BUDGET ANALYSIS

FISCAL YEARS 2016-2017

Submitted to the 2015 Kansas Legislature

Volume III

Education
Human Services

Kansas Legislative Research Department
February 2015

BUDGET ANALYSIS

Fiscal Year 2016 - 2017

Volume III

Education
Human Services

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FOREWORD

The *Fiscal Year 2016 Budget Analysis* is provided to assist the Legislature in the review of agency budget requests and the Governor's budget recommendations for Fiscal Years 2015, 2016, and 2017.

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This report contains the individual analyses of state agency budgets (including the agency budget requests and the Governor's recommendations). The Legislative Research Department's analysis pertains to the Governor's recommendations as originally reported in Volumes 1 and 2 of the Governor's Budget Report as submitted to the Legislature.

This document groups agencies by the function of government in which each agency is classified. There are six functions of government into which agencies are grouped, with similar agencies grouped that share similar basic purposes.

Volume I of this publication contains the Overview of the FY 2016 Governor's Budget Report and agencies in Public Safety, Agriculture and Natural Resources, and Transportation.

Volume II of this publication contains agencies in General Government (including the Biennial Budget Agencies).

Volume III of this publication contains agencies in Education Human and Services.

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2016

Abstracter's Board of Examiners **Chiamopoulos, Andy** (785-296-6490)
Accountancy, Board of **Dapp, Mark** (785-296-4409)
Administration, Department of **Dear, Dylan** (785-296-0665)
Administrative Hearings, Office of **Chiamopoulos, Andy** (785-296-6490)
Adjutant General's Department **Klaassen, Aaron** (785-296-4396)
Aging and Disability Services, Department for **Deckard, Amy** (785-296-4429)
Agriculture, Department of **Skoglund, Mark** (785-296-4407)
Attorney General **Hodish, Dezeree** (785-296-7882)

Bank Commissioner, Office of the State **Dapp, Mark** (785-296-4409)
Barbering, Board of **Savoy, Mark** (785-296-4443)
Behavioral Sciences Regulatory Board **Wilhelm, Ben** (785-296-2802)

Children and Families, Department for **Deckard, Amy** (785-296-4429)
Citizen Utility Ratepayer Board **Skoglund, Mark** (785-296-4407)
Commerce, Kansas Department of **Mariani, Bobbi** (785-296-3184)
Corrections, Department of **Carroll, Justin** (785-296-3183)
Cosmetology, Board of **Savoy, Mark** (785-296-4443)
Credit Unions, Department of **Dapp, Mark** (785-296-4409)

Dental Board, Kansas **Wilhelm, Ben** (785-296-2802)

Education, Department of **Wenger, Sharon** (785-296-4439)
El Dorado Correctional Facility **Carroll, Justin** (785-296-3183)
Ellsworth Correctional Facility **Carroll, Justin** (785-296-3183)
Emergency Medical Services Board **Ouellette, Jennifer** (785-296-6684)
Emporia State University **Morrow, Shirley** (785-296-3542)

Fair, Kansas State **Skoglund, Mark** (785-296-4407)
Fire Marshal, State **Hodish, Dezeree** (785-296-7882)
Fort Hays State University **Morrow, Shirley** (785-296-3542)

Governmental Ethics Commission **Wilhelm, Ben** (785-296-2802)
Governor, Office of the **Dear, Dylan** (785-296-0665)
Guardianship Program, Kansas **Ouellette, Jennifer** (785-296-6684)

Healing Arts, Board of **Wilhelm, Ben** (785-296-2802)
Health and Environment, Department of **Mariani, Bobbi** (785-296-3184); **Skoglund, Mark** (785-296-4407)
Health Care Stabilization Fund Board of Governors **Fye, David** (785-296-4405)
Hearing Instruments, Kansas Board of Examiners in Fitting and Dispensing of **Chiamopoulos, Andy** (785-296-6490)
Highway Patrol, Kansas **Klaassen, Aaron** (785-296-4396)
Human Rights Commission **Savoy, Mark** (785-296-4443)
Hutchinson Correctional Facility **Carroll, Justin** (785-296-3183)

Indigents' Defense Services, Board of **Wilhelm, Ben** (785-296-2802)
Insurance Department, Kansas **Fye, David** (785-296-4405)

Judicial Branch **Dear, Dylan** (785-296-0665)
Judicial Council **Dear, Dylan** (785-296-0665)

Kansas Bureau of Investigation **Hodish, Dezeree** (785-296-7882)
Kansas Corporation Commission **Skoglund, Mark** (785-296-4407)
Kansas Juvenile Correctional Complex **Carroll, Justin** (785-296-3183)
Kansas Lottery **Hodish, Dezeree** (785-296-7882)
Kansas Neurological Institute **Fye, David** (785-296-4405)
Kansas Public Employees Retirement System **Dapp, Mark** (785-296-4409)
Kansas State University **Morrow, Shirley** (785-296-3542)
Kansas State University – Extension Systems and Agricultural Research Programs **Morrow, Shirley** (785-296-3542)
Kansas State University Veterinary Medical Center **Morrow, Shirley** (785-296-3542)

Labor, Kansas Department of **Chiamopoulos, Andy** (785-296-6490)
Lansing Correctional Facility **Carroll, Justin** (785-296-3183)
Larned Correctional Mental Health Facility **Carroll, Justin** (785-296-3183)
Larned Juvenile Correctional Facility **Carroll, Justin** (785-296-3183)
Larned State Hospital **Fye, David** (785-296-4405)
Legislative Coordinating Council **Scott, J.G.** (785-296-4397)
Legislative Research Department **Scott, J.G.** (785-296-4397)
Legislature **Scott, J.G.** (785-296-4397)

Mortuary Arts, Board of **Hodish, Dezeree** (785-296-7882)

Norton Correctional Facility **Carroll, Justin** (785-296-3183)
Nursing, Board of **Ouellette, Jennifer** (785-296-6684)

Optometry, Board of Examiners in **Wilhelm, Ben** (785-296-2802)
Osawatomie State Hospital **Fye, David** (785-296-4405)

Parsons State Hospital and Training Center **Fye, David** (785-296-4405)
Peace Officers, Standards and Training, Commission on **Hodish, Dezeree** (785-296-7882)
Pharmacy, Board of **Wilhelm, Ben** (785-296-2802)
Pittsburg State University **Morrow, Shirley** (785-296-3542)
Post Audit, Legislative Division of **Scott, J.G.** (785-296-4397)
Postsecondary Education Systemwide **Morrow, Shirley** (785-296-3542)

Racing and Gaming Commission, Kansas **Hodish, Dezeree** (785-296-7882)
Rainbow Mental Health Facility **Fye, David** (785-296-4405)
Real Estate Appraisal Board **Chiamopoulos, Andy** (785-296-6490)
Real Estate Commission **Chiamopoulos, Andy** (785-296-6490)
Regents, Kansas Board of **Morrow, Shirley** (785-296-3542)
Revenue, Kansas Department of **Dapp, Mark** (785-296-4409)
Revisor of Statutes, Office of the **Scott, J.G.** (785-296-4397)

School for the Blind, Kansas State **Wenger, Sharon** (785-296-4439)
School for the Deaf, Kansas State **Wenger, Sharon** (785-296-4439)
Secretary of State **Dapp, Mark** (785-296-4409)
Securities Commissioner, Office of the **Dapp, Mark** (785-296-4409)
Sentencing Commission, Kansas **Carroll, Justin** (785-296-3183)
State Historical Society **Wilhelm, Ben** (785-296-2802)
State Library **Wenger, Sharon** (785-296-4439)
State Treasurer, Office of the **Dear, Dylan** (785-296-0665)

Tax Appeals, State Board of **Dapp, Mark** (785-296-4409)
Technical Professions, Board of **Chiamopoulos, Andy** (785-296-6490)
Topeka Correctional Facility **Carroll, Justin** (785-296-3183)
Transportation, Kansas Department of **Klaassen, Aaron** (785-296-4396)

University of Kansas **Morrow, Shirley** (785-296-3542)
University of Kansas Medical Center **Morrow, Shirley** (785-296-3542)

Veterans Affairs/Soldiers Home/Veterans Home, Commission on **Fye, David** (785-296-4405)

Kansas Water Office **Skoglund, Mark** (785-296-4407)
Wichita State University **Morrow, Shirley** (785-296-3542)
Wildlife, Parks and Tourism, Department of **Skoglund, Mark** (785-296-4407)
Winfield Correctional Facility **Carroll, Justin** (785-296-3183)

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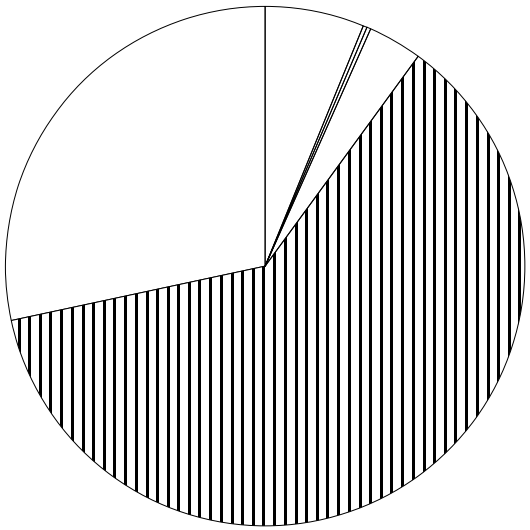
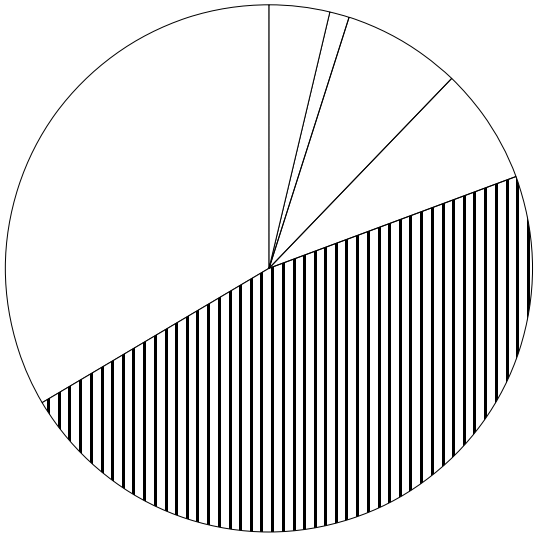
EDUCATION

State General Fund



All Funds



Education is the function which provides educational services to Kansans through the State Board of Regents institutions and the Board of Education, including certain indirect education services such as those provided by the State Historical Society and State Library.

The Governor's FY 2016 recommendation for the Education function totals $7.26 billion from all funding sources, including $3.98 billion from the State General Fund.

The Governor's FY 2017 recommendation for the Education function totals $7.35 billion from all funding sources, including $3.99 billion from the State General Fund.

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The FY 2016 recommendation represents a State General Fund decrease of $11.7 million, or 0.3 percent below FY 2015. Expenditures from all funds decrease by $75.7 million, or 1.0 percent below FY 2015.

The FY 2017 recommendation represents a State General Fund increase of $8.2 million, or 0.2 percent above FY 2016. Expenditures from all funds increase $85.4 million, or 1.2 percent above FY 2016.

A total of 18,468.1 FTE positions are recommended by the Governor for the Education function in FY 2016, the same as FY 2015. Of all state FTE positions, 50.0 percent are in this function.

A total of 18,469.1 FTE positions are recommended by the Governor for the Education function in FY 2017, an increase of 1.0 above FY 2016. Of all state FTE positions, 50.0 percent are in this function.

Agencies in this function comprise 62.1 percent of the total State General Fund budget in FY 2016, down from 62.9 percent in FY 2015. They comprise 47.4 percent of expenditures from all funding sources in FY 2016, an increase of 0.4 percent from FY 2015.

Agencies in this function comprise 62.2 percent of the total State General Fund budget in FY 2017, an increase of 0.1 percent from FY 2015. They comprise 46.7 percent of expenditures from all funding sources in FY 2017, a decrease of 0.7 percent from FY 2017.

Department of Education

	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	$ 2,963,204,236	$ 3,206,854,258	$ 3,171,606,311	$ 3,654,280,488	$ 3,171,502,685	$ 3,802,378,793	$ 3,164,964,686
Other Funds	845,448,283	1,411,225,774	1,406,622,932	1,324,010,899	1,381,329,137	1,350,454,612	1,442,857,280
TOTAL	$ 3,808,652,519	$ 4,618,080,032	$ 4,578,229,243	$ 4,978,291,387	$ 4,552,831,822	$ 5,152,833,405	$ 4,607,821,966
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	**$ 3,808,652,519**	**$ 4,618,080,032**	**$ 4,578,229,243**	**$ 4,978,291,387**	**$ 4,552,831,822**	**$ 5,152,833,405**	**$ 4,607,821,966**
Percentage Change:							
Operating Expenditures							
State General Fund	(0.7) %	8.2 %	7.0 %	14.0 %	0.0 %	4.1 %	0.0 %
All Funds	6.9	21.3	20.2	7.8	(0.6)	3.5	1.2
FTE Positions	171.0	160.0	160.0	160.0	160.0	160.0	160.0
Non-FTE Perm.Uncl.Pos.	102.0	95.0	95.0	95.0	95.0	95.0	95.0
TOTAL	273.0	255.0	255.0	255.0	255.0	255.0	255.0

The State Board of Education is a ten-member elected board established by the *Kansas Constitution*. It is responsible for the general supervision of public schools and all other educational interests of the state that are not under the jurisdiction of the State Board of Regents. Its duties include accrediting elementary and secondary schools, establishing standard courses of study in the public schools, certifying teachers and administrators, approving public and private teacher education programs, and administering a variety of state and federal aid and other assistance programs.

MAJOR ISSUES FROM PRIOR YEARS

Montoy v. State of Kansas

On January 3, 2005, the Kansas Supreme Court issued a decision in *Montoy v. State of Kansas* which held the Legislature had failed to meet its burden to make a suitable provision for the finance of public schools as required by the *Kansas Constitution*. The Court retained jurisdiction and gave the Legislature until April 12, 2005, to enact corrective legislation. The 2005 Legislature enacted HB 2247, HB 2259, and SB 43, which amended portions of the school finance formula or affected the distribution of state aid and appropriated $141.1 million from the State General Fund in additional funding for elementary and secondary schools.

On June 3, 2005, the Supreme Court issued a supplemental opinion in which it found funding approved by the 2005 Legislature (during the regular Session) did not satisfy the Legislature's constitutional obligation to adequately fund schools. The Court retained jurisdiction and told the Legislature it had until July 1, 2005 to increase funding for school year 2005-06 by an additional $143.0 million.

In June 2005, the Legislature convened a Special Session and enacted House Sub. for SB 3, which made further revisions to the school finance formula, and added an additional $148.4 million from the State General Fund for school finance, resulting in a total increase of $289.5 million in funding for school year 2005-06.

In July 2005, the Supreme Court ruled the Legislature had complied with its June order with regard to providing additional funding for the 2005-06 school year. The Court continued to retain jurisdiction in the case, pending completion of a study of educational costs by the Legislative Division of Post Audit.

2006 Session. The Legislature, upon reviewing a cost study analysis issued by the Legislative Division of Post Audit, enacted 2006 SB 549, a $466.2 million (from the State General Fund), three-year school finance plan, which appropriated increased funding of $194.5 million in the 2006-2007 school year, $149.0 million in the 2007-2008 school year, and $122.7 million in the 2008-2009 school year. Further, the bill:

- Increased the Base State Aid Per Pupil (BSAPP) from $4,257 to $4,316 in FY 2007, to $4,374 in FY 2008, and $4,433 in FY 2009 (although only $4,400 was funded);

- Included funding for action taken by the 2005 Legislature (House Sub. for SB 3) to increase the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006 and to 92.0 percent in FY 2007 and thereafter;

- Clarified that the Capital Outlay State Aid program created by the 2005 Legislature (House Sub. for SB 3) is a demand transfer;

- Increased the at-risk weighting from 19.3 to 27.8 in FY 2007, to 37.8 in FY 2008, and 45.6 in FY 2009;

- Increased the Local Option Budget (LOB) authority from 27.0 percent to 30.0 percent in FY 2007 and to 31.0 percent in FY 2008 and thereafter; and

- Created new weighting categories for high density at-risk pupils and for pupils who are not proficient on the basis of state assessments, but are not eligible for free lunches.

In July 2006, the Supreme Court dismissed the case, ruling that the Legislature had substantially complied with the Court's prior orders to correct flaws in the School Finance Act. The Court stated the constitutionality of 2006 SB 549 was not before it and noted the Legislature will have provided at least $755.7 million in additional funding for elementary and secondary education by school year 2008-09. The Court also lifted the stay it had placed on two provisions contained in the 2005 legislation and dismissed the appeal.

2007 Session. The 2007 Legislature approved the addition of $23.1 million, all from the State General Fund, for aid and other assistance programs in FY 2008. Major adjustments include the following items.

- $4.0 million in General and Supplemental General State Aid to fund 2007 HB 2159 in FY 2008, which allowed all school districts to conduct a second count of students who are military dependents on February 20, 2008, and February 20, 2009.

- $1.0 million in Supplemental General State Aid to fund a 1.0 percent increase in the LOB authority in FY 2008. Language in the appropriations bill (2007 HB 2368) increased the LOB authority from 31.0 percent to 32.0 percent in FY 2008 and thereafter.

- $16.1 million in special education excess costs to cover reductions in federal funding for Medicaid reimbursements. The reduction in federal funding was due to a decision by the federal Centers for Medicare and Medicaid Services to begin requiring school districts to request reimbursements on a service-by-service basis in FY 2008, rather than using a bundled payment rate.

In addition, the Legislature approved the transfer of $122.7 million from the State General Fund to a newly established Keeping Education Promises Trust Fund in FY 2008 to set aside the third year of increased funding (FY 2009) established in the three-year school finance bill (2006 SB 549). In FY 2009, $122.7 million was transferred back to the State General Fund for General State Aid ($82.7 million), Supplemental General State Aid ($15.0 million), and special education excess costs ($25.0 million).

The Legislature also removed the sunset date of June 30, 2007, for the non-proficient weighting created in the three-year school finance plan (2007 SB 68). No additional funding was needed for the continuation of the non-proficient weighting in FY 2008. The $10.0 million, all from the State General Fund, the 2006 Legislature appropriated for the weighting in FY 2007 was already included in the agency's FY 2008 budget to finance the weighting in the base General State Aid appropriation.

2007 Interim. In June 2007, the Attorney General issued an opinion that the 1.0 percent LOB increase (from 31.0 percent to 32.0 percent) in the 2007 appropriations bill violated Article 2, Section 16 of the *Kansas Constitution*, which prohibits a bill from containing more than one subject. Because the appropriations bill contained a severability provision, however, the Attorney General indicated that the LOB increase language could be excised without affecting the remaining provisions in the bill.

2008 Session. The 2008 Legislature approved funding of $2.5 billion, all from the State General Fund, for General and Supplemental General State Aid. This resulted in a BSAPP of $4,433 in FY 2009 (although, only $4,400 was funded). In addition, the 2008 Legislature recommended the following items.

- Continued funding for the third year of the three-year school finance plan approved by the 2006 Legislature; added $37.2 million, all from the State General Fund, in FY 2010 to add a fourth year to the plan, resulting in a BSAPP increase of $59, from $4,433 to $4,492.

- Amended language contained in a previous appropriations bill that required a dollar-for-dollar match from business and industry for the Kansas Career Pipeline. The legislation retained the dollar-for-dollar match but broadened the sources that may be used.

- Shifted $7.5 million in funding for the Parents as Teachers program from the State General Fund to the Children's Initiatives Fund in FY 2009. Made expenditures of $5.0 million, all from the Children's Initiatives Fund, were made for the Kansas Preschool program, formerly known as the Pre-K Pilot. The program had been included in the budget of the Department of Social and Rehabilitation Services (SRS) prior to FY 2009. The Legislature's action transferred the program from SRS to the Department of Education and combines it with the Four Year Old At-Risk program.

2009 Session. The 2009 Legislature made the following major adjustments in FY 2009.

- Deleted $27.8 million, all from the State General Fund, from General State Aid, which resulted in a BSAPP of $4,367. (The Governor vetoed the reduction and, instead, reduced the BSAPP by $11 resulting in a BSAPP of $4,400 in school year 2008-09.)

- Accelerated the transfer of the fourth-year payment of $37.2 million from the Keeping Education Promises Trust Fund to the State General Fund from FY 2010 to FY 2009.

- Added $3.4 million, all from the State General Fund, for local effort adjustments, (or less than expected property tax valuations).

- Added $2.9 million, all from the State General Fund, for a shortfall in KPERS-School employer contributions in order to maintain funding at the level included in 2009 House Sub. for SB 23.

2010 Session. For FY 2010, the Legislature deleted $32.75 million, all from the State General Fund, in General State Aid. The BSAPP for the 2010-11 school year was $3,937.

2011 Session. The 2011 Legislature made the following adjustments.

- Added $21.7 million, all from the State General Fund, in FY 2011 to ensure the state meets federal special education maintenance of effort requirements. The Legislature added $21.2 million and included language allowing for the certification of the amount necessary for maintenance of effort requirements at the end of the 2011 Session. If more than the initial $21.2 million was required to meet the certification, the additional funding would be transferred from the KPERS-School account. In June, the Department of Education, the Kansas Legislative Research Department and the Division of the Budget met and determined that an additional $476,000 was necessary to meet the federal maintenance of effort requirement.

- Deleted $69.2 million, all from the State General Fund, to delay the April 15th KPERS-School payment, in FY 2011 to FY 2012.

- Added $52,287, all from the State General Fund, for school food assistance in FY 2012 in order to meet federal maintenance of effort requirements set forth by the U.S. Department of Agriculture. By adding the funds, the state is eligible to receive approximately $97.0 million in federal funds for the school lunch program.

- Added $69.2 million, all from the State General Fund, for FY 2012 for the April 15, 2011, KPERS-School payment, which was deleted in FY 2011.

- Deleted $1.5 million, all from the State General Fund, to eliminate funding for the Mentor Teacher program in FY 2012.

- Deleted language in FY 2012 that required the award for parent education program grants (Parents As Teachers) to be conditioned on the school district providing services for those families at 150.0 percent of federal poverty level and charging a fee for those families above that income level.

In addition, House Sub. for Sub. for SB 111 was passed. The bill allows school districts to expend a portion of the unencumbered balances held in particular funds and provides a prioritized list. Local school boards are not limited to using the funds in the priority list and are not required to expend the total unencumbered balance before utilizing the unencumbered balance in another fund. The bill limits the amount of money a school district can use from its unencumbered balance through a formula that is calculated by the State Board of Education.

2012 Session. The 2012 Legislature made the following adjustments.

- Deleted $615,663, all from the State General Fund, for the Mentor Teacher program in FY 2013.

- Added $65,663, all from the State General Fund, for costs associated with an increase in the transaction fee for the Financial Management System (FMS) in FY 2013.

- Added $1.5 million, all from the Children's Initiatives Fund, for the Kansas Preschool program, formerly known as the Pre-K pilot, in FY 2013.

- Deleted $28.9 million, all from the State General Fund, from the Technical Education Grants Program fund and added $28.9 million, all from the State General Fund, to General State Aid in FY 2013 to maintain the 0.5 weighting for career and technical education.

- Added $40.0 million, all from the State General Fund, to increase the BSAPP from $3,780 to $3,838 in FY 2013.

2013 Session. The 2013 Legislature made the following adjustments to the Department's budget.

- Transferred $44,441 from the Kansas Universal Service Fund (KUSF) in FY 2013 to a newly established fund within the Department to fund an Educational Technology Coordinator position, which had been funded with a federal grant that was due to expire at the end of federal FY 2013.

- Added $250,000, all from the State General Fund, for Communities in Schools for FY 2014 and FY 2015.

- Deleted $1.2 million, all from the State General Fund, to reduce operating expenditures for FY 2014.

- Transferred $43.0 million for FY 2014 and $10.0 million for FY 2015, all from the State Highway Fund, for special education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.

- Transferred $96.6 million for FY 2014 and $96.6 million for FY 2015, all from the State Highway Fund, for general state transportation weighting and reduced the State General Fund expenditures by the same amounts in each fiscal year.

- Transferred $650,000 for FY 2014 and $650,000 for FY 2015, all from the State Highway Fund, for career and technical education transportation and reduced the State General Fund expenditures by the same amounts in each fiscal year.

- Transferred $37.5 million for FY 2014 and $39.5 million for FY 2015, all from the Expanded Lottery Act Revenues Fund (ELARF), for KPERS School Retirement and reduced the State General Fund expenditures by the same amounts in each fiscal year.

- Added $46,908, all from the State General Fund, including 0.5 FTE position, in both FY 2014 and FY 2015 for an Education Program Consultant for the Coalition of Innovative Districts Act.

2014 Session. In response to a ruling by the Kansas Supreme Court, the 2014 Legislature appropriated an additional $109.3 million for Supplemental General State Aid from the State General Fund (local option budget equalization aid) and made a revenue transfer of $25.2 million to the Capital Outlay Fund from the State General Fund to fully fund equalization aid in both these areas.

Changes in the school finance formula, described below, resulted in a decrease in various weightings taking effect in FY 2015 and thereafter, unless otherwise noted below.

- A phase-out of the school facilities weighting limited its use to only those districts that have a local option budget (LOB) of at least 25 percent of the amount of state financial aid for which the contractual bond obligations incurred by the district were approved by voters on or before July 1, 2014.

- Nonproficient at-risk weighting was eliminated.

- Virtual weighting was eliminated from the LOB calculation.

- At-risk weighting was eliminated for part-time students (grades 1 through 12) and students over 19 years of age (excluding students with Individualized Education Programs (IEPs)).

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised estimate of $4.6 billion, including $3.2 billion from the State General Fund. The revised FY 2015 estimate is $60.1 million, all funds, more than the approved FY 2015 budget and $48.0 million more from the State General Fund. These differences are the result of the agency requests of $22.0 million from the State General Fund to fully fund supplemental-general state aid, $20.0 million from the State General Fund to fully fund capital outlay aid; and $5.6 million from the State General Fund to fully fund the KPERS School contribution. A revenue transfer of $12.0 million to fund capital improvement aid (bond and interest) is requested.

The revised estimate eliminates ten full-time equivalent (FTE) positions that were unfilled, reducing the agency FTE position count to 160, while adding two unclassified temporary positions to carry out extensions related to existing federal grants.

FY 2015 Governor Recommendation

The **Governor** recommends a FY 2015 budget of $4.6 billion all funds, including $3.2 in State General Funds. The difference in the agency request and the Governor's recommendation was a reduction of nearly $35.2 million. The largest part of this difference was in the aid to local units of government category with a difference of $34.8 million. This primarily resulted from a reduction of $46.0 million from KPERS school via the December allotment with a partial offset of $12.6 million added to fund LOB state aid - an addition resulting from the November consensus estimating process. The Governor's recommendation also reduced the agency's school district finance fund estimate by $3.9 million.

FY 2016 Agency Request

The **agency** requests $5.0 billion all funds, including $3.7 billion from the State General Fund. This is an all funds increase of $456.0 million, or 10.0 percent, above the FY 2015 approved budget. Comparing the FY 2016 request to the revised FY 2015 request, the difference is $396 million more in all funds. The State General Fund request is $530.0 million above the FY 2015 approved State General Fund budget, or a 16.8 percent increase. Comparing the FY 2016 request to the revised FY 2015 request, the State General Fund difference is $483.5 million. Details of the enhancement request representing the majority of these additional funds, are presented later in this analysis. **Absent the enhancement request,** the request would be $4.6 billion all funds, and $3.3 billion State General Fund. The major change from the FY 2015 State General Fund approved budget and the FY 2016 requested State General Fund budget includes $107.0 million for transportation aid and special education transportation aid, funded in FY 2015 from State Highway Funds.

FY 2016 Governor Recommendation

The **Governor** recommends an all funds budget of $4.6 billion, including $3.2 billion from the State General Fund. The difference in the Governor's recommendation and the agency's request is an all funds total of $425.5 million, including $483.0 million difference in the State General Fund request. The Governor's recommendation included an all other funds request exceeding the agency's request by $57.0 million, due primarily to funding added from the State Highway Fund ($107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding ($367.6 million) for enhancement requests.

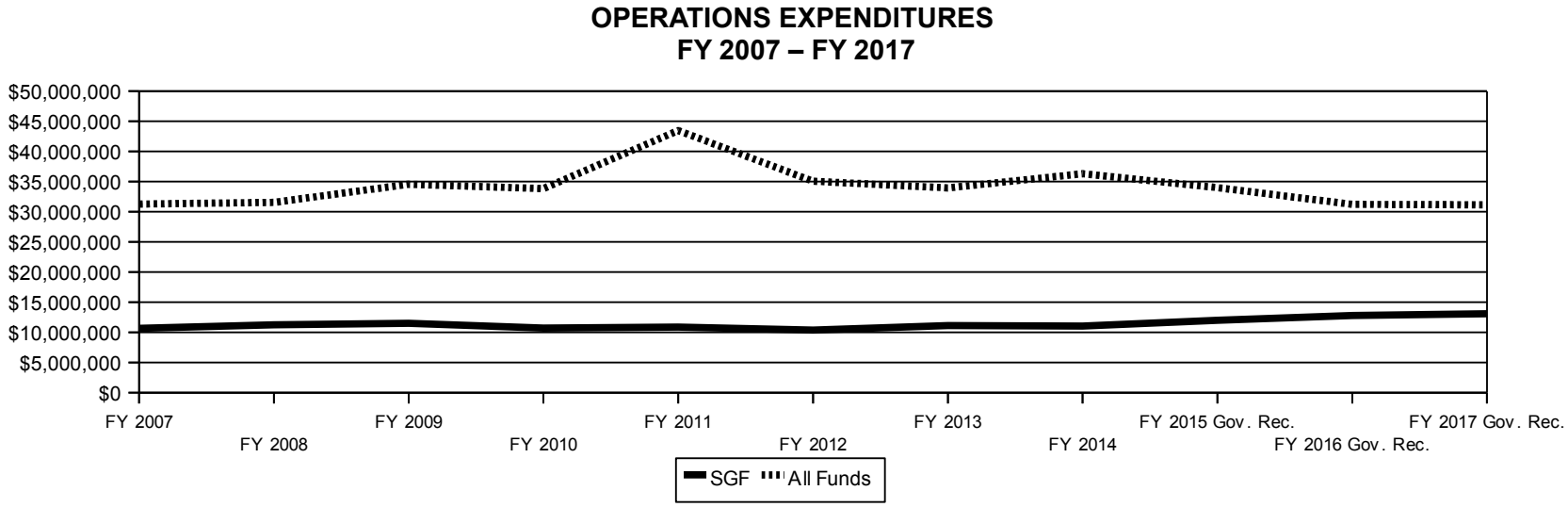
FY 2017 Agency Request

The **agency** requests $5.2 billion from all funds, including $3.9 billion from the State General Fund. The increases in this budget request from the FY 2016 request includes enhancement requests described in detail later in this analysis. Major changes in the agency's operating budget include increased salary expenditures because of a 27th pay period. Contractual expenditures decrease because of the conclusion of several child nutrition and wellness programs, as well as an anticipated reduction in the contract with the University of Kansas to develop and administer state assessments.

FY 2017 Governor Recommendation

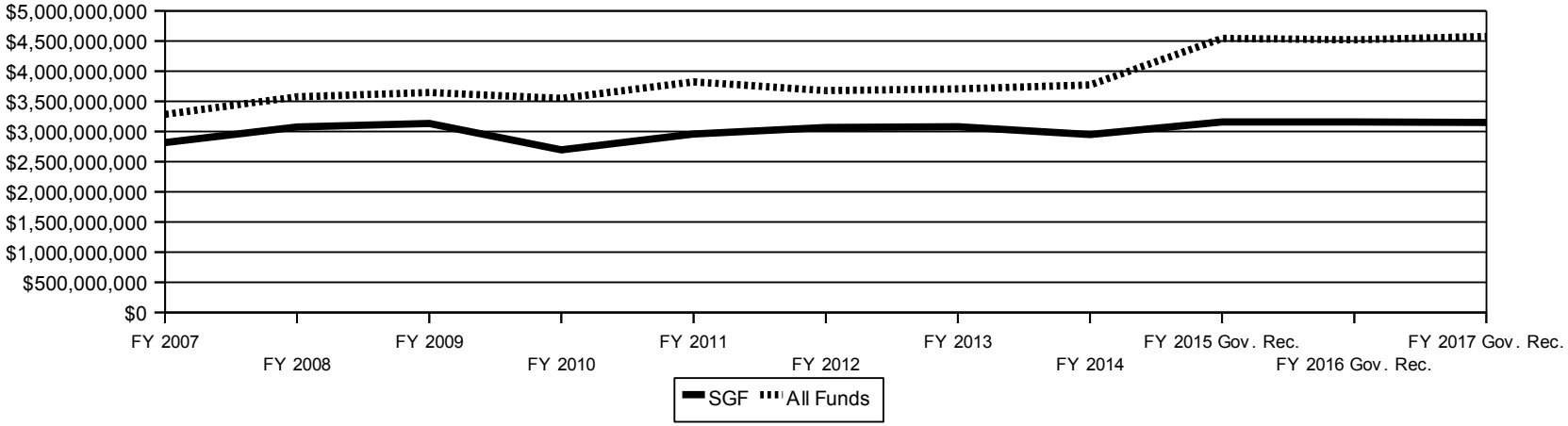
The **Governor** recommends an all funds budget of $4.6 billion, including $3.2 billion from the State General Fund. The Governor's recommendation included an all other funds request exceeding the agency's request by $92.4 million, due primarily to funding added from the State Highway Fund ($107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for enhancement requests. It does not appear the Governor recommended funding ($508.6 million) for enhancement requests.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 10,663,086	4.8 %	$ 31,269,033	0.3 %	215.7
2008	11,237,342	5.4	31,551,327	0.9	212.3
2009	11,510,498	2.4	34,561,283	9.5	213.3
2010	10,735,847	(6.7)	33,840,356	(2.1)	210.3
2011	10,876,684	1.3	43,460,681	28.4	210.3
2012	10,361,045	(4.7)	35,064,224	(19.3)	188.3
2013	11,132,026	7.4	33,956,966	(3.2)	170.0
2014	11,050,938	(0.7)	36,308,792	6.9	170.0
2015 Gov. Rec.	12,010,437	8.7	34,004,536	(6.3)	160.0
2016 Gov. Rec.	12,806,100	6.6	31,229,087	(8.2)	160.0
2017 Gov. Rec.	13,091,813	2.2	31,152,328	(0.2)	160.0
Eleven-Year Change	$ 2,428,727	22.8 %	$ (116,705)	(0.4)%	(55.7)

AID AND OTHER ASSISTANCE EXPENDITURES
FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 2,819,051,089	9.1 %	$ 3,284,176,331	7.7 %	215.7
2008	3,075,357,811	9.1	3,575,547,560	8.9	212.3
2009	3,135,854,735	2.0	3,647,248,002	2.0	213.3
2010	2,698,815,637	(13.9)	3,549,720,129	(2.7)	210.3
2011	2,960,334,113	9.7	3,824,032,285	7.7	210.3
2012	3,066,459,334	3.6	3,678,685,623	(3.8)	188.3
2013	3,080,705,948	0.5	3,707,586,052	0.8	170.0
2014	2,952,153,298	(4.2)	3,772,343,727	1.7	171.0
2015 Gov. Rec.	3,159,595,874	7.0	4,544,224,707	21.4	160.0
2016 Gov. Rec.	3,158,696,585	(0.0)	4,521,602,735	(0.5)	160.0
2017 Gov. Rec.	3,151,872,873	(0.2)	4,576,669,638	1.2	160.0
Eleven-Year Change	$ 332,821,784	11.8 %	$ 1,292,493,307	39.4 %	(55.7)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 15,686,673	$ 15,537,980	$ 13,790,316	$ (1,747,664)	(11.2) %	$ 15,215,898	$ 14,163,470	$ (1,052,428)	(6.9)%
Governance of Education	396,823	394,302	387,142	(7,160)	(1.8)	393,597	381,401	(12,196)	(3.1)
Child Nutrition & Wellness	3,907,620	4,635,516	3,861,304	(774,212)	(16.7)	4,613,310	3,837,191	(776,119)	(16.8)
Standards and Assessment Services	9,335,247	9,031,782	7,939,070	(1,092,712)	(12.1)	9,015,059	6,823,329	(2,191,730)	(24.3)
Special Education Services	7,488,841	4,510,841	3,771,278	(739,563)	(16.4)	4,494,299	3,753,079	(741,220)	(16.5)
Title Programs & Services	3,076,282	3,689,263	3,555,363	(133,900)	(3.6)	3,676,485	3,542,163	(134,322)	(3.7)
Career and Technical Education	1,258,230	1,372,823	1,330,981	(41,842)	(3.0)	1,362,651	1,320,010	(42,641)	(3.1)
Financial Aid	3,767,502,803	4,578,907,525	4,943,655,933	364,748,408	8.0	4,539,457,944	4,519,011,179	(20,446,765)	(0.5)
TOTAL	$ 3,808,652,519	$ 4,618,080,032	$ 4,978,291,387	$ 360,211,355	7.8 %	$ 4,578,229,243	$ 4,552,831,822	$ (25,397,421)	(0.6)%
By Major Object of Expenditure:									
Salaries and Wages	$ 16,809,653	$ 17,759,186	$ 17,634,168	$ (125,018)	(0.7) %	$ 17,357,978	$ 16,819,357	$ (538,621)	(3.1)%
Contractual Services	18,023,698	15,777,687	13,608,518	(2,169,169)	(13.7)	15,777,687	13,608,518	(2,169,169)	(13.7)
Commodities	858,000	659,552	597,664	(61,888)	(9.4)	659,552	597,664	(61,888)	(9.4)
Capital Outlay	617,441	209,319	203,548	(5,771)	(2.8)	209,319	203,548	(5,771)	(2.8)
Debt Service	--	--	--	--	--	--	--	--	--
Subtotal - Operations	$ 36,308,792	$ 34,405,744	$ 32,043,898	$ (2,361,846)	(6.9) %	$ 34,004,536	$ 31,229,087	$ (2,775,449)	(8.2)%
Aid to Local Units	3,726,491,873	4,539,327,437	4,901,742,707	362,415,270	8.0	4,499,877,856	4,477,528,056	(22,349,800)	(0.5)
Other Assistance	45,851,854	44,346,851	44,504,782	157,931	0.4	44,346,851	44,074,679	(272,172)	(0.6)
TOTAL	$ 3,808,652,519	$ 4,618,080,032	$ 4,978,291,387	$ 360,211,355	7.8 %	$ 4,578,229,243	$ 4,552,831,822	$ (25,397,421)	(0.6)%
Financing:									
State General Fund	$ 2,963,204,236	$ 3,206,854,258	$ 3,654,280,488	$ 447,426,230	14.0 %	$ 3,171,606,311	$ 3,171,502,685	$ (103,626)	(0.0)%
Expanded Lottery Act Revenues Fund	37,512,000	39,490,000	39,490,000	--	--	39,490,000	36,158,948	(3,331,052)	(8.4)
Children's Initiatives Fund	12,037,437	12,037,447	12,697,635	660,188	5.5	12,037,447	12,037,447	--	--
Transportation Fund Shift	140,295,558	107,850,000	--	(107,850,000)	(100.0)	107,250,000	107,250,000	--	--
All Other Funds	655,603,288	1,251,848,327	1,271,823,264	19,974,937	1.6	1,247,845,485	1,225,882,742	(21,962,743)	(1.8)
TOTAL	$ 3,808,652,519	$ 4,618,080,032	$ 4,978,291,387	$ 360,211,355	7.8 %	$ 4,578,229,243	$ 4,552,831,822	$ (25,397,421)	(0.6)%

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	$ 13,790,316	$ 14,126,234	$ 335,918	2.4 %	$ 14,163,470	$ 14,293,513	$ 130,043	0.9 %
Governance of Education	387,142	390,690	3,548	0.9	381,401	384,834	3,433	0.9
Child Nutrition & Wellness	3,861,304	3,548,790	(312,514)	(8.1)	3,837,191	3,524,491	(312,700)	(8.1)
Standards and Assessment Services	7,939,070	7,667,132	(271,938)	(3.4)	6,823,329	6,551,076	(272,253)	(4.0)
Special Education Services	3,771,278	3,824,712	53,434	1.4	3,753,079	3,806,148	53,069	1.4
Title Programs & Services	3,555,363	3,616,019	60,656	1.7	3,542,163	3,602,555	3,542,163	100.0
Career and Technical Education	1,330,981	1,368,661	37,680	2.8	1,320,010	1,357,471	37,461	2.8
Financial Aid	4,943,655,933	5,118,291,167	174,635,234	3.5	4,519,011,179	4,574,301,878	55,290,699	1.2
TOTAL	$ 4,978,291,387	$ 5,152,833,405	$ 174,542,018	3.5 %	$ 4,552,831,822	$ 4,607,821,966	$ 54,990,144	1.2 %
By Major Object of Expenditure:								
Salaries and Wages	$ 17,634,168	$ 18,418,207	$ 784,039	4.4 %	$ 16,819,357	$ 17,396,057	$ 576,700	3.4 %
Contractual Services	13,608,518	12,941,739	(666,779)	(4.9)	13,608,518	12,941,739	(666,779)	(4.9)
Commodities	597,664	589,688	(7,976)	(1.3)	597,664	589,688	(7,976)	(1.3)
Capital Outlay	203,548	224,844	21,296	10.5	203,548	224,844	21,296	10.5
Debt Service	--	--	--	--	--	--	--	--
Subtotal - Operations	$ 32,043,898	$ 32,174,478	$ 130,580	0.4 %	$ 31,229,087	$ 31,152,328	$ (76,759)	(0.2)%
Aid to Local Units	4,901,742,707	5,075,410,677	173,667,970	3.5	4,477,528,056	4,531,851,491	54,323,435	1.2
Other Assistance	44,504,782	45,248,250	743,468	1.7	44,074,679	44,818,147	743,468	1.7
TOTAL	$ 4,978,291,387	$ 5,152,833,405	$ 174,542,018	3.5 %	$ 4,552,831,822	$ 4,607,821,966	$ 54,990,144	1.2 %
Financing:								
State General Fund	$ 3,654,280,488	$ 3,802,378,793	$ 148,098,305	4.1 %	$ 3,171,502,685	$ 3,164,964,686	$ (6,537,999)	(0.2)%
Expanded Lottery Act Revenues Fund	39,490,000	39,490,000	--	--	36,158,948	35,430,948	(728,000)	(2.0)
Children's Initiatives Fund	12,697,635	12,697,635	--	--	12,037,447	12,037,447	--	--
Transportation Fund Shift	--	--	--	--	107,250,000	107,250,000	--	--
All Other Funds	1,271,823,264	1,298,266,977	26,443,713	2.1	1,222,882,742	1,288,138,885	65,256,143	5.3
TOTAL	$ 4,978,291,387	$ 5,152,833,405	$ 174,542,018	3.5 %	$ 4,549,831,822	$ 4,607,821,966	$ 57,990,144	1.3 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $3,158,925,023 for the Department of Education in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $885,207 ($820,634 in operations; $64,573 in special education), based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $46,313,992, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $3,113,496,238. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 3,113,496,238	$ 3,206,854,258	$ 93,358,020	$ 3,171,606,311	$ 58,110,073
All Other Funds	1,399,079,505	1,411,225,774	12,146,269	1,406,622,932	7,543,427
TOTAL	$ 4,512,575,743	$ 4,618,080,032	$ 105,504,289	$ 4,578,229,243	$ 65,653,500
FTE Positions	170.0	160.0	(10.0)	160.0	(10.0)

The **agency requests** a revised estimate of $4.6 billion, including $3.2 billion from the State General Fund.

The revised estimate eliminates ten full-time equivalent (FTE) positions that were unfilled, reducing the agency FTE

position count to 160.0, while adding two unclassified temporary positions to carry out extensions related to existing federal grants.

The **Governor** recommends an all funds budget of $4.6 billion, including $3.2 billion from the State General Fund.

As a result of the November consensus revenue estimating process, the Governor added $34,278,000 to local option budget state aid; $19,799,214 to capital outlay state aid; and $5,577,859 to KPERS School, for a total addition of $59,655,073 above the FY 2015 approved amount. The Governor reduced Juvenile Detention Centers $600,000 and General State Aid by $945,000 resulting in the base state aid per pupil remaining at $3,852. (This amount - $945,000 - resulted from property tax revenue from the 20 mill levy more than anticipated and realized during the November consensus process.)

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Capital Outlay State Aid	$ 19,799,214	$ 19,799,214	0.0	$ 19,799,214	$ 19,799,214	0.0
Supplemental General State Aid (LOB State Aid)	21,666,955	21,666,955	0.0	34,278,000	34,278,000	0.0
Technical Education Transportation (State Highway Funds)	0	600,000	0.0	0	0	0.0
KPERS - School	5,577,859	5,577,859	0.0	5,577,859	5,577,859	0.0
TOTAL	**$ 47,044,028**	**$ 47,644,028**	**0.0**	**$ 59,655,073**	**$ 59,655,073**	**0.0**

The **agency** estimates $47.0 million, from the State General Fund, to fully equalize capital outlay and supplemental-general state aid (LOB state aid). The agency also requests $5.6 million in increased public employee retirement contributions, all from the State General Fund in FY 2015.

Capital outlay equalization aid required for full equalization increased because many school districts increased capital outlay mill levies to the eight mill maximum. According to agency officials, this occurred because the full equalization provided via the LOB state aid caused property tax relief that, even with an increased capital outlay mill levy, provided net property tax relief to districts' property owners.

LOB state aid required for full equalization increased because the assessed valuation per pupil at the statutorily-required 81.2nd percentile increased from $109,275 to $116,700.

The KPERS enhancement request is due to increased KPERS employer contribution rates and increases in school employee salaries.

Due to increased participation in the career and technical education program for 11th and 12th grade students, the agency requests an additional $600,000 of State Highway Funds to supplement this transportation category.

The **Governor** recommended funding for capital outlay and additional funding for LOB state aid, as well as the KPERS school increase; however, there was not a recommendation for the additional technical education transportation funding.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Contribution rate - Schools	$ 45,997,099	$ 45,997,009	0.0
Reduce KPERS Contribution rate - agency	87,021	171,336	0.0
Reduce SGF funding by 4.0 percent	229,872	229,872	0.0
TOTAL	$ 46,313,992	$ 46,398,217	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $46,084,120, from the State General Fund as a result of the Governor's State General Fund allotment 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. An additional $84,315 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $46,168,435.

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $229,872, as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months or 2.0 percent for the whole fiscal year to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by reduced contractual expenditures as well as decreases in commodities and capital outlay expenditures in the remainder of FY 2015.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 4,978,291,387	$ 4,552,831,822	$ (425,459,565)
FTE Positions	160.0	160.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 447,426,230	$ (103,626)	
All Other Funds	(87,214,875)	(25,293,795)	
TOTAL	$ 360,211,355	$ (25,397,421)	
Percent Change:			
State General Fund	14.0 %	0.0 %	
All Other Funds	(6.2)	(1.8)	
TOTAL	7.8 %	(0.6) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $5.0 billion all funds, including $3.7 billion from the State General Fund. The agency's FY 2016 budget request includes an all funds enhancement request of $368.0 million, including $367.0 million from the State General Fund. An additional change from the agency's FY 2015 revised budget included changing $96.6 million in general state aid from the transportation weighting from the State Highway Fund to the State General Fund. Summarily, those enhancement requests include $254.0 million to increase the base state aid per pupil to $4,200 from $3,852; fund the first year of an all-day kindergarten initiative at $16.4 million; and provide funding for transportation aid at $96.6 million (in FY 2015 this transportation aid was funded with the State Highway Fund). The decrease in all other funds primarily resulted from the elimination of $96.6 million in transportation aid. **Absent the enhancement request,** the request would be $4.6 billion all funds, and $3.3 billion State General Fund.

According to agency officials, several factors led to a drop in the state operations budget for FY 2016. The agency budget did not include $542,000 in funds for the continued support of the KIDS data system. In addition, increases in rent and the monumental surcharge, led the agency to increase its salaries and wages shrinkage rate from 3.86 percent to 15.88 percent. The agency anticipates a drop in expenditures for contractual services in FY 2016 because federal funds to support the Kansas Learning Network will be scaled back. Two smaller federal grants - Safe and Supportive Schools and the Enhance Assessment Accessibility of Technology Grant - conclude in September 2015, adding to the lowering of contractual expenditures.

The **Governor** recommends an all funds budget of $4.6 billion, including $3.2 from the State General Fund. The difference in the Governor's recommendation and the agency's request is an all funds total of $425.5 million, including $483.0 million difference in the State General Fund request. The Governor's recommendation included an all other funds request exceeding the agency's request by $57.0 million, due primarily to funding added from the state highway fund ($107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for enhancement requests.

Enhancements Detail

FY 2016 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
General State Aid	253,776,000	253,776,000	0.0	0	0	0.0
Supplemental General State Aid (LOB)	29,413,499	29,413,499	0.0	0	0	0.0
Capital Outlay State Aid	24,799,214	24,799,214	0.0	0	0	0.0
Special Education Services Aid	36,055,529	36,055,529	0.0	0	0	0.0
All Day Kindergarten	16,400,000	16,400,000	0.0	0	0	0.0
Professional Development	4,250,000	4,250,000	0.0	0	0	0.0
Mentor Teacher Program	1,500,000	1,500,000	0.0	0	0	0.0
Technical Education Transportation	650,000	650,000	0.0	0	0	0.0
Teaching Excellence Awards	47,500	47,500	0.0	0	0	0.0
Kansas Association for Conservation and Environmental Education	35,000	35,000	0.0	0	0	0.0
Agriculture in the Classroom	35,000	35,000	0.0	0	0	0.0
Parents Education Program (Parents as Teachers)	0	460,000	0.0	0	0	0.0
Pre-K Pilot Program	0	200,188	0.0	0	0	0.0
TOTAL	**$ 366,961,742**	**$ 367,621,930**	**0.0**	**$ 0**	**$ 0**	**0.0**

Enhancement Request Related to Aid and Other Assistance

- **Increase Base State Aid Per Pupil (BSAPP) to $4,200.** The agency requests $253.8 million, all from the State General Fund, to increase BSAPP from $3,852 to $4,200 in FY 2016.

- **Supplemental General State Aid (Local Option Budget Equalization Aid).** The agency requests $29.4 million, all from the State General Fund, to fully fund supplemental state aid as, the agency stated, was affirmed by the Kansas Supreme Court.

- **Capital Outlay State Aid.** The agency requests $24.8 million, all from the State General Fund, for capital outlay state aid, that is funded through a demand transfer from the State General Fund. This program is designed to provide state equalization to less wealthy school districts for capital outlay mill levies up to eight mills.

- **Special Education Services Aid.** The agency requests $36.1 million, all from the State General Fund, to fund special education at 85.0 percent of excess costs. (KSA 72-978 requires 92.0 percent of excess special education costs be paid via state aid.) The agency indicated in its budget that without this enhancement special education aid would be pro-rated at 78.5 percent of excess costs.

- **All-Day Kindergarten.** The agency requests $16.4 million, all from the State General Fund, to begin implementation of a five-year phase in of all day kindergarten for school districts that choose to offer it.

- **Professional Development.** The agency requests $4.3 million, all from State General Fund, to fund professional development for teachers. No funding for professional development was appropriated for fiscal year 2010 - 2015.

- **Mentor Teacher Program.** The agency requests $1.5 million, all from the State General Fund, for this voluntary program maintained by local school boards for providing probationary teachers with professional support and continuous assistance by an on-site mentor teacher. This request would partially fund this program.

- **Teaching Excellence Scholarships.** The agency requests $47,500, all from the State General Fund, to provide assistance for teachers to attain National Board certification. The 2014 Legislature approved funding of $327,500 for this program for FY 2015.

- **Discretionary Grant Program.** The agency requests $35,000, all from the State General Fund, for the Kansas Association for Conservation and Environmental Education (KACEE). Funding would pay for workshops and environmental education resources for educators.

- **Kansas Foundation for Agriculture in the Classroom.** The agency requests $35,000, all from the State General Fund, to fund this program. Funding for this program was eliminated in FY 2012. According to the agency, state funding for this program has been matched by private industry on a 60 percent state and 40 percent private basis.

- **Parents Education Program or Parents as Teachers.** The agency requests $460,000 of Children's Initiatives Funds (CIF) to increase the funding for this program to $7.7 million. CIF has funded this program at $7.2 million since FY 2012.

- **Pre-K Pilot.** The agency requests $200,188, all from the Children's Initiative Fund, to fund this program to the FY 2010 level. There currently are 12 local Pre-K Pilot programs operating in 14 counties across the state with the purpose of preparing students to enter kindergarten ready to succeed.

The **Governor's** recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for enhancement requests.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 5,152,833,405	$ 4,607,821,966	$ (545,011,439)
FTE Positions	160.0	160.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 148,098,305	$ (6,537,999)	
All Other Funds	0	0	
TOTAL	$ 148,098,305	$ (6,537,999)	
Percent Change:			
State General Fund	4.1 %	0.0 %	
All Other Funds	2.0	4.5	
TOTAL	7.8 %	(0.6) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $5.2 billion from all funds, including $3.9 billion from the State General Fund. This is an all funds increase of $222.8 million, or 4.4 percent, and a State General Fund increase of $196.4 million, or 5.3 percent, above the FY 2016 agency request. The increase in this budget request from the FY 2016 request includes enhancement requests described in detail later in this analysis. According to agency officials, several factors led to a drop in the state operations budget for FY 2016. The agency budget did not include $542,000 in funds for the continued support of the KIDS data system. In addition, increases in rent and monumental surcharge, led the agency to increase its shrinkage rate from 3.86 percent in FY 2015 to 17.49 percent in FY 2017. Another major change in the agency's operating budget include increased salary expenditures because of a 27th pay period which occurs in that fiscal year. Contractual expenditures decrease because of the conclusion of several child nutrition and wellness programs as well as an anticipated reduction in the contract with the University of Kansas to develop and administer state assessments.

The **Governor** recommends an all funds budget of $4.6 billion, including $3.2 billion from the State General Fund. The Governor's recommendation included an all other funds request exceeding the agency's request by $92.4 million, due primarily to funding added from the state highway fund ($107.3 million) for transportation programming which offset State General Fund expenditures by the same amount. The Governor's recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding ($508.6 million) for enhancement requests.

Enhancements Detail

FY 2017 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
General State Aid	322,776,000	322,776,000	0.0	0	0	0.0
Supplemental General State Aid (LOB)	31,654,999	31,654,999	0.0	0	0	0.0
Capital Outlay State Aid	29,799,214	29,799,214	0.0	0	0	0.0
Special Education Services Aid	84,348,598	84,348,598	0.0	0	0	0.0
All Day Kindergarten	32,800,000	32,800,000	0.0	0	0	0.0
Professional Development	4,250,000	4,250,000	0.0	0	0	0.0
Mentor Teacher Program	1,500,000	1,500,000	0.0	0	0	0.0
Technical Education Transportation	700,000	700,000	0.0	0	0	0.0
Teaching Excellence Awards	47,500	47,500	0.0	0	0	0.0
Kansas Association for Conservation and Environmental Education	35,000	35,000	0.0	0	0	0.0
Agriculture in the Classroom	35,000	35,000	0.0	0	0	0.0
Parents Education Program (Parents as Teachers)	--	460,000	0.0	0	0	0.0
Pre-K Pilot Program	--	200,188	0.0	0	0	0.0
TOTAL	**$ 507,946,311**	**$ 508,606,499**	**0.0**	**$ 0**	**$ 0**	**0.0**

Enhancement Request Related to Aid and Other Assistance

- **Increase Base State Aid Per Pupil (BSAPP) to $4,300.** The agency requests $322.8 million, all from the State General Fund, to increase BSAPP from $3,852 to $4,300 in FY 2017.

- **Supplemental General State Aid (Local Option Budget Equalization Aid).** The agency requests $31.7 million, all from the State General Fund, to fully fund supplemental general state aid as, the agency stated, was affirmed by the Kansas Supreme Court.

- **Capital Outlay State Aid.** The agency requests $9.8 million, all from the State General Fund, to fully fund capital outlay state aid, which is funded through a demand transfer from the State General Fund. This program is designed to provide state equalization to less wealthy school districts for capital outlay mill levies up to eight mills.

- **Special Education Services Aid.** The agency requests $84.3 million, all from the State General Fund, to fund special education at 92.0 percent of excess costs. (KSA 72-978 requires 92.0 percent of excess special education costs be paid via state aid.) The agency indicated in its budget that without this enhancement special education aid would be pro-rated at 78.5 percent of excess costs.

- **All-Day Kindergarten.** The agency requests $32.8 million, all from the State General Fund, for the second year implementation of a five-year phase in of all day kindergarten for school districts that choose to offer it.

- **Professional Development.** The agency requests $4.3 million, all from the State General Fund, to fund professional development for teachers. No funding for professional development was appropriated for fiscal year 2010 - 2015.

- **Mentor Teacher Program.** The agency requests $1.5 million, all from the State General Fund, for this voluntary program maintained by local school boards for providing probationary teachers with professional support and continuous assistance by an on-site mentor teacher. This request would partially fund this program.

- **Teaching Excellence Scholarships.** The agency requests $47,500 from the State General Fund to fully fund this program which provides assistance for teachers to attain National Board certification. The 2014 Legislature approved funding of $327,500 for this program for FY 2015.

- **Discretionary Grant Program.** The agency requests $35,000, all from the State General Fund, for the Kansas Association for Conservation and Environmental Education (KACEE). Funding would pay for workshops and environmental education resources for educators.

- **Kansas Foundation for Agriculture in the Classroom.** The agency requests $35,000, all from the State General Fund, to fund this program. Funding for this program was eliminated in FY 2012. According to the agency, state funding for this program has been matched by private industry on a 60 percent state and 40 percent private basis.

- **Parents Education Program or Parents as Teachers.** The agency requests $460,000 of Children's Initiatives Funds (CIF) to increase the funding for this program to $7.7 million. CIF has funded this program at $7.2 million since FY 2012.

- **Pre-K Pilot.** The agency requests $200,188, all from the Children's Initiatives Fund, to fund this program to the FY 2010 level. There currently are 12 local Pre-K Pilot programs operating in 14 counties across the state with the purpose of preparing students to enter kindergarten ready to succeed.

The **Governor's** recommendation is in the form of a block grant to school districts, rather than in recommendations to be distributed through a formula to general state aid, supplemental state aid, and such as has been done in the past. It does not appear the Governor recommended funding for 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 total $66,903, including $32,555 from the State General Fund, and affects 215 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 $63,558, including $30,655 from the State General Fund, and FY 2017 longevity payments total $68,039, including $32,760 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $183,349, including $95,827 from the State General Fund for FY 2016. This is a reduction of $187,020, including $97,928 from the State General Fund, for FY 2017.**

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

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

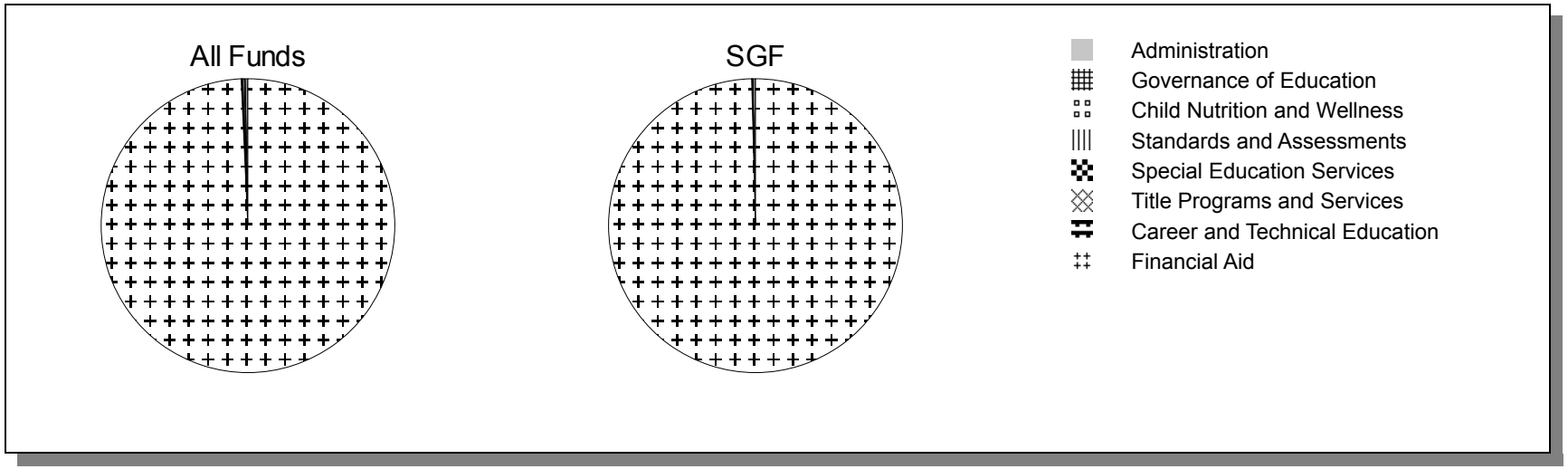
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	74.0 %	69.7 %	74.0 %	68.7 %
Expanded Lottery Act Revenues Fund (ELARF)	0.8	0.8	0.8	0.8
Children's Initiatives Fund	0.3	0.3	0.3	0.3
All Other Funds	24.9	29.2	24.9	30.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 14,163,470	0.3 %	$ 9,222,296	0.3 %
Governance of Education	381,401	0.0	381,401	0.0
Nutrition and Wellness	3,837,191	0.1	238,792	0.0
Standards and Assessment Services	6,823,329	0.1	1,801,309	0.1
Special Education Services	3,753,079	0.1	518,638	0.0
Title Programs and Services	3,542,163	0.1	157,749	0.0
Career and Technical Education	1,320,010	0.0	522,814	0.0
Financial Aid	4,519,011,179	99.3	3,158,659,686	99.6
TOTAL	$ 4,552,831,822	100.0 %	$ 3,171,502,685	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	87.3	83.4	83.4	83.4	83.4	83.4	83.4
Governance of Education	2.0	--	--	--	--	--	--
Child Nutrition and Wellness	16.8	16.6	16.6	16.6	16.6	16.6	16.6
Standards and Assessment Services	18.1	16.7	16.7	16.7	16.7	16.7	16.7
Special Education Services	18.1	17.2	17.2	17.2	17.2	17.2	17.2
Title Programs and Services	15.0	12.7	12.7	12.7	12.7	12.7	12.7
Career and Technical Education	13.8	13.5	13.5	13.5	13.5	13.5	13.5
	171.0	160.0	160.0	160.0	160.0	160.0	160.0

A. Agency Operating Budget

AGENCY OPERATIONS BUDGET
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	$ 16,809,653	$ 17,759,186	$ 17,357,978	$ 17,634,168	$ 16,819,357	$ 18,418,207	$ 17,396,057
Contractual Services	18,023,698	15,777,687	15,777,687	13,608,518	13,608,518	12,941,739	12,941,739
Commodities	858,000	659,552	659,552	597,664	597,664	589,688	589,688
Capital Outlay	617,441	209,319	209,319	203,548	203,548	224,844	224,844
TOTAL	$ 36,308,792	$ 34,405,744	$ 34,004,536	$ 32,043,898	$ 31,229,087	$ 32,174,478	$ 31,152,328
Financing:							
State General Fund	$ 11,050,938	$ 12,327,330	$ 12,010,437	$ 12,433,389	$ 12,433,389	$ 12,924,871	$ 13,091,813
All Other Funds	25,257,854	22,078,414	21,994,099	19,610,509	18,795,698	19,249,607	18,060,515
TOTAL	$ 36,308,792	$ 34,405,744	$ 34,004,536	$ 32,043,898	$ 31,229,087	$ 32,174,478	$ 31,152,328
FTE Positions	171.0	160.0	160.0	160.0	160.0	160.0	160.0
Non-FTE Uncl. Perm. Pos.	102.0	95.0	95.0	95.0	95.0	95.0	95.0
TOTAL	273.0	255.0	255.0	255.0	255.0	255.0	255.0

The **agency** requests an agency operations budget (excluding aid to local units and other assistance) in FY 2015 of $34.4 million, including $12.3 million from the State General Fund. This is an increase of $99,150, or 0.3 percent, above the FY 2015 approved budget. The approved budget includes $821,000, all from the State General Fund, that was moved from aid to local for the juvenile detention facilities to operating to fund positions associated with operations of the KIDS data system. An additional $65,000 unspent in special education funds also was reappropriated to the operating budget. The $250 employee bonus totaled $66,903 in all funds and $32,555 from the State General Fund.

The **Governor** recommends a FY 2015 all funds budget of $34.0 million, including $12.0 million from the State General Fund. An allotment reduction of $229,872 from the State General Fund was recommended for FY 2015 as well as $87,021 from the State General Fund for a KPERS employer contribution reduction.

The **agency** requests an agency operations budget in FY 2016 of $32.0 million, including $12.4 million from the State General Fund. The request is a reduction of $2.4 million, or 6.9 percent, below the FY 2015 agency request. According to agency officials, several factors led to a drop in the state operations budget for FY 2016. The agency budget did not include $542,000 in funds for the continued support of the KIDS data system. In addition, increases in rent and the monumental surcharge, led the agency to increase its salaries and wages shrinkage rate from 3.86 percent in FY 2015 to 15.88 percent in FY 2016 (representing $959,248) in FY 2016 and 17.49 percent in FY 2017 ($1,157,583). The agency budget document states "This is an unsustainable shrinkage rate for the agency in both fiscal years (2016 and 2017)." Also, in FY 2016, three federal grants will either decrease or end. One of the grants decreasing will affect the Kansas Learning Network contract with Southwest Plains Regional Service Center. Two grants will conclude: the Safe and Supportive Schools grant and the Enhance Assessment Accessibility Technology grant.

The **Governor** recommends an all funds budget of $31.2 million for FY 2016, including $1.24 million from the State General Fund. The Governor's recommendation included the following additions from the State General Fund: $542,000 for the KIDS system and $244,228 for the agency's rent budget, The Governor recommended funding the state assessments *via* $1.10 million from the State Safety Fund (formerly had been a transfer from the State Safety Fund to the State General Fund). The Governor recommended an operations budget reduction of $458,442, all from the State General Fund. The Governor also recommended a $183,349 all funds reduction, including $95,827 from the State General Fund, related to an employer contributions health insurance rate reduction.

The **Governor** recommends an all funds budget of $31.2 million for FY 2017, including $13.1 million from the State General Fund. The Governor's recommendation included the following additions from the State General Fund: $542,000 for the KIDS system and $250,114 for the agency's rent budget, The Governor recommended funding the cost of state assessments *via* $1.10 million from the State Safety Fund (formerly had been a transfer from the State Safety Fund to the State General Fund). The Governor recommended an operations budget reductions of $469,661, all from the State General Fund. The Governor also recommended a $187,020 all funds reduction, including $97,928 from the State General Fund, related to an employer contributions health insurance rate reduction.

B. Aid and Other Assistance

The **agency requests** a revised estimate for aid and other assistance for FY 2015 of $4.6 billion, including $3.2 million from the State General Fund. This request differs from the FY 2015 approved budget by including $22.0 million from the State General Fund to fully fund supplemental-general state aid, $20.0 million from the State General Fund to fully fund capital outlay aid; and $5.6 million from the State General Fund to fully fund the KPERS school contribution. A revenue transfer of $12.0 million to fund capital improvement aid (bond and interest) is requested resulting in the change in the all other funds category from the FY 2015 approved budget.

Enhancement requests described in detail earlier make up the differences between the FY 2015 request and the requests for FY 2016 and FY 2017.

State Department of Education Aid and Other Assistance Programs
FY 2014 (Actual) – FY 2017 (Governor's Recommendation)

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
State General Fund							
General State Aid	$ 1,893,463,500	$ 1,887,654,064	$ 1,886,709,064	$ 2,254,430,064	$ --	2,339,830,064	$ --
Block Grant to USDs	--	--	--	--	2,312,899,000	--	2,259,923,000
Supplemental General State Aid	339,213,964	470,143,955	482,755,000	477,890,499	--	480,131,999	--
Special Education	385,702,584	418,360,566	418,360,566	428,295,993	424,902,949	428,295,993	423,980,455
Educable Deaf/Blind	110,000	110,000	110,000	110,000	110,000	110,000	110,000
Capital Outlay State Aid	--	45,000,000	45,000,000	50,000,000	--	55,000,000	0
KPERS - School	324,063,393	364,279,501	318,282,402	415,574,201	412,246,253	470,494,632	459,735,684
Juvenile Detention Facilities	4,692,480	5,571,500	4,971,500	4,971,500	4,971,500	4,971,500	4,971,500
School Food Assistance	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486	2,510,486
Teaching Excellence Scholarship and Awards	--	327,500	327,500	375,000	327,500	--	327,500
Agriculture in the Classroom	--	--	--	35,000	--	35,000	--
Discretionary Grants	312,500	312,500	312,500	347,500	312,500	347,500	312,500
Mentor Teacher Grants	--	--	--	1,500,000	--	1,500,000	--
Professional Development	--	--	--	4,250,000	--	4,250,000	--
Parent Education (Parents As Teachers)	--	--	--	--	--	--	--
Technical Education Transportation	--	--	--	1,300,000	--	1,350,000	--
Kansas Pre-School Program	--	--	--		--	--	--
Communities in Schools	250,000	250,000	250,000	250,000	--	250,000	--
Ft. Riley Match	1,500,000	--	--	--	409,541	--	--
Transfer to Schools for the Deaf and Blind	318,498	--	--	--	--	--	--
Voluntary Retirement Incentive	15,893	6,856	6,856	6,856	6,856	1,748	1,748
TOTAL - State General Fund	$ 2,952,153,298	$ 3,194,526,928	$ 3,159,595,874	$ 3,641,847,099	$ 3,158,696,585	3,789,078,922	3,151,872,873
School District Finance Fund	$ 51,096,342	$ 630,000,000	$ 626,081,473	645,000,000	600,247,000	660,000,000	$ 622,634,000
KPERS - ELARF	$37,512,000	39,490,000	39,490,000	39,490,000	36,158,948	39,490,000	35,430,948
Cap. Imp. State Aid	129,726,374	147,000,000	147,000,000	155,000,000	155,000,000	162,500,000	162500000

State Department of Education Aid and Other Assistance Programs
FY 2014 (Actual) – FY 2017 (Governor's Recommendation)

Program	Actual FY 2014	Agency Est. FY 2015	Gov. Rec. FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Transportation Aid - State Highway Fund	140,295,558	107,850,000	107,250,000	--	107,250,000	--	107,250,000
Communities in Schools	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Children's Initiatives Fund							
Parent Education (Parents As Teachers)	$ 7,237,635	$ 7,237,635	$ 7,237,635	$ 7,697,635	$ 7,237,635	$ 7,697,635	$ 7,237,635
Kansas Preschool Program (Pre-K Pilot)	4,799,808	4,799,812	4,799,812	5,000,000	4799812	5,000,000	4799812
Selected Federal Funds							
Elementary and Secondary Aid	$ 151,753,321	$ 152,622,047	$ 152,622,047	$ 151,298,613	$ 151,298,613	$ 151,300,793	$ 151,300,793
Special Education	106,792,644	104,965,227	104,965,227	104,965,227	104,965,227	104,965,227	104,965,227
School Food Assistance	180,965,031	185,084,351	185,084,351	188,445,484	188,445,484	192,214,073	192,214,073
General State Aid - Mineral Production	--	--	--	--	--	--	28,427,000
Remainder of Other Assistance and Aid to Local Grants	9,961,716	10,048,288	10,048,288	7,453,431	7453431	7,987,277	7,987,277
GRAND TOTAL	**$ 3,772,343,727**	**4,583,674,288**	**4,544,224,707**	**4,946,247,489**	**4,521,602,735**	**5,120,283,927**	**4,576,669,638**

Selected Issues in Aid and Other Assistance - State General Fund

Information below describes the general state aid formula.

General State Aid

SCHOOL FINANCE FORMULA

BASE STATE AID PER PUPIL (BSAPP)	times	ADJUSTED ENROLLMENT	equals	STATE FINANCIAL AID (SFA)

STATE FINANCIAL AID	Minus	LOCAL EFFORT	Equals	GENERAL STATE AID

Below is a history of Base State Aid Per Pupil (BSAPP):

School Year	BSAPP
1992–1993	$ 3,600 *
1993–1994	3,600
1994–1995	3,600
1995–1996	3,626
1996–1997	3,648
1997–1998	3,670
1998–1999	3,720
1999–2000	3,770
2000–2001	3,820
2001–2002	3,870
2002–2003	3,863 **
2003–2004	3,863 **
2004–2005	3,863 **
2005–2006	4,257
2006–2007	4,316
2007–2008	4,374
2008–2009	4,400
2009–2010	4,012 ***
2010–2011	3,937
2011–2012	3,780
2012–2013	3,838
2013–2014	3,838
2014–2015	3,852

* In 1992–1993, some school districts did not benefit fully from BSAPP at $3,600. In that year, state financial aid was the lesser of “formula” state financial aid or “transitional” state financial aid. Formula state financial aid was the district’s BSAPP times its adjusted enrollment, and transitional state financial aid was the district’s 1991–1992 operating budget plus its state transportation, bilingual education, and vocational education aid and the proceeds of any 1991 transportation tax levy, the sum of which was increased by 10.0 percent plus the percentage equivalent to any enrollment increase in 1992–1993 over 1991–1992.

** In 2002–2003, 2003–2004, and 2004–2005, the statute states that the BSAPP is $3,890; however, $3,863 was funded.

*** After the 2009 Legislative Session ended, the Governor enacted allotments and the BSAPP was lowered to $4,218 from $4,280; then, in November 2009, the Governor enacted an additional allotment, bringing BSAPP to $4,012.

Supplemental General State Aid. The 2014 Legislature authorized school districts to increase the local option budget (LOB) percentage over 30 percent up to 33 percent if approved by patrons utilizing a mail ballot election. Those districts that

have already had an election to increase the LOB percentage to 31.0 percent may increase the LOB to 33.0 percent by action of the local board of education for 2014-15. An election will be required to continue the 33.0 percent for 2015-16 for those districts currently at 31.0 percent. In addition, USD 207, Ft. Leavenworth, may increase the LOB up to 33.0 percent by a vote of that local board of education.

Special Education. The 2005 Legislature increased the level of special education excess costs funding from 81.7 percent to 89.3 percent in FY 2006; then to 92.0 percent in FY 2007 and thereafter. However, in FY 2015, special education is funded at 78.5 percent of excess costs; FY 2016 at 78.5 percent; and FY 2017 at 78.4 percent.

Capital Outlay State Aid. Since 1999, there has not been a limit on school district capital outlay property tax levies nor had the state provided Capital Outlay State Aid. Because the Kansas Supreme Court was critical of school district reliance on property tax programs that were not equalized by state aid, the 2005 Legislature put a limit of eight mills on the capital outlay levy and created the Capital Outlay State Aid program.

KPERS - School. KSA 74-4934 authorizes the state to pay the employer's contribution for school members, including community college, area vocational school, and technical college members of the Kansas Public Employees Retirement System (KPERS). Beginning in FY 2005, KPERS school employer contributions paid by the state were distributed by the Department of Education to the individual school districts, deposited into special school district funds, and then paid to KPERS as an expenditure of the school districts. Prior to that time, these expenditures were not reflected as expenditures of local school districts.

School Food Assistance Program. Funding for this program is the required state match to receive national school lunch funds from the U.S. Department of Agriculture. KSA 72-5112 states that "each board shall be entitled to receive from appropriations from the State General Fund, six cents for each type-A meal served under an approved school lunch program." (A type-A meal is the most nutritionally complete. A type-B meal contains fewer items.) The amount appropriated for FY 2015, would allow the state to reimburse local schools approximately $.0449 per lunch, according to agency officials.

Communities in Schools. Communities in Schools is a nationwide drop-out prevention program. During the 2011-12 school year, the program provided drop-out prevention services in 53 Kansas schools, serving 15,731 students. In addition to the funding described under the Discretionary Grants program section for Communities in Schools, a $50,000 transfer from the Family and Children Investment Fund within the Department for Children and Families assists in funding the program.

Description of Selected Aid and Other Assistance Programs with Federal Funding

For FY 2015, the agency's request includes $487.0 million in federal flow-through payments to local school districts, private child and adult day care facilities, and other organizations. The three major federal programs are described below.

- **Title I.** These funds are targeted to schools that serve high concentrations of students from families that live in poverty. The funds are provided to help improve teaching and learning for those students most at risk of failing to meet state academic achievement standards.

- **Education of Handicapped Child.** This federal program provides grants to states to assist in providing a free, appropriated public education to all children and youth ages 3 through 21 with disabilities.

- **Food Assistance - School Breakfast and Lunch.** According to the agency, more than 63,000 Kansas children in 1,400 school buildings start their day with a school breakfast through a federal program that provides the state with cash assistance for non-profit breakfast programs in schools and residential child care institutions. Participating schools and institutions must serve breakfasts that meet federal nutrition standards and provide free- and reduced-price breakfasts to eligible children. The National School Lunch program provides subsidies to residential child care institutions, public, and non-profit private schools (high school grades or under) for free- or reduced-price lunches meeting federal nutrition requirements. Subsidies were provided for 54 million meals in school year 2014-2015.

Special Education and Federal Maintenance of Effort. As a requirement of receipt of federal special education funding, a state is required to maintain its level of financial support for providing special education services from one year to the next. If a state does not maintain this level of financial support, the Secretary of the U.S. Department of Education is required to reduce the state's federal allocation in future years by the amount the state failed to meet the requirement. The agency expects to maintain the required level of state support for FY 2015, but not for fiscal years 2016 and 2017. The table below calculates the shortfall in this level for those fiscal years, that is, by $6.6 million in FY 2016 and $5.6 million in FY 2017.

Kansas State Level Financial Support for IDEA Part B Special Education Calculations Worksheet

	Actual 2014	Revised 2015	Allocated 2016	Allocated 2017
KSDE Special Education Categorical Aid Appropriation	$ 385,767,157	$ 418,360,566	$ 428,295,993	$ 428,295,993
KSDE Special Ed Aid	43,000,000	10,000,000	--	--
Minus Gifted and Infant Toddler FTE	(13,522,797)	(13,985,620)	(21,381,470)	(21,381,470)
Subtotal:	$ 415,244,360	$ 414,374,946	$ 406,914,523	$ 406,914,523
KSDE Special Education Services State Support	$ 403,007	$ 363,557	$ 367,604	$ 371,726
Kansas State School for the Blind (KSSB) State Appropriation	5,125,179	5,402,190	5,402,190	5,402,190
KSSB - Executive Directive Funds	202,674	--	--	--
Kansas State School for the Deaf (KSSD) State Appropriation	8,548,918	8,830,096	8,830,096	8,830,096
KSSD - Executive Directive Funds	115,824	--	--	--
Deaf Blind State Appropriation	110,000	110,000	110,000	110,000
Department for Children and Families	688,037	724,451	837,524	968,004
Kansas Department of Health and Environment/Div. of Health Care Finance	9,501,800	10,519,248	11,255,595	12,043,487
Other Sources of State Aid to be Included				
Kansas State Level Maintenance of Effort	**$ 439,939,799**	**$ 440,324,488**	**$ 433,717,532**	**$ 434,640,026**
Difference from Prior Fiscal Year	13,248	384,689	(6,606,956)	922,494
% Difference from Prior Fiscal Year	0.00%	0.09%	(1.50%)	0.21%
Difference from Year Last met MOE				**(5,684,462)**

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of USD field audits completed	286	286	286	286	286
Average student scores on ACT	21	21	21	21	21

Postsecondary Education Systemwide

	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	$ 753,699,829	$ 790,417,277	$ 792,280,120	$ 835,676,156	$ 783,499,401	$ 859,552,611	$ 798,076,176
Other Funds	1,689,386,429	1,797,973,234	1,796,930,015	1,790,758,388	1,783,339,876	1,827,633,024	1,819,992,388
TOTAL	$ 2,443,086,258	$ 2,588,390,511	$ 2,589,210,135	$ 2,626,434,544	$ 2,566,839,277	$ 2,687,185,635	$ 2,618,068,564
Capital Improvements:							
State General Fund	$ 8,229,748	$ 7,301,244	$ 7,301,244	$ 7,515,903	$ 4,695,616	$ 7,125,559	$ 4,305,272
Other Funds	78,184,419	133,059,591	131,896,591	148,192,977	108,192,977	117,741,757	87,024,757
TOTAL	$ 86,414,167	$ 140,360,835	$ 139,197,835	$ 155,708,880	$ 112,888,593	$ 124,867,316	$ 91,330,029
GRAND TOTAL	**$ 2,529,500,425**	**$ 2,728,751,346**	**$ 2,728,407,970**	**$ 2,782,143,424**	**$ 2,679,727,870**	**$ 2,812,052,951**	**$ 2,709,398,593**
Percentage Change:							
Operating Expenditures							
State General Fund	(1.1) %	4.9 %	5.1 %	5.7 %	(1.1) %	2.9 %	1.9 %
All Funds	1.8	5.9	6.0	1.5	(0.9)	2.3	2.0
FTE Positions	17,974.5	17,969.7	17,969.7	17,969.7	17,969.7	17,970.7	17,970.7
Non-FTE Perm.Uncl.Pos.	55.0	55.0	55.0	55.0	55.0	55.0	55.0
TOTAL	18,029.5	18,024.7	18,024.7	18,024.7	18,024.7	18,025.7	18,025.7

Postsecondary Education Systemwide summarizes state expenditures for higher education. The state operates six state universities under the control of the Board of Regents. The state universities are divided into nine budget units. Separate analysis for each of these units follow this overview. The state also provides financial assistance to local postsecondary educational institutions and student financial aid through the budget of the Board of Regents. Only the state's share of the local postsecondary educational institutions' budgets are reflected in the state budget.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents. The responsibilities of the Board of Regents also changed to include coordination of all postsecondary education in the state including Washburn University and private colleges and universities.

The legislation outlined several funding components which were designed to be adjusted annually over four years.

- An operating grant formula was established to provide state funding for the community colleges and Washburn University beginning in FY 2001. The grant amount would be calculated based upon the State General Fund appropriations at the regional Regents' universities (Emporia, Fort Hays, or Pittsburg) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented.

- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases.

- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

The **2001 Legislature** adopted a proposal which provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations which had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The legislation authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2007, any new state funds will be based upon compliance with those measures.

The **2002 Legislature** passed the University Research and Development Act (2002 HB 2690) which authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The legislation also directed the Board of Regents to form a subsidiary corporation to oversee and implement these projects.

- The proceeds of the research bonds were to be used for four specific projects.
- Constructing the Food Safety and Security Research Facility at Kansas State University.
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center.
- Expanding the Aviation Engineering Complex at Wichita State University.
- Equipping the Biosciences Research Building at the University of Kansas.

The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than $10.0 million per year and not more than $50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The legislation also provided for additional bond authority of $13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects outlined in the legislation included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

The **2003 Legislature** passed a bill that required technical colleges to replace its existing governing boards (typically the local school board) with an independent governing board (SB 7). An implementation plan was required to be presented to the Board of Regents by July 1, 2005, and agreement reached on the plan by June 30, 2007. The plan was required to include: composition of the new governing board; territory of the technical college; method of election of the new board; date the new board will assume management of the college; and issues relating to the transfer. The governance change was sought to facilitate the North Central Association accreditation of the technical colleges.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year

curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The **2006 Legislature** passed legislation authorizing public colleges, universities and technical schools to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. An institution that purchases insurance pursuant to the legislation must make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the State Board of Regents. The legislation requires that the insurance be purchased from an insurance company authorized to do business in Kansas. Under prior law, most state agencies, including state universities, were prohibited from separately purchasing insurance.

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

Under prior law, health insurance for student employees at state universities was provided through the Kansas State Employees Health Care Commission. The legislation transfers that authority to the Board of Regents. In addition, the Kansas State Employees Health Care Commission no longer will be able to charge the state universities for employer contributions for health care benefits for student employees. The legislation requires the Kansas State Employees Health Care Commission to continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. Health insurance purchased pursuant to the legislation cannot cover elective procedures.

The **2006 Legislature** passed legislation establishing the Veterinary Training Program for Rural Kansas at the College of Veterinary Medicine at Kansas State University (KSU). The purpose of the program is to provide encouragement, opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is to be administered by the College of Veterinary Medicine at KSU.

The **2007 Legislature** passed legislation increasing the number of months—from 12 months to 60 months—Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents. The legislation does not apply to certain persons without lawful immigration status.

The legislation increased the stipend for students participating in the Medical Student Loan Agreement from a maximum of $1,500 per month to a maximum of $2,000 per month. It also allows loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not been awarded previously. The legislation required the University of Kansas School of Medicine to report to the 2008 Legislature on its evaluation of criteria for identifying underserved areas to be served by recipients of the Medical Student Loans.

The legislation also created the Nurse Educator Service Scholarship Program Act, initially created by proviso in the 2006 Legislative Session. This Act provides funding for registered nurses in graduate level degree-granting programs leading to a master of science or doctorate degree in nursing, and who plan to teach nursing.

The legislation also consolidated the existing four teacher service scholarship programs into a single program, the Teacher Service Scholarship program. The four programs consolidated include the following.

- The Kansas Teacher Service Scholarship.
- The Math and Science Teacher Service Scholarship.
- The Special Education Teacher Service Scholarship.
- The Teacher Education Scholarship.

Finally, the legislation established the Teacher Education Competitive Grant program for state universities and Washburn University, with the intent of increasing the number of students in courses of study leading to licensure to teach in hard-to-fill teaching disciplines or who agree to teach in an underserved area. The Kansas Board of Regents was required to submit a report to the Legislature by January 14, 2009, describing program activity.

The **2007 Legislature** passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components - direct funding, bond funding, and tax credits - to fund deferred maintenance at Regents governed institutions and Regents coordinated institutions. The direct funding, which is provided only for the state universities, totals $90.0 million, including $47.0 million from the State General Fund, over five years. $100.0 million in bond funding was made available to Washburn University, the community colleges and the technical colleges, over a five-year period. The bond principal payments will be made by the institutions, while the bond interest payments will be made by the state, for a total state investment of $38.1 million. The legislation further authorized new tax credits effective for tax years 2008-2012 for contributions earmarked for deferred maintenance at post-secondary educational institutions; certain capital improvements at community colleges (excluding new construction and real property acquisition); and deferred maintenance and certain technology or equipment at technical colleges which represent a five-year total state investment of $62.5 million.

The **2007 Legislature** passed legislation establishing the Postsecondary Technical Education Authority, which would be composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, one appointed by the President of the Senate, and one appointed by the Speaker of the House. There are also three *ex-officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College and Kaw Area Technical School merged with Washburn University.

The Legislation originally set a sunset date of June 30, 2014 but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to $40.0 million at any one time and the core balance invested must approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for fiscal years 2009 through 2014, as follows.

- FY 2009 - $295,000.
- FY 2010 - $713,000.
- FY 2011 - $754,000.
- FY 2012 - $792,000.
- FY 2013 - $835,000.
- FY 2014 - $938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2010 Legislature** passed legislation amending the Private and Out-of-State Postsecondary Educational Institutions Act. Under previous law, each institution would have to apply to the State Board of Regents for a certificate of approval, but would not have to obtain additional approval for a branch campus. The legislation requires that institutions notify the State Board of Regents about the existence of the branch campus. The branch campus is subject to fees and review by the Board

to ensure it is in compliance with laws and regulations. Other provisions of the legislation include new definitions of regulated institutions, changes to the application and renewal process for branch campuses, clarification of the types of degrees requiring a certificate of approval, and greater penalties for violations of the Act. The legislation also establishes a broad range of fees for degree and non-degree granting institutions. The fee increases are in effect for one year only, for FY 2011. Finally, the legislation requires any faculty member employed by a state educational institution who receives an annual salary of $150,000 or more, other than an adjunct faculty member, file a statement of substantial interests with the Kansas Governmental Ethics Commission.

The **2010 Legislature** passed legislation exempting all Regents institutions from state purchasing laws and regulations, including the Prison Made Goods Act. It also exempts universities from the statutes covering the procurement of professional services, negotiated procurement processes, and the mandated use of the State Division of Printing. However, universities are not exempt from procurement requirements related to architectural, engineering, construction management, or ancillary technical services.

The **2011 Legislature** passed legislation making technical corrections and updates related to postsecondary technical education. The bill updated terminology, removed definitions for terms no longer used, eliminated vocational school references, added individual institution specific references, updated and removed obsolete sections of identified statutes, and repealed statutes no longer needed.

The bill created the Postsecondary Tiered Technical Education State Aid Act, replacing the current funding structure. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model that includes all of the following concepts.

- Arrange into categories or tiers, technical education programs, recognizing cost differentials, *e.g.* programs with similar costs comprise one of six tiers.
- Consider target industries critical to the Kansas economy.
- Respond to program growth.
- Consider local taxing authority for credit hours generated by in-district students.
- Include other factors and considerations determined necessary by the State Board of Regents.

The bill provides that each community college and technical college is eligible for a grant from the State General Fund, in an amount determined by the State Board of Regents for non-tiered course credit hours approved by the Board of Regents after dialogue with community college and technical college presidents.

The **2011 Legislature** passed legislation allowing revenues from rents, boarding fees, and other charges related to university student housing at state universities, to go to either the Housing System Suspense Fund or directly to the Housing System Operations Fund, at the discretion of the university.

In addition, the bill allows interest earned from the Housing System Operations Fund and Housing System Repairs Fund to be transferred into those funds. The bill requires that the interest

earnings from the Johnson County Education Research Triangle sales tax be transferred from the State General Fund to the Johnson County Education Triangle Fund of the University of Kansas, the University of Kansas Medical Center, and Kansas State University.

The bill requires that the interest earnings be transferred by the tenth day of each month, and is determined by the average daily balance in each of the respective funds in the preceding month, and the net earnings rate for the Pooled Money Investment Board portfolio for the preceding month.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The counties receiving the ROZ designation are: Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson and Woodson.

ROZ counties are authorized to adopt resolutions prior to January 1, 2012 (and every subsequent year through January 1, 2016) irrevocably obligating the counties to pay half of certain extant student loan costs, up to a maximum of $15,000, in equal increments over a five-year period. A state matching program, subject to appropriations, will provide for matching payments. (If the maximum $15,000 amount were to be adopted in a ROZ county resolution, the state and the county would each repay $7,500 in equal increments over a five-year period, or $1,500 per year per governmental entity.)

Resident individuals are entitled to apply for the loan repayments relative to payments made to attend institutions of higher learning where they obtained an associate, bachelor or post-graduate degree, provided they have established domicile in a ROZ county on or after the date such county commenced participation in the program, and prior to July 1, 2016. Eligibility for the loan repayment program terminates upon relocation outside of the ROZ county from which initial eligibility was obtained.

The **2011 Legislature** passed legislation replacing the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements in anticipation of the construction of the National Bio and Agro-Defense Facility (NBAF) at Kansas State University. The bill adds a provision predicating issuance of the bonds on approval by the State Finance Council.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical eduction programs among high schools,

community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The bill replaces the existing Vocational Education Scholarship with the new Career Technical Workforce Grant. The grant is available for students at or accepted into a designated career technical education program at the postsecondary level as designated by the Kansas Board of Regents. The Kansas Board of Regents, within the limits of appropriations, could award grants to those applicants who exhibit financial need. Under the bill, a grant for a full-time student will be up to $1,000 per year, but could not exceed the cost of tuition and fees.

The bill extends the authority until June 30, 2017, for the Kansas Board of Regents to fix, charge, and collect fees for Kansas private and out-of-state postsecondary institutions operating in Kansas.

The bill prohibits State General Fund dollars from being used for remedial courses at state universities effective August 15, 2015, but does not prohibit the courses from being provided with funding from other sources. It also allows the development of individual student plans for success by each state educational institution admitting a student under the 10.0 percent exception to the minimum admissions standards.

The bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required to report the study's findings to the Senate and House Committees on Education by January 13 2014.

The **2013 Legislature** reduced all universities and Board of Regents State General Fund overall operating budgets and salaries and wages all funds expenditures.

The **2014 Legislature** created the GED Accelerating Opportunity program. This program allows the funds from the tuition for technical education fund to be used for adult students to enroll in technical education classes while obtaining a GED.

The **2014 Legislature** created performance-based incentives program to award individuals receiving a GED or technical certification from a postsecondary educational institution.

The **2014 Legislature** added $500,000 to the Board of Regents to create information technology educational opportunities in cooperation with the Department of Education.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate for operating expenditures in FY 2015 is $2.6 billion, including $790.4 million from the State General Fund. This is an increase of $144.8 million, or 5.6 percent, all from special revenue funds above the approved amount. The State General Fund estimate remains the same as the approved amount. The increase is mainly in salaries and wages ($62.8 million), other assistance ($12.5 million) and capital improvements ($42.8 million).

The postsecondary education systemwide revised estimate for capital improvements in FY 2015 is $140.4 million, including $7.3 million from the State General Fund. This is an increase of $42.8 million, or 43.9 percent, all funds and a decrease of $1.2 million, or 14.1 percent, State General Fund from the FY 2015 approved amount. The increase includes additional expenditures at Kansas State University Veterinary Medical Center for the equine performance testing facility and small animal clinic renovations ($1.5 million); Fort Hays State University Weist Hall ($11.7 million); Emporia State University Singular and Tresler Halls ($1.1 million); and other special revenue expenditures for projects at the universities.

FY 2015 Governor Recommendation

The **Governor** recommends operating expenditures of $2.6 billion, including $792.3 million from the State General Fund. This is an increase of $146.6 million, or 5.7 percent, all funds and $2.9 million, or 0.4 percent, State General Fund above the approved amount. The State General Fund increase is for the Board of Regents Career Technical Education tuition program. The other funds increase is mainly due to increased expenditures for salaries and wages and other assistance.

The **Governor** recommends bonding authority for the KSU Student Union, KU Residence Hall and Dining, and KU Corbin Hall.

The **Governor** recommends capital improvements of $139.2 million, including $7.3 million from the State General Fund. This is a decrease of $1.2 million, all from special revenue funds, below the agency's revised estimate due to the Art and Education Building project at Fort Hays State, which is being revised and will be resubmitted in the future.

FY 2016 Agency Request

The **agency** requests operating expenditures of $2.6 billion, including $835.7 million from the State General Fund. This is an overall increase of $38.0 million, or 1.5 percent, all funds and $45.3 million, or 5.7 percent, from the State General Fund above the FY 2015 revised estimate. There is an enhancement

request of $64.6 million, including $44.6 million from the State General Fund.

The budget is an overall increase of $6.5 million, or 0.4 percent, in salaries and wages, $5.6 million, or 17.3 percent, in debt service and $31.7 million, or 12.0 percent, in other assistance. This is offset with decreases of $11.8 million, or 3.2 percent, in contractual services and $3.1 million, or 3.0 percent, in commodities.

The postsecondary education systemwide requests $155.7 million, including $7.5 million from the State General Fund, in capital improvements for FY 2016. This is an increase of $15.3 million, or 10.9 percent, all funds and $ 214,659, or 2.9 percent, State General Fund above the FY 2015 revised request. The increase is mainly due to the budget for the Board of Regents showing the $35.0 million request for the Educational Building Fund and an additional $20.0 million enhancement for deferred maintenance. The increase in State General Fund expenditures is mainly due to increased debt service payments.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of $2.6 billion, including $783.5 million from the State General Fund. This is a decrease of $22.4 million, or 0.9 percent, all funds and $8.8 million, or 1.1 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of $11.7 million, including $4.3 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $1.5 million from the Incentive for Career Technical Education program.

The **Governor** recommends capital improvements of $112.9 million, including $4.7 million from the State General Fund. This is a decrease of $42.8 million, or 27.5 percent, all funds and $2.8 million, or 37.5 percent, State General Fund below the agency requests. The recommendation does not not include newly requested State General Fund debt service payments for the Fort Hays State Art and Education building project which has changed and will be resubmitted at a later date. The recommendation also includes a decrease of $6.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

FY 2017 Agency Request

The **agency** requests operating expenditures of $2.7 billion, including $859.6 million from the State General Fund. This is an overall increase of $60.8 million, or 2.3 percent, all funds and $23.9 million, or 2.9 percent, from the State General Fund. There is an enhancement request of $73.8 million, including $53.8 million from the State General Fund.

The budget includes increases of $43.9 million, or 2.8 percent, in salaries and wages and $7.8 million, or 2.2 percent, in contractual services. This is offset with a decrease of $1.1 million, or 2.8 percent, in debt service.

The postsecondary education systemwide requests $124.9 million, including $7.1 million from the State General Fund, in capital improvement for FY 2017. This is a decrease of $30.8

million, or 19.8 percent, all funds and $390,344, or 5.2 percent, below the FY 2016 request. The decrease is due to fewer capital improvement projects at most universities including the completion of the Weist Hall replacement project at Fort Hays State.

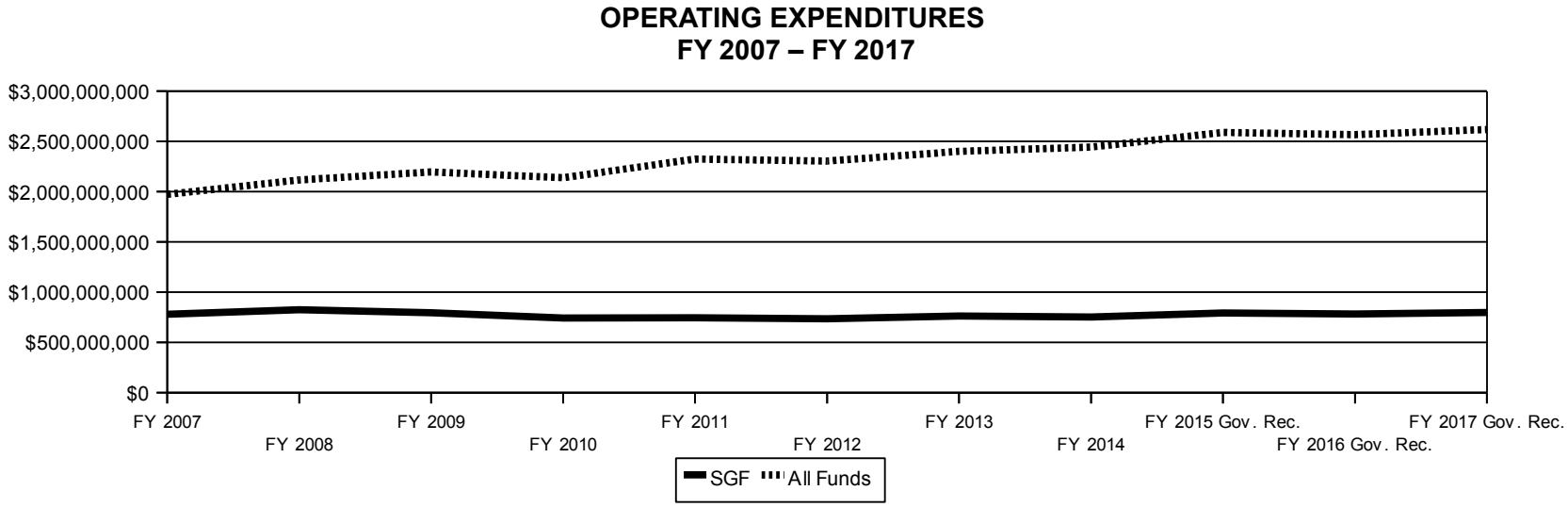
FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of $2.6 billion, including $798.1 million from the State General Fund. This is an increase of $51.2 million, or 2.0 percent, all funds and $14.6 million, or 1.9 percent, above the FY 2016 recommendation. The increase is mainly attributable to the 27th pay period expenditure in this year.

The Governor recommends a reduction of $12.1 million, including $4.4 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $1.5 million from the Incentive for Career Technical Education program.

The **Governor** recommends $91.3 million, including $4.3 million from the State General Fund for capital improvements. This is a decrease of $33.5 million, or 26.9 percent, all funds and $2.8 million, or 39.6 percent, State General Fund below the agency requests. The recommendation did not include newly requested State General Fund debt service payments or the Fort Hays State Art and Education building project which has changed and will be submitted at a later date. The recommendation also includes a decrease of $3.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 778,960,828	4.9 %	$ 1,972,729,949	3.6 %	17,699.7
2008	825,079,439	5.9	2,116,647,735	7.3	17,699.7
2009	794,816,142	(3.7)	2,195,650,938	3.7	17,653.1
2010	741,672,175	(6.7)	2,138,265,805	(2.6)	17,779.2
2011	745,910,105	0.6	2,324,306,207	8.7	16,996.0
2012	734,513,248	(1.5)	2,304,122,481	(0.9)	17,189.1
2013	762,051,658	3.7	2,400,661,542	4.2	18,025.3
2014	753,699,829	(1.1)	2,443,086,258	1.8	17,974.5
2015 Gov. Rec.	792,280,120	5.1	2,589,210,135	6.0	17,969.7
2016 Gov. Rec.	783,499,401	(1.1)	2,566,839,277	(0.9)	17,969.7
2017 Gov. Rec.	798,076,176	1.9	2,618,068,564	2.0	17,970.7
Eleven-Year Change	$ 19,115,348	2.5 %	$ 645,338,615	32.7 %	271.0

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Board of Regents	$ 213,048,672	$ 219,386,259	$ 260,682,135	$ 41,295,876	18.8 %	$ 222,161,179	$ 214,953,678	$ (7,207,501)	(3.2)%
University of Kansas	672,585,831	699,279,983	690,519,284	(8,760,699)	(1.3)	698,775,976	687,327,646	(11,448,330)	(1.6)
KU Medical Center	318,598,774	336,050,325	335,359,879	(690,446)	(0.2)	335,907,238	333,151,367	(2,755,871)	(0.8)
Kansas State University	510,908,147	560,329,053	566,703,903	6,374,850	1.1	559,789,865	562,064,810	2,274,945	0.4
KSU - ESARP	131,953,182	132,457,679	131,335,502	(1,122,177)	(0.8)	132,349,032	130,654,010	(1,695,022)	(1.3)
KSU - VMC	41,261,154	45,787,925	46,257,157	469,232	1.0	45,723,032	46,025,728	302,696	0.7
Emporia State University	80,061,487	87,278,890	85,926,440	(1,352,450)	(1.5)	87,165,906	85,359,277	(1,806,629)	(2.1)
Fort Hays State University	112,295,259	114,063,141	115,827,779	1,764,638	1.5	113,965,062	115,307,066	1,342,004	1.2
Pittsburg State University	99,334,735	105,656,728	105,942,048	285,320	0.3	105,513,450	105,397,518	(115,932)	(0.1)
Wichita State University	263,039,017	288,100,528	287,880,417	(220,111)	(0.1)	287,859,395	286,598,177	(1,261,218)	(0.4)
TOTAL	$ 2,443,086,258	$ 2,588,390,511	$ 2,626,434,544	$ 38,044,033	1.5 %	$ 2,589,210,135	$ 2,566,839,277	$ (22,370,858)	(0.9)%
By Major Object of Expenditure:									
Salaries and Wages	$ 1,482,200,173	$ 1,562,113,605	$ 1,568,604,126	$ 6,490,521	0.4 %	$ 1,560,174,952	$ 1,556,699,178	$ (3,475,774)	(0.2)%
Contractual Services	342,492,380	370,555,566	358,709,003	(11,846,563)	(3.2)	370,488,242	361,329,911	(9,158,331)	(2.5)
Commodities	90,910,559	102,437,777	99,383,308	(3,054,469)	(3.0)	102,437,777	98,427,314	(4,010,463)	(3.9)
Capital Outlay	62,442,020	69,903,573	69,828,796	(74,777)	(0.1)	69,903,573	68,036,694	(1,866,879)	(2.7)
Debt Service	23,475,468	32,395,208	37,996,763	5,601,555	17.3	32,370,809	35,824,651	3,453,842	10.7
Subtotal - Operations	$ 2,001,520,600	$ 2,137,405,729	$ 2,134,521,996	$ (2,883,733)	(0.1) %	$ 2,135,375,353	$ 2,120,317,748	$ (15,057,605)	(0.7)%
Aid to Local Units	179,195,948	185,948,300	195,203,536	9,255,236	5.0	188,798,300	183,431,536	(5,366,764)	(2.8)
Other Assistance	262,369,710	265,036,482	296,709,012	31,672,530	12.0	265,036,482	263,089,993	(1,946,489)	(0.7)
TOTAL	$ 2,443,086,258	$ 2,588,390,511	$ 2,626,434,544	$ 38,044,033	1.5 %	$ 2,589,210,135	$ 2,566,839,277	$ (22,370,858)	(0.9)%
Financing:									
State General Fund	$ 753,699,829	$ 790,417,277	$ 835,676,156	$ 45,258,879	5.7 %	$ 792,280,120	$ 783,499,401	$ (8,780,719)	(1.1)%
General Fees Fund	661,282,473	719,307,819	722,377,126	3,069,307	0.4	718,857,167	719,131,008	273,841	0.0
All Other Funds	1,028,103,956	1,078,665,415	1,068,381,262	(10,284,153)	(1.0)	1,078,072,848	1,064,208,868	(13,863,980)	(1.3)
TOTAL	$ 2,443,086,258	$ 2,588,390,511	$ 2,626,434,544	$ 38,044,033	1.5 %	$ 2,589,210,135	$ 2,566,839,277	$ (22,370,858)	(0.9)%

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:								
Board of Regents	$ 260,682,135	$ 269,879,156	$ 9,197,021	3.5 %	$ 214,953,678	$ 214,965,640	$ 11,962	0.0 %
University of Kansas	690,519,284	710,608,446	20,089,162	2.9	687,327,646	707,352,975	20,025,329	2.9
KU Medical Center	335,359,879	348,936,729	13,576,850	4.0	333,151,367	346,580,419	13,429,052	4.0
Kansas State University	566,703,903	569,643,150	2,939,247	0.5	562,064,810	564,955,700	2,890,890	0.5
KSU - ESARP	131,335,502	133,700,217	2,364,715	1.8	130,654,010	133,005,325	2,351,315	1.8
KSU - VMC	46,257,157	47,360,563	1,103,406	2.4	46,025,728	47,124,584	1,098,856	2.4
Emporia State University	85,926,440	87,505,295	1,578,855	1.8	85,359,277	86,926,811	1,567,534	1.8
Fort Hays State University	115,827,779	118,441,894	2,614,115	2.3	115,307,066	117,910,769	2,603,703	2.3
Pittsburg State University	105,942,048	107,141,952	1,199,904	1.1	105,397,518	106,585,991	1,188,473	1.1
Wichita State University	287,880,417	293,968,233	6,087,816	2.1	286,598,177	292,660,350	6,062,173	2.1
TOTAL	$ 2,626,434,544	$ 2,687,185,635	$ 60,751,091	2.3 %	$ 2,566,839,277	$ 2,618,068,564	$ 51,229,287	2.0 %
By Major Object of Expenditure:								
Salaries and Wages	$ 1,568,604,126	$ 1,612,483,463	$ 43,879,337	2.8 %	$ 1,556,699,178	$ 1,600,240,923	$ 43,541,745	2.8 %
Contractual Services	358,709,003	366,493,056	7,784,053	2.2	361,329,911	369,109,289	7,779,378	2.2
Commodities	99,383,308	100,255,675	872,367	0.9	98,427,314	99,299,749	872,435	0.9
Capital Outlay	69,828,796	70,692,057	863,261	1.2	68,036,694	68,900,300	863,606	1.3
Debt Service	37,996,763	36,940,218	(1,056,545)	(2.8)	35,824,651	34,768,106	(1,056,545)	(2.9)
Subtotal - Operations	$ 2,134,521,996	$ 2,186,864,469	$ 52,342,473	2.5 %	$ 2,120,317,748	$ 2,172,318,367	$ 52,000,619	2.5 %
Aid to Local Units	195,203,536	203,203,536	8,000,000	4.1	183,431,536	183,431,536	0	0.0
Other Assistance	296,709,012	297,117,630	408,618	0.1	263,089,993	262,318,661	(771,332)	(0.3)
TOTAL	$ 2,626,434,544	$ 2,687,185,635	$ 60,751,091	2.3 %	$ 2,566,839,277	$ 2,618,068,564	$ 51,229,287	2.0 %
Financing:								
State General Fund	$ 835,676,156	$ 859,552,611	$ 23,876,455	2.9 %	$ 783,499,401	$ 798,076,176	$ 14,576,775	1.9 %
General Fees Fund	722,377,126	731,776,307	9,399,181	1.3	719,131,008	728,460,734	9,329,726	1.3
All Other Funds	1,068,381,262	1,095,856,717	27,475,455	2.6	1,064,208,868	1,091,531,654	27,322,786	2.6
TOTAL	$ 2,626,434,544	$ 2,687,185,635	$ 60,751,091	2.3 %	$ 2,566,839,277	$ 2,618,068,564	$ 51,229,287	2.0 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $795,657,677 for the Postsecondary Education Systemwide in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $2,060,844, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $987,157, as the result of the Governor's December 9, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $796,731,364. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 796,731,364	$ 797,718,521	$ 987,157	$ 799,581,364	$ 2,850,000
All Other Funds	1,786,250,579	1,931,032,825	144,782,246	1,928,826,606	142,576,027
TOTAL	$ 2,582,981,943	$ 2,728,751,346	$ 145,769,403	$ 2,728,407,970	$ 145,426,027
FTE Positions	17,769.1	17,969.7	200.6	17,969.7	200.6

The **agency's** revised estimate in FY 2015 is $2.7 billion, including $797.7 million from the State General Fund for total expenditures including capital improvements. This is an increase of $144.8 million, or 5.6 percent, all from special revenue funds above the approved amount. The State General Fund estimate remains the same as the approved amount. The

increase is mainly in salaries and wages ($62.8 million), other assistance ($12.5 million), and capital improvements ($35.2 million).

The postsecondary education systemwide revised estimate for capital improvements in FY 2015 is $140.4 million, including $7.3 million from the State General Fund. This is an increase of $42.8 million, or 43.9 percent, all funds and a decrease of $1.2 million, or 14.1 percent, State General Fund from the FY 2015 approved amount.

The **Governor** recommends total expenditures of $2.7 billion, including $799.6 million from the State General Fund. This is an increase of $146.6 million, or 5.7 percent, all funds and $2.9 million, or 0.4 percent, State General Fund above the approved amount. The State General Fund increase is for the Board of Regents Career Technical Education tuition program. The other funds increase is mainly due to increased expenditures for salaries and wages and other assistance.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
KSU $75.0 million in Bonding Authority for the College of Architecture	$ 0	$ 0	0.0	$ 0	$ 0	0.0
KSU $25.0 million in Bonding Authority for the Student Union Expansion	0	0	0.0	0	0	0.0
KU $51.2 million in Bonding Authority for a New Residence Hall with Dining	0	0	0.0	0	0	0.0
KU $19.7 million in Bonding Authority for Mechanical /Electrical Improvements	0	0	0.0	0	0	0.0
KU $14.5 million in Bonding Authority for Corbin Hall	0	0	0.0	0	0	0.0
FHSU Art and Education Building	0	1,163,000	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 1,163,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency** requests $1.2 million, all from special revenue funds for the Art and Education Building at Fort Hays State. There is also a request in bonding authority of $185.4 million in total for five projects. The Kansas State University College of Architecture project is requesting debt service payments from the State General Fund in the amount of $5.0 million annually. All other projects request debt service payments with special revenue funds.

The **Governor** recommends bonding authority for the KSU Student Union, KU Residence Hall and Dining, and KU Corbin Hall. The Fort Hays State Art and Education Building plans have been changed and will be resubmitted at the later time.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (895,434)	$ (895,434)	0.0
Reduce Board of Regents SGF Funding by 4.0 Percent	$ (67,324)	$ (67,324)	0.0
Refinance Bonds	(24,399)	(24,399)	0.0
TOTAL	$ (987,157)	$ (987,157)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction

A reduction of $895,434 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $1.0 million from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $1.9 million.

4.0 Percent Reduction to Cabinet-level and Other SGF Funded Agencies

A reduction of $67,324, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. The reduction is in the Board of Regents budget. This allotment will be managed by possibly delaying the filling of two positions currently open and finding other efficiencies in operating expenditures throughout the remainder of the year.

Refinancing of Bonds:

A reduction of $24,399, all from the State General Fund, to decrease interest payments on bonds issued to fund the Armory Classroom/Recreation Center project in the Pittsburg State University budget.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 2,626,434,544	$ 2,566,839,277	$ (59,595,267)
FTE Positions	17,969.7	17,969.7	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 45,258,879	$ (8,780,719)	
All Other Funds	(7,214,846)	(13,590,139)	
TOTAL	$ 38,044,033	$ (22,370,858)	
Percent Change:			
State General Fund	5.7 %	(1.1) %	
All Other Funds	(0.4)	(0.8)	
TOTAL	1.5 %	(0.9) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $2.6 billion, including $835.7 million from the State General Fund. This is an overall increase of $38.0 million, or 1.5 percent, all funds and $45.3 million, or 5.7 percent, from the State General Fund

above the FY 2015 revised estimate. There is an enhancement request of $64.6 million, including $44.6 million from the State General Fund.

The budget is an overall increase of $6.5 million, or 0.4 percent, in salaries and wages, $5.6 million, or 17.3 percent, in debt service and $31.7 million, or 12.0 percent, in other assistance. This is offset with decreases of $11.8 million, or 3.2 percent, in contractual services and $3.1 million, or 3.0 percent, in commodities.

The **Governor** recommends operating expenditures of $2.6 billion, including $783.5 million from the State General Fund. This is a decrease of $22.4 million, or 0.9 percent, all funds and $8.8 million, or 1.1 percent, State General Fund below the FY 2015 recommendation.

The **Governor** recommends a reduction of $11.7 million, including $4.3 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $1.5 million from the Incentive for Career Technical Education program. One enhancement of $555,738, all from the State General Fund for the Board of Regents data system is recommended for FY 2016.

Enhancements Detail

The **Agency** requests $64.6 million, including $44.6 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual universities as well as the Board of Regents and the details for each enhancement are described below the table.

FY 2016 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KU - Drug and Vaccine Discovery Institute	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	4,700,000	4,700,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	1,000,000	1,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	1,008,568	1,008,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	8,000,000	8,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	10,000,000	10,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	109,728	109,728	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	2,500,000	2,500,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	**$ 44,584,034**	**$ 64,584,034**	**0.0**	**$ 555,738**	**$ 555,738**	**0.0**

- **KU - Drug and Vaccine Discovery Institute.** The University of Kansas requests $5.0 million, all from the State General Fund, in recurring funding to begin for FY 2016. The University of Kansas seeks support to create a Drug and Vaccine Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by

fostering KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests $3.4 million, all from the State General Fund, in recurring funding to begin for FY 2016. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests $5.0 million, all from the State General Fund, in recurring funding to begin in FY 2016. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita State University requests $4.7 million, all from the State General Fund for FY 2016. WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion ($1.5 million); base funding to support technology transfer and business development infrastructure ($1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus ($1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests $500,000, all from the State General Fund, in recurring funding to begin in FY 2016. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State University requests $1.0 million, all from the State General Fund, for FY 2016. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests $1.0 million, all from the State General Fund, for FY 2016. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests $920,000, all from the State General Fund, in recurring funding to begin in FY 2016. The university seeks state funding for a joint venture between the university and the Kansas Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests $8.0 million, all from the State General Fund, for FY 2016 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests $10.0 million, all from the State General Fund, for FY 2016 for a new Institute of Applied Technology building.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests $988,000, all from the State General Fund, per year for three years beginning in FY 2016. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations

and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests $632,000, all from the State General Fund, in recurring funding to begin for FY 2016. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests $109,728, all from the State General Fund, for FY 2016 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests $555,738, all from the State General Fund, for FY 2016 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State.

The **Governor** recommends this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests $20,000, all from the State General Fund, in recurring funding to begin for FY 2016 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests $2.5 million, all from the State General Fund, for FY 2016 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests $250,000, all from the State General Fund, in recurring funding beginning for FY 2016. According to the agency, Adjutant General Lee

Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

Higher Education Institution Performance Agreements

The **2002 Legislature** passed amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2015 will be based upon performance agreements in effect from January 1, 2012 through December 31, 2012.

The Board of Regents has established six systemwide goals.

- System Goal A: Increase System Efficiency/Effectiveness/Seamlessness.
- System Goal B: Improve Learner Outcomes.
- System Goal C: Improve Workforce Development.
- System Goal D: Increase Targeted Participation/Access.
- System Goal E: Increase External Resources.
- System Goal F: Improve Community/Civic Engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available in the Kansas Legislative Research Department.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

- **Increase State Support for State University Deferred Maintenance.** The Board requests $20.0 million from the Expanded Lottery Act Revenue Fund for FY 2016 for deferred maintenance for the universities..

The **Governor** does not recommend this enhancement request.

FY 2016 ADDITIONAL CONSIDERATIONS						
	Agency Amount			Governor's Recommendation		
Item for Consideration	SGF	All Funds	FTE	SGF	All Funds	FTE
KUMC - Strengthening Community-Based Medical Education in Wichita	$ 2,400,000	$ 2,400,000	0.0	$ 0	$ 0	0.0
WSU - Innovation Equipment and Operations	12,500,000	12,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	**$ 16,184,300**	**$ 16,184,300**	**0.0**	**$ 0**	**$ 0**	**0.0**

Items for Consideration

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The Board would like considered $2.4 million, all from the State General Fund, for FY 2016 to address Kansas' critical shortage of doctors.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** The Board would like considered $12.5 million, all from the State General Fund, for FY 2016. Of the request, $7.5 million would be for equipment and $5.0 million would be recurring funding for operations, This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** The Board would like considered $284,300, all from the State General Fund, for FY 2016 for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** The Board would like considered $1.0 million, all from the State General Fund, for FY 2016 to continue to develop the transportation programs.

The **Governor** does not recommend this additional request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 2,687,185,635	$ 2,618,068,564	$ (69,117,071)
FTE Positions	17,970.7	17,970.7	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 23,876,455	$ 14,576,775	
All Other Funds	36,874,636	36,652,512	
TOTAL	$ 60,751,091	$ 51,229,287	
Percent Change:			
State General Fund	2.9 %	1.9 %	
All Other Funds	2.1	2.1	
TOTAL	2.3 %	2.0 %	
Change in FTE Positions	1.0	1.0	

The **agency** requests operating expenditures of $2.7 billion, including $859.6 million from the State General Fund. This is an overall increase of $60.8 million, or 2.3 percent, all funds and $23.9 million, or 2.9 percent, from the State General Fund. There is an enhancement request of $73.8 million, including $53.8 million from the State General Fund.

The budget includes increases of $43.9 million, or 2.8 percent, in salaries and wages and $7.8 million, or 2.2 percent, in contractual services. This is offset with a decrease of $1.1 million, or 2.8 percent, in debt service.

The **Governor** recommends operating expenditures of $2.6 billion, including $798.1 million from the State General Fund. This is an increase of $51.2 million, or 2.0 percent, all funds and

$14.6 million, or 1.9 percent, above the FY 2016 recommendation. The increase is mainly attributable to the 27th pay period expenditure in this year.

The Governor recommends a reduction of $12.1 million, including $4.4 million from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $1.5 million from the Incentive for Career Technical Education program. One enhancement of $555,738, all from the State General Fund for the Board of Regents data system is recommended for FY 2017.

Enhancements Detail

The **Agency** requests $73.8 million, including $53.8 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual universities as well as the Board of Regents and the details for each enhancement are described below the table.

FY 2017 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KU - Drug and Vaccine Discovery Institute	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	6,200,000	6,200,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	2,000,000	2,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	2,188,568	2,188,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	16,000,000	16,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	5,000,000	5,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	113,940	113,940	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	5,000,000	5,000,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	**$ 53,768,246**	**$ 73,768,246**	**0.0**	**$ 555,738**	**$ 555,738**	**0.0**

- **KU - Drug and Vaccine Discovery Institute.** The University of Kansas requests $5.0 million, all from the State General Fund, in recurring funding for FY 2017. The University of Kansas seeks support to create a Drug and Vaccine Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by fostering

KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests $3.4 million, all from the State General Fund, in recurring funding for FY 2017. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests $5.0 million, all from the State General Fund, in recurring funding for FY 2017. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton Hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita State University requests $6.2 million, all from the State General Fund, for FY 2017. WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion ($3.0 million); base funding to support technology transfer and business development infrastructure ($1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus ($1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests $500,000, all from the State General Fund, in recurring funding for FY 2017. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State

University requests $2.0 million, all from the State General Fund, for FY 2017. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests $2.2 million, all from the State General Fund, for FY 2017. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests $920,000, all from the State General Fund, in recurring funding beginning for FY 2017. The university seeks state funding for a joint venture between the university and the Kansas Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests $16.0 million, all from the State General Fund, for FY 2017 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests $5.0 million, all from the State General Fund, for FY 2017 for operations of the institution and an upper-division college in Dodge City.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests $988,000, all from the State General Fund, for FY 2017. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests $632,000, all from the State General Fund, recurring funding for FY 2017. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests $113,940, all from the State General Fund, for FY 2017 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests $555,738, all from the State General Fund, for FY 2017 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State.

The **Governor** recommends this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests $20,000, all from the State General Fund, in recurring funding beginning for FY 2017 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests $5.0 million, all from the State General Fund, for FY 2017 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests $250,000, all from the State General Fund, for FY 2017. According to the agency, Adjutant General Lee Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for State University Deferred Maintenance.** The Board requests $20.0 million from the Expanded Lottery Act Revenue Fund for FY 2017 for deferred maintenance for the universities..

The **Governor** does not recommend this enhancement request.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2017 ADDITIONAL CONSIDERATIONS

	Agency Amount			Governor's Recommendation		
Item for Consideration	SGF	All Funds	FTE	SGF	All Funds	FTE
KU - Innovation Way Development - Operations Support	$ 7,000,000	$ 7,000,000	0.0	$ 0	$ 0	0.0
KUMC - Strengthening Community-Based Medical Education in Wichita	$ 4,900,000	$ 4,900,000	0.0	$ 0	$ 0	0.0
KSU - Geoscience Support in the College of Arts and Sciences	5,000,000	5,000,000	0.0	0	0	0.0
KSU - Planning for Food Systems Research and Educational Facility	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Innovation Equipment and Operations	7,500,000	7,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
PSU - Initiative to Better Serve Small Business	1,300,000	1,300,000	0.0	0	0	0.0
PSU - Create a Workforce Language Institute	1,000,000	1,000,000	0.0	0	0	0.0
Technical Education Fund - Excel in CTE Initiative	--	--	0.0	0	0	0.0
TOTAL	**$ 33,700,000**	**$ 33,700,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

Items for Consideration

- **KU - Innovation Way Development - Operations Support.** The University of Kansas would like considered $7.0 million, all from the State General Fund, for FY 2017, for operating expenditures for the new Innovative Way development, including replacing outdated science teaching and research facilities and linking basic sciences in the College of Liberal Arts and Sciences, engineering, pharmacy and many life and earth sciences work that is currently underway.

The **Governor** does not recommend this additional request.

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The University of Kansas Medical Center would like considered $4.9 million, all from the State General Fund, for FY 2017 to address Kansas' crucial shortage of doctors.

The **Governor** does not recommend this additional request.

- **KSU - Geoscience Support in the College of Arts and Sciences.** Kansas State University would like considered $5.0 million, all from the State General Fund, for FY 2017 to construct a new facility, install state-of-the-art training and research equipment, and provide resources for faculty, staff and students to accommodate added recruitment, teaching, advising, research and retention activities.

The **Governor** does not recommend this additional request.

- **KSU - Planning for New Foods Systems research and Education Facility.** Kansas State University would like considered $5.0 million, all from the State General Fund, for FY 2017 to provide state funding for the College of Agriculture and K-State Research and Extension to plan and build a new Food Systems Research and Education Facility.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** Wichita State University would like considered $7.5 million, all from the State General Fund, for FY 2017. Of the request, $2.5 million would be for equipment and $5.0 million would be reoccurring funding for operations. This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** Emporia State University would like considered $284,300, all from the State General Fund, for FY 2017, for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **ESU - STEM (Science, Technology, Engineering and Mathematics) Programming for Kansas Economy.** Emporia State University would like considered $715,000, all from the State General Fund, for FY 2017 for updated facilities, better equipped laboratories, and additional faculty to meet the university's needs.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** Pittsburg State University would like considered $1.0 million, all from the State General Fund, for FY 2017 to provide continued development of the Automotive Department and increase opportunities with the School of Transportation.

The **Governor** does not recommend this additional request.

- **PSU - Initiative to Better Serve Small Business.** Pittsburg State University would like

considered $1.3 million, all from the State General Fund, for FY 2017 to develop a Bachelors of Business Administration in Small Business Leadership.

The **Governor** does not recommend this additional request.

- **PSU - Create a Workforce Language Institute.** Pittsburg State University would like considered $1.0 million, all from the State General Fund, for FY 2017 to provide contextual language instruction for learners who are currently in or preparing to enter into a workforce where the understanding of English can be a barrier to job performance.

The **Governor** does not recommend this additional request.

- **Community and Technical Colleges - Continued Support to Fully Fund the CTE Initiative.** The Board would like considered additional expenditures, all from the State General Fund, for FY 2017 for tuition for the Career Technical Education Initiative. Approximately $22 million is currently appropriated for the program and as enrollments are reported for the current year, supplemental funding may need to be requested.

The **Governor** does not recommend this additional request.

Higher Education Institution Performance Agreements

Legislation was passed in 2002 that amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2014 will be based upon performance agreements in effect from January 1, 2012 through December 31, 2012.

The Board of Regents has established six systemwide goals.

- System Goal A: Increase System Efficiency/Effectiveness/Seamlessness.
- System Goal B: Improve Learner Outcomes.
- System Goal C: Improve Workforce Development.
- System Goal D: Increase Targeted Participation/Access.
- System Goal E: Increase External Resources.
- System Goal F: Improve Community/Civic Engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available in the Kansas Legislative Research Department.

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 these agencies, the FY 2015 bonus totals $4.6 million, including $1.6 million from the State General Fund, and affects 14,836 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 the Board of Regents, FY 2016 longevity payments total $2,240, including $1,387 from the State General Fund, and FY 2017 longevity payments total $2,320, including $1,434 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For these agencies this is a reduction of $11.7 million, including $4.3 million. from the State General Fund for FY 2016. This is a reduction of $12.1 million, including $4.4 million from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	31.8 %	30.5 %	32.0 %	30.5 %
General Fees Fund	27.5	28.0	27.2	27.8
All Other Funds	40.7	41.5	40.8	41.7
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

UNIFIED OPERATING GRANT

	Actual FY 2014	Agency Estimate FY 2015	Gov. Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
University of Kansas	$ 135,402,775	$ 137,384,253	$ 137,168,039	$ 136,930,098	$ 135,932,220	$ 140,371,391	$ 139,353,553
University of Kansas Medical Center	103,377,756	109,917,083	109,843,406	109,996,170	109,196,122	114,217,114	113,371,323
Kansas State University	99,857,422	106,220,367	106,009,763	108,137,463	105,216,062	110,507,193	107,571,209
Kansas State University ESARP	46,908,989	47,527,208	47,473,775	47,419,568	47,101,546	48,185,281	47,861,006
Kansas State University Veterinary Medical Center	12,074,595	14,548,313	14,527,057	15,008,743	14,936,939	15,301,771	15,228,556
Emporia State University	30,300,629	31,693,517	31,623,452	31,592,958	31,289,444	32,309,591	32,000,018
Fort Hays State University	32,656,997	34,036,691	33,988,112	33,921,728	33,670,607	34,497,892	34,241,748
Pittsburg State University	33,788,292	35,814,451	35,734,655	35,447,467	35,177,727	36,410,934	36,135,897
Wichita State University	63,335,814	72,622,953	72,481,613	74,428,373	73,897,534	75,843,728	75,302,274
Subtotal	$ 557,703,269	$ 589,764,836	$ 588,849,872	$ 592,882,568	$ 586,418,201	$ 607,644,895	$ 601,065,584
Technical Colleges	$ 71,585	$ 71,585	$ 71,585	$ 71,585	$ 71,585	$ 71,585	$ 71,585
Washburn University	11,130,920	11,130,920	11,130,920	12,050,920	11,130,920	12,050,920	11,130,920
Non-Tiered Course Credit Hour Grant	76,496,329	76,496,329	76,496,329	76,496,329	76,496,329	76,496,329	76,496,329
Postsecondary Tiered Technical Education State Aid	58,300,961	58,300,961	58,300,961	66,300,961	58,300,961	74,300,961	58,300,961
Unified Operating Grant Increase	0	0	0	0	0	0	0
TOTAL	$ 703,703,064	$ 735,764,631	$ 734,849,667	$ 747,802,363	$ 732,417,996	$ 770,564,690	$ 747,065,379

The **Postsecondary Educational Institutions**, which include the state universities, community colleges, technical colleges, and Washburn University, request $747.8 million from the State General Fund for Unified Operating Grants for FY 2016, an increase of $12.0 million, or 1.6 percent, above the FY 2015 revised estimate. The increase is due to an additional $8.0 million for Postsecondary Tiered Technical Education State Aid, an enhancement of $920,000 for Washburn University and an additional $3.1 million in expenditures from the universities to the State General Fund.

The **Governor** recommends $732.4 million, all from the State General Fund for the Postsecondary Educational Institutions. This is a decrease of $15.4 million, or 2.1 percent, below the FY 2016 agency's request. The reduction is attributable to the Governor not recommending any of the operating enhancements the Board of Regents requested.

The **Postsecondary Educational Institutions** request $770.6 million from the State General Fund for Unified Operating Grants for FY 2017, an increase of $22.8 million, or 3.0 percent, above the FY 2016 request. The increase is due to an additional $16.0 million for Postsecondary Tiered Technical Education State Aid, an enhancement of $920,000 for Washburn University and additional $14.8 million in expenditures from the universities to the State General Fund.

The **Governor** recommends $748.0 million, all from the State General Fund for the Postsecondary Educational Institutions. This is a decrease of $22.6 million, or 2.9 percent, below the FY 2017 agency's request. The reduction is attributable to the Governor not recommending any of the operating enhancements the Board of Regents requested.

Other State Funding

The Board and universities request $4.5 million from the other centrally appropriated state funds for the benefit of the universities for each of FY 2016 and FY 2017 as follows.

Economic Development Initiatives Fund

- $2,547,726 for Technical Education Capital Outlay.
- $179,284 for Technology Innovation and Internship Program.
- $993,265 for EPSCOR.
- $500,000 for Community College Comparative Grants.
- $299,686 for research st Kansas State University-ESARP.

State Water Plan Fund

- $26,841 for the geological survey at the University of Kansas.

The **Governor** concurs with the agency's request for FY 2016 and FY 2017.

State Universities

Faculty of Distinction Program. The Faculty of Distinction program provides a transfer of the equivalent of interest earnings on designated donations to public postsecondary institutions. FY 2003 was the first year of the program. Beginning in FY 2004, the transfers were treated under the Governor's recommendation as a revenue transfer instead of a State General Fund demand transfer. **The agency and the Governor estimate that transfers will total $155,184 in FY 2015, $150,000 for FY 2015 and $150,000 for FY 2017.**

Tuition and General Fees. State university tuition and fees are set with the approval of the State Board of Regents. With the exception of certain designated fees that are credited to restricted use funds, tuition and general fees are credited to the General Fees Fund of each institution. Although subject to appropriation, under the State University Operating Grant Plan, the General Fees Fund are appropriated to the institutions without an expenditure limit, permitting maximum flexibility in the use of those funds. For FY 2015, the Board of Regents set tuition rates after the adjournment of the 2014 Legislative Session and the same schedule is anticipated for FY 2016. The budgets submitted by the universities assume no increase in tuition rates in FY 2016. The following compares estimated General Fees Fund expenditures for the current year as presented to the 2014 Legislature, the revised current year estimate and the current estimate for FY 2016.

STATE UNIVERSITY GENERAL FEE FUND EXPENDITURES

Institution	Original Estimate FY 2015	Revised Est. and Gov. Rec FY 2015	Difference	Gov. Rec. for FY 2016
University of Kansas	$ 262,493,433	$ 282,689,288	$ 20,195,855	$ 281,074,900
KU - Medical Center	38,996,501	41,161,751	2,165,250	41,202,592
Kansas State University	191,795,012	207,572,390	15,777,378	212,633,789
KSU - Veterinary Medical Center	17,522,794	19,646,617	2,123,823	18,158,215
KSU - ESARP	0	0	0	0
Emporia State University	25,213,410	27,441,595	2,228,185	26,367,950
Fort Hays State University	36,216,759	39,708,526	3,491,767	39,763,943
Pittsburg State University	34,570,846	36,003,578	1,432,732	35,854,841
Wichita State University	74,713,905	81,645,282	6,931,377	81,307,925
TOTAL	$ 681,522,660	$ 735,869,027	$ 54,346,367	$ 736,364,155

Community Colleges, Technical Colleges, and Washburn University

Community and Technical College Operating Grants. The **Board** requests $76.5 million from the State General Fund for FY 2016 for non-tiered course credit hour grants for general education and $66.3 million for postsecondary tiered technical education state aid for technical education courses to support the 19 community colleges and seven technical colleges in the

state. The request is an increase of $8.0 million above the revised request in FY 2015 due to an enhancement request. The request for postsecondary tiered technical education state aid for FY 2017 is $74.3 million, which includes an additional $8.0 million enhancement request over the FY 2016 request and $16.0 million over the FY 2017 request..

The **Governor** recommends $76.5 million from the State General Fund for FY 2016 and FY 2017 for non-tiered course credit hour grants for general education and $58.3 million for postsecondary tiered technical education state aid for technical education courses. The recommendation does not include the enhancement of $8.0 million in FY 2016 or $16.0 million in FY 2107 from the State General Fund as additional funding.

Municipal University Operating Grant. The **Board** requests $12.1 million for FY 2016 for the Municipal University Operating Grant. 1999 SB 345 applies the same funding formula for state support for Washburn University as is used for community colleges. The request is an increase of $920,000, or 8.3 percent, from the State General Fund above the FY 2016 and FY 2017 request. The increase is due to an enhancement request for equipment for the Kansas Bureau of Investigation crime lab that was just constructed on the Washburn campus.

The **Governor** recommends $11.1 million for FY 2016 and FY 2017 and does not recommend the $920,000 enhancement.

Adult Basic Education. The **Board** requests $5.1 million, including $2.1 million from the State General Fund and $3.0 million in federal funds, to support the 30 adult education centers in the state for FY 2016 and FY 2017. The request is an increase of $544,942, or 11.9 percent, all funds and $632,000, or 43.3 percent, percent State General Fund above the FY 2015 revised estimate.

The **Governor** recommends $4.5 million, including $1.5 million from the State General Fund. for FY 2016 and FY 2017.

Student Financial Aid

Student Financial Aid. The **Board** administers a number of student financial aid programs, as well as other special programs. The agency requests $21.3 million, all from the State General Fund, to support state sponsored student financial aid programs for FY 2016 and FY 2017. This is a decrease of $1.4 million, or 6.0 percent, from the State General Fund below the FY 2015 revised request.

The **Governor** concurs with the agency requests for FY 2016 and FY 2017.

Enrollment Trends. Student enrollment at the public universities, private colleges and universities, community colleges, technical colleges, and other institutions in the Fall of 2014 totaled 211,081, a decrease of 1,324 students, or 0.6 percent, below the Fall of 2013. Not included in this data are students enrolled in proprietary schools and vocational education students who are not attending a community college or technical college. The following table compares headcount enrollments for the Fall of 2012, 2013, and 2014.

Headcount Students

Institution	Fall 2012	Fall 2013	Fall 2014	Change Fall 2012-Fall 2014	Percent
University of Kansas	24,577	24,435	24,612	35	0.1 %
University of Kansas Medical Center	3,362	3,349	3,371	9	0.3
Kansas State University	23,914	24,116	24,290	376	1.6
KSU Veterinary Medical Center	464	465	476	12	2.6
Emporia State University	5,867	6,033	6,114	247	4.2
Fort Hays State University	13,310	13,441	13,825	515	3.9
Pittsburg State University	7,289	7,400	7,479	190	2.6
Wichita State University	14,898	14,550	15,003	105	0.7
Subtotal-Regents Institutions	93,681	93,789	95,170	1,489	1.6
Washburn University	7,204	6,973	6,722	(482)	(6.7)
Community Colleges	80,848	77,879	74,931	(5,917)	(7.3)
Technical Colleges	5,985	6,464	6,859	874	14.6
Washburn Institute of Technology	920	1,162	1,217	297	9.8
Independent Colleges and Universities	25,993	26,138	26,182	189	0.7
TOTAL	120,950	118,616	115,911	(5,039)	(4.2)
GRAND TOTAL	214,631	212,405	211,081	(3,550)	(1.7)

Peer Comparisons. The Regents institutions use a system of peer comparisons based upon the concept of comparing themselves to similar institutions. A similar method is used by institutions and systems in many states. Peer institutions were first selected by a Regents task force in 1976 with the weighted basis for selection being being similarity in degree programs (60 percent); enrollment levels (30 percent); and financial expenditures (10 percent). The peer institutions for Wichita State University; Emporia State University; Fort Hays State University and Pittsburg State University were adjusted in 1995 using the same weightings. Each regents university conducts a comprehensive cost study of its peer institutions each year. Peer comparisons are used for a number of purposes at the institutional and system level including local program review and comparative references related to faculty salaries, OOE support, and tuition rates.

REGENTS PEER INSTITUTIONS

University of Kansas	**Kansas State University**
University of Colorado	Colorado State University
University of Iowa	Iowa State University
University of North Carolina-Chapel Hill	North Carolina State University
University of Oklahoma	Oklahoma State University
University of Oregon	Oregon State University
Wichita State University	**Emporia State University, Fort Hays State University, Pittsburg State University**
University of Akron (Ohio)	Eastern Washington University
Portland State University (Oregon)	Northern Michigan University
University of Nevada - Las Vegas	Northwest Missouri State University
Oakland University (Michigan)	Salisbury State University
Old Dominion University (Virginia)	Western Carolina State University

RELATIVE FUNDING OF SALARY - BY INSTITUTION

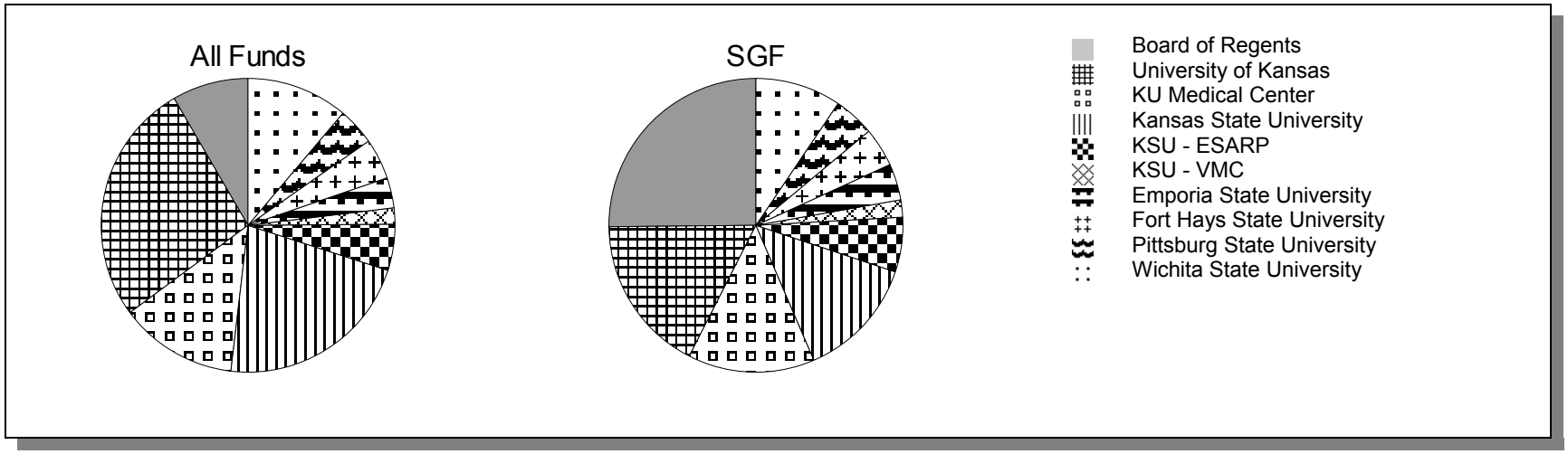
Institution	Salaries FY 2010	Salaries FY 2014
KU	90.8 %	92.7 %
KSU	90.7	88.3
ESU	89.0	89.4
FHSU	89.6	98.7
PSU	92.7	88.4
WSU	87.6	86.4
Systemwide	**92.2 %**	**91.1 %**

Peer comparisons are also made with regard to the level of both resident and nonresident tuition and fees charged to students during an academic year (AY) at the Regents institutions. Historically, tuition for both resident and nonresidents at Kansas schools has been less than that at the peer institutions.

TUITION AND FEES RELATIVE TO PEER INSTITUTIONS

Institution	Resident Tuition AY 2010		Resident Tuition AY 2015		Nonresident Tuition AY 2010		Nonresident Tuition AY 2015	
KU	112.1	%	106.8	%	84.5	%	85.1	%
KSU	114.9		110.2		95.6		102.2	
ESU	76.7		76.0		107.8		115.5	
FHSU	66.0		59.1		94.6		84.9	
PSU	71.2		72.7		94.2		97.2	
WSU	80.1		83.0		75.3		69.4	

EXPENDITURES BY INSTITUTION–GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Board of Regents	$ 214,953,678	8.4 %	$ 197,081,200	25.2 %
University of Kansas	687,327,646	26.8	135,932,220	17.3
KU Medical Center	333,151,367	13.0	109,196,122	13.9
Kansas State University	562,064,810	21.9	105,216,062	13.4
KSU - ESARP	130,654,010	5.1	47,101,546	6.0
KSU - VMC	46,025,728	1.8	14,936,939	1.9
Emporia State University	85,359,277	3.3	31,289,444	4.0
Fort Hays State University	115,307,066	4.5	33,670,607	4.3
Pittsburg State University	105,397,518	4.1	35,177,727	4.5
Wichita State University	286,598,177	11.2	73,897,534	9.4
TOTAL	$ 2,566,839,277	100.0 %	$ 783,499,401	100.0 %

FTE POSITIONS BY INSTITUTION 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
Board of Regents	62.5	62.5	62.5	62.5	62.5	62.5	62.5
University of Kansas	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
KU Medical Center	2,837.8	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4
Kansas State University	3,785.3	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7
KSU - ESARP	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1
KSU - VMC	323.8	332.6	332.6	332.6	332.6	332.6	332.6
Emporia State University	794.2	796.7	796.7	796.7	796.7	796.7	796.7
Fort Hays State University	827.0	841.0	841.0	841.0	841.0	841.0	841.0
Pittsburg State University	934.5	958.5	958.5	958.5	958.5	959.5	959.5
Wichita State University	1,950.4	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1
TOTAL	17,974.5	17,969.7	17,969.7	17,969.7	17,969.7	17,970.7	17,970.7

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
Board of Regents	$ 0	$ 0	$ 55,000,000	$ 29,000,000	$ 55,000,000	$ 32,000,000
University of Kansas	29,810,237	29,810,237	28,313,161	28,313,161	20,145,046	20,145,046
KU Medical Center	12,848,366	12,848,366	5,827,170	5,827,170	4,914,581	4,914,581
Kansas State University	34,251,955	34,251,955	17,833,430	15,013,143	21,245,407	18,425,120
KSU - ESARP	1,250,000	1,250,000	1,450,000	1,450,000	0	0
KSU - VMC	4,805,500	4,805,500	2,700,000	2,700,000	0	0
Emporia State University	6,952,511	6,952,511	2,283,000	2,283,000	2,338,000	2,338,000
Fort Hays State University	25,523,119	24,360,119	33,360,224	19,360,224	10,612,862	2,895,862
Pittsburg State University	6,264,075	6,264,075	3,838,093	3,838,093	4,268,604	4,268,604
Wichita State University	18,655,072	18,655,072	5,103,802	5,103,802	6,342,816	6,342,816
TOTAL	$ 140,360,835	$ 139,197,835	$ 155,708,880	$ 112,888,593	$ 124,867,316	$ 91,330,029
Financing:						
State General Fund	$ 7,301,244	$ 7,301,244	$ 7,515,903	$ 4,695,616	$ 7,125,559	$ 4,305,272
All Other Funds	133,059,591	131,896,591	148,192,977	108,192,977	117,741,757	87,024,757
TOTAL	$ 140,360,835	$ 139,197,835	$ 155,708,880	$ 112,888,593	$ 124,867,316	$ 91,330,029

Current Year Agency Estimate

FY 2015 – Current Year. The postsecondary education systemwide revised estimate for capital improvements in FY 2015 is $140.4 million, including $7.3 million from the State General Fund. This is an increase of $42.8 million, or 43.9 percent, all funds and a decrease of $1.2 million, or 14.1 percent, State General Fund from the FY 2015 approved amount. The increase includes additional expenditures at Kansas State University Veterinary Medical Center for the equine performance testing facility and small animal clinic renovations ($1.5 million); Fort Hays State University Weist Hall ($11.7 million); Emporia State University Singular and Tresler Halls ($1.1 million); and other special revenue expenditures for projects at the universities.

Current Year Governor Recommendation

The **Governor** recommends $139.2 million, including $7.3 million from the State General Fund. This is a decrease of $1.2 million, all from special revenue funds, below the agency's revised estimate for the Art and Education Building project at Fort Hays State, which is being revised and will be resubmitted in the future.

Budget Year Agency Request

FY 2016 – Budget Year. The postsecondary education systemwide requests $155.7 million, including $7.5 million from the State General Fund, in capital improvements for FY 2016. This is an increase of $15.3 million, or 10.9 percent, all funds and $214,659, or 2.9 percent, State General Fund above the FY 2015 revised request. The increase is mainly due to the budget for the Board of Regents showing the $35.0 million request for the Educational Building Fund and an additional $20.0 million enhancement for deferred maintenance. The increase in State General Fund expenditures is mainly due to increased debt service payments.

Budget Year Governor Recommendation

The **Governor** recommends $112.9 million, including $4.7 million from the State General Fund. This is a decrease of $42.8 million, or 27.5 percent, all funds and $2.8 million, or 37.5 percent, State General Fund below the agency requests. The recommendation did not include newly requested State General Fund debt service payments or the Fort Hays State Art and Education building project since it has changed. The recommendation also includes a decrease of $6.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

Budget Year Agency Request

FY 2017 – Budget Year. The postsecondary education systemwide requests $124.9 million, including $7.1 million from the State General Fund, in capital improvements for FY 2017. This is a decrease of $30.8 million, or 19.8 percent, all funds and $390,344, or 5.2 percent, below the FY 2016 request. The decrease is due to fewer capital improvement projects at most universities including the completion of the Weist Hall replacement project at Fort Hays State.

Budget Year Governor Recommendation

The **Governor** recommends $91.3 million, including $4.3 million from the State General Fund. This is a decrease of $33.5 million, or 26.9 percent, all funds and $2.8 million, or 39.6 percent, State General Fund below the agency requests. The recommendation did not include newly requested State General Fund debt service payments or the Fort Hays State Art and Education building project since it has changed. The recommendation also includes a decrease of $3.0 million from the Educational Building Fund due to lower than expected revenues into the fund.

Board of Regents

	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	$ 195,996,549	$ 200,652,441	$ 203,430,248	$ 242,793,588	$ 197,081,200	$ 251,907,716	$ 197,010,592
Other Funds	17,052,112	18,733,818	18,730,931	17,888,547	17,872,478	17,971,440	17,955,048
TOTAL	$ 213,048,661	$ 219,386,259	$ 222,161,179	$ 260,682,135	$ 214,953,678	$ 269,879,156	$ 214,965,640
Capital Improvements:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	0	0	0	55,000,000	29,000,000	55,000,000	32,000,000
TOTAL	$ 0	$ 0	$ 0	$ 55,000,000	$ 29,000,000	$ 55,000,000	$ 32,000,000
GRAND TOTAL	**$ 213,048,661**	**$ 219,386,259**	**$ 222,161,179**	**$ 315,682,135**	**$ 243,953,678**	**$ 324,879,156**	**$ 246,965,640**
Percentage Change:							
Operating Expenditures							
State General Fund	2.7 %	2.4 %	3.8 %	21.0 %	(3.1) %	3.8 %	(0.0) %
All Funds	0.8	3.0	4.3	18.8	(3.2)	3.5	0.0
FTE Positions	62.5	62.5	62.5	62.5	62.5	62.5	62.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5	62.5	62.5

Article 6 of the *Kansas Constitution* directs the Legislature to provide for a State Board of Regents comprised of nine members appointed by the Governor, subject to confirmation by the Senate. One member is to be from each Congressional District, with the remaining members appointed at-large. The Board of Regents is responsible for coordination of all postsecondary education in the state and supervising the operation of the six state Regents' universities. In carrying out this responsibility, the Board: (1) appoints a chief executive officer to administer each university; (2) reviews the mission, role, and curriculum of each university; (3) sets tuition, fees, and charges to be collected at each university; (4) submits requests to the Legislature for funds to operate its universities and central office staff, and for funds to construct, maintain, and equip university buildings; (5) administers student financial aid programs; (6) determines the eligibility of private postsecondary Kansas institutions to confer academic or honorary degrees; (7) registers courses conducted in Kansas by postsecondary institutions located outside of the state; and (8) administers state aid to Washburn University. The 1999 Legislature expanded the duties of the Board with the passage of the Higher Education Coordination Act (SB 345). Under the act, the Board is charged with the coordination of all higher education and is responsible for state assistance in support of community colleges, vocational technical schools, and adult basic education.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) which transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents. The responsibilities of the Board of Regents also changed to include coordination of all postsecondary education in the state including Washburn University and private colleges and universities.

The legislation outlined several funding components which were designed to be adjusted annually over four years.

- An operating grant formula was established to provide state funding for the community colleges and Washburn University beginning in FY 2001. The grant amount would be calculated based upon the State General Fund appropriations at the regional Regents' universities (Emporia, Fort Hays, or Pittsburg) and the institutions' FTE enrollment and would increase incrementally over four years. County out-district tuition would be phased out over the four years and be replaced by state aid which would be added to the operating grant. Only the first three years of this provision have been implemented.

- An amount equal to the increase in the community college operating grant would be given to the Regents' institutions for faculty salary increases.

- A performance funding mechanism was established through which an institution could receive up to an additional 2.0 percent of its State General Fund appropriation based upon its performance as compared to pre-specified indicators. This provision has not been implemented at any funding level.

The **2001 Legislature** adopted a proposal which provided for the state universities to be funded through an operating or block grant rather than the multiple line-item appropriations which had been used previously. The change was made to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) which authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The legislation also directed the Board of Regents to form a subsidiary corporation to oversee and implement the projects.

The proceeds of the research bonds were to be used for four specific projects.

- Constructing the Food Safety and Security Research Facility at Kansas State University.
- Constructing the Biomedical Research Facility at the University of Kansas Medical Center.
- Expanding the Aviation Engineering Complex at Wichita State University.
- Equipping the Biosciences Research Building at the University of Kansas.

The debt service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than $10.0 million per year and not more than $50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The legislation also provided for additional bond authority of $13.0 million for capital improvements and equipment purchases for the National Institute of Aviation Research at Wichita State University. The capital improvement projects outlined in the legislation included laboratories and equipment for icing and wind tunnels, crash testing, and advanced manufacturing. Debt service on this bond issuance is to be paid through State General Fund appropriations or special revenue fund expenditures.

The **2003 Legislature** passed legislation requiring technical colleges to replace their existing governing boards (typically the local school board) with an independent governing board (SB 7). An implementation plan was required to be presented to the Board of Regents by July 1, 2005, and agreement reached on the plan by June 30, 2007. The plan was required to include: composition of the new governing board; territory of the technical college; method of election of the new board; date the new board will assume management of the college; and issues relating to the transfer. The governance change was sought to facilitate the North Central Association accreditation of the technical colleges.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the

State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution (state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The Board of Regents is also authorized to aid Regents' institutions in developing short-term summer academies that may be either residential or conducted over KAN-ED. The Board of Regents is required to request funds for operation of those academies in its annual budget. The Governor is required by the legislation to include funding for the academies in the budget report to the Legislature. The Board of Regents is authorized to accept and expend public and private funds for KAMS.

The **2006 Legislature** passed legislation authorizing public colleges, universities and technical schools to purchase insurance, other than employee health insurance, independently of the Committee on Surety Bonds and Insurance. An institution that purchases insurance pursuant to the legislation must make that purchase using a competitive bid or competitive negotiation in accordance with procedures prescribed by the State Board of Regents. The legislation requires that the insurance be purchased from an insurance company authorized to do business in Kansas. Under prior law, most state agencies, including state universities, were prohibited from separately purchasing insurance.

The same legislation also authorizes the Board of Regents to enter into contracts for accident and health insurance or the services of a health maintenance organization for students of state universities and their dependents. Purchase of coverage would be voluntary on the part of the student. Universities would continue to pay an employer contribution for those students who are employees of that university. The employer contribution rate would be set by the Board of Regents.

Under prior law, health insurance for student employees at state universities was provided through the Kansas State Employees Health Care Commission. The legislation transfers that authority to the Board of Regents. In addition, the Kansas State Employees Health Care Commission will no longer be able to charge the state universities for employer contributions for health care benefits for student employees. The legislation requires the Kansas State Employees Health Care Commission to continue coverage for the student employees until any contracts entered into by the Board of Regents become effective. Health insurance purchased pursuant to the legislation cannot cover elective procedures.

The **2006 Legislature** also passed legislation permitting the Board of Regents to authorize resident tuition and fees to members of the military who retired or were honorably discharged from the military, who had served on active duty in Kansas, and who reside in Kansas at the time of enrollment. The provisions also apply to the spouse and dependents of that individual.

The **2006 Legislature** also passed legislation establishing the Veterinary Training program for Rural Kansas at the College of Veterinary Medicine at Kansas State University (KSU). The purpose of the program is to provide encouragement,

opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is to be administered by the College of Veterinary Medicine at KSU.

The **2007 Legislature** passed legislation increasing the number of months—from 12 months to 60 months—Kansas residents who move out of the state and then return are allowed to be gone and still be considered state residents for tuition purposes at any of the state educational institutions under the control and supervision of the Kansas Board of Regents. The legislation does not apply to certain persons without lawful immigration status.

The legislation increased the stipend for students participating in the Medical Student Loan Agreement from a maximum of $1,500 per month to a maximum of $2,000 per month. It also allows loans to be awarded retroactively for any academic year that a student has completed successfully, but for which a loan had not been awarded previously. The legislation required the University of Kansas School of Medicine to report to the 2008 Legislature on its evaluation of criteria for identifying underserved areas to be served by recipients of the Medical Student Loans.

The legislation also created the Nurse Educator Service Scholarship Program Act, initially created by proviso in the 2006 Legislative Session. This Act provides funding for registered nurses in graduate level degree-granting programs leading to a master of science or doctorate degree in nursing, and who plan to teach nursing.

The legislation also consolidated the existing four teacher service scholarship programs into a single program, the Teacher Service Scholarship program. The four programs consolidated include the following items.

- The Kansas Teacher Service Scholarship.
- The Math and Science Teacher Service Scholarship.
- The Special Education Teacher Service Scholarship.
- The Teacher Education Scholarship.

Finally, the legislation established the Teacher Education Competitive Grant program for state universities and Washburn University, with the intent of increasing the number of students in courses of study leading to licensure to teach in hard-to-fill teaching disciplines or who agree to teach in an underserved area. The Kansas Board of Regents was required to submit a report to the Legislature by January 14, 2009, describing program activity.

The **2007 Legislature** passed legislation establishing the Postsecondary Technical Education Authority (Authority), which is composed of the following 12 members: 4 appointed by the Board of Regents, 3 appointed by the Governor, including the chairman, one appointed by the President of the Senate, and one appointed by the Speaker of the House. There are also three *ex officio* members: the Commissioner of Education, the Secretary of Commerce, and the Secretary of Labor.

The Authority, under delegated authority from the Board of Regents, is responsible for coordination and review of technical education in the state, as well as the development benchmarks, accountability standards, and a policy agenda for technical education each year. The Authority also conducts studies of ways to maximize resources to best meet the needs of business and industry, and makes recommendations to the State Board of Regents, which are considered and acted on by the State

Board of Regents. Disapproval of a recommendation requires a majority vote of all members of the State Board of Regents, within 45 days of the submission of the recommendation.

The Authority and the Board of Regents select a Vice-President of Workforce Development to serve as the executive director of the Authority, with the participation of the Kansas Association of Technical Schools and Colleges and the Kansas Association of Community College Trustees. The Vice-President is not a member of the Authority and serves in the unclassified service, at the pleasure of the Board of Regents.

The legislation required the governing bodies of Northeast Kansas Technical College; Kansas City Area Technical School; Kaw Area Technical School; Salina Area Technical School; and Southwest Kansas Technical School to submit a plan to merge or affiliate with a postsecondary education institution, or become an accredited technical college with an independent governing board by July 1, 2008. Salina Area Technical School became Salina Area Technical College, Southwest Kansas Technical School merged with Seward Community College, Northeast Kansas Technical School merged with Highland Community College, Kansas City Area Technical School merged with Kansas City Kansas Community College and Kaw Area Technical School merged with Washburn University.

The Legislation originally set a sunset date of June 30, 2014 but the 2013 Legislature amended the sunset to June 30, 2017.

The **2008 Legislature** passed legislation authorizing a pilot investment program for idle funds at the state universities. The Board of Regents is authorized to designate one university to invest the core balance of that state educational institution's idle funds. This core balance is defined as non-State General Fund dollars legally available for investment for a period of not less than twelve months. Further, the Board of Regents can establish and adopt procedures, standards, and criteria for the program. The amount invested under the pilot program is limited to $40.0 million at any one time and the core balance invested must be approved by the Board of Regents. The investment funds under the pilot program are managed by an independent investment entity, designated by the university. The independent investment entity and the university will make quarterly reports to the Board of Regents, or report on the request of the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for fiscal years 2009 through 2014, as follows.

- FY 2009 - $295,000.
- FY 2010 - $713,000.
- FY 2011 - $754,000.

- FY 2012 - $792,000.
- FY 2013 - $835,000.
- FY 2014 - $938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2011 Legislature** passed legislation making technical corrections and updates related to postsecondary technical education. The bill updated terminology, removed definitions for terms no longer used, eliminated vocational school references, added individual institution specific references, updated and removed obsolete sections of identified statutes, and repealed statutes no longer needed.

The bill created the Postsecondary Tiered Technical Education State Aid Act (the Act), replacing the current funding structure. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model that includes all of the following concepts.

- Arrange into categories or tiers, technical education programs, recognizing cost differentials, *e.g.* programs with similar costs comprise one of six tiers.

- Consider target industries critical to the Kansas economy.

- Respond to program growth.

- Consider local taxing authority for credit hours generated by in-district students.

- Include other factors and considerations determined necessary by the State Board of Regents.

The State Board of Regents will establish the rates to be used as the state's share in a given year, as well as in the actual distribution. The bill prohibits receipt of both tiered technical education state aid and non-tiered course state aid for any one credit hour. (A non-tiered course would be a general education course.)

The bill provides for fund accounting and management requirements related to state aid received under the Act. The bill authorizes the State Board of Regents to adopt policies necessary or desirable to implement and administer the Act.

The bill provides that each community college and technical college is eligible for a grant from the State General Fund, in an amount determined by the State Board of Regents for non-tiered course credit hours approved by the Board of Regents after dialogue with community college and technical college presidents.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The counties receiving the ROZ designation are: Barber, Chautauqua, Cheyenne, Clark, Cloud, Comanche, Decatur, Edwards, Elk, Gove, Graham, Greeley, Greenwood, Hamilton, Harper, Hodgeman, Jewell, Kearny, Kingman, Kiowa, Lane, Lincoln, Logan, Marion, Mitchell, Morton, Ness, Norton, Osborne, Pawnee, Phillips, Pratt, Rawlins, Republic, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Trego, Thomas, Wallace, Washington, Wichita, Wilson and Woodson.

ROZ counties are authorized to adopt resolutions prior to January 1, 2012 (and every subsequent year through January 1, 2016) irrevocably obligating the counties to pay half of certain extant student loan costs, up to a maximum of $15,000, in equal increments over a five-year period. A state matching program, subject to appropriations, will provide for matching payments. (If the maximum $15,000 amount were to be adopted in a ROZ county resolution, the state and the county would each repay $7,500 in equal increments over a five-year period, or $1,500 per year per governmental entity.)

Resident individuals are entitled to apply for the loan repayments relative to payments made to attend institutions of higher learning where they obtained an associate, bachelor or post-graduate degree, provided they have established domicile in a ROZ county on or after the date such county commenced participation in the program, and prior to July 1, 2016. Eligibility for the loan repayment program terminates upon relocation outside of the ROZ county from which initial eligibility was obtained.

The **2011 Legislature** passed legislation replacing the Kansas Bioscience Authority with the Kansas Department of Administration in that section of law giving authority to issue revenue bonds and to make expenditures from the proceeds of the bonds for the purpose of land acquisition, site preparation, fencing, central utility plant facility construction and improvements in anticipation of the construction of the National Bio and Agro-Defense Facility (NBAF) at Kansas State University. The bill adds a provision predicating issuance of the bonds on approval by the State Finance Council.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, which applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The bill replaced the Vocational Education Scholarship with the new Career Technical Workforce Grant. The grant is available for students at or accepted into a designated career technical education program at the postsecondary level as designated by the Kansas Board of Regents. The Kansas Board of Regents, within the limits of appropriations, could award grants to those applicants who exhibit financial need. Under the bill, a grant for a full-time student will be up to $1,000 per year, but could not exceed the cost of tuition and fees.

The bill extends the authority until June 30, 2017, for the Kansas Board of Regents to fix, charge, and collect fees for Kansas private and out-of-state postsecondary institutions operating in Kansas.

The bill prohibits State General Fund dollars from being used for remedial courses at state universities effective August 15, 2015, but does not prohibit the courses from being provided with funding from other sources. It also allows the development of individual student plans for success by each state educational institution admitting a student under the 10.0 percent exception to the minimum admissions standards.

The bill requires the Kansas Board of Regents to conduct a study regarding the retention and graduation rates of students who are accepted into state universities through the exception to the minimum admissions standards. The Kansas Board of Regents is required to report the study's findings to the Senate and House Committees on Education by January 13, 2014.

The **2013 Legislature** reduced the agency's operating budget and most scholarship programs for FY 2014 by 2.0 percent from the State General Fund. There was a 1.5 percent reduction to the Municipal University Operating Grant in both FY 2014 and FY 2015, and also reductions of 1.5 percent to the Postsecondary Tiered Technical Education State Aid and the non-tiered Course Credit Hour Grant in FY 2015, all from the State General Fund.

The **2014 Legislature** passed legislation that allows the Board of Regents to provide payments to postsecondary educational institutions that have provided any of the following to an individual enrolled in the institution: receipt of a GED credential while enrolled in an eligible career technical education (CTE) program; receipt of a CTE credential; or enrollment in an eligible CTE program. This program is referred to as the Performance-based Funding Program.

The **2014 Legislature** allowed the Board of regents to use up to $500,000 of funding from the tuition for technical education account for the payment of technical education tuition for adult students who are enrolled in technical education classes while obtaining a GED using the Accelerating Opportunity program.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is $219.4 million, including $200.7 million from the State General Fund in FY 2015. This is an increase of $1.3 million in other funds primarily in federal funding sources in aid to local units of government. It is the same amount as the Legislative approved amount of State General Fund in FY 2015. There are no capital improvement requests in FY 2015.

FY 2015 Governor Recommendation

The **Governor** recommends $222.2 million, including $203.4 million from the State General Fund. This is an increase of $4.1 million, or 1.9 percent, all funds and $2.9 million, or 1.4 percent, State General Fund above the approved amount. The State General Fund increase is for the Career Technical Education tuition. This was an agency requested increase after it submitted its budget due to the increased number of students taking part in the program.

FY 2016 Agency Request

The **agency** requests operating expenditures $260.7 million, including $242.8 million from the State General Fund for FY 2016. This is an overall increase of $41.3 million, or 18.8 percent, and $42.1 million, or 21.0 percent, State General Fund above the FY 2015 revised estimate. The increase is primarily due to requests for enhancements totaling over $44.6 million.

Without the operating enhancements the FY 2016 request is $3.3 million, or 1.5 percent, all funds and $2.4, or 1.2 percent, from the State General Fund, below the FY 2015 revised estimate.

The agency is requesting $55.0 million, all from other funds for capital improvements for FY 2016. The request includes $35.0 million from the Educational Building Fund for rehabilitation and repair and an enhancement of $20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance. This is the same as the request made for FY 2015 during the 2013 Session.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of $215.0 million, including $197.1 million for the State General Fund. This is a decrease of $7.2 million, or 3.2 percent, all funds and $6.3 million, or 3.1 percent, State General Fund below the

FY 2015 recommendation. The recommendation includes one enhancement for the Board of Regents ($555,738).

The Governor recommends a reduction of $42,250, including $21,681 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes $1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the $1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

The **Governor** recommends $29.0 million, all from the Educational Building Fund, for capital improvements.

FY 2017 Agency Request

The **agency** requests operating expenditures $270.0 million, including $252.0 from the State General Fund for FY 2017. This is an all funds increase of $9.2 million, or 3.5 percent, and $9.1 million, or 3.8 percent, State General Fund above the FY 2016 request. The increase is primarily due to additional operating enhancement requests totaling over $53.8 million for FY 2017.

Without the operating enhancements the FY 2017 request is $9.2 million, or 1.5 percent, all funds and $9.1, or 3.8 percent, from the State General Fund, above the FY 2016 request.

The agency is requesting $55.0 million, all from other funds for capital improvements for FY 2017. The request includes $35.0 million from the Educational Building Fund for rehabilitation and repair and an enhancement of $20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance. This is the same as the request made for FY 2016.

FY 2017 Governor Recommendation

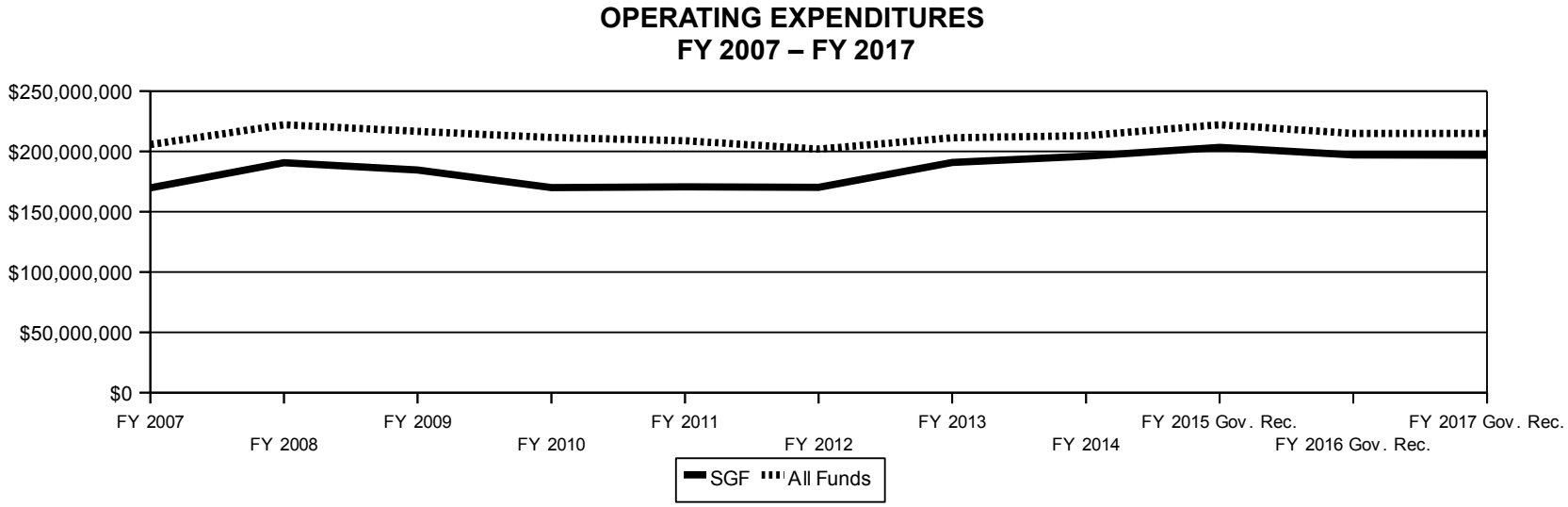
The **Governor** recommends operating expenditures of $215.0 million, including $197.0 million from the State General Fund. This is an increase of $11,962, or less than 0.1 percent, all funds and a decrease of $70,608, or less than 0.1 percent, State General Fund from the FY 2016 recommendation. The recommendation includes one enhancement for the Board of Regents ($555,738).

The Governor recommends a reduction of $43,097, including $26,705 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes $1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the $1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

The **Governor** recommends $32.0 million, all from the Educational Building Fund, for capital improvements.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 169,799,761	13.5 %	$ 205,744,962	8.5 %	58.5
2008	190,529,747	12.2	222,136,389	8.0	63.5
2009	184,610,746	(3.1)	216,656,895	(2.5)	63.5
2010	170,012,170	(7.9)	211,562,505	(2.4)	63.5
2011	170,708,345	0.4	208,850,628	(1.3)	63.5
2012	170,171,047	(0.3)	201,968,904	(3.3)	62.5
2013	190,856,649	12.2	211,340,908	4.6	62.5
2014	195,996,549	2.7	213,048,661	0.8	62.5
2015 Gov. Rec.	203,430,248	3.8	222,161,179	4.3	62.5
2016 Gov. Rec.	197,081,200	(3.1)	214,953,678	(3.2)	62.5
2017 Gov. Rec.	197,010,592	(0.0)	214,965,640	0.0	62.5
Eleven-Year Change	$ 27,210,831	16.0 %	$ 9,220,678	4.5 %	4.0

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 8,497,269	$ 6,499,970	$ 7,431,466	$ 931,496	14.3 %	$ 6,424,890	$ 7,122,558	$ 697,668	10.9 %
Postsecondary Educational Institutions	181,530,605	188,726,958	230,787,854	42,060,896	22.3	191,576,958	185,369,286	(6,207,672)	(3.2)
KAN ED Broadband Network	767,307	804,005	733,228	(70,777)	(8.8)	804,005	732,247	(71,758)	(8.9)
Student Financial Assistance	21,405,443	22,791,041	21,434,712	(1,356,329)	(6.0)	22,791,041	21,434,712	(1,356,329)	(6.0)
Debt Service	848,048	564,285	294,875	(269,410)	(47.7)	564,285	294,875	(269,410)	(47.7)
TOTAL	$ 213,048,672	$ 219,386,259	$ 260,682,135	$ 41,295,876	18.8 %	$ 222,161,179	$ 214,953,678	$ (7,207,501)	(3.2)%
By Major Object of Expenditure:									
Salaries and Wages	$ 6,939,481	$ 5,057,246	$ 5,928,680	$ 871,434	17.2 %	$ 5,049,490	$ 5,718,430	$ 668,940	13.2 %
Contractual Services	2,153,058	2,073,562	2,428,449	354,887	17.1	2,006,238	2,040,810	34,572	1.7
Commodities	174,529	78,915	63,881	(15,034)	(19.1)	78,915	63,881	(15,034)	(19.1)
Capital Outlay	88,162	182,257	120,713	(61,544)	(33.8)	182,257	120,713	(61,544)	(33.8)
Debt Service	848,048	564,285	294,875	(269,410)	(47.7)	564,285	294,875	(269,410)	(47.7)
Subtotal - Operations	$ 10,203,278	$ 7,956,265	$ 8,836,598	$ 880,333	11.1 %	$ 7,881,185	$ 8,238,709	$ 357,524	4.5 %
Aid to Local Units	177,825,189	184,809,603	194,064,839	9,255,236	5.0	187,659,603	182,292,839	(5,366,764)	(2.9)
Other Assistance	25,020,205	26,620,391	57,780,698	31,160,307	117.1	26,620,391	24,422,130	(2,198,261)	(8.3)
TOTAL	$ 213,048,672	$ 219,386,259	$ 260,682,135	$ 41,295,876	18.8 %	$ 222,161,179	$ 214,953,678	$ (7,207,501)	(3.2)%
Financing:									
State General Fund	$ 195,996,549	$ 200,652,441	$ 242,793,588	$ 42,141,147	21.0 %	$ 203,430,248	$ 197,081,200	$ (6,349,048)	(3.1)%
Economic Development Initiatives Fund	4,157,625	4,283,520	4,220,275	(63,245)	(1.5)	4,283,520	4,220,275	(63,245)	(1.5)
All Other Funds	12,894,487	14,450,298	13,668,272	(782,026)	(5.4)	14,447,411	13,652,203	(795,208)	(5.5)
TOTAL	$ 213,048,661	$ 219,386,259	$ 260,682,135	$ 41,295,876	18.8 %	$ 222,161,179	$ 214,953,678	$ (7,207,501)	(3.2)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	$ 7,431,466	$ 7,632,167	$ 200,701	2.7 %	$ 7,122,558	$ 7,318,220	$ 195,662	2.7 %
Postsecondary Educational Institutions	230,787,854	239,967,854	9,180,000	4.0	185,369,286	185,369,286	0	0.0
KAN ED Broadband Network	733,228	737,048	3,820	0.5	732,247	736,047	3,800	0.5
Student Financial Assistance	21,434,712	21,434,712	0	0.0	21,434,712	21,434,712	0	0.0
Debt Service	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
TOTAL	$ 260,682,135	$ 269,879,156	$ 9,197,021	3.5 %	$ 214,953,678	$ 214,965,640	$ 11,962	0.0 %
By Major Object of Expenditure:								
Salaries and Wages	$ 5,928,680	$ 6,128,990	$ 200,310	3.4 %	$ 5,718,430	$ 5,917,893	$ 199,463	3.5 %
Contractual Services	2,428,449	2,432,660	4,211	0.2	2,040,810	2,040,809	(1)	(0.0)
Commodities	63,881	63,881	0	0.0	63,881	63,881	0	0.0
Capital Outlay	120,713	120,713	0	0.0	120,713	120,713	0	0.0
Debt Service	294,875	107,375	(187,500)	(63.6)	294,875	107,375	(187,500)	(63.6)
Subtotal - Operations	$ 8,836,598	$ 8,853,619	$ 17,021	0.2 %	$ 8,238,709	$ 8,250,671	$ 11,962	0.1 %
Aid to Local Units	194,064,839	202,064,839	8,000,000	4.1	182,292,839	182,292,839	0	0.0
Other Assistance	57,780,698	58,960,698	1,180,000	2.0	24,422,130	24,422,130	0	0.0
TOTAL	$ 260,682,135	$ 269,879,156	$ 9,197,021	3.5 %	$ 214,953,678	$ 214,965,640	$ 11,962	0.0 %
Financing:								
State General Fund	$ 242,793,588	$ 251,907,716	$ 9,114,128	3.8 %	$ 197,081,200	$ 197,010,592	$ (70,608)	(0.0)%
Economic Development Initiatives Fund	4,220,275	4,220,275	0	0.0	4,220,275	4,220,275	0	0.0
All Other Funds	13,668,272	13,751,165	82,893	0.6	13,652,203	13,734,773	82,570	0.6
TOTAL	$ 260,682,135	$ 269,879,156	$ 9,197,021	3.5 %	$ 214,953,678	$ 214,965,640	$ 11,962	0.0 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The 2014 Legislature approved a State General Fund budget of $198,944,204 for the Board of Regents in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $1,708,237, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015;
- A reduction of $72,193, as the result of the Governor's December 2014 State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $200,580,248. That amount is reflected in the table below as the currently approved FY 2015 State General Fund 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	$ 200,580,248	$ 200,652,441	$ 72,193	$ 203,430,248	$ 2,850,000
All Other Funds	17,470,685	18,733,818	1,263,133	18,730,931	1,260,246
TOTAL	$ 218,050,933	$ 219,386,259	$ 1,335,326	$ 222,161,179	$ 4,110,246
FTE Positions	62.5	62.5	0.0	62.5	0.0

The **agency's** revised estimate is $219.4 million, including $200.7 million from the State General Fund in FY 2015. This is an increase of $1.3 million, or 0.6 percent, all funds and $72,193, or less than 0.1 percent, State General Fund above the approved amount. The increase in all other funds is primarily in federal funding sources in aid to local units of government.

The increase in State General Fund is due to the agency submitting its budget prior to the Governor's allotment.

The **Governor** recommends $222.2 million, including $203.4 million from the State General Fund. This is an increase of $4.1 million, or 1.9 percent, all funds and $2.9 million, or 1.4 percent, State General Fund above the approved amount. The State General Fund increase is for the Career Technical Education tuition. This was an agency-requested increase after it submitted its budget due to the increased number of students taking part in the program.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce SGF Funding by 4.0 Percent	$ (67,324)	$ (67,324)	0.0
Reduce KPERS Employer Contribution Rate	(4,869)	(4,869)	0.0
TOTAL	$ (72,193)	$ (72,193)	0.0

4.0 Percent Reduction to Cabinet-level and Other SGF Funded Agencies

A reduction of $67,324, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by possibly delaying the filling of two positions currently open and finding other efficiencies in operating expenditures throughout the remainder of the year.

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $4,869 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Members employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $2,887 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $7,756.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 260,682,135	$ 214,953,678	$ (45,728,457)
FTE Positions	62.5	62.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 42,141,147	$ (6,349,048)	
All Other Funds	(845,271)	(858,453)	
TOTAL	$ 41,295,876	$ (7,207,501)	
Percent Change:			
State General Fund	21.0 %	(3.1) %	
All Other Funds	(4.5)	(4.6)	
TOTAL	18.8 %	(3.2) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $260.7 million, including $242.8 million from the State General Fund for FY 2016. This is an overall increase of $41.3 million, or 18.8 percent, and $42.1 million, or 21.0 percent, from the State General Fund above the FY 2015 revised estimate. The increase is primarily due to requests for enhancements.

The **Governor** recommends $215.0 million, including $197.1 million for the State General Fund. This is a decrease of $7.2 million, or 3.2 percent, all funds and $6.3 million, or 3.1 percent, State General Fund below the FY 2015 recommendation. The recommendation includes one enhancement for the Board of Regents ($555,738).

The Governor recommends a reduction of $42,250, including $21,681 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes $1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the $1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

Enhancements Detail

The **agency** requests $64.6 million, including $44.6 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual universities as well as the Board of Regents and the details for each enhancement is described below the table.

FY 2016 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KU - Drug and Vaccine Discovery Institute	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	4,700,000	4,700,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	1,000,000	1,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	1,008,568	1,008,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	8,000,000	8,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	10,000,000	10,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	109,728	109,728	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	2,500,000	2,500,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	**$ 44,584,034**	**$ 64,584,034**	**0.0**	**$ 555,738**	**$ 555,738**	**0.0**

- **KU - Drug and Vaccine Discovery Institute.** The University of Kansas requests $5.0 million, all from the State General Fund, in recurring funding to begin for FY 2016. The University of Kansas seeks support to create a Drug and Vaccine Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by

fostering KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests $3.4 million, all from the State General Fund, in recurring funding to begin for FY 2016. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests $5.0 million, all from the State General Fund, in recurring funding to begin in FY 2016. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton Hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita State University requests $4.7 million, all from the State General Fund for FY 2016.WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion ($1.5 million); base funding to support technology transfer and business development infrastructure ($1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus ($1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests $500,000, all from the State General Fund, in recurring funding to begin in FY 2016. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State University requests $1.0 million, all from the State General Fund, for FY 2016. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests $1.0 million, all from the State General Fund, for FY 2016. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests $920,000, all from the State General Fund, in recurring funding to begin in FY 2016. The university seeks state funding for a joint venture between the university and the Kansas Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests $8.0 million, all from the State General Fund, for FY 2016 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests $10.0 million, all from the State General Fund, for FY 2016 for a new Institute of Applied Technology building.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests $988,000, all from the State General Fund, per year for three years beginning in FY 2016. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations

and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests $632,000, all from the State General Fund, in recurring funding to begin for FY 2016. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests $109,728, all from the State General Fund, for FY 2016 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests $555,738, all from the State General Fund, for FY 2016 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State.

The **Governor** concurs with this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests $20,000, all from the State General Fund, in recurring funding to begin for FY 2016 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests $2.5 million, all from the State General Fund, for FY 2016 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests $250,000, all from the State General Fund, in recurring funding beginning for FY 2016. According to the agency, Adjutant General Lee

Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

Higher Education Institution Performance Agreements

The **2002 Legislature** amended the provisions of the Higher Education Coordination Act (1999 SB 345) relating to institutional improvement plans. The bill authorized the Board of Regents to review and approve institutional improvement plans and to use those plans to implement a performance agreement with each institution. Each performance agreement is to include specific performance measures and, beginning in FY 2006, any new state funds will be based upon compliance with those measures. Allocations of additional state funding in FY 2015 will be based upon performance agreements in effect from January 1, 2012 through December 31, 2012.

The Board of Regents has established six systemwide goals.

- System Goal A: Increase System Efficiency/Effectiveness/Seamlessness.
- System Goal B: Improve Learner Outcomes.
- System Goal C: Improve Workforce Development.
- System Goal D: Increase Targeted Participation/Access.
- System Goal E: Increase External Resources.
- System Goal F: Improve Community/Civic Engagement.

Each institution must address System Goal A and at least two of System Goals B through D. System Goals E and F are to be considered in future years. A summary of all of the performance agreements are available in the Kansas Legislative Research Department.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

- **Increase State Support for State University Deferred Maintenance.** The Board requests $20.0 million from the Expanded Lottery Act Revenue Fund for FY 2016 for deferred maintenance for the universities..

The **Governor** does not recommend this enhancement request.

FY 2016 ADDITIONAL CONSIDERATIONS

Item for Consideration	Agency Amount SGF	Agency Amount All Funds	Agency Amount FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KUMC - Strengthening Community-Based Medical Education in Wichita	$ 2,400,000	$ 2,400,000	0.0	$ 0	$ 0	0.0
WSU - Innovation Equipment and Operations	12,500,000	12,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
TOTAL	**$ 16,184,300**	**$ 16,184,300**	**0.0**	**$ 0**	**$ 0**	**0.0**

Item for Consideration

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The Board would like considered $2.4 million, all from the State General Fund, for FY 2016 to address Kansas' critical shortage of doctors.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** The Board would like considered $12.5 million, all from the State General Fund, for FY 2016. Of the request, $7.5 million would be for equipment and $5.0 million would be recurring funding for operations, This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** The Board would like considered $284,300, all from the State General Fund, for FY 2016 for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** The Board would like considered $1.0 million, all from the State General Fund, for FY 2016 to continue to develop the transportation programs.

The **Governor** does not recommend this additional request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 269,879,156	$ 214,965,640	$ (54,913,516)
FTE Positions	62.5	62.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 9,114,128	$ (70,608)	
All Other Funds	82,893	82,570	
TOTAL	$ 9,197,021	$ 11,962	
Percent Change:			
State General Fund	3.8 %	(0.0) %	
All Other Funds	0.5	0.5	
TOTAL	3.5 %	0.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $270.0 million, including $252.0 from the State General Fund for FY 2017. This is an increase of $9.2 million, or 3.5 percent, all funds and $9.1 million, or 3.8 percent, State General Fund above the FY 2016 request. The increase is primarily due to additional enhancement requests for FY 2017.

The **Governor** recommends $215.0 million, including $197.0 million from the State General Fund. This is an increase of $11,962, or less than 0.1 percent, all funds and a decrease of $70,608, or less than 0.1 percent, State General Fund from the FY 2016 recommendation. The recommendation includes one enhancement for the Board of Regents ($555,738).

The Governor recommends a reduction of $43,097, including $26,705 from the State General Fund, to reduce employer contributions for state employee health insurance. The recommendation also includes a reduction of $157,911, or 4.0 percent, State General Fund operating expenditures.

The Governor's recommendation also deletes $1.5 million, all from the State General Fund, for the Incentive for Technical Education. This would eliminate the $1,000 payment to the school districts for each student who graduates from the district with an industry-recognized credential in a high-need occupation.

Enhancements Detail

The **Agency** requests $73.8 million, including $53.8 million from the State General Fund for additional enhancement funding. The enhancement requests are for the individual universities as well as the Board of Regents and the details for each enhancement is described below the table.

FY 2017 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KU - Drug and Vaccine Discovery Institute	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
KUMC - Merit-Based Salary Enhancements	3,400,000	3,400,000	0.0	0	0	0.0
KSU - Strengthen the College of Architecture, Planning & Design	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Support for Economic, Innovation, Diversification, Technology Transfer	6,200,000	6,200,000	0.0	0	0	0.0
ESU - Newman Division of Nursing	500,000	500,000	0.0	0	0	0.0
PSU - Expand Capacity and Excellence in Health-Related Programs	2,000,000	2,000,000	0.0	0	0	0.0
FHSU - Retention, Graduation and Enrollment Enhancements	2,188,568	2,188,568	0.0	0	0	0.0
Washburn University - KBI Crime Lab Partnership Project	920,000	920,000	0.0	0	0	0.0
Close the Gap in Tiered Technical Education Formula	16,000,000	16,000,000	0.0	0	0	0.0
Fort Hays State and Dodge City Community College Merger	5,000,000	5,000,000	0.0	0	0	0.0
Developmental Education Working Group Budget-Related Recommendations	988,000	988,000	0.0	0	0	0.0
Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments	632,000	632,000	0.0	0	0	0.0
KBOR Office Space - 32.0 Percent Increase in State Lease Rate	113,940	113,940	0.0	0	0	0.0
Sustain Regents Data System and Staffing Capacity	555,738	555,738	0.0	555,738	555,738	0.0
Midwest Higher Education Compact Annual State Commitment Increase	20,000	20,000	0.0	0	0	0.0
Increase State Support for Need-Based Financial Aid in Kansas	5,000,000	5,000,000	0.0	0	0	0.0
Increase State Support for National Guard Educational Assistance Program	250,000	250,000	0.0	0	0	0.0
Increase State Support for State University Deferred Maintenance	0	20,000,000	0.0	0	0	0.0
TOTAL	**$ 53,768,246**	**$ 73,768,246**	**0.0**	**$ 555,738**	**$ 555,738**	**0.0**

- **KU - Drug and Vaccine Discovery Institute.** The University of Kansas requests $5.0 million, all from the State General Fund, in recurring funding for FY 2017. The University of Kansas seeks support to create a Drug and Vaccine Discovery Institute that would build on KU's strengths in pharmaceutical research. According to KU, in addition to improving human health, the drugs and vaccines produced by this institute would benefit the Kansas economy by fostering

KU collaborations with pharmaceutical firms, encouraging companies to move to Kansas, creating new startups, and fostering partnerships between other KU institutions such as the Midwest Stem Cell Therapy Center.

The **Governor** does not recommend this enhancement request.

- **KUMC - Merit-Based Salary Enhancements.** The University of Kansas Medical Center requests $3.4 million, all from the State General Fund, in recurring funding for FY 2017. KUMC seeks support for a 3-percent merit-based salary enhancement for faculty and staff at the KU Medical Center, where state-funded employees have received just one institutionally supported annual raise in the past five fiscal years.

The **Governor** does not recommend this enhancement request.

- **KSU - Strengthen the College of Architecture, Planning, and Design.** Kansas State University requests $5.0 million, all from the State General Fund, in recurring funding for FY 2017. KSU's number one priority is to support the College of Architecture, Planning and Design Renovation and expansion of Seaton Hall and to provide program support.

The **Governor** does not recommend this enhancement request.

- **WSU - Support for Economic, Innovation, Diversification, Technology Transfer.** Wichita State University requests $6.2 million, all from the State General Fund, for FY 2017. WSU seeks base budget funding to rapidly expand the innovation research capacity of the university to support new company formation, product innovation, and economic expansion ($3.0 million); base funding to support technology transfer and business development infrastructure ($1.7 million); and funding for state participation for construction of the College of Business and Innovation Center on the Innovation Campus ($1.5 million).

The **Governor** does not recommend this enhancement request.

- **ESU - Newman Division of Nursing.** Emporia State University requests $500,000, all from the State General Fund, in recurring funding for FY 2017. According to ESU, Newman Division of Nursing is the only state university nursing program in Kansas with no State General Fund support. Since 1993, Newman has provided financial support to ESU's baccalaureate program in the form of Medicare pass-through funding. Starting in FY 2015, Newman Regional Health is ineligible for this funding due to changes in the Centers the Medicare and Medicaid Services criteria for Medicare pass-through.

The **Governor** does not recommend this enhancement request.

- **PSU - Expand Capacity and Excellence in Health-Related Programs.** Pittsburg State

University requests $2.0 million, all from the State General Fund, for FY 2017. According to the university, as the University of Kansas expands the number of doctors it produces, PSU will need to see a similar increase in premed students. PSU would also grow other pre-professional programs and solidify the Doctor of Nursing Practice program and provide the space to expand and serve a growing nursing program.

The **Governor** does not recommend this enhancement request.

- **FHSU - Retention, Graduation, and Enrollment Enhancements.** Fort Hays State University requests $2.2 million, all from the State General Fund, for FY 2017. FHSU requests funding to support their achievement of Foresight 2020 Goal 1 by expanding the Freshman seminar model; expanding the living and learning communities; expand the Freshman Advising Center; and provide a focused approach on at-risk students.

The **Governor** does not recommend this enhancement request.

- **Washburn University - KBI Crime Lab Partnership Project.** Washburn University requests $920,000, all from the State General Fund, in recurring funding beginning for FY 2017. The university seeks state funding for a joint venture between the university and the Kansas Bureau of Investigation to create a state of the art forensic laboratory and forensic program.

The **Governor** does not recommend this enhancement request.

- **Close the Gap in Tiered Technical Education Formula.** The Board requests $16.0 million, all from the State General Fund, for FY 2017 to close the gap in the Tiered Technical Education formula. The gap is the difference between the Board's calculated state amount and the actual amount received by each college.

The **Governor** does not recommend this enhancement request.

- **Fort Hays State and Dodge City Community College Merger.** The Board requests $5.0 million, all from the State General Fund, for FY 2017 for operations of the institution and an upper-division college in Dodge City.

The **Governor** does not recommend this enhancement request.

- **Developmental Education Working Group Budget-Related Recommendation.** The Board requests $988,000, all from the State General Fund, for FY 2017. The Development Education Working Group recommends that the Board seek funding to provide the necessary time, resources, and opportunity for institutions to develop, scale, and implement research-based recommendations and best practices to reform developmental education in Kansas.

The **Governor** does not recommend this enhancement request.

- **Adult Education - Restore Cuts to Maintain Current Services and Add New Funding to Increase Enrollments.** The Board requests $632,000, all from the State General Fund, recurring funding for FY 2017. This budget increase would help increase enrollment for Adult Education programs in Kansas in order to serve more learners and prepare more of them to transition to higher education.

The **Governor** does not recommend this enhancement request.

- **KBOR Office Space - 32.0 Percent Increase in State Lease Rate.** The Board requests $113,940, all from the State General Fund, for FY 2017 due to the increase of office space rental rates by the Office of Facilities Management.

The **Governor** does not recommend this enhancement request.

- **Sustain Regents Data System and Staffing Capacity.** The Board requests $555,738, all from the State General Fund, for FY 2017 to sustain the Board's data and reporting system. The Board is responsible for the planning, development, and maintenance of a data and reporting system for postsecondary institutions in the State.

The **Governor** recommends this enhancement request.

- **Midwest Higher Education Compact (MHEC) Annual State Commitment Increase.** The Board requests $20,000, all from the State General Fund, in recurring funding beginning for FY 2017 for increased annual commitment rate by the Compact. MHEC is a statutorily created entity in each of twelve member states driven by its mission to advance collaboration and resource sharing in higher education.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for Need-Based Financial Aid in Kansas.** The Board requests $5.0 million, all from the State General Fund, for FY 2017 to increase the expenditures through the Kansas Comprehensive Grant program. This is a need-based student financial aid program available to Kansas resident students attending the state's four-year public and independent colleges.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for National Guard Educational Assistance Program.** The Board requests $250,000, all from the State General Fund, for FY 2017. According to the agency, Adjutant General Lee Tafanelli has requested additional funding be added to the National Guard Education Assistance Program due to the increased number of applicants.

The **Governor** does not recommend this enhancement request.

- **Increase State Support for State University Deferred Maintenance.** The Board requests $20.0 million from the Expanded Lottery Act Revenue Fund for FY 2017 for deferred maintenance for the universities.

  The **Governor** does not recommend this enhancement request.

The following are additional items that the Board of Regents did not include in its submitted budget but would like considered.

FY 2017 ADDITIONAL CONSIDERATIONS

Item for Consideration	Agency Amount SGF	Agency Amount All Funds	Agency Amount FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
KU - Innovation Way Development - Operations Support	$ 7,000,000	$ 7,000,000	0.0	$ 0	$ 0	0.0
KUMC - Strengthening Community-Based Medical Education in Wichita	$ 4,900,000	$ 4,900,000	0.0	$ 0	$ 0	0.0
KSU - Geoscience Support in the College of Arts and Sciences	5,000,000	5,000,000	0.0	0	0	0.0
KSU - Planning for Food Systems Research and Educational Facility	5,000,000	5,000,000	0.0	0	0	0.0
WSU - Innovation Equipment and Operations	7,500,000	7,500,000	0.0	0	0	0.0
ESU - Establish Master of Science, Forensics	284,300	284,300	0.0	0	0	0.0
ESU - STEM Programming for Kansas Economy	715,700	715,700	0.0	0	0	0.0
PSU - Create the PSU School of Transportation	1,000,000	1,000,000	0.0	0	0	0.0
PSU - Initiative to Better Serve Small Business	1,300,000	1,300,000	0.0	0	0	0.0
PSU - Create a Workforce Language Institute	1,000,000	1,000,000	0.0	0	0	0.0
Technical Education Fund - Excel in CTE Initiative	--	--	0.0	0	0	0.0
TOTAL	**$ 33,700,000**	**$ 33,700,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

Items for Consideration

- **KU - Innovation Way Development - Operations Support.** The University of Kansas would like considered $7.0 million, all from the State General Fund, for FY 2017, for operating expenditures for the new Innovative Way development, including replacing outdated science teaching and research facilities and linking basic sciences in the College of Liberal Arts and Sciences, engineering, pharmacy and many life and earth sciences work that is currently underway.

The **Governor** does not recommend this additional request.

- **KUMC - Strengthening Community-Based Medical Education in Wichita.** The University of Kansas Medical Center would like considered $4.9 million, all from the State General Fund, for FY 2017 to address Kansas' crucial shortage of doctors.

The **Governor** does not recommend this additional request.

- **KSU - Geoscience Support in the College of Arts and Sciences.** Kansas State University would like considered $5.0 million, all from the State General Fund, for FY 2017 to construct a new facility, install state-of-the-art training and research equipment, and provide resources for faculty, staff and students to accommodate added recruitment, teaching, advising, research and retention activities.

The **Governor** does not recommend this additional request.

- **KSU - Planning for New Foods Systems research and Education Facility.** Kansas State University would like considered $5.0 million, all from the State General Fund, for FY 2017 to provide state funding for the College of Agriculture and K-State Research and Extension to plan and build a new Food Systems Research and Education Facility.

The **Governor** does not recommend this additional request.

- **WSU - Innovation Equipment.** Wichita State University would like considered $7.5 million, all from the State General Fund, for FY 2017. Of the request, $2.5 million would be for equipment and $5.0 million would be reoccurring funding for operations. This would include funding for new economy innovation, based strongly in electronics, advanced manufacturing, and biomedical technologies.

The **Governor** does not recommend this additional request.

- **ESU - Establish Master of Science, Forensics.** Emporia State University would like considered $284,300, all from the State General Fund, for FY 2017, for a new Master of Science in Forensic Science program.

The **Governor** does not recommend this additional request.

- **ESU - STEM (Science, Technology, Engineering, and Mathematics) Programming for Kansas Economy.** Emporia State University would like considered $715,000, all from the State General Fund, for FY 2017 for updated facilities, better equipped laboratories, and additional faculty to meet the university's needs.

The **Governor** does not recommend this additional request.

- **PSU - Create the PSU School of Transportation.** Pittsburg State University would like considered $1.0 million, all from the State General Fund, for FY 2017 to provide continued development of the Automotive Department and

increase opportunities with the School of Transportation.

The **Governor** does not recommend this additional request.

- **PSU - Initiative to Better Serve Small Business.** Pittsburg State University would like considered $1.3 million, all from the State General Fund, for FY 2017 to develop a Bachelors of Business Administration in Small Business Leadership.

The **Governor** does not recommend this additional request.

- **PSU - Create a Workforce Language Institute.** Pittsburg State University would like considered $1.0 million, all from the State General Fund, for FY 2017 to provide contextual language instruction for learners who are currently in or preparing to enter into a workforce where the understanding of English can be a barrier to job performance.

The **Governor** does not recommend this additional request.

- **Community and Technical Colleges - Continued Support to Fully Fund the CTE Initiative.** The Board would like considered additional expenditures, all from the State General Fund, for FY 2017 for tuition for the Career Technical Education Initiative. Approximately $22 million is currently appropriated for the program and as enrollments are reported for the current year, supplemental funding may need to be requested.

The **Governor** does not recommend this additional request.

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 $15,643, including $9,650 from the State General Fund, and affects 50 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 $2,240, including $1,387 from the State General Fund, and FY 2017 longevity payments total $2,320, including $1,434 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $42,250, including $26,181 from the State General Fund for FY 2016. This is a reduction of $43,097, including $26,705 from the State General Fund, for FY 2017.**

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

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

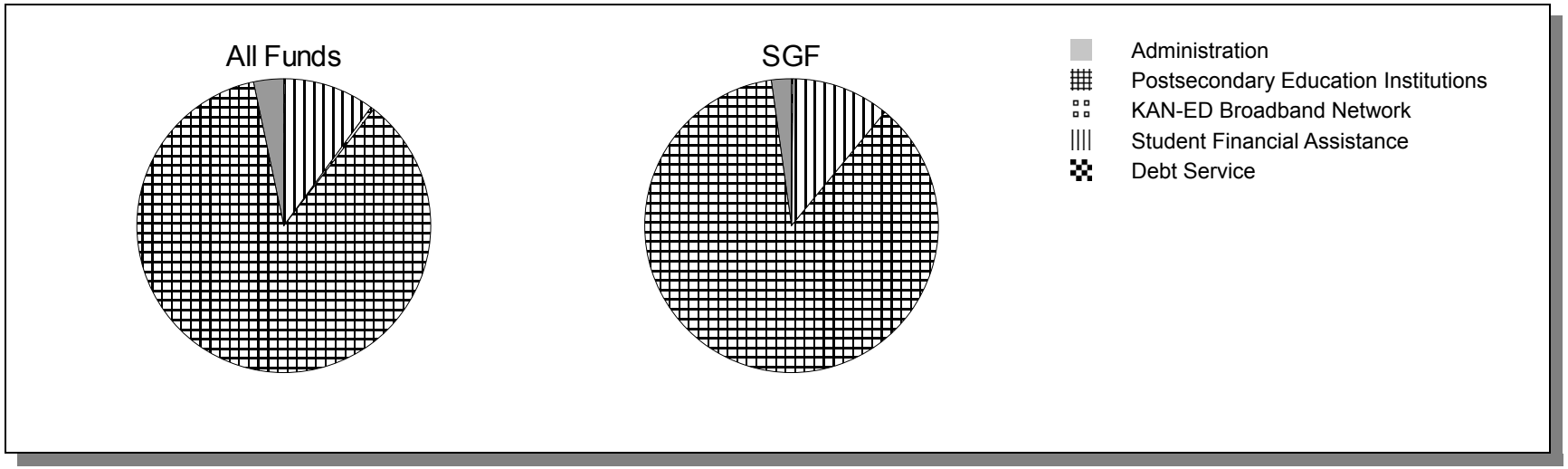
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	93.1 %	91.7 %	93.3 %	91.6 %
Economic Development Initiatives Fund	1.6	2.0	1.6	2.0
All Other Funds	5.3	6.3	5.1	6.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 7,122,558	3.3 %	$ 4,339,384	2.2 %
Postsecondary Education Institutions	185,369,286	86.2	171,109,229	86.8
KAN-Ed Broadband Network	732,247	0.3	0	0.0
Student Financial Assistance	21,434,712	10.0	21,337,712	10.8
Debt Service	294,875	0.1	294,875	0.1
TOTAL	$ 214,953,678	100.0 %	$ 197,081,200	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	61.3	61.3	61.3	61.3	61.3	61.3	61.3
Postsecondary Education Institutions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
KAN ED Broadband Network	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Student Financial Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	62.5	62.5	62.5	62.5	62.5	62.5	62.5

A. Administration

The Administration program provides staff support to the Board of Regents in the areas of academic affairs, fiscal affairs, legal affairs, facilities, and student financial aid for the state's six universities, Washburn University, 19 community colleges, and six technical colleges.

The **agency** requests FY 2016 operating expenditures of $7.4 million, including $4.6 million from the State General Fund. The request is an increase of $931,496, or 14.3 percent, all funds and $655,816, or 16.5 percent, State General Fund, above the FY 2015 revised estimate amount. The increase is due to increased expenditures in salaries and wages and contractual services for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $7.1 million, including $4.3 million from the State General Fund. The recommendation is a decrease of $308,908, or 4.2 percent, all funds and $293,820, or 6.3 percent, State General Fund below the agency's request. Reductions include employer contributions to state employee health insurance and reduced operating expenditures.

The **agency** requests FY 2017 operating expenditures of $7.6 million, including $4.8 million from the State General Fund. The request is an increase of $200,701, or 2.7 percent, all funds and $121,628, or 2.6 percent, State General Fund, above the FY 2016 requested amount. The increase is due to increased expenditures for salaries and wages including benefits.

The **Governor** recommends FY 2017 operating expenditures of $7.3 million, including $4.5 million from the State General Fund. The recommendation is a decrease of $313,947, or 4.1 percent, all funds and $298,556, or 6.3 percent, State General Fund below the agency's request. Reductions include employer contributions to state employee health insurance and reduced operating expenditures.

B. Postsecondary Education Institutions

The Postsecondary Education program was created in FY 2001 following the passage of the Higher Education Coordination Act (1999 SB 345). The program administers aid and assistance for community colleges, vocational technical schools, the municipal university, and adult basic education; provides oversight of proprietary schools; and operates other programs in support of post high school education opportunities.

The **agency** requests FY 2016 operating expenditures of $230.8 million, including $216.5 million from the State General Fund. The request is an increase of $42.1 million, or 22.3 percent, all funds and $43.1 million, or 24.8 percent, State General Fund, above the FY 2015 requested amount. The increase is due to enhancement requests for the Board of Regents and Regents Universities for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $185.4 million, including $171.1 million from the State General Fund. The recommendation is a decrease of $45.4 million, or 21.0 percent, State General Fund below the agency's request. The reduction is due to the Governor not recommending most of the agency's enhancement requests for FY 2016.

The **agency** requests FY 2017 operating expenditures of $240.0 million, including $225.7 million from the State General Fund. The request is an increase of $9.2, or 4.0 percent, all funds and $9.2, or 4.2 percent, State General Fund, above the FY 2016 requested amount. The increase is primarily due to increased enhancement expenditures to close the gap in the Tiered Technical Education Formula for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $185.4 million, including $171.1 million from the State General Fund. The recommendation is a decrease of $54.6 million, or 24.2 percent, State General Fund below the agency's request. The reduction is due to the Governor not recommending most of the agency's enhancement requests for FY 2017.

C. KAN-ED Broadband Network

The KAN-ED Broadband Network program was established when the 2001 Legislature passed the KAN-ED Act to provide a broadband technology based network to which schools, libraries, and hospitals could connect for broadband internet access and intranet access for distance learning. The Board of Regents was charged with the governance of the network.

The **agency** requests FY 2016 operating expenditures of $733,228, all from special revenue funds. This is a decrease of $70,777, or 8.8 percent, below the approved amount in FY 2015 due to fewer support services necessary. The Board of Regents continues to provide some support services to libraries and the Department of Education for the network services.

The **Governor** recommends FY 2016 operating expenditures of $732,247, all from special revenue funds. This is a decrease of $981, or 0.1 percent, below the agency request. The decrease is due to the reduction in the employer contributions for health insurance for FY 2016.

The **agency** requests FY 2017 operating expenditures of $737,048, all from special revenue funds. The request is a

increase of $3,820, or 0.5 percent, from special revenue funds. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $736,047, all from special revenue funds. The recommendation is a decrease of $1,001, or 0.1 percent, below the agency's request. The decrease is due to the reduction in the employer contributions for health insurance for FY 2017.

D. Student Financial Assistance

The Student Financial Assistance program administers student financial aid programs in accordance with state and federal law and reviews each program to determine the program's effectiveness.

The **agency** requests FY 2016 operating expenditures of $21.4 million, including $21.3 million from the State General Fund. The request is a decrease of $1.4 million, or 6.0 percent, all from the State General Fund. The decrease is attributable to less funds available for scholarships.

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

The **agency** requests FY 2017 operating expenditures of $21.4 million, including $21.3 million from the State General Fund. The request is the same amount requested for FY 2016.

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

The following information outlines the student financial assistance programs administered by the Board of Regents as well as the FY 2014 funding level.

Need Based Aid

- **Kansas Comprehensive Grant Program (KSA 74-32,120).** Created by the 1998 Legislature, the Comprehensive Grant program provides grants to financially needy students. The program provides need-based grants to full-time (12 hours) undergraduate students with no previous baccalaureate degree, who have submitted the federal student financial aid application by the priority deadline and who are Kansas residents enrolled in accredited Kansas colleges and universities. The program is intended to provide up to half of the average tuition and fees of state educational institutions. However, it is subject to available appropriations. The maximum annual award is $1,500 for a student enrolled at a state educational institution or municipal university and $3,500 for a student enrolled at an independent institution.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 15,758,338	$ 15,758,338	9,300	$ 15,758,338	$ 15,758,338	9,300
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 15,758,338	$ 15,758,338	9,300	$ 15,758,338	$ 15,758,338	9,300

- **Kansas State Scholarship Program (KSA 72-6810).** The State Scholarship program was enacted in 1963 and is the oldest state-supported financial aid program. State scholars are selected on the basis of merit (high school seniors who complete the Kansas Scholars Curriculum based on an index number utilizing ACT composite score and seventh semester GPA). Recipients must be financially needy undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time and have submitted the federal student financial aid application and state application. Recipients must maintain a 3.0 college GPA measured at he end of each spring semester.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 1,040,919	$ 1,040,919	1,065	$ 1,040,919	$ 1,040,919	1,065
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 1,040,919	$ 1,040,919	1,065	$ 1,040,919	$ 1,040,919	1,065

- **Kansas Ethnic Minority Scholarship (KSA 74-3284).** The Kansas Ethnic Minority Scholarship program was enacted in 1989 to increase the enrollment in Kansas colleges and universities of academically able ethnic and minority Kansas residents. The program assists financially-needy Native American, Asian, Pacific Islander, Black, and Hispanic scholars who desire to become full-time students at an accredited Kansas institution. Students may attend Regents institutions, Washburn University, public community colleges, and accredited private colleges and universities for undergraduate studies. The program provides a maximum grant of $1,850 to graduating high school seniors completing the Kansas Scholars Curriculum and who are competitive in test scores, GPA, and class rank.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 296,498	$ 296,498	157	$ 296,498	$ 296,498	157
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 296,498	$ 296,498	157	$ 296,498	$ 296,498	157

- **Kansas Career Work-Study Program (KSA 74-3274).** The purpose of the Kansas Work Study program is to provide work-related experiences to Kansas residents enrolled at regents institutions and Washburn University. The program provides that at least one-half of a student's wages are paid by the employer and up to one-half are paid by the educational institution. Students work 15 to 20 hours per week and must

be enrolled at least half-time. Funding is allocated among the institutions by the Board of Regents based on historical award patterns and recommendations by the participating schools. Approximately 13.0 percent of the funds are earmarked for students providing tutoring to elementary and secondary students at the school site and do not require matching funds.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 496,813	$ 496,813	360	$ 496,813	$ 496,813	360
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 496,813	$ 496,813	360	$ 496,813	$ 496,813	360

- **Deceased Public Safety Officer/Military Personnel/Prisoner of War Tuition Wavier (KSA 75-4364).** 2005 HB 2072 greatly expanded the number of tuition waivers available to certain students. Under current law, the following Kansas residents are eligible for enrollment without charge for tuition or fees for ten semesters at a Kansas educational institution: spouses or dependents of public safety officers killed in the line of duty: spouses or dependents of military personnel who died as a result of military service after September 11, 2001; and military personnel declared to be a prisoner of war after July 1, 1960. The statute also requires the Board of Regents to reimburse the educational institutions for the amount of the tuition and fees of the individuals.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 84,657	$ 84,657	21	$ 84,657	$ 84,657	21
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 84,657	$ 84,657	21	$ 84,657	$ 84,657	21

- **Kansas Nurse Educator Scholarship Program (2006 HB 2968).** The purpose of the Kansas Nurse Educator program is to increase the number of qualified nursing faculty in the state of Kansas. The program was established by proviso during the 2006 Legislative Session to encourage registered nurses to pursue graduate education in order to enable them to become full-time nursing faculty. Scholarship recipients must be Kansas residents who are registered nurses and enrolled in an accredited program leading to a master of science degree in nursing or a doctorate degree in nursing at a state educational institution or another institution of higher education located in Kansas. The scholarship award shall not exceed 70.0 percent of the cost of attendance for an individual enrolled at a state educational institution. These grants shall be matched on the basis of $2 from the nurse educator scholarship program account for $1 from the state educational institution located in Kansas.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 188,126	$ 188,126	60	$ 188,126	$ 188,126	60
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 188,126	$ 188,126	60	$ 188,126	$ 188,126	60

Service Based Aid

- **Kansas Teacher Service Scholarship Program (KSA 74-32,100).** The Kansas Teacher Scholarship program was established in 1990 and provides financial assistance to students who plan to teach in a discipline or an underserved geographic area that there is a critical shortage of teachers, as determined by the State Board of Education. Up to 80.0 percent of the scholarships are typically awarded to students majoring in special education. Recipients of the award must teach in the hard-to-fill discipline or underserved geographic area for one year for each year they receive a scholarship, or repay the scholarship with interest. Students must be Kansas residents and priority goes to upper class students, followed by high school students who demonstrate high achievement on the ACT, with high GPA and class rank. The maximum award for the program is $5,100 annually, with an average award of $4,000 annually.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 1,292,424	$ 1,292,424	325	$ 1,292,424	$ 1,292,424	325
Agency Request FY 2017			**Governor's Recommendation FY 201**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 1,292,424	$ 1,292,424	325	$ 1,292,424	$ 1,292,424	325

- **Nursing Service Scholarship Program (KSA 74-3291).** The Nursing Scholarship program was established in 1989 for the purpose of providing financial assistance to nursing students in order to reduce the impact of nurse shortages, especially in rural areas of Kansas. Students seeking a nursing scholarship must also have a sponsor (a medical facility, a state agency that employs nurses, or a psychiatric hospital) that also provides financial assistance to the student. Urban families must pay one-half of the $2,500 (LPN) or $3,500 (RN) annual scholarship. Rural and small approved facilities pay $1,000. Students must be enrolled full-time in a Kansas nursing program and agree to provide one year of nursing service to the sponsor for each year of scholarship support. Recipients who do not serve must repay both the state and the sponsor with interest.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 417,255	$ 542,255	183	$ 417,255	$ 542,255	183
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 417,255	$ 542,255	183	$ 417,255	$ 542,255	183

- **Vocational Education Scholarship (KSA 72-4460).** The Vocational Education Scholarship was created in 1986 to recognize, with financial assistance, students who receive high scores on a standardized vocational skills test and who enroll in one-or two-year vocational programs. The program provides for a maximum individual grant of $1,000. Students must be undergraduate Kansas residents with no previous baccalaureate degree, enrolled full-time and have taken the Differential Aptitude Test. Funding is allowed for a second year if the recipient is enrolled in a program longer than one academic year. During the 2012 Session, this scholarship program was revised to include students pursuing certificate programs and part-time enrollment with a focus on those who are pursuing studies that lead to jobs in high demand areas of the state's economy. Recipients must be Kansas residents attending Kansas postsecondary educational institutions that award associates and certificate degrees. The Differential Aptitude Test will no longer be given to determine eligibility.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 114,075	$ 114,075	114	$ 114,075	$ 114,075	114
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 114,075	$ 114,075	114	$ 114,075	$ 114,075	114

- **Osteopathic Medical Service Scholarship Program (KSA 74-3265).** The Osteopathic Scholarship program was enacted in 1982 to provide financial assistance to Kansas residents who are enrolled in an accredited program leading to the degree of doctor of osteopathy. For each year the student receives a scholarship, the student must fulfill a service obligation by practicing in an underserved area, or else pay back the scholarship, plus interest. The maximum award is $15,000 per year, and a maximum of 15 awards to first-time recipients may be made in any one year.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 0	$ 220,000	14	$ 0	$ 220,000	14
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 0	$ 220,000	14	$ 0	$ 220,000	14

- **Optometry Service Scholarship Program (KSA 76-721a).** The Kansas Legislature authorized contracts between the Kansas Board of Regents and selected schools of optometry for approximately 40 students to attend out-of-state school at resident tuition rates. Depending on the school attended, the recipient may have to practice optometry in Kansas one year for each year of financial assistance or repay the assistance at the interest rate under the federal PLUS program at the time the student entered into the agreement plus five percentage points. Students are ranked academically by the optometry schools and are funded in that order.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 107,089	$ 162,430	20	$ 107,089	$ 162,430	20
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 107,089	$ 162,430	20	$ 107,089	$ 162,430	20

- **ROTC Service Program (KSA 74-3255).** The ROTC Scholarship program was established in 1979 to provide for the payment of tuition for eligible ROTC students each year at state and municipal universities that have an ROTC program. There is a statutory maximum of 160 recipients. In exchange, scholarship recipients agree to serve four years in the Kansas National Guard to repay the benefits plus interest. The average award for the program is $7,256.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 175,335	$ 175,335	23	$ 175,335	$ 175,335	23
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 175,335	$ 175,335	23	$ 175,335	$ 175,335	23

- **Kansas National Guard Educational Assistance Program (KSA 74-32,145).** The Kansas National Guard Educational Assistance program was created in 1996 for the purpose of assisting students who are eligible National Guard members with tuition and fees for postsecondary education. The program provides 100.0 percent of the cost of tuition and fees for eligible guard members enrolled in an area vocational technical school, college, community college, municipal university, state educational institution and accredited independent postsecondary institutions within Kansas. The students receiving assistance must agree to complete their current service obligation in the Kansas National Guard, plus three months service, for each semester of assistance they have received. Failure to do so results in the student repaying the state an amount equal to the total amount of assistance received. The annual award is projected to be $3,300.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 870,869	$ 870,869	261	$ 870,869	$ 870,869	261
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 870,869	$ 870,869	261	$ 870,869	$ 870,869	261

- **Military Service Scholarship (2007 SB 357).** The Kansas Military Service Scholarship was established by proviso during the 2007 Session to assist individuals who had served after September 11, 2001, in one or more of the following military operations: Enduring Freedom; Noble Eagle; or Iraqi Freedom. The scholarship provides payment of tuition and fees at eligible institutions that include: technical schools, community colleges, the municipal university and state universities.

Agency Request FY 2016			Governor's Recommendation FY 2016		
SGF	All Funds	Students	SGF	All Funds	Students
$ 470,314	$ 470,314	156	$ 470,314	$ 470,314	156
Agency Request FY 2017			**Governor's Recommendation FY 2017**		
SGF	All Funds	Students	SGF	All Funds	Students
$ 470,314	$ 470,314	156	$ 470,314	$ 470,314	156

E. Debt Service

The Board of Regents operating budget includes debt service interest payments for two different bonding projects: Research bonds and Postsecondary Educational Institutions (PEI) Infrastructure Bonds.

The 2002 Legislature passed the University Research and Development Act (2002 HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities. The debt

service on the bonds began in FY 2006 and is to be funded through a transfer from the State General Fund to a fund designated for that specific purpose. The transfer is limited to not more than $10.0 million per year and not more than $50.0 million over the course of the repayment. The balance of the repayment is the responsibility of the Board of Regents and the state universities.

The **2007 Legislature** passed legislation establishing the State Educational Institution Long-Term Infrastructure Maintenance program. The program has three components; direct funding, bond funding, and tax credits, to fund deferred maintenance at Regents governed institutions and Regents coordinated institutions. Funding of $100.0 million in bonds was made available to Washburn University, and community colleges and the technical colleges, over a five-year period. The bond principal payments are made by the institutions, while the bond interest payments are made from the State General Fund.

The **agency** requests a FY 2016 debt service interest budget of $294,875 all from the State General Fund. This request is an decrease of $269,410, or 47.7 percent, and $225,000, or 43.3 percent State General Fund below the FY 2015 revised estimate. The decrease is due to paying down the debt.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests a FY 2017 debt service interest budget of $107,375 all from the State General Fund. The request is a decrease of $187,500, or 63.6 percent, below the FY 2016 requested amount. The decrease is due to paying down the debt for FY 2017.

The **Governor** concurs with the agency's request for FY 2017.

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
Rehabilitation and Repair	$ 0	$ 0	$ 35,000,000	$ 29,000,000	$ 35,000,000	$ 32,000,000
Deferred Maintenance	0	0	20,000,000	0	20,000,000	0
TOTAL	$ 0	$ 0	$ 55,000,000	$ 29,000,000	$ 55,000,000	$ 32,000,000
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	0	0	55,000,000	29,000,000	55,000,000	32,000,000
TOTAL	$ 0	$ 0	$ 55,000,000	$ 29,000,000	$ 55,000,000	$ 32,000,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency has no revised estimate for FY 2015. The original request for 35.0 million, all from the Educational Building Fund, was transferred to each university and therefore, the agency has no capital improvement expenditures for FY 2015.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $55.0 million for capital improvements for FY 2016. The agency requested $35.0 million from the Educational Building Fund for rehabilitation and repair to the universities and $20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance for the universities.

Budget Year Governor Recommendation

The **Governor** recommends $29.0 million, all from the Educational Building Fund.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $55.0 million for capital improvements for FY 2016. The agency requested $35.0 million from the Educational Building Fund for rehabilitation and repair to the universities and $20.0 million from the Expanded Lottery Act Revenue Fund for deferred maintenance for the universities.

Budget Year Governor Recommendation

The **Governor** recommends $32.0 million, all from the Educational Building Fund.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of goals met in the Development of the postsecondary database over a three-year period	100.0%	100.0%	100.0%	100.0%	100.0%
Number of awards made	13,000	13,574	13,000	13,000	13,000
Second year retention rate wit the goal of 85.2% by FY 2020	77.5%	74.7%	76.0%	77.5%	79.0%
Certificate and degrees awarded	0	24,130	42,251	44,401	46,551

Emporia State University

	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	$ 30,300,629	$ 31,693,517	$ 31,623,452	$ 31,592,958	$ 31,289,444	$ 32,309,591	$ 32,000,018
Other Funds	49,760,858	55,585,373	55,542,454	54,333,482	54,069,833	55,195,704	54,926,793
TOTAL	$ 80,061,487	$ 87,278,890	$ 87,165,906	$ 85,926,440	$ 85,359,277	$ 87,505,295	$ 86,926,811
Capital Improvements:							
State General Fund	$ 13,938	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	6,683,368	6,952,511	6,952,511	2,283,000	2,283,000	2,338,000	2,338,000
TOTAL	$ 6,697,306	$ 6,952,511	$ 6,952,511	$ 2,283,000	$ 2,283,000	$ 2,338,000	$ 2,338,000
GRAND TOTAL	**$ 86,758,793**	**$ 94,231,401**	**$ 94,118,417**	**$ 88,209,440**	**$ 87,642,277**	**$ 89,843,295**	**$ 89,264,811**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.7) %	4.6 %	4.4 %	(0.3) %	(1.1) %	2.3 %	2.3 %
All Funds	(1.1)	9.0	8.9	(1.5)	(2.1)	1.8	1.8
FTE Positions	794.2	796.7	796.7	796.7	796.7	796.7	796.7
Non-FTE Perm.Uncl.Pos.	55.0	55.0	55.0	55.0	55.0	55.0	55.0
TOTAL	849.2	851.7	851.7	851.7	851.7	851.7	851.7

AGENCY OVERVIEW

Emporia State University was originally established in 1863 as the Kansas State Normal School to provide teachers for the State of Kansas. In 1970, the University became a Regents institution under the direction of the Board of Regents. The institution received its present name in 1977. Emporia State University instructional programs include both baccalaureate and advanced degree work, as well as specialized continuing education for professional practitioners. The University offers arts and sciences disciplines, teacher education programs, business programs, and library and information management. In the Fall of 1993, the University enrolled its first class of nine students pursuing the Ph.D. degree in library and information management. The William Allen White Library is a major source of academic support for the University. The University fosters research and other forms of creative and scholarly activity, and also makes the expertise of its faculty available for public service to provide information, advice, and other services to the public. **A total of 6,114 students attended Emporia State University during the Fall 2014 semester. This is an increase of 81 students or 1.3 percent, above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical eduction programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes concerning state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** imposed a 1.5 percent reduction to the University's State General Fund operating expenditures for both FY 2014 and FY 2015. In addition, the Legislature reduced the amount the University could expend on salaries and wages from all funds by approximately 1.4 percent.

The **2014 Legislature** allowed the University to sell or exchange property with the Emporia State Foundation for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is $94.2 million, including $31.7 from the State General Fund. This is an all funds increase of $9.2 million, or 10.9 percent, above the approved amount. The change in the State General Fund amount is due to the Governor's allotment. The increase in all other funds is due mainly due to additional expenditures in capital improvements ($5.7 million), commodities ($1.1 million), capital outlay ($948,647), and salaries and wages ($836,337). The increase in capital improvements includes approximately $2.1 million from the Educational Building Fund transferred from the Board of Regents budget and additional carry-forward of the Educational Building Fund. There is also additional expenditures from the Housing Fund ($1.1 million) for on going work to Singular and Tresler Halls

FY 2015 Governor Recommendation

The **Governor** recommends $94.1 million, including $31.6 million form the State General Fund. This is an increase of $9.1 million, or 10.7 percent, all from special revenue funds above the approved amount. There is no change in the State General Fund from the approved amount, which includes the Governor's allotment. The Governor concurs with the agency's capital improvement budget.

FY 2016 Agency Request

The **agency** requests an operating budget of $86.0 million, including $31.6 million from the State General Fund. This is a decrease of $1.4 million, or 1.5 percent, all funds and $100,559, or 0.3 percent, State General Fund, below the FY 2015 revised estimate. The reduced State General Fund expenditure is due to the one time $250 employee bonus in FY 2015 that will not be expended for FY 2016. The reductions in other funds include commodities ($596,501), capital outlay ($399,118) and contractual services ($391,408).

The agency requests $2.3 million, all from special revenue funds for capital improvement projects for FY 2016. This is a decrease of $4.7 million, or 67.2 percent, due to the Educational Building Fund expenditures being in the Board of Regents budget until approval and transfer to the university. The agency is requesting an enhancement of $500,000, all from special revenue funds, to raze the maintenance facility for FY 2016. Relocation of the physical plant and facilities maintenance services is part of the campus master plan.

FY 2016 Governor Recommendation

The **Governor** recommends an operating budget of $85.4 million, including $31.3 million from the State General Fund. This is a decrease of $1.8 million, or 2.1 percent, all funds and $334,008, or 1.1 percent, State General Fund below the FY 2015 recommendation. The Governor recommends a reduction of $567,163, including $303,514 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request. The Governor also recommends the agency's enhancement of $500,000, all from special revenue funds, to raze the maintenance facility. The Governor concurs with the agency's capital improvement budget.

FY 2017 Agency Request

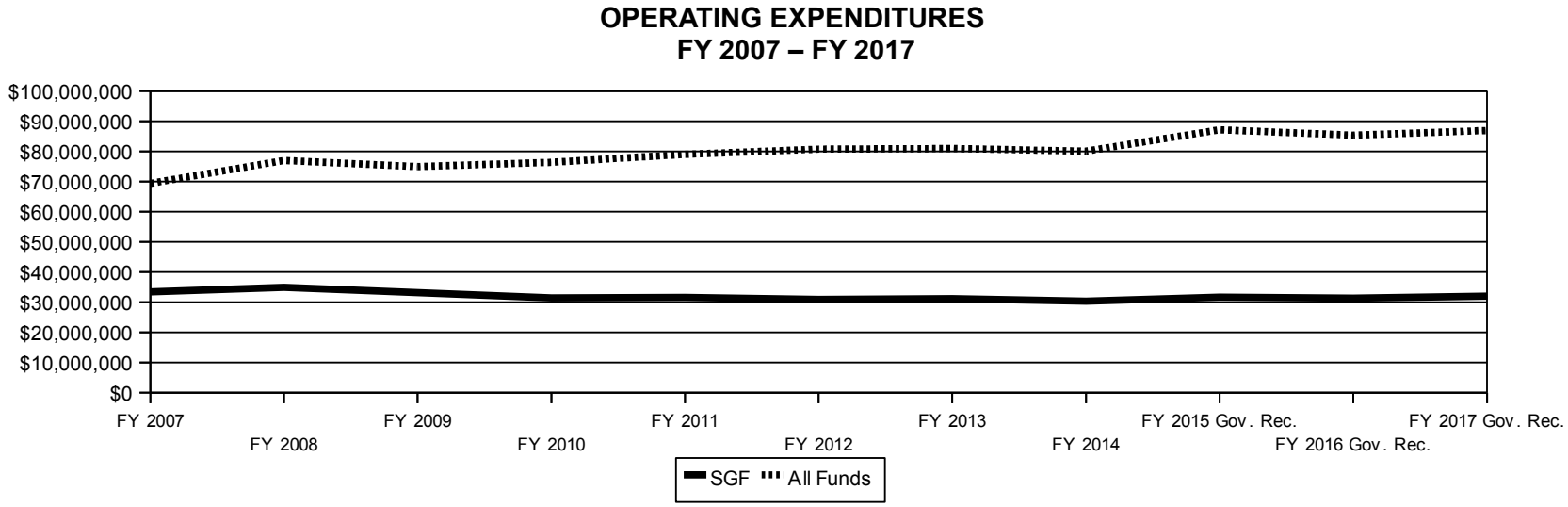
The **agency** requests an operating budget of $87.5 million, including $32.3 million from the State General Fund. This is an increase of $1.6 million, or 1.8 percent, all funds and $716,633, or 2.3 percent, from the State General Fund above the FY 2016 request. The increase is mainly in salaries and wages for increased fringe benefit expenditures.

The agency requests $2.3 million, all from special revenue funds for capital improvement projects for FY 2017. This is an increase of $55,000, or 2.4 percent, above the FY 2016 request due to an increase in debt service principal payments.

FY 2017 Governor Recommendation

The **Governor** recommends an operating budget of $86.9 million, including $32.0 million from the State General Fund. This is an increase of $1.6 million, or 1.8 percent, all funds and $710,574, or 2.3 percent, State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $578,484, including $309,573 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change to the agency's request. The Governor concurs with the agency's capital improvement budget.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 33,368,553	2.3 %	$ 69,381,719	4.2 %	806.9
2008	34,895,240	4.6	76,970,555	10.9	822.0
2009	33,138,765	(5.0)	74,949,594	(2.6)	832.6
2010	31,352,716	(5.4)	76,372,672	1.9	835.6
2011	31,535,322	0.6	79,000,229	3.4	839.1
2012	30,911,399	(2.0)	80,723,751	2.2	843.5
2013	31,129,493	0.7	80,954,961	0.3	849.5
2014	30,300,629	(2.7)	80,061,487	(1.1)	794.2
2015 Gov. Rec.	31,623,452	4.4	87,165,906	8.9	796.7
2016 Gov. Rec.	31,289,444	(1.1)	85,359,277	(2.1)	796.7
2017 Gov. Rec.	32,000,018	2.3	86,926,811	1.8	796.7
Eleven-Year Change	$ (1,368,535)	(4.1)%	$ 17,545,092	25.3 %	(10.2)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 7,415,451	$ 7,850,510	$ 7,831,143	$ (19,367)	(0.2) %	$ 7,836,438	$ 7,771,106	$ (65,332)	(0.8)%
Instructional Services	28,418,835	33,492,391	32,336,735	(1,155,656)	(3.5)	33,482,511	32,110,885	(1,371,626)	(4.1)
Academic Support	10,953,762	11,675,181	11,313,549	(361,632)	(3.1)	11,658,009	11,239,214	(418,795)	(3.6)
Student Services	8,088,228	9,127,313	9,155,573	28,260	0.3	9,117,747	9,087,365	(30,382)	(0.3)
Research	394,687	285,278	285,533	255	0.1	285,278	285,533	255	0.1
Public Service	1,709,786	1,987,899	2,104,369	116,470	5.9	1,986,696	2,087,791	101,095	5.1
Student Aid Auxiliary	9,476,594	8,457,141	8,457,141	0	0.0	8,457,141	8,457,141	0	0.0
Auxiliary	4,165,109	4,910,284	4,926,640	16,356	0.3	4,894,597	4,886,199	(8,398)	(0.2)
Physical Plant/Central Services	8,590,365	8,676,733	8,739,697	62,964	0.7	8,631,329	8,657,983	26,654	0.3
Debt Service	848,670	816,160	776,060	(40,100)	(4.9)	816,160	776,060	(40,100)	(4.9)
TOTAL	$ 80,061,487	$ 87,278,890	$ 85,926,440	$ (1,352,450)	(1.5) %	$ 87,165,906	$ 85,359,277	$ (1,806,629)	(2.1)%
By Major Object of Expenditure:									
Salaries and Wages	$ 55,009,424	$ 59,267,666	$ 59,342,343	$ 74,677	0.1 %	$ 59,154,682	$ 58,775,180	$ (379,502)	(0.6)%
Contractual Services	10,466,237	12,531,629	12,140,221	(391,408)	(3.1)	12,531,629	12,140,221	(391,408)	(3.1)
Commodities	2,295,974	3,218,841	2,622,340	(596,501)	(18.5)	3,218,841	2,622,340	(596,501)	(18.5)
Capital Outlay	1,565,677	2,683,647	2,284,529	(399,118)	(14.9)	2,683,647	2,284,529	(399,118)	(14.9)
Debt Service	848,670	816,160	776,060	(40,100)	(4.9)	816,160	776,060	(40,100)	(4.9)
Subtotal - Operations	$ 70,185,982	$ 78,517,943	$ 77,165,493	$ (1,352,450)	(1.7) %	$ 78,404,959	$ 76,598,330	$ (1,806,629)	(2.3)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	9,875,505	8,760,947	8,760,947	0	0.0	8,760,947	8,760,947	0	0.0
TOTAL	$ 80,061,487	$ 87,278,890	$ 85,926,440	$ (1,352,450)	(1.5) %	$ 87,165,906	$ 85,359,277	$ (1,806,629)	(2.1)%
Financing:									
State General Fund	$ 30,300,629	$ 31,693,517	$ 31,592,958	$ (100,559)	(0.3) %	$ 31,623,452	$ 31,289,444	$ (334,008)	(1.1)%
General Fees Fund	23,810,602	27,378,584	26,514,428	(864,156)	(3.2)	27,363,208	26,367,950	(995,258)	(3.6)
All Other Funds	25,950,256	28,206,789	27,819,054	(387,735)	(1.4)	28,179,246	27,701,883	(477,363)	(1.7)
TOTAL	$ 80,061,487	$ 87,278,890	$ 85,926,440	$ (1,352,450)	(1.5) %	$ 87,165,906	$ 85,359,277	$ (1,806,629)	(2.1)%

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:								
Institutional Support	$ 7,831,143	$ 8,087,710	$ 256,567	3.3 %	$ 7,771,106	$ 8,026,474	$ 255,368	3.3 %
Instructional Services	32,336,735	32,258,104	(78,631)	(0.2)	32,110,885	32,027,747	(83,138)	(0.3)
Academic Support	11,313,549	12,108,925	795,376	7.0	11,239,214	12,033,107	793,893	7.1
Student Services	9,155,573	9,421,090	265,517	2.9	9,087,365	9,351,520	264,155	2.9
Research	285,533	285,575	42	0.0	285,533	285,575	42	0.0
Public Service	2,104,369	2,102,273	(2,096)	(0.1)	2,087,791	2,085,363	(2,428)	(0.1)
Student Aid Auxiliary	8,457,141	8,457,141	0	0.0	8,457,141	8,457,141	0	0.0
Auxiliary	4,926,640	5,066,895	140,255	2.8	4,886,199	5,025,646	139,447	2.9
Physical Plant/Central Services	8,739,697	8,986,072	246,375	2.8	8,657,983	8,902,728	244,745	2.8
Debt Service	776,060	731,510	(44,550)	(5.7)	776,060	731,510	(44,550)	(5.7)
TOTAL	$ 85,926,440	$ 87,505,295	$ 1,578,855	1.8 %	$ 85,359,277	$ 86,926,811	$ 1,567,534	1.8 %
By Major Object of Expenditure:								
Salaries and Wages	$ 59,342,343	$ 60,881,647	$ 1,539,304	2.6 %	$ 58,775,180	$ 60,303,163	$ 1,527,983	2.6 %
Contractual Services	12,140,221	11,931,570	(208,651)	(1.7)	12,140,221	11,931,570	(208,651)	(1.7)
Commodities	2,622,340	2,415,092	(207,248)	(7.9)	2,622,340	2,415,092	(207,248)	(7.9)
Capital Outlay	2,284,529	2,784,529	500,000	21.9	2,284,529	2,784,529	500,000	21.9
Debt Service	776,060	731,510	(44,550)	(5.7)	776,060	731,510	(44,550)	(5.7)
Subtotal - Operations	$ 77,165,493	$ 78,744,348	$ 1,578,855	2.0 %	$ 76,598,330	$ 78,165,864	$ 1,567,534	2.0 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	8,760,947	8,760,947	0	0.0	8,760,947	8,760,947	0	0.0
TOTAL	$ 85,926,440	$ 87,505,295	$ 1,578,855	1.8 %	$ 85,359,277	$ 86,926,811	$ 1,567,534	1.8 %
Financing:								
State General Fund	$ 31,592,958	$ 32,309,591	$ 716,633	2.3 %	$ 31,289,444	$ 32,000,018	$ 710,574	2.3 %
General Fees Fund	26,514,428	26,514,428	0	0.0	26,367,950	26,365,027	(2,923)	(0.0)
All Other Funds	27,819,054	28,681,276	862,222	3.1	27,701,883	28,561,766	859,883	3.1
TOTAL	$ 85,926,440	$ 87,505,295	$ 1,578,855	1.8 %	$ 85,359,277	$ 86,926,811	$ 1,567,534	1.8 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $31,693,517 for Emporia State University in FY 2015. One adjustment subsequently has been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $70,065, as the result of the Governor's December 9th State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $31,623,452. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 31,623,452	$ 31,693,517	$ 70,065	$ 31,623,452	$ 0
All Other Funds	53,376,192	62,537,884	9,161,692	62,494,965	9,118,773
TOTAL	$ 84,999,644	$ 94,231,401	$ 9,231,757	$ 94,118,417	$ 9,118,773
FTE Positions	794.2	796.7	2.5	796.7	2.5

The **agency's** revised estimate is $94.2 million, including $31.7 from the State General Fund. This is an all funds increase of $9.2 million, or 10.9 percent, above the approved amount. The change in the State General Fund amount is due to the Governor's allotment. The increase in all other funds is mainly due to additional expenditures in capital improvements ($5.7

million), commodities ($1.1 million), capital outlay ($948,647), and salaries and wages ($836,337). The increase in capital improvements includes approximately $2.1 million from the Educational Building Fund transferred from the Board of Regents budget.

The **Governor** recommends $94.1 million, including $31.6 million form the State General Fund. This is an increase of $9.1 million, or 10.7 percent, all from special revenue funds above the approved amount. There is no change in the State General Fund from the approved amount, which includes the Governor's allotment.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment	$	$	
Reduce KPERS Employer Contribution Rate	(70,065)	(70,065)	0.0
TOTAL	$ (70,065)	$ (70,065)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $70,065 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Members employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $42,919 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $112,984.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 85,926,440	$ 85,359,277	$ (567,163)
FTE Positions	796.7	796.7	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (100,559)	$ (334,008)	
All Other Funds	(1,251,891)	(1,472,621)	
TOTAL	$ (1,352,450)	$ (1,806,629)	
Percent Change:			
State General Fund	(0.3) %	(1.1) %	
All Other Funds	(2.3)	(2.7)	
TOTAL	(1.5) %	(2.1) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of $86.0 million, including $31.6 million from the State General Fund. This is a decrease of $1.4 million, or 1.5 percent, all funds and $100,559, or 0.3 percent, State General Fund, below the FY 2015 revised estimate. The reduced State General Fund is due to the one time $250 bonus expenditure in FY 2015 that will not be expended for FY 2016. The reductions of other funds include commodities ($596,501), capital outlay ($399,118) and contractual services ($391,408).

The **Governor** recommends $85.4 million, including $31.3 million from the State General Fund. This is a decrease of $1.8 million, or 2.1 percent, all funds and $334,008, or 1.1 percent, State General Fund below the FY 2015 recommendation. The Governor recommends a reduction of $567,163, including

$303,514 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change to the agency's request. The Governor also recommends the agency's $500,000 enhancement request, all from special revenue funds, to raze the maintenance facility.

Enhancements Detail

FY 2016 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Raze Maintenance Facility	0	500,000	0.0	0	500,000	0.0
TOTAL	**$ 0**	**$ 500,000**	**0.0**	**$ 0**	**$ 500,000**	**0.0**

The **agency** is requesting an enhancement of $500,000, all from special revenue funds, to raze the maintenance facility for FY 2016. Relocation of the physical plant and facilities maintenance services is part of the campus master plan.

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

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 87,505,295	$ 86,926,811	$ (578,484)
FTE Positions	796.7	796.7	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 716,633	$ 710,574	
All Other Funds	862,222	856,960	
TOTAL	$ 1,578,855	$ 1,567,534	
Percent Change:			
State General Fund	2.3 %	2.3 %	
All Other Funds	1.6	1.6	
TOTAL	1.8 %	1.8 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests an operating budget of $87.5 million, including $32.3 million from the State General Fund. This is an increase of $1.6 million, or 1.8 percent, all funds and $716,633, or 2.3 percent, from the State General Fund above the FY 2016 request. The increase is mainly in salaries and wages for increased fringe benefit expenditures.

The **Governor** recommends $86.9 million, including $32.0 million from the State General Fund. This is an increase of $1.6 million, or 1.8 percent, all funds and $710,574, or 2.3 percent, State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $578,484, including $309,573 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

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 $201,764, including $100,559 from the State General Fund, and affects 678 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, there are no longevity bonus payments.**

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 $567,163, including $303,514 from the State General Fund for FY 2016. This is a reduction of $578,484, including $309,573 from the State General Fund, for FY 2017.**

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

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

The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution rates of the State/School Group. The Kansas Public Employee Retirement System estimates this plan could reduce employer contributions by $68.43 million in FY 2016 and $132.85 in FY 2017. The Kansas Development Finance Authority estimates that the bond service would be $90.3 million in FY 2016 through FY 2017, assuming the Kansas credit ratings is 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	36.8 %	36.6 %	36.9 %	36.8 %
General Fees Fund	30.9	30.9	30.3	30.3
All Other Funds	32.3	32.5	32.8	32.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the General Fees Fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

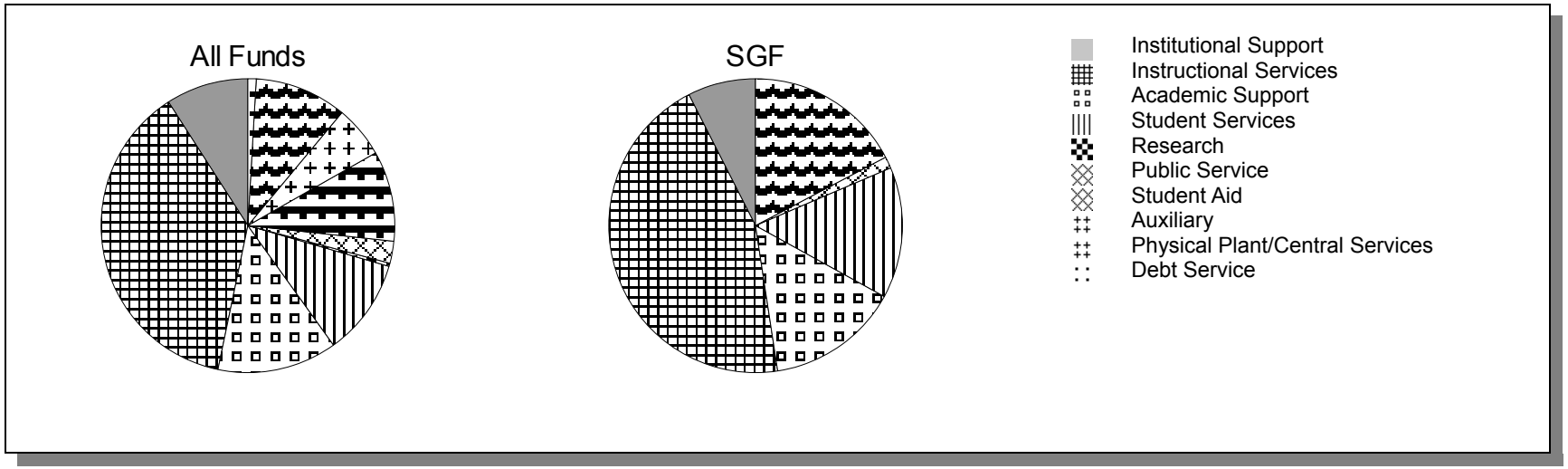
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 3,234,154	$ 4,416,532	$ 4,416,532	$ 3,473,989	$ 3,489,365	$ 3,473,989	$ 3,635,843
Revenue	25,099,573	26,514,428	26,514,428	26,514,428	26,514,428	26,514,428	26,514,428
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 28,333,727	$ 30,930,960	$ 30,930,960	$ 29,988,417	$ 30,003,793	$ 29,988,417	$ 30,150,271
Less: Expenditures	23,843,243	27,456,971	27,441,595	26,514,428	26,367,950	26,514,428	26,365,027
Transfers Out	73,952	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 4,416,532	$ 3,473,989	$ 3,489,365	$ 3,473,989	$ 3,635,843	$ 3,473,989	$ 3,785,244
Ending Balance as Percent of Expenditures	18.5%	12.7%	12.7%	13.1%	13.8%	13.1%	14.4%
	January	January	January	January	January	January	January
Month Highest Ending Balance	$ 10,617,300	$ 10,900,000	$ 10,900,000	$ 11,200,000	$ 11,200,000	$ 11,500,000	$ 11,500,000
	July	July	July	July	July	July	July
Month Lowest Ending Balance	$ 1,776,654	$ 2,000,000	$ 2,000,000	$ 2,200,000	$ 2,200,000	$ 2,400,000	$ 2,400,000

Enrollment Trends

The following table summarizes recent enrollment trends at Emporia State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**6,314**	**6,262**	**5,976**	**5,867**	**6,033**	**6,114**	
Change	(90)	(52)	(286)	(109)	166	81	(200)
%Change	(1.4)%	(0.8)%	(4.6)%	(1.8)%	2.8 %	1.3%	(3.2)%
FTE Students	**5,226**	**5,189**	**4,908**	**4,744**	**4,917**	**4,963**	
Change	(59)	(37)	(281)	(164)	173	46	(263)
%Change	(1.1)%	(0.7)%	(5.4)%	(3.3)%	3.6 %	0.9 %	(5.0)%
Student Credit Hours	**71,665**	**70,444**	**69,425**	**63,471**	**65,570**	**66,296**	
Change	(74)	(1,221)	(1,019)	(5,954)	2,099	726	(5,369)
%Change	(0.1)%	(1.7)%	(1.4)%	(8.6)%	3.3 %	1.1 %	(7)%

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
Institutional Support	$ 7,771,106	9.1 %	$ 2,349,358	7.5 %
Instructional Services	32,110,885	37.6	14,045,184	44.9
Academic Support	11,239,214	13.2	4,562,896	14.6
Student Services	9,087,365	10.6	4,520,195	14.4
Research	285,533	0.3	0	0.0
Public Service	2,087,791	2.4	396,444	1.3
Student Aid	8,457,141	9.9	0	0.0
Auxiliary	4,886,199	5.7	0	0.0
Physical Plant/Central Services	8,657,983	10.1	5,415,367	17.3
Debt Service	776,060	0.9	0	0.0
TOTAL	$ 85,359,277	100.0 %	$ 31,289,444	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
Institutional Support	73.5	79.0	79.0	79.0	79.0	79.0	79.0
Instructional Services	333.8	334.9	334.9	334.9	334.9	334.9	334.9
Academic Support	96.4	94.4	94.4	94.4	94.4	94.4	94.4
Student Services	92.3	92.2	92.2	92.2	92.2	92.2	92.2
Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Service	22.3	21.3	21.3	21.3	21.3	21.3	21.3
Student Aid	4.5	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	61.0	66.5	66.5	66.5	66.5	66.5	66.5
Physical Plant/Central Services	110.4	108.4	108.4	108.4	108.4	108.4	108.4
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	794.2	796.7	796.7	796.7	796.7	796.7	796.7

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $7.8 million, including $2.4 million from the State General Fund. The request is an overall decrease of $19,367, or 0.2 percent, from all funds and $33,981, or 1.4 percent, from the State General Fund below the FY 2015 revised request. The overall decrease is mainly in contractual services ($49,190) with an offsetting increase in salaries and wages ($29,926).

The **Governor** recommends FY 2016 operating expenditures of $7.8 million, including $2.3 million from the State General Fund. The recommendation is a decrease of $60,037, or 0.8 percent, all funds and $24,831, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $8.1 million, including $2.5 million from the State General Fund. The request is an overall increase of $256,567, or 3.3 percent, from all funds and $108,454, or 4.6 percent, from the State General Fund above the FY 2016 request. The increase is in salaries and wages primarily for increased expenditures for fringe benefits.

The **Governor** recommends FY 2017 operating expenditures of $8.0 million, including $2.5 million from the State General Fund. The recommendation is a decrease of $61,236, or 0.8 percent, all funds and $25,327, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $32.3 million, including $14.2 million from the State General Fund. The request is a decrease of $1.2 million, or 3.5 percent, from all funds and $173,405, or 1.2 percent, from the State General Fund below the FY 2015 revised request. The decrease is primarily due to decreases in contractual services ($454,326) and commodities ($596,501) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $32.1 million, including $14.0 million from the State General Fund. The recommendation is a decrease of $225,850, or 0.7 percent, all funds and $108,927, or 0.8 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $32.3 million, including $14.1 million from the State General Fund. The request is an overall decrease of $78,631, or 0.2 percent, from all funds and $9,253, or 0.1 percent, from the State General Fund below the FY 2016 request. The request includes an increase in salaries and wages ($293,495) with offsetting decreases in contractual services ($164,878) and commodities ($207,248).

The **Governor** recommends FY 2017 operating expenditures of $32.0 million, including $14.0 million from the State General Fund. The recommendation is a decrease of $230.357, or 0.7 percent, all funds and $111,101, or 0.8 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $11.3 million, including $4.6 million from the State General Fund. The request is an overall decrease of $361,632, or 3.1

percent, below the revised estimate in FY 2015. The request is an increase of $27,129, or 0.6 percent, from the State General Fund above the approved FY 2015 amount. The change reflects a reduction in capital outlay ($399,118) for FY 2015.

The **Governor** recommends FY 2016 operating expenditures of $11.2 million, including $4.6 million from the State General Fund. The recommendation is a decrease of $74,335, or 0.7 percent, all funds and $44,356, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $12.1 million, including $4.8 million from the State General Fund. The request is an overall increase of $795,376, or 7.0 percent, from all funds and $194,522, or 4.2 percent, from the State General Fund above the FY 2016 request. The request includes an increase in salaries and wages ($295,376) and capital outlay ($500,000) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $12.0 million, including $4.8 million from the State General Fund. The recommendation is a decrease of $75,818, or 0.6 percent, all funds and $45,241, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $9.2 million, including $4.6 million from the State General Fund. The request is an all funds increase of $28,260, or 0.3 percent, and a State General Fund increase of $19,764, or 0.4 percent, above the FY 2015 approved amount. The increase is attributable to an increase in salaries and wages ($28,260).

The **Governor** recommends FY 2016 operating expenditures of $9.1 million, including $4.5 million from the State General Fund. The recommendation is a decrease of $68,208, or 0.7 percent, all funds and $46,395, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $9.4 million, including $4.7 million from the State General Fund. The request is an overall increase of $265,517, or 2.9 percent, from all funds and $177,813, or 3.9 percent, from the State General Fund above the FY 2016 request. The request includes an increase in salaries and wages ($265,517) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $9.4 million, including $4.7 million from the State General Fund. The recommendation is a decrease of $69,570, or 0.7 percent, all funds and $47,322, or 1.0 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel, whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $285,533, all from special revenue funds. This is an increase of $255, or 0.1 percent, above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $285,575, all from special revenue funds. This is an increase of $42, or less than 0.1 percent, for salaries and wages for FY 2017.

The **Governor** concurs with the agency's request for FY 2017.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $2.1 million, including $398,826 from the State General Fund. This is an all funds increase of $116,470, or 5.9 percent, and a State General Fund decrease of $87, or less than 0.1 percent, from the FY 2015 revised estimate. The crease is mainly in contractual services ($112,108).

The **Governor** recommends FY 2016 operating expenditures of $2.1 million, including $396,444 from the State General Fund. The recommendation is a decrease of $16,578, or 0.8 percent, all funds and $2,382, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $2.1 million, including $404,874 from the State General Fund. This is an all funds decrease of $2,096, or 0.1 percent, and an increase in the State General Fund of $6,048, or 1.5 percent, from the FY 2016 request. There is an increase of salaries and wages ($40,820) with an offsetting decrease in contractual services ($42,916).

The **Governor** recommends FY 2017 operating expenditures of $2.1 million, including $402,444 from the State General Fund. The recommendation is a decrease of $16,910, or 0.8 percent, all funds and $2,430, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $8.5 million, all from special revenue funds. This is the same amount as the FY 2015 revised estimate.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $8.5 million, all from special revenue funds. This is the same amount as the FY 2016 request.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2016 operating expenditures of $4.9 million, all from special revenue funds. This is an increase of $16,356, or 0.3 percent, above the FY 2015 revised estimate. The increase is in salaries and wages ($16,356).

The **Governor** recommends FY 2016 operating expenditures of $4.9 million, all from special revenue funds. The recommendation is a decrease of $40,441, or 0.8 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $5.1 million, all from special revenue funds. This is an all funds increase of $140,255, or 2.8 percent. The increase is in salaries and wages ($141,112).

The **Governor** recommends FY 2017 operating expenditures of $5.0 million, all from special revenue funds. The recommendation is a decrease of $41,249, or 0.8 percent, below the agency's request The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $8.7 million, including $5.5 million from the State General Fund. This is an all funds increase of $62,964, or 0.7 percent, and a

State General Fund increase of $60,021, or 1.1 percent from the FY 2015 revised amount. The increase is attributable to increases in salaries and wages ($62,964) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $8.7 million, including $5.4 million from the State General Fund. The recommendation is a decrease of $81,714, or 0.9 percent, all funds and $76,623, or 1.4 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $9.0 million, including $5.7 million from the State General Fund. This is an all funds increase of $246,375, or 2.8 percent, and an increase in the State General Fund of $239,049, or 4.4 percent, from the FY 2016 request. There is an increase of salaries and wages ($246,375).

The **Governor** recommends FY 2017 operating expenditures of $8.9 million, including $5.7 million from the State General Fund. The recommendation is a decrease of $83,344, or 0.9 percent, all funds and $78,152, or 1.4 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 4,478,485	$ 4,478,485	$ 0	$ 0	$ 0	$ 0
Other Capital Improvements	1,214,026	1,214,026	1,008,000	1,008,000	1,008,000	1,008,000
Parking	50,000	50,000	50,000	50,000	50,000	50,000
Debt Service - Principal	1,210,000	1,210,000	1,225,000	1,225,000	1,280,000	1,280,000
TOTAL	$ 6,952,511	$ 6,952,511	$ 2,283,000	$ 2,283,000	$ 2,338,000	$ 2,338,000
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	6,952,511	6,952,511	2,283,000	2,283,000	2,338,000	2,338,000
TOTAL	$ 6,952,511	$ 6,952,511	$ 2,283,000	$ 2,283,000	$ 2,338,000	$ 2,338,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates $7.0 million, all from special revenue funds, for capital improvements in FY 2015. This is an increase of $5.7 million, all from special revenue funds, above the approved amount. The estimate includes $4.5 million in expenditures from the Educational Building Fund. There is also an additional $1.1 million in expenditures from the Housing Fund for on going work on Singular and Tresler Halls.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $2.3 million, all from special revenue funds for capital improvement projects for FY 2016. This is a decrease of $4.7 million, or 67.2 percent, due to the Educational Building Fund expenditures being in the Board of Regents budget until approval and transfer to the university. The agency is requesting an enhancement of $500,000, all from special revenue funds, to raze the maintenance facility for FY 2016. Relocation of the physical plant and facilities maintenance services is part of the campus master plan.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $2.3 million, all from special revenue funds for capital improvement projects for FY 2017. This is an increase of $55,000, or 2.4 percent, above the FY 2016 request due to an increase in debt service principal payments.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
New grant funding (in millions)	$2.0	$1.3	$1.3	$1.3	$1.3
Student to faculty ratio	17:1	15:1	16:1	17:1	17:1
Student credit hours generated through on-line courses	32,000	31,803	33,500	35,000	35,000

Fort Hays State University

	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	$ 32,656,997	$ 34,036,691	$ 33,988,112	$ 33,921,728	$ 33,670,607	$ 34,497,892	$ 34,241,748
Other Funds	79,638,262	80,026,450	79,976,950	81,906,051	81,636,459	83,944,002	83,669,021
TOTAL	$ 112,295,259	$ 114,063,141	$ 113,965,062	$ 115,827,779	$ 115,307,066	$ 118,441,894	$ 117,910,769
Capital Improvements:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	17,480,608	25,523,119	24,360,119	33,360,224	19,360,224	10,612,862	2,895,862
TOTAL	$ 17,480,608	$ 25,523,119	$ 24,360,119	$ 33,360,224	$ 19,360,224	$ 10,612,862	$ 2,895,862
GRAND TOTAL	**$ 129,775,867**	**$ 139,586,260**	**$ 138,325,181**	**$ 149,188,003**	**$ 134,667,290**	**$ 129,054,756**	**$ 120,806,631**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.3) %	4.2 %	4.1 %	(0.3) %	(0.9) %	1.7 %	1.7 %
All Funds	6.2	1.6	1.5	1.5	1.2	2.3	2.3
FTE Positions	827.0	841.0	841.0	841.0	841.0	841.0	841.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	827.0	841.0	841.0	841.0	841.0	841.0	841.0

Fort Hays State University is located on land that was once the Fort Hays Military Reservation. In March of 1900, the U.S. Congress passed legislation granting to the State of Kansas the abandoned Fort Hays Military Reservation for the purpose of establishing an experiment station of the Kansas State Agricultural College, a western branch of the State Normal School, and a public park. The land grant was accepted by the 1901 Kansas Legislature. Over the years, the school has been termed the Fort Hays Kansas Normal School (1914); Kansas State Teachers College of Hays (1922); Fort Hays Kansas State College (1931); and Fort Hays State University (1977). The activities of the University are those that are generally found in liberal and applied arts universities. Liberal arts degrees are offered in most basic disciplines on the bachelor's and master's level. Applied arts degrees are offered in agriculture, business, elementary education, home economics, industrial arts, physical education, and nursing. Teacher training is offered in all disciplines where applicable, and professional curricula are also available. **A total of 13,825 students attended Fort Hays State University during the Fall 2014 semester, an increase of 384 students, or 2.9 percent, above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** passed legislation for the establishment and operation of the Kansas Academy of Mathematics and Science (KAMS), subject to appropriation of funds for that purpose. The academy provides an accelerated residential program for Kansas high school juniors or seniors who are academically talented in science or math. The two-year curriculum includes course work designed to meet both high school graduation requirements and requirements for associate of arts or associate of science degrees. The academy is conducted at a Kansas postsecondary educational institution

(state university, municipal university, community college, technical college, or technical school) designated by the Board of Regents.

The **2008 Legislature** passed legislation amending the law concerning the Kansas Academy of Mathematics and Science (KAMS). The legislation requires KAMS pupils to pay tuition in addition to fees. For pupils enrolled in a Kansas school district, the tuition and fees are paid by the school district in which the pupil is enrolled but does not exceed the total of an amount equal to the current base state aid per pupil. The procedure for selecting pupils for admission to KAMS provides for admission of 20 pupils selected on a congressional district basis, with no more than five pupils from each of the four congressional districts and 20 other pupils on a state-wide basis. (KAMS will have a total of 80 students in its two classes.) The Board of Regents has the authority to expand the number of pupils specified by law and could authorize admission of nonresident and international academically talented pupils, as well as additional Kansas residents. However, at least three-fourths of the total number of pupils enrolled in KAMS must be Kansas residents. In addition, a school district sending a pupil to KAMS will not receive school finance weightings or the amount of local option budget attributable to the pupil.

Additional language was passed appropriating State General Fund funding to the Board of Regents for the Kansas Academy for Math and Science (KAMS) for fiscal years 2009 through 2014, as follows:

- FY 2009 - $295,000;
- FY 2010 - $713,000;
- FY 2011 - $754,000;
- FY 2012 - $792,000;
- FY 2013 - $835,000; and
- FY 2014 - $938,000.

KAMS is an accelerated residential program for Kansas high school juniors and seniors who are academically talented in science and mathematics. The purpose of KAMS is to provide an opportunity for academically talented pupils to work in a community of peers and to earn simultaneously college credits and a high school diploma at a state educational institution designated by the Board of Regents. The Board designated Fort Hays State University as the site for KAMS in December of 2007. The appropriation of funding for the program is based on estimates provided by Fort Hays State University and the Board of Regents.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones, effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish a domicile in Rural Opportunity Zones counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family's postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There was also a reduction to the University's salaries and wages all funds expenditures by approximately 0.9 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** added $316,853, all from the State General Fund for the KAMS Summer Academy in FY 2015. They also added language to the appropriations bill to allow for $25.0 million in bonding authority for the Wiest Hall replacement project for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is $139.6 million, including $34.0 million from the State General Fund. This is an increase of $17.5 million, or 14.3 percent, all funds and $48,579, or 0.1 percent, from the State General Fund above the approved amount. The other funds increase is mainly attributable to additional capital improvement expenditures including the transfer from the Board of Regents of the Education Building Fund ($3.6 million), additional expenditures for the Wiest Hall replacement ($11.7 million), and an enhancement request of $1.2 million for the Art and Education Building. The State General Fund increase is due to the agency submitting their budget prior to the Governor's December allotment.

FY 2015 Governor Recommendation

The **Governor** recommends $138.3 million, including $34.0 million from the State General Fund. This is an increase of $16.2 million, or 13.3 percent, all from special revenue funds

above the FY 2015 approved amount. There is no change to the State General Fund from the approved amount.

The **Governor** recommends $24.4 million, all from special revenue funds for capital improvements. This is a decrease of $1.2 million for the Art and Education Building project, which is being revised and resubmitted in the future.

FY 2016 Agency Request

The **agency** requests operating expenditures of $115.8 million, including $33.9 million from the State General Fund. This is an overall increase of $1.8 million, or 1.5 percent, all funds and a decrease of $114,963, or 0.3 percent, from the State General Fund. The increase is primarily due to an increase in salaries and wages ($1.4 million) for increased benefit expenditures.

The agency requests $33.4 million, all from special revenue funds, for capital improvements for FY 2016. This is an increase of $7.8 million, or 30.7 percent, above the FY 2015 revised request. The increase is due to an enhancement request of $14.0 million for the Art and Education Building project.

FY 2016 Governor Recommendation

The **Governor** recommends $115.3 million, including $33.7 million for the State General Fund. This is an increase of $1.3 million, or 1.2 percent, all funds and a decrease of $317,505, or 0.9 percent, from the State General Fund from the FY 2015 recommendation. The Governor recommends a reduction of $520,713, including $251,121 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change from the agency's FY 2016 operating request.

The **Governor** recommends $19.4 million, all from special revenue funds for capital improvements. This is a decrease of $14.0 million for the Art and Education Building project, which will be revised and resubmitted in the future.

FY 2017 Agency Request

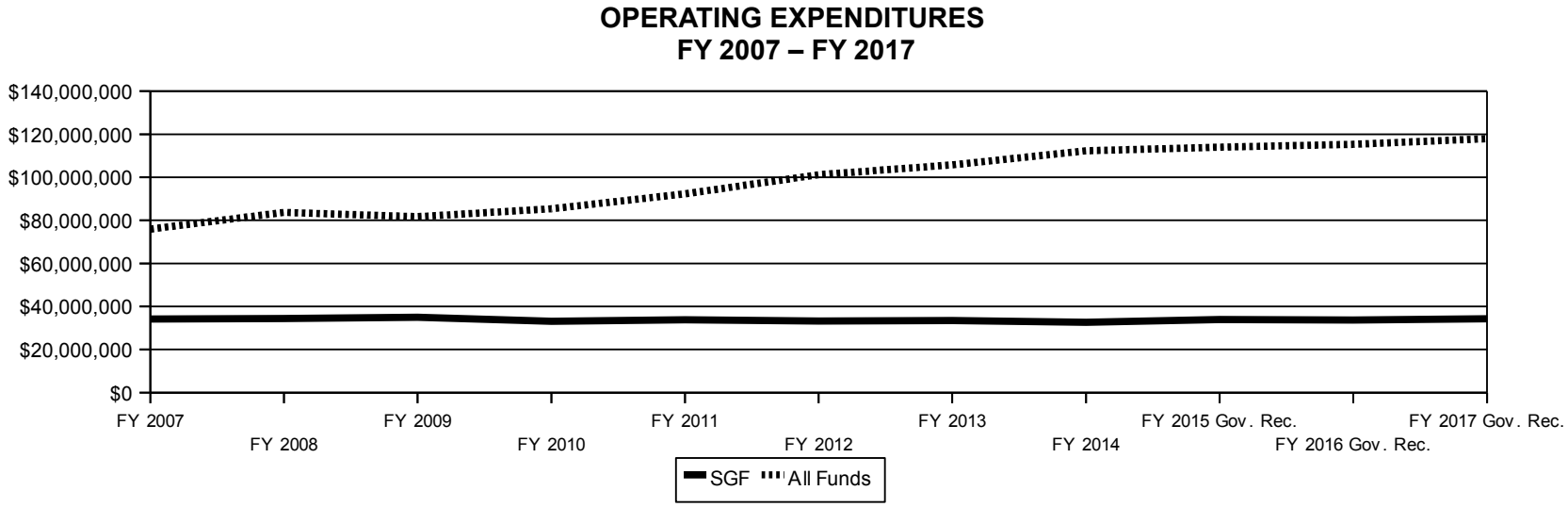
The **agency** requests operating expenditures of $118.4 million, including $34.5 million from the State General Fund. This is an overall increase of $2.6 million, or 2.3 percent all funds and $576,164, or 1.7 percent, from the State General Fund above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($2.8 million) for fringe benefits with an offsetting decrease in contractual services ($188,313). The agency requests $10.6 million, all from special revenue funds, for capital improvements for FY 2017. This is a decrease of $22.7 million, or 68.2 percent. The decrease is due to no request for the Wiest Hall replacement project but does include enhancement requests for the Art and Education building ($6.1 million) and razing Wiest "B" ($1.6 million).

FY 2017 Governor Recommendation

The **Governor** recommends $117.9 million, including $34.2 million from the State General Fund. This is an increase of $2.6 million, or 2.3 percent, all funds and $571,141, or 1.7 percent, from the State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $531,125, including $256,144 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change from the agency's FY 2017 operating request.

The **Governor** recommends $2.9 million, all from special revenue funds, for capital improvements. This is a decrease of $7.7 million, or 72.7 percent, below the agency's request. The Governor's recommendation does not include the funds to raze Wiest Hall ($1.6 million) and the Art and Education Building project ($6.1 million) will be revised and resubmitted in the future.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 34,231,165	2.3 %	$ 75,947,582	3.1 %	733.6
2008	34,460,580	0.7	83,684,796	10.2	737.5
2009	34,977,230	1.5	81,683,091	(2.4)	784.3
2010	33,079,736	(5.4)	85,374,920	4.5	787.8
2011	33,865,098	2.4	92,328,194	8.1	786.7
2012	33,263,483	(1.8)	101,183,634	9.6	807.0
2013	33,422,731	0.5	105,748,681	4.5	827.0
2014	32,656,997	(2.3)	112,295,259	6.2	827.0
2015 Gov. Rec.	33,988,112	4.1	113,965,062	1.5	841.0
2016 Gov. Rec.	33,670,607	(0.9)	115,307,066	1.2	841.0
2017 Gov. Rec.	34,241,748	1.7	117,910,769	2.3	841.0
Eleven-Year Change	$ 10,583	0.0 %	$ 41,963,187	55.3 %	107.4

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 6,930,789	$ 7,312,789	$ 7,429,765	$ 116,976	1.6 %	$ 7,302,916	$ 7,393,269	$ 90,353	1.2 %
Instructional Services	40,390,451	44,655,949	45,342,510	686,561	1.5	44,641,166	45,089,003	447,837	1.0
Academic Support	14,659,571	13,905,645	14,042,811	137,166	1.0	13,889,834	13,974,236	84,402	0.6
Student Services	8,466,321	8,116,190	8,207,148	90,958	1.1	8,104,736	8,155,605	50,869	0.6
Research	695,836	193,806	194,172	366	0.2	193,806	194,172	366	0.2
Public Service	4,063,229	2,802,108	2,849,782	47,674	1.7	2,801,911	2,840,447	38,536	1.4
Student Aid	19,193,781	19,165,161	19,165,161	0	0.0	19,165,161	19,165,161	0	0.0
Auxiliary	9,514,782	9,262,432	9,318,144	55,712	0.6	9,251,405	9,289,438	38,033	0.4
Physical Plant/Central Services	8,001,420	8,292,852	8,457,904	165,052	2.0	8,257,918	8,385,353	127,435	1.5
Debt Service	379,079	356,209	820,382	464,173	130.3	356,209	820,382	464,173	130.3
TOTAL	$ 112,295,259	$ 114,063,141	$ 115,827,779	$ 1,764,638	1.5 %	$ 113,965,062	$ 115,307,066	$ 1,342,004	1.2 %
By Major Object of Expenditure:									
Salaries and Wages	$ 65,410,088	$ 67,218,081	$ 68,666,582	$ 1,448,501	2.2 %	$ 67,120,002	$ 68,145,869	$ 1,025,867	1.5 %
Contractual Services	17,764,873	18,339,615	18,191,579	(148,036)	(0.8)	18,339,615	18,191,579	(148,036)	(0.8)
Commodities	2,766,610	2,766,610	2,766,610	0	0.0	2,766,610	2,766,610	0	0.0
Capital Outlay	4,858,984	4,267,001	4,267,001	0	0.0	4,267,001	4,267,001	0	0.0
Debt Service	379,079	356,209	820,382	464,173	130.3	356,209	820,382	464,173	130.3
Subtotal - Operations	$ 91,179,634	$ 92,947,516	$ 94,712,154	$ 1,764,638	1.9 %	$ 92,849,437	$ 94,191,441	$ 1,342,004	1.4 %
Aid to Local Units	762,186	762,186	762,186	0	0.0	762,186	762,186	0	0.0
Other Assistance	20,353,439	20,353,439	20,353,439	0	0.0	20,353,439	20,353,439	0	0.0
TOTAL	$ 112,295,259	$ 114,063,141	$ 115,827,779	$ 1,764,638	1.5 %	$ 113,965,062	$ 115,307,066	$ 1,342,004	1.2 %
Financing:									
State General Fund	$ 32,656,997	$ 34,036,691	$ 33,921,728	$ (114,963)	(0.3) %	$ 33,988,112	$ 33,670,607	$ (317,505)	(0.9)%
General Fees Fund	29,525,645	31,623,233	32,764,978	1,141,745	3.6	31,590,151	32,601,019	1,010,868	3.2
All Other Funds	50,112,617	48,403,217	49,141,073	737,856	1.5	48,386,799	49,035,440	648,641	1.3
TOTAL	$ 112,295,259	$ 114,063,141	$ 115,827,779	$ 1,764,638	1.5 %	$ 113,965,062	$ 115,307,066	$ 1,342,004	1.2 %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Institutional Support	$ 7,429,765	$ 7,622,333	$ 192,568	2.6 %	$ 7,393,269	$ 7,585,107	$ 191,838	2.6 %
Instructional Services	45,342,510	46,831,519	1,489,009	3.3	45,089,003	46,572,942	1,483,939	3.3
Academic Support	14,042,811	14,340,143	297,332	2.1	13,974,236	14,270,197	295,961	2.1
Student Services	8,207,148	8,368,049	160,901	2.0	8,155,605	8,315,476	159,871	2.0
Research	194,172	194,547	375	0.2	194,172	194,547	375	0.2
Public Service	2,849,782	2,874,161	24,379	0.9	2,840,447	2,864,640	24,193	0.9
Student Aid	19,165,161	19,165,161	0	0.0	19,165,161	19,165,161	0	0.0
Auxiliary	9,318,144	9,502,383	184,239	2.0	9,289,438	9,473,103	183,665	2.0
Physical Plant/Central Services	8,457,904	8,733,073	275,169	3.3	8,385,353	8,659,071	273,718	3.3
Debt Service	820,382	810,525	(9,857)	(1.2)	820,382	810,525	(9,857)	(1.2)
TOTAL	$ 115,827,779	$ 118,441,894	$ 2,614,115	2.3 %	$ 115,307,066	$ 117,910,769	$ 2,603,703	2.3 %
By Major Object of Expenditure:								
Salaries and Wages	$ 68,666,582	$ 71,478,867	$ 2,812,285	4.1 %	$ 68,145,869	$ 70,947,742	$ 2,801,873	4.1 %
Contractual Services	18,191,579	18,003,266	(188,313)	(1.0)	18,191,579	18,003,266	(188,313)	(1.0)
Commodities	2,766,610	2,766,610	0	0.0	2,766,610	2,766,610	0	0.0
Capital Outlay	4,267,001	4,267,001	0	0.0	4,267,001	4,267,001	0	0.0
Debt Service	820,382	810,525	(9,857)	(1.2)	820,382	810,525	(9,857)	(1.2)
Subtotal - Operations	$ 94,712,154	$ 97,326,269	$ 2,614,115	2.8 %	$ 94,191,441	$ 96,795,144	$ 2,603,703	2.8 %
Aid to Local Units	762,186	762,186	0	0.0	762,186	762,186	0	0.0
Other Assistance	20,353,439	20,353,439	0	0.0	20,353,439	20,353,439	0	0.0
TOTAL	$ 115,827,779	$ 118,441,894	$ 2,614,115	2.3 %	$ 115,307,066	$ 117,910,769	$ 2,603,703	2.3 %
Financing:								
State General Fund	$ 33,921,728	$ 34,497,892	$ 576,164	1.7 %	$ 33,670,607	$ 34,241,748	$ 571,141	1.7 %
General Fees Fund	32,764,978	34,170,154	1,405,176	4.3	32,601,019	34,002,917	1,401,898	4.3
All Other Funds	49,141,073	49,773,848	632,775	1.3	49,035,440	49,666,104	630,664	1.3
TOTAL	$ 115,827,779	$ 118,441,894	$ 2,614,115	2.3 %	$ 115,307,066	$ 117,910,769	$ 2,603,703	2.3 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $34,036,691 for Fort Hays State University in FY 2015. An adjustment has subsequently been made to that amount. The adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $48,579, as the result of the Governor's December 9th, State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $33,988,112. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 33,988,112	$ 34,036,691	$ 48,579	$ 33,988,112	$ 0
All Other Funds	88,124,622	105,549,569	17,424,947	104,337,069	16,212,447
TOTAL	$ 122,112,734	$ 139,586,260	$ 17,473,526	$ 138,325,181	$ 16,212,447
FTE Positions	827.0	841.0	14.0	841.0	14.0

The **agency's** revised estimate in FY 2015 is $139.6 million, including $34.0 million from the State General Fund. This is an increase of $17.5 million, or 14.3 percent, all funds and $48,579, or 0.1 percent, from the State General Fund above the approved amount. The other funds increase is mainly attributable to additional capital improvement expenditures

including the transfer from the Board of Regents of the Education Building Fund ($3.6 million), additional expenditures for the Wiest Hall replacement ($11.7 million), and a supplemental request of $1.2 million for the Art and Education Building. The State General Fund increase is due to the agency submitting their budget prior to the Governor's December allotment.

The **Governor** recommends $138.3 million, including $34.0 million from the State General Fund. This is an increase of $16.2 million, or 13.3 percent, all from special revenue funds. There is no change to the State General Fund from the approved amount.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Art and Education Building	0	1,163,000	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 1,163,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency's** revised estimate includes $1.2 million, all from special revenue funds, for a capital improvement project. According to the agency, the Art and Education Building project would provide for the construction of 72,000 gross square feet of facilities to house the Art Department and the College of Education. A final component would include a small addition and complete renovation of the existing 5,029 sq. ft. old power plant into gallery space.

The **Governor** does not recommend the supplemental.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	(48,579)	(48,579)	0.0
TOTAL	$ (48,579)	$ (48,579)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $48,579 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $49,500 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $98,079.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 115,827,779	$ 115,307,066	$ (520,713)
FTE Positions	841.0	841.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (114,963)	$ (317,505)	
All Other Funds	1,879,601	1,659,509	
TOTAL	$ 1,764,638	$ 1,342,004	
Percent Change:			
State General Fund	(0.3) %	(0.9) %	
All Other Funds	2.3	2.1	
TOTAL	1.5 %	1.2 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $115.8 million, including $33.9 million from the State General Fund. This is an overall increase of $1.8 million, or 1.5 percent, all funds and a decrease of $114,963, or 0.3 percent, from the State General Fund. The increase is primarily due to an increase in salaries and wages ($1.4 million) for increased fringe benefit expenditures.

The **Governor** recommends $115.3 million, including $33.7 million for the State General Fund. This is an increase of $1.3 million, or 1.2 percent, all funds and a decrease of $317,505, or 0.9 percent, from State General Fund from the FY 2015 recommendation. The Governor recommends a reduction of $520,713, including $251,121 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change from the agency's FY 2016 operating request.

Enhancements Detail

FY 2016 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Art and Education Building	0	14,000,000	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 14,000,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency** is requesting an enhancement of their capital improvements budget of $14.0 million, all from special revenue funds, for the Art and Education Building project. According to the agency, the Art and Education Building project would provide for the construction of 72,000 gross square feet of facilities to house the Art Department and the College of Education. A final component would include a small addition and complete renovation of the existing 5,029 sq. ft. old power plant into gallery space.

The **Governor** does not recommend the enhancement.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 118,441,894	$ 117,910,769	$ (531,125)
FTE Positions	841.0	841.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 576,164	$ 571,141	
All Other Funds	2,037,951	2,032,562	
TOTAL	$ 2,614,115	$ 2,603,703	
Percent Change:			
State General Fund	1.7 %	1.7 %	
All Other Funds	2.5	2.5	
TOTAL	2.3 %	2.3 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $118.4 million, including $34.5 million from the State General Fund. This is an overall increase of $2.6 million, or 2.3 percent all funds and $576,164, or 1.7 percent, from the State General Fund above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($2.8 million) for fringe benefits with an offsetting decrease in contractual services ($188,313).

The **Governor** recommends $117.9 million, including $34.2 million from the State General Fund. This is an increase of $2.6 million, or 2.3 percent, all funds and $571,141, or 1.7 percent, from the State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $531,125, including $256,144 from the State General Fund, below the agency's request to reduce employer contributions for state employee health insurance. This is the only change from the agency's FY 2017 operating request.

Enhancements Detail

FY 2017 ENHANCEMENTS						
	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Art and Education Building	$ 0	$ 6,137,000	0.0	$ 0	$ 0	0.0
Raze Wiest "B"	0	1,580,000	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 7,717,000**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency** request includes capital improvement enhancements of $7.7 million, all from special revenue funds, for the Art and Education Building and razing the remainder of Wiest Hall for FY 2017.

The **Governor** does not recommend the enhancement.

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 $226,482, including $114,963 from the State General Fund, and affects 728 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, there are no longevity bonus payments.**

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 $520,713, including $251,121 from the State General Fund for FY 2016. This is a reduction of $531,125, including $256,144 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	29.3 %	29.2 %	29.1 %	29.0 %
General Fees Fund	28.3	28.3	28.9	28.8
All Other Funds	42.4	42.5	42.0	42.1
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from the tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

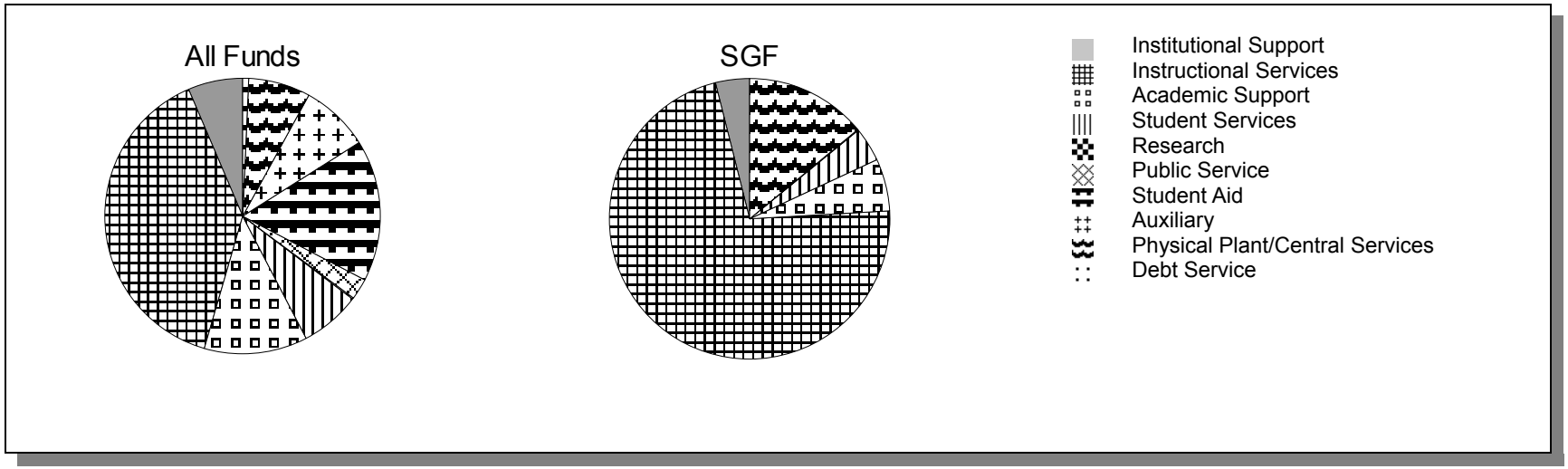
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 20,718,551	$ 15,016,199	$ 15,016,199	$ 11,196,326	$ 12,392,408	$ 2,976,790	$ 12,336,831
Revenue	35,449,472	37,084,735	37,084,735	39,708,366	39,708,366	42,517,805	42,517,805
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 56,168,023	$ 52,100,934	$ 52,100,934	$ 50,904,692	$ 52,100,774	$ 45,494,595	$ 54,854,636
Less: Expenditures	40,591,718	40,904,608	39,708,526	47,927,902	39,763,943	41,355,016	35,050,779
Transfers Out	552,789	0	0	0	0	0	0
Off Budget Expenditures	7,317	0	0	0	0	0	0
Ending Balance	$ 15,016,199	$ 11,196,326	$ 12,392,408	$ 2,976,790	$ 12,336,831	$ 4,139,579	$ 19,803,857
Ending Balance as Percent of Expenditures	37.0%	27.4%	31.2%	6.2%	31.0%	10.0%	56.5%
	January	January	January	January	January	January	January
Month Highest Ending Balance	$ 25,452,000	$ 22,961,464	$ 23,961,464	$ 13,875,260	$ 23,875,260	$ 13,470,272	$ 20,470,272
	June	June	June	June	June	June	June
Month Lowest Ending Balance	$ 15,016,212	$ 10,525,676	$ 12,525,676	$ 3,439,472	$ 12,439,472	$ 3,034,484	$ 10,034,484

Enrollment Trends

The following table summarizes recent enrollment trends at the Fort Hays State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours that the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**11,308**	**11,883**	**12,802**	**13,310**	**13,441**	**13,825**	
Change	1,201	575	919	508	131	384	2,517
%Change	11.9 %	5.1 %	7.7 %	4.0 %	1.0 %	2.9 %	22.3 %
FTE Students	**7,256**	**7,526**	**8,198**	**8,498**	**8,704**	**9,018**	
Change	713	270	672	300	206	314	1,762
%Change	10.9 %	3.7 %	8.9 %	3.7 %	2.4 %	3.6 %	24.3 %
Student Credit Hours	**102,737**	**106,965**	**116,149**	**119,820**	**122,275**	**126,373**	
Change	10,082	4,228	9,184	3,671	2,455	4,098	23,636
%Change	10.9 %	4.1 %	8.6 %	3.2 %	2.0 %	3.4 %	23.0 %

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
Institutional Support	$ 7,393,269	6.4 %	$ 1,318,474	3.9 %
Instructional Services	45,089,003	39.1	24,239,775	72.0
Academic Support	13,974,236	12.1	2,023,421	6.0
Student Services	8,155,605	7.1	1,337,029	4.0
Research	194,172	0.2	0	0.0
Public Service	2,840,447	2.5	25,298	0.1
Student Aid	19,165,161	16.6	0	0.0
Auxiliary	9,289,438	7.9	0	0.0
Physical Plant/Central Services	8,385,353	7.3	4,726,610	14.0
Debt Service	820,382	0.7	0	0.0
TOTAL	$ 115,307,066	100.0 %	$ 33,670,607	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
Institutional Support	49.0	52.0	52.0	52.0	52.0	52.0	52.0
Instructional Services	417.5	424.5	424.5	424.5	424.5	424.5	424.5
Academic Support	101.7	101.8	101.8	101.8	101.8	101.8	101.8
Student Services	79.3	83.3	83.3	83.3	83.3	83.3	83.3
Research	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Public Service	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	46.3	46.2	46.2	46.2	46.2	46.2	46.2
Physical Plant/Central Services	116.0	116.0	116.0	116.0	116.0	116.0	116.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	827.0	841.0	841.0	841.0	841.0	841.0	841.0

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management, and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $7.4 million, including $1.3 million from the State General Fund, an increase of $116,976 or 1.6 percent, all funds and $12,115, or 0.9 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages ($116,976).

The **Governor** recommends FY 2016 operating expenditures of $7.4 million, including $1.3 million from the State General Fund. The recommendation is a decrease of $36,496, or 0.5 percent, all funds and $10,011, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $7.6 million, including $1.4 million from the State General Fund, an increase of $192,568 or 2.6 percent, all funds and $99,344, or 7.5 percent, State General Fund above the FY 2016

requested amount. The increase is in salaries and wages ($192,568).

The **Governor** recommends FY 2017 operating expenditures of $7.6 million, including $1.4 million from the State General Fund. The recommendation is a decrease of $37,226, or 0.5 percent, all funds and $10,211, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $45.3 million, including $24.4 million from the State General Fund, an increase of $686,561, or 1.5 percent, all funds and a decrease of $96,488, or 0.4 percent, State General Fund from the revised estimate. The increase is in salaries and wages ($834,597) offset with a decrease in contractual services ($148,036).

The **Governor** recommends FY 2016 operating expenditures of $45.1 million, including $24.2 million from the State General Fund. The recommendation is a decrease of $253,507, or 0.6 percent, all funds and $151,774, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $46.8 million, including $24.5 million from the State General Fund, an increase of $1.5 million or 3.3 percent, all funds and $98,166, or 0.4 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages ($1.7 million) with an offsetting decrease in contractual services ($188,313).

The **Governor** recommends FY 2017 operating expenditures of $46.6 million, including $24.3 million from the State General Fund. The recommendation is a decrease of $258,577, or 0.6 percent, all funds and $154,810, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $14.0 million, including $2.0 million from the State General Fund, an increase of $137,166, or 1.0 percent, all funds and $4,878, or 0.2 percent, State General Funds above the revised estimate. The increase is in salaries and wages ($137,166).

The **Governor** recommends FY 2016 operating expenditures of $14.0 million, including $2.0 million from the State General Fund. The recommendation is a decrease of $68,575, or 0.5 percent, all funds and $16,403, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $14.3 million, including $2.2 million from the State General Fund, an increase of $297,332 or 2.1 percent, all funds and $134,201, or 6.6 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages ($297,332).

The **Governor** recommends FY 2017 operating expenditures of $14.3 million, including $2.2 million from the State General Fund. The recommendation is a decrease of $69,946, or 0.5 percent, all funds and $16,731, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the students' experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $8.2 million, including $1.3 million from the State General Fund, an increase of $90,958, or 1.1 percent, all funds and $700, or 0.1 percent, State General Fund above the revised estimate. The increase is in salaries and wages ($90,958).

The **Governor** recommends FY 2016 operating expenditures of $8.2 million, including $1.3 million from the State General Fund. The recommendation is a decrease of $51,543, or 0.6 percent, all funds and $12,241, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $8.4 million, including $1.4 million from the State General Fund, an increase of $160,901 or 2.0 percent, all funds and $73,406, or 5.4 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages ($160,901).

The **Governor** recommends FY 2017 operating expenditures of $8.3 million, including $1.4 million from the State General Fund. The recommendation is a decrease of $52,573, or 0.6 percent, all funds and $12,486, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $194,172, all from special revenue funds, an increase of $366 above the revised estimate. The increase is in salaries and wages.

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

The **agency** requests FY 2017 operating expenditures of $194,547, all from special revenue funds, an increase of $375, or 0.2 percent, above the FY 2016 requested amount. The increase is in salaries and wages ($375).

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

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $2.8 million, including $25,482 from the State General Fund, an increase of $47,674, or 1.7 percent, all funds and $141, or 0.6 percent, State General Funds above the revised estimate. The increase is in salaries and wages ($47,674).

The **Governor** recommends FY 2016 operating expenditures of $2.8 million, including $25,298 from the State General Fund. The recommendation is a decrease of $9,335, or 0.3 percent, all funds and $184, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $2.9 million, including $26,188 from the State General Fund, an increase of $24,379 or 0.9 percent, all funds and $706, or 2.8 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages ($24,379).

The **Governor** recommends FY 2017 operating expenditures of $2.9 million, including $26,000 from the State General Fund. The recommendation is a decrease of $9,521, or 0.3 percent, all funds and $188, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $19.2 million, all from special revenue funds. This is the same as the revised estimate in FY 2015.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of 19.2 million, all from special revenue funds. This is the same as the request for FY 2016.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2016 operating expenditures of $9.3 million, all from special revenue funds. This is an increase of $55,712, or 0.6 percent, above the approved amount. The increase is in salaries and wages ($55,712).

The **Governor** recommends FY 2016 operating expenditures of $9.3 million, all from special revenue funds. The recommendation is a decrease of $28,706, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $9.5 million, all from special revenue funds. This is an increase of $184,239 or 2.0 percent, above the FY 2016 requested amount. The increase is in salaries and wages ($184,239).

The **Governor** recommends FY 2017 operating expenditures of $9.5 million, all from special revenue funds. The recommendation is a decrease of $29,280, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $8.5 million, from all funds, including $4.8 million, from the State General Fund. This is an overall increase of $165,052, or 2.0 percent, all funds and a decrease of $36,303, or 0.6 percent, State General Fund, from the revised estimate. The increase is in salaries and wages ($165,052).

The **Governor** recommends FY 2016 operating expenditures of $8.4 million, including $4.7 million from the State General Fund. The recommendation is a decrease of $72,551, or 0.9 percent, all funds and $60,508, or 1.3 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $8.7 million, including $5.0 million from the State General Fund, an increase of $275,169 or 3.3 percent, all funds and $170,341, or 3.6 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages ($275,169).

The **Governor** recommends FY 2017 operating expenditures of $8.7 million, including $4.9 million from the State General Fund. The recommendation is a decrease of $74,002, or 0.8 percent, all funds and $61,718, or 1.2 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation 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
Rehabilitation and Repair	$ 3,621,741	$ 3,621,741	$ 0	$ 0	$ 0	$ 0
Wiest Hall Replacement	19,471,051	19,471,051	17,189,300	17,189,300	0	0
Electrical Improvements	122,303	122,303	0	0	0	0
Art and Education Building	1,163,000	0	14,000,000	0	6,137,000	0
Rarick Hall	0	0	0	0	705,000	705,000
Raze Wiest Hall	0	0	0	0	1,580,000	0
Parking	400,000	400,000	400,000	400,000	400,000	400,000
Debt Service	745,024	745,024	1,770,924	1,770,924	1,790,862	1,790,862
TOTAL	$ 25,523,119	$ 24,360,119	$ 33,360,224	$ 19,360,224	$ 10,612,862	$ 2,895,862
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	25,523,119	24,360,119	33,360,224	19,360,224	10,612,862	2,895,862
TOTAL	$ 25,523,119	$ 24,360,119	$ 33,360,224	$ 19,360,224	$ 10,612,862	$ 2,895,862

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate includes $25.5 million, all from special revenue funds, in capital improvements in FY 2015. This is an increase of $12.5 million, or 96.4 percent, above the approved amount. The increase is due to the transfer from the Board of Regents of the Education Building Fund ($3.6 million), additional expenditures for the Wiest Hall replacement ($11.7 million), and an enhancement request of $1.2 million for the Art and Education Building project.

Current Year Governor Recommendation

The **Governor** recommends $24.4 million, all from special revenue funds. This is a decrease of $1.2 million from the agency's revised estimate for the Art and Education Building project, which will be revised and resubmitted in the future.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $33.4 million, all from special revenue funds, for capital improvements for FY 2016. This is an increase of $7.8 million, or 30.7 percent, above the FY 2015 revised request. The increase is due to an enhancement request of $14.0 million for the Art and Education Building project.

Budget Year Governor Recommendation

The **Governor** recommends $19.4 million, all from special revenue funds. This is a decrease of $14.0 million from the agency's request for the Art and Education Building project, which will be revised and resubmitted in the future.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $10.6 million, all from special revenue funds, for capital improvements for FY 2017. This is a decrease of $22.7 million, or 68.2 percent. The decrease is due to no request for the Wiest Hall replacement project but does include enhancement requests for the Art and Education building ($6.1 million) and razing Wiest "B" ($1.6 million).

Budget Year Governor Recommendation

The **Governor** recommends $2.9 million, all from special revenue funds. This is a decrease of $7.7 million, or 72.7 percent, below the agency's request. The Governor's recommendation does not include the funds to raze Wiest Hall ($1.6 million) and the Art and Education Building project will be revised and resubmitted in the future ($6.1 million).

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Six-year graduation rate	43.0%	44.0%	45.0%	46.0%	46.0%
Student to faculty ratio	18:1	17.5:1	18:1	18:1	18:1

Kansas State University

	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	$ 99,857,422	$ 106,220,367	$ 106,009,763	$ 108,137,463	$ 105,216,062	$ 110,507,193	$ 107,571,209
Other Funds	411,048,725	454,108,686	453,780,102	458,566,440	456,848,748	459,135,957	457,384,491
TOTAL	$ 510,908,147	$ 560,329,053	$ 559,789,865	$ 566,703,903	$ 562,064,810	$ 569,643,150	$ 564,955,700
Capital Improvements:							
State General Fund	$ 114,507	$ 1,500,000	$ 1,500,000	$ 2,820,287	$ 0	$ 2,820,287	$ 0
Other Funds	41,475,602	32,751,955	32,751,955	15,013,143	15,013,143	18,425,120	18,425,120
TOTAL	$ 41,590,109	$ 34,251,955	$ 34,251,955	$ 17,833,430	$ 15,013,143	$ 21,245,407	$ 18,425,120
GRAND TOTAL	**$ 552,498,256**	**$ 594,581,008**	**$ 594,041,820**	**$ 584,537,333**	**$ 577,077,953**	**$ 590,888,557**	**$ 583,380,820**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.7) %	6.4 %	6.2 %	1.8 %	(0.7) %	2.2 %	2.2 %
All Funds	2.1	9.7	9.6	1.1	0.4	0.5	0.5
FTE Positions	3,785.3	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3,785.3	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7

Kansas State University (KSU) was established in 1863, becoming the first land grant institution under the provisions of the Morrill Act of 1862. KSU is a comprehensive research institution. The University offers instruction in Agriculture, Architecture Planning and Design, Arts and Sciences, Business Administration, Education, Engineering, Human Ecology, Technology and Veterinary Medicine, and offers a full compliment of graduate studies. The University's Veterinary Medical School in Manhattan and its Agricultural Research Program are treated as separate agencies for budget preparation purposes. Separate budget analyzes of these entities follow this analysis. KSU is fully accredited by the North Central Accrediting Association and by various professional accrediting agencies. **A total of 24,290 students attended the University during the Fall 2014 semester, an increase of 174 students, or 0.7 percent from the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state

taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the universities State General Fund operating expenditures by 1.5 percent and there was an additional reduction in the salaries and wages all funds expenditures of approximately 1.4 percent in FY 2014 and 0.9 percent for FY 2015.

The **2014 Legislature** added $5.0 million from the State General Fund and deleted the same amount from special revenue funds for global food systems research for FY 2015.

The **2014 Legislature** also added language to the appropriations bill allowing $56.0 million in bonding authority for construction of a new chiller plant for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is $594.6 million, including $107.7 million from the State General Fund. This is an increase of $42.6 million, or 7.7 percent, all funds and $210,604, or 0.2 percent, State General Fund above the FY 2015 approved amount. The increase includes increases mainly in salaries and wages ($18.6 million), contractual services ($4.6 million), debt service ($3.0 million) and other assistance ($4.8 million) with offsetting decreases in commodities ($2.6 million) and capital outlay ($5.3 million). The increase in State General Fund is due to the agency submitting their budget prior to the Governor's allotment.

The agency's revised estimate includes $75.0 million in bonding authority for the School of Architecture in FY 2015. This will not have a monetary impact to the FY 2015 budget but the agency is requesting $5.0 million, all from the State General Fund to pay debt service on this bond for FY 2016 and FY 2017. The agency is also asking for $25.0 million in bonding authority for the Student Union expansion project. The debt service for this project will be paid for with student fees.

The agency's capital improvement revised estimate in FY 2015 is $34.3 million, including $1.5 million from the State General Fund. This is an increase of $20.4 million, or 147.2 percent, above the approved amount all from special revenue funds. The increase includes the transfer from the Board of Regents and carry forward of $16.7 million from the Educational Building Fund for rehabilitation and repair projects. There were also additional expenditures in other special revenue funds for capital improvement projects.

FY 2015 Governor Recommendation

The **Governor** recommends $594.0 million, including $107.5 million from the State General Fund. This is an increase of $42.1 million, or 7.6 percent, all from special revenue funds above the approved amount.

The **Governor** does not recommend $75.0 million in bonding authority for the College of Architecture but does recommend $25.0 in bonding authority for the Student Union expansion in which debt service will be paid with student fees.

The Governor concurs with the agency's revised estimate for capital improvements.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of $566.7 million, including $108.1 million from the State General Fund. This is an increase of $6.4 million, or 1.1 percent, all funds and $1.9 million, or 1.8 percent, State General Fund

above the FY 2015 revised estimate. The increase is mainly attributable to operational increases in debt service ($4.6 million), contractual services ($870,958), and salaries and wages ($464,805). The agency is also asking for an enhancement of $5.0 million, all from special revenue funds, for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer before the revenues deposit into the Bioscience Authority.

The agency requests $17.8 million, including $2.8 million from the State General Fund for capital improvement projects for FY 2016. This is a decrease of 16.4 million, or 47.9 percent, all funds and an increase of $1.3 million, or 88.0 percent, from the State General Fund, from the FY 2015 revised estimate. The decrease is due to the Educational Building Fund moneys not being transferred from the Board of Regents until the beginning of FY 2016. The increase in State General Fund expenditures is due to an enhancement for bond payments.

FY 2016 Governor Recommendation

The **Governor** recommends $562.1 million, including $105.2 million from the State General Fund. This is an increase of $2.3 million, or 0.4 percent, all funds and a decrease of $793,701, or 0.7 percent, State General Fund from the FY 2015 recommendation.

The Governor recommends a reduction of $2.5 million, including $741,688 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor recommends a $5.0 million transfer to the agency as special revenue funds for the National Bio and Agro-Defense Facility (NBAF). The recommendation does not include the debt service payments for the College of Architecture.

The Governor recommends $15.0 million, all from special revenue funds for capital improvements. The Governor did not recommend the bonding authority for the College of Architecture-Seaton Hall renovation therefore, did not recommend the debt service payments. This is a reduction of $2.8 million, all from the State General Fund from the agency's request.

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of $569.6 million, including $110.5 million from the State General Fund. This is an increase of $2.9 million, or 0.5 percent, all funds and $2.4 million, or 2.2 percent, State General Fund above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($7.4 million) with offsetting decreases in all other operating expenditures. The increase includes an enhancement of $5.0 million from State General Fund for principal and interest debt service payments and $5.0 million special revenue funds for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer which occurs prior to the revenue deposits into the Bioscience Authority.

The agency requests $21.2 million, including $2.8 million from the State General Fund for capital improvements for FY

2017. This is an increase of $3.4 million, or 19.1 percent, all from special revenue funds. The increase is mainly due to the additional residence hall construction project. The State General Fund expenditures is an enhancement request for debt service payments.

FY 2017 Governor Recommendation

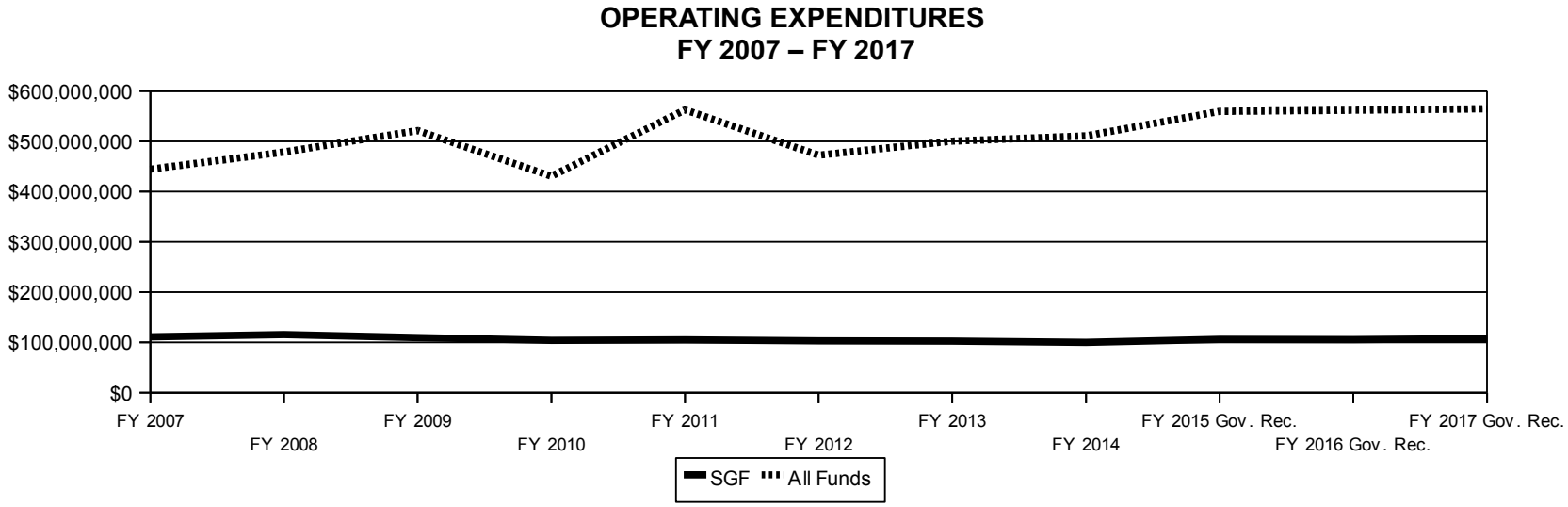
The **Governor** recommends $565.0 million, including $107.6 million from the State General Fund. This is an increase of $2.9 million, or 0.5 percent, all funds and $2.4 million, or 2.2 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $2.5 million, including $756,271 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor recommends a $5.0 million a State General Fund transfer to the agency for the National Bio and Agro-Defense Facility (NBAF). The recommendation does not include the debt service payments for the College of Architecture.

The Governor recommends $18.4 million, all from special revenue funds for capital improvements. The Governor did not recommend the bonding authority for the College of Architecture-Seaton Hall renovation therefore, did not recommend the debt service payments. This is a reduction of $2.8 million, all from the State General Fund from the agency's request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 110,916,071	1.4 %	$ 444,502,954	2.3 %	2,423.1
2008	115,373,256	4.0	478,693,202	7.7	2,678.8
2009	109,383,967	(5.2)	521,479,338	8.9	3,514.2
2010	104,021,282	(4.9)	430,586,478	(17.4)	3,510.0
2011	104,756,636	0.7	562,751,773	30.7	3,601.7
2012	102,716,970	(1.9)	472,522,449	(16.0)	3,681.3
2013	102,593,967	(0.1)	500,516,536	5.9	3,741.0
2014	99,857,422	(2.7)	510,908,147	2.1	3,785.3
2015 Gov. Rec.	106,009,763	6.2	559,789,865	9.6	3,861.7
2016 Gov. Rec.	105,216,062	(0.7)	562,064,810	0.4	3,861.7
2017 Gov. Rec.	107,571,209	2.2	564,955,700	0.5	3,861.7
Eleven-Year Change	$ (3,344,862)	(3.0)%	$ 120,452,746	27.1 %	1,438.6

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 31,468,681	$ 35,897,118	$ 36,025,536	$ 128,418	0.4 %	$ 35,841,847	$ 35,813,848	$ (27,999)	(0.1)%
Instructional Services	183,085,494	196,655,559	197,136,662	481,103	0.2	196,563,058	196,119,424	(443,634)	(0.2)
Academic Support	40,300,460	50,179,433	50,313,782	134,349	0.3	50,133,900	50,061,718	(72,182)	(0.1)
Student Services	24,482,230	27,638,374	27,717,040	78,666	0.3	27,588,101	27,524,266	(63,835)	(0.2)
Research	67,556,697	86,531,462	86,667,754	136,292	0.2	86,512,500	86,496,464	(16,036)	(0.0)
Public Service	17,007,688	9,047,790	9,066,342	18,552	0.2	9,043,409	9,026,797	(16,612)	(0.2)
Student Aid	58,798,683	56,795,691	56,795,691	0	0.0	56,795,691	56,795,691	0	0.0
Auxiliary	44,120,283	48,026,074	48,660,488	634,414	1.3	47,884,236	48,329,642	445,406	0.9
Physical Plant/Central Services	36,320,931	38,786,898	38,962,550	175,652	0.5	38,656,469	38,718,615	62,146	0.2
Debt Service	7,767,000	10,770,654	15,358,058	4,587,404	42.6	10,770,654	13,178,345	2,407,691	22.4
TOTAL	$ 510,908,147	$ 560,329,053	$ 566,703,903	$ 6,374,850	1.1 %	$ 559,789,865	$ 562,064,810	$ 2,274,945	0.4 %
By Major Object of Expenditure:									
Salaries and Wages	$ 306,628,312	$ 338,394,839	$ 338,859,644	$ 464,805	0.1 %	$ 337,855,651	$ 336,400,264	$ (1,455,387)	(0.4)%
Contractual Services	84,564,100	90,438,337	91,309,295	870,958	1.0	90,438,337	93,717,842	3,279,505	3.6
Commodities	21,948,695	24,302,253	24,465,470	163,217	0.7	24,302,253	24,109,476	(192,777)	(0.8)
Capital Outlay	14,986,772	16,079,487	16,329,310	249,823	1.6	16,079,487	14,537,208	(1,542,279)	(9.6)
Debt Service	7,767,000	10,770,654	15,358,058	4,587,404	42.6	10,770,654	13,178,345	2,407,691	22.4
Subtotal - Operations	$ 435,894,879	$ 479,985,570	$ 486,321,777	$ 6,336,207	1.3 %	$ 479,446,382	$ 481,943,135	$ 2,496,753	0.5 %
Aid to Local Units	135,355	145,161	145,161	0	0.0	145,161	145,161	0	0.0
Other Assistance	74,877,913	80,198,322	80,236,965	38,643	0.0	80,198,322	79,976,514	(221,808)	(0.3)
TOTAL	$ 510,908,147	$ 560,329,053	$ 566,703,903	$ 6,374,850	1.1 %	$ 559,789,865	$ 562,064,810	$ 2,274,945	0.4 %
Financing:									
State General Fund	$ 99,857,422	$ 106,220,367	$ 108,137,463	$ 1,917,096	1.8 %	$ 106,009,763	$ 105,216,062	$ (793,701)	(0.7)%
General Fees Fund	190,908,521	203,167,257	206,500,704	3,333,447	1.6	203,055,136	205,585,646	2,530,510	1.2
All Other Funds	220,142,204	250,941,429	252,065,736	1,124,307	0.4	250,724,966	251,263,102	538,136	0.2
TOTAL	$ 510,908,147	$ 560,329,053	$ 566,703,903	$ 6,374,850	1.1 %	$ 559,789,865	$ 562,064,810	$ 2,274,945	0.4 %

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Institutional Support	$ 36,025,536	$ 37,027,592	$ 1,002,056	2.8 %	$ 35,813,848	$ 36,811,742	$ 997,894	2.8 %
Instructional Services	197,136,662	198,300,900	1,164,238	0.6	196,119,424	197,263,660	1,144,236	0.6
Academic Support	50,313,782	51,465,938	1,152,156	2.3	50,061,718	51,208,918	1,147,200	2.3
Student Services	27,717,040	28,414,940	697,900	2.5	27,524,266	28,218,375	694,109	2.5
Research	86,667,754	87,350,960	683,206	0.8	86,496,464	87,176,302	679,838	0.8
Public Service	9,066,342	9,255,463	189,121	2.1	9,026,797	9,215,141	188,344	2.1
Student Aid	56,795,691	56,795,691	0	0.0	56,795,691	56,795,691	0	0.0
Auxiliary	48,660,488	46,266,950	(2,393,538)	(4.9)	48,329,642	45,929,599	(2,400,043)	(5.0)
Physical Plant/Central Services	38,962,550	39,744,528	781,978	2.0	38,718,615	39,495,797	777,182	2.0
Debt Service	15,358,058	15,020,188	(337,870)	(2.2)	13,178,345	12,840,475	(337,870)	(2.6)
TOTAL	$ 566,703,903	$ 569,643,150	$ 2,939,247	0.5 %	$ 562,064,810	$ 564,955,700	$ 2,890,890	0.5 %
By Major Object of Expenditure:								
Salaries and Wages	$ 338,859,644	$ 346,252,580	$ 7,392,936	2.2 %	$ 336,400,264	$ 343,744,843	$ 7,344,579	2.2 %
Contractual Services	91,309,295	89,109,682	(2,199,613)	(2.4)	93,717,842	91,517,766	(2,200,076)	(2.3)
Commodities	24,465,470	23,440,867	(1,024,603)	(4.2)	24,109,476	23,084,941	(1,024,535)	(4.2)
Capital Outlay	16,329,310	16,159,960	(169,350)	(1.0)	14,537,208	14,368,203	(169,005)	(1.2)
Debt Service	15,358,058	15,020,188	(337,870)	(2.2)	13,178,345	12,840,475	(337,870)	(2.6)
Subtotal - Operations	$ 486,321,777	$ 489,983,277	$ 3,661,500	0.8 %	$ 481,943,135	$ 485,556,228	$ 3,613,093	0.7 %
Aid to Local Units	145,161	145,161	0	0.0	145,161	145,161	0	0.0
Other Assistance	80,236,965	79,514,712	(722,253)	(0.9)	79,976,514	79,254,311	(722,203)	(0.9)
TOTAL	$ 566,703,903	$ 569,643,150	$ 2,939,247	0.5 %	$ 562,064,810	$ 564,955,700	$ 2,890,890	0.5 %
Financing:								
State General Fund	$ 108,137,463	$ 110,507,193	$ 2,369,730	2.2 %	$ 105,216,062	$ 107,571,209	$ 2,355,147	2.2 %
General Fees Fund	206,500,704	208,216,268	1,715,564	0.8	205,585,646	207,283,219	1,697,573	0.8
All Other Funds	252,065,736	250,919,689	(1,146,047)	(0.5)	251,263,102	250,101,272	(1,161,830)	(0.5)
TOTAL	$ 566,703,903	$ 569,643,150	$ 2,939,247	0.5 %	$ 562,064,810	$ 564,955,700	$ 2,890,890	0.5 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $107,720,367 for Kansas State University in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $ $210,604 from the State General Fund, as the result of the Governor's December 9th, allotment.

This adjustment changes the FY 2015 approved State General Fund to $107,509,763. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 107,509,763	$ 107,720,367	$ 210,604	$ 107,509,763	$ 0
All Other Funds	444,433,752	486,860,641	42,426,889	486,532,057	42,098,305
TOTAL	$ 551,943,515	$ 594,581,008	$ 42,637,493	$ 594,041,820	$ 42,098,305
FTE Positions	3,785.3	3,861.7	76.4	3,861.7	76.4

The **agency's** revised estimate in FY 2015 includes $594.6 million, including $107.7 million from the State General Fund. This is an increase of $42.6 million, or 7.7 percent, all funds and $210,604, or 0.2 percent, State General Fund above the FY 2015 approved amount. The increase includes increases mainly in salaries and wages ($18.6 million), contractual services ($4.6

million), debt service ($3.0 million) and other assistance ($4.8 million) with offsetting decreases in commodities ($2.6 million) and capital outlay ($5.3 million). The increase in State General Fund is due to the agency submitting their budget prior to the Governor's allotment.

The **Governor** recommends $594.0 million, including $107.5 million from the State General Fund. This is an increase of $42.1 million, or 7.6 percent, all from special revenue funds above the approved amount.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
$75.0 million in Bonding Authority for College of Architecture	0	0	0.0	0	0	0.0
$25.0 million in Bonding Authority for Student Union Expansion	0	0	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 0**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency's r**evised estimate includes $75.0 million in bonding authority for the School of Architecture in FY 2015. This will not have a monetary impact to the FY 2015 budget, but the agency is requesting $5.0 million, all from the State General Fund, to pay debt service on this bond for FY 2016 and FY 2017. This enhancement is shown in the Board of Regents budget. The agency is also requesting $25.0 million in bonding authority for the student union expansion with the debt service paid from student fees.

The **Governor** does not recommend $75.0 million in bonding authority for the College of Architecture but does recommend $25.0 in bonding authority for the student union expansion in which debt service will be paid with student fees.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (210,604)	$ (210,604)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $210,604 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $328,584 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $539,188.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 566,703,903	$ 562,064,810	$ (4,639,093)
FTE Positions	3,861.7	3,861.7	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 1,917,096	$ (793,701)	
All Other Funds	4,457,754	3,068,646	
TOTAL	$ 6,374,850	$ 2,274,945	
Percent Change:			
State General Fund	1.8 %	(0.7) %	
All Other Funds	1.0	0.7	
TOTAL	1.1 %	0.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of $566.7 million, including $108.1 million from the State General Fund. This is an increase of $6.4 million, or 1.1 percent, all funds and $1.9 million, or 1.8 percent, State General Fund above the FY 2015 revised estimate. The increase is mainly attributable to operational increases in debt service ($4.6 million), contractual services ($870,958), and salaries and wages ($464,805). The agency is also asking for an enhancement of $5.0 million, all from special revenue funds, for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer which occurs prior to the revenue deposits into the Bioscience Authority.

The **Governor** recommends $562.1 million, including $105.2 million from the State General Fund. This is an increase of $2.3 million, or 0.4 percent, all funds and a decrease of

$793,701, or 0.7 percent, State General Fund from the FY 2015 recommendation.

The Governor recommends a reduction of $2.5 million, including $741,688 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

Enhancements Detail

FY 2016 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
College of Architecture Debt Service	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
NBAF	0	5,000,000	0.0	0	5,000,000	0.0
TOTAL	**$ 5,000,000**	**$ 10,000,000**	**0.0**	**$ 0**	**$ 5,000,000**	**0.0**

The **agency** is requesting $10.0 million, including $5.0 million from the State General Fund. The State General Fund is for debt service principal and interest payments and the $5.0 million special revenue funds are for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer which occurs prior to revenue deposits into the Bioscience Authority.

The **Governor** recommends a $5.0 million State General Fund transfer to the agency for the National Bio and Agro-Defense Facility (NBAF). The recommendation does not include the debt service payments for the College of Architecture.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 569,643,150	$ 564,955,700	$ (4,687,450)
FTE Positions	3,861.7	3,861.7	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 2,369,730	$ 2,355,147	
All Other Funds	569,517	535,743	
TOTAL	$ 2,939,247	$ 2,890,890	
Percent Change:			
State General Fund	2.2 %	2.2 %	
All Other Funds	0.1	0.1	
TOTAL	0.5 %	0.5 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of $569.6 million, including $110.5 million from the State General Fund. This is an increase of $2.9 million, or 0.5 percent, all funds and $2.4 million, or 2.2 percent, State General Fund above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($7.4 million), which includes the 27th pay period, with offsetting decreases in all other operating expenditures. The increase includes an enhancement of $5.0 million from State General Fund for principal and interest debt service payments and $5.0 million special revenue funds for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer which occurs prior to the revenue deposits into the Bioscience Authority.

The **Governor** recommends $565.0 million, including $107.6 million from the State General Fund. This is an increase of $2.9 million, or 0.5 percent, all funds and $2.4 million, or 2.2 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $2.5 million, including $756,271 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

Enhancements Detail

FY 2017 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
College of Architecture Debt Service	$ 5,000,000	$ 5,000,000	0.0	$ 0	$ 0	0.0
NBAF	0	5,000,000	0.0	0	5,000,000	0.0
TOTAL	**$ 5,000,000**	**$ 10,000,000**	**0.0**	**$ 0**	**$ 5,000,000**	**0.0**

The **agency** is requesting $10.0 million, including $5.0 million from the State General Fund. The State General Fund is for debt service principal and interest payments and the $5.0 million special revenue funds are for the National Bio and Agro-Defense Facility (NBAF). In the past three years, this funding has been a transfer which occurs prior to revenue deposits into the Bioscience Authority.

The **Governor** recommends a $5.0 million transfer to the agency as special revenue funds for the National Bio and Agro-Defense Facility (NBAF). The recommendation does not include the debt service payments for the College of Architecture.

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 $994,762, including $262,617 from the State General Fund, and affects 3,199 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, there are no longevity bonus payments.**

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 $2.5 million, including $741,688 from the State General Fund for FY 2016. This is a reduction of $2.5 million including $756,271 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	19.1 %	18.7 %	19.4 %	19.0 %
General Fees Fund	36.4	36.6	36.6	36.7
All Other Funds	44.5	44.7	44.0	44.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

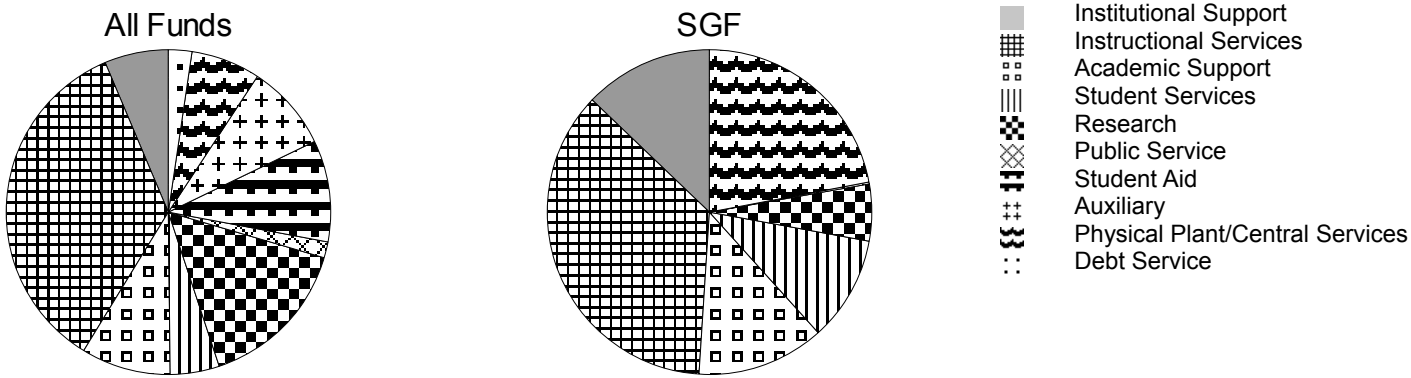
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 25,416,085	$ 21,438,025	$ 21,438,025	$ 18,389,544	$ 18,501,665	$ 9,476,727	$ 10,503,906
Revenue	194,935,576	204,853,728	204,883,728	204,853,728	204,883,728	204,853,728	204,883,728
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 220,351,661	$ 226,291,753	$ 226,321,753	$ 223,243,272	$ 223,385,393	$ 214,330,455	$ 215,387,634
Less: Expenditures	198,567,349	207,684,511	207,572,390	213,548,847	212,633,789	215,366,388	214,433,339
Transfers Out	217,698	217,698	217,698	217,698	217,698	217,698	217,698
Off Budget Expenditures	128,589	0	30,000	0	30,000	0	30,000
Ending Balance	$ 21,438,025	$ 18,389,544	$ 18,501,665	$ 9,476,727	$ 10,503,906	$ (1,253,631)	$ 706,597
Ending Balance as Percent of Expenditures	10.8%	8.9%	8.9%	4.4%	4.9%	(0.6%)	0.3%
	January	January	January	January	January	January	January
Month Highest Ending Balance	$ 73,000,000	$ 27,270,000	$ 27,270,000	$ 71,547,000	$ 70,500,000	$ 70,831,000	$ 70,831,000
	July	July	July	July	July	July	July
Month Lowest Ending Balance	$ 20,500,000	$ 18,295,000	$ 18,295,000	$ 9,092,000	$ 10,092,000	$ (1,250,000)	$ 700,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Kansas State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**23,144**	**23,126**	**23,406**	**23,914**	**24,116**	**24,290**	
Change	63	(18)	280	508	202	174	1,146
%Change	0.3 %	(0.1)%	1.2 %	2.2 %	0.8 %	0.7 %	5.0 %
FTE Students	**19,484**	**19,678**	**20,014**	**20,597**	**20,765**	**20,862**	
Change	226	194	336	583	168	97	1,378
%Change	1.2 %	1.0 %	1.7 %	2.9 %	0.8 %	0.5 %	7.1 %
Student Credit Hours	**275,098**	**279,118**	**283,170**	**291,084**	**294,139**	**295,525**	
Change	4,260	4,020	4,052	7,914	3,055	1,386	20,427
%Change	1.6 %	1.5 %	1.5 %	2.8 %	1.0 %	0.5 %	7.4 %

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
Institutional Support	$ 35,813,848	6.4 %	$ 13,520,440	12.9 %
Instructional Services	196,119,424	34.9	38,007,283	36.1
Academic Support	50,061,718	8.9	13,378,399	12.7
Student Services	27,524,266	4.9	10,991,403	10.4
Research	86,496,464	15.4	5,941,732	5.6
Public Service	9,026,797	1.6	195,610	0.2
Student Aid	56,795,691	10.1	0	0.0
Auxiliary	48,329,642	8.6	0	0.0
Physical Plant/Central Services	38,718,615	6.9	23,181,195	22.0
Debt Service	13,178,345	2.3	0	0.0
TOTAL	$ 562,064,810	100.0 %	$ 105,216,062	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
Institutional Support	294.1	291.6	291.6	291.6	291.6	291.6	291.6
Instructional Services	1,622.0	1,676.5	1,676.5	1,676.5	1,676.5	1,676.5	1,676.5
Academic Support	342.3	359.0	359.0	359.0	359.0	359.0	359.0
Student Services	267.1	275.3	275.3	275.3	275.3	275.3	275.3
Research	250.1	240.8	240.8	240.8	240.8	240.8	240.8
Public Service	49.5	53.9	53.9	53.9	53.9	53.9	53.9
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	484.6	492.5	492.5	492.5	492.5	492.5	492.5
Physical Plant/Central Services	475.6	472.1	472.1	472.1	472.1	472.1	472.1
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3,785.3	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7	3,861.7

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $36.0 million, including $13.6 million from the State General Fund. The request is an increase of $128,418, or 0.4 percent, all funds and $76,236, or 0.6 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $35.8 million, including $13.5 million from the State General Fund. The recommendation is a decrease of $211,688, or 0.6 percent, all funds and $105,886, or 0.8 percent, State General Fund below the FY 2015 recommendation. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $37.0 million, including $14.1 million from the State General Fund. The request is an increase of $1.0 million, or 2.8 percent, all funds and $509,898, or 3.7 percent, State General Fund

above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $36.8 million, including $14.0 million from the State General Fund. The recommendation is a decrease of $215,850, or 0.6 percent, all funds and $107,968, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $197.1 million, including $38.2 million from the State General Fund. The overall request is an increase of $481,103, or 0.2 percent, all funds and a decrease of $631,361, or 1.6 percent, State General Fund, from the FY 2015 revised estimate. The overall increases are primarily in contractual services ($612,017) and capital outlay ($233,010) with offsetting decreases in salaries and wages ($337,696) and commodities ($62,723) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $196.1 million, including $38.0 million from the State General Fund. The recommendation is a decrease of $1.0 million, or 0.5 percent, all funds and $223,589, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $198.3 million, including $38.5 million from the State General Fund. The request is an increase of $1.2 million, or 0.6 percent, all funds and $272,817, or 0.7 percent, State General Fund above the FY 2016 request. The increase is primarily in salaries and wages ($2.0 million) and commodities ($460,611) with offsetting decreases in contractual services ($494,468) and other assistance ($707,751) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $197.3 million, including $38.3 million from the State General Fund. The recommendation is a decrease of $1.0 million, or 0.5 percent, all funds and $227,985, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $50.3 million, including $13.5 million from the State General Fund. The request is an increase of $134,349, or 0.3 percent, all funds and $61,049, or 0.5 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $50.1 million, including $13.4 million from the State General Fund. The recommendation is a decrease of $252,064, or 0.5 percent, all funds and $74,107, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $51.5 million, including $13.8 million from the State General Fund. The request is an increase of $1.2 million, or 2.3 percent, all funds and $372,310, or 2.8 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $51.2 million, including $13.7 million from the State General Fund. The recommendation is a decrease of $257,020, or 0.5 percent, all funds and $75,564, or 0.5 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration admissions, student health services and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $27.7 million, including $11.1 million from the State General Fund. The request is an increase of $78,666, or 0.3 percent, all funds and $59,299, or 0.5 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $27.5 million, including $11.0 million from the State General Fund. The recommendation is a decrease of $192,774, or 0.7 percent, all funds and $106,739, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $28.4 million, including $11.5 million from the State General Fund. The request is an increase of $697,900, or 2.5 percent, all funds and $432,300, or 3.9 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $28.2 million, including $11.4 million from the State General Fund. The recommendation is a decrease of $196,565, or 0.7 percent, all funds and $108,838, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $86.7 million, including $5.9 million from the State General Fund. The request is an overall increase of $136,292, or 0.2 percent, all funds and $36,715, or 0.1 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $86.5 million, including $5.9 million from the State General Fund. The recommendation is a decrease of $171,290, or 0.2 percent, all funds and $3,700, or 0.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $87.4 million, including $6.0 million from the State General Fund. The request is an increase of $683,206, or 0.8 percent, all funds and $34,595, or 0.6 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $87.2 million, including $6.0 million from the State General Fund. The recommendation is a decrease of $174,658, or 0.2 percent, all funds and $3,773, or 0.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $9.1 million, including $197,125 from the State General Fund. The request is an increase of $18,552, or 0.2 percent, all funds and $1,084, or 0.6 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $9.0 million, including $195,610 from the State General Fund. The recommendation is a decrease of $39,545, or 0.4 percent, all funds and $1,515, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $9.3 million, including $204,961 from the State General Fund. The request is an increase of $189,121, or 2.1 percent, all funds and $7,836, or 4.0 percent, State General Fund above the FY 2016 requested amount. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $9.2 million, including $203,417 from the State General Fund. The recommendation is a decrease of $40,322, or 0.4 percent, all funds and $1,544, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $56.8 million, all from special revenue funds. The request is the same as the FY 2015 revised estimate.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $56.8 million, all from special revenue funds. The request is the same as the FY 2016 request.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2016 operating expenditures of $48.7 million, all from special revenue funds. The request is an increase of $634,414, or 1.3 percent, above the FY 2015 revised estimate. The increase is mainly in salaries and wages ($129,614), contractual services ($259,421), and commodities ($226,012) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $48.3 million, all from special revenue funds. The recommendation is a decrease of $330,846, or 0.7 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $46.3 million, all from special revenue funds. The request is a decrease of $2.4 million, or 4.9 percent, below the FY 2016 request. The decrease is primarily in contractual services ($1.7 million) and commodities ($1.5 million) with an offsetting increase in salaries and wages ($923,552) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $45.9 million, all from special revenue funds. The recommendation is a decrease of $337,351, or 0.7 percent, below the agency's request The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $39.0 million, including $23.4 million from the State General Fund. The overall request is an increase of $175,652, or 0.5 percent, all funds and $164,361, or 0.7 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $38.7 million, including $23.2 million from the State General Fund. The recommendation is a decrease of $243,935, or 0.6 percent, all funds and $226,152, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $39.7 million, including $24.1 million from the State General Fund. The request is an increase of $781,978, or 2.0 percent, all funds and $739,974, or 3.2 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $39.5 million, including $23.9 from the State General Fund. The recommendation is a decrease of $248,731, or 0.6 percent, all funds and $230,599, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 15,684,701	$ 15,684,701	$ 0	$ 0	$ 0	$ 0
EBF - Seaton Hall Design	1,000,000	1,000,000	0	0	0	0
West Memorial Stadium	2,300,000	2,300,000	0	0	0	0
Snyder Stadium	1,500,000	1,500,000	0	0	0	0
Seaton Hall	1,500,000	1,500,000	0	0	0	0
R&R on Housing and Dining	2,000,000	2,000,000	1,000,000	1,000,000	1,000,000	1,000,000
New Residence Hall	0	0	0	0	2,000,000	2,000,000
Parking	800,000	800,000	800,000	800,000	800,000	800,000
Debt Service - Principal	9,467,254	9,467,254	16,033,430	13,213,143	17,445,407	14,625,120
TOTAL	$ 34,251,955	$ 34,251,955	$ 17,833,430	$ 15,013,143	$ 21,245,407	$ 18,425,120
Financing:						
State General Fund	$ 1,500,000	$ 1,500,000	$ 2,820,287	$ 0	$ 2,820,287	$ 0
All Other Funds	32,751,955	32,751,955	15,013,143	15,013,143	18,425,120	18,425,120
TOTAL	$ 34,251,955	$ 34,251,955	$ 17,833,430	$ 15,013,143	$ 21,245,407	$ 18,425,120

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate in FY 2015 is $34.3 million, including $1.5 million from the State General Fund. This is an increase of $20.4 million, or 147.2 percent, above the approved amount all from special revenue funds. The increase includes the transfer from the Board of Regents and carry forward of $16.7 million from the Educational Building Fund for rehabilitation and repair projects. There were also additional expenditures in other special revenue funds for capital improvement projects.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $17.8 million, including $2.8 million from the State General Fund for capital improvement projects for FY 2016. This is a decrease of $16.4 million, or 47.9 percent, all funds and an increase of $1.3 million from the State General Fund, from the FY 2015 revised estimate. The decrease is due to the Education Building Fund not transferred from the Board of Regents until the beginning of FY 2016. The increase in State General Fund expenditures is due to an enhancement for bond payments.

Budget Year Governor Recommendation

The **Governor** recommends $15.0 million, all from special revenue funds. The Governor did not recommend the bonding authority for the College of Architecture-Seaton Hall renovation therefore, did not recommend the debt service payments. This is a reduction of $2.8 million, all from the State General Fund from the agency's request.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $21.2 million, including $2.8 million from the State General Fund for capital improvements for FY 2017. This is an increase of $3.4 million, or 19.1 percent, all from special revenue funds. The increase is mainly due to the additional residence hall construction project. The State General Fund expenditures is an enhancement for debt service payments.

Budget Year Governor Recommendation

The **Governor** recommends $18.4 million, all from special revenue funds. The Governor did not recommend the bonding authority for the College of Architecture-Seaton Hall renovation therefore, did not recommend the debt service payments. This is a reduction of $2.8 million, all from the State General Fund from the agency's request.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Four-year graduation rate	60.0%	59.9%	61.0%	62.0%	61.0%
Extramural support (in millions)	$155.0	$140.5	$145.0	$145.0	$145.0
Number of degrees conferred	4,900	5,076	5,100	5,100	5,100

Kansas State University – Extension Systems and Agriculture Research Programs

	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	$ 46,908,989	$ 47,527,208	$ 47,473,775	$ 47,419,568	$ 47,101,546	$ 48,185,281	$ 47,861,006
Other Funds	85,044,193	84,930,471	84,875,257	83,915,934	83,552,464	85,514,936	85,144,319
TOTAL	$ 131,953,182	$ 132,457,679	$ 132,349,032	$ 131,335,502	$ 130,654,010	$ 133,700,217	$ 133,005,325
Capital Improvements:							
State General Fund	$ 69,712	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	1,355,301	1,250,000	1,250,000	1,450,000	1,450,000	0	0
TOTAL	$ 1,425,013	$ 1,250,000	$ 1,250,000	$ 1,450,000	$ 1,450,000	$ 0	$ 0
GRAND TOTAL	**$ 133,378,195**	**$ 133,707,679**	**$ 133,599,032**	**$ 132,785,502**	**$ 132,104,010**	**$ 133,700,217**	**$ 133,005,325**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.6) %	1.3 %	1.2 %	(0.2) %	(0.8) %	1.6 %	1.6 %
All Funds	1.7	0.4	0.3	(0.8)	(1.3)	1.8	1.8
FTE Positions	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1

Kansas State University-Extension Systems and Agricultural Research Programs (ESARP) was established as a separate budget unit in FY 1993 by the merger of the Kansas Agricultural Experiment Station (KAES), the Cooperative Extension Service (CES), the International Grain, and the Meat and Livestock programs. All programs previously part of the KSU budget but under the jurisdiction of the Dean of Agriculture (except for the Office of Academic programs and Office of the Dean) are included in the separate agency administered by the Dean of Agriculture.

The KAES and CES are mandated programs by both federal and state legislation. Involved in the systems are the land grant universities, including KSU, and the U.S. Department of Agriculture (USDA). Base formula funds are provided by the USDA. The KAES conducts research statewide at two research centers, two research-extension centers, and 11 experimental fields in addition to the main station at Manhattan. The research is conducted by KAES in five colleges of KSU: Agriculture; Human Ecology; Engineering; Arts and Sciences; and Veterinary Medicine. The CES is a research-based educational system with extension agents in each county and with specialists in five area offices and in four colleges on the KSU campus. Specialists are housed in the colleges of Agriculture, Human Ecology, Engineering, and Veterinary Medicine.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered

technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the agency's State General Fund operating expenditures by 1.5 percent and made additional reductions to the agency's salaries and wages all funds expenditures of approximately 3.6 percent in FY 2014 and 2.6 percent for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is $133.7 million, including $47.5 million from the State General Fund. This is an increase of $1.8 million, or 1.4 percent, all funds and $53,433, or 0.1 percent, State General Fund above the approved amount. The increase is mainly due to increases in salaries and wages ($3.3 million) and capital outlay ($895,597) with offsetting

decreases in other assistance ($2.0 million) and contractual services ($356,030). There was also a decrease of $250,000, or 16.7 percent, below the approved amount for capital improvements in FY 2015. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment.

FY 2015 Governor Recommendation

The **Governor** recommends $133.6 million, including $47.5 million from the State General Fund. This is an increase of $1.7 million, or 1.3 percent, all from special revenue funds. There is no change to the State General Fund approved amount after adjustments for the December 9th Governor's allotment.

The Governor also concurs with the agency's capital improvement budget request.

FY 2016 Agency Request

The **agency** requests operating expenditures of $131.3 million, including $47.4 million from the State General Fund for FY 2016. This is a decrease of $1.1 million, or 0.8 percent, all funds and $107,640, or 0.2 percent State General Fund, below the FY 2015 revised amount. The decrease in State General Fund is the one time $250 bonus to all full time employees. The decrease in other funds is mainly contractual services ($570,810) and commodities ($514,519) with an increase in salaries and wages ($132,593).

The agency also requests $1.5 million, all from special revenue funds, for the SE Research/Extension building capital improvement project.

FY 2016 Governor Recommendation

The **Governor** recommends $130.7 million, including 47.1 million from the State General Fund. This is a decrease of $1.7 million, or 1.3 percent, all funds and $372,229, or 0.8 percent, State General Fund below the FY 2015 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $681,492, including $318,022 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor concurs with the agency's capital improvement budget request.

FY 2017 Agency Request

The **agency** requests operating expenditures of $133.7 million, including $48.2 million from the State General Fund for FY 2017. This is an increase of $2.4 million, or 1.8 percent all funds and $765,713, or 1.6 percent, State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($2.6 million) with off setting decreases in the other operating expenditures.

There are no requested capital improvement expenditures for FY 2017 at this time.

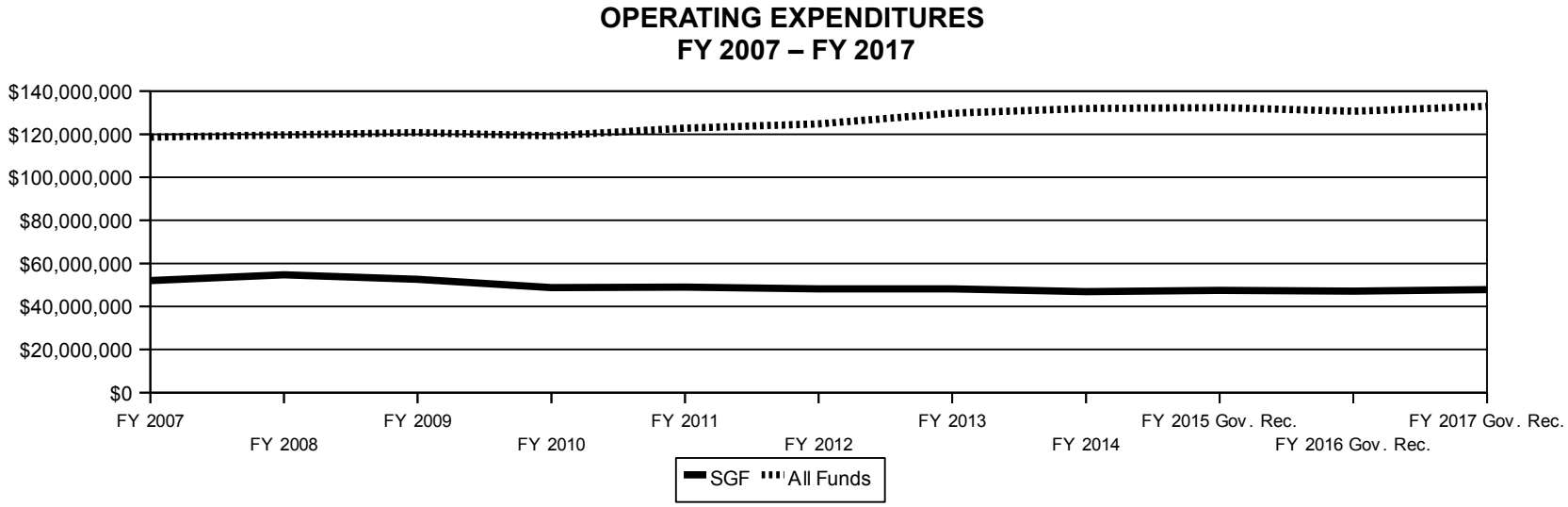
FY 2017 Governor Recommendation

The **Governor** recommends $133.0 million, including $47.9 million from the State General Fund. This is an increase of $2.4 million, or 1.8 percent, all funds and $759,460, or 1.6 percent, State General Fund above the FY 2016 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $694,892, including $324,275 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor concurs with the agency's capital improvement budget request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 52,029,522	1.7 %	$ 118,631,878	4.5 %	1,390.3
2008	54,729,340	5.2	119,680,556	0.9	1,389.7
2009	52,595,448	(3.9)	120,714,696	0.9	1,285.6
2010	48,699,791	(7.4)	119,232,780	(1.2)	1,198.5
2011	48,951,068	0.5	122,805,825	3.0	1,191.6
2012	48,160,371	(1.6)	124,811,677	1.6	1,173.5
2013	48,182,071	0.0	129,751,842	4.0	1,160.4
2014	46,908,989	(2.6)	131,953,182	1.7	1,116.9
2015 Gov. Rec.	47,473,775	1.2	132,349,032	0.3	1,125.1
2016 Gov. Rec.	47,101,546	(0.8)	130,654,010	(1.3)	1,125.1
2017 Gov. Rec.	47,861,006	1.6	133,005,325	1.8	1,125.1
Eleven-Year Change	$ (4,168,516)	(8.0)%	$ 14,373,447	12.1 %	(265.2)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Academic Support	$ 241,324	$ 169,804	$ 169,905	$ 101	0.1 %	$ 169,804	$ 169,614	$ (190)	(0.1)%
Research	83,088,898	84,071,012	82,911,592	(1,159,420)	(1.4)	84,005,269	82,649,039	(1,356,230)	(1.6)
Public Service	48,283,714	48,121,634	48,158,776	37,142	0.1	48,078,730	47,740,128	(338,602)	(0.7)
Physical Plant/Central Services	339,246	95,229	95,229	0	0.0	95,229	95,229	0	0.0
TOTAL	$ 131,953,182	$ 132,457,679	$ 131,335,502	$ (1,122,177)	(0.8) %	$ 132,349,032	$ 130,654,010	$ (1,695,022)	(1.3)%
By Major Object of Expenditure:									
Salaries and Wages	$ 89,987,919	$ 94,284,986	$ 94,417,579	$ 132,593	0.1 %	$ 94,176,339	$ 93,736,087	$ (440,252)	(0.5)%
Contractual Services	17,076,399	15,464,841	14,894,031	(570,810)	(3.7)	15,464,841	14,894,031	(570,810)	(3.7)
Commodities	12,009,121	10,947,036	10,432,517	(514,519)	(4.7)	10,947,036	10,432,517	(514,519)	(4.7)
Capital Outlay	6,601,908	6,041,020	5,992,388	(48,632)	(0.8)	6,041,020	5,992,388	(48,632)	(0.8)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 125,675,347	$ 126,737,883	$ 125,736,515	$ (1,001,368)	(0.8) %	$ 126,629,236	$ 125,055,023	$ (1,574,213)	(1.2)%
Aid to Local Units	265,486	231,350	231,350	0	0.0	231,350	231,350	0	0.0
Other Assistance	6,012,349	5,488,446	5,367,637	(120,809)	(2.2)	5,488,446	5,367,637	(120,809)	(2.2)
TOTAL	$ 131,953,182	$ 132,457,679	$ 131,335,502	$ (1,122,177)	(0.8) %	$ 132,349,032	$ 130,654,010	$ (1,695,022)	(1.3)%
Financing:									
State General Fund	$ 46,908,989	$ 47,527,208	$ 47,419,568	$ (107,640)	(0.2) %	$ 47,473,775	$ 47,101,546	$ (372,229)	(0.8)%
All Other Funds	85,044,193	84,930,471	83,915,934	(1,014,537)	(1.2)	84,875,257	83,552,464	(1,322,793)	(1.6)
TOTAL	$ 131,953,182	$ 132,457,679	$ 131,335,502	$ (1,122,177)	(0.8) %	$ 132,349,032	$ 130,654,010	$ (1,695,022)	(1.3)%

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:								
Academic Support	$ 169,905	$ 171,130	$ 1,225	0.7 %	$ 169,614	$ 170,833	$ 1,219	0.7 %
Research	82,911,592	83,793,356	881,764	1.1	82,649,039	83,525,640	876,601	1.1
Public Service	48,158,776	49,640,502	1,481,726	3.1	47,740,128	49,213,623	1,473,495	3.1
Physical Plant/Central Services	95,229	95,229	0	0.0	95,229	95,229	0	0.0
TOTAL	$ 131,335,502	$ 133,700,217	$ 2,364,715	1.8 %	$ 130,654,010	$ 133,005,325	$ 2,351,315	1.8 %
By Major Object of Expenditure:								
Salaries and Wages	$ 94,417,579	$ 96,968,314	$ 2,550,735	2.7 %	$ 93,736,087	$ 96,273,422	$ 2,537,335	2.7 %
Contractual Services	14,894,031	14,788,135	(105,896)	(0.7)	14,894,031	14,788,135	(105,896)	(0.7)
Commodities	10,432,517	10,396,650	(35,867)	(0.3)	10,432,517	10,396,650	(35,867)	(0.3)
Capital Outlay	5,992,388	5,948,140	(44,248)	(0.7)	5,992,388	5,948,140	(44,248)	(0.7)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 125,736,515	$ 128,101,239	$ 2,364,724	1.9 %	$ 125,055,023	$ 127,406,347	$ 2,351,324	1.9 %
Aid to Local Units	231,350	231,350	0	0.0	231,350	231,350	0	0.0
Other Assistance	5,367,637	5,367,628	(9)	(0.0)	5,367,637	5,367,628	(9)	(0.0)
TOTAL	$ 131,335,502	$ 133,700,217	$ 2,364,715	1.8 %	$ 130,654,010	$ 133,005,325	$ 2,351,315	1.8 %
Financing:								
State General Fund	$ 47,419,568	$ 48,185,281	$ 765,713	1.6 %	$ 47,101,546	$ 47,861,006	$ 759,460	1.6 %
All Other Funds	83,915,934	85,514,936	1,599,002	1.9	83,552,464	85,144,319	1,591,855	1.9
TOTAL	$ 131,335,502	$ 133,700,217	$ 2,364,715	1.8 %	$ 130,654,010	$ 133,005,325	$ 2,351,315	1.8 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $47,527,208 for Kansas State University – Extension Systems and Agricultural Research Program in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $53,433, from State General Fund as the result of the Governor's December 9th, allotment.

This adjustment changes the FY 2015 approved State General Fund to $47,473,775. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment

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	$ 47,473,775	$ 47,527,208	$ 53,433	$ 47,473,775	$ 0
All Other Funds	84,403,124	86,180,471	1,777,347	86,125,257	1,722,133
TOTAL	$ 131,876,899	$ 133,707,679	$ 1,830,780	$ 133,599,032	$ 1,722,133
FTE Positions	1,116.9	1,125.1	8.2	1,125.1	8.2

The **agency's** revised estimate in FY 2015 is $133.7 million, including $47.5 million from the State General Fund. This is an increase of $1.8 million, or 1.4 percent, all funds and $53,433, or 0.1 percent, State General Fund above the approved amount. The increase is mainly due to increases in salaries and wages ($3.3 million) and capital outlay ($895,597) with offsetting

decreases in other assistance ($2.0 million) and contractual services ($356,030). There was also a decrease of $250,000, or 16.7 percent, below the approved amount for capital improvements in FY 2015. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment.

The **Governor** recommends $133.6 million, including $47.5 million from the State General Fund. This is an increase of $1.7 million, or 1.3 percent, all from special revenue funds. There is no change to the State General Fund approved amount after adjustments for the December 9th Governor's allotment.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (53,433)	$ (53,433)	0.0
TOTAL	$ (53,433)	$ (53,433)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $53,433 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $55,214 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $108,647.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 131,335,502	$ 130,654,010	$ (681,492)
FTE Positions	1,125.1	1,125.1	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (107,640)	$ (372,229)	
All Other Funds	(1,014,537)	(1,322,793)	
TOTAL	$ (1,122,177)	$ (1,695,022)	
Percent Change:			
State General Fund	(0.2) %	(0.8) %	
All Other Funds	(1.2)	(1.6)	
TOTAL	(0.8) %	(1.3) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $131.3 million, including $47.4 million from the State General Fund for FY 2016. This is a decrease of $1.1 million, or 0.8 percent, all funds and $107,640, or 0.2 percent State General Fund, below the FY 2015 revised amount. The decrease in State General Fund is the one time $250 bonus to all full time employees. The decrease in other funds is mainly contractual services ($570,810) and commodities ($514,519) with an increase in salaries and wages ($132,593).

The **Governor** recommends $130.7 million, including $47.1 million from the State General Fund. This is a decrease of $1.7 million, or 1.3 percent, all funds and $372,229, or 0.8 percent, State General Fund below the FY 2015 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $681,492, including $318,022 from the State General Fund, to reduce employer contributions for state employee health insurance.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 133,700,217	$ 133,005,325	$ (694,892)
FTE Positions	1,125.1	1,125.1	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 765,713	$ 759,460	
All Other Funds	1,599,002	1,591,855	
TOTAL	$ 2,364,715	$ 2,351,315	
Percent Change:			
State General Fund	1.6 %	1.6 %	
All Other Funds	1.9	1.9	
TOTAL	1.8 %	1.8 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $133.7 million, including $48.2 million from the State General Fund for FY 2017. This is an increase of $2.4 million, or 1.8 percent all funds and $765,713, or 1.6 percent, State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($2.6 million) mainly due to the 27th paycheck with slight off setting decreases in the other operating expenditures.

The **Governor** recommends $133.0 million, including $47.9 million from the State General Fund. This is an increase of $2.4 million, or 1.8 percent, all funds and $759,460, or 1.6 percent, State General Fund above the FY 2016 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $694,892, including $324,275 from the State General Fund, to reduce employer contributions for state employee health insurance.

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 $228,801, including $107,640 from the State General Fund, and affects 736 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, there are no longevity bonus payments.**

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 $681,492, including $318,022 from the State General Fund for FY 2016. This is a reduction of $694,892, including $324,275 from the State General Fund, for FY 2017.**

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

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

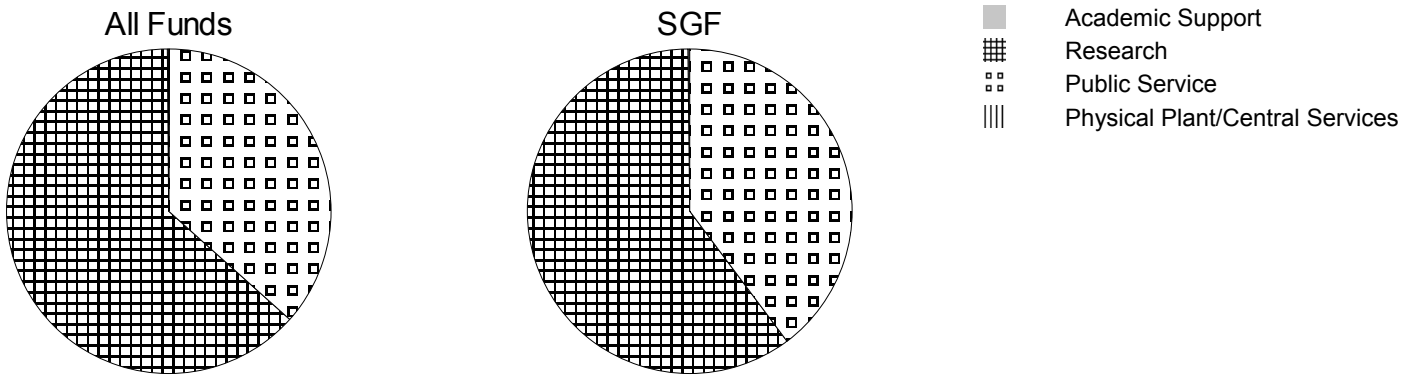
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	36.1 %	36.1 %	36.0 %	36.0 %
All Other Funds	63.9	63.9	64.0	64.0
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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
Academic Support	$ 169,614	0.1 %	$ 90,390	0.2 %
Research	82,649,039	63.3	28,274,909	60.0
Public Service	47,740,128	36.5	18,736,247	39.8
Physical Plant/Central Services	95,229	0.1	0	0.0
TOTAL	$ 130,654,010	100.0 %	$ 47,101,546	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
Academic Support	0.0	0.5	0.5	0.5	0.5	0.5	0.5
Research	545.5	547.2	547.2	547.2	547.2	547.2	547.2
Public Service	571.4	577.4	577.4	577.4	577.4	577.4	577.4
Physical Plant/Central Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	1,116.9	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1	1,125.1

A. Academic Support

The Academic Support program includes all support services for the institution's primary mission's of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $169,905, including $90,390 from the State General Fund. This is an increase of $101, or 0.1 percent, all from special revenue funds, above the approved amount. The State General Fund revised estimate is the same as the approved amount. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $169,614, including $90,390 from the State General Fund. The recommendation is a decrease of $291, or 0.2 percent, all from special revenue funds below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $171,130, including $90,390 from the State General Fund. This is an increase of $1,225, or 0.7 percent, all from special revenue funds, above the approved amount. The State General Fund revised estimate is the same as the approved amount. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $170,833, including $90,390 from the State General Fund. The recommendation is a decrease of $297, or 0.2 percent, all special revenue funds below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $82.9 million, including $28.4 million from the State General Fund. This is a decrease of $1.2 million, or 1.4 percent, all funds and $65,849, or 0.2 percent, State General Fund below the revised estimate for FY 2016. There are decreases in contractual services ($508,021) and commodities ($505,543) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $82.6 million, including $28.3 million from the State General Fund. The recommendation is a decrease of $262,553, or 0.3 percent, all funds and $141,227, or 0.5 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $83.8 million, including $29.1 million from the State General Fund. This is an increase of $881,764, or 1.1 percent, all funds and $662,272, or 2.3 percent, State General Fund above the FY 2016 request for FY 2017. There is an increase in salaries and wages ($993,665) with off setting decreases in all other operating expenditures for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $83.5 million, including $28.9 million from the State General Fund. The recommendation is a decrease of $267,716, or 0.3 percent, all funds and $144,004, or 0.5 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $48.2, including $18.9 from the State General Fund. This is an increase of $37,142, or 0.1 percent, all funds and a decrease of $41,791, or 0.2 percent, from the revised estimate. The overall increase is mainly due to an increase in salaries and wages ($117,056) with a decrease in contractual services ($62,789) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $47.7 million, including $18.7 million from the State General Fund. The recommendation is a decrease of $418,648, or 0.9 percent, all funds and $176,795, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $49.6 million, including $19.0 million from the State General Fund. This is an increase of $1.5 million, or 3.1 percent, and $103,441, or 0.5 percent, State General Fund above the FY

2016 request for FY 2017. The increase is mainly in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $49.2 million, including $18.8 million from the State General Fund. The recommendation is a decrease of $426,879, or 0.9 percent, all funds and $180,271, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $95,229, all from special revenue funds in contractual services for FY 2016.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $95,229, all from special revenue funds in contractual services for FY 2017.

The **Governor** concurs with the agency's request for FY 2017.

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
SE Research and Extension Building	$ 1,250,000	$ 1,250,000	$ 1,450,000	$ 1,450,000	$ 0	$ 0
TOTAL	$ 1,250,000	$ 1,250,000	$ 1,450,000	$ 1,450,000	$ 0	$ 0
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	1,250,000	1,250,000	1,450,000	1,450,000	0	0
TOTAL	$ 1,250,000	$ 1,250,000	$ 1,450,000	$ 1,450,000	$ 0	$ 0

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate in FY 2015 is $1.3 million. This is a decrease of $250,000, or 16.7 percent, below the approved amount.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $1.5 million, all from special revenue funds, for the SE Research/Extension building project.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. There are no requested expenditures for FY 2017 at this time.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of new research grants	350	365	365	365	365
Number of renewed research grants	25	26	30	30	30
Dollar value of grant receipts (in millions)	$38.0	$46.2	$40.0	$40.0	$40.0

Kansas State University Veterinary Medical Center

	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	$ 12,074,595	$ 14,548,313	$ 14,527,057	$ 15,008,743	$ 14,936,939	$ 15,301,771	$ 15,228,556
Other Funds	29,186,559	31,239,612	31,195,975	31,248,414	31,088,789	32,058,792	31,896,028
TOTAL	$ 41,261,154	$ 45,787,925	$ 45,723,032	$ 46,257,157	$ 46,025,728	$ 47,360,563	$ 47,124,584
Capital Improvements:							
State General Fund	$ 2,809,380	$ 500,000	$ 500,000	$ 0	$ 0	$ 0	$ 0
Other Funds	0	4,305,500	4,305,500	2,700,000	2,700,000	0	0
TOTAL	$ 2,809,380	$ 4,805,500	$ 4,805,500	$ 2,700,000	$ 2,700,000	$ 0	$ 0
GRAND TOTAL	**$ 44,070,534**	**$ 50,593,425**	**$ 50,528,532**	**$ 48,957,157**	**$ 48,725,728**	**$ 47,360,563**	**$ 47,124,584**
Percentage Change:							
Operating Expenditures							
State General Fund	(5.9) %	20.5 %	20.3 %	3.2 %	2.8 %	2.0 %	2.0 %
All Funds	5.1	11.0	10.8	1.0	0.7	2.4	2.4
FTE Positions	323.8	332.6	332.6	332.6	332.6	332.6	332.6
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	323.8	332.6	332.6	332.6	332.6	332.6	332.6

The Veterinary Medical Center was established at Kansas State University in 1905. It was included within the main campus budget of Kansas State University until 1978. The institution trains veterinarians, conducts broad-based interdisciplinary research, provides continuing education for veterinarians, and provides hospital and diagnostic services to the public. Its academic programs are fully accredited by the Council on Education of the American Veterinary Medical Association. **A total of 476 students attended the institution during the Fall 2014 semester, an increase of 11, or 2.4 percent above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2006 Legislature** also passed legislation establishing the Veterinary Training Program for Rural Kansas at the College of Veterinary Medicine at Kansas State University (KSU). The purpose of the program is to provide encouragement, opportunities and incentives for persons pursuing a veterinary medicine degree program at KSU to locate their veterinary practices in rural Kansas communities and receive specialized training to meet the needs of livestock producers. Preference is given to those students who are Kansas residents and who agree to serve in specified counties. The program is administered by the College of Veterinary Medicine at KSU.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. This act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the agency's State General Fund operating expenditures by 1.5 percent and further reduced the salaries and wages all funds expenditures by approximately 0.8 percent in FY 2014.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is $50.6 million, including $15.0 million from the State General Fund. This is an increase of $5.5 million, or 12.2 percent, all funds and $21,256, or 0.1 percent, State General Fund above the approved amount. The increase includes approximately $3.0 million in operating expenditures, $2.7 million of which is for salaries and wages and $2.5 million increase in expenditures for capital improvements with offsetting decreases in capital outlay in FY

2015. The increase in State General Fund is due to the agency submitting their budget prior to the Governor's allotment.

The agency's revised estimate includes $4.8 million, including $500,000 from the State General Fund for capital improvements. This is an increase of $2.5 million, or 108.9 percent, all funds and a decrease of $1.0 million State General Fund from the FY 2015 approved amount. The increase is for additional expenditures for the equine performance testing facility and small animal clinic renovations in FY 2015.

FY 2015 Governor Recommendation

The **Governor** recommends $50.5 million including $15.0 million from the State General Fund. This is an increase of $5.4 million, or 12.0 percent, above the approved amount.

The Governor concurs with the agency's capital improvement revised estimate.

FY 2016 Agency Request

The **agency** requests operating expenditures of $46.3 million, including $15.0 million from the State General Fund for FY 2016. This is an increase of $469,232, or 1.0 percent, all funds and $460,430, or 3.2 percent, State General Fund above the FY 2015 revised request. The increase is mainly in contractual services ($267,552) and commodities ($123,188) for FY 2016.

The agency requests $2.7 million, all from special revenue funds for capital improvements for FY 2016. This includes $1.8 million for the equine performance testing facility and $900,000 for the small animal clinic renovations. This is a decrease of $2.1 million, or 43.8 percent, all funds and $500,000, or 100.0 percent, State General Fund below the FY 2015 revised estimate.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of $46.0 million, including $14.9 million from the State General Fund. This is an increase of $302,696, or 0.7 percent, all funds and $409,882, or 2.8 percent, above the FY 2015 recommendation.

The Governor recommends a reduction of $231,429, including $71,804 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

The Governor concurs with the agency's capital improvement budget request.

FY 2017 Agency Request

The **agency** requests operating expenditures of $47.4 million, including $15.3 million from the State General Fund for FY 2017. This is an increase of $1.1 million, or 2.4 percent, all funds and $293,028, or 2.0 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

The agency requests no expenditures in capital improvements for FY 2017.

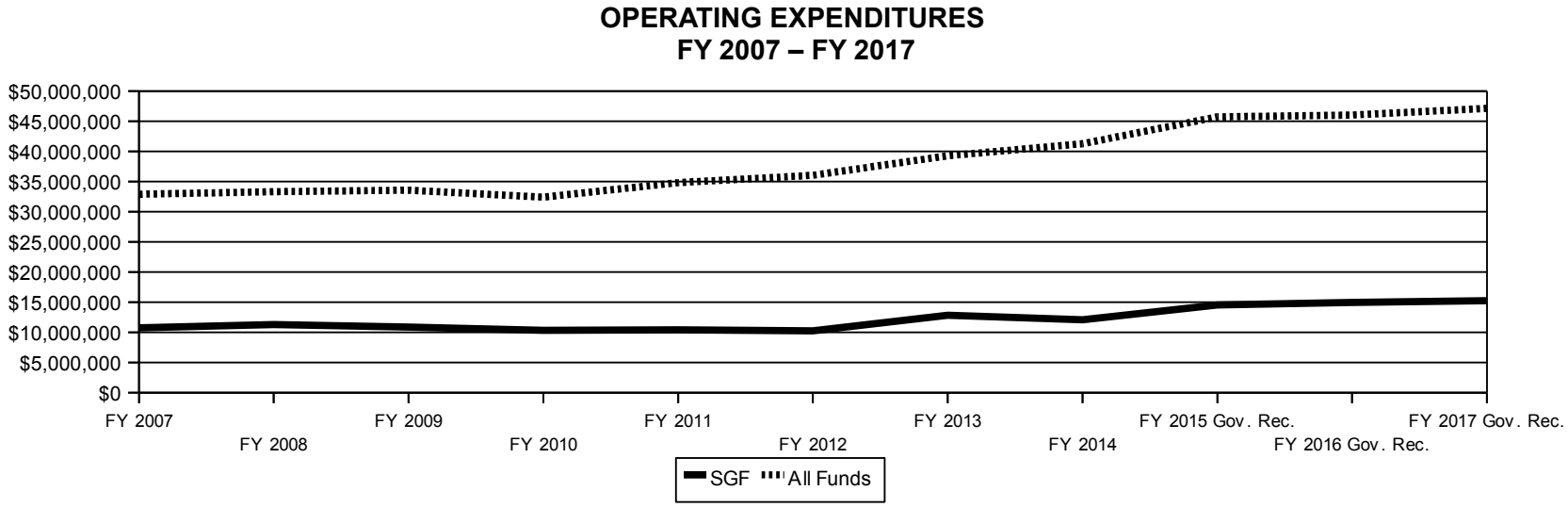
FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of $47.1 million, including $15.2 million from the State General Fund. This is an increase of $1.1 million, or 2.4 percent, all funds and $291,617, or 2.0 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $235,979, including $73,215 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

The Governor concurs with the agency's capital improvement request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 10,736,967	2.0 %	$ 32,884,580	3.5 %	315.6
2008	11,281,788	5.1	33,312,590	1.3	323.1
2009	10,850,535	(3.8)	33,563,347	0.8	314.9
2010	10,336,516	(4.7)	32,410,739	(3.4)	309.1
2011	10,415,617	0.8	34,818,811	7.4	310.9
2012	10,251,459	(1.6)	36,027,437	3.5	312.7
2013	12,832,430	25.2	39,273,500	9.0	320.1
2014	12,074,595	(5.9)	41,261,154	5.1	323.8
2015 Gov. Rec.	14,527,057	20.3	45,723,032	10.8	332.6
2016 Gov. Rec.	14,936,939	2.8	46,025,728	0.7	332.6
2017 Gov. Rec.	15,228,556	2.0	47,124,584	2.4	332.6
Eleven-Year Change	$ 4,491,589	41.8 %	$ 14,240,004	43.3 %	17.0

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Instructional Services	$ 27,703,815	$ 34,360,665	$ 34,779,723	$ 419,058	1.2 %	$ 34,325,473	$ 34,630,186	$ 304,713	0.9 %
Academic Support	5,784,821	4,940,908	4,960,418	19,510	0.4	4,933,576	4,922,399	(11,177)	(0.2)
Research	2,137	175,071	176,174	1,103	0.6	174,113	175,008	895	0.5
Public Service	5,293,944	3,787,164	3,803,480	16,316	0.4	3,777,212	3,781,295	4,083	0.1
Student Aid	399,996	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,076,441	2,124,117	2,137,362	13,245	0.6	2,112,658	2,116,840	4,182	0.2
TOTAL	$ 41,261,154	$ 45,787,925	$ 46,257,157	$ 469,232	1.0 %	$ 45,723,032	$ 46,025,728	$ 302,696	0.7 %
By Major Object of Expenditure:									
Salaries and Wages	$ 32,083,157	$ 33,311,629	$ 33,343,529	$ 31,900	0.1 %	$ 33,246,736	$ 33,112,100	$ (134,636)	(0.4)%
Contractual Services	4,571,810	6,306,012	6,573,564	267,552	4.2	6,306,012	6,573,564	267,552	4.2
Commodities	2,133,122	2,795,059	2,918,247	123,188	4.4	2,795,059	2,918,247	123,188	4.4
Capital Outlay	1,860,808	2,539,215	2,585,831	46,616	1.8	2,539,215	2,585,831	46,616	1.8
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 40,648,897	$ 44,951,915	$ 45,421,171	$ 469,256	1.0 %	$ 44,887,022	$ 45,189,742	$ 302,720	0.7 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	612,257	836,010	835,986	(24)	(0.0)	836,010	835,986	(24)	(0.0)
TOTAL	$ 41,261,154	$ 45,787,925	$ 46,257,157	$ 469,232	1.0 %	$ 45,723,032	$ 46,025,728	$ 302,696	0.7 %
Financing:									
State General Fund	$ 12,074,595	$ 14,548,313	$ 15,008,743	$ 460,430	3.2 %	$ 14,527,057	$ 14,936,939	$ 409,882	2.8 %
General Fees Fund	16,402,509	18,267,701	18,267,701	0	0.0	18,241,117	18,158,215	(82,902)	(0.5)
All Other Funds	12,784,050	12,971,911	12,980,713	8,802	0.1	12,954,858	12,930,574	(24,284)	(0.2)
TOTAL	$ 41,261,154	$ 45,787,925	$ 46,257,157	$ 469,232	1.0 %	$ 45,723,032	$ 46,025,728	$ 302,696	0.7 %

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:								
Instructional Services	$ 34,779,723	$ 35,560,001	$ 780,278	2.2 %	$ 34,630,186	$ 35,407,524	$ 777,338	2.2 %
Academic Support	4,960,418	5,130,407	169,989	3.4	4,922,399	5,091,640	169,241	3.4
Research	176,174	180,854	4,680	2.7	175,008	179,666	4,658	2.7
Public Service	3,803,480	3,891,847	88,367	2.3	3,781,295	3,869,226	87,931	2.3
Student Aid	400,000	400,000	0	0.0	400,000	400,000	0	0.0
Physical Plant/Central Services	2,137,362	2,197,454	60,092	2.8	2,116,840	2,176,528	59,688	2.8
TOTAL	$ 46,257,157	$ 47,360,563	$ 1,103,406	2.4 %	$ 46,025,728	$ 47,124,584	$ 1,098,856	2.4 %
By Major Object of Expenditure:								
Salaries and Wages	$ 33,343,529	$ 34,555,745	$ 1,212,216	3.6 %	$ 33,112,100	$ 34,319,766	$ 1,207,666	3.6 %
Contractual Services	6,573,564	6,499,838	(73,726)	(1.1)	6,573,564	6,499,838	(73,726)	(1.1)
Commodities	2,918,247	2,893,471	(24,776)	(0.8)	2,918,247	2,893,471	(24,776)	(0.8)
Capital Outlay	2,585,831	2,576,430	(9,401)	(0.4)	2,585,831	2,576,430	(9,401)	(0.4)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 45,421,171	$ 46,525,484	$ 1,104,313	2.4 %	$ 45,189,742	$ 46,289,505	$ 1,099,763	2.4 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	835,986	835,079	(907)	(0.1)	835,986	835,079	(907)	(0.1)
TOTAL	$ 46,257,157	$ 47,360,563	$ 1,103,406	2.4 %	$ 46,025,728	$ 47,124,584	$ 1,098,856	2.4 %
Financing:								
State General Fund	$ 15,008,743	$ 15,301,771	$ 293,028	2.0 %	$ 14,936,939	$ 15,228,556	$ 291,617	2.0 %
General Fees Fund	18,267,701	18,796,845	529,144	2.9	18,158,215	18,685,206	526,991	2.9
All Other Funds	12,980,713	13,261,947	281,234	2.2	12,930,574	13,210,822	280,248	2.2
TOTAL	$ 46,257,157	$ 47,360,563	$ 1,103,406	2.4 %	$ 46,025,728	$ 47,124,584	$ 1,098,856	2.4 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $15,048,313 for the Kansas State University Veterinary Medical Center in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $21,256, as the result of the Governor's December 9th allotment.

This adjustment changes the FY 2015 approved State General Fund to $15,027,057. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 15,027,057	$ 15,048,313	$ 21,256	$ 15,027,057	$ 0
All Other Funds	30,085,177	35,545,112	5,459,935	35,501,475	5,416,298
TOTAL	$ 45,112,234	$ 50,593,425	$ 5,481,191	$ 50,528,532	$ 5,416,298
FTE Positions	323.8	332.6	8.8	332.6	8.8

The **agency's** revised estimate is $50.6 million, including $15.0 million from the State General Fund. This is an increase of $5.5 million, or 12.2 percent, all funds and $21,256, or 0.1 percent, State General Fund above the approved amount. The increase includes approximately $3.0 million in operating expenditures, $2.7 million of which is for salaries and wages and $2.5 million increase in expenditures for capital improvements with offsetting decreases in capital outlay in FY

2015. The increase in State General Fund is due to the agency submitting their budget prior to the Governor's allotment.

The **Governor** recommends $50.5 million including $15.0 million from the State General Fund. This is an increase of $5.4 million, or 12.0 percent, above the approved amount.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (21,256)	$ (21,256)	0.0
TOTAL	$ (21,256)	$ (21,256)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction $21,256 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $43,637 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $64,893.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 46,257,157	$ 46,025,728	$ (231,429)
FTE Positions	332.6	332.6	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 460,430	$ 409,882	
All Other Funds	8,802	(107,186)	
TOTAL	$ 469,232	$ 302,696	
Percent Change:			
State General Fund	3.2 %	2.8 %	
All Other Funds	0.0	(0.3)	
TOTAL	1.0 %	0.7 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $46.3 million, including $15.0 million from the State General Fund for FY 2016. This is an increase of $469,232, or 1.0 percent, all funds and $460,430, or 3.2 percent, State General Fund above the FY 2015 revised estimate. The increase is mainly in contractual services ($267,552) and commodities ($123,188) for FY 2016.

The **Governor** recommends $46.0 million, including $14.9 million from the State General Fund. This is an increase of $302,696, or 0.7 percent, all funds and $409,882, or 2.8 percent, above the FY 2015 recommendation.

The Governor recommends a reduction of $231,429, including $71,804 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 47,360,563	$ 47,124,584	$ (235,979)
FTE Positions	332.6	332.6	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 293,028	$ 291,617	
All Other Funds	810,378	807,239	
TOTAL	$ 1,103,406	$ 1,098,856	
Percent Change:			
State General Fund	2.0 %	2.0 %	
All Other Funds	2.6	2.6	
TOTAL	2.4 %	2.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $47.4 million, including $15.3 million from the State General Fund for FY 2017. This is an all funds increase of $1.1 million, or 2.4 percent, and a State General Fund increase of $293,028, or 2.0 percent, above the FY 2016 request. The increase is in salaries and wages mainly due to the 27th paycheck.

The **Governor** recommends $47.1 million, including $15.2 million from the State General Fund. This is an increase of $1.1 million, or 2.4 percent, all funds and $291,617, or 2.0 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $235,979, including $73,215 from the State General Fund, below the agency request to reduce employer contributions for state employee health insurance. This is the only change to the agency's request.

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 $124,356, including $39,570 from the State General Fund, and affects 400 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, there are no longevity bonus payments.**

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 $231,429, including $71,804 from the State General Fund for FY 2016. This is a reduction of $235,979, including $73,215 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	32.4 %	32.5 %	32.3 %	32.3 %
General Fees Fund	39.5	39.5	39.7	39.7
All Other Funds	28.1	28.1	28.0	28.0
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each year.

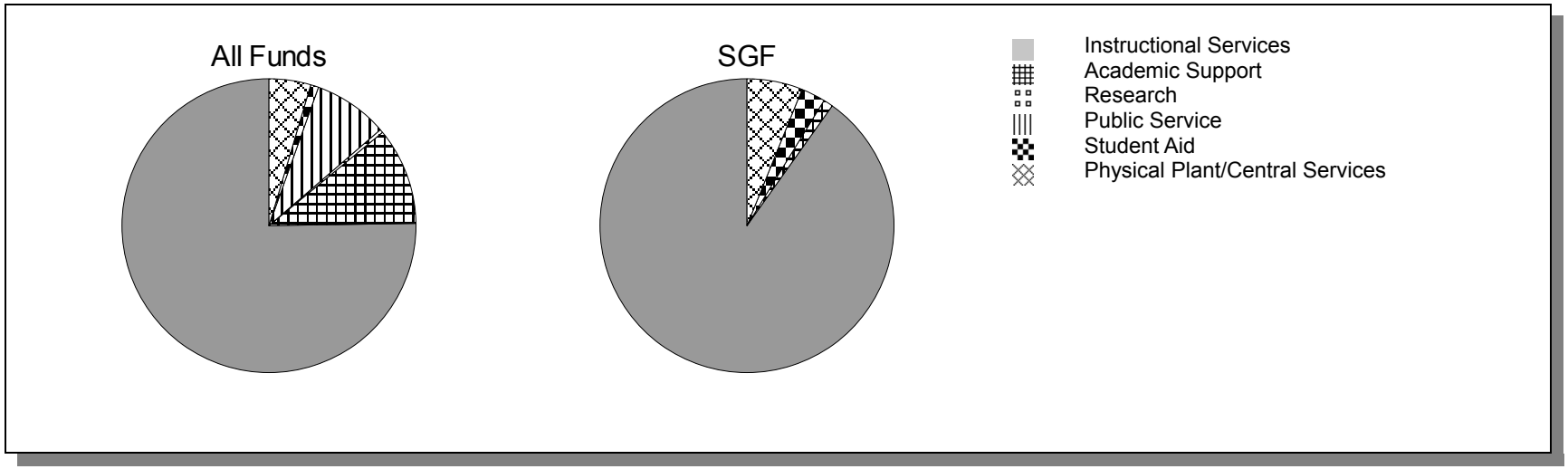
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 3,380,038	$ 4,129,711	$ 4,129,711	$ 2,313,401	$ 2,339,985	$ 1,902,591	$ 2,038,661
Revenue	17,177,981	17,882,690	17,882,690	17,882,690	17,882,690	17,882,690	17,882,690
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 20,558,019	$ 22,012,401	$ 22,012,401	$ 20,196,091	$ 20,222,675	$ 19,785,281	$ 19,921,351
Less: Expenditures	16,402,509	19,673,201	19,646,617	18,267,701	18,158,215	18,796,845	18,685,206
Transfers Out	25,799	25,799	25,799	25,799	25,799	25,799	25,799
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 4,129,711	$ 2,313,401	$ 2,339,985	$ 1,902,591	$ 2,038,661	$ 962,637	$ 1,210,346
Ending Balance as Percent of Expenditures	25.2%	11.8%	11.9%	10.4%	11.2%	5.1%	6.5%
	June	June	June	June	June	June	June
Month Highest Ending Balance	$ 10,447,000	$ 10,342,000	$ 10,342,000	$ 10,239,000	$ 10,239,000	$ 10,136,000	$ 10,136,000
	January	January	January	January	January	January	January
Month Lowest Ending Balance	$ 4,233,000	$ 4,190,000	$ 4,190,000	$ 4,148,000	$ 4,148,000	$ 4,107,000	$ 4,107,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Kansas State University Veterinary Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**437**	**462**	**457**	**464**	**465**	**476**	
Change	(2)	25	(5)	7	1	11	39
%Change	(0.5)%	5.7 %	(1.1)%	1.5 %	0.2 %	2.4 %	8.9 %
FTE Students	**687**	**721**	**723**	**723**	**712**	**719**	
Change	13	34	2	0	(11)	7	32
%Change	1.9 %	4.9 %	0.3 %	0.0 %	(1.5)%	1.0 %	4.7 %
Student Credit Hours	**8,243**	**8,649**	**8,675**	**8,680**	**8,546**	**8,628**	
Change	156	406	26	5	(134)	82	385
%Change	1.9 %	4.9 %	0.3 %	0.1 %	(1.5)%	1.0 %	4.7 %

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
Instructional Services	$ 34,630,186	75.2 %	$ 13,465,203	90.1 %
Academic Support	4,922,399	10.7	159,474	1.1
Research	175,008	0.4	0	0.0
Public Service	3,781,295	8.2	0	0.0
Student Aid	400,000	0.9	400,000	2.7
Physical Plant/Central Services	2,116,840	4.6	912,262	6.1
TOTAL	$ 46,025,728	100.0 %	$ 14,936,939	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
Instructional Services	212.8	214.2	214.2	214.2	214.2	214.2	214.2
Academic Support	54.7	53.1	53.1	53.1	53.1	53.1	53.1
Research	1.0	2.0	2.0	2.0	2.0	2.0	2.0
Public Service	25.3	33.3	33.3	33.3	33.3	33.3	33.3
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Physical Plant/Central Services	30.0	30.0	30.0	30.0	30.0	30.0	30.0
TOTAL	323.8	332.6	332.6	332.6	332.6	332.6	332.6

A. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $34.8 million, including $13.5 million from the State General Fund. The overall request is an increase of $419,058, or 1.2 percent, all funds and $450,066, or 3.4 percent, State General Fund from the FY 2015 revised estimate. There are increases in contractual services ($267,552) and commodities ($123,188).

The **Governor** recommends FY 2016 operating expenditures of $34.6 million, including $13.5 million from the State General Fund. This is a decrease of $149,537, or 0.4 percent, all funds and $56,674, or 0.4 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $35.6 million, including $11.913.8 million from the State General Fund. The overall request is an increase of $780,278, or 2.2 percent, all funds and $246,662, or 1.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $35.4 million, including $13.7 million from the State General Fund. This is a decrease of $152,477, or 0.4 percent, all funds and $57,788, or 0.4 percent, State General Fund below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $5.0 million, including $160,881 from the State General Fund. This is an increase of $19,510, or 0.4 percent, all funds and $1,067, or 0.7 percent, State General Fund, above the revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $4.9 million, including $159,474 from the State General Fund. This is a decrease of $38,019, or 0.8 percent, all funds and $1,407, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $5.1 million, including $166,962 from the State General Fund. This is an increase of $169,989, or 3.4 percent, all funds and $6,081, or 3.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $5.1 million, including $165,528 from the State General Fund. This is a decrease of $38,767, or 0.8 percent, all funds and $1,434, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $176,174, all from special revenue funds. This is an increase of $1,103, or 0.6 percent, above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $175,008, all from special revenue funds. This is a decrease of $1,166, or 0.7 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $180,854, all from special revenue funds. This is an increase of $4,680, or 2.7 percent, above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $179,666, all from special revenue funds. This is a decrease of $1,188, or 0.7 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $3.8 million, all from special revenue funds. The overall request is an increase of $16,316, or 0.4 percent, above the revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $3.8 million, all from special revenue funds. This is a decrease of $22,185, or 0.6 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $3.9 million, all from special revenue funds. This is an increase of $88,367, or 2.3 percent, above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $3.9 million, all from special revenue funds. This is a decrease of $22,621, or 0.6 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Student Aid

The Student Aid program consists of the service scholarships that were established in the Veterinary Training Program for Rural Kansas by 2006 HB 3005. The College is authorized, subject to appropriations to enter into agreements with up to five first-year veterinary students per year for a loan in the amount of $20,000 per year for not more than four years for tuition, books, supplies, and other school expenses, and travel and training expenses incurred by the student. The program requires that the persons receiving the loans, complete the veterinary medicine degree program at the College; complete all advanced training in public health, livestock biosecurity, foreign animal disease diagnosis, and other requirements outlined in the bill; and engage in the full-time practice of veterinary medicine in any county in Kansas that has a population not exceeding 35,000 for a period of one year for each year of assistance provided.

The **agency** requests FY 2016 operating expenditures of $400,000, all from State General Fund, the same as the FY 2015 revised estimate.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $400,000, all from State General Fund. This is the same amount as requested for FY 2016.

The **Governor** concurs with the agency's request for FY 2017.

F. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $2.1 million, including $925,985 from the State General Fund. The overall request is an increase of $13,245, or 0.6 percent, all funds and $9,297, or 1.0 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $2.1 million, including $912,262 from the State General Fund. This is a decrease of $20,522, or 1.0 percent, all funds and $13,723, or 1.5 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $2.2 million, including $966,270 from the State General Fund. The overall request is an increase of $60,092, or 2.8 percent, all funds and $40,285, or 4.4 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $2.2 million, including $952,277 from the State General Fund. This is a decrease of $20,926, or 1.0 percent, all funds and $13,993, or 1.4 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Mosier Hall Remodel	$ 1,905,500	$ 1,905,500	$ 0	$ 0	$ 0	$ 0
Library Renovation	1,000,000	1,000,000	0	0	0	0
Equine Performance Testing Facility	1,000,000	1,000,000	1,800,000	1,800,000	0	0
Small Animal Clinic Renovations	900,000	900,000	900,000	900,000	0	0
TOTAL	$ 4,805,500	$ 4,805,500	$ 2,700,000	$ 2,700,000	$ 0	$ 0
Financing:						
State General Fund	$ 500,000	$ 500,000	$ 0	$ 0	$ 0	$ 0
All Other Funds	4,305,500	4,305,500	2,700,000	2,700,000	0	0
TOTAL	$ 4,805,500	$ 4,805,500	$ 2,700,000	$ 2,700,000	$ 0	$ 0

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate includes $4.8 million, including $500,000 from the State General Fund. This is an increase of $2.5 million, or 108.9 percent, all funds and a decrease of $1.0 million, or 66.7 percent, State General Fund from the approved amount. The increase is from additional expenditures for the equine performance testing facility and small animal clinic renovations in FY 2015. The State General Fund decrease is due to an original request last year to use $1.5 million for the Mosier Hall remodel and the revised estimate is for $500,000 from the State General Fund for the project in FY 2015.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $2.7 million, all from special revenue funds for FY 2016. This is a decrease of $2.1 million, or 43.8 percent all funds and $500,000, or 100 percent, State General Fund below the FY 2015 revised estimate. This includes $1.8 million for the equine performance testing facility and $900,000 for the small animal clinic renovations.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests no expenditures for capital improvements for FY 2017.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Four-year graduation rate	98.0%	97.0%	98.0%	98.0%	98.0%
Number of animals treated at veterinary teaching hospital	16,000	16,553	16,500	16,500	16,500
Research funding (in millions)	$16.0	$12.9	$15.0	$15.0	$15.0

Pittsburg State University

	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	$ 33,788,292	$ 35,814,451	$ 35,734,655	$ 35,447,467	$ 35,177,727	$ 36,410,934	$ 36,135,897
Other Funds	65,546,443	69,842,277	69,778,795	70,494,581	70,219,791	70,731,018	70,450,094
TOTAL	$ 99,334,735	$ 105,656,728	$ 105,513,450	$ 105,942,048	$ 105,397,518	$ 107,141,952	$ 106,585,991
Capital Improvements:							
State General Fund	$ 639,003	$ 696,244	$ 696,244	$ 710,616	$ 710,616	$ 730,272	$ 730,272
Other Funds	6,118,479	5,567,831	5,567,831	3,127,477	3,127,477	3,538,332	3,538,332
TOTAL	$ 6,757,482	$ 6,264,075	$ 6,264,075	$ 3,838,093	$ 3,838,093	$ 4,268,604	$ 4,268,604
GRAND TOTAL	**$ 106,092,217**	**$ 111,920,803**	**$ 111,777,525**	**$ 109,780,141**	**$ 109,235,611**	**$ 111,410,556**	**$ 110,854,595**
Percentage Change:							
Operating Expenditures							
State General Fund	(1.9) %	6.0 %	5.8 %	(1.0) %	(1.6) %	2.7 %	2.7 %
All Funds	1.5	6.4	6.2	0.3	(0.1)	1.1	1.1
FTE Positions	934.5	958.5	958.5	958.5	958.5	959.5	959.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	934.5	958.5	958.5	958.5	958.5	959.5	959.5

AGENCY OVERVIEW

Pittsburg State University (PSU) was established in 1903 by the Kansas Legislature to serve the higher education needs of Southeast Kansas. In 1970, the University became a Regents institution operating under the direction of the State Board of Regents. PSU functions as a comprehensive regional university, providing undergraduate and graduate programs and services primarily to the citizens of Southeast Kansas. This is accomplished through academic programs in Arts and Sciences, Business and Economics, Education, and Technology and Applied Science. The University is also committed to fulfilling its statewide mission in technology and economic development. The University seeks to fulfill the traditional academic missions of teaching, scholarship, and service. **A total of 7,479 students attended Pittsburg State University during the Fall 2014 semester. This was an increase of 79 students or 1.1 percent above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345), which transferred supervision of community colleges, area vocational schools, technical colleges, adult eduction programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance.

The **2011 Legislature** passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the

Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical eduction programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family's postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes concerning state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the State General Fund operating expenditures of the University by 1.5 percent. There were also reductions to the University's salaries and wages all funds expenditures by approximately 0.7 percent in FY 2014 and 0.2 percent for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is $111.9 million, including $36.5 million from the State General Fund. This is an increase of $6.3 million, or 5.9 percent, all funds and $79,796, or 0.2 percent, State General Fund above the approved amount. The increase includes $3.3 million for capital improvements, $1.7 million in salaries and wages, and $1.3 million in capital outlay. The capital improvement increase includes a transfer by the Board of Regents from the Educational Building Fund of $2.8 million in FY 2015. The State General Fund increase is due to the agency submitting its budget prior to the Governor's December 9th allotment.

FY 2015 Governor Recommendation

The **Governor** recommends $111.8 million, including $36.4 million from the State General Fund. This is an increase of $6.2 million, or 5.8 percent, all from special revenue funds, above the approved amount. The overall reduction to operating expenditures is due to the Governor's allotment for KPERS employer contribution rate and the refinancing of Armory Classroom bond payments. The Governor concurs with the agency's capital improvement budget.

FY 2016 Agency Request

The **agency** requests operating expenditures of $105.9 million, including $35.4 million from the State General Fund. This is an all funds increase of $285,320, or 0.3 percent, and a decrease of $366,984, or 1.0 percent, from the State General Fund from the FY 2015 revised estimate. There is an increase of salaries and wages ($824,634), capital outlay ($349,912), and other assistance ($624,933) partially offset by a decrease of contractual services ($709,618), commodities ($534,716) and debt service ($269,825).

The agency requests $3.8 million, including $710,616 from the State General Fund for capital improvements. This is a decrease of $2.4 million, or 38.7 percent all funds and an increase of $14,372, or 2.1 percent, from the State General Fund from the revised FY 2015 estimate. The increase in State General Fund expenditures is for debt service while the decrease in all funds is due to Educational Building Fund expenditures remaining within the Board of Regents budget until they are transferred.

FY 2016 Governor Recommendation

The **Governor** recommends $105.4 million, including $35.2 million from the State General Fund. The is a decrease of $115,932, or 0.1 percent, all funds and $556,928, or 1.6 percent, State General Fund below the FY 2015 recommendation. The Governor recommends a reduction of $552,131, including $277,341 from the State General Fund, to reduce employer contributions for state employee health insurance. Due to the bond refinancing in FY 2015, expenditures increase in the amount of $7,601, all from the State General Fund for FY 2016. The Governor concurs with the agency's capital improvement budget.

FY 2017 Agency Request

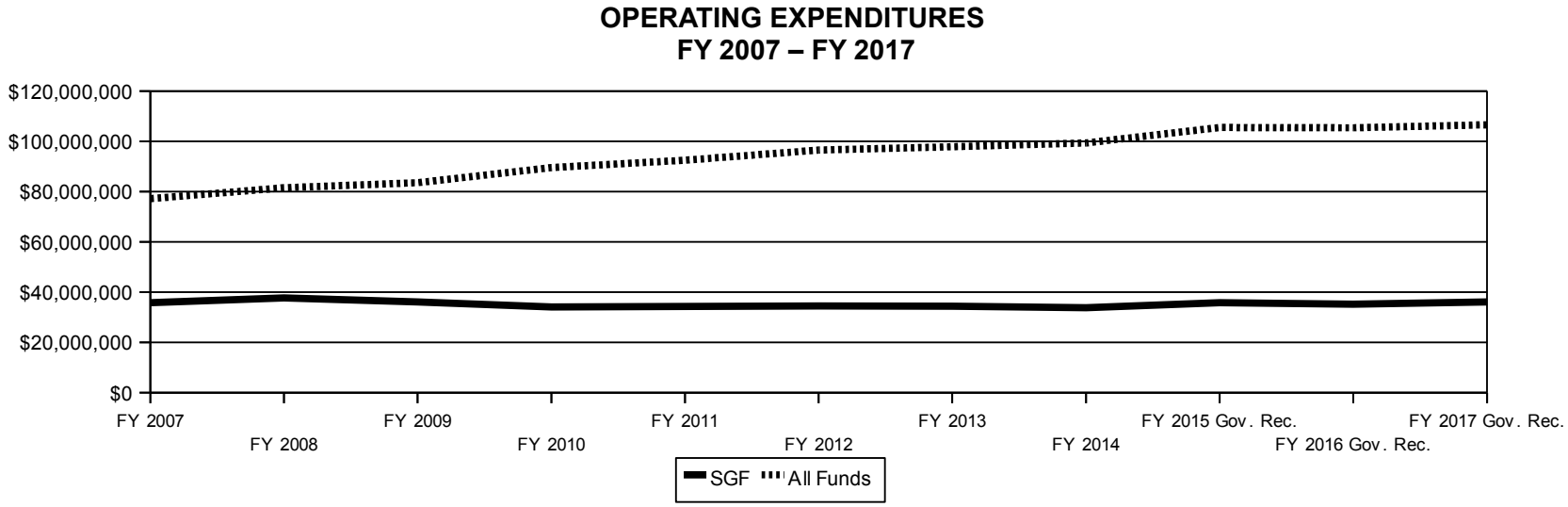
The **agency** requests an operating budget of $107.1 million, including $36.4 million from the State General Fund. This is an increase of $1.2 million, or 1.1 percent, all funds and $963,467, or 2.7 percent, from the State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($1.6 million) with partially offsetting decreases in the other operating expenditures.

The agency requests $4.3 million, including $730,272 from the State General Fund for capital improvements. This is an all funds increase of $430,511, or 11.2 percent, and $19,656, or 2.8 percent, from the State General Fund above the FY 2016 request. The increase is attributable to increased debt service principal and interest payments.

FY 2017 Governor Recommendation

The **Governor** recommends $106.6 million, including $36.1 million from the State General Fund. This is an increase of $1.2 million, or 1.1 percent, all funds and $958,170, or 2.7 percent, State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $563,562, including $282,638 from the State General Fund, to reduce employer contributions for state employee health insurance. Due to the bond refinancing in FY 2015, the expenditures for bond payments increase in the amount of $7,601, all from the State General Fund for FY 2017. These reductions are the only adjustments the Governor made to he agency's request for FY 2017.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 35,800,716	1.6 %	$ 77,189,314	4.2 %	855.3
2008	37,622,250	5.1	81,529,272	5.6	877.3
2009	36,134,567	(4.0)	83,538,190	2.5	896.8
2010	34,039,608	(5.8)	89,545,836	7.2	887.5
2011	34,234,978	0.6	92,474,717	3.3	898.7
2012	34,458,828	0.7	96,517,914	4.4	874.9
2013	34,433,234	(0.1)	97,857,691	1.4	934.5
2014	33,788,292	(1.9)	99,334,735	1.5	934.5
2015 Gov. Rec.	35,734,655	5.8	105,513,450	6.2	958.5
2016 Gov. Rec.	35,177,727	(1.6)	105,397,518	(0.1)	958.5
2017 Gov. Rec.	36,135,897	2.7	106,585,991	1.1	959.5
Eleven-Year Change	$ 335,181	0.9 %	$ 29,396,677	38.1 %	104.2

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 7,266,763	$ 8,046,879	$ 7,978,457	$ (68,422)	(0.9) %	$ 8,033,805	$ 7,931,511	$ (102,294)	(1.3)%
Instructional Services	35,117,372	37,471,801	37,364,802	(106,999)	(0.3)	37,457,546	37,133,374	(324,172)	(0.9)
Academic Support	10,227,937	10,173,765	9,206,313	(967,452)	(9.5)	10,158,379	9,147,551	(1,010,828)	(10.0)
Student Services	9,660,028	11,120,686	11,484,669	363,983	3.3	11,107,789	11,414,628	306,839	2.8
Research	2,225,745	3,546,987	3,035,841	(511,146)	(14.4)	3,546,560	3,026,565	(519,995)	(14.7)
Public Service	1,848,045	2,510,107	2,904,475	394,368	15.7	2,508,595	2,891,011	382,416	15.2
Student Aid	14,580,549	12,869,650	13,494,647	624,997	4.9	12,869,650	13,494,647	624,997	4.9
Auxiliary	6,371,170	6,687,998	6,983,289	295,291	4.4	6,672,888	6,948,898	276,010	4.1
Physical Plant/Central Services	10,127,928	10,014,836	10,545,361	530,525	5.3	9,968,618	10,457,538	488,920	4.9
Debt Service	1,909,198	3,214,019	2,944,194	(269,825)	(8.4)	3,189,620	2,951,795	(237,825)	(7.5)
TOTAL	$ 99,334,735	$ 105,656,728	$ 105,942,048	$ 285,320	0.3 %	$ 105,513,450	$ 105,397,518	$ (115,932)	(0.1)%
By Major Object of Expenditure:									
Salaries and Wages	$ 65,049,398	$ 66,878,930	$ 67,703,564	$ 824,634	1.2 %	$ 66,760,051	$ 67,151,433	$ 391,382	0.6 %
Contractual Services	10,720,495	13,557,037	12,847,419	(709,618)	(5.2)	13,557,037	12,847,419	(709,618)	(5.2)
Commodities	4,311,571	6,098,847	5,564,131	(534,716)	(8.8)	6,098,847	5,564,131	(534,716)	(8.8)
Capital Outlay	2,469,161	3,055,624	3,405,536	349,912	11.5	3,055,624	3,405,536	349,912	11.5
Debt Service	1,909,198	3,214,019	2,944,194	(269,825)	(8.4)	3,189,620	2,951,795	(237,825)	(7.5)
Subtotal - Operations	$ 84,459,823	$ 92,804,457	$ 92,464,844	$ (339,613)	(0.4) %	$ 92,661,179	$ 91,920,314	$ (740,865)	(0.8)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	14,874,912	12,852,271	13,477,204	624,933	4.9	12,852,271	13,477,204	624,933	4.9
TOTAL	$ 99,334,735	$ 105,656,728	$ 105,942,048	$ 285,320	0.3 %	$ 105,513,450	$ 105,397,518	$ (115,932)	(0.1)%
Financing:									
State General Fund	$ 33,788,292	$ 35,814,451	$ 35,447,467	$ (366,984)	(1.0) %	$ 35,734,655	$ 35,177,727	$ (556,928)	(1.6)%
General Fees Fund	33,566,566	36,044,602	36,044,602	0	0.0	36,003,578	35,854,841	(148,737)	(0.4)
All Other Funds	31,979,877	33,797,675	34,449,979	652,304	1.9	33,775,217	34,364,950	589,733	1.7
TOTAL	$ 99,334,735	$ 105,656,728	$ 105,942,048	$ 285,320	0.3 %	$ 105,513,450	$ 105,397,518	$ (115,932)	(0.1)%

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:								
Institutional Support	$ 7,978,457	$ 8,040,261	$ 61,804	0.8 %	$ 7,931,511	$ 7,991,759	$ 60,248	0.8 %
Instructional Services	37,364,802	37,570,400	205,598	0.6	37,133,374	37,335,752	202,378	0.5
Academic Support	9,206,313	9,461,155	254,842	2.8	9,147,551	9,401,213	253,662	2.8
Student Services	11,484,669	11,723,806	239,137	2.1	11,414,628	11,652,359	237,731	2.1
Research	3,035,841	3,346,752	310,911	10.2	3,026,565	3,335,810	309,245	10.2
Public Service	2,904,475	2,749,195	(155,280)	(5.3)	2,891,011	2,736,130	(154,881)	(5.4)
Student Aid	13,494,647	13,494,651	4	0.0	13,494,647	13,494,651	4	0.0
Auxiliary	6,983,289	7,108,168	124,879	1.8	6,948,898	7,072,739	123,841	1.8
Physical Plant/Central Services	10,545,361	10,824,260	278,899	2.6	10,457,538	10,734,673	277,135	2.7
Debt Service	2,944,194	2,823,304	(120,890)	(4.1)	2,951,795	2,830,905	(120,890)	(4.1)
TOTAL	$ 105,942,048	$ 107,141,952	$ 1,199,904	1.1 %	$ 105,397,518	$ 106,585,991	$ 1,188,473	1.1 %
By Major Object of Expenditure:								
Salaries and Wages	$ 67,703,564	$ 69,254,186	$ 1,550,622	2.3 %	$ 67,151,433	$ 68,690,624	$ 1,539,191	2.3 %
Contractual Services	12,847,419	12,646,789	(200,630)	(1.6)	12,847,419	12,646,789	(200,630)	(1.6)
Commodities	5,564,131	5,553,497	(10,634)	(0.2)	5,564,131	5,553,497	(10,634)	(0.2)
Capital Outlay	3,405,536	3,386,972	(18,564)	(0.5)	3,405,536	3,386,972	(18,564)	(0.5)
Debt Service	2,944,194	2,823,304	(120,890)	(4.1)	2,951,795	2,830,905	(120,890)	(4.1)
Subtotal - Operations	$ 92,464,844	$ 93,664,748	$ 1,199,904	1.3 %	$ 91,920,314	$ 93,108,787	$ 1,188,473	1.3 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	13,477,204	13,477,204	0	0.0	13,477,204	13,477,204	0	0.0
TOTAL	$ 105,942,048	$ 107,141,952	$ 1,199,904	1.1 %	$ 105,397,518	$ 106,585,991	$ 1,188,473	1.1 %
Financing:								
State General Fund	$ 35,447,467	$ 36,410,934	$ 963,467	2.7 %	$ 35,177,727	$ 36,135,897	$ 958,170	2.7 %
General Fees Fund	36,044,602	36,044,602	0	0.0	35,854,841	35,851,376	(3,465)	(0.0)
All Other Funds	34,449,979	34,686,416	236,437	0.7	34,364,950	34,598,718	233,768	0.7
TOTAL	$ 105,942,048	$ 107,141,952	$ 1,199,904	1.1 %	$ 105,397,518	$ 106,585,991	$ 1,188,473	1.1 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The 2014 Legislature approved a State General Fund budget of $36,264,360 for Pittsburg State University in FY 2015. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of $246,335, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015; and
- A reduction of $79,796, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $36,430,899. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 36,430,899	$ 36,510,695	$ 79,796	$ 36,430,899	$ 0
All Other Funds	69,221,127	75,410,108	6,188,981	75,346,626	6,125,499
TOTAL	$ 105,652,026	$ 111,920,803	$ 6,268,777	$ 111,777,525	$ 6,125,499
FTE Positions	934.5	958.5	24.0	958.5	24.0

The **agency's** revised estimate in FY 2015 is $111.9 million, including $36.5 million from the State General Fund. This is an increase of $6.3 million, or 5.9 percent, all funds and $79,796, or 0.2 percent, State General Fund above the approved amount. The increase includes $3.3 million for capital improvements, $1.7 million in salaries and wages, and $1.3 million in capital

outlay. The capital improvement increase includes a transfer by the Board of Regents from the Educational Building Fund of $2.8 million in FY 2015. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment.

The **Governor** recommends $111.8 million, including $36.4 million from the State General Fund. This is an increase of $6.1 million, or 5.8 percent, all from special revenue funds, above the approved amount.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
November Allotment			
Reduce KPERS Employer Contribution Rate	$ (55,397)	$ (55,397)	0.0
Refinance Bonds	$ (24,399)	$ (24,399)	0.0
TOTAL	$ (79,796)	$ (79,796)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction $55,397 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $63,482 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $118,879.

Refinancing of Bonds:

A reduction of $24,399, all from the State General Fund, due to reduce interest payments on bonds issued to fund the Armory Classroom/Recreation Center project.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 105,942,048	$ 105,397,518	$ (544,530)
FTE Positions	958.5	958.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (366,984)	$ (556,928)	
All Other Funds	652,304	440,996	
TOTAL	$ 285,320	$ (115,932)	
Percent Change:			
State General Fund	(1.0) %	(1.6) %	
All Other Funds	0.9	0.6	
TOTAL	0.3 %	(0.1) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $105.9 million, including $35.4 million from the State General Fund. This is an all funds increase of $285,320, or 0.3 percent, and a decrease of $366,984, or 1.0 percent, from the State General Fund from the FY 2015 revised estimate. There is an increase in salaries and wages ($824,634), capital outlay ($349,912), and other assistance ($624,933) partially offset by a decrease in contractual services ($709,618), commodities ($534,716) and debt service ($269,825).

The **Governor** recommends $105.4 million, including $35.2 million from the State General Fund. The is a decrease of $115,932, or 0.1 percent, all funds and $556,928, or 1.6 percent, State General Fund below the FY 2015 recommendation. The Governor recommends a reduction of $552,131, including $277,341 from the State General Fund, to reduce employer contributions for state employee health insurance. Due to the bond refinancing in FY 2015, the expenditures in bond payments increase in the amount of $7,601, all from the State General Fund for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 107,141,952	$ 106,585,991	$ (555,961)
FTE Positions	959.5	959.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 963,467	$ 958,170	
All Other Funds	236,437	230,303	
TOTAL	$ 1,199,904	$ 1,188,473	
Percent Change:			
State General Fund	2.7 %	2.7 %	
All Other Funds	0.3	0.3	
TOTAL	1.1 %	1.1 %	
Change in FTE Positions	1.0	1.0	

The **agency** requests an operating budget of $107.1 million, including $36.4 million from the State General Fund. This is an all funds increase of $1.2 million, or 1.1 percent, and $963,467, or 2.7 percent, from the State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($1.6 million) with partially offsetting decreases in the other operating expenditures.

The **Governor** recommends $106.6 million, including $36.1 million from the State General Fund. This is an increase of $1.2 million, or 1.1 percent, all funds and $958,170, or 2.7 percent, State General Fund above the FY 2016 recommendation. The Governor recommends a reduction of $563,562, including $282,638 from the State General Fund, to reduce employer contributions for state employee health insurance. Due to the bond refinancing in FY 2015, the expenditures for bond payments increase in the amount of $7,601, all from the State General Fund for FY 2017. These reductions are the only adjustments the Governor made to he agency's request for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $202,823, including $103,278 from the State General Fund, and affects 652 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, there are no longevity bonus payments.**

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 $552,131, including $277,341 from the State General Fund for FY 2016. This is a reduction of $563,562, including $282,638 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	33.5 %	33.4 %	34.0 %	33.9 %
General Fees Fund	34.2	34.0	33.6	33.6
All Other Funds	32.3	32.6	32.4	32.5
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

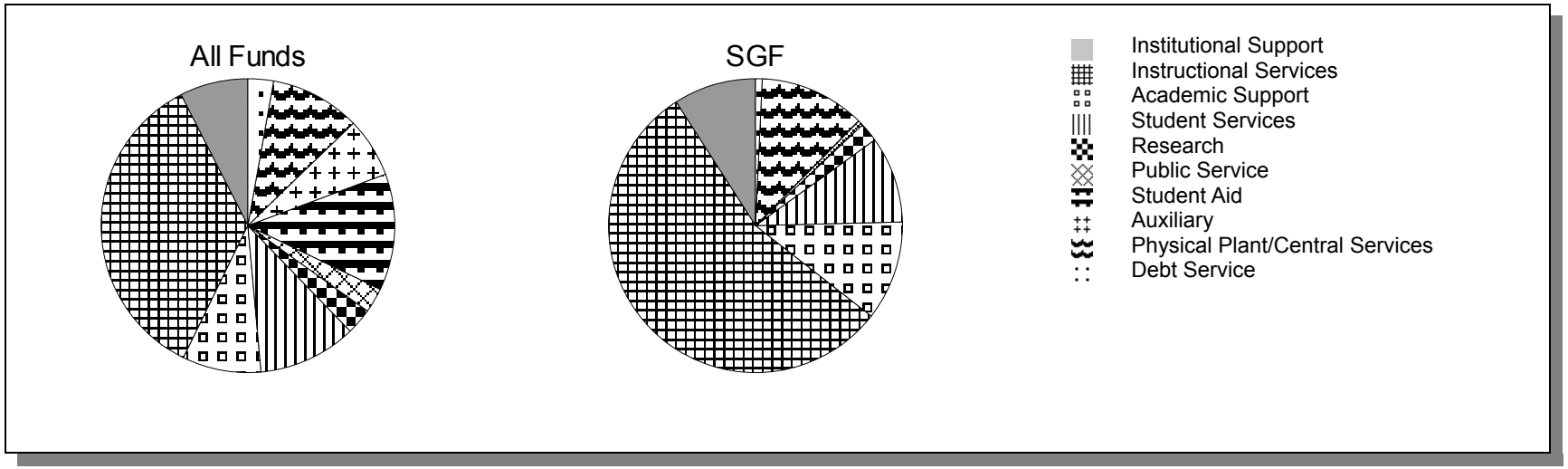
Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each 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	$ 5,331,949	$ 5,796,740	$ 5,796,740	$ 5,914,746	$ 5,955,770	$ 6,032,752	$ 6,263,537
Revenue	34,324,603	36,259,602	36,244,602	36,259,602	36,244,602	36,259,602	36,244,602
Transfers in	15,000	0	0	0	0	0	0
Total Funds Available	$ 39,671,552	$ 42,056,342	$ 42,041,342	$ 42,174,348	$ 42,200,372	$ 42,292,354	$ 42,508,139
Less: Expenditures	33,780,118	36,044,602	36,003,578	36,044,602	35,854,841	36,044,602	35,851,376
Transfers Out	94,694	96,994	81,994	96,994	81,994	96,994	81,994
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 5,796,740	$ 5,914,746	$ 5,955,770	$ 6,032,752	$ 6,263,537	$ 6,150,758	$ 6,574,769
Ending Balance as Percent of Expenditures	17.2%	16.4%	16.5%	16.7%	17.5%	17.1%	18.3%
	January	January	January	January	January	January	January
Month Highest Ending Balance	$ 25,664,250	$ 26,500,000	$ 26,500,000	$ 26,500,000	$ 26,500,000	$ 26,500,000	$ 26,500,000
	July	July	July	July	July	July	July
Month Lowest Ending Balance	$ 4,015,900	$ 4,000,000	$ 4,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000

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
Institutional Support	$ 7,931,511	7.5 %	$ 3,198,411	9.1 %
Instructional Services	37,133,374	35.2	19,474,591	55.4
Academic Support	9,147,551	8.7	3,845,499	10.9
Student Services	11,414,628	10.8	3,355,026	9.5
Research	3,026,565	2.9	734,958	2.1
Public Service	2,891,011	2.7	204,072	0.6
Student Aid	13,494,647	12.8	10,254	0.0
Auxiliary	6,948,898	6.6	0	0.0
Physical Plant/Central Services	10,457,538	9.9	4,101,732	11.7
Debt Service	2,951,795	2.8	253,184	0.7
TOTAL	$ 105,397,518	100.0 %	$ 35,177,727	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
Institutional Support	89.8	90.3	90.3	90.3	90.3	90.3	90.3
Instructional Services	379.7	392.2	392.2	392.2	392.2	392.2	392.2
Academic Support	87.3	88.8	88.8	88.8	88.8	88.8	88.8
Student Services	100.1	101.6	101.6	101.6	101.6	101.6	101.6
Research	61.2	61.4	61.4	61.4	61.4	61.4	61.4
Public Service	28.8	29.6	29.6	29.6	29.6	29.6	29.6
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	57.2	59.2	59.2	59.2	59.2	59.2	59.2
Physical Plant/Central Services	130.4	135.4	135.4	135.4	135.4	136.4	136.4
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	934.5	958.5	958.5	958.5	958.5	959.5	959.5

Enrollment Trends

The following table summarizes recent enrollment trends at the Pittsburg State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**7,277**	**7,130**	**7,275**	**7,289**	**7,400**	**7,479**	
Change	150	(147)	145	14	111	79	202
%Change	2.1 %	(2.0)%	2.0 %	0.2 %	1.5 %	1.1 %	2.8 %
FTE Students	**6,851**	**6,858**	**6,984**	**6,876**	**6,991**	**6,981**	
Change	178	7	126	(108)	115	(10)	130
%Change	2.7 %	0.1 %	1.8 %	(1.5)%	1.7 %	(0.1)%	1.9 %
Student Credit Hours	**96,531**	**96,789**	**98,774**	**97,871**	**99,312**	**99,056**	
Change	2,326	258	1,985	(903)	1,441	(256)	2,525
%Change	2.5 %	0.3 %	2.1 %	(0.9)%	1.5 %	(0.3)%	2.6 %

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general admission and logistical services; personnel management; and community and alumni relations activities. The **agency** requests FY 2016 operating expenditures of $8.0 million, including $3.2 million from the State General Fund. The request is a decrease of $68,422, or 0.9 percent, and an increase of $192,476, or 6.3 percent, from the State General Fund from the approved FY 2015 budget. The difference reflects increases in salaries and wages ($24,482) and capital outlay ($49,285) offset with a decrease primarily in contractual services ($151,807).

The **Governor** recommends FY 2016 operating expenditures of $7.9 million, including $3.2 million from the State General Fund. The recommendation is a decrease of $46,946, or 0.6 percent, all funds and $25,792, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $8.0 million including $3.5 million from the State General Fund. The request is an all funds increase of $61,804, or 0.8 percent, and $239,503, or 7.4 percent, from the State General Fund

above the FY 2016 request. The increase is in salaries and wages ($288,815) with a partially offsetting decrease mainly in contractual services ($199,860).

The **Governor** recommends FY 2017 operating expenditures of $8.0 million, including $3.4 million from the State General Fund. The recommendation is a decrease of $48,502, or 0.6 percent, all funds and $26,647, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $37.4 million, including $19.6 million from the State General Fund. The request is an all funds decrease of $106,999, or 0.3 percent, and an increase of $46,857, or 0.2 percent, from the State General Fund from the FY 2015 revised estimate. The difference reflects increases in contractual services ($77,832) and capital outlay ($98,403) with offsetting decreases in salaries and wages ($34,720) and commodities ($248,514).

The **Governor** recommends FY 2016 operating expenditures of $37.1 million, including $19.5 million from the State General Fund. The recommendation is a decrease of $231,428, or 0.6 percent, all funds and $133,533, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $37.6 million, including $19.6 million from the State General Fund. The request is an all funds increase of $205,598, or 0.6 percent, and a decrease of $42,905, or 0.2 percent, from the State General Fund from the FY 2016 request. The increase is in salaries and wages ($207,397) with partially offsetting decreases in all other operating expenditure categories.

The **Governor** recommends FY 2017 operating expenditures of $37.3 million, including $19.4 million from the State General Fund. The recommendation is a decrease of $234,648, or 0.6 percent, all funds and $135,391, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums, and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $9.2 million, including $3.9 million from the State General Fund. The overall request is an all funds decrease of $967,452, or 9.5 percent, and $921,029, or 19.2 percent, from the State General Fund below the revised estimate in FY 2015. The decrease is primarily in contractual services ($1.1 million) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $9.1 million, including $3.8 million from the State General Fund. The recommendation is a decrease of $58,762, or 0.6 percent, all funds and $32,748, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $9.5 million, including $4.2 million from the State General Fund. The request is an all funds increase of $254,842, or 2.8 percent, and $275,133, or 7.1 percent, from the State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $9.4 million, including $4.1 million from the State General Fund. The recommendation is a decrease of $59,942, or 0.6 percent, all funds and $33,406, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $11.5 million, including $3.4 million from the State General Fund. The request is an all funds increase of $363,983, or 3.3 percent, and $160,021, or 5.0 percent, from the State General Fund above the revised estimate. The increase is primarily in salaries and wages ($221,908) and contractual services ($140,127) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $11.4 million, including $3.4 million from the State General Fund. The recommendation is a decrease of $70,041, or 0.6 percent, all funds and $30,552, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $11.7 million, including $3.6 million from the State General Fund. The request is an all funds increase of $239,137, or 2.1 percent, and $221,504, or 6.5 percent, from the State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $11.7 million, including $3.6 million from the State General Fund. The recommendation is a decrease of $71,447, or 0.6 percent, all funds and $31,165, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $3.0 million, including $736,763 from the State General Fund. The request is a decrease of $511,146, or 14.4 percent, all funds and $172,720, or 19.0 percent, State General Fund below the revised estimate. The decrease is attributable to reductions in all operating categories for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $3.0 million, including $734,958 from the State General Fund. The recommendation is a decrease of $9,276, or 0.3 percent, all funds and $1,805, or 0.2 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $3.3 million, including $737,587 from the State General Fund. The request is an all funds increase of $310,911, or 10.2 percent, and $824, or 0.1 percent, from the State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($311,929).

The **Governor** recommends FY 2017 operating expenditures of $3.3 million, including $735,458 from the State General Fund. The recommendation is a decrease of $10,942, or 0.3 percent, all funds and $2,129, or 0.3 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $2.9 million, including $205,554 from the State General Fund. The request is an all funds increase of $394,368, or 15.7 percent, and $68,375, or 49.8 percent, from the State General Fund above the revised FY 2015 estimate. The increase is mainly attributable to increases in salaries and wages ($281,497) and contractual services ($59,059).

The **Governor** recommends FY 2016 operating expenditures of $2.9 million, including $204,072 from the State General Fund. The recommendation is a decrease of $13,464, or 0.5 percent, all funds and $1,482, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $2.7 million, including $200,631 from the State General Fund. The request is an all funds decrease of $155,280, or 5.3 percent, and $4,923, or 2.4 percent, from the State General Fund below the FY 2016 request. The decrease is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $2.7 million, including $199,193 from the State General Fund. The recommendation is a decrease of $13,065, or 0.5 percent, all funds and $1,438, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $13.5 million, including $10,254 from the State General Fund. The request is an all funds increase of $624,997, or 4.9 percent, and a decrease of $2, or less than 0.1 percent, from the State General Fund from the revised FY 2015 estimate. The increase is in other assistance.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $13.5 million, including $10,045 from the State General Fund. The request is an all funds increase of $4, or less than 0.1 percent, and a decrease of $209, or 2.0 percent, from the State General Fund from the FY 2016 request.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2016 operating expenditures of $7.0 million, all from special revenue funds. This is an increase of $295,291, or 4.4 percent, above the revised FY 2015 estimate. The increase in salaries and wages ($211,044), commodities ($52,261), and capital outlay ($37,814) is partially offset with a decrease in contractual services ($5,828) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $7.0 million, all from special revenue funds. The recommendation is a decrease of $34,391, or 0.5 percent, below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $7.1 million, all from special revenue funds. The request is an increase of $124,879, or 1.8 percent, above the FY 2016 request. The increase is in expenditures for salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $7.1 million, all from special revenue funds. The recommendation is a decrease of $35,429, or 0.5 percent, below the agency request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.The **agency** requests FY 2016 operating expenditures of $10.5 million, including $4.2 million from the State General Fund. The request is an all funds increase of $530,525, or 5.3 percent, and $276,410, or 7.1 percent, from the State General Fund above the revised FY 2015 estimate. The increases are mainly in salaries and wages ($268,176) and contractual services ($257,383) with a partially offsetting decrease in commodities ($32,283).

The **Governor** recommends FY 2016 operating expenditures of $10.5 million, including $4.1 million from the State General Fund. The recommendation is a decrease of $87,823, or 0.8 percent, all funds and $51,429, or 1.2 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $10.8 million, including $4.4 million from the State General Fund. The request is an all funds increase of $278,899, or 2.6 percent, and $292,396, or 7.0 percent, from the State General Fund above the FY 2016 request. The increase is in salaries and wages.

The **Governor** recommends FY 2017 operating expenditures of $10.7 million, including $4.4 million from the State General Fund. The recommendation is a decrease of $89,587, or 0.8 percent, all funds and $52,462, or 1.2 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 2,792,197	$ 2,792,197	$ 0	$ 0	$ 0	$ 0
Overman Student Center	250,000	250,000	250,000	250,000	250,000	250,000
Additional Repairs	528,620	528,620	275,000	275,000	275,000	275,000
Parking	200,000	200,000	200,000	200,000	200,000	200,000
Debt Service - Principal	2,493,258	2,493,258	3,113,093	3,113,093	3,543,604	3,543,604
TOTAL	$ 6,264,075	$ 6,264,075	$ 3,838,093	$ 3,838,093	$ 4,268,604	$ 4,268,604
Financing:						
State General Fund	$ 696,244	$ 696,244	$ 710,616	$ 710,616	$ 730,272	$ 730,272
All Other Funds	5,567,831	5,567,831	3,127,477	3,127,477	3,538,332	3,538,332
TOTAL	$ 6,264,075	$ 6,264,075	$ 3,838,093	$ 3,838,093	$ 4,268,604	$ 4,268,604

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate in FY 2015 is $6.3 million, including $696,244 from the State General Fund. This is a $3.3 million, or 113.6 percent increase above the FY 2015 approved amount. The increase is mainly due to the additional expenditures from the Educational Building Fund carry forward and transfer from the Board of Regents of $2.8 million. The State General Fund expenditures are for debt service.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $3.8 million, including $710,616 from the State General Fund. This is an all funds decrease of $2.4 million, or 38.7 percent, and an increase of $14,372, or 2.1 percent, from the State General Fund from the revised FY 2015 estimate. The increase in State General Fund expenditures is for debt service, while the decrease in all funds is because the Educational Building Fund expenditures are within the Board of Regents budget until transferred.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $4.3 million, including $730,272 from the State General Fund. This is an all funds increase of $430,511, or 11.2 percent, and $19,656, or 2.8 percent, from the State General Fund above the FY 2016 request. The increase is mainly in increased debt service principal and interest payments.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Five-year graduation rate	43.0%	42.8%	43.0%	43.0%	43.0%
Percent of undergraduate credit hours taught by full-time faculty	78.0%	79.4%	78.0%	78.0%	78.0%

UNIVERSITY OF KANSAS

	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	$ 135,402,775	$ 137,384,253	$ 137,168,039	$ 136,930,098	$ 135,932,220	$ 140,371,391	$ 139,353,553
Other Funds	537,183,056	561,895,730	561,607,937	553,589,186	551,395,426	570,237,055	567,999,422
TOTAL	$ 672,585,831	$ 699,279,983	$ 698,775,976	$ 690,519,284	$ 687,327,646	$ 710,608,446	$ 707,352,975
Capital Improvements:							
State General Fund	$ 1,869,600	$ 2,080,000	$ 2,080,000	$ 2,165,000	$ 2,165,000	$ 2,255,000	$ 2,255,000
Other Funds	42,467,929	27,730,237	27,730,237	26,148,161	26,148,161	17,890,046	17,890,046
TOTAL	$ 44,337,529	$ 29,810,237	$ 29,810,237	$ 28,313,161	$ 28,313,161	$ 20,145,046	$ 20,145,046
GRAND TOTAL	**$ 716,923,360**	**$ 729,090,220**	**$ 728,586,213**	**$ 718,832,445**	**$ 715,640,807**	**$ 730,753,492**	**$ 727,498,021**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.0) %	1.5 %	1.3 %	(0.3) %	(0.9) %	2.5 %	2.5 %
All Funds	6.7	4.0	3.9	(1.3)	(1.6)	2.9	2.9
FTE Positions	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1

The University of Kansas (KU) was established in 1864 by the Kansas Legislature. KU is a major comprehensive research and teaching university. It is the only Kansas Regents university to hold membership in the Association of American Universities (AAU), a group of sixty public and private research universities that represent excellence in graduate and professional education and the highest achievements in research internationally. In addition to the main campus in Lawrence, the University includes the Medical Center in Kansas City and Wichita, the Regents Center in Overland Park, and other education and research facilities throughout the state. KU has fourteen major academic divisions including Liberal Arts and Sciences; Graduate School; Allied Health; Architecture and Urban Design; Business; Education; Engineering; and Social Welfare. **A total of 24,612 students attended KU during the Fall 2014 semester. This represents an increase of 177 students or 0.67 percent above the Fall 2013 semester.** The University of Kansas Medical Center submits a separate budget and a separate budget analysis is prepared for that institution.

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the Financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent for deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state

taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent and there was an additional reduction to salaries and wages all funds expenditures of approximately 0.5 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** deleted $2.0 million, all from the State General Fund for the Translational Chemical Biology program, added language allowing the University $25.0 million in bonding authority for the Earth Energy Environment project, and allowed the University to exchange property with the University of Kansas Endowment.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is $729.1 million, including $139.5 million from the State General Fund. This is an increase of $48.4 million, or 7.1 percent, all funds and $216,214, or 0.2 percent, State General Fund above the approved amount. The increase is mainly in salaries and wages ($24.0 million) and other assistance ($11.5 million). There is also a transfer from

the Board of Regents and carry forward of $11.9 million from the Educational Building Fund.

The **agency** is requesting bonding authority for three separate projects in FY 2015. This would not add expenditures until FY 2016. Debt service for the new residence hall and Corbin Hall would be paid from housing fees and debt service from the mechanical and electrical improvements would be requested from the Educational Building Fund.

The agency's revised estimate for capital improvements is $29.8 million, including $2.1 million from the State General Fund. This is an increase of $10.3 million, or 52.5 percent, all funds and a decrease of $2.1 million, or 50.8 percent, from the State General Fund from the FY 2015 approved amount. The increase is due to the transfer from the Board of Regents and carry forward of $11.9 million from the Educational Building Fund.

FY 2015 Governor Recommendation

The **Governor** recommends $728.6 million, including $139.2 million from the State General Fund. This is an increase of $47.9 million, or 7.0 percent, all from special revenue funds above the approved amount. There is no change to the State General Fund.

The **Governor** recommends the agency's supplemental request for bonding authority for the new Residence and Dining Hall ($51.2 million) and Corbin Hall ($14.5 million) but the Governor does not recommend bonding authority for mechanical and electrical improvements using the Educational Building Fund to pay the debt service.

The Governor also concurs with the agency's revised estimate for capital improvements.

FY 2016 Agency Request

The **agency** requests operating expenditures of $690.5 million, including $136.9 million from the State General Fund. This is a decrease of $8.8 million, or 1.3 percent, all funds and $454,155, or 0.3 percent, State General Fund below the FY 2015 revised estimate. The decrease is mainly in contractual services ($9.5 million) with an offsetting increase in salaries and wages ($1.3 million).

The agency requests $28.3 million, including $2.2 million from the State General Fund for capital improvements. This is a decrease of $1.5 million, or 5.0 percent, all funds and an increase of $85,000, or 4.1 percent, State General Fund from the FY 2015 revised estimate. The decrease is due to the transfer not occurring yet of the Educational Building Fund for FY 2016. However there is an increase to debt service principal payments.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures $687.3 million, including $135.9 million from the State General Fund. This is a decrease of $11.5 million, or 1.6 percent, all funds and $1.2 million, or 0.9 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of $3.2 million, including $997,878 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor also concurs with the agency's capital improvement budget request.

FY 2017 Agency Request

The **agency** requests operating expenditures of $710.6 million, including $140.4 million from the State General Fund. This is an increase of $20.1 million, or 2.9 percent, all funds and $3.4 million, or 2.5 percent, State General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($12.1 million) and contractual services ($6.9 million).

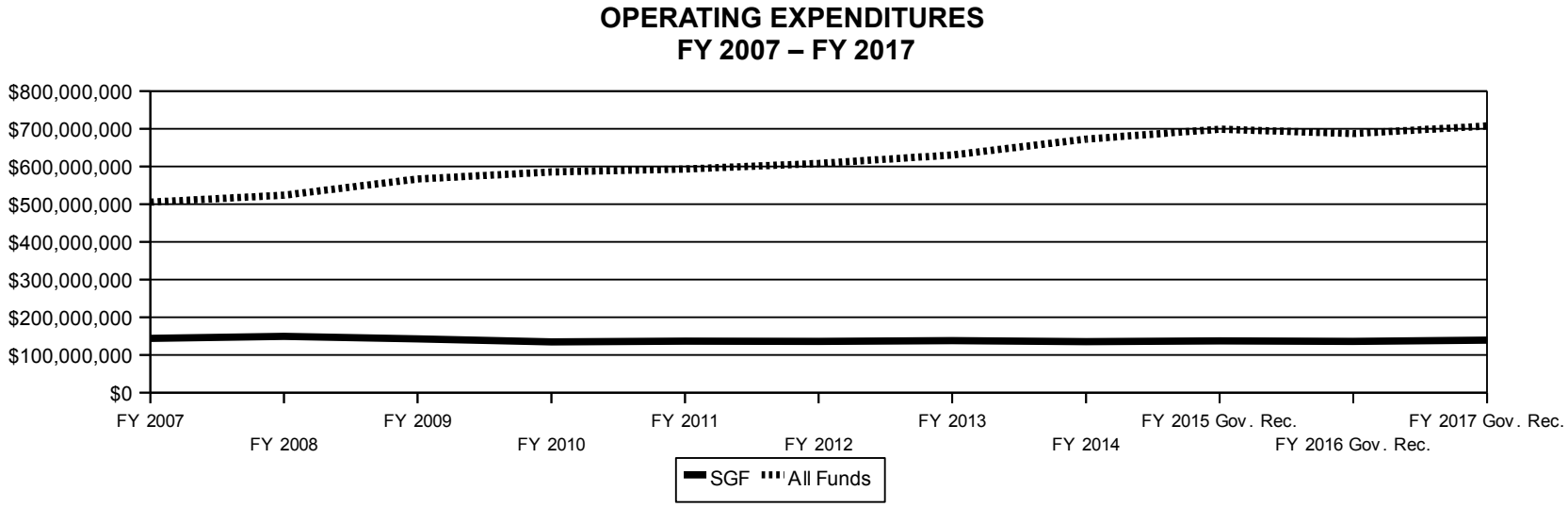
The agency also requests $20.1 million, including $2.3 million from the State General Fund for capital improvements. This is a decrease of $8.2 million, or 28.8 percent, all funds and an increase of $90,000, or 4.2 percent, State General Fund from the FY 2016 request. The all funds decrease is due to a reduction in expenditures for the School of Business construction project and the increase in State General Fund is due to increased State General Fund expenditures in debt service for FY 2017.

FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of $707.4 million, including $139.4 million from the State General Fund. This is an increase of $20.0 million, or 2.9 percent, all funds and $3.4 million, or 2.5 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $3.3 million, including $1.0 million from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor also concurs with the agency's capital improvement budget request.



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 144,082,037	1.8 %	$ 505,351,598	10.0 %	5,350.0
2008	149,486,691	3.8	523,878,989	3.7	5,450.0
2009	142,422,661	(4.7)	566,734,527	8.2	5,515.0
2010	134,699,764	(5.4)	585,433,037	3.3	5,405.0
2011	136,517,080	1.3	593,230,936	1.3	4,949.0
2012	136,019,806	(0.4)	607,975,534	2.5	4,793.4
2013	138,096,993	1.5	630,471,832	3.7	5,342.1
2014	135,402,775	(2.0)	672,585,831	6.7	5,342.1
2015 Gov. Rec.	137,168,039	1.3	698,775,976	3.9	5,342.1
2016 Gov. Rec.	135,932,220	(0.9)	687,327,646	(1.6)	5,342.1
2017 Gov. Rec.	139,353,553	2.5	707,352,975	2.9	5,342.1
Eleven-Year Change	$ (4,728,484)	(3.3)%	$ 202,001,377	40.0 %	(7.9)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 40,628,324	$ 39,981,062	$ 40,102,729	$ 121,667	0.3 %	$ 39,951,446	$ 39,865,939	$ (85,507)	(0.2)%
Instructional Services	248,933,691	269,301,124	267,973,471	(1,327,653)	(0.5)	269,166,557	266,681,607	(2,484,950)	(0.9)
Academic Support	48,080,546	54,419,151	54,551,494	132,343	0.2	54,353,543	54,267,771	(85,772)	(0.2)
Student Services	41,814,275	42,807,635	42,866,351	58,716	0.1	42,771,426	42,682,352	(89,074)	(0.2)
Research	112,008,248	100,133,224	100,466,585	333,361	0.3	100,105,121	99,828,287	(276,834)	(0.3)
Public Service	10,397,196	10,791,691	10,808,008	16,317	0.2	10,785,854	10,754,111	(31,743)	(0.3)
Student Aid Auxiliary	56,601,126	59,815,948	59,815,780	(168)	(0.0)	59,814,326	59,813,740	(586)	(0.0)
Auxiliary	55,787,629	54,748,737	46,600,517	(8,148,220)	(14.9)	54,699,990	46,430,796	(8,269,194)	(15.1)
Physical Plant/Central Services	50,865,430	56,374,313	56,499,343	125,030	0.2	56,220,615	56,168,037	(52,578)	(0.1)
Debt Service	7,469,366	10,907,098	10,835,006	(72,092)	(0.7)	10,907,098	10,835,006	(72,092)	(0.7)
TOTAL	$ 672,585,831	$ 699,279,983	$ 690,519,284	$ (8,760,699)	(1.3) %	$ 698,775,976	$ 687,327,646	$ (11,448,330)	(1.6)%
By Major Object of Expenditure:									
Salaries and Wages	$ 449,284,838	$ 463,286,918	$ 464,604,912	$ 1,317,994	0.3 %	$ 462,782,911	$ 461,413,274	$ (1,369,637)	(0.3)%
Contractual Services	114,597,155	125,241,756	115,735,736	(9,506,020)	(7.6)	125,241,756	115,735,736	(9,506,020)	(7.6)
Commodities	21,796,855	22,111,769	21,861,356	(250,413)	(1.1)	22,111,769	21,861,356	(250,413)	(1.1)
Capital Outlay	15,691,102	15,807,004	15,557,004	(250,000)	(1.6)	15,807,004	15,557,004	(250,000)	(1.6)
Debt Service	7,469,366	10,907,098	10,835,006	(72,092)	(0.7)	10,907,098	10,835,006	(72,092)	(0.7)
Subtotal - Operations	$ 608,839,316	$ 637,354,545	$ 628,594,014	$ (8,760,531)	(1.4) %	$ 636,850,538	$ 625,402,376	$ (11,448,162)	(1.8)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	63,746,515	61,925,438	61,925,270	(168)	(0.0)	61,925,438	61,925,270	(168)	(0.0)
TOTAL	$ 672,585,831	$ 699,279,983	$ 690,519,284	$ (8,760,699)	(1.3) %	$ 698,775,976	$ 687,327,646	$ (11,448,330)	(1.6)%
Financing:									
State General Fund	$ 135,402,775	$ 137,384,253	$ 136,930,098	$ (454,155)	(0.3) %	$ 137,168,039	$ 135,932,220	$ (1,235,819)	(0.9)%
General Fees Fund	256,097,072	281,088,833	280,373,773	(715,060)	(0.3)	280,943,021	279,233,573	(1,709,448)	(0.6)
All Other Funds	281,085,984	280,806,897	273,215,413	(7,591,484)	(2.7)	280,664,916	272,161,853	(8,503,063)	(3.0)
TOTAL	$ 672,585,831	$ 699,279,983	$ 690,519,284	$ (8,760,699)	(1.3) %	$ 698,775,976	$ 687,327,646	$ (11,448,330)	(1.6)%

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:								
Institutional Support	$ 40,102,729	$ 41,308,773	$ 1,206,044	3.0 %	$ 39,865,939	$ 41,067,247	$ 1,201,308	3.0 %
Instructional Services	267,973,471	270,851,548	2,878,077	1.1	266,681,607	269,533,846	2,852,239	1.1
Academic Support	54,551,494	56,000,712	1,449,218	2.7	54,267,771	55,711,315	1,443,544	2.7
Student Services	42,866,351	43,702,621	836,270	2.0	42,682,352	43,514,942	832,590	2.0
Research	100,466,585	105,255,283	4,788,698	4.8	99,828,287	104,604,219	4,775,932	4.8
Public Service	10,808,008	11,063,429	255,421	2.4	10,754,111	11,008,454	254,343	2.4
Student Aid Auxiliary	59,815,780	59,815,780	0	0.0	59,813,740	59,813,699	(41)	(0.0)
Auxiliary	46,600,517	54,668,831	8,068,314	17.3	46,430,796	54,495,716	8,064,920	17.4
Physical Plant/Central Services	56,499,343	57,689,799	1,190,456	2.1	56,168,037	57,351,867	1,183,830	2.1
Debt Service	10,835,006	10,251,670	(583,336)	(5.4)	10,835,006	10,251,670	(583,336)	(5.4)
TOTAL	$ 690,519,284	$ 710,608,446	$ 20,089,162	2.9 %	$ 687,327,646	$ 707,352,975	$ 20,025,329	2.9 %
By Major Object of Expenditure:								
Salaries and Wages	$ 464,604,912	$ 476,672,475	$ 12,067,563	2.6 %	$ 461,413,274	$ 473,417,004	$ 12,003,730	2.6 %
Contractual Services	115,735,736	122,632,363	6,896,627	6.0	115,735,736	122,632,363	6,896,627	6.0
Commodities	21,861,356	23,569,664	1,708,308	7.8	21,861,356	23,569,664	1,708,308	7.8
Capital Outlay	15,557,004	15,557,004	0	0.0	15,557,004	15,557,004	0	0.0
Debt Service	10,835,006	10,251,670	(583,336)	(5.4)	10,835,006	10,251,670	(583,336)	(5.4)
Subtotal - Operations	$ 628,594,014	$ 648,683,176	$ 20,089,162	3.2 %	$ 625,402,376	$ 645,427,705	$ 20,025,329	3.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	61,925,270	61,925,270	0	0.0	61,925,270	61,925,270	0	0.0
TOTAL	$ 690,519,284	$ 710,608,446	$ 20,089,162	2.9 %	$ 687,327,646	$ 707,352,975	$ 20,025,329	2.9 %
Financing:								
State General Fund	$ 136,930,098	$ 140,371,391	$ 3,441,293	2.5 %	$ 135,932,220	$ 139,353,553	$ 3,421,333	2.5 %
General Fees Fund	280,373,773	283,571,263	3,197,490	1.1	279,233,573	282,408,261	3,174,688	1.1
All Other Funds	273,215,413	286,665,792	13,450,379	4.9	272,161,853	285,591,161	13,429,308	4.9
TOTAL	$ 690,519,284	$ 710,608,446	$ 20,089,162	2.9 %	$ 687,327,646	$ 707,352,975	$ 20,025,329	2.9 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $139,464,253 for the University of Kansas in FY 2015. One adjustment subsequently has been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $216,214 from State General Fund, as the result of the Governor's December 9th, allotment.

This adjustment changes the FY 2015 approved State General Fund to $139,248,039. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 139,248,039	$ 139,464,253	$ 216,214	$ 139,248,039	$ 0
All Other Funds	541,484,078	589,625,967	48,141,889	589,338,174	47,854,096
TOTAL	$ 680,732,117	$ 729,090,220	$ 48,358,103	$ 728,586,213	$ 47,854,096
FTE Positions	5,342.1	5,342.1	0.0	5,342.1	0.0

The **agency's** revised estimate is $729.1 million, including $139.5 million from the State General Fund. This is an increase of $48.4 million, or 7.1 percent, all funds and $216,214, or 0.2 percent, State General Fund above the approved amount. The increase is mainly in salaries and wages ($24.0 million) and other assistance ($11.5 million). There is also a transfer from

the Board of Regents and carry forward of $11.9 million from the Educational Building Fund.

The **Governor** recommends $728.6 million, including $139.2 million from the State General Fund. This is an increase of $47.9 million, or 7.0 percent, all from special revenue funds above the approved amount. There is no change to the State General Fund.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Bonding Authority for Residence Hall and Dining ($51.2 million)	$ 0	$ 0	0.0	$ 0	$ 0	0.0
Bonding Authority for Mechanical/Electrical Improvements ($19.7 million)	0	0	0.0	0	0	0.0
Bonding Authority for Corbin Hall ($14.5. million)	0	0	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 0**	**0.0**	**$ 0**	**$ 0**	**0.0**

The **agency** is requesting bonding authority for three separate projects in FY 2015. This would not add expenditures until FY 2016. Debt service for the new residence hall and Corbin Hall would be paid from housing fees and debt service from the mechanical and electrical improvements would be requested from the Educational Building Fund.

The **Governor** recommends bonding authority for the new Residence and Dining Hall ($51.2 million) and Corbin Hall ($14.5 million) but the Governor does not recommend bonding authority for mechanical and electrical improvements using the Educational Building Fund to pay the debt service.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (216,214)	$ (216,214)	0.0
TOTAL	$ (216,214)	$ (216,214)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $216,214 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $287,793 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $504,007.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 690,519,284	$ 687,327,646	$ (3,191,638)
FTE Positions	5,342.1	5,342.1	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (454,155)	$ (1,235,819)	
All Other Funds	(8,306,544)	(10,212,511)	
TOTAL	$ (8,760,699)	$ (11,448,330)	
Percent Change:			
State General Fund	(0.3) %	(0.9) %	
All Other Funds	(1.5)	(1.8)	
TOTAL	(1.3) %	(1.6) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $690.5 million, including $136.9 million from the State General Fund. This is a decrease of $8.8 million, or 1.3 percent, all funds and $454,155, or 0.3 percent, State General Fund below the FY 2015 revised estimate. The decrease is mainly in contractual services ($9.5 million) with an offsetting increase in salaries and wages ($1.3 million).

The **Governor** recommends $687.3 million, including $135.9 million from the State General Fund. This is a decrease of $11.4 million, or 1.6 percent, all funds and $1.2 million, or 0.9 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of $3.2 million, including $997,878 from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 710,608,446	$ 707,352,975	$ (3,255,471)
FTE Positions	5,342.1	5,342.1	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 3,441,293	$ 3,421,333	
All Other Funds	16,647,869	16,603,996	
TOTAL	$ 20,089,162	$ 20,025,329	
Percent Change:			
State General Fund	2.5 %	2.5 %	
All Other Funds	3.0	3.0	
TOTAL	2.9 %	2.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $710.6 million, including $140.4 million from the State General Fund. This is an increase of $20.1 million, or 2.9 percent, all funds and $3.4 million, or 2.5 percent, state General Fund above the FY 2016 request. The increase is mainly in salaries and wages ($12.1 million) and contractual services ($6.9 million).

The **Governor** recommends $707.4 million, including $139.4 million from the State General Fund. This is an increase of $20.0 million, or 2.9 percent, all funds and $3.4 million, or 2.5 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $3.3 million, including $1.0 million from the State General Fund, to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

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 $1.3 million, including $371,177 from the State General Fund, and affects 4,076 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, there are no longevity bonus payments.**

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 $3.2 million, including $997,878 from the State General Fund for FY 2016. This is a reduction of $3.3 million, including $1.0 million from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	19.8 %	19.8 %	19.8 %	19.7 %
General Fees Fund	40.6	40.6	39.9	39.9
All Other Funds	39.6	39.6	40.3	40.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session is concluded each year.

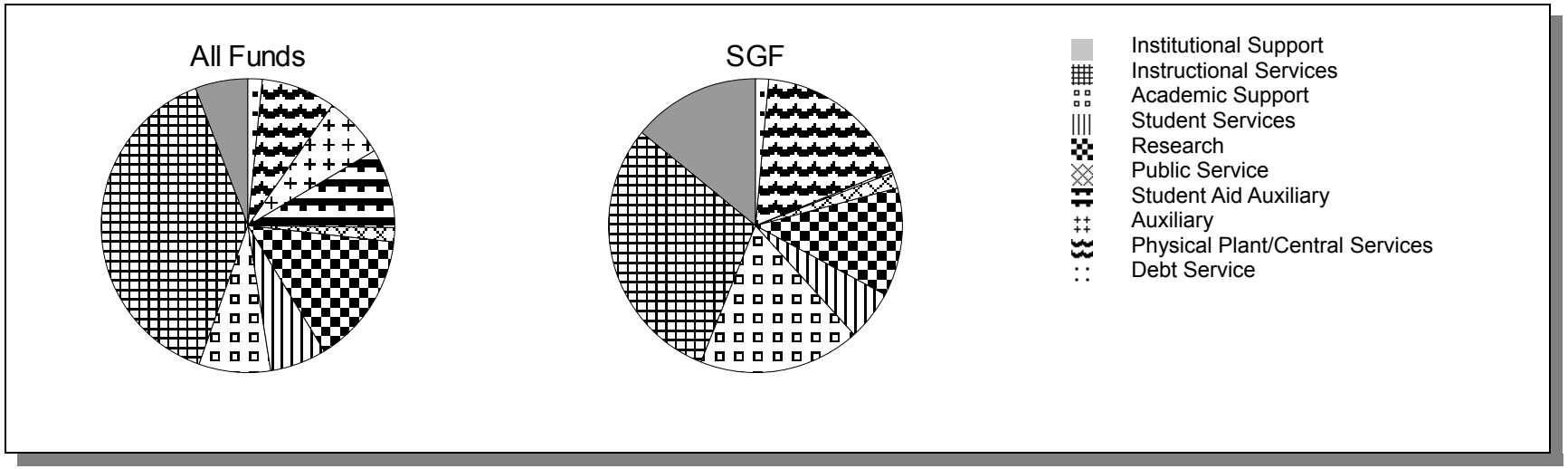
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 16,535,398	$ 18,245,991	$ 18,245,991	$ 16,629,544	$ 16,775,356	$ 15,633,097	$ 16,919,109
Revenue	266,334,194	281,835,100	281,835,100	281,835,100	281,835,100	281,835,100	281,835,100
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 282,869,592	$ 300,081,091	$ 300,081,091	$ 298,464,644	$ 298,610,456	$ 297,468,197	$ 298,754,209
Less: Expenditures	264,152,489	282,835,100	282,689,288	282,215,100	281,074,900	285,515,100	284,352,098
Transfers Out	468,362	616,447	616,447	616,447	616,447	616,447	616,447
Off Budget Expenditures	2,750	0	0	0	0	0	0
Ending Balance	$ 18,245,991	$ 16,629,544	$ 16,775,356	$ 15,633,097	$ 16,919,109	$ 11,336,650	$ 13,785,664
Ending Balance as Percent of Expenditures	6.9%	5.9%	5.9%	5.5%	6.0%	4.0%	4.8%
	September	September	September	September	September	September	September
Month Highest Ending Balance	$ 76,072,465	$ 76,875,450	$ 76,875,450	$ 77,600,000	$ 78,000,000	$ 78,400,000	$ 79,000,000
	April	April	April	April	April	April	April
Month Lowest Ending Balance	$ 11,316,301	$ 11,400,000	$ 11,600,000	$ 11,500,000	$ 12,000,000	$ 11,600,000	$ 10,000,000

Enrollment Trends

The following table summarizes recent enrollment trends at the University of Kansas. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**26,826**	**26,266**	**25,448**	**24,577**	**24,435**	**24,612**	
Change	(173)	(560)	(818)	(871)	(142)	177	(2,214)
%Change	(0.6)%	(2.1)%	(3.1)%	(3.4)%	(0.6)%	0.7 %	(8.3)%
FTE Students	**24,340**	**23,989**	**23,290**	**22,468**	**22,327**	**22,532**	
Change	(163)	(351)	(699)	(822)	(822)	205	(1,808)
%Change	(0.7)%	(1.4)%	(2.9)%	(3.5)%	(3.6)%	0.9 %	(7.4)%
Student Credit Hours	**334,121**	**327,539**	**318,278**	**307,914**	**307,169**	**309,972**	
Change	(3,078)	(6,582)	(9,261)	(10,364)	(10,364)	2,803	(24,149)
%Change	(0.9)%	(2.0)%	(2.8)%	(3.3)%	(3.3)%	0.9 %	(7.2)%

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
Institutional Support	$ 39,865,939	5.8 %	$ 19,160,778	14.1 %
Instructional Services	266,681,607	38.8	40,570,919	29.8
Academic Support	54,267,771	7.9	24,184,869	17.8
Student Services	42,682,352	6.2	7,461,986	5.5
Research	99,828,287	14.5	16,172,726	11.9
Public Service	10,754,111	1.5	2,348,338	1.7
Student Aid Auxiliary	59,813,740	8.7	0	0.0
Auxiliary	46,430,796	6.8	394,081	0.3
Physical Plant/Central Services	56,168,037	8.2	23,676,584	17.4
Debt Service	10,835,006	1.6	1,961,939	1.4
TOTAL	$ 687,327,646	100.0 %	$ 135,932,220	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
Institutional Support	341.6	342.2	342.2	342.2	342.2	342.2	342.2
Instructional Services	2,461.4	2,603.9	2,603.9	2,603.9	2,603.9	2,603.9	2,603.9
Academic Support	435.7	454.5	454.5	454.5	454.5	454.5	454.5
Student Services	255.8	285.7	285.7	285.7	285.7	285.7	285.7
Research	829.1	734.5	734.5	734.5	734.5	734.5	734.5
Public Service	196.1	102.5	102.5	102.5	102.5	102.5	102.5
Student Aid Auxiliary	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Auxiliary	213.2	198.5	198.5	198.5	198.5	198.5	198.5
Physical Plant/Central Services	606.2	617.3	617.3	617.3	617.3	617.3	617.3
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1	5,342.1

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities, fiscal operations, general administration and logistical services, personnel management, and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $40.1 million, including $19.3 million from the State General Fund. The overall request is an increase of $121,667, or 0.3 percent, all funds and $74,276, or 0.4 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $39.9 million, including $19.2 million from the State General Fund. The recommendation is a decrease of $236,790, or 0.6 percent, all funds and $147,378, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $41.3 million, including $20.0 million from the State General Fund. The overall request is an increase of $1.2 million, or 3.0 percent, all funds and $739,614, or 3.8 percent, State General

Fund above the agency's FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $41.1 million, including $19.9 million from the State General Fund. The recommendation is a decrease of $241,526, or 0.6 percent, all funds and $150,326, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $268.0 million, including $40.1 million from the State General Fund. The overall request is a decrease of $1.3 million, or 0.5 percent, all funds and $673,416, or 1.6 percent, State General Fund below the FY 2015 revised estimate. The decrease is mainly attributable to decreases in contractual services ($1.3 million), commodities ($250,000) and capital outlay ($250,000) with an offsetting increase in salaries and wages ($436,888) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $266.7 million, including $40.6 million from the State General Fund. The recommendation is a decrease of $1.3 million, or 0.5 percent, all funds and $229,176, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $270.9 million, including $40.9 million from the State General Fund. The overall request is an increase of $2.9 million, or 1.1 percent, all funds and $137,389, or 0.3 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $269.5 million, including $40.7 million from the State General Fund. The recommendation is a decrease of $1.3 million, or 0.5 percent, all funds and $233,761, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $54.6 million, including $24.4 million from the State General Fund. The request is an increase of $132,343, or 0.2 percent, all funds and $97,195, or 0.4 percent, State General Fund above the FY 2015 revised estimate. The increase is mainly in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $54.3 million, including $24.2 million from the State General Fund. The recommendation is a decrease of $283,723, or 0.5 percent, all funds and $185,441, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $56.0 million, including $25.3 million from the State General Fund. The request is an increase of $1.4 million, or 2.7 percent, all funds and $944,045, or 3.9 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $55.7 million, including $25.1 million from the State General Fund. The recommendation is a decrease of $289,397, or 0.5 percent, all funds and $189,150, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $42.9 million, including $7.5 million from the State General Fund. The request is an increase of $58,716, or 0.1 percent, all funds and $22,587, or 0.3 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $42.7 million, including $7.5 million from the State General Fund. The recommendation is a decrease of $183,999, or 0.4 percent, all funds and $65,559, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $43.7 million, including $7.8 million from the State General Fund. The request is an increase of $836,270, or 2.0 percent, all funds and $289,659, or 3.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $43.5 million, including $7.8 million from the State General Fund. The recommendation is a decrease of $187,679, or 0.4 percent, all funds and $66,870, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $100.5 million, including $16.3 million from the State General Fund. The request is an increase of $333,361, or 0.3 percent, all funds and $9,835, or 0.1 percent, State General Fund above the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $99.8 million, including $16.2 million from the State General Fund. The recommendation is a decrease of $638,298, or 0.6 percent, all funds and $109,979, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $105.3 million, including $16.8 million from the State General Fund. The request is an increase of $4.8 million, or 4.8 percent, all funds and $475,810, or 2.9 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages ($3.1 million) and commodities ($1.7 million) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $104.6 million, including $16.6 million from the State General Fund. The recommendation is a decrease of $651,064, or 0.6 percent, all funds and $112,179, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education, community service, and public broadcasting services.

The **agency** requests FY 2016 operating expenditures of $10.8 million, including $2.4 million from the State General Fund. The request is an increase of $16,317, or 0.2 percent, all funds and $7,261, or 0.3 percent, State General Fund from the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $10.8 million, including $2.3 million from the State General Fund. The recommendation is a decrease of $53,897, or 0.5 percent, all funds and $18,902, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $11.1 million, including $2.5 million from the State General Fund. The request is an increase of $255,421, or 2.4 percent, all funds and $90,861, or 3.8 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $11.0 million, including $2.4 million from the

State General Fund. The recommendation is a decrease of $54,975, or 0.5 percent, all funds and $19,280, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $59.8 million, all from special revenue funds. The request is a decrease of $168, or less than 0.1 percent, below the FY 2015 revised estimate.

The **Governor** recommends FY 2016 operating expenditures of $59.8 million, all from special revenue funds. The recommendation is a decrease of $2,040, or less than 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $59.8 million, all from special revenue funds. This is the same amount as the FY 2016 request.

The **Governor** recommends FY 2017 operating expenditures of $59.8 million, all from special revenue funds. The recommendation is a decrease of $2,081, or less than 0.1 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods and services to students, faculty, and employees of the institution such as housing, food, and parking services.

The **agency** requests FY 2016 operating expenditures of $46.6 million, including $398,375, from the State General Fund. The request is a decrease of $8.1 million, or 14.9 percent, all funds and an increase of $1,081, or 0.3 percent, State General Fund from the FY 2015 revised estimate. There is a decrease in contractual services ($8.2 million) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $46.4 million, including $394,081 from the State General Fund. The recommendation is a decrease of $169,721, or 0.4 percent, all funds and $4,294, or 1.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $54.7 million, including $412,561 from the State General Fund. The overall request is an increase of $8.1 million, or 17.3 percent, all funds and $14,186, or 3.6 percent, State General Fund above the FY 2016 request. The increase is mainly in contractual services ($7.4 million) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $54.5 million, including $408,181 from the State General Fund. The recommendation is a decrease of $173,115, or 0.3 percent, all funds and $4,380, or 1.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $56.5 million, including $23.9 million from the State General Fund. The request is an increase of $125,030, or 0.2 percent, all funds and $90,004, or 0.4 percent, State General Fund from the FY 2015 revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $56.2 million, including $23.7 million from the State General Fund. The recommendation is a decrease of $331,306, or 0.6 percent, all funds and $237,149, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $57.7 million, including $24.8 million from the State General Fund. The request is an increase of $1.2 million, or 2.1 percent, all funds and $846,016, or 3.5 percent, State General Fund above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $57.4 million, including $24.5 from the State General Fund. The recommendation is a decrease of $337,932, or 0.6 percent, all funds and $241,892, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 11,878,906	$ 11,878,906	$ 0	$ 0	$ 0	$ 0
Other Projects	6,653,064	6,653,064	5,240,000	5,240,000	5,240,000	5,240,000
School of Business	0	0	8,210,000	8,210,000	790,000	790,000
Parking	1,500,000	1,500,000	1,600,000	1,600,000	1,650,000	1,650,000
Debt Service - Principal	9,778,267	9,778,267	13,263,161	13,263,161	12,465,046	12,465,046
TOTAL	$ 29,810,237	$ 29,810,237	$ 28,313,161	$ 28,313,161	$ 20,145,046	$ 20,145,046
Financing:						
State General Fund	$ 2,080,000	$ 2,080,000	$ 2,165,000	$ 2,165,000	$ 2,255,000	$ 2,255,000
All Other Funds	27,730,237	27,730,237	26,148,161	26,148,161	17,890,046	17,890,046
TOTAL	$ 29,810,237	$ 29,810,237	$ 28,313,161	$ 28,313,161	$ 20,145,046	$ 20,145,046

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate is $29.8 million, including $2.1 million from the State General Fund. This is an increase of $10.3 million, or 52.5 percent all funds and a decrease of $2.1 million, or 50.8 percent, State General Fund from the FY 2015 approved amount. The increase is due to the transfer from the Board of Regents and carry forward of $11.9 million from the Educational Building Fund.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $28.3 million, including $2.2 million from the State General Fund. This is a decrease of $1.5 million, or 5.0 percent, all funds and an increase of $85,000, or 4.1 percent, State General Fund from the FY 2015 revised estimate. The decrease is due to the lack of transfer at this point of the Educational Building Fund for FY 2016. However there is an increase to debt service principal payments.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $20.1 million, including $2.3 million from the State General Fund. This is a decrease of $8.2 million, or 28.8 percent, all funds and an increase of $90,000, or 4.2 percent, State General Fund from the FY 2016 request. The decrease is due to a reduction in expenditures for the School of Business construction project and the increase in State General Fund is due to increased State General Fund expenditures in debt service for FY 2017.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Five-year graduation rate	57.0%	57.4%	57.0%	57.0%	57.0%
Percent of credit hours taught by faculty	85.0%	83.8%	85.0%	85.0%	85.0%

University of Kansas Medical Center

	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	$ 103,377,756	$ 109,917,083	$ 109,843,406	$ 109,996,170	$ 109,196,122	$ 114,217,114	$ 113,371,323
Other Funds	215,221,018	226,133,242	226,063,832	225,363,709	223,955,245	234,719,615	233,209,096
TOTAL	$ 318,598,774	$ 336,050,325	$ 335,907,238	$ 335,359,879	$ 333,151,367	$ 348,936,729	$ 346,580,419
Capital Improvements:							
State General Fund	$ 1,103,608	$ 525,000	$ 525,000	$ 1,820,000	$ 1,820,000	$ 1,320,000	$ 1,320,000
Other Funds	7,890,949	12,323,366	12,323,366	4,007,170	4,007,170	3,594,581	3,594,581
TOTAL	$ 8,994,557	$ 12,848,366	$ 12,848,366	$ 5,827,170	$ 5,827,170	$ 4,914,581	$ 4,914,581
GRAND TOTAL	**$ 327,593,331**	**$ 348,898,691**	**$ 348,755,604**	**$ 341,187,049**	**$ 338,978,537**	**$ 353,851,310**	**$ 351,495,000**
Percentage Change:							
Operating Expenditures							
State General Fund	(1.9) %	6.3 %	6.3 %	0.1 %	(0.6) %	3.8 %	3.8 %
All Funds	(0.9)	5.5	5.4	(0.2)	(0.8)	4.0	4.0
FTE Positions	2,837.8	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,837.8	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4

The University of Kansas Medical Center (KUMC) is under the jurisdiction of the University of Kansas. The Executive Vice-Chancellor of KUMC reports directly to the Chancellor of the University of Kansas. KUMC is composed of the School of Medicine (located in Kansas City and Wichita), the School of Nursing, the School of Allied Health, and a Graduate School. The Medical Center was established in 1905 through the merger of a number of proprietary medical schools; the first building on the present site was opened in 1924. **A total of 3,371 students attended KUMC during the Fall of 2014 semester. The attendance reflects an increase of 22 students or 0.7 percent, above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing its budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education

incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the university's State General Fund operating budget by 1.5 percent with an additional reduction to the salaries and wages all funds expenditures of approximately 1.5 percent in FY 2014 and 1.3 percent for FY 2015.

The **2014 Legislature** added $5.0 million, all from the State General Fund, and deleted the same amount from special revenue funds for cancer research. The legislature also added language for $25.0 million in bonding authority for the health education building project.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate is $348.9 million, including $110.4 million from the State General Fund. This is an increase of $19.4 million, or 5.9 percent, all funds and $73,677, or less than 0.1 percent, State General Fund above the FY 2015 approved amount. The all funds increase is mainly in salaries and wages ($12.5 million) and other assistance ($938,915) with partially offsetting decreases in commodities ($177,980) and capital outlay ($2.3 million). There is also an increase in capital improvement expenditures with the transfer and carry-over of the Education Building Fund ($8.4 million) in FY 2015. The State General Fund increase is due to the agency submitting its budget prior to the Governor's allotment.

The agency's revised estimate in FY 2015 for capital improvements is $12.8 million, including $525,000 from the State General Fund. This is an increase of $8.9 million, or 222.4 percent, all funds and a decrease of $50,000, or 8.7 percent, State General Fund from the approved amount. The increase is mainly due to the transfer from the Board of Regents and carry-forward of the Educational Building Fund ($8.4 million).

FY 2015 Governor Recommendation

The **Governor** recommends $348.8, including 110.4 from the State General Fund. This is an increase of $19.3 million all from special revenue funds. There is no change to the State General Fund from the approved amount. The Governor concurs with the agency's capital improvement revised estimate.

FY 2016 Agency Request

The **agency** requests operating expenditures of $335.4 million, including $110.0 million from the State General Fund. This is an overall decrease of $690,446, or 0.2 percent, all funds with an increase of $79,087, or 0.1 percent, from the State General Fund, from the FY 2015 revised estimate. There are decreases in contractual services ($1.5 million), commodities ($345,629), and capital outlay ($166,629) with a partially offsetting increase in salaries and wages ($946,806).

The agency also requests $5.8 million, including $1.8 million from the State General Fund for capital improvements. This is a decrease of $7.0 million, or 54.6 percent, all funds and an increase of $1.3 million, or 246.7 percent, State General Fund from the FY 2015 revised estimate. The decrease in all other funds is due to the transfer of the Educational Building Fund not made at this point and the increase in State General Fund is due to an increase in debt service principal for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends operating expenditures of $333.2 million, including $109.2 million from the State General Fund. This is a decrease of $2.8 million, or 0.8 percent, all funds and $647,284, or 0.6 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of $2.2 million, including $800,048 from the State General Fund, from the agency's FY 2016 request to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor concurs with the agency's capital improvement budget request.

FY 2017 Agency Request

The **agency** requests operating expenditures of $348.9 million, including $114.2 million from the State General Fund. This is an increase of $13.6 million, or 4.0 percent, all funds and $4.2 million, or 3.8 percent, State General Fund above the FY 2016 request. The increases are mainly in salaries and wages ($10.2 million) and contractual services ($3.2 million) for FY 2017.

The agency requests $4.9 million, including $1.3 million from the State General Fund for capital improvements. This is a decrease of $912,589, or 15.7 percent, all funds and $500,000, or 27.5 percent, State General Fund below the FY 2016 request. The decrease is due to no Educational Building Fund expenditures and lower debt service principal expenditures for FY 2017.

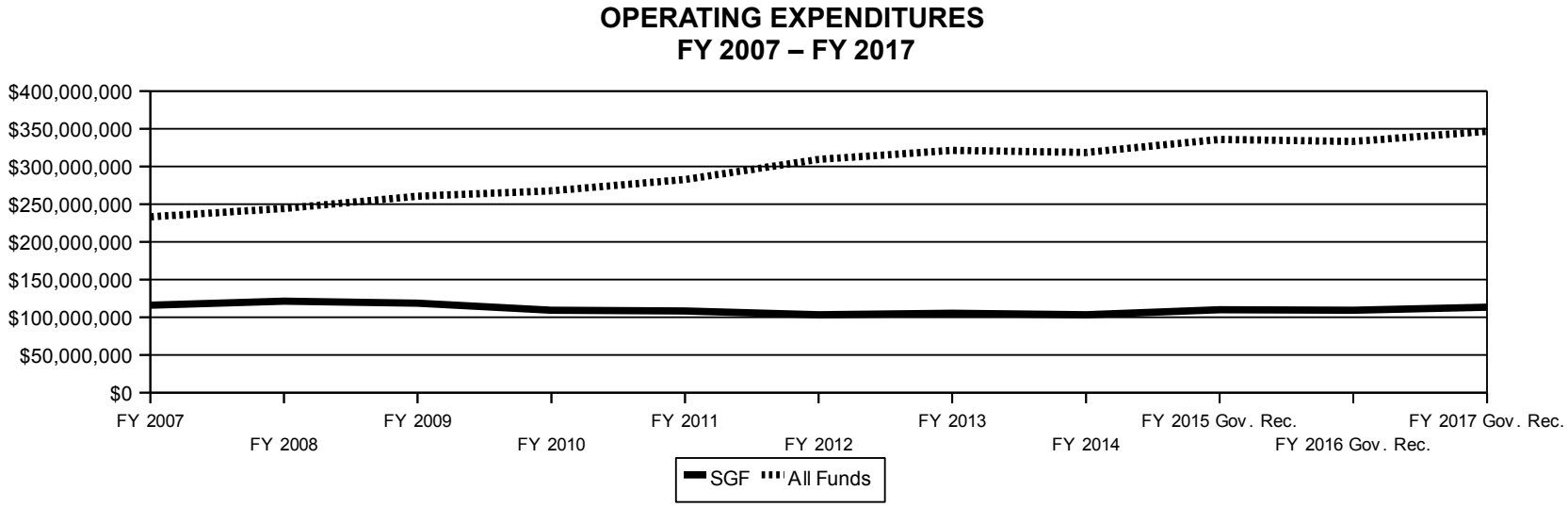
FY 2017 Governor Recommendation

The **Governor** recommends operating expenditures of $346.6 million, including $113.4 million from the State General Fund. This is an increase of $13.4 million, or 4.0 percent, all funds and $4.2 million, or 3.8 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $2.4 million, including $845,791 from the State General Fund, from the agency's FY 2017 request to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

The Governor concurs with the agency's capital improvement budget request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 115,913,124	6.7 %	$ 233,202,205	1.6 %	2,423.1
2008	121,416,004	4.7	244,195,092	4.7	2,678.8
2009	118,458,348	(2.4)	260,569,100	6.7	2,604.9
2010	109,293,224	(7.7)	267,673,172	2.7	2,916.4
2011	108,328,970	(0.9)	282,727,782	5.6	2,438.3
2012	103,274,696	(4.7)	309,369,226	9.4	2,721.0
2013	105,327,704	2.0	321,340,020	3.9	2,837.8
2014	103,377,756	(1.9)	318,598,774	(0.9)	2,837.8
2015 Gov. Rec.	109,843,406	6.3	335,907,238	5.4	2,632.4
2016 Gov. Rec.	109,196,122	(0.6)	333,151,367	(0.8)	2,632.4
2017 Gov. Rec.	113,371,323	3.8	346,580,419	4.0	2,632.4
Eleven-Year Change	$ (2,541,801)	(2.2)%	$ 113,378,214	48.6 %	209.3

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 36,031,747	$ 34,850,448	$ 34,136,326	$ (714,122)	(2.0) %	$ 34,818,897	$ 33,991,911	$ (826,986)	(2.4)%
Instructional Services	129,654,007	133,290,336	133,172,636	(117,700)	(0.1)	133,279,824	132,101,383	(1,178,441)	(0.9)
Academic Support	20,770,408	20,619,092	20,895,895	276,803	1.3	20,608,051	20,768,742	160,691	0.8
Student Services	3,139,942	3,474,372	3,538,246	63,874	1.8	3,472,091	3,523,072	50,981	1.5
Research	86,439,705	92,935,794	93,292,148	356,354	0.4	92,923,598	92,639,929	(283,669)	(0.3)
Public Service	7,761,587	7,801,276	7,922,216	120,940	1.6	7,798,809	7,882,894	84,085	1.1
Student Aid	6,485,355	6,995,167	6,964,815	(30,352)	(0.4)	6,995,167	6,964,815	(30,352)	(0.4)
Auxiliary	2,703,584	2,280,556	2,318,513	37,957	1.7	2,267,828	2,296,070	28,242	1.2
Physical Plant/Central Services	23,180,843	31,534,367	30,494,232	(1,040,135)	(3.3)	31,474,056	30,357,699	(1,116,357)	(3.5)
Debt Service	2,431,596	2,268,917	2,624,852	355,935	15.7	2,268,917	2,624,852	355,935	15.7
TOTAL	$ 318,598,774	$ 336,050,325	$ 335,359,879	$ (690,446)	(0.2) %	$ 335,907,238	$ 333,151,367	$ (2,755,871)	(0.8)%
By Major Object of Expenditure:									
Salaries and Wages	$ 251,902,748	$ 262,762,389	$ 263,709,195	$ 946,806	0.4 %	$ 262,619,302	$ 261,500,683	$ (1,118,619)	(0.4)%
Contractual Services	37,690,163	42,990,133	41,539,555	(1,450,578)	(3.4)	42,990,133	41,539,555	(1,450,578)	(3.4)
Commodities	12,029,223	13,317,873	12,972,245	(345,628)	(2.6)	13,317,873	12,972,245	(345,628)	(2.6)
Capital Outlay	3,041,794	3,327,989	3,161,360	(166,629)	(5.0)	3,327,989	3,161,360	(166,629)	(5.0)
Debt Service	2,431,596	2,268,917	2,624,852	355,935	15.7	2,268,917	2,624,852	355,935	15.7
Subtotal - Operations	$ 307,095,524	$ 324,667,301	$ 324,007,207	$ (660,094)	(0.2) %	$ 324,524,214	$ 321,798,695	$ (2,725,519)	(0.8)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	11,503,250	11,383,024	11,352,672	(30,352)	(0.3)	11,383,024	11,352,672	(30,352)	(0.3)
TOTAL	$ 318,598,774	$ 336,050,325	$ 335,359,879	$ (690,446)	(0.2) %	$ 335,907,238	$ 333,151,367	$ (2,755,871)	(0.8)%
Financing:									
State General Fund	$ 103,377,756	$ 109,917,083	$ 109,996,170	$ 79,087	0.1 %	$ 109,843,406	$ 109,196,122	$ (647,284)	(0.6)%
General Fees Fund	35,246,764	40,694,794	40,900,837	206,043	0.5	40,681,545	40,720,422	38,877	0.1
All Other Funds	179,974,254	185,438,448	184,462,872	(975,576)	(0.5)	185,382,287	183,234,823	(2,147,464)	(1.2)
TOTAL	$ 318,598,774	$ 336,050,325	$ 335,359,879	$ (690,446)	(0.2) %	$ 335,907,238	$ 333,151,367	$ (2,755,871)	(0.8)%

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:								
Institutional Support	$ 34,136,326	$ 35,400,417	$ 1,264,091	3.7 %	$ 33,991,911	$ 35,254,468	$ 1,262,557	3.7 %
Instructional Services	133,172,636	141,597,706	8,425,070	6.3	132,101,383	140,464,481	8,363,098	6.3
Academic Support	20,895,895	21,542,600	646,705	3.1	20,768,742	21,410,440	641,698	3.1
Student Services	3,538,246	3,206,718	(331,528)	(9.4)	3,523,072	3,191,148	(331,924)	(9.4)
Research	93,292,148	96,108,635	2,816,487	3.0	92,639,929	95,393,346	2,753,417	3.0
Public Service	7,922,216	7,725,306	(196,910)	(2.5)	7,882,894	7,681,358	(201,536)	(2.6)
Student Aid	6,964,815	6,964,815	0	0.0	6,964,815	6,964,815	0	0.0
Auxiliary	2,318,513	2,399,020	80,507	3.5	2,296,070	2,376,155	80,085	3.5
Physical Plant/Central Services	30,494,232	30,934,943	440,711	1.4	30,357,699	30,787,639	429,940	1.4
Debt Service	2,624,852	3,056,569	431,717	16.4	2,624,852	3,056,569	431,717	16.4
TOTAL	$ 335,359,879	$ 348,936,729	$ 13,576,850	4.0 %	$ 333,151,367	$ 346,580,419	$ 13,429,052	4.0 %
By Major Object of Expenditure:								
Salaries and Wages	$ 263,709,195	$ 273,896,232	$ 10,187,037	3.9 %	$ 261,500,683	$ 271,539,922	$ 10,039,239	3.8 %
Contractual Services	41,539,555	44,770,794	3,231,239	7.8	41,539,555	44,770,794	3,231,239	7.8
Commodities	12,972,245	12,808,615	(163,630)	(1.3)	12,972,245	12,808,615	(163,630)	(1.3)
Capital Outlay	3,161,360	3,100,060	(61,300)	(1.9)	3,161,360	3,100,060	(61,300)	(1.9)
Debt Service	2,624,852	3,056,569	431,717	16.4	2,624,852	3,056,569	431,717	16.4
Subtotal - Operations	$ 324,007,207	$ 337,632,270	$ 13,625,063	4.2 %	$ 321,798,695	$ 335,275,960	$ 13,477,265	4.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	11,352,672	11,304,459	(48,213)	(0.4)	11,352,672	11,304,459	(48,213)	(0.4)
TOTAL	$ 335,359,879	$ 348,936,729	$ 13,576,850	4.0 %	$ 333,151,367	$ 346,580,419	$ 13,429,052	4.0 %
Financing:								
State General Fund	$ 109,996,170	$ 114,217,114	$ 4,220,944	3.8 %	$ 109,196,122	$ 113,371,323	$ 4,175,201	3.8 %
General Fees Fund	40,900,837	41,704,368	803,531	2.0	40,720,422	41,515,125	794,703	2.0
All Other Funds	184,462,872	193,015,247	8,552,375	4.6	183,234,823	191,693,971	8,459,148	4.6
TOTAL	$ 335,359,879	$ 348,936,729	$ 13,576,850	4.0 %	$ 333,151,367	$ 346,580,419	$ 13,429,052	4.0 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $110,335,811 for the University of Kansas Medical Center in FY 2015. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made:

- An increase of $106,272, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015; and
- A reduction of $73,677 from the State General Fund, as the result of the Governor's December 9th, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $110,368,406. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the second allotment.

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	$ 110,368,406	$ 110,442,083	$ 73,677	$ 110,368,406	$ 0
All Other Funds	219,120,400	238,456,608	19,336,208	238,387,198	19,266,798
TOTAL	$ 329,488,806	$ 348,898,691	$ 19,409,885	$ 348,755,604	$ 19,266,798
FTE Positions	2,837.8	2,632.4	(205.4)	2,632.4	(205.4)

The **agency's** revised estimate is $348.9 million, including $110.4 million from the State General Fund. This is an increase of $19.4 million, or 5.9 percent, all funds and $73,677, or less than 0.1 percent, State General Fund above the FY 2015

approved amount. The increase is mainly in salaries and wages ($12.5 million) and other assistance ($938,915) with partially offsetting decreases in commodities ($177,980) and capital outlay ($2.3 million). There is also an increase in capital improvement expenditures with the transfer and carry-over of the Education Building Fund ($8.4 million) in FY 2015. The State General Fund increase is due to the agency submitting its budget prior to the Governor's allotment.

The **Governor** recommends $348.8, including 110.4 from the State General Fund. This is an increase of $19.3 million all from special revenue funds. There is no change to the State General Fund from the approved amount.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (73,677)	$ (73,677)	0.0
TOTAL	$ (73,677)	$ (73,677)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $73,677 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $69,410 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $143,087.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 335,359,879	$ 333,151,367	$ (2,208,512)
FTE Positions	2,632.4	2,632.4	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 79,087	$ (647,284)	
All Other Funds	(769,533)	(2,108,587)	
TOTAL	$ (690,446)	$ (2,755,871)	
Percent Change:			
State General Fund	0.1 %	(0.6) %	
All Other Funds	(0.3)	(0.9)	
TOTAL	(0.2) %	(0.8) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $335.4 million, including $110.0 million from the State General Fund. This is an overall decrease of $690,446, or 0.2 percent, all funds with an increase of $79,087, or 0.1 percent, from the State General Fund, from the FY 2015 revised estimate. There are decreases in contractual services ($1.5 million), commodities ($345,629), and capital outlay ($166,629) with a partially offsetting increase in salaries and wages ($946,806).

The **Governor** recommends $333.2 million, including $109.2 million from the State General Fund. This is a decrease of $2.8 million, or 0.8 percent, all funds and $647,284, or 0.6 percent, State General Fund below the FY 2015 recommendation.

The Governor recommends a reduction of $2.2 million, including $800,048 from the State General Fund, from the agency's FY 2016 request to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 348,936,729	$ 346,580,419	$ (2,356,310)
FTE Positions	2,632.4	2,632.4	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 4,220,944	$ 4,175,201	
All Other Funds	9,355,906	9,253,851	
TOTAL	$ 13,576,850	$ 13,429,052	
Percent Change:			
State General Fund	3.8 %	3.8 %	
All Other Funds	4.2	4.1	
TOTAL	4.0 %	4.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $348.9 million, including $114.2 million from the State General Fund. This is an increase of $13.6 million, or 4.0 percent, all funds and $4.2 million, or 3.8 percent, State General Fund above the FY 2016 request. The increases are mainly in salaries and wages ($10.2 million) and contractual services ($3.2 million) for FY 2017.

The **Governor** recommends $346.6 million, including $113.4 million from the State General Fund. This is an increase of $13.4 million, or 4.0 percent, all funds and $4.2 million, or 3.8 percent, State General Fund above the FY 2016 recommendation.

The Governor recommends a reduction of $2.4 million, including $845,791 from the State General Fund, from the agency's FY 2017 request to reduce employer contributions for state employee health insurance. This is the only change from the agency's request.

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 $840,318, including $288,061 from the State General Fund, and affects 2,702 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, there are no longevity bonus payments.**

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 $2.2 million, including $800,048 from the State General Fund for FY 2016. This is a reduction of $2.4 million, including $845,791 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	32.8 %	32.8 %	32.7 %	32.7 %
General Fees Fund	12.2	12.2	12.0	12.0
All Other Funds	55.0	55.0	55.3	55.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative Session has concluded each 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	$ 2,093,512	$ 2,838,468	$ 2,838,468	$ 3,578,066	$ 3,591,315	$ 4,100,479	$ 4,294,143
Revenue	37,098,997	42,338,625	42,338,625	42,329,417	42,329,417	42,329,317	42,329,317
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 39,192,509	$ 45,177,093	$ 45,177,093	$ 45,907,483	$ 45,920,732	$ 46,429,796	$ 46,623,460
Less: Expenditures	35,957,324	41,175,000	41,161,751	41,383,007	41,202,592	42,188,949	41,999,706
Transfers Out	322,217	349,027	349,027	348,997	348,997	348,897	348,897
Off Budget Expenditures	74,500	75,000	75,000	75,000	75,000	75,000	75,000
Ending Balance	$ 2,838,468	$ 3,578,066	$ 3,591,315	$ 4,100,479	$ 4,294,143	$ 3,816,950	$ 4,199,857
Ending Balance as Percent of Expenditures	7.9%	8.7%	8.7%	9.9%	10.4%	9.0%	10.0%
	September	September	September	September	September	September	September
Month Highest Ending Balance	$ 7,676,487	$ 8,026,487	$ 8,026,487	$ 8,276,000	$ 8,276,000	$ 8,126,000	$ 8,126,000
	May	May	May	May	May	May	May
Month Lowest Ending Balance	$ 251,300	$ 100,000	$ 100,000	$ 175,000	$ 175,000	$ 100,000	$ 100,000

Medical Loan Repayment Fund

The Medical Student Repayment Fund reflects receipts for repayment of the Kansas Medical Scholarship and Loan Program by students who have decided to repay the loan instead of their service obligation.

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	$ 2,757,153	$ 3,708,980	$ 3,708,980	$ 3,166,959	$ 3,166,959	$ 2,339,130	$ 2,339,130
Revenue	1,974,963	660,000	660,000	720,000	720,000	720,000	720,000
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 4,732,116	$ 4,368,980	$ 4,368,980	$ 3,886,959	$ 3,886,959	$ 3,059,130	$ 3,059,130
Less: Expenditures	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	1,023,136	1,202,021	1,202,021	1,547,829	1,547,829	1,758,669	1,758,669
Ending Balance	$ 3,708,980	$ 3,166,959	$ 3,166,959	$ 2,339,130	$ 2,339,130	$ 1,300,461	$ 1,300,461
Ending Balance as Percent of Expenditures	-	-	-	-	-	-	-
	June	June	June	June	June	June	June
Month Highest Ending Balance	$ 3,708,980	$ 2,900,000	$ 2,900,000	$ 2,700,000	$ 2,700,000	$ 1,700,000	$ 1,700,000
	July	July	July	July	July	July	July
Month Lowest Ending Balance	$ 2,753,310	$ 2,500,000	$ 2,500,000	$ 2,300,000	$ 2,300,000	$ 1,300,000	$ 1,300,000

Enrollment Trends

The following table summarizes recent enrollment trends at the University of Kansas Medical Center. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours the students are enrolled.

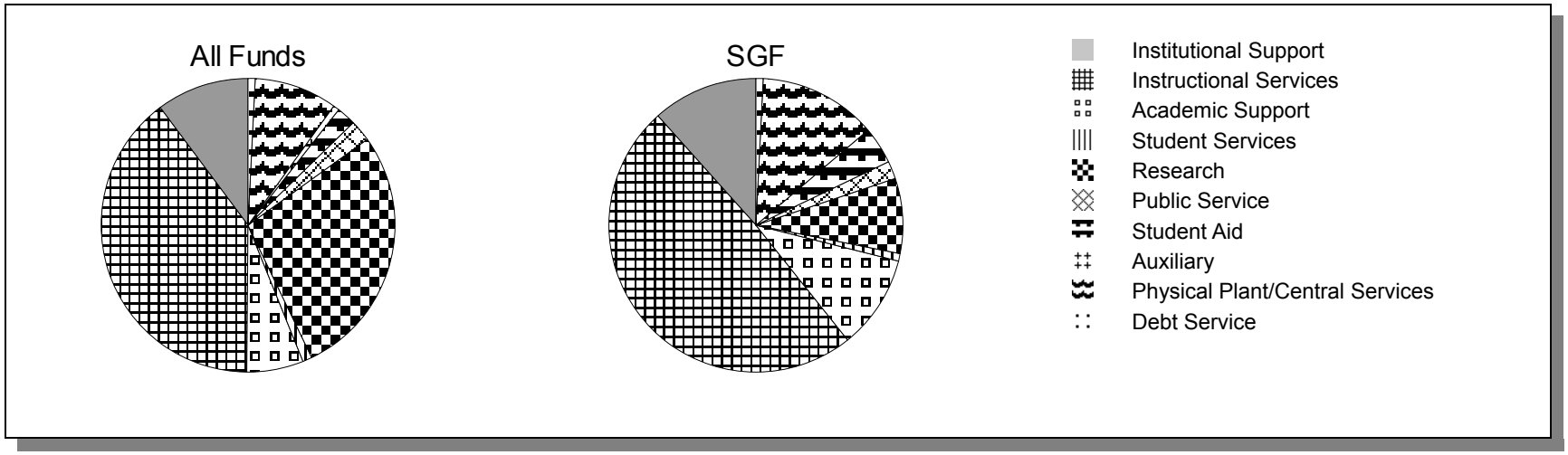
	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**3,178**	**3,196**	**3,270**	**3,362**	**3,349**	**3,371**	
Change	75	18	74	92	(13)	22	193
%Change	2.4 %	0.6 %	2.3 %	2.8 %	(0.4)%	0.7 %	6.1 %
FTE Students*	**2,843**	**2,894**	**2,975**	**3,038**	**3,045**	**3,062**	
Change	65	51	81	63	7	17	219
%Change	2.3 %	1.8 %	2.8 %	2.1 %	0.2 %	0.6 %	7.7 %
Student Credit Hours	**28,258**	**28,241**	**28,649**	**29,509**	**29,765**	**31,186**	
Change	377	(17)	408	860	256	1,421	2,928
%Change	1.4 %	(0.1)%	1.4 %	3.0 %	0.9 %	4.8 %	10.4 %

*Enrollment includes medical residents/fellows and visiting MD/PharmD students.

Medical students, MD/PhD students, medical residents/fellows, professional UG certificate program students, psychiatry interns/practicum students, visiting MD/PharmD students are all classified as full-time regardless of student credit hours and have an FTE assigned to 1.00.

All other FTE is based upon dividing credit hours by 15 for undergraduate students and by 9 for graduate or professional students.

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
Institutional Support	$ 33,991,911	10.2 %	$ 12,706,167	11.6 %
Instructional Services	132,101,383	39.7	53,599,273	49.1
Academic Support	20,768,742	6.2	11,308,260	10.4
Student Services	3,523,072	1.1	895,500	0.8
Research	92,639,929	27.8	9,034,697	8.3
Public Service	7,882,894	2.3	2,112,575	1.9
Student Aid	6,964,815	2.1	4,488,171	4.1
Auxiliary	2,296,070	0.7	0	0.0
Physical Plant/Central Services	30,357,699	9.1	14,211,184	13.0
Debt Service	2,624,852	0.8	840,295	0.8
TOTAL	$ 333,151,367	100.0 %	$ 109,196,122	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
Institutional Support	168.2	207.8	207.8	207.8	207.8	207.8	207.8
Instructional Services	1,191.2	945.8	945.8	945.8	945.8	945.8	945.8
Academic Support	127.4	167.9	167.9	167.9	167.9	167.9	167.9
Student Services	7.5	30.2	30.2	30.2	30.2	30.2	30.2
Research	1,078.5	1,015.2	1,015.2	1,015.2	1,015.2	1,015.2	1,015.2
Public Service	63.9	63.9	63.9	63.9	63.9	63.9	63.9
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	33.7	34.2	34.2	34.2	34.2	34.2	34.2
Physical Plant/Central Services	167.4	167.4	167.4	167.4	167.4	167.4	167.4
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,837.8	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4	2,632.4

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $34.1 million, including $12.8 million from the State General Fund. The overall request is a decrease of $714,122, or 2.0 percent, all funds and a State General Fund increase of $249,123, or 2.0 percent, above the revised estimate. There is a decrease in salaries and wages ($1.0 million) with a partially offsetting increase in contractual services ($303,582) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $34.0 million, including $12.7 million from the State General Fund. The recommendation is a decrease of $144,415, or 0.4 percent, all funds and $96,599, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $35.4 million, including $13.2 million from the State General Fund. The overall request is an increase of $1.3 million, or 3.7 percent, all funds and $422,195, or 3.3 percent, from the State General Fund above the FY 2016 request. There are increases

in salaries and wages ($903,505) and contractual services ($399,059) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $35.3 million, including $13.1 million from the State General Fund. The recommendation is a decrease of $145,949, or 0.4 percent, all funds and $97,625, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all instruction of students.

The **agency** requests FY 2016 operating expenditures of $133.2 million, including $54.0 million from the State General Fund. The overall request is an all funds decrease of $117,700, or 0.1 percent, and a State General Fund decrease of $104,508, or 0.2 percent, below the FY 2015 revised estimate. There is a decrease in all operating expenditures for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $132.1 million, including $53.6 million from the State General Fund. The recommendation is a decrease of $1.1 million, or 0.8 percent, all funds and $443,713, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $141.6 million, including $56.5 million from the State General Fund. The overall request is an increase of $8.4 million or 6.3 percent, all funds and a State General Fund increase of $2.5 million, or 4.6 percent, above the FY 2016 request. There is an increase in salaries and wages ($4.9 million) and contractual services ($3.6 million) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $140.5 million, including $56.0 million from the State General Fund. The recommendation is a decrease of $1.1 million, or 0.8 percent, all funds and $469,382, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions of instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $20.9 million, including $11.4 million from the State General Fund. The overall request is an all funds increase of $276,803, or 1.3 percent, and a State General Fund decrease of $326,625, or 2.8 percent, from the FY 2015 revised estimate. There is an increase in salaries and wages ($132,802) and contractual services ($154,518) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $20.8 million, including $11.3 million from the State General Fund. The recommendation is a decrease of

$127,153, or 0.6 percent, all funds and $83,743, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $21.5 million, including $11.7 million from the State General Fund. The overall request is an increase of $646,705, or 3.1 percent, all funds and a State General Fund increase of $346,680, or 3.0 percent, above the FY 2016 request. There is an increase in salaries and wages ($763,091) with an offsetting decrease in contractual services ($102,636) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $21.4 million, including $11.7 million from the State General Fund. The recommendation is a decrease of $132,160, or 0.6 percent, all funds and $87,041, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $3.5 million, including $895,500 from the State General Fund. The request is an overall increase of $63,874, or 1.8 percent, all funds and a decrease of $10,000, or 1.1 percent, from the State General Fund from the FY 2015 revised estimate. The increase is mainly due to an increase in salaries and wages ($78,074) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $3.5 million, including $895,500 from the State General Fund. The recommendation is a decrease of $15,174, or 0.4 percent, all funds below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $3.2 million, including $495,500 from the State General Fund. The overall request is a decrease of $331,528, or 9.4 percent, all funds and $400,000, or 44.7 percent, State General Fund below the FY 2016 request. There is a decrease in contractual services ($405,000) with a partially offsetting increase in salaries and wages ($73,972) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $3.2 million, including $495,500 from the State General Fund. The recommendation is a decrease of $15,570, or 0.5 percent, all funds below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel, whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $93.3 million, including $9.1 million from the State General Fund. The overall request is an increase of $356,354, or 0.4 percent, all funds and $258,308, or 2.9 percent, State General

Fund from the FY 2015 revised estimate. The increase is in salaries and wages ($562,880) with offsetting decreases in contractual services ($135,215); commodities ($400); and capital outlay ($70,911) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $92.6 million, including $9.0 million from the State General Fund. The recommendation is a decrease of $652,219, or 0.7 percent, all funds and $65,679, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $96.1 million, including $9.4 million from the State General Fund. The overall request is an increase of $2.8 million, or 3.0 percent, all funds and a State General Fund increase of $259,810, or 2.9 percent, above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $95.4 million, including $9.3 million from the State General Fund. The recommendation is a decrease of $715,289, or 0.7 percent, all funds and $72,030, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education, community service, and public broadcasting services.

The **agency** requests FY 2016 operating expenditures of $7.9 million, including $2.1 million from the State General Fund. The overall request is an increase of $120,940, or 1.6 percent, all funds and $20,395, or 1.0 percent, State General Fund above the approved amount. The increase is salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $7.9 million, including $2.1 million from the State General Fund. The recommendation is a decrease of $39,322, or 0.5 percent, all funds and $17,990, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $7.7 million, including $2.2 million from the State General Fund. The overall request is a decrease of $196,910, or 2.5 percent, all funds and a State General Fund increase of $42,934, or 2.0 percent, from the FY 2016 request. There is an increase in salaries and wages ($156,590) with an offsetting decrease in contractual services ($350,000) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $7.7 million, including $2.2 million from the State General Fund. The recommendation is a decrease of $43,948, or 0.6 percent, all funds and $20,106, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $7.0 million, including $4.5 million from the State General Fund. The request is a decrease of $30,352, or 0.4 percent, all funds below the FY 2015 revised estimate. The decrease reflects a decrease in available loans and grants.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $7.0 million, including $4.5 million from the State General Fund. The request is the same as the request for FY 2016.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities that furnish goods or services to students, faculty and employees of the institution such as housing, food, and parking services.

The **agency** requests FY 2016 operating expenditures of $2.3 million, all from special revenue funds. The request is an increase of $37,957, or 1.7 percent, above the FY 2015 revised estimate. The increase is mainly in salaries and wages ($20,183) and contractual services ($21,774) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $2.3 million all from special revenue funds. The recommendation is a decrease of $22,443, or 1.0 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $2.4 million, all from special revenue funds. The overall request is an increase of $80,507, or 3.5 percent, all funds above the FY 2016 request. The increase is mainly in salaries and wages ($69,620) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $2.4 million, all from special revenue funds. The recommendation is a decrease of $22,865, or 1.0 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $30.5 million, including $14.3 million from the State General Fund. The overall request is a decrease of $1.0 million, or 3.3 percent, all funds and $490,026, or 3.3 percent, State General Fund below the FY 2015 revised estimate. There is an increase in salaries and wages ($1.1 million) with offsetting decreases in

mainly contractual services ($1.7 million) and commodities ($334,875) for FY 2015.

The **Governor** recommends FY 2016 operating expenditures of $30.4 million, including $14.2 million from the State General Fund. The recommendation is a decrease of $136,533, or 0.4 percent, all funds and $92,324, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $30.9 million, including $14.9 million from the State General Fund. The overall request is an increase of $440,711, or 1.4 percent, all funds and $570,666, or 4.0 percent, State General Fund above the FY 2016 request. There are increase in salaries and wages ($412,086) and contractual services ($198,350) with an offsetting decrease in commodities ($101,125) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $30.8 million, including $14.8 million from the State General Fund. The recommendation is a decrease of $147,304, or 0.5 percent, all funds and $99,607, or 0.7 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 7,451,410	$ 7,451,410	$ 0	$ 0	$ 0	$ 0
Health Education Building	981,750	981,750	0	0	0	0
Parking	500,000	500,000	500,000	500,000	500,000	500,000
Debt Service - Principal	3,915,206	3,915,206	5,327,170	5,327,170	4,414,581	4,414,581
TOTAL	$ 12,848,366	$ 12,848,366	$ 5,827,170	$ 5,827,170	$ 4,914,581	$ 4,914,581
Financing:						
State General Fund	$ 525,000	$ 525,000	$ 1,820,000	$ 1,820,000	$ 1,320,000	$ 1,320,000
All Other Funds	12,323,366	12,323,366	4,007,170	4,007,170	3,594,581	3,594,581
TOTAL	$ 12,848,366	$ 12,848,366	$ 5,827,170	$ 5,827,170	$ 4,914,581	$ 4,914,581

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate in FY 2015 for capital improvements is $12.8 million, including $525,000 from the State General Fund. This is an increase of $8.9 million, or 222.4 percent, all funds and a decrease of $50,000, or 8.7 percent, State General Fund from the approved amount. The increase is mainly due to the transfer from the Board of Regents and carry-forward of the Educational Building Fund ($8.4 million).

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $5.8 million, including $1.8 million from the State General Fund. This is a decrease of $7.0 million, or 54.6 percent, all funds and an increase of $1.3 million, or 246.7 percent, State General Fund from the FY 2015 revised estimate. The decrease in all other funds is due to the transfer of the Educational Building Fund not made at this point and the increase in State General Fund is due to an increase in debt service for FY 2016.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $4.9 million, including $1.3 million from the State General Fund for FY 2017. This is a decrease of $912,589, or 15.7 percent, all funds and $500,000, or 27.5 percent, State General Fund below the FY 2016 request. The decrease is due to no Educational Building Fund expenditures and lower debt service expenditures for FY 2017.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
External research support (in millions)	$130.0	$111.0	$107.0	$103.0	$103.0
Percent of students passing professional exam on first try:					
School of Medicine - fourth year	97.0%	96.0%	97.0%	97.0%	97.0%
School of Nursing	95.0%	95.0%	95.0%	95.0%	95.0%

WICHITA STATE UNIVERSITY

	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	$ 63,335,814	$ 72,622,953	$ 72,481,613	$ 74,428,373	$ 73,897,534	$ 75,843,728	$ 75,302,274
Other Funds	199,703,203	215,477,575	215,377,782	213,452,044	212,700,643	218,124,505	217,358,076
TOTAL	$ 263,039,017	$ 288,100,528	$ 287,859,395	$ 287,880,417	$ 286,598,177	$ 293,968,233	$ 292,660,350
Capital Improvements:							
State General Fund	$ 1,610,000	$ 2,000,000	$ 2,000,000	$ 0	$ 0	$ 0	$ 0
Other Funds	14,735,096	16,655,072	16,655,072	5,103,802	5,103,802	6,342,816	6,342,816
TOTAL	$ 16,345,096	$ 18,655,072	$ 18,655,072	$ 5,103,802	$ 5,103,802	$ 6,342,816	$ 6,342,816
GRAND TOTAL	**$ 279,384,113**	**$ 306,755,600**	**$ 306,514,467**	**$ 292,984,219**	**$ 291,701,979**	**$ 300,311,049**	**$ 299,003,166**
Percentage Change:							
Operating Expenditures							
State General Fund	(2.8) %	14.7 %	14.4 %	2.5 %	2.0 %	1.9 %	1.9 %
All Funds	2.7	9.5	9.4	(0.1)	(0.4)	2.1	2.1
FTE Positions	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1

Wichita State University was established as Fairmount College and operated by the Congregational Church from 1895 to 1926. In 1926, it became a municipal university under the jurisdiction of the City of Wichita. Since July 1, 1964, the institution has been a part of the state Regents system of higher education under the auspices of the Kansas Board of Regents. As a metropolitan university located in the state's largest urban area, the University serves a large number of nontraditional students. The University has two distinct student bodies, one comprised of traditional students ages 18 to 23 who devote themselves full-time to school and campus activities, and the other comprised of older students who are working on a part-time or full-time basis while in school. **A total of 15,003 students attended WSU during the Fall 2014 semester. This is an increase of 453 students, or 3.1 percent, above the Fall 2013 semester.**

MAJOR ISSUES FROM PRIOR YEARS

The **1999 Legislature** passed the Higher Education Coordination Act (SB 345) that transferred supervision of community colleges, area vocational schools, technical colleges, adult education programs, and proprietary schools from the Department of Education to the Board of Regents.

The **2001 Legislature** adopted a proposal that provided for the state universities to be funded through an operating block grant rather than the multiple line-item appropriations that had been used previously. The change was made to allow the institutions greater flexibility in managing their budgets and to base future funding on performance rather than an enrollment formula.

The **2002 Legislature** passed the University Research and Development Act (HB 2690) that authorized the issuance of not more than $120.0 million in bonds to fund a portion of the Financing for research facilities at the state universities.

The **2006 Legislature** passed legislation allowing interest earnings on certain state university funds to be spent on deferred maintenance. Under prior law, the interest earned by the General Fees Fund (tuition revenue) and the Restricted Fees Fund (student fees and other revenue) was retained in the State General Fund. The legislation transfers the amount of interest earned into the deferred maintenance fund.

The **2011 Legislature** passed legislation that created the Postsecondary Tiered Technical Education State Aid Act. Beginning with FY 2012, and in each fiscal year thereafter, each community college and technical college and the Washburn Institute of Technology is eligible for postsecondary tiered technical education state aid from the State General Fund for credit hours approved by the State Board of Regents, using a credit hour cost calculation model.

The **2011 Legislature** also passed legislation designating 50 counties as Rural Opportunity Zones (ROZ), effectively providing an income tax exemption for certain out-of-state taxpayers who relocate to those counties; and authorizing the counties to participate in a state-matching program to repay student loans of up to $15,000 for certain students who establish domicile in ROZ counties.

The **2012 Legislature** passed legislation requiring the State Board of Regents to establish a career technical education incentive program that will award $1,000, subject to appropriation, to a school district for each high school graduate who graduates from that district with an industry-recognized credential in a high-need occupation, as identified by the Secretary of Labor, in consultation with the State Board of Regents and the State Board of Education.

The legislation requires the State Board of Regents to initiate the development of a statewide articulation agreement on career technical education programs among high schools, community colleges, technical colleges, and the Institute of Technology at Washburn University. This provision went into effect on July 1, 2013.

The **2012 Legislature** passed legislation amending statutes governing the low-income family postsecondary savings accounts incentive program. The bill allows a third-party contributor, other than the account owner, to contribute money to a family postsecondary savings account.

The **2012 Legislature** passed legislation removing the expiration date on the State Educational Institution Project Delivery Construction Procurement Act, that applies only to university construction projects and services funded totally with non-state money. The act exempts certain construction projects and construction project services at state universities from many of the requirements imposed on other state agencies.

The **2012 Legislature** passed legislation amending the Vocational Education Scholarship statutes that deal with state universities and negotiated contracts, extending a sunset on private and out-of-state postsecondary fees, changing requirements related to remedial education and the qualified admissions standards at state education institutions, and authorizing individual plans for success for students admitted under the minimum admissions standards.

The **2013 Legislature** reduced the University's State General Fund operating expenditures by 1.5 percent in both FY 2014 and FY 2015. There was also a reduction of the all funds expenditures to salaries and wages of approximately 1.1 percent in FY 2014 and less than 0.1 percent for FY 2015.

The **2014 Legislature** deleted $2.0 million from the Technology Transfer Facility capital improvement project and added it to the operating budget for the Technology Transfer Facility.

The **2014 Legislature** added $3.5 million, all from the State General Fund for the National Center for Aviation Training training and equipment and deleted $3.0 million from the Economic Development Initiatives Fund for the same project.

The **2014 Legislature** added $5.0 million, all from the State General Fund for aviation research and deleted the $5.0 million transfer from the Department of Commerce for the same aviation research.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate in FY 2015 is $306.8 million, including $74.6 million from the State General Fund. This is an increase of $28.7 million, or 10.3 percent, all funds and $141,340, or 0.2 percent, State General Fund above the approved amount. The State General Fund increase is due to the agency submitting their budget prior to the Governor's allotment. The all other funds increase is mainly attributable to an increase of $10.7 million in salaries and wages and $14.5 million to the capital improvement budget, including $8.6 million from the Educational Building Fund.

FY 2015 Governor Recommendation

The **Governor** recommends $306.5 million, including $74.5 million from the State General Fund. This is an increase of $28.5 million, or 10.3 percent, all from special revenue funds

There is no change in the State General Fund from the approved amount after adjustments for the December 9th Governor's allotment. The Governor concurs with the agency's capital improvement budget.

FY 2016 Agency Request

The **agency** requests an FY 2016 operating budget of $287.9 million, including $74.4 million from the State General Fund. This is an all funds decrease of $220,111, or 0.1 percent and a State General Fund increase of $1.8 million, or 2.5 percent from the FY 2015 revised estimate. There are increases in salaries and wages ($377,177) and debt service ($845,470) with offsetting decreases in contractual services ($563,490) and commodities ($1.1 million). The request includes an enhancement of $1.0 million, all from special revenue funds, as a transfer from the Bioscience Authority for the Center of Innovation for Biomaterials in Orthopaedic Research and $12.0 million in bonding authority for the College of Business and Innovation Center. The agency is asking that the debt service be paid with State General Fund. The debt service request is an enhancement in the Board of Regents budget. Enhancements in the Board of Regents budget include $12.5 million, all from the State General Fund, for Innovation equipment and operation and $4.7 million, all from the State General Fund, to support the Economic, Innovation, Diversification Technical Transfer project.

The agency requests a capital improvement budget of $5.1 million, all from special revenue funds. This is an all funds decrease of $13.6 million, or 72.6 percent, and $2.0 million, or 100 percent, State General Fund, below the FY 2015 revised estimate. The reduction is mainly due to the Educational Building Fund transfer not occurring until later in the year, which will show up in next year's revised budget. There are also reduced expenditures in other special revenue funds for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends $286.6 million, including $73.9 million from the State General Fund. This is a decrease of $1.3 million, or 0.4 percent, all funds and an increase of $1.4 million, or 2.0 percent, State General Fund from the FY 2015 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $1.3 million, including $530,839 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor concurs with the agency's capital improvement request.

FY 2017 Agency Request

The **agency** requests a FY 2017 operating budget of $294.0 million, including $75.8 million from the State General Fund. This is an all funds increase of $6.1 million, or 2.1 percent and a State General Fund increase of $1.4 million, or 1.9 percent above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($4.4 million), but also includes increase in contractual services ($628,805), commodities ($630,817) and capital outlay ($666,124). The request also includes enhancements of $1.0 million, all from special revenue funds, as a transfer from the Bioscience Authority, for the Center of Innovation for Biomaterials in Orthopaedic Research. In the Board of Regents budget, there are enhancements of $6.2 million, all from the State General Fund, to support the Economic, Innovation, Diversification Technical Transfer project and $7.5 million, all from the State General Fund for Innovation equipment and operation.

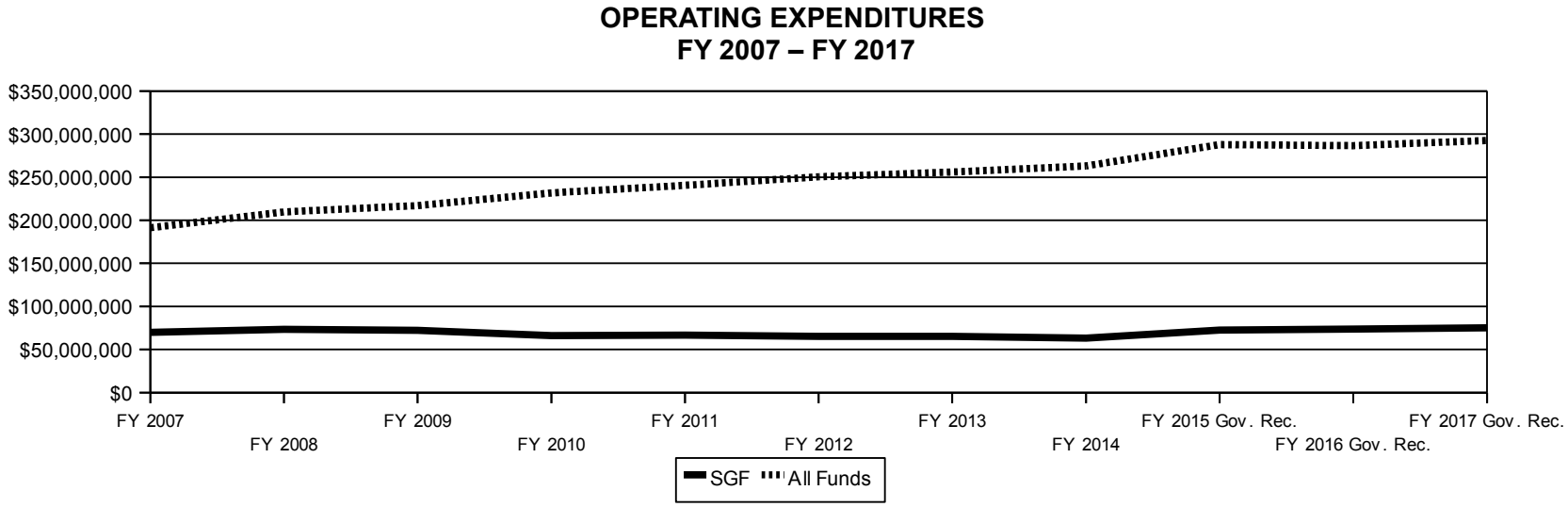
The agency requests a capital improvement budget of $6.3 million, all from special revenue funds. This is an all funds increase of $1.2 million, or 24.3 percent, above the FY 2016 request. The increase is due to increased expenditures ($1.0 million) in parking lot improvements and repair for FY 2017.

FY 2017 Governor Recommendation

The **Governor** recommends $292.7 million, including $75.3 million from the State General Fund. This is an increase of $6.1 million, or 2.1 percent, all funds and $1.4 million, or 1.9 percent, State General Fund above the FY 2016 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $1.3 million, including $541,454 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor concurs with the agency's capital improvement request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 70,082,912	(0.2)%	$ 191,365,766	3.4 %	1,840.1
2008	73,284,543	4.6	209,710,756	9.6	1,880.3
2009	72,243,875	(1.4)	217,063,653	3.5	1,841.2
2010	66,137,368	(8.5)	231,800,767	6.8	1,866.4
2011	66,596,991	0.7	240,572,714	3.8	1,916.6
2012	65,285,189	(2.0)	250,525,657	4.1	1,904.3
2013	65,176,386	(0.2)	256,070,913	2.2	1,950.4
2014	63,335,814	(2.8)	263,039,017	2.7	2,017.1
2015 Gov. Rec.	72,481,613	14.4	287,859,395	9.4	2,017.1
2016 Gov. Rec.	73,897,534	2.0	286,598,177	(0.4)	2,017.1
2017 Gov. Rec.	75,302,274	1.9	292,660,350	2.1	2,017.1
Eleven-Year Change	$ 5,219,362	7.4 %	$ 101,294,584	52.9 %	177.0

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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:									
Institutional Support	$ 21,058,575	$ 20,902,636	$ 20,636,101	$ (266,535)	(1.3) %	$ 20,869,175	$ 20,488,638	$ (380,537)	(1.8)%
Instructional Services	69,047,845	74,959,486	74,605,141	(354,345)	(0.5)	74,931,395	74,172,330	(759,065)	(1.0)
Academic Support	25,683,495	24,754,093	24,434,791	(319,302)	(1.3)	24,725,500	24,290,989	(434,511)	(1.8)
Student Services	18,337,301	20,571,535	20,643,198	71,663	0.3	20,530,214	20,515,528	(14,686)	(0.1)
Research	46,565,581	57,774,824	57,391,601	(383,223)	(0.7)	57,771,912	57,232,026	(539,886)	(0.9)
Public Service	21,244,978	20,550,465	20,588,114	37,649	0.2	20,545,729	20,512,515	(33,214)	(0.2)
Student Aid	32,470,616	35,886,999	35,886,999	0	0.0	35,886,999	35,886,999	0	0.0
Auxiliary	4,991,447	6,042,418	6,056,552	14,134	0.2	6,033,269	6,036,142	2,873	0.0
Physical Plant/Central Services	21,816,668	23,160,206	23,294,584	134,378	0.6	23,067,336	23,119,674	52,338	0.2
Debt Service	1,822,511	3,497,866	4,343,336	845,470	24.2	3,497,866	4,343,336	845,470	24.2
TOTAL	$ 263,039,017	$ 288,100,528	$ 287,880,417	$ (220,111)	(0.1) %	$ 287,859,395	$ 286,598,177	$ (1,261,218)	(0.4)%
By Major Object of Expenditure:									
Salaries and Wages	$ 159,904,808	$ 171,650,921	$ 172,028,098	$ 377,177	0.2 %	$ 171,409,788	$ 170,745,858	$ (663,930)	(0.4)%
Contractual Services	42,888,090	43,612,644	43,049,154	(563,490)	(1.3)	43,612,644	43,649,154	36,510	0.1
Commodities	11,444,859	16,800,574	15,716,511	(1,084,063)	(6.5)	16,800,574	15,116,511	(1,684,063)	(10.0)
Capital Outlay	11,277,652	15,920,329	16,125,124	204,795	1.3	15,920,329	16,125,124	204,795	1.3
Debt Service	1,822,511	3,497,866	4,343,336	845,470	24.2	3,497,866	4,343,336	845,470	24.2
Subtotal - Operations	$ 227,337,920	$ 251,482,334	$ 251,262,223	$ (220,111)	(0.1) %	$ 251,241,201	$ 249,979,983	$ (1,261,218)	(0.5)%
Aid to Local Units	207,732	0	0	0	--	0	0	0	--
Other Assistance	35,493,365	36,618,194	36,618,194	0	0.0	36,618,194	36,618,194	0	0.0
TOTAL	$ 263,039,017	$ 288,100,528	$ 287,880,417	$ (220,111)	(0.1) %	$ 287,859,395	$ 286,598,177	$ (1,261,218)	(0.4)%
Financing:									
State General Fund	$ 63,335,814	$ 72,622,953	$ 74,428,373	$ 1,805,420	2.5 %	$ 72,481,613	$ 73,897,534	$ 1,415,921	2.0 %
General Fees Fund	75,724,794	81,042,815	81,010,103	(32,712)	(0.0)	80,979,411	80,609,342	(370,069)	(0.5)
All Other Funds	123,978,409	134,434,760	132,441,941	(1,992,819)	(1.5)	134,398,371	132,091,301	(2,307,070)	(1.7)
TOTAL	$ 263,039,017	$ 288,100,528	$ 287,880,417	$ (220,111)	(0.1) %	$ 287,859,395	$ 286,598,177	$ (1,261,218)	(0.4)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Institutional Support	$ 20,636,101	$ 21,204,497	$ 568,396	2.8 %	$ 20,488,638	$ 21,054,085	$ 565,447	2.8 %
Instructional Services	74,605,141	76,851,438	2,246,297	3.0	74,172,330	76,409,971	2,237,641	3.0
Academic Support	24,434,791	25,393,707	958,916	3.9	24,290,989	25,247,029	956,040	3.9
Student Services	20,643,198	21218859	575,661	2.8	20,515,528	21,088,636	573,108	2.8
Research	57,391,601	58,194,836	803,235	1.4	57,232,026	58,032,070	800,044	1.4
Public Service	20,588,114	20,905,870	317,756	1.5	20,512,515	20,828,759	316,244	1.5
Student Aid	35,886,999	35,886,999	0	0.0	35,886,999	35,886,999	0	0.0
Auxiliary	6,056,552	6,139,750	83,198	1.4	6,036,142	6,118,932	82,790	1.4
Physical Plant/Central Services	23,294,584	24,033,200	738,616	3.2	23,119,674	23,854,792	735,118	3.2
Debt Service	4,343,336	4,139,077	(204,259)	(4.7)	4,343,336	4,139,077	(204,259)	(4.7)
TOTAL	$ 287,880,417	$ 293,968,233	$ 6,087,816	2.1 %	$ 286,598,177	$ 292,660,350	$ 6,062,173	2.1 %
By Major Object of Expenditure:								
Salaries and Wages	$ 172,028,098	$ 176,394,427	$ 4,366,329	2.5 %	$ 170,745,858	$ 175,086,544	$ 4,340,686	2.5 %
Contractual Services	43,049,154	43,677,959	628,805	1.5	43,649,154	44,277,959	628,805	1.4
Commodities	15,716,511	16,347,328	630,817	4.0	15,116,511	15,747,328	630,817	4.2
Capital Outlay	16,125,124	16,791,248	666,124	4.1	16,125,124	16,791,248	666,124	4.1
Debt Service	4,343,336	4,139,077	(204,259)	(4.7)	4,343,336	4,139,077	(204,259)	(4.7)
Subtotal - Operations	$ 251,262,223	$ 257,350,039	$ 6,087,816	2.4 %	$ 249,979,983	$ 256,042,156	$ 6,062,173	2.4 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	36,618,194	36,618,194	0	0.0	36,618,194	36,618,194	0	0.0
TOTAL	$ 287,880,417	$ 293,968,233	$ 6,087,816	2.1 %	$ 286,598,177	$ 292,660,350	$ 6,062,173	2.1 %
Financing:								
State General Fund	$ 74,428,373	$ 75,843,728	$ 1,415,355	1.9 %	$ 73,897,534	$ 75,302,274	$ 1,404,740	1.9 %
General Fees Fund	81,010,103	82,758,379	1,748,276	2.2	80,609,342	82,349,603	1,740,261	2.2
All Other Funds	132,441,941	135,366,126	2,924,185	2.2	132,091,301	135,008,473	2,917,172	2.2
TOTAL	$ 287,880,417	$ 293,968,233	$ 6,087,816	2.1 %	$ 286,598,177	$ 292,660,350	$ 6,062,173	2.1 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $74,622,953 for Wichita State University in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- A reduction of $141,340, as the result of the Governor's December 9th, State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $74,481,613. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 74,481,613	$ 74,622,953	$ 141,340	$ 74,481,613	$ 0
All Other Funds	203,525,429	232,132,647	28,607,218	232,032,854	28,507,425
TOTAL	$ 278,007,042	$ 306,755,600	$ 28,748,558	$ 306,514,467	$ 28,507,425
FTE Positions	2017.1	2,017.1	0.0	2,017.1	0.0

The **agency's** revised estimate in FY 2015 is $306.8 million, including $74.6 million from the State General Fund. This is an increase of $28.7 million, or 10.3 percent, all funds and $141,340, or 0.2 percent, State General Fund above the approved amount. The State General Fund increase is due to the agency submitting its budget prior to the Governor's

allotment. The all other funds increase is mainly attributable to an increase of $10.7 million in salaries and wages and $14.5 million to the capital improvement budget, including $8.6 million from the Educational Building Fund.

The **Governor** recommends $306.5 million, including $74.5 million from the State General Fund. This is an increase of $28.5 million, or 10.3 percent, all from special revenue funds. There is no change in the State General Fund from the approved amount after adjustments for the December 9th Governor's allotment. The Governor concurs with the agency's capital improvement budget.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million, which reduced expenditures by $60.1 million. The allotment plan included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments that have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (141,340)	$ (141,340)	0.0
TOTAL	$ (141,340)	$ (141,340)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $141,340 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $99,793 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $241,133.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 287,880,417	$ 286,598,177	$ (1,282,240)
FTE Positions	2,017.1	2,017.1	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 1,805,420	$ 1,415,921	
All Other Funds	(2,025,531)	(2,677,139)	
TOTAL	$ (220,111)	$ (1,261,218)	
Percent Change:			
State General Fund	2.5 %	2.0 %	
All Other Funds	(0.9)	(1.2)	
TOTAL	(0.1) %	(0.4) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2016 operating budget of $287.9 million, including $74.4 million from the State General Fund. This is an all funds decrease of $220,111, or 0.1 percent, and a State General Fund increase of $1.8 million, or 2.5 percent, from the FY 2015 revised estimate. There are increases in salaries and wages ($377,177) and debt service ($845,470) with offsetting decreases in contractual services ($563,490) and commodities ($1.1 million). The request includes an enhancement of $1.0 million, all from special revenue funds, for the Center of Innovation for Biomaterials in Orthopaedic Research and $12.0 million in bonding authority for the College of Business and Innovation Center. The agency is asking that the debt service be paid with State General Fund. The debt service request is an enhancement in the Board of Regents budget. Enhancements in the Board of Regents budget include $12.5 million for Innovation equipment and operation and $4.7

million to support the Economic, Innovation, Diversification Technical Transfer project.

The **Governor** recommends $286.6 million, including $73.9 million from the State General Fund. This is a decrease of $1.3 million, or 0.4 percent, all funds and an increase of $1.4 million, or 2.0 percent, State General Fund from the FY 2015 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $1.3 million, including $530,839 from the State General Fund, to reduce employer contributions for state employee health insurance.

Enhancements Detail

FY 2016 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Center of Innovation for Biomaterials in Orthopaedic	0	1,000,000	0.0	0	1,000,000	0.0
TOTAL	**$ 0**	**$ 1,000,000**	**0.0**	**$ 0**	**$ 1,000,000**	**0.0**

The **agency** is requesting $1.0 million, all from special revenue funds, as a State General Fund transfer, for the Center of Innovation for Biomaterials in Orthopaedic Research (CIBOR). According to the agency, CIBOR delivers global leadership in the design and fabrication of composites-based medical technology and is currently testing its bone growth capabilities in large animals and will start human testing soon. CIBOR is in a good position to research, design, test and bring to market the full spectrum of composite medical devices, ranging from hip and knee implants to bacteria-resistant surgical instruments to technologically advances surgical tables and stretchers.

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

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 293,968,233	$ 292,660,350	$ (1,307,883)
FTE Positions	2,017.1	2,017.1	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 1,415,355	$ 1,404,740	
All Other Funds	4,672,461	4,657,433	
TOTAL	$ 6,087,816	$ 6,062,173	
Percent Change:			
State General Fund	1.9 %	1.9 %	
All Other Funds	2.2	2.2	
TOTAL	2.1 %	2.1 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2017 operating budget of $294.0 million, including $75.8 million from the State General Fund. This is an all funds increase of $6.1 million, or 2.1 percent, and a State General Fund increase of $1.4 million, or 1.9 percent, above the FY 2016 request. The increase is mainly attributable to an increase in salaries and wages ($4.4 million) but also includes increase in contractual services ($628,805), commodities ($630,817), and capital outlay ($666,124). The request also includes enhancements of $1.0 million, all from special revenue funds, for the Center of Innovation for Biomaterials in Orthopaedic Research. In the Board of Regents budget, there are enhancements of $6.2 million, all from the State General Fund, to support the Economic, Innovation, Diversification Technical Transfer project and $7.5 million, all from the State General Fund for Innovation equipment and operation.

The **Governor** recommends $292.7 million, including $75.3 million from the State General Fund. This is an increase of $6.1 million, or 2.1 percent, all funds and $1.4 million, or 1.9 percent, State General Fund above the FY 2016 recommendation.

The Governor concurs with the agency request with the exception of a reduction of $1.3 million, including $541,454 from the State General Fund, to reduce employer contributions for state employee health insurance.

Enhancements Detail

FY 2017 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Center of Innovation for Biomaterials in Orthopaedic	0	1,000,000	0.0	0	1,000,000	0.0
TOTAL	**$ 0**	**$ 1,000,000**	**0.0**	**$ 0**	**$ 1,000,000**	**0.0**

The **agency** is requesting $1.0 million, all from special revenue funds, as a State General Fund transfer, for the Center of Innovation for Biomaterials in Orthopaedic Research (CIBOR). According to the agency, CIBOR delivers global leadership in the design and fabrication of composites-based medical technology and is currently testing its bone growth capabilities in large animals and will start human testing soon. CIBOR is in a good position to research, design, test and bring to market the full spectrum of composite medical devices, ranging from hip and knee implants to bacteria-resistant surgical instruments to technologically advances surgical tables and stretchers.

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

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 $502,401, including $194,580 from the State General Fund, and affects 1,615 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, there are no longevity bonus payments.**

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 $1.3 million, including $530,839 from the State General Fund for FY 2016. This is a reduction of $1.3 million, including $541,454 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	25.9 %	25.8 %	25.8 %	25.7 %
General Fees Fund	28.1	28.1	28.2	28.1
All Other Funds	46.0	46.1	46.0	46.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

General Fees Fund

Under KSA 76-719, the Board of Regents has the authority to set tuition rates at each university and the funds collected from tuition are deposited in the general fees fund, excluding the student activity fees that are deposited in the restricted fees fund. Tuition is set by the Board of Regents after the Legislative session has concluded each year.

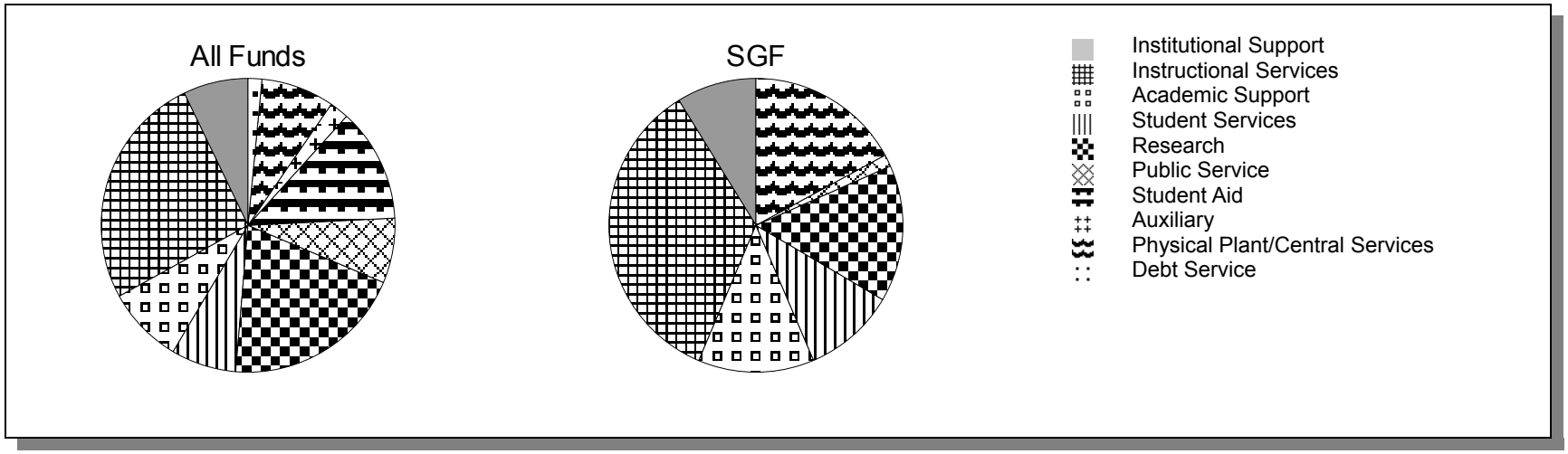
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 15,171,360	$ 14,894,437	$ 14,894,437	$ 14,894,437	$ 14,957,841	$ 14,894,437	$ 15,358,602
Revenue	78,449,941	82,063,905	82,063,905	82,063,905	82,063,905	83,846,195	83,846,195
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 93,621,301	$ 96,958,342	$ 96,958,342	$ 96,958,342	$ 97,021,746	$ 98,740,632	$ 99,204,797
Less: Expenditures	78,589,023	81,708,686	81,645,282	81,708,686	81,307,925	83,490,976	83,082,200
Transfers Out	137,090	155,219	155,219	155,219	155,219	155,219	155,219
Off Budget Expenditures	751	200,000	200,000	200,000	200,000	200,000	200,000
Ending Balance	$ 14,894,437	$ 14,894,437	$ 14,957,841	$ 14,894,437	$ 15,358,602	$ 14,894,437	$ 15,767,378
Ending Balance as Percent of Expenditures	19.0%	18.2%	18.3%	18.2%	18.9%	17.8%	19.0%
	January	January	January	January	January	January	January
Month Highest Ending Balance	$ 26,981,554	$ 26,000,000	$ 26,000,000	$ 23,000,000	$ 23,000,000	$ 23,000,000	$ 23,000,000
	July	July	July	July	July	July	July
Month Lowest Ending Balance	$ 13,666,802	$ 11,500,000	$ 11,500,000	$ 10,500,000	$ 10,500,000	$ 10,500,000	$ 10,500,000

Enrollment Trends

The following table summarizes recent enrollment trends at the Wichita State University. Headcount enrollment reflects the actual number of students enrolled. Full-time equivalent converts those students to full-time, based on the number of credit hours that students are enrolled.

	Fall 2009	Fall 2010	Fall 2011	Fall 2012	Fall 2013	Fall 2014	Fall 2009 to Fall 2014
Headcount	**14,823**	**14,806**	**15,100**	**14,898**	**14,550**	**15,003**	
Change	211	(17)	294	(202)	(348)	453	180
%Change	1.4%	(0.1)%	2.0%	(1.3)%	(2.3)%	3.1%	1.2%
FTE Students	**11,392**	**11,366**	**11,686**	**11,684**	**11,696**	**11,962**	
Change	220	(26)	320	(2)	12	266	570
%Change	2.0%	(0.2)%	2.8%	(0.0)%	0.1%	2.3%	5.0%
Student Credit Hours	**156,535**	**156,807**	**161,810**	**161,843**	**161,922**	**165,132**	
Change	3,471	272	5,003	33	79	3,210	8,597
%Change	2.3%	0.2%	3.2%	0.0%	0.0%	2.0%	5.5%

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
Institutional Support	$ 20,488,638	7.1 %	$ 6,498,072	8.8 %
Instructional Services	74,172,330	25.9	25,753,424	34.9
Academic Support	24,290,989	8.5	9,439,905	12.8
Student Services	20,515,528	7.2	7,481,973	10.1
Research	57,232,026	20.0	11,150,078	15.1
Public Service	20,512,515	7.2	952,297	1.3
Student Aid	35,886,999	12.5	0	0.0
Auxiliary	6,036,142	2.1	0	0.0
Physical Plant/Central Services	23,119,674	8.1	12,621,785	17.1
Debt Service	4,343,336	1.5	0	0.0
TOTAL	$ 286,598,177	100.0 %	$ 73,897,534	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
Institutional Support	150.7	150.7	150.7	150.7	150.7	150.7	150.7
Instructional Services	713.8	713.8	713.8	713.8	713.8	713.8	713.8
Academic Support	224.4	224.4	224.4	224.4	224.4	224.4	224.4
Student Services	215.0	215.0	215.0	215.0	215.0	215.0	215.0
Research	243.3	243.3	243.3	243.3	243.3	243.3	243.3
Public Service	122.3	122.3	122.3	122.3	122.3	122.3	122.3
Student Aid	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Auxiliary	36.0	36.0	36.0	36.0	36.0	36.0	36.0
Physical Plant/Central Services	311.6	311.6	311.6	311.6	311.6	311.6	311.6
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1	2,017.1

A. Institutional Support

The Institutional Support program includes central management and long-range planning activities; fiscal operations; general administration and logistical services; personnel management; and community and alumni relations activities.

The **agency** requests FY 2016 operating expenditures of $20.6 million, including $6.6 million from the State General Fund. The request is a decrease of $266,535, or 1.3 percent, all funds and $123,786, or 1.9 percent, State General Fund, below the FY 2015 revised estimate. The decrease is attributable to a decrease in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $20.5 million, including $6.5 million from the State General Fund. The recommendation is a decrease of $147,463, or 0.7 percent, all funds and $68,954, or 1.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $21.2 million, including $6.9 million from the State General Fund. The request is an increase of $568,396 or 2.8 percent, all funds and $299,744, or 4.6 percent, State General Fund, above the FY 2016 request. The increase is attributable to an increase in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $21.1 million, including $6.8 million from the State General Fund. The recommendation is a decrease of $150,412, or 0.7 percent, all funds and $70,333, or 1.0 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

B. Instructional Services

The Instructional Services program includes all general and remedial instruction of students.

The **agency** requests FY 2016 operating expenditures of $74.6 million, including $25.9 million from the State General Fund. The request is a decrease of $354,345, or 0.5 percent, all funds and an increase of $101,179, or 0.4 percent, State General Fund, from the revised estimate. There is an increase in salaries and wages ($231,253) with offsetting decrease in contractual services ($300,000) and commodities ($400,000) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $74.2 million, including $25.8 million from the State General Fund. The recommendation is a decrease of $432,811, or 0.6 percent, all funds and $164,988, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $76.9 million, including $26.3 million from the State General Fund. The request is an increase of $2.2 million, or 3.0 percent, all funds and $338,623, or 1.3 percent, State General Fund above the FY 2016 request. The increase is attributable to salaries and wages ($580,173) and over $1.7 million in the other operating expenditures.

The **Governor** recommends FY 2017 operating expenditures of $76.4 million, including $26.1 million from the State General Fund. The recommendation is a decrease of $441,467, or 0.6 percent, all funds and $168,287, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

C. Academic Support

The Academic Support program includes all support services for the institution's primary missions and instruction, research, and public service. These support services cover libraries, museums and galleries, educational media services, academic computing support, academic administration, and course and curriculum.

The **agency** requests FY 2016 operating expenditures of $24.4 million, including $9.5 million from the State General Fund. The request is a decrease of $319,302, or 1.3 percent, all funds and $348,731, or 3.5 percent, from the State General Fund, below the revised estimate. There is an increase in salaries and wages ($75,005) with offsetting decreases in contractual services ($263,490) and commodities ($130,817) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $24.3 million, including $9.4 million from the State General Fund. The recommendation is a decrease of $143,802, or 0.6 percent, all funds and $73,152, or 0.8 percent,

State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $25.4 million, including $9.2 million from the State General Fund. The request is an increase of $958,916, or 3.9 percent, all funds and a decrease of $267,788, or 2.8 percent, State General Fund, from the FY 2016 request. There are increases in salaries and wages ($699,294), contractual services ($128,805), and commodities ($130,817) for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $25.2 million, including $9.2 million from the State General Fund. The recommendation is a decrease of $146,678, or 0.6 percent, all funds and $74,615, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

D. Student Services

The Student Services program is responsible for the non-academic activities surrounding the student's experience at the institution. These activities include social and cultural development, counseling and career guidance, financial aid administration, admissions, student health services, and intercollegiate athletics.

The **agency** requests FY 2016 operating expenditures of $20.6 million, including $7.5 million from the State General Fund. The request is an increase of $71,663, or 0.3 percent, all funds and $42,477, or 0.6 percent, State General Fund, above the revised estimate. The increase is attributable to increases in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $20.5 million, including $7.5 million from the State General Fund. The recommendation is a decrease of $127,670, or 0.6 percent, all funds and $64,269, or 0.9 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $21.2 million, including $7.9 million from the State General Fund. The request is an increase of $575,661, or 2.8 percent, all funds and $326,828, or 4.3 percent, State General Fund, above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $21.1 million, including $7.8 million from the State General Fund. The recommendation is a decrease of $130,223, or 0.6 percent, all funds and $65,554, or 0.8 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

E. Research

The Research program includes most research projects conducted by university personnel whether individually or through an institute or research center.

The **agency** requests FY 2016 operating expenditures of $57.4 million, including $11.2 from the State General Fund. The request is a decrease of $383,223, or 0.7 percent, all funds and an increase of $2.0 million, or 21.9 percent, State General Fund

from the revised estimate. There is an increase in salaries and wages ($79,630) with an offsetting decrease in commodities ($553,246) for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $57.2 million, including $11.2 million from the State General Fund. The recommendation is a decrease of $159,575, or 0.3 percent, all funds and $3,878, or less than 0.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $58.2 million, including $11.2 million from the State General Fund. The request is an increase of $803,235, or 1.4 percent, all funds and $29,957, or 0.3 percent, State General Fund, above the FY 2016 request. The increase is attributable to an increase in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $58.0.million, including $11.2 million from the State General Fund. The recommendation is a decrease of $162,766, or 0.3 percent, all funds and $3,955, or less than 0.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

F. Public Service

The Public Service program is responsible for all non-credit instruction (except remedial instruction) and other activities that are primarily of benefit to external groups or individuals. These activities include outreach education and community service.

The **agency** requests FY 2016 operating expenditures of $20.6 million, including $958,557 from the State General Fund. The request is an increase of $37,649, or 0.2 percent, all funds, and $3,474, or 0.4 percent, State General Fund above the revised estimate. The increase is in salaries and wages for FY 2016.

The **Governor** recommends FY 2016 operating expenditures of $20.5 million, including $952,297 from the State General Fund. The recommendation is a decrease of $75,599, or 0.4 percent, all funds and $6,260, or 0.7 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $20.9 million, including $988,863 from the State General Fund. The request is an increase of $317,756, or 1.5 percent, all funds and $30,306, or 3.2 percent, State General Fund above the FY 2016 request. The increase is attributable to an increase in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $20.8.million, including $982,478 from the State General Fund. The recommendation is a decrease of $77,111, or 0.4 percent, all funds and $6,385, or 0.6 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

G. Student Aid

The Student Aid program includes activities covering all forms of financial aid assistance such as scholarships, fellowships, and loans.

The **agency** requests FY 2016 operating expenditures of $35.9 million, all from special revenue funds. This is the same amount as the FY 2015 revised estimate.

The **Governor** concurs with the agency's request for FY 2016.

The **agency** requests FY 2017 operating expenditures of $35.9 million, all from special revenue funds. This is the same amount as the FY 2016 request.

The **Governor** concurs with the agency's request for FY 2017.

H. Auxiliary

The Auxiliary program is responsible for activities which furnish goods or services to students, faculty, and employees of the institution such as housing services, food services, and parking services.

The **agency** requests FY 2016 operating expenditures of $6.1 million, all from special revenue funds. The request is an increase of $14,134, or 0.2 percent, above the revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $6.0 million, all from special revenue funds. The recommendation is a decrease of $20,410, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $6.1 million, all from special revenue funds. The request is an increase of $83,198, or 1.4 percent, above the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $6.1 million, all from special revenue funds. The recommendation is a decrease of $20,818, or 0.3 percent, below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

I. Physical Plant/Central Services

The Physical Plant/Central Services program is responsible for the operation and maintenance of the facilities and grounds of the institution. This includes facilities planning, building maintenance, custodial services, and utilities.

The **agency** requests FY 2016 operating expenditures of $23.3 million, including $12.8 million from the State General Fund. The request is an increase of 134,378, or 0.6 percent, all funds and $126,870, or 1.0 percent, State General Fund, above the revised estimate. The increase is in salaries and wages.

The **Governor** recommends FY 2016 operating expenditures of $23.1 million, including $12.6 million from the State General Fund. The recommendation is a decrease of $174,910, or 0.8 percent, all funds and $149,338, or 1.2 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $24.0 million, including $13.4 million from the State General Fund. The request is an increase of $738,616, or 3.2 percent, all funds and $657,685, or 5.1 percent, State General Fund, above

the FY 2016 request. The increase is in salaries and wages for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $23.9.million, including $13.3 million from the State General Fund. The recommendation is a decrease of $178,408, or 0.7 percent, all funds and $152,325, or 1.1 percent, State General Fund below the agency's request. The decrease is due to the Governor's recommendation 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
Rehabilitation and Repair	$ 8,614,027	$ 8,614,027	$ 0	$ 0	$ 0	$ 0
Technology II Facility	2,000,000	2,000,000	0	0	0	0
Miscellaneous Projects	343,698	343,698	100,000	100,000	100,000	100,000
Grace Wilkie Hall	1,174,757	1,174,757	0	0	0	0
Rhatigan Student Center	600,000	600,000	0	0	0	0
Jardine 4th Floor Remodel	1,375,000	1,375,000	0	0	0	0
Parking	876,500	876,500	120,000	120,000	1,150,000	1,150,000
Debt Service - Principal	3,671,090	3,671,090	4,883,802	4,883,802	5,092,816	5,092,816
TOTAL	$ 18,655,072	$ 18,655,072	$ 5,103,802	$ 5,103,802	$ 6,342,816	$ 6,342,816
Financing:						
State General Fund	$ 2,000,000	$ 2,000,000	$ 0	$ 0	$ 0	$ 0
All Other Funds	16,655,072	16,655,072	5,103,802	5,103,802	6,342,816	6,342,816
TOTAL	$ 18,655,072	$ 18,655,072	$ 5,103,802	$ 5,103,802	$ 6,342,816	$ 6,342,816

Current Year Agency Estimate

FY 2015 – Current Year. The **agency's** revised estimate in FY 2015 is $18.7 million, including $2.0 million from the State General Fund. This is an all funds increase of $14.5 million, or 349.8 percent, above the approved amount. The increase is mainly attributable to the transfer and carry forward of $8.6 million, all from the Educational Building Fund, for rehabilitation and repair projects.

During the 2014 Session, the agency requested the Legislature delete the Governor's recommended enhancement of $2.0 million from the State General Fund for the capital improvements budget and add $2.0 million all from the State General Fund into the operating budget for the Technology II Facility. This year, the agency is submitting a revised request to add $2.0 million from the State General Fund back into the capital improvement budget for the planning of the Technology II Facility.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests a capital improvement budget of $5.1 million, all from special revenue funds. This is an all funds decrease of $13.6 million, or 72.6 percent, and $2.0 million, or 100 percent, State General Fund, below the FY 2015 revised estimate. The reduction is mainly due to the Educational Building Fund transfer not occurring until later in the year, which will show up in next year's revised budget. There are also reduced expenditures in other special revenue funds for FY 2016.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests a capital improvement budget of $6.3 million, all from special revenue funds. This is an all funds increase of $1.2 million, or 24.3 percent, above the FY 2016 request. The increase is due to increased expenditures ($1.0 million) in parking lot improvements and repair for FY 2017.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Undergraduate graduation rate	47.0%	46.1%	47.0%	47.0%	47.0%
External funding for research, training, and service activities (in millions)	$54.0	$54.0	$54.0	$56.0	$56.0
Number of students enrolled in nursing and physical therapy programs	552	552	552	552	552

State Historical Society

	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	$ 4,354,437	$ 4,371,852	$ 4,249,737	$ 4,412,030	$ 4,135,503	$ 4,524,207	$ 4,216,212
Other Funds	1,715,086	3,332,237	3,320,520	3,190,744	3,230,769	3,140,815	3,208,767
TOTAL	$ 6,069,523	$ 7,704,089	$ 7,570,257	$ 7,602,774	$ 7,366,272	$ 7,665,022	$ 7,424,979
Capital Improvements:							
State General Fund	$ 253,190	$ 250,000	$ 250,000	$ 292,500	$ 250,000	$ 292,500	$ 250,000
Other Funds	91,329	184,550	184,550	65,000	107,500	318,500	361,000
TOTAL	$ 344,519	$ 434,550	$ 434,550	$ 357,500	$ 357,500	$ 611,000	$ 611,000
GRAND TOTAL	**$ 6,414,042**	**$ 8,138,639**	**$ 8,004,807**	**$ 7,960,274**	**$ 7,723,772**	**$ 8,276,022**	**$ 8,035,979**
Percentage Change:							
Operating Expenditures							
State General Fund	(9.6) %	0.4 %	(2.4) %	0.9 %	(2.7) %	2.5 %	2.0 %
All Funds	(28.6)	26.9	24.7	(1.3)	(2.7)	0.8	0.8
FTE Positions	69.0	95.5	95.5	95.5	95.5	95.5	95.5
Non-FTE Perm.Uncl.Pos.	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TOTAL	72.5	99.0	99.0	99.0	99.0	99.0	99.0

The State Historical Society was founded in 1875 by Kansas newspaper editors and publishers in order to maintain records of the State's founding. Today, that mission has expanded to include identifying, collecting, preserving, and interpreting materials and information pertaining to Kansas history. The goal is to increase awareness and appreciation of Kansas history and how it relates to people's lives. In 1905, the State Historical Society became the official archival agency of the State and it is the State's trustee in administering state-owned historic sites. The agency administers both state and federal historic preservation programs and provides curricular materials on state history to K-12 schools.

The Kansas State Historical Society budget contains pass-through funds for two other organizations: The Kansas Humanities Council, a not-for-profit organization, and the Kansas Heritage Center, which is operated through the Dodge City Unified School District (USD 443). The Kansas Humanities Council was created in 1972 and is governed by a 22-member board of directors, five of whom are appointed by the Governor, to provide outreach in support of cultural programs in Kansas. The Kansas Heritage Center's mission is to promote Kansas' heritage by collecting, creating, and publishing resource materials for use by students, teachers, and others interested in the history of Kansas, the Great Plains, and the "Old West."

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** approved $50,000, all from the State General Fund, for the continuation and further development of the Kansas Humanities Council Prime Time Family Reading Program in FY 2008. The Legislature also approved the addition of $70,000 from the State General Fund to continue the Humanities Council's Kansans Tell Their Stories program in FY 2008.

The **2008 Legislature** approved $149,500 from the State General Fund for a two-year project for the preservation of electronic records in FY 2009. The project created a strategic plan for an electronic state archive, a strategic information management plan, and a digital archives specialist.

The **2009 Legislature** passed 2009 Senate Concurrent Resolution (SCR) 1604, which encouraged the State Historical Society to develop plans for calendar year 2011 to commemorate the sesquicentennial (150th anniversary) of Kansas' admission to the Union. The Legislature also enacted Senate Sub. for HB 2365, which capped historic preservation tax credits at $3.75 million for FY 2010 and FY 2011. In comparison, the Historical Society certified $15.3 million in eligible state tax credits in FY 2009.

The **2010 Legislature** deleted $134,530, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011.

The **2011 Legislature** deleted $200,000, all from the State General Fund, to remove funding the Governor had added to pass through to a 501(c)(3) arts organization replacing the Arts Commission, for FY 2012. In addition, the Legislature deleted 17.0 vacant FTE positions, leaving 117.0 FTE positions. The

2011 Legislature added $50,000, all from the State General Fund, for repair and replacement of lighting fixtures at the State Historical Society museum and headquarters building, for FY 2012.

The **2012 Legislature** added $125,000, all from the State General Fund, for capital improvement projects for FY 2013. The Legislature also added $125,000, all from the State General Fund, for operating expenditures for FY 2013. Additionally, the agency was required to eliminate FTE positions that had been unfilled for greater than 120 days as of June 30, 2012. This eliminated 20.0 FTE positions.

The **2013 Legislature** deleted $24,199, all from the State General Fund, to maintain FY 2015 operating expenditures at the FY 2014 level; deleted $65,000, all from special revenue funds, from the Shawnee Indian Mission restoration project for FY 2015; added $35,000, all from the special revenue funds, for the Hollenberg Station exterior siding preservation project for FY 2015; and added $30,000, all from special revenue funds, for the Mine Creek exterior cleaning and resealing project for FY 2015.

The **2014 Legislature** passed HB 2643 which changed property tax collections in the state. Of relevance to this agency, HB 2643 lowered the mortgage registration tax and eliminated entirely the portion of that tax that funded the Heritage Trust Fund. The Heritage Trust was created by the 1990 Legislature, and funds grants for the preservation of historic buildings. The mortgage registration tax was replaced by a $1 per page fee on the first and all subsequent pages of any deeds, mortgages, and other related instruments executed in the state. These fees are collected by the counties. Additionally the annual cap for payments to the Heritage Trust Fund from each county was lowered from $100,000 to $30,000.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised estimate for operating expenditures in FY 2015 of $7.7 million, including $4.4 million from the State General Fund. This is an increase of $122,115, or 2.7 percent, all from the State General Fund, above the amount approved by the 2014 Legislature. The increase is attributable to agency submitting its revised estimate prior to the Governor's December allotment. This request includes 95.5 FTE positions, the same as the approved number.

The agency requests a revised estimate for capital improvements expenditures of $434,550, including $250,000 from the State General Fund. This is an all funds decrease of $30,450, or 6.5 percent, below the approved amount. This decrease is attributable to changes in available funding for projects. The revised estimate for State General Fund expenditures is the same as the approved amount.

FY 2015 Governor Recommendation

The **Governor** recommends operating expenditures of $7.6 million, this is a decrease of $11,717, or 0.2 percent, all from special revenue funds, below the approved amount. This decrease is attributable to the reduced KPERS employer contribution rates in the Governor's December allotment plan.

The Governor concurs with agency's revised estimate for capital improvements.

FY 2016 Agency Request

The **agency** requests operating expenditures of $7.6 million, including $4.4 million from the State General Fund for FY 2016. This is an all funds decrease of $101,315, or 1.3 percent, and a State General Fund increase of $40,178, or 0.9 percent, from the revised FY 2015 estimate. The all funds decrease is attributable to lower expenditures across all classes of operating expenditures, partially offset by an enhancement request for State General Fund moneys to provide weekend staffing for the Capitol Visitor Center ($55,000).

Absent the enhancement, this request is a decrease of $155,315, or 2.0 percent, below the revised FY 2015 estimate. This request includes 95.5 FTE positions, the same as the revised FY 2015 estimate.

The agency requests capital improvements expenditures of $357,500, including $292,500 from the State General Fund, for FY 2016. This is an all funds decrease of $77,500, or 17.7 percent, and a State General Fund increase of $42,500, or 17.0 percent, from the revised FY 2015 estimate. These changes are attributable to a decrease in anticipated outside funding for projects, partially offset by an enhancement request from the State General Fund to replace the State Archives roof ($42,500).

Absent the enhancement, the request is a decrease of $119,550, or 27.5 percent, below the revised FY 2015 estimate.

FY 2016 Governor Recommendation

The **Governor** recommends an operating budget of $7.4 million, including $4.1 million from the State General Fund. This is a decrease of $236,502, or 3.1 percent, all funds, and $276,527, or 6.3 percent, State General Fund, below the agency's request.

The Governor recommends a reduction of $52,221, including $37,246 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor also recommends a reduction of $184,281, all from the State General Fund, as a continuation of the 4.0 percent State General Fund reduction to Cabinet and other State General Funded agencies, implemented as an allotment in FY 2015.

The Governor also concurs with the agency's capital improvement request, except that the replacement of the State Archives roof be funded through the Historic Properties Fee Fund, rather than the State General Fund.

FY 2017 Agency Request

The **agency** requests operating expenditures of $7.7 million, including $4.5 million from the State General Fund, for FY 2017. This is an all funds increase of $62,248, or 0.8 percent, and a State General Fund increase of $112,177, or 2.5 percent, above the agency's FY 2016 request. This increase is attributable to increased salary and wages expenditures, partially offset by reduced expenditures on other operating expenses.

The request includes the same enhancement for weekend staffing at the Capitol Visitor Center sought for FY 2016 ($55,000). This request includes 95.5 FTE positions, the same as the agency's FY 2016 request.

The agency requests capital improvements expenditures of $611,000, including $292,500 from the State General Fund, for FY 2017. This is an all funds increase $253,500, or 70.9 percent, all from special revenue funds. This increase is attributable to anticipated private funding for rehabilitation and repairs at Kaw Mission. The State General Fund request is the same as the agency's FY 2016 request and includes the same enhancement request for the State Archives Roof ($42,500).

FY 2017 Governor Recommendation

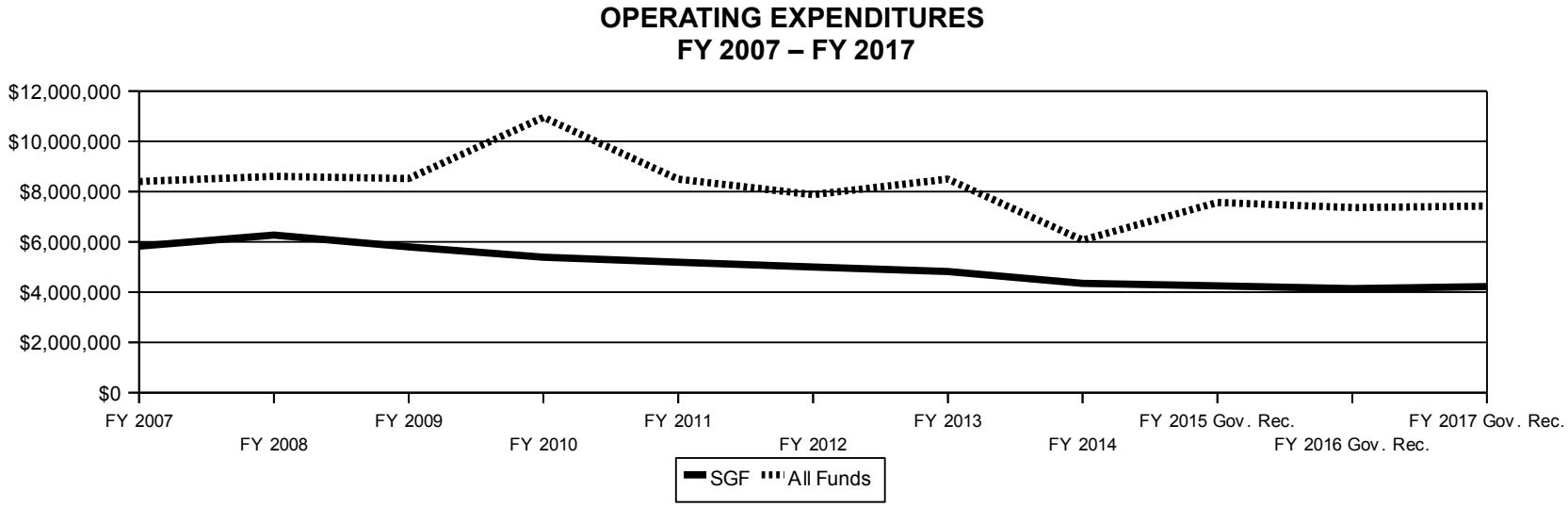
The **Governor** recommends an operating budget of $7.4 million, including $4.2 million from the State General Fund. This is a decrease of $240,043, or 3.1 percent, all funds, and $307,995, or 6.3 percent, State General Fund, below the agency's request.

The Governor recommends a reduction of $52,398, including $37,266 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor also recommends a reduction of $187,645, all from the State General Fund, as a continuation of the 4.0 percent State General Fund reduction to Cabinet and other State General Fund agencies, implemented as an allotment in FY 2015.

The Governor also concurs with the agency's capital improvement request, except that the replacement of the State Archives roof be funded through the Historic Properties Fee Fund, rather than the State General Fund.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 5,828,219	(0.6)%	$ 8,403,535	(1.7)%	134.0
2008	6,274,378	7.7	8,606,810	2.4	134.0
2009	5,797,285	(7.6)	8,521,767	(1.0)	134.0
2010	5,385,039	(7.1)	10,958,203	28.6	134.0
2011	5,187,578	(3.7)	8,496,824	(22.5)	134.0
2012	5,003,465	(3.5)	7,877,267	(7.3)	117.0
2013	4,816,242	(3.7)	8,498,524	7.9	94.0
2014	4,354,437	(9.6)	6,069,523	(28.6)	69.0
2015 Gov. Rec.	4,249,737	(2.4)	7,570,257	24.7	95.5
2016 Gov. Rec.	4,135,503	(2.7)	7,366,272	(2.7)	95.5
2017 Gov. Rec.	4,216,212	2.0	7,424,979	0.8	95.5
Eleven-Year Change	$ (1,612,007)	(27.7)%	$ (978,556)	(11.6)%	(38.5)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 1,988,114	$ 1,867,289	$ 1,892,037	$ 24,748	1.3 %	$ 1,767,491	$ 1,698,831	$ (68,660)	(3.9)%
Education and Museum	979,520	743,957	847,212	103,255	13.9	738,110	838,989	100,879	13.7
Information Tech. and State Archives	473,133	985,288	874,140	(111,148)	(11.3)	978,751	866,111	(112,640)	(11.5)
Historical Research Collections	1,215,859	993,191	917,732	(75,459)	(7.6)	984,730	907,642	(77,088)	(7.8)
Cultural Resources	1,412,897	3,114,364	3,071,653	(42,711)	(1.4)	3,101,175	3,054,699	(46,476)	(1.5)
TOTAL	$ 6,069,523	$ 7,704,089	$ 7,602,774	$ (101,315)	(1.3) %	$ 7,570,257	$ 7,366,272	$ (203,985)	(2.7)%
By Major Object of Expenditure:									
Salaries and Wages	$ 4,376,084	$ 4,760,238	$ 4,713,002	$ (47,236)	(1.0) %	$ 4,627,876	$ 4,479,440	$ (148,436)	(3.2)%
Contractual Services	1,208,702	1,225,299	1,205,477	(19,822)	(1.6)	1,225,299	1,205,477	(19,822)	(1.6)
Commodities	164,831	197,750	171,800	(25,950)	(13.1)	197,750	171,800	(25,950)	(13.1)
Capital Outlay	142,290	72,800	67,000	(5,800)	(8.0)	72,800	67,000	(5,800)	(8.0)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 5,891,907	$ 6,256,087	$ 6,157,279	$ (98,808)	(1.6) %	$ 6,123,725	$ 5,923,717	$ (200,008)	(3.3)%
Aid to Local Units	97,876	718,698	718,698	0	0.0	718,324	717,950	(374)	(0.1)
Other Assistance	79,740	729,304	726,797	(2,507)	(0.3)	728,208	724,605	(3,603)	(0.5)
TOTAL	$ 6,069,523	$ 7,704,089	$ 7,602,774	$ (101,315)	(1.3) %	$ 7,570,257	$ 7,366,272	$ (203,985)	(2.7)%
Financing:									
State General Fund	$ 4,354,437	$ 4,371,852	$ 4,412,030	$ 40,178	0.9 %	$ 4,249,737	$ 4,135,503	$ (114,234)	(2.7)%
Heritage Trust Fund	50,210	1,304,136	1,279,189	(24,947)	(1.9)	1,303,660	1,278,848	(24,812)	(1.9)
All Other Funds	1,664,876	2,028,101	1,911,555	(116,546)	(5.7)	2,016,860	1,951,921	(64,939)	(3.2)
TOTAL	$ 6,069,523	$ 7,704,089	$ 7,602,774	$ (101,315)	(1.3) %	$ 7,570,257	$ 7,366,272	$ (203,985)	(2.7)%

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:								
Administration	$ 1,892,037	$ 1,929,944	$ 37,907	2.0 %	$ 1,698,831	$ 1,733,195	$ 34,364	2.0 %
Education and Museum	847,212	876,658	29,446	3.5	838,989	868,270	29,281	3.5
Information Tech. and State Archives	874,140	771,739	(102,401)	(11.7)	866,111	764,419	(101,692)	(11.7)
Historical Research Collections	917,732	955,115	37,383	4.1	907,642	944,823	37,181	4.1
Cultural Resources	3,071,653	3,131,566	59,913	2.0	3,054,699	3,114,272	59,573	2.0
TOTAL	$ 7,602,774	$ 7,665,022	$ 62,248	0.8 %	$ 7,366,272	$ 7,424,979	$ 58,707	0.8 %
By Major Object of Expenditure:								
Salaries and Wages	$ 4,713,002	$ 4,859,504	$ 146,502	3.1 %	$ 4,479,440	$ 4,622,401	$ 142,961	3.2 %
Contractual Services	1,205,477	1,123,723	(81,754)	(6.8)	1,205,477	1,123,723	(81,754)	(6.8)
Commodities	171,800	170,300	(1,500)	(0.9)	171,800	170,300	(1,500)	(0.9)
Capital Outlay	67,000	66,000	(1,000)	(1.5)	67,000	66,000	(1,000)	(1.5)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 6,157,279	$ 6,219,527	$ 62,248	1.0 %	$ 5,923,717	$ 5,982,424	$ 58,707	1.0 %
Aid to Local Units	718,698	718,698	0	0.0	717,950	717,950	0	0.0
Other Assistance	726,797	726,797	0	0.0	724,605	724,605	0	0.0
TOTAL	$ 7,602,774	$ 7,665,022	$ 62,248	0.8 %	$ 7,366,272	$ 7,424,979	$ 58,707	0.8 %
Financing:								
State General Fund	$ 4,412,030	$ 4,524,207	$ 112,177	2.5 %	$ 4,135,503	$ 4,216,212	$ 80,709	2.0 %
Heritage Trust Fund	1,279,189	1,280,471	1,282	0.1	1,278,848	1,280,123	1,275	0.1
All Other Funds	1,911,555	1,860,344	(51,211)	(2.7)	1,951,921	1,928,644	(23,277)	(1.2)
TOTAL	$ 7,602,774	$ 7,665,022	$ 62,248	0.8 %	$ 7,366,272	$ 7,424,979	$ 58,707	0.8 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $4,621,852 for the Kansas State Historical Society in FY 2015. An adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $122,115, as the result of the Governor's December 9th State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $4,499,737. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 4,499,737	$ 4,621,852	$ 122,115	$ 4,499,737	$ 0
All Other Funds	3,547,237	3,516,787	(30,450)	3,505,070	(42,167)
TOTAL	$ 8,046,974	$ 8,138,639	$ 91,665	$ 8,004,807	$ (42,167)
FTE Positions	95.5	95.5	0.0	95.5	0.0

The **agency** requests a revised FY 2015 estimate for operating expenditures, excluding capital improvements, of $7.7 million, including $4.4 million from the State General Fund. This is an all funds increase of $91,665, or 1.1 percent, and $122,115, or 2.7 percent, State General Fund above the amount approved by the 2014 Legislature. The State General Fund

increase is attributable to agency submitting its revised estimate prior to the Governor's December allotment, partially offset by decreases in other funds expenditures.

This revised estimate includes the following items.

- **Salaries and Wages** expenditures of $4.8 million, the same as the approved amount. This request includes 95.5 FTE positions, the same as the approved number.

- **Contractual Services** expenditures of $1.2 million, an increase of $15,270, or 1.3 percent, above the approved amount. This increase is attributable to increases in other contractual services ($12,328) and SMART Development Fees ($2,942).

- **Commodities** expenditures of $197,750, the same as the approved amount.

- **Capital Outlay** expenditures of $72,800, the same as the approved amount.

- **Aid to Local Units** of $718,698, the same as the approved amount.

- **Other Assistance** of $729,304, a decrease of $15,270, or 2.1 percent, below the approved amount. This decrease is attributable to lower than expected payments for retirement incentives.

The **Governor** recommends $8.0 million, including $4.5 million from the State General Fund. This is a decrease of $42,167, or 0.5 percent, all from special revenue funds, below the approved amount. This decrease is attributable to a decrease in available private funding for capital improvements projects ($30,450) and the proposed reduction to the KPERS employer contribution rate ($11,717).

The Governor's recommendation also includes a decrease to the agency's approved State General Fund appropriation of $122,115, as a result of the Governor's December 9th allotment.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (29,678)	$ (29,678)	0.0
Reduce SGF funding by 4.0 percent	(92,437)	(92,437)	
TOTAL	$ (122,115)	$ (122,115)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $29,678 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations but is reflective of a reduction of expenditures. An additional $11,717 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $41,395.

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $92,437, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by a temporary delay in hiring for two open positions ($75,341), reducing capital outlay ($7,000) and commodities ($7,000) expenditures, and a reduction to pass through funding for the Kansas Humanities Counsel ($1,096).

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 7,602,774	$ 7,366,272	$ (236,502)
FTE Positions	95.5	95.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 40,178	$ (114,234)	
All Other Funds	(141,493)	(89,751)	
TOTAL	$ (101,315)	$ (203,985)	
Percent Change:			
State General Fund	0.9 %	(2.7) %	
All Other Funds	(4.2)	(2.7)	
TOTAL	(1.3) %	(2.7) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $7.6 million, including $4.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $101,315, or 1.3 percent, and a State General Fund increase of $40,178, or 0.9 percent, from the revised FY 2015 estimate. This overall decrease is attributable to decreased expenditures across all classes of operations expenditures, with the increase in State General Fund expenditures attributable to replacement of an anticipated decrease in funding from other sources.

This request includes the following items.

- **Salaries and Wages** expenditures of $4.7 million, a decrease of $47,236, or 1.0 percent, below the revised FY 2015 estimate. This

decrease is largely attributable to decreased expenditures for classified regular employees due to positions being left unfilled ($130,415) and is partially offset by increased expenditures for temporary employee wages ($91,728), including the cost of the agency's enhancement request for Capitol Visitor Center weekend staffing ($55,000). The request also includes 95.5 FTE positions, the same as the revised FY 2015 request.

- **Contractual Services** expenditures of $1.2 million, a decrease of $19,822, or 1.6 percent, below the revised FY 2015 estimate. This decrease is largely attributable to decreased expenditures for rent ($51,065), information technology services ($35,200), and repairs ($80,050), offset by increased expenditures for utilities ($27,513), SMART development fees ($22,058) and other fees ($29,000).

- **Commodities** expenditures of $171,800, a decrease of $25,950, or 13.1 percent, below the revised FY 2015 estimate. This decrease is largely attributable to decreased expenditures for office supplies ($11,800) and vehicle parts ($6,050).

- **Capital Outlay** expenditures of $67,000, a decrease of $5,800, or 8.0 percent, below the revised FY 2015 estimate. This decrease is attributable to decreased expenditures for office equipment ($3,000) and other fixtures ($2,800).

- **Aid to Local Units** of $718,698, the same as the revised FY 2015 estimate.

- **Other Assistance** of $726,797, a decrease of $2,507, or 0.3 percent, below the revised FY 2015 estimate. This decrease is attributable to decreased expenditures for the voluntary retirement incentive program.

The **Governor** recommends an operating budget of $7.4 million, including $4.1 million from the State General Fund. This is a decrease of $236,502, or 3.1 percent, all funds, and $276,527, or 6.3 percent, State General Fund, below the agency's request.

The Governor recommends a reduction of $52,221, including $37,246 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor also recommends a reduction of $184,281, all from the State General Fund, as a continuation of the 4.0 percent State General Fund reduction to Cabinet and other State General Fund agencies, implemented as an allotment in FY 2015.

Enhancements Detail

FY 2016 ENHANCEMENTS						
	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
State Archives Roof	$ 42,500	$ 42,500	0.0	$ 0	$ 42,500	0.0
Capitol Visitor Center Weekend Staffing	55,000	55,000	0.0	0	55,000	0.0
TOTAL	**$ 97,500**	**$ 97,500**	**0.0**	**$ 0**	**$ 97,500**	**0.0**

The **agency** requests $97,500, all from the State General Fund, for two enhancements for FY 2016.

- **State Archives Roof.** The agency requests $42,500 for FY 2016 to replace the roof of the State Archives. The agency is requesting a total of $85,000 in enhancement funding for this project, split between FY 2016 and FY 2017. The agency reports that the roof of the State Archives was installed in 1995, and despite patching and other repairs is now leaking in hard rain storms. This funding would allow for the installation of a more energy efficient roofing system.

- **Capitol Visitor Center Weekend Staffing.** The agency requests $55,000 for FY 2016 to provide staffing to open the Capitol Visitor Center on weekends. Since the Capitol Visitor Center opened in January 2014 it has been staffed for public tours and visits from 8:00 to 5:00, Monday to Friday. The agency reports significant demand for regular weekend visitor hours at the Capitol. In order to provide this service, the agency would need three staff members to be on duty during open hours. This enhancement would provide the necessary staffing to open the Capitol from 8:00 to 4:00 each Saturday and 1:00 to 4:00 on select Sundays. The agency also has noted that opening the Capitol on weekends would require the cooperation of the Capitol Police.

The **Governor** concurs with the agency's enhancement request except that the State Archives Roof replacement is funded through the Historic Properties Fee Fund and that staff for the Capitol Visitor Center is funded through the agency's General Fee Fund.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 7,665,022	$ 7,424,979	$ (240,043)
FTE Positions	95.5	95.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 112,177	$ 80,709	
All Other Funds	(49,929)	(22,002)	
TOTAL	$ 62,248	$ 58,707	
Percent Change:			
State General Fund	2.5 %	2.0 %	
All Other Funds	(1.6)	(0.7)	
TOTAL	0.8 %	0.8 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $7.7 million, including $4.5 million from the State General Fund, for FY 2017. This is an all funds increase of $62,248, or 0.8 percent, and a State General Fund increase of $112,177, or 2.5 percent, above the agency's FY 2016 request. This increase is attributable to increased expenditures for salaries and wages, partially offset by lower expenditures for other operating expenditures.

This request includes the following items.

- **Salaries and wages** expenditures of $4.9 million, an increase of $146,502, or 3.1 percent, above the agency's FY 2016 request. This increase is attributable to costs associated with the 27th pay period and increased KPERS employer contributions in FY 2017. This request

includes 95.5 FTE positions, the same as the agency's FY 2016 request.

- **Contractual Services** expenditures of $1.1 million, a decrease of $81,754, or 6.8 percent, below the agency's FY 2016 request. This decrease is largely attributable to decreased expenditures for rent ($45,246) and service fees ($27,000).

- **Commodities** expenditures of $170,300, a decrease of $1,500, or 0.9 percent, below the agency's FY 2016 request. This decrease is attributable to decreased expenditures for non-capital equipment ($1,000) and vehicle parts ($500).

- **Capital Outlay** expenditures of $66,000, a decrease of $1,000, or 1.5 percent, below the agency's FY 2016 request. This decrease is attributable to decreased expenditures for office equipment ($1,000).

- **Aid to Local Units** of $718,698, the same as the agency's FY 2016 request.

- **Other Assistance** of $726,797, the same as the agency's FY 2016 request.

The **Governor** recommends an operating budget of $7.4 million, including $4.2 million from the State General Fund. This is a decrease of $240,043, or 3.1 percent, all funds, and $307,995, or 6.3 percent, State General Fund, below the agency's request.

The Governor recommends a reduction of $52,398, including $37,266 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor also recommends a reduction of $187,645, all from the State General Fund, as a continuation of the 4.0 percent State General Fund reduction to Cabinet and other State General Fund agencies, implemented as an allotment in FY 2015.

Enhancements Detail

FY 2017 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
State Archives Roof	$ 42,500	$ 42,500	0.0	$ 0	$ 42,500	0.0
Capitol Visitor Center Weekend Staffing	55,000	55,000	0.0	0	55,000	0.0
TOTAL	**$ 97,500**	**$ 97,500**	**0.0**	**$ 0**	**$ 97,500**	**0.0**

The **agency** requests $97,500, all from the State General Fund, for two enhancements for FY 2017.

- **State Archives Roof.** The agency requests $42,500 for FY 2017 to replace the roof of the State Archives. The agency is requesting a total of $85,000 in enhancement funding for this project, split between FY 2016 and FY 2017. The agency reports that the roof of the State Archives was installed when the building was constructed in 1995, and despite patching and other repairs, is now leaking during hard rains. This funding would allow for the installation of a more energy efficient roofing system and prevent more significant damage to the building and the records inside.

- **Capitol Visitor Center Weekend Staffing.** The agency requests $55,000 for FY 2017 to provide staffing to open Capitol Visitor Center on weekends. Since the Capitol Visitor Center opened in January 2014 it has been staffed for public tours and visits from 8:00 to 5:00, Monday to Friday. The agency reports significant demand for regular weekend visitor hours at the Capitol. In order to provide this service, the agency would need three staff members to be on duty during open hours. This enhancement would provide the necessary staffing to open the Capitol from 8:00 to 4:00 each Saturday and 1:00 to 4:00 on select Sundays. The agency also has noted that opening the Capitol on weekends would require the cooperation of the Capitol Police.

The **Governor** concurs with the agency's enhancement request except that the State Archives Roof replacement is funded through the Historic Properties Fee Fund and that staff for the Capitol Visitor Center is funded through the agency's General Fee Fund.

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 $20,546, including $14,822 from the State General Fund, and affects 66 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 $40,040, including $28,375 from the State General Fund, and FY 2017 longevity payments total $42,520, including $29,936 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $52,221, including $37,246 from the State General Fund for FY 2016. This is a reduction of $52,398, including $37,266 from the State General Fund, for FY 2017.**

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

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

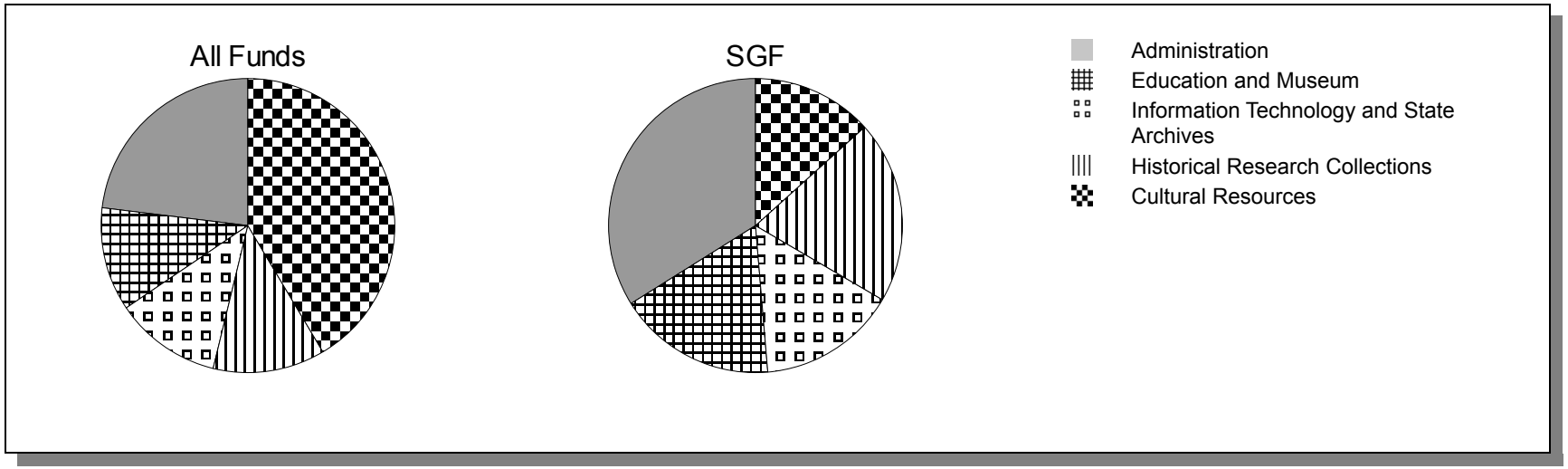
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	58.0 %	56.1 %	59.0 %	56.8 %
Heritage Trust Fund	16.8	17.4	16.7	17.2
All Other Sources	25.1	26.5	24.3	26.0
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 1,698,831	23.1 %	$ 1,402,286	33.9 %
Education and Museum	838,989	11.4	720,008	17.4
Information Technology and State Archives	866,111	11.8	631,756	15.3
Historical Research Collections	907,642	12.3	830,891	20.1
Cultural Resources	3,054,699	41.5	550,562	13.3
TOTAL	$ 7,366,272	100.0 %	$ 4,135,503	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	13.5	39.0	39.0	39.0	39.0	39.0	39.0
Education and Museum	10.5	11.5	11.5	11.5	11.5	11.5	11.5
Information Technology and State Archives	10.0	11.0	11.0	11.0	11.0	11.0	11.0
Historical Research Collections	16.0	15.0	15.0	15.0	15.0	15.0	15.0
Cultural Resources	19.0	19.0	19.0	19.0	19.0	19.0	19.0
TOTAL	69.0	95.5	95.5	95.5	95.5	95.5	95.5

A. Administration

The goal of the Administration program is to create a working environment that allows the State Historical Society staff to function efficiently and creatively, to provide supportive services to all State Historical Society programs, and to provide for the environmental and physical security of the staff, patrons, and collections housed in the Kansas History Center. These services include human resources, fiscal operations, maintenance custodial services, security, agency planning, administration, and communications. The aid to local units of government funding is budgeted for the Kansas Humanities Council and the Heritage Center in Dodge City. The Administration program also includes marketing and facilities management.

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	$ 902,312	$ 931,238	$ 832,910	$ 938,050	$ 747,784	$ 968,065	$ 774,256
Contractual Services	815,027	772,049	772,049	810,492	810,492	818,384	818,384
Commodities	89,584	82,000	82,000	67,000	67,000	67,000	67,000
Capital Outlay	92,753	6,000	6,000	3,000	3,000	3,000	3,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 1,899,676	$ 1,791,287	$ 1,692,959	$ 1,818,542	$ 1,628,276	$ 1,856,449	$ 1,662,640
Aid to Local Units	18,698	18,698	18,324	18,698	17,950	18,698	17,950
Other Assistance	69,740	57,304	56,208	54,797	52,605	54,797	52,605
TOTAL	$ 1,988,114	$ 1,867,289	$ 1,767,491	$ 1,892,037	$ 1,698,831	$ 1,929,944	$ 1,733,195
Financing:							
State General Fund	$ 1,781,616	$ 1,569,506	$ 1,470,993	$ 1,593,831	$ 1,402,286	$ 1,624,488	$ 1,401,349
All Other Funds	206,498	297,783	296,498	298,206	296,545	305,456	331,846
TOTAL	$ 1,988,114	$ 1,867,289	$ 1,767,491	$ 1,892,037	$ 1,698,831	$ 1,929,944	$ 1,733,195
FTE Positions	13.5	39.0	39.0	39.0	39.0	39.0	39.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	13.5	39.0	39.0	39.0	39.0	39.0	39.0

The **agency** requests FY 2016 operating expenditures of $1.9 million, including $1.6 million from the State General Fund. This is an all funds increase of $24,748, or 1.3 percent, and a State General Fund increase of $24,325, or 1.5 percent, above the revised FY 2015 estimate. This increase is primarily attributable to increased expenditures for contractual services.

This request includes the following items.

- **Salaries and wages** expenditures of $938,050, an increase of $6,812, or 0.7 percent, above the revised 2015 estimate. This increase is largely attributable to higher KPERS employer contribution rates. This request includes 39.0 FTE positions, the same as the revised FY 2015 estimate.

- **Contractual services** expenditures of $810,492, an increase of $38,443, or 5.0 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased expenditures for utilities ($32,713) and SMART Fees ($22,058), partially offset by decreased information technology expenditures ($27,200).

- **Commodities** expenditures of $67,000, a decrease of $15,000, or 18.3 percent, below the revised FY 2015 estimate. The decrease is largely attributable to decreased expenditures for building and grounds materials ($5,000) and office supplies ($7,000).

- **Capital outlay** expenditures of $3,000, a decrease of $3,000, or 50.0 percent, below the revised FY 2015 estimate. This decrease is attributable less expenditures on office equipment.

- **Aid to locals** of $18,698, the same as the revised FY 2015 estimate, all of which is pass through funding for the Kansas Heritage Center.

- **Other assistance** expenditures of $54,797, all of which is pass-through funding for the Kansas Humanities Council. This is a decrease of $2,507, or 4.4 percent, below the revised FY 2015 estimate. The decrease is attributable to the end of voluntary retirement incentives expenditures in FY 2015.

The **Governor** recommends $1.7 million, including $1.4 million from the State General Fund for FY 2016. This is a decrease of $193,206, or 10.2 percent, all funds and $191,545, or 12.0 percent, State General Fund below the agency's request. This decrease is largely attributable to the Governor's recommended 4.0 percent reduction to the agency's State General Fund allocation, most of which is applied to the Administration Program ($181,341).

The **agency** requests FY 2017 operating expenditures of $1.9 million, including $1.6 million from the State General Fund. This is an all funds increase of $37,907, or 2.0 percent, and a State General Fund increase of $30,657, or 1.9 percent, above the agency's FY 2016 request. This increase is attributable to increased expenditures for salaries and wages and contractual services.

This request includes the following items.

- **Salaries and wages** expenditures of $968,065, an increase of $30,015, or 3.2 percent, above the agency's FY 2016 request. This increase is attributable to costs associated with the 27th pay period in FY 2017 and higher KPERS employer contribution rates.

- **Contractual services** expenditures of $818,384, an increase of $7,892, or 1.0 percent, above the agency's revised FY 2016 request. This increase is attributable to increased expenditures for utilities ($14,292) and partially offset by reduced expenditures for in state travel ($1,400) and repairs and servicing ($5,000).

- **Commodities** expenditures of $67,000, the same as the agency's FY 2016 request.

- **Capital outlay** expenditures of $3,000, the same as the agency's FY 2016 request.

- **Aid to locals** of $18,698, the same as the agency's FY 2016 request, all of which is pass through funding for the Kansas Heritage Center.

- **Other assistance** expenditures of $54,797, the same as the agency's FY 2016 request, all of which is pass-through funding for the Kansas Humanities Council.

The **Governor** recommends $1.7 million, including $1.4 million from the State General Fund for FY 2017. This is a decrease of $196,749, or 10.2 percent, all funds and $223,139, or 13.7 percent, State General Fund below the agency's request. This decrease is largely attributable to the Governor's recommended 4.0 percent reduction to the agency's State General Fund allocation, most of which is applied to the Administration Program ($184,705).

B. Education and Museum

As part of the agency's FY 2014 reorganization, the education division and the museum division have been combined. The state-owned historic sites that were previously part of the museum have been shifted to the cultural resources division. The goal of the education and museum division is to interpret the people and events of Kansas history for students and the general public. The division will continue to provide curriculum support for the teaching of Kansas history and government in the K-12 classroom. The teaching of Kansas history is required by statute and state curriculum standards. There is an increased emphasis on reading in the school curriculum, so materials developed meet this literacy need through Kansas history content. The division cares for the state's historical artifact collection, which includes such notable items as the Kansas Civil War battle flags, the gallows, and Custer's boots. The division interprets these artifacts to tell the story of Kansas through exhibits and programs. The Capital Visitor Center is also part of this division's responsibility. Funding for this division is shifting from its historical State General Fund base to a balance of user fees deposited in agency fee funds and the State General Fund.

EDUCATION AND MUSEUM
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	$ 905,532	$ 683,457	$ 677,610	$ 786,712	$ 778,489	$ 818,758	$ 810,370
Contractual Services	44,299	29,000	29,000	24,000	24,000	21,400	21,400
Commodities	26,759	31,500	31,500	36,500	36,500	36,500	36,500
Capital Outlay	2,930	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 979,520	$ 743,957	$ 738,110	$ 847,212	$ 838,989	$ 876,658	$ 868,270
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 979,520	$ 743,957	$ 738,110	$ 847,212	$ 838,989	$ 876,658	$ 868,270
Financing:							
State General Fund	$ 906,784	$ 703,205	$ 697,437	$ 782,359	$ 720,008	$ 788,737	$ 726,238
All Other Funds	72,736	40,752	40,673	64,853	118,981	87,921	142,032
TOTAL	$ 979,520	$ 743,957	$ 738,110	$ 847,212	$ 838,989	$ 876,658	$ 868,270
FTE Positions	10.5	11.5	11.5	11.5	11.5	11.5	11.5
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	10.5	11.5	11.5	11.5	11.5	11.5	11.5

The **agency** requests FY 2016 operating expenditures of $847,212, including $782,359 from the State General Fund. This is an all funds increase of $103,255, or 13.9 percent, and a State General Fund increase of $79,154, or 11.3 percent, above the revised FY 2015 estimate. This increase is primarily attributable to increased expenditures for salaries and wages.

This request includes the following items.

- **Salaries and wages** expenditures of $786,712, an increase of $103,255, or 15.1 percent, above the revised FY 2015 estimate. This increase is attributable to increased expenditures for temporary museum staff as well as the agency's enhancement request for weekend staffing at the Capitol Visitor Center ($55,000).

- **Contractual services** expenditures of $24,000, a decrease of $5,000, or 17.2 percent, below the revised FY 2015 estimate. This decrease is largely attributable to decreased expenditures for other contractual services ($5,000) and freight costs ($900) and partially offset by increased surety bond costs ($1,500).

- **Commodities** expenditures of $36,500, an increase of $5,000, or 15.9 percent, above the revised FY 2015 estimate. This increase is largely attributable to increased expenditures for buildings and grounds materials ($10,200) partially offset by decreased expenditures for other supplies ($8,800).

The **Governor** recommends $838,989, including $720,008 from the State General Fund for FY 2016. This is a decrease of $8,223, or 1.0 percent, all funds and $62,351, or 8.0 percent, State General Fund below the agency's request. The all funds decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The State General Fund decrease is largely attributable to the Governor recommending that the agency enhancement request for weekend hours at the Capitol Visitor Center be funded with special revenue funds instead of State General Fund.

The **agency** requests FY 2017 operating expenditures of $876,658, including $788,737 from the State General Fund. This is an all funds increase of $29,446, or 3.5 percent, and a State General Fund increase of $6,378, or 0.8 percent, above the agency's FY 2016 request. This increase is attributable to increased salaries and wages expenditures.

This request includes the following items.

- **Salaries and wages** expenditures of $818,758, an increase of $32,046, or 4.1 percent, above the agency's FY 2016 request and includes continued funding for the agency's enhancement request for weekend staffing at the Capitol Visitor's Center ($55,000). The increase is attributable to costs associated with the 27th pay period and higher KPERS employer contributions.

- **Contractual services** expenditures of $21,400, a decrease of $2,600, or 10.8 percent, below the agency's FY 2016 request. This decrease is attributable to lower expenditures for museum projects and speakers fees.

- **Commodities** expenditures of $36,500, the same as the agency's FY 2016 request.

The **Governor** recommends $868,270, including $726,238 from the State General Fund for FY 2017. This is a decrease of $8,388, or 1.0 percent, all funds and $62,499, or 7.9 percent, State General Fund below the agency's request. The all funds decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The State General Fund decrease is largely attributable to the Governor recommending that the agency enhancement request for weekend hours at the Capitol Visitor Center be funded with special revenue funds instead of State General Fund.

C. Information Technology and State Archives

The information technology and state archives division was established as part of agency's FY 2014 reorganization. The new division combines the government records management and preservation responsibilities previously performed by the state archives with the information technology functions formerly attached to the administration division. In creating the division, the KSHS highlights the essential role of government records in ensuring Kansas government transparency and accountability, protecting the legal rights of Kansas citizens, and documenting Kansas history and culture. Including information technology in the division recognizes that Kansas government records are and will continue to be created in digital form and that managing, preserving, and providing access to electronic records requires close collaboration between archivists and information technology professionals.

The goals of the division are to collect, preserve, and make available Kansas government records with enduring value, regardless of format; to deliver records management consulting services to Kansas state agencies and local units of government; to operate a cost effective records center; to efficiently administer the land survey reference reports program; and to provide the information technology infrastructure, applications development, and database management services required for the effective and efficient performance of all KSHS programs.

In an effort to reduce costs and better match demand for services, the agency plans to phase out the State Records Center beginning in FY 2016. The State Records Center holds non-current, but still active paper records for state agencies and is funded by payments from those agencies. The agency reports that a number of other agencies intend to stop using the State Records Center and that it will no longer be cost effective to continue offering this service.

INFORMATION TECHNOLOGY AND STATE ARCHIVES
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	$ 387,909	$ 717,788	$ 711,251	$ 678,655	$ 670,626	$ 659,800	$ 652,480
Contractual Services	32,723	195,250	195,250	132,985	132,985	50,939	50,939
Commodities	8,900	21,250	21,250	11,500	11,500	10,000	10,000
Capital Outlay	43,601	51,000	51,000	51,000	51,000	51,000	51,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 473,133	$ 985,288	$ 978,751	$ 874,140	$ 866,111	$ 771,739	$ 764,419
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 473,133	$ 985,288	$ 978,751	$ 874,140	$ 866,111	$ 771,739	$ 764,419
Financing:							
State General Fund	$ 392,741	$ 634,875	$ 629,776	$ 638,458	$ 631,756	$ 664,467	$ 658,357
All Other Funds	80,392	350,413	348,975	235,682	234,355	107,272	106,062
TOTAL	$ 473,133	$ 985,288	$ 978,751	$ 874,140	$ 866,111	$ 771,739	$ 764,419
FTE Positions	10.0	11.0	11.0	11.0	11.0	11.0	11.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	10.0	11.0	11.0	11.0	11.0	11.0	11.0

The **agency** requests FY 2016 operating expenditures of $874,140, including $638,458 from the State General Fund. This is an all funds decrease of $111,148, or 11.3 percent, and a State General Fund increase of $3,583, or 0.6 percent, from the revised FY 2015 estimate. The decrease is spread across all classes of operating expenditures and is attributable to the winding down of the State Records Center.

This request includes the following items.

- **Salaries and wages** expenditures of $678,855, a decrease of $39,133, or 5.5 percent, below the revised FY 2015 estimate. The request includes 11.0 FTE positions, the same as the revised FY 2015 estimate.

- **Contractual services** expenditures of $132,985, a decrease of $62,265, or 31.9 percent, below the revised FY 2015 estimate.

- **Commodities** expenditures of $11,500, a decrease of $9,750, or 45.9 percent, below the revised FY 2015 estimate.

- **Capital outlay** expenditures of $51,000, the same as the revised FY 2015 request.

The **Governor** recommends $866,111, including $631,756 from the State General Fund for FY 2016. This is a decrease of $8,029, or 0.9 percent, all funds and $6,702, or 1.0 percent, State General Fund below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $771,739, including $664,467 from the State General Fund. This is an all funds decrease of $102,401, or 11.7 percent, and a State General Fund increase of $26,009, or 4.1 percent, above the agency's FY 2016 request. The all funds decrease is attributable to the winding down of the State Records Center, while the State General Fund increase is for costs associated with the 27th pay period in FY 2017.

This request includes the following items.

- **Salaries and wages** expenditures of $659,800, a decrease of $18,855, or 2.8 percent, below the agency's FY 2016 request. The request includes 11.0 FTE positions, the same as the agency's FY 2016 request.

- **Contractual services** expenditures of $50,939, a decrease of $82,046, or 61.7 percent, below the agency's FY 2016 request.

- **Commodities** expenditures of $10,000, a decrease of $1,500, or 13.0 percent, below the agency's FY 2016 request.

- **Capital outlay** expenditures of $51,000, the same as the agency's FY 2016 request.

The **Governor** recommends $764,419, including $658,357 from the State General Fund for FY 2017. This is a decrease of $7.320, or 0.9 percent, all funds and $6,110, or 0.9 percent, State General Fund below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

D. Historical Research Collections

The goal of the historical research collections division is to preserve and make accessible Kansas newspapers and unpublished materials significant to Kansas history. This division was previously called the State Archives. The duties associated with the preservation and access to public records has been transferred to the information technology and public records division. The historical research collections division collects manuscripts, photographs, maps, newspapers, and other documents and media that tell the stories of Kansas people, both past and present. As documents today are often created in a digital format, the challenge is to find new ways of collecting and preserving this information for future Kansans.

HISTORICAL RESEARCH COLLECTIONS
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	$ 1,018,125	$ 929,691	$ 921,230	$ 854,232	$ 844,142	$ 893,115	$ 882,823
Contractual Services	170,037	36,500	36,500	36,500	36,500	36,000	36,000
Commodities	25,164	26,000	26,000	26,000	26,000	26,000	26,000
Capital Outlay	2,533	1,000	1,000	1,000	1,000	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 1,215,859	$ 993,191	$ 984,730	$ 917,732	$ 907,642	$ 955,115	$ 944,823
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 1,215,859	$ 993,191	$ 984,730	$ 917,732	$ 907,642	$ 955,115	$ 944,823
Financing:							
State General Fund	$ 944,115	$ 897,660	$ 889,491	$ 840,823	$ 830,891	$ 879,180	$ 869,050
All Other Funds	271,744	95,531	95,239	76,909	76,751	75,935	75,773
TOTAL	$ 1,215,859	$ 993,191	$ 984,730	$ 917,732	$ 907,642	$ 955,115	$ 944,823
FTE Positions	16.0	15.0	99.9	15.0	99.9	15.0	99.9
Non-FTE Uncl. Perm. Pos.	0.0	0.0	99.9	0.0	99.9	0.0	99.9
TOTAL	16.0	15.0	199.8	15.0	199.8	15.0	199.8

The **agency** requests FY 2016 operating expenditures of $917,732, including $840,823 from the State General Fund. This is an all funds decrease of $75,459, or 7.6 percent, and a State General Fund decrease of $56,837, or 6.3 percent, below the revised FY 2015 estimate. This decrease is primarily attributable to decreased expenditures for salaries and wages.

This request includes the following items.

- **Salaries and wages** expenditures of $854,232, a decrease of $75,459, or 8.1 percent, below the revised FY 2015 estimate. This decrease is attributable to the reduction from 16.0 FTE positions to 15.0 FTE positions that will occur in FY 2015.

- **Contractual services** expenditures of $36,500, the same as the revised FY 2015 estimate.

- **Commodities** expenditures of $26,000, the same as the revised FY 2015 estimate.

- **Capital outlay** expenditures of $1,000, the same as the revised FY 2015 estimate.

The **Governor** recommends $907,642, including $830,891 from the State General Fund for FY 2016. This is a decrease of $10,090, or 1.1 percent, all funds and $9,932, or 1.2 percent, State General Fund below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $955,115, including $879,180 from the State General Fund. This is an all funds increase of $37,383, or 4.1 percent, and a State General Fund increase of $38,357, or 4.6 percent, above the agency's FY 2016 request. This increase is attributable to increased salaries and wages expenditures.

This request includes the following items.

- **Salaries and wages** expenditures of $893,115, an increase of $38,883, or 4.6 percent, above the agency's FY 2016 request. This increase is attributable to costs associated with the 27th pay period in FY 2017 and higher KPERS employer contribution rates. The request includes 15.0 FTE positions, the same as the agency's FY 2016 request.

- **Contractual services** expenditures of $36,000, a decrease of $500, or 1.4 percent, below the agency's FY 2016 request. This decrease is attributable to lower expenditures for repairs ($1,240).

- **Commodities** expenditures of $26,000, the same as the agency's FY 2016 request.

- **Capital outlay** eliminated, a reduction of $1,000, or 100 percent, below the agency's FY 2016 request.

The **Governor** recommends $944,823, including $869,050 from the State General Fund for FY 2017. This is a decrease of $10,292, or 1.1 percent, all funds and $10,130, or 1.2 percent, State General Fund below the agency's request. This decrease is attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

E. Cultural Resources

The goal of the Cultural Resources program is to preserve the state's archeological, architectural, and historic resources while at the same time assisting communities and property owners in economic development through assistance in rehabilitating and repurposing historic structures. The division also preserves and operates 16 state-owned historic sites. The historic sites were moved to the cultural resources division during the agency's FY 2014 reorganization.

The division is funded in part through federal allocations. Enacted by U.S. Congress in 1966, and amended in 1970 and

1980, the National Preservation Act provides for a National Register of Historic Places to include districts, sites, buildings, structures, and objects significant in American History, archeology, and culture. Such places may have national, state, or local significance. The act provides funding for the State Historic Preservation Office (SHPO), and the director of the cultural resources division is the deputy of the SHPO.

The state of Kansas has also adopted legislation that protects the state's cultural resources. The state provides incentives to property owners to rehabilitate their historic structures. These incentives include grants and tax credits. The State Historical Societal has grant-making authority over moneys in the Historic Preservation Fund (federally financed) and Heritage Trust Fund (financed by mortgage document fees). The federal government offers additional tax credits for historic preservation to income producing properties. Many developers use both state and federal tax credits in combination to create jobs in Kansas.

The State of Kansas has owned state historic sites since 1899 with the acquisition of Pawnee Indian Museum in Republic. State statutes determine the legislative process for obtaining additional sites. The most recent addition is Red Rocks: Home of the William Allen White Family in Emporia that was obtained by the legislature in 2001.

CULTURAL RESOURCES
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	$ 1,162,206	$ 1,498,064	$ 1,484,875	$ 1,455,353	$ 1,438,399	$ 1,519,766	$ 1,502,472
Contractual Services	146,616	192,500	192,500	201,500	201,500	197,000	197,000
Commodities	14,424	37,000	37,000	30,800	30,800	30,800	30,800
Capital Outlay	473	14,800	14,800	12,000	12,000	12,000	12,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 1,323,719	$ 1,742,364	$ 1,729,175	$ 1,699,653	$ 1,682,699	$ 1,759,566	$ 1,742,272
Aid to Local Units	79,178	700,000	700,000	700,000	700,000	700,000	700,000
Other Assistance	10,000	672,000	672,000	672,000	672,000	672,000	672,000
TOTAL	$ 1,412,897	$ 3,114,364	$ 3,101,175	$ 3,071,653	$ 3,054,699	$ 3,131,566	$ 3,114,272
Financing:							
State General Fund	$ 329,181	$ 566,606	$ 562,040	$ 556,559	$ 550,562	$ 567,335	$ 561,218
All Other Funds	1,083,716	2,547,758	2,539,135	2,515,094	2,504,137	2,564,231	2,553,054
TOTAL	$ 1,412,897	$ 3,114,364	$ 3,101,175	$ 3,071,653	$ 3,054,699	$ 3,131,566	$ 3,114,272
FTE Positions	19.0	19.0	19.0	19.0	19.0	19.0	19.0
Non-FTE Uncl. Perm. Pos.	3.5	3.5	3.5	3.5	3.5	3.5	3.5
TOTAL	22.5	22.5	22.5	22.5	22.5	22.5	22.5

The **agency** requests FY 2016 operating expenditures of $3.1 million, including $556,559 from the State General Fund. This is an all funds decrease of $42,711, or 1.4 percent, and a State General Fund decrease of $10,047, or 1.8 percent, below the revised FY 2015 estimate. This decrease is primarily attributable to decreased expenditures for salaries and wages

This request includes the following.

- **Salaries and wages** expenditures of $1.5 million, a decrease of $42,711, or 2.9 percent, below the revised FY 2015 estimate. This request includes 19.0 FTE positions, the same as the approved number. The agency reports that this request will allow for maintenance of existing staffing levels.

- **Contractual services** expenditures of $201,500, an increase of $9,000, or 4.7 percent, above the revised FY 2015 estimate. This increase is attributable to increased expenditures for printing and advertising ($19,500) and repairs and service ($17,000), partially offset by decreased expenditures for printing and binding ($21,000).

- **Commodities** expenditures of $30,800, a decrease of $6,200, or 16.8 percent, below the revised FY 2015 estimate. This decrease is attributable to decreased expenditures for vehicle parts ($3,300) and office printing supplies ($3,000).

- **Capital outlay** expenditures of $12,000, a decrease of $2,800, or 18.9 percent, below the revised FY 2015 estimate. This decrease is attributable to reduced expenditures for fixtures.

- **Aid to locals** of $700,000, the same as the revised FY 2015 estimate. This entire amount is for the Historic Preservation Fund.

- **Other assistance** expenditures of $672,000, the same as the revised FY 2015 estimate. This entire amount is for the Heritage Trust Fund.

The **Governor** recommends $3.1 million, including $550,562 from the State General Fund for FY 2016. This is a decrease of $16,954, or 0.6 percent, all funds and $5,997, or 1.1 percent, State General Fund below the agency's request. This decrease is largely attributable to the Governor's recommended reduction to employer contributions for state employee health insurance.

The **agency** requests FY 2017 operating expenditures of $3.1 million, including $567,335 from the State General Fund. This is an all funds increase of $59,913, or 2.0 percent, and a State General Fund increase of $10,776, or 1.9 percent, above the agency's FY 2016 request. This increase is attributable to increased expenditures for salaries and wages.

This request includes the following items.

- **Salaries and wages** expenditures of $1.5 million, an increase of $64,413, or 4.4 percent, above the agency's FY 2016 request. The increase is attributable to costs associated with the 27th pay period in FY 2017 and higher KPERS employer contribution rates. The request also includes 19.0 FTE positions, the same as the agency's FY 2016 request.

- **Contractual services** expenditures of $197,000, a decrease of $4,500, or 2.2 percent, below the agency's FY 2016 request. This decrease is attributable to decreased expenditures for in state travel ($2,000) and professional service fees ($2,500).

- **Commodities** expenditures of $30,800, the same as the agency's FY 2016 request.

- **Capital outlay** expenditures of $12,000, the same as the agency's FY 2016 request.

- **Aid to locals** of $700,000, the same as the agency's FY 2016 request. This entire amount is for the Historic Preservation Fund.

- **Other assistance** expenditures of $672,000, the same as the agency's FY 2016 request. This entire amount is for the Heritage Trust Fund.

The **Governor** recommends $3.1 million, including $561,218 from the State General Fund for FY 2017. This is a decrease of $17,294, or 0.6 percent, all funds and $6,117, or 1.1 percent, State General Fund below the agency's request. This decrease is largely attributable to the Governor's recommended reduction to 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
Emergency Repairs	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000	$ 250,000
Cottonwood Ranch	30,000	30,000	15,000	15,000	25,000	25,000
Hollenberg Station	55,000	55,000	0	0	0	0
Shawnee Indian Mission	32,650	32,650	0	0	0	0
Red Rocks	40,000	40,000	0	0	0	0
Constitution Hall	26,900	26,900	0	0	0	0
Grinter Place	0	0	50,000	50,000	0	0
Archives Roof	0	0	42,500	42,500	42,500	42,500
Kaw Mission	0	0	0	0	293,500	293,500
TOTAL	$ 434,550	$ 434,550	$ 357,500	$ 357,500	$ 611,000	$ 611,000
Financing:						
State General Fund	$ 250,000	$ 250,000	$ 292,500	$ 250,000	$ 292,500	$ 250,000
All Other Funds	184,550	184,550	65,000	107,500	318,500	361,000
TOTAL	$ 434,550	$ 434,550	$ 357,500	$ 357,500	$ 611,000	$ 611,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency requests a revised all funds estimate for capital improvements of $434,550, including $250,000 from the State General Fund, in FY 2015. This is an all funds decrease of $30,450, or 6.5 percent, below the approved amount. The State General Fund estimate is the same as the approved amount. The decrease is attributable to a decrease in available outside funding for projects.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $357,500, including $292,500 from the State General Fund, for capital improvements for FY 2016. This is an all funds decrease of $77,050, or 17.7 percent, and a State General Fund increase of $42,500, or 17.0 percent, from the revised FY 2015 estimate. The all funds decrease is attributable to an anticipated decrease in outside funding and the State General Fund increase is attributable to the agency's enhancement request for replacement of the State Archives roof.

Absent the enhancement, the request is an all funds decrease of $119,550, or 27.5 percent, below the revised FY 2015 estimate.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's request, except that the replacement of the State Archives roof is funded through the Historic Properties Fee Fund, rather than the State General Fund.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $611,000, including $292,500 from the State General Fund, for capital improvements for FY 2017. This is an all funds increase of $253,500, or 70.9 percent, above the agency's FY 2016 request. The State General Fund request is the same as the agency's FY 2016 request, and includes the same enhancement request for the State Archives roof ($42,500). The all funds increase is attributable to an anticipated increase in outside funding for rehabilitation and repair at Kaw Mission.

Budget Year Governor Recommendation

The **Governor** concurs with the agency's request, except that the replacement of the State Archives roof is funded through the Historic Properties Fee Fund, rather than the State General Fund.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of Teachers Trained in Kansas History Curriculum	700	1,497	500	500	500
Number of visitors to the Kansas Museum of History, State Capitol, and Historic Sites	100,000	131,614	130,000	135,000	140,000
Number of Properties on the National Register of Historic Places	1,485	1,552	1,565	1,575	1,580

Kansas State School for the Blind

	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	$ 5,125,021	$ 5,423,235	$ 5,372,738	$ 5,495,235	$ 5,384,904	$ 5,685,047	$ 5,577,226
Other Funds	1,090,970	821,190	819,541	853,874	851,628	808,284	806,094
TOTAL	$ 6,215,991	$ 6,244,425	$ 6,192,279	$ 6,349,109	$ 6,236,532	$ 6,493,331	$ 6,383,320
Capital Improvements:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	534,145	801,866	801,866	698,502	698,502	650,276	650,276
TOTAL	$ 534,145	$ 801,866	$ 801,866	$ 698,502	$ 698,502	$ 650,276	$ 650,276
GRAND TOTAL	**$ 6,750,136**	**$ 7,046,291**	**$ 6,994,145**	**$ 7,047,611**	**$ 6,935,034**	**$ 7,143,607**	**$ 7,033,596**
Percentage Change:							
Operating Expenditures							
State General Fund	(3.3) %	5.8 %	4.8 %	1.3 %	0.2 %	3.5 %	3.6 %
All Funds	4.7	0.5	(0.4)	1.7	0.7	2.3	2.4
FTE Positions	81.5	81.5	81.5	81.4	81.4	81.4	81.4
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.1	0.1	0.1	0.1
TOTAL	81.5	81.5	81.5	81.5	81.5	81.5	81.5

The mission of the Kansas State School for the Blind (KSSB) is to empower both blind and visually impaired students with the knowledge, attitudes, and skills needed to assume responsible roles in society and to lead fulfilling lives. KSSB established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services.

To fulfill its mission, the School serves as the center for state-of-the-art education of Kansas children who are either blind or visually impaired, and as the training and support base for teachers across the state who work with children who have sensory impairments. Through its outreach program, KSSB also provides direct support in public schools by working with students, teachers, and parents to improve educational opportunities for students who are visually impaired.

KSSB is a state agency under the control and supervision of the State Board of Education. Residents of the state, up to the age of 21, who are unable to materially benefit from attendance in a public school because of a visual impairment, are entitled to free admission to the School. KSSB has a dormitory program with an extensive educational focus on daily living skills, a transition and career education program and a comprehensive nursing and student health program.

MAJOR ISSUES FROM PRIOR YEARS

During the **2009 Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature.

The Commission studied combining the Kansas State School for the Blind and Kansas School for the Deaf on one campus, specifically the Olathe campus for the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended that the campuses not be co-located and the School for the Blind and Deaf maintain its respective campuses, but share services where possible. This included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures. Currently, the schools are under one administration team consisting of one Superintendent, one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director. Overall combined net savings for the consolidation of administrative services was estimated to be $174,498.

2011 Session. The 2011 Legislature deleted $30,509, all from the State General Fund, in FY 2011 and $31,979, all from the State General Fund, in FY 2012 for debt service principal

payments on the Facilities Conservation Improvement Project. The funding was replaced with funding from the State Institutions Building Fund. In addition, the Legislature passed 2011 HB 2078 which allows the School for the Blind to conduct teacher training programs year round. Previously, training programs were only permitted to be conducted during the summer.

2012 Session. The Legislature eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

2012 HB 2777 allowed the Kansas School for the Blind and the Kansas School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

2013 Session. The Legislature added language authorizing the superintendent of the School for the Blind and the School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, 2014, and 2015.

2014 Session. A Governor's Executive Directive added $202,674, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues as well as eliminated the need to reduce staff for FY 2015. State General Fund in the amount of $36,938 was added to statutorily-required salary increases for teachers for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised FY 2015 estimate of $7.0 million from all funds (including capital improvements), and $5.4 million from the State General Fund. The total estimate reflects an increase of $269,118, or 4.0 percent increase in all funds, over the FY 2015 approved budget. The request is a State General Fund increase of $50,497, or 0.9 percent, above the FY 2015 approved budget. The State General Fund increase is attributable to the December 9th State General Fund allotment. The special revenue fund increase is attributable to increased federal funds predominantly for the special education technology assistance program ($112,646), special education state block grants ($61,291), and the teacher preparation and mentoring program ($49,603). Full-time equivalent (FTE) positions of 81.5 remains the same as the approved number.

For capital expenditures, the agency estimates total $800,000, all from the State Institutions Building Fund. This is a $19,643 increase, or 2.5 percent, above the FY 2015 approved budget, with this additional amount budgeted for rehabilitation and repair projects. Rehabilitation and repair funds ($361,849) are used to keep the campus facilities in functional and safe condition and meet health and safety standards according to agency officials. Examples of these include upkeep on hot water tanks, repair of masonry, electrical motors, sheetrock, and other such infrastructure elements. In FY 2015, this will include improvements to the main campus gate, driveway, and fencing.

Safety and security upgrades ($403,191) include a multi-phase project that started in FY 2011. The first two phases are in the final stages of completion and include fire safety upgrades in compliance with the Americans with Disabilities Act (ADA)

requirements, security camera installation, and mass notification systems. The final phase, underway currently, includes redesign and construction of secure entrances, tornado shelters, and back up generator installation.

Debt service principal ($36,826) is payment on an energy service performance contract with debt retirement in FY 2018,.

The revised estimate for FTE positions are 81.5, the same as the approved number of FTE.

FY 2015 Governor Recommendation

The **Governor** recommends a FY 2015 budget of $7.0 million, including $5.4 million from the State General Fund. The Governor's recommendation is a decrease from the agency request of $52,146 in all funds and $50,497 from the State General Fund. The decrease is due to an allotment of $51,974 all funds, including $50,325 from the State General Fund, as a result of the Governor's allotment reducing the KPERS employer contribution rate and a $174 reappropriation lapse.

FY 2016 Agency Request

The **agency** requests $7.0 million (including Capital Improvements) in all funds for FY 2016, including $5.5 million from the State General Fund. The all funds request is $1,320, or 0.02 percent, more than the FY 2015 revised request. The State General Fund request is $72,000, or 1.3 percent, more than the FY 2015 revised request.

Capital Improvement projects include the following: $235,902 for the fire and mass notification systems and maintenance; $120,000 for the secure entrances work; $235,000 for major maintenance and repairs; $69,000 for the HVAC efficiency upgrades; and $38,600 for debt service.

FY 2016 Governor Recommendation

The **Governor** recommends a FY 2016 budget of $7.0 million (including Capital Improvements) in all funds, and $5.4 million from the State General Fund. This is $113,000, or 1.6 percent, less than the agency request. The Governor recommends a reduction of $70,408 all funds, including $68,162 from the State General Fund, to reduce employer contributions for state employee health insurance. Regarding enhancement requests, the Governor added $50,876 from the State General Fund for the statutory teacher salary increase but did not recommend funding of the request for three additional days added to the teachers' contract.

FY 2017 Agency Request

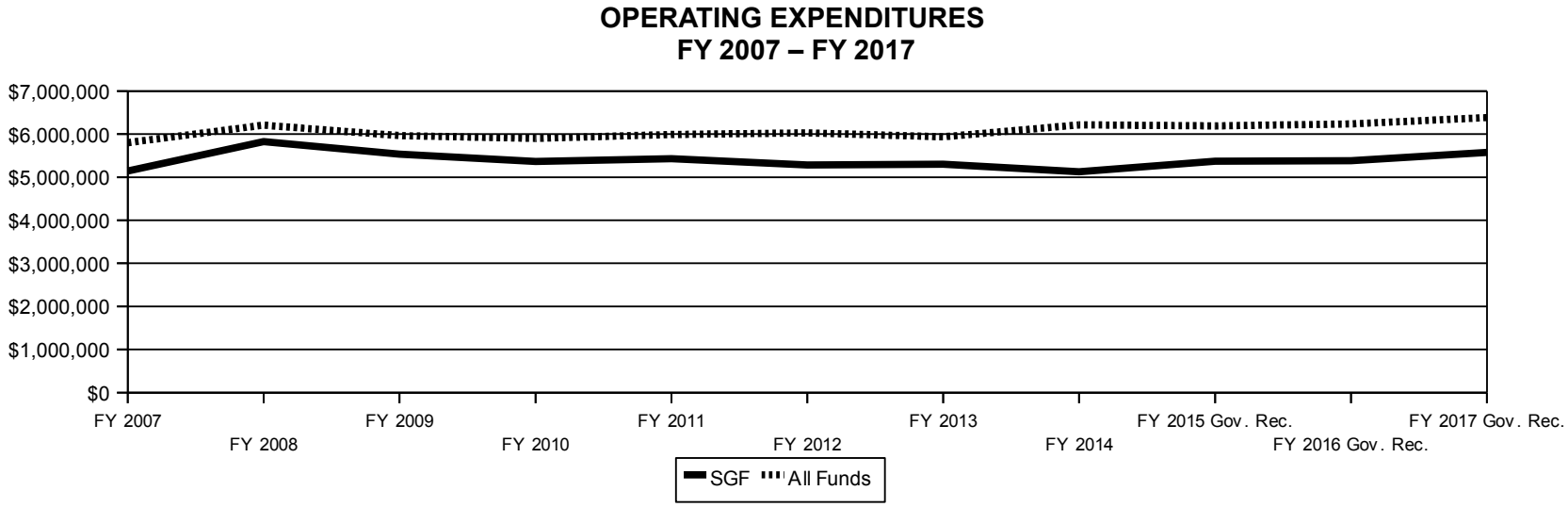
The **agency** requests $7.1 million in all funds for FY 2017, including $5.7 million from the State General Fund. The all funds request is $96,000, or 1.4 percent, more than the FY 2016 request. The State General Fund request is $190,000, or 3.5 percent, more than the FY 2016 request due to the enhancement request, increased KPERS costs, and the 27th payroll.

Capital improvement projects include $249,817 for the fire and mass notification systems and maintenance; $60,000 for the secure entrances work; $240,000 for major maintenance and repairs; $60,000 for the HVAC efficiency upgrades; and $40,459 for debt service.

FY 2017 Governor Recommendation

The **Governor** recommends a FY 2017 budget of $7.0 million (including Capital Improvements) in all funds, and $5.6 million from the State General Fund. This is $110,000, or 1.7 percent, less than the agency request. The Governor recommends a reduction of $67,373 all funds, including $65,183 from the State General Fund, to reduce employer contributions for state employee health insurance. Regarding enhancement requests, the Governor added $51,613 from the State General Fund for the statutory teacher salary increase but did not recommend funding of the request for three additional days added to the teachers' contract.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 5,144,255	999.0 %	$ 5,801,788	9,999.0 %	93.5
2008	5,824,309	13.2	6,208,593	7.0	93.5
2009	5,536,607	(4.9)	5,964,855	(3.9)	93.5
2010	5,365,651	(3.1)	5,900,577	(1.1)	93.5
2011	5,429,535	1.2	5,992,442	1.6	93.5
2012	5,282,319	(2.7)	6,030,346	0.6	82.5
2013	5,302,535	0.4	5,938,274	(1.5)	82.5
2014	5,125,021	(3.3)	6,215,991	4.7	81.5
2015 Gov. Rec.	5,372,738	4.8	6,192,279	(0.4)	81.5
2016 Gov. Rec.	5,384,904	0.2	6,236,532	0.7	81.4
2017 Gov. Rec.	5,577,226	3.6	6,383,320	2.4	81.4
Eleven-Year Change	$ 432,971	8.4 %	$ 581,532	10.0 %	(12.1)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 263,700	$ 235,875	$ 221,402	$ (14,473)	(6.1) %	$ 234,324	$ 218,275	$ (16,049)	(6.8)%
Instructional Services	4,609,500	4,516,246	4,686,135	169,889	3.8	4,475,631	4,594,387	118,756	2.7
Support Services	1,333,797	1,485,102	1,436,144	(48,958)	(3.3)	1,475,122	1,418,442	(56,680)	(3.8)
Debt Service	8,994	7,202	5,428	(1,774)	(24.6)	7,202	5,428	(1,774)	(24.6)
TOTAL	$ 6,215,991	$ 6,244,425	$ 6,349,109	$ 104,684	1.7 %	$ 6,192,279	$ 6,236,532	$ 44,253	0.7 %
By Major Object of Expenditure:									
Salaries and Wages	$ 4,928,318	$ 4,984,036	$ 5,140,345	$ 156,309	3.1 %	$ 4,931,890	$ 5,027,768	$ 95,878	1.9 %
Contractual Services	892,668	932,783	901,130	(31,653)	(3.4)	932,783	901,130	(31,653)	(3.4)
Commodities	230,597	225,780	225,780	0	0.0	225,780	225,780	0	0.0
Capital Outlay	88,508	17,000	--	(17,000)	(100.0)	17,000	--	(17,000)	(100.0)
Debt Service	8,994	7,202	5,428	(1,774)	(24.6)	7,202	5,428	(1,774)	(24.6)
Subtotal - Operations	$ 6,149,085	$ 6,166,801	$ 6,272,683	$ 105,882	1.7 %	$ 6,114,655	$ 6,160,106	$ 45,451	0.7 %
Aid to Local Units	--	--	--	--	--	--	--	--	--
Other Assistance	66,906	77,624	76,426	(1,198)	(1.5)	77,624	76,426	(1,198)	(1.5)
TOTAL	$ 6,215,991	$ 6,244,425	$ 6,349,109	$ 104,684	1.7 %	$ 6,192,279	$ 6,236,532	$ 44,253	0.7 %
Financing:									
State General Fund	$ 5,125,021	$ 5,423,235	$ 5,495,235	$ 72,000	1.3 %	$ 5,372,738	$ 5,384,904	$ 12,166	0.2 %
All Other Funds	1,090,970	821,190	853,874	32,684	4.0	819,541	851,628	32,087	3.9
TOTAL	$ 6,215,991	$ 6,244,425	$ 6,349,109	$ 104,684	1.7 %	$ 6,192,279	$ 6,236,532	$ 44,253	0.7 %

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:								
Administration	$ 221,402	$ 226,507	$ 5,105	2.3 %	$ 218,275	$ 223,601	$ 5,326	2.4 %
Instructional Services	4,686,135	4,793,854	107,719	2.3	4,594,387	4,702,866	108,479	2.4
Support Services	1,436,144	1,469,401	33,257	2.3	1,418,442	1,453,284	34,842	2.5
Debt Service	5,428	3,569	(1,859)	(34.2)	5,428	3,569	(1,859)	(34.2)
TOTAL	$ 6,349,109	$ 6,493,331	$ 144,222	2.3 %	$ 6,236,532	$ 6,383,320	$ 146,788	2.4 %
By Major Object of Expenditure:								
Salaries and Wages	$ 5,140,345	$ 5,339,437	$ 199,092	3.9 %	$ 5,027,768	$ 5,229,426	$ 201,658	4.0 %
Contractual Services	901,130	893,045	(8,085)	(0.9)	901,130	893,045	(8,085)	(0.9)
Commodities	225,780	224,780	(1,000)	(0.4)	225,780	224,780	(1,000)	(0.4)
Capital Outlay	--	--	0	--	--	--	0	--
Debt Service	5,428	3,569	(1,859)	(34.2)	5,428	3,569	(1,859)	(34.2)
Subtotal - Operations	$ 6,272,683	$ 6,460,831	$ 188,148	3.0 %	$ 6,160,106	$ 6,350,820	$ 190,714	3.1 %
Aid to Local Units	--	--	--	--	--	--	0	--
Other Assistance	76,426	32,500	(43,926)	(57.5)	76,426	32,500	(43,926)	(57.5)
TOTAL	$ 6,349,109	$ 6,493,331	$ 144,222	2.3 %	$ 6,236,532	$ 6,383,320	$ 146,788	2.4 %
Financing:								
State General Fund	$ 5,495,235	$ 5,685,047	$ 189,812	3.5 %	$ 5,384,904	$ 5,577,226	$ 192,322	3.6 %
All Other Funds	853,874	808,284	(45,590)	(5.3)	851,628	806,094	(45,534)	(5.3)
TOTAL	$ 6,349,109	$ 6,493,331	$ 144,222	2.3 %	$ 6,236,532	$ 6,383,320	$ 146,788	2.4 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $5,402,190 for the School for the Blind in FY 2015. Adjustments subsequently have been made to that amount. The adjustments change the current year approved amount without any legislative action required.

- An increase of $172, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015
- A reduction of $50,497, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $5,372,738. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 5,372,738	$ 5,423,235	$ 50,497	$ 5,372,738	$ 0
All Other Funds	1,404,435	1,623,056	218,621	1,621,407	216,972
TOTAL	$ 6,777,173	$ 7,046,291	$ 269,118	$ 6,994,145	$ 216,972
FTE Positions	81.5	81.5	81.5	81.5	81.5

The **agency** requests a revised FY 2015 estimate of $6.8 million from all funds (including capital improvements), and $5.4 million from the State General Fund. The total estimate reflects an increase of $269,118, or 4.0 percent increase in all funds, over the FY 2015 approved, budget. The request is a State General Fund increase of $50,497, or 0.9 percent, above the FY

2015 approved budget. The State General Fund increase is attributable to the December 9th State General Fund allotment. The special revenue fund increase is attributable to increased federal funds predominantly for the special education technology assistance program ($112,646), special education state block grants ($61,291), and the teacher preparation and mentoring program ($49,603).

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $5.0 million, $4.8 million from the State General Fund. The agency has 81.5 FTE. This amount is $87,838 more than the approved FY 2015 budget, due to increased federal funds.

- **Contractual Services** expenditures of $933,000 for communications, legal, and copier rental fees. This category pays for the services of physical, occupational, and speech therapists assisting students, as well as other professional services for students. A contract of $134,000 for the Accessible Arts is included in this category. The revised budget is $95,000 more than the approved budget due, in part, to attorney fees related to a personnel lawsuit, according to agency officials.

- **Commodities** expenditures total $226,000, $30,000 above the approved budget. This category includes textbooks, teaching materials, custodial and other such supplies, and food for breakfast and lunch. Increased food costs explain the increase from the approved.

- **Capital Outlay** expenditures total $17,000, $6,500 more than the approved budget. Purchases in this category primarily include assistance technology devises for visually-impaired students.

- **Other Assistance** totals $78,000, $50,000 more than the approved budget. This category provides scholarship payments to non-employees (local educators) for tuition, fees, and books. The increase from the approved is due to receipt of additional federal grant funds to develop personnel across the state in educating visually-impaired students.

The **Governor** recommends a FY 2015 operating budget of $6.2 million (excluding capital improvements), including $5.4 million from the State General Fund. The Governor's recommendation is a decrease from the agency request by $52,146 in all funds and $50,497 from the State General Fund. The decrease is due to an allotment of $51,974, all funds, for a KPERS employer contribution rate reduction and $172 reappropriation lapse.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014, subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (50,325)	$ (50,325)	0.0
Reappropriations Lapse	(172)	(172)	0.0
TOTAL	$ (50,497)	$ (50,497)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $50,325 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 10.42 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $1,649 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $51,974.

Reappropriations Lapse:

A reduction of $172, as a result of the Governor's State General Fund reappropriation allotment. This allotment will decrease available funding in the agency's operations budget.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 6,349,109	$ 6,236,532	$ (112,577)
FTE Positions	81.4	81.4	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 72,000	$ 12,166	
All Other Funds	32,684	32,087	
TOTAL	$ 104,684	$ 44,253	
Percent Change:			
State General Fund	1.3 %	0.2 %	
All Other Funds	4.0	3.9	
TOTAL	1.7 %	0.7 %	
Change in FTE Positions	(0.1)	(0.1)	

The **agency** requests $6.3 million, including $5.5 million from the State General Fund for FY 2016. The request is an all funds increase of $105,000, or 1.7 percent, above the FY 2015 revised budget request. The request is a State General Fund increase of $72,000, or 1.3 percent, above the FY 2015 agency requests due to enhancements for teacher pay and three professional development days. The enhancement requests total $93,000 from the State General Fund but are partially offset by a decrease in contractual obligations for FY 2016. Agency staff indicated attorney fees decreased because of a prior-year legal settlement completed in FY 2015; other fees decreased because training interveners for the Deaf-Blind project federal grant were not funded in FY 2016; other categories, including meals and lodging, other professional fees, and dues and subscriptions decreased due to decreases in the personnel development federal grant and the Deaf-Blind project

federal grant in FY 2016. The increase in all other funds is associated with increased federal grants.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $5.1 million. This is $156,000 more than the FY 2015 revised request due to enhancement requests described below and receipt of additional federal grants.

- **Contractual Services** total $901,000 which is $32,000 less than the FY 2015 revised request.

- **Commodities** expenditure request is $226,000, the same as the FY 2015 revised request.

- **Capitol Outlay** was not included in the budget request.

- **Other Assistance** is budgeted at $76,000, which is $1,200 less than the revised FY 2015 request.

The **Governor** recommends a FY 2016 budget of $6.2 million (excluding capital improvements) in all funds, and $5.4 million from the State General Fund. This is $112,577, or 1.8 percent, less than the agency request. The Governor recommends a reduction of $70,408 all funds, including $68,162 from the State General Fund, to reduce employer contributions for state employee health insurance. Regarding enhancement requests, the Governor added $50,876 from the State General Fund for the statutory teacher salary increase but did not recommend funding of the request for three additional days added to the teachers' contract.

Enhancements Detail

FY 2016 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Statutory Teacher Salary Increase	$ 49,180	$ 49,180	0.0	$ 50,876	$ 50,876	0.0
Addition of Three Days to Teacher Contract	43,865	43,865	0.0	0	0	0.0
TOTAL	**$ 93,045**	**$ 93,045**	**0.0**	**$ 50,876**	**$ 50,876**	**0.0**

The **agency** requests $49,180, all from the State General Fund, in additional compensation for teachers and licensed personnel, in compliance with the statutory requirement that those personnel be paid at a rate not less than the rate paid USD 233, Olathe, employees. In addition, a State General Fund request of $43,865 is made to restore three professional development days to teachers' contract.

The **Governor** recommends funding the statutory teacher salary increase (the amount needed for this enhancement was revised between the budget submission and the Governor's recommendation) but not the addition of three days to the teachers' contracts.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 6,493,331	$ 6,383,320	$ (110,011)
FTE Positions	81.4	81.4	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 189,812	$ 192,322	
All Other Funds	(45,590)	(45,534)	
TOTAL	$ 144,222	$ 146,788	
Percent Change:			
State General Fund	3.5 %	3.6 %	
All Other Funds	(5.3)	(5.3)	
TOTAL	2.3 %	2.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $6.5 million, including $5.7 million from the State General Fund for FY 2017. (This excludes capital improvements.) The request is an all funds increase of $144,000, or 2.3 percent, above the FY 2016 revised budget request. The request is a State General Fund increase of $190,000, or 3.5 percent, above the FY 2016 agency requests due to enhancements for teacher pay and three professional

development days. The enhancement requests total $94,000 from the State General Fund.

The additional increase in State General Fund expenditures estimates is primarily attributable to increases in the KPERS retirement contribution rate for employers and the 27th paycheck. The decrease in all other funds primarily is due to a decrease in the budgeted amount for scholarship payments to non-employees for tuition, fees, books, housing, and other student-related expenses.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $5.3 million, which is $199,000 more than the FY 2016 request, primarily due to KPERS increases and the 27th payroll.

- **Contractual Services** total $893,000, which is $8,000 less than the FY 2016 request.

- **Commodities** total $225,000, which is $1,000 less than the FY 2016 request.

- **Other Assistance** is budgeted at $32,500.

The **Governor** recommends a FY 2017 budget of $6.4 million in all funds, and $5.6 million from the State General Fund. This is $110,011, or 1.7 percent, less than the agency request. The Governor recommends a reduction of $67,373 all funds, including $65,183 from the State General Fund, to reduce employer contributions for state employee health insurance. Regarding enhancement requests, the Governor added $51,613 from the State General Fund for the statutory teacher salary increase but did not recommend funding of the request for three additional days added to the teachers' contract.

Enhancements Detail

FY 2017 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
Statutory Teacher Salary Increase	$ 49,893	$ 49,893	0.0	$ 51,613	$ 51,613	0.0
Addition of Three Days to Teacher Contract	44,358	44,358	0.0	0	0	0.0
TOTAL	**$ 94,251**	**$ 94,251**	**0.0**	**$ 51,613**	**$ 51,613**	**0.0**

The **agency** requests $49,893, all from the State General Fund, in additional compensation for teachers and licensed personnel, in compliance with the statutory requirement that those personnel be paid at a rate not less than the rate paid USD 233, Olathe, employees. In addition, a State General Fund request of $44,358 is made to restore three professional development days to teachers' contract.

The **Governor** recommends funding the statutory teacher salary increase (the amount needed for this enhancement was revised between the budget submission and the Governor's recommendation) but not the addition of three days to teachers' contracts.

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 $21,201, including $20,873 from the State General Fund, and affects 68 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 2015, 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 $8,240, including $7,859 from the State General Fund, and FY 2017 longevity payments total $8,480, including $8,096 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $70,408, including $68,162 from the State General Fund for FY 2016. This is a reduction of $67,373, including $65,183 from the State General Fund, for FY 2017.**

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

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

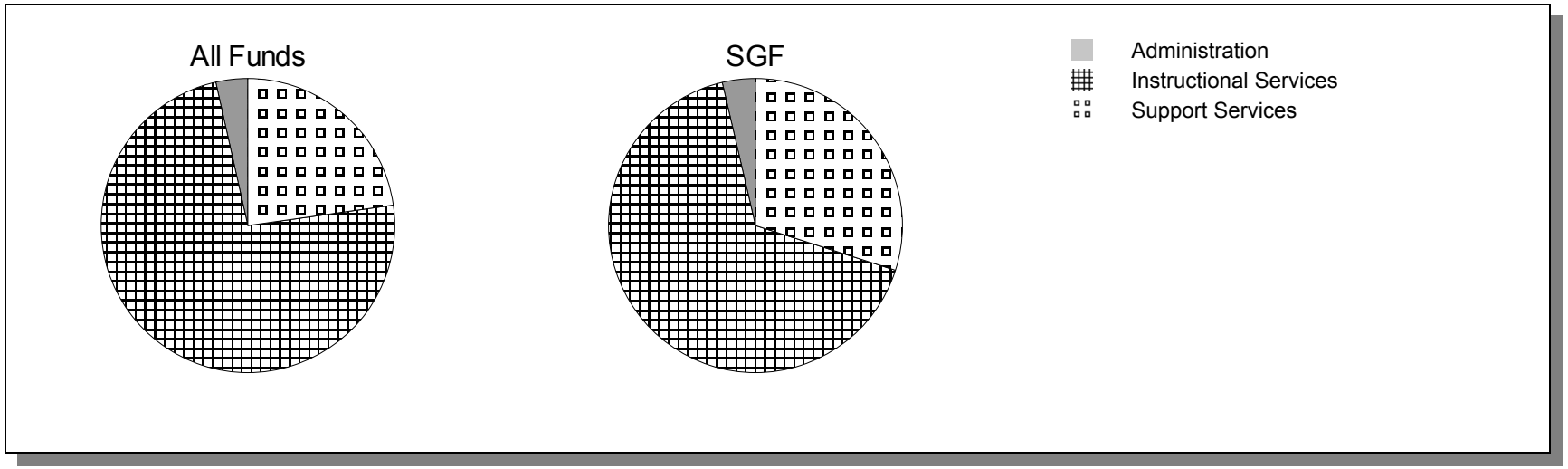
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	86.6 %	86.3 %	87.6 %	87.4 %
All Other Funds	13.4	13.7	12.4	12.6
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 218,275	3.5 %	$ 218,275	3.6 %
Instructional Services	4,594,387	73.7	3,981,818	66.4
Support Services	1,418,442	22.8	1,793,863	29.9
TOTAL	$ 6,231,104	100.0 %	$ 5,993,956	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	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Instructional Services	61.1	61.1	61.1	60.6	60.6	60.6	60.6
Support Services	19.1	19.1	19.1	19.4	19.4	19.4	19.4
TOTAL	81.5	81.5	81.5	81.4	81.4	81.4	81.4

A. Administrative Services

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Blind. The program is responsible for the development and administration of educational and co-curricular programs, personnel procedures and support services; appointment of classified and unclassified employees; budget preparation; and payroll.

ADMINISTRATIVE SERVICES
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	$ 124,001	$ 128,309	$ 126,449	$ 129,402	$ 126,275	$ 134,557	$ 131,651
Contractual Services	94,580	104,175	104,175	88,300	88,300	88,250	88,250
Commodities	4,114	3,700	3,700	3,700	3,700	3,700	3,700
Capital Outlay	41,005	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 263,700	$ 236,184	$ 234,324	$ 221,402	$ 218,275	$ 226,507	$ 223,601
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--
TOTAL	$ 263,700	$ 236,184	$ 234,324	$ 221,402	$ 218,275	$ 226,507	$ 223,601
Financing:							
State General Fund	$ 210,806	$ 231,184	$ 229,324	$ 221,402	$ 218,275	$ 226,507	$ 223,601
All Other Funds	52,894	5,000	5,000	--	--	--	--
TOTAL	$ 263,700	$ 236,184	$ 234,324	$ 221,402	$ 218,275	$ 226,507	$ 223,601
FTE Positions	1.3	1.3	1.3	1.4	1.4	1.4	1.4
Non-FTE Uncl. Perm. Pos.	--	--	--	--	--	--	--
TOTAL	1.3	1.3	1.3	1.4	1.4	1.4	1.4

The **FY 2016 agency** requested operating budget request is nearly $15,000 less than the FY 2015 revised request, with the total funding from the State General Fund. The FY 2017 budget request is $5,000 more than the FY 2016 budget request, with State General Funds the total funding source.

The **Governor's** recommendation for FY 2016 is $218,275, all from the State General Fund. This is $3,127, or 1.3 percent, less than the agency request due to deletion of this amount from the group health insurance category

The **Governor's** recommendation for FY 2017 deletes $2,906, or 1.3 percent, from the State General Fund for salaries due to deletion of this amount from the group health insurance category.

B. Instructional Services

The Instructional Services program is designed to meet both the academic and special skill needs of a student population with a wide range of cognitive abilities. KSSB seeks to make students independent learners and equip them with the special skills and knowledge to successfully return them to their home communities and schools. The School provides a fully accredited academic program and services for multiple disabilities. Instructional Services operates the following subprograms:

Day Program. This subprogram combines traditional academic subjects and classes for students with multiple disabilities and focuses on functional academics and the skills of daily living. Related services such as speech therapy, orientation and mobility, counseling, and physical and occupational therapies which are required by a student's Individualized Education Plan (IEP) are scheduled throughout the day. Extracurricular activities are offered in the late afternoon and on some weekends.

Extended Day. The student residence subprogram is for students who are unable to return to their homes because of the distance from KSSB. A home-like environment is provided for students 6 to 21 years of age, who have disabilities ranging from mild to severe. Many extended day students have medical problems and are provided 24-hour nursing coverage. The Extended Day instructors (dormitory teachers) teach the students daily living skills.

Extended Year. This subprogram is a three-week summer school program that includes classes in orientation and mobility, daily living skills, cooking, computers, and academic areas as needed. The summer school program is offered to students who need such services to meet the requirements of their Individual Education Plan (IEP).

Outreach. The Outreach subprogram involves orientation and mobility instruction, such as cane travel, specialized computer training, low vision aids, and other skills needed by children in Kansas school districts. This subprogram also provides specialized education evaluations and consultative services, such as teacher in-service, parent education, and child-specific assistance.

Kansas Assistive Technology Resource Center. This subprogram is funded by state and private sources to provide specialized computer equipment and related training to Kansas schools serving blind and visually impaired children.

Kansas Instructional Resource Center (KIRC) for the Blind and Visually Impaired. The center provides textbooks and library materials in Braille and large print to all blind and visually impaired students in Kansas.

Accessible Arts, Inc. This subprogram provides outreach services statewide, as well as services to KSSB students. Accessible Arts, Inc. developed a model of using arts activities to promote learning across all curricular areas, and to promote the inclusion of children with disabilities with non-disabled children.

INSTRUCTIONAL SERVICES
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	$ 3,889,454	$ 3,799,626	$ 3,759,011	$ 3,981,395	$ 3,889,647	$ 4,141,074	$ 4,050,086
Contractual Services	501,885	521,150	521,150	518,375	518,375	508,310	508,310
Commodities	117,886	112,970	112,970	112,970	112,970	111,970	111,970
Capital Outlay	45,493	17,000	17,000	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 4,554,718	$ 4,450,746	$ 4,410,131	$ 4,612,740	$ 4,520,992	$ 4,761,354	$ 4,670,366
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	54,782	65500	65,500	73,395	73,395	32,500	32,500
TOTAL	$ 4,609,500	$ 4,516,246	$ 4,475,631	$ 4,686,135	$ 4,594,387	$ 4,793,854	$ 4,702,866
Financing:							
State General Fund	$ 3,814,483	$ 3,936,916	$ 3,897,950	$ 4,071,320	$ 3,981,818	$ 4,226,659	$ 4,137,861
All Other Funds	795,017	579,330	577,681	614,815	612,569	567,195	565,005
TOTAL	$ 4,609,500	$ 4,516,246	$ 4,475,631	$ 4,686,135	$ 4,594,387	$ 4,793,854	$ 4,702,866
FTE Positions	61.1	61.1	61.1	60.6	60.6	60.6	60.6
Non-FTE Uncl. Perm. Pos.	--	--	--	0.1	0.1	0.1	0.1
TOTAL	61.1	61.1	61.1	60.7	60.7	60.7	60.7

The FY 2016 **agency** request is $170,000, 3.8 percent, more than the revised FY 2015 request. The State General Fund portion of this increase request is $134,000, or a 3.4 percent increase. The majority of this increase is due to an enhancement request described earlier in the document for teachers' salary increase statutorily required and adding three days to teachers' contracts. ($93,045)

The FY 2017 **agency** request is $108,000 more than the FY 2016 request. This includes an enhancement request described earlier in the document for teachers' salary increase statutorily required and adding three days to teachers' contracts. ($94,251)

The **Governor's** recommendation for FY 2016 is $4.6 million all funds, including $4.0 million of State General Funds. This is $91,748 less than the agency request, or 2.0 percent, all from salaries and wages. The Governor deleted funding related

to an employer contribution health insurance rate change and did not fund an enhancement adding three days to teachers' contracts. The Governor did recommend funding for a statutory increase to teachers' salaries.

The **Governor's** recommendation for FY 2017 deletes $90,988, or 1.9 percent, from the salary and wage category due to employer contribution health insurance rate reduction and a recommendation not to fund the agency's enhancement request to add three days to teachers' contracts.

C. Support Services

The Support Services program maintains eight buildings on a 9.6 acre campus. Dietary and laundry services are provided to students attending the School. Housekeeping services maintain the dormitory, hospital, recreational facilities, and grounds. Maintenance services provide for the operation and repair of plant facilities, maintenance of vehicles, and security. Central receiving services distributes all materials that come into the School.

SUPPORT SERVICES
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	$ 914,863	$ 1,056,410	$ 1,046,430	$ 1,029,548	$ 1,011,846	$ 1,063,806	$ 1,047,689
Contractual Services	296,203	307,458	307,458	294,455	294,455	296,485	296,485
Commodities	108,597	109,110	109,110	109,110	109,110	109,110	109,110
Capital Outlay	2,010	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 1,321,673	$ 1,472,978	$ 1,462,998	$ 1,433,113	$ 1,415,411	$ 1,469,401	$ 1,453,284
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	12,124	12,124	12,124	3,031	3,031	0	0
TOTAL	$ 1,333,797	$ 1,485,102	$ 1,475,122	$ 1,436,144	$ 1,418,442	$ 1,469,401	$ 1,453,284
Financing:							
State General Fund	$ 1,090,738	$ 1,248,242	$ 1,238,262	$ 1,197,085	$ 1,179,383	$ 1,228,312	$ 1,212,195
All Other Funds	243,059	236,860	236,860	239,059	239,059	241089	241,089
TOTAL	$ 1,333,797	$ 1,485,102	$ 1,475,122	$ 1,436,144	$ 1,418,442	$ 1,469,401	$ 1,453,284
FTE Positions	19.1	19.1	19.1	19.4	19.4	19.4	19.4
Non-FTE Uncl. Perm. Pos.	--	--	0.0	--	0.0	--	0.0
TOTAL	19.1	19.1	19.1	19.4	19.4	19.4	19.4

The FY 2016 **agency** request is $1.4 million all funds, and $1.2 million State General Funds. This total request is $49,000 less than the FY 2015 revised request, or 3.3 percent lower.

The FY 2017 **agency** request is $1.5 million from all funds, and $1.2 million from the State General Fund. This total request is $33,000, or 2.3 percent more than the FY 2016 request.

The **Governor's** recommendation for FY 2016 is $17,702, or 1.2 percent, less than the agency request due to a health insurance employer contribution rate change.

The **Governor's** recommendation for FY 2017 is $16,117, or 1.1 percent, less than the agency request due to a health insurance employer contribution rate change.

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
Rehabilitation and Repair	$ 361,849	$ 361,849	$ 235,000	$ 235,000	$ 240,000	$ 240,000
Security System Upgrade	403,191	403,191	355,902	355,902	309,817	309,817
Campus Boilers and HVAC Upgrade	0	0	69,000	69,000	60,000	60,000
Debt Service Principal	36,826	36,826	38,600	38,600	40,459	40,459
TOTAL	$ 801,866	$ 801,866	$ 698,502	$ 698,502	$ 650,276	$ 650,276
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	801,866	801,866	698,502	698,502	650,276	650,276
TOTAL	$ 801,866	$ 801,866	$ 698,502	$ 698,502	$ 650,276	$ 650,276

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates total expenditures of $800,000, all from the State Institutions Building Fund. This is a $19,643 increase, or 2.5 percent, above the FY 2015 approved budget, with this additional amount budgeted for rehabilitation and repair projects.

Rehabilitation and repair funds are used to keep the campus facilities in functional and safe condition and meet health and safety standards according to agency officials. Examples of these include upkeep on hot water tanks, repair of masonry, electrical motors, sheetrock, and other such infrastructure elements. In FY 2015, this will include improvements to the main campus gate, driveway, and fencing.

Safety and security upgrades include a multi-phase project that started in FY 2011. The first two phases are in the final stages of completion and include fire safety upgrades in compliance with the Americans with Disabilities Act (ADA) requirements, security camera installation, and mass notification systems. The final phase, underway currently, includes redesign and construction of secure entrances, tornado shelters, and back up generator installation.

Debt service principal is payment on an energy service performance contract with debt retirement in FY 2018.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $698,502, all from the State Institutions Building Fund for FY 2016. This is a $103,000 decrease, or 12.9 percent, below the revised estimated budget for FY 2015, primarily because the work on securing entrances will be nearing completion.

Projects include $235,902 for the fire and mass notification systems and maintenance; $120,000 for the secure entrances work; $235,000 for major maintenance and repairs; $69,000 for the HVAC efficiency upgrades; and $38,600 for debt service.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $650,276, all from the State Institutions Building Fund for FY 2017. This is a $48,226, decrease or 6.9 percent, below the revised estimated budget for FY 2016, primarily because the work securing entrances decreases as well as heating, ventilation, and air conditioning upgrades decrease. Projects include $309,817 for the fire and mass notification systems and maintenance; $240,000 for major maintenance and repairs; $60,000 for the HVAC efficiency upgrades; and $40,459 for debt service.

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percentage of students making exceptional progress or reaching mastery on individualized education plan goals	95.0%	95.0%	95.0%	95.0%	95.0%
Percentage of seniors who successfully graduate	100.0%	100.0%	100.0%	100.0%	100.0%

Kansas State School for the Deaf

	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	$ 8,516,871	$ 8,865,625	$ 8,783,160	$ 8,973,791	$ 8,804,615	$ 9,243,766	$ 9,072,698
Other Funds	1,159,209	672,730	671,559	709,642	708,377	813,245	811,956
TOTAL	$ 9,676,080	$ 9,538,355	$ 9,454,719	$ 9,683,433	$ 9,512,992	$ 10,057,011	$ 9,884,654
Capital Improvements:							
State General Fund	$ 31,607	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	1,192,982	2,732,608	2,732,608	934,574	934,574	812,553	812,553
TOTAL	$ 1,224,589	$ 2,732,608	$ 2,732,608	$ 934,574	$ 934,574	$ 812,553	$ 812,553
GRAND TOTAL	**$ 10,900,669**	**$ 12,270,963**	**$ 12,187,327**	**$ 10,618,007**	**$ 10,447,566**	**$ 10,869,564**	**$ 10,697,207**
Percentage Change:							
Operating Expenditures							
State General Fund	(0.9) %	4.1 %	3.1 %	1.2 %	0.2 %	3.0 %	3.0 %
All Funds	5.4	(1.4)	(2.3)	1.5	0.6	3.9	3.9
FTE Positions	143.5	143.5	143.5	143.5	143.5	143.5	143.5
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0	0.0
TOTAL	143.5	143.5	143.5	143.5	143.5	143.5	143.5

AGENCY OVERVIEW

The mission of the Kansas State School for the Deaf (KSSD) is to provide both deaf and hard-of-hearing (D/HH) students total accessibility to language, communication, and educational excellence in a visual environment. The School established three programs to assist with its mission: Administrative Services, Instructional Services, and Support Services. KSSD is a state agency under the control and supervision of the State Board of Education.

The School offers a comprehensive curriculum for D/HH students ages 21 and under. Both American Sign Language and English are integral parts of the total school program. KSSD provides related services to make educational programs available to students with additional disabilities, including health services, counseling, physical therapy, occupational therapy, and speech and language therapy. KSSD also provides sign language interpreting, audiological, community resource and family services. In addition, KSSD operates the Auditory Training Unit program which provides equipment and consultative services for hearing impaired children in public school districts.

MAJOR ISSUES FROM PRIOR YEARS

2009 Session. The Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these, and any other facilities studied, to the Governor and the Legislature.

The Commission studied combining the Kansas State School for the Blind and Kansas School for the Deaf on one campus, specifically the Olathe campus for the School for the Deaf. Due to initial capital improvement expenditures required to meet the needs of students from the School for the Blind, the Commission recommended that the campuses not be co-located and the School for the Blind and Deaf maintain the respective campuses, but share services where possible, this included sharing one administrative staff, including the superintendent position, food services, health services, and any other services possible in order to reduce expenditures. Currently, the schools are under one administration team consisting of one Superintendent, one Director of Operations, one Food Service Manager, one Maintenance/Security Manager, one Human Resource Director, and one Financial Director. Overall combined net savings for the consolidation of administrative services was estimated to be $174,498.

2012 Session. The Legislature eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012, which resulted in the deletion of 7.0 FTE positions for this agency. The Legislature also approved the addition of funding for undermarket pay for FY 2013.

2012 HB 2777 allowed the Kansas School for the Blind and the Kansas School for the Deaf to receive payment from school districts for providing services to students at each of the schools.

2013 Session. The Legislature added language authorizing the Superintendent of the School for the Blind and School for the Deaf to transfer State General Fund appropriations between the two schools for FY 2013, FY 2014, and FY 2015.

2014 Session. A Governor's Executive Directive added $115,824, all from the State General Fund, to alleviate problems with federal special education maintenance of effort issues.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised FY 2015 operating budget of $12.3 million (including Capital Improvements), and all funds increase of $43,000, or 0.4 percent, above the amount approved amount. The revised estimate includes State General Fund expenditures of $8.9 million, $36,000, or 0.4 percent, above the amount approved by the 2014 Legislature. Full-time equivalent (FTE) employees of 143.5 remains the same as the approved number.

The Capital Improvement budget contains the following projects: Roth Dormitory renovation ($1,354,574); Campus life and safety improvements ($668,816); Rehabilitation and repairs ($633,996); and Debt service ($75,222).

FY 2015 Governor Recommendation

The **Governor** recommends a revised all funds budget of $12.2 million, including $8.8 million from the State General Fund. The Governor deleted $83,186 in all funds and $82,465 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employee Retirement System employer contribution rate. In addition, the Governor deleted a $450 State General Fund reappropriation.

FY 2016 Agency Request

The **agency** requests $10.6 million in all funds (including Capital Improvements) for FY 2016, including $9.0 million in State General Funds. The all funds request is $1.7 million less, or 13.5 percent, than the FY 2015 revised estimate. This decrease primarily is due to a decrease in the estimate for capital improvements. The State General Fund request is $108,000, or 1.2 percent, more than the FY 2015 revised request.

The Capital Improvement budget contains the following projects: Campus life and safety improvements ($450,206); Campus building and boilers and HVAC upgrades ($20,000); Rehabilitation and repairs ($386,000); and Debt service ($78,386).

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 budget of $10.4 million in all funds, including $8.8 million from the State General Fund. The Governor recommended funding the agency's enhancement request for the statutory teacher salary increase in the amount of $69,365 all from the State General Fund. The Governor recommended a reduction of $96,110, including $94,845 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor did not recommend the agency's enhancement request to add three days to teachers' contracts.

FY 2017 Agency Request

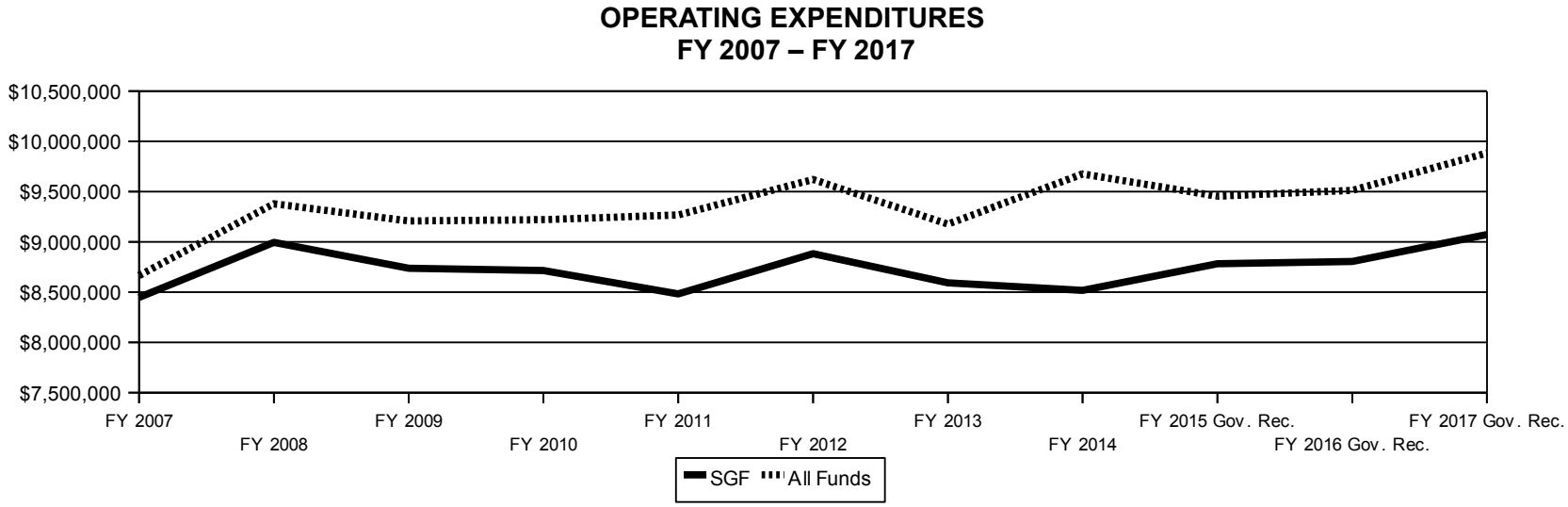
The **agency** requests $10.9 million (including Capital Improvements) in all funds for FY 2017, including $9.2 million from the State General Fund. The all funds request is $252,000, or 2.4 percent, more than the FY 2016 request. The State General Fund request is $9.2 million, or $270,000, or 3.0 percent, more than the FY 2016 request. This State General Fund increase is due to increasing KPERS employer contribution rates and enhancements requests.

The Capital Improvement budget contains the following projects: Campus life and safety improvements ($300,907); Boiler and HVAC upgrades ($140,000); Rehabilitation and repairs ($290,000); and Debt service ($81,646).

FY 2017 Governor Recommendation

The **Governor** recommends a FY 2017 budget of $10.7 million, including $9.1 million from the State General Fund. The Governor recommended the agency's enhancement request for the statutory teacher salary increase in the amount of $72,916, all from the State General Fund. The Governor recommended a reduction of $97,738, including $96,449 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor did not recommend the agency's enhancement request to add three days to teachers' contracts.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 8,446,943	5.8 %	$ 8,665,401	(1.2) %	173.5
2008	8,996,675	6.5	9,379,505	8.2	173.5
2009	8,738,090	(2.9)	9,208,081	(1.8)	173.5
2010	8,715,450	(0.3)	9,221,105	0.1	173.5
2011	8,481,984	(2.7)	9,267,731	0.5	173.5
2012	8,883,378	4.7	9,620,594	3.8	150.5
2013	8,592,616	(3.3)	9,177,399	(4.6)	143.5
2014	8,516,871	(0.9)	9,676,080	5.4	143.5
2015 Gov. Rec.	8,783,160	3.1	9,454,719	(2.3)	143.5
2016 Gov. Rec.	8,804,615	0.2	9,512,992	0.6	143.5
2017 Gov. Rec.	9,072,698	3.0	9,884,654	3.9	143.5
Eleven-Year Change	$ 625,755	7.4 %	$ 1,219,253	14.1 %	(30.0)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 222,742	$ 250,410	$ 226,017	$ (24,393)	(9.7) %	$ 248,135	$ 224,269	$ (23,866)	(9.6)%
Instructional Services	7,118,559	7,154,123	7,186,706	32,583	0.5	7,086,812	7,037,072	(49,740)	(0.7)
Support Services	2,313,709	2,115,772	2,255,806	140,034	6.6	2,101,722	2,236,747	135,025	6.4
Debt Service	21,070	18,050	14,904	(3,146)	(17.4)	18,050	14,904	(3,146)	(17.4)
TOTAL	$ 9,676,080	$ 9,538,355	$ 9,683,433	$ 145,078	1.5 %	$ 9,454,719	$ 9,512,992	$ 58,273	0.6 %
By Major Object of Expenditure:									
Salaries and Wages	$ 7,912,755	$ 8,095,261	$ 8,310,343	$ 215,082	2.7 %	$ 8,011,625	$ 8,139,902	$ 128,277	1.6 %
Contractual Services	968,519	951,536	918,695	(32,841)	(3.5)	951,536	918,695	(32,841)	(3.5)
Commodities	339,561	349,512	357,495	7,983	2.3	349,512	357,495	7,983	2.3
Capital Outlay	425,289	117,000	75,000	(42,000)	(35.9)	117,000	75,000	(42,000)	(35.9)
Debt Service	21,070	18,050	14,904	(3,146)	(17.4)	18,050	14,904	(3,146)	(17.4)
Subtotal - Operations	$ 9,667,194	$ 9,531,359	$ 9,676,437	$ 145,078	1.5 %	$ 9,447,723	$ 9,505,996	$ 58,273	0.6 %
Aid to Local Units	--	--	--	0	--	--	--	0	0.0
Other Assistance	8,886	6,996	6,996	0	0.0	6,996	6,996	0	0.0
TOTAL	$ 9,676,080	$ 9,538,355	$ 9,683,433	$ 145,078	1.5 %	$ 9,454,719	$ 9,512,992	$ 58,273	0.6 %
Financing:									
State General Fund	$ 8,516,871	$ 8,865,625	$ 8,973,791	$ 108,166	1.2 %	$ 8,783,160	$ 8,804,615	$ 21,455	0.2 %
All Other Funds	1,159,209	672,730	709,642	36,912	5.5	671,559	708,377	36,818	5.5
TOTAL	$ 9,676,080	$ 9,538,355	$ 9,683,433	$ 145,078	1.5 %	$ 9,454,719	$ 9,512,992	$ 58,273	0.6 %

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	$ 226,017	$ 233,176	$ 7,159	3.2 %	$ 224,269	$ 231,459	$ 7,190	3.2 %
Instructional Services	7,186,706	7,487,846	301,140	4.2	7,037,072	7,336,526	299,454	4.3
Support Services	2,255,806	2,324,363	68,557	3.0	2,236,747	2,305,043	68,296	3.1
Debt Service	14,904	11,626	(3,278)	(22.0)	14,904	11,626	(3,278)	(22.0)
TOTAL	$ 9,683,433	$ 10,057,011	$ 373,578	3.9 %	$ 9,512,992	$ 9,884,654	$ 371,662	3.9 %
By Major Object of Expenditure:								
Salaries and Wages	$ 8,310,343	$ 8,686,381	$ 376,038	4.5 %	$ 8,139,902	$ 8,514,024	$ 374,122	4.6 %
Contractual Services	918,695	922,609	3,914	0.4	918,695	922,609	3,914	0.4
Commodities	357,495	354,399	(3,096)	(0.9)	357,495	354,399	(3,096)	(0.9)
Capital Outlay	75,000	75,000	0	0.0	75,000	75,000	0	0.0
Debt Service	14,904	11,626	(3,278)	(22.0)	14,904	11,626	(3,278)	(22.0)
Subtotal - Operations	$ 9,676,437	$ 10,050,015	$ 373,578	3.9 %	$ 9,505,996	$ 9,877,658	$ 371,662	3.9 %
Aid to Local Units	--	--	0	--	--	--	0	0.0
Other Assistance	6,996	6,996	0	0.0	6,996	6,996	0	0.0
TOTAL	$ 9,683,433	$ 10,057,011	$ 373,578	3.9 %	$ 9,512,992	$ 9,884,654	$ 371,662	3.9 %
Financing:								
State General Fund	$ 8,973,791	$ 9,243,766	$ 269,975	3.0 %	$ 8,804,615	$ 9,072,698	$ 268,083	3.0 %
All Other Funds	709,642	813,245	103,603	14.6	708,377	811,956	103,579	14.6
TOTAL	$ 9,683,433	$ 10,057,011	$ 373,578	3.9 %	$ 9,512,992	$ 9,884,654	$ 371,662	3.9 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $8,865,175 for the School for the Deaf in FY 2015. The following adjustments subsequently have been made to that amount.

- An increase of $450, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $82,465, as a result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $8,783,160. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 8,783,160	$ 8,865,625	$ 82,465	$ 8,783,160	$ 0
All Other Funds	3,662,819	3,405,338	(257,481)	3,404,167	(258,652)
TOTAL	$ 12,445,979	$ 12,270,963	$ (175,016)	$ 12,187,327	$ (258,652)
FTE Positions	143.5	143.5	0.0	143.5	0.0

The **agency** requested $12.3 million in all funds in its revised FY 2015 budget request, including $8.9 million in State General Funds. The total request was an all funds reduction of $175,016. The State General fund request was $82,465, or 0.9 percent, more than the approved budget for FY 2015.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $8.1 million is $173,931 less than the approved amount, due to an increased shrinkage rate in the revised budget request.

- **Contractual Services** revised budget is the same as the approved budget.

- **Commodities** is $86 more than the approved amount.

- **Capitol Outlay** is the same as the approved amount.

- **Other Assistance** is the same as the approved amount.

The **Governor** concurs with the agency request except for a reduction of $83,636, including $82,465 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employee Retirement System employer contribution. The Governor also deleted a reappropriation of $450, all from the State General Fund.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014, subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (82,015)	$ (82,015)	0.0
Lapse Reappropriation	(450)	(450)	0.0
TOTAL	$ (82,465)	$ (82,465)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $82,015, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employee Retirement System employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency expenditures but is reflective of a reduction of expenditures from the State General Fund. An additional $1,171 from Special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $83,186.

Reappropriations Lapse:

A reduction of $450 as a result of the Governor's State General Fund reappropriation allotment. This is a reduction to the total FY 2015 State General Fund reappropriation of $450 for the agency. This allotment will decrease available funding in the agency's operating budget.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 9,683,433	$ 9,512,992	$ (170,441)
FTE Positions	143.5	143.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 108,166	$ 21,455	
All Other Funds	36,912	36,818	
TOTAL	$ 145,078	$ 58,273	
Percent Change:			
State General Fund	1.2 %	0.2 %	
All Other Funds	5.5	5.5	
TOTAL	1.5 %	0.6 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $9.7 million in all funds for FY 2016, including $9.0 million from the State General Fund. This is an increase of $145,078, or 1.4 percent, from the FY 2015 revised estimate in all funds. The State General Fund increase is $108,000, or a 1.2 percent, above the FY 2015 revised estimate. Enhancement requests totaling $143,696 are the primary reasons for the increased request: $67,052 for statutorily-required pay increases for staff and $76,644 for recovery of three teacher contract days for professional development. However, State General Funds budgeted for contractual services and commodities decreased by $100,000, because according to agency staff, budget amounts were designed to more closely match actual FY 2014 expenditures and stay within the State General Fund allocation and rely more on fee funds for operation expenditures, other than salaries and

wages. In addition, the federal State Personnel Development Grant covers a larger portion of contractual services.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $8,310,343 in the revised request, $215,000 more than the approved amount. This is primarily due to $144,000 in enhancement requests and a lowered rate of shrinkage.

- **Contractual Services** is budgeted at $918,695, which is $33,000 less than the FY 2015 revised budget. This category's expenditures primarily include payment for all utilities.

- **Commodities** are budgeted at $357,495, which is $8,000 more than the FY 2015 revised budget. This category pays for various supplies, with the largest expenditures being food.

- **Capitol Outlay** expenditures are budgeted at $75,000, which is $42,000 less than the FY 2015 revised estimate. This category includes expenditures for furnishing the six apartments for the Roth building and hearing aids funded *via* a federal grant.

- **Other Assistance** is budgeted at $7,000, the same amount as the FY 2015 revised request.

The **Governor** recommends a FY 2016 budget of $9.5 million, including $8.8 million from the State General Fund. The Governor recommends a reduction of $170,411, including $169,176 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor recommended funding $69,365, all from the State General Fund for the statutory teacher salary increase. The Governor did not recommend the agency enhancement request for three additional days added to the teachers' contract.

Enhancements Detail

FY 2016 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
Statutory Teacher Salary Increase	$ 67,052	$ 67,052	0.0	$ 69,365	$ 69,365	0.0
Addition of Three Days to Teacher Contract	76,644	76,644	0.0	0	0	0.0
TOTAL	**$ 143,696**	**$ 143,696**	**0.0**	**$ 69,365**	**$ 69,365**	**0.0**

The **agency** requests $67,052, all from the State General Fund, in additional compensation for teachers and licensed personnel, in compliance with the statutory requirement that those personnel be paid at the rate not less than the rate paid USD 233, Olathe, employees.

In addition, a State General Fund request of $76,644 is made to restore three professional development days to teachers' contracts.

The **Governor** recommends $69,365, all from the State General Fund, for the statutory teacher salary increase (the amount of this enhancement was revised between the agency's budget submission and the Governor's recommendation), but the Governor did not recommend funding the three additional days.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 10,057,011	$ 9,884,654	$ (172,357)
FTE Positions	143.5	143.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 269,975	$ 268,083	
All Other Funds	103,603	103,579	
TOTAL	$ 373,578	$ 371,662	
Percent Change:			
State General Fund	3.0 %	3.0 %	
All Other Funds	14.6	14.6	
TOTAL	3.9 %	3.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $10.1 million in all funds for FY 2017, including $9.2 million from the State General Fund. This is an all funds increase $373,578, or 3.9 percent; and a State General Fund increase of $269,975, or 3.0 percent. Enhancement requests described below in the amount of $147,535 comprise the largest share of the State General Fund requested increase; the remainder of the increase results from increases in KPERS employer contribution rates, other benefit increases, the 27th payroll, and a decrease in the estimated budget for commodities.

The request is detailed below by category of expenditure.

- **Salaries and Wages** expenditures of $8.7 million, $376,000 more than the FY 2016

request, primarily because of enhancement requests and the 27th payroll.

- **Contractual Services** budgeted at $923,000, which is $3,900 more than the FY 2016 request.

- **Commodities** budgeted at $354,000, which is $3,100 less than the FY 2016 request.

- **Capitol Outlay** is budgeted at $75,000, the same as the FY 2016 request.

- **Other Assistance** budgeted at $7,000, the same as the FY 2016 request.

The **Governor** recommends an all funds budget of $9.9 million, including $9.1 million from the State General Fund. The Governor recommends a reduction in the agency request by $172,357, including $171,068 from the State General Fund, to reduce employer contributions for state employee health insurance. The Governor recommended funding the statutory teacher salary increase of $72,916, all from the State General Fund. The Governor did not recommend funding for three additional days.

Enhancements Detail

FY 2017 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Statutory Teacher Salary Increase	$ 69,447	$ 69,447	0.0	$ 72,916	$ 72,916	0.0
Addition of Three Days to Teacher Contract	78,088	78,088	0.0	0	0	0.0
TOTAL	**$ 147,535**	**$ 147,535**	**0.0**	**$ 72,916**	**$ 72,916**	**0.0**

The **agency** requests $69,447, all from the State General Fund, in additional compensation for teachers and licensed personnel, in compliance with the statutory requirement that those personnel be paid at the rate not less than the rate paid USD 233, Olathe, employees. In addition, a State General Fund request of $78,088 is made to restore three professional development days to teachers' contracts.

The **Governor** recommends funding of $72,916, all from the State General Fund (the amount of this enhancement was revised between the agency's budget submission and the Governor's recommendation), for the statutory teacher salary increase. The Governor did not recommend funding the three additional contract days.

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 $35,568, including $35,079 from the State General Fund, and affects 114 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 2015, 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 $7,880, including $7,758 from the State General Fund, and FY 2017 longevity payments total $9,480, including $9,333 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $96,110, including $94,845 from the State General Fund for FY 2016. This is a reduction of $97,738, including $96,449 from the State General Fund, for FY 2017.**

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

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

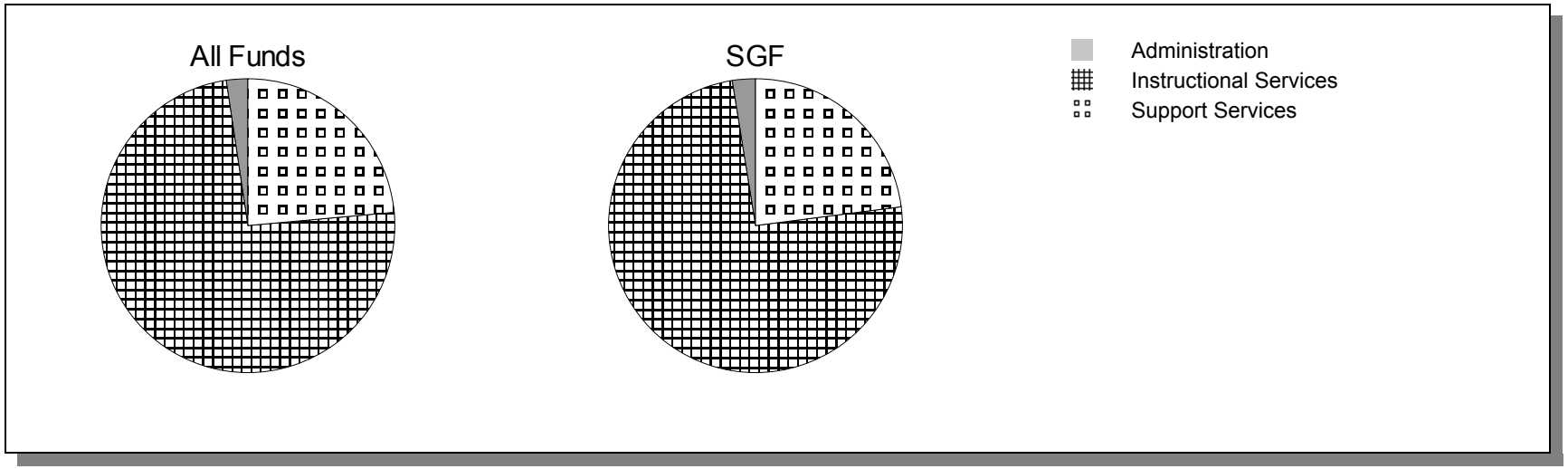
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	92.7 %	92.6 %	91.9 %	91.8 %
All Other Funds	7.3	7.4	8.1	8.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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
Administrative Services	$ 224,269	2.4 %	$ 224,269	2.6 %
Instructional Services	7,037,072	74.1	6,549,114	74.5
Support Services	2,236,747	23.5	2,016,328	22.9
TOTAL	$ 9,498,088	100.0 %	$ 8,789,711	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	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Instructional Services	111.5	111.5	111.5	113.5	113.5	113.5	113.5
Support Services	30.0	30.0	30.0	28.0	28.0	28.0	28.0
TOTAL	143.5	143.5	143.5	143.5	143.5	143.5	143.5

A. Administrative Services

The Administrative Services program coordinates overall management and operations of the Kansas State School for the Deaf (KSSD), including instructional, residential, and support services. The program is also responsible for coordinating programs and activities which impact the Kansas State Department of Education, AdvancED requirements, budget preparation, and implementation of the School Improvement Plan.

ADMINISTRATIVE 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	$ 186,003	$ 196,164	$ 193,889	$ 193,041	$ 191,293	$ 200,710	$ 198,993
Contractual Services	24,872	44,155	44,155	25,830	25,830	25,320	25,320
Commodities	118	3,095	3,095	150	150	150	150
Capital Outlay	2,863	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 213,856	$ 243,414	$ 241,139	$ 219,021	$ 217,273	$ 226,180	$ 224,463
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	8,886	6,996	6,996	6,996	6,996	6,996	6,996
TOTAL	$ 222,742	$ 250,410	$ 248,135	$ 226,017	$ 224,269	$ 233,176	$ 231,459
Financing:							
State General Fund	$ 211,929	$ 250,410	$ 248,135	$ 226,017	$ 224,269	$ 233,176	$ 231,459
All Other Funds	10,813	--	--	--	--	--	--
TOTAL	$ 222,742	$ 250,410	$ 248,135	$ 226,017	$ 224,269	$ 233,176	$ 231,459
FTE Positions	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	--	--	--	--	--	--	--
TOTAL	2.0	2.0	2.0	2.0	2.0	2.0	2.0

The **agency** FY 2016 budget request is $24,393 less than the revised FY 2015 estimate, or a 9.7 percent decrease. According to the agency, the reduction of $21,000 for attorney fees in FY 2016 was due to the need for fewer attorney consultations than in FY 2015, that were due to various necessary legal consultations. Those should be limited in coming fiscal years and only necessary for teacher negotiations and minor issues, according to agency staff. The FY 2017 request is $7,159 more than the FY 2016 request, or 3.2 percent.

The **Governor** recommends an all funds budget of $224,269, all from the State General Fund for FY 2016, which is $1,748 less than the agency recommendation. For FY 2017, the Governor recommends a budget of $231,176, all from the State General Fund, $1,717 less than the agency request. The

differences are attributable to the Governor's to reduction in employer contributions for state employee health insurance.

B. Instructional Services

To fulfill its mission to provide Deaf and Hard of Hearing (D/HH) students total accessibility to language, communication, and educational excellence in a visual environment, KSSD has divided the Instructional Services into three sub-programs:

- Instructional Services - teachers and para-professionals;
- Related Services - psychologists, audiologists, counselors, therapists, and health care professionals; and
- Residential Services - dormitory teachers.

The program offers small classes for D/HH students, as required by special education regulations. To ensure adequate supervision, dormitory groups are also small. The students' Individualized Education Plans (IEP) dictate the diagnostic, therapy, and support services needed for each child. Extracurricular athletic, academic, social, and the extended school year (summer school) programs are provided for those children whose IEP specify such activities. Since one-half of the staff at KSSD is deaf, the School highly values sign language proficiency. All personnel must either be proficient, or working toward becoming proficient, in sign language skills.

INSTRUCTIONAL 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	$ 6,485,214	$ 6,554,699	$ 6,487,388	$ 6,693,760	$ 6,487,388	$ 7,000,884	$ 6,849,564
Contractual Services	275,774	347,744	347,744	281,020	281,020	278,970	27,897
Commodities	133,072	134,680	134,680	136,926	136,926	132,992	132,992
Capital Outlay	224,499	117,000	117,000	75,000	75,000	75,000	75,000
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 7,118,559	$ 7,154,123	$ 7,086,812	$ 7,186,706	$ 6,980,334	$ 7,487,846	$ 7,085,453
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--
TOTAL	$ 7,118,559	$ 7,154,123	$ 7,086,812	$ 7,186,706	$ 6,980,334	$ 7,487,846	$ 7,085,453
Financing:							
State General Fund	$ 6,637,461	$ 6,669,971	$ 6,603,831	$ 6,697,483	$ 6,549,114	$ 6,895,858	$ 6,745,827
All Other Funds	481,098	484,152	482,981	489,223	487,958	591,988	590,699
TOTAL	$ 7,118,559	$ 7,154,123	$ 7,086,812	$ 7,186,706	$ 7,037,072	$ 7,487,846	$ 7,336,526
FTE Positions	111.5	111.5	111.5	113.5	113.5	113.5	113.5
Non-FTE Uncl. Perm. Pos.	--	--	--	--	--	--	--
TOTAL	111.5	111.5	111.5	113.5	113.5	113.5	113.5

The **agency** requests $7.2 million in all funds, including $6.7 million in State General Funds, for the FY 2015 revised request. This is a decrease of $229,037 in all funds, or 3.1 percent, from the FY 2015 approved budget. The difference in the approved FY 2015 budget from the State General Fund is an increase of $18,851 or 0.3 percent. The agency increased its State General Fund shrinkage rate by $260,000 from the FY 2015 approved budget. The FY 2015 revised budget added $248,000 from the State General Fund to the contractual budget category. Agency staff indicated this budgeting approach allowed the agency to budget within State General Fund allocations.

Regarding the FY 2016 and 2017 FTE position estimate, the agency's revised support services budget for those two years decreases its FTE by two positions and added those two FTE positions to the instructional program, as shown above. These two include a social studies instructor that had been part time

and a language facilitator to assist students with developing bilingual skills.

The **Governor** recommends a FY 2016 budget of $7.0 million, including $6.5 million from the State General Fund. The Governor did not recommend the enhancement request to add an additional three days to the teachers' contracts; however, the Governor did recommend an additional $69,365 from the State General Funds for the statutory teachers' salary increase. In FY 2017, the Governor recommended $7.3 million, including $6.7 million from the State General Fund. The Governor did not recommend the enhancement request for the additional three days; however, the Governor did recommend adding $72,916 from the State General Fund for statutory teacher salary increases. The Governor recommend a reduction to reduce employer contributions for state employee health insurance, the primary reason for the differences in the agency request and the Governor's recommendation in both fiscal years.

C. Support Services

The Support Services program is responsible for maintaining a safe, clean, and comfortable environment for KSSD students. The program provides the necessary housekeeping, utilities, transportation, and maintenance services for the School.

SUPPORT 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	$ 1,241,538	$ 1,344,398	$ 1,330,348	$ 1,423,542	$ 1,404,483	$ 1,484,787	$ 1,465,467
Contractual Services	667,873	559,637	559,637	611,845	611,845	618,319	618,319
Commodities	206,371	211,737	211,737	220,419	220,419	221,257	221,257
Capital Outlay	197,927	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 2,313,709	$ 2,115,772	$ 2,101,722	$ 2,255,806	$ 2,236,747	$ 2,324,363	$ 2,305,043
Aid to Local Units	--	--	--	--	--	--	--
Other Assistance	--	--	--	--	--	--	--
TOTAL	$ 2,313,709	$ 2,115,772	$ 2,101,722	$ 2,255,806	$ 2,236,747	$ 2,324,363	$ 2,305,043
Financing:							
State General Fund	$ 1,646,411	$ 1,927,194	$ 1,913,144	$ 2,035,387	$ 2,016,328	$ 2,103,106	$ 2,083,786
All Other Funds	667,298	188,578	188,578	220,419	220,419	221,257	211,257
TOTAL	$ 2,313,709	$ 2,115,772	$ 2,101,722	$ 2,255,806	$ 2,236,747	$ 2,324,363	$ 2,295,043
FTE Positions	30.0	30.0	30.0	28.0	28.0	28.0	28.0
Non-FTE Uncl. Perm. Pos.	--	--	--	--	--	--	--
TOTAL	30.0	30.0	30.0	28.0	28.0	28.0	28.0

The **agency** FY 2016 request increased $140,034, or 6.6 percent, all funds above the FY 2015 revised estimate by primarily resulting from increased benefit costs. The FY 2017 all funds budget request is $69,000, or 3.0 percent, more than the FY 2016 request due to increases in employer contribution to KPERS and the 27th payroll.

The **Governor** recommends a FY 2016 budget of $2.2 million in FY 2016 and $2.3 million in FY 2017. Differences in the agency request and the Governor's recommendation are attributable to the Governor's reduction in employer contributions for state employee health insurance.

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
Rehabilitation and Repair	$ 633,996	$ 633,996	$ 386,000	$ 386,000	$ 290,000	$ 290,000
Roth Building Repairs	1,354,574	1,354,574	--	--	--	--
Campus Life Safety and Security (fire and mass notification and secure entrances)	668,816	668,816	450,206	450,206	300,907	300,907
Debt Service Principal	75,222	75,222	78,368	78,368	81,646	81,646
HVAC Upgrade	--	0	20,000	20,000	140,000	140,000
TOTAL	$ 2,732,608	$ 2,732,608	$ 934,574	$ 934,574	$ 812,553	$ 812,553
Financing:						
State General Fund	$ --	$ 0	$ --	$ 0	$ --	$ 0
All Other Funds	2,732,608	2,732,608	934,574	934,574	812,553	812,553
TOTAL	$ 2,732,608	$ 2,732,608	$ 934,574	$ 934,574	$ 812,553	$ 812,553

Current Year Agency Estimate

FY 2015 – Current Year. The agency requests a revised FY 2015 estimate of $2.7 million, all from the State Institutions Building Fund. The revised estimate is $265,000 and what percent more than the approved budget because of reappropriations from FY14 for projects not finished in that fiscal year.

The Capital Improvement budget contains the following projects: Roth Dormitory renovation ($1,354,574); Campus life and safety improvements ($668,816); Rehabilitation and repairs ($633,996); and Debt service ($75,222).

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests $934,574 from the State Institutions Building Fund for FY 2016 capital improvements. This estimate is lower $1.8 million, or 65.8 percent than the prior year, primarily because the Roth Building repairs will be completed. The agency plans to begin upgrading of old HVAC and boiler systems in FY 2016, taking place over a planned period of time. The agency states that this upgrade should yield energy savings with minimal disruption.

The Capital Improvement budget contains the following projects: Campus life and safety improvements ($450,206); Campus building and boilers and HVAC upgrades ($20,000); Rehabilitation and repairs ($386,000); and Debt service ($78,386).

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests $813,000 in State Institutions Building Funds for FY 2017 capital improvements. This estimate is lower by $122,000 and13.0 percent than the prior year, primarily because work on securing entrances will be less. The agency plans to begin upgrading of old HVAC and boiler systems in FY 2016, taking place over a planned period of time. The agency states that this upgrade should yield energy savings with minimal disruption.

The Capital Improvement budget contains the following projects: Campus life and safety improvements ($300,907); Boiler and HVAC upgrades ($140,000); Rehabilitation and repairs ($290,000); and Debt service ($81,646).

Budget Year Governor Recommendation

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

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of students scoring proficient or higher on the state assessment in math	95	95.0%	95.0%	95.0%	95.0%
Percent of subject areas with curriculum aligned with the current state standards	100	100.0%	100.0%	100.0%	100.0%
Percent of students scoring proficient or higher on the state assessment in reading	100	100.0%	100.0%	100.0%	100.0%

STATE LIBRARY

	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	$ 4,274,292	$ 4,251,916	$ 4,155,742	$ 4,605,834	$ 4,060,209	$ 4,653,310	$ 4,060,098
Other Funds	2,451,706	1,858,290	1,854,560	2,429,737	2,423,364	2,483,219	2,476,795
TOTAL	$ 6,725,998	$ 6,110,206	$ 6,010,302	$ 7,035,571	$ 6,483,573	$ 7,136,529	$ 6,536,893
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	**$ 6,725,998**	**$ 6,110,206**	**$ 6,010,302**	**$ 7,035,571**	**$ 6,483,573**	**$ 7,136,529**	**$ 6,536,893**
Percentage Change:							
Operating Expenditures							
State General Fund	(8.6) %	(0.5) %	(2.8) %	8.3 %	(2.3) %	1.0 %	(0.0) %
All Funds	(3.6)	(9.2)	(10.6)	15.1	7.9	1.4	0.8
FTE Positions	17.0	18.0	18.0	18.0	18.0	18.0	18.0
Non-FTE Perm.Uncl.Pos.	13.0	14.0	14.0	15.0	14.0	15.0	14.0
TOTAL	30.0	32.0	32.0	33.0	32.0	33.0	32.0

AGENCY OVERVIEW

The State Library has served the state since 1855 and has existed in its present form since 1963 with the passage of the State Library Act, KSA 75-2534. The State Library provides and promotes library and information services to legislators, state government officials, and all Kansans. The State Library conducts programs to promote literacy and reading for everyone. The agency is headed by the State Librarian who is appointed by the Governor. The State Librarian serves as a member *ex officio* (not entitled to vote) on the State Library of Kansas Board and serves as the secretary (KSA 75-2546).

The State Library serves as a catalyst to improve statewide library services through grants-in-aid to public libraries and seven regional systems of cooperating libraries. The State Library administers grant and aid programs, statewide library resource sharing, state and federal document depository service, and the Kansas Center for the Book. The State Library also runs the State Data Center which works with the U.S. Census Bureau and other agencies to improve the quality, accuracy, and completeness of census data estimates.

The State Library operates two programs that provide and support library services:

Administration: This program provides reference and information services to the Legislature and state government; provides administrative support, personnel, financial, and accounting services for the State Library; provides consulting services to improve and strengthen library services throughout the state; administers state and federal aid for libraries; facilitates access to statewide online library resources; supports statewide inter-library loan and inter-library cooperation and communication; and administers the library's web presence.

Services to the Blind and Handicapped: This program provides a range of services for Kansas residents who cannot read conventional printed materials due to visual or physical impairments.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** added a proviso in 2009 Senate Sub. for HB 2737 that directed the State Library to stop any planned statewide courier program and no expenditures from either the State General Fund or other funds will be spent on the courier program. Through budget reductions, the Homework Kansas online tutoring program was suspended indefinitely.

The **2010 Legislature** deleted $110,150, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent for FY 2011.

The **2011 Legislature** deleted $219,711, all from the State General Fund. One vacant FTE position was eliminated which decreased the agency's FTE limitation from 25.0 in FY 2011 to 24.0 in FY 2012.

The **2012 Legislature** added $800,000, all from the State General Fund, to fund research databases through the State Library for FY 2013. This funding was originally included in the Board of Regents budget.

The **2013 Legislature** added $800,000, all from the State General Fund, to fund statewide database subscriptions. Furthermore, the Legislature added $89,369, all from the State General Fund, and 1.0 FTE position for implementation of the Children's Internet Protection Act for FY 2014. The 2013 Legislature deleted $388,099, all from the State General Fund, for a reduction in operating expenditures for FY 2014. Funding for salaries and wages was reduced by $186,301 in FY 2014 and by $186,612 in FY 2015.

BUDGET SUMMARY AND KY POINTS

FY 2015 Agency Estimate

The **agency requests** a revised FY 2015 all funds budget of $6.1 million, including $4.3 million from the State General Fund. The revised budget includes a more accurate amount of federal grant funds resulting in the difference in all other funds - $211,222. The agency's revised State General Fund estimate is $96,174 more than the approved; this is because of the Governor's December allotment.

The revised estimate includes 18.0 FTE positions and 14 non-FTE unclassified positions. The approved FTE count was 24 positions; however, the agency changed six vacant FTE positions to unclassified positions, reducing the FTE count to a total of 18.

FY 2015 Governor Recommendation

The **Governor** recommends a FY 2015 all funds budget of $6.0 million, including $4.2 million from the State General Fund. The Governor's recommendation reduced $96,174 from the agency's State General Fund expenditures for the December allotment in agency operations, as well as reducing the agency's all other funds' expenditures by $3,730 for the KPERS rate reduction.

FY 2016 Agency Request

The **agency** requests $7.0 million, all funds, for FY 2016, including $4.6 million in State General Funds. This is an all funds increase of $925,000, or 15.1 percent, more than the revised FY 2015 revised estimate and a State General Fund

increase of $354,000, or 8.3 percent, more than the FY 2015 revised estimate.

The agency's request for enhancements comprise the increase in the State General Fund request over the FY 2015 request. The all other funds increase is due to an anticipated increase in the federal Library Services and Technology Act (LSTA) grant.

The estimate includes 18.0 FTE positions and 15 non-FTE unclassified positions, an increase of 1 non-FTE position above the FY 2015 request. This additional position is part of the agency's enhancement request.

FY 2016 Governor Recommendation

The **Governor** recommends an all funds budget of $6.5 million, including $4.1 million from the State General Fund. The Governor did not recommend funding for the enhancement request. In addition, the Governor recommended reducing the State General Fund request by a total of $185,290 for an 8.5 percent employer contribution for state employee health insurance reduction ($15,470) and a 4.0 percent allotment reduction in agency operations($169,820).

FY 2017 Agency Request

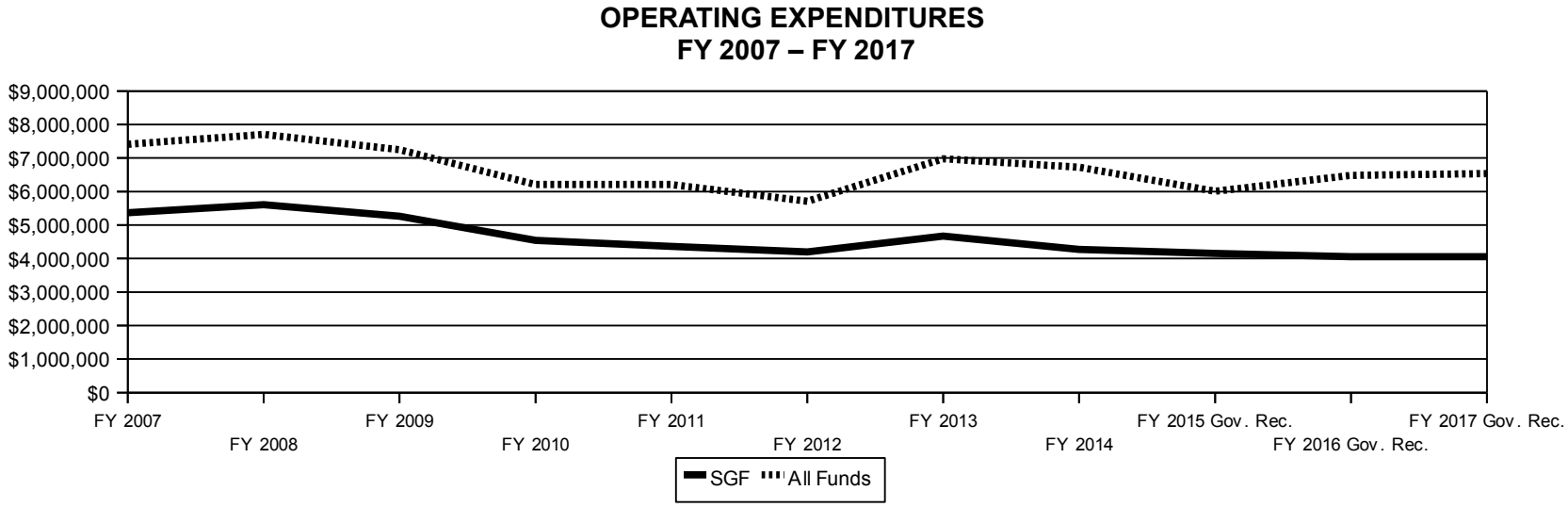
The **agency** requests $7.1 million in all funds, and $4.7 million in State General Funds, for the FY 2017 estimate. The all funds estimate is an increase of $101,000, or 1.4 percent, more than the FY 2016 request. The State General Funds estimate is an increase of $47,000, or 1.0 percent, more than the FY 2016 estimate. These increases are due to increases in KPERS' employer contributions and expenses associated with the 27th payroll period in FY 2017. Increases also include an enhancement request.

The estimate includes 18.0 FTE positions and 15 non-FTE unclassified positions, the same as the FY 2016 request.

FY 2017 Governor Recommendation

The **Governor** recommends an all funds budget of $6.5 million, including $4.1 million from the State General Fund. The Governor did not recommend funding for the agency's enhancement request. In addition, the Governor recommended State General Fund reductions of $185,401, including an 8.5 percent employer contribution for state employee health insurance reduction ($15,581) and a 4.0 percent allotment reduction in agency operations ($169,820).

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 5,364,540	7.0 %	$ 7,412,117	12.1 %	27.0
2008	5,609,286	4.6	7,705,914	4.0	26.0
2009	5,264,183	(6.2)	7,248,872	(5.9)	25.0
2010	4,545,907	(13.6)	6,209,463	(14.3)	25.0
2011	4,363,021	(4.0)	6,208,406	(0.0)	24.0
2012	4,200,598	(3.7)	5,712,323	(8.0)	24.0
2013	4,674,521	11.3	6,979,921	22.2	24.0
2014	4,274,292	(8.6)	6,725,998	(3.6)	30.0
2015 Gov. Rec.	4,155,742	(2.8)	6,010,302	(10.6)	18.0
2016 Gov. Rec.	4,060,209	(2.3)	6,483,573	7.9	18.0
2017 Gov. Rec.	4,060,098	(0.0)	6,536,893	0.8	18.0
Eleven-Year Change	$ (1,304,442)	(24.3)%	$ (875,224)	(11.8)%	(9.0)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 6,184,698	$ 5,520,042	$ 6,431,640	$ 911,598	16.5 %	$ 5,429,528	$ 5,897,122	$ 467,594	8.6 %
Services to the Blind and Handicapped	541,300	590,164	603,931	13,767	2.3	580,774	586,451	5,677	1.0
TOTAL	$ 6,725,998	$ 6,110,206	$ 7,035,571	$ 925,365	15.1 %	$ 6,010,302	$ 6,483,573	$ 473,271	7.9 %
By Major Object of Expenditure:									
Salaries and Wages	$ 1,582,794	$ 1,610,589	$ 1,684,068	$ 73,479	4.6 %	$ 1,595,723	$ 1,612,212	$ 16,489	1.0 %
Contractual Services	1,983,268	2,591,207	2,353,231	(237,976)	(9.2)	2,506,169	1,873,089	(633,080)	(25.3)
Commodities	434,297	328,694	344,608	15,914	4.8	328,694	344,608	15,914	4.8
Capital Outlay	92,404	37,658	101,400	63,742	169.3	37,658	101,400	63,742	169.3
Debt Service	--	--	--	0	0.0	--	--	0	--
Subtotal - Operations	$ 4,092,763	$ 4,568,148	$ 4,483,307	$ (84,841)	(1.9) %	$ 4,468,244	$ 3,931,309	$ (536,935)	(12.0)%
Aid to Local Units	2,552,433	1,477,998	2,552,264	1,074,266	72.7	1,477,998	2,552,264	1,074,266	72.7
Other Assistance	80,802	64,060	--	(64,060)	(100.0)	64,060	--	(64,060)	(100.0)
TOTAL	$ 6,725,998	$ 6,110,206	$ 7,035,571	$ 925,365	15.1 %	$ 6,010,302	$ 6,483,573	$ 473,271	7.9 %
Financing:									
State General Fund	$ 4,274,292	$ 4,251,916	$ 4,605,834	$ 353,918	8.3 %	$ 4,155,742	$ 4,060,209	$ (95,533)	(2.3)%
All Other Funds	2,451,706	1,858,290	2,429,737	571,447	30.8	1,854,560	2,423,364	568,804	30.7
TOTAL	$ 6,725,998	$ 6,110,206	$ 7,035,571	$ 925,365	15.1 %	$ 6,010,302	$ 6,483,573	$ 473,271	7.9 %

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	$ 6,431,640	$ 6,524,225	$ 92,585	1.4 %	$ 5,897,122	$ 5,942,173	$ 45,051	0.8 %
Services to the Blind and Handicapped	603,931	612,304	8,373	1.4	586,451	594,720	8,269	1.4
TOTAL	$ 7,035,571	$ 7,136,529	$ 100,958	1.4 %	$ 6,483,573	$ 6,536,893	$ 53,320	0.8 %
By Major Object of Expenditure:								
Salaries and Wages	$ 1,684,068	$ 1,751,550	$ 67,482	4.0 %	$ 1,612,212	$ 1,678,932	$ 66,720	4.1 %
Contractual Services	2,353,231	2,394,107	40,876	1.7	1,873,089	1,867,089	(6,000)	(0.3)
Commodities	344,608	337,208	(7,400)	(2.1)	344,608	337,208	(7,400)	(2.1)
Capital Outlay	101,400	101,400	0	0.0	101,400	101,400	0	0.0
Debt Service	--	--	0	0.0	--	--	0	-
Subtotal - Operations	$ 4,483,307	$ 4,584,265	$ 100,958	2.3 %	$ 3,931,309	$ 3,984,629	$ 53,320	1.4 %
Aid to Local Units	2,552,264	2,552,264	0	0.0	2,552,264	2,552,264	0	0.0
Other Assistance	--	--	0	0.0	--	0	0	--
TOTAL	$ 7,035,571	$ 7,136,529	$ 100,958	1.4 %	$ 6,483,573	$ 6,536,893	$ 53,320	0.8 %
Financing:								
State General Fund	$ 4,605,834	$ 4,653,310	$ 47,476	1.0 %	$ 4,060,209	$ 4,060,098	$ (111)	(0.0)%
All Other Funds	2,429,737	2,483,219	53,482	2.2	2,423,364	2,476,795	53,431	2.2
TOTAL	$ 7,035,571	$ 7,136,529	$ 100,958	1.4 %	$ 6,483,573	$ 6,536,893	$ 53,320	0.8 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $4,251,916 for the State Library in FY 2015. One adjustment subsequently has been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $96,174, as the result of the Governor's (date) State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $4,155,742. The amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 4,155,742	$ 4,251,916	$ 96,174	$ 4,155,742	$ 0
All Other Funds	2,069,512	1,858,290	(211,222)	1,854,560	(214,952)
TOTAL	$ 6,225,254	$ 6,110,206	$ (115,048)	$ 6,010,302	$ (214,952)
FTE Positions	24.0	18.0	(6.0)	18.0	(6.0)

The **agency** requests a revised FY 2015 estimate of $6.1 million from all funds, and $4.3 million from the State General Fund. This is a State General Fund increase of $96,174, or 2.3 percent, due to the Governor's allotment reduction in agency operations. The request is a special revenue fund reduction of $211,222, or 10.2 percent, from the FY 2015 approved budget. The agency budgeted more from the federal LSTA grant than was received as well as shifting funding to aid to local units of

government from the contractual category because, according to agency officials, some expenditures were miscoded in the prior year.

The agency request 18 full-time equivalent employees. The agency changed six full-time equivalent positions (upon vacancy) to non-FTE unclassified permanent employee positions.

The **Governor** recommends a FY 2015 budget of $6.0 million, including $4.2 million from the State General Fund. The Governor's allotment reduced the State General Fund budget by $11,136 for the KPERS rate reduction and $85,038 for a 2.0 percent allotment reduction, for a total reduction of $96,174.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (11,136)	$ (11,136)	0.0
Reduce SGF funding by 2.0 percent	(85,038)	(85,038)	0.0
TOTAL	$ (96,174)	$ (96,174)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction $11,136 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $3,730 from Special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $14,866.

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $85,038, as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months or 2.0 percent for the whole fiscal year to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by reduced contractual expenditures as well as decreases in commodities and capital outlay expenditures in the remainder of FY 2015.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 7,035,571	$ 6,483,573	$ (551,998)
FTE Positions	18.0	18.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 353,918	$ (95,533)	
All Other Funds	571,447	568,804	
TOTAL	$ 925,365	$ 473,271	
Percent Change:			
State General Fund	8.3 %	(2.3) %	
All Other Funds	30.8	30.7	
TOTAL	15.1 %	7.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** request for FY 2016 is $7.0 million, including $4.6 million from the State General Fund. The agency requested enhancements totaling $360,000 for a shared library catalog, one staff member to support the migration of the library collection to the shared catalog, and for increased database expenditures.

The **Governor** recommends a budget of $6.5 million, including $4.1 from the State General Fund. The Governor did not recommend funding for the enhancements. The Governor's reduced the all funds budget by $191,663, including an 8.5 percent employer contribution for state employee health insurance reduction ($21,843); and a 4.0 percent allotment reduction in agency operations ($169,820).

Enhancements Detail

FY 2016 ENHANCEMENTS						
	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Shared Library Catalog	$ 287,346	$ 287,346	0.0	$ 0	$ 0	0.0
Non-FTE, permanent to support migration to shared catalog	50,013	50,013	1.0	0	0	0.0
Increased database costs	22,976	22,976	0.0	0	0	0.0
TOTAL	**$ 360,335**	**$ 360,335**	**1.0**	**$ 0**	**$ 0**	**0.0**

The **agency** requests a total of $360,335 in State General Funds for the following enhancements.

- $287,346 to support the development of Kansas' first shared library catalog. (Currently, Kansas libraries require a library-specific card to borrow items. A shared system would allow Kansans to borrow items from across the state with one card.)

- $50,013 to support one additional non-full-time equivalent, permanent employee. According to the agency, the position would support the migration of Kansas library collections to the shared catalog.

- $22,976 to pay for the increase in expenditures of the statewide database subscriptions.

The **Governor** did not recommend funding for the enhancements.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 7,136,529	$ 6,536,893	$ (599,636)
FTE Positions	18.0	18.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 47,476	$ (111)	
All Other Funds	53,482	53,431	
TOTAL	$ 100,958	$ 53,320	
Percent Change:			
State General Fund	1.0 %	(0.0) %	
All Other Funds	2.2	2.2	
TOTAL	1.4 %	0.8 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests $7.1 million in all funds and $4.7 million in State General Funds, for FY 2017. The all funds difference from the FY 2016 request is $101,000, or 1.4 percent and the State General Fund increase over FY 2016 is $47,000, or a 1.0 percent increase. The all other funds increase is due to an anticipated increase in the State Library Fund. The State General Fund requested increase is due to the enhancement request described below.

The **Governor** recommends a FY 2017 budget of $6.5 million, including $4.1 million from the State General Fund. The Governor did not recommend funding for any enhancements. The Governor reduced the all funds budget below the agency request by $191,825, including an 8.5 percent employer contribution for state employee health insurance reduction ($22,005); and a 4.0 percent allotment reduction in agency operations ($169,820).

Enhancements Detail

FY 2017 ENHANCEMENTS						
	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Shared Library Catalog	$ 317,902	$ 317,902	0.0	$ 0	$ 0	0.0
Non-FTE, permanent to support migration to shared catalog	50,613	50,613	1.0	0	0	0.0
Increased database costs	39,296	0	0.0	0	0	0.0
TOTAL	**$ 407,811**	**$ 368,515**	**1.0**	**$ 0**	**$ 0**	**0.0**

The **agency** requests a total of $407,811 in State General Funds for the following enhancements.

- $317,902 to support the development of Kansas' first shared library catalog.
- $50,613 to support one additional full-time equivalent employee. According to the agency, the position would support the migration of Kansas library collections to the shared catalog.
- $39,296 to pay for the increase in expenditures of the statewide database subscriptions.

The **Governor** did not recommend funding for enhancements.

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 $8,154, including $6,417 from the State General Fund, and affects 26 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 2015, 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 $11,000, including $7,802 from the State General Fund, and FY 2017 longevity payments total $10,520, including $7,457 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $21,843, including $15,470 from the State General Fund for FY 2016. This is a reduction of $22,005, including $15,581 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	65.5 %	62.6 %	65.2 %	62.1 %
Grants to States	29.8	26.8	29.3	31.9
State Library Fund	3.3	2.7	4.2	4.6
Other Funds	1.4	7.9	1.3	1.4
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

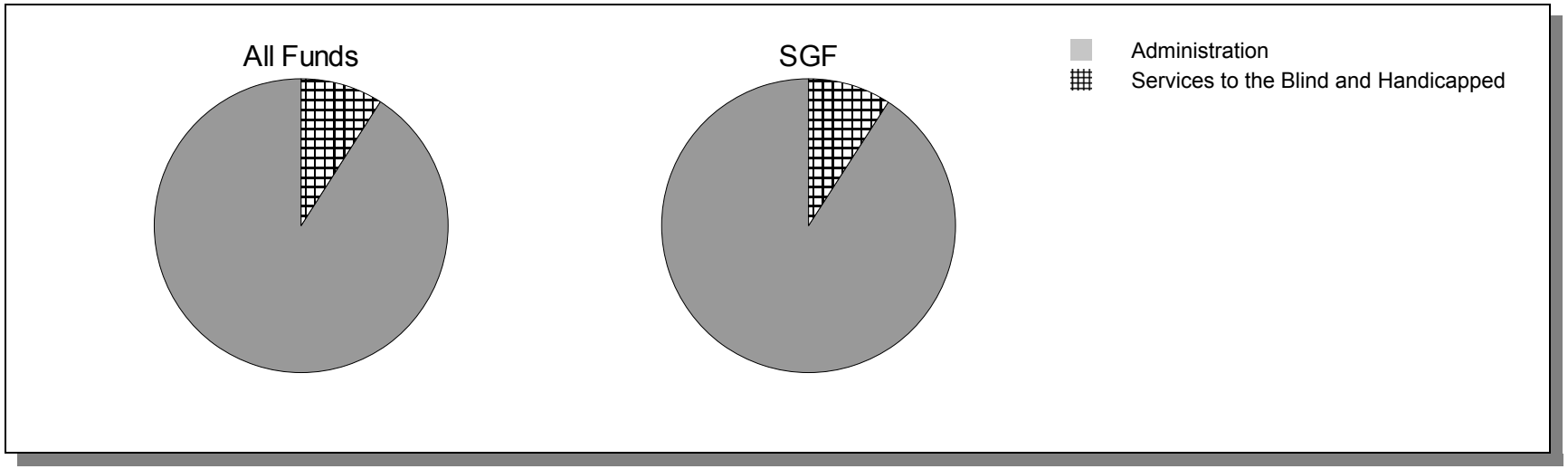
Note: Percentages may not add due to rounding.

State Library Fund

The State Library maintains a fee fund to collect contributions intended for a specific purpose, such as database fees. The Library subscribes to a suite of databases that all Kansans can use. These databases include a range of resources including: legal, history and genealogy, health,, business and technology, and learning and school resources. The cost of subscriptions to these databases is approximately $1.2 million annually. The Library's budget includes $800,000 to be used for these subscriptions. The remainder of the cost is funded by local libraries' contributions and the Federal Library Services & Technology Act grant funding.

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	$ 184,889	$ 245,886	$ 245,886	$ 244,555	$ 244,555	$ 171,356	$ 171,356
Revenue	192,281	160,613	160,613	160,613	160,613	160,613	160,613
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 377,170	$ 406,499	$ 406,499	$ 405,168	$ 405,168	$ 331,969	$ 331,969
Less: Expenditures	131,284	161,944	161,944	233,812	233,812	297,824	297,824
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 245,886	$ 244,555	$ 244,555	$ 171,356	$ 171,356	$ 34,145	$ 34,145
Ending Balance as Percent of Expenditures	187.3%	151.0%	151.0%	73.3%	73.3%	11.5%	11.5%

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	$ 5,897,122	91.0 %	$ 3,689,519	90.9 %
Services to the Blind and Handicapped	586,451	9.0	370,690	9.1
TOTAL	$ 6,483,573	100.0 %	$ 4,060,209	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	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Services to the Blind and Handicapped	5.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL	17.0	18.0	18.0	18.0	18.0	18.0	18.0

A. Administration

The Administration program provides services including reference and information services to the Legislature and state government; provides administration support, personnel, and financial and accounting services; provides consultant services to improve and strengthen library services throughout the state; administers state and federal aid for libraries; facilitates access to statewide online library resources; supports statewide interlibrary loan and interlibrary cooperation and communication; and administers the State Library's website.

ADMINISTRATION 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	$ 1,203,117	$ 1,249,675	$ 1,238,060	$ 1,317,217	$ 1,250,563	$ 1,368,539	$ 1,301,227
Contractual Services	1,913,068	2,462,157	2,383,258	2,212,270	1,744,406	2,259,146	1,744,406
Commodities	433,506	319,126	319,126	339,121	339,121	333,508	333,508
Capital Outlay	92,404	37,658	37,658	101400	101,400	101400	101,400
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 3,642,095	$ 4,068,616	$ 3,978,102	$ 3,970,008	$ 3,435,490	$ 4,062,593	$ 3,480,541
Aid to Local Units	2,461,801	1,387,366	1,387,366	2,461,632	2,461,632	2,461,632	2,461,632
Other Assistance	80,802	64,060	64,060	--	--	--	--
TOTAL	$ 6,184,698	$ 5,520,042	$ 5,429,528	$ 6,431,640	$ 5,897,122	$ 6,524,225	$ 5,942,173
Financing:							
State General Fund	$ 3,860,107	$ 3,878,991	$ 3,791,387	$ 4,219,459	$ 3,689,519	$ 4,263,993	$ 3,686,535
All Other Funds	2,324,591	1,641,051	1,638,141	2,212,181	2,207,603	2,260,232	2,255,638
TOTAL	$ 6,184,698	$ 5,520,042	$ 5,429,528	$ 6,431,640	$ 5,897,122	$ 6,524,225	$ 5,942,173
FTE Positions	12.0	13.0	13.0	13.0	13.0	13.0	13.0
Non-FTE Uncl. Perm. Pos.	10.0	11.0	11.0	12.0	11.0	12.0	11.0
TOTAL	22.0	24.0	24.0	25.0	24.0	25.0	24.0

For FY 2016, the **agency** requests $6.4 million, including $4.2 from the State General Fund. The request is $912,000 more than the FY 2015 revised request. The difference in the FY 2015 request and the FY 2016 request is due to enhancement requests from the State General Fund for a shared library catalog, related staffing, and database cost increases. The increased request in special revenue funds is due to increased budgeting related to the federal LSTA grant which would be spent in aid to local grants.

The **Governor** recommends a FY 2016 budget of $5.9 million in all funds, including $3.7 million from the State General Fund. The Governor did not recommend funding the agency enhancement requests. In addition, the Governor reduced employer contributions related to health insurance as well as a 4.0 percent allotment reduction in agency operations.

The FY 2017 **agency** request is $6.5 million, including $4.3 from the State General Fund. This is an all funds increase of 1.4 percent, and a State General Fund increase of 1.1 percent. The all funds increase over the FY 2016 budget is $93,000 for enhancements related to the shared catalog, related staffing, and database cost increases.

The **Governor** recommended an all funds budget of $5.9 million in FY 2017, including $3.7 million from the State General Fund. Again, the Governor did not recommend funding for the agency enhancement request. The Governor recommended reductions in employer contribution for state employee health insurance and a 4.0 percent allotment in agency operations.

B. Services to the Blind and Handicapped

The State Library provides services for the blind and handicapped through the Talking Books Service program, located on the Emporia State University campus. These services promote and provide a diversity of reading materials for visually impaired citizens of Kansas. This includes materials in Braille and recorded formats that can be requested and delivered to the patron's home.

SERVICES TO THE BLIND AND HANDICAPPED 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	$ 379,677	$ 360,914	$ 357,663	$ 366,851	$ 361,649	$ 383,011	$ 377,705
Contractual Services	70,200	129,050	122,911	140,961	128,683	134,961	122,683
Commodities	791	9,568	9,568	5,487	5,487	3,700	3,700
Capital Outlay	--	--	--	--	--	--	--
Debt Service	--	--	--	--	--	--	--
Subtotal - Operations	$ 450,668	$ 499,532	$ 490,142	$ 513,299	$ 495,819	$ 521,672	$ 504,088
Aid to Local Units	90,632	90,632	90,632	90,632	90,632	90,632	90,632
Other Assistance	--	--	--	--	--	--	--
TOTAL	$ 541,300	$ 590,164	$ 580,774	$ 603,931	$ 586,451	$ 612,304	$ 594,720
Financing:							
State General Fund	$ 414,185	$ 372,925	$ 364,355	$ 386,375	$ 370,690	$ 389,317	$ 373,563
All Other Funds	127,115	217,239	216,419	217,556	215,761	222,987	221,157
TOTAL	$ 541,300	$ 590,164	$ 580,774	$ 603,931	$ 586,451	$ 612,304	$ 594,720
FTE Positions	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Non-FTE Uncl. Perm. Pos.	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	8.0	8.0	8.0	8.0	8.0	8.0	8.0

The FY 2016 **agency** request is $604,000, including $386,000 from the State General Fund. This is a $14,000 increase from the FY 2015 revised request, due to increased expenditures for Talking Books. These increases are 2.3 percent in all funds, and 3.6 percent in State General Funds. The FY 2017 request is for $612,000, including $389,000 from the State General Fund. This is an $8,000, or 1.4 percent increase in all funds, or a 0.8 percent increase in State General Funds.

The **Governor** recommends an all funds budget of $586,000, including $371,00 from the State General Fund for FY 2016. The Governor's recommendation was $17,584 in all funds less than the agency request. This amount is attributable to the Governor's recommended reduction in employer contribution for state employee health insurance and the 4.0 percent allotment in agency operations.

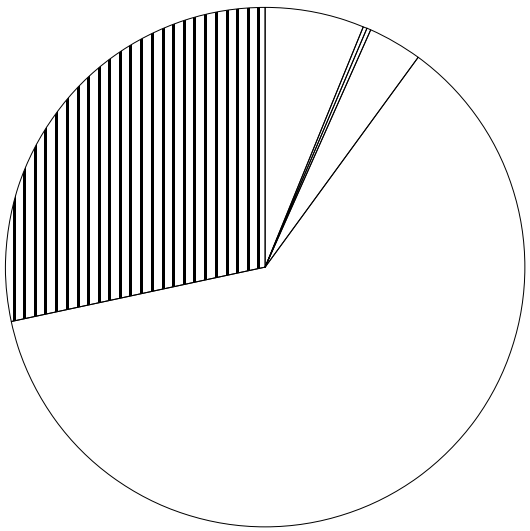
The **Governor** recommends an all funds budget of $595,000 for FY 2017, including $374,000 from the State General Fund. Again, the difference in the agency request and the Governor's recommendation ($17,584) is attributable to the Governor's recommended reduction in employer contribution for state employee health insurance and the 4.0 percent allotment in agency operations.

PERFORMANCE MEASURES

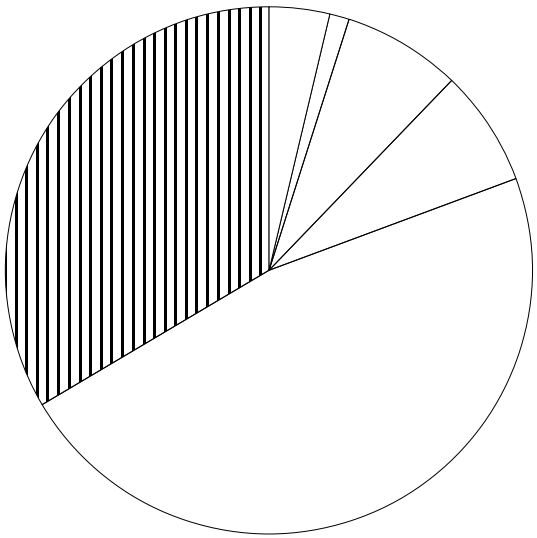
Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of children participating in summer reading programs	94,000	94,000	94,000	94,000	94,000
Number of libraries participating in summer reading programs	302	302	307	305	305
Number of users of Talking Books Services	5,828	5,828	5,900	6,000	6,000
Number of searches K-12 Databases	9,081,400	9,081,400	10,080,000	11,190,000	12,530,000

HUMAN SERVICES

State General Fund



All Funds



Human Services is the function of government which provides services to individuals. Services provided include cash and medical assistance, care of the mentally ill and developmentally disabled in state hospital and community placements, and unemployment payments. This function includes the Health portion of the Kansas Department of Health and Environment, the Department for Children and Families, the Kansas Department for Aging and Disability Services, the Kansas Neurological Institute, Parsons State Hospital, Larned State Hospital, Osawatomie State Hospital, the Kansas Commission on Veterans' Affairs, the Kansas Department of Labor, and the Kansas Guardianship Program.

Agencies in this Function:

Kansas Department of Health and Environment.....2419
Department for Children and Families.....2474
Kansas Department for Aging and Disability Services.....2519
Kansas Neurological Institute.....2577
Parsons State Hospital and Training Center.....2620
Larned State Hospital.....2667
Osawatomie State Hospital.....2707
Rainbow Mental Health Facility.....2742
Kansas Commission on Veterans' Affairs.....2754
Kansas Department of Labor.....2802
Kansas Guardianship Program.....2844

The Governor's FY 2016 recommendation for the Human Services function totals $5.2 billion from all funding sources, including $1.8 billion million from the State General Fund. The Governor's FY 2017 recommendation for the Human Services function totals $5.1 billion from all funding sources, including $1.9 billion from the State General Fund.

The FY 2017 recommendation represents a State General Fund increase of 2.2 percent or $39.8 million from the FY 2016 recommendation. Expenditures from all funds decrease by 1.2 percent or $63.9 million from the FY 2016 recommendation.

A total of 5,782.6 FTE positions are recommended by the Governor for the Human Services function for FY 2016 and FY 2017. Of all state FTE positions, 15.6 percent are in this function for FY 2016, and 15.7 percent for FY 2017.

Agencies in this function comprise 28.6 percent of the total State General Fund budget for FY 2016, and 29.2 percent for FY 2017. They comprise 33.7 percent of expenditures from all funding sources for FY 2016, and 32.4 percent for FY 2017.

Kansas Department of Health and Environment

	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	$ 725,058,164	$ 769,396,615	$ 792,546,610	$ 768,034,098	$ 868,024,537	$ 768,490,264	$ 888,734,653
Other Funds	1,519,077,134	1,610,054,286	1,648,487,025	1,616,443,887	1,684,491,698	1,604,161,647	1,626,814,223
TOTAL	$ 2,244,135,298	$ 2,379,450,901	$ 2,441,033,635	$ 2,384,477,985	$ 2,552,516,235	$ 2,372,651,911	$ 2,515,548,876
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	**$ 2,244,135,298**	**$ 2,379,450,901**	**$ 2,441,033,635**	**$ 2,384,477,985**	**$ 2,552,516,235**	**$ 2,372,651,911**	**$ 2,515,548,876**
Percentage Change:							
Operating Expenditures							
State General Fund	7.6 %	6.1 %	9.3 %	(0.2) %	9.5 %	0.1 %	2.4 %
All Funds	12.4	6.0	8.8	0.2	4.6	(0.5)	(1.4)
FTE Positions	798.5	689.4	677.6	677.1	677.1	676.1	676.1
Non-FTE Perm.Uncl.Pos.	322.3	409.9	409.9	416.0	416.0	416.8	416.8
TOTAL	1,120.8	1,099.3	1,087.5	1,093.1	1,093.1	1,092.9	1,092.9

AGENCY OVERVIEW

The Kansas Department of Health and Environment (KDHE) is a cabinet-level agency with the mission to promote and protect the health of Kansans through public health programs and services and through preservation, protection, and remediation of natural resources in the environment.

The agency is divided into three main divisions:

The **Division of Public Health** works with local health departments and other organizations to help assure the health of Kansans through public health services and regulatory programs. The Division includes the Office of the Director (including the Center for Health Disparities), and the Bureaus of Surveillance and Epidemiology, Oral Health, Local and Rural Health, Disease Control and Prevention, Child Care and Health Facilities, Environmental Health, Health Promotion, Family Health, Public Health Preparedness (formerly Homeland Security), and Public Health Informatics (formerly the Center of Health and Environment Statistics). The Administration program is also included in the Division of Health function.

The **Division of Health Care Finance** develops and maintains a coordinated health policy agenda which combines the effective purchasing and administration of health care with health promotion-oriented public health strategies. The powers, duties and functions of the Division are intended to be exercised to improve the health of the people of Kansas by increasing the quality, efficiency and effectiveness of health services and public health programs. The Division oversees the state's Medicaid program, the State Employee Health Plan and the State Self-Insurance Fund workers compensation program.

The **Division of Environmental Services** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, and Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

MAJOR ISSUES FROM PRIOR YEARS

The **2005 Legislature** established the Senator Stan Clark Pregnancy Maintenance Initiative and appropriated $300,000 from the State General Fund in FY 2006 for the program. The program is intended to award competitive grants to non-profit organizations to provide a variety of social services to women to enable them to carry their pregnancies to term. The 2007 Legislature appropriated an additional $100,000, all from the State General Fund, for the Initiative, with a total appropriation of $400,000 from the State General Fund in FY 2008.

The **2006 Legislature** approved legislation allowing the State Finance Council to approve the transfer of up to $10.0 million from the State General Fund to the Avian Flu Vaccine Fund for the prevention and treatment of avian flu in FY 2007. The provision included direction for the agency to present the expenditure request to the Legislative Budget Committee prior to consideration by the State Finance Council.

The **2006 Legislature** appropriated an additional $1.7 million from the State General Fund and $200,000 from the Children's Initiatives Fund for the Infant-Toddler Services (Tiny-K) program in FY 2007.

The **2007 Legislature** appropriated an additional $2.0 million, all from the State General Fund, for the Community Based Primary Health Care Clinics to grow medical capacity, create dental hubs, and support a health care provider recruitment program with language specifying that $500,000 from the State General Fund appropriated for the Community Based Primary Care Clinics be for dental hubs. This increased total state funding to the clinics to $4.5 million from the State General Fund in FY 2008.

The **2007 Legislature** enacted the Primary Care Safety Net Clinic Capital Loan Guarantee Act, authorizing the Secretary of Health and Environment to provide capital loan guarantees against risk of default for eligible primary care safety net clinics in Kansas.

The **2007 Legislature** enacted legislation creating a state public trust to administer relocation assistance and to acquire, hold, and dispose of property located within the boundaries of a Superfund site located in Cherokee County. Included in the legislation is authorization to the Kansas Department of Health and Environment to make grants to the trust to provide relocation assistance and purchase property. In addition, the Legislature appropriated $680,000, all from the State General Fund, for the 10.0 percent state match requirement of the Environmental Protection Agency's (EPA) Superfund program for environmental clean-up activities in the City of Treece.

The **2007 Legislature** appropriated $800,000, all from the State General Fund, and 2.0 FTE positions in the agency's laboratory program for expanded newborn screening. The 2007 Legislature also amended the newborn screening law, directing the Kansas Department of Health and Environment to adopt rules and regulations no later than July 1, 2008, requiring newborn screening tests for treatable disorders recommended in the 2005 report by the American College of Medical Genetics entitled "Newborn Screening: Toward a Uniform Screening Panel and System." The Secretary of Health and Environment is required to appoint an advisory committee on the implementation of the expanded screening program. The Committee is to provide advice on program efficiency, cost effectiveness, and whether program adjustments should be made. A designee of the agency is allowed to conduct the initial laboratory screening tests.

The **2008 Legislature** added $2.5 million, all from the State General Fund, in FY 2009 for additional funding for primary safety net clinics, and added $2.2 million, all from the Children's Initiatives Fund, to expand newborn screening. In addition, the Legislature shifted FY 2009 expenditures of $3.5 million for Part C Infant Toddler (Tiny-K) services from the State General Fund to the Children's Initiatives Fund and added an additional $1.0 million from the Children's Initiatives Fund for Tiny-K services in FY 2009.

The **2008 Legislature** deleted $405,270, including $74,949 from the State General Fund, and 5.0 FTE positions in FY 2009 to reflect the transfer of responsibility for the survey and certification of hospital long-term care units from the Kansas Department of Health and Environment to the Department on Aging.

The **2008 Legislature** also deleted $1.8 million, including $184,962 from the State General Fund, in FY 2009 to implement provisions of 2008 SB 584, which transfers responsibility for the inspection and licensing of food service and lodging facilities from the Kansas Department of Health and Environment to the Department of Agriculture.

The **2009 Legislature** reduced expenditures of $243,000, all from the State General Fund, for the Youth Mentoring program in FY 2010.

The **2009 Legislature** added $328,465, all from the State General Fund, in FY 2010 for safety net clinics, after transferring the same amount from the Kansas Endowment for Youth (KEY) Fund.

The **2009 Legislature** appropriated funding of $346,125, all from the State General Fund, in FY 2010 for the Pregnancy Maintenance Initiative.

The **2009 Legislature** added funding of $208,000, all from the State General Fund, in FY 2010 after transferring the same amount from the Kansas Endowment for Youth (KEY) Fund, for the treatment for phenylketonuria (PKU), which had previously been funded from the Children's Initiatives Fund.

The **2009 Legislature** suspended the transfer of $2.5 million, all from the State General Fund, to repay the Underground Petroleum Storage Tank Release Trust Fund in FY 2009 for a previous loan and delayed repayment until FY 2011.

The **2009 Legislature** suspended the transfer of $250,000, all from the State General Fund, to repay the Waste Tire Management Fund in FY 2009 for a previous loan and delayed repayment until FY 2011.

The **2009 Legislature** lapsed funding of $680,000, all from the State General Fund, which had been appropriated as matching funding by the 2007 Legislature for the City of Treece buyout program.

The **2010 Legislature** deleted $548,617, all from the State General Fund, and 1.0 FTE position, for an operating expenditure reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011 for the Health function. The Legislature excluded the Cerebral Palsy Posture Seating program from the reduction.

The **2010 Legislature** added $199,113, all from the State General Fund, for the Teen Pregnancy Prevention program for FY 2011. This restored funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** added language directing the agency to expend $199,113, all from the State General Fund, for the Pregnancy Maintenance Initiative for FY 2011. The funding was to come from existing resources. This restores funding for the program, which was eliminated as the result of the Governor's July 2009 State General Fund allotment.

The **2010 Legislature** appropriated the Health Information Exchange-Federal Fund as a no-limit fund for FY 2011. The fund will be used to receive and expend a 5-year, $9.0 million federal grant to establish the Kansas Health Information Exchange.

The **2010 Legislature** deleted $191,193, all from the State General Fund, and 3.0 FTE positions, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011 for the Environment function.

The **2010 Legislature** appropriated the QuantiFERON TB Laboratory Fund as a no-limit fund for FY 2011. The fund will be used to deposit contractual services payments received from state universities that wish to contract for lab services related to the requirements that all college students have a tuberculosis test using QuantiFERON.

Executive Reorganization Order No. 38 transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the

Kansas Department of Health and Environment as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies, administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI).

The **2011 Legislature** added $100,000, all from the State General Fund, to the Teen Pregnancy Prevention program, bringing total funding available in FY 2011 to $299,113 in FY 2011. For FY 2012, the Legislature added $150,887, all from the State General Fund, to the program, bringing the total available for FY 2012 to $350,000.

The **2011 Legislature** added $100,000, all from the State General Fund, to the Senator Stan Clark Pregnancy Maintenance Initiative, bringing total funding available in FY 2011 to $299,113.

The **2011 Legislature** deleted $165,000, and 1.0 FTE position from the Office of the Director of Health for FY 2012.

The **2011 Legislature** deleted $2,786, all from the Children's Initiatives Fund, because of projected shortfalls in tobacco funding for FY 2012.

The **2011 Legislature** deleted $14,097,744, including $6,000,000 from the State General Fund, for FY 2012 for reduced regular medical Medicaid expenditures associated with savings achieved in the Prepaid Ambulatory Health Plan managed care contract for mental health services.

The **2011 Legislature** deleted funding totaling $1,879,699, including $800,000 from the State General Fund, to capture savings in the Medicaid prescription drug program for FY 2012. A number of antidepressants and atypical anti-psychotic medications are or will soon be available in generic form and should result in prescription drug savings, according to the agency.

The **2011 Legislature** added $750,000, all from the State General Fund, to partially restore the Local Environmental Protection Program (LEPP) program for FY 2012.

The **2011 Legislature**, because of a shortfall in budgeted tobacco receipts, deleted funding of $11,712, all from the Children's Initiatives Fund, from the newborn screening program, in addition to the other CIF reductions for the global reductions approved by the Legislature totaling $23,750 for FY 2012.

The **2011 Legislature** deleted $480,511, all from the State General Fund, to reduce the agency's State General Fund expenditures, excluding expenditures used to match federal funding or for federal maintenance of effort issues, by 15.0 percent for FY 2012.

The **2011 Legislature** passed the Kansas Health Information and Technology Act (HB 2182) which synchronizes Kansas health information laws with Health Insurance Portability Accountability Act (HIPAA) privacy and security rules. This bill will allow Kansas Health Information Exchange to move forward in developing the framework for electronic health records.

The agency started a major initiative to implement the Kansas Eligibility and Enforcement System (KEES) to update the technology and processes for determining eligibility for medical programs and to detect fraud. The project is estimated to cost $137.9 million over five years to implement and $50 million each year for ongoing costs to maintain and operate the system. Phase I of the project implements a public portal for online application capability with initial functionality for Medicaid and Children's Health Insurance Program (CHIP) in the fall of 2013.

In addition, the agency started a process to reform Medicaid which includes the implementation of Managed Care contracts for all medical programs. The contracts were awarded in the Fall of 2012 and implemented in January 2013. The Initiative also included agency realignment related to Medicaid responsibility.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order No. 41 which became effective on July 1, 2012, which transferred programs from the Kansas Department of Health and Environment (KDHE) to Kansas Department for Aging and Disability Services (KDADS). The following areas of the Health Occupations Credentialing program at KDHE were transferred and will be administered by the Secretary for Aging and Disability Services:

- Licensure of adult care home administrators;
- Licensure of dieticians;
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides;
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility Licensure program was also transferred to KDADS.

In addition, the ERO further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in the Kansas Department of Health and Environment.

The **2012 Legislature** passed SB 14 which established the Newborn Screening Fund and funding mechanism for the program. Specifically, the bill establishes the Kansas Newborn Screening Fund (Fund) in the Kansas Department of Health and Environment (KDHE) and creates a mechanism for depositing a portion of the privilege fees received by the State from Health Maintenance Organizations (HMOs) into the new fund. All expenditures from the fund must be used for the program. The bill requires the Director of Accounts and Reports, Division of Accounts and Reports, Department of Administration, to determine, on a monthly basis, the amount of receipts from HMOs' privilege fee collections and to transfer the amount necessary to fund the Newborn Screening program for the preceding month as certified by the Secretary of Health and Environment, or designee. The transfer cannot exceed the amount credited to the State General Fund pursuant to KSA 40-3213. KSA 2011 Supp. 40-3213 requires HMOs to pay, on an annual basis, a privilege fee in an amount equal to 1.0 percent per annum of the total of all premiums, subscription charges, or other similar charges made by the HMO to its enrollees. Under the prior law, the entire amount of the collected privilege fees was deposited into the State General Fund.

The **2012 Legislature** added $407,000, all from the State General Fund, for the Early Detection Works program for FY 2012.

The **2012 Legislature** added $634,584, all from the State General Fund, for the Primary Care – Safety Net Clinics program for a total program expenditure of $7,877,649 for FY 2013. To offset this addition, the Legislature deleted $134,584, all from the State General Fund, for operating expenditures $500,000, all from the State General Fund, for the Medicaid Reform Health Savings Account (HAS) program for FY 2013.

The **2012 Legislature** deleted $1,000,000, including $600,000 from the State General Fund, for statewide education prior to implementation of KanCare for FY 2013 and deleted $2,427,116, including $776,677 from the State General Fund, to update the Medicaid Management Information System for KanCare for FY 2013.

The **2012 Legislature** increased the Health Care Access Improvement Fund limit from $33,354,454 to no limit to account for the increased revenues and expenditures as a result of 2012 HB 2416 which changed the base year for the assessment calculations for FY 2013.

The **2012 Legislature** added language for a new special revenue fund with a $1.0 million limit for FY 2013 for the purpose of integrating the Medicaid Management Information System and data analysis to monitor data from contractors. State Finance Council may release funds only upon receiving the Approved Medicaid Reform waiver approval by Federal Centers for Medicare and Medicaid Services.

The **2012 Legislature** added language for FY 2013 to delay the implementation of the home and community based services waiver for individuals with developmental disabilities in a managed care system (KanCare). Also, allow for an optional pilot program for those developmental disabilities service provider organizations for FY 2013.

The **2012 Legislature** added $800,000 for the Local Environmental Protection Program, all from the State Water Plan Fund, for FY 2013. The funding was subsequently vetoed by the Governor.

The **2013 Legislature** added $634,584, including $317,292 from the State General Fund to Primary Care - Safety Net Clinics for FY 2014 and $317,292, all from the State General Fund for FY 2015.

The **2013 Legislature** added $85.0 million, including $24.5 million from the State General Fund, to adjust for the Spring Human Services Consensus Caseload estimate for FY 2014.

The **2013 Legislature** concurred with Governor's Budget Amendment No. 2, Item 8 and added $385,777, all from the Medical Program Fees Fund for both FY 2014 and FY 2015 for the External Quality Review contract.

The **2014 Legislature** approved funding the Governor added for KanCare Pilots of $10.5 million, including $4.5 million from the State General Fund. KDHE requested CMS approval to implement three pilot programs designed to support Kansans who might otherwise be enrolled in Medicaid. Two of the proposed pilots are focused on increasing opportunities for Kansans with disabilities to work and the third pilot would offer an alternative to transitional Medicaid using a Health Account model.

KDHE received $10.8 million from the Children's Health Insurance Program (CHIP) in FY 2014 in bonus funding for simplifying enrollment and successfully enrolling eligible children. The **2014 Legislature** transferred $7.1 million of this bonus funding to the Department for Aging and Disability Services to provide additional services to individuals on the underserved waiting list for the Home and Community-Based Services Waiver for individuals with developmental disabilities for FY 2015.

In addition, $200,000 was added to Safety Net Clinics - Primary Care for FY 2015 from money received for the CHIP Bonus Award. The Legislature also added language directing the agency to spend an additional $125,000 of the reappropriated State General Fund in the Aid to Local Programs on the Safety Net Clinics - Primary Care Program.

The **2014 Legislature** deleted $4.7 million, including $14.8 million from the State General Fund, for spring human services consensus caseload estimates in FY 2014, and added $58.6 million from all funding sources and deleted $8.5 million from the State General Fund, for spring human services consensus caseload estimates for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency estimates** operating expenditures for FY 2015 of $2.4 billion, including $769.4 million from the State General Fund, $7.1 million from the Children's Initiatives Fund (CIF), and $1.8 million from the State Water Plan Fund (SWPF). The request is an all funds increase of $12.7 million, or 0.5 percent, a State General Fund increase of $969,093 or 0.1 percent, and a State Water Plan Fund increase of $136,681, or 8.1 percent, above the amount approved by the 2014 Legislature. The all funds increase is largely due to an increase in other assistance for medical programs partially offset by a reduction in agency operating expenditures for contractual services. The State General Fund increase is due to an increase in contractual services funding off set by a decrease in funding for Salaries and wages. The SWPF increase was due entirely to a appropriation of money that was not spent in FY 2014 and shifted to FY 2015.

The budget includes 647.9 FTE positions, a decrease of 109.1 FTE positions below, and 409.9 non-FTE unclassified positions, an increase of 87.7 non-FTE unclassified positions above, the approved FY 2015 number. The agency states that due to the nature of its grant and federal funding it is replacing classified positions with non-FTE unclassified positions.

The Governor's December allotment, which was applied after the agency submitted its budget request, reduced the agency's FY 2015 approved amount for State General Fund by $1,034,093 in the agency operating expenditures for administration ($642,928), aid to locals for Primary Care - Safety Net Clinics ($254,000), PKU Treatment Program ($100,903), the office of the Inspector General ($36,262), and salaries and wages ($33,688).

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 operating expenditures of $2.4 billion, including $792.5 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $74.0 million, or 3.1 percent, a State General Fund increase of $23.5 million, or 3.1 percent, a State Water Plan Fund increase of $130,817, or 7.7 percent, above the agency's revised estimate. The Children's Initiatives Fund is the same as the agency's revised estimate. The increase is largely attributable the addition of $63.2 million, including $24.2 million from the State General Fund to fully fund the November Human Services Consensus Caseload estimates.

FY 2016 Agency Request

The **agency** requests operating expenditures for FY 2016 of $2.4 billion, including $768.0 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The request is an all funds increase of $5.0 million, or 0.2 percent, above, a State General Fund decrease of $1.4 million, or 0.2 percent, and a Children's Initiatives Fund decrease of $930, or less than 0.1 percent, below the FY 2015 agency request. The all funds increase is largely due to an increase in other assistance for medical programs and an increase in contractual services expenditures. The State General Fund decrease is due to a reduction in agency operating expenditures in contractual services, commodities and capital outlay. The budget includes 635.6 FTE positions, a decrease of 12.3 FTE positions below, and 416.0 non-FTE unclassified positions, an increase of 6.1 non-FTE unclassified positions above, the FY 2015 agency request.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of $2.6 billion, including $868.0 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $168.0 million, or 7.0 percent, a State General Fund increase of $100.0 million, or 13.0 percent, a State Water Plan Fund decrease of $5,727 or 0.3 percent, from the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

The increase is largely attributable the addition of $162.7 million, including $86.4 million from the State General Fund to fully fund the November Human Services Consensus Caseload estimates; the addition of $64.4 million, including $28.2 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent; and an increase of $12.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the State General Fund in FY 2015 as part of the Governor allotment plan.

The increases are partially offset by the reduction of $57.0 million, including $25.0 million from the State General Fund, for reduced expenditures due to policy changes in the KanCare Medical Program and the reduction of $1.3 million, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor FY 2015 allotment.

The Governor issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicates this reorganization is anticipated to streamline the licensing process.

FY 2017 Agency Request

The **agency** requests operating expenditures for FY 2017 of $2.4 billion, including $768.5 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The request is an all funds decrease of $11.8 million, or 0.5 percent, a State General Fund increase of $456,166, or 0.1 percent, a SWPF increase of $15,546, or 0.9 percent, from the FY 2016 agency request. The Children's Initiatives Fund request is the same as the FY 2016 agency request. The all funds decrease is largely due to a reduction in contractual services expenditures partially offset by an increase in other assistance for medical program expenditures. The request also reflects an increase in salaries and wages due to the 27th payroll expenditure which occurs in FY 2017. The State General Fund increase is due to an increase in salary and wages and contractual services expenditures partially offset by a decrease in expenditures for capital outlay. The budget includes 634.6 FTE positions, a decrease of 1.0 FTE positions below, and 416.8 non-FTE unclassified positions, an increase of 0.8 non-FTE unclassified positions above, the FY 2016 agency request.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of $2.5 billion, including $888.7 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $142.9 million, or 6.0 percent, a State General Fund increase of $120.2 million , or 15.6 percent, a State Water Plan Fund decrease of $5,842, or 0.3 percent, from the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

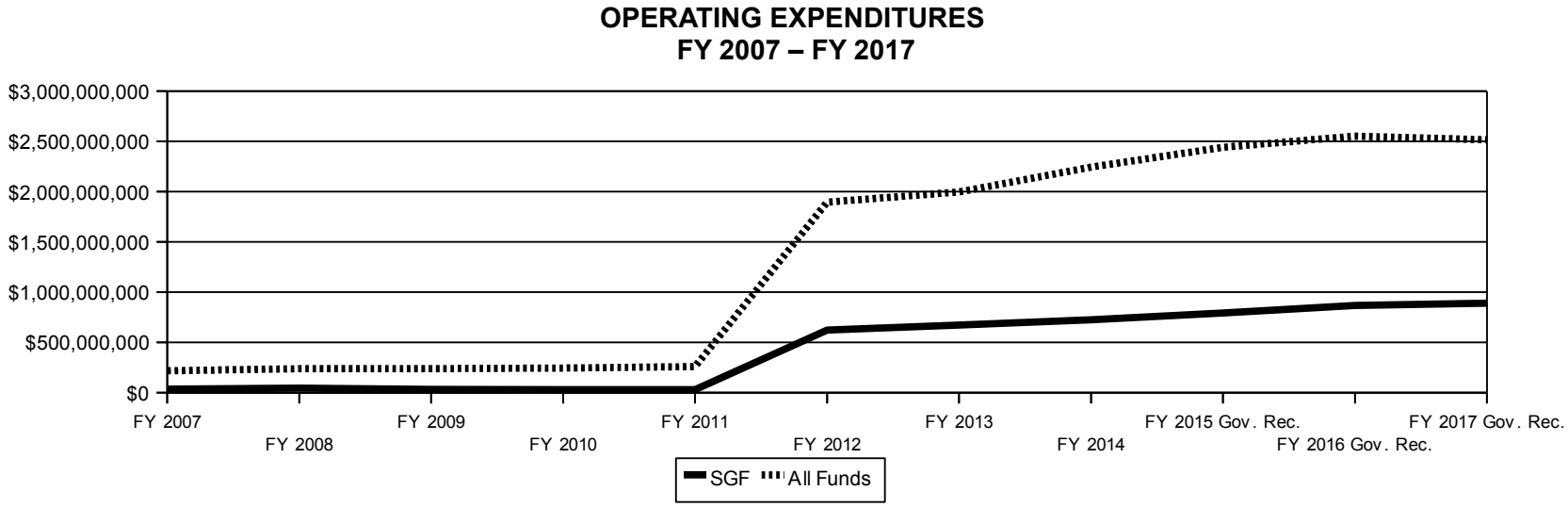
The increase is largely attributable the addition of $164.7 million, including $109.6 million from the State General Fund to fully fund the November Human Services Consensus Caseload estimates; addition of $66.6 million, including $29.3 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent; and an increase of $21.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the State General Fund in FY 2015 as part of the Governor allotment plan.

The increases are partially offset by the reduction of $57.0 million including $25.0 million from the State General Fund for reduced expenditures due to policy changes in the KanCare Medical Program; decrease of $1.3 million, all from the State General Fund, for operating expenses to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor FY 2015 allotment; and the reduction of $29.5 million, including $13.0 million from the State General Fund, for an anticipated reduced payment error rate and associated savings.

The Governor issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split

between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicates this reorganization is anticipated to streamline the licensing process.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 34,385,739	12.0 %	$ 218,263,772	3.3 %	878.4
2008	44,848,297	30.4	238,609,374	9.3	884.4
2009	33,950,133	(24.3)	238,989,295	0.2	884.1
2010	30,909,024	(9.0)	244,635,937	2.4	789.6
2011	30,729,451	(0.6)	259,937,352	6.3	932.7
2012	623,295,158	1,928.3	1,895,723,904	629.3	927.3
2013	673,845,298	8.1	1,997,106,319	5.3	818.3
2014	725,058,164	7.6	2,244,135,298	12.4	757.0
2015 Gov. Rec.	792,546,610	9.3	2,441,033,635	8.8	677.6
2016 Gov. Rec.	868,024,537	9.5	2,552,516,235	4.6	677.1
2017 Gov. Rec.	888,734,653	2.4	2,515,548,876	(1.4)	676.1
Eleven-Year Change	$ 854,348,914	2,484.6 %	$ 2,297,285,104	1,052.5 %	(202.3)

The large change in expenditures from FY 2011 to FY 2012 is due to Executive Reorganization Order No. 38 in FY 2012 which transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance.

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 17,769,988	$ 17,769,912	$ 18,904,971	$ 1,135,059	6.4 %	$ 17,555,579	$ 18,444,738	$ 889,159	5.1 %
Public Health	146,707,886	145,703,077	142,279,761	(3,423,316)	(2.3)	144,987,655	141,574,778	(3,412,877)	(2.4)
Health Care Finance	2,019,383,840	2,153,349,608	2,163,888,809	10,539,201	0.5	2,216,169,647	2,333,394,650	117,225,003	5.3
Environment	60,273,584	62,628,304	59,404,444	(3,223,860)	(5.1)	62,320,754	59,102,069	(3,218,685)	(5.2)
TOTAL	$ 2,244,135,298	$ 2,379,450,901	$ 2,384,477,985	$ 5,027,084	0.2 %	$ 2,441,033,635	$ 2,552,516,235	$ 111,482,600	4.6 %
By Major Object of Expenditure:									
Salaries and Wages	$ 63,755,128	$ 71,511,788	$ 72,049,313	$ 537,525	0.8 %	$ 70,769,623	$ 71,287,898	$ 518,275	0.7 %
Contractual Services	178,598,760	167,402,866	170,682,388	3,279,522	2.0	166,882,668	169,714,218	2,831,550	1.7
Commodities	6,104,628	5,276,015	4,893,127	(382,888)	(7.3)	5,175,112	4,893,127	(281,985)	(5.4)
Capital Outlay	2,609,102	2,024,776	2,134,929	110,153	5.4	2,024,776	2,134,929	110,153	5.4
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 251,067,618	$ 246,215,445	$ 249,759,757	$ 3,544,312	1.4 %	$ 244,852,179	$ 248,030,172	$ 3,177,993	1.3 %
Aid to Local Units	53,691,877	37,846,076	36,724,610	(1,121,466)	(3.0)	37,846,076	36,724,610	(1,121,466)	(3.0)
Other Assistance	1,939,375,803	2,095,389,380	2,097,993,618	2,604,238	0.1	2,158,335,380	2,267,761,453	109,426,073	5.1
TOTAL	$ 2,244,135,298	$ 2,379,450,901	$ 2,384,477,985	$ 5,027,084	0.2 %	$ 2,441,033,635	$ 2,552,516,235	$ 111,482,600	4.6 %
Financing:									
State General Fund	$ 725,058,164	$ 769,396,615	$ 768,034,098	$ (1,362,517)	(0.2) %	$ 792,546,610	$ 868,024,537	$ 75,477,927	9.5 %
State Water Plan Fund	1,959,529	1,827,541	1,826,527	(1,014)	(0.1)	1,821,677	1,820,800	(877)	(0.0)
Children's Initiative Fund	7,028,120	7,129,050	7,128,120	(930)	(0.0)	7,129,050	7,128,120	(930)	(0.0)
Special Revenue Funds	179,974,692	210,752,681	206,562,346	(4,190,335)	(2.0)	205,741,845	185,750,830	(19,991,015)	(9.7)
Federal Funds	1,330,114,793	1,390,345,014	1,400,926,894	10,581,880	0.8	1,433,794,453	1,489,791,948	55,997,495	3.9
TOTAL	$ 2,244,135,298	$ 2,379,450,901	$ 2,384,477,985	$ 5,027,084	0.2 %	$ 2,441,033,635	$ 2,552,516,235	$ 111,482,600	4.6 %

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	$ 18,904,971	$ 19,152,614	$ 247,643	1.3 %	$ 18,444,738	$ 18,709,959	$ 265,221	1.4 %
Public Health	142,279,761	141,763,526	(516,235)	(0.4)	141,574,778	141,018,045	(556,733)	(0.4)
Health Care Finance	2,163,888,809	2,151,809,831	(12,078,978)	(0.6)	2,333,394,650	2,296,203,361	(37,191,289)	(1.6)
Environment	59,404,444	59,925,940	521,496	0.9	59,102,069	59,617,511	515,442	0.9
TOTAL	$ 2,384,477,985	$ 2,372,651,911	$ (11,826,074)	(0.5) %	$ 2,552,516,235	$ 2,515,548,876	$ (36,967,359)	(1.4)%
By Major Object of Expenditure:								
Salaries and Wages	$ 72,049,313	$ 75,236,578	$ 3,187,265	4.4 %	$ 71,287,898	$ 74,460,882	$ 3,172,984	4.5 %
Contractual Services	170,682,388	150,370,998	(20,311,390)	(11.9)	169,714,218	149,385,328	(20,328,890)	(12.0)
Commodities	4,893,127	4,797,198	(95,929)	(2.0)	4,893,127	4,797,198	(95,929)	(2.0)
Capital Outlay	2,134,929	2,136,205	1,276	0.1	2,134,929	2,136,205	1,276	0.1
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 249,759,757	$ 232,540,979	$ (17,218,778)	(6.9) %	$ 248,030,172	$ 230,779,613	$ (17,250,559)	(7.0)%
Aid to Local Units	36,724,610	35,909,207	(815,403)	(2.2)	36,724,610	35,909,207	(815,403)	(2.2)
Other Assistance	2,097,993,618	2,104,201,725	6,208,107	0.3	2,267,761,453	2,248,860,056	(18,901,397)	(0.8)
TOTAL	$ 2,384,477,985	$ 2,372,651,911	$ (11,826,074)	(0.5) %	$ 2,552,516,235	$ 2,515,548,876	$ (36,967,359)	(1.4)%
Financing:								
State General Fund	$ 768,034,098	$ 768,490,264	$ 456,166	0.1 %	$ 868,024,537	$ 888,734,653	$ 20,710,116	2.4 %
State Water Plan Fund	1,826,527	1,842,073	15,546	0.9	1,820,800	1,836,231	15,431	0.8
Children's Initiative Fund	7,128,120	7,128,120	0	0.0	7,128,120	7,128,120	0	0.0
Special Revenue Funds	206,562,346	206,555,486	(6,860)	(0.0)	185,750,830	172,147,123	(13,603,707)	(7.3)
Federal Funds	1,400,926,894	1,388,635,968	(12,290,926)	(0.9)	1,489,791,948	1,445,702,749	(44,089,199)	(3.0)
TOTAL	$ 2,384,477,985	$ 2,372,651,911	$ (11,826,074)	(0.5) %	$ 2,552,516,235	$ 2,515,548,876	$ (36,967,359)	(1.4)%

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $769.0 million for the Department of Health and Environment in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $370,326, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $1,034,093, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY approved State General Fund to $768,699,269. That amount is reflected in the table below as the currently approved FY State General Fund 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	$ 768,699,269	$ 769,396,615	$ 697,346	$ 792,546,610	$ 23,847,341
All Other Funds	1,601,835,322	1,610,054,286	8,218,964	1,648,487,025	46,651,703
TOTAL	$ 2,370,534,591	$ 2,379,450,901	$ 8,916,310	$ 2,441,033,635	$ 70,499,044
FTE Positions	757.0	689.4	(67.6)	677.6	(79.4)

The **agency estimates** operating expenditures for FY 2015 of $2.4 billion, including $769.4 million from the State General Fund. The request also includes Children's Initiatives Fund expenditures of $7.1 million and State Water Plan Fund expenditures of $1.8 million. The request includes $17.8 million for the Administration Function, $145.7 million for the Health

Function, $2.2 billion for the Health Care Finance Function, and $62.6 million for the Environment Function. The budget includes 647.9 FTE positions, a decrease of 109.1 FTE positions below, and 409.9 non-FTE unclassified positions, an increase of 87.7 non-FTE unclassified positions above, the approved FY 2015 number. The agency states that due to the nature of its grant and federal funding it is replacing classified positions with non-FTE unclassified positions.

The request is an all funds increase of $8.9 million, or 0.4 percent, a State General Fund increase of $697,346, or 0.1 percent, a Children's Initiatives Fund (CIF) increase of $930, or 0.1 percent, and a State Water Plan Fund (SWPF) increase of $142,545, or 8.4 percent, above the amount approved by the 2014 Legislature. The all funds increase is largely due to an increase in other assistance for medical programs partially offset by a reduction in agency operating expenditures for contractual services. The SWPF increase was due entirely to a appropriation of money that was not spent in FY 2014 and shifted to FY 2015.

The Governor's December allotment, which was applied after the agency submitted its budget request, reduced the agency's FY 2015 approved amount for State General Fund by $1,034,093 in the agency operating expenditures for administration ($642,928), aid to locals for Primary Care - Safety Net Clinics ($254,000), PKU Treatment Program $(100,903), the office of the Inspector General ($36,262), and salaries and wages ($33,688).

The request includes the following funding sources.

- **State General Fund** expenditures of 769.4 million, an increase of $697,346, or 0.1 percent, above the approved amount due to an increase in contractual services funding off set by a decrease in funding for salaries and wages.

- **Children's Initiatives Fund (CIF)** expenditures of $7.1 million, an increase of $930, or less than 0.1 percent, above the FY 2015 approved amount.

- **State Water Plan Fund (SWPF)** expenditures of $1.8 million, an increase of $136,681, or 8.1 percent, above the FY 2015 approved amount. The SWPF increase was due entirely to a appropriation of money that was not spent in FY 2014 and shifted to FY 2015. The SWPF reappropriated funding will be largely used for contamination remediation, total maximum daily load, nonpoint source pollution, and watershed restoration and protection.

- **Federal Funds** expenditures of $1.4 million, an increase of $12.3 million, or 0.9 percent, above the FY 2015 approved amount largely for medical program expenditures.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $71.5 million for salaries and wages, an increase of $2.0 million, or 2.9 percent, above the approved amount. A bigger portion of salaries and wages is funded with federal funds in FY 2015 due to more funding for the federal Immunization Grant and Medicaid. The Governor's allotment decreased salaries and wages by $122,730 from the State General Fund for the KPERS rate reduction.

- **Contractual Services** expenditures of $167.4 million, a decrease of $10.5 million, or 5.9 percent, below the approved amount. These expenditures includes rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, this request provides for printing public health materials and enrollment packets, communication expenditures, limited travel and contracts with local health entities. The request has $6.2 million for the purchase of software to support the change to the existing contract for KEES and $1.6 million to increase analysis and contract oversight for MCOs and provide funding for MMIS contract procurement technical assistance. This request includes $38.2 million to start the transition of the fiscal agent contractor. In addition, $19 million all funds is included for provider incentive payments to upgrade and install new systems to provide electronic health records.

- **Commodities** expenditures of $5.3 million, an increase of $548,226, or 11.6 percent above the FY 2015 approved amount. These expenditures include office supplies; scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, tobacco use prevention, nutrition resources; and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases.

- **Capital Outlay** expenditures of $2.0 million, an increase of $320,717, or 18.8 percent, above the FY 2015 approved amount. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth.

- **Aid to Local** expenditures of $37.8 million, an increase of $1.3 million, or 2.7 percent, above the FY 2015 approved amount due largely to a increase in federal aid to locals. Major programs in this area include: General Public Health programs (State Formula Grant) (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services ($2.4 million provides early intervention services at the local level through a statewide service system for

infants and toddlers birth through age two with developmental delays), Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program ($727,728) and other programs within the Division such as Healthy Start ($227,043), and the direct assistance portion of the Infant Toddler program ($1.6 million). The Governor's allotments decreased the State General Fund amount by $254,000 for aid to locals in the Primary Care - Safety Net Clinics.

- **Other Assistance** expenditures of $2.1 billion, an increase of $19.7 million, or 1.0 percent, above the FY 2015 approved amount due to an increase in expenditures for medical programs. The major expenditures in this category are the medical programs. It also includes the Women, Infants and Children (WIC), Primary Care, and the Infant-Toddler Services IDEA Part C programs.

The **Governor** recommends FY 2015 operating expenditures of $2.4 billion, including $792.5 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $74.0 million or 3.1 percent, a State General Fund increase of $23.5 million, or 3.1 percent, a State Water Plan Fund increase of $130,817 or 7.7 percent, above the agency's revised estimate. The Children's Initiatives Fund is the same as the agency's revised estimate.

The **Governor** concurs with the agency's FY 2015 revised estimate with the following exceptions.

- Addition of $63.2 million, including $24.2 million from the State General Fund, to fully fund the November Human Services Consensus Caseload estimates.

- Reduction of $12,015, all from the State General Fund, to decrease the reappropriation to the Office of the Inspector General.

- Reduction on $137,165, all from the State General Fund, to decrease the reappropriation to the PKU Treatment Program ($100,903) and the office of the Inspector General ($36,262).

- Reduction of $730,150, including $122,730 from the State General Fund and $5,864 from the State Water Plan Fund (SWPF), 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.

- Reduction of $774,198, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015.

- Transfer of $3.0 million from the UST Redevelopment Fund to the State General Fund.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Contribution Rate	$ 122,730	$ 122,730	0.0
Lapse Reappropriations	137,165	137,165	0.0
4.0 percent reduction for Cabinet Agencies	774,198	774,198	0.0
TOTAL	$ 1,034,093	$ 1,034,093	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $122,730 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $607,402 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $730,150.

Reappropriations Lapse:

A reduction of $137,165 as a result of the Governor's State General Fund reappropriation allotment. This is a reduction to the total FY 2015 State General Fund reappropriation of $370,326 for the agency. This allotment will decrease available funding in the office of the inspector General ($36,262) and for the PKU Treatment Program ($100,903).

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $774,198 as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months

or 2.0 percent for the whole fiscal year to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by a reducing the agency operating expenditures for administration ($520,198) and aid to locals for Primary Care - Safety Net Clinics ($254,000).

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 2,384,477,985	$ 2,552,516,235	$ 168,038,250
FTE Positions	677.1	677.1	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (1,362,517)	$ 75,477,927	
All Other Funds	6,389,601	36,004,673	
TOTAL	$ 5,027,084	$ 111,482,600	
Percent Change:			
State General Fund	(0.2) %	9.5 %	
All Other Funds	0.4	2.2	
TOTAL	0.2 %	4.6 %	
Change in FTE Positions	(12.3)	(0.5)	

The **agency** requests operating expenditures for FY 2016 of $2.4 billion, including $768.0 million from the State General Fund. The request also includes Children's Initiatives Fund expenditures of $7.1 million and State Water Plan Fund expenditures of $1.8 million. The request includes $18.9 million for the Administration Function, $142.3 million for the Health Function, $2.2 billion for the Health Care Finance Function, and $59.4 million for the Environment Function. The budget includes

635.6 FTE positions, a decrease of 12.3 FTE positions below, and 416.0 non-FTE unclassified positions, an increase of 6.1 non-FTE unclassified positions above, the FY 2015 agency request.

The request is an all funds increase of $5.0 million, or 0.2 percent, above the FY 2015 agency request. The all funds increase is largely due to an increase in other assistance for medical programs and an increase in contractual services expenditures due to rising rent costs.

The request includes the following funding sources of note.

- **State General Fund** expenditures of $768.0 million, a decrease of $1.4 million, or 0.2 percent, below the FY 2015 agency request due to a reduction in agency operating expenditures in contractual services, commodities and capital outlay expenditures.

- **Children's Initiatives Fund** expenditures of $7.1 million, a decrease of $930, or less than 0.1 percent, below the FY 2015 agency request.

- **State Water Plan Fund** expenditures of $1.8 million, a decrease of $1,014, or 0.1 percent, below the FY 2015 agency request.

- **Federal Funds** expenditures of $1.4 million, an increase of $10.6 million, or 0.8 percent, above the FY 2015 agency request largely due to medical program cost increases.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $72.0 million, an increase of $537,525, or 0.8 percent, above the FY 2015 agency request primarily due to additional fringe costs.

- **Contractual Services** expenditures of $170.7 million, an increase of $3.3 million, or 2.0 percent, above the FY 2015 agency request. These expenditures includes rents and capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, this request provides for printing public health materials and enrollment packets, communication expenditures, limited travel and contracts with local health entities. It provides funding for MMIS contract procurement technical assistance and $52.9 million all funds is budgeted to complete the transition of fiscal agent contractor. An additional $16 million all funds is requested for provider incentive payments to upgrade and install new systems to provide electronic health records.

- **Commodities** expenditures, largely for office supplies, of $4.9 million, a decrease of $382,888, or 7.3 percent below the FY 2015 agency request. These expenditures include office supplies; scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, tobacco use prevention, nutrition resources; and disability prevention. Other scientific supplies are purchased such as

surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases.

- **Capital Outlay** expenditures of $2.1 million, an increase of $110,153, or 5.4 percent, above the FY 2015 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth.

- **Aid to Local** expenditures of $36.7 million, a decrease of $1.1 million, or 3.0 percent, below the FY 2015 agency request due largely to a decrease in federal aid to locals. Major programs in this area include: General Public Health programs (State Formula Grant) (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services ($2.4 million provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays), Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program ($727,728) and other programs within the Division such as Healthy Start ($227,043), and the direct assistance portion of the Infant Toddler program ($1.6 million).

- **Other Assistance** expenditures of $2.1 billion, an increase of $2.6 million, or 0.1 percent, above the FY 2015 agency request due to an increase in expenditures for medical programs. The major expenditures in this category are the medical programs. It also includes the Women, Infants and Children (WIC), Primary Care, and the Infant-Toddler Services IDEA Part C programs.

The **Governor** recommends FY 2016 operating expenditures of $2.6 billion, including $868.0 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $168.0 million, or 7.0 percent, a State General Fund increase of $100.0 million or 13.0 percent, and a State Water Plan Fund decrease of $5,727 or 0.3 percent, from the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

The **Governor** concurs with the FY 2016 agency request with the following exceptions.

- Addition of $63.2 million, including $24.2 million from the State General Fund, to fully fund the November Human Services Consensus Caseload estimates.

- Reduction of $1.3 million, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Addition of $12.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the Sate General Fund in FY 2015 as part of the Governor's allotment plan.

- Reduction of $57.0 million, including $25.0 million from the State General Fund, for reduced expenditures due to policy changes in the KanCare Medical Program.

- Addition of $64.4 million, including $28.2 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent.

- Reduction of $411,625, including $123,770 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split between this Department and the Department for Aging and Disabilities Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicates this reorganization is anticipated to streamline the licensing process.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 2,372,651,911	$ 2,515,548,876	$ 142,896,965
FTE Positions	676.1	676.1	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 456,166	$ 20,710,116	
All Other Funds	(12,282,240)	(57,677,475)	
TOTAL	$ (11,826,074)	$ (36,967,359)	
Percent Change:			
State General Fund	0.1 %	2.4 %	
All Other Funds	(0.8)	(3.4)	
TOTAL	(0.5) %	(1.4) %	
Change in FTE Positions	(1.0)	(1.0)	

The **agency** requests operating expenditures for FY 2017 of $2.4 billion, including $768.5 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The request includes $19.2 million for the Administration Function, $141.8 million for the Health Function, $2.2 billion for the Health Care Finance Function, and $59.9 million for the Environment Function. The budget includes 634.6 FTE positions, a decrease of 1.0 FTE positions below, and 416.8 non-FTE unclassified positions, an increase of 0.8 non-FTE unclassified positions above, the FY 2016 agency request.

The request is an all funds decrease of $11.8 million, or 0.5 percent, below and a State General Fund increase of $456,166, or 0.1 percent, above the FY 2016 agency request. The request also reflects an increase in salaries and wages due to the 27th

payroll expenses which occur in FY 2017. The all funds decrease is largely due to a reduction in contractual services expenditures partially offset by an increase in other assistance for medical program caseloads expenditures. The State General Fund increase is due to an increase in salaries and wages and contractual services expenditures partially offset by a decrease in expenditures for capital outlay.

The request includes the following funding sources.

- **State General Fund** expenditures of $768.5 million, an increase of $456,166, or 0.1 percent, above the FY 2016 agency request due to an increase in salaries and wages, and agency operating expenditures in contractual services offset partially by a reduction in other assistance.

- **State Water Plan Fund** expenditures of $1.8 million, an increase of $15,546, or 0.9 percent, above the FY 2016 agency request.

- **Children's Initiatives Fund** expenditures of $7.1 million, the same amount as the FY 2016 agency request.

- **Federal Funds** expenditures of $1.4 billion, a decrease of $12.3 million, or 0.9 percent, below the FY 2016 agency request due to decreases in contractual services, commodities, aid to locals, and other assistance offset partially increases salaries and wages.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $75.2 million, an increase of $3.2 million, or 4.4 percent, above the FY 2016 agency request. The request reflects an increase in salaries and wages due to the 27th payroll expenses which occur in FY 2017 and increases in fringe costs namely KPERS and Group Health Insurance.

- **Contractual Services** expenditures of $150.4 million, a decrease of $20.3 million, or 11.9 percent, below the FY 2016 agency request for decreased fiscal agent services in the medical programs. The largest expenditures in this category are for rents and security, capital surcharge, financial management system fees, and Enterprise Application fees. Along with professional services and contracts, this request provides for the printing of enrollment packets, communication expenditures, and limited travel. It provides funding for MMIS contract procurement technical assistance. An additional $14 million all funds is requested for provider incentive payments to upgrade and install new systems to provide electronic health records.

- **Commodities** expenditures of $4.8 million, a decrease of $95,929, or 2.0 percent below the FY 2016 agency request. These expenditures include office supplies; scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, Tobacco use prevention, nutrition resources; and disability prevention. Other scientific supplies are

purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases.

- **Capital Outlay** expenditures of $2.1 million, an increase of $1,276, or 0.1 percent, above the FY 2016 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth.

- **Aid to Local** expenditures of $35.9 million, a decrease of $815,403, or 2.2 percent, below the FY 2016 agency request due largely to a decrease in federal aid to locals. Major programs in this area include: General Public Health programs (State Formula Grant) (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services ($2.4 million provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays), Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program ($727,728) and other programs within the Division such as Healthy Start ($227,043), and the direct assistance portion of the Infant Toddler program ($1.6 million).

- **Other Assistance** expenditures of $2.1 billion, an increase of $6.2 million, or 0.3 percent, above the FY 2016 agency request due to an increase in expenditures for medical programs. The major expenditures in this category are the medical programs. It also includes the Women, Infants and Children (WIC), Primary Care, and the Infant-Toddler Services IDEA Part C programs.

The **Governor** recommends FY 2017 operating expenditures of $2.5 billion, including $888.7 million from the State General Fund, $7.1 million from the Children's Initiatives Fund, and $1.8 million from the State Water Plan Fund. The recommendation is an all funds increase of $142.9 million, or 6.0 percent, a State General Fund increase of $120.2 million , or 15.6 percent, a State Water Plan Fund decrease of $5,842 or 0.3 percent, from the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

The **Governor** concurs with the FY 2017 agency request with the following exceptions.

- Addition of $164.7 million, including $109.6 million from the State General Fund, to fully fund the November Human Services Consensus Caseload estimates.

- Reduction of $1.3 million, all from the State General Fund, for operating expenses to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Addition of $21.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the Sate General Fund in FY 2015 as part of the Governor's allotment plan.

- Reduction of $57.0 million including $25.0 million from the State General Fund for reduced expenditures due to policy changes in the KanCare Medical Program.

- Reduction of $29.5 million, including $13.0 million from the State General Fund, for an anticipated reduced payment error rate and associated saving.

- Addition of $66.6 million, including $29.3 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent.

- Reduction of $419,224, including $125,916 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated savings will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicates this reorganization is anticipated to streamline the licensing process.

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 $327,917, including $53,718 from the State General Fund, and affects 1,054 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 2015, 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 $320,235, including $52,259 from the State General Fund, and FY 2017 longevity payments total $341,350, including $55,558 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $411,625, including $123,770 from the State General Fund for FY 2016. This is a reduction of $419,224, including $125,916 from the State General Fund, for FY 2017.**

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

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

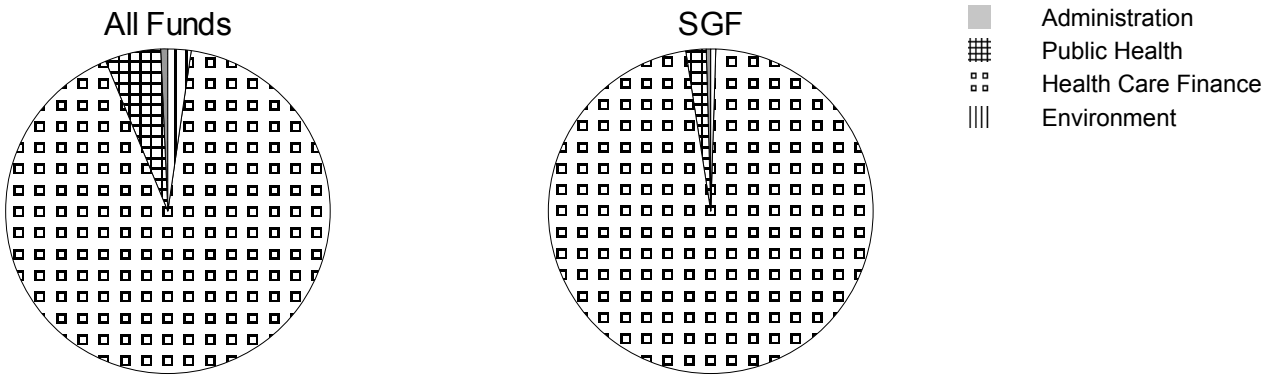
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	32.2 %	34.0 %	32.4 %	35.3 %
State Water Plan Fund	0.1	0.1	0.1	0.1
Children's Initiative Fund	0.3	0.3	0.3	0.3
Special Revenue Funds	8.7	7.3	8.7	6.8
Federal Funds	58.8	58.4	58.5	57.5
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 18,444,738	0.7 %	$ 3,877,660	0.4 %
Public Health	141,574,778	5.5	17,569,329	2.0
Health Care Finance	2,333,394,650	91.4	842,235,939	97.0
Environment	59,102,069	2.3	4,341,609	0.5
TOTAL	$ 2,552,516,235	100.0 %	$ 868,024,537	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	80.9	56.5	56.5	54.9	54.9	53.9	53.9
Public Health	190.1	157.6	157.6	157.6	157.6	157.6	157.6
Health Care Finance	181.9	181.9	170.1	171.1	171.1	171.1	171.1
Environment	345.6	293.5	293.5	293.5	293.5	293.5	293.5
TOTAL	798.5	689.4	677.6	677.1	677.1	676.1	676.1

A. Administration

The Administration program provides the central management and administrative support functions of KDHE. The program includes the ***Secretary's Office***, which sets agency policy and coordinates operations in order to carry out statutory mandates. The ***Office of Legal Services*** supports all program areas in the enforcement of health and environmental laws and regulations. The ***Division of Management and Budget*** provides financial and strategic planning support services to all programs in the Department. Financial services include budget development, grant management, maintenance of accounts and reports, central reporting, and execution of all financial transactions. The Division also confers with Human Resource staff from the Department of Administration on all KDHE personnel transactions, such as recruitment and selection, employment management, benefit administration, classification and workforce planning, examination and certification of qualified candidates, employee relations, and Equal Employment Opportunity and affirmative action program implementation.

The ***Office of Communications*** supplies written, oral, and visual communications services to convey KDHE's program objectives to internal and external audiences. The ***Office of Information Technology Services*** (OITS) is under the Kansas Executive Chief Information Technology Officer and activities are coordinated through the KDHE OITS staff to maintain agency information technology, from hardware and basic desktop applications to vendor produced or internally produced specialty programming. Internal computer training and network safety are also conducted by OITS. Funding for the OITS staff and technology acquisition and maintenance is represented in the KDHE budget. The ***Office of the Inspector General*** audits and reviews programs within the Kansas Medicaid program and the State Employee Health Benefit Plan, making recommendations on program operations based on their observations.

ADMINISTRATION 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	$ 6,530,556	$ 7,116,084	$ 7,043,751	$ 7,240,742	$ 7,170,775	$ 7,512,309	$ 7,441,876
Contractual Services	10,309,992	10,198,149	10,056,149	11,208,550	10,818,284	11,184,626	10,812,404
Commodities	476,587	70,607	70,607	70,607	70,607	70,607	70,607
Capital Outlay	201,876	169,072	169,072	169,072	169,072	169,072	169,072
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 17,519,011	$ 17,553,912	$ 17,339,579	$ 18,688,971	$ 18,228,738	$ 18,936,614	$ 18,493,959
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	250,977	216,000	216,000	216,000	216,000	216,000	216,000
TOTAL	$ 17,769,988	$ 17,769,912	$ 17,555,579	$ 18,904,971	$ 18,444,738	$ 19,152,614	$ 18,709,959
Financing:							
State General Fund	$ 4,701,124	$ 4,422,575	$ 4,255,728	$ 4,291,862	$ 3,877,660	$ 4,577,958	$ 4,181,641
All Other Funds	13,068,864	13,347,337	13,299,851	14,613,109	14,567,078	14,574,656	14,528,318
TOTAL	$ 17,769,988	$ 17,769,912	$ 17,555,579	$ 18,904,971	$ 18,444,738	$ 19,152,614	$ 18,709,959
FTE Positions	80.9	56.5	56.5	54.9	54.9	53.9	53.9
Non-FTE Uncl. Perm. Pos.	34.0	42.0	42.0	42.0	42.0	42.0	42.0
TOTAL	114.9	98.5	98.5	96.9	96.9	95.9	95.9

The **agency** requests operating expenditures for FY 2016 of $18.9 million for the Administration Function, including $4.3 million from the State General Fund. The request is an all funds increase of $1.1 million, or 6.4 percent, and a State General Fund decrease of $130,713, or 0.3 percent, from the FY 2015 agency request. The all funds increase is largely due to an increase in agency operating expenditures for contractual services and salaries and wages from special revenue and federal funds while the State General Fund decrease represents reduced expenditures in contractual services offset slightly by increase in salary and wages. The budget includes 54.9 FTE positions, a decrease of 1.6 FTE positions below, and 42.0 non-FTE unclassified positions, the same as, the FY 2016 agency request.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $7.2 million, an increase of $124,658 or 1.8 percent, above the FY 2015 agency request primarily due to additional fringe costs.

- **Contractual Services** expenditures of $11.2 million, an increase of $1.0 million, or 9.9 percent, above the FY 2015 agency request due largely to rising rent expenses. The largest expenditures in this category are for rents and security, capital surcharge, financial management system fees, and Enterprise Application fees.

- **Commodities** expenditures, largely for office supplies, of $70,607, the same as the FY 2015 agency request.

- **Capital Outlay** expenditures of $169,072, the same as the FY 2015 agency request. The largest expenditures in this category are for projected replacements of technology items and system upgrades.

The **Governor** recommends operating expenditures for FY 2016 of $18.4 million, including $3.9 million from the State General Fund. The recommendation represents an all funds decrease of $460,233, or 2.4 percent, and a State General Fund decrease of $414,202, or 9.7 percent, below the agency request.

The **Governor** concurs with the FY 2016 agency request with the following exceptions.

- Reduction of $390,266, all from the State General Fund, for operating expenses to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Reduction of $69,967, including $23,936 from the State General Fund, to reduce employer contributions for state employee health insurance.

The **agency** requests operating expenditures for FY 2017 of $19.2 million for the Administration Function, including $4.6 million from the State General Fund. The budget includes 53.9 FTE positions, a decrease of 1.0 FTE positions below, and 42.0 non-FTE unclassified positions, the same as the FY 2016 agency request.

The request reflects an increase in salaries and wages due to the 27th payroll expenses which occur in FY 2017. The request is an all funds increase of $247,643, or 1.3 percent, and a State General Fund increase of $286,096, or 6.7 percent, above the FY 2016 agency request.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $7.5 million, an increase of $271,567 or 3.8 percent, above the FY 2016 agency request. The increase is primarily due to expenses associated with the 27th payroll.

- **Contractual Services** expenditures of $11.2 million, a decrease of $23,924, or 0.2 percent, below the FY 2016 agency. The largest expenditures in this category are for rents and security, capital surcharge, financial management system fees, and Enterprise Application fees.

- **Commodities** expenditures, largely for office supplies, of $70,607, the same as the FY 2016 agency request.

- **Capital Outlay** expenditures of $169,072, the same as the FY 2016 agency request. The largest expenditures in this category are for projected replacements of technology items and system upgrades.

The **Governor** recommends operating expenditures for FY 2017 of $18.7 million, including $4.2 million from the State General Fund. The recommendation represents an all funds decrease of $442,655, or 2.3 percent, and a State General Fund decrease of $396,317, or 8.7 percent, below the agency request.

The **Governor** concurs with the FY 2017 agency request with the following exceptions.

- Reduction of $372,222, all from the State General Fund, for operating expenses to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Reduction of $70,433, including $24,095 from the State General Fund, to reduce employer contributions for state employee health insurance.

B. Public Health

The Division of Public Health seeks to promote and protect health and prevent disease and injury among the people of Kansas. Three basic functions are employed to further this mission. Assessment is the systematic collecting, analyzing, and distributing of information on various aspects of health, trends in health, and health-related problems. Policy development utilizes scientific knowledge in making important health policy decisions. Finally, assurances make sure that services are provided to meet the state's health goals. This may be done directly through state or local programs, or indirectly through encouraging others to act.

Office of the Director includes general management functions of the Division as well as the Center for Health Equity (CHE) and the Center for Performance Management (CPM).

Bureau of Oral Health seeks to improve the oral health status of all Kansans through technical support, public education, and aid to local partners. Funded primarily through federal grants, current programs include a Dental Professional Workforce program, the School Screening Initiative and a Children with Special Health Care Needs health improvement project. Oral health assessment is another function of the Bureau.

Bureau of Community Health Services combined the management of Local and Rural Health and Public Health Preparedness to facilitate better coordination between programs that are most often in contact with local health professionals and hospitals. This bureau helps communities serve local health needs by providing technical assistance and other resources and to provide leadership for the agency in the health and medical response to all public health emergency situations, whether caused by natural events or acts of terrorism. Kansans who face financial, geographic, or other barriers to accessing health care services are served by programs in Primary Care,

Rural Health, and the State Trauma program. Liaison efforts with local health departments across the state are coordinated in the Bureau of Local and Rural Health, working toward an effective, “seamless” system for public health efforts in Kansas. The Health Facilities program was added to this bureau and licenses or certifies about 850 hospitals, ambulatory surgical centers, home health agencies, and other medical care providers.

Bureau of Disease Control and Prevention concentrates on identifying, preventing and controlling communicable diseases of crucial public health concern. The bureau conducts focused programming in regard to tuberculosis education and prevention, HIV/STD education and prevention, adult viral hepatitis education and prevention, and immunizations for vaccine-preventable diseases among children and adults.

Bureau of Environmental Health is responsible for ensuring safe residential lead levels. The Kansas Childhood Lead Poisoning Prevention program coordinates statewide lead poisoning prevention activities. The Bureau also includes the radiation control program, formerly part of the Bureau of Air and Radiation in the Environment function.

Bureau of Health Promotion focuses on the prevention, early identification, and control of chronic disease and injuries.

Bureau of Family Health supports a statewide system of public health services for the maternal and child health population. In FY 2013 the agency moved the Child Care Program into BFH in order to align all agency programs that focus on children and direct family supports into one bureau. This bureau is responsible for licensing, and regulating about 11,000 child care facilities and agencies serving 150,000 children under the age of 16. The Children and Families section supports services for pre-conceptual and pregnant women, infants, children and adolescents, including school nursing. The Children with Special Health Care Needs section coordinates medical specialty services and systems for children and youth and newborn metabolic screening. Children’s Developmental Services supports newborn hearing screening, early identification and intervention services for infants, toddlers and their families. Nutrition and WIC Services support nutrition education and supplemental foods for low income pregnant, breastfeeding, and postpartum women and their young children.

Bureau of Epidemiology and Public Health Informatics, under the supervision of the State Epidemiologist, manages the state’s reportable disease surveillance system, responds to outbreaks of disease related to infectious and environmental agents, provides professional staffing to a 24-hour disease response hot line, and conducts a number of special projects and studies related to the control of infectious diseases in Kansas. The bureau also administers the state’s healthcare-associated infections prevention and control program. In addition, this Bureau is a data and information support group for the Kansas Department of Health and Environment as well as other State agencies. This includes vital records acquisition, management and issuance; data and information acquisition; and analysis, distribution, and publication for the public, policymakers, and program managers. Annually, the office registers approximately 100,000 vital records and issues over 320,000 certified copies of documents.

PUBLIC HEALTH 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	$ 19,227,120	$ 21,970,523	$ 21,747,936	$ 21,980,139	$ 21,732,820	$ 22,957,111	$ 22,704,838
Contractual Services	20,827,605	18,638,554	18,500,622	17,571,744	17,428,747	17,147,524	16,968,983
Commodities	2,175,962	2,089,611	1,988,708	1,913,843	1,913,843	1,855,984	1,855,984
Capital Outlay	816,859	753,276	753,276	748,650	748,650	728,683	728,683
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 43,047,546	$ 43,451,964	$ 42,990,542	$ 42,214,376	$ 41,824,060	$ 42,689,302	$ 42,258,488
Aid to Local Units	35,227,974	34,198,591	34,198,591	33,242,952	33,242,952	32,733,239	32,733,239
Other Assistance	68,432,366	68,052,522	67,798,522	66,822,433	66,507,766	66,340,985	66,026,318
TOTAL	$ 146,707,886	$ 145,703,077	$ 144,987,655	$ 142,279,761	$ 141,574,778	$ 141,763,526	$ 141,018,045
Financing:							
State General Fund	$ 17,105,012	$ 18,220,213	$ 17,706,341	$ 18,290,518	$ 17,569,329	$ 18,350,238	$ 17,593,036
All Other Funds	129,602,874	127,482,864	127,281,314	123,989,243	124,005,449	123,413,288	123,425,009
TOTAL	$ 146,707,886	$ 145,703,077	$ 144,987,655	$ 142,279,761	$ 141,574,778	$ 141,763,526	$ 141,018,045
FTE Positions	190.1	157.6	157.6	157.6	157.6	157.6	157.6
Non-FTE Uncl. Perm. Pos.	165.4	196.6	196.6	196.6	196.6	197.3	197.3
TOTAL	355.5	354.2	354.2	354.2	354.2	354.9	354.9

The **agency** requests operating expenditures for FY 2016 of $142.3 million for the Health Function, including $18.3 million from the State General Fund and $7.1 million from the Children's Initiatives Fund. The budget includes 157.6 FTE positions, and 196.6 non-FTE unclassified positions, the same as the FY 2015 agency request.

The request is an all funds decrease of $3.4 million, or 2.3 percent, and a State General Fund increase of $70,305, or 0.4 percent, and and a Children's Initiatives Fund decrease of $930, or less than 0.1 percent, from the FY 2015 agency request. The all funds decrease is largely due to reduced operating expenditures and a decrease in other assistance and aid to locals expenditures. The State General Fund increase is largely

due to an increase in salaries and wages and other assistance expenditures.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $22.0 million, an increase of $9,616, or 0.04 percent, above the FY 2015 agency request. Approximately 70.0 percent of the salary request in FY 2016 is from federal funds. Of the Federal Funds, the three that contribute the most in salaries and wages are the Medicare Grant Fund ($810,344), the Maternal and Child Health Grant Fund ($1.3M), and the Federal Homeland Security Preparedness Funds ($989,585).

- **Contractual Services** expenditures of $17.6 million, a decrease of $1.1 million, or 5.7 percent, below the FY 2015 agency request. The largest expenditures in this category are communication and travel for inspection activities and licensure programs, printing of public health materials in multi-language format, contractual obligations with county health departments and community based organizations, Cancer Registry match, contracts to hospital based clinics to provide pediatric diagnostic and treatment services within the Special Health Services section, and services provided to indigent Kansans with tuberculosis.

- **Commodities** expenditures of $1.9 million, a decrease of $175,768, or 8.4 percent, below the FY 2015 agency request. These are largely for scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases.

- **Capital Outlay** expenditures of $748,650, a decrease of $4,626, or 0.6 percent, below the FY 2015 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth.

- **Aid to Local** expenditures of $33.2 million, a decrease of $955,639, or 2.8 percent, below the FY 2015 agency request due largely to a decrease in federal aid to locals. Major programs in this area include: General Public Health programs funded by the State Formula Grant (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low income and medically underserved Kansans), Family Planning programs (promote optimal

reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services ($2.4 million provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays), Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiatives Fund dollars are used to continue implementation of a comprehensive tobacco use prevention program ($727,728) and other programs within the Division such as Healthy Start ($227,043), and the direct assistance portion of the Infant Toddler program ($1.6 million).

- **Other Assistance** expenditures of $66.8 million, a decrease of $1.2 million, or 1.8 percent, below the FY 2015 agency request. The major expenditure in this category is the Women, Infants and Children (WIC) program ($48.3 million). It also includes $7.5 million for Primary Care programs and $6.5 million for the Infant-Toddler Services IDEA Part C Programs.

The **Governor** recommends FY 2016 operating expenditures of $141.6 million, including $17.6 million from the State General Fund, and $7.1 million from the Children's Initiatives Fund. The recommendation is an all funds decrease of $704,983, or 0.5 percent, and a State General Fund decrease of $721,189 or 3.9 percent, below the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

The **Governor** concurs with the FY 2016 agency request with the following exceptions.

- Reduction of $457,664, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Reduction of $247,319, including $24,107 from the State General Fund, to reduce employer contributions for state employee health insurance.

The **agency** requests operating expenditures for FY 2017 of $141.8 million for the Health Function, including $18.4 million from the State General Fund and $7.1 million from the Children's Initiatives Fund. The budget includes 157.6 FTE positions, and 197.3 non-FTE unclassified positions, an increase of 0.8 non-FTE positions.

The request reflects an increase in salaries and wages due to the 27th payroll expenses which occur in FY 2017. The request is an all funds decrease of $516,235, or 0.4 percent, below, and a State General Fund increase of $59,720, or 0.3 percent, above, the FY 2016 agency request. The Children's Initiatives Fund is the same as the FY 2016 agency request. The request reflects an increase in salaries and wages due to the 27th payroll expenses which occur in FY 2017. The all funds decrease is largely due to reduced operating expenditures and a decrease in other assistance and aid to locals expenditures offset by the increase in salaries and wages. The State General

Fund increase is largely due to an increase in salaries and wages.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $23.0 million, an increase of $976,972, or 4.4 percent, above the FY 2016 agency request. The increase is primarily due to expenses associated with the 27th payroll. Approximately 70.0 percent of the salary request in FY17 are from federal funds. Of the Federal Funds the three that contribute the most in salaries and wages are the Medicare Grant Fund ($846,972), the Maternal and Child Health Grant Fund ($1.4 million), and the Federal Homeland Security Preparedness Funds ($1.0 million).

- **Contractual Services** expenditures of $17.1 million, a decrease of $424,220, or 2.4 percent, below the FY 2016 agency request. The largest expenditures in this category are communication and travel for inspection activities and licensure programs, printing of public health materials in multi-language format, contractual obligations with county health departments and community based organizations, Cancer Registry match, contracts to hospital based clinics to provide pediatric diagnostic and treatment services within the Special Health Services section, and services provided to indigent Kansans with tuberculosis.

- **Commodities** expenditures of $1.9 million, a decrease of $57,859, or 3.0 percent, below the FY 2016 agency request. These are largely for scientific supplies and materials necessary for conducting inspections, collecting samples, investigating food borne illnesses and educating the public regarding various public health programs such as, Breast & Cervical Cancer program, Tobacco use prevention, nutrition resources, and disability prevention. Other scientific supplies are purchased such as surgery and ostomy supplies, drugs, prosthesis, orthotics, hearing aids, orthopedic shoes, and other items for individuals with disabilities. Expenses also include drugs and pharmaceuticals for migrant farm workers and their families and the purchase of STD and TB drugs as well as PKU treatment products and vaccine purchases.

- **Capital Outlay** expenditures of $728,683, a decrease of $19,967, or 2.7 percent, below the FY 2016 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades. It also includes durable medical equipment (DME) such as wheelchairs and braces purchased for Special Health Services (SHS) program eligible youth.

- **Aid to Local** expenditures of $32.7 million, a decrease of $509,713, or 1.5 percent, below the FY 2016 agency request due largely to a decrease in federal aid to locals. Major programs in this area include: General Public Health programs funded through the State Formula Grant (provides funding to 99 local health departments for development and expansion of their general health programs and WIC Administration), Primary Health (provides affordable, family-oriented primary care for low

income and medically underserved Kansans), Family Planning programs (promote optimal reproductive health for men and women through basic preventive and primary health care with treatment and follow-up of identified health problems), Infant-Toddler (Tiny-K) Services ($2.4 million provides early intervention services at the local level through a statewide service system for infants and toddlers birth through age two with developmental delays), Mothers and Infant Health (promotes positive pregnancy outcomes and health status for mothers and infants and early entry into and compliance with prenatal and pediatric care), Childcare Licensure Inspection Program (provides reimbursements to counties for inspection services). Children's Initiative Funds are used to continue implementation of a comprehensive tobacco use prevention program ($727,728) and other programs within the Division such as Healthy Start ($227,043), and the direct assistance portion of the Infant Toddler program ($1.6 million).

- **Other Assistance** expenditures of $66.3 million, a decrease of $481,448, or 0.7 percent, below the FY 2016 agency request. The major expenditure in this category is the Women, Infants and Children (WIC) program ($48.3 million). It also includes $7.5 million for Primary Care programs and $6.5 million for the Infant-Toddler Services IDEA Part C Programs.

The **Governor** recommends operating expenditures for FY 2017 of $141.0 million, including $17.6 million from the State General Fund, and $7.1 million from the Children's Initiatives Fund. The recommendation is an all funds decrease of $745,481, or 0.5 percent, and a State General Fund decrease of $757,202 or 4.1 percent, below the agency request. The Children's Initiatives Fund recommendation is the same as the agency request.

The **Governor** concurs with the FY 2017 agency request with the following exceptions.

- Reduction of $493,208, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Reduction of $252,273, including $23,948 from the State General Fund, to reduce employer contributions for state employee health insurance.

The following table reflects requested and recommended Children's Initiatives Fund expenditures for FY 2014 - FY 2017.

CHILDREN'S INITIATIVES FUND -- FY 2014 – 2017
(Reflects Total for Agency)

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
Healthy Start Program	$ 237,914	$ 237,914	$ 237,914	$ 237,914	$ 237,914	$ 237,914	$ 237,914
Infant and Toddler	5,700,000	5,800,000	5,800,000	5,800,000	5,700,000	5,700,000	5,700,000
Smoking Prevention	946,671	946,671	946,671	946,671	946,671	946,671	946,671
SIDS Network Grant	96,374	96,374	96,374	96,374	96,374	96,374	96,374
Newborn Screening *	0	0	0	0	0	0	0
Newborn Hearing Aid Loaner	47,161	48,091	48,091	47,161	47,161	47,161	47,161
TOTAL	**$ 7,028,120**	**$ 7,129,050**	**$ 7,129,050**	**$ 7,128,120**	**$ 7,028,120**	**$ 7,028,120**	**$ 7,028,120**

* The Newborn Screening program is no longer funded from Children's Initiative Fund because it is now funded from the Newborn Screening Special Revenue Fund which receives funds from the Health Maintenance Organization privilege fees.

C. Health Care Finance

Executive Reorganization Order No. 38 transferred the duties and responsibilities for the Kansas Health Policy Authority, including the State Employee Health Plan, to the Kansas Department of Health and Environment as the Division of Health Care Finance in FY 2012. With the reorganization, the Division of Health Care Finance is responsible for developing policies, administering and managing programs that fund health care services for persons who qualify for Medicaid (Title XIX), MediKan, and the Children's Health Insurance Program (Title XXI).

Executive Reorganization Order No. 41, effective FY 2013, further delineated the roles and responsibilities for Medicaid by consolidating Medicaid fiscal and contractual management in the Kansas Department of Health and Environment. The Division of Health Care Finance has primary contract oversight responsibility for KanCare. The Division is responsible for interagency coordination and promoting integrated oversight.

The Division of Health Care Finance includes the Office of Director and three major program areas: Medicaid/KanCare, Program Finance and Informatics, and State Employee Benefits.

Office of the Director oversees the operations and administrative responsibilities of the agency, and is responsible for ensuring the agency's compliance with statutory obligations.

The office is responsible for coordinating all programs established to assist with the mission and vision of the Division.

Medicaid/KanCare

The Medicaid/KanCare, formerly Medicaid and HealthWave, program develops policies and administers and manages programs that fund health care services for persons who qualify for Medicaid, MediKan and the Children's Health Insurance Program (CHIP). Persons served by these programs include: low income children and adults, people with disabilities, and the elderly. In addition to administering cost-effective managed care and fee-for-service purchasing systems, the division contracts with and oversees a fiscal agent that operates the Medicaid Management Information System (MMIS), insures compliance with relevant federal rules and regulations and coordinates health care purchasing and planning among various State agencies.

Medicaid is a federal-state program that provides health and long-term care services to people with low incomes. All states currently participate in the Medicaid program and federal matching funds are available for the costs of these services. As a condition of state participation, each state must agree to cover certain populations (*e.g.*, elderly poor receiving Social Security Income) and certain services (*e.g.*, physician services). These eligibility groups and services are referred to as "mandatory" and are shown below:

Mandatory Populations

- Infants and children up to age 6 whose families earn less than 133 percent of the Federal Poverty Level (FPL);
- Children, age 6 and older, in households with incomes below 100 percent of the FPL;
- Parents whose income is below the state's threshold to receive Temporary Assistance to Families (TAF), roughly 30 percent of the FPL;
- Pregnant women up to 133 percent of the FPL;
- Seniors and individuals with disabilities who receive Supplemental Security Income (SSI) with incomes at or below 74 percent of the FPL;
- Certain working individuals with disabilities; and
- Medicare Buy-In groups: Qualified Medicare Beneficiaries (QMB); Special Low-Income Medicare Beneficiaries (SLMB); and Qualifying Individuals (QI)
- Mandatory Acute Care Benefits
- Physician services;
- Laboratory and x-ray services;
- Inpatient hospital services;
- Outpatient hospital services;
- Early and periodic-screening, diagnostic and treatment (EPSDT) services for individuals under 21;
- Family planning and supplies;
- Federally-qualified health center (FQHC) services;
- Rural health clinic services;
- Nurse midwife services; and
- Certified pediatric and family nurse practitioner services.

Mandatory Long-Term Care Benefits

- Institutional Services: Nursing facility (NF) services for individuals 21 or over.

Nearly all health care services purchased by KDHE are financed through a combination of state and federal matching dollars either through Title XIX (Medicaid) or Title XXI, the State Children's Health Insurance Program (CHIP). Under Title XIX the federal government provides approximately 57.0 percent of the cost of Medicaid services with no upper limit on what the federal government will reimburse the state. The state provides the remaining 43.0 percent of the cost of Medicaid services. Under Title XXI the federal government provides approximately 72.0 percent of the cost up to a maximum allotment, and the state provides the remaining 28.0 percent and any excess spent above the federal allotment. Health care services are purchased through both traditional fee-for-service and managed care models as described below.

As part of the Balanced Budget Act of 1997, Congress created Title XXI, Children's Health Insurance Program (CHIP), to address the growing problem of children without health insurance. The program was designed to expand health insurance to children whose families do not qualify for Medicaid. CHIP is a federal/state partnership similar to Medicaid. The program was designed to provide coverage to "targeted low-income children." A "targeted low-income child" is one who resides in a family with income below 200.0 percent of the Federal Poverty level (FPL) or whose family has an income no more than 50.0 percent higher than the state's Medicaid eligibility threshold. The 2009 Legislature approved and funded an expansion of CHIP to children in families up to 250.0 percent of the 2008 FPL. Kansas provides free or low cost health insurance coverage to children who:

- Are under the age of 19;
- Do not qualify for Medicaid;
- Have family incomes under 250.0 percent of the federal poverty level (2008 FPL standard); and
- Are not covered by State Employees' Health Insurance or other private health insurance.

In FY 2014, the State of Kansas, through the Division of Health Care Finance, spent over $1.6 billion purchasing health care services for more than 400,000 persons through the Medicaid and HealthWave programs. This makes it the third largest purchaser of health care services and the largest purchaser of children's health care services in Kansas. About 70.0 percent of the people served were low income children and families and the Medicaid program pays for approximately 40.0 percent of the births in the state.

In January 2013, KanCare replaced the existing Medicaid and HealthWave models for Medical Assistance as its plan to reform the State's Medicaid system. The cornerstone of the reform is the integrated care system, called KanCare, which focuses on improving health outcomes for Kansas that is intended to bend the cost curve of Medicaid down over time.

The State of Kansas awarded contracts for the provision of KanCare program services to three managed care organizations: Amerigroup Kansas Inc., Sunflower State Health Plan, and United Healthcare of the Midwest, Inc. Each of the three contracts includes a number of provisions intended to ensure the managed care organizations (MCO's) meet the expectations of the State. Included in the contracts are pay-for-performance measures and requirements that the managed care organizations manage and report on a number of quality measures. The agency notes it expects the program to net significant savings through the improved care coordination and achieving improved outcomes.

The Medicaid/KanCare Division is comprised of the following sections: Strategic Purchasing; Eligibility; Operations; and Interagency Coordination/Contract Monitoring.

Strategic Purchasing oversees health care purchasing and delivery for two primary Medicaid population groups: low income families and the aged, blind, and disabled. The agency purchases health care through three product lines: capitated managed care, Primary Care Case Management (PCCM) and fee-for-service. The Strategic Purchasing Unit has been responsible for managing the contracts with historical managed care organizations (MCO) – Coventry, UniCare Health Plan of Kansas (UC), Cenpatico Behavioral Health (CBH) and Medical Transportation Management (MTM) and monitors the delivery of care through Medicaid fee-for-service and the PCCM program - HealthConnect Kansas (HCK). Beginning in January 2013, all managed care will be delivered through the three KanCare MCOs: Amerigroup Kansas, Sunflower State Health Plan, and United Healthcare of the Midwest.

The Strategic Purchasing Unit also monitors utilization trends and develops policy solutions and quality improvements. The Pharmacy section is responsible for directing the Medicaid fee-for-service pharmacy program. This unit oversees payments and policy development for establishing reimbursement rates and upper payment limits, establishing diagnosis-related groups (DRGs) for Medicaid inpatient services and establishing capitation rates for Medicaid and CHIP managed care. The unit also conducts reviews of cost reports and financial data to determine appropriate payments for providers.

Eligibility has four units that oversee all aspects of Medicaid eligibility. The *Eligibility Policy Unit* is responsible for overseeing all program, policy, training and outreach activities related to beneficiaries and their enrollment into the program. This unit interprets federal and state laws and regulations, issues policies about who is eligible and how eligibility is determined, coordinates issues related to the customer experience and actively works with community partners to develop strategies for enrolling eligible beneficiaries.

The unit is also responsible for developing a statewide training strategy for state eligibility workers as well as community partners who assist with application preparation.

The *Kansas Eligibility Enforcement System (KEES)* project is an eligibility system that will be used to determine eligibility for Medicaid, CHIP, and other medical assistance programs. KDHE is partnering with the Department for Children and Families so eligibility for other human service programs will be included, such as TANF, SNAP, child care assistance, LIEAP, and others. KEES is funded through a combination of state and federal funds and takes advantage of temporary federal spending authority. Through December 31, 2015, CMS has promulgated regulations to allow eligibility and enrollment systems to receive 90.0 percent federal funding (10.0 percent State funding) just as with Medicaid Management Information Systems (MMIS). States may also get 75.0 percent federal (25.0 percent State) funding for ongoing maintenance and operations indefinitely. In addition, the Federal Office of Management and the Budget (OMB) has granted an exception to OMB 87 rules that require cost allocation across any programs that will benefit from the system. This allows Kansas to make extended use of the 90 percent federal funding for an entire Medicaid eligibility system and pay only the incremental costs of adding human service programs at those lower match rates.

Phase 1 implemented the medical assistance online application in July 2012. Phase 2 will implement a full range of medical assistance eligibility and was scheduled to implement in Fall 2014. The agency indicates full KEES has not gone into production yet and it is currently working on a schedule for final testing and bug remediation that will help the agency determine the adjusted date, but that has not been set yet. In spring 2015, Phase 3 is scheduled to implement the human services components.

The *Working Healthy* unit promotes independence and increased self-reliance on the part of individuals with disabilities by incentivizing employment through the Kansas Medicaid Buy-In program, Working Healthy, the personal assistance component of the program, WORK, and other Medical employment initiatives. Program staff is responsible for program policy, outreach, work incentives, education, benefits planning, enrollment facilitation, premium oversight, and management of WORK.

Medicaid Operations is responsible for the procurement, management, and oversight of all contracts that include Medicaid and CHIP funding. It oversees more than 125 contracts valued in excess of $500 million. It is also responsible for program integrity and the management of third-party liability collections from primary insurance carriers and Medicare. In addition, Medicaid Operations is responsible for claims processing, dispute resolution, fair hearings and implementation of policy changes and federal mandates. Primary responsibility for provider and beneficiary relations and communication about the program are also included in this section.

Interagency Coordination/Contract Monitoring has primary contract oversight responsibility for KanCare. This section is responsible for inter-agency coordination, promoting integrated oversight in cooperation with Kansas Department for Aging and Disability Services. The section also will guide KanCare MCO contract management, including the implementation and monitoring of contract deliverables, amendments, and quality improvement and compliance plans.

Program Finance and Informatics

The Program, Finance and Informatics section provides financial analysis and estimations of the State's Medicaid and Children's Health Insurance Program (CHIP) to all Division of Health Care Finance (DHCF) program areas.

Finance Unit is charged with the fiscal management and accurate financial reporting for the Division. Key finance activities include: managing the budget submission; accurately reporting expenditures and revenues to the federal government; and prudently managing cash balances, receipts and receivables. The Accounting section manages all payables processing, including reconciling contractor pay tapes for provider payments, managing contract encumbrances and developing management reports to guide decision making.

Informatics Unit provides Kansas Department of Health and Environment (KDHE) with information for data driven policy setting and continuous improvement of programs. This is accomplished through the collection of health and health care information from health care claims of the Kansas Medicaid population including programmatic and administrative data as well as market generated data. Also, the unit administers the Kansas Health Insurance Information System (KHIIS), Health Professional Licensure and the Hospital Inpatient Discharge data set which produce standard as well as *ad-hoc* reports. Finally, the unit designs, implements, maintains, and automates dashboards and reports employing state of the art best practices in data visualization/presentation to enhance decision-making by staff and other health industry stakeholders.

Projections Unit is responsible for collaborating with program staff to compute the fiscal impact of proposed policies, forecast caseloads, and provide projections for CMS. The unit is also responsible for assisting with the development of the Division's budget and estimating interagency expenditures for Medicaid assistance. This unit tracks and evaluates legislative activities that may impact activities of the Division.

Medicaid Eligibility Quality Control (MEQC) is a federally mandated unit that completes in depth analysis of compliance with state and federal regulations surrounding eligibility for Medicaid benefits. MEQC audits both the HealthWave Clearing House and the Kansas Department of Children and Families for Medicaid accuracy. Additionally, MEQC conducts eligibility and payment reviews of Medicaid and CHIP for the Payment Error Rate Measurement (PERM) project.

State Employee Benefit Plan

State Employee Health Benefit Plan (SEHBP) administers health benefits for state employees, retirees, non-state group members, and state employees with worker's compensation claims. The plan is overseen by the Health Care Commission which was statutorily created in 1984 to design and implement a health care benefits program. Coverages included in the plan are medical, prescription drugs, dental and employee health and wellness, and vision.

Total enrollment numbers in the SEHP include active employees, retirees, employees receiving long-term disability payments, employees on leave without pay, non-State public employer groups, qualified beneficiaries on COBRA and other individuals identified in K.A.R. 108-1-1, K.A.R. 108-1-3 and K.A.R. 108-1-4. There are 174 non-State public employers participating in the SEHP. As of July 1, 2014, non-State public employers included 32 school districts; 83 cities, counties or townships; 24 extension offices or libraries; 16 public hospitals; 10 housing authorities, nine miscellaneous local government entities and one rural water district. The number of members in the groups range from one to 600. There are 20 groups who have more than 200 and 40 have between 100 and 200 members.

ENROLLMENT FIGURES

Group	Participants
Active State of Kansas employees	34,484
Active entities (education and local units	6,912
Direct bill/Retiree member	11,449
COBRA member	89
Total	**52,934**

Note: Total may not add due to rounding.

Currently, 94 percent of active State employees and 97 percent of the non-State public employer population are enrolled. For the active State population, 50 percent are enrolled in single coverage and 50 percent provide coverage for their dependents.

Reportable expenditures for this program represent costs for administering the program as it relates to non-state employee members such as local units of government and school districts. All other expenditures related to the operation of the program are included in the non-reportable section as they are financed by payments from state agencies.

Health Plan Ancillary Services includes the following:

Flexible Spending Accounts (FSA) programs are administered through a third-party administrator. The FSA programs are offered to active State of Kansas employees and include a health care FSA to help employees pay with pre-tax dollars expenses not covered by their health, dental and vision plans and a dependent care FSA to help employees pay day care expenses for their dependents under age 13 or elder care. Currently there are 7,339 active State employees that participate in these programs.

Premium Billing Administration services are provided for the public employers and direct bill programs offered through the State Employees' Health Plan. The administrator provides invoices to the members, collects premiums and remits premiums back to the State. There are 26,771 members participating in these two programs.

Employee Health and Wellness, or HealthQuest, was instituted in 1988 to provide wellness programs with the goal of improving employee health and reducing health care costs. Program offerings include an annual online health assessment and health screening, health coaching, web-based lifestyle programs, online health resources, condition and disease management programs, employee assistance counseling and referrals, life coaching, a wellness newsletter, a blog and wellness presentations for employee groups across Kansas.

Workers' Compensation Program for state employees is called the State Self Insurance Fund. The Fund was implemented in 1972. It is a self-insured, self-administered program funded by agency rates based on experience rating. The program manages and processes claims for injuries that arise out of and in the course of employment. Medical compensation to treat the employee's injury does not have a cap. Medical payments to providers are based on a fee schedule developed by the Workers' Compensation Division of the Kansas Department of Labor. Additionally, compensation is paid for loss of time, permanent impairment or death. A medical review service is utilized to review claims for medical appropriateness, nurse case management on complex cases and pricing. On average, 282 accident reports are received monthly. In FY 2014, the SSIF spent about $21.3 million on claims expenses, with about 70.0 percent for medical services and 30.0 percent for indemnity. Payments to injured workers are reflected in the other assistance expenditures in the non-reportable budget.

HEALTH CARE FINANCE 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	$ 10,831,364	$ 12,430,794	$ 12,291,099	$ 12,654,029	$ 12,512,275	$ 13,224,110	$ 13,079,549
Contractual Services	124,028,282	118,262,240	118,021,974	121,777,110	121,342,203	102,097,568	101,662,661
Commodities	336,280	42,648	42,648	42,648	42,648	42,648	42,648
Capital Outlay	686,306	302,917	302,917	563,039	563,039	583,717	583,717
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 135,882,232	$ 131,038,599	$ 130,658,638	$ 135,036,826	$ 134,460,165	$ 115,948,043	$ 115,368,575
Aid to Local Units	15,026,476	0	0	0	0	0	0
Other Assistance	1,868,475,132	2,022,311,009	2,085,511,009	2,028,851,983	2,198,934,485	2,035,861,788	2,180,834,786
TOTAL	$ 2,019,383,840	$ 2,153,349,608	$ 2,216,169,647	$ 2,163,888,809	$ 2,333,394,650	$ 2,151,809,831	$ 2,296,203,361
Financing:							
State General Fund	$ 698,033,238	$ 741,540,792	$ 765,414,704	$ 741,072,186	$ 842,235,939	$ 741,062,621	$ 862,499,212
All Other Funds	1,321,350,602	1,411,808,816	1,450,754,943	1,422,816,623	1,491,158,711	1,410,747,210	1,433,704,149
TOTAL	$ 2,019,383,840	$ 2,153,349,608	$ 2,216,169,647	$ 2,163,888,809	$ 2,333,394,650	$ 2,151,809,831	$ 2,296,203,361
FTE Positions	140.4	140.4	140.4	129.7	129.7	129.7	129.7
Non-FTE Uncl. Perm. Pos.	36.4	36.4	36.4	42.4	42.4	42.4	42.4
TOTAL	176.8	176.8	176.8	172.1	172.1	172.1	172.1

The **agency** requests operating expenditures for FY 2016 of $2.2 billion for the Health Care Finance Function, including $741.1 million from the State General Fund. The request is an all funds increase of $10.5 million, or 0.5 percent, above and a State General Fund decrease of $468,606, or 0.1 percent, below the FY 2015 agency request. The all funds increase is largely due to an increase in other assistance for medical programs and an increase in contractual services expenditures. The budget includes 129.7 FTE positions, a decrease of 10.8 FTE positions below, and 42.4 non-FTE unclassified positions, an increase of 6.1 non-FTE unclassified positions above, the FY 2015 agency request. This Division also has off budget expenditures of $42.4 million for the Health Benefits and Workers Compensation programs.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $12.7 million, an increase of $223,235, or 1.8 percent, above the FY 2015 agency request. The increase is primarily due to rising fringe costs.

- **Contractual Services** expenditures of $121.8 million, an increase of $3.5 million, or 3.0 percent, above the FY 2015 agency request. Major expenses in this category are professional and contractual services related to the operation of the Medicaid fiscal agent, Eligibility Clearinghouse, and for Electronic Health Record incentive payments to Medicaid providers. This requests provides funding for MMIS contract procurement technical assistance and $52.9 million all funds is budgeted to complete the transition of fiscal agent contractor. An additional $16 million all funds is requested for provider incentive payments to upgrade and install new systems to provide electronic health records.

- **Commodities** expenditures, largely for office supplies, of $42,648, the same as the FY 2015 agency request.

- **Capital Outlay** expenditures of $563,039, an increase of $260,122, or 85.9 percent, above the FY 2015 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades.

- **Other Assistance** expenditures of $2.0 billion, an increase of $6.5 million, or 0.3 percent, above the FY 2015 agency request due to an increase in expenditures for medical programs.

The **Governor** recommends operating expenditures for FY 2016 of $2.3 billion, including $842.2 million from the State General Fund. The recommendation is an all funds increase of $169.5 million, or 7.8 percent, and a State General Fund increase of $101.2 million or 13.7 percent, from the agency request.

The **Governor** concurs with the FY 2016 agency request with the following exceptions.

- Addition of $162.7 million, including 86.4 million from the State General Fund, to fully fund the November Human Services Consensus Caseload estimates.

- Reduction of $434,907, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Addition of $12.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the State General Fund in FY 2015 as part of the Governor's allotment plan.

- Reduction of $57.0 million, including $25.0 million from the State General Fund, for reduced expenditures due to policy changes in the KanCare Medical Program.

- Addition of $64.4 million, including $28.2 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent.

- Reduction of $141,754, including $38,432 from the State General Fund, to reduce employer contributions for state employee health insurance.

The **agency** requests operating expenditures for FY 2017 of $2.2 billion for the Health Care Finance Function, including $741.1 million from the State General Fund. The budget includes 129.7 FTE positions and 42.4 non-FTE unclassified positions, the same as the FY 2016 agency request. This Division also has off budget expenditures of $41.1 million for the Health Benefits and Workers Compensation programs.

The request reflects an increase in salaries and wages due to the 27th payroll expenses which occur in FY 2017. The request is an all funds decrease of $12.1 million, or 0.6 percent, below and a State General Fund decrease of $9,565, or less than 0.1 percent, below the FY 2016 agency request. The all funds decrease is largely due to a decrease in contractual services expenditures offset slightly by increases in other assistance for medical programs and salaries and wages expenditures.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $13.2 million, an increase of $570,081, or 4.5 percent, above the FY 2016 agency request. The increase is primarily due to expenses associated with the 27th payroll.

- **Contractual Services** expenditures of $102.1 million, a decrease of $19.7 million, or 16.2 percent, below the FY 2016 agency request. This request provides for printing enrollment packets, communication expenditures, and limited travel and provides funding for MMIS contract procurement technical assistance. Decreases in contractual expenses is partially off set with an additional $14 million all funds for provider incentive payments to upgrade and install new systems to provide electronic health records.

- **Commodities** expenditures, largely for office supplies, of $42,648, the same as the FY 2016 agency request.

- **Capital Outlay** expenditures of $583,717, an increase of $20,678, or 3.7 percent, above the FY 2016 agency request. The largest expenditures in this category are for projected replacements of technology items as well as system upgrades.

- **Other Assistance** expenditures of $2.0 billion, an increase of $7.0 million, or 0.3 percent, above the FY 2016 agency request due to an increase in expenditures for medical programs.

The **Governor** recommends operating expenditures for FY 2017 of $2.3 billion, including $862.5 million from the State General Fund. The recommendation is an all funds increase of $144.4 million, or 6.7 percent, a State General Fund increase of $121.4 million, or 16.4 percent, above the agency request.

The **Governor** concurs with the FY 2017 agency request with the following exceptions.

- Addition of $164.7 million, including $109.6 million from the State General Fund, to fully fund the November Human Services Consensus Caseload estimates.

- Reduction of $434,907, all from the State General Fund, to continue the 4.0 percent reduction to Cabinet and other State General Funded agencies as part of the Governor's FY 2015 allotment.

- Addition of $21.0 million, all from the State General Fund, to replace the Medical Program Fee Fund transfer to the State General Fund in FY 2015 as part of the Governor's allotment plan.

- Reduction of $57.0 million, including $25.0 million from the State General Fund, for reduced expenditures due to policy changes in the KanCare Medical Program.

- Addition of $66.6 million, including $29.3 million from the State General Fund, as a result of the Managed Care Organization (MCO) privilege fee increasing from 1.0 percent to 5.5 percent.

- Reduction of $144,561, including $39,190 from the State General Fund to reduce employer contributions for state employee health insurance.

The Governor issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. These associated saving will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicates this reorganization is anticipated to streamline the licensing process.

D. Environment

The **Division of Environment** protects the environment and public health through compliance, enforcement, and proactive activities. The Division includes the Bureaus of Waste Management, Air, Water, Environmental Remediation, Environmental Field Services (including the Office of the Director of Environment), and the Health and Environment Laboratories.

The ***Bureau of Waste Management*** has primary responsibility for the solid waste, hazardous waste, and waste tire programs which are entirely funded from state fees and federal grants. The Bureau works with the Bureau of Environmental Field Services for inspections and the Bureau of Environmental Remediation for closed city dump remediation and corrective action.

The ***Bureau of Air*** protects the public from the harmful effects of air pollution and conserves the natural resources of the state by preventing damage to the environment from the releases of air contaminants.

The ***Bureau of Water*** issues permits for wastewater treatment, control and disposal for municipalities, industries, commercial and livestock entities and is heavily influenced by Federal law and regulation. The Bureau also regulates and permits the construction and operation of public water supplies. The Bureau provides training to system operators, administers two low interest loan programs for water works and wastewater treatment works; administers programs to address non-point sources of pollution; and regulates the storage of natural gas and liquefied petroleum in natural underground salt formations.

The ***Bureau of Environmental Remediation*** identifies, investigates, and takes appropriate remedial actions when pollution endangers the public health, natural resources, and environment of the state. Responsibilities include investigating pollution sources, designing and overseeing remedial activities at contaminated sites, and negotiating with parties responsible for effective cleanup. The Bureau also utilizes remediation funds to take corrective action at sites where a responsible party cannot be found or is recalcitrant. In addition, the Bureau is also responsible for administering the duties of the Department related to the regulation and clean-up of alleged illegal drug manufacturing sites.

The ***Bureau of Environmental Field Services***, which includes the Office of the Director of the Division, administers all environmental program operations at six district offices and provides scientific, technical, and operational support to the programs in the Division. This bureau is also responsible for the stream segment classification program. District and satellite offices provide direct services, inspections, and technical assistance to businesses and industries.

The ***Health and Environment Laboratories*** provide comprehensive chemical and biological analyses on a large volume of clinical specimens and environmental samples. The Chemistry Laboratory conducts analyses to evaluate environmental water quality, to define radiological hazards, and monitor the use and disposal of chemicals. The Radiochemistry Laboratory performs radiological testing of public drinking water samples, ambient water samples, and samples related to issuance of radioactive material licenses. The Microbiology, Virology, and Serology Laboratories conduct analyses to characterize and diagnose infectious diseases, foodborne epidemics, intestinal illnesses, and sexually transmitted diseases. The Neonatal Chemistry Laboratory tests for potential genetic defects in infants. Laboratory Improvement and Certification evaluates regulated clinical, environmental, and breath alcohol laboratories using established standards to ensure data quality.

ENVIRONMENT 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	$ 27,166,088	$ 29,994,387	$ 29,686,837	$ 30,174,403	$ 29,872,028	$ 31,543,048	$ 31,234,619
Contractual Services	23,432,881	20,303,923	20,303,923	20,124,984	20,124,984	19,941,280	19,941,280
Commodities	3,115,799	3,073,149	3,073,149	2,866,029	2,866,029	2,827,959	2,827,959
Capital Outlay	904,061	799,511	799,511	654,168	654,168	654,733	654,733
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 54,618,829	$ 54,170,970	$ 53,863,420	$ 53,819,584	$ 53,517,209	$ 54,967,020	$ 54,658,591
Aid to Local Units	3,437,427	3,647,485	3,647,485	3,481,658	3,481,658	3,175,968	3,175,968
Other Assistance	2,217,328	4,809,849	4,809,849	2,103,202	2,103,202	1,782,952	1,782,952
TOTAL	$ 60,273,584	$ 62,628,304	$ 62,320,754	$ 59,404,444	$ 59,102,069	$ 59,925,940	$ 59,617,511
Financing:							
State General Fund	$ 5,218,790	$ 5,213,035	$ 5,169,837	$ 4,379,532	$ 4,341,609	$ 4,499,447	$ 4,460,764
All Other Funds	55,054,794	57,415,269	57,150,917	55,024,912	54,760,460	55,426,493	55,156,747
TOTAL	$ 60,273,584	$ 62,628,304	$ 62,320,754	$ 59,404,444	$ 59,102,069	$ 59,925,940	$ 59,617,511
FTE Positions	345.6	293.5	293.5	293.5	293.5	293.5	293.5
Non-FTE Uncl. Perm. Pos.	86.5	135.0	135.0	135.0	135.0	135.0	135.0
TOTAL	432.1	428.5	428.5	428.5	428.5	428.5	428.5

The **agency** requests FY 2016 expenditures of $59.4 million, a decrease of $3.2 million, or 5.1 percent, below the FY 2015 request. The request includes $4.4 million from the State General Fund, a decrease of $833,503, or 16.0 percent, below the FY 2015 request, and $1.8 million from the State Water Plan Fund, a decrease of $1,014, or 0.1 percent, below the FY 2015 request. This decrease is largely attributable to decreases in other assistance, though there are decreases in all categories other than salaries and wages.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $30.2 million, an increase of $180,016, or 0.6 percent, above the FY 2015 request.

- **Contractual Services** expenditures of $20.1 million, a decrease of $178,939, or 0.9 percent,

below the amount requested for FY 2015. This decrease is attributable to decreased expenditures for servicing laboratory equipment and for professional remediation services.

- **Commodities** expenditures of $2.9 million, a decrease of $207,120, or 6.7 percent, below the FY 2015 request. This decrease is largely attributable to laboratory supplies such as solvents, glassware, chemical reagents, standards, and media for microbiological assays used during sample preparation and scientific testing procedures.

- **Capital Outlay** expenditures of $654,168, a decrease of $145,343, or 18.2 percent, below the FY 2015 request. The decrease is attributable to decreased furniture expenditures.

- **Other Assistance** expenditures of $2.1 million, a decrease of $2.7 million, or 56.3 percent, below the FY 2015 request. This decrease is attributable to decreased spending for assessment and remediation of contamination from dry cleaning facilities and for site-specific activities at other contaminated locations.

The **Governor** recommends FY 2016 expenditures of $59.1 million, a decrease of $302,375, or 0.5 percent, below the agency request. The recommendation includes $4.3 million from the State General Fund, a decrease of $37,923, or 0.9 percent, and $552,424 from the State Water Plan Fund, a decrease of $5,727, or 1.0 percent, below the agency request. The recommendation concurs with the agency request with the following exception:

- Reduction of $302,375, including $37,923 from the State General Fund, to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 expenditures of $59.9 million, an increase of $521,496, or 0.9 percent, above the amount requested for FY 2016. The all funds increase is largely attributable to increases in salaries and wages, offset in part by decreases in contractual services, aid to local units, and other assistance.

Category of expenditures in the request are detailed below.

- **Salaries and Wages** expenditures of $31.5 million, an increase of $1.4 million, or 4.5 percent, above the FY 2016 request. The increased expenditures for salaries and wages is largely attributable to expenses related to the 27th pay period that occurs for all state agencies in FY 2017.

- **Contractual Services** expenditures of $19.9 million, a decrease of $183,704, or 0.9 percent, below the FY 2016 request. The decrease is attributable to decreased expenditures for watershed restoration and protection strategies (WRAPS) and total maximum daily load (TMDL) work in the Water program, as well as for investigations and remedial actions at contaminated sites.

- **Aid to Local Units of Government** expenditures of $3.2 million, a decrease of $305,690, or 8.8 percent, below the FY 2016 request. This

decrease is attributable to the solid waste program, which has decreased spending for grants and clean-up work in part due to declining revenue from a landfill tonnage fee.

- **Other Assistance** expenditures of $1.8 million, a decrease of $320,250, or 15.2 percent, below the FY 2016 request. This decrease is attributable to decreased spending for site-specific assessment and remediation activities at other contaminated locations funded by the Natural Resources Damages Trust Fund.

The **Governor** recommends FY 2017 expenditures of $59.6 million, a decrease of $308,429, or 0.5 percent, below the agency request. The recommendation includes $4.5 million from the State General Fund, a decrease of $38,683, or 1.0 percent, and $572,721 from the State Water Plan Fund, a decrease of $5,842, or 1.0 percent, below the agency request. The recommendation concurs with the agency request with the following exception.

- Reduction of $308,429, including $38,683 from the State General Fund, to reduce employer contributions for state employee health insurance.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of clients accessing primary health clinics	709,399	704,342	710,000	715,000	720,000
Average number of WIC participants served annually	129600	116,228	131,300	131,800	132,300
Immunization rate for hepatitis B, measles, and DPT	80.0%	83.0%	88.0%	90.0%	90.0%
Number of Children (ages 0-2) receiving services from Infants and Toddlers Program	9,040	8,927	9,150	9,350	9,550
Number of permitted hazardous waste facilities	45	43	45	46	46
Number of public water supplies tested annually	46,000	46,000	46,000	46,000	46,000
Number of new petroleum storage tank trust fund sites approved	20	27	25	25	25
Number of annual inspections at solid waste sites	590	408	590	590	590

Department for Children and Families

	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	$ 212,957,715	$ 218,833,952	$ 224,315,934	$ 228,014,716	$ 218,242,880	$ 234,745,930	$ 226,656,275
Other Funds	373,000,078	400,080,708	380,714,988	399,011,393	385,261,947	393,848,403	382,238,510
TOTAL	$ 585,957,793	$ 618,914,660	$ 605,030,922	$ 627,026,109	$ 603,504,827	$ 628,594,333	$ 608,894,785
Capital Improvements:							
State General Fund	$ 2,179	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	14,980	0	0	0	0	0	0
TOTAL	$ 17,159	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
GRAND TOTAL	**$ 585,974,952**	**$ 618,914,660**	**$ 605,030,922**	**$ 627,026,109**	**$ 603,504,827**	**$ 628,594,333**	**$ 608,894,785**
Percentage Change:							
Operating Expenditures							
State General Fund	(6.0) %	2.8 %	5.3 %	4.2 %	(2.7) %	3.0 %	3.9 %
All Funds	(6.0)	5.6	3.3	1.3	(0.3)	0.3	0.9
FTE Positions	2,647.3	2,251.5	2,251.5	2,251.5	2,251.5	2,251.5	2,251.5
Non-FTE Perm.Uncl.Pos.	154.5	278.5	278.5	260.5	260.5	260.5	260.5
TOTAL	2,801.8	2,530.0	2,530.0	2,512.0	2,512.0	2,512.0	2,512.0

The Department for Children and Families (DCF) is a cabinet-level agency headed by a secretary appointed by the Governor. The mission of the agency is to protect children, promote healthy families, and encourage personal responsibility. The Department operates through four Divisions: Administration, Family Services, Supported Business, and Regional Offices.

MAJOR ISSUES FROM PRIOR YEARS

Deficit Reduction Act of 2005. The federal Deficit Reduction Act of 2005 (DRA), signed into law in February 2006, impacts numerous programs administered by the agency.

The law impacts numerous programs under the Social Security Act including those related to child welfare (Federal Title IV-B or Family Preservation, Parts I & II, and Federal Title IV-E or Foster Care). The most significant impact relates to the reversal of an earlier interpretation that allowed states to claim Title IV-E for administrative costs for otherwise IV-E eligible children placed in unlicensed foster homes. The law limits the Title IV-E administrative costs states can claim for children placed with an unlicensed or unapproved relative to only children that meet other restrictive criteria. The 2007 Legislature added $8.1 million from the State General Fund in FY 2007 to replace federal funds denied by the federal Centers for Medicare and Medicaid Services for mental health services for children in the child welfare system.

The Act contains several provisions which impact Child Support Enforcement (CSE) funding. The largest impact is a change which prohibits states from using federal CSE incentive earnings as state matching funds, effective October 1, 2007. Also during FY 2008, CSE will be required to implement a mandatory annual fee on collections for families who have never been on public assistance and pay 66 percent of it to the federal government. Starting October 1, 2006, the federal match rate for genetic testing was reduced from 90 percent to 66 percent. The 2007 Legislature added $6.4 million, including $2.2 million from the State General Fund, to replace federal child support enforcement funds lost due to the Deficit Reduction Act of 2005.

The reauthorization of the Temporary Assistance to Needy Families (TANF) program was also included in the DRA. The bill provides for level funding of the block grant through September 30, 2010, therefore Kansas' block grant will continue to be $101.9 million. However, the bill creates stricter work requirements for states by eliminating state flexibility in defining work activities, requiring verification through source documents of actual hours of work participation, and recalibrating the caseload reduction credit which will raise the Kansas work participation requirement from 39 percent to an estimated 45 percent. The agency indicates that these changes will make it extremely difficult to meet the TANF work participation rates and have a significant impact on the workload of DCF staff. Failing to meet the TANF work participation requirement will result in a penalty, based on the severity of under-performance, to reduce the state's block grant followed by the state's requirement to replace this loss with state funds in the ensuing year.

Level V and VI/Private Residential Treatment Facilities (PRTFs). The services provided in Level V and VI residential settings were part of a range of service options for youth in Kansas needing specialized mental health or behavioral health

supports. Starting in the spring of 2004 the federal Centers for Medicare and Medicaid Services (CMS) notified SRS that substantial portions of the current Medicaid State Plan governing a variety of services were considered out of compliance with practice standards. One of the key issues CMS was concerned about related to services provided in Level V and VI settings, most of which are classified as Institutes for Mental Disease (IMDs) under federal regulations but were differently classified by Kansas. For youth under the age of 22, the only Medicaid service available to youth residing in IMDs is inpatient psychiatric services for Under Age 21. Facilities providing this service must have accreditation, and the payment rate must be all-inclusive, providing all services (including physical health care) necessary for the residents. The agency reports that it, in connection with other stakeholders considered a number of ways to provide resolution to the issue. The agency reports that the group of stakeholders convened to discuss options concluded that the only functional option was to acknowledge that they are primarily IMDs, and to assist them in preparing to deliver services within that structure. At the end of June 2006, SRS and the Medicaid State Agency submitted proposals to implement extensive amendments to the current state plan (discussed below) including the addition of private Psychiatric Residential Treatment Facilities (PRTF) services to address the IMD issues associated with youth psychiatric residential services. Under the revised state plan, the only residential facilities for children experiencing behavioral and emotional problems that will be reimbursed by Medicaid are PRTFs. The agency requested $9.2 million, including $7.5 million from the State General Fund, in both FY 2008 and FY 2009 to reimburse child welfare contractors for the increased costs of providing services for those children for which PRTFs are not the appropriate placements.

Child Care Assistance. The 2007 Legislature added $2.6 million from federal funds to address increased child care assistance caseloads in FY 2007. In addition, $7.6 million in federal funding was added for FY 2008 caseloads.

The 2008 Legislature added $2.5 million, all from the State General Fund, in FY 2009 for child care caseload increases.

Grandparents as Caregivers. The 2006 Legislature passed SB 62 which created the state-funded Grandparents as Caregivers program, effective January 1, 2007. A grandparent or other qualifying relative is eligible to participate in the program if he or she is at least 50 years old; has custody of a grandchild through state placement, legal guardianship or other legal means, has an annual income of less than 130 percent of the federal poverty level, and the parent or parents of the child, do not reside with them. Subject to appropriations, program participants will receive $200 per grandchild per month not to exceed a total of $600 per month.

Early Head Start Program. The 2007 Legislature added $1.6 million, all from the Children's Initiative Fund, to expand the Early Head Start program.

Pre-K Pilot. The 2007 Legislature added $3.0 million, all from the Children's Initiatives Fund, in FY 2008 to expand the Pre-K pilot program.

Child Protective Services. The 2008 Legislature appropriated $9.0 million from the State General Fund in FY 2008 and $6.0 million from the State General Fund in FY 2009 for improved intake and assessment for Child Protective Services.

Disaster Funding. The 2008 Legislature appropriated $2.2 million from federal disaster funding in FY 2008 to provide emergency and on going mental health services to victims of the Greensburg tornado and the Southeast Kansas flooding.

Childhood Block Grant. The 2008 Legislature appropriated $11.1 million, all from the Children's Initiatives Fund, for a new early childhood block grant to be administered by the Children's Cabinet in FY 2009.

The **2009 Legislature** passed SB 134, which limits the court's jurisdiction over a child in need of care to the child's 18th birthday or June 1 of the school year during which the child turns 18 if the child is still in high school, unless there is no court-approved transition plan. If there is no court approved transition plan, the court retains jurisdiction over the child until a transition plan is approved by the court or until the child's 21st birthday. The bill amends prior law to authorize the Department of Social and Rehabilitation Services obtain custody of a child 15 years or younger, a 16- or 17-year-old child if the child has no identifiable parental or family resources, or a 16- or 17-year-old child if the child shows signs of physical, mental, emotional, or sexual abuse.

The **2009 Legislature** approved savings of $1.7 million, including $1.5 million from the State General Fund, in FY 2010 as a result of changing custody policy for children in need of care, to release the children from the custody of the state at age 18 instead of 21. In addition, the 2009 Legislature approved savings of $3.1 million, including $2.8 million from the State General Fund, in FY 2010 as a result of changing the youth custody policy so that youth age 16 or older will only be placed in the custody of the state for reasons of maltreatment.

The **2009 Legislature** reduced FY 2009 appropriations by $11.5 million, including $5.2 million from the State General Fund, for a 1.25 percent across the board reduction, excluding human services consensus caseloads.

The **2009 Legislature** also added $27.3 million, all from federal funds, in FY 2009 to reflect increased funding received for the Low Income Energy Assistance Program (LIEAP) and reduced the consolidated grants to the Community Mental Health Centers by $1.8 million, all from the State General Fund in FY 2009. In addition, the Legislature reduced salaries and wages in FY 2009 by $3.9 million, including $1.9 million from the State General Fund, below the FY 2009 approved amount.

The **2009 Legislature** approved savings of $15.1 million, including $14.1 million from the State General Fund, in FY 2010 from renegotiating the foster care contract.

The **2009 Legislature** added $520,000, all from the State General Fund, in FY 2010 to maintain partial funding for the Funeral Assistance program, to allow payments of up to $545 per funeral.

The **2009 Legislature** added funding of $487,500, all from the State General Fund, in FY 2010 for the contract with Kansas Legal Services which was transferred from the Kansas Health Policy Authority. In addition, the Legislature included language directing that expenditures of $50,000 would be made in FY 2010 from the Children's Initiatives Fund to provide training for the early diagnosis of autism.

The **2010 Legislature** added $2.0 million from all funding sources, and deleted $16.6 million from the State General Fund, for human services consensus caseload estimates in FY 2010.

The **2010 Legislature** approved the policy limiting General Assistance eligibility to 12 months from the current 18 months of eligibility. This limitation was estimated to result in savings of $592,696, including $381,122 from the State General Fund. It was estimated that this policy change would result in approximately 494 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature approved the policy limiting MediKan Mental Health Assistance eligibility to 12 months from 18 months of eligibility. This limitation was estimated to result in

savings of $820,587, all from the State General Fund. It is estimated that this policy change would result in approximately 190 individuals losing eligibility in FY 2011. In addition, the 2010 Legislature deleted $519,900, all from the State General Fund, to eliminate the funeral assistance program for FY 2011, leaving $100 in this program for FY 2011.

The **2010 Legislature** deleted $4.1 million, including $1.8 million from the State General Fund, or 2.5 percent, for a salary and wages reduction for FY 2011.

The **2010 Legislature** added language directing the agency to contract with Kansas Legal Services for disability determination case management and legal representation for FY 2011.

In addition, the **2010 Legislature** deleted $500,000, all from the State General Fund, to reduce funding for administration for FY 2011.

The **2010 Legislature** deleted $3.6 million from all funding sources, and added $2.6 million from the State General Fund, for human services consensus caseload estimates for FY 2011.

By the end of FY 2010, the Rehabilitation Center for the Blind and Visually Impaired was closed by the agency. Individuals previously served at the facility are now being served in the community.

The **2011 Legislature** deleted $9.9 million, all from the State General Fund, for FY 2012 to reflect a 5.0 percent reduction in State General Fund expenditures excluding human services consensus caseload programs. In addition, the Legislature deleted $1.0 million, all from the State General Fund, for FY 2012 to reduce Administration program expenditures.

The **2011 Legislature** also deleted $1.0 million, all from the State General Fund, from the Adoption Support program for FY 2012, and added the same amount from federal funds. The Legislature deleted $3,197,688, including $2,827,606 from the State General Fund, for FY 2012 to maintain foster care contract rates at the FY 2011 level. In addition, the Legislature deleted $3.1 million, all from the Child Care Development Federal Fund, for FY 2012 for the child care assistance program leaving $71.6 million in the program.

The **2011 Legislature** added $180,900 from the Children's Initiatives Fund and deleted the same amount from federal funds for FY 2012 for the child care assistance program.

The **2011 Legislature** added $10,202,779, including $69,100 from the Children's Initiatives Fund for FY 2012 for the Early Head Start program. In addition, the Legislature included language requiring that funding for the Early Head Start program be expended for that purpose.

The **2012 Legislature** approved FY 2012 expenditures of $1.6 billion, including $626.6 million from the State General Fund, for the Department of Social and Rehabilitation Services. The approved amount includes adjustments to fund the Human Services Consensus Caseload estimates. For FY 2013, the Legislature approved expenditures of $613.8 million, including $234.0 million from the State General Fund, for the Department of Social and Rehabilitation Services. The FY 2013 approved amount is a decrease of $956.5 million, or 60.8 percent, below the FY 2012 approved amount, from all funding sources. The FY 2013 State General Fund approved amount is a decrease of $392.6 million, or 62.7 percent, below the FY 2012 approved amount.

Executive Reorganization Order No. 41 renamed the Department of Social and Rehabilitation Services the Department for Children and Families. In addition, the ERO

renamed the Department on Aging the Department for Aging and Disability Services. The ERO transferred the Division of Behavioral Health Services, including all home and community based services and mental health services, from the Department for Social and Rehabilitation Services to the Department on Aging. The Legislature added $7.6 million, all from the Children's Initiatives Fund, for total FY 2013 Children's Initiatives Fund expenditures of $26.7 million. In addition, the Legislature added $2.6 million, including $2.3 million from the State General Fund, to restore reductions to the foster care rates.

The **2013 Legislature** deleted $3.5 million, including $1.7 million from the State General Fund, in FY 2013 for the Temporary Assistance to Families program to reflect a reduction in beneficiaries associated with implementation of program policy changes and decreasing unemployment. In addition, the Legislature deleted $5.8 million, including $2.4 million from the State General Fund, for FY 2014 and deleted $5.2 million, all from federal funds, for FY 2015 for the same program. In addition, the Legislature deleted $7.9 million, including $4.8 million from the State General Fund, for FY 2014 in anticipated savings from the implementation of a policy requiring a 30-hour work week to qualify for child care assistance.

The **2014 Legislature** deleted $1.0 million, all from the Children's Initiatives Fund, from the Kansas Reads to Succeed Program to be expended by Lexia in FY 2014 and transferred the funding to the State General Fund. In addition, the Legislature deleted $1.8 million from the State General Fund reappropriation from FY 2013 to FY 2014 and deleted $1.5 million from the State General reappropriation from FY 2013 to FY 2015.

The **2014 Legislature** also added $9.2 million, all from the Temporary Assistance for Needy Families fund for the Reading Roadmap Initiative in both FY 2014 and FY 2015. The 2014 Legislature also added $1.8 million from all funding sources and deleted $5.2 million from the State General Fund, for Human Services consensus caseload estimates in FY 2014 and added $7.9 million, including $5.3 million from the State General Fund, for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates expenditures of $618.9 million, including $218.8 million from the State General Fund in FY 2015. The revised estimate is an increase of $16.9 million, or 2.8 percent, from all funding sources above the amount approved by the 2014 Legislature, and an increase of $3.2 million from the State General Fund, or 1.5 percent, above the amount approved by the 2014 Legislature, adjusted for Governor's allotments. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotments.

The agency's revised estimate includes increased expenditures for rent of $1.9 million and $9.8 million in additional computer programming and software expenditures. The increased expenditures for software includes $6.6 million to move legacy systems off the mainframe system and $1.4 million in additional mainframe charges in FY 2015. Additional

increases in estimated federal funds are also included. The agency's revised 2015 estimate includes a lapse of $661,000 of the total $4,331,000 reappropriated into FY 2015 from FY 2014.

The **agency** estimate includes State Operations expenditures totaling $232.2 million, including $133.2 million for salaries and wages and $96.2 million for contractual services. The agency estimate also includes $386.8 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** estimate includes $218.8 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $340.9 million from federal funding sources. The agency's revised estimate includes 2,251.5 FTE positions and 278.5 non-FTE positions. This is an increase of 124.0 non-FTE positions.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 expenditures totaling $605.0 million, including $224.3 million from the State General Fund. The recommendation is an all funds decrease of $13.9 million, or 2.2 percent, and an increase of $5.5 million from the State General Fund, or 2.5 percent, from the agency's request.

The recommendation includes a reduction of $12,000,533, including $3,980,880, to agency operations as the result of the Governor's December 9th State General Fund allotment. A reduction of $737,138 from the State General Fund is a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $646,067 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $1,383,205.

The Governor's recommendation fully funds the fall human services consensus caseload estimates, which includes an all funds reduction of $500,000 and a State General Fund increase of $10.2 million from the State General Fund.

Also included in the Governor's recommendation was a transfer of $500,000, all from the Children's Initiatives Fund, to the State General Fund in FY 2015. The Governor's recommendation also includes a transfer of $14.5 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2015.

FY 2016 Agency Request

The **agency** requests expenditures of $627.0 million, including $228.0 million from the State General Fund for FY 2016. The request is an increase of $8.1 million, or 1.3 percent, from all funding sources, including $9.2 million, or 4.2 percent, from the State General Fund, above the FY 2015 revised estimate. The request includes an increase of $7.1 million, including $5.0 million from the State General Fund, in expenditures for Kansas Eligibility Enforcement System (KEES)

above the amount requested for FY 2015. These increases reflect a transition from the development phase to the operational phase of the project. Also associated with KEES was a change in the payment methodology with the Kansas Department for Health and Environment. Also included in the request is $375,000 for expenses associated with the agency's relocation to a new office location in FY 2016 and an anticipated increase of $626,000 in Accounting, Payroll and Budget Systems Support fees paid to the Department of Administration.

The FY 2016 request includes the addition of $2.2 million from the State General Fund to replace fee funds which are not available in FY 2016 and the addition of $3.7 million from the State General Fund to maintain base funding from FY 2015.

The **agency** request includes State Operations expenditures totaling $239.8 million, including $133.0 million for salaries and wages and $104.0 million for contractual services. The agency estimate also includes $387.3 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** request includes $228.0 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $342.7 million from federal funding sources.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 expenditures of $603.5 million, including $218.2 million from the State General Fund. The recommendation is a decrease of $23.5 million, or 3.8 percent, including $9.8 million, or 4.3 percent, from the State General Fund, below the agency's request. The recommendation is a reduction of $1.5 million, or 0.3 percent, from all funding sources, including $6.1 million, or 2.7 percent, from the State General Fund, below the Governor's FY 2015 recommendation.

The FY 2016 recommendation includes adjustments totaling $23.5 million to the agency's request. These changes include the addition of $1.0 million from all funding sources and reduction of $903,379 from the State General Fund, to fully fund the fall human services consensus caseload estimate for this agency. In addition, the recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Accountability Fund. Also included is a reduction of $6.0 million, all from the Children's Initiatives Fund to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

The Governor's recommendation also includes a transfer of $9.2 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2016.

The **Governor's** recommendation includes a reduction of $1,703,340, including $924,515 from the State General Fund, to reduce employer contributions for state employee health insurance.

The recommendation also includes a reduction of $16.8 million, including $8.0 million from the State General Fund, to continue the 4.0 percent State General Fund reduction. This reduction will be managed by eliminating funding for the migration of legacy systems from the mainframe, a reduction in the amount for rehabilitation case services and the consolidation

of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2016. Additionally, included in the reductions is an increase in salaries and wages shrinkage savings, a decrease in operating expenditures, and a reorganization of Information Technology Services within the agency.

The **Governor** issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. The associated saving will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicated the reorganization is anticipated to streamline the licensing process.

FY 2017 Agency Request

The **agency** expenditures of $628.6 million, including $234.7 million from the State General Fund for FY 2017. The request is an increase of $1.6 million, or 0.3 percent, from all funding sources, including $6.7 million, or 3.0 percent, from the State General Fund, above the FY 2016 request. The request includes funding for the 27th payroll period of approximately $4.6 million, including $2.5 million from the State General Fund. The FY 2017 request includes the addition of $5.0 million from the State General Fund to replace fee funds which are not available in FY 2017.

The **agency** request includes State Operations expenditures totaling $239.3 million, including $139.0 million for salaries and wages and $97.6 million for contractual services. The agency estimate also includes $389.3 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** request includes $234.7 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $342.9 million from federal funding sources.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 expenditures of $608.9 million, including $226.7 million from the State General Fund. The recommendation is a decrease of $19.7 million, or 3.1 percent, including $8.1 million, or 3.4 percent, from the State General Fund, below the agency's request. The recommendation is an increase of $5.4 million, or 0.9 percent, from all funding sources, including $8.4 million, or 3.9 percent from the State General Fund, above the Governor's FY 2016 recommendation.

The FY 2016 recommendation includes adjustments totaling $19.7 million to the agency's request. These changes include

the addition of $2.3 million from all funding sources, including $796,621 from the State General Fund, to fully fund the fall human services consensus caseload estimate for this agency. In addition, the recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Accountability Fund. Also included is a reduction of $6.0 million, all from the Children's Initiatives Fund to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

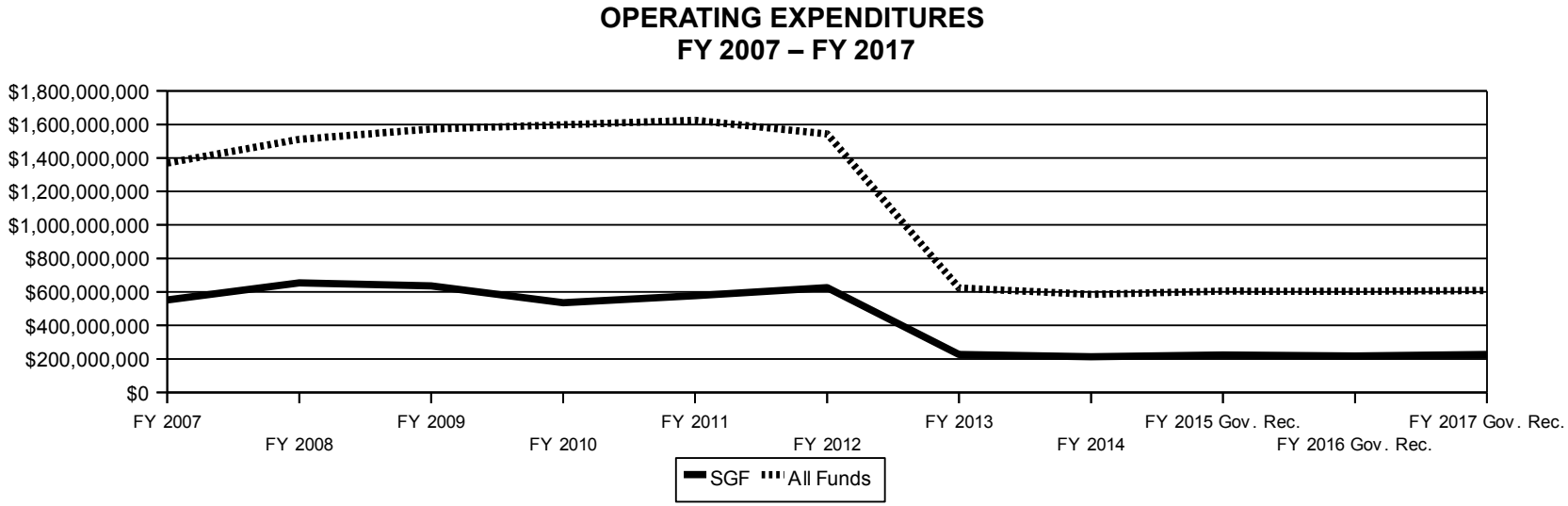
The Governor's recommendation also includes a transfer of $8.1 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2017.

The Governor's recommendation includes a reduction of $1,703,340, including $924,515 from the State General Fund, to reduce employer contributions for state employee health insurance.

The recommendation also includes a reduction of $14.3 million, including $8.0 million from the State General Fund, to continue the 4.0 percent State General Fund reduction. This reduction will be managed by eliminating funding for the migration of legacy systems from the mainframe, a reduction in the amount for rehabilitation case services and the consolidation of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2016. Additionally, included in the reductions is an increase in salaries and wages shrinkage savings, decrease operating expenditures and grants and contracts, and a reorganization of Information Technology Services within the agency.

The **Governor** issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. The associated saving will be split between this Department and the Department for Aging and Disability Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicated the reorganization is anticipated to streamline the licensing process.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 552,372,812	12.0 %	$ 1,369,991,793	6.7 %	3,670.6
2008	654,514,707	18.5	1,510,979,670	10.3	3,668.6
2009	635,388,806	(2.9)	1,572,868,617	4.1	3,667.5
2010	535,190,917	(15.8)	1,597,760,010	1.6	3,669.1
2011	577,729,487	7.9	1,624,463,159	1.7	3,119.1
2012	626,281,632	8.4	1,543,230,935	(5.0)	3,119.1
2013	226,445,057	(63.8)	623,314,830	(59.6)	2,739.8
2014	212,957,715	(6.0)	585,957,793	(6.0)	2,647.3
2015 Gov. Rec.	224,315,934	5.3	605,030,922	3.3	2,251.5
2016 Gov. Rec.	218,242,880	(2.7)	603,504,827	(0.3)	2,251.5
2017 Gov. Rec.	226,656,275	3.9	608,894,785	0.9	2,251.5
Eleven-Year Change	$ (325,716,537)	(59.0)%	$ (761,097,008)	(55.6)%	(1,419.1)

The significant decrease between FY 2012 and FY 2013 is attributable to the implementation of ERO No. 41 transferring Disability and Behavioral Health Services (DBHS) to the Department for Aging and Disability Services.

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 11,607,898	$ 13,298,132	$ 15,621,253	$ 2,323,121	17.5 %	$ 13,158,163	$ 15,306,421	$ 2,148,258	16.3 %
Family Services	402,227,484	426,402,510	425,586,385	(816,125)	(0.2)	420,332,505	418,349,507	(1,982,998)	(0.5)
Supported Business Areas	62,492,528	64,141,376	70,199,002	6,057,626	9.4	57,470,220	56,764,596	(705,624)	(1.2)
Regional Offices	109,629,883	115,072,642	115,619,469	546,827	0.5	114,070,034	113,084,303	(985,731)	(0.9)
TOTAL	$ 585,957,793	$ 618,914,660	$ 627,026,109	$ 8,111,449	1.3 %	$ 605,030,922	$ 603,504,827	$ (1,526,095)	(0.3)%
By Major Object of Expenditure:									
Salaries and Wages	$ 129,687,525	$ 133,152,195	$ 133,002,136	$ (150,059)	(0.1) %	$ 131,705,852	$ 129,367,688	$ (2,338,164)	(1.8)%
Contractual Services	87,886,546	96,230,411	104,020,706	7,790,295	8.1	89,663,561	96,953,700	7,290,139	8.1
Commodities	1,823,667	1,488,979	1,500,724	11,745	0.8	1,488,979	1,493,796	4,817	0.3
Capital Outlay	1,209,706	1,278,924	1,249,294	(29,630)	(2.3)	1,278,924	1,149,544	(129,380)	(10.1)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 220,607,444	$ 232,150,509	$ 239,772,860	$ 7,622,351	3.3 %	$ 224,137,316	$ 228,964,728	$ 4,827,412	2.2 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	365,350,349	386,764,151	387,253,249	489,098	0.1	380,893,606	374,540,099	(6,353,507)	(1.7)
TOTAL	$ 585,957,793	$ 618,914,660	$ 627,026,109	$ 8,111,449	1.3 %	$ 605,030,922	$ 603,504,827	$ (1,526,095)	(0.3)%
Financing:									
State General Fund	$ 212,957,715	$ 218,833,952	$ 228,014,716	$ 9,180,764	4.2 %	$ 224,315,934	$ 218,242,880	$ (6,073,054)	(2.7)%
Children's Initiatives Fund	31,331,581	32,267,214	32,267,214	0	0.0	32,266,341	26,240,581	(6,025,760)	(18.7)
Social Welfare Fund	16,767,828	21,780,048	18,652,786	(3,127,262)	(14.4)	21,770,884	18,638,020	(3,132,864)	(14.4)
Child Care Develop Block Grant	58,076,825	53,216,273	51,476,062	(1,740,211)	(3.3)	53,160,312	52,061,213	(1,099,099)	(2.1)
Foster Care Federal	17,911,846	20,504,937	20,375,494	(129,443)	(0.6)	9,987,429	23,523,705	13,536,276	135.5
Temp Assist for Families	70,333,891	83,802,798	83,748,825	(53,973)	(0.1)	83,467,311	82,951,163	(516,148)	(0.6)
Medical Assist Federal	10,206,221	8,055,364	7,291,732	(763,632)	(9.5)	7,922,633	6,963,219	(959,414)	(12.1)
All Other Funds	168,371,886	180,454,074	185,199,280	4,745,206	2.6	172,140,078	174,884,046	2,743,968	1.6
TOTAL	$ 585,957,793	$ 618,914,660	$ 627,026,109	$ 8,111,449	1.3 %	$ 605,030,922	$ 603,504,827	$ (1,526,095)	(0.3)%

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	$ 15,621,253	$ 15,605,958	$ (15,295)	(0.1) %	$ 15,306,421	$ 14,150,659	$ (1,155,762)	(7.6)%
Family Services	425,586,385	429,422,751	3,836,366	0.9	418,349,507	422,216,929	3,867,422	0.9
Supported Business Areas	70,199,002	63,565,473	(6,633,529)	(9.4)	56,764,596	56,336,739	(427,857)	(0.8)
Regional Offices	115,619,469	120,000,151	4,380,682	3.8	113,084,303	116,190,458	3,106,155	2.7
TOTAL	$ 627,026,109	$ 628,594,333	$ 1,568,224	0.3 %	$ 603,504,827	$ 608,894,785	$ 5,389,958	0.9 %
By Major Object of Expenditure:								
Salaries and Wages	$ 133,002,136	$ 138,956,564	$ 5,954,428	4.5 %	$ 129,367,688	$ 133,841,110	$ 4,473,422	3.5 %
Contractual Services	104,020,706	97,565,862	(6,454,844)	(6.2)	96,953,700	95,515,763	(1,437,937)	(1.5)
Commodities	1,500,724	1,512,799	12,075	0.8	1,493,796	1,498,943	5,147	0.3
Capital Outlay	1,249,294	1,249,294	0	0.0	1,149,544	1,049,794	(99,750)	(8.7)
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 239,772,860	$ 239,284,519	$ (488,341)	(0.2) %	$ 228,964,728	$ 231,905,610	$ 2,940,882	1.3 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	387,253,249	389,309,814	2,056,565	0.5	374,540,099	376,989,175	2,449,076	0.7
TOTAL	$ 627,026,109	$ 628,594,333	$ 1,568,224	0.3 %	$ 603,504,827	$ 608,894,785	$ 5,389,958	0.9 %
Financing:								
State General Fund	$ 228,014,716	$ 234,745,930	$ 6,731,214	3.0 %	$ 218,242,880	$ 226,656,275	$ 8,413,395	3.9 %
Children's Initiatives Fund	32,267,214	32,267,214	0	0.0	26,240,581	26,239,693	(888)	(0.0)
Social Welfare Fund	18,652,786	13,489,901	(5,162,885)	(27.7)	18,638,020	13,467,721	(5,170,299)	(27.7)
Child Care Develop Block Grant	51,476,062	50,103,598	(1,372,464)	(2.7)	52,061,213	51,300,978	(760,235)	(1.5)
Foster Care Federal	20,375,494	20,439,073	63,579	0.3	23,523,705	24,164,601	640,896	2.7
Temp Assist for Families	83,748,825	83,990,956	242,131	0.3	82,951,163	82,076,159	(875,004)	(1.1)
Medical Assist Federal	7,291,732	7,449,042	157,310	2.2	6,963,219	7,106,286	143,067	2.1
All Other Funds	185,199,280	186,108,619	909,339	0.5	174,884,046	177,883,072	2,999,026	1.7
TOTAL	$ 627,026,109	$ 628,594,333	$ 1,568,224	0.3 %	$ 603,504,827	$ 608,894,785	$ 5,389,958	0.9 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $219,672,954 for the Department for Children and Families in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $661,000, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015. This reappropriation is in addition to the budgeted reappropriation of $3,670,000 which was included in the approved amount. The total reappropriation for this agency of FY 2014 funding that was shifted totals $4,331,000.

- A reduction of $3,980,880, to agency operations as the result of the Governor's December 9th State General Fund allotment.

- A reduction $737,138 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $646,067 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $1,383,205.

These adjustments change the FY 2015 approved State General Fund to $215,615,936. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotments.

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	$ 215,615,936	$ 218,833,952	$ 3,218,016	$ 224,315,934	$ 8,699,998
All Other Funds	386,369,426	400,080,708	13,711,282	380,714,988	(5,654,438)
TOTAL	$ 601,985,362	$ 618,914,660	$ 16,929,298	$ 605,030,922	$ 3,045,560
FTE Positions	2,251.5	2,251.5	0.0	2,251.5	0.0

The **agency** estimates expenditures of $618.9 million, including $218.8 million from the State General Fund in FY 2015. The revised estimate is an increase of $16.9 million, or 2.8 percent, from all funding sources above the amount approved by the 2014 Legislature, and an increase of $3.2 million from the State General Fund, or 1.5 percent, above the amount approved by the 2014 Legislature, adjusted for Governor's allotments. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotments.

The agency's revised estimate includes increased expenditures for rent of $1.9 million and $9.8 million in additional computer programming and software expenditures. The increased expenditures for software includes $6.6 million to move legacy systems off the mainframe system and $1.4 million in additional mainframe charges in FY 2015. Additional increases in estimated federal funds are also included. The agency's revised 2015 estimate includes a lapse of $661,000 of the total $4,331,000 reappropriated into FY 2015 from FY 2014.

The **agency** estimate includes State Operations expenditures totaling $232.2 million, including $133.2 million for salaries and wages and $96.3 million for contractual services. The agency estimate also includes $386.8 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** estimate includes $218.8 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $340.9 million from federal funding sources. The agency's revised estimate includes 2,251.5 FTE positions and 278.5 non-FTE positions. This is an increase of 124.0 non-FTE positions.

The **Governor** recommends FY 2015 expenditures totaling $605.0 million, including $224.3 million from the State General Fund. The recommendation is an all funds decrease of $13.9 million, or 2.2 percent, and an increase of $5.5 million from the State General Fund, or 2.5 percent, from the agency's request.

The recommendation includes a reduction of $12,000,533, including $3,980,880 from the State General Fund, to agency operations as the result of the Governor's December 9th State General Fund allotment. A reduction $737,138 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and

School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $646,067 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $1,383,205.

The Governor's recommendation fully funds the fall human services consensus caseload estimates, which includes an all funds reduction of $500,000 and a State General Fund increase of $10.2 million from the State General Fund.

Also included in the Governor's recommendation was a transfer of $500,000, all from the Children's Initiatives Fund, to the State General Fund in FY 2015. The Governor's recommendation also includes a transfer of $14.5 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2015.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
4.0 Percent Reduction	$ (3,980,880)	$ (12,000,533)	0.0
KPERS	(737,138)	(1,383,205)	0.0
TOTAL	$ (4,718,018)	$ (13,383,738)	0.0

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $12.0 million, including $4.0 million from the State General Fund, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by eliminating funding for the migration of legacy systems from the mainframe, a reduction in the amount for rehabilitation case services and the consolidation of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2015.

Kansas Public Employees Retirement System (KPERS) Reduction

A reduction $737,138 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $646,067 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $1,383,205.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 627,026,109	$ 603,504,827	$ (23,521,282)
FTE Positions	2,251.5	2,251.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 9,180,764	$ (6,073,054)	
All Other Funds	(1,069,315)	4,546,959	
TOTAL	$ 8,111,449	$ (1,526,095)	
Percent Change:			
State General Fund	4.2 %	(2.7) %	
All Other Funds	(0.3)	1.2	
TOTAL	1.3 %	(0.3) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $627.0 million, including $228.0 million from the State General Fund for FY 2016. The request is an increase of $8.1 million, or 1.3 percent, from all funding sources, including $9.2 million, or 4.2 percent, from the State General Fund, above the FY 2015 revised estimate. The request includes an increase of $7.1 million, including $5.0 million from the State General Fund, in expenditures for Kansas Eligibility Enforcement System (KEES) above the amount requested for FY 2015. These increases reflect a transition from the development phase to the operational phase of the project. Also associated with KEES was a change in the payment methodology with the Kansas Department for Health and Environment. Also included in the request is $375,000 for expenses associated with the agency's relocation to a new office location in FY 2016 and an anticipated

increase of $626,000 in Accounting, Payroll and Budget Systems Support fees paid to the Department of Administration.

The FY 2016 request includes the addition of $2.2 million from the State General Fund to replace fee funds which are not available in FY 2016 and the addition of $3.7 million from the State General Fund to maintain base funding from FY 2015.

The **agency** request includes State Operations expenditures totaling $239.8 million, including $133.0 million for salaries and wages and $104.0 million for contractual services. The agency estimate also includes $387.3 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** request includes $228.0 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $342.7 million from federal funding sources.

The **Governor** recommends FY 2016 expenditures of $603.5 million, including $218.2 million from the State General Fund. The recommendation is a decrease of $23.5 million, or 3.8 percent, including $9.8 million, or 4.3 percent, from the State General Fund, below the agency's request. The recommendation is a reduction of $1.5 million, or 0.3 percent, from all funding sources, including $6.1 million, or 2.7 percent from the State General Fund, below the Governor's FY 2015 recommendation.

The FY 2016 recommendation includes adjustments totaling $23.5 million to the agency's request. These changes include the addition of $1.0 million from all funding sources and reduction of $903,379 from the State General Fund, to fully fund the fall human services consensus caseload estimate for this agency. In addition, the recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Accountability Fund. Also included is a reduction of $6.0 million, all from the Children's Initiatives Fund to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

The Governor's recommendation also includes a transfer of $9.2 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2016.

The **Governor's** recommendation includes a reduction of $1,703,340, including $924,515 from the State General Fund, to reduce employer contributions for state employee health insurance.

The recommendation also includes a reduction of $16.8 million, including $8.0 million from the State General Fund, to continue the 4.0 percent State General Fund reduction. This reduction will be managed by eliminating funding for the migration of legacy systems from the mainframe, a reduction in the amount for rehabilitation case services and the consolidation of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2016. Additionally, included in the reductions is an increase in salaries and wages shrinkage savings, decrease operating expenditures, and a reorganization of Information Technology Services within the agency.

The **Governor** issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. The associated saving will be split

between this Department and the Department for Aging and Disabilities Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicated the reorganization is anticipated to streamline the licensing process.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 628,594,333	$ 608,894,785	$ (19,699,548)
FTE Positions	2,251.5	2,251.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 6,731,214	$ 8,413,395	
All Other Funds	(5,162,990)	(3,023,437)	
TOTAL	$ 1,568,224	$ 5,389,958	
Percent Change:			
State General Fund	3.0 %	3.9 %	
All Other Funds	(1.3)	(0.8)	
TOTAL	0.3 %	0.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $628.6 million, including $234.7 million from the State General Fund for FY 2017. The request is an increase of $1.6 million, or 0.3 percent from all funding sources, including $6.7 million, or 3.0 percent from the State General Fund, above the FY 2016 request. The request includes funding for the 27th payroll period of approximately $4.6 million, including $2.5 million from the State General Fund. The FY 2017 request includes the addition of $5.0 million from the State General Fund to replace fee funds which are not available in FY 2017.

The **agency** request includes State Operations expenditures totaling $239.3 million, including $139.0 million for salaries and

wages and $97.6 million for contractual services. The agency estimate also includes $389.3 million for other assistance expenditures. These expenditures include cash assistance, employment assistance, and energy assistance. Other expenditures include foster care assistance, child care assistance and adoption assistance.

The **agency** request includes $234.7 million from the State General Fund, $32.3 million from the Children's Initiatives Fund, and $342.9 million from federal funding sources.

The **Governor** recommends FY 2017 expenditures of $608.9 million, including $226.7 million from the State General Fund. The recommendation is a decrease of $19.7 million, or 3.1 percent, including $8.1 million, or 3.4 percent, from the State General Fund, below the agency's request. The recommendation is an increase of $5.4 million, or 0.9 percent, from all funding sources, including $8.4 million, or 3.9 percent from the State General Fund, above the Governor's FY 2016 recommendation.

The FY 2016 recommendation includes adjustments totaling $19.7 million to the agency's request. These changes include the addition of $2.3 million from all funding sources, including $796,621 from the State General Fund, to fully fund the fall human services consensus caseload estimate for this agency. In addition, the recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Accountability Fund. Also included is a reduction of $6.0 million, all from the Children's Initiatives Fund to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

The Governor's recommendation also includes a transfer of $8.1 million from the Kansas Endowment for Youth Fund (located within Kansas Public Employees Retirement System) to the State General Fund in FY 2017.

The Governor's recommendation includes a reduction of $1,703,340, including $924,515 from the State General Fund, to reduce employer contributions for state employee health insurance.

The recommendation also includes a reduction of $14.3 million, including $8.0 million from the State General Fund, to continue the 4.0 percent State General Fund reduction. This reduction will be managed by eliminating funding for the migration of legacy systems from the mainframe, a reduction in the amount for rehabilitation case services and the consolidation of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2016. Additionally, included in the reductions is an increase in salaries and wages shrinkage savings, decrease operating expenditures and grants and contracts, and a reorganization of Information Technology Services within the agency.

The **Governor** issued Executive Reorganization Order (ERO) No. 43 to transfer the responsibility for Medicaid eligibility determination and associated employees from the Department for Children and Families to the Department of Health and Environment effective January 1, 2016. The Governor indicates this reorganization is anticipated to increase accuracy in Medicaid eligibility determination and reduce program expenditures partially through uniform implementation of policy and processing changes. The associated saving will be split between this Department and the Department for Aging and Disabilities Services. In addition, ERO No. 43 will transfer foster care licensing responsibilities from the Department of Health and Environment to the Department for Children and Families effective July 1, 2015. The Governor indicated the reorganization is anticipated to streamline the licensing process.

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 $646,207, including $361,201 from the State General Fund, and affects 2,078 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 $998,319, including $530,285 from the State General Fund, and FY 2017 longevity payments total $1,080,827, including $574,392 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $1,670,436, including $906,696 from the State General Fund for FY 2016. This is a reduction of $1,703,340, including $924,515 from the State General Fund, for FY 2017.**

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

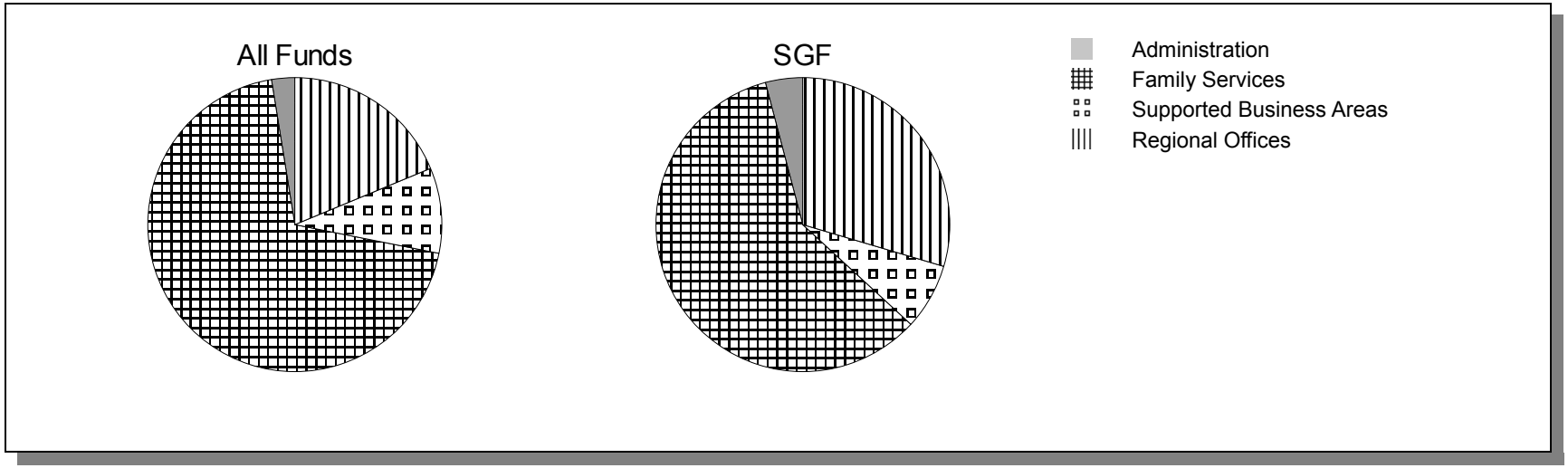
In addition, the employer contribution for the KPERS death and disability insurance rate will be increased to 1.0 percent, from 0.85 percent, for FY 2016 and for FY 2017.

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	36.4 %	36.2 %	37.3 %	37.2 %
Children's Initiatives Fund	5.1	4.3	5.1	4.3
Social Welfare Fund	3.0	3.1	2.1	2.2
Child Care Development Block Grant Funds	8.2	8.6	8.0	8.4
Foster Care Funds	3.3	3.9	3.3	4.0
Temporary Assistance for Families Federal Funds	13.4	13.7	13.4	13.5
Medical Assistance Federal	1.2	1.2	1.2	1.2
All Other Funds	29.5	29.0	29.6	29.2
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.



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	$ 15,306,421	2.5 %	$ 8,943,972	4.1 %
Family Services	418,349,507	69.3	128,851,608	59.0
Supported Business Areas	56,764,596	9.4	15,874,070	7.3
Regional Offices	113,084,303	18.7	64,573,230	29.6
TOTAL	$ 603,504,827	100.0 %	$ 218,242,880	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	88.0	78.0	78.0	78.0	78.0	78.0	78.0
Family Services	569.6	279.3	279.3	283.3	283.3	283.3	283.3
Supported Business Areas	218.5	167.8	167.8	160.8	160.8	160.8	160.8
Regional Office	1,771.2	1,726.4	1,726.4	1,729.4	1,729.4	1,729.4	1,729.4
TOTAL	2,647.3	2,251.5	2,251.5	2,251.5	2,251.5	2,251.5	2,251.5

A. Administration

The mission of the Administration Division is to provide quality and cost effective services to staff, supervisors, and managers within DCF. This Division's services enable employees to do their work with adequate funding, facilities, equipment, technology, and other support to help ensure their work complies with federal requirements and state policies. Administration consists of two programs: Operations and Strategic Development and Faith-Based & Community Initiatives.

Operations - consists of three sub-programs: Office of the Secretary, Legal Services, and Operations. The Operations program provides executive direction and operational activities for the entire agency including budget, legal and audit services.

Strategic Development and Faith-Based & Community Initiatives – provides consultation and infrastructure to support training the workforce in new business processes and for improved performance. The goal of the program is to centralize training to reduce replication and result in cost savings. In addition, the program collects information pertaining to community and faith-based non-profits who may enhance the services of the Department. The program includes an agency wide leadership development initiative for staff and a Family Strengthening and Fatherhood Engagement Initiative. The Family Strengthening Initiative is to promote responsible parenting by clients through encouraging healthy connections between parents and children and healthy marriages.

ADMINISTRATION 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	$ 6,574,818	$ 7,200,734	$ 7,060,765	$ 7,253,029	$ 6,978,399	$ 7,592,930	$ 7,238,884
Contractual Services	3,564,152	4,225,309	4,225,309	5,863,674	5,824,372	5,508,478	5,041,486
Commodities	63,608	115,566	115,566	115,566	114,666	115,566	113,766
Capital Outlay	313,409	26,523	26,523	26,523	26,523	26,523	26,523
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 10,515,987	$ 11,568,132	$ 11,428,163	$ 13,258,792	$ 12,943,960	$ 13,243,497	$ 12,420,659
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	1,091,911	1,730,000	1,730,000	2,362,461	2,362,461	2,362,461	1,730,000
TOTAL	$ 11,607,898	$ 13,298,132	$ 13,158,163	$ 15,621,253	$ 15,306,421	$ 15,605,958	$ 14,150,659
Financing:							
State General Fund	$ 6,803,502	$ 7,323,448	$ 7,240,281	$ 9,143,907	$ 8,943,972	$ 9,146,921	$ 7,841,503
All Other Funds	4,804,396	5,974,684	5,917,882	6,477,346	6,362,449	6,459,037	6,309,156
TOTAL	$ 11,607,898	$ 13,298,132	$ 13,158,163	$ 15,621,253	$ 15,306,421	$ 15,605,958	$ 14,150,659
FTE Positions	88.0	78.0	78.0	78.0	78.0	78.0	78.0
Non-FTE Uncl. Perm. Pos.	16.5	31.5	31.5	31.5	31.5	31.5	31.5
TOTAL	104.5	109.5	109.5	109.5	109.5	109.5	109.5

The **agency** requests expenditures of $15.6 million, including $9.1 million from the State General Fund for FY 2016 for the Administration Program. The request is an increase of $2.3 million, or 17.5 percent, including $1.8 million, or 24.9 percent from the State General Fund, above the revised FY 2015 estimate. The majority of the increase is attributable to increases in contractual services and other assistance. The majority of the increases are attributable to increases in rent, the inclusion of $375,000 for moving expenditures associated with relocating the agency's central office, and an increase of $626,370 in the Accounting, Payroll, and Budget Systems Support amounts estimated to be paid to the Department of Administration. Also included in the agency's FY 2016 request is an increase of $250,000 in the agency's contract with the Office of Administrative Hearings. The increase in other assistance is due to the addition of $632,461, all from the State General Fund, for grants for Healthy Families program.

The **agency's** FY 2016 request includes $7.2 million for salaries and wages, including a shrinkage rate of 2.8 percent. The agency's request also includes $5.9 million for contractual services and $2.4 million for other assistance. The request includes State General Fund expenditures totaling $9.1 million and $6.5 million from federal funds.

The **Governor** recommends FY 2016 expenditures totaling $15.3 million, including $8.9 million from the State General Fund. The recommendation is a decrease of $314,832, or 2.0 percent, from all funding sources, including $199,935, or 2.2 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $70,351, including $42,238 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $244,481, including $157,697 from the State General Fund, to continue the 4.0 percent operating reduction, which includes other operating expenditures, office supplies, the consolidation of the Strategic Development and Faith Based Initiatives program into other programs within the agency in FY 2016. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

The **agency** requests expenditures of $15.6 million, including $9.1 million from the State General Fund, for FY 2017. The FY 2017 request is a decrease of $15,295, or 0.1 percent, below the FY 2016 request. The FY 2017 request is an increase of $3,014, or less than 0.1 percent, from the State General Fund, above the FY 2016 request. The FY 2017 request includes funding of approximately $235,425 for the 27th payroll period.

The **agency's** FY 2017 request includes $7.6 million for salaries and wages, including a shrinkage rate of 2.7 percent. The agency's request also includes $5.5 million for contractual services and $2.4 million for other assistance. The request includes State General Fund expenditures totaling $9.1 million and $6.4 million from federal funds.

The **Governor** recommends FY 2017 expenditures totaling $14.2 million, including $7.8 million from the State General Fund. The recommendation is a decrease of $1.5 million, or 9.3 percent, from all funding sources, including $1.3 million, or 14.3 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $71,761 including $43,084 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $1.3 million, including $1.3 million from the State General Fund, to continue the 4.0 percent operating reduction, which includes other operating expenditures, office supplies, the consolidation of the Strategic Development and Faith Based Initiatives program program into other programs within the agency in FY 2016. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

B. Family Services

Family Services include economic aid and employment services, and child welfare, such as foster care and adoption services. The Family Services Division is divided into four program sections: Child Support Enforcement, Economic and Employment Services, Rehabilitation Services, and Prevention and Protection Services.

FAMILY 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	$ 20,851,089	$ 19,195,978	$ 18,996,518	$ 19,706,950	$ 19,281,966	$ 20,552,142	$ 19,918,386
Contractual Services	43,071,601	48,084,433	48,084,433	46,441,335	46,342,591	46,872,583	45,988,695
Commodities	289,709	291,114	291,114	291,114	291,114	291,114	291,114
Capital Outlay	218,736	233,041	233,041	203,411	203,411	203,411	203,411
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 64,431,135	$ 67,804,566	$ 67,605,106	$ 66,642,810	$ 66,119,082	$ 67,919,250	$ 66,401,606
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	337,796,349	358,597,944	352,727,399	358,943,575	352,230,425	361,503,501	355,815,323
TOTAL	$ 402,227,484	$ 426,402,510	$ 420,332,505	$ 425,586,385	$ 418,349,507	$ 429,422,751	$ 422,216,929
Financing:							
State General Fund	$ 131,045,460	$ 130,915,263	$ 139,793,562	$ 133,460,076	$ 128,851,608	$ 140,279,802	$ 136,859,496
All Other Funds	271,182,024	295,487,247	280,538,943	292,126,309	289,497,899	289,142,949	285,357,433
TOTAL	$ 402,227,484	$ 426,402,510	$ 420,332,505	$ 425,586,385	$ 418,349,507	$ 429,422,751	$ 422,216,929
FTE Positions	569.6	279.3	279.3	283.3	283.3	283.3	283.3
Non-FTE Uncl. Perm. Pos.	23.0	45.0	45.0	46.0	46.0	46.0	46.0
TOTAL	592.6	324.3	324.3	329.3	329.3	329.3	329.3

The **agency** requests FY 2016 expenditures of $425.6 million, including $133.5 million from the State General Fund. The request is a decrease of $816,125, or 0.2 percent, and a State General Fund increase of $2.5 million, or 1.9 percent below the FY 2015 revised estimate.

The **agency's** FY 2016 request includes $19.7 million for salaries and wages expenditures, $46.4 million for contractual services, and $358.9 million in other assistance payments. The FY 2016 request includes State General Fund expenditures totaling $133.5 million, $7.2 million from the Children's Initiatives Fund and $261.1 million from federal funds.

The **Governor** recommends FY 2016 expenditures totaling $418.3 million, including $128.9 million from the State General Fund. The recommendation is a decrease of $7.2 million, or 1.7 percent, including $4.6 million, or 3.5 percent, below the agency's request.

The recommendation includes a reduction of $220,679, including $88,432 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $8.0 million, including $3.6 million from the State General Fund, to continue the 4.0 percent operating reduction, which includes other operating expenditures, office supplies, and a reduction in rehabilitation case services in FY 2016. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

The **agency** requests FY 2017 expenditures of $429.4 million, including $140.3 million from the State General Fund. The FY 2017 request is an increase of $3.8 million, or 0.9 percent, including $6.8 million, or 5.1 percent, from the State General Fund, above the FY 2016 request. The majority of the increase is attributable to changes in federal funding, mostly associated with federal Workforce Innovation and Opportunity Act, which replaced federal Workforce Investment Act, as of July 2014.

The **agency's** FY 2017 request includes $20.6 million for salaries and wages expenditures, $46.9 million for contractual services, and $361.5 million in other assistance payments. The FY 2017 request includes State General Fund expenditures totaling $140.3 million, $7.2 million from the Children's Initiatives Fund and $263.6 million from federal funds.

The **Governor** recommends FY 2017 expenditures totaling $422.2 million, including $136.9 million from the State General Fund. The recommendation is a decrease of $7.2 million, or 1.7 percent, from all funding sources, including $3.4 million, or 2.4 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $225,144, including $90,203 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $9.3 million, including $4.1 million from the State General Fund, to continue the 4.0 percent operating reduction, which includes other operating expenditures, office supplies, and a reduction in rehabilitation case services in FY 2016. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

Child Support Enforcement (CSE)

The U.S. Congress enacted the Child Support Enforcement program, Title IV-D of the Social Security Act, which requires each state to establish an effective statewide uniform child support program. Failure to meet federal requirements of child support enforcement can result in fiscal sanctions to both the Temporary Assistance for Needy Families (TANF) Block Grant and Child Support Enforcement (CSE) grants. The Child Support Enforcement program is a federal, state, county, and private operation that must satisfy numerous federal requirements. DCF is the designated Title IV-D child support enforcement agency for Kansas. Although a majority of persons served are receiving other DCF benefits, any custodial parent may ask for absent parent location and support enforcement services. Any non-custodial parent may apply to establish paternity or modify a support order as well.

During FY 2014, the CSE program collected $200.0 million and estimates collections of $202.1 million for FY 2015, $208.0 million for FY 2016, and $215.8 million for FY 2017. The federally mandated single receipting and disbursement

operation for all child support payments, the Kansas Payment Center, has estimated operating costs of $4.8 million in FY 2016. Of the collections, approximately $1.3 million will be paid to the Office of Judicial Administration for child support services provided by the central staff and Clerks of the Court. The majority of expenditures are associated with the contracts for privatized child support enforcement, estimated at $19.9 million. The Customer Service Center is designed to streamline the work of regional staff by handling routine communication with clients, at an estimated cost of $1.7 million in FY 2016. Fees for setoff services by the Department of Administration and the federal government account for another $476,677. Finally, $310,678 will be paid to the Department of Labor for operating the State New Hires Directory.

For FY 2015, the **agency** estimates a caseload of 139,151 cases with collections of $202.1 million and an average of $1,452 collected per case. Of this amount, the state will retain $11.0 million. For FY 2016, the agency estimates a caseload of 143,499 cases with collections of $208.0 million and an average of $1,450 collected per case. Of this amount, $10.3 million will be retained by the state. For FY 2017, the agency estimates a caseload of 149,146 cases with collections of $215.8 million and an average of $1,447 collected per case. Of this amount, $9.7 million will be retained by the state.

The **Governor** concurs with the agency's caseload estimate for FY 2015, FY 2016 and FY 2017. The Governor's recommendation includes salaries and wage reductions of $20,773 in FY 2015, $43,431 in FY 2016 and $65,234 in FY 2017.

Economic and Employment Services

Economic and Employment Services has responsibility for a variety of economic and other assistance programs. These include: Temporary Assistance for Families cash assistance and employment services, energy assistance, refugee assistance, food assistance, food assistance employment program, child care, and the federal food distribution programs. The following chart shows all funds expenditures for the major Family Services Assistance programs:

ECONOMIC AND EMPLOYMENT SUPPORTS
SUMMARY OF EXPENDITURES FY 2015 – FY 2017

Item	Agency Est. FY 2015 SGF	Agency Est. FY 2015 All Funds	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Temporary Assistance for Families*	$ 0	$ 20,703,000	$ 0	$ 20,703,000	$ 0	$ 20,703,000
TAF Employment Support	0	6,093,165	0	5,845,643	0	5,730,730
Other Assistance+	62,375	29,421,832	62,375	25,653,098	62,375	25,642,818
Rehabilitation Assistance	3,427,323	32,269,991	4,145,705	35,682,296	4,936,528	39,674,997
TOTAL	$ 3,489,698	$ 88,487,988	$ 4,208,080	$ 87,884,037	$ 4,998,903	$ 91,751,545

	Gov. Rec. FY 2015 SGF	Gov. Rec. FY 2015 All Funds	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 All Funds	Gov. Rec. FY 2017 All Funds
Temporary Assistance for Families*	$ 0	$ 20,503,000	$ 0	$ 19,403,000	$ 0	$ 18,403,000
TAF Employment Support	0	6,093,165	0	5,845,643	0	5,730,730
Other Assistance+	62,375	29,420,049	62,375	25,651,125	62,375	25,640,759
Rehabilitation Assistance	2,210,183	26,836,904	2,501,569	27,831,958	3,233,206	31,483,120
TOTAL	$ 2,272,558	$ 82,853,118	$ 2,563,944	$ 78,731,726	$ 3,295,581	$ 81,257,609

*These programs are part of the consensus caseload estimating process for human services entitlement programs.
+Other assistance includes Low Income Energy Assistance, Refugee Services, Food Stamp Employment and Training and assistance. Federal food stamp benefits are not included in the state budget.

- **The Temporary Assistance for Families (TAF) program –** provides cash assistance to very low-income families. Families with incomes at approximately 24.0 percent of the federal poverty level may qualify for TAF assistance. Almost all families with an adult must participate in work activities and seek employment through the TAF Employment Services program. Cash assistance is not an entitlement and is limited to 48 months, with provisions for extended assistance up to 60 months if the family meets hardship criteria. Families must cooperate with child support services program in order to receive benefits. Temporary Assistance for Families benefits are financed by the federal Temporary Assistance for Needy Families (TANF) Block Grant and state funds. This program is subject to the consensus caseload estimating process in the fall and spring of each year.

In order to receive the entire $101,931,061 federal TANF Block Grant, Kansas must spend a specified minimum in state funds, the TANF Maintenance of Effort (TANF MOE). The TANF MOE is $65,866,230, and represents eighty percent of state funds spent in the base fiscal year of 1994. The MOE is reduced to 75.0 percent of the amount for states which meet the work requirements. The TANF MOE is budgeted in specific program budgets. A major source of the MOE is net refunds from the Kansas Earned Income Tax Credit. The TANF law allows states to claim refundable tax credits toward the MOE if the credit exceeds the underlying tax upon which the tax credit is based. The State General Fund finances none of the MOE in the Governor's FY 2015 recommendation. During FY 2012 the medical assistance and cash assistance applications were separated, which has resulted in reductions in cash assistance caseloads. When the applications were together the individual did not have to choose to make a separate application for cash assistance.

The **agency** estimates a caseload of approximately 6,640 families, including 15,239 average monthly persons, at an average cost of $113.00 per person for FY 2015, FY 2016, and FY 2017. The estimate is based on the caseload estimate of $20.7 million.

The **Governor** recommends FY 2015 caseloads totaling $20.5 million, a decrease of $200,000 below the agency estimate. The Governor recommends FY 2016 caseloads totaling $19.4 million, a decrease of $1.3 million below the agency's request. The Governor recommends FY 2017 caseloads totaling $18.4 million, a decrease of $2.3 million below the agency's request. The Governor's recommendation fully funds the fall human services consensus caseload estimate for TAF cash assistance.

- **TAF Employment Services –** helps adults obtain and keep employment. All adult TAF recipients, except those with a child under age one, those age sixty or over, and those needed in the home to care for a disabled household member, must work or participate in work-readiness activities thirty hours a week (55 hours for two-parent households). Federal law requires that at least fifty percent of TAF adults whose youngest child is over the age of one must be involved in a work activity each month or the state faces a reduction in the TANF Block Grant. The program offers 12 months of transitional services to families leaving Cash Assistance for employment. TAF Employment Services are financed by the TANF Block Grant.

The **agency** anticipates a caseload of 6,308 average persons per month accessing employment services in FY 2015 at a monthly cost of $79.17 per person. The estimate is based on the caseload estimate of $6.0 million approved by the Legislature. The agency anticipates a caseload of 6,047 average persons per month accessing employment services in FY 2016 at a monthly cost of $79.18 per person. The estimate is based on the caseload estimate of $5.7 million. The agency anticipates a caseload of 5,927 average persons per month accessing employment services in FY 2017 at a monthly cost of $79.17 per person. The estimate is based on the caseload estimate of $5.6 million.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

- **The Low Income Energy Assistance Program (LIEAP) –** provides a one-time annual benefit to low-income households for energy bills to avoid

the shutoff of utility services during the winter. To qualify for energy assistance, households must have incomes below 130.0 percent of the Federal Poverty Level, must have made recent payments on their energy bills, and must pay directly for heating costs or must pay rent which includes utility costs. Payments are sent directly to the utility/fuel provider, and the payments are credited to the household's bill. The program is funded entirely by a block grant from the U.S. Department of Health and Human Services.

The **agency** estimates providing assistance to 47,948 households including 113,953 persons in FY 2015 at an average cost of $490 per year. For FY 2016, the agency estimates providing assistance to 48,427 households including 115,093 persons at an average cost of $479 per year. For FY 2017, the agency estimates providing assistance to 48,911 households including 116,244 persons at an average cost of $473 per year.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017. The Governor's recommendation includes salary reductions totaling $1,783 in FY 2015, $1,973 in FY 2016, and $2,059 in FY 2017.

- **Refugee Services –** provides financial and medical assistance to refugees during their first eight months in the United States. Grants are made to community organizations to provide social services to refugees and the program is entirely funded by the federal government. The benefits parallel Temporary Assistance to Families and Medicaid benefits except that cash benefits are limited to eight months.

The **agency** estimates providing cash assistance to an average of 86 persons per month in FY 2015 at an average cost of $147 per month. The agency also estimates providing cash assistance to an average of 92 persons per month in FY 2016 at an average cost of $162 per month. The agency also estimates providing cash assistance to an average of 97 persons per month in FY 2017 at an average cost of $161 per month. Refugee Services also includes social service grants of $592,301 in FY 2015, $619,632 in FY 2016, and $628,136 in FY 2017. Social service grants are provided to organizations who provide refugees employment skills, English language skills and general social adjustment services.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

- **Food Assistance –** provides benefits to individuals and families to assist with food costs. This 100.0 percent federally funded program assists individuals and families with incomes less than 130.0 percent of the federal poverty level. Food assistance benefits are issued through electronic benefit transfer (EBT). Each family or individual receives a plastic "Vision" card with credit in an individual account that may be used only for the purchase of food. Food assistance benefit expenditures are not shown in the state budget because expenditures are not made from the state treasury. The funding is not included in the state budget, however the agency estimates a decrease in both caseloads and expenditures for this program.

FOOD ASSISTANCE PROGRAM

	FY 2013 Actuals	FY 2014 Actuals	FY 2015 Agency Est.	FY 2016 Agency Est.	FY 2017 Agency Est.
Average Monthly Persons	316,424	301,377	281,250	276,750	274,500
Food Assistance Benefits	$ 471,551,970	$ 415,767,025	$ 381,375,000	$ 382,778,460	$ 387,259,769

CHILD CARE AND CARE QUALITY/EARLY HEAD START
SUMMARY OF EXPENDITURES FY 2015 – FY 2017

Item	Agency Est. FY 2015 SGF	Agency Est. FY 2015 All Funds	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Child Care Assistance	$ 11,967,711	$ 51,014,916	$ 11,967,711	$ 49,078,180	$ 11,967,711	$ 47,469,028
Child Care Quality	0	2,825,791	0	2,647,754	0	2,682,754
Early Head Start	0	9,277,213	0	9,277,213	0	9,277,213
TOTAL	$ 11,967,711	$ 63,117,920	$ 11,967,711	$ 61,003,147	$ 11,967,711	$ 59,428,995

	Gov. Rec. FY 2015 SGF	Gov. Rec. FY 2015 All Funds	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Child Care Assistance	$ 11,967,711	$ 51,014,916	$ 11,127,749	$ 49,078,180	$ 10,429,859	$ 47,469,028
Child Care Quality	0	2,825,791	0	2,647,754	0	2,682,754
Early Head Start	0	9,277,213	0	9,277,213	0	9,277,213
TOTAL	$ 11,967,711	$ 63,117,920	$ 11,127,749	$ 61,003,147	$ 10,429,859	$ 59,428,995

The **Child Care Assistance program** provides payments to child care providers to allow low income families to remain in the workforce. To qualify, families must have incomes below 185.0 percent of the Federal Poverty Level (FPL) and must comply with Child Support Enforcement requirements. Families with incomes above seventy percent of the FPL are required to pay a share of the child care cost. Child care is provided by centers, licensed providers and unregulated providers, which covers care by relatives and care provided by persons in the child's home.

A majority of the financing in the Child Care Assistance program is provided by the federal Child Care and Development Fund which is composed of mandatory, matching, and

discretionary funds. For a state to access mandatory and matching funds, it must meet the state maintenance of effort ($6.7 million), and use at least 70.0 percent of the total amount for child care assistance. Discretionary funds are 100.0 percent federal funds and matching funds are matched at the Federal Medical Assistance Percentage (FMAP) rate (approximately 40.0 percent state and 60.0 percent federal).

The majority of child care quality expenditures are devoted to resource and referral services. The program provides information to parents about child care available in their communities and referrals to other programs in response to family needs. It also maintains databases on child care programs, builds the supply of child care by providing training and technical assistance to new and existing providers, and improves child care quality by offering training for family child care providers, center staff, and directors.

The **agency** estimates assisting an average of 6,964 families, including 13,168 children, in FY 2015 at an average monthly cost of $322 per child in the child care assistance program. For FY 2016, the agency estimates assisting an average of 6,549 families, including 12,385 children at an average monthly cost of $330. For FY 2017, the agency estimates assisting an average of 6,207 families, including 11,738 children at an average monthly cost of $337.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017. The recommendation reduces State General Fund moneys and replaces it with federal funds.

- **The Kansas Early Head Start program –** provides early intervention services including: weekly home visits, physical and mental health education, nutrition education, social services, parental involvement and education, services for children with disabilities, job seeking and retention support, and child care for parents who are working or are in school. Kansas Early Head Start grants are awarded to thirteen early learning programs in 44 counties.

The **agency** estimates providing services to an average of 916 children in FY 2015, FY 2016 and FY 2017 at an average monthly cost of $10,128.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

Rehabilitation Services

The Rehabilitation Services program is responsible for seeing that comprehensive vocational rehabilitation (VR) services are available to help people with disabilities become gainfully employed. Within the VR program is the Kansas Commission for the Deaf and Hard of Hearing.

- **The Rehabilitation Services for the Blind program –** provides a broad array of programs for people who are blind or visually impaired including core vocational rehabilitation to help consumers become gainfully employed. In addition, the program administers the Kansas Seniors Achieving Independent Living program; administers the Rehabilitation Teaching program; operates the Business Enterprise Program; and operates the Office Experience Project. Services for the Blind also administers several independent living and specialized employment programs.

- **Disability Determination Services –** makes disability and blindness determinations for the U.S. Social Security Administration on the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) claims filed or reviewed in Kansas. The workload consists of claims for adults and children filing for initial, reconsideration, and hearings level decisions. Continuing disability reviews are also conducted for Kansans already receiving disability benefits.

- **Rehabilitation Services Case Services –** assist persons with physical or mental disabilities to obtain employment and live more independently. To be eligible to receive services, a person must have a physical or mental impairment that presents a substantial impairment to employment. In addition, Rehabilitation Services Independent Living develops and provides services to individuals in partnership with the Statewide Independent Living Council.

Prevention and Protection Services

Prevention and Protection Services has a mission to protect children; promote permanent, nurturing families; and strengthen community partnerships to serve children. Prevention and Protection Services delivers services to the target population through six programs: Administration, Protection Reporting Center, Child Protective Services/Family Support, Reintegration/Foster Care, and Adoption/Alternate Permanency. The division also provides investigative, and intervention services for adults directed towards safeguarding the well-being and welfare of adults in need of protection such as aged and disabled individuals.

PREVENTION AND PROTECTION SERVICES
SUMMARY OF EXPENDITURES FY 2015– FY 2017

Item	Agency Est. FY 2015 SGF	Agency Est. FY 2015 All Funds	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Administration	$ 3,662,486	$ 4,301,367	$ 3,750,727	$ 4,390,271	$ 3,826,988	$ 4,468,793
Protection Report Center	4,028,661	4,028,661	4,048,846	4,048,846	4,222,718	4,222,718
Prevention Services	3,668,316	13,484,922	3,668,316	13,484,922	3,668,316	13,484,922
Independent Living	1,840,979	5,164,971	1,841,370	5,166,924	1,843,764	5,178,891
Reintegration/Foster Care*	76,300,000	142,700,000	77,403,379	142,700,000	82,703,379	142,700,000
Permanent Guardianship	855,992	855,992	819,370	819,370	790,867	790,867
Adoption Support	20,015,702	35,710,056	20,515,873	36,619,718	20,919,001	37,533,493
Other Grants and Contracts	724,534	1,667,499	663,773	1,367,761	663,773	1,370,952
TOTAL	$ 111,096,670	$ 207,913,468	$ 112,711,654	$ 208,597,812	$ 118,638,806	$ 209,750,636

	Gov. Rec. FY 2015 SGF	Gov. Rec. FY 2015 All Funds	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Administration	$ 3,644,917	$ 4,283,257	$ 3,688,348	$ 4,310,710	$ 3,289,416	$ 3,640,944
Protection Report Center	3,988,843	3,988,843	3,956,986	3,956,986	4,088,004	4,088,004
Prevention Services	3,697,686	13,484,922	3,692,653	13,479,889	3,687,620	13,474,856
Independent Living	1,740,423	5,162,190	1,030,147	5,161,206	1,642,039	5,170,268
Reintegration/Foster Care*	86,500,000	142,400,000	76,500,000	145,000,000	83,500,000	147,300,000
Permanent Guardianship	855,992	855,992	819,370	819,370	790,867	790,867
Adoption Support	20,015,702	35,710,056	20,320,873	36,619,718	20,919,001	37,533,493
Other Grants and Contracts	724,534	1,666,776	663,773	1,366,156	318,881	1,368,577
TOTAL	$ 121,168,097	$ 207,552,036	$ 110,672,150	$ 210,714,035	$ 118,235,828	$ 213,367,009

*This program is subject to the consensus caseload process for entitlement programs.

- **The Protection Report Center (PRC) –** provides a 24 hours-a-day, seven-days-a-week hotline to take reports from callers statewide regarding alleged abuse or neglect. The PRC screens the reports and sends the reports needing investigation to the local DCF area office if warranted. If reports received at the PRC after hours are determined to meet the criteria for a same day response, PRC staff will notify the local law enforcement agency.

- **The Child Protective Services and Family Support program –** responds to reports alleging a child is in need of care (CINC). Social workers in local DCF offices are responsible for determining if a child abuse report is valid and whether there is a need for further action. If the report alleges abuse or neglect, the response involves assessing the immediate safety of the child, evaluating the family's ability to protect the child, and determining the services required to support the family in safely caring for their child.

- **Adult Protective Services –** are activities directed towards safeguarding the well-being and welfare of adults in need of protection. Social workers investigate reports of abuse or neglect and arrange for provision of services to those individuals. The agency estimates providing services to 9,179 individuals in FY 2015 at a cost of $354,700, all from the State General Fund. For FY 2016, the agency estimates providing services to 9,267 individuals at a cost of $354,700, all from the State General Fund. For FY 2017, the agency estimates providing services to 9,356 individuals at a cost of $354,700, all from the State General Fund.

- **Prevention Services –** are delivered to the family as a unit to address the safety and risk factors identified and to sustain or enhance the family's capacity to care for their children. Services may be court ordered, recommended by DCF, or requested by the family. Safety and prevention of out-of-home care are the primary goals of family services. Services may be offered by DCF staff or through referrals to other community agencies or entities.

The **agency** estimates providing services to 731 families in FY 2015, FY 2016, and FY 2017 at an average cost of $2,260 per family.

The **Governor** concurs with the agency's estimate for FY 2014 and FY 2015.

- **Community Services –** establishes local collaborative efforts to provide services to children and their families to prevent unnecessary placements of children into Foster Care (included in other grants and contracts in the summary table). These efforts are primarily directed at children who are safe from abuse or neglect, or both, by their care givers but who need preventive services, either because of their own behaviors or the parents' need for support. These could be children with behavioral problems, truants, or children with serious medical or mental health needs.

The **agency** estimates providing services to 423 families in both FY 2015, FY 2016 and FY 2017 at an annual cost of $3,445 per family.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

- **Family Preservation services –** are intensive services offered to families, through a contract with a private vendor, who are at risk of having a child come into the custody of the Department and removed from their home unless the family

can make the changes necessary to provide adequate care and safety. The DCF social worker is responsible for monitoring service delivery to achieve established outcomes.

The **agency** estimates referring 2,574 families for these services in FY 2015, FY 2016, and FY 2017 at a cost of $3,967 per referral.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

- **Reintegration/Foster Care Services –** have been provided through private contract agencies since 1997. Services provided by the child welfare case management providers include case planning, placement, service delivery, and collaboration with communities. The DCF workers are responsible for monitoring service delivery to achieve established outcomes. Services are provided to children and families when the court has found the child to be a "child in need of care" (CINC) and requiring out-of-home placement to meet their safety needs.

The **agency** estimates serving approximately 5,872 children in the reintegration program in FY 2015, FY 2016 and FY 2017. The estimated monthly cost is $2,025 per child. This does not include any adjustments made by the consensus caseload estimating process to which this program is subject.

The **Governor** recommends a reduction from all funding sources of $300,000 in FY 2015 and a State General Fund increase of $10.2 million. The agency is in discussions regarding expenditures from the Title IV-E foster care funding source with the federal Administration for Children and Families. The Governor's recommendation for FY 2015 includes the addition of $13.1 million, all from the State General Fund, to provide for adequate cash flow for the program. The Governor's recommendation for FY 2016 include an addition of $2.3 million, and a reduction of $903,379 from the State General Fund. The Governor's recommendation for FY 2017 include an addition of $4.6 million, including $796,621 from the State General Fund. The Governor's recommendation fully funds the fall human services consensus caseload estimate.

- **Adoption Services –** are designed to benefit children whose parents' parental rights have been terminated or relinquished by providing the children with a permanent family. Examples of services include:
  - Adoption support payments are available to assist adoptive families in meeting the special needs of the children they adopt;
  - Permanent guardianship is an alternative permanent placement when the courts have determined that children cannot return home but for whom adoption is not an option; and
  - Life Skills and Independent Living Services are provided to older children to prepare them for adulthood once they leave state custody.

For FY 2015 in adoption support, the **agency** estimates providing support for an average of 8,327 children per month at a cost of $357.37 per child. For FY 2016 in adoption support, the **agency** estimates providing support for an average of 8,531 children per month at a cost of $357.71 per child. For FY 2017 in adoption support, the **agency** estimates providing support for

an average of 8,735 children per month at a cost of $358.08 per child.

- **Permanent Guardianship –** is a permanency option when reintegration and adoption are not a preferred option for the child. When a guardianship is established a subsidy may be provided to assist the families until the child reaches 18 years of age.

For FY 2015 in Permanent Guardianship, the **agency** estimates serving an average of 238 children per month at an average monthly cost of $299.72 per child. For FY 2016 the agency estimates serving an average of 228 children per month at an average monthly cost of $299.48 per child. For FY 2017 the agency estimates serving an average of 220 children per month at an average monthly cost of $299.57 per child.

The **Governor** concurs with the agency's estimate for FY 2015, FY 2016 and FY 2017.

C. Supported Business Areas

This program includes support programs not under the direct control of the Secretary. These programs include Information Technology, Human Resources, the Children's Cabinet, and the Kansas Council on Developmental Disabilities.

Information Technology Services – is responsible for managing new information technology systems projects, maintaining information systems that support the agency's business, coordinating access to and protection of the agency's data resources, and providing information technology infrastructure management and user support.

Human Resources – is responsible for providing personnel support to the regional offices and the central office. These activities include recruitment, retention, and staff employment as well as succession planning for all positions.

The Kansas Children's Cabinet – is charged with assisting the Governor in developing and implementing a coordinated delivery system to improve the health and well being of families and children in Kansas. The Children's Cabinet evaluates programs funded with Children's Initiatives Fund moneys. The Children's Cabinet is connected to the Department for budget and administrative purposes only.

The Kansas Council on Developmental Disabilities – responsibilities include monitoring, and evaluating developmental disabilities program and services to ensure increased independence, productivity and integration into the community.

SUPPORTED BUSINESS AREAS 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	$ 10,518,832	$ 10,819,995	$ 10,715,689	$ 9,358,603	$ 8,769,649	$ 9,714,419	$ 9,017,889
Contractual Services	24,553,112	26,329,601	19,762,751	34,258,092	27,412,640	27,772,089	27,239,885
Commodities	535,432	110,416	110,416	110,434	110,434	110,453	110,453
Capital Outlay	503,485	524,660	524,660	524,660	524,660	524,660	524,660
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 36,110,861	$ 37,784,672	$ 31,113,516	$ 44,251,789	$ 36,817,383	$ 38,121,621	$ 36,892,887
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	26,381,667	26,356,704	26,356,704	25,947,213	19,947,213	25,443,852	19,443,852
TOTAL	$ 62,492,528	$ 64,141,376	$ 57,470,220	$ 70,199,002	$ 56,764,596	$ 63,565,473	$ 56,336,739
Financing:							
State General Fund	$ 11,465,425	$ 14,240,025	$ 11,696,056	$ 18,785,834	$ 15,874,070	$ 16,212,026	$ 15,633,661
All Other Funds	51,027,103	49,901,351	45,774,164	51,413,168	40,890,526	47,353,447	40,703,078
TOTAL	$ 62,492,528	$ 64,141,376	$ 57,470,220	$ 70,199,002	$ 56,764,596	$ 63,565,473	$ 56,336,739
FTE Positions	218.5	167.8	167.8	160.8	160.8	160.8	160.8
Non-FTE Uncl. Perm. Pos.	16.0	35.0	35.0	16.0	16.0	16.0	16.0
TOTAL	234.5	202.8	202.8	176.8	176.8	176.8	176.8

The **agency** requests FY 2016 expenditures totaling $70.2 million, including $18.8 million from the State General Fund. The request is an increase $6.1 million, or 9.4 percent, including $4.5 million, or 31.9 percent from the State General Fund, above the revised FY 2015 estimate. The majority of the increase is attributable to the addition of $13.0 million for KEES on going operations, maintenance and enhancements, partially offset by reductions in transfers of $2.6 million for KEES development costs. Additionally, the increases are partially offset by salaries and wages expenditure decreases totaling $1.5 million.

The **agency's** FY 2016 request includes $9.4 million for salaries and wages, $34.3 million for contractual services, and $25.9 million for other assistance payments. The FY 2016 request includes State General Fund expenditures totaling $18.8 million, $25.1 million from the Children's Initiatives Fund and $21.6 million from federal funds.

The **Governor** recommends FY 2016 expenditures totaling $56.8 million, including $15.9 million from the State General Fund. The recommendation is a reduction of $13.4 million, or 19.1 percent, including $2.9 million, or 15.5 percent, below the agency's request.

The recommendation includes a reduction of $93,620, including $46,085 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $7.3 million, including $2.9 million from the State General Fund, to continue the 4.0 percent operating reduction. Reductions include $6.7 million, including $2.5 million from the State General Fund, to remove funding for the conversion of legacy computer systems away from the mainframe, other operating expenditures, office supplies and a reorganization of information technology services. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

The **Governor's** recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Fund Accountability Fund. The recommendation also includes a reduction of $6.0 million, all from the Children's Initiatives Fund, to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

The **agency** requests FY 2017 expenditures totaling $63.6 million, including $16.2 million from the State General Fund. The request is a decrease of $6.6 million, or 9.4 percent, including $2.4 million, or 13.7 percent from the State General Fund, below the FY 2016 request. The majority of the increase is attributable to the anticipated completion of the mainframe conversion project which was included in both the FY 2015 and FY 2016 agency request.

The **agency's** FY 2017 request includes $9.7 million for salaries and wages, $27.8 million for contractual services, and $25.4 million for other assistance payments. The FY 2017 request includes State General Fund expenditures totaling $16.2 million, $25.1 million from the Children's Initiatives Fund and $22.0 million from federal funds.

The **Governor** recommends FY 2017 expenditures totaling $56.3 million, including $15.6 million from the State General Fund. The recommendation is a reduction of $7.2 million, or 11.4 percent, including $578,365, or 3.6 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $95,495, including $47,007 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $1.1 million, including $531,358 from the State General Fund, to continue the 4.0 percent operating reduction. Reductions include other operating expenditures, office supplies and a reorganization of information technology services. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

The **Governor's** recommendation includes a reduction of $25,000, all from the Children's Initiatives Fund, from the Children's Initiatives Fund Accountability Fund. The recommendation also includes a reduction of $6.0 million, all from the Children's Initiatives Fund, to eliminate funding for the Kansas Reads to Succeed program, which contracted with the Lexia reading program.

D. Regional Offices

Operations staff are employed throughout Kansas and deliver the bulk of all DCF benefits and many direct services in the four regional management areas (East, Kansas City, West, and Wichita). The staff in these four regions perform a variety of functions including: determining eligibility for DCF programs and medical programs administered by the Kansas Department of Health and Environment, Division of Health Care Finance; investigating alleged abuse, neglect, and fiduciary abuse of adults, and help providing protective services; investigating alleged abuse and neglect of children, and coordinating with and overseeing all foster care, adoption, and family preservation contractors; coordinating all DCF programs and services; and conducting quality assurance and monitoring for children and adults receiving services.

REGIONAL OFFICES 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	$ 91,742,786	$ 95,935,488	$ 94,932,880	$ 96,683,554	$ 94,337,674	$ 101,097,073	$ 97,665,951
Contractual Services	16,697,681	17,591,068	17,591,068	17,457,605	17,374,097	17,412,712	17,245,697
Commodities	934,918	971,883	971,883	983,610	977,582	995,666	983,610
Capital Outlay	174,076	494,700	494,700	494,700	394,950	494,700	295,200
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 109,549,461	$ 114,993,139	$ 113,990,531	$ 115,619,469	$ 113,084,303	$ 120,000,151	$ 116,190,458
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	80,422	79,503	79,503	0	0	0	0
TOTAL	$ 109,629,883	$ 115,072,642	$ 114,070,034	$ 115,619,469	$ 113,084,303	$ 120,000,151	$ 116,190,458
Financing:							
State General Fund	$ 63,643,328	$ 66,355,216	$ 65,586,035	$ 66,624,899	$ 64,573,230	$ 69,107,181	$ 66,321,615
All Other Funds	45,986,555	48,717,426	48,483,999	48,994,570	48,511,073	50,892,970	49,868,843
TOTAL	$ 109,629,883	$ 115,072,642	$ 114,070,034	$ 115,619,469	$ 113,084,303	$ 120,000,151	$ 116,190,458
FTE Positions	1,771.2	1,726.4	1,726.4	1,729.4	1,729.4	1,729.4	1,729.4
Non-FTE Uncl. Perm. Pos.	99.0	167.0	167.0	167.0	167.0	167.0	167.0
TOTAL	1,870.2	1,893.4	1,893.4	1,896.4	1,896.4	1,896.4	1,896.4

The **agency** requests FY 2016 expenditures totaling $115.6 million, including $66.6 million from the State General Fund. The request is an increase of $546,827, or 0.5 percent, including $269,683, or 0.4 percent, from the State General Fund, above the revised FY 2015 estimate. The majority of the increase is attributable to increases in salaries and wages fringe benefits.

The **agency's** FY 2016 request includes $96.7 million for salaries and wages and $17.5 million for contractual services. The FY 2016 request includes State General Fund expenditures totaling $66.6 million and $49.0 million from federal funds.

The **Governor** recommends FY 2016 expenditures totaling $113.1 million, including $64.6 million from the State General Fund. The recommendation is a reduction of $2.5 million, or 2.2 percent, including $2.1 million, or 3.1 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $1.3 million, including $729,941 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $1.2 million, including $1.3 million from the State General Fund, to continue the 4.0 percent operating reduction. Reductions include other operating expenditures, office supplies and funding shifts for programs. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

The **agency** requests FY 2017 expenditures totaling $120.0 million, including $69.1 million from the State General Fund. The request is an increase of $4.4 million, or 3.8 percent, including $2.5 million, or 3.7 percent, from the State General Fund, above the FY 2016 request. The majority of the increases are attributable to salaries and wages expenditures, including increases of $1.8 million for fringe benefit increases and $2.7 million for the 27th payroll period.

The **agency's** FY 2017 request includes $101.1 million for salaries and wages and $17.4 million for contractual services. The FY 2017 request includes State General Fund expenditures totaling $69.1 million and $50.9 million from federal funds.

The **Governor** recommends FY 2017 expenditures totaling $116.2 million, including $66.3 million from the State General Fund. The recommendation is a reduction of $3.8 million, or 3.2 percent, from all funding sources, including $2.8 million, or 4.0 percent, from the State General Fund, below the agency's request.

The recommendation includes a reduction of $1.3 million, including $744,221 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the recommendation is a reduction of $2.5 million, including $2.0 million from the State General Fund, to continue the 4.0 percent operating reduction. Reductions include other operating expenditures, office supplies and funding shifts for programs. Also included is a reduction in salaries and wages associated with an increase in shrinkage savings.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Child Support Enforcement					
Support collections to cost ration	$4.10:$1	$5.51:$1	$5.50:$1	$5.50:$1	$5.50:$1
Percent of cases paying support arrears	64.0%	64.0%	64.0%	64.0%	64.0%
Temporary Assistance to Families					
Percent of families leaving TANF who retain employment in the second quarter	45.0%	39.4%	41.0%	42.0%	43.0%
Rehabilitation Services					
Percent of rehabilitated clients gaining competitive employment	99.3%	99.7%	72.6%	72.6%	72.6%
Number of clients rehabilitated	1,800	1,555	1,800	1,800	1,800
Child Care and Early Childhood Development					
Percent of children in Early Head Start demonstrating developmental growth	89.0%	83.0%	85.0%	90.0%	90.0%
Percent of Kansas Early Head Start child care providers who have a Child Development Associate or higher in education	93.0%	94.0%	94.0%	94.0%	94.0%
Reintegration/Foster Care Contract					
Average number of children in foster care each month	5,538	5,561	5,830	5,990	6,130

Kansas Department for Aging and Disability Services

	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	$ 561,860,405	$ 618,190,288	$ 632,670,211	$ 626,660,658	$ 664,609,154	$ 626,845,205	$ 667,965,570
Other Funds	827,961,307	871,513,739	901,276,928	843,122,793	901,211,759	843,373,890	902,469,688
TOTAL	$ 1,389,821,712	$ 1,489,704,027	$ 1,533,947,139	$ 1,469,783,451	$ 1,565,820,913	$ 1,470,219,095	$ 1,570,435,258
Capital Improvements:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	9,246,330	10,678,611	10,678,611	7,530,000	7,530,000	7,720,000	7,720,000
TOTAL	$ 9,246,330	$ 10,678,611	$ 10,678,611	$ 7,530,000	$ 7,530,000	$ 7,720,000	$ 7,720,000
GRAND TOTAL	**$ 1,399,068,042**	**$ 1,500,382,638**	**$ 1,544,625,750**	**$ 1,477,313,451**	**$ 1,573,350,913**	**$ 1,477,939,095**	**$ 1,578,155,258**
Percentage Change:							
Operating Expenditures							
State General Fund	(6.0) %	10.0 %	12.6 %	1.4 %	5.0 %	0.0 %	0.5 %
All Funds	(1.3)	7.2	10.4	(1.3)	2.1	0.0	0.3
FTE Positions	195.0	195.0	195.0	195.0	195.0	195.0	195.0
Non-FTE Perm.Uncl.Pos.	80.0	80.0	80.0	80.0	80.0	80.0	80.0
TOTAL	275.0	275.0	275.0	275.0	275.0	275.0	275.0

AGENCY OVERVIEW

The Kansas Department for Aging and Disability Services (KDADS) was established by statute in 1977 as a cabinet-level agency headed by a secretary appointed by the Governor, subject to confirmation by the Senate. The agency goals are to promote security, dignity, and independence of older adults and persons with disabilities. KDADS is responsible for the distribution for Medicaid long-term care payments, survey and certification for adult care homes, behavioral health programs, home and community based services for older adults and person with disabilities, and the management and oversight of the five state hospitals. The Department is mandated under the federal Older Americans Act to serve as an advocate for seniors and to administer programs funded by Older Americans Act appropriations.

The Department is organized into the major program areas of Administration, Nursing Facilities Program, Commission on Aging and Aging Grants, Survey, Certification and Credentialing Commission, Community Services and Programs Commission.

Administration includes the the Office of the Secretary and Financial and Information Services. Community Services and Programs include Behavioral Health Services (formerly known as Mental Health) and Home and Community Based Services Waivers.

MAJOR ISSUES FROM PRIOR YEARS

The **2010 Legislature** passed Senate Sub. for Senate Sub. for Sub. for HB 2320 which established a provider assessment up to $1,950 on each licensed bed within skilled nursing care facilities which includes nursing facilities for mental health and hospital long-term care units. The Kansas Soldiers' Home and the Kansas Veteran's Home were excluded from the assessment. A provider assessment is a mechanism used to maximize the amount of federal funding for the state by generating new state funds. After collection, the additional funds are used to draw down additional federal funds. This results in increased Medicaid payments to providers for Medicaid eligible services in licensed nursing facilities. The 2004 Legislature had previously implemented a provider assessment for hospitals during. The nursing facility assessment sunsets in four years and after the first three years, the assessment amount will be adjusted to be no more than 60.0 percent of the assessment collected in previous years. As of December 2011, there were 342 skilled nursing facilities in Kansas. The assessment, in the form passed by the 2010 Legislature, received approval from the federal Centers for Medicare and Medicaid Services on February 11, 2011.

In addition, **the 2010 Legislature** added $1,262,863, including $311,835 from the State General Fund, to fund telehealth services for 500 individuals to the Home and Community Based Services-Frail Elderly waiver program for FY 2011. However, the agency delayed implementation of the telehealth program because of shortfalls in the appropriations for existing Home and Community Based Services waiver programs. The agency stated that it did not appear prudent to implement a new service when doing so could create a strong possibility of needing to reduce existing services levels or start waiting lists and never used the appropriated funds for implementation during FY 2011. The program was implemented October 1, 2011.

For **FY 2011, the Legislature** deleted $2.0 million, including $1.7 million from the State General Fund.

- $300,000 from the State General Fund for the Nutrition program, resulting in a reduction of 53,286 meals or 240 fewer seniors receiving services. However, the agency determined that it could absorb this reduction within the agency operations portion of the budget and this reduction did not occur.

- $1.3 million from the State General Fund for Senior Care Act direct services, case management, assessments and administration, which would have eliminated services for approximately 1,140 seniors and increased the waiting list. The agency indicated that it would absorb this reduction with the agency operations instead.

- $345,180, including $102,304 from the State General Fund, for agency operations. The agency indicated that they would reduce expenditures through layoffs, furloughs, leaving positions vacant and other administrative reductions.

The **2011 Legislature** also deleted $3.0 million, including $1.2 million from the State General Fund, and 20.0 FTE (filled and unfilled) positions for agency operations for FY 2012 and funding was used for increased caseloads in the Home Care Based Services for the Frail Elderly waiver. The 2011 Legislature also deleted 30.0 vacant FTE position for FY 2012. The agency's FY 2012 FTE position limitation was 164.0 FTE positions.

The **2012 Legislature** acknowledged the enactment of Executive Reorganization Order No. 41 which became effective on July 1, 2012. Specifically, the Reorganization Order transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS), including the following items.

- Mental health and substance abuse, serious emotionally disturbed, developmental disability, physical disability, traumatic brain injury, autism, technology assistance, and money–follows-the-person Medicaid waivers and programs.

- Licensure and regulation of community mental health centers.

- Regulation of community developmental disability organizations.

- Licensure of private psychiatric hospitals.

- Licensure and regulation of facilities and providers of residential services.

- Licensure of providers of addiction and prevention services.

- Any other programs and related grants administered by the Disability and Behavioral Health Services Section.

Further, some areas were transferred from the Kansas Department of Health and Environment (KDHE) to KDADS. The following areas of the Health Occupations Credentialing

program of the KDHE were transferred and will be administered by KDADS.

- Licensure of adult care home administrators.
- Licensure of dieticians.
- Certification of residential care facility operators, activity directors, social service designees, nurse aides, medication aides, and home health aides.
- Maintenance of the Kansas Nurse Aide Registry and Criminal History Record Check program, as authorized by credentialing statutes or rules and regulations.

The KDHE Psychiatric Residential Treatment Facility licensure program was also transferred to KDADS.

The **2012 Legislature** added $1.2 million, including $532,343 from the State General Fund, to fund an additional 60 individuals on the HCBS/PD waiver for FY 2013 to meet the maintenance of effort requirement for the federal Affordable Care Act.

The **2012 Legislature** added $1,164,790, all from the Children's Initiative Fund (CIF), and deleted the same amount from the State General Fund, for the Children's Mental Health Initiative for FY 2013 and added $4.75 million, all from the Children's Initiative Fund, for the Family Centered System of Care for FY 2013.

The **2012 Legislatur**e added $1.8 million, all from the State General Fund, for reimbursement of non-Medicaid psychiatric inpatient screening for FY 2013.

The **2012 Legislature** added $881,920, all from the State General Fund, to fully fund the Senior Care Act program for FY 2013, thereby eliminating the waiting list of 340 Kansas seniors.

The **2012 Legislature** added $4,148,421, including $1,800,000, from the State General Fund, to fund approximately 97 persons on the waiver for the developmentally disabled and added $4,148,421, including $1,800,000, from the State General Fund, to fund approximately 201 persons on the waiver for the physically disabled.

The **2012 Legislature** added $5.0 million, all from the State General Fund, for mental health grants for FY 2013.

The **Governor** vetoed the addition of funds in FY 2012 to increase the Financial Management System (FMS) reimbursement rate for service costs to payroll agents from $115 to $125 from November 2011 through June 2012.

The **2013 Legislature** deleted $659,760, including $338,310 from the State General Fund, in FY 2013 and $673,297, including $336,497 for FY 2014 for salaries and wages; $7,490,205, including $3,250,000 from the State General Fund, in both FY 2013 and FY 2014 for the Home and Community Based Waiver for the Frail Elderly for savings achieved through efficiencies the agency implemented. The Legislature also added $19,161,842 including $8,276,000 from the State General Fund to fund Home and Community Based Services Waivers for individuals with Developmental Disabilities and Physical Disabilities for FY 2014 and $19,235,036 including $8,276,000 from the State General Fund for FY 2015. This additional funding will serve approximately 437 people waiting for Physical Disabilities Waiver Services and 233 people waiting for Developmental Disabilities Waiver Services in FY 2014 and continues funding for these same people in FY 2015.

The **Legislature** made a series of modifications to the Problem Gambling and Addictions Grant Fund including:

transferred $550,000 from the Problem Gambling and Addictions Grant Fund to the Domestic Violence Grants Fund of the Office of the Governor for FY 2014 and FY 2015; transferred $150,000 from the Problem Gambling and Addictions Grant Fund to the Child Advocacy Centers Grants Fund of the Office of the Governor for FY 2014 and FY 2015; added language requiring continued funding for an FTE position for the Problem Gambling Services Coordinator position for FY 2014 and FY 2015; added language requiring that at least 10.0 percent of the amount allocated to the Problem Gambling Services program for FY 2014 and FY 2015 shall be spent on public awareness campaigns for possible problems related to gambling addictions and for services to address gambling and other addictions.

In addition, the Legislature deleted $3.75 million from the Children's Initiative Fund and $6.0 million the State General Fund in FY 2014 and FY 2015 for mental health grants; added $9.75 million for mental health grants for at-risk individuals from the Children's Health Insurance Program Fund for FY 2014 and from the Mental Health Grant - State Highway Fund for FY 2015; added $355,000, all from the State General Fund, for Community Mental Health Center (CMHC) grants for the Crisis Screening program for FY 2014 and FY 2015.

The **2014 Legislature** appropriated $4.0 million, all from the State General Fund, in both FY 2014 and FY 2015, for the Home and Community Based Services Waiver for individuals with developmental disabilities, to replace funding lapsed on January 1, 2014. In addition, the 2014 Legislature added language directing that expenditures be made to continue providing services to individuals removed from the Home and Community Based Services Waiver for individuals with developmental disabilities and the Home and Community Based Services Waiver for individuals with physical disabilities waiting lists and provide services in FY 2014 and FY 2015 and added language directing any unbudgeted amounts by the Secretary from the Home and Community Based Services Waiver for individuals with physical disabilities appropriation of $4.0 million made during the 2013 Legislative Session be expended for the Home and Community Based Services Waiver for individuals with developmental disabilities underserved waiting list in FY 2014 and FY 2015.

The **2014 Legislature** also added language allowing funding transferred from State General Fund accounts of the Kansas Neurological Institute to be expended for Home and Community Based Services Waiver for individuals with developmental disabilities in FY 2014 and FY 2015. The Legislature also added $16.3 million, including $7.1 million from DADS Social Welfare Fund, to provide additional services to individuals on underserved waiting list for the Home and Community Based Services Waiver for individuals with developmental disabilities for FY 2015 and added $10.2 million, including $5.0 million from the State General Fund, to add funding for Home and Community Based Services Waivers for individuals with physical disabilities and developmental disabilities, mental health grants and substance use disorder treatment for FY 2015.

The Legislature transferred $2.5 million from the Problem Gambling and Addictions Grant Fund to the State General Fund, in FY 2014 and added language specifying no one who seeks treatment for problem gambling shall be refused treatment and add language transferring up to $1.0 million from the DADS Social Welfare Fund to the Problem Gambling and Addictions Grant Fund if needed for FY 2015.

The **2014 Legislature** added $3.7 million, all from the State General Fund, associated with the closure of Rainbow Mental Health Facility and contract for services with Rainbow Mental Health Inc. for FY 2015. The Legislature also deleted $54.1 million, including $32.9 million from the State General Fund, for Human Services consensus caseload estimates in FY 2014 and deleted $136.5 million, including $60.9 million from the State General Fund, for FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency estimates** revised expenditures of $1.5 billion, including $618.2 million from the State General Fund, in FY 2015. The estimate is a decrease of $5.8 million, or 0.4 percent, from all funding sources below the amount approved by the 2014 Legislature. The estimate is an increase of $157,832, or less than 0.1 percent, from the State General Fund above the amount approved by the 2014 Legislature. The revised estimate includes capital improvement expenditures totaling $10.7 million, all from the State Institutions Building Fund.

The agency estimate includes the shift of savings totaling $800,000 from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's supplemental request also includes $1.0 million in additional federal Medicaid funds as a result of these additional State General Fund expenditures.

The agency estimate includes a reduction of $18.2 million, including $9.9 million from the Social Welfare Fund, which had been approved for FY 2015, which are not anticipated to be needed in FY 2015. The agency estimate also includes a shift of funding totaling $7.9 million, including $3.4 million from the State General Fund, from the Home and Community Based Services Waiver for Physical Disabilities to the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The agency estimate includes a lapse of $433,420, all from the State General, of the total $4.2 million reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015. The agency's revised estimate also includes a reduction of 22.0 FTE positions and the addition of 23.0 non-FTE positions above the approved number.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 expenditures totaling $1.5 billion, including $632.7 million from the State General Fund. The recommendation is an increase of $44.2 million, or 3.0 percent, including $14.5 million, or 2.3 percent, from the State General Fund, above the agency's revised estimate. The recommendation includes $10.7 million, all from special revenue funds, for capital improvement projects, the same as the agency's revised estimate.

The Governor's recommendation includes the addition of $45.0 million, including $15.1 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate.

Also included in the Governor's recommendation is a reduction of $599,235, as the result of the Governor's December 9th State General Fund allotment. In addition, the Governor's allotment plan included the transfer of $3.0 million from the DADS Social Welfare Fund and $1.2 million from the Problem Gambling and Addictions Grant Fund.

The Governor's recommendation includes a reduction of $52,017, all from the State General Fund as a result of the

Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $113,059 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $165,076.

FY 2016 Agency Request

The **agency** requests expenditures of $1.5 billion, including $626.7 million from the State General Fund, for FY 2016. The request is a decrease of $19.9 million, or 1.3 percent, from all funding sources below the FY 2015 revised estimate. The request is an increase of $8.5 million, or 1.4 percent, from the State General Fund above the FY 2015 revised estimate. The request includes capital improvement expenditures totaling $7.5 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling $1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes an $1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 expenditures totaling $1.6 billion, including $664.6 million from the State General Fund. The recommendation is an increase of $96.0 million, or 6.5 percent, including $37.9 million, or 6.1 percent, from the State General Fund, above the agency's request.

The Governor's recommendation includes the addition of $79.9 million, including $40.7 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of $1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by a decrease in mental health grants, Senior Care Act, and community developmental disability grant funding.

The Governor's recommendation includes a reduction of $190,454, including $61,159 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2016 recommendation also includes the addition of $66.6 million, including $29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $57.0 million, including $25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care. The recommendation includes the addition of $6.8 million, including

$3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

FY 2017 Agency Request

The **agency** expenditures of $1.5 billion, including $626.8 million from the State General Fund, for FY 2017. The request is an increase of $435,644, including $184,547 from the State General Fund above the FY 2016 request. The request includes the addition of approximately $568,650, including $184,547 from the State General Fund, to cover the cost of the 27th payroll period. The request includes capital improvement expenditures totaling $7.7 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling $1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes $1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

FY 2017 Governor Recommendation

The **Governor** FY 2017 expenditures totaling $1.6 billion, including $668.0 million from the State General Fund. The recommendation is an increase of $100.2 million, or 6.8 percent, and a decrease of $470,000, or 0.9 percent, from the State General Fund, from the agency's request.

The Governor's recommendation includes the addition of $111.2 million, including $55.8 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of $1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by a decrease in mental health grants, Senior Care Act, and community developmental disability grant funding.

The Governor's recommendation includes a reduction of $194,267, including $62,383 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2017 recommendation also includes the addition of $66.6 million, including $29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $56.8 million, including $25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

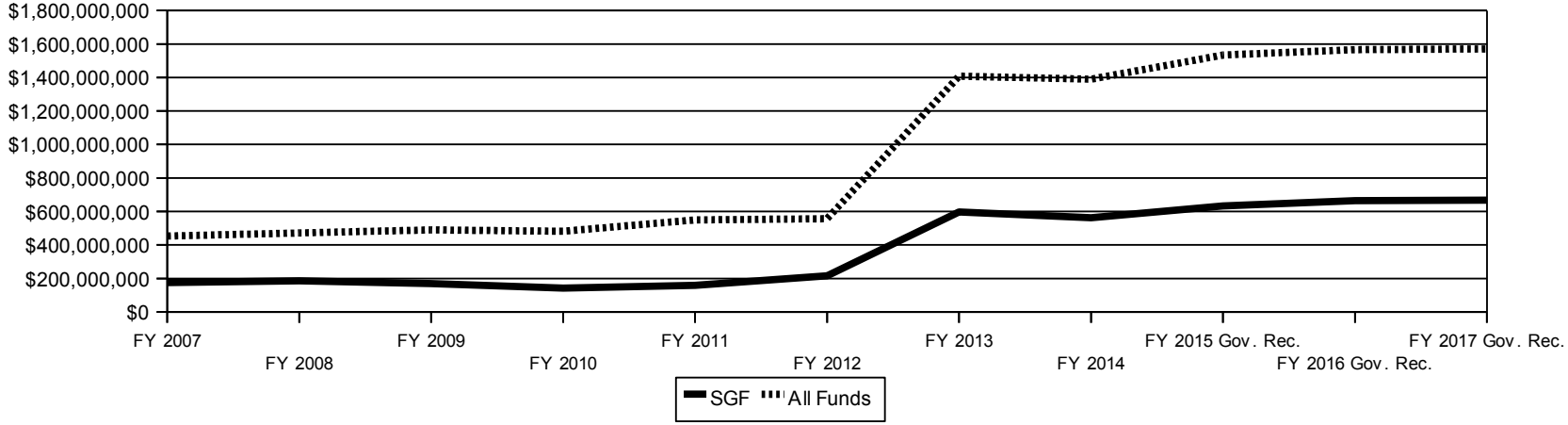
The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care.. The recommendation includes the addition of $6.8 million, including

$3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

Also included in the recommendation are savings totaling $14.8 million, including $6.5 million from the State General Fund, associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department for Health and Environment beginning January 1, 2016.

BUDGET TRENDS

OPERATING EXPENDITURES
FY 2007 – FY 2017



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 175,667,561	9.5 %	$ 453,680,897	7.9 %	208.3
2008	185,788,960	5.8	471,448,748	3.9	209.0
2009	169,663,202	(8.7)	490,284,401	4.0	214.0
2010	142,148,326	(16.2)	481,929,197	(1.7)	214.0
2011	159,321,200	12.1	549,667,931	14.1	214.0
2012	215,234,227	35.1	556,918,219	1.3	164.0
2013	597,859,761	177.8	1,407,782,256	152.8	247.5
2014	561,860,405	(6.0)	1,389,821,712	(1.3)	195.0
2015 Gov. Rec.	632,670,211	12.6	1,533,947,139	10.4	195.0
2016 Gov. Rec.	664,609,154	5.0	1,565,820,913	2.1	195.0
2017 Gov. Rec.	667,965,570	0.5	1,570,435,258	0.3	195.0
Eleven-Year Change	$ 492,298,009	280.2 %	$ 1,116,754,361	246.2 %	(13.3)

Staff Note: The large increase in funds in FY 2013 is due to Executive Reorganization Order No. 41 which became effective on July 1, 2012. Specifically, the Reorganization Order transferred programs from the Department of Social and Rehabilitation Services to the Department on Aging, which was renamed the Kansas Department for Aging and Disability Services (KDADS). Additionally, part of the Health Occupations Credentialing program was transferred from the Kansas Department of Health and Environment (KDHE) to KDADS.

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 10,519,443	$ 9,859,917	$ 10,652,233	$ 792,316	8.0 %	$ 9,814,023	$ 10,595,490	$ 781,467	8.0 %
Survey, Certification, and Credentialing	8,279,017	7,604,208	8,349,066	744,858	9.8	7,547,850	8,280,797	732,947	9.7
Community Services and Programs	1,003,707,098	1,042,613,471	1,031,120,441	(11,493,030)	(1.1)	1,061,631,247	1,079,494,753	17,863,506	1.7
Nursing Facilities	340,195,166	400,153,687	391,682,677	(8,471,010)	(2.1)	425,610,693	439,601,512	13,990,819	3.3
Commission on Aging and Aging Grants	27,120,988	29,472,744	27,979,034	(1,493,710)	(5.1)	29,343,326	27,848,361	(1,494,965)	(5.1)
TOTAL	$ 1,389,821,712	$ 1,489,704,027	$ 1,469,783,451	$ (19,920,576)	(1.3) %	$ 1,533,947,139	$ 1,565,820,913	$ 31,873,774	2.1 %
By Major Object of Expenditure:									
Salaries and Wages	$ 16,164,787	$ 16,675,431	$ 17,406,322	$ 730,891	4.4 %	$ 16,510,355	$ 17,215,868	$ 705,513	4.3 %
Contractual Services	53,117,081	48,817,533	45,774,440	(3,043,093)	(6.2)	48,338,298	46,045,971	(2,292,327)	(4.7)
Commodities	505,800	362,715	436,201	73,486	20.3	362,715	436,201	73,486	20.3
Capital Outlay	1,033,952	668,347	1,160,808	492,461	73.7	668,347	1,160,808	492,461	73.7
Debt Service	2,058,304	2,095,225	1,906,931	(188,294)	(9.0)	2,095,225	1,906,931	(188,294)	(9.0)
Subtotal - Operations	$ 72,879,924	$ 68,619,251	$ 66,684,702	$ (1,934,549)	(2.8) %	$ 67,974,940	$ 66,765,779	$ (1,209,161)	(1.8)%
Aid to Local Units	50,558,873	50,857,313	50,700,313	(157,000)	(0.3)	50,737,313	50,230,313	(507,000)	(1.0)
Other Assistance	1,266,382,915	1,370,227,463	1,352,398,436	(17,829,027)	(1.3)	1,415,234,886	1,448,824,821	33,589,935	2.4
TOTAL	$ 1,389,821,712	$ 1,489,704,027	$ 1,469,783,451	$ (19,920,576)	(1.3) %	$ 1,533,947,139	$ 1,565,820,913	$ 31,873,774	2.1 %
Financing:									
State General Fund	$ 561,860,405	$ 618,190,288	$ 626,660,658	$ 8,470,370	1.4 %	$ 632,670,211	$ 664,609,154	$ 31,938,943	5.0 %
Children's Initiative Fund	7,600,000	3,800,000	3,800,000	0	0.0	3,800,000	3,800,000	0	0.0
Title XIX	712,585,090	759,546,357	747,845,538	(11,700,819)	(1.5)	784,296,205	796,076,676	11,780,471	1.5
Problem Gambling and Addiction Grant Fund	5,879,375	6,233,374	6,333,072	99,698	1.6	6,232,660	6,330,156	97,496	1.6
Quality Care Serv Fund	26,215,333	23,140,000	23,181,627	41,627	0.2	23,140,000	23,381,627	241,627	1.0
Prev Treat Serv Block	12,512,976	12,424,639	12,204,223	(220,416)	(1.8)	12,420,161	12,201,617	(218,544)	(1.8)
All Other Funds	63,168,533	66,369,369	49,758,333	(16,611,036)	(25.0)	71,387,902	59,421,683	(11,966,219)	(16.8)
TOTAL	$ 1,389,821,712	$ 1,489,704,027	$ 1,469,783,451	$ (19,920,576)	(1.3) %	$ 1,533,947,139	$ 1,565,820,913	$ 31,873,774	2.1 %

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	$ 10,652,233	$ 10,715,574	$ 63,341	0.6 %	$ 10,595,490	$ 10,657,695	$ 62,205	0.6 %
Survey, Certification, and Credentialing	8,349,066	8,611,488	262,422	3.1	8,280,797	8,541,852	261,055	3.2
Community Services and Programs	1,031,120,441	1,031,413,658	293,217	0.0	1,079,494,753	1,079,711,342	216,589	0.0
Nursing Facilities	391,682,677	391,455,463	(227,214)	(0.1)	439,601,512	443,632,344	4,030,832	0.9
Commission on Aging and Aging Grants	27,979,034	28,022,912	43,878	0.2	27,848,361	27,892,025	43,664	0.2
TOTAL	$ 1,469,783,451	$ 1,470,219,095	$ 435,644	0.0 %	$ 1,565,820,913	$ 1,570,435,258	$ 4,614,345	0.3 %
By Major Object of Expenditure:								
Salaries and Wages	$ 17,406,322	$ 18,250,652	$ 844,330	4.9 %	$ 17,215,868	$ 18,056,385	$ 840,517	4.9 %
Contractual Services	45,774,440	45,779,340	4,900	0.0	46,045,971	46,050,871	4,900	0.0
Commodities	436,201	436,447	246	0.1	436,201	436,447	246	0.1
Capital Outlay	1,160,808	1,160,808	0	0.0	1,160,808	1,160,808	0	0.0
Debt Service	1,906,931	1,720,313	(186,618)	(9.8)	1,906,931	1,720,313	(186,618)	(9.8)
Subtotal - Operations	$ 66,684,702	$ 67,347,560	$ 662,858	1.0 %	$ 66,765,779	$ 67,424,824	$ 659,045	1.0 %
Aid to Local Units	50,700,313	50,700,313	0	0.0	50,230,313	50,230,313	0	0.0
Other Assistance	1,352,398,436	1,352,171,222	(227,214)	(0.0)	1,448,824,821	1,452,780,121	3,955,300	0.3
TOTAL	$ 1,469,783,451	$ 1,470,219,095	$ 435,644	0.0 %	$ 1,565,820,913	$ 1,570,435,258	$ 4,614,345	0.3 %
Financing:								
State General Fund	$ 626,660,658	$ 626,845,205	$ 184,547	0.0 %	$ 664,609,154	$ 667,965,570	$ 3,356,416	0.5 %
Children's Initiative Fund	3,800,000	3,800,000	0	0.0	3,800,000	3,800,000	0	0.0
Title XIX	747,845,538	747,892,458	46,920	0.0	796,076,676	797,132,277	1,055,601	0.1
Problem Gambling and Addiction Grant Fund	6,333,072	6,346,895	13,823	0.2	6,330,156	6,343,920	13,764	0.2
Quality Care Serv Fund	23,181,627	23,181,627	0	0.0	23,381,627	23,381,627	0	0.0
Prev Treat Serv Block	12,204,223	12,217,985	13,762	0.1	12,201,617	12,215,327	13,710	0.1
All Other Funds	49,758,333	49,934,925	176,592	0.4	59,421,683	59,596,537	174,854	0.3
TOTAL	$ 1,469,783,451	$ 1,470,219,095	$ 435,644	0.0 %	$ 1,565,820,913	$ 1,570,435,258	$ 4,614,345	0.3 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $613,199,815 for the Kansas Department for Aging and Disability Services in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $4,158,027, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.

- An increase of $800,000, as a result of a transfer in from the Kansas Neurological Institute for the Home and Community Based Services Waiver for individuals with developmental disabilities.

- An increase of $465,866, as a result of transfer from the state hospitals associated with food service contracts.

- A reduction of $651,252, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $618,032,456. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotments.

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	$ 618,032,456	$ 618,190,288	$ 157,832	$ 632,670,211	$ 14,637,755
All Other Funds	888,111,734	882,192,350	(5,919,384)	911,955,539	23,843,805
TOTAL	$ 1,506,144,190	$ 1,500,382,638	$ (5,761,552)	$ 1,544,625,750	$ 38,481,560
FTE Positions	217.0	195.0	(22.0)	195.0	(22.0)

The **agency** estimate revised expenditures of $1.5 billion, including $618.2 million from the State General Fund, in FY 2015. The estimate is a decrease of $5.8 million, or 0.4 percent, from all funding sources below the amount approved by the 2014 Legislature. The estimate is an increase of $157,832, or less than 0.1 percent, from the State General Fund above the amount approved by the 2014 Legislature. The revised estimate includes capital improvement expenditures totaling $10.7 million, all from the State Institutions Building Fund.

The agency estimate includes the shift of savings totaling $800,000 from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's supplemental request also includes $1.0 million in additional federal Medicaid funds as a result of these additional State General Fund expenditures.

The agency estimate includes a reduction of $18.2 million, including $9.9 million from the Social Welfare Fund, which had been approved for FY 2015, which are not anticipated to be needed in FY 2015. The agency estimate also includes a shift of funding totaling $7.9 million, including $3.4 million from the State General Fund, from the Home and Community Based Services Waiver for Physical Disabilities to the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The agency estimate includes a lapse of $433,420, all from the State General Fund, of the total $4.2 million reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015. The agency's revised estimate also includes a reduction of 22.0 FTE positions and the addition of 23.0 non-FTE positions above the approved number.

The **Governor** recommends FY 2015 expenditures totaling $1.5 billion, including $632.7 million from the State General Fund. The recommendation is an increase of $44.2 million, or 3.0 percent, including $14.5 million, or 2.3 percent, from the State General Fund, above the agency's revised estimate. The recommendation includes $10.7 million, all from special revenue funds, for capital improvement projects, the same as the agency's revised estimate.

The Governor's recommendation includes the addition of $45.0 million, including $15.1 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate.

Also included in the Governor's recommendation is a reduction of $599,235, as the result of the Governor's December 9th State General Fund allotment. In addition, the Governor's allotment plan included the transfer of $3.0 million from the DADS Social Welfare Fund and $1.2 million from the Problem Gambling and Addictions Grant Fund.

The Governor's recommendation includes a reduction of $52,017, all from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $113,059 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $165,076.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
4.0 percent reduction	$ (599,235)	$ (599,235)	0.0
KPERS	(52,017)	(52,017)	0.0
TOTAL	$ (651,252)	$ (651,252)	0.0

4.0 percent reduction to Cabinet-level and other SGF funded agencies

A reduction of $599,235, all from the State General Fund, as a result of the Governor's State General Fund allotment of 4.0 percent to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed by reduction in mental health grants, Senior Care Act, and community developmental disability grant funding.

Kansas Public Employees Retirement System (KPERS) Reduction

A reduction $52,017 from the State General Fund as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $113,059 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $165,076.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 1,469,783,451	$ 1,565,820,913	$ 96,037,462
FTE Positions	195.0	195.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 8,470,370	$ 31,938,943	
All Other Funds	(28,390,946)	(65,169)	
TOTAL	$ (19,920,576)	$ 31,873,774	
Percent Change:			
State General Fund	1.4 %	5.0 %	
All Other Funds	(3.3)	(0.0)	
TOTAL	(1.3) %	2.1 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $1.5 billion, including $626.7 million from the State General Fund, for FY 2016. The request is a decrease of $19.9 million, or 1.3 percent, from all funding sources below the FY 2015 revised estimate. The request is an increase of $8.5 million, or 1.4 percent, from the State General Fund above the FY 2015 revised estimate. The request includes capital improvement expenditures totaling $7.5 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling $1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes an $1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

The agency also included a request to change the DADS Social Welfare Fund from a limited special revenue fund to a no limit special revenue fund for FY 2016.

The agency request did not include funding to implement federal Department of Labor rules regarding overtime payment for direct service workers for the Medicaid Home and Community Based Services waivers. The agency did include a preliminary estimate of $40.0 million, including $17.5 million from the State General Fund.

The **Governor** recommends FY 2016 expenditures totaling $1.6 billion, including $664.6 million from the State General Fund. The recommendation is an increase of $96.0 million, or 6.5 percent, including $37.9 million, or 6.1 percent, from the State General Fund, above the agency's request.

The Governor's recommendation includes the addition of $79.9 million, including $40.7 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of $1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by a decrease in mental health grants, Senior Care Act, and community developmental disability grant funding.

The **Governor's** recommendation includes a reduction of $190,454, including $61,159 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2016 recommendation also includes the addition of $66.6 million, including $29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $57.0 million, including $25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services. The recommendation includes the addition of $6.8 million, including $3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 1,470,219,095	$ 1,570,435,258	$ 100,216,163
FTE Positions	195.0	195.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 184,547	$ 3,356,416	
All Other Funds	251,097	1,257,929	
TOTAL	$ 435,644	$ 4,614,345	
Percent Change:			
State General Fund	0.0 %	0.5 %	
All Other Funds	0.0	0.1	
TOTAL	0.0 %	0.3 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $1.5 billion, including $626.8 million from the State General Fund, for FY 2017. The request is an increase of $435,644, or less than 0.1 percent, including $184,547 from the State General Fund, or less than 0.1 percent, above the FY 2016 request. The request includes the addition of approximately $568,650, including $184,547 from the State General Fund, to cover the cost of the 27th payroll period. The request includes capital improvement expenditures totaling $7.7 million, all from the State Institutions Building Fund.

The agency request includes the shift of savings totaling $1.5 million from the Kansas Neurological Institute (KNI) to the KDADS budget to be expended for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The agency's enhancement request also includes $1.9 million in additional federal Medicaid funds as a result of the additional State General Fund expenditures.

The agency also included a request to change the DADS Social Welfare Fund from a limited special revenue fund to a no limit special revenue fund for FY 2016.

The agency request did not include funding to implement federal Department of Labor rules regarding overtime payment for direct service workers for the Medicaid Home and Community Based Services waivers. The agency did include a preliminary estimate of $40.0 million, including $17.5 million from the State General Fund.

The **Governor** recommends FY 2017 expenditures totaling $1.6 billion, including $668.0 million from the State General Fund. The recommendation is an increase of $100.2 million, or 6.8 percent, including $41.1 million, or 6.6 percent, from the State General Fund, above the agency's request.

The Governor's recommendation includes the addition of $111.2 million, including $55.8 million from the State General Fund, to fully fund the fall 2014 Human Services consensus caseload estimate. Also included in the Governor's recommendation is a reduction of $1,198,469, for a 4.0 percent operating reduction. The reduction will be managed by reduction in mental health grants, Senior Care Act, and community developmental disability grant funding.

The Governor's recommendation includes a reduction of $194,267, including $62,383 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2017 recommendation also includes the addition of $66.6 million, including $29.3 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $56.8 million, including $25.0 million from the State General Fund, associated with the implementation of KanCare policy changes.

The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2016. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services. The recommendation includes the addition of $6.8 million, including $3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

Also included in the recommendation are savings totaling $14.8 million, including $6.5 million from the State General Fund, associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department for Health and Environment beginning January 1, 2016.

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 $68,184, including $22,776 from the State General Fund, and affects 220 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 $89,353, including $28,977 from the State General Fund, and FY 2017 longevity payments total $96,638, including $31,366 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $190,454, including $61,159 from the State General Fund for FY 2016. This is a reduction of $194,267, including $62,383 from the State General Fund, for FY 2017.**

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

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

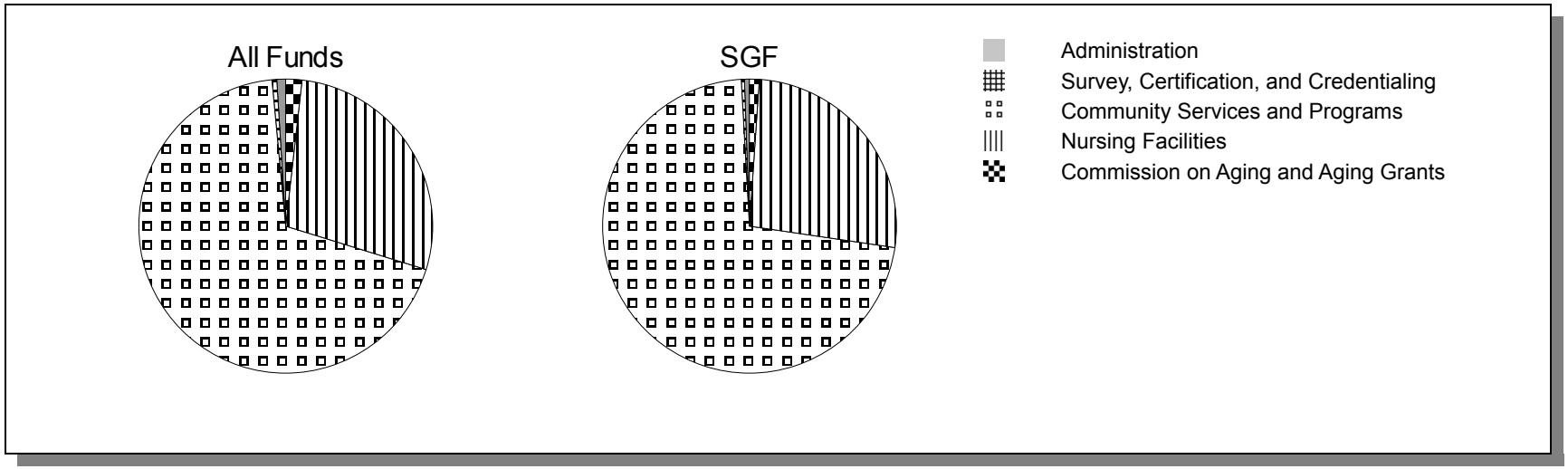
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	42.6 %	42.4 %	42.6 %	42.5 %
Federal Medical Assistance	50.9	50.8	50.9	0.0
All Other Funds	6.5	6.7	6.5	6.7
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

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	$ 15,125,490	1.0 %	$ 3,713,722	0.6 %
Survey, Certification, and Credentialing	8,280,797	0.5	2,166,776	0.3
Community Services and Programs	1,079,494,753	68.7	477,106,569	71.8
Nursing Facilities	439,601,512	28.0	174,475,543	26.3
Commission on Aging and Aging Grants	27,848,361	1.8	7,146,544	1.1
TOTAL	$ 1,570,350,913	100.0 %	$ 664,609,154	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	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Survey, Certification, and Credentialing	89.0	89.0	89.0	89.0	89.0	89.0	89.0
Community Services and Programs	59.0	59.0	59.0	59.0	59.0	59.0	59.0
Nursing Facilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commission on Aging and Aging Grants	7.0	7.0	7.0	7.0	7.0	7.0	7.0
TOTAL	195.0	195.0	195.0	195.0	195.0	195.0	195.0

A. Administration

The Administration program includes all administrative functions of the department. The Secretary of Aging has organized the program into the Office of the Secretary and three organizational commission units: Financial and Information Services Commission, Survey and Certification Commission and the Community Programs Commission. The Office of the Secretary provides general administrative functions of the department. The Financial and Information Services Commission is responsible for all fiscal information and technology services for the agency.

Office of the Secretary

The Department for Aging and Disability Services is a cabinet-level agency administered by a Secretary who is appointed by, and serves at the pleasure of the Governor. The Secretary serves as the chief executive officer, overseeing all aspects of agency operations. The Secretary has the authority to sign all documents, letters, contracts, and grants related to state and federal aging programs. The Commissioners, Chief Financial Officer, Chief Legal Counsel, Director of Human Resources and the Director of Public Affairs all report directly to the Secretary.

State Advisory Council. The State Advisory Council on Aging was established (KSA 75-5911) to advise the Governor and the Secretary about the needs of older Kansans and to advocate on their behalf. The Council is composed of 15 members, 11 of whom are appointed by the Governor and the remaining four are appointed, one each, by the majority and minority leaders of the Kansas House of Representatives and the Kansas Senate. Legislative members serve at the pleasure of the appointing authority while gubernatorial appointments are for a three-year period.

Legal Division. The Legal Division consists of three attorneys and is a section of the Office of the Secretary. Specific

duties include legal research, oral and written legal opinions, representation of the agency in administrative hearings and before State and Federal Courts, contracts, adoption of rules and regulations, policy review, and legislation. The division also enforces state and federal laws and regulations pertaining to the licensure and certification of adult care homes.

Human Resources Division. The goal of the Human Resources Division is to provide easily accessible, prompt, accurate, and efficient information and services on human resource issues, and Equal Employment Opportunity/Diversity. The division oversees all aspects of employee recruitment, benefits management, on-going timekeeping and payroll, employment termination and employee relations. The division is responsible for ensuring that the agency is in compliance with all state and federal rules, regulations, and statutes related to Equal Opportunity Employment. Areas of compliance include, but are not limited to, the Fair Labor Standards Act, the Americans with Disabilities Act, the Equal Employment Opportunity Act, and COBRA (the Consolidated Omnibus Budget Reconciliation Act).

Communications Division. The Communications Division is responsible for public perception of the agency, which includes the Legislature, constituents, members of the public, service providers, stakeholders and the media. The division is also responsible for all Freedom of Information and Kansas Open Records Act requests.

KanCare Ombudsman. The KanCare Ombudsman assists KanCare participants with concerns regarding services, coverage, access and rights, as well as assisting with the State Fair Hearing process.

Financial and Information Services Commission

The Financial and Information Services Commission is led by the Chief Financial Officer. The goal of the Commission is to manage and maintain all fiscal information and technology services for the agency. The Commission is broken down into four parts: Budget Division, Accounting and Financial Management Division, Fiscal and Program Analysis Division, and Information Services Division.

Budget Division. The goal of the Budget Division is to provide helpful, timely, and accurate budgetary information to all agency personnel. The division provides program and budget analysis and budgetary recommendations to the Secretary and prepares the agency's annual budget submission. This division is also responsible for preparing the annual federal application for Medicare and Medicaid funds for the Survey and Certification Commission.

Accounting and Financial Management Division. The Accounting and Financial Management Division has the responsibility for payment of the weekly Medicaid claims. Close coordination between the division, Kansas Department of Health and Environment, the state Medicaid agency; the Department of Administration; and HP, the Medicaid fiscal agent who manages the Medicaid Management Information System, is required to ensure claims are paid in a timely manner. The division also initiates and processes Medicaid off-system payments upon receipt of inquiries and requests regarding suspended, rejected or late payments. The division prepares Medicaid expenditure reports for submission to the State Medicaid Agency.

The **Fiscal Unit** allocates federal Older American Act and Senior Care Act funds using intrastate funding formulas. It has responsibility for all federal financial status reports including quarterly and annual financial reports to the Centers for Medicaid and Medicare Services for the survey and certification of adult long term care and quarterly Medicaid estimates

reports. The Unit also performs the financial management function for grants and contracts to Area Agencies on Aging and other service providers, including special project grants and contracts.

This division also develops, implements, and maintains a system for allocating the Department's administrative costs, for interpreting and applying federal and state policies governing purchasing, cost principles and grants management. The division also ensure that its internal processes and systems are in compliance with appropriate state and federal mandates and that appropriate internal controls exist.

Fiscal and Program Analysis Division. The Fiscal and Program Analysis Division supports the agency through collection, analysis, and reporting of data at all levels: statewide, county, city, planning and service area, case management entities, survey and certification regions, federal Centers for Medicare and Medicaid Services regions, and nationwide. The purpose of the analysis activity is to provide information on current status and provide advance notice of trends to program administrators at the state level and to local administrators of aging programs. The division is responsible for the completion and submission of the Older Americans Act annual program report and Center for Medicare and Medicaid Services 372 reports and also compiles and publishes the Home and Community Based Services-Frail Elderly waiver quality assurance reports; annual Older American Act and Senior Care Act quality review reports, and federal Centers for Medicare and Medicaid Services quarterly reports. Additional responsibilities include monitoring and projecting caseloads for all Medicaid programs and preparing projections for the Home and Community Based Services-Frail Elderly waiver.

The division also manages the Medicaid Nursing Facility program. Staff members are responsible for collecting and reviewing Medicaid cost reports, conducting financial audits, setting nursing facility payment rates, and assisting providers with Medicaid financing matters.

Audit Services performs the following tasks: determine that reported nursing facility costs and resident days used to set reimbursement rates for Medicaid residents are in compliance with state and federal regulations and policies; review and analyze all Area Agencies on Aging single audit reports and identify issues that require management attention; visit audit firms that provide audit services to Area Agencies on Aging and review audit work papers as necessary; perform audits of Resident Personal Needs Fund accounts at nursing facilities as requested by the Survey and Certification Commission or the state ombudsman; desk audit nursing facility request for asset rebases as received during the year.

	FY 12 Actual	FY 13 Actual	FY 14 Actual	FY 15 Est.	FY 16 Est.
Percentage of nursing facility desk reviews completed	100 %	100 %	100 %	100 %	100 %
Percentage of nursing facilities field audited annually	2 %	3 %	3 %	3 %	3 %
Amount of reimbursable costs reported that were reduced as a result of desk review adjustments due to non compliance	$ 16,374,645	$ 6,828,192	$ 13,442,817	$ 7,000,000	$ 7,000,000

Information Services Division. The Information Services Division maintains, enhances, and secures all technological systems such as the Kansas Aging Management Information System (KAMIS); data communication systems; the voice communication systems; and the data storage systems.

Promoting Excellent Alternative in Kansas Nursing Homes (PEAK). The Department began this initiative in 2002 to promote innovation in long term care. In the 10 years, 51 different nursing homes were recognized for their achievements in pursuing cultural change. During FY 2013, the agency will begin to transition PEAK from an education and recognition program to a multi-step quality improvement process. A team of stakeholders including representatives from the Department, the nursing homes trade association and other advocacy groups was assembled in July of 2011, to begin the recreation of PEAK. The program will provide incentives for homes that have made significant achievements with regard to culture change but will also begin to identify homes that have achieved or maintained competency in person-centered care. The goals of the new PEAK will be to move more nursing homes to pursue culture change and adopt person-centered care.

Information Services Division

The Division's primary function is to maintain, enhance, and secure all technological systems such as the Kansas Aging Management Information System (KAMIS); data communication systems; the voice communication systems; and the data storage systems. These systems enhance the agency's ability to track customers and services provided by Area Agencies on Aging and other service providers; prevent attacks and breaches of the agency's network; support the email system; and maintain a high level of security. Staff manages databases, applications, performs custom data extractions and monitors data integrity.

ADMINISTRATION 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	$ 4,340,837	$ 4,782,164	$ 4,736,270	$ 5,402,936	$ 5,346,193	$ 5,649,243	$ 5,591,364
Contractual Services	2,914,630	2,256,627	2,256,627	2,069,761	2,069,761	2,073,413	2,073,413
Commodities	237,698	172,981	172,981	172,956	172,956	172,956	172,956
Capital Outlay	876,538	552,920	552,920	1,099,649	1,099,649	1,099,649	1,099,649
Debt Service	2,058,304	2,095,225	2,095,225	1,906,931	1,906,931	1,720,313	1,720,313
Subtotal - Operations	$ 10,428,007	$ 9,859,917	$ 9,814,023	$ 10,652,233	$ 10,595,490	$ 10,715,574	$ 10,657,695
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	91,436	0	0	0	0	0	0
TOTAL	$ 10,519,443	$ 9,859,917	$ 9,814,023	$ 10,652,233	$ 10,595,490	$ 10,715,574	$ 10,657,695
Financing:							
State General Fund	$ 4,444,149	$ 3,638,753	$ 3,617,618	$ 3,736,045	$ 3,713,722	$ 3,836,942	$ 3,814,172
All Other Funds	6,075,294	6,221,164	6,196,405	6,916,188	6,881,768	6,878,632	6,843,523
TOTAL	$ 10,519,443	$ 9,859,917	$ 9,814,023	$ 10,652,233	$ 10,595,490	$ 10,715,574	$ 10,657,695
FTE Positions	40.0	40.0	40.0	40.0	40.0	40.0	40.0
Non-FTE Uncl. Perm. Pos.	41.0	41.0	41.0	41.0	41.0	41.0	41.0
TOTAL	81.0	81.0	81.0	81.0	81.0	81.0	81.0

The **agency** requests FY 2016 expenditures of $10.7 million, including $3.7 million from the State General Fund. The request is an increase of $792,316, or 8.0 percent, including $97,292, or 2.7 percent from the State General Fund, above the FY 2015 revised estimate. The majority of the increase is attributable to salaries and wages and capital outlay, partially offset by decreases in contractual services and debt service expenditures. The decrease in contractual services is mainly due to moving the payments for the food service contracts at the state hospitals from the Administration program to the Hospital Administration portion of Community Services and Programs.

The **Governor** recommends FY 2016 expenditures totaling $10.6 million, including $3.7 million from the State General Fund. The recommendation is a decrease of $56,743, or 0.5 percent, including $22,323, or 0.6 percent, from the State General Fund, below the agency's request. The reduction is attributable to the change in the employer portion of health insurance expenditures.

The **agency** requests FY 2017 expenditures of $10.7 million, including $3.8 million from the State General Fund. The request is an increase of $63,341, or 0.6 percent, including $100,897, or 2.7 percent, from the State General Fund, above the FY 2016 request.

The **Governor** recommends FY 2017 expenditures totaling $10.7 million, including $3.8 million from the State General Fund. The recommendation is a decrease of $57,879, or 0.5 percent, including $22,770, or 0.6 percent, below the agency's request. The reduction is attributable to the change in the employer portion of health insurance expenditures.

B. Nursing Facilities Program

The Nursing Facility program is responsible for enrollment of nursing homes providing Medicaid services to customers and reimbursement for those services. The Department also collects civil monetary penalties from nursing facilities in instances of substandard quality of care, as determined by the Department's surveyors. As of June 30, 2014, there were 318 nursing homes operating in the state of Kansas as Medicaid providers and, when combined with the 11 nursing homes for mental health, they serve all 105 counties in the state. These nursing homes provide 24,492 beds and, on an average day, care for approximately 17,169 residents, including an FY 2014 monthly average of 10,447 residents whose care is paid by Medicaid. Nursing homes are reimbursed for Medicaid resident care using a cost-based, facility specific, prospective payment system. The average monthly payment for a nursing facility Medicaid resident in FY 2014 was $4,749. Nursing facilities may provide the following services:

- Licensed nursing supervision 24 hours per day, 7 days per week;
- Specialized rehabilitation services;
- Routine medical equipment supplies;
- Physical, speech, occupational, and psychological therapy;
- Transportation;
- Pharmacy services;
- Dietitian services; and
- Assistance with daily living skills; and in some instances, Home and Community Based Services such as respite and adult day care.

Individuals can qualify for Medicaid payment in a nursing facility if they meet the financial and functional criteria guidelines. The criteria for an individual to be eligible for financial assistance in a Medicaid participating facility are as follows.

- Meet the asset limit determination ($2,000 for an individual excluding home, one automobile, and personal items; the asset limit for a couple is based on division of assets and is an amount between $18,552 and $92,760).
- Meet the functional eligibility score requirement of 26.
- Medicaid/MediKan - (This determination of eligibility is made by DCF, but the program is administered by the Department of Health and Environment, Division of Health Care Finance).
- Require services listed above.
- Require ongoing observation, treatment or care.
- Be 16 years of age of older.

In 2010, the Kansas Legislature passed a provider assessment for nursing facilities. This allows Kansas to tax providers, match the providers' funds with federal funds and reimburse nursing facilities at a higher rate. In FY 2014, this added $45.8 million to nursing facility reimbursements and increased the average monthly expenditure per person.

NURSING FACILITIES 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	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Contractual Services	9,642,986	0	0	0	0	0	0
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	$ 9,642,986	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	330,552,180	400,153,687	425,610,693	391,682,677	439,601,512	391,455,463	443,632,344
TOTAL	$ 340,195,166	$ 400,153,687	$ 425,610,693	$ 391,682,677	$ 439,601,512	$ 391,455,463	$ 443,632,344
Financing:							
State General Fund	$ 120,547,212	$ 152,455,374	$ 160,596,257	$ 151,318,547	$ 174,475,543	$ 151,219,050	$ 176,822,126
All Other Funds	219,647,954	247,698,313	265,014,436	240,364,130	265,125,969	240,236,413	266,810,218
TOTAL	$ 340,195,166	$ 400,153,687	$ 425,610,693	$ 391,682,677	$ 439,601,512	$ 391,455,463	$ 443,632,344
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2016 expenditures of $391.7 million, including $151.3 million from the State General Fund. The request is a decrease of $8.5 million, or 2.1 percent, including $1.1 million, or 0.7 percent, from the State General Fund, below the revised FY 2015 estimate. The request is all for other assistance payments associated with Medicaid nursing facilities payments. The request was made prior to the fall 2014 Human Services consensus caseload estimate.

The **Governor** recommends FY 2016 expenditures totaling $439.6 million, including $174.5 million from the State General Fund. The recommendation is an increase of $47.9 million, or

12.2 percent, including $23.2 million, or 15.3 percent, from the State General Fund, above the agency's request.

The recommendation includes the addition of $44.2 million, including $21.5 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates.

The Governor's FY 2016 recommendation also includes the addition of $32.2 million, including $14.1 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.5 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes.

The **agency** requests FY 2017 expenditures of $391.5 million, including $151.2 million from the State General Fund. The request is a decrease of $227,214, or 0.1 percent, including $99,497, or 0.1 percent, from the State General Fund, below the FY 2016 request. The request is all for other assistance payments associated with Medicaid nursing facilities payments. The request was made prior to the fall Human Services consensus caseload estimate.

The **Governor** recommends FY 2017 expenditures totaling $443.6 million, including $176.8 million from the State General Fund. The recommendation is an increase of $52.2 million, or 13.3 percent, including $25.6 million, or 16.9 percent, from the State General Fund, above the agency's request.

The recommendation includes the addition of $62.0 million, including $29.9 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates.

The Governor's FY 2017 recommendation also includes the addition of $33.3 million, including $14.7 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.4 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes.

C. Commission on Aging and Aging Grants

The Commission on Aging and Aging Grants includes four divisions: (1) Community Based Services; (2) Transitional Services and Client Assessment, Referral, and Evaluation (CARE); (3) Information & Community Resources; and (4) Quality Review. The Commission on Aging is responsible for providing services to Kansas seniors through a privatized network of providers.

The goal of this Commission is to improve the quality and performance of community programs for Kansas seniors, and to re-balance nursing home and community care systems to prevent premature placement in nursing homes through an effective and supportive community aging network.

Community Based Services Division

The Community Based Services Division provides day-to-day management, training and provision of technical assistance to providers funded by the Senior Care Act, Older Americans Act, Medicaid and State General Funds and Nutrition Grants. The Area Agencies on Aging (AAA) function as the point of entry for seniors seeking services. The Area Agencies on Aging, along with Case Management Entities, provide Targeted Case Management services.

Older Americans Act (OAA) Programs. The Older Americans Act (OAA) was established by Congress in 1965 to

provide services to seniors age 60 or older. In the 1972 revisions to the OAA, the Area Agencies on Aging (AAAs) were created to deliver services in communities.

The U.S. Department of Health and Human Services' Administration on Aging annually determines the level of federal funding allotted to Kansas. Program funding is allocated to each State Unit on Aging (KDADS), based on the number of older persons in the State, to plan, develop, and coordinate systems of supportive in-home and community-based services. KDADS then distributes those funds by formula to the Area Agencies on Aging, AAAs, contract with public or private groups to provide services.

Title III-B Supportive Services (Information and Referral). This part of the OAA program provides Kansans with objective, accessible and useful information to promote healthy aging, financial security and long term care choices to assist them in making informed decisions. It also promotes accessibility of information sources to all Kansans.

Title III-D Disease Prevention and Health Promotion. This portion of the Older Americans Act program promotes disease prevention and health promotion services. These services enable seniors to make informed choices about their lifestyle changes and health. This funding can be used to support any of 15 health-related services.

Title III-E Caregiver Support. The National Family Caregiver Support program is designed to be as flexible as possible to support the needs of family caregivers. There are five categories of service available: Information; Assistance; Counseling; Support Groups; Caregivers Training; Respite; and Supplemental Services. The program targets family caregivers providing in-home or community care to an older adult, caregivers who provide care for individuals with Alzheimer's disease, grandparents or relatives aged 55 or older who are relative caregivers for children younger than 19 years of age, and a grandparent or relative aged 55 or older providing care to a disabled adult aged 19 to 59. It also directs states to give priority to services for older individuals with the greatest social and economic need, with particular attention to low-income older individuals and grandparent or relatives providing care and support to persons with mental retardation and related developmental disabilities.

Senior Care Act (SCA) Programs. The SCA provides a critical early intervention component to the Kansas long term care network. The SCA program provides services in the customer's home, such as homemaker, chore, attendant care, and case management services. The services are designed to prevent premature nursing home placement for persons who have not exhausted their financial resources, unlike the HCBS/FE program. The program is targeted at those who are 60 years of age or older. Participants contribute a significantly higher proportion of the cost of SCA services than participants in the HCBS/FE program. Participant contributions are determined by a sliding fee scale based upon self-reported income and liquid assets for individuals served by the program. The program is funded by a Social Services Block Grant, which is passed through DCF to KDADS, and amounts to $4.5 million per year.

The Kansas Department for Aging and Disability Services funds SCA services through the AAAs. Funds are allocated to AAAs based upon a variation of the Older Americans Act formula.

The program provided two dollars from the State General Fund for one dollar of local matching money. The local match was, in part, composed of the fees collected from the people served. The 2002 Legislature changed the local match requirements and established the following requirements for allocating funds appropriated under the Act. The Secretary of Aging shall 1) establish a base funding formula to allocate a portion of the funds, 2) determine the portion of the funds to be allocated those area agencies on aging that had continued to

provide local matching funds from local units of government as required by subsection (c); and 3) determine the portion, if any, of the appropriation that may be allocated to area agencies on aging that receive amounts of matching *ad valorem* property tax levy funds from local units of government or its designee that administers the tax levy fund.

Nutrition Grants. The Department for Aging and Disability Services has one nutrition grant program, the Older Americans Act Grant program. A second program used to exist called the Senior Farmers Market Nutrition program but it ceased operations in FY 2009 due to lack of state funding.

Older Americans Act Nutrition program. Title III-C of the federal Older Americans Act of 1965, as amended, authorizes nutrition services for persons age 60 or over and their spouses and, in certain conditions, persons with disabilities under the age of 60. Meals are provided to eligible participants on a contribution basis in a congregate setting (Title III-C(1)), or within a homebound individual's place of residence (Title III-C(2)).

	FFY 12 Actual	FFY 13 Actual	FFY 14 Actual	FFY 15 Actual	FFY 16 Est.	FFY 17 Est.
Home Delivered (number of unduplicated persons)	11,439	11,280	11,400	11,400	11,400	11,400
Traditional congregate (number of unduplicated persons)	24,752	23,891	24,000	24,000	24,000	24,000
Total Meals Served	3,224,708	3,073,340	3,073,350	3,073,350	3,073,350	3,073,350
Cost per meal	$ 5.78	$ 5.96	$ 6.00	$ 6.00	$ 6.00	$ 6.00

Transition Services and Client Assessment, Referral, and Evaluation (CARE) Division

This Division works with the Client Assessment, Referral and Evaluation Program, Lifelong Communities Initiative, Lifespan Respite, and Vulnerable Elder Rights Protection, providing state and federal pass through grants to local units of government and other qualified organizations. Grants provide services to Kansans aged 60 or older in their homes or within the community.

Client Assessment, Referral and Evaluation (CARE). The Client Assessment, Referral and Evaluation program is responsible for diverting seniors from the nursing home and into the community. The Client Assessment, Referral and Evaluation program has the responsibility for managing the statewide screening of applicants for nursing home services and providing information and referral for other optional community based services. The Client Assessment, Referral and Evaluation program meets the federal requirements for the Pre-Admission Screening and Resident Review.

Lifelong Communities Initiative. The Lifelong Communities Initiative is a grassroots project through the Kansas Department for Aging and Disability Services which assists Kansas communities in planning better services for seniors. The initiative is to help Kansas communities become better places to live and to improve the quality of life for seniors

through collaboration of local leaders, businesses, organizations, and government agencies. Participating communities complete a community self-assessment tool and develop an action plan in the six Lifelong categories: Community Service, Business, Government, Transportation, Housing, and Health Care. Community projects are evaluated by an agency Community Evaluation Team. Once projects are certified, the community is named a "Lifelong Community" by the KDADS and is provided a highway sign with the designation. A Lifelong Tool Kit was developed to help Kansas communities become familiar with how to participate in the initiative. There is no funding in the Department's budget as funding is driven by the community action plan.

Lifespan Respite. The Kansas Department for Aging and Disability Services, along with the Kansas Lifespan Coalition are partnering on the Lifespan Respite Care grant. The grant has four primary objectives which include: expanding coordination, participation and dissemination of respite resources, developing a statewide respite network, increasing family caregiver access to respite services and ease in securing respite providers, and increasing the availability of qualified respite providers and skilled caregivers.

Chronic Disease Self-Management Program. The program helps people with a variety of chronic diseases (arthritis, heart disease, asthma, diabetes, and lung disease) learn the skills necessary to self-manage their disease. The workshops are interactive and are facilitated by two trained leaders. Subjects covered include: 1) techniques to deal with frustration, pain and fatigue, 2) how to exercise safely, 3) medications, 4) communication techniques for family and medical team members, 5) nutrition, and 6) making informed treatment decisions.

Vulnerable Elder Rights Protection Activities. The program promotes Elder Rights Activities which provides persons 60 and older access to the system of justice. Legal service providers (attorneys) act as advocates and offer advice and representation. Activities also include programs for the prevention and awareness of elder abuse, neglect, and exploitation of older individuals.

Information and Community Resources Division

The Information and Community Resources Division provides information and assistance in accessing services through the administration of grant programs. The Senior Health Insurance Counseling for Kansas (SHICK) grant supports a statewide network of trained counselors who provide information, assistance and counseling to people with questions about Medicare and other health insurance programs. The Senior Medicare Patrol grant funds a statewide network of volunteers and partners who educate Kansans about recognizing and reporting health care fraud and abuse. The Aging and Disability Resource Center grant creates single-point access to program information, application processes and eligibility determination. The Hospital Discharge Model grant is developing a person-centered planning model that focuses on discharging patients home with community based services. Community Transition Opportunities is a federal grant the agency received to help people who have indicated in a nursing home that they would like to go back to the community. This program coordinates those residents with the appropriate community services and supports.

Senior Health Insurance Counseling for Kansas (SHICK). The federal Centers for Medicare and Medicaid Services funds a nationwide network of State Health Insurance Assistance Programs and in Kansas it is known as the Senior Health Insurance Counseling for Kansas. This counseling program helps seniors navigate their way through the health insurance and Medicare systems and helps them access privately administered Prescription Assistance programs. The Senior Health Insurance Counseling for Kansas program is free

and provides a reliable, confidential, and an unbiased source of information.

The Senior Health Insurance Counseling for Kansas uses a statewide network of sponsoring organizations, call centers and trained volunteers to provide information, assistance and counseling to Medicare beneficiaries in their communities. The Senior Health Insurance Counseling for Kansas team has also established partnerships with many community-based organizations and other agencies that provide services to people with Medicare and Medicaid in Kansas. In addition to helping beneficiaries understand their options and select plans of their choice, the Senior Health Insurance Counseling for Kansas staff has taken a lead role in helping beneficiaries resolve problems with their Medicare Part D coverage. They also continue to provide education and counseling about Part D; the new preventive benefits available under Medicare; the Low Income Subsidy that can help beneficiaries with prescription costs; and long-term care insurance options.

Kansas Senior Medicare Patrol Program. The Kansas Senior Medicare Patrol program project educates Kansas Medicare and Medicaid beneficiaries about health care error, fraud and abuse. It is one of the projects funded by the federal Administration on Aging. The Department collaborates with community-based organizations across the state to recruit retired professionals and train them as volunteer educators. Together with partner organizations, these volunteers create a statewide network of fraud experts who educate beneficiaries about identifying and reporting health care errors, fraud and abuse.

Aging and Disability Resource Center (ARDC). Aging and Disability Resource Center grants are jointly funded by the federal Administration on Aging and the Centers for Medicare and Medicaid Services to improve access to federal, state and local services. The focus of the ARDC is to serve as a primary entry to services, a one-stop shop approach to accessing home and community based long term care services and institutional care. The ARDC is to ensure all individuals have access to information, assistance and referral, assessment and options counseling services.

In preparation for the transition to KanCare, KDADS established a statewide contract for the ADRC and provides standardized training for staff. The ADRC works collaboratively with community agencies and organizations including KanCare and PACE providers to significantly improve access to long -term services and supports through streamlined collaborative process for service delivery including the following items.

- Common intake and assessment tools.
- Referral protocols.
- Integrated information systems.
- Options counseling and decision support.

Community Transition Opportunities Grant. The Community Transition Opportunities grant is funded by the Centers for Medicare and Medicaid Services to develop an online web-based referral process for nursing facilities to use when a resident has expressed an interest in returning to the community upon completion of the Minimum Data Set assessment. This referral process allows the Local Contact Agencies (Area Agencies on Aging and Centers for Independent Living) to make face-to-face contact with the resident to explore community options and talk about transitions. The project went live on October 1, 2010.

Hospital Discharge Model Grant. The Department for Aging and Disability Services was recently awarded a grant from the Centers for Medicare & Medicaid Services to develop a Person-Centered Hospital Discharge Planning Model. The Department will partner with state agencies, Area Agencies on Aging, Centers for Independent Living, local hospital networks and community organizations to create a discharge model that

puts patients at the center of the discharge planning process, focuses on discharging patients to their home with community-based services, and reduces the number of default discharges to nursing facilities.

In response to the growing number of older people and their diverse needs, the Older Americans Act of 1965, as amended, calls for a range of programs that offer services and opportunities for older Americans, especially those at risk of losing their independence. The Act established the Administration on Aging, an agency of the U.S. Department of Health and Human Services. Several titles of the Act provide for supportive in-home and community-based services. For example, Title III supports a range of services including nutrition, transportation, senior center, health promotion, and homemaker services. Title VII places emphasis on elder rights programs, including the nursing home ombudsman program, legal services, outreach, public benefit and insurance counseling, and elder abuse prevention efforts.

Program funding is allocated to each state agency on aging, based on the number of older persons in the State, to plan, develop, and coordinate systems of supportive in-home and community-based services. Nationwide, some 600 (eleven in Kansas) Area Agencies on Aging receive funds from their respective state agency to plan, develop, coordinate, and arrange for services in their respective geographic area. In rural areas, an Area Agency on Aging may serve the needs of elderly people living in a number of counties, while other Area Agencies on Aging may serve the elderly living in a single city.

Quality Review Division

Quality Assurance – HCBS/FE Waiver. The Quality Review Division is responsible for collecting data relative to policy compliance of the Case Management Entities. Each quarter, the Division's staff reviews a number of customer case files for the HCBS/FE waiver to ensure policies and regulations are being followed and that care is being delivered in line with the customers' Plan of Care. Additionally, the Division's staff interviews the same customers to determine customer satisfaction. The information is then forwarded to the Fiscal and Program Analysis Division for aggregation, analysis and dissemination among KDADS' stakeholders in report format.

Quality Review – Commission on Aging. The Quality Review Division is responsible for collecting data relative to policy compliance of the Area Agencies on Aging. Each quarter, the Division's staff reviews a statistically significant number of customer case files for the Older Americans Act and Senior Care Act programs to ensure policies and regulations are being followed and that care is being delivered in line with the customers' Plan of Care. Additionally, the Division's staff interviews the same customers to determine customer satisfaction. The information is then forwarded to the Fiscal and Program Analysis Division for aggregation, analysis and dissemination among KDADS' stakeholders in report format.

COMMISSION ON AGING AND AGING GRANTS
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	$ 991,850	$ 932,695	$ 923,277	$ 974,985	$ 964,312	$ 1,018,593	$ 1,007,706
Contractual Services	2,251,817	4,086,542	4,086,542	2,532,542	2,532,542	2,532,812	2,532,812
Commodities	17,410	700	700	18,700	18,700	18,700	18,700
Capital Outlay	10,768	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 3,271,845	$ 5,019,937	$ 5,010,519	$ 3,526,227	$ 3,515,554	$ 3,570,105	$ 3,559,218
Aid to Local Units	8,725,144	9,313,854	9,193,854	9,313,854	9,193,854	9,313,854	9,193,854
Other Assistance	15,123,999	15,138,953	15,138,953	15,138,953	15,138,953	15,138,953	15,138,953
TOTAL	$ 27,120,988	$ 29,472,744	$ 29,343,326	$ 27,979,034	$ 27,848,361	$ 28,022,912	$ 27,892,025
Financing:							
State General Fund	$ 8,009,147	$ 8,830,541	$ 8,708,542	$ 7,269,444	$ 7,146,544	$ 7,281,588	$ 7,158,631
All Other Funds	19,111,841	20,642,203	20,634,784	20,709,590	20,701,817	20,741,324	20,733,394
TOTAL	$ 27,120,988	$ 29,472,744	$ 29,343,326	$ 27,979,034	$ 27,848,361	$ 28,022,912	$ 27,892,025
FTE Positions	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Non-FTE Uncl. Perm. Pos.	11.0	11.0	11.0	11.0	11.0	10.0	10.0
TOTAL	18.0	18.0	18.0	18.0	18.0	17.0	17.0

The **agency** requests FY 2016 expenditures of $28.0 million, including $7.3 million from the State General Fund. The request is a decrease of $1.5 million, or 5.1 percent, including $1.6 million, or 17.7 percent, from the State General Fund, below the revised FY 2015 estimate. The majority of the decrease is attributable to reductions in contractual services due to moving payment for the Aging and Disability Resource Centers to the Targeted Case Management portion of Community Services and Programs. These decreases are partially offset by increases in salaries and wages due to fringe benefit increases.

The **Governor** recommends FY 2016 expenditures totaling $27.8 million, including $7.1 million from the State General Fund. The recommendation is a decrease of $130,673, or 0.5 percent, including $122,900, or 1.7 percent, from the State General Fund, below the agency's request. The Governor's recommendation includes a reduction of $10,673, including $2,900 from the State General Fund, to reduce employer

contributions for state employee health insurance. Also included in the Governor's recommendation is a reduction of $120,000, all from the State General Fund, associated with a 4.0 percent operating reduction for the agency. The reduction in this program will be implemented by a reduction in Senior Care Act funding.

The **agency** requests FY 2017 expenditures of $28.0 million, including $7.3 million from the State General Fund. The request is an increase of $43,878, or 0.2 percent, including $12,144, or 0.2 percent, from the State General Fund, above the FY 2016 request.

The **Governor** recommends FY 2017 expenditures totaling $27.9 million, including $7.2 million from the State General Fund. The recommendation is a decrease of $130,887, or 0.5 percent, including $122,957, or 1.7 percent, from the State General Fund, below the agency's request. The Governor's recommendation includes a reduction of $10,887, including $2,957 from the State General Fund, to reduce employer contributions for state employee health insurance. Also included in the Governor's recommendation is a reduction of $120,000, all from the State General Fund, associated with a 4.0 percent operating reduction for the agency. The reduction in this program will be implemented by a decrease in Senior Care Act funding.

D. Survey, Certification and Credentialing Commission

The primary purpose of the Survey, Certification, and Credentialing Commission is to protect public health through the inspection and licensing of adult care homes, as defined by KSA 39-923, in Kansas. The Commission develops and enforces regulations related to adult care homes. Field staff document compliance with state regulations and federal certification standards through on-site surveys. Investigations of alleged abuse, neglect, or exploitation are also conducted. In rare cases, the commission may assume temporary management of a nursing home facility pursuant to a court order. The Commission is comprised of three divisions: Long Term Care Consulting, Survey and Certification, and Health Occupations Credentialing.

Long Term Care Consulting Division

The Long Term Care Division assures the quality of care and quality of life of residents in adult care homes through several efforts. These initiatives include the development of policies, regulations, and educational offerings, as well as developing and maintaining effective liaison with officials in the federal Centers for Medicare and Medicaid Services (CMS), other state agencies, professional organizations, and the public. This division provides assistance to long term care providers through consultation on nursing, administration, nutrition, construction, remodeling, and data issues. The division continues to focus much of its efforts on culture change, or resident centered care, in nursing home settings. This approach values smaller, more home-like settings and individualized care planning that includes emphasis on quality of life concerns.

Survey and Certification Division

The Survey and Certification Division evaluates facilities and providers for state licensure and federal certification purposes. These responsibilities are accomplished through the administrative review of initial qualifications and on-going surveys conducted by teams comprised primarily of registered nurses and a life safety code inspector. Generally speaking, the Survey and Certification Division activities are divided between nursing facilities/long-term care units of hospitals, intermediate

care facilities, assisted living facilities, and other “state licensed only” facilities.

The Survey and Certification Division is also responsible for surveyor training and orientation, survey quality improvement efforts, policy and procedure development, and survey management. Beginning in fiscal year 2006, the Commission became a “pilot state” in implementing CMS’ Quality Indicator Survey (QIS) process for Medicare/Medicaid certified nursing facilities. Full implementation of the QIS process across the state occurred in FY 2011.

Other functions the Commission performs are enforcement and implementation of a Complaint Program. The Enforcement Coordinator assures that corrective actions are imposed accurately and in a timely way when facilities fail to meet conditions of participation and licensure and certification standards. The Complaint Program performs complaint intake activities through the complaint hotline, triages complaints and assures that on-site investigations are coordinated for complaint intakes according to state and federal requirements. These programs report directly to the Commissioner.

Health Occupations Credentialing

Kansas law recognizes over 30 health occupational groups for which licensing, registration, or certification is provided. Within the Kansas Department of Health and Environment, Division of Public Health, is the Health Occupations Credentialing program that is responsible for the licensing and certification. There are 11 regulatory bodies that issue credentials to those professions.

In KDADS, Health Occupations Credentialing administers the Health Occupations Credentialing Act (KSA 65-5001 *et seq.*), a review process whereby health professions seeking credentialing apply for a credentialing review. The program also issues licenses to dietitians, speech-language pathologists, audiologists, and adult care home administrators. Certification programs administered by the program include nurse aides, home health aides, and medication aides. Related to the certification program is administration of the Kansas Nurse Aide Registry, which is a federally mandated program to ensure that facilities hire nurse aides and home health aides with no abuse, neglect, or exploitation on their records. Other related professions or para-professions administered through this section include operators of residential care facilities or assisted living facilities, activities directors, social service designees, and paid nutrition assistants for adult care homes in Kansas.

SURVEY, CERTIFICATION, AND CREDENTIALING 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	$ 5,768,901	$ 5,636,096	$ 5,579,738	$ 5,774,892	$ 5,706,623	$ 6,037,314	$ 5,967,678
Contractual Services	2,169,789	1,718,770	1,718,770	2,317,518	2,317,518	2,317,518	2,317,518
Commodities	202,161	134,265	134,265	195,497	195,497	195,497	195,497
Capital Outlay	138,166	115,077	115,077	61,159	61,159	61,159	61,159
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 8,279,017	$ 7,604,208	$ 7,547,850	$ 8,349,066	$ 8,280,797	$ 8,611,488	$ 8,541,852
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 8,279,017	$ 7,604,208	$ 7,547,850	$ 8,349,066	$ 8,280,797	$ 8,611,488	$ 8,541,852
Financing:							
State General Fund	$ 1,502,763	$ 1,274,010	$ 1,265,368	$ 2,179,891	$ 2,166,776	$ 2,229,667	$ 2,216,289
All Other Funds	6,776,254	6,330,198	6,282,482	6,169,175	6,114,021	6,381,821	6,325,563
TOTAL	$ 8,279,017	$ 7,604,208	$ 7,547,850	$ 8,349,066	$ 8,280,797	$ 8,611,488	$ 8,541,852
FTE Positions	89.0	89.0	89.0	89.0	89.0	89.0	89.0
Non-FTE Uncl. Perm. Pos.	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	95.0	95.0	95.0	95.0	95.0	95.0	95.0

The **agency** requests FY 2016 expenditures of $8.3 million, including $2.2 million from the State General Fund. The request is an increase of $744,858, or 9.8 percent, including $905,881, or 71.1 percent, from the State General Fund, above the FY 2015 revised estimate. The majority of the increase is in salaries and wages and contractual services. The salaries and wages increases mainly due to fringe benefit increases and funding for five additional surveyors. The increase in contractual services is due to increased costs of supplies, gasoline, and support for the licensing/credentialing software used for Health Occupations Credentialing activities.

The **Governor** recommends FY 2016 expenditures totaling $8.3 million, including $2.2 million from the State General Fund. The recommendation is a decrease of $68,269, or 0.8 percent, including $13,115, or 0.6 percent, from the State General Fund, below the agency's request. The recommendation includes a reduction of $68,269, including $13,115 from the State General

Fund, to reduce employer contributions for state employee health insurance.

The **agency** requests FY 2017 expenditures totaling $8.6 million, including $2.2 million from the State General Fund. The request is an increase of $262,422, or 3.1 percent, including $49,776, or 2.3 percent, from the State General Fund, above the FY 2016 request. The increase is attributable salaries and wages changes, mainly due to the 27th payroll period.

The **Governor** recommends FY 2017 expenditures totaling $8.5 million, including $2.2 million from the State General Fund. The recommendation is a decrease of $69,636, or 0.8 percent, including $13,378, or 0.6 percent, from the State General Fund, below the agency's request. The recommendation includes a reduction of $69,636, including $13,378 from the State General Fund, to reduce employer contributions for state employee health insurance.

E. Community Services and Programs

Community Services and Programs (CSP) vision for the persons it supports and serves is to ensure they live healthy, successful, and self-determined lives in their homes and communities. CSP's mission is to support Kansans in living self-determined, meaningful lives by ensuring access to quality person centered aging, mental health, addictions and disability services. CSP develops program policy, negotiates agreements, and monitors supports and services it purchases. CSP ensures the supports and services purchased are accessible and appropriately utilized; comply with established performance measures; and conform to reasonable and generally acceptable standards of effectiveness and efficiency.

All of these KDADS programs were included in the 2012 ERO 41, which merged into a single agency all of the public health programs supporting Kansans in need of aging, behavioral health or disability services. Additional information regarding ERO 41 is included in the agency summary.

Administration

CSP Administration provides the administrative support to the program sections and includes the Medicaid and Management Operations. The Division also directs the State's mental health and developmental disability facilities and the Sexual Predator Treatment Program, which are budgeted separately.

Medicaid and Management Operation (MMO). MMO is responsible for providing agency-wide guidance and support for all Medicaid-funded services, including primary responsibility for the contracting, readiness, implementation and monitoring of the KanCare comprehensive managed care program related to KDADS-administered services, as well as monitoring and contracting with the existing PAHP (mental health) and PIHP (substance use disorder) managed care entities until their programs and contracts expire. MMO also supports CSP programs in developing, implementing and monitoring compliance and enforcement actions; monitoring and reporting on required quality assurance and outcome measures for Medicaid-funded programs; developing, obtaining approval for and funding the CSP grants and contracts; budgeting and accounting support for the CSP programs, including the related federal expenditure reporting; and architectural/engineering support for the state mental health and developmental disability facilities.

Behavioral Health Services

On July 1, 2012 through ERO 41, Department of Social and Rehabilitation Services, Disability and Behavioral Health Services (DBHS) became part of Kansas Department for Aging and Disability Services. With this reorganization, also came the merger of mental health services (MH) and addiction and prevention services (AAPS). Behavioral Health Services is now managed by one Director under the Commissioner of Community Services and Programs (CSP). Currently the budget for behavioral health services is still being reported and managed separately as Behavioral MH and Behavioral Health Substance Use Disorder (SUD) and the independent program descriptions are highlighted.

Behavioral Health Mental Health (formerly Mental Health Services). The foundation for all community mental health services is the Mental Health Reform Act KSA 39-1601 *et seq.* The Treatment Act for Mentally Ill Persons, KSA 59-2901, *et seq.*, states how patients shall be provided psychiatric treatment on both a voluntary and involuntary basis. KSA 65-4403 describes the procedures for providing state aid to Community Mental Health Centers. KSA 75-3307b authorizes the agency to enforce the laws relating to the hospitalization of mentally ill persons in mental health hospitals and community treatment facilities.

Mental illness, especially severe mental illness, can be devastating to persons who are affected. Untreated mental illness results in people experiencing unnecessary disability, unemployment, substance abuse, homelessness, needless incarceration, children taken into custody, failure in school, and wasted lives. Mental illness not only affects the person with the mental illness, but it has a profound impact on their families and friends, their community, and the state at large.

KDADS Behavioral Health Mental Health (MH) Services program administers, manages, and oversees publicly funded community, residential, and inpatient psychiatric services and supports for those who do not have the means to pay, especially adults with a severe and persistent mental illness (SPMI) and children with a serious emotional disturbance (SED). Organizations providing these psychiatric services and supports include the following items.

- Community Mental Health Centers (CMHCs).
- State Mental Health Hospitals.
- Private practitioners.
- Nursing Facilities for Mental Health.
- Psychiatric Residential Treatment Facilities.
- Private Community Hospital Psychiatric Programs funded by Kansas Department of Health and Environment Health Care Finance.
- Residential Care Facilities (RCF).
- Consumer Run Organizations and Other Support Groups.
- Housing Programs.
- Pharmacy Benefit Manager.

Behavioral Health Substance Use Disorders (formerly Addiction and Prevention Services)

Behavioral Health Substance Use Disorders (SUD) provides and monitors a system of care for the treatment of SUD that is customer/community focused, outcome driven and consists of a network of providers who are focused on best practices. Additionally, SUD promotes prevention and recovery in Kansas communities through the mobilization of community coalitions and partnerships. Behavioral Health SUD supports communities in understanding the extent and cause of substance abuse problems and helps citizens take action to reduce and prevent them. Since the passage of SB 66 in 2007, which designated 2.0 percent of the state proceeds from expanded gaming activities to be made available to treat problem gambling and

other addictions, Behavioral Health SUD has worked to heighten awareness of and treatment services to problem gamblers in Kansas.

Treatment services provided by Behavioral Health SUD providers include the following items.

- Acute Detoxification Treatment.
- Alcohol and Drug Assessment and Referral Programs.
- Alcohol and Drug Safety Action Programs.
- Case Management Services.
- Crisis Intervention.
- Early Intervention/Interim Treatment.
- Inpatient Treatment.
- Intensive Outpatient Treatment.
- Intermediate Treatment.
- Medication Assisted Treatment.
- Opioid Maintenance Outpatient Treatment.
- Outpatient Treatment.
- Peer Mentoring.
- Person Centered Case Management.
- Reintegration Treatment.
- Social Detoxification.
- Therapeutic Community Treatment.
- Problem Gambling Treatment.

Home and Community Based Services (HCBS) Waivers

HCBS Waiver Services provides services for more than 19,500 individuals with disabilities throughout the state through six different waiver programs: Developmental Disability (DD) Waiver, Physical Disability (PD) Waiver, Traumatic Brain Injury (TBI) Waiver, Technical Assisted (TA) Waiver, Autism Waiver, and Frail Elderly Waiver. In addition to these waiver programs Community Services and Programs work through the Money Follows the Persons Grant to assist with the transitions from institutional settings to services based in the community. The goal of Waiver Services is to provide individuals with disabilities services within their own communities to improve quality of life outcomes. Supports and services provided include day and residential, family support services, and personal care services which assist people with daily living tasks. Individuals have the opportunity to self-direct their services including the hiring, training, scheduling, supervising, and releasing of attendants. Services also include assistive services such as home modifications, technology devices, transitional living services such as teaching independent living skills, and rehabilitation services such as physical, occupational, speech, behavioral, and cognitive therapies. Services are coordinated by case managers or independent living counselors.

These services are provided through community providers such as Community Developmental Disability Organizations, Centers for Independent Living and home health agencies. Financing is provided by Medicaid Home and Community Based Services waivers, grants to Community Developmental Disability Organizations and through the regular medical portion of the Medicaid program.

To be served by a Home and Community Based Service waiver, a person must be determined both financially and functionally eligible. Once eligible, the person may receive both waiver services and regular medical services such as doctors visits and pharmaceuticals. The waivers are summarized in the following table:

Overview of Medicaid Home and Community Based Services Waivers						
Waiver	**Physically Disabled (PD)**	**Developmental Disabilities (DD)**	**Technology Assisted (TA)**	**Traumatic Brain Injury (TBI)**	**Autism**	**Frail Elderly (FE)**
Institutional Equivalent	Nursing Facility	Intermediate Care Facility for Persons with Mental Retardation (ICF/MR)	Acute Care Hospital	Rehabilitation Facility	State Mental Health Hospital Services	Nursing Facility
Eligibility	• Age 16-64 • Disabled by Social Security Admin	• Age 5 or over • Meet the definition of mental retardation or developmental disability	• Children under 18 • Medically fragile dependent on intensive technology	• Age 16-55 • Have traumatic non-degenerative brain injury resulting in residual deficits and disabilities	• Time of diagnosis through 5 years of age • Diagnosis of autism spectrum disorder or PDD-NOS	• Age 65 or older • Choose HCBS • Functionally eligible for nursing care
Point of Entry	Aging and Disability Resource Center	Community Developmental Disability Organizations	Private Agencies	Aging and Disability Resource Center	Application sent to Autism Program Manager	Aging and Disability Resource Center
Financial Eligibility Rules	• Only the individual's personal income and resources are considered • For individuals under age 18 parents' income and resources are not counted • Income over $727 per month must be contributed towards the cost of care	• Only the individual's personal income and resources are considered • For individuals under age 18 parents' income and resources are not counted • Income over $727 per month must be contributed towards the cost of care	• Only the individual's personal income and resources are considered** • For individuals under age 18 parents' income and resources are not counted • Income over $727 per month must be contributed towards the cost of care	• Only the individual's personal income and resources are considered • For individuals under age 18 parents' income and resources are not counted • Income over $727 per month must be contributed towards the cost of care	• Only the individual's personal income and resources are considered • Parents' income and resources are not counted • Income over $727 per month must be contributed towards the cost of care	• Only the individual's personal income and resources are considered • Income over $727 per month must be contributed towards the cost of care
Services/Supports	• Independent Living Counseling • Personal Services • Assistive Services • Sleep Cycle Support	• Residential Services • Day Services • Medical Alert • Wellness Monitoring • Family/Indiv. Supports • Environ./Adaptive Equip.	• Respite Care • Medical Equip.& Supplies • Case Management • Home Modification Services	• Personal Services • Assistive Services • Rehabilitation Services • Trans. Living Skills • Home Delivered Meal Services • Medication Reminder Services	• Consultative clinical and therapeutic services • Intensive individual supports • Parent support/training • Family Adjustment counseling • Respite services	• Adult Day Care • Assistive Technology * • Attendant Care • Comprehensive Support * • Financial Management • Medication Reminder • Nursing Evaluation Visit • Oral Health * • Personal Emergency Response • Sleep Cycle Support * • Wellness Monitoring * denotes suspended service; must meet crisis exception
** Note: The parents' personal income and resources are not counted for eligibility but are counted for the purpose of determining a family participation fee.						

Money Follows the Person. KDADS participates in the federal Money Follows the Person (MFP) program which is a demonstration grant that has been extended to 2016. The grant permits the qualified institutional setting funding to "follow the person" to the most appropriate Medicaid Home and Community Based waiver. Kansans making long term care decisions are provided complete information, given the opportunity to discuss their choices, and learn how they can be served in the community. This program helps shift Medicaid's traditional emphasis on institutional care to a system offering greater choices that include HCBS and helps eliminate barriers that prevent residents from transitioning back into the community. The grant is administered through Kansas Department for Aging and Disability Services and Kansas Department of Health and Environment.

The MFP program not only allows for the resident to receive HCBS in the community, but to also receive enhanced services called Transition Services, which allow for payment of utility deposits and other expenses to re-establish a residence. MFP enhanced services make it possible for the resident to return to the community. Customers can receive up to 365 days of MFP funding before their case is transitioned to the appropriate HCBS waiver. Four target populations will be served by this grant: the Frail Elderly (FE), the Physically Disabled (PD), the Traumatic Brain Injured (TBI), and the Developmentally Disabled (DD). KDADS is responsible for administering MFP program.

To be eligible for this program:

- A current resident of a qualified institutional setting for 90 days;
- Medicaid eligible prior to receiving MFP services;
- Meets the functional eligibility for waivered services; and
- Have an interest in moving back to the community.

State funds have been transferred from the grant to the FE, PD, TBI and DD waivers to money follow the persons. As of June 30, 2013, a total of 740 individuals have moved from an institutional setting to the community with the assistance of this program.

Waiting Lists. Some program CSP funds are not entitlements. If more people apply for and need these programs than the available funds can support, a waiting list for the program is established.

- ***DD Waiver.*** As of August 2014, there were 3,100 persons on the ID/DD waiting list who currently do not receive any HCBS services. As of July 2014, the list of those who were waiting for additional services to be provided had been eliminated.

- ***PD Waiver.*** As of August 2014, there were 3,200 persons on the waiting list.

- ***FE Waiver.*** The FE waiver does not have a waiting list as of August 2014.

- ***Autism Waiver.*** As of August 2014, there were 232 children on the "proposed waiver recipient" waiting list who currently do not receive any HCBS Autism waiver services.

- ***TA Waiver.*** In order to continue the no waiting list status and control cost of the program, the program modified its community and hospital

referral process for program access. In addition, the program has instituted a system where waiver recipients graduate from a high level of care to lower level of care when individuals become medically stable. The cost of the program is also maintained due to the program's emphasis on parent/legal guardian's participation in the caregiving and as part of the informal support system.

- ***TBI Waiver.*** The TBI Waiver currently has no waiting list. To help control growth and related costs, the program maintains the eligibility criterion that recipients make progress in rehabilitation and independent living skills training. As such, the average length of time spent receiving TBI Waiver services is three years.

Program of All-Inclusive Care for the Elderly (PACE) Program. The Program of All-Inclusive Care for the Elderly Program is a form of managed care in that the provider accepts a capitated rate in the form of a monthly "premium." Most participants are eligible for both Medicare and Medicaid benefits. The Program of All-Inclusive Care for the Elderly Program Medicaid rate is negotiated at a minimum of a federally required 5.0 percent cost savings of the calculated upper payment limit, based on past fee for service costs for Medicaid beneficiaries age 55 and over for each unique service coverage area. For this capitated payment, the provider assumes the full risk for their participant's long term care needs. The monthly capitated payment is a fixed amount which extends over the life of the participant regardless of changes in the participant's health status or service needs. Participants may be required to pay a portion of the capitated payment depending on their income.

PACE organizations must have a center that is approved by Centers for Medicaid and Medicare Services and the state, to provide adult day care services, clinical services, therapies, meals, social services, assistance with activities of daily living and medication management. In addition, the sites are required to have a primary care physician who is part of the team of professionals that help the participants manage their care. Each participant has access to all specialty services covered under either Medicare or Medicaid, or both. The first Program of All-Inclusive Care for the Elderly Program site, called HOPE, was opened in 2002, by Via Christi Health Services in Wichita. HOPE serves up to 275 participants in Sedgwick County. The Midland Care Connection PACE site, located in Topeka, opened in 2007, and serves up to 105 participants in Shawnee County and the six surrounding counties. To be eligible to enroll an individual must meet the following requirements.

- Be 55 years of age or older.
- Be determined to meet the nursing facility level of care threshold.
- Reside in the service area of the PACE organization.
- Be able to live in a community setting without jeopardizing his or her health or safety.

Financial Management Service System. In FY 2012, the federally mandated Financial Management Services (FMS) system began paying a flat monthly administrative rate to an FMS provider, formerly referred to as a payroll agent, and an average hourly rate for all attendants. The FMS rate was established at $115.00 per customer, per month.

Hospital Administration. This program provides services to the state hospitals. Services include medical liability insurance for physicians, dietary services for the mental health hospitals and preparation of cost reports.

COMMUNITY SERVICES AND PROGRAMS
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	$ 5,063,199	$ 5,324,476	$ 5,271,070	$ 5,253,509	$ 5,198,740	$ 5,545,502	$ 5,489,637
Contractual Services	36,137,859	40,755,594	40,276,359	38,854,619	39,126,150	38,855,597	39,127,128
Commodities	48,531	54,769	54,769	49,048	49,048	49,294	49,294
Capital Outlay	8,480	350	350	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 41,258,069	$ 46,135,189	$ 45,602,548	$ 44,157,176	$ 44,373,938	$ 44,450,393	$ 44,666,059
Aid to Local Units	41,833,729	41,543,459	41,543,459	41,386,459	41,036,459	41,386,459	41,036,459
Other Assistance	920,615,300	954,934,823	974,485,240	945,576,806	994,084,356	945,576,806	994,008,824
TOTAL	$ 1,003,707,098	$ 1,042,613,471	$ 1,061,631,247	$ 1,031,120,441	$ 1,079,494,753	$ 1,031,413,658	$ 1,079,711,342
Financing:							
State General Fund	$ 427,357,134	$ 451,991,610	$ 458,482,426	$ 462,156,731	$ 477,106,569	$ 462,277,958	$ 477,954,352
All Other Funds	576,349,964	590,621,861	603,148,821	568,963,710	602,388,184	569,135,700	601,756,990
TOTAL	$ 1,003,707,098	$ 1,042,613,471	$ 1,061,631,247	$ 1,031,120,441	$ 1,079,494,753	$ 1,031,413,658	$ 1,079,711,342
FTE Positions	59.0	59.0	59.0	59.0	59.0	59.0	59.0
Non-FTE Uncl. Perm. Pos.	22.0	22.0	22.0	22.0	22.0	23.0	23.0
TOTAL	81.0	81.0	81.0	81.0	81.0	82.0	82.0

The **agency** requests FY 2016 expenditures totaling $1.0 billion, including $462.2 million from the State General Fund. The request is a decrease of $11.5 million, or 1.1 percent, and an increase of $10.2 million, or 2.2 percent, from the State General Fund, from the revised FY 2015 estimate. The majority of the decrease is attributable to decreases in requested waiver funding. Information regarding specific programs, including behavioral health and home and community based services waivers is provided below.

The **Governor** recommends FY 2016 expenditures totaling $1.1 billion, including $477.1 million from the State General Fund. The recommendation is an increase of $48.4 million, or 4.7 percent, including $14.9 million, or 3.2 percent, above the agency's request. The recommendation includes a reduction of $1.1 million, all from the State General Fund, associated with a 4.0 percent agency operating reduction.

The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund

into a special revenue fund in FY 2016. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care. The recommendation includes the addition of $6.8 million, including $3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

The recommendation includes the addition of $35.7 million, including $19.2 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates. The recommendation includes a reduction of $54,769, including $22,821 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2016 recommendation also includes the addition of $32.2 million, including $14.1 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.5 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes.

The **agency** requests FY 2017 expenditures totaling $1.0 billion, including $462.3 million from the State General Fund. The request is an increase of $293,217, or less than 0.1 percent, including $121,227, or less than 0.1 percent, from the State General Fund, above the FY 2016 request. Information regarding specific programs, including behavioral health and home and community based services waivers is provided below.

The **Governor** recommends FY 2017 expenditures totaling $1.1 billion, including $478.0 million from the State General Fund. The recommendation is an increase of $48.3 million, or 4.7 percent, including $15.7 million, or 3.4 percent, above the agency's request. The recommendation includes a reduction of $1.1 million, all from the State General Fund, associated with a 4.0 percent agency operating reduction.

The recommendation includes the addition of $6.8 million, including $3.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities. Also included is the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in FY 2017. Also included is an increase of $1.0 million, all from the State General Fund, for mental health services, to provide behavioral health access for transitional and intermediate levels of care.

The recommendation includes the addition of $49.2 million, including $25.9 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates. The recommendation includes a reduction of $55,865, including $23,278 from the State General Fund, to reduce employer contributions for state employee health insurance.

The Governor's FY 2017 recommendation also includes the addition of $33.3 million, including $14.7 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.4 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes.

Also included in the recommendation are savings totaling $14.8 million, including $6.5 million from the State General Fund, associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department for Health and Environment beginning January 1, 2016.

The request includes the following program specific amounts outlined below.

Behavioral Health Services

- **Mental Health Grants.** The agency requests FY 2015 grant funds totaling $45.0 million, including $30.7 million from the State General Fund for FY 2015. The agency requests FY 2016 and FY 2017 grant funds totaling $43.6 million, including $40.3 million from the State General Fund.

The **Governor** recommends mental health grants totaling $44.6 million, including $30.2 million from the State General Fund for FY 2015. The recommendation includes a reduction of $479,235, all from the State General Fund, associated with the Governor's allotment. In addition the Governor's FY 2015 recommendation shifts $1.2 million from the State General Fund to special revenue funds.

The **Governor** recommends FY 2016 and FY 2017 funding totaling $44.1 million, including $31.0 million from the State General Fund. The recommendation includes shifting $9.8 million from the State General Fund to a transfer from the State Highway Fund into a special revenue fund in both FY 2016 and FY 2017. The recommendation also includes a reduction of $558,022, all from the State General Fund, associated with the Governor's allotment. The Governor's recommendation also includes an increase of $1.0 million, all from the State General Fund for mental health services, to provide behavioral health access for transitional and intermediate levels of care.

- **Mental Health Services.** The agency requests funding for payments totaling $185.5 million, including $76.5 million from the State General Fund, and $3.8 million from the Children's Initiatives Fund for FY 2015. The estimate does not include any adjustments made by the Human Services consensus caseload estimating process to which this program is subject.

The **Governor** recommends FY 2015 expenditures totaling $196.8 million, including $80.4 million from the State General Fund and $3.8 million from the Children's Initiatives Fund. The recommendation includes the addition of $11.2 million, including $3.9 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates.

The **Governor** recommends FY 2016 expenditures of $209.4 million, including $89.9 million from the State General Fund for mental health services. The recommendation includes the addition of $20.3 million, including $10.8 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates.

The Governor's FY 2016 recommendation also includes the addition of $32.2 million, including $14.1 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.5 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes.

The **Governor** recommends FY 2017 expenditures of $204.3 million, including $88.3 million from the State General Fund for mental health services. The recommendation includes the addition of $28.8 million, including $15.2 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimates.

The Governor's FY 2017 recommendation also includes the addition of $33.2 million, including $14.7 million from the State General Fund, associated with the increase of the Managed Care Organization privilege fee. This increase is partially offset by the decrease of $28.4 million, including $12.5 million from the State General Fund, associated with the implementation of KanCare policy changes. Also included in the recommendation are savings totaling $14.8 million, including $6.5 million from the State General Fund, associated with a reduction of the state's payment error rate measurement. The reduction is anticipated with the Executive Reorganization Order No. 43 which transfers the responsibility for Medicaid eligibility to the Kansas Department for Health and Environment beginning January 1, 2016.

- **Psychiatric Residential Treatment Facilities.** The agency estimates $26.9 million, including $11.3 million from the State General Fund. The agency requests $27.0 million, including $11.7 from the State General Fund, for FY 2016 and FY 2017. This does not include any adjustments made during the Human Services consensus caseload estimating process.

The **Governor** recommends FY 2015 expenditures of $29.6 million, including $12.8 million from the State General Fund. The recommendation includes an increase of $2.7 million, including $1.2 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2016 expenditures of $31.1 million, including $13.9 million from the State General Fund. The recommendation includes an increase of $4.1 million, including $1.8 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2017 expenditures of $32.3 million, including $14.6 million from the State General Fund. The recommendation includes an increase of $5.3 million, including $2.4 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

- **Nursing Facilities for Mental Health.** The agency estimates $23.4 million, including $18.7 million from the State General Fund, for FY 2015. The agency requests $24.3 million, including $15.9 million from the State General Fund. This does not include any adjustments made during the Human Services consensus caseload estimating process.

The **Governor** recommends FY 2015 expenditures of $24.1 million, including $19.1 million from the State General Fund. The recommendation includes an increase of $749,997, including $416,604 from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2016 expenditures of $27.1 million, including $17.9 million from the State General Fund. The recommendation includes an increase of $2.8 million, including $2.0 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2017 expenditures of $27.6 million, including $18.1 million from the State General Fund. The recommendation includes an increase of $3.4 million, including

$2.2 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

Behavioral Health Substance Use Disorders

- **Substance Use Disorder Services Treatment Grants.** The agency estimates $23.2 million, including $2.3 million from the State General Fund, in FY 2015. The agency requests $22.9 million, including $2.3 million from the State General Fund, for FY 2016 and FY 2017.

The **Governor** concurs with the agency's estimate for FY 2015.

- **Substance Use Disorder Services Managed Care.** The agency estimates $22.0 million, including $3.6 million from the State General Fund, in FY 2015. The agency requests $22.2 million, including $5.8 million from the State General Fund for both FY 2016 and FY 2017. This does not include any adjustments made during the Human Services consensus caseload estimating process.

The **Governor** recommends FY 2015 expenditures of $23.5 million, including $3.8 million from the State General Fund. The recommendation includes an increase of $1.5 million, including $204,454 from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2016 expenditures of $24.9 million, including $6.6 million from the State General Fund. The recommendation includes an increase of $2.6 million, including $1.7 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The Governor recommends FY 2017 expenditures of $25.9 million, including $6.9 million from the State General Fund. The recommendation includes an increase of $3.6 million, including $2.4 million from the State General Fund, to fund the fall 2014 Human Services Consensus Caseload estimate.

The following table shows expenditures for the Behavioral Health Services (BHS).

BEHAVIORAL HEALTH SERVICES
SUMMARY OF GRANT AND SERVICES EXPENDITURES FY 2015 – FY 2017

Item	Agency Est. FY 2015 SGF	Agency Est. FY 2015 All Funds	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
MH Grants	$ 30,693,851	$ 45,040,626	$ 40,285,057	$ 43,631,832	$ 40,285,057	$ 43,631,832
MH Services*	76,539,918	185,542,535	77,434,241	185,380,293	77,434,241	185,380,293
Psychiatric Residential Treat. Facilities*	11,638,371	26,878,454	11,691,000	27,000,000	11,691,000	27,000,000
Nursing Facilities for Mental Health**	18,679,090	23,389,034	15,928,884	24,246,453	15,928,884	24,246,453
SUD Treatment Grants*	2,311,703	23,189,815	2,313,903	22,853,662	2,313,903	22,853,662
SUD Services Managed Care*	3,574,238	22,008,190	5,773,528	22,248,230	5,773,528	22,248,230
TOTAL	$ 143,437,171	$ 326,048,654	$ 153,426,613	$ 325,360,470	$ 153,426,613	$ 325,360,470

	Gov. Rec. FY 2015 SGF	Gov. Rec. FY 2015 All Funds	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
MH Grants	$ 30,214,616	$ 44,561,391	$ 30,977,035	$ 44,073,810	$ 30,977,035	$ 44,073,810
MH Services*	80,414,617	196,752,372	89,891,082	209,392,716	88,265,645	204,326,959
Psychiatric Residential Treat. Facilities*	12,837,268	29,606,352	13,934,232	31,052,685	14,594,544	32,298,366
Nursing Facilities for Mental Health**	19,095,694	24,139,031	17,922,059	27,091,950	18,086,016	27,608,051
SUD Treatment Grants*	2,311,703	23,189,815	2,313,903	22,853,662	2,313,903	22,853,662
SUD Services Managed Care**	3,778,692	23,489,177	6,623,532	24,846,069	6,949,623	25,872,521
TOTAL	$ 148,652,590	$ 341,738,138	$ 161,661,843	$ 359,310,892	$ 161,186,766	$ 357,033,369

* Subject to the consensus caseload estimating process as Behavioral Health/Substance Abuse.
**Subject to the consensus caseload estimating process.

- **Program for the All-Inclusive Care of the Elderly (PACE).** The agency estimates expenditures of $9.8 million, including $4.3 million from the State General Fund, for FY 2015. The agency requests expenditures of $11.7 million, including $5.1 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $10.1 million, including $4.4 million from the State General Fund. The recommendation includes an increase of $240,950, including $91,448 from the State General Fund, to fund caseload estimates.

The **Governor** recommends FY 2016 expenditures of $12.3 million, including $5.5 million from the State General Fund. The

recommendation includes an increase of $634,826, including $355,025 from the State General Fund, to fund caseload estimates.

The **Governor** recommends FY 2017 expenditures of $12.6 million, including $5.6 million from the State General Fund. The recommendation includes an increase of $885,657, including $491,225 from the State General Fund, to fund caseload estimates.

Home and Community Based Services Waivers

- **DD Waiver.** The agency estimates $365.0 million, including $157.1 million from the State General Fund, in FY 2015. As of December 2014, 8,708 individuals were receiving waiver services. The request includes an increase of $1.8 million, including $800,000 from the State General Fund, associated with transferring savings from the Kansas Neurological Institute. The agency requests expenditures totaling $360.9 million, including $157.1 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2016 and FY 2017 expenditures totaling $367.8 million, including $160.1 million from the State General Fund. The recommendation includes the addition of $6.8 million, including $3.0 million from the State General Fund, in both FY 2016 and FY 2017, to reduce the waiting list for services on the home and community based services wavier for individuals with developmental disabilities.

- **PD Waiver.** The agency estimates $128.5 million, including $55.7 million from the State General Fund in FY 2015. As of December 2014, 5,318 individuals were receiving waiver services. The agency requests expenditures of $128.2 million, including $56.1 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2016 and FY 2017 expenditures of $130.5 million, including $57.1 million from the State General Fund. The recommendation includes the addition of $2.3 million, including $1.0 million from the State General Fund, to reduce the waiting list for services on the home and community based services waiver for individuals with physical disabilities.

- **Frail Elderly Waiver.** The agency estimates $60.0 million, including $26.0 million from the State General Fund in FY 2015. As of December 2014, 5,123 individuals were receiving waiver services. The agency requests expenditures totaling $59.1 million, including $25.9 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $60.0 million, including $26.0 million from the State General Fund. The Governor recommends $59.1 million, including $25.9 million from the State General Fund, in both FY 2016 and FY 2017, the same as the agency's request.

- **Autism Waiver.** The agency estimates $1.4 million, including $623,116 from the State General Fund in FY 2015. As of December 2014, 62 individuals were receiving waiver services. The agency requests $1.1 million, including $485,758 from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $1.4 million, including $623,116 from the State General Fund. The Governor's recommendation for FY 2016 and FY 2017 total $1.1 million, including $485,758 from the State General Fund.

- **TA Waiver.** The agency estimates $27.5 million, including $11.9 million from the State General Fund, in FY 2015. As of December 2014, 423 individuals were receiving waiver services. The agency requests expenditures of $27.3 million, including $12.0 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $27.0 million, including $11.9 million from the State General Fund. The Governor recommends FY 2016 and FY 2017 expenditures totaling $27.3 million, including $12.0 million from the State General Fund.

- **TBI Waiver.** The agency estimates $14.4 million, including $6.2 million from the State General Fund, in FY 2015. As of December 2014, 512 individuals were receiving wavier services. The agency requests $12.4 million, including $5.4 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $14.4 million, including $6.2 million from the State General Fund. The Governor's FY 2016 and FY 2017 recommendation totals $12.4 million, including $5.4 million from the State General Fund.

- **Money Follows the Person.** The agency estimates expenditures of $13.0 million, including $2.8 million from the State General Fund, for FY 2015 to transition individuals out of institutional settings (such as NFMH and NFs) onto the various waivers (TBI, PD, DD, & FE) into the community. The agency requests expenditures totaling $9.4 million, including $2.0 million from the State General Fund, for both FY 2016 and FY 2017.

The **Governor** recommends FY 2015 expenditures of $13.0 million, including $2.8 million from the State General Fund. The recommendation is a decrease of $2,285, all from federal funds, associated with the KPERS reduction in the December allotment.

The Governor's recommendation for FY 2016 and FY 2017 totals $9.4 million, including $2.0 million from the State General Fund. The recommendation includes a reduction of $2,018 in FY 2016 and $2,059 in FY 2017 associated with the employers portion of health insurance.

- **Targeted Case Management.** The agency estimates expenditures of $34.4 million, including $15.0 million from the State General Fund, in FY 2015 for all targeted case management. This includes FE targeted case management expenditures of $6.2 million, including $2.7 million from the State General Fund. The agency request Targeted Case Management expenditures totaling $34.2 million, including $15.0 million from the State General Fund, for both FY 2016 and FY 2017. Targeted Case Management expenditures are a part of human services consensus caseload estimates and are considered an entitlement service.

The **Governor** recommends FY 2015 expenditures totaling $36.9 million, including $16.0 million from the State General Fund. The recommendation is an increase of $2.5 million, including $942,451 from the State General Fund, above the

agency's estimate, associated with the 2014 fall human services consensus caseload estimate.

The **Governor** recommends FY 2016 expenditures of $38.4 million, including $17.3 million from the State General Fund. The recommendation is an increase of $4.2 million, including $2.3 million from the State General Fund, above the agency's request, associated with the fall 2014 human services consensus caseload estimate.

The **Governor** recommends FY 2017 expenditures of $40.0 million, including $18.1 million from the State General Fund. The recommendation is an increase of $5.8 million, including $3.1 million from the State General Fund, above the agency's request, associated with the fall 2014 human services consensus caseload estimate.

The following table shows expenditures for the Home and Community Based Services (HCBS) waivers and associated regular medical services.

HCBS Waivers and Medicaid Services for Participants
Summary of Expenditures FY 2015-FY 2017

Item	Agency Est. FY 2015 SGF	Agency Est. FY 2015 All Funds	Agency Est. FY 2016 SGF	Agency Est. FY 2016 All Funds	Agency Est. FY 2017 SGF	Agency Est. FY 2017 All Funds
Home and Community Based Services (HCBS) waiver for:						
Developmentally Disabled (DD)	$ 157,060,796	364,962,996	157,065,453	360,937,940	157,065,453	360,937,940
Physically Disabled (PD)	55,653,186	128,529,299	56,140,148	128,203,124	56,140,148	128,203,124
Frail Elderly (FE)	25,969,857	59,976,576	25,868,538	59,074,077	25,868,538	59,074,077
Traumatic Brain Injury (TBI)	6,220,639	14,366,374	5,449,372	12,444,330	5,449,372	12,444,330
Technology Assist. Children (TA)	11,889,529	27,458,498	11,968,470	27,331,514	11,968,470	27,331,514
Autism	623,116	1,439,068	485,758	1,137,181	485,758	1,137,181
TOTAL	$ 257,417,123	$ 596,732,811	$ 256,977,739	$ 589,128,166	$ 256,977,739	$ 589,128,166
Regular Medicaid Services for persons on waivers:						
Targeted. Case Mgmt.*	$ 15,008,454	30,909,640	14,981,800	34,212,834	14,981,800	34,212,834
Positive Behavior Support*	49,478	115,012	52,398	120,944	52,398	120,944
Head Injury Rehab. Hosp.*	4,035,116	8,958,975	3,897,000	8,899,292	3,897,000	8,899,292
ICFs/MR	6,110,091	14,111,107	6,166,992	14,111,107	6,166,992	14,111,107
Money Follows the Person	2,747,101	12,986,170	2,002,100	9,368,021	2,002,100	9,375,376
TOTAL	$ 27,950,240	$ 67,080,904	$ 27,100,290	$ 66,712,198	$ 27,100,290	$ 66,719,553
GRAND TOTAL	***$ 285,367,363***	***$ 663,813,715***	***$ 284,078,029***	***$ 655,840,364***	***$ 284,078,029***	***$ 655,847,719***

	Gov. Rec. FY 2015 SGF	Gov. Rec. FY 2015 All Funds	Gov. Rec. FY 2016 SGF	Gov. Rec. FY 2016 All Funds	Gov. Rec. FY 2017 SGF	Gov. Rec. FY 2017 All Funds
Home and Community Based Services (HCBS) waiver for:						
Developmentally Disabled (DD)	$ 157,060,796	364,962,996	160,065,453	367,776,326	160,065,453	367,749,929
Physically Disabled (PD)	55,653,186	128,529,299	57,146,579	130,486,182	57,146,579	130,477,383
Frail Elderly (FE)	25,969,857	59,976,576	25,874,180	59,078,219	25,874,180	59,078,219
Traumatic Brain Injury (TBI)	6,220,639	14,366,374	5,449,985	12,444,798	5,449,985	12,444,798
Technology Assist. Children (TA)	11,889,529	27,458,498	11,968,470	27,331,514	11,968,470	27,331,514
Autism	623,116	1,439,068	485,758	1,137,181	485,758	1,137,181
TOTAL	$ 257,417,123	$ 596,732,811	$ 260,990,425	$ 598,254,220	$ 260,990,425	$ 598,219,024
Regular Medicaid Services for persons on waivers:						
Targeted. Case Mgmt.*	$ 15,950,905	36,952,770	17,266,452	38,387,734	18,112,629	39,966,189
Positive Behavior Support*	52,308	122,751	60,112	135,066	63,072	140,646
Head Injury Rehab. Hosp.*	4,294,025	9,580,500	4,494,799	9,948,496	4,711,552	10,350,817
ICFs/MR	6,110,091	14,111,107	6,166,992	14,111,107	6,166,992	14,111,107
Money Follows the Person	2,769,201	12,983,885	2,002,100	9,366,003	2,002,100	9,373,317
TOTAL	$ 29,176,530	$ 73,751,013	$ 29,990,455	$ 71,948,406	$ 31,056,345	$ 73,942,076
GRAND TOTAL	***$ 286,593,653***	***$ 670,483,824***	***$ 290,980,880***	***$ 670,202,626***	***$ 292,046,770***	***$ 672,161,100***

* Subject to the consensus caseload estimating process for Community services and Programs.

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
Rehabilitation and Repair	$ 6,338,611	$ 6,338,611	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
Debt Service Principal	4,340,000	4,340,000	4,530,000	4,530,000	4,720,000	4,720,000
TOTAL	$ 10,678,611	$ 10,678,611	$ 7,530,000	$ 7,530,000	$ 7,720,000	$ 7,720,000
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	10,678,611	10,678,611	7,530,000	7,530,000	7,720,000	7,720,000
TOTAL	$ 10,678,611	$ 10,678,611	$ 7,530,000	$ 7,530,000	$ 7,720,000	$ 7,720,000

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates revised capital improvement expenditures of $10.7 million, all from the State Institutions Building Fund, in FY 2015. The request includes $3.0 million for rehabilitation and repair projects and $4.3 million for debt service principal payments. In FY 2013, $1.5 million was appropriated to renovate part of Rainbow Mental Health Facility, and $1.4 million is reappropriated into FY 2015. As Rainbow Mental Health Facility was closed March 31, 2014, the balance in the Rainbow Mental Health Facility renovation account was transferred to the main hospital rehabilitation and repair fund to be utilized for projects at the other hospitals in the future. The rehabilitation and repair funding includes projects at the four state hospitals. In FY 2015, projects include re-roofing buildings, replacing steam piping systems, replacing worn out water lines, replacing plumbing lines and fixtures, renovating buildings to comply with current life safety codes, and a variety of other equipment repair and replacements.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $10.7 million, all from the State Institutions Building Fund, in FY 2015. This is the same amount as the agency's revised estimate.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests capital improvement expenditures of $7.5 million, all from the State Institutions Building Fund, for FY 2016. The request includes $3.0 million for rehabilitation and repair projects and $4.5 million for debt service principal payments. The rehabilitation and repair funding includes projects at the four state hospitals.

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $7.5 million, all from the State Institutions Building Fund, for FY 2016. This is the same amount as the agency's request.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests capital improvement expenditures of $7.7 million, all from the State Institutions Building Fund, for FY 2017. The request includes $3.0 million for rehabilitation and repair projects and $4.7 million for debt service principal payments. The rehabilitation and repair funding includes projects at the four state hospitals.

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $7.7 million, all from the State Institutions Building Fund, for FY 2017. This is the same amount as the agency's request.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Aging Grants					
Number of meals served	3,250,000	3,073,340	3,073,340	3,073,340	3,073,340
Cost per meal	$5.74	$6.00	$6.00	$6.00	$6.00
Number of customers receiving support services	230,000	250,000	250,000	250,000	250,000
Number of area agencies and case management entities found to be in compliance with federal and state requirements for providing services to seniors	20	20	20	20	20
Mental Health Services					
Number of persons with severe and persistent mental illness receiving state-funded inpatient or outpatient services	11,500	11,500	11,750	11,750	11,750
Number of target and/or developmental communities engaged in implementing the Kansas Strategic Prevention Framework (K-SPF)	45	45	50	50	50
Addiction Services					
Number of individuals receiving problem gambling treatment	154	181	217	220	220
Number of individuals receiving community-based alcohol and drug treatment services	12,869	12,956	12,956	13,000	13,000

Kansas Neurological Institute

	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	$ 9,261,525	$ 11,129,049	$ 11,030,478	$ 9,711,030	$ 9,509,289	$ 10,643,482	$ 10,439,098
Other Funds	17,534,266	15,791,532	15,686,104	15,983,532	15,781,577	15,983,532	15,777,551
TOTAL	$ 26,795,791	$ 26,920,581	$ 26,716,582	$ 25,694,562	$ 25,290,866	$ 26,627,014	$ 26,216,649
Capital Improvements:							
State General Fund	$ 210,464	$ 0	$ 0	$ 192,000	$ 0	$ 192,000	$ 0
Other Funds	0	210,121	210,121	18,121	210,121	18,121	210,121
TOTAL	$ 210,464	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121
GRAND TOTAL	**$ 27,006,255**	**$ 27,130,702**	**$ 26,926,703**	**$ 25,904,683**	**$ 25,500,987**	**$ 26,837,135**	**$ 26,426,770**
Percentage Change:							
Operating Expenditures							
State General Fund	(12.4) %	20.2 %	19.1 %	(12.7) %	(13.8) %	9.6 %	9.8 %
All Funds	(4.0)	0.5	(0.3)	(4.6)	(5.3)	3.6	3.7
FTE Positions	473.2	473.2	461.7	473.2	461.2	473.2	457.2
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	473.2	473.2	461.7	473.2	461.2	473.2	457.2

AGENCY OVERVIEW

The Kansas Neurological Institute provides treatment for adults with intellectual and developmental disabilities. Individuals with intellectual and developmental disabilities have conditions that originate early in life, most often before birth. The Kansas Neurological Institute (KNI) was established in 1959 on 183 acres formerly occupied by the Winter Veterans Hospital. Developmental disabilities often require some level of ongoing support throughout a lifetime. As a result, those living in state developmental disability hospitals tend to remain at the facility for much longer than patients at the state mental health hospitals. Therefore, the state developmental disability hospitals are both treatment centers and homes for those individuals who are not served in the community. The agency's mission is "to support each person who lives at KNI to have a meaningful life," which is accomplished by ensuring well-being, providing opportunities for choice, promoting personal relationships, encouraging participation in the community, and recognizing individuality. The agency has developed a person-centered approach to patient treatment, which focuses on the desires of the resident and not just on the assessments of the various professional disciplines. Many KNI residents require intensive physical and medical supports, most are unable to speak, about two-thirds have seizure disorders, and about one-third are unable to eat by mouth and receive their nutrition through feeding tubes. The people who live at KNI are growing older and due to the aging process face increasingly complex medical, physical, and behavioral support challenges. Patients at KNI live in 20 homes in four residential lodges. In addition, KNI provides dental services to persons with developmental disabilities living in the community.

MAJOR ISSUES FROM PRIOR YEARS

In FY 2008, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a $13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The Commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas State School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended that the Department of Social and Rehabilitation Services (SRS) review the residents at Kansas Neurological Institute who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his Executive Reorganization Order to carry out the recommendations concerning the closure of Kansas Neurological Institute and downsizing of Parsons State Hospital

and Training Center, that the ERO be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged SRS to consolidate resources on the developmental disability hospital campuses and identify individuals who can be better served in the community. As a result, Kansas Neurological Institute consolidated one home on its campus in FY 2009, another in FY 2010, and another in FY 2014.

The Governor recommended the closure of the Kansas Neurological Institute for FY 2012. The Governor estimated it would take the agency 23 months to close the facility if the agency achieved a goal of moving seven residents a month to community placements. The deletion of $658,832 from all funds, including $277,039 from the State General Fund, represented the savings the Governor estimated as a result of a recommendation to begin the closure of the agency for FY 2012. The 2011 Legislature restored the funding. This addition by the 2011 Legislature fully funded the operation of the agency for FY 2012 and eliminated the Governor's plan to close the KNI facility.

The Senate Ways and Means Committee recommended the Department on Social and Rehabilitation Services reject closure or downsizing plans for Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of SRS that would investigate and identify: 1) management and service efficiencies that could be implemented for KNI and Parsons State Hospital and Training Facility which would create cost-savings at the facilities while maintaining current operations and care, and 2) additional programs and resources that the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for Individuals with Developmental Disabilities waiver expenditures. The Committee directed the Department to fund the independent audit and report the audit findings to the Senate Ways and Means chair on September 1, 2011. The audit, conducted by Legislative Post Audit, was presented to the Legislative Post Audit Committee on December 13, 2011.

The **2013 Legislature** deleted $753,000, including $301,000 from the State General Fund, and 12.0 FTE positions as part of the consolidation of a cottage on the Kansas Neurological Institute campus for FY 2014 and FY 2015.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	160	160	160	160	160

AVERAGE DAILY CENSUS

Average Daily Census (ADC) represents the average number of patients in a hospital over a fiscal year for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	145	144	144	143	142

ADMISSIONS

The chart below shows admissions for Kansas Neurological Institute. This does not include transfers in from other KDADS Institutions.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	1	4	2	2	2

SEPARATIONS

The chart below shows separations due to discharge and death for Kansas Neurological Institute.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	7	5	3	3	3

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates total expenditures of $27.1 million, including $11.1 million from the State General Fund, in FY 2015. Of this amount, the agency estimates operating expenditures of $27.1 million, including $11.1 million from the State General Fund, in FY 2015. This is an all funds decrease of $700,929, or 2.5 percent, and a State General Fund increase of $798,571, or 7.7 percent, from the amount approved by the 2014 Legislature. These changes are primarily attributable to supplemental requests by the agency. The first supplemental request would replace $1.5 million in Title XIX funding with State General Fund moneys, having a net zero effect on total expenditures. This action corresponds to the replacement of $1.5 million in State General Funds with Title XIX funds for Osawatomie State Hospital, and the agency reports that these supplemental requests are necessary for matching requirements for federal funds. The second supplemental request would transfer $800,000 in agency savings, all from the State General Fund, to the Kansas Department for Aging and Disability Services for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. Additionally, the agency received a reappropriation of $400,371 from the State General Fund, which was not spent in FY 2014 and has carried over to FY 2015. The agency also has budgeted KPERS contributions above the amount approved by the 2014 Legislature, due to the agency submitting a revised estimate prior to the Governor's December 9th allotment, which reduced employer KPERS contributions.

The agency estimates capital improvement expenditures of $210,121, all from special revenue funds, in FY 2015. This is an increase of $46,371, or 28.3 percent, above the amount approved by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends total expenditures of $26.9 million, including $11.0 million from the State General Fund, for operating expenditures and capital improvements in FY 2015. Of this amount, the Governor recommends operating expenditures of $26.7 million, including $11.0 million from the State General Fund, in FY 2015. This is an all funds decrease of $203,999, or 0.8 percent, and a State General Fund decrease of $98,571, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for KPERS contributions, due to the Governor's December allotment. The Governor recommends capital improvement expenditures of $210,121, all from special revenue funds, in FY 2015. This is the same amount as the agency's request.

FY 2016 Agency Request

The **agency** requests total expenditures of $25.9 million, including $9.9 million from the State General Fund, for operating expenditures and capital improvements, for FY 2016. Of this amount, the agency requests operating expenditures of $25.7 million, including $9.7 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.2 million, or 4.6 percent, and a State General Fund decrease of $1.4 million, or 12.7 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an adjustment in shrinkage, partially offset by increased salaries and wages fringe benefit costs.

The agency requests capital improvement expenditures of $210,121, including $192,000 from the State General Fund, for FY 2016. This is the same all funds amount as the revised FY 2015 estimate. The State General Fund amount is an increase of $192,000, above the revised FY 2015 estimate.

FY 2016 Governor Recommendation

The **Governor** recommends total expenditures of $25.5 million, including $9.5 million from the State General Fund, for operating expenditures and capital improvement expenditures, for FY 2016. Of this amount, the Governor recommends operating expenditures of $25.3 million, including $9.5 million from the State General Fund, for FY 2016. This is an all funds decrease of $403,696, or 1.6 percent, and a State General Fund decrease of $201,741, or 2.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance and the Governor recommending both agency reduced resource submissions for FY 2016.

The Governor recommends capital improvement expenditures of $210,121, all from special revenue funds, for FY 2016. This is the same all funds amount as the agency's request, and a State General Fund decrease of $192,000, or 100.0 percent, below the agency's request. The State General Fund decrease is attributable to the Governor recommending the agency's reduced resource submission to replace expenditures from the State General Fund with funds from the State Institutions Building Fund for capital improvements for FY 2016.

FY 2017 Agency Request

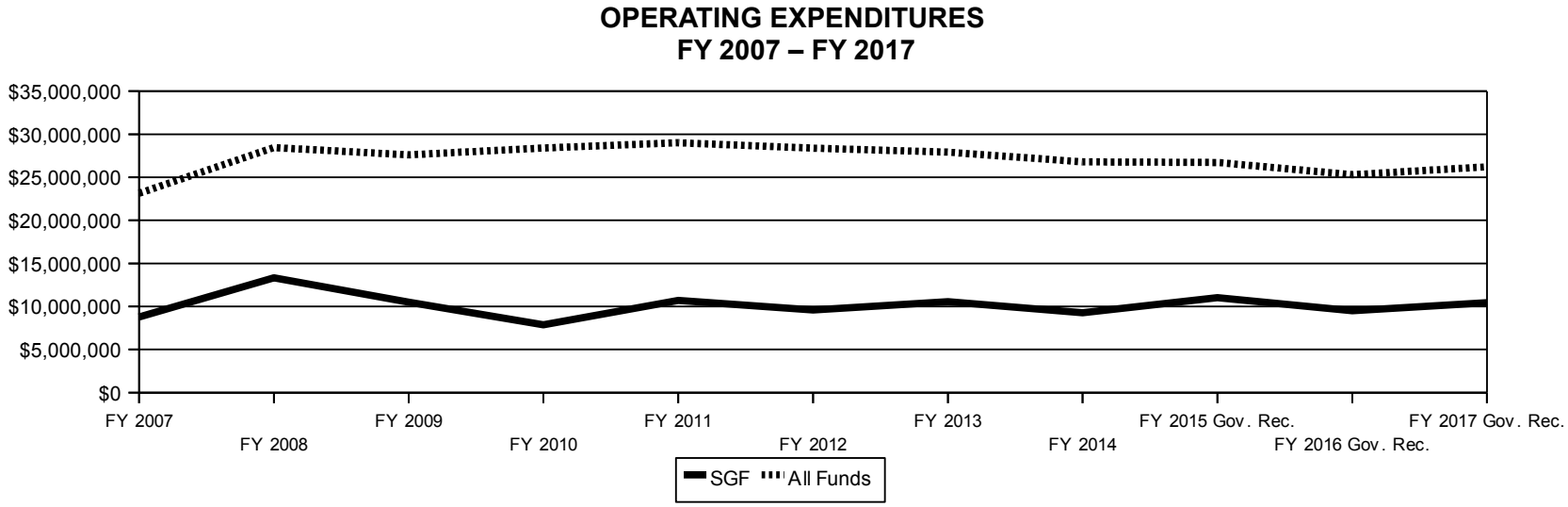
The **agency** requests total expenditures of $26.8 million, including $10.8 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the agency requests operating expenditures of $26.6 million, including $10.6 million from the State General Fund, for FY 2017. This an all funds increase of $932,452, or 3.6 percent, and a State General Fund increase of $932,452, or 9.6 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages due to the 27th payroll period which occurs in that fiscal year and increased fringe benefit costs, partially offset by an adjustment to shrinkage.

The agency requests capital improvement expenditures of $210,121, including $192,000 from the State General Fund, for FY 2017. These are the same amounts as the agency's FY 2016 request.

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of $26.4 million, including $10.4 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the Governor recommends operating expenditures of $26.2 million, including $10.4 million from the State General Fund, for FY 2017. This is an all funds decrease of $410,365, or 1.5 percent, and a State General Fund decrease of $204,384, or 1.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance and the Governor recommending both agency reduced resource submissions. The Governor recommends capital improvement expenditures of $210,121, all from special revenue funds, for FY 2017. This is the same all funds amount as the agency's request, and a State General Fund decrease of $192,000, or 100.0 percent, below the agency's request. The State General Fund decrease is attributable to the Governor recommending the agency's reduced resource option to substitute expenditures from the State General Fund with funds from the State Institutions Building Fund for capital improvements for FY 2017.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 8,774,198	2.7 %	$ 23,133,649	0.9 %	570.0
2008	13,322,979	51.8	28,445,701	23.0	570.0
2009	10,503,632	(21.2)	27,598,217	(3.0)	570.0
2010	7,876,610	(25.0)	28,394,478	2.9	570.0
2011	10,709,270	36.0	29,004,350	2.1	546.7
2012	9,605,217	(10.3)	28,375,878	(2.2)	491.7
2013	10,567,612	10.0	27,918,672	(1.6)	491.7
2014	9,261,525	(12.4)	26,795,791	(4.0)	473.2
2015 Gov. Rec.	11,030,478	19.1	26,716,582	(0.3)	461.7
2016 Gov. Rec.	9,509,289	(13.8)	25,290,866	(5.3)	461.2
2017 Gov. Rec.	10,439,098	9.8	26,216,649	3.7	457.2
Eleven-Year Change	$ 1,664,900	19.0 %	$ 3,083,000	13.3 %	(112.8)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 1,420,171	$ 1,457,147	$ 1,421,871	$ (35,276)	(2.4) %	$ 1,447,895	$ 1,410,345	$ (37,550)	(2.6)%
Staff Edu and Research	602,085	685,944	622,427	(63,517)	(9.3)	680,012	612,963	(67,049)	(9.9)
Habilitation and Treatmt	14,198,097	14,017,629	13,689,015	(328,614)	(2.3)	13,896,207	13,461,664	(434,543)	(3.1)
Ancillary Services	2,618,352	2,920,371	2,603,715	(316,656)	(10.8)	2,902,332	2,583,331	(319,001)	(11.0)
Med and Surg Services	3,041,677	3,206,229	2,949,295	(256,934)	(8.0)	3,178,398	2,918,616	(259,782)	(8.2)
Phys Plant/Central Svcs	4,915,409	4,633,261	4,408,239	(225,022)	(4.9)	4,611,738	4,303,947	(307,791)	(6.7)
TOTAL	$ 26,795,791	$ 26,920,581	$ 25,694,562	$ (1,226,019)	(4.6) %	$ 26,716,582	$ 25,290,866	$ (1,425,716)	(5.3)%
By Major Object of Expenditure:									
Salaries and Wages	$ 22,140,055	$ 22,671,648	$ 21,445,629	$ (1,226,019)	(5.4) %	$ 22,467,649	$ 21,041,933	$ (1,425,716)	(6.3)%
Contractual Services	2,110,670	2,092,338	2,092,338	0	0.0	2,092,338	2,092,338	0	0.0
Commodities	1,843,284	1,844,432	1,844,432	0	0.0	1,844,432	1,844,432	0	0.0
Capital Outlay	467,177	133,281	133,281	0	0.0	133,281	133,281	0	0.0
Debt Service	35,659	28,749	28,749	0	0.0	28,749	28,749	0	0.0
Subtotal - Operations	$ 26,596,845	$ 26,770,448	$ 25,544,429	$ (1,226,019)	(4.6) %	$ 26,566,449	$ 25,140,733	$ (1,425,716)	(5.4)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	198,946	150,133	150,133	0	0.0	150,133	150,133	0	0.0
TOTAL	$ 26,795,791	$ 26,920,581	$ 25,694,562	$ (1,226,019)	(4.6) %	$ 26,716,582	$ 25,290,866	$ (1,425,716)	(5.3)%
Financing:									
State General Fund	$ 9,261,525	$ 11,129,049	$ 9,711,030	$ (1,418,019)	(12.7) %	$ 11,030,478	$ 9,509,289	$ (1,521,189)	(13.8)%
KNI Fee Fund	1,351,483	1,355,537	1,355,537	0	0.0	1,343,443	1,334,653	(8,790)	(0.7)
Title XIX Fund	15,660,275	13,953,868	14,145,868	192,000	1.4	13,861,669	13,966,320	104,651	0.8
All Other Funds	522,508	482,127	482,127	0	0.0	480,992	480,604	(388)	(0.1)
TOTAL	$ 26,795,791	$ 26,920,581	$ 25,694,562	$ (1,226,019)	(4.6) %	$ 26,716,582	$ 25,290,866	$ (1,425,716)	(5.3)%

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	$ 1,421,871	$ 1,423,955	$ 2,084	0.1 %	$ 1,410,345	$ 1,412,198	$ 1,853	0.1 %
Staff Edu and Research	622,427	622,772	345	0.1	612,963	613,118	155	0.0
Habilitation and Treatmt	13,689,015	14,612,671	923,656	6.7	13,461,664	14,380,767	919,103	6.8
Ancillary Services	2,603,715	2,606,692	2,977	0.1	2,583,331	2,585,901	2,570	0.1
Med and Surg Services	2,949,295	2,950,645	1,350	0.0	2,918,616	2,919,374	758	0.0
Phys Plant/Central Svcs	4,408,239	4,410,279	2,040	0.0	4,303,947	4,305,291	1,344	0.0
TOTAL	$ 25,694,562	$ 26,627,014	$ 932,452	3.6 %	$ 25,290,866	$ 26,216,649	$ 925,783	3.7 %
By Major Object of Expenditure:								
Salaries and Wages	$ 21,445,629	$ 22,378,081	$ 932,452	4.3 %	$ 21,041,933	$ 21,967,716	$ 925,783	4.4 %
Contractual Services	2,092,338	2,092,338	0	0.0	2,092,338	2,092,338	0	0.0
Commodities	1,844,432	1,844,432	0	0.0	1,844,432	1,844,432	0	0.0
Capital Outlay	133,281	133,281	0	0.0	133,281	133,281	0	0.0
Debt Service	28,749	28,749	0	0.0	28,749	28,749	0	0.0
Subtotal - Operations	$ 25,544,429	$ 26,476,881	$ 932,452	3.7 %	$ 25,140,733	$ 26,066,516	$ 925,783	3.7 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	150,133	150,133	0	0.0	150,133	150,133	0	0.0
TOTAL	$ 25,694,562	$ 26,627,014	$ 932,452	3.6 %	$ 25,290,866	$ 26,216,649	$ 925,783	3.7 %
Financing:								
State General Fund	$ 9,711,030	$ 10,643,482	$ 932,452	9.6 %	$ 9,509,289	$ 10,439,098	$ 929,809	9.8 %
KNI Fee Fund	1,355,537	1,355,537	0	0.0	1,334,653	1,334,242	(411)	(0.0)
Title XIX Fund	14,145,868	14,145,868	0	0.0	13,966,320	13,962,735	(3,585)	(0.0)
All Other Funds	482,127	482,127	0	0.0	480,604	480,574	(30)	(0.0)
TOTAL	$ 25,694,562	$ 26,627,014	$ 932,452	3.6 %	$ 25,290,866	$ 26,216,649	$ 925,783	3.7 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $10,028,678 for Kansas Neurological Institute in FY 2015. Adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $400,371, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $98,571, as the result of the Governor's December 2014, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $10,330,478. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 10,330,478	$ 11,129,049	$ 798,571	$ 11,030,478	$ 700,000
All Other Funds	17,501,153	16,001,653	(1,499,500)	15,896,225	(1,604,928)
TOTAL	$ 27,831,631	$ 27,130,702	$ (700,929)	$ 26,926,703	$ (904,928)
FTE Positions	473.2	473.2	0.0	461.7	(11.5)

The **agency** estimates revised expenditures of $27.1 million, including $11.1 million from the State General Fund, in FY 2015. This is an all funds decrease of $700,929, or 2.5 percent, and a State General Fund increase of $798,571, or 7.7 percent, above the amount approved by the 2014 Legislature. The change is primarily attributable to two supplemental requests by the agency. The first supplemental request would replace $1.5 million in Title XIX funding with State General Fund moneys,

having a net zero effect on total expenditures. This corresponds to replacement of $1.5 million in State General Funds with Title XIX funds for Osawatomie State Hospital, and the agency reports that these supplemental requests are necessary for matching requirements for federal funds. The agency's second supplemental request would transfer $800,000 in agency savings, all from the State General Fund, to the Kansas Department for Aging and Disability Services for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. The changes are also affected by the reappropriation of $400,371 from the State General Fund, which was not spent in FY 2014 and has carried over to FY 2015. The agency budgeted KPERS contributions above the amount approved by the 2014 Legislature, due to the agency submitting a revised estimate prior to the Governor's December 9th allotment, which reduced employer KPERS contributions.

The request is outlined by object of expenditure.

- **Salaries and Wages.** The agency estimates $22.7 million, including $11.1 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds decrease of $348,939, or 1.5 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to an increase in salaries and wage shrinkage.

- **Contractual Services.** The agency estimates $2.1 million, all from special revenue funds, for contractual services in FY 2015. This is an increase of $241,503, or 13.0 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to an increase in computer services, medical services, grounds repairs, and utilities expenditures.

- **Commodities.** The agency estimates $1.8 million, including $150 from the State General Fund, for commodities in FY 2015. This is an all funds decrease of $214,112, or 10.4 percent, below the amount approved by the 2014 Legislature. The State General Fund amount is the same amount approved by the 2014 Legislature. The all funds decrease is attributable to a decrease in household supplies, food for patients, and drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency estimates $133,281, all from special revenue funds, for capital outlay in FY 2015. This is an all funds decrease of $5,514, or 4.0 percent, below the amount by the 2014 Legislature. The all funds decrease is attributable to a decrease in computer equipment, partially offset by an increase in furniture and other fixtures.

- **Debt Services.** The agency estimates $28,749, all from special revenue funds, for debt service interest expenditures in FY 2015. This is the same amount approved by the 2014 Legislature.

- **Other Assistance.** The agency estimates $150,133, all from special revenue funds, for other assistance in FY 2015. This is a decrease of $19,867, or 11.7 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $26.7 million, including $11.0 from the State General Fund, in FY 2015. This is an all funds decrease of $203,999, or 0.8 percent, and a State General Fund decrease of $98,571, or 0.9 percent, from the agency's request. The all funds decrease is primarily attributable to a reduction in KPERS employer contributions.

Supplemental Detail

FY 2015 SUPPLEMENTALS						
	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
DD Waiver transfer	$ (800,000)	$ (800,000)	0.0	$ (800,000)	$ (800,000)	0.0
Title XIX funding moved to SGF	1,500,000	0	0.0	1,500,000	0	0.0
TOTAL	**$ 700,000**	**$ (800,000)**	**0.0**	**$ 700,000**	**$ (800,000)**	**0.0**

The **agency** requests approval of two supplements, totaling an all funds decrease of $800,000, and a State General Fund increase of $700,000, in FY 2015.

The first supplemental request would replace $1.5 million from Title XIX funds, with State General Funds. This request would have no effect on all funds expenditures, and would be an increase of $1.5 million in State General Funds, in FY 2015. This action corresponds to the replacement of $1.5 million in State General Funds with Title XIX funds for Osawatomie State Hospital.

The second supplemental request would transfer agency savings of $800,000 from the State General Fund, the Kansas Department for Aging and Disability Services for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities. This savings is associated with a decrease in FTE positions for efficiency, reflected in the reduced resource options submitted by the agency in FY 2015, FY 2016, and FY 2017. The agency offers to reduce FTE positions by 11.5 in FY 2015.

The **Governor** recommends both agency supplemental requests, totaling an all funds decrease of $800,000, and a State General Fund increase of $700,000, in FY 2015.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Contribution Rate	$ (98,571)	$ (98,571)	0.0
TOTAL	$ (98,571)	$ (98,571)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $98,571, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency expenditures but is reflective of a reduction of expenditures from the State General Fund.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 25,694,562	$ 25,290,866	$ (403,696)
FTE Positions	473.2	461.2	(12.0)
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (1,418,019)	$ (1,521,189)	
All Other Funds	192,000	95,473	
TOTAL	$ (1,226,019)	$ (1,425,716)	
Percent Change:			
State General Fund	(12.7) %	(13.8) %	
All Other Funds	1.2	0.6	
TOTAL	(4.6) %	(5.3) %	
Change in FTE Positions	0.0	(0.5)	

The **agency** requests expenditures of $25.7 million, including $9.7 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.2 million, or 4.6 percent, and a State General Fund decrease of $1.4 million, or 12.7 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in shrinkage, and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, absent the $250 bonus for state employees in FY 2015. This includes four reduced resource submissions totaling $69,629 all funds, $261,629 from the State General Fund, and 10.0 FTE positions, for FY 2016.

The request includes replacement of $1.5 million from Title XIX funds, with State General Funds. This action corresponds to the replacement of $1.5 million in State General Funds with Title XIX funds for Osawatomie State Hospital.

The request also includes a transfer of $1.5 million, all from the State General Fund, to the Kansas Department for Aging and Disability Services for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The request is outlined by object of expenditure below.

- **Salaries and Wages.** The agency requests $21.4 million, including $8.2 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $1.2 million, and a State General Fund decrease of $2.9 million, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in shrinkage, and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $2.1 million, including $1.0 million from the State General Fund, for contractual services for FY 2016. This is the same all funds amount as the revised FY 2015 estimate, and it is a State General Fund increase of $1.0 million, above the revised FY 2015 estimate. The State General Fund increase is attributable to the agency replacing Title XIX funds with funds from the State General Fund.

- **Commodities.** The agency requests $1.8 million, including $460,929 from the State General Fund, for commodities for FY 2016. This is the same all funds amount as the revised FY 2015 estimate, and it is a State General Fund increase of $460,779, or 307,186.0 percent, above the revised FY 2015 estimate. The State General Fund increase is attributable to the agency replacing Title XIX funds with funds from the State General Fund.

- **Capital Outlay.** The agency requests $133,281, including $19,373 from the State General Fund, for capital outlay for FY 2016. The all funds total is the same amount as the revised FY 2015 estimate, and the State General Fund is $19,373 above the revised FY 2015 estimate. The State General Fund increase is attributable to the agency replacing Title XIX funds with funds from the State General Fund.

- **Debt Service.** The agency requests $28,749, all from special revenue funds, for debt service interest payments for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $150,133, all from special revenue funds, for other assistance for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $25.3 million, including $9.5 million from the State General Fund, for FY 2016. This is an all funds decrease of $403,696, or 1.6 percent, and a State General Fund decrease of $201,741, or 2.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and the Governor recommending the agency's reduced resource submission.

FY 2016 Reduced Resources

The agency was not required to submit reduced resources, but submitted four for FY 2016.

FY 2016 REDUCED RESOURCES

Item	Agency Submission SGF	Agency Submission All Funds	Agency Submission FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
SIBF for Bond Payment	$ (192,000)	$ 0	0.0	$ (192,000)	$ 0	0.0
Eliminate Custodial Specialist	(32,600)	(32,600)	0.0	(32,600)	(32,600)	(1.0)
Eliminate Security Officer	(37,029)	(37,029)	0.0	(37,029)	(37,029)	(1.0)
Reduce FTE's for Efficiency	0	0	(10.0)	0	0	(10.0)
TOTAL	$ (261,629)	$ (69,629)	(10.0)	$ (261,629)	$ (69,629)	(12.0)

The **agency** submitted reduced resources, totaling an all funds decrease of $69,629, a State General Fund decrease of $261,629, and a FTE reduction of 10.0 FTE positions, for FY 2016.

The first reduced resource submission concerns the State of Kansas Energy Conservation Improvement Program. KNI pays semi-annual bond payments to the State of Kansas for participation in the State's Energy Conservation Improvement Program. KNI would substitute funds from the State Buildings Fund in place of State General Fund for these payments, which would total $192,000 for FY 2016.

The second reduced resource submission concerns elimination of one custodial specialist position. KNI proposes the reorganization of Housekeeping Services and reducing by one Custodial Specialist position through attrition, which would reduce $32,600, all from the State General Fund, for FY 2016.

The third reduced resource submission concerns contracting for routine security services. KNI currently contracts with Universal Protection Services for security services and proposes to increase the provisions of the contract and eliminate a Safety & Security Officer I position, which would reduce $37,029, all from the State General Fund, for FY 2016.

The final reduced resource submission concerns reductions in FTE positions for efficiency. KNI was reviewed for efficiencies in its processes by the Buckley Group, and the reduction package is to reduce the FTE positions that were recommended for reduction. The suggested reduction of the positions was spread over three years, as positions are expected to be vacated. The savings gained by the reduction of these positions has been shifted to the Home and Community Based Services Waiver for Individuals with Developmental Disabilities in KDADS as required by legislation. The decrease in FTE positions for FY 2016 is 10.0 FTE positions.

The **Governor** recommends all four agency submitted reduced resources, for a total reduction of $69,629 all funds, $261,629 from the State General Fund, and 12.0 FTE positions for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 26,627,014	$ 26,216,649	$ (410,365)
FTE Positions	473.2	457.2	(16.0)
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 932,452	$ 929,809	
All Other Funds	0	(4,026)	
TOTAL	$ 932,452	$ 925,783	
Percent Change:			
State General Fund	9.6 %	9.8 %	
All Other Funds	0.0	(0.0)	
TOTAL	3.6 %	3.7 %	
Change in FTE Positions	0.0	(4.0)	

The **agency** requests expenditures of $26.6 million, including $10.6 million from the State General Fund, for FY 2017. This an all funds increase of $932,452, or 3.6 percent, and a State General Fund increase of $932,452, or 9.6 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages due to the 27th payroll period which occurs in that fiscal year and increased fringe benefit costs, partially offset by an adjustment to shrinkage.

The request includes replacement of $1.5 million from Title XIX funds, with State General Funds. This action corresponds to the replacement of $1.5 million in State General Funds with Title XIX funds for Osawatomie State Hospital.

The request also includes a transfer of $1.5 million, all from the State General Fund, to the Kansas Department for Aging and Disability Services for the Home and Community Based Services Waiver for Individuals with Developmental Disabilities.

The request is outlined by object of expenditures below.

- **Salaries and Wages.** The agency requests $22.4 million, including $9.1 million from the State General Fund, for salaries and wages for FY 2017. This is an increase of $932,452, or 11.4 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period which occurs in that fiscal year, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $2.1 million, including $1.1 million from the State General Fund, for contractual services for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Commodities.** The agency requests $1.8 million, including $460,929 from the State General Fund, for commodities for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $133,281, including $19,373 from the State General Fund, for capital outlay for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Debt Service.** The agency requests $28,749, all from special revenue funds, for debt service interest payment for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $150,133, all from special revenue funds, for other assistance for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $26.2 million, including $10.4 million from the State General Fund, for FY 2017. This is an all funds decrease of $410,365, or 1.5 percent, and a State General Fund decrease of $204,384, or 1.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

FY 2017 Reduced Resources

The agency was not required to submit reduced resources, but submitted four for FY 2017.

FY 2017 REDUCED RESOURCES

Item	Agency Submission SGF	Agency Submission All Funds	Agency Submission FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
SIBF for Bond Payment	$ (192,000)	$ 0	0.0	$ (192,000)	$ 0	0.0
Eliminate Custodial Specialist	(32,600)	(32,600)	0.0	(32,600)	(32,600)	(1.0)
Eliminate Security Officer	(37,029)	(37,029)	0.0	(37,029)	(37,029)	(1.0)
Reduce FTE's for Efficiency	0	0	(14.0)	0	0	(14.0)
TOTAL	$ (261,629)	$ (69,629)	(14.0)	$ (261,629)	$ (69,629)	(16.0)

The **agency** submitted reduced resources, totaling an all funds decrease of $69,629, a State General Fund decrease of $261,629, and a decrease of 14.0 FTE positions, for FY 2017.

The first reduced resource concerns the State of Kansas Energy Conservation Improvement Program. KNI pays semi-annual bond payments to the State of Kansas for participation in the State's Energy Conservation Improvement Program. KNI would substitute funds from the State Buildings Fund in place of State General Fund for these payments, which would total $192,000 for FY 2017.

The second reduced resource concerns elimination of one custodial specialist position. KNI proposes the reorganization of Housekeeping Services and eliminating one Custodial Specialist position through attrition, which would reduce $32,600, all from the State General Fund, for FY 2017.

The third reduced resource concerns contracting for routine security services. KNI currently contracts with Universal Protection Services for security services and proposes to increase the provisions of the contract and eliminate one Safety & Security Officer I position, which would reduce $37,029, all from the State General Fund, for FY 2017.

The final reduced resource concerns reductions in FTE positions for efficiency. KNI was reviewed for efficiencies in their processes by the Buckley Group, and the reduction package is to reduce the FTE positions that were recommended for reduction. The reduction of the FTE positions was spread over three years, as positions are expected to be vacated. The savings gained by the reduction of these positions has been shifted to the Home and Community Based Services Waiver for Individuals with Developmental Disabilities in KDADS as required by legislation. The decrease in FTE positions for FY 2017 is 14.0.

The **Governor** recommends all of the agency's reduced resources, totaling $69,629 all funds, $261,629 from the State General Fund, and 14.0 FTE positions, for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $125,648, all from the State General Fund, and affects 404 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 $188,946, including $71,918 from the State General Fund, and FY 2017 longevity payments total $198,277, including $80,681 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $334,067, including $132,112 from the State General Fund for FY 2016. This is a reduction of $340,736, including $134,755 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Federal Title XIX funding (Medicaid) comprises approximately one-third of all funding for state hospitals. Currently, all federal Medicaid payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates are charged to Medicaid for each day a person covered by Medicaid lives in the facility. The Kansas Neurological Institute is a developmental disability hospital.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disability hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for federal Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of Disproportionate Share Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

KNI is primarily funded through four sources. The first is the State General Fund, which consists of funds collected through various statewide taxes. The second is the KNI Fee Fund, which includes collections from Medicare, private payments, Social Security, and insurance. The third source is Medicaid (Title XIX Funding), which is earned by the developmental disability institutions as Medicaid reimbursements for services provided based on a daily room rate. The Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the five state hospitals in amounts equal to its approved appropriations. The fourth major source of funding is through the Foster Grandparent program, which is funded by various federal grants.

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	37.8 %	37.6 %	40.0 %	39.8 %
KNI Fee Fund	5.3	5.3	5.1	5.1
Title XIX Fund	55.1	55.2	53.1	53.3
All Other Funds	1.9	1.9	1.8	1.8
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

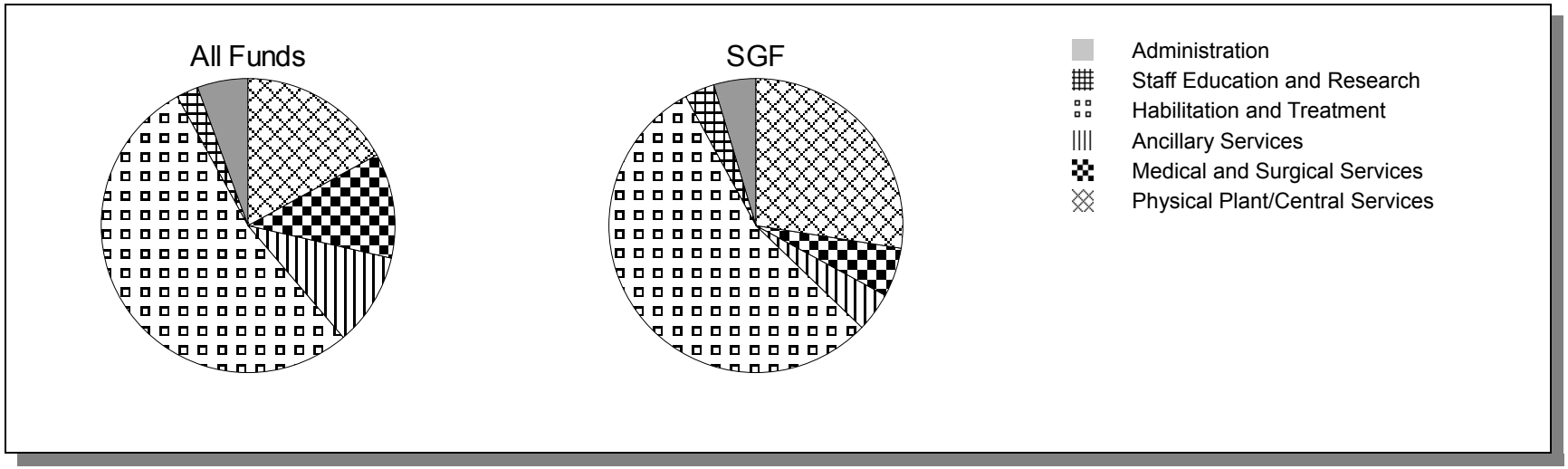
Note: Percentages may not add due to rounding.

Kansas Neurological Institute Fee Fund Analysis

KSA 76-11c01a provides that the superintendent of the Kansas Neurological Institute shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Kansas Neurological Institute Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

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	$ 487,775	$ 484,305	$ 484,305	$ 464,768	$ 476,862	$ 445,231	$ 478,209
Revenue	1,348,013	1,336,000	1,336,000	1,336,000	1,336,000	1,336,000	1,336,000
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 1,835,788	$ 1,820,305	$ 1,820,305	$ 1,800,768	$ 1,812,862	$ 1,781,231	$ 1,814,209
Less: Expenditures	1,351,483	1,355,537	1,343,443	1,355,537	1,334,653	1,355,537	1,334,242
Encumbrance Adjustment	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 484,305	$ 464,768	$ 476,862	$ 445,231	$ 478,209	$ 425,694	$ 479,967
Ending Balance as Percent of Expenditures	35.8%	34.3%	35.5%	32.8%	35.8%	31.4%	36.0%
	May	May	May	May	May	May	May
Month Highest Ending Balance	$ 893,043	$ 797,401	$ 797,401	$ 773,149	$ 773,149	$ 793,419	$ 793,419
	June	June	May	June	June	June	June
Month Lowest Ending Balance	$ 484,305	$ 464,768	$ 464,768	$ 445,231	$ 445,231	$ 425,694	$ 425,694

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	$ 1,410,345	5.6 %	$ 440,221	4.6 %
Staff Education and Research	612,963	2.4	315,571	3.3
Habilitation and Treatment	13,461,664	53.2	5,216,725	54.9
Ancillary Services	2,583,331	10.2	410,355	4.3
Medical and Surgical Services	2,918,616	11.5	515,016	5.4
Physical Plant/Central Services	4,303,947	17.0	2,611,401	27.5
TOTAL	$ 25,290,866	100.0 %	$ 9,509,289	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	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Staff Edu and Research	13.0	13.0	13.0	13.0	13.0	13.0	13.0
Habilitation and Treatmt	322.0	322.0	310.5	322.0	312.0	322.0	308.0
Ancillary Services	26.2	26.2	26.2	26.2	26.2	26.2	26.2
Med and Surg Services	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Phys Plant/Central Svcs	53.0	53.0	53.0	53.0	51.0	53.0	51.0
TOTAL	473.2	473.2	461.7	473.2	461.2	473.2	457.2

A. Administration

The General Administration program provides overall management activities such as budgeting, planning, and staffing designed to ensure that the residents' basic needs are met and that proper care and treatment are received. This program ensures the effective and efficient provision of supports and services for people with developmental disabilities who live at KNI and ensures that KNI meets the requirements of rules, regulations, policies, and standards of relevant state and federal agencies. This program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement.

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	$ 922,169	$ 972,873	$ 963,621	$ 937,597	$ 926,071	$ 939,681	$ 927,924
Contractual Services	248,179	312,141	312,141	312,141	312,141	312,141	312,141
Commodities	23,079	15,500	15,500	15,500	15,500	15,500	15,500
Capital Outlay	28,746	6,500	6,500	6,500	6,500	6,500	6,500
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 1,222,173	$ 1,307,014	$ 1,297,762	$ 1,271,738	$ 1,260,212	$ 1,273,822	$ 1,262,065
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	197,998	150,133	150,133	150,133	150,133	150,133	150,133
TOTAL	$ 1,420,171	$ 1,457,147	$ 1,447,895	$ 1,421,871	$ 1,410,345	$ 1,423,955	$ 1,412,198
Financing:							
State General Fund	$ 819,218	$ 150	$ 150	$ 445,083	$ 440,221	$ 426,964	$ 422,005
All Other Funds	600,953	1,456,997	1,447,745	976,788	970,124	996,991	990,193
TOTAL	$ 1,420,171	$ 1,457,147	$ 1,447,895	$ 1,421,871	$ 1,410,345	$ 1,423,955	$ 1,412,198
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.0	17.0	17.0	17.0	17.0	17.0	17.0

The **agency** requests expenditures of $1.4 million, including $445,083 from the State General Fund, for FY 2016. This is an all funds decrease of $35,276, or 2.4 percent, below the revised FY 2015 request. The State General Fund amount is $444,933, or 296,622.0 percent, above the revised FY 2015 request. The all fund decrease is primarily attributable to an increase in shrinkage, partially offset by an increase in salaries, including fringe benefit expenditures.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $937,597, including $444,933 from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $35,276, or 3.6 percent, and a State General Fund increase of $444,933 from the revised FY 2015 estimate.

The all funds decrease is attributable to an increase in shrinkage.

- **Contractual Services.** The agency requests $312,141, all from special revenue funds, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency requests $15,500, including $150 from the State General Fund, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $6,500, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $150,133, all from special revenue funds, for other assistance for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $1.4 million, including $440,221 from the State General Fund, for FY 2016. This is an all funds decrease $11,546, or 0.8 percent, and a State General Fund decrease of $4,862, or 1.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $1.4 million, including $426,964 from the State General Fund, for FY 2017. This is an all funds increase of $2,084, or 0.1 percent, above the FY 2016 request. The State General Fund amount is $18,119, or 4.1 percent, below the FY 2016 request. The all funds increase is primarily attributable to an increase in salary, including fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an adjustment to shrinkage.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $939,681, including $425,814 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $2,084, or 0.2 percent, and a State General Fund decrease of $18,119, or 4.1 percent, from the FY 2016 request. The all funds increase is attributable an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period which occurs in that fiscal year, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $312,141, all from special revenue funds, for contractual services for FY 2016. This is the same amount as the FY 2016 request.

- **Commodities.** The agency request $15,500, including $150 from the State General Fund, for commodities for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $6,500, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $150,133, all from special revenue funds, for other assistance for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $1.4 million, including $422,055 from the State General Fund, for FY 2017. This is an all funds decrease of $11,757, and a State General Fund decrease of $4,959, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

B. Staff Education and Research

The Staff Education and Research program provides, facilitates, and coordinates all training for current and new employees as well as specialized training for staff working in community developmental disability facilities to ensure they develop and maintain the skills necessary to provide high quality person-centered services. In addition, field placements for college students seeking developmental disability experience and training of job training participants are provided by this program.

STAFF EDUCATION AND RESEARCH
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	$ 559,445	$ 648,944	$ 643,012	$ 585,427	$ 575,963	$ 585,772	$ 576,118
Contractual Services	41,386	35,000	35,000	35,000	35,000	35,000	35,000
Commodities	886	700	700	700	700	700	700
Capital Outlay	368	1,300	1,300	1,300	1,300	1,300	1,300
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 602,085	$ 685,944	$ 680,012	$ 622,427	$ 612,963	$ 622,772	$ 613,118
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 602,085	$ 685,944	$ 680,012	$ 622,427	$ 612,963	$ 622,772	$ 613,118
Financing:							
State General Fund	$ 142,871	$ 0	$ 0	$ 320,171	$ 315,571	$ 334,704	$ 330,011
All Other Funds	459,214	685,944	680,012	302,256	297,392	288,068	283,107
TOTAL	$ 602,085	$ 685,944	$ 680,012	$ 622,427	$ 612,963	$ 622,772	$ 613,118
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	13.0	13.0	13.0	13.0	13.0	13.0	13.0

The **agency** requests expenditures of $622,427, including $320,171 from the State General Fund, for FY 2016. This is an all funds decrease of $63,517, or 9.3 percent, below the revised FY 2015 request. The State General Fund amount is $320,171, above the revised FY 2015 request. The all funds decrease is primarily attributable to an adjustment to salaries and wages shrinkage and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate absent the $250 bonus payment for state employees in FY 2015.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $585,427, including $320,171 from the State General Fund, for salaries and wages for FY

2016. This is an all funds decrease of $63,517, or 9.8 percent, and a State General Fund increase of $320,171, from the revised FY 2015 estimate. The all funds decrease is primarily attributable to an increase in shrinkage and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $35,000, all from special revenue funds, for contractual services, for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency request $700, all from special revenue funds, for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $1,300, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $612,963, including $315,571 from the State General Fund, for FY 2016. This is an all funds decrease of $9,464, or 1.5 percent, and a State General Fund decrease of $4,600, or 1.4 percent, below the agency's request. The decrease is attributable to a decrease in employer contributions for state employees health insurance.

The **agency** requests expenditures of $622,772, including $334,704 from the State General Fund, for FY 2017. This is an all funds increase of $345, or 0.1 percent, and a State General Fund increase of $14,533, or 4.5 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an adjustment to shrinkage.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $585,772, including $334,704 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $345, or 0.1 percent, and a State General Fund increase of $14,533, or 4.5 percent, from the FY 2016 request. The all funds decrease is attributable to to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period which occurs in that fiscal year, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $35,000, all from special revenue funds, for contractual services for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency request $700, all from special revenue funds, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $1,300, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends $613,118, including $330,011 from the State General Fund, for FY 2017. This is an all funds decrease of $9,654, or 1.6 percent, and a State General Fund decrease of $4,693, or 1.4 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employees health insurance.

C. Habilitation and Treatment

The goal of KNI is to support each resident so that each person has a meaningful life. This is accomplished by providing opportunities for choice, promoting personal relationships, and encouraging community involvement for KNI residents. The Personalized Lifestyle Designs maps the services, supports, and training which are appropriate, given the person's needs and wants. Living units provide a more home-like environment and each resident can experience normal responsibilities such as cooking meals and doing laundry. According to the agency, this model of responsibility, choice, and independence provides a better match to the community placement where each person will move when they have completed their residential treatment.

HABILITATION AND TREATMENT
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	$ 13,806,760	$ 13,614,196	$ 13,492,774	$ 13,285,582	$ 13,058,231	$ 14,209,238	$ 13,977,334
Contractual Services	36,256	21,475	21,475	21,475	21,475	21,475	21,475
Commodities	331,212	360,658	360,658	360,658	360,658	360,658	360,658
Capital Outlay	22,921	21,300	21,300	21,300	21,300	21,300	21,300
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 14,197,149	$ 14,017,629	$ 13,896,207	$ 13,689,015	$ 13,461,664	$ 14,612,671	$ 14,380,767
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	948	0	0	0	0	0	0
TOTAL	$ 14,198,097	$ 14,017,629	$ 13,896,207	$ 13,689,015	$ 13,461,664	$ 14,612,671	$ 14,380,767
Financing:							
State General Fund	$ 3,609,206	$ 11,128,899	$ 11,030,328	$ 5,313,463	$ 5,216,725	$ 6,120,760	$ 6,022,085
All Other Funds	10,588,891	2,888,730	2,865,879	8,375,552	8,244,939	8,491,911	8,358,682
TOTAL	$ 14,198,097	$ 14,017,629	$ 13,896,207	$ 13,689,015	$ 13,461,664	$ 14,612,671	$ 14,380,767
FTE Positions	322.0	322.0	310.5	322.0	312.0	322.0	308.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	322.0	322.0	310.5	322.0	312.0	322.0	308.0

The **agency** requests expenditures of $13.7 million, including $5.3 million from the State General Fund, for FY 2016. This is an all funds decrease of $328,614, or 2.3 percent, and a State General Fund decrease of $5.8 million, or 52.3 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in salary shrinkage, partially offset by an increase in salaries, including fringe benefit expenditures.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $13.3 million, including $5.3 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $328,614, or 2.4 percent, and a State General Fund decrease of $5.8 million, below the revised FY 2015 estimate. The all funds decrease is primarily attributable to a decrease in shrinkage, partially offset by an increase in salaries, including fringe benefit expenditures.

- **Contractual Services.** The agency requests $21,475, all from special revenue funds, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency request $360,658, all from special revenue funds, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $21,300, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends $13.5 million, including $5.2 million from the State General Fund, for FY 2016. This is an all funds decrease of $227,351, or 1.7 percent, and a State General Fund decrease of $96,738, or 1.8 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employees health insurance.

The **agency** requests expenditures of $14.6 million, including $6.1 million from the State General Fund, for FY 2017. This is an all funds increase of $923,656, or 6.7 percent, and a State General Fund increase of $807,297, or 15.2 percent, above the FY 2017 request. The increase is primarily attributable to a decrease in shrinkage and an increase in salaries and wages and fringe benefits due to payment of the 27th payroll period which occurs in that fiscal year.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $14.2 million, including $6.1 million from the State General Fund, salaries and wages for FY 2017. This is an all funds increase of $923,656, or 7.0 percent, and a State General Fund increase of $807,297, or 15.2 percent, above the FY 2016 request. The increase is primarily attributable to an increase and salaries, including fringe benefit expenditures, due to payment of the 27th payroll period, and a decrease in shrinkage.

- **Contractual Services.** The agency requests $21,475, all from special revenue funds, for contractual services for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency request $360,658, all from special revenue funds, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $21,300, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $14.4 million, including $6.0 million from the State General Fund, for FY 2017. This is an all funds decrease of $231,904, or 1.6 percent, and a State General Fund decrease of $98,675, or 1.6 percent, below the FY 2016 request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

D. Ancillary Services

The Ancillary Services program is composed of three sub-programs: Activity Therapies, Supported Employment Services, and Allied Clinical Services. The sub-programs operate in conjunction with the self-directed work teams, where the teams participate in the resident evaluation process and, with other team members, in planning the personalized lifestyle design. Activity Therapies provide an expanded array of individualized social, leisure and spiritual opportunities for those living at KNI including activities with their foster grandparents. The Supported Employment sub-program provides support for the people who live at KNI in all aspects of finding, securing, and retaining individualized and meaningful employment either in the community or in one of the entrepreneurial businesses operated at KNI. Allied Clinical Services provides the specialized services required by medical and program needs identified for all residents such as radiology, dental, psychological, speech and hearing, and chaplaincy services.

ANCILLARY SERVICES
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	$ 1,736,454	$ 2,067,620	$ 2,049,581	$ 1,750,964	$ 1,730,580	$ 1,753,941	$ 1,733,150
Contractual Services	415,213	387,775	387,775	387,775	387,775	387,775	387,775
Commodities	401,719	409,295	409,295	409,295	409,295	409,295	409,295
Capital Outlay	64,966	55,681	55,681	55,681	55,681	55,681	55,681
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 2,618,352	$ 2,920,371	$ 2,902,332	$ 2,603,715	$ 2,583,331	$ 2,606,692	$ 2,585,901
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 2,618,352	$ 2,920,371	$ 2,902,332	$ 2,603,715	$ 2,583,331	$ 2,606,692	$ 2,585,901
Financing:							
State General Fund	$ 874,376	$ 0	$ 0	$ 414,672	$ 410,355	$ 433,774	$ 429,370
All Other Funds	1,743,976	2,920,371	2,902,332	2,189,043	2,172,976	2,172,918	2,156,531
TOTAL	$ 2,618,352	$ 2,920,371	$ 2,902,332	$ 2,603,715	$ 2,583,331	$ 2,606,692	$ 2,585,901
FTE Positions	26.2	26.2	26.2	26.2	26.2	26.2	26.2
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	26.2	26.2	26.2	26.2	26.2	26.2	26.2

The **agency** requests expenditures of $2.6 million, including $414,672 from the State General Fund, for FY 2016. This is an all funds decrease of $316,656, or 10.8 percent, and a State General Fund increase of $414,672, above the the revised FY 2015 estimate. The increase is primarily attributable to a decrease in shrinkage, partially offset by an increase in salaries, including fringe benefit expenditures.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $1.8 million, including $414,672 from the State General Fund, for FY 2016. This is an all funds decrease of $316,656, or 15.3 percent, and a State General Fund increase of $414,672, from the revised FY 2015 estimate. The all funds decrease is primarily attributable to an increase

in shrinkage, partially offset by an increase in salaries, including fringe benefit expenditures.

- **Contractual Services.** The agency requests $387,775, all from special revenue funds, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency request $409,295, all from special revenue funds, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $55,681, all from special revenue funds, for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $2.6 million, including $414,672 from the State General Fund, for FY 2016. This is an all funds decrease of $20,384, or 0.8 percent, and a State General Fund decrease of $4,317, or 1.0 percent, below the agency's request. The decrease is primarily attributable to a reduction in employer contributions for state employees health insurance.

The **agency** requests expenditures of $2.6 million, including $433,774 from the State General Fund, for FY 2017. This is an all funds increase of $2,977, or 0.1 percent, and a State General Fund increase of $19,102, or 4.6 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period which occurs in that fiscal year, partially offset by an increase in shrinkage.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $1.8 million, including $433,774 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $2,977, or 0.2 percent, and a State General Fund increase of $19,102, or 4.6 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period which occurs in that fiscal year, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $387,775, all from special revenue funds, for contractual services for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency request $409,295, all from special revenue funds, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $55,681, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends $2.6 million, including $429,370 from the State General Fund, for FY 2017. This is an all funds decrease of $20,791, or 0.8 percent, and a State General Fund decrease of $4,404, or 1.0 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employees health insurance.

E. Medical and Surgical Services

The Medical and Surgical Services program provides health care for all clients with various types of acute and chronic conditions. It provides intermediate health care twenty-four hours a day, seven days a week. When it is not feasible to serve patients at the facility, the institution provides services through contracts with other medical providers or specialists in the community. Therapeutic modifications of diets and other clinical services are provided by a staff dietitian. The major portion of the cost is covered by Medicaid, Medicare, or other insurance.

MEDICAL AND SURGICAL SERVICES
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	$ 2,752,404	$ 2,953,630	$ 2,925,799	$ 2,696,696	$ 2,666,017	$ 2,698,046	$ 2,666,775
Contractual Services	113,675	119,099	119,099	119,099	119,099	119,099	119,099
Commodities	124,064	122,500	122,500	122,500	122,500	122,500	122,500
Capital Outlay	51,534	11,000	11,000	11,000	11,000	11,000	11,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 3,041,677	$ 3,206,229	$ 3,178,398	$ 2,949,295	$ 2,918,616	$ 2,950,645	$ 2,919,374
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 3,041,677	$ 3,206,229	$ 3,178,398	$ 2,949,295	$ 2,918,616	$ 2,950,645	$ 2,919,374
Financing:							
State General Fund	$ 721,996	$ 0	$ 0	$ 520,278	$ 515,016	$ 575,135	$ 569,772
All Other Funds	2,319,681	3,206,229	3,178,398	2,429,017	2,403,600	2,375,510	2,349,602
TOTAL	$ 3,041,677	$ 3,206,229	$ 3,178,398	$ 2,949,295	$ 2,918,616	$ 2,950,645	$ 2,919,374
FTE Positions	42.0	42.0	42.0	42.0	42.0	42.0	42.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	42.0	42.0	42.0	42.0	42.0	42.0	42.0

The **agency** requests expenditures of $2.9 million, including $520,278 from the State General Fund, for FY 2016. This is an all funds decrease of $256,934, or 8.0 percent, below the amount in the revised FY 2015 estimate. The State General Fund amount is $520,278, above the revised FY 2015 estimate. The all funds decrease is primarily attributable to an increase in shrinkage, and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, after the $250 state employee bonus payment in FY 2015.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $2.7 million, including $520,278 from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $256,934, or 8.7 percent, and a State General Fund increase of $520,278, from the revised FY 2015 estimate. The all funds decrease is primarily attributable to an increase in shrinkage, and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $119,099, all from special revenue funds, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency request $122,500, all from special revenue funds, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $11,000, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $2.9 million, including $515,016 from the State General Fund, for FY 2016. This is an all funds decrease of $30,679, or 1.0 percent, and a State General Fund decrease of $5,262, or 1.0 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in employer contributions for state employee health insurance.

The **agency** requests expenditures of $3.0 million, including $575,135 from the State General Fund, for FY 2017. This is an all funds increase of $1,350, or less than 0.1 percent, and a State General Fund increase of $54,857, or 10.5 percent, above the FY 2016 request. The increase is primarily attributable to and increase in salaries, including fringe benefit expenditures, due to the 27th payroll period, partially offset by an increase in shrinkage.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $2.7 million, including $575,135 from the State General Fund, for salaries and wages for FY 2017. This is an increase of $1,350, or 0.1 percent, and a State General Fund increase of $54,857, or 10.5 percent, above the FY 2016 request. The increase is attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an increase to shrinkage.

- **Contractual Services.** The agency requests $119,099, all from special revenue funds, for contractual services for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency request $122,500, all from special revenue funds, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $11,000, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends $2.9 million, including $569,772 from the State General Fund, for FY 2017. This is an all funds decrease of $31,271, or 1.1 percent, and a State General Fund decrease of $5,363, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

F. Physical Plant/Central Services

The Physical Plant and Central Services program operates the central heating and cooling plant; maintains the buildings, grounds, and equipment; provides dietary, safety, security, and purchasing services; and receives goods and supplies. The program is composed of three sub-programs: Engineering, Supply Services, and Security and Protection. Engineering and Protection manages the operation of the heating and cooling systems, power plant, water distribution systems, sewage disposal, emergency electrical service, maintenance of 183 acres, parking lots, and roadways as well as performing maintenance on 12 buildings and all types of equipment. Supply Services is responsible for procurement, storage, and issue of all commodities and equipment and for activities including purchasing, warehousing, delivery, clothing fitting, alterations, and clothing repairs. Laundry services are provided through a contract with the Department of Corrections.

PHYSICAL PLANT/CENTRAL SERVICES
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	$ 2,362,823	$ 2,414,385	$ 2,392,862	$ 2,189,363	$ 2,085,071	$ 2,191,403	$ 2,086,415
Contractual Services	1,255,961	1,216,848	1,216,848	1,216,848	1,216,848	1,216,848	1,216,848
Commodities	962,324	935,779	935,779	935,779	935,779	935,779	935,779
Capital Outlay	298,642	37,500	37,500	37,500	37,500	37,500	37,500
Debt Service	35,659	28,749	28,749	28,749	28,749	28,749	28,749
Subtotal - Operations	$ 4,915,409	$ 4,633,261	$ 4,611,738	$ 4,408,239	$ 4,303,947	$ 4,410,279	$ 4,305,291
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 4,915,409	$ 4,633,261	$ 4,611,738	$ 4,408,239	$ 4,303,947	$ 4,410,279	$ 4,305,291
Financing:							
State General Fund	$ 3,093,858	$ 0	$ 0	$ 2,697,363	$ 2,611,401	$ 2,752,145	$ 2,665,855
All Other Funds	1,821,551	4,633,261	4,611,738	1,710,876	1,692,546	1,658,134	1,639,436
TOTAL	$ 4,915,409	$ 4,633,261	$ 4,611,738	$ 4,408,239	$ 4,303,947	$ 4,410,279	$ 4,305,291
FTE Positions	53.0	53.0	53.0	53.0	51.0	53.0	51.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	53.0	53.0	53.0	53.0	51.0	53.0	51.0

The **agency** requests expenditures of $4.4 million, including $2.7 million from the State General Fund, for FY 2016. This is an all funds decrease of $225,022, or 4.9 percent, below the revised FY 2015 estimate. The State General Fund total is $2.7 million, above the revised FY 2015 estimate. The all funds decrease is primarily attributable to an adjustment to shrinkage and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, absent the $250 state employee bonus in FY 2015.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $2.2 million, including $1.2 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $225,022, or 9.3 percent, and a State General Fund increase of $1.2 million, from the revised FY 2015 estimate. The all funds decrease is

attributable to an increase in shrinkage and a decrease in salaries, including fringe benefit expenditures, due to salaries returning to a normalized rate, absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $1.2 million, including $1.0 million from the State General Fund, for contractual services for FY 2016. The all funds amount is the same as the revised FY 2015 estimate. The State General Fund amount is an increase of $1.0 million, above the revised FY 2015 estimate.

- **Commodities.** The agency requests $935,779, including $460,779 from the State General Fund, for commodities for FY 2016. The all funds amount is the same as the revised FY 2015 estimate. The State General Fund amount is an increase of $460,779, above the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $37,500, including $19,373 from the State General Fund for FY 2016. The all funds amount is the same as the revised FY 2015 estimate. The State General Fund amount is an increase of $19,373, above the revised FY 2015 estimate.

The **Governor** recommends $4.3 million, including $2.6 million from the State General Fund, for FY 2016. This is an all funds decrease of $104,292, or 2.4 percent, and a State General Fund decrease of $85,962, or 3.2 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $4.4 million, including $2.8 million from the State General Fund, for FY 2017. This is an all funds increase of $2,040, or less than 0.1 percent, and a State General Fund increase of $54,782, or 2.0 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by and adjustment to shrinkage.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $2.2 million, including $1.3 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $2,040, or 0.1 percent, and a State Genera Fund increase of $54,782, or 4.6 percent, above the FY 2016 request. The increase is attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $1.2 million, including $1.0 million from the State General Fund, for contractual services for FY 2017. This is the same all funds and special revenue fund amount as the FY 2016 request.

- **Commodities.** The agency request $935,779, including $460,779 from the State General Fund, for commodities for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $37,500, including $19,373 from the State General Fund, for capital outlay for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

- **Debt Service.** The agency requests $28,749, all from special revenue funds, for debt service expenditures for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $4.3 million, including $2.7 million from the State General Fund, for FY 2017. This is an all funds decrease of $104,988, or 2.4 percent, and a State General Fund decrease of $86,290, or 3.1 percent, below the agency's request. The decrease is attributable to a reduction in 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
Bond Principal	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121
	0	0	0	0	0	0
TOTAL	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121
Financing:						
State General Fund	$ 0	$ 0	$ 192,000	$ 0	$ 192,000	$ 0
All Other Funds	210,121	210,121	18,121	210,121	18,121	210,121
TOTAL	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121	$ 210,121

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates revised capital improvement expenditures of $210,121, all from special revenue funds, in FY 2015. This is an increase of $46,371, or 28.3 percent, above the amount approved by the 2014 Legislature. Although most capital improvements for KNI are submitted in the KDADS budget request, these capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP). The conservation project was accomplished through a comprehensive energy service performance audit and

subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

Current Year Governor Recommendation

The **Governor** recommends expenditures of $210,121, all from special revenue funds, for capital improvements in FY 2015. This is the same amount as the agency request.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests capital improvement expenditures of $210,121, including $192,000 from the State General Fund, for FY 2016. The all funds total is the same amount as the revised FY 2015 estimate. This is a State General Fund increase of $192,000 above the revised FY 2015 estimate. The State General Fund increase is attributable to the agency using State General Fund moneys rather than Title XIX funds for part of the capital improvement expenditures, for FY 2016. These capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $210,121, all from special revenue funds, for capital improvements for FY 2016. This is the same all funds amount as the agency request, and a decrease of $192,000, or 100.0 percent, below the State General Fund amount in the agency request. The State General Fund decrease is attributable to the Governor recommending the agency's reduced resource submission to replace expenditures from the State General Fund with State Institutions Building Fund for capital improvements for FY 2016.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests capital improvement expenditures of $210,121, including $192,000 from the State General Fund, for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

These capital improvement expenditures are listed under the Physical Plant/Central Services program, and are used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $210,121, all from special revenue funds, for capital improvements for FY 2017. This is the same all funds amount as the agency request, and a decrease of $192,000, or 100.0 percent, below the State General Fund amount in the agency request. The State General Fund decrease is attributable to the Governor recommending the agency's reduced resource submission to replace expenditures from the State General Fund with State Institutions Building Fund for capital improvements for FY 2017.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of patients participating in supported employment	121	115	115	110	110
Percent of patients whose guardians agree the patient is treated with respect and dignity at KNI	100.0%	99.0%	100.0%	100.0%	100.0%
Percent of patients whose guardians agree that KNI provides a comprehensive array of services that meets the patient's overall needs and expectations	100.0%	99.0%	100.0%	100.0%	100.0%

Parsons State Hospital and Training Center

	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	$ 10,980,787	$ 11,222,735	$ 11,136,641	$ 11,088,244	$ 10,899,324	$ 12,028,331	$ 11,842,830
Other Funds	14,818,708	14,940,392	14,820,578	14,940,392	14,830,080	14,940,392	14,820,667
TOTAL	$ 25,799,495	$ 26,163,127	$ 25,957,219	$ 26,028,636	$ 25,729,404	$ 26,968,723	$ 26,663,497
Capital Improvements:							
State General Fund	$ 79,090	$ 102,555	$ 102,555	$ 108,890	$ 0	$ 115,490	$ 0
Other Funds	66,279	48,894	48,894	48,894	157,784	48,894	164,384
TOTAL	$ 145,369	$ 151,449	$ 151,449	$ 157,784	$ 157,784	$ 164,384	$ 164,384
GRAND TOTAL	**$ 25,944,864**	**$ 26,314,576**	**$ 26,108,668**	**$ 26,186,420**	**$ 25,887,188**	**$ 27,133,107**	**$ 26,827,881**
Percentage Change:							
Operating Expenditures							
State General Fund	(6.9) %	2.2 %	1.4 %	(1.2) %	(2.1) %	8.5 %	8.7 %
All Funds	0.3	1.4	0.6	(0.5)	(0.9)	3.6	3.6
FTE Positions	467.2	467.2	467.2	467.2	467.2	467.2	467.2
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	467.2	467.2	467.2	467.2	467.2	467.2	467.2

AGENCY OVERVIEW

Parsons State Hospital and Training Center is one of two residential treatment, training and care facilities operated by the State of Kansas to serve individuals with intellectual and developmental disabilities whose circumstances require specialized residential service provisions. The Parsons State Hospital was opened in 1903 to treat the epileptic. In 1953, the program was changed to provide residential services for mentally retarded children and the name was changed to the Parsons State Training School and then changed a few years later to the Parsons State Hospital and Training Center to more accurately describe the treatment programs. The Center's mission is to serve the habilitation, rehabilitation and residential care needs of each person referred or admitted in ways that fulfill standards of quality and effectiveness and thus enable each person to acquire greater control and additional options for meeting their needs. An individualized treatment plan focusing on clients' needs, wants, and interests is developed for each client in the institution in order to enhance their quality of life. In addition, Parsons State Hospital serves as the statewide resource center for persons with a dual diagnosis of developmental disability and psychiatric impairment, in order to provide more appropriate treatment service for these individuals. The facility has a budgeted bed capacity of 188 patients.

MAJOR ISSUES FROM PRIOR YEARS

The **2007 Legislature** added $1.0 million, including $407,400 from the State General Fund, and 30.0 FTE positions, to reopen the Willow Cottage living unit.

In FY 2008, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a $13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation. If the lawsuit had been successful, the expectation was that the five state hospitals might receive $2.4 million of the $13.6 million that was in dispute, which is crucial to maintaining a balance in the federal Title XIX account.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was charged to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied to the Governor and the Legislature. The Commission recommended that the Department of Social and Rehabilitation Services review the residents at Kansas Neurological Institute who meet the requirements for placement in the community or for transfer to Parsons State Hospital and Training Center and that Kansas Neurological Institute be closed. The Commission also recommended the remaining residents at Parsons State Hospital and Training Center be reviewed for placement in the community. In addition, the Commission recommended that when the Governor prepares his Executive Reorganization Order to carry out the

recommendations concerning the closure of Kansas Neurological Institute and downsizing of Parsons State Hospital and Training Center that the Order be written as clearly and strongly as possible to ensure any savings go to expand funding for the Home and Community Based Services for the Developmentally Disabled Waiver.

The Governor chose not to accept the Commission's recommendation for Kansas Neurological Institute and Parsons State Hospital and Training Center. However, the Governor agreed that serving individuals in the community can lead to a better quality of life and encouraged the Department of Social and Rehabilitation Services to consolidate resources on the Kansas Neurological Institute and Parsons State Hospital and Training Center campuses and identify individuals who could be better served in the community. As a result, Parsons State Hospital and Training Center consolidated a cottage at the end of December 2009. The residents were moved into other cottages and 19.0 temporary staff were released.

The **2011** Senate Ways and Means Committee directed the Department of Social and Rehabilitation Services (SRS) to reject closure and downsizing plans for Kansas Neurological Institute and to continue operations at the facility. Further, the Committee requested an audit independent of the Department that would investigate and identify: 1) management and service efficiencies that could be implemented for KNI and Parsons which would create cost-savings at the facilities while maintaining current operations and care, and 2) additional programs and resources that the two developmental disability facilities can implement to assist the entire developmental disabilities community and help reduce Home and Community Based Services for individuals with Developmental Disabilities waiver expenditures. The Committee directed the Department to fund the independent audit and report the audit finding to the Senate Ways and Means chair on September 1, 2011. The Legislative Post Audit report was presented in December, 2011.

Since 1994, 273 persons have been committed to the Sexual Predator Treatment Program (SPTP) at Larned State Hospital. In FY 2013, an eight bed transition program for the SPTP population was opened on the grounds of PSH&TC.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	188	188	188	188	188

AVERAGE DAILY CENSUS

Average Daily Census represents the daily average number of patients in a hospital over a fiscal year.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	176	174	175	175	175

ADMISSIONS

The chart below shows admissions to Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
First Admissions	17	9	10	10	10
Re-Admissions and/or Transfers from other KDADS Institutions	3	5	2	2	2
Total	20	14	12	12	12

END OF THE YEAR CENSUS

The chart below shows the census at the end of each fiscal year at Parsons State Hospital and Training Center.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	181	174	175	175	175

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** revised estimates totals expenditures of $26.3 million, including $11.3 million from the State General Fund, for operating expenditures and capital improvements in FY 2015. Of this total, the agency estimates operating expenditures of $26.2 million, including $11.2 million from the State General Fund, in FY 2015. This is an all funds increase of $86,094, or 0.3 percent, and a State General Fund increase of $86,094, or 0.8 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the agency budgeting KPERS employer contributions in excess of the approved amount, due to the agency submitting the revised estimate prior to the December 9th allotment. The agency also increased expenditures for professional fees and computer software, while adjusting shrinkage and decreasing voluntary retirement incentive expenditures. The agency estimates capital improvement expenditures of $151,449, including $102,555 from the State General Fund, which are the same amounts approved by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends total expenditures of $26.1 million, including $11.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2015. Of this amount, the Governor recommends operating expenditures of $26.0 million, including $11.1 million from the State General Fund, in FY 2015. This is an all funds decrease of $205,908, or 0.8 percent, and a State General Fund increase of $86,094, or 0.8 percent, from the agency's request. The all funds decrease is primarily attributable to a reduction in employer contributions for KPERS, due to the Governor's recommendation to decrease the employer contribution rate. The Governor recommends capital improvement expenditures of $151,449, including $102,555 from the State General Fund, in FY 2015. This is the same as the agency's request.

FY 2016 Agency Request

The **agency** requests total expenditures of $26.2 million, including $11.2 million from the State General Fund, for operating expenditures and capital improvements for FY 2016. Of this amount, the agency requests operating expenditures of $26.0 million, including $11.1 million from the State General Fund, for FY 2016. This is an all funds decrease of $134,491, or 0.5 percent, and a State General Fund decrease of $134,491, or 1.2 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures, due to the salary expenditure total returning to a normalized rate, absent the $250 bonus for state employees in FY 2015, and a decrease in voluntary retirement incentive expenditures, partially offset by an increase in utilities expenses. The agency requests capital improvement expenditures of $157,784, including $108,890 from the State General Fund, for FY 2016. This is an all funds increase of $6,355, or 4.2 percent, and a State General Fund increase of $6,355, or 6.2 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in bond principal expenditures to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

FY 2016 Governor Recommendation

The **Governor** recommends total expenditures of $25.9 million, including $10.9 million from the State General Fund, for operating expenditures and capital improvements for FY 2016. Of this amount, the Governor recommends operating expenditures of $25.7 million, including $10.9 million from the State General Fund, for FY 2016. This is an all funds decrease of 299,232, or 1.1 percent, and a State General Fund decrease of $188,920, or 1.7 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance. The Governor recommends capital improvement expenditures of $157,784, all from special revenue funds, for FY 2016. This is the same all funds amount as the agency's request, and a decrease of $108,890, or 100.0 percent, from the State General Fund, below the agency's request. The State General Fund decrease is attributable to the Governor recommending that State General Fund expenditures requested for capital improvements be changed to the State Institutions Building Fund.

FY 2017 Agency Request

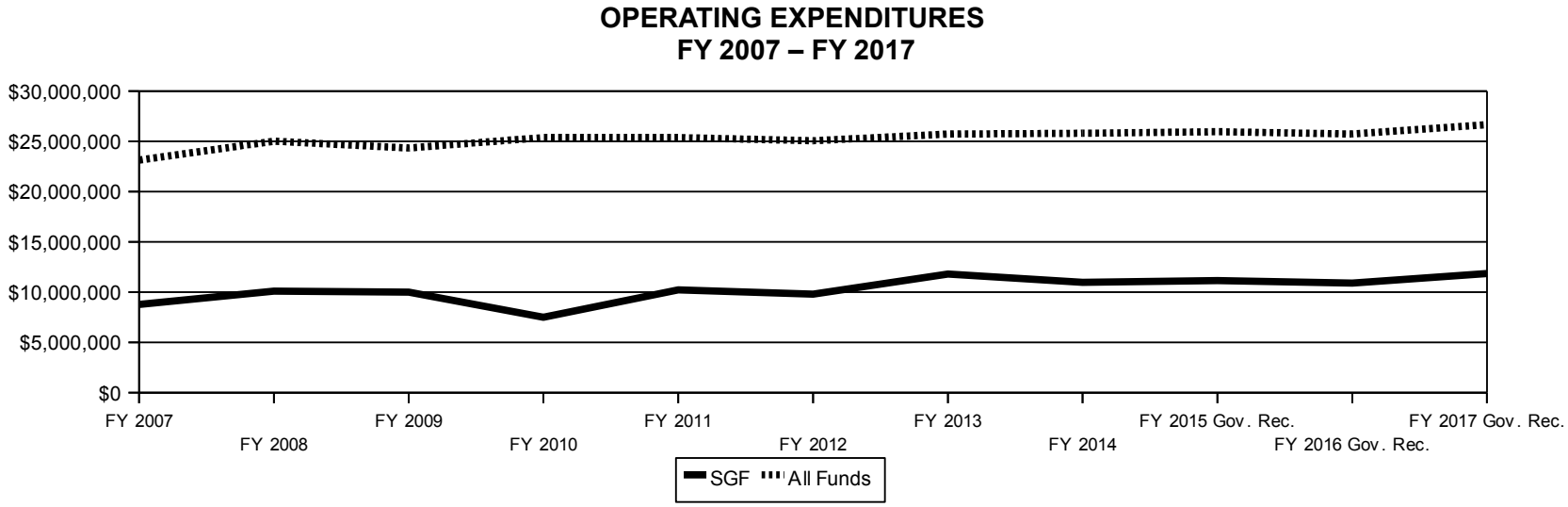
The **agency** requests total expenditures of $27.1 million, including $12.1 million from the State General Fund, for FY 2017. Of this amount, the agency requests operating expenditures of $27.0 million, including $12.0 million from the State General Fund, for FY 2017. This is an all funds increase of $940,087, or 3.6 percent, and a State General Fund increase of $940,087, or 8.5 percent, above the FY 2016 request. The increase is primarily attributable an increase in salaries and wages expenditures, due to payment for the 27th payroll period which occurs in FY 2017, increased utilities expenses, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures. The agency requests capital improvement expenditures of $164,384, including $115,490 from the State General Fund, for FY 2017.

This is an all fund increase of $6,600, or 4.2 percent, and a State General Fund increase of $6,600, or 6.1 percent, above the FY 2016 request. The increase is attributable to an increase in bond principal expenditures to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of $26.8 million, including $11.8 million from the State General Fund, for operating expenditures and capital improvement expenditures for FY 2017. Of this amount, the Governor recommends operating expenditures of $26.7 million, including $11.8 million from the State General Fund, for FY 2017. This is all funds decrease of $305,226, or 1.1 percent, and a State General Fund decrease of $185,501, or 1.5 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance. The Governor recommends capital improvement expenditures of $164,384, all from special revenue funds, for FY 2017. This is the same amount approved by the 2014 Legislature, and a decrease of $115,490, or 100.0 percent, from the State General Fund, below the amount approved by the 2014 Legislature. The State General Fund decrease is attributable to the Governor recommending that State General Fund expenditures for capital improvements be changed to the State Institutions Building Fund.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 8,774,198	2.7 %	$ 23,133,649	0.9 %	467.2
2008	10,104,817	15.2	25,015,207	8.1	467.2
2009	9,989,642	(1.1)	24,336,850	(2.7)	497.2
2010	7,488,369	(25.0)	25,373,480	4.3	497.2
2011	10,229,912	36.6	25,373,002	(0.0)	459.2
2012	9,805,405	(4.1)	25,059,402	(1.2)	455.2
2013	11,800,503	20.3	25,719,965	2.6	466.2
2014	10,980,787	(6.9)	25,799,495	0.3	467.2
2015 Gov. Rec.	11,136,641	1.4	25,957,219	0.6	467.2
2016 Gov. Rec.	10,899,324	(2.1)	25,729,404	(0.9)	467.2
2017 Gov. Rec.	11,842,830	8.7	26,663,497	3.6	467.2
Eleven-Year Change	$ 3,068,632	35.0 %	$ 3,529,848	15.3 %	0.0

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 1,408,324	$ 1,568,936	$ 1,573,165	$ 4,229	0.3 %	$ 1,557,479	$ 1,561,100	$ 3,621	0.2 %
Staff Edu and Research	348,052	353,615	358,687	5,072	1.4	350,832	355,503	4,671	1.3
Sex Predator Trtmt Prgm	930,167	930,199	909,094	(21,105)	(2.3)	925,804	901,823	(23,981)	(2.6)
Habilitation and Trtmnt	13,494,607	13,560,326	12,968,241	(592,085)	(4.4)	13,437,388	12,785,018	(652,370)	(4.9)
Ancillary Services	2,324,973	2,119,413	2,509,128	389,715	18.4	2,105,374	2,487,361	381,987	18.1
Medical and Surg Srvs	2,186,243	2,192,653	2,075,417	(117,236)	(5.3)	2,172,959	2,057,654	(115,305)	(5.3)
Phys Plant/Cntrl Svcs	5,107,129	5,437,985	5,634,904	196,919	3.6	5,407,383	5,580,945	173,562	3.2
TOTAL	$ 25,799,495	$ 26,163,127	$ 26,028,636	$ (134,491)	(0.5) %	$ 25,957,219	$ 25,729,404	$ (227,815)	(0.9)%
By Major Object of Expenditure:									
Salaries and Wages	$ 22,182,572	$ 22,288,073	$ 22,121,964	$ (166,109)	(0.7) %	$ 22,082,165	$ 21,822,732	$ (259,433)	(1.2)%
Contractual Services	1,849,981	2,185,517	2,221,600	36,083	1.7	2,185,517	2,221,600	36,083	1.7
Commodities	1,448,209	1,483,650	1,509,300	25,650	1.7	1,483,650	1,509,300	25,650	1.7
Capital Outlay	143,088	96,900	96,800	(100)	(0.1)	96,900	96,800	(100)	(0.1)
Debt Service	42,423	36,342	30,007	(6,335)	(17.4)	36,342	30,007	(6,335)	(17.4)
Subtotal - Operations	$ 25,666,273	$ 26,090,482	$ 25,979,671	$ (110,811)	(0.4) %	$ 25,884,574	$ 25,680,439	$ (204,135)	(0.8)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	133,222	72,645	48,965	(23,680)	(32.6)	72,645	48,965	(23,680)	(32.6)
TOTAL	$ 25,799,495	$ 26,163,127	$ 26,028,636	$ (134,491)	(0.5) %	$ 25,957,219	$ 25,729,404	$ (227,815)	(0.9)%
Financing:									
State General Fund	$ 10,980,787	$ 11,222,735	$ 11,088,244	$ (134,491)	(1.2) %	$ 11,136,641	$ 10,899,324	$ (237,317)	(2.1)%
PSH&TC Fee Fund	1,354,870	1,372,386	1,372,386	0	0.0	1,372,386	1,372,386	0	0.0
Title XIX Fund	13,463,838	13,568,006	13,568,006	0	0.0	13,448,192	13,427,687	(20,505)	(0.2)
State Inst Building Fund	0	0	0	0	--	0	30,007	30,007	--
TOTAL	$ 25,799,495	$ 26,163,127	$ 26,028,636	$ (134,491)	(0.5) %	$ 25,957,219	$ 25,729,404	$ (227,815)	(0.9)%

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	$ 1,573,165	$ 1,626,457	$ 53,292	3.4 %	$ 1,561,100	$ 1,614,150	$ 53,050	3.4 %
Staff Edu and Research	358,687	373,145	14,458	4.0	355,503	369,897	14,394	4.0
Sex Predator Trtmt Prgm	909,094	933,203	24,109	2.7	901,823	925,786	23,963	2.7
Habilitation and Trtmnt	12,968,241	13,415,113	446,872	3.4	12,785,018	13,228,221	443,203	3.5
Ancillary Services	2,509,128	2,594,416	85,288	3.4	2,487,361	2,572,213	84,852	3.4
Medical and Surg Srvs	2,075,417	2,174,060	98,643	4.8	2,057,654	2,155,941	98,287	4.8
Phys Plant/Cntrl Svcs	5,634,904	5,852,329	217,425	3.9	5,580,945	5,797,289	216,344	3.9
TOTAL	$ 26,028,636	$ 26,968,723	$ 940,087	3.6 %	$ 25,729,404	$ 26,663,497	$ 934,093	3.6 %
By Major Object of Expenditure:								
Salaries and Wages	$ 22,121,964	$ 23,047,225	$ 925,261	4.2 %	$ 21,822,732	$ 22,741,999	$ 919,267	4.2 %
Contractual Services	2,221,600	2,253,350	31,750	1.4	2,221,600	2,253,350	31,750	1.4
Commodities	1,509,300	1,537,450	28,150	1.9	1,509,300	1,537,450	28,150	1.9
Capital Outlay	96,800	96,800	0	0.0	96,800	96,800	0	0.0
Debt Service	30,007	23,406	(6,601)	(22.0)	30,007	23,406	(6,601)	(22.0)
Subtotal - Operations	$ 25,979,671	$ 26,958,231	$ 978,560	3.8 %	$ 25,680,439	$ 26,653,005	$ 972,566	3.8 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	48,965	10,492	(38,473)	(78.6)	48,965	10,492	(38,473)	(78.6)
TOTAL	$ 26,028,636	$ 26,968,723	$ 940,087	3.6 %	$ 25,729,404	$ 26,663,497	$ 934,093	3.6 %
Financing:								
State General Fund	$ 11,088,244	$ 12,028,331	$ 940,087	8.5 %	$ 10,899,324	$ 11,842,830	$ 943,506	8.7 %
PSH&TC Fee Fund	1,372,386	1,372,386	0	0.0	1,372,386	1,372,386	0	0.0
Title XIX Fund	13,568,006	13,568,006	0	0.0	13,427,687	13,424,875	(2,812)	(0.0)
State Inst Building Fund	0	0	0	--	30,007	23,406	(6,601)	(22.0)
TOTAL	$ 26,028,636	$ 26,968,723	$ 940,087	3.6 %	$ 25,729,404	$ 26,663,497	$ 934,093	3.6 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $11,325,290 for the Parsons State Hospital in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $168, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $86,262, as the result of the Governor's December 9th, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $11,239,196. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 11,239,196	$ 11,325,290	$ 86,094	$ 11,239,196	$ 0
All Other Funds	14,989,286	14,989,286	0	14,869,472	(119,814)
TOTAL	$ 26,228,482	$ 26,314,576	$ 86,094	$ 26,108,668	$ (119,814)
FTE Positions	467.2	467.2	0.0	467.2	0.0

The **agency's** revised estimate includes total expenditures of $26.3 million, including $11.3 million from the State General Fund, for operating expenditures and capital improvements in FY 2015. Of this total, the agency estimates operating expenditures of $26.2 million, including $11.2 million from the State General Fund, in FY 2015. This is an all funds increase of $86,094, or 0.3 percent, and a State General Fund increase of $86,094, or 0.8 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the agency budgeting KPERS employer contributions in excess of the approved amount, due to the agency submitting the revised estimate prior to the Governor's December 9th allotment. The agency also increased expenditures for professional fees and computer software, while adjusting shrinkage and decreasing voluntary retirement incentive expenditures. The agency estimates capital improvement expenditures of $151,449, including $102,555 from the State General Fund, which are the same amounts approved by the 2014 Legislature.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency estimates expenditures of $22.3 million, including $9.6 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds increase of $100,873, or 0.5 percent, and a State General Fund increase of $336,512, or 3.6 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to the agency budgeting KPERS employer contributions in excess of the approved amount, due to the agency submitting the revised estimate prior to the December 2014 allotment.

- **Contractual Services.** The agency estimates expenditures of $2.2 million, including $1.1 million from the State General Fund, for contractual services in FY 2015. This is an all funds increase of $93,073, or 4.4 percent, and a State General Fund decrease of $5,336, or 0.5 percent, below the amount approved by the 2014 Legislature. The all funds increase is attributable to an increase in medical expenditures and computer services expenditures.

- **Commodities.** The agency estimates expenditures of $1.5 million, including $353,864 from the State General Fund, for commodities in FY 2015. This is an all funds decrease of $88,357, or 5.6 percent, and a State General Fund decrease of $232,057, or 39.6 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to a decrease in drug and pharmaceutical expenditures, household supplies, and grounds materials, partially offset by an increase in patient food expenditures.

- **Capital Outlay.** The agency estimates expenditures of $96,900, including $57,800 from the State General Fund, in FY 2015. This is an all funds increase of $25,600, or 35.9 percent, and a State General Fund increase of $32,100, or 124.9 percent, above the amount approved by the 2014 Legislature. The increase is attributable to truck repair expenditures and furniture fixtures, partially offset by a decrease in printing equipment.

- **Debt Service Interest.** The agency estimates $36,342, all from the State General Fund, for debt service interest payments, in FY 2015. This

is the same amount approved by the 2014 Legislature.

- **Other Assistance.** The agency estimates expenditures of $72,645, all from the State General Fund, for other assistance in FY 2015. This is a decrease of $45,095, or 38.3 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $26.0 million, including $11.1 million from the State General Fund, in FY 2015. This is an all funds decrease of $205,908, or 0.8 percent, including a decrease of $86,094, or 0.8 percent, from the State General Fund, below the agency's revised estimate. The decrease is attributable to a reduction in employer contributions for KPERS, due to the Governor's recommendation to decrease the KPERS employer contribution rate.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (86,094)	$ (86,094)	0.0
Lapsed Reappropriations	(168)	(168)	0.0
TOTAL	$ (86,262)	$ (86,262)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $86,094, all from the State General Fund, as a result of the Governor's allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations but is reflective of a reduction of expenditures.

Reappropriations Lapse:

A reduction of $168, as a result of the Governor's State General Fund reappropriation allotment. This is a reduction to the total FY 2015 State General Fund reappropriation of $168 for the agency.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 26,028,636	$ 25,729,404	$ (299,232)
FTE Positions	467.2	467.2	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (134,491)	$ (237,317)	
All Other Funds	0	9,502	
TOTAL	$ (134,491)	$ (227,815)	
Percent Change:			
State General Fund	(1.2) %	(2.1) %	
All Other Funds	0.0	0.1	
TOTAL	(0.5) %	(0.9) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $26.0 million, including $11.1 million from the State General Fund, for FY 2016. This is an all funds decrease of $134,491, or 0.5 percent, and a State General Fund decrease of $134,491, or 1.2 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in salaries and wages expenditures, due to the salary total returning to a normalized rate, absent the $250 bonus for state employees in FY 2015, and a decrease in voluntary retirement incentive expenditures, partially offset by an increase in utilities expenses and supplies.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $22.1 million, including $10.2 million from the State General Fund, for FY 2016. This is an all

funds decrease of $166,109, or 0.7 percent, and a State General Fund increase of $555,490, or 5.8 percent, from the revised FY 2015 estimate. The decrease is primarily attributable to salaries and fringe benefits returning to a normalized rate, absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $2.2 million, including $524,398 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $36,083, or 1.7 percent, and a State General Fund decrease of $558,952, or 51.6 percent, from the revised FY 2015 estimate. The all funds increase is primarily attributable to an increase in utilities expenditures.

- **Commodities.** The agency requests $1.5 million, including $252,950 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $25,650, or 1.7 percent, and a State General Fund decrease of $100,914, or 28.5 percent, from the revised FY 2015 estimate. The all funds increase is primarily attributable to an increase in household supplies, food for patients, drug and pharmaceutical supplies, data processing supplies, and grounds materials.

- **Capital Outlay.** The agency requests $96,800, including $57,000 from the State General Fund, for capital outlay for FY 2016. This is an all funds decrease of $100, or 0.1 percent, and a State General Fund decrease of $100, or 0.2 percent, below the revised FY 2015 estimate.

- **Debt Service.** The agency requests $30,007, all from the State General Fund, for FY 2016. This a decrease of $6,335, or 17.4 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in debt service interest expenditures.

- **Other Assistance.** The agency requests $48,965, all from the State General Fund, for FY 2016. This is a decrease of $23,680, or 32.6 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $25.7 million, including $10.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $299,232, or 1.1 percent, and a State General Fund decrease of $188,920, or 1.7 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 26,968,723	$ 26,663,497	$ (305,226)
FTE Positions	467.2	467.2	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 940,087	$ 943,506	
All Other Funds	0	(9,413)	
TOTAL	$ 940,087	$ 934,093	
Percent Change:			
State General Fund	8.5 %	8.7 %	
All Other Funds	0.0	(0.1)	
TOTAL	3.6 %	3.6 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of $27.0 million, including $12.0 million from the State General Fund, for FY 2017. This is an all funds increase of $940,087, or 3.6 percent, and a State General Fund increase of $940,087, or 8.5 percent, above the FY 2016 request. The increase is primarily attributable an increase in salaries and wages expenditures, due to payment for the 27th payroll period, and increased utilities expenses, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $23.0 million, including $11.2 million from the State General Fund, for salaries and wages for

FY 2017. This is an all funds increase of $925,261, or 4.2 percent, and a State General Fund increase of $983,160, or 9.7 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $2.3 million, including $526,339 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of $31,750, or 1.4 percent, and a State General Fund increase of $2,001, or 0.4 percent, above the FY 2016 request. The increase is primarily attributable to an increase in utilities expenditures.

- **Commodities.** The agency requests $1.5 million, including $252,950 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $28,150, or 1.9 percent, all from special revenue funds, above the FY 2016 request. The increase is primarily attributable to an increase in household supplies, food for patients, drug and pharmaceutical supplies, data processing supplies, and grounds materials.

- **Capital Outlay.** The agency requests $96,800, including $57,700 from the State General Fund, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Debt Service.** The agency requests $23,406, all from the State General Fund, for debt service interest expenditures for FY 2017. This is a decrease of $6,601, or 22.0 percent, below the FY 2016 request. The decrease is primarily attributable to a decrease in debt service interest expenditures.

- **Other Assistance.** The agency requests $10,492, all from the State General Fund, for other assistance for FY 2017. This is a decrease of $38,473, or 78.6 percent, below the FY 2016 request. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $26.7 million, including $11.8 million from the State General Fund, for FY 2017. This is an all funds decrease of $305,226, or 1.1 percent, and a State General fund decrease of $185,501, or 1.5 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

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 $128,156, all from the State General Fund, and affects 412 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 $176,121, including $80,829 from the State General Fund, and FY 2017 longevity payments total $191,998, including $92,827 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $299,232, including $158,913 from the State General Fund for FY 2016. This is a reduction of $305,226, including $162,095 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Federal Title XIX funding comprises approximately one third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which it charges to Medicaid for each day a person covered by Medicaid lives in the facility. Parsons State Hospital and Training Center is a developmental disabilities hospital.

The state mental health (MH) hospitals establish *per diem* rates in much the same way as the state DD hospitals but are classified as institutions for mental disease (IMDs). The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital (DSH) program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of DSH funding available to the hospitals has decreased, which decreases receipts into the central fund.

Parsons State Hospital and Training Center is primarily funded through three basic sources. The first is the State General Fund, which consists of money collected through various statewide taxes. The second is the Hospital Fee Fund, which includes collections from Medicare, private payments, Social Security and insurance. Revenues are based on average resident census of 180 and projected changes in social security, parent pay, and earnings. The third source is federal Title XIX funding, which is earned by the developmental disability institutions through Medicaid reimbursements for services provided based on a daily room rate. The federal Title XIX funding is transferred to the Department for Aging and Disability Services central pool and is then redistributed among the four state hospitals in amounts equal to its approved appropriations.

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	42.6 %	42.4 %	44.6 %	44.4 %
PSH&TC Fee Fund	5.3	5.3	5.1	5.2
Title XIX Fund	52.1	52.2	50.3	50.4
State Inst Building Fund	0.0	0.1	0.0	0.1
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

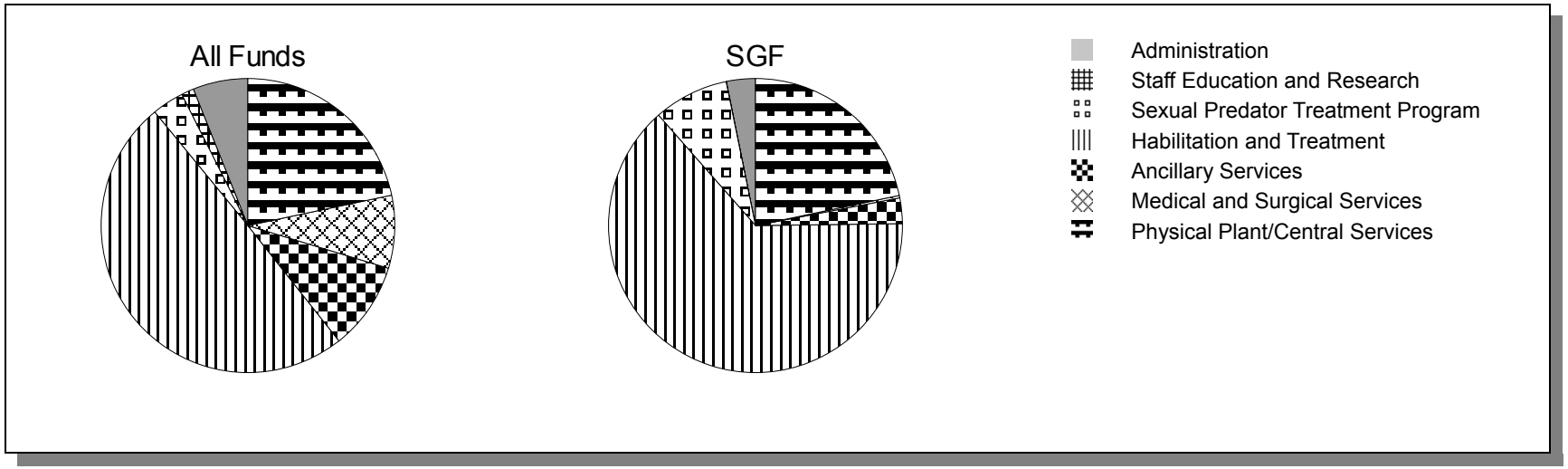
Note: Percentages may not add due to rounding.

Parsons State Hospital and Training Center Fee Fund Analysis

KSA 76-1409a provides that the superintendent of the Parsons State Hospital and Training Center shall remit all moneys received from charges made under KSA 59-2006 and deposit them into the Parsons State Hospital and Training Center Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

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	$ 245,265	$ 245,133	$ 245,133	$ 225,947	$ 225,947	$ 206,761	$ 206,761
Revenue	1,354,738	1,353,200	1,353,200	1,353,200	1,353,200	1,372,800	1,372,800
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 1,600,003	$ 1,598,333	$ 1,598,333	$ 1,579,147	$ 1,579,147	$ 1,579,561	$ 1,579,561
Less: Expenditures	1,354,870	1,372,386	1,372,386	1,372,386	1,372,386	1,372,386	1,372,386
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 245,133	$ 225,947	$ 225,947	$ 206,761	$ 206,761	$ 207,175	$ 207,175
Ending Balance as Percent of Expenditures	18.1%	16.5%	16.5%	15.1%	15.1%	15.1%	15.1%
	June	July	July	July	July	June	June
Month Highest Ending Balance	$ 245,133	$ 228,659	$ 228,659	$ 214,881	$ 214,881	$ 207,175	$ 207,175
	October	October	October	October	October	October	October
Month Lowest Ending Balance	$ 136,771	$ 114,076	$ 114,076	$ 108,681	$ 108,681	$ 99,361	$ 99,361

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	$ 1,561,100	6.1 %	$ 346,357	3.2 %
Staff Education and Research	355,503	1.4	3,257	0.0
Sexual Predator Treatment Program	901,823	3.5	901,823	8.3
Habilitation and Treatment	12,785,018	49.7	6,944,990	63.7
Ancillary Services	2,487,361	9.7	306,225	2.8
Medical and Surgical Services	2,057,654	8.0	29,065	0.3
Physical Plant/Central Services	5,580,945	21.7	2,367,607	21.7
TOTAL	$ 25,729,404	100.0 %	$ 10,899,324	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	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Staff Edu and Research	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Sex Predator Trtmt Prgm	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Habilitation and Trtmnt	292.0	292.0	292.0	292.0	292.0	291.7	291.7
Ancillary Services	32.2	32.2	32.2	32.2	32.2	32.2	32.2
Medical and Surg Srvs	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Phys Plant/Cntrl Svcs	82.0	82.0	82.0	82.0	82.0	82.3	82.3
TOTAL	467.2	467.2	467.2	467.2	467.2	467.2	467.2

A. Administration

The agency's General Administration program provides an administrative structure for approximately 180 persons residing at PSH&TC. The superintendent and other administrators plan and budget for the institution's needs and manage resources allocated to the institution for the fiscal year. The administrators' account for all expenditures for supplies, equipment, and personnel; collect all money for treatment of residents and for other services; recruit personnel and manage fringe benefit programs; maintain client records and statistics; and provide communication services within and outside the institution.

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	$ 1,053,215	$ 1,240,091	$ 1,228,634	$ 1,245,100	$ 1,233,035	$ 1,304,457	$ 1,292,150
Contractual Services	268,197	273,545	273,545	278,750	278,750	277,200	277,200
Commodities	33,395	35,600	35,600	36,400	36,400	36,800	36,800
Capital Outlay	12,717	8,100	8,100	8,000	8,000	8,000	8,000
Debt Service	21,956	0	0	0	0	0	0
Subtotal - Operations	$ 1,389,480	$ 1,557,336	$ 1,545,879	$ 1,568,250	$ 1,556,185	$ 1,626,457	$ 1,614,150
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	18,844	11,600	11,600	4,915	4,915	0	0
TOTAL	$ 1,408,324	$ 1,568,936	$ 1,557,479	$ 1,573,165	$ 1,561,100	$ 1,626,457	$ 1,614,150
Financing:							
State General Fund	$ 1,029,933	$ 1,387,491	$ 1,376,034	$ 348,371	$ 346,357	$ 332,249	$ 330,195
All Other Funds	378,391	181,445	181,445	1,224,794	1,214,743	1,294,208	1,283,955
TOTAL	$ 1,408,324	$ 1,568,936	$ 1,557,479	$ 1,573,165	$ 1,561,100	$ 1,626,457	$ 1,614,150
FTE Positions	17.0	17.0	17.0	17.0	17.0	17.0	17.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	17.0	17.0	17.0	17.0	17.0	17.0	17.0

The **agency** requests expenditures of $1.6 million, including $348,371 from the State General Fund, for FY 2016. This is an all funds increase of $4,229, or 0.3 percent, and a State General Fund decrease of $1.0 million, or 74.9 percent, from the revised FY 2015 estimate. The all funds increase is primarily attributable to increased fringe benefit costs and computer software expenditures, partially offset by a decrease in voluntary retirement incentive expenditures. The State General Fund decrease is primarily attributable to the agency substituting other funds for State General Fund moneys.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $1.2 million, including $207,756 from the State General Fund, for salaries and wages, for FY

2016. This is an all funds increase of $5,009, or 0.4 percent, and a State General Fund decrease of $1.0 million, or 83.2 percent, below the revised FY 2015 estimate. The all funds increase is attributable to an increase in fringe benefit expenditures.

- **Contractual Services.** The agency requests $278,750, including $114,050 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $5,205, or 1.9 percent, all from special revenue funds, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in computer services expenditures and fees.

- **Commodities.** The agency requests $36,400, including $13,650 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $800, or 2.3 percent, above the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $8,000, all from the State General Fund, for capital outlay for FY 2016. This is a decrease of $100, or 1.2 percent, below the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $4,915, all from the State General Fund, for other assistance for FY 2016. This is a decrease of $6,685, or 57.6 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $1.6 million, including $346,357 from the State General Fund, for FY 2016. This is an all funds decrease of $12,065, or 0.8 percent, and a State General Fund decrease of $2,014, or 0.6 percent, below the revised FY 2015 estimate. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $1.6 million, including $332,249 from the State General Fund, for FY 2017. This is an all funds increase of $52,292, or 3.4 percent, and a State General Fund decrease of $16,122, or 4.6 percent, from the FY 2016 request. The all funds increase is primarily attributable to and increase in salary expenditures and fringe benefit costs due to payment of the 27th payroll period, partially offset by a decrease in voluntary retirement incentive expenditures. The State General Fund decrease is primarily attributable to the agency substituting other funds for State General Fund moneys.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency request $1.3 million, including $196,549 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $59,357, or 4.8 percent, and a State General Fund decrease of $11,207, or 5.4 percent, from the FY 2016 request. The all funds increase is primarily attributable to an increase in salaries and fringe benefit expenditures due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $277,200, including $114,050 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of $1,550, or

0.6 percent, all from special revenue funds, below the FY 2016 request. The decrease is attributable to a decrease in computer services expenditures and fees.

- **Commodities.** The agency requests $36,800, including $13,650 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $400, or 1.1 percent, above the FY 2016 request.

- **Capital Outlay.** The agency requests $8,000, all from the State General Fund, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency does not request other assistance for FY 2017. This is an all funds decrease of $4,915, or 100.0 percent, all from the State General Fund, below the FY 2016 request. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $1.6 million, including $330,195 from the State General Fund, for FY 2017. This is an all funds decrease of $12,307, or 0.8 percent, and a State General Fund decrease of $2,054, or 0.6 percent, below the FY 2016 request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

B. Staff Education and Research

The Staff Education, Research, and Special Training program provides basic and advanced training for direct care staff as well as new employee orientation and continuing education for all staff. In addition, this program provides technical support and training for community agencies that receive clients from the institution or request such service.

STAFF EDUCATION AND RESEARCH
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	$ 272,887	$ 304,165	$ 301,382	$ 309,237	$ 306,053	$ 323,695	$ 320,447
Contractual Services	70,778	45,000	45,000	45,000	45,000	45,000	45,000
Commodities	4,387	4,450	4,450	4,450	4,450	4,450	4,450
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 348,052	$ 353,615	$ 350,832	$ 358,687	$ 355,503	$ 373,145	$ 369,897
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 348,052	$ 353,615	$ 350,832	$ 358,687	$ 355,503	$ 373,145	$ 369,897
Financing:							
State General Fund	$ 218,762	$ 304,365	$ 301,582	$ 3,289	$ 3,257	$ 3,437	$ 3,405
All Other Funds	129,290	49,250	49,250	355,398	352,246	369,708	366,492
TOTAL	$ 348,052	$ 353,615	$ 350,832	$ 358,687	$ 355,503	$ 373,145	$ 369,897
FTE Positions	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	5.0	5.0	5.0	5.0	5.0	5.0	5.0

The **agency** requests expenditures of $358,687, including $3,289 from the State General Fund, for FY 2016. This is an all funds increase of $5,072, or 1.4 percent, and a State General Fund decrease of $301,076, or 98.9 percent, from the revised FY 2015 estimate. The all funds increase is primarily attributable to an increase in fringe benefit costs. The State General Fund decrease is primarily attributable to the agency using other funds in place of State General Fund moneys.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $309,237, including $3,089 from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of $5,072, or 1.7 percent, and a State General Fund decrease of $301,076, or 99.0 percent, from the revised FY

2015 estimate. The all funds increase is attributable to an increase in fringe benefit expenditures.

- **Contractual Services.** The agency requests $45,000, including $200 from the State General Fund, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency requests $4,450, all from special revenue funds, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency does not request capital outlay for FY 2016.

- **Other Assistance.** The agency does not request other assistance for FY 2016.

The **Governor** recommends expenditures of $355,503, including $3,257 from the State General Fund, for FY 2016. This is an all funds decrease of $3,184, or 0.9 percent, and a State General Fund decrease of $32, or 1.0 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $373,145, including $3,437 from the State General Fund, for FY 2017. This is an all funds increase of $14,458, or 4.0 percent, and a State General Fund increase of $148, or 4.5 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salary expenditures and fringe benefit costs, due to payment of the 27th payroll period.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $323,695, including $3,237 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $14,458, or 4.7 percent, and a State General Fund increase of $148, or 4.8 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and fringe benefit expenditures due to payment of the 27th payroll period.

- **Contractual Services.** The agency request $45,000, including $200 from the State General Fund, for capital improvements for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency requests $4,450, all from special revenue funds, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency does not request capital outlay for FY 2017.

- **Other Assistance.** The agency does not request other assistance for FY 2017.

The **Governor** recommends expenditures of $369,897, including $3,405 from the State General Fund, for FY 2017. This is an all funds decrease of $3,248, or 0.9 percent, and a State General Fund decrease of $32, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

C. Sexual Predator Treatment Program

The Sexual Predator Treatment Program is a new transition program at PSH&TC that offers individuals meeting strict, specified objectives a chance to re-enter the public sector. The program provides a variety of supports to each individual such as a monthly stipend; travel to and from job searches and work settings, and professional counseling. All medical needs, including physician visits, hospital treatment services and prescription medications are also supported by the program utilizing community providers. Up to eight individuals may participate in this program and as prerequisites are met, may be transferred from Larned State Hospital's SPTP Program to the PSH&TC Transition House. At the transition house, clients will undergo further treatment and training to help them meet additional structured requirements. Only after all objectives have been met will an individual be evaluated for the opportunity to re-enter a public setting. There is a statutory requirement that no more than eight SPTP transition individuals can reside in one county.

SEXUAL PREDATOR TREATMENT 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	$ 734,978	$ 502,099	$ 497,704	$ 479,194	$ 471,923	$ 501,304	$ 493,887
Contractual Services	85,508	333,900	333,900	335,700	335,700	337,699	337,699
Commodities	46,049	56,000	56,000	56,000	56,000	56,000	56,000
Capital Outlay	63,632	38,200	38,200	38,200	38,200	38,200	38,200
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 930,167	$ 930,199	$ 925,804	$ 909,094	$ 901,823	$ 933,203	$ 925,786
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 930,167	$ 930,199	$ 925,804	$ 909,094	$ 901,823	$ 933,203	$ 925,786
Financing:							
State General Fund	$ 929,615	$ 930,199	$ 925,804	$ 909,094	$ 901,823	$ 933,203	$ 925,786
All Other Funds	552	0	0	0	0	0	0
TOTAL	$ 930,167	$ 930,199	$ 925,804	$ 909,094	$ 901,823	$ 933,203	$ 925,786
FTE Positions	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	11.0	11.0	11.0	11.0	11.0	11.0	11.0

The **agency** requests expenditures of $909,094, all from the State General Fund, for FY 2016. This is a State General Fund decrease of $21,105, or 2.3 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an adjustment in shrinkage, partially offset by an increase in salary expenditures and fringe benefit costs, and utilities expenditures.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $479,194, all from the State General Fund, for salaries and wages for FY 2016. This is a decrease of $22,905, or 4.6 percent, below the revised FY 2015 estimate. The decrease is attributable to an increase in shrinkage, partially offset by an increase in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $335,700, all from the State General Fund, for FY 2016. This is an increase of $1,800, or 0.5 percent, above the revised FY 2015 estimate. The increase is attributable to utilities expenditures.

- **Commodities.** The agency requests $56,000, all from the State General Fund, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $38,200, all from the State General Fund, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency does not request other assistance for FY 2016.

The **Governor** recommends expenditures of $901,823, all from the State General Fund, for FY 2016. This is a decrease of $7,271, or 0.8 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions or state employee health insurance.

The **agency** requests expenditures of $933,203, all from the State General Fund, for FY 2017. This is a State General Fund increase of $24,109, or 2.7 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salary expenditures and fringe benefit costs, due to payment of the 27th payroll period, plus an increase in utilities expenditures, partially offset by an adjustment to shrinkage.

The request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $501,304, all from the State General fund, for salaries and wages for FY 2017. This is an increase of $22,110, or 4.6 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and wages fringe benefit expenditures due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $337,699, all from the State General Fund, for contractual services for FY 2017. This is an increase of $1,999, or 0.6 percent, above the FY 2016 request. The increase is attributable to utilities expenditures.

- **Commodities.** The agency requests $56,000, all from the State General Fund, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $38,200, all from the State General Fund, for capital outlay, for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency does not request other assistance for FY 2017.

The **Governor** recommends expenditures of $925,786, all from the State General Fund, for FY 2017. This is a decrease of $7,417, or 0.8 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

D. Habilitation and Treatment

The Habilitation and Treatment program consists of two sub-programs: Developmental Training and Dual Diagnosis and Training Services. The goal of the Developmental Training sub-program is to enable residents to make choices based on their personal preferences for all aspects of their lives. All clients are enrolled in individual training programs which may include adjunctive therapies, education or special training programs, and are offered additional religious, leisure-time and recreational activities provided during evenings and weekends. Essential Life-style Plans are prepared for all individuals and guardians who request consideration for placement in a community setting. The Dual Diagnosis and Training Services sub-program provides short-term residential treatment for children and adults who have been dually diagnosed with both a developmental disability and a mental illness. The In-patient Services program is a unit at Parsons that serves up to thirteen individuals at one time. In addition, four Outreach Services Teams travel throughout the state to train providers of community services how to serve dually diagnosed individuals. Finally, through a contract with the Kansas Research Center and the Kansas University Center on Developmental Disabilities at Parsons, community service programs are provided throughout the state. Staff from the University of Kansas has been involved in these two programs for over 50 years. Both programs have achieved international recognition for the work conducted by University faculty, in close collaboration with the staff of Parsons State Hospital. The program's objective is to prevent unnecessary or inappropriate institutionalization of persons with developmental disabilities through respite care.

HABILITATION AND TREATMENT
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	$ 12,871,632	$ 12,964,076	$ 12,841,138	$ 12,373,541	$ 12,190,318	$ 12,831,121	$ 12,644,229
Contractual Services	151,688	151,700	151,700	151,700	151,700	151,700	151,700
Commodities	391,568	396,250	396,250	401,700	401,700	407,450	407,450
Capital Outlay	19,310	16,200	16,200	16,200	16,200	16,200	16,200
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 13,434,198	$ 13,528,226	$ 13,405,288	$ 12,943,141	$ 12,759,918	$ 13,406,471	$ 13,219,579
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	60,409	32,100	32,100	25,100	25,100	8,642	8,642
TOTAL	$ 13,494,607	$ 13,560,326	$ 13,437,388	$ 12,968,241	$ 12,785,018	$ 13,415,113	$ 13,228,221
Financing:							
State General Fund	$ 4,079,724	$ 5,146,220	$ 5,101,409	$ 7,058,936	$ 6,944,990	$ 7,897,892	$ 7,781,664
All Other Funds	9,414,883	8,414,106	8,335,979	5,909,305	5,840,028	5,517,221	5,446,557
TOTAL	$ 13,494,607	$ 13,560,326	$ 13,437,388	$ 12,968,241	$ 12,785,018	$ 13,415,113	$ 13,228,221
FTE Positions	292.0	292.0	292.0	292.0	292.0	291.7	291.7
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	292.0	292.0	292.0	292.0	292.0	291.7	291.7

The **agency** requests expenditures of $13.0 million, including $7.1 million from the State General Fund, for FY 2016. This is an all funds decrease of $592,085, or 4.4 percent, and a State General Fund increase of $1.9 million, or 37.2 percent, above the revised FY 2015 request. The all funds decrease is primarily attributable to a decrease in salary expenditures, fringe benefit costs, and voluntary retirement incentive expenditures. The State General Fund increase is primarily attributable to the agency replacing other funds with State General Fund moneys.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $12.4 million, including $6.9 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $590,535, or 4.6 percent, and a State General Fund increase of $1.9 million, or 38.2 percent,

from the revised FY 2015 estimate. The all funds decrease is attributable to a decrease in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $151,700, including $4,800 from the State General Fund, for contractual services for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Commodities.** The agency requests $401,700, including $86,000 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $5,450, or 1.4 percent, above the revised FY 2015 estimate. The State General Fund amount is the same amount as the revised FY 2015 estimate. The all funds increase is attributable to an increase in food expenditures for patients.

- **Capital Outlay.** The agency requests $16,200, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $25,100, all from the State General Fund, for other assistance for FY 2016. This is a decrease of $7,000, or 21.8 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $12.8 million, including $6.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $183,223, or 1.4 percent, and a State General Fund decrease of $113,946, or 1.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $13.4 million, including $7.9 million from the State General Fund, for FY 2017. This is an all funds increase of $446,872, or 3.5 percent, and a State General Fund increase of $838,956, or 11.9 percent, above the FY 2016 request. The increase is attributable to an increase in salary expenditures and fringe benefit costs due to payment of the 27th payroll period, partially offset by decreased voluntary retirement incentive expenditures. The request includes 291.7 FTE positions, which is 0.3 FTE positions below the FY 2016 request. The decrease is attributable to a shift of 0.3 FTE positions to the Physical Plant/Central Services program for FY 2017.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $12.8 million, including $7.8 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $457,580, or 3.7 percent, and a State General Fund increase of $855,414, or 12.3 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and wages fringe benefit expenditures due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $151,700, including $4,800 from the State General Fund, for contractual services for FY

2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency requests $407,450, including $86,000 from the State General Fund, for commodities for FY 2017. This an all funds increase of $5,750, or 1.4 percent, above the FY 2016 request. The State General Fund amount is the same as the FY 2016 request. The all funds increase is primarily attributable to an increase in food expenditures for patients.

- **Capital Outlay.** The agency requests $16,200, all special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $8,642, all from the State General Fund, for other assistance for FY 2017. This is a decrease of $16,458, or 65.6 percent, below the FY 2016 request. The decrease is attributable to reduced voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $13.2 million, including $7.8 million from the State General Fund, for FY 2017. This is an all funds decrease of $186,892, or 1.4 percent, and a State General Fund decrease of $116,228, or 1.5 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

E. Ancillary Services

The Ancillary Services program is composed of three sub-programs: Activity Therapy, Special Education, and Allied Clinical Services. These three sub-programs operate to promote client individualized developmental activities and services. The Activity Therapy sub-program enriches the client life-style with religious services, leisure-time activities and work programs. Over half of the resident population is involved in at least one of the programs offered daily. The Allied Clinical Services sub-program provides support services for all clients (*i.e.* radiology, medical laboratory, pharmacy, dental, psychological, social, occupational and rehabilitation, speech and hearing, chaplaincy). The Special Education sub-program ensures that all school-age children are enrolled in a program accredited by the Kansas Department of Education. Services for the Special Purpose School are contracted with the Southeast Kansas Education Service Center.

ANCILLARY SERVICES
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	$ 1,824,129	$ 1,557,479	$ 1,543,440	$ 1,945,178	$ 1,923,411	$ 2,035,616	$ 2,013,413
Contractual Services	304,879	374,100	374,100	375,300	375,300	376,400	376,400
Commodities	161,556	165,250	165,250	170,250	170,250	174,300	174,300
Capital Outlay	9,382	8,100	8,100	8,100	8,100	8,100	8,100
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 2,299,946	$ 2,104,929	$ 2,090,890	$ 2,498,828	$ 2,477,061	$ 2,594,416	$ 2,572,213
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	25,027	14,484	14,484	10,300	10,300	0	0
TOTAL	$ 2,324,973	$ 2,119,413	$ 2,105,374	$ 2,509,128	$ 2,487,361	$ 2,594,416	$ 2,572,213
Financing:							
State General Fund	$ 1,410,434	$ 549,851	$ 545,591	$ 308,863	$ 306,225	$ 309,674	$ 306,983
All Other Funds	914,539	1,569,562	1,559,783	2,200,265	2,181,136	2,284,742	2,265,230
TOTAL	$ 2,324,973	$ 2,119,413	$ 2,105,374	$ 2,509,128	$ 2,487,361	$ 2,594,416	$ 2,572,213
FTE Positions	32.2	32.2	32.2	32.2	32.2	32.2	32.2
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	32.2	32.2	32.2	32.2	32.2	32.2	32.2

The **agency** requests expenditures of $2.5 million, including $308,863 from the State General Fund, for FY 2016. This is an all funds increase of $389,715, or 18.4 percent, and a State General Fund decrease of $240,988, or 43.8 percent, below the revised FY 2015 request. The all funds increase is primarily attributable to an increase in salary expenditures and fringe benefit costs, pharmaceutical expenditures, partially offset by a decrease in voluntary retirement incentive expenditures. The State General Fund decrease is primarily attributable to the agency substituting other funds for State General Fund moneys.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $1.9 million, including $235,713 from the State General Fund, for salaries and wages for FY

2016. This is an all funds increase of $387,699, or 24.9 percent, and a State General Fund decrease of $236,804, or 50.1 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $375,300, including $31,150 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $1,200, or 0.3 percent, above the revised FY 2015 estimate. The State General Fund amount is the same amount as the revised FY 2015 estimate. The all funds increase is attributable to an increase in medical services and fees.

- **Commodities.** The agency requests $170,250, including $29,700 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $5,000, or 3.0 percent, above the revised FY 2015 estimate. The State General Fund amount is the same as the revised FY 2015 estimate. The all funds increase is attributable to an increase in drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency requests $8,100, including $2,000 from the State General Fund, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $10,300, all from the State General Fund, for other assistance for FY 2016. This is a decrease of $4,184, or 28.9 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $2.5 million, including $306,225 from the State General Fund, for FY 2016. This is an all funds decrease of $21,767, or 0.9 percent, and a State General Fund decrease of $2,638, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $2.6 million, including $309,674 from the State General Fund, for FY 2017. This is an all funds increase of $85,288, or 3.4 percent, and a State General Fund increase of $811, or 0.3 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salary expenditures and fringe benefit costs, pharmaceutical expenditures, partially offset by a decrease in voluntary retirement incentive expenditures.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $2.0 million, including $246,824 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $90,438, or 4.7 percent, and a State General Fund increase of $11,111, or 4.7 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salary and fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $376,400, including $31,150 from the State General Fund, for contractual services for FY

2017. This is an all funds increase of $1,100, or 0.3 percent, above the FY 2016 request. The State General Fund amount is the same as the FY 2016 request. The all funds increase is attributable to an increase in medical services and fees.

- **Commodities.** The agency requests $174,300, including $29,700 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $4,050, or 2.4 percent, above the FY 2016 request. The State General Fund amount is the same as the FY 2016 request. The all funds increase is attributable to an increase in drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency requests $8,100, including $2,000 from the State General Fund, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency does not request other assistance for FY 2017. This is a decrease of $10,300, or 100.0 percent, all from special revenue funds, below the FY 2016 request. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $2.6 million, including $306,983 from the State General Fund, for FY 2017. This is an all funds decrease of $22,203, of 0.9 percent, and a State General Fund decrease of $2,691, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

F. Medical and Surgical Services

The Medical and Surgical Services program monitors, evaluates, treats and engages in preventive medical practices that result in or promote the maximum health of clients. Specifically, this program provides medical and nursing care for those clients with acute and chronic medical conditions, daily clinics for the diagnosis and treatment of individual client health problems, up-to-date immunizations and records, and additional medical services as necessary. Additional services include the coordination of necessary major medical needs and treatments for residents through outside providers. Costs for these services are normally covered by Medicaid under the Title XIX program.

MEDICAL AND SURGICAL SERVICES
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	$ 2,126,622	$ 2,132,153	$ 2,112,459	$ 2,014,317	$ 1,996,554	$ 2,112,410	$ 2,094,291
Contractual Services	39,145	39,850	39,850	40,300	40,300	40,750	40,750
Commodities	19,842	20,050	20,050	20,200	20,200	20,300	20,300
Capital Outlay	634	600	600	600	600	600	600
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 2,186,243	$ 2,192,653	$ 2,172,959	$ 2,075,417	$ 2,057,654	$ 2,174,060	$ 2,155,941
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 2,186,243	$ 2,192,653	$ 2,172,959	$ 2,075,417	$ 2,057,654	$ 2,174,060	$ 2,155,941
Financing:							
State General Fund	$ 1,547,526	$ 964,563	$ 955,738	$ 29,243	$ 29,065	$ 30,221	$ 30,040
All Other Funds	638,717	1,228,090	1,217,221	2,046,174	2,028,589	2,143,839	2,125,901
TOTAL	$ 2,186,243	$ 2,192,653	$ 2,172,959	$ 2,075,417	$ 2,057,654	$ 2,174,060	$ 2,155,941
FTE Positions	28.0	28.0	28.0	28.0	28.0	28.0	28.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	28.0	28.0	28.0	28.0	28.0	28.0	28.0

The **agency** requests expenditures of $2.1 million, including $29,243 from the State General Fund, for FY 2016. This is an all funds decrease of $117,236, or 5.3 percent, and a State General Fund decrease of $935,320, or 97.0 percent, below the revised FY 2015 request. The all funds decrease is primarily attributable to a decrease in salary expenditures and fringe benefit costs. The State General Fund decrease is primarily attributable to the agency replacing State General Fund moneys with Title XIX Funds.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $2.0 million, including $20,143 from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $117,836, or 5.5 percent, and a State General Fund decrease of $935,320, or 97.9 percent, below the revised FY

2015 estimate. The decrease is attributable to a decrease in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $40,300, including $6,500 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $450, or 1.1 percent, all from special revenue funds, above the revised FY 2015 estimate.

- **Commodities.** The agency requests $20,200, including $2,600 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $150, or 0.8 percent, all from special revenue funds, above the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $600, all from special revenue funds, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Other Assistance.** The agency does not request other assistance for FY 2016.

The **Governor** recommends expenditures of $2.1 million, including $29,065 from the State General Fund, for FY 2016. This is an all funds decrease of $17,763, or 0.9 percent, and a State General Fund decrease of $178, or 0.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $2.2 million, including $30,221 from the State General Fund, for FY 2017. This is an all funds increase of $98,643, or 4.8 percent, and a State General Fund increase of $978, or 3.3 percent, above the FY 2016 request. The increase is attributable to an increase in salary expenditures and fringe benefit costs due to payment of the 27th paycheck.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $2.1 million, including $21,121 from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $98,093, or 4.9 percent, and a State General Fund increase of $978, or 4.9 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and wages fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $40,750, including $6,500 from the State General Fund, for contractual services for FY 2017. This is an all funds increase of $450, or 1.1 percent, all from special revenue funds, above the FY 2016 request.

- **Commodities.** The agency requests $20,300, including $2,600 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $100, or 0.5 percent, all from special revenue funds, above the FY 2016 request.

- **Capital Outlay.** The agency requests $600, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency does not request other assistance for FY 2017.

The **Governor** recommends expenditures of $2.2 million, including $30,040 from the State General Fund, for FY 2017. This is an all funds decrease of $18,119, or 0.8 percent, and a State General Fund decrease of $181, or 0.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

G. Physical Plant / Central Services

The Physical Plant and Central Services program is composed of four sub-programs: Engineering and Protection, Supply Services, Dietary Services, and Laundry. The Engineering and Protection sub-program maintains and improves the buildings, equipment, and grounds for 366,000 square feet of buildings and 163 acres; provides telephone communications personnel; provides housekeeping/custodial service; provides transportation vehicles, vehicle maintenance, driver/delivery personnel; and provides security staff and procedures to protect property, residents, and staff. Supply Services makes capital equipment and supplies available for the operation of the facilities and resident programs. Clothing is provided to many of the residents. The Dietary Services sub-program provides a monthly budget for each cottage, where three meals a day are prepared within each cottage. Residents dine at a table within their cottage rather than traveling to a cafeteria. Laundry provides clean clothing, towels, and bed linens for all residents and areas requiring laundry service.

PHYSICAL PLANT / CENTRAL SERVICES
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	$ 3,299,109	$ 3,588,010	$ 3,557,408	$ 3,755,397	$ 3,701,438	$ 3,938,622	$ 3,883,582
Contractual Services	929,786	967,422	967,422	994,850	994,850	1,024,601	1,024,601
Commodities	791,412	806,050	806,050	820,300	820,300	838,150	838,150
Capital Outlay	37,413	25,700	25,700	25,700	25,700	25,700	25,700
Debt Service	20,467	36,342	36,342	30,007	30,007	23,406	23,406
Subtotal - Operations	$ 5,078,187	$ 5,423,524	$ 5,392,922	$ 5,626,254	$ 5,572,295	$ 5,850,479	$ 5,795,439
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	28,942	14,461	14,461	8,650	8,650	1,850	1,850
TOTAL	$ 5,107,129	$ 5,437,985	$ 5,407,383	$ 5,634,904	$ 5,580,945	$ 5,852,329	$ 5,797,289
Financing:							
State General Fund	$ 1,764,793	$ 1,940,046	$ 1,930,483	$ 2,430,448	$ 2,367,607	$ 2,521,655	$ 2,464,757
All Other Funds	3,342,336	3,497,939	3,476,900	3,204,456	3,213,338	3,330,674	3,332,532
TOTAL	$ 5,107,129	$ 5,437,985	$ 5,407,383	$ 5,634,904	$ 5,580,945	$ 5,852,329	$ 5,797,289
FTE Positions	82.0	82.0	82.0	82.0	82.0	82.3	82.3
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	82.0	82.0	82.0	82.0	82.0	82.3	82.3

The **agency** requests expenditures of $5.6 million, including $2.4 million from the State General Fund, for FY 2016. This is an all funds increase of $196,919, or 3.6 percent, and a State General Fund increase of $490,402, or 25.3 percent, above the revised FY 2015 request. The increase is primarily attributable to an increase in salary expenditures, fringe benefit costs, utilities expenses, and supplies, partially offset by a decrease in voluntary retirement incentive expenditures.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $3.8 million, including $2.3 million from the State General Fund, for salaries and wages for FY 2016. The is an all funds increase of $167,387, or 4.7 percent, and a State General Fund increase of $1.2 million, or 103.8 percent, above

the revised FY 2015 estimate. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $994,850, including $31,998 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $27,428, or 2.8 percent, and a State General Fund decrease of $560,752, or 94.6 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in utilities expenditures.

- **Commodities.** The agency requests $820,300, including $65,000 from the State General Fund, for FY 2016. This is an all funds increase of $14,250, or 1.8 percent, and a State General Fund decrease of $100,914, or 60.8 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in household supplies, gasoline, grounds materials, and other supplies.

- **Capital Outlay.** The agency requests $25,700, including $9,500 from the State General Fund, for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Debt Service.** The agency requests $30,007, all from the State General Fund, for debt service interest payments for FY 2016. This is a decrease of $6,335, or 17.4 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in debt service interest expenditures.

- **Other Assistance.** The agency requests $8,650, all from the State General Fund, for other assistance, for FY 2016. This is a decrease of $5,811, or 40.2 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $5.6 million, including $2.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $53,959, or 1.0 percent, and a State General Fund decrease of $62,841, or 2.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $5.9 million, including $2.5 million from the State General Fund, for FY 2017. This is all funds increase of $217,425, or 3.9 percent, and a State General Fund increase of $91,207, or 3.8 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salary expenditures and fringe benefit costs due to payment of the 27th payroll period, utilities expenses, and supplies, partially offset by a decrease in voluntary retirement incentive expenditures. The request includes 82.3 FTE positions, which is 0.3 FTE positions above the FY 2016 request. The increase is attributable to a shift of 0.3 FTE positions from the Habilitation and Treatment Program.

The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency requests $3.9 million, including $2.4 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $183,225, or 4.9 percent, and a State General Fund increase of $104,606, or 4.6 percent, above the

FY 2016 request. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $1.0 million, including $32,000 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $29,751, or 3.0 percent, and a State General Fund increase of $2, or less than 0.1 percent, above the FY 2016 request. The increase is attributable to an increase in utilities expenditures.

- **Commodities.** The agency requests $838,150, including $65,000 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $17,850, or 2.2 percent, all from special revenue funds, above the FY 2016 request. The increase is attributable to an increase in household supplies, gasoline, grounds materials, and other supplies.

- **Capital Outlay.** The agency requests $25,700, including $9,500 from the State General Fund, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Debt Service.** The agency requests $23,406, all from the State General Fund, for debt service interest payments for FY 2017. This is a decrease of $6,601, or 22.0 percent, below the FY 2016 request. The decrease is attributable to a decrease in debt service interest expenditures.

- **Other Assistance.** The agency requests $1,850, all from the State General Fund, for other assistance for FY 2017. This is a decrease of $6,800, or 78.6 percent, below the FY 2016 request. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $5.8 million, including $2.5 million from the State General Fund, for FY 2017. This is an all funds decrease of $55,040, or 0.9 percent, and a State General Fund decrease of $56,898, or 2.3 percent, below the agency's request. The decrease is attributable to a reduction in 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
Bond Principal	$ 151,449	$ 151,449	$ 157,784	$ 157,784	$ 164,384	$ 164,384
	0	0	0	0	0	0
TOTAL	$ 151,449	$ 151,449	$ 157,784	$ 157,784	$ 164,384	$ 164,384
Financing:						
State General Fund	$ 102,555	$ 102,555	$ 108,890	$ 0	$ 115,490	$ 0
All Other Funds	48,894	48,894	48,894	157,784	48,894	164,384
TOTAL	$ 151,449	$ 151,449	$ 157,784	$ 157,784	$ 164,384	$ 164,384

Current Year Agency Estimate

FY 2015 – Current Year. The agency estimates capital improvement expenditures of $151,449, including $102,555 from the State General Fund, in FY 2015. These are the same amounts approved by the 2014 Legislature. These funds will be used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP). The conservation project was accomplished through a comprehensive energy service performance audit and subsequent contract for improvements to several buildings. The state program was designed to help facilities capture savings in energy costs through improvements such as lighting retrofits, mechanical improvements and water conservation measures. The debt service is then paid by the savings generated by the improvements and is amortized over 15 years.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $151,449, including $102,555 from the State General Fund, for capital improvements in FY 2015. This is the same all funds and State General Fund amount as the agency's request.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests capital improvement expenditures of $157,784, including $108,890 from the State General Fund, for FY 2016. This is an all funds increase of $6,335, or 4.2 percent, and a State General Fund increase of $6,335, or 6.2 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in bond principal payments. These funds will be used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $157,784, all from special revenue funds, for FY 2016. This is the same all funds amount as the agency's request, and a decrease of $108,890, or 100.0 percent, from the State General Fund, below the agency's request. The State General Fund decrease is attributable to the Governor recommending that State General Fund expenditures for capital improvements be changed to the State Institutions Building Fund.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests capital improvement expenditures of $164,384, including $115,490 from the State General Fund, for FY 2017. This is an all funds increase of $6,600, or 4.2 percent, and a State General Fund increase of $6,600, or 6.1 percent, above the FY 2016 request. The increase is attributable to an increase in bond principal payments. These funds will be used for bond principal payments to the Department of Administration for the agency's participation in the state's Facility Conservation Improvement Program (FCIP).

Budget Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $164,384, all from special revenue funds, for FY 2017. This is the same all funds amount as the agency's request, and a decrease of $115,490, or 100.0 percent, from the State General Fund, below the agency's request. The State General Fund decrease is attributable to the Governor recommending that State General Fund expenditures for capital improvements be changed to the State Institutions Building Fund.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Percent of residents employed through work programs or in the community	75.0%	78.0%	80.0%	83.0%	86.0%
Percent of compliance with intermediate care facility for the intellectually disabled standards for habilitation and treatment	100.0%	99.4%	100.0%	100.0%	100.0%
Percent of residents participating in community-based leisure activities	100.0%	100.0%	100.0%	100.0%	100.0%

LARNED STATE HOSPITAL

	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	$ 42,639,096	$ 48,447,401	$ 42,657,229	$ 47,149,185	$ 44,427,559	$ 49,417,531	$ 48,855,054
Other Funds	15,325,274	15,231,972	15,163,427	15,245,286	15,154,480	15,245,236	15,152,612
TOTAL	$ 57,964,370	$ 63,679,373	$ 57,820,656	$ 62,394,471	$ 59,582,039	$ 64,662,767	$ 64,007,666
Capital Improvements:							
State General Fund	$ 31,238	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	219,019	7,808	7,808	7,808	7,808	7,808	7,808
TOTAL	$ 250,257	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808
GRAND TOTAL	**$ 58,214,627**	**$ 63,687,181**	**$ 57,828,464**	**$ 62,402,279**	**$ 59,589,847**	**$ 64,670,575**	**$ 64,015,474**
Percentage Change:							
Operating Expenditures							
State General Fund	(12.8) %	13.6 %	0.0 %	(2.7) %	4.2 %	4.8 %	10.0 %
All Funds	(5.8)	9.9	(0.2)	(2.0)	3.0	3.6	7.4
FTE Positions	936.5	936.5	936.5	936.5	936.5	936.5	936.5
Non-FTE Perm.Uncl.Pos.	23.0	23.0	23.0	23.0	23.0	23.0	23.0
TOTAL	959.5	959.5	959.5	959.5	959.5	959.5	959.5

Larned State Hospital provides psychiatric treatment and limited detox facilities to adults from the 61 western counties of the state through collaborative efforts with consumers, community based mental health providers, the judicial system, and the Department of Corrections. Larned State Hospital was established in 1911. The State Security Hospital, opened in 1937, serves the entire state as a secure setting for criminal forensic patients during evaluation and treatment, and non-forensic patients with severe behavioral problems who may be transferred from other hospitals. Since 1994, the Sexual Predator Treatment Program (SPTP) has provided treatment for convicted sex offenders who have completed their prison sentences and have been civilly committed under the Kansas Sexual Predator Law because of ongoing danger to the community. The Sexual Predator Transition House Program is located on the grounds of Osawatomie State Hospital, but is funded in the Larned State Hospital budget. The Transition House Program, known as MiCo House, accepts clients in Phases 6 and 7 of their treatment and who have been deemed ready for transition from the treatment program. Larned State Hospital also provides various support services for Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Kansas Soldiers' Home at Fort Dodge.

MAJOR ISSUES FROM PRIOR YEARS

Sexual Predator Treatment Program. Since 1994, 273 persons have been committed to the Sexual Predator Treatment Program. Of the residents presently assigned to the Program, seventy-one have been received within the past five years. According to the agency, the steady increase in referrals to the program and the length of time it takes to complete the program combine to create a continuing budget and public policy challenge.

In April 2005, Legislative Post Audit concluded that the state will either have to change policies to commit fewer sex offenders to the Sexual Predator Treatment Program, allow clients to be released sooner, or commit to supporting a new class of institutionalized individuals. The report recommended that the Legislature examine these issues and that the Department of Social and Rehabilitation Services should develop multi-year forecasts based on several scenarios to address resident capacity, housing costs and staffing costs. The 2005 Legislature added $597,665 from the State General Fund and 22.0 FTE positions to address staffing issues. Additionally, the Legislature added $1,116,296 from the State General Fund and 41.0 FTE positions to address growth in the program with staff being hired gradually as additional clients enter the program. The 2006 Legislature added 14.0 FTE positions and $390,145 to reoccupy the Dillon building after remodeling was completed in Spring 2006.

The **2009 Legislature** passed House Sub. for SB 91 that prohibits the Department of Social and Rehabilitation Services from placing more than eight sexually violent predators in any one county on transitional release or conditional release; stated that these patients be housed only on state property; and required a report to the Governor every year on the status of transitional persons. The Department of Social and Rehabilitation Services testified that 2009 House Sub. for SB 91 created both programmatic and fiscal challenges for the Sexual Predator Treatment Program. The more populated counties such as Johnson, Wyandotte, Shawnee, and Sedgwick typically

have the optimal resources for affordable housing, employment, and follow-up sex offender treatment, which are critical elements to reduce the risk for reoffending and increase successful reintegration into the community. In addition, current zoning and residency restrictions make it more difficult to place offenders back into the community after treatment. According to the Department, if a court orders an individual to transitional or conditional release and that person cannot be placed because the counties that offer the needed resources have reached the eight person maximum, and no other county can be found to provide the needed services for that individual, the Department of Social and Rehabilitation Services and the State of Kansas risk contempt of court charges and lawsuits.

As part of a submitted 10.0 percent reduced resources option prepared at the direction of the Senate Ways and Means Committee in 2009, the Department of Social and Rehabilitation Services included the closure of the Inpatient Psychiatric Treatment Unit for Youth located on the Larned campus and the option to contract out these services to a private facility. The new private program, KVC Behavioral HealthCare began operation in Spring 2010 in Hays, Kansas. When the space reserved for the Inpatient Psychiatric Treatment Unit for Youth was vacated during the summer of 2010, eleven additional Adult Civil Psychiatric Service beds were opened in the building complex. Funding for the staffing of the newly opened eleven bed unit at Larned was from savings realized from contracting out the youth beds at Larned.

The opening of the additional adult beds was determined necessary by the Department of Social and Rehabilitation Services as the agency temporarily suspended voluntary admissions to the three Kansas mental health hospitals during during May 2010 and July 2010. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 Community Mental Health Centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions. Additional actions were taken such as initiating agreements with community partners to establish alternative inpatient resources but SRS expected census issues to continue in FY 2012 and FY 2013.

The **Legislature** deleted 138.0 vacant FTE positions for FY 2012 and did not approve two enhancement requests to fund an expansion of the Sexual Predator Treatment Program on the Larned campus or a Sexual Predator Treatment Program transition house.

The **2012 Legislature** approved funding to open an additional 30 bed unit for the Sexual Predator Treatment Program that was completed on July 31, 2012 in the Isaac Ray building on the grounds of the facility. This has improved space constrictions in the main Sexual Predator Treatment Program building.

In September 2013, Legislative Post Audit performed a follow-up audit of the Sexual Predator Treatment program and determined that overall, the SPTP has sufficiently addressed staff and resident safety and security issues. However, it identified further areas of concern including: inadequate key controls, employees working excessive amounts of overtime, and prohibited items entering the residential buildings. Agency officials concurred with the report's findings for the most part and are taking action to comply with the recommendations from Legislative Post Audit. The agency did not agree that it had not met its own minimum staffing goals because audit findings were based on data errors and that any drop below minimum staffing is planned and approved.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity for Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Psychiatric Services Program	90	90	90	90	90
State Security Program	220	220	220	220	220
SPTP	207	207	207	240	240
MiCo Transition House	8	8	8	8	8
Total	525	525	525	558	558

AVERAGE DAILY CENSUS

Average Daily Census represents the average number of patients in a hospital over a fiscal year for Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Adult Inpatient	94	98	100	102	104
State Security Program	183	198	201	207	213
SPTP	218	223	233	241	249
MiCo Transition House	7	6	6	5	4
Total	502	528	542	558	574

ADMISSIONS

The chart below shows admissions for Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
First Admissions	673	668	668	668	668
Readmission	623	641	641	641	641
Transfers in - Other KDADS Institutions	105	111	111	111	111
Total	1,401	1,420	1,420	1,420	1,420

AVERAGE LENGTH OF STAY

The chart below shows the average length of days stay for adults at Larned State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Actual	FY 16 Est.	FY 17 Est.
Psychiatric Services Program	38	45	47	47	47
State Security Program	156	251	175	175	175

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates revised total expenditures of $63.7 million, including $48.4 million from the State General Fund, for operational expenditures and capital improvements, in FY 2015. Of this total, the agency estimates operational expenditures of $63.7 million, including $48.4 million from the State General Fund, in FY 2015. This is an an all funds increase of $5.8 million, or 10.0 percent, and a State General Fund increase of $5.8 million, or 13.6 percent, above the amount approved by the 2014 Legislature, after adjustments. The increase is primarily attributable to the agency budgeting for the opening of the Meyer building and the agency's revised estimate being submitted prior to the Governor's December 9th allotment. The increase is also attributable to an increase in medical and pharmaceutical expenditures, partially offset by a decrease in supplies and voluntary retirement incentive expenditures. The agency estimates capital improvement expenditures of $7,808, all from special revenue funds, in FY 2015. This is an increase of $7,808, or 100.0 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the agency including replacement of carpeting and doors.

FY 2015 Governor Recommendation

The **Governor** recommends total expenditures of $57.8 million, including $42.7 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. Of this amount, the Governor recommends operating expenditures of $57.8 million, including $42.7 million from the State General Fund, in FY 2015. This is a decrease of $5.9 million, or 9.2 percent, and a State General Fund decrease of $5.8 million, or 12.0 percent, in FY 2015 below the agency's revised estimate. The decrease is partially attributable to the Governor's December 9th allotment which delayed the opening of the Meyer Building. This allotment decreased expenditures by $5.4 million, all from the State General Fund, in FY 2015. The decrease is also attributable to the Governor's allotment which reduced the KPERS employer contribution rate. This allotment reduced expenditures by $425,253, including $356,708 from the State General Fund, in FY 2015. The Governor recommends capital improvement expenditures of $7,808, all from special revenue funds, in FY 2015. This is the same amount as the agency's revised estimate.

FY 2016 Agency Request

The **agency** requests total expenditures of $62.4 million, including $47.1 million from the State General Fund, for operating expenditures and capital improvements, for FY 2016. Of this amount, the agency requests operating expenditures of $62.4 million, including $47.1 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.3 million, or 2.0 percent, and a State General Fund decrease of $1.3 million, or 2.7 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in shrinkage, a decrease in professional fees related to the reduced resource option to delay the opening of the Meyer building until January 2016, and a decrease in voluntary retirement incentive

expenditures, partially offset by an increase in salaries and wages fringe benefit expenditures. The agency requests capital improvement expenditures of $7,808, all from special revenue funds, for FY 2016. This is the same amount as the revised FY 2015 estimate.

FY 2016 Governor Recommendation

The **Governor** recommends total expenditures of $59.6 million, including $44.4 million from the State General Fund, for operating expenditures and capital improvements, for FY 2016. Of this amount, the Governor recommends operating expenditures of $59.6 million, including $44.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $2.8 million, or 4.5 percent, and a State General Fund decrease of $2.7 million, or 5.8 percent, below the agency's request. The decrease is primarily attributable to the Governor recommending the agency's reduced resource option to delay opening of the SPTP Meyer Building. The decrease is partially attributable to a reduction in employer contributions for state employee health insurance. The Governor recommends capital improvement expenditures of $7,808, all from special revenue funds, for FY 2016. This is the same amount as the agency's request.

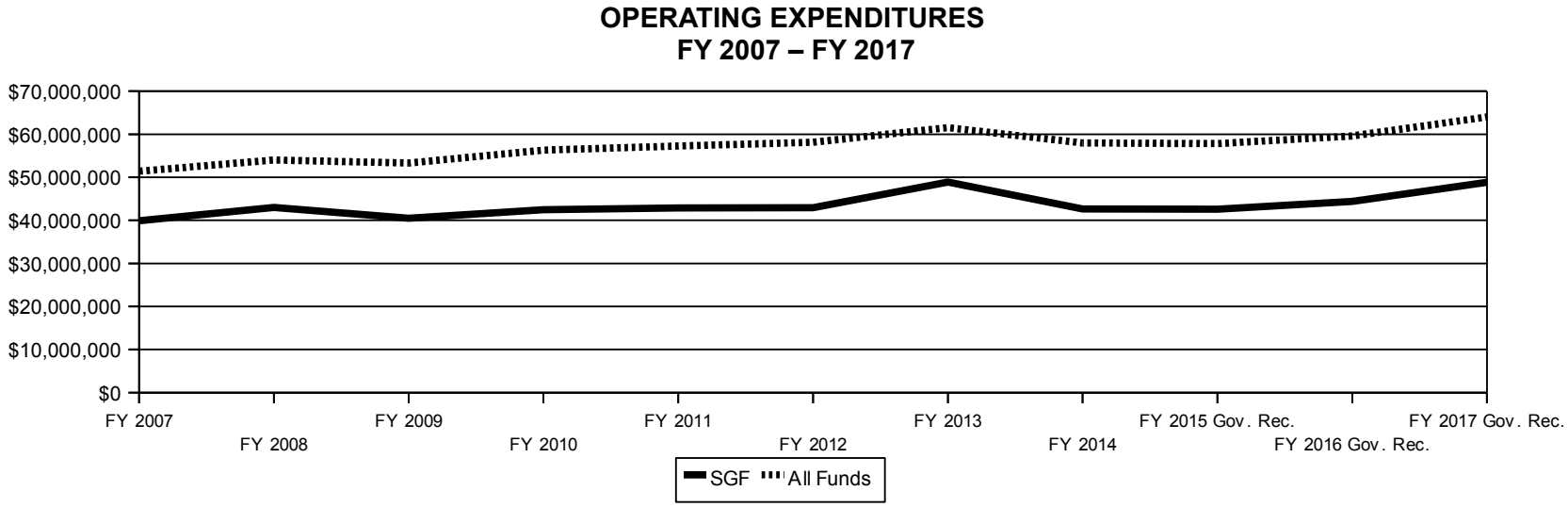
FY 2017 Agency Request

The **agency** requests total expenditures of $64.7 million, including $49.4 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the agency requests operating expenditures of $64.7 million, including $49.4 million from the State General Fund, for FY 2017. This is an all funds increase of $2.3 million, or 3.6 percent, and a State General Fund increase of $2.3 million, or 4.8 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures due to payment of the 27th payroll period, and an increase in medical expenditures, partially offset by a decrease in voluntary retirement incentive expenditures. The agency requests capital improvement expenditures of $7,808, all from special revenue funds, for FY 2017. This is the same as the FY 2016 request.

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of $64.0 million, including $48.9 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the Governor recommends operating expenditures of $64.0 million, including $48.9 million from the State General Fund, for FY 2017. This is an all funds decrease of $655,101, or 1.0 percent, and a State General Fund decrease of $562,477, or 1.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, for FY 2017. The Governor recommends capital improvement expenditures of $7,808, all from special revenue funds, for FY 2017. This is the same amount as the agency's request.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 39,899,264	20.5 %	$ 51,398,694	12.9 %	976.2
2008	42,987,347	7.7	54,010,787	5.1	976.2
2009	40,465,385	(5.9)	53,301,562	(1.3)	976.2
2010	42,466,987	4.9	56,297,843	5.6	976.2
2011	42,887,827	1.0	57,260,017	1.7	976.2
2012	42,935,618	0.1	58,138,073	1.5	839.2
2013	48,870,060	13.8	61,519,684	5.8	932.2
2014	42,639,096	(12.8)	57,964,370	(5.8)	936.5
2015 Gov. Rec.	42,657,229	0.0	57,820,656	(0.2)	936.5
2016 Gov. Rec.	44,427,559	4.2	59,582,039	3.0	936.5
2017 Gov. Rec.	48,855,054	10.0	64,007,666	7.4	936.5
Eleven-Year Change	$ 8,955,790	22.4 %	$ 12,608,972	24.5 %	(39.7)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 5,194,059	$ 3,579,131	$ 4,253,787	$ 674,656	18.8 %	$ 3,555,772	$ 4,212,663	$ 656,891	18.5 %
Staff Edu & Research	288,124	239,110	226,642	(12,468)	(5.2)	236,783	224,624	(12,159)	(5.1)
Psychiatric Srvcs	9,471,716	8,322,442	8,154,080	(168,362)	(2.0)	8,258,204	8,074,903	(183,301)	(2.2)
State Security Program	19,606,781	16,156,302	16,119,723	(36,579)	(0.2)	16,031,544	15,952,395	(79,149)	(0.5)
Sex Predator Trtmt	13,941,488	21,369,154	19,715,666	(1,653,488)	(7.7)	15,846,961	17,327,706	1,480,745	9.3
Ancillary Services	4,020,746	6,426,562	7,123,799	697,237	10.8	6,366,158	7,084,959	718,801	11.3
Phys Plant/Central Svcs	5,441,456	7,586,672	6,800,774	(785,898)	(10.4)	7,525,234	6,704,789	(820,445)	(10.9)
TOTAL	$ 57,964,370	$ 63,679,373	$ 62,394,471	$ (1,284,902)	(2.0) %	$ 57,820,656	$ 59,582,039	$ 1,761,383	3.0 %
By Major Object of Expenditure:									
Salaries and Wages	$ 45,287,890	$ 51,454,485	$ 51,166,332	$ (288,153)	(0.6) %	$ 45,595,768	$ 48,353,900	$ 2,758,132	6.0 %
Contractual Services	6,447,848	6,352,998	5,381,967	(971,031)	(15.3)	6,352,998	5,381,967	(971,031)	(15.3)
Commodities	5,308,502	5,049,968	5,049,367	(601)	(0.0)	5,049,968	5,049,367	(601)	(0.0)
Capital Outlay	626,259	626,259	634,512	8,253	1.3	626,259	634,512	8,253	1.3
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 57,670,499	$ 63,483,710	$ 62,232,178	$ (1,251,532)	(2.0) %	$ 57,624,993	$ 59,419,746	$ 1,794,753	3.1 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	293,871	195,663	162,293	(33,370)	(17.1)	195,663	162,293	(33,370)	(17.1)
TOTAL	$ 57,964,370	$ 63,679,373	$ 62,394,471	$ (1,284,902)	(2.0) %	$ 57,820,656	$ 59,582,039	$ 1,761,383	3.0 %
Financing:									
State General Fund	$ 42,639,096	$ 48,447,401	$ 47,149,185	$ (1,298,216)	(2.7) %	$ 42,657,229	$ 44,427,559	$ 1,770,330	4.2 %
LSH Fee Fund	4,459,827	4,462,818	4,462,768	(50)	(0.0)	4,458,511	4,454,639	(3,872)	(0.1)
Title XIX Fund	10,369,164	10,443,216	10,443,216	0	0.0	10,378,978	10,360,539	(18,439)	(0.2)
All Other Funds	496,283	325,938	339,302	13,364	4.1	325,938	339,302	13,364	4.1
TOTAL	$ 57,964,370	$ 63,679,373	$ 62,394,471	$ (1,284,902)	(2.0) %	$ 57,820,656	$ 59,582,039	$ 1,761,383	3.0 %

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	$ 4,253,787	$ 4,359,141	$ 105,354	2.5 %	$ 4,212,663	$ 4,317,193	$ 104,530	2.5 %
Staff Edu & Research	226,642	230,719	4,077	1.8	224,624	228,661	4,037	1.8
Psychiatric Srvcs	8,154,080	8,413,102	259,022	3.2	8,074,903	8,332,339	257,436	3.2
State Security Program	16,119,723	16,572,788	453,065	2.8	15,952,395	16,402,109	449,714	2.8
Sex Predator Trtmt	19,715,666	20,724,848	1,009,182	5.1	17,327,706	20,502,721	3,175,015	18.3
Ancillary Services	7,123,799	7,352,253	228,454	3.2	7,084,959	7,312,635	227,676	3.2
Phys Plant/Central Svcs	6,800,774	7,009,916	209,142	3.1	6,704,789	6,912,008	207,219	3.1
TOTAL	$ 62,394,471	$ 64,662,767	$ 2,268,296	3.6 %	$ 59,582,039	$ 64,007,666	$ 4,425,627	7.4 %
By Major Object of Expenditure:								
Salaries and Wages	$ 51,166,332	$ 53,181,239	$ 2,014,907	3.9 %	$ 48,353,900	$ 52,526,138	$ 4,172,238	8.6 %
Contractual Services	5,381,967	5,763,719	381,752	7.1	5,381,967	5,763,719	381,752	7.1
Commodities	5,049,367	5,049,754	387	0.0	5,049,367	5,049,754	387	0.0
Capital Outlay	634,512	634,515	3	0.0	634,512	634,515	3	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 62,232,178	$ 64,629,227	$ 2,397,049	3.9 %	$ 59,419,746	$ 63,974,126	$ 4,554,380	7.7 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	162,293	33,540	(128,753)	(79.3)	162,293	33,540	(128,753)	(79.3)
TOTAL	$ 62,394,471	$ 64,662,767	$ 2,268,296	3.6 %	$ 59,582,039	$ 64,007,666	$ 4,425,627	7.4 %
Financing:								
State General Fund	$ 47,149,185	$ 49,417,531	$ 2,268,346	4.8 %	$ 44,427,559	$ 48,855,054	$ 4,427,495	10.0 %
LSH Fee Fund	4,462,768	4,462,718	(50)	(0.0)	4,454,639	4,454,427	(212)	(0.0)
Title XIX Fund	10,443,216	10,443,216	0	0.0	10,360,539	10,358,883	(1,656)	(0.0)
All Other Funds	339,302	339,302	0	0.0	339,302	339,302	0	0.0
TOTAL	$ 62,394,471	$ 64,662,767	$ 2,268,296	3.6 %	$ 59,582,039	$ 64,007,666	$ 4,425,627	7.4 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $47,705,329 for Larned State Hospital in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- An increase of $1,093,074, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015;
- A reduction of $351,002, as a result of the privatization of food services and a corresponding transfer to KDADS to pay the vendor directly; and
- A reduction of $5,790,172, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $42,657,229. That amount is reflected in the table below as the currently approved FY State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotments.

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	$ 42,657,229	$ 48,447,401	$ 5,790,172	$ 42,657,229	$ 0
All Other Funds	15,240,061	15,239,780	(281)	15,171,235	(68,826)
TOTAL	$ 57,897,290	$ 63,687,181	$ 5,789,891	$ 57,828,464	$ (68,826)
FTE Positions	936.5	936.5	0.0	936.5	0.0

The **agency** submits a revised estimate for total expenditures of $63.7 million, including $48.4 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. The agency estimates operating expenditures of $63.7 million, including $48.4 million from the State General Fund, in FY 2015. This is an all funds increase of $5.8 million, or 10.0 percent, and a State General Fund increase of $5.8 million, or 13.6 percent, above the amount approved by the 2014 Legislature, after being adjusted by the Governor's allotments. The increase is primarily attributable to the agency budgeting for the opening of the Meyer building and the agency's revised estimate being submitted prior to the Governor's December 2014 allotment. The increase is also attributable to increased medical and pharmaceutical expenditures, partially offset by a decrease in household supplies, data processing supplies, and voluntary retirement incentive expenditures.

The revised estimate is detailed by object of expenditure.

- **Salaries and Wages.** The agency estimates $51.5 million, including $43.8 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds increase of $5.6 million, or 12.1 percent, and a State General Fund increase of $5.8 million, or 15.4 percent, above the amount approved by the 2014 Legislature, after adjustments. The increase is primarily attributable to salaries and wages fringe benefits budgeted in excessive of the approved amount, due to the agency submitting a revised estimate prior to the Governor's December 9th allotment, which recommended the delay of the Meyer building opening and the reduction of KPERS employer contributions.

- **Contractual Services.** The agency estimates $6.4 million, including $3.3 million from the State General Fund, for contractual services in FY 2015. This is an all funds increase of $625,738, or 10.9 percent, and a State General Fund increase of $1.2 million, or 59.3 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to an increase in medical expenditures and related professional fees.

- **Commodities.** The agency estimates $5.0 million, including $1.2 million from the State General Fund, for commodities in FY 2015. This is an all funds increase of $307,934, or 6.5 percent, and a State General Fund decrease of $601,370, or 34.3 percent, from the amount approved by the 2014 Legislature. The all funds increase is attributable to an increase in drug and pharmaceutical expenditures, partially offset by a decrease in household supplies and data processing supplies.

- **Capital Outlay.** The agency estimates $626,259, including $80,449 from the State General Fund, for capital outlay in FY 2015. This is an all funds increase of $62,899, or 11.2 percent, and a State General Fund increase of $37,960, or 89.3 percent, above the amount approved by the 2014 Legislature. The increase is attributable to an increase in computer equipment, agricultural equipment and machinery, and furniture fixtures.

- **Other Assistance.** The agency estimates $195,663, including $68,521 from the State General Fund, for other assistance in FY 2015.

This is an all funds decrease of $26,606, or 12.0 percent, and a State General Fund increase of $13,808, or 25.2 percent, from the amount approved by the 2014 Legislature. The all funds decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends total expenditures of $57.8 million, including $42.7 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. Of this total, the Governor recommends operating expenditures of $57.8 million, including $42.7 million from the State General Fund. This is a decrease of $5.9 million, or 9.2 percent, and a State General Fund decrease of $5.8 million, or 12.0 percent, below the agency's revised estimate. The decrease is primarily attributable to Governor's recommendation to delay the opening of the Meyer Building and to a reduction in KPERS employer contributions. The Governor recommends capital improvement expenditures of $7,808, all from special revenue funds, in FY 2015. This is the same amount as the agency's revised estimate.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (356,708)	$ (356,708)	0.0
Meyer Building Delay	(5,433,464)	(5,433,464)	0.0
TOTAL	$ (5,790,172)	$ (5,790,172)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $356,708, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency expenditures but is reflective of a reduction of expenditures from the State General Fund.

Meyer Building Delayed Opening:

A reduction of $5.4 million, as a result of the delayed opening of the Sexual Predator Treatment Program (SPTP) Meyer Building. By maximizing the use of existing beds in the SPTP's Dillon and Annex buildings and delaying the opening of the Meyer building until January 2016, the agency will be able to reduce State General Fund expenditures by $5.4 million, in FY 2015. Savings will include utilities, environmental services, information technology services, communications services, and security.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 62,394,471	$ 59,582,039	$ (2,812,432)
FTE Positions	936.5	936.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (1,298,216)	$ 1,770,330	
All Other Funds	13,314	(8,947)	
TOTAL	$ (1,284,902)	$ 1,761,383	
Percent Change:			
State General Fund	(2.7) %	4.2 %	
All Other Funds	0.1	(0.1)	
TOTAL	(2.0) %	3.0 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $62.4 million, including $47.1 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.3 million, or 2.0 percent, and a State General Fund decrease of $1.3 million, or 2.7 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in salaries and wages, contractual services, and other assistance, partially offset by an increase in capital outlay for FY 2016.

The request includes a transfer of $351,002, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to KDADS to pay the vendor directly.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $51.2 million, including $44.0 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds decrease of $288,153, or 0.6 percent, and a State General Fund increase of $147,898, or 0.3 percent, from the revised FY 2015 estimate. The all funds decrease is attributable to an increase in shrinkage, partially offset by an increase in salaries and wage fringe benefit expenditures.

- **Contractual Services.** The agency requests $5.4 million, including $1.9 million from the State General Fund, for contractual services for FY 2016. This is a decrease of $971,031, or 15.3 percent, and a State General Fund decrease of $1.4 million, or 43.5 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in professional fees related to the reduced resource option to delay the opening of the Meyer building until January 2016.

- **Commodities.** The agency requests $5.0 million, including $1.2 million from the State General Fund, for commodities for FY 2016. This is an all funds decrease of $601, or less than 0.1 percent, and a State General Fund increase of $616, or 0.1 percent, from the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $634,512, including $84,302 from the State General Fund, for FY 2016. This is an all funds increase of $8,253, or 1.3 percent, and a State General Fund increase of $3,853, or 4.8 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in professional and scientific equipment.

- **Other Assistance.** The agency requests $162,293, including $63.779 from the State General Fund, for other assistance for FY 2016. This is an all funds decrease of $33,370, or 17.1 percent, and a State General Fund decrease of $4,742, or 6.9 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $59.6 million, including $44.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $2.8 million, or 4.5 percent, and a State General Fund decrease of $2.7 million, or 5.8 percent, below the agency's request. The decrease is primarily attributable to the Governor recommending the agency's reduce resource option to delay opening of the SPTP Meyer Building and to a reduction in employer contributions for state employee health insurance.

FY 2016 Reduced Resources

The agency was not required to submit reduced resource options, but submitted one reduced resource option which would reduce expenditures by $2.2 million, all from the State General Fund, for FY 2016.

FY 2016 REDUCED RESOURCES

Item	Agency Submission SGF	Agency Submission All Funds	Agency Submission FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
Meyer Building Delay	$ (2,170,195)	$ (2,170,195)	0.0	$ (2,170,195)	$ (2,170,195)	0.0
TOTAL	$ (2,170,195)	$ (2,170,195)	0.0	$ (2,170,195)	$ (2,170,195)	0.0

The **agency** submits one reduced resource option concerning the Sexual Predator Treatment Program (SPTP) Meyer Building. By maximizing the use of existing bed in the SPTP's Dillon and Annex buildings and delaying the opening of the Meyer building until January 2016, the agency will be able to reduce expenditures by $2.2 million, all from the State General Fund, for FY 2016. Savings will include utilities, environmental services, information technology services, communications services, and security.

The **Governor** recommends the agency's reduced resource option, reducing expenditures by $2.2 million, all from the State General Fund, for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 64,662,767	$ 64,007,666	$ (655,101)
FTE Positions	936.5	936.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 2,268,346	$ 4,427,495	
All Other Funds	(50)	(1,868)	
TOTAL	$ 2,268,296	$ 4,425,627	
Percent Change:			
State General Fund	4.8 %	10.0 %	
All Other Funds	(0.0)	(0.0)	
TOTAL	3.6 %	7.4 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $64.7 million, including $49.4 million from the State General Fund, for FY 2017. This is an all funds increase of $2.3 million, or 3.6 percent, and a State General Fund increase of $2.3 million, or 4.8 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages and contractual services, partially offset by a decrease in other assistance for FY 2017.

The request includes a transfer of $351,002, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to KDADS to pay the vendor directly.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $53.2 million, including $46.6 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $2.0 million, or 3.9 percent, and a State General Fund increase of $1.6 million, or 3.7 percent, above the FY 2016 request. The increase is primarily attributable an increase in salaries and wages and fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $5.8 million, including $2.6 million from the State General Fund, for contractual services for FY 2017. This is an all funds increase of $381,752, or 7.1 percent, and a State General Fund increase of $673,260, or 35.9 percent, above the FY 2016 request. The increase is attributable to an increase in medical expenditures.

- **Commodities.** The agency requests $5.0 million, including $1.2 million from the State General Fund, for commodities for FY 2017. This is an all funds increase of $387, or less than 0.1 percent, and a State General Fund increase of $373, or less than 0.1 percent, above the FY 2016 request.

- **Capital Outlay.** The agency requests $634,515, including $84,305 from the State General Fund, for capital outlay for FY 2017. This is an all funds increase of $3, or less than 0.1 percent, all from the State General Fund, above the FY 2016 request.

- **Other Assistance.** The agency requests $33,540, including $14,137 from the State General Fund, for FY 2017. This is an all funds decrease of $128,753, or 79.3 percent, and a State General Fund decrease of $49,642, or 77.8 percent, below the FY 2016 request. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $64.0 million, including $48.9 million from the State General Fund, for FY 2017. This is an all funds decrease of $655,101, or 1.0 percent, and a State General Fund decrease of $562,477, or 1.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $205,142, all from the State General Fund, and affects 660 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 $198,041, including $168,936 from the State General Fund, and FY 2017 longevity payments total $221,679, including $190,132 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $642,237, including $551,431 from the State General Fund for FY 2016. This is a reduction of $655,101, including $562,477 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	75.6 %	74.6 %	76.4 %	76.3 %
LSH Fee Fund	7.2	7.5	6.9	7.0
Title XIX Fund	16.7	17.4	16.2	16.2
All Other Funds	0.5	0.6	0.5	0.5
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

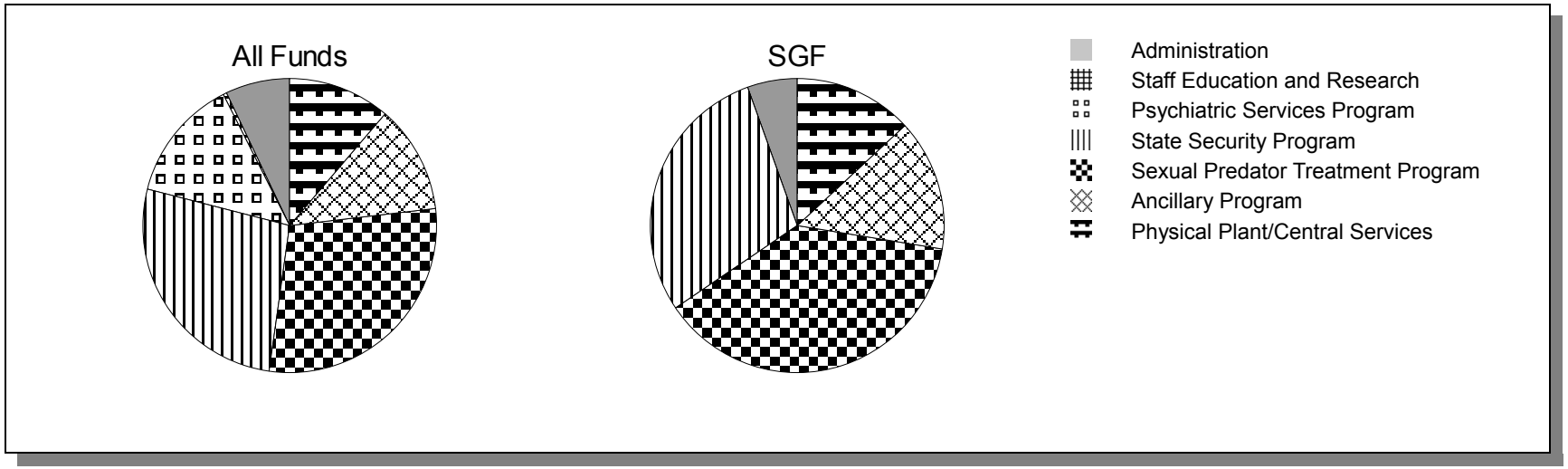
Larned State Hospital Fee Fund Analysis

KSA 76-1302a requires that the superintendent of the Larned State Hospital remit all moneys received from charges under KSA 59-2006 and deposit them into the Larned State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

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	$ 1,946,406	$ 1,329,232	$ 1,329,232	$ 771,693	$ 776,000	$ 583,985	$ 596,421
Revenue	3,516,297	3,907,086	3,907,086	4,276,917	4,276,917	4,448,381	4,448,381
Transfers in	1,850	1,993	1,993	1,993	1,993	1,993	1,993
Total Funds Available	$ 5,464,553	$ 5,238,311	$ 5,238,311	$ 5,050,603	$ 5,054,910	$ 5,034,359	$ 5,046,795
Less: Expenditures	4,466,612	4,462,818	4,458,511	4,462,768	4,454,639	4,462,718	4,454,427
Encumbrance Adjustment*	(331,291)	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	3,800	3,800	3,850	3,850	3,900	3,900
Ending Balance	$ 1,329,232	$ 771,693	$ 776,000	$ 583,985	$ 596,421	$ 567,741	$ 588,468
Ending Balance as Percent of Expenditures	29.8%	17.3%	17.4%	13.1%	13.4%	12.7%	13.2%
	February	July	July	February	February	February	February
Month Highest Ending Balance	$ 3,709,101	$ 865,392	$ 865,392	$ 532,170	$ 532,170	$ 527,635	$ 527,635
	June	December	December	August	August	October	October
Month Lowest Ending Balance	$ 997,941	$ 62,256	$ 62,256	$ 228,046	$ 228,046	$ 245,612	$ 245,612

* The Governor recommends removal of encumbrances occurring in FY 2013 and prior fiscal years from state finances. For the Larned State Hospital Fee Fund, the Governor recommends canceling encumbrances totaling $331,291.

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	$ 4,212,663	7.1 %	$ 2,437,266	5.5 %
Staff Education and Research	224,624	0.4	0	0.0
Psychiatric Services Program	8,074,903	13.6	(80)	(0.0)
State Security Program	15,952,395	26.8	12,872,728	29.0
Sexual Predator Treatment Program	17,327,706	29.1	16,880,400	38.0
Ancillary Program	7,084,959	11.9	6,413,375	14.4
Physical Plant/Central Services	6,704,789	11.3	5,823,870	13.1
TOTAL	$ 59,582,039	100.0 %	$ 44,427,559	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	46.0	48.2	48.2	48.2	48.2	48.2	48.2
Staff Edu & Research	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Psychiatric Srvcs	132.0	120.0	120.0	120.0	120.0	120.0	120.0
State Security Program	271.0	245.0	245.0	245.0	245.0	245.0	245.0
Sex Predator Trtmt	342.5	322.5	322.5	322.5	322.5	322.5	322.5
Ancillary Services	35.0	52.0	52.0	52.0	52.0	52.0	52.0
Phys Plant/Central Svcs	106.0	144.8	144.8	144.8	144.8	144.8	144.8
TOTAL	936.5	936.5	936.5	936.5	936.5	936.5	936.5

A. Administration

The Administration Program provides overall management activities such as budgeting, planning, and staffing designed to ensure that the patients' basic needs are met and that proper care and treatment are received. This program is responsible for maintaining accreditation and certification with federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Lastly, LSH has a partnership with three other agencies that receive a significant level of goods and services from Larned State Hospital: Larned Juvenile Correctional Facility, Larned Correctional Mental Health Facility, and the Fort Dodge Soldiers' Home. According to the agency, a goal of Administration is to focus on the successful execution of hospital policies and procedures, to provide exemplary customer service, and increase stakeholders' confidence in hospital services.

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	$ 3,956,796	$ 2,359,023	$ 2,335,664	$ 3,068,369	$ 3,027,245	$ 3,180,157	$ 3,138,209
Contractual Services	644,575	573,220	573,220	551,696	551,696	550,496	550,496
Commodities	242,865	172,753	172,753	171,525	171,525	171,537	171,537
Capital Outlay	317,897	455,202	455,202	455,202	455,202	455,202	455,202
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 5,162,133	$ 3,560,198	$ 3,536,839	$ 4,246,792	$ 4,205,668	$ 4,357,392	$ 4,315,444
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	32,262	18,933	18,933	6,995	6,995	1,749	1,749
TOTAL	$ 5,194,395	$ 3,579,131	$ 3,555,772	$ 4,253,787	$ 4,212,663	$ 4,359,141	$ 4,317,193
Financing:							
State General Fund	$ (2,494,491)	$ 2,227,872	$ 2,205,994	$ 2,468,779	$ 2,437,266	$ 2,396,524	$ 2,364,379
All Other Funds	7,688,886	1,351,259	1,349,778	1,785,008	1,775,397	1,962,617	1,952,814
TOTAL	$ 5,194,395	$ 3,579,131	$ 3,555,772	$ 4,253,787	$ 4,212,663	$ 4,359,141	$ 4,317,193
FTE Positions	46.0	48.2	48.2	48.2	48.2	48.2	48.2
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	46.0	48.2	48.2	48.2	48.2	48.2	48.2

The **agency** requests expenditures of $4.3 million, including $2.5 million from the State General Fund, for FY 2016. This is an all funds increase of $674,656, or 18.9 percent, and a State General Fund increase of $240,907, or 10.8 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in salaries and wages fringe benefit expenditures, partially offset by an increase in shrinkage and a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $4.2 million, including $2.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $41,124, or 1.0 percent, and a State General Fund decrease of $31,513, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $4.4 million, including $2.4 million from the State General Fund, for FY 2017. This is

an all funds increase of $105,354, or 2.5 percent, and a State General Fund decrease of $72,255, or 2.9 percent, from the FY 2016 request. The all funds increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an increase in shrinkage and a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $4.3 million, including $2.4 million from the State General Fund, for FY 2017. This is an all funds decrease of $41,948, or 1.0 percent, and a State General Fund decrease of $32,145, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

B. Staff Education and Research Program

The Staff Education and Research program has two primary areas of focus: recruitment and education. Recruitment involves general nursing recruitment and clinical rotations offered to several state nursing programs. Other recruitment involves internship and practicum arrangements with professional staff in psychiatry, psychology, social work, and activity therapy. Education involves ensuring identification and provision of minimum hospital, KDADS, and other training requirements as dictated by policy and standards. Larned is moving from classroom instructor lead training toward more online training for educational sessions.

STAFF EDUCATION AND RESEARCH
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	$ 229,586	$ 225,767	$ 223,440	$ 216,214	$ 214,196	$ 224,371	$ 222,313
Contractual Services	45,810	3,455	3,455	3,455	3,455	3,455	3,455
Commodities	5,074	2,893	2,893	2,893	2,893	2,893	2,893
Capital Outlay	(1,341)	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 279,129	$ 232,115	$ 229,788	$ 222,562	$ 220,544	$ 230,719	$ 228,661
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	8,995	6,995	6,995	4,080	4,080	0	0
TOTAL	$ 288,124	$ 239,110	$ 236,783	$ 226,642	$ 224,624	$ 230,719	$ 228,661
Financing:							
State General Fund	$ 236,611	$ 0	$ 0	$ 0	$ 0	$ 9,588	$ 9,588
All Other Funds	51,513	239,110	236,783	226,642	224,624	221,131	219,073
TOTAL	$ 288,124	$ 239,110	$ 236,783	$ 226,642	$ 224,624	$ 230,719	$ 228,661
FTE Positions	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	4.0	4.0	4.0	4.0	4.0	4.0	4.0

The **agency** requests expenditures of $226,642, all from special revenue funds, for FY 2016. This is a decrease of $12,468, or 5.2 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in shrinkage, and a decrease in salary, fringe benefits, and voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $224,624, all from special revenue funds, for FY 2016. This is an all funds decrease of $2,018, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $230,719, including $9,588 from the State General Fund, for FY 2017. This is an all funds increase of $4,077, or 1.8 percent, and a State General Fund increase of $9,588, above the FY 2016 request. The increase is attributable to an increase in salary and fringe

benefit expenditures due to payment of the 27th payroll period, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $228,661, including $9,588 from the State General Fund, for FY 2017. This is an all funds decrease of $2,058, or 0.9 percent, below the agency's request. The State General Fund amount is the same amount as the agency's request. The all funds decrease is attributable to a reduction in employer contributions for state employee health insurance.

C. Psychiatric Services Program

The Psychiatric Services Program provides psychiatric treatment to Kansas citizens 18 years or older. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The Psychiatric Services program no longer serves youth and only provides adult inpatient services. Service units include a 30 bed Crisis Stabilization Unit for acute stabilization and treatment and two Adult Treatment Units for patients with chronic conditions budgeted for 30 beds each. Growing demands for in-patient psychiatric services are resulting in steadily increasing admissions that often exceed the program's budgeted bed capacity. The adult units were had an average daily census of 98 in FY 2014. The highest monthly average in FY 2014 was 103 in June of 2014. A major goal of the program is to reduce readmissions.

PSYCHIATRIC SERVICES
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	$ 7,502,327	$ 6,680,135	$ 6,615,897	$ 6,486,802	$ 6,407,625	$ 6,724,842	$ 6,644,079
Contractual Services	1,016,423	769,315	769,315	793,905	793,905	819,723	819,723
Commodities	939,223	862,740	862,740	863,121	863,121	863,531	863,531
Capital Outlay	4,141	2,651	2,651	2,651	2,651	2,651	2,651
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 9,462,114	$ 8,314,841	$ 8,250,603	$ 8,146,479	$ 8,067,302	$ 8,410,747	$ 8,329,984
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	9,602	7,601	7,601	7,601	7,601	2,355	2,355
TOTAL	$ 9,471,716	$ 8,322,442	$ 8,258,204	$ 8,154,080	$ 8,074,903	$ 8,413,102	$ 8,332,339
Financing:							
State General Fund	$ 7,505,033	$ (551,369)	$ (551,369)	$ (80)	$ (80)	$ 101,106	$ 101,106
All Other Funds	1,966,683	8,873,811	8,809,573	8,154,160	8,074,983	8,311,996	8,231,233
TOTAL	$ 9,471,716	$ 8,322,442	$ 8,258,204	$ 8,154,080	$ 8,074,903	$ 8,413,102	$ 8,332,339
FTE Positions	132.0	120.0	120.0	120.0	120.0	120.0	120.0
Non-FTE Uncl. Perm. Pos.	1.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	133.0	122.0	122.0	122.0	122.0	122.0	122.0

* Negative State General Fund totals reflected for this program in FY 2015 and FY 2016 were erroneously proportioned when data was entered in the IBARS system, however the overall State General Fund totals for the agency are correct in FY 2015 and FY 2016.

The **agency** requests expenditures of $8.2 million, including a negative $80 from the State General Fund, for FY 2016. This is an all funds decrease of $168,362, or 2.0 percent, and a State General Fund increase of $551,289, or 100.0 percent, from the revised FY 2015 estimate. The all funds decrease is primarily attributable to a increase in shrinkage, partially offset by an increase in medical expenditures and fringe benefits expenditures.

The **Governor** recommends expenditures of $8.1 million, including a negative $80 from the State General Fund, for FY 2016. This is an all funds decrease of $79,177, or 1.0 percent,

below the agency's request. The State General Fund amount is the same as the agency's request. The all funds decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $8.4 million, including $101,106 from the State General Fund, for FY 2017. This is an all funds increase of $259,022, or 3.2 percent, and a State General Fund increase of $101,186, or 126,482.5 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and wages fringe benefit expenditures, due to payment of the 27th payroll period which occurs in the fiscal year. The increase is also attributable to an increase in medical expenditures, partially offset by a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $8.3 million, including $101,106 from the State General Fund, for FY 2017. This is an all funds decrease of $80,763, or 1.0 percent, below the agency's request. The State General Fund amount is the same as the agency's request. The all funds decrease is attributable to a reduction in employer contributions for state employee health insurance.

D. State Security Program

The State Security Program was originally established in 1937. This program, also known in Kansas statutes as the State Security Hospital, serves male and female adults from all 105 Kansas counties who are admitted through forensic commitment statutes. The State Security Hospital delivers specialized mental health services to persons committed by the District Courts and those transferred from the Kansas Department of Corrections. The State Security Hospital consists of 200 beds in seven units housed at the Isaac Ray Building.

The program also provides competency, mental state, pre-sentence and sexual predator evaluations. The goal is to complete evaluations in 60 days or less. However, in recent years wait-lists have increased and a top priority of the State Security Program is to decrease the wait list for forensic admissions to the extent possible within resources. The State Security Program collaborates with the KDADS Coordinator of Forensic Services to explore alternative resources and ideas to decreasing the wait list. The effect of the wait is the local jails have to retain these individuals until the evaluation is completed. Many local jails have agreements with Community Mental Health Centers to provide services in the jail. Local jails have the option of getting the evaluation done locally. There is also a process for the local jails to ask to have the person moved to the top of list if they can demonstrate the person's condition has worsened to a point they can no longer safely handle the individual.

STATE SECURITY 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	$ 16,102,128	$ 13,074,860	$ 12,950,102	$ 13,026,066	$ 12,858,738	$ 13,519,991	$ 13,349,312
Contractual Services	1,184,773	837,837	837,837	852,059	852,059	866,994	866,994
Commodities	2,153,142	2,128,845	2,128,845	2,128,850	2,128,850	2,128,850	2,128,850
Capital Outlay	53,516	35,505	35,505	39,905	39,905	39,905	39,905
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 19,493,559	$ 16,077,047	$ 15,952,289	$ 16,046,880	$ 15,879,552	$ 16,555,740	$ 16,385,061
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	113,222	79,255	79,255	72,843	72,843	17,048	17,048
TOTAL	$ 19,606,781	$ 16,156,302	$ 16,031,544	$ 16,119,723	$ 15,952,395	$ 16,572,788	$ 16,402,109
Financing:							
State General Fund	$ 16,195,199	$ 13,059,135	$ 12,934,876	$ 13,040,056	$ 12,872,728	$ 13,524,655	$ 13,353,976
All Other Funds	3,411,582	3,097,167	3,096,668	3,079,667	3,079,667	3,048,133	3,048,133
TOTAL	$ 19,606,781	$ 16,156,302	$ 16,031,544	$ 16,119,723	$ 15,952,395	$ 16,572,788	$ 16,402,109
FTE Positions	271.0	245.0	245.0	245.0	245.0	245.0	245.0
Non-FTE Uncl. Perm. Pos.	5.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	276.0	247.0	247.0	247.0	247.0	247.0	247.0

The **agency** requests expenditures of $16.1 million, including $13.0 million from the State General Fund, for FY 2016. This is an all funds decrease of $36,579, or 0.2 percent, and a State General Fund decrease of $19,079, or 0.2 percent, below the revised FY 2015 estimate. The decrease is attributable to an increase in shrinkage, partially offset by an increase in salaries and wages fringe benefit expenditures.

The **Governor** recommends expenditures of $16.0 million, including $12.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $167,328, or 1.0 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $16.6 million, including $13.5 million from the State General Fund, for FY

2017. This is an all funds increase of $453,065, or 2.8 percent, and a State General Fund increase of $484,599, or 3.7 percent, above the FY 2016 request. The increase is attributable to an increase in salaries and wages fringe benefit expenditures due to payment of the 27th payroll period which occurs in the fiscal year, and an increase in medical expenditures, partially offset by a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $16.4 million, including $13.4 million from the State General Fund, for FY 2017. This is an all funds decrease of $170,679, or 1.0 percent, all from the State General Fund, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

E. Sexual Predator Treatment Program

The Sexual Predator Treatment Program (SPTP) was established in 1994 by the Sexual Predator Act (KSA 59-29A01 *et seq.*) to provide treatment for convicted sex offenders who have finished their prison sentences, and who have been civilly committed by the courts to the SPTP inpatient treatment program at Larned State Hospital. The SPTP is comprised of seven phases of treatment. Phases one through five are located at LSH; phases six and seven are located at Osawatomie State Hospital. The SPTP was given a dual mission. First, SPTP's goal is to protect the public from any further victimization by sexual offenders committed to the program. Second, SPTP is required to provide a program of treatment which would assist motivated offenders to reduce their risk for re-offense to the point that they could safely live in open society and become contributing citizens.

MiCo House (formerly known as THS) is a state funded program on the grounds of Osawatomie State Hospital and is limited to eight beds. MiCo House accepts clients who have been deemed ready for transition from Larned State Hospital's Sexual Predator Treatment Program. MiCo House serves clients that are in Phases 6 and 7 of the Sexual Predator Treatment Program. To be deemed ready for the program, clients must have successfully progressed through the residential portion of the treatment program and have a motivation to re-enter into a normal lifestyle. MiCo House provides shelter, monetary assistance, and transportation to aid client transition and residents will spend anywhere from six to 36 months at MiCo House. MiCo House also encourages clients to utilize community resources for other services such as psychiatric and vocational assistance. MiCo House staff are aware of clients' whereabouts at all times through visual contact and phone checks. In most cases, clients will obtain a job, learn to budget and save money, purchase their own transportation, and eventually live on their own in the community. Clients transition through the program on a step system that slowly allows them more and more freedom to make their own decisions and be on their own.

SEXUAL PREDATOR TREATMENT 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	$ 10,317,075	$ 16,774,501	$ 11,252,308	$ 16,109,771	$ 13,721,811	$ 16,813,025	$ 16,590,898
Contractual Services	2,266,967	3,307,802	3,307,802	2,324,281	2,324,281	2,666,479	2,666,479
Commodities	1,133,539	1,154,281	1,154,281	1,154,518	1,154,518	1,154,481	1,154,481
Capital Outlay	147,479	80,449	80,449	84,302	84,302	84,305	84,305
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 13,865,060	$ 21,317,033	$ 15,794,840	$ 19,672,872	$ 17,284,912	$ 20,718,290	$ 20,496,163
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	76,428	52,121	52,121	42,794	42,794	6,558	6,558
TOTAL	$ 13,941,488	$ 21,369,154	$ 15,846,961	$ 19,715,666	$ 17,327,706	$ 20,724,848	$ 20,502,721
Financing:							
State General Fund	$ 13,930,769	$ 21,369,154	$ 15,846,961	$ 19,268,360	$ 16,880,400	$ 20,608,604	$ 20,386,477
All Other Funds	10,719	0	0	447,306	447,306	116,244	116,244
TOTAL	$ 13,941,488	$ 21,369,154	$ 15,846,961	$ 19,715,666	$ 17,327,706	$ 20,724,848	$ 20,502,721
FTE Positions	342.5	322.5	322.5	322.5	322.5	322.5	322.5
Non-FTE Uncl. Perm. Pos.	16.0	18.0	18.0	18.0	18.0	18.0	18.0
TOTAL	358.5	340.5	340.5	340.5	340.5	340.5	340.5

The **agency** requests expenditures of $19.7 million, including $19.3 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.7 million, or 7.7 percent, and a State General Fund decrease of $2.1 million, or 9.8 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to an increase in shrinkage, and a decrease in professional fees, partially offset by an increase in medical expenditures and fringe benefit expenditures.

The **Governor** recommends expenditures of $17.3 million, including $16.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $2.4 million, or 12.1 percent, all from the State General Fund, or 12.4 percent, below the agency's request. The decrease is attributable to a decrease in salaries and wages due to delaying the opening of the Meyer Building, and a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $20.7 million, including $20.6 million from the State General Fund, for FY 2017. This is an all funds increase of $1.0 million, 5.1 percent, and a State General Fund increase of $1.3 million, or 7.0 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures due to payment of the 27th payroll period which occurs in the fiscal year.

The **Governor** recommends expenditures of $20.5 million, including $20.4 million from the State General Fund, for FY 2017. This is an all funds decrease of $222,127, or 1.1 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

F. Ancillary Services Program

The Ancillary Services Program consists of Allied Clinical Services which is comprised of medical services, nursing services, chaplaincy services, psychology department, social services department, pharmacy, clinical pathology laboratory, and clinic/infection control.

ANCILLARY SERVICES
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	$ 2,822,373	$ 5,649,014	$ 5,588,610	$ 6,346,250	$ 6,307,410	$ 6,592,774	$ 6,553,156
Contractual Services	830,491	430,937	430,937	430,937	430,937	430,937	430,937
Commodities	328,176	317,931	317,931	317,932	317,932	317,932	317,932
Capital Outlay	12,055	7,695	7,695	7,695	7,695	7,695	7,695
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 3,993,095	$ 6,405,577	$ 6,345,173	$ 7,102,814	$ 7,063,974	$ 7,349,338	$ 7,309,720
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	27,651	20,985	20,985	20,985	20,985	2,915	2,915
TOTAL	$ 4,020,746	$ 6,426,562	$ 6,366,158	$ 7,123,799	$ 7,084,959	$ 7,352,253	$ 7,312,635
Financing:							
State General Fund	$ 2,836,934	$ 5,649,014	$ 5,588,610	$ 6,452,215	$ 6,413,375	$ 6,648,060	$ 6,608,442
All Other Funds	1,183,812	777,548	777,548	671,584	671,584	704,193	704,193
TOTAL	$ 4,020,746	$ 6,426,562	$ 6,366,158	$ 7,123,799	$ 7,084,959	$ 7,352,253	$ 7,312,635
FTE Positions	35.0	52.0	52.0	52.0	52.0	52.0	52.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	36.0	53.0	53.0	53.0	53.0	53.0	53.0

The **agency** requests expenditures of $7.1 million, including $6.5 million from the State General Fund, for FY 2016. This is an all funds increase of $697,237, or 10.9 percent, and a State General Fund increase of $803,201, or 14.2 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures, partially offset by an increase in shrinkage.

The **Governor** recommends expenditures of $7.1 million, including $6.4 million from the State General Fund, for FY 2016. This is an all funds decrease of $38,840, or 0.6 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The agency requests expenditures of $7.4 million, including $6.7 million from the State General Fund, for FY 2017. This is

an all funds increase of $228,454, or 3.2 percent, and a State General Fund increase of $195,845, or 3.0 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages fringe benefit expenditures, partially offset by an increase in shrinkage, and a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $7.3 million, including $6.6 million from the State General Fund, for FY 2017. This is an all funds decrease of $39,618, or 0.5 percent, all from the State General fund, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

G. Physical Plant and Central Services Program

The Physical Plant and Central Services Program is comprised of the following: Engineering, Environmental Services, Safety/Security, Purchasing/Supply, Dietary, and Laundry. The Engineering program is responsible for the repair and upkeep of 78 buildings and 949,579 square feet of space on 120 acres of grounds. The Engineering program also provides physical plant service for the hospital, Larned Juvenile Correctional Facility and Larned Correctional Mental Health Facility. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate LSH and also works cooperatively with LJCF and LCMHF. Dietary Services was contracted out for FY 2014 and FY 2015 to A'viands which provides meal services for the hospital and averages 2,500 meals per day. Meals are also delivered to the LJCF and LCMHF.

PHYSICAL PLANT AND CENTRAL SERVICES
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	$ 4,357,605	$ 6,691,185	$ 6,629,747	$ 5,912,860	$ 5,816,875	$ 6,126,079	$ 6,028,171
Contractual Services	458,291	430,432	430,432	425,634	425,634	425,635	425,635
Commodities	507,337	410,525	410,525	410,528	410,528	410,530	410,530
Capital Outlay	92,512	44,757	44,757	44,757	44,757	44,757	44,757
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 5,415,745	$ 7,576,899	$ 7,515,461	$ 6,793,779	$ 6,697,794	$ 7,007,001	$ 6,909,093
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	25,711	9,773	9,773	6,995	6,995	2,915	2,915
TOTAL	$ 5,441,456	$ 7,586,672	$ 7,525,234	$ 6,800,774	$ 6,704,789	$ 7,009,916	$ 6,912,008
Financing:							
State General Fund	$ 4,431,846	$ 6,693,595	$ 6,632,157	$ 5,919,855	$ 5,823,870	$ 6,128,994	$ 6,031,086
All Other Funds	1,009,610	893,077	893,077	880,919	880,919	880,922	880,922
TOTAL	$ 5,441,456	$ 7,586,672	$ 7,525,234	$ 6,800,774	$ 6,704,789	$ 7,009,916	$ 6,912,008
FTE Positions	106.0	144.8	144.8	144.8	144.8	144.8	144.8
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	106.0	144.8	144.8	144.8	144.8	144.8	144.8

The **agency** requests expenditures of $6.8 million, including $5.9 million from the State General Fund, all from special revenue funds, for FY 2016. This is a decrease of $785,898, or 10.4 percent, and a State General Fund decrease of $773,740, or 11.6 percent, below the revised FY 2015 estimate. The decrease is attributable to an adjustment to shrinkage and a decrease in salary and fringe benefit expenditures, and voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $6.7 million, including $5.8 million from the State General Fund, for FY 2016. This is an all funds decrease of $95,985, or 1.4 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $7.0 million, including $6.1 million from the State General Fund, for FY 2017. This is

an all funds increase of $209,142, or 3.1 percent, and a State General Fund increase of $209,139, or 3.5 percent, above the FY 2016 request. The increase is attributable to and increase in salaries and fringe benefit expenditures, due to payment of the 27th payroll period, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $6.9 million, including $6.0 million from the State General Fund, for FY 2017. This is an all funds decrease of $97,908, or 1.4 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in 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
Carpeting	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000	$ 4,000
Door Replacement	3,808	3,808	3,808	3,808	3,808	3,808
TOTAL	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	7,808	7,808	7,808	7,808	7,808	7,808
TOTAL	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808	$ 7,808

Current Year Agency Estimate

FY 2015 – Current Year. Major capital improvements for the agency is primarily budgeted in KDADS budget, funded from the State Institution Building Fund, however the agency has budgeted small capital improvements within other programs from special revenue funds. In FY 2015, the agency's revised estimate includes minor capital improvement expenditures within the State Security and Ancillary Services programs. The agency estimates revised capital improvement expenditures of $7,808, all from special revenue funds, in FY 2015. This is an increase of $7,808 above the amount approved by the 2014 Legislature. The increase is attributable to the agency expending $4,000 for carpeting and $3,808 to replace some regular doors with cuff hole doors (doors which include a section that can be opened without opening the door completely).

Current Year Governor Recommendation

The **Governor** recommends expenditures of $7,808, all from special revenue funds, for capital improvements in FY 2015. This is the same amount as the agency's revised estimate.

Budget Year Agency Request

FY 2016 – Budget Year. The agency estimates revised capital improvement expenditures of $7,808, all from special revenue funds, for FY 2016. This is the same amount as the revised FY 2015 estimate. Capital improvement expenditures are attributable to the agency expending $4,000 for carpeting and $3,808 to replace some regular doors with cuff hole doors.

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $7,808, all from special revenue funds, for capital improvements for FY 2016. This is the same amount as the agency's request.

Budget Year Agency Request

FY 2017 – Budget Year. The agency estimates revised capital improvement expenditures of $7,808, all from special revenue funds, for FY 2017. This is the same amount as the FY 2016 request. Capital improvement expenditures are attributable to the agency expending $4,000 for carpeting and $3,808 to replace some regular doors with cuff hole doors.

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $7,808, all from special revenue funds, for capital improvements for FY 2017. This is the same amount as the agency's request.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Average serious patient injuries from patient aggression per 1,000 inpatient days	--	0.075	0.071	0.068	0.064
Average restraint hours per 1,000 inpatient hours	--	0.093	0.088	0.084	0.080
Percent of direct care staff, clinicians and designated support staff trained in crisis intervention techniques	--	99.23%	99.23%	99.23%	99.23%

Osawatomie State Hospital

	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	$ 13,324,384	$ 12,987,726	$ 12,835,130	$ 12,890,202	$ 12,482,443	$ 14,109,690	$ 13,698,708
Other Funds	14,584,777	17,190,260	17,073,750	17,190,260	17,084,661	17,190,260	17,082,552
TOTAL	$ 27,909,161	$ 30,177,986	$ 29,908,880	$ 30,080,462	$ 29,567,104	$ 31,299,950	$ 30,781,260
Capital Improvements:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	2,124	0	0	0	0	0	0
TOTAL	$ 2,124	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
GRAND TOTAL	**$ 27,911,285**	**$ 30,177,986**	**$ 29,908,880**	**$ 30,080,462**	**$ 29,567,104**	**$ 31,299,950**	**$ 30,781,260**
Percentage Change:							
Operating Expenditures							
State General Fund	(17.8) %	(2.5) %	(3.7) %	(0.8) %	(2.7) %	9.5 %	9.7 %
All Funds	(1.0)	8.1	7.2	(0.3)	(1.1)	4.1	4.1
FTE Positions	385.9	483.1	483.1	483.1	483.1	483.1	483.1
Non-FTE Perm.Uncl.Pos.	0.0	15.0	15.0	15.0	15.0	15.0	15.0
TOTAL	385.9	498.1	498.1	498.1	498.1	498.1	498.1

AGENCY OVERVIEW

Osawatomie State Hospital is an acute mental health care bed facility that serves people 18 years of age and older from 46 eastern and central Kansas counties who require inpatient psychiatric treatment or non-medical detoxification for substance abuse. No services are offered for children or adolescents. Osawatomie was established by the Legislature in 1863 and was called the State Insane Asylum. The name changed in 1901 to Osawatomie State Hospital. Osawatomie State Hospital provides certain support services to the Osawatomie Correctional Facility and the Rainbow Mental Health Facility. In FY 2001, administrative services for Osawatomie were consolidated with Rainbow Mental Health Facility. From 2001 to 2014, the two hospitals previously shared a single operating license and administrative team, including the superintendent who oversaw both facilities. In 2014, Rainbow Mental Health Facility was merged into Osawatomie State Hospital, and the beds at Osawatomie that were previously considered Rainbow's beds are now fully operated by Osawatomie.

Osawatomie State Hospital operates a thirty-bed Crisis Stabilization Unit and four Acute Care Units. The Crisis Stabilization Unit serves individuals who may be stabilized in a short period of time and returned to the community within 14 days or less. The Acute Care Units have a target length of stay of 30 days or less.

In addition, the Sexual Predator Treatment Program Transition House, now known as MiCo House, is located on the grounds of Osawatomie State Hospital; however this program is administered and funded by Larned State Hospital.

MAJOR ISSUES FROM PRIOR YEARS

In response to budget reductions made at the direction of the Governor, Osawatomie State Hospital delayed the opening of the remodeled 30-bed crisis stabilization unit approved in FY 2007. The delay avoided the need for an additional $1.5 million in FY 2010 to annualize costs, including 49.0 FTE positions. The East Biddle unit remained closed until August 20, 2009, when patients were moved into the unit from an existing unit.

During May 2010 and July 2010, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions require a referral by one of the state's 27 community mental health centers and involve adults who must have the capacity to consent to care, have a treatment facility that agrees the person is in need of services offered by a facility and are mentally ill as defined by law and medical understanding. When the hospitals are full, the community centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions. In FY 2010, the number of days over census was 123 or, 34 percent, of the time. In FY 2011, the number of days over census was 119, or 33 percent, of the time. The agency indicates that a hospital of similar size and serving a similar population as Osawatomie should run at an 85 percent capacity for its average daily census over the course of a year.

Osawatomie State Hospital is accredited by the Joint Commission (TJC), formerly named the Joint Commission on Accreditation of Healthcare Organizations and licensed by the Kansas Department of Health and Environment. These agencies along with the federal Centers for Medicare and Medicaid Services conduct periodic surveys, both announced and unannounced, to determine compliance with applicable laws, regulations and standards. OSH was surveyed by the TJC in June 2013 and received a three year accreditation. The next TJC survey is due by June 2015.

Since November 9, 2011, all patients from the Rainbow Mental Health Facility are being served at Osawatomie after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was subsequently opened at Osawatomie State Hospital.

The **2013 Legislature** concurred with the recommendation of the Governor to combine the operations of Osawatomie State Hospital and Rainbow Mental Health Facility into one agency to eliminate redundancies in one management operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow Mental Health Facility's fee funds to the Osawatomie State Hospital fee funds as part of the closure of Rainbow Mental Health Facility, as well as transferred 112.2 FTE positions to Osawatomie State Hospital. Thirty beds at Osawatomie State Hospital that had previously been operating as Rainbow Mental Health beds were officially designated as Osawatomie State Hospital beds, increasing Osawatomie's budgeted bed capacity from 176 to 206 in FY 2015.

BUDGETED BED CAPACITY

The chart below shows the budgeted bed capacity at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	176	176	206	206	206

ADMISSIONS

The chart below shows admissions at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	2,364	2,684	3,240	3,370	3,472

AVERAGE LENGTH OF STAY

The chart below shows the average length of stay in days for adults at Osawatomie State Hospital.

	FY 13 Actual	FY 14 Actual	FY 15 Projected	FY 16 Projected	FY 17 Projected
Total	23	26	25	25	24

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** requests a revised estimate for $30.2 million, including $13.0 million from the State General Fund, in FY 2015. This is an all funds increase of $115,596, or 0.4 percent, and a State General Fund decrease of $1,347,404, or 9.4 percent, from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to KPERS employer contributions budgeted in excess of the approved amount, due to the agency submitting the revised estimate prior to the Governor's December 9th allotment which decreased the KPERS employer contribution rate. The increase is also attributable to an increase in shrinkage, a decrease in voluntary retirement incentive expenditures, and a decrease in supplies, partially offset by increased expenditures related to the purchase and installation of a computerized medication system. The State General Fund decrease is attributable to the supplemental request by the agency, to replace $1.5 million in State General Fund expenditures with Title XIX funds, having a net zero effect on total expenditures. The revised estimate includes a decrease of 15.0 FTE positions below the amount approved by the 2014 Legislature. The decrease in FTE positions is attributable to a corresponding increase of 15.0 non-FTE positions in FY 2015 above the amount approved by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends expenditures of $29.9 million, including $12.8 million from the State General Fund, in FY 2015. This is an all funds decrease of $269,106, or 0.9 percent, and a State General Fund decrease of $152,596, or 1.2 percent, below the agency's revised estimate. The decrease is attributable to a reduction in the Kansas Public Employer Retirement System regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

FY 2016 Agency Request

The **agency** requests operational expenditures of $30.1 million, including $12.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $97,524, or 0.3 percent, and a State General Fund decrease of $97,524, or 0.8 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to the agency's budget total returning to a normalized level absent expenditures related to the computerized medication system in FY 2015, partially offset by an increase in salaries and wages fringe benefit expenditures for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends expenditures of $29.6 million, including $12.5 million from the State General Fund, for FY 2016. This is an all funds decrease of $513,358, or 1.7 percent, and a State General Fund decrease of $407,759, or 3.2 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of $247,080, all from the State General Fund, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2016.

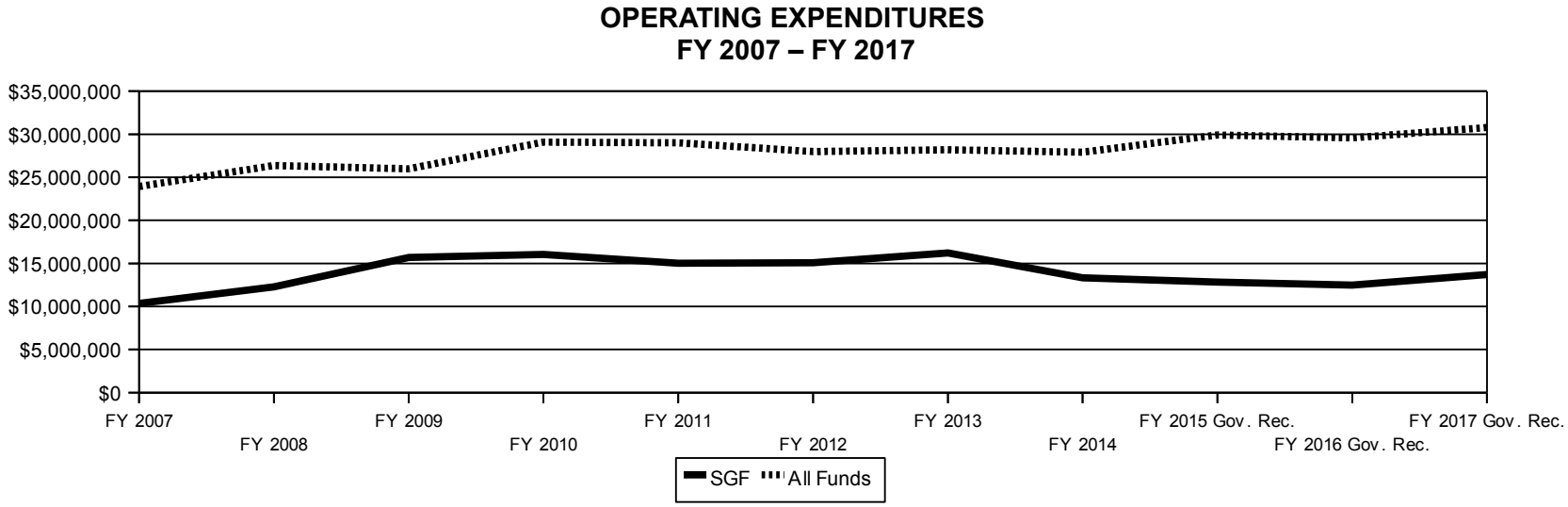
FY 2017 Agency Request

The **agency** requests expenditures of $31.3 million, including $14.1 million from the State General Fund. This is an all funds increase of $1.2 million, or 4.1 percent, and a State General Fund increase of $1.2 million, or 9.5 percent, above the FY 2016 request. The increase is primarily attributable to increased salaries expenditures due to the 27th payroll period, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

FY 2017 Governor Recommendation

The **Governor** recommends expenditures of $30.8 million, including $13.7 million from the State General Fund, for FY 2017. This is an all funds decrease of $518,690, or 1.7 percent, and a State General Fund decrease of $410,982, or 2.9 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of $247,080, all from special revenue funds, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2017.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 10,359,647	(0.4)%	$ 23,926,843	2.0 %	404.6
2008	12,266,462	18.4	26,363,418	10.2	428.6
2009	15,674,745	27.8	25,981,034	(1.5)	441.4
2010	16,029,824	2.3	29,081,034	11.9	441.4
2011	15,020,869	(6.3)	29,003,861	(0.3)	441.4
2012	15,064,074	0.3	27,979,050	(3.5)	396.4
2013	16,215,056	7.6	28,186,959	0.7	396.4
2014	13,324,384	(17.8)	27,909,161	(1.0)	385.9
2015 Gov. Rec.	12,835,130	(3.7)	29,908,880	7.2	483.1
2016 Gov. Rec.	12,482,443	(2.7)	29,567,104	(1.1)	483.1
2017 Gov. Rec.	13,698,708	9.7	30,781,260	4.1	483.1
Eleven-Year Change	$ 3,339,061	32.2 %	$ 6,854,417	28.6 %	78.5

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 3,345,959	$ 2,779,437	$ 3,706,624	$ 927,187	33.4 %	$ 2,759,472	$ 3,670,172	$ 910,700	33.0 %
Staff Edu & Research	181,960	192,241	193,322	1,081	0.6	190,580	191,574	994	0.5
Med & Surg Services	5,250,769	6,433,249	7,193,735	760,486	11.8	6,399,063	7,033,542	634,479	9.9
Clinical Services	14,376,622	15,641,136	14,076,634	(1,564,502)	(10.0)	15,456,615	13,889,493	(1,567,122)	(10.1)
Trust and Benefits	7,635	0	0	0	--	0	0	0	--
Phys Plant/Central Svcs	4,746,216	5,131,923	4,910,147	(221,776)	(4.3)	5,103,150	4,782,323	(320,827)	(6.3)
TOTAL	$ 27,909,161	$ 30,177,986	$ 30,080,462	$ (97,524)	(0.3) %	$ 29,908,880	$ 29,567,104	$ (341,776)	(1.1)%
By Major Object of Expenditure:									
Salaries and Wages	$ 22,469,239	$ 24,363,251	$ 25,095,332	$ 732,081	3.0 %	$ 24,094,145	$ 24,829,054	$ 734,909	3.1 %
Contractual Services	3,558,275	3,365,440	3,174,849	(190,591)	(5.7)	3,365,440	3,162,849	(202,591)	(6.0)
Commodities	1,663,115	1,721,695	1,670,681	(51,014)	(3.0)	1,721,695	1,435,601	(286,094)	(16.6)
Capital Outlay	139,042	675,100	102,100	(573,000)	(84.9)	675,100	102,100	(573,000)	(84.9)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 27,829,671	$ 30,125,486	$ 30,042,962	$ (82,524)	(0.3) %	$ 29,856,380	$ 29,529,604	$ (326,776)	(1.1)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	79,490	52,500	37,500	(15,000)	(28.6)	52,500	37,500	(15,000)	(28.6)
TOTAL	$ 27,909,161	$ 30,177,986	$ 30,080,462	$ (97,524)	(0.3) %	$ 29,908,880	$ 29,567,104	$ (341,776)	(1.1)%
Financing:									
State General Fund	$ 13,324,384	$ 12,987,726	$ 12,890,202	$ (97,524)	(0.8) %	$ 12,835,130	$ 12,482,443	$ (352,687)	(2.7)%
OSH Fee Fund	9,706,658	8,755,323	8,755,323	0	0.0	8,681,367	8,682,006	639	0.0
Title XIX Fund	4,868,944	8,434,937	8,434,937	0	0.0	8,392,383	8,402,655	10,272	0.1
All Other Funds	9,175	0	0	0	--	0	0	0	--
TOTAL	$ 27,909,161	$ 30,177,986	$ 30,080,462	$ (97,524)	(0.3) %	$ 29,908,880	$ 29,567,104	$ (341,776)	(1.1)%

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	$ 3,706,624	$ 3,801,049	$ 94,425	2.5 %	$ 3,670,172	$ 3,763,929	$ 93,757	2.6 %
Staff Edu & Research	193,322	213,932	20,610	10.7	191,574	212,149	20,575	10.7
Med & Surg Services	7,193,735	7,438,121	244,386	3.4	7,033,542	7,277,630	244,088	3.5
Clinical Services	14,076,634	14,810,550	733,916	5.2	13,889,493	14,619,661	730,168	5.3
Trust and Benefits	0	0	0	--	0	0	0	--
Phys Plant/Central Svcs	4,910,147	5,036,298	126,151	2.6	4,782,323	4,907,891	125,568	2.6
TOTAL	$ 30,080,462	$ 31,299,950	$ 1,219,488	4.1 %	$ 29,567,104	$ 30,781,260	$ 1,214,156	4.1 %
By Major Object of Expenditure:								
Salaries and Wages	$ 25,095,332	$ 26,315,495	$ 1,220,163	4.9 %	$ 24,829,054	$ 26,043,885	$ 1,214,831	4.9 %
Contractual Services	3,174,849	3,186,655	11,806	0.4	3,162,849	3,174,655	11,806	0.4
Commodities	1,670,681	1,683,200	12,519	0.7	1,435,601	1,448,120	12,519	0.9
Capital Outlay	102,100	102,100	0	0.0	102,100	102,100	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 30,042,962	$ 31,287,450	$ 1,244,488	4.1 %	$ 29,529,604	$ 30,768,760	$ 1,239,156	4.2 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	37,500	12,500	(25,000)	(66.7)	37,500	12,500	(25,000)	(66.7)
TOTAL	$ 30,080,462	$ 31,299,950	$ 1,219,488	4.1 %	$ 29,567,104	$ 30,781,260	$ 1,214,156	4.1 %
Financing:								
State General Fund	$ 12,890,202	$ 14,109,690	$ 1,219,488	9.5 %	$ 12,482,433	$ 13,698,708	$ 1,216,275	9.7 %
OSH Fee Fund	8,755,323	8,755,323	0	0.0	8,682,006	8,680,543	(1,463)	(0.0)
Title XIX Fund	8,434,937	8,434,937	0	0.0	8,402,655	8,402,009	(646)	(0.0)
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	$ 30,080,462	$ 31,299,950	$ 1,219,488	4.1 %	$ 29,567,094	$ 30,781,260	$ 1,214,166	4.1 %

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $14,602,590 for Osawatomie State Hospital in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- A reduction of $114,864, as a result of the privatization of food services and a corresponding transfer to KDADS to pay the vendor directly.
- A reduction of $152,596, as the result of the Governor's December 9th, State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $14,335,130. That amount is reflected in the table below as the currently approved FY 2015 State General Fund 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	$ 14,335,130	$ 12,987,726	$ (1,347,404)	$ 12,835,130	$ (1,500,000)
All Other Funds	15,727,260	17,190,260	1,463,000	17,073,750	1,346,490
TOTAL	$ 30,062,390	$ 30,177,986	$ 115,596	$ 29,908,880	$ (153,510)
FTE Positions	498.1	483.1	(15.0)	483.1	(15.0)

The **agency** requests a revised estimate for $30.2 million, including $13.0 million from the State General Fund, in FY 2015. This is an all funds increase of $115,596, or 0.4 percent, and a State General Fund decrease of $1,347,404, or 9.4 percent,

from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to KPERS employer contributions budgeted in excess of the approved amount, due to the agency submitting the revised estimate prior to the Governor's December 9th allotment which decreased the KPERS employer contribution rate. The increase is also attributable to an increase in shrinkage, a decrease in voluntary retirement incentive expenditures, and a decrease in supplies, partially offset by increased expenditures related to the purchase and installation of a computerized medication system. The State General Fund decrease is primarily attributable to the supplemental request by the agency, to replace $1.5 million in State General Funds with Title XIX funds, having a net zero effect on total expenditures. The revised estimate includes a decrease of 15.0 FTE positions below the amount approved by the 2014 Legislature. The decrease in FTE positions is attributable to a corresponding increase of 15.0 non-FTE positions in FY 2015 above the amount approved by the 2014 Legislature.

The agency's estimate is detailed by category of expenditures.

- **Salaries and Wages.** The agency estimates $24.4 million, including $13.0 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds decrease of $1,344,449, or 5.2 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to an increase in shrinkage.

- **Contractual Services.** The agency estimates $3.4 million, all from special revenue funds, for contractual services in FY 2015. This is an all funds increase of $794,290, or 30.9 percent, and a State General Fund decrease of $300, or 100.0 percent, from the amount approved by the 2014 Legislature. The all funds increase is primarily attributable to an increase in medical, professional, and computer expenditures associated with the set up and installation of the computerized medication system.

- **Commodities.** The agency estimates $1.7 million, including $150 from the State General Fund, for commodities in FY 2015. This is an all funds decrease of $135,305, or 7.3 percent, and a State General Fund decrease of $188,500, or 99.9 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to reduced expenditures on household supplies, scientific supplies, gasoline, pharmaceutical supplies, data processing supplies, and office supplies.

- **Capital Outlay.** The agency estimates $675,100, all from special revenue funds, for capital outlay in FY 2015. This is an increase of $554,100, or 457.9 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to the purchase of a centralized, computerized medication system to increase the efficiency and safety for storing and dispensing medications. There is a one-time start-up cost to purchase and install the equipment and software. The increase is partially offset by a decrease in pharmaceutical expenditures, professional equipment, professional fees, and computer software expenditures.

- **Other Assistance.** The agency estimates $52,500, all from special revenue funds, for other assistance in FY 2015. This is a decrease of $20,500, or 28.1 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $29.9 million, including $12.8 million from the State General Fund, in FY 2015. This is an all funds decrease of $269,106, or 0.9 percent, and a State General Fund decrease of $152,596, or 1.2 percent, below the agency's revised estimate. The decrease is attributable to reducing the Kansas Public Employer Retirement System regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Replace $1.5 million State General Fund with Title XIX	$ (1,500,000)	$ 0	0.0	$ (1,500,000)	$ 0	0.0
TOTAL	**$ (1,500,000)**	**$ 0**	**0.0**	**$ (1,500,000)**	**$ 0**	**0.0**

The **agency** requests to replace $1.5 million in agency funding, all from the State General Fund, with Title XIX funds. This request would have no effect on all funds expenditures, and would be a decrease of $1.5 million, or 10.4 percent, in State General Funds, in FY 2015. This action relates to a corresponding replacement of $1.5 million in Title XIX funds with State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The **Governor** recommends adoption of the agency's supplemental request to replace $1.5 million of expenditures from the State General Fund with Title XIX funds, in FY 2015.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included

recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (152,596)	$ (152,596)	0.0
TOTAL	$ (152,596)	$ (152,596)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $152,596, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency expenditures but is reflective of a reduction of expenditures from the State General Fund.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 30,080,462	$ 29,567,104	$ (513,358)
FTE Positions	483.1	483.1	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (97,524)	$ (352,687)	
All Other Funds	0	10,911	
TOTAL	$ (97,524)	$ (341,776)	
Percent Change:			
State General Fund	(0.8) %	(2.7) %	
All Other Funds	0.0	0.1	
TOTAL	(0.3) %	(1.1) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operational expenditures of $30.1 million, including $12.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $97,524, or 0.3 percent, and a State General Fund decrease of $97,524, or 0.8 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to the agency's budget total returning to a normalized level absent the installation and setup of the computerized medication system.

The agency request includes a transfer of $114,864, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to the Kansas Department for Aging and Disability Services to pay the vendor directly.

The request also includes replacement of $1.5 million, all from the State General Fund, with Title XIX funds. This action

relates to a corresponding replacement of $1.5 million of Title XIX funds with State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The agency's request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $25.1 million, including $12.9 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of $732,081, or 3.0 percent, and a State General Fund decrease of $98,760, or 0.8 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in salaries and wages fringe benefit expenditures.

- **Contractual Services.** The agency requests $3.2 million, all from special revenue funds, for contractual services, for FY 2016. This is a decrease of $190,591, or 5.7 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to contractual services returning to a normalized rate, absent the expenditures for set-up and installation of the computerized medication system in FY 2015.

- **Commodities.** The agency requests $1.7 million, including $1,386 from the State General Fund, for FY 2016. This is an all funds decrease of $51,014, or 3.0 percent, and a State General Fund increase of $1,236, or 824.0 percent, from the revised FY 2015 estimate. The all funds decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures for FY 2016.

- **Capital Outlay.** The agency requests $102,100, all from special revenue funds, for capital outlay for FY 2016. This is a decrease of $573,000, or 84.9 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to expenditures returning to a normalized rate, absent the expenditure on a computerized medication system in FY 2015.

- **Other Assistance.** The agency requests $37,500, all from special revenue funds, for other assistance for FY 2016. This is a decrease of $15,000, or 28.6 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $29.6 million, including $12.5 million from the State General Fund, for FY 2016. This is an all funds decrease of $513,358, or 1.7 percent, and a State General Fund decrease of $407,759, or 3.2 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of $247,080, all from the State General Fund, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance for FY 2016.

FY 2016 Reduced Resources

The agency was not required to submit reduced resource options, but submitted two reduced resource options which would reduce expenditures by $247,080, all from the State General Fund, for FY 2016.

FY 2016 REDUCED RESOURCES

	Agency Submission			Governor's Recommendation		
Item	SGF	All Funds	FTE	SGF	All Funds	FTE
Medication Savings	$ (145,300)	$ (145,300)	0.0	$ (145,300)	$ (145,300)	0.0
Reduced Supplies	(101,780)	(101,780)	0.0	(101,780)	(101,780)	0.0
TOTAL	$ (247,080)	$ (247,080)	0.0	$ (247,080)	$ (247,080)	0.0

The **agency** submitted two reduced resource options which would reduce expenditures by $247,080, all from the State General Fund, for FY 2016.

- The first reduced resource option concerns medication savings, which would decrease expenditures by $145,300, all from the State General Fund, for FY 2016. To reduce expenditures, the agency would implement a centralized computer process for managing inventory and dispensing of medications, as well as promoting the use of established antipsychotic medication that is available as a generic.
- The second reduced resource option concerns reduced supplies, which would decrease expenditures by $101,780, all from the State General Fund, for FY 2016. To reduce supplies, the agency could reduce general supplies, limit the use and availability of cell phones, reduce printing costs by relying on electronic medical records, and reduce fuel costs by managing the diesel fuel used by the power plant during non-critical periods.

The **Governor** recommends both agency reduced resource options, totaling $247,080, all from the State General Fund, for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 31,299,950	$ 30,781,260	$ (518,690)
FTE Positions	483.1	483.1	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 1,219,488	$ 1,216,275	
All Other Funds	0	(2,109)	
TOTAL	$ 1,219,488	$ 1,214,166	
Percent Change:			
State General Fund	9.5 %	9.7 %	
All Other Funds	0.0	(0.0)	
TOTAL	4.1 %	4.1 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests expenditures of $31.3 million, including $14.1 million from the State General Fund. This is an all funds increase of $1.2 million, or 4.1 percent, and a State General Fund increase of $1.2 million, or 9.5 percent, above the FY 2016 request. The increase is primarily attributable to increased salaries and wages fringe benefit expenditures due to payment of the 27th payroll period for that fiscal year, partially offset by an adjustment to shrinkage and a decrease in voluntary retirement incentive expenditures.

The agency request includes a transfer of $114,864, all from the State General Fund, as a result of the privatization of food services and a corresponding transfer to the Kansas Department for Aging and Disability Services to pay the vendor directly.

The request also includes replacement of $1.5 million, all from the State General Fund, with Title XIX funds. This action relates to a corresponding replacement of $1.5 million of Title XIX funds with State General Fund moneys for the Kansas Neurological Institute, which is necessary for federal matching dollars.

The agency's request is detailed by category of expenditure.

- **Salaries and Wages.** The agency requests $26.3 million, including $14.1 million from the State General Fund, for FY 2017. This is an all funds increase of $1.2 million, or 4.9 percent, and a State General Fund increase of $1.2 million, or 9.4 percent, above the FY 2016 request. The increase is primarily attributable to increased salaries and wages fringe benefits due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $3.2 million, all from special revenue funds, for contractual services, for FY 2017. This is an increase of $11,806, or 0.4 percent, above the FY 2016 request. The increase is attributable to an increase in staff training expenditures.

- **Commodities.** The agency requests $1.7 million, including $13,905 from the State General Fund, for commodities for FY 2017. This is an all funds increase of $12,519, or 0.7 percent, all from the State General Fund, above the FY 2016 request. The increase is attributable to an increase in scientific supplies.

- **Capital Outlay.** The agency requests $102,100, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $12,500, all from special revenue funds, for FY 2017. This is a decrease of $25,000, or 66.7 percent, below the FY 2016 request. The decrease is primarily attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $30.8 million, including $13.7 million from the State General Fund, for FY 2017. This is an all funds decrease of $518,690, or 1.7 percent, and a State General Fund decrease of $410,982, or 2.9 percent, below the agency's request. The decrease is partially attributable to the Governor recommending both agency reduced resource options, totaling a decrease of $247,080, all from special revenue funds, for FY 2016. The decrease is also attributable to a reduction in employer contributions for state employee health insurance, for FY 2017.

FY 2017 Reduced Resources

The agency was not required to submit reduced resource options, but submitted two reduced resource options which would reduce expenditures by $247,080, all from the State General Fund, for FY 2017.

FY 2017 REDUCED RESOURCES

Item	Agency Submission SGF	Agency Submission All Funds	Agency Submission FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
Medication Savings	$ (145,300)	$ (145,300)	0.0	$ (145,300)	$ (145,300)	0.0
Reduced Supplies	(101,780)	(101,780)	0.0	(101,780)	(101,780)	0.0
TOTAL	$ (247,080)	$ (247,080)	0.0	$ (247,080)	$ (247,080)	0.0

The **agency** submitted two reduced resource options which would reduce expenditures by $247,080, all from the State General Fund, for FY 2017.

The first reduced resource option concerns medication savings, which would decrease expenditures by $145,300, all from the State General Fund, for FY 2017. To reduce expenditures, the agency would implement a centralized computer process for managing the inventory and dispensing of medications, as well as promoting the use of established antipsychotic medication that is available as a generic.

The second reduced resource option concerns reduced supplies, which would decrease expenditures by $101,780, all from the State General Fund, for FY 2017. To reduce supplies, the agency could reduce general supplies, limit the use and availability of cell phones, reduce printing costs by relying on electronic medical records, and reduce fuel costs by managing the diesel fuel used by the power plant during non-critical periods.

The **Governor** recommends both agency reduced options totaling a decrease of $247,000, all from the State General Fund, for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $97,524, all from the State General Fund, and affects 314 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 $105,080, including $53,867 from the State General Fund, and FY 2017 longevity payments total $115,640, including $61,860 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $266,278, including $160,679 from the State General Fund for FY 2016. This is a reduction of $271,610, including $163,902 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Federal Title XIX (Medicaid) funding comprises approximately one third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the four state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which they charge to Medicaid for each day a person covered by Medicaid lives in the facility. OSH is a mental health hospital.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disabilities hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of Disproportionate Share Hospital funding available to the hospitals has decreased which decreases receipts into the central fund.

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	42.9 %	42.2 %	45.1 %	44.5 %
OSH Fee Fund	29.1	29.4	28.0	28.2
Title XIX Fund	28.0	28.4	26.9	27.3
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

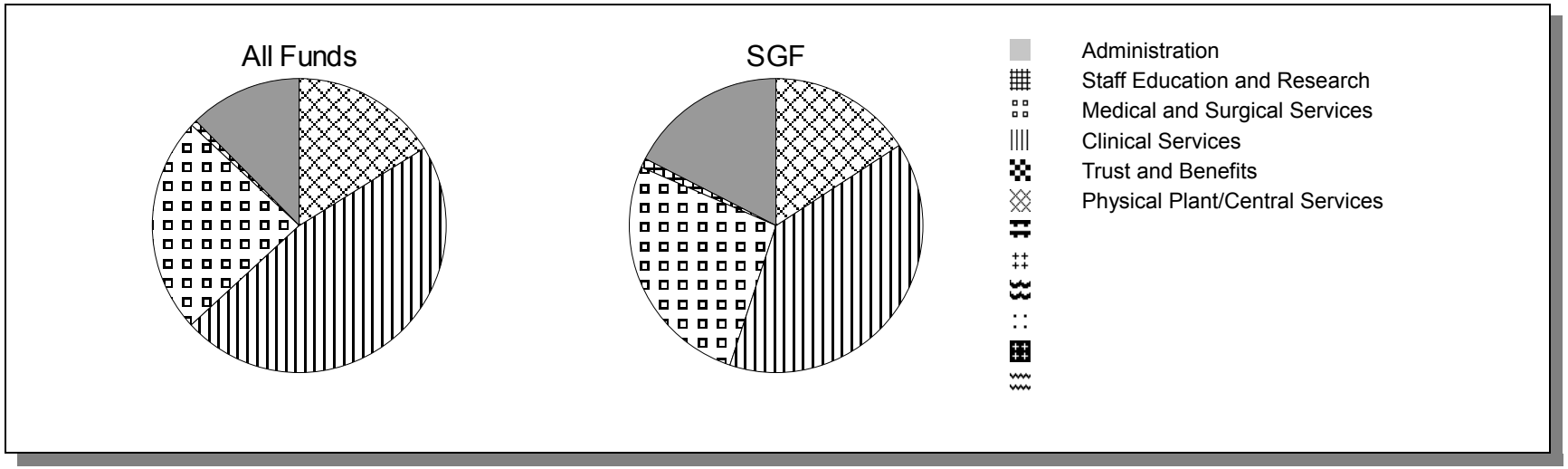
Fee Fund Analysis - Osawatomie State Hospital Fee Fund

KSA 76-1201c provides that the superintendent of the Osawatomie State Hospital shall remit all moneys received from charges made under KSA 59-2006 and deposit the moneys into the Osawatomie State Hospital Fee Fund. KSA 59-2006 relates to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

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	$ 2,620,701	$ 1,213,207	$ 1,213,207	$ 866,776	$ 940,732	$ 520,345	$ 667,618
Revenue	8,279,906	8,408,892	8,408,892	8,408,892	8,408,892	8,408,892	8,408,892
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 10,900,607	$ 9,622,099	$ 9,622,099	$ 9,275,668	$ 9,349,624	$ 8,929,237	$ 9,076,510
Less: Expenditures	9,706,658	8,755,323	8,681,367	8,755,323	8,682,006	8,755,323	8,680,543
Encumbrance Adjustment	(19,258)	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 1,213,207	$ 866,776	$ 940,732	$ 520,345	$ 667,618	$ 173,914	$ 395,967
Ending Balance as Percent of Expenditures	12.5%	9.9%	10.8%	5.9%	7.7%	2.0%	4.6%
	July	December	December	November	November	December	December
Month Highest Ending Balance	$ 14,202,359	$ 13,070,748	$ 13,070,748	$ 11,211,071	$ 11,211,071	$ 10,481,394	$ 10,481,394
	June	June	June	June	June	June	June
Month Lowest Ending Balance	$ 1,193,949	$ 720,748	$ 720,748	$ 301,071	$ 301,071	$ 0	$ 0

* The Governor recommends removal of encumbrances occurring in FY 2013 and prior fiscal years from state finances. For the Osawatomie State Hospital Fee Fund, encumbrances totaling $19,258 are recommended to be canceled.

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	$ 3,670,172	12.4 %	$ 2,180,911	17.5 %
Staff Education and Research	191,574	0.6	127,871	1.0
Medical and Surgical Services	7,033,542	23.8	3,299,283	26.4
Clinical Services	13,889,493	47.0	4,899,307	39.2
Trust and Benefits	0	0.0	0	0.0
Physical Plant/Central Services	4,782,323	16.2	1,975,071	15.8
TOTAL	$ 29,567,104	100.0 %	$ 12,482,443	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	38.0	49.6	49.6	49.6	49.6	49.2	49.2
Staff Edu & Research	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Med & Surg Services	23.0	28.3	28.3	28.3	28.3	28.0	28.0
Clinical Services	260.8	344.4	344.4	344.4	344.4	345.4	345.4
Trust and Benefits	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Phys Plant/Central Svcs	61.1	57.8	57.8	57.8	57.8	57.5	57.5
TOTAL	385.9	483.1	483.1	483.1	483.1	483.1	483.1

A. Administration

The General Administration program provides overall management activities such as budgeting, planning and staffing designed to ensure that the patients' basic needs are met and that proper care and treatment are received. This program is responsible for maintaining accreditation and certification with federal agencies. In addition, this program is responsible for business services, personnel, legal services, management and information systems, quality improvement, risk management, and reimbursement. Positions in this program also provide administrative services for Rainbow Mental Health Facility.

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	$ 1,871,138	$ 2,123,992	$ 2,104,027	$ 3,092,105	$ 3,067,653	$ 3,211,524	$ 3,186,404
Contractual Services	1,234,011	513,970	513,970	487,969	475,969	487,975	475,975
Commodities	68,655	28,975	28,975	29,050	29,050	29,050	29,050
Capital Outlay	92,665	60,000	60,000	60,000	60,000	60,000	60,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 3,266,469	$ 2,726,937	$ 2,706,972	$ 3,669,124	$ 3,632,672	$ 3,788,549	$ 3,751,429
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	79,490	52,500	52,500	37,500	37,500	12,500	12,500
TOTAL	$ 3,345,959	$ 2,779,437	$ 2,759,472	$ 3,706,624	$ 3,670,172	$ 3,801,049	$ 3,763,929
Financing:							
State General Fund	$ 1,050,075	$ 2,124,142	$ 2,104,177	$ 2,210,389	$ 2,180,911	$ 2,270,446	$ 2,240,490
All Other Funds	2,295,884	655,295	655,295	1,496,235	1,489,261	1,530,603	1,523,439
TOTAL	$ 3,345,959	$ 2,779,437	$ 2,759,472	$ 3,706,624	$ 3,670,172	$ 3,801,049	$ 3,763,929
FTE Positions	38.0	49.6	49.6	49.6	49.6	49.2	49.2
Non-FTE Uncl. Perm. Pos.	0.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	38.0	52.6	52.6	52.6	52.6	52.2	52.2

The **agency** requests expenditures of $3.7 million, including $2.2 million from the State General Fund, for FY 2016. This is an all funds increase of $927,187, or 33.4 percent, and a State General Fund increase of $86,247, or 4.1 percent, above the revised FY 2015 estimate. The increase is attributable to an adjustment to shrinkage and an increase in salary expenditures and fringe benefit costs, partially offset by a decrease in computer software and voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $3.7 million, including $2.2 million from the State General Fund, for FY 2016. This is a decrease of $36,452, or 1.0 percent, and a State General Fund decrease of $29,478, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to limit supplies by reducing expenditures on cellular phones.

The **agency** requests expenditures of $3.8 million, including $2.3 million from the State General Fund, for FY 2017. This is an all funds increase of $94,425, or 2.5 percent, and a State General Fund increase of $60,057, or 2.7 percent, above the FY 2016 estimate. The increase is attributable to an increase in salary expenditures and fringe benefit costs due to the 27th payroll period, partially offset by a decrease in voluntary retirement incentive expenditures. The agency requests 49.2 FTE positions, which is a decrease of 0.4 FTE positions below the number in the FY 2016 request. The decrease is attributable to a shift of 0.4 FTE positions to the Clinical Services program.

The **Governor** recommends expenditures of $3.8 million, including $2.2 million from the State General Fund, for FY 2017. This is an all funds decrease of $37,120, or 1.0 percent, and a State General Fund decrease of $29,956, or 1.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to limit supplies by reducing expenditures on cellular phones.

B. Staff Education and Research

The Staff Education and Research program increases the quality of care and treatment of patients by teaching new skills and improving existing skills needed to perform assigned duties. Programs provided include performance improvement classes, designing questionnaires, stress management, therapeutic boundaries, team building, sensitivity training and leadership classes. Specific training is provided for nursing staff. The library also provides educational materials to staff.

STAFF EDUCATION AND RESEARCH
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	$ 161,467	$ 183,341	$ 181,680	$ 184,422	$ 182,674	$ 193,232	$ 191,449
Contractual Services	16,074	4,600	4,600	4,600	4,600	16,400	16,400
Commodities	4,419	4,300	4,300	4,300	4,300	4,300	4,300
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 181,960	$ 192,241	$ 190,580	$ 193,322	$ 191,574	$ 213,932	$ 212,149
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 181,960	$ 192,241	$ 190,580	$ 193,322	$ 191,574	$ 213,932	$ 212,149
Financing:							
State General Fund	$ 106,388	$ 183,341	$ 181,680	$ 129,095	$ 127,871	$ 135,262	$ 134,014
All Other Funds	75,572	8,900	8,900	64,227	63,703	78,670	78,135
TOTAL	$ 181,960	$ 192,241	$ 190,580	$ 193,322	$ 191,574	$ 213,932	$ 212,149
FTE Positions	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	3.0	3.0	3.0	3.0	3.0	3.0	3.0

The **agency** requests a revised estimate of $193,322, including $129,095 from the State General Fund, for the Staff Education and Research Program, for FY 2016. This is an all funds increase of $1,081, or 0.6 percent, and a State General Fund decrease of $54,246, or 29.6 percent, from the revised FY 2015 estimate. The increase is attributable to increased fringe benefit costs, partially offset by a decrease in salary expenditures.

The **Governor** recommends expenditures of $191,574, including $127,871 from the State General Fund, for FY 2016. This is an all funds decrease of $1,748, or 0.9 percent, and a State General Fund decrease of $1,224, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction of employer contributions for state employee health insurance.

The **agency** requests expenditures of $213,932, including $135,262 from the State General Fund, for FY 2017. This is an

all funds increase of $20,610, or 10.7 percent, and a State General Fund increase of $6,167, 4.8 percent, above the FY 2016 request. The increase is attributable to an increase in job related training, salary payments, and fringe benefit costs.

The **Governor** recommends expenditures of $212,149, including $134,014 from the State General Fund, for FY 2017. This is an all funds decrease of $1,783, or 0.8 percent, and a State General Fund decrease of $1,248, or 0.9 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

C. Medical and Surgical Services

The Medical and Surgical Services program consists of Allied Clinical Services and the Medical and Surgical Services program. Allied Clinical Services includes pharmacy, medical laboratory and diagnostic services, physical therapy, dental services, and professional consultants. It also includes those staff in direct support of clinical services due to their direct services on patient units such as custodial workers and dieticians. Medical and Surgical Services provide services in a variety of specialized areas are available to enable physicians to provide comprehensive treatment. Consultation is available in such areas as OB/GYN, neurology, radiology, and other specialties.

MEDICAL AND SURGICAL SERVICES
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	$ 3,287,896	$ 3,443,164	$ 3,408,978	$ 4,950,204	$ 4,935,311	$ 5,182,071	$ 5,166,880
Contractual Services	965,184	1,353,590	1,353,590	1,255,800	1,255,800	1,255,800	1,255,800
Commodities	980,715	1,021,395	1,021,395	972,631	827,331	985,150	839,850
Capital Outlay	16,974	615,100	615,100	15,100	15,100	15,100	15,100
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 5,250,769	$ 6,433,249	$ 6,399,063	$ 7,193,735	$ 7,033,542	$ 7,438,121	$ 7,277,630
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 5,250,769	$ 6,433,249	$ 6,399,063	$ 7,193,735	$ 7,033,542	$ 7,438,121	$ 7,277,630
Financing:							
State General Fund	$ 1,825,625	$ 1,943,164	$ 1,923,596	$ 3,454,974	$ 3,299,283	$ 3,641,205	$ 3,485,306
All Other Funds	3,425,144	4,490,085	4,475,467	3,738,761	3,734,259	3,796,916	3,792,324
TOTAL	$ 5,250,769	$ 6,433,249	$ 6,399,063	$ 7,193,735	$ 7,033,542	$ 7,438,121	$ 7,277,630
FTE Positions	23.0	28.3	28.3	28.3	28.3	28.0	28.0
Non-FTE Uncl. Perm. Pos.	0.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	23.0	29.3	29.3	29.3	29.3	29.0	29.0

The **agency** requests expenditures of $7.2 million, including $3.5 million from the State General Fund, for FY 2016. This is an increase of $760,486, or 11.8 percent, and a State General Fund increase of $1,511,810, or 77.8 percent, above the revised FY 2015 estimate. The increase is primarily attributable to the agency purchasing a centralized, computerized medication cabinet to increase the efficiency and safety for storing and dispensing medications. There is a one-time start-up cost to purchase and install the equipment and software. The increase is partially offset by a decrease in pharmaceutical expenditures, professional equipment, professional fees, and computer software expenditures.

The **Governor** recommends expenditures of $7.0 million, including $3.3 million from the State General Fund, for FY 2016. This is an all funds decrease of $160,193, or 2.2 percent, and a State General Fund decrease of $155,691, or 4.5 percent, below the agency's request. The decrease is attributable to a

reduction of employer contributions for state employee health insurance, and adoption of the agency's reduced resource option for medication savings by reducing drug and pharmaceutical expenditures.

The **agency** requests expenditures of $7.4 million, including $3.6 million from the State General Fund, for FY 2017. This is an increase of $244,386, or 3.4 percent, and a State General Fund increase of $186,231, or 5.4 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period and professional equipment expenditures. The request includes 28.0 FTE positions, which is a decrease of 0.3 FTE positions below the FY 2016 request. The decrease is attributable to a shift of 0.3 FTE positions to the Clinical Services program.

The **Governor** recommends expenditures of $7.3 million, including $3.5 million from the State General Fund, for FY 2017. This is an all funds decrease of $160,491, or 2.2 percent, and a State General Fund decrease of $155,899, or 4.3 percent, below the agency's request. The decrease is attributable to a reduction of employer contributions for state employee health insurance, and adoption of the agency's reduced resource option for medication savings by reducing drug and pharmaceutical expenditures.

D. Clinical Services

The Clinical Services program contains the former Psychiatric Services program and the former Ancillary Activity Therapy program. The Psychiatric Services program provides mental health services to adults who require inpatient evaluation and treatment. Patients are referred to the hospital after being screened by community mental health centers. Upon admission, a comprehensive evaluation is completed and an individual treatment plan is developed. The treatments include, but are not limited to: group and individual therapy; medication; education classes on medication and symptom management; music; recreation; and occupational and leisure therapies. An interdisciplinary person-centered team approach (IDT) which includes the patient as an active participant, forms the basis of the active treatment strategy. The Adult Psychiatric program provides services for people 18 years of age and older. The eight-bed Social Detoxification Service operates within an adult psychiatric ward. The Activity Therapy program provides specialized clinical services in music therapy, therapeutic recreation, occupational therapy and work therapy. In addition to formal therapy, this subprogram provides a variety of informal, interdisciplinary sponsored leisure time opportunities for patients.

The agency has indicated two mental health trends of note that have started to impact this program's current and future budget requests. The first long-term trend of importance is an age swell in America's population curve that produces a greater incidence of aging related mental and physical illnesses. The second trend of note is the steadily increasing impact of dually diagnosed patients (those with a chemical dependency and mental disorders) who tend to be younger and more aggressive. The adult inpatient program already is experiencing the impact of two of the trends in that it is treating a younger, more disabled, and more aggressive population than previous years. The long-term patient population that formerly stayed in OSH for many years is small by comparison. Increased intensive treatment and more expensive pharmaceuticals and technologies than previous years are required to respond to the needs of this new population.

CLINICAL SERVICES
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	$ 14,163,000	$ 15,326,981	$ 15,142,460	$ 13,826,654	$ 13,639,513	$ 14,560,570	$ 14,369,681
Contractual Services	176,762	261,305	261,305	197,505	197,505	197,505	197,505
Commodities	36,860	52,850	52,850	52,475	52,475	52,475	52,475
Capital Outlay	0	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 14,376,622	$ 15,641,136	$ 15,456,615	$ 14,076,634	$ 13,889,493	$ 14,810,550	$ 14,619,661
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 14,376,622	$ 15,641,136	$ 15,456,615	$ 14,076,634	$ 13,889,493	$ 14,810,550	$ 14,619,661
Financing:							
State General Fund	$ 8,555,378	$ 5,451,306	$ 5,368,677	$ 5,004,742	$ 4,899,307	$ 5,873,830	$ 5,766,283
All Other Funds	5,821,244	10,189,830	10,087,938	9,071,892	8,990,186	8,936,720	8,853,378
TOTAL	$ 14,376,622	$ 15,641,136	$ 15,456,615	$ 14,076,634	$ 13,889,493	$ 14,810,550	$ 14,619,661
FTE Positions	260.8	344.4	344.4	344.4	344.4	345.4	345.4
Non-FTE Uncl. Perm. Pos.	0.0	5.0	5.0	5.0	5.0	5.0	5.0
TOTAL	260.8	349.4	349.4	349.4	349.4	350.4	350.4

The **agency** requests $14.1 million, including $5.0 million from the State General Fund, for the Clinical Services Program for FY 2016. This is an all funds decrease of $1.6 million, or 8.2 percent, and a State General Fund decrease of $446,564, or 8.2 percent, below the revised FY 2015 estimate. The decrease is attributable to an adjustment to shrinkage and a decrease in overtime pay and professional fees.

The **Governor** recommends expenditures of $13.9 million, including $4.9 million from the State General Fund, for FY 2016. This is an all funds decrease of $187,141, or 1.3 percent, and a State General Fund decrease of $105,435, or 2.1 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests $14.8 million, including $5.9 million from the State General Fund, for FY 2017. This is an all funds increase of $733,916, or 5.2 percent, and a State General Fund increase of $869,088, or 17.4 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period, partially offset by an adjustment to shrinkage. The request includes 345.4 FTE positions, which is an increase of 1.0 FTE position above the FY 2016 request. The increase is attributable to the shift of 1.0 FTE combined position from the Administration, Medical and Surgical, and Physical Plant and Central Services programs.

The **Governor** recommends expenditures of $14.6 million, including $5.8 million from the State General Fund, for FY 2017. This is an all funds decrease of $190,889, or 1.3 percent, and a State General Fund decrease of $107,547, or 1.8 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

E. Trust and Benefits

The Patients' Benefit fund is a non-appropriated fund established primarily for the general use and benefit of all patients to be used when other monies are not available to meet their needs. The fund is limited in its use and expenditures require advance approval from the Accounts Payable supervisor. Receipts consist of transfers from the Canteen Fund, donations from outside individuals and organizations, and commissions from beverage and snack vending machines on campus. The Canteen is a self-funded operation which pays its own expenses and salary for the part-time position.

TRUST AND BENEFITS
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	$ 2,912	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Contractual Services	0	0	0	0	0	0	0
Commodities	76	0	0	0	0	0	0
Capital Outlay	4,647	0	0	0	0	0	0
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 7,635	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 7,635	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Financing:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	7,635	0	0	0	0	0	0
TOTAL	$ 7,635	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The **agency** does not request any funding for the Trust and Benefits program in FY 2015, FY 2016, and FY 2017.

The **Governor** recommends no expenditures in FY 2015, FY 2016, and FY 2017, which is the same amount as the agency's request.

F. Physical Plant and Central Services

The Physical Plant and Central Services program is comprised of four sub-programs: Engineering and Protection (safety and security, facility services, custodial services), Supply Services, Dietary, and Laundry. The OSH campus is 130 acres and includes 48 buildings. The Engineering and Protection sub-program is responsible for the repair and upkeep of buildings,

grounds, equipment, and continuous fire protection and security for patients, staff, and visitors. Utilities are provided to the Osawatomie Correctional Facility (OCF) located on the hospital campus at no charge under an agreement between the hospital and the Department of Corrections. Supply Services provides centralized procurement and warehousing of supplies, equipment, and materials needed to operate OSH. An outside vendor provides three meals per day plus snacks for every patient. Food service is provided in a cafeteria setting with tray service available for patients unable to come to the cafeteria. The Laundry sub-program provides laundry service for hospital linens and patient clothing. Service is also provided to Osawatomie Correctional Facility (OCF) and the Kansas School for the Deaf. Minimum custody inmates at the correctional facility also assist with the laundry service.

PHYSICAL PLANT AND CENTRAL SERVICES
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	$ 2,982,826	$ 3,285,773	$ 3,257,000	$ 3,041,947	$ 3,003,903	$ 3,168,098	$ 3,129,471
Contractual Services	1,166,244	1,231,975	1,231,975	1,228,975	1,228,975	1,228,975	1,228,975
Commodities	572,390	614,175	614,175	612,225	522,445	612,225	522,445
Capital Outlay	24,756	0	0	27,000	27,000	27,000	27,000
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 4,746,216	$ 5,131,923	$ 5,103,150	$ 4,910,147	$ 4,782,323	$ 5,036,298	$ 4,907,891
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 4,746,216	$ 5,131,923	$ 5,103,150	$ 4,910,147	$ 4,782,323	$ 5,036,298	$ 4,907,891
Financing:							
State General Fund	$ 1,786,918	$ 3,285,773	$ 3,257,000	$ 2,091,002	$ 1,975,071	$ 2,188,947	$ 2,072,615
All Other Funds	2,959,298	1,846,150	1,846,150	2,819,145	2,807,252	2,847,351	2,835,276
TOTAL	$ 4,746,216	$ 5,131,923	$ 5,103,150	$ 4,910,147	$ 4,782,323	$ 5,036,298	$ 4,907,891
FTE Positions	61.1	57.8	57.8	57.8	57.8	57.5	57.5
Non-FTE Uncl. Perm. Pos.	0.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	61.1	63.8	63.8	63.8	63.8	63.5	63.5

The **agency** requests expenditures of $4.9 million, including $2.1 million from the State General Fund, for the Physical Plant and Central Services program for FY 2016. This is an all funds decrease of $221,776, or 4.3 percent, and a State General Fund decrease of $1,194,771, or 36.4 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in salary payments and fringe benefits, overtime payments, partially offset by an adjustment to shrinkage and an increase in fixtures and road equipment.

The **Governor** recommends expenditures of $4.8 million, including $2.0 million from the State General Fund, for FY 2016. This is an all funds decrease of $127,824, or 2.6 percent, and a State General Fund decrease of $115,931, or 5.5 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to decrease supplies, by reducing expenditures on household supplies, data processing supplies, stationery and office supplies, and fuel.

The **agency** requests expenditures of $5.0 million, including $2.2 million from the State General Fund, for FY 2017. This is an all funds increase of $126,151, or 2.6 percent, and a State General Fund increase of $97,945, or 4.7 percent, above the FY 2016 request. The increase is attributable to an increase in salary payments and fringe benefit costs due to the 27th payroll period. The request includes 57.5 FTE positions, which is a decrease of 0.3 FTE positions below the FY 2016 request. The decrease is attributable to a shift of 0.3 FTE positions to the Clinical Services program.

The **Governor** recommends expenditures of $4.9 million, including $2.1 million from the State General Fund, for FY 2017. This is an all funds decrease of $128,407, or 2.5 percent, and a State General Fund decrease of $116,332, or 5.3 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and adoption of the agency's reduced resource option to decrease supplies, by reducing expenditures on household supplies, data processing supplies, stationery and office supplies, and fuel.

CAPITAL IMPROVEMENTS

The FY 2015, FY 2016, and FY 2017 capital improvement requests for Osawatomie State Hospital are included in the five-year plan in the Kansas Department of Aging and Disability Services (KDADS) budget. The recommendations of the Governor are included in the KDADS budget.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of months patient restraint and seclusion hours within one standard deviation of the national mean	--	12	12	12	12
Percent of days over licensed capacity	5.0%	77.0%	80.0%	5.0%	5.0%

Rainbow Mental Health Facility

	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	$ 2,080,097	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	1,576,173	0	0	0	0	0	0
TOTAL	$ 3,656,270	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
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	**$ 3,656,270**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Percentage Change:							
Operating Expenditures							
State General Fund	(49.7) %	(100.0) %	(100.0) %	-- %	-- %	-- %	-- %
All Funds	(45.4)	(100.0)	(100.0)	--	--	--	--
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The Rainbow Mental Health Facility (RMHF) was located in Kansas City, and provided psychiatric services to adults with a mental illness who had been screened and approved for inpatient state hospitalization by the community mental health centers. Opened in 1974 on 11.2 acres, the facility, until recently, served adult patients from five counties with a capacity of 50 beds. In December 2010, the federal Centers for Medicare and Medicaid Services completed a survey of the hospital and asserted that the north and south living areas constituted independent living units and required staffing beyond what the hospital could provide. As a result, those units were closed in March 2011, and the overall licensed census was reduced to 36 patients. The catchment areas for all three mental health hospitals were adjusted due to this change so that the number of patients presenting to Rainbow would be consistent with the 36 beds available. In November 2011, because of safety concerns related to life safety code violations, Rainbow patients were moved to the Osawatomie State Hospital (OSH), while still being considered patients of RMHF. In 2013, the Legislature approved the closure of RMHF, and merged the operations of RMHF into OSH to eliminate redundancies and reduce costs. In April 2014, RMHF ceased all operations as a state agency. The thirty beds previously operated by RMHF located at OSH are now being fully operated by OSH, which increased its bed count from 176 to 206. The Legislature directed the Kansas Department of Aging and Disability Services (KDADS) to proceed with the sale of the facility. As of November 2014, KDADS has entered into preliminary discussions to sell the property to the University of Kansas Medical Center.

MAJOR ISSUES FROM PRIOR YEARS

In **FY 2008**, the Department of Social and Rehabilitation Services was unsuccessful in litigation with the federal government regarding a $13.6 million disallowance of settlement costs and timely filing of education costs. The Department decided not to pursue additional litigation.

In **FY 2008**, Rainbow Mental Health Facility ceased treatment of adolescents and children. Up until June 2007, Rainbow provided treatment to children and adolescents with serious emotional disturbances. Beginning July 2007, Kaw Valley Behavioral Healthcare, Inc. began serving the youth who would have otherwise been referred to Rainbow. At that time, Rainbow began admitting adults only.

During the **2009 Legislative Session**, the Governor created the Facilities Closure and Realignment Commission by Executive Order 09-01. The commission was charged to study and evaluate closure, realignment, and alternative uses of various state facilities in order to find efficiencies and cost savings in state government. Specifically, the Commission was directed to study the Kansas School for the Deaf, Kansas State School for the Blind, the Beloit Juvenile Correctional Facility, the State Developmental Disability Hospitals and Rainbow Mental Health Facility. The Executive Order required the Commission to submit recommendations regarding these and any other facilities studied, to the Governor and the Legislature. The Commission recommended that Rainbow Mental Health Facility be kept open and functioning. Further, the pursuit of public/private partnership with community hospitals was

recommended with an integrated health model, inclusive of community mental health centers, and moving toward the closure of state hospitals.

During May 2010 and July 2010, the Department of Social and Rehabilitation Services temporarily suspended voluntary admissions to the three Kansas mental health hospitals. The hospitals continued to accept people ordered to the facilities by the courts or escorted by police. Voluntary admissions required a referral by one of the state's 27 community mental health centers and involved adults who must have the capacity to consent to care, have a treatment facility that agreed the person was in need of services offered by a facility, and were mentally ill as defined by law and medical understanding. When the hospitals are full, the community mental health centers are expected to find placement alternatives for people who otherwise would be admitted. According to the Department, all three facilities were full beyond licensed capacities and the agency did not have additional resources to serve persons seeking voluntary admissions.

In December 2010, the federal Centers for Medicare and Medicaid Services completed a survey of the hospital and asserted that the "north" and "south" living areas constituted independent living units and required staffing beyond what the hospital was able to provide. The agency would have to reduce the number of individuals served or provide additional staffing. The cost to provide additional levels of Registered Nurse staffing and expenditures was estimated at $812,000, all from the State General Fund. Corrected action alternative plans submitted by the agency were rejected by the Centers. As a result, these units were closed in March 2011, and the overall licensed census was reduced from 50 to 36 patients. The Department opened 11 additional beds at Larned State Hospital. Therefore, the closure of the Rainbow beds resulted in an overall reduction of 3 beds in the state mental health hospital system.

On November 9, 2011, because of safety concerns related to life safety code violations, Rainbow patients were moved from their current treatment environment in Kansas City to the Osawatomie State Hospital. Patients were being housed in a vacant 30 bed unit until renovations were completed. An eight bed Admissions and Evaluation Center remained at the location in Kansas City to serve as the primary arrival point for new patients. After a brief assessment, patients needing treatment likely to take more than four days were taken by staff to Osawatomie. If the patients posed a serious threat of harm or elopement, they were escorted by the Sheriffs' Departments.

The **2012 Legislature** approved funding for not only the immediate life safety repairs, but also for a renovation of the building to make it a better treatment environment that would allow Rainbow Mental Health Facility to return to fifty beds, including continuation of the Admissions and Evaluation Center, upon completion of the renovation. The renovations were expected to be complete by January 2014. The agency stated that this poses staffing and overtime concerns because it is difficult to fill vacant positions when the operations are so far removed from their actual, permanent location.

On November 9, 2011, all patients from the Rainbow Mental Health Facility were being served at Osawatomie after all but six beds were closed at Rainbow Mental Health Facility due to a failed Fire Marshall inspection. A thirty bed wing was opened at Osawatomie State Hospital until safety and security renovations are completed at Rainbow.

The **2013 Legislature** concurred with the recommendation of the Governor to merge the operations of Rainbow Mental Health Facility into Osawatomie State Hospital, to eliminate redundancies in operating two separate agencies.

The **2014 Legislature** transferred the remaining balance and liabilities of Rainbow's fee funds to the Osawatomie State Hospital fee funds as part of the closure of Rainbow Mental

Health Facility, as well as transferred 112.2 FTE positions to Osawatomie State Hospital. The Legislature also enabled KDADS to begin the process to sell Rainbow Mental Health Facility to the University of Kansas Medical Center or the Kansas University Endowment Association at the discretion of the University of Kansas Chancellor, directing all proceeds from the sale to be remitted to KDADS.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates no expenditures in FY 2015. As of April 2014, the agency has ceased all operations.

FY 2015 Governor Recommendation

The **Governor** recommends no expenditures in FY 2015.

FY 2016 Agency Request

The **agency** requests no expenditures for FY 2016. As of April 2014, the agency has ceased all operations.

FY 2016 Governor Recommendation

The **Governor** recommends no expenditures for FY 2016.

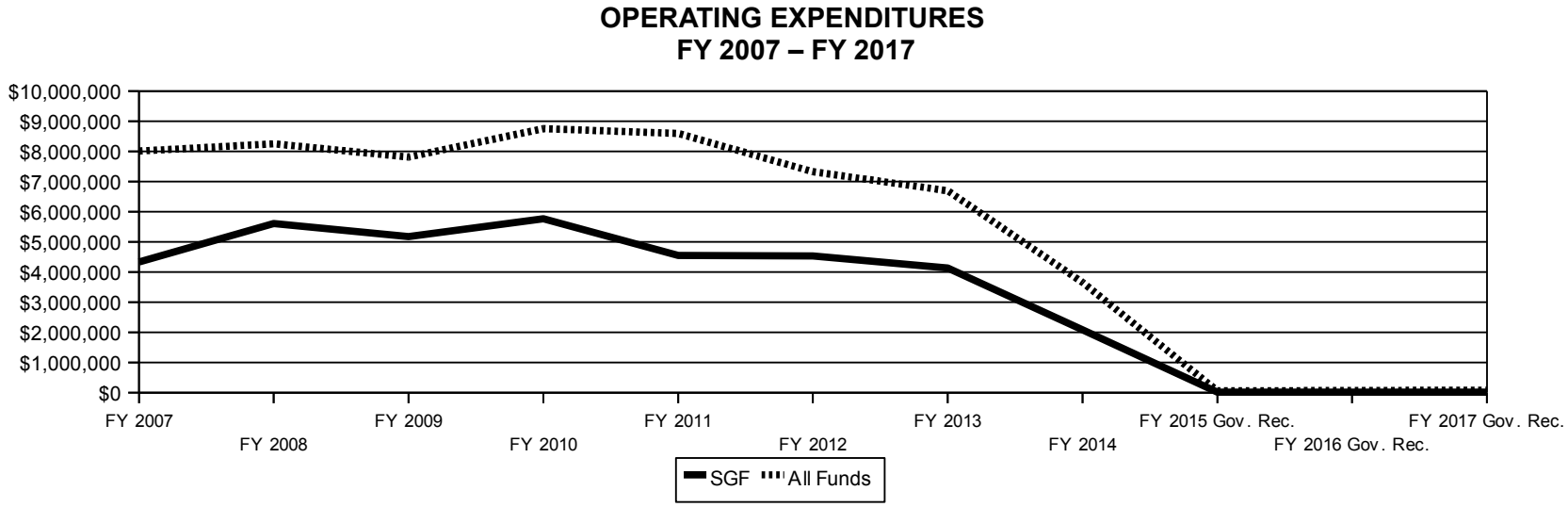
FY 2017 Agency Request

The **agency** requests no expenditures for FY 2017. As of April 2014, the agency has ceased all operations.

FY 2017 Governor Recommendation

The **Governor** recommends no expenditures for FY 2017.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 4,330,250	(58.4)%	$ 8,010,782	(65.9)%	398.6
2008	5,609,651	29.5	8,249,999	3.0	404.6
2009	5,170,163	(7.8)	7,811,108	(5.3)	122.2
2010	5,762,638	11.5	8,753,095	12.1	122.2
2011	4,548,471	(21.1)	8,592,263	(1.8)	122.2
2012	4,529,635	(0.4)	7,325,591	(14.7)	112.2
2013	4,132,098	(8.8)	6,693,575	(8.6)	112.2
2014	2,080,097	(49.7)	3,656,270	(45.4)	112.2
2015 Gov. Rec.	0	(100.0)	0	(100.0)	0.0
2016 Gov. Rec.	0	--	0	--	0.0
2017 Gov. Rec.	0	--	0	--	0.0
Eleven-Year Change	$ (4,330,250)	(100.0)%	$ (8,010,782)	(100.0)%	(398.6)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 455,755	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Medical and Surgical Services	547,192	0	0	0	--	0	0	0	--
Clinical Services	2,221,941	0	0	0	--	0	0	0	--
Physical Plant / Central Services	431,382	0	0	0	--	0	0	0	--
TOTAL	$ 3,656,270	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
By Major Object of Expenditure:									
Salaries and Wages	$ 3,002,250	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Contractual Services	439,042	0	0	0	--	0	0	0	--
Commodities	168,619	0	0	0	--	0	0	0	--
Capital Outlay	2,217	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 3,612,128	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	44,142	0	0	0	--	0	0	0	--
TOTAL	$ 3,656,270	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Financing:									
State General Fund	$ 2,080,097	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
RMH Facility Fee Fund	0	0	0	0	--	0	0	0	--
Title XIX Fund	1,576,173	0	0	0	--	0	0	0	--
TOTAL	$ 3,656,270	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 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	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Medical & Surgical Services	0	0	0	--	0	0	0	--
Clinical Services	0	0	0	--	0	0	0	--
Physical Plant/Central Services	0	0	0	--	0	0	0	--
TOTAL	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
By Major Object of Expenditure:								
Salaries and Wages	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Contractual Services	0	0	0	--	0	0	0	--
Commodities	0	0	0	--	0	0	0	--
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
Financing:								
State General Fund	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %
RMH Facility Fee Fund	0	0	0	--	0	0	0	--
Title XIX Fund	0	0	0	--	0	0	0	--
TOTAL	$ 0	$ 0	$ 0	-- %	$ 0	$ 0	$ 0	-- %

A. FY 2015 – Current Year

Adjustments to the Approved Budget

CHANGE FROM APPROVED BUDGET					
	Legislative Approved FY 2015	Agency Estimate FY 2015	Agency Change from Approved	Governor Rec. FY 2015	Governor Change from Approved
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	0	0	0	0	0
TOTAL	$ 0	$ 0	$ 0	$ 0	$ 0
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** estimates no expenditures in FY 2015. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures in FY 2015.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 0	$ 0	$ 0
FTE Positions	0.0	0.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 0	$ 0	
All Other Funds	0	0	
TOTAL	$ 0	$ 0	
Percent Change:			
State General Fund	-- %	-- %	
All Other Funds	--	--	
TOTAL	-- %	-- %	
Change in FTE Positions	0.0	0.0	

The **agency** requests no expenditures for FY 2016. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures for FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 0	$ 0	$ 0
FTE Positions	0.0	0.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 0	$ 0	
All Other Funds	0	0	
TOTAL	$ 0	$ 0	
Percent Change:			
State General Fund	-- %	-- %	
All Other Funds	--	--	
TOTAL	-- %	-- %	
Change in FTE Positions	0.0	0.0	

The **agency** requests no expenditures for FY 2017. As of April 2014, the agency has ceased all operations.

The **Governor** recommends no expenditures for FY 2017.

Funding Sources

Federal Title XIX funding (Medicaid) comprises approximately one-third of all funding for state hospitals. Currently, all Title XIX payments for state hospitals are placed in a central account and funds are then transferred to the five state hospitals in amounts equal to its approved appropriations. State developmental disabilities hospitals are Medicaid certified as intermediate care facilities for persons with mental retardation and nearly all of the people living in the facilities are covered by Medicaid. The state developmental disabilities hospitals submit annual cost reports that establish *per diem* rates which are charged to Medicaid for each day a person covered by Medicaid lives in the facility.

The state mental health hospitals establish *per diem* rates in much the same way as the state developmental disabilities hospitals but are classified as institutions for mental disease. The result is that, due to federal rules, most patients are not eligible for standard Medicaid match but the hospitals are eligible for Medicaid payments through the Disproportionate Share Hospital program. This program assists all acute care hospitals that serve a disproportionately high number of indigent persons. Over the last decade, the amount of disproportionate share funding available to the hospitals has decreased which decreases receipts into the central fund. Rainbow Mental Health Facility was a mental health hospital.

Rainbow Mental Health Facility was primarily funded from three basic sources. The first was the State General Fund, which consists of money collected through various statewide taxes. The second was the Rainbow Mental Health Facility Fee Fund, which included collections from Medicare, private payments, Social Security, and insurance. The third source was federal Title XIX funding, which was earned as disproportionate share hospital funding at the state mental health hospitals. The Disproportionate Share program allowed extra Medicaid payments to hospitals serving a disproportionate number of Medicaid-eligible and low income patients. The federal disproportionate share payments received by the state have declined dramatically in recent years due to both restrictions placed on the payments by the federal government and other federal changes. The federal Title XIX funding was transferred to the KDADS central pool and was then redistributed among the five state hospitals in amounts equal to its approved appropriations.

Rainbow Mental Health Facility Fee Fund

KSA 76-17a11 provided that the superintendent of Rainbow Mental Health Facility remit all moneys received from charges under KSA 59-2006 and deposit them into the Rainbow Mental Health Facility Fee Fund. KSA 59-2006 related to the duty of parents and spouses to pay for the maintenance, care and treatment of a patient in a state institution.

The 2014 Legislature abolished the Rainbow Mental Health Facility Fee Fund and transferred the fund balance and liabilities to the Osawatomie State Hospital Fee Fund.

Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 1,714,043	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Revenue	1,496,483	0	0	0	0	0	0
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 3,210,526	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Less: Expenditures	0	0	0	0	0	0	0
Transfers Out	3,210,526	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Ending Balance as Percent of Expenditures	--	--	--	--	--	--	--
Month Highest Ending Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Month Lowest Ending Balance	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

Kansas Commission on Veterans' Affairs

	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	$ 7,453,957	$ 7,572,631	$ 7,525,003	$ 7,818,687	$ 7,648,726	$ 8,327,260	$ 7,565,975
Other Funds	12,060,924	13,009,647	12,838,228	14,611,812	13,511,643	13,940,316	13,208,036
TOTAL	$ 19,514,881	$ 20,582,278	$ 20,363,231	$ 22,430,499	$ 21,160,369	$ 22,267,576	$ 20,774,011
Capital Improvements:							
State General Fund	$ 9,882	$ 102,000	$ 102,000	$ 34,900	$ 34,900	$ 9,900	$ 9,900
Other Funds	1,293,045	2,795,021	1,994,777	2,337,000	1,594,500	1,334,500	2,077,000
TOTAL	$ 1,302,927	$ 2,897,021	$ 2,096,777	$ 2,371,900	$ 1,629,400	$ 1,344,400	$ 2,086,900
GRAND TOTAL	**$ 20,817,808**	**$ 23,479,299**	**$ 22,460,008**	**$ 24,802,399**	**$ 22,789,769**	**$ 23,611,976**	**$ 22,860,911**
Percentage Change:							
Operating Expenditures							
State General Fund	(0.7) %	1.6 %	1.0 %	3.2 %	1.6 %	6.5 %	(1.1) %
All Funds	(2.0)	5.5	4.3	9.0	3.9	(0.7)	(1.8)
FTE Positions	298.8	373.1	368.1	373.1	363.1	373.1	368.1
Non-FTE Perm.Uncl.Pos.	6.0	6.0	6.0	6.0	6.0	6.0	6.0
TOTAL	304.8	379.1	374.1	379.1	369.1	379.1	374.1

The mission of the Kansas Commission on Veterans' Affairs (KCVA) is to serve Kansas veterans and their families, relatives, and dependents with dignity and compassion and to be their principal advocate in ensuring that they receive information, advice, direction, medical care, benefits, social support, and lasting memorials in recognition of their service to Kansas and the nation.

Services provided by the agency include long-term nursing and assisted living care to eligible veterans, completion and maintenance of four state veterans' cemeteries, and coordination with federal agencies to provide financial assistance to Kansas veterans for health care and disability income.

The agency serves veterans through 13 field offices, six service organization offices, two mobile vans, and the central office located in Topeka. Additional services are provided through services grants to veterans' service organizations. Nursing and assisted living care are provided through the Kansas Soldiers' Home (KSH) in Fort Dodge and the Kansas Veterans' Home (KVH) in Winfield.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** added $1.3 million from the State General Fund for the Kansas Veterans' Home (KVH) and the Kansas Soldiers' Home (KSH) in FY 2004 and FY 2005 to address funding concerns at both homes. In May of 2004, the federal Department of Veterans' Affairs took over the operation of the Community-Based Outpatient Clinic at Fort Dodge.

The **2005 Legislature** added $205,000 in FY 2005 and $391,000 in FY 2006 from the State General Fund for operating expenditures at the Kansas Soldiers' Home, including $41,000 in FY 2006 for vehicle purchases. Additionally, the 2005 Legislature added $344,501 in FY 2006 from the State General Fund for direct care staff salary upgrades at the Kansas Soldiers' Home and Kansas Veterans' Home.

The **2006 Legislature** added $71,310 from the State General Fund in FY 2007 to fund two additional veterans' service representatives for positions which were previously vacant. The Legislature also added $48,478 from the State General Fund in FY 2007 to allow for the reclassification of veterans' service representatives.

Also, the **2006 Legislature** passed 2006 House Sub. for SB 396, which directed the KCVA to establish and administer a Veterans' Claims Assistance Program (VCAP) to be implemented through annual grant agreements with veterans' service organizations. The program was to be established and operations to commence on or before August 1, 2006. The grants are subject to appropriation by the Legislature. Additionally, the 2006 Legislature added $500,000 from the State General Fund in FY 2007 to fund the VCAP grants.

The **2007 Legislature** included $500,000 from the State General Fund for the FY 2008 budget for the continuation of VCAP, which was established by the 2006 Legislature. The Legislature also added, from the State General Fund, $32,988

to replace one tractor, $53,012 to fund salaries and wages for an additional ten resident workers, and $18,800 for one minivan to transport Kansas Soldiers' Home residents. In addition, the Legislature added $34,620 from the State General Fund for one nine-passenger minivan with a wheelchair lift to transport Kansas Veterans' Home residents.

In late 2007, the Department of Aging found several deficiencies at Kansas Soldiers' Home. To correct these items, a Department of Administration task force was commissioned to consult with Kansas Soldiers' Home. Several additional supplementals were requested in response to the task force.

The **2008 Legislature** added $240,000, including $40,000 from the State General Fund, in FY 2008 to fill the Emporia veterans' service representative position and pay for consulting fees related to the deficiencies found at Kansas Soldiers' Home in Fort Dodge. The Legislature added $658,173, including $408,173 from the State General Fund, in FY 2009 for operating expenditures for a new cemetery at Fort Riley, salary and wage increases at Kansas Veterans' Home in Winfield, replacement of ten electric beds, replacement of a 12-passenger wheelchair lift van, and the shifting of 24.0 FTE positions to unclassified positions. The shift in staffing was an attempt to resolve issues related to insufficient nursing staff at Kansas Soldiers' Home.

The **2009 Legislature** deleted $118,895, all from the State General Fund, in FY 2009 and $367,964, also all from the State General Fund, in FY 2010. The Legislature also deleted $314,784, all from the State Institutions Building Fund and placed the capital improvements projects on hold pending the outcome of the state investigation into facilities closure.

The **2010 Legislature** added $833,856, all from the State Institutions Building Fund, for roof repairs at Kansas Soldiers' Home in FY 2011 and also added $700,000, all from the State General Fund, to the KCVA operations budget in FY 2011. In addition, the Legislature added language allowing the KCVA to expend Scratch Lotto funds received by the agency not only for the enhanced service delivery program but also for normal program operations in the Veterans Services program. The Legislature also closed Triplett Hall, a long term care nursing facility, at Kansas Veterans' Home and eliminated payment of veterans' spouses' pharmacy costs at Kansas Soldiers' Home.

The **2011 Legislature** eliminated 158.0 FTE positions for FY 2012, all of which were vacant. The revised position limitation reflects the agency's FTE position funding.

The **2012 Legislature** added $518,126, all special revenue funds, to increase expenditure authority at the Kansas Veterans' Home, and $623,592, all from special revenue funds, to increase expenditure authority at the Kansas Soldiers' Home to allow the agency to expend Medicare and Medicaid funds for existing resident services within facilities for FY 2012. The Legislature also eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days as of June, 30, 2012, resulting in 29.5 non-FTE positions being eliminated from the agency.

In May 2013, Legislative Post Audit (LPA) identified a number of concerns with the Kansas Commission on Veterans' Affairs including: inadequate financial controls, credit card controls, canteen fund controls, benefit fund controls, and employee travel reimbursement controls at the Kansas Veterans' Home and the Kansas Soldiers' Home. The report also concluded that the central office has not provided adequate oversight of either facility. In response, the agency has instituted a number of reforms and reported its progress to both LPA and the Joint Committee on on Kansas Security.

The **2013 Legislature** deleted $492,830, including $194,264 from the State General Fund, for FY 2014 and $516,888, including $203,755 from the State General Fund, for FY 2015 to

maintain funding for salaries and wages at FY 2013 levels, after adjusting for both committee action and Kansas Public Employee Retirement System (KPERS) increases for FY 2014 and FY 2015.

The **2013 Legislature** added language giving authority to transfer existing State General Fund appropriations to the Vietnam War Era Veteran Recognition Award Fund in FY 2013, FY 2014, and FY 2015.

The **2014 Legislature** enacted HB 2681, which abolished the Kansas Commission on Veterans' Affairs, establishing the Kansas Commission on Veterans' Affairs Office in its place, with similar duties and functions. The 2014 Legislature added $820,000, all from special revenue funds, for enhancements at the Soldiers' Home and the Veterans' Home. The Legislature added 32.0 FTE positions and approved an increase in salaries and wages and contractual services, primarily attributable to the Triplet Hall expansion, higher expenditures to decrease shrinkage in the Veterans' Services program, and the addition of an unclassified Chief Financial Officer position within the agency with reallocated funds from the administrative program. The Legislature also added 4.0 FTE positions for Veterans' Services positions.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency's** revised estimate totals $23.5 million, including $7.7 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. Of this amount, the agency estimates operating expenditures of $20.6 million, including $7.6 million from the State General Fund, in FY 2015. This is an increase of $114,956, or 0.6 percent, and a State General Fund increase of $47,628, or 0.6 percent, above the amount approved by the 2014 Legislature. The increase is attributable to increased contractual services expenditures primarily due to the agency's supplemental requests, partially offset by a decrease in salaries and wages and commodities expenditures. The agency requests capital improvement expenditures of $2.9 million, including $102,000 from the State General Fund, in FY 2015. This is an all funds increase of $582,768, or 25.2 percent, all from special revenue funds, above the amount approved by the 2014 Legislature. The increase is attributable to several capital improvement projects carrying over from a prior year as encumbrances, which are reflected as expenditures in FY 2015.

FY 2015 Governor Recommendation

The **Governor** recommends total expenditures of $22.5 million, including $7.6 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. Of this amount, the Governor recommends operating expenditures of $20.4 million, including $7.5 million from the State General Fund, in FY 2015. This is an all funds decrease of $219,047, or 1.1 percent, and a State General Fund decrease of $47,628, or 0.6 percent, below the agency's revised estimate. The decrease is primarily attributable to a reduction in KPERS employer contribution rates and the Governor not

recommending the agency supplemental requests. The Governor recommends capital improvement expenditures of $2.1 million, including $102,000 from the State General Fund, in FY 2015. This is an all funds decrease of $800,244, or 27.6 percent, all from special revenue funds, below the agency's revised estimate. The decrease is primarily attributable to the Governor's recommendation to lapse encumbrances totaling $800,244 from the SIBF fund.

FY 2016 Agency Request

The **agency** requests total expenditures of $24.8 million, including $7.9 million from the State General Fund, for operating expenditures and capital improvements, for FY 2016. Of this amount, the agency requests operating expenditures of $22.4 million, including $7.8 million from the State General Fund, for FY 2016. This is an all funds increase of $1.8 million, or 9.0 percent, and a State General Fund increase of $246,056, or 3.2 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in salaries and wages for the Kansas Veterans' Home program, funding for the agency's enhancement requests, and an increase in contractual services expenditures. The agency requests capital improvement expenditures of $2.4 million, including $34,900 from the State General Fund, for FY 2016.

FY 2016 Governor Recommendation

The **Governor** recommends total expenditures of $22.8 million, including $7.7 million from the State General Fund, for operating expenditures and capital improvements, for FY 2016. Of this amount, the Governor recommends operating expenditures of $21.2 million, including $7.6 million from the State General Fund, for FY 2016. This is an all fund decrease of $1.3 million, or 5.7 percent, and a State General Fund decrease of $169,961, or 2.2 percent, below the agency's request. The decrease is primarily attributable to a decrease in salaries and wages and shrinkage to normalize the amount back to the level in FY 2015, a reduction in employer contributions for state employee health insurance, and the Governor recommending two enhancement requests, while the Governor did not recommend the agency's enhancement request for additional VCAP funding. The Governor recommends capital improvement expenditures of $1.6 million, including $34,900 from the State General Fund, for FY 2016. This is an all funds decrease of $742,500, or 31.3 percent, all from special revenue funds, below the agency's request. The decrease is attributable to the Governor recommending the delay of two project from FY 2016 until FY 2017.

FY 2017 Agency Request

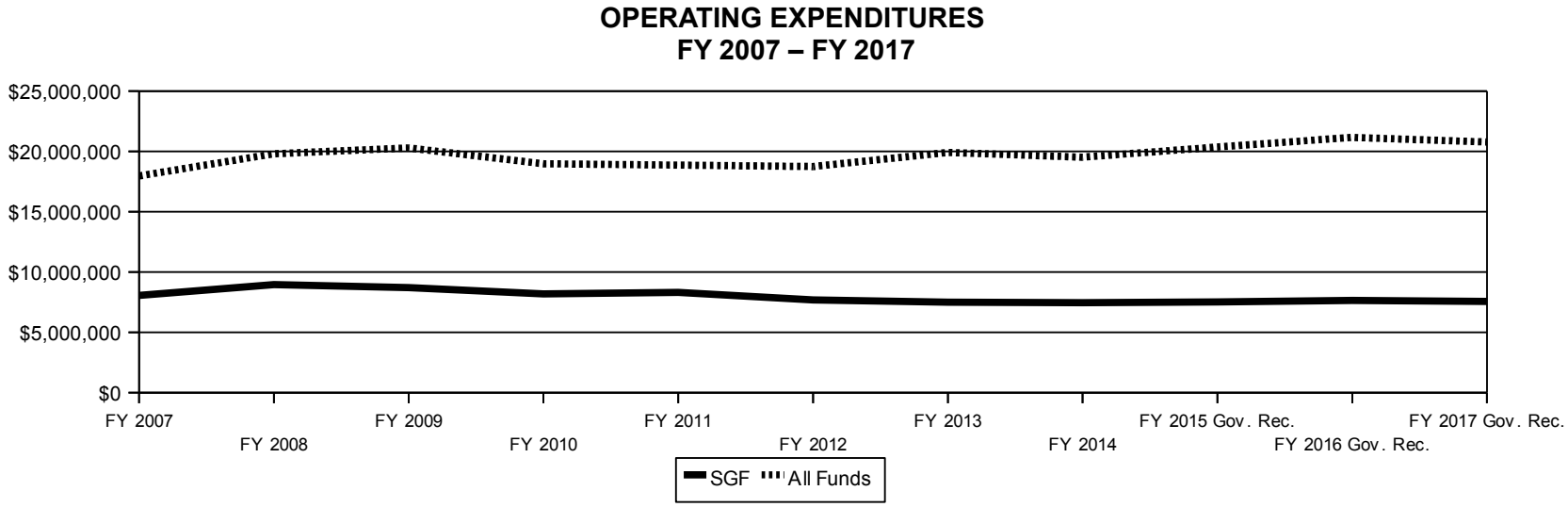
The **agency** requests total expenditures of $23.6 million, including $8.3 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the agency requests operating expenditures of $22.3 million, including $8.3 million from the State General Fund, for FY 2017. This is an all funds decrease of $162,923, or 0.7

percent, and a State General Fund increase of $508,573, or 6.5 percent, above the FY 2016 request. The all funds decrease is attributable to the agency requesting less contractual services expenditures, partially offset by an increase in salaries and wages due to payment of the 27th payroll period which occurs in that fiscal year, and the agency enhancement requests. The agency requests capital improvement expenditures of $1.3 million, including $9,900 from the State General Fund, for FY 2017.

FY 2017 Governor Recommendation

The **Governor** recommends total expenditures of $22.9 million, including $7.6 million from the State General Fund, for operating expenditures and capital improvements, for FY 2017. Of this amount, the Governor recommends operating expenditures of $20.8 million, including $7.6 million from the State General Fund, for FY 2017. This is an all funds decrease of 1.5 million, or 6.7 percent, and a State General Fund decrease of $761,284, or 9.1 percent, below the agency's request. The decrease is primarily attributable to a decrease in salaries and wages and shrinkage to normalize the amount back to the level in FY 2015, a reduction in employer contributions for state employees health insurance, and the Governor not recommending the agency enhancement requests. The Governor recommends capital improvement expenditures of $2.1 million, including $9,900 from the State General Fund, for FY 2017. This is an all funds increase of $742,500, or 55.2 percent, above the agency's request. The State General Fund total is the same amount as the agency's request. The all funds increase is primarily attributable to the Governor recommending the delay of two projects from FY 2016 until FY 2017.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 8,059,706	1.6 %	$ 17,962,272	6.4 %	556.8
2008	8,955,250	11.1	19,799,498	10.2	556.8
2009	8,712,946	(2.7)	20,284,990	2.5	522.0
2010	8,189,261	(6.0)	18,970,847	(6.5)	513.0
2011	8,301,274	1.4	18,859,098	(0.6)	498.0
2012	7,682,999	(7.4)	18,742,923	(0.6)	340.0
2013	7,503,064	(2.3)	19,910,982	6.2	309.0
2014	7,453,957	(0.7)	19,514,881	(2.0)	298.8
2015 Gov. Rec.	7,525,003	1.0	20,363,231	4.3	368.1
2016 Gov. Rec.	7,648,726	1.6	21,160,369	3.9	363.1
2017 Gov. Rec.	7,565,975	(1.1)	20,774,011	(1.8)	368.1
Eleven-Year Change	$ (493,731)	(6.1)%	$ 2,811,739	15.7 %	(188.8)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 532,952	$ 590,115	$ 587,535	$ (2,580)	(0.4) %	$ 585,604	$ 583,812	$ (1,792)	(0.3)%
Veterans Services	2,442,344	2,757,619	2,910,072	152,453	5.5	2,743,393	2,784,550	41,157	1.5
Kansas Soldiers Home	7,016,248	6,879,025	7,372,267	493,242	7.2	6,755,755	7,627,102	871,347	12.9
Kansas Veterans Home	8,672,466	9,479,640	10,618,606	1,138,966	12.0	9,408,743	9,232,232	(176,511)	(1.9)
Cemeteries Program	850,871	875,879	942,019	66,140	7.6	869,736	932,673	62,937	7.2
TOTAL	$ 19,514,881	$ 20,582,278	$ 22,430,499	$ 1,848,221	9.0 %	$ 20,363,231	$ 21,160,369	$ 797,138	3.9 %
By Major Object of Expenditure:									
Salaries and Wages	$ 13,998,527	$ 15,944,957	$ 16,740,150	$ 795,193	5.0 %	$ 15,805,211	$ 15,592,995	$ (212,216)	(1.3)%
Contractual Services	2,835,538	2,110,955	2,970,352	859,397	40.7	2,031,654	2,947,377	915,723	45.1
Commodities	1,689,345	1,719,985	1,805,480	85,495	5.0	1,719,985	1,805,480	85,495	5.0
Capital Outlay	373,559	182,042	199,517	17,475	9.6	182,042	199,517	17,475	9.6
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 18,896,969	$ 19,957,939	$ 21,715,499	$ 1,757,560	8.8 %	$ 19,738,892	$ 20,545,369	$ 806,477	4.1 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	617,912	624,339	715,000	90,661	14.5	624,339	615,000	(9,339)	(1.5)
TOTAL	$ 19,514,881	$ 20,582,278	$ 22,430,499	$ 1,848,221	9.0 %	$ 20,363,231	$ 21,160,369	$ 797,138	3.9 %
Financing:									
State General Fund	$ 7,453,957	$ 7,572,631	$ 7,818,687	$ 246,056	3.2 %	$ 7,525,003	$ 7,648,726	$ 123,723	1.6 %
Veterans' Home FF	2,484,799	2,952,558	3,171,600	219,042	7.4	2,927,328	2,461,404	(465,924)	(15.9)
Soldiers' Home FF	1,549,324	1,698,502	1,685,839	(12,663)	(0.7)	1,651,720	1,895,645	243,925	14.8
All Other Funds	8,026,801	8,358,587	9,754,373	1,395,786	16.7	8,259,180	9,154,594	895,414	10.8
TOTAL	$ 19,514,881	$ 20,582,278	$ 22,430,499	$ 1,848,221	9.0 %	$ 20,363,231	$ 21,160,369	$ 797,138	3.9 %

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	$ 587,535	$ 610,403	$ 22,868	3.9 %	$ 583,812	$ 583,737	$ (75)	(0.0)%
Veterans Services	2,910,072	2,992,909	82,837	2.8	2,784,550	2,736,909	(47,641)	(1.7)
Kansas Soldiers Home	7,372,267	7,397,592	25,325	0.3	7,627,102	7,628,248	1,146	0.0
Kansas Veterans Home	10,618,606	10,289,475	(329,131)	(3.1)	9,232,232	8,857,453	(374,779)	(4.1)
Cemeteries Program	942,019	977,197	35,178	3.7	932,673	967,664	34,991	3.8
TOTAL	$ 22,430,499	$ 22,267,576	$ (162,923)	(0.7) %	$ 21,160,369	$ 20,774,011	$ (386,358)	(1.8)%
By Major Object of Expenditure:								
Salaries and Wages	$ 16,740,150	$ 17,497,448	$ 757,298	4.5 %	$ 15,592,995	$ 16,172,929	$ 579,934	3.7 %
Contractual Services	2,970,352	2,123,876	(846,476)	(28.5)	2,947,377	2,054,830	(892,547)	(30.3)
Commodities	1,805,480	1,731,735	(73,745)	(4.1)	1,805,480	1,731,735	(73,745)	(4.1)
Capital Outlay	199,517	199,517	0	0.0	199,517	199,517	0	0.0
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 21,715,499	$ 21,552,576	$ (162,923)	(0.8) %	$ 20,545,369	$ 20,159,011	$ (386,358)	(1.9)%
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	715,000	715,000	0	0.0	615,000	615,000	0	0.0
TOTAL	$ 22,430,499	$ 22,267,576	$ (162,923)	(0.7) %	$ 21,160,369	$ 20,774,011	$ (386,358)	(1.8)%
Financing:								
State General Fund	$ 7,818,687	$ 8,327,260	$ 508,573	6.5 %	$ 7,648,726	$ 7,565,975	$ (82,751)	(1.1)%
Veterans' Home FF	3,171,600	3,171,602	2	0.0	2,461,404	2,649,489	188,085	0.0
Soldiers' Home FF	1,685,839	1,685,840	1	0.0	1,895,645	1,849,668	0	0.0
All Other Funds	9,754,373	9,082,874	(671,499)	(6.9)	9,154,594	8,708,879	(445,715)	(4.9)
TOTAL	$ 22,430,499	$ 22,267,576	$ (162,923)	(0.7) %	$ 21,160,369	$ 20,774,011	$ (386,358)	(1.8)%

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $7,673,104 for the Kansas Commission on Veterans Affairs Office in FY 2015. Several adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $1,527, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $47,628, as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund to $7,627,003. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 7,627,003	$ 7,674,631	$ 47,628	$ 7,627,003	$ 0
All Other Funds	15,652,730	15,804,668	151,938	14,833,005	(819,725)
TOTAL	$ 23,279,733	$ 23,479,299	$ 199,566	$ 22,460,008	$ (819,725)
FTE Positions	368.0	373.1	5.1	368.1	0.1

The **agency** estimates revised total expenditures of $23.5 million, including $7.7 million from the State General Fund, for operating expenditures and capital improvements, in FY 2015. The amount approved by the 2014 Legislature reflects adjustments to the State General Fund amount, as well as an increase to the all other funds total in the amount of $498,158, all from the State Institutions Building Fund, due to funding for capital improvement projects which carried over from FY 2014 to FY 2015. The agency estimates operating expenditures of $20.6 million, including $7.6 million from the State General Fund, in FY 2015. This is an increase of $114,956, or 0.6 percent, and a State General Fund increase of $47,628, or 0.6 percent, above the amount approved by the 2014 Legislature. The increase is attributable to increased contractual services expenditures primarily due to the agency's supplemental requests, partially offset by a decrease in salaries and wages and commodities expenditures.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency estimates $15.9 million, including $5.4 million from the State General Fund, for salaries and wages in FY 2015. This is an all funds decrease of $47,904, or 0.3 percent, and a State General Fund decrease of $44,136, or 0.8 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to the agency submitting the revised estimate prior to the Governor's December 2014 allotment, which decreased the KPERS employer contribution rate.

- **Contractual Services.** The agency estimates $2.1 million, including $896,906 from the State General Fund, for contractual services in FY 2015. This is an all funds increase of $230,168, or 12.2 percent, and a State General Fund increase of $165,151, or 22.6 percent, above the amount approved by the 2014 Legislature. The increase is primarily attributable to an increase in professional fees, other fees, and meals and travel expenditures, partially offset by a decrease in food service and computer software expenditures.

- **Commodities.** The agency estimates $1.7 million, including $544,575 from the State General Fund, for commodities in FY 2015. This is an all funds decrease of $58,804, or 3.3 percent, and a State General Fund decrease of $61,482, or 10.1 percent, below the amount approved by the 2014 Legislature. The decrease is primarily attributable to a decrease in drug and pharmaceutical supplies.

- **Capital Outlay.** The agency estimates $182,042, including $122,792 from the State General Fund, for capital outlay in FY 2015. This is an all funds decrease of $6,977, or 3.7 percent, and a State General Fund decrease of $17,373, or 12.4 percent, below the amount approved by the 2014 Legislature. The decrease is attributable to a decrease in computer, agricultural, and office equipment, partially offset by an increase in physical plant maintenance equipment and software expenditures.

- **Other Assistance.** The agency estimates $624,339, including $606,995 from the State General Fund, for other assistance in FY 2015. The all funds total is the same amount approved by the 2014 Legislature. This is a State General

Fund increase of $6,995, or 1.2 percent, above the amount approved by the 2014 Legislature.

The **Governor** recommends total expenditures of $22.5 million, including $7,627,003 from the State General Fund, in FY 2015. This total includes operational expenditures of $20.4 million, including $7.5 million from the State General Fund, in FY 2015. This is a decrease $219,047, or 1.1 percent, and a State General Fund decrease of $47,628, or 0.6 percent, below the agency's revised estimate. The decrease is attributable to a reduction in employer contributions for state employee health insurance and the Governor not recommending the agency supplemental requests.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Increase in KSH Staff	$ 0	$ 0	5.0	$ 0	$ 0	0.0
Re-categorizing Salary Expenditures	0	0	0.0	0	0	0.0
KSH - Increase Contractual Services Expenditures	0	79,301	0.0	0	0	0.0
KVH - Increase Expenditures Limitations and Transfer Fund Balances	0	0	0.0	0	0	0.0
TOTAL	**$ 0**	**$ 79,301**	**5.0**	**$ 0**	**$ 0**	**0.0**

The **agency** requests four supplemental items, totaling $79,301 from special revenue funds, and 5.0 FTE positions, in FY 2015.

The first supplemental request concerns an increase of 5.0 FTE positions in FY 2015, for use at the Kansas Soldier's Home (KSH). Currently, the KSH has a heavy reliance on temporary agencies to provide direct care to operate the nursing home. The savings from not hiring temporary staff will fund the new FTE positions, so the agency indicates it will be able to fund these positions within its existing budget.

The second supplemental request concerns re-categorizing salary expenditure accounts, and does not affect overall expenditures. The agency requests a supplemental request which moves KVH salary expenditures from the Veterans Home Domiciliary Per Diem Fund, to the Soldiers' Home Federal Fund.

The third supplemental request concerns increasing the Kansas Soldiers' Home contractual services expenditures by $79,301, and increasing the expenditure limitation in KSH Long Term Care Federal VA Per Diem Fund to $261,260. A majority of this amount is a funding shift from the KSH Medicare Fund ($215,330).

The fourth supplemental request would increase the expenditure limit for the KVH Long Term Care Federal VA Per Diem Fund, and has a net impact of zero on the existing budget. The supplemental request would increase the fund expenditures and limit by $281,294. This amount is a funding shift from other KVH funds, specifically $23,011 from Domiciliary Federal Per Diem Fund, $37,472 from the Veterans' Home Fee Fund, and $220,811 from the Veterans' Home Medicare Fund. The agency requests that the Soldiers' Home Fee Fund, Veterans' Home Fee Fund, Federal Domiciliary Per Diem Fund, and Federal Long Term Care Per Diem Fund all be made no limit.

The **Governor** does not recommend the agency's supplemental requests in FY 2015.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Contribution Rate	$ (47,628)	$ (47,628)	0.0
TOTAL	$ (47,628)	$ (47,628)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $47,628 from the State General Fund, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations but is reflective of a reduction of expenditures.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 22,430,499	$ 21,160,369	$ (1,270,130)
FTE Positions	373.1	363.1	(10.0)
Change from FY 2015:			
Dollar Change:			
State General Fund	$ 246,056	$ 123,723	
All Other Funds	1,602,165	673,415	
TOTAL	$ 1,848,221	$ 797,138	
Percent Change:			
State General Fund	3.2 %	1.6 %	
All Other Funds	12.3	5.2	
TOTAL	9.0 %	3.9 %	
Change in FTE Positions	0.0	(5.0)	

The **agency** requests $22.4 million, including $7.8 million from the State General Fund, for FY 2016. This is an all funds increase of $1.8 million, and a State General Fund increase of $246,056, or 3.2 percent, above the revised FY 2015 estimate.

The increase is primarily attributable to an increase in salaries and wages for the Veterans' Home program. The increase also includes an increase in contractual services, commodities, capital outlay, and other assistance.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $16.7 million, including $5.5 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of $795,193, or 5.0 percent, and a State General Fund increase of $105,213, or 1.9 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in salaries, including fringe benefit expenditures, partially offset by an increase in shrinkage.

- **Contractual Services.** The agency requests $3.0 million, including $1.0 million from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $859,397, or 40.7 percent, and a State General Fund increase of $145,611, or 16.2 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in institutional food services and professional fee expenditures.

- **Commodities.** The agency requests $1.8 million, including $446,802 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $85,495, or 5.0 percent, and a State General Fund decrease of $97,773, or 18.0 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in drug and pharmaceutical supplies, agricultural supplies and materials, and fuel expenditures.

- **Capital Outlay.** The agency requests $199,517, including $122,792 from the State General Fund, for capital outlay for FY 2016. This is an all funds increase of $17,475, or 29.5 percent, above the revised FY 2015 estimate. The State General Fund amount is the same amount as the revised FY 2015 estimate. The all funds increase is attributable to an increase in agricultural machinery and equipment, partially offset by a decrease in maintenance equipment.

- **Other Assistance.** The agency requests $715,000, including $700,000 from the State General Fund, for other assistance for FY 2016. This is an all funds increase of $90,661, or 14.5 percent, and a State General Fund increase of $93,005, or 15.3 percent, above the revised FY 2015 estimate. The increase is attributable to the supplemental request to increase VCAP grants, partially offset by a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $21.2 million, including $7.6 million from the State General Fund, for FY 2016. This is an all funds decrease of $1.3 million, or 5.7 percent, and a State General Fund decrease of $169,961, or 2.2 percent, below the agency's request. The decrease is primarily attributable to a decrease in salaries and wages and shrinkage to normalize the amount back to the level in FY 2015, a reduction in employer contributions for state employee health insurance, and the Governor recommending two enhancement requests, while the Governor did not recommend the agency's enhancement request for additional VCAP funding.

Enhancements Detail

FY 2016 ENHANCEMENTS

Enhancements	Agency Request SGF	Agency Request All Funds	Agency Request FTE	Governor's Recommendation SGF	Governor's Recommendation All Funds	Governor's Recommendation FTE
Scratch Lotto - Shrinkage	$ 60,278	$ 60,278	0.0	$ 60,278	$ 60,278	0.0
Scratch Lotto - Contractual Srvs	46,071	46,071	0.0	46,071	46,071	0.0
VCAP	100,000	100,000	0.0	0	0	0.0
TOTAL	**$ 206,349**	**$ 206,349**	**0.0**	**$ 106,349**	**$ 106,349**	**0.0**

The **agency** requests funding for three enhancement requests, totaling $206,349, all from the State General Fund, for FY 2016.

The first enhancement request involves the agency increasing proceeds from scratch lotto funding to reduce shrinkage by $60,278, all from the State General Fund, for FY 2016.

The second enhancement request involves the agency increasing proceeds from scratch lotto funding to increase contractual services expenditures by $46,071, all from the State General Fund, for FY 2016.

The third enhancement request involves a request for increased expenditures totaling $100,000, all from the State General Fund, for FY 2016. This funding would increase the amount currently granted to the American Legion and Veterans of Foreign Wars through the Veterans Claims Assistance Program (VCAP), so that each organization could hire an additional Service Officer within the VA hospitals to handle increased walk-in traffic.

The **Governor** recommends enhancements totaling $106,349, all from the State General Fund, for FY 2017. The Governor recommends the agency's first two enhancement requests, concerning the use of scratch lotto proceeds to reduce shrinkage and increase contractual services expenditures. The Governor does not recommend the agency's third enhancement request, for $100,000 from the State General Fund, for additional funding for the VCAP program in FY 2016.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 22,267,576	$ 20,774,011	$ (1,493,565)
FTE Positions	373.1	368.1	(5.0)
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 508,573	$ (82,751)	
All Other Funds	(671,496)	(303,607)	
TOTAL	$ (162,923)	$ (386,358)	
Percent Change:			
State General Fund	6.5 %	(1.1) %	
All Other Funds	(4.6)	(2.2)	
TOTAL	(0.7) %	(1.8) %	
Change in FTE Positions	0.0	(5.0)	

The **agency** requests $22.3 million, including $8.3 million from the State General Fund, for FY 2017. This is an all funds decrease of $162,923, or 0.7 percent, and a State General Fund increase of $508,573, or 6.5 percent, from the FY 2016 request. The decrease is attributable to the agency requesting less contractual services expenditures, partially offset by an increase in salaries and wages due to payment of the 27th payroll period which occurs in that fiscal year, and the agency enhancement requests.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $17.5 million, including $5.9 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $757,298, or 4.5 percent, and a State General Fund increase of $405,022, or 7.4 percent, above

the FY 2016 request. The increase is attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $2.1 million, including $838,315 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of $846,476, or 28.5 percent, and a State General Fund decrease of $204,202, or 19.6 percent, below the FY 2016 request. The decrease is attributable to a decrease in institutional food service expenditures and professional fees.

- **Commodities.** The agency requests $1.7 million, including $754,555 from the State General Fund, for FY 2017. This is an all funds decrease of $73,745, or 4.1 percent, and a State General Fund increase of $307,753, or 68.9 percent, above the FY 2016 request. The decrease is attributable to a decrease in drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency requests $199,517, including $122,792 from the State General Fund, for capital outlay for FY 2017. This is the same all funds and state general fund amount as the FY 2016 request.

- **Other Assistance.** The agency requests $715,000, including $700,000 from the State General Fund, for other assistance for FY 2017. This is the same all funds and State General Fund amount as the FY 2016 request.

The **Governor** recommends expenditures of $20.8 million, including $7.6 million from the State General Fund, for FY 2017. This is an all funds decrease of $1.5 million, or 6.7 percent, and a State General Fund decrease of $761,285, or 9.1 percent, below the agency's request. The decrease is attributable to a decrease in salaries and wages to normalize the amount back to the level in FY 2015, a decrease in employer contributions for state employee health insurance, and the Governor did not recommend any of the agency's enhancement requests.

Enhancements Detail

FY 2017 ENHANCEMENTS

	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
Scratch Lotto - Shrinkage	$ 60,278	$ 60,278	0.0	$ 0	$ 0	0.0
Scratch Lotto - Contractual Srvs	46,071	46,071	0.0	0	0	0.0
VCAP	100,000	100,000	0.0	0	0	0.0
TOTAL	**$ 206,349**	**$ 206,349**	**0.0**	**$ 0**	**$ 0**	**0.0**

The agency requests funding for three enhancements, totaling $206,349, all from the State General Fund, for FY 2017. The first enhancement involves the agency increasing proceeds from scratch lotto funding to reduce shrinkage by $60,278, all from the State General Fund, for FY 2017.

The second enhancement involves the agency increasing proceeds from scratch lotto funding to increase contractual services expenditures by $46,071, all from the State General Fund, for FY 2017.

The third enhancement involves a request for increased expenditures totaling $100,000, all from the State General Fund, for FY 2017. This funding would increase the amount currently granted to the American Legion and Veterans of Foreign Wars through the Veterans Claims Assistance Program (VCAP), so that each organization could hire an additional Service Officer within the VA hospitals to handle increased walk-in traffic.

The **Governor** does not recommend any of the agency's enhancement requests for FY 2017. Concerning the first two enhancement requests involving scratch lotto proceeds, the Governor recommends that the agency wait to see what the actual 2015 lottery transfer is before requesting funds to cover a shortfall in FY 2017. The Governor does not recommend additional funding for the Veterans Claims Assistance Program for FY 2017.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $81,645, including $25,866 from the State General Fund, and affects 263 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). 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 2015 longevity payments total $72,077, including $25,236 from the State General Fund, and FY 2017 longevity payments total $81,557, including $26,825 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency this is a reduction of $210,135, including $69,961 from the State General Fund for FY 2016. This is a reduction of $214,345, including $214,345 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	34.9 %	36.1 %	37.4 %	36.4 %
Soldiers' Home Fee Fund	14.1	11.6	14.2	12.8
Veterans' Home Fee Fund	7.5	9.0	7.6	8.9
All Other Funds	43.5	43.3	40.8	41.9
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

Soldiers' Home Fee Fund and Federal Fund

The Kansas Soldiers' Home is primarily financed through the State General Fund, federal Veterans' Administration (VA) *per diem* payments, and fees assessed to residents. Residents' fees are deposited in the Soldiers' Home Fee Fund. Beginning in FY 2005, a separate fund was created, the Soldiers' Home Federal Fund, to receive VA *per diem* payments.

The VA pays *per diem* of up to 50.0 percent of expenditures. The VA *per diem* rate is adjusted each year on October 1. Resident fees are assessed based on ability to pay. The following tables show the status of the Soldiers' Home Fee Fund and the Soldiers' Home Federal Fund.

Soldiers' Home Fee Fund Analysis

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	$ 128,881	$ 12,662	$ 12,662	$ 0	$ 46,782	$ 1	$ 0
Revenue	1,433,506	1,685,840	1,685,840	1,685,840	1,848,863	1,685,840	1,685,840
Transfers in	0	0	0	0	0	0	200,000
Total Funds Available	$ 1,562,387	$ 1,698,502	$ 1,698,502	$ 1,685,840	$ 1,895,645	$ 1,685,841	$ 1,885,840
Less: Expenditures	1,549,725	1,698,502	1,651,720	1,685,839	1,895,645	1,685,840	1,849,668
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 12,662	$ 0	$ 46,782	$ 1	$ 0	$ 1	$ 36,172
Ending Balance as Percent of Expenditures	0.8%	0.0%	2.8%	0.0%	0.0%	0.0%	2.0%
	November	October	October	October	October	October	October
Month Highest Ending Balance	$ 667,000	$ 559,000	$ 559,000	$ 587,000	$ 587,000	$ 616,000	$ 616,000
	June	June	June	June	June	June	June
Month Lowest Ending Balance	$ 12,662	$ 0	$ 0	$ 1	$ 0	$ 1	$ 1

Soldiers' Home Federal Fund Analysis

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	$ (75,237)	$ 525,239	$ 525,239	$ 991,567	$ 860,959	$ 176,989	$ 517,628
Revenue	5,788,513	6,464,375	6,464,375	6,565,029	6,565,029	6,565,029	6,717,697
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 5,713,276	$ 6,989,614	$ 6,989,614	$ 7,556,596	$ 7,425,988	$ 6,742,018	$ 7,235,325
Less: Expenditures	5,188,037	5,998,047	6,128,655	7,379,607	6,908,360	6,565,029	6,245,022
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 525,239	$ 991,567	$ 860,959	$ 176,989	$ 517,628	$ 176,989	$ 990,303
Ending Balance as Percent of Expenditures	10.1%	16.5%	14.0%	2.4%	7.5%	2.7%	15.9%
	October	September	September	September	September	September	September
Month Highest Ending Balance	$ 913,000	$ 1,118,000	$ 1,118,000	$ 1,174,000	$ 1,174,000	$ 1,233,000	$ 1,233,000
	March	May	May	May	May	May	May
Month Lowest Ending Balance	$ 60,000	$ 39,000	$ 39,000	$ 41,000	$ 41,000	$ 43,000	$ 43,000

Veterans' Home Fee Fund and Federal Fund

The Kansas Veterans' Home is primarily financed through the State General Fund, federal VA *per diem* payments, and fees assessed to residents. Residents' fees are deposited in the Veterans' Home Fee Fund. A separate fund, the Veterans' Home Federal Fund, was created to receive the VA *per diem* payments. The VA pays *per diem* of up to 50.0 percent of expenditures. The VA *per diem* rate is adjusted each year on October 1. Resident fees are assessed based on ability to pay.

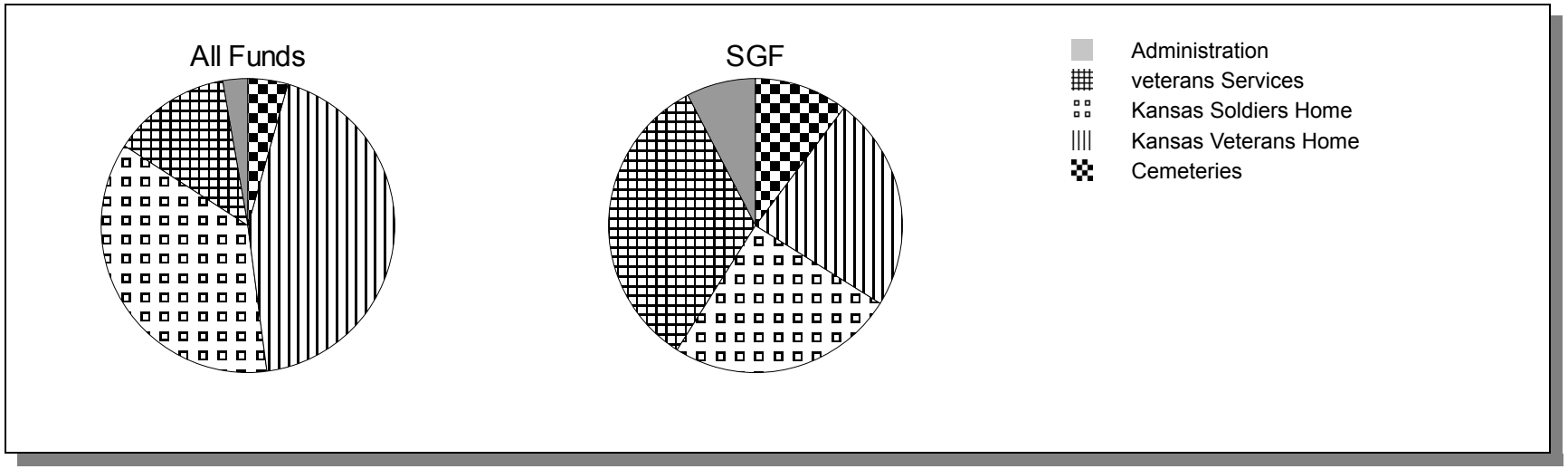
Veterans' Home Fee Fund Analysis

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	$ 229,956	$ 79,300	$ 79,300	$ 0	$ 25,230	$ 1	$ 735,427
Revenue	2,334,143	2,873,258	2,873,258	3,171,601	3,171,601	3,171,601	3,171,601
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 2,564,099	$ 2,952,558	$ 2,952,558	$ 3,171,601	$ 3,196,831	$ 3,171,602	$ 3,907,028
Less: Expenditures	2,484,799	2,952,558	2,927,328	3,171,600	2,461,404	3,171,602	2,649,489
Transfers Out	0	0	0	0	0	0	200,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 79,300	$ 0	$ 25,230	$ 1	$ 735,427	$ 0	$ 1,057,539
Ending Balance as Percent of Expenditures	3.2%	0.0%	0.9%	0.0%	29.9%	0.0%	39.9%
	February	January	January	January	January	January	January
Month Highest Ending Balance	$ 1,036,000	$ 1,001,000	$ 1,001,000	$ 1,051,000	$ 1,051,000	$ 1,104,000	$ 1,104,000
	May	June	June	June	June	June	June
Month Lowest Ending Balance	$ 4,000	$ 0	$ 0	$ 1	$ 1	$ 0	$ 0

Veterans' Home Federal Fund Analysis

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	$ 147,325	$ 171,819	$ 171,819	$ 23,011	$ 465,930	$ 23,012	$ 624,437
Revenue	1,351,996	1,556,815	1,556,815	1,556,815	1,656,815	1,556,815	1,656,815
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 1,499,321	$ 1,728,634	$ 1,728,634	$ 1,579,826	$ 2,122,745	$ 1,579,827	$ 2,281,252
Less: Expenditures	1,327,502	1,705,623	1,262,704	1,556,814	1,498,308	1,556,815	1,466,305
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 171,819	$ 23,011	$ 465,930	$ 23,012	$ 624,437	$ 23,012	$ 814,947
Ending Balance as Percent of Expenditures	12.9%	1.3%	36.9%	1.5%	41.7%	1.5%	55.6%
	September	August	August	August	August	August	August
Month Highest Ending Balance	$ 619,000	$ 880,000	$ 880,000	$ 924,000	$ 924,000	$ 970,000	$ 970,000
	March	June	June	June	June	June	June
Month Lowest Ending Balance	$ 151,000	$ 23,011	$ 23,011	$ 23,012	$ 23,012	$ 23,012	$ 23,012

EXPENDITURES BY PROGRAMS–GOVERNOR'S FY 2016 RECOMMENDATION



Program	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Administration	$ 583,812	2.8 %	$ 583,812	7.6 %
Veterans Services	2,784,550	13.2	2,554,771	33.4
Kansas Soldiers Home	7,627,102	36.0	1,918,774	25.1
Kansas Veterans Home	9,232,232	43.6	1,806,316	23.6
Cemeteries	932,673	4.4	785,053	10.3
TOTAL	$ 21,160,369	100.0 %	$ 7,648,726	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	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Veterans Services	24.0	32.0	32.0	32.0	32.0	32.0	32.0
Kansas Soldiers Home	106.0	94.0	94.0	94.0	89.0	94.0	94.0
Kansas Veterans Home	147.0	191.3	186.3	185.3	180.3	185.3	180.3
Cemeteries Program	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Off Budget	0.0	33.0	33.0	39.0	39.0	39.0	39.0
TOTAL	298.8	373.1	368.1	373.1	363.1	373.1	368.1

A. Administration

The Administration program provides central management and staff support from the main office located in Topeka for all other programs within KCVA. The Administration program contains the agency's fiscal services, human resources, and information technology functions. The program was split off from the Veterans' Services program for budgetary reasons beginning in FY 2006. It also contains funding, where relevant, for the Persian Gulf War Veterans' Health Initiative Board.

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	$ 434,634	$ 488,995	$ 484,484	$ 484,039	$ 480,316	$ 506,907	$ 480,241
Contractual Services	76,370	84,589	84,589	86,965	86,965	86,965	86,965
Commodities	8,678	10,231	10,231	10,231	10,231	10,231	10,231
Capital Outlay	13,270	6,300	6,300	6,300	6,300	6,300	6,300
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 532,952	$ 590,115	$ 585,604	$ 587,535	$ 583,812	$ 610,403	$ 583,737
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 532,952	$ 590,115	$ 585,604	$ 587,535	$ 583,812	$ 610,403	$ 583,737
Financing:							
State General Fund	$ 532,952	$ 590,115	$ 585,604	$ 587,535	$ 583,812	$ 610,403	$ 583,737
All Other Funds	0	0	0	0	0	0	0
TOTAL	$ 532,952	$ 590,115	$ 585,604	$ 587,535	$ 583,812	$ 610,403	$ 583,737
FTE Positions	5.0	6.0	6.0	6.0	6.0	6.0	6.0
Non-FTE Uncl. Perm. Pos.	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	6.0	7.0	7.0	7.0	7.0	7.0	7.0

The **agency** requests expenditures of $587,535, all from the State General Fund, for FY 2016. This is a decrease of $2,580, or 0.4 percent, below the revised FY 2015 estimate.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $484,039, all from the State General Fund, for salaries and wages for FY 2016. This is a decrease of $4,956, or 1.0 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in salaries and wages and associated fringe benefits, due to salaries returning to a normalized amount, absent the $250 bonus for state employees in FY 2015.

- **Contractual Services.** The agency requests $86,965, all from the State General Fund, for capital improvements for FY 2016. This is an increase of $2,376, or 2.8 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in fees.

- **Commodities.** The agency requests $10,231, all from the State General Fund, for commodities for FY 2016. This is the same amount as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $2,376, all from the State General Fund, for capital outlay for FY 2016. This is the same amount as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $585,604, all from the State General Fund, for FY 2016. This is an all funds decrease of $3,723, or 0.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $610,403, all from the State General Fund, for FY 2017. This is an increase of $22,868, or 3.9 percent, above the FY 2016 request.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $506,907, all from the State General Fund, for salaries and wages for FY 2017. This is an increase of $22,868, or 4.7 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages and associated fringe benefits, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $86,965, all from the State General Fund, for contractual services for FY 2017. This is the same amount approved by the 2014 Legislature.

- **Commodities.** The agency requests $10,231, all from the State General Fund, for commodities for FY 2017. This is the same amount approved by the 2014 Legislature.

- **Capital Outlay.** The agency requests $6,300, all from the State General Fund, for capital outlay for FY 2017. This is the same amount approved by the 2014 Legislature.

The **Governor** recommends expenditures of $583,737, all from the State General Fund, for FY 2017. This is an all funds decrease of $26,666, or 4.4 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance.

B. Veterans' Services

The purpose of the Veterans' Services program is to provide and administer a system by which the eligible residents of Kansas can obtain assistance and advice in procuring benefits from the state and federal governments in the area of veterans' or survivors' benefits. Services are provided through 13 field offices located throughout the state, two mobile vans, and six offices located in the federal Department of Veterans' Affairs (VA) Medical Centers in Topeka, Leavenworth, and Wichita.

Additional services are provided through service grants to Veterans' Service Organizations (VSOs). Where services through VSOs are not available, the KCVA Veterans' Service Representatives (VSRs) provide services. Quality control measures are performed at the Wichita VA Medical Center. Services provided by the program include assistance with obtaining services in the areas of education, health, vocational guidance, and economic security. KCVA is the State Approving Agency (SAA) for the federal GI Bill Education program.

VETERANS' SERVICES
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	$ 1,397,080	$ 1,690,496	$ 1,676,270	$ 1,743,284	$ 1,740,737	$ 1,826,121	$ 1,693,096
Contractual Services	344,552	358,393	358,393	358,058	335,083	358,058	335,083
Commodities	52,361	54,452	54,452	54,452	54,452	54,452	54,452
Capital Outlay	46,151	54,278	54,278	54,278	54,278	54,278	54,278
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 1,840,144	$ 2,157,619	$ 2,143,393	$ 2,210,072	$ 2,184,550	$ 2,292,909	$ 2,136,909
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	602,200	600,000	600,000	700,000	600,000	700,000	600,000
TOTAL	$ 2,442,344	$ 2,757,619	$ 2,743,393	$ 2,910,072	$ 2,784,550	$ 2,992,909	$ 2,736,909
Financing:							
State General Fund	$ 2,242,921	$ 2,525,021	$ 2,512,028	$ 2,678,078	$ 2,554,771	$ 2,753,759	$ 2,494,026
All Other Funds	199,423	232,598	231,365	231,994	229,779	239,150	242,883
TOTAL	$ 2,442,344	$ 2,757,619	$ 2,743,393	$ 2,910,072	$ 2,784,550	$ 2,992,909	$ 2,736,909
FTE Positions	24.0	32.0	32.0	32.0	32.0	32.0	32.0
Non-FTE Uncl. Perm. Pos.	2.0	2.0	2.0	2.0	2.0	2.0	2.0
TOTAL	26.0	34.0	34.0	34.0	34.0	34.0	34.0

The **agency** requests expenditures of $2.9 million, including $2.7 million from the State General Fund, for FY 2016. This is an all funds increase of $152,453, or 5.5 percent, and a State General Fund increase of $153,057, or 6.1 percent, above the revised FY 2015 estimate.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $1.7 million, including $1.6 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of $52,788, or 3.1 percent, and a State General Fund increase of $53,392, or 3.5 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures.

- **Contractual Services.** The agency requests $358,058, including $299,343 from the State General Fund, for FY 2016. This is an all funds decrease of $335, or less than 0.1 percent, and a State General Fund decrease of $335, or less than 0.1 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in travel expenditures.

- **Commodities.** The agency requests $54,452, including $48,159 from the State General Fund, for commodities for FY 2016. This is the same all funds and State General Fund amounts as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $54,278, including $41,949 from the State General Fund, for capital outlay for FY 2016. This is the same all funds and State General Fund amounts as the revised FY 2015 estimate.

- **Other Assistance.** The agency requests $700,000, all from the State General Fund, for other assistance for FY 2016. This is a State General Fund increase of $100,000, or 16.7 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in grants.

The **Governor** recommends expenditures of $2.8 million, including $2.6 million from the State General Fund, for FY 2016. This is an all funds decrease of $125,522, or 4.3 percent, and a State General Fund decrease of $123,307, or 4.6 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and the Governor not recommending the agency's enhancement request for additional VCAP funding.

The **agency** requests expenditures of $3.0 million, including $2.8 million from the State General Fund, for FY 2017. This is an all fund increase of $82,837, or 2.8 percent, and a State General Fund increase of $75,681, or 2.8 percent, above the FY 2016 request.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $1.8 million, including $1.7 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $82,837, or 4.8 percent, and a State General Fund increase of $75,681, or 4.8 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages and associated fringe benefit expenditures due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $358,058, including $299,343 from the State

General Fund, for contractual services for FY 2017. This is the same amount as the FY 2016 request.

- **Commodities.** The agency requests $54,452, including $48,159 from the State General Fund, for commodities for FY 2017. This is the same amount as the FY 2016 request.

- **Capital Outlay.** The agency requests $54,278, including $41,949 from the State General Fund, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $700,000, all from the State General Fund, for other assistance for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $2.7 million, including $2.5 million from the State General Fund, for FY 2017. This is an all funds decrease of $256,000, or 8.6 percent, and a State General Fund decrease of $259,733, or 9.4 percent, below the agency's request. The decrease is attributable to a reduction in employer contributions for state employee health insurance, and the Governor not recommending the agency's enhancement request for additional VCAP funding.

C. Kansas Soldiers' Home

The mission of the Kansas Soldiers' Home (KSH) in Fort Dodge is to provide quality, long-term health care and enhance the overall well-being of honorably discharged veterans and their dependents in an environment that supports the individuals' biological, sociological, and psychological needs.

Kansas Soldiers' Home offers different levels of care including residential cottages, assisted living, and nursing home care. Cottage residency is open to any eligible veteran and his or her spouse; it provides independent living with assistance from social and health services staff available. Domiciliary care, or assisted living, provides residents with support services such as meal preparation and medication monitoring. Nursing home care is also available for residents who are not capable of supporting and caring for themselves.

KANSAS SOLDIERS' HOME
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	$ 4,703,937	$ 5,019,858	$ 4,975,889	$ 5,318,643	$ 5,573,478	$ 5,538,427	$ 5,815,154
Contractual Services	1,246,029	941,641	862,340	1,062,353	1,062,353	941,639	895,568
Commodities	908,499	827,983	827,983	901,728	901,728	827,983	827,983
Capital Outlay	157,783	89,543	89,543	89,543	89,543	89,543	89,543
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 7,016,248	$ 6,879,025	$ 6,755,755	$ 7,372,267	$ 7,627,102	$ 7,397,592	$ 7,628,248
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	0	0	0	0	0	0	0
TOTAL	$ 7,016,248	$ 6,879,025	$ 6,755,755	$ 7,372,267	$ 7,627,102	$ 7,397,592	$ 7,628,248
Financing:							
State General Fund	$ 2,107,528	$ 1,895,234	$ 1,881,621	$ 1,934,438	$ 1,918,774	$ 2,084,285	$ 1,869,417
All Other Funds	4,908,720	4,983,791	4,874,134	5,437,829	5,708,328	5,313,307	5,758,831
TOTAL	$ 7,016,248	$ 6,879,025	$ 6,755,755	$ 7,372,267	$ 7,627,102	$ 7,397,592	$ 7,628,248
FTE Positions	106.0	94.0	94.0	94.0	89.0	94.0	94.0
Non-FTE Uncl. Perm. Pos.	3.0	3.0	3.0	3.0	3.0	3.0	3.0
TOTAL	109.0	97.0	97.0	97.0	92.0	97.0	97.0

The **agency** requests expenditures of $7.3 million, including $1.9 million from the State General Fund, for FY 2016. This is an all funds increase of $493,242, or 7.2 percent, and a State General Fund increase of $39,204, or 2.1 percent, above the revised FY 2015 estimate.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $5.3 million, including $1.5 million from the State General Fund, for salaries and wages for FY 2016. This is an all funds increase of $298,785, or 6.0 percent, and a State General Fund increase of $25,849, or 1.7 percent, above the revised FY 2015 estimate. The increase is

attributable to an increase in salaries, including fringe benefit expenditures.

- **Contractual Services.** The agency requests $1.1 million, including $297,135 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $120,712, or 12.8 percent, and a State General Fund increase of $125,579, or 73.2 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in laundry services expenditures and professional fees.

- **Commodities.** The agency requests $901,728, including $45,008 from the State General Fund, for commodities for FY 2016. This is an all funds increase of $73,745, and a State General Fund decrease of $112,224, or 71.4 percent, from the revised FY 2015 estimate. The all funds increase is attributable to an increase in drugs and pharmaceutical product expenditures. The State General Fund decrease is attributable to a decrease in drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency requests $89,543, including $74,543 from the State General Fund, for capital outlay for FY 2016. The all funds and State General Fund totals are the same amounts as the revised FY 2015 estimate.

The **Governor** recommends expenditures of $7.6 million, including $1.9 million from the State General Fund, for FY 2016. This is an all funds increase of $254,835, or 3.5 percent, and a State General Fund decrease of $15,664, or 0.8 percent, from the agency's request. The all funds increase is attributable to an reduction in salaries and wages shrinkage, partially offset by a reduction in employer contributions for state employee health insurance and a decrease in other fees.

The **agency** requests expenditures of $7.4 million, including $2.1 million from the State General Fund, for FY 2017. This is an all funds increase of $25,325, or 0.3 percent, and a State General Fund increase of $149,847, or 7.7 percent, above the FY 2016 request.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $5.5 million, including 1.7 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $219,784, or 4.1 percent, and a State General Fund increase of $208,310, or 13.7 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages and associated fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $941,639, including $145,638 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of $120,714, or 11.4 percent, and a State General Fund decrease of $151,497, or 51.0 percent, below the FY 2016 request. The decrease is primarily attributable to a decrease in professional fees.

- **Commodities.** The agency requests $827,983, including $138,042 from the State General Fund, for commodities for FY 2017. This is an all funds decrease of $73,745, or 8.2 percent, and a State

General Fund increase of $93,034, or 206.7 percent, from the FY 2016 request. The all funds decrease is attributable to a decrease in drug and pharmaceutical expenditures.

- **Capital Outlay.** The agency requests $89,543, including $74,543 from the State General Fund, for capital outlay for FY 2017. These are the same totals as the FY 2016 request.

The **Governor** recommends expenditures of $7.6 million, including $1.9 million from the State General Fund, for FY 2017. This is an all funds increase of $230,656, or 3.1 percent, and a State General Fund decrease of $214,868, or 10.3 percent, from the agency's request. The all funds increase is attributable to an increase in salaries and wage shrinkage, partially offset by a reduction in employer contributions for state employee health insurance and a decrease in other fees.

D. Kansas Veterans' Home

The primary mission of the Kansas Veterans' Home (KVH) in Winfield is to provide three levels of nursing care to veterans and their eligible dependents. Kansas Veterans' Home officially opened May 1, 2000, on the grounds of the former Winfield State Hospital and Training Center.

The 80-bed domiciliary, or assisted living program, in Donlon Hall provides shelter, food, and other necessary services required by each resident, while allowing the resident to maintain a certain level of independence. The third wing of Donlon Hall was opened on July 14, 2003.

The 104-bed Bleckley Hall was opened June 12, 2000, and is equipped for 78 residents in need of skilled nursing care and 26 residents in need of care related to Alzheimer's disease.

KANSAS VETERANS' HOME
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	$ 6,784,930	$ 8,025,723	$ 7,954,826	$ 8,436,813	$ 7,050,439	$ 8,833,444	$ 7,401,422
Contractual Services	1,084,292	653,741	653,741	1,384,014	1,384,014	658,252	658,252
Commodities	643,695	767,126	767,126	767,126	767,126	767,126	767,126
Capital Outlay	152,723	15,706	15,706	15,653	15,653	15,653	15,653
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 8,665,640	$ 9,462,296	$ 9,391,399	$ 10,603,606	$ 9,217,232	$ 10,274,475	$ 8,842,453
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	6,826	17,344	17,344	15,000	15,000	15,000	15,000
TOTAL	$ 8,672,466	$ 9,479,640	$ 9,408,743	$ 10,618,606	$ 9,232,232	$ 10,289,475	$ 8,857,453
Financing:							
State General Fund	$ 1,847,963	$ 1,830,701	$ 1,820,333	$ 1,824,237	$ 1,806,316	$ 2,024,236	$ 1,773,751
All Other Funds	6,824,503	7,648,939	7,588,410	8,794,369	7,425,916	8,265,239	7,083,702
TOTAL	$ 8,672,466	$ 9,479,640	$ 9,408,743	$ 10,618,606	$ 9,232,232	$ 10,289,475	$ 8,857,453
FTE Positions	147.0	191.3	186.3	185.3	180.3	185.3	180.3
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	147.0	191.3	186.3	185.3	180.3	185.3	180.3

The **agency** requests expenditures of $10.6 million, including $1.8 million from the State General Fund, for FY 2016. This is an all funds increase of $1.1 million, and a State General Fund decrease of $6,464, from the revised FY 2015 request. The request includes 185.3 FTE positions, which is a decrease of 6.0 FTE positions from the revised FY 2015 estimate.

The request is detailed by object of expenditure.

- **Salaries and Wages:** The agency requests $8.4 million, including $1.2 million from the State General Fund, for FY 2016. This is an all funds increase of $411,090, or 5.1 percent, and a State General Fund decrease of $6,558, or 0.6 percent, from the revised FY 2015 estimate. The all funds increase is primarily attributable to an

increase in salaries, including fringe benefit expenditures.

- **Contractual Services.** The agency requests $1.4 million, including $337,449 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $730,273, or 111.7 percent, and a State General Fund increase of $94, or less than 0.1 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in food services expenditures, partially offset by a decrease in medical and computer software expenditures.

- **Commodities.** The agency requests $767,126, including $328,001 from the State General Fund, for commodities for FY 2016. The all funds and State General Fund totals are the same amounts as the revised FY 2015 estimate.

- **Capital Outlay.** The agency requests $15,653, all from special revenue funds, for capital outlay for FY 2016. This is a decrease of $53, or 0.3 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in household equipment.

- **Other Assistance.** The agency requests $15,000, all from special revenue funds, for other assistance for FY 2016. This is a decrease of $2,344, or 13.5 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to a decrease in grants.

The **Governor** recommends expenditures of $9.2 million, including $1.8 million from the State General Fund, for FY 2016. This is an all funds decrease of $1,386,374, or 13.1 percent, and a State General Fund decrease of $17,921, or 1.0 percent, below the agency's request. The decrease is primarily attributable to a decrease in salaries and wages, to normalize the amount back to the FY 2015 level, and a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $10.3 million, including $2.0 million from the State General Fund, for FY 2017. This is an all funds decrease of $329,131, or 3.1 percent, and a State General Funds increase of $199,999, or 11.0 percent, from the FY 2016 request.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $8.8 million, including $1.2 million from the State General Fund, for salaries and wages for FY 2017. This is an all funds increase of $396,631, or 4.7 percent, and a State General Fund increase of $62,985, or 5.4 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries and wages and associated fringe benefits, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $658,252, including $274,463 from the State General Fund, for contractual services for FY 2017. This is an all funds decrease of $725,762, or 52.4 percent, and a State General Fund decrease of $62,986, or 18.7 percent, below the FY 2016 request. The decrease is primarily

attributable to a decrease in professional fees, food service expenditures, and building repairs.

- **Commodities.** The agency requests $767,126, including $528,001 from the State General Fund, for FY 2017. The all funds total is the same amount as the FY 2016 request. The State General Fund amount is an increase of $200,000, or 61.0 percent, above the FY 2016 request.

- **Capital Outlay.** The agency requests $15,653, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 request.

- **Other Assistance.** The agency requests $15,000, all from special revenue funds, for other assistance for FY 2017. This is the same amount as the FY 2016 request.

The **Governor** recommends expenditures of $8.9 million, including $1.8 million from the State General Fund, for FY 2017. This is an all funds decrease of $1,432,022, or 13.9 percent, and a State General Fund decrease of $250,485, or 12.4 percent, below the agency's request. The decrease is attributable to a decrease in salaries and wages, to normalize the amount back to the FY 2015 level, and a reduction in employer contributions for state employee health insurance.

E. Veterans' Cemeteries

The Veterans' Cemeteries program provides veterans and their eligible dependents with a burial site and fitting memorial to honor their service to the United States. The program was designed to establish, manage, and operate four state veterans' cemeteries. Cemetery construction was 100.0 percent funded through a grant from the federal Department of Veterans' Affairs (VA), with ongoing cemetery operations largely funded by the state, with minimal federal funding. During FY 2006, the cemeteries at Fort Dodge, WaKeeney, and Winfield became fully operational. The cemetery at Fort Riley opened in FY 2009.

VETERANS' CEMETERIES 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	$ 677,946	$ 719,885	$ 713,742	$ 757,371	$ 748,025	$ 792,549	$ 783,016
Contractual Services	84,295	72,591	72,591	78,962	78,962	78,962	78,962
Commodities	76,112	60,193	60,193	71,943	71,943	71,943	71,943
Capital Outlay	3,632	16,215	16,215	33,743	33,743	33,743	33,743
Debt Service	0	0	0	0	0	0	0
Subtotal - Operations	$ 841,985	$ 868,884	$ 862,741	$ 942,019	$ 932,673	$ 977,197	$ 967,664
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	8,886	6,995	6,995	0	0	0	0
TOTAL	$ 850,871	$ 875,879	$ 869,736	$ 942,019	$ 932,673	$ 977,197	$ 967,664
Financing:							
State General Fund	$ 722,593	$ 731,560	$ 725,417	$ 794,399	$ 785,053	$ 854,577	$ 845,044
All Other Funds	128,278	144,319	144,319	147,620	147,620	122,620	122,620
TOTAL	$ 850,871	$ 875,879	$ 869,736	$ 942,019	$ 932,673	$ 977,197	$ 967,664
FTE Positions	16.8	16.8	16.8	16.8	16.8	16.8	16.8
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	16.8	16.8	16.8	16.8	16.8	16.8	16.8

The **agency** requests expenditures of $942,019, including $794,399 from the State General Fund, for FY 2016. This is an all funds increase of $66,140, or 7.6 percent, and a State General Fund increase of $62,839, or 8.6 percent, above the revised FY 2015 estimate.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $757,371, all from the State General Fund, for FY 2016. This is an increase of $37,486, or 5.2 percent, above the revised FY 2015 estimate. The increase is attributable to an increase in salaries, including fringe benefit expenditures.
- **Contractual Services.** The agency requests $78,962, including $21,625 from the State General Fund, for contractual services for FY 2016. This is an all funds increase of $6,371, or 8.8 percent, and a State General Fund increase of $17,897, or 480.1 percent, above the revised FY 2015 estimate. The increase is primarily attributable to utilities expenditures.

- **Commodities**. The agency requests $71,943, including $15,403 from the State General Fund, for FY 2016. This is an all funds increase of $11,750, or 19.5 percent, and a State General Fund increase of $14,451, or 1,518.0 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in agricultural supplies and fuel.

- **Capital Outlay.** The agency requests $33,743, all from special revenue funds, for capital outlay for FY 2016. This is an increase of $17,528, or 108.1 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in agricultural equipment and machinery.

- **Other Assistance.** The agency does not request funding for other assistance for FY 2016. This is a decrease of $20,987, or 100.0 percent, below the revised FY 2015 estimate. The decrease is attributable to a decrease in voluntary retirement incentive expenditures.

The **Governor** recommends expenditures of $932,673, including $785,053 from the State General Fund, for FY 2016. This is an all funds decrease of $9,346, or 1.0 percent, all from the State General Fund, below the agency's request. The decrease is primarily attributable to a reduction in employer contributions for state employee health insurance.

The **agency** requests expenditures of $977,197, including $854,577 from the State General Fund, for FY 2017. This is an all funds increase of $35,178, or 3.7 percent, and a State General Fund increase of $60,178, or 7.6 percent, above the FY 2016 request.

The request is detailed by object of expenditure.

- **Salaries and Wages.** The agency requests $792,549, all from the State General Fund, for salaries and wages for FY 2017. This is an increase of $35,178, or 4.6 percent, above the FY 2016 request. The increase is primarily attributable to an increase in salaries, including fringe benefit expenditures, due to payment of the 27th payroll period.

- **Contractual Services.** The agency requests $78,962, including $31,906 from the State General Fund, for contractual services for FY 2017. The all funds total is the same amount as the FY 2016 request. The State General Fund amount is an increase of $10,281, or 47.5 percent, above the FY 2016 request.

- **Commodities.** The agency requests $71,943, including $30,122 from the State General Fund, for commodities for FY 2017. The all funds total is the same amount as the FY 2016 request. The State General Fund amount is an increase of $14,719, or 95.6 percent, above the FY 2016 request.

- **Capital Outlay.** The agency requests $33,743, all from special revenue funds, for capital outlay for FY 2017. This is the same amount as the FY 2016 estimate.

The **Governor** recommends expenditures of $967,664, including $845,044 from the State General Fund, for FY 2017. This is an all funds decrease of $9,533, or 1.0 percent, all from the State General Fund, below the agency's request. The decrease is attributable to a reduction in 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
Kansas Soldiers' Home (KSH) - Major Maintenance	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
KSH Nurse Call System Replacement	75,000	75,000	0	0	0	0
KSH Halsey Hall PTAC Circulation System Upgrade	240,000	240,000	0	0	0	0
KSH Halsey Electrical Upgrade	60,000	60,000	0	0	0	0
KSH Halsey Room HVAC Upgrade	150,000	150,000	0	0	0	0
KSH Halsey Modular Boiler Replacement	120,000	120,000	0	0	0	0
KSH Lincoln Hall Bathroom Renovation	150,000	150,000	0	0	0	0
KSH Lincoln Hall Remodel	400,000	400,000	0	0	0	0
KSH - Key Replacement	0	0	165,000	165,000	0	0
KSH - Telephone System	0	0	88,000	88,000	0	0
KSH - Pershing Barracks Access Renovation	0	0	330,000	0	0	330,000
KSH - Lincoln and Grant Hall Entrance Renovations	0	0	220,000	220,000	0	0
KSH - Halsey Hall Door and Threshold Replacement	0	0	200,000	200,000	0	0
KSH - Demolition of Outdated Campus Structures	0	0	80,000	80,000	50,000	50,000
KSH - Lincoln and Grant Halls Window Replacement	0	0	80,000	80,000	0	0
KSH - Halsey Hall Kitchen Renovation	0	0	412,500	0	0	412,500
KSH - Halsey Hall Whirlpool Room Renovation	0	0	66,000	66,000	0	0
KSH - Roof Replacements	0	0	0	0	80,000	80,000
KSH - Lincoln and Grant Halls ADA Access	0	0	0	0	165,000	165,000
KSH - Lincoln Hall Electrical Upgrade	0	0	0	0	55,000	55,000
KSH - Halsey Hall Covered Entrance Access	0	0	0	0	55,000	55,000
Kansas Veterans' Home (KVH) - Rehab and Repair	100,000	100,000	100,000	100,000	100,000	100,000
KVH - Donlon Hall Roof Replacement	165,000	165,000	0	0	0	0
KVH - Sprinkler System for Connecting Hallway	89,000	0	0	0	0	0
KVH - Nurse Call System Replacement	150,000	150,000	0	0	0	0
KVH - Home Campus Security Equipment	0	0	110,000	110,000	0	0
KVH - Key Replacement System	0	0	165,000	165,000	0	0

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
KVH - Bariatric Room Remodels	0	0	82,500	82,500	0	0
KVH - Campus Telephone System Replacement	0	0	88,000	88,000	0	0
KVH - Triplett Hall Carpet Replacement	0	0	0	0	198,000	198,000
KVH - Bleckley Hall Window Replacement	0	0	0	0	481,500	481,500
Kansas Cemeteries - Asphalt Road Repair	15,000	15,000	0	0	0	0
Kansas Cemeteries - Pre-placed Grave Liners	50,000	50,000	0	0	0	0
Kansas Cemeteries - Committal Shelter Doors	37,000	37,000	0	0	0	0
Kansas Cemeteries - Rehab and Repair	0	0	9,900	9,900	9,900	9,900
Kansas Cemeteries - Storage Unit Roofs	0	0	25,000	25,000	0	0
Encumbrances Reflected As Expenditures	946,021	234,777	0	0	0	0
TOTAL	$ 2,897,021	$ 2,096,777	$ 2,371,900	$ 1,629,400	$ 1,344,400	$ 2,086,900
Financing:						
State General Fund	$ 102,000	$ 102,000	$ 34,900	$ 34,900	$ 9,900	$ 9,900
All Other Funds	2,795,021	1,994,777	2,337,000	1,594,500	1,334,500	2,077,000
TOTAL	$ 2,897,021	$ 2,096,777	$ 2,371,900	$ 1,629,400	$ 1,344,400	$ 2,086,900

Current Year Agency Estimate

FY 2015 – Current Year. The agency's revised estimate for capital improvement expenditures of $2.9 million, including $102,000 from the State General Fund, in FY 2015. This is an all funds increase of $582,768, or 25.2 percent, all special revenue funds, above the amount approved by the 2014 Legislature. The increase is attributable to several capital improvement projects carrying over from a prior year as encumbrances, which are reflected as expenditures in FY 2015. The FY 2015 projects are listed by location.

Kansas Soldiers' Home

- Major Maintenance. This project is to repair facilities, including cottages, a long-term care facility, ancillary buildings and domiciliary buildings. This project includes contractual services for related projects. This project totals $150,000, all from the State Institutions Building Fund.

- Nurse Call System Replacement. This project will replace the existing hard-wired Dukane Nurse Call Light System with a wireless system for Lincoln Hall (assisted living), Halsey Hall (skilled nursing), and the cottage residents. The project is $75,000, all from the State Institutions Building Fund.

- Halsey Hall PTAC Circulation System Upgrade. This project will replace the entire circulation system for the heating/cooling system for each individual resident room, due to degrading circulation lines. This project is $240,000, all from the State Institutions Building Fund.

- Halsey Hall Electrical Upgrade. This project will rewire all resident rooms to a dedicated 20 amp breaker and upgrade each duplex outlet to a 4-plex. This project is $60,000, all from the State Institutions Building Fund.

- Halsey Hall Resident Room HVAC Replacement. This project will replace each of the individual HVAC units in the 46 resident rooms. This project is $150,000, all from the State Institutions Building Fund.

- Halsey Hall Modular Boiler Replacement. This project will replace the original heat source that is tied into the master steam system that was constructed in 1970. This project is $120,000, all from the State Institutions Building Fund.

- Lincoln Hall Bathroom Renovation. This project will renovate bathroom fixtures and replace wall coverings, to bring the fixtures and toilets under current ADA requirements. This project is $150,000, all from the State Institutions Building Fund.

- Lincoln Hall Remodel. This project will remodel each of the 32 individual resident rooms to include new paint, ceilings, trim, and new fire-rated interior doors. The Activities Room, Dining Room, and Kitchen will also be remodeled. The washer and dryer rooms for residents will be reconfigured be moving electronic outlets, plumbing lines, and ventilation to make the space more ADA-accessible. This project is $400,000, all from the State Institutions Building Fund.

Kansas Veterans' Home:

- Rehabilitation and Repair. The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project is $100,000, all from the State Institutions Building Fund.

- Donlon Hall Roof Replacement. This project will replace the existing roof for Donlon Hall. The project is $165,000, all from the State Institutions Building Fund;

- Sprinkler System for Connecting Hallway. This project will complete sprinkling for all areas of the KVH campus. The project is $89,000, all from the State Institutions Building Fund.

- Nurse-Call System Replacement. This project will replace the existing hard-wired Dukane nurse call light system with a wireless system for Donlon Hall, Bleckley Hall, and Triplett Hall. The project is $150,000, all from the State Institutions Building Fund.

Kansas Cemeteries Program:

- Asphalt Road Repair. This project is to repair the roads at Fort Riley Kansas Veterans' Cemetery. The project is $15,000, all from the State General Fund.

- Pre-placed Grave Liners. This project is to place 60 oversized grave liners at the State Veterans' Cemeteries to accommodate oversized caskets. The project is $50,000, all from the State General Fund.

- Committal Shelter Doors. This project is to install doors at the committal shelter at the Kansas Veterans' Cemetery at Winfield to provide protection from the weather during funeral services. The project is $37,000, all from the State General Fund.

Encumbrances Listed As Expenditures:

- The agency's request included encumbrances totaling $946,021 from the State Initiatives Fund, that appeared as expenditures in the agency's request. The agency previously used two general rehab and repair accounts for capital improvement projects at the Soldiers' Home and the Veterans' Home, but is transitioning to more direct SIBF accounts per project. This amount includes the Lincoln Hall Floor Covering Replacement project and the Eisenhower Hall Window Replacement projects, as well as carry over encumbrances for other projects.

Current Year Governor Recommendation

The **Governor** recommends capital improvement expenditures of $2.1 million, including $102,000 from the State General Fund, in FY 2015. This is an all funds decrease of $800,244, or 28.6 percent, all from special revenue funds, below the agency's revised estimate. The decrease is attributable to the Governor's recommendation to lapse encumbrances totaling $800,244 from the SIBF fund, including the following amounts: $66,000 from the Veterans Home Sidewalks account; $77,394 from the Veterans Home Driveway Redesign account; $251,638 from the Rehab and Repair Soldiers Home Projects account; $316,212 from the Rehab and Repair Veterans Home Projects account; and $89,000 from the Kansas Veterans Home Timmerman Triplett account.

Budget Year Agency Request

FY 2016 – Budget Year. The agency requests capital improvement expenditures of $2.4 million, including $34,900 from the State General Fund. This is an all funds decrease of $525,121, or 18.1 percent, and a State General Fund decrease of $67,000, or 65.8 percent, below the revised FY 2015 estimate. The FY 2016 projects are listed by location.

Kansas Soldiers' Home

- Major Maintenance. This project is to repair facilities, including cottages, a long-term care facility, ancillary buildings and domiciliary buildings. The project is $150,000, all from the State Institutions Building Fund.

- Key Replacement System. The project is for an automated master key swipe system for the entire Soldiers Home campus, of more than 90 buildings. The project is $165,000, all from the State Institutions Building Fund.

- Campus Telephone System. The project is for a new telephone voice over Internet protocol system (VOIP), to replace the telephone system previously installed in 1998. The project is $88,000, all from the State Institutions Building Fund.

- Pershing Barracks Access Renovation. The project is to renovate the entrances and exists of the Pershing Barracks. The project is $330,000, all from the State Institutions Building Fund.

- Lincoln and Grant Hall Entrance Renovations. The project is to renovate the front entrances to Lincoln and Grant Halls. The project is $220,000, all from the State Institutions Building Fund.

- Halsey Hall Door and Threshold Replacement. The project is to replace all resident doors and thresholds in Halsey Hall with proper fire-coded doors. The project is $200,000, all from the State Institutions Building Fund.

- Demolition of Outdated Campus Structures. The project is to demolish three cottages that are no longer functional. The project is $80,000, all from the State Institutions Building Fund.

- Lincoln and Grant Halls Window Replacement. The project is to replace 20 second-floor windows in Lincoln Hall and 20 second-floor windows in Grant Hall, with more energy-efficient windows. The project is $80,000, all from the State Institutions Building Fund.

- Halsey Hall Kitchen Renovation. The project is to replace 40-year-old kitchen equipment with modern, energy-efficient equipment. In addition, the project will replace flooring, ceiling, and fixtures of the area, and will update the serving line floor plan to better accommodate handicapped residents. The project is $412,500, all from the State Institutions Building Funds.

- Halsey Hall Whirlpool Room Renovation. The project is to renovate rooms which will house whirlpool bathtubs. The project is $66,000, all from the State Institutions Building Fund.

Kansas Veterans' Home

- Rehabilitation and Repair. The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project is $100,000, all from the State Institutions Building Fund.

- Campus Security Equipment. The project will include installation of magnetic card readers for external entrance and exit control for employees, keypads and magnetic locks for interior access, and interior and exterior cameras with recorders. The project is $110,000, all from the State Institutions Buildings Fund.

- Key Replacement System. The project will update and implement a master key system for the entire campus's interior doors. The project is $165,000, all from the State Institutions Building Fund.

- Bariatric Room Remodels. The project will convert and equip four semi-private rooms in Bleckley Hall for care of bariatric residents. The project is $82,500, all from the State Institutions Building Fund.

- Campus Telephone System Replacement. The project is for a new telephone voice over Internet protocol system (VOIP), to replace the telephone system previously installed in 1998. The project is $88,000, all from the State Institutions Building Fund.

Kansas Cemeteries program

- Rehabilitation and Repair. The project is for rehabilitation and repair of the facilities at the state veterans cemeteries. The project is $9,900, all from the State General Fund.

- Storage Unit Roofs. The project is to install metal roofs on the existing concrete storage units at the veterans cemetery at WaKeeney. The project is $25,000, all from the State General Fund.

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $1.6 million, including $34,900 from the State General Fund, for capital improvement expenditures for FY 2016. This is an all funds decrease of $742,500, or 31.8 percent, below the agency's request. The decrease is primarily attributable to the Governor's recommendation to postpone the KSH Pershing Barracks Access Renovation project and the KSH Halsey Hall Kitchen Renovation projects from FY 2016 to FY 2017.

Budget Year Agency Request

FY 2017 – Budget Year. The agency requests capital improvement expenditures of $1.3 million, including $9,900 from the State General Fund. This is an all funds decrease of 1.0 million, or 43.3 percent, and a State General Fund decrease of $25,000, or 71.6 percent, below the FY 2016 request. The FY 2017 projects are listed by location.

Kansas Soldiers' Home

- Major Maintenance. The project is to repair facilities, including cottages, a long-term care facility, ancillary buildings and domiciliary buildings. The project is $150,000, all from the State Institutions Building Fund.

- Demolition of Outdated Campus Structures. The project is to demolish one cottage and the old carpenter shop, which are no longer functional. The project is $50,000, all from the State Institutions Building Fund.

- Roof Replacement. The project is to replace roofs on six structures, including five cottages and one garage. The project is $80,000, all from the State Institutions Building Fund.

- Lincoln and Grant Halls ADA Access. The project is to replace concrete slab platform and steps on the south and east sides of the courtyard between the two buildings. The project is $165,000, all from the State Institutions Building Fund.

- Lincoln Hall Electrical Upgrade. The project is to upgrade the electrical service in Lincoln Hall, to correct the current shortage of outlets in the dining room, kitchen, coffee rooms, day rooms, nurses' office, and computer room. The project is $55,000, all from the State Institutions Building Fund.

- Halsey Hall Covered Entrance Access. The project is to construct a front access awning for weather protection for the Halsey Hall handicapped loading and unloading area. The project is $55,000, all from the State Institutions Building Fund.

Kansas Veterans' Home

- Rehabilitation and Repair. The project is for general rehabilitation and repair of five buildings and two shelters and their connecting hallway. The project is $100,000, all from the State Institutions Building Fund.

- Triplett Hall Carpet Replacement. The project is to replace the existing carpet in Triplett Hall, which was installed in 1999. The project is $198,000, all from the State Institutions Building Fund.

- Bleckley Hall Window Replacement. The project is to replace single-pane windows installed in 1968, with more energy efficient double-pane windows. The project is $481,500, all from the State Institutions Building Fund.

Kansas Cemeteries program:

- Rehabilitation and Repair. The project is for rehabilitation and repair of the facilities at the state veterans cemeteries. The project is $9,900, all from the State General Fund.

Budget Year Governor Recommendation

The **Governor** recommends expenditures of $2.1 million, including $9,900 from the State General Fund, for capital improvement expenditures for FY 2017. This is an all funds increase of $742,500, or 55.2 percent, above the agency's request. The increase is attributable to the Governor's recommendation to postpone the KSH Pershing Barracks Access Renovation project and the Halsey Hall Kitchen Renovation project from FY 2016 to FY 2017.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Administration					
Number of veterans, spouses, and dependents served	90,000	120,000	140,000	160,000	180,000
Veterans' Cemeteries					
Number of burials per year	280	314	314	314	314
Number of pre-certifications received per year	455	422	425	425	425
Kansas Soldiers' Home					
Average daily census	122	131	137	138	139
Average daily census of Medicaid residents	20	20	18	24	26
Average daily census of Medicare residents	3	3	3	3	3
Kansas Veterans' Home					
Average daily census	125	114	120	151	151
Average daily census of Medicaid residents	20	26	25	25	25
Average daily census of Medicare residents	8	2	2	2	2

Kansas Department of Labor

	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	$ 294,102	$ 334,454	$ 325,600	$ 332,943	$ 318,309	$ 332,943	$ 318,284
Other Funds	406,321,804	379,605,882	379,348,575	324,407,805	324,167,580	282,673,573	282,428,536
TOTAL	$ 406,615,906	$ 379,940,336	$ 379,674,175	$ 324,740,748	$ 324,485,889	$ 283,006,516	$ 282,746,820
Capital Improvements:							
State General Fund	$ 48	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Other Funds	2,544,792	2,815,000	2,815,000	3,025,000	3,025,000	605,000	605,000
TOTAL	$ 2,544,840	$ 2,815,000	$ 2,815,000	$ 3,025,000	$ 3,025,000	$ 605,000	$ 605,000
GRAND TOTAL	**$ 409,160,746**	**$ 382,755,336**	**$ 382,489,175**	**$ 327,765,748**	**$ 327,510,889**	**$ 283,611,516**	**$ 283,351,820**
Percentage Change:							
Operating Expenditures							
State General Fund	(12.9) %	13.7 %	10.7 %	(0.5) %	(2.2) %	0.0 %	(0.0) %
All Funds	(28.2)	(6.6)	(6.6)	(14.5)	(14.5)	(12.9)	(12.9)
FTE Positions	335.1	232.5	232.5	232.5	232.5	232.5	232.5
Non-FTE Perm.Uncl.Pos.	157.5	193.4	193.4	193.4	193.4	193.4	193.4
TOTAL	492.6	425.9	425.9	425.9	425.9	425.9	425.9

AGENCY OVERVIEW

The Kansas Department of Labor's (KDOL) mission is to advance the economic well being of all Kansans by providing quality, accessible, and responsive workforce services. The Department has six programs to assist with the agency's mission: Administration, Labor Market Information Services, Unemployment Insurance (UI), Industrial Safety and Health, Workers' Compensation, and Labor Relations.

MAJOR ISSUES FROM PRIOR YEARS

The **2004 Legislature** approved the transfer of $600,000 in unused bond proceeds from the renovation of the state-owned building at 401 SW Topeka Blvd. to other renovation projects subject to review by the Joint Committee on State Building Construction. The projects were subsequently approved.

- The Legislature also allowed the implementation of the Governor's Executive Reorganization Order (ERO) No. 31, effective July 1, 2004 which did the following.
  - Transferred the duties of the division of Employment and Training from the Kansas Department of Human Resources (KDHR) to the newly established Division of Workforce Development in the Kansas Department of Commerce.
  - Moved the Kansas Commission on Disability Concerns, the Apprenticeship program, and the portion of Support Services from KDHR to the Department of Commerce.
  - Changed the name of the Kansas Department of Human Resources to the Kansas Department of Labor. 2004 HB 2948 made numerous statutory changes to reflect the name change.
  - The implementation of 2004 ERO No. 31 resulted in the transfer of $39.2 million, including $237,350 from the State General Fund, and 280.6 FTE positions from Kansas Department of Human Resources to the Department of Commerce in FY 2005.
- The **Legislature** also approved Sub. for HB 2435, which also affected the organizational structure of Kansas Department of Human Resources. Effective July 1, 2004, the statute allows the following.
  - Created the Hispanic and Latin Affairs Commission, which is housed in the Governor's Office.
  - Repealed statutes concerning the Hispanic Affairs Advisory Committee, which was housed in Kansas Department of Human Resources.

- Moved the Advisory Committee on African-American Affairs from Kansas Department of Human Resources to the Governor's Office.

- The **Legislature** transferred the Office of Native-American Affairs from Kansas Department of Human Resources to the Governor's Office, effective July 1, 2004. A total of $501,591, including $87,560 from the State General Fund, and 7.0 FTE positions were transferred from Kansas Department of Human Resources to the Governor's Office in FY 2005.

- The **Legislature** approved a provision in the Omnibus appropriations' bill (2004 Senate Sub. for HB 2471), which authorized the issuance of $21.0 million in bonds to finance a comprehensive upgrade of Kansas' Unemployment Insurance Benefits computer system. This statute directed KDOL to pay the principal and interest on the bonds with State General Fund moneys or appropriated special revenue funds, including federal Reed Act funds. The duration of the bonds would be for six years. By utilizing bond financing, the Department intended to use an amount roughly equivalent to the interest earned on the principal of the Reed Act funds over the period of six years to finance the project. This ensured that the principal amount of the Reed Act funds would remain relatively consistent over the six-year period.

- The **Legislature** included a proviso that the Joint Committee on Information Technology (JCIT) was to review the unemployment insurance benefits system project. Additionally, the $21.0 million in bonding authority would be subject to the approval by the State Finance Council.

During the **2004 Interim** the Joint Committee on Information Technology reviewed the findings of KDOL's needs assessment and feasibility study of the Unemployment Insurance Benefits computer system. The findings of the study are as follows.

- The application and underlying data structure of the Unemployment Insurance Benefits system used obsolete technology. It was overly complex and difficult to maintain. The Unemployment Insurance Benefits system also had many unresolved errors.

- The majority of the Information Services programmers lacked the knowledge and understanding to adequately maintain the outdated system.

- Recent mandated changes, including the Temporary Extended Unemployment Compensation (TEUC) and the Kansas Additional Benefit, were implemented quickly. The upgrades were not designed well and resulted in a number of problems and errors.

- Unemployment Insurance Services could not make changes to improve business operating efficiency because only mandated changes could be made to the UIB system.

In June 2004, after Joint Committee on Information Technology reviewed the needs assessment and feasibility study, the Department received the approval of the State Finance Council to issue $21.0 million in bond authority.

During the **2005 Interim**, the **State Finance Council** authorized the agency to purchase the Eastman Building at the grounds of the former Topeka State Hospital from the Department of Administration. KDOL used federal funds to purchase the property. These funds were proceeds from the sale of property originally purchased with federal funds. The proceeds could only be used to purchase additional buildings. Had the funding not been spent by the end of the federal fiscal year, the funding would have reverted back to the federal government.

KDOL transferred the America's Joblink Alliance program to the Kansas Department of Commerce. This transfer was to follow up on ERO No. 31, which transferred the workforce development related program from KDOL to the Department of Commerce.

The **2006 Legislature** approved FY 2006 expenditures of $2.3 million and FY 2007 expenditures of $2.6 million on bond payments for the $21.0 million in bonds for the Unemployment Insurance Modernization.

- Total additional expenditures of $282,380 from the Workers Compensation Fee Fund to increase salaries of workers' compensation administration law judges to 75.0 percent of the salary of a district court administrative law judge.

- Total additional expenditures of $451,750 from the Workers Compensation Fee Fund for increased salaries for board members. Workers' Compensation Board members' salaries are based on district court judge salaries.

The **2007 Legislature** approved FY 2007 expenditures of $113,438, all from special revenue funds, to reclassify two existing positions to investigator/auditor positions to examine instances of worker misclassification and to enforce the resulting unemployment insurance collection changes in accordance with 2006 HB 2772. The Legislature also added $107,438, all from special revenue funds, in FY 2008 to continue the two positions. Additionally, the Legislature approved the following items.

- FY 2007 expenditures totaling $26.0 million, all from federal Reed Act funds, for modernization of the Unemployment Insurance Benefits (UIB) computer system.

- FY 2007 expenditures of $87,500, all from the State General Fund, and 1.0 FTE position in FY 2008 to expand the Public Employees' Relations Board.

The **2008 Legislature** approved FY 2009 expenditures of $105,322, all from the State General Fund, and deleted the same from the Federal Indirect Cost Offset Fund, for the Employment Standards program.

The **2009 Legislature** deleted $7,600, all from the State General Fund, to reduce the agency's FY 2009 approved budget by 1.3 percent and deleted $73,168, from the State General Fund, to reduce the agency's FY 2010 approved State General Fund budget to 12.6 percent below the FY 2009 approved amount. Additionally, the Legislature transferred $549,500 from the Human Resources Special Projects Fund and the Workers Compensation Fund to the State General Fund.

During the **2009 Interim**, the Kansas Department of Labor and the Division of the Budget altered the manner in which KDOL reports non-expense items. Starting in FY 2010, Administration, Unemployment Insurance Services, Labor Market Information Services and Industrial Safety and Health

Divisions will each have a parallel off-budget program. These off-budget programs are codified in Memorandums of Understanding between KDOL and the Department for Children and Families, formerly known as the Department of Social and Rehabilitative Services (SRS), and, the Kansas Department of Health and Environment (KDHE).

The **2010 Legislature** deleted $11,172, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the Governor's recommendation for FY 2011. The Legislature also transferred $800,000 from the Workers' Compensation Fee Fund to the State General Fund for FY 2011, leaving a balance of $223,782 in the fund.

The **2011 Legislature** deleted $77,400, all from special revenue funds, to remove funding for the roof replacement project at 417 SW Jackson Avenue. The Governor recommended and the Legislature approved deleting 53.0 vacant FTE positions from the FY 2011 approved amount of 552.0 positions, leaving 499.0 FTE positions for FY 2012.

The **2011 Legislature** enacted SB 77, which revised provisions of the unemployment security laws pertaining to loan interest payments, the taxable wage base, and extension of tax rate caps on positive balance employers, and the number of rate groups for negative balance employers and benefits. The law authorized the creation of the Employment Security Interest Assessment Fund to pay interest owed to the U.S. Department of Labor for advances received by the Kansas Employment Security Trust Fund.

The **2012 Legislature** added $41,865, all from the State General Fund, to restore funding for salaries and wages the Governor deleted as part of the Voluntary Retirement Incentive program for FY 2013. This amount was offset with a reduction of $22,534 from the Workman's Compensation Fund and $19,331 from the Employment Security Administration Fund for FY 2013.

The **2013 Legislature** transferred $300,000 and $200,000 from the Federal Indirect Cost Offset Fund to the State General Fund for FY 2014 and FY 2015, respectively. The Legislature also deleted $592,913, including $3,031 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2014. The Legislature similarly deleted $601,960, including $3,077 from the State General Fund, to reflect reduced funding for salaries and wages in FY 2015.

The **2013 Legislature** also enacted SB 135, which transferred the boiler inspection duties from the Department of Labor to the State Fire Marshal.

The **2014 Legislature** added $111,141, including $598 from the State General Fund, for FY 2015 for employee bonuses of $250 for all full-time employees, except elected officials, who were employed on December 6, 2013. The Legislature also deleted 40.0 vacant FTE positions and 10.0 vacant non-FTE positions in FY 2014 and FY 2015.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency** estimates revised FY 2015 total expenditures of $382.8 million, including $334,454 from the State General Fund. The revised estimate is an all funds increase of $49,015, or less than 0.1 percent, including a State General Fund increase of

$8,854, or 2.7 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of $40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd. remodeling bond and to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by $8,854, all from the State General Fund. The Governor's allotment consists of a $1,270 reduction in KPERS employer contribution expenditures, a $913 reappropriation lapse, and a 4.0 percent State General Fund expenditure reduction totaling $6,671. The agency indicates it will reduce expenditures for professional fees by $7,584 to account for the 4.0 percent State General Fund expenditure reduction and reappropriation lapse allotted by the Governor. The revised estimate includes 232.5 FTE positions, which is a decrease of 98.5 positions below the amount approved by the 2014 Legislature. The reduction in FTE positions is largely due to the elimination of vacant positions.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 total expenditures of $382.5 million, including $325,600 from the State General Fund. The recommendation is an all funds decrease of $266,161, or 0.1 percent, including a State General Fund decrease of $8,854, or 2.6 percent, below the agency's revised FY 2015 estimate. The all funds decrease is attributable to the Governor's December allotment plan, which reduced the agency's approved FY 2015 budget by $8,854, all from the State General Fund, and to a reduction of $257,307, all from special revenue funds, due to a reduced 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 recommendation includes 232.5 FTE positions, which is the same number included in the agency's revised estimate.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of $324.7 million, including $332,943 from the State General Fund. The request is an all funds decrease of $55.2 million, or 14.5 percent, including a State General Fund decrease of $1,511, or 0.5 percent, below the agency's revised FY 2015 estimate. The decrease is primarily due to a reduction in projected unemployment insurance benefit payments. Included in the request is an enhancement of $18,600, all from the KDOL Off Budget Fund, for the purchase of a passenger vehicle. The request includes 232.5 FTE positions, which is the same as the revised FY 2015 estimate.

The agency requests a capital improvements budget of $3.0 million, which is an increase of $210,000, or 7.5 percent, above the revised FY 2015 estimate. The increase is due to renovations at 1309 SW Topeka Blvd. and 401 SW Topeka Blvd., as well as increased debt service principal payments on the UI Modernization bond and the 401 SW Topeka Blvd. bond. All capital improvements expenditures in FY 2016 are funded by special revenue funds.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of $324.5 million, including $318,309 from the State General Fund. The recommendation is an all funds decrease of $254,859, or 0.1 percent, including a State General Fund decrease of $14,634, or 4.4 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $241,517, including $1,292 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's request.

The **Governor** concurs with the agency's FY 2016 capital improvements request of $3.0 million.

FY 2017 Agency Request

The **agency** requests FY 2017 operating expenditures of $283.0 million, including $332,943 from the State General Fund. The request is an all funds decrease of $41.7 million, or 12.9 percent, below the agency's FY 2016 request. The FY 2017 State General Fund request is unchanged from the FY 2016 request. The all funds decrease is primarily due to a reduction in projected unemployment insurance benefit payments. The request includes 232.5 FTE positions, which is the same as the requested FY 2016 amount.

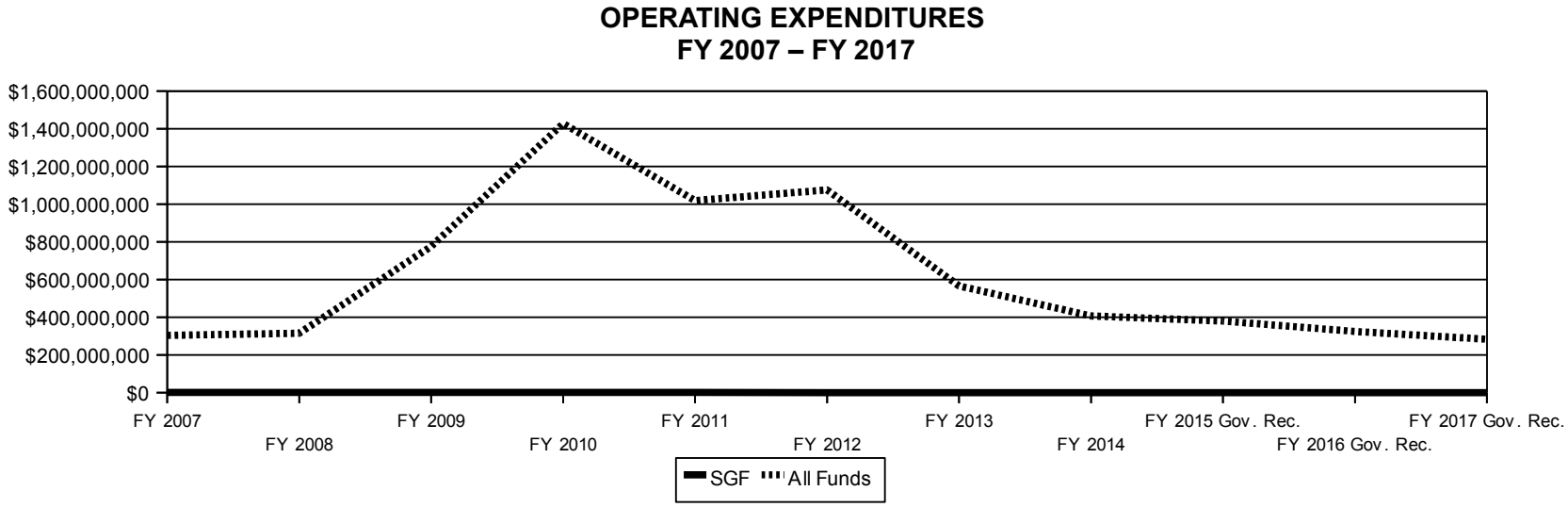
The agency requests a capital improvements budget of $605,000, which is a decrease of $2.4 million, or 80.0 percent, below the FY 2016 request. The decrease is due to a $2.5 million reduction in debt service principal payments resulting from the Unemployment Insurance Modernization bond being fully repaid in FY 2016. All capital improvements expenditures in FY 2017 are funded by special revenue funds.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of $282.7 million, including $318,284 from the State General Fund. The recommendation is an all funds decrease of $259,696, or 0.1 percent, including a State General Fund decrease of $14,659, or 4.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $246,354, including $1,317 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's request.

The **Governor** concurs with the agency's FY 2017 capital improvements request of $605,000.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 382,733	0.1 %	$ 303,715,639	5.7 %	601.2
2008	481,018	25.7	315,069,214	3.7	552.0
2009	542,458	12.8	775,632,425	146.2	552.0
2010	453,981	(16.3)	1,427,457,051	84.0	552.0
2011	438,372	(3.4)	1,018,695,876	(28.6)	552.0
2012	347,858	(20.6)	1,075,691,350	5.6	489.0
2013	337,594	(3.0)	566,079,719	(47.4)	439.2
2014	294,102	(12.9)	406,615,906	(28.2)	330.9
2015 Gov. Rec.	325,600	10.7	379,674,175	(6.6)	232.5
2016 Gov. Rec.	318,309	(2.2)	324,485,889	(14.5)	232.5
2017 Gov. Rec.	318,284	(0.0)	282,746,820	(12.9)	232.5
Eleven-Year Change	$ (64,449)	(16.8)%	$ (20,968,819)	(6.9)%	(368.7)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 8,674,970	$ 10,330,673	$ 10,094,585	$ (236,088)	(2.3) %	$ 10,260,601	$ 10,035,015	$ (225,586)	(2.2)%
Labor Market Information	1,844,347	1,839,464	1,809,177	(30,287)	(1.6)	1,823,843	1,791,727	(32,116)	(1.8)
Unemployment Insurance	386,220,763	355,517,064	300,057,258	(55,459,806)	(15.6)	355,407,255	299,937,782	(55,469,473)	(15.6)
Industrial Safety and Health	1,455,916	1,242,391	1,588,276	345,885	27.8	1,232,748	1,578,327	345,579	28.0
Workers Compensation	7,742,880	10,470,801	10,775,129	304,328	2.9	10,411,670	10,728,150	316,480	3.0
Labor Relations	253,023	223,071	218,245	(4,826)	(2.2)	221,186	216,810	(4,376)	(2.0)
Debt Service	424,007	316,872	198,078	(118,794)	(37.5)	316,872	198,078	(118,794)	(37.5)
TOTAL	$ 406,615,906	$ 379,940,336	$ 324,740,748	$ (55,199,588)	(14.5) %	$ 379,674,175	$ 324,485,889	$ (55,188,286)	(14.5)%
By Major Object of Expenditure:									
Salaries and Wages	$ 25,751,503	$ 26,215,728	$ 25,817,718	$ (398,010)	(1.5) %	$ 25,957,151	$ 25,576,201	$ (380,950)	(1.5)%
Contractual Services	7,019,920	7,383,974	7,699,450	315,476	4.3	7,376,390	7,686,108	309,718	4.2
Commodities	164,783	307,994	361,342	53,348	17.3	307,994	361,342	53,348	17.3
Capital Outlay	3,413,027	3,287,422	3,300,632	13,210	0.4	3,287,422	3,300,632	13,210	0.4
Debt Service	424,007	316,872	198,078	(118,794)	(37.5)	316,872	198,078	(118,794)	(37.5)
Subtotal - Operations	$ 36,773,240	$ 37,511,990	$ 37,377,220	$ (134,770)	(0.4) %	$ 37,245,829	$ 37,122,361	$ (123,468)	(0.3)%
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	369,842,666	342,428,346	287,363,528	(55,064,818)	(16.1)	342,428,346	287,363,528	(55,064,818)	(16.1)
TOTAL	$ 406,615,906	$ 379,940,336	$ 324,740,748	$ (55,199,588)	(14.5) %	$ 379,674,175	$ 324,485,889	$ (55,188,286)	(14.5)%
Financing:									
State General Fund	$ 294,102	$ 334,454	$ 332,943	$ (1,511)	(0.5) %	$ 325,600	$ 318,309	$ (7,291)	(2.2)%
Workmen's Compensation FF	10,070,812	12,347,342	13,227,336	879,994	7.1	12,273,026	13,165,303	892,277	7.3
3335 Unemployment Insurance	21,245,448	19,471,678	18,195,818	(1,275,860)	(6.6)	19,322,576	18,047,152	(1,275,424)	(6.6)
7054 Unemployment Insurance	361,599,523	342,330,796	287,263,528	(55,067,268)	(16.1)	342,330,796	287,263,528	(55,067,268)	(16.1)
All Other Funds	13,406,021	5,456,066	5,721,123	265,057	4.9	5,422,177	5,691,597	269,420	5.0
TOTAL	$ 406,615,906	$ 379,940,336	$ 324,740,748	$ (55,199,588)	(14.5) %	$ 379,674,175	$ 324,485,889	$ (55,188,286)	(14.5)%

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	$ 10,094,585	$ 10,492,065	$ 397,480	3.9 %	$ 10,035,015	$ 10,431,570	$ 396,555	4.0 %
Labor Market Information	1,809,177	1,790,283	(18,894)	(1.0)	1,791,727	1,772,483	(19,244)	(1.1)
Unemployment Insurance	300,057,258	256,727,650	(43,329,608)	(14.4)	299,937,782	256,605,781	(43,332,001)	(14.4)
Industrial Safety and Health	1,588,276	1,614,306	26,030	1.6	1,578,327	1,604,158	25,831	1.6
Workers Compensation	10,775,129	12,090,729	1,315,600	12.2	10,728,150	12,042,809	1,314,659	12.3
Labor Relations	218,245	227,560	9,315	4.3	216,810	226,096	9,286	4.3
Debt Service	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
TOTAL	$ 324,740,748	$ 283,006,516	$ (41,734,232)	(12.9) %	$ 324,485,889	$ 282,746,820	$ (41,739,069)	(12.9)%
By Major Object of Expenditure:								
Salaries and Wages	$ 25,817,718	$ 27,004,144	$ 1,186,426	4.6 %	$ 25,576,201	$ 26,757,790	$ 1,181,589	4.6 %
Contractual Services	7,699,450	7,865,343	165,893	2.2	7,686,108	7,852,001	165,893	2.2
Commodities	361,342	280,863	(80,479)	(22.3)	361,342	280,863	(80,479)	(22.3)
Capital Outlay	3,300,632	4,290,243	989,611	30.0	3,300,632	4,290,243	989,611	30.0
Debt Service	198,078	63,923	(134,155)	(67.7)	198,078	63,923	(134,155)	(67.7)
Subtotal - Operations	$ 37,377,220	$ 39,504,516	$ 2,127,296	5.7 %	$ 37,122,361	$ 39,244,820	$ 2,122,459	5.7 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	287,363,528	243,502,000	(43,861,528)	(15.3)	287,363,528	243,502,000	(43,861,528)	(15.3)
TOTAL	$ 324,740,748	$ 283,006,516	$ (41,734,232)	(12.9) %	$ 324,485,889	$ 282,746,820	$ (41,739,069)	(12.9)%
Financing:								
State General Fund	$ 332,943	$ 332,943	$ 0	0.0 %	$ 318,309	$ 318,284	$ (25)	(0.0)%
Workmen's Compensation FF	13,227,336	14,634,008	1,406,672	10.6	13,165,303	14,570,733	1,405,430	10.7
3335 Unemployment Insurance	18,195,818	18,799,131	603,313	3.3	18,047,152	18,647,487	600,335	3.3
7054 Unemployment Insurance	287,263,528	243,400,000	(43,863,528)	(15.3)	287,263,528	243,400,000	(43,863,528)	(15.3)
All Other Funds	5,721,123	5,840,434	119,311	2.1	5,691,597	5,810,316	118,719	2.1
TOTAL	$ 324,740,748	$ 283,006,516	$ (41,734,232)	(12.9) %	$ 324,485,889	$ 282,746,820	$ (41,739,069)	(12.9)%

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The 2014 Legislature approved a State General Fund budget of $333,541 for the Department of Labor in FY 2015. Two adjustments have subsequently been made to that amount. These adjustments change the current year approved amount without any legislative action required. For this agency, the following adjustments have been made.

- An increase of $913, based on the reappropriation of FY 2014 funding which was not spent in FY 2014 and has shifted to FY 2015.
- A reduction of $8,854 as the result of the Governor's December 9th State General Fund allotment.

These adjustments change the FY 2015 approved State General Fund amount to $325,600. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 325,600	$ 334,454	$ 8,854	$ 325,600	$ 0
All Other Funds	382,380,721	382,420,882	40,161	382,163,575	(217,146)
TOTAL	$ 382,706,321	$ 382,755,336	$ 49,015	$ 382,489,175	$ (217,146)
FTE Positions	330.9	232.5	(98.5)	232.5	(98.5)

The **agency** estimates revised FY 2015 total expenditures of $382.8 million, including $334,454 from the State General Fund. The revised estimate is an all funds increase of $49,015, or less than 0.1 percent, including a State General Fund increase of $8,854, or 2.7 percent, above the amount approved by the 2014 Legislature. The increase is attributable to a supplemental request of $40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd.

remodeling bond and to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by $8,854, all from the State General Fund. The revised estimate includes 232.5 FTE positions, which is a decrease of 98.5 positions below the amount approved by the 2014 Legislature. The reduction in FTE positions is largely due to the elimination of vacant positions.

The **Governor** recommends FY 2015 total expenditures of $382.5 million, including $325,600 from the State General Fund. The recommendation is an all funds decrease of $266,161, or 0.1 percent, including a State General Fund decrease of $8,854, or 2.6 percent, below the agency's revised FY 2015 estimate. The all funds decrease is attributable to the Governor's December allotment, which reduced the agency's approved FY 2015 budget by $8,854, all from the State General Fund, and a reduction of $257,307, all from special revenue funds, due to a reduced 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 recommendation includes 232.5 FTE positions, which is the same number included in the agency's revised estimate.

Supplemental Detail

FY 2015 SUPPLEMENTALS

	Agency Estimate			Governor's Recommendation		
Supplementals	SGF	All Funds	FTE	SGF	All Funds	FTE
Debt Service - Interest Payment	$ 0	$ 40,161	0.0	$ 0	$ 40,161	0.0

The **agency** requests $40,161, all from special revenue funds, to pay for the second interest payment on the 401 SW Topeka Blvd. remodeling bond. The agency indicates the interest payment was not accounted for in the FY 2015 budget approved by the 2014 Legislature.

The **Governor** concurs with the agency's request for $40,161, all from special revenue funds, to fund the second interest payment on the 401 SW Topeka Blvd. remodeling bond.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014, subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS			
Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (1,270)	$ (1,270)	0.0
Lapse Reappropriations	(913)	(913)	0.0
Reduce SGF Funding by 4.0 Percent	(6,671)	(6,671)	0.0
TOTAL	$ (8,854)	$ (8,854)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction:

A reduction of $1,270 from the State General Fund as a result of the Governor's allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures. An additional $257,307 from special revenue funds is reduced in the Governor's budget recommendation resulting in a total reduction of $258,577.

Reappropriations Lapse:

A reduction of $913 as a result of the Governor's State General Fund reappropriation allotment. This is a reduction to the total FY 2015 State General Fund reappropriation of $913 for the agency. The agency indicates this allotment will decrease available funding for contractual services in the Administration program.

4.0 Percent Reduction to Cabinet-level and Other SGF Funded Agencies:

A reduction of $6,671 as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months, or 2.0 percent for the whole fiscal year, to Cabinet and other State General Funded agencies in FY 2015. The agency indicates this allotment will be managed by reducing contractual services expenditures to the Office of Administrative Hearings for legal proceedings.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 324,740,748	$ 324,485,889	$ (254,859)
FTE Positions	232.5	232.5	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (1,511)	$ (7,291)	
All Other Funds	(55,198,077)	(55,180,995)	
TOTAL	$ (55,199,588)	$ (55,188,286)	
Percent Change:			
State General Fund	(0.5) %	(2.2) %	
All Other Funds	(14.5)	(14.5)	
TOTAL	(14.5) %	(14.5) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of $324.7 million, including $332,943 from the State General Fund. The request is an all funds decrease of $55.2 million, or 14.5 percent, including a State General Fund decrease of $1,511, or 0.5 percent, below the agency's revised FY 2015 estimate. The decrease is primarily due to a reduction in projected unemployment insurance benefit payments. Included in the request is an enhancement of $18,600, all from the KDOL Off Budget Fund, for the purchase of a passenger vehicle. The request includes 232.5 FTE positions, which is the same as the revised FY 2015 estimate.

The request includes the following items.

- **Salaries and wages** expenditures of $25.8 million, which is a decrease of $398,010, or 1.5

percent, below the revised FY 2015 estimate. The decrease is primarily attributable to $111,141 for employee bonuses being budgeted in FY 2015 but not FY 2016 and staffing reductions resulting from UI workload decreases.

- **Contractual services** expenditures of $7.7 million, which is an increase of $315,476, or 4.3 percent, above the revised FY 2015 estimate. The increase is primarily attributable to professional consulting fees related to a workers' compensation digitization project to modernize the agency's process of storing and transferring information, as well as expenditures to complete UI information technology projects that will improve federal compliance results and are funded by additional grant monies received from the US Department of Labor.

- **Commodities** expenditures of $361,342, which is an increase of $53,348, or 17.3 percent, above the revised FY 2015 estimate. The increase is primarily attributable to increases in supplies due to an expected workload increase associated with the Workforce Data Quality Initiative and the replacement of safety equipment for the Industrial Safety and Health program.

- **Capital outlay** expenditures of $3.3 million, which is an increase of $13,210, or 0.4 percent, above the revised FY 2015 estimate. The increase is primarily attributable to an increase in computers and equipment related to the workers' compensation digitization project.

- **Debt service** expenditures of $198,078, which is a decrease of $118,794, or 37.5 percent, below the revised FY 2015 estimate. The decrease is due to the amortization of the 401 SW Topeka Blvd. bond and the UI modernization bond.

- **Other assistance** expenditures of $287.4 million, which is a decrease of $55.1 million, or 16.1 percent, below the revised FY 2015 estimate. The decrease is due to a reduction in projected unemployment insurance benefit payments.

The **Governor** recommends FY 2016 operating expenditures of $324.5 million, including $318,309 from the State General Fund. The recommendation is an all funds decrease of $254,859, or 0.1 percent, including a State General Fund decrease of $14,634, or 4.4 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $241,517, including $1,292 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's FY 2016 request.

Enhancements Detail

FY 2016 ENHANCEMENTS						
	Agency Request			Governor's Recommendation		
Enhancements	SGF	All Funds	FTE	SGF	All Funds	FTE
New Vehicle - Unemployment Insurance Fraud Unit	$ 0	$ 18,600	0.0	$ 0	$ 18,600	0.0

The **agency** requests $18,600, all from the KDOL Off Budget Fund, to purchase a new vehicle for the Unemployment Insurance Fraud Unit. The agency indicates the Fraud Unit needs to be a mobile unit to carry out investigations. The purchase of the vehicle is funded through the Department's Motor Pool program, which is an off budget program whereby divisions within KDOL are charged a per mile fee for the use of Department vehicles. The assessed mileage fees are used to pay for the repair, maintenance, and replacement of the Department's fleet. In order to not double count this expenditure, this item is classified as a non-expense item in the requested budget.

The **Governor** concurs with the agency's enhancement request to fund the purchase of a new vehicle for the Unemployment Insurance Fraud Unit.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 283,006,516	$ 282,746,820	$ (259,696)
FTE Positions	232.5	232.5	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 0	$ (25)	
All Other Funds	(41,734,232)	(41,739,044)	
TOTAL	$ (41,734,232)	$ (41,739,069)	
Percent Change:			
State General Fund	0.0 %	(0.0) %	
All Other Funds	(12.9)	(12.9)	
TOTAL	(12.9) %	(12.9) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of $283.0 million, including $332,943 from the State General Fund. The request is an all funds decrease of $41.7 million, or 12.9 percent, below the agency's FY 2016 request. The FY 2017 State General Fund request is unchanged from the FY 2016 request. The all funds decrease is primarily due to a reduction in projected unemployment insurance benefit payments. The request includes 232.5 FTE positions, which is the same as the FY 2016 request.

The request includes the following items.

- **Salaries and wages** expenditures of $27.0 million, which is an increase of $1.2 million, or 4.6 percent, above the FY 2016 request. The

increase is attributable to increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017.

- **Contractual services** expenditures of $7.9 million, which is an increase of $165,893, or 2.2 percent, above the FY 2016 request. The increase is primarily due to an increase in professional fees related to the workers' compensation digitization project and an increase in software maintenance agreement expenditures.

- **Commodities** expenditures of $280,863, which is a decrease of $80,479, or 22.3 percent, below the FY 2016 request. The decrease is primarily attributable a reduction in supplies expenditures resulting from the loss of funding from the Workforce Data Quality Initiative, which ends in early FY 2017, and a reduction in safety equipment expenditures for the Industrial Safety and Health program.

- **Capital outlay** expenditures of $4.3 million, which is an increase of $989,611, or 30.0 percent, above the FY 2016 request. The increase is attributable to a $1.0 million increase in information technology equipment expenditures associated with the workers' compensation digitization project.

- **Debt service** expenditures of $63,923, which is a decrease of $134,155, or 67.7 percent, below the FY 2016 request. The decrease is due to the amortization of the 401 SW Topeka Blvd. bond and the payoff of the UI Modernization bond in FY 2016.

- **Other assistance** expenditures of $243.5 million, which is a decrease of $43.9 million, or 15.3 percent, below the FY 2016 request. The decrease is due to a reduction in projected unemployment insurance benefit payments.

The **Governor** recommends FY 2017 operating expenditures of $282.7 million, including $318,284 from the State General Fund. The recommendation is an all funds decrease of $259,696, or 0.1 percent, including a State General Fund decrease of $14,659, or 4.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $246,354, including $1,317 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 232.5 FTE positions, which is the same number included in the agency's FY 2017 request.

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 $111,141, including $598 from the State General Fund, and affects 357 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 $151,324, including $999 from the State General Fund, and FY 2017 longevity payments total $159,928, including $1,056 from the State General Fund.**

Group Health Insurance. The Governor recommends Group Health and Hospitalization employer contributions of $282.8 million, including $108.2 million from the State General Fund, for FY 2016 and $289.2 million, including $110.7 million from the State General Fund, for FY 2017. For FY 2016 and FY 2017, the Governor recommends reducing the employer contributions for group health insurance by 8.5 percent. **For this agency, this is a reduction of $241,517, including $1,292 from the State General Fund, for FY 2016. This is a reduction of $246,354, including $1,317 from the State General Fund, for FY 2017.**

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

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

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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.1 %	0.1 %	0.1 %	0.1 %
Unemployment Insurance - Benefits	88.5	88.5	86.0	86.1
Unemployment Insurance - Administration	5.6	5.6	6.6	6.6
Workmen's Compensation	4.1	4.1	5.2	5.2
All Other Funds	1.8	1.8	2.1	2.1
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

Employment Security Fund

Unemployment Insurance benefits are paid out through the Employment Security Fund, which consists of three accounts.

- *Clearing account:* Receipts into the clearing account are unemployment insurance taxes collected from employers.

- *Trust account:* Receipts into the trust account are transfers from the clearing account along with interest earnings on the Unemployment Insurance Trust Fund balance and deposits made by the federal government for payment of benefits to ex-federal employees, ex-military, and the Temporary Extended Unemployment Compensation (TEUC).

- *Benefit account:* Receipts into the benefit account are transfers from the Unemployment Insurance Trust Fund to pay unemployment insurance benefits.

The state authorization for this fund is found in KSA 44-712.

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	$ 156,392,984	$ 223,993,000	$ 223,993,000	$ 279,763,941	$ 279,763,941	$ 361,846,808	$ 361,846,808
Revenue	88,570,590	7,857,712	7,857,712	7,293,866	7,293,866	7,806,550	7,806,550
Transfers in	395,313,770	392,885,575	392,885,575	364,693,279	364,693,279	390,327,510	390,327,510
Total Funds Available	$ 640,277,344	$ 624,736,287	$ 624,736,287	$ 651,751,086	$ 651,751,086	$ 759,980,868	$ 759,980,868
Less: Expenditures	8,105,257	0	0	0	0	0	0
Transfers Out	357,970,289	344,972,346	344,972,346	289,904,278	289,904,278	243,400,000	243,400,000
Off Budget Expenditures	50,208,798	0	0	0	0	0	0
Ending Balance	$ 223,993,000	$ 279,763,941	$ 279,763,941	$ 361,846,808	$ 361,846,808	$ 516,580,868	$ 516,580,868
Ending Balance as Percent of Expenditures	2763.6%	--	--	--	--	--	--
Month Highest Ending Balance	May	May	May	May	May	May	May
	$ 242,354,000	$ 394,812,702	$ 394,812,702	$ 570,645,005	$ 570,645,005	$ 802,171,676	$ 802,171,676
Month Lowest Ending Balance	March	March	March	March	March	March	March
	$ 60,419,000	$ 195,854,233	$ 195,854,233	$ 403,974,592	$ 403,974,592	$ 635,501,263	$ 635,501,263

Employment Security Administration Fund

The Employment Security Administration Fund is supported by a grant from the U.S. Department of Labor, which is drawn down after each payroll period. The fund is used to pay for the expenditures associated with administering the Unemployment Insurance program. The statutory authority for this fund is found in KSA 44-716.

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	$ (435,230)	$ (2,472,728)	$ (2,472,728)	$ 1,764,772	$ 1,913,874	$ 2,064,774	$ 2,362,542
Revenue	21,263,912	26,169,599	26,169,599	20,127,028	20,127,028	20,936,371	20,936,371
Transfers in	2,687,801	2,641,550	2,641,550	3,144,002	3,144,002	503,252	503,252
Total Funds Available	$ 23,516,483	$ 26,338,421	$ 26,338,421	$ 25,035,802	$ 25,184,904	$ 23,504,397	$ 23,802,165
Less: Expenditures	23,558,392	21,876,678	21,727,576	20,710,818	20,562,152	18,799,131	18,647,487
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	2,430,819	2,696,971	2,696,971	2,260,210	2,260,210	2,340,493	2,340,493
Ending Balance	$ (2,472,728)	$ 1,764,772	$ 1,913,874	$ 2,064,774	$ 2,362,542	$ 2,364,773	$ 2,814,185
Ending Balance as Percent of Expenditures	(10.5%)	8.1%	8.8%	10.0%	11.5%	12.6%	15.1%
Month Highest Ending Balance	June	June	June	June	June	June	June
	$ 198,222	$ 90,000	$ 239,100	$ 150,000	$ 447,770	$ 100,000	$ 549,412
Month Lowest Ending Balance	February	August	August	February	February	December	December
	$ (1,734,459)	$ (2,474,901)	$ (2,450,051)	$ (900,000)	$ (651,786)	$ (950,000)	$ (576,410)

Special Employment Security Fee Fund

The Special Employment Security Fund is supported by charges to employers for late filing of unemployment claims and is used to pay for the expenditures associated with administering the Unemployment Insurance program. The statutory authority for this fund is found in KSA 44-716a. The revenue into this fund is found in KSA 44-717.

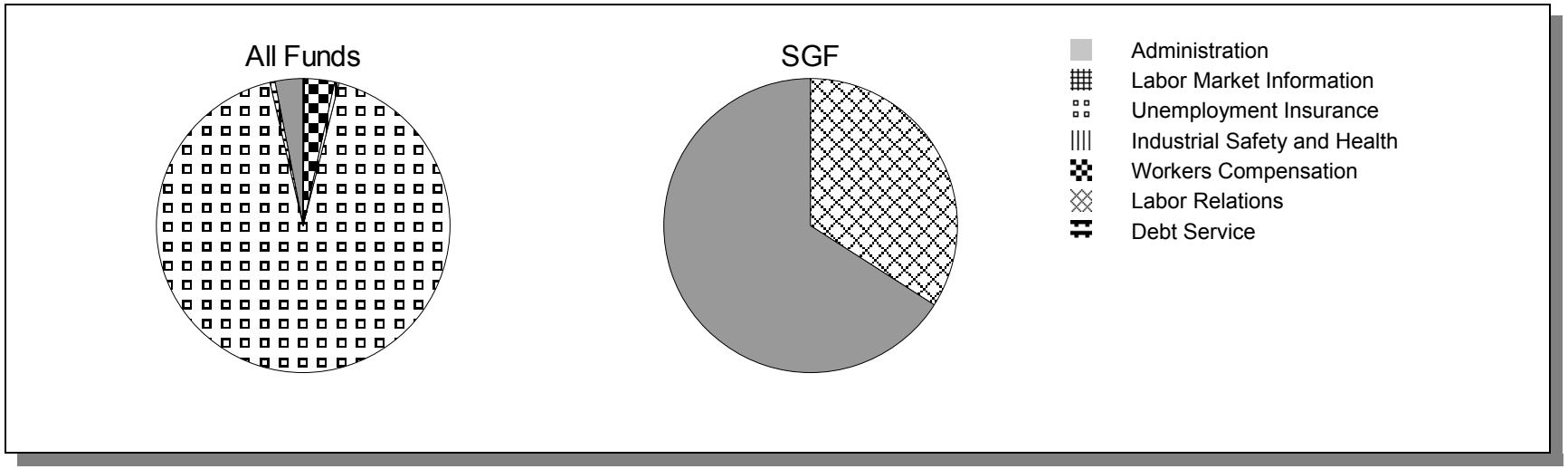
Resource Estimate	Actual FY 2014	Agency Estimate FY 2015	Governor Rec. FY 2015	Agency Request FY 2016	Gov. Rec. FY 2016	Agency Request FY 2017	Gov. Rec. FY 2017
Beginning Balance	$ 534,650	$ 807,492	$ 807,492	$ 1,130,780	$ 1,130,780	$ 1,275,517	$ 1,275,517
Revenue	946,731	700,000	700,000	750,000	750,000	750,000	750,000
Transfers in	846,565	700,000	700,000	750,000	750,000	750,000	750,000
Total Funds Available	$ 2,327,946	$ 2,207,492	$ 2,207,492	$ 2,630,780	$ 2,630,780	$ 2,775,517	$ 2,775,517
Less: Expenditures	1,170,454	1,076,712	1,076,712	1,205,263	1,205,263	1,286,400	1,286,400
Transfers Out	350,000	0	0	150,000	150,000	100,000	100,000
Off Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	$ 807,492	$ 1,130,780	$ 1,130,780	$ 1,275,517	$ 1,275,517	$ 1,389,117	$ 1,389,117
Ending Balance as Percent of Expenditures	69.0%	105.0%	105.0%	105.8%	105.8%	108.0%	108.0%
Month Highest Ending Balance	January	October	October	June	June	June	June
	$ 1,383,728	$ 1,364,033	$ 1,364,033	$ 1,346,643	$ 1,346,643	$ 1,277,036	$ 1,277,036
Month Lowest Ending Balance	July	July	July	July	July	August	August
	$ 624,797	$ 1,024,463	$ 1,024,463	$ 1,147,507	$ 1,147,507	$ 1,159,282	$ 1,159,282

Workmen's Compensation Fee Fund

The Workmen's Compensation Fee Fund is supported by fees paid by insurance companies and employers based on a percentage of insurance benefits paid out. The assessment rate for FY 2015 is 2.79 percent. The fund is authorized under KSA 74-715. The Governor recommends increasing the amount withheld from the agency's fee fund revenue from 10.0 percent or $100,000, whichever is less, to 20.0 percent or $200,000, whichever is less, and deposited in the State General Fund to reimburse the State for administrative services described under KSA 75-3170a. For this fund, that amount is estimated at $100,000 for FY 2016 and FY 2017.

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	$ 11,649,804	$ 24,957,589	$ 24,957,589	$ 24,188,018	$ 24,262,334	$ 21,916,848	$ 21,953,197
Revenue	23,497,832	11,757,271	11,757,271	11,200,000	11,100,000	11,000,000	10,900,000
Transfers in	0	0	0	0	0	0	0
Total Funds Available	$ 35,147,636	$ 36,714,860	$ 36,714,860	$ 35,388,018	$ 35,362,334	$ 32,916,848	$ 32,853,197
Less: Expenditures	10,174,685	12,521,142	12,446,826	13,451,586	13,389,553	14,904,258	14,840,983
Transfers Out	0	0	0	0	0	0	0
Off Budget Expenditures	15,362	5,700	5,700	19,584	19,584	19,992	19,992
Ending Balance	$ 24,957,589	$ 24,188,018	$ 24,262,334	$ 21,916,848	$ 21,953,197	$ 17,992,598	$ 17,992,222
Ending Balance as Percent of Expenditures	245.3%	193.2%	194.9%	162.9%	164.0%	120.7%	121.2%
Month Highest Ending Balance	June	July	July	July	July	July	July
	$ 24,957,589	$ 30,471,807	$ 30,477,308	$ 29,327,022	$ 29,351,143	$ 26,838,718	$ 26,824,964
Month Lowest Ending Balance	April	April	April	April	April	April	April
	$ 16,003,747	$ 20,912,859	$ 20,975,116	$ 19,046,498	$ 19,117,926	$ 15,448,318	$ 15,482,820

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	$ 10,035,015	3.1 %	$ 209,875	65.9 %
Labor Market Information	1,791,727	0.6	0	0.0
Unemployment Insurance	299,937,782	92.4	0	0.0
Industrial Safety and Health	1,578,327	0.5	0	0.0
Workers Compensation	10,728,150	3.3	0	0.0
Labor Relations	216,810	0.1	108,434	34.1
Debt Service	198,078	0.1	0	0.0
TOTAL	$ 324,485,889	100.0 %	$ 318,309	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	66.8	29.8	29.8	29.8	29.8	29.8	29.8
Labor Market Information	23.0	12.0	12.0	12.0	12.0	12.0	12.0
Unemployment Insurance	146.2	111.5	111.5	111.5	111.5	111.5	111.5
Industrial Safety and Health	12.0	7.9	7.9	7.9	7.9	7.9	7.9
Workers Compensation	78.8	66.8	66.8	66.8	66.8	66.8	66.8
Labor Relations	4.2	2.0	2.0	2.0	2.0	2.0	2.0
Debt Service	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Off-Budget	4.1	2.5	2.5	2.5	2.5	2.5	2.5
TOTAL	335.1	232.5	232.5	232.5	232.5	232.5	232.5

A. Administration

The Administration program includes the central management and administrative support function of the Department of Labor. Two sub-programs support the activities of the agency's programs: General Administration and Support Services. Five divisions make up the Support Services sub-program: Communications, Fiscal, Human Resources, Information Systems and Technology, and Legal.

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	$ 5,834,742	$ 6,387,295	$ 6,324,807	$ 5,860,052	$ 5,813,824	$ 6,131,469	$ 6,084,316
Contractual Services	2,305,638	3,501,737	3,494,153	3,839,120	3,825,778	3,968,382	3,955,040
Commodities	11,555	123,941	123,941	119,131	119,131	110,408	110,408
Capital Outlay	390,592	220,150	220,150	176,282	176,282	179,806	179,806
Subtotal - Operations	$ 8,542,527	$ 10,233,123	$ 10,163,051	$ 9,994,585	$ 9,935,015	$ 10,390,065	$ 10,329,570
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	132,443	97,550	97,550	100,000	100,000	102,000	102,000
TOTAL	$ 8,674,970	$ 10,330,673	$ 10,260,601	$ 10,094,585	$ 10,035,015	$ 10,492,065	$ 10,431,570
Financing:							
State General Fund	$ 176,152	$ 209,071	$ 201,169	$ 223,791	$ 209,875	$ 219,131	$ 205,204
All Other Funds	8,498,818	10,121,602	10,059,432	9,870,794	9,825,140	10,272,934	10,226,366
TOTAL	$ 8,674,970	$ 10,330,673	$ 10,260,601	$ 10,094,585	$ 10,035,015	$ 10,492,065	$ 10,431,570
FTE Positions	66.8	29.8	29.8	29.8	29.8	29.8	29.8
Non-FTE Uncl. Perm. Pos.	42.0	52.7	52.7	52.7	52.7	52.7	52.7
TOTAL	108.8	82.5	82.5	82.5	82.5	82.5	82.5

The **agency** requests FY 2016 expenditures of $10.1 million, including $223,791 from the State General Fund, for the Administration program. The request is an all funds decrease of $236,088, or 2.3 percent, below the revised FY 2015 estimate. The State General Fund request is an increase of $14,720, or 7.0 percent, above the revised FY 2015 amount. The all funds decrease is primarily attributable to a reduction in classified and unclassified pay largely due to vacated positions that were left unfilled, which is partially offset by an increase in contractual services due to expenditures associated with modernizing the Department's information technology systems. The request includes 29.8 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $10.0 million, including $209,875 from the State General Fund, for the Administration program. The recommendation is an all funds decrease of $59,570, or 0.6 percent, including a State General Fund decrease of $13,916, or 6.2 percent, below the agency's FY 2016 request. The all funds decrease is attributable to the

Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $46,228, including $574 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 29.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $10.5 million, including $219,131 from the State General Fund, for the Administration program. The request is an all funds increase of $397,480, or 3.9 percent, above the FY 2016 request. The State General Fund request is a decrease of $4,660, or 2.1 percent, below the FY 2016 request. The all funds increase is primarily attributable to increases in KPERS employer contributions, an additional (27th) payroll period in FY 2017, and an increase in expenditures associated with modernizing the Department's information technology systems. The request includes 29.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $10.4 million, including $205,204 from the State General Fund, for the Administration program. The recommendation is an all funds decrease of $60,495, or 0.6 percent, including a State General Fund decrease of $13,927, or 6.4 percent, below the agency's FY 2017 request. The all funds decrease is attributable to the Governor recommending a 4.0 percent State General Fund reduction totaling $13,342, as well as recommending a reduction of $47,153, including $585 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 29.8 FTE positions, which is the same number included in the agency's FY 2017 request.

B. Labor Market Information Services

The Labor Market Information Services program is the major research and statistical arm of the agency. The Labor Market Information Services program maintains the state's reporting requirements for the US Department of Labor - Bureau of Labor Statistics. The Labor Market Information Services program is responsible for the following items.

- Calculating and reporting the monthly and annual unemployment rates for the state, each county, and the metropolitan statistical areas of the state.
- Calculating the number of employed in each industrial sector.
- Preparing periodic reports and surveys concerning the labor market in Kansas.
- Serving as the actuarial trustee for the Unemployment Insurance Trust Fund.

LABOR MARKET INFORMATION SERVICES
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	$ 1,529,138	$ 1,659,744	$ 1,644,123	$ 1,601,498	$ 1,584,048	$ 1,674,054	$ 1,656,254
Contractual Services	257,074	145,875	145,875	133,609	133,609	106,656	106,656
Commodities	5,791	16,223	16,223	54,920	54,920	6,360	6,360
Capital Outlay	52,110	17,622	17,622	19,150	19,150	3,213	3,213
Subtotal - Operations	$ 1,844,113	$ 1,839,464	$ 1,823,843	$ 1,809,177	$ 1,791,727	$ 1,790,283	$ 1,772,483
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	234	0	0	0	0	0	0
TOTAL	$ 1,844,347	$ 1,839,464	$ 1,823,843	$ 1,809,177	$ 1,791,727	$ 1,790,283	$ 1,772,483
Financing:							
State General Fund	$ 958	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	1,843,389	1,839,464	1,823,843	1,809,177	1,791,727	1,790,283	1,772,483
TOTAL	$ 1,844,347	$ 1,839,464	$ 1,823,843	$ 1,809,177	$ 1,791,727	$ 1,790,283	$ 1,772,483
FTE Positions	23.0	12.0	12.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	14.5	14.0	14.0	14.0	14.0	14.0	14.0
TOTAL	37.5	26.0	26.0	26.0	26.0	26.0	26.0

The **agency** requests FY 2016 expenditures of $1.8 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of $30,287, or 1.6 percent, below the revised FY 2015 estimate. The decrease is attributable to decreases in classified regular pay and repairs due to the upcoming reduction in funding from the Workforce Data Quality Initiative grant, which ends in early FY 2017. The reductions are partially offset by an increase in supplies and materials resulting from workload increases. The request includes 12.0 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $1.8 million, all from special revenue funds, for the Labor Market Information Services program. The recommendation is a decrease of $17,450, or 1.0 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of $17,450 to reduce the employer contribution rate for state employee health insurance. The

recommendation includes 12.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $1.8 million, all from special revenue funds, for the Labor Market Information Services program. The request is an all funds decrease of $18,894, or 1.0 percent, below the FY 2016 request. The decrease reflects reductions in capital outlay, commodities, and contractual services expenditures due to the Workforce Data Quality Initiative grant ending in early FY 2017, partially offset by increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017. The request includes 12.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $1.8 million, all from special revenue funds, for the Labor Market Information Services program. The recommendation is a decrease of $17,800, or 1.0 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of $17,800 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 12.0 FTE positions, which is the same number included in the agency's FY 2017 request.

C. Unemployment Insurance

The Unemployment Insurance program provides benefits to eligible applicants to replace part of the wages lost from involuntary unemployment. The agency collects funds for benefits from employers and deposits the revenue in a federally controlled Trust Fund account. The federal Employment Security Administration Fund (ESAF) provides funding for Unemployment Insurance Services Administration expenditures. The Federal Unemployment Tax Act allows the IRS to collect taxes from employers to administer the Unemployment Insurance program. Unemployment Insurance Services receives a base budget from the ESAF. The program can also receive contingency funds from ESAF in proportion to increases in workload. Unemployment Insurance Services (also known as the Employment Security Division) operates through the following units.

- **Benefits Section.** This unit is responsible for processing unemployment insurance claims and oversees the call center that takes claims.

- **Contributions Section.** This unit is responsible for ensuring that employers in Kansas pay unemployment taxes on qualifying employees.

- **Appeals Section.** This unit is composed of unemployment insurance hearing judges who review appeals of determinations concerning unemployment insurance benefits eligibility and whether employers are charged for provided benefits.

- **Board of Review.** This unit confirms, denies, or changes any appeal made by the unemployment insurance judges.

UNEMPLOYMENT INSURANCE
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	$ 11,039,558	$ 11,221,468	$ 11,111,659	$ 10,900,635	$ 10,781,159	$ 11,396,763	$ 11,274,894
Contractual Services	2,672,181	1,840,810	1,840,810	1,796,400	1,796,400	1,832,258	1,832,258
Commodities	74,526	88,440	88,440	72,695	72,695	74,149	74,149
Capital Outlay	2,727,528	35,550	35,550	24,000	24,000	24,480	24,480
Subtotal - Operations	$ 16,513,793	$ 13,186,268	$ 13,076,459	$ 12,793,730	$ 12,674,254	$ 13,327,650	$ 13,205,781
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	369,706,970	342,330,796	342,330,796	287,263,528	287,263,528	243,400,000	243,400,000
TOTAL	$ 386,220,763	$ 355,517,064	$ 355,407,255	$ 300,057,258	$ 299,937,782	$ 256,727,650	$ 256,605,781
Financing:							
State General Fund	$ 9,118	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	386,211,645	355,517,064	355,407,255	300,057,258	299,937,782	256,727,650	256,605,781
TOTAL	$ 386,220,763	$ 355,517,064	$ 355,407,255	$ 300,057,258	$ 299,937,782	$ 256,727,650	$ 256,605,781
FTE Positions	146.2	111.5	111.5	111.5	111.5	111.5	111.5
Non-FTE Uncl. Perm. Pos.	75.9	95.6	95.6	95.6	95.6	95.6	95.6
TOTAL	222.0	207.1	207.1	207.1	207.1	207.1	207.1

The **agency** requests FY 2016 expenditures of $300.1 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds decrease of $55.5 million, or 15.6 percent, below the revised FY 2015 estimate. The decrease is attributable to a reduction in projected unemployment insurance benefit payments and decreases in all expenditure categories due to projected workload decreases. The request includes 111.5 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $299.9 million, all from special revenue funds, for the Unemployment Insurance program. The recommendation is a decrease of $119,476, or less than 0.1 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of $119,476 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 111.5 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $256.7 million, all from special revenue funds, for the Unemployment Insurance program. The request is an all funds decrease of $43.3 million, or 14.4 percent, below the FY 2016 request. The decrease is primarily attributable to a reduction in projected unemployment insurance benefit payments, partially offset by increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017. The request includes 111.5 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $256.6 million, all from special revenue funds, for the Unemployment Insurance program. The recommendation is a decrease of $121,869, or less than 0.1 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of $121,869 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 111.5 FTE positions, which is the same number included in the agency's FY 2017 request.

D. Industrial Safety and Health

The Industrial Safety and Health program coordinates six programs: Accident Prevention, 21(d) Consultation Project, Public Sector Compliance, Kansas Workplace Health and Safety, Annual Safety and Health Conference, and Amusement Ride Inspections. The Annual Safety and Health Conference program is funded by attendee and vendor registration fees. Accident Prevention and Public Sector Compliance receive funding from the Division of Workers' Compensation Assessments. These funds also supply the state funded match for the 21(d) Consultation Project, which derives up to 90.0 percent of its funding from a federal government grant.

Additional information regarding the programs includes the following items.

- **Workers' Compensation Accident Prevention** is responsible for reviewing the quantity and quality of safety and health services provided by insurance companies. The Workers' Compensation Act requires insurance carriers to provide these services for their clients. This program is administered by the Industrial Safety and Health. However, it is funded through Workers' Compensation Fee Fund.

- **21(d) Consultation Project** is partially funded by a federal grant and offers free and confidential advice to small- and medium-sized businesses with priority given to high-hazard work sites. Consultants from the Kansas Department of Labor work with employers to identify workplace hazards, provide advice on compliance with OSHA standards, and assist in establishing safety and health management systems.

- **Public Sector Compliance** covers state and local government workers who are excluded from federal coverage under the Occupational Safety and Health Act of 1970.

- **Kansas Workplace Health and Safety** is operated with the Department of Health and Environment and provides free safety and health consultations to state agencies.

- **Annual Safety and Health Conference** is fee-funded and offers workplace health and safety education and training education for emergency personnel, employers, employees, and safety professionals.
- **Amusement Ride Inspections** ensures carnival owners comply with the Kansas Amusement Ride Act.

INDUSTRIAL SAFETY AND HEALTH
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	$ 1,071,239	$ 979,621	$ 969,978	$ 1,193,199	$ 1,183,250	$ 1,248,229	$ 1,238,081
Contractual Services	327,924	243,500	243,500	344,901	344,901	340,920	340,920
Commodities	12,583	15,270	15,270	44,176	44,176	19,117	19,117
Capital Outlay	43,758	4,000	4,000	6,000	6,000	6,040	6,040
Subtotal - Operations	$ 1,455,504	$ 1,242,391	$ 1,232,748	$ 1,588,276	$ 1,578,327	$ 1,614,306	$ 1,604,158
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	412	0	0	0	0	0	0
TOTAL	$ 1,455,916	$ 1,242,391	$ 1,232,748	$ 1,588,276	$ 1,578,327	$ 1,614,306	$ 1,604,158
Financing:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	1,455,916	1,242,391	1,232,748	1,588,276	1,578,327	1,614,306	1,604,158
TOTAL	$ 1,455,916	$ 1,242,391	$ 1,232,748	$ 1,588,276	$ 1,578,327	$ 1,614,306	$ 1,604,158
FTE Positions	12.0	7.9	7.9	7.9	7.9	7.9	7.9
Non-FTE Uncl. Perm. Pos.	7.1	10.4	10.4	10.4	10.4	10.4	10.4
TOTAL	19.1	18.3	18.3	18.3	18.3	18.3	18.3

The **agency** requests FY 2016 expenditures of $1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of $345,885, or 27.8 percent, above the revised FY 2015 estimate. The increase is attributable to higher salaries and wages and contractual services resulting from an increase in the annual

OSHA grant and an increase in commodities due to the replacement of safety equipment. The request includes 7.9 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The recommendation is a decrease of $9,949, or 0.6 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of $9,949 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 7.9 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The request is an all funds increase of $26,030, or 1.6 percent, above the FY 2016 request. The increase is attributable to an increase in KPERS employer contributions and an additional (27th) payroll period in FY 2017, which are partially offset by a reduction in safety equipment expenditures. The request includes 7.9 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $1.6 million, all from special revenue funds, for the Industrial Safety and Health program. The recommendation is a decrease of $10,148, or 0.6 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of $10,148 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 7.9 FTE positions, which is the same number included in the agency's FY 2017 request.

E. Workers' Compensation

The Workers' Compensation program administers the Kansas Workers' Compensation Act, KSA 44-501, *et seq.* The program files and maintains required reports of industrial accidents and discretionary notices of the employment of disabled workers; directs and audits physical and vocational rehabilitation for injured workers; provides the trial court, appellate review, and records repository for contested workers compensation claims; certifies qualified employers as self-insured; and, through its Claims Advisory Section, provides information and claims assistance to injured workers, insurance carriers, employers, and attorneys. Workers' Compensation Services is fee-funded by assessments from insurance carriers and self-insured employers. Assessments are based on paid claims during the most recent calendar year in relation to the approved budget. The program is funded entirely from special revenue funds.

WORKERS' COMPENSATION
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	$ 6,053,389	$ 5,770,229	$ 5,711,098	$ 6,069,859	$ 6,022,880	$ 6,352,354	$ 6,304,434
Contractual Services	1,428,826	1,637,922	1,637,922	1,561,000	1,561,000	1,592,220	1,592,220
Commodities	59,300	62,650	62,650	69,270	69,270	69,655	69,655
Capital Outlay	198,792	3,000,000	3,000,000	3,075,000	3,075,000	4,076,500	4,076,500
Subtotal - Operations	$ 7,740,307	$ 10,470,801	$ 10,411,670	$ 10,775,129	$ 10,728,150	$ 12,090,729	$ 12,042,809
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	2,573	0	0	0	0	0	0
TOTAL	$ 7,742,880	$ 10,470,801	$ 10,411,670	$ 10,775,129	$ 10,728,150	$ 12,090,729	$ 12,042,809
Financing:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	7,742,880	10,470,801	10,411,670	10,775,129	10,728,150	12,090,729	12,042,809
TOTAL	$ 7,742,880	$ 10,470,801	$ 10,411,670	$ 10,775,129	$ 10,728,150	$ 12,090,729	$ 12,042,809
FTE Positions	78.8	66.8	66.8	66.8	66.8	66.8	66.8
Non-FTE Uncl. Perm. Pos.	14.7	16.8	16.8	16.8	16.8	16.8	16.8
TOTAL	93.5	83.5	83.5	83.5	83.5	83.5	83.5

The **agency** requests FY 2016 expenditures of $10.8 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds increase of $304,328, or 2.9 percent, above the revised FY 2015 estimate. The increase is primarily attributable to statutorily required salary increases for eight administrative law judges, reduced salaries and wages shrinkage, and an increase in computer and equipment expenditures related to the digitization project. The request includes 66.8 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $10.7 million, all from special revenue funds, for the Workers' Compensation program. The recommendation is a decrease of $46,979, or 0.4 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of $46,979 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 66.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $12.1 million, all from special revenue funds, for the Workers' Compensation program. The request is an all funds increase of $1.3 million, or 12.2 percent, above the FY 2016 request. The increase is primarily attributable to a $1.0 million increase in capital outlay expenditures related to the digitization project, increases in KPERS employer contributions, and an additional (27th) payroll period in FY 2017. The request includes 66.8 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $12.0 million, all from special revenue funds, for the Workers' Compensation program. The recommendation is a decrease of $47,920, or 0.4 percent, below the agency's FY 2017 request. The decrease is attributable to the Governor recommending a reduction of $47,920 to reduce the employer contribution rate for state employee health insurance. The recommendation includes 66.8 FTE positions, which is the same number included in the agency's FY 2017 request.

F. Labor Relations

The Labor Relations program enforces laws relating to employment standards, labor relations, and public employee relations.

- **Employment Standards** is primarily responsible for the enforcement of minimum wage, wage payment, and child labor laws and regulates private employment agencies. The Employment Standards Section consists of the Labor Relations and Employment Standards program and the Public Employee Relations Board (PERB).

- **Labor Relations** provides assistance in the organizational or collective bargaining process to employers and employees in the private sector who are exempt from federal laws, agricultural employers and employees, and all public employers and employees of the state and its agencies as well as other public employers who elect to be brought under the provisions of KSA 75-4321, *et seq.* Assistance provided by staff includes holding bargaining unit determination hearings, conducting elections, and holding hearings to resolve prohibited practice charges. Mediation, fact finding, and arbitration services are available in the event of an impasse.

- **Public Employee Relations** administers the Public Employer-Employee Relations Act (PEERA). PEERA covers employees of the state and its agencies, cities, counties, fire districts, school districts (except for teachers), and some colleges.

LABOR RELATIONS
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	$ 223,437	$ 197,371	$ 195,486	$ 192,475	$ 191,040	$ 201,275	$ 199,811
Contractual Services	28,277	14,130	14,130	24,420	24,420	24,907	24,907
Commodities	1,028	1,470	1,470	1,150	1,150	1,174	1,174
Capital Outlay	247	10,100	10,100	200	200	204	204
Subtotal - Operations	$ 252,989	$ 223,071	$ 221,186	$ 218,245	$ 216,810	$ 227,560	$ 226,096
Aid to Local Units	0	0	0	0	0	0	0
Other Assistance	34	0	0	0	0	0	0
TOTAL	$ 253,023	$ 223,071	$ 221,186	$ 218,245	$ 216,810	$ 227,560	$ 226,096
Financing:							
State General Fund	$ 107,874	$ 125,383	$ 124,431	$ 109,152	$ 108,434	$ 113,812	$ 113,080
All Other Funds	145,149	97,688	96,755	109,093	108,376	113,748	113,016
TOTAL	$ 253,023	$ 223,071	$ 221,186	$ 218,245	$ 216,810	$ 227,560	$ 226,096
FTE Positions	4.2	2.0	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	1.2	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL	5.4	3.0	3.0	3.0	3.0	3.0	3.0

The **agency** requests FY 2016 expenditures of $218,245, including $109,152 from the State General Fund, for the Labor Relations program. The request is an all funds decrease of $4,826, or 2.2 percent, and a State General Fund decrease of $16,231, or 12.9 percent, below the revised FY 2015 estimate. The decrease is primarily attributable to reductions in group health insurance and furniture fixtures and equipment, which are partially offset by an increase in professional fees resulting from a change in the billing methodology utilized by the Office of Administrative Hearings (OAH) after a review determined OAH was undercharging KDOL for legal proceedings. The request includes 2.0 FTE positions, which is the same number included in the agency's revised FY 2015 estimate.

The **Governor** recommends FY 2016 expenditures of $216,810, including $108,434 from the State General Fund, for the Labor Relations program. The recommendation is an all funds decrease of $1,435, or 0.7 percent, and a State General Fund decrease of $718, or 0.7 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor

recommending a reduction of $1,435, including $718 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 2.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **agency** requests FY 2017 expenditures of $227,560, including $113,812 from the State General Fund, for the Labor Relations program. The request is an all funds increase of $9,315, or 4.3 percent, and a State General Fund increase of $4,660, or 4.3 percent, above the FY 2016 request. The increase is primarily attributable to increases in KPERS employer contributions and an additional (27th) payroll period in FY 2017. The request includes 2.0 FTE positions, which is the same number included in the agency's FY 2016 request.

The **Governor** recommends FY 2017 expenditures of $226,096, including $113,080 from the State General Fund, for the Labor Relations program. The recommendation is an all funds decrease of $1,464, or 0.6 percent, and a State General Fund decrease of $732, or 0.6 percent, below the agency's FY 2016 request. The decrease is attributable to the Governor recommending a reduction of $1,464, including $732 from the State General Fund, to reduce the employer contribution rate for state employee health insurance. The recommendation includes 2.0 FTE positions, which is the same number included in the agency's FY 2017 request.

G. Debt Service

The Debt Service program includes the interest expenditures for repayment of two bonds: the Lease Revenue Bond, Series 2002H for the acquisition and renovation of the 401 SW Topeka Blvd. headquarters building and the UI Modernization Bond. The Lease Revenue bond was obtained in 2002 for $3,765,000 and was issued for fifteen years. The UI Modernization Bond was issued for $21.0 million in 2005 and is amortized over ten years.

DEBT SERVICE
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:							
Debt Service	$ 424,007	$ 316,872	$ 316,872	$ 198,078	$ 198,078	$ 63,923	$ 63,923
Financing:							
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	424,007	316,872	316,872	198,078	198,078	63,923	63,923
TOTAL	$ 424,007	$ 316,872	$ 316,872	$ 198,078	$ 198,078	$ 63,923	$ 63,923
FTE Positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0	0.0

The **agency** requests FY 2016 expenditures of $198,078, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of $118,794, or 37.5 percent, below the revised FY 2015 estimate. The decrease is due to a reduction in interest payments resulting from the amortization of the two outstanding bonds.

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

The **agency** requests FY 2017 expenditures of $63,923, all from special revenue funds, for the Debt Service program. The request is an all funds decrease of $134,155, or 67.7 percent, below the FY 2016 request. The decrease is due to a reduction in interest payments after the UI Modernization bond is fully repaid in FY 2016.

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

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
Rehabilitation and Repair	$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000	$ 115,000
1309 SW Topeka Blvd	66,000	66,000	115,000	115,000	0	0
2650 E Circle Dr South	34,000	34,000	0	0	0	0
401 SW Topeka Blvd	0	0	75,000	75,000	75,000	75,000
427 SW Topeka Blvd	0	0	0	0	200,000	200,000
Debt Service - Principal	2,600,000	2,600,000	2,720,000	2,720,000	215,000	215,000
TOTAL	$ 2,815,000	$ 2,815,000	$ 3,025,000	$ 3,025,000	$ 605,000	$ 605,000
Financing:						
State General Fund	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
All Other Funds	2,815,000	2,815,000	3,025,000	3,025,000	605,000	605,000
TOTAL	$ 2,815,000	$ 2,815,000	$ 3,025,000	$ 3,025,000	$ 605,000	$ 605,000

Current Year Agency Estimate

FY 2015 – Current Year. The **agency** estimates FY 2015 capital improvements expenditures of $2.8 million, all from special revenue funds. The estimate is the same amount approved by the 2014 Legislature.

Current Year Governor Recommendation

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

Budget Year Agency Request

FY 2016 – Budget Year. The **agency** requests FY 2016 capital improvements expenditures of $3.0 million, all from special revenue funds, which is an increase of $210,000, or 7.5 percent, above the revised FY 2015 estimate. The increase is due to renovations at 1309 SW Topeka Blvd. and 401 SW Topeka Blvd., as well as increased debt service principal payments on the UI Modernization bond and the 401 SW Topeka Blvd. bond.

Budget Year Governor Recommendation

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

Budget Year Agency Request

FY 2017 – Budget Year. The **agency** requests FY 2017 capital improvements expenditures of $605,000, all from special revenue funds, which is a decrease of $2.4 million, or 80.0 percent, below the FY 2016 request. The decrease is due to reduced debt service principal payments after the UI Modernization bond is fully repaid in FY 2016.

Budget Year Governor Recommendation

The **Governor** concurs with 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
Administration					
Average number of days to process vouchers for payment	2.0	2.0	2.0	2.0	2.0
Labor Market Information Services					
Percent of labor market requests processed within three days	90.0%	95.2%	95.0%	95.0%	95.0%
Number of requests received	200	310	350	380	410
Unemployment Insurance					
Number of initial claims filed for benefits	154,259	155,264	153,843	150,849	148,417
Percent of intrastate claimants to be issued first payment within 14 days	87.0%	84.5%	88.0%	88.0%	88.0%
Average duration of unemployment benefits (in weeks)	15.7	15.0	14.0	12.0	12.0
Number of claimants exhausting unemployment benefits	26,865	27,480	28,470	26,736	24,895
Industrial Safety and Health					
Number of consultations performed under federal contract	410	501	353	410	475
Number of serious or imminent hazards identified	1,500	2,549	1,500	1,800	2,000
Workers Compensation					
Number of accident reports	66,000	54,205	61,000	59,000	58,000
Average number of days from initial report of fraud or abuse to investigation completion	90	54	90	90	90
Number of fraud abuse cases reviewed	500	288	350	350	350
Average number of days from hearing to issued order from appeal of final award	30	50	30	30	30
Labor Relations					
Number of impasse cases	165	102	165	165	165
Number of prohibited practice cases processed	15	9	10	10	10
Number of wage claims filed	875	827	725	750	800
Amount of wages collected/recovered	$1,100,000	$582,188	$600,000	$650,000	$700,000

Kansas Guardianship 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
Operating Expenditures:							
State General Fund	$ 1,158,250	$ 1,165,358	$ 1,137,606	$ 1,162,320	$ 1,110,582	$ 1,162,320	$ 1,110,271
Other Funds	0	0	0	0	0	0	0
TOTAL	$ 1,158,250	$ 1,165,358	$ 1,137,606	$ 1,162,320	$ 1,110,582	$ 1,162,320	$ 1,110,271
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	**$ 1,158,250**	**$ 1,165,358**	**$ 1,137,606**	**$ 1,162,320**	**$ 1,110,582**	**$ 1,162,320**	**$ 1,110,271**
Percentage Change:							
Operating Expenditures							
State General Fund	0.1 %	0.6 %	(1.8) %	(0.3) %	(2.4) %	0.0 %	(0.0) %
All Funds	0.1	0.6	(1.8)	(0.3)	(2.4)	0.0	(0.0)
FTE Positions	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Non-FTE Perm.Uncl.Pos.	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	10.0	10.0	10.0	10.0	10.0	10.0	10.0

AGENCY OVERVIEW

The Kansas Guardianship Program is a quasi-state agency which was established in 1995. Prior to that time, the program had been a part of Kansas Advocacy and Protective Services, Inc. (KAPS). A 1994 federal audit found a conflict of interest with KAPS administering the state's guardianship program. As a result, 1995 SB 342 established the Kansas Guardianship Program as a distinct legal entity whose employees are not considered to be state employees. The entire agency is financed through the State General Fund.

The Kansas Guardianship Program serves adults who, through either physical or mental impairment or disability, are in need of a court-appointed guardian or conservator. The Kansas Guardianship Program serves adults who are without family or financial resources and who are identified by the Department for Children and Families (DCF) or the Kansas Department for Aging and Disability Services (KDADS) as in need of a court appointed guardian or conservator. The Kansas Guardianship Program recruits volunteers who become qualified and trained to serve in that capacity. The State serves as the surety on the bond for volunteer conservators serving in the Kansas Guardianship Program. Program volunteers receive a monthly stipend of $30 to defray out-of-pocket expenses incurred while providing service to their wards or conservatees.

The program is governed by a seven-member board of directors, six of whom are appointed by the Governor and one by the Chief Justice of the Kansas Supreme Court.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added $160,080, all from the State General Fund, in FY 2007 to increase the monthly stipends volunteers receive from $20 to $30 per volunteer per ward or conservatee. These funds help cover the cost of the volunteer's out-of-pocket expenses incurred while serving as guardians and conservators.

The **2007 Legislature** added $37,495, all from the State General Fund, in FY 2008 to increase the base salary for agency employees.

The **2008 Legislature** added $8,500, all from the State General Fund, to re-establish a regional office in Kansas City. The Legislature also added $5,000, all from the State General Fund, for additional travel expenditures to fund consistent travel to recruit, train and support new and existing volunteers.

The **2009 Legislature** directed the staff of the Guardianship Program to be included as part of the State Employee Health Plan to partially offset budgetary reductions of $47,448, all from the State General Fund, in FY 2010. In November 2009 the Governor allotted $34,632 from the agency State General Fund budget for FY 2010.

During the **2010 Session,** SB 372 granted court orders establishing and governing guardianship or conservatorship in other states full faith and credit within Kansas, except when doing so would violate Kansas law.

The **2011 Legislature** added $44,418, all from the State General Fund, in FY 2012 to restore funding to FY 2011 levels.

BUDGET SUMMARY AND KEY POINTS

FY 2015 Agency Estimate

The **agency estimate**s FY 2015 operating expenditures of $1,165,358, all from the State General Fund, which is an increase of $27,752, or 2.4 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the Governor's December 2014 allotment. The agency requests 10.0 FTE positions, which is also the same number approved by the 2014 Legislature.

FY 2015 Governor Recommendation

The **Governor** recommends FY 2015 operating expenditures of $1,137,606, all from the State General Fund, which is the same amount approved by the 2014 Legislature adjusted for allotments.

Staff Note: The agency is part of the KPERS Local group, not the KPERS State group and the Governor's rate reduction does not apply to the KPERS Local group. It appears that this was inadvertently included in the Governor's Budget Recommendation.

FY 2016 Agency Request

The **agency** requests FY 2016 operating expenditures of $1,162,320, all from the State General Fund. The request is a decrease of $3,038, or 0.3 percent, below the FY 2015 agency's revised estimate. The decrease is primarily attributable to the absence of capital outlay expenditures. The agency requests 10.0 FTE positions, the same number requested in the FY 2015 estimate.

FY 2016 Governor Recommendation

The **Governor** recommends FY 2016 operating expenditures of $1,110,582, all from the State General Fund. The recommendation is a decrease of $51,738, or 4.5 percent, below the agency's FY 2016 request. The decrease is attributable to a 4.0 percent operating reduction and reduced employer contributions for state employee health insurance.

Staff Note: The agency is not part of regular state employee health insurance and the reduced employer contributions would not be applicable. It appears that this was inadvertently included in the Governor's Budget Recommendation.

FY 2017 Agency Request

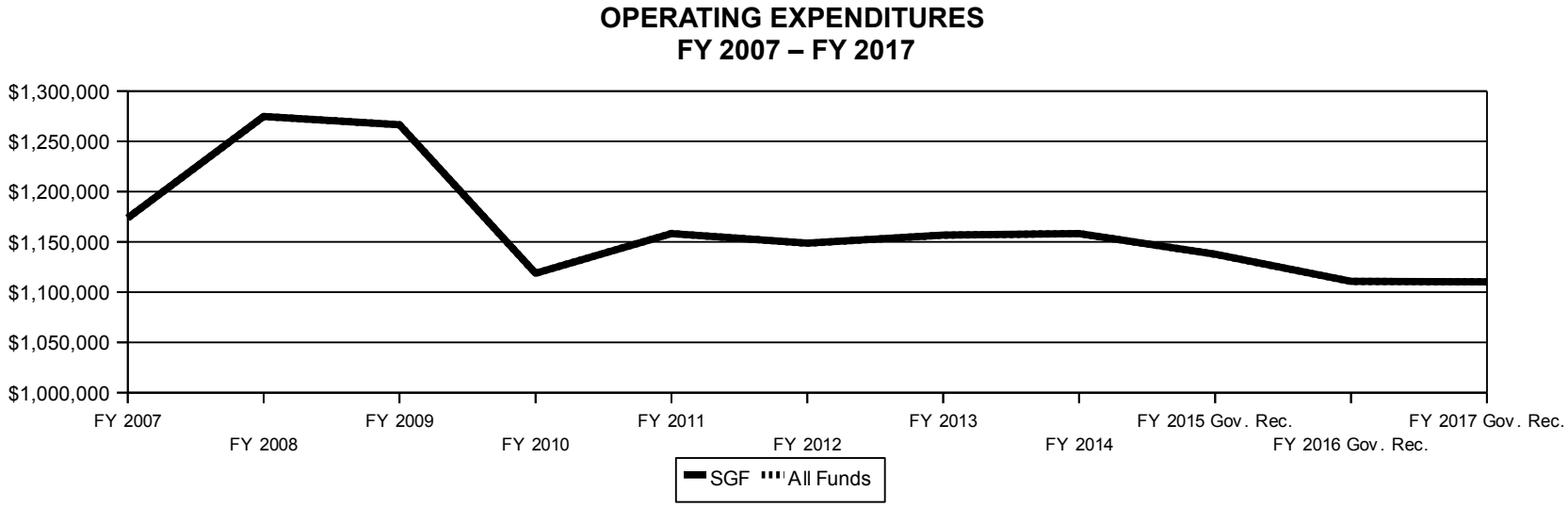
The **agency** requests FY 2017 operating expenditures of $1,162,320, all from the State General Fund. The request is the same as the amount requested for FY 2016. The agency requests 10.0 FTE positions, also the same number requested for FY 2016.

FY 2017 Governor Recommendation

The **Governor** recommends FY 2017 operating expenditures of $1,110,271, all from the State General Fund. The request is a decrease of $52,049, or 4.5 percent, below the agency's FY 2017 request. The decrease is attributable to a 4.0 percent operating reduction and reduced employer contributions for state employee health insurance.

Staff Note: The agency is not part of regular state employee health insurance and the reduced employer contributions would not be applicable. It appears that this was inadvertently included in the Governor's Budget Recommendation.

BUDGET TRENDS



Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2007	$ 1,173,759	11.2 %	$ 1,173,759	11.2 %	12.0
2008	1,274,692	8.6	1,274,692	8.6	12.0
2009	1,266,501	(0.6)	1,266,501	(0.6)	12.0
2010	1,118,640	(11.7)	1,118,640	(11.7)	11.0
2011	1,158,265	3.5	1,158,265	3.5	11.0
2012	1,148,577	(0.8)	1,148,577	(0.8)	10.0
2013	1,156,598	0.7	1,156,598	0.7	10.0
2014	1,158,250	0.1	1,158,250	0.1	10.0
2015 Gov. Rec.	1,137,606	(1.8)	1,137,606	(1.8)	10.0
2016 Gov. Rec.	1,110,582	(2.4)	1,110,582	(2.4)	10.0
2017 Gov. Rec.	1,110,271	(0.0)	1,110,271	(0.0)	10.0
Eleven-Year Change	$ (63,488)	(5.4)%	$ (63,488)	(5.4)%	(2.0)

Summary of Operating Budget FY 2014 - FY 2016

		Agency Estimate				Governor's Recommendation			
	Actual 2014	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	$ 1,158,250	$ 1,165,358	$ 1,162,320	$ (3,038)	(0.3) %	$ 1,137,606	$ 1,110,582	$ (27,024)	(2.4)%
By Major Object of Expenditure:									
Salaries and Wages	$ 552,759	$ 576,260	$ 583,324	$ 7,064	1.2 %	$ 571,815	$ 578,079	$ 6,264	1.1 %
Contractual Services	586,842	576,420	570,500	(5,920)	(1.0)	553,113	524,007	(29,106)	(5.3)
Commodities	12,591	9,678	8,496	(1,182)	(12.2)	9,678	8,496	(1,182)	(12.2)
Capital Outlay	6,058	3,000	0	(3,000)	(100.0)	3,000	0	(3,000)	(100.0)
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 1,158,250	$ 1,165,358	$ 1,162,320	$ (3,038)	(0.3) %	$ 1,137,606	$ 1,110,582	$ (27,024)	(2.4)%
Aid to Local Units	0	0	0	0	-	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	$ 1,158,250	$ 1,165,358	$ 1,162,320	$ (3,038)	(0.3) %	$ 1,137,606	$ 1,110,582	$ (27,024)	(2.4)%
Financing:									
State General Fund	$ 1,158,250	$ 1,165,358	$ 1,162,320	$ (3,038)	(0.3) %	$ 1,137,606	$ 1,110,582	$ (27,024)	(2.4)%
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	$ 1,158,250	$ 1,165,358	$ 1,162,320	$ (3,038)	(0.3) %	$ 1,137,606	$ 1,110,582	$ (27,024)	(2.4)%

Summary of Operating Budget FY 2016 - FY 2017

	Agency Estimate				Governor's Recommendation			
	Request FY 2016	Request FY 2017	Dollar Change from FY 16	Percent Change from FY 16	Rec. FY 2016	Rec. FY 2017	Dollar Change from FY 16	Percent Change from FY 16
By Program:								
Administration	$ 1,162,320	$ 1,162,320	$ 0	0.0 %	$ 1,110,582	$ 1,110,271	$ (311)	(0.0)%
By Major Object of Expenditure:								
Salaries and Wages	$ 583,324	$ 587,626	$ 4,302	0.7 %	$ 578,079	$ 582,070	$ 3,991	0.7 %
Contractual Services	570,500	568,420	(2,080)	(0.4)	524,007	521,927	(2,080)	(0.4)
Commodities	8,496	6,274	(2,222)	(26.2)	8,496	6,274	(2,222)	(26.2)
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
Subtotal - Operations	$ 1,162,320	$ 1,162,320	$ 0	0.0 %	$ 1,110,582	$ 1,110,271	$ (311)	(0.0)%
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	$ 1,162,320	$ 1,162,320	$ 0	0.0 %	$ 1,110,582	$ 1,110,271	$ (311)	(0.0)%
Financing:								
State General Fund	$ 1,162,320	$ 1,162,320	$ 0	0.0 %	$ 1,110,582	$ 1,110,271	$ (311)	(0.0)%
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	$ 1,162,320	$ 1,162,320	$ 0	0.0 %	$ 1,110,582	$ 1,110,271	$ (311)	(0.0)%

A. FY 2015 – Current Year

Adjustments to Approved State General Fund Budget

The Legislature approved a State General Fund budget of $1,165,358 for the Kansas Guardianship Program in FY 2015. One adjustment has subsequently been made to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made.

- A reduction of $27,752, as the result of the Governor's December 9th State General Fund allotment.

This adjustment changes the FY 2015 approved State General Fund to $1,137,606. That amount is reflected in the table below as the currently approved FY 2015 State General Fund amount. The agency's budget was submitted prior to the December allotment, so the agency's revised budget estimates do not incorporate the allotment.

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	$ 1,137,606	$ 1,165,358	$ 27,752	$ 1,137,606	$ 0
All Other Funds	0	0	0	0	0
TOTAL	$ 1,137,606	$ 1,165,358	$ 27,752	$ 1,137,606	$ 0
FTE Positions	10.0	10.0	0.0	10.0	0.0

The **agency** estimates FY 2015 operating expenditures of $1,165,358, all from the State General Fund, which is an increase of $27,752, or 2.4 percent, above the amount approved by the 2014 Legislature. The increase is attributable to the Governor's December 2014 allotment. The agency requests 10.0 FTE positions, which is the same number

approved by the 2014 Legislature. The request is detailed below by category of expenditure.

- **Salaries and Wages.** The agency estimates $576,260, all from the State General Fund, for salaries and wages in FY 2015. The revised estimate is an increase of $4,445, or 0.8 percent, above the approved amount due to the allotment.

- **Contractual Services.** The agency estimates $576,420, all from the State General Fund, for contractual services in FY 2015. The revised estimate is an increase of $23,307, or 4.0 percent, above the approved amount. The increase is attributable to the allotment.

- **Commodities.** The agency estimates $9,678, all from the State General Fund, for commodities in FY 2015. The revised estimate is the same as the approved amount.

- **Capital Outlay.** The agency estimates $3,000, all from the State General Fund, for capital outlay expenditures in FY 2015. The revised estimate is the same as the approved amount.

The **Governor** recommends FY 2015 operating expenditures of $1,137,606, all from the State General Fund. The recommendation is a decrease of $27,752, or 2.4 percent, below the agency's revised FY 2015 estimate. The decrease is attributable to the Governor's December 2014 allotment.

Governor's Allotments

The consensus revenue estimating process was completed on November 10, 2014 subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a $278.7 million State General Fund shortfall for FY 2015. This prompted the Governor to address the shortfall with an allotment plan totaling $280.0 million which reduced expenditures by $60.1 million. The allotment plan also included recommendations to transfer funds and adjust Non-State General Fund expenditures an additional $219.9 million. The adjustments included in the $219.9 million will require legislative approval to implement. The allotments shown in the table below reflect only those allotments which have already taken place.

GOVERNOR'S ALLOTMENTS

Allotment	SGF	All Funds	FTE
December Allotment			
Reduce KPERS Employer Contribution Rate	$ (4,445)	$ (4,445)	0.0
Reduce SGF funding by 4.0 percent	(23,307)	(23,307)	0.0
TOTAL	$ (27,752)	$ (27,752)	0.0

Kansas Public Employees Retirement System (KPERS) Reduction

A reduction of $4,445, as a result of the Governor's State General Fund allotment reducing the Kansas Public Employer Regular and School Member employer contribution rate (excluding KPERS Death and Disability) from 11.27 percent to 8.65 percent in FY 2015. This allotment will have no impact on the agency operations, but is reflective of a reduction of expenditures.

4.0 percent Reduction to Cabinet-level and Other SGF Funded Agencies

A reduction of $23,307, as a result of the Governor's State General Fund allotment of 4.0 percent over the last six months or 2.0 percent for the whole fiscal year to Cabinet and other State General Funded agencies in FY 2015. This allotment will be managed through reduced contractual expenditures in the remainder of FY 2015. Specific contract reductions include reductions in stipends to program volunteers.

B. FY 2016 – Budget Year

FY 2016 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 1,162,320	$ 1,110,582	$ (51,738)
FTE Positions	10.0	10.0	0.0
Change from FY 2015:			
Dollar Change:			
State General Fund	$ (3,038)	$ (27,024)	
All Other Funds	0	0	
TOTAL	$ (3,038)	$ (27,024)	
Percent Change:			
State General Fund	(0.3) %	(2.4) %	
All Other Funds	--	--	
TOTAL	(0.3) %	(2.4) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2016 operating expenditures of $1,162,320, all from the State General Fund. The request is a decrease of $3,038, or 0.3 percent, below the FY 2015 agency estimate. The decrease is primarily attributable to an absence of capital outlay funds. The agency requests 10.0 FTE positions, which is the same number as the FY 2015 agency estimate.

- **Salaries and Wages.** The agency requests $583,324 for salaries and wages for FY 2016, which is an increase of $7,064, or 1.2 percent, above the FY 2015 request. The increase is attributable to increased salaries and employer KPERS contributions, partially offset by reduced group health insurance.

- **Contractual Services.** The agency requests $570,500 for contractual services for FY 2016, which is a decrease of $5,920, or 1.0 percent, below the FY 2015 request. The reduction is primarily in printing and copying.

- **Commodities.** The agency requests $8,496 for commodities in FY 2016, which is a decrease of $1,182, or 12.2 percent, below the FY 2015 request. The decrease is attributable to reduced data processing and office supply expenditures.

- **Capital Outlay.** The agency is requesting no capital outlay funds for FY 2016. The agency previously requested $3,000 in capital outlay funding in FY 2015 for computer server software updates.

The **Governor** recommends FY 2016 operating expenditures of $1,110,582, all from the State General Fund. The recommendation is a decrease of $51,738, or 4.5 percent, below the agency's FY 2016 request. The decrease is attributable to a 4.0 percent operating reduction and reduced employer contributions for state employee health insurance.

C. FY 2017 – Budget Year

FY 2017 OPERATING BUDGET SUMMARY

	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	$ 1,162,320	$ 1,110,271	$ (52,049)
FTE Positions	10.0	10.0	0.0
Change from FY 2016:			
Dollar Change:			
State General Fund	$ 0	$ (311)	
All Other Funds	0	0	
TOTAL	$ 0	$ (311)	
Percent Change:			
State General Fund	0.0 %	(0.0) %	
All Other Funds	--	--	
TOTAL	0.0 %	(0.0) %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2017 operating expenditures of $1,162,320, all from the State General Fund. The request is the same as the amount requested for FY 2016. The agency requests 10.0 FTE positions, which is also the same as the amount requested for FY 2016.

- **Salaries and Wages.** The agency requests $587,626 for salaries and wages for FY 2017, which is an increase of $4,302, or 0.7 percent, above the agency's FY 2016 request. The increase is attributable to increased employer KPERS contributions. The agency follows a monthly pay schedule and is not affected by the additional pay period in FY 2017.

- **Contractual Services.** The agency requests $576,420 for contractual services for FY 2017, which is a decrease of $2,080, or 0.4 percent, below the agency's FY 2016 request. The decrease is attributable to reduced computer programming expenditures.

- **Commodities.** The agency requests $6,274 for commodities for FY 2017, which is a decrease of $2,222, or 26.2 percent, below the agency's FY 2016 request. The decrease is attributable to reduced data processing and supply expenditures.

- **Capital Outlay.** The agency is requesting no capital outlay funds for FY 2017.

The **Governor** recommends FY 2017 operating expenditures of $1,110,271, all from the State General Fund. The request is a decrease of $52,049, or 4.5 percent, below the agency's FY 2017 request. The decrease is attributable to a 4.0 percent operating reduction and reduced employer contributions for state employee health insurance.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The 2014 Legislature approved funding of $11.3 million, including $4.5 million from the State General Fund, in FY 2015 for a $250 bonus for all full-time employees except elected officials who were employed on December 6, 2013, and which was paid December 6, 2014. **For this agency, the FY 2015 bonus totals $3,038, all from the State General Fund, and affects 10 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 2015, the estimated cost for the payments is $7.7 million, including $3.0 million from the State General Fund. **For this agency, there are no longevity bonus payments.**

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 $5,245, all from the State General Fund for FY 2016. This is a reduction of $5,556, all from the State General Fund, for FY 2017.**

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

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

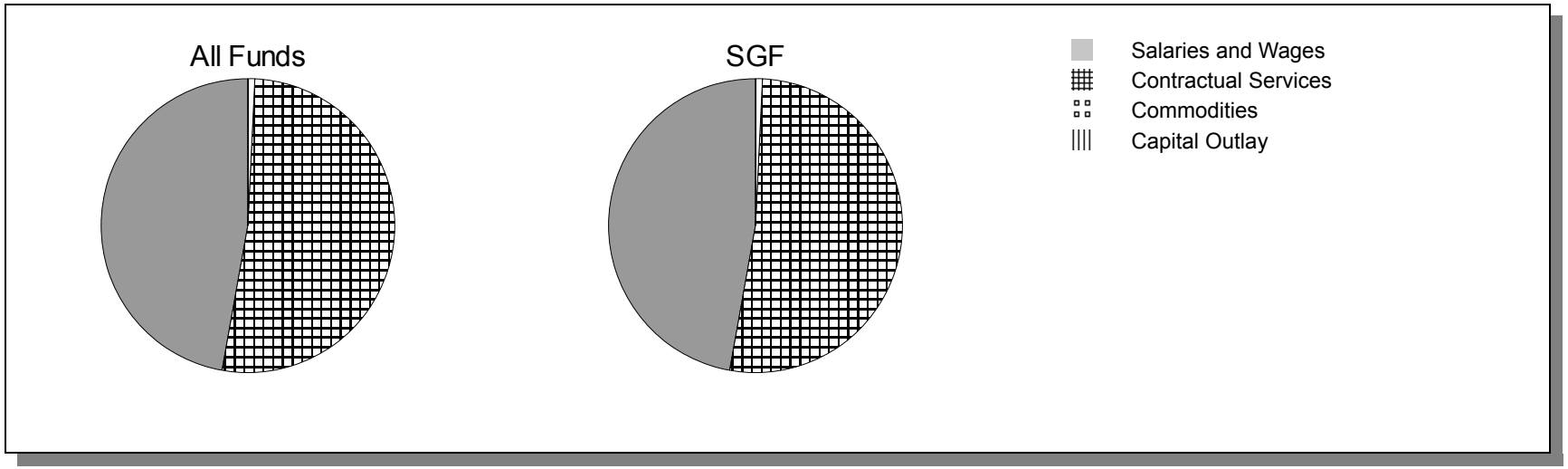
The Governor further proposes offering $1.5 billion in Pension Obligation Bonds, backed by the State General Fund, to be paid back over 30 years and extending the amortization on the current bonds by ten years to 2043. The proceeds of the bonds would be used to help reduce the future employer contribution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

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2016	Gov. Rec. Percent of Total FY 2016	Agency Req. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	100.0 %	100.0 %	100.0 %	100.0 %
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

Note: Percentages may not add due to rounding.

EXPENDITURES BY CATEGORY-- GOVERNOR'S FY 2016 RECOMMENDATION



Category	Gov. Rec. All Funds FY 2016	Percent of Total	Gov. Rec. SGF FY 2016	Percent of Total
Salaries and Wages	$ 578,079	52.1 %	$ 578,079	52.1 %
Contractual Services	524,007	47.2	524,007	47.2
Commodities	8,496	0.8	8,496	0.8
Capital Outlay	0	0.0	0	0.0
TOTAL	$ 1,110,582	100.0 %	$ 1,110,582	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	10.0	10.0	10.0	10.0	10.0	10.0	10.0

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2014	Actual FY 2014	Gov. Rec. FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Number of wards and conservatees served	1500	1,447	1,447	1,477	1,477
Number of volunteers	803	771	782	782	782