

BOARD OF ACCOUNTANCY

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022	Agency Req. FY 2023	Gov. Rec. FY 2023
Operating Expenditures:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	400,683	420,478	420,478	440,976	440,976	443,348	443,348
<i>Subtotal</i>	<i>\$ 400,683</i>	<i>\$ 420,478</i>	<i>\$ 420,478</i>	<i>\$ 440,976</i>	<i>\$ 440,976</i>	<i>\$ 443,348</i>	<i>\$ 443,348</i>
Capital Improvements:							
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
TOTAL	<u>\$ 400,683</u>	<u>\$ 420,478</u>	<u>\$ 420,478</u>	<u>\$ 440,976</u>	<u>\$ 440,976</u>	<u>\$ 443,348</u>	<u>\$ 443,348</u>

Percentage Change:

Operating Expenditures							
State General Fund	-- %	-- %	-- %	-- %	-- %	-- %	-- %
All Funds	12.2	4.9	4.9	4.9	4.9	0.5	0.5
FTE Positions	3.0	3.0	3.0	3.0	3.0	3.0	3.0

For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

AGENCY OVERVIEW

The Board of Accountancy consists of seven members and provides for the certification, registration, and regulation of Certified Public Accountants (CPAs) within Kansas. The Board issues permits to practice within the state and also may

censure, suspend, or revoke CPA certificates and permits to practice. In addition, the Board approves applications for reciprocity to those who meet minimum qualifying requirements.

MAJOR ISSUES FROM PRIOR YEARS

In the **2009 Session**, HB 2339 clarified the Board's ability to investigate violations of accountancy statutes and rules and regulations and to allow out-of-state CPAs to practice in Kansas without being individually licensed.

In the **2016 Session**, HB 2512 was passed, which allowed Kansas CPA exam applicants to sit for the exam up to 60 days before meeting the education requirements.

In the **2019 Session**, the Legislature added \$3,815, all from special revenue funds, for a 2.5 percent salary adjustment for most state employees for fiscal year (FY) 2020.

BUDGET SUMMARY AND KEY POINTS

FY 2021 Agency Estimate

The **agency** requests an FY 2021 revised estimate for operating expenditures of \$420,478, all from the Board of Accountancy Fee Fund. The request is the same as the

agency's FY 2021 approved amount. The agency requests 3.0 FTE positions, which is the same as the approved number.

FY 2021 Governor Recommendation

The **Governor** concurs with the agency's revised estimate in FY 2021.

FY 2022 Agency Request

The **agency** requests FY 2022 operating expenditures of \$440,976, all from the Board of Accountancy Fee Fund, which is an increase of \$20,498, or 4.9 percent, above the FY 2021 revised estimate. The increase is due to overlapping salary and health insurance benefits due to the retirement of the Executive

Director and the director's replacement, increases in rent, IT costs, and an FY 2020 vacant position being filled in FY 2021. The agency requests 3.0 FTE positions, which is the same as the number included in the FY 2021 revised estimate.

FY 2022 Governor Recommendation

The **Governor** concurs with the agency's request for FY 2022.

FY 2023 Agency Request

The **agency** requests FY 2023 operating expenditures of \$443,348, all from the Board of Accountancy Fee Fund, which is in an increase of \$2,372, or 0.5 percent, above the agency's FY 2022 request. The increase is due to paying fringe benefits for

both the retiring executive director and the replacement for FY 2023. The agency requests 3.0 FTE positions, which is the same as the number requested for FY 2022.

FY 2023 Governor Recommendation

The **Governor** concurs with the agency's request for FY 2023.

PERFORMANCE MEASURES

The 2016 Legislature passed HB 2739, which outlined a three-year process for state agencies to develop and implement a system of performance budgeting using outcome measures to evaluate program effectiveness. Measures to evaluate agency-wide performance are presented below. Additional measures to evaluate specific programs appear in the relevant program sections.

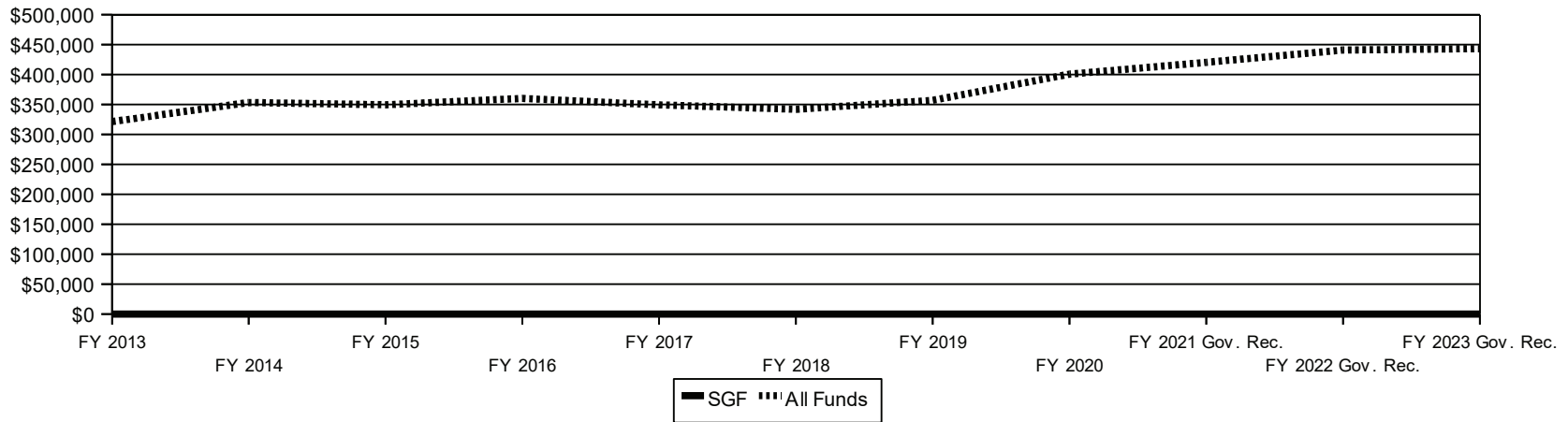
PERFORMANCE MEASURES						
Measure	Actual FY 2018	Actual FY 2019	Gov. Rec. FY 2020	Actual FY 2020	Gov. Rec. FY 2021	Gov. Rec. FY 2022
Number of Certificate Holders	12,680	12,817	12,942	12,934	13,052	13,172
Number of Permit Holders	3,854	3,824	3,712	3,813	3,781	3,747
Number of CPA Firms Registered to Practice	846	819	830	845	850	855
Complaints and Referrals Received and Investigated	76	111	95	97	95	92
Agency Expenditures						
All Funds (Dollars in Thousands)	\$ 342.4	\$ 357.0	\$ 414.3	\$ 400.7	\$ 420.5	\$ 441.0
FTE Positions	3.0	3.0	3.0	3.0	3.0	3.0

The Board of Accountancy states that it has five basic goals:

- Approve applications for certificates by exam and reciprocity that meet minimum qualifying requirements;
- Approve applications for permits to practice that meet an experience requirement and reinstate permits to practice to those who meet certain continuing professional education requirements;
- Register in-state and out-of-state CPA firms practicing in Kansas;
- Provide the public with qualified licensees to perform certified public accounting services, with a high degree of competence, knowledge, integrity, independence, and objectivity; and
- Regulate CPAs and the practice of certified public accountancy work performed.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2023



Fiscal Year	SGF	Percent Change	All Funds	Percent Change	FTE
2013	\$ 0	-- %	\$ 321,253	(5.5)%	3.0
2014	0	--	353,361	10.0	3.0
2015	0	--	349,588	(1.1)	3.0
2016	0	--	360,115	3.0	3.0
2017	0	--	349,406	(3.0)	3.0
2018	0	--	341,970	(2.1)	3.0
2019	0	--	356,985	4.4	3.0
2020	0	--	400,683	12.2	3.0
2021 Gov. Rec.	0	--	420,478	4.9	3.0
2022 Gov. Rec.	0	--	440,976	4.9	3.0
2023 Gov. Rec.	0	--	443,348	0.5	3.0
Eleven-Year Change	\$ 0	-- %	\$ 122,095	38.0 %	0.0

Summary of Operating Budget FY 2020 – FY 2022

	Actual 2020	Agency Estimate				Governor's Recommendation			
		Estimate FY 2021	Request FY 2022	Dollar Change from FY 21	Percent Change from FY 21	Rec. FY 2021	Rec. FY 2022	Dollar Change from FY 21	Percent Change from FY 21
By Program:									
Administration	\$ 400,683	\$ 420,478	\$ 440,976	\$ 20,498	4.9	\$ 420,478	\$ 440,976	\$ 20,498	4.9 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 188,389	\$ 216,314	\$ 231,509	\$ 15,195	7.0 %	\$ 216,314	\$ 231,509	\$ 15,195	7.0 %
Contractual Services	204,154	200,164	206,267	6,103	3.0	200,164	206,267	6,103	3.0
Commodities	5,006	4,000	3,200	(800)	(20.0)	4,000	3,200	(800)	(20.0)
Capital Outlay	3,134	0	0	0	--	0	0	0	--
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	<i>\$ 400,683</i>	<i>\$ 420,478</i>	<i>\$ 440,976</i>	<i>\$ 20,498</i>	<i>4.9 %</i>	<i>\$ 420,478</i>	<i>\$ 440,976</i>	<i>\$ 20,498</i>	<i>4.9 %</i>
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 400,683	\$ 420,478	\$ 440,976	\$ 20,498	4.9 %	\$ 420,478	\$ 440,976	\$ 20,498	4.9 %
Financing:									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Board of Accountancy Fee Fund	400,683	420,478	440,976	20,498	4.9	420,478	440,976	20,498	4.9
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 400,683	\$ 420,478	\$ 440,976	\$ 20,498	4.9 %	\$ 420,478	\$ 440,976	\$ 20,498	4.9 %

Summary of Operating Budget FY 2022 – FY 2023

	Agency Estimate				Governor's Recommendation			
	Request FY 2022	Request FY 2023	Dollar Change from FY 22	Percent Change from FY 22	Rec. FY 2022	Rec. FY 2023	Dollar Change from FY 22	Percent Change from FY 22
By Program:								
Administration	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %
By Major Object of Expenditure:								
Salaries and Wages	\$ 231,509	\$ 231,876	\$ 367	0.2 %	\$ 231,509	\$ 231,876	\$ 367	0.2 %
Contractual Services	206,267	208,272	2,005	1.0	206,267	208,272	2,005	1.0
Commodities	3,200	3,200	0	0.0	3,200	3,200	0	0.0
Capital Outlay	0	0	0	--	0	0	0	--
Debt Service	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %
Aid to Local Units	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	--	0	0	0	--
TOTAL	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %
Financing:								
State General Fund	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Board of Accountancy Fee Fund	440,976	443,348	2,372	0.5	440,976	443,348	2,372	0.5
All Other Funds	0	0	0	--	0	0	0	--
TOTAL	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %	\$ 440,976	\$ 443,348	\$ 2,372	0.5 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The agency's revised estimate does not include any State General Fund (SGF) expenditures.

	CHANGE FROM APPROVED BUDGET				
	Legislative Approved FY 2021	Agency Estimate FY 2021	Agency Change from Approved	Governor Rec. FY 2021	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	420,478	420,478	0	420,478	0
TOTAL	<u>\$ 420,478</u>	<u>\$ 420,478</u>	<u>\$ 0</u>	<u>\$ 420,478</u>	<u>\$ 0</u>
FTE Positions	3.0	3.0	0.0	3.0	0.0

The **agency** requests an FY 2021 revised estimate for operating expenditures of \$420,478, all from the Board of Accountancy Fee Fund. The request is the same as the agency's FY 2021 approved amount. The agency requests 3.0 FTE positions, which is the same as the approved number.

The **Governor** concurs with the agency's revised estimate in FY 2021.

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 440,976	\$ 440,976	\$ 0
FTE Positions	3.0	3.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	20,498	20,498	
TOTAL	\$ 20,498	\$ 20,498	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	4.9	4.9	
TOTAL	4.9 %	4.9 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests operating expenditures of \$440,976, all from the Board of Accountancy Fee Fund, for FY 2022. The request is an increase of \$20,498, or 4.9 percent, above the FY 2021 revised estimate. The increase is due to overlapping salary and health insurance benefits due to the retirement of the Executive Director and the director's replacement, increases in

rent, IT costs, and an FY 2020 vacant position being filled in FY 2021. The agency's requests includes 3.0 FTE positions, which is the same number included in the FY 2021 revised estimate.

The **Governor** concurs with the agency's request for FY 2022.

C. FY 2023 – Budget Year

FY 2023 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 443,348	\$ 443,348	\$ 0
FTE Positions	3.0	3.0	0.0
Change from FY 2022:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	2,372	2,372	
TOTAL	\$ 2,372	\$ 2,372	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	0.5	0.5	
TOTAL	0.5 %	0.5 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2023 operating expenditures of \$443,348, all from the Board of Accountancy Fee Fund. The request is an increase of \$2,372, or 0.5 percent, above the FY 2022 estimate amount. The increase is due to overlapping salary and health benefits due to the retirement of the Executive Director and the director's replacement. The agency requests

3.0 FTE positions for FY 2023, which is the same number included in the FY 2022 request.

The **Governor** concurs with the agency's request for FY 2023.

Governor's Recommended Salary and Wage Adjustments

For FY 2022, the Governor recommends adding \$31.5 million, including \$11.3 million SGF, for a 2.5 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved. Employees of state universities are also not included in the proposed pay plan; however, the Governor recommends adding \$10.4 million, all SGF, to the university operating grants. This amount is equivalent to what the pay plan would have provided for university employees, but the funds are included in the Kansas Board of Regents budget for use at their discretion.

Longevity Bonus Payments. In FY 2021 and for FY 2022, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for the recommended FY 2021 payment is \$3.0 million, including \$1.1 million SGF. For FY 2022, the estimated cost is \$3.1 million, including \$1.1 million SGF. **This agency has no longevity payments.**

Kansas Public Employees Retirement System (KPERs). The employer retirement contribution rate, including Death and Disability contributions, for the KPERs State and School Group is scheduled to be 14.23 percent in FY 2021 and 15.09 percent for FY 2022. The FY 2021 rate excludes the 1.0 percent KPERs Death and Disability

contribution that is currently subject to a moratorium described below.

The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would reduce employer contributions for the KPERs State and School Group in the short term. It is estimated that resetting the amortization period to 25 years could produce budget savings of \$177.3 million, including \$158.7 million SGF, for FY 2022. The Governor's recommendation would also incorporate \$25.8 million in KPERs layering payments into the amortization schedules. **No savings from this policy are currently included in this agency's budget.**

KPERs Death and Disability Group Insurance Fund. During FY 2021, a moratorium on employer contributions to the KPERs Death and Disability Group Insurance Fund was in effect. The fund had a sufficient balance to suspend payments on a temporary basis without affecting employee benefits. The moratorium was implemented *via* the Governor's allotment authority; therefore, the Legislative and Judicial branches are currently excluded from the moratorium. The total savings for the moratorium are estimated at \$46.7 million in contributions from the SGF. Included in this amount were savings of approximately \$40.3 million from KPERs School Group contributions in the Kansas State Department of Education budget. No similar moratorium is proposed for FY 2022, requiring the addition of \$46.7 million to annualize the payments for the full fiscal year.

Funding Sources

Funding Source	Agency Req. Percent of Total FY 2022	Gov. Rec. Percent of Total FY 2022	Agency Req. Percent of Total FY 2023	Gov. Rec. Percent of Total FY 2023
State General Fund	0.0 %	0.0 %	0.0 %	0.0 %
Board of Accountancy Fee Fund	100.0	100.0	100.0	100.0
TOTAL	100.0 %	100.0 %	100.0 %	100.0 %

(Note: Totals may not add due to rounding.)

Board of Accountancy Fee Fund Analysis

The Board of Accountancy receives revenue from the issuance of certificates, permits, firm registrations, and the issuance and collection of fines. The revenue received provides financing for all operations. KSA 75-3170a(a) provides that 90.0 percent of incoming revenues are retained by the agency and 10.0 percent are deposited into the SGF up to a maximum of \$100,000 per fiscal year per fund. The 2005 Legislature

established the Special Litigation Reserve Fund for costs incurred in litigation cases that would cause the Board to expend more than the amount approved by the Legislature. Expenditures may be made only from this reserve fund upon the approval of the State Finance Council. Each year, \$15,000 from the Board of Accountancy Fee Fund is placed into the Special Litigation Reserve Fund until the \$300,000 cap is reached.

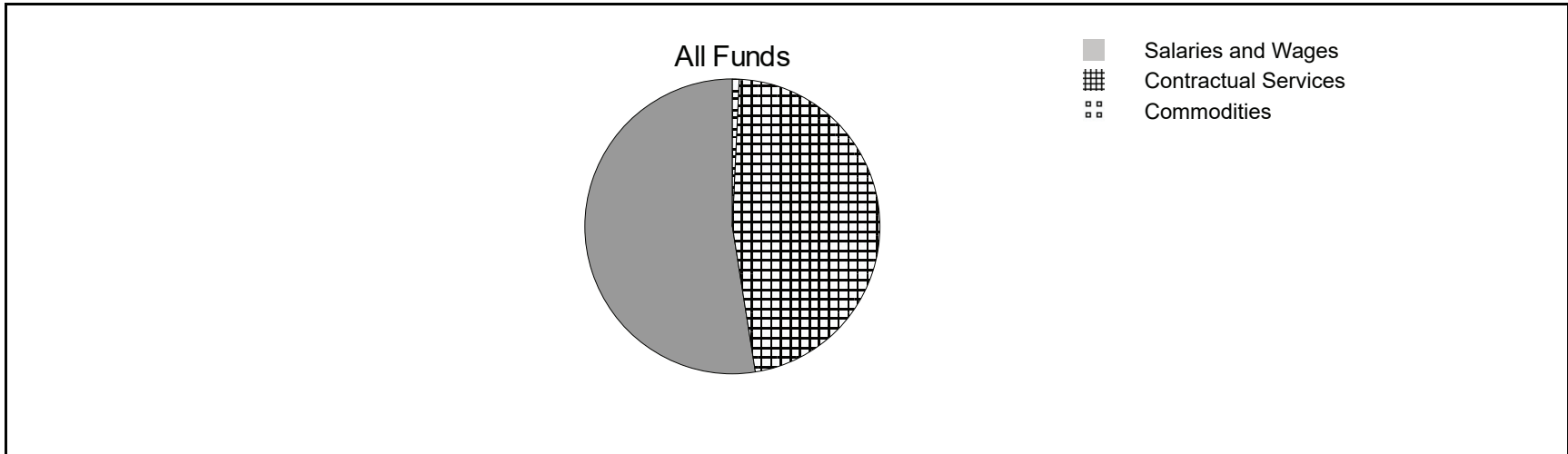
Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Governor Rec. FY 2021	Agency Request FY 2022	Governor Rec. FY 2022	Agency Request FY 2023	Governor Rec. FY 2023
Beginning Balance	\$ 369,026	\$ 392,073	\$ 392,073	\$ 354,378	\$ 354,378	\$ 300,369	\$ 300,369
Revenue	438,730	397,783	397,783	401,967	401,967	402,282	402,282
Transfers in	588	1,200	1,200	1,200	1,200	1,200	1,200
<i>Funds Available</i>	<i>\$ 808,344</i>	<i>\$ 791,056</i>	<i>\$ 791,056</i>	<i>\$ 757,545</i>	<i>\$ 757,545</i>	<i>\$ 703,851</i>	<i>\$ 703,851</i>
Less:							
Expenditures	\$ 400,683	\$ 420,478	\$ 420,478	\$ 440,976	\$ 440,976	\$ 443,348	\$ 443,348
Transfers Out	15,588	16,200	16,200	16,200	16,200	16,200	16,200
Off-Budget Expenditures	0	0	0	0	0	0	0
Ending Balance	<u>\$ 392,073</u>	<u>\$ 354,378</u>	<u>\$ 354,378</u>	<u>\$ 300,369</u>	<u>\$ 300,369</u>	<u>\$ 244,303</u>	<u>\$ 244,303</u>
Ending Balance as Percent of Expenditures	97.9%	84.3%	84.3%	68.1%	68.1%	55.1%	55.1%
Month Highest Ending Balance	January \$ 369,890	July \$ 379,091	July \$ 379,091	July \$ 335,847	July \$ 335,847	July \$ 281,134	July \$ 281,134
Month Lowest Ending Balance	October \$ 306,330	April \$ 300,350	April \$ 300,350	April \$ 247,698	April \$ 247,698	April \$ 191,837	April \$ 191,837

BOARD OF ACCOUNTANCY LICENSURE FEES

<u>License</u>	<u>Current Fee</u>	<u>Statutory Limit</u>
Firm Registration	\$ 100	\$ 300
Firm Renewal	100	300
Firm Renewal (late)	150	450
Certification by Reciprocity	250	350
Certification Renewal	165	350
Certification Renewal (late)	248	525
Duplicate Certificate	25	50
Permit to Practice	165	350
Permit to Practice (late)	248	525
Reinstatement of Permit to Practice (1 year)	124	175
Reinstatement of Permit to Practice (2 year)	248	350
Duplicate Permit to Practice	25	50

CATEGORY DETAIL

EXPENDITURES BY CATEGORY—GOVERNOR’S FY 2022 RECOMMENDATION



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 231,509	52.5 %	\$ 0	-- %
Contractual Services	206,267	46.8	0	--
Commodities	3,200	0.7	0	--
TOTAL	\$ 440,976	100.0 %	\$ 0	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2023

<u>Program</u>	<u>Actual FY 2020</u>	<u>Agency Est. FY 2021</u>	<u>Gov. Rec. FY 2021</u>	<u>Agency Req. FY 2022</u>	<u>Gov. Rec. FY 2022</u>	<u>Agency Req. FY 2023</u>	<u>Gov. Rec. FY 2023</u>
Administration	3.0	3.0	3.0	3.0	3.0	3.0	3.0

(Note: For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.)