

ABTRACTER'S BOARD OF EXAMINERS

	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Funds	21,777	22,460	22,460	22,500	22,500	23,348	23,348
TOTAL	\$ 21,777	\$ 22,460	\$ 22,460	\$ 22,500	\$ 22,500	\$ 23,348	\$ 23,348
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Funds	0	0	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
GRAND TOTAL	\$ 21,777	\$ 22,460	\$ 22,460	\$ 22,500	\$ 22,500	\$ 23,348	\$ 23,348

Percentage Change:

Operating Expenditures

State General Fund	0.0 %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	1.7	3.1	3.1	0.2	0.2	3.8	3.8
FTE Positions	0.0						
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0						

AGENCY OVERVIEW

The Abstracter's Board of Examiners was created by the 1941 Legislature (KSA 74-3901 *et. seq.*) to administer the Kansas Abstracter's Act (KSA 58-2801 *et. seq.*). The act provides for regulation of individuals and firms that compile and sell abstracts of Kansas real estate.

The Abstracter's Board of Examiners consists of three members appointed by the Governor for overlapping three-year terms. The Board's staff consists of a part-time Executive Secretary and a part-time secretary. Neither are employed the minimum number of hours to account for an FTE position.

The Board licenses and regulates companies and their employees who sell abstracts of land titles to Kansas real

estate. Company licenses are issued to properly insured and bonded abstracting companies having at least one licensed abstracter. Sole proprietors are considered companies for this purpose. Each company licensee must be bonded for a minimum of \$25,000 against the loss or destruction of public records and must carry at least \$25,000 in errors and omission insurance. The Board must verify that bond and insurance requirements are met prior to issuing a company a license.

Employee licenses are issued to persons who pass an examination prepared and administered by the Board and are employed by a company that is licensed, insured, and bonded.

The Board strives to ensure that practicing abstracters are professional so that the public may rely on their work products.

MAJOR ISSUES FROM PRIOR YEARS

The **1994 Legislature** instructed certain state agencies, including the Abstracter's Board of Examiners, to prepare and submit biennial budgets beginning with the biennium for fiscal years 1996-1997. The legislation also required the Governor to include the biennial request in the Governor's Budget Report.

On July 6, 2009, the **State Finance Council** approved an expenditure limitation increase of \$1,200. The Abstracter's Fee Fund approved limitation for FY 2009 was \$21,160. The agency had spent more than authorized and the additional funds allowed the agency to make payroll and cover other operating expenditures related to record keeping, which had already been processed for incurred expenses.

The **2012 Legislature** passed HB 2743, which authorized the Abstracter's Board of Examiners to increase the annual fee for each person, firm, partnership, association, or corporation licensed to make, compile, and sell abstracts of title to real estate in Kansas, from a limit not to exceed \$50 to a new limit not to exceed \$75 for each year.

The **2013 Legislature** deleted \$472 in expenditure authority to hold funding for salaries and wages at the FY 2013 level as adjusted for employer retirement contributions and group health insurance.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates revised FY 2015 operating expenditures of \$22,460, all from the Abstracter's Fee Fund. The estimate is an increase of \$989, or 4.6 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of \$989, all from the Abstracter's Fee Fund, for increases in salaries and wages and

contractual services needed to meet operating costs. The estimate includes 0.0 FTE positions, the same number approved by the 2014 Legislature. **Absent the supplemental**, the agency estimates FY 2015 operating expenditures of \$21,471, the same amount approved by the 2014 Legislature.

FY 2015 Governor Recommendation

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

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of \$22,500, all from the Abstracter's Fee Fund. The request continues funding of the supplemental request and is an increase of \$40, or 0.2 percent, above the revised FY 2015

estimate. The increase is attributable to increases in postage, printing, and other fees. The request includes 0.0 FTE positions, the same number included in the revised FY 2015 estimate.

FY 2016 Governor Recommendation

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

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of \$23,348, all from the Abstracter's Fee Fund. The request continues funding of the supplemental request and is an increase of \$848, or 3.8 percent, above the FY 2016 request.

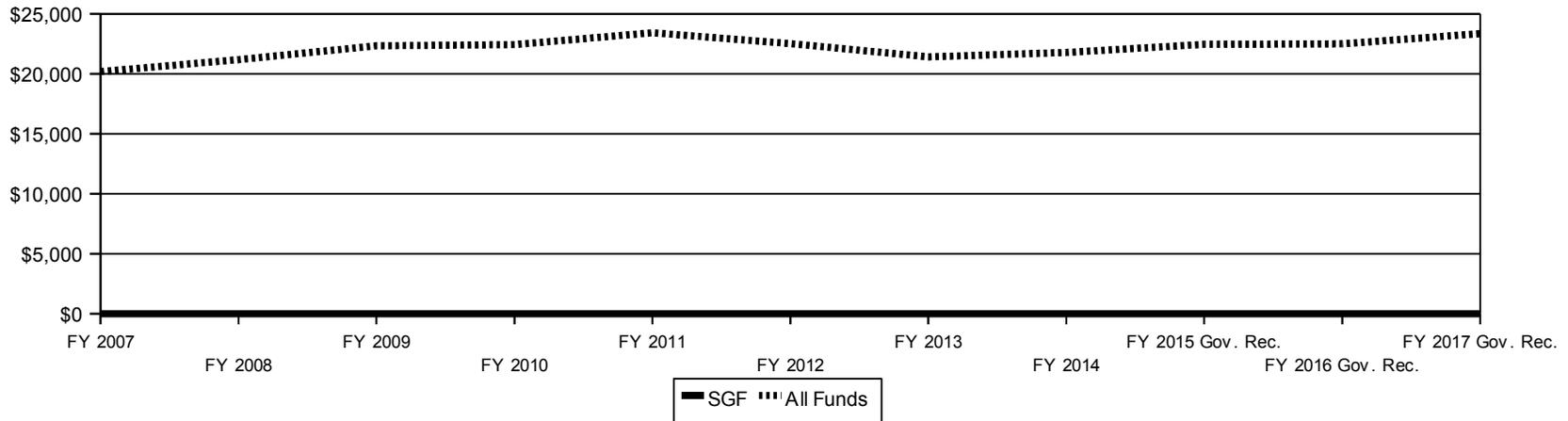
The increase is primarily attributable to an additional (27th) payroll period in FY 2017. The request includes 0.0 FTE positions, the same number included in the FY 2016 request.

FY 2017 Governor Recommendation

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	-- %	\$ 20,181	1.9 %	0.0
2008	0	--	21,182	5.0	0.0
2009	0	--	22,334	5.4	0.0
2010	0	--	22,434	0.4	0.0
2011	0	--	23,420	4.4	0.0
2012	0	--	22,519	(3.8)	0.0
2013	0	--	21,410	(4.9)	0.0
2014	0	--	21,777	1.7	0.0
2015 Gov. Rec.	0	--	22,460	3.1	0.0
2016 Gov. Rec.	0	--	22,500	0.2	0.0
2017 Gov. Rec.	0	--	23,348	3.8	0.0
Eleven-Year Change	\$ 0	-- %	\$ 3,167	15.7 %	0.0

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 21,777	\$ 22,460	\$ 22,500	\$ 40	0.2 %	\$ 22,460	\$ 22,500	\$ 40	0.2 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 20,053	\$ 21,350	\$ 21,350	\$ 0	0.0 %	\$ 21,350	\$ 21,350	\$ 0	0.0 %
Contractual Services	1,724	1,110	1,150	40	3.6	1,110	1,150	40	3.6
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	\$ 21,777	\$ 22,460	\$ 22,500	\$ 40	0.2 %	\$ 22,460	\$ 22,500	\$ 40	0.2 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 21,777	\$ 22,460	\$ 22,500	\$ 40	0.2 %	\$ 22,460	\$ 22,500	\$ 40	0.2 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Abstracter's Fee Fund	21,777	22,460	22,500	40	0.2	22,460	22,500	40	0.2
TOTAL	\$ 21,777	\$ 22,460	\$ 22,500	\$ 40	0.2 %	\$ 22,460	\$ 22,500	\$ 40	0.2 %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 22,500	\$ 23,348	\$ 848	3.8 %	\$ 22,500	\$ 23,348	\$ 848	3.8 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 21,350	\$ 22,173	\$ 823	3.9 %	\$ 21,350	\$ 22,173	\$ 823	3.9 %
Contractual Services	1,150	1,175	25	2.2	1,150	1,175	25	2.2
Commodities	0	0	0	--	0	0	0	--
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 22,500	\$ 23,348	\$ 848	3.8 %	\$ 22,500	\$ 23,348	\$ 848	3.8 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 22,500	\$ 23,348	\$ 848	3.8 %	\$ 22,500	\$ 23,348	\$ 848	3.8 %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Abstracter's Fee Fund	22,500	23,348	848	3.8	22,500	23,348	848	3.8
TOTAL	\$ 22,500	\$ 23,348	\$ 848	3.8 %	\$ 22,500	\$ 23,348	\$ 848	3.8 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The agency receives no funding from the State General Fund.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	21,471	22,460	989	22,460	989
TOTAL	<u>\$ 21,471</u>	<u>\$ 22,460</u>	<u>\$ 989</u>	<u>\$ 22,460</u>	<u>\$ 989</u>
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates revised FY 2015 operating expenditures of \$22,460, all from the Abstracter’s Fee Fund. The estimate is an increase of \$989, or 4.6 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of \$989, all from the Abstracter’s Fee Fund, for increases in salaries and wages and contractual services needed to meet operating costs. The

estimate includes 0.0 FTE positions, the same number approved by the 2014 Legislature. **Absent the supplemental**, the agency estimates FY 2015 operating expenditures of \$21,471, the same amount approved by the 2014 Legislature.

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

Supplemental Detail

FY 2015 SUPPLEMENTALS								
Supplementals	Agency Estimate			Governor's Recommendation				
	SGF	All Funds	FTE	SGF	All Funds	FTE		
Operating Increase	\$ 0	\$ 989	0.0	\$ 0	\$ 989	0.0		

The **agency** requests a supplemental of \$989, all from the Abstracter's Fee Fund, for increases in salaries and wages and contractual services needed to meet operating costs. The agency indicates that its fee fund balance has stabilized after

the 2012 Legislature authorized a \$25 fee increase and that the fee fund can support the \$989 supplemental request.

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

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
Total Request/Recommendation	\$ 22,500		\$ 22,500	\$ 0
FTE Positions	0.0		0.0	0.0
<i>Change from FY 2015:</i>				
<i>Dollar Change:</i>				
State General Fund	\$ 0		\$ 0	
All Other Funds	40		40	
TOTAL	\$ 40		\$ 40	
<i>Percent Change:</i>				
State General Fund	0.0 %		0.0 %	
All Other Funds	0.2		0.2	
TOTAL	0.2 %		0.2 %	
Change in FTE Positions	0.0		0.0	

The **agency** requests FY 2016 operating expenditures of \$22,500, all from the Abstracter's Fee Fund. The request continues funding of the supplemental request and is an increase of \$40, or 0.2 percent, above the revised FY 2015 estimate. The request includes 0.0 FTE positions, the same number included in the revised FY 2015 estimate.

The agency request includes the following items.

- **Salaries and wages** expenditures of \$21,350, which is the same amount included in the revised FY 2015 estimate.
- **Contractual services** expenditures of \$1,150, which is an increase of \$40, or 3.6 percent, above the revised FY 2015 estimate. The

increase is attributable to increases in postage, printing, and other fees.

The **Governor** concurs with the agency's request. The Governor also recommends increasing the amount withheld

from the agency's fee fund revenue from 10.0 percent or \$100,000, whichever is less, to 20.0 percent or \$200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this agency, that amount is estimated at \$2,989 for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
	_____		_____	_____
Total Request/Recommendation	\$ 23,348	\$	23,348	\$ 0
FTE Positions	0.0		0.0	0.0
<i>Change from FY 2016:</i>				
<i>Dollar Change:</i>				
State General Fund	\$ 0	\$	0	
All Other Funds	848		848	
TOTAL	<u>\$ 848</u>	\$	<u>848</u>	
<i>Percent Change:</i>				
State General Fund	0.0 %		0.0 %	
All Other Funds	3.8		3.8	
TOTAL	<u>3.8 %</u>		<u>3.8 %</u>	
Change in FTE Positions	0.0		0.0	

The **agency** requests FY 2017 operating expenditures of \$23,348, all from the Abstracter's Fee Fund. The request continues funding of the supplemental request and is an increase of \$848, or 3.8 percent, above the FY 2016 request. The request includes 0.0 FTE positions, the same number included in the FY 2016 request.

The agency request includes the following items.

- **Salaries and wages** expenditures of \$22,173, which is an increase of \$823, or 3.9 percent, above the FY 2016 request. The increase is attributable to an additional (27th) payroll period in FY 2017.

- **Contractual services** expenditures of \$1,175, which is an increase of \$25, or 2.2 percent, above the FY 2016 request. The increase is attributable to increases in postage, printing, and travel expenditures.

The **Governor** concurs with the agency's request. The Governor also recommends increasing the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000, whichever is less, to 20.0 percent or \$200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this agency, that amount is estimated at \$2,989 for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of \$11.3 million, including \$4.5 million from the State General Fund, in FY 2015 for a \$250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals \$0 and affects 0 employees.**

Longevity Bonus Payments. For FY 2016 and FY 2017, 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 2016 payments is \$7.2 million, including \$2.8 million from the State General Fund. For FY 2017, the estimated cost for the payments is \$7.7 million, including \$3.0 million from the State General Fund. **For this agency, FY 2016 longevity payments total \$0 and FY 2017 longevity payments total \$0.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of \$282.8 million, including \$108.2 million from the State General Fund, for FY 2016 and \$289.2 million, including \$110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency, this is a reduction of \$0 for FY 2016. This is a reduction of \$0 for FY 2017.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. The FY 2015 employer retirement contribution for KPERs regular and school members was scheduled to be 11.27 percent, an increase of 1.0 percent from 10.27 in FY 2014. The Governor reduced the employer contribution rate from 11.27 percent to 8.65 percent for the second half of FY 2015, for an effective contribution rate of 9.96 percent as part of the Governor's allotment plan. For FY 2016, the Governor recommends the retirement rate increase by 2.41 percent from 9.96 percent to 12.37 percent. For FY 2017, the Governor recommends the retirement rate increase by 1.2 percent from 12.37 percent to 13.57 percent. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

In addition, the employer contribution for the KPERs death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

The Governor further proposes offering \$1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by \$68.43 million in FY 2016 and \$132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be \$90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings are not downgraded.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0	0.0	0.0	0.0
Abstracter's Fee Fund	100.0	100.0	100.0	100.0
TOTAL	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>

Note: Percentages may not add due to rounding.

Abstracter's Fee Fund Analysis

The Abstracter's Board of Examiners is a fee-funded agency. The agency generates fee revenues from three primary sources: annual fees are \$75; examination fees are \$70 and each additional exam is \$50 (KSA 58-2801). The revenue received provides financing for all agency operations, with 90.0

percent retained by the agency and 10.0 percent remitted to the State General Fund. The Governor recommends increasing the percentage of fee fund revenues remitted to the State General Fund from 10.0 percent to 20.0 percent beginning in FY 2016.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 4,550	\$ 10,367	\$ 10,367	\$ 14,807	\$ 14,807	\$ 19,207	\$ 16,218
Revenue	27,594	26,900	26,900	26,900	23,911	26,900	23,911
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 32,144	\$ 37,267	\$ 37,267	\$ 41,707	\$ 38,718	\$ 46,107	\$ 40,129
Less: Expenditures	21,777	22,460	22,460	22,500	22,500	23,348	23,348
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 10,367</u>	<u>\$ 14,807</u>	<u>\$ 14,807</u>	<u>\$ 19,207</u>	<u>\$ 16,218</u>	<u>\$ 22,759</u>	<u>\$ 16,781</u>
Ending Balance as Percent of Expenditures	47.6%	65.9%	65.9%	85.4%	72.1%	97.5%	71.9%
Month Highest Ending Balance	February \$ 16,374	February \$ 22,189	February \$ 22,189	February \$ 26,631	February \$ 24,639	February \$ 31,031	February \$ 26,050
Month Lowest Ending Balance	December \$ (5,740)	December \$ 76	December \$ 76	December \$ 4,517	December \$ 3,023	December \$ 8,917	December \$ 4,434

Abstracter's Board of Examiners Fees		
	Current Fee	Statutory Limit
License Fee (original and renewal)	\$75	\$75
Examination Fee	70	*
Additional Examinations	50	*

* K.S.A. 58-2805(a) notes that the fee for examinations shall be fixed by the board of rules and regulations in an amount adequate to cover the cost of the examination.

PROGRAM DETAIL

EXPENDITURES BY OBJECT-- GOVERNOR'S FY 2016 RECOMMENDATION



Object	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	\$ 21,350	94.9 %	\$ 0	-- %
Contractual Services	1,150	5.1	0	--
TOTAL	\$ 22,500	100.0 %	\$ 0	-- %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

<u>Program</u>	<u>Actual FY 2014</u>	<u>Agency Est. FY 2015</u>	<u>Gov. Rec. FY 2015</u>	<u>Agency Req. FY 2016</u>	<u>Gov. Rec. FY 2016</u>	<u>Agency Req. FY 2017</u>	<u>Gov. Rec. FY 2017</u>
Administration	0.0	0.0	0.0	0.0	0.0	0.0	0.0

PERFORMANCE MEASURES

<u>Measure</u>	<u>Gov. Rec. for FY 2014</u>	<u>Actual FY 2014</u>	<u>Gov. Rec. FY 2015</u>	<u>Gov. Rec. FY 2016</u>	<u>Gov. Rec. FY 2017</u>
Number of business licenses issued	179	184	184	184	184
Number of individual licenses issued	217	223	223	223	223
Number of examinations conducted	2	3	3	3	3