

Department of Administration

Expenditure	Actual FY 2021	Approved FY 2022	Approved FY 2023
All Funds:			
State Operations	\$ 138,206,799	\$ 176,823,715	\$ 143,462,162
Aid to Local Units	382,299	250,000	250,000
Other Assistance	6,067,639	160,000	175,000
<i>Subtotal - Operating</i>	<u>\$ 144,656,737</u>	<u>\$ 177,233,715</u>	<u>\$ 143,887,162</u>
Capital Improvements	51,462,660	372,132,671	87,252,457
TOTAL	<u>\$ 196,119,397</u>	<u>\$ 549,366,386</u>	<u>\$ 231,139,619</u>
State General Fund:			
State Operations	\$ 95,542,208	\$ 131,921,802	\$ 103,592,759
Aid to Local Units	-	-	-
Other Assistance	6,000,000	-	15,000
<i>Subtotal - Operating</i>	<u>\$ 101,542,208</u>	<u>\$ 131,921,802</u>	<u>\$ 103,607,759</u>
Capital Improvements	40,088,099	355,899,696	87,252,457
TOTAL	<u>\$ 141,630,307</u>	<u>\$ 487,821,498</u>	<u>\$ 190,860,216</u>
Percent Change:			
Operating Expenditures			
All Funds	2.0 %	22.5 %	(18.8)%
State General Fund	4.7	29.9	(21.5)
FTE Positions	464.0	467.7	470.7

The approved budget for the Department of Administration in FY 2022 includes \$549.4 million in **on-budget** expenditures, including \$487.8 million SGF. This is an all funds increase of \$353.2 million, or 180.1 percent, and an SGF increase of \$346.2 million, or 244.4 percent, above FY 2021 actual expenditures.

The FY 2022 approved budget includes an **operating budget** of \$177.2 million, including \$131.9 million SGF. This is an all funds increase of \$32.6 million, or 22.5 percent, and an SGF increase of \$30.4 million, or 29.9 percent, above FY 2021 actual operating expenditures. The increase is primarily due to debt service interest payments related to the early payoff of Series 2015A and 2015G bonds (\$13.6 million SGF), ahead of the final maturity dates in FY 2035. Series 2015A consists of four debt service refunding bonds, debt service for the John Redmond Reservoir, and debt service for a University of Kansas Medical Center health education building, while Series 2015G is a debt service bond for the State's portion of the National Bio and Agro-Defense Facility located in Manhattan, Kansas. The increase is also attributable to debt service interest payments for Series 2021K bonds (\$7.8 million SGF), the proceeds of which are applied to the unfunded actuarial liability of the Kansas Public Employees Retirement System. The increase is partially offset by one-time expenditures for the Securities Act Fee Fund lawsuit settlement that were incurred in FY 2021 and did not reoccur for FY 2022 (\$6.0 million SGF). The approved budget also includes 94.0 on-budget FTE positions in FY 2022, which is an increase of 1.8 FTE positions above the FY 2021 actual number. The increase is due the creation of the Office of Public Advocates pursuant to Executive Order 21-27 (5.0 FTE positions), partially offset by a reduction of positions in the Office of Accounts and Reports (2.0 FTE positions).

The FY 2022 approved budget also includes a **capital improvements budget** of \$372.1 million, including \$355.9 million SGF. This is an all funds increase of \$320.7 million, or 623.1 percent, and an SGF increase of \$315.8 million, or 787.8 percent, above FY 2021 actual capital improvements expenditures. The increase is primarily due to debt service principal payments related to the early payoff of Series 2015A and 2015G bonds (\$314.9 million SGF) and to the issuance of Series 2020R and 2020S refinancing bonds (\$12.5 million from the State Highway Fund). The increase is partially offset by lower debt service principal payments for bonds related to renovations of the Kansas Statehouse (\$6.2 million from the State Highway Fund).

In FY 2022, the approved budget also includes \$87.7 million in **off-budget** expenditures, all from special revenue funds, which is a decrease of \$4.7 million, or 5.1 percent, below FY 2021 actual expenditures. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The approved budget also includes 373.7 off-budget FTE positions in FY 2022, which is a decrease of 1.8 FTE positions below the FY 2021 actual number.

The approved budget for the Department of Administration for FY 2023 includes \$231.1 million in **on-budget** expenditures, including \$190.9 million SGF. This is an all funds decrease of \$318.2 million, or 57.9 percent, and an SGF decrease of \$297.0 million, or 60.9 percent, below the FY 2022 approved budget.

The FY 2023 approved budget includes an **operating budget** of \$143.9 million, including \$103.6 million SGF. This is an all funds decrease of \$33.4 million, or 18.8 percent, and an SGF decrease of \$28.3 million, or 21.5 percent, below the FY 2022 approved budget. The decrease is primarily due to debt service interest payments related to the early payoff of Series 2015A and 2015G bonds (\$34.4 million SGF) in FY 2022, which results in a corresponding reduction for FY 2023. The decrease is partially offset by additional expenditures for the Office of Public Advocates (\$524,814 SGF, 3.0 FTE positions). For FY 2023, expenditures for the KanCare Ombudsman were transferred from the Kansas Department for Aging and Disability Services to the Department of Administration (\$224,814 SGF, 3.0 FTE positions). Additionally, the approved budget also includes increased expenditures for the Division of the Child Advocate to account for a full year of operations (\$300,000 SGF) and for a 5.0 percent salary increase for most state employees (\$370,660). The approved budget also includes 97.0 on-budget FTE positions for FY 2023, which is an increase of 3.0 FTE positions above the FY 2022 approved number and is entirely due to the transfer of KanCare Ombudsman personnel from the Kansas Department for Aging and Disability Services.

The FY 2023 approved budget also includes a **capital improvements budget** of \$87.3 million, all SGF. This is an all funds decrease of \$284.9 million, or 76.6 percent, and a SGF decrease of \$268.6 million, or 75.5 percent, below the FY 2022 approved capital improvements budget. The decrease is primarily due to debt service principal payments related to the early payoff of Series 2015A and 2015G bonds (\$345.2 million SGF) in FY 2022, which results in a corresponding reduction for FY 2023. The decrease is partially offset by appropriations to rehabilitate and repair the Docking State Office Building into a three-story building with office and meeting space (\$60.0 million SGF), pursuant to State Finance Council Resolution No. 21-740. The Department of Administration estimates total project costs of around \$120.0 million, with at least half of that amount anticipated to use federal American Rescue Plan Act funds. Accordingly, House Sub. for Sub. for SB 267, Section 141(a) includes language lapsing up to \$60.0 million SGF if federal funding is received in excess of \$60.0 million for the project.

For FY 2023, the approved budget also includes \$90.3 million in **off-budget** expenditures, all from special revenue funds, which is an increase of \$2.6 million, or 3.0 percent, above the FY 2022 approved budget. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The approved budget also includes 373.7 off-budget FTE positions for FY 2023, which is the same as the FY 2022 approved number.

Department of Administration

	FY 2022			FY 2023		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate	\$ 155,395,348	\$ 216,940,236	462.7	\$ 159,017,073	\$ 215,072,095	462.7
Governor's Changes:						
1. Resident Tax Rebate	\$ 460,000,000	\$ 460,000,000	-	\$ -	\$ -	-
2. Bond Payoff--2015A	160,460,850	160,460,850	-	(27,779,250)	(27,779,250)	-
3. Bond Payoff--2015G	171,765,300	171,765,300	-	(17,413,700)	(17,413,700)	-
4. Office of Public Advocates	200,000	200,000	5.0	724,814	724,814	8.0
5. Docking State Office Building	-	-	-	120,000,000	120,000,000	-
6. Debt Service Funding Switch	-	-	-	15,876,278	-	-
7. GBA No. 2, Item 7 – State Health Insurance Plan Reserve Fund*	-	-	-	-	-	-
8. GBA No. 2, Item 8 – Resident Tax Rebate	460,000,000	460,000,000	-	-	-	-
Subtotal - Governor's Recommendation	<u>\$ 1,407,821,498</u>	<u>\$ 1,469,366,386</u>	<u>467.7</u>	<u>\$ 250,425,215</u>	<u>\$ 290,603,959</u>	<u>470.7</u>
Change from Agency Est.	\$ 1,252,426,150	\$ 1,252,426,150	5.0	\$ 91,408,142	\$ 75,531,864	8.0
Percent Change from Agency Est.	806.0 %	577.3 %	1.1 %	57.5 %	35.1 %	1.7 %
Legislative Action:						
9. Resident Tax Rebate	\$ (460,000,000)	\$ (460,000,000)	-	\$ -	\$ -	-
10. Docking State Office Building	-	-	-	(60,000,000)	(60,000,000)	-
11. Gubernatorial Transition	-	-	-	15,000	15,000	-
12. Capitol Complex Custodial Staff	-	-	-	150,000	150,000	-
13. Salary Increase	-	-	-	270,001	370,660	-
14. SB 330 – Kansas Gold Star Families Memorial Fund	-	-	-	-	-	-
15. SB 479 – Kansas Suffragist Memorial Fund	-	-	-	-	-	-
16. Digital Imaging Program Fund*	-	-	-	-	-	-
17. Budget Stabilization Fund	-	-	-	-	-	-
18. GBA No. 2, Item 7 – State Health Insurance Plan Reserve Fund*	-	-	-	-	-	-
19. GBA No. 2, Item 8 – Resident Tax Rebate	(460,000,000)	(460,000,000)	-	-	-	-
TOTAL APPROVED	<u><u>\$ 487,821,498</u></u>	<u><u>\$ 549,366,386</u></u>	<u><u>467.7</u></u>	<u><u>\$ 190,860,216</u></u>	<u><u>\$ 231,139,619</u></u>	<u><u>470.7</u></u>
Change from Gov. Rec.	\$ (920,000,000)	\$ (920,000,000)	-	\$ (59,564,999)	\$ (59,464,340)	-
Percent Change from Gov. Rec.	(65.3)%	(62.6)%	-%	(23.8)%	(20.5)%	-%
Change from Agency Est.	\$ 332,426,150	\$ 332,426,150	5.0	\$ 31,843,143	\$ 16,067,524	8.0
Percent Change from Agency Est.	213.9 %	153.2 %	1.1 %	20.0 %	7.5 %	1.7 %

* Note: These adjustments are made to SGF revenue received and are not reflected as expenditures.

1. The Governor added \$460.0 million SGF in FY 2022 for a one-time \$250 tax rebate to eligible Kansas residents (\$500 for residents that filed jointly). This rebate would occur as a one-time direct payment, and all Kansas residents who filed a 2020 tax return in 2021 would be eligible. The Office of the Governor estimated this payment would affect over 1.2 million resident taxpayers. The recommended amount includes expenditures for the rebate itself as well as for administrative costs.
2. The Governor added \$160.5 million SGF in FY 2022 to pay off Series 2015A bonds early, ahead of the scheduled final debt service payment in FY 2035. Series 2015A consists of four debt service refunding bonds, debt service for the John Redmond Reservoir, and debt service for a University of Kansas Medial Center health education building. The recommendation includes debt service payments (\$27.8 million) and the remaining balance (\$132.7 million) for FY 2023. The recommendation also includes a deletion of \$27.8 million SGF for FY 2023 to account for the early payoff in FY 2022.
3. The Governor added \$171.8 million SGF to pay off Series 2015G bonds early, ahead of the scheduled final debt service payment in FY 2035. Series 2015G is a debt service bond for the State's portion of the National Bio and Agro-Defense Facility located in Manhattan, Kansas. The recommendation includes debt service payments (\$17.4

million) and the remaining balance (\$154.3 million) for FY 2023. The recommendation also includes a deletion of \$17.4 million SGF for FY 2023 to account for the early payoff in FY 2022.

4. The Governor added \$200,000 SGF and 5.0 FTE positions in FY 2022 and \$724,814 SGF and 8.0 FTE positions for FY 2023 for the Office of Public Advocates. Executive Order 21-27 created the Office of Public Advocates within the Department of Administration and transferred the Office of the Long-Term Care Ombudsman, the KanCare Ombudsman, and the Division of the Child Advocate.
5. The Governor added \$120.0 million SGF for the rehabilitation and repair of the Docking State Office Building. The 2021 Legislature added language authorizing the Department of Administration to issue up to \$120.0 million in bonds for the Docking Building, subject to approval from the State Finance Council. Incorporating recommendations from the Joint Committee on State Building Construction, the State Finance Council approved the renovation of the Docking Building into a three-story building with office and meeting space. The Office of the Governor indicated this proposal would utilize the budget surplus to fund the project in its entirety rather than incurring additional debt.
6. The Governor added \$15.9 million SGF and deleted \$15.9 million in State Highway Fund appropriations to end extraordinary transfers from the Kansas Department of Transportation beginning in FY 2023. The \$15.9 million allocated to the Department of Administration funds debt service payments for the State, and adopting the recommendation would result in such payments being primarily made from the SGF instead.
7. The Governor added language to transfer \$10.0 million from the SGF to the State Health Insurance Plan Reserve Fund for FY 2023, as reflected in Governor's Budget Amendment (GBA) No. 2, Item 7. This adjustment is made to SGF revenue and is not reflected as an expenditure.
8. The Governor added \$460.0 million SGF in FY 2022 for a one-time \$250 tax rebate to eligible Kansas residents, as reflected in GBA No. 2, Item 8.
9. The Legislature deleted \$460.0 million SGF in FY 2022 to not implement a one-time \$250 tax rebate to eligible Kansas residents.
10. The Legislature deleted \$60.0 million SGF for the Docking State Office Building for FY 2023 and added language lapsing up to \$60.0 million SGF if federal funding is received in excess of \$60.0 million.
11. The Legislature added \$15,000 SGF to reimburse the Friends of Cedar Crest Association for expenditures related to a potential gubernatorial transition for FY 2023.
12. The Legislature added \$150,000 SGF to provide Capitol Complex custodial and housekeeping staff with a 5.0 percent salary increase for FY 2023.
13. The Legislature added \$370,660, including \$270,001 SGF, for a 5.0 percent salary increase for most state employees for FY 2023. This adjustment excludes statewide elected officials, current beneficiaries of the 24/7 pay plan, with other specific limitations for employees who receive salary adjustments in other portions of the appropriations bill.
14. The Legislature appropriated a no-limit Kansas Gold Star Families Memorial Fund created in SB 330 for FY 2023.
15. The Legislature appropriated a no-limit Kansas Suffragist Memorial Fund created in SB 479 for FY 2023.
16. The Legislature added language to transfer \$500,000 from the SGF to the Digital Imaging Program Fund for FY 2023 to replace revenue otherwise received from the vehicle modernization surcharge. This adjustment is made to SGF revenue and is not reflected as an expenditure.
17. The Legislature added language to increase the transfer to the Budget Stabilization Fund by \$150.0 million, for a total transfer of \$750.0 million in FY 2022. The Legislature also added language to change the Budget Stabilization Fund from a no-limit fund to an appropriated fund with a \$0 limitation for FY 2023.
18. The Legislature concurred with GBA No. 2, Item 7 to transfer \$10.0 million from the SGF to the State Health Insurance Plan Reserve Fund for FY 2023. This adjustment is made to SGF revenue received and is not reflected as an expenditure.
19. The Legislature did not concur with GBA No. 2, Item 8 and deleted \$460.0 million SGF to not implement a one-time \$250 tax rebate for eligible Kansas residents.