

BOARD OF EXAMINERS IN OPTOMETRY

| Expenditure | Actual FY 2015 | Agency Est. FY 2016 | Gov. Rec. FY 2016 | Agency Est. FY 2017 | Gov. Rec. FY 2017 |
|-------------------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Operating Expenditures: | | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 110,916 | 174,777 | 174,777 | 177,091 | 177,091 |
| TOTAL | \$ 110,916 | \$ 174,777 | \$ 174,777 | \$ 177,091 | \$ 177,091 |
| Capital Improvements: | | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Other Funds | 0 | 0 | 0 | 0 | 0 |
| TOTAL | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| GRAND TOTAL | \$ 110,916 | \$ 174,777 | \$ 174,777 | \$ 177,091 | \$ 177,091 |

Percentage Change:

| | | | | | |
|------------------------|------------|------------|------------|------------|------------|
| Operating Expenditures | | | | | |
| State General Fund | -- % | -- % | -- % | -- % | -- % |
| All Funds | (33.9) | 57.6 | 57.6 | 1.3 | 1.3 |
| FTE Positions | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 |
| Non-FTE Perm.Uncl.Pos. | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| TOTAL | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 |

AGENCY OVERVIEW

The Kansas Board of Examiners in Optometry was created in 1909 to administer and enforce the provisions of the Optometry Act so that the highest quality of eye care is provided to the citizens of Kansas. The Board is responsible for evaluating the qualifications of new applicants for the practice of optometry through examinations and review of qualifications.

The Board, which is comprised of five members, is also responsible for monitoring continuing education programs for content and instructor quality, processing requests for trade names, and answering inquiries from consumers. Finally, the Board has the power to order investigations of complaints of practitioner incompetence, misfeasance, or impairment, and in cases of violations of the Optometry Act, may limit, suspend, or revoke licenses to practice.

MAJOR ISSUES FROM PRIOR YEARS

The **2005 Legislature** passed HB 2336, which amended existing law regarding the requirements for licensure as an optometrist. The bill required applicants for an initial optometry license or license renewal for the two-year period commencing June 1, 2008, to meet the requirements of, and become, a therapeutic licensee. It also required that applicants for a new

or renewal license for the biennial period commencing June 1, 2010, meet the requirements for, and become, both a therapeutic and a glaucoma licensee.

The **2005 Legislature** amended KSA 65-1501(a) to include “oral drugs with clinically accepted ocular uses” in the definition of “oral drugs.” The Legislature also amended KSA 74-1505 to allow the interprofessional advisory committee to review new classes of drugs with ocular uses and to advise the Board of Examiners in Optometry about such drugs.

The **2006 Legislature** passed HB 2532, which amended prior law regarding the composition of professional corporations. Previously, professional corporations could only organize to provide one type of professional service and a service connected to the primary service. The bill added an exception allowing behavioral sciences professionals to form professional corporations with optometrists, chiropractors, dentists, physicians, surgeons, podiatrists, pharmacists, psychologists, clinical social workers, licensed physical therapists, or registered professional nurses.

The **2008 Legislature** gave the Board of Healing Arts the authority to temporarily suspend or limit the registration of an entity dispensing contact lenses to Kansans by mail if the continued dispensing of lenses by such entity would constitute an imminent danger to the public. Although this authority was given to the Board of Healing Arts, it is an important issue to the Board of Examiners in Optometry due to its relevance to eye health.

The **2010 Legislature** passed SB 489, which amended existing law concerning the dispensing of contact lenses to Kansas residents by a person or entity not licensed to practice optometry, medicine, or surgery in the state. The bill allowed the mailing or delivery of contacts lenses using a commercial courier or overnight or other delivery services.

In addition, the **2010 Legislature** passed HB 2584, which allowed optometrists to dispense ophthalmic lenses with medication evenly over any period of time required. This was a change from previous law, which allowed for no more than a 24-hour supply of medication in ophthalmic lenses.

The **2012 Legislature** passed HB 2525, which updated Kansas optometry law to reflect the current, single licensure level for optometrists as required by the Kansas State Board of Examiners in Optometry by eliminating language referring to three different levels of licensure, as well as clarifying the minor surgical procedures that Kansas optometrists are allowed to perform. The bill also created the Optometry Litigation Fund, capped at \$400,000, which is used to pay all costs and fees associated with litigation expenditures for the board. Additionally, the bill requires all applicants for licensure to submit fingerprints to the Board and requires all new optometry graduates to have twenty-four hours of continuing education during their first year.

The **2014 Legislature** granted the Board authority to transfer \$200,000 from the Optometry Fee Fund to the Optometry Litigation Fund in FY 2014 and \$75,000 in FY 2015 in response to higher than expected litigation costs for the agency. Beginning in FY 2016 the annual transfer limit is \$50,000.

The **2014 Legislature** also passed SB 285, the Vision Care Services Act, which bars clauses in service contracts between insurers and optometrists that set fixed prices for services not included as covered services in the contract.

The **2015 Legislature** added 0.2 FTE positions to increase the agency’s executive officer from a 0.8 FTE position to a 1.0 FTE position for FY 2016.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$174,777, all from special revenue funds in FY 2016. This is an increase of \$15,000, or 9.4 percent, above the FY 2016 approved amount. The increase is in contractual services and includes a supplemental request for public service announcements and licensing database administrative fees.

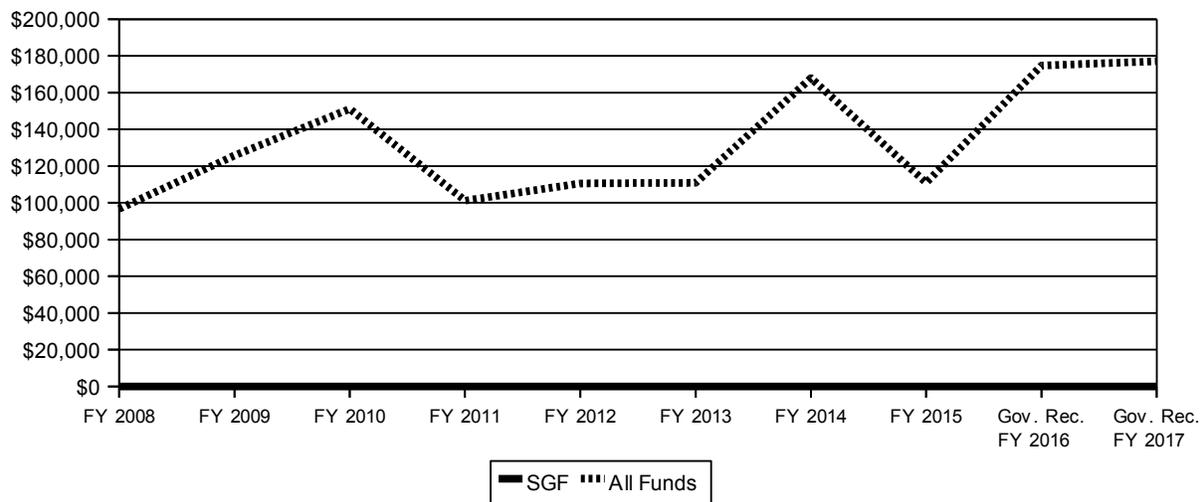
The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$177,091, all from special revenue funds for FY 2017. This is an increase of \$15,000, or 9.3 percent, above the FY 2017 approved amount. The amount includes a \$16,090 increase in contractual services with a \$1,090 decrease in salaries and wages. The revised estimate includes a supplemental request for public service announcements and licensing database administrative fees.

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

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

| Fiscal Year | SGF | % Change | All Funds | % Change | FTE |
|------------------------------------|------|----------|-----------|----------|-----|
| 2008 | \$ 0 | -- % | \$ 96,738 | 6.9 % | 0.8 |
| 2009 | 0 | -- | 125,743 | 30.0 | 0.8 |
| 2010 | 0 | -- | 151,153 | 20.2 | 0.8 |
| 2011 | 0 | -- | 101,181 | (33.1) | 0.8 |
| 2012 | 0 | -- | 110,543 | 9.3 | 0.8 |
| 2013 | 0 | -- | 110,872 | 0.3 | 0.8 |
| 2014 | 0 | -- | 167,887 | 51.4 | 0.8 |
| 2015 | 0 | -- | 110,916 | (33.9) | 0.8 |
| 2016 Gov. Rec. | 0 | -- | 174,777 | 57.6 | 1.0 |
| 2017 Gov. Rec. | 0 | -- | 177,091 | 1.3 | 1.0 |
| Ten-Year Change Dollars/Percent | \$ 0 | -- % | \$ 80,353 | 83.1 % | 0.2 |

Summary of Operating Budget FY 2015 - FY 2017

Board of Examiners in Optometry

| | Actual 2015 | Agency Estimate | | | | Governor's Recommendation | | | |
|--|-------------------|---------------------|---------------------|--------------------------------|---------------------------------|---------------------------|-------------------|--------------------------------|---------------------------------|
| | | Estimate FY 2016 | Estimate 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 | \$ 110,916 | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % |
| By Major Object of Expenditure: | | | | | | | | | |
| Salaries and Wages | \$ 54,813 | \$ 66,100 | \$ 68,163 | \$ 2,063 | 3.1 % | \$ 66,100 | \$ 68,163 | \$ 2,063 | 3.1 % |
| Contractual Services | 55,713 | 107,867 | 108,118 | 251 | 0.2 | 107,867 | 108,118 | 251 | 0.2 |
| Commodities | 368 | 810 | 810 | 0 | -- | 810 | 810 | 0 | -- |
| Capital Outlay | 22 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| Debt Service | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| Subtotal - Operations | \$ 110,916 | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % |
| Aid to Local Units | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| Other Assistance | 0 | 0 | 0 | 0 | -- | 0 | 0 | 0 | -- |
| TOTAL | \$ 110,916 | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % |
| Financing: | | | | | | | | | |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | -- % | \$ 0 | \$ 0 | \$ 0 | -- % |
| Optometry Fee Fund | 84,584 | 122,277 | 124,591 | 2,314 | 1.9 | 122,277 | 124,591 | 2,314 | 1.9 |
| Optometry Litigation Fund | 25,026 | 50,000 | 50,000 | 0 | -- | 50,000 | 50,000 | 0 | -- |
| Criminal History and Fingerprint Fund | 1,306 | 2,500 | 2,500 | 0 | -- | 2,500 | 2,500 | 0 | -- |
| TOTAL | \$ 110,916 | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % | \$ 174,777 | \$ 177,091 | \$ 2,314 | 1.3 % |

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved Budget

| CHANGE FROM APPROVED BUDGET | | | | | |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| | Legislative Approved FY 2016 | Agency Estimate FY 2016 | Agency Change from Approved | Governor Rec. FY 2016 | Governor Change from Approved |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| All Other Funds | 159,777 | 174,777 | 15,000 | 174,777 | 15,000 |
| TOTAL | \$ 159,777 | \$ 174,777 | \$ 15,000 | \$ 174,777 | \$ 15,000 |
| FTE Positions | 1.0 | 1.0 | 0.0 | 1.0 | 0.0 |

The **agency** requests a revised estimate of \$174,777, all from special revenue funds. This is an increase of \$15,000, or 9.4 percent, above the FY 2016 approved amount. The increase is in contractual services for the supplemental requests detailed below.

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

Supplemental Detail

| FY 2016 SUPPLEMENTALS | | | | | | |
|---|-----------------|------------------|------------|---------------------------|------------------|------------|
| Supplementals | Agency Estimate | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Public Service Announcements | \$ 0 | \$ 10,000 | 0.0 | \$ 0 | \$ 10,000 | 0.0 |
| Administrative Fees for Licensing Database | 0 | 5,000 | 0.0 | 0 | 5,000 | 0.0 |
| TOTAL | \$ 0 | \$ 15,000 | 0.0 | \$ 0 | \$ 15,000 | 0.0 |

The **agency** requests an additional \$10,000, all from special revenue funds for public service announcements in FY 2016 related to the dangers of using cosmetic contact lenses without a prescription. The agency has adequate funds in the optometry fee fund to cover this expense.

The **agency** is also requesting an additional \$5,000, all from special revenue funds for administrative fees in FY 2016 charged by Kansas.gov for maintenance of the agency's online licensing program. This fee was an unexpected charge that was invoiced for the first time in FY 2015. The agency has adequate funds for the request in the optometry fee fund.

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

Governor's Allotments

The 2015 Legislature, through the enactment of Sen. Sub for HB 2135, authorized the Director of the Division of the Budget to lapse appropriations or transfer funding from special revenue funds to the State General Fund (SGF), up to a total of \$100.0 million, at any time during FY 2016 if the Director determines the unencumbered ending balance of the SGF for FY 2016 will be less than \$100.0 million. This authority does not apply to appropriations for the Judicial Branch, Legislative Branch agencies, debt service, employer contributions to the Kansas Public Employees Retirement System (KPERs), the Department of Education (except the agency's operating expenditures account), or demand transfers to the school district capital improvements fund. On July 30, 2015, the Director announced various SGF lapses and transfers totaling \$60.7 million of which \$17.7 million require legislative approval.

On November 6, 2015, the Consensus Revenue Estimating Group met to revise the SGF Revenue Estimate for FY 2016. The estimate was decreased by \$159.1 million, for FY 2016. Excluding Governor recommended legislative adjustments, the ending balance for FY 2016 was estimated to require \$135.9 million in adjustments to achieve a zero ending balance. This estimate assumes that human services caseloads are funded at the recommended level and school finance KPERs contributions are reduced to reflect current estimates. As a result, on November 6, 2015 the Director exercised his authority under Sen. Sub for HB 2135 to make an additional \$56.9 million in revenue adjustments. The Governor further made \$52.6 million in expenditure reductions under the Governor's allotment authority. Finally, the Governor recommended the Legislature make an additional \$14.3 million in revenue adjustments.

Between the July and November adjustments, the Governor has reduced expenditures by a total of \$73.2 million, made \$79.4 million in revenue adjustments, and recommended the Legislature enact an additional \$32.0 million through the allotment authority and authority under 2015 Sen. Sub for HB 2135 or the special allotment statute. These adjustments, including the recommended Legislative adjustments, would result in a State General Fund ending balance of approximately \$5.6 million in FY 2016. This estimate excludes monthly SGF receipts subsequent to the November 6, 2015 consensus revenue estimate and any further adjustments made within the FY 2016 Governor's Budget Recommendation. The impact of these adjustments on this agency is described below.

| GOVERNOR'S ALLOTMENTS | | | |
|------------------------------------|-------------|---------------------|------------|
| <u>Allotment</u> | <u>SGF</u> | <u>All Funds</u> | <u>FTE</u> |
| July Special Allotment | | | |
| Optometry Fee Fund Transfer | \$ 0 | \$ (100,000) | 0.0 |
| Optometry Litigation Fund Transfer | | (50,000) | |
| TOTAL | \$ 0 | \$ (150,000) | 0.0 |

For this agency, the Governor's Special Allotment in July totaled \$150,000, the transfer to the State General Fund included \$100,000 from the Optometry Fee Fund and an additional \$50,000 from the Optometry Litigation Fund.

B. FY 2017 – Budget Year

Adjustments to Approved Budget

| CHANGE FROM APPROVED BUDGET | | | | | |
|-----------------------------|------------------------------------|-------------------------------|-----------------------------------|-----------------------------|-------------------------------------|
| | Legislative Approved FY 2017 | Agency Estimate FY 2017 | Agency Change from Approved | Governor Rec. FY 2017 | Governor Change from Approved |
| State General Fund | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 0 |
| All Other Funds | 162,091 | 177,091 | 15,000 | 177,091 | 15,000 |
| TOTAL | \$ 162,091 | \$ 177,091 | \$ 15,000 | \$ 177,091 | \$ 15,000 |
| FTE Positions | 1.0 | 1.0 | 0.0 | 1.0 | 0.0 |

The **agency** requests a revised estimate of \$177,091, all from special revenue funds. This is an increase of \$15,000, or 9.3 percent, above the FY 2017 approved amount. The revised estimate includes a \$16,090 increase in contractual services with a \$1,090 decrease in salaries and wages. The \$15,000 difference is for the supplemental requests detailed below.

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

Supplemental Detail

| FY 2017 SUPPLEMENTALS | | | | | | |
|---|-----------------|------------------|------------|---------------------------|------------------|------------|
| Supplementals | Agency Estimate | | | Governor's Recommendation | | |
| | SGF | All Funds | FTE | SGF | All Funds | FTE |
| Public Service | | | | | | |
| Announcements | \$ 0 | \$ 10,000 | 0.0 | \$ 0 | \$ 10,000 | 0.0 |
| Administrative Fees for Licensing Database | 0 | 5,000 | 0.0 | 0 | 5,000 | 0.0 |
| TOTAL | \$ 0 | \$ 15,000 | 0.0 | \$ 0 | \$ 15,000 | 0.0 |

The **agency** requests an additional \$10,000, all from special revenue funds, for public service announcements for FY 2017 related to the dangers of using cosmetic contact lenses without a prescription. The agency has adequate funds in the optometry fee fund to cover this expense.

The **agency** is also requesting an additional \$5,000, all from special revenue funds, for administrative fees for FY 2017 charged by Kansas.gov for maintenance of the agency's online licensing program. This fee was an unexpected charge that was invoiced for the first time in FY 2015. The agency has adequate funds for the request in the Optometry Fee Fund.

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

Funding Sources

| Funding Source | Agency Est. Percent of Total FY 2017 | Gov. Rec. Percent of Total FY 2017 |
|---|--|--|
| Optometry Fee Fund | 70.4 % | 70.4 % |
| Optometry Litigation Fund | 28.2 | 28.2 |
| Criminal History and Fingerprinting Fund | 1.4 | 1.4 |
| TOTAL | 100.0 % | 100.0 % |

Note: Details may not add to totals due to rounding.

Optometry Fee Fund Analysis

The Board of Examiners in Optometry Fee Fund generates revenue from the collection of fees related to the licensing of optometrists. Ten percent of these collections are remitted to the State General Fund, and remaining funds are credited to the Optometry Fee Fund.

The fee structure was changed from annual to biennial license renewal by the 2003 Legislature with the passage of HB 2169. The bill also raised the maximum renewal fee to \$800. The Board has made this transition, and now one-half of the licensees renew in even years, and the other half in odd years. Other revenue is derived from examination fees, mailing list fees, and fees for new licenses.

The 2014 Legislature granted the Board authority to transfer \$200,000 in FY 2014 and \$75,000 in FY 2015 from the Optometry Fee Fund to the Optometry Litigation Fund to cover higher than anticipated litigation expenditures. All moneys in that fund originate from the Optometry Fee Fund, with \$50,000 transfers planned in each FY 2016 and 2017.

As a fee funded agency, the Board currently contributes the lesser of 10 percent or \$100,000 of fee revenue to the State General Fund for the cost of support services provided by other state agencies under KSA 75-3170a. The table below summarizes estimated receipts and fund balances based upon the agency estimate and the Governor's recommendation. The transfers out in FY 2016 reflect a \$100,000 transfer to the State General Fund, which was part of the Governor's July Special Allotment. In addition, \$50,000 was transferred from the Optometry Litigation Fund to the State General Fund as part of the Special Allotment.

| Resource Estimate | Actual FY 2015 | Agency Estimate FY 2016 | Gov. Rec. FY 2016 | Agency Estimate FY 2017 | Gov. Rec. FY 2017 |
|--|---------------------------|-------------------------------|---------------------------|-------------------------------|---------------------------|
| Beginning Balance | \$ 236,829 | \$ 234,200 | \$ 234,200 | \$ 108,863 | \$ 108,863 |
| Revenue | 156,955 | 146,940 | 146,940 | 165,165 | 165,165 |
| Transfers in | 0 | 0 | 0 | 0 | 0 |
| Total Funds Available | \$ 393,784 | \$ 381,140 | \$ 381,140 | \$ 274,028 | \$ 274,028 |
| Less: Expenditures | 84,584 | 122,277 | 122,277 | 124,591 | 124,591 |
| Transfers Out | 75,000 | 150,000 | 150,000 | 50,000 | 50,000 |
| Off Budget Expenditures | 0 | 0 | 0 | 0 | 0 |
| Ending Balance | <u>\$ 234,200</u> | <u>\$ 108,863</u> | <u>\$ 108,863</u> | <u>\$ 99,437</u> | <u>\$ 99,437</u> |
| Ending Balance as Percent of Expenditures | 276.9% | 89.0% | 89.0% | 79.8% | 79.8% |
| Month Highest Ending Balance | June <u>\$ 234,200</u> | June <u>\$ 205,750</u> | June <u>\$ 205,750</u> | June <u>\$ 156,575</u> | June <u>\$ 156,575</u> |
| Month Lowest Ending Balance | February \$ 36,402 | February \$ 47,828 | February \$ 47,828 | February \$ 36,397 | February \$ 36,397 |

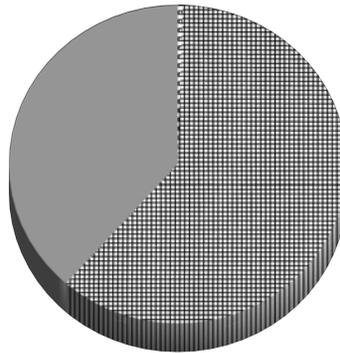
| OPTOMETRY BOARD FEES FY 2016 | | |
|------------------------------------|-------------|-----------------|
| Fee | Current Fee | Statutory Limit |
| Initial License Examination Fee | \$ 150 | \$ 450 |
| First Examination Retake Fee | 75 | 150 |
| Subsequent Examination Retakes Fee | 45 | 150 |
| Initial License | 30 | 150 |
| Renewal (Biennial) | 450 | 800 |
| Reciprocal License | 150 | 450 |
| Reactivation of License | 100 | 450 |

PROGRAM DETAIL

Expenditures by Category

Governor's FY 2017 Recommendation

All Funds



Salaries and Wages
 Contractual Services
 Commodities
 Capital Outlay

| Category | Gov. Rec. All Funds FY 2017 | Percent of Total | Gov. Rec. SGF FY 2017 | Percent of Total |
|----------------------|-----------------------------------|---------------------|-----------------------------|---------------------|
| Salaries and Wages | \$ 68,163 | 38.5 % | \$ 0 | -- % |
| Contractual Services | 108,118 | 61.1 | 0 | -- |
| Commodities | 810 | 0.5 | 0 | -- |
| Capital Outlay | 0 | 0.0 | 0 | -- |
| TOTAL | \$ 177,091 | 100.0 % | \$ 0 | -- % |

FTE POSITIONS BY PROGRAM FY 2015 – FY 2017

| Program | Actual FY 2015 | Agency Est. FY 2016 | Gov. Rec. FY 2016 | Agency Est. FY 2017 | Gov. Rec. FY 2017 |
|----------------|-------------------|------------------------|----------------------|------------------------|----------------------|
| Administration | 0.8 | 1.0 | 1.0 | 1.0 | 1.0 |

PERFORMANCE MEASURES

| Measure | Gov. Rec. for FY 2015 | Actual FY 2015 | Gov. Rec. FY 2016 | Gov. Rec. FY 2017 |
|--|--------------------------|-------------------|----------------------|----------------------|
| Number of days to respond to complaints from consumers | 1 | 1 | 1 | 1 |
| Percent of applicants passing examination | 90.0% | 79.0% | 90.0% | 90.00% |