

BOARD OF COSMETOLOGY

	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	960,555	937,055	931,281	960,335	909,129	966,087	924,085
TOTAL	\$ 960,555	\$ 937,055	\$ 931,281	\$ 960,335	\$ 909,129	\$ 966,087	\$ 924,085
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	\$ 960,555	\$ 937,055	\$ 931,281	\$ 960,335	\$ 909,129	\$ 966,087	\$ 924,085
Percentage Change:							
Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	20.0	(2.4)	(3.0)	2.5	(2.4)	0.6	1.6
FTE Positions	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Non-FTE							
Perm.Uncl.Pos.	2.8	2.8	2.8	3.5	3.3	3.5	3.3
TOTAL	13.8	13.8	13.8	14.5	14.3	14.5	14.3

AGENCY OVERVIEW

The eight-member Board of Cosmetology regulates cosmetologists, permanent cosmetic technicians, tattoo artists and body piercers, as well as salons/facilities and educational institutions. The purpose of the agency is to encourage and maintain standards and requirements for entrance into the profession consistent with the need for protection of the health, safety, and welfare of the public; to provide standardized national testing; to inspect new schools, salons, clinics, tanning facilities, tattooing facilities and body piercing facilities; to

investigate complaints; and to recommend legislation and promulgate regulations to protect the general public.

The Board licenses cosmetology schools, instructors, cosmetologists, electrologists, senior cosmetologists, manicurists, cosmetology technicians, body piercers, tattoo artists, and permanent cosmetic facilities. Instructors are required to obtain continuing education hours to maintain their certification. The Board also contracts with an exam company to administer national standardized written and practical examinations to license students training in the cosmetology and body art fields.

MAJOR ISSUES FROM PRIOR YEARS

In **1996**, under HB 2916, permanent color technicians, tattoo artists and persons engaged in body piercing were required to be licensed and regulated by the Kansas State Board of Cosmetology.

In **1998**, the number of Board members was increased from five to seven members by adding a member who is a licensed permanent color technician and tattoo artist or a licensed body piercer and an additional member of the general public. Four members of the Board are required be licensed cosmetologists after the effective date of the bill. Under the prior law, only two members had to be both licensed cosmetologists and operators of a shop. Furthermore, the Board was granted the authority to issue cease and desist orders against persons violating a Board order; to seek injunctions against persons practicing or teaching without a valid license; and to assess fines for a number of violations.

In **1999**, persons at least 25 years of age and who were licensed as apprentice cosmetologists as of May 21, 1998 who

also had not graduated from high school or earned a GED were permitted to take the licensing examination.

In **2000**, the locations in which a cosmetologist could provide cosmetology services was expanded to include a customer's home or office assuming certain qualifications are met. In addition, the definition of cosmetology was modified to exclude persons involved in hair braiding and the Secretary of Kansas Department of Health and Environment was to develop a brochure to educate those practicing hair braiding on infection control.

In **2002**, SB 643 expanded the powers of the Board of Cosmetology regarding the licensing and regulation of persons licensed to practice as cosmetologists, aestheticians, manicurists, nail technologists, and electrologists and the regulation of beauty shops and schools of cosmetology. It also expanded the scope of practice of certain persons licensed under the cosmetology laws by amending definitions and created a new category of licensees. The Board was reorganized to require

three, rather than four, members to be licensed under the provisions of KSA 65-1901 through 65-1912 at least two of whom shall be licensed cosmetologists; one member who is a licensed permanent color technician and tattoo artists or body piercer; one person who holds a valid school license or is involved in the day-to-day operation of a school licensed by the Board; and two members of the general public. Under prior law, four members were required to be licensed cosmetologists.

In March **2009**, the agency implemented an enhanced licensure database. Among its additional capabilities, an on-line renewal process became available for licensees and facility owners. This on-line process not only facilitated the renewal application and fee payment process for licensees, but also streamlined the accounting process for Board staff. Therefore, this on-line process allows for a quicker “turnaround” whereby the license is issued and sent to the licensee in a shorter time frame than the mail-in process. The mail-in renewal option was maintained for those who do not have computer availability.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency’s** revised FY 2015 estimate totals \$937,055, all from the Cosmetology Fee Fund, which is the same as the amount approved by the 2014 Legislature. The request

FY 2015 Governor Recommendation

The **Governor** recommends operating expenditures of \$931,281, all from the Cosmetology Fee Fund, which is a decrease of \$5,774, or 0.6 percent, below the amount approved by the 2014 Legislature. The Governor concurs with the agency’s revised estimate, with one adjustment, a reduction of

The **2013** Legislature maintained funding for salaries and wages at FY 2013 levels, after adjusting for both committee action and KPERS increases for FY 2014 and FY 2015. The reductions totaled \$44,879, all from the Cosmetology Fee Fund, for FY 2014, and \$45,329, all from the Cosmetology Fee Fund, for FY 2015.

The **2014** Legislature approved budget for the Board of Cosmetology in FY 2015 totaled \$937,055, all from the Board of Cosmetology Fee Fund, a decrease of \$23,644, or 2.5 percent, below the FY 2014 final approved budget. The Legislature added \$120,000 in FY 2014 and \$108,000 for FY 2015 to upgrade the agency’s licensing database and convert paper records to electronic records. Additionally the Legislature added \$3,594, all from the Board of Cosmetology Fee Fund, for FY 2015 for FY 2015 employee bonuses of \$250 for all non-elected employees.

maintains the FY 2015 approved levels for salaries and wages, contractual services, commodities and capital outlay.

\$5,774, all from the Cosmetology Fee Fund, as part of the Governor’s allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

FY 2016 Agency Request

The **agency** requests \$960,335, all from the Cosmetology Fee Fund, an increase of \$23,280, or 2.5 percent, above the FY 2015 revised estimate. The increase is attributable to a \$19,441, 3.0 percent, in its salaries and wages, a \$35,293, or 16.5 percent, increase in contractual services, and a \$1,780, or 7.9

percent, increase in commodities above its FY 2015 request. These increases are partially offset by a decrease of \$33,234, or 63.5 percent, in the agency's capital outlay expenditures below the FY 2015 revised estimate.

FY 2016 Governor Recommendation

The **Governor** recommends \$909,129, all from the Cosmetology Fee Fund, a decrease of \$51,206, or 5.3 percent, below the agency's FY 2016 request. The Governor concurs with the agency's request, with the following adjustments.

- A reduction of \$6,637, all from the Cosmetology Fee Fund, to reduce employer contributions for state employee health insurance.

- The Governor recommending neither of the agency's enhancement requests.
- An increase for the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000 to 20.0 percent or \$200,000 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 \$100,000 for FY 2016.

FY 2017 Agency Request

The **agency** requests \$966,087, all from the Cosmetology Fee Fund, an increase of \$5,752, or 0.6 percent, above the FY 2016 request. This increase is attributable to a salaries and wages increase of \$29,718 above the FY 2016 request, partially offset by a \$20,800, or 8.4 percent, decrease in contractual

services, and a capital outlay decrease of \$3,666, or 19.2 percent, from the agency's FY 2016 request. The agency is requesting an increase of \$500 for commodities above the FY 2016 request.

FY 2017 Governor Recommendation

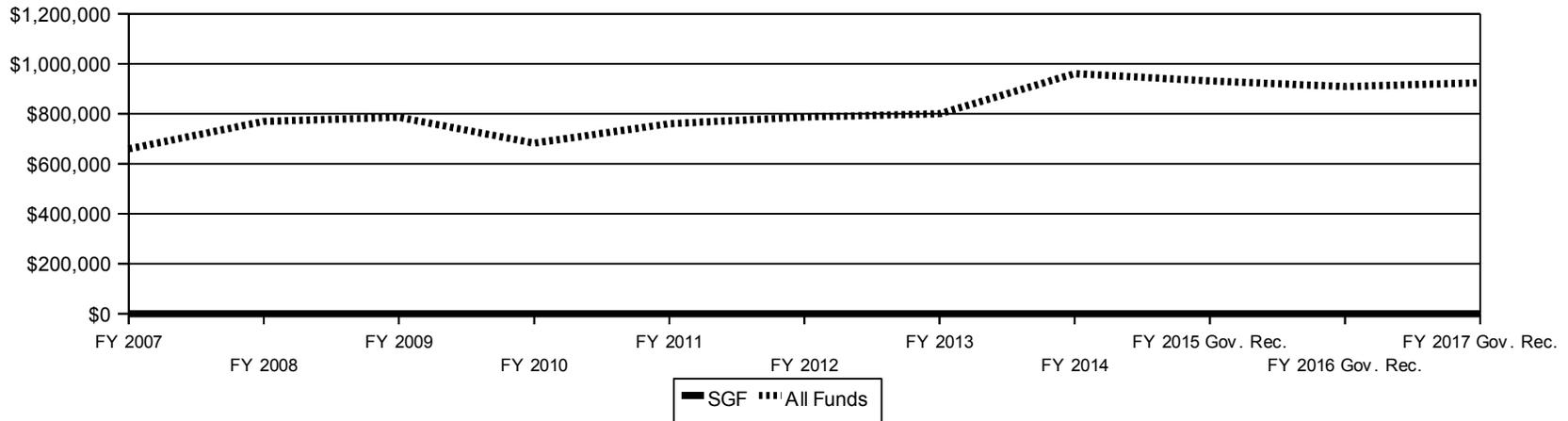
The **Governor** recommends \$924,085 all from the Cosmetology Fee Fund, a decrease of \$42,002 or 4.3 percent

below the agency's FY 2017 request. The Governor concurs with the agency's request, with the following adjustments.

- A reduction of \$6,770, all from the Cosmetology Fee Fund, to reduce employer contributions for state employee health insurance.
- The Governor recommending neither of the agency's enhancement requests.
- An increase for the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000 to 20.0 percent or \$200,000 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 \$100,000 for FY 2017.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	All Funds	% Change	FTE
2007	\$ 659,521	(9.1)%	12.0
2008	769,456	16.7	12.0
2009	785,914	2.1	12.0
2010	682,355	(13.2)	12.0
2011	760,284	11.4	12.0
2012	786,827	3.5	11.0
2013	800,281	1.7	11.0
2014	960,555	20.0	11.0
2015 Gov. Rec.	931,281	(3.0)	11.0
2016 Gov. Rec.	909,129	(2.4)	11.0
2017 Gov. Rec.	924,085	1.6	11.0
Eleven-Year Change	\$ 264,564	40.1 %	(1.0)

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	\$ 960,555	\$ 937,055	\$ 960,335	\$ 23,280	2.5 %	\$ 931,281	\$ 909,129	\$ (22,152)	2.4%
By Major Object of Expenditure:									
Salaries and Wages	\$ 608,880	\$ 648,652	\$ 668,093	\$ 19,441	3.0 %	\$ 642,878	\$ 641,887	\$ (991)	(0.2)%
Contractual Services	287,898	213,433	248,726	35,293	16.5	213,433	223,726	10,293	4.8
Commodities	26,582	22,670	24,450	1,780	7.9	22,670	24,450	1,780	7.9
Capital Outlay	37,195	52,300	19,066	(33,234)	(63.5)	52,300	19,066	(33,234)	(63.5)
Debt Service	--	--	--	--	--	--	--	--	--
Subtotal - Operations	\$ 960,555	\$ 937,055	\$ 960,335	\$ 23,280	2.5 %	\$ 931,281	\$ 909,129	\$ (22,152)	(2.4)%
Aid to Local Units	--	--	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--	--	--
TOTAL	\$ 960,555	\$ 937,055	\$ 960,335	\$ 23,280	2.5 %	\$ 931,281	\$ 909,129	\$ (22,152)	(2.4)%
Financing:									
State General Fund	\$ --	\$ --	\$ --	\$ --	-- %	\$ --	\$ --	\$ --	-- %
Cosmetology Fee Fund	960,555	937,055	960,335	23,280	2.5	931,281	909,129	(22,152)	(2.4)
TOTAL	\$ 960,555	\$ 937,055	\$ 960,335	\$ 23,280	2.5 %	\$ 931,281	\$ 909,129	\$ (22,152)	(2.4)%

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	\$ 960,335	\$ 966,087	\$ 5,752	0.6	\$ 909,129	\$ 924,085	\$ 14,956	1.6 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 668,093	\$ 697,811	\$ 29,718	4.4 %	\$ 641,887	\$ 670,809	\$ 28,922	4.5 %
Contractual Services	248,726	227,926	(20,800)	(8.4)	223,726	227,926	4,200	1.9
Commodities	24,450	24,950	500	2.0	24,450	24,950	500	2.0
Capital Outlay	19,066	15,400	(3,666)	(19.2)	19,066	400	(18,666)	(97.9)
Debt Service	--	--	--	--	--	--	--	--
Subtotal - Operations	\$ 960,335	\$ 966,087	\$ 5,752	0.6 %	\$ 909,129	\$ 924,085	\$ 14,956	1.6 %
Aid to Local Units	--	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--	--
TOTAL	\$ 960,335	\$ 966,087	\$ 5,752	0.6 %	\$ 909,129	\$ 924,085	\$ 14,956	1.6 %
Financing:								
State General Fund	\$ --	\$ --	\$ --	-- %	\$ --	\$ --	\$ --	-- %
Cosmetology Fee Fund	960,335	966,087	5,752	0.6	909,129	924,085	14,956	1.6
TOTAL	\$ 960,335	\$ 966,087	\$ 5,752	0.6 %	\$ 909,129	\$ 924,085	\$ 14,956	1.6 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved Budget

	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	937,055	937,055	0	931,281	(5,774)
TOTAL	<u>\$ 937,055</u>	<u>\$ 937,055</u>	<u>\$ 0</u>	<u>\$ 931,281</u>	<u>\$ (5,774)</u>
FTE Positions	11.0	11.0	0.0	11.0	0.0

The **agency's** revised FY 2015 estimate totals \$937,055, all from the Cosmetology Fee Fund, which is the same as the amount approved by the 2014 Legislature. The request maintains the FY 2015 approved levels for salaries and wages, contractual services, commodities and capital outlay.

The **Governor** recommends operating expenditures of \$931,281, all from the Cosmetology Fee Fund, which is a decrease of \$5,774, or 0.6 percent, below the amount approved

by the 2014 Legislature. The Governor concurs with the agency's revised estimate, with one adjustment, a reduction of \$5,774, all from the Cosmetology Fee Fund, as part of the Governor's allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures from the Cosmetology Fee Fund.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 960,335	\$ 909,129	\$ (51,206)
FTE Positions	11.0	11.0	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	23,280	(22,152)	
TOTAL	<u>\$ 23,280</u>	<u>\$ (22,152)</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	2.5	(2.4)	
TOTAL	<u>2.5 %</u>	<u>(2.4) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$960,335, all from the Cosmetology Fee Fund for FY 2016, an increase of \$23,280, or 2.5 percent, above the FY 2015 revised estimate. The increase is attributable to a \$19,441, or 3.0 percent, increase in its salaries and wages, a \$35,293, or 16.5 percent, increase in contractual services, and a \$1,780, or 7.9 percent, increase in commodities above its FY 2015 request. These increases are partially offset

by a decrease of \$33,234, or 63.5 percent, in the agency's capital outlay expenditures below its FY 2015 revised estimate.

- **Salaries and Wages.** The agency requests \$668,093, all from the Cosmetology Fee Fund, for salaries and wages in FY 2016. The request for salaries and wages is an all funds increase of

\$19,441, or 3.0 percent, above the FY 2015 revised estimate. The increase is primarily attributable to the agency requesting \$19,569, all from the Cosmetology Fee Fund, for a 0.25 non-FTE inspector position, as an enhancement. This enhancement will allow the agency to change a part-time inspector position to a full-time inspector position for FY 2016.

- **Contractual Services.** The agency requests \$248,726, all from the Cosmetology Fee Fund, an increase of \$35,293, or 16.5 percent, above the FY 2015 revised estimate. The increase is primarily attributable to the agency requesting \$45,000 for computer software, \$26,500 more than FY 2015 revised estimate. The agency is also requesting \$25,000, all from the Cosmetology Fee Fund, for document conversion. The agency is requesting the funds for FY 2016 to continue with phase II of the electronic document conversion to provide for the addition of temporary personnel to assist with the scanning and indexing of all existing license files.
- **Commodities.** The agency is requesting \$24,450, all from the Cosmetology Fee Fund, for commodities for FY 2016. This is an increase of \$1,780, or 7.9 percent, above the FY 2015 revised estimate. The increase is primarily attributable to the agency requesting \$16,000 for gasoline for FY 2016, which is an increase of \$1,000 above FY 2015 revised estimate and

\$5,800 for stationery and office supplies, which is an increase of \$1,300 above the FY 2015 revised estimate.

- **Capital Outlay.** The agency requests \$19,066, all from the Cosmetology Fee Fund, for FY 2016, for capital outlay expenditures, a decrease of \$33,234, or 63.5 percent, below the FY 2015 revised estimate. This decrease is attributable to one-time software related purchases totaling \$35,600 the agency included in the FY 2015 revised estimate.

The **Governor** recommends \$909,129, all from the Cosmetology Fee Fund, a decrease of \$51,206, or 5.3 percent below the agency's FY 2016 request. The Governor concurs with the agency's request, with the following adjustments.

- A reduction of \$6,637, all from the Cosmetology Fee Fund, to reduce employer contributions for state employee health insurance.
- The Governor recommending neither of the agency's enhancement requests.
- An increase for the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000 to 20.0 percent or \$200,000 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 \$100,000 for FY 2016.

Enhancements Detail

Enhancements	FY 2016 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Document Conversion	\$ 0	\$ 25,000	0.0	\$ 0	\$ 0	0.0
Difference for a Full-Time Inspector	0	19,569	0.0	0	0	0.0
TOTAL	\$ 0	\$ 44,569	0.0	\$ 0	\$ 0	0.0

The **agency** requests two enhancements totaling \$44,469, all from the Cosmetology Fee Fund, for FY 2016. These include the following.

- **Document Conversion for \$25,000**, all from the Cosmetology Fee Fund, to fund Phase II of the Electronic Document Conversion for FY 2016. This includes the addition of temporary personnel to assist with the scanning and indexing of all existing license files.

- **Difference for a Full-Time Inspector for \$19,569**, all from the Cosmetology Fee Fund for FY 2016. The agency states that this non-FTE increase would allow a part-time inspector to become a full-time inspector, alleviating strain on the agency.

The **Governor** does not recommend funding Phase II of the Electronic Document Conversion for FY 2016 (\$25,000) or the increase to a full time inspector (\$19,569).

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY				
	Agency Request		Governor's Recommendation	Difference
	_____		_____	_____
Total Request/Recommendation	\$ 966,087		\$ 924,085	\$ (42,002)
FTE Positions	11.0		11.0	0.0
Change from FY 2016:				
<i>Dollar Change:</i>				
State General Fund	\$ 0		\$ 0	
All Other Funds	5,720		14,956	
TOTAL	\$ 5,720		\$ 14,956	
<i>Percent Change:</i>				
State General Fund	0.0 %		0.0 %	
All Other Funds	0.6		1.6	
TOTAL	0.6 %		1.6 %	
Change in FTE Positions	0.0		0.0	

The **agency** requests \$966,087, all from the Cosmetology Fee Fund, an increase of \$5,752, or 0.6 percent, above the FY 2016 request. This increase is attributable to a \$29,718, or 4.5 percent, increase in salaries and wages above the FY 2016 request and the agency requesting an increase of \$500 for commodities above FY 2017. These increases are partially offset by decreases of \$20,800 in contractual services and a \$3,666 decrease in capital outlay expenditures.

- **Salaries and Wages.** The agency requests \$697,811, all from the Board of Cosmetology Fee Fund, for FY 2017, an all funds increase of \$29,718, or 4.4 percent, above the FY 2016 request. The increase is primarily attributable to the agency's enhancement request for \$20,232 for a .25 non-FTE position, all from the Cosmetology Fee Fund. This enhancement will

allow the agency to change a part-time inspector position to a full-time inspector position.

- **Contractual Services.** The agency requests \$227,926, all from the Board of Cosmetology Fee Fund, which is a decrease of \$20,800, or 8.4 percent, below the FY 2016 request. The decrease is primarily attributable to the agency's FY 2016 one time enhancement of \$25,000 for its continuation of its Electronic Document Conversion project.
- **Commodities.** The agency is requesting \$24,950, all from the Cosmetology Fee Fund, for commodities for FY 2017, an increase of \$500, or 2.0 percent, above the FY 2016 request. The increase is attributable to agency requesting an additional \$500 for gasoline above FY 2016.
- **Capital Outlay.** The agency requests \$15,400, all from the Cosmetology Fee Fund for capital outlay expenditures for FY 2017, a decrease of \$3,666, or 19.2 percent, below the FY 2016 request. This decrease is attributable to the one-time purchase of a passenger car totaling \$18,166 in FY 2016. The decrease is partially

offset by an enhancement request for \$15,000, all from the Cosmetology Fee Fund, for computer equipment in FY 2017. This purchase will help it comport with electronic safety measures enacted by the Office of Information, Technology Services.

The **Governor** recommends \$924,085 all from the Cosmetology Fee Fund, a decrease of \$42,002, or 4.3 percent below the agency's FY 2016 request. The Governor concurs with the agency's request, with the following adjustments.

- A reduction of \$6,770, all from the Cosmetology Fee Fund, to reduce employer contributions for state employee health insurance.
- The Governor recommending neither of the agency's enhancement requests.
- An increase for the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000 to 20.0 percent or \$200,000 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 \$100,000 for FY 2017.

Enhancements Detail

Enhancements	FY 2017 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Difference for a Full-Time Inspector	\$ 0	\$ 20,232	0.0	\$ 0	\$ 0	0.0
Tablet computers	0	15,000	0.0	0	0	0.0
TOTAL	\$ 0	\$ 35,232	0.0	\$ 0	\$ 0	0.0

The **agency** requests two enhancements totaling \$35,232, all from the Cosmetology Fee Fund, for FY 2017. The enhancement include the following.

- **Difference for a Full-Time Inspector for \$20,232**, all from the Cosmetology Fee Fund, for FY 2017. The agency asserts that the enhancement will allow the agency's inspectors to better manage the inspections across the states.

- **Tablet computers costing \$15,000**, all from the Cosmetology Fee Fund, for FY 2017. The agency states that these enhancements will benefit the agency as it conducts inspections.

The **Governor** does not recommend funding the difference for a full time inspector (\$20,232) or tablet computers (\$15,000) in 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 \$3,594, all from the Cosmetology Fee Fund, and affects twelve 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 \$3,040, all from the Cosmetology Fee Fund, and FY 2017 longevity payments total \$3,160, all from the Cosmetology Fee Fund.**

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 \$6,637, all from the Cosmetology Fee Fund for FY 2016, and a reduction of \$6,770, all from the Cosmetology Fee Fund, 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 %
Cosmetology 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.

Cosmetology Fee Fund Analysis

The Board of Cosmetology is a fee-funded agency. The revenue received provides financing for all agency operations, with 90.0 percent being retained by the agency and 10.0 percent being deposited in the State General Fund. In addition, 10.0 percent of all fines collected are deposited in the State General Fund. K.S.A. 65-1904 allows for the collection of revenue by the agency.

The **Governor** proposes amending the statute to allow for an increase for the amount withheld from the agency's fee fund revenue from 10.0 percent or \$100,000 to 20.0 percent or \$200,000 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 \$100,000 in FY 2016 and an additional \$100,000 in FY 2017.

Board of Cosmetology Fees		
Board of Cosmetology Fees	Current Fee	Statutory Limit
Cosmetologist Licenses (original and renewal)	\$45	\$60
Cosmetologist Instructor License	75	100
Cosmetologist Instructor License renewal	50	75
Cosmetology Technician License (renewal)	45	60
Electrologist License (original and renewal)	45	60
Esthetician License (original and renewal)	45	60
Esthetics Instructor License	75	100
Esthetics Instructor License Renewal	50	75
Nail Technician License (original and renewal)	45	60
Nail Technician Instructor License	75	100
Nail Technician Instructor License renewal	50	75
Body Piercing License	100	*
Body Piercing License renewal	50	*
Tattooist License	100	*
Tattooist License renewal	50	*
Cosmetic/Permanent Tattoo Artist License	100	*
Cosmetic/Permanent Tattoo Artist License renewal	50	*

**Body Piercing, Tattooist, and Cosmetic/Permanent Tattoo Artist licenses have no statutory maximum.*

Cosmetology Fee Fund

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	\$ 944,199	\$ 1,016,672	\$ 1,016,672	\$ 1,039,617	\$ 1,045,391	\$ 1,099,282	\$ 1,056,262
Revenue	1,033,028	960,000	960,000	1,020,000	1,020,000	1,020,000	1,020,000
20% fee revenue to SGF	0	0	0	0	(100,000)	0	(100,000)
Transfers in	0	0	0	0	0	0	0
Total Funds Available	\$ 1,977,227	\$ 1,976,672	\$ 1,976,672	\$ 2,059,617	\$ 1,965,391	\$ 2,119,282	\$ 1,976,262
Less: Expenditures	960,555	937,055	931,281	960,335	909,129	966,087	924,085
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 1,016,672	\$ 1,039,617	\$ 1,045,391	\$ 1,099,282	\$ 1,056,262	\$ 1,153,195	\$ 1,052,177
Ending Balance as Percent of Expenditures	105.8%	110.9%	112.3%	114.5%	116.2%	119.4%	113.9%

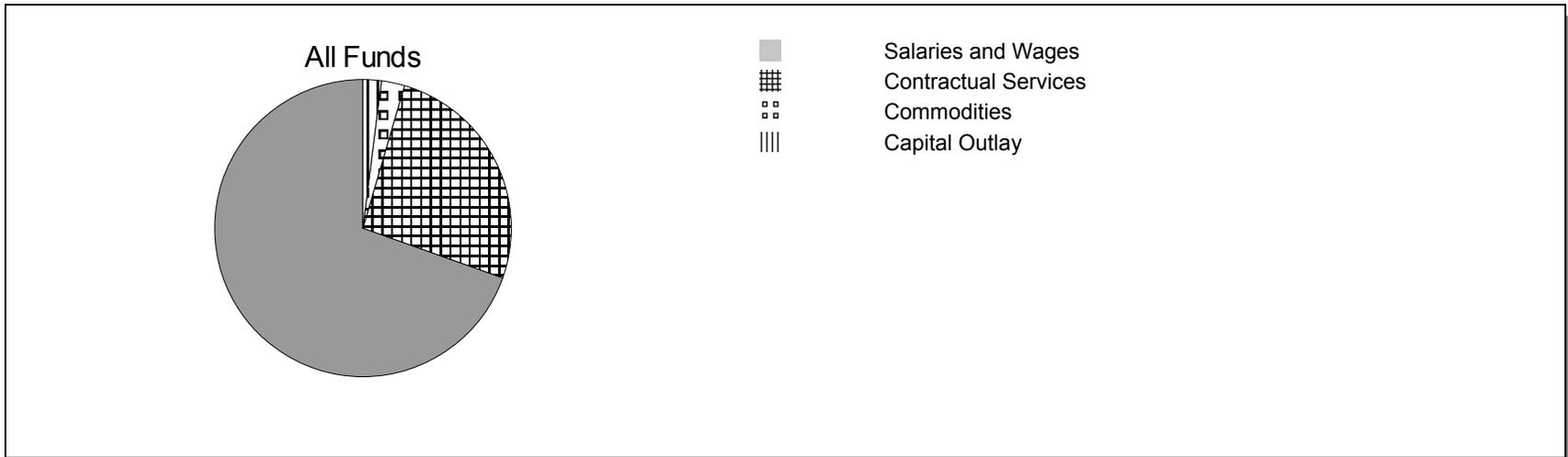
*No monthly lowest and highest ending balance is provided because the Legislature passed legislation changing the way the agency collects revenue. According to the agency, there is no way it can estimate its highest and lowest monthly balances at this time.

The **Governor** proposes amending the statute to allow for an increase for the amount withheld from the agency's fee fund revenue from 10 percent or \$100,000 to 20 percent or \$200,000 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 \$100,000 in FY 2016 and an additional \$100,000 in FY 2017.

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	\$ 668,093	69.6 %	\$ 0	-- %
Contractual Services	248,726	25.9	0	--
Commodities	24,450	2.5	0	--
Capital Outlay	19,066	2.0	0	--
TOTAL	\$ 960,335	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	11.0	11.0	11.0	11.0	11.0	11.0	11.0

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>
Percent of licensed facilities inspected	95.0	%	95.0	%	95.0	%	95.0	%	95.0
Number of inspections conducted	5,057		5,057		5,250		5,500		6,000