

# STATE FIRE MARSHAL

	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
<b>Operating Expenditures:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	4,359,397	5,033,179	5,009,158	5,478,012	5,435,394	5,563,205	5,519,623
<b>TOTAL</b>	<b>\$ 4,359,397</b>	<b>\$ 5,033,179</b>	<b>\$ 5,009,158</b>	<b>\$ 5,478,012</b>	<b>\$ 5,435,394</b>	<b>\$ 5,563,205</b>	<b>\$ 5,519,623</b>
<b>Capital Improvements:</b>							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
<b>GRAND TOTAL</b>	<b>\$ 4,359,397</b>	<b>\$ 5,033,179</b>	<b>\$ 5,009,158</b>	<b>\$ 5,478,012</b>	<b>\$ 5,435,394</b>	<b>\$ 5,563,205</b>	<b>\$ 5,519,623</b>
<b>Percentage Change:</b>							
<b>Operating Expenditures</b>							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	18.9	15.5	14.9	8.8	8.5	1.6	1.5
FTE Positions	54.0	54.0	48.0	54.0	48.0	54.0	48.0
Non-FTE							
Perm.Uncl.Pos.	8.5	17.0	17.0	17.0	17.0	17.0	17.0
<b>TOTAL</b>	<b>62.5</b>	<b>71.0</b>	<b>65.0</b>	<b>71.0</b>	<b>65.0</b>	<b>71.0</b>	<b>65.0</b>

## AGENCY OVERVIEW

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The Office of the Kansas State Fire Marshal was originally established in 1913, abolished in 1933, and re-established in 1939. The mission of the Office of the State Fire Marshal is to protect the lives and property of the citizens of Kansas from the hazards of fire or explosion. The office promotes prevention, educational, and investigative activities to mitigate incidents,

promote life safety, and deter crimes. Four agency programs assist with the agency's mission: Administration, Investigation, Fire Prevention, and Hazardous Materials. The agency receives no State General Fund appropriation and is primarily funded through a levy on fire insurance premiums collected in the state.

### MAJOR ISSUES FROM PRIOR YEARS

The Fire Marshal funds a majority of operations from a percent levy imposed on fire insurance premiums. The **2002 and 2003 Legislatures** amended KSA 75-1508 to redistribute the 1.25 percent levy to provide 1.0 percent to the Fire Marshal and 0.25 percent to the Emergency Medical Services (EMS) Board in calendar years 2002 and 2003. The **2004 Legislature** further amended the statute to distribute 0.8 percent to the Fire Marshal, 0.25 percent to the EMS and 0.20 percent to the Fire Services Training Institute at the University of Kansas beginning in calendar year 2004.

The **2005 Legislature** enacted legislation to allow certain employees of the State Fire Marshal's office to join the Kansas Police and Fire (KP&F) retirement system. The expenditure limitation of the Fire Marshal Fee Fund was increased by \$32,450 to accommodate the anticipated increase in employer contributions to the Kansas Public Employees Retirement System.

The **2006 Legislature** authorized the creation of a statewide bomb response unit. Funding of \$633,890 in FY 2006 and \$116,110 in FY 2007 was added from federal grant funds to purchase three pickup trucks, a bomb unit response vehicle, and salaries for three unclassified non-FTE positions.

The **2007 Legislature** established an informal dispute resolution process for deficiencies under the agency's jurisdiction cited in a medical care facility, adult care home, assisted living facility, or special hospital by an officer of the State Fire Marshal during an inspection for compliance with federal law pursuant to oversight by the Centers for Medicaid and Medicare Services. The Legislature increased the expenditure limitation of the Fire Marshal Fee Fund by \$142,773 and added 2.0 FTE positions to implement the process.

The **2007 Legislature** established the Kansas Fireworks Act to be administered by the State Fire Marshal. The Act requires any person who intends to sell, offer for sale, possess with intent to sell, any consumer fireworks, display fireworks or articles pyrotechnic or discharge, use, or display fireworks or articles pyrotechnic be required to obtain the appropriate license from the State Fire Marshal.

The **2008 Legislature** passed SB 178, and added \$63,188 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. SB 178 created standards for "flame retardant" cigarettes under the Fire Safety Standard and Firefighter Protection Act. The State Fire Marshal had to propose

equivalent test methods for cigarettes that are not sent to the American Society for Testing and Materials to be tested. Manufacturers were required to pay the State Fire Marshal a fee of \$250 to defray costs of processing, testing enforcement, administration, and oversight activities. Cigarettes must be re-certified every three years, or when a change to the cigarettes is made by a manufacturer.

The **2008 Legislature** also passed Senate Sub. for HB 2634 and added \$78,119 from the Fire Marshal Fee Fund for staffing within existing FTE limitations. Senate Sub. for HB 2634 created two new laws regarding non-fuel flammable or combustible liquid above ground storage tanks. The State Fire conducted an on-site inspection of any facility in existence on the effective date of the bill to determine compliance with standards. If the facility was not in compliance, any necessary changes were required to be made as soon as practical, but no later than July 1, 2012. No revenues were available until FY 2013, and are now contingent upon non-compliant sites.

The **2009 Legislature** deleted \$101,757, or 3.0 percent, from the Fire Marshal Fee Fund in FY 2009 and transferred the savings to the State General Fund. The Legislature also deleted \$132,423 in budget reductions from the State Fire Marshal's Fee Fund in FY 2010 and transferred the savings to the State General Fund.

The **2010 Legislature** added language to 2010 House Sub. for SB 572 adjusting the statutory distribution (KSA 75-1508) of the 1.25 percent levy on fire insurance premiums in order to distribute the State General Fund administrative services fee across the three agencies the levy supports rather than being solely charged to the State Fire Marshal in FY 2011. The

language distributed the \$200,000 fee across the three agencies by the proportion of the levy each agency receives.

The **2011 Legislature** deleted \$80,748, all from the Fire Marshal Fee Fund, to reduce budgeted purchases for paper-based supplies from \$150,748 to \$70,000 in FY 2012. The Legislature also reduced the agency's FTE limitation from 53.0 to 48.0 FTE positions in FY 2012.

The **2012 Legislature** passed SB 387 which changed the State Fire Marshal's qualifications. The qualifications no longer require the State Fire Marshal to have knowledge of building construction, but require the individual to have no less than five-years' experience in fire prevention and inspection, safety inspection, or investigation, or any combination of experience.

The **2013 Legislature** added \$582,652 and 7.0 FTE positions in FY 2014 and \$565,618 and 7.0 FTE positions for FY 2015, all from the Boiler Inspection Fee Fund, for the Boiler Inspection Program which was transferred from the Kansas Department of Labor to the State Fire Marshal under 2013 SB 135. The Legislature also appropriated the Explosives Regulatory and Training Fund which will be funded through fees collected by the State Fire Marshal from those who sell or manufacture bottle rockets at wholesale in FY 2014 and FY 2015.

The **2014 Legislature** added \$15,000, all from special revenue funds, to increase federal fund expenditures from the Hazardous Materials Emergency Preparedness grant in FY 2014. The Legislature also deleted 1.0 vacant FTE position in FY 2014 and FY 2015. In 2014 HB 2506, the Legislature transferred \$2.5 million from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund for 2015.

## BUDGET SUMMARY AND KEY POINTS

### FY 2015 Agency Estimate

The **agency estimates** \$5.0 million, all from special revenue funds, and 54.0 FTE positions, in FY 2015, which is unchanged from the amount approved by the 2014 Legislature.

### FY 2015 Governor Recommendation

The **Governor** recommends \$5.0 million, all from special revenue funds, in FY 2015. This is a decrease of \$24,021, or 0.5 percent, below the agency's FY 2015 revised estimate, and is attributable to reduced employer contributions to KPERs. The

Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor removing 6.0 vacant classified FTE positions that the agency is holding open.

### FY 2016 Agency Request

The **agency** requests \$5.5 million, all from special revenue funds, for FY 2016. This is an increase of \$444,833, or 8.8 percent, above the agency's FY 2015 revised estimate. The increase is attributable to higher expenditures on salaries and wages, contractual services, and capital outlay, offset partially

by reduced expenditures on commodities and other assistance. The agency's FY 2016 request includes 54.0 FTE positions, which is an increase of 0.5 FTE positions from the FY 2015 revised estimate.

### FY 2016 Governor Recommendation

The **Governor** recommends \$5.4 million, all from special revenue funds, for FY 2016. This is a decrease of \$42,618, or 0.8 percent, below the agency's FY 2016 request, and is attributable to a reduction in employer contributions for state employee health insurance. A transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund also is included in the recommendation. The recommendation includes increases in the amounts withheld from the Fire Marshal Fee Fund and Boiler Inspection Fee Fund from the lesser of 10

percent or \$100,000 to the lesser of 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 and \$29,444 for each respective fund. The Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor recommending a reduction of 6.0 vacant classified FTE positions that the agency is holding open.

## **FY 2017 Agency Request**

The **agency** requests \$5.6 million, all from special revenue funds, for FY 2017. This is a net increase of \$85,193, or 1.6 percent, above the agency's FY 2016 request. The increase is attributable to higher expenditures in salaries and wages,

contractual services, and commodities, offset partially by reduced capital outlay and other assistance expenditures. The agency's FY 2017 request includes 54.0 FTE positions, an increase of 0.2 FTE positions from the FY 2016 request.

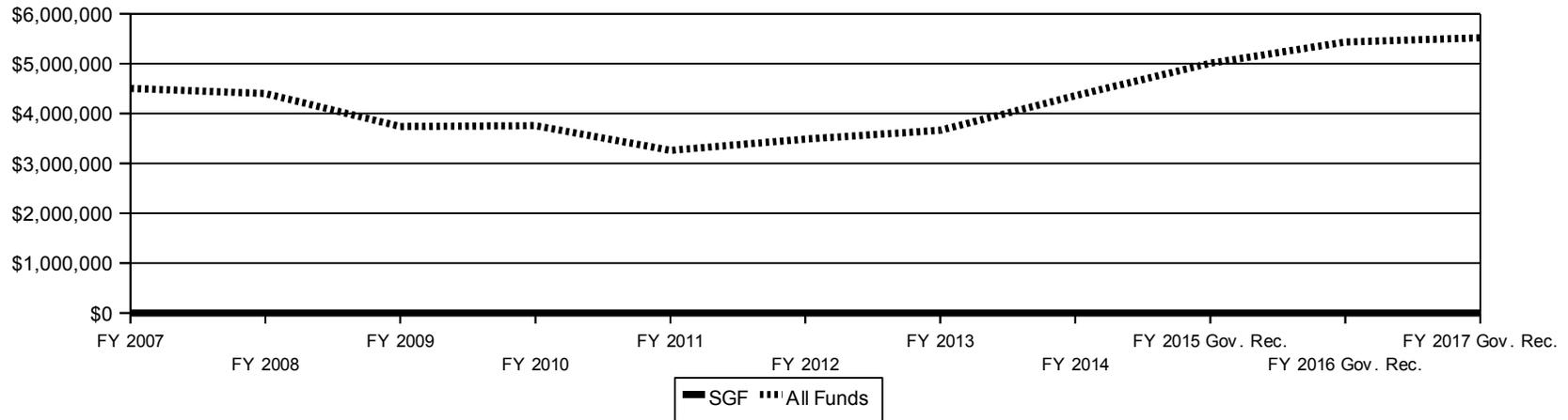
## **FY 2017 Governor Recommendation**

The **Governor** recommends \$5.5 million, all from special revenue funds, for FY 2017. This is a decrease of \$43,582, or 0.8 percent, below the agency's FY 2017 request, and is attributable to a reduction in employer contributions for state employee health insurance. A transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund also is included in the recommendation. The recommendation includes increases in the amounts withheld from the Fire Marshal Fee Fund and Boiler Inspection Fee Fund from the lesser of 10

percent or \$100,000 to the lesser of 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 and \$29,444 for each respective fund. The Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor recommending a reduction of 6.0 vacant classified FTE positions that the agency is holding open.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	-- %	\$ 4,504,869	22.9 %	51.0
2008	0	--	4,400,924	(2.3)	53.0
2009	0	--	3,739,213	(15.0)	53.0
2010	0	--	3,756,142	0.5	53.0
2011	0	--	3,262,262	(13.1)	48.5
2012	0	--	3,486,988	6.9	48.0
2013	0	--	3,664,916	5.1	48.0
2014	0	--	4,359,397	18.9	50.3
2015 Gov. Rec.	0	--	5,009,158	14.9	48.0
2016 Gov. Rec.	0	--	5,435,394	8.5	48.0
2017 Gov. Rec.	0	--	5,519,623	1.5	48.0
Eleven-Year Change	\$ 0	-- %	\$ 1,014,754	22.5 %	(3.0)

**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
Administration	\$ 4,359,397	\$ 5,033,179	\$ 5,478,012	\$ 444,833	8.8 %	\$ 5,009,158	\$ 5,435,394	\$ 426,236	-- %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 2,971,357	\$ 3,414,326	\$ 3,649,898	\$ 235,572	6.9 %	\$ 3,390,305	\$ 3,607,280	\$ 216,975	6.4 %
Contractual Services	823,519	1,032,197	1,108,135	75,938	7.4	1,032,197	1,108,135	75,938	7.4
Commodities	241,454	344,838	283,950	(60,888)	(17.7)	344,838	283,950	(60,888)	(17.7)
Capital Outlay	284,284	204,318	422,316	217,998	106.7	204,318	422,316	217,998	106.7
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 4,320,614	\$ 4,995,679	\$ 5,464,299	\$ 468,620	9.4 %	\$ 4,971,658	\$ 5,421,681	\$ 450,023	9.1 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	38,783	37,500	13,713	(23,787)	(63.4)	37,500	13,713	(23,787)	(63.4)
<b>TOTAL</b>	<b>\$ 4,359,397</b>	<b>\$ 5,033,179</b>	<b>\$ 5,478,012</b>	<b>\$ 444,833</b>	<b>8.8 %</b>	<b>\$ 5,009,158</b>	<b>\$ 5,435,394</b>	<b>\$ 426,236</b>	<b>8.5 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Fire Marshal Fee Fund	3,171,229	3,459,366	4,365,646	906,280	26.2	3,440,834	4,330,955	890,121	25.9
Hazardous Materials Program Fund	322,992	347,137	0	(347,137)	(100.0)	346,104	0	(346,104)	(100.0)
Liquified Petroleum Gas Fee Fund	142,767	151,378	61,459	(89,919)	(59.4)	150,427	60,760	(89,667)	(59.6)
All Other Funds	722,409	1,075,298	1,050,907	(24,391)	(2.3)	1,071,793	1,043,679	(28,114)	(2.6)
<b>TOTAL</b>	<b>\$ 4,359,397</b>	<b>\$ 5,033,179</b>	<b>\$ 5,478,012</b>	<b>\$ 444,833</b>	<b>8.8 %</b>	<b>\$ 5,009,158</b>	<b>\$ 5,435,394</b>	<b>\$ 426,236</b>	<b>8.5 %</b>

**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
Administration	\$ 5,478,012	\$ 5,563,205	\$ 85,193	1.6 %	\$ 5,435,394	\$ 5,519,623	\$ 84,229	-- %
<b>By Major Object of Expenditure:</b>								
Salaries and Wages	\$ 3,649,898	\$ 3,813,990	\$ 164,092	4.5 %	\$ 3,607,280	\$ 3,770,408	\$ 163,128	4.5 %
Contractual Services	1,108,135	1,125,737	17,602	1.6	1,108,135	1,125,737	17,602	1.6
Commodities	283,950	312,085	28,135	9.9	283,950	312,085	28,135	9.9
Capital Outlay	422,316	307,313	(115,003)	(27.2)	422,316	307,313	(115,003)	(27.2)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 5,464,299	\$ 5,559,125	\$ 94,826	1.7 %	\$ 5,421,681	\$ 5,515,543	\$ 93,862	1.7 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	13,713	4,080	(9,633)	(70.2)	13,713	4,080	(9,633)	(70.2)
<b>TOTAL</b>	<b>\$ 5,478,012</b>	<b>\$ 5,563,205</b>	<b>\$ 85,193</b>	<b>1.6 %</b>	<b>\$ 5,435,394</b>	<b>\$ 5,519,623</b>	<b>\$ 84,229</b>	<b>1.5 %</b>
<b>Financing:</b>								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Fire Marshal Fee Fund	4,365,646	4,412,663	47,017	1.1	4,330,955	4,377,187	46,232	1.1
Hazardous Materials Program Fund	0	0	0	--	0	0	0	--
Liquified Petroleum Gas Fee Fund	61,459	64,171	2,712	4.4	60,760	63,457	2,697	4.4
All Other Funds	1,050,907	1,086,371	35,464	3.4	1,043,679	1,078,979	35,300	3.4
<b>TOTAL</b>	<b>\$ 5,478,012</b>	<b>\$ 5,563,205</b>	<b>\$ 85,193</b>	<b>1.6 %</b>	<b>\$ 5,435,394</b>	<b>\$ 5,519,623</b>	<b>\$ 84,229</b>	<b>1.5 %</b>

# BUDGET OVERVIEW

## A. FY 2015 – Current Year

### Adjustments to Approved State General Fund 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	5,033,179	5,033,179	0	5,009,158	(24,021)
<b>TOTAL</b>	<b>\$ 5,033,179</b>	<b>\$ 5,033,179</b>	<b>\$ 0</b>	<b>\$ 5,009,158</b>	<b>\$ (24,021)</b>
FTE Positions	54.0	54.0	0.0	48.0	(6.0)

The **agency's** FY 2015 revised estimate is \$5.0 million, all from special revenue funds, which is unchanged from the amount approved by the 2014 Legislature.

The revised estimate includes 54.0 FTE positions and 17.0 non-FTE unclassified permanent positions, an increase of 8.5 non-FTE unclassified permanent positions. The increase in non-FTE positions is attributable to the agency hiring 3.5 new positions and filling 5.0 positions tied to vacant FTE positions. The 3.5 new positions include two for Information Technology support because the Office of Information Technology Services (OITS) no longer provides certain services to smaller agencies, an accounting specialist in the Boiler Inspection subprogram, and an administrative assistant (0.5 FTE) in the Investigation subprogram.

Categories of expenditures are detailed below.

- **Salaries and Wages.** The agency's FY 2015 revised estimate includes \$3.4 million, all from special revenue funds, for 50.4 FTE and 17.0 non-FTE positions. This is no change from the FY 2015 approved amount.
- **Contractual Services.** The agency's FY 2015 revised estimate includes \$1.0 million, all from special revenue funds, which is no change from the FY 2015 approved amount.

- **Commodities.** The agency's FY 2015 revised estimate includes \$344,838, all from special revenue funds, which is no change from the FY 2015 approved amount.
- **Capital Outlay.** The agency's FY 2015 revised estimate includes \$204,318, all from special revenue funds, which is no change from the FY 2015 approved amount.
- **Other Assistance.** The agency's FY 2015 revised estimate includes \$37,500 all from

special revenue funds, which is no change from the FY 2015 approved amount.

The **Governor** recommends \$5.0 million, all from special revenue funds, in FY 2015. This is a decrease of \$24,021, or 0.5 percent, below the agency's FY 2015 revised estimate, and is attributable to reduced employer contributions to KPERs. The Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor removing 6.0 vacant classified FTE positions that the agency is holding open.

**B. FY 2016 – Budget Year**

<b>FY 2016 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 5,478,012	\$ 5,435,394	\$ (42,618)
<b>FTE Positions</b>	54.0	48.0	(6.0)
<b>Change from FY 2015:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	444,833	426,236	
TOTAL	<u>\$ 444,833</u>	<u>\$ 426,236</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	8.8	8.5	
TOTAL	<u>8.8 %</u>	<u>8.5 %</u>	
Change in FTE Positions	0.5	0.5	

The **agency** requests \$5.5 million, all from special revenue funds, for FY 2016. This is an increase of \$444,833, or 8.8 percent, above the agency's FY 2015 revised estimate. The increase is attributable to higher expenditures in salaries and wages, contractual services, and capital outlay, offset by reduced expenditures on commodities and other assistance. The agency's FY 2016 request includes 54.0 FTE and 17.0 non-FTE unclassified permanent positions, an increase of 0.5 on-

budget FTE positions from the FY 2015 revised estimate. The increase in positions is due to 0.5 off-budget positions returning to the on-budget program. Expenditure adjustments from the agency's FY 2015 revised estimate are as follows.

- **Salaries and Wages.** The agency requests \$3.6 million, all from special revenue funds, an increase of \$235,572, or 6.9 percent, above the

agency's FY 2015 revised estimate. The increase is largely attributable to higher expenditures on pay for unclassified temporary employees (\$432,452), workers compensation (\$34,181), and group health hospitalization (\$28,324) associated with the addition of 3.5 new non-FTE positions. The reductions were offset by lower expenditures on pay for classified regular employees (\$323,988) and unclassified regular employees (\$11,749), and are attributable to the agency's filling of unclassified positions, leaving the corresponding classified positions vacant and unfunded.

- **Contractual Services.** The agency requests \$1.1 million, all from special revenue funds, an increase of \$75,938, or 7.4 percent, above the agency's FY 2015 revised estimate. The increase is largely attributable to higher expenditures on attorneys and lawyers (\$8,692), and credit card fees and charges (\$4,250), partially offset by reduced expenditures on physicians and medical associates (\$1,250). The agency's attorney services are provided through an agreement with the Attorney General's Office and the fee for services increased. Increased expenditures on credit cards stemmed from the fees the agency pays to accept online credit card payments for boiler inspections.
- **Commodities.** The agency requests \$283,950, all from special revenue funds, a decrease of \$60,888, or 17.7 percent, below the agency's FY 2015 revised estimate. The decrease is attributable to reduced expenditures on gasoline (\$30,537), and professional scientific supplies

(\$18,765) and equipment, materials, and parts (\$16,700) used in the agency's Hazardous Material Response subprogram.

- **Capital Outlay.** The agency requests \$422,316, all from special revenue funds, an increase of \$217,998, or 106.7 percent, above the agency's FY 2015 revised estimate. The increase is attributable to higher expenditures on professional and scientific equipment (\$191,000) used in the Hazardous Material Response subprogram and expenditures on trucks (\$25,419), partially offset by reduced expenditures on passenger cars (\$17,728). The agency plans to purchase two trucks for use in the Investigation subprogram.
- **Other Assistance.** The agency requests \$13,713, all from special revenue funds, a decrease of \$23,787, or 63.4 percent, below the agency's FY 2015 revised estimate. The agency's expenditures on other assistance is for individuals participating in the Voluntary Retirement Incentive Program which decreased from four to two individuals for FY 2016.

The **Governor** recommends \$5.4 million, all from special revenue funds, for FY 2016. This is a decrease of \$42,618, or 0.8 percent, below the agency's FY 2016 request. The Governor recommends the following items.

- A reduction of \$42,618, all from special revenue funds, to reduce employer contributions for state employee health insurance.

- A transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund.
- An increase in the amount withheld from the Fire Marshal Fee Fund from the lesser of 10 percent or \$100,000 to the lesser of 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 for FY 2016.
- An increase the amount withheld from the Boiler Inspection Fee Fund from the lesser of 10 percent or \$100,000 to the lesser of 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 \$29,444 for FY 2016.

The Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor removing 6.0 vacant classified FTE positions that the agency is holding open.

**C. FY 2017 – Budget Year**

<b>FY 2017 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 5,563,205	\$ 5,519,623	\$ (43,582)
<b>FTE Positions</b>	54.0	48.0	(6.0)
<b>Change from FY 2016:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	85,193	84,229	
TOTAL	<u>\$ 85,193</u>	<u>\$ 84,229</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	1.6	1.5	
TOTAL	<u>1.6 %</u>	<u>1.5 %</u>	
Change in FTE Positions	0.2	0.2	

The **agency** requests \$5.6 million, all from special revenue funds, for FY 2017. This is a net increase of \$85,193, or 1.6 percent, above the agency's FY 2016 request. The increase is attributable to higher expenditures in salaries and wages, contractual services, and commodities, offset by reduced capital outlay and other assistance expenditures. The agency's FY 2017 request includes 54.0 FTE positions and 17.0 non-FTE unclassified permanent positions, which is an increase of 0.2

on-budget FTE positions from the FY 2016 request. The increase in positions is due to 0.2 off-budget positions returning to the on-budget program Expenditure adjustments from the agency's FY 2016 request include the following items.

- **Salaries and Wages.** The agency requests \$3.8 million, all from special revenue funds, an increase of \$164,092, or 4.5 percent, above the

agency's FY 2016 request. The increase is largely attributable to higher pay for classified regular employees (\$59,013), employer contributions to KPERS (\$34,456), and pay for unclassified temporary employees (\$28,416). The increased pay to employees is attributable to the 27<sup>th</sup> paycheck. The agency's FY 2017 request includes 54.0 FTE positions and 17.0 non-FTE unclassified permanent positions, which is an increase of 0.2 FTE positions from the FY 2016 request and is attributable to 0.2 positions in the off-budget program returning to the on-budget program.

- **Contractual Services.** The agency requests \$1.1 million, all from special revenue funds, an increase of \$17,602, or 1.6 percent, above the agency's FY 2016 request. The increase is largely attributable to expenditures on in-state meals and lodging (\$7,500) and passenger car service (\$3,300) due to the agency being fully staffed. There was also an increase in other fees (\$5,060) due to contractual fees associated with the hiring of instructors in the Hazardous Material Response program. Increases were partially offset by reduced expenditures on other professional fees (\$4,950) and job related training (\$2,170) related to the agency's reduced expenditures on CPR classes and participation in online training.
- **Commodities.** The agency requests \$312,085, all from special revenue funds, an increase of \$28,135, or 9.9 percent, above the agency's FY 2016 request. The increase is largely attributable to higher expenditures on professional scientific

equipment (\$15,390), gasoline (\$7,500), and vehicle parts and supplies (\$2,980).

- **Capital Outlay.** The agency requests \$307,313, all from special revenue funds, a decrease of \$115,003, or 27.2 percent, below the agency's FY 2016 request. The decrease is largely attributable to reduced expenditures on professional and scientific equipment (\$65,000) and passenger cars (\$55,189), offset by increased expenditures on trucks (\$28,091). The agency anticipates purchasing three trucks for the Investigation subprogram.
- **Other Assistance.** The agency requests \$4,080, all from special revenue funds, a decrease of \$9,633, or 70.2 percent, below the agency's FY 2016 request. The agency's expenditures on other assistance is for staff participating in the Voluntary Retirement Incentive Program, and the decrease is attributable to partial year participation of the agency's remaining participants.

The **Governor** recommends \$5.5 million, all from special revenue funds, for FY 2017. This is a decrease of \$43,582, or 0.8 percent, below the agency's FY 2017 request. The Governor recommends the following items.

- A reduction of \$43,582, all from special revenue funds, to reduce employer contributions for state employee health insurance.
- A transfer of \$1.0 million from the Fire Marshal Fee Fund to the State General Fund.

- An increase in the amount withheld from the Fire Marshal Fee Fund from the lesser of 10 percent or \$100,000 to the lesser of 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 for FY 2017.
- An increase the amount withheld from the Boiler Inspection Fee Fund from the lesser of 10

percent or \$100,000 to the lesser of 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 \$29,444 for FY 2017.

The Governor's recommendation includes 48.0 FTE and 17.0 non-FTE positions, which is a decrease of 6.0 FTE positions due to the Governor removing 6.0 vacant classified FTE positions that the agency is holding open.

## 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 \$14,580, all from special revenue funds, and affects 47 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 \$12,810, all from special revenue funds, and FY 2017 longevity payments total \$14,490, all from special revenue funds.**

**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 \$42,618, all from special revenue funds, for FY 2016. This is a reduction of \$43,582, all from special revenue funds, 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 %
Fire Marshal Fee Fund	79.7	79.7	79.3	79.3
Hazardous Materials Program Fund	0.0	0.0	0.0	0.0
Liquified Petroleum Gas Fee Fund	1.1	0.0	1.2	0.0
All Other Funds	19.2	20.3	19.5	20.6
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.

## Fire Marshal Fee Fund

The Fire Marshal Fee Fund is the primary source of funding for the agency. KSA 75-1508 requires each fire insurance company doing business in Kansas to pay the Commissioner of Insurance. Pursuant to statute, the levy shall not exceed 0.8 percent of a sum equal to the gross cash receipts of such company on all fire business transacted by the company in the preceding calendar year. KSA 75-1508 also requires a levy of 0.25 percent to support the operations of the Emergency Medical Services Board, and a 0.20 percent levy be used to support the Fire Services Training Institute at the University of Kansas. (Previously, the Fire Services Training Institute was supported with a transfer of \$750,000 from the Fire Marshal Fee Fund which was discontinued beginning in FY 2005.)

The timing of receipts, expenditures, and transfers from the Fire Marshal Fee Fund have caused cash flow issues with the agency in previous fiscal years. Since nearly all of the receipts

into the fee fund occur in December and June, the fund is nearly depleted by the end of the previous months, while expenses are spread relatively evenly over the entire fiscal year. In May 2004, a transfer of \$250,000 was made from the Hazardous Materials Emergency Fund to the Fire Marshal Fee Fund to allow the agency to meet its payroll and other outstanding payments. The agency has included a transfer of \$50,000 from the Fire Marshal Fee Fund to the Hazardous Materials Emergency Fund in all budget submissions since FY 2008, to begin paying back the May 2004 transfer. The agency paid \$50,000 in FY 2011, FY 2012, FY 2013, FY 2014, and FY 2015, thereby repaying the balance of the loan.

The agency has also taken a loan from the State General Fund. During the 2008 Session, language was added to Senate Sub. for HB 2946 to allow a loan from the State General Fund to the Fire Marshal Fee Fund if there were any cash flow issues, and was continued in 2009 Senate Sub. for HB 2354.

credited to support the operations of the Emergency Medical Services Board, and 16.0 percent will be credited to the Fire Services Training Institute at the University of Kansas. This transfer is intended to reimburse State General Fund for administrative services provided to this agency.

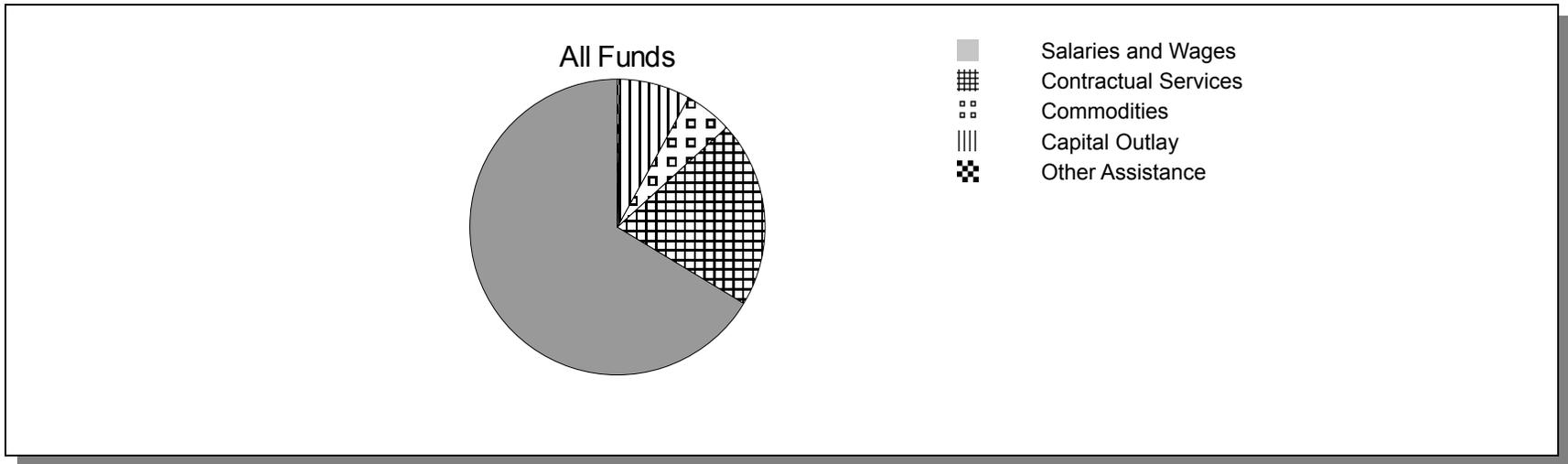
KSA 75-1514 requires that 10.0 percent of the receipts received by the Fire Marshal be remitted to the State General Fund. In previous years, a maximum transfer was set at \$200,000. The 2013 Legislature lowered the maximum transfer in 2013 SB 171 to \$100,000 in FY 2014 and FY 2015. After the transfer of \$100,000 is met, 64.0 percent of each deposit will be credited to the Fire Marshal Fee Fund, 20.0 percent will be

Additional transfers to the State General Fund from the Fire Marshal Fee Fund periodically have been directed in the budgeting and appropriations process. The 2014 Legislature, in 2014 HB 2506, authorized a \$2.5 million transfer from the unencumbered balance of the Fire Marshal Fee Fund to the State General Fund in FY 2015.

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	\$ 5,527,803	\$ 6,964,317	\$ 6,964,317	\$ 5,712,255	\$ 5,734,118	\$ 6,542,275	\$ 5,498,829
Revenue	5,214,382	5,315,704	5,315,704	5,220,666	5,220,666	5,376,182	5,376,182
Transfers in	51,998	52,507	53,540	0	0	0	0
Total Funds Available	\$ 10,794,183	\$ 12,332,528	\$ 12,333,561	\$ 10,932,921	\$ 10,954,784	\$ 11,918,457	\$ 10,875,011
Less: Expenditures	3,415,134	3,706,959	3,686,129	4,365,646	4,330,955	4,412,663	4,377,187
Transfers Out	414,732	2,913,314	2,913,314	25,000	1,125,000	25,000	1,125,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	\$ 6,964,317	\$ 5,712,255	\$ 5,734,118	\$ 6,542,275	\$ 5,498,829	\$ 7,480,794	\$ 5,372,824
Ending Balance as Percent of Expenditures	203.9%	154.1%	155.6%	149.9%	127.0%	169.5%	122.7%
Month Highest Ending Balance	June \$ 7,272,137	June \$ 5,886,059	June \$ 5,987,889	June \$ 6,696,081	December \$ 5,761,414	June \$ 6,570,279	December \$ 5,581,764
Month Lowest Ending Balance	November \$ 4,303,515	November \$ 3,447,253	November \$ 3,447,253	November \$ 4,062,374	November \$ 3,577,244	November \$ 3,808,489	November \$ 3,323,689

# OBJECT DETAIL

## EXPENDITURES BY OBJECT—GOVERNOR’S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	\$ 3,607,280	66.4 %	\$ 0	-- %
Contractual Services	1,108,135	20.4	0	--
Commodities	283,950	5.2	0	--
Capital Outlay	422,316	7.8	0	--
Other Assistance	13,713	0.3	0	--
<b>TOTAL</b>	<b>\$ 5,435,394</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>100.0 %</b>

**FTE POSITIONS 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	54.0	54.0	48.0	54.0	48.0	54.0	48.0

**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 polygraph examinations	10	3	20	20	40
Number of requests for investigations	380	382	390	390	400
Number of investigation with arrests/convictions	65	44	60	60	70