

## Kansas Department of Revenue

| Expenditure                 | Actual<br>FY 2014            | Approved<br>FY 2015          | Approved<br>FY 2016          | Approved<br>FY 2017          |
|-----------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| <b>All Funds:</b>           |                              |                              |                              |                              |
| State Operations            | \$ 84,299,292                | \$ 89,449,719                | \$ 85,468,429                | \$ 85,143,368                |
| Aid to Local Units          | 25,595,709                   | 31,119,360                   | 30,154,240                   | 12,154,240                   |
| Other Assistance            | 3,505,632                    | 3,998,304                    | 4,147,844                    | 3,947,844                    |
| <i>Subtotal - Operating</i> | <u>\$ 113,400,633</u>        | <u>\$ 124,567,383</u>        | <u>\$ 119,770,513</u>        | <u>\$ 101,245,452</u>        |
| Capital Improvements        | -                            | -                            | -                            | -                            |
| TOTAL                       | <u><u>\$ 113,400,633</u></u> | <u><u>\$ 124,567,383</u></u> | <u><u>\$ 119,770,513</u></u> | <u><u>\$ 101,245,452</u></u> |
| <b>State General Fund:</b>  |                              |                              |                              |                              |
| State Operations            | \$ 14,124,871                | \$ 14,058,190                | \$ 13,497,137                | \$ 15,083,441                |
| Aid to Local Units          | -                            | -                            | -                            | -                            |
| Other Assistance            | 208,795                      | 53,741                       | 53,741                       | 53,741                       |
| <i>Subtotal - Operating</i> | <u>\$ 14,333,666</u>         | <u>\$ 14,111,931</u>         | <u>\$ 13,550,878</u>         | <u>\$ 15,137,182</u>         |
| Capital Improvements        | -                            | -                            | -                            | -                            |
| TOTAL                       | <u><u>\$ 14,333,666</u></u>  | <u><u>\$ 14,111,931</u></u>  | <u><u>\$ 13,550,878</u></u>  | <u><u>\$ 15,137,182</u></u>  |
| <b>Percent Change:</b>      |                              |                              |                              |                              |
| Operating Expenditures      |                              |                              |                              |                              |
| All Funds                   | (10.7)%                      | 9.8 %                        | (3.9)%                       | (15.5)%                      |
| State General Fund          | (1.9)                        | (1.5)                        | (4.0)                        | 11.7                         |
| FTE Positions               | 944.0                        | 944.0                        | 944.0                        | 944.0                        |
| Non-FTE Unclass. Perm. Pos. | 94.0                         | 128.0                        | 129.0                        | 129.0                        |
| TOTAL                       | <u><u>1,038.0</u></u>        | <u><u>1,072.0</u></u>        | <u><u>1,073.0</u></u>        | <u><u>1,073.0</u></u>        |

The approved budget for the Department of Revenue in FY 2015 is \$124.6 million, including \$14.1 million from the State General Fund, which is an all funds increase of \$11.2 million, or 9.8 percent, but a State General Fund decrease of \$221,735, or 1.5 percent, from FY 2014 actual expenditures. The all funds increase is attributable to increased salary and wage expenditures, specifically in classified regular wages and employer KPERs contributions, partially offset by reduced unclassified regular and temporary wages. Additionally, the agency is estimating increased contractual service and capital outlay expenditures, specifically in the area of computer programming, software and communication expenditures. These increases are also attributable to increased

expenditures in aid to local units, namely increased distributions from the Oil and Gas Valuation Depletion Trust Fund.

The approved budget for FY 2016 is \$119.8 million, including \$13.6 million from the State General Fund, which is an all funds decrease of \$4.8 million, or 3.9 percent, and a State General Fund decrease of \$561,053, or 4.0 percent, below the FY 2015 final approved budget. The decrease is attributable to decreased contractual service, commodities and capital outlay expenditures, partially offset by increased salaries and wages expenditures of \$1.1 million, or 2.0 percent, due to increased

employer KPERS contributions rate and reduced salaries and wages shrinkage.

The approved budget for FY 2017 is \$101.2 million, including \$15.1 million from the State General Fund, which is an all funds decrease of \$18.5 million, or 15.5 percent, below the FY 2016 approved budget.

The approved amount is a State General Fund increase of \$1.6 million, or 11.7 percent, above the FY 2016 approved budget. The all funds decrease is attributable to reduced contractual service and aid to local units expenditures, specifically the discontinuation of distribution to local units from the Oil and Gas Valuation Depletion Trust Fund. These decreases are partially offset by increased salary and wage expenditures due to a 27<sup>th</sup> pay period that occurs in the fiscal year.

## Kansas Department of Revenue

|  | FY 2015       |                |       | FY 2016         |                |       | FY 2017         |                |       |
|--|---------------|----------------|-------|-----------------|----------------|-------|-----------------|----------------|-------|
|  | SGF           | All Funds      | FTE   | SGF             | All Funds      | FTE   | SGF             | All Funds      | FTE   |
| <b>Agency Estimate/Request</b>                                   | \$ 14,561,407 | \$ 126,340,227 | 944.0 | \$ 60,397,553   | \$ 121,709,894 | 944.0 | \$ 62,237,378   | \$ 104,693,800 | 944.0 |
| <b>Governor's Changes:</b>                                       |               |                |       |                 |                |       |                 |                |       |
| 1. Governor's December 9th Allotment                             | \$ (449,476)  | \$ (449,476)   | -     | \$ -            | \$ -           | -     | \$ -            | \$ -           | -     |
| 2. KPERS Employer Contribution Rate Reduction                    | -             | (404,825)      | -     | -               | -              | -     | -               | -              | -     |
| 3. Switch from SGF to SHF as Division of Vehicles Funding Source | -             | (918,543)      | -     | (45,927,136)    | -              | -     | (45,927,136)    | -              | -     |
| 4. 4.0 Percent SGF Operating Reduction                           | -             | -              | -     | (578,817)       | (2,415,902)    | -     | (652,410)       | (2,489,495)    | -     |
| 5. Health Insurance Reduction                                    | -             | -              | -     | (150,398)       | (623,418)      | -     | (169,895)       | (641,237)      | -     |
| <b>Total Governor's Recommendation</b>                           | \$ 14,111,931 | \$ 124,567,383 | 944.0 | \$ 13,741,202   | \$ 118,670,574 | 944.0 | \$ 15,487,937   | \$ 101,563,068 | 944.0 |
| Change from Agency Est./Req.                                     | \$ (449,476)  | \$ (1,772,844) | -     | \$ (46,656,351) | \$ (3,039,320) | -     | \$ (46,749,441) | \$ (3,130,732) | -     |
| Percent Change from Agency Est./Req.                             | (3.1)%        | (1.4)%         | - %   | (77.2)%         | (2.5)%         | - %   | (75.1)%         | (3.0)%         | - %   |
| <b>Legislative Action:</b>                                       |               |                |       |                 |                |       |                 |                |       |
| 6. GBA No. 1, Item 3 DOV Operating Fund                          | \$ -          | \$ -           | -     | \$ -            | \$ 837,085     | -     | \$ -            | \$ -           | -     |
| 7. Division of Vehicles Modernization Fund Transfer              | -             | -              | -     | -               | 1,000,000      | -     | -               | 1,000,000      | -     |
| 8. KPERS Employer Contribution Rate Reduction                    | -             | -              | -     | (138,966)       | (592,014)      | -     | (301,054)       | (1,167,504)    | -     |
| 9. KPERS Death and Disability Reduction                          | -             | -              | -     | (28,765)        | (122,539)      | -     | (34,889)        | (135,300)      | -     |
| 10. Travel Expenditures Reduction                                | -             | -              | -     | (12,696)        | (12,696)       | -     | (13,401)        | (13,401)       | -     |
| 11. Advertising Expenditures Reduction                           | -             | -              | -     | (9,897)         | (9,897)        | -     | (1,411)         | (1,411)        | -     |
| 12. Newspapers and Magazines Prohibition                         | -             | -              | -     | -               | -              | -     | -               | -              | -     |
| <b>TOTAL APPROVED</b>  | \$ 14,111,931 | \$ 124,567,383 | 944.0 | \$ 13,550,878   | \$ 119,770,513 | 944.0 | \$ 15,137,182   | \$ 101,245,452 | 944.0 |
| Change from Gov. Rec.  | \$ -          | \$ -           | -     | \$ (190,324)    | \$ 1,099,939   | -     | \$ (350,755)    | \$ (317,616)   | -     |
| Percent Change from Gov. Rec.                                    | - %           | - %            | - %   | (1.4)%          | 0.9 %          | - %   | (2.3)%          | (0.3)%         | - %   |
| Change from Agency Est./Req.                                     | \$ (449,476)  | \$ (1,772,844) | -     | \$ (46,846,675) | \$ (1,939,381) | -     | \$ (47,100,196) | \$ (3,448,348) | -     |
| Percent Change from Agency Est./Req.                             | (3.1)%        | (1.4)%         | - %   | (77.6)%         | (1.6)%         | - %   | (75.7)%         | (3.3)%         | - %   |

1. The Governor deleted \$449,476, all from the State General Fund, as part of the December 9<sup>th</sup> allotment in FY 2015. For this agency, the allotment included a reduction of \$126,573 to reduce the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015; a reduction of \$290,582 for a 4.0 percent reduction in operating expenditures for the

last six months of FY 2015; and a deletion of \$32,321 for a reappropriation lapse from FY 2014 to FY 2015.

2. The Governor deleted \$404,825, all from special revenue funds, to reduce the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

3. The Governor deleted \$918,543, all from the State Highway Fund, for FY 2015 agency operations. The Governor deleted \$45.7 million, all from the State General Fund, which the agency had requested for the operation of the Division of Motor Vehicles for FY 2015, \$45.9 million, all from the State General Fund, for FY 2016 and \$45.9 million, all from the State General Fund, for FY 2017. The Governor proposed using the State Highway Fund as the primary funding source for the Division's operations.
4. The Governor deleted \$2.4 million, including \$578,817 from the State General Fund, for FY 2016 and \$2.5 million, including \$652,410 from the State General Fund, for FY 2017 for a 4.0 percent reduction in operating expenditures.
5. The Governor deleted \$623,418, including \$150,398 from the State General Fund, for FY 2016 and \$641,237, including \$169,895 from the State General Fund, for FY 2017 to reduce employer contributions for state employee health insurance.
6. The Legislature concurred in part with Governor's Budget Amendment No. 1, Item 3 and added \$837,085, all from the Division of Vehicles Operating Fund, to restore the transfer from the Vehicles Operating Fund to the State General Fund authorized in SB 4 in FY 2016.
7. The Legislature added 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 and increase the expenditure limitation for the Division of Vehicles Modernization Fund by \$1.0 million for FY 2016 and FY 2017.
8. The Legislature reduced the Kansas Public Employees Retirement System employer contribution rate (excluding KPERS Death and Disability) from 12.37 percent to 10.91 percent for FY 2016 and from 13.57 percent to 10.81 percent for FY 2017. **For this agency, the reductions totaled \$592,014, including \$138,966 from the State General Fund, for FY 2016 and \$1.2 million, including \$301,054 from the State General Fund, for FY 2017.**
9. The Legislature deleted \$122,539, including \$28,765 from the State General Fund, for FY 2016 and \$135,300, including \$34,889 from the State General Fund, for FY 2017 to suspend employer contributions to the Kansas Public Employees Retirement System Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016 and FY 2017.
10. The Legislature deleted \$12,696 for FY 2016 and \$13,401 for FY 2017, all from the State General Fund, for a 25.0 percent reduction of travel expenditures.
11. The Legislature deleted \$9,897 for FY 2016 and \$1,411 for FY 2017, all from the State General Fund, for a 50.0 percent reduction of advertising expenditures.
12. The Legislature prohibited agencies from making expenditures on newspapers and magazines, including electronic subscriptions, for FY 2016 and FY 2017.