

OFFICE OF ADMINISTRATIVE HEARINGS

FY 2021 – FY 2023 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2021 – FY 2023

	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	44,203	-	-	-	-
All Other Funds	1,187,769	1,491,479	1,491,479	1,585,093	1,585,093
<i>Subtotal</i>	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
Capital Improvements:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
TOTAL	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	9.5 %	21.1 %	21.1 %	6.3 %	6.3 %
FTE Positions	13.0	12.0	12.0	12.0	12.0

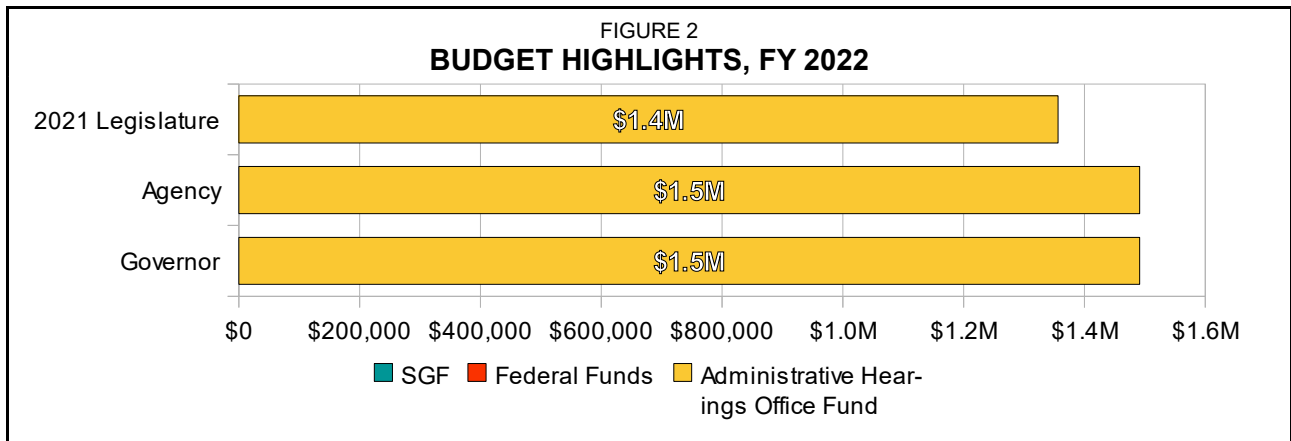
For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

The mission of the Office of Administrative Hearings (OAH) is to conduct fair and impartial hearings for citizens and other affected parties when they contest actions of state agencies determining their legal rights.

The OAH conducts adjudicative proceedings in accordance with the Kansas Administrative Procedure Act for many state agencies and a variety of programs within those agencies. These agencies are charged a fee for the adjudicative proceeding. While the agency expenditures are recorded in the accounting system, expenditures for the agency budget are categorized as off-budget expenditures. The off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another.

EXECUTIVE SUMMARY

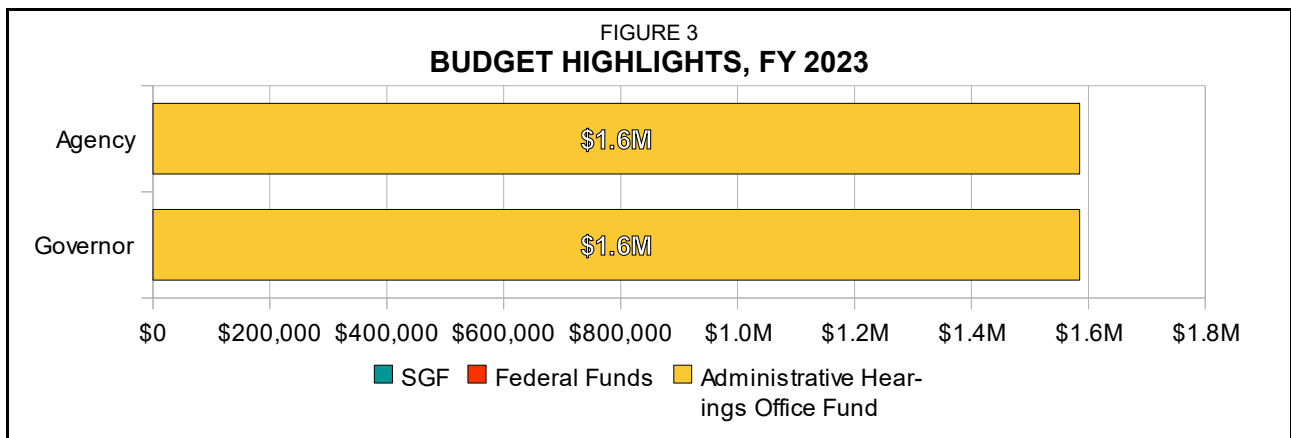
The 2021 Legislature approved a budget of \$1.4 million, all from the Administrative Hearings Office Fund, for the Office of Administrative Hearings for FY 2022.



The **agency** estimates revised operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund, in FY 2022. This is an increase of \$135,128, or 10.0 percent, above the amount approved by the 2021 Legislature.

The increase is primarily due to increased expenditures for salaries, which increased by \$96,084. This increase includes salary increases for staff and hiring a part-time temporary administrative law judge. The increase is also due to increased estimates for employee training expenditures by \$28,324.

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



The **agency** requests operating expenditures of \$1.6 million, all from the Administrative Office Hearings Fund, for FY 2023. This is an increase of \$93,614, or 6.3 percent, above the FY 2022 revised agency estimate.

The increase is primarily due to increased expenditures on salaries and wages of \$78,065. This increase includes a 5.0 percent salary increase for staff. The increase is also due to an Office of Information Technology (OITS) fee increase of \$3,971 and a Westlaw subscription fee increase of \$2,401.

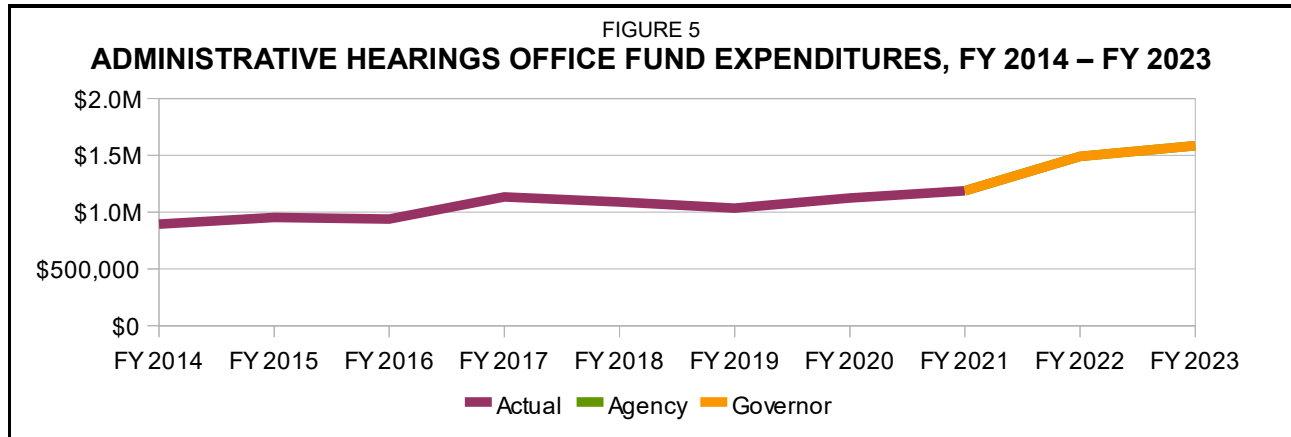
The **Governor** concurs with the agency's request.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2021 – FY 2023

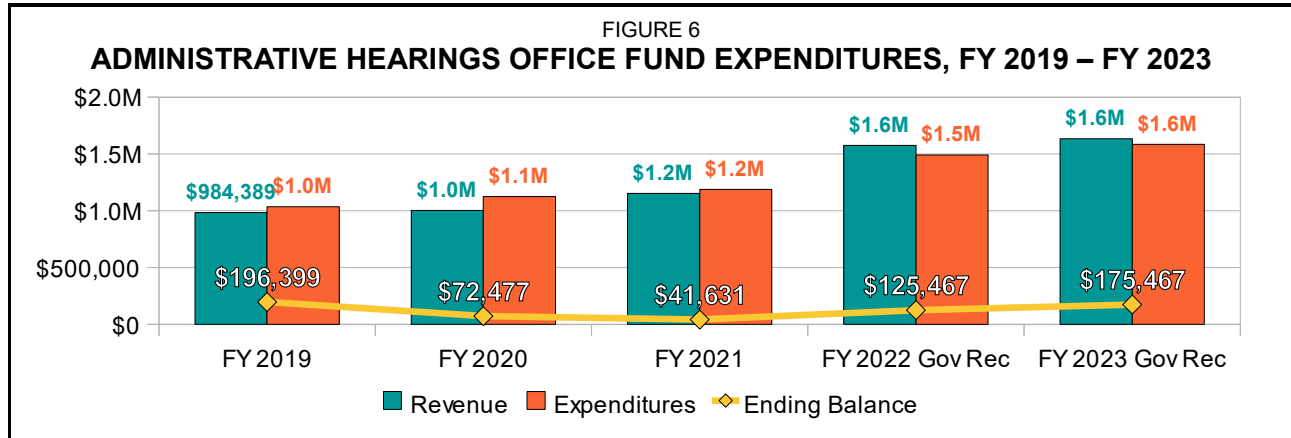
	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Category of Expenditure:					
Salaries and Wages	\$ 902,193	\$ 1,144,820	\$ 1,144,820	\$ 1,222,885	\$ 1,222,885
Contractual Services	293,006	324,649	324,649	340,162	340,162
Commodities	11,470	8,984	8,984	10,695	10,695
Capital Outlay	25,303	13,026	13,026	11,351	11,351
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
Capital Improvements	-	-	-	-	-
Debt Service	-	-	-	-	-
Principal	-	-	-	-	-
TOTAL	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
Financing:					
State General Fund	\$ -	-	-	-	-
Federal Funds	44,203	-	-	-	-
All Other Funds	1,187,769	1,491,479	1,491,479	1,585,093	1,585,093
TOTAL	<u>\$ 1,231,972</u>	<u>\$ 1,491,479</u>	<u>\$ 1,491,479</u>	<u>\$ 1,585,093</u>	<u>\$ 1,585,093</u>
FTE Positions	13.0	12.0	12.0	12.0	12.0

ADMINISTRATIVE HEARINGS OFFICE FUND



Funding for the agency is derived entirely from the Administrative Hearings Office Fund. State agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedures Act are required to utilize the Office of Administrative Hearings when the agency head is not involved. Agencies are billed based upon contracts entered into with the Office of Administrative Hearings. The contracts take into account the level of service provided and the amount of cases filed with the Office of Administrative Hearings.

ADMINISTRATIVE HEARINGS OFFICE FUND



* For FY 2023, the lowest month ending balance for the Administrative Hearings Office Fund will occur in July, with a balance of \$60,000.

The agency changed its revenue model in FY 2021, in which its budget will be provided primarily by the six agencies that utilize the OAH services the most. Agencies without legal staff will be charged \$80 per hour, while agencies with legal staff will be charged \$100 per hour.

Since that change, the agency estimates increases in revenue, expenditures, and the fund ending balance in FY 2022 and FY 2023.

FY 2022 ANALYSIS

FIGURE 7
SUMMARY OF BUDGET REQUEST, FY 2022

	SGF	Special Revenue Funds	All Funds	FTE
Legislative Approved:				
Amount Approved by 2021 Legislature	\$ -	\$ 1,356,351	\$ 1,356,351	12.0
1. No Changes	-	-	-	-
<i>Subtotal—Legislative Approved</i>	<i>\$ -</i>	<i>\$ 1,356,351</i>	<i>\$ 1,356,351</i>	<i>12.0</i>
Agency Revised Estimate:				
2. Part-time Administrative Law Judge and Current Staff Salary Raise	\$ -	\$ 96,084	\$ 96,084	--
3. National Judicial College Training for ALJs and Other Training for Legal Assistants	-	28,324	28,324	--
4. All Other Adjustments	-	10,720	10,720	--
<i>Subtotal—Agency Revised Estimate</i>	<i>\$ -</i>	<i>\$ 1,491,479</i>	<i>\$ 1,491,479</i>	<i>12.0</i>
Governor's Recommendation:				
5. No Changes	\$ -	\$ -	\$ -	--
TOTAL	\$ -	\$ 1,491,479	\$ 1,491,479	12.0

LEGISLATIVE APPROVED

Subsequent to the 2021 Session, no adjustments were made to the \$1.4 million appropriated to the Office of Administrative Hearings for FY 2022.

1. **NO CHANGES.** Subsequent to the 2021 Session, no adjustments were made to the \$1.4 million appropriated to the Office of Administrative Hearings for FY 2022.

AGENCY ESTIMATE

The **agency** estimates revised operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund, in FY 2022. This is an increase of \$135,128, or 10.0 percent, above the amount approved by the 2021 Legislature. The **agency** estimate includes the following adjustments:

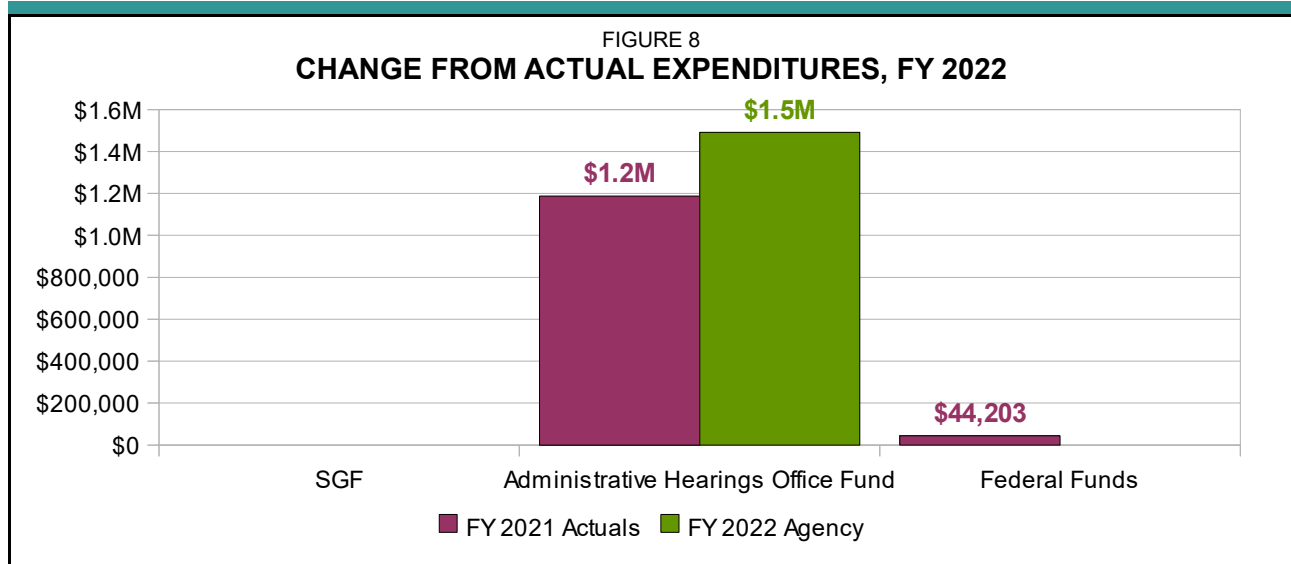
2. **PART-TIME TEMPORARY ADMINISTRATIVE LAW JUDGE (ALJ) SALARY AND RAISES FOR STAFF.** The agency increased its estimate for salaries by \$96,084. This increase includes compensation for a part-time temporary administrative law judge. This amount also includes salary increases for the current staff.
3. **NATIONAL JUDICIAL COLLEGE TRAINING FOR ALJS.** The agency increased its estimate for staff training in FY 2022 since ALJ trainings were remote last year due to the COVID-19 pandemic. This year, and going forward, the training will be in-person and will therefore incur travel costs and per diem reimbursement. Further, the agency increased estimated training costs for the Legal Assistants.
4. **ALL OTHER ADJUSTMENTS.** The agency increased all other adjustments by \$10,720. These include building repairs and office equipment, court reporting fees, and reimbursements for travel expenses.

GOVERNOR'S RECOMMENDATION

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

5. **NO CHANGES.** The Governor concurs with the agency's revised estimate.

FY 2022 CHANGE FROM ACTUAL EXPENDITURES



The agency's FY 2022 revised expenditure estimate is \$1.5 million, all from the Administrative Hearings Office Fund. This is an increase of \$259,507, or 21.1 percent, compared to FY 2021 actual expenditures. FY 2021 expenditures included \$1.2 million in off-budget expenditures and \$42,554 in on-budget expenditures. The agency's on-budget expenditures were entirely COVID-19 pandemic relief federal funds.

The increase is mostly driven by increases in salaries and wages for staff. The agency increased salaries for most of the legal assistants, and accounted for the salary of a part-time temporary Administrative Law Judge (ALJ). The agency also increased its estimate for training for legal assistants and ALJs.

FY 2023 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2022	\$ -	\$ 1,491,479	\$ 1,491,479	12.0
Agency Request:				
1. Staff Salary Increase	\$ -	\$ 78,065	\$ 78,065	--
2. OITS Fee Increase	-	3,971	3,971	--
3. Westlaw Subscription Increase	-	2,471	2,471	--
4. All Other Adjustments	-	9,107	9,107	--
<i>Subtotal—Agency Request</i>	\$ -	\$ 1,585,093	\$ 1,585,093	12.0
Governor’s Recommendation:				
5. No Changes	\$ -	\$ -	\$ -	--
TOTAL	\$ -	\$ 1,585,093	\$ 1,585,093	12.0

AGENCY REQUEST

The **agency** requests operating expenditures of \$1.6 million, all from the Administrative Office Hearings Fund, for FY 2023. This is an increase of \$93,614, or 6.3 percent, above the FY 2022 revised agency estimate.

The **agency** request includes the following adjustments:

1. **STAFF SALARY INCREASES.** The agency increased expenditures for salaries and wages by \$78,065. For FY 2023, the agency is requesting an additional 5.0 percent increase in salaries for all staff. Along with the FY 2022 increase, this is designed to compensate for the gap in wages between OAH staff and other agencies.
2. **OITS FEE INCREASE.** The Office of Information Technology Services (OITS) increased its fee by \$3 per person per month for each teleservice and data service used per employee. The increase also includes non user services such as the the agency's main telephone line, fax line, and email addresses not used by specific employees. This increased the agencies estimated expenditures by \$3,971.
3. **WESTLAW SUBSCRIPTION.** The agency has increased its expenditures for Westlaw subscription by \$2,401. The current contract expires at the end of FY 2022, and the agency does not know the exact amount it will increase by.
4. **ALL OTHER ADJUSTMENTS.** The agency increased its estimate for all other fees by \$9,107. These include out-of-state travel charges, training for legal assistants, and stationery and office supplies.

GOVERNOR’S RECOMMENDATION

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

5. **NO CHANGES.** The Governor concurs with the agency's request.

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

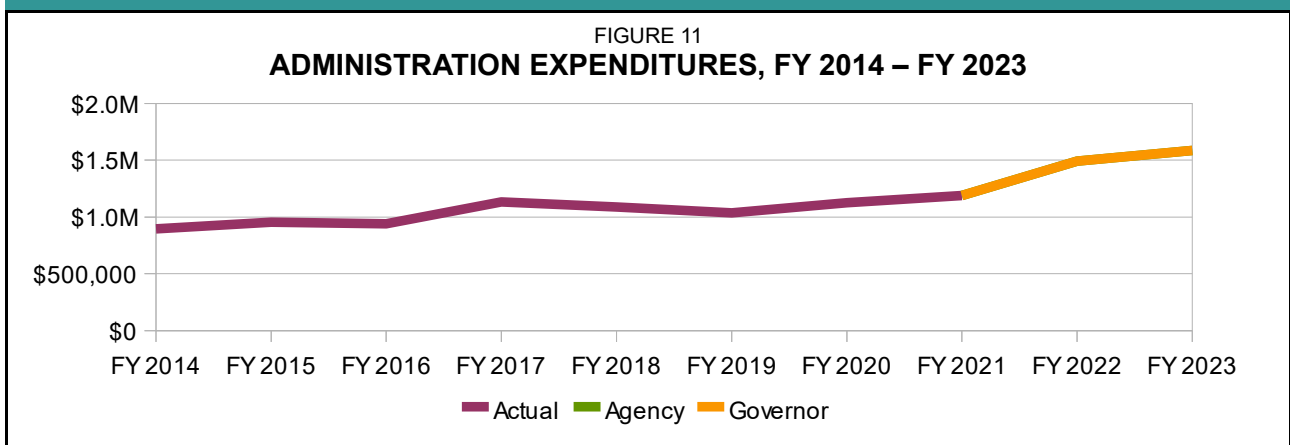
FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2021 – FY 2023

Programs	Actual FY 2021	Agency FY 2022	Governor FY 2022	Agency FY 2023	Governor FY 2023
Expenditures:					
Administration	\$ 1,231,972	\$ 1,491,479	\$ 1,491,479	\$ 1,585,093	\$ 1,585,093
FTE Positions:					
Administration	13.0	12.0	12.0	12.0	12.0

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.

ADMINISTRATION



STATUTORY BASIS: • KSA 75-37,121, KSA 77-561, KSA 77-562, KSA 59-29a26

PROGRAM GOALS: • Deliver administrative due process for cases within timeframes specified by applicable law.
• Deliver administrative due process for parties efficiently and economically.

FIGURE 12
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2020	Actual FY 2021	Actual 3-Year Avg.	Target FY 2022	Target FY 2023
Outcome Measure:					
1. Rank OAH Cost per Case vs Other States*	3 rd lowest cost	7 th lowest cost	4 th lowest cost	6 th lowest based on FY 21 data	6 th lowest based on FY 21 data
2. Average Days per Decision	85	87	86	90 or less	90 or less
3. Average Cases per Judge	905	656	858	526	485
4. Number of Appeals Filed	2,762	1,855	2,631	2,631	2,801
5. Number of Appeals Closed*	2,833	1,967	2,638	2,701	2,863
6. Pending FY Carryover Appeals*	858	768	801	802	781
7. OAH Cost per Case	311	486	351	435	428
Financing	Actual FY 2020	Actual FY 2021		Governor FY 2022	Governor FY 2023
SGF	\$ -	-		-	0-
Federal Funds	49	44,203		-	0-
All Other Funds	1,125,150	1,187,769		1,491,479	1,585,093
TOTAL	\$ 1,125,199	\$ 1,231,972		\$ 1,491,479	\$ 1,585,093
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	8.6 %	9.5 %		21.1 %	6.3 %
FTE Positions	10.0	13.0		12.0	12.0

* The Governor's Office does not utilize this measure for evaluation purposes.