

KANSAS STATE FAIR

	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	\$ 247,751	\$ 312,700	\$ 312,700	\$ 285,950	\$ 285,950	\$ 263,550	\$ 263,550
Other Funds	5,576,739	4,957,825	4,941,525	5,024,918	4,863,068	5,101,715	4,936,147
TOTAL	\$ 5,824,490	\$ 5,270,525	\$ 5,254,225	\$ 5,310,868	\$ 5,149,018	\$ 5,365,265	\$ 5,199,697
Capital Improvements:							
State General Fund	\$ 155,000	\$ 535,000	\$ 535,000	\$ 7,396,410	\$ 560,000	\$ 585,000	\$ 585,000
Other Funds	14,925	255,000	255,000	240,000	240,000	536,000	536,000
TOTAL	\$ 169,925	\$ 790,000	\$ 790,000	\$ 7,636,410	\$ 800,000	\$ 1,121,000	\$ 1,121,000
GRAND TOTAL	\$ 5,994,415	\$ 6,060,525	\$ 6,044,225	\$ 12,947,278	\$ 5,949,018	\$ 6,486,265	\$ 6,320,697
Percentage Change:							
Operating Expenditures							
State General Fund	36.0 %	26.2 %	26.2 %	(8.6) %	(8.6) %	(7.8) %	(7.8) %
All Funds	8.4	(9.5)	(9.8)	0.8	(2.0)	1.0	1.0
FTE Positions	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Non-FTE							
Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	25.0	25.0	25.0	25.0	25.0	25.0	25.0

AGENCY OVERVIEW

The mission of the Kansas State Fair is to promote and showcase Kansas agriculture, industry, and culture; create opportunity for commercial activity; and provide an educational and entertaining experience that is the pride of all Kansans. The annual State Fair is organized and administered by the 13-member State Fair Board. The State Fairgrounds are located in Reno County, within the City of Hutchinson. The Fairgrounds consist of approximately 280 acres, with 75 buildings and nearly 24 acres under roof. The State Fair starts on the Friday

following Labor Day in September and runs for 10 days. This makes the State Fair the state's largest single event, attracting more than 350,000 people, plus an estimated 200,000 people to the nearly 400 non-fair events held throughout the year on the Fairgrounds. The agency operates with 25.0 full-time employees, 551 part-time and temporary employees, in addition to contract plumbers and electricians, and inmate labor from the Hutchinson Correctional Facility.

MAJOR ISSUES FROM PRIOR YEARS

The **2003** and **2004 Legislatures** suspended the statutory transfer from the State General Fund to the State Fair Capital Improvements Fund for FY 2004 and FY 2005, respectively.

The **2006 Legislature** added \$2,375,727 from the State General Fund in FY 2007 for the construction of a sheep and swine barn.

The **2007 Legislature** added funding from the Economic Development Initiatives Fund (EDIF) in FY 2008 for marketing and promotion of the State Fair (\$50,000), an economic impact and demographic study of the State Fair and all non-fair activities taking place on the State Fairgrounds (\$40,000), and competitive exhibit premiums (\$20,000). In addition, the Legislature added \$25,000 from the State General Fund to add electrical sub-metering equipment in order to monitor electrical use at individual buildings on the State Fairgrounds.

The **2008 Legislature** added funding from the EDIF in FY 2009 for marketing and promotion of the State Fair (\$50,000) and competitive exhibit premiums (\$20,000). In addition, the

Legislature added \$20,792, all from the State Fair Fee Fund, to increase part-time seasonal employees' wages. The Legislature also converted 1.0 non-FTE position to a 1.0 FTE position.

The **2009 Legislature** did not add funding from the EDIF in FY 2010 for marketing and promotion of the State Fair or for competitive exhibit premiums. In addition, the Legislature suspended the statutory transfer from the State General Fund to the State Fair Capital Improvements Fund in FY 2010.

The **2010 Legislature** deleted the transfer of \$300,000 from the State General Fund to the State Fair Capital Improvements Fund for FY 2010 and FY 2011. The Legislature also transferred an additional \$50,000 from the State Fair Fee Fund to the State Fair Capital Improvements Fund for FY 2011 and to make the transfer on or before March 1, 2011. The State Fair Capital Improvements Fund is used to pay the agency's debt service payments and to fund general maintenance and repair at the State Fairgrounds in Hutchinson.

The **2011 Legislature** added 1.0 FTE position and \$39,749, all from special revenue funds, for an administrative assistant position in the Competitive Exhibits department and also added \$376,950, all from special revenue funds, for roof replacement projects. The Legislature also made reductions totaling \$23,130, all from special revenue funds, for cell phone expenditures, information technology expenditures, a death and disability moratorium, and an across the board reduction.

The **2012 Legislature** added \$25,000 all from the Economic Development Initiatives Fund, for FY 2013, for enhanced marketing of the State Fair's Centennial celebration which was subsequently vetoed by the Governor. The Legislature also

approved adding \$11,182,256, all from the Expanded Lottery and Revenue Fund, for increasing debt service payments to call the bonds for debt service for FY 2013, which will reduce future payments for future debt service.

The **2013 Legislature** added \$250,000, all from the State General Fund, for the state's statutorily required match to the State Fair Capital Improvements Fund for FY 2014. The match was not to be made for FY 2015.

The **2014 Legislature** added \$400,000, all from the State Fair Capital Improvements Fund, for capital improvement projects.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates FY 2015 operating expenditures of \$5.3 million, including \$312,700 from the State General Fund. This amount is unchanged from the amount approved by the 2014 Legislature.

The agency requests \$790,000 for capital improvement expenditures, including \$535,000 from the State General Fund. This amount is an all funds decrease of \$290,000, or 53.2 percent, below the amount approved for capital improvements by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 operating expenditures of \$5.3 million, including \$312,700 from the State General Fund. The recommendation is a decrease of \$16,300, or 0.3 percent, below the agency request. The Governor concurs with the agency request with the following adjustment.

- Reduction of \$16,300, all from the State Fair Fee Fund, as a result of the Governor's allotment plan

reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

The Governor concurs with the agency request for capital improvement expenditures of \$790,000, including \$535,000 from the State General Fund.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of \$5.3 million, an increase of \$40,343, or 0.8 percent, above the FY 2015 request. This request includes \$285,950 from the State General Fund, a decrease of \$26,750, or 8.6 percent, below the FY 2015 request, and \$100,000 from the Economic Development Initiatives Fund, which provided no funding to the agency in FY 2015. The all funds increase is attributable to the enhancement request for wage increases and marketing and promotion.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of \$5.1 million, including \$285,950 from the State General Fund. The recommendation is a decrease of \$161,850, or 3.0 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$46,107 to not recommend the agency enhancement for full-time state fair employee wage increases.
- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.

The agency requests \$7.6 million for capital improvements expenditures, an increase of \$6.9 million, or 866.7 percent, for FY 2016. The requested increase is funded by the State General Fund. The increase is attributable to an enhancement request for matching funds for the state fair capital improvements fund and replacement of the Expo Center.

- Reduction of \$15,743 to reduce employer contributions for state employee health insurance.

The Governor recommends FY 2016 capital improvement expenditures of \$800,000, including \$560,000 from the State General Fund. The Governor concurs with the agency request for capital improvement expenditures with the following adjustments.

- Reduction of \$1.3 million to eliminate a transfer from the State General Fund to the State Fair Capital Improvements Fund.
- Reduction of \$5.6 million to not recommend construction of a new Expo Center.

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of \$5.4 million, an increase of \$54,397, or 1.0 percent, above the amount requested for FY 2016. This request includes \$263,550 from the State General Fund, a decrease of \$22,400, or 7.8 percent, below the amount requested for FY 2016, and \$100,000 from the Economic Development Initiatives Fund, which is unchanged from the FY 2016 request. The all funds increase is attributable to expenses related to the 27th pay period that occurs in FY 2017 for all agencies, as well as enhancements for wage increases, marketing and promotion,

and matching funds for the State Fair Capital Improvements Fund.

The agency requests \$1.1 million for capital improvements expenditures, an decrease of \$6.5 million, or 85.3 percent, for FY 2017. The requested amount includes \$585,000 from the State General Fund, a decrease of \$6.8 million, or 92.1 percent, below the amount requested for FY 2016. The decrease is attributable to the one-time replacement of the Expo Center requested in FY 2016.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of \$5.2 million, a decrease of \$165,568, or 3.1 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

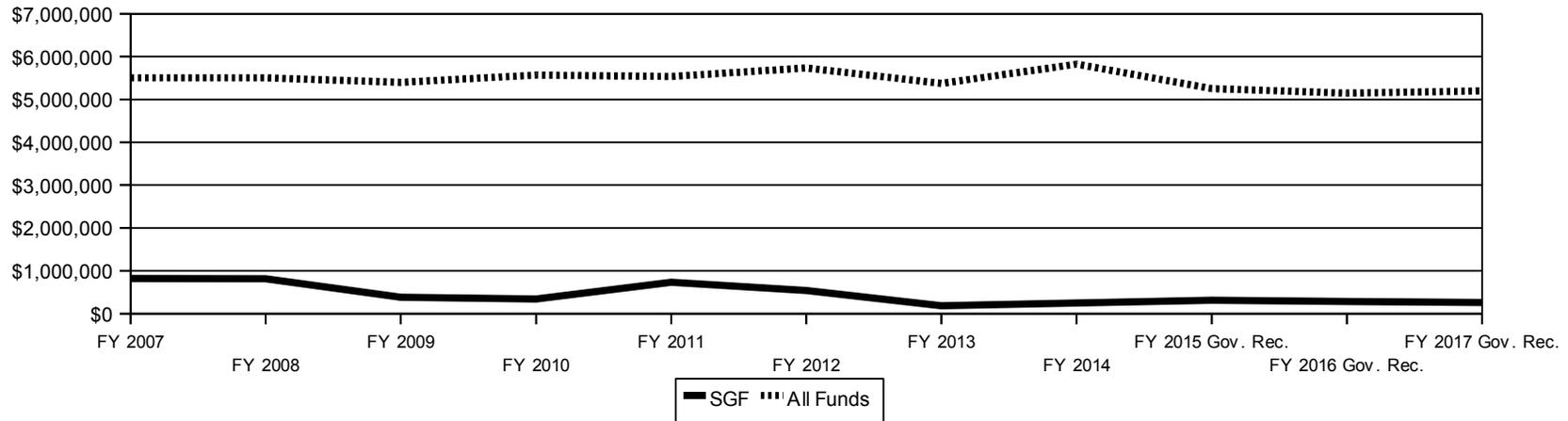
- Reduction of \$49,507 to not recommend the agency enhancement for full-time state fair employee wage increases.
- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.

- Reduction of \$16,061 to reduce employer contributions for state employee health insurance.

The Governor recommends FY 2016 capital improvement expenditures of \$1.1 million, including \$585,000 from the State General Fund. The Governor concurs with the agency request for capital improvement expenditures.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	\$ 820,158	3.5 %	\$ 5,505,380	6.5 %	23.0
2008	814,993	(0.6)	5,505,480	0.0	24.0
2009	383,980	(52.9)	5,400,457	(1.9)	24.0
2010	341,861	(11.0)	5,570,115	3.1	24.0
2011	734,711	114.9	5,537,889	(0.6)	24.0
2012	540,422	(26.4)	5,736,223	3.6	25.0
2013	182,165	(66.3)	5,374,945	(6.3)	25.0
2014	247,751	36.0	5,824,490	8.4	25.0
2015 Gov. Rec.	312,700	26.2	5,254,225	(9.8)	25.0
2016 Gov. Rec.	285,950	(8.6)	5,149,018	(2.0)	25.0
2017 Gov. Rec.	263,550	(7.8)	5,199,697	1.0	25.0
Eleven-Year Change	\$ (556,608)	(67.9)%	\$ (305,683)	(5.6)%	2.0

Summary of Operating Budget FY 2014 - FY 2016

	Actual 2014	Agency Estimate				Governor's Recommendation			
		Estimate FY 2015	Request FY 2016	Dollar Change from FY 15	Percent Change from FY 15	Rec. FY 2015	Rec. FY 2016	Dollar Change from FY 15	Percent Change from FY 15
By Program:									
Administration	\$ 3,797,302	\$ 3,487,090	\$ 3,544,919	\$ 57,829	1.7 %	\$ 3,476,343	\$ 3,411,027	\$ (65,316)	(1.9)%
Physical Plant/Central Services	1,779,437	1,470,735	1,479,999	9,264	0.6	1,465,182	1,452,041	(13,141)	(0.9)
Debt Service	247,751	312,700	285,950	(26,750)	(8.6)	312,700	285,950	(26,750)	(8.6)
TOTAL	\$ 5,824,490	\$ 5,270,525	\$ 5,310,868	\$ 40,343	0.8 %	\$ 5,254,225	\$ 5,149,018	\$ (105,207)	(2.0)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,801,920	\$ 1,835,237	\$ 1,888,418	\$ 53,181	2.9 %	\$ 1,818,937	\$ 1,826,568	\$ 7,631	0.4 %
Contractual Services	3,179,490	2,662,642	2,711,898	49,256	1.8	2,662,642	2,611,898	(50,744)	(1.9)
Commodities	592,857	359,946	374,602	14,656	4.1	359,946	374,602	14,656	4.1
Capital Outlay	2,472	100,000	50,000	(50,000)	(50.0)	100,000	50,000	(50,000)	(50.0)
Debt Service	247,751	312,700	285,950	(26,750)	(8.6)	312,700	285,950	(26,750)	(8.6)
Subtotal - Operations	\$ 5,824,490	\$ 5,270,525	\$ 5,310,868	\$ 40,343	0.8 %	\$ 5,254,225	\$ 5,149,018	\$ (105,207)	(2.0)%
Aid to Local Units	0	0	0	0	0.0	0	0	0	0.0
Other Assistance	0	0	0	0	0.0	0	0	0	0.0
TOTAL	\$ 5,824,490	\$ 5,270,525	\$ 5,310,868	\$ 40,343	0.8 %	\$ 5,254,225	\$ 5,149,018	\$ (105,207)	(2.0)%
Financing:									
State General Fund	\$ 247,751	\$ 312,700	\$ 285,950	\$ (26,750)	(8.6) %	\$ 312,700	\$ 285,950	\$ (26,750)	(8.6)%
EDIF	0	0	100,000	100,000	0.0	0	0	0	0.0
State Fair Capital Improvements Fund	456,337	0	0	0	0.0	0	0	0	0.0
State Fair Fee Fund	5,120,402	4,957,825	4,924,918	(32,907)	(0.7)	4,941,525	4,863,068	(78,457)	(1.6)
TOTAL	\$ 5,824,490	\$ 5,270,525	\$ 5,310,868	\$ 40,343	0.8 %	\$ 5,254,225	\$ 5,149,018	\$ (105,207)	(2.0)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	\$ 3,544,919	\$ 3,580,080	\$ 35,161	1.0 %	\$ 3,411,027	\$ 3,444,327	\$ 33,300	1.0 %
Physical Plant/Central Services	1,479,999	1,521,635	41,636	2.8	1,452,041	1,491,820	39,779	2.7
Debt Service	285,950	263,550	(22,400)	(7.8)	285,950	263,550	(22,400)	(7.8)
TOTAL	\$ 5,310,868	\$ 5,365,265	\$ 54,397	1.0 %	\$ 5,149,018	\$ 5,199,697	\$ 50,679	1.0 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 1,888,418	\$ 1,951,174	\$ 62,756	3.3 %	\$ 1,826,568	\$ 1,885,606	\$ 59,038	3.2 %
Contractual Services	2,711,898	2,725,939	14,041	0.5	2,611,898	2,625,939	14,041	0.5
Commodities	374,602	374,602	0	0.0	374,602	374,602	0	0.0
Capital Outlay	50,000	50,000	0	0.0	50,000	50,000	0	0.0
Debt Service	285,950	263,550	(22,400)	(7.8)	285,950	263,550	(22,400)	(7.8)
Subtotal - Operations	\$ 5,310,868	\$ 5,365,265	\$ 54,397	1.0 %	\$ 5,149,018	\$ 5,199,697	\$ 50,679	1.0 %
Aid to Local Units	0	0	0	0.0	0	0	0	0.0
Other Assistance	0	0	0	0.0	0	0	0	0.0
TOTAL	\$ 5,310,868	\$ 5,365,265	\$ 54,397	1.0 %	\$ 5,149,018	\$ 5,199,697	\$ 50,679	1.0 %
Financing:								
State General Fund	\$ 285,950	\$ 263,550	\$ (22,400)	(7.8) %	\$ 285,950	\$ 263,550	\$ (22,400)	(7.8) %
EDIF	100,000	100,000	0	0.0	0	0	0	0.0
State Fair Capital Improvements Fund	0	0	0	0.0	0	0	0	0.0
State Fair Fee Fund	4,924,918	5,001,715	76,797	1.6	4,863,068	4,936,147	73,079	1.5
TOTAL	\$ 5,310,868	\$ 5,365,265	\$ 54,397	1.0 %	\$ 5,149,018	\$ 5,199,697	\$ 50,679	1.0 %

BUDGET OVERVIEW

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of \$847,700 for the Kansas State Fair Board in FY 2015. No adjustments have subsequently been made to that amount.

	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	\$ 847,700	\$ 847,700	\$ 0	\$ 847,700	\$ 0
All Other Funds	5,502,825	5,212,825	(290,000)	5,196,525	(306,300)
TOTAL	<u>\$ 6,350,525</u>	<u>\$ 6,060,525</u>	<u>\$ (290,000)</u>	<u>\$ 6,044,225</u>	<u>\$ (306,300)</u>
FTE Positions	25.0	25.0	0.0	25.0	0.0

The **agency** estimates FY 2015 operating expenditures of \$5.3 million, including \$312,700 from the State General Fund. This amount is unchanged from the amount approved by the 2014 Legislature.

- **Salaries and Wages** - The agency requests FY 2015 expenditures of \$1.8 million for salaries and wages, 34.8 percent of the overall operating budget request. This amount includes expenditures for both full-time state fair staff and

for the 550 seasonal employees hired for operation of the fair.

- **Contractual Services** - The agency requests \$2.7 million for contractual services, the largest expenditure category in the request. This amount is 50.5 percent of the overall operating budget request and includes expenditures to pay entertainers (\$812,603) and advertising and marketing (\$200,000).

The agency requests \$790,000 for capital improvement expenditures, including \$535,000 from the State General Fund. This amount is an all funds decrease of \$290,000, or 53.2 percent, below the amount approved for capital improvements by the 2014 Legislature.

The **Governor** recommends FY 2015 operating expenditures of \$5.3 million, including \$312,700 from the State General Fund. The recommendation is a decrease of \$16,300, or 0.3 percent, below the FY 2015 agency request. The Governor concurs with the agency request with the following adjustment.

- Reduction of \$16,300, all from the State Fair Fee Fund, as a result of the Governor's allotment plan reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

The **Governor** concurs with the agency request for capital improvement expenditures of \$790,000, including \$535,000 from the State General Fund.

B. FY 2016 – BUDGET YEAR

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,310,868	\$ 5,149,018	\$ (161,850)
FTE Positions	25.0	25.0	0.0
Change from FY 2015:			
<i>Dollar Change:</i>			
State General Fund	\$ (26,750)	\$ (26,750)	
All Other Funds	67,093	(78,457)	
TOTAL	<u>\$ 40,343</u>	<u>\$ (105,207)</u>	
<i>Percent Change:</i>			
State General Fund	(8.6) %	(8.6) %	
All Other Funds	1.4	(1.6)	
TOTAL	<u>0.8 %</u>	<u>(2.0) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of \$5.3 million, an increase of \$40,343, or 0.8 percent, above the FY 2015 request. This request includes \$285,950 from the State General Fund, a decrease of \$26,750, or 8.6 percent, below the FY 2015 request. The all funds increase is attributable to the enhancement request for \$46,107, all from the State Fair Fee Fund, for salary and wage increases for full time State Fair employees and \$100,000, all from the Economic Development

Initiatives Fund, for enhanced marketing and promotion of the State Fair.

The agency requests \$7.6 million for capital improvements expenditures, an increase of \$6.9 million, or 866.7 percent, for FY 2016. The requested increase is funded by the State General Fund. The increase is attributable to enhancement

requests to replace the Expo Center and to match State Fair funds.

The **Governor** recommends FY 2016 operating expenditures of \$5.1 million, including \$285,950 from the State General Fund. The recommendation is a decrease of \$161,850, or 3.0 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$46,107 to not recommend the agency enhancement for full-time state fair employee wage increases.
- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.

- Reduction of \$15,743 to reduce employer contributions for state employee health insurance.

The Governor recommends FY 2016 capital improvement expenditures of \$800,000, including \$560,000 from the State General Fund. The Governor concurs with the agency request for capital improvement expenditures with the following adjustments.

- Reduction of \$1.3 million to eliminate a transfer from the State General Fund to the State Fair Capital Improvements Fund.
- Reduction of \$5.6 million to not recommend construction of a new Expo Center.

Enhancements Detail

Enhancements	FY 2016 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Wage Increases for Full-Time Fair Employees	\$ 0	\$ 46,107	0.0	\$ 0	\$ 0	0.0
Marketing and Promotion	0	100,000	0.0	0	0	0.0
Matching Funds for State Fair Capital Improvements Fund	1,283,793	1,283,793	0.0	0	0	0.0
Expo Center Replacement	5,552,617	5,552,617	0.0	0	0	0.0
TOTAL	\$ 6,836,410	\$ 6,982,517	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$7.0 million in enhancements for FY 2016, including \$6.8 million from the State General Fund and \$100,000 from the Economic Development Initiatives Fund (EDIF).

- **Wage Increases.** The agency requests \$46,107, all from the State Fair Fee Fund, for salary and wage increases for full time State Fair employees.
- **Marketing and Promotion.** The agency requests \$100,000, all from EDIF, for enhanced marketing and promotion of the State Fair.
- **Matching Funds for State Fair Capital Improvements.** The agency requests \$1.3 million, all from the State General Fund, to match funds from the State Fair Capital Improvement Fund. The agency indicates that this enhancement is intended to pay for contributions that were not made to the State Fair Capital

Improvements Fund in five of the past eleven years.

- **Replacement of the Expo Center.** The agency requests \$5.6 million, all from the State General Fund, for replacement of the Expo Center, the Fair's horse facility. The agency indicates that the facility requires remediation of a number of issues, including a roof replacement, moisture and corrosion issues, and restroom renovations. After reviewing a contractor's proposal and an engineer's report, the agency believes replacement is the best and most cost-effective option.

The **Governor** does not recommend any of the requested enhancements.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,365,265	\$ 5,199,697	\$ (165,568)
FTE Positions	25.0	25.0	0.0
Change from FY 2016:			
<i>Dollar Change:</i>			
State General Fund	\$ (22,400)	\$ (22,400)	
All Other Funds	76,797	73,079	
TOTAL	<u>\$ 54,397</u>	<u>\$ 50,679</u>	
<i>Percent Change:</i>			
State General Fund	(7.8) %	(7.8) %	
All Other Funds	1.5	1.5	
TOTAL	<u>1.0 %</u>	<u>1.0 %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of \$5.4 million, an increase of \$54,397, or 1.0 percent, above the amount requested for FY 2016. This request includes \$263,550 from the State General Fund, a decrease of \$22,400, or 7.8 percent, below the amount requested for FY 2016, and \$100,000 from EDIF, which is unchanged from the amount requested for FY 2016. The all funds increase is attributable to

expenses related to the 27th pay period that occurs in FY 2017 for all agencies, as well as increased costs for utilities.

The agency requests \$1.1 million for capital improvements expenditures, a decrease of \$6.5 million, or 85.3 percent, for FY 2017. The requested amount includes \$585,000 from the State General Fund, a decrease of \$6.8 million, or 92.1 percent, below the amount requested for FY 2016. The decrease is

attributable to the one-time replacement of the Expo Center requested in FY 2016.

The **Governor** recommends FY 2017 operating expenditures of \$5.2 million, a decrease of \$165,568, or 3.1 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$49,507 to not recommend the agency enhancement for full-time state fair employee wage increases.

- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.
- Reduction of \$16,061 to reduce employer contributions for state employee health insurance.

The Governor recommends FY 2017 capital improvement expenditures of \$1.1 million, including \$585,000 from the State General Fund. The Governor concurs with the agency request for capital improvement expenditures.

Enhancements Detail

Enhancements	FY 2017 ENHANCEMENTS					
	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Wage Increases for Full-Time Fair Employees	\$ 0	\$ 49,507	0.0	\$ 0	\$ 0	0.0
Marketing and Promotion	0	100,000	0.0	0	0	0.0
TOTAL	\$ 0	\$ 149,507	0.0	\$ 0	\$ 0	0.0

The **agency** requests \$149,507 in enhancements for FY 2017, including \$49,507 from the State Fair Fee fund and \$100,000 from the Economic Development Initiatives Fund (EDIF).

- **Wage Increases.** The agency requests \$49,507, all from the State Fair Fee Fund, for salary and wage increases for full time State Fair employees.

- **Marketing and Promotion.** The agency requests \$100,000, all from the EDIF, for enhanced marketing and promotion of the State Fair.

The **Governor** does not recommend any of the 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 \$7,520, all from special revenue funds, and affects 24 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 \$6,640, all from special revenue funds, and FY 2017 longevity payments total \$8,280, 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 \$15,743, all from special revenue funds for FY 2016. This is a reduction of \$16,061, 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	59.3 %	14.2 %	13.1 %	13.4 %
Economic Development Initiatives Fund	0.8	0.0	1.5	0.0
State Fair Capital Improvements Fund	1.9	4.0	8.3	8.5
State Fair Fee Fund	38.0	81.7	77.1	78.1
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.

State Fair Fee Fund

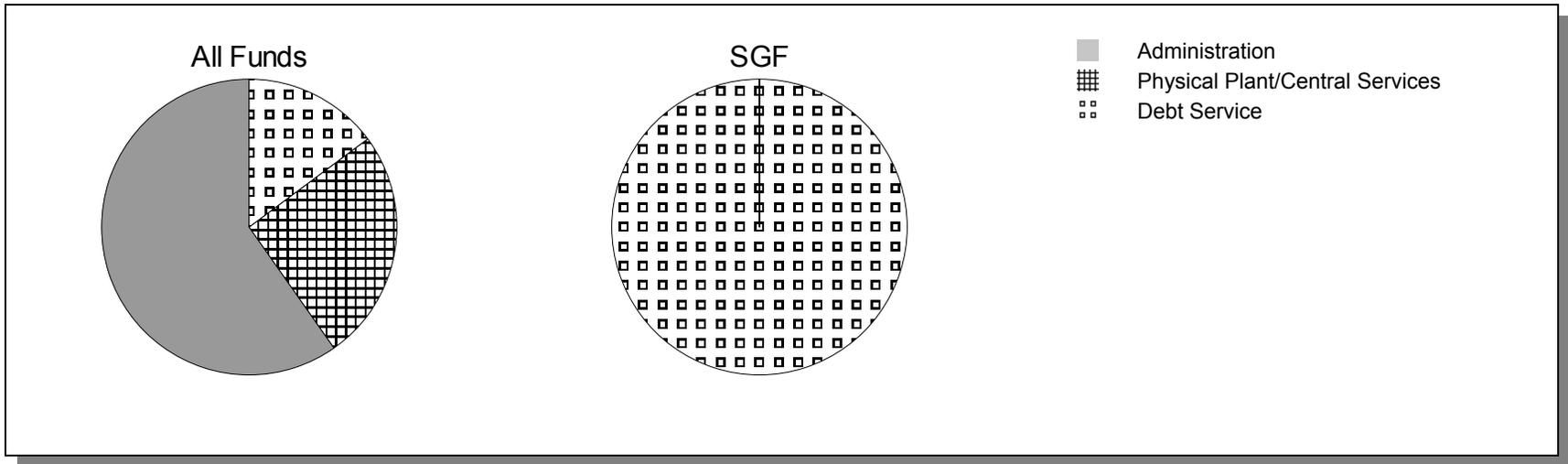
Revenues for the agency come from both State Fair and non-fair activities on the State Fairgrounds and are deposited into the State Fair Fee Fund. Revenue sources include admission fees to the State Fair and grandstand entertainment, premium book advertising, building rentals, sales and

concessions, and parking fees. The State Fair generates over 90.0 percent of the agency's total receipts. The State estimates total non-Fair use of the State Fairgrounds at nearly 400 events throughout the year.

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	\$ 458,946	\$ 323,156	\$ 323,156	\$ 48,961	\$ 65,261	\$ 0	\$ 78,150
Revenue	5,166,710	5,148,799	5,148,799	5,337,691	5,337,691	5,465,470	5,465,470
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 5,625,656	\$ 5,471,955	\$ 5,471,955	\$ 5,386,652	\$ 5,402,952	\$ 5,465,470	\$ 5,543,620
Less: Expenditures	5,120,402	4,957,825	4,941,525	4,924,918	4,863,068	5,001,715	4,936,147
Transfers Out	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Off Budget Expenditures	<u>(117,902)</u>	<u>165,169</u>	<u>165,169</u>	<u>161,734</u>	<u>161,734</u>	<u>163,755</u>	<u>163,755</u>
Ending Balance	<u>\$ 323,156</u>	<u>\$ 48,961</u>	<u>\$ 65,261</u>	<u>\$ 0</u>	<u>\$ 78,150</u>	<u>\$ 0</u>	<u>\$ 143,718</u>
Ending Balance as Percent of Expenditures	<u>6.3%</u>	<u>1.0%</u>	<u>1.3%</u>	<u>0.0%</u>	<u>1.6%</u>	<u>0.0%</u>	<u>2.9%</u>

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
Administration	\$ 3,411,027	59.7 %	\$ 0	0.0 %
Physical Plant/Central Services	1,452,041	25.4	0	0.0
Debt Service	845,950	14.8	285,950	100.0
TOTAL	\$ 5,709,018	100.0 %	\$ 285,950	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
Administration	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Physical Plant/Central Services	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	25.0	25.0	25.0	25.0	25.0	25.0	25.0

A. Administration

The Administration program of the Kansas State Fair provides for the administration of the agency as well as the planning, marketing, and advertising of the State Fair. The

Administration program also markets non-Fair use of the State Fairgrounds in Hutchinson.

ADMINISTRATION
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	\$ 1,184,550	\$ 1,188,952	\$ 1,178,205	\$ 1,212,687	\$ 1,178,795	\$ 1,247,848	\$ 1,212,095
Contractual Services	2,294,722	2,038,775	2,038,775	2,082,607	1,982,607	2,082,607	1,982,607
Commodities	315,558	224,363	224,363	224,625	224,625	224,625	224,625
Capital Outlay	2,472	35,000	35,000	25,000	25,000	25,000	25,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 3,797,302	\$ 3,487,090	\$ 3,476,343	\$ 3,544,919	\$ 3,411,027	\$ 3,580,080	\$ 3,444,327
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	<u>\$ 3,797,302</u>	<u>\$ 3,487,090</u>	<u>\$ 3,476,343</u>	<u>\$ 3,544,919</u>	<u>\$ 3,411,027</u>	<u>\$ 3,580,080</u>	<u>\$ 3,444,327</u>
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,797,302	3,487,090	3,476,343	3,544,919	3,411,027	3,580,080	3,444,327
TOTAL	<u>\$ 3,797,302</u>	<u>\$ 3,487,090</u>	<u>\$ 3,476,343</u>	<u>\$ 3,544,919</u>	<u>\$ 3,411,027</u>	<u>\$ 3,580,080</u>	<u>\$ 3,444,327</u>
FTE Positions	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>

The **agency** requests FY 2016 expenditures of \$3.5 million for the Administration program, an increase of \$57,829, or 1.7 percent, above the FY 2015 request. The increase is primarily attributable to the enhancement of \$100,000, all from the Economic Development Initiatives Fund, for marketing and advertising of the Fair off set by a decrease in funding from the State Fair Fee Fund arising from decreased expenditures on entertainers.

The **Governor** recommends FY 2016 expenditures of \$3.4 million for the Administration program, a decrease of \$133,892, or 3.8 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$25,863 to not recommend the agency enhancement for full-time state fair employees wage increases.

- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.
- Reduction of \$8,029 to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 expenditures of \$3.6 million for the Administration program, an increase of \$35,161, or 1.0 percent, above the FY 2016 request. The increase is entirely attributable to the 27th pay period that occurs in FY 2017 for all state agencies.

The **Governor** recommends FY 2017 expenditures of \$3.4 million for the Administration program, a decrease of \$135,753,

B. Physical Plant/Central Services

The Physical Plant and Central Services program of the Kansas State Fair works to provide convenient, safe, and attractive buildings and grounds to patrons of the State Fair and non-fair activities on the State Fairgrounds. The Maintenance

or 3.8 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$27,563 to not recommend the agency enhancement for full-time state fair employees wage increases.
- Reduction of \$100,000 to not recommend the agency enhancement for advertising and marketing.
- Reduction of \$8,190 to reduce employer contributions for state employee health insurance.

program is staffed by 12.0 FTE positions, along with contract plumbers and electricians and inmate labor from the Hutchinson Correctional Facility that includes painting, cleaning, mowing, carpentry projects, and other maintenance jobs.

**PHYSICAL PLANT/CENTRAL SERVICES PROGRAM
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	\$ 617,370	\$ 646,285	\$ 640,732	\$ 675,731	\$ 647,773	\$ 703,326	\$ 673,511
Contractual Services	884,768	623,867	623,867	629,291	629,291	643,332	643,332
Commodities	277,299	135,583	135,583	149,977	149,977	149,977	149,977
Capital Outlay	0	65,000	65,000	25,000	25,000	25,000	25,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	\$ 1,779,437	\$ 1,470,735	\$ 1,465,182	\$ 1,479,999	\$ 1,452,041	\$ 1,521,635	\$ 1,491,820
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	\$ 1,779,437	\$ 1,470,735	\$ 1,465,182	\$ 1,479,999	\$ 1,452,041	\$ 1,521,635	\$ 1,491,820
Financing:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	1,779,437	1,470,735	1,465,182	1,479,999	1,452,041	1,521,635	1,491,820
TOTAL	\$ 1,779,437	\$ 1,470,735	\$ 1,465,182	\$ 1,479,999	\$ 1,452,041	\$ 1,521,635	\$ 1,491,820
FTE Positions	12.0	12.0	12.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	12.0	12.0	12.0	12.0	12.0	12.0	12.0

The **agency** requests FY 2016 expenditures of \$1.5 million for the Physical Plant/Central Services program, an increase of \$9,264, or 0.6 percent, above the FY 2015 request. The all funds increase is primarily attributable to salaries and wages and commodities expenditures.

\$675,731 for the Physical Plant/Central Services program, an increase of \$29,446, or 2.0 percent, above the amount requested in FY 2015. This increase is attributable to the enhancement request for wage increases for full-time State Fair employees.

- **Salaries and Wages.** The agency requests FY 2016 salaries and wages expenditures of

- **Capital Outlay.** The agency requests FY 2016 capital outlay expenditures of \$25,000 for the Physical Plant/Central Services program, a decrease of \$40,000, or 61.5 percent, below the FY 2015 request. The decline is attributable to decreased purchases for trucks.

The **Governor** recommends FY 2016 expenditures of \$1.5 million for the Physical Plant/Central Services program, a decrease of \$27,958, or 1.9 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$20,244 to not recommend the agency enhancement for full-time state fair employees wage increases.
- Reduction of \$7,714 to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 expenditures of \$1.5 million for the Physical Plant/Central Services program, an increase of \$27,595, or 4.1 percent, above the FY 2016 request. The increase is attributable to the 27th pay period that occurs in FY 2017 for all state agencies.

The **Governor** recommends FY 2017 expenditures of \$1.5 million for the Physical Plant/Central Services program, a decrease of \$29,815, or 2.0 percent, below the agency request. The Governor concurs with the agency request with the following adjustments.

- Reduction of \$21,944 to not recommend the agency enhancement for full-time state fair employees wage increases.
- Reduction of \$7,871 to reduce employer contributions for state employee health insurance.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS						
	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Req. FY 2016	Gov. Rec. FY 2016	Agency Req. FY 2017	Gov. Rec. FY 2017
Capital Maintenance and Repair	\$ 150,000	\$ 150,000	\$ 200,000	\$ 200,000	\$ 280,000	\$ 280,000
Expo Center Replacement	0	0	5,552,617	0	0	0
Asphalt Repairs	40,000	40,000	40,000	40,000	40,000	40,000
Scout Buildings Exteriors	50,000	50,000	0	0	0	0
Ad Astra Pavilion Lighting Upgrade	15,000	15,000	0	0	0	0
Pride of Kansas Building Roof Replacement	0	0	0	0	216,000	216,000
SGF Transfer to State Fair Capital Improvements Fund	0	0	1,283,793	0	0	0
Debt Service Principal	535,000	535,000	560,000	560,000	585,000	585,000
TOTAL	\$ 790,000	\$ 790,000	\$ 7,636,410	\$ 800,000	\$ 1,121,000	\$ 1,121,000
Financing:						
State General Fund	\$ 535,000	\$ 535,000	\$ 7,396,410	\$ 560,000	\$ 585,000	\$ 585,000
All Other Funds	255,000	255,000	240,000	240,000	536,000	536,000
TOTAL	\$ 790,000	\$ 790,000	\$ 7,636,410	\$ 800,000	\$ 1,121,000	\$ 1,121,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates FY 2015 capital improvements expenditures of \$790,000, a decrease of \$290,000 below the FY 2015 approved amount. The capital improvements projects included in the budget for FY 2015 are:

- **Capital Maintenance and Repair.** The agency estimates \$150,000 in FY 2015 for maintaining the physical plant in an adequate, safe, and usable condition, which includes HVAC repair and replacement.

- **Asphalt Repairs.** The agency estimates \$40,000 in FY 2015 for asphalt repairs.
- **Scout Building Exteriors.** The agency estimates \$50,000 in FY 2015 to upgrade the exterior siding from the original wood siding on the buildings used to showcase the work and

achievements of Kansas Boy and Girl Scouts as well as for a number of non-fair events.

- **Ad Astra Pavilion Lighting Upgrade.** The agency estimates \$15,000 for upgrading the lighting in the Ad Astra Pavilion in anticipation of hosting the Kansas Energy Expo.

Current Year Governor Recommendation

The **Governor** concurs with the agency capital improvements request in FY 2015.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests FY 2016 capital improvements expenditures of \$7.6 million, an increase of \$6.8 million, or 866.7 percent, above the FY 2015 request. The request includes \$7.4 million from the State General Fund, an increase of \$6.9 million, or 1,282.5 percent, above the FY 2015 request from the State General Fund. The capital improvements projects included in the budget for FY 2016 are:

- **Capital Maintenance and Repair.** The agency estimates \$200,000 in FY 2016 for maintaining the physical plant in an adequate, safe, and usable condition, which includes HVAC repair and replacement.
- **Asphalt Repairs.** The agency estimates \$40,000 in FY 2016 for asphalt repairs.
- **Expo Center Replacement.** The agency requests \$5.6 million, all from the State General

Fund, for replacement of the Expo Center, the Fair’s horse facility. The agency indicates that the facility requires remediation of a number of issues, including a roof replacement, moisture and corrosion issues, and restroom renovations. After reviewing a contractor’s proposal and an engineer’s report, the agency believes replacement is the best and most cost-effective option.

- **State General Fund Transfer to State Fair Capital Improvements Fund.** The agency requests \$1.3 million, all from the State General Fund, as a transfer into the State Fair Capital Improvements Fund for FY 2016. The agency indicates that this amount would fill a funding gap left from when some past statutory transfers from the State General Fund were not made to the State Fair Capital Improvements Fund.

Budget Year Governor Recommendation

The **Governor** concurs with the agency capital improvements request for FY 2016 with the following adjustments.

- Reduction of \$1.3 million to eliminate a transfer from the State General Fund to the State Fair Capital Improvements Fund.
- Reduction of \$5.6 million to not recommend construction of a new Expo Center.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests FY 2017 capital improvements expenditures of \$1.1 million, a decrease of \$6.5 million, or 85.3 percent, below the FY 2016 request. The request includes \$585,000 from the State General Fund for debt service principal, a decrease of \$6.8 million, or 92.1 percent, below the FY 2016 request from the State General Fund due to the one-time requested replacement of the Expo Center in FY 2016. The capital improvements projects included in the budget for FY 2017 are:

- **Capital Maintenance and Repair.** The agency estimates \$280,000 in FY 2016 for maintaining the physical plant in an adequate, safe, and usable condition, which includes HVAC repair and replacement.
- **Asphalt Repairs.** The agency estimates \$40,000 in FY 2016 for asphalt repairs.
- **Pride of Kansas Building Roof Replacement.** The agency requests \$216,000 for replacement of the roof on the Pride of Kansas Building.

Budget Year Governor Recommendation

The **Governor** concurs with the agency request for capital improvements for FY 2017.

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>
Grandstand attendance	50,910	48,162	48,030	30,000	30,000
Fair week attendance	340,795	340,795	355,329	346,538	346,538
Non-fair activities: number of events	425	414	420	420	420
Non-fair activities: number of event days	750	806	780	780	780