

LEGISLATIVE DIVISION OF POST AUDIT

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Operating Expenditures:					
State General Fund	\$ 2,655,284	\$ 3,335,865	\$ 3,335,865	\$ 3,356,162	\$ 3,356,162
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 2,655,284</u>	<u>\$ 3,335,865</u>	<u>\$ 3,335,865</u>	<u>\$ 3,356,162</u>	<u>\$ 3,356,162</u>
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTAL	<u>\$ 2,655,284</u>	<u>\$ 3,335,865</u>	<u>\$ 3,335,865</u>	<u>\$ 3,356,162</u>	<u>\$ 3,356,162</u>
Percentage Change:					
Operating Expenditures					
State General Fund	7.1 %	25.6 %	25.6 %	0.6 %	0.6 %
All Funds	7.1	25.6	25.6	0.6	0.6
FTE Positions	25.0	26.0	26.0	26.0	26.0

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 Legislative Division of Post Audit is the audit arm of the Kansas Legislature. The Division is responsible for the performance audits of state agencies and programs, information technology (IT) security audits, and evaluations of the state's economic development incentives. The Division's audit work is conducted in accordance with generally accepted governmental auditing standards as set forth by the U.S. Government Accountability Office. The agency operates under the supervision of the ten-member Legislative Post Audit Committee.

MAJOR ISSUES FROM PRIOR YEARS

In previous years, concerns have been raised in both the House Budget Committee and Senate Subcommittee that legislative agencies be fully staffed. The Legislative Division of Post Audit has fully funded its existing positions in this budget request and has budgeted funding for some contract audit work if an outside audit is directed by the Legislature.

In **2003**, the Governor implemented a new placeholder budget process for all Legislative Branch and Judicial Branch agencies. The fiscal year (FY) 2004 budget recommended by the

Governor was the exact amount approved for FY 2003 by the 2002 Legislature. This process left all the budget decisions to be made by the Legislature during session.

In **2004**, the Governor modified the placeholder budget process used in 2003. Both the Legislative Branch and the Judicial Branch budgets were recommended by the Governor as the agency requested, without proposed changes. While required under 2003 SB 21 (law) to submit the judicial budget without change, it was a policy decision to use the same process for the Legislative Branch.

In the **2005 Session**, the Legislature passed HB 2247 (the school finance bill), which created a new role for the Legislative Division of Post Audit with regard to oversight of school district costs and expenditures. The bill requires the Division to make a professional cost study analysis to determine the costs of delivering the K-12 curriculum, related services, and other programs mandated by state statute in accredited schools. This bill also established the School District Audit Team within the Legislative Division of Post Audit to accomplish the new role and provided an additional five positions.

In the **2010 Session**, the Legislature reduced the agency by 5.0 FTE positions and associated funding to eliminate the School District Audit Team.

Beginning in **FY 2019**, the Legislative Division of Post Audit shifted responsibilities for financial audits to the Department of Administration, reducing 1.0 FTE position. This position was added to the Department of Administration.

In the **2020 Session**, the Legislature added 2.0 FTE positions to assist with ongoing evaluations and audits of economic development tax incentives for FY 2021 as required in 2019 HB 2223.

BUDGET SUMMARY AND KEY POINTS

FY 2021 – Current Year. The **agency** estimates revised expenditures in FY 2021 of \$3.3 million, all from the State General Fund (SGF), which is a decrease of \$24,889, or 0.7 percent, below the approved amount. Contractual service expenditures in FY 2021 include a \$150,000 contingency for hiring outside contractors for both economic development tax incentives evaluation and contracted performance audits.

The FY 2021 revised estimate includes 26.0 FTE positions, which is the same number as the FY 2021 approved.

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

FY 2022 – Budget Year. The **agency** requests \$3.4 million, all SGF, for FY 2022, which is \$20,297, or 0.6 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern and changes to salaries and wages fringe benefits. One of the major contractual services expenditures is contracts for assistance with selected performance audits and evaluations of economic development tax incentives. An item of increase is building space rental.

The total number of positions requested for FY 2022 is 26.0 FTE positions, which is the same number as the FY 2021 revised estimate.

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

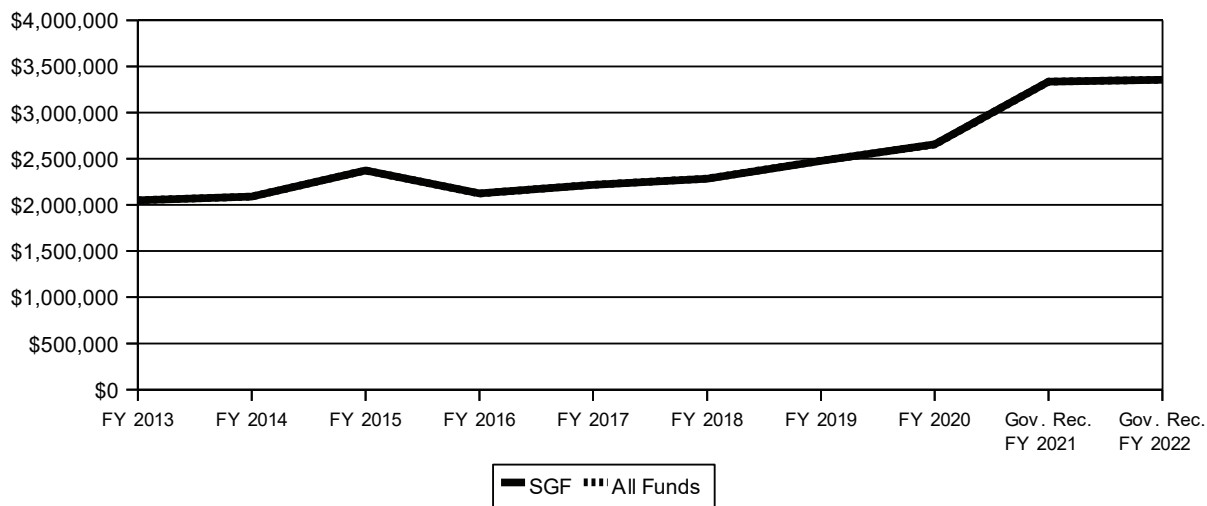
PERFORMANCE MEASURES

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
There are no performance measures submitted for this agency.						
Agency Expenditures						
All Funds (Dollars in Millions)	\$ 2.3	\$ 2.5	\$ 2.9	\$ 2.7	\$ 3.3	\$ 3.4
FTE Positions	25.0	25.0	24.0	25.0	26.0	26.0

BUDGET TRENDS

OPERATING EXPENDITURES FY 2013 – FY 2022



OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 2,051,057	(7.9)%	\$ 2,051,057	(7.9)%	22.0
2014	2,090,280	1.9	2,090,280	1.9	22.0
2015	2,373,764	13.6	2,373,764	13.6	22.0
2016	2,123,820	(10.5)	2,123,820	(10.5)	25.0
2017	2,218,338	4.5	2,218,338	4.5	25.0
2018	2,285,317	3.0	2,285,317	3.0	25.0
2019	2,478,407	8.4	2,478,407	8.4	25.0
2020	2,655,284	7.1	2,655,284	7.1	25.0
2021 Gov. Rec.	3,335,865	25.6	3,335,865	25.6	26.0
2022 Gov. Rec.	3,356,162	0.6	3,356,162	0.6	26.0
Ten-Year Change Dollars/Percent	\$ 1,305,105	63.6 %	\$ 1,305,105	63.6 %	4.0

Summary of Operating Budget FY 2020 - FY 2022

	Actual FY 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	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
By Major Object of Expenditure:									
Salaries and Wages	\$ 2,452,756	\$ 2,971,515	\$ 2,998,312	\$ 26,797	0.9 %	\$ 2,971,515	\$ 2,998,312	\$ 26,797	0.9 %
Contractual Services	175,363	334,100	327,600	(6,500)	(1.9)	334,100	327,600	(6,500)	(1.9)
Commodities	6,095	8,000	8,000	0	0.0	8,000	8,000	0	0.0
Capital Outlay	21,070	22,250	22,250	0	0.0	22,250	22,250	0	0.0
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
TOTAL	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
Financing:									
State General Fund	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %
All Other Funds	0	0	0	0	--	0	0	0	--
TOTAL	\$ 2,655,284	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %	\$ 3,335,865	\$ 3,356,162	\$ 20,297	0.6 %

BUDGET OVERVIEW

A. FY 2021 – Current Year

Adjustments to Approved State General Fund Budget

The 2020 Legislature approved a State General Fund (SGF) budget of \$3,099,254 for the Legislative Division of Post Audit in FY 2021. One adjustment has been made subsequently to that amount. This adjustment changes the current year approved amount without any legislative action required. For this agency, the following adjustment has been made:

- An increase of \$261,500, based on the reappropriation of FY 2020 funding that was not spent in FY 2020 and has shifted to FY 2021.

This adjustment changes the FY 2021 approved SGF amount to \$3,360,754. That amount is reflected in the table below as the currently approved FY 2021 SGF amount.

	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	\$ 3,360,754	\$ 3,335,865	\$ (24,889)	\$ 3,335,865	\$ (24,889)
All Other Funds	0	0	0	0	0
TOTAL	\$ 3,360,754	\$ 3,335,865	\$ (24,889)	\$ 3,335,865	\$ (24,889)
FTE Positions	26.0	26.0	0.0	26.0	0.0

The **agency** estimates revised expenditures in FY 2021 of \$3.3 million, all SGF, which is a decrease of \$24,889, or 0.7 percent, below the approved amount. Contractual services expenditures in FY 2021 include a \$150,000 contingency for hiring outside contractors for both economic development tax incentives evaluation and contracted performance audits.

The FY 2021 revised estimate includes 26.0 FTE positions, which is the same number as the FY 2021 approved.

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

B. FY 2022 – Budget Year

FY 2022 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 3,356,162	\$ 3,356,162	\$ 0
FTE Positions	26.0	26.0	0.0
Change from FY 2021:			
<i>Dollar Change:</i>			
State General Fund	\$ 20,297	\$ 20,297	
All Other Funds	0	0	
TOTAL	\$ 20,297	\$ 20,297	
<i>Percent Change:</i>			
State General Fund	0.6 %	0.6 %	
All Other Funds	--	--	
TOTAL	0.6 %	0.6 %	
Change in FTE Positions	0.0	0.0	

The **agency** requests \$3.4 million, all SGF, for FY 2022, which is \$20,297, or 0.6 percent, above the FY 2021 revised estimate. Base expenditures are adjusted, in part, to reflect the revised FY 2021 anticipated expenditure pattern and changes to salaries and wages fringe benefits. One of the major contractual services expenditures is contracts for assistance with selected performance audits and evaluations of economic development tax incentives. An item of increase is building space rental.

The total number of positions requested for FY 2022 is 26.0 FTE positions, which is the same number as the FY 2021 revised estimate.

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

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. **For this agency, FY 2021 longevity payments total \$1,280, all SGF, and FY 2022 longevity payments total \$1,360, all SGF.**

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.

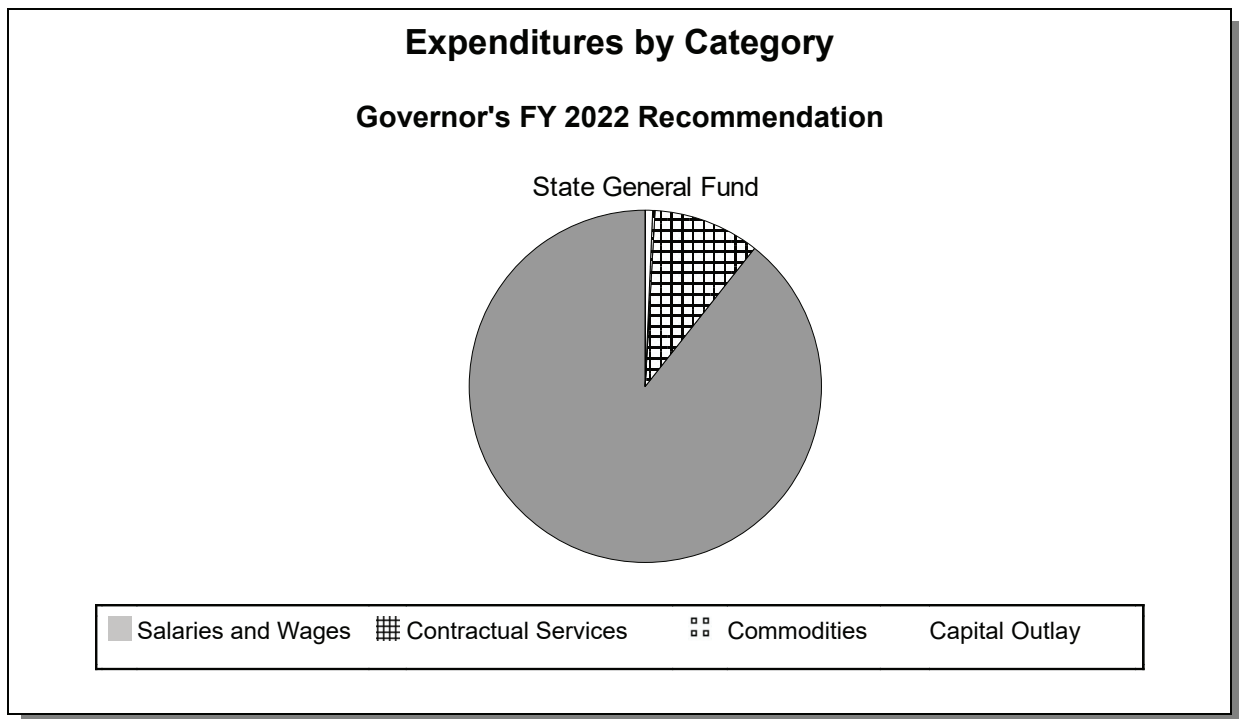
The Governor recommends the KPERs State and School Group be reamortized. The current amortization period was set by the Legislature in 1993 for 40 years. The Governor proposes the new amortization be set for 25 years beginning in FY 2022, an extension of 10 years to the current plan. Reamortization would 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
State General Fund	100.0 %	100.0 %
<i>(Note: Totals may not add due to rounding.)</i>		

CATEGORY DETAIL



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 2,998,312	89.3 %	\$ 2,998,312	89.3 %
Contractual Services	327,600	9.8	327,600	9.8
Commodities	8,000	0.2	8,000	0.2
Capital Outlay	22,250	0.7	22,250	0.7
TOTAL	\$ 3,356,162	100.0 %	\$ 3,356,162	100.0 %

FTE POSITIONS BY PROGRAM FY 2020 – FY 2022

Program	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
Administration	25.0	26.0	26.0	26.0	26.0

(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.)