

KANSAS INSURANCE DEPARTMENT

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	26,267,089	30,587,083	30,587,083	31,343,153	31,343,153
TOTAL	\$ 26,267,089	\$ 30,587,083	\$ 30,587,083	\$ 31,343,153	\$ 31,343,153
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	27,106	95,000	95,000	95,000	95,000
TOTAL	\$ 27,106	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
GRAND TOTAL	\$ 26,294,195	\$ 30,682,083	\$ 30,682,083	\$ 31,438,153	\$ 31,438,153

Percentage Change:

Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	(11.0)	16.4	16.4	2.5	2.5
FTE Positions	122.4	118.5	118.5	118.5	118.5
Non-FTE Perm.Uncl.Pos.	3.6	0.0	0.0	0.0	0.0
TOTAL	126.0	118.5	118.5	118.5	118.5

AGENCY OVERVIEW

The mission of the Kansas Insurance Department is to protect the insurance consumers of Kansas and serve the public interest through the supervision, control, and regulation of the business of insurance within the state. The Department accomplishes its mission by assuring an affordable, accessible, and competitive insurance market.

The Insurance Commissioner is an elected official who supervises all transactions relating to insurance companies in the state. The Commissioner also oversees several programs related to insurance. Beginning with the submission of its FY 2013 budget request, the Insurance Department has had eight programs: General Administration; Financial Surveillance; Producers Division; Property and Casualty; Firefighters Relief Fund; Workers' Compensation; Accident and Health; and Life. Prior to the FY 2013 budget submission, the agency was organized into six divisions: Firefighters Relief Fund; Insurance Company Regulation; Insurance Company Examination; Workers' Compensation; Group-Funded Workers' Compensation; and Municipal Group-Funded Pools.

Prior to FY 1993, the Insurance Department was partly funded by the State General Fund. The 1992 Legislature made the agency entirely fee-funded. Some fees which had been collected for credit to the State General Fund as well as additional assessments against insurers are now credited to the Insurance Department Service Regulation Fund.

MAJOR ISSUES FROM PRIOR YEARS

The **2009 Legislature** delayed the transfer of \$2.0 million from the State General Fund to the Workers' Compensation Fund for the loan payments scheduled in FY 2009 and FY 2010 to FY 2011 and FY 2012. For FY 2009, the Legislature also transferred \$169,987 from the Kansas Savings Incentive Program Fund, \$4,295,800 from the Insurance Department Service Regulation Fund, and \$2,355,000 from the Workers' Compensation Fund to the State General Fund. For FY 2010, the Legislature transferred \$390,899 from the Insurance Department Service Regulation Fund to the State General Fund. Also, the Legislature eliminated 5.0 unfilled FTE positions.

The **2010 Legislature** transferred \$5.0 million from the Insurance Department Service Regulation Fund to the State General Fund, leaving a balance of \$10.8 million in the account. In addition, the Legislature suspended the transfer of \$1.0 million from the State General Fund to the Workers' Compensation Fund for FY 2011, leaving a balance in that account of \$586,376.

The **2010 Legislature** also passed 2010 House Sub. for SB 200, which removed the phase-in provision for the assessment of a privilege fee on any Health Maintenance Organization (HMO) operating in Kansas for five years or less. All HMOs, without regard to years of operation, are required to pay an annual fee of 1.0 percent of all premiums charged. This fee generated revenues of \$3.4 million for the State General Fund in FY 2010.

The **2013 Legislature** transferred \$15.0 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2013 and \$5.0 million in FY 2014 and FY 2015, leaving a balance in the account of \$8.4 million in FY 2013 and an agency estimated balance of \$7.5 million in FY 2014 and \$6.6 million in FY 2015.

The **2015 Legislature** transferred \$8.0 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2016 and FY 2017, leaving an agency estimated balance of \$6.7 million in FY 2016 and \$4.2 million for FY 2017.

BUDGET SUMMARY AND KEY POINTS

FY 2016 – Current Year. The **agency** requests a revised estimate of \$30.7 million, all from special revenue funds, for operational expenditures and capital improvements, in FY 2016. The agency estimates \$30.6 million for operational expenditures, all from special revenue funds, in FY 2016. This is a decrease of \$147,117, or 0.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in expenditures to defend and pay claims from the Workers' Compensation Fund, based on recent actual expenditures and findings from the actuary for the Insurance Department and consolidation of programs and elimination of positions for efficiency. The decrease is partially offset by an increase in expenditures distributed to firefighter relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act. The estimate includes \$95,000 for capital improvements, all from special revenue funds, which is the same amount approved by the 2015 Legislature. The budget includes 118.5 FTE positions and zero non-FTE positions, which is a decrease of 3.9 FTE positions and 3.6 non-FTE positions, below the amount approved by the 2015 Legislature. The agency request includes a required transfer of \$8.0 million from the Service Regulation Fund to the State General Fund.

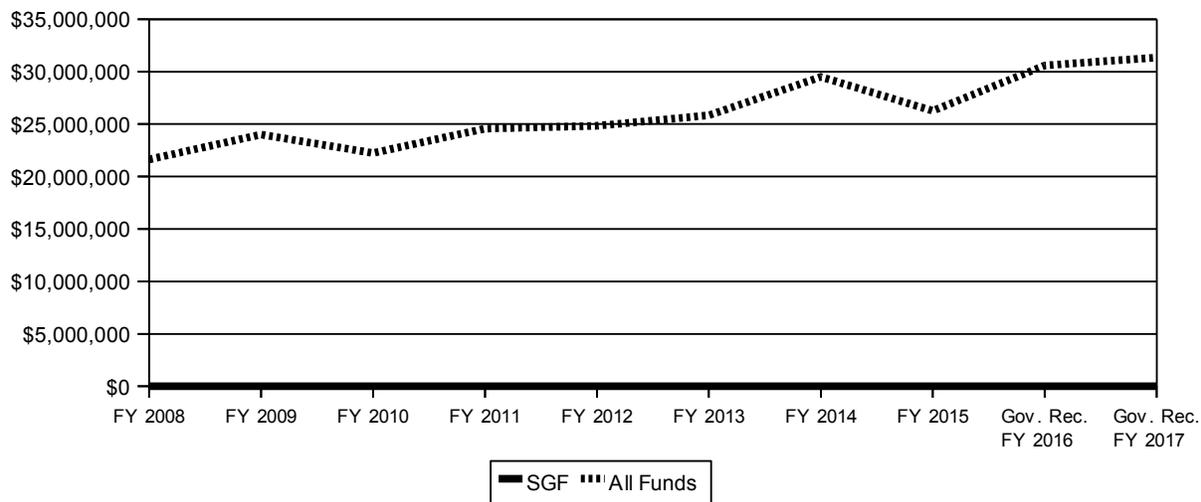
The **Governor** concurs with the agency's revised estimate.

FY 2017 – Budget Year. The **agency** requests a revised estimate of \$31.4 million, all from special revenue funds, for operational expenditures and capital improvements, for FY 2017. The agency estimates \$31.3 million for operational expenditures, all from special revenue funds, for FY 2017. This is a decrease of \$130,422, or 0.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in expenditures due to the agency re-estimating expenditures to defend and pay claims from the Workers' Compensation Fund, based on recent actual expenditures and findings from the actuary for the Insurance Department and consolidation of programs and elimination of positions for efficiency. The decrease is partially offset by an increase in expenditures to be distributed to firefighter relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act. The estimate includes \$95,000 for capital improvements, all from special revenue funds, which is the same amount approved by the 2015 Legislature. The budget includes 118.5 FTE positions and zero non-FTE positions, which is a decrease of 3.9 FTE positions and 3.6 non-FTE positions, below the amount approved by the 2015 Legislature. The agency request includes a required transfer of \$8.0 million from the Service Regulation Fund to the State General Fund.

The **Governor** concurs with the agency's revised estimate. In addition, the Governor recommends an additional \$1.0 million transfer from the Service Regulation Fund to the State General Fund for a total transfer of \$9.0 million.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2008 – FY 2017



OPERATING EXPENDITURES FY 2008 – FY 2017

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2008	\$ 0	-- %	\$ 21,628,581	(1.3)%	143.0
2009	0	--	24,003,969	11.0	143.4
2010	0	--	22,242,278	(7.3)	138.4
2011	0	--	24,567,936	10.5	123.4
2012	0	--	24,834,805	1.1	122.4
2013	0	--	25,837,213	4.0	122.4
2014	0	--	29,498,735	14.2	122.4
2015	0	--	26,267,089	(11.0)	122.4
2016 Gov. Rec.	0	--	30,587,083	16.4	118.5
2017 Gov. Rec.	0	--	31,343,153	2.5	118.5
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 9,714,572	44.9 %	(24.5)

Summary of Operating Budget FY 2015 - FY 2017

Kansas Insurance Department

	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:									
Financial Surveillance	\$ 837,250	\$ 1,650,918	\$ 1,726,154	\$ 75,236	4.6 %	\$ 1,650,918	\$ 1,726,154	\$ 75,236	4.6 %
General Administration	8,294,104	5,346,034	5,528,675	182,641	3.4	5,346,034	5,528,675	182,641	3.4
License & Market Reg	2,374	836,456	855,671	19,215	2.3	836,456	855,671	19,215	2.3
Property & Casualty	13,737	750,821	762,569	11,748	1.6	750,821	762,569	11,748	1.6
Health & Life	115,554	716,858	731,182	14,324	2.0	716,858	731,182	14,324	2.0
Firefighters Relief	13,387,631	13,779,710	14,038,119	258,409	1.9	13,779,710	14,038,119	258,409	1.9
Workers' Compensation	3,616,439	7,506,286	7,700,783	194,497	2.6	7,506,286	7,700,783	194,497	2.6
TOTAL	\$ 26,267,089	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 7,932,697	\$ 7,920,478	\$ 8,197,903	\$ 277,425	3.5 %	\$ 7,920,478	\$ 8,197,903	\$ 277,425	3.5 %
Contractual Services	2,260,073	2,314,105	2,373,700	59,595	2.6	2,314,105	2,373,700	59,595	2.6
Commodities	310,626	322,000	331,550	9,550	3.0	322,000	331,550	9,550	3.0
Capital Outlay	94,323	180,500	190,000	9,500	5.3	180,500	190,000	9,500	5.3
Debt Service	0	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 10,597,719	\$ 10,737,083	\$ 11,093,153	\$ 356,070	3.3 %	\$ 10,737,083	\$ 11,093,153	\$ 356,070	3.3 %
Aid to Local Units	13,325,855	13,650,000	13,900,000	250,000	1.8	13,650,000	13,900,000	250,000	1.8
Other Assistance	2,343,515	6,200,000	6,350,000	150,000	2.4	6,200,000	6,350,000	150,000	2.4
TOTAL	\$ 26,267,089	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
All Other Funds	26,267,089	30,587,083	31,343,153	756,070	2.5	30,587,083	31,343,153	756,070	2.5
TOTAL	\$ 26,267,089	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %	\$ 30,587,083	\$ 31,343,153	\$ 756,070	2.5 %

BUDGET OVERVIEW

A. FY 2016 – Current Year

Adjustments to Approved State General Fund 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	30,829,200	30,682,083	(147,117)	30,682,083	(147,117)
TOTAL	\$ 30,829,200	\$ 30,682,083	\$ (147,117)	\$ 30,682,083	\$ (147,117)
FTE Positions	122.4	118.5	(3.9)	118.5	(3.9)

The **agency** requests a revised estimate in FY 2016 of \$30.7 million, all from special revenue funds, for operational expenditures and capital improvement expenditures. For operational expenditures in FY 2016, the agency estimates \$30.6 million, all from special revenue funds. This is a decrease of \$147,117, or 0.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in contractual services and other assistance to defend and pay claims from the Workers' Compensation Fund, based on recent actual expenditures and findings from the actuary for the Insurance Department and consolidation of programs and elimination of positions for efficiency. The decrease is partially offset by an increase in aid to local units of government expenditures to be distributed to firefighter relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act. The budget includes 118.5 FTE positions and zero non-FTE positions, which is a decrease of 3.9 FTE positions and 3.6 non-FTE positions, below the amount approved by the 2015 Legislature. The agency request includes a required transfer of \$8.0 million from the Service Regulation Fund to the State General Fund.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$7.9 million, all from special revenue funds, for salaries and wages in FY 2016. This is a decrease of \$231,193, or 2.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in classified longevity pay, and employer contributions for employee health insurance and KPERs employer contributions.
- **Contractual Services.** The agency requests \$2.3 million, all from special revenue funds, for contractual services in FY 2016. This is a decrease of \$1.7 million, or 42.6 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to legal costs and associated expenditures to defend claims against the Workers' Compensation Fund.

- **Commodities.** The agency requests \$322,000, all from special revenue funds, for commodities in FY 2016. This is a decrease of \$49,261, or 13.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures. The decrease is partially offset by an increase in building material expenditures.
- **Capital Outlay.** The agency requests \$180,500, all from special revenue funds, for capital outlay in FY 2016. This is an increase of \$23,879, or 15.2 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer equipment and office equipment.
- **Aid for Local Units of Government.** The agency requests \$13.7 million, all from special revenue funds, for aid to local units of government expenditures in FY 2016. This is an increase of \$3.4 million, or 33.2 percent, above the amount approved by the 2015 Legislature. All aid to local units of government expenditures are in the Firefighters' Relief program. The increase is primarily attributable to the agency re-estimating moneys to be distributed to firefighter relief associations, based on recent actual amount received and passed through, in accordance with the Firefighters Relief Act.
- **Other Assistance.** The agency requests \$6.2 million, all from special revenue funds, for other assistance expenditures in FY 2016. This is a decrease of \$1.6 million, or 20.3 percent, below the amount approved by the 2015 Legislature. All other assistance expenditures are in the Workers' Compensation program. The decrease is primarily attributable to the agency re-estimating expenditures for claims paid out from the Workers' Compensation Fund, based on recent actual expenditures and findings from a recent audit by the actuary for the Insurance Department.

The **Governor** recommends operating expenditures of \$30.6 million, all from special revenue funds, which is the same amount as the agency's revised estimate.

B. FY 2017 – Budget Year

Adjustments to Approved State General Fund 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	31,568,575	31,438,153	(130,422)	31,438,153	(130,422)
TOTAL	\$ 31,568,575	\$ 31,438,153	\$ (130,422)	\$ 31,438,153	\$ (130,422)
FTE Positions	122.4	118.5	(3.9)	118.5	(3.9)

The **agency** requests a revised estimate for FY 2017 of \$31.4 million, all from special revenue funds, for operational expenditures and capital improvement expenditures. The agency estimates \$31.3 million for operational expenditures, all from special revenue funds, for FY 2017. This is a decrease of \$130,422, or 0.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in contractual services and other assistance, to defend and pay claims from the Workers' Compensation Fund, based on recent actual expenditures and findings from the actuary for the Insurance Department and consolidation of programs and elimination of positions for efficiency. The decrease is partially offset by an increase in aid to local units of government expenditures to be distributed to firefighter relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act. The budget includes 118.5 FTE positions and zero non-FTE positions, which is a decrease of 3.9 FTE positions and 3.6 non-FTE positions, below the amount approved by the 2015 Legislature. The agency request includes a required transfer of \$8.0 million from the Service Regulation Fund to the State General Fund.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$8.2 million, all from special revenue funds, for salaries and wages for FY 2017. This is a decrease of \$279,919, or 2.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in classified longevity expenditures and fringe benefit expenditures for state employee health insurance and KPERS employer contributions.
- **Contractual Services.** The agency requests \$2.4 million, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$1.8 million, or 43.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to legal costs and associated expenditures to defend claims against the Workers' Compensation Fund.
- **Commodities.** The agency requests \$331,550, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$54,012, or 14.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in drug and pharmaceutical expenditures, partially offset by an increase in building and ground material supplies.
- **Capital Outlay.** The agency requests \$190,000, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$28,392, or 17.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in information processing equipment.
- **Aid for Local Units of Government.** The agency requests \$13.9 million, all from special revenue funds, for aid to local units of government expenditures for FY 2017. This is an increase of \$3.7 million, or 35.6 percent, above the amount approved by the 2015 Legislature. All aid to local units of government expenditures are in the Firefighters' Relief program. The increase is primarily attributable to the agency re-estimating moneys to be distributed to firefighter relief associations, based on recent actual amount received and passed through, in accordance with the Firefighters Relief Act.
- **Other Assistance.** The agency requests \$6.4 million, all from special revenue funds, for other assistance expenditures for FY 2017. This is a decrease of \$1.7 million, or 21.2 percent, below the amount approved by the 2015 Legislature. All

other assistance expenditures are in the Workers' Compensation program. The decrease is primarily attributable to the agency re-estimating expenditures for claims paid out from the Workers' Compensation Fund, based on recent actual expenditures and findings from a recent audit by the actuary for the Insurance Department.

The **Governor** recommends operating expenditures of \$31.3 million, all from special revenue funds, which is the same amount as the agency's revised estimate. The Governor's recommendation includes an additional \$1.0 million transfer from the Service Regulation Fund to the State General Fund. This transfer is in addition to the \$8.0 million transfer from the Service Regulation Fund to the State General Fund approved by the 2015 Legislature.

Funding Sources

Funding Source	Agency Est. Percent of Total FY 2017	Gov. Rec. Percent of Total FY 2017
State General Fund	0.0 %	0.0 %
Special Revenue Funds	100.0	100.0
TOTAL	100.0 %	100.0 %

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

Fee Fund Analysis - Insurance Company Examination Fund

The Insurance Company Examination Fee Fund receives its revenue from collections generated during the course of audits and investigations of foreign (non-Kansas) and domestic insurance companies.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 54,989	\$ 29,040	\$ 29,040	\$ 29,613	\$ 29,613
Revenue	400,940	945,000	945,000	995,000	995,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 455,929	\$ 974,040	\$ 974,040	\$ 1,024,613	\$ 1,024,613
Less: Expenditures	426,889	944,427	944,427	994,507	994,507
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	\$ 29,040	\$ 29,613	\$ 29,613	\$ 30,106	\$ 30,106
Ending Balance as Percent of Expenditures	6.8%	3.1%	3.1%	3.0%	3.0%
Month Highest Ending Balance	November \$ 51,222	June \$ 53,034	June \$ 53,034	June \$ 60,034	June \$ 60,034
Month Lowest Ending Balance	February \$ 10,919	July \$ 17,701	July \$ 17,701	January \$ 25,034	January \$ 25,034

Fee Fund Analysis - Insurance Department Service Regulation Fund

KSA 40-112 established the Insurance Department Service Regulation Fund for the purpose of maintaining the operations of the Kansas Insurance Department. The fund consists of fees charged by the Department, 1.0 percent of premium taxes received from insurance companies pursuant to KSA 40-252, and an annual assessment imposed as deemed necessary by the Commissioner to fund the operations of the Department.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 8,873,243	\$ 10,309,380	\$ 10,309,380	\$ 9,181,870	\$ 9,181,870
Revenue	15,115,454	15,259,150	15,259,150	15,462,600	15,462,600
Transfers in	0	0	0	0	0
Total Funds Available	\$ 23,988,697	\$ 25,568,530	\$ 25,568,530	\$ 24,644,470	\$ 24,644,470
Less: Expenditures	8,614,317	8,386,660	8,386,660	8,639,744	8,639,744
Transfers Out	5,065,000	8,000,000	8,000,000	8,000,000	9,000,000
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 10,309,380</u>	<u>\$ 9,181,870</u>	<u>\$ 9,181,870</u>	<u>\$ 8,004,726</u>	<u>\$ 7,004,726</u>
Ending Balance as Percent of Expenditures	119.7%	109.5%	109.5%	92.7%	81.1%
Month Highest Ending Balance	March <u>\$ 11,458,363</u>	March <u>\$ 12,239,389</u>	March <u>\$ 12,239,389</u>	March <u>\$ 10,189,389</u>	March <u>\$ 9,189,389</u>
Month Lowest Ending Balance	December <u>\$ 350,582</u>	December <u>\$ 4,869,389</u>	December <u>\$ 4,869,389</u>	December <u>\$ 2,949,389</u>	December <u>\$ 1,949,389</u>

Fee Fund Analysis - Workers' Compensation Fund

KSA 566(b)(1) authorizes the Commissioner of Insurance to impose an assessment upon all insurance carriers, the proceeds of which shall be credited to the Workers' Compensation Fee Fund to pay claims, attorney fees, and costs which may be required to be paid from such a fund during the current fiscal year. Other sources of revenue include fines, penalties, and reimbursements.

Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 6,185,692	\$ 10,593,586	\$ 10,593,586	\$ 9,287,300	\$ 9,287,300
Revenue	8,023,634	6,200,000	6,200,000	6,350,000	6,350,000
Transfers in	0	0	0	0	0
Total Funds Available	\$ 14,209,326	\$ 16,793,586	\$ 16,793,586	\$ 15,637,300	\$ 15,637,300
Less: Expenditures	3,615,740	7,506,286	7,506,286	7,700,783	7,700,783
Transfers Out	0	0	0	0	0
Off Budget Expenditures	0	0	0	0	0
Ending Balance	<u>\$ 10,593,586</u>	<u>\$ 9,287,300</u>	<u>\$ 9,287,300</u>	<u>\$ 7,936,517</u>	<u>\$ 7,936,517</u>
Ending Balance as Percent of Expenditures	293.0%	123.7%	123.7%	103.1%	103.1%
Month Highest Ending Balance	July <u>\$ 10,765,315</u>	July <u>\$ 10,929,600</u>	July <u>\$ 10,929,600</u>	July <u>\$ 8,796,531</u>	July <u>\$ 8,796,531</u>
Month Lowest Ending Balance	May <u>\$ 8,758,833</u>	May <u>\$ 7,896,531</u>	May <u>\$ 7,896,531</u>	May <u>\$ 6,041,531</u>	May <u>\$ 6,041,531</u>

Fee Fund Analysis - Firefighters' Relief Fund

KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the Kansas Insurance Department. Funds collected are distributed to various cities, townships, and counties in Kansas, less amounts retained by the Insurance Department for expenses connected to administration of the fund.

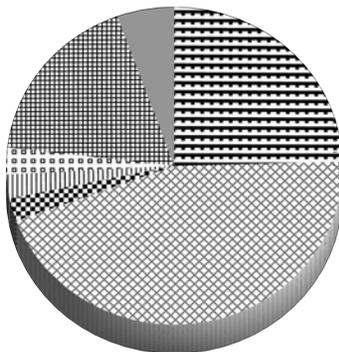
Resource Estimate	Actual FY 2015	Agency Estimate FY 2016	Gov. Rec. FY 2016	Agency Estimate FY 2017	Gov. Rec. FY 2017
Beginning Balance	\$ 1,296,691	\$ 1,195,207	\$ 1,195,207	\$ 1,065,497	\$ 1,065,497
Revenue	13,286,147	13,650,000	13,650,000	13,900,000	13,900,000
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Funds Available	\$ 14,582,838	\$ 14,845,207	\$ 14,845,207	\$ 14,965,497	\$ 14,965,497
Less: Expenditures	13,387,631	13,779,710	13,779,710	14,038,119	14,038,119
Transfers Out	0	0	0	0	0
Off Budget Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Ending Balance	<u>\$ 1,195,207</u>	<u>\$ 1,065,497</u>	<u>\$ 1,065,497</u>	<u>\$ 927,378</u>	<u>\$ 927,378</u>
Ending Balance as Percent of Expenditures	8.9%	7.7%	7.7%	6.6%	6.6%
Month Highest Ending Balance	July <u>\$ 1,325,611</u>	June <u>\$ 2,619,355</u>	June <u>\$ 2,619,355</u>	June <u>\$ 4,132,355</u>	June <u>\$ 4,132,355</u>
Month Lowest Ending Balance	April <u>\$ 504,757</u>	May <u>\$ 919,355</u>	May <u>\$ 919,355</u>	May <u>\$ 2,032,355</u>	May <u>\$ 2,032,355</u>

PROGRAM DETAIL

Expenditures by Program

Governor's FY 2017 Recommendation

All Funds



Program	Gov. Rec. All Funds FY 2017	Percent of Total
Financial Surveillance	\$ 1,726,154	5.5 %
General Administration	5,528,675	17.6
License & Market Reg	855,671	2.7
Property & Casualty	762,569	2.4
Health & Life	731,182	2.3
Firefighters Relief	14,038,119	44.8
Workers' Compensation	7,700,783	24.6
TOTAL	\$ 31,343,153	100.0 %

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
Financial Surveillance	18.7	19.0	19.0	19.0	19.0
General Administration	66.1	59.1	59.1	59.1	59.1
License & Market Reg	8.8	13.0	13.0	13.0	13.0
Property & Casualty	11.7	13.0	13.0	13.0	13.0
Health & Life	12.4	10.0	10.0	10.0	10.0
Firefighters Relief	2.0	2.0	2.0	2.0	2.0
Workers' Compensation	2.7	2.4	2.4	2.4	2.4
TOTAL	122.4	118.5	118.5	118.5	118.5

A. Financial Surveillance

The Financial Surveillance Division protects insurance consumers in Kansas from financial hardship by detecting as quickly as possible those insurance companies which are in, or have the potential to be in, hazardous financial condition. This division includes licensing, monitoring, and regulating insurance companies.

FINANCIAL SURVEILLANCE SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 810,122	\$ 1,598,818	\$ 1,598,818	\$ 1,656,154	\$ 1,656,154
Contractual Services	27,128	51,000	51,100	53,500	53,500
Commodities	0	0	0	0	0
Capital Outlay	0	1,000	1,000	16,500	16,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 837,250</u>	<u>\$ 1,650,818</u>	<u>\$ 1,650,918</u>	<u>\$ 1,726,154</u>	<u>\$ 1,726,154</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 837,250</u>	<u>\$ 1,650,818</u>	<u>\$ 1,650,918</u>	<u>\$ 1,726,154</u>	<u>\$ 1,726,154</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	837,250	1,650,818	1,650,918	1,726,154	1,726,154
TOTAL	<u>\$ 837,250</u>	<u>\$ 1,650,818</u>	<u>\$ 1,650,918</u>	<u>\$ 1,726,154</u>	<u>\$ 1,726,154</u>
FTE Positions	18.7	19.0	19.0	19.0	19.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>18.7</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>	<u>19.0</u>

The **agency** requests a revised estimate of \$1.7 million, all from special revenue funds, for the Financial Surveillance program for FY 2017. The request is an all funds increase of \$611,694, or 54.9 percent, above the amount approved by the 2015 Legislature. The increase is primary attributable to an increase in salaries and wages, partially offset by a decrease in contractual services, commodities, and capital outlay.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$1.7 million, all from special revenue funds, for salaries and wages for FY 2017. This is an increase of \$772,019, or 87.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase of salary and fringe benefit expenditures due to shifting ten employees from other programs to the Financial Surveillance program, as the approved total for the program included 9.0 FTE positions.

- **Contractual Services.** The agency requests \$53,500, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$150,463, or 73.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computers services, postage, in-state travel expenditures, and utilities expenditures.
- **Commodities.** The agency did not request expenditures for commodities for FY 2017.
- **Capital Outlay.** The agency requests \$16,500, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$3,073, or 15.7 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in printing and computer related expenditures.

The **Governor** recommends expenditures of \$1.7 million, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

B. General Administration

The Administration Division (including the Legal Division) provides assistance, advice and counsel to the Insurance Commissioner and the operating divisions of the Department, and educating consumers about the insurance products they are purchasing. The Division includes human resources, fiscal, informational, technical, organizational and facilities management services. Day to day responsibilities include consumer assistance, auditing of premium tax returns and the collection of premium tax receipts for deposit into the State General Fund.

GENERAL ADMINISTRATION SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 6,809,899	\$ 3,795,634	\$ 3,795,634	\$ 3,928,575	\$ 3,928,575
Contractual Services	1,216,139	1,289,500	1,289,500	1,313,650	1,313,650
Commodities	119,916	125,400	125,400	128,450	128,450
Capital Outlay	75,524	135,500	135,500	158,000	158,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 8,221,478	\$ 5,346,034	\$ 5,346,034	\$ 5,528,675	\$ 5,528,675
Aid to Local Units	72,626	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 8,294,104	\$ 5,346,034	\$ 5,346,034	\$ 5,528,675	\$ 5,528,675
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	8,294,104	5,346,034	5,346,034	5,528,675	5,528,675
TOTAL	\$ 8,294,104	\$ 5,346,034	\$ 5,346,034	\$ 5,528,675	\$ 5,528,675
FTE Positions	66.1	59.1	59.1	59.1	59.1
Non-FTE Uncl. Perm. Pos.	3.6	0.0	0.0	0.0	0.0
TOTAL	69.7	59.1	59.1	59.1	59.1

The **agency** requests \$5.5 million, all from special revenue funds, for the General Administration program for FY 2017. This is a decrease of \$1.1 million, or 16.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages and contractual services, partially offset by an increase in commodities and capital outlay expenditures.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$3.9 million, all from special revenue funds, for salaries and wages for FY 2017. This is a decrease of \$1.2 million, or 23.3 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to decreased salaries and fringe benefit expenditures due to the transfer of several employees to other programs and the elimination of several positions, as the approved number of FTE for this program totaled 73.4 FTE positions and 3.6 non-FTE positions.
- **Contractual Services.** The agency requests \$1.3 million, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$35,372, or 2.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in legal expenses, subscriptions, and hospitality expenditures, partially offset by an increase in computer services expenditures.
- **Commodities.** The agency requests \$128,450, all from special revenue funds, for commodities for FY 2017. This is an increase of \$73,282, or 132.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in office supplies, professional supplies, and grounds materials.
- **Capital Outlay.** The agency requests \$158,000, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$58,060, or 58.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in computer and printing expenditures.

The **Governor** recommends expenditures of \$5.5 million, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

C. Licensing and Marketing Regulation

The Licensing and Marketing Regulation program assists the Commissioner of Insurance in protecting the consumers of Kansas by ensuring that all individuals selling, soliciting and negotiating insurance contracts in Kansas are knowledgeable, competent, property licensed, and certified by insurance companies. The Licensing and Marketing Regulation program was formerly known as the Producers program.

**LICENSING AND MARKETING REGULATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 813,606	\$ 813,606	\$ 841,671	\$ 841,671
Contractual Services	2,374	9,850	9,850	11,000	11,000
Commodities	0	0	0	0	0
Capital Outlay	0	13,000	13,000	3,000	3,000
Debt Service	0	0	0	0	0
Subtotal - Operations	\$ 2,374	\$ 836,456	\$ 836,456	\$ 855,671	\$ 855,671
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	\$ 2,374	\$ 836,456	\$ 836,456	\$ 855,671	\$ 855,671
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	2,374	836,456	836,456	855,671	855,671
TOTAL	\$ 2,374	\$ 836,456	\$ 836,456	\$ 855,671	\$ 855,671
FTE Positions	8.8	13.0	13.0	13.0	13.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	8.8	13.0	13.0	13.0	13.0

The **agency** requests \$855,671, all from special revenue funds, for the Licensing and Marketing Regulation program for FY 2017. This is an increase of \$240,406, or 39.1 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salaries and wages, partially offset by a decrease in contractual services, commodities, and capital outlay expenditures. The program includes 13.0 FTE positions, which is an increase of 4.0 FTE positions above the amount approved by the 2015 Legislature.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$841,671, all from special revenue funds, for salaries and wages for FY 2017. This is an increase of \$300,347, or 55.5 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salary expenditures due to adding 4.0 FTE positions to the program.
- **Contractual Services.** The agency requests \$11,000, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$50,792, or 82.2 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer software, postage, and utilities expenditures.
- **Commodities.** The agency does not request expenditures for commodities for FY 2017. This is a decrease of \$3,502, or 100.0 percent, below the amount

approved by the 2015 Legislature. The decrease is primarily attributable to an increase in stationary and data processing supplies.

- **Capital Outlay.** The agency requests \$3,000, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$5,647, or 65.3 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to a decrease in computer and printing equipment.

The **Governor** recommends expenditures of \$855,671, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

D. Property and Casualty

The Property and Casualty Division verifies that the regulated rates, rules, and policy forms used by property and casualty insurance companies comply with statutes and regulations and to administer and regulate numerous other related insurance functions to ensure compliance with Kansas statutes and regulations.

PROPERTY AND CASUALTY SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 718,521	\$ 718,521	\$ 742,869	\$ 742,869
Contractual Services	13,737	16,300	16,300	16,700	16,700
Commodities	0	0	0	0	0
Capital Outlay	0	16,000	16,000	3,000	3,000
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 13,737</u>	<u>\$ 750,821</u>	<u>\$ 750,821</u>	<u>\$ 762,569</u>	<u>\$ 762,569</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 13,737</u>	<u>\$ 750,821</u>	<u>\$ 750,821</u>	<u>\$ 762,569</u>	<u>\$ 762,569</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	13,737	750,821	750,821	762,569	762,569
TOTAL	<u>\$ 13,737</u>	<u>\$ 750,821</u>	<u>\$ 750,821</u>	<u>\$ 762,569</u>	<u>\$ 762,569</u>
FTE Positions	11.7	13.0	13.0	13.0	13.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>11.7</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>

The **agency** requests a revised estimate of \$762,569, all from special revenue funds, for the property and casualty program for FY 2017. This is a decrease of \$123,158, or 13.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages, contractual services, commodities, and capital outlay

expenditures. The program includes 13.0 FTE positions, which is the same number approved by the 2015 Legislature.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$841,671, all from special revenue funds, for salaries and wages for FY 2017. This is a decrease of \$35,650, or 4.6 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salary and fringe benefit expenditures and longevity expenditures.
- **Contractual Services.** The agency requests \$16,700, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$73,112, or 81.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in utilities expenditures, dues and subscriptions, and computer software expenditures.
- **Commodities.** The agency did not request expenditures for commodities for FY 2017. This is a decrease of \$4,138, or 100.0 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in stationary, data processing supplies, and household supplies expenditures.
- **Capital Outlay.** The agency requests \$3,000, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$10,258, or 77.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in printing and computer equipment expenditures.

The **Governor** recommends expenditures of \$762,569, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

E. Health and Life

The Health and Life program includes monitoring and regulating all matters related to the writing of health and life insurance in Kansas by ensuring that policy forms comply with applicable laws and regulations and that rates required to be filed comply with applicable laws and regulations. This program also oversees the implementation and continued management of the necessary licensing procedures for all third party administrators and utilization review organizations, including regulating and issuing certificates of regulation to all qualified prepaid dental service plans and continued care providers. The program ensures the proper, fair, and efficient collection of all applicable taxes and fees from life, viatical, health, and HMO insurance companies licensed to transact business in the state. The Health and Life program is a new program and combines the previous Accident and Health program and Life program.

**HEALTH AND LIFE
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 0	\$ 686,658	\$ 686,658	\$ 710,482	\$ 710,482
Contractual Services	96,755	17,200	17,200	18,200	18,200
Commodities	0	0	0	0	0
Capital Outlay	18,799	13,000	13,000	2,500	2,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 115,554</u>	<u>\$ 716,858</u>	<u>\$ 716,858</u>	<u>\$ 731,182</u>	<u>\$ 731,182</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 115,554</u>	<u>\$ 716,858</u>	<u>\$ 716,858</u>	<u>\$ 731,182</u>	<u>\$ 731,182</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	<u>115,554</u>	<u>716,858</u>	<u>716,858</u>	<u>731,182</u>	<u>731,182</u>
TOTAL	<u>\$ 115,554</u>	<u>\$ 716,858</u>	<u>\$ 716,858</u>	<u>\$ 731,182</u>	<u>\$ 731,182</u>
FTE Positions	12.4	10.0	10.0	10.0	10.0
Non-FTE Uncl. Perm. Pos.	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
TOTAL	<u>12.4</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>	<u>10.0</u>

The **agency** requests \$731,182, all from special revenue funds, for the Health and Life Program for FY 2017. This is a decrease of \$303,029, or 29.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salaries and wages, contractual services, commodities, and capital outlay expenditures. The budget includes 10.0 FTE positions, which is a decrease of 3.5 FTE positions below the amount approved by the 2015 Legislature.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$710,482, all from special revenue funds, for salaries and wages for FY 2017. This is a decrease of \$90,067, or 11.3 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in salary expenditures, classified longevity pay, employer contributions for state employee health insurance, and minor adjustments to other fringe benefits.
- **Contractual Services.** The agency requests \$18,200, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$211,441, or 92.1 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in consulting expenditures, computer services expenditures, and utilities.
- **Commodities.** The agency does not request expenditures for commodities for FY 2017.

- **Capital Outlay.** The agency requests \$2,500, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$11,041, or 81.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in computer and printing equipment.

The **Governor** recommends expenditures of \$731,182, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

F. Firefighters Relief

The Firefighters' Relief Fund Division administers the Firefighters' Relief Act as it applies to all insurance companies, corporations, firms or associations transacting business of fire insurance in the state. KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay 2.0 percent of the total amount of annual premiums written in Kansas to the Insurance Department. The amounts collected are credited to the Firefighters' Relief Fund and distributed to cities, townships, fire districts and county firefighters' relief associations.

FIREFIGHTERS RELIEF SUMMARY OF EXPENDITURES FY 2015 – FY 2017					
Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 133,399	\$ 127,260	\$ 127,260	\$ 131,919	\$ 131,919
Contractual Services	960	1,350	1,350	1,600	1,600
Commodities	43	100	100	100	100
Capital Outlay	0	1,000	1,000	4,500	4,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 134,402</u>	<u>\$ 129,710</u>	<u>\$ 129,710</u>	<u>\$ 138,119</u>	<u>\$ 138,119</u>
Aid to Local Units	13,253,229	13,650,000	13,650,000	13,900,000	13,900,000
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 13,387,631</u>	<u>\$ 13,779,710</u>	<u>\$ 13,779,710</u>	<u>\$ 14,038,119</u>	<u>\$ 14,038,119</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	13,387,631	13,779,710	13,779,710	14,038,119	14,038,119
TOTAL	<u>\$ 13,387,631</u>	<u>\$ 13,779,710</u>	<u>\$ 13,779,710</u>	<u>\$ 14,038,119</u>	<u>\$ 14,038,119</u>
FTE Positions	2.0	2.0	2.0	2.0	2.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>

The **agency** requests a revised estimate of \$14.0 million, all from special revenue funds, for the Firefighters' Relief program. This is an increase of \$3.7 million, or 34.9 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase of \$3.6 million in other assistance expenditures, due to the agency re-estimating moneys to be distributed to firefighter relief associations. The revised estimate is based on recent actual amounts received and passed through, in accordance with the Firefighters Relief

Act. In the budget approved by the 2015 Legislature, \$10.3 million was estimated, however actual FY 2015 aid to local units expenditures totaled \$13.3 million, so the agency has re-estimated for the revised request.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$131,919, all from special revenue funds, for salaries and wages for FY 2017. This is an increase of \$354, or 0.3 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salary expenditures, partially offset by a decrease in KPERS and state employee health insurance fringe benefit expenditures.
- **Contractual Services.** The agency requests \$1,600, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$17,646, or 91.7 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in utilities and computer equipment expenditures.
- **Commodities.** The agency requests \$100, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$852, or 89.5 percent, below the amount approved by the 2015 Legislature. The decrease is attributable to a decrease in stationary, office supplies, and data processing supplies expenditures, partially offset by an increase in fuel expenditures.
- **Capital Outlay.** The agency requests \$4,500, all from special revenue funds, for capital outlay for FY 2017. This is an increase of \$3,154, or 234.3 percent, above the amount approved by the 2015 Legislature. The increase is attributable to an increase in computer equipment and office furniture expenditures.
- **Aid to Local Units of Government.** The agency requests \$13.9 million, all from special revenue funds, for Aid to Local Units of Government for FY 2017. This is an increase of \$3.7 million, or 35.6 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to the agency re-estimating moneys to be distributed to firefighter relief associations, based on recent actual amounts received and passed through, in accordance with the Firefighters Relief Act.

The **Governor** recommends expenditures of \$14.0 million, all from special revenue funds, for FY 2017. This is the same amount as the agency's revised estimate.

G. Workers' Compensation

The Workers' Compensation Division works to encourage the employment of persons disabled as a result of specific impairments by relieving employers, wholly or partially, of workers compensation liability resulting from compensable industrial accidents suffered by these employees and to pay claims of injured workers employed by employers who are insolvent, bankrupt, or cannot be located.

**WORKERS' COMPENSATION
SUMMARY OF EXPENDITURES FY 2015 – FY 2017**

Item	Actual FY 2015	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Expenditures:					
Salaries and Wages	\$ 179,277	\$ 179,981	\$ 179,981	\$ 186,233	\$ 186,233
Contractual Services	902,980	928,805	928,805	959,050	959,050
Commodities	190,667	196,500	196,500	203,000	203,000
Capital Outlay	0	1,000	1,000	2,500	2,500
Debt Service	0	0	0	0	0
<i>Subtotal - Operations</i>	<u>\$ 1,272,924</u>	<u>\$ 1,306,286</u>	<u>\$ 1,306,286</u>	<u>\$ 1,350,783</u>	<u>\$ 1,350,783</u>
Aid to Local Units	0	0	0	0	0
Other Assistance	2,343,515	6,200,000	6,200,000	6,350,000	6,350,000
TOTAL	<u>\$ 3,616,439</u>	<u>\$ 7,506,286</u>	<u>\$ 7,506,286</u>	<u>\$ 7,700,783</u>	<u>\$ 7,700,783</u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	3,616,439	7,506,286	7,506,286	7,700,783	7,700,783
TOTAL	<u>\$ 3,616,439</u>	<u>\$ 7,506,286</u>	<u>\$ 7,506,286</u>	<u>\$ 7,700,783</u>	<u>\$ 7,700,783</u>
FTE Positions	2.7	2.4	2.4	2.4	2.4
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>2.7</u>	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>	<u>2.4</u>

The **agency** requests \$7.7 million, all from special revenue funds, for the Workers' Compensation program for FY 2017. This is a decrease of \$3.1 million, or 28.5 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in contractual services, commodities, capital outlay, and other assistance expenditures. The program includes 2.4 FTE positions, which is the same amount approved by the 2015 Legislature.

The revised estimate is detailed below.

- **Salaries and Wages.** The agency requests \$186,233, all from special revenue funds, for salaries and wages for FY 2017. This is an increase of \$1,409, or 0.8 percent, above the amount approved by the 2015 Legislature. The increase is primarily attributable to an increase in salary expenditures, partially offset by a decrease in longevity and health insurance expenditures.
- **Contractual Services.** The agency requests \$959,050, all from special revenue funds, for contractual services for FY 2017. This is a decrease of \$1.3 million, or 56.8 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in legal and medical expenditures related to workers compensation claims.
- **Commodities.** The agency requests \$203,000, all from special revenue funds, for commodities for FY 2017. This is a decrease of \$101,533, or 33.4 percent, below the amount approved by the 2015 Legislature. The decrease is primarily

attributable to a decrease in drug and pharmaceutical expenditures related to workers compensation claims.

- **Capital Outlay.** The agency requests \$2,500, all from special revenue funds, for capital outlay for FY 2017. This is a decrease of \$2,803, or 52.9 percent, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a decrease in software and information processing equipment expenditures.
- **Other Assistance.** The agency requests \$6.4 million, all from special revenue funds, for other assistance for FY 2017. This is a decrease of \$1.7 million, all from special revenue funds, below the amount approved by the 2015 Legislature. The decrease is primarily attributable to a projected decrease in claims.

The **Governor** recommends expenditures of \$7.7 million, all from special revenue funds for FY 2017. This is the same amount as the agency's revised estimate.

CAPITAL IMPROVEMENTS

CAPITAL IMPROVEMENTS				
Project	Agency Est. FY 2016	Gov. Rec. FY 2016	Agency Est. FY 2017	Gov. Rec. FY 2017
Rehab and Repair	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000
Financing:				
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	95,000	95,000	95,000	95,000
TOTAL	\$ 95,000	\$ 95,000	\$ 95,000	\$ 95,000

FY 2016 – Current Year. The agency requests a revised estimate for capital improvement expenditures of \$95,000, all from special revenue funds, for rehabilitation and renovation expenditures in FY 2016. This is the same amount approved by the 2015 Legislature. During the five-year capital improvements plan presentations, the agency indicated that rehabilitation and repair expenditures would include projects involving repairs, painting, and sealing of windows, floor renovations, and other miscellaneous repairs as needed.

The **Governor** recommends capital improvement expenditures of \$95,000, all from special revenue funds, in FY 2016. This is the same amount as the agency’s revised estimate.

FY 2017 – Budget Year. The agency requests a revised estimate for capital improvement expenditures of \$95,000, all from special revenue funds, for rehabilitation and renovation expenditures for FY 2017. This is the same amount approved by the 2015 Legislature. During the five-year capital improvements plan presentations, the agency indicated that rehabilitation and repair expenditures would include the first floor renovation, sealing the alley parking lot, repair or replacement of the boiler, and other miscellaneous repairs as needed.

The **Governor** recommends capital improvement expenditures of \$95,000, all from special revenue funds, for FY 2017. This is the same amount as the agency’s revised estimate.

PERFORMANCE MEASURES

Measure	Gov. Rec. for FY 2015	Actual FY 2015	Gov. Rec. FY 2016	Gov. Rec. FY 2017
Firefighters Relief				
Number of applications for organization received	2	1	2	1
Number of applications for merger of associations received	2	3	2	2
Number of associations' financial statements received	571	558	563	564
Percent of associations' financial statements reviewed	100.0%	100.0%	100.0%	100.0%
Insurance Company Regulation				
Number of companies authorized to write health and HMO insurance policies in Kansas	N/A	946	954	957
Number of licenses issued	20,000	23,412	23,000	24,000
Insurance Company Examinations				
Number of domestic insurance company examinations performed	10	10	10	9
Number of domestic company annual statements examined	65	65	66	66
Number of insurance company insolvencies	3	3	3	3
Workers Compensation				
Number of active cases	3,865	3,940	3,940	3,940
Number of cases opened	115	107	105	105
Number of cases closed	70	85	85	85