

# OFFICE OF ADMINISTRATIVE HEARINGS

	Actual FY 2020	Agency Est. FY 2021	Gov. Rec. FY 2021	Agency Req. FY 2022	Gov. Rec. FY 2022
<b>Operating Expenditures:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	1,125,199	1,125,829	1,146,088	1,481,346	1,356,351
<i>Subtotal</i>	<i>\$ 1,125,199</i>	<i>\$ 1,125,829</i>	<i>\$ 1,146,088</i>	<i>\$ 1,481,346</i>	<i>\$ 1,356,351</i>
<b>Capital Improvements:</b>					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Funds	0	0	0	0	0
<i>Subtotal</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>	<i>\$ 0</i>
<b>TOTAL</b>	<b><u>\$ 1,125,199</u></b>	<b><u>\$ 1,125,829</u></b>	<b><u>\$ 1,146,088</u></b>	<b><u>\$ 1,481,346</u></b>	<b><u>\$ 1,356,351</u></b>
<b>Percentage Change:</b>					
Operating Expenditures					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	8.6	0.1	1.9	31.6	18.3
FTE Positions	10.0	13.0	13.0	13.0	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.

## AGENCY OVERVIEW

The mission of the Office of Administrative Hearings 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 Office of Administrative Hearings acts in accordance with all applicable policies, regulations, statutes, and general principles of law.

The Office of Administrative Hearings originally was a program in the Department of Social and Rehabilitation Services and conducted hearings only for that agency. On July 1, 1998, the Office of Administrative Hearings was moved to the Department of Administration. The agency continued to conduct all adjudicative proceedings for the Kansas Department of Social and Rehabilitation Services, pursuant to KSA 75-37,121, but also began providing hearings for other agencies. Section 145 of the 2004 Session Laws created an independent Office of Administrative Hearings, which was phased in and took full effect on July 1, 2009. Agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved.

The Office of Administrative Hearings conducts adjudicative proceedings in accordance with the Kansas Administrative Procedure Act for many state agencies and a variety of

programs within those agencies. The state agencies (and their programs) that have been phased into Office of Administrative Hearings operations include, but are not limited to, the Department for Children and Families; Department of Health and Environment; Department of Health and Environment Division of Health Care Finance; Department for Aging and Disability Services; Department of Agriculture; Department of Administration; Department of Education; Department of Commerce; Department of Labor; Board of Accountancy; Office of the State Bank Commissioner; Kansas Civil Service Board; Dental Board; Board of Healing Arts; Board of Pharmacy; Board of Nursing; Kansas Public Employees Retirement System; Office of the Attorney General; Behavioral Sciences Regulatory Board; Board of Cosmetology; Board of Veterinary Examiners; and the Kansas Housing Resources Corporation. 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 is categorized as off-budget expenditures, which are categorized as such to avoid double counting payments from one state agency to another.

## MAJOR ISSUES FROM PRIOR YEARS

Beginning in **fiscal year (FY) 2010**, the Office of Administrative Hearings became a separately funded agency from the Department of Administration. Other state agencies are billed for services provided by the agency, which results in all agency expenditures being non-reportable.

The **2011 Legislature** transferred \$150,000, all from the Administrative Hearings Office Fund, to the State General Fund (SGF).

The **2012 Legislature** eliminated 70.0 percent of vacant positions that had been unfilled for greater than 120 days. For this agency, 3.0 FTE positions and 0.5 non-FTE positions were eliminated. No adjustments were made to the agency's FTE position limitation.

The **2013 Legislature** added \$54,808, all from non-reportable special revenue funds, to fill a vacant Legal Assistant position for FY 2014. The Legislature also deleted \$53,396 and \$53,436 from FY 2014 and FY 2015, respectively, all from non-reportable special revenue funds, to reflect reduced funding for salaries and wages.

The **2014 Legislature** added \$2,718, all from non-reportable special revenue funds, for FY 2015 for employee bonuses of \$250 for all full-time employees, except elected officials, who were employed on December 6, 2013.

The **2015 Legislature** added \$32,886, all from non-reportable special revenue funds, for increases in building rent and information technology expenditures to the Office of Information Technology Services for both FY 2016 and FY 2017.

The **2016 Legislature** deleted \$630 in FY 2016 and \$9,725 for FY 2017, all from the Administrative Hearings Office Fund, for reductions in travel, rent, and court reporter expenditures, partially offset by an increase in wages associated with salary increases for some employees and increased expenditures related to a database replacement.

The **2016 Legislature** deleted \$4,289, all from the Administrative Hearings Office Fund, to eliminate the remaining three quarters of Death and Disability payments for FY 2017.

In addition, the **2016 Legislature** approved the conversion of 2.0 FTE positions from classified to unclassified, reducing the total number of FTE positions to 2.0 for FY 2016 and FY 2017.

The **2017 Legislature** added \$101,050, all from the Administrative Hearings Office Fund, in FY 2017, for the development of computer database improvements and an online public web portal to facilitate the electronic filing of hearing documents, per legislation enacted by amendment to KSA 77-531.

The **2018 Legislature** added \$91,048 in FY 2018 and \$92,907 for FY 2019, all from the Administrative Hearings Office Fund, for 2.0 FTE administrative positions for FY 2019.

The **2019 Legislature** added \$18,719 for FY 2020, all from the Administrative Hearings Office Fund, for a 2.5 percent salary increase for all state employees who do not otherwise receive an increase for FY 2020.

The **2020 Legislature** added \$169,617, all from the Administrative Hearings Office Fund, and 2.0 FTE positions for one administrative law judge and one legal assistant position to address higher projected caseloads for FY 2021.

## **BUDGET SUMMARY AND KEY POINTS**

**FY 2021 – Current Year.** The **agency** requests a revised estimate of \$1.1 million, all from the Administrative Hearings Office Fund, in FY 2021. This is an all funds decrease of \$132,383, or 10.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in salaries and wages and fringe benefits (\$138,877). The revised estimate includes funding for 13.0 FTE positions, which is an increase of 1.0 FTE position from the number approved by the 2020 Legislature. The increase in FTE positions is due to the agency adding a law clerk position for FY 2021.

The **Governor** recommends FY 2021 operating expenditures of \$1.1 million from the Administrative Hearings Office Fund and \$20,259 from the Coronavirus Relief Fund. This is an all funds increase of \$20,259, or 1.8 percent, above the agency's FY 2021 revised estimate. The increase is due to the Governor's recommendation to include the \$20,259 awarded from the State Finance Council from federal COVID-19 funding. The Governor's recommendation includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

**FY 2022 – Budget Year.** The **agency** requests FY 2022 operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund. This is an all funds increase of \$355,517, or 31.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for salaries and wages (\$285,336) and contractual services (\$63,329). The request includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

The **Governor** recommends FY 2022 operating expenditures of \$1.4 million, all from the Administrative Hearings Office Fund. This is an all funds decrease of \$124,995, or 8.4 percent, below the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's two enhancement requests. The Governor's recommendation includes funding for 12.0 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2022 request. The decrease is due to Governor not recommending the agency's FY 2022 enhancement request for an administrative specialist.

# 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
<b>Deliver Timely Due Process</b>						
Number of Appeals Filed	3,632	3,279	3,500	2,797	2,985	3,500
Number of Appeals Closed*	3,653	3,116	3,600	2,834	3,015	3,540
Pending Carryover Appeals*	718	779	810	742	712	672
<b>Deliver Efficient Due Process</b>						
Cost Per Case	\$ 295	\$ 343	\$ 365	\$ 402	\$ 377	\$ 377
Average Number of Days Per Decision	84	90	85	85	85	85
Average Number of Cases Per Judge	908	819	450	700	745	745
<b>Agency Expenditures</b>						
All Funds (Dollars in Millions)	\$ 1.1	\$ 1.0	\$ 1.1	\$ 1.1	\$ 1.1	\$ 1.4
FTE Positions	10.0	10.0	10.0	10.0	13.0	12.0

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

The Office of Administrative Hearings aims to deliver fair and impartial due process for cases within time frames specified by applicable law and for parties efficiently and economically. Outcome measures that track fairness and impartiality are difficult to identify, so performance for the agency instead emphasizes the efficient and timely processing of cases. In recent years, the agency has experienced an upward trend in hours and indicates it is due to higher quantities of litigious parties, contested issues and party filings per case, submitted evidence to consider, and complicated facts and legal arguments to rule upon.

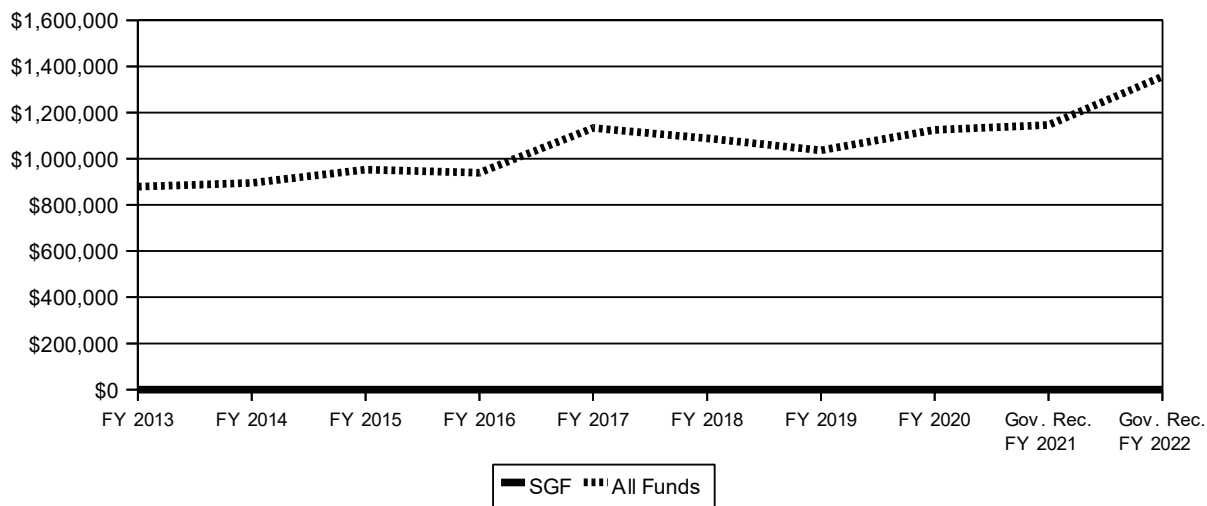
In FY 2020, the agency was referred 2,797 cases, of which 68.0 percent were settled, withdrawn by party, or decided by default judgment; 17.0 percent were decided pre-hearing via dismissal or summary judgment; and 15.0 percent were decided following a full evidentiary hearing. The Governor recommends 2,985 cases in FY 2021 and 3,500 cases for FY 2022, which is commensurate with the agency's estimates. Additionally, the agency's Administrative Law Judges averaged 700 cases per judge in FY 2020. The Governor recommends an average of 745 cases per judge in FY 2021 and for FY 2022.

- Deliver Timely Administrative Due Process.** The agency works to deliver administrative due process for cases within time frames specified by Office of Administrative Hearings applicable law. In particular, the agency emphasizes communicating with relevant parties and tracking cases in a timely manner. In FY 2020, the agency required an average of 85 days to render a decision for cases. The Governor recommends an average of 85 days per decision in FY 2021 and for FY 2022; and

- **Deliver Efficient and Economic Administrative Due Process.** The agency works to deliver administrative due process in an efficient and economic manner, emphasizing the use of digital solutions to avoid court reporter costs whenever possible. Additionally, the agency utilizes its e-filing system to allow parties to file documents electronically. The agency measures these goals by the quantity and cost of cases handled, indicating its average cost per case ranked the fourth lowest among states in FY 2020.

# BUDGET TRENDS

## OPERATING EXPENDITURES FY 2013 – FY 2022



## OPERATING EXPENDITURES FY 2013 – FY 2022

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2013	\$ 0	-- %	\$ 878,814	(4.7)%	10.0
2014	0	--	895,318	1.9	9.0
2015	0	--	952,899	6.4	9.0
2016	0	--	939,485	(1.4)	9.0
2017	0	--	1,133,106	20.6	9.0
2018	0	--	1,088,574	(3.9)	10.0
2019	0	--	1,036,569	(4.8)	10.0
2020	0	--	1,125,199	8.6	10.0
2021 Gov. Rec.	0	--	1,146,088	1.9	13.0
2022 Gov. Rec.	0	--	1,356,351	18.3	12.0
Ten-Year Change Dollars/Percent	\$ 0	-- %	\$ 477,537	54.3 %	2.0

**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
<b>By Program:</b>									
Administration	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 825,461	\$ 883,264	\$ 1,168,600	\$ 285,336	32.3 %	\$ 883,264	\$ 1,043,605	\$ 160,341	18.2 %
Contractual Services	275,395	232,080	295,409	63,329	27.3	232,080	295,409	63,329	27.3
Commodities	14,434	6,361	7,331	970	15.2	6,756	7,331	575	8.5
Capital Outlay	9,909	4,124	10,006	5,882	142.6	23,988	10,006	(13,982)	(58.3)
Debt Service	0	0	0	0	--	0	0	0	--
<i>Subtotal - Operations</i>	\$ 1,125,199	\$ 1,125,829	\$ 1,481,346	\$ 355,517	31.6 %	\$ 1,146,088	\$ 1,356,351	\$ 210,263	18.3 %
Aid to Local Units	0	0	0	0	--	0	0	0	--
Other Assistance	0	0	0	0	--	0	0	0	--
<b>TOTAL</b>	<b>\$ 1,125,199</b>	<b>\$ 1,125,829</b>	<b>\$ 1,481,346</b>	<b>\$ 355,517</b>	<b>31.6 %</b>	<b>\$ 1,146,088</b>	<b>\$ 1,356,351</b>	<b>\$ 210,263</b>	<b>18.3 %</b>
<b>Financing:</b>									
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	-- %	\$ 0	\$ 0	\$ 0	-- %
Administrative Hearings Office Fund	1,125,199	1,125,829	1,481,346	355,517	31.6	1,125,829	1,356,351	230,522	20.5
Coronavirus Relief Fund	0	0	0	0	--	20,259	0	(20,259)	(100.0)
<b>TOTAL</b>	<b>\$ 1,125,199</b>	<b>\$ 1,125,829</b>	<b>\$ 1,481,346</b>	<b>\$ 355,517</b>	<b>31.6 %</b>	<b>\$ 1,146,088</b>	<b>\$ 1,356,351</b>	<b>\$ 210,263</b>	<b>18.3 %</b>

# 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	1,258,212	1,125,829	(132,383)	1,146,088	(112,124)
<b>TOTAL</b>	<b>\$ 1,258,212</b>	<b>\$ 1,125,829</b>	<b>\$ (132,383)</b>	<b>\$ 1,146,088</b>	<b>\$ (112,124)</b>
FTE Positions	12.0	13.0	1.0	13.0	1.0

The **agency** requests a revised estimate of \$1.1 million, all from the Administrative Hearings Office Fund, in FY 2021. This is an all funds decrease of \$132,383, or 10.5 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in salaries and wages and fringe benefits (\$138,877). The revised estimate includes funding for 13.0 FTE positions, which is an increase of 1.0 FTE position above the number approved by the 2020 Legislature. The increase in FTE positions is due to the addition of a law clerk position for FY 2021.

Major categories of expenditures are detailed below:

- **Salaries and Wages.** The agency's revised estimate includes \$883,264 in FY 2021. This is a decrease of \$138,877, or 13.6 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to decreases in salaries and wages for Administrative Law Judges (ALJ) and Legal Assistants (LA) (\$112,309), group health insurance (\$26,010), retirement contributions (\$23,876), and Medicare (\$8,668). The decrease is partially offset by an increase in unclassified regular pay (\$33,384);
- **Contractual Services.** The agency's revised estimate includes \$232,080 in FY 2021. This is an increase of \$8,826, or 4.0 percent, above the amount approved by the 2020 Legislature. The increase is primarily due to expenditures for translation and interpreter fees and the monumental building surcharge fee (\$12,232), building repairs and servicing (\$6,654), communication services (\$5,985), database access fees (\$5,571), professional fees (\$4,638), computer programming (\$3,924), job-related training and conference registration (\$1,903), and electronic filing system maintenance (\$1,651). The increase is partially offset by decreases in court reporting services (\$15,403), travel (\$9,552), and the state buildings operating charge (\$6,297);



- **Commodities.** The agency's revised estimate includes \$6,361 in FY 2021. This is a decrease of \$2,242, or 26.1 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in stationery and office supplies (\$2,000); and
- **Capital Outlay.** The agency's revised estimate includes \$4,124 in FY 2021. This is a decrease of \$90, or 2.1 percent, below the amount approved by the 2020 Legislature. The decrease is primarily due to a decrease in microcomputer equipment (\$2,706), and it is partially offset by an increase in office furniture (\$2,616).

The **Governor** recommends FY 2021 operating expenditures of \$1.1 million from the Administrative Hearings Office Fund and \$20,259 from the Coronavirus Relief Fund. This is an all funds increase of \$20,259, or 1.8 percent, above the agency's FY 2021 revised estimate. The increase is due to the Governor's recommendation to include the \$20,259 awarded from the State Finance Council for federal COVID-19 funding to purchase personal protective equipment (PPE) and to make office modifications, such as a keyless entry system, a mail drop box for the public, and a video intercom system to greet guests. The Governor's recommendation for FY 2021 includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

## B. FY 2022 – Budget Year

<b>FY 2022 OPERATING BUDGET SUMMARY</b>			
	Agency Request	Governor's Recommendation	Difference
<b>Total Request/Recommendation</b>	\$ 1,481,346	\$ 1,356,351	\$ (124,995)
<b>FTE Positions</b>	13.0	12.0	(1.0)
<b>Change from FY 2021:</b>			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	355,517	210,263	
<b>TOTAL</b>	<b>\$ 355,517</b>	<b>\$ 210,263</b>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	31.6	18.3	
<b>TOTAL</b>	<b>31.6 %</b>	<b>18.3 %</b>	
Change in FTE Positions	0.0	(1.0)	

The **agency** requests FY 2022 operating expenditures of \$1.5 million, all from the Administrative Hearings Office Fund. This is an all funds increase of \$355,517, or 31.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for salaries and wages (\$285,336) and contractual services (\$63,329). The request includes funding for 13.0 FTE positions, which is the same number included in the agency's FY 2021 revised estimate.

Major categories of expenditures are detailed below:

- Salaries and Wages.** The agency's request includes \$1.2 million for FY 2022. This is an increase of \$285,336, or 32.3 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for unclassified regular salaries (\$206,593), retirement contributions (\$36,879), group health insurance (\$24,370), Medicare (\$9,934), and Old Age, Survivors, and Disability Insurance (\$5,874);
- Contractual Services.** The agency's request includes \$295,409 for FY 2022. This is an increase of \$63,329, or 27.3 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for travel (\$20,228), job-related training and conference registrations (\$18,428), communication services (\$12,203), computer programming (\$7,305), database access fees (\$4,809), and electronic filing system maintenance (\$3,588). The increase is partially offset by a decrease in building repairs and servicing (\$5,641);
- Commodities.** The agency's request includes \$7,331 for FY 2022. This is an increase of \$970, or 15.2 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for data processing supplies (\$322), gasoline (\$301), and stationery and office supplies (\$206); and
- Capital Outlay.** The agency's request includes \$10,006 for FY 2022. This is an increase of \$5,882, or 142.6 percent, above the agency's FY 2021 revised estimate. The increase is primarily due to expenditures for office furniture (\$3,866) and microcomputer equipment (\$2,818).

The **Governor** recommends FY 2022 operating expenditures of \$1.4 million, all from the Administrative Hearings Office Fund. This is an all funds decrease of \$124,995, or 8.4 percent, below the agency's FY 2022 request. The decrease is due to the Governor not recommending the agency's two enhancement requests. The Governor's recommendation includes funding for 12.0 FTE positions, which is a decrease of 1.0 FTE position below the agency's FY 2022 request. The decrease is due to Governor not recommending the agency's FY 2022 enhancement request for an administrative specialist.

### Enhancement Detail

Enhancements	FY 2022 ENHANCEMENTS					
	Agency Estimate			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Pay Raises	\$ 0	\$ 80,379	0.0	\$ 0	\$ 0	0.0
Administrative Specialist	0	44,616	1.0	0	0	0.0
<b>TOTAL</b>	<b>\$ 0</b>	<b>\$ 124,995</b>	<b>1.0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>0.0</b>

The **agency** requests two FY 2022 enhancements totaling \$124,995, all from the Administrative Hearings Office Fund, and an increase of 1.0 FTE positions. First, the agency requests \$80,739 for pay increases for staff. The agency states that its personnel, particularly Administrative Law Judges earn less than comparable state employees, including other state

agency Chief and Deputy Chief Counsels. Second, the agency requests \$44,616 for an additional 1.0 Administrative Specialist FTE position. The position will provide administrative support, such as answering phone calls, processing mail, and assisting visitors in the office, will relieve Legal Assistants from performing those administrative support duties, and will enable the Legal Assistants to focus more on their duties supporting Administrative Law Judges.

The **Governor** does not recommend the funding nor the FTE position for either of the agency's enhancement requests for FY 2022.

## 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 does not have longevity payments in FY 2021 or FY 2022.**

**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	0.0 %	0.0 %
Administrative Hearings Office Fund	100.0	100.0
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>

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

## Administrative Hearings Office Fund Analysis

Funding for the agency is derived entirely from the Administrative Hearings Office Fund. State agencies providing adjudicative proceedings in accordance with the Kansas Administrative Procedure 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.

The agency changed its revenue model in FY 2021, in which its budget will be provided primarily by the six agencies that utilize the Office of Administrative Hearings services the most. Agencies without legal staff will be charged \$80 per hour, while agencies with legal staff will be charged \$100 per hour. The agency projects that this restructuring will generate over \$90,000 in revenue in the following fiscal years.

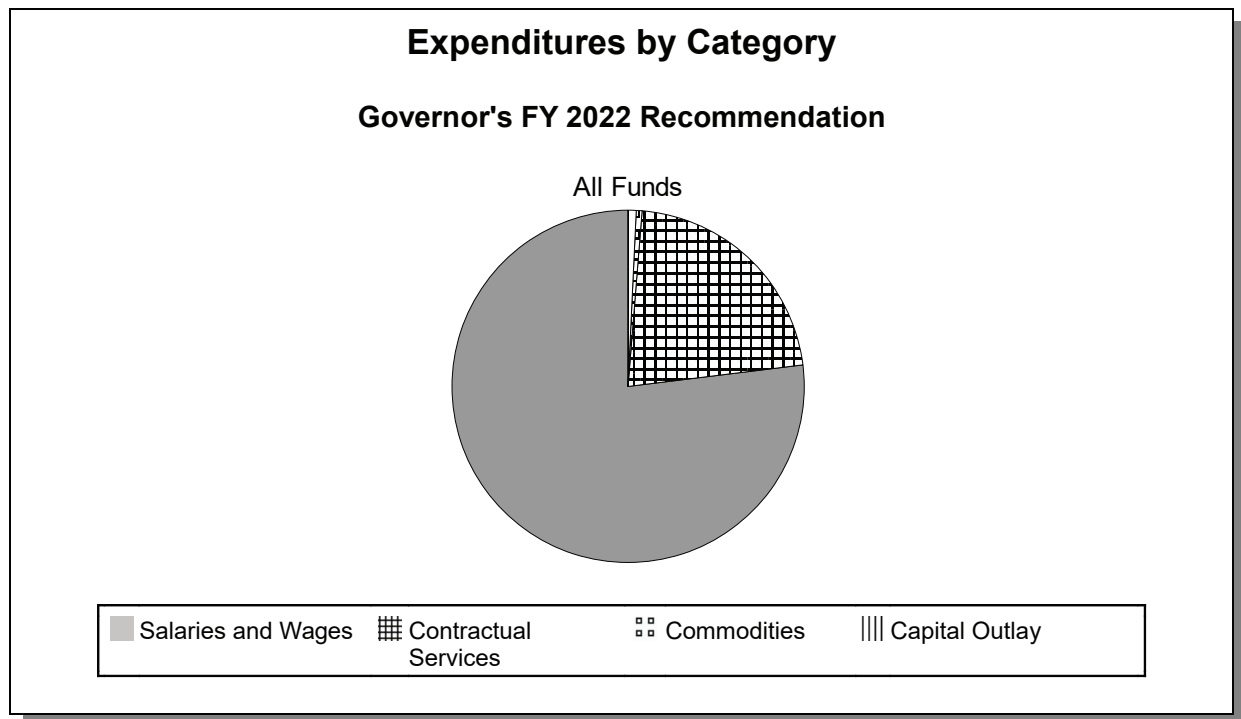
Resource Estimate	Actual FY 2020	Agency Estimate FY 2021	Gov. Rec. FY 2021	Agency Request FY 2022	Gov. Rec. FY 2022
Beginning Balance	\$ 193,722	\$ 72,477	\$ 72,477	\$ 112,477	\$ 112,477
Revenue	1,003,905	1,165,829	1,165,829	1,396,351	1,396,351
Transfers in	0	0	0	0	0
<b>Funds Available</b>	<b>\$ 1,197,627</b>	<b>\$ 1,238,306</b>	<b>\$ 1,238,306</b>	<b>\$ 1,508,828</b>	<b>\$ 1,508,828</b>
Less:					
Expenditures	\$ 1,125,150	\$ 1,125,829	\$ 1,125,829	\$ 1,481,346	\$ 1,356,351
Transfers Out	0	0	0	0	0
Off-Budget Expenditures	0	0	0	0	0
<b>Ending Balance</b>	<b>\$ 72,477</b>	<b>\$ 112,477</b>	<b>\$ 112,477</b>	<b>\$ 27,482</b>	<b>\$ 152,477</b>
Ending Balance as Percent of Expenditures	6.4%	10.0%	10.0%	1.9%	11.2%
Month Highest Ending Balance	October \$ 363,681	April \$ 183,811	April \$ 183,811	April \$ 44,969	June \$ 152,477
Month Lowest Ending Balance	March \$ 136,921	December \$ 0	December \$ 0	December \$ 0	December \$ 0

**ADMINISTRATIVE HEARINGS OFFICE FUND - ESTIMATED RECEIPTS**

Revenue Source	FY 2018 Actuals	FY 2019 Actuals	FY 2020 Actuals	FY 2021 Estimate	FY 2022 Estimate
Kansas Department for Children and Families	\$ 361,532	\$ 383,312	\$ 385,171	\$ 459,181	\$ 570,394
KDHE - Division of Health Care Finance	365,250	331,794	330,773	407,002	505,577
Kansas Department of Health and Environment	31,080	33,625	44,022	41,744	51,854
Kansas Department for Aging and Disability Services	69,218	38,075	40,074	52,180	64,818
Civil Service Board	49,400	59,590	52,692	45,000	60,000
Kansas Department of Labor	47,107	62,201	71,490	83,488	103,708
Other Boards, Agencies, and Misc. Charges	129,492	75,792	87,345	73,980	85,000
<b>TOTAL</b>	<b>\$ 1,080,079</b>	<b>\$ 984,389</b>	<b>\$ 1,011,567</b>	<b>\$ 1,162,575</b>	<b>\$ 1,441,351</b>

(Note: FY 2021 is the first year of the new funding structure.)

# CATEGORY DETAIL



Category	Gov. Rec. All Funds FY 2022	Percent of Total	Gov. Rec. SGF FY 2022	Percent of Total
Salaries and Wages	\$ 1,043,605	76.9 %	\$ 0	-- %
Contractual Services	295,409	21.8	0	--
Commodities	7,331	0.5	0	--
Capital Outlay	10,006	0.7	0	--
<b>TOTAL</b>	<b>\$ 1,356,351</b>	<b>100.0 %</b>	<b>\$ 0</b>	<b>-- %</b>

**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	10.0	13.0	13.0	13.0	12.0

*(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.)*