

KANSAS RACING AND GAMING COMMISSION

	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	6,610,135	8,658,446	8,601,605	10,372,259	10,299,436	10,594,575	10,514,770
TOTAL	\$ 6,610,135	\$ 8,658,446	\$ 8,601,605	\$ 10,372,259	\$ 10,299,436	\$ 10,594,575	\$ 10,514,770
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	\$ 6,610,135	\$ 8,658,446	\$ 8,601,605	\$ 10,372,259	\$ 10,299,436	\$ 10,594,575	\$ 10,514,770

Percentage Change:

Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	(4.7)	31.0	30.1	19.8	19.7	2.1	2.1
FTE Positions	91.6	93.5	93.6	112.5	112.5	112.5	112.5
Non-FTE							
Perm.Uncl.Pos.	1.0	7.5	7.5	7.5	7.5	0.0	0.0
TOTAL	92.6	101.0	101.1	120.0	120.0	112.5	112.5

AGENCY OVERVIEW

In 1986, Kansas voters approved Article 15, Section 3b of the *Kansas Constitution* which authorizes the regulation, licensing and taxation of horse and dog racing and parimutuel wagering. The Legislature originally established the Kansas Racing Commission in 1987, as the entity charged with implementing provisions of the Kansas Parimutuel Racing Act. The Kansas Racing Commission was re-designated as the Kansas Racing and Gaming Commission on July 1, 1996, when the State Gaming Agency was attached for administrative and budget purposes. A portion of the budget request reflects the expenditures associated with this entity and the oversight of tribal casinos. The 2007 Legislature expanded the authority of the agency by assigning regulatory duties with respect to expanded lottery (gaming) activities in 2007 SB 66 and by appropriating expenditures from the Expanded Lottery Act Regulation Fund for staffing and operating the oversight of gaming at race tracks and state owned casinos. The agency's budget includes the following three programs.

Parimutuel Racing Program. The Kansas Racing and Gaming Commission administers provisions of the Parimutuel Racing Act and serves as the regulatory entity for horse and greyhound racing. The Commission issues racing dates, promulgates racing regulations as required to maintain public confidence in the parimutuel wagering system, ensures the safety and welfare of racing animals, monitors the public health and safety at Kansas race tracks, and encourages the growth of the horse and greyhound breeding industry. All revenues to the agency's different fee funds originate from the race tracks and activities associated with the parimutuel industry. Because of shortfalls in other agency revenues, a State General Fund appropriation was approved in FY 2007 for salary plan adjustments and a transfer from the State General Fund

contributed to FY 2006 financing. There are currently no operating racetracks in the state.

Tribal Gaming Regulation Program. The 1996 Tribal Gaming Oversight Act statutorily created the State Gaming Agency in order to fulfill the duties in the gaming compacts and to enforce the provisions of the compacts and state laws, including general criminal statutes and specific criminal gaming statutes in the Tribal Gaming Oversight Act. The agency performs all necessary background investigations prior to licensing for casino employees, management contractors, manufacturers, and distributors at gaming facilities. In addition, the agency ensures that gaming is conducted in accordance with the tribal compacts as well as applicable state and federal laws. The agency's staff may examine and inspect all tribal gaming facilities as well as the records, books, papers, machines, equipment, electronic records, surveillance and security tapes, and logs.

Four casinos have been opened in Kansas under provisions of the compacts: the Kickapoo Nation of Kansas casino, located on the tribe's land in southern Brown County, east of U.S. 75 on K-20; the Prairie Band Potawatomi Nation casino, located on tribal land in Jackson County, off U.S. 75; the Sac and Fox Nation of Missouri casino in Brown County on U.S. 75; and the Iowa Tribe of Kansas and Nebraska casino near White Cloud in the Northeast corner of the state.

Expanded Gaming Regulation Program. The 2007 Legislature expanded the authority of the agency by assigning regulatory duties with respect to expanded lottery (gaming) activities in 2007 SB 66 and by appropriating expenditures from the Expanded Lottery Act Regulation Fund for staffing and

operating the oversight of gaming at race tracks and state owned casinos. The goal of the program is to regulate each gaming facility, including oversight of internal controls and security, background checks, and auditing gaming facility revenues. The Kansas Expanded Lottery Act requires lottery and racetrack gaming facility managers to pay for the costs of oversight and regulation. The Legislature authorized the agency

to borrow up to \$5.0 million from the Pooled Money Investment Board (PMIB) for start-up costs related to implementing expanded lottery (gaming) before revenues were sufficient to support operational costs. The loan was then repaid with interest once money was available from the expanded lottery receipts.

MAJOR ISSUES FROM PRIOR YEARS

Tribal Gaming Transfers. Assessments from the tribes are paid to the State Gaming Agency to finance its operations. Prior to FY 2007, a \$450,000 transfer authorized annually in appropriations bills from the State General Fund to the Tribal Gaming Fund at the start of each fiscal year provided advance cash financing for the State Gaming Agency until the first assessments from the four tribes were submitted in September. Two additional assessments were due from the tribes later in each fiscal year. As revenues allow, the State General Fund cash advance is repaid. The procedure was suspended for one year in FY 2007 when Racing Operations also was allowed to use funding from the transfer, but the FY 2008 appropriations language returned to the original funding mechanism specifically dedicated to Gaming Operations. The original mechanism has remained in place since then.

PMIB Loans and Expanded Lottery Regulation. The Legislature authorized the agency to borrow up to \$5.0 million from the Pooled Money Investment Board (PMIB) for start-up costs related to implementing expanded lottery (gaming) before

revenues were sufficient to support operational costs. The loan was then repaid with interest when money was available from the expanded lottery receipts. The Expanded Gaming Regulation program was established during FY 2008 and this funding provided an initial source of financing for its operations and staff.

Board Member Compensation. The 2013 Legislature added language in FY 2013 through FY 2015 directing the agency that no funds shall be expended for compensation of Kansas Racing and Gaming Commission Board members exceeding that described in KSA 75-3223. The 2014 Legislature added a proviso in Senate Sub. for HB 2231 increasing compensation to that described in KSA 46-137(a) in FY 2015.

Shrinkage Adjustment. The 2014 Legislature deleted \$98,123 in FY 2014 and \$93,832 for FY 2015, all from special revenue funds, to adjust salaries and wages shrinkage in the State Gaming Agency.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates a revised FY 2015 estimate totaling \$8.7 million, all from special revenue funds. This is an increase of \$1.3 million, or 17.4 percent, above the amount approved by the 2014 Legislature. The estimate includes 93.5 FTE and 7.5

non-FTE positions, which is an increase of 2.0 FTE and 6.5 non-FTE positions. The all funds and position increases are attributable to the agency's supplemental requests in the Expanded Gaming Regulation program.

FY 2015 Governor Recommendation

The **Governor** recommends \$8.6 million, all from special revenue funds, in FY 2015. This is an all funds decrease of \$56,841, or 0.7 percent, below the agency's FY 2015 revised estimate. The decrease is attributable to reduced employer

contributions to KPERS. The Governor recommends 93.5 FTE and 7.5 non-FTE positions, which is unchanged from the agency's FY 2015 revised estimate.

FY 2016 Agency Request

The **agency** requests \$10.4 million, all from special revenue funds, for FY 2016. This is an increase of \$1.7 million, or 19.8 percent, above the agency's FY 2015 revised estimate. The request includes 112.5 FTE and 7.5 non-FTE positions, which is

an increase of 19.0 FTE positions. The all funds and position increases are attributable to the agency's enhancement requests in the Expanded Gaming Regulation program, and are partially offset by reduced capital outlay expenditures.

FY 2016 Governor Recommendation

The **Governor** recommends \$10.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$72,823, or 0.7 percent, below the agency's FY 2016 request. The decrease is entirely attributable to reduced employer contributions for

state employee health insurance. The Governor recommends 112.5 FTE and 7.5 non-FTE positions, which is unchanged from the agency's FY 2016 request.

FY 2017 Agency Request

The **agency** requests \$10.6 million, all from special revenue funds, for FY 2017. This is an increase of \$222,316, or 2.1 percent, above the agency's FY 2016 request. The increase is entirely attributable to higher expenditures on salaries and

wages, offset by reduced expenditures on contractual services, commodities, and capital outlay. The FY 2017 request includes 112.5 FTE and no non-FTE positions, which is a decrease of 7.5 positions from the agency's FY 2016 request.

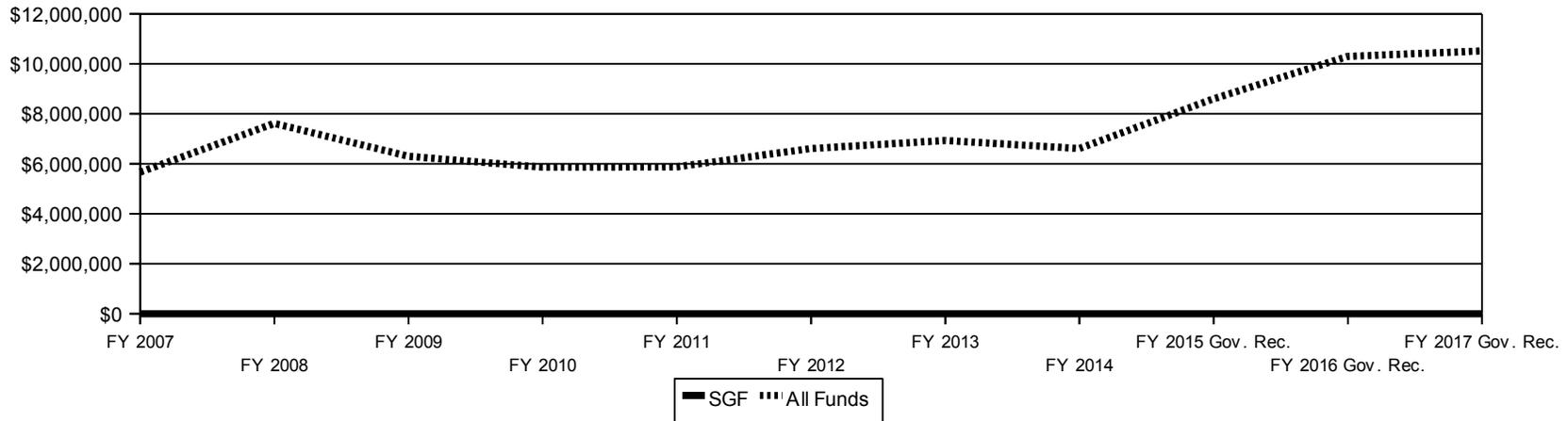
FY 2017 Governor Recommendation

The **Governor** recommends \$10.5 million, all from special revenue funds, for FY 2017. This is a decrease of \$79,805, or 0.8 percent, below the agency's FY 2017 request. The decrease is entirely attributable to reduced employer contributions for

state employee health insurance. The Governor recommends 112.5 FTE and no non-FTE positions, which is unchanged from the agency's FY 2017 request.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 0	0.0 %	\$ 5,663,180	1.1 %	67.0
2008	0	0.0	7,614,951	34.5	67.0
2009	0	0.0	6,299,242	(17.3)	73.5
2010	0	0.0	5,858,720	(7.0)	80.0
2011	0	0.0	5,877,410	0.3	73.5
2012	0	0.0	6,609,144	12.4	99.5
2013	0	0.0	6,932,712	4.9	98.0
2014	0	0.0	6,610,135	(4.7)	91.5
2015 Gov. Rec.	0	0.0	8,601,605	30.1	93.6
2016 Gov. Rec.	0	0.0	10,299,436	19.7	112.5
2017 Gov. Rec.	0	0.0	10,514,770	2.1	112.5
Eleven-Year Change	\$ 0	0.0 %	\$ 4,851,590	85.7 %	45.5

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:									
Expanded Gaming Regulation	\$ 5,135,844	\$ 6,924,276	\$ 8,616,093	\$ 1,691,817	24.4 %	\$ 6,880,131	\$ 8,559,853	\$ 1,679,722	24.4 %
Tribal Gaming Regulation	1,466,334	1,730,642	1,752,381	21,739	1.3	1,717,970	1,735,827	17,857	1.0
Parimutuel Gaming	7,957	3,528	3,785	257	7.3	3,504	3,756	252	7.2
TOTAL	\$ 6,610,135	\$ 8,658,446	\$ 10,372,259	\$ 1,713,813	19.8 %	\$ 8,601,605	\$ 10,299,436	\$ 1,697,831	19.7 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 5,371,754	\$ 6,202,497	\$ 7,043,905	\$ 841,408	13.6 %	\$ 6,145,656	\$ 6,971,082	\$ 825,426	13.4 %
Contractual Services	994,691	1,975,577	2,939,447	963,870	48.8	1,975,577	2,939,447	963,870	48.8
Commodities	87,840	160,455	177,115	16,660	10.4	160,455	177,115	16,660	10.4
Capital Outlay	146,381	312,921	204,796	(108,125)	(34.6)	312,921	204,796	(108,125)	(34.6)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 6,600,666	\$ 8,651,450	\$ 10,365,263	\$ 1,713,813	19.8 %	\$ 8,594,609	\$ 10,292,440	\$ 1,697,831	19.8 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	9,469	6,996	6,996	0	0.0	6,996	6,996	0	0.0
TOTAL	\$ 6,610,135	\$ 8,658,446	\$ 10,372,259	\$ 1,713,813	19.8 %	\$ 8,601,605	\$ 10,299,436	\$ 1,697,831	19.7 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Expanded Lottery Regulation Fund	4,780,438	5,710,791	6,689,107	978,316	17.1	5,670,326	6,637,704	967,378	17.1
Tribal Gaming Fund	1,466,334	1,730,642	1,752,381	21,739	1.3	1,717,970	1,735,827	17,857	1.0
State Racing Fund	8,005	3,528	3,785	257	7.3	3,504	3,756	252	7.2
All Other Funds	355,358	1,213,485	1,926,986	713,501	58.8	1,209,805	1,922,149	712,344	58.9
TOTAL	\$ 6,610,135	\$ 8,658,446	\$ 10,372,259	\$ 1,713,813	19.8 %	\$ 8,601,605	\$ 10,299,436	\$ 1,697,831	19.7 %

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:								
Expanded Gaming Regulation	\$ 8,616,093	\$ 8,772,981	\$ 156,888	1.8 %	\$ 8,559,853	\$ 8,710,092	\$ 150,239	1.8 %
Tribal Gaming Regulation	1,752,381	1,817,682	65,301	3.7	1,735,827	1,800,796	64,969	3.7
Parimutuel Gaming	3,785	3,912	127	3.4	3,756	3,882	126	3.4
TOTAL	\$ 10,372,259	\$ 10,594,575	\$ 222,316	2.1 %	\$ 10,299,436	\$ 10,514,770	\$ 215,334	2.1 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 7,043,905	\$ 7,664,545	\$ 620,640	8.8 %	\$ 6,971,082	\$ 7,584,740	\$ 613,658	8.8 %
Contractual Services	2,939,447	2,584,247	(355,200)	(12.1)	2,939,447	2,584,247	(355,200)	(12.1)
Commodities	177,115	169,955	(7,160)	(4.0)	177,115	169,955	(7,160)	(4.0)
Capital Outlay	204,796	168,832	(35,964)	(17.6)	204,796	168,832	(35,964)	(17.6)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 10,365,263	\$ 10,587,579	\$ 222,316	2.1 %	\$ 10,292,440	\$ 10,507,774	\$ 215,334	2.1 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	6,996	6,996	0	0.0	6,996	6,996	0	0.0
TOTAL	\$ 10,372,259	\$ 10,594,575	\$ 222,316	2.1 %	\$ 10,299,436	\$ 10,514,770	\$ 215,334	2.1 %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Expanded Lottery Regulation Fund	6,689,107	6,793,611	104,504	1.6	6,637,704	6,736,131	98,427	1.5
Tribal Gaming Fund	1,752,381	1,817,682	65,301	3.7	1,735,827	1,800,796	64,969	3.7
State Racing Fund	3,785	3,912	127	3.4	3,756	3,882	126	3.4
All Other Funds	1,926,986	1,979,370	52,384	2.7	1,922,149	1,973,961	51,812	2.7
TOTAL	\$ 10,372,259	\$ 10,594,575	\$ 222,316	2.1 %	\$ 10,299,436	\$ 10,514,770	\$ 215,334	2.1 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

	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	7,377,523	8,658,446	1,280,923	8,601,605	1,224,082
TOTAL	\$ 7,377,523	\$ 8,658,446	\$ 1,280,923	\$ 8,601,605	\$ 1,224,082
FTE Positions	91.5	93.5	2.0	93.6	2.1

The **agency** estimates a revised FY 2015 estimate totaling \$8.7 million, all from special revenue funds. This is an increase of \$1.3 million, or 17.4 percent, above the amount approved by the 2014 Legislature. The estimate includes 93.5 FTE and 7.5 non-FTE positions, which is an increase of 2.0 FTE and 6.5 non-FTE positions. The all funds and position increases are attributable to the agency's supplemental requests in the Expanded Gaming Regulation program. Major changes from the FY 2015 approved budget include the following topics.

- Salaries and Wages.** The agency's revised estimate for FY 2015 totals \$6.2 million, all from special revenue funds. This is an increase of \$243,079, or 4.1 percent, above the agency's FY 2015 approved amount. The increase is largely attributable to the Racing and Gaming Commission's supplemental requests for the re-establishment of the Gaming Machine

Examination Fund and expenditures related to the Lottery Gaming Facility Review Board. The FY 2015 revised estimate includes 93.5 FTE and 7.5 non-FTE positions, which is an increase of 2.0 FTE and 6.5 non-FTE positions. The FTE positions increases are attributable to the agency's supplemental requests in the Expanded Gaming Regulation program for 5.0 FTE positions associated with the re-establishment of the Gaming Machine Examination Fund, offset by FTE reductions in the Tribal Gaming Regulation program. The increase in non-FTE positions is attributable to the agency's supplemental request in the Expanded Gaming Regulation program for 7.5 positions for the Lottery Gaming Facility Review Board, offset by a reduction of 1.0 non-FTE position in the Tribal Gaming program.

- **Contractual Services.** The agency's revised estimate totals \$2.0 million, all from special revenue funds, in FY 2015. This is an increase of \$845,046, or 74.7 percent, above the FY 2015 approved amount. The increase is attributable to the agency's supplemental requests in the Expanded Gaming Regulation program for costs associated with the Lottery Gaming Facility Review Board and Gaming Machine Examination Fund. (According to the agency, contractual services for the re-establishment of the fund include professional fees related to the certification of hardware, software, and table game analysis completed by contract labs). The increases are offset by reductions in the Tribal Gaming program for database access fees and computer software maintenance.
- **Commodities.** The agency's revised estimate totals \$160,455, all from special revenue funds, in FY 2015. This is an increase of \$2,000, or 1.3 percent, above the FY 2015 approved amount. The increase is attributable to costs for gasoline and office and data supplies included as part of the agency's supplemental request for the Lottery Gaming Facility Review Board. The increase is offset by reduced expenditures on gasoline and office supplies in the Tribal Gaming program.
- **Capital Outlay.** The agency's revised estimate totals \$312,921, all from special revenue funds, in FY 2015. This is an increase of \$190,797, or 156.2 percent, above the FY 2015 approved amount. The increase is attributable to the agency's supplemental request in the Expanded Gaming Regulation program for costs associated with the Gaming Machine Examination Fund. More specifically, the capital outlay expenditures are for an enhancement to the agency's electronic gaming equipment inventory tracking system.
- **Other Assistance.** The agency's revised estimate totals \$6,996, all from special revenue funds, in FY 2015, which is an \$1 increase above the FY 2015 approved number. Expenditures are for the Voluntary Retirement Incentive Program.

The **Governor** recommends \$8.6 million, all from special revenue funds, in FY 2015. This is an all funds decrease of \$56,841, or 0.7 percent, below the agency's FY 2015 revised estimate. The decrease is attributable to reduced employer contributions to KPERS. The Governor recommends 93.5 FTE and 7.5 non-FTE positions, which is unchanged from the agency's FY 2015 revised estimate.

Supplemental Detail

Supplementals	FY 2015 SUPPLEMENTALS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Lottery Gaming Facility Review Board	\$ 0	\$ 435,175	0.0	\$ 0	\$ 435,175	0.0
Gaming Machine Examination Fund	0	909,365	5.0	0	909,365	5.0
TOTAL	\$ 0	\$ 1,344,540	5.0	\$ 0	\$ 1,344,540	5.0

The **agency's** FY 2015 revised estimate includes supplemental requests totaling \$1.3 million, all from special revenue funds, as a part of its FY 2015 revised estimate. The revised estimate includes the following requests.

- Lottery Gaming Facility Review Board.** The agency requests \$435,175, all from special revenue funds, and 7.5 non-FTE positions for the Board that is expected to reconvene in January 2015 to review applications for a gaming facility in the Southeast gaming zone. Facility manager applicants are responsible for the costs of the Review Board. The 7.5 non-FTE positions include seven Board members and a part-time attorney.

- Gaming Machine Examination Fund.** The agency requests \$909,365, all from special revenue funds, and 5.0 FTE positions, for the re-establishment of the Gaming Machine Examination Fund for the certification of electronic gaming equipment. The FTE positions include two security agents, one information technology, one administrative assistant, and one accountant.

The **Governor** concurs with the agency's FY 2015 supplemental requests.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 10,372,259	\$ 10,299,436	\$ (72,823)
FTE Positions	112.5	112.5	0.0
<i>Change from FY 2015:</i>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	1,713,813	1,697,831	
TOTAL	<u>\$ 1,713,813</u>	<u>\$ 1,697,831</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	19.8	19.7	
TOTAL	<u>19.8 %</u>	<u>19.7 %</u>	
Change in FTE Positions	19.0	19.0	

The **agency** requests \$10.4 million, all from special revenue funds, for FY 2016. This is an increase of \$1.7 million, or 19.8 percent, above the agency's FY 2015 revised estimate. The request includes 112.5 FTE and 7.5 non-FTE positions, which is increase of 19.0 FTE positions. The all funds and position increases are attributable to the agency's enhancement requests in the Expanded Gaming Regulation program, and are partially offset by reduced capital outlay expenditures. Major

changes from the FY 2015 revised estimate include these topics.

- **Salaries and Wages.** The agency requests \$7.0 million, all from special revenue funds, for FY 2016. This is an increase of \$841,408, or 13.6 percent, above the agency's FY 2015 revised estimate. The increase is attributable to the

agency's enhancement requests in the Expanded Gaming Regulation program for costs associated with the Gaming Machine Examination Fund, the Lottery Gaming Facility Review Board, and the regulation of a gaming facility in Southeast Kansas. The FY 2016 budget request includes an increase of 19.0 FTE positions which is attributable to the agency's enhancement request in the Expanded Gaming Regulation program for positions associated with the regulation of a gaming facility in Southeast Kansas.

- **Contractual Services.** The agency requests \$2.9 million, all from special revenue funds, for FY 2016. This is an increase of \$963,870, or 48.8 percent, above the agency's FY 2015 revised estimate. The increase is attributable to the agency's enhancement requests in the Expanded Gaming Regulation program for costs associated with the Gaming Machine Examination Fund, the Lottery Gaming Facility Review Board, and the regulation of a gaming facility in Southeast Kansas.
- **Commodities.** The agency requests \$177,115, all from special revenue funds, for FY 2016. This is an increase of \$16,660, or 10.4 percent, above the agency's FY 2015 revised estimate. The

increase is largely attributable to costs of computing equipment included as part of the agency's enhancement request in the Expanded Gaming Regulation program for the regulation of a gaming facility in Southeast Kansas.

- **Capital Outlay.** The agency requests \$204,796, all from special revenue funds, for FY 2016. This is a decrease of \$108,125, or 34.6 percent, below the agency's FY 2015 revised estimate. The decrease is largely attributable to one-time computing equipment costs included as part of the agency's enhancement request for the Gaming Machine Examination Fund in FY 2015 and not included in the FY 2016 request.
- **Other Assistance.** The agency requests \$6,996, all from special revenue funds, for FY 2016, which is unchanged from the FY 2015 revised estimate.

The **Governor** recommends \$10.3 million, all from special revenue funds, for FY 2016. This is a decrease of \$72,823, or 0.7 percent, below the agency's FY 2016 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 112.5 FTE and 7.5 non-FTE positions, which is unchanged from the agency's FY 2016 request.

Enhancements Detail

Enhancements	FY 2016 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Lottery Gaming Facility Review Board	\$ 0	\$ 453,898	0.0	\$ 0	\$ 453,898	0.0
Gaming Machine Examination Fund	0	1,617,512	5.0	0	1,617,512	5.0
Southeast Gaming Zone Expenditures	0	944,745	19.0	0	944,745	19.0
TOTAL	\$ 0	\$ 3,016,155	24.0	\$ 0	\$ 3,016,155	24.0

The **agency** requests enhancements to its FY 2016 budget totaling \$3.0 million, all from special revenue funds. The enhancements include the following topics.

- **Lottery Gaming Facility Review Board.** The agency requests \$453,898, all from special revenue funds, and 7.5 non-FTE positions for the Lottery Gaming Facility Review Board that is expected to conclude its work in the first half of FY 2016.
- **Gaming Machine Examination Fund.** The agency requests \$1.6 million, all from special revenue funds, and 5.0 FTE positions, for the Electronic Gaming Machine Exam Fund for the certification of electronic gaming equipment. The

FTE positions include two security agents, one information technology consultant, one administrative assistant, and one accountant.

- **Southeast Gaming Zone Expenditures.** The agency requests \$944,745, all from special revenue funds, and 19.0 FTE positions for costs associated with the regulation of a gaming facility in the Southeast gaming zone. The FTE positions include eleven enforcement agents, two information technology consultants, one public service executive, one administrative officer, one senior administrative assistant, one accountant, and one attorney.

The **Governor** concurs with the agency's FY 2016 enhancement requests.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 10,594,575	\$ 10,514,770	\$ (79,805)
FTE Positions	112.5	112.5	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	222,316	215,334	
TOTAL	<u>\$ 222,316</u>	<u>\$ 215,334</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	2.1	2.1	
TOTAL	<u>2.1 %</u>	<u>2.1 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$10.6 million, all from special revenue funds, for FY 2017. This is an increase of \$222,316, or 2.1 percent, above the agency's FY 2016 request. The increase is attributable to higher expenditures on salaries and wages, offset by reduced expenditures on contractual services, commodities, and capital outlay. The FY 2017 request includes 112.5 FTE and no non-FTE positions, which is a decrease of 7.5 positions due to the anticipation of the Lottery Gaming Facility Review Board

concluding its work in FY 2016. Major changes from the agency's FY 2016 request include the following topics.

- **Salaries and Wages.** The agency requests \$7.7 million, all from special revenue funds, for FY 2017. This is an increase of \$620,640, or 8.8 percent, above the agency's FY 2016 request. The increase is largely attributable to the

agency's enhancement request for costs associated with the full-year operation of a gaming facility in the Southeast gaming zone, the 27th pay period affecting the employees in each of the agency's programs, and higher employer contributions to KPERS.

- **Contractual Services.** The agency requests \$2.6 million, all from special revenue funds, for FY 2017. This is a decrease of \$355,200, or 12.1 percent, below the agency's FY 2016 request. The decrease is largely attributable to reduced costs associated with the Lottery Gaming Facility Review that is expected to conclude its work in FY 2016; therefore, no FY 2017 expenditures are budgeted.
- **Commodities.** The agency requests \$169,955, all from special revenue funds, for FY 2017. This is a decrease of \$7,160, or 4.0 percent, below the agency's FY 2016 request. The decrease is attributable to lower expenditures on professional science supplies included as part of the agency's enhancement request for costs associated with the regulation of a gaming facility in Southeast Kansas, and reduced expenditures on office

supplies and gasoline because of the Lottery gaming Facility Review Board completing its work in FY 2016.

- **Capital Outlay.** The agency requests \$168,832, all from special revenue funds, for FY 2017. This is a decrease of \$35,964, or 17.6 percent, below the agency's FY 2016 request. The decrease is largely attributable to reduced expenditures on computing costs included as part of the agency's enhancement request in the Expanded Gaming Regulation program for costs associated with the regulation of a gaming facility in Southeast Kansas.
- **Other Assistance.** The agency requests \$6,996, all from special revenue funds, for FY 2017, which is unchanged from the FY 2016 request.

The **Governor** recommends \$10.5 million, all from special revenue funds, for FY 2017. This is a decrease of \$79,805, or 0.8 percent, below the FY 2017 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 112.5 FTE and no non-FTE positions, which is unchanged from the agency's FY 2017 request.

Enhancements Detail

Enhancements	FY 2017 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Electronic Gaming Machine Fund	\$ 0	\$ 1,658,250	5.0	\$ 0	\$ 1,658,250	5.0
Southeast Gaming Zone Expenditures	0	1,326,191	19.0	0	1,326,191	19.0
TOTAL	\$ 0	\$ 2,984,441	24.0	\$ 0	\$ 2,984,441	24.0

The **agency** requests enhancements to its FY 2017 budget totaling \$3.0 million, all from special revenue funds. The enhancements include the following topics.

- Electronic Gaming Machine Fund.** The agency requests \$1.7 million, all from special revenue funds, and 5.0 FTE positions, for the Electronic Gaming Machine Exam Fund for the certification of electronic gaming equipment. The FTE positions include two security agents, one information technology consultant, one administrative assistant, and one accountant.

- Southeast Gaming Zone Expenditures.** The agency requests \$1.3 million, all from special revenue funds, and 19.0 FTE positions for costs associated with the regulation of a gaming facility in the Southeast gaming zone. The FTE positions include eleven enforcement agents, two information technology consultant one public service executive, one administrative officer, one senior administrative assistant, one accountant, and one attorney.

The **Governor** concurs with the agency's FY 2017 enhancement requests.

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 \$22,008, all from special revenue funds, and affects 71 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 \$15,520, all from special revenue funds, and FY 2017 longevity payments total \$16,040, 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 \$71,823, all from special revenue funds, for FY 2016. This is a reduction of \$79,805, 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 %
Expanded Lottery Regulation Fund	64.5	64.4	64.1	64.1
Tribal Gaming Fund	16.9	16.9	17.2	17.1
State Racing Fund	0.0	0.0	0.0	0.0
All Other Funds	18.6	18.7	18.7	18.8
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.

Expanded Lottery Regulation Fund

The Expanded Lottery Act stipulates that the cost of regulation is to be incurred by the lottery gaming facility managers. Revenue to the Expanded Lottery Regulation Fund includes billings and payments from the currently operating

state-owned casinos for the Racing and gaming Commission's direct and indirect costs associated with the operations of the casinos.

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	\$ 2,885,576	\$ 2,602,657	\$ 2,602,657	\$ 2,893,366	\$ 2,933,831	\$ 2,155,759	\$ 2,247,627
Revenue	4,496,664	6,001,500	6,001,500	5,951,500	5,951,500	6,301,500	6,301,500
Transfers in	855	0	0	0	0	0	0
Total Funds Available	\$ 7,383,095	\$ 8,604,157	\$ 8,604,157	\$ 8,844,866	\$ 8,885,331	\$ 8,457,259	\$ 8,549,127
Less: Expenditures	4,780,438	5,710,791	5,670,326	6,689,107	6,637,704	6,793,611	6,736,131
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 2,602,657</u>	<u>\$ 2,893,366</u>	<u>\$ 2,933,831</u>	<u>\$ 2,155,759</u>	<u>\$ 2,247,627</u>	<u>\$ 1,663,648</u>	<u>\$ 1,812,996</u>
Ending Balance as Percent of Expenditures	54.4%	50.7%	51.7%	32.2%	33.9%	24.5%	26.9%
Month Highest Ending Balance	August <u>\$ 3,358,041</u>	November <u>\$ 3,100,400</u>	November <u>\$ 3,100,400</u>	August <u>\$ 3,400,000</u>	August <u>\$ 3,400,000</u>	November <u>\$ 3,400,000</u>	November <u>\$ 3,400,000</u>
Month Lowest Ending Balance	January <u>\$ 2,226,969</u>	January <u>\$ 2,250,000</u>	January <u>\$ 2,250,000</u>	January <u>\$ 2,250,000</u>	January <u>\$ 2,250,000</u>	January <u>\$ 2,250,000</u>	January <u>\$ 2,250,000</u>

Tribal Gaming Fund

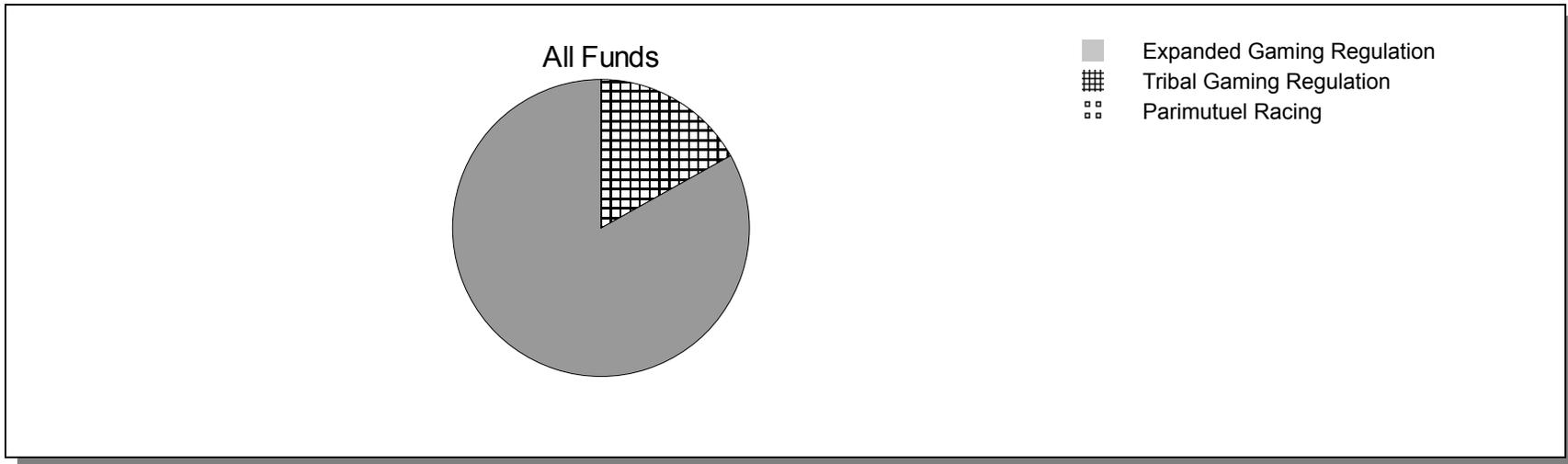
The Tribal Gaming Fund is funded by assessments paid three times a year by the four tribal casinos. On July 1st of each fiscal year, the Tribal Gaming program receives \$450,000, all from the State General Fund, to cover operational costs for July,

August, and September, before the first assessments are submitted from the tribes in September. As revenues become available, the State General Fund cash advance is repaid.

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	\$ 390,788	\$ 419,185	\$ 419,185	\$ 15,500	\$ 26,672	\$ 15,500	\$ 41,726
Revenue	1,494,731	1,325,457	1,325,457	1,750,881	1,750,881	1,816,182	1,816,182
Transfers in	450,131	451,500	451,500	451,500	451,500	451,500	451,500
Total Funds Available	\$ 2,335,650	\$ 2,196,142	\$ 2,196,142	\$ 2,217,881	\$ 2,229,053	\$ 2,283,182	\$ 2,309,408
Less: Expenditures	1,466,334	1,730,642	1,717,970	1,752,381	1,735,827	1,817,682	1,800,796
Transfers Out	450,131	450,000	451,500	450,000	451,500	450,000	451,500
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 419,185</u>	<u>\$ 15,500</u>	<u>\$ 26,672</u>	<u>\$ 15,500</u>	<u>\$ 41,726</u>	<u>\$ 15,500</u>	<u>\$ 57,112</u>
Ending Balance as Percent of Expenditures	28.6%	0.9%	1.6%	0.9%	2.4%	0.9%	3.2%
Month Highest Ending Balance	December \$ 910,315	September \$ 905,466	September \$ 905,466	September \$ 905,466	September \$ 905,466	September \$ 905,466	September \$ 905,466
Month Lowest Ending Balance	June \$ 403,685	June \$ 15,500	June \$ 26,672	June \$ 15,500	June \$ 41,726	June \$ 15,500	June \$ 57,112

PROGRAM DETAIL

EXPENDITURES BY PROGRAM-- GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Expanded Gaming Regulation	\$ 8,559,853	83.1 %	\$ 0	-- %
Tribal Gaming Regulation	1,735,827	16.9	0	--
Parimutuel Racing	3,756	0.0	0	--
TOTAL	\$ 10,299,436	100.0 %	\$ 0	100.0 %

FTE POSITIONS BY PROGRAM FY 2014 – FY 2017

Program	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
Expanded Gaming Regulation	68.50	72.45	72.50	91.45	91.45	91.45	91.50
Tribal Gaming Regulation	23.00	21.00	21.00	21.00	21.00	21.00	21.00
Parimutuel Racing	0.05	0.05	0.05	0.05	0.05	0.05	0.05
TOTAL	91.55	93.50	93.55	112.50	112.50	112.50	112.50

A. Expanded Gaming Regulation

This program provides regulatory oversight of lottery and racetrack gaming facility managers and their operations in Kansas. Program goals include the following topics.

- **Integrity of Gaming.** Uphold and promote the integrity of gaming at lottery and racetrack facilities, protect gaming operations from those seeking to harm the integrity of gaming, and protect Kansas and its citizens from criminal activity related to operation of gaming facilities.
- **Accountability and Compliance.** Ensure Kansas is receiving its fair share of gaming revenue and patrons are receiving the gaming experience according to state law, and ensure compliance with Kansas Racing and Gaming Commission rules and regulations and other applicable state and federal laws.
- **Illegal Gaming Enforcement.** Coordinate with state agencies and local authorities to reduce and minimize illegal gaming in Kansas.

- **Responsible Gambling.** Promote responsible gambling in Kansas via the Voluntary Exclusion Program (VEP) and approve each lottery gaming facility's responsible gambling plan.

Under the Kansas Expanded Lottery Act, four gaming zones were established where lottery gaming facilities (casinos) could be located and exclusively operated. The Northeast Gaming Zone in Wyandotte County houses the Hollywood Casino. The Southcentral Gaming Zone located in Sedgwick and Sumner counties houses the Kansas Star Casino. The Southwest Gaming Zone located in Ford County houses the Boot Hill Casino & Resort. The Southeast gaming zone located in Crawford and Cherokee counties does not yet have a casino, but applications for facility managers were accepted until December 19, 2014. The Lottery Gaming Facility Review Board is expected to convene in January 2015 to review applications. There are currently no racetrack gaming facility managers licensed in Kansas.

**EXPANDED GAMING REGULATION
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	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
Expenditures:							
Salaries and Wages	\$ 4,235,716	\$ 4,838,251	\$ 4,794,106	\$ 5,657,663	\$ 5,601,423	\$ 6,212,875	\$ 6,149,986
Contractual Services	738,104	1,677,498	1,677,498	2,641,368	2,641,368	2,286,168	2,286,168
Commodities	61,551	122,610	122,610	139,270	139,270	132,110	132,110
Capital Outlay	91,004	278,921	278,921	170,796	170,796	134,832	134,832
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 5,126,375	\$ 6,917,280	\$ 6,873,135	\$ 8,609,097	\$ 8,552,857	\$ 8,765,985	\$ 8,703,096
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	9,469	6,996	6,996	6,996	6,996	6,996	6,996
TOTAL	\$ 5,135,844	\$ 6,924,276	\$ 6,880,131	\$ 8,616,093	\$ 8,559,853	\$ 8,772,981	\$ 8,710,092
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	5,135,844	6,924,276	6,880,131	8,616,093	8,559,853	8,772,981	8,710,092
TOTAL	\$ 5,135,844	\$ 6,924,276	\$ 6,880,131	\$ 8,616,093	\$ 8,559,853	\$ 8,772,981	\$ 8,710,092
FTE Positions	68.5	72.5	72.5	91.5	91.5	91.5	91.5
Non-FTE Uncl. Perm. Pos.	0.0	7.5	7.5	7.5	7.5	0.0	0.0
TOTAL	68.5	80.0	80.0	99.0	99.0	91.5	91.5

The **agency** requests \$8.6 million, all from special revenue funds, for FY 2016, for the Expanded Gaming Regulation program. This is an increase of \$1.7 million, or 24.4 percent above the agency's FY 2015 revised estimate. The increase is attributable to higher expenditures on salaries and wages, contractual services, and commodities, offset by reduced capital outlay expenditures. The FY 2016 request includes 91.5 FTE and 7.5 non-FTE positions, an increase of 19.0 FTE positions

from the FY 2015 revised estimate. The increase in positions is attributable to the agency's enhancement requests. Changes from the FY 2015 revised estimate include the following topics.

- **Salaries and Wages.** The agency requests \$5.7 million, all from special revenue funds, for FY 2016. This is an increase of \$819,412, or 16.9

percent, above the agency's FY 2015 revised estimate. The increase is attributable to the agency's enhancement requests. More specifically, the agency budgeted increased expenditures for pay to classified regular employees, employer contributions to KPERS, and group health hospitalization. The FY 2016 request includes 91.5 FTE and 7.5 non-FTE positions, an increase of 19.0 FTE positions from the FY 2015 revised estimate. The increase is due to the agency's enhancement request for 19.0 FTE positions for the regulation of gaming facility in Southeast Kansas.

- **Contractual Services.** The agency requests \$2.6 million, all from special revenue funds, for FY 2016. This is an increase of \$963,870 or 57.5 percent, above the agency's FY 2015 revised estimate. The increase is largely attributable to contractual services (professional services fees related to the certification of hardware, software, and table game analysis completed by contracted labs) included as part of the agency's enhancement request for costs associated with the Gaming Machine Examination Fund.
- **Commodities.** The agency requests \$139,270, all from special revenue funds, for FY 2016. This is an increase of \$16,660, or 13.6 percent, below the agency's FY 2015 revised estimate. The increase is largely attributable to higher expenditures on professional scientific supply materials (law enforcement security supplies) and office and data supplies included as part of the agency's enhancement request for costs

associated with regulation of a gaming facility in Southeast Kansas.

- **Capital Outlay.** The agency requests \$170,796, all from special revenue funds, for FY 2016. This is a decrease of \$108,125, or 13.6 percent, above the agency's FY 2015 revised estimate. The agency's FY 2015 revised estimate included increased expenditures on computing and software costs as part of the agency's supplemental request for the re-establishment of Gaming Machine Examination Fund. The capital outlay expenditures were not included in the agency's FY 2016 request.

The **Governor** recommends \$8.6 million, all from special revenue funds, for FY 2016. This is a decrease of \$56,240, or 0.7 percent, below the agency's FY 2016 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 91.5 FTE and 7.5 non-FTE positions, which is unchanged from the agency's FY 2016 request.

For FY 2017, the **agency** requests \$8.8 million, all from special revenue funds. This is an increase of \$156,888, or 1.8 percent, and is attributable to higher expenditures on salaries and wages, offset by reduced expenditures on contractual services, commodities, and capital outlay. The agency's FY 2017 request includes 91.5 FTE and no non-FTE positions, a decrease of 7.5 non-FTE positions. The agency's FY 2016 request include the following changes.

- **Salaries and Wages.** The agency requests 6.2 million, all from special revenue funds, for FY 2017. This is an increase of \$555,212, or 9.8 percent, above the agency's FY 2016 request.

The increase is attributable to higher expenditures on classified regular employee pay related to the 27th paycheck, the agency's enhancement requests, and employer contributions to KPERS. The FY 2017 request includes 91.5 FTE and no non-FTE positions, a decrease of 7.5 non-FTE positions from the FY 2016 request. The decrease in positions is attributable to the agency's budgeting for the conclusion of the Lottery Gaming Facility Review Board in FY 2016.

- **Contractual Services.** The agency requests \$2.3 million, all from special revenue funds, for FY 2017. This is a decrease of \$355,200, or 13.4 percent, and is entirely attributable to other service fees and out-of-state travel expenditures included as part of the agency's FY 2016 enhancement request for costs associated with the Lottery Gaming Facility Review Board, which is expected to conclude its work in FY 2016. No FY 2017 expenditures are budgeted.
- **Commodities.** The agency requests \$132,110 all from special revenue funds, for FY 2017. This is

a decrease of \$7,160, or 5.1 percent, and is largely attributable to expenditures on gasoline and office supplies included as part of an FY 2016 enhancement request for the costs associated with the Lottery Gaming Facility Review Board that is anticipated to conclude its work in FY 2016.

- **Capital Outlay.** The agency requests \$134,832 all from special revenue funds, for FY 2017. This is a decrease of \$35,964, or 21.1 percent, and is entirely attributable to expenditures on computer equipment and software included as part of the agency's FY 2016 enhancement request for costs associated with the regulation of a facility in Southeast Kansas that are not included in the agency's FY 2017 enhancement request.

The **Governor** recommends \$8.7 million, all from special revenue funds, for FY 2017. This is a decrease of \$62,889, or 0.7 percent, below the agency's FY 2017 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 91.5 FTE positions, which is unchanged from the agency's FY 2017 request.

B. Tribal Gaming Regulation

The Kansas State Gaming agency is responsible for the oversight, monitoring, and compliance of class III gaming conducted pursuant to the four tribal-state compacts and the Tribal Gaming Oversight Act. The agency ensures that gaming is conducted in accordance with compacts and applicable state and federal laws; protects citizens from criminal activity in the

Tribal gaming arena; ensures accurate and complete information is provided to the different tribal gaming commissions for licensing purposes; conducts background investigations; and can review all licensing and disciplinary actions and reports of non-compliance with the tribal-state compacts.

**TRIBAL GAMING REGULATION
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	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
Expenditures:							
Salaries and Wages	\$ 1,128,295	\$ 1,361,718	\$ 1,349,046	\$ 1,383,457	\$ 1,366,903	\$ 1,448,758	\$ 1,431,872
Contractual Services	256,373	297,079	297,079	297,079	297,079	297,079	297,079
Commodities	26,289	37,845	37,845	37,845	37,845	37,845	37,845
Capital Outlay	55,377	34,000	34,000	34,000	34,000	34,000	34,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 1,466,334	\$ 1,730,642	\$ 1,717,970	\$ 1,752,381	\$ 1,735,827	\$ 1,817,682	\$ 1,800,796
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 1,466,334	\$ 1,730,642	\$ 1,717,970	\$ 1,752,381	\$ 1,735,827	\$ 1,817,682	\$ 1,800,796
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Tribal Gaming Fund	1,466,334	1,730,642	1,717,970	1,752,381	1,735,827	1,817,682	1,800,796
TOTAL	\$ 1,466,334	\$ 1,730,642	\$ 1,717,970	\$ 1,752,381	\$ 1,735,827	\$ 1,817,682	\$ 1,800,796
FTE Positions	23.0	21.0	21.0	21.0	21.0	21.0	21.0
Non-FTE Uncl. Perm. Pos.	1.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	24.0	21.0	21.0	21.0	21.0	21.0	21.0

The **agency** requests \$1.75 million, all from the Tribal Gaming Fund, for FY 2016 for the Tribal Gaming program. This is an increase of the \$21,739, or 1.3 percent, above the agency's FY 2015 revised estimate. The increase is attributable to higher expenditures on salaries and wages. More specifically, the agency requests \$1.4 million in salaries and wages for 21.0 FTE positions. This is an increase of \$21,739, or 1.6 percent, above the agency's FY 2015 revised estimate. The increase is

attributable primarily to higher expenditures for pay for unclassified regular employees, partially offset by reductions in pay for classified regular employees.

The **Governor** recommends \$1.7 million, all from special revenue funds, for FY 2016. This is a decrease of \$16,554, or 0.9 percent, below the agency's FY 2016 request. The decrease is entirely attributable to reduced employer contributions for

state employee health insurance. The Governor recommends 21.0 FTE positions, which is unchanged from the agency's FY 2016 request.

For FY 2017, the **agency** requests \$1.8 million, all from the Tribal Gaming Fund. This is an increase of \$65,301, or 3.7 percent, above the agency's FY 2016 request, and is attributable entirely to higher expenditures on salaries and wages. More specifically, the agency requests \$1.4 million in salaries and wages for 21.0 FTE positions. This is an increase of \$65,301, or 4.7 percent, above the agency's FY 2016 request. The agency budgeted higher expenditures for pay for

C. Parimutuel Racing

This program provides oversight for the parimutuel racing industry and race tracks. The Racing and Gaming Commission is the legal authority for regulation and staff in this program to carry out the Commission's policies and procedures. There are currently no year-round parimutuel racetracks operating in Kansas. The expenditures for the Parimutuel Racing program

classified regular employees and unclassified regular employees due to the 27th paycheck, and higher expenditures on employer contributions to KPERs contributions.

The **Governor** recommends \$1.8 million, all from special revenue funds, for FY 2017. This is a decrease of \$16,886, or 0.9 percent, below the agency's FY 2017 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 21.0 FTE positions, which is unchanged from the agency's FY 2017 request.

are to support the Kansas Bred Registry program through which some owners may register their horses for use in future parimutuel racing activities. All funding for the program is supported by the state racing fund which is currently being funded by horse registration fees.

**PARIMUTUEL GAMING
SUMMARY OF EXPENDITURES FY 2014 – 2017**

Item	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
Expenditures:							
Salaries and Wages	\$ 7,743	\$ 2,528	\$ 2,504	\$ 2,785	\$ 2,756	\$ 2,912	\$ 2,882
Contractual Services	214	1,000	1,000	1,000	1,000	1,000	1,000
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	\$ 7,957	\$ 3,528	\$ 3,504	\$ 3,785	\$ 3,756	\$ 3,912	\$ 3,882
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 7,957	\$ 3,528	\$ 3,504	\$ 3,785	\$ 3,756	\$ 3,912	\$ 3,882
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	7,957	3,528	3,504	3,785	3,756	3,912	3,882
TOTAL	\$ 7,957	\$ 3,528	\$ 3,504	\$ 3,785	\$ 3,756	\$ 3,912	\$ 3,882
FTE Positions	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.1	0.1	0.1	0.1	0.1	0.1	0.1

The **agency** requests \$3,785, all from special revenue funds, for FY 2016 for the Parimutuel Racing Program. This is an increase of \$257, or 7.3 percent, above the agency's FY 2015 revised estimate. The increase is mostly attributable to higher expenditures on pay to unclassified regular employees and employer contributions to KPERs. The estimate includes 0.1 FTE position to maintain the Kansas Bred Registry Program.

The **Governor** recommends \$3,756, all from special revenue funds, for FY 2016. This is a decrease of \$29, or 0.8 percent, below the agency's FY 2016 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 0.1 FTE position, which is unchanged from the agency's FY 2016 request.

For FY 2017, the **agency** requests \$3,912, all from special revenue funds, an increase of \$127, or 3.4 percent, above the agency's FY 2016 request. The increase is all in salaries and wages and is attributable to the 27th paycheck and employer contributions to KPERs. The estimate includes 0.1 FTE position to maintain the Kansas Bred Registry Program.

The **Governor** recommends \$3,882, all from special revenue funds, for FY 2017. This is a decrease of \$30, or 0.8 percent, below the agency's FY 2017 request. The decrease is entirely attributable to reduced employer contributions for state employee health insurance. The Governor recommends 0.1 FTE position, which is unchanged from the agency's FY 2017 request.

PERFORMANCE MEASURES					
Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Slot machine inspections:					
Tribal Gaming Regulation Program	450	440	450	450	450
Expanded Gaming Regulation Program	1,500	705	700	1,600	800
Number of background investigations completed:					
Tribal Gaming Regulation Program	550	469	500	500	500
Expanded Gaming Regulation Program	1,220	1,186	1,025	775	775