i>	<i>\$ 37,415,011</i>	<i>\$ 37,415,011</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>\$ 32,530,525</u>	<u>\$ 445,999,702</u>	<u>\$ 447,499,702</u>	<u>\$ 37,415,011</u>	<u>\$ 37,415,011</u>
Percentage Change:					
Operating Expenditures					
State General Fund	7.7 %	(2.3) %	(2.3) %	(1.4) %	(1.4) %
All Funds	23.7	1,271.0	1,275.6	(91.6)	(91.6)
FTE Positions	40.6	60.6	60.6	45.8	45.8

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

AGENCY OVERVIEW

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

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

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

The **2017 Legislature** added \$1.0 million for FY 2018 and FY 2019, all SGF, for domestic violence prevention grant matching funds for FY 2018 and FY 2019.

The **2018 Legislature** added language to discontinue the yearly transfers from the Medicaid Fraud Prosecution Revolving Fund to the Domestic Violence Grants Fund (\$150,343) and the Child Advocacy Centers Grant Fund (\$33,348) for FY 2019.

The **2019 Legislature** added \$66,672, including \$52,122 SGF, for a 2.5 percent salary adjustment for most state employees for FY 2020. This adjustment excludes statewide elected officials and employees receiving a salary adjustment approved in another portion of 2019 House Sub. for SB 25.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests \$446.0 million, including \$8.3 million from the State General Fund (SGF), in FY 2021. The revised estimate is an all funds increase of \$410.7 million, or 1,165.1 percent, and an SGF decrease of \$18,883, or 0.2 percent, from the FY 2021 approved budget. The majority of the increase is attributable to enhanced aid to local units of government expenditures of \$401.0 million, the majority of which is comprised of \$400.0 million in federal Coronavirus Relief Fund (CRF) moneys. This \$400.0 million was distributed to local cities and counties as part of Round 1 of CRF Relief on July 15, 2020. The other non-operating increase in expenditures is in other assistance by \$2.6 million, or 9.3 percent, above the FY 2021 approved amount, which is for direct assistance for crime victims and family violence prevention.

The agency requests an increase in state operations of \$7.2 million, or 173.3 percent, above the FY 2021 approved budget. The majority of the increase is in contractual services from the CRF of \$5.8 million to compensate the private sector auditors and accountants overseeing the distribution of federal Coronavirus Relief Fund moneys. The salaries and wages request increased by \$1.2 million, or 32.8 percent, above the FY 2021 approved amount. The increase was fully funded from the CRF funds for salaries and wages in the Office of Recovery. SGF expenditures for salaries decreased by \$212,724, or 7.6 percent, below the FY 2021 approved amount, primarily from staff moved into the Office of Recovery.

The request included 60.6 FTE positions, an increase of 20.3 FTE positions above the FY 2021 approved FTE position amount. 16.1 FTE positions are directly associated with and funded from the Office of Recovery and do not carry forward into FY 2022. The request also includes an increase of 4.3 FTE positions for a press secretary, policy analyst, scheduling clerk, special assistant, and an operations coordinator.

The **Governor** recommends expenditures of \$447.5 million, including \$8.3 million SGF, an all funds increase of \$1.5 million, or 0.3 percent all from federal funds, above the agency's FY 2021 revised estimate. The increase is attributable to \$1.5 million in federal CRF spending in contractual services for public service announcements related to the COVID-19 pandemic. The Governor concurs with the agency's estimate of 60.6 FTE positions.

FY 2022 – Budget Year. The **agency** requests \$37.4 million, including \$8.2 million SGF, for FY 2022. The request is an all funds decrease of \$408.6 million, or 91.6 percent, and an SGF decrease of \$119,426, or 1.4 percent, below the FY 2021 revised estimate. The majority of the reduction (\$401.5 million) is in federal CRF funding for Phase 1 of the CRF distributions to cities and counties in Kansas. There is also a reduction of \$169,012, all SGF, for other assistance in Domestic Violence Prevention and Child Advocacy Center grants due to the lack of reappropriated funds for FY 2022.

The agency request is a State Operations reduction of \$7.1 million, or 62.4 percent, below the FY 2021 revised estimate. The operations reduction is attributable to a \$6.0 million decrease in contractual services funded from CRF moneys for contracted accountants and auditors. The decrease is also attributable to a reduction in salaries and wages of \$1.2 million, or 24.6 percent, below the FY 2021 revised estimate from one-time expenditures for the Office of Recovery in FY 2021. The decrease is in CRF moneys and is partially offset by an increase in SGF expenditures for salaries and wages of \$84,594, attributable to the addition of 1.3 FTE positions.

The agency requests 45.8 FTE positions for FY 2022, a reduction of 14.8 FTE below the FY 2021 revised estimate. The decrease is attributable to eliminating 16.1 temporary FTE positions associated with the Office of Recovery, partially offset by the addition of 1.3 FTE positions for a legal assistant, Director and Legislative Liaison which were hired part way through FY 2021.

The **Governor** concurs with the agency's FY 2022 request.

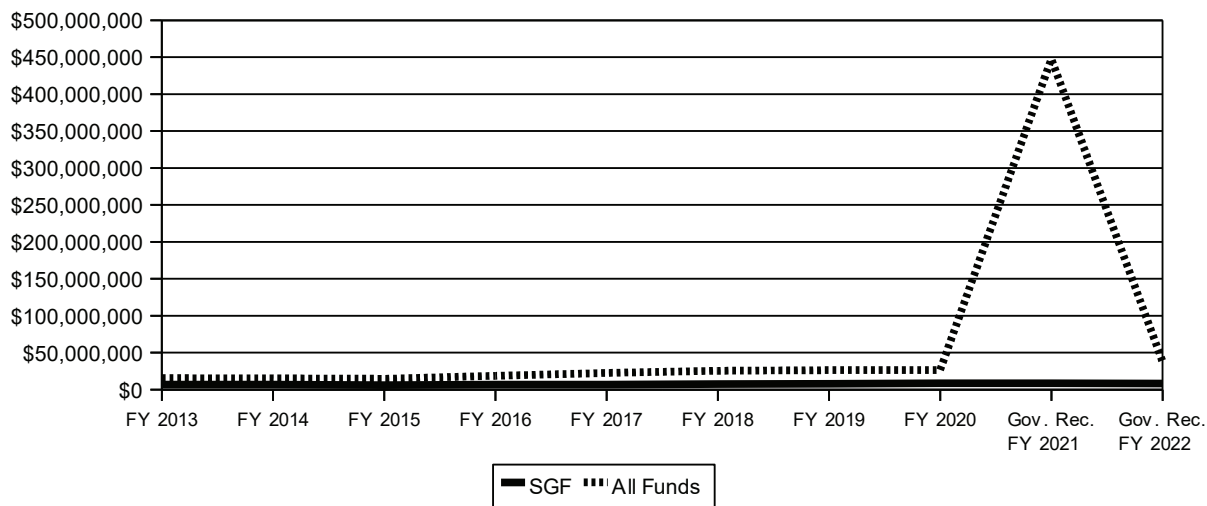
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 25.4	\$ 26.3	\$ 36.9	\$ 32.5	\$ 447.5	\$ 37.4
FTE Positions	40.9	40.9	40.6	40.6	60.6	45.8

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 6,780,616	2.7 %	\$ 15,412,559	(1.2)%	28.1
2014	6,582,319	(2.9)	15,194,346	(1.4)	31.1
2015	6,008,007	(8.7)	14,587,255	(4.0)	34.4
2016	6,824,835	13.6	18,530,567	27.0	31.6
2017	6,575,424	(3.7)	22,485,874	21.3	33.2
2018	7,460,750	13.5	25,421,707	13.1	40.9
2019	7,905,591	6.0	26,294,114	3.4	40.9
2020	8,514,659	7.7	32,530,525	23.7	40.6
2021 Gov. Rec.	8,322,795	(2.3)	447,499,702	1,275.6	60.6
2022 Gov. Rec.	8,203,369	(1.4)	37,415,011	(91.6)	45.8
Ten-Year Change Dollars/Percent	\$ 1,422,753	21.0 %	\$ 22,002,452	142.8 %	17.7

Summary of Operating Budget FY 2020 - FY 2022

Office of the Governor

		Agency Estimate					Governor's Recommendation			
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Office of the Governor and Lieutenant Governor	\$	2,507,522	\$ 409,319,683	\$ 2,279,806	\$ (407,039,877)	(99.4) %	\$ 410,819,683	\$ 2,279,806	\$ (408,539,877)	(99.4)%
Governor's Grant Program		29,606,047	36,163,229	34,614,590	(1,548,639)	(4.3)	36,163,229	34,614,590	(1,548,639)	(4.3)
Commissions on Disability and Minority Affairs		416,956	516,790	520,615	3,825	0.7	516,790	520,615	3,825	0.7
TOTAL	\$	32,530,525	\$ 445,999,702	\$ 37,415,011	\$ (408,584,691)	(91.6) %	\$ 447,499,702	\$ 37,415,011	\$ (410,084,691)	(91.6)%
By Major Object of Expenditure:										
Salaries and Wages	\$	3,450,334	\$ 4,692,976	\$ 3,540,067	\$ (1,152,909)	(24.6) %	\$ 4,692,976	\$ 3,540,067	\$ (1,152,909)	(24.6)%
Contractual Services		591,073	6,647,648	680,570	(5,967,078)	(89.8)	8,147,648	680,570	(7,467,078)	(91.6)
Commodities		25,696	76,235	75,060	(1,175)	(1.5)	76,235	75,060	(1,175)	(1.5)
Capital Outlay		80,153	9,340	5,410	(3,930)	(42.1)	9,340	5,410	(3,930)	(42.1)
Debt Service		0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$</i>	<i>4,147,256</i>	<i>\$ 11,426,199</i>	<i>\$ 4,301,107</i>	<i>\$ (7,125,092)</i>	<i>(62.4) %</i>	<i>\$ 12,926,199</i>	<i>\$ 4,301,107</i>	<i>\$ (8,625,092)</i>	<i>(66.7) %</i>
Aid to Local Units		3,556,963	404,467,565	3,931,806	(400,535,759)	(99.0)	404,467,565	3,931,806	(400,535,759)	(99.0)
Other Assistance		24,826,306	30,105,938	29,182,098	(923,840)	(3.1)	30,105,938	29,182,098	(923,840)	(3.1)
TOTAL	\$	32,530,525	\$ 445,999,702	\$ 37,415,011	\$ (408,584,691)	(91.6) %	\$ 447,499,702	\$ 37,415,011	\$ (410,084,691)	(91.6)%
Financing:										
State General Fund	\$	8,514,659	\$ 8,322,795	\$ 8,203,369	\$ (119,426)	(1.4) %	\$ 8,322,795	\$ 8,203,369	\$ (119,426)	(1.4)%
Federal Funds		23,055,937	436,845,011	28,377,976	(408,467,035)	(93.5)	438,345,011	28,377,976	(409,967,035)	(93.5)
Domestic Violence Prevention Grant		550,000	550,000	550,000	0	0.0	550,000	550,000	0	0.0
Child Advocacy Center Grant		150,000	150,000	150,000	0	0.0	150,000	150,000	0	0.0
All Other Funds		259,929	131,896	133,666	1,770	1.3	131,896	133,666	1,770	1.3
TOTAL	\$	32,530,525	\$ 445,999,702	\$ 37,415,011	\$ (408,584,691)	(91.6) %	\$ 447,499,702	\$ 37,415,011	\$ (410,084,691)	(91.6)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$8,197,988 for the Office of the Governor in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$151,263, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$18,883, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$26,456 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$8,341,678. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 8,341,678	\$ 8,322,795	\$ (18,883)	\$ 8,322,795	\$ (18,883)
All Other Funds	26,911,332	437,676,907	410,765,575	439,176,907	412,265,575
TOTAL	\$ 35,253,010	\$ 445,999,702	\$ 410,746,692	\$ 447,499,702	\$ 412,246,692
FTE Positions	40.3	60.6	20.3	60.6	20.3

The **agency** requests a revised estimate of \$446.0 million, including \$8.3 million SGF, in FY 2021. The revised estimate is an all funds increase of \$410.7 million, or 1,165.1 percent, and an SGF decrease of \$18,883, or 0.2 percent, from the FY 2021 approved budget. The majority of the increase is attributable to expenditures for enhanced aid to local units of government totaling \$401.0 million, the majority of which is comprised of \$400.0 million in federal Coronavirus Relief Fund (CRF) moneys. This \$400.0 million was distributed to local cities and counties as part of Round 1 of CRF Relief on July 15, 2020. The other non-operating increase in expenditures is in other assistance by \$2.6 million, or 9.3 percent, above the FY 2021 approved amount, which is for direct assistance for crime victims and family violence prevention.

The agency requests an increase in state operations of \$7.2 million, or 173.3 percent, above the FY 2021 approved budget. The majority of the increase is in contractual services from the CRF of \$5.8 million to compensate the private sector auditors and accountants overseeing the distribution of Coronavirus Relief Fund moneys. The salaries and wages request increased by \$1.2 million, or 32.8 percent, above the FY 2021 approved amount. The increase was fully funded from the CRF moneys for salaries and wages in the Office of Recovery. SGF expenditures for salaries and wages decreased by \$212,724, or 7.6 percent, below the FY 2021 approved amount, primarily from staff moved into the Office of Recovery.

The request includes 60.6 FTE, an increase of 20.3 FTE positions above the FY 2021 approved number. Of the increase, 16.1 FTE positions are directly associated with and funded from the Office of Recovery and do not carry forward into FY 2022. The request also includes an increase of 4.3 FTE positions for a press secretary, policy analyst, scheduling clerk, special assistant, and an operations coordinator.

- **Salaries and Wages.** The agency requests a revised estimate of \$4.7 million, including \$2.6 million SGF, which is an all funds increase of \$1.3 million, or 38.5 percent, and an SGF decrease of \$66,596, or 2.5 percent, from the FY 2021 approved budget. The increase is attributable to CRF moneys of \$1.3 million for 16.1 FTE positions in the Office of Recovery and an additional 4.3 FTE positions for a press secretary, policy analyst, scheduling clerk, special assistant, and an operations coordinator. The Office of Recovery FTE positions do not reoccur in FY 2022;
- **Contractual Services.** The agency requests a revised estimate of \$6.6 million, including \$382,168 SGF, which is an all funds increase of \$6.1 million, or 1,064.6 percent, and an SGF increase of \$29,888, or 8.5 percent, above the FY 2021 approved budget. The majority of the increase is in contractual services from the CRF of \$5.8 million to compensate the private sector auditors and accountants overseeing the distribution of CRF moneys;
- **Other Assistance.** The agency requests a revised estimate of \$30.1 million, including \$5.3 million SGF, which is an all funds increase of \$2.4 million, or 8.7 percent, and an SGF increase of \$16,450, or 0.3 percent, above the FY 2021 approved budget. The increase is for crime victims and family violence prevention grants; and
- **Aid to Local Units of Government.** Of the \$400.0 million in CRF moneys, \$348.7 million was allocated to all county governments, except those that received direct relief from the federal government (Johnson and Sedgwick counties), based on a rate of \$194 per person. That is equivalent to the rate used by the federal government when determining the amount of direct relief for Johnson and Sedgwick counties. The remaining \$51.3 million was allocated to county governments, including those receiving direct federal relief, based on COVID-19 case rates and unemployment rates. Reports submitted by county governments on August 15, 2020, indicated these funds were primarily utilized for: public health measures, such as personal protective equipment (PPE); transfers to city governments; and aid to local educational institutions.

In addition to the CRF funds for Aid to Local Units of Government, there was also an increase of \$705,520 in federal Coronavirus Emergency Supplemental Funding and \$841,221 in federal Justice Assistance Grant (JAG) funding. The Emergency Supplemental funding is specifically to prevent, prepare for, and respond to the COVID-19 pandemic, specifically for state and local units of government and federally recognized Indian Tribal governments performing law enforcement functions, and nonprofit, community, and faith-based organizations.

The **Governor** recommends expenditures of \$447.5 million, including \$8.3 million SGF, a federal funds increase of \$1.5 million, and an all funds increase of 0.3 percent above the agency's FY 2021 revised estimate. The increase is attributable to \$1.5 million in CRF spending in contractual services for public service announcements related to the COVID-19 pandemic. The Governor concurs with the agency's estimate of 60.6 FTE positions.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERS) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$26,456. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
CRF Swap	\$ (7,877)	\$ (7,877)	0.0
KPERS Death and Disability	(18,579)	(18,579)	0.0
TOTAL	\$ (26,456)	\$ (26,456)	0.0

The Governor deleted \$26,456, all SGF, for allotments in FY 2021. \$7,877 of the allotment is for SGF moneys expended in FY 2021 that were replaced with federal CRF funds. \$21,543 is for a suspension of KPERS Death and Disability employer contributions in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 37,415,011	\$ 37,415,011	\$ 0
FTE Positions	45.8	45.8	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (119,426)	\$ (119,426)	
All Other Funds	(408,465,265)	(409,965,265)	
TOTAL	\$ (408,584,691)	\$ (410,084,691)	
<i>Percent Change:</i>			
State General Fund	(1.4) %	(1.4) %	
All Other Funds	(93.3)	(93.3)	
TOTAL	(91.6) %	(91.6) %	
Change in FTE Positions	(14.8)	(14.8)	

The **agency** requests \$37.4 million, including \$8.2 million SGF, for FY 2022. The request is an all funds decrease of \$408.6 million, or 91.6 percent, and an SGF decrease of \$119,426, or 1.4 percent, below the FY 2021 revised estimate. The majority of the reduction (\$401.5 million) is in federal CRF funding for Phase 1 of the CRF distributions to cities and counties in Kansas. There is also a reduction of \$169,012, all SGF, for other assistance in Domestic Violence Prevention and Child Advocacy Center grants due to the lack of reappropriated funds for FY 2022.

The agency request is a State Operations reduction of \$7.1 million, or 62.4 percent, below the FY 2021 revised estimate. The operations reduction is attributable a \$6.0 million decrease in contractual services funded from CRF moneys for outside accountants and auditors. The decrease is also attributable to a reduction in salaries and wages of \$1.2 million, or 24.6 percent, below the FY 2021 revised estimate. The decrease is in CRF moneys totaling \$1.3 million and is partially offset by an increase in SGF expenditures for salaries and wages of \$84,594, attributable to the addition of 1.3 FTE positions.

The agency requests 45.8 FTE positions for FY 2022, a reduction of 14.8 FTE positions below the FY 2021 revised estimate. The decrease is attributable to eliminating 16.1 temporary FTE positions associated with the Office of Recovery, partially offset by the addition of 1.3 FTE positions for a legal assistant, Director and Legislative Liaison which were hired part way through FY 2021.

- **Salaries and Wages.** The agency requests \$3.5 million, including \$2.7 million SGF, for salaries and wages for FY 2022. The request is an all funds decrease of \$1.2 million, or 24.6 percent, and an SGF increase of \$84,594, or 3.3 percent, from the FY 2021 revised estimate. The decrease is attributable to eliminating 16.1 temporary FTE positions associated with the Office of Recovery, partially offset by the addition of 1.3 FTE positions;

- **Contractual Services.** The agency requests \$680,570, including \$349,470 SGF, for contractual services for FY 2022. The request is an all funds decrease of \$6.0 million, or 89.8 percent, and an SGF decrease of \$32,698, or 8.6 percent, below the FY 2021 revised estimate. The decrease is mainly in contractual services funded from CRF moneys for outside accountants and auditors;
- **Aid to Local Units of Government.** The agency requests \$3.9 million, all from special revenue funds, for aid to local units of government for FY 2022. The request is an all funds decrease of \$400.5 million, or 99.0 percent, below the FY 2021 revised estimate. The majority of the reduction (\$401.5 million) is in federal CRF funding for Phase 1 of the CRF distributions to cities and counties in Kansas. There is also a reduction of \$222,292, from Coronavirus Emergency Supplemental Funding, that is distributed to state and local units of government and federally recognized Indian Tribal governments performing law enforcement functions, and nonprofit, community, and faith-based organizations. Other reductions in federal funding are for Paul Coverdell Forensic Science Improvement Grants, Crime Victims Assistance Grants, and a new Project Safe Neighborhoods grant program from FY 2021; and
- **Other Assistance.** The agency requests \$29.2 million, including \$5.2 million SGF, for other assistance for FY 2022. The request is an all funds decrease of \$923,840, or 3.1 percent, and an SGF decrease of \$169,012, or 3.2 percent, below the FY 2021 revised estimate. The federal funds decrease is attributable to reduced JAG grants, Family Violence Prevention and Services Grants, and Violence Against Women grants. The reduction in SGF other assistance is in Domestic Violence Prevention and Child Advocacy Center grants due to the lack of reappropriated funds for FY 2022.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, there are no longevity payments.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

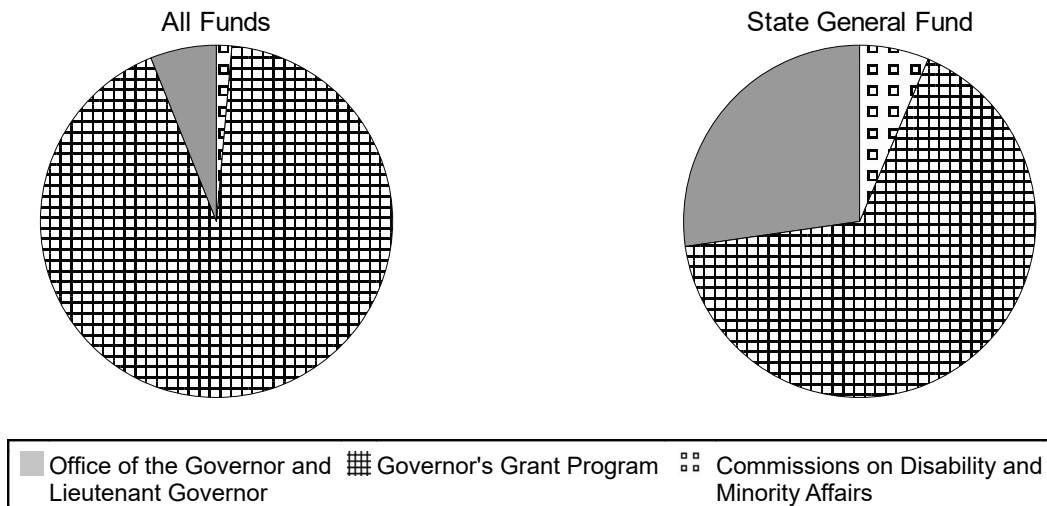
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Funds	21.9 %	21.9 %
Federal Funds	75.8	75.9
Domestic Violence Grant Fund	1.5	1.5
Child Advocacy Center Grant Fund	0.4	0.4
All Other Funds	0.4	0.4
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Office of the Governor and Lieutenant Governor	\$ 2,279,806	6.1 %	\$ 2,237,865	27.3 %
Governor's Grant Program	34,614,590	92.5	5,444,889	66.4
Commissions on Disability and Minority Affairs	520,615	1.4	520,615	6.3
TOTAL	\$ 37,415,011	100.0 %	\$ 8,203,369	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Office of the Governor and Lieutenant Governor	24.6	42.6	42.6	27.8	27.8
Federal Grants Office	12.0	13.0	13.0	13.0	13.0
Commissions on Disability and Minority Affairs	4.0	5.0	5.0	5.0	5.0
TOTAL	40.6	60.6	60.6	45.8	45.8

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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. Offices of the Governor and Lieutenant Governor

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

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.6	\$ 2.3	\$ 2.2	\$ 2.5	\$ 410.8	\$ 2.3
FTE Positions	19.0	25.9	25.1	24.6	42.6	27.8

OFFICES OF THE GOVERNOR AND LIEUTENANT GOVERNOR SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,162,357	\$ 3,220,827	\$ 3,220,827	\$ 2,054,548	\$ 2,054,548
Contractual Services	258,465	6,086,227	7,586,227	217,079	217,079
Commodities	16,328	11,129	11,129	6,679	6,679
Capital Outlay	70,372	1,500	1,500	1,500	1,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,507,522	\$ 9,319,683	\$ 10,819,683	\$ 2,279,806	\$ 2,279,806
Aid to Local Units	0	400,000,000	400,000,000	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,507,522	\$ 409,319,683	\$ 410,819,683	\$ 2,279,806	\$ 2,279,806
Financing:					
State General Fund	\$ 2,134,346	\$ 2,216,400	\$ 2,216,400	\$ 2,237,865	\$ 2,237,865
All Other Funds	373,176	407,103,283	408,603,283	41,941	41,941
TOTAL	\$ 2,507,522	\$ 409,319,683	\$ 410,819,683	\$ 2,279,806	\$ 2,279,806
FTE Positions	24.6	42.6	42.6	27.8	27.8

The **agency** requests \$2.5 million, including \$2.1 million SGF, for FY 2022. The request is an all funds decrease of \$407.0 million, or 99.4 percent, and an SGF increase of \$21,465, or

1.0 percent, from the FY 2021 revised estimate. The all funds decrease is attributable to the elimination of \$400.0 million in Phase 1 aid to local cities and counties from the federal CRF. There is also a reduction in contractual service of \$5.9 million funded from the CRF to support outside auditors and accountants for the distribution of the funding, and a reduction in salaries and wages of \$1.2 million due the elimination of 16.1 temporary FTE positions associated with the Office of Recovery in FY 2021. Partially offsetting the salaries and FTE position reduction is the addition of 1.3 FTE positions due to moving staff temporarily assigned to the Office of Recovery back into the Governor's Office.

The **Governor** concurs with the agency's FY 2022 request.

B. Governor's Grants Office

The Governor's Grants Office manages state and federal grants provided to state agencies, local units of government, and individual nonprofit, community, and faith-based organizations in Kansas. In FY 2019, the Grants Office distributed \$1.6 million to state agencies, \$2.0 million to local units of government, and \$20.7 million to other non-state entities. In FY 2020, the Grants Office distributed \$2.1 million to state agencies, \$3.5 million to local units of government, and \$24.8 million to other non-state entities.

State General Fund Grant Programs

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

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

Federal Discretionary Grant Program

Federal Improving Criminal Justice Responses (ICJR) to Sexual Assault, Domestic Violence, Dating Violence and Stalking. The goal of the ICJR project is to develop policies, protocols, best practices, and training curricula for all professions within the criminal justice system so all professions can provide a consistent response to victims of domestic and sexual violence. (*Staff Note:* the ICJR Program was formerly known as the GTEAP program but is substantially similar in function.)

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

Federal Formula Grant Programs

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

The VAWA grant program supports law enforcement and prosecution strategies to combat violent crimes against women and to develop and enhance victim services in cases involving violent crimes against women. Law enforcement agencies receive 25.0 percent of the grant funds, prosecution receives 25.0 percent, courts receive 5.0 percent, nonprofit victims service organizations receive 30.0 percent, and 15.0 percent can be used for discretionary purposes.

Sexual Assault Services Program (SASP). SASP funds are used to provide intervention, advocacy, accompaniment (e.g., accompanying victims to court, medical facilities, police departments), support services, and related assistance to adult, youth, and child victims of sexual assault; family and household members of sexual assault victims; and those collaterally affected by the sexual assault victimization. The U.S. Department of Justice Office on Violence Against Women provides funding for this program.

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

Justice Assistance Grant (JAG). The Byrne Formula JAG funding addresses eight purpose areas: law enforcement; prosecution and courts; crime prevention and education; corrections and community corrections; drug treatment and enforcement; planning, evaluation, and technology improvement; and crime victim and witness programs; and mental health programs and related law enforcement and corrections behavioral programs and crisis intervention teams.

JAG is awarded to states and territories by a formula based on population and Part I violent crimes. Approximately 66.0 percent of a state's total allocation flows to the state's criminal justice planning agency, the State Administering Agency (SAA). The SAA, in turn, passes a designated percentage (called the Variable Pass Through) to local governments and, through them, to nonprofit service providers. The remaining 34.0 percent flows directly from the Bureau of Justice Assistance (BJA) to local governments based on Part I violent crimes as reported to the Federal Bureau of Investigation (FBI).

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

Funds are distributed based on the following formula: Each state is allocated a base amount of 0.4 percent of the total funds available for the program. The remaining funds are

divided based on the same ratio of each participating state's prison population to the total prison population of all states.

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

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

Prison Rape Elimination Act Grant (PREA). The federal funds are used to enable states to adopt and achieve full compliance with the National PREA Standards, establishing cultures of "zero tolerance" related to sexual abuse and sexual harassment in confinement facilities.

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

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

Project Safe Neighborhoods (PSN) Grant Program. The federal PSN provides critical funding, resources, and training to combat violent crime and make communities safer through a comprehensive approach to public safety targeting law enforcement efforts with community engagement, prevention, and reentry efforts. The PSN grant program is designed to create and foster safer neighborhoods through a sustained reduction in violent crime, including but not limited to, addressing criminal gangs and the felonious possession and use of firearms. The Governor's Grants Program provides administrative oversight for grant award in partnership with the Kansas U.S. Attorney's Office.

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

Family Violence Prevention and Services Act (FVPSA). The FVPSA is a federal program to prevent incidents of family violence, domestic violence, and dating violence; provide immediate shelter, supportive services, and access to community-based programs for victims of family violence, domestic violence, or dating violence, and their dependents; and provide

specialized services for children exposed to family violence, domestic violence, or dating violence, including victims who are members of underserved populations. The U.S. Department of Health and Human Services provides funding for this grant.

Coronavirus Emergency Supplemental Funding (CESF). The CESF, authorized through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, provides funding to prevent, prepare for, and respond to the COVID-19 pandemic, specifically for state and local units of government and federally recognized Indian Tribal governments performing law enforcement functions, and nonprofit, community, and faith-based organizations.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 23.0	\$ 23.7	\$ 34.3	\$ 29.6	\$ 36.2	\$ 34.6
FTE Positions	11.0	11.0	12.0	12.0	13.0	13.0

GOVERNOR'S GRANT PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 958,686	\$ 1,047,786	\$ 1,047,786	\$ 1,057,331	\$ 1,057,331
Contractual Services	248,298	470,315	470,315	372,385	372,385
Commodities	7,818	63,785	63,785	67,060	67,060
Capital Outlay	7,976	7,840	7,840	3,910	3,910
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,222,778	\$ 1,589,726	\$ 1,589,726	\$ 1,500,686	\$ 1,500,686
Aid to Local Units	3,556,963	4,467,565	4,467,565	3,931,806	3,931,806
Other Assistance	24,826,306	30,105,938	30,105,938	29,182,098	29,182,098
TOTAL	\$29,606,047	\$ 36,163,229	\$ 36,163,229	\$ 34,614,590	\$ 34,614,590
Financing:					
State General Fund	\$ 5,968,446	\$ 5,589,605	\$ 5,589,605	\$ 5,444,889	\$ 5,444,889
All Other Funds	23,637,601	30,573,624	30,573,624	29,169,701	29,169,701
TOTAL	\$29,606,047	\$ 36,163,229	\$ 36,163,229	\$ 34,614,590	\$ 34,614,590
FTE Positions	12.0	13.0	13.0	13.0	13.0

The **agency** requests \$34.6 million, including \$5.4 million SGF, for FY 2022. The requests is an all funds decrease of \$1.5 million, or 4.3 percent, and an SGF decrease of \$144,716, or 2.6 percent, below the FY 2021 revised estimate. The federal funds reduction in aid to local units of government is attributable to a decrease of \$222,292, from Coronavirus Emergency Supplemental Funding, that is distributed to state and local units of government and federally recognized Indian Tribal governments performing law enforcement functions, and nonprofit, community, and faith-based organizations. Other reductions in federal funding are for Paul Coverdell Forensic Science Improvement Grants, Crime Victims Assistance Grants, and a new Project Safe Neighborhoods grant program from FY 2021. The agency also estimates a

reduction in other assistance of \$923,840 attributable to reduced JAG grants, Family Violence Prevention and Services Grants, and Violence Against Women grants.

In addition to the federal funds reductions, the agency decreased the request for SGF other assistance for Domestic Violence Prevention Grants and Child Advocacy Center grants of \$169,012 due to the lack of reappropriated funding for FY 2022.

The **Governor** concurs with the agency's FY 2022 request.

C. Commissions on Disability and Minority Affairs

The Commissions on Disability and Minority Affairs include the Kansas Hispanic and Latino American Affairs Commission (KHLAAC), Kansas African-American Affairs Commission (KAAC), Kansas Commission on Disability Concerns (KCDC), and the Native American Affairs Liaison. The Commissions and the liaison address the concerns of substantial minority populations within Kansas.

The KHLAAC is a seven-member body appointed by the Governor. No more than four members can be from the same political party and each Congressional district shall have at least one appointee. KHLAAC serves as a liaison for the Kansas Hispanic and Latino community and the Office of the Governor; addresses public policy concerns primarily in the areas related to education, health, and business; and works closely with the Kansas Hispanic and Latino American Legislative Caucus as well as other state agencies in order to improve the lives of all Kansans.

Major programs include the following:

- **Interpreter and Translator Task Force.** The Commission is currently developing a handbook of best practices. The goals of the Task Force are to identify the process for state credentialing of qualified interpreters and translators, to find or train qualified individuals to provide quality interpretation and translation, and to implement the identified process and fund the initiative;
- **Business Outreach.** The Commission works with Hispanic- and Latino-owned businesses to assist in marketing and community outreach;
- **Impresario.** This validates sole source contracts to Hispanic- and Latino-owned businesses; and
- **Promotores de Salud.** This program provides community assistance and outreach to non-traditional health workers, predominantly family members. The Kansas Department of Health and Environment has been assisting the program.

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

Major programs include the following:

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

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

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

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

The Governor’s **Native American Affairs Liaison** works to ensure the concerns and needs of the state’s Native American population are addressed in state policymaking decisions, and to coordinate intergovernmental communications between tribal governments and the Governor’s Office, in addition to other state agencies and other Native American organizations.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
No performance measures were submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 375.0	\$ 291.2	\$ 312.7	\$ 417.0	\$ 516.8	\$ 520.6
FTE Positions	4.0	4.0	4.0	4.0	5.0	5.0

COMMISSIONS ON DISABILITY AND MINORITY AFFAIRS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 329,291	\$ 424,363	\$ 424,363	\$ 428,188	\$ 428,188
Contractual Services	84,310	91,106	91,106	91,106	91,106
Commodities	1,550	1,321	1,321	1,321	1,321
Capital Outlay	1,805	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 416,956	\$ 516,790	\$ 516,790	\$ 520,615	\$ 520,615
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 416,956	\$ 516,790	\$ 516,790	\$ 520,615	\$ 520,615
Financing:					
State General Fund	\$ 411,867	\$ 516,790	\$ 516,790	\$ 520,615	\$ 520,615
All Other Funds	5,089	0	0	0	0
TOTAL	\$ 416,956	\$ 516,790	\$ 516,790	\$ 520,615	\$ 520,615
FTE Positions	4.0	5.0	5.0	5.0	5.0

The **agency** requests \$520,615, all SGF, for FY 2022. The request is an increase of \$3,825, or 0.9 percent, above the FY 2021 revised estimate. The increase is all in salaries and wages and is attributable to KPERS contributions (\$2,671) and employer contributions for group health insurance (\$1,145). In FY 2021, the agency increased the FTE position amount by 1.0 FTE due to the addition of a Native American Affairs liaison.

The **Governor** concurs with the agency's FY 2022 request.

SECRETARY OF STATE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 927,585	\$ 0
Other Funds	5,610,445	9,146,652	9,146,652	5,962,106	6,889,691
<i>Subtotal</i>	<i>\$ 5,610,445</i>	<i>\$ 9,146,652</i>	<i>\$ 9,146,652</i>	<i>\$ 6,889,691</i>	<i>\$ 6,889,691</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>\$ 5,610,445</u>	<u>\$ 9,146,652</u>	<u>\$ 9,146,652</u>	<u>\$ 6,889,691</u>	<u>\$ 6,889,691</u>
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	0.0 %	0.0 %	-- %	0.0 %
All Funds	47.2	63.0	63.0	(24.7)	(24.7)
FTE Positions	36.0	46.0	46.0	46.0	46.0

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

AGENCY OVERVIEW

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

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

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

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

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

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

The **2018 Legislature** passed HB 2539, which amends the qualifications for candidacy for several statewide elected offices, creates law requiring manual audits of elections, amends law related to the timing of the election canvasses and to electronic voting machines, and amends provisions in election law concerning signatures if the voter has a disability that prevents the individual from signing.

The **2019 Legislature** added \$219,180 over FY 2019 and FY 2020, all from special revenue funds, as a 5.0 percent match for federal HAVA funds to be distributed starting in FY 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$9.1 million in FY 2021, all from special revenue funds. This is an all funds increase of \$2.7 million, or 42.5 percent, above the FY 2021 approved budget. This increase is all from federal Help America Vote Act (HAVA) funds provided for in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act and is transferred to local units of government.

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$6.9 million for FY 2022, including \$927,585 from the State General Fund (SGF). This is an all funds decrease of \$2.3 million, or 24.7 percent, below the FY 2021 revised estimate. This decrease is attributable to one-time expenditures made in FY 2021 for the HAVA CARES Act that do not repeat in FY 2022. The

\$927,585 SGF increase is attributable to a required state match to release the federal HAVA funds. State match funds are transferred from the SGF to the agency's Democracy Fund.

The **Governor** concurs with the agency's funding request for FY 2022. The Governor recommends \$927,585, as a direct SGF transfer to the Democracy Fund, instead of an SGF appropriation to meet the state match requirement for the HAVA Election Security Grant and HAVA Cares Act.

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Publications Available in Digital Form	N/A	N/A	40.0 %	40.0 %	50.0 %	75.0 %
Document Filing Improvement Project*	N/A	N/A	50.0 %	45.0 %	100.0 %	N/A
Percent of Annual Reports Filed Online*	N/A	76.0 %	78.0 %	74.0 %	77.0 %	80.0 %
Percent of Business Formation Documents Filed Online*	N/A	73.0 %	74.0 %	76.0 %	78.0 %	80.0 %
Percent of Statements of Substantial Interest Forms Filed Electronically	N/A	90.0 %	95.0 %	89.0 %	95.0 %	100.0 %
Percent of Campaign Finance Reports Filed Electronically	N/A	33.0 %	45.0 %	40.0 %	45.0 %	75.0 %
Percent of Cybersecurity Services and Training Provided to Kansas Counties	N/A	N/A	90.0 %	N/A	90.0 %	100.0 %
Voting Equipment Updates*	N/A	N/A	90.0 %	N/A	90.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.9	\$ 3.8	\$ 6.1	\$ 5.6	\$ 9.1	\$ 6.9
FTE Positions	36.0	32.0	46.0	46.0	46.0	46.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

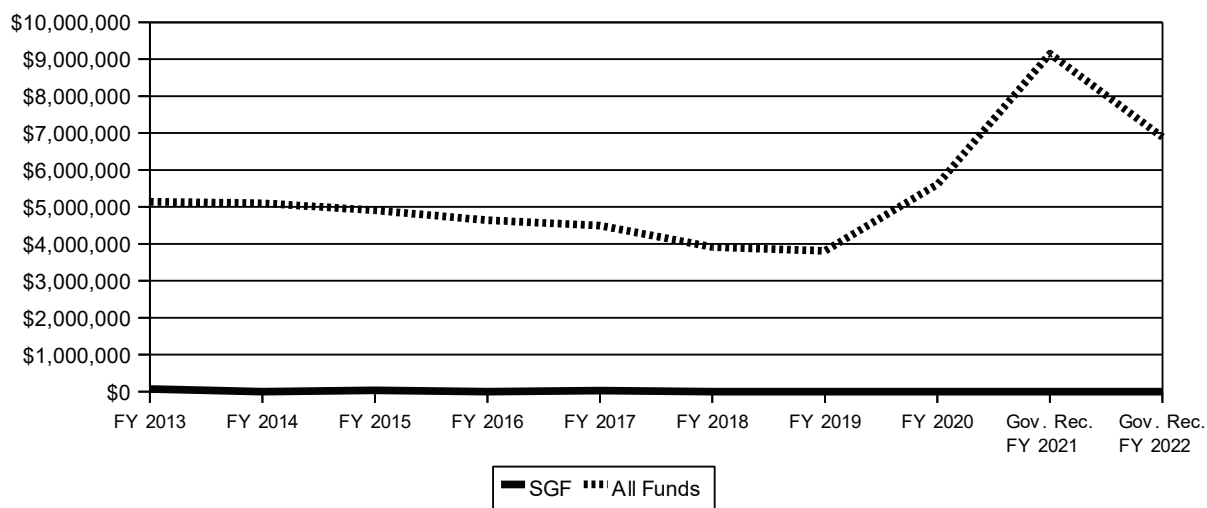
The agency has a goal to purchase cybersecurity services and training within the HAVA program for counties statewide by contracting with a private vendor to enhance existing security profiles and provide non-governmental review of current practices. The agency has a revised completion goal of 90.0 percent by the end of FY 2021 and 100.0 percent for FY 2022.

The agency has a goal to ensure the security of voting equipment across the state within the HAVA program. The agency intends to ensure paper trail ballots for voting equipment in the state and work with the National Guard to develop training on physical security of voting equipment. Due to the COVID-19 pandemic, the agency had to delay these outcomes within HAVA plans for FY 2020. The agency has a revised completion goal of 90.0 percent by the end of FY 2021 and 95.0 percent by the end of FY 2022 for voting equipment updates and physical security training.

The agency has a goal to offer modernized delivery of publications beyond traditional print offerings to accommodate shifts in consumer preferences from print to digital. The agency anticipates 50.0 percent completion in FY 2021, with action primarily focusing on research of digitizing publications, reviewing options for how to offer the products, and determining pricing for digital publications. By the end of FY 2022, the agency anticipates 75.0 percent completion, with some digital publications available for purchase, download, or both on the agency's website.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 69,966	-- %	\$ 5,139,433	(15.0)%	45.0
2014	0	(100.0)	5,099,289	(0.8)	44.0
2015	33,784	--	4,908,858	(3.7)	40.0
2016	0	(100.0)	4,640,249	(5.5)	40.0
2017	26,715	--	4,494,524	(3.1)	41.0
2018	0	(100.0)	3,913,797	(12.9)	36.0
2019	0	--	3,810,644	(2.6)	32.0
2020	0	--	5,610,445	47.2	36.0
2021 Gov. Rec.	0	--	9,146,652	63.0	46.0
2022 Gov. Rec.	0	--	6,889,691	(24.7)	46.0
Ten-Year Change Dollars/Percent	\$ (69,966)	(100.0)%	\$ 1,750,258	34.1 %	1.0

Summary of Operating Budget FY 2020 - FY 2022

Secretary of State

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 4,323,085	\$ 5,295,303	\$ 3,505,001	\$ (1,790,302)	(33.8)%	\$ 5,295,303	\$ 3,505,001	\$ (1,790,302)	(33.8)%		
Business Services	784,959	800,926	809,360	8,434	1.1	800,926	809,360	8,434	1.1		
Elections Legislative Matters	414,373	517,886	521,607	3,721	0.7	517,886	521,607	3,721	0.7		
Help America Vote Act	88,028	2,532,537	2,053,723	(478,814)	(18.9)	2,532,537	2,053,723	(478,814)	(18.9)		
TOTAL	\$ 5,610,445	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%		
By Major Object of Expenditure:											
Salaries and Wages	\$ 2,534,654	\$ 2,787,626	\$ 2,812,594	\$ 24,968	0.9 %	\$ 2,787,626	\$ 2,812,594	\$ 24,968	0.9 %		
Contractual Services	1,144,375	1,236,734	1,085,234	(151,500)	(12.3)	1,236,734	1,085,234	(151,500)	(12.3)		
Commodities	960,909	357,471	28,451	(329,020)	(92.0)	357,471	28,451	(329,020)	(92.0)		
Capital Outlay	52,156	406,912	35,827	(371,085)	(91.2)	406,912	35,827	(371,085)	(91.2)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 4,692,094	\$ 4,788,743	\$ 3,962,106	\$ (826,637)	(17.3) %	\$ 4,788,743	\$ 3,962,106	\$ (826,637)	(17.3) %		
Aid to Local Units	918,351	4,357,909	2,927,585	(1,430,324)	(32.8)	4,357,909	2,927,585	(1,430,324)	(32.8)		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 5,610,445	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 927,585	\$ 927,585	-- %	\$ 0	\$ 0	\$ 0	-- %		
HAVA Funds	1,970,812	4,278,243	2,050,628	(2,227,615)	(52.1)	4,278,243	2,050,628	(2,227,615)	(52.1)		
Technology Fund	703,534	800,112	808,582	8,470	1.1	800,112	808,582	8,470	1.1		
Information and Services Fund	2,759,245	2,907,950	2,922,966	15,016	0.5	2,907,950	2,922,966	15,016	0.5		
All Other Funds	176,854	1,160,347	179,930	(980,417)	(84.5)	1,160,347	1,107,515	(52,832)	(4.6)		
TOTAL	\$ 5,610,445	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%	\$ 9,146,652	\$ 6,889,691	\$ (2,256,961)	(24.7)%		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	6,419,037	9,146,652	2,727,615	9,146,652	2,727,615
TOTAL	\$ 6,419,037	\$ 9,146,652	\$ 2,727,615	\$ 9,146,652	\$ 2,727,615
FTE Positions	46.0	46.0	0.0	46.0	0.0

The **agency** requests a revised estimate of \$9.1 million, all from special revenue funds, in FY 2021. This is an all funds increase of \$2.7 million, or 42.5 percent, above the FY 2021 approved budget. The increase is all from federal HAVA CARES Act expenditures and is granted to local units of government.

- **Contractual Services.** The agency requests \$1.2 million, all from special revenue funds, for contractual services in FY 2021. This is an all funds increase of \$151,500, or 14.0 percent, above the FY 2021 approved budget. The increase reflects additional expenditures for the HAVA program from the HAVA CARES Act fund. Expenditures from this fund include contractual services for HAVA CARES Act programs including voter education and public service announcements regarding the November 2020 election;
- **Commodities.** The agency requests \$357,471 for commodities, all from special revenue funds, in FY 2021. This is an all funds increase of \$329,020, or 1,156.4 percent, above the FY 2021 approved budget. This increase is attributable to HAVA CARES Act-related expenditures including stylus pens, plexiglass shields, and secure drop boxes for mail-in ballots ;
- **Capital Outlay.** The agency requests \$406,912 for capital outlay, all from special revenue funds, in FY 2021. This is an all funds increase of \$371,085, or 1,035.8 percent, above the FY 2021 approved budget. This increase is attributable to secure drop box purchases. In FY 2020, the agency made two expenditures, including \$18,318 for office improvements and \$393,818 for information processing equipment in the agency's effort to migrate off the AS 400 system. The agency anticipates necessary maintenance purchases for FY 2021 and FY 2022, including information technology (IT) hardware and software upgrades, office scanners, and computers; and

- **Aid to Local Units of Government.** The agency requests \$4.4 million for aid to local units of government, all from special revenue funds, in FY 2021. This is an all funds increase of \$1.9 million, or 75.6 percent, above the FY 2021 approved budget. The increase is attributed to reimbursing counties from the HAVA CARES Act fund.

The **Governor** concurs with the agency's revised estimate in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 6,889,691	\$ 6,889,691	\$ 0
FTE Positions	46.0	46.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 927,585	\$ 0	
All Other Funds	(3,184,546)	(2,256,961)	
TOTAL	\$ (2,256,961)	\$ (2,256,961)	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	(34.8)	(24.7)	
TOTAL	(24.7) %	(24.7) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$6.9 million for FY 2022. The request is an all funds decrease of \$2.3 million, or 24.7 percent, and an SGF increase of \$927,585 above the FY 2021 revised estimate. The SGF amount is requested to satisfy federal grant match requirements for the HAVA CARES Act and to satisfy the additional 2020 Election Security Grant state match requirement. The special revenue funds decrease is mainly attributable to \$2.7 million in HAVA CARES Act expenditures that occurred in FY 2021. HAVA CARES Act funds will be fully expended in FY 2021.

- **Salaries and Wages.** The agency requests \$2.8 million, all from special revenue funds, for salaries and wages. This is an increase of \$24,968 or 0.9 percent, above the FY 2021 revised estimate. The increase is attributable to employer contributions to group health insurance;
- **Contractual Services.** The agency requests \$1.1 million, all from special revenue funds, for contractual services. This is a decrease of \$151,500, or 12.3 percent, below the FY 2021 revised estimate. This decrease is mainly attributable to HAVA CARES Act funds which were expended in FY 2021, which do not reoccur in FY 2022. Contractual service expenditures are generally for:

- Office of Information Technology Services (OITS) telecommunications and data services, \$106,984; *Kansas Register* printing, \$19,552; *Kansas Administrative Regulations* (KAR) supplement printing, \$38,201; *Kansas Session Law* book printing, \$41,765; Memorial Hall rent, \$292,685; monumental building surcharge, \$47,382; accounting, payroll, and budget systems fees, \$7,700; OITS email hosting, \$9,497; Landon State Office Building and off-site data center space, \$13,897; and credit card fees \$56,186; and
- Additional expenditures for this program in FY 2021 and for FY 2022 will include one-time expenditures related to election security and election security training, printing and publication costs, constitutional amendment publication, KAR full set publication, and rent;
- **Commodities.** The agency requests expenditures of \$28,451, all from special revenue funds, for commodities. This request is a decrease of \$329,020, or 92.0 percent, below the FY 2021 revised estimate. This is attributable to one-time HAVA CARES Act expenditures in FY 2021, which do not reoccur in FY 2022. Major expenditures for this category include gasoline, mileage reimbursement, data processing supplies, and office supplies. Included in the Elections and Legislative Matters program is \$5,000 for the purchase of flags designated for resale to customers;
- **Capital Outlay.** The agency requests expenditures of \$35,827, all from special revenue funds, for capital outlay. This request is a decrease of \$371,085, or 91.2 percent, from the FY 2021 revised estimate. This is attributable to one-time HAVA CARES Act expenditures in FY 2021, which do not reoccur in FY 2022. Major expenditures for this category include \$8,678 for computers, printers, scanners, and infrastructure upgrades and \$2,605 for software; and
- **Aid to Local Units of Government.** The agency requests expenditures of \$2.9 million, including \$927,585 SGF, for aid to local units of government for FY 2022. This is an all funds decrease of \$1.4 million, or 32.8 percent, below the FY 2021 revised estimate, and no change to the SGF amount in FY 2021. This decrease is attributable to one-time HAVA CARES Act expenditures in FY 2021, which do not reoccur in FY 2022.

The **Governor** concurs with the agency's request for FY 2022. The Governor recommends \$927,585, as a direct SGF transfer to the Democracy Fund, instead of an SGF appropriation to meet the state match requirement for the HAVA Election Security Grant and HAVA Cares Act.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
HAVA Election Security Grant	\$ 3,085	\$ 3,085	0.0	\$ 0	\$ 3,085	0.0
HAVA CARES Act	924,500	924,500	0.0	0	924,500	0.0
TOTAL	\$ 927,585	\$ 927,585	0.0	\$ 0	\$ 927,585	0.0

The **agency** requests \$927,585, all SGF, for FY 2022 enhancement requests. The agency requests include the following:

- **HAVA Election Security Grant.** The agency requests \$3,085 SGF to meet the state match requirement for the HAVA Election Security Grant. The agency received notice from the U.S. Election Assistance Commission that Kansas had been awarded an additional \$15,427 of HAVA Election Security funds. This additional award requires an additional \$3,085 state match.
- **HAVA CARES Act.** The agency requests \$924,500 SGF to meet state match requirements for the federal HAVA CARES Act. This grant will reimburse counties for eligible COVID-19-related election expenditures such as secure drop boxes for mail ballots, stylus pens, and plexiglass shields.

The **Governor** recommends \$927,585, as a direct SGF transfer to the Democracy Fund, instead of an SGF appropriation, to meet the state match requirement for the HAVA Election Security Grant and HAVA Cares Act.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$2.8 million, and FY 2022 longevity payments total \$2.8 million, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	13.5 %	0.0 %
HAVA funds	29.8	29.8
Technology		
Communications	11.7	11.7
Information and Services	42.4	42.4
All Other Funds	2.6	16.1
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Information and Copy Services Fee Fund Analysis

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

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 747,057	\$ 1,576,755	\$ 1,576,755	\$ 2,260,965	\$ 2,260,965
Revenue	3,602,271	3,602,271	3,602,271	3,602,271	3,602,271
Transfers in	0	0	0	0	0
Funds Available	\$ 4,349,328	\$ 5,179,026	\$ 5,179,026	\$ 5,863,236	\$ 5,863,236
Less:					
Expenditures	\$ 2,759,245	\$ 2,907,950	\$ 2,907,950	\$ 2,922,966	\$ 2,922,966
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	13,328	10,111	10,111	10,111	10,111
Ending Balance	\$ 1,576,755	\$ 2,260,965	\$ 2,260,965	\$ 2,930,159	\$ 2,930,159
Ending Balance as Percent of Expenditures	57.1 %	77.8 %	77.8 %	100.2 %	100.2 %
Month Highest Ending Balance	June \$ 1,591,771	June \$ 3,359,628	June \$ 3,359,628	June \$ 4,817,490	June \$ 4,817,490
Month Lowest Ending Balance	December \$ 0	December \$ 0	December \$ 0	December \$ 0	December \$ 0

Technology Communication Fee Fund Analysis

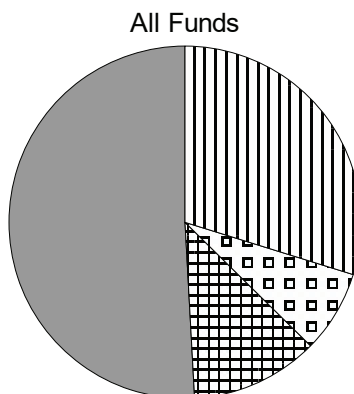
The Technology Communication Fee Fund is used to support the continuing development of electronic government and business in the State of Kansas, including the electronic filing of forms for businesses. As specified in KSA 75-444, the Secretary of State shall charge a technology communication fee, not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

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,850,489	\$ 2,267,200	\$ 2,267,200	\$ 2,587,333	\$ 2,587,333
Revenue	1,120,245	1,120,245	1,120,245	1,120,245	1,120,245
Transfers in	0	0	0	0	0
Funds Available	\$ 2,970,734	\$ 3,387,445	\$ 3,387,445	\$ 3,707,578	\$ 3,707,578
Less:					
Expenditures	\$ 703,534	\$ 800,112	\$ 800,112	\$ 808,582	\$ 808,582
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 2,267,200	\$ 2,587,333	\$ 2,587,333	\$ 2,898,996	\$ 2,898,996
Ending Balance as Percent of Expenditures	322.3 %	323.4 %	323.4 %	358.5 %	358.5 %
Month Highest Ending Balance	June \$ 2,275,434	June \$ 2,787,838	June \$ 2,787,838	June \$ 3,181,486	June \$ 3,181,486
Month Lowest Ending Balance	December \$ 1,783,510	December \$ 2,185,138	December \$ 2,185,138	December \$ 2,493,683	December \$ 2,493,683

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Administration
 Business Services
 Elections and Legislative Matters
 Help America Vote Act

Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 3,505,001	50.9 %	\$ 0	-- %
Business Services	809,360	11.7	0	--
Elections and Legislative Matters	521,607	7.6	0	--
Help America Vote Act	2,053,723	29.8	0	--
TOTAL	\$ 6,889,691	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	19.0	25.0	25.0	25.0	25.0
Business Services	12.0	16.0	16.0	16.0	16.0
Elections and Legislative Matters	5.0	5.0	5.0	5.0	5.0
Help America Vote Act	0.0	0.0	0.0	0.0	0.0
TOTAL	36.0	46.0	46.0	46.0	46.0

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

A. Administration

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.9	\$ 2.6	\$ 2.5	\$ 4.3	\$ 5.3	\$ 3.5
FTE Positions	12.0	16.0	26.0	19.0	25.0	25.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,457,585	\$ 1,687,685	\$ 1,687,685	\$ 1,700,498	\$ 1,700,498
Contractual Services	969,795	971,197	971,197	819,697	819,697
Commodities	935,257	356,051	356,051	27,031	27,031
Capital Outlay	42,097	404,360	404,360	33,275	33,275
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,404,734	\$ 3,419,293	\$ 3,419,293	\$ 2,580,501	\$ 2,580,501
Aid to Local Units	918,351	1,876,010	1,876,010	924,500	924,500
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,323,085	\$ 5,295,303	\$ 5,295,303	\$ 3,505,001	\$ 3,505,001
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 924,500	\$ 0
All Other Funds	4,323,085	5,295,303	5,295,303	2,580,501	3,505,001
TOTAL	\$ 4,323,085	\$ 5,295,303	\$ 5,295,303	\$ 3,505,001	\$ 3,505,001
FTE Positions	19.0	25.0	25.0	25.0	25.0

The **agency** requests \$3.5 million, including \$924,500 SGF, for FY 2022. This is a decrease of \$1.8 million, or 33.8 percent, below the FY 2021 revised estimate. The decrease is attributable to one-time expenditures related to the federal HAVA CARES Act that do not repeat during FY 2022. The \$924,500 SGF request is to meet a state match requirement for the federal HAVA CARES Act funds. The major cost for the Administrative program is salaries and wages, which comprises 48.5 percent of total expenditures for the program. The second largest expenditure for the program is contractual services. The agency requests \$102,582 for OITS and telecommunications services and \$292,685 for rent and surcharges on the Memorial Hall building.

The **Governor** concurs with the request for FY 2022. The Governor recommends \$924,500 as a direct SGF transfer to the Democracy Fund instead of an SGF appropriation for the HAVA CARES Act match requirement.

B. Business Services

The Business Services Division administers the Kansas General Corporations Code, the Kansas Limited Liability Company Act, the Kansas Uniform Limited Partnership Act, the Kansas Uniform Commercial Code (UCC), and related laws. This division ensures customers have forms and procedures to follow in forming and maintaining business entities and in gaining easy access to business records that date to the beginning of the state. The number of annual reports processed each year by the Division exceeds 180,000. In FY 1995, the Kansas UCC program became the first in the nation to accept electronic filings of UCC financing statements. The Office of the Secretary of State currently receives more than 90.0 percent of its nearly 100,000 annual UCC transactions electronically.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Publications Available in Digital Form	N/A	N/A	40.0 %	40.0 %	50.0 %	75.0 %
Percent of Document Filing Improvement Project Completed*	N/A	N/A	50.0 %	45.0 %	100.0 %	N/A
Percent of Annual Reports Filed Online*	N/A	76.0 %	78.0 %	74.0 %	77.0 %	80.0 %
Percent of Business Formation Documents Filed Online*	N/A	73.0 %	74.0 %	76.0 %	78.0 %	80.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 894.1	\$ 872.9	\$ 909.7	\$ 785.0	\$ 800.9	\$ 809.4
FTE Positions	15.0	12.0	15.0	12.0	16.0	16.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

For FY 2021, the Business Services Division has a goal to streamline all filing documents. At the beginning of 2019, the Division maintained 96 filing documents for various business filings. Many of these filing documents are similar in nature and can be combined to make it easier for customers to identify the filing they need to complete. The agency has a goal to reduce the number of filing documents by 30.0 percent by the end of FY 2021.

BUSINESS SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 729,136	\$ 719,846	\$ 719,846	\$ 728,280	\$ 728,280
Contractual Services	45,111	77,778	77,778	77,778	77,778
Commodities	653	750	750	750	750
Capital Outlay	10,059	2,552	2,552	2,552	2,552
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 784,959</i>	<i>\$ 800,926</i>	<i>\$ 800,926</i>	<i>\$ 809,360</i>	<i>\$ 809,360</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 784,959	\$ 800,926	\$ 800,926	\$ 809,360	\$ 809,360
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	784,959	800,926	800,926	809,360	809,360
TOTAL	\$ 784,959	\$ 800,926	\$ 800,926	\$ 809,360	\$ 809,360
FTE Positions	12.0	16.0	16.0	16.0	16.0

The **agency** requests \$809,360, all from special revenue funds, for the Business Services Division for FY 2022. This is an increase of \$8,434, or 1.1 percent, above the FY 2021 revised estimate. This increase is attributable to fringe benefit expenditures for salaries and wages and benefits.

The **Governor** concurs with the agency's request for FY 2022.

C. Elections and Legislative Matters

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Statements of Substantial Interest Forms Filed Electronically	N/A	90.0 %	95.0 %	89.0 %	95.0 %	100.0 %
Percent of Campaign Finance Reports Filed Electronically	N/A	45.0 %	45.0 %	40.0 %	45.0 %	75.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 455.3	\$ 497.9	\$ 716.9	\$ 414.3	\$ 517.9	\$ 521.6
FTE Positions	4.0	4.0	5.0	5.0	5.0	5.0

ELECTIONS AND LEGISLATIVE MATTERS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 347,933	\$ 380,095	\$ 380,095	\$ 383,816	\$ 383,816
Contractual Services	66,440	137,121	137,121	137,121	137,121
Commodities	0	670	670	670	670
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 414,373</i>	<i>\$ 517,886</i>	<i>\$ 517,886</i>	<i>\$ 521,607</i>	<i>\$ 521,607</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 414,373	\$ 517,886	\$ 517,886	\$ 521,607	\$ 521,607
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	414,373	517,886	517,886	521,607	521,607
TOTAL	\$ 414,373	\$ 517,886	\$ 517,886	\$ 521,607	\$ 521,607
FTE Positions	5.0	5.0	5.0	5.0	5.0

The **agency** requests \$521,607, all from special revenue funds, for FY 2022. This is an increase of \$3,721, or 0.7 percent, above the FY 2021 revised estimate. This increase is attributable to fringe benefit expenditures for salaries and wages. Outside of salaries and wages, the most substantial expenditures for the program are tied to the *Session Laws of Kansas*: \$41,765 for printing and \$35,420 for shipping of the publication.

The **Governor** concurs with the agency's request for FY 2022.

D. Help America Vote Act (HAVA)

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Cybersecurity Services and Training Provided to Kansas Counties	N/A	N/A	90.0 %	N/A	90.0 %	100.0 %
Voting Equipment Updates*	N/A	N/A	90.0 %	N/A	90.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 0.0	\$ (126.1)	\$ 2,050.6	\$ 88.3	\$ 2,532.5	\$ 2,053.7
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

HELP AMERICA VOTE ACT (HAVA) SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	63,029	50,638	50,638	50,638	50,638
Commodities	24,999	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 88,028	\$ 50,638	\$ 50,638	\$ 50,638	\$ 50,638
Aid to Local Units	0	2,481,899	2,481,899	2,003,085	2,003,085
Other Assistance	0	0	0	0	0
TOTAL	\$ 88,028	\$ 2,532,537	\$ 2,532,537	\$ 2,053,723	\$ 2,053,723
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 3,085	\$ 0
All Other Funds	88,028	2,532,537	2,532,537	2,050,638	2,053,723
TOTAL	\$ 88,028	\$ 2,532,537	\$ 2,532,537	\$ 2,053,723	\$ 2,053,723
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$2.1 million, including \$3,085 SGF, for the Help America Vote Act (HAVA) Division for FY 2022. This is an all funds decrease of \$478,814, or 18.9 percent, below the FY 2021 revised estimate. The decrease is attributable to the timing of expenditures for cybersecurity training and paper ballot and physical security of voting machines. All expenditures in this program are associated with the statewide centralized voter registration system. In FY 2021, the HAVA programs will have additional expenditures from the HAVA CARES Act fund. Major expenditures in the contractual services category include voter education and public service announcements regarding the November 2020 election.

The agency requests \$3,085 SGF to meet the state match requirement for the HAVA Election Security Grant. The agency received notice from the U.S. Election Assistance Commission that Kansas had been awarded an additional \$15,427 of HAVA Election Security funds. This additional award requires an additional \$3,085 state match.

The **Governor** concurs with the agency's request for FY 2022. The Governor recommends \$3,085 as a direct SGF transfer to the Democracy Fund instead of an SGF appropriation for the HAVA Election Security Grant match requirement.

ATTORNEY GENERAL

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 6,274,415	\$ 7,149,316	\$ 6,849,316	\$ 6,552,961	\$ 5,852,665
Other Funds	20,842,756	19,720,191	19,855,043	19,792,394	20,370,490
Subtotal	\$ 27,117,171	\$ 26,869,507	\$ 26,704,359	\$ 26,345,355	\$ 26,223,155
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 27,117,171	\$ 26,869,507	\$ 26,704,359	\$ 26,345,355	\$ 26,223,155
Percentage Change:					
Operating Expenditures					
State General Fund	(6.9) %	13.9 %	9.2 %	(8.3) %	(14.6) %
All Funds	6.1	(0.9)	(1.5)	(2.0)	(1.8)
FTE Positions	173.1	173.3	173.3	173.3	173.3

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

AGENCY OVERVIEW

The Attorney General is a constitutional statewide elected official who is the chief legal officer of and advocate for the State and serves as its chief law enforcement officer. The Office is organized into 11 programs: Administration Division, Solicitor Division, Fraud and Abuse Litigation Division, Criminal Litigation Division, Legal Opinions and Government Counsel Division, Consumer Protection Division, Civil Litigation Division, Crime Victims Compensation Division, Victim Services Division, Medicaid Fraud and Abuse Division, and Office of the Medicaid Inspector General. All are detailed in this budget analysis.

MAJOR ISSUES FROM PRIOR YEARS

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

The **2013 Legislature** added \$636,000 SGF and 2.0 FTE positions in FY 2014 to allow the agency to implement provisions of 2013 Senate Sub. for HB 2034 concerning human trafficking. The approved budget also included \$266,000, all from special revenue funds, and

2.0 FTE positions for FY 2014 to allow the agency to implement provisions of the Roofing Contractor Registration Act. The Legislature also added funding, all from the County Law Enforcement Equipment Fund, in FY 2014 (\$191,140) and FY 2015 (\$30,100) to allow the agency to distribute grant funding to local law enforcement agencies.

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

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

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

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

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

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

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

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

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

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

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

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

The **2018 Legislature** reduced the concealed carry license fee from \$132.50 to \$112.00 for FY 2019.

The **2018 Legislature** discontinued the yearly transfers from the Medicaid Fraud Prosecution Revolving Fund to the SGF (\$1.2 million), the Domestic Violence Grants Fund (\$150,343), and the Child Advocacy Centers Grant Fund (\$33,348). The Legislature also transferred \$600,000, all from the SGF, to the Medicaid Fraud Prosecution Revolving Fund for FY 2019 to meet the 25.0 percent match for federal grants.

The **2019 Legislature** passed HB 2290, which created a Crime Victims Compensation Division to administer and support the operations of the Crime Victims Compensation Board; a Kansas Youth Suicide Prevention Coordinator to identify, create, and coordinate and support youth suicide awareness and prevention efforts throughout the state; and a Kansas Victim and Notification Everyday (VINE) Coordinator to work with interested parties to oversee the statewide implementation of the VINE system.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$26.9 million, including \$7.1 million from the State General Fund (SGF), in FY 2021. This is an all funds increase of \$264,816, or 1.0 percent, , and an SGF increase of \$249,818, or 3.6 percent, above the FY 2021 approved amount. The SGF increase is attributable to the agency's supplemental request for the Victim Services Division to develop a mobile phone application to communicate with youth for the purpose of preventing youth suicide. . **Absent the supplemental request**, the agency requests a revised estimate of \$26.6, including \$7.0 million SGF, in FY 2021. This is an all funds increase of \$14,988, or 0.1 percent, and an SGF decrease of \$182, or less than 0.1 percent, from the FY 2021 approved amount.

The revised estimate includes 173.3 FTE positions, which is a an increase of 0.2 FTE positions above the FY 2021 approved number. This increase is attributable to off-budget FTE positions for state agency representation in the Legal Opinions and Governmental Counsel division.

The **Governor** recommends expenditures of \$26.7 million, including \$6.8 million SGF, in FY 2021. This is an all funds decrease of \$165,148, or 0.6 percent, and an SGF decrease of \$300,000, or 4.2 percent, below the agency's revised estimate. The decrease is attributable to reducing the use of SGF moneys and increasing the use of agency fee funds. The Governor does not recommend the agency's Victim Services supplemental request. This accounted for a

total of \$250,000, all SGF. This request would have provided funding for the Victim Services Division to develop a mobile phone application to communicate with youth for the purpose of preventing youth suicide.

The Governor concurs with the agency's request for 173.3 FTE positions.

FY 2022 – Budget Year. The **agency** requests \$26.3 million, including \$6.6 million from the SGF, for FY 2022. This is an all funds decrease of \$524,152, or 2.0 percent, below the FY 2021 revised estimate, and an SGF decrease of \$596,355, or 8.3 percent, below the FY 2021 revised estimate. The primary reason for the decrease is the reappropriation of funding from FY 2020 into FY 2021 that does not reoccur in FY 2022. The agency requests \$50,000 SGF for FY 2022 enhancement requests. The agency requests this enhancement for computer maintenance service costs related to the youth suicide prevention website and phone application within the Victim Services division. **Absent the enhancement request**, the agency requests a revised estimate of \$26.3 million, including \$6.5 million SGF. This is an all funds decrease of \$646,355, and an SGF decrease of \$574,152, from the FY 2021 revised estimate

The request includes 173.3 FTE positions, which is unchanged from the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$26.2 million, including \$5.9 million SGF, for FY 2022. This is an all funds decrease of \$122,200, or 0.5 percent, and an SGF decrease of \$700,296, or 10.7 percent, below the agency's request. This decrease is primarily attributable to the acceptance of the agency's reduced resources budget, which includes a decrease of \$650,296, all SGF with most of the reduction replaced with agency fee funds. Additionally, the Governor does not recommend the agency's Victim Services enhancement request. This accounts for \$50,000 SGF. This request would have provided funding for maintenance costs related to the youth suicide prevention website and phone application within the Victim Services Division.

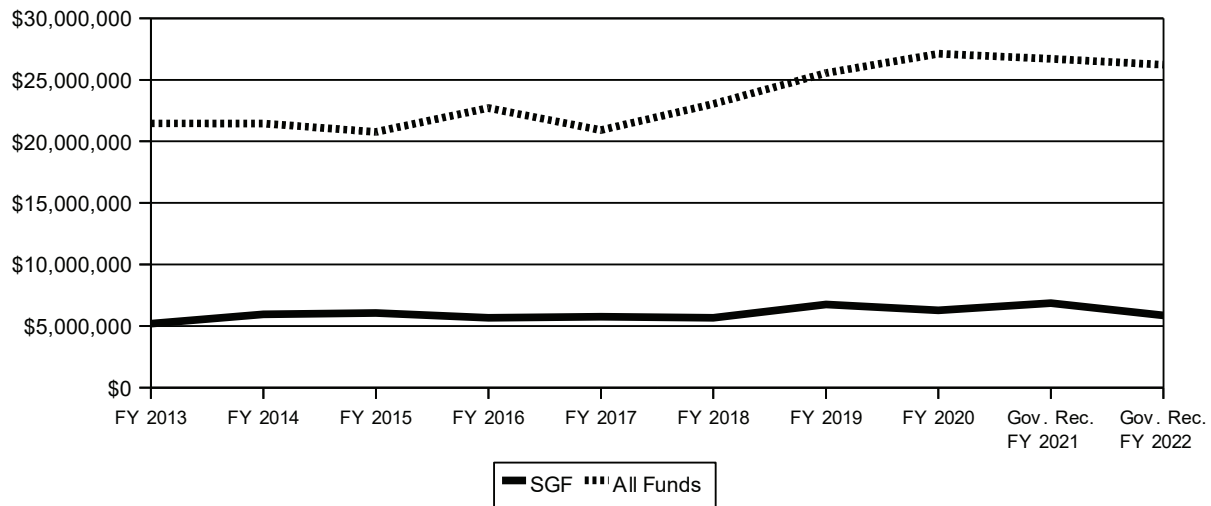
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Criminal Cases Accepted from County and District Attorney Offices	36	44	35	22	30	30
Number of Medicaid Provider Fraud Open Criminal Investigations Being Handled	135	137	145	152	170	180
Number of Case Files Handled (Civil Litigation)	1,966	1,956	1,900	2,506	2,300	2,300
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 23.0	\$ 25.6	\$ 27.5	\$ 27.1	\$ 26.7	\$ 26.2
FTE Positions	151.6	162.2	163.6	173.1	173.3	173.3

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 5,195,188	221.8 %	\$ 21,462,873	(2.7)%	128.5
2014	5,953,398	14.6	21,453,777	(0.0)	133.0
2015	6,053,857	1.7	20,764,980	(3.2)	135.0
2016	5,660,352	(6.5)	22,707,377	9.4	127.6
2017	5,758,048	1.7	20,912,306	(7.9)	117.1
2018	5,670,014	(1.5)	23,047,378	10.2	151.6
2019	6,738,911	18.9	25,552,843	10.9	162.2
2020	6,274,415	(6.9)	27,117,171	6.1	173.1
2021 Gov. Rec.	6,849,316	9.2	26,704,359	(1.5)	173.3
2022 Gov. Rec.	5,852,665	(14.6)	26,223,155	(1.8)	173.3
Ten-Year Change Dollars/Percent	\$ 657,477	12.7 %	\$ 4,760,282	22.2 %	44.8

Summary of Operating Budget FY 2020 - FY 2022

Attorney General

		Agency Estimate					Governor's Recommendation			
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21		Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Administration	\$ 1,578,613	\$ 1,713,741	\$ 1,730,931	\$ 17,190	1.0 %	\$	1,798,593	\$ 1,730,931	\$ (67,662)	(3.8)%
Solicitor Division	1,248,669	1,576,445	1,587,457	11,012	0.7		1,576,445	1,587,457	11,012	0.7
Fraud and Abuse Litigation Division	1,170,986	1,222,471	1,231,990	9,519	0.8		1,222,471	1,231,990	9,519	0.8
Criminal Litigation	3,351,490	3,320,073	3,258,306	(61,767)	(1.9)		3,320,073	3,258,306	(61,767)	(1.9)
Legal Opinions and Government Counsel	1,089,842	676,340	682,956	6,616	1.0		676,340	682,956	0	0.0
Consumer Protection	2,784,817	2,724,210	2,729,489	5,279	0.2		2,724,210	2,729,489	0	0.0
Civil Litigation	7,139,202	5,081,422	5,121,642	40,220	0.8		5,081,422	5,121,642	0	0.0
Crime Victims Compensation	2,975,460	3,551,181	3,555,450	4,269	0.1		3,551,181	3,555,450	4,269	0.1
Victim Services, Grants	3,664,055	3,901,059	3,709,352	(191,707)	(4.9)		3,651,059	3,587,152	(63,907)	(1.8)
Medicaid Fraud and Abuse Unit	1,808,991	2,343,032	2,273,500	(69,532)	(3.0)		2,343,032	2,273,500	0	0.0
Office of the Medicaid Inspector General	305,046	759,533	464,282	(295,251)	(38.9)		759,533	464,282	(295,251)	(38.9)
TOTAL	\$ 27,117,171	\$ 26,869,507	\$ 26,345,355	\$ (524,152)	(2.0) %	\$	26,704,359	\$ 26,223,155	\$ (481,204)	(1.8)%
By Major Object of Expenditure:										
Salaries and Wages	\$ 13,740,117	\$ 14,123,005	\$ 14,697,304	\$ 574,299	4.1 %	\$	14,123,005	\$ 14,697,304	\$ 574,299	4.1 %
Contractual Services	5,088,773	5,273,220	4,694,213	(579,007)	(11.0)		5,295,026	4,644,213	(650,813)	(12.3)
Commodities	97,499	121,874	127,574	5,700	4.7		122,774	127,574	4,800	3.9
Capital Outlay	560,594	862,183	337,039	(525,144)	(60.9)		674,329	337,039	(337,290)	(50.0)
Debt Service	0	0	0	0	--		0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 19,486,983</i>	<i>\$ 20,380,282</i>	<i>\$ 19,856,130</i>	<i>\$ (524,152)</i>	<i>(2.6) %</i>	<i>\$</i>	<i>20,215,134</i>	<i>\$ 19,806,130</i>	<i>\$ (409,004)</i>	<i>(2.0)%</i>
Aid to Local Units	95,918	75,000	75,000	0	0.0		75,000	75,000	0	0.0
Other Assistance	7,534,270	6,414,225	6,414,225	0	0.0		6,414,225	6,342,025	(72,200)	(1.1)
TOTAL	\$ 27,117,171	\$ 26,869,507	\$ 26,345,355	\$ (524,152)	(2.0) %	\$	26,704,359	\$ 26,223,155	\$ (481,204)	(1.8)%
Financing:										
State General Fund	\$ 6,274,415	\$ 7,149,316	\$ 6,552,961	\$ (596,355)	(8.3) %	\$	6,849,316	\$ 5,852,665	\$ (996,651)	(14.6)%
All Other Funds	20,842,756	19,720,191	19,792,394	72,203	0.4		19,855,043	20,370,490	515,447	2.6
TOTAL	\$ 27,117,171	\$ 26,869,507	\$ 26,345,355	\$ (524,152)	(2.0) %	\$	26,704,359	\$ 26,223,155	\$ (481,204)	(1.8)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved an SGF budget of \$6,494,583 for the Office of the Attorney General in FY 2021. Three adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$444,097, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- A decrease of \$39,364 as the result of the Governor's July 2020 SGF allotment; and
- An increase of \$182, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19 related expenditures and reimbursements from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted into FY 2021.

These adjustments change the FY 2021 approved SGF amount to \$6,899,498. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 6,899,498	\$ 7,149,316	\$ 249,818	\$ 6,849,316	\$ (50,182)
All Other Funds	19,705,193	19,720,191	14,998	19,855,043	149,850
TOTAL	\$ 26,604,691	\$ 26,869,507	\$ 264,816	\$ 26,704,359	\$ 99,668
FTE Positions	173.1	173.3	0.2	173.3	0.2

The **agency** requests a revised estimate of \$26.9 million, including \$7.1 million SGF, in FY 2021. This is an all funds increase of \$264,816, or 1.0 percent, and an SGF increase of \$249,818, or 3.6 percent, above the FY 2021 approved amount. The SGF increase is attributable to the agency's supplemental request for the Victim Services Division to develop a mobile phone application to communicate with youth for the purpose of preventing youth suicide. **Absent the supplemental request**, the agency requests a revised estimate of \$26.6 million, including \$7.0 million SGF, in FY 2021. This is an all funds increase of \$14,998, or 0.1 percent, and an SGF decrease of \$182, or less than 0.1 percent, from the FY 2021 approved amount.

The revised estimate includes 173.3 FTE positions, which is a an increase of 0.2 FTE positions above the FY 2021 approved number. This increase is attributable to off-budget FTE positions for state agency representation in the Legal Opinions and Governmental Counsel division.

Changes to the approved budget are detailed below:

- **Salaries and Wages.** The agency requests \$14.1 million, including \$5.1 million SGF, for salaries and wages in FY 2021. This is an all funds decrease of \$339,067, or 2.3 percent, and an SGF decrease of \$512,701, or 9.2 percent, below the FY 2021 approved budget. The all funds decreases are primarily attributable to unfilled positions primarily within the civil and criminal litigation programs;
- **Contractual Services.** The agency requests \$5.3 million, including \$755,572 SGF, for contractual services in FY 2021. This is an all funds increase of \$729,902, or 16.1 percent, and an SGF increase of \$437,455, or 137.5 percent, above the FY 2021 approved budget. The SGF increase is primarily attributable to office improvement expenditures for the Office of the Medicaid Inspector General and Medicaid Fraud and Abuse Division. This increase is also attributable to increased litigation costs for the Medicaid Fraud and Abuse and Criminal Litigation Divisions;
- **Commodities.** The agency requests \$121,874, including \$46,419 SGF, for commodities in FY 2021. This is an all funds decrease of \$1,962, or 1.6 percent, and an SGF increase of \$22,914, or 97.5 percent, from the FY 2021 approved budget. The SGF increase is primarily for office supplies;
- **Capital Outlay.** The agency requests \$862,183, including \$385,950 SGF, for capital outlay in FY 2021. This is an all funds increase of \$525,943, or 156.4 percent, and an SGF increase of \$361,200, or 1,459.4 percent, above the FY 2021 approved amount. The all funds increase is primarily attributable to software and computer equipment purchases. The SGF increase is primarily attributable to the agency's supplemental request of \$250,000 for the Victim Services Division;
- **Aid to Local Units of Government.** The agency requests \$75,000, all from special revenue funds, for aid to local units of government in FY 2021. This is the same as the approved amount. The agency has budgeted \$50,000 from the Sexually Violent Predator Expense Fund to reimburse district and county attorneys for costs associated with efforts in prosecuting potentially sexually violent predators and \$25,000, all from the federal forfeiture fund, for D.A.R.E. trainer stipends required for certifying D.A.R.E. officers; and
- **Other Assistance.** The agency requests \$6.4 million, including \$899,150 SGF, for other assistance in FY 2021. This is an all funds decrease of \$650,000, or 9.2 percent, and an SGF decrease of \$59,050, or 6.2 percent, below the FY 2021 approved amount. The decrease is primarily attributable to expenditures from the Crime Victim Compensation Fund and Crime Victim Assistance Fund.

The **Governor** recommends expenditures of \$26.7 million, including \$6.8 million SGF, in FY 2021. This is an all funds decrease of \$165,148, or 0.6 percent, and an SGF decrease of \$300,000, or 4.2 percent, below the agency's revised estimate. The decrease is attributable to reducing the use of SGF moneys and increasing the use of agency fee funds. Additionally, the Governor does not recommend the agency's Victim Services supplemental request. This accounted for a total of \$250,000, all SGF. This request would have provided funding for the Victim Services Division to develop a mobile phone application to communicate with youth for the purpose of preventing youth suicide.

The Governor concurs with the agency's request for 173.3 FTE positions.

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Victim Services	\$ 250,000	\$ 250,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$250,000, all SGF, for FY 2021 supplemental requests. The agency request is for The Victim Services Division to create a mobile phone application to facilitate communication with youth for the purpose of preventing youth suicide and promoting youth safety and well-being.

The **Governor** does not recommend the agency's Victim Services supplemental request in FY 2021.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$39,364. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July 2020			
Operating Expenditures	\$ (34,109)	\$ (34,109)	0.0
Office of the Medicaid Inspector General	(2,939)	(2,939)	0.0
Abuse, Neglect, and Exploitation Unit	(2,316)	(2,316)	0.0
TOTAL	\$ (39,364)	\$ (39,364)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 26,345,355	\$ 26,223,155	\$ (122,200)
FTE Positions	173.3	173.3	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ (596,355)	\$ (996,651)	
All Other Funds	72,203	515,447	
TOTAL	\$ (524,152)	\$ (481,204)	
<i>Percent Change:</i>			
State General Fund	(8.3) %	(14.6) %	
All Other Funds	0.4	2.6	
TOTAL	(2.0) %	(1.8) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$26.3 million, including \$6.5 million SGF, for FY 2022. This is an all funds decrease of \$524,152, or 2.0 percent, and an SGF decrease of \$596,355, or 8.3 percent, below the FY 2021 revised estimate. The primary reason for the decrease is the reappropriation of funding from FY 2020 into FY 2021 that does not reoccur in FY 2022. The agency requests \$50,000 SGF for FY 2022 enhancement requests. The agency requests this enhancement for computer maintenance service costs related to the youth suicide prevention website and phone application within the Victim Services division. **Absent the enhancement request**, the agency requests a revised estimate of \$26.3 million, including \$6.5 million SGF. This is an all funds decrease of \$574,152, and an SGF decrease of \$646,355, below the FY 2021 revised estimate.

The request includes 173.3 FTE positions, which is unchanged from the FY 2021 revised estimate.

Major categories of expenditures of the FY 2022 request are detailed below:

- **Salaries and Wages.** The agency requests \$14.7 million, including \$5.1 million SGF, for salaries and wages for FY 2022. This is an all funds increase of \$574,299, or 4.1 percent, and an SGF increase of \$67,713, or 1.3 percent, above the FY 2021 revised estimate. The all funds increase is primarily for salaries and wages and increases in employer contributions to employee benefits;
- **Contractual Services.** The agency requests \$4.7 million, including \$447,501 SGF, for contractual services for FY 2022. This is an all funds decrease of \$579,007, or 11.0 percent, and an SGF decrease of \$308,071, or 40.8 percent, below the FY 2021 revised estimate. The all funds and SGF decreases are primarily attributable to office improvement expenditures for the Office of the Medicaid Inspector General and Medicaid Fraud and Abuse Division that occurred in FY 2021;
- **Commodities.** The agency requests \$127,574, including \$40,240 SGF, for commodities in FY 2022. This is an all funds increase of \$5,700, or 4.7 percent, and an SGF decrease of \$6,179, or 13.3 percent, from the FY 2021 revised estimate. The all funds increases are primarily due to professional and office supplies as well as gasoline purchases for vehicles;
- **Capital Outlay.** The agency requests \$337,039, including \$36,132 SGF, for capital outlay in FY 2022. This is an all funds decrease of \$525,144, or 60.9 percent, and an SGF decrease of \$349,818, or 90.6 percent, below the FY 2021 revised estimate. The all funds decrease is attributable to expenditures for office furniture and computer equipment in the Medicaid Fraud and Abuse Unit, and the SGF decrease is due to office equipment and furniture purchases for the Office of the Medicaid Inspector General that occurred in FY 2021;
- **Aid to Local Units of Government.** The agency requests \$75,000, all from special revenue funds, for aid to local units of government for FY 2022. This is the same amount as the FY 2021 revised estimate. The agency budgeted \$50,000 from the Sexually Violent Predator Expense Fund to reimburse district and county attorneys for costs associated with efforts in prosecuting potentially sexually violent predators and \$25,000, all from the federal forfeiture fund, for D.A.R.E. trainer stipends required for certifying D.A.R.E. officers; and
- **Other assistance.** The agency requests \$6.4 million, including \$899,150 SGF, for other assistance for FY 2022. This is the same amount as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$26.2 million, including \$5.9 million SGF, for FY 2022. This is an all funds decrease of \$122,200, or 0.5 percent, and an SGF decrease of \$700,296, or 10.7 percent, below the agency's request. This decrease is primarily attributable to the acceptance of the agency's reduced resources budget, which includes a decrease of \$650,296, all SGF with most of the reduction replaced with agency fee funds. Additionally, the Governor does not recommend the agency's Victim Services enhancement request. This accounts for \$50,000 SGF. This request would have provided funding for maintenance costs related to the youth suicide prevention website and phone application within the Victim Services Division.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Victim Services	\$ 50,000	\$ 50,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$50,000, all SGF, for computer software maintenance costs related to the youth suicide prevention website and phone application within the Victim Service Division for FY 2022.

The **Governor** does not recommend the agency's enhancement request for FY 2022.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the State General Fund.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Criminal Litigation Division	\$ (181,724)	\$ 0	0.0	\$ (181,724)	\$ 0	0.0
Consumer Protection Division	(148,285)	0	0.0	(148,285)	0	0.0
Civil Litigation Division	(53,345)	0	0.0	(53,345)	0	0.0
Victim Services	(266,942)	(72,200)	0.0	(266,942)	(72,200)	0.0
TOTAL	\$ (650,296)	\$ (72,200)	0.0	\$ (650,296)	\$ (72,200)	0.0

The **agency** submits four reduced resources totaling \$650,296 SGF to be partially replaced with \$578,096 from special revenue funds in FY 2022. Adopting the reductions would result in an all funds decrease of \$72,200 for FY 2022.

Criminal Litigation Division. The agency submits \$181,724 for reduction in the criminal litigation division. Reductions would be made by replacing SGF moneys with special revenue funds.

Consumer Protection. The agency submits \$148,285 for reduction in the consumer protection division. These reductions would be made by replacing SGF moneys with special revenue funds.

Civil Litigation Division. The agency submits \$53,345 for reduction in the civil litigation division. These reductions would be made by replacing SGF moneys with special revenue funds.

Victim Services Division. The agency submits \$266,942 for reduction in the victim services division, \$194,742 would be replaced with special revenue funds. The agency would make the remaining reduction of \$72,200 through reduced expenditures from the Victim Services Division.

The **Governor** concurs with the agency's reduced resources budget for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **No longevity bonus payments are currently included in this agency's budget.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Funds	24.4 %	21.9 %
All Other Funds	75.6	78.1
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Medicaid Fraud Prosecution Revolving Fund Analysis

The Medicaid Fraud Prosecution Revolving Fund collects awarded fees and prosecution expenses following successful prosecution in Medicaid fraud cases. Expenditures from this account are to meet the required 25.0 percent state match requirement for federal Medicaid Fraud program grants. In the past, the Medicaid Fraud Prosecution Revolving Fund met the 25.0 percent state match requirement through awards from consumer protection judgments regarding prescription drug labels. However, awards from such judgments have ceased, and the Office of the Attorney General requested and received a transfer of \$600,000 from the State General Fund to the Medicaid Fraud Prosecution Revolving Fund in FY 2019 and FY 2020. The agency did not ask for funds to be transferred in either FY 2021 or FY 2022 and anticipates the balance in the fund will support expenditures for both years.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 2,234,294	\$ 2,484,020	\$ 2,484,020	\$ 1,818,082	\$ 1,818,082
Revenue	177,195	190,000	190,000	190,000	190,000
Transfers in	600,000	0	0	0	0
Funds Available	\$ 3,011,489	\$ 2,674,020	\$ 2,674,020	\$ 2,008,082	\$ 2,008,082
Less:					
Expenditures	\$ 527,469	\$ 855,938	\$ 855,938	\$ 986,340	\$ 986,340
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 2,484,020	\$ 1,818,082	\$ 1,818,082	\$ 1,021,742	\$ 1,021,742
Ending Balance as Percent of Expenditures	470.9%	212.4%	212.4%	103.6%	103.6%
Month Highest Ending Balance	July \$ 2,790,343	July \$ 2,790,001	July \$ 2,790,001	July \$ 2,270,548	July \$ 2,270,548
Month Lowest Ending Balance	June \$ 2,490,094	June \$ 1,818,082	June \$ 1,818,082	June \$ 1,021,742	June \$ 1,021,742

Court Cost Fund Analysis

The Court Cost Fund recovers fees and expenses of investigators and attorneys in the Consumer Protection Division. The main source of revenue is from large, multi-state actions. As a smaller state, Kansas has little control over these cases and must generally depend on other

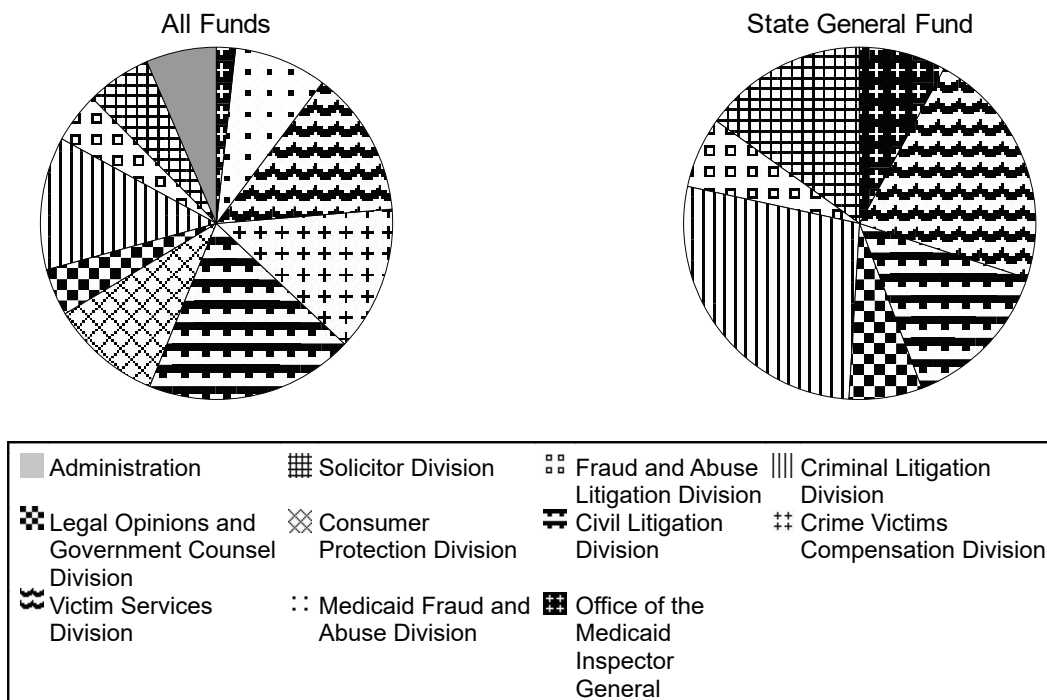
states to take the lead. The agency deposits these receipts consistent with the related court order for use in consumer protection matters. Receipts can vary widely from year to year. The agency uses this fund to support the Consumer Protection Division and for salaries and wages that had previously been paid through SGF moneys.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 9,910,163	\$ 8,729,097	\$ 8,729,097	\$ 5,075,069	\$ 5,045,069
Revenue	3,386,987	728,575	728,575	769,165	769,165
Transfers in	2,250,000	1,750,000	1,750,000	1,750,000	1,750,000
<i>Funds Available</i>	<u>\$ 15,547,150</u>	<u>\$ 11,207,672</u>	<u>\$ 11,207,672</u>	<u>\$ 7,594,234</u>	<u>\$ 7,564,234</u>
Less:					
Expenditures	\$ 4,568,053	\$ 4,382,603	\$ 4,412,603	\$ 4,464,318	\$ 4,847,672
Transfers Out	2,250,000	1,750,000	1,750,000	1,750,000	1,750,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 8,729,097</u>	<u>\$ 5,075,069</u>	<u>\$ 5,045,069</u>	<u>\$ 1,379,916</u>	<u>\$ 966,562</u>
Ending Balance as Percent of Expenditures	191.1%	115.8%	114.3%	30.9%	19.9%
Month Highest Ending Balance	November <u>\$ 11,086,117</u>	November <u>\$ 9,764,904</u>	November <u>\$ 9,764,904</u>	November <u>\$ 5,643,746</u>	November <u>\$ 5,643,746</u>
Month Lowest Ending Balance	June <u>\$ 8,729,097</u>	June <u>\$ 5,075,069</u>	June <u>\$ 5,045,069</u>	June <u>\$ 1,379,916</u>	June <u>\$ 966,562</u>

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 1,730,931	6.6 %	\$ 3,500	0.1 %
Solicitor Division	1,587,457	6.1	882,170	15.1
Fraud and Abuse Litigation Division	1,231,990	4.7	379,790	6.5
Criminal Litigation Division	3,258,306	12.4	1,604,735	27.4
Legal Opinions and Government Counsel Division	682,956	2.6	392,790	6.7
Consumer Protection Division	2,729,489	10.4	0	0.0
Civil Litigation Division	5,121,642	19.5	832,969	14.2
Crime Victims Compensation Division	3,555,450	13.6	0	0.0
Victim Services Division	3,587,152	13.7	1,292,720	22.1
Medicaid Fraud and Abuse Division	2,273,500	8.7	0	0.0
Office of the Medicaid Inspector General	464,282	1.8	464,282	7.9
TOTAL	\$ 26,223,155	100.0 %	\$ 5,852,956	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	12.7	15.2	15.2	15.2	15.2
Solicitor Division	10.8	12.8	12.8	12.8	12.8
Fraud and Abuse Litigation Division	12.0	12.0	12.0	12.0	12.0
Criminal Litigation	29.7	30.1	30.1	30.1	30.1
Legal Opinions and Gov. Counsel Division	8.7	4.5	4.5	4.5	4.5
Consumer Protection Division	27.7	27.6	27.6	27.4	27.4
Civil Litigation Division	25.1	22.7	22.7	22.9	22.9
Crime Victims Compensation	5.9	6.0	6.0	6.0	6.0
Victim Services Division	12.0	9.6	9.6	9.6	9.6
Medicaid Fraud and Abuse Division	24.0	24.0	24.0	24.0	24.0
Office of the Medicaid Inspector General	4.0	4.0	4.0	4.0	4.0
Off Budget	0.5	4.8	4.8	4.8	4.8
TOTAL	173.1	173.3	173.3	173.3	173.3

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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 Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Formal Releases of Opinions, News, Information, and the AG's Consumer Protection Advice*	313	290	300	298	300	300
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.3	\$ 1.1	\$ 1.6	\$ 1.6	\$ 1.8	\$ 1.7
FTE Positions	8.1	10.3	12.7	12.7	15.2	15.2

*The Governor's Office does not utilize this measure for evaluation purposes.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,010,136	\$ 1,291,890	\$ 1,291,890	\$ 1,303,352	\$ 1,303,352
Contractual Services	421,086	369,251	391,057	374,979	374,979
Commodities	19,969	11,600	12,500	11,600	11,600
Capital Outlay	102,422	41,000	103,146	41,000	41,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,553,613</i>	<i>\$ 1,713,741</i>	<i>\$ 1,798,593</i>	<i>\$ 1,730,931</i>	<i>\$ 1,730,931</i>
Aid to Local Units	0	0	0		0
Other Assistance	25,000	0	0		0
TOTAL	\$ 1,578,613	\$ 1,713,741	\$ 1,798,593	\$ 1,730,931	\$ 1,730,931
Financing:					
State General Fund	\$ (2,894)	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
All Other Funds	1,581,507	1,710,241	1,795,093	1,727,431	1,727,431
TOTAL	\$ 1,578,613	\$ 1,713,741	\$ 1,798,593	\$ 1,730,931	\$ 1,730,931
FTE Positions	12.7	15.2	15.2	15.2	15.2

The **agency** requests \$1.7 million, including \$3,500 SGF, for the Administration Division for FY 2022. This is an increase of \$17,190, or 1.0 percent, above the FY 2021 revised estimate. The increase is due to expected increases in the state buildings capital charge and employer contributions to group health insurance. This amount includes \$57,215 in unallowable grant expenses including the State Buildings Capital Charge and communications expenditures that cannot be funded with federal moneys.

The agency requests 15.2 FTE positions for the Administration Division, which is unchanged from the agency's FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

B. Solicitor Division

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

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

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

Contracted County Criminal Appeals. The Contracted County Criminal Appeals program represents the State of Kansas in criminal direct appeals and collateral appeals before

state and federal appellate courts by contracting with county and district attorneys throughout the state.

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Civil Amicus Briefs Reviewed and Acted on by the Agency*	125	113	100	120	120	120
Number of New Appellate Cases Filed*	34	21	30	21	30	30
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.0	\$ 1.0	\$ 1.3	\$ 1.2	\$ 1.6	\$ 1.6
FTE Positions	6.4	7.8	10.8	10.8	12.8	12.8
*The Governor's Office does not utilize this measure for evaluation purposes.						

SOLICITOR DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 846,796	\$ 1,251,162	\$ 1,251,162	\$ 1,261,524	\$ 1,261,524
Contractual Services	357,598	300,608	300,608	301,258	301,258
Commodities	3,206	3,975	3,975	3,975	3,975
Capital Outlay	41,069	20,700	20,700	20,700	20,700
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,248,669	\$ 1,576,445	\$ 1,576,445	\$ 1,587,457	\$ 1,587,457
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,248,669	\$ 1,576,445	\$ 1,576,445	\$ 1,587,457	\$ 1,587,457
Financing:					
State General Fund	\$ 721,893	\$ 849,973	\$ 849,973	\$ 882,170	\$ 882,170
All Other Funds	526,776	726,472	726,472	705,287	705,287
TOTAL	\$ 1,248,669	\$ 1,576,445	\$ 1,576,445	\$ 1,587,457	\$ 1,587,457
FTE Positions	10.8	12.8	12.8	12.8	12.8

The **agency** requests \$1.6 million, including \$882,170 SGF, for the Solicitor Division for FY 2022. This is an all funds increase of \$11,012, or 0.7 percent, and an SGF increase of \$32,197, or 3.8 percent, above the FY 2021 revised estimate. This increase is primarily attributable to expected increases in employer contributions to employee fringe benefits.

The agency requests 12.8 FTE positions for the Solicitor Division, which is unchanged from the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. Fraud and Abuse Litigation Division

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

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of General White-Collar Cases Being Criminally Litigated*	7	4	6	7	6	6
Number of Cases Being Criminally Litigated*	12	15	14	19	14	14
Number of Cases being Criminally Investigated*	61	36	30	40	30	30
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.7	\$ 1.1	\$ 1.1	\$ 1.2	\$ 1.2	\$ 1.2
FTE Positions	10.0	11.0	12.0	12.0	12.0	12.0

*The Governor's Office does not utilize this measure for evaluation purposes.

FRAUD AND ABUSE LITIGATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 971,194	\$ 1,004,396	\$ 1,004,396	\$ 1,013,862	\$ 1,013,862
Contractual Services	138,686	151,596	151,596	151,649	151,649
Commodities	5,591	14,279	14,279	14,279	14,279
Capital Outlay	42,415	27,200	27,200	27,200	27,200
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,157,886	\$ 1,197,471	\$ 1,197,471	\$ 1,206,990	\$ 1,206,990
Aid to Local Units	13,100	25,000	25,000	25,000	25,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,170,986	\$ 1,222,471	\$ 1,222,471	\$ 1,231,990	\$ 1,231,990
Financing:					
State General Fund	\$ 330,775	\$ 442,299	\$ 422,299	\$ 379,499	\$ 379,499
All Other Funds	840,211	780,172	800,172	852,491	852,491
TOTAL	\$ 1,170,986	\$ 1,222,471	\$ 1,222,471	\$ 1,231,990	\$ 1,231,990
FTE Positions	12.0	12.0	12.0	12.0	12.0

The **agency** requests \$1.2 million, including \$379,499 SGF, for FY 2022. This is an all funds increase of \$9,519, or 0.8 percent, and an SGF decrease of \$62,800, or 14.2 percent, below the agency's FY 2021 revised estimate. The SGF decrease is primarily within contractual services, however those decreases were partially offset by increases in special revenue funds primarily through the Fraud and Abuse Criminal Prosecution Fund.

The agency requests 12.0 FTE positions for the Fraud and Abuse Litigation Division, which is unchanged from the agency's FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

D. Criminal Litigation Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Criminal Cases Accepted from County and District Attorney Offices	36	44	35	22	30	30
Number of Requests to Assist Other Agencies Supported*	55	29	30	27	25	25
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.9	\$ 3.3	\$ 3.2	\$ 3.4	\$ 3.3	\$ 3.3
FTE Positions	31.2	35.3	29.8	29.7	30.1	30.1
*The Governor's Office does not utilize this measure for evaluation purposes.						

CRIMINAL LITIGATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,569,480	\$ 2,548,832	\$ 2,548,832	\$ 2,514,870	\$ 2,514,870
Contractual Services	639,869	633,140	633,140	636,561	636,561
Commodities	23,732	30,650	30,650	36,350	36,350
Capital Outlay	118,409	107,451	107,451	70,525	70,525
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,351,490</i>	<i>\$ 3,320,073</i>	<i>\$ 3,320,073</i>	<i>\$ 3,258,306</i>	<i>\$ 3,258,306</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,351,490</u>	<u>\$ 3,320,073</u>	<u>\$ 3,320,073</u>	<u>\$ 3,258,306</u>	<u>\$ 3,258,306</u>
Financing:					
State General Fund	\$ 1,568,638	\$ 1,932,897	\$ 1,902,897	\$ 1,786,459	\$ 1,604,735
All Other Funds	1,782,852	1,387,176	1,417,176	1,471,847	1,653,571
TOTAL	<u>\$ 3,351,490</u>	<u>\$ 3,320,073</u>	<u>\$ 3,320,073</u>	<u>\$ 3,258,306</u>	<u>\$ 3,258,306</u>
FTE Positions	29.7	30.1	30.1	30.1	30.1

The **agency** requests \$3.3 million, including \$1.8 million SGF, for the Criminal Litigation Division for FY 2022. The request is an all funds decrease of \$61,767, or 1.9 percent, and an SGF decrease of \$146,438, or 7.6 percent, below the agency's FY 2021 revised estimate. The agency decreased SGF expenditures primarily within contractual services for costs related to litigation, including witness fees, certified court reporter services, and other expert services. However, those decreases are partially offset by increases in special revenue funds primarily through the Court Cost Fund.

The agency requests 30.1 FTE positions for the Criminal Litigation Division for FY 2022, which is unchanged from the agency's FY 2021 revised estimate.

The **Governor** recommends expenditures of \$3.3 million, including \$1.6 million SGF, for FY 2022. This is an SGF decrease of \$181,724, or 10.2 percent, below the agency's FY 2022 request. The Governor recommends decreasing the use of SGF moneys and increasing the use of special revenue funds in the same amount.

E. Legal Opinions and Government Counsel Division

The Legal Opinions and Government Counsel Division is responsible for researching and issuing written legal opinions requested by legislators, public agencies, and other officials; reviewing new and amended proposed agency rules and regulations; and reviewing bond issue and temporary note transcripts and easements, special assessments, deeds, and leases on state property. This division also serves as general counsel to 30 state agencies, boards, and commissions that have no in-house counsel. This division is also responsible for providing public education and training on the Kansas Open Meetings Act and the Kansas Open Records Act. In addition, this division is responsible for investigating potential violations of the Kansas Architectural Accessibility Act. This division recently assumed responsibility for the Racial or Other Bias-Based Policing duties of the Attorney General.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of written legal opinions issued*	20	16	20	12	20	20
Number of regulations reviewed*	646	626	825	632	800	800
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.8	\$ 0.9	\$ 0.9	\$ 1.1	\$ 0.7	\$ 0.7
FTE Positions	8.0	8.5	8.8	9.3	9.3	9.3
*The Governor's Office does not utilize this measure for evaluation purposes.						

LEGAL OPINIONS AND GOVERNMENT COUNSEL DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 842,602	\$ 483,542	\$ 483,542	\$ 487,663	\$ 487,663
Contractual Services	205,465	177,548	177,548	178,043	178,043
Commodities	2,178	2,000	2,000	2,000	2,000
Capital Outlay	39,597	13,250	13,250	15,250	15,250
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,089,842	\$ 676,340	\$ 676,340	\$ 682,956	\$ 682,956
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,089,842	\$ 676,340	\$ 676,340	\$ 682,956	\$ 682,956
Financing:					
State General Fund	\$ 455,394	\$ 405,652	\$ 405,652	\$ 392,790	\$ 392,790
All Other Funds	634,448	270,688	270,688	290,166	290,166
TOTAL	\$ 1,089,842	\$ 676,340	\$ 676,340	\$ 682,956	\$ 682,956
FTE Positions	9.3	9.3	9.3	9.3	9.3

The **agency** requests \$682,956, including \$392,790 SGF, for the Legal Opinions and Government Counsel Division for FY 2022. This is an all funds increase of \$6,616, or 1.0 percent, an an SGF decrease of \$12,862, or 3.2 percent, from the FY 2021 revised estimate. This all funds increase is primarily attributable to expected increases in employer contributions for employee benefits. The SGF decrease is attributable to a decrease in contractual services.

The agency requests 9.3 FTE positions for the Legal Opinions and Government Counsel Division for FY 2022, which is unchanged from the FY 2021 revised estimate. This includes 4.8 off-budget FTE positions.

The **Governor** concurs with the agency's request for FY 2022.

F. Consumer Protection Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Complaints Files Opened*	2,636	2,399	2,500	2,817	2,500	2,500
Number of Complaints Resolved or Closed*	2,575	2,459	2,500	2,626	2,500	2,500
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.4	\$ 2.6	\$ 2.5	\$ 2.8	\$ 2.7	\$ 2.7
FTE Positions	25.6	28.0	27.8	27.7	27.6	27.4

*The Governor's Office does not utilize this measure for evaluation purposes.

CONSUMER PROTECTION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,141,982	\$ 2,216,185	\$ 2,216,185	\$ 2,218,276	\$ 2,218,276
Contractual Services	524,236	444,423	444,423	447,611	447,611
Commodities	12,035	12,420	12,420	12,420	12,420
Capital Outlay	58,671	51,182	51,182	51,182	51,182
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,736,924	\$ 2,724,210	\$ 2,724,210	\$ 2,729,489	\$ 2,729,489
Aid to Local Units	0	0	0	0	0
Other Assistance	47,893	0	0	0	0
TOTAL	\$ 2,784,817	\$ 2,724,210	\$ 2,724,210	\$ 2,729,489	\$ 2,729,489
Financing:					
State General Fund	\$ 135,437	\$ 66,814	\$ 66,814	\$ 148,285	\$ 0
All Other Funds	2,649,380	2,657,396	2,657,396	2,581,204	2,729,489
TOTAL	\$ 2,784,817	\$ 2,724,210	\$ 2,724,210	\$ 2,729,489	\$ 2,729,489
FTE Positions	27.7	27.6	27.6	27.4	27.4

The **agency** requests \$2.7 million, including \$148,285 SGF, for the Consumer Protection Division for FY 2022. This is an all funds increase of \$5,279, or 0.2 percent, and an SGF increase of \$81,471, or 121.9 percent, above the FY 2021 revised estimate. The all funds increase is primarily attributable to increases in operating expenditures within the Court Cost Fund, and the SGF increase is primarily attributable to expected increases in fringe benefits.

The agency requests 27.4 FTE positions for FY 2022, which is a 0.2 position decrease from the FY 2021 revised estimate.

The **Governor** recommends \$2.7 million, all from special revenue funds, for FY 2022. This is an SGF decrease of \$148,285 below the agency's request. The Governor recommends decreasing the use of SGF moneys and increasing the use of special revenue funds in the same amount. The Governor concurs with the agency's request for 27.4 FTE positions.

G. Civil Litigation Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Case Files Handled (Processed)	1,966	1,956	1,900	2,506	2,300	2,300
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.2	\$ 6.3	\$ 6.8	\$ 7.1	\$ 5.1	\$ 5.1
FTE Positions	24.3	25.2	25.1	25.1	22.7	22.9

CIVIL LITIGATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,334,972	\$ 2,266,856	\$ 2,266,856	\$ 2,303,972	\$ 2,303,972
Contractual Services	2,271,548	1,964,066	1,964,066	1,967,170	1,967,170
Commodities	7,735	7,500	7,500	7,500	7,500
Capital Outlay	85,305	43,000	43,000	43,000	43,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,699,560</i>	<i>\$ 4,281,422</i>	<i>\$ 4,281,422</i>	<i>\$ 4,321,642</i>	<i>\$ 4,321,642</i>
Aid to Local Units	82,818	50,000	50,000	50,000	50,000
Other Assistance	2,356,824	750,000	750,000	750,000	750,000
TOTAL	\$ 7,139,202	\$ 5,081,422	\$ 5,081,422	\$ 5,121,642	\$ 5,121,642
Financing:					
State General Fund	\$ 1,448,115	\$ 884,197	\$ 884,197	\$ 886,314	\$ 832,969
All Other Funds	5,691,087	4,197,225	4,197,225	4,235,328	4,288,673
TOTAL	\$ 7,139,202	\$ 5,081,422	\$ 5,081,422	\$ 5,121,642	\$ 5,121,642
FTE Positions	25.1	22.7	22.7	22.9	22.9

The **agency** requests \$5.1 million, including \$886,314 SGF, for the Civil Litigation Division for FY 2022. This is an all funds increase of \$40,220, or 0.8 percent, and an SGF increase of \$2,117, or 0.2 percent, above the FY 2021 revised estimate. The all funds increase is primarily attributable to increases in salaries and wages including employer contributions to employee fringe benefits.

The agency requests 22.9 FTE positions for the Civil Litigation Division, which is an increase of 0.2 FTE above the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$5.1 million, including \$832,969 SGF, for FY 2022. This is an SGF decrease of \$53,345 below the agency's request. The Governor recommends decreasing the use of SGF moneys and increasing the use of special revenue funds in the same amount. The Governor concurs with the agency's request for 22.9 FTE positions.

H. Crime Victims Compensation Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Amount Collected from Inmates, Probationers, and Parolees for Restitution and from Subrogation Claims (Dollars in Millions)*	\$ 1.8	1.0	1.0	1.2	1.0	1.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.9	\$ 3.7	\$ 4.2	\$ 3.0	\$ 3.5	\$ 3.5
FTE Positions	5.9	5.9	5.9	5.9	6.0	6.0
*The Governor's Office does not utilize this measure for evaluation purposes.						

CRIME VICTIMS COMPENSATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 374,324	\$ 405,436	\$ 405,436	\$ 409,446	\$ 409,446
Contractual Services	131,560	131,895	131,895	132,154	132,154
Commodities	4,174	4,300	4,300	4,300	4,300
Capital Outlay	11,949	9,550	9,550	9,550	9,550
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 522,007	\$ 551,181	\$ 551,181	\$ 555,450	\$ 555,450
Aid to Local Units	0	0	0	0	0
Other Assistance	2,453,453	3,000,000	3,000,000	3,000,000	3,000,000
TOTAL	\$ 2,975,460	\$ 3,551,181	\$ 3,551,181	\$ 3,555,450	\$ 3,555,450
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,975,460	3,551,181	3,551,181	3,555,450	3,555,450
TOTAL	\$ 2,975,460	\$ 3,551,181	\$ 3,551,181	\$ 3,555,450	\$ 3,555,450
FTE Positions	5.9	6.0	6.0	6.0	6.0

The **agency** requests \$3.6 million, all from special revenue funds, for the Crime Victims Compensation Division, for FY 2022. This is an all funds increase of \$4,269, or 0.1 percent, above the FY 2021 revised estimate. The all funds increase is attributable to increases in employer contributions to group health insurance and KPERs and the state buildings capital charge.

The agency requests 6.0 FTE positions for the Crime Victims Compensation Division for FY 2022, which is unchanged from the agency's FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

I. Victim Services Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Directories, Brochures, and Other Printed Materials Disseminated*	62,002	78,476	60,000	56,483	30,000	30,000
Number of Searches for Offenders in Custody Conducted through the Kansas VINE Program*	278,416	451,086	450,000	293,974	290,000	290,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.2	\$ 3.6	\$ 3.6	\$ 3.7	\$ 3.7	\$ 3.6
FTE Positions	9.7	9.2	10.0	12.0	9.6	9.6

*The Governor's Office does not utilize this measure for evaluation purposes.

VICTIM SERVICES DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 812,231	\$ 811,538	\$ 811,538	\$ 818,839	\$ 818,839
Contractual Services	182,606	159,046	159,046	210,038	160,038
Commodities	7,009	7,250	7,250	7,250	7,250
Capital Outlay	11,109	259,000	9,000	9,000	9,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,012,955	\$ 1,236,834	\$ 986,834	\$ 1,045,127	\$ 995,127
Aid to Local Units	0	0	0	0	0
Other Assistance	2,651,100	2,664,225	2,664,225	2,664,225	2,592,025
TOTAL	\$ 3,664,055	\$ 3,901,059	\$ 3,651,059	\$ 3,709,352	\$ 3,587,152
Financing:					
State General Fund	\$ 1,314,287	\$ 1,804,451	\$ 1,554,451	\$ 1,609,662	\$ 1,292,720
All Other Funds	2,349,768	2,096,608	2,096,608	2,099,690	2,294,432
TOTAL	\$ 3,664,055	\$ 3,901,059	\$ 3,651,059	\$ 3,709,352	\$ 3,587,152
FTE Positions	12.0	9.6	9.6	9.6	9.6

The **agency** requests \$3.7 million, including \$1.6 million SGF, for the Victim Services Division for FY 2022. This is an all funds decrease of \$191,707, or 4.9 percent, and an SGF decrease of \$194,789, or 10.8 percent, below the agency's FY 2021 revised estimate. This decrease is primarily attributable to a decrease in capital outlay for computer software

purchases, which is partially offset by the agency's enhancement request for computer software maintenance costs (\$50,000).

The agency requests 9.6 FTE positions for the Victims Services Division for FY 2022, which is unchanged from the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$3.6 million, including \$1.3 million SGF, for FY 2022. This is an all funds decrease of \$122,200, or 3.3 percent, and an SGF decrease of \$316,942, or 19.7 percent, below the agency's request. This decrease is partially attributable to the Governor not recommending the agency's enhancement request (\$50,000). The decrease is also attributable to the Governor recommending the agency's reduced resources budget. The Governor concurs with the agency's request for 9.6 FTE positions.

J. Medicaid Fraud and Abuse Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Medicaid Open Investigations Being Handled*	219	251	275	293	325	350
Number of Medicaid Provider Fraud Open Criminal Investigations Being Handled	135	137	145	152	170	180
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.7	\$ 1.7	\$ 1.7	\$ 1.8	\$ 2.3	\$ 2.3
FTE Positions	18.5	17.0	17.0	24.0	24.0	24.0
*The Governor's Office does not utilize this measure for evaluation purposes.						

MEDICAID FRAUD AND ABUSE DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,564,604	\$ 1,469,519	\$ 1,469,519	\$ 1,988,935	\$ 1,988,935
Contractual Services	190,505	660,763	660,763	232,215	232,215
Commodities	11,484	22,850	22,850	22,850	22,850
Capital Outlay	42,398	189,900	189,900	29,500	29,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,808,991</i>	<i>\$ 2,343,032</i>	<i>\$ 2,343,032</i>	<i>\$ 2,273,500</i>	<i>\$ 2,273,500</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,808,991</u>	<u>\$ 2,343,032</u>	<u>\$ 2,343,032</u>	<u>\$ 2,273,500</u>	<u>\$ 2,273,500</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,808,991	2,343,032	2,343,032	2,273,500	2,273,500
TOTAL	<u>\$ 1,808,991</u>	<u>\$ 2,343,032</u>	<u>\$ 2,343,032</u>	<u>\$ 2,273,500</u>	<u>\$ 2,273,500</u>
FTE Positions	24.0	24.0	24.0	24.0	24.0

The **agency** requests \$2.3 million, all from special revenue funds, for the Medicaid Fraud and Abuse Division for FY 2022. This is an all funds decrease of \$69,532, or 3.0 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to expenditures related to office improvements during FY 2021 that do not reoccur in FY 2022.

The agency requests 24.0 FTE positions for the Medicaid Fraud and Abuse Division, which is unchanged from the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

K. Office of the Medicaid Inspector General

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

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Audits, Reviews, and Investigations Completed*	N/A	5	12	5	5	5
Agency Expenditures						
All Funds	\$ 450	\$ 129,382	\$ 600,960	\$ 305,046	\$ 759,533	\$ 464,282
FTE Positions	4.0	4.0	4.0	4.0	4.0	4.0
*The Governor's Office does not utilize this measure for evaluation purposes.						

OFFICE OF THE MEDICAID INSPECTOR GENERAL SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 271,796	\$ 373,649	\$ 373,649	\$ 376,565	\$ 376,565
Contractual Services	25,614	280,884	280,884	62,535	62,535
Commodities	386	5,050	5,050	5,050	5,050
Capital Outlay	7,250	99,950	99,950	20,132	20,132
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 305,046	\$ 759,533	\$ 759,533	\$ 464,282	\$ 464,282
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 305,046	\$ 759,533	\$ 759,533	\$ 464,282	\$ 464,282
Financing:					
State General Fund	\$ 302,770	\$ 759,533	\$ 759,533	\$ 464,282	\$ 464,282
All Other Funds	2,276	0	0	0	0
TOTAL	\$ 305,046	\$ 759,533	\$ 759,533	\$ 464,282	\$ 464,282
FTE Positions	4.0	4.0	4.0	4.0	4.0

The **agency** requests \$464,282, all SGF, for the Office of the Medicaid Inspector General for FY 2022. The request is an SGF decrease of \$295,251, or 38.9 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to expenditures related to office improvements during FY 2021 that do not reoccur in FY 2022.

The agency requests 4.0 FTE positions for the Office of the Medicaid Inspector General, which is unchanged from the agency's FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

KANSAS INSURANCE DEPARTMENT

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 976,666	\$ 0	\$ 0
Other Funds	32,585,681	34,694,968	34,694,968	34,777,574	34,777,574
<i>Subtotal</i>	<i>\$ 32,585,681</i>	<i>\$34,694,968</i>	<i>\$ 35,671,634</i>	<i>\$ 34,777,574</i>	<i>\$ 34,777,574</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>\$ 32,585,681</u>	<u>\$34,694,968</u>	<u>\$ 35,671,634</u>	<u>\$ 34,777,574</u>	<u>\$ 34,777,574</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	(100.0) %
All Funds	11.9	6.5	9.5	0.2	(2.5)
FTE Positions	135.6	136.0	136.0	136.0	136.0

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

AGENCY OVERVIEW

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

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

The Commissioner of Insurance is an elected official who supervises all transactions relating to insurance companies in the state. The Commissioner also oversees several programs related to insurance. The agency has five programs: Insurance Company Examination; Insurance Company Regulation; Firefighters Relief; Workers Compensation; and Office of the Securities Commissioner. From fiscal year (FY) 2013 to FY 2017 budget requests, the Insurance Department has had eight programs: General Administration; Financial Surveillance; Producers Division; Property and Casualty; Firefighters Relief; Workers Compensation; Accident and Health; and Life. Prior to the FY 2013 budget submission, the

agency was organized into six divisions: Firefighters Relief; Insurance Company Regulation; Insurance Company Examination; Workers Compensation; Group-Funded Workers Compensation; and Municipal Group-Funded Pools. Prior to FY 1993, the Insurance Department was partly funded by the State General Fund (SGF). The 1992 Legislature made the agency entirely fee-funded. Some fees that had been collected for credit to the SGF as well as additional assessments against insurers are now credited to the Insurance Department Service Regulation Fund.

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

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

The division provides three primary services:

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

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

MAJOR ISSUES FROM PRIOR YEARS

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

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

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

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

The **2018 Legislature** reduced the transfer from the Insurance Department Service Regulation Fund to the SGF by \$8.0 million for FY 2019; however, this was line-item vetoed by the Governor in House Sub. for SB 109. The agency filed suit to prevent the FY 2019 transfer from happening in full. Currently \$2.0 million is being transferred from the Fund each quarter. In Fall 2018, the agency proposed a settlement and the State filed for a 60-day continuance on the case.

The **2018 Legislature** added \$35,000, all from the Insurance Department Service Regulation Fund, for implementation of SB 410, which created the Captive Insurance Act under the Insurance Code by amending law and creating law related to captive insurance companies. The bill created two new captive insurance types, branch captive insurance company and special purpose captive, and specifies the regulatory structure for each.

The **2019 Legislature** added \$210,668, all from special revenue funds, for the 2.5 percent Legislative Pay Plan for FY 2020. Additionally, the Legislature approved transfers of \$5.4 million from the SGF to the Insurance Department Service Regulation Fund for FY 2019, FY 2020, and FY 2021 to settle a pending lawsuit over the \$16.1 million transferred from the Insurance Department Service Regulation Fund in FY 2017 and FY 2018.

The **2020 Legislature** added \$976,666 SGF for a refund of privilege fees to Amerigroup Kansas. This was a refund of privilege fees that Amerigroup Kansas paid to do business within the state prior to ceasing business in the state. The privilege fee would normally offset any fees for the next year, however since the company no longer does business in Kansas, a refund was approved.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised expenditures of \$34.7 million, all from special revenue funds, in FY 2021. This is an all funds increase of \$707,822, or 2.1 percent, above the FY 2021 approved amount. The increase is primarily attributable to increased expenditures for accounting services, litigation support services, and advertising the new anti-fraud and investor education campaign. The revised estimate includes 136.0 FTE positions, which is an increase of 0.4 FTE positions above the approved number.

The **Governor** recommends FY 2021 expenditures of \$35.7 million, including \$976,666 SGF. This is an increase of \$976,666, all SGF, or 2.8 percent, above the agency's FY 2021 revised estimate. The SGF increase is the same amount as the FY 2020 lapsed funds from the Privilege Fee account of the SGF. This refund for an overpayment of the privilege fee was authorized for a company that is no longer doing business in Kansas.

FY 2022 – Budget Year. The **agency** requests \$34.8 million, all from special revenue funds, for FY 2022. This is an all funds increase of \$82,606, or 0.2 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures for salaries and wages and fringe benefits. The agency's request includes 136.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

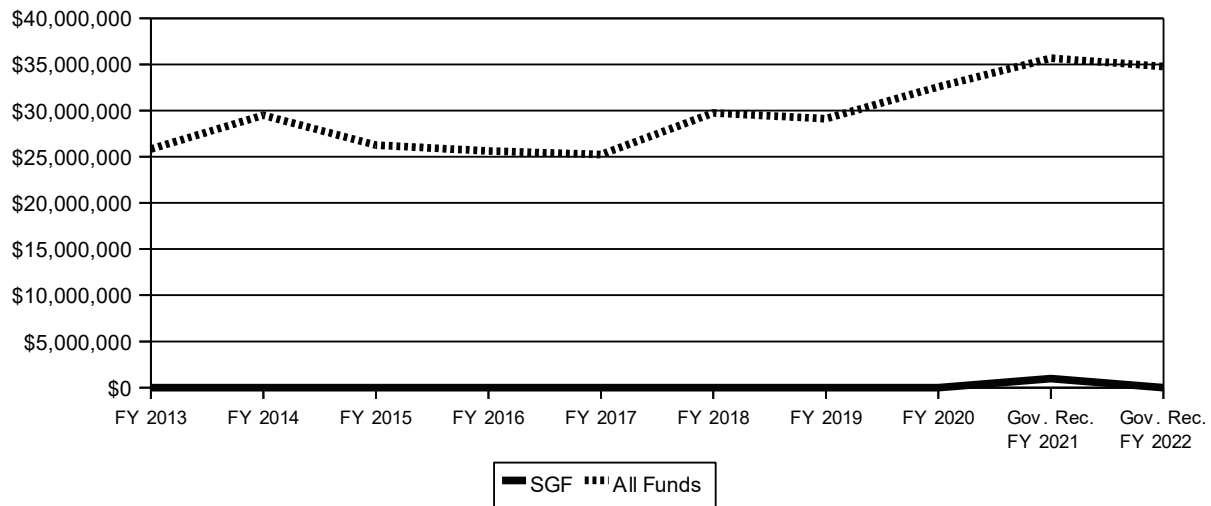
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Total Amount Recovered for Kansas Consumers from Consumer Complaints (Dollars in Millions)	4.3	\$ 4.3	\$ 3.0	\$ 1.8	\$ 2.0	\$ 2.0
Number of Insurance Financial Examinations Performed Per Year	6	13	10	8	12	11
Number of Open Workers Compensation Cases	1,920	1,948	1,970	1,837	1,750	1,650
Number of Securities Company License Applications Approved Per Year*	25	25	26	10	25	25
Number of Examinations of Broker-dealers and Investment Advisors*	29	19	30	57	59	59
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 30.0	\$ 29.1	\$ 36.0	\$ 32.6	\$ 35.7	\$ 34.8
FTE Positions	131.8	135.6	135.6	135.6	136.0	136.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 25,837,213	4.0 %	126.0
2014	0	--	29,498,735	14.2	126.0
2015	0	--	26,267,089	(11.0)	126.0
2016	0	--	25,627,280	(2.4)	109.0
2017	0	--	25,239,117	(1.5)	109.0
2018	0	--	29,744,735	17.9	131.8
2019	0	--	29,122,807	(2.1)	135.6
2020	0	--	32,585,681	11.9	135.6
2021 Gov. Rec.	976,666	100.0	35,671,634	9.5	136.0
2022 Gov. Rec.	0	(100.0)	34,777,574	(2.5)	136.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ 8,940,361	34.6 %	10.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Insurance Company Regulation	\$ 9,945,728	\$ 9,663,899	\$ 9,658,909	\$ (4,990)	(0.1) %	\$ 10,658,632	\$ 9,658,909	\$ (999,723)	(9.4)%
Insurance Company Examination	622,631	722,014	745,026	23,012	3.2	722,014	745,026	23,012	3.2
Firefighters Relief	14,747,525	14,573,769	14,576,092	2,323	0.0	14,573,769	14,576,092	2,323	0.0
Workers Compensation	3,968,649	6,223,859	6,231,680	7,821	0.1	6,223,859	6,231,680	7,821	0.1
Securities Regulation	3,301,148	3,511,427	3,565,867	54,440	1.6	3,493,360	3,565,867	72,507	2.1
TOTAL	\$ 32,585,681	\$ 34,694,968	\$ 34,777,574	\$ 82,606	0.2 %	\$ 35,671,634	\$ 34,777,574	\$ (894,060)	(2.5)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 10,010,832	\$ 10,924,693	\$ 11,275,499	\$ 350,806	3.2 %	\$ 10,924,693	\$ 11,275,499	\$ 350,806	3.2 %
Contractual Services	4,889,757	4,839,075	4,670,875	(168,200)	(3.5)	4,839,075	4,670,875	(168,200)	(3.5)
Commodities	219,415	200,100	195,100	(5,000)	(2.5)	200,100	195,100	(5,000)	(2.5)
Capital Outlay	794,666	169,100	74,100	(95,000)	(56.2)	169,100	74,100	(95,000)	(56.2)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 15,914,670	\$ 16,132,968	\$ 16,215,574	\$ 82,606	0.5 %	\$ 16,132,968	\$ 16,215,574	\$ 82,606	0.5 %
Aid to Local Units	14,674,593	14,500,000	14,500,000	0	0.0	14,500,000	14,500,000	0	0.0
Other Assistance	1,996,418	4,062,000	4,062,000	0	0.0	5,038,666	4,062,000	(976,666)	(19.4)
TOTAL	\$ 32,585,681	\$ 34,694,968	\$ 34,777,574	\$ 82,606	0.2 %	\$ 35,671,634	\$ 34,777,574	\$ (894,060)	(2.5)%
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 976,666	\$ 0	\$ (976,666)	(100.0)%
Insurance Company Examination Fund	420,252	718,014	741,026	23,012	3.2	718,014	741,026	23,012	3.2
Insurance Department Services Regulation Fund	10,076,718	9,644,173	9,638,634	(5,539)	(0.1)	9,584,740	9,641,134	56,394	0.6
Securities Act Fee Fund	3,256,034	3,359,852	3,414,292	54,440	1.6	3,343,785	3,416,292	72,507	2.2
All Other Funds	18,832,677	20,972,929	20,983,622	10,693	0.1	21,048,429	20,979,122	(69,307)	(0.3)
TOTAL	\$ 32,585,681	\$ 34,694,968	\$ 34,777,574	\$ 82,606	0.2 %	\$ 35,671,634	\$ 34,777,574	\$ (894,060)	(2.5)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 976,666	\$ 976,666
All Other Funds	33,987,146	34,694,968	707,822	34,694,968	707,822
TOTAL	\$ 33,987,146	\$ 34,694,968	\$ 707,822	\$ 35,671,634	\$ 1,684,488
FTE Positions	135.6	136.0	0.4	136.0	0.4

The **agency** estimates revised expenditures of \$34.7 million, all from special revenue funds, in FY 2021. This is an all funds increase of \$707,822, or 2.1 percent, above the FY 2021 approved amount. The increase is primarily attributable to increased expenditures for accounting services, litigation support services, and advertising the new anti-fraud and investor education campaign. The revised estimate includes 136.0 FTE positions, which is an increase of 0.4 FTE positions above the approved number. The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency estimates revised expenditures of \$10.9 million, all from special revenue funds, for salaries and wages. This is an all funds increase of \$30,672, or 0.3 percent, above the FY 2021 approved amount. This is attributable to the increased expenditures for group health insurance;
- **Contractual Services.** The agency estimates revised expenditures of \$4.8 million, all from special revenue funds, for contractual services. This is an all funds increase of \$808,500, or 20.1 percent, above the FY 2021 approved amount. This is primarily attributable to accounting services, litigation support services, and advertising the new anti-fraud and investor education campaign;
- **Commodities.** The agency estimates revised expenditures of \$200,100, all from special revenue funds, for commodities. This is an all funds increase of \$29,550, or 17.3 percent, above the FY 2021 approved amount. This is primarily attributable to increased expenditures to replace stationery and office supplies that include the agency's previous address and scientific supplies;
- **Capital Outlay.** The agency estimates revised expenditures of \$169,100, all from special revenue funds, for capital outlay. This is an all funds increase of \$34,600,

or 25.7 percent, above the FY 2021 approved amount. The increase is primarily attributable to the agency replacing computer equipment on a rolling 4 to 5 year period;

- **Aid to Local Units of Government.** The agency estimates revised expenditures of \$14.5 million, all from special revenue funds, for aid to local units of government. This is an all funds increase of \$500,000, or 3.6 percent, above the FY 2021 approved amount. The increase is attributable to the agency anticipating an increase in revenue from the Firefighters Relief Fund, which is then passed along to local units of government; and
- **Other Assistance.** The agency estimates revised expenditures of \$4.1 million, all from special revenue funds, for other assistance. This is an all funds decrease of \$695,500, or 14.6 percent, below the FY 2021 approved amount. The decrease is attributable to a reduction in grants given by the Securities Regulation Division for educational programs and director certifications.

The **Governor** recommends FY 2021 expenditures of \$35.7 million, including \$976,666 SGF. This is an increase of \$976,666, all SGF, or 2.8 percent, above the agency's FY 2021 revised estimate. The SGF increase is the same amount as the FY 2020 lapsed funds from the Privilege Fee account of the SGF. This refund for an overpayment of the privilege fee was authorized for a company that is no longer doing business in Kansas.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 34,777,574	\$ 34,777,574	\$	0
FTE Positions	136.0	136.0		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 0	\$ (976,666)		
All Other Funds	82,606	82,606		
TOTAL	\$ 82,606	\$ (894,060)		
<i>Percent Change:</i>				
State General Fund	0.0 %	(100.0) %		
All Other Funds	0.2	0.2		
TOTAL	0.2 %	(2.5) %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$34.8 million, all from special revenue funds, for FY 2022. This is an all funds increase of \$82,606, or 0.2 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures for salaries and wages and fringe

benefits. The agency's request includes 136.0 FTE positions, which is the same number as the FY 2021 revised estimate. The request is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests \$11.3 million, all from special revenue funds, for salaries and wages expenditures. This is an all funds increase of \$350,806, or 3.2 percent, above the FY 2021 revised estimate. The increase is primarily due to increased expenditures for fringe benefits;
- **Contractual Services.** The agency requests \$4.7 million, all from special revenue funds, for contractual services expenditures. This is an all funds decrease of \$168,200, or 3.5 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures for accountants, auditors, utilities, and computer repair and servicing;
- **Commodities.** The agency requests \$195,100, all from special revenue funds, for commodities expenditures. This is an all funds decrease of \$5,000, or 2.5 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to the purchase of wall signs, door plaques, and name plates made in FY 2021 that will not need to be made in FY 2022;
- **Capital Outlay.** The agency requests \$74,100, all from special revenue funds, for capital outlay expenditures. This is an all funds decrease of \$95,000, or 56.2 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on office and computer equipment;
- **Aid to Local Units of Government.** The agency requests \$14.5 million, all from special revenue funds, for aid to local units of government expenditures, which is the same as the FY 2021 revised estimate. These expenditures are attributable to the revenue from the Firefighters Relief Fund, which is then distributed to local governments; and
- **Other Assistance.** The agency requests \$4.1 million, all from special revenue funds for other assistance expenditures, which is the same as the FY 2021 revised estimate. The expenditures are attributable to educational grants in the Securities Regulation division and workers' compensation claims.

The **Governor** concurs with the agency's request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency does not have any longevity payments in FY 2021 and \$1,000, all from special revenue funds, for FY 2022.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Insurance Company Examination Fund	2.1	2.1
Insurance Department Service Regulation Fund	27.7	27.7
Securities Act Fee Fund	9.8	9.8
All Other Funds	60.3	60.3
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Insurance Company Examination Fund Analysis

The Insurance Company Examination Fund receives its revenue from collections generated during the course of audits and investigations of foreign (non-Kansas) and domestic insurance companies. The funds are used for expenses and salaries incurred for audits and examinations. In addition to the Insurance Company Examination Fund, there are several other funds utilized for the examination process, including the Insurance Company Annual Statement Examination Fund, Insurance Company Examiner Training Fund, Municipal Group-Funded Pools Fee Fund, and Group-Funded Workers' Compensation Pools Fee Fund.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 34,331	\$ 60,221	\$ 60,221	\$ 42,207	\$ 42,207
Revenue	446,142	700,000	700,000	735,000	735,000
Transfers in	0	0	0	0	0
Funds Available	\$ 480,473	\$ 760,221	\$ 760,221	\$ 777,207	\$ 777,207
Less:					
Expenditures	\$ 420,252	\$ 718,014	\$ 718,014	\$ 741,026	\$ 741,026
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 60,221	\$ 42,207	\$ 42,207	\$ 36,181	\$ 36,181
Ending Balance as Percent of Expenditures	14.3%	5.9%	5.9%	4.9%	4.9%
Month Highest Ending Balance	June \$ 95,662	June \$ 67,047	June \$ 67,047	June \$ 57,474	June \$ 57,474
Month Lowest Ending Balance	January \$ 31,019	January \$ 21,740	January \$ 21,740	January \$ 18,636	January \$ 18,636

Insurance Department Service Regulation Fund Analysis

KSA 40-112 established the Insurance Department Service Regulation Fund for the purpose of maintaining the operations of the agency. The Fund consists of fees collected by the

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

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 17,270,555	\$ 31,393,707	\$ 31,393,707	\$ 46,939,034	\$ 47,000,967
Revenue	19,156,237	20,017,000	20,017,000	20,392,000	20,392,000
Transfers in	5,375,000	5,375,000	5,375,000	0	0
Funds Available	\$ 41,801,792	\$ 56,785,707	\$ 56,785,707	\$ 67,331,034	\$ 67,392,967
Less:					
Expenditures	\$ 10,077,284	\$ 9,646,673	\$ 9,584,740	\$ 9,641,134	\$ 9,641,134
Transfers Out	330,801	200,000	200,000	200,000	200,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 31,393,707	\$ 46,939,034	\$ 47,000,967	\$ 57,489,900	\$ 57,551,833
Ending Balance as Percent of Expenditures	311.5%	486.6%	490.4%	596.3%	596.9%
Month Highest Ending Balance	April \$ 46,779,614	April \$ 69,943,633	April \$ 70,035,919	April \$ 85,665,428	April \$ 93,766,977
Month Lowest Ending Balance	December \$ 32,929,967	December \$ 53,721,529	December \$ 53,792,411	December \$ 65,796,951	December \$ 72,019,498

Securities Act Fee Fund Analysis

The Securities Act Fee Fund is financed by fees received from security agents, investor adviser representatives, broker-dealers, investment adviser firms, mutual fund portfolios, and investment trusts. The authority for the Commissioner of Insurance to set rates are specified in KSA §17-12a205, 17-12a302, 17-12a305, and 17-12a410. Most current rates specified in regulations are below the statutory maximum rates.

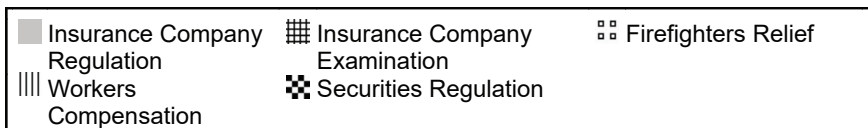
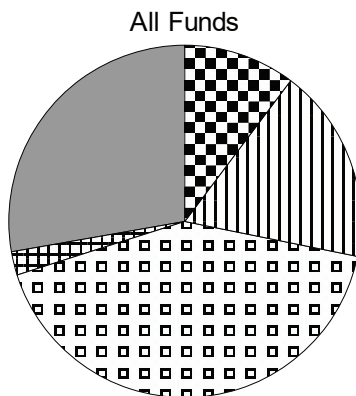
KSA §17-12a-601 provides that 90.0 percent of fees received by the Commissioner of Insurance are credited to the Securities Act Fee Fund, and 10.0 percent of receipts are credited to the SGF, up to a maximum of \$100,000. There is an annual transfer of \$200,000 to the Fraud and Abuse Criminal Prosecution Fund for services provided by the Kansas Office of the Attorney General. Furthermore, on the last day of the fiscal year, the Director of Accounts and Reports is required to transfer all unencumbered funds in excess of \$50,000 into the SGF for reimbursement for services provided to the agency by the Department of Administration.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 48,938	\$ 483,728	\$ 483,728	\$ 31,933	\$ 50,000
Revenue	16,225,768	16,401,700	16,401,700	16,401,700	16,401,700
Transfers in	0	0	0	0	0
<i>Funds Available</i>	<u>\$ 16,274,706</u>	<u>\$ 16,885,428</u>	<u>\$ 16,885,428</u>	<u>\$ 16,433,633</u>	<u>\$ 16,451,700</u>
Less:					
Expenditures	\$ 3,256,034	\$ 3,361,852	\$ 3,343,785	\$ 3,416,292	\$ 3,416,292
Transfers Out	12,534,944	13,491,643	13,491,643	12,985,408	12,985,408
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 483,728</u>	<u>\$ 31,933</u>	<u>\$ 50,000</u>	<u>\$ 31,933</u>	<u>\$ 50,000</u>
Ending Balance as Percent of Expenditures	14.9%	0.9%	1.5%	0.9%	1.5%
Month Highest Ending Balance	May <u>\$ 12,549,320</u>	May <u>\$ 828,435</u>	May <u>\$ 1,297,146</u>	May <u>\$ 828,435</u>	May <u>\$ 1,297,146</u>
Month Lowest Ending Balance	July \$ 693,374	July \$ 45,773	July \$ 71,670	July \$ 45,773	July \$ 71,670

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Insurance Company Regulation	\$ 9,658,909	27.8 %	\$ 0	-- %
Insurance Company Examination	745,026	2.1	0	--
Firefighters Relief	14,576,092	41.9	0	--
Workers Compensation	6,231,680	17.9	0	--
Securities Regulation	3,565,867	10.3	0	--
TOTAL	\$ 34,777,574	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Insurance Company Regulation	94.0	95.5	95.5	95.5	95.5
Insurance Company Examination	6.0	6.0	6.0	6.0	6.0
Firefighters Relief	2.0	2.0	2.0	2.0	2.0
Workers Compensation	2.7	2.7	2.7	2.7	2.7
Securities Regulation	30.9	29.8	29.8	29.8	29.8
TOTAL	135.6	136.0	136.0	136.0	136.0

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

A. Insurance Company Regulation

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

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Active Licensed Producers, Adjusters, and Agencies	150,925	158,948	166,000	168,294	176,000	183,000
Amount of Money Recovered from Consumer Complaints (Dollars in Millions)	\$ 4.5	\$ 1.9	\$ 3.0	\$ 1.8	\$ 2.0	\$ 2.0
Number of Fraud Investigations Submitted for Criminal Disposition	4	14	24	14	14	14
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.5	\$ 8.1	\$ 11.2	\$ 9.9	\$ 10.7	\$ 9.7
FTE Positions	92.9	94.0	94.0	94.0	95.5	95.5

**INSURANCE COMPANY REGULATION DIVISION
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 6,539,258	\$ 7,194,599	\$ 7,194,599	\$ 7,421,809	\$ 7,421,809
Contractual Services	2,743,721	2,292,200	2,294,200	2,139,000	2,139,000
Commodities	52,372	55,500	55,922	51,500	51,500
Capital Outlay	610,377	121,600	137,245	46,600	46,600
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 9,945,728</i>	<i>\$ 9,663,899</i>	<i>\$ 9,681,966</i>	<i>\$ 9,658,909</i>	<i>\$ 9,658,909</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	976,666	0	0
TOTAL	<u>\$ 9,945,728</u>	<u>\$ 9,663,899</u>	<u>\$ 10,658,632</u>	<u>\$ 9,658,909</u>	<u>\$ 9,658,909</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 976,666	\$ 0	\$ 0
All Other Funds	9,945,728	9,663,899	9,681,966	9,658,909	9,658,909
TOTAL	<u>\$ 9,945,728</u>	<u>\$ 9,663,899</u>	<u>\$ 10,658,632</u>	<u>\$ 9,658,909</u>	<u>\$ 9,658,909</u>
FTE Positions	94.0	95.5	95.5	95.5	95.5

The **agency** requests \$9.7 million, all from special revenue funds, for FY 2022 Insurance Company Regulation program expenditures. This is an all funds decrease of \$4,990, or 0.1 percent, below the FY 2021 revised estimate. The revised estimate includes 95.5 FTE positions, which is the same as the FY 2021 revised estimate. Major expenditure changes are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$7.4 million, all from special revenue funds, for FY 2022. The request is an all funds increase of \$227,210, or 3.2 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures on fringe benefits;
- **Contractual Services.** The agency requests expenditures of \$2.1 million, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$153,200, or 6.7 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on travel, OITS-provided services, and legal fees. This is partially offset by increased expenditures for accountants and auditors;
- **Commodities.** The agency requests expenditures of \$51,500, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$4,000, or 7.2 percent, below the FY 2021 revised estimate. The decrease is attributable to one time purchase of signage in FY 2021; and
- **Capital Outlay.** The agency requests expenditures of \$46,600, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$75,000, or 7.5 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures for computers and office equipment.

The **Governor** concurs with the agency's request for FY 2022 expenditures for the Insurance Company Regulation Division.

B. Insurance Company Examination

The Insurance Company Examination Division detects, through on-site financial examinations, those companies that are experiencing financial difficulty and those companies that are operating in violation of any Kansas insurance law or regulation. Also, this program performs in-house examinations of all insurance company annual financial statements and securities deposits held under the custody of the Insurance Department. Salaries and wages for examiners, as well as expenditures for travel and subsistence incurred while working on examination of a company, are billed to and reimbursed by that company. Prior to FY 2018, the title of this program was Financial Surveillance.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Financial Examinations Performed	6	13	10	8	12	11
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 832.8	\$ 729.0	\$ 729.0	\$ 622.6	\$ 722.0	\$ 745.0
FTE Positions	8.0	6.0	6.0	6.0	6.0	6.0

INSURANCE COMPANY EXAMINATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 613,895	\$ 713,814	\$ 713,814	\$ 736,826	\$ 736,826
Contractual Services	8,537	8,000	8,000	8,000	8,000
Commodities	199	200	200	200	200
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 622,631</i>	<i>\$ 722,014</i>	<i>\$ 722,014</i>	<i>\$ 745,026</i>	<i>\$ 745,026</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 622,631	\$ 722,014	\$ 722,014	\$ 745,026	\$ 745,026
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	622,631	722,014	722,014	745,026	745,026
TOTAL	\$ 622,631	\$ 722,014	\$ 722,014	\$ 745,026	\$ 745,026
FTE Positions	6.0	6.0	6.0	6.0	6.0

The **agency** requests FY 2022 expenditures of \$745,026, all from special revenue funds. The request is an all funds increase of \$23,012, or 3.2 percent, above the agency's FY 2021 revised estimate. The request includes 6.0 FTE positions, which is the same as the revised FY 2021 number. This increase is attributable to a salaries and wages expenditure

increase due to increased unclassified regular pay, employer contributions to KPERS, and group health insurance.

The **Governor** concurs with the agency's request for FY 2022 expenditures for the Insurance Company Examination Division.

C. Firefighters Relief Division

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Firefighter Relief Associations receiving a distribution each year*	-	563	-	561	561	561
Number of Firefighter Relief Associations requesting a redetermination hearing each year	-	18	-	9	10	10
Number of Firefighter Relief Association presentations given each year	-	7	-	3	7	7
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.6	\$ 14.0	\$ 14.1	\$ 14.7	\$ 14.6	\$ 14.6
FTE Positions	2.0	2.0	2.0	2.0	2.0	2.0

*In order for an FRA to receive their distribution each year they must, on or before April 1 each year, submit their financial statement showing receipts, disbursements and general condition of the FRA for the year ending the preceding December 31.

**FIREFIGHTERS RELIEF DIVISION
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 71,912	\$ 72,769	\$ 72,769	\$ 75,092	\$ 75,092
Contractual Services	879	700	700	700	700
Commodities	141	300	300	300	300
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 72,932</i>	<i>\$ 73,769</i>	<i>\$ 73,769</i>	<i>\$ 76,092</i>	<i>\$ 76,092</i>
Aid to Local Units	14,674,593	14,500,000	14,500,000	14,500,000	14,500,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 14,747,525	\$ 14,573,769	\$ 14,573,769	\$ 14,576,092	\$ 14,576,092
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	14,747,525	14,573,769	14,573,769	14,576,092	14,576,092
TOTAL	\$ 14,747,525	\$ 14,573,769	\$ 14,573,769	\$ 14,576,092	\$ 14,576,092
FTE Positions	2.0	2.0	2.0	2.0	2.0

The **agency** requests \$14.6 million, all from special revenue funds, for FY 2022 Firefighters Relief Division expenditures. This is an all funds increase of \$2,323, or less than 0.1 percent, above the FY 2021 revised estimate. The increase is entirely attributable to a salary increase for the Division's employees. The request also includes 2.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022 expenditures for the Firefighters Relief Division.

D. Workers Compensation

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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Total Number of Open Workers' Compensation Cases	1,431	1,948	1,970	1,837	1,750	1,650
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.3	\$ 3.7	\$ 6.2	\$ 4.0	\$ 6.2	\$ 6.2
FTE Positions	2.5	2.7	2.7	2.7	2.7	2.7

**WORKERS COMPENSATION DIVISION
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 219,503	\$ 244,159	\$ 244,159	\$ 251,980	\$ 251,980
Contractual Services	1,637,701	1,854,100	1,854,100	1,854,100	1,854,100
Commodities	154,027	125,100	125,100	125,100	125,100
Capital Outlay	0	500	500	500	500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,011,231</i>	<i>\$ 2,223,859</i>	<i>\$ 2,223,859</i>	<i>\$ 2,231,680</i>	<i>\$ 2,231,680</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	1,957,418	4,000,000	4,000,000	4,000,000	4,000,000
TOTAL	\$ 3,968,649	\$ 6,223,859	\$ 6,223,859	\$ 6,231,680	\$ 6,231,680
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,968,649	6,223,859	6,223,859	6,231,680	6,231,680
TOTAL	\$ 3,968,649	\$ 6,223,859	\$ 6,223,859	\$ 6,231,680	\$ 6,231,680
FTE Positions	2.7	2.7	2.7	2.7	2.7

The **agency** requests \$6.2 million, all from special revenue funds, for FY 2022 expenditures. This is an all funds increase of \$7,821, or 0.1 percent, above the FY 2021 revised estimate. The increase is attributable to a salary increase for the Division's employees. The request includes 2.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022 expenditures for the Workers Compensation Division

E. Securities Regulation

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

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

The Office of the Securities Commissioner is funded entirely by industry fees, which fund the Securities Act Fee Fund, and fines and settlements, which fund the Investor Education Fund. Prior to FY 2018, the Office of the Securities Commissioner was an independent agency.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Amount of money recovered each year	\$ -	\$ 20,900	\$ -	\$ 58,586	\$ 204,100	\$ 54,100
Number of broker-dealers registrations and renewal filings per year	-	1,474	-	1,463	1,450	1,465
Number of enforcement and compliance cases opened	80	31	55	16	20	20
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.5	\$ 2.6	\$ 3.8	\$ 3.3	\$ 3.5	\$ 3.6
FTE Positions	26.5	30.9	30.9	30.9	29.8	29.8

SECURITIES REGULATION DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Revised Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,566,264	\$ 2,699,352	\$ 2,699,352	\$ 2,789,792	\$ 2,789,792
Contractual Services	498,919	684,075	682,075	669,075	669,075
Commodities	12,676	19,000	18,578	18,000	18,000
Capital Outlay	184,289	47,000	31,355	27,000	27,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,262,148	\$ 3,449,427	\$ 3,431,360	\$ 3,503,867	\$ 3,503,867
Aid to Local Units	0	0	0	0	0
Other Assistance	39,000	62,000	62,000	62,000	62,000
TOTAL	\$ 3,301,148	\$ 3,511,427	\$ 3,493,360	\$ 3,565,867	\$ 3,565,867
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,301,148	3,511,427	3,493,360	3,565,867	3,565,867
TOTAL	\$ 3,301,148	\$ 3,511,427	\$ 3,493,360	\$ 3,565,867	\$ 3,565,867
FTE Positions	30.9	29.8	29.8	29.8	29.8

The **agency** requests \$3.6 million, all from special revenue funds, for FY 2022 expenditures. This is an all funds increase of \$54,440, or 1.6 percent, above the FY 2021 revised estimate. The request includes 29.8 FTE positions, which is the same as the FY 2021 revised estimate. Major expenditure changes are detailed below:

- **Salaries and Wages.** The agency requests expenditures of \$2.8 million, all from special revenue funds, for FY 2022. The request is an all funds increase of \$90,440, or 3.4 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures on fringe benefits;

- **Contractual Services.** The agency requests expenditures of \$669,075, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$15,000, or 2.2 percent, below the FY 2021 revised estimate. The decrease is attributable to decreased expenditures on computer programming fees;
- **Commodities.** The agency requests expenditures of \$18,000, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$1,000, or 5.3 percent, below the FY 2021 revised estimate. The decrease is attributable to decreased expenditures on office cleaning and maintenance supplies; and
- **Capital Outlay.** The agency requests expenditures of \$27,000, all from special revenue funds, for FY 2022. The request is an all funds decrease of \$20,000, or 42.6 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on office furniture and cars.

The **Governor** concurs with the agency's request for FY 2022 expenditures for the Securities Regulation Division.

OFFICE OF THE STATE TREASURER

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	24,060,389	27,970,571	27,970,571	82,035,405	28,035,405
Subtotal	\$ 24,060,389	\$ 27,970,571	\$ 27,970,571	\$ 82,035,405	\$ 28,035,405
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 24,060,389	\$ 27,970,571	\$ 27,970,571	\$ 82,035,405	\$ 28,035,405
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	-- %	-- %	-- %	-- %
All Funds	(21.2)	16.3	16.3	193.3	0.2
FTE Positions	39.0	39.0	39.0	39.0	39.0

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

AGENCY OVERVIEW

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

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

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed SB 382, which amended the Kansas Housing Loan Deposit Program requirements to expand the definition of "house" to include multi-family dwellings; to expand the definition of "eligible developer borrower" to include not only new

construction, but also rehabilitation of existing homes; to change the limit on the value of the eligible housing from a sale at or below 350.0 percent of the Kansas median household for the previous year to a sale or appraisal at or below the average purchase price safe harbor as established by the State Treasurer; to delete the limit of the one outstanding housing loan per borrower and instead specify that no more than \$2.0 million in total loans can be outstanding at any one time to a developer borrower; and to move the ending date for the loan requirement to designated cities forward from July 1, 2011, to December 31, 2010. Loans made under the program will be made available statewide starting January 1, 2011.

In addition, the **2010 Legislature** passed SB 415, which allowed taxing subdivisions that have the power to issue general obligation bonds to include pools of mortgage funds guaranteed by the Government National Mortgage Association, commonly referred to as Ginnie Maes. The bill also allowed municipalities that issue revenue bonds to extend the time limitation specified for the maximum stated rate of interest on fixed- or variable-rate bonds issued by a municipality or taxing subdivision from June 30, 2010, to June 30, 2012. Under current law, the specified maximum stated interest rate is to be determined on the day the bonds are sold and shall not exceed the daily yield for the ten-year treasury bonds published by *The Bond Buyer* in New York City, New York, plus a certain interest percentage. Specifically, the bill increased the interest percentages from 5.0 percent to 6.0 percent if the interest on the bonds is excluded from gross income for federal tax purposes or from 6.0 percent to 7.0 percent if interest is included.

The **2010 Legislature** also passed the following legislation:

- **SB 451.** This legislation allowed municipalities the option of accepting the good faith deposit for a municipal bond in the form of cash, including cash deposited *via* electronic fund transfer. Previously, the good faith deposit could be made only in the form of a certified or cashier's check or surety bond;
- **SB 463.** This legislation added Norton County to those counties authorized to have a bonded indebtedness limit of 30.0 percent of the assessed value of all tangible taxable property. Previous law limited all counties to a 3.0 percent bonded indebtedness level, except Franklin and Wyandotte counties, for which the limit was 30.0 percent; and
- **House Sub. for SB 312.** This legislation authorized counties paying large property tax refunds relative to a single property whose value exceeds 5.0 percent of the total countywide tax base to request a loan from the PMIB to assist in the payment of such refunds. The loans would bear interest, could not exceed an aggregate of \$50.0 million statewide, and must be repaid within four years. Participating counties were required to make equal annual tax levies sufficient to pay the loans within the four-year period. The bill also amended the statute providing a cap relative to the total amount of PMIB investments available for legislative mandate. The limitation was changed from the lesser of 10.0 percent or \$140.0 million of state moneys invested to the greater of 10.0 percent or \$140.0 million of state moneys invested.

The **2013 Legislature** reduced the estimated transfer by \$305,000 from the State General Fund to the Kansas Postsecondary Education Savings Trust Fund for fiscal year (FY) 2014 and FY 2015. The Legislature also reduced estimated payments from the Unclaimed Property Fund in FY 2013 and FY 2014 by \$780,000 and \$1.5 million, respectively.

The **2014 Legislature** added \$370,000 in expenditure authority for the Kansas Postsecondary Education Savings Trust Fund in FY 2015. The trust fund is funded by a demand transfer from the State General Fund.

The **2015 Legislature** created the Achieving a Better Life Experience (ABLE) savings program with HB 2215. This program is based on a federal statute that allows individuals with a disability, before the age of 26, to save in accounts they own with tax-deferred growth and tax-free withdrawal of earnings used for qualified expenses related to their disability. Accounts are limited to \$14,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian, or custodian. The Office of the State Treasurer estimates the eligible population for the program will be less than 100,000 individuals based on U.S. Census data for individuals with a disability and their age.

The **2016 Legislature** directed the agency to report the PMIB budget separately from the Office of the State Treasurer's budget.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$28.0 million, all from special revenue funds, in FY 2021. This is a decrease of \$3.0 million, or 9.7 percent, below the FY 2021 approved budget. The decrease is primarily attributable to a decrease in estimated payments for unclaimed property claims.

The revised estimate includes 39.0 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$82.0 million, all from special revenue funds, for FY 2022. This is an increase of \$54.1 million, or 193.3 percent, above the FY 2021 revised estimate. This increase is primarily attributable to \$54.0 million for expenditures from the Local *Ad Valorem* Tax Reduction Fund.

The request includes 39.0 FTE positions, which is unchanged from the number included in the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$28.0 million, all from special revenue funds, for FY 2022. This is a decrease of \$54.0 million, or 65.8 percent, below the agency's request. This decrease is due to the Governor not recommending the \$54.0 million transfer from the SGF to the Local *Ad Valorem* Tax Reduction Fund for FY 2022.

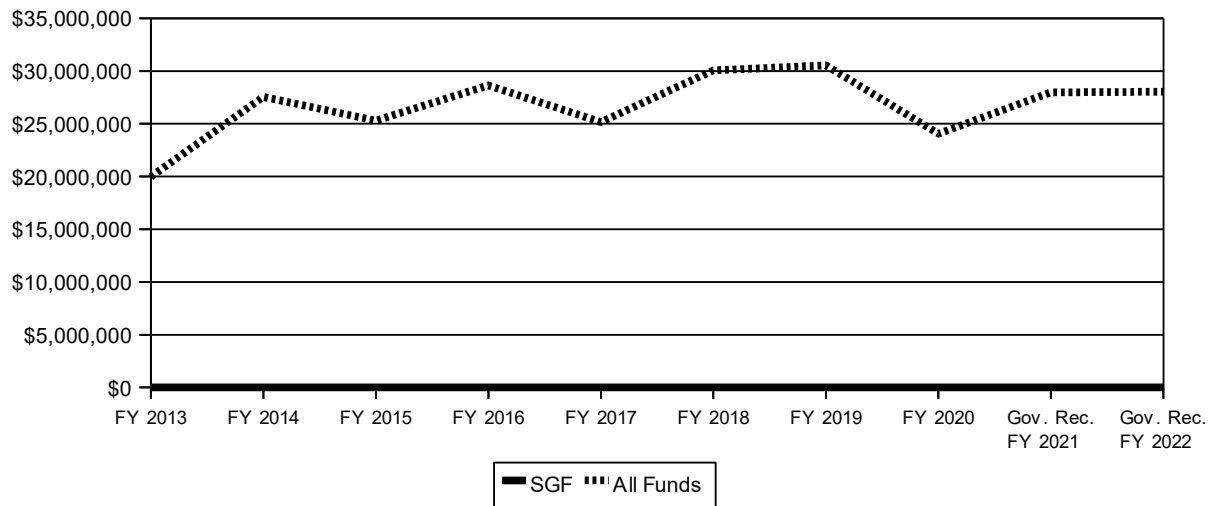
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Value of Unclaimed Property Received by the State (Dollars in Millions)	\$ 38.9	\$ 47.9	43.5	\$ 41.5	\$ 41.5	\$ 42.5
Number of Claims Paid	100,854	112,397	116,000	104,893	114,000	114,000
Value of Unclaimed Property Returned to Rightful Owners (Dollars in Millions)	\$ 26.1	\$ 27.1	27.5	\$ 20.3	\$ 23.6	\$ 23.6
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 30.1	\$ 30.5	\$ 30.6	\$ 24.1	\$ 28.0	\$ 28.0
FTE Positions	39.0	39.0	39.0	39.0	39.0	39.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	%	\$ 19,984,132	0.6 %	43.0
2014	0	--	27,542,787	37.8	44.5
2015	0	--	25,301,658	(8.1)	45.5
2016	0	--	28,633,344	13.2	39.5
2017	0	--	25,167,726	(12.1)	39.5
2018	0	--	30,056,950	19.4	39.0
2019	0	--	30,537,771	1.6	39.0
2020	0	--	24,060,389	(21.2)	39.0
2021 Gov. Rec.	0	--	27,970,571	16.3	39.0
2022 Gov. Rec.	0	--	28,035,405	0.2	39.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ 8,051,273	40.3 %	(4.0)

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 687,796	\$ 863,292	\$ 880,352	\$ 17,060	2.0 %	\$ 863,292	\$ 880,352	\$ 17,060	2.0 %		
Bond Services	489,181	579,679	585,361	5,682	1.0	579,679	585,361	5,682	1.0		
Education Assistance	734,557	844,764	872,157	27,393	3.2	844,764	872,157	27,393	3.2		
ABLE Savings	48,761	44,706	44,950	244	0.5	44,706	44,950	244	0.5		
Unclaimed Property	21,435,878	24,826,593	24,836,319	9,726	0.0	24,826,593	24,836,319	9,726	0.0		
Cash Management	664,216	811,537	54,816,266	54,004,729	6,654.6	811,537	816,266	4,729	0.6		
TOTAL	\$ 24,060,389	\$ 27,970,571	\$ 82,035,405	\$ 54,064,834	193.3 %	\$ 27,970,571	\$ 28,035,405	\$ 64,834	0.2 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 2,299,821	\$ 2,574,878	\$ 2,601,867	\$ 26,989	1.0 %	\$ 2,574,878	\$ 2,601,867	\$ 26,989	1.0 %		
Contractual Services	1,036,914	1,305,203	1,315,278	10,075	0.8	1,305,203	1,315,278	10,075	0.8		
Commodities	11,063	19,260	19,260	0	0.0	19,260	19,260	0	0.0		
Capital Outlay	48,090	56,230	59,000	2,770	4.9	56,230	59,000	2,770	4.9		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 3,395,888	\$ 3,955,571	\$ 3,995,405	\$ 39,834	1.0 %	\$ 3,955,571	\$ 3,995,405	\$ 39,834	1.0 %		
Aid to Local Units	0	0	54,000,000	54,000,000	--	0	0	0	--		
Other Assistance	20,664,501	24,015,000	24,040,000	25,000	0.1	24,015,000	24,040,000	25,000	0.1		
TOTAL	\$ 24,060,389	\$ 27,970,571	\$ 82,035,405	\$ 54,064,834	193.3 %	\$ 27,970,571	\$ 28,035,405	\$ 64,834	0.2 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
Unclaimed Property Claims Fund	20,293,471	23,590,000	23,590,000	0	0.0	23,590,000	23,590,000	0	0.0		
All Other Funds	3,766,918	4,380,571	58,445,405	54,064,834	1,234.2	4,380,571	4,445,405	64,834	1.5		
TOTAL	\$ 24,060,389	\$ 27,970,571	\$ 82,035,405	\$ 54,064,834	193.3 %	\$ 27,970,571	\$ 28,035,405	\$ 64,834	0.2 %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	30,967,974	27,970,571	(2,997,403)	27,970,571	(2,997,403)
TOTAL	\$ 30,967,974	\$ 27,970,571	\$ (2,997,403)	\$ 27,970,571	\$ (2,997,403)
FTE Positions	39.0	39.0	0.0	39.0	0.0

The **agency** requests a revised estimate of \$28.0 million, all from special revenue funds, in FY 2021. This is a decrease of \$3.0 million, or 9.7 percent, below the FY 2021 approved budget. The decrease is primarily attributable to a decrease in estimated payments for unclaimed property claims.

The revised estimate includes 39.0 FTE positions, which is the same as the FY 2021 approved number. The revised estimate includes the following categories of expenditure for FY 2021:

- **Salaries and Wages.** The agency requests \$2.6 million for salaries and wages, which is a decrease of \$31,603, or 1.2 percent, below the FY 2021 approved amount. This decrease is primarily attributable to fringe benefit costs, including group health insurance contributions;
- **Contractual Services.** The agency requests \$1.3 million for contractual services, which is a decrease of \$12,800, or 1.0 percent, below the FY 2021 approved amount. The decrease is attributable to shifts in expenditures within various contractual services categories. The largest expenditures in contractual services are in bank fees, the state buildings operating charge, computer programming and computer software maintenance expenditures, and advertising;
- **Commodities.** The agency requests \$19,260 for commodities, which is unchanged from the FY 2021 approved amount. Expenditures in this category are primarily attributable to stationery and office supplies;
- **Capital Outlay.** The agency requests \$56,230 for capital outlay, which is unchanged from the FY 2021 approved amount. Expenditures in this category

are primarily attributable to information processing and computer equipment expenditures;

- **Aid to Local Units of Government.** The agency made no request for expenditures from the Tax Increment Financing Revenue Replacement Fund. The funding for this fund is provided by a demand transfer from the SGF. The 2017 Legislature suspended payments from the Fund as the 20-year limit on redevelopment districts set in statute had been reached. The 2020 Legislature did not authorize the distribution in FY 2021 and FY 2022. The 2017 Legislature also suspended the payments for Local *Ad Valorem* Tax Reduction Fund and the County and City Revenue Sharing Funds for FY 2021; and
- **Other Assistance.** The agency estimates \$24.0 million for other assistance, which is a decrease of \$2.9 million, or 11.0 percent, below the FY 2021 approved amount. The decrease is attributable to a decrease in estimated payments paid for unclaimed property claims. Unclaimed property is deposited in the SGF, so decreased claims payments increase SGF revenue. This decrease is also attributable to a decrease in estimated payments from the Kansas Postsecondary Education Savings Trust Fund (KIDS Matching Grant Program). This would decrease the total expenditure request for the KIDS Matching Grant Program to \$425,000. The statutory cap on payments is \$720,000, so payments remain below the statutory limit. The KIDS Matching Grant Program payments included here are funded by demand transfers from the SGF.

The **Governor** concurs with the agency's revised estimate in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 82,035,405	\$ 28,035,405	\$	(54,000,000)
FTE Positions	39.0	39.0		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 0	\$ 0		
All Other Funds	54,064,834	64,834		
TOTAL	\$ 54,064,834	\$ 64,834		
<i>Percent Change:</i>				
State General Fund	0.0 %	0.0 %		
All Other Funds	193.3	0.2		
TOTAL	193.3 %	0.2 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$82.0 million, all from special revenue funds, for FY 2022. This is an increase of \$54.1 million, or 193.3 percent above the FY 2021 revised estimate. This increase is primarily attributable to \$54.0 million for expenditures from the Local *Ad Valorem* Tax Reduction Fund.

The request includes 39.0 FTE positions, which is unchanged from the FY 2021 revised estimate. The request includes the following categories of expenditure for FY 2022;

- **Salaries and Wages.** The agency requests \$2.6 million for salaries and wages, which is an increase of \$26,989, or 1.0 percent, above the FY 2021 revised estimate. The increase is primarily attributable to expected increases in employer contributions to salaries and wages fringe benefits;
- **Contractual Services.** The agency requests \$1.3 million for contractual services, which is an increase of \$10,075, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to computer software maintenance and rental;
- **Commodities.** The agency requests \$19,260 for commodities, which is unchanged from the FY 2021 revised estimate. Expenditures in this category are primarily attributable to stationery and office supplies;
- **Capital Outlay.** The agency requests \$59,000 for capital outlay, which is an increase of \$2,770, or 4.9 percent, above the FY 2021 revised estimate. Expenditures in this category are primarily attributable to information processing and computer equipment expenditures;
- **Aid to Local Units of Government.** The agency requests \$54.0 million for expenditures from the Local *Ad Valorem* Tax Reduction Fund pursuant to statute. The funding for this fund is provided by a demand transfer from the SGF; and
- **Other Assistance.** The agency requests \$24.0 million for other assistance, which is an increase of \$25,000, or 0.1 percent, above the FY 2021 revised estimate. The increase is attributable to an additional \$25,000 estimated for payments from the Kansas Postsecondary Education Savings Trust Fund (KIDS Matching Grant Program). This would increase the total expenditure request for the KIDS Matching Grant Program to \$450,000. The statutory cap on payments is \$720,000, so payments remain below the statutory limit. The KIDS Matching Grant Program payments included here are funded by demand transfers from the SGF.

The **Governor** recommends expenditures of \$28.0 million, all from special revenue funds, for FY 2022. This is a decrease of \$54.0 million, or 65.8 percent, below the agency's request. This decrease is due to the Governor not recommending the \$54.0 million transfer from the SGF to the Local *Ad Valorem* Tax Reduction Fund in FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$1,000, and FY 2022 longevity payments total \$1,000, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
Bond Services Fund	0.7 %	2.1 %
Postsecondary Education Fund	0.5	1.5
ABLE Savings Expense Fund	0.1	0.2
Unclaimed Property Expense Fund	1.5	4.4
State Treasurer Operating Fund	2.1	6.1
Postsecondary Education Trust Fund	0.5	1.6
Local <i>Ad Valorem</i> Tax Reduction Fund	65.8	0.0
Unclaimed Property Claims Fund	28.8	84.1
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

State Treasurer Operating Fund Analysis

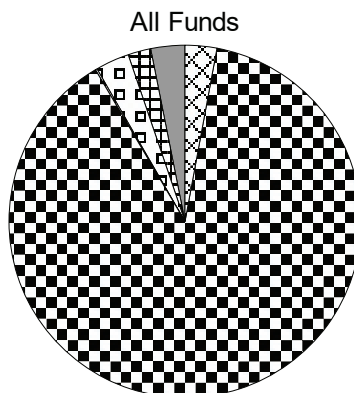
Beginning with FY 2008, the general operations of the Office of the State Treasurer are funded through a transfer from receipts of unclaimed property that normally would be deposited into the SGF. This funding is transferred to the agency's State Treasurer Operating Fund. The State Treasurer also pays operating expenses from the Bonds Services Fee Fund, Postsecondary Education Savings Trust Fund, and the Unclaimed Property Expense Fund.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,069,266	\$ 493,307	\$ 493,307	\$ 493,307	\$ 100,000
Revenue	1,683,705	1,674,829	1,674,829	1,696,618	1,696,618
Transfers in	0	0	0	0	0
Funds Available	\$ 2,752,971	\$ 2,168,136	\$ 2,168,136	\$ 2,189,925	\$ 1,796,618
Less:					
Expenditures	\$ 1,352,012	\$ 1,674,829	\$ 1,674,829	\$ 1,696,618	\$ 1,696,618
Transfers-Out	907,652	0	393,307	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 493,307	\$ 493,307	\$ 100,000	\$ 493,307	\$ 100,000
Ending Balance as Percent of Expenditures	36.5%	29.5%	6.0%	29.1%	5.9%
Month Highest Ending Balance	July \$ 2,168,529	July \$ 1,000,453	July \$ 1,000,453	July \$ 1,000,453	July \$ 1,000,453
Month Lowest Ending Balance	June \$ 493,315	June \$ 227,592	June \$ 227,592	June \$ 227,592	June \$ 227,592

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Administration	Bond Services	Education Services
ABLE Savings	Unclaimed Property	Cash Management

Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 880,352	3.1 %	\$ 0	-- %
Bond Services	585,361	2.1	0	--
Education Services	872,157	3.1	0	--
ABLE Savings	44,950	0.2	0	--
Unclaimed Property	24,836,319	88.6	0	--
Cash Management	816,266	2.9	0	--
TOTAL	\$ 28,035,405	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	6.7	6.7	6.7	6.7	6.7
Bond Services	8.0	8.0	8.0	8.0	8.0
Education Assistance	2.7	2.7	2.7	2.7	2.7
ABLE Savings	0.3	0.3	0.3	0.3	0.3
Unclaimed Property	14.8	14.8	14.8	14.8	14.8
Cash Management	6.5	6.5	6.5	6.5	6.5
Aid to Locals	0.0	0.0	0.0	0.0	0.0
TOTAL	39.0	39.0	39.0	39.0	39.0

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

A. Administration

The Administration Program is composed of two subprograms: Administrative Services and the Information Technology Division. Administrative Services is responsible for the overall determination of agency priorities and policies, planning and regulation of operational activities, proper allocation of available resources, and performance of ongoing internal review of operations and procedures. Functions performed or delegated by Administrative Services for the benefit of the agency include information technology; human resources; public relations and marketing; budgeting and forecasting; and administrative and fiscal support services including purchasing, travel and expense, accounts payable, and communications and correspondence.

Administrative Services Subprogram. Administrative Services is responsible for all administrative functions with the exception of information technology and those expenditures dedicated to another specific function of the Treasurer.

Information Technology Services Subprogram. The Information Technology (IT) Services subprogram is responsible for managing information resources and providing IT support for all areas in the Office of the State Treasurer. The responsibility of IT encompasses computer hardware and software acquisition, installation, training, and maintenance. The local area networks (LANs) are maintained by IT personnel. Additionally, the IT staff develops, designs, codes, implements, and maintains an extensive library of custom computer programs for the Office of the State Treasurer. The staff designed multiple interactive websites, which have streamlined processes for other state agencies, including the Kansas Debt Recovery System (KDRS) and Kansas Treasury Offset Program (KTOP) for the Department of Administration and Kansas Municipal Investment Pool (KMIP) for the Pooled Money Investment Board.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Average help desk ticket response time* (In minutes)	N/A	13	10	16	13	13
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ N/A	\$ 671.0	\$ 773.4	\$ 687.8	\$ 863.3	\$ 880.4
FTE Positions	N/A	5.9	5.9	6.7	6.7	6.7
* The Governor's Office does not utilize this measure for evaluation purposes.						

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 468,833	\$ 632,142	\$ 632,142	\$ 638,202	\$ 638,202
Contractual Services	197,092	205,750	205,750	214,750	214,750
Commodities	4,493	5,400	5,400	5,400	5,400
Capital Outlay	17,378	20,000	20,000	22,000	22,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 687,796	\$ 863,292	\$ 863,292	\$ 880,352	\$ 880,352
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 687,796	\$ 863,292	\$ 863,292	\$ 880,352	\$ 880,352
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	687,796	863,292	863,292	880,352	880,352
TOTAL	\$ 687,796	\$ 863,292	\$ 863,292	\$ 880,352	\$ 880,352
FTE Positions	6.7	6.7	6.7	6.7	6.7

The **agency** requests \$880,352, all from the State Treasurer Operating Fund, for the Administration program for FY 2022. The request is an increase of \$17,060, or 2.0 percent, above the FY 2021 revised estimate.

The request includes \$542,588 for the Administrative Services subprogram, which is an increase of \$4,693, or 0.9 percent above the FY 2021 revised estimate. The increase is primarily attributable to expected increases in employer contributions to salaries and wages fringe benefits.

The request also includes \$337,764 for the Information Technology Services subprogram. The request is an increase of \$12,367, or 3.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to charges related to computer and software maintenance.

The **Governor** concurs with the agency's request for FY 2022.

B. Bond Services

The Municipal Bond Services program is responsible for the registration of all municipal bonds issued in Kansas. This program also provides registrar and paying agent services for the majority of local bond issues as well as state issues. When the State Treasurer is named the fiscal agent for registered form bonds, a fee is charged to the issuing municipality for provided services. Effective FY 2002, the program is financed entirely from bond service fees. Total fees collected and credited to the Bond Services Fee Fund in FY 2020 were \$730,561.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Registration Numbers Issued (Bond Projects)	251	220	200	305	275	225
Percent of New Municipal Bonds with State as Paying Agent	86.0 %	93.0 %	90.0 %	91.0 %	90.0 %	90.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 576.4	\$ 601.0	\$ 586.2	\$ 489.2	\$ 579.7	\$ 585.4
FTE Positions	8.6	8.0	8.0	8.0	8.0	8.0

BOND SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 361,019	\$ 435,649	\$ 435,649	\$ 440,486	\$ 440,486
Contractual Services	116,857	128,200	128,200	129,275	129,275
Commodities	903	3,100	3,100	3,100	3,100
Capital Outlay	10,402	12,730	12,730	12,500	12,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 489,181	\$ 579,679	\$ 579,679	\$ 585,361	\$ 585,361
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 489,181	\$ 579,679	\$ 579,679	\$ 585,361	\$ 585,361
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	489,181	579,679	579,679	585,361	585,361
TOTAL	\$ 489,181	\$ 579,679	\$ 579,679	\$ 585,361	\$ 585,361
FTE Positions	8.0	8.0	8.0	8.0	8.0

The **agency** requests \$585,361, all from the Bond Service Fee Fund, for the Bond Services program for FY 2022. The request is an increase of \$5,682, or 1.0 percent, above the FY 2021 revised estimate. The increase is attributable to employer contributions to group health insurance and computer repair services.

The **Governor** concurs with the agency's request for FY 2022.

C. Education Assistance

The Postsecondary Education Savings subprogram (Learning Quest Education Savings Program, Learning Quest Advisor, and Schwab 529 College Savings Plan) was created by the 1999 Legislature to provide an opportunity for individuals and organizations to save for postsecondary education expenses under a qualified tuition savings plan (529 plan). Following a negotiated bid process through the Division of Purchases, the Office of the State Treasurer contracted with American Century Investments as the program manager in December 1999 and renewed the contract in December 2006. The program became operational on July 1, 2000. Effective in FY 2002, the program is financed entirely by service fees. The program celebrated its 19th anniversary on July 1, 2019, with 242,403 accounts and \$6.94 billion in assets. Kansas residents own 69,325 of these accounts with a total number of 32,842 account owners.

The Kansas Investments Development Scholars (KIDS) Matching Grant Program was created as a three-year pilot program in FY 2006 and is part of the Learning Quest program. The KIDS Matching Grant Program is designed to encourage low-income families to establish postsecondary savings accounts by providing state matches (up to \$600 per participant) for contributions to such accounts.

The Financial Literacy subprogram position has been unfilled since 2015. The Director of the Achieving a Better Life Experience (ABLE) program currently has taken over duties related to the Financial Literacy subprogram as part of a coordinated outreach effort.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Active Kansas Accounts	68,077	69,325	71,404	71,169	72,628	74,117
New Kansas Money Deposited (Dollars in Millions)	\$ 113.0	\$ 115.0	\$ 120.0	\$ 121.5	\$ 130.0	\$ 139.1
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 710.5	\$ 726.2	\$ 821.3	\$ 734.6	\$ 844.8	\$ 872.2
FTE Positions	1.9	3.1	3.1	2.7	2.7	2.7

EDUCATION ASSISTANCE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 218,147	\$ 241,392	\$ 241,392	\$ 243,785	\$ 243,785
Contractual Services	142,611	174,272	174,272	174,272	174,272
Commodities	313	1,100	1,100	1,100	1,100
Capital Outlay	2,456	3,000	3,000	3,000	3,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 363,527</i>	<i>\$ 419,764</i>	<i>\$ 419,764</i>	<i>\$ 422,157</i>	<i>\$ 422,157</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	371,030	425,000	425,000	450,000	450,000
TOTAL	\$ 734,557	\$ 844,764	\$ 844,764	\$ 872,157	\$ 872,157
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	734,557	844,764	844,764	872,157	872,157
TOTAL	\$ 734,557	\$ 844,764	\$ 844,764	\$ 872,157	\$ 872,157
FTE Positions	2.7	2.7	2.7	2.7	2.7

The **agency** requests \$872,157, all from the Kansas Postsecondary Education Savings Program Expense and Trust Funds, for the Education Assistance program for FY 2022. This is an increase of \$27,393, or 3.2 percent, above the FY 2021 revised estimate.

The request includes \$375,192 for the Learning Quest subprogram for FY 2022. This is an increase of \$2,393, or 0.6 percent, above the FY 2021 revised estimate. The increase is primarily attributable to expected employer contributions to salaries and wages fringe benefits including group health insurance.

The request includes \$450,000 for the KIDS Matching Grant subprogram for FY 2022. This is an increase of \$25,000, or 5.9 percent, above the FY 2021 revised estimate. The increase is due to the agency estimate of participants filing for the program.

The request includes \$46,572 for the Financial Literacy subprogram for FY 2022, which is the same as the FY 2021 revised estimate. Expenditures for this program are primarily for printing and advertising.

The **Governor** concurs with the agency's request for FY 2022.

D. ABLE Savings

The 2015 Legislature created the Achieving a Better Life Experience savings program with HB 2215. This program is based on a federal statute that allows individuals diagnosed with a disability before the age of 26 to save in accounts they own with tax-deferred growth and tax-free withdraw of earnings used for qualified expenses related to their disability under section 529A of the Internal Revenue Code. Assets in the accounts are also not counted for Supplemental Security Income and Medicaid asset tests.

Accounts are limited to \$15,000 in contributions per year and must be owned by the individual with a disability or their parent, guardian, or custodian. After legislation was passed in Kansas, Congress amended the federal legislation to allow individuals with a disability to open an account in a plan administered by any state rather than just their state of residence in the Protecting Americans from Tax Hikes Act of 2015.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Active Accounts	174	239	275	601	871	1,167
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 48.0	\$ 61.7	\$ 50.0	\$ 49.0	\$ 44.7	\$ 45.0
FTE Positions	0.4	0.5	0.5	0.3	0.3	0.3

ABLE SAVINGS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 19,074	\$ 23,696	\$ 23,696	\$ 23,940	\$ 23,940
Contractual Services	26,806	17,600	17,600	17,600	17,600
Commodities	425	410	410	410	410
Capital Outlay	2,456	3,000	3,000	3,000	3,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 48,761	\$ 44,706	\$ 44,706	\$ 44,950	\$ 44,950
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 48,761	\$ 44,706	\$ 44,706	\$ 44,950	\$ 44,950
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	48,761	44,706	44,706	44,950	44,950
TOTAL	\$ 48,761	\$ 44,706	\$ 44,706	\$ 44,950	\$ 44,950
FTE Positions	0.3	0.3	0.3	0.3	0.0

The **agency** requests \$44,950 all from the Kansas ABLE Savings Expense Fund, for the ABLE Savings program for FY 2022. This is an increase of \$244, or 0.5 percent, above the FY 2021 revised estimate. This increase is attributable to expected increases in employer contributions to salaries and wages fringe benefits.

The Governor concurs with the agency's request for FY 2022.

E. Unclaimed Property

The Unclaimed Property program seeks to return various forms of unclaimed property to the rightful owners or heirs. The Disposition of Unclaimed Property Act (KSA 58-3901, *et seq.*) authorizes the State Treasurer to take possession of specified types of abandoned personal

property and become the custodian in perpetuity while reserving the right of the original owner and other persons to claim the property.

After a period of five years of dormancy, abandonment may be declared by the State Treasurer for certain types of personal property, including bank deposits; funds paid toward the purchase of shares in financial organizations; certified checks, drafts, or money orders; contents of safe deposit boxes removed for nonpayment of rent; unclaimed funds held by insurance companies under life insurance policies; utility deposits; stocks and dividends; and miscellaneous intangible property held by one party for another. Those required to report unclaimed property may aggregate amounts under \$100.

When property qualifies, the State Treasurer publishes a notice on the Office of the State Treasurer's website where the property was reported abandoned in an effort to locate the owner of the property. Owners also may locate assets held by the State Treasurer *via* the agency's website. If the property is not claimed, the State Treasurer is authorized to dispose of the property, with receipts of the sale of the property credited to the SGF, with two exceptions. The exceptions are balances in the Unclaimed Property Claims Fund, which is used for the payment of claims, and balances in the Unclaimed Property Expense Fund, which is used to finance the operations of the Unclaimed Property program.

In accordance with the Uniform Unclaimed Property Act, the State Treasurer deposits amounts received under the Act into the State Treasury to the credit of the SGF, except for amounts credited to the Unclaimed Property Claims Fund for the prompt payment of claims.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Value of Unclaimed Property Received by the State (Dollars in Millions)	\$ 38.9	\$ 47.9	\$ 43.5	\$ 41.5	\$ 41.5	\$ 42.5
Number of Claims Paid	100,854	112,397	116,000	104,893	114,000	114,000
Value of Unclaimed Property Returned to Rightful Owners (Dollars in Millions)	\$ 26.1	\$ 27.1	27.5	\$ 20.3	\$ 23.6	\$ 23.6
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 26.2	\$ 27.8	\$ 27.4	\$ 21.4	\$ 24.8	\$ 24.8
FTE Positions	14.5	14.4	14.4	14.8	14.8	14.8

UNCLAIMED PROPERTY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 835,618	\$ 917,148	\$ 917,148	\$ 926,874	\$ 926,874
Contractual Services	291,905	299,595	299,595	299,595	299,595
Commodities	2,204	5,350	5,350	5,350	5,350
Capital Outlay	12,680	14,500	14,500	14,500	14,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,142,407</i>	<i>\$ 1,236,593</i>	<i>\$ 1,236,593</i>	<i>\$ 1,246,319</i>	<i>\$ 1,246,319</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	20,293,471	23,590,000	23,590,000	23,590,000	23,590,000
TOTAL	<u>\$21,435,878</u>	<u>\$ 24,826,593</u>	<u>\$ 24,826,593</u>	<u>\$ 24,836,319</u>	<u>\$ 24,836,319</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	21,435,878	24,826,593	24,826,593	24,836,319	24,836,319
TOTAL	<u>\$21,435,878</u>	<u>\$ 24,826,593</u>	<u>\$ 24,826,593</u>	<u>\$ 24,836,319</u>	<u>\$ 24,836,319</u>
FTE Positions	14.8	14.8	14.8	14.8	14.8

The **agency** requests \$24.8 million, all from the Unclaimed Property Claims and Unclaimed Property Expense Funds, for the Unclaimed Property program for FY 2022. The request is an increase of \$9,726, or less than 0.1 percent, above the FY 2021 revised estimate. This increase is attributable to increases in employer contributions to salaries and wages fringe benefits.

The **Governor** concurs with the agency's request for FY 2022.

F. Cash Management

The Cash Management Program is responsible for several functions, including distributing aid to local units of government and processing the receipt and disbursement of state moneys. In addition, the State Treasurer distributes the amounts due to local units of government from the Special City and County Highway Fund and the County Equalization and Adjustment Fund, which are included in the Department of Transportation budget. The aid to local units of government funds include the following items.

Local Ad Valorem Tax Reduction Fund. By statute, these payments are a demand transfer from the SGF. The distribution of local *ad valorem* aid is made on January 15 and July 15 to county governments under the statute. The amount distributed equals 3.63 percent of the total sales and compensating use taxes credited to the SGF in the prior calendar year based on a formula allocating 65.0 percent to the counties by population and 35.0 percent by property valuation. The Legislature has previously placed limitations on the distribution amounts. The Governor and the Legislature eliminated the second-half distribution in FY 2003, and there was not a distribution through FY 2020. In Senate Bill 66, the 2020 Legislature did not authorize a transfer in FY 2021. The amount of the transfer in FY 2022 is estimated to be \$54,000,000.

County and City Revenue Sharing Funds. The Office of the State Treasurer distributes payments to local units of government under the law providing for county and city revenue sharing. The payments are demand transfers from the SGF. Under the current statute, county and city revenue sharing is distributed on July 15 and December 10 in an amount equal to 2.823 percent of the total credited to the SGF in the prior calendar year from sales and compensating use taxes. The formula allocates 65.0 percent among the counties by population and 35.0 percent by equalized assessed tangible property valuation. Each county receives 50.0 percent of its entitlement, and the remaining 50.0 percent is distributed to its cities on the basis of population.

Receipts were \$34,876,349 for FY 2002 and \$16,740,646 for FY 2003. The Governor and the Legislature eliminated the second-half distribution in FY 2003. No distributions have been made since FY 2003. The 2013 Legislature, in SB 171, Sec. 275, states no money shall be transferred from the SGF to the County and City Revenue Sharing Fund during FY 2013, FY 2014, FY 2015, and FY 2016. The 2015 Legislature, in House Sub. for SB 112, stated no money will be transferred for FY 2016, FY 2017, and FY 2018. The 2017 Legislature suspended the transfer for FY 2018, FY 2019, and FY 2020. In Senate Bill 66, the 2020 Legislature did not authorize transfers in FY 2021 and FY 2022.

Tax Increment Financing Revenue Replacement Fund. Created by the 1997 Legislature, this program provides that the State Treasurer is to pay certain local units of government for lost tax revenues due to legislative changes to school finance property taxation. Cities that have established a redevelopment district prior to July 1, 1996, are entitled to receive from the State the revenues that otherwise would have been collected from the redevelopment district but for legislative changes in the school district finance formula. The State Treasurer, prior to April 15 of each year, shall pay each city its certified amount. Currently, 6 cities and 22 redevelopment districts receive payments. These payments are financed by a transfer from the SGF.

The Legislature suspended the Tax Increment Financing Revenue Replacement Fund since FY 2018 *via* proviso in the appropriations bill. KSA 12-1772 states that any projects in a redevelopment district should be completed within 20 years of the filing of the redevelopment plan. Twenty-three years have elapsed since the creation of the program.

TAX INCREMENT REVENUE REPLACEMENT FUND	
<u>Fiscal Year</u>	<u>Receipts</u>
FY 2009	\$ 1,259,070
FY 2010	1,194,477
FY 2011	752,745
FY 2012	915,169
FY 2013	861,567
FY 2014	1,014,286
FY 2015	866,537
FY 2016	991,827
FY 2017	913,029

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Dollars Received Electronically	85.0 %	95.0 %	92.0 %	94.0 %	92.0 %	93.0 %
Percent of Funds Paid Electronically	88.0 %	94.0 %	92.0 %	97.0 %	95.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 878.6	\$ 697.5	\$ 943.9	\$ 664.2	\$ 811.5	\$ 816.3
FTE Positions	7.3	7.1	7.1	6.5	6.5	6.5

CASH MANAGEMENT SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 397,130	\$ 324,851	\$ 324,851	\$ 328,580	\$ 328,580
Contractual Services	261,643	479,786	479,786	479,786	479,786
Commodities	2,725	3,900	3,900	3,900	3,900
Capital Outlay	2,718	3,000	3,000	4,000	4,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 664,216	\$ 811,537	\$ 811,537	\$ 816,266	\$ 816,266
Aid to Local Units	0	0	0	54,000,000	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 664,216	\$ 811,537	\$ 811,537	\$ 54,816,266	\$ 816,266
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	664,216	811,537	811,537	54,816,266	816,266
TOTAL	\$ 664,216	\$ 811,537	\$ 811,537	\$ 54,816,266	\$ 816,266
FTE Positions	6.5	6.5	6.5	6.5	6.5

The **agency** requests \$54.8 million, all from the State Treasurer Operating Fund, for the Cash Management program for FY 2022. The request is an increase of \$54.1 million, or 6,654.6 percent, above the FY 2021 revised estimate. This increase is primarily attributable to \$54.0 million for the Local *Ad Valorem* Tax Reduction Fund to be transferred to local units of government. The agency also estimates increases in salaries and wages, fringe benefits, and office equipment.

The **Governor** recommends expenditures of \$816,266, all from special revenue funds, for FY 2022. This is an all funds decrease of \$54.0 million, or 98.5 percent, below the agency's request. This decrease is due to the Governor's recommendation not to transfer \$54.0 million to the Local *Ad Valorem* Tax Reduction Fund for FY 2022.

POOLED MONEY INVESTMENT BOARD

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	717,622	762,025	762,025	762,595	762,595
Subtotal	\$ 717,622	\$ 762,025	\$ 762,025	\$ 762,595	\$ 762,595
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 717,622	\$ 762,025	\$ 762,025	\$ 762,595	\$ 762,595
Percentage Change:					
Operating Expenditures					
State General Fund	0.0 %	-- %	-- %	-- %	-- %
All Funds	1.9	6.2	6.2	0.1	0.1
FTE Positions	5.0	5.0	5.0	5.0	5.0

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

AGENCY OVERVIEW

The Pooled Money Investment Board (PMIB) and its authority are established under the State Moneys Law, KSA 75-4201 *et seq.* The PMIB manages the investable state money available from the State General Fund (SGF) and the hundreds of other individual state agency funds received by the Office of the State Treasurer. PMIB also provides investment management services for individual state agencies with statutorily authorized investment authority. The agencies are referred to as "special funds," and include the Kansas Department of Transportation and the Health Care Stabilization Fund. In addition, PMIB administers the Kansas Municipal Investment Pool (MIP), a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). Under state statutes, investments are allowed in Kansas bank certificates of deposit (CDs) (no more than 15.0 percent of the portfolio per investment policy), U.S. Treasury securities, U.S. governmental agency securities, high grade commercial paper, high grade corporate bonds, and overnight repurchase agreements.

MAJOR ISSUES FROM PRIOR YEARS

The **1992 Legislature** passed SB 480, which expanded investment authority to include investments in U.S. government securities.

The **1996 Legislature** passed SB 476, which allowed PMIB to purchase high grade commercial paper.

The **2008 Legislature** passed SB 472, which expanded PMIB's investment authority to include high grade corporate bonds.

The **2016 Legislature** directed the PMIB budget to be reported separately from the State Treasurer budget.

The **2017 Legislature** transferred the funding in the Office of the State Treasurer's Unclaimed Property Fund into the Pooled Money Investment Portfolio. The Legislature then directed the PMIB to transfer adequate funding from this source to the SGF to guarantee a \$50 million ending balance in fiscal year (FY) 2017 and the remainder for FY 2018 to be paid back in six yearly increments starting for FY 2019. The total transfer was approximately \$317.2 million.

The **2019 Legislature** adjusted the loan repayment schedule for the 2017 \$317.2 million bridge loan in FY 2019. The Legislature approved a transfer of \$52.9 million in FY 2019 and two additional payments of \$132.2 million in FY 2020 and FY 2021. The revised repayment schedule fully retires the loan in FY 2021, three years earlier than originally proposed.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$762,025, all from the Pooled Money Investment Portfolio Fee Fund, in FY 2021, which is unchanged from the FY 2021 approved amount.

The revised estimate includes \$546,642 for salaries and wages expenditures, which is an increase of \$575, or 0.1 percent, above the FY 2021 approved amount. The increase is attributable to one employee promotion and increases in employer contributions to salaries and wages fringe benefits. The salaries and wages increase is offset by a decrease in contractual services.

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$762,595, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2022. This is an increase of \$570, or 0.1 percent, above the FY 2021 revised estimate. This increase is attributable to an increase in salaries and wages and commodities, which is partially offset by a decrease in contractual services.

The **Governor** concurs with the agency's request for FY 2022.

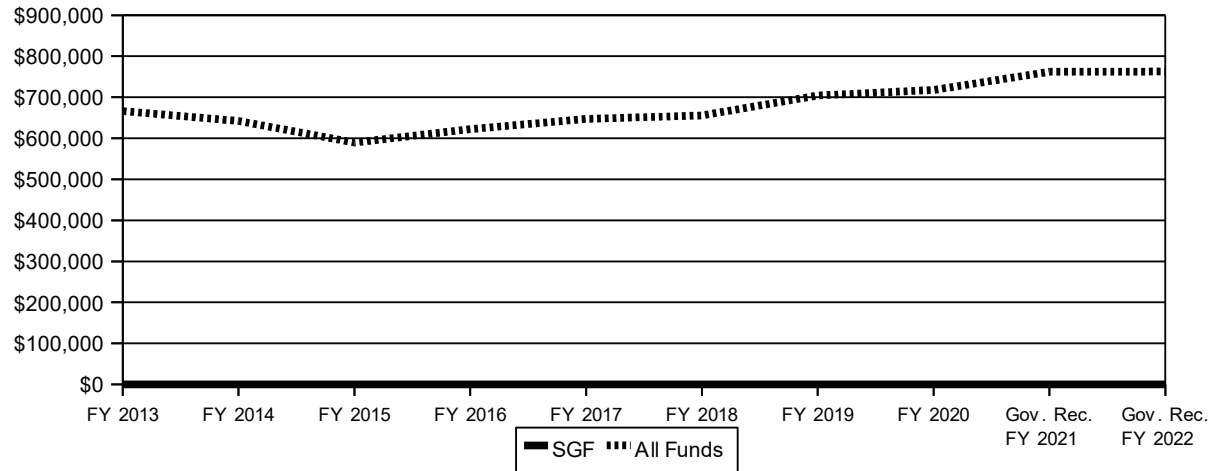
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Interest Earned on the Idle Portfolio (All Funds; Dollars in Millions)	\$ 47.3	\$ 92.0	\$ 66.9	\$ 73.7	18.5	9.8
Yield on Idle Portfolios in Excess of Average Yield of Comparable Federal Agency Discount Notes and Commercial Paper	0.05 %	0.07 %	0.05 %	0.23 %	Flat to +0.15%	Flat to +0.15%
Total Assets under Management (Dollars in Billions)	\$ 3.0	\$ 3.6	3.6	\$ 4.6	\$ 4.1	\$ 3.9
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 655.6	\$ 704.2	\$ 740.8	\$ 717.6	\$ 762.0	\$ 762.6
FTE Positions	5.0	5.0	5.0	5.0	5.0	5.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 666,244	(8.1)%	5.0
2014	0	--	642,155	(3.6)	5.0
2015	0	--	589,459	(8.2)	5.0
2016	0	--	622,146	5.5	5.0
2017	0	--	647,009	4.0	5.0
2018	0	--	655,557	1.3	5.0
2019	0	--	704,182	7.4	5.0
2020	0	--	717,622	1.9	5.0
2021 Gov. Rec.	0	--	762,025	6.2	5.0
2022 Gov. Rec.	0	--	762,595	0.1	5.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 96,351	14.5 %	0.0

Summary of Operating Budget FY 2020 - FY 2022

Pooled Money Investment Board

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	717,622	762,025	762,595	570	0.1	762,025	762,595	570	0.1		
By Major Object of Expenditure:											
Salaries and Wages	\$ 540,101	\$ 546,642	\$ 552,040	\$ 5,398	1.0 %	\$ 546,642	\$ 552,040	\$ 5,398	1.0 %		
Contractual Services	164,997	201,103	196,200	(4,903)	(2.4)	201,103	196,200	(4,903)	(2.4)		
Commodities	5,245	5,825	5,900	75	1.3	5,825	5,900	75	1.3		
Capital Outlay	7,279	8,455	8,455	0	0.0	8,455	8,455	0	0.0		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 717,622	\$ 762,025	\$ 762,595	\$ 570	0.1 %	\$ 762,025	\$ 762,595	\$ 570	0.1 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 717,622	\$ 762,025	\$ 762,595	\$ 570	0.1 %	\$ 762,025	\$ 762,595	\$ 570	0.1 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
All Other Funds	717,622	762,025	762,595	570	0.1	762,025	762,595	570	0.1		
TOTAL	\$ 717,622	\$ 762,025	\$ 762,595	\$ 570	0.1 %	\$ 762,025	\$ 762,595	\$ 570	0.1 %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	762,025	762,025	0	762,025	0
TOTAL	\$ 762,025	\$ 762,025	\$ 0	\$ 762,025	\$ 0
FTE Positions	5.0	5.0	0.0	5.0	0.0

The **agency** requests a revised estimate of \$762,025, all from the Pooled Money Investment Portfolio Fee Fund, in FY 2021, which is unchanged from the FY 2021 approved amount. The revised estimate includes the following expenditure categories:

- **Salaries and Wages.** The agency estimates \$546,642 for salaries and wages in FY 2021. This is an increase of \$575, or 0.1 percent, above the FY 2021 approved amount. This increase is due to one employee promotion and increased employer contributions to group health insurance;
- **Contractual Services.** The agency estimates \$201,103 for contractual services in FY 2021. This is a decrease of \$575, or 0.3 percent, below the FY 2021 approved amount. This decrease is attributable to a decrease in expenditures for computer maintenance services. The major expenditures in this category are for fees for investment information technology, investment accounting, banking services, and audit services;
- **Commodities.** The agency requests \$ 5,825 for commodities in FY 2021, which is unchanged from the FY 2021 approved amount. Major expenditures in this category are for office supplies and stationery; and
- **Capital Outlay.** The agency estimates \$8,455 for capital outlay in FY 2021, which is unchanged from the FY 2021 approved amount. Major expenditures in this category are for hardware replacement, annual license and assurance fees, and software purchases.

The **Governor** concurs with the agency's revised estimate in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 762,595	\$ 762,595	\$ 0
FTE Positions	5.0	5.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	570	570	
TOTAL	\$ 570	\$ 570	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	0.1	0.1	
TOTAL	0.1 %	0.1 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$762,595, all from the Pooled Money Investment Portfolio Fee Fund, for FY 2022. This is an increase of \$570, or 0.1 percent, above the FY 2021 revised estimate. This increase is attributable to an increase in salaries and wages and commodities, which is partially offset by a decrease in contractual services. The request includes the following expenditure categories:

- **Salaries and Wages.** The agency requests \$552,040 for salaries and wages for FY 2022. This is an increase of \$5,398, or 1.0 percent, above the FY 2021 revised estimate. This increase is attributable to expected increases in employer contributions to salaries and wages fringe benefits;
- **Contractual Services.** The agency requests \$196,200 for contractual services, which is a decrease of \$4,903, or 2.4 percent, below the FY 2021 revised estimate. The major expenditures in the category are for fees for investment information technology, investment accounting, banking services, and audit services. The decrease is primarily attributable to performance audit-related expenditures in FY 2021 that do not reoccur for FY 2022;
- **Commodities.** The agency requests \$5,900 for commodities for FY 2022, which is an increase of \$75, or 1.3 percent, above the FY 2021 revised estimate. The expenditures are primarily for increased costs relating to office and household supplies; and
- **Capital Outlay.** The agency requests \$8,455 for capital outlay for FY 2022, which is unchanged from the FY 2021 revised estimate. Expenditures in this category are primarily technology-related, including hardware replacement, annual license and assurance fees, and software purchases.

The **Governor** concurs with the agency's request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$1,000, and FY 2022 longevity payments total \$1,000, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Pooled Money Investment Portfolio Fee Fund	100.0	100.0
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Pooled Money Investment Portfolio Fee Fund Analysis

The PMIB is a completely fee-funded state agency. Administrative fees are charged for portfolio management services. Fees are based on the average balance of the portfolios. Pursuant to KSA 75-4235, fees not necessary for reimbursement of administrative expenses are transferred monthly to the SGF. The agency required interest for 6.9 days in FY 2018, 3.7 days in FY 2019, 3.7 days in FY 2020, and an estimated 29.3 days in FY 2021 to pay for the agency's administrative expenditures.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 522,532	\$ 621,717	\$ 621,717	\$ 621,717	\$ 621,717
Revenue	4,916,807	1,875,000	4,062,025	1,860,000	3,162,595
Transfers in	0	0	0	0	0
Funds Available	\$ 5,439,339	\$ 2,496,717	\$ 4,683,742	\$ 2,481,717	\$ 3,784,312
Less:					
Expenditures	\$ 717,622	\$ 762,025	\$ 762,025	\$ 762,595	\$ 762,595
Transfers Out	4,100,000	1,112,975	3,300,000	1,097,405	2,400,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 621,717	\$ 621,717	\$ 621,717	\$ 621,717	\$ 621,717
Ending Balance as Percent of Expenditures	86.6%	81.6%	81.6%	81.5%	81.5%
Month Highest Ending Balance	June \$ 621,734	June \$ 739,749	June \$ 739,749	June \$ 739,749	June \$ 739,749
Month Lowest Ending Balance	November \$ 340,368	November \$ 404,975	November \$ 404,975	November \$ 404,975	November \$ 404,975

POOLED MONEY INVESTMENT PORTFOLIO CASH FLOW ANALYSIS
(AS OF DECEMBER 31, 2020, NUMBERS IN THOUSANDS)

	2021				2022			
	Jan-March 1- 3 Mo	Apr-June 4-6 Mo	July-Sept 7-9 Mo	Oct-Dec 10-12 Mo	Jan-March 13-15 Mo	Apr-June 16-18 Mo	July-Sept 19-21 Mo	Oct-Dec 22-24 Mo
Cash In								
Maturities	3,861,895	850,000	100,000	0	0	0	0	0
Revenue*	7,328,800	9,078,600	9,173,900	7,281,200	7,328,800	9,078,600	9,173,900	4,759,400
Total	11,190,695	9,928,600	9,273,900	7,281,200	7,328,800	9,078,600	9,173,900	4,759,400
Cash Out								
MIP	969,741	9,750	1,045	0	0	0	0	0
Expenditures	7,211,900	8,141,700	8,989,100	8,101,900	7,212,000	8,141,700	9,049,100	5,748,600
Total	8,181,641	8,151,450	8,990,145	8,101,900	7,212,000	8,141,700	9,049,100	5,748,600
Net Cash Available	3,009,054	1,777,150	283,755	(820,700)	116,800	936,900	124,800	(989,200)

*Projections

Kansas Municipal Investment Pool (MIP)

Created pursuant to legislation passed during the 1992 Session, the Municipal Investment Pool (MIP) is a state program providing local municipal entities with an investment alternative for their idle funds. For investment and cash flow management purposes, MIP moneys are combined with investable state moneys to create the Pooled Money Investment Portfolio (PMIP). In December 1996, the Board revamped the existing MIP structure by eliminating the variable rate options, previously referred to as SMIP and IMIP, and by introducing new fixed-rate investment alternatives. In November 2000, the Board added a 30-day fixed-rate option and allowed municipalities to pick their own maturity date between 30 and 179 days. In January 2016, the Board added two new fixed-rate options—a 550 day and a 730 day—and allowed municipalities to pick their own maturity date between 30 and 725 days.

MIP balances totaled approximately:

- \$1.310 billion on June 30, 2019;
- \$1.166 billion on June 30, 2018;
- \$1.235 billion on June 30, 2017;
- \$951.9 million on June 30, 2016;
- \$1.056 billion on June 30, 2015;
- \$1.223 billion on June 30, 2014;
- \$962.0 million on June 30, 2013;
- \$834.0 million on June 30, 2012, and
- \$932.0 million on June 30, 2011.

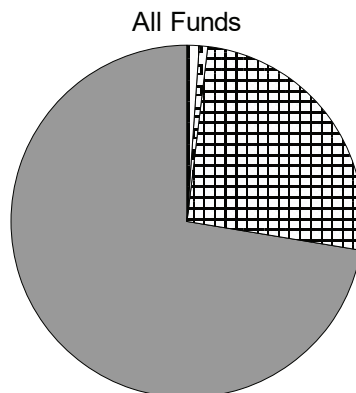
**MUNICIPAL INVESTMENT POOL—DEPOSITS
(AS OF DECEMBER 31, 2020)**

	OMIP	FX 30	FX 90	FX 180	FX 365	FX550	FX 730	TOTAL
Deposits								
Agencies	\$ 1,980,339	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,980,339
Cities	\$ 199,397,166	\$ 11,417,467	\$ 24,324,782	\$ 6,372,388	\$ 0	\$ 0	\$ 0	\$ 241,511,833
Counties	\$ 369,638,607	\$ 3,000,000	\$ 1,500,000	\$ 5,145,000	\$ 4,000,000	\$ 0	\$ 0	\$ 383,283,607
Schools	\$ 256,517,843	\$ 397,559	\$ 211,646	\$ 0	\$ 0	\$ 0	\$ 0	\$ 257,127,048
Other	\$ 88,847,103	\$ 685,997	\$ 7,100,001	\$ 0	\$ 0	\$ 0	\$ 0	\$ 96,633,101
TOTAL	\$ 916,381,058	\$ 15,501,053	\$ 33,136,429	\$ 11,517,388	\$ 4,000,000	\$ 0	\$ 0	\$ 980,535,928

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 552,040	72.4 %	\$ 0	-- %
Contractual Services	196,200	25.7	0	--
Commodities	5,900	0.8	0	--
Capital Outlay	8,455	1.1	0	--
TOTAL	\$ 762,595	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	5.0	5.0	5.0	5.0	5.0
TOTAL	5.0	5.0	5.0	5.0	5.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

KANSAS HUMAN RIGHTS COMMISSION

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 1,113,551	\$ 1,101,400	\$ 1,101,400	\$ 1,151,713	\$ 1,081,042
Other Funds	302,284	375,177	375,177	414,810	440,481
<i>Subtotal</i>	<u>\$ 1,415,835</u>	<u>\$ 1,476,577</u>	<u>\$ 1,476,577</u>	<u>\$ 1,566,523</u>	<u>\$ 1,521,523</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 1,415,835</u>	<u>\$ 1,476,577</u>	<u>\$ 1,476,577</u>	<u>\$ 1,566,523</u>	<u>\$ 1,521,523</u>

Percentage Change:

Operating Expenditures					
State General Fund	5.1 %	(1.1) %	(1.1) %	4.6 %	(1.8) %
All Funds	1.8	4.3	4.3	6.1	3.0
FTE Positions	23.0	23.0	23.0	23.0	23.0

For purposes of this analysis, full-time equivalent (FTE) positions 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 Human Rights Commission is to eliminate and prevent discrimination and assure equal opportunities in all employment relations; eliminate and prevent discrimination, segregation, or separation; and assure equal opportunities in all places of public accommodations and in housing. The agency mission and purpose are established by the Kansas Act Against Discrimination and the Kansas Age Discrimination in Employment Act.

The Commission is composed of seven individuals appointed by the Governor and who are subject to approval by the Senate. The Commissioners include two representatives of industry, two representatives of labor, one licensed attorney, one representative of the real estate industry, and one at-large member.

Commissioners serve terms of four years and, at the will of the Governor and the discretion of the Senate, may be appointed for additional terms. No more than four Commissioners may be from the same political party.

The Kansas Act Against Discrimination has been declared equivalent to Title VII of the Civil Rights Act of 1964, as amended; the Age Discrimination in Employment Act of 1967, as amended; Title VIII of the Civil Rights Act of 1968, as amended; and the Genetic Information

Nondiscrimination Act. Because of this equivalent determination, the Commission is able to enter into contractual agreements with the Equal Employment Opportunity Commission (EEOC), the agency that enforces comparable laws at the federal level. Money generated under this federal contract is used to fund agency operations.

The Commission utilizes two programs. The first is the Compliance and Education program, which is charged with the prevention and elimination of discrimination and the education of the public. The second is the Administrative Hearings Office, which was established by the 2004 Legislature in SB 141. The legislation stated the Commission is required to use at least four commissioners or the Department of Administration's Office of Administrative Hearings to conduct hearings on complaints. A hearing is held when the Commission has reached a finding of probable cause and the case has not been resolved between the parties. The agency contracts with the Office of Administrative Hearings to provide this service.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** took the following actions:

- Deleted \$22,212, all from the State General Fund (SGF) to reduce the agency's fiscal year (FY) 2009 approved budget by 1.25 percent;
- Deleted \$171,359, all SGF, to reduce the agency's FY 2010 approved SGF budget to 10.1 percent below the FY 2009 approved amount; and
- Deleted \$113,780, all from special revenue funds, to hold the agency budget for FY 2011 at the legislatively approved amount for FY 2010.

The **2010 Legislature** deleted \$35,442, all SGF, to achieve an SGF reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** concurred with the Governor's Budget Amendment No. 1, Item 1, to add \$1,627,111, including \$1,189,084 SGF, to keep the Commission as a separate agency with 25.0 FTE positions for FY 2012, which was a decrease of 9.0 FTE positions from FY 2011. The Governor had initially recommended shifting the agency responsibilities to the Office of the Attorney General.

The **2012 Legislature** amended the disability provisions of the Kansas Statutes to bring the Kansas Act Against Discrimination into alignment with the federal Americans with Disabilities Act.

The **2013 Legislature** took the following actions:

- Deleted \$100,077, all SGF, for operating expenditures for FY 2014;
- Deleted \$10,423, including \$5,592 SGF, to reflect reduced funding for salaries and wages for FY 2014; and
- Deleted \$10,823, including \$5,811 SGF, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** took the following actions:

- Added \$8,000, all from special revenue funds, for the purchase of eight new computers for FY 2016; and
- Added \$3,000, all from special revenue funds, for the purchase of a new server for its Wichita office for FY 2017.

The **2018 Legislature** took the following actions:

- Deleted \$13,005 in FY 2018 and \$13,168 for FY 2019, all from federal funds, which would equalize salaries with a 5.0 percent increase for classified employees who did not receive a pay increase under the 2017 Legislative Pay Plan for FY 2019;
- Added \$35,800, all from the Database Conversion Fund, for database conversion and added language to appropriate the Database Conversion Fund as a no limit fund for FY 2019; and
- Added \$20,029, including \$11,946 SGF, 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.

The **2019 Legislature** took the following actions:

- Deleted \$35,800, all from special revenue funds, in FY 2019 and added \$35,000, all SGF, for FY 2020 for a database conversion from Microsoft Access to SharePoint; and
- Added \$33,614, including \$19,459 SGF, for a 2.5 percent salary adjustment for most state employees for FY 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$1.5 million, including \$1.1 million from the State General Fund (SGF). This is an all funds decrease of \$198,136, or 11.8 percent, and an SGF decrease of \$45,000, or 3.9 percent, below the FY 2021 approved amount. The decrease is primarily attributed to decreases in salaries and wages and contractual services. The revised estimate includes 23.0 FTE positions, which is no change from the number approved by the 2020 Legislature.

The **Governor** concurs with the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests operating expenditures of \$1.6 million, including \$1.2 million SGF. This is an all funds increase of \$89,946, or 6.1 percent, and an SGF increase of \$50,313, or 4.6 percent, above the agency's FY 2021 revised estimate. The SGF

increase is primarily attributed to carrying forward the \$45,000 reappropriation. The all funds increase is primarily due to increases in salaries and wages, contractual services, and commodities. The agency's request includes 23.0 FTE positions, which is no change from the number included in the agency's FY 2021 revised estimate.

The **Governor** recommends FY 2022 operating expenditures totaling \$1.5 million, including \$1.1 million SGF. This is an all funds decrease of \$45,000, or 2.9 percent, and an SGF decrease of \$70,671, or 6.1 percent, below the agency's FY 2022 request. The all funds decrease is primarily due to a decrease in contractual services contained in the the agency's reduced resources budget. The Governor's recommendation includes 23.0 FTE positions, which is the same number included in the agency's FY 2022 request.

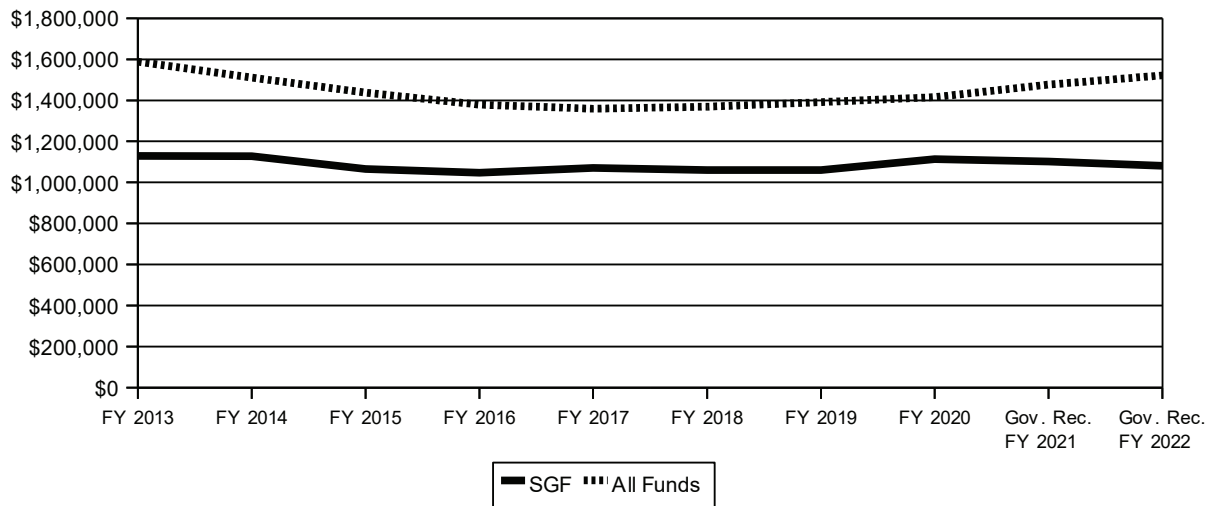
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Public Contacts	4,531	4,142	4,500	3,550	3,700	4,100
Number of Complaints Filed	836	1,054	1,035	911	900	900
Number of People Trained through Educational Presentations	1,553	666	680	794	725	725
Case Processing Time (In Months)	9.1	10.0	9.6	8.3	8.2	8.1
Complaints Clearance Rate*	86.2 %	96.7 %	101.4 %	103.5 %	101.1 %	101.7 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.4	\$ 1.6	\$ 1.4	\$ 1.5	\$ 1.5
FTE Positions	23.0	23.0	23.0	23.0	23.0	23.0
*Number of closed cases/Number of complaints filed						

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 1,128,863	(8.7)%	\$ 1,588,338	(4.0)%	23.0
2014	1,127,908	(0.1)	1,511,003	(4.9)	23.0
2015	1,064,562	(5.6)	1,437,714	(4.9)	23.0
2016	1,047,108	(1.6)	1,378,950	(4.1)	23.0
2017	1,070,447	2.2	1,359,081	(1.4)	23.0
2018	1,059,653	(1.0)	1,368,924	0.7	23.0
2019	1,059,688	0.0	1,391,071	1.6	23.0
2020	1,113,551	5.1	1,415,835	1.8	23.0
2021 Gov. Rec.	1,101,400	(1.1)	1,476,577	4.3	23.0
2022 Gov. Rec.	1,081,042	(1.8)	1,521,523	3.0	23.0
Ten-Year Change Dollars/Percent	\$ (47,821)	(4.2)%	\$ (66,815)	(4.2)%	0.0

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 2,170	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
Compliance	1,404,765	1,473,236	1,544,561	71,325	4.8	1,473,236	1,499,561	26,325	1.8		
Public Information	8,900	3,341	21,962	18,621	557.3	3,341	21,962	18,621	557.3		
TOTAL	\$ 1,415,835	\$ 1,476,577	\$ 1,566,523	\$ 89,946	6.1 %	\$ 1,476,577	\$ 1,521,523	\$ 44,946	3.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 983,052	\$ 1,014,704	\$ 1,027,546	\$ 12,842	1.3 %	\$ 1,014,704	\$ 1,027,546	\$ 12,842	1.3 %		
Contractual Services	419,953	445,683	509,970	64,287	14.4	445,683	464,970	19,287	4.3		
Commodities	8,877	9,091	24,946	15,855	174.4	9,091	24,946	15,855	174.4		
Capital Outlay	3,953	7,099	4,061	(3,038)	(42.8)	7,099	4,061	(3,038)	(42.8)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 1,415,835	\$ 1,476,577	\$ 1,566,523	\$ 89,946	6.1 %	\$ 1,476,577	\$ 1,521,523	\$ 44,946	3.0 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	0	0	0	0	--	0	0	0	--		
TOTAL	\$ 1,415,835	\$ 1,476,577	\$ 1,566,523	\$ 89,946	6.1 %	\$ 1,476,577	\$ 1,521,523	\$ 44,946	3.0 %		
Financing:											
State General Fund	\$ 1,113,551	\$ 1,101,400	\$ 1,151,713	\$ 50,313	4.6 %	\$ 1,101,400	\$ 1,081,042	\$ (20,358)	(1.8)%		
Education and Training Fund	8,949	2,240	20,745	18,505	826.1	2,240	20,745	18,505	826.1		
Employment Discrimination Fund	293,335	372,937	394,065	21,128	5.7	372,937	419,736	46,799	12.5		
TOTAL	\$ 1,415,835	\$ 1,476,577	\$ 1,566,523	\$ 89,946	6.1 %	\$ 1,476,577	\$ 1,521,523	\$ 44,946	3.0 %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved an SGF budget of \$1,104,781 for the Kansas Human Rights Commission in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$45,635 based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$4,016 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$1,146,400. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 1,146,400	\$ 1,101,400	\$ (45,000)	\$ 1,101,400	\$ (45,000)
All Other Funds	528,313	375,177	(153,136)	375,177	(153,136)
TOTAL	\$ 1,674,713	\$ 1,476,577	\$ (198,136)	\$ 1,476,577	\$ (198,136)
FTE Positions	23.0	23.0	0.0	23.0	0.0

The **agency** requests an FY 2021 revised estimate of \$1.5 million, including \$1.1 million SGF. This is an all funds decrease of \$198,136, or 11.8 percent, and an SGF decrease of \$45,000, or 3.9 percent, below the FY 2021 approved amount. The decrease is primarily attributed to decreases in salaries and wages and contractual services. The revised estimate includes 23.0 FTE positions, which is no change from the number approved by the 2020 Legislature.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$1.0 million, including \$641,767 SGF, in FY 2021. This is an all funds decrease of \$108,061, or 9.6 percent, and an SGF increase of \$17,499, or 2.8 percent, above the FY 2021 approved amount. The all funds decrease is primarily due to decreased expenditures for classified regular salaries (\$120,702), shrinkage (\$52,273), retirement contributions (\$6,170), and group health insurance (\$3,592). The decrease is partially offset by increased expenditures for unclassified regular salaries (\$75,748);

- **Contractual Services.** The agency's revised estimate includes \$445,683, including \$443,443 SGF, in FY 2021. This is an all funds decrease of \$74,581, or 14.3 percent, and an SGF decrease of \$62,740, or 12.4 percent, below the FY 2021 approved amount. The all funds decrease is primarily due to decreased expenditures for computer programming (\$39,212); communication services (\$11,802); professional services, such as staffing and recruiting services (\$11,730); the state buildings operating charge (\$9,161); travel and subsistence (\$9,146); printing and advertising services and equipment rentals (\$8,208); and honorariums (\$5,214). The decrease is partially offset by increased expenditures for access database updates (\$14,870) and the state buildings capital charge (\$9,162);
- **Commodities.** The agency's revised estimate includes \$9,091, all SGF, in FY 2021. This is an all funds decrease of \$18,038, or 66.5 percent, and an SGF decrease of \$2,303, or 20.2 percent, below the FY 2021 approved amount. The all funds decrease is primarily due to expenditures for food costs for the Employment Law Seminar (\$15,735), and data processing supplies (\$2,551); and
- **Capital Outlay.** The agency's revised estimate includes \$7,099, all SGF, in FY 2021. This is an SGF increase of \$2,544, or 55.9 percent, above the FY 2021 approved amount. The SGF increase is primarily due to expenditures for microcomputer equipment (\$2,725) and software licenses (\$1,130). The increase is partially offset by decreased expenditures for office furniture (\$1,308).

The **Governor** concurs with the agency's FY 2021 revised estimate.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$4,016. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
KPERs Death and Disability contributions	\$ (4,016)	\$ (4,016)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,566,523	\$ 1,521,523	\$ (45,000)
FTE Positions	23.0	23.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 50,313	\$ (20,358)	
All Other Funds	39,633	65,304	
TOTAL	\$ 89,946	\$ 44,946	
<i>Percent Change:</i>			
State General Fund	4.6 %	(1.8) %	
All Other Funds	10.6	17.4	
TOTAL	6.1 %	3.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2022 operating expenditures of \$1.6 million, including \$1.2 SGF. This is an all funds increase of \$89,946, or 6.1 percent, and an SGF increase of \$50,313, or 4.6 percent, above the agency's FY 2021 revised estimate. The SGF increase is primarily attributed to carrying forward the \$45,000 reappropriation for security upgrades to the Wichita office and for a database conversion from Microsoft Access to SharePoint. The all funds increase is primarily due to increases in salaries and wages, contractual services, and commodities. The agency's request includes 23.0 FTE positions, which is no change from the number included in the agency's FY 2021 revised estimate.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The agency's FY 2022 request includes \$1.0 million, including \$633,481 SGF. This is an all funds increase of \$12,842, or 1.3 percent, and an SGF decrease of \$8,286, or 1.3 percent, from the FY 2021 revised estimate. The all funds increase is primarily due to expenditures for retirement contributions (\$8,818) and group health insurance (\$6,337);
- **Contractual Services.** The agency's FY 2022 request includes \$509,970, including \$504,821 SGF. This is an all funds increase of \$64,287, or 14.4 percent, and an SGF increase of \$61,378, or 13.8 percent, above the FY 2021 revised estimate. The all funds increase is primarily due to expenditures for computer programming updates (\$70,655), security upgrades in the Wichita office (\$15,00), and rental equipment (\$2,878). The increase is partially offset by decreases in staffing and recruiting services (\$30,702);
- **Commodities.** The agency's FY 2022 request includes \$24,946, including \$9,350 SGF. This is an all funds increase of \$15,855, or 174.4 percent, and an SGF increase of \$259, or 2.8 percent, above the FY 2021 revised estimate. The

increase is primarily due to expenditures for food costs for the Employment Law Seminar (\$15,596); and

- **Capital Outlay.** The agency's FY 2022 request includes \$4,061, all SGF. This is an SGF decrease of \$3,038, or 42.8 percent, below the FY 2021 revised estimate. The decrease is primarily due to decreases in microcomputer equipment (\$2,725) and software licenses (\$314).

The **Governor** recommends FY 2022 operating expenditures totaling \$1.5 million, including \$1.1 million SGF. This is an all funds decrease of \$45,000, or 2.9 percent, and an SGF decrease \$70,671, or 6.1 percent, below the agency's FY 2022 request. The all funds and SGF decrease are primarily due to reductions in contractual services associated with the agency's reduced resources budget. .

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages	\$ (25,671)	\$ 0	0.0	\$ (25,671)	\$ 0	0.0
Wichita Office Security Upgrades	(15,000)	(15,000)	0.0	(15,000)	(15,000)	0.0
Website Development	(30,000)	(30,000)	0.0	(30,000)	(30,000)	0.0
Access Databases	(40,000)	(40,000)	0.0	0	0	0.0
Updates and SharePoint Costs						
TOTAL	\$ (110,671)	\$ (85,000)	0.0	\$ (70,671)	\$ (45,000)	0.0

The **agency** submits a FY 2022 reduced resources budget totaling \$110,671. Four projects make up the agency's reduced resources submission. Each project is detailed below:

- **Salaries and Wages.** The agency proposes to reduce SGF expenditures for salaries and wages by \$25,671 for FY 2022. In the alternative, the agency proposes to substitute \$25,671 from the U.S. Equal Employment Opportunity Commission (EEOC) federal fund for SGF to pay for salaries and wages. The agency states the funding substitution would allow the agency to continue operations without interruption. The agency notes that the reduction amount is approximately 45.0 percent of the cost of a Special Investigator I position for FY 2022. The agency further notes that without the corresponding increase in spending from the EEOC fund, there would be a reduction in complaints closed, an increase in processing time, and a loss of EEOC revenue;
- **Wichita Office Security Upgrades.** The agency proposes to reduce SGF expenditures for security updates in the Wichita office by \$15,000 for FY 2022. The security upgrade for the Wichita office was scheduled for FY 2020 at a cost

of \$10,548. The upgrade included a bulletproof window in the receptionist area and bulletproof panels in the lobby area. The agency noted the upgrades were postponed due to the COVID-19 pandemic. The agency carried forward the funds to FY 2021 and further prepared to reappropriate the funds to FY 2022. The agency estimates the security updates will cost \$15,000 for FY 2022;

- **Website Development.** The agency proposes to reduce SGF expenditures for website development by \$30,000 for FY 2022; and
- **Access Database Updates and Associated SharePoint Costs.** The agency proposes to reduce SGF expenditures for Access databases and SharePoint by \$40,000 for FY 2022. The agency received \$35,000 to convert its Microsoft Access databases to SharePoint in FY 2020. The agency states that this conversion was put on hold due to the COVID-19 pandemic. The agency carried forward the funds to FY 2021 and has prepared to reappropriate funds to FY 2022. The additional \$5,000 is the estimated cost of the associated Azure SharePoint hosting services for FY 2022.

The **Governor** recommends an FY 2022 reduced resources budget totaling \$45,000, including \$70,671 SGF. The recommendation includes three of the agency's proposed reduced resources items. The Governor recommends the following:

- **Salaries and Wages.** The Governor recommends an SGF reduction of \$25,671 for salaries and wages. The Governor recommends this SGF reduction be offset with federal funds to allow the agency to continue operations without interruption;
- **Wichita Office Security Upgrades.** The Governor recommends an SGF reduction of \$15,000 from eliminating planned security upgrades for the Wichita office;
- **Website Development.** The Governor recommends an SGF reduction of \$30,000 from eliminating upgrades to the agency's website; and
- **Access Database Updates and Associated SharePoint Costs.** The Governor recommends that \$40,000, all SGF, not be reduced for the agency's database upgrades.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$6,440, including \$4,073 SGF, and FY 2022 longevity payments total \$6,680, including \$3,951 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented via the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	73.5 %	71.0 %
Employment Discrimination Fund	25.2	27.6
Education and Training Fund	1.3	1.4
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

Employment Discrimination Fund Analysis

The agency has the ability to receive and accept federal funds to carry out its agency functions, pursuant to KSA 10-1004. The agency enters into a contract with the federal Equal Employment Opportunity Commission (EEOC) each federal fiscal year for the processing and resolving of complaints jointly filed under Kansas statutes and federal regulations. The contract includes reimbursement for the receipt of complaints that fall under federal regulations but outside of the agency's jurisdiction. The agency receives \$800 for each case resolution and \$80 for the receipt and forwarding of complaints that fall under the EEOC's purview.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 327,919	\$ 435,604	\$ 435,604	\$ 452,547	\$ 452,547
Revenue	401,020	389,880	389,880	386,600	386,600
Transfers in	0	0	0	0	0
Funds Available	\$ 728,939	\$ 825,484	\$ 825,484	\$ 839,147	\$ 839,147
Less:					
Expenditures	\$ 293,335	\$ 372,937	\$ 372,937	\$ 394,065	\$ 419,736
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 435,604	\$ 452,547	\$ 452,547	\$ 445,082	\$ 419,411
Ending Balance as Percent of Expenditures	148.5%	121.3%	121.3%	112.9%	99.9%
Month Highest Ending Balance	December \$ 728,725	December \$ 868,943	December \$ 868,943	December \$ 854,609	December \$ 854,609
Month Lowest Ending Balance	November \$ 327,705	November \$ 452,325	November \$ 452,325	November \$ 444,864	June \$ 419,411

Education and Training Fund Analysis

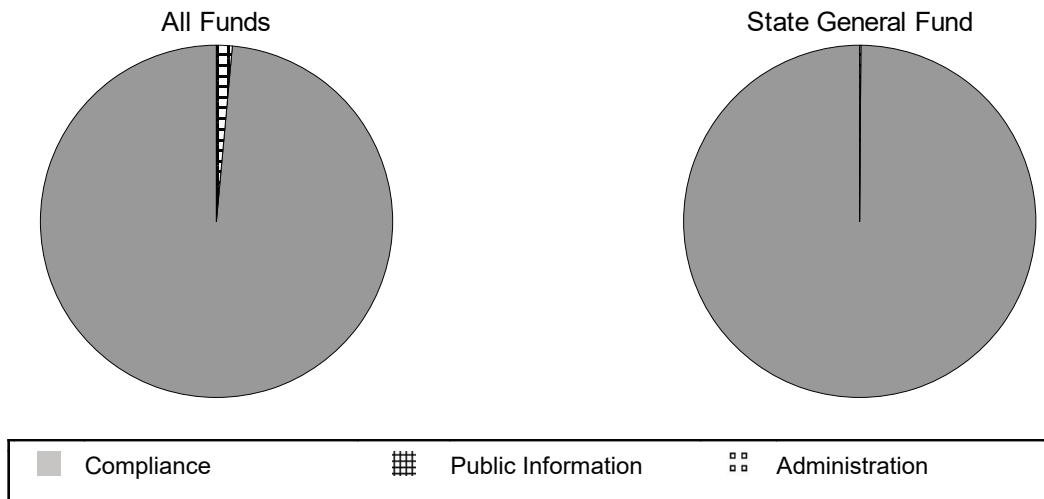
Revenues to the Education and Training Fund are generated by fees for copies and registration fees for the Annual Employment Law Seminar. Budgetary legislation for the current fiscal year authorizes the Executive Director to fix, charge, and collect fees in order to recover all or part of the operating expenses incurred for training programs. Expenditures from this program are limited to operating expenditures for the Commission's Education and Training programs for the general public.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 12,498	\$ 7,523	\$ 7,523	\$ 6,283	\$ 6,283
Revenue	3,974	1,000	1,000	22,250	22,250
Transfers in	0	0	0	0	0
<i>Funds Available</i>	<u>\$ 16,472</u>	<u>\$ 8,523</u>	<u>\$ 8,523</u>	<u>\$ 28,533</u>	<u>\$ 28,533</u>
Less:					
Expenditures	\$ 8,949	\$ 2,240	\$ 2,240	\$ 20,745	\$ 20,745
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 7,523</u>	<u>\$ 6,283</u>	<u>\$ 6,283</u>	<u>\$ 7,788</u>	<u>\$ 7,788</u>
Ending Balance as Percent of Expenditures	84.1%	280.5%	280.5%	37.5%	37.5%
Month Highest Ending Balance	May <u>\$ 15,657</u>	May <u>\$ 8,523</u>	May <u>\$ 8,523</u>	May <u>\$ 28,533</u>	May <u>\$ 28,533</u>
Month Lowest Ending Balance	June \$ 7,523	June \$ 6,283	June \$ 6,283	July \$ 6,283	July \$ 6,283

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 0	0.0 %	\$ 0	0.0 %
Compliance	1,499,561	98.6	1,079,802	99.9
Public Information	21,962	1.4	1,240	0.1
TOTAL	\$ 1,521,523	100.0 %	\$ 1,081,042	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	0.0	0.0	0.0	0.0	0.0
Compliance	23.0	23.0	23.0	23.0	23.0
Public Information*	0.0	0.0	0.0	0.0	0.0
TOTAL	23.0	23.0	23.0	23.0	23.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

*Staff note: Salaries incurred for the Public Information program are charged to that program throughout the year via journal entries as the program has no FTE positions.)

A. Compliance

The compliance program investigates and resolves complaints pertaining to discrimination in employment, housing, and public accommodations. Revenues are generated through a contractual relationship with the EEOC. The EEOC pays the Kansas Human Rights Commission (KHRC) a specified amount for each case resolved that falls under both federal and state jurisdiction, while KHRC pays a fee for all complaints KHRC receives that it refers to EEOC that only fall under federal jurisdiction. KHRC also may initiate a complaint and investigate when it concludes that a pattern and practice violation may be occurring.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Complaints Clearance Rate*	86.2 %	97.0 %	101.4 %	103.5 %	101.1 %	101.7 %
Number of Settlements Completed through Kansas Legal Services**	83	91	N/A	82	95	90
Percentage of Probable Cause Findings Resulting in Successful Conciliation**	30.8 %	15.4 %	N/A	80.0 %	20.0 %	20.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.3	\$ 1.6	\$ 1.4	\$ 1.5	\$ 1.5
FTE Positions	23.0	23.0	23.0	23.0	23.0	23.0
*Number of closed cases/Number of complaints filed						
**The Governor's Office does not utilize this measure for evaluation purposes.						

COMPLIANCE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 975,052	\$ 1,014,704	\$ 1,014,704	\$ 1,027,546	\$ 1,027,546
Contractual Services	417,198	442,444	442,444	503,811	458,811
Commodities	8,645	8,989	8,989	9,143	9,143
Capital Outlay	3,870	7,099	7,099	4,061	4,061
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,404,765	\$ 1,473,236	\$ 1,473,236	\$ 1,544,561	\$ 1,499,561
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,404,765	\$ 1,473,236	\$ 1,473,236	\$ 1,544,561	\$ 1,499,561
Financing:					
State General Fund	\$ 1,111,407	\$ 1,100,276	\$ 1,100,276	\$ 1,150,473	\$ 1,079,802
All Other Funds	293,358	372,960	372,960	394,088	419,759
TOTAL	\$ 1,404,765	\$ 1,473,236	\$ 1,473,236	\$ 1,544,561	\$ 1,499,561
FTE Positions	23.0	23.0	23.0	23.0	23.0

The **agency** requests a revised estimate in FY 2021 totaling \$1.5 million, including \$1.1 million SGF, for the Compliance program. This is an all funds decrease of \$130,037, or 8.1 percent, and an SGF decrease of \$2,835, or 0.3 percent, below the agency's FY 2021 approved

amount. The decrease from the FY 2021 approved amount is primarily attributable to decreases in salaries and wages, contractual services, and commodities. This is partially offset by an increase in capital outlay. The FY 2021 revised estimate includes 23.0 FTE positions, which is the same as the FY 2021 approved number.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The FY 2021 revised estimate includes \$1.0 million, including \$641,767 SGF. This is an all funds decrease of \$66,442, or 6.1 percent, and an SGF increase of \$59,118, or 10.1 percent, from the FY 2021 approved amount. The decrease is primarily due to shrinkage (\$52,273) and decreases in classified regular salaries (\$75,067), retirement contributions (\$10,186), and group health insurance (\$3,592). The decrease is partially offset by an increase in unclassified regular salaries (\$75,748);
- **Contractual Services.** The FY 2021 revised estimate includes \$442,444, including \$442,421 SGF. This is an all funds decrease of \$64,097, or 12.7 percent, and an SGF decrease of \$62,455, or 12.4 percent, below the FY 2021 approved amount. The decrease is primarily due to decreases in computer programming (\$39,200), communication services (\$11,719), state buildings operating charge (\$9,161), travel and subsistence (\$8,883), staffing and recruiting services (\$7,690), honorariums (\$5,214), and fees associated with the mediation program contracted through the mediation division at Kansas Legal Services (\$4,039). The decrease is partially offset by increased expenditures for access database updates (\$14,870) and the state buildings capital charge (\$9,162);
- **Commodities.** The FY 2021 revised estimate includes \$8,989, all SGF. This is an SGF decrease of \$2,042, or 18.5 percent, below the FY 2021 approved amount. The decrease is primarily due to a decrease in data processing supplies (\$2,551); and
- **Capital Outlay.** The FY 2021 revised estimate includes \$7,099, all SGF. This is an SGF increase of \$2,544, or 55.9 percent, above the FY 2021 approved amount. The increase is primarily due to expenditures for microcomputer equipment (\$2,725) and software licenses (\$1,130). The increase is partially offset by decreased expenditures for office furniture (\$1,308).

The **Governor** concurs with the agency's FY 2021 revised estimate for the Compliance program.

The **agency** requests expenditures for FY 2022 totaling \$1.5 million, including \$1.2 million SGF, for the Compliance program. This is an all funds increase of \$71,325, or 4.8 percent, and an SGF increase of \$50,197, or 4.6 percent, above the agency's FY 2021 revised estimate. The increase from the FY 2021 revised estimate is primarily attributable to an increase in salaries and wages, contractual services, and commodities. This is partially offset by a decrease in capital outlay expenditures. The FY 2022 request includes 23.0 FTE positions, which is the same as the number included in the FY 2021 revised estimate.

Major categories of expenditure are detailed below:

- **Salaries and Wages.** The FY 2022 request totals \$1,027,546, including \$633,481 SGF. This is an all funds increase of \$12,842, or 1.3 percent, and an SGF decrease of \$8,286, or 1.3 percent, from the agency's FY 2021 revised estimate. The all funds increase is primarily due to expenditures for retirement contributions (\$8,818) and group health insurance (\$6,337). The increase is partially offset by shrinkage in salaries and wages (\$2,630);
- **Contractual Services.** The FY 2022 request totals \$503,811, including \$503,788 SGF. This is an SGF increase of \$61,367, or 13.9 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for computer programming (\$70,655), security upgrades in the Wichita office (\$15,00), travel and subsistence (\$1,997), and other fees, such as access database updates and fees associated with the mediation program contracted through the mediation division at Kansas Legal Services (\$3,080). The increase is partially offset by decreases in staffing and recruiting services (\$30,702);
- **Commodities.** The FY 2022 request totals \$9,143, all SGF. This is an SGF increase of \$154, or 1.7 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to increases in data processing supplies (\$71) and stationery and office supplies (\$68); and
- **Capital Outlay.** The FY 2022 request totals \$4,061, all SGF. This is an SGF decrease of \$3,038, or 42.8 percent, below the agency's FY 2021 revised estimate. The decrease is primarily due to decreases in microcomputer equipment (\$2,725) and software licenses (\$314).

The **Governor** recommends expenditures for FY 2022 totaling \$1.5 million, including \$1.1 million SGF, for the Compliance program. This is an all funds decrease of \$45,000, or 2.9 percent, and an SGF decrease of \$70,671, or 6.1 percent, below the agency's FY 2022 request. The all funds and SGF decreases are primarily due to a decrease in contractual services associated with the agency's reduced resources budget. The Governor's recommendation includes funding for 23.0 FTE positions, which is the same number included in the agency's FY 2022 request.

B. Public Information

This program is responsible for the dissemination of information to all segments of the public about the provisions of the Kansas Act Against Discrimination and the Kansas Age Discrimination in Employment Act. The Commission distributes informational materials and conducts seminars and workshops, which provide an overview of the laws against discrimination or a specific segment of laws. The agency conducts an annual Employment Law Seminar with anti-discrimination law experts presenting on a range of issues focused on human resources professionals, the legal community, and employers. The expenditures are primarily for meetings, including food, fees and rentals, and printing services.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of People Trained through Educational Presentations	1,553	666	680	794	725	725
Number of People Completing KHRC Online Training*	14,254	11,330	N/A	9,891	11,000	11,250
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 7.3	\$ 7.3	\$ 28.7	\$ 8.9	\$ 3.3	\$ 22.0
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

*The Governor's Office does not utilize this measure for evaluation purposes.

PUBLIC INFORMATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 8,000	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	900	3,239	3,239	6,159	6,159
Commodities	0	102	102	15,803	15,803
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 8,900	\$ 3,341	\$ 3,341	\$ 21,962	\$ 21,962
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 8,900	\$ 3,341	\$ 3,341	\$ 21,962	\$ 21,962
Financing:					
State General Fund	\$ 0	\$ 1,124	\$ 1,124	\$ 1,240	\$ 1,240
All Other Funds	8,900	2,217	2,217	20,722	20,722
TOTAL	\$ 8,900	\$ 3,341	\$ 3,341	\$ 21,962	\$ 21,962
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests an FY 2021 revised estimate of \$3,341, including \$1,124 SGF. This is an all funds decrease of \$26,480, or 88.8 percent, and an SGF decrease of \$546, or 32.7 percent, below the approved amount. (Note: Salaries incurred for the Public Information program are charged to that program throughout the year *via* journal entries, as the program has no FTE positions.) The decrease from the FY 2021 approved amount is primarily attributable to a decrease in contractual services and commodities for expenditures related to the Employment Law Seminar, which the agency is planning to provide virtually in FY 2021.

Major categories of expenditures are detailed below:

- **Contractual Services.** The FY 2021 revised estimate includes \$3,239, including \$1,022 SGF. This is an all funds decrease of \$10,484, or 76.4 percent, and an SGF decrease of \$285, or 21.8 percent, below the FY 2021 approved amount. The all funds decrease is primarily due to decreases in printing and advertising services (\$7,058) and equipment rentals (\$2,903); and

- **Commodities.** The FY 2021 revised estimate includes \$102, all SGF. This is an all funds decrease of \$15,996, or 99.4 percent, and an SGF decrease of \$261, or 71.9 percent, below the FY 2021 approved amount. The all funds decrease is primarily due to a decrease in food for the Employment Law Seminar, which the agency is planning to provide virtually (\$15,735).

The **Governor** concurs with the agency's FY 2021 revised estimate.

The **agency** requests expenditures for FY 2022 totaling \$21,962, including \$1,240 SGF. This is an all funds increase of \$18,621, or 557.3 percent, and an SGF increase of \$116, or 10.3 percent, above the approved amount. The increase from the FY 2021 approved amount is primarily attributable to an increase in contractual services and commodities.

Major categories of expenditures are detailed below:

- **Contractual Services.** The FY 2022 request totals \$6,159, including \$1,033 SGF. This is an all funds increase of \$2,920, or 90.2 percent, and an SGF increase of \$11, or 1.1 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for rental equipment (\$2,878); and
- **Commodities.** The FY 2022 request totals \$15,803, including \$207 SGF. This is an all funds increase of \$15,701, or 15,393.1 percent, and an SGF increase of \$105, or 102.9 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for food associated with the Employment Law Seminar being held in-person (\$15,596).

The **Governor** concurs with the agency's FY 2022 request.

HEALTH CARE STABILIZATION FUND BOARD OF GOVERNORS

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	34,819,674	38,020,420	38,020,420	37,012,064	37,012,064
Subtotal	\$ 34,819,674	\$ 38,020,420	\$ 38,020,420	\$ 37,012,064	\$ 37,012,064
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 34,819,674	\$ 38,020,420	\$ 38,020,420	\$ 37,012,064	\$ 37,012,064
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(3.7)	9.2	9.2	(2.7)	(2.7)
FTE Positions	21.0	21.0	21.0	21.0	21.0

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

AGENCY OVERVIEW

The 1976 Health Care Providers Insurance Availability Act created the Health Care Stabilization Fund (Fund) to stabilize the availability of medical professional liability coverage for health care providers. From 1976 to 1995, the Fund was the administrative responsibility of the Commissioner of Insurance. Beginning in 1995, the administration of the Fund was established as an independent state agency separate from the Kansas Insurance Department.

Among the provisions of the Fund law are a mandate for health care providers to maintain basic professional liability insurance as a condition to render services in Kansas, a requirement that the Fund provide excess professional liability insurance coverage, and the establishment of an availability plan to provide the required basic professional liability insurance coverage when such coverage is not available through insurance companies.

Fund loss exposures begin when a medical professional liability claim or legal action exceeds the required professional liability coverage of \$200,000 per claim, with an annual aggregate for all claims of \$600,000. Fund coverage also may be provided for claims and legal actions brought against eligible inactive health care providers. Since July 1, 1999, health care providers have selected one of three fund coverage limits: \$100,000/\$300,000; \$300,000/\$900,000; or \$800,000/\$2,400,000.

The Fund is financed by a surcharge levied on and paid by Kansas health care providers based on a rating classification system established by the Board of Governors. The surcharge revenue in fiscal year (FY) 1991 was \$35.7 million. Surcharge receipts in FY 2019 were \$27.7 million and are estimated at \$28.5 million in FY 2020. In addition to Fund surcharges, the Fund also receives interest on agency investments. The investment income for FY 2019 was \$8.5 million and is expected to be approximately \$8.1 million in FY 2020 based on an assumption of 2.95 percent yield on average assets. Investments for the Board of Governors are administered by the Pooled Money Investment Board.

Full-time faculty, private practice foundations and corporations, and residents at the University of Kansas Medical Center (KUMC) and affiliated programs in Wichita and Salina receive basic coverage through statutory self-insurance provisions and excess coverage from the Fund. Basic coverage provisions applicable to these individuals and entities are set forth in the Fund law, including a \$500,000 reserve fund maintained by the University of Kansas School of Medicine private practice foundations. The law also contains provisions for reimbursement to the Fund of basic coverage losses arising from these statutory basic coverage self-insurance provisions from the State General Fund (SGF).

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** authorized an additional FTE position for the agency beginning for FY 2011. This position is assigned to the Legal department and focuses on responding to Kansas Open Records Act requests. Although this is not a statutory duty of the Fund, external clients, such as hospitals and insurance companies, rely on the Fund to provide information on levels of coverage and claims history for health care providers.

The **2010 Legislature** also passed SB 414, which amended the Health Care Provider Insurance Availability Act to exempt the Fund from transfers to the SGF under the allotment authority delegated to the Secretary of Administration by KSA 75-3722. The bill also deferred payment to the Fund from the SGF for costs and expenditures associated with the administration of a self-insurance program for the full-time faculty, private practice foundations and corporations, and the residents of KUMC and affiliated programs. Payments scheduled for FY 2010, FY 2011, FY 2012, and FY 2013 were not transferred until July 1, 2013. At that time, annual SGF payments resumed and continued through July 1, 2017, each in the amount of 20.0 percent of the total amount owed.

On **October 5, 2012**, in *Miller v. Johnson*, the Kansas Supreme Court upheld the \$250,000 cap on non-economic damage awards in a 5-2 decision. This cap on the amount of damages for pain and suffering awarded by juries to personal injury action claimants has been previously upheld (1990, *Samsel II*). The majority of the Court upheld KSA 60-19a02 as it applied to *Miller* (personal injury plaintiff, medical malpractice claim)—the statute provides for a \$250,000 cap on non-economic damages and applies to all personal injury actions, including medical malpractice claims, accruing on or after July 1, 1988.

The opinion also cited the Health Care Provider Insurance Availability Act by indicating, “As noted in several of our prior cases, the legislature’s expressed goals for the comprehensive legislation comprising the Health Care Provider Insurance Availability Act and the non-economic damages cap have long been accepted by this court to carry a valid public interest objective.”

The opinion also noted the Legislature passed this statute “in an attempt to reduce and stabilize liability insurance premiums by eliminating both the difficulty with rate setting due to the unpredictability of non-economic damages awards and the possibility of large non-economic damage awards.”

On **July 31, 2012**, in *Watts v. Lester E. Cox Medical Centers*, the Missouri Supreme Court struck down a 2005 law that had capped non-economic damage awards in Missouri medical malpractice actions at \$350,000 in a 4-3 decision. The plaintiff, Deborah Watts, filed suit against Cox Medical Centers in Springfield; her son was born with severe brain injuries in 2006. A jury had awarded Watts \$1.450 million for non-economic damages for the injuries (Watts was also awarded \$3.371 million for future medical expenses). Missouri law limited the awards to \$350,000. The Missouri Supreme Court found the cap unconstitutional because it violated the state's constitutional right to trial by jury.

The decision states the statutory cap (§538.210) is “unconstitutional to the extent that it infringes on the jury’s constitutionally protected purpose of determining the amount of damages sustained by an injured party. Such a limitation was not permitted at common law when Missouri’s constitution first was adopted in 1820 and, therefore, violates the right to trial by jury guaranteed by Article I, section 22(a) of the *Missouri Constitution*.”

The **2014 Legislature** passed SB 311, which increased the statutory limit on non-economic damages in personal injury actions. On July 1, 2014, the cap increased from \$250,000 to \$300,000. The limit will increase again on July 1, 2018, to \$325,000 and then again on July 1, 2022, to \$350,000.

The **2014 Legislature** also passed HB 2516, which added five new categories of health care providers to the definition section of the Health Care Provider Insurance Availability Act. The new categories of providers include physician assistants, nurse-midwives, assisted living facilities, nursing facilities, and residential health care facilities. The Legislature added \$73,379 and 1.0 FTE position for FY 2015 to allow the agency to implement relevant provisions of the Act.

The **2015 Legislature** passed HB 2064, which allowed health care systems to aggregate insurance premiums for the purpose of obtaining a certificate of self-insurance. The Legislature added \$40,980 and 0.5 FTE positions for FY 2016 and FY 2017 to fund operating expenditures associated with a Compliance Officer.

The **2016 Legislature** added \$1.7 million, all from the Health Care Stabilization Fund, due to a revised estimate of claims payments and associated legal expenditures in FY 2016.

The **2017 Legislature** passed HB 2118, which stated the Fund will not be liable for any claim that is a result of professional services rendered as a charitable health care provider or that is covered under the Federal Tort Claims Act. The bill also established an annual maximum amount of \$3.0 million for the aggregate liability of the Fund for judgments and settlements arising from claims made against a resident or nonresident inactive health care provider.

The **2018 Legislature** passed SB 217, which amended language to clarify the annual report of the Kansas Health Care Stabilization Fund Board of Governors will be submitted to the Health Care Stabilization Fund Oversight Committee and requires the reporting of the Fund balance at the end of the fiscal year.

The **2019 Legislature** added \$37,899, all from the Health Care Stabilization Fund, for the 2.5 percent Legislative Pay Plan for FY 2020. The Legislature also passed HB 2119, which would allow defined "business entities" to obtain authorization for the employment of health care professionals to provide professional services to the entity's employees. The provision allowing the employment of health care professionals will take effect March 1, 2020.

On **June 14, 2019**, in *Hilburn v. Enerpipe LTD*, the Kansas Supreme Court diverted from its non-economic damages framework in *Miller v. Johnson* in a plurality opinion and ruled the cap on non-economic damages as unconstitutional. The case involved an auto accident where the plaintiff received a judgment that included \$301,509 for non-economic damages, but which was reduced to \$250,000 as a result of the cap (the amount of the cap at the time).

The justices, joining the opinion of the court, found that KSA 60-19a02 violated the right to a jury trial protected by the *Kansas Constitution Bill of Rights* by effectively taking the decision out of the jury's hand and replacing it with the \$250,000 cap. The concurring opinion felt a restriction on what may be decided by a jury in personal injury cases may be constitutional, but as it stood now, the procedure of the cap was unconstitutional. The dissent viewed that the previous holding in *Miller* was not clearly erroneous and the *quid pro quo* test should have been applied.

While this case was an auto accident case, the Supreme Court was not clear whether the cap on non-economic damages was only unconstitutional as it pertained to those cases, or whether it applied to medical malpractice cases as well.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised expenditures of \$38.0 million, all from special revenue funds, in FY 2021. This is an all funds decrease of \$17,808, or less than 0.1 percent, below the FY 2021 approved budget. The decrease is primarily attributable to decreased expenditures on contractual services for computer software maintenance contracts. The revised estimate includes 21.0 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 – Budget Year. The agency requests \$37.0 million, all from special revenue funds, for FY 2022. This is an all funds decrease of \$1.0 million, or 2.7 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on court-approved settlement agreements or jury awards. This decrease is partially offset by increased expenditures for contractual services related to legal fees (attorneys, expert witnesses, court costs) and salaries and wages expenditures for a 2.5 percent merit-based salary increase and increases for salaries and wages fringe benefits. The request includes 21.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

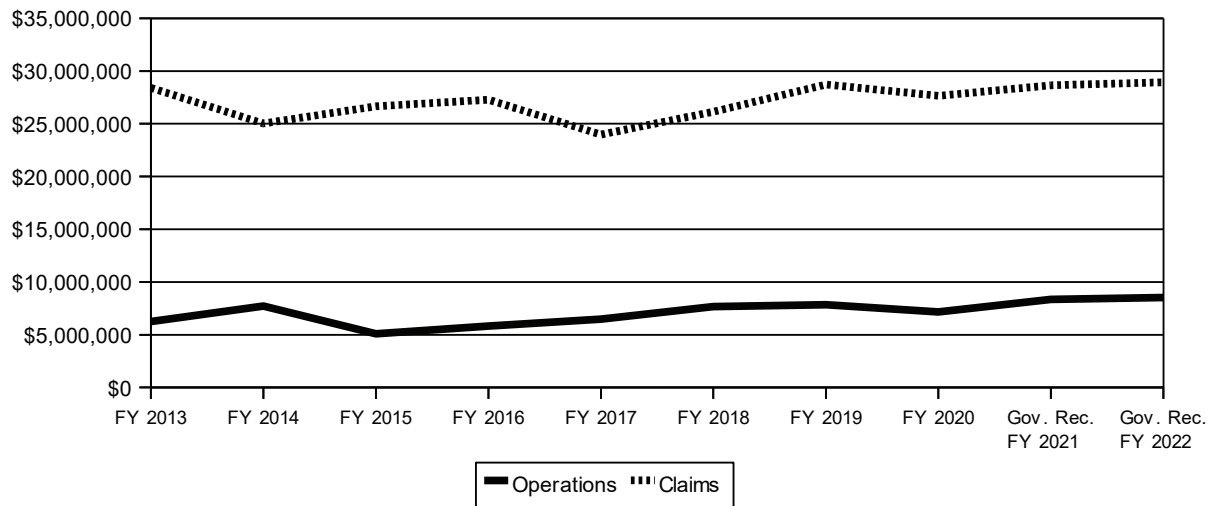
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Health Care Providers in Compliance as of July 1	14,574	15,992	14,741	14,741	15,474	15,474
Number of Cases Opened	570	597	560	586	586	586
Number of Cases Closed	578	549	556	524	524	524
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 33.8	\$ 36.6	\$ 37.5	\$ 34.8	\$ 38.0	\$ 37.0
FTE Positions	20.0	21.0	21.0	21.0	21.0	21.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	Operations	% Change	Claims	% Change	FTE
2013	\$ 6,250,365	(0.7)%	\$ 28,405,415	29.6 %	20.0
2014	7,722,355	23.6	25,029,266	(11.9)	20.0
2015	5,099,207	(34.0)	26,654,184	6.5	20.0
2016	5,824,554	14.2	27,278,643	2.3	20.0
2017	6,490,517	11.4	23,976,127	(12.1)	20.0
2018	7,658,489	18.0	26,136,165	9.0	20.0
2019	7,843,317	2.4	28,718,064	9.9	21.0
2020	7,168,138	(8.6)	27,651,536	(3.7)	21.0
2021 Gov. Rec.	8,053,337	12.3	29,967,083	8.4	21.0
2022 Gov. Rec.	8,361,369	3.8	28,650,695	(4.4)	21.0
Ten-Year Change Dollars/Percent	\$ 2,111,004	33.8 %	\$ 245,280	0.9 %	1.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 2,116,301	\$ 2,480,854	\$ 2,537,743	\$ 56,889	2.3 %	\$ 2,480,854	\$ 2,537,743	\$ 56,889	2.3 %
Claims and Claim Expenses	32,703,373	35,539,566	34,474,321	(1,065,245)	(3.0)	35,539,566	34,474,321	(1,065,245)	(3.0)
TOTAL	\$ 34,819,674	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7) %	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,711,832	\$ 1,844,200	\$ 1,912,843	\$ 68,643	3.7 %	\$ 1,844,200	\$ 1,912,843	\$ 68,643	3.7 %
Contractual Services	5,318,978	6,116,693	6,353,969	237,276	3.9	6,116,693	6,353,969	237,276	3.9
Commodities	21,880	32,224	32,837	613	1.9	32,224	32,837	613	1.9
Capital Outlay	115,448	60,220	61,720	1,500	2.5	60,220	61,720	1,500	2.5
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 7,168,138	\$ 8,053,337	\$ 8,361,369	\$ 308,032	3.8 %	\$ 8,053,337	\$ 8,361,369	\$ 308,032	3.8 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	27,651,536	29,967,083	28,650,695	(1,316,388)	(4.4)	29,967,083	28,650,695	(1,316,388)	(4.4)
TOTAL	\$ 34,819,674	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7) %	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7)%
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Conference Fee Fund	0	12,000	12,000	0	0.0	12,000	12,000	0	0.0
Coronavirus Relief Fund	192	0	0	0	0.0	0	0	0	--
Health Care Stabilization Fund	34,819,482	38,008,420	37,000,064	(1,008,356)	(2.7)	38,008,420	37,000,064	(1,008,356)	(2.7)
TOTAL	\$ 34,819,674	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7) %	\$ 38,020,420	\$ 37,012,064	\$ (1,008,356)	(2.7)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	38,038,228	38,020,420	(17,808)	38,020,420	(17,808)
TOTAL	\$ 38,038,228	\$ 38,020,420	\$ (17,808)	\$ 38,020,420	\$ (17,808)
FTE Positions	21.0	21.0	0.0	21.0	0.0

The **agency** estimates revised expenditures of \$38.0 million, all from special revenue funds, in FY 2021. This is an all funds decrease of \$17,808, or less than 0.1 percent, below the FY 2021 approved budget. The decrease is primarily attributable to decreased expenditures on contractual services for computer software maintenance contracts. The revised estimate includes 21.0 FTE positions, which is the same as the FY 2021 approved number. Major categories of expenditures are detailed below:

Salaries and Wages. The agency requests a revised estimate of \$1.8 million, all from special revenue funds, for salaries and wages expenditures in FY 2021. This is a decrease of \$23, or less than 0.1 percent, below the FY 2021 approved amount. The decrease is due to a classified position change to an unclassified position; and

Contractual Services. The agency requests a revised estimate of \$6.1 million, all from special revenue funds, for contractual services expenditures in FY 2021. This is a decrease of \$17,785, or 0.3 percent, below the FY 2021 approved amount. This decrease is attributable to decreased expenditures for computer software maintenance costs.

The **Governor** concurs with the agency's revised estimate in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 37,012,064	\$ 37,012,064	\$ 0
FTE Positions	21.0	21.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(1,008,356)	(1,008,356)	
TOTAL	\$ (1,008,356)	\$ (1,008,356)	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	(2.7)	(2.7)	
TOTAL	(2.7) %	(2.7) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$37.0 million, all from special revenue funds, for FY 2022. This is an all funds decrease of \$1.0 million, or 2.7 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on court-approved settlement agreements or jury awards. This decrease is partially offset by increased expenditures for contractual services related to legal fees (attorneys, expert witnesses, court costs) and salaries and wages expenditures for a 2.5 percent merit-based salary increase and increases to salaries and wages fringe benefits. The request includes 21.0 FTE positions, which is the same number as the FY 2021 revised estimate.

Salaries and Wages. The agency requests \$1.9 million, all from special revenue funds, for salaries and wages expenditures for FY 2022. This is an all funds increase of \$68,643, or 3.7 percent, above the FY 2021 revised estimate. The increase is attributable to the agency anticipating previously vacant positions being filled and a 2.5 percent merit-based salary increase;

Contractual Services. The agency requests \$6.4 million, all from special revenue funds, for contractual services expenditures for FY 2022. This is an all funds increase of \$237,276, or 3.9 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increases relating to defending claims, including expert witness fees and attorney fees;

Commodities. The agency requests \$32,837, all from special revenue funds, for commodities expenditures for FY 2022. This is an all funds increase of \$613, or 1.9 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increases relating to data processing supplies and fuel expenses for legal staff travel;

Capital Outlay. The agency requests \$61,720, all from special revenue funds, for capital outlay expenditures for FY 2022. This is an all funds increase of \$1,500, or 2.5 percent, above

the FY 2021 revised estimate. The increase is the result of the agency replacing office chairs, routine system maintenance, and office equipment; and

Other Assistance (Medical Malpractice Claims). The agency requests \$28.7 million, all from special revenue funds, for other assistance for FY 2022. This is an all funds decrease of \$1.3 million, or 4.4 percent, below the FY 2021 revised estimate. The decrease is attributable to the agency estimating decreased payments of settlements and judgments for medical malpractice claims. The decrease is based on the agency examining the ten-year average for those expenditures.

The **Governor** concurs with the agency's request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, there are no longevity payments.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
Health Care Stabilization Fund	100.0	100.0
(Note: Totals may not add due to rounding.)		

Health Care Stabilization Fund Analysis

The Health Care Stabilization Fund (Fund) was established by KSA 40-3403. The Fund receives deposits from annual premium surcharges on every health care provider who has obtained basic professional liability insurance coverage and upon all self-insurers, investments, and transfers from the Health Care Provider Insurance Availability Plan. Each year the Fund's Board of Governors meet to discuss the well-being of the Fund and to assess whether the Fund's surcharge rates need to increase. In March 2019, the Board of Governors decided to raise surcharge rates by 6.0 percent for all providers effective January 1, 2020.

KSA 40-3403 authorizes the transfer of moneys from the SGF to reimburse the Fund for costs incurred defending any claim filed against a person participating in the University of Kansas Medical Center (KUMC) residency programs, including affiliated programs in Wichita and Salina, and for that portion of the paid claims, which is equal to the basic coverage liability of self-insurers. This statute also authorizes the transfer of moneys from the SGF and the KUMC Private Practice Foundation Reserve Fund to reimburse the Fund for costs incurred to defend any claim filed against KUMC foundations and full-time faculty and for that portion of any claim that is equal to the basic liability of self-insurers. For both FY 2020 and FY 2021, the agency requested total transfers of \$2.2 million from the SGF. The Governor recommended, and the 2019 Legislature approved, total transfers of \$2.5 million for both fiscal years.

The Governor's July 2010 allotment eliminated the SGF transfer into the Fund related to KUMC claims expenditures. The Fund wrote off the transfer, which would have been approximately \$2.9 million, as not collectible. The 2010 Legislature passed SB 414, which exempted the Fund from future allotments. It also deferred payment to the Fund from the SGF for costs and expenditures associated with the KUMC and the Wichita Center for Graduate Medical Education claims expenditures. The legislation stated payments scheduled for FY 2010, FY 2011, FY 2012, and FY 2013 would not be transferred until July 1, 2013. At that time, annual SGF payments would begin and continue through July 1, 2017, each in the amount of 20.0 percent of the total amount owed. All repayment obligations were met and completed July 1, 2017.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 2,064,862	\$ 1,014,866	\$ 1,014,866	\$ 2,306,446	\$ 2,306,446
Revenue	69,127,385	66,000,000	66,000,000	67,311,000	67,311,000
Transfers in	68,861,311	63,039,566	63,039,566	59,685,321	59,685,321
Funds Available	\$ 140,053,558	\$ 130,054,432	\$ 130,054,432	\$ 129,302,767	\$ 129,302,767
Less:					
Expenditures	\$ 34,819,482	\$ 38,008,420	\$ 38,008,420	\$ 37,000,064	\$ 37,000,064
Transfers Out	68,561,311	62,739,566	62,739,566	59,385,321	59,385,321
Off-Budget Expenditures	35,657,899	27,000,000	27,000,000	28,311,000	28,311,000
Ending Balance	\$ 1,014,866	\$ 2,306,446	\$ 2,306,446	\$ 4,606,382	\$ 4,606,382
Ending Balance as Percent of Expenditures	2.9%	6.1%	6.1%	12.4%	12.4%
Month Highest Ending Balance*	December \$ 3,600,275	August \$ 6,957,674	August \$ 6,957,674	January \$ 3,745,200	January \$ 3,745,200
Month Lowest Ending Balance*	October \$ 55,654	May \$ 1,014,866	May \$ 1,014,866	February \$ 806,488	February \$ 806,488

*Monthly cash balance provided by the agency. Estimates based on five year trend.

Staff Notes

The actual cash balance on any given day of the year is a function of three principal variables:

- Fund premium surcharges collected and remitted by commercial liability insurance companies;
- Investment maturity dates; and
- Pending claim payments.

Because many medical professional liability insurance policies have effective dates and renewal dates of January 1 or July 1, Fund premium surcharges are often collected by insurance companies in late December or late June. Because insurers have a statutory 30-day remittance period, the surcharge revenue is often received near the end of January or near the end of July. Therefore, those two months normally have a comparatively high ending balance.

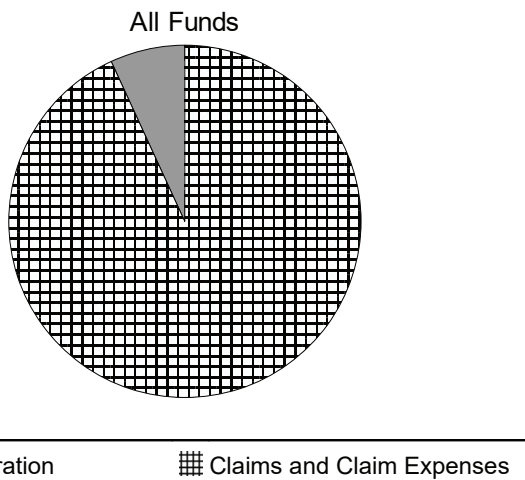
The Health Care Stabilization Fund Board of Governors employs a conservative, laddered investment strategy. Reserves are invested by the Pooled Money Investment Board on behalf of the Board of Governors. As a result, there are maturities throughout the year. If a maturity occurs near the end of the month, there will be a higher ending balance at the conclusion of that particular month.

The Board's Chief Attorney maintains a contemporary accounting of settlements and jury awards that have been approved by the courts. This includes scheduled future payments attributable to settlements and jury awards in prior fiscal years. The agency indicates it is imperative that sufficient, unencumbered cash balances be maintained in order to promptly pay these statutory Fund liabilities. Consequently, the ending balance is often a reflection of pending claim payments at the conclusion of a particular month.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 2,537,743	6.9 %	\$ 0	-- %
Claims and Claim Expenses	34,474,321	93.1	0	--
TOTAL	\$ 37,012,064	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	21.0	21.0	21.0	21.0	21.0
Claims and Claim Expenses	0.0	0.0	0.0	0.0	0.0
TOTAL	21.0	21.0	21.0	21.0	21.0

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

A. Administration

The Administration program is responsible for agency operations at the Health Care Stabilization Fund Board of Governors. The program includes the Board of Governors and the Executive Director, as well as the Legal, Compliance, and Administrative Support departments. The administrative expenditures of the Fund have traditionally been subject to an expenditure limitation as opposed to the Claims program, which does not have an expenditure limit. The agency has transitioned to a new program structure, and in future years the current Administration and Claims programs will be reflected as the Medical Professional Liability Coverage Program and the Medical Professional Liability Adjudication Program, with an Administrative Support Subprogram in each program.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Health Care Providers in Compliance as of July 1	14,574	15,992	14,741	14,741	15,474	15,474
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.8	\$ 1.9	\$ 2.5	\$ 2.1	\$ 2.5	\$ 2.5
FTE Positions	20.0	21.0	21.0	21.0	21.0	21.0

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,711,832	\$ 1,844,200	\$ 1,844,200	\$ 1,912,843	\$ 1,912,843
Contractual Services	267,669	545,054	545,054	531,250	531,250
Commodities	21,352	31,380	31,380	31,930	31,930
Capital Outlay	115,448	60,220	60,220	61,720	61,720
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,116,301	\$ 2,480,854	\$ 2,480,854	\$ 2,537,743	\$ 2,537,743
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,116,301	\$ 2,480,854	\$ 2,480,854	\$ 2,537,743	\$ 2,537,743
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,116,301	2,480,854	2,480,854	2,537,743	2,537,743
TOTAL	\$ 2,116,301	\$ 2,480,854	\$ 2,480,854	\$ 2,537,743	\$ 2,537,743
FTE Positions	21.0	21.0	21.0	21.0	21.0

The **agency** requests expenditures of \$2.5 million, all from special revenue funds, for the Administration program for FY 2022. This is an all funds increase of \$56,889, or 2.3 percent, above the FY 2021 revised estimate. The increase is primarily attributable to capital outlay expenditures on office furniture and to salaries and wages expenditures for a 2.5 percent merit-based salary increase and increases to salaries and wages fringe benefits. This increase is partially offset by decreased expenditures on travel expenditures, including meals and lodging,

as well as employee and student tuition. The request includes 21.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

B. Claims and Claim Expenses

The Claims program was instituted as a separate program in FY 2010 as the portion of the Fund responsible for the payment of court-approved claims, attorneys' fees, and other expenditures associated with claims activity. Historically, expenditures for the payment of claims have been treated as no limit by the Legislature. "No limit" means that although the Claims program operates within a budget, it does not have an appropriated limit on its expenditures. The program does not have any FTE positions.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Cases Opened	595	597	560	586	586	586
Number of Cases Closed	570	549	556	524	524	524
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 32.0	\$ 34.6	\$ 34.9	\$ 32.7	\$ 35.5	\$ 34.5
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

CLAIMS AND CLAIM EXPENSES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	5,051,309	5,571,639	5,571,639	5,822,719	5,822,719
Commodities	528	844	844	907	907
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 5,051,837	\$ 5,572,483	\$ 5,572,483	\$ 5,823,626	\$ 5,823,626
Aid to Local Units	0	0	0	0	0
Other Assistance	27,651,536	29,967,083	29,967,083	28,650,695	28,650,695
TOTAL	\$ 32,703,373	\$ 35,539,566	\$ 35,539,566	\$ 34,474,321	\$ 34,474,321
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	32,703,373	35,539,566	35,539,566	34,474,321	34,474,321
TOTAL	\$ 32,703,373	\$ 35,539,566	\$ 35,539,566	\$ 34,474,321	\$ 34,474,321
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests expenditures of \$34.5 million, all from special revenue funds, for the Claims and Claim Expenses program for FY 2022. This is an all funds decrease of \$1.1 million, or 3.0 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to decreased expenditures on court-approved settlement agreements or jury

awards. This decrease is partially offset by increased expenditures on legal costs and fees, including attorneys, expert witnesses, and court reporting fees. The request does not include any FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

JUDICIAL BRANCH

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 111,656,700	\$112,092,584	\$ 111,567,295	\$138,904,907	\$ 138,904,907
Other Funds	37,642,099	38,398,661	41,919,909	36,658,602	36,658,602
Subtotal	\$149,298,799	\$150,491,245	\$ 153,487,204	\$ 175,563,509	\$ 175,563,509
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	502,750	0	0	0	0
Subtotal	\$ 502,750	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$149,801,549	\$150,491,245	\$ 153,487,204	\$175,563,509	\$ 175,563,509
Percentage Change:					
Operating Expenditures					
State General Fund	4.3 %	0.4 %	(0.1) %	23.9 %	24.5 %
All Funds	4.2	0.8	2.8	16.7	14.4
FTE Positions	1,868.0	1,868.0	1,868.0	1,938.0	1,938.0

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

AGENCY OVERVIEW

The *Kansas Constitution* vests the judicial power of the State in one court of justice, which is divided into the Supreme Court, district courts, and other courts as provided by law. The Supreme Court has general administrative authority over all the courts in the State. The Judicial Branch's budget includes funding for the Supreme Court, the Court of Appeals, personnel costs of the district courts and some funding for technology, and a number of judicial and professional review boards and commissions. Most non-salary costs of the district courts are funded by the counties.

The Judicial Branch submits its budget directly to the Legislature under KSA 20-158 and provides it to the Director of the Budget to include in *The Governor's Budget Report* under KSA 75-3721.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** reduced the Judicial Branch State General Fund (SGF) budget by \$5.8 million for fiscal year (FY) 2012 in an attempt to hold the operations budget flat between FY 2011 and FY 2012. SB 97 extended the surcharge on docket fees into FY 2012 and increased it

by 25.0 percent for a special revenue fund increase of \$1.9 million. The bill also delayed appointment of the 14th Court of Appeals judge until FY 2013 and lapsed the funds requested for its implementation. The Legislature also suspended the Judicial Performance program of the Judicial Council and transferred \$778,518 of the funding for that program to the Judicial Surcharge Fund to support Judicial Branch operations.

The **2013 Legislature** reduced the Judicial Branch SGF budget by \$26.8 million for FY 2014 and \$27.9 million for FY 2015. The decrease is attributable to extension of the Judicial Branch Surcharge (\$10.0 million in FY 2014 and \$11.1 million in FY 2015); the shifting of docket fees from state agencies to the Judicial Branch (\$10.5 million in FY 2014 and FY 2015); and the deletion of the \$2.5 million requested by the Judicial Branch to fill 80 vacant clerk positions. The remainder of the reductions reflect a directive by the Legislature to hold SGF expenditures at the FY 2013 level, partially offset by a 1.0 percent (\$1.1 million) increase in SGF operating expenditures. The 2013 Legislature approved funding for and implementation of the 14th Court of Appeals judge and staff.

The **2014 Legislature** approved a 2.0 percent salary and wage increase for non-judicial personnel to be paid from the Driving Under the Influence (DUI) Equipment Fund, delayed the filling of judicial vacancies, provided for Chief Judges to be elected by the other District Court Judges, and inserted a provision to allow Judicial Districts to separate their operations from the Appellate Court Administrative Division. The Legislature also adjusted docket fees by increasing the fees on expungements, traffic citations, fish and game violations, tobacco citations, out-of-state probate decrees, and Chapter 60 civil cases. The Legislature implemented new docket fees on garnishments and summary judgment motions.

The **2017 Legislature** approved a 2.5 percent salary adjustment for judges and non-judicial staff, to be paid from the SGF.

The **2018 Legislature** approved a 2.0 percent salary adjustment for judges and a 5.0 percent salary adjustment for non-judicial staff, to be paid from the SGF. The Legislature also added \$200,000, all SGF, for the construction of two Court of Appeals judicial suites on the second floor of the Judicial Center for FY 2019.

The **2019 Legislature** approved a 2.5 percent salary adjustment for judges and non-judicial staff, to be paid from the SGF. The Legislature also added \$200,000, all from the Permanent Families Account of the Family and Children Investment Fund, for Court Appointed Special Advocate programs, and transferred that amount from the Kansas Endowment for Youth Fund to the Permanent Families Account for FY 2020. Additionally, the Legislature added \$200,000, all from the Docket Fee Fund, to relocate the security desk in the Kansas Judicial Center to the north entrance of the building for FY 2020. Furthermore, the Legislature passed SB 20, which extends the Judicial Branch surcharge, authorized in 2017 HB 2041, from June 30, 2019, to June 30, 2025.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$150.5 million, including \$112.1 million from the State General Fund (SGF), in FY 2021. The revised estimate is an all funds decrease of \$796,902, or 0.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to lower employer contributions for the public employees retirement system (\$633,625) and the judges retirement system (\$205,569). The

revised estimate also includes 1,868.0 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends \$153.5 million, including \$111.6 million SGF, in FY 2021. The recommendation is an increase of \$3.0 million, or 2.0 percent, above the FY 2021 revised estimate. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency. The recommendation includes two adjustments that are not reflected in the FY 2021 revised estimate, due to two statewide adjustments.

First, the recommendation includes an additional \$3.5 million, all from the Coronavirus Relief Fund, for further remote technology equipment and program expenses in FY 2021. The agency used that supplemental funding for personal protective equipment, temporary support to address growing information technology needs, and funding for existing specialty courts (\$3.4 million); creating an online marriage license portal (\$100,000); creating a text notification system (\$50,000); and creating a virtual court directory (\$21,248).

Second, the recommendation includes a reduction of \$525,289, all SGF, for a moratorium on KPERS death and disability payments in FY 2021, pursuant to the Governor's allotment plan. However, because the Judicial Branch is a separate branch of government, legislative action is required to effectuate the change.

FY 2022 – Budget Year. The **agency** requests \$175.6 million, including \$138.9 million SGF, for FY 2022. The request is an all funds increase of \$25.1 million, or 16.7 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for salary increases (\$20.2 million) and new court services officer positions (\$4.3 million). **Absent the enhancements**, the request is an all funds increase of \$524,174, or 0.3 percent, above the FY 2021 revised estimate. The non-enhancement increase is primarily due to employer contributions to public employee retirement (\$767,577), judges retirement (\$451,796), and group health insurance (\$431,093), offset by lower professional service fees for the web-based eCourt system (\$521,212) and by equipment replacement expenses incurred in FY 2021 that are not present for FY 2022. The request also includes 1,938.0 FTE positions, which is an increase of 70.0 FTE positions above the FY 2021 revised estimate. The increase is due to the agency's enhancement request for new court services officer positions.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

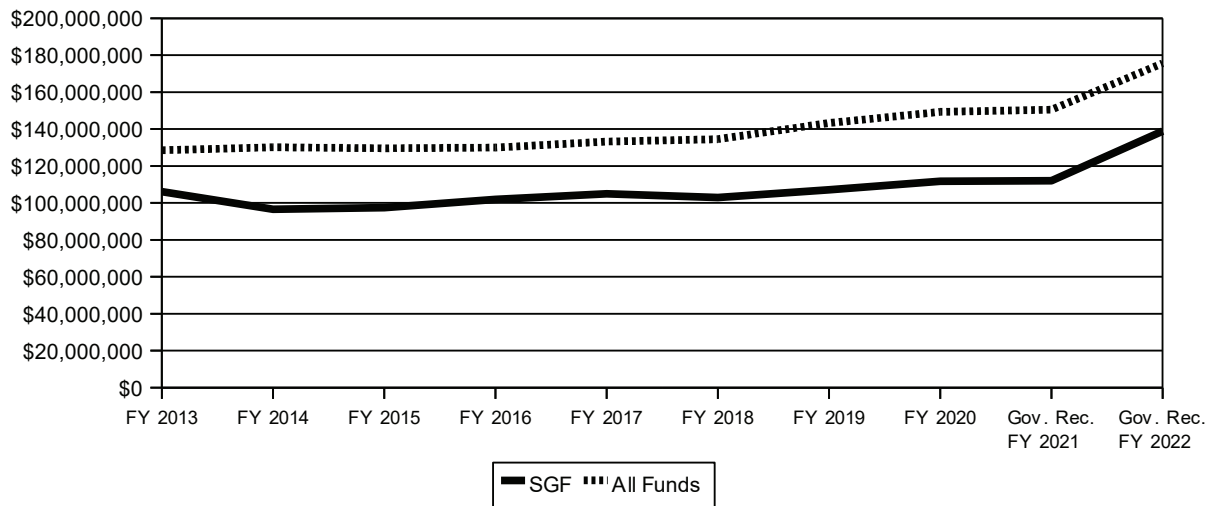
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 134.5	\$ 143.8	\$ 152.1	\$ 149.3	\$ 153.5	\$ 175.6
FTE Positions	1,865.0	1,868.0	1,868.0	1,868.0	1,868.0	1,938.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 106,127,942	3.6 %	\$ 128,551,609	1.6 %	1,855.3
2014	96,521,055	(9.1)	130,144,839	1.2	1,855.3
2015	97,442,902	1.0	129,592,144	(0.4)	1,859.8
2016	101,909,219	4.6	129,982,603	0.3	1,862.3
2017	104,996,903	3.0	133,205,361	2.5	1,862.0
2018	102,992,279	(1.9)	134,508,401	1.0	1,865.0
2019	107,064,245	4.0	143,295,158	6.5	1,868.0
2020	111,656,700	4.3	149,298,799	4.2	1,868.0
2021 Gov. Rec.	111,567,295	(0.1)	153,487,204	2.8	1,868.0
2022 Gov. Rec.	138,904,907	24.5	175,563,509	14.4	1,938.0
Ten-Year Change					
Dollars/Percent	\$ 32,776,965	30.9 %	\$ 47,011,900	36.6 %	82.7

Summary of Operating Budget FY 2020 - FY 2022

Judicial Branch

		Agency Estimate					Governor's Recommendation			
	Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21		Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Office of Judicial Administration	\$ 6,278,891	\$ 6,750,838	\$ 5,726,978	\$ (1,023,860)	(15.2) %	\$	10,272,086	\$ 5,726,978	\$ (4,545,108)	(44.2) %
Appellate Courts	18,196,941	19,261,337	21,336,388	2,075,051	10.8		19,261,337	21,336,388	2,075,051	10.8
District Courts	120,580,255	120,264,321	144,681,715	24,417,394	20.3		119,739,032	144,681,715	24,942,683	20.8
Education Services	384,493	196,902	257,297	60,395	30.7		196,902	257,297	60,395	30.7
Information Services Support	3,453,360	3,535,964	3,060,098	(475,866)	(13.5)		3,535,964	3,060,098	(475,866)	(13.5)
Judicial and Professional Review	404,859	481,883	501,033	19,150	4.0		481,883	501,033	19,150	4.0
TOTAL	\$ 149,298,799	\$ 150,491,245	\$ 175,563,509	\$ 25,072,264	16.7 %	\$	153,487,204	\$ 175,563,509	\$ 22,076,305	14.4 %
By Major Object of Expenditure:										
Salaries and Wages	\$ 136,157,776	\$ 136,519,839	\$ 163,435,692	\$ 26,915,853	1*9.7 %	\$	136,194,550	\$ 163,435,692	\$ 27,241,142	20.0 %
Contractual Services	8,085,478	8,488,380	8,029,437	(458,943)	(5.4)		10,579,130	8,029,437	(2,549,693)	(24.1)
Commodities	129,617	98,158	101,084	2,926	3.0		1,157,408	101,084	(1,056,324)	(91.3)
Capital Outlay	3,423,230	3,621,815	2,778,399	(843,416)	(23.3)		3,793,063	2,778,399	(1,014,664)	(26.8)
Debt Service	0	0	0	0	--		0	0	0	--
Subtotal - Operations	\$ 147,796,101	\$ 148,728,192	\$ 174,344,612	\$ 25,616,420	17.2 %	\$	151,724,151	\$ 174,344,612	\$ 22,620,461	14.9 %
Aid to Local Units	305,253	963,053	418,897	(544,156)	(56.5)		963,053	418,897	(544,156)	(56.5)
Other Assistance	1,197,445	800,000	800,000	0	0.0		800,000	800,000	0	0.0
TOTAL	\$ 149,298,799	\$ 150,491,245	\$ 175,563,509	\$ 25,072,264	16.7 %	\$	153,487,204	\$ 175,563,509	\$ 22,076,305	14.4 %
Financing:										
State General Fund	\$ 111,656,700	\$ 112,092,584	\$ 138,904,907	\$ 26,812,323	23.9 %	\$	111,567,295	\$ 138,904,907	\$ 27,337,612	24.5 %
Federal Funds	849,577	1,638,167	310,174	(1,327,993)	(81.1)		4,821,974	310,174	(4,511,800)	(93.6)
All Other Funds	36,792,522	36,760,494	36,348,428	(412,066)	(1.1)		37,097,935	36,348,428	(749,507)	(2.0)
TOTAL	\$ 149,298,799	\$ 150,491,245	\$ 175,563,509	\$ 25,072,264	16.7 %	\$	153,487,204	\$ 175,563,509	\$ 22,076,305	14.4 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$112,056,817 for the Judicial Branch in FY 2021. One adjustment has been made subsequently to that amount. This adjustments changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$35,767, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$112,092,584. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 112,092,584	\$ 112,092,584	\$ 0	\$ 111,567,295	\$ (525,289)
All Other Funds	39,195,563	38,398,661	(796,902)	41,919,909	2,724,346
TOTAL	\$ 151,288,147	\$ 150,491,245	\$ (796,902)	\$ 153,487,204	\$ 2,199,057
FTE Positions	1,868.0	1,868.0	0.0	1,868.0	0.0

The **agency** requests a revised estimate of \$150.5 million, including \$112.1 million SGF, in FY 2021. The revised estimate is an all funds decrease of \$796,902, or 0.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to lower employer contributions for the public employees retirement system (\$633,625) and the judges retirement system (\$205,569). The revised estimate includes 1,868.0 FTE positions, which is the same as the FY 2021 approved number.

The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$136.5 million, including \$112.1 million SGF, for salary and wage expenditures in FY 2021. The revised estimate is an all funds decrease of \$703,466, or 0.5 percent, below the approved amount. The decrease is primarily due to lower employer contributions for the public employees retirement system (\$633,625) and the judges retirement system (\$205,569);
- **Contractual Services.** The agency requests a revised estimate of \$8.5 million, including \$29,000 SGF, for contractual services expenditures in FY 2021. The revised estimate is an all funds decrease of \$496,350, or 5.5 percent, below the

approved amount. The decrease is primarily due to lower expenditures for eCourt maintenance (\$1.2 million), partially offset by higher expenditures for eCourt professional services (\$819,182);

- **Commodities.** The agency requests a revised estimate of \$98,158, all from special revenue funds, for commodities expenditures in FY 2021. The revised estimate is an all funds decrease of \$71,039, or 42.0 percent, below the approved amount. The decrease is primarily due to lower expenditures for food (\$50,624) and office supplies (\$12,091); and
- **Capital Outlay.** The agency requests a revised estimate of \$3.6 million, all from special revenue funds, for capital outlay expenditures in FY 2021. The revised estimate is an all funds increase of \$83,900, or 2.4 percent, above the approved amount. The increase is primarily due to higher expenditures for furniture, fixtures, and equipment (\$143,900), offset by lower expenditures for office equipment for the Kansas Judicial Center (\$60,000).

The **Governor** recommends \$153.5 million, including \$111.6 million SGF, in FY 2021. The recommendation is an increase of \$3.0 million, or 2.0 percent, above the FY 2021 revised estimate. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency. The recommendation includes two adjustments that are not reflected in the FY 2021 revised estimate, due to two statewide adjustments, as follows:

- **COVID-19 Relief Funding.** The Governor's Recommendation includes an additional \$3.5 million, all from the Coronavirus Relief Fund, for further remote technology equipment and program expenses in FY 2021. The agency used that supplemental funding for personal protective equipment, temporary support to address growing information technology needs, and funding for existing specialty courts (\$3.4 million); creating an online marriage license portal (\$100,000); creating a text notification system (\$50,000); and creating a virtual court directory (\$21,248). This amount was approved after the agency submitted its budget request and is not reflected in the agency's FY 2021 revised estimate; and
- **Governor's Allotments.** The Governor's recommendation includes a reduction of \$525,289, all SGF, for a moratorium on KPERS death and disability payments in FY 2021, pursuant to the Governor's allotment plan. However, because the Judicial Branch is a separate branch of government, legislative action is required to effectuate the change.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document are reflected only in the FY 2021 Governor's Recommendation. Because the Judicial Branch is a separate branch of government, Legislative approval is required to implement the recommendation included in the allotment plan. As it

relates to this agency, the allotment adjustments totaled \$525,289. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENT PLAN*			
Allotment	SGF	All Funds	FTE
July Allotment Plan			
KPERS Death and Disability	\$ (525,289)	\$ (525,289)	0.0

* Legislative action is required to implement the Governor's allotment plan.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 175,563,509	\$ 175,563,509	\$ 0
FTE Positions	1,938.0	1,938.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 26,812,323	\$ 27,337,612	
All Other Funds	(1,740,059)	(5,261,307)	
TOTAL	\$ 25,072,264	\$ 22,076,305	
<i>Percent Change:</i>			
State General Fund	23.9 %	24.5 %	
All Other Funds	(4.5)	(12.6)	
TOTAL	16.7 %	14.4 %	
Change in FTE Positions	70.0	70.0	

The **agency** requests \$175.6 million, including \$138.9 million SGF, for FY 2022. The request is an all funds increase of \$25.1 million, or 16.7 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for salary increases (\$20.2 million) and new court services officer positions (\$4.3 million). **Absent the enhancements**, the request is an all funds increase of \$524,174, or 0.3 percent, above the FY 2021 revised estimate. The non-enhancement increase is primarily due to employer contributions to public employee retirement (\$767,577), judges retirement (\$451,796), and group health insurance (\$431,093), partially offset by lower professional service fees for eCourt (\$521,212) and by equipment replacement expenses incurred in FY 2021 that are not present for FY 2022. The request also includes 1,938.0 FTE positions, which is an increase of 70.0 FTE positions above number included in the FY 2021 revised estimate. The increase is due to the agency's enhancement request for new court services officer positions.

The request is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests \$163.4 million, including \$138.9 million SGF, for salary and wage expenditures for FY 2022. The request is an increase of \$26.9 million, or 19.7 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for salary increases (\$20.2 million) and new positions (\$4.3 million). **Absent the enhancements**, the request is an all funds increase of \$2.4 million, or 1.7 percent, above the FY 2021 revised estimate. The non-enhancement increase is primarily due to higher employer contributions to public employee retirement (\$767,577), judges retirement (\$451,796), and group health insurance (\$431,093);
- **Contractual Services.** The agency requests \$8.0 million, including \$29,000 SGF, for contractual service expenditures for FY 2022. The request is an all funds decrease of \$458,943, or 5.4 percent, below the FY 2021 revised estimate. The decrease is primarily due to expenditures for eCourt (\$521,212) and for COVID-19 pandemic relief expenses incurred in FY 2021 that are not present for FY 2022;
- **Commodities.** The agency requests \$101,084, all from special revenue funds, for commodities expenditures for FY 2022. The request is an all funds increase of \$2,926, or 3.0 percent, above the FY 2021 revised estimate. The increase is primarily due to additional expenditures for food in the Education Services program (\$2,000); and
- **Capital Outlay.** The agency requests \$2.8 million, all from special revenue funds, for capital outlay expenditures for FY 2022. The request is an all funds decrease of \$843,416, or 23.3 percent, below the FY 2021 revised estimate. The decrease is primarily due to expenditures for replacing existing end-of-life hardware and software in the Information Services program incurred in FY 2021 that are not present for FY 2022 (\$600,000).

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salary Increase for Judges	\$ 9,410,085	\$ 9,410,085	0.0	\$ 9,410,085	\$ 9,410,085	0.0
Salary Increase for Employees	10,824,403	10,824,403	0.0	10,824,403	10,824,403	0.0
New Court Services Officer Positions	4,313,602	4,313,602	70.0	4,313,602	4,313,602	70.0
TOTAL	\$ 24,548,090	\$ 24,548,090	70.0	\$ 24,548,090	\$ 24,548,090	70.0

The **agency** requests \$24.5 million, all SGF, and 70.0 FTE positions for three enhancement requests for FY 2022. These requests include:

- **Salary Increases for Judges.** The agency requests \$9.4 million, all SGF, for a 25.4 percent salary increase for judges and justices for FY 2022. The agency indicates Kansas judge salaries remain uncompetitive in the market, despite the 2.5 percent increase in FY 2020. Furthermore, the agency indicates that, according to a July 1, 2020, survey of judicial salaries conducted by the National Center for State Courts (NCSC), Kansas district judge pay is ranked 48th in the nation before adjusting for cost of living. This enhancement request would improve that pay to 25th and equal to an average adjusted salary for district judges in Colorado, Missouri, Nebraska, and Oklahoma. Current and enhanced salaries numbers are detailed below;

JUDGE SALARIES – CURRENT AND FY 2022 AGENCY REQUEST			
Position		Current Salary	Agency Request FY 2022
Supreme Court			
Chief Justice	\$	149,290	\$ 187,135
Justice		145,641	182,561
Court of Appeals			
Chief Judge	\$	144,403	\$ 181,009
Judge		140,940	176,668
District Court			
Chief Judge	\$	129,940	\$ 162,880
District Judge		128,636	161,245
District Magistrate Judge		66,170	82,944

- **Salary Increases for Employees.** The agency requests \$10.8 million, all SGF, for salary increases for non-judge employees for FY 2022. Salary increases range from 2.7 percent to 18.9 percent and are based on market level pay for comparable positions, as determined by a NCSC employee classification and compensation study. The agency indicates that the average time to fill a position is 54 days and that, even with data accounting for consumer price index changes for FY 2020, non-judge employees require additional funding to raise salaries to market level; and
- **New Court Services Officer (CSO) Positions.** The agency requests \$4.3 million, all SGF, and 70.0 FTE positions for additional CSO positions for FY 2022. Commonly known as probation officers, CSOs fulfill both statutory and non-statutory responsibilities for the State of Kansas. In response to weighted workload studies conducted by the NCSC, the Kansas Supreme Court formed a CSO workload study group to examine each CSO task to determine its authority and purpose. In October 2019, the group submitted its final report to the Court, finding that the Judicial Branch does not currently have enough personnel to adequately perform all statutorily mandated CSO duties. The report indicates

that, to meet that need, and without accounting for the personnel necessary to perform non-statutory duties, the Judicial Branch would need to hire 70 additional CSOs.

The **Governor** concurs with the agency's enhancement requests for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$616,025, including \$504,502 SGF, and FY 2022 longevity payments total \$642,566, including \$546,006 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Funds	79.1 %	79.1 %
Federal Funds	0.2	0.2
All Other Funds	20.7	20.7
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Kansas generates revenue from fines and fees that are subsequently distributed at the county level (KSA 19-101e) and to the State Treasury for allocation to state accounts, including the SGF (KSA 20-350 and 20-2801). In FY 2019, the State of Kansas collected \$55.5 million in fines and fees, and of that amount, the State Treasury distributed \$38.1 million to the Judicial Branch. Examples of such fines and fees include the following.

Docket Fees. Kansas has had a uniform system of district court docket fees since 1974. Through FY 2021, the first \$3.1 million of clerks' fees is deposited into the Electronic Filing Management Fund before the remainder is deposited into the Docket Fee Fund. From FY 2022 forward, the amount deposited in the Electronic Filing and Management Fund will decrease to \$1.5 million. The Judicial Branch collected \$30.1 million in docket fees and surcharges for the State Treasury in FY 2019.

Driver's License Reinstatement Fees. Kansas collects reinstatement fees resulting from the failure to comply with a traffic citation, pursuant to KSA 8-2110. Upon such a finding, the district or municipal court assesses a reinstatement fee of \$100 for each charge on which the person failed to remit payment per the citation. The Judicial Branch collects the first \$15 of those fees, as well as 41.2 percent of the remainder, to be deposited into the Nonjudicial Salary Adjustment Fund. The Judicial Branch collected \$1.2 million in FY 2019 and projects \$1.2 million for FY 2020 and FY 2021.

DUI Reinstatement Fees. The Department of Revenue collects reinstatement fees when driver's licenses are suspended for DUI test refusal or failure, pursuant to KSA 8-241. The Judicial Branch's allocation of those fees expired in FY 2019. Prior to that, the Judicial Branch collected 33.0 percent of DUI reinstatement fees.

Marriage License Fees. Kansas collects fees from marriage license applications, pursuant to KSA 23-2510, 15.3 percent of which is distributed to the Judicial Branch's Nonjudicial Salary Adjustment Fund. The Judicial Branch collected \$147,844 in FY 2019 and projects collections of \$150,000 for FY 2020 and \$160,000 for FY 2021.

Summary Judgment Motions. Kansas collects fees whenever any party files a dispositive motion, pursuant to KSA 60-2008. The fee for summary judgments was set at \$195 starting in FY 2015, which is the amount of the adjusted docket fee for a Chapter 60 filing plus the surcharge.

Docket Fee Fund Analysis

The Docket Fee Fund generates revenue from 99.01 percent of clerks' fees forwarded to the State and funds Judicial Branch operations. Through FY 2021, the first \$3.1 million of clerks' fees is deposited into the Electronic Filing Management Fund before the remainder is deposited into the Docket Fee Fund. From FY 2022 forward, the amount deposited in the Electronic Filing and Management Fund will decrease to \$1.5 million.

The 2014 Legislature increased docket fees in several categories, with major increases in traffic filings and the Chapter 60 civil docket fee and new fees for summary judgment motions and garnishments among others. The Legislature projected the increased fees would generate an additional \$6.2 million with the majority coming from summary judgments, traffic filings, and Chapter 60 civil filings. The increased docket fees occur against a general background of declining docket fees of 4.0 percent to 6.0 percent per year.

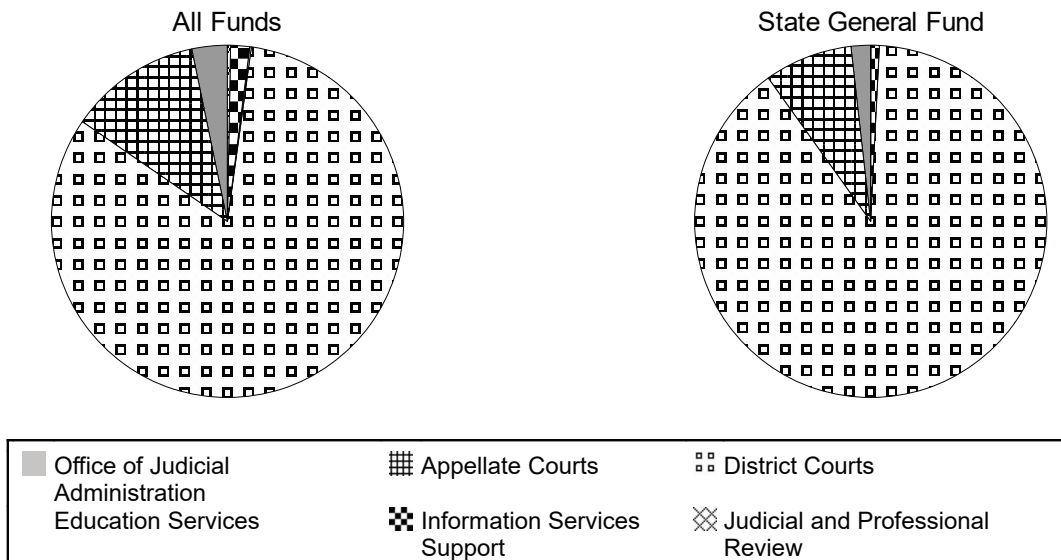
The 2015 Legislature further adjusted docket fees to expand the scope of summary judgment motions to include all dispositive motions, increasing the number of categories in which docket fees are collected.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 11,085,822	\$ 6,277,619	\$ 6,277,619	\$ 2,520,693	\$ 2,520,693
Revenue	23,525,805	23,779,116	23,779,116	25,379,116	25,379,116
Transfers in	0	0	0	0	0
Funds Available	\$ 34,611,627	\$ 30,056,735	\$ 30,056,735	\$ 27,899,809	\$ 27,899,809
Less:					
Expenditures	\$ 28,334,008	\$ 27,536,042	\$ 27,536,042	\$ 27,300,395	\$ 27,300,395
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 6,277,619	\$ 2,520,693	\$ 2,520,693	\$ 599,414	\$ 599,414
Ending Balance as Percent of Expenditures	22.2%	9.2%	9.2%	2.2%	2.2%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Office of Judicial Administration	\$ 5,726,978	3.3 %	\$ 2,486,133	1.8 %
Appellate Courts	21,336,388	12.2	11,225,585	8.1
District Courts	144,681,715	82.4	124,111,011	89.3
Education Services	257,297	0.1	0	0.0
Information Services Support	3,060,098	1.7	1,069,327	0.8
Judicial and Professional Review	501,033	0.3	12,851	0.0
TOTAL	\$ 175,563,509	100.0 %	\$ 138,904,907	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Office of Judicial Administration	39.0	41.8	41.8	41.8	41.8
Appellate Courts	129.5	125.5	125.5	125.5	125.5
District Courts	1,681.5	1,680.7	1,680.7	1,750.7	1,750.7
Education Services	0.0	0.0	0.0	0.0	0.0
Information Services Support	16.0	18.0	18.0	18.0	18.0
Judicial and Professional Review	2.0	2.0	2.0	2.0	2.0
TOTAL	1,868.0	1,868.0	1,868.0	1,938.0	1,938.0

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

A. Office of Judicial Administration

The Office of Judicial Administration (OJA) program implements the rules and policies of the Supreme Court as they apply to the operation and administration of the Judicial Branch. Duties prescribed by law or directed by the Supreme Court include fiscal operations, personnel management, public information services, general counsel services, compilation, and assessment of court statistical information.

OJA activities with recent updates include the following:

- **Centralized Court Payment Center.** OJA recently began implementing a centralized payment center to consolidate district court accounting functions associated with the eCourt case management system. The agency indicates this process will create efficiencies, thus allowing staff to concentrate more on case management duties. In August 2019, OJA began implementing the centralized payment center on the same rollout schedule as eCourt, beginning with Clay, Dickinson, Geary, Marion, Morris, and Riley counties;
- **Language Access.** OJA also administers a Language Access Committee to assist with the development and management of a comprehensive language access program for people with limited English proficiency. At the committee's recommendation, OJA contracted with Johnson County Community College to host an online court interpreter orientation and attendant services, which would allow a court interpreter to access, view, and complete court interpreter orientation online, free of charge to the interpreter. The program will be video-based, and OJA contracted with Wichita State University for recording and production. Recording occurred in January 2020, and the orientation is scheduled to go live in FY 2021;
- **Specialty Courts.** Several Kansas judicial districts operate specialty courts, which are also called problem-solving courts. These include drug, veterans, mental health, teen, and truancy courts. Pursuant to KSA 2019 Supp. 21-6902,

the Kansas Criminal Justice Reform Commission is required to "study specialty courts and make recommendations for the use of specialty courts throughout the state." During the 2020 Interim Session, OJA worked with the Commission to study this topic, with the intent of drafting proposed legislation regarding specialty courts for the 2021 Legislative Session;

- **Collections.** The 2015 Legislature transferred responsibility for negotiating, executing, and overseeing contracts for collecting restitution and debt owed to courts from the Office of the Attorney General to the judicial administrator, pursuant to KSA 2019 Supp. 20-169. OJA has been creating and implementing debt collection standards and benchmarks. The current contracts expire on July 31, 2021. At that time, current vendors will be given an opportunity to renew for another year. The next request for proposal on debt collection services will be issued in Spring 2022;
- **Video Conferencing.** The Kansas Court of Appeals video conferencing committee developed a pilot project using video conferencing, rather than personal appearances, for some appellate court cases under specific circumstances. In 2016, the Court of Appeals heard its first oral arguments presented *via* video conference, and in 2020, the Supreme Court conducted its first ever hearing over Zoom. With the onset of the COVID-19 pandemic, the agency determined that in-person hearings and meetings were not feasible for an undetermined amount of time. Both the Supreme Court and the Court of Appeals currently conduct hearings *via* Zoom. All meetings are currently conducted using either the Zoom or Microsoft Teams video conferencing systems. It is expected that these videoconferencing formats will continue to be used for certain meetings and hearings after the ability for in-person contact has been restored;
- **Workshare.** Workshare allows for courts using the Centralized Case Management System (CCMS) to create tasks that can be accessed and processed remotely at any other court location that is connected to the same system. Tasks can be worked by multiple users and at multiple locations simultaneously. Tasks can also be designated for certain users or user groups to ensure processing of specialized workshare assignments. In FY 2020, Clay, Dickinson, Geary, Marion, Morris, and Riley counties began using using CCMS and implementing workshare activities. In FY 2021, the agency anticipates that several more counties, including Sedgwick County, will be integrated into CCMS. Workshare will be expanded from the first six counties to all counties using CCMS and to other counties preparing to implement CCMS for FY 2022; and
- **COVID-19 Pandemic.** Expenditures from the federal Coronavirus Supplemental Emergency Fund (CSEF) and the Coronavirus Relief Fund (CRF) are budgeted to OJA. On March 18, 2020, the Chief Justice entered 2020-PR-016, which ordered statewide restricted operations for the Judicial Branch due to the COVID-19 pandemic. Employees and judges were required to perform their duties remotely, if possible. At that point, the agency used existing funds to provide some of the necessary equipment to its employees, such as laptops, cellphones, and wireless hot spots for those with inadequate internet access. Additionally, some employees required personal protective equipment (PPE), such as face coverings and hand sanitizer. The agency subsequently applied for, and received, additional funds from the CSEF, through the Office of the Governor's Grants Program, and the CRF, administered by the Strengthening People and Revitalizing Kansas (SPARK) Taskforce.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.6	\$ 5.1	\$ 5.1	\$ 6.3	\$ 10.1	\$ 5.7
FTE Positions	33.0	33.0	39.0	39.0	41.8	41.8

OFFICE OF JUDICIAL ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 3,470,904	\$ 3,592,449	\$ 3,792,449	\$ 3,930,577	\$ 3,930,577
Contractual Services	1,070,082	1,209,605	3,300,355	829,984	829,984
Commodities	27,607	17,143	1,076,393	16,417	16,417
Capital Outlay	802,488	787,485	958,733	150,000	150,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 5,371,081	\$ 5,606,682	\$ 9,127,930	\$ 4,926,978	\$ 4,926,978
Aid to Local Units	107,810	344,156	344,156	0	0
Other Assistance	800,000	800,000	800,000	800,000	800,000
TOTAL	\$ 6,278,891	\$ 6,750,838	\$ 10,272,086	\$ 5,726,978	\$ 5,726,978
Financing:					
State General Fund	\$ 2,306,194	\$ 2,175,170	\$ 2,175,170	\$ 2,486,133	\$ 2,486,133
All Other Funds	3,972,697	4,575,668	8,096,916	3,240,845	3,240,845
TOTAL	\$ 6,278,891	\$ 6,750,838	\$ 10,272,086	\$ 5,726,978	\$ 5,726,978
FTE Positions	39.0	41.8	41.8	41.8	41.8

The **agency** requests \$5.7 million, including \$2.5 million SGF, for the Office of Judicial Administration program for FY 2022. The request is an all funds decrease of \$1.0 million, or 15.2 percent, below the FY 2021 revised estimate. The decrease is primarily due to expenditures for COVID-19 pandemic relief measures from two federal sources, the CSEF and the CRF, that were incurred in FY 2021 that are not present for FY 2022 (\$1.2 million). The agency used these funds to provide some of the necessary equipment for its employees to work remotely, including laptops, cellphones, and wireless hot spots for those with inadequate internet access. This reduction is partially offset by increases in employee salaries (\$249,030) and higher employer contributions to public employee retirement (\$61,901). The request also includes 41.8 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

B. Appellate Courts

The Appellate Courts program consists of the Supreme Court, which has 7 members, and the Court of Appeals, which currently has 14 members. This program also includes the Clerk of the Appellate Court, Appellate Reporter, Supreme Court Law Library, eCourt, Municipal Court Training and Judicial Certification, and Alternative Dispute Resolution subprograms.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 17.0	\$ 18.3	\$ 21.8	\$ 18.2	\$ 19.3	\$ 21.3
FTE Positions	126.5	130.5	129.5	129.5	125.5	125.5

APPELLATE COURTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 11,970,537	\$ 12,370,959	\$ 12,370,959	\$ 14,229,646	\$ 14,229,646
Contractual Services	4,357,596	5,068,610	5,068,610	4,833,859	4,833,859
Commodities	44,101	26,538	26,538	26,984	26,984
Capital Outlay	1,824,707	1,795,230	1,795,230	2,245,899	2,245,899
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 18,196,941	\$ 19,261,337	\$ 19,261,337	\$ 21,336,388	\$ 21,336,388
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 18,196,941	\$ 19,261,337	\$ 19,261,337	\$ 21,336,388	\$ 21,336,388
Financing:					
State General Fund	\$ 9,285,622	\$ 9,418,384	\$ 9,418,384	\$ 11,225,585	\$ 11,225,585
All Other Funds	8,911,319	9,842,953	9,842,953	10,110,803	10,110,803
TOTAL	\$ 18,196,941	\$ 19,261,337	\$ 19,261,337	\$ 21,336,388	\$ 21,336,388
FTE Positions	129.5	125.5	125.5	125.5	125.5

The **agency** requests \$21.3 million, including \$11.2 million SGF, for the Appellate Courts program for FY 2022. The request is an all funds increase of \$2.1 million, or 10.8 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for salary increases for judicial personnel (\$920,503) and non-judicial employees (\$730,435). Additional information on these enhancements may be found above. **Absent the enhancements**, the request also includes increased expenditures for furniture, fixtures, and equipment for eCourt (\$462,130) as well as higher employer contributions to public employees retirement (\$74,128) and judges retirement (\$39,867). The request includes 125.5 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

APPELLATE COURTS SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Supreme Court	\$ 3,882,481	\$ 4,276,120	\$ 4,276,120	\$ 4,865,541	\$ 4,865,541
Court of Appeals	6,420,545	6,380,566	6,380,566	7,396,733	7,396,733
Clerk of the Appellate Courts	776,498	786,326	786,326	886,270	886,270
Appellate Reporter	967,433	908,732	908,732	979,906	979,906
Law Library	971,768	979,271	979,271	1,023,063	1,023,063
eCourt	5,013,360	5,783,367	5,783,367	6,011,310	6,011,310
Municipal Court Training	158,180	142,280	142,280	163,806	163,806
Alternative Dispute Resolution	6,676	4,675	4,675	9,759	9,759
TOTAL	\$ 18,196,941	\$ 19,261,337	\$ 19,261,337	\$ 21,336,388	\$ 21,336,388

Supreme Court. The Supreme Court is the highest court of Kansas and consists of seven justices. The justice who is senior in term of continuous service is designated by the Kansas Constitution as the Chief Justice, unless the senior person declines or resigns the position. The Supreme Court exercises the general administrative authority of the courts throughout Kansas. It is the Chief Justice's responsibility to implement and carry out the administrative rules and policies established by the Supreme Court.

Court of Appeals. The Court of Appeals is Kansas' intermediate appellate court consisting of 14 judges. The Court's responsibilities include bringing the appellate court to the people, serving litigants and counsel with timely and well-written appellate opinions, and achieving efficiencies in appellate court operations for the taxpayers. The Court of Appeals sits in panels of three judges, but is also authorized to sit *en banc*. The court also assigns senior judges and district judges to three-judge panels by designation. Although Topeka is designated as the site of the court's principal offices, it is authorized by statute (KSA 20-3013) to hear oral arguments in any county in the state.

Clerk of the Appellate Courts. The Clerk of the Appellate Courts is clerk of both the Supreme Court and the Court of Appeals. In addition to case processing for both appellate courts, the Clerk is responsible for general supervision of support staff for the Board of Examiners of Court Reporters, the Board of Law Examiners, the Supreme Court Nominating Commission, the Judicial Qualifications Commission, and the Client Protection Fund Commission. The Clerk also serves as Secretary of the Board of Examiners of Court Reporters, the Judicial Qualifications Commission, the Board of Law Examiners, and the Client Protection Fund Commission, acting as custodian of the official files and records of the Commissions and performing such other ministerial functions as the Commissions direct. Additionally, the Clerk conducts elections for attorney members of the Supreme Court Nominating Commission and 17 nonpartisan district judicial nominating commissions.

Appellate Reporter. The Appellate Reporter is a constitutional officer and is required to be an attorney. The primary functions are editing all opinions filed by each appellate court, publishing those opinions each court so designates, and facilitating the placement of the published and unpublished opinions on the Judicial Branch website. In addition to the publication of the Kansas Reports and the Kansas Court of Appeals Reports, and the preparation of the opinions for online dissemination, the Reporter's Office is responsible for

compiling, editing, and publishing the more than 800-page annual book containing the Rules enacted by the Kansas Supreme Court. The office is also responsible for annotating all opinions that cite to the Supreme Court Rules.

Law Library. The Supreme Court Law Library supports the research needs of the Judicial Branch, although users of the library vary considerably and include employees of state agencies, the Legislature, attorneys from across the state, and the public, including prisoners. The library's collection includes state reports, current statutes, digests, administrative rules and orders, legal encyclopedias, treatises, periodicals, and briefs filed in Supreme Court and Court of Appeals cases. Coverage includes state and federal entities. The law library is also a selective depository for federal documents.

eCourt. The eCourt system is the agency's ongoing project to develop and implement a statewide, centralized electronic court environment. Use of eCourt technology will make access to the courts easier, improve court efficiency, and ensure judges have complete and timely information with which to make the most effective dispositions. eCourt will also transform how court staff conducts daily business. Court operations will be more centralized and standardized, thus allowing more effective use of personnel. Clerks available in one county will be able to electronically process case documents and court payments in other counties. The agency contracted with Tyler Technologies to provide a statewide court case management system through the Odyssey program. Implementation of the eCourt system began in 2018 and is scheduled to be completed statewide in 2022. In December 2020, the agency announced that Johnson County courts, which utilizes its own case management system and was previously not included in the project, would now be joining the Odyssey system. eCourt is currently live for courts in 23 counties, detailed below:

ECOURT STATEWIDE IMPLEMENTATION PLAN — UPDATED DECEMBER 2020		
Track	Est. Completion	Counties
Track 1	Live	Clay, Dickinson, Geary, Marion, Morris, Riley
Track 2	2021	Butler, Elk, Greenwood
Track 3	Live	Allen, Anderson, Bourbon, Chautauqua, Cherokee, Coffey, Cowley, Crawford, Franklin, Labette, Linn, Miami, Montgomery, Neosho, Osage, Wilson, Woodson
Track 4	2021	Atchison, Chase, Douglas, Jackson, Jefferson, Leavenworth, Lyon, Pottawatomie, Shawnee, Wabaunsee, Wyandotte
Track 5	2021*	Barton, Brown, Cheyenne, Cloud, Decatur, Doniphan, Ellis, Ellsworth, Gove, Graham, Lincoln, Logan, Marshall, Mitchell, Nemaha, Norton, Osborne, Ottawa, Phillips, Rawlins, Rice, Rooks, Russell, Saline, Sheridan, Sherman, Smith, Stafford, Thomas, Trego, Wallace, Washington
Track 6	2021*	Barber, Clark, Comanche, Edwards, Finney, Ford, Grant, Gray, Greeley, Hamilton, Harper, Harvey, Haskell, Hodgeman, Kearny, Kingman, Kiowa, Lane, McPherson, Meade, Morton, Ness, Pawnee, Pawnee, Pratt, Reno, Rush, Scott, Sedgwick, Seward, Stanton, Stevens, Sumner, Wichita
Track 7	2021*	Appellate Courts
Track 8	2022	Johnson

* These projected time lines are currently under review.

Municipal Court Training. KSA 12-4114 requires the Supreme Court to provide a training and examination program to ensure that non-lawyer municipal judges have the necessary minimum skills and knowledge of the law to carry out the duties of a municipal judge within 18 months of the judge taking office. These certification sessions are conducted by members of the Municipal Judges Education Committee who work with the Office of Judicial Administration to plan the training sessions. Once certified, municipal judges not licensed to practice law in Kansas must earn a minimum of ten hours of continuing judicial education each calendar year (Supreme Court Rule 502). An annual training session is provided to fulfill this requirement at no expense to the municipal judge or municipality (KSA 12-4114). This training is funded by the Judicial Branch Education Fund and is conducted by members of the Municipal Judges Education Committee along with the Office of Judicial Administration.

Alternative Dispute Resolution. The agency administers and supports statewide dispute resolution. The Supreme Court has appointed an advisory council of judges, lawyers, and mediators to help establish programs committed to non-adversarial dispute resolution. The Office of Judicial Administration coordinates mediation training for judges, court services officers, and state government staff. To accept referrals from Kansas district courts, mediators must meet qualifications and standards established by Kansas Supreme Court Rules 902-904. In FY 2020, 274 mediators, 15 domestic conciliators, 11 parenting coordinators, and 19 case managers were approved to accept mediation referrals from Kansas district courts. The Supreme Court also approved guidelines for individuals who provide domestic case management. All judicial districts use one or more dispute resolution methods.

C. District Courts

Kansas has 31 judicial districts consisting of one or more counties. Each county has a district court and a resident judge. The salaries of district court judges and non-judicial personnel are paid by the State. The counties pay most all other operating expenditures with the exceptions of funding for the statewide court accounting system and the case management system. The Judicial Branch estimates counties pay for approximately 20.0 percent of the total operating budget for the district courts.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 109.7	\$ 116.7	\$ 120.7	\$ 120.6	\$ 119.7	\$ 144.7
FTE Positions	1,688.5	1,687.5	1,681.5	1,681.5	1,680.7	1,750.7

DISTRICT COURTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 119,123,742	\$ 118,838,185	\$ 118,312,896	\$ 143,440,765	\$ 143,440,765
Contractual Services	828,025	724,226	724,226	788,478	788,478
Commodities	33,268	33,013	33,013	33,575	33,575
Capital Outlay	332	50,000	50,000	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 119,985,367</i>	<i>\$ 119,645,424</i>	<i>\$ 119,120,135</i>	<i>\$ 144,262,818</i>	<i>\$ 144,262,818</i>
Aid to Local Units	197,443	618,897	618,897	418,897	418,897
Other Assistance	397,445	0	0	0	0
TOTAL	\$ 120,580,255	\$ 120,264,321	\$ 119,739,032	\$ 144,681,715	\$ 144,681,715
Financing:					
State General Fund	\$ 99,111,220	\$ 99,519,721	\$ 98,994,432	\$ 124,111,011	\$ 124,111,011
All Other Funds	21,469,035	20,744,600	20,744,600	20,570,704	20,570,704
TOTAL	\$ 120,580,255	\$ 120,264,321	\$ 119,739,032	\$ 144,681,715	\$ 144,681,715
FTE Positions	1,681.5	1,680.7	1,680.7	1,750.7	1,750.7

The **agency** requests \$144.7 million, including \$124.1 million SGF, for the District Courts program for FY 2022. The request is an all funds increase of \$24.4 million, or 20.3 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for salary increases for judicial personnel (\$8.5 million) and non-judicial employees (\$9.8 million) as well as for 70 new Court Services Officer (CSO) positions (\$4.3 million). Additional information on these enhancements may be found above. **Absent the enhancements**, the request also includes increases for higher employer contributions to public employees retirement (\$649,932), judges retirement (\$411,929), and group health insurance (\$389,546).

These increases are partially offset by a reduction of grant funding for Court Appointed Special Advocate (CASA) programs (\$200,000). For the past several years, the Legislature has added proviso language to appropriations bills to transfer funds from the Kansas Endowment for Youth (KEY) Fund to the Permanent Families Account of the Family and Children Investment Fund, as grant funding to be distributed to CASA programs. The 2020 Legislature added language to transfer \$200,000 in FY 2021 for this purpose. That transfer is not included beyond FY 2021 however, which results in a \$200,000 reduction for FY 2022. Additional information on funding for CASA within this agency may be found below.

The request includes 1,750.7 FTE positions, which is an increase of the 70.0 FTE positions above the FY 2021 revised estimate. The increase is due to the agency's enhancement request for 70 new CSO positions.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

DISTRICT COURTS SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Judges of District Courts	\$ 36,287,579	\$ 36,152,251	\$ 36,152,251	\$ 45,220,628	\$ 45,220,628
Non-judicial Personnel	82,172,323	81,747,138	81,221,849	97,122,108	97,122,108
CASA & CRB Programs	629,767	676,692	676,692	481,390	481,390
Court Improvements for Child Welfare	181,379	337,441	337,441	314,820	314,820
Correctional Supervision	380,203	420,751	420,751	501,743	501,743
Child Support Enforcement	929,004	930,048	930,048	1,041,026	1,041,026
TOTAL	\$ 120,580,255	\$ 120,264,321	\$ 119,739,032	\$ 144,681,715	\$ 144,681,715

Judges of District Courts. District court judges are constitutional officers with full judicial power over all cases filed with the district court. Magistrate judges have limited authority to hear traffic infractions, criminal misdemeanors, preliminary examination of felony charges, and certain civil matters. The state is responsible for all Judicial Branch district court salaries, while counties fund operating expenses for local courts. Consequently, the majority of the agency's budget is allocated for salaries and wages. Constitutional and statutory constraints limit savings that can be made from judicial salaries. Additionally, statutes mandate locations of judges and courts. KSA 2019 Supp. 75-3120k allows counties in a judicial district to supplement the compensation of a district magistrate judge. Currently, the 10th Judicial District (Johnson County) and the 5th Judicial District (Lyon and Chase Counties) provide additional compensation to district magistrate judges.

Non-judicial Personnel. In each county, an office of the clerk of the district court serves as a gateway to the courts. Staff in the clerk's office accepts court documents, file-stamps them, enters them into the case management system, scans them, files them, retrieves them, and safely stores them. Staff also accept and give receipts for all fines, judgments, and fees, and disburse money as directed by law and court order. Judicial support staff are critical to smoothly operating courts. Secretarial support provides word processing, calendaring, and other administrative services for judges. Without them, a judge would spend many hours performing these duties or relying on the clerk's office, reducing that office's ability to perform its own duties. Court services officers function as probation officers for adults and juveniles who are sentenced to probation for their crimes. They conduct criminal history checks, prepare presentence investigations that help judges apply sentencing guidelines, and administer a mandated, standardized risk assessment tool. Court reporters record and transcribe verbatim reports of judicial trials, conferences, and hearings. They also administer oaths or affirmations to witnesses, and they mark exhibits offered as evidence.

CASA and CRB Programs. Court Appointed Special Advocate (CASA) programs use citizen volunteers to personally investigate facts, conditions, and circumstances affecting the welfare of abused and neglected children. Currently, there are 23 CASA programs serving 25 judicial districts. The agency also provides technical assistance to eight Citizen Review Board (CRB) programs, which train citizen volunteers to review cases and recommend dispositional alternatives to judges on selected cases involving children who are in out-of-home placements. The purpose of a board is to ensure children do not linger unnecessarily in foster care and to promote a permanent and safe home for each child whose case is reviewed.

The Kansas CASA Association estimates expenditures totaling \$5.0 million in FY 2020. CASA programs receive a portion of funding from state grants and distributions. For example,

the Office of the Attorney General awarded \$202,807 from the State Crime Victims' Assistance Fund and \$15,000 from the Human Trafficking Victim Assistance Fund to CASA programs in FY 2020. The Judicial Branch distributed \$397,445, all from the Family and Children Investment Fund, in FY 2020.

The Family and Children Investment Fund, established by KSA 38-1808, provides resources to combat child abuse and neglect. While most accounts within this fund are administered by the Department for Children and Families, KSA 38-1808(d)(1) provides the Judicial Branch with administrative authority over the Permanent Families Account, which grants resources to CASA and CRB programs. This account generates revenue from surcharges related to birth certificates, per KSA 65-2418, and from incidental transfers from the Kansas Endowment for Youth Fund. Without legislation enacting such transfers, funding distributed from the Permanent Families Account is limited to revenue generated from birth certificates. The agency anticipates distributing \$409,449 to CASA programs and \$209,448 to CRB programs in FY 2021. Revenue generated for the Permanent Families Account is as follows:

PERMANENT FAMILIES ACCOUNT REVENUE			
Revenue	FY 2020	FY 2021 Est.	FY 2022 Est.
Birth Certificate Copies	\$ 417,798	\$ 400,000	\$ 425,000
Transfer from KEY Fund	200,000	200,000	0
TOTAL	\$ 617,798	\$ 600,000	\$ 425,000

Court Improvements for Child Welfare. This federally funded Court Improvement for Child Welfare program assesses current foster care and adoption procedures, laws, and regulations and implements improvements. A grant from the U.S. Department of Health and Human Services funds the collection and analysis of information from representative areas of state judicial systems to formulate improved procedures, laws, and regulations in this area of concern. The Supreme Court Task Force on Permanency Planning makes recommendations for improving Judicial Branch oversight for children in need of care and juvenile offenders. In recent years, the Office of Judicial Administration has sponsored regional workshops for judges, prosecutors, and attorneys representing children and parents in the child welfare system. These workshops focused on the Indian Child Welfare Act, Families First Prevention Services Act, adoption, and transitional planning. These workshops will again be held in FY 2021.

Correctional Supervision. As a part of offender supervision, court services officers use validated risk assessment instruments, Level of Service Inventory-Revised (LSI-R) and the Youth Level of Service (YLS) to address offender risk and needs appropriately. Approximately 300 officers are trained in the use of one or both of these instruments. Additionally, KSA 38-2394 requires training in evidence-based practices for individuals who work with juveniles who are adjudicated as juvenile offenders or who are in immediate intervention programs. In FY 2020, court services officers participated in ongoing education on effective practices in community supervision (EPICS) and case planning. Court services officers meet continuing education requirements through participation in regional training opportunities on evidence-based practices for topics such as motivational interviewing and effective case management.

Child Support Enforcement. The agency participates in a cooperative reimbursement agreement with the Department for Children and Families for expediting Title IV-D case processing. A formal time study of allowable activities in paternity, child support, and medical

support cases is conducted once each fiscal year over a single four-week period. The agency is also responsible for administering the Kansas Child Support Guidelines. Federal law (Chapter 45, Code of Federal Regulations, Section 302.56) requires each state to review the economic basis of the guidelines and deviations from the guidelines at least once every four years. The current guidelines became effective January 1, 2020. The Kansas Child Support Guidelines Committee is in recess until June 2022, when it will begin its next review session.

D. Education Services

The Education Services program provides essential training for judges and staff that focuses on improving judicial and administrative functions and procedures, interpreting statutory requirements, and improving individual skills and job performance. Many educational programs are originated by staff, although the Office of Judicial Administration also works closely with advisory committees representing all components of the agency.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 388.0	\$ 286.7	\$ 423.9	\$ 384.5	\$ 196.9	\$ 257.3
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

EDUCATION SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	375,789	190,487	190,487	248,495	248,495
Commodities	8,704	6,415	6,415	8,802	8,802
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 384,493	\$ 196,902	\$ 196,902	\$ 257,297	\$ 257,297
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 384,493	\$ 196,902	\$ 196,902	\$ 257,297	\$ 257,297
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	384,493	196,902	196,902	257,297	257,297
TOTAL	\$ 384,493	\$ 196,902	\$ 196,902	\$ 257,297	\$ 257,297
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$257,297, all from special revenue funds, for the Education Services program for FY 2022. The request is an all funds increase of \$60,395, or 30.7 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures on professional service fees (\$15,000) and other contractual services (\$35,000). The request also

includes additional expenditures for building rent (\$8,000) and for the purchase of educational materials (\$2,387). The request does not include any FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

E. Information Services Support

The Information Services Support program uses information technology to improve efficiency and productivity by providing enterprise-wide and integrated solutions and enabling effective and efficient operation of new and existing technology, including e-filing, electronic payments, and electronic citation systems.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 2.4	\$ 2.6	\$ 3.0	\$ 3.5	\$ 3.5	\$ 3.1
FTE Positions	15.0	15.0	16.0	16.0	18.0	18.0

INFORMATION SERVICES SUPPORT SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,401,562	\$ 1,522,280	\$ 1,522,280	\$ 1,627,665	\$ 1,627,665
Contractual Services	1,247,476	1,104,951	1,104,951	1,123,552	1,123,552
Commodities	9,066	8,733	8,733	8,881	8,881
Capital Outlay	795,256	900,000	900,000	300,000	300,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,453,360</i>	<i>\$ 3,535,964</i>	<i>\$ 3,535,964</i>	<i>\$ 3,060,098</i>	<i>\$ 3,060,098</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 3,453,360</u>	<u>\$ 3,535,964</u>	<u>\$ 3,535,964</u>	<u>\$ 3,060,098</u>	<u>\$ 3,060,098</u>
Financing:					
State General Fund	\$ 949,744	\$ 976,055	\$ 976,055	\$ 1,069,327	\$ 1,069,327
All Other Funds	2,503,616	2,559,909	2,559,909	1,990,771	1,990,771
TOTAL	<u>\$ 3,453,360</u>	<u>\$ 3,535,964</u>	<u>\$ 3,535,964</u>	<u>\$ 3,060,098</u>	<u>\$ 3,060,098</u>
FTE Positions	16.0	18.0	18.0	18.0	18.0

The **agency** requests \$3.1 million, including \$1.1 million SGF, for the Information Services Support program for FY 2022. The request is an all funds decrease of \$475,866, or 13.5 percent, below the FY 2021 revised estimate. The decrease is primarily due to expenditures for replacing existing end-of-life hardware and software, including server and video

equipment, incurred in FY 2021 that are not present for FY 2022 (\$600,000). This reduction is partially offset by the agency's enhancement request for salary increases for non-judicial employees (\$71,627). Additional information on these enhancements may be found above. The request also includes 18.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

F. Judicial and Professional Review

The Judicial and Professional Review program consists of the Commission on Judicial Qualifications, the Judicial Nominating Commission, the Board of Law Examiners, and the Board of Examiners of Court Reporters. The first two boards are funded from the SGF, while the latter two are funded from the Bar Administration Fee Fund and the Court Reporter Fund, respectively.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 386.6	\$ 410.3	\$ 502.6	\$ 404.9	\$ 481.9	\$ 501.0
FTE Positions	2.0	2.0	2.0	2.0	2.0	2.0

JUDICIAL AND PROFESSIONAL REVIEW SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 191,031	\$ 195,966	\$ 195,966	\$ 207,039	\$ 207,039
Contractual Services	206,510	190,501	190,501	205,069	205,069
Commodities	6,871	6,316	6,316	6,425	6,425
Capital Outlay	447	89,100	89,100	82,500	82,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 404,859</i>	<i>\$ 481,883</i>	<i>\$ 481,883</i>	<i>\$ 501,033</i>	<i>\$ 501,033</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 404,859	\$ 481,883	\$ 481,883	\$ 501,033	\$ 501,033
Financing:					
State General Fund	\$ 3,920	\$ 3,254	\$ 3,254	\$ 12,851	\$ 12,851
All Other Funds	400,939	478,629	478,629	488,182	488,182
TOTAL	\$ 404,859	\$ 481,883	\$ 481,883	\$ 501,033	\$ 501,033
FTE Positions	2.0	2.0	2.0	2.0	2.0

The **agency** requests \$501,033, including \$12,851 SGF, for the Judicial and Professional Review program for FY 2022. The request is an all funds increase of \$19,150, or 4.0 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement request for salary increases for non-judicial personnel (\$9,597). Additional information on these enhancements may be found above. **Absent the enhancement**, the request also includes increases in repairing and servicing fees for the Board of Law Examiners (\$18,181), partially offset by expenditures on automated system software licenses for court reporter exams incurred in FY 2021 that are not present for FY 2022 (\$6,600). The request also includes 2.0 FTE positions, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022. Pursuant to KSA 75-3721f, the Governor is statutorily required to include the Judicial Branch's budget in *The Governor's Budget Report* as submitted by the agency.

JUDICIAL AND PROFESSIONAL REVIEW SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Commission on Judicial Qualifications	\$ 29,435	\$ 22,284	\$ 22,284	\$ 22,607	\$ 22,607
Judicial Nominating Commission	19,042	13,732	13,732	9,532	9,532
Board of Law Examiners	342,110	419,385	419,385	450,971	450,971
Board of Examiners of Court Reporters	14,272	26,482	26,482	17,923	17,923
TOTAL	\$ 404,859	\$ 481,883	\$ 481,883	\$ 501,033	\$ 501,033

Commission on Judicial Qualifications. The Commission on Judicial Qualifications was created by order of the Supreme Court to assist the Supreme Court in the exercise of its responsibility under Article 3, Section 15, of the *Kansas Constitution*, which provides that "judges shall be subject to retirement for incapacity, and to discipline, suspension and removal for cause by the supreme court after appropriate hearing." The Court adopted a Code of Judicial Conduct, effective January 1, 1974, which prescribes a standard of conduct for judges. The code requires a judge not only to avoid impropriety in all of the judge's activities, but also to avoid any appearance of impropriety. It limits judges' political activities and business affairs and prohibits the practice of law by full-time judges. The Code also requires annual reporting of outside income. The Code was substantially amended, effective June 1, 1995, and again on March 1, 2009.

Judicial Nominating Commission. The Supreme Court Nominating Commission was established pursuant to the Kansas Constitution, Article 3, Section 5, and KSA 20-119 to 20-138, inclusive, as amended. This nonpartisan Commission has the responsibility of nominating and submitting to the Governor the names of three candidates who are eligible for appointment to vacancies on the Supreme Court. Each member of the Commission is entitled to receive \$15 per diem for meetings and reimbursement for travel, meals, and lodging. Additionally, each year the Clerk's Office holds an election among the attorneys in one of the Congressional Districts to elect a lawyer member to the Supreme Court Nominating Commission. In FY 2021, elections will be held in the Fourth Congressional District for the lawyer member from that district and also statewide for the Chair position. The agency also anticipates additional expenses in FY 2021 due to a vacancy on the Supreme Court.

Board of Law Examiners. The Board of Law Examiners is a ten-member board charged with all responsibilities relating to the admission of attorneys to practice law in Kansas. These responsibilities include conducting two bar examinations each year; certifying character

and fitness of applicants to take the bar exam; printing the Kansas essay examination, certificates, rules, and bar application forms; grading the examinations; notifying applicants of examination results; swearing in successful applicants; and issuing bar certificates. The Board grades bar examinations and holds character hearings. Each member of the Board receives an annual \$5,000 fee and subsistence expenses for two annual meetings.

JUDICIAL BRANCH BOARD OF LAW EXAMINERS FEES	
Item	Current Fee
Legal intern permit	\$ 50
Temporary permit to practice law	100
Regular bar examination fee (timely filed application)	700
Regular bar examination fee (untimely filed application)	900
Restricted license to perform legal services for a single employer	1,250
Restricted admission for military spouses	1,250
Reciprocal admission	1,250
Admission by Uniform Bar Examination score	1,250

Board of Examiners of Court Reporters. The State Board of Examiners of Court Reporters was established by the Supreme Court in 1941 pursuant to KSA 20-912. Rules of the Supreme Court relating to official reporters for district courts and rules adopted by the Board are set forth in the Kansas Court Rules Annotated. The Board, subject to direction and approval of the Supreme Court, has general supervision over the granting of certificates of eligibility for appointment as official reporters of district courts.

JUDICIAL COUNCIL

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	585,106	613,633	619,433	622,101	622,101
<i>Subtotal</i>	<i>\$ 585,106</i>	<i>\$ 613,633</i>	<i>\$ 619,433</i>	<i>\$ 622,101</i>	<i>\$ 622,101</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	\$ 585,106	\$ 613,633	\$ 619,433	\$ 622,101	\$ 622,101
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	3.2	4.9	5.9	1.4	0.4
FTE Positions	5.0	5.0	5.0	5.0	5.0

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

AGENCY OVERVIEW

The Judicial Council was created by the 1927 Legislature to survey and study the Judicial Branch of the state government and to recommend improvements in the administration of justice for consideration by the Legislature and the Kansas Supreme Court. The ten-member Council is composed of one justice of the Kansas Supreme Court, one judge of the Court of Appeals, two district court judges, two legislators, and four attorneys. The Judicial Council has 13 advisory committees made up of legislators, judges, attorneys, and persons from various backgrounds who bring their expertise to the committees:

- The **Administrative Procedure Advisory Committee** monitors the Kansas Administrative Procedure Act and the Kansas Judicial Review Act;
- The **Adoption Law Advisory Committee** made recommendations regarding amendments to the Kansas Adoption and Relinquishment Act, KSA 59-2111 *et seq.*, which were passed by the Legislature in 2018 SB 284. The Committee will be drafting a set of forms for use in stepparent adoptions;

- The **Appellate Practice Advisory Committee** monitors the area of appellate procedure and practice and recommends needed changes in the Kansas Supreme Court rules relating to appellate practice;
- The **Civil Code Advisory Committee** will continue to monitor the civil code and related areas, and will be available for additional assignments in the area;
- The **Criminal Law Advisory Committee** studies 2017 HB 2070, upon request by the Legislature, which has resulted in recommendations that were passed by the Legislature in 2018 SB 180. The Committee will be working on another study requested by the Legislature relating to KSA 45-254 and access to audio or video recordings made and received by law enforcement using a body or vehicle camera. The Committee will continue to monitor the Kansas Criminal Code and the Kansas Code of Criminal Procedure;
- The **Family Law Advisory Committee** will conduct a study requested by the Legislature regarding 2018 HB 2529, which creates a presumption for equal parenting time. The Committee will also continue its work on a study dealing with parental rights of rapists. The Committee will continue to monitor the area of family law and will be available for additional assignments in the area;
- The **Guardianship and Conservatorship Advisory Committee** will continue to monitor the Guardianship and Conservatorship Act and related areas and will prepare and update forms used under the Act. The Committee will also continue to monitor the Care and Treatment Act for Mentally Ill Persons and the Care and Treatment Act for Persons with an Alcohol or Substance Abuse Problem and will prepare and update forms used under both civil commitment codes;
- The **Juvenile Offender/Child in Need of Care Advisory Committee** will conduct a study requested by the Legislature relating to 2018 HB 2751, which establishes the Office of the Child Advocate for Children's Protection and Services. The Committee will continue to monitor the Revised Kansas Code for Care of Children, the Revised Kansas Juvenile Offender Code, and the forms it prepared, copyrighted, and published for use under the codes;
- The **Municipal Court Manual Advisory Committee** will prepare the annual supplement to the Kansas Municipal Court Manual and propose to the Judicial Council any suggested improvements in related areas of the law that come to its attention while preparing the supplement;
- The **Pattern Instructions for Kansas–Civil (PIK–Civil) Advisory Committee** prepares biennial supplements to the 4th edition of PIK–Civil and reports to the Judicial Council any suggested improvements in the area of civil law that come to its attention while preparing the supplements;
- The **Pattern Instructions for Kansas–Criminal (PIK–Criminal) Advisory Committee** will prepare the annual supplement to PIK–Criminal 4th edition and will report to the Judicial Council any suggested improvements in the area of criminal law that come to its attention while preparing the supplement;

- The **Probate Law Advisory Committee** is studying whether Kansas should adopt the Uniform Power of Attorney Act. The Committee will also conduct a study requested by the Legislature relating to 2017 HB 2350, which deals with the method of calculating the spousal elective share. The Committee also prepares periodical supplements to Kansas Judicial Council Probate Forms 3d. The Committee will continue to study the probate code and related areas; and
- The **Tribal-State Judicial Forum** was created to encourage greater understanding and exchange of information between the tribal and state judicial systems in Kansas. The Forum will continue to identify and discuss issues regarding court practices, procedures, and administration that are of common concern to members of tribal and state judicial systems.

The Judicial Council also receives and considers suggestions related to the administration of justice in Kansas from the Legislature, the Kansas Supreme Court, other courts, the Kansas Bar Association, and the public. The Council identifies areas of needed improvement, assigns projects to advisory committees, receives and reviews the work product of the advisory committees, and takes appropriate action. As part of this strategy, the Judicial Council has established the following *ad hoc* advisory committees:

- The **Advisory Committee on Commitment of Incompetent Defendants** was formed pursuant to KSA 22-3303 and in response to a request from a member of the Kansas Bar Association to review statutes that allow developmentally disabled defendants who have been declared incompetent and unlikely to become competent to be involuntarily committed as "mentally ill";
- The **Advisory Committee on HB 2600—Contracts for Deed** was formed in response to a legislative request to study 2020 HB 2600 and the topic of registering contracts for deed;
- The **Advisory Committee on Sex Offenses and Registration** was formed in 2018 in response to a legislative request to study and consider amendments to Kansas' sex offense statutes and related registration requirements for both adults and juveniles;
- The **Civil Asset Forfeiture Advisory Committee** was formed in 2017 in response to a legislative request to study and make recommendations regarding the Kansas Standard Asset Seizure and Forfeiture Act, KSA 60-4101 *et seq.* The Committee's recommendations were introduced in 2018 and passed by the Legislature in HB 2459. Unlike other *ad hoc* committees that are dissolved when the study is complete, this Committee remains intact to reassess asset forfeiture after the new legislation has been in place for a few years;
- The **Committee on Disability Access** was formed in 2019 in response to a legislative request to study 2019 HB 2152 and the Kansas "White Cane Law" as reflected in KSA 39-1101 *et seq.*; and
- The **Driving Under the Influence (DUI) Advisory Committee** was formed in 2018 in response to a legislative request to study DUI-related bills, such as 2017 SB 123 and 2018 SB 374, and to provide in-depth consideration of the issues raised by such legislation. The Committee recommended initial statutory amendments in the 2018 Legislative Session, which were passed in 2018 HB 2104.

The Judicial Council also authors and distributes five publications, covering a variety of judicial topics. These publications are available in both physical and digital form. The Judicial Council's suite of publications currently includes the following:

- The **Pattern Instructions for Kansas (PIK)–Criminal 4th** contains pattern criminal jury instructions for Kansas felonies, instructions for selected misdemeanors, and comments on use. PIK–Criminal 4th serves as an introductory resource for research in criminal law, and use of the instructions has been strongly recommended by the Kansas Supreme Court;
- The **PIK–Civil 4th** contains pattern civil jury instructions, comments, and notes on use. PIK–Civil 4th serves as an introductory resource for research in civil law, and use of the instructions has been strongly recommended by the Kansas Supreme Court;
- The **Kansas Judicial Council Probate Forms 3d** contains forms relating to both judicial and nonjudicial procedures in decedents' estates, care and treatment forms, and guardianship and conservatorship forms;
- The **Kansas Municipal Court Manual** addresses the municipal court and its operation and explains the various procedures followed by municipal judges in performance of their judicial functions; and
- The **Kansas Appellate Practice Handbook 6th Edition** contains information, guidance, and practice notes on every aspect of appellate practice in Kansas. Also included is a comprehensive set of forms for appellate court pleadings.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** transferred \$778,518 from the Judicial Performance Fund to the Judicial Branch Surcharge Fund, effectively suspending the Judicial Performance Evaluation program for fiscal year (FY) 2012. A bill formally dissolving the program was not adopted. The Legislature also deleted 3.0 FTE positions associated with performance reviews.

The **2012 Legislature** formally dissolved the Performance Evaluation program, which was established by the 2006 Legislature. The Legislature approved an additional \$84,777 in expenditures and 1.0 FTE position to hire a staff attorney to assist with work previously completed by judicial performance staff. The funds also provide for additional Judicial Council meetings to complete increasing workload.

The **2013 Legislature** redirected docket fees into the Judicial Branch with the exception of the Judicial Council for FY 2014 and FY 2015. The Judicial Council is the sole remaining agency that receives a percentage of fees received from the filing of cases.

The **2014 Legislature** reduced the operational expenditures of the agency by \$15,000 and directed the agency to reduce the number of Council meetings. The Legislature also converted the Judicial Council Fund from no limit to limit pending the total revenue received in docket fees subsequent to the 2014 legislative adjustments.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$613,633, all from special revenue funds, in FY 2021. This is a decrease of \$16,746, or 2.7 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to fewer travel reimbursements paid out to advisory committee members traveling to physical meeting locations (\$10,286); lower expenditures for unclassified temporary pay (\$8,000); and adjustments for employer contributions to the public employees retirement system (\$3,200). The decrease is partially offset by higher expenditures for unclassified regular pay (\$2,462) and software to facilitate remote work during the COVID-19 pandemic (\$2,000). The revised estimate also includes 5.0 FTE positions, which is the same as the FY 2020 approved number.

The **Governor** concurs with the agency's request in FY 2021. The Governor is statutorily required to include the Judicial Council's budget in *The Governor's Budget Report* as submitted by the agency, pursuant to KSA 75-3721f, because the agency is part of the Judicial Branch. The Governor's Recommendation includes adjustments to reflect additional funding distributed to the agency through the federal Coronavirus Relief Fund after agency budget submissions (\$5,800). These funds were used for the purchase of laptops and other computer-related equipment.

FY 2022 – Budget Year. The **agency** requests \$622,101, all from special revenue funds, for FY 2022. This is an all funds increase of \$8,468, or 1.4 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures for unclassified temporary pay (\$10,000) and employer contributions to the public employees retirement system (\$3,173). The agency request includes \$519,685 in salary and wage expenditures for the agency's five employees, including an Executive Director, two Staff Attorneys, one Fiscal Officer, and one Administrative Assistant. Salaries and wages expenditures also include per diem and subsistence to committee members who elect to receive payments pursuant to KSA 20-2206. The agency plans to hold 60 meetings during FY 2022, which is an increase of 7 meetings above the number planned in FY 2021. The increase is offset by lower expenditures to print and bind publications (\$11,493). The agency staggers its publications such that certain publications are produced every other year. For FY 2022, the agency will print and distribute the Kansas Municipal Court Manual 2021 Supplement and the PIK–Criminal 4th 2021 Supplement. The agency request includes 5.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022. The Governor is statutorily required to include the Judicial Council's budget in *The Governor's Budget Report* as submitted by the agency, pursuant to KSA 75-3721f, because the agency is part of the Judicial Branch.

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Improve Judicial Branch Operations						
Number of Requests from Legislature	5	8	4	4	2	4
Number of Requests from Judiciary	0	1	0	0	1	1
Number of Requests from the Kansas Bar Association	3	5	1	1	2	1
Number of Requests from the Public	0	0	0	5	5	6
Number of Requests Assigned to Committee and Granted	7	12	4	4	5	6
Number of Meetings Held and Anticipated*	53	54	60	64	53	60
Distribute Legal Publications						
Number of Publications Sold	1,019	2,413	1,331	938	2,202	1,090
Provide and Promulgate Legal Forms						
Average Website Visits Per Month*	17,040	21,882	24,070	22,276	23,390	24,560
Average Page Views Per Month*	101,632	144,488	158,936	139,798	146,788	154,127
Total Unique Website Visitors Per Year*	110,636	147,804	162,584	152,995	160,645	168,677
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 539.7	\$ 567.1	\$ 628.1	\$ 585.1	\$ 619.4	\$ 622.1
FTE Positions	5.0	5.0	5.0	5.0	5.0	5.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Judicial Council exists to improve the administration of justice in Kansas by continuously studying the judicial system and related areas of law, by recommending changes when they are deemed appropriate, and by preparing publications that improve upon the administration of justice. The Judicial Council works toward these goals by maintaining a number of standing advisory committees, as well as by authoring and publishing five legal publications. Its mission is supported by three primary objectives, as follows:

- **Study and Improve Judicial Branch Operations.** The Judicial Council works to study the Judicial Branch, examine the substantive and procedural codes that are used by or before the Judicial Branch, identify problem areas or areas of potential improvement, and take appropriate action when necessary. In doing so, the Judicial Council fields requests for studies on various judicial topics, which it then distributes to a number of standing advisory committees. The Judicial Council anticipates 53 meetings in FY 2021 and 60 meetings for FY 2022, as follows:

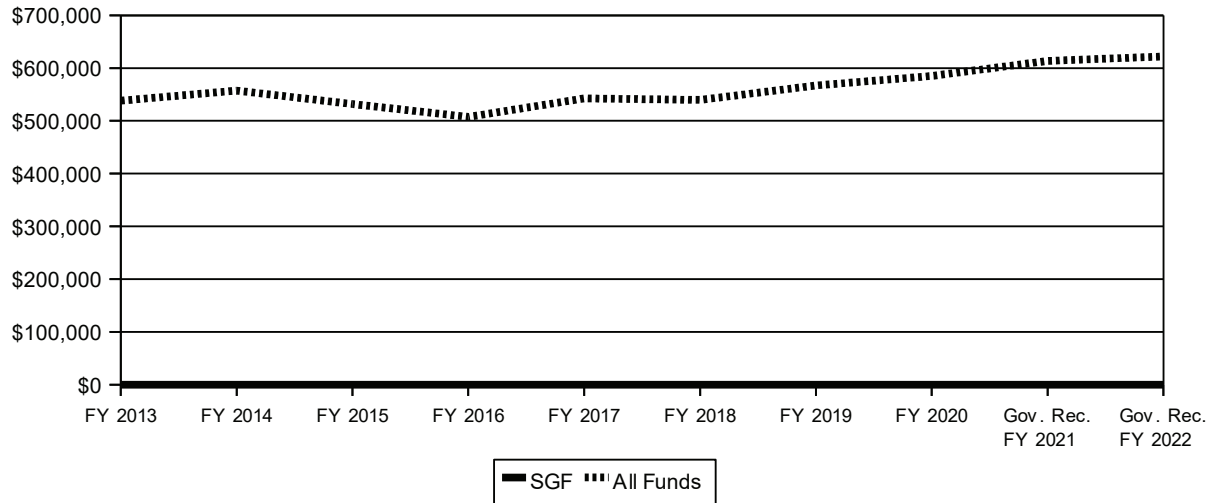
JUDICIAL COUNCIL NUMBER OF MEETINGS HELD AND ANTICIPATED

Committee	FY 2020	FY 2021	FY 2022
Administrative Procedure	0	0	0
Adoption Law	0	0	0
Appellate Practice	0	0	1
Chapter 61 Forms	2	2	2
Civil Asset Forfeiture	0	0	3
Civil Code	0	4	4
Criminal Law	3	1	4
Disability Access	7	0	0
DUI	9	5	0
Family Law	7	4	6
Guardianship and Conservatorship	0	6	10
HB 2600—Contracts for Deed	0	5	0
Incompetent Defendants	5	0	0
Judicial Council	4	3	3
Juvenile Offense/Child in Need of Care	5	0	7
Municipal Court Manual	1	1	1
Pattern Instructions for Kansas - Civil	2	0	5
Pattern Instructions for Kansas - Criminal	4	5	5
Probate Law	4	5	7
Sex Offenses and Registration	11	10	0
Tribal-State Judicial Forum	0	2	2
TOTAL	64	53	60

- Distribute Legal Publications.** The Judicial Council produces several publications to further the administration of justice and the practice of law in the State of Kansas. The agency currently authors and distributes five publications: the Pattern Instructions for Kansas (PIK)—Criminal, PIK—Civil, Kansas Judicial Council Probate Forms, Kansas Municipal Court Manual, and the Kansas Appellate Practice Handbook. In FY 2021, the agency will print and distribute the Kansas Municipal Court Manual 2020 Supplement, the PIK—Civil 4th 2020 Supplement, and the PIK—Criminal 4th 2020 Supplement. For FY 2022, the agency will print and distribute the Kansas Municipal Court Manual 2021 Supplement and the PIK—Criminal 4th 2021 Supplement; and
- Provide and Promulgate Legal Forms.** The Judicial Council provides more than 500 legal forms to the public, attorneys, and courts on its website. These include forms that the agency is required, by statute or under Kansas Supreme Court rules, and forms the agency has developed in the process of fulfilling its mission to improve the administration of justice.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 538,276	2.7 %	4.0
2014	0	--	557,387	3.6	5.0
2015	0	--	531,799	(4.6)	5.0
2016	0	--	507,539	(4.6)	5.0
2017	0	--	542,590	6.9	5.0
2018	0	--	539,735	(0.5)	5.0
2019	0	--	567,052	5.1	5.0
2020	0	--	585,106	3.2	5.0
2021 Gov. Rec.	0	--	619,433	5.9	5.0
2022 Gov. Rec.	0	--	622,101	0.4	5.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ 83,825	15.6 %	1.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 585,106	\$ 613,633	\$ 622,101	\$ 8,468	1.4 %	\$ 619,433	\$ 622,101	\$ 2,668	0.4 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 491,939	\$ 504,360	\$ 519,685	\$ 15,325	3.0 %	\$ 504,360	\$ 519,685	\$ 15,325	3.0 %
Contractual Services	88,237	103,856	96,941	(6,915)	(6.7)	103,856	96,941	(6,915)	(6.7)
Commodities	4,270	3,417	3,475	58	1.7	3,417	3,475	58	1.7
Capital Outlay	660	2,000	2,000	0	0.0	7,800	2,000	(5,800)	(74.4)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 585,106	\$ 613,633	\$ 622,101	\$ 8,468	1.4 %	\$ 619,433	\$ 622,101	\$ 2,668	0.4 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 585,106	\$ 613,633	\$ 622,101	\$ 8,468	1.4 %	\$ 619,433	\$ 622,101	\$ 2,668	0.4 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Judicial Council Fund	224,554	196,134	204,399	8,265	4.2	196,134	204,399	8,265	4.2
Publications Fee Fund	360,552	417,499	417,702	203	0.0	417,499	417,702	203	0.0
Coronavirus Relief Fund	0	0	0	0	--	5,800	0	(5,800)	(100.0)
TOTAL	\$ 585,106	\$ 613,633	\$ 622,101	\$ 8,468	1.4 %	\$ 619,433	\$ 622,101	\$ 2,668	0.4 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	630,379	613,633	(16,746)	619,433	(10,946)
TOTAL	\$ 630,379	\$ 613,633	\$ (16,746)	\$ 619,433	\$ (10,946)
FTE Positions	5.0	5.0	0.0	5.0	0.0

The **agency** requests a revised estimate of \$613,633, all from special revenue funds, in FY 2021. This is a decrease of \$16,746, or 2.7 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to fewer travel reimbursements paid out to advisory committee members traveling to physical locations, due to a transition to remote meetings (\$10,286). The decrease is also attributable to lower expenditures for unclassified temporary pay (\$8,000) and adjustments for employer contributions to the public employees retirement system (\$3,200). The decrease is partially offset by higher expenditures for unclassified regular pay (\$2,462) and software to facilitate remote work during the COVID-19 pandemic (\$2,000). The revised estimate also includes 5.0 FTE positions, which is the same as the FY 2020 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021. The Governor is statutorily required to include the Judicial Council's budget in *The Governor's Budget Report* as submitted by the agency, pursuant to KSA 75-3721f, because the agency is part of the Judicial Branch. The Governor's Recommendation includes adjustments to reflect additional funding distributed to the agency through the federal Coronavirus Relief Fund after agency budget submissions (\$5,800). These funds were used for the purchase of laptops and other computer-related equipment.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 622,101	\$ 622,101	\$ 0
FTE Positions	5.0	5.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	8,468	2,668	
TOTAL	\$ 8,468	\$ 2,668	
<i>Percent Change:</i>			
State General Fund	-- %	-- %	
All Other Funds	1.4	0.4	
TOTAL	1.4 %	0.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$622,101, all from special revenue funds, for FY 2022. This is an all funds increase of \$8,468, or 1.4 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures for unclassified temporary pay (\$10,000) and employer contributions to the public employees retirement system (\$3,173). The agency request includes \$519,685 in salary and wage expenditures for the agency's five employees, including an Executive Director, two Staff Attorneys, one Fiscal Officer, and one Administrative Assistant. Salaries and wages expenditures also include per diem and subsistence to committee members who elect to receive payments pursuant to KSA 20-2206. The agency plans to hold 60 meetings during FY 2022, which is an increase of 7 meetings above the number planned in FY 2021. The increase is partially offset by lower expenditures to print and bind publications (\$11,493). The agency staggers its publications such that certain publications are produced every other year. For FY 2022, the agency will print and distribute the Kansas Municipal Court Manual 2021 Supplement and the PIK–Criminal 4th 2021 Supplement. The agency request includes 5.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022. The Governor is statutorily required to include the Judicial Council's budget in *The Governor's Budget Report* as submitted by the agency, pursuant to KSA 75-3721f, because the agency is part of the Judicial Branch.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$2,720 and FY 2022 longevity payments total \$2,760, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Funds	0.0 %	0.0 %
Judicial Council Fund	32.9	32.9
Publications Fee Fund	67.1	67.1
Coronavirus Relief Fund	0.0	0.0
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Judicial Council Fund Analysis

The Judicial Council Fund was created in 2003 (L. 2003, Ch. 160, Sec. 74) to support agency operations. Since FY 2013, pursuant to KSA 20-362(e), the Fund has received 0.99 percent of docket fees.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 97,311	\$ 55,950	\$ 55,950	\$ 32,516	\$ 32,516
Revenue	183,193	172,700	172,700	206,102	206,102
Transfers in	0	0	0	0	0
Funds Available	\$ 280,504	\$ 228,650	\$ 228,650	\$ 238,618	\$ 238,618
Less:					
Expenditures	\$ 224,554	\$ 196,134	\$ 196,134	\$ 204,399	\$ 204,399
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 55,950	\$ 32,516	\$ 32,516	\$ 34,219	\$ 34,219
Ending Balance as Percent of Expenditures	24.9%	16.6%	16.6%	16.7%	16.7%
Month Highest Ending Balance	August \$ 95,881	August \$ 55,128	August \$ 55,128	August \$ 32,038	August \$ 32,038
Month Lowest Ending Balance	March \$ 38,486	March \$ 22,128	March \$ 22,128	March \$ 12,860	March \$ 12,860

Publications Fee Fund Analysis

The Publications Fee Fund was created in 1992 and generates revenue from the sale of five legal publications: the Kansas Appellate Practice Handbook, Kansas Judicial Council Probate Forms, Kansas Municipal Court Manual, Pattern Instructions for Kansas–Civil, and Pattern Instructions for Kansas–Criminal. The actual publishing cycle is dependent upon the number and extent of changes through the year and the level of revenues available to finance publications. The agency indicates that revenue may, at times, have an inverse relationship to printing costs because the agency prints its literature as soon after the end of the Legislative Session as possible, while revenue from the sale of those materials may not be received until the following fiscal year. Additionally, the agency also indicates that not all printing costs can be tied directly to a published product, particularly with capital outlay expenditures for computer equipment, which are included as expenditures from the fund.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 150,238	\$ 86,722	\$ 86,722	\$ 123,709	\$ 123,709
Revenue	297,683	457,430	457,430	354,030	354,030
Transfers in	0	0	0	0	0
Funds Available	\$ 447,921	\$ 544,152	\$ 544,152	\$ 477,739	\$ 477,739
Less:					
Expenditures	\$ 360,552	\$ 417,499	\$ 417,499	\$ 417,702	\$ 417,702
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	647	2,944	2,944	1,468	1,468
Ending Balance	\$ 86,722	\$ 123,709	\$ 123,709	\$ 58,569	\$ 58,569
Ending Balance as Percent of Expenditures	24.1%	29.6%	29.6%	14.0%	14.0%
Month Highest Ending Balance	January \$ 180,315	January \$ 104,083	January \$ 104,083	January \$ 148,475	January \$ 148,475
Month Lowest Ending Balance	December \$ 8,392	December \$ 4,844	December \$ 4,844	December \$ 6,910	December \$ 6,910

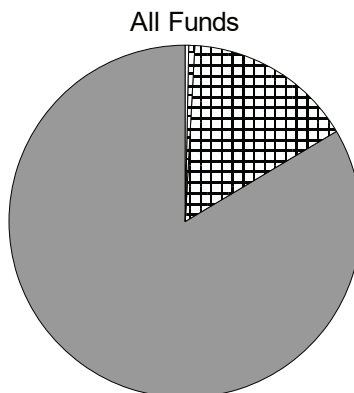
PROJECTED REVENUE FROM THE SALE OF PUBLICATIONS (FY 2020 - FY 2022)

	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
KS Appellate Practice Manual	\$ 850	\$ 125	\$ 125
KS Municipal Court Manual	5,820	5,775	5,775
PIK–Civil 4th	2,765	64,050	1,700
PIK–Criminal 4th	73,625	125,800	89,750
KS Probate Forms 3d	790	470	470
Royalties	19,000	15,000	10,000
Online Subscriptions	193,738	246,210	246,210
Sales Tax (Non-expense item)	647	2,944	1,468
TOTAL	\$ 297,235	\$ 460,374	\$ 355,498

PROGRAM DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 519,685	83.5 %	\$ 0	-- %
Contractual Services	96,941	15.6	0	--
Commodities	3,475	0.6	0	--
Capital Outlay	2,000	0.3	0	--
TOTAL	\$ 622,101	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	5.0	5.0	5.0	5.0	5.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

BOARD OF INDIGENTS' DEFENSE SERVICES

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 31,178,202	\$34,779,949	\$ 31,659,949	\$ 50,871,997	\$ 37,608,162
Other Funds	1,175,245	617,472	769,106	606,000	606,000
<i>Subtotal</i>	<u>\$ 32,353,447</u>	<u>\$35,397,421</u>	<u>\$ 32,429,055</u>	<u>\$ 51,477,997</u>	<u>\$ 38,214,162</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 32,353,447</u>	<u>\$35,397,421</u>	<u>\$ 32,429,055</u>	<u>\$ 51,477,997</u>	<u>\$ 38,214,162</u>
Percentage Change:					
Operating Expenditures					
State General Fund	1.4 %	11.6 %	1.5 %	46.3 %	18.8 %
All Funds	2.3	9.4	0.2	45.4	17.8
FTE Positions	199.7	200.8	199.7	294.8	199.7

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

AGENCY OVERVIEW

The Board of Indigents' Defense Services (BIDS) is the state agency tasked with providing and supervising constitutionally and statutorily required legal services for indigents accused of felonies. BIDS fulfills this mission by overseeing a statewide system of public defender offices and by compensating assigned counsel when public defenders are unavailable. The agency also serves as the pass-through agency for funding for Legal Services for Prisoners, Inc., a nonprofit corporation providing legal assistance to indigent inmates of Kansas correctional institutions.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** reduced the hourly rate for assigned counsel from \$80 to \$62 per hour and deleted \$947,703 from fiscal year (FY) 2011 to accommodate the rate reduction. The rate reduction was intended to expire in FY 2013. The Legislature further deleted \$539,761 from the agency operating budget for a 2.5 percent reduction in FY 2011.

The **2011 Legislature** added \$750,000 from the State General Fund (SGF) to offset the reduction in federal American Reinvestment and Recovery Act and federal Justice Assistance Grant funds with SGF dollars and pay for expert witness expenditures in FY 2012.

The **2012 Legislature** added \$925,502 SGF to fund expert witness services, court reporter services, and vacant positions, as well as to partially fund the agency's enhancement request for public defender pay parity with similar positions in the Executive Branch.

The **2014 Legislature** added \$1.3 million SGF in FY 2014 to supplement funding for assigned counsel services. The Legislature also added \$50,000 to fund an expected increase in litigation associated with HB 2442, which changed state sentencing guidelines for individuals convicted of fleeing and eluding police.

The **2015 Legislature** added \$950,000 SGF for FY 2016 and \$1.5 million SGF for FY 2017 to fund assigned counsel expenditures in a newly created litigation support account.

The **2017 Legislature** added \$1.1 million SGF for FY 2018 and \$1.4 million SGF for FY 2019 for state capital *habeas* proceedings for capital punishment cases.

The **2018 Legislature** added language to the appropriations bill to allow the agency to classify public defenders based on the level of cases to which such public defenders are assigned for FY 2018 and FY 2019.

The **2019 Legislature** added \$800,000 SGF for FY 2019 and \$2.4 million SGF for FY 2020 to fund assigned counsel expenditures. The Legislature also added \$400,000 SGF for FY 2020 for salary adjustment for public defenders and \$103,635 SGF for FY 2020 due to the 2019 Legislative Pay Plan.

The **2020 Legislature** added \$600,000 SGF for FY 2020 and \$300,000 SGF for FY 2021 for assigned counsel expenditures.

The **2020 Legislature** added language to the appropriations bill requiring the agency to submit a report to the Legislative Budget Committee detailing the status of staff vacancies and retention and detailing a strategy to address such staffing concerns.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised expenditures of \$35.4 million, including \$34.8 million from the State General Fund (SGF), in FY 2021. This is an all funds decrease of \$3.3 million, or 8.5 percent, and an SGF decrease of \$3.3 million, or 8.6 percent, below the FY 2021 approved amount. The SGF decrease is primarily attributable to the lapse of FY 2020 reappropriated funds in the amount of \$3.4 million. The revised estimate includes a special revenue fund increase of \$11,472, or 1.9 percent, above the FY 2021 approved amount. This increase is attributable to a fee fund carryforward from the Indigents' Defense Services Fee Fund and the In-Service Education Fee Fund. The revised estimate includes 200.8 FTE positions, which is 1.1 FTE positions above the FY 2021 approved number. According to the agency, the accounting system included classified temporary positions as FTE positions.

The **Governor** recommends expenditures of \$32.4 million, including \$31.7 million SGF, in FY 2021. This is an all funds decrease of \$3.0 million, or 8.4 percent, and an SGF decrease of \$3.1 million, or 9.0 percent, below the agency's FY 2021 revised estimate. The decrease is

due to the Governor recommending a reduction to the assigned counsel program of \$3.0 million based on the Fall 2020 Assigned Counsel Caseload projection. The decrease is partially offset by the Governor recommending \$147,141, all SGF, for the agency's supplemental request to address information technology (IT) security.

The recommendation includes 199.7 FTE positions, which is 1.1 FTE positions below the agency's revised estimate. The reduction in FTE positions is due to correcting a technical error that counted the temporary positions as FTE positions in the agency's revised estimate.

FY 2022 – Budget Year. The **agency** requests \$51.5 million, including \$50.9 million SGF, for FY 2022. This is an all funds increase of \$16.1 million, or 45.4 percent, and an SGF increase of \$16.1 million, or 46.3 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for funds to upgrade IT security measures, an assigned counsel rate increase, implementation of a case management system, and staffing enhancements. The request includes 294.8 FTE positions, which is an increase of 94.0 FTE positions above the FY 2021 revised estimate. This increase is entirely due to the agency's caseload staffing enhancement request.

The **Governor** recommends expenditures of \$38.2 million, including \$37.6 million SGF, for FY 2022. This is an SGF decrease of \$13.3 million, or 26.1 percent, below the agency's request. The decrease is primarily attributable to the Governor only recommending one of agency's enhancement requests, \$4.1 million, all SGF, for recruiting and retention. The decrease is also due a reduction of \$1.7 million, all SGF, due to the Governor recommending part of the agency's reduced resources budget. These decreases are partially offset by an increase of \$342,983 for assigned counsel caseload estimates.

The recommendation includes 199.7 FTE positions, which is 95.1 FTE positions below the agency's request. The decrease in FTE positions is due to the Governor not recommending the enhancements that includes 94.0 FTE positions for staffing, and the correction of a technical error that counted the temporary positions as 1.1 FTE positions.

PERFORMANCE MEASURES

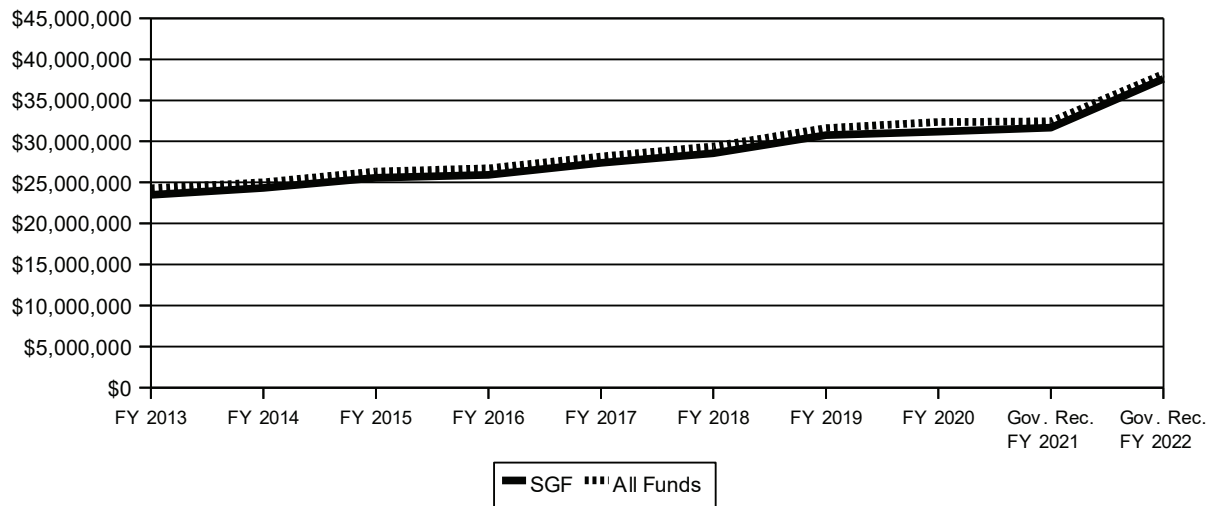
The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate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

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Continuing Legal Education Programs Offered to Panel Attorneys	2	2	2	2	2	2
Cost Per Case: Assigned Counsel, Non-contract	\$ 885	\$ 941	\$ 941	\$ 993	\$ 993	\$ 993
Cost Per Case: Public Defender	\$ 609	\$ 659	\$ 659	\$ 818	\$ 818	\$ 818
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 29.4	\$ 31.6	\$ 35.2	\$ 32.4	\$ 32.4	\$ 38.2
FTE Positions	196.6	199.7	199.7	199.7	199.7	199.7

The increased cost of the assigned counsel program is due to several factors. The two major factors are the increase in the rate of pay for assigned counsel and the agency's increased reliance on assigned counsel. In FY 2019, the rate for assigned counsel increased from \$70 per hour to \$75 per hour, and in FY 2020, the rate increased from \$75 per hour to the statutory maximum of \$80 per hour. The agency believes the cost of assigned counsel will continue to increase as more cases are sent to outside counsel due the agency's continued staffing issues.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 23,492,839	7.9 %	\$ 24,289,946	6.8 %	187.5
2014	24,339,737	3.6	25,007,745	3.0	187.5
2015	25,560,143	5.0	26,323,843	5.3	189.0
2016	25,927,322	1.4	26,710,462	1.5	189.0
2017	27,382,803	5.6	28,149,212	5.4	189.5
2018	28,558,799	4.3	29,389,816	4.4	196.6
2019	30,756,218	7.7	31,611,836	7.6	199.7
2020	31,178,202	1.4	32,353,447	2.3	199.7
2021 Gov. Rec.	31,659,949	1.5	32,429,055	0.2	199.7
2022 Gov. Rec.	37,608,162	18.8	38,214,162	17.8	199.7
Ten-Year Change Dollars/Percent	\$ 14,115,323	60.1 %	\$ 13,924,216	57.3 %	12.2

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 1,174,247	\$ 1,277,800	\$ 13,460,885	\$ 12,183,085	953.4 %	\$ 1,309,434	\$ 5,166,214	\$ 3,856,780	294.5 %
Assigned Counsel	15,059,019	17,762,796	21,479,164	3,716,368	20.9	14,762,796	16,510,000	1,747,204	11.8
Legal Services for Prisoners	289,592	289,592	289,592	0	0.0	289,592	289,592	0	0.0
Appellate Defender	2,528,697	2,265,885	2,331,383	65,498	2.9	2,265,885	2,331,383	65,498	2.9
Trial Public Defenders	10,382,674	10,727,765	10,812,859	85,094	0.8	10,727,765	10,812,859	85,094	0.8
Capital Defense	2,919,218	3,073,583	3,104,114	30,531	1.0	3,073,583	3,104,114	30,531	1.0
TOTAL	\$ 32,353,447	\$ 35,397,421	\$ 51,477,997	\$ 16,080,576	45.4 %	\$ 32,429,055	\$ 38,214,162	\$ 5,785,107	17.8 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 13,403,372	\$ 14,238,481	\$ 26,166,410	\$ 11,927,929	83.8 %	\$ 14,238,481	\$ 18,338,880	\$ 4,100,399	28.8 %
Contractual Services	18,492,449	21,079,190	25,030,437	3,951,247	18.7	17,959,190	19,794,132	1,834,942	10.2
Commodities	110,802	67,250	68,650	1,400	2.1	98,884	68,650	(30,234)	(30.6)
Capital Outlay	346,824	12,500	212,500	200,000	1,600.0	132,500	12,500	(120,000)	(90.6)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 32,353,447</i>	<i>\$ 35,397,421</i>	<i>\$ 51,477,997</i>	<i>\$ 16,080,576</i>	<i>45.4 %</i>	<i>\$ 32,429,055</i>	<i>\$ 38,214,162</i>	<i>\$ 5,785,107</i>	<i>17.8 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 32,353,447	\$ 35,397,421	\$ 51,477,997	\$ 16,080,576	45.4 %	\$ 32,429,055	\$ 38,214,162	\$ 5,785,107	17.8 %
Financing:									
State General Fund	\$ 31,178,202	\$ 34,779,949	\$ 50,871,997	\$ 16,092,048	46.3 %	\$ 31,659,949	\$ 37,608,162	\$ 5,948,213	18.8 %
Indigents' Defense Services Fund	885,871	604,006	600,000	(4,006)	(0.7)	604,006	600,000	(4,006)	(0.7)
In-Service Education Workshop Fee Fund	19,888	13,466	6,000	(7,466)	(55.4)	13,466	6,000	(7,466)	(55.4)
Coronavirus Relief Fund	269,486	0	0	0	--	151,634	0	(151,634)	(100.0)
TOTAL	\$ 32,353,447	\$ 35,397,421	\$ 51,477,997	\$ 16,080,576	45.4 %	\$ 32,429,055	\$ 38,214,162	\$ 5,785,107	17.8 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$35.0 million for the Board of Indigents' Defense Services in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$3.4 million, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$25,715, based on the reimbursement of SGF expenditures in FY 2020 for Coronavirus related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020 resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$346,854 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$38.0 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 38,042,566	\$ 34,779,949	\$ (3,262,617)	\$ 31,659,949	\$ (6,382,617)
All Other Funds	606,000	617,472	11,472	769,106	163,106
TOTAL	\$ 38,648,566	\$ 35,397,421	\$ (3,251,145)	\$ 32,429,055	\$ (6,219,511)
FTE Positions	199.7	200.8	1.1	199.7	0.0

The **agency** estimates revised expenditures of \$35.4 million, including \$34.8 million SGF, in FY 2021. This is an all funds decrease of \$3.3 million, or 8.4 percent, and an SGF decrease of \$3.3 million, or 8.6 percent, below the FY 2021 approved amount. The SGF decrease is primarily attributable to the lapse of FY 2020 reappropriated funds in the amount of \$3.4 million. The revised estimate includes a special revenue fund increase of \$11,472, or 1.9 percent, above the FY 2021 approved amount. This increase is attributable to a fee fund carryforward from the Indigents' Defense Services fee fund and the In-Service Education fee fund. The revised estimate includes 200.8 FTE positions, which is 1.1 FTE positions above the FY 2021 approved number. According to the agency, the accounting system included classified temporary positions as FTE positions.

The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency estimates revised expenditures of \$14.2 million, all SGF, in FY 2021. This is a decrease of \$3.2 million, or 18.4 percent, below the FY 2021 approved amount. The decrease is due to the lapse of reappropriated funds from FY 2020;
- **Contractual Services.** The agency estimates revised expenditures of \$21.1 million, including \$20.5 million SGF, in FY 2021. This is an all funds decrease of \$31,461, or 0.1 percent, and an SGF decrease of \$42,933, or 0.2 percent, below the FY 2021 approved amount. The decrease is primarily attributable to decreased expenditures for assigned counsel due to court closures;
- **Commodities.** The agency estimates revised expenditures of \$67,250, all SGF, in FY 2021. This is an increase of \$6,885, or 11.4 percent, above the FY 2021 approved amount. The increase is primarily attributable to increased expenditures for stationery, office supplies, and video services used by attorneys to conduct client meetings due to the COVID-19 pandemic; and
- **Capital Outlay.** The agency estimates revised expenditures of \$12,500, all SGF, in FY 2021. This is a decrease of \$7,500, or 37.5 percent, below the FY 2021 approved amount. The decrease is attributable to decreased expenditures on computers and software.

The **Governor** recommends expenditures of \$32.4 million, including \$31.7 million SGF, in FY 2021. This is an all funds decrease of \$3.0 million, or 8.4 percent, and an SGF decrease of \$3.1 million, or 9.0 percent, below the agency's FY 2021 revised estimate. The decrease is due to the Governor recommending a reduction to the assigned counsel program of \$3.0 million based on the Fall 2020 Assigned Counsel Caseload projection. In addition, the Governor only recommended part of the agency's supplemental requests, including \$147,141, all SGF, for IT security.

The recommendation includes 199.7 FTE positions, which is 1.1 FTE positions below the agency's revised estimate. The reduction in FTE positions is due to the correction of a technical error that counted temporary positions as FTE positions in the agency's revised estimate.

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
IT Security	\$ 147,141	\$ 147,141	0.0	\$ 147,141	\$ 147,141	0.0
Laptop Computers	\$ 120,000	\$ 120,000	0.0	0	0	0.0
TOTAL	\$ 267,141	\$ 267,141	0.0	\$ 147,141	\$ 147,141	0.0

The **agency** requests \$267,141, all SGF, in supplemental funding for IT security and remote working equipment. The supplemental request is detailed below by item expenditure:

- **IT Security.** The agency requests \$147,141 to address issues identified by a May 2019 security audit conducted by the Kansas Legislative Division of Post Audit. The request addresses the items that the agency has deemed to require immediate attention. These items include equipment upgrades, safety equipment, structural changes to offices, and additional security measures. Description of the work is detailed below:
 - \$96,541 for the replacement of 12 servers;
 - \$3,600 for the construction of office walls to provide a lobby for clients to secure and prevent unauthorized access to IT equipment. The offices affected are located in Topeka, Chanute, and Wichita;
 - \$27,000 for the purchase and installation of push button door locks at the Appellate, State *Habeas*, Northeast Kansas Conflict Office, Wichita, Wichita Conflicts, Hutchinson and Garden City offices;
 - \$10,000 for the purchase of a dry fire extinguisher for the data center; and
 - \$10,000 for the purchase of an identifiable entry log access card system for the data center;
- **Laptop Computers.** The agency requests \$120,000 for the procurement of an additional 60 laptop computers in order to maintain remote working capabilities for its employees. The agency states this purchase will allow the employees to continue to perform their work while limiting COVID-19 exposure. Additionally, this equipment will allow employees to maintain contact with incarcerated clients during COVID-19 outbreaks and allow for court appearances during remote court proceedings at both the trial and appellate levels. The additional laptops will replace existing outdated equipment:
 - The agency requested this equipment as part of the Coronavirus Relief Fund (CRF) Operational Expenditures application process through the Office of Recovery and the Department of Administration. Funding approvals are decided after budget submission.

The **Governor** recommends \$147,141, all SGF, for IT security measures.

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of Kansas Public Employees Retirement System (KPERs) Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$346,854. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
KPERS Death and Disability	\$ 103,083	\$ 103,083	0.0
Coronavirus Relief Swap	243,771	243,771	0.0
TOTAL	\$ 346,854	\$ 346,854	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 51,477,997	\$ 38,214,162	\$ (13,263,835)
FTE Positions	294.8	199.7	(95.1)
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 16,092,048	\$ 5,948,213	
All Other Funds	(11,472)	(163,106)	
TOTAL	\$ 16,080,576	\$ 5,785,107	
<i>Percent Change:</i>			
State General Fund	46.3 %	18.8 %	
All Other Funds	(1.9)	(21.2)	
TOTAL	45.4 %	17.8 %	
Change in FTE Positions	94.0	0.0	

The **agency** requests \$51.5 million, including \$50.9 million SGF, for FY 2022. This is an all funds increase of \$16.1 million, or 45.4 percent, and an SGF increase of \$16.1 million, or 46.3 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement requests for funds to cover upgrading information technology (IT) security measures, an assigned counsel rate increase, implementation of a case management system, and staffing enhancements. The request also includes 294.8 FTE positions, which is an increase of 94.0 FTE positions, above the FY 2021 approved number. This increase is entirely due to the agency's caseload staffing enhancement request.

The request is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests \$26.2 million, all SGF, for salaries and wages expenditures, for FY 2022. This is an increase of \$11.9 million, or 83.8 percent, above the FY 2021 revised estimate. This increase is primarily due to the agency's enhancement requests for additional staffing, recruiting, and retention funds;

- **Contractual Services.** The agency requests \$25.0 million for contractual services, including \$24.4 million SGF, for FY 2022. This is an all funds increase of \$4.0 million, or 18.7 percent, and an SGF increase of \$4.0 million, or 19.4 percent, above the FY 2021 revised estimate. The increase is primarily due to an enhancement for assigned counsel rate increase; and
- **Capital Outlay.** The agency requests \$212,000, all SGF, for capital outlay for FY 2022. This is an increase of \$200,000, or 1,600.0 percent, above FY 2021 revised estimate. The increase is due to the enhancement request for the implementation of a case management system.

The **Governor** recommends expenditures of \$38.2 million, including \$37.6 million SGF, for FY 2022. This is an SGF decrease of \$13.3 million, or 26.1 percent, below the agency's request. The decrease is primarily attributable to the Governor only recommending part of the agency's enhancement requests, \$4.1 million, all SGF, for recruiting and retention. The decrease is also attributable to the Governor recommending part of the agency's reduced resources budget. These decreases are partially offset due to an increase of \$342,983 for assigned counsel caseload estimates.

The recommendation includes 199.7 FTE positions, which is 95.1 FTE positions below the agency's request. The decrease in FTE positions is due to the Governor not recommending the enhancements that includes 94.0 FTE positions for staffing and the correction of a technical error that counted temporary positions as 1.1 FTE positions.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Ethical Caseloads Staffing Enhancement	\$ 7,827,530	\$ 7,827,530	94.0	\$ 0	\$ 0	0.0
Immediate Recruitment & Retention	4,148,500	4,148,500	0.0	4,148,500	4,148,500	0.0
Assigned Counsel Rate Increase	3,569,164	3,569,164	0.0	0	0	0.0
IT Security, Remote Working Equipment, Case Management System	467,141	467,141	0.0	0	0	0.0
TOTAL	\$ 16,012,335	\$ 16,012,335	94.0	\$ 4,148,500	\$ 4,148,500	0.0

The **agency** requests \$16.0 million, all SGF, in enhancement funding for FY 2022. The enhancement requests are detailed below.

- **Ethical Caseloads Staffing.** The agency requests \$7.8 million, all SGF, and 94.0 FTE positions, to address chronic attorney caseload issues and insufficient support staffing. This request is detailed below:
 - \$2.9 million for an additional 25.0 FTE positions for public defenders. The agency used the 1973 National Advisory Commission (NAC) on Criminal

Justice Standards and Goals for the Defense caseload guidelines to determine the number of additional FTE positions needed. NAC guidelines recommend that public defenders should work on no more than 150 felony cases per year, no more than 400 misdemeanor cases per year, and no more than 25 appeals per year. The National Association for Public Defenders (NAPD) considers the NAC standards the "absolute maximum" workload for a public defender;

- \$4.9 million for an additional 59.0 FTE positions for support staff. The number of FTE positions is based on NAPD staffing recommendations for public defender offices. Additional staffing will be as follows:
 - \$1.1 million for 15 legal assistants;
 - \$2.4 million for 35 investigators;
 - \$719,212 for 13 administrative assistants; and
 - \$664,018 for 6 administrative staff positions;
- **Immediate Recruitment and Retention.** The agency requests \$4.1 million, all SGF, to adjust for pay parity with prosecutors and other comparable government employees and to establish an internal formal training program for public defenders and assigned counsel. This request is detailed below:
 - \$4.0 million for pay scale conversion. The agency created a series of internal pay scales for each agency position that more appropriately reflects the level of experience of employees and more appropriately competes with prosecutor pay and other comparable government salaries;
 - \$164,025 for the office space rent, training programs, NAPD membership, and Bar fees for the new Training Division. The 2020 Legislature required the agency to create a report on the current recruitment and retention issues and devise a plan to address those issues long-term. During this time, the agency conducted an agency wide anonymous survey of all employees and identified the key contributors to the agency's high turnover rate were workload and poor pay and lack of raises and promotions, along with lack of training and sufficient resources;
- **Assigned Counsel Rate Increase.** The agency requests \$3.6 million, all SGF, to fund assigned counsel rate increase to \$100 per hour. The agency's Board approved an increase to the hourly rate for assigned counsel of \$100 per hour for FY 2022, dependent upon appropriate funding and statutory amendments. KSA 22-4507(c) caps the current rate at \$80 per hour with exceptions;
- **IT Security, Remote Working Equipment, Case Management System.** The agency requests \$467,141, all SGF. This request is identical to the FY 2021 supplemental request, except for the addition of the case management system request. The requests are detailed below:
 - \$147,141 for IT security and remote working equipment to address issues identified by a May 2019 security audit conducted by Legislative Post Audit. These items included equipment upgrades, safety equipment, structural changes to offices, and additional security measures;

- \$120,000 for the procurement of an additional 60 laptop computers in order to maintain remote working capabilities for its employees. This will allow the employees to continue to perform their work while limiting COVID-19 exposure. Additionally, this will allow employees to maintain contact with incarcerated clients during COVID-19 outbreaks and allow for court appearances during remote court proceedings at both the trial and appellate levels. The additional laptops will replace existing outdated equipment:
 - The agency requested this equipment as part of the CRF Operational Expenditures application process through the Office of Recovery and the Department of Administration. Funding approvals are decided after budget submission; and
- \$200,000 for the purchase and implementation of a case management system. Currently, the agency does not have a case management system and uses various software programs to operate. Implementation of a case management system would allow the agency to better assist agency employees to effectively and efficiently represent their clients. A one-time \$150,000 fee will be used for the custom build of a system, including the integration of the agency's historical data. The estimated yearly fee, based on the number of new cases the agency anticipates entering into the system, would be approximately \$50,000 per year.

The **Governor** recommends \$4.1 million, all SGF, for the agency's enhancement request for retention and recruitment.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages						
Administration	\$ 83,663	83,663	0.0	\$ 0	0	0.0
Appellate Defender	181,270	181,270	0.0	0	0	0.0
Trial Public Defenders	1,129,453	1,129,453	0.0	0	0	0.0
Capital Defense	348,597	348,597	0.0	0	0	0.0
Assigned Counsel	1,742,983	1,742,983	0.0	1,742,983	1,742,983	0.0
TOTAL	\$ 3,485,966	\$ 3,485,966	0.0	\$ 1,742,983	\$ 1,742,983	0.0

The **agency** submits a reduced resources budget totaling \$3.5 million, all SGF, for FY 2022. The agency makes note that this would result in reduced staff hours (including furloughs, layoffs, and elimination of unfilled positions,) along with the holding of assigned counsel claims.

The **Governor** recommends partially adopting the agency's reduced resources budget and reducing expenditures for assigned counsel.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$13,120, all SGF, and FY 2022 longevity payments total \$13,520, all SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

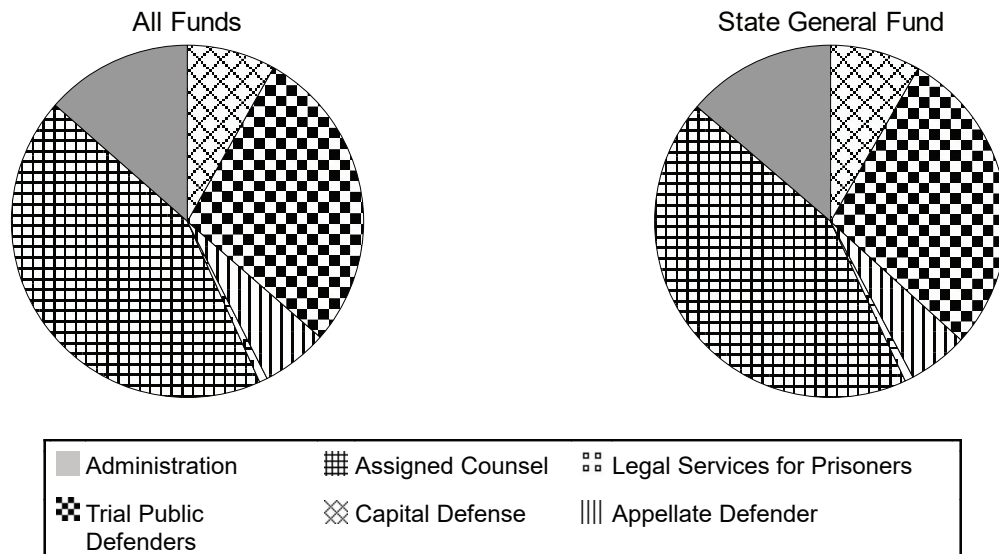
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	98.8 %	98.4 %
Indigents' Defense Services Fund	1.2	1.6
In-Service Education Workshop Fee Fund	0.0	0.0
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 5,166,214	13.5 %	\$ 5,160,214	13.7 %
Assigned Counsel	16,510,000	43.2	16,260,000	43.2
Legal Services for Prisoners	289,592	0.8	289,592	0.8
Appellate Defender	2,331,383	6.1	2,081,383	5.5
Trial Public Defenders	10,812,859	28.3	10,712,859	28.5
Capital Defense	3,104,114	8.1	3,104,114	8.3
TOTAL	\$ 38,214,162	100.0 %	\$ 37,608,162	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	10.2	13.3	12.2	107.3	12.2
Assigned Counsel	0.0	0.0	0.0	0.0	0.0
Legal Services for Prisoners	0.0	0.0	0.0	0.0	0.0
Appellate Defender	23.0	23.0	23.0	23.0	23.0
Trial Public Defenders	139.5	137.5	137.5	137.5	137.5
Capital Defense	27.0	27.0	27.0	27.0	27.0
TOTAL	199.7	200.8	199.7	294.8	199.7

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

A. Administration

The Administration program is responsible for overall agency operations and provides support for the statewide delivery of indigents' defense services. Funding is from the State General Fund, except for a small amount that is from the In-service Education Workshop Fee Fund.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Maintain level of dollars saved by audit procedures*	\$ 262,705	\$ 235,185	\$ N/A	\$ 234,185	\$ 234,185	\$ 234,185
Maintain increase in average cost per case for attorney services to 5% or less*	\$ 885	\$ 941	\$ N/A	\$ 993	\$ 993	\$ 993
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 791.1	\$ 802.6	\$ 906.8	\$ 899.0	\$ 1,309.4	\$ 5,166.2
FTE Positions	9.1	10.2	10.2	10.2	12.2	12.2

* The Governor's Office does not utilize this measure for evaluation purposes.

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 673,600	\$ 837,722	\$ 837,722	\$ 12,656,782	\$ 4,829,252
Contractual Services	141,114	414,078	294,078	578,103	310,962
Commodities	5,654	13,500	45,134	13,500	13,500
Capital Outlay	78,642	12,500	132,500	212,500	12,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 899,010</i>	<i>\$ 1,277,800</i>	<i>\$ 1,309,434</i>	<i>\$ 13,460,885</i>	<i>\$ 5,166,214</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 899,010	\$ 1,277,800	\$ 1,309,434	\$ 13,460,885	\$ 5,166,214
Financing:					
State General Fund	\$ 897,575	\$ 1,271,800	\$ 1,151,800	\$ 13,454,885	\$ 5,160,214
All Other Funds	1,435	6,000	157,634	6,000	6,000
TOTAL	\$ 899,010	\$ 1,277,800	\$ 1,309,434	\$ 13,460,885	\$ 5,166,214
FTE Positions	10.2	13.3	12.2	107.3	12.2

The **agency** estimates revised expenditures of \$1.3 million, including \$1.3 million SGF, in FY 2021 for the Administration program. This is an increase of \$234,773, or 22.5 percent, all SGF, above the approved FY 2021 amount. The increase is primarily due to increased expenditures for salaries and wages and contractual services. The revised estimate includes a special revenue fund amount of \$6,000, which is the same as the FY 2021 approved amount. The revised estimate includes 13.3 FTE positions, which is 3.1 FTE positions above the FY 2021 approved number. The increase is due to the classification of temporary positions as FTE positions.

The agency request is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$837,722, all SGF, for salaries and wages expenditures, in FY 2021. This is an all funds increase of \$106,761, or 14.6 percent, above the FY 2021 approved amount. This is primarily due to the agency filling all vacant positions and increased expenditures for fringe benefits; and
- **Contractual Services.** The agency requests a revised estimate of \$414,078, including \$408,078 SGF, for contractual services in FY 2021. This is an increase of \$128,827, or 46.1 percent, all SGF, above the FY 2021 approved amount. The increase is attributable to increased expenditures on services for off-site file storage/retrieval and temporary staffing needs through staff augmentation contracts.

The **Governor** recommends expenditures of \$1.3 million, including \$1.2 million SGF, in FY 2021. This is an all funds increase of \$31,634, or 2.5 percent, and an SGF decrease of \$120,000, or 9.4 percent, from the agency's revised estimate. The all funds increase is due to increased expenditures from the federal Coronavirus Relief Fund for cleaning supplies and laptop computers. The SGF decrease is due to the Governor not recommending the agency's

supplemental request for increased funding for laptop computers due to the agency's receipt of federal Coronavirus Relief Fund moneys. The recommendation includes 12.2 FTE positions, which is a decrease of 1.1 FTE positions below the agency's revised estimate. The decrease is due to the correction of a technical error that classified temporary positions as FTE positions in the agency's revised estimate.

The **agency** requests \$13.5 million, including \$13.5 million SGF, for FY 2022 for the Administration program. This is an increase of \$12.2 million, or 953.4 percent, all SGF, above the FY 2021 revised estimate. The request includes a special revenue fund amount of \$6,000, which is the same as the FY 2021 revised estimate. The request includes 107.3 FTE positions, which is 94.0 FTE positions above the FY 2021 revised estimate. This increase is entirely due to the agency's caseload staffing enhancement request.

The agency request is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests \$12.7 million, all SGF, for salaries and wages expenditures, for FY 2022. This is an all funds increase of \$11.8 million, or 1,410.9 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures related to the FY 2022 enhancement requests;
- **Contractual Services.** The agency requests \$578,103, including \$573,103 SGF, for contractual services for FY 2022. This is an SGF increase of \$164,025, or 40.2 percent, above the FY 2021 revised estimate. The increase is attributable to increased expenditures on services for off-site file storage/retrieval and temporary staffing needs through staff augmentation contracts; and
- **Capital Outlay.** The agency requests \$212,500, all SGF, for capital outlay for FY 2022. This is an increase of \$200,000 above the FY 2021 revised estimate. The increase is attributable to the FY 2022 enhancement request for the purchase and set up of the case management system.

The **Governor** recommends expenditures of \$5.2 million, including \$5.2 million SGF, for FY 2022. This is an SGF decrease of \$8.3 million, or 61.6 percent, below the agency's request. The SGF decrease is due to the Governor not recommending the agency's enhancement requests for staffing, laptops, and a case management system. The recommendation includes 12.2 FTE positions, which is 95.1 FTE positions below the agency's request. The decrease in FTE positions is due to the Governor not recommending the enhancements that includes 94.0 FTE positions for staffing, and the correction of a technical error that counted part-time positions as 1.1 FTE positions in the agency's request.

B. Assigned Counsel

When public defender offices are unable to handle the volume of cases, or when conflicts prevent public defenders from being involved, private assigned counsel is used. Furthermore, assigned counsel are used in those parts of the state where the agency has determined that the cost of a public defender office would be prohibitive. Attorneys are either selected and assigned to cases by judges or are assigned by judges from a pool of attorneys with whom the agency has negotiated contracts. When contracts are involved, the agency is able to realize a cost savings and has made a concerted effort to expand the number of assigned counsel who serve under contract. The agency believes the assigned counsel system

is the most economical for rural counties and in most conflict cases. The agency supports a mixed system of assigned counsel and public defenders, with a heavier emphasis on the public defender system in serious cases or in heavy caseload areas. Beginning in FY 2006, a separate line item appropriation was made for assigned counsel expenditures to keep expenditures for attorneys separate from the other professional services.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Cost Per Case: Assigned Counsel, Non-contract	\$ 885	\$ 941	\$ 941	\$ 993	\$ 993	\$ 993
Assigned Counsel Caseload*	16,530	15,310	N/A	14,781	14,781	14,781
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 13.6	\$ 15.1	\$ 17.0	\$ 15.1	\$ 14.8	\$ 16.5
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

*The Governor's Office does not utilize this measure for evaluation purposes.

ASSIGNED COUNSEL SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	15,059,019	17,762,796	14,762,796	21,479,164	16,510,000
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$15,059,019	\$ 17,762,796	\$ 14,762,796	\$ 21,479,164	\$ 16,510,000
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$15,059,019	\$ 17,762,796	\$ 14,762,796	\$ 21,479,164	\$ 16,510,000
Financing:					
State General Fund	\$14,656,845	\$ 17,512,796	\$ 14,512,796	\$ 21,229,164	\$ 16,260,000
All Other Funds	402,174	250,000	250,000	250,000	250,000
TOTAL	\$15,059,019	\$ 17,762,796	\$ 14,762,796	\$ 21,479,164	\$ 16,510,000
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates revised expenditures of \$17.8 million, including \$17.5 million SGF, for the Assigned Counsel program in FY 2021. This is an SGF decrease of \$147,204, or 0.8 percent, below the amount approved by the 2020 Legislature. The decrease is attributable to decreased expenditures on expert witness fees and court reporting fees.

The **Governor** recommends expenditures of \$14.8 million, including \$14.5 million SGF, for the Assigned Counsel program in FY 2021. This is a decrease of \$3.0 million, all SGF, or 16.9 percent, below the agency's request. The decrease is attributable to the Governor recommending the adoption of the Fall 2020 Assigned Counsel Caseload estimates. The recommendation does not include any FTE positions, which is the same as the agency's revised estimate.

The **agency** requests \$21.5 million, including \$21.2 million SGF, for the Assigned Counsel program for FY 2022. This is an SGF increase of \$3.7 million, or 21.2 percent, above the FY 2021 revised estimate. The increase is attributable to the FY 2022 enhancement request for an assigned counsel rate increase from \$80 per hour to \$100 per hour.

The **Governor** recommends expenditures of \$16.5 million, including \$16.3 million SGF, for the Assigned Counsel program for FY 2022. This is a decrease of \$5.0 million, all SGF, or 23.1 percent, below the agency's request. The decrease is attributable to the Governor not recommending the agency's enhancement request for assigned counsel expenditures. The decrease is also due to the Governor recommending adoption of the agency's reduced resources budget relating to assigned counsel expenditures. These decreases are partially offset by the Governor recommending an increase of \$342,983 for assigned counsel expenditures. The recommendation does not include any FTE positions, which is the same as the agency's revised estimate.

Consensus Caseload Estimates

In October 2020, the Division of the Budget, Board of Indigents' Defense Services, and the Kansas Legislative Research Department met to revise the estimates for assigned counsel caseload expenditures for FY 2021 and develop estimates for FY 2022. The estimates are calculated by using the agency's current and historical data. This data includes the number of case hours worked, contract fees, and other expenses.

In FY 2009, the agency reduced the hourly rate paid on all cases to \$62 per hour. In FY 2016, the hourly rate was increased to \$65 per hour, which was followed by an additional increase to \$70 per hour in FY 2017. BIDS continued to increase the hourly rate for assigned counsel to \$75 per hour for FY 2019 and to the statutory hourly rate of \$80 per hour for assigned counsel in FY 2020. All professional services are treated as assigned counsel costs, including attorney fees, transcription fees, and expert witness fees.

The caseloads for the Assigned Counsel program were estimated without factoring in overflow cases from Legal Services for Prisoners. The agency is statutorily required to compensate attorneys for work on these cases, regardless of the funding level for Legal Services for Prisoners (KSA 22-4503, Attorney General Opinion 97-71).

Assigned Counsel Caseload Estimates (Dollars in Millions)							
	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimate	FY 2021 Change from Approved		FY 2022 Estimate	Change from FY 2021 Estimate
Caseload Estimate (Dollars in Millions)	\$14.4	\$17.4	\$14.4	(\$3.0)	(17.2%)	\$16.0	\$1.6 11.1%

KLRD Caseload Calculations								
	FY 2020 Actual	FY 2021 Approved	FY 2021 Estimate	FY 2021 Change from Approved		FY 2022 Estimate	Change from FY 2021 Estimate	
Hourly Rate	\$75.86	\$80.00	\$72.80	(\$7.20)	(9.0%)	\$80.00	\$7.20	9.9%
Hours	152,840	165,641	153,196	(12,445)	(7.5%)	162,349	9,153	6.0%
Expenses (Dollars in Millions)	\$0.6	\$0.6	\$0.5	(\$0.1)	(14.4%)	\$0.6	\$0.1	17.9%
Contract Fees (Dollars in Millions)	\$2.3	\$2.8	\$2.2	(\$0.6)	(21.4%)	\$2.3	\$0.1	4.5%

The revised caseload estimate for FY 2021 is \$14.4 million, all SGF. This is a decrease of \$3.0 million, or 17.2 percent, below the FY 2021 amount approved by the 2020 Legislature. The decrease is due to the COVID-19 pandemic and its impact on the court's progression of cases. This has resulted in decreased expenditures for claims paid to assigned counsel. Total expenditures decreased by 47.3 percent between April and May of FY 2020, including a 43.7 percent decrease in hours worked by non-contract attorneys. However, in August of FY 2021, there was a 94.0 percent increase in hours worked by non-contract attorneys from the previous month.

The caseload estimate for FY 2022 is \$16.0 million, all SGF. This is an increase of \$1.6 million, or 11.1 percent, above the FY 2021 revised estimate. The increase is due to increased expenditures for claims payments filed by assigned counsel. Barring additional pandemic impact on the courts, it is projected that court operations will continue to progress towards normal operating levels midway through FY 2022.

C. Legal Services for Prisoners

Legal Services for Prisoners, Inc., is a nonprofit corporation organized to provide legal assistance to indigent inmates of Kansas correctional institutions. The Board of Indigents' Defense Services is a pass-through agency for funding purposes and has no administrative or policy control over the corporation. The corporation is governed by a board composed of a representative of each of the Kansas law schools, four representatives of the Kansas Bar Association, one representative of the Kansas Trial Judges Association, and the Judicial Administrator of the Court. Expenditures for the corporation are from the SGF. Legal Services for Prisoners has an office in Topeka and offices in the correctional facilities located in Lansing and El Dorado. These offices also provide assistance to inmates at correctional facilities located in Ellsworth, Larned, Norton, Osawatomie, Wichita, and Winfield.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 289.6	\$ 289.6	\$ 289.6	\$ 289.6	\$ 289.6	\$ 289.6
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

LEGAL SERVICES FOR PRISONERS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	289,592	289,592	289,592	289,592	289,592
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 289,592</i>	<i>\$ 289,592</i>	<i>\$ 289,592</i>	<i>\$ 289,592</i>	<i>\$ 289,592</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 289,592	\$ 289,592	\$ 289,592	\$ 289,592	\$ 289,592
Financing:					
State General Fund	\$ 289,592	\$ 289,592	\$ 289,592	\$ 289,592	\$ 2,895,920
All Other Funds	0	0	0	0	0
TOTAL	\$ 289,592	\$ 289,592	\$ 289,592	\$ 289,592	\$ 2,895,920
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates revised expenditures of \$289,592, all SGF, in FY 2021 for the Legal Services for Prisoners program. The revised estimate is the same as the FY 2021 approved amount. The revised estimate does not include FTE positions, which is the same as the the FY 2020 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests \$289,592, all SGF, for the Legal Services for Prisoners program, for FY 2022. The request is the same as the FY 2021 revised estimate. The request does not include FTE positions, which is the same as the the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

D. Appellate Defender Office

The Appellate Defender Office is a statewide office located in Topeka that represents indigent felony defendants on appeal. Funding for death penalty appeals handled by the Appellate Defender Office is included in the budget for the Death Penalty Defense Unit. The Office makes use of paralegals and law school interns.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Ethics Violations on Case Work*	0	0	0	0	0	0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.4	\$ 2.5	\$ 2.3	\$ 2.5	\$ 2.3	\$ 2.3
FTE Positions	24.0	23.0	23.0	23.0	23.0	23.0

*The Governor's Office does not utilize this measure for evaluation purposes.

APPELLATE DEFENDER OFFICE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,869,850	\$ 1,764,433	\$ 1,764,433	\$ 1,779,931	\$ 1,779,931
Contractual Services	651,123	495,902	495,902	545,902	545,902
Commodities	6,895	5,550	5,550	5,550	5,550
Capital Outlay	829	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,528,697	\$ 2,265,885	\$ 2,265,885	\$ 2,331,383	\$ 2,331,383
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,528,697	\$ 2,265,885	\$ 2,265,885	\$ 2,331,383	\$ 2,331,383
Financing:					
State General Fund	\$ 2,287,109	\$ 2,015,885	\$ 2,015,885	\$ 2,081,383	\$ 2,081,383
All Other Funds	241,588	250,000	250,000	250,000	250,000
TOTAL	\$ 2,528,697	\$ 2,265,885	\$ 2,265,885	\$ 2,331,383	\$ 2,331,383
FTE Positions	23.0	23.0	23.0	23.0	23.0

The **agency** estimates revised expenditures of \$2.3 million, including \$2.0 million SGF, for the Appellate Defender Office in FY 2021. This is a decrease of \$25,051, or 1.1 percent, all SGF, below the FY 2021 approved amount. The decrease is primarily due to decreased expenditures in salaries and wages due to position vacancies. This decrease is partially offset by increased expenditures on services for off-site file storage/retrieval and temporary staffing needs through staff augmentation contracts. The revised estimate includes 23.0 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests \$2.3 million, including \$2.1 million SGF, for the Appellate Defender Office for FY 2022. This is an increase of \$65,498, or 2.9 percent, all SGF, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures on court reporting fees and contributions to KPERS and group health insurance. The request includes 23.0 FTE positions, which is the same number as the the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

E. Trial Public Defenders

Public defender offices are located around the state and provide services in counties to indigents on a regional basis. Offices are located in Chanute, Garden City, Hutchinson, Johnson County, Junction City, Salina, Topeka, and Wichita. There are two conflict offices: the Northeast Kansas Conflict Office in Topeka and the Sedgwick County Conflicts Office in Wichita. The Conflict Offices become involved in conflicts cases when there are multiple indigent defendants and one of the defendants is already being represented by a public defender or assigned counsel. Former Public Defender Offices that have been closed are the Johnson County Satellite Office in Miami County and the Southwest Public Defender Office in Liberal.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Cost Per Case: Public Defender	\$ 609	\$ 659	\$ 609	\$ 818	\$ 818	\$ 818
Number of Ethics Violations on Case Work*	0	0	0	0	0	0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 9.9	\$ 9.9	\$ 11.0	\$ 10.4	\$ 10.7	\$ 10.8
FTE Positions	140.5	139.5	139.5	139.5	137.5	137.5

*The Governor's Office does not utilize this measure for evaluation purposes.

TRIAL PUBLIC DEFENDERS OFFICE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 8,941,019	\$ 9,494,740	\$ 9,494,740	\$ 9,569,132	\$ 9,569,132
Contractual Services	1,367,072	1,195,275	1,195,275	1,204,577	1,204,577
Commodities	51,727	37,750	37,750	39,150	39,150
Capital Outlay	22,856	0	0	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 10,382,674	\$ 10,727,765	\$ 10,727,765	\$ 10,812,859	\$ 10,812,859
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 10,382,674	\$ 10,727,765	\$ 10,727,765	\$ 10,812,859	\$ 10,812,859
Financing:					
State General Fund	\$ 10,138,750	\$ 10,616,293	\$ 10,616,293	\$ 10,712,859	\$ 10,712,859
All Other Funds	243,924	111,472	111,472	100,000	100,000
TOTAL	\$ 10,382,674	\$ 10,727,765	\$ 10,727,765	\$ 10,812,859	\$ 10,812,859
FTE Positions	139.5	137.5	137.5	137.5	137.5

The **agency** estimates revised expenditures of \$10.7 million, including \$10.6 million SGF, for the Trial Public Defenders Offices in FY 2021. This is an all funds decrease of \$234,383, or 2.1 percent, below the FY 2021 approved amount. This includes an SGF decrease of \$245,855, or 2.3 percent, below the FY 2021 approved amount. The decrease is primarily due to decreased expenditures in salaries and wages due to position vacancies. This is partially offset by increased expenditures for building space rent . The revised estimate includes 137.5

FTE positions, which is 2.0 FTE positions below FY 2021 approved number. The change in FTE positions is due to the agency reassigning positions between offices as needed to accommodate fluctuating caseloads.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests \$10.8 million, including \$10.7 million SGF, for FY 2022. This is an all funds increase of \$85,094, or 0.8 percent, above the FY 2021 revised estimate. This includes an SGF increase of \$96,566, or 0.9 percent, and a special revenue fund decrease of \$11,472, or 10.3 percent, from the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures for contributions to KPERS and group health insurance and expert witness fees. The request includes 137.5 FTE positions, which is the same number as the the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

F. Capital Defense

Capital Defense represents individuals charged with capital cases, administers a system by which courts may appoint qualified attorneys to represent indigents charged with capital offenses, serves as a resource for attorneys assigned to capital cases, develops training programs and materials for persons involved in capital cases, maintains statistical records about the use of capital punishment, and provides expert and investigative services to trial counsel in capital cases. Expenditures for the unit include costs of in-house defense, contracts with private attorneys in conflict cases or because of staff overload, and costs associated with capital cases on appeal.

According to the agency, attorneys can only defend capital cases when they meet the standards set by the American Bar Association. Previously, that standard included the requirement that an attorney have previously handled a death penalty case as a second chair. That standard was changed. Currently, attorneys are qualified to defend a capital case when they have 1) experience defending homicide cases to a jury, and 2) taken specific continuing legal education course work on capital defense.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Ethics Violations on Case Work*	0	0	0	0	0	0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.4	\$ 3.0	\$ 3.7	\$ 2.9	\$ 3.1	\$ 3.1
FTE Positions	26.0	27.0	27.0	27.0	27.0	27.0

*The Governor's Office does not utilize this measure for evaluation purposes.

CAPITAL DEFENSE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,918,903	\$ 2,141,586	\$ 2,141,586	\$ 2,160,565	\$ 2,160,565
Contractual Services	984,529	921,547	921,547	933,099	933,099
Commodities	12,040	10,450	10,450	10,450	10,450
Capital Outlay	3,746	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 2,919,218</i>	<i>\$ 3,073,583</i>	<i>\$ 3,073,583</i>	<i>\$ 3,104,114</i>	<i>\$ 3,104,114</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 2,919,218</u>	<u>\$ 3,073,583</u>	<u>\$ 3,073,583</u>	<u>\$ 3,104,114</u>	<u>\$ 3,104,114</u>
Financing:					
State General Fund	\$ 2,902,580	\$ 3,073,583	\$ 3,073,583	\$ 3,104,114	\$ 3,104,114
All Other Funds	16,638	0	0	0	0
TOTAL	<u>\$ 2,919,218</u>	<u>\$ 3,073,583</u>	<u>\$ 3,073,583</u>	<u>\$ 3,104,114</u>	<u>\$ 3,104,114</u>
FTE Positions	27.0	27.0	27.0	27.0	27.0

The **agency** estimates revised expenditures of \$3.1 million, all SGF, for the Capital Defense program in FY 2021. This is a decrease of \$30,531, or 1.0 percent, below the FY 2021 approved amount. The decrease is primarily due to decreased expenditures for contractual services for assigned counsel contract attorneys, partially offset by increased expenditures for expert witnesses. The revised estimate includes 27.0 FTE positions, which is the same FY 2021 approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

The **agency** requests \$3.1 million, all SGF, for the Capital Defense program for FY 2022. This is an increase of \$30,531, or 1.0 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increased expenditures for staffing and expert witness fees. The request includes 137.5 FTE positions, which is the same number as the the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

DEPARTMENT OF ADMINISTRATION

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Operating Expenditures					
State General Fund	\$ 96,816,928	\$ 97,103,864	\$ 95,502,868	\$ 104,867,065	\$ 91,556,103
Other Funds	44,872,029	44,349,749	45,347,288	44,233,877	45,206,254
Subtotal	\$ 141,688,957	\$ 141,453,613	\$ 140,850,156	\$ 149,100,942	\$ 136,762,357
Capital Improvements					
State General Fund	\$ 37,546,121	\$ 40,855,637	\$ 40,855,637	\$ 48,764,583	\$ 39,504,076
Other Funds	11,475,098	10,501,287	10,501,287	11,572,975	16,232,975
Subtotal	\$ 49,021,219	\$ 51,356,924	\$ 51,356,924	\$ 60,337,558	\$ 55,737,051
Total-On-Budget	\$ 190,710,176	\$ 192,810,537	\$ 192,207,080	\$ 209,438,500	\$ 192,499,408
Off-Budget:					
Operating Expenditures					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	50,848,078	81,612,143	81,612,143	80,950,195	80,950,195
Subtotal	\$ 50,848,078	\$ 81,612,143	\$ 81,612,143	\$ 80,950,195	\$ 80,950,195
Capital Improvements					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,976,895	5,734,232	5,734,232	4,967,455	4,967,455
Subtotal	\$ 1,976,895	\$ 5,734,232	\$ 5,734,232	\$ 4,967,455	\$ 4,967,455
Total-Off-Budget	\$ 52,824,973	\$ 87,346,375	\$ 87,346,375	\$ 85,917,650	\$ 85,917,650
GRAND TOTAL	\$ 243,535,149	\$ 280,156,912	\$ 279,553,455	\$ 295,356,150	\$ 278,417,058
Percentage Change:					
Operating Expenditures					
State General Fund	(10.6) %	0.3 %	(1.4) %	8.0 %	(4.1) %
All Funds	(7.9)	15.9	15.5	3.1	(2.1)
FTE Positions	417.1	464.1	464.1	463.1	463.1

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

AGENCY OVERVIEW

The Department of Administration provides central services for state agencies and also includes a number of other entities and programs for administrative purposes. The Secretary of Administration, who is appointed by and serves at the pleasure of the Governor, manages the Department with the assistance of a deputy secretary. Through its different divisions, the Department provides a centralized accounting system, administers a centralized purchasing

system, maintains a uniform personnel system, oversees the design and construction of all state buildings, operates the state printing plant, and maintains and operates state buildings and grounds in Topeka.

The Department submits a two-part budget: an on-budget budget, which reflects expenditures for agency operations, and an off-budget budget, which includes expenditures for services performed for other state agencies. The off-budget budget is reflected in the on-budget expenditures of other state agencies and such expenditures are not reflected in the Department's on-budget expenditures to avoid double counting the same expenditures. Administration of the state employee Workers Compensation program and Health Care Benefits program was transferred into the Department of Administration from the Kansas Department of Health and Environment as part of a 2019 reorganization and consolidation of health care programs.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** approved \$34.3 million in Capitol Restoration bonds, transferred the Information Network of Kansas (INK) into the Department of Administration along with 1.0 FTE position, and shifted responsibilities for the enhanced 911 grant moneys to the Office of the Attorney General.

The **2014 Legislature** added \$20.0 million, all from the State Highway Fund, and lapsed the same amount from the State General Fund (SGF) for debt service on the Statehouse and transferred \$24.0 million from the FICA Medical Resident Reimbursement Fund to the SGF for fiscal year (FY) 2015.

The **2015 Legislature** added \$31.4 million for FY 2016 and \$62.2 million for FY 2017 for debt service on Kansas Public Employees Retirement System (KPERs) Pension Obligation Bonds, added \$16.2 million for FY 2016 and FY 2017 for debt service on the National Bio and Agro-defense Facility, and moved the debt service on the University of Kansas Medical Education Building and John Redmond Reservoir into the Department of Administration. The relocation of the Medical Education and Reservoir debt service is part of a plan to consolidate all SGF debt service within the Department of Administration.

The **2016 Legislature** barred the demolition or sale of the Docking State Office Building for FY 2016 and FY 2017. The Legislature also barred any state agency from constructing a new Energy Service Center. Due to premature termination, the contract with the McCarthy Group to construct the Service Center the Department of Administration incurred contractual costs of \$2.1 million, paid on March 7, 2016.

The **2018 Legislature** added language to combine the Capitol Complex, Statehouse and Cedar Crest, and the Judicial Center rehabilitation and repair funds, provided the Department of Administration prioritizes repairs to the Judicial Center in FY 2018 and for FY 2019.

The **2018 Legislature** also added \$300,000, all SGF, for demolition of a grain mill and elevator in Clyde and added language conveying interest in the property to the City of Clyde in FY 2018.

The **2019 Legislature** added \$9.3 million, all SGF, in FY 2019 for costs related to a settlement between the Department of Administration and the U.S. Department of Health and

Human Services regarding debt set-off services performed for the Department for Children and Families. The Legislature also added \$140,000, all SGF, to construct a new snack bar in the Statehouse for FY 2020. Furthermore, the Legislature added language directing the agency to provide a survey of options for the deconstruction, repair, or renovation of the Docking State Office Building for FY 2020, on-budget to the Legislature on or before January 13, 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$192.8 million, including \$138.0 million from the State General Fund (SGF), for on-budget expenditures in FY 2021. In FY 2021, on-budget expenditures increase by \$917,511, or 0.5 percent, above the FY 2021 approved budget. The increase is primarily due to the agency's supplemental request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$1.6 million). **Absent the supplemental**, the revised estimate is a decrease of \$682,489, or 0.4 percent, below the FY 2021 approved budget. The non-supplemental decrease is primarily due to fewer budgeted expenditures for the State Printing Plant (\$275,000), lower debt service interest payments (\$59,158), and reductions in employee pay (\$42,118). The revised estimate also includes 92.2 on-budget FTE positions, which is a decrease of 0.9 FTE positions below the FY 2021 approved number.

The revised estimate also includes \$87.3 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. In FY 2021, off-budget expenditures decrease by \$2.7 million, or 3.0 percent, below the FY 2021 approved budget. The decrease is primarily due to lower expenditures on building rent (\$3.7 million), utilities (\$1.1 million), and printing (\$1.1 million). The reduction is offset by higher estimated expenditures on the issuance of Series 2020K bonds, which transferred ownership of the Curtis State Office Building and the Department for Children and Families Topeka Service Center from the Topeka Public Building Commission to the State of Kansas (\$3.4 million). The agency also requests a revised estimate of 371.9 off-budget FTE positions in FY 2021, which is an increase of 3.1 FTE positions above the FY 2021 approved budget.

The **Governor** recommends \$192.2 million, including \$136.4 million SGF, for on-budget expenditures in FY 2021. The recommendation is an all funds decrease of \$603,457, or 0.3 percent, below the FY 2021 revised estimate. The decrease is due to the Governor's recommendation not to adopt the agency's supplemental request to renovate the Docking State Office Building (\$1.6 million), partially offset by distributions from the Coronavirus Relief Fund made after submission of the agency revised estimate (\$997,539). The Governor's recommendation also includes 93.1 on-budget FTE positions, which is the same as the FY 2021 revised estimate.

The Governor's recommendation also includes \$87.3 million in off-budget expenditures, all from special revenue funds, and 371.9 off-budget FTE positions, which are the same as the FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$209.4 million, including \$153.6 million SGF, for on-budget expenditures for FY 2022. For FY 2022, on-budget expenditures increase by \$16.6 million, or 8.6 percent, above the FY 2021 revised estimate. The increase is primarily due to the operating expenditures portion of the agency's enhancement request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$11.4 million, an increase of \$9.8 million

from the agency's supplemental request for FY 2021). The enhancement request also includes debt service principal expenditures that is reflected in the capital improvements request (\$7.0 million). **Absent the enhancements**, the request is an operating expenditures decrease of \$2.2 million, or 1.5 percent, below the FY 2021 revised estimate. The non-enhancement decrease is primarily due to lower debt service interest payments, including for KPERS Pension Obligation Bonds (\$1.6 million) and bonds related to the National Bio and Agro-Defense Facility (\$582,787). The agency also requests 92.2 on-budget FTE positions, which is the same as the FY 2021 revised estimate.

The request also includes \$85.9 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures decrease by \$1.4 million, or 1.6 percent, below the FY 2021 revised estimate. The decrease is primarily due to lower expenditures for contracts to support the management of the State Employee Health Benefits Program (\$928,685) and on printing equipment (\$332,000). The agency also requests 370.9 off-budget FTE positions for FY 2022, which is a decrease of 1.0 FTE position below the FY 2021 revised estimate.

The **Governor** recommends \$192.5 million, including \$131.1 million SGF, for on-budget expenditures for FY 2022. The recommendation is an all funds decrease of \$16.9 million, or 8.1 percent, and an SGF decrease of \$22.6 million, or 14.7 percent, below the FY 2022 agency request. The decrease is primarily due to the Governor's recommendation not to adopt the agency's enhancement request to renovate the Docking State Office Building (\$18.4 million). The decrease is also attributable to lower debt service principal and interest payments on bonds related to renovation of the Kansas Statehouse (\$10.3 million), the National Bio and Agro-defense Facility (NBAF) (\$2.7 million), and bond restructuring (\$1.1 million). The decrease is partially offset by the issuance of 2020R/S series bonds (\$15.9 million), which refunds 2010E-1, 2010E-2, 2010O-2, 2010F, and 2011B series bonds. The recommendation also includes 92.2 on-budget FTE positions, which is the same as the FY 2022 agency request.

The Governor's recommendation also includes \$85.9 million in off-budget expenditures, all from special revenue funds, and 370.9 off-budget FTE positions, which are the same as the FY 2022 agency 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.

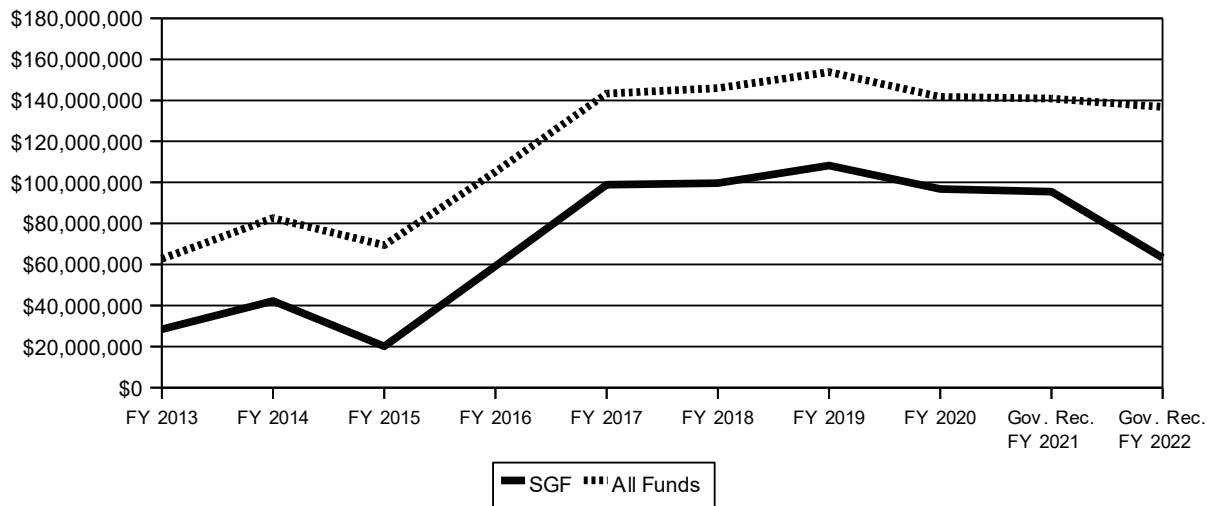
PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Regulations Submitted for Review	233	225	225	400	375	375
Number of Events Scheduled at the Kansas Statehouse	256	336	350	466	350	400
Number of Work Orders	6,000	6,425	6,250	6,582	6,340	6,630
Cost Per Square Foot Cleaned	\$ 1.32	\$ 1.34	\$ 1.36	\$ 1.36	\$ 1.38	\$ 1.40
Total Pieces of Mail Handled (In Millions)	9.8	8.6	9.5	9.6	9.8	10.0
Total Surplus Property Sales (In Millions)	\$ 1.1	\$ 0.8	\$ 1.4	\$ 0.6	\$ 0.6	\$ 0.7
Percent of Agencies Using State Printer	89.0 %	89.0 %	89.0 %	89.0 %	89.0 %	89.0 %
Number of Prior Authorization Contracts Approved*	4,528	3,780	4,224	3,989	3,600	3,600
Savings to the State from Operating the Service Center	\$211,293	\$ 216,575	\$ 222,000	\$ 221,835	\$ 222,000	\$ 222,000
Number of Non-Cabinet Agencies Receiving HR Assistance from OPS	49	51	52	52	53	54
Total Number of Days from Start of Hiring Process to Job Offer—Classified	31.4	30.9	28.1	33.1	29.8	27.4
Total Number of Days from Start of Hiring Process to Job Offer—Unclassified	22.3	21.4	20.4	22.9	21.1	20.1
CAFR Submitted Prior to December 31 with an Unmodified Audit Opinion	Yes	Yes	Yes	Yes	Yes	Yes
Percent of Uptime During Business Hours—SMART	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of Up-Time During Business Hours—SHARP	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of Fiscal Notes Completed by the Bill's Hearing Date	100.0 %	99.7 %	100.0 %	100.0 %	100.0 %	100.0 %
Number of Fiscal Notes Completed	559	644	600	600	600	600
Total Number of Complaints Investigated	1,363	1,231	1,275	1,134	1,275	1,275
Percent of Adult Care Homes with Assigned Volunteer Ombudsman	9.0 %	9.0 %	8.0 %	9.0 %	8.0 %	8.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 241.2	\$ 243.1	\$ 243.6	\$ 243.5	\$ 279.6	\$ 278.4
FTE Positions	422.3	417.0	417.0	417.0	464.0	463.0

* These prior authorization contract approvals do not include grants and utility encumbrances.

The measures above have been identified by the Department of Administration in cooperation with the Kansas Division of the Budget and the Kansas Legislative Research Department as key performance measures for the agency.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 28,359,742	(58.3)%	\$ 62,718,036	(13.0)%	518.2
2014	42,128,069	48.5	82,582,890	31.7	468.2
2015	20,131,425	(52.2)	69,406,039	(16.0)	450.1
2016	59,247,614	194.3	105,123,917	51.5	297.1
2017	98,875,656	66.9	143,311,228	36.3	434.8
2018	99,676,168	0.8	145,923,234	1.8	419.3
2019	108,270,474	8.6	153,778,552	5.4	417.0
2020	96,816,928	(10.6)	141,688,957	(7.9)	417.1
2021 Gov. Rec.	95,502,868	(1.4)	140,850,156	(0.6)	464.1
2022 Gov. Rec.	91,556,103	(4.1)	136,762,357	(2.9)	463.1
Ten-Year Change					
Dollars/Percent	\$ 63,196,361	222.8 %	\$ 74,044,321	118.1 %	(55.1)

Summary of Operating Budget (On-Budget) FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Secretary	\$ 814,407	\$ 750,308	\$ 755,212	\$ 4,904	0.7 %	\$ 1,747,815	\$ 745,212	\$ (1,002,603)	(57.4)%
Chief Counsel	306,930	355,462	357,309	1,847	0.5	355,462	337,309	(18,153)	(5.1)
Facilities	983,528	2,105,935	9,224,302	7,118,367	338.0	505,935	824,302	318,367	62.9
Printing and Mailing	606,526	422,000	422,000	0	0.0	422,000	422,000	0	0.0
Procurement	1,372,450	1,428,161	1,457,208	29,047	2.0	1,428,161	1,457,208	29,047	2.0
Financial Management	481,573	422,220	423,677	1,457	0.3	422,220	423,677	1,457	0.3
Personnel Services	1,406,134	1,409,814	1,100,704	(309,110)	(21.9)	1,409,814	1,050,704	(359,110)	(25.5)
State Employee Health	0	0	0	0	--	0	0	0	--
Accounts and Reports	2,480,670	2,390,351	2,510,418	120,067	5.0	2,390,351	2,410,418	20,067	0.8
Systems Management	73,447	131,956	323,985	192,029	145.5	131,956	323,985	192,029	145.5
Information Technology	0	0	0	0	--	0	0	0	--
Division of the Budget	1,655,379	1,968,086	1,794,821	(173,265)	(8.8)	1,968,086	1,615,339	(352,747)	(17.9)
LTC Ombudsman	681,411	719,388	724,891	5,503	0.8	718,424	695,456	(22,968)	(3.2)
Debt Service	130,826,502	129,349,932	130,006,415	656,483	0.5	129,349,932	126,456,747	(2,893,185)	(2.2)
Clearing	0	0	0	0	--	0	0	0	--
TOTAL	\$ 141,688,957	\$ 141,453,613	\$ 149,100,942	\$ 7,647,329	5.4 %	\$ 140,850,156	\$ 136,762,357	\$ (4,087,799)	(2.9)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 7,189,983	\$ 7,711,608	\$ 7,789,738	\$ 78,130	1.0 %	\$ 7,711,608	\$ 7,530,821	\$ (180,787)	(2.3)%
Contractual Services	2,880,923	3,634,628	10,547,344	6,912,716	190.2	2,033,632	2,017,344	(16,288)	(0.8)
Commodities	201,097	320,645	320,645	0	0.0	465,895	320,645	(145,250)	(31.2)
Capital Outlay	104,476	26,800	26,800	0	0.0	879,089	26,800	(852,289)	(97.0)
Debt Service	130,826,502	129,349,932	130,006,415	656,483	0.5	129,349,932	126,456,747	(2,893,185)	(2.2)
<i>Subtotal - Operations</i>	<i>\$ 141,202,981</i>	<i>\$ 141,043,613</i>	<i>\$ 148,690,942</i>	<i>\$ 7,647,329</i>	<i>5.4 %</i>	<i>\$ 140,440,156</i>	<i>\$ 136,352,357</i>	<i>\$ (4,087,799)</i>	<i>(2.9) %</i>
Aid to Local Units	332,681	250,000	250,000	0	0.0	250,000	250,000	0	0.0
Other Assistance	153,295	160,000	160,000	0	0.0	160,000	160,000	0	0.0
TOTAL	\$ 141,688,957	\$ 141,453,613	\$ 149,100,942	\$ 7,647,329	5.4 %	\$ 140,850,156	\$ 136,762,357	\$ (4,087,799)	(2.9)%
Financing:									
State General Fund	\$ 96,816,928	\$ 97,103,864	\$ 104,867,065	\$ 7,763,201	8.0 %	\$ 95,502,868	\$ 91,556,103	\$ (3,946,765)	(4.1)%
All Other Funds	44,872,029	44,349,749	44,233,877	(115,872)	(0.3)	45,347,288	45,206,254	(141,034)	(0.3)
TOTAL	\$ 141,688,957	\$ 141,453,613	\$ 149,100,942	\$ 7,647,329	5.4 %	\$ 140,850,156	\$ 136,762,357	\$ (4,087,799)	(2.9)%

Summary of Operating Budget (Off-Budget) FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21		Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21	
By Program:											
Secretary	\$ 270,031	\$ 209,883	\$ 211,782	\$ 1,899	0.9 %		\$ 209,883	\$ 211,782	\$ 1,899	0.9 %	
Chief Counsel	377,118	529,521	533,046	3,525	0.7		529,521	533,046	3,525	0.7	
Facilities	24,122,845	18,781,715	18,921,602	139,887	0.7		18,781,715	18,921,602	139,887	0.7	
Printing and Mailing	11,597,679	9,486,243	8,901,256	(584,987)	(6.2)		9,486,243	8,901,256	(584,987)	(6.2)	
Procurement	0	0	0	0	--		0	0	0	--	
Financial Management	1,058,699	1,382,253	1,391,739	9,486	0.7		1,382,253	1,391,739	9,486	0.7	
Personnel Services	703,135	701,527	1,025,653	324,126	46.2		701,527	1,025,653	324,126	46.2	
State Employee Health	0	37,203,259	36,537,279	(665,980)	(1.8)		37,203,259	36,537,279	(665,980)	(1.8)	
Accounts and Reports	4,296,186	4,493,750	4,550,851	57,101	1.3		4,493,720	4,550,851	57,131	1.3	
Systems Management	7,846,606	7,433,539	7,522,442	88,903	1.2		7,433,539	7,522,442	88,903	1.2	
Information Technology	0	0	0	0	--		0	0	0	--	
Division of the Budget	0	0	0	0	--		0	0	0	--	
LTC Ombudsman	0	0	0	0	--		0	0	0	--	
Debt Service	554,155	1,368,453	1,332,545	(35,908)	(2.6)		1,368,453	1,332,545	(35,908)	(2.6)	
Clearing	21,624	22,000	22,000	0	0.0		22,000	22,000	0	0.0	
TOTAL	\$ 50,848,078	\$ 81,612,143	\$ 80,950,195	\$ (661,948)	(0.8) %		\$ 81,612,113	\$ 80,950,195	\$ (661,918)	(0.8) %	
By Major Object of Expenditure:											
Salaries and Wages	\$ 17,793,277	\$ 21,883,060	\$ 22,078,905	\$ 195,845	0.9 %		\$ 21,883,060	\$ 22,078,905	\$ 195,845	0.9 %	
Contractual Services	27,953,402	39,853,180	39,384,220	(468,960)	(1.2)		39,853,180	39,384,220	(468,960)	(1.2)	
Commodities	3,508,178	2,205,350	2,272,625	67,275	3.1		2,205,350	2,272,625	67,275	3.1	
Capital Outlay	1,035,530	1,212,100	791,900	(420,200)	(34.7)		1,212,100	791,900	(420,200)	(34.7)	
Debt Service	554,155	1,368,453	1,332,545	(35,908)	(2.6)		1,368,453	1,332,545	(35,908)	(2.6)	
<i>Subtotal - Operations</i>	<i>\$ 50,844,542</i>	<i>\$ 66,522,143</i>	<i>\$ 65,860,195</i>	<i>\$ (661,948)</i>	<i>(1.0) %</i>		<i>\$ 66,522,143</i>	<i>\$ 65,860,195</i>	<i>\$ (661,948)</i>	<i>(1.0) %</i>	
Aid to Local Units	0	0	0	0	--		0	0	0	--	
Other Assistance	3,536	15,090,000	15,090,000	0	0.0		15,090,000	15,090,000	0	0.0	
TOTAL	\$ 50,848,078	\$ 81,612,143	\$ 80,950,195	\$ (661,948)	(0.8) %		\$ 81,612,143	\$ 80,950,195	\$ (661,948)	(0.8) %	
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %		\$ 0	\$ 0	\$ 0	-- %	
All Other Funds	50,848,078	81,612,143	80,950,195	(661,948)	(0.8)		81,612,143	80,950,195	(661,948)	(0.8)	
TOTAL	\$ 50,848,078	\$ 81,612,143	\$ 80,950,195	\$ (661,948)	(0.8) %		\$ 81,612,143	\$ 80,950,195	\$ (661,948)	(0.8) %	

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$136,853,362 for the Department of Administration in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$270,406, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$23,829, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$703,108 as the result of the Governor's July 1, 2020 SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$136,444,489. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET (ON-BUDGET)					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 136,444,489	\$ 137,959,501	\$ 1,515,012	\$ 136,358,505	\$ (85,984)
All Other Funds	55,448,537	54,851,036	(597,501)	55,848,575	400,038
TOTAL	\$ 191,893,026	\$ 192,810,537	\$ 917,511	\$ 192,207,080	\$ 314,054
FTE Positions	460.0	464.1	4.1	464.1	4.1

The **agency** requests a revised estimate of \$192.8 million, including \$138.0 million SGF, for on-budget expenditures in FY 2021. In FY 2021, on-budget expenditures increase by \$917,511, or 0.5 percent, above the FY 2021 approved budget. The increase is primarily due to the agency's supplemental request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$1.6 million). **Absent the supplemental**, the revised estimate is a decrease of \$682,489, or 0.4 percent, below the FY 2021 approved budget. The non-supplemental decrease is primarily due to fewer budgeted expenditures for the State Printing Plant (\$275,000), lower debt service interest payments (\$59,158), and reductions in employee pay (\$42,118). The

revised estimate also includes 92.2 on-budget FTE positions, which is a decrease of 0.9 FTE positions below the FY 2021 approved number.

The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$7.7 million, including \$5.7 million SGF, for on-budget salaries and wages expenditures in FY 2021. The revised estimate is an all funds decrease of \$25,856, or 0.3 percent, below the FY 2021 approved budget. The decrease is primarily due to reductions in employee pay (\$42,118) as well as lower employer contributions to unemployment compensation (\$19,000), partially offset by higher employer contributions to public employee retirement (\$48,161);
- **Contractual Services.** The agency requests a revised estimate of \$3.6 million, including \$2.7 million SGF, for on-budget contractual services expenditures in FY 2021. The revised estimate is an all funds increase of \$1.2 million, or 47.4 percent, above the FY 2021 approved budget. The increase is primarily due to the agency's supplemental request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$1.6 million). Additional details on this project may be found on pages 1215 and 1219. **Absent the supplemental,** the request is an all funds decrease of \$430,574, or 17.5 percent, below the FY 2021 approved budget. The non-supplemental decrease is primarily due to lower expenditures for computer software maintenance services (\$257,682) and building space rental costs (\$190,000);
- **Commodities.** The agency requests a revised estimate of \$320,645, including \$37,275 SGF, for on-budget commodities expenditures in FY 2021. The revised estimate is an all funds decrease of \$269,400, or 45.7 percent, below the FY 2021 approved budget. The decrease is primarily due to fewer expenditures on supplies and materials for the Surplus Property Program (\$275,000);
- **Capital Outlay.** The agency requests a revised estimate of \$26,800, including \$20,800 SGF, for on-budget capital outlay expenditures in FY 2021. The revised estimate is an all funds increase of \$2,500, or 10.3 percent, above the FY 2021 approved budget. The increase is primarily due to computer equipment and software costs within the Office of Procurement and Contracts (\$5,000). The revised estimate also includes expenditures for the replacement of one vehicle within the Office of the Long-Term Care Ombudsman (\$18,800), using funds originally budgeted for furniture and fixtures;
- **Debt Service.** The agency requests a revised estimate of \$129.3 million, including \$88.6 million SGF, for on-budget debt service interest payments in FY 2021. The revised estimate is an all funds decrease of \$59,158, or less than 0.1 percent, below the FY 2021 approved budget. The decrease is primarily due to lower expenditures for interest payments on bonds related to debt service refunding (\$30,459) and KPERS Pension Obligation Bonds (\$19,049). Debt service expenditures account for the majority of the agency's budget, including 92.3 percent of the on-budget revised estimate and 91.8 percent of on-budget SGF expenditures in FY 2021;

- **Aid to Local Units of Government.** The agency requests a revised estimate of \$250,000, all from the Flood Control Emergency Federal Fund, for on-budget aid to local units of government in FY 2021. The revised estimate is the same as the FY 2021 approved budget; and
- **Other Assistance.** The agency requests a revised estimate of \$160,000, all from the Federal Cash Management Fund, for on-budget other assistance expenditures in FY 2021. The revised estimate is an increase of \$100,000, or 166.7 percent, above the FY 2021 approved budget. The increase is due to adjusted estimates on Federal Cash Management Act payments.

In addition to operating expenditures, the revised estimate also includes \$51.4 million, including \$40.9 million SGF, in on-budget capital improvements expenditures in FY 2021, which is the same as the FY 2021 approved budget. The revised estimate includes expenditures for the issuance of Series 2019F/G bonds, which refunded existing bonds related to Capitol restoration projects, the Eisenhower State Office Building, and debt restructuring.

The revised estimate also includes \$87.3 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. In FY 2021, off-budget expenditures decrease by \$2.7 million, or 3.0 percent, below the FY 2021 approved budget. The decrease is primarily due to lower expenditures on building rent (\$3.7 million), utilities (\$1.1 million), and printing (\$1.1 million). The reduction is offset by higher estimated expenditures on the issuance of Series 2020K bonds, which transferred ownership of the Curtis State Office Building and the Department for Children and Families Topeka Service Center from the Topeka Public Building Commission to the State of Kansas (\$3.4 million). The agency also requests a revised estimate of 371.9 off-budget FTE positions in FY 2021, which is an increase of 3.1 FTE positions above the FY 2021 approved budget.

The **Governor** recommends \$192.2 million, including \$136.4 million SGF, for on-budget expenditures in FY 2021. The recommendation is an all funds decrease of \$603,457, or 0.3 percent, below the FY 2021 revised estimate. The decrease is due to the Governor's recommendation not to adopt the agency's supplemental request to renovate the Docking State Office Building (\$1.6 million), partially offset by distributions from the Coronavirus Relief Fund made after submission of the agency revised estimate (\$997,539). The Governor's recommendation also includes 93.1 on-budget FTE positions, which is the same as the FY 2021 revised estimate.

The Governor's recommendation also includes \$87.3 million in off-budget expenditures, all from special revenue funds, and 371.9 off-budget FTE positions, which are the same as the FY 2021 revised estimate.

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Docking State Office Building Renovation	\$ 1,600,000	\$ 1,600,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$1.6 million, all SGF, in FY 2021 to begin the renovation process for the Docking State Office Building.

During the 2020 Legislative Session, the agency presented four proposed options to the House Committee on Appropriations and the Senate Committee on Ways and Means. One of those options was to renovate and reuse the entire building, with added laboratory space for the Kansas Department of Health and Environment (KDHE). Exterior components of the building would be replaced where necessary, preserving historical elements where possible, while interior components would be emptied and updated with new mechanical, electrical, and plumbing systems to prepare for new office space. The central power plant, campus facilities maintenance operations, central warehouse, and the capitol police would remain in the building. New functions to be accommodated include space for compatible state agencies, space for a health clinic and other state service agencies, a training and meeting center, interactive exhibit commons, shared conference rooms, wellness support rooms, outdoor event space, and additional dedicated capitol police parking. Based on initial estimates, this option would provide 532,592 gross square feet of total space, including 186,243 square feet of available agency space and 83,813 square feet of space for the KDHE Lab.

The agency estimates total project costs of \$155.0 million. Of that amount, \$10.0 million would be used for schematic and construction design spread across two years, \$1.6 million in FY 2021 and \$8.4 million for FY 2022. The remaining \$145.0 million is budgeted for bonded debt service for an estimated 20-year duration, beginning in FY 2022. If approved, the agency would begin the design and development phase in FY 2021, completing schematic plans to utilize the entire building and to include laboratory space for KDHE. The agency would then move into the construction phase for FY 2022, with a 24-month construction phase estimated to begin around February 2022. Additional details about the enhancement request for FY 2022 may be found on page 1219.

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

Governor's Allotments

On June 29, 2020, the Governor announced SGF allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$703,108 and include reductions in rehabilitation and repair expenditures, KPERS Death and Disability contributions, and SGF monies that were freed up because the agency was reimbursed pandemic response expenditures from the Coronavirus Relief Fund. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
Capitol Complex R&R	\$ (626,399)	(626,399)	0.0
KPERS Death and Disability	(39,252)	(39,252)	0.0
Coronavirus Relief Fund	(37,457)	(37,457)	0.0
TOTAL	\$ (703,108)	\$ (703,108)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 149,100,942	\$ 136,762,357	\$ (12,338,585)
FTE Positions	463.1	463.1	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(661,948)	(661,948)	
TOTAL	\$ (661,948)	\$ (661,948)	
<i>Percent Change:</i>			
State General Fund	8.0 %	(4.1) %	
All Other Funds	(0.8)	(0.8)	
TOTAL	3.1 %	(2.1) %	
Change in FTE Positions	(1.0)	(1.0)	

The **agency** requests \$209.4 million, including \$153.6 million SGF, for on-budget expenditures for FY 2022. For FY 2022, on-budget expenditures increase by \$16.6 million, or 8.6 percent, above the FY 2021 revised estimate. The increase is primarily due to the operating expenditures portion of the agency's enhancement request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$11.4 million, an increase of \$9.8 million from the agency's supplemental request for FY 2021). The enhancement request also includes debt service principal expenditures that is reflected in the capital improvements request (\$7.0 million). **Absent the enhancements**, the request is an operating expenditures decrease of \$2.2 million, or 1.5 percent, below the FY 2021 revised estimate. The non-enhancement decrease is primarily due to lower debt service interest payments, including for KPERS Pension Obligation Bonds (\$1.6 million) and bonds related to the National Bio and Agro-Defense Facility (\$582,787). The agency also requests 92.2 on-budget FTE positions, which is the same as the FY 2021 revised estimate.

The revised estimate is detailed below by major category of expenditure:

- **Salaries and Wages.** The agency requests a revised estimate of \$7.8 million, including \$5.8 million SGF, for on-budget salaries and wages expenditures for FY 2022. The request is an all funds increase of \$78,130, or 1.0 percent, above the FY 2021 revised estimate. The increase is primarily due to higher employer contributions to public employees retirement (\$47,703) and group health insurance (\$14,383). The increase is also attributable to shrinkage budgeted in FY 2021 that is not present for FY 2022. Shrinkage is the difference between the cost of fully funding salaries and wages for an entire fiscal year, assuming all positions are filled at all times, and actual salaries and wages costs, taking vacancies into account;
- **Contractual Services.** The agency requests a revised estimate of \$10.5 million, including \$9.3 million SGF, for on-budget contractual services expenditures for FY 2022. The request is an all funds increase of \$6.9 million, or 190.2 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement request to renovate and rehabilitate the entire Docking State Office Building, including the addition of laboratory space for the Kansas Department of Health and Environment (\$6.8 million). Additional details on this project may be found on pages 1215 and 1219. **Absent the supplemental and enhancement,** the request is an all funds increase of \$112,716, or 5.5 percent, above the FY 2021 revised estimate. The non-enhancement increase is primarily due to higher payments for surety bonds and insurance premiums (\$325,000);
- **Commodities.** The agency requests a revised estimate of \$320,645, including \$37,275 SGF, for on-budget commodities expenditures for FY 2022. The request is the same as the FY 2021 revised estimate;
- **Capital Outlay.** The agency requests a revised estimate of \$26,800, including \$20,800 SGF, for on-budget capital outlay expenditures for FY 2022. The request is the same as the FY 2021 revised estimate;
- **Debt Service.** The agency requests a revised estimate of \$130.0 million, including \$89.8 million SGF, for on-budget debt service interest payments for FY 2022. The request is an all funds increase of \$656,483, or 0.5 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement request to renovate and rehabilitate the Docking State Office Building, which includes debt service payments for an estimated 20-year term (\$3.0 million). Additional details on this project may be found on pages 1215 and 1219. **Absent the enhancement,** the request is an all funds decrease of \$2.3 million, or 1.3 percent, below the FY 2021 revised estimate. The non-enhancement decrease is primarily due to lower interest payments on bonds related to debt service refunding (\$1.2 million), the National Bio and Agro-Defense Facility (\$582,787), and renovation of the Kansas Statehouse (\$373,575);
- **Aid to Local Units of Government.** The agency requests a revised estimate of \$250,000, all from the Flood Control Emergency Federal Fund, for on-budget aid to local units of government for FY 2022. The request is the same as the FY 2021 revised estimate; and
- **Other Assistance.** The agency requests a revised estimate of \$160,000, all from the Federal Cash Management Fund, for on-budget other assistance

expenditures for FY 2022. The request is the same as the FY 2021 revised estimate.

In addition to operating expenditures, the request also includes \$60.3 million, including \$48.8 million SGF, in on-budget capital improvements expenditures for FY 2022, which is an increase of \$9.0 million, or 17.5 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's enhancement request to renovate and rehabilitate the Docking State Office Building (\$7.0 million). **Absent the enhancement**, the capital improvements request is an all funds increase of \$2.0 million, or 3.9 percent, above the FY 2021 revised estimate. The non-enhancement increase is primarily due to higher principal payments on bonds related to renovations of the Kansas Statehouse (\$1.7 million).

The request also includes \$85.9 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures decrease by \$1.4 million, or 1.6 percent, below the FY 2021 revised estimate. The decrease is primarily due to lower expenditures for contracts to support the management of the State Employee Health Benefits Program (\$928,685) and on printing equipment (\$332,000). The agency also requests 370.9 off-budget FTE positions for FY 2022, which is a decrease of 1.0 FTE position below the FY 2021 revised estimate.

The **Governor** recommends \$192.5 million, including \$131.1 million SGF, for on-budget expenditures for FY 2022. The recommendation is an all funds decrease of \$16.9 million, or 8.1 percent, and an SGF decrease of \$22.6 million, or 14.7 percent, below the FY 2022 agency request. The SGF decrease is primarily due to the Governor's recommendation not to adopt the agency's enhancement request to renovate the Docking State Office Building (\$18.4 million). The SGF decrease is also attributable to lower debt service principal and interest payments on bonds related to the NBAF (\$2.7 million) and bond restructuring (\$1.1 million). The recommendation also includes a decrease in principal payments on Kansas Statehouse renovation bonds (\$10.3 million, all from the State Highway Fund), offset by the issuance of 2020R/S series bonds (\$15.9 million, all from the State Highway Fund), which refunds 2010E-1, 2010E-2, 2010O-2, 2010F, and 2011B series bonds. The recommendation also includes 92.2 on-budget FTE positions, which is the same as the FY 2022 agency request.

The Governor's recommendation also includes \$85.9 million in off-budget expenditures, all from special revenue funds, and 370.9 off-budget FTE positions, which are the same as the FY 2022 agency request.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Docking State Office Building Renovation	\$ 18,400,000	\$ 18,400,000	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$18.4 million, all SGF, for FY 2022 to continue the renovation process for the Docking State Office Building, including \$11.4 million in operation expenditures and \$7.0 million for capital improvement expenditures. This request is built upon the agency's supplemental request to develop schematic designs in FY 2021 to utilize the entire building and

to include laboratory space for KDHE. Details on the supplemental request, as well as background information presented to the 2020 Legislature, may be found on page 1215.

For FY 2022, the agency would begin the construction design phase, which includes the completion of the construction drawings that would be used for soliciting bids and the selection of a construction manager who will develop a guaranteed maximum price for the project. The agency estimates \$155.0 million for the entire project, including \$10.0 million for schematic and construction design (\$1.6 million in FY 2021 and \$8.4 million for FY 2022) and \$145.0 million for bonded debt service. The agency estimates the 24-month construction phase would begin around February 2022. The agency's preliminary estimates for the project are detailed below:

DOCKING STATE OFFICE BUILDING RENOVATION PROJECT – AGENCY ESTIMATES				
Item	FY 2021	FY 2022	FY 2023-2041	Total
Schematic Design	\$ 1,600,000	\$ -	\$ -	\$ 1,600,000
Design Development	-	2,100,000	-	2,100,000
Construction Design	-	4,200,000	-	4,200,000
Asbestos Abatement	-	1,800,000	-	1,800,000
Pre-Construction Services	-	300,000	-	300,000
Debt Service*	-	10,000,000	190,000,000	200,000,000
TOTAL	\$ 1,600,000	\$ 18,400,000	\$ 190,000,000	\$ 210,000,000

* The agency estimates a 20-year bond period with annual payments of \$10.0 million.

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

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Hold Positions Open						
Personnel Services	\$ (50,000)	\$ (50,000)	0.0	\$ (50,000)	\$ (50,000)	0.0
LTC Ombudsman	(29,435)	(29,435)	0.0	(29,435)	(29,435)	0.0
Division of the Budget	(44,052)	(44,052)	0.0	(44,052)	(44,052)	0.0
<i>Subtotal</i>	<u>\$ (123,487)</u>	<u>\$ (123,487)</u>	<u>0.0</u>	<u>\$ (123,487)</u>	<u>\$ (123,487)</u>	<u>0.0</u>
Eliminate Positions						
Division of the Budget	\$ (135,430)	\$ (135,430)	0.0	\$ (135,430)	\$ (135,430)	0.0
Reduce Expenditures						
Secretary of Admin.	\$ (10,000)	\$ (10,000)	0.0	\$ (10,000)	\$ (10,000)	0.0
Chief Counsel	(20,000)	(20,000)	0.0	(20,000)	(20,000)	0.0
Accounts and Reports	(100,000)	(100,000)	0.0	(100,000)	(100,000)	0.0
Systems Management	(258,000)	(258,000)	0.0	0	0	0.0
<i>Subtotal</i>	<u>\$ (388,000)</u>	<u>\$ (388,000)</u>	<u>0.0</u>	<u>\$ (130,000)</u>	<u>\$ (130,000)</u>	<u>0.0</u>
Rehab and Repair						
Facilities	\$ (374,000)	\$ (374,000)	0.0	\$ 0	\$ 0	0.0
Capital Improvements	0	0	0.0	(507)	(507)	0.0
<i>Subtotal</i>	<u>\$ (374,000)</u>	<u>\$ (374,000)</u>	<u>0.0</u>	<u>\$ (507)</u>	<u>\$ (507)</u>	<u>0.0</u>
TOTAL	<u>\$ (1,020,917)</u>	<u>\$ (1,020,917)</u>	<u>0.0</u>	<u>\$ (389,424)</u>	<u>\$ (389,424)</u>	<u>0.0</u>

The **agency** submits the \$1.0 million, all SGF, in reduced resources for FY 2022. The agency would implement these reductions by holding open vacant positions (\$123,487), eliminating two position in the Division of the Budget (\$135,430), reducing contractual service expenditures (\$388,000), and lowering rehabilitation and repair expenditures (\$374,000).

The **Governor** recommends partial adoption of the agency proposal, for a reduction of \$389,424, all SGF, for FY 2022. The Governor recommends not adopting the reductions for contractual services expenditures in the Office of Systems Management (\$258,000) and for rehabilitation and repair of state facilities (\$374,000).

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$43,560, including \$8,429 SGF, and FY 2022 longevity payments total \$44,560, including \$8,290 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	45.6 %	42.7 %
Expanded Lottery Act Revenue Fund	15.7	16.9
State Highway Fund	1.8	0.8
All Other Funds	36.9	39.6
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

State Buildings Operating Fund Analysis

KSA 75-3654 establishes the State Buildings Operating Fund in the State Treasury. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the Department of Administration issued pursuant to vouchers approved by the Secretary of Administration or by a person designated by the Secretary. The main revenue source in the State Buildings Operating Fund is rent revenue. Rent was figured on net square footage in FY 2020 at a rate of \$19.75 per square foot for office space. The monumental building surcharge is another significant revenue source for this fund. This revenue is used for the support of the State Capitol, Judicial Center, Cedar Crest, and the Capitol Complex parking lots. The rate in FY 2020 is \$2.70 per square foot.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 4,509,800	\$ 2,840,389	\$ 2,840,389	\$ 2,683,845	\$ 2,683,845
Revenue	23,275,920	23,935,405	23,935,405	24,236,553	24,236,553
Transfers in	0	0	0	0	0
Funds Available	\$ 27,785,720	\$ 26,775,794	\$ 26,775,794	\$ 26,920,398	\$ 26,920,398
Less:					
Expenditures	\$ 23,588,684	\$ 22,707,679	\$ 22,707,679	\$ 22,774,577	\$ 22,774,577
Transfers Out	975,830	975,830	975,830	975,830	975,830
Off-Budget Expenditures	380,817	408,440	408,440	408,440	408,440
Ending Balance	\$ 2,840,389	\$ 2,683,845	\$ 2,683,845	\$ 2,761,551	\$ 2,761,551
Ending Balance as Percent of Expenditures	12.0%	11.8%	11.8%	12.1%	12.1%

ESTIMATED RECEIPTS (FY 2020 - FY 2022)			
	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Charges for Technical & Skilled Services Other Than Inspections	\$ 105,842	\$ 100,000	\$ 100,000
Other Service Charges	5,016,138	5,148,760	5,452,803
Sale of Usable Condemned Materials	74	0	0
Departmental or Agency Sales	969,683	950,000	950,000
Income from Rent of Real Estate and Buildings	3,491	3,500	3,500
Capitol Complex Building Rental Fees	17,068,425	17,655,145	17,652,250
Other Rents & Royalties	26,735	28,000	28,000
Sale of Land, Buildings, and Other Real Estate	89,712	50,000	50,000
Recovery of Prior Fiscal Year Expenditures	420	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(975,830)	(975,830)	(975,830)
TOTAL	\$ 22,304,690	\$ 22,959,575	\$ 23,260,723

State Buildings Depreciation Fund Analysis

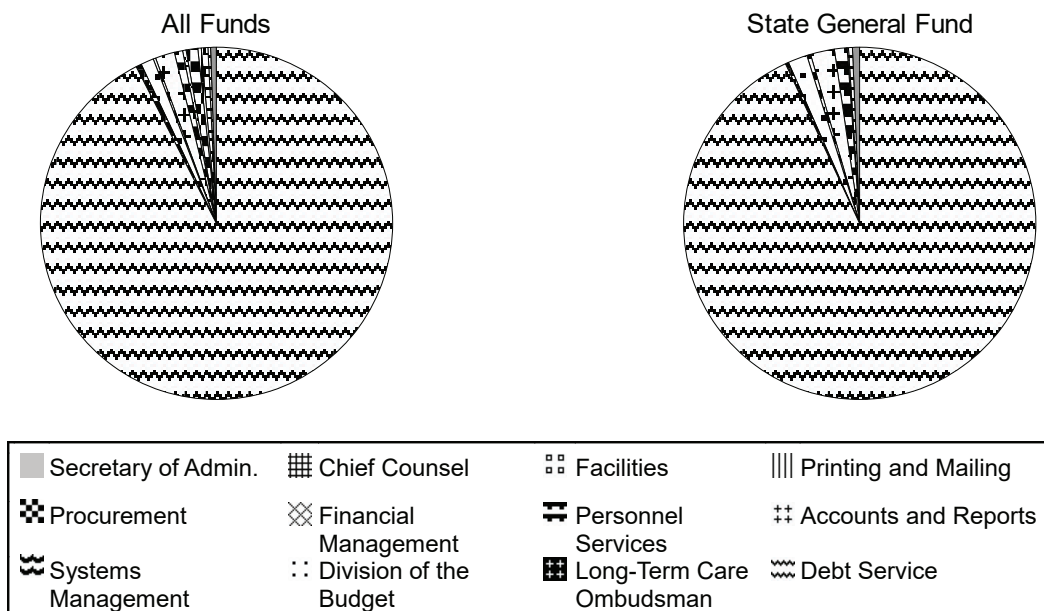
KSA 75-3655 establishes the State Buildings Depreciation Fund in the State Treasury. Moneys sufficient to provide for the replacement of depreciable machinery and equipment and for maintenance and capital improvements, for State-owned buildings at the former Forbes Air Force base and for the Docking State Office Building, the Landon State Office Building, and Memorial Hall shall be transferred from the State Buildings Operating Fund. Transfers shall not be less than 5.0 percent of amounts collected for rental charges for State-owned office space at the former Forbes Air Force base, the Docking State Office Building, and the Landon State Office Building.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,384,767	\$ 1,391,267	\$ 1,391,267	\$ 973,142	\$ 973,142
Revenue	0	0	0	0	0
Transfers in	750,000	750,000	750,000	750,000	750,000
Funds Available	\$ 2,134,767	\$ 2,141,267	\$ 2,141,267	\$ 1,723,142	\$ 1,723,142
Less:					
Expenditures	\$ 743,500	\$ 1,168,125	\$ 1,168,125	\$ 425,000	\$ 425,000
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 1,391,267	\$ 973,142	\$ 973,142	\$ 1,298,142	\$ 1,298,142
Ending Balance as Percent of Expenditures	187.1%	83.3%	83.3%	305.4%	305.4%

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Secretary of Administration	\$ 745,212	0.5 %	\$ 612,867	0.7 %
Chief Counsel	337,309	0.2	307,309	0.3
Facilities and Property Management	824,302	0.6	0	--
Printing and Mailing	422,000	0.3	0	--
Procurement and Contracts	1,457,208	1.1	0	--
Financial Management	423,677	0.3	131,781	0.1
Personnel Services	1,050,704	0.8	1,050,704	1.1
State Employee Health	0	0.0	0	--
Accounts and Reports	2,410,418	1.8	2,018,830	2.2
Systems Management	323,985	0.2	323,985	0.4
Information Technology	0	0.0	0	--
Division of the Budget	1,615,339	1.2	1,615,339	1.8
Long-Term Care Ombudsman	695,456	0.5	264,919	0.3
Debt Service	126,456,747	92.5	85,230,369	93.1
Clearing	0	0.0	0	--
TOTAL	\$ 136,762,357	100.0 %	\$ 91,556,103	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Secretary	5.2	5.2	5.2	5.2	5.2
Chief Counsel	2.0	2.0	2.0	2.0	2.0
Facilities	1.0	1.0	1.0	1.0	1.0
Printing and Mailing	0.0	0.0	0.0	0.0	0.0
Procurement	15.0	15.0	15.0	15.0	15.0
Financial Management	2.9	1.9	1.9	1.9	1.9
Personnel Services	15.1	15.1	15.1	15.1	15.1
State Employee Health	0.0	0.0	0.0	0.0	0.0
Accounts and Reports	25.1	27.0	27.0	27.0	27.0
Systems Management	1.0	1.0	1.0	1.0	1.0
Information Technology	0.0	0.0	0.0	0.0	0.0
Division of the Budget	13.0	13.0	13.0	13.0	13.0
LTC Ombudsman	11.0	11.0	11.0	11.0	11.0
Debt Service	0.0	0.0	0.0	0.0	0.0
Clearing	0.0	0.0	0.0	0.0	0.0
<i>Subtotal-On-Budget</i>	<i>91.3</i>	<i>92.2</i>	<i>92.2</i>	<i>92.2</i>	<i>92.2</i>
Off-Budget:					
Secretary	1.8	1.8	1.8	1.8	1.8
Chief Counsel	5.0	5.0	5.0	5.0	5.0
Facilities	187.0	187.0	187.0	187.0	187.0
Printing and Mailing	53.0	53.0	53.0	53.0	53.0
Procurement	0.0	0.0	0.0	0.0	0.0
Financial Management	16.2	17.2	17.2	17.2	17.2
Personnel Services	8.9	8.9	8.9	8.9	8.9
State Employee Health	0.0	45.0	45.0	45.0	45.0
Accounts and Reports	35.9	36.0	36.0	35.0	35.0
Systems Management	18.0	18.0	18.0	18.0	18.0
Information Technology	0.0	0.0	0.0	0.0	0.0
Division of the Budget	0.0	0.0	0.0	0.0	0.0
LTC Ombudsman	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0
Clearing	0.0	0.0	0.0	0.0	0.0
<i>Subtotal-Off-Budget</i>	<i>325.8</i>	<i>371.9</i>	<i>371.9</i>	<i>370.9</i>	<i>370.9</i>
TOTAL	417.1	464.1	464.1	463.1	463.1

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

PROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Secretary	\$ 814,407	\$ 750,308	\$ 1,747,815	\$ 755,212	\$ 745,212
Chief Counsel	306,930	355,462	355,462	357,309	337,309
Facilities	983,528	2,105,935	505,935	9,224,302	824,302
Printing and Mailing	606,526	422,000	422,000	422,000	422,000
Procurement	1,372,450	1,428,161	1,428,161	1,457,208	1,457,208
Financial Management	481,573	422,220	422,220	423,677	423,677
Personnel Services	1,406,134	1,409,814	1,409,814	1,100,704	1,050,704
State Employee Health	0	0	0	0	0
Accounts and Reports	2,480,670	2,390,351	2,390,351	2,510,418	2,410,418
Systems Management	73,447	131,956	131,956	323,985	323,985
Information Technology	0	0	0	0	0
Division of the Budget	1,655,379	1,968,086	1,968,086	1,794,821	1,615,339
LTC Ombudsman	681,411	719,388	718,424	724,891	695,456
Debt Service	130,826,502	129,349,932	129,349,932	130,006,415	126,456,747
Clearing	0	0	0	0	0
<i>Subtotal-On-Budget</i>	<i>\$ 141,688,957</i>	<i>\$ 141,453,613</i>	<i>\$ 140,850,156</i>	<i>\$ 149,100,942</i>	<i>\$ 136,762,357</i>
Off-Budget:					
Secretary	\$ 270,031	\$ 209,883	\$ 209,883	\$ 211,782	\$ 211,782
Chief Counsel	377,118	529,521	529,521	533,046	533,046
Facilities	24,122,845	18,781,715	18,781,715	18,921,602	18,921,602
Printing and Mailing	11,597,679	9,486,243	9,486,243	8,901,256	8,901,256
Procurement	0	0	0	0	0
Financial Management	1,058,699	1,382,253	1,382,253	1,391,739	1,391,739
Personnel Services	703,135	701,527	701,527	1,025,653	1,025,653
State Employee Health	0	37,203,259	37,203,259	36,537,279	36,537,279
Accounts and Reports	4,296,186	4,493,750	4,493,720	4,550,851	4,550,851
Systems Management	7,846,606	7,433,539	7,433,539	7,522,442	7,522,442
Information Technology	0	0	0	0	0
Division of the Budget	0	0	0	0	0
LTC Ombudsman	0	0	0	0	0
Debt Service	554,155	1,368,453	1,368,453	1,332,545	1,332,545
Clearing	21,624	22,000	22,000	22,000	22,000
<i>Subtotal-Off-Budget</i>	<i>\$ 50,848,078</i>	<i>\$ 81,612,143</i>	<i>\$ 81,612,113</i>	<i>\$ 80,950,195</i>	<i>\$ 80,950,195</i>
TOTAL	\$ 192,537,035	\$ 223,065,756	\$ 222,462,269	\$ 230,051,137	\$ 217,712,552
Financing:					
State General Fund	\$ 96,816,928	\$ 97,103,864	\$ 95,502,868	\$ 104,867,065	\$ 91,556,103
All Other Funds	95,720,107	125,961,892	126,959,431	125,184,072	126,156,449
TOTAL	\$ 192,537,035	\$ 223,065,756	\$ 222,462,299	\$ 230,051,137	\$ 217,712,552
FTE Positions	417.1	464.1	464.1	463.1	463.1

A. Office of the Secretary of Administration

The Office of the Secretary of Administration manages the Department of Administration, supervises various offices and their functions, establishes agency priorities, and allocates resources based on agency goals. This Office includes the following subprograms:

- **Secretary of Administration.** The Secretary of Administration, among other statutory duties, establishes the vision of the agency and works with the Office

Directors to move agency operations to reflect that vision and mission. The Secretary of Administration also serves as a member of the Kansas State Employees Health Care Commission, the Capitol Plaza Authority, and the State Finance Council. The Office of the Secretary also manages the Department of Administration, supervises office responsibilities, and allocates resources accordingly;

- **State Finance Council.** The State Finance Council is a joint committee composed of the legislative leadership from the House and Senate and the Governor that is empowered to make some financial decisions while the Legislature is not in session. KSA 75-3708 governs membership of the council;
- **Office of Legislative and Public Affairs.** The Office of Legislative and Public Affairs executes internal and external communications for the agency, including contact with the media, assisting with Kansas Open Records Act requests, and coordinating with other agency public information officers. The Office also serves as the legislative liaison between the agency and the Legislature; and
- **Kansas Criminal Justice Information System (KCJIS) Administration.** The Secretary of Administration serves as a co-chairperson of the KCJIS Committee, pursuant to KSA 74-5701. The Secretary's responsibilities include the administration and distribution of federal funds. KCJIS provides the criminal justice and law enforcement community with access to the National Crime Information Center (NCIC) and delivers Kansas driver's license information, vehicle registration information, and criminal history records.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no outcome measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 671.0	\$ 730.0	\$ 935.8	\$ 1,084.4	\$ 1,957.7	\$ 957.0
FTE Positions	5.0	5.0	7.0	7.0	7.0	7.0

Although the Office of the Secretary of Administration does not have submitted outcome measures, it has nonetheless identified a number of objectives useful in determining overall performance:

- **State Employee Recruitment and Retention.** The Office develops and enhances structures, practices, and policies to improve upon the state workforce by working with Executive Branch agencies to identify areas from the employee survey for improvement and assist with implementation of policy or procedure changes, exploring options with the Health Care Commission to reduce the cost of healthcare to state employees, and identifying professional development resources, structures, and partnerships to better support state employees;
- **Streamline Statewide Procurement Process.** The Office analyzes the procurement process for ways to maximize customer service, while also promoting transparency and competitive bidding by reviewing current regulations, business processes, and organizational structures to make statewide

procurements more effective, efficient, and transparent; minimizing the number of non-competitive bid requests approved; and evaluating requests for non-competitive bid events received by the Office of Procurement and Contracts from state agencies, pursuant to KSA 75-3739, to determine the level of activity each fiscal year;

- **Strengthen Delivery of Services.** The Office works to ensure that agency services are provided effectively and efficiently by working with agencies and state government leadership to gauge the level of satisfaction with agency services; increasing the level and quality of services to non-cabinet agencies; and proactively communicating with units of government about the services the agency offers; and
- **Review Business Operations.** The Office analyzes regulations, business processes, and organizational structures to identify areas of efficiency gains or improvement by working with the agency's executive team and its counterparts across state government to make processes more effective, efficient, and transparent. The Office also interfaces with other state agencies to solicit formal and informal reports on satisfaction with agency services.

OFFICE OF THE SECRETARY OF ADMINISTRATION SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Administration	\$ 487,175	\$ 444,021	\$ 443,989	\$ 446,463	\$ 436,463
State Finance Council	1,776	3,000	3,000	3,000	3,000
Public Information	185,935	211,583	211,583	213,334	213,334
KCJIS Administration	67,263	91,704	91,704	92,415	92,415
COVID-19 Transactions	72,258	0	997,539	0	0
<i>Subtotal</i>	<i>\$ 814,407</i>	<i>\$ 750,308</i>	<i>\$ 1,747,815</i>	<i>\$ 755,212</i>	<i>\$ 745,212</i>
Off-Budget:					
Administration	\$ 135,360	\$ 209,883	\$ 209,883	\$ 211,782	\$ 211,782
State Finance Council	0	0	0	0	0
Public Information	9,500	0	0	0	0
KCJIS Administration	150	0	0	0	0
COVID-19 Transactions	125,021	0	0	0	0
<i>Subtotal</i>	<i>\$ 270,031</i>	<i>\$ 209,883</i>	<i>\$ 209,883</i>	<i>\$ 211,782</i>	<i>\$ 211,782</i>
TOTAL	\$ 1,084,438	\$ 960,191	\$ 1,957,698	\$ 966,994	\$ 956,994

The **agency** requests \$966,994, including \$622,867 SGF, for the Office of the Secretary of Administration for FY 2022. The request includes \$755,212 in on-budget expenditures, including \$622,867 SGF. For FY 2022, on-budget expenditures increase by \$4,904, or 0.7 percent, above the FY 2021 revised estimate. The increase is primarily due to employer contributions for the public employees retirement system (\$2,792), group health insurance (\$1,176), and deferred compensation plans (\$1,050). The Office of the Secretary of Administration also includes 5.2 on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$211,782 in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$1,899, or 0.9 percent, above the FY 2021 revised estimate. The increase is primarily due to employer contributions for the public employees retirement system (\$975), group health insurance (\$521), and deferred compensation plans (\$450). The Office of the Secretary of Administration request also includes 1.8 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$956,994, including \$612,867 SGF, for the Office of the Secretary of Administration for FY 2022. The recommendation includes \$745,212 in on-budget expenditures, including \$612,867 SGF. For FY 2022, on-budget expenditures decrease by \$10,000, or 1.3 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget (\$10,000). The recommendation includes 5.2 on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

The recommendation also includes \$211,782 in off-budget expenditures and 1.8 off-budget FTE positions, which are the same as the FY 2022 agency request.

B. Office of the Chief Counsel

The Office of the Chief Counsel provides legal services for the Department of Administration and is responsible for all legal work arising from the agency's activities. Its primary objective includes providing departmental offices and customer agencies with the timely preparation and review of requested agreements, opinions, policies, and procedures. Pursuant to KSA 75-3705a, the Secretary of Administration may appoint attorneys for the Department of Administration, including the chief attorney. Services include providing legal opinions and advice to the Secretary of Administration; advising the Office of Facilities and Property Management regarding real estate, construction, and property management issues; advising the Office of Procurement and Contracts regarding procurement; negotiation and contracting issues; and other services.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Regulations Submitted for Review	233	225	225	400	375	375
Number of Contracts Completed*	77	81	85	90	100	100
Number of Register Notices Published in the <i>Kansas Register</i> *	34	37	35	37	40	40
Number of KORA Requests Received*	146	159	160	184	190	190
Number of Continuing Legal Education General Credits Provided*	12	12	12	12	12	12
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 720.9	\$ 671.9	\$ 892.6	\$ 684.0	\$ 885.0	\$ 870.4
FTE Positions	7.5	7.0	7.0	7.0	7.0	7.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Office of the Chief Counsel works to maximize fiscal resources and revenues available to the State by providing legal services, continuing legal education for state agency attorneys, and approving proposed administrative regulations. Accordingly, the Office has identified the following objectives as integral towards its goals:

- **Regulation Oversight.** The Office provides state agencies with cost-effective means to prepare and obtain the required departmental approval of regulations. It works toward this objective by developing procedures and strategies for ensuring that revisions and drafts of regulations conform to the Kansas regulatory style and are consistent with the intent of the agency. Additionally, the Office develops and posts information about drafting and adopting regulation on the agency's website. Accordingly, the Office estimates completion of 375 regulations in FY 2021 and for FY 2022;
- **Timely Delivery of Requested Documents.** The Office provides departmental offices and customer agencies with the timely preparation and review of requested agreements, opinions, policies, procedures, and other items. It works towards this objective by prioritizing the review of contracts, leases, and other agreements. Accordingly, the Office estimates completion of 100 contracts in FY 2021 and for FY 2022. Additionally, the Office monitors open records requests and facilitates prompt response by departmental offices. The Office estimates it will receive 190 Kansas Open Records Act requests in FY 2021 and for FY 2022; and
- **Continuing Legal Education (CLE) and Training.** The Office provides state agencies and other governmental attorneys with relevant cost-effective continuing legal education and training opportunities. It works towards this objective by processing input from state agencies on topics for which educational opportunities are desired and maintaining mailing lists to promote training sessions, offering online CLE information and registration as possible. Accordingly, the Office estimates it will provide 12 CLE general credits in FY 2021 and for FY 2022.

OFFICE OF THE CHIEF COUNSEL SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Chief Counsel	\$ 306,930	\$ 270,118	\$ 270,118	\$ 271,159	\$ 251,159
Labor Relations	0	85,344	85,344	86,150	86,150
<i>Subtotal</i>	<u>\$ 306,930</u>	<u>\$ 355,462</u>	<u>\$ 355,462</u>	<u>\$ 357,309</u>	<u>\$ 337,309</u>
Off-Budget:					
Chief Counsel	\$ 377,118	\$ 529,521	\$ 529,521	\$ 533,046	\$ 533,046
TOTAL	<u>\$ 684,048</u>	<u>\$ 884,983</u>	<u>\$ 884,983</u>	<u>\$ 890,355</u>	<u>\$ 870,355</u>

The **agency** requests \$890,355, including \$327,309 SGF, for the Office of the Chief Counsel for FY 2022. The request includes \$357,309 in on-budget expenditures, including \$327,309 SGF. For FY 2022, on-budget expenditures increase by \$1,847, or 0.5 percent, above the FY 2021 revised estimate. The increase is primarily due to employer contributions for the

public employees retirement system (\$1,411) and group health insurance (\$567). The Office of the Chief Counsel request also includes 2.0 on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$533,046 in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$3,525, or 0.7 percent, above the FY 2021 revised estimate. The increase is primarily due to employer contributions for the public employees retirement system (\$2,885) and group health insurance (\$903). The Office of the Chief Counsel request also includes 5.0 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$870,355, including \$307,309 SGF, for the Office of the Chief Counsel for FY 2022. The recommendation includes \$337,309 in on-budget expenditures, including \$307,309 SGF. For FY 2022, on-budget expenditures decrease by \$20,000, or 5.6 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget (\$20,000). The recommendation includes 2.0 on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

The recommendation also includes \$533,046 in off-budget expenditures and 5.0 off-budget FTE positions, which are the same as the FY 2022 agency request.

C. Office of Facilities and Property Management

The Office of Facilities and Property Management centrally administers State-owned and -leased facilities and protects the State's interest in all state facilities planning, design, and construction activities. The Office provides engineering services, maintenance and construction, building services and housekeeping, design and compliance services, asset management, and state employee parking. The Office was established in 2013 to ensure state employees enjoy a clean, safe, efficient, and comfortable environment in State-owned buildings. Its previous incarnation, the Division of Facilities Management, was created in 1989 to consolidate functions relating to state facilities and space requirements for state agencies. This Office includes the following subprograms:

- **Engineering Services.** The Office provides engineering services to protect the State's interest in all state facilities planning, design, and construction activities. The Engineering section assists in monitoring state buildings to keep them safe and comfortable. This section also helps plan and oversee projects done by outside vendors on State-owned buildings to ensure quality of workmanship and adherence to contracts;
- **Maintenance and Construction.** The Office maintains the buildings by providing plumbing, heating and cooling, painting, landscaping, carpentry, electrical work, and other services to help maintain the buildings. This is done mostly through a preventive maintenance schedule that helps ensure all building systems are operating normally and are in good working condition. These preventive maintenance schedules help find and fix problems before they cause issues or system failure. This subprogram also responds to customer concerns and complaints about building issues, such as temperature, lighting, and other miscellaneous items, in a timely and professional manner;

- **Building Services.** The Building Services subprogram provides housekeeping services for State-owned and -leased buildings in Topeka. Buildings include the Kansas Statehouse, Kansas Judicial Center, Docking, Landon, Memorial, Curtis, Eisenhower, Forbes, 1020 Kansas, Kansas Insurance Building, and Cedar Crest. Leased buildings include Zibell, Scott, Mills, and the State Defense Building. Tasks completed by Building Services include emptying trash, cleaning restrooms, dusting, vacuuming carpets, mopping floors, stripping and waxing of floors, and other special cleaning projects as they arise or are assigned;
- **Design and Compliance.** The Design and Compliance subprogram provides planning, design reviews, and construction administration for all statewide capital improvement projects totaling approximately \$100 million annually. Design and Compliance administers architectural and engineering firm selection. KSA 75-1250 *et seq.* established the requirements for contracts regarding architectural services. KSA 75-5801 *et seq.* established the requirements for engineering services. This subprogram also performs Life Safety Code and Americans with Disabilities Act design reviews in addition to field inspection services for both code compliance and quality control during construction;
- **Asset Management.** The Asset Management subprogram administers and approves state leases for all state agencies, pursuant to KSA 75-3739, which states that no state agency shall enter into any lease of real property without prior approval of the Secretary of Administration; and
- **Grounds Services.** The Grounds Services subprogram administers parking for the Capitol Complex. This includes waiting lists for free employee surface parking as well as waiting lists and billing for parking in the Curtis State Office Building parking garage. Surface lots are maintained through funds collected in the Monumental Building Surcharge, and the Curtis State Office Building Garage is maintained with fees collected through reserved parking fees.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Events Scheduled at the Kansas Statehouse	256	336	350	466	350	400
Number of Work Orders	6,000	6,425	6,250	6,582	6,340	6,630
Cost Per Square Foot Cleaned	\$ 1.32	\$ 1.34	\$ 1.36	\$ 1.36	\$ 1.38	\$ 1.40
Number of Square Feet Covered by Housekeeping (In Millions)*	2.1	2.1	2.1	2.1	2.1	2.1
Number of Actions Taken on Projects*	2,785	2,315	2,500	2,565	2,500	2,250
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 22.9	\$ 24.6	\$ 23.8	\$ 25.1	\$ 19.3	\$ 19.7
FTE Positions	190.0	188.0	188.0	188.0	188.0	188.0

* The Governor's Office does not utilize this measure for evaluation purposes.

The Office of Facilities and Property Management works to provide services to user agencies, visitors, and employees in a timely and efficient manner. Accordingly, the Office has identified the following objectives as integral to its goals:

- **Kansas Statehouse Events.** The Office is responsible for event setup and tear down for all events in the Kansas Statehouse and on the Statehouse grounds. It works towards this objective by coordinating with the scheduled events for those areas. Accordingly, the Office estimates 350 events in FY 2021 and 400 events for FY 2022;
- **Work Orders.** The Office is responsible for work orders assigned to respective trades by the Customer Service Center and online submission process. It works towards this objective by tracking and responding to all tenant building maintenance, unscheduled cleanups, and emergency services at the Capitol Complex, Forbes, and Cedar Crest. Accordingly, the Office estimates receiving 6,340 work orders in FY 2021 and 6,630 work orders for FY 2022;
- **Housekeeping Services.** The Office provides quality housekeeping services to Capitol Complex buildings, Forbes and leased buildings, Zibell, Scott, Mills, and the State Defense Building. It works toward this objective by ensuring spaces are clean at a level appropriate for each type of space and by providing service at an efficient cost. Accordingly, the Office estimates housekeeping services expenditures of \$1.38 per square foot in in FY 2021 and \$1.40 per square foot for FY 2022; and
- **Capital Project Services.** The Office provides planning, design reviews, and construction administration for all statewide capital improvement projects valued at \$1.0 million or less. It works toward this objective by tracking the number of actions processed for project code review, bid posting, and administration. The Office processed 2,565 actions in FY 2020 and anticipates processing 2,500 actions in FY 2021 and 2,250 actions for FY 2022.

OFFICE OF FACILITIES AND PROPERTY MANAGEMENT SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Engineering Services	\$ 535,384	\$ 7,608	\$ 7,608	\$ 0	\$ 0
Maintenance and Construction	0	1,600,000	0	8,400,000	0
Building Services	14,634	15,000	15,000	15,000	15,000
Asset Management	335,000	400,000	400,000	725,000	725,000
Grounds Services	98,510	83,327	83,327	84,302	84,302
<i>Subtotal</i>	<u>\$ 983,528</u>	<u>\$ 2,105,935</u>	<u>\$ 505,935</u>	<u>\$ 9,224,302</u>	<u>\$ 824,302</u>
Off-Budget:					
Engineering Services	\$ 5,853,218	\$ 2,184,636	\$ 2,184,636	\$ 2,183,710	\$ 2,183,710
Maintenance and Construction	11,678,880	10,106,240	10,106,240	10,377,478	10,377,478
Building Services	2,973,782	2,955,408	2,955,408	2,982,461	2,982,461
Design and Compliance	2,470,185	2,295,075	2,295,075	2,307,873	2,307,873
Asset Management	142,829	311,707	311,707	144,218	144,218
Grounds Services	1,003,951	928,649	928,649	925,862	925,862
<i>Subtotal</i>	<u>\$ 24,122,845</u>	<u>\$ 18,781,715</u>	<u>\$ 18,781,715</u>	<u>\$ 18,921,602</u>	<u>\$ 18,921,602</u>
TOTAL	<u>\$ 25,106,373</u>	<u>\$ 20,887,650</u>	<u>\$ 19,287,650</u>	<u>\$ 28,145,904</u>	<u>\$ 19,745,904</u>

The **agency** requests \$28.1 million, including \$8.4 million SGF, for the Office of Facilities and Property Management for FY 2022. The request includes \$9.2 million in on-budget expenditures, including \$8.4 million SGF. For FY 2022, on-budget expenditures increase by \$7.1 million, or 338.0 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency's request to renovate the Docking State Office Building. This request includes supplemental funding of \$1.6 million in FY 2021 and \$8.4 million for FY 2022, all SGF, to complete schematic and construction designs to use for soliciting bids. The maximum guaranteed price for completing the project would be developed by a construction manager selected in FY 2022. Additional details may be found on pages 1215 and 1219. The increase is also attributable to an increase in surety bonds and insurance premiums (\$325,000). The Office of Facilities and Property Management request also includes 1.0 on-budget FTE position for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$19.3 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$139,887, or 0.7 percent, above the FY 2021 revised estimate. The increase is primarily due to additional expenditures for utility costs (\$250,000) as well as higher employer contributions for the public employees retirement system (\$52,970) and group health insurance (\$36,314). The increase is offset by lower expenditures for surety bonds and insurance (\$170,000); vehicles (\$15,000); equipment and machinery; and office furniture (\$6,500). The Office of Facilities and Property Management request also includes 187.0 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$19.7 million, all from special revenue funds, for the Office of Facilities and Property Management for FY 2022. The recommendation includes \$824,302 in on-budget expenditures, all from special revenue funds. For FY 2022, on-budget expenditures decrease by \$8.4 million, or 91.1 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation not to adopt the agency's enhancement request to renovate the Docking State Office Building (\$8.4 million). The recommendation includes 1.0 on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

The recommendation also includes \$18.9 million in off-budget expenditures and 187.0 off-budget FTE positions, which are the same as the FY 2022 agency request.

D. Office of Printing, Surplus, and Central Mail

The Office of Printing, Surplus, and Central Mail provides printing, copying, binding, fulfillment, and mail services for state agencies and operates the Surplus Property program. KSA 75-1005 grants the State Printer to do all the printing and binding required by the Legislature, Supreme Court, Governor, or any state agency. Additionally, KSA 75-4512 allows the Secretary of Administration to provide and maintain central and consolidated mail services for state agencies. This Office includes the following subprograms:

- **Printing.** The State Printing Plant provides printing, copying, and binding services for state agencies. It produces a variety of prints, ranging from business cards and letterhead to bound statute volumes, legislative printing, maps, and tax forms;

- **Surplus.** The Surplus subprogram facilitates the disposition and reallocation of excess and surplus state and federal property. The State Surplus Property Act, KSA 75-6601 *et seq.*, establishes the Surplus Property program. In FY 2005, the Surplus Property program was transferred from the Department of Corrections to the Department of Administration, and in FY 2007, the Surplus Property program merged with the Division of Printing. Additionally, this subprogram enables and encourages the reutilization of agency excess property to reduce expenditures for supply and capital outlay items and provides a mechanism for state agencies, local units of government, and nonprofit organizations to acquire surplus materials and equipment in a cost-effective manner; and
- **Central Mail.** Central Mail provides mail and packaging services, and processes incoming and outgoing mail in Topeka for state agencies. Services provided to those agencies include the following: pickup, sorting, and delivery of building mail; applying postage for letters, flats, and packages on outgoing U.S. Postal Service mail; and pickup of stamped mail.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Printing						
Percent of State Agencies Using State Printer	89.0 %	89.0 %	90.0 %	84.0 %	85.0 %	85.0 %
Number of Digital Impressions Produced (In Millions)*	25.9	29.9	35.0	27.7	29.0	30.0
Surplus						
Total Surplus Property Sales (In Millions)	\$ 1.1	\$ 0.8	\$ 1.4	\$ 0.6	\$ 0.6	\$ 0.7
Total Federal Surplus Sales*	\$ 112,831	\$ 178,202	\$ 225,000	\$ 111,931	\$ 125,000	\$ 130,000
Total State Surplus Sales*	\$ 1,012,602	\$ 610,109	\$ 1,200,000	\$ 520,685	\$ 500,000	\$ 525,000
Sales to State Agencies*	\$ 194,196	\$ 302,695	\$ 325,000	\$ 43,432	\$ 40,000	\$ 40,000
Sales to Other Government Entities*	\$ 666,271	\$ 290,477	\$ 340,000	\$ 328,791	\$ 375,000	\$ 375,000
Sales to General Public*	\$ 386,635	\$ 345,921	\$ 350,000	\$ 260,393	\$ 200,000	\$ 200,000
Central Mail						
Total Pieces of Mail Handled (In Millions)	9.8	8.6	9.5	9.6	9.8	10.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 10.7	\$ 10.3	\$ 12.4	\$ 12.2	\$ 9.9	\$ 9.3
FTE Positions	52.8	53.0	53.0	53.0	53.0	53.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Office of Printing, Surplus, and Central Mail works to provide a wide range of printing, duplicating, and binding services for state agencies. Accordingly, the Office has identified the following objectives:

- **Increase Digital Impressions.** The Office provides an increasing number of digital impressions to state agencies, delivered in a timely manner. It works toward this objective by tracking jobs through the production process and shifting production resources as appropriate to best meet customer needs. Accordingly, the Office estimates production of 29.0 million digital impressions in FY 2021 and 30.0 million digital impressions for FY 2022. Additionally, the Office also interacts with customers through roundtable discussions and surveys to ensure that value-added services and products are being delivered. The Office estimates that 85.0 percent of state agencies will use the State Printer in FY 2021 and for FY 2022;

- **Increase Surplus Vehicle Sales.** The Office works to increase sales of fixed-price vehicles by attending more federal Government Services Administration automobile auctions and purchasing more used vehicles based on requests. The Office estimates that it will acquire 15 vehicles in FY 2021 and 18 vehicles for FY 2022. Additionally, the Office also estimates fixed-price vehicle sales totaling \$175,000 in FY 2021 and \$185,000 for FY 2022;
- **Increase Surplus Program Donees.** The Office works toward increasing the number of donees utilizing surplus programs by proactively interacting with and advertising more utilizing email, social media, and traditional websites, as well as by periodically promoting discounts. The Office estimates 20 new donees in FY 2021 and for FY 2022. Additionally, the Office also estimates providing \$2.5 million in value for donees in FY 2021 and for FY 2022;
- **Increase Surplus Property Sales.** The Office works toward increasing the sale of surplus property by proactively interacting with agencies, donees, and public entities to market products available to them. The Office estimates total surplus property sales of \$630,000 in FY 2021 and \$656,000 for FY 2022; and
- **Central Mail Efficiency.** The Office works toward increasing the amount of mail processed and excelling at providing superior customer service to clients by proactively interacting with state agencies to market mail services. The Office estimates it will process 5.9 million central mail inserts in FY 2021 and 6.0 million inserts for FY 2022. Additionally, the Office also estimates it will handle 9.8 million pieces of central mail in FY 2021 and 10.0 million pieces for FY 2022.

OFFICE OF PRINTING, SURPLUS, AND CENTRAL MAIL SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Surplus Property	\$ 606,526	\$ 422,000	\$ 422,000	\$ 422,000	\$ 422,000
Off-Budget:					
Surplus Property	\$ 145,750	\$ 326,793	\$ 326,793	\$ 329,717	\$ 329,717
Central Mail	6,187,216	5,105,649	5,105,649	4,736,796	4,736,796
Printing	5,264,713	4,053,801	4,053,801	3,834,743	3,834,743
<i>Subtotal</i>	<i>\$ 11,597,679</i>	<i>\$ 9,486,243</i>	<i>\$ 9,486,243</i>	<i>\$ 8,901,256</i>	<i>\$ 8,901,256</i>
TOTAL	\$ 12,204,205	\$ 9,908,243	\$ 9,908,243	\$ 9,323,256	\$ 9,323,256

The **agency** requests \$9.4 million, all from special revenue funds, for the Office of Printing, Surplus, and Central Mail for FY 2022. The request includes \$422,000 in on-budget expenditures, all from special revenue funds. For FY 2022, on-budget expenditures are the same as the FY 2021 revised estimate. The Office of Printing, Surplus, and Central Mail does not include any on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$8.9 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures decrease by \$584,987, or 6.2 percent, above the FY 2021 revised

estimate. The decrease is primarily due to lower expenditures for communication costs (\$410,000) and printing equipment (\$332,000). The decrease is offset by higher expenditures for printing and advertising (\$20,000); building rent (\$17,000); and printing supplies and materials (\$50,000). The Office of Printing, Surplus, and Central Mail also includes 53.0 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Office of Printing, Surplus, and Central Mail for FY 2022.

E. Office of Procurement and Contracts

The Office of Procurement and Contracts is responsible for procuring goods and services at the best price for the agencies of the State of Kansas and when appropriate establishing contracts that are available to political subdivisions of the State of Kansas. In addition, the Office of Procurement and Contracts provides oversight for the State's Purchasing Card program. The Office is also involved in the State Use Program, which prioritizes sales of certain goods and services by qualified vendors, who employ people with disabilities, as set forth in KSA 75-3317 to 75-33-22c.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Requisitions Received*	6,987	7,150	7,173	7,569	7,200	7,200
Number of Contracts Available to Political Subdivisions*	946	1,106	975	1,221	1,221	N/A
Number of Bid Events Conducted*	2,586	2,608	2,481	2,572	2,600	2,600
Number of Open State Contracts*	4,267	3,805	4,389	3,670	3,800	3,800
Number of Prior Authorization Contracts Approved**	4,528	3,780	4,224	3,989	3,600	3,600
Percentage of Prior Authorization Requests**	64.8 %	52.9 %	58.9 %	52.7 %	50.0 %	50.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.3	\$ 1.3	\$ 1.4	\$ 1.4	\$ 1.4	\$ 1.5
FTE Positions	16.0	16.0	15.0	15.0	15.0	15.0

* The Governor's Office does not utilize this measure for evaluation purposes.
 ** These prior authorization contract approvals do not include grants and utility encumbrances.

The agency has identified the following objectives for the Office of Procurement and Contracts:

- **Procurement Activity Oversight.** All purchase requisitions generated by state agencies through SMART (the Statewide Management, Accounting and Reporting Tool) require review and action. The Office provides information on procurements by recording the number of requisitions submitted through SMART. Accordingly, the Office estimates receipt of 7,200 requisitions in FY 2021 and for FY 2022;
- **Maximize Statewide Contract Availability.** The Office works toward increasing the number of statewide contracts available to political subdivisions by having vendors awarded statewide contracts offer contract pricing to political

subdivisions, utilizing the combined potential spend to negotiate better pricing. Accordingly, the Office estimates that 1,221 contracts will be available to political subdivisions in FY 2021;

- **Strategic Sourcing.** The Office strategically sources state contracts for goods and services when practicable by evaluating requests for bid events received from state agencies to determine statewide application and to utilize usage data to achieve pricing. Accordingly, the Office estimates it will conduct 2,600 bid events in FY 2021 and for FY 2022;
- **Maximize State Contract Management.** The Office works to maximize the number of state contracts managed each fiscal year by evaluating the number of contracts that are open and under its purview. Accordingly, the Office anticipates 3,800 open contracts in FY 2021 and for FY 2022; and
- **Minimize Non-Competitive Contracts.** The Office works to minimize the number of non-competitive bid requests by evaluating requests for non-competitive bid events received from state agencies to determine the level of activity each fiscal year. Accordingly, the Office estimates 3,600 prior authorization contracts, representing 50.0 percent of requests, in FY 2021 and for FY 2022.

OFFICE OF PROCUREMENT AND CONTRACTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,116,781	\$ 1,173,841	\$ 1,173,841	\$ 1,202,888	\$ 1,202,888
Contractual Services	246,530	244,950	244,950	244,950	244,950
Commodities	8,384	3,370	3,370	3,370	3,370
Capital Outlay	755	6,000	6,000	6,000	6,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,372,450</i>	<i>\$ 1,428,161</i>	<i>\$ 1,428,161</i>	<i>\$ 1,457,208</i>	<i>\$ 1,457,208</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,372,450	\$ 1,428,161	\$ 1,428,161	\$ 1,457,208	\$ 1,457,208
Financing:					
State General Fund	\$ 2,300	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,370,150	1,428,161	1,428,161	1,457,208	1,457,208
TOTAL	\$ 1,372,450	\$ 1,428,161	\$ 1,428,161	\$ 1,457,208	\$ 1,457,208
FTE Positions	15.0	15.0	15.0	15.0	15.0

The **agency** requests \$1.5 million, all from special revenue funds, for the Office of Procurement and Contracts for FY 2022. The request does not include off-budget expenditures and is an all funds increase of \$29,047, or 2.0 percent, above the FY 2021 revised estimate. The increase is primarily due to a reduction of shrinkage (\$19,000), which is the difference between the cost of fully funding salaries and wages for an entire fiscal year, assuming all positions are filled at all times, and actual salaries and wages costs, taking vacancies into account. The increase is also attributable to higher employer contributions for the public

employees retirement system (\$7,587) and group health insurance (\$3,114). The Office of Procurement and Contracts request also includes 15.0 FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Office of Procurement and Contracts for FY 2022.

F. Office of Financial Management

The Office of Financial Management provides accounting services for the agency, serves as the central budgeting office for all departmental offices, and maintains the Small Agency Service Center. The Office was established in FY 2013 to enhance the efficiency of financial management system processing for state agencies and to help attain cost savings for the state. This Office includes the following subprograms:

- **Financial Management.** The Financial Management subprogram conducts the primary operations for the Office of Financial Management and is composed of two sections—Accounting and Budgeting. General duties include consulting, supporting, and assisting in monitoring and improving the financial health of the Agency, along with administering the security of the SMART system for agency processors, paying the debt service for the State, and compiling the necessary data for SWCAP (Statewide Cost Allocation Plan);
 - **Accounting Services.** The Accounting Services section provides accounting services to all offices within the agency, including accounts payable (approving requisitions, entering and approving payments, entering assets, general ledger entries, and travel and expense reimbursements) and accounts receivable services (entering deposits, receiving credit cards, preparing billings, and tracking outstanding accounts receivable balances);
 - **Budgeting Services.** The Budget Services section serves as the agency's central budgeting office, coordinating the development and submission of the agency's budget, providing an agency-wide perspective on policy, revenue, and expenditure issues. The Budget Services section is also involved in the development of various rates charged to other state agencies for internal services. These rates are forecast for future years and used in budget development by all agencies; and
- **Agency Service Center.** During the implementation of the State's financial management system project, which created SMART, an opportunity was identified for the Department of Administration to provide accounting support by processing accounting transactions on behalf of numerous non-cabinet agencies, boards, and commissions. Accordingly, the Agency Service Center's goal is to enhance the efficiency of financial management system processing for these agencies and help attain cost savings for the State of Kansas.

The Service Center employs three accountants who provide accounting and financial management services for agencies. Each accountant is assigned a group of agencies and functions as each agency's accountant. The accountants are knowledgeable of the agency's operations, financial management, and statutory responsibilities. Services include entering contracts; creating requisitions and payments; entering assets, deposits, and general ledger

entries; and travel and expense reimbursements. The Service Center is available to assist agency accounting departments during vacations, sick leave, or gaps in employment, ensuring that there are no delays in making their statutory required deposits or paying invoices in a timely manner.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Savings to the State from Operating the Service Center	\$ 211,293	\$ 216,575	\$ 222,000	\$ 221,835	\$ 222,000	\$ 222,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.5	\$ 1.7	\$ 1.8	\$ 1.5	\$ 1.8	\$ 1.8
FTE Positions	22.0	22.0	19.0	19.0	19.0	19.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Office of Financial Management provides accounting and fiscal management services to the Department of Administration and to other state agencies. Its three primary functions include providing accounting and budgeting services, as well as managing the Non-Cabinet Agency Service Center. Accordingly, the agency has identified the following objective for the Office:

- Centralized Agency Services.** The Non-Cabinet Agency Service Center provides efficiencies by centralizing the processing and approving of vouchers, deposits, travel and expense reports, requisitions, and journals for small agencies as requested. The Office works towards this objective by processing and approving documents for agencies, estimating \$222,000 in savings in FY 2021 and for FY 2022.

OFFICE OF FINANCIAL MANAGEMENT SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Financial Management	\$ 481,573	\$ 422,220	\$ 422,200	\$ 423,677	\$ 423,677
Off-Budget:					
Financial Management	\$ 799,166	\$ 1,066,661	\$ 1,066,661	\$ 1,074,113	\$ 1,074,113
Agency Service Center	259,533	315,592	315,592	317,626	317,626
<i>Subtotal</i>	<u>\$ 1,058,699</u>	<u>\$ 1,382,253</u>	<u>\$ 1,382,253</u>	<u>\$ 1,391,739</u>	<u>\$ 1,391,739</u>
TOTAL	<u>\$ 1,540,272</u>	<u>\$ 1,804,473</u>	<u>\$ 1,804,453</u>	<u>\$ 1,815,416</u>	<u>\$ 1,815,416</u>

The **agency** requests \$1.8 million, including \$131,781 SGF, for the Office of Financial Management for FY 2022. The request includes \$423,677 in on-budget expenditures, including \$131,781 SGF. For FY 2022, on-budget expenditures increase by \$1,457, or 0.3 percent, above the FY 2021 revised estimate. The increase is primarily due to higher employer contributions for the public employees retirement system (\$1,089) and group health insurance (\$464). The Office of Financial Management also includes 1.9 on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$1.4 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$9,486, or 0.7 percent, above the FY 2021 revised estimate. The increase is primarily due to higher employer contributions for the public employees retirement system (\$7,215) and group health insurance (\$2,932). The Office of Financial Management also includes 17.2 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Office of Financial Management for FY 2022.

G. Office of Personnel Services

The Office of Personnel Services (OPS) administers the Kansas Civil Service Act and other related statutes to provide a comprehensive human resources (HR) program for the State. The Office was established in FY 2013 to strengthen and sustain a human resources system that is consistent, efficient, and meets the needs of state agencies. Its prior incarnation, the Office of Human Resources, was created by Executive Order 11-04, which directed all non-Regents HR staff in agencies under the Governor's jurisdiction report to the Director of Human Resources and established the Office to implement consistent HR policies, procedures, and practices for the state workforce. The Office expanded its efforts in assisting state agencies by providing technical and expert assistance on recruitment, selection, performance management, position management, classification, compensation, employee relations, guidance and discipline, employee recognition, layoffs, furloughs, time and leave, payroll, benefits, the Family and Medical Leave Act (FMLA), the Americans with Disabilities Act (ADA), the Shared Leave program, and retirement. This Office includes the following subprograms:

- **State Agency Human Resource Management.** The Office assists state agencies by providing technical and expert assistance on recruitment, selection, performance and position management, classification, compensation, employee relations, guidance and discipline, employee recognition, employee development and training, layoffs, furloughs, time and leave, payroll, benefits, FMLA, ADA, Shared Leave program, and retirement. Staff from the Office will continue to be available to assist agencies as they reassess and reorganize their operations and staffing needs in furtherance of efficiency. Partnering with agency management in these endeavors is critical as staff will be able to provide valuable assistance and guidance as agencies work through the challenges presented by those undertakings;
- **Data Management.** The Data Management Unit administers the Statewide Human Resource and Payroll (SHARP) System, Data Warehouse and HR-related Internet application development, and maintenance. Data Management staff provide assistance to both employees and fellow Office staff members on information requests and on transaction entry in SHARP. This subprogram also produces an annual Workforce Report and provides regular HR-related reports and *ad hoc* queries in support of the Department of Administration's efforts and in response to agency, legislative, and media requests; and
- **Policy and Compliance.** The Policy and Compliance Unit is responsible for the administration of the State's classification, compensation, and performance management policies, as well as compliance with the federal Fair Labor

Standards Act (FLSA) and FMLA in a continuing effort to establish consistent and efficient HR policies for all agencies. Staff members from this section work in teams with Office staff assigned to agencies, as well as state agency management and operations staff to review and, where necessary, propose changes to HR policies and practices in order to provide more efficient and consistent policies across the state workforce. This section is also responsible for conducting compliance examinations to ensure HR policies are being implemented and administered consistently throughout the state workforce. Other responsibilities include developing and maintaining the State's personnel regulations, coordinating statewide initiatives for hiring veterans, and administering the State's alcohol and drug screening programs. Furthermore, staff members from this section also administer the State's classified pay plan, review salary requests for unclassified positions, conduct annual salary surveys for the State workforce, and work with the Legislature and Department Labor Relations Director to develop and implement changes to state employee pay.

In FY 2018, the Policy and Compliance Unit began working with select state agencies to develop and implement a telework policy with the primary purpose of reducing agency real estate and leasing costs. The agency indicates the goal is to establish a statewide policy for all state agencies to utilize in conjunction with staffing and real estate decisions. Work on this initiative continued into FY 2021, with the goal of establish a statewide policy for all state agencies to utilize in conjunction with staffing and real estate decisions, incorporating best practices and lessons learned from the extensive teleworking required during the COVID-19 pandemic. In addition to the primary goal, it is the goal that this program may also be used as a potential employee incentive to enhance State agencies' efforts in the areas of recruitment and retention of employees.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Human Resources						
Number of Non-Cabinet Agencies Receiving HR Assistance from OPS	49	51	52	52	53	54
Percentage of Non-Cabinet Agencies Receiving HR Assistance from OPS*	85.9 %	89.5 %	86.6 %	91.2 %	93.0 %	94.7 %
Reduce Vacancies						
Number of Days from Start of Hiring Process to Job Posting—Classified*	3.7	3.8	3.6	4.0	3.8	3.7
Number of Days from Start of Hiring Process to Job Posting—Unclassified*	2.1	2.1	2.0	2.2	2.2	2.1
Total Number of Days from Start of Hiring Process to Job Offer— Classified	31.4	30.9	28.1	33.1	29.8	27.4
Total Number of Days from Start of Hiring Process to Job Offer— Unclassified	22.3	21.4	20.4	22.9	21.1	20.1
Professional Development						
Number of Training Courses Made Available to All Agencies—State*	163	168	173	170	173	177
Number of Training Courses Made Available to All Agencies—Vendor*	5,985	6,882	7,220	7,220	7,300	7,400
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.0	\$ 2.1	\$ 2.2	\$ 2.1	\$ 2.1	\$ 2.1
FTE Positions	24.0	24.0	24.0	24.0	24.0	24.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Office of Personnel Services works to strengthen and sustain a human resource system that is consistent, efficient, and meets the needs of state agencies. Accordingly, the agency has identified the following objectives for the Office:

- **Human Resource Services.** The Office works to provide quality services and information that meets the human resource needs of customer agencies by conducting a survey to assess customer satisfaction, as well as providing human resource services in a timely and efficient manner. Accordingly, the Office estimates providing human resource assistance to 53 non-cabinet agencies in FY 2021 and 54 non-cabinet agencies for FY 2022;
- **Reduce Vacancies.** The Office works to reduce the amount of time it takes for state agencies to fill both classified and unclassified positions by improving the timeliness of individual components of the hiring process. Accordingly, the Office estimates an average processing time of requests of less than 3.5 hours in FY 2021 and for FY 2022; and
- **Professional Development.** The Office works to provide enhanced and expanded training and staff development opportunities for state employees by developing outreach strategies to better communicate availability of training opportunities. Accordingly, the Office estimates making 7,300 training courses available to state agencies in FY 2021 and 7,400 training courses for FY 2022.

OFFICE OF PERSONNEL SERVICES SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Personnel Services	\$ 375	\$ 0	\$ 0	\$ 0	\$ 0
State Agency HR Mgmt.	937,959	932,526	932,526	619,535	569,535
Data Management	160,921	164,685	164,685	166,097	166,097
Policy and Compliance	306,879	312,603	312,603	315,072	315,072
Subtotal	\$ 1,406,134	\$ 1,409,814	\$ 1,409,814	\$ 1,100,704	\$ 1,050,704
Off-Budget:					
Personnel Services	\$ 148,209	\$ 147,410	\$ 147,410	\$ 466,691	\$ 466,691
State Agency HR Mgmt.	447,456	450,250	450,250	454,258	454,258
Data Management	107,470	103,867	103,867	104,704	104,704
Subtotal	\$ 703,135	\$ 701,527	\$ 701,527	\$ 1,025,653	\$ 1,025,653
TOTAL	\$ 2,109,269	\$ 2,111,341	\$ 2,111,341	\$ 2,126,357	\$ 2,076,357

The **agency** requests \$1.8 million, including \$1.1 million SGF, for the Office of Personnel Services for FY 2022. The request includes \$1.1 million in on-budget expenditures, all SGF. For FY 2022, on-budget expenditures decrease by \$309,110, or 21.9 percent, above the FY 2021 revised estimate. The decrease is primarily due to a shift of expenditures from on-budget to off-budget, including for building rent (\$165,990); professional and other services (\$100,000); and communications (\$52,000). The Office of Personnel Services request also includes 15.1 on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$1.0 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$324,126, or 46.2 percent, above the FY 2021 revised estimate. The increase is primarily due to expenditures that were shifted from on-budget to off-budget, detailed above (\$317,990). The Office of Personnel Services request also includes 8.9 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$2.1 million, including \$1.1 million SGF, for the Office of Personnel Services for FY 2022. The recommendation includes \$1.1 million in on-budget expenditures, all SGF. For FY 2022, on-budget expenditures decrease by \$50,000, or 4.5 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget (\$50,000). The recommendation includes 15.1 on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

The recommendation also includes \$1.0 million in off-budget expenditures and 8.9 off-budget FTE positions, which are the same as the FY 2022 agency request.

H. Office of the State Employee Health Benefits Program

The Office of the State Employee Health Benefits Program includes expenditures for the State Employee Health Plan (SEHP) and the State Self-Insurance Fund (SSIF). During the 2020 Legislative Session, Governor Laura Kelly submitted Executive Reorganization Order (ERO) No. 45, which moved both the SEHP and SSIF from the Kansas Department of Health and

Environment to the Department of Administration. Article 1, § 6 of the Kansas Constitution provides that an ERO becomes effective on the July 1 following its transmittal to the Legislature unless, within 60 calendar days and before the adjournment of the Legislative Session, either the Senate or the House of Representatives adopts a resolution disapproving the ERO. ERO No. 45 was not considered prior to the March 30 deadline and therefore went into effect on July 1, 2020.

State Employee Health Plan

The agency administers the SEHP on behalf of the Health Care Commission (HCC). The HCC was statutorily created in 1984 to design and implement a health care benefits program. 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 disabled state employees and their dependents, state employees on leave without pay, elected officials, and vending facility operators who are blind. 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.

As of July 1, 2020, there are 134 public employers participating in SEHP. These non-state public employers included 20 school districts; 56 cities, counties, or townships; 24 extension offices or libraries; 16 public hospitals; 4 water districts; 9 housing authorities; and 9 miscellaneous local government entities. The number of members in the groups range from 1 to 453. There are 12 groups who have more than 200 members, and 20 groups have between 100 and 200 members.

State Self-Insurance Fund

The workers compensation program for state employees, called 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 2019, the SSIF spent about \$17.8 million on claims expenses with about 87.3 percent for medical services and 12.7 percent for indemnity.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
State Employee Health Plan						
Number of Participants Enrolled*	49,849	48,413	N/A	46,731	47,225	N/A
Active State of Kansas Employees*	32,570	32,540	N/A	32,433	33,547	N/A
Active Non-State Public Employees*	6,622	5,721	N/A	4,442	4,170	N/A
Direct Bill / Retiree Members*	10,313	9,746	N/A	9,463	9,193	N/A
COBRA Members*	344	406	N/A	393	315	N/A
Percent of Wellness Prog. Participation*	90 %	85 %	N/A	90 %	90 %	90 %
State Self-Insurance Fund						
Number of Cases Processed	2,961	2,983	N/A	2,703	2,950	2,950
Total Outstanding Claims (In Millions)*	\$ N/A	\$ N/A	\$ N/A	\$ 59.0	\$ 58.9	\$ 58.7
Total Required Balance (In Millions)*	\$ N/A	\$ N/A	\$ N/A	\$ 4.5	\$ 4.5	\$ 4.6
Agency Expenditures						
All Funds (Dollars in Millions)	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ 37.2	\$ 36.5
FTE Positions	N/A	N/A	N/A	N/A	45.0	45.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

As of July 1, 2020, total enrollment in the SEHP included 47,225 active policies and 83,453 covered lives, including retirees and former employees living in all 50 states. In plan year 2019, 92.1 percent of the active state employees and 86.9 percent of public employer groups were enrolled in medical, dental, or vision insurance. For the active state population, 53.0 percent are enrolled in single coverage, and 47.0 percent provide coverage for their dependents. Enrollment within the SEHP includes the following services:

- Medical.** All members have a choice of five different medical insurance plans. As of June 30, 2020, 46.4 percent of active members selected Plan A; 43.2 percent selected Plan C; 1.7 percent selected Plan J; 7.5 percent selected Plan N; and 1.2 percent selected Plan Q. In plan year 2019, about \$308.4 million was spent on medical claims for self-funded plans;
- Prescription Drugs.** Prescription drugs are administered by a pharmacy benefits manager. The plan design includes a tiered coinsurance program with a separate copayment for special case medications. Certain prescription drugs are not covered by the plan but may be purchased at a discount by the employee through the pharmacy benefits manager. The generic dispensing rate for SEHP is currently over 86.0 percent. In plan year 2019, claims costs were \$83.5 million, with an average cost of \$89.15 per member;
- Dental.** Employees began contributing to their dental coverage in plan year 2017. Dental coverage is optional for both employees and dependents. In plan year 2019, dental claims costs totaled \$27.4 million, with an average cost of \$26.46 per member;
- Vision.** Coverage for vision benefits is provided in two levels and is completely funded by SEHP members. In plan year 2019, there were 36,755 state employees enrolled in the vision plan, with 10,566 members enrolled in the basic plan and 26,189 enrolled in the enhanced plan;

- **Direct Bill Medicare Programs.** Direct Bill members who are eligible for Medicare may enroll in one of five Kansas Senior Plans, Medicare supplement plans, or two Medicare Advantage plan options. Direct bill members paid about \$22.3 million in premiums for the fully-insured Medicare health plans. In plan year 2019, there were 8,093 members in the Medicare Supplement Plan and 774 in the Medicare Advantage Plans;
- **COBRA Administration.** The SEHP uses a third-party administrator for management of COBRA continuation benefits, record keeping, and premium collections. In plan year 2019, there were 376 members participating in COBRA through the SEHP; and
- **Voluntary Benefits.** Beginning in plan year 2018, employees may purchase voluntary benefits from Metropolitan Life, including accident insurance, hospital indemnity insurance, and critical illness insurance. Employees pay the entire amount of the premiums for the plans selected. In plan year 2019, there were 7,917 members enrolled in accident insurance plans, 5,063 members enrolled in hospital indemnity insurance plans, and 5,583 members enrolled in critical illness insurance plans.

In addition to the medical, dental, and vision plans offered by the SEHP, the following ancillary services are also available:

- **Flexible Spending Account (FSA).** FSA programs are offered to active state employees and are provided through a third-party administrator. These programs include a healthcare FSA; a limited-purpose FSA, for those employees enrolled in Plan C or N, to allow the use of pre-tax dollar for qualified out-of-pocket expenses for health, dental, and vision care; and a dependent care FSA, to help employees with daycare expenses for dependents under age 13 or in elderly care. In plan year 2019, there were 9,092 active state employees who participate in these programs;
- **Premium Billing Administration.** These 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.** Instituted in 1988, HealthQuest is a comprehensive health and wellness program that offers a variety of services, including annual online health assessments; on-site biometric screenings; coaching services; weight management programs; 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. Participation in HealthQuest is optional, and employees are not required to participate to be enrolled in the SEHP.

**OFFICE OF THE STATE EMPLOYEE HEALTH BENEFITS PROGRAM SUBPROGRAMS
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Off-Budget:					
Director's Office	\$ 0	\$ 769,821	\$ 769,821	\$ 792,385	\$ 792,385
Health Management	0	10,572,865	10,572,865	10,548,095	10,548,095
Health Plan Operations	0	3,874,458	3,874,458	3,641,485	3,641,485
Design and Fiscal	0	486,907	486,907	482,225	482,225
Membership Services	0	1,771,570	1,771,570	1,771,402	1,771,402
Workers Compensation	0	19,727,638	19,727,638	19,301,687	19,301,687
KDHE SEHP & SSIF*	31,746,352	0	0	0	0
<i>Subtotal</i>	<u>\$ 31,746,352</u>	<u>\$ 37,203,259</u>	<u>\$ 37,203,259</u>	<u>\$ 36,537,279</u>	<u>\$ 36,537,279</u>
TOTAL	\$ 31,746,352	\$ 37,203,259	\$ 37,203,259	\$ 36,537,279	\$ 36,537,279

* This program reflects expenditures in the Kansas Department of Health and Environment budget.

The **agency** requests \$36.5 million, all from special revenue funds, for the Office of the State Employee Health Benefits Program for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds decrease of \$665,980, or 1.8 percent, below the FY 2021 revised estimate. The decrease is primarily due to lower expenditures for equipment maintenance (\$928,685); computer systems and support equipment (\$67,000); and building rent (\$30,550). The decrease is offset by higher expenditures for repairing and servicing fees (\$116,750) as well as for employer contributions for the public employees retirement system (\$20,189) and group health insurance (\$16,855). The Office of the State Employee Health Benefits Program request also includes 45.0 FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Office of the State Employee Health Benefits Program for FY 2022.

I. Office of Accounts and Reports

The Office of Accounts and Reports, (OA&R), formerly the Office of the Chief Financial Officer, is responsible for preparing the State of Kansas' official Comprehensive Annual Financial Report (CAFR) and performing audits over state agencies' expenditures, local funds, assets, accounts receivable, and other financial activities. The Office also oversees statewide accounting and payroll functions. The Office was established in FY 2013 to identify and implement solutions that support transparency in reporting to taxpayers and other interested groups. In FY 2015, the Office assumed responsibilities over the Statewide Accounting and Statewide Payroll teams, as well as the State Revolving Fund (SRF), Setoff Program, and Kansas Treasury Offset Program (KTOP).

The Office is organized into three primary sections: Statewide Controls, Reporting, and Collections; Statewide Agency Audits and Municipals; and Statewide Payroll and Accounting. Each section is composed of teams responsible for specific programs and systems. Statutory requirements assigned to the Office include the development and maintenance of KanView, the State's taxpayer transparency website. KanView provides the public with a means of obtaining

historical data on statewide expenditures, revenues, employee compensation, state indebtedness, and other financial data and information.

Statewide Controls, Reporting, and Collections

- **Financial Integrity.** The Financial Integrity Team is responsible for all aspects of the CAFR, which, by statute, is required to be presented to the Governor on or before December 31 following the close of the fiscal year. This includes requesting various agency financial confirmations, data reconciliations, and preparation of the CAFR in accordance with generally accepted accounting principles for government;
- **Internal Controls.** The Internal Controls Team is responsible for developing and maintaining the OA&R Continuity of Operations Plan and for providing assistance to other offices within the Department of Administration for development of an agency-wide plan. Additional responsibilities include assessing risk at agency and central operating levels, as well as identifying potential weaknesses in accounting controls within the central accounting system. The Team provides analysis and documentation of issues and proposes corrective actions for management consideration and prioritization;

In FY 2016, the Internal Controls Team completed the State of Kansas Internal Controls Framework. The new Internal Controls Framework was based on the U.S. Government Accountability Office Standards for Internal Control in the Federal Government, known as the Green Book. Upon approval and introduction of the State of Kansas Internal Controls Framework to state agencies, the team will work with state agencies to implement provisions of the Framework including the standards for internal control in Kansas to meet Kansas specific requirements, to draft internal control policies, and then monitor state agency implementation efforts and compliance; and

- **Federal Reporting.** The Federal Reporting Team is responsible for statewide coordination and development of educational opportunities to assist state agencies in compliance with provisions of the new Uniform Grant Guidance, also known as the Super Circular. The Team works with state agencies at fiscal year-end to aggregate federal fund awards expenditures in order to create the schedule of expenditures of federal awards (SEFA), which is used by the external auditors to determine which federal programs will be audited.

Statewide Payroll and Accounting

- **Statewide Payroll.** The Statewide Payroll Team is responsible for the central statewide payroll system and processing, including payroll accounting, calculation, distribution, and analysis as required by KSA 75-5501 *et seq.* The Statewide Human Resources and Payroll system (SHARP) is a web-based Oracle/PeopleSoft Human Capital Management System that pays 53,750 employees bi-weekly and issues 72,000 W-2s annually with an annual payroll totaling \$2.8 billion;

- **Setoff.** The Setoff Program is governed by KSA 75-6201 *et seq.* and was established in 1981, following legislation that allowed the Department of Administration to set moneys owed by the State of Kansas to vendors and individuals against debts those entities owe to the State. State payments that are matched to debtor information include state payroll, individual income tax refunds, homestead tax refunds, miscellaneous state payments, unclaimed property, and Kansas public employee retirement payments. Effective July 1, 2018, new legislative authority was granted for the Department of Administration to enter into agreements with the State-owned casinos' management to implement matching of prize payment winnings against the state debtor file and setoff of those winnings to apply to the debt balance; and
- **Kansas Treasury Offset Program.** The Kansas Treasury Offset Program (KTOP) is governed by KSA 75-6216, which allows the Secretary of Administration to enter into a reciprocal agreement with the U.S. Department of the Treasury Bureau of the Fiscal Service (BFS). The State of Kansas and BFS have entered into a reciprocal offset agreement known as the State Reciprocal Program (SRP), which provides for the collection of unpaid state debts by offset of federal non-tax payments, as well as for the collection of delinquent federal non-tax debt by offset of state payments *via* the federal Treasury Offset Program (TOP). The Reciprocal Offset Agreement also allows Kansas Department of Revenue (KDOR) tax debts to be collected from federal non-tax payments. Collections for KDOR tax debts are remitted from TOP directly to KDOR.

Statewide Agency Audits and Municipal Services

- **Statewide Accounting.** The Statewide Accounting Team is responsible for the centrally maintained and integrated system for the accounting functions of all state agencies as required by KSA 75-3728 *et seq.* The section operates in a diverse and complex multi-agency environment with frequently changing conditions and maintains two areas of focus: the accurate and timely processing of statewide daily accounting transactions and the ongoing maintenance, updates, and enhancements to the statewide accounting system;
- **Audit Services.** The Audit Services Team administers the Delegated Audit Program, performing annual agency audits of expenditures, local funds, assets, accounts receivable, examination of bills, claims, refunds and other demands on state funds, and other financial activity. It also performs pre-audits on non-delegated transactions statewide for compliance with statutes, regulations, policies, and accepted accounting principles. The Audit Services Team develops and updates the statewide accounting Policy Manual. The Team also assists agencies with developing their agency-specific policies in accordance with these same statewide guidelines;
- **Municipal Services.** The Municipal Services Office prescribes and develops a municipal audit guide that is to be followed by licensed municipal accountants and certified public accountants that engage in municipal audits. The Office partners with the Kansas Municipal Auditing and Accounting Guide (KMAAG) Board of Editors and the Kansas Society of Certified Public Accountants to annually review and edit the KMAAG. In addition, as required by KSA 75-1124, all audits required under the Municipal Audit Law are to be filed with the Office; and

- **State Revolving Fund.** The State Revolving Fund Team provides accounting and reporting services for the Kansas Public Water Supply Loan Fund and the Kansas Water Pollution Control Revolving Fund. These are programs under the authority of the Kansas Department of Health and Environment and provide the funding necessary for low interest loans for qualifying water projects of local units of Kansas government. These services are part of a three-party interagency agreement financed by the Kansas Department of Health and Environment, with other services provided by the Kansas Development Finance Authority.

Statewide Accounting

- **Central Responsibilities.** The Central Responsibilities Team maintains responsibility for tasks that impact the integration of the statewide accounting and payroll systems. These responsibilities include establishing and maintaining budgetary appropriations in those systems; reviewing and executing daily pay cycles to authorize agency business payments; approving statewide vendors; maintaining issuance of automated clearinghouse returns; issuing annual 1099 and 1042-S forms; and reconciling and remitting payroll tax withholdings, employer contributions, and employee deductions; and
- **Accounting Processing and Systems.** The Accounting Processing and Systems Teams is responsible for the centrally maintained and integrated accounting systems of all state agencies, pursuant to KSA 75-3728 *et seq.* These teams are primarily focused on the accurate and timely processing of statewide daily accounting transactions, as well as ongoing maintenance, updates, and enhancements to the accounting system.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Controls, Reporting, and Collections						
CAFR Submitted Prior to December 31 with an Unmodified Audit Opinion	Yes	Yes	Yes	Yes	Yes	Yes
Number of External Audit Findings*						
Financial Audit	2	4	--	2	4	6
SEFA	14	13	--	8	12	15
SRF	0	0	--	0	0	0
Payroll and Accounting						
Total New Debts Entered Into Kansas Debt Recovery System	393,228	508,098	--	447,728	470,000	484,200
New Debts Researched and Validated for Entry into KDRS	4,348	3,793	--	7,414	7,785	8,015
Agency Audits & Municipal Services						
Number of Audit Findings*	--	--	--	150	150	150
Number of Repeat Audit Findings*	--	--	--	75	75	75
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.0	\$ 15.6	\$ 7.3	\$ 6.8	\$ 6.9	\$ 7.0
FTE Positions	59.0	59.0	61.0	61.0	63.0	62.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The agency has identified the following objectives for the Office of Accounts and Reports:

- **Comprehensive Annual Financial Report (CAFR).** The Office works to ensure completion of the CAFR, with an unmodified opinion prior to the statutory due date of December 31 following the fiscal year end of the audit, and provide the Schedule of Expenditures of Federal Awards (SEFA) to independent auditors in accordance with agreed-upon due dates. The Office's strategies for meeting this deadline include monitoring the progress of agency and component unit confirmation submissions that represent dependencies for CAFR completion, participating in weekly status meetings with auditors, providing the Financial Integrity Team with appropriate resources and training, and setting definitive due dates for the DA-89 SEFA reporting worksheet and the certification for agencies. The Office submitted the CAFR prior to December 31 in FY 2020 and FY 2021 and anticipates continuing to meet the deadline for FY 2022;
- **Debt Recovery.** The Office works to maximize the resources available from the Kansas Debt Recovery System (KDRS) and the KTOP by continuing to market participation in the programs as a debt recovery solution through presentations and outreach. Accordingly, the Office estimates 4,785 new debts validated for entry in FY 2021 and 8,015 new debts validated for FY 2022; and
- **Agency Audits.** The Audit Plan is a formal document based on a three-year cycle, with a different set of components planned for and conducted within each fiscal year. The Agency Audit Services Team maintains and updates the Audit Plan for revisions or new areas of audits requested or approved by management. Furthermore, the team also works to perform audits of state agencies each year by tracking audit work in progress and completion. Agency on-site visits and audits were not conducted in FY 2019 because the team experienced 80.0 percent turnover during the fiscal year, with extended vacancies. On-site audits were suspended until the team has been reestablished and sufficient training is underway. Accordingly, the Office estimates 150 audit findings in FY 2021 and for FY 2022.

**OFFICE OF ACCOUNTS AND REPORTS SUBPROGRAMS
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Chief Financial Officer	\$ 306,625	\$ 0	\$ 0	\$ 0	\$ 0
Audit Services	409,971	570,780	570,780	575,955	575,955
Financial Integrity	605,778	473,484	473,484	577,724	477,724
Internal Controls	140,116	343,369	343,369	346,276	346,276
Federal Reporting	125,486	322,359	322,359	323,747	323,747
Municipal Services	338,443	188,661	188,661	190,652	190,652
Statewide Payroll	94,330	0	0	0	0
Statewide Accounting	429,922	491,698	491,698	496,064	496,064
Setoff	29,999	0	0	0	0
<i>Subtotal</i>	<i>\$ 2,480,670</i>	<i>\$ 2,390,351</i>	<i>\$ 2,390,351</i>	<i>\$ 2,510,418</i>	<i>\$ 2,410,418</i>
Off-Budget:					
Chief Financial Officer	\$ 117,681	\$ 249,866	\$ 249,866	\$ 247,059	\$ 247,059
Audit Services	148,337	54,720	54,720	55,980	55,980
Financial Integrity	190,499	538,410	538,410	541,220	541,220
Revolving Fund	303,922	217,358	217,358	243,696	243,696
Internal Controls	145,665	26,690	26,690	27,170	27,170
Federal Reporting	22,090	17,670	17,670	17,990	17,990
Statewide Payroll	1,050,820	1,108,239	1,108,239	1,117,182	1,117,182
Statewide Accounting	1,625,178	1,500,513	1,500,513	1,514,858	1,514,858
Setoff	691,994	780,284	780,284	785,696	785,696
<i>Subtotal</i>	<i>\$ 4,296,186</i>	<i>\$ 4,493,750</i>	<i>\$ 4,493,750</i>	<i>\$ 4,550,851</i>	<i>\$ 4,550,851</i>
TOTAL	\$ 6,776,856	\$ 6,884,101	\$ 6,884,101	\$ 7,061,269	\$ 6,961,269

The **agency** requests \$7.1 million, including \$2.1 million SGF, for the Office of Accounts and Reports for FY 2022. The request includes \$2.5 million in on-budget expenditures, including \$2.1 million SGF. For FY 2022, on-budget expenditures increase by \$120,067, or 5.0 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures for statewide audit services (\$100,000) as well as for employer contributions for the public employees retirement system (13,624) and group health insurance (\$7,277). The Office of Accounts and Reports request also includes 27.0 on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$4.6 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$57,101, or 1.3 percent, above the FY 2021 revised estimate. The increase is primarily due to additional expenditures for professional services (\$40,000) and a reduction of shrinkage (\$92,800). Shrinkage is the difference between the cost of fully funding salaries and wages for an entire fiscal year, assuming all positions are filled at all times, and actual salaries and wages costs, taking vacancies into account. The increase is partially offset by the elimination of one Manager/Administrator position (\$108,344). The Office of Accounts and Reports request also includes 35.0 off-budget FTE positions for FY 2022, which is a decrease of 1.0 FTE position below the FY 2021 revised estimate. The decrease is due to the elimination of one Manager/Administrator position.

The **Governor** recommends expenditures of \$7.0 million, including \$2.0 million SGF, for the Office of Accounts and Reports for FY 2022. The recommendation includes \$2.4 million in

on-budget expenditures, including \$2.0 million SGF. For FY 2022, on-budget expenditures decrease by \$100,000, or 4.0 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget (\$100,000). The recommendation includes 27.0 on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

The recommendation also includes \$4.6 million in off-budget expenditures and 35.0 off-budget FTE positions, which are the same as the FY 2022 agency request.

J. Office of Systems Management

The Office of Systems Management provides state agencies with centralized system services, including purchasing, accounting, human resources, payroll, and a reporting database for business intelligence software. The Office was established in FY 2012 to control costs for the systems it maintains and to provide effective customer service, including the following: ensuring software versions are updated; central security and workflow oversight and modifications; development and implementation of modifications needed to support user requirements, federal and state laws, and Kansas regulations; oversight of a central ticketing system for problem reporting and resolution; system infrastructure support; and providing quality customer service.

Services rendered by the office include support for the Statewide Management, Accounting and Reporting Tool (SMART) and the Statewide Human Resource and Payroll System (SHARP). SMART is a PeopleSoft software product purchased from Oracle and modified to meet the unique needs of the State of Kansas. The SMART system allows for accounts payable, travel and expense, accounts receivable, billing, purchasing, project costing, asset management, and general ledger in a centralized manner for all state agencies.

- **Systems Management.** The Systems Management subprogram conducts the primary operations for the Office of Systems Management and is composed of three teams: The Systems Development team includes PeopleSoft development for the SMART and SHARP systems; the System Architecture, Security, and Workflow team provides system infrastructure support, security, and workflow for systems supported by the Oracle Communications Order and Service Management system, and batch job scheduling; and the Governance of Managed Services and Hosting Partner team ensures the Master Hosting Agreement is accurately provided by Sierra-Cedar;
- **State Service Desk.** The State Service Desk team provides assistance to SMART and SHARP users to address problems encountered while utilizing the systems. This includes password changes for SMART/SHARP and Employee Self-Service, maintaining auto notifications and system announcements, monitoring, and adding solutions;
- **System Architecture, Security, and Workflow.** The System Architecture, Security and Workflow team provides system security set-up and access to users of SMART, SHARP and Data Warehouse/BI Analytics, as well as workflow set-up and modifications to ensure accurate notifications of next step processing within the systems. The scheduling of batch jobs is included in this team's responsibilities, which includes a complex setup of dependencies and job error handling; and

- Governance of Managed Services and Hosting Partner.** The Governance of Managed Services and Hosting Partner Team is responsible for working with the Upgrade and Hosting teams of Sierra-Cedar, the managed services and hosting partner. These responsibilities include tracking service level agreement metrics, monitoring contractual obligations for both the State of Kansas and Sierra-Cedar, and monitoring the progress of development and future implementation of Oracle Business Intelligence Analytics 12g.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Up-Time During Business Hours—SMART	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of Up-Time During Business Hours—SHARP	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Number of Programmatic Errors, Application Defects, and User Requests Addressed—SMART*	1,120	1,074	1,200	1,200	1,100	1,100
Number of Programmatic Errors, Application Defects, and User Requests Addressed—SHARP*	435	401	500	501	500	500
Number of Support Tickets Logged*	22,137	22,158	25,000	24,257	25,000	25,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 6.5	\$ 6.9	\$ 7.6	\$ 7.9	\$ 7.6	\$ 7.8
FTE Positions	20.0	20.0	19.0	19.0	19.0	19.0

* The Governor's Office does not utilize this measure for evaluation purposes.

The agency has identified the following objectives for the Office of Systems Management:

- System Performance and Up-time.** The Office works to maintain performance of SHARP and SMART batch cycles and ensure up-time during business hours by requiring monitoring of nightly batch processes to look for long-running jobs and submitting tickets to improve any lowness as needed. Accordingly, the Office estimates it will continue to maintain 100.0 percent up-time of both SHARP and SMART systems in FY 2021 and for FY 2022;
- Resolve Problems.** The Office works to address and resolve programmatic abnormal ends, application defects, user enhancement requests, and application updates by prioritizing and addressing issues. Accordingly, the Office estimates addressing 500 errors for SHARP and 1,100 errors for SMART both in FY 2021 and for FY 2022; and
- User Issue Resolution.** The Office works to identify, research, and resolve agency user issues for SHARP, SMART, and Employee Self-Service strategy by receiving phone calls and identifying the best approach for appropriate resolution of individual issues. Accordingly, the Office estimates logging 25,000 tickets in FY 2021 and for FY 2022.

OFFICE OF SYSTEMS MANAGEMENT SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Systems Management	\$ 0	\$ 66,435	\$ 66,435	\$ 258,000	\$ 258,000
State Service Desk	73,447	65,521	65,521	65,985	65,985
<i>Subtotal</i>	<u>\$ 73,447</u>	<u>\$ 131,956</u>	<u>\$ 131,956</u>	<u>\$ 323,985</u>	<u>\$ 323,985</u>
Off-Budget:					
Systems Management	\$ 7,607,349	\$ 7,189,886	\$ 7,189,886	\$ 7,277,113	\$ 7,277,113
State Service Desk	239,257	243,653	243,653	245,329	245,329
<i>Subtotal</i>	<u>\$ 7,846,606</u>	<u>\$ 7,433,539</u>	<u>\$ 7,433,539</u>	<u>\$ 7,522,442</u>	<u>\$ 7,522,442</u>
TOTAL	<u>\$ 7,920,053</u>	<u>\$ 7,565,495</u>	<u>\$ 7,565,495</u>	<u>\$ 7,846,427</u>	<u>\$ 7,846,427</u>

The **agency** requests \$7.8 million, including \$323,985 SGF, for the Office of Systems Management for FY 2022. The request includes \$323,985 in on-budget expenditures, all SGF. For FY 2022, on-budget expenditures increase by \$192,029, or 145.5 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures for system repair and maintenance (\$120,000) as well as for other service fees (\$71,565). The Office of Systems Management request also includes 1.0 on-budget FTE position for FY 2022, which is the same as the FY 2021 revised estimate.

The request also includes \$7.5 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures increase by \$88,903, or 1.2 percent, above the FY 2021 revised estimate. The increase is primarily due to higher expenditures for service fees (\$53,435); system repair and maintenance costs (\$13,000); and employer contributions for the public employees retirement system (\$10,715). The Office of Systems Management request also includes 18.0 off-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Office of Systems Management for FY 2022.

K. Division of the Budget

The Division of the Budget has central responsibility for the state budget process, including related policy issues, and for providing management services to state agencies. Because of its central role in budget formulation, the Division serves as a source of explanation to the Legislature and to legislative staff and committees while the Governor's proposals are being considered for adoption. The Division performs a series of duties related to budget execution and financial administration. The staff monitors cash flow and takes appropriate steps to ensure State General Fund solvency throughout the year. The Division interprets appropriations language and counsels agency managers when questions arise about legislative intent and the management of state government. It verifies and distributes the census data that determine how state aid to local governments is to be apportioned. Staff within the Division is more recently serving a role in assistance with disclosure of the State's financial status when state agencies seek to issue bonds for capital projects backed with state appropriations for debt service. In addition, the Division makes recommendations on agency requests for State Finance Council action and executive directives.

The Division issues instructions and directives that determine how agencies propose and justify requests for expenditure authority. Requests submitted according to those instructions are analyzed by Division staff. Findings and conclusions arising from that analysis are submitted to the Governor and become the basis for the Governor's recommendations to the Legislature. Agency budget requests are guided by expected revenues that will support a base budget with limited adjustments for such statewide costs as group health insurance, KPERS rates, and so on. In some years, agencies must also submit a reduced resource budget, using estimates provided by the Division, based on the assumption that revenues might decline enough to make a base budget unsupportable. Additionally, if agencies are proposing a new program or expansion of an existing program, a request for funds and positions related to such an enhancement is submitted as a discrete adjustment.

The 2018 Legislature granted new duties to the Division of the Budget in the process of agencies adopting administrative rules and regulations. Prior to submitting a new or revised administrative rule or regulation to the Department of Administration, state agencies must now obtain the approval of the proposed regulations and the economic impact statement from the Director of the Budget.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Agency Budgets that Include at Least One Outcome Measure for Each Program	87.1 %	84.9 %	89.2 %	89.2 %	90.0 %	90.0 %
Percent of Fiscal Notes Completed by the Bills' Hearing Date	100.0 %	99.7 %	100.0 %	100.0 %	100.0 %	100.0 %
Number of Fiscal Notes Completed	559	644	600	600	600	600
Number of Administrative Regulations Reviewed*	N/A	588	500	616	620	620
Number of Administrative Regulations Reviewed with a Fiscal Effect Over \$3.0 Million Over a 2-Year Period*	N/A	6	6	10	5	5
Number of Cash Flow Problems Identified*	4	4	4	10	9	5
Number of Cash Flow Models Developed and Maintained*	47	44	44	50	51	50
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.6	\$ 1.9	\$ 1.7	\$ 2.0	\$ 1.6
FTE Positions	12.0	12.0	13.0	13.0	13.0	13.0

* The Governor's Office does not utilize this measure for evaluation purposes.

The Division of the Budget has identified the following objectives as integral to its goal of performing comprehensive policy analysis and providing accurate budgetary information reflecting the State's funds, as well as the Governor's priorities.

- Performance-Based Budgeting.** The Division works to ensure the information contained in The Governor's Budget Report and in state agency budget submissions reflect strategic planning and performance measurements by promoting and encouraging the use of strategic planning in state government. Accordingly, the Division estimates 100.0 percent of agency budget submissions will include at least one outcome measure for each program in FY 2021 and for FY 2022;

- Production of Fiscal Notes.** The Division also works toward providing accurate budget and policy information in a timely manner, responding to inquiries from the public, the Governor's Office, legislators, the media, and representatives from other local governments by facilitating the flow of information *via* telephone calls, correspondence, and email. Additionally, the division prepares memorandums, letters, and survey responses that effectively reply to inquiries by requested deadlines. Furthermore, the Division also prepares fiscal notes on a timely basis, as to maximize usefulness to legislative committees, the Governor, and other entities. Accordingly, the Division estimates completion of 600 fiscal notes in FY 2021 and for FY 2022;
- Administrative Regulations.** The Division works to produce an accurate budget reflecting the Governor's priorities by communicating the Governor's priorities through agency training, comprehensive budget instructions, and other contacts. Additionally, the Division manages a comprehensive budget review process, which includes utilization of tracking mechanisms and reconciliation processes. Furthermore, the Division also develops techniques for estimating expenditures and revenues resulting from changes in state and federal law or administrative practices. Accordingly, the Division estimates review of 620 administrative regulations, including five regulations with a fiscal effect of more than \$3.0 million over a two-year period, in FY 2021 and for FY 2022; and
- Special Revenue Funds.** The Division also assists with balancing state receipts and expenditures by aiding state agencies in maintaining solvency of special revenue funds. Toward this end, the Division utilizes cash flow models on major funds and monitors current year status of receipts and expenditures. The Division also works with state agencies to develop alternatives to meet obligations of funds that have cash flow problems. Accordingly, the Division estimates development and use of 50 cash flow models in FY 2021 and for FY 2022.

DIVISION OF THE BUDGET SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,443,861	\$ 1,573,688	\$ 1,573,688	\$ 1,586,682	\$ 1,407,200
Contractual Services	202,489	384,623	384,623	198,364	198,364
Commodities	9,029	8,775	8,775	8,775	8,775
Capital Outlay	0	1,000	1,000	1,000	1,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,655,379	\$ 1,968,086	\$ 1,968,086	\$ 1,794,821	\$ 1,615,339
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,655,379	\$ 1,968,086	\$ 1,968,086	\$ 1,794,821	\$ 1,615,339
Financing:					
State General Fund	\$ 1,655,379	\$ 1,968,086	\$ 1,968,086	\$ 1,794,821	\$ 1,615,339
All Other Funds	0	0	0	0	0
TOTAL	\$ 1,655,379	\$ 1,968,086	\$ 1,968,086	\$ 1,794,821	\$ 1,615,339
FTE Positions	13.0	13.0	13.0	13.0	13.0

The **agency** requests \$1.8 million, all SGF, for the Division of the Budget for FY 2022. The request does not include off-budget expenditures and is an all funds decrease of \$173,265, or 8.8 percent, below the FY 2021 revised estimate. The decrease is primarily due to contractual services expenditures for efficiency projects as needed by the Governor and Director of the Budget (\$191,110) that were budgeted for FY 2021 and are not present for FY 2022. The decrease is partially offset by higher expenditures for employer contributions for the public employees retirement system (\$9,918) and group health insurance (\$3,948). The Division of the Budget request also includes 13.0 FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$1.6 million, all SGF, for the Division of the Budget for FY 2022. The recommendation is an all funds decrease of \$179,482, or 10.0 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget, which includes eliminating one Policy Liaison position (\$117,238) and one temporary Office Assistant position (\$18,192), as well as holding vacant positions open until the requisite savings are generated (\$44,052). The recommendation includes 13.0 FTE positions for FY 2022, which is the same as the FY 2022 agency request.

L. Office of the Long-Term Care Ombudsman

The Office of the Long-Term Care Ombudsman (LTCO) protects and improves the quality of care and quality of life for residents of long-term care communities through advocacy for and on behalf of residents. The LTCO is a resident-centered advocacy program. The resident of a long-term care community is the client regardless of the source of the complaint or request for service. The LTCO is funded by a combination of State General Fund moneys and federal funds, including Medicaid under the Social Security Act, and the Older Americans Act.

The LTCO operates one primary office in Topeka and eight regional offices, which manage volunteer ombudsmen. The goal of the volunteers is to visit each Kansas facility weekly and build a relationship with the facility residents. Volunteers are not compensated for their time or expenses. In the event a volunteer is unable to resolve the resident's complaint, the ombudsman refers the complaint to the Kansas Department for Aging and Disability Services for investigation with the permission of the resident.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Total Number of Complaints Investigated	1,363	1,231	1,275	1,134	1,275	1,275
Percent of Complaints Resolved to the Satisfaction of the Complainant*	86.0 %	85.0 %	85.0 %	79.0 %	80.0 %	80.0 %
Percent of Adult Care Homes with Assigned Volunteer Ombudsman	9.0 %	9.0 %	8.0 %	9.0 %	8.0 %	8.0 %
Number of Visits by an Ombudsman to Long-Term Care Facilities*	3,343	3,022	3,100	1,974	1,200	3,000
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 673.9	\$ 673.3	\$ 746.8	\$ 681.4	\$ 718.4	\$ 695.5
FTE Positions	11.0	11.0	11.0	11.0	11.0	11.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The Office of the Long-Term Care Ombudsman works to treat each resident in a Kansas long-term care facility with dignity and respect through advocacy, self-empowerment, and education. Accordingly, the Office has identified the following objectives as integral to its goals.

- **Complaint Resolution.** The LTCO receives, investigates, and works to resolve complaints of residents by providing ongoing education to all ombudsmen and investigating complaints with the resident's goals in mind. Ombudsmen volunteers receive 30 hours of training to prepare for their advocacy role, after which each volunteer is assigned to a long-term care facility near them. Regional ombudsmen provide ongoing training and support ombudsmen volunteers. The LTCO indicates ombudsmen volunteers contributed 2,789 hours of services, worth more than \$70,400, to the program in FY 2020. The LTCO also follows standardized procedures for competent and timely responses to resident complaints. Accordingly, the LTCO estimates resolving 1,275 complaints in FY 2021 and for FY 2022;
- **Access to Ombudsmen.** The LTCO works to provide all residents with regular and timely access to an ombudsman by increasing the overall number of active ombudsman volunteers across the state and providing regular visits to all long-term care facilities to ensure residents know how to access services. The LTCO indicates an evaluation of long-term care ombudsman programs recommended, to adequately address problems concerning care of residents, state programs should have a paid program staff member for every 2,000 residents. At its current funding level, the LTCO has more than 4,370 facility beds per paid program staff. Accordingly, the LTCO estimates 8.0 percent of adult care homes will have access to an assigned ombudsman volunteer in FY 2021 and for FY 2022. Additionally, the LTCO estimates that an ombudsman will visit long-term care facilities 1,200 times in FY 2021 and 3,000 times for FY 2022;

Also, the LTCO reports having 76 ombudsman volunteers as of the beginning of FY 2021. This leaves more than 91.0 percent of long-term care residents in the State without regular access to services. The LTCO indicates volunteer recruitment, retention, and training are difficult, especially without a Volunteer Coordinator working on those issues. The LTCO does not currently have such a coordinator, and those duties have been reassigned to the regional ombudsman, diminishing the time available to spend on complaint resolutions and other advocacy efforts;

- **Safeguarding Services.** The LTCO works to provide services to protect the health, safety, welfare, and rights of residents by promoting and providing technical support for resident and family councils. Additionally, the LTCO provides in-service training to long-term care facility staff and attends council meetings by invitation. Furthermore, the Office also provides training to facility staff on resident rights, person-centered care, abuse, neglect, and exploitation;
- **Communicating Resident Concerns.** The LTCO works to provide information to consumers, facility staff, public and private agencies, legislators, and the media about the problems and concerns of residents of long-term care facilities by making presentations to community groups and senior citizen organizations. Additionally, the LTCO provides an annual report with information and recommendations to the Governor, the Legislature, the Silver-Haired Legislature, other government entities, and the media regarding problems and concerns of

residents. Furthermore, the Office meets on a regular basis with advocates and members of the adult care industry for the purpose of discussing the ombudsman program, as well as quality resident care; and

- **Rules and Regulations Compliance.** The LTCO works to analyze, comment on, and monitor federal, state, and local laws, regulations, and policies that affect long-term care residents by monitoring proposed legislation and actively participating in stakeholder groups related to rights, care, and quality of life for residents of long-term care facilities. Additionally, the office provides testimony and advocacy as appropriate on proposed laws and regulations.

OFFICE OF THE LONG-TERM CARE OMBUDSMAN SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 569,641	\$ 586,588	\$ 586,588	\$ 592,091	\$ 562,656
Contractual Services	104,150	107,000	106,036	107,000	107,000
Commodities	6,760	7,000	7,000	7,000	7,000
Capital Outlay	860	18,800	18,800	18,800	18,800
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 681,411	\$ 719,388	\$ 718,424	\$ 724,891	\$ 695,456
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 681,411	\$ 719,388	\$ 718,424	\$ 724,891	\$ 695,456
Financing:					
State General Fund	\$ 292,451	\$ 293,730	\$ 292,766	\$ 294,354	\$ 264,919
All Other Funds	388,960	425,658	425,658	430,537	430,537
TOTAL	\$ 681,411	\$ 719,388	\$ 718,424	\$ 724,891	\$ 695,456
FTE Positions	11.0	11.0	11.0	11.0	11.0

The **agency** requests \$724,891, including \$294,354 SGF, for the Office of the Long-Term Care Ombudsman for FY 2022. The request does not include off-budget expenditures and is an all funds increase of \$5,503, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily due to higher employer contributions for the public employees retirement system (\$3,597) and group health insurance (\$2,147). The Office of the Long-Term Care Ombudsman request also includes 11.0 FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$695,456, including \$264,919 SGF, for the Office of the Long-Term Care Ombudsman for FY 2022. The recommendation is an all funds decrease of \$29,435, or 4.1 percent, below the FY 2022 agency request. The decrease is due to the Governor's recommendation to adopt the agency's reduced resources budget, which includes holding open a vacant position through part of FY 2022 (\$29,435). The Office indicates that adoption of this recommendation would hinder its ability to provide advocacy services for residents of long-term care facilities; investigate residents' complaints in a timely manner; and provide information and assistance to providers on issues such as abuse, residential rights, and infection control. The recommendation includes 11.0 FTE positions for FY 2022, which is the same as the FY 2022 agency request.

M. Debt Service

The Department of Administration budgets and pays the debt service on a number of different bonds issued for a variety of reasons. Debt service expenditures account for the majority of the Department of Administration's budget. In FY 2021, debt service expenditures account for 66.0 percent of total expenditures, including 92.6 percent of on-budget expenditures. Except for principal payments for KPERS bonds, debt service principal payments are included within agency budgets as a capital improvements expense, whereas interest payments are included as an operating expense.

Pursuant to the Kansas Development Finance Authority (KDFA) Act, KSA 74-8901 *et seq.*, bonds are defined as any bonds, leases, notes, debentures, interim certificates, grant and revenue anticipation notes, interest in a lease, lease certificate of participation, or other evidences of indebtedness, whether or not the interest on is subject to federal income taxation, issued by the KDFA pursuant to the Act.

OUTSTANDING BONDS SUMMARY OF BALANCES FY 2020 – FY 2022			
Series	Title	Balance 6/30/2020	Est. Balance 6/30/2021
2004C	KPERS	\$ 346,440,000	\$ 329,225,000
2010E	Public Broadcasting, Capitol Restoration, NBAF, Debt Restructure	29,140,000	0
2010F	NBAF, Debt Restructure	7,835,000	0
2010O	State Capitol, TAG Armories	24,125,000	0
2011B	State Capitol	33,790,000	7,595,000
2013A	State Capitol	44,450,000	41,010,000
2015A	KU Medical Education Building, Kansas Water Office	189,575,000	171,015,000
2015G	NBAF	180,755,000	172,375,000
2015H	KPERS	924,665,000	902,935,000
2016H	Debt Restructure	46,215,000	41,520,000
2019F	Debt Restructure, Eisenhower, Capitol Restoration	68,600,000	63,890,000
2019G	Debt Restructure	5,340,000	4,315,000
2020K	Curtis State Office Building, DCF Topeka Service Center	0	33,779,060
2020R	2010E-1, E-2, 2010O-2, 2011B	0	76,605,000
2020S	2010F	0	6,410,000
TOTAL		\$1,900,930,000	\$1,850,674,060

Detailed descriptions of these bonds may be found in the Capital Improvements section, on page 1266.

**DEBT SERVICE INTEREST
SUMMARY OF EXPENDITURES FY 2020 – FY 2022**

Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
KPERS Bonds*	\$100,109,809	\$ 100,123,724	\$ 100,123,724	\$ 100,118,071	\$ 100,118,071
Public Broadcasting	29,115	9,875	9,875	0	0
Statehouse Debt	4,706,720	3,430,748	3,430,748	3,057,173	583,000
Restructuring Bonds	1,683,657	594,618	594,618	569,743	0
NBAF Debt Service	12,171,985	11,620,439	11,620,439	11,037,652	10,085,350
John Redmond Res.	692,000	646,000	646,000	594,750	594,750
KU Medical Ed. Bldg.	1,010,000	967,500	967,500	922,750	922,750
Debt Refund (2015A)	8,614,423	7,837,050	7,837,050	7,023,550	7,023,550
Debt Refund (2016H)	1,808,793	1,593,750	1,593,750	1,353,000	1,353,000
Debt Refund (2019F/G)	0	2,526,228	2,526,228	2,329,726	2,329,726
Debt Refund (2020R/S)	0	0	0	0	3,446,550
Docking State Office Building Renovations	0	0	0	3,000,000	0
Subtotal	\$130,826,502	\$ 129,349,932	\$129,349,932	\$130,006,415	\$126,456,747
Off-Budget:					
Facilities Projects	\$ 53,500	\$ 18,125	\$ 18,125	\$ 0	\$ 0
Debt Refund (2019F/G)	500,655	624,468	624,468	575,894	575,894
Debt Refund (2020K)	0	725,860	725,860	756,651	756,651
Subtotal	\$ 554,155	\$ 1,368,453	\$ 1,368,453	\$ 1,332,545	\$ 1,332,545
TOTAL	\$131,380,657	\$130,718,385	\$130,718,385	\$131,338,960	\$127,789,292

* The amount for KPERS Bonds includes both principal and interest payments

The **agency** requests \$131.3 million, including \$89.8 million SGF, for debt service interest payments for FY 2022. The request includes \$130.0 million in on-budget expenditures, including \$89.8 million SGF, \$4.1 million from the State Highway Fund, and \$36.1 million from the Expanded Lottery Act Revenues Fund. For FY 2022, on-budget expenditures increase by \$656,483, or 0.5 percent, above the FY 2021 revised estimate. The increase is primarily due to the agency request to renovate the Docking State Office Building (\$3.0 million). This request includes enhancement funding of \$3.0 million in interest payments, reflected in this program, and \$7.0 million in principal payments, reflected on page 1269, for an estimated total of \$200.0 million in bonds for a 20-year duration. Additional details on the request may be found on pages 1215 and 1219. The increase is partially offset by lower interest payments for 2015A series bonds (\$813,500) and for renovation of the Kansas Statehouse (\$373,575).

The request also includes \$1.3 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. For FY 2022, off-budget expenditures decrease by \$35,908, or 2.6 percent, below the FY 2021 revised estimate. The decrease is primarily due to lower interest payments on 2019F/G series bonds (\$48,574).

The **Governor** recommends \$127.8 million, including \$85.2 million SGF, for debt service interest payments for FY 2022. The recommendation includes \$126.5 million in on-budget expenditures, including \$85.2 million SGF, \$5.1 million from the State Highway Fund, and \$36.1 million from the Expanded Lottery Act Revenues Fund. For FY 2022, the Governor recommends an on-budget expenditures decrease of \$3.5 million, or 2.7 percent, below the FY 2022 agency request. Of that amount, SGF expenditures decrease by \$4.5 million, while State Highway Fund expenditures increase by \$972,377. The SGF decrease is primarily due to the Governor's

recommendation not to adopt the agency's enhancement request to renovate the Docking State Office Building (\$3.0 million) as well as to lower expenditures for interest payments on bonds related to renovation of the NBAF (\$952,302) and bond restructuring (\$569,743). The recommendation also includes a decrease in interest payments on Kansas Statehouse renovation bonds (\$2.5 million, all from the State Highway Fund), offset by the issuance of 2020R/S series bonds (\$3.4 million, all from the State Highway Fund), which refunds 2010E-1, 2010E-2, 2010O-2, 2010F, and 2011B series bonds.

The recommendation also includes \$1.3 million in off-budget expenditures, which is the same as the FY 2022 agency request.

CAPITAL IMPROVEMENTS

Each year, the agency conducts projects it deems important for the upkeep of the buildings within its control, using funding from its maintenance reserve funds and from the State General Fund. The following projects are included in FY 2021 and for FY 2022:

- **Capitol Complex Rehabilitation and Repair.** This project includes maintenance, asbestos abatement, minor building refurbishments, and replacement of major equipment components that break down during operations. The agency indicates the ramifications of not performing these projects are a decrease of system availability, costly damage, and the potential inability to continue operations. Capitol Complex buildings include the Landon State Office Building, the Eisenhower State Office Building, Memorial Hall, the Statehouse, the Judicial Center, and Cedar Crest;
- **State Building Rehabilitation and Repair.** KSA 75-3655 establishes the State Buildings Depreciation Fund in the Office of the State Treasurer. Moneys sufficient to provide for the replacement of depreciating machinery and equipment and for maintenance for State-owned buildings are transferred from the State Buildings Operating Fund; and
- **State Printing Plant Rehabilitation and Repair.** This project includes maintenance on mechanical components and systems beyond their useful life, such as condensate pumps and piping, screw air compressors, chilled water pumps, and hot water circulating pumps. The agency indicates failing to perform these projects can result in the failure of critical systems, such as building operations and electrical, mechanical, and security systems.

Additionally, each year, the agency also budgets and pays for the principal debt service on bonds issued for a variety of reasons. The following payments are included in FY 2021 and for FY 2022:

- **Public Broadcasting.** Since 2001, the agency has paid the debt service on bonds issued to assist Kansas public television stations to switch from analog to digital formats. The bonds will be fully paid off in FY 2021;
- **Statehouse Debt.** Since 2001, the agency has paid the debt service on bonds issued for renovation of the Kansas Statehouse. There have been 16 subsequent bond issuances for the Statehouse renovation. The bonds will be fully paid off in FY 2033;
- **NBAF Debt Service.** In 2010, the agency began making debt service payments on bonds issued for the National Bio and Agro-defense Facility (NBAF). In 2015, the agency became responsible for a 2015G bond issuance for a total of \$203.6 million. This issuance provided additional funding for NBAF. The bonds will be fully paid off in FY 2035;
- **John Redmond Reservoir.** In FY 2014, the Governor endorsed a plan to issue \$25 million in bonds for the dredging of 3.0 million cubic yards of sediment from

this reservoir to restore water supply lost to sedimentation. During legislative deliberations, portions of the project were reduced, lowering the need for bond issuance to \$20 million. The project restored water supply storage in John Redmond Reservoir near Burlington in Coffey County. Streambank stabilization projects will also take place above the reservoir. The bonds will be fully paid off in FY 2035;

- **KU Medical Education Building.** In FY 2015, the Legislature relocated debt service for the University of Kansas (KU) Medical Education Building to the Department of Administration to consolidate State General Funded debt service. The bonds will be fully paid off in FY 2035;
- **Debt Service Refunding (2015A).** In 2015, the agency became responsible for a 2015A bond issuance for a total of \$240.5 million. This issuance refunded 2006A, originally issued as the Kansas Department of Transportation's Comprehensive Transportation Program, and 2005H, 2006L, and 2007K, all of which were originally issued for the Statehouse renovation. In addition, 2015A funded new projects at the KU Medical Education Building and the John Redmond Reservoir. The bonds will be fully paid off in FY 2035;
- **Debt Service Refunding (2016H).** In 2015, the agency became responsible for a 2016H bond issuance for a total of \$51.5 million. 2016H refunds 2007M, which includes \$18.2 million for the Kansas Law Enforcement Training Center, and 2008L, which includes Kansas Capitol Restoration, National Guard Armory renovations, Department of Corrections Facilities renovations, and construction and remodeling of KU pharmacy facilities in Lawrence and Wichita. The bonds will be fully paid off in FY 2045;
- **Debt Service Refunding (2019F/G).** In 2019, the Department became responsible for the 2019F/G series bond issuance for a total of \$74.5 million. 2019F/G refunded 2009A, 2009M-1, 2009M-2, and 2009N series bonds, which included debt service for projects such as the Eisenhower State Office Building and bond restructuring;
- **Debt Service Refunding (2020K).** In 2020, the agency became responsible for the 2020K bond issuance for a total of \$37.2 million. 2020K transferred ownership of the Curtis State Office Building and the Department for Children and Families Topeka Service Center from the Topeka Public Building Commission to the State of Kansas. The agency will continue to collect \$0.75 per net rentable square foot, which will be transferred to the Curtis State Office Building Maintenance Reserve Fund. The reserve fund is used for large or unexpected maintenance issues that may arise;
- **Debt Service Refunding (2020R/S).** In 2020, the agency became responsible for the 2020R/S series bond issuance for a total of \$87.9 million. 2020R/S refunds 2010E-1, 2010E-2, 2010O-2, 2010F, and 2011B series bonds, which includes debt services for projects such as renovations of the Kansas Statehouse and public broadcasting bonds;
- **Facilities Improvement Projects.** In 2001, the Legislature granted bonding authority to the Department of Administration to make expenditures for the

consolidation of the Landon State Office Building; development of a staff training center at the Brigham Building; establishment of housing for Kansas Services for the Blind at the Woodward Building; remodel of KDHE laboratory facilities at Forbes Building #740; and upgrade of the steam system within the Capitol Complex. Those projects were completed in 2020, and debt service payments will be completed in FY 2021; and

- **Docking State Office Building.** During the 2020 Legislative Session, the agency presented the House Committee on Appropriations and the Senate Committee on Ways and Means with four options to rehabilitate and renovate the Docking State Office Building. The agency budget submission includes requests for supplemental and enhancement funding in FY 2021 and for FY 2022 to proceed with one of the presented options, to renovate the entire building with included laboratory space for KDHE. Additional information on this request may be found on pages 1215 and 1219.

CAPITAL IMPROVEMENTS (ON-BUDGET)				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Capital Projects:				
Capitol Complex	\$ 2,823,601	\$ 2,823,601	\$ 3,450,000	\$ 3,449,493
Debt Service Principal:				
Public Broadcasting	\$ 425,000	\$ 425,000	\$ 0	\$ 0
Statehouse Debt	7,940,000	7,940,000	9,595,000	1,765,000
Restructuring Debt Service	525,000	525,000	550,000	0
NBAF Debt Service	11,790,000	11,790,000	12,350,000	10,640,000
John Redmond Reservoir	1,025,000	1,025,000	1,080,000	1,080,000
KU Medical Education Bldg.	895,000	895,000	940,000	940,000
Debt Refunding (2015A)	16,640,000	16,640,000	16,180,000	16,180,000
Debt Refunding (2016H)	4,695,000	4,695,000	4,935,000	4,935,000
Debt Refunding (2019F/G)	4,598,323	4,598,323	4,257,558	4,257,558
Debt Refunding (2020R/S)	0	0	0	12,490,000
Docking State Office Building	0	0	7,000,000	0
Subtotal	\$ 48,533,323	\$ 48,533,323	\$ 56,887,558	\$ 52,287,558
TOTAL	\$ 51,356,924	\$ 51,356,924	\$ 60,337,558	\$ 55,737,051
Financing:				
State General Fund	\$ 40,855,637	\$ 40,855,637	\$ 48,764,583	\$ 39,504,076
State Highway Fund	10,076,287	10,076,287	11,572,975	16,232,975
ELARF	425,000	425,000	0	0
All Other Funds	0	0	0	0
TOTAL	\$ 51,356,924	\$ 51,356,924	\$ 60,337,558	\$ 55,737,051

FY 2021 – Current Year. The agency requests a revised estimate of \$51.4 million, including \$40.9 million SGF, for on-budget capital improvements expenditures in FY 2021. The revised estimate includes \$2.8 million for capital projects and \$48.5 million for debt service principal payments, all SGF. In FY 2021, capital project expenditures include only rehabilitation and repair expenses for Capitol Complex buildings (\$2.8 million). This funding includes maintenance, asbestos abatement, minor building refurbishments, and replacement of major equipment components that break down during operations. Debt service expenditures include

principal payments for bonds related to debt service refunding (\$25.9 million), the The National Bio and Agro-Defense Facility (NBAF) (\$11.8 million), and renovations of the Kansas Statehouse (\$7.9 million).

The **Governor** concurs with the agency request for on-budget capital improvement expenditures in FY 2021.

FY 2022 – Budget Year. The agency requests \$60.3 million, including \$48.8 million SGF, for on-budget capital improvements expenditures for FY 2022. The revised estimate includes \$3.5 million for capital projects and \$56.9 million for debt service principal payments, all SGF. For FY 2022, capital project expenditures include only rehabilitation and repair expenses for Capitol Complex buildings (\$3.5 million). Top priorities identified by the Office of Facilities and Property Management include replacing four to six air handler units in the Landon and Eisenhower State Office Buildings; replacing one chiller unit in the Docking Utility Plant; replacing a third floor window in the Kansas Judicial Center; and elevator modernization in the Curtis State Office Building. Debt service expenditures include principal payments for bonds related to debt service refunding (\$25.4 million), the NBAF (\$12.3 million), and renovations of the Kansas Statehouse (\$10.0 million). The agency request also includes enhancement funding for debt related to renovations to the Docking State Office Building (\$7.0 million).

The **Governor** recommends \$55.7 million, including \$39.5 million SGF, for on-budget capital improvement expenditures for FY 2022. The recommendation is an all funds decrease of \$4.6 million, or 7.6 percent, below the FY 2022 agency request. Of that amount, SGF expenditures decrease by \$9.3 million, while State Highway Fund expenditures increase by \$4.7 million. The SGF decrease is primarily due to the Governor's recommendation not to adopt the agency's enhancement request to renovate the Docking State Office Building (\$7.0 million) as well as to lower expenditures for interest payments on bonds related to the NBAF (\$1.7 million) and bond restructuring (\$550,000). The recommendation also includes a decrease in principal payments on Kansas Statehouse renovation bonds (\$7.8 million, all from the State Highway Fund), offset by the issuance of 2020R/S series bonds (\$12.5 million, all from the State Highway Fund), which refunds 2010E-1, 2010E-2, 2010O-2, 2010F, and 2011B series bonds.

CAPITAL IMPROVEMENTS (OFF-BUDGET)				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Capital Projects:				
State Buildings	\$ 425,000	\$ 425,000	\$ 425,000	\$ 425,000
State Printing Plant	75,000	75,000	75,000	75,000
<i>Subtotal</i>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>
Debt Service Principal:				
Facilities Improvement Projects	\$ 725,000	\$ 725,000	\$ 0	\$ 0
Debt Refunding (2019F/G)	1,136,677	1,136,677	1,052,442	1,052,442
Debt Refunding (2020K)	3,372,555	3,372,555	3,415,013	3,415,013
<i>Subtotal</i>	<u>\$ 5,234,232</u>	<u>\$ 5,234,232</u>	<u>\$ 4,467,455</u>	<u>\$ 4,467,455</u>
TOTAL	<u>\$ 5,734,232</u>	<u>\$ 5,734,232</u>	<u>\$ 4,967,455</u>	<u>\$ 4,967,455</u>
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,734,232	5,734,232	4,967,455	4,967,455
TOTAL	<u>\$ 5,734,232</u>	<u>\$ 5,734,232</u>	<u>\$ 4,967,455</u>	<u>\$ 4,967,455</u>

FY 2021 – Current Year. The agency requests a revised estimate of \$5.7 million, all from special revenue funds, for off-budget capital improvements expenditures in FY 2021. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The revised estimate includes \$500,000 for capital projects and \$5.2 million for debt service principal payments. In FY 2021, capital project expenditures include additional rehabilitation and repair expenses for state buildings (\$425,000) and for the State Printing Plant (\$75,000). Debt service expenditures include principal payments for bonds related to debt service refunding (\$4.5 million) and facilities improvement projects (\$725,000).

The **Governor** concurs with the agency request for off-budget capital improvements expenditures in FY 2021.

FY 2022 – Budget Year. The agency requests \$5.0 million, all from special revenue funds, for off-budget capital improvement expenditures for FY 2022. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The request includes \$425,000 for capital projects and \$4.9 million for debt service principal payments. For FY 2022, capital project expenditures include only additional rehabilitation and repair expenses for state buildings (\$425,000) and for the State Printing Plant (\$75,000). Debt service expenditures include only principal payments for debt service refunding (\$4.5 million).

The **Governor** concurs with the agency request for off-budget capital improvements expenditures for FY 2022.

OFFICE OF INFORMATION AND TECHNOLOGY SERVICES

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
<i>Operating Expenditures</i>					
State General Fund	\$ 15,348,799	\$ 11,626,639	\$ 11,626,639	\$ 4,500,000	\$ 4,250,000
Other Funds	48,544	43,000	1,853,948	43,000	43,000
<i>Subtotal</i>	<u>\$ 15,397,343</u>	<u>\$ 11,669,639</u>	<u>\$ 13,480,587</u>	<u>\$ 4,543,000</u>	<u>\$ 4,293,000</u>
<i>Capital Improvements</i>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Off-Budget:					
<i>Operating Expenditures</i>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	50,277,683	45,671,863	45,671,863	51,139,982	51,139,982
<i>Subtotal</i>	<u>\$ 50,277,683</u>	<u>\$ 45,671,863</u>	<u>\$ 45,671,863</u>	<u>\$ 51,139,982</u>	<u>\$ 51,139,982</u>
<i>Capital Improvements</i>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 65,675,026</u>	<u>\$ 57,341,502</u>	<u>\$ 59,152,450</u>	<u>\$ 55,682,982</u>	<u>\$ 55,432,982</u>
Percentage Change:					
<i>Operating Expenditures</i>					
State General Fund	106.1 %	(24.3) %	(24.3) %	(61.3) %	(63.4) %
All Funds	23.9 %	(12.7) %	(9.9) %	(2.9) %	(6.3) %
FTE Positions	113.5	113.2	113.2	113.2	113.2

For purposes of this analysis, full-time equivalent (FTE) positions 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 Division of Information Systems and Communications (DISC) was established in 1972 and renamed the Office of Information Technology Services (OITS) in 2011. OITS is responsible for providing efficient and effective electronic information processing and technical management services to all state agencies in a uniform and cost-effective manner. OITS functions like a utility by providing phone, computer, and data communication services on-demand to offices across the state, while maintaining job resource accounting systems to accurately charge customers based on their use of shared resources. As of September 2020, OITS services more than 450 offices, 17,000 data communication users, and 10,000 phone users.

The OITS budget includes both on-budget expenditures, which reflect programs that are not financed by rate charges, and off-budget expenditures, which include services performed for other state agencies or local units of government. OITS supports its operations *via* recharge billings for the services it provides and the expenses it incurs. These shared services save the State of Kansas money by reducing duplication of hardware, software, and technical staff. OITS sets rates and maintains accounts according to federal regulations set by the Office of Management and Budget (OMB) and overseen by the Federal Health and Human Services Office of Cost Allocation (OCA). Federal guidelines include OMB Circular A-87 and A-25. In 2020, the agency revised its rate structure, with the intent of increasing transparency and communication and providing clarity and predictability for state agencies with regard to information technology service rates.

Consolidated Services Model

In 2011, OITS began shifting operations to a Consolidated Services Model, in which it consolidates state information technology (IT) infrastructure and outsources services to third-party vendors for "as a service" offerings where applicable. Examples of consolidation include outsourcing hosting and management of the state mainframe, migrating data center facilities to a managed third-party system, and contracting with vendors for desktop hardware procurement and management. The intended objectives of consolidation are to minimize risk to, reduce the cost of, and improve the reliability and scalability of state information technology systems to achieve maximum availability, fault tolerance, disaster recovery, and system security while ensuring compliance with state and federal agencies.

Mainframe as a Service (Completed)

In 2016, OITS contracted with Ensono to provide a scalable solution for the hosting and management of the state mainframe. This partnership eliminates the "last man standing" business model, where fixed costs lead to higher rates for the remaining state agencies after one agency migrates off the mainframe. Now, modernization of mainframe projects can be executed on a timeline that minimizes the business risks created by migration. The agency indicates this initiative has not only improved attention to maintenance, performance, and information security, but also resulted in the ability to project long-term operating costs. The agency estimates that mainframe services will cost about \$4.0 million per fiscal year with \$400,000 of the total cost attributed to indirect expenditures related to information technology security and information technology support services provided by the agency.

Desktop as a Service (Ongoing)

In 2017, OITS contracted with Insight Enterprises to provide procurement and management services for computers on a consumption basis. Previously, state agencies purchased desktop and laptop computers as needed, which resulted in long-term expenses to both maintain existing units and replace outdated units. Under the new model, state agencies can now work with Insight Enterprises to lease and procure computers as a service, reducing or eliminating costs associated with maintaining its own computers. The agency indicates this model allows the State of Kansas to reduce the number of outdated assets, standardize its equipment, reduce downtime and repair expenses, and maintain a predictable cost of operations while eliminating the need for capital expenditures. The agency estimates desktop services will cost about \$3.5 million per fiscal year from fees paid by other state agencies.

Data Center as a Service (Ongoing)

In 2017, OITS contracted with Unisys to provide data center hosting facilities, a managed private cloud, and managed public cloud services for state agencies. Previously, the State of Kansas managed its own data centers, which resulted in extensive costs to repair existing servers, replace aged servers and storage hardware, and maintain the facilities housing state data centers. Under the new model, state data centers would migrate to a centralized facility hosted and managed by Unisys. The agency indicates this model provides a redundant disaster recovery solution for critical agency applications, reducing risks due to outdated data center facilities and equipment.

In 2018, the agency began migrating state data centers to Unisys. In 2019, however, the agency discovered performance-impacting issues attributable to the age and complexity of the State's network and suspended migration activities accordingly to minimize negative business effects to state agencies. The migration was stalled at 20.0 percent completion for two years. Accordingly, the agency requested and received additional funding in both FY 2020 and FY 2021 to resolve the network infrastructure issues preventing migration activities. As of December 2020, data center migration is at about 80.0 percent completion. The agency indicates the Data Center Migration is on track to be completed by February 2021 and will cost about \$14.0 million per fiscal year once the migration is complete.

Consolidated Service Desk (Ongoing)

In 2017, OITS contracted with ServiceNow to establish centralized information technology support services for Executive Branch agencies, including small agencies residing within its user services environment. The Service Desk was implemented in 2018 and currently functions as the first point of contact for information technology issues. Each incident and service request is processed within the Professional Services program, which subsequently provides the initial investigation and diagnosis of incidents, escalating it to the appropriate support team when necessary. Incident requests will be managed using the ServiceNow tool.

Consolidated Email Systems (Completed)

In 2017, OITS completed migration of email and collaboration platforms to Microsoft Office 365 (O365), replacing the Exchange Email service and other email systems that operated independently within individual state agencies. This upgrade provides a secure multi-tenant solution built to comply with government security requirements and has resulted in predictable costs, email data that is secured in multiple data centers across the United States, and a fully redundant hosted email solution.

Consolidation of IT Licensing and Contracts (Ongoing)

Under the Consolidated Services Model, OITS works with other state agencies and suppliers to negotiate consolidated software licensing agreements in an effort to centralize contract, procurement, and asset management to increase efficiency in the acquisition process. Examples of such centralization include consolidated multi-year agreements with Microsoft, via Software House International, for three groups of software licenses and with CISCO, via Alexander Open Systems, for equipment maintenance. The agency indicates that the Microsoft consolidation achieved economies of scale and efficiencies in the time spent processing the annual renewal. The agency continues to evaluate opportunities to consolidate and centralize

software purchasing whenever feasible throughout the Executive Branch Information Technology (EBIT) and non-cabinet state agencies.

MAJOR ISSUES FROM PRIOR YEARS

The **2015 Legislature** added \$2.5 million, all from the State General Fund (SGF), for a supplemental request from OITS to pay an order from the federal government for improper rate setting in the distribution of information technology services.

The **2017 Legislature** added \$4.1 million in fiscal year (FY) 2018 and \$5.4 million for FY 2019, all SGF, for the agency's information technology modernization strategy, including moving to an "as a service" model. The 2017 Legislature also passed SB 56, which created the Kansas Cybersecurity Act, establishing the Chief Information Security Officer position to head the Kansas Information Security Office within OITS. SB 56 also identified new requirements and responsibilities for Executive Branch agencies regarding the implementation and maintenance of information security programs. The 2018 Legislature added \$4.9 million in FY 2018 and \$3.5 million for FY 2019, all SGF, for Information Technology Modernization and Kansas Department of Corrections (KDOC) Office 365 expenditures.

In **July 2018**, OITS was separated from the Department of Administration and began budgeting as an individual state agency.

The **2019 Legislature** added \$6.1 million, including \$4.0 million SGF, for additional information technology modernization funding in FY 2020. The 2019 Legislature also added \$205,707, all from the Information Technology Fund, for a 2.5 percent salary adjustment for state employees in FY 2020.

In **April 2019**, OITS donated \$10.4 million in new, unused hardware to Kansas State University. The agency paid the remaining \$6.0 million owed in financing on the hardware but received no reimbursement, negatively impacting its operating budget.

The **2020 Legislature** added \$10.4 million in FY 2020 and \$5.4 million for FY 2021, all SGF, for network infrastructure upgrades and data center migration activities. Additionally, the 2020 Legislature added \$4.5 million, all SGF, to establish a dedicated funding source for the rehabilitation and repair of information technology equipment in FY 2020 and FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$11.7 million, including \$11.6 million from the State General Fund (SGF), for on-budget expenditures in FY 2021. The revised estimate is an all funds increase of \$1.4 million, or 13.6 percent, and an SGF increase of \$1.4 million, or 13.9 percent, above the FY 2021 approved budget. The increase is due to the agency's supplemental requests of \$1.7 million for a repayment settlement with the federal Department of Health and Human Services (HHS) caused by the filing of the Statewide Cost Allocation Plan (SWCAP) with HHS. The increase is partially offset by a reappropriation of SGF for contractual services for rehabilitation and repair and network remediation of state IT equipment (\$306,577). **Absent the supplemental**, the on-budget revised estimate is an all funds decrease of \$331,577, or 0.3 percent, below the FY 2021 approved budget. The non-supplemental decrease is due to not budgeting the reappropriation of SGF for contractual services for rehabilitation and repair and network remediation of state IT equipment (\$306,577)

and adjustment to the estimated revenue to be more in line with its actual expenditures for software licenses associated with Geographic Information Systems (\$25,000). The revised estimate does not include any on-budget FTE positions in FY 2021, which is the same as the FY 2021 approved number.

In FY 2021, the revised estimate includes \$45.7 million in off-budget expenditures, all from special revenue funds, which is a decrease of \$234,807, or 0.5 percent, below the FY 2021 approved budget. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The decrease is primarily attributed to a change in the agency's direct billing process for certain commodities such as software licenses, various cables, and other electronic equipment to more accurately reflect these expenditures, resulting in an increase of \$5.1 million in commodities that is offset by a \$5.3 million decrease in contractual services. The request also includes an increase in salaries and wages (\$157,193) attributed to conversion of lower skilled positions to higher skilled positions to better align with the agency's needs. The revised estimate also includes 113.2 off-budget FTE positions in FY 2021, which is a decrease of 0.3 FTE positions below the FY 2021 approved number. The decrease is primarily due to how the agency tracks positions.

The **Governor** recommends expenditures of \$13.5 million, including \$11.6 million SGF, for on-budget expenditures for FY 2021. The recommendation is an all funds increase of \$1.8 million, or 15.5 percent, above the agency's FY 2021 revised estimate. The increase is entirely attributed to the award of \$1.8 million in federal Coronavirus Relief Fund moneys for remote workforce enhancements (\$1.5 million) and IT security consulting services (\$302,103). Included in the Governor's recommendation is \$1.7 million, all from SGF, for the SWCAP settlement and a lapse of \$306,577 in reappropriated SGF. The recommendation does not include any on-budget FTE positions for FY 2021, which is the same as the agency's FY 2021 revised estimate.

For FY 2021, the Governor's recommendation includes \$45.7 million in off-budget expenditures and 113.2 FTE positions for FY 2021, which is the same as the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$4.5 million, all SGF, for on-budget expenditures for FY 2022. The request is an all funds decrease of \$7.1 million, or 61.1 percent, below the FY 2021 revised estimate. The decrease is primarily due to financing commitments and one-time expenditures that occurred in FY 2021 and are not present for FY 2022, including SGF for data center migration (\$2.0 million), upgrades to the state network infrastructure (\$3.4 million), and the SWCAP settlement payment (\$1.7 million). The request does not include any on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

For FY 2022, the request includes \$51.1 million in off-budget expenditures, all from special revenue funds, which is an increase of \$5.5 million, or 12.0 percent, above the FY 2021 revised estimate. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The increase is in contractual services expenditures, primarily due to the completion of state agency server migration to the Unisys environment (\$5.3 million) and hosting more servers within this data center. The request also includes a salaries and wages increase (\$93,619), primarily attributed to conversion of lower skilled positions to higher skilled positions to better align with the agency's needs. The request also includes 113.2 off-budget FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$4.3 million, all SGF, for on-budget expenditures for FY 2022. The recommendation is an SGF decrease of \$250,000, or 5.5 percent, below the FY 2022 agency request. The decrease is attributable to Governor's recommendation to partially adopt the agency's reduced resources submission for capital outlay costs associated with rehabilitation and repair of state networking equipment. The recommendation does not include any on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

For FY 2022, the Governor's recommendation includes \$51.1 million in off-budget expenditures and 113.2 off-budget FTE positions for FY 2022, which is the same as the FY 2022 agency 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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Time User Mainframe Service is Available	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of time Office 365 is available	100.0 %	99.9 %	99.0 %	99.0 %	99.0 %	99.0 %
Percent of service desk hold times less or equal to two minutes	0.0	0.0	99.0 %	99.0 %	99.9 %	99.9 %
Percent of utilization of mainframe storage	80.0 %	80.0 %	63.0 %	63.0 %	63.0 %	63.0 %
Percent of Successfully Completed Mainframe Backup Jobs	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 44.5	\$ 53.0	\$ 61.7	\$ 65.7	\$ 59.2	\$ 55.4
FTE Positions	74.7	100.5	113.5	113.5	113.2	113.2

The measures above have been identified by the agency in cooperation with the Kansas Division of the Budget and the Kansas Legislative Research Department as key performance measures for the agency. The agency's performance measures are spread across its various programs as follows:

Business Productivity Tools (O365)

OITS has migrated to the email and collaboration platform known as Office 365 (O365) hosted by Microsoft. This upgrade provided a secure multi-tenant solution built to comply with government security requirements. This service replaced the Exchange Email service and other email systems that operated independently in each agency in most cases. Some agencies still provide their own legacy Microsoft email services or are in their own O365 tenant not managed by OITS. In FY 2020, O365 was available 99.0 percent of the time and the agency expects that to continue in FY 2021 and 2022.

Hosted Services

OITS functions like a utility by providing on-demand phone, computer, and data communication services to offices across the state, while maintaining job resource accounting systems to accurately charge customers based on their use of shared resources. In that regard, OITS customers expect services to be always available and reliable. In FY 2020, the mainframe was available 100.0 percent of the time, and the agency expects that to continue in FY 2021 and for FY 2022. Additionally, the State of Kansas primarily utilizes data hosting facilities in Overland Park maintained by the vendor Unisys. Some data hosting remains within the Topeka

located facility located in the Eisenhower State Office Building (ESOB). The agency estimates mainframe as a service expenditures to be \$4.5 million for FY 2021, and data center as a service to be \$14.0 million in FY 2022.

Kansas Information Technology Office

The Kansas Information Technology Office (KITO) provides IT management and consulting services to state agencies on projects more than \$250,000. In FY 2020 the agency reviewed and approved 19 project plans within 20 days of receipt, and had 17 participants complete their certification in the Kansas Project Management Methodology Certification Class.

Additionally, in 2019, the Kansas Information Technology Office began implementing an automated three-year IT strategic planning time frame for state agencies, which provides for a more streamlined view at information technology needs throughout the State of Kansas. The agency expects the system to be in-service by FY 2021.

Kansas Information Security Office

The Kansas Information Security Office (KISO) strives to improve the State's cybersecurity capabilities by mitigating threats and providing services to state agencies. KISO currently tracks the percentage of response to high priority incidents/requests within eight hours per Services Level Agreements. Accordingly, the agency has set a goal for FY 2021 and FY 2022 to respond to 100.0 percent of these incidents within the eight-hour time frame. KISO also tracks the "phished" rate in email security testing of service-participating state agency employees. The agency has set a 3.0 percent failure rate as the expectation for participating agencies for FY 2021 and FY 2022.

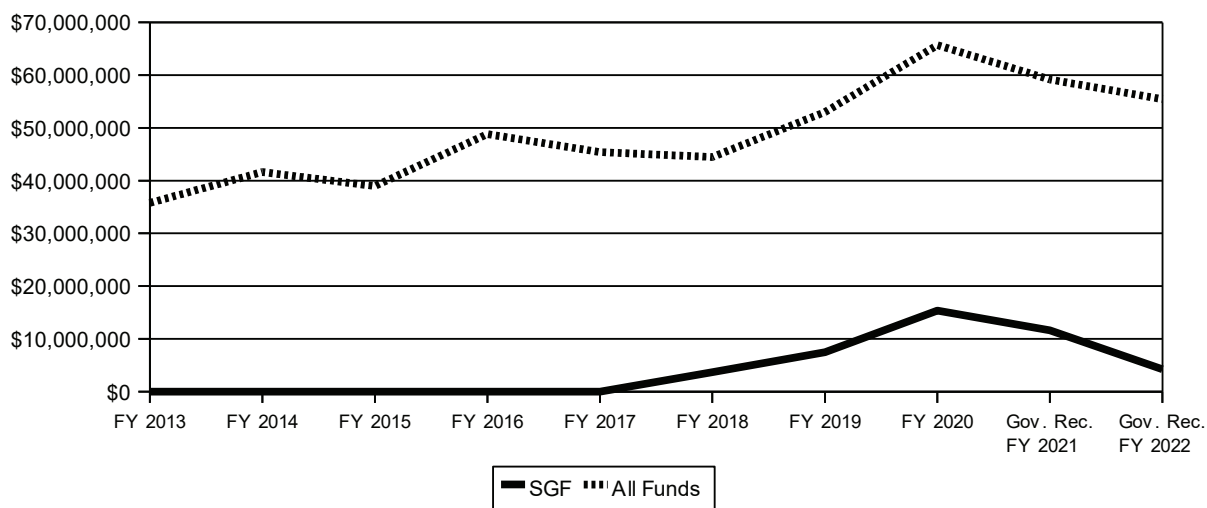
Additionally, the agency has set a goal of maintaining a minimum information risk rating of 730 out of 900 for state agencies for FY 2021 and FY 2022. The agency indicated that the average information risk rating for government agencies is between 700-780, The scoring service utilized classifies a score of 250-640 as meeting basic security effectiveness, 640-740 as intermediate security effectiveness, and 740-900 as advance security effectiveness.

Professional Services

The Professional Services program is composed of high-performance teams that provide technical support to various state agencies that fulfill statutory requirements for the State of Kansas. Currently, Professional Services provides primary IT support for 1 cabinet agencies and 26 non-cabinet agencies, as well as *ad hoc* IT support for many more. These services are supported through rates developed to recover operating costs. In FY 2020, user accounts were available 99.9 percent of the time, and the agency anticipates maintaining that rate in FY 2021 and for FY 2022. Additionally the agency indicated for 99.0 percent of service desk call, hold times were two minutes or less and expects to maintain this rate for FY 2021 and 2022.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 35,760,551	(33.3)%	119.7
2014	0	--	41,607,463	16.4	130.7
2015	0	--	38,960,124	(6.4)	124.7
2016	0	--	48,802,345	25.3	75.7
2017	0	--	45,392,568	(7.0)	88.7
2018	3,657,838	--	44,467,022	(2.0)	74.7
2019	7,445,509	103.5	52,993,816	19.2	100.5
2020	15,348,799	106.1	65,675,026	23.9	113.5
2021 Gov. Rec.	11,626,639	(24.3)	59,152,450	(9.9)	113.2
2022 Gov. Rec.	4,250,000	(63.4)	55,432,982	(6.3)	113.2
Ten-Year Change					
Dollars/Percent	\$ 4,250,000	-- %	\$ 19,672,431	55.0 %	(6.5)

The agency's on-budget expenditures are primarily from the SGF and relate to substantial upgrades to the State's IT infrastructure. The agency did not receive or use SGF moneys for such upgrades from FY 2013 to FY 2017.

Staff Note: The all funds figures contain both on and off budget expenditures.

Summary of Operating Budget (On-Budget) FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 48,544	\$ 1,769,939	\$ 43,000	\$ (1,726,939)	(97.6) %	\$ 3,580,587	\$ 43,000	\$ (3,537,587)	(98.8) %
Business Productivity Tools (O365)	250,187	0	0	0	--	0	0	0	--
Hosted Services	14,360,840	5,400,000	0	(5,400,000)	(100.0)	5,400,000	0	(5,400,000)	(100.0)
Kansas Information Technology Office	0	0	0	0	--	0	0	0	--
Network and Telecommunications	232,583	4,500,000	4,500,000	0	0.0	4,500,000	4,250,000	(250,000)	(5.6)
Kansas Information Security Office	0	0	0	0	--	0	0	0	--
Professional Services	0	0	0	0	--	0	0	0	--
Direct Billed Services	505,189	0	0	0	--	0	0	0	--
TOTAL	\$ 15,397,343	\$ 11,669,939	\$ 4,543,000	\$ (7,126,939)	(61.1) %	\$ 13,480,587	\$ 4,293,000	\$ (9,187,587)	(68.2) %
By Major Object of Expenditure:									
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Contractual Services	10,030,443	7,169,639	43,000	(7,126,639)	(99.4)	8,980,587	43,000	(8,937,587)	(99.5)
Commodities	0	0	0	0	--	0	0	0	--
Capital Outlay	5,366,900	4,500,000	4,500,000	0	0.0	4,500,000	4,250,000	(250,000)	(5.6)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 15,397,343</i>	<i>\$ 11,669,639</i>	<i>\$ 4,543,000</i>	<i>\$ (7,126,639)</i>	<i>(61.1) %</i>	<i>\$ 13,480,587</i>	<i>\$ 4,293,000</i>	<i>\$ (9,187,587)</i>	<i>(68.2) %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 15,397,343	\$ 11,669,639	\$ 4,543,000	\$ (7,126,639)	(61.1) %	\$ 13,480,587	\$ 4,293,000	\$ (9,187,587)	(68.2) %
Financing:									
State General Fund	\$ 15,348,799	\$ 11,626,639	\$ 4,500,000	\$ (7,126,639)	(61.3) %	\$ 11,626,639	\$ 4,250,000	\$ (7,376,639)	(63.4) %
GIS Contracting Services Fund	42,484	43,000	43,000	0	0.0	43,000	43,000	0	0.0
Information Technology Fund	0	0	0	0	--	0	0	0	--
Coronavirus Relief Fund	6,060	0	0	0	--	1,810,948	0	(1,810,948)	--
TOTAL	\$ 15,397,343	\$ 11,669,639	\$ 4,543,000	\$ (7,126,639)	(61.1) %	\$ 13,480,587	\$ 4,293,000	\$ (9,187,587)	(68.2) %

Summary of Operating Budget (Off-Budget) FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 6,605,513	\$ 5,488,036	\$ 5,265,780	\$ (222,256)	(4.0) %	\$ 5,488,036	\$ 5,265,780	\$ (222,256)	(4.0) %		
Business Productivity Tools (O365)	1,416,542	8,587,529	8,482,785	(104,744)	(1.2)	8,587,529	8,482,785	(104,744)	(1.2)		
Hosted Services	7,205,475	8,787,426	14,456,947	5,669,521	64.5	8,787,426	14,456,947	5,669,521	64.5		
Kansas Information Technology Office	640,247	724,616	823,045	98,429	13.6	724,616	823,045	98,429	13.6		
Network and Telecommunications	10,856,498	8,421,163	8,172,352	(248,811)	(3.0)	8,421,163	8,172,352	(248,811)	(3.0)		
Kansas Information Security Office	4,105,146	5,270,405	5,377,777	107,372	2.0	5,270,405	5,377,777	107,372	2.0		
Professional Services	3,178,681	3,177,688	3,346,296	168,608	5.3	3,177,688	3,346,296	168,608	5.3		
Direct Billed Services	16,269,581	5,215,000	5,215,000	0	0.0	5,215,000	5,215,000	0	0.0		
TOTAL	\$ 50,277,683	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 9,030,298	\$ 10,336,863	\$ 10,430,482	\$ 93,619	0.9 %	\$ 10,336,863	\$ 10,430,482	\$ 93,619	0.9 %		
Contractual Services	37,729,889	29,339,500	34,689,000	5,349,500	18.2	29,339,500	34,689,000	5,349,500	18.2		
Commodities	357,072	5,278,500	5,257,500	(21,000)	(0.4)	5,278,500	5,257,500	(21,000)	(0.4)		
Capital Outlay	3,158,834	717,000	763,000	46,000	6.4	717,000	763,000	46,000	6.4		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 50,276,093	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %		
Aid to Local Units	0	0	0	0	--	0	0	0	--		
Other Assistance	1,590	0	0	0	--	0	0	0	--		
TOTAL	\$ 50,277,683	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
GIS Contracting Services Fund	276,907	550,000	550,000	0	0.0	550,000	550,000	0	0.0		
Information Technology Fund	49,963,505	45,121,863	50,589,982	5,468,119	12.1	45,121,863	50,589,982	5,468,119	12.1		
Coronavirus Relief Fund	37,271	0	0	0	--	0	0	0	--		
TOTAL	\$ 50,277,683	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %	\$ 45,671,863	\$ 51,139,982	\$ 5,468,119	12.0 %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$9.9 million for the Office of Information Technology Services in FY 2021. 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 \$306,577, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$10.2 million. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

	CHANGE FROM APPROVED BUDGET (ON-BUDGET)				
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 10,206,577	\$ 11,626,639	\$ 1,420,062	\$ 11,626,639	\$ 1,420,062
All Other Funds	68,000	43,000	(25,000)	1,853,948	1,785,948
TOTAL	\$ 10,274,577	\$ 11,669,639	\$ 1,395,062	\$ 13,480,587	\$ 3,206,010
FTE Positions	0.0	0.0	0.0	0.0	0.0

FY 2021 – Current Year. The **agency** requests a revised estimate of \$11.7 million, including \$11.6 million SGF, for on-budget expenditures in FY 2021. The revised estimate is an all funds increase of \$1.4 million, or 13.6 percent, and an SGF increase of \$1.4 million, or 13.9 percent, above the FY 2021 approved budget. The increase is due to the agency's supplemental request of \$1.7 million for a repayment settlement with the federal Department of Health and Human Services (HHS) caused by the filing of the Statewide Cost Allocation Plan (SWCAP) with HHS. The increase is partially offset by a reappropriation of SGF for contractual services for rehabilitation and repair and network remediation of state IT equipment (\$306,577). **Absent the supplemental**, the on-budget revised estimate is an all funds decrease of \$331,577, or 0.3 percent, below the FY 2021 approved budget. The non-supplemental decrease is due to not budgeting the reappropriation of SGF for contractual service for rehabilitation and repair and network remediation of state IT equipment (\$306,577) and adjustment to the estimated revenue to be more in line with its actual expense for software licenses associated with Geographic Information Systems (\$25,000). The revised estimate does not include any on-budget FTE positions in FY 2021, which is the same as the FY 2021 approved number.

The **Governor** recommends expenditures of \$13.5 million, including \$11.6 million SGF, for on-budget expenditures for FY 2021. The recommendation is an all funds increase of \$1.8 million, or 15.5 percent, above the agency's FY 2021 revised estimate. The increase is entirely

attributed to the the award of \$1.8 million in federal Coronavirus Relief Fund moneys for remote workforce enhancements (\$1.5 million) and IT security consulting services (\$302,103). Included in the Governor's recommendation is \$1.7 million, all from SGF, for for the SWCAP settlement and a lapse of \$306,577 in reappropriated SGF The recommendation does not include any on-budget FTE positions for FY 2021, which is the same as the agency's FY 2021 revised estimate.

CHANGE FROM APPROVED BUDGET (OFF-BUDGET)					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	45,906,670	45,671,863	(234,807)	45,671,863	(234,807)
TOTAL	\$ 45,906,670	\$ 45,671,863	\$ (234,807)	\$ 45,671,863	\$ (234,807)
FTE Positions	113.5	113.2	(0.3)	113.2	(0.3)

In FY 2021, the revised estimate includes \$45.7 million in off-budget expenditures, all from special revenue funds, which is a decrease of \$234,807, or 0.5 percent, below the FY 2021 approved budget. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The decrease is primarily attributed to a change in the agency's direct billing process for certain commodities such as software licenses, various cables, and other electronic equipment to more accurately reflect these expenditures, resulting in an increase of \$5.1 million in commodities that is offset by a \$5.3 million decrease in contractual services. The request also includes an increase in salaries and wages (\$157,193) attributed to conversion of lower skilled positions to higher skilled positions to better align with the agency's needs. The revised estimate also includes 113.2 off-budget FTE positions in FY 2021, which is a decrease of 0.3 FTE positions below the FY 2021 approved number. The decrease is primarily due to how the agency tracks positions.

Staff Note: The FTE's in the above table are entirely funded from off-budget dollars.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates revised FY 2021 salaries and wages expenditures of \$10.3 million, all from special revenue funds, which is an increase of \$157,193, or 1.5 percent above the approved amount. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The increase is primarily attributed to an increase in unclassified employee pay (\$275,482) and unclassified temporary employee pay (\$199,275), partially offset by a decrease in employer contributions for group health insurance (\$130,124) and classified regular employee pay (\$85,582). The agency indicated the increase was for the conversion of lower skilled positions to higher skilled position to better align with the agency's needs;
- **Contractual Services.** The agency estimates revised FY 2021 contractual services expenditures of \$36.5 million, which is a decrease of \$3.9 million from off-budget sources, or 9.7 percent, below the approved amount. The request includes \$7.2 million SGF for on-budget expenditures, which is an increase of \$1.4 million, or 24.2 percent, above the approved amount. The SGF increase is attributed to the agency's supplemental request for \$1.7 million for SWCAP

repayment and is partially offset by a reappropriation of SGF for contractual services for rehabilitation and repair and network remediation of state IT equipment (\$306,577). The net decrease is attributed to a change in process within the agency shifting expenditures that have typically been classified as contractual services to commodities expenditures;

- **Commodities.** The agency estimates revised FY 2021 commodities expenditures of \$5.3 million special revenue funds, which is an increase of \$5.1 million, or 3,869 percent. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The increase can be attributed to a change in how the agency directly bills for certain commodities such as software licenses, various cables, and other electronic equipment to allow for the agency to charge an agency with the same account code used to make the purchase; and
- **Capital Outlay.** The agency estimates revised FY 2021 capital outlay expenditures of \$5.2 million, which is a decrease of \$222,000 from off-budget sources, or 4.1 percent. The request includes \$4.5 million SGF for on-budget expenditures, which is the same as the FY 2021 approved amount. The off-budget decrease can be attributed to a decrease in expenditures for transmission equipment (\$733,000), partially offset by an increase in expenditures for computer equipment (\$193,000) and telecommunication equipment (\$173,000).

The **Governor** recommends expenditures of \$45.7 million in off-budget expenditures, all from special revenue funds, and 113.2 FTE positions for FY 2021, which is the same as the agency's FY 2021 revised estimate.

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
SWCAP Repayment	\$ 1,726,639	\$ 1,726,639	0.0	\$ 1,726,639	\$ 1,726,639	0.0

The **agency** requests \$1.7 million, all SGF, for the SWCAP repayment settlement with the federal HHS.

In November 2017, HHS contacted OITS, through the service firm Maximus, indicating that the reported amount for Telecommunications Data Services shows an excess balance of \$5.6 million as of the end of FY 2016. HHS also requested return of the federal share of those excess funds, which is calculated by determining the Federal Financial Participation (FFP) rate, a weighted average of how much federal money is used in making payments to OITS. The excess fund balance for Telecommunications Data Services grew to \$15,197,354 as calculated under OITS previous self-reported 15 lines of service methodology, of which Telecommunications and Data Services was 1 line by the end of FY 2019. OITS reevaluated and consolidated into eight lines of services. The State then amended the filings for FY 2017 and FY 2018 and corrected the filing for FY 2019 using 8 lines of services instead of 15. This reduced the excess balance to \$7.4 million, of which \$5.6 million could not be amended since it was previously under review by HHS. The result was a net balance due since FY 2016 of \$1.7

million. OITS indicates the efforts to recalculate the fund balance has reduced the potential repayment in future years and FY 2021 savings of \$1.8 million (before consolidation, the Fund balance by the end of FY 2019 was \$15.2 million, with a potential repayment of \$3.5 million).

The **Governor** concurs with the agency's supplemental request in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY (ON-BUDGET)				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 4,543,000	\$ 4,293,000	\$	(250,000)
FTE Positions	113.2	113.2		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ (7,126,639)	\$ (7,376,639)		
All Other Funds	0	(1,810,948)		
TOTAL	\$ (7,126,639)	\$ (9,187,587)		
<i>Percent Change:</i>				
State General Fund	(61.3) %	(63.4) %		
All Other Funds	12.0	12.0		
TOTAL	(2.9) %	(6.3) %		
Change in FTE Positions	0.0	0.0		

FY 2022 – Budget Year. The **agency** requests \$4.5 million, including \$4.5 million SGF, for on-budget expenditures for FY 2022. The request is an all funds decrease of \$7.1 million, or 61.1 percent, below the FY 2021 revised estimate. The decrease is primarily due to financing commitments and one-time expenditures that occurred in FY 2021 and are not present for FY 2022, including data center migration (\$2.0 million), upgrades to the state network infrastructure (\$3.4 million), and the SWCAP settlement payment (\$1.7 million). The request does not include any on-budget FTE positions for FY 2022, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$4.3 million, all SGF, for on-budget expenditures for FY 2022. The recommendation is an SGF decrease of \$250,000, or 5.5 percent, below the FY 2022 agency request. The decrease is attributable to Governor's recommendation to partially adopt the agency's reduced resources submission of for capital outlay costs associated with rehabilitation and repair of state networking equipment. The recommendation does not include any on-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

FY 2022 OPERATING BUDGET SUMMARY (OFF-BUDGET)			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 51,139,982	\$ 51,139,982	\$ 0
FTE Positions	113.2	113.2	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	5,468,119	5,468,119	
TOTAL	\$ 5,468,119	\$ 5,468,119	
<i>Percent Change:</i>			
State General Fund	(61.3) %	(63.4) %	
All Other Funds	12.0	12.0	
TOTAL	(2.9) %	(6.3) %	
Change in FTE Positions	0.0	0.0	

For FY 2022, the request includes \$51.1 million in off-budget expenditures, all from special revenue funds, which is an increase of \$5.5 million, or 12.0 percent, above the FY 2021 revised estimate. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The increase is primarily due to the completion of state agency server migration to the Unisys environment (\$5.3 million) and hosting more servers within this data center. The request also includes a salaries and wages increase (\$93,619), primarily attributable to conversion of lower skilled positions to higher skilled positions to better align with the agency's, and an increase in capital outlay expense (\$46,000) for the purchase of two new vehicles to service the Capitol Complex. The request also includes 113.2 off-budget FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The request is detailed below by category of expenditure:

- **Salaries and wages.** The agency requests FY 2022 salaries and wages expenditures of \$10.4 million, all from special revenue funds which is an increase of \$93,619, or 0.9 percent, above the FY 2021 revised estimate. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The increase is primarily attributed to employer contributions for group health insurance and KPERS;
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$34.7 million, which is a decrease of \$1.7 million, or 4.9 percent, below the FY 2021 revised estimate. The request includes a \$7.1 million SGF decrease for one-time expenditures that occurred in FY 2021 and are not present for FY 2022. These include expenditures for data center migration (\$2.0 million), upgrades to the state network infrastructure (\$3.4 million), and the SWCAP settlement payment (\$1.7 million). This is partially offset by an increase in off-budget expenditures from special revenue funds associated with the data center

as a services initiative as more agencies begin to move their servers to the Unisys data center and out of the Eisenhower and Landon data centers (\$5.7 million). The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another;

- **Commodities.** The agency requests FY 2022 commodities expenditures of \$5.3 million from off-budget special revenue funds, which is the same as the FY 2021 revised estimate. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another; and
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$5.3 million, including \$4.5 million SGF for the rehabilitation and repair of equipment based on a planned life-cycle replacement schedule. The request includes \$761,000 in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds increase of \$46,000, or 0.9 percent, above the FY 2021 revised estimate. The increase is primarily attributed to an increase in off-budget special revenue expenditures for the purchase of two vehicles (\$50,000) to service the Capitol Complex.

The **Governor** recommends expenditures of \$51.1 million in off-budget expenditures, all from special revenue funds, and 113.2 off-budget FTE positions for FY 2022, which is the same as the FY 2022 agency request.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with SGF moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Network and Telecom-Capital Outlay	\$ (500,000)	\$ (500,000)	0.0	\$ (250,000)	\$ (250,000)	0.0

The **agency** has submitted a reduced resource budget of \$500,000, all SGF, for capital outlay costs associated with rehabilitation and repair of state networking equipment.

Staff Note: \$500,000 is 11.1 percent of the SGF budget request for FY 2022.

The **Governor** recommends partially adopting a reduced resources budget of \$250,000, all SGF, for capital outlay costs association with rehabilitation and repair of state networking equipment. The recommendation is an SGF increase of \$250,000 above the agency reduced resource proposal for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$10,280, including \$0 SGF, and FY 2022 longevity payments total \$10,440 including \$0 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	8.1 %	7.1 %
GIS Contracting Services Fund	1.1	1.1
COVID-19 Funds	0.0	0.0
Information Technology Fund	90.9	91.3
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

GIS Contracting Services Fund Analysis

In 1989, Executive Order 06-08 established the Kansas Geographical Information Systems (GIS) Policy Board, which currently directs the Kansas Geological Survey and the University of Kansas to monitor contracted services and funding. Pursuant to KSA-74-99f08, OITS is required to fund the state geographic information system data access and support center, while the Kansas GIS Policy Board is required to house and support those services.

The GIS Contracting Services Fund refers to two special revenue funds, one on-budget and one off-budget, that generate revenue from licensing fees for the Geographic Information Systems subprogram within the Administration program. The on-budget fund collects fees from non-state entities, while the off-budget fund generates revenue from fees charged to state agencies and other intra-governmental entities. The agency estimates it will collect \$43,000 from non-state entities in FY 2021 and for FY 2022, and \$550,000 from state agencies in FY 2021 and FY 2022.

GIS CONTRACTING SERVICES FUND (ON-BUDGET)					
Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Revenue	85,224	43,000	43,000	43,000	43,000
Transfers in	0	0	0	0	0
Funds Available	\$ 85,224	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000
Less:					
Expenditures	\$ 85,224	\$ 43,000	\$ 43,000	\$ 43,000	\$ 43,000
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Ending Balance as Percent of Expenditures	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %

GIS CONTRACTING SERVICES FUND (OFF-BUDGET)

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 154,983	\$ 386,948	\$ 386,948	\$ 386,948	\$ 386,948
Revenue	466,132	550,000	550,000	550,000	550,000
Transfers in	0	0	0	0	0
Funds Available	\$ 621,115	\$ 936,948	\$ 936,948	\$ 936,948	\$ 936,948
Less:					
Expenditures	\$ 234,167	\$ 550,000	\$ 550,000	\$ 550,000	\$ 550,000
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 386,948	\$ 386,948	\$ 386,948	\$ 386,948	\$ 386,948
Ending Balance as Percent of Expenditures	165.2%	70.4%	70.4%	70.4%	70.4%

Information Technology Fund Analysis

The Information Technology Fund is an off-budget special revenue fund that accounts for the provision of information technology goods and services to other state agencies. This fund generates revenue from rates and charges for services, as established by the Executive Chief Information Technology Officer pursuant to KSA 75-4703(a). Revenue may fluctuate as the result of monthly receipts based on seasonal user activity and a need to react to consumer demand for additional resources or special products. Moreover, there may be year-to-year variations in revenue due to changes in agency use and demand of resources; cost increases as new efficiency initiatives, such as the consolidated service model, are developed; and changes in software maintenance, utility, and server costs.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 8,500,540	\$ 5,910,741	\$ 5,910,741	\$ 6,760,525	\$ 6,760,525
Revenue	47,714,750	46,271,647	46,271,647	50,672,401	50,672,401
Transfers in	0	0	0	0	0
Funds Available	\$ 56,215,290	\$ 52,182,388	\$ 52,182,388	\$ 57,432,926	\$ 57,432,926
Less:					
Expenditures	\$ 49,886,528	\$ 45,121,863	\$ 45,121,863	\$ 50,589,982	\$ 50,589,982
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	418,021	300,000	300,000	300,000	300,000
Ending Balance	\$ 5,910,741	\$ 6,760,525	\$ 6,760,525	\$ 6,542,944	\$ 6,542,944
Ending Balance as Percent of Expenditures	11.8%	15.0%	15.0%	12.9%	12.9%

Rates are based on the agency's approved budget for the upcoming year and are set to closely reflect the actual cost of delivering services. For example, the hourly Computer Processing Unit (CPU) rate is designed to cover the cost of the mainframe itself, the operating system, the personnel directly assigned to operate the system, any other hardware or software directly associated with the CPU, and costs for space and a portion of overhead. Other costs are allocated across rate centers based on direct costs and FTE positions. The agency estimates it will receive \$46.3 million in FY 2021 and \$50.7 million for FY 2022.

Rates are intended only to recover costs and comply with federal audit and cost accounting guidelines, as outlined in Office of Management and Budget (OMB) Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*. Pursuant to those guidelines, the State of Kansas is required to file a Statewide Cost Allocation Plan (SWCAP) with the U.S. Department of Health and Human Services (HHS) annually and currently contracts with Maximus Consulting Services to manage the process. The SWCAP report details the direct and allocated indirect costs of services provided to other state agencies that may use federal funds. HHS monitors each service to ensure that the amount charged reflects actual costs incurred. Presently, OITS self-reports eight services (previously fifteen), for each of which the SWCAP report details an annualized beginning balance, revenue earned, allowable costs, and ending balance.

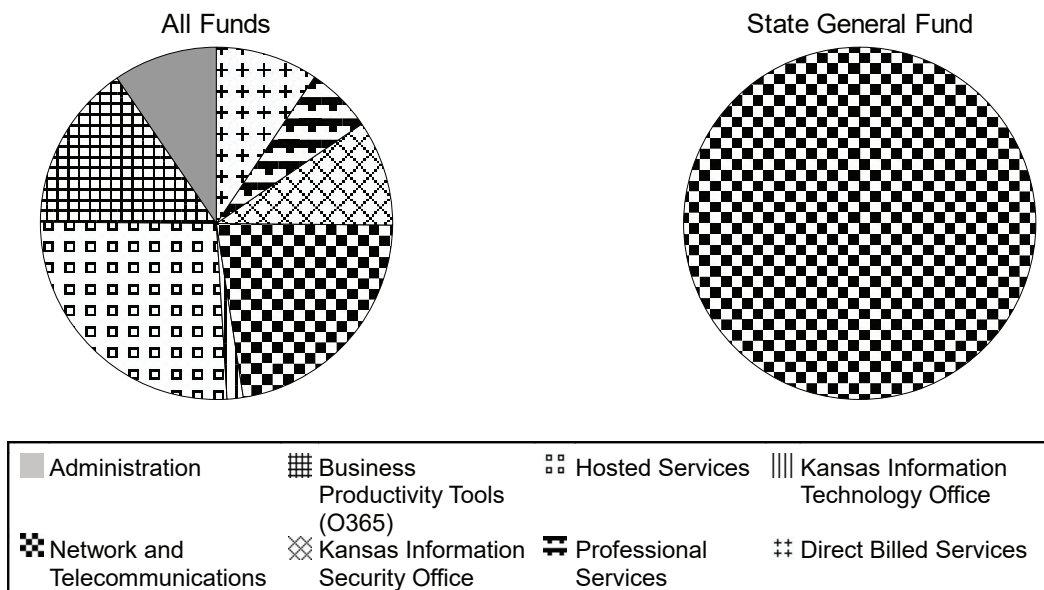
In November 2017, HHS contacted OITS through Maximus, indicating that the reported amount for Telecommunications Data Services shows an excess balance of \$5.6 million as of the end of FY 2016. HHS also requested return of the federal share of those excess funds, which is calculated by determining the Federal Financial Participation (FFP) rate, a weighted average of how much federal money is used in making payments to OITS. The excess fund balance for Telecommunications Data Services grew to \$15,197,354 as calculated under OITS previous self-reported 15 lines of service methodology, of which Telecommunications and Data Services was 1 line by the end of FY 2019. OITS reevaluated and consolidated into eight lines of services. The state then amended the filings for FY 2017 and FY 2018 and corrected the filing for FY 2019 using 8 lines of services instead of 15. This reduced the excess balance to \$7.4 million, of which \$5.6 million could not be amended since it was previously under review by HHS. The result was a net balance since FY 2016 of \$1.7 million. OITS indicates the efforts to recalculate the fund balance has reduced the potential repayment in future years and FY 2021 savings of \$1.8 million (before consolidation, the Fund balance by the end of FY 2019 was \$15.2 million, with a potential repayment of \$3.5 million).

PROJECTED REVENUE (FY 2020 - FY 2022)			
	FY 2020 Actual	FY 2021 Estimate	FY 2022 Estimate
Tech & Skilled Operating	\$ 15,074,339	\$ 12,960,548	\$ 13,441,228
Tech & Skilled Capital	274,427	509,151	588,942
Phone Operating Charges	11,210,620	15,734,726	16,123,803
Phone Capital Charges	372,499	314,695	322,476
Other Service Charges - OITS Operating	3,563,745	9,889,478	13,398,351
Operating Sales	20,096,005	6,863,049	6,797,601
Other Misc. Revenue	340,781	0	0
TOTAL	\$ 50,932,416	\$ 46,271,647	\$ 50,672,401

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 5,308,780	9.6 %	\$ 0	0.0 %
Business Productivity Tools (O365)	8,482,785	15.3	0	0.0
Hosted Services	14,456,947	26.1	0	0.0
Kansas Information Technology Office	823,045	1.5	0	0.0
Network and Telecommunications	12,422,352	22.4	4,250,000	100.0
Kansas Information Security Office	5,377,777	9.7	0	0.0
Professional Services	3,346,296	6.0	0	0.0
Direct Billed Services	5,215,000	9.4	0	0.0
TOTAL	\$ 55,432,982	100.0 %	\$ 4,250,000	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Administration	0.0	0.0	0.0	0.0	0.0
Business Productivity Tools (O365)	0.0	0.0	0.0	0.0	0.0
Hosted Services	0.0	0.0	0.0	0.0	0.0
Kansas Information Technology Office	0.0	0.0	0.0	0.0	0.0
Network and Telecommunications	0.0	0.0	0.0	0.0	0.0
Kansas Information Security Office	0.0	0.0	0.0	0.0	0.0
Professional Services	0.0	0.0	0.0	0.0	0.0
Direct Billed Services	0.0	0.0	0.0	0.0	0.0
<i>Subtotal-On-Budget</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>	<i>0.0</i>
Off-Budget:					
Administration	28.0	30.0	30.0	30.0	30.0
Business Productivity Tools (O365)	8.0	6.5	6.5	6.5	6.5
Hosted Services	7.0	6.5	6.5	6.5	6.5
Kansas Information Technology Office	5.5	5.5	5.5	5.5	5.5
Network and Telecommunications	21.0	22.7	22.7	22.7	22.7
Kansas Information Security Office	17.0	17.0	17.0	17.0	17.0
Professional Services	27.0	25.0	25.0	25.0	25.0
Direct Billed Services	0.0	0.0	0.0	0.0	0.0
<i>Subtotal-Off-Budget</i>	<i>113.5</i>	<i>113.2</i>	<i>113.2</i>	<i>113.2</i>	<i>113.2</i>
TOTAL	113.5	113.2	113.2	113.2	113.2
(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)					

PROGRAMS AND SUBPROGRAMS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Administration	\$ 48,544	\$ 1,769,639	\$ 3,580,587	\$ 43,000	\$ 43,000
Business Productivity Tools (O365)	250,187	0	0	0	0
Hosted Services	14,360,840	5,400,000	5,400,000	0	0
Kansas Information Technology Office	0	0	0	0	0
Network and Telecommunications	232,583	4,500,000	4,500,000	4,500,000	4,250,000
Kansas Information Security Office	0	0	0	0	0
Professional Services		0	0	0	0
Direct Billed Services	505,189	0	0	0	0
<i>Subtotal</i>	<u>\$ 15,397,343</u>	<u>\$ 11,669,639</u>	<u>\$ 13,480,587</u>	<u>\$ 4,543,000</u>	<u>\$ 4,293,000</u>
Off-Budget:					
Administration	\$ 6,605,513	\$ 5,488,036	\$ 5,488,036	\$ 5,265,780	\$ 5,265,780
Business Productivity Tools (O365)	1,416,542	8,587,529	8,587,529	8,482,785	8,482,785
Hosted Services	7,205,475	8,787,426	8,787,426	14,456,947	14,456,947
Kansas Information Technology Office	640,247	724,616	724,616	823,045	823,045
Network and Telecommunications	10,856,498	8,421,163	8,421,163	8,172,352	8,172,352
Kansas Information Security Office	4,105,146	5,270,405	5,270,405	5,377,777	5,377,777
Professional Services	3,178,681	3,177,688	3,177,688	3,346,296	3,346,296
Direct Billed Services	16,269,581	5,215,000	5,215,000	5,215,000	5,215,000
<i>Subtotal</i>	<u>\$ 50,277,683</u>	<u>\$ 45,671,863</u>	<u>\$ 45,671,863</u>	<u>\$ 51,139,982</u>	<u>\$ 51,139,982</u>
TOTAL	<u>\$ 65,675,026</u>	<u>\$ 57,341,502</u>	<u>\$ 59,152,450</u>	<u>\$ 55,682,982</u>	<u>\$ 55,432,982</u>
Financing:					
State General Fund	\$ 15,348,799	\$ 11,626,639	\$ 11,626,639	\$ 4,500,000	\$ 4,250,000
All Other Funds	50,326,227	45,714,863	47,525,811	51,182,982	51,182,982
TOTAL	<u>\$ 65,675,026</u>	<u>\$ 57,341,502</u>	<u>\$ 59,152,450</u>	<u>\$ 55,682,982</u>	<u>\$ 55,432,982</u>
FTE Positions	113.5	113.2	113.2	113.2	113.2

A. Administration

The Administration program establishes the vision for the Office of Information Technology Services and works with each department to ensure agency operations meet needs related to travel, human resources, finance, contract management, and agency communication.

Geographic and Information Services Subprogram

The Kansas GIS Policy Board works to ensure a technological environment where GIS is recognized as an integral and indispensable tool for government and businesses to serve the information needs of citizens and customers. Kansas provides a broad contingency of GIS

users with open access to complete an accurate framework data with appropriate guidelines to protect individual privacy and other sensitive information. The Kansas GIS Policy Board formed a cooperative relationship with the Federal Geographic Data Committee (FGDC) by becoming a Cooperating Partner of the FGDC in support of the National Spatial Data Infrastructure, resulting in the establishment of the Data Access and Support Center.

The Kansas GIS Policy Board is responsible for the development of standards, strategies, and policies that emphasize cooperation and coordination among agencies, organizations, and government entities in order to maximize the cost-effectiveness of GIS by creating public and private partnerships throughout Kansas. The Board consists of 23 members from state and local government agencies as well as public, private, and academic interests. It provides review, coordination, and recommendations for GIS programs and investments. Currently, partnerships, within and among levels of government and private entities, provide the basis for assigning roles and responsibilities for the development and maintenance of data themes.

PERFORMANCE MEASURES							
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022	
No performance measures were submitted for this program							
Agency Expenditures							
All Funds (Dollars in Millions)	\$ 3.8	\$ 4.5	\$ 9.4	\$ 6.7	\$ 9.0	\$ 5.3	
FTE Positions	9.0	24.5	28.0	28.0	30.0	30.0	

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Contractual Services	\$ 42,484	\$ 1,769,639	\$ 3,580,587	\$ 43,000	\$ 43,000
Capital Outlay	6,060	0	0	0	0
<i>Subtotal</i>	<i>\$ 48,544</i>	<i>\$ 1,769,639</i>	<i>\$ 3,580,587</i>	<i>\$ 43,000</i>	<i>\$ 43,000</i>
Off-Budget:					
Salaries and Wages	\$ 2,966,611	\$ 3,418,036	\$ 3,418,036	\$ 3,430,780	\$ 3,430,780
Contractual Services	1,827,628	2,059,000	2,059,000	1,824,000	1,824,000
Commodities	33,518	10,000	10,000	10,000	10,000
Capital Outlay	1,776,666	1,000	1,000	1,000	1,000
Debt Service	0	0	0	0	0
Other Assistance	1,090	0	0	0	0
<i>Subtotal</i>	<i>\$ 6,605,513</i>	<i>\$ 5,488,036</i>	<i>\$ 5,488,036</i>	<i>\$ 5,265,780</i>	<i>\$ 5,265,780</i>
TOTAL	<u>\$ 6,654,057</u>	<u>\$ 7,257,675</u>	<u>\$ 9,068,623</u>	<u>\$ 5,308,780</u>	<u>\$ 5,308,780</u>
Financing:					
State General Fund	\$ 0	\$ 1,726,639	\$ 1,726,639	\$ 0	\$ 0
All Other Funds	6,654,057	5,531,036	7,341,984	5,308,780	5,308,780
TOTAL	<u>\$ 6,654,057</u>	<u>\$ 7,257,675</u>	<u>\$ 9,068,623</u>	<u>\$ 5,308,780</u>	<u>\$ 5,308,780</u>
FTE Positions	28.0	30.0	30.0	30.0	30.0

The **agency** requests \$5.3 million, all from special revenue funds, for the Administration program for FY 2022. The request includes 5.3 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds decrease of \$1.9 million, or 26.9 percent, below the FY 2021 revised estimate. The decrease can primarily be attributed to elimination of one-time costs associated with the non-recurring SWCAP repayment settlement with HHS for \$1.7 million, all SGF, in FY 2021. The decrease is partially attributed to reduced expenditures for contractual services related to one-time implementation cost for additional modules for ServiceNow (\$235,000), the agency's IT help desk solution, in FY 2021. The Administration program request also includes 30.0 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Administration program for FY 2022.

B. Business Productivity Tools (O365)

The Business Productivity Tools program is responsible for providing a redundant, hosted email and collaboration platform built and hosted by Microsoft in a secure multi-tenant solution. These services replace the Exchange Email service and other email systems operated by individual state agencies. Microsoft offers various plans based on customer needs, including the following:

- **G1.** This plan provides a business-class email solution through a web browser using Outlook Web App with a 50.0 gigabyte mailbox size and 25.0 megabyte attachment limit. Users can create and edit Microsoft Word, Excel, PowerPoint, and OneNote documents from any modern browser, with archiving, data loss prevention, and legal hold capabilities. Additionally, rights management services enables access restrictions to documents; email to specific people; and prevents others from viewing or editing them. Other features include the ability to hold online meetings with audio and visual; connect with other Skype for Business users *via* instant messages and voice or video calls; and 5.0 terabytes of personal cloud storage space *via* OneDrive for Business, with syncing capabilities for offline access; and
- **G3.** This plan encompasses all features included with the G1 offering, in addition to a 100.0 gigabyte mailbox size; access to full applications in the Microsoft Office suite of programs across computers, tablets, mobile devices, and operating systems; and the ability to install Microsoft Office on multiple devices.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percentage of time O365 is available	100.0 %	99.9 %	99.0 %	99.0 %	99.9 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.8	\$ 5.7	\$ 2.5	\$ 1.7	\$ 8.5	\$ 8.5
FTE Positions	4.0	5.0	5.0	8.0	6.5	6.5

BUSINESS PRODUCTIVITY TOOL (O365) SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Contractual Services	\$ 250,187	\$ 0	\$ 0	\$ 0	\$ 0
<i>Subtotal</i>	<u>\$ 250,187</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Off-Budget:					
Salaries and Wages	\$ 488,604	\$ 629,529	\$ 629,529	\$ 600,785	\$ 600,785
Contractual Services	883,990	7,954,000	7,954,000	7,878,000	7,878,000
Commodities	196	2,000	2,000	2,000	2,000
Capital Outlay	43,752	2,000	2,000	2,000	2,000
Debt Service					
Other Assistance	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 1,416,542</u>	<u>\$ 8,587,529</u>	<u>\$ 8,587,529</u>	<u>\$ 8,482,785</u>	<u>\$ 8,482,785</u>
TOTAL	<u>\$ 1,666,729</u>	<u>\$ 8,587,529</u>	<u>\$ 8,587,529</u>	<u>\$ 8,482,785</u>	<u>\$ 8,482,785</u>
Financing:					
State General Fund	\$ 250,187	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,416,542	8,587,529	8,587,529	8,482,785	8,482,785
TOTAL	<u>\$ 1,666,729</u>	<u>\$ 8,587,529</u>	<u>\$ 8,587,529</u>	<u>\$ 8,482,785</u>	<u>\$ 8,482,785</u>
FTE Positions	8.0	6.5	6.5	6.5	6.5

The **agency** requests \$8.5 million, all from special revenue funds, for the Business Productivity Tools program for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds decrease of \$104,744, or 1.2 percent, below the FY 2021 revised estimate. The decrease can be attributed to the elimination of one-time costs associated with O365 (\$76,000), and distributing the agency salary shrinkage rate proportionally across its programs (\$34,00). The Business Productivity Tools program request also includes 6.5 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Business Productivity Tools (O365) program for FY 2022.

C. Hosted Services

The Hosted Services program provides data center hosting services and manages usage of the state mainframe to customers. Previously, the Hosted Services program managed the state mainframe, including hosting mainframe services, managing mainframe hardware, and obtaining licensure of software products. The Hosted Services program is also responsible for data center services, including hosting data centers, providing managed data center space to multiple state agencies, and managing physical work within State-owned data centers, such as equipment rack installation and electrical connections. Under the Consolidated Services Model, the agency moved to transfer hosting and management responsibilities of the mainframe and data centers to a third-party vendor.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percentage of time mainframe service is available	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Average percentage of utilization of mainframe CPU	76.0 %	76.0 %	76.0 %	52.0 %	52.0 %	52.0 %
Average percentage of utilization of mainframe storage	80.0 %	80.0 %	0.0 %	63.0 %	63.0 %	63.0 %
Percent of successfully completed mainframe backup jobs	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %
Average communication line latency to Unisys DCaas*				22 ms	<4ms*	<4ms*
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.3	\$ 10.9	\$ 18.4	\$ 21.5	\$ 14.2	\$ 14.5
FTE Positions	2.0	2.0	7.0	7.0	6.5	6.5
* The Governor's Office does not utilize this measure for evaluation purposes.						

Under the Consolidated Services Model the agency instead partners with a third-party vendor to host a centralized data center environment, thereby reducing the risk incurred from outdated data center facilities and aged server and storage hardware, while also providing a redundant disaster recovery solution for critical agency applications. Accordingly, performance measures for the Hosted services program are centered on mainframe and data center offerings through third-party vendors.

The State of Kansas primarily utilizes data hosting facilities in Overland Park maintained by the vendor Unisys. Some data hosting remains within the Topeka located facility located in the Eisenhower State Office Building (ESOB).

Mainframe as a Service

In 2016, the agency contracted with Ensono to provide mainframe services that monitor maintenance, performance, and information securities, while also allowing for more predictable operational costs. The mainframe was available 100.0 percent of the time in FY 2020, and the agency estimates that to continue in FY 2021 and for FY 2022.

Data Center as a Service

In 2017, the agency contracted with Unisys to provide data center hosting facilities, which would centralize most existing physical and virtual environments into a more secure environment. The contract with Unisys includes hardware, virtual machines, server operating systems, and associated support and administration, including a backup solution for data recovery and 24/7 monitoring of the environment. Moreover, services provided by Unisys are consumption-based and will provide a predictable cost model for future expenses. The agency indicates migration to the Unisys environment will centralize existing physical and virtual environments in a more secure data center ecosystem, improving attention to hardware and system maintenance; reliability and performance of state applications; and an improved information security posture for the State of Kansas.

In 2018, the agency began migrating state data centers to Unisys. In 2019, however, the agency took a strategic pause in migration activities upon discovering three performance-impacting issues attributable to the age and complexity of the state's network. Accordingly, the agency requests additional funding in FY 2020 and for FY 2021 to resolve the network infrastructure issues preventing migration activities. The migration project resumed in August of 2020 and is expected to be complete in February of 2021 and will cost about \$14.0 million per fiscal year once the migration is complete.

HOSTED SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Contractual Services	\$ 9,000,000	\$ 5,400,000	\$ 5,400,000	\$ 0	\$ 0
Capital Outlay	5,360,840	0	0	0	0
<i>Subtotal</i>	<u>\$ 14,360,840</u>	<u>\$ 5,400,000</u>	<u>\$ 5,400,000</u>	<u>\$ 0</u>	<u>\$ 0</u>
Off-Budget:					
Salaries and Wages	\$ 321,929	\$ 593,426	\$ 593,426	\$ 572,947	\$ 572,947
Contractual Services	6,878,614	8,160,000	8,160,000	13,846,000	13,846,000
Commodities	684	27,000	27,000	6,000	6,000
Capital Outlay	3,748	7,000	7,000	32,000	32,000
Debt Service	0	0	0	0	0
Other Assistance	500	0	0	0	0
<i>Subtotal</i>	<u>\$ 7,205,475</u>	<u>\$ 8,787,426</u>	<u>\$ 8,787,426</u>	<u>\$ 14,456,947</u>	<u>\$ 14,456,947</u>
TOTAL	<u>\$ 21,566,315</u>	<u>\$ 14,187,426</u>	<u>\$ 14,187,426</u>	<u>\$ 14,456,947</u>	<u>\$ 14,456,947</u>
Financing:					
State General Fund	\$ 14,360,840	\$ 5,400,000	\$ 5,400,000	\$ 0	\$ 0
All Other Funds	7,205,475	8,787,426	8,787,426	14,456,947	14,456,947
TOTAL	<u>\$ 21,566,315</u>	<u>\$ 14,187,426</u>	<u>\$ 14,187,426</u>	<u>\$ 14,456,947</u>	<u>\$ 14,456,947</u>
FTE Positions	7.0	6.5	6.5	6.5	6.5

The **agency** requests \$14.5 million, all from special revenue funds, for the Hosted Services Program for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds increase of \$269,521, or 1.9 percent, and an SGF decrease of \$5.4 million, or 100.0 percent, from the FY 2021 revised estimate. The increase can primarily be attributed to increased cost associated with the data center as a services initiative as more state agencies begin to move their servers to the Unisys data center and out of the Eisenhower and Landon data centers. The increase is partially offset by an SGF reduction of \$5.4 million as one-time costs for data center migration in FY 2021 are not carried forward. The Hosted Services program request also includes 6.5 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Hosted Services program for FY 2022.

D. Kansas Information Technology Office

The Kansas Information Technology Office (KITO), also known as the Enterprise Project Management Office, supports the statutory responsibilities of the Executive, Judicial, and Legislative Branch Chief Information Technology Officers (CITOs) and the Chief Information Technology Architect (CITA). KITO responsibilities include providing oversight of IT projects as outlined in statute, Information Technology Executive Council (ITEC) policies, and Joint Committee on Information Technology (JCIT) guidelines. Services provided by the KITO include IT project management and assistance to state agencies, including project planning assistance; review of requests for proposals prior to release; project execution, monitoring, and reporting; and training.

In FY 2021, the KITO implemented an automated IT strategic planning system for state agencies. The system provides for the automated planning of IT expenditures within a three-year budgetary time frame, providing a more streamlined view at IT needs throughout the State of Kansas.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Project plans are reviewed, and approval provided to agency within 20 days of receipt*	21	36	N/A	19	N/A	N/A
Number of participants successfully completing certification in the Kansas Project Management Methodology Certification class*	14	11	N/A	17	N/A	N/A
Number of agencies running the Accessibility Management Platform (AMP)*	10/14	11/14	N/A	10/14	N/A	N/A
State Website Accessibility Report Card- Number of EBIT agencies with AMP score >85%*	13/14	13/14	N/A	13/14	N/A	N/A
Number of projects with cost over \$250,000 that are behind schedule*	16	14	N/A	13	N/A	N/A
Number of projects with cost over \$250,000 that have deficiency gaps for actual vs. planned resources*	6	15	N/A	16	N/A	N/A
Agency Expenditures						
All Funds (Dollars in thousands)	\$ 660.8	\$ 356.2	\$ 876.6	\$ 640.2	\$ 724.6	\$ 823.0
FTE Positions	3.5	4.5	5.5	5.5	5.5	5.5
* The Governor's Office does not utilize this measure for evaluation purposes.						

The agency has identified the following objectives for the KITO:

- Project Management Consultation.** The KITO provides oversight and consultation services on major IT projects throughout Kansas government. This comprehensive consultation and evaluation service includes assisting agencies with project plan development and submission, *ad hoc* project reporting, project monitoring and tracking, and project closeout. Accordingly, the KITO reviewed and approved 19 of projects within 20 days of receipt in FY 2020;

- **Project Library.** The KITO maintains a project library as a resource to assist customers with complex projects and strategy recommendations;
- **Project Status Reports.** The KITO also compiles quarterly IT project status reports from agency submissions for presentation to the JCIT. These quarterly reports detail projects with budgets above \$250,000 that are behind schedule or have deficiency gaps in resources. Accordingly, the agency indicates that 13 of such projects were behind schedule in FY 2020, and 16 have deficiency gaps for actual vs planned resources;
- **Project Management Methodology.** KITO staff members are all certified in using, and have experience with, the State of Kansas Project Management Methodology. The KITO provides support to agencies and institutions on implementation and use of the project management methodology practices and project reporting compliance. Project management training is provided by the KITO to help educate individuals on the State's project management methodology as well as other project management related skills. Accordingly, in FY 2020 seventeen participants successfully completed the class; and
- **Project Contract and Procurement.** The KITO provides contract and procurement services through the review and evaluation of requests for proposal.

KANSAS INFORMATION TECHNOLOGY OFFICE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Off-Budget:					
Salaries and Wages	\$ 301,532	\$ 462,616	\$ 462,616	\$ 529,045	\$ 529,045
Contractual Services	212,618	260,000	260,000	292,000	292,000
Commodities	179	1,000	1,000	1,000	1,000
Capital Outlay	125,918	1,000	1,000	1,000	1,000
Debt Service	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 640,247</u>	<u>\$ 724,616</u>	<u>\$ 724,616</u>	<u>\$ 823,045</u>	<u>\$ 823,045</u>
TOTAL	<u>\$ 640,247</u>	<u>\$ 724,616</u>	<u>\$ 724,616</u>	<u>\$ 823,045</u>	<u>\$ 823,045</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	640,247	724,616	724,616	823,045	823,045
TOTAL	<u>\$ 640,247</u>	<u>\$ 724,616</u>	<u>\$ 724,616</u>	<u>\$ 823,045</u>	<u>\$ 823,045</u>
FTE Positions	5.5	5.5	5.5	5.5	5.5

The **agency** requests \$823,045, all from special revenue funds, for the Kansas Information Technology Office (KITO) program for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds increase of \$98,429, or 13.6 percent, above the FY 2021 revised estimate. The increase can be attributed to distributing the agency salary shrinkage rate proportionally across its programs (\$66,429) and additional costs

associated with implementing a project management solution (\$32,000). The KITO program request also includes 5.5 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Kansas Information Technology Office for FY 2022.

E. Network and Telecommunications

The Network and Telecommunications Services (NTS) program provides state agencies with communications services, including daytime telephone and network services; after-hours support and monitoring; off-hour batch job processing for the Statewide Management, Accounting and Reporting Tool (SMART), the Statewide Human Resources and Payroll (SHARP) system, and mainframe operations; and security and environmental monitoring of on-site and off-site data centers. NTS offerings are facilitated by an infrastructure consisting of more than 7.0 million feet of cable, roughly the same distance as driving from Topeka to Los Angeles, California. NTS offerings include the following:

- **Network Services.** NTS operates the Kansas Wide-Area Information Network (KanWIN), the single largest Internet protocol network in the State of Kansas. Its staff ensures 24/7 monitoring and response capabilities, as well as the routine planning, expansion, repair, and maintenance of the State's primary network. KanWIN currently services all three branches of government through 17,000 data jacks at more than 1,500 locations worldwide and wireless connectivity at more than 60 locations statewide. In addition to managing Internet connectivity and switching equipment to state facilities, NTS also provides for network engineering, firewall management, load balancers, and routers. NTS also provides domain name services for ks.gov, kansas.gov, and more than 50 other domains throughout the state; and
- **Telecommunications Services.** NTS also provides state agencies with telecommunications services, including Voice over Internet Protocol (VoIP) technology, which provides a combined voice and data solution sharing a common network infrastructure. Additional services include voicemail and automated call distribution. Coverage currently includes more than 10,000 voice handsets throughout state offices and call centers.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percentage of uptime in the voice environment*	0.0	99.9 %	99.9 %	99.9 %	99.9 %	99.9 %
Percentage of network uptime in the Capitol Complex*	99.9 %	99.9 %	99.9 %	99.9 %	99.9 %	99.9 %
Percentage of network uptime in the metropolitan area network*	99.9 %	99.9 %	99.9 %	99.9 %	0.0 %	99.9 %
Percentage of network uptime in the wide area network *	99.9 %	99.9 %	99.9 %	99.9 %	0.0 %	99.9 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.7	\$ 10.9	\$ 11.1	\$ 11.1	\$ 12.9	\$ 12.4
FTE Positions	20.7	22.2	21.0	21.0	22.7	22.7
* The Governor's Office does not utilize this measure for evaluation purposes.						

NETWORK AND TELECOMMUNICATIONS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Contractual Services	\$ 232,583	\$ 0	\$ 0	\$ 0	\$ 0
Capital Outlay	0	4,500,000	4,500,000	4,500,000	4,250,000
Subtotal	\$ 232,583	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,250,000
Off-Budget:					
Salaries and Wages	\$ 1,912,796	\$ 1,955,663	\$ 1,955,663	\$ 1,951,852	\$ 1,951,852
Contractual Services	8,591,598	6,296,000	6,296,000	6,051,000	6,051,000
Commodities	11,277	18,500	18,500	18,500	18,500
Capital Outlay	340,827	151,000	151,000	151,000	151,000
Debt Service	0	0	0	0	0
Other Assistance	0	0	0	0	0
Subtotal	\$ 10,856,498	\$ 8,421,163	\$ 8,421,163	\$ 8,172,352	\$ 8,172,352
TOTAL	\$ 11,089,081	\$ 12,921,163	\$ 12,921,163	\$ 12,672,352	\$ 12,422,352
Financing:					
State General Fund	\$ 232,583	\$ 4,500,000	\$ 4,500,000	\$ 4,500,000	\$ 4,250,000
All Other Funds	10,856,498	8,421,163	8,421,163	8,172,352	8,172,352
TOTAL	\$ 11,089,081	\$ 12,921,163	\$ 12,921,163	\$ 12,672,352	\$ 12,422,352
FTE Positions	21.0	22.7	22.7	22.7	22.7

The **agency** requests \$12.7 million, including \$4.5 million SGF, for the Network and Telecommunications program for FY 2022. The request includes \$8.2 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds decrease of \$248,811, or 1.9 percent, below the FY 2021 revised estimate. The decrease is primarily attributed to agency's realignment of off-budget revenue to be closer to FY 2020 actual amounts, resulting in a lower expenditure

estimate. The Network and Telecommunications program request also includes 22.7 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$12.4 million, including \$4.3 million SGF, for the Network and Telecommunications program for FY 2022. The request includes \$8.2 million in off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The recommendation is an SGF decrease of \$250,000 below the FY 2022 agency request. The decrease is due to the Governor partially adopting the agency's reduced resources submission of \$250,000, all SGF, for capital outlay costs associated with rehabilitation and repair of state networking equipment.

F. Kansas Information Security Office

The Kansas Information Security Office (KISO) program is establishing a modernized and forward-leaning cybersecurity capability to both address current gaps as well as ensure the State's digital transformation is achieved in a secure manner. Accordingly, KISO provides technical and nontechnical IT security services for state agencies. Technical services include management of firewalls, intrusion prevention systems, forensics, security information, and event management, while nontechnical services include information security officers as a service, audits, and security consulting. KISO provides the following services:

- **Enterprise Security Services (ESS).** KISO provides security for connections to and use of the KanWIN network, including support for hardware, software, and licensing. Common expenses include technician time, which includes security engineering, network monitoring, review logging, incident response and security control installation, and operation and maintenance services. Expenses are currently included in the NTS connection rate, but the agency indicates a dedicated ESS rate has been establish for use in future fiscal years;
- **Security Consulting Services (SCS).** KISO provides security engineering and technical support services for state agencies and, where applicable, local units of government. Services are provided on an hourly basis and include support for security controls, such as firewalls, intrusion prevention, and vulnerability scanning;
- **Information Security Officer Services (ISO).** KISO provides a number of services, including security policy development and maintenance, information security risk assessment, compliance management, disaster recovery and business continuity planning assistance, development of digital incident management and response, configuration management, cybersecurity awareness and raining, and continuous monitoring services. Accordingly, KISO functions as the State's point of contact with federal and national IT security organizations with regard to cybersecurity issues affecting local units of government. Expenses are based on service level agreements and are based on the size and complexity of the customer organization;
- **Technical Security Services (TSS).** KISO provides a number of technical services, including custom vulnerability scanning and reporting, firewall management, managed intrusion detection and prevention, log management and continuous monitoring, security consulting, and engineering services. Though these services may be provided separately, they are frequently provided

alongside ISO offerings. Expenses are based on service level agreements and are based on the size and complexity of the customer organization; and

- **Central Active Directory Security Services (CADSS).** KISO provides a variety of select security services for organizations part of the OITS Central Active Directory Solution. Services include vulnerability scanning, firewall management, managed intrusion detection and prevention, web content filtering, log management, and continuous monitoring services. Expenses are currently included in the Professional Services network user rate.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Respond to high priority incidents/ requests within 8 hours per Service Level Agreements 100% of the time*	NA	NA	NA	NA	100.0 %	100.0 %
Achieve and maintain a 3% "phished" rate in email security testing of service participating agency state employees*	19.0 %	8.0 %	NA	6.0 %	5.0 %	3.0 %
Maintain a minimum information risk rating of 730 for state government agencies*	630	640	NA	680	720	750
Yearly ticket resolution should be no less than 90% of the yearly opened tickets*	NA	NA	NA	90.0 %	93.0 %	0.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.9	\$ 4.5	\$ 5.4	\$ 4.1	\$ 5.3	\$ 5.4
FTE Positions	10.5	12.5	17.0	17.0	17.0	17.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

The agency strives to improve the State's cybersecurity capabilities through the KISO, which mitigates threats and provides various services to state agencies. The Kansas Cybersecurity Act, KSA 75-7236, authorizes KISO to establish general security requirements for state agencies, though individual agencies may also establish more-stringent parameters. KISO works towards improving the State's cybersecurity posture through both implementing protective measures and engaging in educational campaigns.

Information Security Standards

KISO serves as the focal point of a collaborative effort to implement the provisions of the Kansas Cybersecurity Act and works to ensure state agencies maintain successful information security programs. These programs protect against attacks, such as ransomware, against the State's data and data infrastructure. KISO primarily faces challenges in the timely patching of vulnerabilities, especially regarding state agencies that do not subscribe to its services.

KISO currently tracks the percentage of response to high priority incidents and requests within eight hours per Services Level Agreements. Accordingly, the agency has set a goal for FY 2021 and FY 2022 to respond to 100.0 percent of these incidents within the eight-hour time frame. Additionally, the agency has set a goal of maintaining a minimum information risk rating

of 730 out of 900 for state government agencies for FY 2021 and FY 2022. The agency indicated that the average information risk rating for government agencies is between 700-780, The scoring service utilized classifies a score of 250-640 as meeting basic security effectiveness, 640-740 as intermediate security effectiveness, and 740-900 as advance security effectiveness.

Cybersecurity Awareness

KISO also engages in an educational campaign to boost cybersecurity awareness among state employees and protect against malicious incursions, such as phishing, on the State's security posture. Phishing refers to the fraudulent practice of disguising oneself as a reputable entity to obtain personal information, such as passwords, through email, messaging, and other modes of communication. The agency indicates that phishing accounts for around 90.0 percent of data breaches, and phishing attempts have increased some 65.0 percent in the past year. Accordingly, KISO uses periodic phishing campaigns to refresh employee awareness. For example, KISO engaged in a baseline phishing campaign of various state employees in January 2018. Afterward, those employees received training on cybersecurity awareness, and a subsequent post-training phishing campaign was conducted in January 2019. The agency is currently working towards a 3.0 percent phishing rate during email security tests in FY 2021 and for FY 2022.

During a Joint Committee on Information Technology meeting on October 22, 2019, the Chief Information Security Officer expressed challenges of not only enrolling agency employees in awareness campaigns, but also assuring that employees are actively participating in cybersecurity awareness training. KISO has faced challenges with the active participation of agency executives in such training and reporting.

KANSAS INFORMATION SECURITY OFFICE SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Off-Budget:					
Salaries and Wages	\$ 1,621,154	\$ 1,633,405	\$ 1,633,405	\$ 1,724,777	\$ 1,724,777
Contractual Services	2,210,016	3,105,000	3,105,000	3,125,000	3,125,000
Commodities	84	2,000	2,000	2,000	2,000
Capital Outlay	273,892	530,000	530,000	526,000	526,000
Debt Service	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 4,105,146</i>	<i>\$ 5,270,405</i>	<i>\$ 5,270,405</i>	<i>\$ 5,377,777</i>	<i>\$ 5,377,777</i>
TOTAL	<u>\$ 4,105,146</u>	<u>\$ 5,270,405</u>	<u>\$ 5,270,405</u>	<u>\$ 5,377,777</u>	<u>\$ 5,377,777</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,105,146	5,270,405	5,270,405	5,377,777	5,377,777
TOTAL	<u>\$ 4,105,146</u>	<u>\$ 5,270,405</u>	<u>\$ 5,270,405</u>	<u>\$ 5,377,777</u>	<u>\$ 5,377,777</u>
FTE Positions	17.0	17.0	17.0	17.0	17.0

The **agency** requests \$5.4 million, all from special revenue funds, for the Kansas Information Security Office (KISO) for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds increase of \$107,372, or 2.0 percent, above the FY 2021 revised estimate. The increase can primarily be attributed to distributing the agency salary shrinkage rate proportionally across its programs and changes in salaries and wages fringe benefit costs (\$91,372) and increased travel (\$20,000) for State agency visits and training. The KISO program request also includes 17.0 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Kansas Information Security Office for FY 2022.

G. Professional Services

The Professional Services program is comprised of high-performance teams that provide technical support to various state agencies that fulfill statutory requirements for the State of Kansas. These services are supported through rates developed to recover operating costs. Presently, the agency offers the following services through this program:

- **User Services.** This service is responsible for supporting the gateway for end user access *via* a user account. This service provides management for several resources such as: software, user accounts, user security, shared file permissions, and end-user device management for desktops, mobile devices and printers. This service also works with the Data Center as a Service vendor to provide oversight of OITS Professional Services managed servers in vendor-hosted environment;
- **Unified Endpoint Management (UEM).** This service provides the ability to remotely manage endpoint devices in a modern, secure setting encompassing one “management portal.” This portal has the capability for delegated access for all O365-tenet agencies to manage their own end-user devices through one unified application. The product that is being utilized is Microsoft Intune, which works in conjunction with the O365-tenet licensing system;
- **Desktop-as-a-Service (DtaaS).** This area functions as a liaison between the DtaaS vendor(s) and State agencies. They work closely with the DtaaS vendor to ensure SLA's are being met and work with agencies to provide accurate forecasting of device requirements and availability. They also coordinate licensing of O365 select products (such as Visio, Project, and Teams) as well as other enterprise licensed third-party applications;
- **Consolidated IT Service Desk.** The consolidated service desk is the first point of contact for IT communications for all Executive Branch state agencies. Each incident and service request is categorized and prioritized for resolution, and the Service Desk team will provide the initial investigation and diagnosis of incidents, escalating to the appropriate IT support team when necessary. These responsibilities continue through the duration of the incident, and closure of the incident ticket does not occur until the user is satisfied that their service has been restored to normal service levels; and

- **Other Service Offerings.** Professional Services also offers a variety of miscellaneous functions, including GovDelivery by Granicus (Digital communication suite), which is used to send emails and digital newsletters to specific groups; Windows Update Service, which provides an environment where state agencies can update servers and desktops with the latest Microsoft updates; and Professional Technical Services, which provides technician support to state agencies.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Service Desk hold times less than or equal to 2 minutes	NA	NA	NA	99.0 %	99.0 %	99.0 %
Percentage of uptime for Sitefinity websites*	NA	NA	NA	99.0 %	99.0 %	99.0 %
DtaaS on-time shipment percentage*	NA	NA	NA	99.0 %	99.0 %	99.0 %
Agency Expenditures						
All Funds (Dollars in millions)	\$ 6.4	\$ 3.5	\$ 3.4	\$ 3.2	\$ 3.2	\$ 3.3
FTE Positions	25.0	29.0	27	27	25.0	25.0

* The Governor's Office does not utilize this measure for evaluation purposes.

PROFESSIONAL SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Off-Budget:					
Salaries and Wages	\$ 1,417,672	\$ 1,644,188	\$ 1,644,188	\$ 1,620,296	\$ 1,620,296
Contractual Services	1,714,201	1,505,500	1,505,500	1,673,000	1,673,000
Commodities	737	3,000	3,000	3,000	3,000
Capital Outlay	46,071	25,000	25,000	50,000	50,000
Debt Service	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 3,178,681</u>	<u>\$ 3,177,688</u>	<u>\$ 3,177,688</u>	<u>\$ 3,346,296</u>	<u>\$ 3,346,296</u>
TOTAL	<u>\$ 3,178,681</u>	<u>\$ 3,177,688</u>	<u>\$ 3,177,688</u>	<u>\$ 3,346,296</u>	<u>\$ 3,346,296</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,178,681	3,177,688	3,177,688	3,346,296	3,346,296
TOTAL	<u>\$ 3,178,681</u>	<u>\$ 3,177,688</u>	<u>\$ 3,177,688</u>	<u>\$ 3,346,296</u>	<u>\$ 3,346,296</u>
FTE Positions	27.0	25.0	25.0	25.0	25.0

The **agency** requests \$3.3 million, all from special revenue funds, for the Professional Services program for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is an all funds increase of \$168,608, or 5.3 percent, above the FY 2021 revised estimate. The increase can be attributed to increased license cost for ServiceNow (\$165,000)

and purchase of a new vehicle (\$25,000). This increase is partially off set by a decrease in salaries and wages (\$23,892), primarily attributed to distributing the agency salary shrinkage rate proportionally across its programs. The Professional Services program request also includes 25.0 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for the Professional Services program for FY 2022.

H. Direct Billed Services

The Direct Billed Services program allows for OITS to bill costs directly to state agencies and is not part of a monthly billing rate. Upon establishment in 1972, the Division of Information Systems and Communications (now OITS) was charged with providing data processing services for other divisions, departments, and agencies of the state. Expenditures for this program are expected to increase, as more state agencies utilize desktop as a service. Accordingly, the agency began eliminating some rates and now bills costs directly to customers.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
No performance measures were submitted for this program						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 10.9	\$ 12.7	\$ 9.4	\$ 16.8	\$ 5.2	\$ 5.2
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

DIRECT BILLED SERVICES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
On-Budget:					
Contractual Services	\$ 505,189	\$ 0	\$ 0	\$ 0	\$ 0
<i>Subtotal</i>	<i>\$ 505,189</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
Off-Budget:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	15,411,224	5,215,000	5,215,000	5,215,000	5,215,000
Commodities	310,397	0	0	0	0
Capital Outlay	547,960	0	0	0	0
Debt Service	0	0	0	0	0
Other Assistance	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 16,269,581</i>	<i>\$ 5,215,000</i>	<i>\$ 5,215,000</i>	<i>\$ 5,215,000</i>	<i>\$ 5,215,000</i>
TOTAL	<u>\$ 16,774,770</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>
Financing:					
State General Fund	\$ 505,189	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	16,269,581	5,215,000	5,215,000	5,215,000	5,215,000
TOTAL	<u>\$ 16,774,770</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>	<u>\$ 5,215,000</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$5.2 million, all from special revenue funds, for the Direct Billed Services Program Kansas for FY 2022. The request includes only off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another. The request is the same as the FY 2021 revised estimate. The Direct Billed Services program request does not have any FTE positions for FY 2022.

The **Governor** concurs with the agency's request for the Direct Billed Services program for FY 2022.

KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	48,525,570	52,487,529	52,687,529	60,555,156	60,555,156
Subtotal	\$ 48,525,570	\$ 52,487,529	\$ 52,687,529	\$ 60,555,156	\$ 60,555,156
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 48,525,570	\$ 52,487,529	\$ 52,687,529	\$ 60,555,156	\$ 60,555,156
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(3.1)	8.2	8.6	15.4	14.9
FTE Positions	98.4	98.4	98.4	98.4	98.4

For purposes of this analysis, full-time equivalent (FTE) positions 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

Pursuant to KSA 74-4901, the Kansas Public Employees Retirement System (KPERS) is to "provide an orderly means whereby employees of the participating employers who have attained retirement age as herein set forth may be retired from active service without prejudice and without inflicting a hardship upon the employees retired and to enable such employees to accumulate reserves for themselves and their dependents to provide for old age, death and termination of employment, and for the purpose of effecting economy and efficiency in the administration of governmental affairs."

Accordingly, KPERS administers three statewide coverage groups:

- KPERS–State, KPERS–School, and KPERS–Local (for regular state and local public employees, school district, technical college, and community college employees, Regents classified employees and certain Regents unclassified staff with pre-1962 service, and state correctional officers);
- The Kansas Police and Firemen's Retirement System (for certain designated state and local public safety employees); and

- The Kansas Retirement System for Judges (for the State's judicial system judges and justices).

All coverage groups are defined benefit, contributory retirement plans and have most public employees in Kansas as members. KPERS also administers other employee benefit programs, including the State Deferred Compensation program; a public employee death and long-term disability benefits plan; an optional term life insurance program; a Kansas City, Kansas, annuitant program; and a legislative session-only employees retirement program.

KPERS also performs non-KPERS duties in managing investments of non-KPERS moneys that include two funds: the Kansas Endowment for Youth Fund and the Treasurer's Unclaimed Property Fund. A nine-member Board of Trustees is the governing body for KPERS. Four members are appointed by the Governor and confirmed by the Senate, one member is appointed by the President of the Senate, one member is appointed by the Speaker of the House of Representatives, two members are elected by KPERS members, and one member is the State Treasurer. The Board appoints the Executive Director, who administers the agency operations for the Board.

State Deferred Compensation Program. The 2007 Legislature transferred administration of the program from the Department of Administration to KPERS. The KPERS Board of Trustees is assigned responsibility to administer the plan. The Director of Accounts and Reports retains responsibility for payroll deferrals and deductions for state employees who participate in the plan. The Administrative Oversight Committee on Deferred Compensation was abolished and the KPERS Board of Trustees assumed the responsibilities of monitoring the plan. Local units of government also are authorized for their employees to participate in the program. Only the administrative cost portion of this program is included in the agency's budget request since it operates as an employee savings plan, with a small portion of those revenues used to finance operating expenditures of the plan for personnel and service provider contracts.

Death and Disability Benefits. Since 1966, the Death and Long-Term Disability Benefits program has provided death and disability benefits for active KPERS members and unclassified employees of the Board of Regents and its institutions. Employers currently contribute a statutory rate of 1.0 percent of covered payroll to pay for basic group life insurance and long-term disability protection. Employees do not pay for the basic benefits, but may choose to purchase optional term life insurance on an individual basis. The 2005 Legislature adopted a number of changes in the program in order to make it self-sustaining on a pay-as-you-go basis, including an increase in the employer contribution rate from 0.6 percent to 1.0 percent, effective in fiscal year (FY) 2007.

Retirement Contributions. During recent years, the Legislature has taken action to increase state and local employer contributions to provide enhanced resources for the long-term financing of KPERS. In 2004, the Legislature authorized issuance of \$500.0 million in pension obligation bonds to be repaid from the State General Fund (SGF) in order to augment state employer contributions. In 2015, the Legislature authorized issuance of \$1.0 billion in pension obligation bonds. The pension obligation bonds are reflected in the Department of Administration's budget rather than in the KPERS budget.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** passed Senate Sub. for HB 2194, which created the KPERS Study Commission that was charged with reviewing changes to KPERS. The Commission submitted a report to the 2012 Legislature with proposed changes and recommendations.

The **2012 Legislature** added \$2,750,000, all from the KPERS Trust Fund, and 11.0 FTE positions to implement HB 2333, which created a new defined benefit retirement plan, or cash balance plan, for state employees who began in 2015. The bill added a new Tier 3 for new hires on or after January 1, 2015. New employees pay an employee contribution rate of 6.0 percent and the employer contribution would be set at 3.0 percent to 6.0 percent based upon years of service. Interest credits would be set at an annual 5.25 percent guaranteed interest on employee and employer account balances. Possible additional interest credits of up to 4.0 percent may be granted by the KPERS Board based on KPERS' actual investment returns and funding. The bill also increased some current employee contributions from 4.0 percent to 5.0 percent in 2014 and then to 6.0 percent in 2015. If allowed by the Internal Revenue Service (IRS), current employees could maintain a 4.0 percent contribution rate with a lower benefit in the future.

The **2015 Legislature** passed SB 228, which allowed the Kansas Development Finance Authority (KDFA) to issue bonds, in one or more series, of \$1.0 billion plus all amounts required to pay the costs of issuance. The proceeds from the bonds were applied to the unfunded actuarial pension liability as directed by KPERS. Debt service is payable from appropriations. Additionally, the employer contribution rate for the State-School group was decreased from 12.37 percent to 10.91 percent in FY 2016 and from 13.57 percent to 10.81 percent in FY 2017.

The **2016 Legislature** passed House Sub. for SB 168, which revised statutes of KPERS pertaining to working after retirement. The bill also made technical and clarifying amendments to statutes pertaining to death and disability contributions, Tier 3 members, the tax status of 457 Roth accounts, optional 401(a) plans for local public employers, retirement income planning, and the Deferred Retirement Option Program (DROP).

The **2016 Legislature** deleted a total of \$97.4 million in employer contributions from KPERS in FY 2016. Of this amount, \$92.9 million was from the KPERS-School group and \$4.5 million was from the KPERS-State group.

The **2017 Legislature** passed HB 2052, which included a \$64.1 million decrease to KPERS-School employer SGF contributions in FY 2017. The Legislature required the repayment of the decrease to be "layered" or amortized as a level dollar amount over 20 years, with the first payment starting for FY 2018. The "layering" payments are estimated to be \$6.4 million annually. These payments are to be paid in addition to the KPERS-State/School contribution rate. The layering payment was appropriated as an SGF line item in the Department of Education budget.

The **2017 Legislature** passed HB 2002, which included a \$194.0 million decrease to KPERS-School employer contributions, for FY 2019. This amount was all from the SGF. The Legislature required repayment of the decrease to be "layered" or amortized as a level dollar amount over 20 years, with the first payment starting in FY 2020. The layering payments are estimated to be \$19.4 million annually and will be paid in addition to the KPERS-State/School contribution.

The **2018 Legislature** authorized a transfer of \$82.0 million from the SGF to the KPERS Trust Fund for FY 2019. The Legislature authorized additional transfers for both FY 2018 and

FY 2019 from the SGF to the KPERS Trust Fund. The amount to be transferred is the amount actual SGF receipts exceed projected receipts, up to \$56.0 million per year. This \$56.0 million in FY 2019 was revised by the FY 2019 Legislature to a direct payment of \$51.0 million in FY 2020.

The **2019 Legislature** passed SB 9, which authorized a transfer of \$115.0 million from the SGF to the KPERS Trust Fund for repayment of KPERS-State/School group employer contributions from participating employers in prior fiscal years.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$52.5 million, all from special revenue funds, in FY 2021. The revised estimate is an all funds increase of \$64,224, or 0.1 percent, above the amount approved by the 2020 Legislature. The increase is primarily due to revised investment-related management expenses (\$71,193), partially offset by reduced administration expenses from the Group Insurance Reserve Fund (\$6,968). The revised estimate includes expenditures to begin the modernization process for the KPERS Information Technology System (KITS), totaling \$1.5 million in FY 2021. Of that amount, the agency includes expenditures for laying the technical and infrastructure groundwork for the modernization process (\$1.0 million), temporary staffing to assist with the process (\$302,500), information technology support (\$77,240), data management and governance (\$70,000), and preliminary work on integrating and automating parts of the Pension Administration System (\$39,512). The revised estimate also includes higher expenditures for employee pay (\$344,813), offset by lower budgeted expenditures for computer system maintenance (\$410,000) and staff travel (\$124,500). These expenditures are funded by existing resources in FY 2021 and do not change the overall amount approved by the 2020 Legislature. The request also includes 98.4 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends expenditures of \$52.7 million, all from special revenue funds, in FY 2021. The recommendation is an all funds increase of \$200,000, or 0.4 percent, above the FY 2021 revised estimate. The increase is due to distributions from the Coronavirus Relief Fund made after submission of the agency revised estimate (\$200,000). The agency estimates using these funds for COVID-19 relief expenditures, including emergency protective measures and conference room equipment for streaming Board of Trustees meetings. The recommendation also includes 98.4 FTE positions, which is the same as the FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests \$60.6 million, all from special revenue funds, for FY 2022. The request is an all funds increase of \$8.1 million, or 15.4 percent, above the FY 2021 revised estimate. The increase is primarily due to continued expenses for the modernization of the pension administration system (\$6.6 million). Expenditures for preliminary stages of the modernization process were approved by the 2020 Legislature and are included in the FY 2021 revised estimate. For FY 2022, the agency anticipates laying the technical and infrastructure groundwork for the modernization process, including processes related to benefit calculator automation, user interface updates, data profiling and cleansing, member web portal interface and functionality, and business process management. The increase is also attributable to additional expenditures for investment management fees, which are based on performance of those investments (\$1.6 million). The increase is partially offset by expenses for information processing equipment incurred in FY 2021 that are not present for FY 2022 (\$350,000). The request also includes 98.4 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

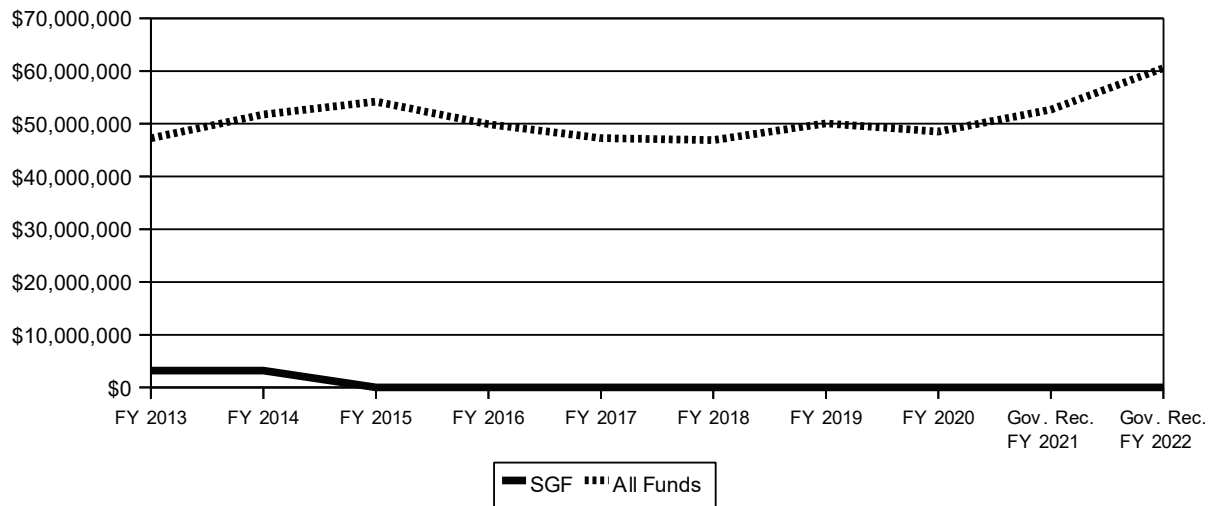
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Annual Cost of Administrative Operations as a Percentage of Benefit Payments	0.702 %	0.703 %	0.740 %	0.767 %	0.818 %	1.104 %
Investment-Related Fees as a Percentage of Trust Fund Assets	0.172 %	0.158 %	0.152 %	0.159 %	0.150 %	0.153 %
KPERS Portfolio Rate of Return	8.70 %	6.70 %	7.75 %	2.10 %	7.75 %	7.75 %
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 46.9	\$ 50.1	\$ 49.4	\$ 48.5	\$ 52.7	\$ 60.6
FTE Positions	98.4	98.4	98.4	98.4	98.4	98.4

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 3,208,979	(0.0)%	\$ 47,260,785	13.4 %	97.4
2014	3,206,401	(0.1)	51,768,215	9.5	98.4
2015	0	(100.0)	54,197,298	4.7	98.4
2016	0	--	49,910,068	(7.9)	98.4
2017	0	--	47,276,464	(5.3)	98.4
2018	0	--	46,908,669	(0.8)	98.4
2019	0	--	50,067,565	6.7	98.4
2020	0	--	48,525,570	(3.1)	98.4
2021 Gov. Rec.	0	--	52,687,529	8.6	98.4
2022 Gov. Rec.	0	--	60,555,156	14.9	98.4
Ten-Year Change					
Dollars/Percent	\$ (3,208,979)	(100.0)%	\$ 13,294,371	28.1 %	1.0

Summary of Operating Budget FY 2020 - FY 2022

Kansas Public Employees Retirement System

		Agency Estimate					Governor's Recommendation				
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21	
By Program:											
Administration	\$	14,224,794	\$ 15,919,877	\$ 22,578,549	\$ 6,658,672	41.8 %	\$ 16,119,877	\$ 22,578,549	\$ 6,458,672	40.1 %	
KPERS Investments		33,580,465	35,711,503	37,088,739	1,377,236	3.9	35,711,503	37,088,739	1,377,236	3.9	
Deferred Compensation		410,980	533,390	562,035	28,645	5.4	533,390	562,035	28,645	5.4	
Death and Disability		309,331	322,759	325,833	3,074	1.0	322,759	325,833	3,074	1.0	
TOTAL	\$	48,525,570	\$ 52,487,529	\$ 60,555,156	\$ 8,067,627	15.4 %	\$ 52,687,529	\$ 60,555,156	\$ 7,867,627	14.9 %	
By Major Object of Expenditure:											
Salaries and Wages	\$	11,527,555	\$ 12,909,374	\$ 13,048,855	\$ 139,481	1.1 %	\$ 12,909,374	\$ 13,048,855	\$ 139,481	1.1 %	
Contractual Services		36,098,377	38,603,205	46,881,351	8,278,146	21.4	38,803,205	46,881,351	8,078,146	20.8	
Commodities		127,007	124,950	124,950	0	0.0	124,950	124,950	0	0.0	
Capital Outlay		772,631	850,000	500,000	(350,000)	(41.2)	850,000	500,000	(350,000)	(41.2)	
Debt Service		0	0	0	0	--	0	0	0	--	
Subtotal - Operations	\$	48,525,570	\$ 52,487,529	\$ 60,555,156	\$ 8,067,627	15.4 %	\$ 52,687,529	\$ 60,555,156	\$ 7,867,627	14.9 %	
Aid to Local Units		0	0	0	0	--	0	0	0	--	
Other Assistance		0	0	0	0	--	0	0	0	--	
TOTAL	\$	48,525,570	\$ 52,487,529	\$ 60,555,156	\$ 8,067,627	15.4 %	\$ 52,687,529	\$ 60,555,156	\$ 7,867,627	14.9 %	
Financing:											
State General Fund	\$	0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %	
KPERS Deferred Compensation Fee Fund		410,980	533,390	562,035	28,645	5.4	533,390	562,035	28,645	5.4	
KS Public Employees Retirement Fund		47,803,830	51,631,380	59,667,288	8,035,908	15.6	49,703,205	57,504,263	7,801,058	15.7	
Group Insurance Reserve Fund		309,331	322,759	325,833	3,074	1.0	322,759	325,833	3,074	1.0	
All Other Funds		1,429	0	0	0	--	2,128,175	2,163,025	34,850	1.6	
TOTAL	\$	48,525,570	\$ 52,487,529	\$ 60,555,156	\$ 8,067,627	15.4 %	\$ 52,687,529	\$ 60,555,156	\$ 7,867,627	14.9 %	

BUDGET OVERVIEW

A. FY 2021 – 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 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	52,423,305	52,487,529	64,224	52,687,529	264,224
TOTAL	\$ 52,423,305	\$ 52,487,529	\$ 64,224	\$ 52,687,529	\$ 264,224
FTE Positions	98.4	98.4	0.0	98.4	0.0

The **agency** requests a revised estimate of \$52.5 million, all from special revenue funds, in FY 2021. The revised estimate is an all funds increase of \$64,224, or 0.1 percent, above the amount approved by the 2020 Legislature. The increase is primarily due to revised investment-related management expenses (\$71,193), partially offset by reduced administration expenses from the Group Insurance Reserve Fund (\$6,968). The revised estimate includes expenditures to begin the modernization process for the KPERS Information Technology System (KITS), totaling \$1.5 million in FY 2021. Of that amount, the agency includes expenditures for laying the technical and infrastructure groundwork for the modernization process (\$1.0 million), temporary staffing to assist with the process (\$302,500), information technology support (\$77,240), data management and governance (\$70,000), and preliminary work on integrating and automating parts of the Pension Administration System (\$39,512). The revised estimate also includes higher expenditures for employee pay (\$344,813), offset by lower budgeted expenditures for computer system maintenance (\$410,000) and staff travel (\$124,500). These expenditures are funded by existing resources in FY 2021 and do not change the overall amount approved by the 2020 Legislature. Additional information on this project may be found on page 1324. The request also includes 98.4 FTE positions, which is the same as the FY 2021 approved number.

The **Governor** recommends expenditures of \$52.7 million, all from special revenue funds, in FY 2021. The recommendation is an all funds increase of \$200,000, or 0.4 percent, above the FY 2021 revised estimate. The increase is due to distributions from the Coronavirus Relief Fund made after submission of the agency revised estimate (\$200,000). The agency has since expended these funds on COVID-19 relief measures, including emergency protective measures, the purchase of laptops for agency employees, and conference room equipment for streaming Board of Trustees meetings. The recommendation also includes 98.4 FTE positions, which is the same as the FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 60,555,156	\$ 60,555,156	\$ 0
FTE Positions	98.4	98.4	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	8,067,627	7,867,627	
TOTAL	\$ 8,067,627	\$ 7,867,627	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	15.4	14.9	
TOTAL	15.4 %	14.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$60.6 million, all from special revenue funds, for FY 2022. The request is an all funds increase of \$8.1 million, or 15.4 percent, above the FY 2021 revised estimate. The increase is primarily due to continued expenses for the modernization of the Pension Administration System (\$6.6 million). Expenditures for preliminary stages of the modernization process were approved by the 2020 Legislature and are included in the FY 2021 revised estimate. For FY 2022, the agency includes expenditures for work on integrating and automating parts of the Pension Administration System (\$3.8 million), data management and governance (\$1.0 million), temporary staffing (\$789,000), establishing a contingency fund (\$389,708), creating a member web portal (\$359,200), information technology support (\$272,800), and residual expenses for technical and infrastructure groundwork necessary for the modernization process (\$24,000). Additional information on this project may be found on page 1324. The increase is also attributable to additional expenditures for investment management fees, which are based on performance of those investments (\$1.6 million). These increases are partially offset by expenses for information processing equipment incurred in FY 2021 that are not present for FY 2022 (\$350,000). The request also includes 98.4 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **The agency has no longevity payments for FY 2021 or FY 2022.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
KPERS Deferred Compensation Fee Fund	0.9	0.9
Kansas Public Employees Retirement Fund	95.0	95.0
Group Insurance Reserve Fund	0.5	0.5
All Other Funds	3.6	3.6
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Kansas Public Employees Retirement Fund

KSA 74-4902 and KSA 74-4921 establishes the Kansas Public Employees Retirement Fund for the payment of expenses and benefits under the retirement system. KSA 74-4920 provides that the Division of the Budget and the Governor shall include in the budget appropriations for personal services amounting to the sum required to satisfy the state's obligation under the Retirement Act, as certified by the Board of Trustees, presenting the same to the Legislature for allowance of appropriation. Additionally, KSA 74-4939 provides that, before September 15 of each year, school employers shall certify to the State Board of Education the anticipated total compensation to be paid during the next fiscal year to employees who are or are to become members.

KSA 74-4920 establishes the state employer contribution rate and the local employer contribution rate. The combined state/school group employer contribution rate is 14.23 percent in FY 2021 and 14.09 percent for FY 2022. The FY 2021 employer contribution rate reflects the full actuarial required contribution (ARC) rate. The local employer rate is 8.87 percent in calendar year (CY) 2021 and 8.90 percent for CY 2022. Local employers have been contributing the full actuarial rate since CY 2015 and are scheduled to pay the full actuarial required contribution rate in CY 2021 and for CY 2022.

In addition to regular employer contributions, the State is in the process of making additional payments on delayed contributions from FY 2017 and FY 2019. The delayed contributions were approved by the 2017 Legislature and include \$64.0 million for FY 2017 and \$194.0 million for FY 2019, to be repaid on a level-dollar amortization over 20 years. Additional payments include \$6.4 million per year through FY 2038 and \$19.4 million through FY 2040.

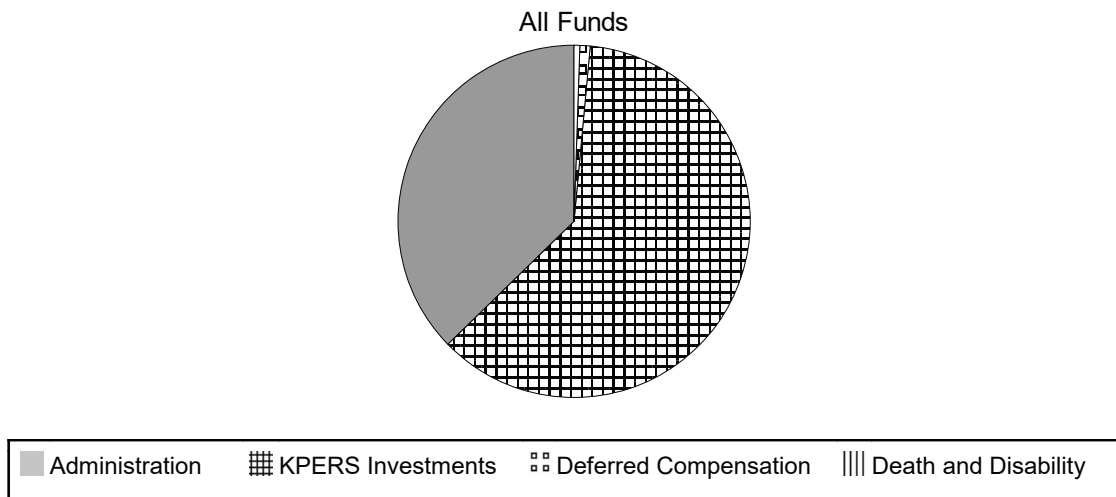
Group Insurance Reserve Fund

Each employer contributes to the Group Insurance Reserve Fund. Established in KSA 74-4927, the employer contribution rate is 1.0 percent of compensation. On occasion, the Legislature has placed a moratorium on contributions to the Group Insurance Reserve Fund, most recently in FY 2016. The employer contribution rate is scheduled to be 1.0 percent for FY 2021 through FY 2023. The Governor's July 2020 allotment includes a full-year moratorium on state/school employer contributions to the Group Insurance Reserve Fund in FY 2021. The agency indicates that if there is such a moratorium on the state/school group, Internal Revenue Service (IRS) regulations would require a moratorium for local employers as well.

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 22,578,549	37.3 %	\$ 0	-- %
KPERS Investments	37,088,739	61.2	0	--
Deferred Compensation	562,035	0.9	0	--
Death and Disability	325,833	0.5	0	--
TOTAL	\$ 60,555,156	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	83.8	83.1	83.1	83.1	83.1
KPERS Investments	9.3	9.4	9.4	9.4	9.4
Deferred Compensation	2.6	2.6	2.6	2.6	2.6
Death and Disability	2.6	3.3	3.3	3.3	3.3
TOTAL	98.4	98.4	98.4	98.4	98.4

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

A. Administration

This program provides a centralized resource to accumulate funds and statistical information on active, inactive, and retired members of the various systems under its jurisdictions. Additionally, this program provides operations support, excluding investments, for management, statistical information, service records, contributions, payment, and customer service. The Executive Director administers this program and reports to the KPERS Board of Trustees.

KPERS Modernization Project

The agency maintains a pension administration software application that provides the functionality needed to collect data and moneys from employers and to process and pay benefits. KPERS partnered with Sagitec Solutions to implement the current software system, Neospin, which has been in continuous use since 2005. Over the past 15 years, additional system customization has been necessitated by plan design changes, including both internal changes, such as implementing solutions for business processes, and external changes, such as legislative actions. The most significant plan design changes included the creation of the KPERS 2 and KPERS 3 plans, which required moving to pay period reporting for employee and employer contributions.

The agency indicates that while the existing system is still capable of executing mission-critical processes, it has nonetheless become less efficient and unstable over time, due to the implementation of required customizations. Accordingly, the agency and the Board of Trustees made the decision to begin efforts to modernize the pension administration system. The agency requested FY 2021, expenditures, which the 2020 Legislature approved of, to engage in a request for proposal for a complete business assessment of KPERS and the current pension administration system. KPERS completed the request for proposal process in June 2020 and selected The Segal Group to provide the comprehensive assessment. Segal then spent three months interviewing agency staff, reviewing current processes, and assessing the functionality of the existing system as compared to peer organizations. Segal completed its assessment in September 2020 and submitted three reports to the agency—a current state report, a gap assessment report, and a future roadmap report. With the Segal assessment, the KPERS Board of Trustees identified the following six areas for its pension systems modernization:

- **Foundational Functions.** This area involves processes for laying the technical and infrastructure groundwork necessary for the modernization process, including project management services, resource gathering, pension administration system selection, and knowledge management;
- **Information Technology.** This area involves information technology support, including change management, help desk functions, and security and support services;
- **Data.** This area involves processes to assist with data management, including a data dictionary, data trustworthiness verification, and data reporting and governance;
- **Pension System Administration.** This area involves preliminary work on integrating and automating parts of the Pension Administration System, including

benefit calculation automation, business process automation, improving member annual statements, and 457 Plan integration;

- **Member Web Portal.** This area involves the creation of a web portal for members, including accessibility options, an improved user interface, and added functionality; and
- **Employer Web Portal.** This area involves the creation of a web portal for employers, including tracking pay period reporting changes, adjustments and accounting functions, and additional user functionality.

In addition to budgeting expenditures to address these areas, the agency has also budgeted for a contingency project fund as well as for temporary staffing to assist with the modernization process. This additional staffing would be hired through existing state agency contracts, with the exception of an IT position that will be contracted through Segal as part of the consulting contract. In total, the agency estimates a five-year process to modernize the system, spread across those six identified areas as follows:

KPERS IT MODERNIZATION ROADMAP PLAN						
Project Category	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
Foundational	\$ 1,008,520	\$ 24,000	\$ 0	\$ 0	\$ 0	\$ 1,032,520
Information Technology	77,240	272,800	5,000	0	0	355,040
Data	70,000	1,013,847	1,111,097	2,115,217	795,000	5,105,161
Pension Admin. System	39,512	3,774,146	2,064,546	1,256,946	580,849	7,715,999
Member Web Portal	0	359,200	230,400	0	0	589,600
Employer Web Portal	0	0	702,500	87,500	0	790,000
<i>Subtotal</i>	<i>\$ 1,195,272</i>	<i>\$ 5,443,993</i>	<i>\$ 4,113,543</i>	<i>\$ 3,459,663</i>	<i>\$ 1,375,849</i>	<i>\$ 15,588,320</i>
Contingency Fund	\$ 0	\$ 389,708	\$ 389,708	\$ 389,708	\$ 389,708	\$ 1,558,832
Temporary Staffing	302,500	789,000	789,000	789,000	789,000	3,458,500
TOTAL	\$ 1,497,772	\$ 6,622,701	\$ 5,292,251	\$ 4,638,371	\$ 2,554,557	\$ 20,605,652

The agency request for FY 2022 includes expenses reflecting the estimated costs associated with implementing the recommendations in the roadmap report. For FY 2022, the agency requests expenditures totaling \$6.6 million, all from special revenue funds, to begin laying the technical and infrastructure groundwork for modernization, including processes related to benefit calculator automation, user interface updates, data profiling and cleansing, member web portal interface and functionality, and business process management. For FY 2023, the agency estimates expenditures totaling \$5.3 million, all from special revenue funds, to continue the modernization effort, including addressing processes related to the employer web portal and administration system upgrades, as well as projects continued from FY 2022. The agency anticipates knowing whether the appropriate approach is to modernize or replace the existing system by July 2022, further indicating that its budget is currently designed as if modernization will be the proper course.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Annual Cost of Administrative Operations as a Percentage of Benefit Payments	0.702 %	0.703 %	0.740 %	0.767 %	0.818 %	1.104 %
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 12.4	\$ 12.9	\$ 14.6	\$ 14.2	\$ 16.1	\$ 22.6
FTE Positions	86.9	86.9	86.5	83.8	83.1	83.1

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 8,572,841	\$ 9,288,510	\$ 9,288,510	\$ 9,396,999	\$ 9,396,999
Contractual Services	4,771,135	5,857,867	6,057,867	12,558,050	12,558,050
Commodities	125,724	123,500	123,500	123,500	123,500
Capital Outlay	755,094	650,000	650,000	500,000	500,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 14,224,794	\$ 15,919,877	\$ 16,119,877	\$ 22,578,549	\$ 22,578,549
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 14,224,794	\$ 15,919,877	\$ 16,119,877	\$ 22,578,549	\$ 22,578,549
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	14,224,794	15,919,877	16,119,877	22,578,549	22,578,549
TOTAL	\$ 14,224,794	\$ 15,919,877	\$ 16,119,877	\$ 22,578,549	\$ 22,578,549
FTE Positions	83.8	83.1	83.1	83.1	83.1

The **agency** requests \$22.6 million, all from special revenue funds, for administrative and operational expenditures for FY 2022. The request is an all funds increase of \$6.7 million, or 41.8 percent, above the FY 2021 revised estimate. The increase is primarily due to continued expenses for the modernization of the pension administration system (\$6.6 million). Expenditures for preliminary stages of the modernization process were approved by the 2020 Legislature and are included in the FY 2021 revised estimate. For FY 2022, the agency anticipates laying the technical and infrastructure groundwork for the modernization process, including processes related to benefit calculator automation, user interface updates, data profiling and cleansing, member web portal interface and functionality, and business process management. The agency indicates that, although these items require significant investments in project management, computer coding, and internal testing, they would be required regardless of whether the existing pension administration system is modernized or replaced. The request also includes 83.1 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

B. KPERS Investments

This program coordinates investment-related activities, including supervision of investment managers under contract to the KPERS Board of Trustees and management of a portion of the investment portfolio not assigned to the outside investment managers. This unit is supervised by the Chief Investment Officer, who reports to the Executive Director. KPERS staff charge a portion of their time and operating expenditures for non-KPERS investment management in order to secure reimbursement for managing investments of the State's Unclaimed Property Fund and the Kansas Endowment for Youth Fund.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Investment-Related Fees as a Percentage of Trust Fund Assets	0.172 %	0.158 %	0.152 %	0.159 %	0.150 %	0.153 %
KPERS Portfolio Rate of Return	8.70 %	6.70 %	7.75 %	2.10 %	7.75 %	7.75 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 34.1	\$ 36.7	\$ 34.3	\$ 33.6	\$ 35.7	\$ 37.1
FTE Positions	9.0	9.0	9.3	9.4	9.4	9.4

KPERS INVESTMENTS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,324,409	\$ 2,962,367	\$ 2,962,367	\$ 2,987,313	\$ 2,987,313
Contractual Services	31,237,490	32,549,136	32,549,136	34,101,426	34,101,426
Commodities	1,029	0	0	0	0
Capital Outlay	17,537	200,000	200,000	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 33,580,465	\$ 35,711,503	\$ 35,711,503	\$ 37,088,739	\$ 37,088,739
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 33,580,465	\$ 35,711,503	\$ 35,711,503	\$ 37,088,739	\$ 37,088,739
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	33,580,465	35,711,503	35,711,503	37,088,739	37,088,739
TOTAL	\$ 33,580,465	\$ 35,711,503	\$ 35,711,503	\$ 37,088,739	\$ 37,088,739
FTE Positions	9.3	9.4	9.4	9.4	9.4

The **agency** requests \$37.1 million, all from special revenue funds, for KPERS investment expenses for FY 2022. Expenses within this program include expenses for both internal staff and external investment managers. The request is an all funds increase of \$1.4 million, or 3.9 percent, above the FY 2021 revised estimate. The increase is primarily due to additional expenditures for investment management fees, which are based on performance of those investments (\$1.6 million), partially offset by a reduction of \$200,000 in capital outlay for non-recurring expenditures to replace computer equipment from FY 2021. The request also includes 9.4 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. Deferred Compensation

The Kansas Deferred Compensation program is a voluntary, tax-deferred retirement program for state employees. In addition, many local public employers offer the plan to their employees. Since 2007, the management of the Kansas Deferred Compensation program has been administered by KPERS. The management provides state and local employees with coordinated retirement education and planning information and facilitates an increased emphasis on personal savings for retirement. The Plan has 25,324 state and local participants, with total assets of approximately \$1.2 billion.

The KPERS Board of Trustees created a Deferred Compensation Committee to oversee administration of the Plan and make recommendations to the full Board for consideration and action. The oversight and recommendations relate to management of plan assets, selection and monitoring of investment options, and selection and evaluation of service providers. KPERS staff manages operations in conjunction with the plan's service provider, Empower. Empower is responsible for participant account record keeping and direct services, such as enrollments, phone inquiries, and investment transactions. SageView Advisory Group acts as the Plan's investment consultant.

DEFERRED COMPENSATION PLAN HIGHLIGHTS — JUNE 30, 2020			
Item	State	Local	Total
Total Assets (Dollars in Millions)	\$ 793.2	\$ 374.4	\$ 1,167.6
Number of Participants	14,588	10,736	25,324
Number of Actively Deferring Participants	6,969	6,311	13,280
Number of Employers	1	371	372

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Performance measures for this program are included in the KPERS Investment program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ 427.2	\$ 430.8	\$ 533.1	\$ 411.0	\$ 533.4	\$ 562.0
FTE Positions	2.4	2.4	2.6	2.6	2.6	2.6

DEFERRED COMPENSATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 320,974	\$ 336,738	\$ 336,738	\$ 339,710	\$ 339,710
Contractual Services	89,752	196,202	196,202	221,875	221,875
Commodities	254	450	450	450	450
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 410,980</i>	<i>\$ 533,390</i>	<i>\$ 533,390</i>	<i>\$ 562,035</i>	<i>\$ 562,035</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 410,980	\$ 533,390	\$ 533,390	\$ 562,035	\$ 562,035
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	410,980	533,390	533,390	562,035	562,035
TOTAL	\$ 410,980	\$ 533,390	\$ 533,390	\$ 562,035	\$ 562,035
FTE Positions	2.6	2.6	2.6	2.6	2.6

The **agency** requests \$562,035, all from special revenue funds, for administrative expenses for the Deferred Compensation Plan for FY 2022. The request is an all funds increase of \$28,645, or 5.4 percent, above the FY 2021 revised estimate. The increase is primarily due to additional expenditures for attorney and plan consultant fees (\$21,673) as well as an increase in estimated travel expenditures (\$4,000). The request also includes 2.6 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

D. Death and Disability Benefits

In addition to serving as the pension plan for state and local government employees, KPERS offers basic group life insurance and long-term disability benefits. The KPERS Death and Disability Benefits program was established in January 1966, pursuant to KSA 74-4927. The plan is funded through a special reserve called the group insurance reserve.

To carry out the legislative intent to provide, within the funds made available, the broadest possible coverage, the KPERS Board of Trustees may adjust the plan from time to time. KPERS contracts with the insurance company The Standard to underwrite the group life insurance benefits. Disability Management Services, Inc. is the third-party administrator for the disability program. In FY 2019, more than \$43.6 million in insurance premiums and disability payments were made.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ --	\$ --	\$ --	\$ 309.3	\$ 322.8	\$ 325.8
FTE Positions	--	--	--	2.6	3.3	3.3

Note: Prior to FY 2020, reportable expenditures for this program were included in the Administration program.

DEATH AND DISABILITY BENEFITS SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 309,331	\$ 321,759	\$ 321,759	\$ 324,833	\$ 324,833
Contractual Services	0	0	0	0	0
Commodities	0	1,000	1,000	1,000	1,000
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 309,331</i>	<i>\$ 322,759</i>	<i>\$ 322,759</i>	<i>\$ 325,833</i>	<i>\$ 325,833</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 309,331	\$ 322,759	\$ 322,759	\$ 325,833	\$ 325,833
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	309,331	322,759	322,759	325,833	325,833
TOTAL	\$ 309,331	\$ 322,759	\$ 322,759	\$ 325,833	\$ 325,833
FTE Positions	2.6	3.3	3.3	3.3	3.3

The **agency** requests \$325,833, all from special revenue funds, for administrative expenses related to the death and disability benefits program for FY 2022. The request is an all funds increase of \$3,074, or 1.0 percent, above the FY 2021 revised estimate. The increase is primarily due to higher employer contributions for employee retirement (\$2,036) and group health insurance (\$923). The request also includes 3.3 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

KANSAS LOTTERY

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	315,505,325	344,560,695	344,189,485	375,683,608	375,293,018
Subtotal	\$315,505,325	\$ 344,560,695	\$344,189,485	\$ 375,683,608	\$ 375,293,018
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$315,505,325	\$ 344,560,695	\$344,189,485	\$ 375,683,608	\$ 375,293,018
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(19.0)	9.2	9.1	9.0	9.0
FTE Positions	95.0	95.0	90.0	95.0	90.0

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

AGENCY OVERVIEW

Article 15, Section 3c of the *Kansas Constitution* authorizes a State-owned and -operated lottery. The Legislature provided for the Kansas Lottery by statutory enactment, which included a sunset date. The 2007 Legislature extended agency operations until July 1, 2022, at which time it will be abolished unless continued by an act of the Legislature. KSA 74-8710(a) allows, by rule and regulation, the establishment of the types of lottery games to be conducted, including, but not limited to, instant lottery, online, and traditional games. The Kansas Lottery has established multiple types of traditional games, including instant tickets, Powerball, Mega Millions, Super Kansas Cash, 2 by 2, Keno, Racetrax, Lucky for Life, and Pick 3. The agency continues to engage in partnerships, including with the Kansas City Chiefs, Sporting Kansas City, Kansas City Royals, Kansas Speedway, and the Kansas State Fair for special instant games and second chance prize drawings.

The 2007 Legislature repealed a provision prohibiting games on video lottery machines and established the Expanded Lottery Act to provide for gaming at racetracks and casinos in limited jurisdictions where approved by local voters. The new law allows the Kansas Lottery to own and operate electronic gaming machines at designated locations. The Kansas Racing and Gaming Commission is given authority to regulate the gaming activities at racetracks and casinos.

The agency has seven budget programs that support its operations. These programs are Administration, Information Technology, Sales, Security, Cost of Sales, Expanded Lottery Act, and Marketing. All are detailed in this budget analysis.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** continued the operation of the Kansas Lottery until July 1, 2022, and passed SB 66, which authorized expanded lottery activities at racetracks and casinos in certain areas after local voter approval.

The **2008 Legislature** passed HB 2923, which expanded the veterans benefit games from six months to year-round to generate additional revenue. The Legislature directed funding from the net profits of the games to benefit the Museum of the Kansas National Guard for the expansion of its facility to include a 35th Infantry Division Museum through fiscal year (FY) 2010. In FY 2011, net profits transferred to the Museum were redirected to the Veterans Enhanced Service Delivery program.

The **2010 Legislature** increased the agency's salaries and wages shrinkage rate from 2.0 percent to 5.0 percent and deleted \$162,500 from the agency operating budget in FY 2009 and FY 2010.

The **2013 Legislature** increased the statutory transfer from the State Gaming Revenues Fund by 4.0 percent, or \$2.4 million, for a transfer of \$75.7 million in FY 2014.

The **2014 Legislature** passed HB 2272, which reduced the privilege fee in the Southeast Gaming Zone from \$50.0 million to \$5.5 million. The bill also reduced investment fees in the Zone from \$225.0 million to \$50.0 million. The Legislature also deleted 5.0 FTE positions in FY 2015.

The **2015 Legislature** passed HB 2155, which amended the Kansas Lottery Act to allow the Kansas Lottery to advertise at amateur athletic and sporting events where the majority of participants are over the age of 18, to be a retailer and sell Lottery products, and prevent anyone under the age of 18 from being able to redeem a winning lottery ticket.

The **2015 Legislature** also included proviso language in SB 112 to transfer the unencumbered balance of the Expanded Lottery Act Revenues Fund to the State General Fund (SGF) in FY 2016 and FY 2017.

The **2015 Legislature** increased the Kansas Lottery's transfer to the State Gaming Revenues Fund by \$1.0 million in FY 2016.

The **2018 Legislature** passed Sub. for HB 2194, which amended the Kansas Lottery Act to allow the use of lottery ticket vending machines and the use of instant bingo vending machines, amended law concerning underage purchasing of lottery tickets, extended the sunset provision for the Kansas Lottery amended law directing transfers to the Lottery Operating Fund, and amended law concerning the State Debt Setoff program.

The **2019 Legislature** added \$4.4 million for FY 2019 and \$3.8 million in FY 2020, all from special revenue funds, for the purchase of lottery ticket vending machines. These expenditures decrease the revenue transfer to the SGF.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$344.6 million, all from special revenue funds, in FY 2021. The estimate is a decrease of \$44.0 million, or 11.3 percent, below the FY 2021 approved budget. The decrease is primarily attributable to a decrease in contractual service expenditures by \$41.3 million, or 12.6 percent. This is mainly due to a decrease in the Gaming Facility Manager Fee, which is proportional to total sales and is paid to casino operators.

The revised estimate of 95.0 FTE positions is unchanged from the FY 2021 approved number.

The **Governor** recommends expenditures of \$344.2 million, all from special revenue funds, in FY 2021. This is a decrease of \$371,210, or 0.1 percent, below the agency's revised estimate. This decrease is due to the Governor's recommendation to implement a 5.0 percent shrinkage rate, which would reduce the budget by \$371,210, all from special revenue funds.

Additionally, the Governor recommends 90.0 FTE positions, which is a decrease of 5.0 FTE positions below the agency's FY 2021 revised estimate. This decrease is due to the elimination of vacant positions.

FY 2022 – Budget Year. The **agency** requests \$375.7 million, all from special revenue funds, for FY 2022. The request is an increase of \$31.1 million, or 9.0 percent, above the FY 2021 revised estimate. The majority of the increase is attributable to an increase in the Gaming Facility Manager Fee (\$29.3 million). Salaries and wages expenditure increases for merit-based adjustments and expected increases in fringe benefits costs comprise the majority of the remaining adjustment.

The request of 95.0 FTE is unchanged from the number included in the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$375.3 million, all from special revenue funds, for FY 2022. This is a decrease of \$390,590, or 0.1 percent, below the agency's request. This decrease is due to the Governor's recommendation to implement a 5.0 percent shrinkage rate.

Additionally, the Governor recommends 90.0 FTE positions, which is a decrease of 5.0 FTE positions below the agency's FY 2022 request. This decrease is due to the elimination of vacant positions.

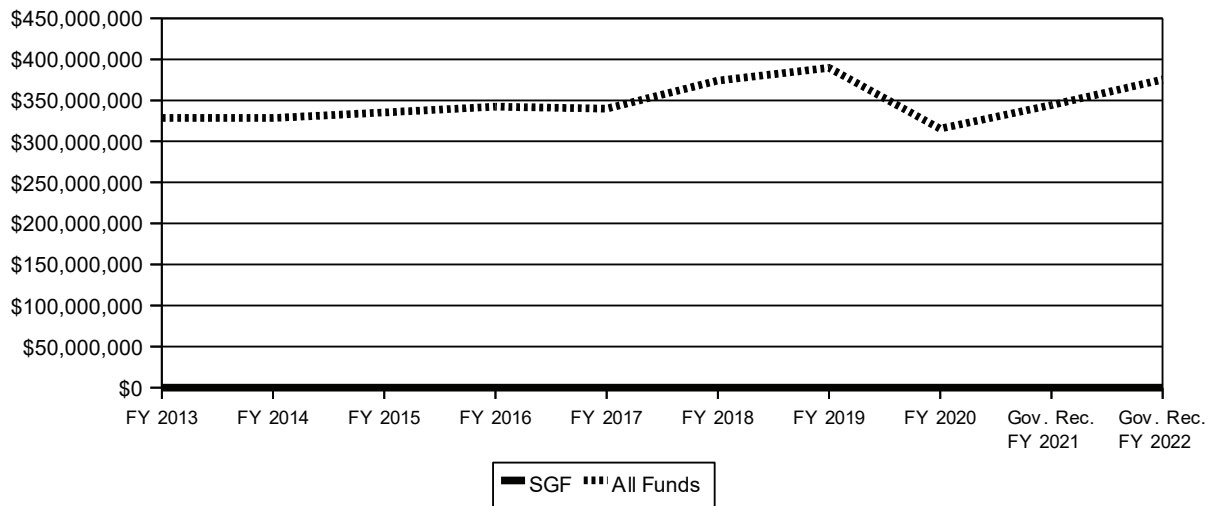
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Receipts from the Sale of Lottery Tickets (Dollars in Millions)	\$ 269.8	\$ 294.3	\$ 293.9	\$ 273.9	\$ 290.1	\$ 297.1
Lottery Ticket Transfer Target (Dollars in Millions)	\$ 74.7	\$ 74.9	\$ 73.3	\$ 69.1	\$ 74.7	\$ 76.9
Regular Lottery Ticket Prize Payments (Dollars in Millions)	\$ 157.9	\$ 172.7	\$ 172.8	\$ 166.5	\$ 174.1	\$ 178.6
State-owned Gaming Facility Revenue (Dollar in Millions)	\$ 403.0	\$ 410.5	\$ 412.4	\$ 338.1	\$ 358.8	\$ 398.9
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 374.1	\$ 389.7	\$ 389.2	\$ 315.5	\$ 344.2	\$ 375.3
FTE Positions	95.0	95.0	99.9	95.0	90.0	90.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 328,536,485	58.2 %	90.0
2014	0	--	328,454,686	(0.0)	90.0
2015	0	--	335,251,277	2.1	74.9
2016	0	--	342,237,089	2.1	76.0
2017	0	--	339,826,175	(0.7)	104.0
2018	0	--	374,052,509	10.1	95.0
2019	0	--	389,655,386	4.2	95.0
2020	0	--	315,505,325	(19.0)	95.0
2021 Gov. Rec.	0	--	344,189,485	9.1	90.0
2022 Gov. Rec.	0	--	375,293,018	9.0	90.0
Ten-Year Change					
Dollars/Percent	\$ 0	-- %	\$ 46,756,533	14.2 %	0.0

Summary of Operating Budget FY 2020 - FY 2022

Kansas Lottery

		Agency Estimate					Governor's Recommendation				
Actual FY 2020		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21		
By Program:											
Administration	\$ 3,029,630	\$ 3,776,423	\$ 3,941,657	\$ 165,234	4.4 %	\$ 3,405,213	\$ 3,551,067	\$ 145,854	4.3 %		
Information Technology	1,049,098	1,387,792	1,405,944	18,152	1.3	1,387,792	1,405,944	18,152	1.3		
Sales	2,101,733	2,482,592	2,551,704	69,112	2.8	2,482,592	2,551,704	69,112	2.8		
Security	612,547	584,044	601,167	17,123	2.9	584,044	601,167	17,123	2.9		
Cost of Sales	44,210,255	52,828,200	53,080,200	252,000	0.5	52,828,200	53,080,200	252,000	0.5		
Expanded Lottery Act	258,496,886	276,799,864	307,378,329	30,578,465	11.0	276,799,864	307,378,329	30,578,465	11.0		
Marketing	6,005,176	6,701,780	6,724,607	22,827	0.3	6,701,780	6,724,607	22,827	0.3		
TOTAL	\$ 315,505,325	\$ 344,560,695	\$ 375,683,608	\$ 31,122,913	9.0 %	\$ 344,189,485	\$ 375,293,018	\$ 31,103,533	9.0 %		
By Major Object of Expenditure:											
Salaries and Wages	\$ 6,500,867	\$ 7,424,195	\$ 7,811,808	\$ 387,613	5.2 %	\$ 7,052,985	\$ 7,421,218	\$ 368,233	5.2 %		
Contractual Services	266,497,068	287,261,900	316,564,900	29,303,000	10.2	287,261,900	316,564,900	29,303,000	10.2		
Commodities	639,956	737,200	737,200	0	0.0	737,200	737,200	0	0.0		
Capital Outlay	219,756	1,873,400	1,602,700	(270,700)	(14.4)	1,873,400	1,602,700	(270,700)	(14.4)		
Debt Service	0	0	0	0	--	0	0	0	--		
Subtotal - Operations	\$ 273,857,647	\$ 297,296,695	\$ 326,716,608	\$ 29,419,913	9.9 %	\$ 296,925,485	\$ 326,326,018	\$ 29,400,533	9.9 %		
Aid to Local Units	10,236,721	10,764,000	11,967,000	1,203,000	11.2	10,764,000	11,967,000	1,203,000	11.2		
Other Assistance	31,410,957	36,500,000	37,000,000	500,000	1.4	36,500,000	37,000,000	500,000	1.4		
TOTAL	\$ 315,505,325	\$ 344,560,695	\$ 375,683,608	\$ 31,122,913	9.0 %	\$ 344,189,485	\$ 375,293,018	\$ 31,103,533	9.0 %		
Financing:											
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %		
Lottery Operating Fund	29,759,042	35,372,695	35,519,608	146,913	0.4	35,001,485	35,129,018	127,533	0.4		
Expanded Lottery Act Revenues Fund	254,397,985	272,688,000	303,164,000	30,476,000	11.2	272,688,000	303,164,000	30,476,000	11.2		
Lottery Prize Payment Fund	31,347,077	36,500,000	37,000,000	500,000	1.4	36,500,000	37,000,000	500,000	1.4		
All Other Funds	1,221	0	0	0	--	0	0	0	--		
TOTAL	\$ 315,505,325	\$ 344,560,695	\$ 375,683,608	\$ 31,122,913	9.0 %	\$ 344,189,485	\$ 375,293,018	\$ 31,103,533	9.0 %		

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	388,529,921	344,560,695	(43,969,226)	344,189,485	(44,340,436)
TOTAL	\$ 388,529,921	\$ 344,560,695	\$ (43,969,226)	\$ 344,189,485	\$ (44,340,436)
FTE Positions	95.0	95.0	0.0	90.0	(5.0)

The **agency** requests a revised estimate of \$344.6 million, all from special revenue funds, in FY 2021. The revised estimate is a decrease of \$44.0 million, or 11.3 percent, below the FY 2021 approved budget. The decrease is primarily attributable to a decrease in contractual services expenditures by \$41.3 million, mainly due to a decrease in the Gaming Facility Manager Fee, which is proportional to total sales and is paid to casino operators.

The revised estimate of 95.0 FTE positions is unchanged from the FY 2021 approved number. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates \$7.4 million for salaries and wages, which is a decrease of \$592,426, or 7.4 percent, below the FY 2021 approved amount. This decrease is primarily attributable to decreased expenditures for salaries and wages for unclassified employees and employer contributions to salaries and wages fringe benefits;
- **Contractual Services.** The agency estimates \$287.3 million for contractual services, which is a decrease of \$41.3 million, or 12.6 percent, below the FY 2021 approved amount. The majority of the decrease is attributable to the Gaming Facility Manager Fee, which is proportional to total sales and is paid to casino operators;
- **Commodities.** The agency estimates \$737,200 for commodities, which is unchanged from the FY 2021 approved amount. The majority of expenditures in this category are for stationery and office supplies;
- **Capital Outlay.** The agency estimates \$1.9 million for capital outlay for FY 2021. This is an increase of \$1.5 million, or 380.1 percent, above the FY 2021 approved amount. This increase is attributable to expenditures for the purchase of lottery vending machines;

- **Aid to Local Units of Government.** The agency estimates \$10.8 million for aid to local units of government, which is a decrease of \$1.7 million, or 13.6 percent, below the FY 2021 approved amount. This decrease is attributable to a decrease in Expanded Lottery receipts; and
- **Other Assistance.** The agency estimates \$36.5 million for other assistance, which is a decrease of \$1.9 million, or 4.9 percent, below the FY 2021 approved amount. This decrease is attributable to a decrease in lottery prize claims.

EXPANDED LOTTERY ACT REVENUES FUND TRANSFERS – FY 2021

The agency estimates revenues of \$311.5 million, which is a decrease of \$103.9 million, or 75.0 percent, below the FY 2021 approved amount from the four State-owned casinos. If revenue targets are achieved, the agency will make the following transfers in FY 2021:

- \$68.5 million to the Expanded Lottery Act Revenues Fund;
- \$6.2 million to the Problem Gambling and Addictions Grant Fund; and
- \$9.3 million to local cities and counties that host gaming facilities.

TRADITIONAL LOTTERY SALES AND TRANSFERS – FY 2021

For FY 2021, the agency estimates total net sales of \$290.1 million, which is an increase of \$16.2 million, or 5.9 percent, above FY 2020 actual sales. This is a net profits ratio of 25.7 percent after player prizes and operating costs. The net profits from the sale of regular lottery tickets are deposited in the following funds:

- \$42.4 million, 85.0 percent, to the Economic Development Initiatives Fund;
- \$7.5 million, 15.0 percent, to Correctional and Juvenile Detention Facilities Funds;
- \$23.4 million to the SGF;
- \$1.3 million to the Kansas Commission on Veterans' Affairs Office; and
- \$80,000 to the Problem Gambling and Addictions Grant Fund.

In addition to the transfers to the SGF and other special revenue funds from traditional lottery sales, up to the first \$8.0 million of the net revenue from lottery ticket vending machines is to be used for mental health programs and is transferred to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (25.0 percent) and Crisis Intervention Centers (75.0 percent) in FY 2021. The agency estimates a \$4.0 million transfer to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (\$1.0 million) and Crisis Intervention Centers (\$3.0 million) in FY 2021.

The **Governor** recommends expenditures of \$344.2 million, all from special revenue funds, in FY 2021. This is a decrease of \$371,210, or 0.1 percent, below the agency's revised estimate. This decrease is due to the Governor's recommendation to implement a 5.0 percent shrinkage rate, which would reduce the budget by \$371,210, all from special revenue funds. Additionally, the Governor recommends 90.0 FTE positions, which is a decrease of 5.0 FTE positions below the agency's request. This decrease is due to the elimination of vacant positions.

Supplemental Detail

FY 2021 SUPPLEMENTALS						
Supplementals	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Vending Machines	\$ 0	1,483,200	0.0	0	1,483,200	0.0

The **agency** requests \$1.5 million, all from special revenue funds, in FY 2021 to purchase lottery vending machines. The agency reports the majority of the initial 272 vending machines have been deployed in FY 2020 and anticipates placing orders for 70 to 100 lottery vending machines in FY 2021 and FY 2022. This expenditure has the potential to decrease SGF receipts during FY 2021.

The **Governor** concurs with the agency's supplemental request in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 375,683,608	\$ 375,293,018	\$	(390,590)
FTE Positions	95.0	90.0		(5.0)
Change from FY 2021:				
Dollar Change:				
State General Fund	\$ 0	\$ 0		
All Other Funds	31,122,913	31,103,533		
TOTAL	\$ 31,122,913	\$ 31,103,533		
Percent Change:				
State General Fund	0.0 %	0.0 %		
All Other Funds	9.0	9.0		
TOTAL	9.0 %	9.0 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$375.7 million, all from special revenue funds, for FY 2022. The request is an increase of \$31.1 million, or 9.0 percent, above the FY 2021 revised estimate. The majority of the increase is mainly attributable to an increase in the Gaming Facility Manager Fee (\$29.3 million). Salaries and wages expenditure increases for merit-based adjustments and expected increases in fringe benefits costs comprise the majority of the remaining adjustment.

The request of 95.0 FTE positions is unchanged from the FY 2021 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$7.8 million for salaries and wages, which is an increase of \$387,612, or 5.2 percent, above the FY 2021 revised estimate. This increase is primarily attributable to merit-based adjustments and increases in salaries and wages fringe benefits costs;
- **Contractual Services.** The agency requests \$316.6 million for contractual services, which is an increase of \$29.3 million, or 10.2 percent, above the FY 2021 revised estimate. The majority of the increase is attributable to an increase in the Gaming Facility Manager Fee;
- **Commodities.** The agency requests \$737,200 for commodities, which is unchanged from the FY 2021 revised estimate. The majority of expenditures in this category are for stationery and office supplies;
- **Capital Outlay.** The agency requests \$1.6 million for capital outlay, which is a decrease of \$270,700, or 14.4 percent, below the FY 2021 revised estimate. This decrease is primarily attributable to a decrease in expenditures for lottery vending machines;
- **Aid to Local Units of Government.** The agency requests \$12.0 million for aid to local units of government for FY 2022. This is an increase of \$1.2 million, or 11.2 percent, above the FY 2021 revised estimate. The increase is attributable to expanded lottery sales transfers to local units of government from the Expanded Lottery Act Revenues Fund; and
- **Other Assistance.** The agency requests \$37.0 million for other assistance for FY 2022. This is an increase of \$500,000, or 1.4 percent, above the FY 2021 revised estimate. This increase is attributable to an increase in estimated expenditures for lottery prize claims. These expenditures only include prizes in excess of \$599, which must be claimed at the Lottery.

EXPANDED LOTTERY ACT REVENUES FUND TRANSFERS – FY 2022

The agency estimates revenues of \$376.3 million, which is \$64.8 million, or 20.8 percent, above the FY 2021 revised estimate amount. Due to the uncertain revenue projections caused by the COVID-19 pandemic, it is anticipated that the underlying revenue projections may change. If revenue targets are achieved, the agency will make the following transfers in FY 2022:

- \$82.8 million to the Expanded Lottery Act Revenues Fund;
- \$7.5 million to the Problem Gambling and Addictions Grant Fund; and
- \$11.3 million to local cities and counties that host gaming facilities.

TRADITIONAL LOTTERY SALES AND TRANSFERS – FY 2022

For FY 2022, the agency estimates total net sales of \$297.1 million, which is an increase of \$7.0 million, or 2.4 percent, above the FY 2021 revised estimate. This is a net profit ratio of 25.9 percent after player prizes and operating costs. The net profits from the sale of regular lottery tickets are deposited in the following funds:

- \$42.4 million, 85.0 percent, to the Economic Development Initiatives Fund;
- \$7.5 million, 15.0 percent, to Correctional and Juvenile Detention Facilities Funds;
- \$25.6 million to the SGF;
- \$1.3 million to the Kansas Commission on Veterans' Affairs Office; and
- \$80,000 to the Problem Gambling and Addictions Grant Fund.

In addition to the transfers to the SGF and other special revenue funds from traditional lottery sales, up to the first \$8.0 million of the net revenue from lottery ticket vending machines is to be used for mental health programs and is transferred to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (25.0 percent) and Crisis Intervention Centers (75.0 percent). The agency estimates a \$6.0 million transfer to the Kansas Department for Aging and Disability Services to support the Clubhouse Model (\$1.5 million) and Crisis Intervention Centers (\$4.5 million) for FY 2022.

The **Governor** recommends expenditures of \$375.3 million, all from special revenue funds, for FY 2022. This is a decrease of \$390,590, or 0.1 percent, below the agency's request. This decrease is due to the Governor's recommendation to implement a 5.0 percent shrinkage rate. Additionally, the Governor recommends 90.0 FTE positions, which is a decrease of 5.0 FTE positions below the agency's request. This decrease is due to the elimination of vacant positions.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancement	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Vending Machines	0	1,235,200	0.0	0	1,235,200	0.0
TOTAL	\$ 0	\$ 1,235,200	0.0	\$ 0	\$ 1,235,200	0.0

The **agency** requests an enhancement of \$1.2 million, all from special revenue funds, for FY 2022 to purchase lottery vending machines. The agency reports the majority of the initial 272 vending machines have been deployed in FY 2020 and anticipates placing orders for 70 to 100 lottery vending machines in FY 2021 and FY 2022. This expenditure has the potential to decrease SGF receipts during FY 2022.

The **Governor** concurs with the agency's enhancement request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$800, and FY 2022 longevity payments total \$840, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

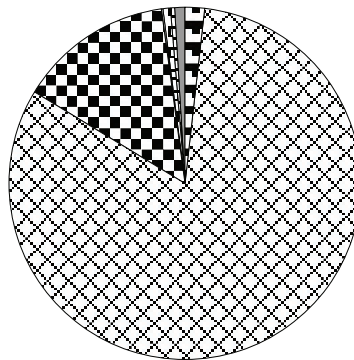
Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
Expanded Lottery Receipts Fund	80.7 %	80.8 %
Lottery Prize Payment Fund	9.8	9.9
Lottery Operating Fund	9.5	9.4
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation

All Funds



■ Administration	▤ Information Technology	▤ Sales	Security
▣ Cost of Sales	▧ Expanded Lottery Act	▤ Marketing	

Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 3,551,067	0.9 %	\$ 0	-- %
Information Technology	1,405,944	0.4	0	--
Sales	2,551,704	0.7	0	--
Security	601,167	0.2	0	--
Cost of Sales	53,080,200	14.1	0	--
Expanded Lottery Act	307,378,329	81.9	0	--
Marketing	6,724,607	1.8	0	--
TOTAL	\$ 375,293,018	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	31.7	29.7	24.7	29.7	24.7
Information Technology	4.6	5.7	5.7	5.7	5.7
Sales	27.4	28.4	28.4	28.4	28.4
Security	6.5	6.5	6.5	6.5	6.5
Cost of Sales	0.0	0.0	0.0	0.0	0.0
Expanded Lottery Act	17.4	17.3	17.3	17.3	17.3
Marketing	7.4	7.4	7.4	7.4	7.4
TOTAL	95.0	95.0	90.0	95.0	90.0
(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)					

A. Administration

The Administration program is responsible for human resources, procurement, facility and vehicles, and policy information and distribution that supports the Lottery. The program also ensures Lottery personnel are knowledgeable of the newest and most effective products, technologies, security operations, marketing, advertising strategies, and legal issues within the gaming and lottery industry. Additionally, the program provides service, information, and ticket shipments to current retailers.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no agency performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.4	\$ 3.3	\$ 4.1	\$ 3.0	\$ 3.4	\$ 3.6
FTE Positions	32.8	32.2	31.7	31.7	24.7	24.7

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,680,893	\$ 2,244,523	\$ 1,873,313	\$ 2,379,757	\$ 1,989,167
Contractual Services	1,313,190	1,457,200	1,457,200	1,487,200	1,487,200
Commodities	35,183	49,700	49,700	49,700	49,700
Capital Outlay	364	25,000	25,000	25,000	25,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 3,029,630</i>	<i>\$ 3,776,423</i>	<i>\$ 3,405,213</i>	<i>\$ 3,941,657</i>	<i>\$ 3,551,067</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 3,029,630	\$ 3,776,423	\$ 3,405,213	\$ 3,941,657	\$ 3,551,067
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,029,630	3,776,423	3,405,213	3,941,657	3,551,067
TOTAL	\$ 3,029,630	\$ 3,776,423	\$ 3,405,213	\$ 3,941,657	\$ 3,551,067
FTE Positions	31.7	29.7	24.7	29.7	24.7

The **agency** requests \$3.9 million, all from the Lottery Operating Fund, for the Administration program for FY 2022. This request is an increase of \$165,234, or 4.4 percent, above the FY 2021 revised estimate. The increase is attributable to \$115,734 for merit-based salary increases and increases for salaries and wages fringe benefits costs. The agency also included \$49,500 for the employee recognition program.

The **Governor** recommends expenditures of \$3.5 million, all from special revenue funds, for FY 2022. This is a decrease of \$390,590, or 9.9 percent, below the agency's request. This decrease is due to the Governor's recommendation to decrease 5.0 FTE positions below the agency's request.

B. Information Technology

The Information Technology program provides technological infrastructure in support of all Lottery computer operations to ensure retailer and player satisfaction.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no agency performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Millions)	\$ 1.1	\$ 1.1	\$ 1.3	\$ 1.0	\$ 1.4	\$ 1.4
FTE Positions	6.8	4.6	4.6	4.6	5.7	5.7

INFORMATION TECHNOLOGY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 464,484	\$ 514,292	\$ 514,292	\$ 532,444	\$ 532,444
Contractual Services	470,855	573,000	573,000	573,000	573,000
Commodities	57,484	100,500	100,500	100,500	100,500
Capital Outlay	56,275	200,000	200,000	200,000	200,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,049,098</i>	<i>\$ 1,387,792</i>	<i>\$ 1,387,792</i>	<i>\$ 1,405,944</i>	<i>\$ 1,405,944</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,049,098</u>	<u>\$ 1,387,792</u>	<u>\$ 1,387,792</u>	<u>\$ 1,405,944</u>	<u>\$ 1,405,944</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,049,098	1,387,792	1,387,792	1,405,944	1,405,944
TOTAL	<u>\$ 1,049,098</u>	<u>\$ 1,387,792</u>	<u>\$ 1,387,792</u>	<u>\$ 1,405,944</u>	<u>\$ 1,405,944</u>
FTE Positions	4.6	5.7	5.7	5.7	5.7

The **agency** requests \$1.4 million, all from the Lottery Operating Fund, for the Information Technology program for FY 2022. This is an increase of \$18,152, or 1.3 percent, above the FY 2021 revised estimate. The increase is attributable to \$9,152 for merit-based salary increases and increases for salaries and wages fringe benefits costs. The agency also included \$9,000 for the employee recognition program. Major expenditures in this program include replacements or upgrades to security access controls and monitoring equipment, computer supplies and vehicle operating costs for three vehicles, and expenditures for repairs, travel, and service fees.

The **Governor** concurs with the agency's request for FY 2022.

C. Sales

The Sales program works to increase sales of all Lottery products through the training of sales staff on Lottery products, retailer recruitment and training, promoting player awareness of available Lottery products, and increasing corporate account involvement in Lottery advertising and promotions.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Receipts from the Sale of Lottery Tickets (Dollars in Millions)	\$ 269.8	\$ 294.3	\$ 293.9	\$ 273.9	\$ 290.1	\$ 297.1
Lottery Ticket Transfer Target (Dollars in Millions)	\$ 74.7	\$ 74.9	\$ 73.3	\$ 69.1	\$ 74.7	\$ 76.9
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.9	\$ 2.0	\$ 2.4	\$ 2.1	\$ 2.5	\$ 2.6
FTE Positions	23.0	26.6	27.4	27.4	28.4	28.4

SALES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,749,304	\$ 1,981,592	\$ 1,981,592	\$ 2,050,704	\$ 2,050,704
Contractual Services	59,761	130,500	130,500	130,500	130,500
Commodities	177,328	253,000	253,000	253,000	253,000
Capital Outlay	115,340	117,500	117,500	117,500	117,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,101,733	\$ 2,482,592	\$ 2,482,592	\$ 2,551,704	\$ 2,551,704
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,101,733	\$ 2,482,592	\$ 2,482,592	\$ 2,551,704	\$ 2,551,704
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,101,733	2,482,592	2,482,592	2,551,704	2,551,704
TOTAL	\$ 2,101,733	\$ 2,482,592	\$ 2,482,592	\$ 2,551,704	\$ 2,551,704
FTE Positions	27.4	28.4	28.4	28.4	28.4

The **agency** requests \$2.5 million, all from the Lottery Operating Fund, for the Sales program for FY 2022. This is an increase of \$69,112, or 2.8 percent, above the FY 2021 revised estimate. The increase is attributable to \$9,112 for merit-based salary increases and increases for salaries and wages fringe benefits costs. The agency also included \$60,000 for the employee recognition program. Beyond salaries and wages, major expenses include professional supplies to implement the agency's merchandising standards and to provide new retailers with necessary equipment as well as other supplies needed for promotional efforts. Additionally, the agency has budgeted \$117,500 for the replacement of five minivans that are used by the sales department to service retailer accounts, recruitment, and other Lottery duties.

The **Governor** concurs with the agency's request for FY 2022.

D. Security

The Security program provides security to Lottery personnel and property, investigates and prosecutes criminal violations related to the Lottery, and preserves the integrity of the Lottery and all of its activities. To accomplish these goals, the program ensures all enforcement

agents receive training and remain knowledgeable of changing techniques, procedures, and statutes; conducts background investigation on all vendors and retailers; and visits Lottery retail locations to advise and inform retailers of proper security and product inventory practices.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no agency performance measures submitted for this program.						
<u>Agency Expenditures</u>						
All Funds (Dollars in Thousands)	\$ 552.0	\$ 534.6	\$ 588.6	\$ 612.5	\$ 584.0	\$ 601.2
FTE Positions	6.5	6.5	6.5	6.5	6.5	6.5

SECURITY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 502,205	\$ 503,994	\$ 503,994	\$ 521,117	\$ 521,117
Contractual Services	102,512	40,800	40,800	40,800	40,800
Commodities	7,330	14,250	14,250	14,250	14,250
Capital Outlay	500	25,000	25,000	25,000	25,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 612,547</i>	<i>\$ 584,044</i>	<i>\$ 584,044</i>	<i>\$ 601,167</i>	<i>\$ 601,167</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 612,547	\$ 584,044	\$ 584,044	\$ 601,167	\$ 601,167
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	612,547	584,044	584,044	601,167	601,167
TOTAL	\$ 612,547	\$ 584,044	\$ 584,044	\$ 601,167	\$ 601,167
FTE Positions	6.5	6.5	6.5	6.5	6.5

The **agency** requests \$601,167, all from the Lottery Operating Fund, for the Security program for FY 2022. This is an increase of \$17,123, or 2.9 percent, above the FY 2021 revised estimate. The increase is attributable to \$6,623 for merit-based salary increases and increases for salaries and wages fringe benefits costs. The agency also includes \$10,500 for the employee recognition program. Major expenditures in this program include replacements or upgrades to security access controls and monitoring equipment, computer supplies and vehicle operating costs for three vehicles, and expenditures for repairs, travel, and service fees.

The **Governor** concurs with the agency's request for FY 2022.

E. Cost of Sales

The Cost of Sales program captures the contractual services and commodities expenditures necessary to operate a state lottery. Other assistance expenditures within this program are prize claims between \$600 and \$5,000 paid instantly at the Lottery headquarters

from the Lottery Prize Payment Fund. Other assistance expenditures also include the payment of prize claims more than \$5,000 *via* state checks from the Lottery Prize Payment Fund. Approximately 33.0 percent of player prizes are paid from this fund; the remaining prizes are paid by Lottery retailers.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Regular Lottery Ticket Prize Payments (Dollars in Millions)	\$ 157.9	\$ 172.7	\$ 172.8	\$ 166.5	\$ 174.1	\$ 178.6
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 51.3	\$ 61.7	\$ 56.4	\$ 44.2	\$ 52.8	\$ 53.1
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

COST OF SALES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contractual Services	12,739,884	14,775,000	14,775,000	14,775,000	14,775,000
Commodities	59,414	70,000	70,000	70,000	70,000
Capital Outlay	0	1,483,200	1,483,200	1,235,200	1,235,200
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 12,799,298	\$ 16,328,200	\$ 16,328,200	\$ 16,080,200	\$ 16,080,200
Aid to Local Units	0	0	0	0	0
Other Assistance	31,410,957	36,500,000	36,500,000	37,000,000	37,000,000
TOTAL	\$ 44,210,255	\$ 52,828,200	\$ 52,828,200	\$ 53,080,200	\$ 53,080,200
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	44,210,255	52,828,200	52,828,200	53,080,200	53,080,200
TOTAL	\$ 44,210,255	\$ 52,828,200	\$ 52,828,200	\$ 53,080,200	\$ 53,080,200
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests \$53.1 million, all from the Lottery Operating Fund, for the Cost of Sales program for FY 2022. This is an increase of \$252,000, or 0.5 percent, above the FY 2021 revised estimate. This increase is attributable to increases in lottery prize payments and Federal and State taxes. This increase is partially offset by a decrease in expenditures for lottery vending machines. This program includes lottery prize claims of \$37.0 million.

The **Governor** concurs with the agency's request for FY 2022.

F. Expanded Lottery Act

The 2007 Legislature passed SB 66, which authorized expanded gaming activities with the Kansas Lottery designated as the owner and operator of the expanded lottery games. The Expanded Lottery Act program ensures the integrity of electronic gaming devices, accurate reporting of net expanded gaming revenues, and compliance with management contracts, as well as duties and responsibilities prescribed within the Kansas Expanded Lottery Act.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
State-owned Gaming Facility Revenue (Dollars in Millions)	\$ 403.0	\$ 410.5	\$ 412.4	\$ 338.1	\$ 358.8	\$ 398.9
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 310.0	\$ 317.6	\$ 317.6	\$ 258.5	\$ 276.8	\$ 307.4
FTE Positions	17.3	17.4	17.4	17.4	17.3	17.3

EXPANDED LOTTERY ACT SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,398,172	\$ 1,494,764	\$ 1,494,764	\$ 1,619,929	\$ 1,619,929
Contractual Services	246,858,027	264,507,900	264,507,900	293,780,900	293,780,900
Commodities	3,689	10,500	10,500	10,500	10,500
Capital Outlay	277	22,700	22,700	0	0
Debt Service	0	0	0	0	0
Subtotal - Operations	\$248,260,165	\$266,035,864	\$266,035,864	\$295,411,329	\$295,411,329
Aid to Local Units	10,236,721	10,764,000	10,764,000	11,967,000	11,967,000
Other Assistance	0	0	0	0	0
TOTAL	\$258,496,886	\$276,799,864	\$276,799,864	\$307,378,329	\$307,378,329
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	258,496,886	276,799,864	276,799,864	307,378,329	307,378,329
TOTAL	\$258,496,886	\$276,799,864	\$276,799,864	\$307,378,329	\$307,378,329
FTE Positions	17.4	17.3	17.3	17.3	17.3

The **agency** requests \$307.3 million, all from special revenue funds, for the Expanded Lottery Act program for FY 2022. This is an increase of \$30.6 million, or 11.0 percent, above the FY 2021 revised estimate. The increase is attributable to \$29.3 million in additional contractual services expenditures due to increased revenue estimates made during the November consensus revenue estimates. The total anticipated amount to be sent to lottery facility managers is \$291.2 million. Additionally, another \$1.2 million of the increase is due to revenue estimates paid to local governments. The total moneys sent to local governments is \$12.0 million. Another \$105,665 is added from the previous fiscal year for salaries and wages, which includes \$19,500 for merit-based salary increases and salaries and wages fringe benefit increases.

The **Governor** concurs with the agency's request for FY 2022.

G. Marketing

The Marketing program works to promote the Kansas Lottery and its games in a responsible and effective manner. To achieve this, the program works to produce advertising media messages across a variety of platforms to maximize sales and returns to the state; produce a wide variety of scratch games; and coordinate special events programs, fairs, and other community events.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There were no agency performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.8	\$ 5.9	\$ 6.7	\$ 6.0	\$ 6.7	\$ 6.7
FTE Positions	8.8	6.8	7.4	7.4	7.4	7.4

MARKETING SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 705,809	\$ 685,030	\$ 685,030	\$ 707,857	\$ 707,857
Contractual Services	4,952,839	5,777,500	5,777,500	5,777,500	5,777,500
Commodities	299,528	239,250	239,250	239,250	239,250
Capital Outlay	47,000	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 6,005,176</i>	<i>\$ 6,701,780</i>	<i>\$ 6,701,780</i>	<i>\$ 6,724,607</i>	<i>\$ 6,724,607</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 6,005,176</u>	<u>\$ 6,701,780</u>	<u>\$ 6,701,780</u>	<u>\$ 6,724,607</u>	<u>\$ 6,724,607</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	6,005,176	6,701,780	6,701,780	6,724,607	6,724,607
TOTAL	<u>\$ 6,005,176</u>	<u>\$ 6,701,780</u>	<u>\$ 6,701,780</u>	<u>\$ 6,724,607</u>	<u>\$ 6,724,607</u>
FTE Positions	7.4	7.4	7.4	7.4	7.4

The **agency** requests \$6.7 million, all from the Lottery Operating Fund, for the Marketing program for FY 2022. This is an increase of \$22,827, or 0.3 percent, above the FY 2021 revised estimate. The increase is attributable to \$7,827 for merit-based salary increases and increases for salaries and wages fringe benefits costs. The agency also included \$15,000 for the employee recognition program.

The **Governor** concurs with the agency's request for FY 2022.

KANSAS RACING AND GAMING COMMISSION

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	7,806,879	9,052,049	8,717,537	9,126,351	8,955,267
<i>Subtotal</i>	<u>\$ 7,806,879</u>	<u>\$ 9,052,049</u>	<u>\$ 8,717,537</u>	<u>\$ 9,126,351</u>	<u>\$ 8,955,267</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 7,806,879</u>	<u>\$ 9,052,049</u>	<u>\$ 8,717,537</u>	<u>\$ 9,126,351</u>	<u>\$ 8,955,267</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	2.8	15.9	11.7	0.8	2.7
FTE Positions	100.5	99.5	99.5	99.5	99.5

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

AGENCY OVERVIEW

In 1986, Kansas voters approved Article 15, Section 3b of the *Kansas Constitution*, which authorizes the regulation, licensing, and taxation of horse and dog racing and parimutuel wagering. The Legislature originally established the Kansas Racing Commission in 1987 as the entity charged with implementing provisions of the Kansas Parimutuel Racing Act. The Kansas Racing Commission was re-designated as the Kansas Racing and Gaming Commission (KRG) on July 1, 1996, when the State Gaming Agency was attached for administrative and budget purposes. A portion of the budget request reflects the expenditures associated with this agency and the oversight of tribal casinos. The 2007 Legislature expanded the authority of the Kansas Racing and Gaming Commission by assigning regulatory duties with respect to expanded gaming activities defined in 2007 SB 66 and by appropriating expenditures from the Expanded Lottery Act Regulation Fund for staffing. The agency's budget includes the following three programs:

- **Expanded Gaming Regulation Program.** The Kansas Racing and Gaming Commission regulates each gaming facility, including oversight of internal controls, security, and background checks and auditing gaming facility revenues. The Kansas Expanded Lottery Act requires lottery and racetrack gaming facility managers to pay for all costs of oversight and regulation;

- **Gaming Regulation Subprogram.** The Gaming Regulation subprogram provides internal support and monitors compliance with gaming operations rules and regulations. Enforcement agents investigate alleged violations of gaming statutes and regulations and conduct background investigations of licensees;
- **Responsible Gaming Subprogram.** The Responsible Gaming Subprogram administers the voluntary exclusion program for the State of Kansas. The subprogram also audits and approves each lottery gaming facility's responsible gaming plan and ensures all lottery gaming facility's advertising satisfies KRGC regulations;
- **Illegal Gaming Subprogram.** The Illegal Gaming Subprogram focuses on the reduction and elimination of illegal gaming activity in the State; and
- **Parimutuel Gaming Program.** KRGC administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. Although there currently are no operating racetracks in the state, the KRGC has the authority to issue racing dates, promulgate racing regulations as required to maintain public confidence in the parimutuel wagering system, ensure the safety and welfare of racing animals, monitor the public health and safety at Kansas racetracks, and encourage the growth of the horse and greyhound breeding industry; and
- **Tribal Gaming Regulation Program.** The 1996 Tribal Gaming Oversight Act statutorily created the State Gaming Agency in order to fulfill the duties in the gaming compacts and to enforce the provisions of the compacts and state laws, including general criminal statutes and specific criminal gaming statutes in the Tribal Gaming Oversight Act. The agency performs all necessary background investigations prior to licensing for casino employees, management contractors, manufacturers, and distributors at gaming facilities. In addition, the agency ensures gaming is conducted in accordance with the tribal compacts as well as applicable state and federal laws. The agency's staff may examine and inspect all tribal gaming facilities as well as the records, books, papers, machines, equipment, electronic records, surveillance and security tapes, and logs.

Four casinos have been opened in Kansas under provisions of the compacts: the Kickapoo Nation of Kansas casino, located on the tribe's land in southern Brown County, east of U.S. 75 on K-20; the Prairie Band Potawatomi Nation casino, located on tribal land in Jackson County off U.S. 75; the Sac and Fox Nation of Missouri casino in Brown County on U.S. 75; and the Iowa Tribe of Kansas and Nebraska casino near White Cloud in the northeast corner of the state.

MAJOR ISSUES FROM PRIOR YEARS

The **2013 Legislature** added language in fiscal year (FY) 2013 through FY 2015 directing the agency that no funds shall be expended for compensation of Kansas Racing and Gaming Commission Board members exceeding the \$35 per day of attendance of such board or subcommittee meeting, as described in KSA 75-3223.

The **2014 Legislature** added a proviso in Senate Sub. for HB 2231 increasing compensation to \$88.66 per calendar day and a \$109.00 per calendar day substance of

attendance of such board or subcommittee meeting, as described in KSA 46-137(a), in FY 2015.

The **2015 Legislature** added \$1.4 million in FY 2016 and \$1.3 million in FY 2017 for expenses related to the opening of a gaming facility in the Southeast Gaming Zone. The additional funding supported the Lottery Gaming Facility Review Board that was responsible for the selection of a facility manager and additional employee positions needed for the regulation of the new gaming facility.

In addition, the **2015 Legislature** appropriated the Gaming Machine Examination Fund with no limit expenditure authority in FY 2016 and FY 2017. Revenues to this fund include gaming machine manufacturers' deposits required for the testing of gaming machines. Expenditures from this fund include payments to laboratories that examine and certify gaming machines placed in the State-owned casinos.

The **2016 Legislature** deleted \$1.6 million, all from special revenue funds, in FY 2016 and FY 2017 due to the agency not implementing the gaming machine examination process for which the 2015 Legislature approved additional expenditures. The Legislature also deleted 7.5 non-FTE positions in FY 2016 due to the Lottery Gaming Facility Review Board completing its work in FY 2015.

The **2017 Legislature** added \$1.3 million, all from special revenue funds, for regulation of the newly approved southeast gaming facility in FY 2017. Also, the Legislature added \$42,280, 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 in FY 2018 and FY 2019.

The **2018 Legislature** added \$136,289, all from special revenue funds, for salary adjustments in 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.

The **2019 Legislature** added \$147,201, all from special revenue funds, for a 2.5 percent salary adjustment for most state employees in FY 2020. This adjustment excludes statewide elected officials and employees receiving a salary adjustment approved in another portion of 2019 House Sub. for SB 25. The Governor's recommendation included \$63.5 million, including \$22.3 million from the State General Fund, for salary adjustments. After approval of the plan by the State Finance Council, this will appear as an increase at the agency level but will not increase total spending.

The **2020 Legislature** added \$309,291, all from special revenue funds, to increase law enforcement salaries by 10.0 percent for 46 agents in FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$9.1 million, all from special revenue funds, in FY 2021. This is an all funds decrease of \$311,276, or 3.3

percent, below the FY 2021 approved amount. The decrease is primarily attributable to a decrease in expenditures for salaries and wages and employer contributions to employee fringe benefits due to vacant positions within the Expanded Gaming Regulation program.

The agency requests 99.5 FTE positions, which is a decrease of 2.5 FTE positions below the FY 2021 approved number. The decrease is primarily attributable to the elimination of vacant positions.

The **Governor** recommends expenditures of \$8.7 million, all from special revenue funds, in FY 2021. This is a decrease of \$334,512, or 3.7 percent, below the agency's revised estimate. This decrease is primarily attributable to the Governor's recommendation to increase the agency's current 5.0 percent shrinkage rate to 10.0 percent, which decreases expenditures for salaries and wages by \$338,793 in FY 2021. This decrease is partially offset by increases in contractual services (\$4,181) and commodities (\$100).

The Governor concurs with the agency's revised estimate for 99.5 FTE positions in FY 2021.

FY 2022 – Budget Year. The **agency** requests \$9.1 million, all from special revenue funds, for FY 2022. This is an increase of \$74,302, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to expected increases in employer contributions to salaries and wages fringe benefits including group health insurance. Additionally, the agency anticipates increased expenditures for computer and professional equipment.

The agency requests 99.5 FTE positions, which is unchanged from the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$9.0 million, all from special revenue funds, for FY 2022. This is a decrease of \$171,084, or 1.9 percent, below the agency's request. This decrease is due to the Governor's recommendation to include a shrinkage rate of 5.0 percent to salaries and wages for FY 2022.

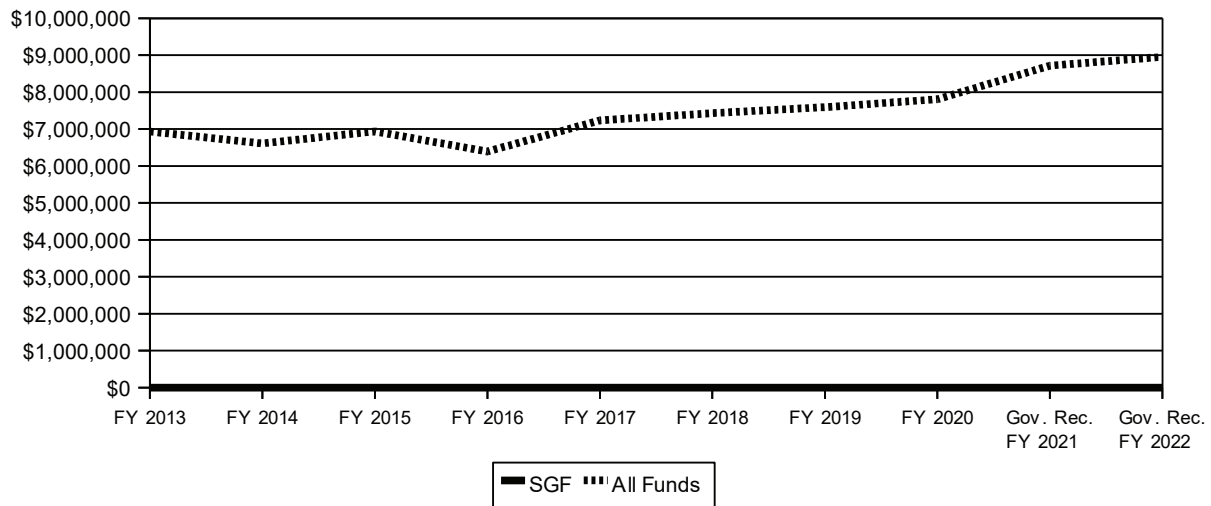
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Expanded Gaming Regulation						
Number of Background Investigations Completed (Individual and Corporate)	1,199	1,123	1,270	927	1,260	1,260
Corporate Background Completion Rate*	83.0 %	136.0 %	95.0 %	150.0 %	95.0 %	95.0 %
Individual Background Completion Rate*	102.0 %	69.0 %	95.0 %	91.0 %	95.0 %	95.0 %
Local Criminal Prosecutions Initiated with KRGK Assistance*	0	1	2	0	1	2
Number of Voluntary Exclusion Program Enrollees Granted Access to Gaming Facility*	112	85	90	86	95	95
Tribal Gaming Regulation						
Average Days to Complete Background Investigation*	44	41	45	40	45	45
Number of Background Investigations	460	514	470	432	470	470
Number of Official Slot Machine Inspections	391	342	400	318	400	400
Number of Internal Control Inspections* Agency Expenditures	2,711	3,271	2,500	2,316	2,750	2,750
All Funds (Dollars in Thousands)	\$ 7,429.0	\$ 7,593.8	\$ 9,037.8	\$ 7,806.9	\$ 8,717.5	\$ 8,955.3
FTE Positions	103.5	103.5	102.0	100.5	99.5	99.5
*The Governor's Office does not utilize this measure for evaluation purposes.						

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	0.0 %	\$ 6,932,712	4.9 %	98.0
2014	0	--	6,610,135	(4.7)	91.5
2015	0	--	6,935,786	4.9	93.5
2016	0	--	6,392,821	(7.8)	110.5
2017	0	--	7,236,074	13.2	109.5
2018	0	--	7,428,955	2.7	103.5
2019	0	--	7,593,764	2.2	103.5
2020	0	--	7,806,879	2.8	100.5
2021 Gov. Rec.	0	--	8,717,537	11.7	99.5
2022 Gov. Rec.	0	--	8,955,267	2.7	99.5
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 2,022,555	29.2 %	1.5

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Expanded Gaming Regulation	\$ 6,426,922	\$ 7,704,333	\$ 7,768,482	\$ 64,149	0.8 %	\$ 7,369,821	\$ 7,597,398	\$ 227,577	3.1 %
Parimutuel Gaming	1,388	4,026	4,060	34	0.8	4,026	4,060	34	0.8
Tribal Gaming Regulation	1,378,569	1,343,690	1,353,809	10,119	0.8	1,343,690	1,353,809	10,119	0.8
TOTAL	\$ 7,806,879	\$ 9,052,049	\$ 9,126,351	\$ 74,302	0.8 %	\$ 8,717,537	\$ 8,955,267	\$ 237,730	2.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 6,575,355	\$ 7,453,974	\$ 7,528,276	\$ 74,302	1.0 %	\$ 7,115,181	\$ 7,357,192	\$ 242,011	3.4 %
Contractual Services	1,033,668	1,268,805	1,268,805	0	0.0	1,272,986	1,268,805	(4,181)	(0.3)
Commodities	63,273	164,620	164,620	0	0.0	164,720	164,620	(100)	(0.1)
Capital Outlay	134,583	164,650	164,650	0	0.0	164,650	164,650	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 7,806,879</i>	<i>\$ 9,052,049</i>	<i>\$ 9,126,351</i>	<i>\$ 74,302</i>	<i>0.8 %</i>	<i>\$ 8,717,537</i>	<i>\$ 8,955,267</i>	<i>\$ 237,730</i>	<i>2.7 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 7,806,879	\$ 9,052,049	\$ 9,126,351	\$ 74,302	0.8 %	\$ 8,717,537	\$ 8,955,267	\$ 237,730	2.7 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Tribal Gaming Fund	1,378,569	1,343,690	1,353,809	10,119	0.8	1,343,690	1,353,809	10,119	0.8
Gaming Background Investigations Fund	185,314	348,235	351,380	3,145	0.9	348,235	351,380	3,145	0.9
Expanded Lottery Act Regulation Fund	6,211,385	7,351,898	7,412,902	61,004	0.8	7,013,105	7,241,818	228,713	3.3
All Other Funds	31,611	8,226	8,260	34	0.4	12,507	8,260	(4,247)	(34.0)
TOTAL	\$ 7,806,879	\$ 9,052,049	\$ 9,126,351	\$ 74,302	0.8 %	\$ 8,717,537	\$ 8,955,267	\$ 237,730	2.7 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	9,363,325	9,052,049	(311,276)	8,717,537	(645,788)
TOTAL	\$ 9,363,325	\$ 9,052,049	\$ (311,276)	\$ 8,717,537	\$ (645,788)
FTE Positions	102.0	99.5	(2.5)	99.5	(2.5)

The **agency** requests a revised estimate of \$9.1 million, all from special revenue funds, in FY 2021. This is an all funds decrease of \$311,276, or 3.3 percent, below the FY 2021 approved amount. The decrease is primarily attributable to a decrease in expenditures for salaries and wages and employer contributions to salaries and wages fringe benefits due to vacant positions within the Expanded Gaming Regulation program.

The agency requests 99.5 FTE positions, which is a decrease of 2.5 FTE positions below the FY 2021 approved number. The decrease is attributable to the elimination of vacant positions. The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency estimates \$7.5 million, all from special revenue funds, for salaries and wages in FY 2021. This is a decrease of \$311,276, or 4.0 percent, below the FY 2021 approved amount. The decrease is primarily attributable to a decrease in salaries and wages and employer contributions to salaries and wages fringe benefits, including group health insurance, due to vacant positions within the Expanded Gaming Regulation program.
- **Contractual Services.** The agency estimates \$1.3 million, all from special revenue funds, for contractual services in FY 2021, which is unchanged from the FY 2021 approved amount. Expenditures in this category are primarily related to the regulation of the four lottery gaming facilities including rent and the State Building Capital Charge, and fees related to background investigations;
- **Commodities.** The agency estimates \$164,620, all from special revenue funds, for commodities in FY 2021, which is unchanged from the FY 2021 approved amount. Major expenditures in this category include office supplies, professional materials, and fuel and maintenance costs for state-owned vehicles ; and

- **Capital Outlay.** The agency estimates \$164,650, all from special revenue funds, for capital outlay in FY 2021, which is unchanged from the FY 2021 approved amount. Expenditures in this category are primarily for computer equipment, scheduled server replacement, and gaming test equipment.

The **Governor** recommends \$8.7 million, all from special revenue funds, in FY 2021. This is a decrease of \$334,512, or 3.7 percent, below the agency's revised estimate. This decrease is primarily attributable to the Governor's recommendation to increase the agency's current 5.0 percent shrinkage rate to 10.0 percent, which decreases expenditures for salaries and wages by \$338,793 in FY 2021. This decrease is partially offset by increases in contractual services (\$4,181) and commodities (\$100).

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 9,126,351	\$ 8,955,267	\$	(171,084)
FTE Positions	99.5	99.5		0.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ 0	\$ 0		
All Other Funds	74,302	237,730		
TOTAL	\$ 74,302	\$ 237,730		
<i>Percent Change:</i>				
State General Fund	0.0 %	0.0 %		
All Other Funds	0.8	2.7		
TOTAL	0.8 %	2.7 %		
Change in FTE Positions	0.0	0.0		

The **agency** requests \$9.1 million, all from special revenue funds, for FY 2022. This is an increase of \$74,302, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increases in employer contributions to salaries and wages fringe benefits including group health insurance. Additionally, the agency anticipates increased expenditures for computer and professional equipment.

The agency requests 99.5 FTE positions, which is unchanged from the FY 2021 revised estimate. The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$7.5 million, all from special revenue funds, for salaries and wages for FY 2022. This is an increase of \$74,302, or 1.0 percent, above the FY 2021 revised estimate. The increase is primarily attributable to increases in employer contributions to salaries and wages fringe benefits including group health insurance;

- **Contractual Services.** The agency requests \$1.3 million, all from special revenue funds, for contractual services for FY 2022. This is the same amount as the FY 2021 revised estimate. Expenditures in this category are primarily related to the regulation of the four lottery gaming facilities including rent and the State Building Capital Charge, and fees related to background investigations;
- **Commodities.** The agency requests \$164,620, all from special revenue funds, for commodities for FY 2022. This is the same amount as the FY 2021 revised estimate. Major expenditures in this category include office supplies, professional materials, and fuel and maintenance costs for state-owned vehicles; and
- **Capital Outlay.** The agency requests \$164,650, all from special revenue funds, for capital outlay for FY 2022. This is the same amount as the FY 2021 revised estimate. Expenditures in this category are primarily for computer equipment, scheduled server replacement, and gaming test equipment.

The **Governor** recommends expenditures of \$9.0 million, all from special revenue funds, for FY 2022. This is a decrease of \$171,084, or 1.9 percent, below the agency's request. This decrease is due to the Governor's recommendation to include a shrinkage rate of 5.0 percent to salaries and wages in FY 2022. The 5.0 percent shrinkage rate decreases salaries and wages by \$171,084 below the agency's request for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$4,000, and FY 2022 longevity payments total \$4,000, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Expanded Lottery Act Regulation Fund	81.2	80.9
Tribal Gaming Fund	14.8	15.1
Gaming Background Investigation Fund	3.9	3.9
All Other Funds	0.1	0.1
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Expanded Lottery Act Regulation Fund Analysis

The Expanded Lottery Act stipulates the cost of regulation is to be incurred by the lottery gaming facility managers. Revenue to the Expanded Lottery Act Regulation Fund includes billings and payments from the currently operating State-owned casinos for the Racing and Gaming Commission's direct and indirect costs associated with the operations of the casinos. Payments are received in advance of expenditures on a quarterly billing cycle.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 3,816,290	\$ 2,101,572	\$ 2,101,572	\$ 2,025,990	\$ 2,364,783
Revenue	4,496,667	7,278,397	7,278,397	7,339,402	7,339,402
Transfers in	0	0	0	0	0
Funds Available	\$ 8,312,957	\$ 9,379,969	\$ 9,379,969	\$ 9,365,392	\$ 9,704,185
Less:					
Expenditures	\$ 6,211,385	\$ 7,351,898	\$ 7,013,105	\$ 7,412,902	\$ 7,241,818
Transfers Out	0	2,081	2,081	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 2,101,572	\$ 2,025,990	\$ 2,364,783	\$ 1,952,490	\$ 2,462,367
Ending Balance as Percent of Expenditures	33.8%	27.6%	33.7%	26.3%	34.0%
Month Highest Ending Balance	August \$ 4,325,360	August \$ 2,381,909	August \$ 2,381,909	August \$ 2,381,909	August \$ 2,296,245
Month Lowest Ending Balance	June \$ 2,100,796	June \$ 1,156,876	June \$ 1,156,876	June \$ 1,115,269	June \$ 1,115,269

Tribal Gaming Fund Analysis

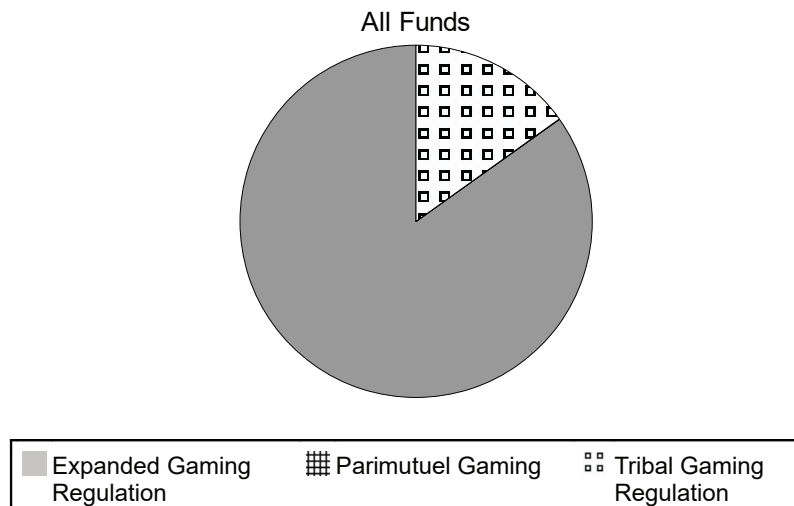
The Tribal Gaming Fund is funded by assessments paid three times a year by the four tribal casinos. On July 1 of each fiscal year, the State Gaming Agency receives \$450,000, all from the SGF, to cover operational costs for July, August, and September before the first assessments are submitted from the tribes in September. As revenues become available, the SGF cash advance is repaid.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 284,050	\$ 205,009	\$ 205,009	\$ 205,009	\$ 205,009
Revenue	1,299,528	1,343,690	1,343,690	1,353,809	1,353,809
Transfers in	450,052	451,000	451,000	451,000	451,000
<i>Funds Available</i>	<i>\$ 2,033,630</i>	<i>\$ 1,999,699</i>	<i>\$ 1,999,699</i>	<i>\$ 2,009,818</i>	<i>\$ 2,009,818</i>
Less:					
Expenditures	\$ 1,378,569	\$ 1,343,690	\$ 1,343,690	\$ 1,353,809	\$ 1,353,809
Transfers Out	450,052	451,000	451,000	451,000	451,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 205,009</u>	<u>\$ 205,009</u>	<u>\$ 205,009</u>	<u>\$ 205,009</u>	<u>\$ 205,009</u>
Ending Balance as Percent of Expenditures	14.9%	15.3%	15.3%	15.1%	15.1%
Month Highest Ending Balance	July \$ 531,341	July \$ 383,488	July \$ 383,488	July \$ 383,488	July \$ 383,488
Month Lowest Ending Balance	June \$ 190,811	June \$ 137,715	June \$ 137,715	June \$ 137,715	June \$ 137,715

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Expanded Gaming Regulation	\$ 7,597,398	84.8 %	\$ 0	-- %
Parimutuel Gaming	4,060	0.0	0	--
Tribal Gaming Regulation	1,353,809	15.1	0	--
TOTAL	\$ 8,955,267	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expanded Gaming Regulation	86.5	86.5	86.5	86.5	86.5
Parimutuel Gaming	0.1	0.1	0.1	0.1	0.1
Tribal Gaming Regulation	14.0	13.0	13.0	13.0	13.0
TOTAL	100.5	99.5	99.5	99.5	99.5

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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. Expanded Gaming Regulation

The Expanded Gaming Regulation program provides regulatory oversight of lottery and racetrack gaming facility managers and their operations in Kansas. There currently are no operating racetrack gaming facilities. There are, however, four lottery gaming facilities: the Northeast Gaming Zone in Wyandotte County houses the Hollywood Casino; the South Central Gaming Zone located in Sedgwick and Sumner counties houses the Kansas Star Casino; the Southwest Gaming Zone located in Ford County houses the Boot Hill Casino & Resort; and the Southeast Gaming Zone located in Crawford and Cherokee counties houses the Kansas Crossing Casino. Expanded Gaming Regulation program goals include the following:

- **Integrity of Gaming.** Uphold and promote the integrity of gaming at lottery and racetrack facilities, protect gaming operations from those seeking to harm the integrity of gaming, and protect Kansas and its citizens from criminal activity related to operation of gaming facilities;
- **Accountability and Compliance.** Ensure Kansas is receiving its fair share of gaming revenue and patrons are receiving the gaming experience according to state law, and ensure compliance with Kansas Racing and Gaming Commission rules and regulations and other applicable state and federal laws;
- **Illegal Gaming Enforcement.** Coordinate with state agencies and local authorities to reduce and minimize illegal gaming in Kansas; and
- **Responsible Gaming.** Promote responsible gambling in Kansas *via* the Voluntary Exclusion Program and approve each lottery gaming facility's responsible gambling plan.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Background Investigations Completed (Individual and Corporate)	1,199	1,223	1,270	927	1,260	1,260
Corporate Background Completion Rate*	83.0 %	136.0 %	95.0 %	150.0 %	95.0 %	95.0 %
Individual Background Completion Rate*	102.0 %	69.0 %	95.0 %	91.0 %	95.0 %	95.0 %
Percent of Employee Licenses Denied by the Commission*	1.0 %	1.0 %	2.0	1.0 %	2.0 %	2.0 %
Number of Initial EGM Inspections/Certifications*	707	791	850	375	500	500
Number of Criminal Case Reports*	521	500	500	409	356	450
Illegal Gaming Machines Seized (Excludes Components, Prizes, and Other Items)*	14	47	25	39	50	50
Illegal Gambling Complaints Received*	155	176	180	143	157	160
Local Criminal Prosecutions Initiated with KRGK Assistance*	0	1	2	0	1	2
Number of Voluntary Exclusion Program Enrollees Granted Access to Gaming Facility*	112	85	90	86	95	95
Number of New VEP Enrollments*	273	298	287	200	287	287
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 6,035.9	\$ 6,207.6	\$ 7,487.5	\$ 6,426.9	\$ 7,369.8	\$ 7,597.4
FTE Positions	86.4	86.4	86.4	86.5	86.5	86.5
*The Governor's Office does not utilize this measure for evaluation purposes.						

EXPANDED GAMING REGULATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 5,443,540	\$ 6,437,038	\$ 6,098,245	\$ 6,501,187	\$ 6,330,103
Contractual Services	823,199	992,225	996,406	992,225	992,225
Commodities	54,719	139,770	139,870	139,770	139,770
Capital Outlay	105,464	135,300	135,300	135,300	135,300
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 6,426,922	\$ 7,704,333	\$ 7,369,821	\$ 7,768,482	\$ 7,597,398
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 6,426,922	\$ 7,704,333	\$ 7,369,821	\$ 7,768,482	\$ 7,597,398
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	6,426,922	7,704,333	7,369,821	7,768,482	7,597,398
TOTAL	\$ 6,426,922	\$ 7,704,333	\$ 7,369,821	\$ 7,768,482	\$ 7,597,398
FTE Positions	86.5	86.5	86.5	86.5	86.5

The **agency** requests \$7.8 million, all from special revenue funds, for the Expanded Gaming Regulation program for FY 2022. This is an increase of \$64,149, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to expected increases in

employer contributions for salaries and wages fringe benefits. The program includes 86.5 FTE positions, which is unchanged from the FY 2021 revised estimate. Major expenditures in this program are for professional services largely consisting of Kansas Bureau of Investigation database access fees related to background checks of vendors who provide goods and services to gaming facilities. Other major expenditures are for repairing and servicing of electronic gaming equipment.

The **Governor** recommends expenditures of \$7.6 million, all from special revenue funds for FY 2022. This is a decrease of \$171,084, or 2.2 percent, below the agency's request. This decrease is due to the Governor's recommendation to include a shrinkage rate of 5.0 percent to salaries and wages in FY 2022. The 5.0 percent shrinkage rate decreases salaries and wages by \$171,084 below the agency's FY 2022 request.

B. Parimutuel Gaming

The Parimutuel Gaming program provides oversight for the parimutuel racing industry and racetracks. The Racing and Gaming Commission is the legal authority for regulation and staff in this program to carry out the Commission's policies and procedures. There currently are no parimutuel racetracks operating in Kansas. All funding for the program is supported by the State Racing Fund, which is currently being funded by horse registration fees. The Parimutuel Gaming program budget for FY 2021 through FY 2022 is built on the assumption that no parimutuel racing will occur in Kansas during that period. The agency will continue to administer the Kansas-Bred Registry program.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds	\$ 1,406	\$ 610	\$ 7,051	\$ 1,388	\$ 4,026	\$ 4,060
FTE Positions	0.1	0.1	0.1	0.1	0.1	0.1

PARIMUTUEL GAMING SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,388	\$ 3,026	\$ 3,026	\$ 3,060	\$ 3,060
Contractual Services	0	1,000	1,000	1,000	1,000
Commodities	0	0	0	0	0
Capital Outlay	0	0	0	0	0
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,388</i>	<i>\$ 4,026</i>	<i>\$ 4,026</i>	<i>\$ 4,060</i>	<i>\$ 4,060</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,388	\$ 4,026	\$ 4,026	\$ 4,060	\$ 4,060
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,388	4,026	4,026	4,060	4,060
TOTAL	\$ 1,388	\$ 4,026	\$ 4,026	\$ 4,060	\$ 4,060
FTE Positions	0.1	0.1	0.1	0.1	0.1

The **agency** requests \$4,060, all from special revenue funds, for the Parimutuel Gaming program for FY 2022, which is an increase of \$34, or 0.8 percent, above the FY 2021 revised estimate. This increase is attributable to salaries and wages and increases in employer contributions to salaries and wages fringe benefits. The program includes less than 0.1 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. Tribal Gaming Regulation

The Kansas State Gaming agency is responsible for the oversight, monitoring, and compliance of class III gaming conducted pursuant to the four tribal-state compacts and the Tribal Gaming Oversight Act. The agency ensures gaming is conducted in accordance with compacts and applicable state and federal laws, protects citizens from criminal activity in the tribal gaming arena, ensures accurate and complete information is provided to the different tribal gaming commissions for licensing purposes, conducts background investigations, and can review all licensing and disciplinary actions and reports of noncompliance with the tribal-state compacts.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Average Days to Complete Background Investigation*	44	41	45	40	45	45
Average Days to Preliminary Suitability*	1	1	2	2	2	2
Number of Background Investigations	460	470	470	432	470	470
Number of Official Slot Machine Inspections	391	342	400	318	400	400
Number of Compliance Inspections*	199	230	200	457	200	200
Number of Internal Control Inspections*	2,711	3,271	2,500	2,316	2,750	2,750
Number of Outside Agency Personnel Trained*	16	38	25	10	25	25
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 1,391.7	\$ 1,385.6	\$ 1,543.2	\$ 1,378.6	\$ 1,343.7	\$ 1,353.8
FTE Positions	17.0	17.0	15.5	14.0	13.0	13.0

*The Governor's Office does not utilize this measure for evaluation purposes.

TRIBAL GAMING REGULATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,130,427	\$ 1,013,910	\$ 1,013,910	\$ 1,024,029	\$ 1,024,029
Contractual Services	210,469	275,580	275,580	275,580	275,580
Commodities	8,554	24,850	24,850	24,850	24,850
Capital Outlay	29,119	29,350	29,350	29,350	29,350
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 1,378,569</i>	<i>\$ 1,343,690</i>	<i>\$ 1,343,690</i>	<i>\$ 1,353,809</i>	<i>\$ 1,353,809</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,378,569	\$ 1,343,690	\$ 1,343,690	\$ 1,353,809	\$ 1,353,809
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,378,569	1,343,690	1,343,690	1,353,809	1,353,809
TOTAL	\$ 1,378,569	\$ 1,343,690	\$ 1,343,690	\$ 1,353,809	\$ 1,353,809
FTE Positions	14.0	13.0	13.0	13.0	13.0

The **agency** requests \$1.4 million, all from special revenue funds, for the Tribal Gaming Regulation program for FY 2022. This is an increase of \$10,119, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to an increase in employer contributions to salaries and wages fringe benefits. The program includes 13.0 FTE positions, which is the same as the FY 2021 revised estimate. Major expenditures in this program are for salaries and wages, rents, and fees related to record checks of the Kansas tribal gaming facilities.

The **Governor** concurs with the agency's request for FY 2022.

KANSAS DEPARTMENT OF REVENUE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 15,961,409	\$ 15,962,196	\$ 15,340,649	\$ 16,061,282	\$ 14,455,154
Other Funds	88,940,810	92,566,139	92,736,139	92,850,875	92,850,875
<i>Subtotal</i>	<i>\$ 104,902,219</i>	<i>\$ 108,528,335</i>	<i>\$ 108,076,788</i>	<i>\$ 108,912,157</i>	<i>\$ 107,306,029</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	<u>\$ 104,902,219</u>	<u>\$ 108,528,335</u>	<u>\$ 108,076,788</u>	<u>\$ 108,912,157</u>	<u>\$ 107,306,029</u>
Percentage Change:					
Operating Expenditures					
State General Fund	1.6 %	0.0 %	(3.9) %	0.6 %	(5.8) %
All Funds	(13.6)	3.5	3.0	0.4	(0.7)
FTE Positions	1,089.2	1,089.2	1,049.2	1,089.2	1,049.2

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

AGENCY OVERVIEW

The Kansas Department of Revenue (KDOR) collects taxes and fees, administers Kansas tax laws, issues a variety of licenses, and provides assistance to Kansas citizens and units of government. The Department of Revenue is divided into six major divisions, which reflect the four statutory programs the agency is charged with administering and the support functions that serve the regular programs. The present organizational structure includes the following units:

- Administrative Services provides management and support services to the other programs;
- Aid to Local Units of Government provides for the distribution of certain State-collected taxes and fees to local units of government as aid;
- Alcoholic Beverage Control (ABC) regulates the sale and distribution of alcoholic beverages and enforces bingo and tobacco regulations;

- Tax Administration manages and enforces the major state taxes and conducts a program of audits to identify and substantiate under-reporting of Kansas taxes;
- Property Valuation appraises state property and exercises supervision over local appraisers; and
- Motor Vehicles issues titles, registers vehicles, and licenses drivers.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** deleted \$401,897, all from the State General Fund (SGF), to achieve an SGF reduction of approximately 2.5 percent below the Governor's recommendation for fiscal year (FY) 2011.

The **2010 Legislature** also provided an amnesty for all delinquent taxes received from September 1, 2010, to October 15, 2010, and appropriated the Tax Amnesty Recovery Fund for FY 2011. The Legislature authorized the agency to fill 7.0 vacant FTE positions for FY 2011 with the first \$350,000 collected as a result of the Tax Amnesty program transferred from the SGF to the Tax Amnesty Recovery Fund. The amnesty applied to delinquent tax liabilities for tax periods that ended on or before December 31, 2008. The amnesty did not apply if the taxpayer had received a notice of an audit or assessment or if the time for an appeal had not yet expired. The Department of Revenue could waive penalties and interest during the amnesty period.

The **2012 Legislature** deleted \$6,751,952, all from the Division of Vehicles Modernization Fee Fund, and transferred the funds to the SGF for FY 2013.

The **2013 Legislature** passed House Sub. for SB 83, which assessed watercraft at 11.5 percent for 2014 and 5.0 percent for 2015 and all years thereafter. The Legislature passed 2013 SB 164, which allows the Department of Revenue to appoint contractors to perform any services associated with vehicle functions.

The **2014 Legislature** passed House Sub. for SB 245, which amended law to credit 12.41 percent of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of \$100,000 to the Oil and Gas Valuation Depletion Trust Fund (OGVDTF) for distribution in FY 2014, FY 2015, and FY 2016, respectively. The bill abolished the OGVDTF on July 1, 2016. The bill also created the Mineral Production Education Fund (MPEF) on July 1, 2016. Beginning in FY 2017, the bill credited the MPEF with 20.00 percent of mineral severance taxes collected during the previous fiscal year in counties with receipts in excess of \$100,000. The moneys in the MPEF subsequently will be transferred twice each year to the State School District Finance Fund.

The **2015 Legislature** passed House Sub. for SB 112, which, among other things, included language to deposit \$1 of the \$4 Division of Vehicles Modernization Surcharge for total receipts not to exceed \$1.0 million in the Division of Vehicles Modernization Fund for FY 2016 and FY 2017.

The **2016 Legislature** made numerous changes to the agency's budget for FY 2017. The Legislature deleted \$3.5 million, all from special revenue funds, for FY 2017 to reduce expenditures from the Qualified Agricultural Ethyl Alcohol Producer Fund. The Legislature transferred this amount to the SGF. The Legislature concurred with the Governor's Budget

Amendment and added \$450,000, all SGF, and 3.0 FTE positions to meet enforcement requirements of the Master Settlement Agreement from the 1998 tobacco settlement for FY 2017. The Legislature also passed House Sub. for SB 280, which makes a number of changes relating to property taxation, many of which require additional responsibilities to be assumed by the Property Valuation Division.

The **2018 Legislature** added \$2.0 million, all from the Division of Vehicles Operating Fund, in FY 2018 and for FY 2019 for the implementation and production costs related to digital license plate conversion and distribution scheduled to begin August 1, 2018.

The **2018 Legislature** also passed key policy bills, as follows:

- **HB 2111** excludes any cash rebates a manufacturer grants to a purchaser or lessee of a new motor vehicle from the sales price of the motor vehicle for purposes of calculating sales tax. This exclusion takes effect July 1, 2018, and sunsets June 30, 2021;
- **Sub. for HB 2147** creates a process for Native American military veterans domiciled within the boundaries of Kansas tribal lands during the period of active military duty from tax years 1977 through 2001 to apply for a refund of state personal income taxes improperly withheld from such veterans' federal military incomes in the amount of income taxes paid plus interest. The Secretary of Revenue may adopt rules and regulations as necessary to administer the provisions of the bill;
- **HB 2502** provides for newly authorized sales by cereal malt beverage (CMB) licensees of beer containing no more than 6.0 percent alcohol by volume (ABV) to be subject to state and local sales taxes instead of the state liquor enforcement tax. Legislation enacted in 2017 allows CMB licensees to sell beer containing no more than 6.0 percent ABV on April 1, 2019;
- **HB 2606** amends law related to testing for a Class M (motorcycle) driver's license, online driver's license renewal, and the length of time a commercial driver's license is valid. The bill exempts applicants for Class M driver's licenses who have completed motorcycle safety training in accordance with the Motorcycle Safety Foundation instruction from completing further written and driving testing by the Division of Vehicles. The bill specifies vision test requirements for qualifying applicants for electronic online driver's license renewal. A requirement in continuing law that a driver's license examiner administer an eyesight exam prior to renewal of a driver's license will be waived under certain conditions. The bill extends from four years to five years the period of time an original commercial driver's license (CDL) issued on and after July 1, 2018, will be valid. The bill extends from four years to five years the period of time before expiration of a CDL;
- **HB 2362** creates a \$20 Alcoholic Beverage Control (ABC) modernization fee to be charged on both initial and renewal liquor license applications. The bill reduces the initial application fee for a liquor license from \$50 to \$30 plus the \$20 modernization fee. The \$20 modernization fee is added to the renewal application fee, which will remain at \$10. The revenue from the \$20 fee will be deposited in the ABC Modernization Fund created by the bill to be used for the

software and equipment upgrades associated with the Department of Revenue's licensing, permitting, enforcement, and case management and is estimated to receive new revenues of \$40,000 both in FY 2018 and for FY 2019; and

- During the **2019 Legislative Session**, the Department of Revenue terminated the contact with CGI Technologies to modernize the tax administration system and brought a large portion of that outsourced contract back in house. The Department of Revenue also opened a new driver's license office in Wichita with 12.0 FTE positions and expanded services in other licenses bureaus, adding an additional 27.0 FTE positions.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$108.5 million, including \$16.0 million from the State General Fund (SGF), in FY 2021. The revised estimate is an all funds increase of \$59,264, or 0.1 percent, and no change in SGF from the approved budget. The revised estimate includes \$1.6 million in hardware and software implementation costs for the channel modernization project. The increases were partially offset by a reduction of \$890,000 in Aid to Local Units of Government from the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas, a reduction of \$323,186 in the motor vehicle division related to the sale of vehicle license tags and paper and \$150,000 in assigned counsel fees.

The revised estimate includes 1,089.3 FTE positions, an increase of 10.6 FTE positions above the approved number. The agency added 17.0 additional FTE positions in the Motor Vehicle Division for the Wichita West Driver's License location and 3.0 FTE roving positions in the Wichita region. The agency also added 4.0 FTE positions in the Tax Administration Division for information technology analysts who were transferred from Administration. The increases were partially offset by FTE reductions in the Administration Division, mostly in Information Technology analysts.

The **Governor** recommends expenditures of \$108.1 million, including \$15.3 million SGF, in FY 2021. The recommendation is an all funds decrease of \$451,547, or 0.4 percent, and an SGF decrease of \$621,547, or 3.9 percent, below the FY 2021 revised agency estimate. The Governor recommends deleting \$218,999, or 0.3 percent, from the agency salaries and wages request by increasing the shrinkage rate. The recommendation also deletes \$402,548 for out-of-state and international travel due to COVID-19 travel restrictions. The SGF reductions are partially offset by a federal funds increase of \$170,000 in Coronavirus Relief Fund moneys from the Office of Recovery. KDOR has indicated it plans to expend \$60,000 in contractual services expenditures for cleaning and sanitizing of both employee and public-facing facilities due to the COVID-19 pandemic; and \$110,000 in commodities expenditures for personal protective equipment and thermal kiosks for employee temperature screenings.

The Governor recommends 1,049.2 FTE positions, a decrease of 40.0 FTE positions below the agency's FY 2021 revised estimate. The Governor states that KDOR has maintained 70.0 vacant and funded FTE positions to conform with shrinkage requirements and those positions should be eliminated. The reduction includes 15.0 FTE positions in the Motor Vehicle Division, 10.0 FTE positions in Administration, 10.0 FTE positions in Tax Administration, and 5.0 FTE positions in Property Valuation.

FY 2022 – Budget Year. The **agency** requests \$108.9 million, including \$16.1 million SGF for FY 2022. The request is an all funds increase of \$383,822, or 0.4 percent, and an SGF increase of \$99,086, or 0.6 percent, above the FY 2021 revised estimate. Salaries and wages costs increased by \$929,336, including \$636,450 SGF, due to salaries and wages fringe benefit costs and the end of the Kansas Public Employees Retirement System (KPERs) Death and Disability employer contribution suspension. The channel modernization project is expected to be completed in FY 2021, which results in a reduction of \$1.5 million in capital outlay and contractual services expenditures. The channel modernization project includes \$100,000 in annual software and hardware maintenance fees in FY 2022. The reduction in the channel management project was partially offset by an increase in estimated Aid to Local Units of Governments of \$400,000 for the Special County Mineral Production Tax Fund. The request includes 1,089.3 FTE positions, the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$107.3 million, including \$14.5 million SGF, for FY 2022. The recommendation is an SGF-only decrease of \$1.6 million, or 10.0 percent, below the FY 2022 agency request. The decrease is attributable to the Governor's recommended adoption of the agency reduced resources proposal totaling \$1.6 million, including \$1.2 million in staff reductions and \$442,950 in travel reductions.

The Governor recommends 1,049.2 FTE positions, a reduction of 40.0 FTE positions below the FY 2022 agency request. The recommendation carries forward the staffing level reduction recommendation from FY 2021.

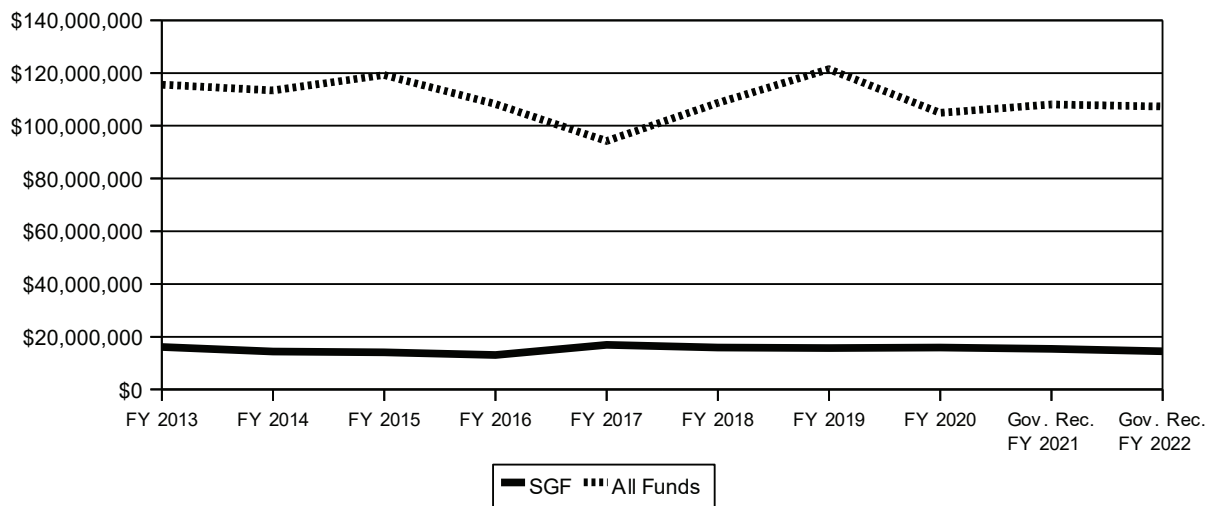
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Fiscal Notes Completed	240	292	225	294	225	225
Percent of Fiscal Notes Completed within Five Working Days	73.0 %	80.0 %	80.0 %	80.0 %	80.0 %	80.0 %
Percent of Aid Payments Distributed on Schedule	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Number of random controlled buys performed for the sale of alcohol to underage persons	390	380	500	404	612	612
Compliance rate for controlled buys for the sale of alcohol to underage persons	80.0 %	87.0 %	85.0 %	85.0 %	85.0 %	85.0 %
Percent of Individual Income Tax Returns Received Electronically	88.0 %	88.0 %	89.0 %	89.0 %	89.0 %	89.0 %
Amount of Delinquent Tax Collections (Dollars in Millions)	\$ 182.9	\$ 193.7	\$ 200.0	\$ 162.8	\$ 180.0	\$ 185.0
Compliance Rate for Controlled Buys for the Sale of Cigarettes and Tobacco Products to Minors	93.0 %	94.0 %	90.0 %	95.0 %	90.0 %	90.0 %
Number of Counties with Qualified Appraisers	101	102	105	105	105	105
Percent of Residential Valuations Meeting State Appraisal Statistical Compliance Standards*	99.9 %	99.0 %	99.0 %	99.0 %	99.0 %	99.0 %
Percent of Commercial Valuations Meeting State Appraisal Statistical Compliance Standards	93.6 %	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %
Average Customer Wait Time at the Ten Largest Driver's License Offices (In Minutes)	34:55	20:43	20:00	10:30	9:50	9:00
Total Transactions at State Driver's License Offices	819,267	723,175	832,000	539,140	739,000	730,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 108.7	\$ 121.5	\$ 111.3	\$ 104.9	\$ 108.1	\$ 107.3
FTE Positions	997.8	1,078.7	1,078.7	1,089.2	1,049.2	1,049.2
* The Governor's Office does not utilize this measure for evaluation purposes.						

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 16,059,454	0.2 %	\$ 115,594,905	8.3 %	994.0
2014	14,333,666	(10.7)	113,400,633	(1.9)	944.0
2015	14,083,288	(1.7)	119,223,988	5.1	944.0
2016	13,046,466	(7.4)	108,238,598	(9.2)	941.7
2017	16,874,650	29.3	94,200,500	(13.0)	1,019.1
2018	15,874,650	(5.9)	108,666,022	15.4	997.8
2019	15,711,021	(1.0)	121,473,894	11.8	1,078.7
2020	15,961,409	1.6	104,902,219	(13.6)	1,089.2
2021 Gov. Rec.	15,340,649	(3.9)	108,076,788	3.0	1,049.2
2022 Gov. Rec.	14,455,154	(5.8)	107,306,029	(0.7)	1,049.2
Ten-Year Change Dollars/Percent	\$ (1,604,300)	(10.0)%	\$ (8,288,876)	(7.2)%	55.2

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 34,811,438	\$ 36,646,827	\$ 37,198,206	\$ 551,379	1.5 %	\$ 36,322,579	\$ 36,531,044	\$ 208,465	0.6 %
Aid to Local Units of Government	3,557,420	3,220,000	3,620,000	400,000	12.4	3,220,000	3,620,000	400,000	12.4
Alcoholic Beverage Control	3,127,867	3,386,795	3,406,937	20,142	0.6	3,386,795	3,406,937	20,142	0.6
Tax Administration	28,663,967	28,034,696	26,669,323	(1,365,373)	(4.9)	27,933,997	25,756,958	(2,177,039)	(7.8)
Property Valuation	4,147,862	4,221,234	4,280,065	58,831	1.4	4,194,634	4,253,464	58,830	1.4
Motor Vehicles	30,593,665	33,018,783	33,737,626	718,843	2.2	33,018,783	33,737,626	718,843	2.2
TOTAL	\$ 104,902,219	\$ 108,528,335	\$ 108,912,157	\$ 383,822	0.4 %	\$ 108,076,788	\$ 107,306,029	\$ (770,759)	(0.7)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 63,601,652	\$ 64,123,661	\$ 65,052,997	\$ 929,336	1.4 %	\$ 63,904,662	\$ 63,889,819	\$ (14,843)	(0.0)%
Contractual Services	32,033,028	35,559,654	35,655,163	95,509	0.3	35,217,106	35,212,213	(4,893)	(0.0)
Commodities	4,073,451	3,812,521	3,731,497	(81,024)	(2.1)	3,922,521	3,731,497	(191,024)	(4.9)
Capital Outlay	1,636,468	1,812,499	852,500	(959,999)	(53.0)	1,812,499	852,500	(959,999)	(53.0)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 101,344,599</i>	<i>\$ 105,308,335</i>	<i>\$ 105,292,157</i>	<i>\$ (16,178)</i>	<i>(0.0) %</i>	<i>\$ 104,856,788</i>	<i>\$ 103,686,029</i>	<i>\$ (1,170,759)</i>	<i>(1.1) %</i>
Aid to Local Units	3,557,420	3,220,000	3,620,000	400,000	12.4	3,220,000	3,620,000	400,000	12.4
Other Assistance	200	0	0	0	--	0	0	0	--
TOTAL	\$ 104,902,219	\$ 108,528,335	\$ 108,912,157	\$ 383,822	0.4 %	\$ 108,076,788	\$ 107,306,029	\$ (770,759)	(0.7)%
Financing:									
State General Fund	\$ 15,961,409	\$ 15,962,196	\$ 16,061,282	\$ 99,086	0.6 %	\$ 15,340,649	\$ 14,455,154	\$ (885,495)	(5.8)%
Division of Vehicles Operating Fund	50,757,762	50,032,100	50,832,862	800,762	1.6	50,032,100	50,832,862	800,762	1.6
Electronic Databases Fee Fund	20,810,760	21,324,780	20,851,430	(473,350)	(2.2)	21,324,780	20,851,430	(473,350)	(2.2)
All Other Funds	17,372,288	21,209,259	21,166,583	(42,676)	(0.2)	21,379,259	21,166,583	(212,676)	(1.0)
TOTAL	\$ 104,902,219	\$ 108,528,335	\$ 108,912,157	\$ 383,822	0.4 %	\$ 108,076,788	\$ 107,306,029	\$ (770,759)	(0.7)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$16,027,478 for the Kansas Department of Revenue in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$21,547, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$86,829 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$15,962,196. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 15,962,196	\$ 15,962,196	\$ 0	\$ 15,340,649	\$ (621,547)
All Other Funds	92,506,875	92,566,139	59,264	92,736,139	229,264
TOTAL	\$ 108,469,071	\$ 108,528,335	\$ 59,264	\$ 108,076,788	\$ (392,283)
FTE Positions	1,078.7	1,089.2	10.5	1,049.2	(29.5)

The **agency** submits a revised estimated of \$108.5 million, including \$16.0 million SGF, in FY 2021. The request is an all funds increase of \$59,264, or 0.1 percent, and no change in SGF. The budget includes \$1.6 million in hardware and software implementation costs for the channel modernization project. The increases were partially offset by a reduction of \$890,000 in Aid to Local Units of Government from the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas, a reduction of \$323,186 in the motor vehicle division related to the sale of vehicle license tags and paper, and \$150,000 in contract attorney expenditures.

The revised estimated includes 1,089.3 FTE positions, an increase of 10.6 FTE positions. The agency added 17.0 additional FTE positions in the Motor Vehicle Division for the Wichita West Driver's License location and 3.0 FTE roving positions in the Wichita region. The agency also added 4.0 FTE positions in the Tax Administration Division for information technology analysts who were transferred from Administration. The increases were partially offset by FTE position reductions in the Administration Division, mostly in Information Technology analysts.

The revised estimate is detailed below by category of expenditure:

- **Salaries and Wages.** The agency submits a revised estimate \$64.1 million for salaries and wages, an increase of \$146,321, or 0.2 percent, above the FY 2021 approved budget. The majority of the increase is in the Tax Administration Division, which added 4.4 FTE positions and the Motor Vehicles Division, which added 20.0 FTE positions. The increases are partially offset by a reduction in the Administration Division, which reduced FTE positions by 15.4 and expenditures for salaries and wages by \$793,715 below the FY 2020 approved amount;
- **Contractual Services.** The agency submits a revised estimate of \$35.6 million for contractual services, an increase of \$572,031, or 1.6 percent, above the FY 2021 approved budget. The majority of the increase is in the Tax Administration Division (\$472,665) and the Motor Vehicle Division (\$146,147). The increase in Tax Administration is attributable to software implementation costs in the channel modernization project. The increases in the Motor Vehicle Division are attributable to building rental and maintenance (\$142,050) and postage (\$109,900), partially offset by a decrease in advertising (\$50,000) and other fees (\$71,200);
- **Commodities.** The agency submits a revised estimate of \$3.8 million for commodities, a decrease of \$323,186, or 7.8 percent, below the FY 2021 approved budget. The majority of the reduction was in the Motor Vehicle Division related to the sale of vehicle license tags and paper; and
- **Capital Outlay.** The agency submits a revised estimate of \$1.8 million for capital outlay, an increase of \$554,098, or 44.0 percent, above the FY 2021 approved budget. The increase is attributable to the Tax Administration Division for the channel modernization project.
- **Aid to Local Units of Government.** The agency submits a revised estimate of \$3.2 million for aid to local units of government, a decrease of \$890,000, or 21.7 percent, below the FY 2021 approved budget. The reduction is in the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The reduction is attributable to lowered demand and production.

The **Governor** recommends expenditures of \$108.1 million, including \$15.3 million SGF, in FY 2021. The recommendation is an all funds decrease of \$451,547, or 0.4 percent, and an SGF decrease of \$621,547, or 3.9 percent, below the FY 2021 revised agency estimate. The Governor recommends deleting \$218,999, or 0.3 percent, from the agency salaries and wages request by increasing the shrinkage rate. The recommendation also deletes \$402,548 for out of state and international travel due to COVID-19 travel restrictions. The SGF reductions are partially offset by a federal funds increase of \$170,000 in Coronavirus Relief Funds from the Office of Recovery. KDOR has indicated it plans to expend \$60,000 in contractual services expenditures for cleaning and sanitizing of both employee and public facing facilities due to the COVID-19 pandemic; and \$110,000 in commodities expenditures for personal protection equipment and thermal kiosks for employee temperature screenings.

The Governor recommends 1,049.2 FTE positions, a decrease of 40.0 FTE positions below the agency's FY 2021 revised estimate. The Governor states that KDOR has maintained

70.0 vacant and funded FTE positions to conform with shrinkage requirements and those positions should be eliminated. The reduction includes 15.0 FTE positions in the Motor Vehicle Division, 10.0 FTE positions in Administration, 10.0 FTE positions in Tax Administration, and 5.0 FTE positions in Property Valuation.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$86,829. The allotments applied to this agency are a reimbursement for SGF expended for Personal Protective Equipment and the reduction for employer contributions for KPERS Death and Disability.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
KPERS D&D	\$ (71,696)	\$ (71,696)	0.0
Coronavirus Relief Fund Swap	(15,133)	(15,133)	0.0
TOTAL	\$ (86,829)	\$ (86,829)	0.0

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 108,912,157	\$ 107,306,029	\$ (1,606,128)
FTE Positions	1,089.2	1,049.2	(40.0)
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 99,086	\$ (885,495)	
All Other Funds	284,736	114,736	
TOTAL	\$ 383,822	\$ (770,759)	
<i>Percent Change:</i>			
State General Fund	0.6 %	(5.8) %	
All Other Funds	0.3	0.1	
TOTAL	0.4 %	(0.7) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$108.9 million, including \$16.1 million SGF, for FY 2022. The request is an all funds increase of \$383,822, or 0.4 percent, and an SGF increase of \$99,086, or 0.6 percent, above the FY 2021 revised estimate. Salaries and wages expenditures increased by \$929,336, including \$636,450 SGF, due to salaries and wages fringe benefit expenditures and the end of the KPERS Death and Disability employer contributions suspension. The channel modernization project should be completed in FY 2021, which results in a reduction of \$1.5 million in capital outlay and contractual services expenditures. The channel modernization project includes \$100,000 in annual software and hardware maintenance fees in FY 2022. The reduction in the channel management project was offset by an increase in estimated Aid to Local Units of Government of \$400,000 for the Special County Mineral Production Tax Fund. The request includes 1,089.3 FTE positions, the same number as the FY 2021 revised estimate.

The request is detailed below by category of expenditure:

- **Salaries and Wages.** The agency requests \$65.1 million, including \$10.6 million SGF, for salaries and wages. The salaries and wages request is an all funds increase of \$929,336, or 1.4 percent, and an SGF increase of \$636,450, or 6.4 percent, above the FY 2021 revised estimate. The increase is attributable to employer KPERS contributions (\$423,637), group health insurance (\$314,069), and a reduction in the shrinkage rate (\$211,621);
- **Contractual Services.** The agency requests \$35.7 million, including \$5.2 million SGF, for contractual services. The contractual services request is an all funds increase of \$95,523, or 0.3 percent, and an SGF decrease of \$249,675, or 4.6 percent, from the FY 2021 revised estimate. The increase is attributable to building rental (\$120,027), Office of Information Technology Services (OITS) fees (\$88,173), staff services (\$100,000), and postage (\$95,175). The increases are partially offset by reductions in other professional fees in the Tax Administration Division for channel modernization;
- **Commodities.** The agency requests \$3.7 million, including \$125,940 SGF, for commodities. The commodities request is an all funds decrease of \$81,024, or 2.1 percent, and an SGF increase of \$2,708, or less than 0.1 percent, from the FY 2021 revised estimate. The decrease is attributable to vehicle license tag resale;
- **Capital Outlay.** The agency requests \$852,500, including \$115,612 SGF, for capital outlay. The capital outlay request is an all funds decrease of \$959,999, or 53.0 percent, and an SGF decrease of \$290,383, or 71.5 percent, below the FY 2021 revised estimate. The decrease is attributable to completion of the channel modernization project; and
- **Aid to Local Units of Government.** The agency requests \$3.6 million, all from special revenue funds, for aid to local units of government, an increase of \$400,000, or 12.4 percent, above the FY 2021 revised estimate. The increase is in the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The increase is attributable to increased estimated demand and production.

The **Governor** recommends expenditures of \$107.3 million, including \$14.5 million SGF, for FY 2022. The recommendation is an SGF decrease of \$1.6 million, or 10.0 percent, below the FY 2022 agency request. The decrease is attributable to the Governor's recommended adoption of the agency reduced resources proposal of \$1.6 million, including \$1.2 million in staff reductions and \$442,950 in travel reductions.

The Governor recommends 1,049.2 FTE positions, a reduction of 40.0 FTE positions below the FY 2022 agency request. The recommendation carries forward the reduced staffing level recommendation from FY 2021.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Travel Reductions	\$ (442,950)	\$ (442,950)	0.0	\$ (442,950)	\$ (442,950)	0.0
Staff Reductions	(1,163,178)	(1,163,178)	0.0	(1,163,178)	(1,163,178)	0.0
TOTAL	\$ (1,606,128)	\$ (1,606,128)	0.0	\$ (1,606,128)	\$ (1,606,128)	0.0

The **agency** submits a reduced resource proposal totaling \$1.6 million, all SGF, for FY 2022. The proposal includes travel reductions of \$442,950 and staff reductions of \$1.2 million. To achieve the proposal, the agency would eliminate all out of state travel and hold approximately 25 additional positions vacant in addition to the Department of Revenue's normal turnover, which would include delinquent tax collections staff, state tax auditors, and temporary staff used to open mail during tax filing season. The agency states holding these positions open for a long period of time will potentially cause decreased collections and delays in opening mail and depositing checks during the peak filing period.

The **Governor** recommends adoption of the agency's reduced resources proposal.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$135,679, including \$20,755 SGF, and FY 2022 longevity payments total \$137,679, including \$20,403 SGF.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	14.7 %	13.5 %
Division of Vehicles Operating Fund	46.7	47.4
Electronic Databases Fee Fund	19.1	19.4
All Other Funds	19.4	19.7
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Division of Vehicles Operating Fund Analysis

The Division of Vehicles Operating Fund is funded through charges assessed for copies, fines, penalties, and forfeitures. The largest single source of revenue for the Division of Vehicles Operating Fund is from the State Highway Fund, which is made in quarterly transfers under annual appropriation acts.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,663,854	\$ 403,501	\$ 403,501	\$ 321,929	\$ 321,929
Revenue	1,200,861	1,750,000	1,750,000	1,716,000	1,716,000
Transfers in	48,298,973	48,200,528	48,200,528	48,800,528	48,800,528
Funds Available	\$ 51,163,688	\$ 50,354,029	\$ 50,354,029	\$ 50,838,457	\$ 50,838,457
Less:					
Expenditures	\$ 50,757,762	\$ 50,032,100	\$ 50,032,100	\$ 50,832,862	\$ 50,832,862
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	2,425	0	0	0	0
Ending Balance	\$ 403,501	\$ 321,929	\$ 321,929	\$ 5,595	\$ 5,595
Ending Balance as Percent of Expenditures	0.8%	0.6%	0.6%	0.0%	0.0%
Month Highest Ending Balance	April \$ 9,619,483	April \$ 7,674,803	April \$ 7,674,803	April \$ 133,385	April \$ 133,385
Month Lowest Ending Balance	September \$ 0	September \$ 0	September \$ 0	September \$ 0	September \$ 0

Electronic Databases Fee Fund Analysis

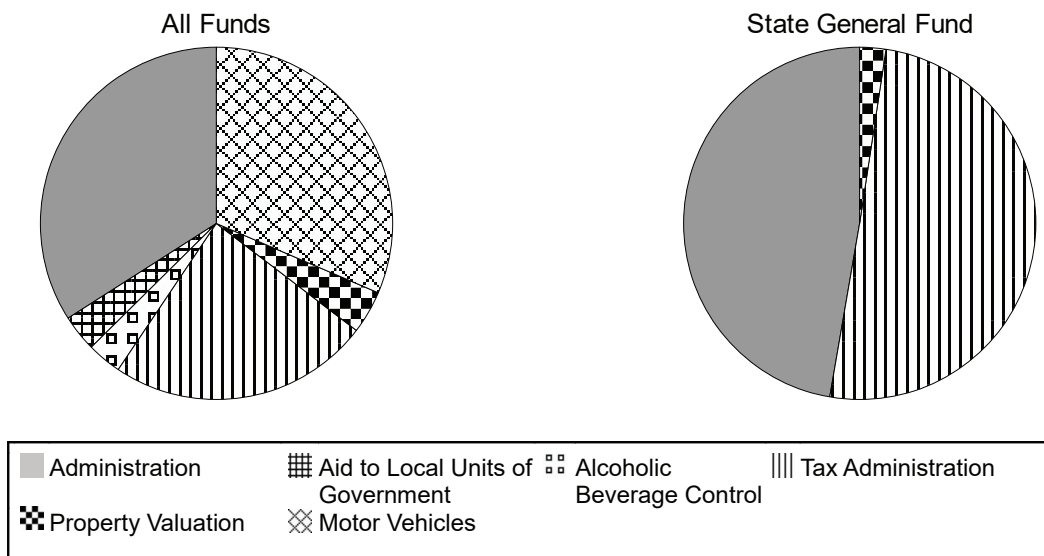
KSA 74-2022(a) authorizes the Secretary of Revenue to fix, charge, and collect fees to provide access to or furnish copies of data constituting public records in the vehicle information processing system, the Kansas Computer Assisted Mass Appraisal (CAMA) System, and other electronic database systems used by KDOR. Fees are fixed in order to recover all or part of the costs incurred to operate, maintain, and improve such database systems. Fees may also be used to fund general operating and administrative costs for the agency. The driver's license history record fees were increased in late FY 2018 to be more comparable with other states' fees for identical services.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 5,202,011	\$ 3,477,162	\$ 3,477,162	\$ 1,352,382	\$ 1,352,382
Revenue	18,920,387	19,200,000	19,200,000	19,510,000	19,510,000
Transfers in	165,524	0	0	0	0
<i>Funds Available</i>	<u>\$ 24,287,922</u>	<u>\$ 22,677,162</u>	<u>\$ 22,677,162</u>	<u>\$ 20,862,382</u>	<u>\$ 20,862,382</u>
Less:					
Expenditures	\$ 20,810,760	\$ 21,324,780	\$ 21,324,780	\$ 20,851,430	\$ 20,851,430
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 3,477,162</u>	<u>\$ 1,352,382</u>	<u>\$ 1,352,382</u>	<u>\$ 10,952</u>	<u>\$ 10,952</u>
Ending Balance as Percent of Expenditures	16.7%	6.3%	6.3%	0.1%	0.1%
Month Highest Ending Balance	April <u>\$ 2,718,092</u>	April <u>\$ 1,057,155</u>	April <u>\$ 1,057,155</u>	April <u>\$ 8,561</u>	April <u>\$ 8,561</u>
Month Lowest Ending Balance	August <u>\$ 934,925</u>	August <u>\$ 363,623</u>	August <u>\$ 363,623</u>	August <u>\$ 2,945</u>	August <u>\$ 2,945</u>

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 36,531,044	34.0 %	\$ 6,833,129	47.3 %
Aid to Local Units of Government	3,620,000	3.4	0	0.0
Alcoholic Beverage Control	3,406,937	3.2	0	0.0
Tax Administration	25,756,958	24.0	7,278,010	50.3
Property Valuation	4,253,464	4.0	344,015	2.4
Motor Vehicles	33,737,626	31.4	0	0.0
TOTAL	\$ 107,306,029	100.0 %	\$ 14,455,154	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	282.3	282.3	272.3	282.3	272.3
Aid to Local Units of Government	0.0	0.0	0.0	0.0	0.0
Alcoholic Beverage Control	39.8	39.8	39.8	39.8	39.8
Tax Administration	363.1	363.1	353.1	363.1	353.1
Property Valuation	40.1	40.1	35.1	40.1	35.1
Motor Vehicles	364.0	364.0	349.0	364.0	349.0
TOTAL	1,089.2	1,089.2	1,049.2	1,089.2	1,049.2

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

A. Administration

The Administration Division is composed of the following areas:

- The **Office of the Secretary of Revenue** administers KDOR policies and procedures, media relations, and executive oversight of the agency's major programs; assists the Governor's Office and legislative staff with policy development and economic forecasting; coordinates media events; and generates press releases;
- The **Office of Financial Management** manages KDOR's fiscal systems and processes, including accounting, procurement, and budget functions; collects, reconciles, and distributes tax revenues daily to multiple funds at various state agencies; ensures compliance with state accounting statutes and regulations; and coordinates, directs, and accurately reports all agency financial transactions recorded in the state accounting system;
- The **Office of Personnel Services and Learning Center** provides human resource services, including payroll/benefits, employee relations, classification and compensation, personnel policy management, and recruitment; provides training for KDOR software applications, leadership development, and new hire orientation; and manages curriculum to remain compliant with federal Internal Revenue Service and Social Security Administration training requirements;
- The **Facility Operations** program is responsible for the ordering, receiving, and inventory control of all supplies, commodities, and capital outlay purchased by the agency, and for building lease administration, facilities management, and general support for more than 40 office locations throughout the state;
- The **Legal Services and Special Investigations** program provides legal advice and analysis to the Secretary of Revenue and department officials regarding agency contracts and legislative matters; represents the agency in litigation; acts

as the legal counsel for all administrative and court matters involving taxes, vehicle titles and registrations, driver's licenses, and personnel matters; and oversees the Office of Special Investigations, which conducts criminal and administrative investigations and provides fraud-related support to the Division of Vehicles and Division of Taxation. The Office of Special Investigations enforcement officers are certified law enforcement officers (KSA 75-5157);

- **Information Services** manages the overall planning, development, maintenance, computer processing, and support of the agency's information systems; works closely with the Office of Information Technology Services (OITS) for server and network operations, system enhancements and development, and statewide disaster recovery operations; and maintains the KDOR website and applications; and
- The **Office of Research and Analysis** provides professional research, statistical and economic analysis, educational presentations and publications, and additional services to the Secretary of Revenue, the Kansas Legislature, the citizens of Kansas, and local governments to aid in the implementation of federal, state, and local law; tracks revenue from all sources and estimates future revenue based on policy changes and prior data; and analyzes legislative proposals and prepares fiscal notes affecting KDOR.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Fiscal Notes Completed	240	292	225	294	225	225
Percent of Fiscal Notes Completed within Five Working Days	73.0 %	80.0 %	80.0 %	80.0 %	80.0 %	80.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 29.2	\$ 26.9	\$ 37.5	\$ 34.8	\$ 36.3	\$ 36.5
FTE Positions	187.9	297.6	297.6	282.3	272.3	272.3

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$20,582,502	\$ 20,413,990	\$ 20,194,991	\$ 20,691,245	\$ 20,301,083
Contractual Services	13,556,787	15,497,816	15,282,567	15,781,865	15,504,865
Commodities	261,287	229,320	339,320	229,145	229,145
Capital Outlay	410,662	505,701	505,701	495,951	495,951
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$34,811,238</i>	<i>\$ 36,646,827</i>	<i>\$ 36,322,579</i>	<i>\$ 37,198,206</i>	<i>\$ 36,531,044</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	200	0	0	0	0
TOTAL	<u>\$34,811,438</u>	<u>\$ 36,646,827</u>	<u>\$ 36,322,579</u>	<u>\$ 37,198,206</u>	<u>\$ 36,531,044</u>
Financing:					
State General Fund	\$ 6,075,885	\$ 7,442,500	\$ 6,948,252	\$ 7,500,291	\$ 6,833,129
All Other Funds	28,735,553	29,204,327	29,374,327	29,697,915	29,697,915
TOTAL	<u>\$34,811,438</u>	<u>\$ 36,646,827</u>	<u>\$ 36,322,579</u>	<u>\$ 37,198,206</u>	<u>\$ 36,531,044</u>
FTE Positions	282.3	282.3	272.3	282.3	272.3

The **agency** requests for FY 2022 \$37.2 million, including \$7.5 million SGF, an increase of \$551,379, or 1.5 percent, above the FY 2021 revised estimate. The increase is attributable to \$277,255 in salaries and wages from the end of the KPERS Death and Disability employer contributions suspension in FY 2021, an increase in group health insurance, and a reduction in shrinkage of \$67,304. Contractual services increased by \$284,049, or 1.8 percent, above the FY 2021 revised estimate. The increase in contractual services is mainly attributable to OITS fees (\$88,422), staffing and recruiting for information technology personnel (\$100,000), and banking transaction fees (\$50,000).

The **Governor** recommends expenditures of \$36.5 million, including \$6.8 million SGF, for FY 2022. The recommendation is an SGF reduction of \$667,162, or 8.9 percent, below the FY 2022 agency request. The decrease is attributable to a decrease of \$390,162 in salaries and wages from increased shrinkage and \$277,000 to eliminate out-of-state travel. The Governor recommends 272.3 FTE positions, a decrease of 10.0 FTE positions below the FY 2022 agency request.

B. Aid to Local Units of Government

The Department of Revenue distributes revenue from certain State-collected taxes, fees, and penalties to local units of government. Those distributions include sand royalties, full-privilege license plates to manufacturers and dealer license fees, mineral severance taxes, and taxes on controlled substances.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Aid Payments Distributed on Schedule	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.6	\$ 4.7	\$ 4.1	\$ 3.6	\$ 3.2	\$ 3.6
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0

AID TO LOCALS PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
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	3,557,420	3,220,000	3,220,000	3,620,000	3,620,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 3,557,420	\$ 3,220,000	\$ 3,220,000	\$ 3,620,000	\$ 3,620,000
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,557,420	3,220,000	3,220,000	3,620,000	3,620,000
TOTAL	\$ 3,557,420	\$ 3,220,000	\$ 3,220,000	\$ 3,620,000	\$ 3,620,000
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests for FY 2022 \$3.6 million, all from special revenue fund, an increase of \$400,000, or 12.4 percent, above the FY 2021 revised estimate. The increase is fully attributable to the Special County Mineral Production Tax Fund, which receives an 8.0 percent excise tax on coal, oil, or gas produced in Kansas. The increase is associated with an estimated increase in production.

The **Governor** concurs with the agency's FY 2022 request.

C. Alcoholic Beverage Control

The Alcoholic Beverage Control (ABC) program regulates all phases of the manufacture, distribution, sale, and possession of alcohol in Kansas. This program encompasses many duties, including the following:

- Protects the public health, safety, and welfare through effective regulation of the liquor industry;
- Ensures businesses who import alcoholic liquor or cereal malt beverages meet statutory licensing requirements;

- Provides information to licensees on how to remain in compliance;
- Enforces the Liquor Control Act and the Club and Drinking Establishment Act;
- Educates liquor licensees on current laws and regulations;
- Detects and resolves licensee violations and provides support for licensee investigations;
- Provides training to local law enforcement agencies on underage drinking investigations, identifying fake IDs, and over-service violations; and
- Partners with grassroots organizations interested in protecting the safety of youth related to alcohol products.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of random controlled buys performed for the sale of alcohol to underage persons	390	380	500	404	612	612
Compliance rate for controlled buys for the sale of alcohol to underage persons	80.0 %	87.0 %	85.0 %	85.0 %	85.0 %	85.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.0	\$ 3.0	\$ 3.3	\$ 3.1	\$ 3.4	\$ 3.4
FTE Positions	36.8	39.0	39.0	39.8	39.8	39.8

ALCOHOLIC BEVERAGE CONTROL PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,525,316	\$ 2,587,995	\$ 2,587,995	\$ 2,597,137	\$ 2,597,137
Contractual Services	440,829	555,400	555,400	563,400	563,400
Commodities	43,074	75,000	75,000	76,000	76,000
Capital Outlay	118,648	168,400	168,400	170,400	170,400
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 3,127,867	\$ 3,386,795	\$ 3,386,795	\$ 3,406,937	\$ 3,406,937
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 3,127,867	\$ 3,386,795	\$ 3,386,795	\$ 3,406,937	\$ 3,406,937
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,127,867	3,386,795	3,386,795	3,406,937	3,406,937
TOTAL	\$ 3,127,867	\$ 3,386,795	\$ 3,386,795	\$ 3,406,937	\$ 3,406,937
FTE Positions	39.8	39.8	39.8	39.8	39.8

The **agency** requests for FY 2022 \$3.4 million, all from special revenue funds, an increase of \$20,142, or 0.6 percent, above the FY 2021 revised estimate. The increase is attributable to salary and wage fringe benefits expenditures for group health insurance and

KPERS (\$9,142), contractual service travel expenditures (\$4,000), job training (\$3,000), gasoline (\$1,000), and increased costs for vehicle replacement (\$2,000).

The **Governor** concurs with the agency's FY 2022 request.

D. Tax Administration

Tax Administration has the largest operating budget for a division within KDOR. The Division of Taxation Administration administers almost all state taxes, including individual and corporate income, retail sales and compensating use, mineral severance, motor fuel, cigarette, and alcoholic beverage excise taxes. The Division also administers the Homestead Property Tax and Food Sales Tax refunds. For local governments, the Division administers retail sales, compensating use, liquor excise, and transient guest taxes.

To carry out these duties, the Division of Taxation Administration is composed of the following departments:

- The **Tax Operations Administration** provides management and oversight to the entire Division and administers tax laws for the State of Kansas;
- The **Customer Relations** program provides effective account management to promote voluntary compliance with state laws through education and customer service; operates the Taxpayer Assistance Center, which is responsible for processing and completing all business registrations/tax applications; and serves walk-in customers with tax questions;
- The **Cigarette and Tobacco Enforcement Team** protects minors through education and assistance to tobacco licensees; conducts statewide cigarette and tobacco enforcement activities aimed at reducing sales of cigarettes and tobacco products to minors; and ensures compliance with terms of the Master Settlement Agreement, federal Food and Drug Administration guidelines, and the Synar Amendment;
- The **Revenue Recovery Bureau** is responsible for helping Kansas taxpayers understand their tax obligations, collects all types of delinquent taxes, maintains agency-level accounts receivable reporting, and is the administrator of the statewide tax clearance program;
- **Field Services** assists, educates, and encourages customers to comply with Kansas tax laws and seeks resolution of tax debts that have not been resolved through the front-end collections process, and conducts field investigations and on-site visits, collects delinquent taxes and missing returns, and pursues civil tax enforcements;
- **Business Support Services** defines, implements, and supports the movement of information to and collects information and payments from KDOR customers, and extracts information from web-based software, tax filing applications, reports for remitting payments and fees, and paper-to-digital conversion of all paper returns, documents, and payments received; and

- **Audit Services** conducts audits to identify and substantiate the under-reporting of Kansas taxes and examines tax returns and supporting documentation through several processes.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Individual Income Tax Returns Received Electronically	88.0 %	88.0 %	89.0 %	89.0 %	89.0 %	89.0 %
Amount of Delinquent Tax Collections (Dollars in Millions)	\$ 182.9	\$ 193.7	\$ 200.0	\$ 162.8	\$ 180.0	\$ 185.0
Compliance Rate for Controlled Buys for the Sale of Cigarettes and Tobacco Products to Minors	93.0 %	94.0 %	90.0 %	95.0 %	90.0 %	90.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 39.5	\$ 53.4	\$ 28.2	\$ 28.7	\$ 27.9	\$ 25.8
FTE Positions	430.6	358.6	358.6	363.1	353.1	353.1

TAX ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$20,356,698	\$ 20,316,857	\$ 20,316,857	\$ 20,584,825	\$ 19,811,809
Contractual Services	7,775,643	6,589,190	6,488,491	5,774,397	5,635,048
Commodities	224,976	250,000	250,000	256,851	256,851
Capital Outlay	306,650	878,649	878,649	53,250	53,250
Debt Service	0	0	0	0	0
Subtotal - Operations	\$28,663,967	\$ 28,034,696	\$ 27,933,997	\$ 26,669,323	\$ 25,756,958
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$28,663,967	\$ 28,034,696	\$ 27,933,997	\$ 26,669,323	\$ 25,756,958
Financing:					
State General Fund	\$ 8,641,695	\$ 8,046,906	\$ 7,946,207	\$ 8,190,375	\$ 7,278,010
All Other Funds	20,022,272	19,987,790	19,987,790	18,478,948	18,478,948
TOTAL	\$28,663,967	\$ 28,034,696	\$ 27,933,997	\$ 26,669,323	\$ 25,756,958
FTE Positions	363.1	363.1	353.1	363.1	353.1

The **agency** requests for FY 2022 \$26.7 million, including \$8.2 million SGF, which is an all funds decrease of \$1.4 million, or 4.9 percent, and an SGF increase of \$143,469, or 1.8 percent, from the FY 2021 revised estimate. The all funds reduction is attributable to the end of the start up phase of the channel modernization project expected to be completed in FY 2021, which results in a reduction of \$1.5 million in capital outlay and contractual services expenditures. That reduction is partially offset by an increase of \$267,968, or 1.3 percent, in salaries and wages. The increase in salaries and wages is predominantly related to group health insurance (\$112,673) and employer contributions for KPERS (\$132,057).

The **Governor** recommends expenditures of \$25.8 million, including \$7.3 million SGF, for FY 2022. The recommendation is an SGF decrease of \$912,365, or 11.1 percent, below the

FY 2022 agency request. The reduction is attributable to a decrease of \$773,016 in salaries and wages from increased shrinkage and \$139,349 from the elimination of out-of state-travel. The Governor recommends 353.1 FTE positions, a decrease of 10.0 FTE positions below the FY 2022 agency request.

E. Property Valuation

The Property Valuation Division works to promote accurate, uniform appraisals and compliance with the property assessment laws and rules of the State. The Division is organized into three bureaus: Administration, State Appraisal, and County Assistance.

The **Administration Bureau** provides overall direction and policy guidelines for the Division and the counties. It administers the eligibility standards for county appraisers and provides education for counties and the public. The Computer Assisted Mass Appraisal (CAMA) System is the responsibility of the Administration Bureau.

The **State Appraisal Bureau** centrally assesses public utilities and motor carriers; the Bureau publishes valuation guidelines used by the counties to assess oil and gas properties, as well as personal property.

The **County Assistance Bureau** provides technical assistance to the county appraisers and publishes data on overall uniformity and accuracy of appraisals.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Counties with Qualified Appraisers	101	102	105	105	105	105
Percent of Residential Valuations Meeting State Appraisal Statistical Compliance Standards*	99.9 %	99.0 %	99.0 %	99.0 %	99.0 %	99.0 %
Percent of Commercial Valuations Meeting State Appraisal Statistical Compliance Standards	93.6 %	95.0 %	95.0 %	95.0 %	95.0 %	95.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 3.8	\$ 4.0	\$ 4.4	\$ 4.1	\$ 4.2	\$ 4.3
FTE Positions	37.5	39.5	39.5	40.1	35.1	35.1
* The Governor's Office does not utilize this measure for evaluation purposes.						

PROPERTY VALUATION PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,663,703	\$ 2,595,736	\$ 2,595,736	\$ 2,624,564	\$ 2,624,564
Contractual Services	1,469,215	1,588,398	1,561,798	1,618,401	1,591,800
Commodities	13,805	20,101	20,101	20,101	20,101
Capital Outlay	1,139	16,999	16,999	16,999	16,999
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 4,147,862</i>	<i>\$ 4,221,234</i>	<i>\$ 4,194,634</i>	<i>\$ 4,280,065</i>	<i>\$ 4,253,464</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,147,862	\$ 4,221,234	\$ 4,194,634	\$ 4,280,065	\$ 4,253,464
Financing:					
State General Fund	\$ 1,243,829	\$ 472,790	\$ 446,190	\$ 370,616	\$ 344,015
All Other Funds	2,904,033	3,748,444	3,748,444	3,909,449	3,909,449
TOTAL	\$ 4,147,862	\$ 4,221,234	\$ 4,194,634	\$ 4,280,065	\$ 4,253,464
FTE Positions	40.1	40.1	35.1	40.1	35.1

The **agency** requests for FY 2022 \$4.3 million, including \$370,616 SGF, which is an all funds increase of \$58,831, or 1.4 percent, and an SGF reduction of \$102,174, or 21.6 percent, from the FY 2021 revised estimate. The increase is attributable to expenditures for employer contributions for KPERS (\$17,491) and group health insurance (\$11,708). The Division also had increased licensing/support fees of \$30,000 for the mass appraisal system, CAMA, and the Open Records for Kansas Appraisers (ORKA), which provides public access to property data.

The Department of Revenue increased utilization of the Division of Vehicles Operating Fund for this program while reducing reliance on the SGF, which accounts for the reduction in SGF expenditures.

The **Governor** recommends expenditures of \$4.3 million, including \$344,015 SGF, for FY 2022. The recommendation is an SGF-only decrease of \$26,601, or 7.2 percent, below the agency's FY 2022 request. The reduction is attributable to a decrease of \$26,601 from the elimination of out-of-state travel. The Governor recommends 35.1 FTE positions, a decrease of 5.0 FTE positions from the FY 2022 agency request.

F. Motor Vehicles

The Division of Motor Vehicles administers Kansas law relating to vehicle titling and registration, motor vehicle dealer licensing, and the issuance, maintenance, and renewal of driver's licenses.

To carry out these duties, the Division of Vehicles is composed of three departments: Administration, Vehicle Services, and Driver Services.

The **Administration** department provides management and oversight of the Division, grants and contract management, and quality assurance for Division of Vehicles call centers.

The **Vehicle Services** department administers Kansas law relating to vehicle titling and registration of all motor vehicles, automobile dealers and salespersons, and registration of commercial motor vehicles; issues certificates of title, records/verification requests, disabled placards, and specialty and personalized license plates; provides support to all 105 county treasurers who act as agents of the State in processing vehicle titles and registrations; maintains the Motor Vehicle System and administers the Kansas Web Tags application for online vehicle registration renewals; licenses and monitors approximately 2,500 new and used vehicle dealerships, 5,000 salespersons, and 300 manufacturers, distributors, converters, and manufactured home dealers for compliance with federal and state statutory requirements; processes lien and lien releases related to dealers and the public; processes vehicle registration for all commercial vehicles, issues oversize/overweight and other temporary permits required by law, and administers policies and procedures established by the International Registration Plan (IRP).

The **Driver Services** department conducts driver's license examinations required for the issuance and renewal of driver's licenses and includes the commercial driver's license program; issues identification documents according to federal and state guidelines; and processes maintenance of driving privileges and the suspension, revocation, and reinstatement of licenses for traffic-related violations and medical reasons.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of vehicle registration renewals processed online or through mobile applications	-- %	22.8 %	-- %	32.5 %	32.5 %	32.5 %
Average Customer Wait Time at the Ten Largest Driver's License Offices (In Minutes)	34:55	20:43	20:00	10:30	9:50	9:00
Total Transactions at State Driver's License Offices	819,267	723,175	832,000	539,140	739,000	730,000
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 29.0	\$ 29.5	\$ 33.8	\$ 30.6	\$ 33.0	\$ 33.7
FTE Positions	305.0	344.0	344.0	364.0	349.0	349.0

AVERAGE WAIT TIME AT LARGEST DRIVER'S LICENSE STATIONS				
Location	CY 2018 Actual	CY 2019 Actual	CY 2020 Actual	CY 2021 Estimate
Andover	36:00	19:00	26:00	15:00
Derby	14:00	9:00	10:00	10:00
Kansas City	40:00	26:00	32:00	10:00
Lawrence	N/A	24:00	21:00	10:00
Manhattan	55:00	24:00	27:00	10:00
Mission	19:00	19:00	22:00	15:00
Olathe	32:00	15:00	16:00	15:00
Overland Park	N/A	9:00	15:00	15:00
Topeka	27:00	17:00	15:30	15:00
Wichita Twin Lakes	N/A	31:00	15:30	15:00
Wichita West	N/A	N/A	30:00	15:00

MOTOR VEHICLES PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 17,473,433	\$ 18,209,083	\$ 18,209,083	\$ 18,555,226	\$ 18,555,226
Contractual Services	8,790,554	11,328,850	11,328,850	11,917,100	11,917,100
Commodities	3,530,309	3,238,100	3,238,100	3,149,400	3,149,400
Capital Outlay	799,369	242,750	242,750	115,900	115,900
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 30,593,665</i>	<i>\$ 33,018,783</i>	<i>\$ 33,018,783</i>	<i>\$ 33,737,626</i>	<i>\$ 33,737,626</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$30,593,665</u>	<u>\$ 33,018,783</u>	<u>\$ 33,018,783</u>	<u>\$ 33,737,626</u>	<u>\$ 33,737,626</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	30,593,665	33,018,783	33,018,783	33,737,626	33,737,626
TOTAL	<u>\$30,593,665</u>	<u>\$ 33,018,783</u>	<u>\$ 33,018,783</u>	<u>\$ 33,737,626</u>	<u>\$ 33,737,626</u>
FTE Positions	364.0	364.0	349.0	364.0	349.0

The **agency** requests for FY 2022 \$33.7 million, all from special revenue funds, which is an increase of \$717,843, or 2.2 percent, above the FY 2021 revised estimate.

The increase is attributable to \$346,143, or 1.9 percent, in increased salaries and wages expenditures. The salaries and wages increase is related to increased expenditures for group health insurance (\$99,405) and employer contributions for KPERS (\$120,208). The agency also reduced shrinkage for the Division by \$131,774. The agency increased the estimate for contractual services by \$588,250, or 5.2 percent, above the FY 2021 revised estimate. Building rental expenditures increased by \$80,000 above the FY 2021 revised estimate. The increases are related to a new location in Salina and additional square footage in Phillipsburg, Garden City, and Ottawa. The agency also has increased contractual service fees for licensing and support fees for the Kansas Commercial Vehicle Registration System (KCoVRS) cashiering system and the Q-Flow queuing system.

The increases are partially offset by reductions in commodities of \$88,700, or 2.7 percent, and capital outlay of \$126,850, or 52.3 percent, below the FY 2021 revised estimate. The commodities reduction is related to vehicle license tag resale. The capital outlay reduction is attributable to one-time costs to start up the Wichita West license office.

The **Governor** concurs with the agency's request for FY 2022 with the exception of also recommending the elimination of 15.0 vacant FTE positions. The Governor recommends 349.0 FTE positions for FY 2022.

STATE BOARD OF TAX APPEALS

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 804,395	\$ 802,012	\$ 576,235	\$ 808,457	\$ 668,411
Other Funds	979,245	1,117,266	1,117,266	1,140,468	1,240,468
<i>Subtotal</i>	<i>\$ 1,783,640</i>	<i>\$ 1,919,278</i>	<i>\$ 1,693,501</i>	<i>\$ 1,948,925</i>	<i>\$ 1,908,879</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>\$ 1,783,640</u>	<u>\$ 1,919,278</u>	<u>\$ 1,693,501</u>	<u>\$ 1,948,925</u>	<u>\$ 1,908,879</u>
Percentage Change:					
Operating Expenditures					
State General Fund	1.3 %	(0.3) %	(28.4) %	0.8 %	16.0 %
All Funds	2.5	7.6	(5.1)	1.5	12.7
FTE Positions	16.0	16.0	15.0	16.0	15.0

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

AGENCY OVERVIEW

The mission of the State Board of Tax Appeals (BOTA) is to resolve disputes between taxpayers and taxing authorities promptly and impartially and to help maintain public confidence in the state and local tax system. The Board is committed to fulfilling its mission in a highly efficient and professional manner through using all available technology and human resources to best meet the needs of the public.

Regular Division. The Board's regular division has broad jurisdiction to hear and decide tax matters, including property tax appeals, appeals from final determinations of the Department of Revenue, tax grievances, applications for exemption from property tax, countywide reappraisal requests, mortgage registration protests, no-fund warrant requests, and appeals from school districts with declining enrollment.

Small Claims and Expedited Hearings Division. The Board's small claims and expedited hearings division is a convenient and informal forum for appealing the valuation of single-family residential properties and commercial properties appraised at \$3.0 million or less. This division also may hear appeals from the Department of Revenue, Division of Taxation, if the amount of tax in controversy does not exceed \$15,000.

Statutory Authority. The Kansas State Board of Tax Appeals is a specialized board within the Executive Branch of state government. The Board's predecessor in authority was the Kansas Court of Tax Appeals. The State Court of Tax Appeals was established on July 1, 2008, pursuant to HB 2018.

The Board of Tax Appeals is the highest administrative tribunal to hear cases involving *ad valorem* (property), income, sales, compensating use, and inheritance taxes, along with other matters involving taxation by state and local authorities. The Board is an independent tax tribunal, meaning it is not affiliated with the Kansas Department of Revenue or any other taxing authority. The Board of Tax Appeals is a neutral decision-making body.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** increased the Board of Tax Appeals Filing Fee Fund expenditure limitation for fiscal year (FY) 2010 and FY 2011. For FY 2010, the Legislature added \$18,000 and increased the expenditure limitation on the agency's Filing Fee Fund from \$589,299 to \$607,299. For FY 2011, the Legislature added \$33,000 and increased expenditures from the agency's Filing Fee Fund from \$648,777 to \$681,777. The expenditure limitation increase for both FY 2010 and FY 2011 was used to offset reductions in the agency's State General Fund (SGF) appropriation and to fund agency operations.

In addition, the **2010 Legislature** deleted \$33,986, all SGF, to achieve an SGF reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** added \$325,000, all SGF, to restore a portion of the Board of Tax Appeal's FY 2012 SGF reduction of \$625,000.

The **2011 Legislature** also added language authorizing the Board of Tax Appeals to study the necessary statutory changes needed to raise filing fees for FY 2013.

The **2014 Legislature** passed House Sub. for SB 231, which made a number of changes in the power, duties, and functions of the State Court of Tax Appeals (COTA), especially with regard to property tax valuation appeals. The bill renamed that body the "State Board of Tax Appeals"; made several changes with respect to how property may be valued for taxation purposes; and lowered the interest rate on delinquent property taxes.

The **2019 Legislature** added \$19,824, including \$9,341 SGF, for a 2.5 percent salary adjustment for most state employees for FY 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$1.9 million, including \$802,012 from the State General Fund (SGF), in FY 2021. The estimate is a decrease of \$2,247, or 0.3 percent, all SGF, below the FY 2021 approved budget. The reduction is attributable to the reimbursement of SGF expenditures from the Coronavirus Relief Fund subsequent to submission of the agency budget. The agency also shifted expenditures from contractual services for contract hearing officers to salaries and wages.

The **Governor** recommends expenditures of \$1.7 million, including \$576,235 SGF, in FY 2021. The recommendation is an SGF decrease of \$225,777, or 28.2 percent, below the agency's FY 2021 revised estimate. The decrease is due to the elimination of the Application Developer position (1.0 FTE position), and eliminating seven months of funding for two vacant BOTA member positions. These decreases are partially offset in the Governor's recommendation by an increase of \$37,292, all SGF, for additional IT services performed by OITS that were previously performed by the eliminated Application Developer position.

FY 2022 – Budget Year. The **agency** requests FY 2022 expenditures of \$1.9 million, including \$808,457 SGF. The request is an all funds increase of \$29,647, or 1.5 percent, and an SGF increase of \$6,445, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to the Kansas Public Employees Retirement System (KPERS) rate increase, professional service fees for contract hearing officers, and a travel honorarium that was reduced in FY 2021. The agency requests 16.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$1.9 million, including \$668,411 SGF, for FY 2022. The recommendation is a decrease of \$40,046, or 2.1 percent, from all funds, below the agency's FY 2022 request. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and the reduction of salaries and wages expenditures. The Governor's recommendation includes an increase of \$100,000 from the BOTA Fee Fund and a corresponding decrease of SGF funds. The decreases are partially offset by the addition of \$40,800, all SGF, for FY 2022 to fund additional IT consulting services.

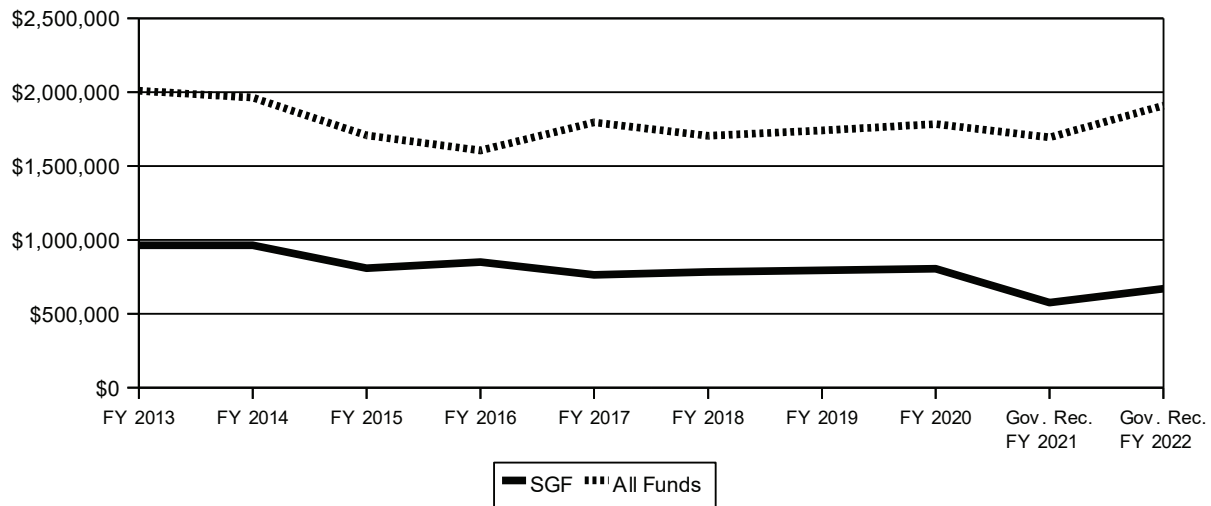
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Clearance Rate (Outgoing Cases Divided by Incoming Cases)	99.5 %	86.2 %	100.3 %	67.9 %	100.0 %	100.0 %
Average Number of Days to Close Commercial Appeals	121	209	110	353	450	360
Average Number of Days to Close Residential Appeals	141	158	125	178	210	175
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.8	\$ 1.7	\$ 1.9	\$ 1.8	\$ 1.7	\$ 1.9
FTE Positions	17.0	16.0	16.0	16.0	15.0	15.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 963,272	0.3 %	\$ 2,008,930	2.4 %	18.0
2014	807,964	(16.1)	1,707,456	(15.0)	18.0
2015	692,967	(14.2)	1,544,872	(9.5)	17.0
2016	848,683	22.5	1,605,152	3.9	17.0
2017	762,836	(10.1)	1,795,249	11.8	17.0
2018	782,827	2.6	1,704,454	(5.1)	17.0
2019	793,868	1.4	1,740,819	2.1	16.0
2020	804,395	1.3	1,783,640	2.5	16.0
2021 Gov. Rec.	576,235	(28.4)	1,693,501	(5.1)	15.0
2022 Gov. Rec.	668,411	16.0	1,908,879	12.7	15.0
Ten-Year Change Dollars/Percent	\$ (294,861)	(30.6)%	\$ (100,051)	(5.0)%	(3.0)

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 1,783,640	\$ 1,919,278	\$ 1,948,925	\$ 29,647	1.5 %	\$ 1,693,501	\$ 1,908,879	\$ 215,378	12.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,317,701	\$ 1,559,871	\$ 1,574,169	\$ 14,298	0.9 %	\$ 1,296,802	\$ 1,493,323	\$ 196,521	15.2 %
Contractual Services	387,709	340,337	356,486	16,149	4.7	377,629	397,286	19,657	5.2
Commodities	45,673	10,370	9,270	(1,100)	(10.6)	10,370	9,270	(1,100)	(10.6)
Capital Outlay	32,557	8,700	9,000	300	3.4	8,700	9,000	300	3.4
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 1,783,640</i>	<i>\$ 1,919,278</i>	<i>\$ 1,948,925</i>	<i>\$ 29,647</i>	<i>1.5 %</i>	<i>\$ 1,693,501</i>	<i>\$ 1,908,879</i>	<i>\$ 215,378</i>	<i>12.7 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,783,640	\$ 1,919,278	\$ 1,948,925	\$ 29,647	1.5 %	\$ 1,693,501	\$ 1,908,879	\$ 215,378	12.7 %
Financing:									
State General Fund	\$ 804,395	\$ 802,012	\$ 808,457	\$ 6,445	0.8 %	\$ 576,235	\$ 668,411	\$ 92,176	16.0 %
Duplicating Fee Fund	2,727	3,000	5,000	2,000	66.7	3,000	5,000	2,000	66.7
BOTA Filing Fee Fund	959,350	1,114,266	1,135,468	21,202	1.9	1,114,266	1,235,468	121,202	10.9
Coronavirus Relief Fund	17,168	0	0	0	--	0	0	0	--
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,783,640	\$ 1,919,278	\$ 1,948,925	\$ 29,647	1.5 %	\$ 1,693,501	\$ 1,908,879	\$ 215,378	12.7 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$807,323 for the Board of Tax Appeals in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$117, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$2,247, based on the reimbursement of SGF expenditures in FY 2020 for COVID-19-related expenditures and reimbursed from the Coronavirus Relief Fund as approved by the State Finance Council on June 16, 2020, resulting in reappropriation of funding that was not spent in FY 2020 and has shifted to FY 2021; and
- A decrease of \$5,428 as the result of the Governor's July 1, 2020, SGF allotment.

These adjustments change the FY 2021 approved SGF amount to \$804,259. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 804,259	\$ 802,012	\$ (2,247)	\$ 576,235	\$ (228,024)
All Other Funds	1,117,266	1,117,266	0	1,117,266	0
TOTAL	\$ 1,921,525	\$ 1,919,278	\$ (2,247)	\$ 1,693,501	\$ (228,024)
FTE Positions	16.0	16.0	0.0	15.0	(1.0)

The **agency** revised estimate is \$1.9 million, including \$802,012 SGF, in FY 2021. The estimate is a decrease of \$2,247, or 0.3 percent, all SGF, below the FY 2021 approved budget. The reduction is attributable to the reimbursement of SGF expenditures from the Coronavirus Relief Fund subsequent to submission of the agency budget. The agency also shifted expenditures from contractual services for contract hearing officers to salaries and wages.

The agency requests 16.0 FTE positions, which is the same as the FY 2021 approved amount.

Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds increase of \$13,160, or 0.9 percent, and an SGF decrease of \$106,082, or 14.7 percent, below the approved amount. The increase is due to higher expenditures on salaries and group health insurance;
- **Contractual Services.** The agency requests \$340,337, which is an all funds decrease of \$13,372, or 3.8 percent, and an SGF increase \$103,835, or 129.1 percent, above the approved amount. The decrease is primarily attributable to decreased expenditures for travel, a travel honorarium, and decreased professional service fees for contracted hearing officers. The agency states that the Board was unable to use contracted hearing officers from March 2020 through January 2021 due to the COVID-19 pandemic. The decreases were partially offset by increased expenditures for communication;
- **Commodities.** The agency requests \$10,370, which is a decrease of \$2,035, or 16.4 percent, all from special revenue funds, below the approved amount. The decrease is due to decreased expenditures for computer system parts and gasoline; and
- **Capital Outlay.** The agency requests \$8,700, the same as the FY 2021 approved budget. Expenditures in this category are for replacement computers; the agency did shift some expenditures originally intended for office furniture to computer system purchases.

The **Governor** recommends a revised estimate of \$1.7 million, including \$576,235 SGF, in FY 2021. The recommendation is a decrease of \$225,777, or 28.2 percent, all SGF, below the agency's FY 2021 revised estimate. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and eliminating seven months of funding for two vacant BOTA member positions. These decreases are partially offset by the addition of \$37,292, all SGF, in FY 2021 for additional IT services performed by OITS that were previously performed by the eliminated Application Developer position.

Governor's Allotments

On June 29, 2020, the Governor announced State General Fund (SGF) allotments or reductions for FY 2021 of \$374.5 million. Included in the Governor's allotted budget were \$146.7 million in human services caseload adjustments, \$79.3 million to delay the FY 2021 State Foundation Aid payment for K-12 Education, \$46.7 million in reductions due to a suspension of KPERS Death and Disability contributions, and \$101.8 million in other adjustments.

Allotments included in this document reduce the FY 2021 approved budget without any required Legislative approval and are included in the approved amounts in the table above. As it relates to this agency, the allotment adjustments totaled \$5,428. The allotments applied to this agency are detailed below:

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
July Allotment			
KPERS D&D	\$ (5,278)	\$ (5,278)	0.0
CRF Swap	(150)	(150)	0.0
TOTAL	<u>\$ (5,428)</u>	<u>\$ (5,428)</u>	<u>0.0</u>

KPERS Death and Disability Moratorium. The Governor's July allotment deletes \$5,278, all SGF, for an FY 2021 moratorium on KPERS Death and Disability contributions.

Coronavirus Funding Exchange. The Governor's July allotment deletes \$150, all SGF, to exchange these funds for Coronavirus Relief Fund (CRF) reimbursements received by the agency in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,948,925	\$ 1,908,879	\$ (40,046)
FTE Positions	16.0	15.0	(1.0)
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 6,445	\$ 92,176	
All Other Funds	23,202	123,202	
TOTAL	<u>\$ 29,647</u>	<u>\$ 215,378</u>	
<i>Percent Change:</i>			
State General Fund	0.8 %	16.0 %	
All Other Funds	2.1	11.0	
TOTAL	<u>1.5 %</u>	<u>12.7 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2022 expenditures of \$1.9 million, including \$808,457 SGF. The request is an all funds increase of \$29,647, or 1.5 percent, and an SGF increase of \$6,445, or 0.8 percent, above the FY 2021 revised estimate. The increase is primarily attributable to the KPERS rate increase, professional service fees for contract hearing officers, and a travel honorarium that was reduced in FY 2021. The agency requests 16.0 FTE positions, which is the same as the FY 2021 revised estimate.

Major categories of expenditure are provided below:

- **Salaries and Wages.** The agency requests \$1.6 million, which is an all funds increase of \$14,298, or 0.9 percent, and an SGF increase of \$5,411, or 0.9

percent, above the agency's revised FY 2021 estimate. The increase is due to increased rates for group health insurance and state employee retirement;

- **Contractual Services.** The agency requests \$356,486, which is an all funds increase of \$16,149, or 4.7 percent, and an SGF increase of \$1,034, or 0.6 percent, above the agency's revised FY 2021 estimate. The increase is primarily attributable to professional service fees for contracted hearing officers. The agency states that the Board was unable to use contracted hearing officers from March 2020 through January 2021 due to the COVID-19 pandemic. The agency also restored the \$4,000 reduction in FY 2021 for the honorarium to reimburse travel;
- **Commodities.** The agency requests \$9,270, which is a decrease of \$1,110, or 10.6 percent, all from special revenue funds, below the agency's revised FY 2021 estimate. The decreases are in stationery and processing supplies. The agency states that the decrease in stationery and processing supplies is due to a funding shortage and the utilization of printers with more-efficient toner usage; and
- **Capital Outlay.** The agency requests \$9,000, which is a increase of \$300, or 3.4 percent, all from special revenue funds, above the approved amount. The increase is due to increased expenditures for replacing two scanners (\$4,500 per scanner) that were purchased in 2010.

The **Governor** recommends FY 2022 expenditures totaling \$1.9 million, including \$668,411 SGF. The FY 2022 recommendation is an all funds decrease of \$40,046, or 2.1 percent, below the agency's request. The decrease is due to the elimination of the Application Developer position (1.0 FTE position) and the reduction of salary and wages expenditures. The Governor's recommendation also includes the following adjustments to the agency's FY 2022 request:

- Delete \$100,000, all SGF, and add the same amount from the BOTA Filing Fee Fund for FY 2022; and
- Add \$40,800, all SGF, to fund additional IT consulting services for FY 2022.

FY 2022 Reduced Resources

The Governor has requested that specified agencies with State General Fund (SGF) moneys provide a reduced resources budget submission of 10.0 percent for FY 2022. The information below provides details of the agency's reduced resources budget submission for the SGF.

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Shrinkage	\$ (54,602)	\$ (54,602)	0.0	\$ (72,138)	\$ (72,138)	1.0
Database Access Fees	(18,600)	(18,600)	0.0	40,800	40,800	0.0
Other Professional Fees	(7,644)	(7,644)	0.0	(8,708)	(8,708)	0.0
TOTAL	\$ (80,846)	\$ (80,846)	0.0	\$ (40,046)	\$ (40,046)	1.0

The **agency** submits a reduced resources budget totaling a reduction of \$80,846 for FY 2022. To achieve this target the agency would need to eliminate small claims hearing officer positions, a senior administrative assistant position, and contractual service payments for Westlaw online research tool. The agency believes these reductions will have a detrimental effect on their ability to provide services across the state.

The **Governor** recommends a reduced resources budget totaling a decrease of \$40,046 for FY 2022. The decrease is due to the elimination of the Application Developer position and the reduction of salary and wages expenditures. The Governor's recommendation includes an increase of \$40,800, all SGF, for FY 2022 to fund additional IT consulting services.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency receives no longevity payments for FY 21 or FY22.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	41.5 %	35.0 %
Duplicating Fee Fund	0.3	0.3
BOTA Filing Fee Fund	58.3	64.7
All Other Funds	0.0	0.0
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

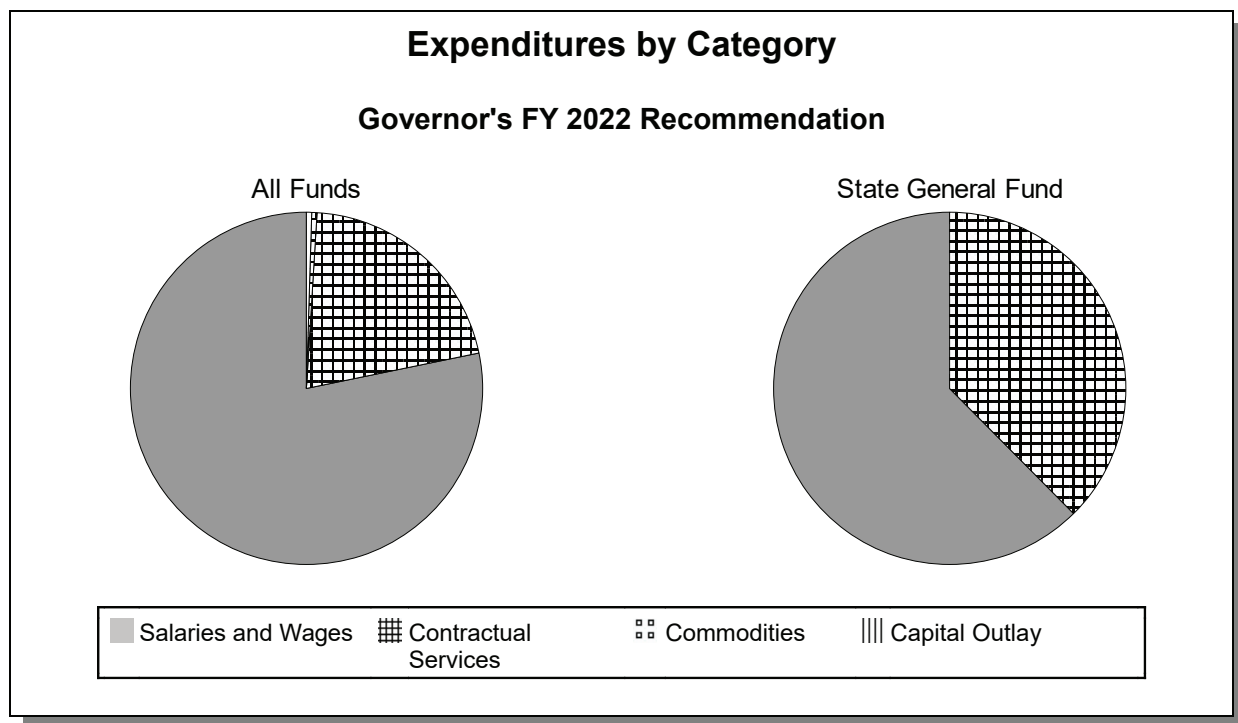
Board of Tax Appeals Filing Fee Fund Analysis

The 2003 Legislature increased the amount of funding the agency received through special revenue funds by creating the BOTA Filing Fee Fund. The agency is required to charge and collect filing fees established by the agency. The fees are collected when any tax protest, tax grievance, tax exemption, or any other original proceeding is filed with BOTA.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,058,283	\$ 972,096	\$ 972,096	\$ 757,830	\$ 757,830
Revenue	873,163	900,000	900,000	900,000	900,000
Transfers in	0	0	0	0	0
Funds Available	\$ 1,931,446	\$ 1,872,096	\$ 1,872,096	\$ 1,657,830	\$ 1,657,830
Less:					
Expenditures	\$ 959,350	\$ 1,114,266	\$ 1,114,266	\$ 1,135,468	\$ 1,235,468
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 972,096	\$ 757,830	\$ 757,830	\$ 522,362	\$ 422,362
Ending Balance as Percent of Expenditures	101.3%	68.0%	68.0%	46.0%	34.2%
Month Highest Ending Balance	December \$ 1,165,123	July \$ 1,021,636	July \$ 1,021,636	July \$ 786,769	July \$ 786,769
Month Lowest Ending Balance	April \$ 887,013	June \$ 757,830	June \$ 757,830	June \$ 422,362	June \$ 422,362

STATE BOARD OF TAX APPEALS LICENSURE FEES	
License	Current Fee
Regular Division	
Valuation Appeals: Equalization & Protests (Real and Personal Property)	
Real Property: Single-family residential property & farmsteads	\$ Exempt
Not-for-profit organizations valued less than \$100,000	Exempt
Properties valued at \$250,000 or less	125
Properties valued at \$250,001 to \$1,000,000	200
Properties valued at \$1,000,001 to \$5,000,000	300
Properties valued at \$5,000,001 to \$10,000,000	400
Properties valued at \$10,000,001 or more	500
Personal Property: Single-family residential mobile or manufactured home	\$ Exempt
All other personal property	150
Division of Property Valuation (State Assessed Property)	
\$250,000 or less	\$ 125
\$250,001 to \$1,000,000	200
\$1,000,001 to \$5,000,000	300
\$5,000,001 to \$10,000,000	400
\$10,000,001 or more	500
Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds	
\$1,000 or less	\$ 100
\$1,001 to \$10,000	150
\$10,001 to \$100,000	300
\$100,001 or more	500
Exemption Applications	
Industrial Revenue Bond & Eco Devo < \$1,000,000	\$ 500
Industrial Revenue Bond & Eco Devo > \$1,000,000	1,000
Oil Lease of Real Property Exemption	400
All Other Personal Property Exemption	100
Not-for-profit valued less than \$100,000 & Government entities	Exempt
Small Claims and Expedited Hearings Division	
Equalization & Protests: Single-family residential property, farmstead, or mobile/manufactured homes	
Not-for-profit organization valued less than \$100,000	\$ Exempt
\$250,000 or less	100
\$250,01 to \$1,000,000	150
\$1,000,000 to \$3,000,000	200
Division of Taxation: Homestead Property Tax & Food Sales Tax Refunds	
\$500 or less	\$ Exempt
\$501 to \$10,000	50
\$10,001 to \$14,999	150

CATEGORY DETAIL



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 1,493,323	78.2 %	\$ 442,301	66.2 %
Contractual Services	397,286	20.8	226,110	33.8
Commodities	9,270	0.5	0	0.0
Capital Outlay	9,000	0.5	0	0.0
TOTAL	\$ 1,908,879	100.0 %	\$ 668,411	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	16.0	16.0	15.0	16.0	15.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

KANSAS DEPARTMENT OF COMMERCE

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 25,000	\$ 6,877,926	\$ 11,877,926	\$ 0	\$ 10,000
Other Funds	116,114,901	262,976,694	306,963,327	95,869,343	99,445,857
<i>Subtotal</i>	<i>\$116,139,901</i>	<i>\$ 269,854,620</i>	<i>\$318,841,253</i>	<i>\$ 95,869,343</i>	<i>\$ 99,455,857</i>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	225,000	225,000	330,000	330,000
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 225,000</i>	<i>\$ 225,000</i>	<i>\$ 330,000</i>	<i>\$ 330,000</i>
TOTAL	<u>\$ 116,139,901</u>	<u>\$270,079,620</u>	<u>\$319,066,253</u>	<u>\$ 96,199,343</u>	<u>\$ 99,785,857</u>
Percentage Change:					
Operating Expenditures					
State General Fund	(96.2) %	27,411.7 %	47,411.7 %	(100.0) %	(99.9) %
All Funds	24.8	132.4	174.5	(64.5)	(68.8)
FTE Positions	296.3	296.3	296.3	296.3	308.3

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

AGENCY OVERVIEW

The Kansas Department of Commerce (Commerce) is a cabinet-level agency with a mission to empower businesses and communities through bold leadership using strategic resources to realize prosperity in Kansas. The agency serves as the lead agency for economic development through the promotion of business, industry, trade, and workforce training within the state. The Department operates through the following three divisions:

- The Administration Division is composed of the Office of the Secretary, Human Resources, Public Affairs and Marketing, Information Technology, Fiscal Services, Building Services, Governor's Economic Council of Advisors, Legal, Regulatory Compliance, and the Athletic Commission;
- The Business and Community Development Division grows the Kansas economy through the creation and retention of jobs and increased capital investment. This division works to bring new business opportunities to Kansas and assist Kansas companies interested in opportunities to grow and expand. The Division also works with Kansas communities by helping them find solutions to various infrastructure and other community needs in order to make them stronger, more

viable places to live and work. Financial incentives and programs the Division administers for businesses and communities include the following:

- Promoting Employment Across Kansas Program;
 - High Performance Incentive Program;
 - Community Service Tax Credits;
 - Angel Investor Tax Credits;
 - Rural Opportunity Zones;
 - State Small Business Credit Initiative;
 - Community Development Block Grant;
 - Neighborhood Stabilization Program;
 - Wind and Solar Bond Financing;
 - Sales Tax and Revenue (STAR) Bonds; and
- The Workforce Services Division links businesses, job candidates, and educational institutions to ensure employers can find skilled workers. The Division accomplishes this by partnering with local workforce investment boards and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses. The result is an integrated, demand-driven statewide network in which workers receive job-specific training and Kansas businesses can find the well-trained employees they need. Employment services are provided to employers and job candidates through the state's 23 workforce centers, online or virtual services, and the mobile workforce center. These employer-driven services include recruiting skilled workers, screening and assessing job candidates, and identifying individuals needing skill enhancement. The Division has two main organizational units: Training Services and Employment Services.

MAJOR ISSUES FROM PRIOR YEARS

The **2011 Legislature** deleted \$500,000, all from the Economic Development Initiatives Fund (EDIF), for (fiscal year) FY 2012 for competitive grants to community colleges and shifted the funding to the Kansas Board of Regents.

The **2011 Legislature** added language requiring the Regional Economic Area Partnership (REAP) to submit an annual report to the Legislature before May 1, 2012.

The **2011 Legislature** also added language requiring the Kansas Department of Commerce to conduct an independent review of the financial reports submitted by REAP and report to the Legislature before May 1, 2012.

In addition, the **2011 Legislature** added language prohibiting the Kansas Department of Commerce from charging or assessing any fees for administering the research grants for the University of Kansas, Kansas State University, and Wichita State University.

The **2012 Legislature** added \$700,000, all from the EDIF, and 3.0 FTE positions to fund the Kansas Creative Arts Industries Commission. The Creative Arts Industries Commission replaces the Kansas Arts Commission and the Kansas Film Commission and is administered by the Kansas Department of Commerce.

The **2012 Legislature** deleted \$25,000, all from the EDIF, for the State Fair Study and added the same amount to the State Fair's budget to provide matching money for the State Fair's centennial celebration for FY 2013.

The **2012 Legislature** added \$500,000, all from the State General Fund (SGF), for a new program to provide incentives for companies to employ and train individuals with disabilities.

The **2012 Legislature** deleted \$500,000, all SGF, for the Project 17 economic development initiatives projects in Southeast Kansas.

The **2013 Legislature** deleted \$50,000, all from the EDIF, for the Medicaid Reform Employment Incentive program for FY 2014 and FY 2015. This reduced the amount of grants available for employers that employ and train individuals with disabilities.

The **2013 Legislature** also deleted \$275,000, all from the EDIF, for the Accelerate Entrepreneurship program for FY 2014 and FY 2015. This program is designed to increase the number of entrepreneurs in the state by providing incentives to Kansas educational institutions for each student or faculty member who starts a new company with at least one full-time employee besides themselves.

The **2013 Legislature** transferred \$1.0 million for FY 2014 and \$500,000 for FY 2015 from the Reimbursement and Recovery Fund to the SGF.

The **2013 Legislature** deleted \$1.5 million, all from the EDIF, in the Kansas Department of Commerce operating grant and increased the transfer from the EDIF to the SGF for FY 2014 by that same amount.

The **2013 Legislature** added language directing any appropriated funds for the Kansas Creative Arts Industries Commission in FY 2013 be reappropriated for FY 2014. The recommendation for the Kansas Creative Arts Industries Commission is \$699,467 in FY 2013 and \$200,000 for FY 2014.

The **2013 Legislature** reduced the limit on SGF transfers to the Job Creation Fund by \$2.5 million from \$10.0 million to \$7.5 million. The reduction increased revenue to the SGF for FY 2014 by \$2.5 million.

The **2013 Legislature** directed the \$5.0 million for the Affordable Airfares program be directed to the counties rather than REAP for FY 2014.

The **2014 Legislature** deleted \$15.0 million, all SGF, for the animal health research grant (\$5.0 million), aviation research grant (\$5.0 million), and cancer center research grant (\$5.0 million) for FY 2015 (HB 2506). These grants were appropriated directly to Kansas State University, Wichita State University, and the University of Kansas, respectively.

The **2014 Legislature** added \$250,000 SGF for global trade services grants to be awarded in FY 2015.

The **2015 Legislature** deleted \$250,000 for the operating grant and \$2.0 million for the Rural Opportunity Zone (ROZ) program from the EDIF in FY 2015.

The **2015 Legislature** added \$1.0 million, all from special revenue funds, for the Affordable Airfares Program for FY 2016. This resulted in total program expenditures of \$5.0 million and also shifted funding from the SGF to the State Highway Fund. The Legislature deleted \$3.0 million from special revenue funds to eliminate the Affordable Airfares Program for FY 2017.

The **2016 Legislature** deleted \$2.0 million of the EDIF reappropriation in FY 2016 and also reduced \$750,000 for the ROZ program in FY 2016 and \$500,000 for FY 2017.

The **2016 Legislature** transferred the balance of the Kansas Partnership Fund of \$3.7 million and the Kansas Existing Industry Expansion Fund of \$1.9 million to the SGF in FY 2016.

The **2016 Legislature** eliminated the planned \$3.5 million transfer to the Job Creation Program Fund in FY 2016 and FY 2017.

The **2016 Legislature** deleted the Innovation Growth Program funding of \$1.4 million from the EDIF and eliminated the program for FY 2017. The Legislature also deleted the Disability Employment Program funding of \$431,587 from the EDIF as the program was eliminated in FY 2016 under the special authority given in 2015 Senate Sub. for HB 2135.

The **Governor** transferred \$455,581, all from the EDIF operating account, to the SGF for FY 2017 as part of the May 18, 2016, SGF allotment.

The **2016 Legislature** concurred with the Governor's Budget Amendment No. 1, Item 5, and added \$6.6 million, all SGF, for the Kansas Bioscience Authority (KBA) long-term grant commitments to be transferred to the Kansas Department of Commerce for FY 2017, contingent on the sale of the KBA portfolio.

The **2016 Legislature** passed two major bills, as follows:

- Senate Sub. for HB 2509 granted the Secretary of Commerce discretionary authority to assess and collect fees for the administration of various economic development programs and deposit in administrative funds the bill creates for each program; and
- HB 2632 authorized the State Finance Council to oversee the sale of the KBA or substantially all of its assets. The bill also revised provisions of the Sales Tax and Revenue (STAR) Financing Act pertaining to the annexation of area into a STAR Bond district, pledges for future financial support from the State, an "eligible area," and annual reporting to legislative committees.

The **2017 Legislature** added \$1.2 million, all SGF, for credit counseling for clients affected by the America's Job Link Alliance data breach in FY 2017.

In addition, the **2017 Legislature** added \$750,000 for FY 2018 and \$1.6 million for FY 2019 from the EDIF for the ROZ program for additional student loan forgiveness payments and reduced the EDIF agency operating grant by \$375,000 for FY 2018 and \$805,000 for FY 2019 to partially fund the ROZ increase.

The **2019 Legislature** added \$2.0 million to establish the Office of Rural Prosperity, increased the funding for the Creative Arts Industries Commission to \$500,000 per year and restarted the Kansas Main Street Program. The Legislature also directed the Department of Commerce in HB 2223 to establish a database of information on economic development programs that was available to the public.

The **2020 Legislature** added \$644,061, all from the EDIF, to expand and staff the Community Development Division and \$575,000, all from the EDIF, to expand the Main Street program in FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests \$270.1 million, including \$6.9 million SGF, for FY 2021. The request is an all funds increase of \$162.8 million, or 151.1 percent, and an SGF decrease of \$5.0 million, or 42.1 percent, from the approved amount. The SGF decrease is attributable to \$5.0 million in funding approved by the Legislative Coordinating Council for the Job Creation Program Fund subsequent to submission of the budget. The special revenue fund increase is attributable to \$138.6 million received from the federal Coronavirus Relief Fund, which supports the Connectivity Emergency Response Grants (CERG) program, Business Retention and Expansion grants, Local Food Service Grants, and cybersecurity and advanced manufacturing grants. The increase is also attributable to \$18.3 million in Community Development Block Grants of which \$16.9 million is from federal CARES Act funding. In addition to the federal funding increases, the agency also requests an additional \$2.9 million in operating funds. The operating funds increases are for information technology expenditures related to the incentive database and website updates (\$1.9 million) and salaries and wages increases of \$959,815 from filling vacant positions in the Administration Program, the new federal Federal Employment Data Exchange System (FEDES) Grant, as well as hiring in the Main Street and Strong Military Bases programs.

The agency requests a revised estimate for capital improvements of \$225,000, all from special revenue funds, in FY 2021. The agency request is a decrease of \$100,000, or 30.8 percent, below the FY 2021 approved budget. The reduction is attributable to delaying all capital improvement projects for one year.

The request includes 296.3 FTE positions, an increase of 3.3 FTE above the FY 2021 approved FTE number. The revised estimate is not due to new positions but reflects the FY 2020 actual FTE count.

The **Governor** recommends expenditures of \$319.1 million, including \$11.9 million SGF, an all funds increase of \$49.0 million, or 18.1 percent, and an SGF increase of \$5.0 million, or 72.7 percent, above the agency's FY 2021 request. The SGF increase is attributable to the addition of \$5.0 million allocated by the State Finance Council for the Job Creation Program Fund. The other funds increase totals \$44.0 million and is attributable to an additional \$40.0 million for small business assistance and \$5.0 million from CRF funds. The increases are partially offset by a reduction of \$1.0 million to refinance the Investments in Major Projects and Comprehensive Training (IMPACT) bonds.

The Governor concurs with the agency's FY 2021 capital improvements estimate.

FY 2022 – Budget Year. The **agency** requests \$96.2 million, all from special revenue funds, for FY 2022. The **agency** request includes \$95.9 million in operating expenditures for FY 2022. The operating request is an all funds decrease of \$174.0 million, or 64.5 percent, from the FY 2021 revised estimate. The decrease is primarily attributable to one-time federal funds expenditures in FY 2021 for COVID-19 pandemic relief, including the Community Development Block Grant (CDBG) - CARES Act (\$16.9 million), CERG Program, Business Retention and Expansion grant program, local food systems grants, Information Technology grants, and other programs totaling \$138.6 million, and expanded National Endowment for the Arts funding (\$342,600). The agency also estimates reductions in other assistance of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources and a reduction of \$550,000 from the IMPACT Program Services fund due to exhaustion of funding.

The agency requests capital improvement expenditures of \$330,000, all from special revenue funds, for FY 2022. The agency request is an increase of \$105,000, or 46.7 percent, above the FY 2021 agency request. The increase is attributable to the cost of replacing the elevator at the Topeka Workforce Center relative to roof and facade repairs in FY 2021.

The agency requests 296.3 FTE positions, the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$99.8 million, including \$10,000 SGF, an all funds increase of \$3.6 million, or 3.7 percent, above the FY 2022 agency request. The Governor also recommends the addition of \$10,000 SGF for moving expenditures. The increase is attributable to the recommendation to move the Tourism Division from the Kansas Department of Wildlife, Parks, and Tourism to Commerce. The move includes \$3.0 million from the Tourism and Travel Fee Fund, \$1.6 million from EDIF, and 12.0 FTE positions. The increase is partially offset by a reduction of \$1.0 million, all from special revenue funds, to refinance the IMPACT bonds.

The Governor concurs with the agency's FY 2022 capital improvements request.

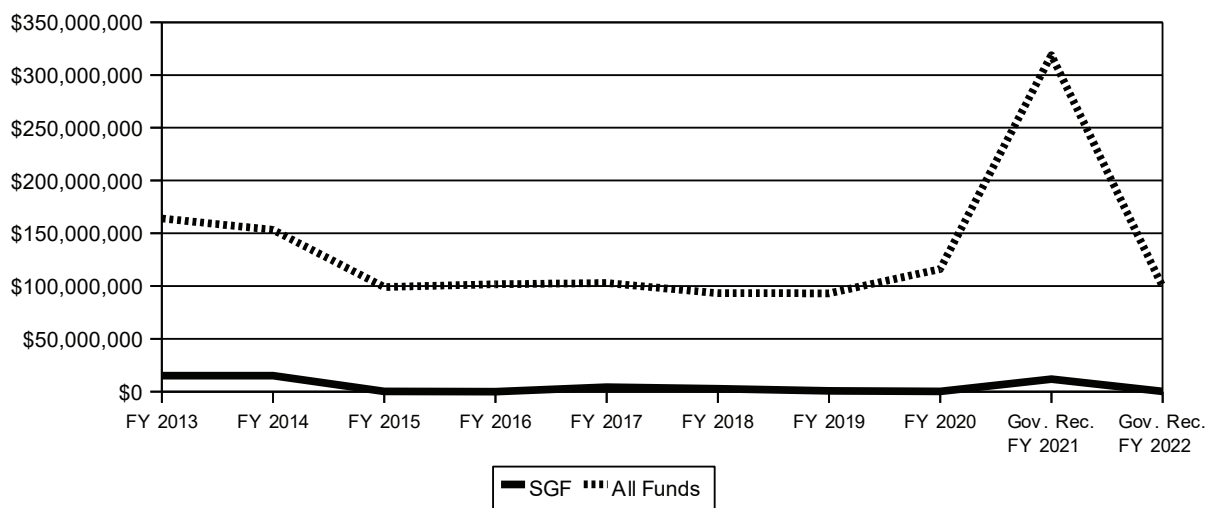
PERFORMANCE MEASURES

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.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Athletic Commission Events	84	94	95	57	50	75
Number of Fighters, Promoters, Referees, Judges, and Doctors Certified	551	511	550	486	500	600
Jobs Created or Retained through Business Development	19,072	25,458	12,000	12,349	13,584	14,942
Private Capital Investment in Kansas through Commerce Programs (Dollars in Billions) *	\$ 2.645	\$ 1.422	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.800
Projects Opened by Business Development Staff *	140	165	120	324	350	375
Jobs Created or Retained through Business Recruitment Efforts *	771	8,998	7,500	2,855	8,000	10,000
Jobs Created or Retained through Retention/Expansion Efforts *	16,408	16,460	12,000	11,126	12,000	13,000
Face-to-face Business Contacts through Business Retention and Expansion *	891	806	900	540	600	800
Business Recruitment Projects Opened *	79	108	75	142	150	175
Percent of Business Recruitment Projects Approved *	42.0 %	36.0 %	40.0 %	15.0 %	15.0 %	15.0 %
Jobs Created or Retained through Workforce Services	16,645	15,238	16,609	12,349	13,584	14,942
Individuals Trained through Workforce Services	9,302	13,545	19,640	7,909	8,700	9,570
Kansas Served with Job Search Counseling, Resume Writing, and Other Services	44,283	63,397	90,658	42,722	46,994	51,694
Percent of community development block grants applications approved	70.0 %	53.0 %	N/A	71.0 %	70.0 %	70.0 %
Number of Community Service Tax Credit Program applications received	39	50	N/A	53	56	61
Housing units rehabbed from CDBG	27	19	N/A	45	40	40
Number of KITSAP applications received	21	21	N/A	22	10	30
Percent of KITSAP applications approved	95.0 %	86.0 %	N/A %	86.0 %	95.0 %	95.0 %
Total dollar amount of approved KITSAP agreements *	\$ 53,180	\$ 54,375	\$ N/A	\$ 52,038	\$ 35,000	\$ 90,000
Return on Investment rate **	1:508	1:284	N/A	1:64	1:300	1:400
Statewide transient guest tax (in millions)	N/A	N/A	N/A	N/A	N/A	\$ 50.7
Number of hotel night demands (in millions)	N/A	N/A	N/A	N/A	N/A	10
Visitors to Kansas per calendar year (in millions)	N/A	N/A	N/A	N/A	N/A	39.0
* Performance Measures not used by the Governor for estimation purposes.						
** The ROI reflects the first seven trades shows completed before Covid-19. All other trades shows were canceled after January 2020.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 93.3	\$ 93.1	\$ 172.6	\$ 116.1	\$ 318.8	\$ 99.5
FTE Positions	282.5	291.0	293.0	296.3	296.3	308.3

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 15,001,308	0.0 %	\$ 164,030,681	11.5 %	258.0
2014	15,031,976	0.2	153,298,521	(6.5)	272.8
2015	245,000	(98.4)	99,053,735	(35.4)	268.7
2016	0	(100.0)	101,679,847	2.7	272.5
2017	4,263,537	--	102,871,294	1.2	277.2
2018	2,716,870	(36.3)	93,260,009	(9.3)	282.5
2019	655,429	(75.9)	93,091,390	(0.2)	291.0
2020	25,000	(96.2)	116,139,901	24.8	296.3
2021 Gov. Rec.	11,877,926	47,411.7	318,841,253	174.5	296.3
2022 Gov. Rec.	10,000	(99.9)	99,455,857	(68.8)	308.3
Ten-Year Change					
Dollars/Percent	\$ (14,991,308)	(99.9)%	\$ (64,574,824)	(39.4)%	50.3

Staff Notes:

- SGF Funding from FY 2017 through FY 2020 reflect Kansas Bio Science Authority expenditures to wind down operations;
- Increase in All Fund in FY 2021 reflects federal COVID-19 Relief Funds; and
- Increase in SGF funding in FY 2021 includes \$10.5 million in SGF funding for transfer to the Job Creation Program Fund.

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate					Governor's Recommendation			
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:										
Administration	\$	19,214,646	\$ 155,664,571	\$ 14,812,094	\$ (140,852,477)	(90.5) %	\$ 200,681,800	\$ 14,812,094	\$ (185,869,706)	(92.6)%
Business Development		42,214,296	23,756,027	8,462,067	(15,293,960)	(64.4)	28,756,027	8,462,067	(20,293,960)	(70.6)
Workforce Services		54,695,319	53,142,102	52,966,365	(175,737)	(0.3)	52,111,506	51,936,665	(174,841)	(0.3)
Community Development		0	36,459,042	18,885,232	(17,573,810)	(48.2)	36,459,042	18,885,232	(17,573,810)	(48.2)
International Division		0	823,325	740,357	(82,968)	(10.1)	823,325	740,357	(82,968)	(10.1)
Tourism		0	0	0	0	--	0	4,616,214	4,616,214	100.0
Debt Service		15,640	9,553	3,228	(6,325)	(66.2)	9,553	3,228	(6,325)	(66.2)
TOTAL	\$	116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5) %	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%
By Major Object of Expenditure:										
Salaries and Wages	\$	18,222,839	\$ 21,453,685	\$ 21,619,698	\$ 166,013	0.8 %	\$ 21,453,685	\$ 22,483,935	\$ 1,030,250	4.8 %
Contractual Services		11,523,372	10,642,948	9,730,208	(912,740)	(8.6)	10,656,177	13,294,662	2,638,485	24.8
Commodities		225,558	213,255	211,700	(1,555)	(0.7)	217,255	250,597	33,342	15.3
Capital Outlay		688,741	544,600	541,326	(3,274)	(0.6)	544,600	546,952	2,352	0.4
Debt Service		15,640	9,553	3,228	(6,325)	(66.2)	9,553	3,228	(6,325)	(66.2)
<i>Subtotal - Operations</i>	<i>\$</i>	<i>30,676,150</i>	<i>\$ 32,864,041</i>	<i>\$ 32,106,160</i>	<i>\$ (757,881)</i>	<i>(2.3) %</i>	<i>\$ 32,881,270</i>	<i>\$ 36,579,374</i>	<i>\$ 3,698,104</i>	<i>11.2 %</i>
Aid to Local Units of Government		30,250,300	30,889,235	14,000,000	(16,889,235)	(54.7)	30,889,235	14,143,000	(16,746,235)	(54.2)
Other Assistance		55,213,451	206,101,344	49,763,183	(156,338,161)	(75.9)	255,070,748	48,733,483	(206,337,265)	(80.9)
TOTAL	\$	116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5) %	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%
Financing:										
State General Fund	\$	25,000	\$ 6,877,926	\$ 0	\$ (6,877,926)	(100.0) %	\$ 11,877,926	\$ 10,000	\$ (11,867,926)	(99.9)%
EDIF		12,829,663	15,405,757	13,092,811	(2,312,946)	(15.0)	15,405,757	14,694,387	(711,370)	(4.6)
CDBG Funds		30,743,808	31,408,137	14,522,206	(16,885,931)	(53.8)	31,408,137	14,522,206	(16,885,931)	(53.8)
Coronavirus Relief Fund		67,203	138,600,000	0	(138,600,000)	(100.0)	183,617,229	0	(183,617,229)	(100.0)
All Other Funds		72,474,227	77,562,800	68,254,326	(9,308,474)	(12.0)	76,532,204	70,229,264	(6,302,940)	(8.2)
TOTAL	\$	116,139,901	\$ 269,854,620	\$ 95,869,343	\$ (173,985,277)	(64.5) %	\$ 318,841,253	\$ 99,455,857	\$ (219,385,396)	(68.8)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$0 for the Department of Commerce in FY 2021. Several adjustments have been made subsequently to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of \$1,402,926, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021;
- An increase of \$5,500,000, based on the supplemental appropriation of funding from the Legislative Coordinating Council to reimburse expenditures from the Job Creation Program Fund and has shifted to FY 2021; and
- An increase of \$5,000,000, based on the supplemental appropriation of funding from the Legislative Coordinating Council to increase support for the Job Creation Program Fund that has shifted to FY 2021.

These adjustments change the FY 2021 approved SGF amount to \$11,877,926. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 11,877,926	\$ 6,877,926	\$ (5,000,000)	\$ 11,877,926	\$ 0
All Other Funds	95,353,638	263,201,694	167,848,056	307,188,327	211,834,689
TOTAL	\$ 107,231,564	\$ 270,079,620	\$ 162,848,056	\$ 319,066,253	\$ 211,834,689
FTE Positions	293.0	296.3	3.3	296.3	3.3

The **agency** requests \$270.1 million, including \$6.9 million SGF, for FY 2021. The request is an all funds increase of \$162.8 million, or 151.1 percent, and an SGF decrease of \$5.0 million, or 42.1 percent, from the approved amount. The SGF decrease is attributable to \$5.0 million in additional funding approved by the Legislative Coordinating Council for the Job Creation Program Fund subsequent to submission of the budget. The special revenue fund increase is attributable to \$138.6 million received from the federal Coronavirus Relief Fund, which supports the Connectivity Emergency Response Grants (CERG) program, Business Retention and Expansion grants, Local Food Service Grants, and cybersecurity and advanced manufacturing grants. The increase is also attributable to \$18.3 million in Community Development Block Grants of which \$16.9 million is from federal CARES Act funding. In addition to the federal funding increases, the agency also requests an additional \$2.9 million in operating funds. The operating funds increases are for information technology expenditures related to the

incentive database and website updates (\$1.9 million) and salaries and wages increases of \$959,815 from filling vacant positions in the Administration Program, the new federal Federal Employment Data Exchange System (FEDES) Grant, as well as hiring in the Main Street and Strong Military Bases programs.

The request includes 296.3 FTE positions, an increase of 3.3 FTE above the FY 2021 approved FTE amount. The revised estimate is not due to new positions but reflects the FY 2020 actual FTE count.

- **Salaries and Wages** - The agency requests \$21.5 million, all from special revenue funds, for salaries and wages in FY 2021. The request is an increase of \$959,815, or 4.7 percent, above the FY 2021 approved budget. The increases are attributable to filling vacant positions in the Administration Program (\$316,623), hiring a full-time staff member for the Strong Military Bases Program (\$127,199), filling vacant positions in the Main Street Program (\$176,689), and staffing costs to administer the new FEDES grant (\$439,655). The increases were partially offset by slight funding changes in several other federal programs;
- **Contractual Services** - The agency requests \$10.6 million, all from special revenue funds, for contractual services in FY 2021. The request is an increase of \$1.9 million, or 22.1 percent, above the FY 2021 approved budget. The increase is largely funded by a \$1.3 million increase in the EDIF operating grant for development of the economic incentives database and updates to the Department of Commerce website. The agency also increased contractual services funding from the EDIF for the Main Street program by \$344,900, or 230.1 percent. The agency reduced the EDIF expenditures for the Community Development Division by \$200,760 as more of the development work was brought in-house. In addition to these EDIF adjustments, the agency revised the estimate for America's Job Link Alliance subscription fees by an increase of \$624,950 to match the FY 2020 actual amount, which was offset by a reduction in the projected application fees for a variety of tax incentive programs such as the High Performance Incentive Program, Kansas Industrial Training/Kansas Industrial Retraining, Promoting Employment Across Kansas (PEAK), and STAR Bonds;
- **Commodities** - The agency requests \$213,255, all from special revenue funds, for commodities in FY 2021. The request is a decrease of \$56,845, or 21.0 percent, below the FY 2021 approved budget. The decrease is attributable to lower-than-anticipated startup costs in the Community Development Division (\$36,900) from the EDIF and small adjustments in anticipated expenditures from various federal funds;
- **Capital Outlay** - The agency requests \$544,600, all from special revenue funds, for capital outlay in FY 2021. The request is an increase of \$97,297, or 21.8 percent, above the FY 2021 approved budget. The increase is for software purchases and computers in the Administration program;
- **Aid to Local Units of Government** - The agency requests \$30.9 million, all from special revenue funds, for aid to local units of government in FY 2021. The request is an increase of \$18.3 million, or 146.0 percent, above the FY 2021 approved budget. \$16.9 million of the increase is attributable to Community Development Block Grant (CDBG) - federal CARES Act expenditures. The additional federal funding was split between two programs. One was for CDBG Economic Development Grants. The Economic Development Grants were for small businesses and had a maximum of

\$50,000 per company and \$300,000 per community. The grants can be used for operating costs such as wages, utilities, rent, or inventory. The remaining half of the CDBG-CARES Act funds were used for meal program grants for programs such as Meals on Wheels. The maximum amount a community could receive was \$100,000. The remaining increase is attributable to a \$500,000 increase in regular CDBG funding and a \$965,800 increase in the CDBG revolving loan program;

- **Other Assistance** - The agency requests \$206.1 million, all from special revenue funds, for other assistance in FY 2021. The request is an increase of \$141.4 million, or 218.4 percent, above the FY 2021 approved budget. The majority of the increase (\$138.6 million) is from the federal Coronavirus Relief Fund (CRF):
 - \$50.0 million of the funding was used for Connectivity Emergency Response Grants (CERG). The grants are to improve internet connectivity and have a 20.0 percent match requirement. The maximum grant amount is \$10.0 million, and 67 projects are included;
 - \$61.5 million of the funding was used for Business Retention and Expansion grants. The small business grants averaged \$18,954 for 1,982 businesses;
 - \$9.0 million of the funding was used for grants to secure local food systems. The funding was used for meat processing plants, food banks, and producers. The program was housed in the Department of Commerce, but technical review was managed by the Kansas Department of Agriculture;
 - \$8.1 million of the funding was used for workforce training and retraining. The grants were for information technology cybersecurity and project management and advanced manufacturing;
 - The remaining \$10.0 million was reallocated for COVID-19 testing;
 - A decrease of \$5.0 million, all from the SGF, due to additional funding for the Job Creation Program Fund allocated by the Legislative Coordinating Council subsequent to submission of the budget; and
 - In addition to the federal CRF funds, the agency is requesting an increase of \$8.0 million from the Job Creation Program Fund, mostly to reimburse expenditures for the HIRE program, which provided small grants to individuals in the hospitality industry negatively impacted by the COVID-19 pandemic and increased estimated grants to encourage companies to invest in Kansas.

The **Governor** recommends expenditures of \$319.1 million, including \$11.9 million from the SGF, which is an all funds increase of \$49.0 million, or 18.1 percent, and an SGF increase of \$5.0 million, or 72.7 percent, above the FY 2021 agency request. The SGF increase is attributable to recommending the additional \$5.0 million allocated by the State Finance Council for the Job Creation Program Fund. The other funds increase totals \$44.0 million and is attributable to an additional \$40.0 million for small business assistance and \$5.0 million for CRF funds. The increases are partially offset by a reduction of \$1.0 million to refinance the IMPACT bonds.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY				
	Agency Request	Governor's Recommendation	Difference	
Total Request/Recommendation	\$ 95,869,343	\$ 99,455,857	\$	3,586,514
FTE Positions	296.3	308.3		12.0
Change from FY 2021:				
<i>Dollar Change:</i>				
State General Fund	\$ (6,877,926)	\$ (11,867,926)		
All Other Funds	(167,107,351)	(207,517,470)		
TOTAL	\$ (173,985,277)	\$ (219,385,396)		
<i>Percent Change:</i>				
State General Fund	(100.0) %	(99.9) %		
All Other Funds	(63.5)	(67.6)		
TOTAL	(64.5) %	(68.8) %		
Change in FTE Positions	0.0	12.0		

The **agency** requests \$95.9 million in operating expenditures for FY 2022. The request is an all funds decrease of \$174.0 million, or 64.5 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to one-time federal funds expenditures in FY 2021 for COVID-19 pandemic relief, including the Community Development Block Grant (CDBG) - federal CARES Act (\$16.9 million), CERG Program, Business Retention and Expansion grant program, local food systems grants, information technology grants and other programs totaling \$138.6 million, and expanded National Endowment for the Arts funding (\$342,600). The agency also estimates reductions in other assistance of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources, and a reduction of \$550,000 from the IMPACT Program Services fund due to exhaustion of funding.

The agency requests 296.3 FTE positions, the same as the FY 2021 revised estimate.

- **Salaries and Wages** - The agency requests \$21.6 million, all from special revenue funds, for salaries and wages in FY 2022. The request is an increase of \$166,013, or 0.8 percent, above the FY 2021 revised estimate. The increase is attributable to employer contributions for the Kansas Public Employees Retirement System (KPERs) (\$119,949) and group health insurance (\$70,557). The increases are partially offset by a reduction in workers' compensation fees (\$28,438);
- **Contractual Services** - The agency requests \$9.7 million, all from special revenue funds, for contractual services in FY 2022. The request is a decrease of \$912,740, or 8.6 percent, below the FY 2021 revised estimate. The reduction is attributable to reduced travel (\$130,182), advertising (\$115,493), and other professional fees (\$579,706) that were allocated from reappropriations;

- **Commodities** - The agency requests \$211,700, all from special revenue funds, for commodities in FY 2022. The request is a decrease of \$1,155, or 0.7 percent, below the FY 2021 revised estimate. The decrease is attributable to vehicle fuel and paper supply costs and partially offset by increased food purchases for staff;
- **Capital Outlay** - The agency requests capital outlay expenditures of \$541,326, all from special revenue funds, for FY 2022. The request is a decrease of \$3,274, or 0.6 percent, below the FY 2021 revised estimate. The decrease is attributable to one-time software purchases in FY 2021 that do not reoccur in FY 2022;
- **Debt Service** - The agency requests \$3,228, all from special revenue funds, for debt service interest in FY 2022. The request is a decrease of \$6,325, or 66.2 percent, below the FY 2021 revised estimate. The debt service payments are interest on the IMPACT bonds, which will be retired at the end of FY 2022;
- **Aid to Local Units of Government** - The agency requests \$14.0 million, all from special revenue funds, for aid to local units of government in FY 2022. The request is a decrease of \$16.9 million, or 54.7 percent, below the FY 2021 revised estimate. The decrease is attributable to the absence of CDBG - federal CARES Act funding in FY 2022; and
- **Other Assistance** - The agency requests \$49.8 million, all from special revenue funds, for other assistance in FY 2022. The request is a decrease of \$156.3 million, or 75.9 percent, below the FY 2021 revised estimate. The decrease is attributable to the elimination of SGF moneys in FY 2022 that are used to settle KBA Grant Commitments (\$6.9 million), no federal Coronavirus Relief Fund moneys (\$138.6 million), the end of the Registered Apprenticeship Program expansion (\$300,000), a reduction of \$8.1 million from the Job Creation Program Fund from expanded funding in FY 2021, \$1.4 million in reduced grants from the EDIF due to exhaustion of funding sources, and a reduction of \$550,000 from the IMPACT Program Services fund due to a lack of funding.

The **Governor** recommends expenditures of \$99.8 million, including \$10,000 SGF, which is an all funds increase of \$3.6 million, or 3.7 percent, above the FY 2022 agency request. The Governor recommends \$10,000 SGF for moving expenditures. The increase is mainly attributable to the recommendation to move the Tourism Division from the Kansas Department of Wildlife, Parks, and Tourism to Commerce. The move includes \$3.0 million from the Tourism and Travel Fee Fund, \$1.6 million from EDIF, and 12.0 FTE positions. The increase is partially offset by a reduction of \$1.0 million, all from special revenue funds, to refinance the IMPACT bonds.

FY 2022 Reduced Resources

FY 2022 REDUCED RESOURCES						
Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Grant	\$ 0	\$ (261,507)	0.0	\$ 0	\$ 0	0.0
Office of Rural Prosperity	0	(43,217)	0.0	0	0	0.0
Older Kansans Employment Program	0	(50,316)	0.0	0	0	0.0
Rural Opportunity Zone Program	0	(100,858)	0.0	0	0	0.0
Strong Military Bases Program	0	(19,588)	0.0	0	0	0.0
Governor's Economic Council of Advisors	0	(193,795)	0.0	0	0	0.0
Build Up Kansas	0	(125,000)	0.0	0	0	0.0
Mani Street Program	0	(400,000)	0.0	0	0	0.0
Community Development Division	0	(115,000)	0.0	0	0	0.0
TOTAL	\$ 0	\$ (1,309,281)	0.0	\$ 0	\$ 0	0.0

The **agency** submits a reduced resource proposal totaling \$1.9 million, all EDIF, for FY 2022. The proposal includes the following:

- 3.63 percent reduction to the operating grant;
- 10.0 percent reductions to the Older Kansas Employment Program, Rural Opportunity Zone Program, and Strong Military Bases Program;
- 17.9 percent reduction to Community Development;
- 48.5 percent reduction to the Main Street Program; and
- 100.0 percent reduction to the Governor's Council of Economic Advisers and Build Up Kansas.

The **Governor** does not recommend adoption of the agency reduced resources budget.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$19,719, all from special revenue funds, and FY 2022 longevity payments total \$21,519, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

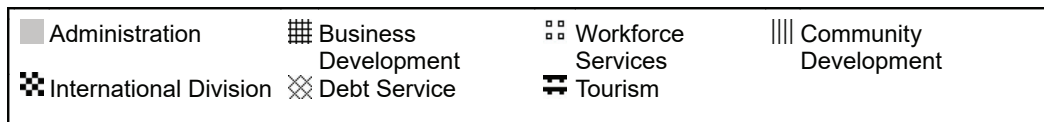
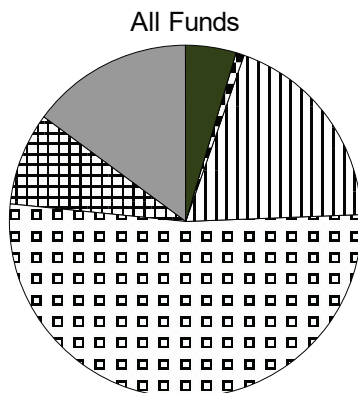
Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
Economic Development Initiatives Fund	13.7 %	14.8 %
Community Development Block Grant	15.1	14.6
All Other Funds	71.2	70.6
TOTAL	100.0 %	100.0 %
(Note: Totals may not add due to rounding.)		

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 14,812,094	14.9 %	\$ 10,000	100.0 %
Business Development	8,462,067	8.5	0	0.0
Workforce Services	51,936,665	52.2	0	0.0
Community Development	18,885,232	19.0	0	0.0
International	740,357	0.7	0	0.0
Tourism	4,616,214	4.6	0	0.0
Debt Service	3,218	0.0	0	0.0
TOTAL	\$ 99,455,847	100.0 %	\$ 10,000	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	95.2	95.2	95.2	95.2	95.2
Business Development	28.9	28.9	28.9	28.9	28.9
Workforce Services	148.8	148.8	148.8	148.8	148.8
Community Development	18.0	18.0	18.0	18.0	18.0
International	5.4	5.4	5.4	5.4	5.4
Tourism	0.0	0.0	0.0	0.0	12.0
TOTAL	296.3	296.3	296.3	296.3	308.3

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

A. Administration

The Administration Division is comprised of the Office of the Secretary, Human Resources, Marketing and Communications, Information Technology, Fiscal Services, Building Services, Legal, Regulatory Compliance, the Governor's Economic Council of Advisors, Workforce AID, the Athletic Commission, Kansas Bioscience Authority, Office of Rural Prosperity, and America's Job Link Alliance.

The goals and objectives of the Administration Division are to provide leadership, communication, and an overall high level of customer service to the agency in support of its broader mission of economic development in the state. The Division strives to use progressive technology to improve productivity and efficiency in support of quality business processes.

Responsibilities within the Division include managing the recruitment process for the agency, including the associates located in the various workforce centers across the state; distributing press releases and developing marketing efforts for the numerous business development and workforce services events; supporting information technology infrastructure and software; and timely and accurate processing of all fiscal-related documents, including all fiscal federal reporting, budget preparation, and monitoring.

This division also is responsible for building services management for the seven State-owned workforce centers; legal review and direction on the numerous contracts for leases, State-funded grants, and federal-funded grants; and performing the audit and compliance function for the federal grants administered through the Workforce Services Division.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Events sanctioned by the Athletic Commission	84	94	95	57	50	75
Number of Fighters, Promoters, Referees, Judges, and Doctors Certified	551	511	550	486	500	600
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 7.5	\$ 10.8	\$ 7.1	\$ 19.2	\$ 200.7	\$ 14.8
FTE Positions	46.4	49.4	50.4	95.2	95.2	95.2

ADMINISTRATION PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 6,782,831	\$ 8,314,852	\$ 8,314,852	\$ 8,372,278	\$ 8,372,278
Contractual Services	5,933,480	5,539,020	5,552,249	4,754,566	4,754,566
Commodities	80,271	54,250	58,250	48,800	48,800
Capital Outlay	344,289	247,400	247,400	244,650	244,650
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 13,140,871	\$ 14,155,522	\$ 14,172,751	\$ 13,420,294	\$ 13,420,294
Aid to Local Units	0	0	0	0	0
Other Assistance	6,073,775	141,509,049	186,509,049	1,391,800	1,391,800
TOTAL	\$ 19,214,646	\$ 155,664,571	\$ 200,681,800	\$ 14,812,094	\$ 14,812,094
Financing:					
State General Fund	\$ 25,000	\$ 1,377,926	\$ 1,377,926	\$ 0	\$ 0
All Other Funds	19,189,646	154,286,645	199,303,874	14,812,094	14,812,094
TOTAL	\$ 19,214,646	\$ 155,664,571	\$ 200,681,800	\$ 14,812,094	\$ 14,812,094
FTE Positions	95.2	95.2	95.2	95.2	95.2

The **agency** requests for FY 2022 expenditures of \$14.8 million, all from special revenue funds, for FY 2022. The request is a decrease of \$140.9 million, or 90.5 percent, below the FY 2021 revised estimate. The decrease is attributable to one-time expenditures from federal Coronavirus Relief Fund moneys and KBA grant commitments expenditures from the SGF in FY 2021. The agency also reduced expenditures from contractual services by \$784,454, or 14.2 percent, below the FY 2021 revised estimate due to decreased travel and other professional fees. The Administration program also includes 95.2 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency request for FY 2022.

B. Business Development

The Business Development Division plays a lead role in promoting economic and rural development for Kansas. The Division works with existing Kansas companies and out-of-state

companies to attract new jobs and investment to the state. The program also assists city and county governments and small businesses in rural communities.

Some of the tools offered to businesses by this program are not direct expenditures from this program, but are tax credits and reduced financing options.

Recruitment

In FY 2020, the business recruitment team worked on 142 project leads and facilitated corporate relocations and expansions, resulting in 2,855 jobs and more than \$839 million in capital investment. These results also include the international business recruitment projects. Retention of jobs in the state was also a significant part of the reported results.

Business Finance and Incentives

The Business Finance unit offers a diverse portfolio of financial incentives for rural and urban communities and businesses looking to locate or expand in Kansas. Programs include retention of withholding taxes, investment tax credits, sales tax project exemptions, and revolving loan funds for local infrastructure projects, as well as loans and grants to assist rural communities in improving infrastructure, housing, and urgent needs to maintain and grow. Each specific program is outlined below.

Promoting Employment Across Kansas

The Promoting Employment Across Kansas (PEAK) Act (KSA 74-50,210 through 74-50,219) was created by the 2009 Kansas Legislature. The 2010 and 2011 Legislative Sessions passed subsequent changes to the PEAK Act to broaden the eligibility criteria to increase the companies that can apply. The Legislature passed the PEAK Act to encourage economic development in Kansas by incentivizing companies to relocate, locate, expand, or retain a business facility/operations and related jobs. The Secretary of Commerce has the discretion to approve applications of qualified companies and to determine the benefit period. During the benefit period, participating PEAK companies may retain or be refunded 95.0 percent of the payroll withholding tax of PEAK-eligible employees/jobs that pay at or above the county median wage where the qualified function(s) are located. Depending on the number of PEAK jobs/employees to be hired in Kansas and their wage levels, the Secretary can approve benefit periods for up to ten years.

In FY 2020, 71 applications were received for review and approval (a 3.0 percent increase above FY 2019). These applications generated \$53,250 in application fees, and 62 agreements were signed with companies to participate in PEAK (a 230.0 percent increase above FY 2019). The agreements project 9,200 new jobs (a 178.0 percent increase above FY 2019) and more than \$284 million in additional annual payroll (a 63 percent decrease below FY 2018) across a five- to ten-year period. In FY 2020, there were 203 active agreements (a 1.0 percent decrease below FY 2019) to maintain, including review of quarterly and biennial compliance reports.

High Performance Incentive Program

The Kansas High Performance Incentive Program (HPIP) is an incentive program providing tax benefits to businesses who, in return, are willing to expand the scope of their

capital investments, pay a higher-than-average wage, and make a significant investment in employee training.

During FY 2020, the HPIP program certified or recertified 304 worksites, a slight increase over the prior year. Of these 304 certifications, 35, or 11.5 percent, were first-time certifications indicating new worksites. During this fiscal year, the HPIP program acknowledged receipt of 247 project description forms that pre-identified anticipated future capital investment. The total anticipated capital investment pre-identified on these forms, going out three years, was approximately \$2.1 billion. The expected new jobs because of these new projects totaled 4,423 jobs with a projected additional new payroll of \$274 million, or about \$61,972 average wage per new job. During FY 2020, HPIP program application fees generated \$115,000 in program fee income.

Job Creation Fund

The Job Creation Fund Program was created for the purposes of promoting job creation and economic development projects. Funding is awarded at the discretion of the Secretary of Commerce for projects engaged in one or more of the following activities:

- Major expansion of an existing Kansas commercial enterprise;
- Potential location in Kansas of the operations of a major employer;
- Award of a significant federal or private sector grant that has a financial matching requirement;
- Potential departure from Kansas or the substantial reduction of the operations of a major Kansas employer;
- Training or retraining activities for employees in Kansas companies;
- Potential closure or substantial reduction of the operations of a major state or federal institution;
- Projects in counties with at least a 10 percent population decline during the period from 2000 to 2010; or
- Other unique economic development opportunities.

Office of Minority and Women Business Development

The Office of Minority and Women Business exists to assist small minority- and women-owned businesses in their business development activities by providing resources to include technical, financial, business management, certification and procurement information.

The Office of Minority and Women Business Development maintains an online directory of certified minority- and women-owned businesses, which can be accessed from the Kansas Department of Commerce website. There are currently 492 companies listed.

Private Activity Bonds

Qualified Private Activity Bonds (PABs) are federally tax-exempt bonds. Under the federal volume cap, Kansas had a 2020 bond authority of \$321,775,000 to allocate for this purpose. The types of bonds qualifying for such tax-exempt status are: 1) Exempt facility bonds; 2) Qualified mortgage bonds; 3) Qualified veterans' mortgage bonds; 4) Qualified small issue bonds; 5) Qualified student loan bonds; 6) Qualified redevelopment bonds; and 7) Qualified 501(c)(3) bonds. The role of the Department of Commerce is to ensure that these

bonds are being used for a Qualified Purpose and that the State does not exceed the maximum capacity set forth by the federal government for Tax Exempt Bonds.

Kansas Industrial Training and Kansas Industrial Retraining (KIT & KIR) Programs

The KIT and KIR programs help eligible employers train workers for new jobs and retrain existing workers who would otherwise be displaced due to obsolete job skills or knowledge. The KIT and KIR programs are funded through the Economic Development Initiatives Fund.

Accessing Training Assistance

A company representative must notify agency field representatives or central office workforce training staff of its need for training assistance. This procedure provides an opportunity for the potential client to be screened against eligibility criteria to ensure it is qualified to receive assistance. After the project has been qualified, a training needs analysis is completed and a training agreement is developed. Once the proposed agreement is approved by the company and Commerce, the training plan is executed.

Workforce Training Program Eligibility Requirements

Depending on the program, companies must be a Kansas Basic Enterprise or priority is given to Kansas Basic Industries. Non-basic industries are eligible under KIT and KIR only if compelling economic benefit to the state can be shown. A company must be adding at least one new position and pay an average wage that meets the median wage for the county in which the project is located. Companies with similar training needs may submit a joint proposal with other companies.

In order to qualify for job retention/retraining assistance, companies must meet the requirements stated above and they must:

- Retrain at least one existing position at an average wage that meets the median wage for the county in which the project is located;
- Show that they are restructuring their business operations through incorporation of existing technology, development and incorporation of new technology, diversification of production, or development and implementation of new production; and
- Show that employees to be trained are likely to be displaced due to obsolete or inadequate job skills or knowledge.

Program guidelines set forth limits on the number of times companies can access retraining/job retention assistance and matching requirements.

In FY 2020, KIT and KIR combined to fund 90 projects involving 83 companies in 19 counties. Funding of these projects totaled \$1,336,503. These funds leveraged \$4,926,574 in private sector matching funds. Once training is complete, these projects will result in the training of 6,160 individuals. The KIT program will cover the training of 2,746 newly created jobs. Through the KIR program, 3,414 will be retrained and the positions retained.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Jobs Created or Retained through Business Development	19,072	25,458	12,000	14,458	20,000	23,000
Private Capital Investment in Kansas through Commerce Programs (Dollars in Billions) *	\$ 2.645	\$ 1.422	\$ 1.500	\$ 1.500	\$ 1.500	\$ 1.800
Projects Opened by Business Development Staff	140	165	120	324	350	375
Jobs Created or Retained through Business Recruitment Efforts *	771	8,998	7,500	2,855	8,000	10,000
Jobs Created or Retained through Retention/Expansion Efforts *	16,408	16,460	12,000	11,126	12,000	13,000
Face-to-face Business Contacts through Business Retention and Expansion Staff *	891	806	900	540	600	800
Business Recruitment Projects Opened *	79	108	75	142	150	175
Percent of Business Recruitment Projects Approved *	42.0 %	36.0 %	40.0 %	15.0 %	15.0 %	15.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 21.6	\$ 19.8	\$ 29.2	\$ 42.2	\$ 28.8	\$ 8.5
FTE Positions	41.2	45.8	47.8	28.9	28.9	28.9
*The Governor's Office does not utilize this measure for evaluation purposes.						

BUSINESS DEVELOPMENT PROGRAM SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 3,626,698	\$ 2,528,487	\$ 2,528,487	\$ 2,547,663	\$ 2,547,663
Contractual Services	1,980,276	1,300,350	1,300,350	1,232,050	1,232,050
Commodities	51,456	57,800	57,800	62,300	62,300
Capital Outlay	198,298	109,500	109,500	109,500	109,500
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 5,856,728	\$ 3,996,137	\$ 3,996,137	\$ 3,951,513	\$ 3,951,513
Aid to Local Units	30,250,300	0	0	0	0
Other Assistance	6,107,268	19,759,890	24,759,890	4,510,554	4,510,554
TOTAL	\$ 42,214,296	\$ 23,756,027	\$ 28,756,027	\$ 8,462,067	\$ 8,462,067
Financing:					
State General Fund	\$ 0	\$ 5,500,000	\$ 10,500,000	\$ 0	\$ 0
All Other Funds	42,214,296	18,256,027	18,256,027	8,462,067	8,462,067
TOTAL	\$ 42,214,296	\$ 23,756,027	\$ 28,756,027	\$ 8,462,067	\$ 8,462,067
FTE Positions	28.9	28.9	28.9	28.9	28.9

The **agency** requests \$8.5 million, all from special revenue funds, for FY 2022. The request is a decrease of \$15.3 million, or 64.4 percent, below the FY 2021 revised estimate. The decrease is attributable to a one-time expenditure of \$5.5 million appropriated for FY 2021 from the SGF for deposit in the Job Creation Program Fund. The agency also requests expenditures of \$3.1 million from the Job Creation Program Fund in FY 2022, a reduction of \$8.8 million, or 73.8 percent, below the FY 2021 revised estimate. The decrease is attributable to

reimbursement of HIRE fund expenditures in FY 2021. The Business Development program request also includes 28.9 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. Workforce Services Division

The Workforce Services Division links businesses, job candidates and educational institutions to ensure that employers can find skilled workers. The Division accomplishes this by partnering with Local Workforce Development Boards (LWDB) and other state agencies. In addition, a robust partnership with the Kansas Board of Regents helps state universities and community and technical colleges tailor their curriculum to the needs of Kansas businesses.

Wagner-Peyser Act

For federal fiscal year (FFY) 2020, Kansas received \$5,473,903 from the U.S. Department of Labor to provide Wagner-Peyser services. The Wagner-Peyser Act establishes a national employment system to provide workforce services including assessment, testing, counseling, occupation and labor market information, referral to job openings, employment services for groups with special needs, and recruitment services and special technical services for employers. Customers seek services electronically or receive staff assistance by visiting a workforce center.

Registered Apprenticeship Program

Registered Apprenticeship is a structured system for training employees in a variety of occupations that require a wide range of skills and knowledge. It is an ideal way for employers to build and maintain a skilled workforce. It combines full-time employment through on-the-job learning, under the supervision of experienced journey-level workers and related technical instruction. The related instruction may be provided through community or technical colleges, correspondence, online, distance learning, contract vendors or apprenticeship training centers to both educate and develop business and industries' workforce.

In FY 2020, the Kansas Registered Apprenticeship Program registered 643 new apprentices at an average starting wage of \$17.45 per hour - a decrease of \$2.43 from previous years, FY 2018 and FY 2019 results. Additionally, 18 new employers and two existing program sponsors registered a program. During FY 2020, 493 people completed apprenticeships, with 12.3 percent being women, 12.5 percent veteran, and 11.9 percent being minorities at an average wage of \$21.98 per hour.

Currently all five Local Workforce Development Boards (LWDB)s throughout Kansas have funding from FFY 2020, which ended on October 31, 2020. Additional funding for FFY 2021 has been awarded to three of the five LWDBs. The Registered Apprenticeship State Expansion Grant initiative will end on June 30, 2022.

Reemployment Services and Eligibility Assessment (RESEA)

Studies have shown that an unemployment insurance claimant's efforts to find new employment and awareness of their reemployment service needs result in shorter claim

durations and fewer erroneous payments by utilizing the RESEA program. The reemployment of unemployment insurance claimants and the reduction of erroneous payments are high priorities for Kansas, and the RESEA initiative addresses both these priorities. Kansas received an allotment of \$1,076,364 in FFY 2020 to provide RESEA services through December 2020. RESEA allows flexibility for grant-funded staff to provide reemployment services to eligible claimants and includes Unemployment Compensation for ex-service members claimants in the queue for services.

Jobs for Veterans Grant (JVSG)

For FY 2020, Commerce received \$1,466,450 from the U.S. Department of Labor to administer the JVSG, in support of the Jobs for Veterans Act. This funding supports the State Veteran Services Manager, the Intensive Services Coordinator, the Local Veterans' Employment Representatives (LVERs), and the Disabled Veterans Outreach Program (DVOP) Specialists. Some support services are also paid through this grant for the U.S. Department of Labor Director of Veterans' Employment and Training Service. During program year 2019, the JVSG staff consisted of 16 full-time and three half-time DVOPs and four full-time and two half-time LVERs.

During program year 2020, there were approximately 6,291 new veterans KANSASWORKS.com accounts created. Additionally, approximately 4,223 veterans and 2,068 transitioning service members received staff-assisted services from veteran representatives, located across the state. Approximately 2,254 veterans and transitioning service members of the 6,291 required additional assistance due to their significant barriers to employment such as long term-unemployment, locality, homelessness, disabilities, and non-job ready skills.

Older Kansans Employment Program (OKEP)

The Older Kansans Employment Program provides specialized training, career assessment, job-matching, and job search assistance to Kansans age 55 and older regardless of their income and facilitates the development of job opportunities for older Kansans in private industry. This funding is provided to nonprofit 501(c)3s and other community-based, nonprofit organizations who administer the program. During FY 2020, OKEP served a total of 2,826 participants and placed 974 into full-time or part-time, private sector employment at an average wage of \$12.33 per hour for an average of 25 hours per week, resulting in \$15,011,775 in wages paid, over 30 times the amount expended on the program.

Senior Community Services Employment Program (SCSEP)

The federal Senior Community Services Employment Program provides a four-year skills training program through subsidized part-time employment to older Kansans who live at or below 125 percent of the federal poverty level. SCSEP served 92 participants, placing them in community organizations for work-based training. Commerce paid just over \$757,171.00 in federal aid payments contributing to case management, service delivery, and participant wages while the participants completed on-the-job training.

Workforce Innovation and Opportunity Act (WIOA)

Workforce services in WIOA administered by Commerce are funded through four separate programs: Adult Program, Dislocated Worker Program, Youth Program and Wagner-

Peyser Labor Exchange. Nearly all the Adult, Dislocated Worker, and Youth funds are allocated by statutory formula to the Local Workforce Development Boards for direct service delivery to eligible individuals per the requirements of the Act. Kansas is divided into five Local Workforce Development Areas, each overseen by a separate Local Board and guided by the state Workforce Development Board comprised of individuals appointed by the Governor.

Rapid Response Program

During the past calendar year, the Department of Commerce received 62 Worker Adjustment and Retraining Notification Act of 1988 (WARN) notices impacting 13,994 workers and 51 non-WARN notices impacting 2,846 workers. The Rapid Response Program is designed to respond to layoffs and plant closings by quickly coordinating services and providing immediate aid to companies and their affected workers.

Trade Adjustment Assistance Program

The Trade Adjustment Assistance (TAA) Program provides reemployment services to U.S. workers who are threatened or have lost their job as a result of foreign trade. Worker groups are identified within a certified TAA Petition. In addition to reemployment services provided through the Workforce Centers, they receive individualized assistance from TAA case managers who provide in-depth benefit details, enroll them in services, and provide counseling and assistance throughout their TAA enrollment. The TAA program provides trade-affected workers an opportunity to update their skills to increase their marketability for the ever-changing competitive workforce. In addition to training benefits, workers may be eligible for income support in the form of Trade Readjustment.

During FY 2020, Kansas served 498 customers, 271 new customers with 126 of them enrolling during the 4th quarter of FY 2020; issued 28 new waivers from training; approved 21 customers for RTAA; and approved 81 new training plans.

Work Opportunity Tax Credit Program (WOTC)

The Work Opportunity Tax Credit (WOTC) is a federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. This allows the individual to move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers. An employer can receive a federal tax credit that varies between \$2,400 to \$9,600 per applicant.

In FY 2020, 135,015 certification requests were received, resulting in 4,673 eligible for tax credits; 7,428 requests were denied. This is a federal tax savings to Kansas businesses of almost \$12.8 million. The largest numbers of workers certified as eligible were recipients of Supplemental Nutrition Assistance Program (SNAP) assistance, followed by Designated Community Residents, Ex-felons, Unemployed Veterans, and recipients of Temporary Assistance for Needy Families (TANF) assistance.

Kansas Health Profession Opportunity Project (KHPOP)

The Kansas Department of Commerce was awarded \$3.0 million in FY 2020, through the Health Profession Opportunity Project to continue the Kansas Health Profession Opportunity Project (KHPOP). KHPOP provides job-driven health care education, training and employment

to TANF and SNAP recipients, youth aging out of foster care, recently separated or disabled veterans, high school dropouts pursuing GED completion, and other low-income individuals at or below 200 percent of the federal poverty level.

RETAIN

In September 2018, Commerce received a \$1.9 million grant from the US Department of Labor, Office of Disability Employment Policy to establish relationships between the workforce system and medical service delivery system to develop processes to help individuals who have suffered a debilitating illness or injury stay at or return to work. The program period of performance and subsequent funding has been extended an additional 12 months, from April 1, 2020, through March 31, 2021, with total funding increased to \$2.3 million. Kansas was one of only eight states to successfully compete for the funding and is working with Ascension Via Christi Health System to continue pilot activities of the project. Kansas will compete for a second round of funding in late 2020 to be one of only four states to receive a multi-year, multi-million-dollar award to expand the project to additional rural areas and at least one urban area of the state.

Workforce Center Operations

The federally funded workforce development programs are delivered in part through workforce centers, some of which meet the definition of “one-stop” centers located across the Kansas. The one-stop centers provide job candidates all necessary job search services in one location. All Kansans may access various labor exchange and assessment services free of charge. Qualified Kansans may access intensive training and related services. Services for Kansas employers include recruitment, assessment, testing, and screening of qualified employees.

Partners in the centers include representatives from the Kansas Department for Children and Families for the TANF and Vocational Rehab programs and the Kansas Department of Labor with unemployment insurance information. The one-stop centers and workforce centers are divided into five different regions. The West Region has full-time or part-time staff located in Dodge City, Garden City, Great Bend, Hays, Hutchinson, Newton, Colby, Goodland, and Salina. The Northeast Region has locations in Junction City, Lawrence, Manhattan, and Topeka. The Greater Kansas City Region Workforce Centers are in Kansas City, Leavenworth, and Overland Park. The South Central offices are located in Wichita, Butler, Sumner, and Cowley counties. The Southeast Region staff is located in Chanute, Independence, Emporia, Paola and Pittsburg. There are a total of 27 full- or part-time locations across the state delivering services to Kansas job candidates and employers. The major program administered by the Department of Commerce through field operations is the Wagner-Peyser program, which is focused on providing labor exchange services to help Kansas businesses find qualified workers and job candidates to find quality employment opportunities.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Jobs Created or Retained through Workforce Services	16,645	15,238	16,609	12,349	13,584	14,942
Individuals Trained through Workforce Services	9,302	13,545	19,640	7,909	8,700	9,570
Kansas Served with Job Search Counseling, Resume Writing, and Other Services	44,283	63,397	90,658	42,722	46,994	51,694
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 64.1	\$ 62.5	\$ 62.7	\$ 54.7	\$ 52.1	\$ 51.9
FTE Positions	194.9	195.8	195.8	148.8	148.8	148.8

WORKFORCE SERVICES DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 7,813,310	\$ 8,546,435	\$ 8,546,435	\$ 8,620,376	\$ 8,620,376
Contractual Services	3,609,616	2,602,200	2,602,200	2,664,250	2,664,250
Commodities	93,831	88,350	88,350	87,950	87,950
Capital Outlay	146,154	150,350	150,350	150,150	150,150
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 11,662,911	\$ 11,387,335	\$ 11,387,335	\$ 11,522,726	\$ 11,522,726
Aid to Local Units	0	0	0	0	0
Other Assistance	43,032,408	41,754,767	40,724,171	41,443,639	40,413,939
TOTAL	\$ 54,695,319	\$ 53,142,102	\$ 52,111,506	\$ 52,966,365	\$ 51,936,665
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	54,695,319	53,142,102	52,111,506	52,966,365	51,936,665
TOTAL	\$ 54,695,319	\$ 53,142,102	\$ 52,111,506	\$ 52,966,365	\$ 51,936,665
FTE Positions	148.8	148.8	148.8	148.8	148.8

The **agency** requests \$53.0 million, all from special revenue funds, for FY 2022, a decrease of \$175,737, or 0.3 percent, below the FY 2021 revised estimate. The decrease is attributable to a reduction of \$311,128, or 0.7 percent, in other assistance primarily due to the end of the registered apprenticeship expansion federal program. The decrease is partially offset by an increase of \$73,941 in salaries and wages for fringe benefit costs and \$62,050 in contractual services, primarily for the Trade Adjustment Assistance program, management costs, and rehabilitation and repair for the Workforce Development program. The Workforce Services Division request also includes 148.8 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** recommends expenditures of \$51.9 million, all from special revenue funds, which is a decrease of \$1.0 million, or 1.9 percent, from the FY 2022 agency request. The decrease is attributable to refinancing the IMPACT bonds.

D. Community Development Division

In FY 2020, the Community Development Division was re-established at the Department of Commerce in collaboration with the Lt. Governor's Office of Rural Prosperity under Commerce. The existing Community Development Programs and personnel were separated from Business Development to form the new Community Development Division. With the restoration of the division, Kansas Main Street was re-established as a program within the division, a division director was hired to provide oversight and coordination among the programs and services for maximum effectiveness, and additional staff is being added to support the Office of Broadband Development.

Kansas Main Street

The Kansas Main Street program had a 27-year history beginning in 1985 and ending in 2012. During that time, dozens of communities in Kansas worked to revitalize their downtown districts and make the heart of their communities viable and strong. More than \$600 million in reinvestment took place in participating communities, and more than 3,800 small businesses were started or expanded, creating over 8,600 new jobs. In the last year of the program, 25 designated communities established 194 new and expanded businesses, created 568 new jobs, and generated \$18 million in reinvestment. With the relaunch of the state program in late 2019, those 25 communities have been grandfathered back into the program.

Beginning in FY 2020, the state provided on-site and virtual assistance to these 25 communities and helped them build back their local programs. This included technical training in retail promotions to more than 70 people in Independence in March, organizational training, leadership, and new director orientation and board development in July. Additional virtual training on the topic of historic preservation is scheduled in September and economic vitality training is scheduled in October. During November and December, virtual year-end evaluations will be conducted in each of these 25 communities to help successfully move their programs into calendar year 2021.

Office of Broadband Development

During the 2020 Legislative Session, resources were allocated to make grants for construction projects that expand and improve broadband service in Kansas, as part of the Kansas Department of Transportation Eisenhower Legacy Transportation Program (IKE) 10-year plan. The Broadband Infrastructure Construction Grant Fund allows reimbursement to grant recipients for up to 50.0 percent of actual construction costs in expanding and improving broadband service. Statute specifies that \$5.0 million is allocated on July 1, 2020, 2021, and 2022 and each July 1 thereafter, through July 1, 2030, and the bill requires the transfer to be \$10.0 million. The Office of Broadband Development in the Department of Commerce will administer the grant, creating program guidelines, application materials, and processes. A grant program manager will be added to support the program, and the director of the Office of Broadband Development and a data analyst with geographic information system and planning experience will provide technical assistance to create a statewide broadband plan for maximum efficiency of deploying the Broadband Infrastructure Grant Fund. The analyst position will also provide technical support to the Community Development Division as needed. Commerce will manage all aspects of the program and there will be inter-agency coordination with the Department of Transportation.

Individual Development Account Program

The Individual Development Account (IDA) program (KSA 74-50,201 - 74-50,208) facilitates self-sufficiency for low-income Kansans through asset development in a matched savings program. The Department of Commerce administers the IDA program and allocates up to \$500,000 in state income tax credits each calendar year. The tax credits are valued at 75.0 percent of the contribution amount and are used to leverage donations that serve as a match for individual savings in a development account. Program participants can use the accrued savings: for the purchase of a first home; to make repairs and improvements to their existing homes; for small business capitalization; and to pay for post-secondary education or specialized skills training. In 2009, Commerce designated Interfaith Housing Services (IHS), a community-based organization located in Hutchinson, as the sole provider of IDAs in Kansas due to their demonstrated ability in administering IDAs and utilizing the necessary tax credits. In 2015, the Kansas Legislature reauthorized individual donors to receive tax credits that resulted in full utilization of available tax credits in 2015, 2016, 2017, 2018, and 2019 calendar years. It is estimated that all available tax credits will also be utilized in calendar year 2020 as well as in calendar year 2021.

Angel Investor Tax Credit Program

The purpose of the Kansas Angel Investor Tax Credit (KAITC) Act (KSA 74-8131 - 74-8137) is to facilitate the availability of equity investment in businesses in the early stages of commercial development and to assist in the creation and expansion of Kansas businesses, which are job- and wealth-creating enterprises, by granting tax credits against Kansas income tax liability of investors investing in these businesses. The KAITC program is administered by the Department of Commerce with the primary goal of encouraging qualified investors to provide seed capital financing for emerging Kansas businesses engaged in the development, implementation, and commercialization of innovative technologies, products, and services.

The KAITC program provides tax credits to qualified Kansas startups that they may, in turn, offer to potential angel investors. Credits are valued at 50.0 percent of the eligible investment, and each qualified investor may receive up to \$50,000 in tax credits for investment in a single Kansas business and up to \$250,000 in total Angel tax credits per taxable year. These credits help reduce the inherent risk and encourage investment in potentially high-growth companies.

\$6.0 million in tax credits are offered annually on a calendar year basis. Any unused credits may roll over to the next year. In calendar year 2019, \$7.0 million tax credits were allocated to 35 companies with 385 registered qualified investors. Interest in the program has grown from previous years, and it is estimated that the amount of tax credits for calendar year 2020 has increased by \$500,000.

Rural Opportunity Zones

The Rural Opportunity Zones (ROZ) Program (KSA 74-50,222 - 74-50,223 and 79-32,267) was designed to stem outmigration in rural Kansas communities in 77 counties designated as a ROZ through the use of tax relief and student loan repayment assistance.

Commerce only manages the student loan repayment assistance portion of the ROZ program. The tax credit portion of the ROZ program is administered by the Department of Revenue.

Qualified individuals establishing new residency in one of the participating Kansas ROZ counties after July 1, 2011, and on or after the date on which the county opts-in may receive student loan repayments in equal shares over a maximum term of five years. The annual payments will be equal to 20.0 percent of the individual's outstanding student loan balance up to a maximum of \$15,000 over five years. In 2013, the program began allowing employers to directly sponsor ROZ applicants. In FY 2020, 517 qualified resident individuals received student loan repayment benefits with the state's portion of the ROZ payments equaling \$708,439.

Community Development Block Grant

The Small Cities Community Development Block Grant (CDBG) program currently receives approximately \$14.5 million in federal funds annually for competitive application for cities and counties in rural areas of Kansas. The state's allocation has continually decreased or stayed the same from the high of \$20.1 million in 2004. Awards made through this program help pay for water and sewer systems, bridges, roads, community facilities, housing rehabilitation, commercial rehabilitation, and economic development loans for businesses. Awards build vital infrastructure and serve all areas of Kansas, except the entitlement zones of Topeka, Kansas City, Wichita, Lawrence, Leavenworth, Manhattan, Overland Park, and all of Johnson County. Unlike other states, Kansas does not provide state funds for the administration of this program.

The U.S. Department of Housing and Urban Development (HUD) provides federal funds to states who fund local units of government. One of three objectives must be met: 1) benefit to low- and moderate-income individuals; 2) removal or prevention of slum or blighted conditions; or 3) resolution of an urgent need or immediate threat to health or safety where local funds are not available.

These funds are used for a wide variety of activities. The CDBG program awards grants in six categories: 1) economic development; 2) water/sewer; 3) community facilities; 4) urgent need; 5) housing; and 6) commercial rehabilitation. Cities and counties may apply for these funds at announced application rounds. In the urgent need category, funds can be accessed anytime during the year depending on need and availability of funds. These awards allow a community to replace local capacity destroyed by an unforeseen disaster.

A total of 34 project applications were funded in FY 2019. Contract administration has increased, with current statewide open projects currently at 217 requiring technical training and assistance, contract administration, on-site compliance monitoring, and progress reporting and tracking in a federal database to meet established federal guidelines. The number of housing units for rehabilitation decreased in FY 2019. There is an overall issue in rural areas of experienced contractors available to perform housing work per federal CDBG standards.

CDBG staff also administer 34 state and local revolving loan funds across Kansas used by rural cities and counties to help fund startups and business expansions in their respective service area. These local revolving funds require CDBG staff to review semi-annual activity reports and perform periodic on-site monitoring and tracking to ensure federal guidelines are being followed.

Neighborhood Stabilization Program

The federal Neighborhood Stabilization Program 1 (NSP1) was established to stabilize communities suffering from foreclosures and abandonment. Through the purchase, rehabilitation, and redevelopment of foreclosed and abandoned homes and residential

properties, the goal of the program is being realized. The State of Kansas was issued \$21.0 million in NSP1 funding from HUD, which administers the program at the federal level. Contracts were signed with nine counties and ten cities to invest these dollars to stabilize their neighborhoods.

As of August 2016, the State of Kansas NSP1 program has generated \$7.7 million in program income that brings the total investment of \$28.7 million into the State. To date, 15 additional allocations have been made to NSP1 sub-grantees. The NSP1 program will not receive any new allocations after October 31, 2018; however, Commerce will still be responsible for the ongoing management of the program income.

The Neighborhood Stabilization Program 3 (NSP3) was established in fiscal year 2011 to stabilize and revitalize communities that have been most severely impacted by foreclosure and abandoned properties. The most severe communities impacted are identified by a Census Tract Score. The State of Kansas was allocated \$5.0 million in NSP3 funding by HUD. Due to their high Census Tract Score, the primary recipient of NSP3 funds is the Unified Government of Wyandotte County. The NSP3 program will not receive any new allocations after October 31, 2018; however, Commerce will still be responsible for the ongoing management of the program income.

Community Service Tax Credit Program

This program encourages cash and non-cash contributions to nonprofit organizations for certain community service activities. Kansas income tax credits are awarded yearly on a competitive basis for nonprofits to use as a fundraising tool to encourage individuals, businesses, financial institutions, and insurance companies to donate. Nonprofit recipients must provide services for children, health care, and for nongovernmental crime prevention. A tax credit of 70.0 percent is allowed in communities of fewer than 15,000 residents and 50.0 percent in communities greater than 15,000. The minimum donation is \$250. The program builds nonprofit community capacity to serve the needs of the targeted Kansas recipients.

The application requests for Community Service tax credits are always greater than the annual allocation. FY 2021 resulted in a total of 53 applications, and the project awards for this round were announced in July 2020. For FY 2021, 25 nonprofits (of which 12 were in communities with populations less than 15,000, and 13 were in communities with populations more than 15,000) were awarded the maximum available tax credits of \$4.1 million.

Kansas Creative Arts Industries Commission

The Kansas Creative Arts Industries Commission (KCAIC) is focused on the creative industries sector of the Kansas economy. The advisory board is dedicated to measuring, promoting, supporting, and expanding the creative industries to grow the state's economy and create creative industry-related jobs. KCAIC also takes advantage of the state's natural landscape to attract film crews to Kansas. Assistance often includes location scouting, serving as a liaison or facilitator, and lending support during production. KCAIC provides direct assistance to film companies in finding appropriate Kansas locations, identifying available industry professionals and services, and works to promote Kansas to the film industry concentrated in out-of-state locales. Benefits of filming in Kansas include diverse natural scenery and architecture, a cooperative KCAIC staff, and a knowledgeable crew of industry professionals. KCAIC also supports and encourages the local film industry through participation in film industry events.

In FY 2020, KCAIC aided several productions, including: independent features, cable television shows, commercials, documentaries, and shorts/music videos. KCAIC also administered several programs through its partnership with the National Endowment for the Arts. Under several grant programs, KCAIC has administered 211 new grants to arts organizations in communities across Kansas totaling approximately \$2.0 million in addition to existing grants associated with previous NEA awards.

PRIDE

PRIDE is a community-initiated effort to help local leaders prepare for and manage change through hands-on assistance with a focus on community self-improvement. This is a cooperative program with Kansas State University Research and Extension and the Department of Commerce. PRIDE's mission is to promote an enhanced quality of life for the citizens of Kansas communities through education, leadership development, and recognition.

There currently are 75 PRIDE communities in Kansas, and the program has served over 400 since 1970. The program addresses areas such as planning, housing, community services, and community enrichment. Communities develop and implement a citizen-initiated plan of action to create or build upon community assets. The PRIDE planning approach assists smaller communities without resources to expand their community economic capacities. The Business and Community Development Regional Project Managers provide additional manpower to better assist the PRIDE communities.

In 2019, 75 Kansas PRIDE communities engaged in 1,181 projects, 244 of which included youth assistance. Volunteers donated over 79,000 hours of labor, which amounts to over \$1.8 million in value (as calculated by the Independent Sector of Volunteer Time) and raised over \$604,000 in public and private dollars to reinvest back into their communities. These communities also engaged in 643 partnerships at the local level. More on the works of these communities is available in the Kansas PRIDE Annual Review.

In FY 2020, Commerce had 162 contacts with PRIDE communities; 20 meetings with local PRIDE teams; four presentations for communities interested in the program; and four First Impressions (community assessments), assisting program partners with the Kansas PRIDE Community Toolkit that aids communities in identifying, training, and supporting community leaders. The Toolkit has been placed online to improve accessibility and reach. Commerce also serves as a go-to for economic development efforts in Kansas PRIDE Communities and has access to the Kansas PRIDE Database regularly to review community needs. Regional Project Managers present program awards for Communities of Growth, Communities of Action, and Communities of Excellence. The Commerce Community Development Division Director is a member of the PRIDE Board of Directors.

With the addition of Kansas Main Street this year, Commerce expects to have additional contact with PRIDE communities through training opportunities.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of community development block grants applications approved	70.0 %	53.0 %	N/A %	71.0 %	70.0 %	70.0 %
Number of Community Service Tax Credit Program applications received	39	50	N/A	53	56	61
Total number of housing units rehabbed from CDBG funds*	27	19	N/A	45	40	40
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 36.5	\$ 18.9
FTE Positions	0.0	0.0	0.0	18.0	18.0	18.0
* The Governor's Office does not utilize this measure for evaluation purposes.						

COMMUNITY DEVELOPMENT DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 1,544,524	\$ 1,544,524	\$ 1,556,085	\$ 1,556,085
Contractual Services	0	1,010,540	1,010,540	975,131	975,131
Commodities	0	12,005	12,005	12,050	12,050
Capital Outlay	0	25,100	25,100	24,776	24,776
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 0	\$ 2,592,169	\$ 2,592,169	\$ 2,568,042	\$ 2,568,042
Aid to Local Units	0	30,889,235	30,889,235	14,000,000	14,000,000
Other Assistance	0	2,977,638	2,977,638	2,317,190	2,317,190
TOTAL	\$ 0	\$ 36,459,042	\$ 36,459,042	\$ 18,885,232	\$ 18,885,232
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	36,459,042	36,459,042	18,885,232	18,885,232
TOTAL	\$ 0	\$ 36,459,042	\$ 36,459,042	\$ 18,885,232	\$ 18,885,232
FTE Positions	18.0	18.0	18.0	18.0	18.0

The Community Development Program is broken out as a separate program from the Workforce Services Division for the first time in FY 2021.

The **agency** requests for \$18.9 million, all from special revenue funds, FY 2022, which is a decrease of \$17.6 million, or 48.2 percent, below the FY 2021 revised estimate. The decrease is attributable to a reduction in aid to local units of government of \$16.9 million, or 54.7 percent, due to one-time expansion of the Community Development Block Grant program from federal CARES Act funds, which were used for Business Assistance grants and meal delivery programs described earlier. The decrease is also attributable to a reduction in other assistance of \$660,448, or 22.2 percent, in the expanded National Endowment for the Arts grants from federal CARES Act funds (\$342,600) and projected expenditures for the Rural Opportunity Zones program (\$311,037). The decrease also includes a slight reduction in contractual services costs for the Main Street program (\$29,950) from one-time costs due to program expansion in FY

2021. The Community Development Division request also includes 18.0 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

E. International Division

The International Division works with Kansas companies to help them sell their products and services in international markets. The Division also works to recruit international businesses to establish facilities and create jobs in Kansas. These two goals comprise the agency's overall mission – to help Kansas capitalize on opportunities in the global economy.

The International Division became a standalone division within the Department in FY 2021 after having been eliminated as a separate business unit in FY 2013. During these last eight years, the international export promotion and international business recruitment functions were managed by a much smaller staff operating out of the Business Development Division. In preparation for the reemergence of the International Division in FY 2021, several administrative actions were taken. These included the hiring of a new Division Director as well as the hiring of two other professional staff to enable the Division to better address its main mission.

Kansas Exports

Kansas exports totaled \$11.6 billion in CY 2019. Compared with the previous year's data, exports increased by \$76 million, representing a 0.66 percent increase. On the national level, U.S. exports experienced a 1.35 percent decline during the same period. The combined value of the Top 10 exported commodities was \$9.0 billion, which increased by 0.84 percent since 2018. The largest gains were seen in the cereals category, the electric machinery category, and the vehicle and parts category, which increased by \$92 million, \$91 million, and \$80 million respectively. On the contrary, the meat and edible meat offal category decreased by \$110 million, and the aircraft and parts category decreased by \$70 million.

In the five-state region that includes Kansas, Colorado, Missouri, Nebraska, and Oklahoma, the average export value was \$9.4 billion, which is \$2.3 billion less than Kansas. Once again, Kansas companies delivered a strong performance in CY 2019. The international team provides market resources to Kansas companies to help them navigate the licensure, certifications and risk involved in entering the export market. Staff directly helps Kansas businesses by:

- Gathering export data and foreign market research;
- Coordinating with local, state, federal and foreign agencies;
- Collaborating on export seminars;
- Recruiting and assisting company participation in international trade shows;
- Hosting foreign delegations to Kansas; and
- Assisting with required international documentation.

International Trade/Investment Marketing Activity

In FY 2020, Kansas continued administering the federal State Trade Expansion Program (STEP) to provide assistance to Kansas companies to market and sell their products and

services internationally. The total award amount was \$200,000. The purpose of the STEP Grant is to assist eligible small businesses in starting exporting or expanding into additional foreign markets. Every year, U.S. states and territories submit proposals to compete for limited federal funds. The matching-fund grant program is administered by the U.S. Small Business Administration's Office of International Trade. It requires a 25.0 percent match from the State. On the local level, services were managed and provided by the Kansas Department of Commerce in conjunction with the Kansas Department of Agriculture. Funds were used to assist eligible small businesses with their export training, trade missions and trade shows, and market entry support needs.

During FY 2020, the Kansas team provided 31 STEP assistance grants to 27 Eligible Small Business Concerns. Award recipients reported \$4.0 million in actual sales and \$ 48.8 million in a three-year sales projection. The international team also participated in several other marketing events during the fiscal year, including a joint visit to Montreal with the Wyandotte Economic Development Council, as well as an event in Mexico.

Kansas International Trade Show Assistance Program

The Kansas International Trade Show Assistance Program (KITSAP) helps introduce Kansas companies to foreign markets by funding their participation in international trade shows. Eligible companies are those whose product or service originates in Kansas or whose products receive substantial value-added processing in Kansas. In FY 2020, the International Development Division received 22 applications overall. Among them, KITSAP awarded a total of \$52,038.00 to 19 applications for 19 Kansas companies to attend a total of 19 international trade shows. However, due to the COVID-19 pandemic, most of the international trade shows were canceled after January 2020; as a result, only seven KITSAP-funded trade show were completed by seven companies respectively. To date, those seven companies have reported estimated sales of more than \$1.0 million, which translates to a return on investment of \$64 for every \$1 in KITSAP funding to these seven companies. Importantly, as a result of their international trade show participation, five of these seven companies also found new foreign agents or distributors, and one company signed a joint-venture agreement with a new foreign partner.

Kansas Mexico Office

The Kansas Mexico Office (KMO) provides many valuable services to Kansas companies that are interested in exporting to Mexico. These services include business partner searches, market studies, customized in-country visits, trade lead sharing, and individual trade counseling. In the FY 2020, KMO successfully executed two business partner searches that identified more than ten sales agents and distributors, facilitated one business recruitment delegation visit to Mexico, and planned a visit for the Commerce Secretary which, unfortunately, had to be postponed due to the impact of COVID-19 pandemic on travel to Mexico.

Governor's Exporter of the Year

Each year, the Governor's Exporter of the Year Award is presented to a single Kansas company for exceptional international marketing success. This award encourages the growth of the state's international commerce by showcasing successful exporters as role models to the Kansas business community. The recipients are prime examples of how exporting is a significant catalyst for company growth and diversification.

Export Promotion/Outreach

The Commerce international team presented at several export training events hosted by partner organizations during FY 2020. These included events in Parsons, Dodge City, and Wichita, and at Sterling College in the city of Sterling.

The Kansas Department of Commerce also partnered with Kansas Global Trade Services (KGTS), a nonprofit based in Wichita, to promote the economic benefits of exporting and sharing information about resources available to assist Kansas companies that are new to exporting or looking for opportunities to expand their exports. KGTS completed 124 Kansas company export outreach meetings.

Renewable Energy

Kansas has seen significant growth in renewable energy, especially in wind energy, as over 3,000 wind turbines have been constructed in the state, producing enough energy to power nearly 2 million homes. In 2019, wind energy surpassed coal for the first time as the largest energy source for generating electricity in Kansas. Wind energy provided 41 percent of electricity generation in Kansas, the second-largest share for any state. With over 6,500 megawatts of wind energy in operation, Kansas currently ranks 4th for installed wind capacity.

Biofuels are also making an important contribution to the state's economy. There are 12 operating biofuel facilities (ethanol and biodiesel) operating in Kansas with a total production capacity of over 600 million gallons per year. The newest investment is a \$175 million project to produce 70 million gallons of ethanol annually while also having the lowest annual carbon footprint of any ethanol plant now operating. Kansas' ethanol plants bring millions of dollars of revenue and economic development to Kansas and the rural communities where they are located.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Kansas International Trade Show Assistance Program applications received	21	21	N/A	22	10	30
Percent of Kansas International Trade Show Assistance Program applications approved	95.0 %	86.0 %	N/A %	86.0 %	95.0 %	95.0 %
Total dollar amount of approved KITSAP agreements *	\$ 53,180	\$ 54,375	\$ N/A	\$ 52,038	\$ 35,000	\$ 90,000
Return on Investment rate *	1:508	1:284	N/A	1:64	1:300	1:400
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 823.3	\$ 740.4
FTE Positions	0.0	0.0	0.0	0.0	5.4	5.4
* The ROI reflects the first seven trades shows completed before Covid-19. All other trades shows were canceled after January 2020. Performance Measures not used by the Governor for estimation purposes.						

INTERNATIONAL DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 519,387	\$ 519,387	\$ 523,296	\$ 523,296
Contractual Services	0	190,838	190,838	104,211	104,211
Commodities	0	850	850	600	600
Capital Outlay	0	12,250	12,250	12,250	12,250
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 0</i>	<i>\$ 723,325</i>	<i>\$ 723,325</i>	<i>\$ 640,357</i>	<i>\$ 640,357</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	100,000	100,000	100,000	100,000
TOTAL	\$ 0	\$ 823,325	\$ 823,325	\$ 740,357	\$ 740,357
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	0	823,325	823,325	740,357	740,357
TOTAL	\$ 0	\$ 823,325	\$ 823,325	\$ 740,357	\$ 740,357
FTE Positions	5.4	5.4	5.4	5.4	5.4

The International Division is broken out from the Business Development Division as a separate program for the first time in FY 2021.

The **agency** requests for \$740,357, all from special revenue funds, for FY 2022, a decrease of \$82,968, or 10.1 percent, below the FY 2021 revised estimate. The decrease is primarily attributable to a reduction in contractual services expenditures of \$30,077 in travel costs and \$50,000 in other professional fees. The International Division request includes 5.4 FTE positions for FY 2022, which is the same number as the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

F. Tourism Division - Currently Part of Kansas Department of Wildlife, Parks and Tourism

The Tourism Division markets all the state's travel and tourism opportunities to the general public. The Division's efforts also include promotion to travel media and specific niche markets such as group tour leaders, sports event coordinators, and meeting planners. Primary focus is placed on increasing out-of-state visitation. Secondary focus is placed on building state pride for Kansans' by encouraging them to travel throughout the state. Marketing initiatives include platforms such as TravelKS.com, travel publications, multiple social media sites, print advertising, digital advertising, e-newsletters, photography, and videography. Travel Information Centers in Goodland and Belle Plaine are operated by the Tourism Division. These centers serve an important role in welcoming and orienting visitors to Kansas and by showcasing Kansas experiences & opportunities. The Tourism Division produces a lifestyle magazine, *KANSAS!*, which is geared toward creating state pride among Kansans. The Kansas Tourism Division is also responsible for the Kansas Byways program and the Kansas Agritourism program.

Another vital function of the Kansas Tourism Division is to provide support to Kansas Tourism Industry Partners, by providing information and education, grants, financial support, engagement, and promotion. Tourism Industry Partners are a diverse mix of tourism businesses, representing all 105 counties in Kansas, including destination marketing organizations such as convention and visitors bureaus, chambers of commerce, cities or counties, lodging facilities, attractions, museums and historical sites, event organizers, and other tourism-related organizations. A close relationship and effective communication with each of these entities improves the overall Kansas tourism product and experience for visitors. The Division provides specific grants to enhance the tourism product, such as Attraction Development Grants, Marketing Grants, and Education Grants.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Statewide Transient Guest Tax (in millions)	N/A	N/A	N/A	N/A	N/A	\$ 50.7
Number of Hotel Night Demands (in millions)	N/A	N/A	N/A	N/A	N/A	10
Visitors to Kansas as per End of Current Calendar Year (in millions)	N/A	N/A	N/A	N/A	N/A	39.0
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 4.6
FTE Positions	0.0	0.0	0.0	0.0	0.0	12.0

TOURISM DIVISION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 864,237
Contractual Services	0	0	0	0	3,564,454
Commodities	0	0	0	0	38,897
Capital Outlay	0	0	0	0	5,626
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,473,214
Aid to Local Units	0	0	0	0	143,000
Other Assistance	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,616,214
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,000
All Other Funds	0	0	0	0	4,606,214
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,616,214
FTE Positions	0.0	0.0	0.0	0.0	12.0

The **Governor** recommends that the Tourism Division be moved from Kansas Department of Wildlife, Parks, and Tourism (KDWPT) to the Department of Commerce along with \$4.6 million and 12.0 FTE positions. The Governor recommends expenditures of \$4.6 million, all from special revenue funds. This is an increase of \$2,358, or 0.1 percent, above the FY 2021 revised estimate in KDWPT's request. This increase is entirely due to increased expenditures on salaries and wages fringe benefits.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Reroof and Facade Replacement - Garden City	\$ 100,000	\$ 100,000	\$ 0	\$ 0
Topeka Workforce Center Elevator Improvement	0	0	200,000	200,000
Topeka Workforce Center Debt Service	125,000	125,000	130,000	130,000
TOTAL	\$ 225,000	\$ 225,000	\$ 330,000	\$ 330,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	225,000	225,000	330,000	330,000
TOTAL	\$ 225,000	\$ 225,000	\$ 330,000	\$ 330,000

FY 2021 – Current Year. The agency requests a revised estimate of \$225,000, all from special revenue funds, in FY 2021. The agency request is a decrease of \$100,000, or 30.8 percent, below the FY 2021 approved budget. The reduction is attributable to delaying all capital improvement projects for one year. The request includes:

- **Reroof and Facade Replacement in Garden City Workforce Center** - The agency requests \$100,000, all from the sublease income, to replace the existing roof. The current roof does not have a positive slope, creating ponding on the roof. The project would replace the existing facade and framing with a durable, maintenance-free material due to weathering and deterioration. Roof and facade projects require an exterior asbestos removal project because the facade panels have tested positive for asbestos; and
- **Debt Service Principal** - The agency requests \$125,000, all from sublease income, to pay debt service principal on the Topeka Workforce Center. The bonds will be retired at the end of FY 2022.

The **Governor** concurs with the agency's FY 2021 capital improvements request.

FY 2022 – Budget Year. The agency requests \$330,000, all from special revenue funds, for FY 2022. The agency request is an increase of \$105,000, or 46.7 percent, above the FY 2021 agency revised estimate. The increase is attributable to the cost of replacing the elevator at the Topeka Workforce Center relative to roof and facade repairs in FY 2021. The request includes:

- **Topeka Workforce Center Elevator Upgrade** - The agency requests \$200,000, all from the sublease income, to upgrade the elevator at the Topeka Workforce Center; and

- **Debt Service Principal** - The agency requests \$130,000, all from sublease income, to pay debt service principal on the Topeka Workforce Center. The bonds will be retired at the end of FY 2022.

The **Governor** concurs with the agency's FY 2022 capital improvements request.

KANSAS CORPORATION COMMISSION

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	20,112,115	23,093,805	23,093,805	24,248,140	24,248,140
Subtotal	\$ 20,112,115	\$ 23,093,805	\$ 23,093,805	\$ 24,248,140	\$ 24,248,140
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
Subtotal	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$ 20,112,115	\$ 23,093,805	\$ 23,093,805	\$ 24,248,140	\$ 24,248,140
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	1.9	14.8	14.8	5.0	5.0
FTE Positions	165.0	204.5	204.5	204.5	204.5

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

AGENCY OVERVIEW

The State Corporation Commission, commonly known as the Kansas Corporation Commission (KCC), is responsible for regulating and overseeing the safety of public utilities, common carriers, motor carriers, and oil and gas producers. Further, the agency is involved in developing the state's energy policy and administers conservation projects that promote the efficient use of energy. To carry out the agency's mission, the Commission is divided into five programs: Administrative Services, Utilities, Conservation, Transportation, and Energy. The Commission's main office is located in Topeka, and there are field offices in Wichita (where the Conservation Division is based), Chanute, Dodge City, and Hays.

The Commission consists of three members, appointed by the Governor and confirmed by the Senate, who serve four-year, overlapping terms. No more than two commissioners may be from the same political party.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** approved HB 2418, which amended provisions of the Carbon Dioxide Reduction Act regarding the liability of the State. Under the bill, except as permitted by

the Kansas Tort Claims Act, no provision of the Carbon Reduction Act shall impose on the KCC, any of its employees, or the State of Kansas any liability for the underground storage of KCC's carbon dioxide or the maintenance of any carbon dioxide well or underground carbon dioxide storage. Additionally, the bill provided the KCC is not prohibited from plugging, replugging, repairing, or remediation of any carbon dioxide injection well or underground storage in an emergency.

The **2010 Legislature** also approved HB 2485, which increased from 12 months to 18 months the time the KCC has to verify that a motor carrier is in compliance with all applicable requirements after the agency has first authorized the carrier to operate in Kansas. This bill ensures Kansas' safety compliance program reflects federal guidelines.

The **2011 Legislature** added language to provide that the fines and penalties associated with the civil assessment program be deposited directly into the State General Fund (SGF). The agency estimates it will collect \$766,499 in fines and penalties associated with the civil assessment program for fiscal year (FY) 2012. The Legislature added language reducing the transfer from the KCC's Motor Carrier Fees Fund to the Kansas Highway Patrol's Motor Carrier Safety Assistance Program State Fund from \$1.3 million to \$533,501 for FY 2012.

The **2012 Legislature** approved HB 2526, which gives the KCC explicit authority to regulate hydraulic fracturing. The 2012 Legislature also approved HB 2597, which gives solid waste permit exemptions allowing landspreading of oil and gas drilling waste. The KCC is to administer the program, monitor compliance, and establish mechanisms for enforcement and remedial action relating to landspreading.

The **2012 Legislature** also eliminated 7.9 FTE positions and 2.0 non-FTE positions and deleted \$17,493, all from special revenue funds, to reduce longevity payments. The Legislature also deleted \$24,341, all from special revenue funds, to suspend all employer contributions to the Kansas Public Employees Retirement System (KPERS) Group Insurance Fund or Death and Disability Fund for a three-month period beginning April 1, 2013, and ending on June 30, 2013.

The **2013 Legislature** added language to deposit all fines and penalties associated with the Public Service Regulation Fund, the Conservation Fee Fund, and the Motor Carrier Fees Fund into the SGF for FY 2014 and FY 2015. The combined total of these fines and penalties is estimated to be \$1.4 million for each fiscal year.

The **2013 Legislature** also approved HB 2201, which made several changes to utilities regulation statutes, which included creating the Telecommunications Study Committee, further deregulating telecommunications providers, making changes to distributions from the Kansas Universal Service Fund, and allowing the Board of Regents to charge fees for service provided by the KAN-ED program.

The **2014 Legislature** eliminated 7.0 FTE positions in the agency's Energy Division and reduced expenditures by \$549,918 due to elimination of federal aid to local units of government.

The **2015 Legislature** approved HB 2231, altering which funds make transfers to the Abandoned Oil and Gas Well Fund, which is used for plugging abandoned wells. The annual transfer from the Conservation Fee Fund was increased from \$400,000 to \$800,000, and the State Water Plan Fund annual transfer of \$400,000 was eliminated. Additionally, the Legislature transferred \$3.0 million from the Conservation Fee Fund to the SGF in FY 2016.

The **2016 Legislature** added language transferring \$100,000 from the Public Service Regulation Fund to the SGF both in FY 2016 and for FY 2017.

The **2017 Legislature** added \$41,648 in FY 2017, \$125,015 for FY 2018, and \$177,733 for FY 2019, all from special revenue funds, to restore KPERS employer contributions to all the approved levels in each respective year. Additionally, the Legislature added \$72,239, 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** approved SB 276, which increased to \$2.8 million the unencumbered balance in the Motor Carrier License Fees Fund in excess of which funds are biannually transferred to the State Highway Fund.

The **2019 Legislature** approved Sub. for SB 69, which authorized a study of retail rates of Kansas electric public utilities.

The **2020 Legislature** added \$1.2 million, all from special revenue funds, for an electric rate study authorized by 2019 Sub. for SB 69 in FY 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates FY 2021 revised expenditures of \$23.1 million, all from special revenue funds. This is a decrease of \$157,197, or 0.7 percent, below the approved amount. This decrease is primarily due to decreased expenditures on travel, communication services, and gasoline, partially offset by the purchase of a truck in the Conservation program.

The **Governor** concurs with the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests FY 2022 expenditures of \$24.2 million, all from special revenue funds. This is an increase of \$1.2 million, or 5.0 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on rent due to a lease renewal, computer software services and equipment for the new Docket Management System, audio/visual equipment for the Topeka Hearing Room and a decrease in salaries and wages shrinkage.

The **Governor** concurs with the agency's FY 2022 request.

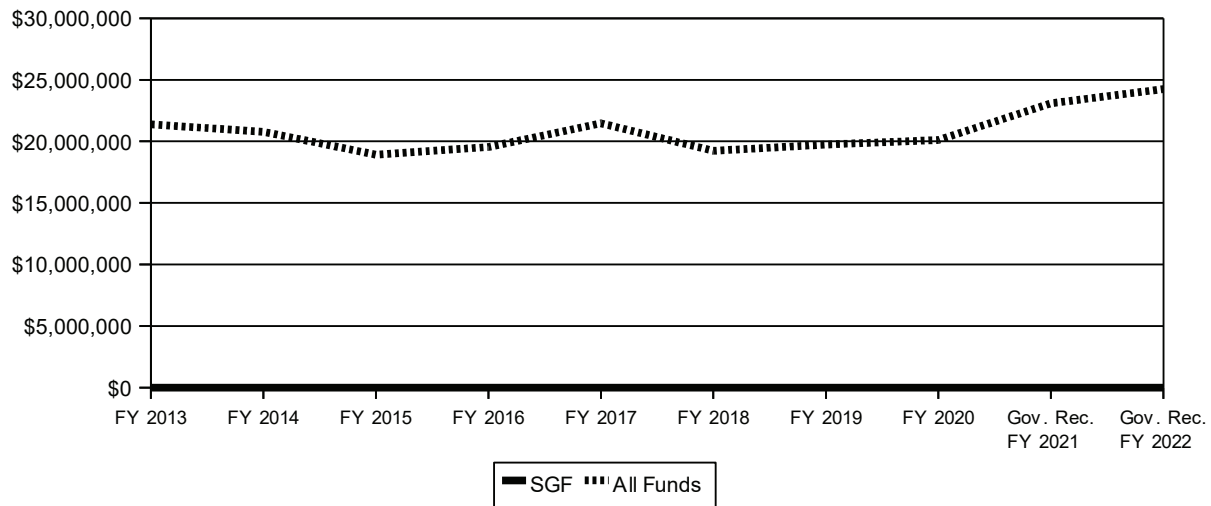
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Average Amount of Rate Increase Granted as Percentage of Requested Amount	0.0 %	(39.5)%	50.0 %	(49.6)%	50.0 %	50.0 %
Number of Wells Plugged in the Course of Regulatory Enforcement	N/A	716	N/A	600	600	600
Percent Increase of Facility Conservation Improvement Program Presentation*	N/A	N/A	20.0 %	N/A	10.0 %	10.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 19.2	\$ 19.7	\$ 25.0	\$ 20.1	\$ 23.1	\$ 24.2
FTE Positions	169.5	162.0	204.5	165.0	204.5	204.5
*New Measure for FY 2019						

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 21,379,117	(15.5)%	211.5
2014	0	--	20,780,937	(2.8)	204.5
2015	0	--	18,918,988	(9.0)	190.0
2016	0	--	19,540,223	3.3	180.0
2017	0	--	21,464,641	9.8	180.0
2018	0	--	19,228,620	(10.4)	169.5
2019	0	--	19,743,998	2.7	162.0
2020	0	--	20,112,115	1.9	165.0
2021 Gov. Rec.	0	--	23,093,805	14.8	204.5
2022 Gov. Rec.	0	--	24,248,140	5.0	204.5
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 2,869,023	13.4 %	(7.0)

Summary of Operating Budget FY 2020 - FY 2022

Kansas Corporation Commission

		Agency Estimate					Governor's Recommendation				
		Actual FY 2020	Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21	
By Program:											
Administration	\$	5,348,931	\$ 6,440,813	\$ 7,099,590	\$ 658,777	10.2 %	\$ 6,440,813	\$ 7,099,590	\$ 658,777	10.2 %	
Utilities		4,621,801	4,343,653	4,696,933	353,280	8.1	4,343,653	4,696,933	353,280	8.1	
Conservation		8,119,374	9,833,992	10,135,190	301,198	3.1	9,833,992	10,135,190	301,198	3.1	
Transportation		1,478,396	1,613,130	1,579,853	(33,277)	(2.1)	1,613,130	1,579,853	(33,277)	(2.1)	
Energy		543,613	862,217	736,574	(125,643)	(14.6)	862,217	736,574	(125,643)	(14.6)	
TOTAL	\$	20,112,115	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	
By Major Object of Expenditure:											
Salaries and Wages	\$	13,528,821	\$ 15,162,446	\$ 15,607,526	\$ 445,080	2.9 %	\$ 15,162,446	\$ 15,607,526	\$ 445,080	2.9 %	
Contractual Services		5,688,642	6,736,626	7,074,536	337,910	5.0	6,736,626	7,074,536	337,910	5.0	
Commodities		236,049	339,038	339,469	431	0.1	339,038	339,469	431	0.1	
Capital Outlay		658,603	855,695	1,226,609	370,914	43.3	855,695	1,226,609	370,914	43.3	
Debt Service		0	0	0	0	--	0	0	0	--	
Subtotal - Operations	\$	20,112,115	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	
Aid to Local Units		0	0	0	0	--	0	0	0	--	
Other Assistance		0	0	0	0	--	0	0	0	--	
TOTAL	\$	20,112,115	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	
Financing:											
State General Fund	\$	0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %	
Public Service Regulation Fund		7,448,778	8,161,510	8,953,858	792,348	9.7	8,161,510	8,953,858	792,348	9.7	
Conservation Fee Fund		7,300,787	8,765,405	9,167,346	401,941	4.6	8,765,405	9,167,346	401,941	4.6	
All Other Funds		5,362,550	6,166,890	6,126,936	(39,954)	(0.6)	6,166,890	6,126,936	(39,954)	(0.6)	
TOTAL	\$	20,112,115	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	\$ 23,093,805	\$ 24,248,140	\$ 1,154,335	5.0 %	

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	23,251,002	23,093,805	(157,197)	23,093,805	(157,197)
TOTAL	\$ 23,251,002	\$ 23,093,805	\$ (157,197)	\$ 23,093,805	\$ (157,197)
FTE Positions	204.5	204.5	0.0	204.5	0.0

The **agency** estimates FY 2021 revised expenditures of \$23.1 million, all from special revenue funds. This is a decrease of \$157,197, or 0.7 percent, below the approved amount. This decrease is primarily due to decreased expenditures on salaries and wages, contractual services, and commodities, partially offset by an increase in capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency estimates revised FY 2021 salaries and wages expenditures of \$15.2 million, which is a decrease of \$162,471, or 1.1 percent, below the approved amount. This decrease is due to eliminating a legal assistant position in the Administration program, decreased staffing in the Conservation program due to decreased revenue caused by the COVID-19 pandemic, and decreased employer contributions to KPERS;
- **Contractual Services.** The agency estimates revised FY 2021 contractual services expenditures of \$6.7 million, which is a decrease of \$25,078, or 0.4 percent, below the approved amount. This decrease is due to decreased expenditures on communication services and travel costs in the Conservation program;
- **Commodities.** The agency estimates revised FY 2021 commodities expenditures of \$339,038, which is a decrease of \$17,778, or 5.0 percent, below the approved amount. This decrease is entirely due to decreased expenditures on gasoline in the Conservation program; and
- **Capital Outlay.** The agency estimates revised FY 2021 capital outlay expenditures of \$855,695, which is an increase of \$48,130, or 6.0 percent, above the approved amount. This increase is entirely due to the purchase of a truck for the Conservation program.

The **Governor** concurs with the agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 24,248,140	\$ 24,248,140	\$ 0
FTE Positions	204.5	204.5	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	1,154,335	1,154,335	
TOTAL	\$ 1,154,335	\$ 1,154,335	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	5.0	5.0	
TOTAL	5.0 %	5.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2022 expenditures of \$24.2 million, all from special revenue funds. This is an increase of \$1.2 million, or 5.0 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$15.6 million, which is an increase of \$445,080, or 2.9 percent, above the FY 2021 revised estimate. This increase is due to an decrease in salaries and wages shrinkage and increased employer contributions to group health insurance and KPERS;
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$7.1 million, which is an increase of \$337,910, or 5.0 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on rent due to a lease renewal, consultant fees in the Utilities program, and computer software maintenance and computer programming services for a new document management system, implementation of which was delayed from FY 2020 due to the COVID-19 pandemic; and
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$1.2 million, which is an increase of \$370,914, or 43.3 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on software for the document management system, computer equipment to convert more employees from desktops to laptops in the Utilities program, and audio/visual equipment for the Topeka Hearing Room.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **For this agency, FY 2021 longevity payments total \$1,000, all from special revenue funds, and FY 2022 longevity payments total \$1,000, all from special revenue funds.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Public Service Regulation Fund	36.9	36.9
Conservation Fee Fund	37.8	37.8
Motor Carrier License Fees Fund	11.4	11.4
All Other Funds	13.9	13.9
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Public Service Regulation Fee Fund Analysis

The Public Service Regulation Fee Fund is used to finance payments for outside accounting, legal, and economic advisory services incurred in connection with the investigation of a utility or common carrier for violating, refusing, neglecting, or failing to obey any lawful requirement or order of the Commission. The KCC is empowered to assess a utility or common carrier company undergoing investigation up to three-fifths of 1.0 percent (0.6 percent) of the gross revenue derived from the company's intrastate operations in the preceding year. KSA 75-317a(a) provides that 90.0 percent of incoming revenues are retained by the agency and 10.0 percent are deposited into the SGF, up to a maximum of \$100,000 per fiscal year per fund.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 1,049,029	\$ 754,534	\$ 754,534	\$ 783,774	\$ 783,774
Revenue	7,254,283	8,290,750	8,290,750	9,055,750	9,055,750
Transfers in	0	0	0	0	0
Funds Available	\$ 8,303,312	\$ 9,045,284	\$ 9,045,284	\$ 9,839,524	\$ 9,839,524
Less:					
Expenditures	\$ 7,448,778	\$ 8,161,510	\$ 8,161,510	\$ 8,953,858	\$ 8,953,858
Transfers Out	100,000	100,000	100,000	100,000	100,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 754,534	\$ 783,774	\$ 783,774	\$ 785,666	\$ 785,666
Ending Balance as Percent of Expenditures	10.1%	9.6%	9.6%	8.8%	8.8%
Month Highest Ending Balance	May \$ 1,880,492	November \$ 1,201,808	November \$ 1,201,808	November \$ 900,000	November \$ 900,000
Month Lowest Ending Balance	December \$ 263,901	October \$ 557,088	October \$ 557,008	October \$ 650,000	October \$ 650,000

Conservation Fee Fund Analysis

The Conservation Fee Fund provides funding for the administration of operations and oversight of oil and gas activities. It is funded by assessments and fees on the petroleum industry. The major source of revenue for the Conservation Fee Fund is the Oil Proration

Assessment of 144.0 mills per barrel of oil marketed or used as as authorized by KAR 82-3-206 and the Natural Gas Assessment, which is assessed against natural gas producers at a rate established by KAR 82-3-307 of 20.50 mills for each 1,000 cubic feet of gas produced. KSA 75-317a(a) provides that 90.0 percent of incoming revenues are retained by the agency and 10.0 percent are deposited into the SGF, up to a maximum of \$100,000 per fiscal year per fund.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 5,034,363	\$ 5,569,578	\$ 5,569,578	\$ 5,162,173	\$ 4,562,173
Revenue	8,636,002	8,558,000	8,558,000	8,558,000	8,558,000
Transfers in	0	0	0	0	0
Funds Available	\$ 13,670,365	\$ 14,127,578	\$ 14,127,578	\$ 13,720,173	\$ 13,120,173
Less:					
Expenditures	\$ 7,300,787	\$ 8,765,405	\$ 8,765,405	\$ 9,167,346	\$ 9,167,346
Transfers Out	800,000	200,000	800,000	200,000	800,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 5,569,578	\$ 5,162,173	\$ 4,562,173	\$ 4,352,827	\$ 3,152,827
Ending Balance as Percent of Expenditures	76.3%	58.9%	52.0%	47.5%	34.4%
Month Highest Ending Balance	June \$ 5,569,713	June \$ 6,161,843	June \$ 5,561,843	June \$ 5,711,115	June \$ 5,047,311
Month Lowest Ending Balance	July \$ 440,601	July \$ 4,874,745	July \$ 4,274,745	July \$ 4,518,166	July \$ 3,993,019

Abandoned Oil and Gas Well Fund Analysis

In 1996, SB 755 established the Abandoned Oil and Gas Well Fund to provide the KCC with additional financial resources to plug abandoned oil and gas wells and perform remediation of contaminated oil and gas well sites in the state (KSA 55-192). Moneys in this fund can be used only for investigating, remediating, and plugging contamination sites and well sites abandoned prior to July 1, 1996, which present an imminent threat to the public health or the environment. No moneys credited to the Abandoned Oil and Gas Well Fund are used to pay administrative expenses or other personnel expenses of the KCC.

This fund receives a statutory revenue transfer of \$500,000 from the Well Plugging Assurance Fund and \$800,000 from the Conservation Fee Fund of the KCC, including proportionate amounts of interest. The transfer from the Conservation Fee Fund will end on July 1, 2021.

This fund also receives 50 percent of the State's share of the moneys received from the federal government under the Mineral Leasing Act.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 2,999,696	\$ 3,390,598	\$ 3,390,598	\$ 2,821,531	\$ 2,821,531
Revenue	348,777	331,000	331,000	331,000	331,000
Transfers in	1,300,000	700,000	700,000	700,000	700,000
Funds Available	\$ 4,648,473	\$ 4,421,598	\$ 4,421,598	\$ 3,852,531	\$ 3,852,531
Less:					
Expenditures	\$ 1,257,875	\$ 1,600,067	\$ 1,600,067	\$ 1,600,067	\$ 1,600,067
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 3,390,598	\$ 2,821,531	\$ 2,821,531	\$ 2,252,464	\$ 2,252,464
Ending Balance as Percent of Expenditures	269.5%	176.3%	176.3%	140.8%	140.8%
Month Highest Ending Balance	October \$ 3,544,451	October \$ 4,006,342	October \$ 4,006,342	October \$ 3,333,931	October \$ 3,333,931
Month Lowest Ending Balance	March \$ 3,058,897	March \$ 3,457,514	March \$ 3,457,514	March \$ 2,877,216	March \$ 2,877,216

Motor Carrier License Fees Fund Analysis

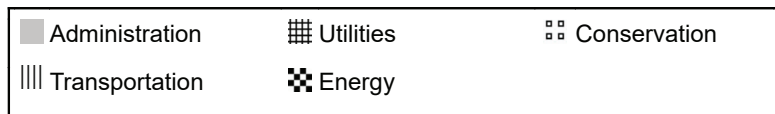
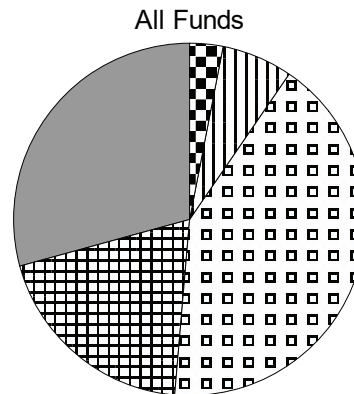
The greatest portion of the Motor Carrier Fees Fund revenue is derived from registration of trucks, truck tractors, and passenger vehicles under the Unified Carrier Registration (UCR) program and Intrastate fees. The UCR Agreement requires all for-hire motor carriers transporting property or passengers and motor private carriers transporting property to register with the U.S. Department of Transportation. Brokers, freight forwarders, and leasing companies (collectively referred to as UCR registrants) are also required to pay UCR fees.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 5,035,326	\$ 4,208,909	\$ 4,208,909	\$ 3,730,104	\$ 3,730,104
Revenue	4,062,207	4,000,000	4,000,000	4,004,000	4,004,000
Transfers in	0	0	0	0	0
Funds Available	\$ 9,097,533	\$ 8,208,909	\$ 8,208,909	\$ 7,734,104	\$ 7,734,104
Less:					
Expenditures	\$ 2,545,547	\$ 2,678,805	\$ 2,678,805	\$ 2,753,144	\$ 2,753,144
Transfers Out	2,343,077	1,800,000	1,800,000	1,800,000	1,800,000
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 4,208,909	\$ 3,730,104	\$ 3,730,104	\$ 3,180,960	\$ 3,180,960
Ending Balance as Percent of Expenditures	165.3%	139.2%	139.2%	115.5%	115.5%
Month Highest Ending Balance	June \$ 4,209,425	June \$ 3,730,104	June \$ 3,730,104	June \$ 3,180,960	June \$ 3,180,960
Month Lowest Ending Balance	February \$ 1,075,947	February \$ 899,358	February \$ 899,358	February \$ 797,047	February \$ 797,047

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2022 Recommendation



Program	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Administration	\$ 7,099,590	29.3 %	\$ 0	-- %
Utilities	4,696,933	19.4	0	--
Conservation	10,135,190	41.8	0	--
Transportation	1,579,853	6.5	0	--
Energy	736,574	3.0	0	--
TOTAL	\$ 24,248,140	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022					
Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	44.5	59.2	59.2	59.2	59.2
Utilities	34.0	38.5	38.5	38.5	38.5
Conservation	71.0	86.8	86.8	86.8	86.8
Transportation	15.0	17.0	17.0	17.0	17.0
Energy	0.5	3.0	3.0	3.0	3.0
TOTAL	165.0	204.5	204.5	204.5	204.5

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

A. Administration

The Office of the Commission consists of three commissioners, the Secretary of the Commission, and the General Counsel. The Administrative Division is composed of the following sections: the Front Office, Litigation and Advisory, Public Affairs and Consumer Protection, Human Resource Services, Information Technology Services, Docket Room/Legislative and Compliance, and Fiscal Management and Support Services.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
There are no performance measures submitted for this program.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 5.1	\$ 5.5	\$ 7.3	\$ 5.3	\$ 6.4	\$ 7.1
FTE Positions	48.8	43.0	59.8	44.5	59.2	59.2

ADMINISTRATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 4,039,484	\$ 4,746,830	\$ 4,746,830	\$ 4,873,154	\$ 4,873,154
Contractual Services	986,755	1,500,035	1,500,035	1,692,808	1,692,808
Commodities	31,432	37,558	37,558	37,558	37,558
Capital Outlay	291,260	156,390	156,390	496,070	496,070
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 5,348,931</i>	<i>\$ 6,440,813</i>	<i>\$ 6,440,813</i>	<i>\$ 7,099,590</i>	<i>\$ 7,099,590</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 5,348,931	\$ 6,440,813	\$ 6,440,813	\$ 7,099,590	\$ 7,099,590
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,348,931	6,440,813	6,440,813	7,099,590	7,099,590
TOTAL	\$ 5,348,931	\$ 6,440,813	\$ 6,440,813	\$ 7,099,590	\$ 7,099,590
FTE Positions	44.5	59.2	59.2	59.2	59.2

The **agency** requests FY 2022 expenditures for the Administration program of \$7.1 million, all from special revenue funds. This is an increase of \$658,777, or 10.2 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests salaries and wages expenditures of \$4.9 million, which is an increase of \$126,324, or 2.7 percent, above the FY 2021 revised estimate. This increase is due to a decrease in salaries and wages shrinkage and increased employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests contractual services expenditures of \$1.7 million, which is an increase of \$192,773, or 12.9 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on rent and computer services for the new document management system, the implementation of which was delayed due to the COVID-19 pandemic; and
- **Capital Outlay.** The agency requests capital outlay expenditures of \$496,070, which is an increase of \$339,680, or 217.2 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on computer equipment for the document management system and audio/visual equipment for the Topeka Hearing Room.

The **Governor** concurs with the agency's FY 2022 request.

B. Utilities

The Utilities Division is responsible for administering the regulations and statutes applicable to utilities under the Commission's jurisdiction, including electric, natural gas,

telephone, liquid pipelines, and water utilities. It also regulates rates and other aspects of utility operations.

The primary responsibility of the Utilities Division is to make recommendations to the Commission concerning the fairness of utility rates and tariffs, as well as the efficiency and sufficiency of utility services and operations. The Utilities program has four subprograms: Accounting and Financial, Economics and Rates, Energy Operations and Pipeline Safety, and Telecommunications.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Average Amount of Rate Increase Granted as Percentage of Requested Amount	0.0 %	(39.5)%	50.0 %	(46.5) %	50.0 %	50.0 %
Percent of Filed Rate Case Applications Reviewed within 240-Day Statutory Deadline	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percent of Applications Completed in Less than 180 Days	83.6 %	80.8 %	80.0 %	92.6 %	90.0 %	90.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 4.5	\$ 3.8	\$ 5.7	\$ 4.6	\$ 4.3	\$ 4.7
FTE Positions	33.0	33.0	38.5	34.0	38.5	38.5

UTILITIES SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 2,909,682	\$ 3,159,972	\$ 3,159,972	\$ 3,332,462	\$ 3,332,462
Contractual Services	1,647,770	1,053,003	1,053,003	1,190,873	1,190,873
Commodities	24,924	37,238	37,238	37,238	37,238
Capital Outlay	39,425	93,440	93,440	136,360	136,360
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 4,621,801	\$ 4,343,653	\$ 4,343,653	\$ 4,696,933	\$ 4,696,933
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 4,621,801	\$ 4,343,653	\$ 4,343,653	\$ 4,696,933	\$ 4,696,933
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	4,621,801	4,343,653	4,343,653	4,696,933	4,696,933
TOTAL	\$ 4,621,801	\$ 4,343,653	\$ 4,343,653	\$ 4,696,933	\$ 4,696,933
FTE Positions	34.0	38.5	38.5	38.5	38.5

The **agency** requests FY 2022 expenditures for the Utilities program of \$4.7 million, all from special revenue funds. This is an increase of \$353,280, or 8.1 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on salaries and wages, contractual services, and capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$3.3 million, which is an increase of \$172,490, or 5.5 percent, above the FY 2021 revised estimate. This increase is due to a decrease in salaries and wages shrinkage and increased employer contributions to group health insurance;
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$1.2 million, which is an increase of \$137,870, or 13.1 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on consultant fees. The agency states that it uses consultants in cases that require technical assistance beyond what the program staff are able to handle; and
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$136,360, which is an increase of \$42,920, or 45.9 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on computer equipment to convert more employees from desktops to laptops.

The **Governor** concurs with the agency's FY 2022 request.

C. Conservation

The Conservation program is responsible for administering the state's oil and gas field regulatory programs. More specifically, the program enforces regulations and statutes concerning the abandoned well plugging and site remediation, underground injection control, Mississippi Lime Play, hydraulic fracturing (fracking), permitting/compliance, landspreading, intrastate gas storage, carbon dioxide sequestration, compressed air energy storage, and the Kansas Online Automated Reporting system.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent of Injection Wells Failing Mechanical Integrity Tests	92.0 %	91.0 %	90.0 %	91.0 %	90.0 %	90.0 %
Number of Wells Plugged in the Course of Regulatory Enforcement	N/A	716	N/A	600	600	600
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 8.0	\$ 8.3	\$ 9.8	\$ 8.1	\$ 9.8	\$ 10.1
FTE Positions	70.0	69.0	88.0	71.0	86.8	86.8

CONSERVATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 5,266,375	\$ 5,669,766	\$ 5,669,766	\$ 5,965,464	\$ 5,965,464
Contractual Services	2,416,078	3,405,509	3,405,509	3,411,009	3,411,009
Commodities	158,111	221,242	221,242	221,242	221,242
Capital Outlay	278,810	537,475	537,475	537,475	537,475
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 8,119,374</i>	<i>\$ 9,833,992</i>	<i>\$ 9,833,992</i>	<i>\$ 10,135,190</i>	<i>\$ 10,135,190</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 8,119,374	\$ 9,833,992	\$ 9,833,992	\$ 10,135,190	\$ 10,135,190
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	8,119,374	9,833,992	9,833,992	10,135,190	10,135,190
TOTAL	\$ 8,119,374	\$ 9,833,992	\$ 9,833,992	\$ 10,135,190	\$ 10,135,190
FTE Positions	71.0	86.8	86.8	86.8	86.8

The **agency** requests FY 2022 expenditures for the Conservation program of \$10.1 million, all from special revenue funds. This is an increase of \$301,198, or 3.1 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on salaries and wages and contractual services. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$6.0 million, which is an increase of \$295,698, or 5.2 percent, above the FY 2021 revised estimate. This increase is due to a decrease in salaries and wages shrinkage and increased employer contributions to KPERS and group health insurance; and
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$3.4 million, which is an increase of \$5,500, or 0.2 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on travel and vehicle mileage.

The **Governor** concurs with the agency's FY 2022 request.

D. Transportation

The Transportation Division regulates motor carriers of persons and property (common and private carriers) and works to assure compliance by regulated transportation industries in Kansas and safety for carrier-shippers and the consuming public. The program helps protect the public interest and safety through comprehensive inspection, licensing, and planning.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Rate of Drivers Taken Out of Service Following Roadside Inspections	5.0 %	5.0 %	5.0 %	6.1 %	5.0 %	5.0 %
Rate of Vehicles Taken Out of Service Following Roadside Inspection	15.0 %	15.0 %	15.0 %	16.4 %	15.0 %	15.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.4	\$ 1.4	\$ 1.6	\$ 1.5	\$ 1.6	\$ 1.6
FTE Positions	16.0	16.0	17.0	15.0	17.0	17.0

TRANSPORTATION SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 1,236,418	\$ 1,279,427	\$ 1,279,427	\$ 1,253,994	\$ 1,253,994
Contractual Services	173,377	242,913	242,913	244,970	244,970
Commodities	21,559	28,750	28,750	29,181	29,181
Capital Outlay	47,042	62,040	62,040	51,708	51,708
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 1,478,396	\$ 1,613,130	\$ 1,613,130	\$ 1,579,853	\$ 1,579,853
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 1,478,396	\$ 1,613,130	\$ 1,613,130	\$ 1,579,853	\$ 1,579,853
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,478,396	1,613,130	1,613,130	1,579,853	1,579,853
TOTAL	\$ 1,478,396	\$ 1,613,130	\$ 1,613,130	\$ 1,579,853	\$ 1,579,853
FTE Positions	15.0	17.0	17.0	17.0	17.0

The **agency** requests FY 2022 expenditures for the Transportation program of \$1.6 million, all from special revenue funds. This is a decrease of \$33,277, or 2.1 percent, below the FY 2021 revised estimate. This decrease is due to decreased expenditures on salaries and wages and capital outlay, partially offset by a slight increase in contractual services. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$1.3 million, which is a decrease of \$25,433, or 2.0 percent, below the FY 2021 revised estimate. This decrease is due to an increase in salaries and wages shrinkage, partially offset by increased employer contributions to KPERS and group health insurance;
- **Contractual Services.** The agency requests FY 2022 contractual services expenditures of \$244,970, which is an increase of \$2,057, or 0.8 percent, above the FY 2021 revised estimate. This increase is due to increased expenditures on rent and travel; and

- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$51,708, which is a decrease of \$10,332, or 16.7 percent, below the FY 2021 revised estimate. This decrease is due to decreased expenditures on computer equipment due to one-time purchases in FY 2021 to convert employees from desktops to laptops.

The **Governor** concurs with the agency's FY 2022 request.

E. Energy

The Energy Division administers federal and state programs aimed at promoting energy conservation practices and delivering energy conservation services. The Energy Division works to identify opportunities to encourage energy conservation while fostering business development and efficient delivery of public services, particularly in rural Kansas. The Energy Division is funded through the U.S. Department of Energy State Energy Program.

PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percent Increase of Facility Conservation Improvement Program Presentation*	N/A	N/A	20.0 %	N/A	10.0 %	10.0 %
Percent of Small Businesses Applying for USDA Rural Energy for America Grants	N/A	28.0	30.0 %	56.0 %	30.0 %	30.0 %
Percent of Small Businesses Implementing Changes Recommended by Energy Audits	N/A	38.0	40.0 %	38.0 %	40.0 %	40.0 %
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 160.2	\$ 618.3	\$ 714.7	\$ 543.6	\$ 862.2	\$ 736.6
FTE Positions	1.8	1.0	1.3	0.5	3.0	3.0
*New Measure for FY 2019						

ENERGY SUMMARY OF EXPENDITURES FY 2020 – FY 2022					
Item	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Expenditures:					
Salaries and Wages	\$ 76,862	\$ 306,451	\$ 306,451	\$ 182,452	\$ 182,452
Contractual Services	464,662	535,166	535,166	534,876	534,876
Commodities	23	14,250	14,250	14,250	14,250
Capital Outlay	2,066	6,350	6,350	4,996	4,996
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<i>\$ 543,613</i>	<i>\$ 862,217</i>	<i>\$ 862,217</i>	<i>\$ 736,574</i>	<i>\$ 736,574</i>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 543,613	\$ 862,217	\$ 862,217	\$ 736,574	\$ 736,574
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	543,613	862,217	862,217	736,574	736,574
TOTAL	\$ 543,613	\$ 862,217	\$ 862,217	\$ 736,574	\$ 736,574
FTE Positions	0.5	3.0	3.0	3.0	3.0

The **agency** requests FY 2022 expenditures for the Energy program of \$736,574, all from special revenue funds. This is a decrease of \$125,643, or 14.6 percent, below the FY 2021 revised estimate. This decrease is due to decreased expenditures on salaries and wages and capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests FY 2022 salaries and wages expenditures of \$182,452, which is a decrease of \$123,999, or 40.5 percent, below the FY 2021 revised estimate. This decrease is due to an increase in salaries and wages shrinkage and decreased expenditures on salaries and wages due to vacant positions; and
- **Capital Outlay.** The agency requests FY 2022 capital outlay expenditures of \$4,996, which is a decrease of \$1,354, or 21.3 percent, below the FY 2021 revised estimate. This decrease is due to decreased expenditures on computer equipment.

The **Governor** concurs with the agency's FY 2022 request.

CITIZENS' UTILITY RATEPAYER BOARD

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	864,510	1,085,704	1,085,704	1,007,590	1,007,590
<i>Subtotal</i>	<i>\$ 864,510</i>	<i>\$ 1,085,704</i>	<i>\$ 1,085,704</i>	<i>\$ 1,007,590</i>	<i>\$ 1,007,590</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>\$ 864,510</u>	<u>\$ 1,085,704</u>	<u>\$ 1,085,704</u>	<u>\$ 1,007,590</u>	<u>\$ 1,007,590</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	2.2	25.6	25.6	(7.2)	(7.2)
FTE Positions	7.0	7.0	7.0	7.0	7.0

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

AGENCY OVERVIEW

In 1989, the Legislature created the Citizens' Utility Ratepayer Board (CURB) as part of the Kansas Corporation Commission (KCC). Beginning in FY 1993, CURB was separated from the KCC for budgeting, purchasing, and related management functions, making it an independent agency. CURB is overseen by a five-member board, which is appointed by the Governor for four-year staggered terms. The Board currently employs one consumer counsel, two attorneys, two technical positions, and two support staff members.

CURB's mission is to protect the interests of residential and small commercial utility ratepayers in Kansas by providing them with competent, quality legal representation before the KCC, the Courts, and the Legislature. While Kansas gas, electric, and telephone utility companies enjoy legal representation in these arenas, the cost of employing an attorney, the highly technical nature of the issues involved, and the necessity of traveling to Topeka for hearings hinders the participation of many ratepayers. Consequently, CURB was given the authority to represent ratepayers, initiate or intervene in cases that affect ratepayers, and request rehearing or reviewing of KCC orders that affect ratepayers. This authority is limited, however, in that CURB may not participate in cases involving electric and telephone cooperatives that have a membership of less than 15,000. CURB is funded by assessments levied against the public utilities in whose cases CURB can intervene.

In addition to its work at the state level, when CURB became independent, it was able to join the National Association of State Utility Consumer Advocates (NASUCA). Through NASUCA, the agency represents Kansas consumers in utility issues considered by Congress, the Federal Energy Regulatory Commission, the Federal Communications Commission, and other federal agencies.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed SB 229, which amended KSA 75-3170 to require certain fee funds, such as the Utility Regulatory Fee Fund, to contribute 10.0 percent, reduced from 20.0 percent, of revenues to the State General Fund (SGF) to cover the costs of state governmental services performed on behalf of the agency.

The **Governor** in **2011** issued Executive Order 11-02, which created the new additional function of CURB as the Citizens' Regulatory Review Board. CURB was tasked to act as the Citizens' Regulatory Review Board and take on the new duty of reviewing proposed state agency regulations for the impact on the lives of Kansas citizens. Specifically, the review board is tasked with receiving, and at its discretion, reviewing and advising the Governor of any concerns with proposed regulations.

The **2012 Legislature** added \$16,729, all from special revenue funds, in view of current and expected increases in ratepayer cases for FY 2013.

The **2013 Legislature** deleted \$27,100, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2014. It also deleted \$32,022, all from special revenue funds, to reflect reduced funding for salaries and wages for FY 2015.

The **2015 Legislature** added \$12,608, all from special revenue funds, to provide a 3.5 percent salary increase above the FY 2015 base salary amount for 5.0 FTE positions for FY 2016. Additionally, the Legislature added \$27,290, all from special revenue funds, to provide a 6.0 percent salary increase for 6.0 FTE positions above the FY 2015 base salary amount for FY 2017.

The **2016 Legislature** deleted \$3,018, all from special revenue funds, to eliminate the remaining three quarters of death and disability payments for FY 2017.

The **2017 Legislature** added \$4,374 for FY 2018 and \$6,156 for FY 2019, all from special revenue funds, to restore Kansas Public Employees Retirement System (KPERS) employer contributions to the approved levels in each respective fiscal year. Additionally, the Legislature added \$4,609, all from special revenue funds, for a 2.5 percent adjustment for all state employees with less than five years of service (except for Highway Patrol law enforcement personnel and employees at the Schools for the Deaf and the Blind, employees at the Kansas Bureau of Investigation who are part of the Recruitment and Retention Plan, and other statewide elected officials); a 5.0 percent adjustment for state employees who have not had a pay adjustment in five years; and a 2.5 percent adjustment for judges and non-judicial staff for FY 2018 and FY 2019.

The **2018 Legislature** added \$13,981, all from special revenue funds, 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 2021 – Current Year. The **agency** estimates FY 2021 revised expenditures of \$1.1 million, all from special revenue funds, which is an increase of \$86,045, or 8.6 percent, above the FY 2021 approved amount. This increase is primarily due to funds carried forward from FY 2020 for consultant services. The revised estimate includes 7.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests FY 2022 expenditures of \$1.0 million, all from special revenue funds, which is a decrease of \$78,144, or 7.2 percent, below the FY 2021 revised estimate. This decrease is attributable to a return to normal levels of funding for consultant services after a large amount moved forward from FY 2020 to FY 2021. The request includes 7.0 FTE positions, which is the same as the FY 2021 revised estimate.

The **Governor** concurs with the agency's FY 2022 request.

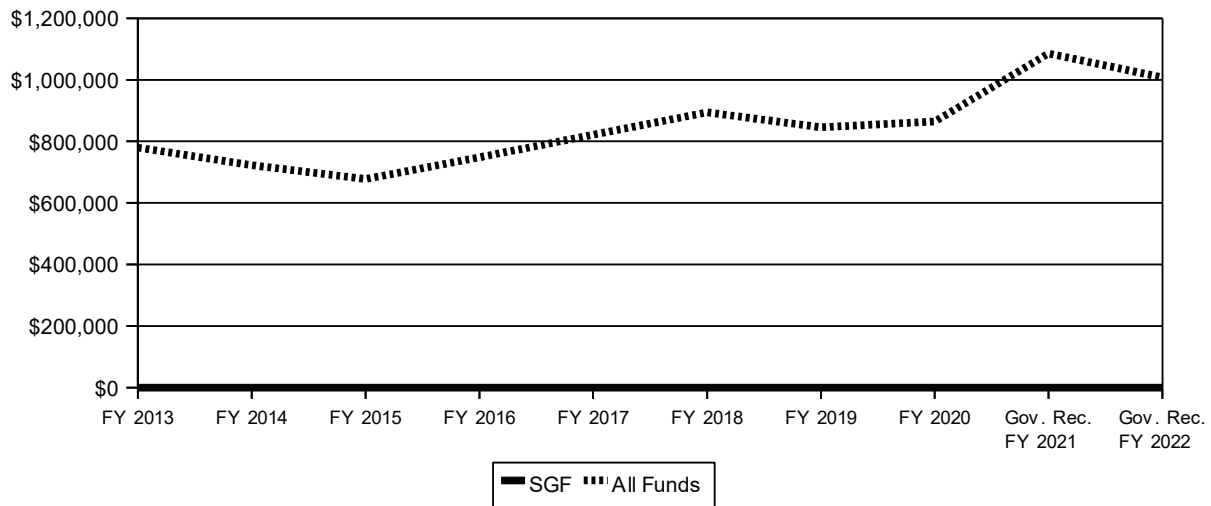
PERFORMANCE MEASURES

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Percentage of Total Filed Rate Cases in Which CURB Intervened	45.0 %	62.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Percentage of Total Filed Utility Practices Cases That CURB Analyzed and/or Intervened in	86.0 %	86.0 %	86.0 %	97.0 %	90.0 %	90.0 %
Number of Constituents Contacting CURB with Whom CURB Interacted	13	25	18	38	50	65
Percentage of Staff Time Expended in Research or Analysis of Utility-related Policies for the Benefit of Constituents	53.0 %	45.0 %	54.0 %	36.0 %	45.0 %	40.0 %
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 0.9	\$ 0.8	\$ 1.0	\$ 0.9	\$ 1.1	\$ 1.0
FTE Positions	7.0	7.0	7.0	7.0	7.0	7.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 779,820	(8.1)%	6.0
2014	0	--	722,602	(7.3)	6.0
2015	0	--	677,585	(6.2)	5.0
2016	0	--	748,223	10.4	5.0
2017	0	--	821,586	9.8	6.0
2018	0	--	894,311	8.9	7.0
2019	0	--	845,553	(5.5)	7.0
2020	0	--	864,510	2.2	7.0
2021 Gov. Rec.	0	--	1,085,704	25.6	7.0
2022 Gov. Rec.	0	--	1,007,590	(7.2)	7.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 227,770	29.2 %	1.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 864,510	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2) %	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 586,283	\$ 605,653	\$ 610,946	\$ 5,293	0.9 %	\$ 605,653	\$ 610,946	\$ 5,293	0.9 %
Contractual Services	268,275	450,066	366,450	(83,616)	(18.6)	450,066	366,450	(83,616)	(18.6)
Commodities	3,057	7,185	7,190	5	0.1	7,185	7,190	5	0.1
Capital Outlay	6,895	22,800	23,004	204	0.9	22,800	23,004	204	0.9
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 864,510	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2) %	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 864,510	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2) %	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2)%
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Utility Regulatory Fee Fund	864,510	1,085,704	1,007,590	(78,114)	(7.2)	1,085,704	1,007,590	(78,114)	(7.2)
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 864,510	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2) %	\$ 1,085,704	\$ 1,007,590	\$ (78,114)	(7.2)%

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	999,659	1,085,704	86,045	1,085,704	86,045
TOTAL	\$ 999,659	\$ 1,085,704	\$ 86,045	\$ 1,085,704	\$ 86,045
FTE Positions	7.0	7.0	0.0	7.0	0.0

The **agency** requests a FY 2021 revised estimate of \$1.1 million, all from special revenue funds, which is an increase of \$86,045, or 8.6 percent, above the FY 2021 approved amount. This increase is due to increased expenditures in contractual services and capital outlay. Expenditures are detailed below:

- **Salaries and Wages.** The agency requests revised salaries and wages expenditures of \$605,653, which is a decrease of \$281, or less than 0.1 percent, below the FY 2021 approved amount. The decrease is due to decreased expenditures on KPERS;
- **Contractual Services.** The agency requests revised contractual services expenditures of \$450,066, which is an increase of \$76,506, or 20.5 percent, above the FY 2021 approved amount. This increase is due to carry-over funds for consultant services from FY 2020. The agency states it is authorized each year by language in the appropriations bill to carry over unspent funds for consultant services between fiscal years to ensure sufficient funds during years with a higher number of rate cases; and
- **Capital Outlay.** The agency requests revised capital outlay expenditures of \$22,800, which is an increase of \$9,820, or 75.7 percent, above the FY 2021 approved amount. This increase is due to the purchase of computers and a paper shredder.

The **Governor** concurs with the agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,007,590	\$ 1,007,590	\$ 0
FTE Positions	7.0	7.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	(78,114)	(78,114)	
TOTAL	\$ (78,114)	\$ (78,114)	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	(7.2)	(7.2)	
TOTAL	(7.2) %	(7.2) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2022 expenditures of \$1.0 million, all from special revenue funds, which is a decrease of \$78,114, or 7.2 percent, below the FY 2021 revised estimate. This decrease is due to a decrease in contractual services, partially offset by an increase in salaries and wages. Major expenditures are detailed below:

- **Salaries and Wages.** The agency requests salaries and wages expenditures of \$610,946, which is an increase of \$5,293, or 0.9 percent, above the FY 2021 revised estimate. This increase is due to increased employer contributions to KPERS and group health insurance; and
- **Contractual Services.** The agency requests contractual services expenditures of \$366,450, which is a decrease of \$83,616, or 18.6 percent, below the FY 2021 revised estimate. This decrease is due to a return to normal levels of expenditures on consultant services after a large carry forward occurred in FY 2021, partially offset by a slight increase in travel expenditures.

The **Governor** concurs with the agency's FY 2022 request.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency has no longevity payments for FY 2021 or FY 2022.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Utility Regulatory Fee Fund	100.0	100.0
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Utility Regulatory Fee Fund

The Utility Regulatory Fee Fund is a statutory fee fund funded through quarterly assessments on gas, electric, and telephone companies in Kansas, as required by KSA 66-1502 and KSA 66-1503. One assessment is based on end-of-year expenditures plus anticipated increases for the ensuing year, which is then prorated among the utilities. That amount cannot exceed the greater of \$100 or 0.2 percent of a company's gross operating revenue derived from intrastate operations in the prior calendar year. Another assessment is made for actual costs incurred by CURB during an investigation of a particular public utility. This assessment cannot exceed three-fifths of 1.0 percent (i.e., 0.6 percent) of the utility's gross operating revenue derived from intrastate operations in the prior calendar year.

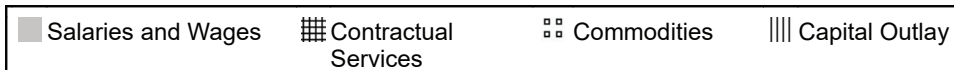
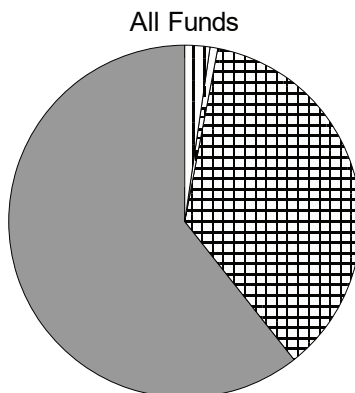
Because the Utility Regulatory Fee Fund is funded quarterly, receipts will change to accommodate the expenditures. Consequently, the balances shown are less meaningful than for most agencies. In particular, the agency contracts with consultants for utility cases, and these contracts do not always coincide with the State's fiscal year. Moreover, in some instances, the contracts do not terminate until a case is resolved. Thus, expenditures are estimated for each fiscal year according to budget submission instructions. However, the agency updates its estimates quarterly.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 202,089	\$ 215,434	\$ 215,434	\$ 79,730	\$ 79,730
Revenue	877,855	950,000	950,000	1,022,000	1,022,000
Transfers in	0	0	0	0	0
Funds Available	\$ 1,079,944	\$ 1,165,434	\$ 1,165,434	\$ 1,101,730	\$ 1,101,730
Less:					
Expenditures	\$ 864,510	\$ 1,085,704	\$ 1,085,704	\$ 1,007,590	\$ 1,007,590
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 215,434	\$ 79,730	\$ 79,730	\$ 94,140	\$ 94,140
Ending Balance as Percent of Expenditures	24.9%	7.3%	7.3%	9.3%	9.3%
Month Highest Ending Balance	June \$ 220,006	June \$ 252,252	June \$ 252,252	June \$ 198,191	June \$ 198,191
Month Lowest Ending Balance	November \$ 49,010	November \$ 56,193	November \$ 56,193	November \$ 44,150	November \$ 44,150

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 610,946	60.6 %	\$ 0	-- %
Contractual Services	366,450	36.4	0	--
Commodities	7,190	0.7	0	--
Capital Outlay	23,004	2.3	0	--
TOTAL	\$ 1,007,590	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	7.0	7.0	7.0	7.0	7.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)

OFFICE OF ADMINISTRATIVE HEARINGS

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,125,199	1,125,829	1,146,088	1,481,346	1,356,351
<i>Subtotal</i>	<i>\$ 1,125,199</i>	<i>\$ 1,125,829</i>	<i>\$ 1,146,088</i>	<i>\$ 1,481,346</i>	<i>\$ 1,356,351</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>\$ 1,125,199</u>	<u>\$ 1,125,829</u>	<u>\$ 1,146,088</u>	<u>\$ 1,481,346</u>	<u>\$ 1,356,351</u>
Percentage Change:					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	8.6	0.1	1.9	31.6	18.3
FTE Positions	10.0	13.0	13.0	13.0	12.0

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

AGENCY OVERVIEW

The mission of the Office of Administrative Hearings is to conduct fair and impartial hearings for citizens and other affected parties when they contest actions of state agencies determining their legal rights. The Office of Administrative Hearings acts in accordance with all applicable policies, regulations, statutes, and general principles of law.

The Office of Administrative Hearings originally was a program in the Department of Social and Rehabilitation Services and conducted hearings only for that agency. On July 1, 1998, the Office of Administrative Hearings was moved to the Department of Administration. The agency continued to conduct all adjudicative proceedings for the Kansas Department of Social and Rehabilitation Services, pursuant to KSA 75-37,121, but also began providing hearings for other agencies. Section 145 of the 2004 Session Laws created an independent Office of Administrative Hearings, which was phased in and took full effect on July 1, 2009. Agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved.

The Office of Administrative Hearings conducts adjudicative proceedings in accordance with the Kansas Administrative Procedure Act for many state agencies and a variety of

programs within those agencies. The state agencies (and their programs) that have been phased into Office of Administrative Hearings operations include, but are not limited to, the Department for Children and Families; Department of Health and Environment; Department of Health and Environment Division of Health Care Finance; Department for Aging and Disability Services; Department of Agriculture; Department of Administration; Department of Education; Department of Commerce; Department of Labor; Board of Accountancy; Office of the State Bank Commissioner; Kansas Civil Service Board; Dental Board; Board of Healing Arts; Board of Pharmacy; Board of Nursing; Kansas Public Employees Retirement System; Office of the Attorney General; Behavioral Sciences Regulatory Board; Board of Cosmetology; Board of Veterinary Examiners; and the Kansas Housing Resources Corporation. These agencies are charged a fee for the adjudicative proceeding. While the agency expenditures are recorded in the accounting system, expenditures for the agency budget is categorized as off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another.

MAJOR ISSUES FROM PRIOR YEARS

Beginning in **fiscal year (FY) 2010**, the Office of Administrative Hearings became a separately funded agency from the Department of Administration. Other state agencies are billed for services provided by the agency, which results in all agency expenditures being non-reportable.

The **2011 Legislature** transferred \$150,000, all from the Administrative Hearings Office Fund, to the State General Fund (SGF).

The **2012 Legislature** eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days. For this agency, 3.0 FTE positions and 0.5 non-FTE positions were eliminated. No adjustments were made to the agency's FTE position limitation.

The **2013 Legislature** added \$54,808, all from non-reportable special revenue funds, to fill a vacant Legal Assistant position for FY 2014. The Legislature also deleted \$53,396 and \$53,436 from FY 2014 and FY 2015, respectively, all from non-reportable special revenue funds, to reflect reduced funding for salaries and wages.

The **2014 Legislature** added \$2,718, all from non-reportable special revenue funds, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

The **2015 Legislature** added \$32,886, all from non-reportable special revenue funds, for increases in building rent and information technology expenditures to the Office of Information Technology Services for both FY 2016 and FY 2017.

The **2016 Legislature** deleted \$630 in FY 2016 and \$9,725 for FY 2017, all from the Administrative Hearings Office Fund, for reductions in travel, rent, and court reporter expenditures, partially offset by an increase in wages associated with salary increases for some employees and increased expenditures related to a database replacement.

The **2016 Legislature** deleted \$4,289, all from the Administrative Hearings Office Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.

In addition, the **2016 Legislature** approved the conversion of 2.0 FTE positions from classified to unclassified, reducing the total number of FTE positions to 2.0 for FY 2016 and FY 2017.

The **2017 Legislature** added \$101,050, all from the Administrative Hearings Office Fund, in FY 2017, for the development of computer database improvements and an online public web portal to facilitate the electronic filing of hearing documents, per legislation enacted by amendment to KSA 77-531.

The **2018 Legislature** added \$91,048 in FY 2018 and \$92,907 for FY 2019, all from the Administrative Hearings Office Fund, for 2.0 FTE administrative positions for FY 2019.

The **2019 Legislature** added \$18,719 for FY 2020, all from the Administrative Hearings Office Fund, for a 2.5 percent salary increase for all state employees who do not otherwise receive an increase for FY 2020.

The **2020 Legislature** added \$169,617, all from the Administrative Hearings Office Fund, and 2.0 FTE positions for one administrative law judge and one legal assistant position to address higher projected caseloads for FY 2021.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** requests a revised estimate of \$1.1 million, all from the Administrative Hearings Office Fund, in FY 2021. This is an all funds decrease of \$132,383, or 10.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in salaries and wages and fringe benefits (\$138,877). The revised estimate includes funding for 13.0 FTE positions, which is an increase of 1.0 FTE position from the number approved by the 2020 Legislature. The increase in FTE positions is due to the agency adding a law clerk position for FY 2021.

The **Governor** recommends FY 2021 operating expenditures of \$1.1 million from the Administrative Hearings Office Fund and \$20,259 from the Coronavirus Relief Fund. This is an all funds increase of \$20,259, or 1.8 percent, above the agency's FY 2021 revised estimate. The increase is due to the Governor's recommendation to include the \$20,259 awarded from the State Finance Council from federal COVID-19 funding. The Governor's recommendation includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

FY 2022 – Budget Year. The **agency** requests FY 2022 operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund. This is an all funds increase of \$355,517, or 31.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for salaries and wages (\$285,336) and contractual services (\$63,329). The request includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

The **Governor** recommends FY 2022 operating expenditures of \$1.4 million, all from the Administrative Hearings Office Fund. This is an all funds decrease of \$124,995, or 8.4 percent, below the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's two enhancement requests. The Governor's recommendation includes funding for 12.0 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2022 request. The decrease is due to Governor not recommending the agency's FY 2022 enhancement request for an administrative specialist.

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 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Deliver Timely Due Process						
Number of Appeals Filed	3,632	3,279	3,500	2,797	2,985	3,500
Number of Appeals Closed*	3,653	3,116	3,600	2,834	3,015	3,540
Pending Carryover Appeals*	718	779	810	742	712	672
Deliver Efficient Due Process						
Cost Per Case	\$ 295	\$ 343	\$ 365	\$ 402	\$ 377	\$ 377
Average Number of Days Per Decision	84	90	85	85	85	85
Average Number of Cases Per Judge	908	819	450	700	745	745
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 1.1	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.4
FTE Positions	10.0	10.0	10.0	10.0	13.0	12.0

*The Governor's Office does not utilize this measure for evaluation purposes.

The Office of Administrative Hearings aims to deliver fair and impartial due process for cases within time frames specified by applicable law and for parties efficiently and economically. Outcome measures that track fairness and impartiality are difficult to identify, so performance for the agency instead emphasizes the efficient and timely processing of cases. In recent years, the agency has experienced an upward trend in hours and indicates it is due to higher quantities of litigious parties, contested issues and party filings per case, submitted evidence to consider, and complicated facts and legal arguments to rule upon.

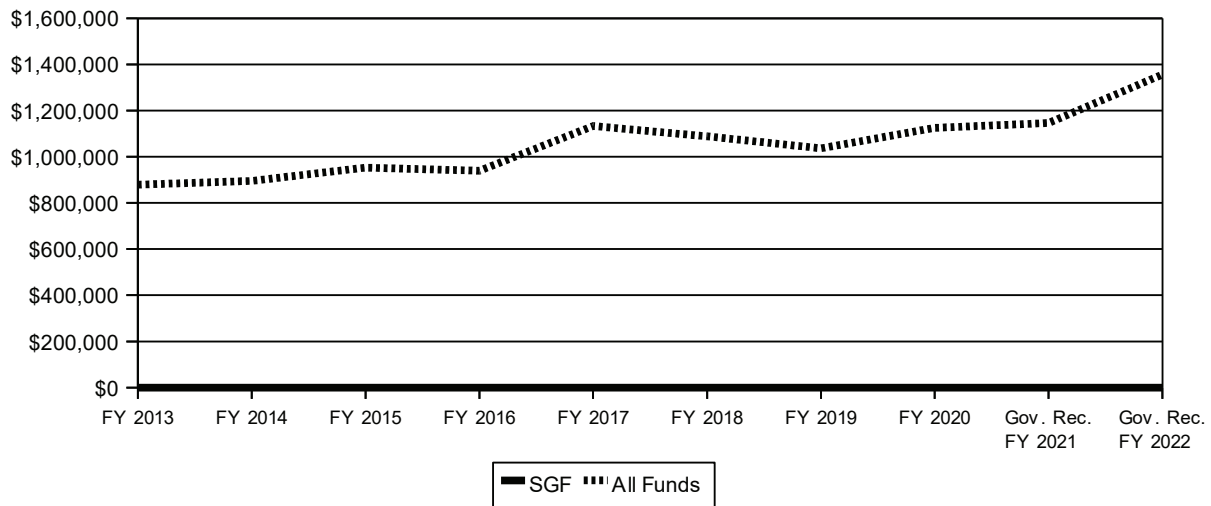
In FY 2020, the agency was referred 2,797 cases, of which 68.0 percent were settled, withdrawn by party, or decided by default judgment; 17.0 percent were decided pre-hearing via dismissal or summary judgment; and 15.0 percent were decided following a full evidentiary hearing. The Governor recommends 2,985 cases in FY 2021 and 3,500 cases for FY 2022, which is commensurate with the agency's estimates. Additionally, the agency's Administrative Law Judges averaged 700 cases per judge in FY 2020. The Governor recommends an average of 745 cases per judge in FY 2021 and for FY 2022.

- Deliver Timely Administrative Due Process.** The agency works to deliver administrative due process for cases within time frames specified by Office of Administrative Hearings applicable law. In particular, the agency emphasizes communicating with relevant parties and tracking cases in a timely manner. In FY 2020, the agency required an average of 85 days to render a decision for cases. The Governor recommends an average of 85 days per decision in FY 2021 and for FY 2022; and

- **Deliver Efficient and Economic Administrative Due Process.** The agency works to deliver administrative due process in an efficient and economic manner, emphasizing the use of digital solutions to avoid court reporter costs whenever possible. Additionally, the agency utilizes its e-filing system to allow parties to file documents electronically. The agency measures these goals by the quantity and cost of cases handled, indicating its average cost per case ranked the fourth lowest among states in FY 2020.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 878,814	(4.7)%	10.0
2014	0	--	895,318	1.9	9.0
2015	0	--	952,899	6.4	9.0
2016	0	--	939,485	(1.4)	9.0
2017	0	--	1,133,106	20.6	9.0
2018	0	--	1,088,574	(3.9)	10.0
2019	0	--	1,036,569	(4.8)	10.0
2020	0	--	1,125,199	8.6	10.0
2021 Gov. Rec.	0	--	1,146,088	1.9	13.0
2022 Gov. Rec.	0	--	1,356,351	18.3	12.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 477,537	54.3 %	2.0

Summary of Operating Budget FY 2020 - FY 2022

		Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 825,461	\$ 883,264	\$ 1,168,600	\$ 285,336	32.3 %	\$ 883,264	\$ 1,043,605	\$ 160,341	18.2 %
Contractual Services	275,395	232,080	295,409	63,329	27.3	232,080	295,409	63,329	27.3
Commodities	14,434	6,361	7,331	970	15.2	6,756	7,331	575	8.5
Capital Outlay	9,909	4,124	10,006	5,882	142.6	23,988	10,006	(13,982)	(58.3)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Administrative Hearings Office Fund	1,125,199	1,125,829	1,481,346	355,517	31.6	1,125,829	1,356,351	230,522	20.5
Coronavirus Relief Fund	0	0	0	0	--	20,259	0	(20,259)	(100.0)
TOTAL	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

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

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,258,212	1,125,829	(132,383)	1,146,088	(112,124)
TOTAL	\$ 1,258,212	\$ 1,125,829	\$ (132,383)	\$ 1,146,088	\$ (112,124)
FTE Positions	12.0	13.0	1.0	13.0	1.0

The **agency** requests a revised estimate of \$1.1 million, all from the Administrative Hearings Office Fund, in FY 2021. This is an all funds decrease of \$132,383, or 10.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in salaries and wages and fringe benefits (\$138,877). The revised estimate includes funding for 13.0 FTE positions, which is an increase of 1.0 FTE position above the number approved by the 2020 Legislature. The increase in FTE positions is due to the addition of a law clerk position for FY 2021.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$883,264 in FY 2021. This is a decrease of \$138,877, or 13.6 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to decreases in salaries and wages for Administrative Law Judges (ALJ) and Legal Assistants (LA) (\$112,309), group health insurance (\$26,010), retirement contributions (\$23,876), and Medicare (\$8,668). The decrease is partially offset by an increase in unclassified regular pay (\$33,384);
- **Contractual Services.** The agency's revised estimate includes \$232,080 in FY 2021. This is an increase of \$8,826, or 4.0 percent, above the amount approved by the 2020 Legislature. The increase is primarily due to expenditures for translation and interpreter fees and the monumental building surcharge fee (\$12,232), building repairs and servicing (\$6,654), communication services (\$5,985), database access fees (\$5,571), professional fees (\$4,638), computer programming (\$3,924), job-related training and conference registration (\$1,903), and electronic filing system maintenance (\$1,651). The increase is partially offset by decreases in court reporting services (\$15,403), travel (\$9,552), and the state buildings operating charge (\$6,297);

- **Commodities.** The agency's revised estimate includes \$6,361 in FY 2021. This is a decrease of \$2,242, or 26.1 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in stationery and office supplies (\$2,000); and
- **Capital Outlay.** The agency's revised estimate includes \$4,124 in FY 2021. This is a decrease of \$90, or 2.1 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in microcomputer equipment (\$2,706), and it is partially offset by an increase in office furniture (\$2,616).

The **Governor** recommends FY 2021 operating expenditures of \$1.1 million from the Administrative Hearings Office Fund and \$20,259 from the Coronavirus Relief Fund. This is an all funds increase of \$20,259, or 1.8 percent, above the agency's FY 2021 revised estimate. The increase is due to the Governor's recommendation to include the \$20,259 awarded from the State Finance Council for federal COVID-19 funding to purchase personal protective equipment (PPE) and to make office modifications, such as a keyless entry system, a mail drop box for the public, and a video intercom system to greet guests. The Governor's recommendation for FY 2021 includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 1,481,346	\$ 1,356,351	\$ (124,995)
FTE Positions	13.0	12.0	(1.0)
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	355,517	210,263	
TOTAL	\$ 355,517	\$ 210,263	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	31.6	18.3	
TOTAL	31.6 %	18.3 %	
Change in FTE Positions	0.0	(1.0)	

The **agency** requests FY 2022 operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund. This is an all funds increase of \$355,517, or 31.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for salaries and wages (\$285,336) and contractual services (\$63,329). The request includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency's request includes \$1.2 million for FY 2022. This is an increase of \$285,336, or 32.3 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for unclassified regular salaries (\$206,593), retirement contributions (\$36,879), group health insurance (\$24,370), Medicare (\$9,934), and Old Age, Survivors, and Disability Insurance (\$5,874);
- **Contractual Services.** The agency's request includes \$295,409 for FY 2022. This is an increase of \$63,329, or 27.3 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for travel (\$20,228), job-related training and conference registrations (\$18,428), communication services (\$12,203), computer programming (\$7,305), database access fees (\$4,809), and electronic filing system maintenance (\$3,588). The increase is partially offset by a decrease in building repairs and servicing (\$5,641);
- **Commodities.** The agency's request includes \$7,331 for FY 2022. This is an increase of \$970, or 15.2 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for data processing supplies (\$322), gasoline (\$301), and stationery and office supplies (\$206); and
- **Capital Outlay.** The agency's request includes \$10,006 for FY 2022. This is an increase of \$5,882, or 142.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for office furniture (\$3,866) and microcomputer equipment (\$2,818).

The **Governor** recommends FY 2022 operating expenditures of \$1.4 million, all from the Administrative Hearings Office Fund. This is an all funds decrease of \$124,995, or 8.4 percent, below the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's two enhancement requests. The Governor's recommendation includes funding for 12.0 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2022 request. The decrease is due to Governor not recommending the agency's FY 2022 enhancement request for an administrative specialist.

Enhancement Detail

FY 2022 ENHANCEMENTS						
Enhancements	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pay Raises	\$ 0	\$ 80,379	0.0	\$ 0	\$ 0	0.0
Administrative Specialist	0	44,616	1.0	0	0	0.0
TOTAL	\$ 0	\$ 124,995	1.0	\$ 0	\$ 0	0.0

The **agency** requests two FY 2022 enhancements totaling \$124,995, all from the Administrative Hearings Office Fund, and an increase of 1.0 FTE positions. First, the agency requests \$80,739 for pay increases for staff. The agency states that its personnel, particularly Administrative Law Judges earn less than comparable state employees, including other state

agency Chief and Deputy Chief Counsels. Second, the agency requests \$44,616 for an additional 1.0 Administrative Specialist FTE position. The position will provide administrative support, such as answering phone calls, processing mail, and assisting visitors in the office, will relieve Legal Assistants from performing those administrative support duties, and will enable the Legal Assistants to focus more on their duties supporting Administrative Law Judges.

The **Governor** does not recommend the funding nor the FTE position for either of the agency's enhancement requests for FY 2022.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, 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 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency does not have longevity payments in FY 2021 or FY 2022.**

Kansas Public Employees Retirement System (KPERS). The employer retirement contribution rate, including Death and Disability contributions, for the KPERS State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERS Death and Disability contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERS State and 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 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERS State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERS layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERS Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERS Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented via the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERS School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022
State General Fund	0.0 %	0.0 %
Administrative Hearings Office Fund	100.0	100.0
TOTAL	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Administrative Hearings Office Fund Analysis

Funding for the agency is derived entirely from the Administrative Hearings Office Fund. State agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved. Agencies are billed based upon contracts entered into with the Office of Administrative Hearings. The contracts take into account the level of service provided and the amount of cases filed with the Office of Administrative Hearings.

The agency changed its revenue model in FY 2021, in which its budget will be provided primarily by the six agencies that utilize the Office of Administrative Hearings services the most. Agencies without legal staff will be charged \$80 per hour, while agencies with legal staff will be charged \$100 per hour. The agency projects that this restructuring will generate over \$90,000 in revenue in the following fiscal years.

Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 193,722	\$ 72,477	\$ 72,477	\$ 112,477	\$ 112,477
Revenue	1,003,905	1,165,829	1,165,829	1,396,351	1,396,351
Transfers in	0	0	0	0	0
Funds Available	\$ 1,197,627	\$ 1,238,306	\$ 1,238,306	\$ 1,508,828	\$ 1,508,828
Less:					
Expenditures	\$ 1,125,150	\$ 1,125,829	\$ 1,125,829	\$ 1,481,346	\$ 1,356,351
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 72,477	\$ 112,477	\$ 112,477	\$ 27,482	\$ 152,477
Ending Balance as Percent of Expenditures	6.4%	10.0%	10.0%	1.9%	11.2%
Month Highest Ending Balance	October \$ 363,681	April \$ 183,811	April \$ 183,811	April \$ 44,969	June \$ 152,477
Month Lowest Ending Balance	March \$ 136,921	December \$ 0	December \$ 0	December \$ 0	December \$ 0

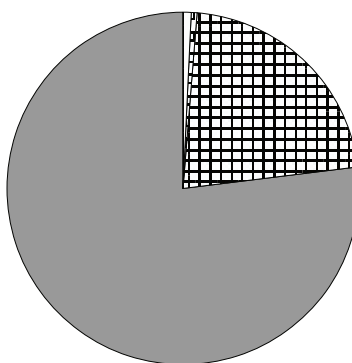
ADMINISTRATIVE HEARINGS OFFICE FUND - ESTIMATED RECEIPTS					
Revenue Source	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Estimate	FY 2022 Estimate
Kansas Department for Children and Families	\$ 361,532	\$ 383,312	\$ 385,171	\$ 459,181	\$ 570,394
KDHE - Division of Health Care Finance	365,250	331,794	330,773	407,002	505,577
Kansas Department of Health and Environment	31,080	33,625	44,022	41,744	51,854
Kansas Department for Aging and Disability Services	69,218	38,075	40,074	52,180	64,818
Civil Service Board	49,400	59,590	52,692	45,000	60,000
Kansas Department of Labor	47,107	62,201	71,490	83,488	103,708
Other Boards, Agencies, and Misc. Charges	129,492	75,792	87,345	73,980	85,000
TOTAL	\$ 1,080,079	\$ 984,389	\$ 1,011,567	\$ 1,162,575	\$ 1,441,351
(Note: FY 2021 is the first year of the new funding structure.)					

CATEGORY DETAIL

Expenditures by Category

Governor's FY 2022 Recommendation

All Funds



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 1,043,605	76.9 %	\$ 0	-- %
Contractual Services	295,409	21.8	0	--
Commodities	7,331	0.5	0	--
Capital Outlay	10,006	0.7	0	--
TOTAL	\$ 1,356,351	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	10.0	13.0	13.0	13.0	12.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions 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.)