

OFFICE OF ADMINISTRATIVE HEARINGS

FY 2023 – FY 2025 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2023 – FY 2025

	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	1,454,724	1,891,653	1,891,653	2,070,435	2,070,435
<i>Subtotal</i>	<u>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</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>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	4.5 %	30.0 %	30.0 %	9.5 %	9.5 %
FTE Positions	14.0	14.0	14.0	14.0	14.0

The mission of the Office of Administrative Hearings (OAH) is to conduct efficient, fair, and impartial hearings for constituents and other affected parties who contest the actions of state agencies determining their legal rights, and to resolve other types of disputes lawfully referred to OAH by government entities.

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. The OAH charges agencies a fee for adjudicative proceedings. While the agency expenditures are recorded in the accounting system, expenditures for the agency budget are categorized as off-budget expenditures. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another.

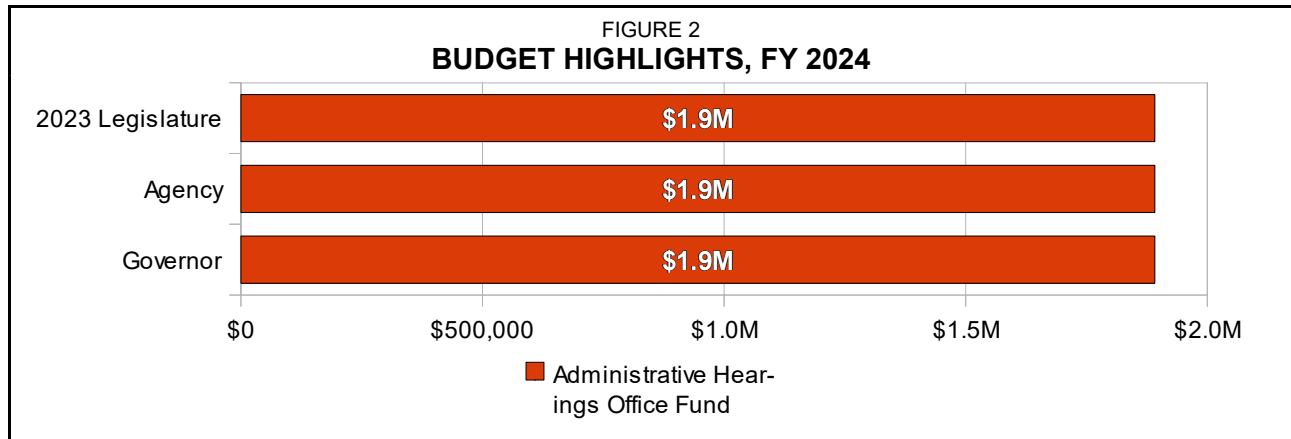
State agencies, boards, and commissions receiving hearing services from OAH include, but are not limited to: Department for Children and Families, Kansas Department of Health and Environment (KDHE), KDHE/Division of Health Care Finance, Kansas Department for Aging and Disability Services, Kansas Department of Agriculture, Kansas Department of Administration, Kansas Department of Credit Unions, Kansas Department of Education, Kansas Department of Commerce, Kansas Department of Labor, Kansas Department of Revenue, Kansas Department of Transportation, Board of Accountancy, Office of the State Bank Commissioner, Kansas Civil Service Board, Dental Board, Board of Healing Arts, Kansas Board of Pharmacy, Board of Nursing, Kansas Public Employee Retirement System, Office of the Attorney General, Behavioral Sciences Regulatory Board, Board of Cosmetology, Board of Veterinary Examiners, Board of Emergency Medical Services, Real Estate Commission, and Kansas Housing Resources.

Beginning in FY 2024, OAH will provide hearing services for the Kansas Governmental Ethics Commission.

KSA 59-29a26 requires OAH to provide specific hearings for which counties are financially responsible. Currently, OAH provide hearings for 36 counties.

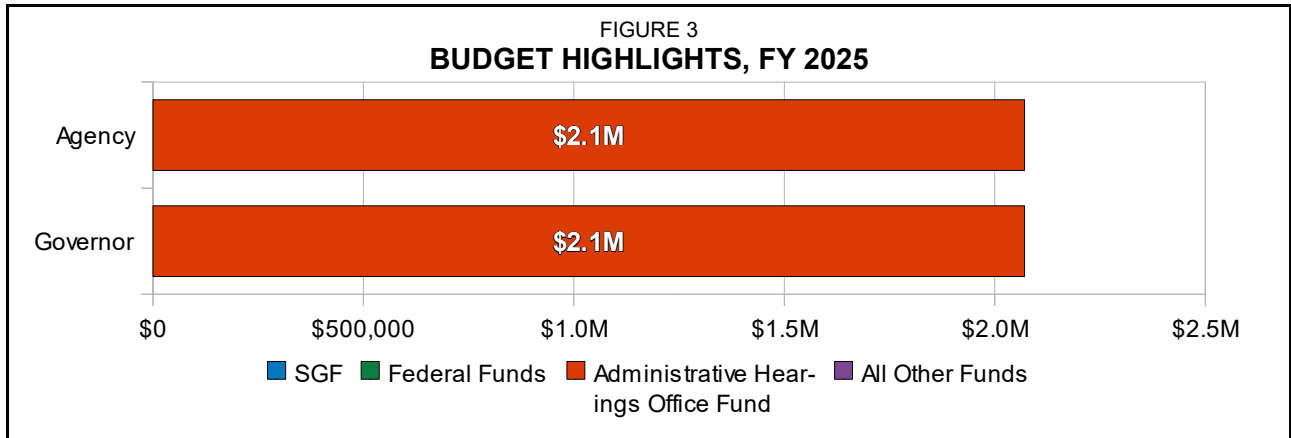
EXECUTIVE SUMMARY

The 2023 Legislature approved a budget of \$1.9 million, all from the Administrative Hearings Office Fund, for the Office of Administrative Hearings for FY 2024. No adjustments have been made subsequently to that amount.



The **agency** requests a revised estimate of \$1.9 million, all from the Administrative Hearings Office Fund, in expenditures and 14.0 FTE positions in FY 2024. This is the same as the amount approved by the 2023 Legislature.

The **Governor** concurs with the agency's FY 2024 revised estimate.



The **agency** requests \$2.1 million, all from the Administrative Hearings Office Fund, in expenditures and 14.0 FTE positions for FY 2025. This is an increase of \$178,782, or 9.5 percent, above the FY 2024 revised estimate. This is primarily attributable to an increase of \$138,523 for salaries and wages for administrative law judges to implement the second year of a two-year pay parity increase.

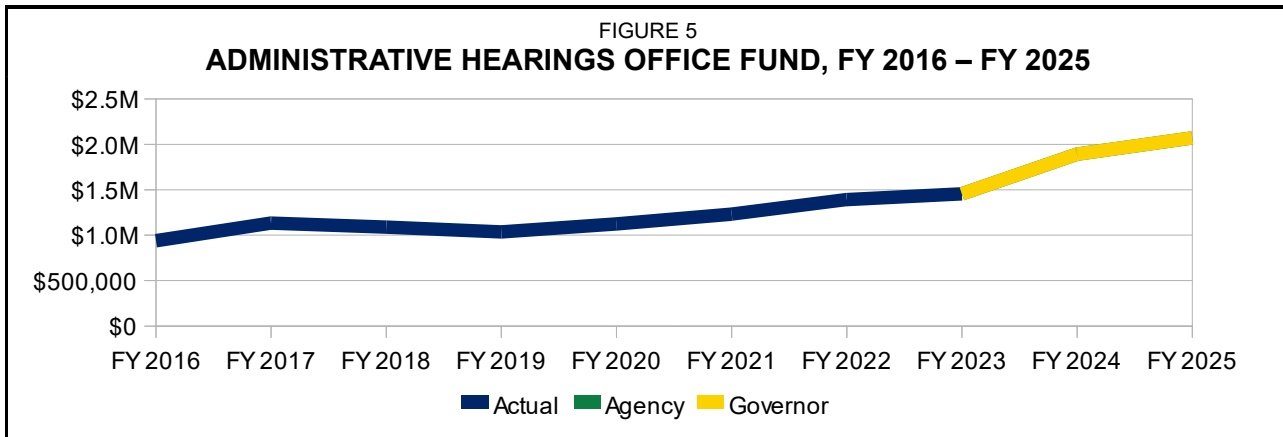
The **Governor** concurs with the agency's request for FY 2025.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2023 – FY 2025

Category of Expenditure:	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Salaries and Wages	\$ 1,097,170	\$ 1,536,850	\$ 1,536,850	\$ 1,682,522	\$ 1,682,522
Contractual Services	330,670	334,077	334,077	356,470	356,470
Commodities	7,704	9,411	9,411	10,809	10,809
Capital Outlay	19,180	11,315	11,315	20,634	20,634
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</u>
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	<u>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	<u>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</u>
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	-
Administrative					
Hearings Office	1,454,724	1,891,653	1,891,653	2,070,435	2,070,435
Fund					
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	<u>\$ 1,454,724</u>	<u>\$ 1,891,653</u>	<u>\$ 1,891,653</u>	<u>\$ 2,070,435</u>	<u>\$ 2,070,435</u>
FTE Positions	14.0	14.0	14.0	14.0	14.0

ADMINISTRATIVE HEARINGS OFFICE FUND

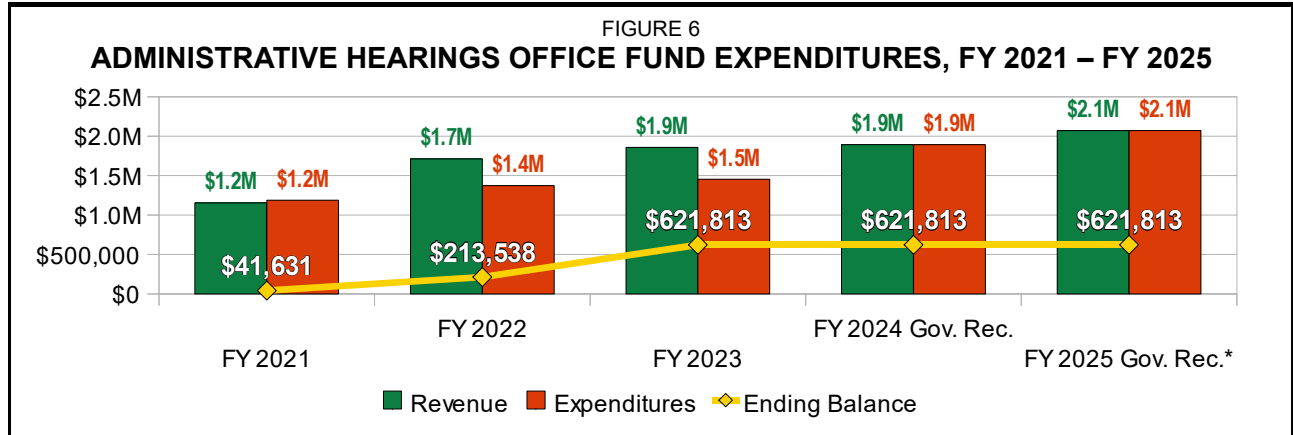


For the Office of Administrative Hearings, funding is derived entirely from the Administrative Hearings Office Fund. State agencies that provide adjudicative proceedings in accordance with the Kansas Administrative Procedure Act are required to utilize the Office of Administrative Hearings when the agency head is not involved. Agencies are billed based upon contracts entered into with the Office of Administrative Hearings.

Fees are based on a three-year average of past agency usage for each of the six state agencies that utilize the OAH's services the most: Kansas Department for Children and Families; Kansas Department of Health and Environment, Division of Health Care Finance; Kansas Department of Labor; Kansas Department of Health and Environment; Kansas Department for Aging and Disability Services; and Kansas Civil Service Board.

Each agency's fee is divided by four so that each agency can make a quarterly payment, or pay a retainer, to OAH. These six agencies pay a set fee for services related to hearings during the fiscal year. The six agencies also pay direct hearing costs, which include expenditures for court reporters, interpreters, translators, and travel expenses for administrative law judges. The quarterly payments fully fund OAH's budget and provide adequate cash flow to meet OAH's monthly fiscal obligations. Other state agencies or governmental entities pay an hourly rate, in addition to direct hearing costs.

ADMINISTRATIVE HEARINGS OFFICE FUND



* For FY 2025, the lowest month ending balance for the Administrative Hearings Office Fund will occur in September, with a balance of \$535,210.

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

FY 2024 ANALYSIS

FIGURE 7

SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
Legislative Approved:			
Amount Approved by 2023 Legislature	\$ -	\$ 1,891,653	14.0
1. No Changes	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 1,891,653	14.0
Agency Revised Estimate:			
2. No Changes	-	-	--
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 1,891,653	14.0
Governor’s Recommendation:			
3. No Changes	\$ -	\$ -	--
TOTAL	\$ -	\$ 1,891,653	14.0

LEGISLATIVE APPROVED

The 2023 Legislature approved a budget of \$1.9 million, all from the Administrative Hearings Office Fund, for the Office of Administrative Hearings for FY 2024.

1. **NO CHANGES.** Subsequent to the 2023 Session, no adjustments were made to the \$1.9 million appropriated to the Office of Administrative Hearings for FY 2024.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$1.9 million, all from the Administrative Hearings Office Fund, in FY 2024. This is the same as the amount approved by the 2023 Legislature. The agency’s estimate also includes 14.0 FTE positions, which is the same as the FY 2024 approved number.

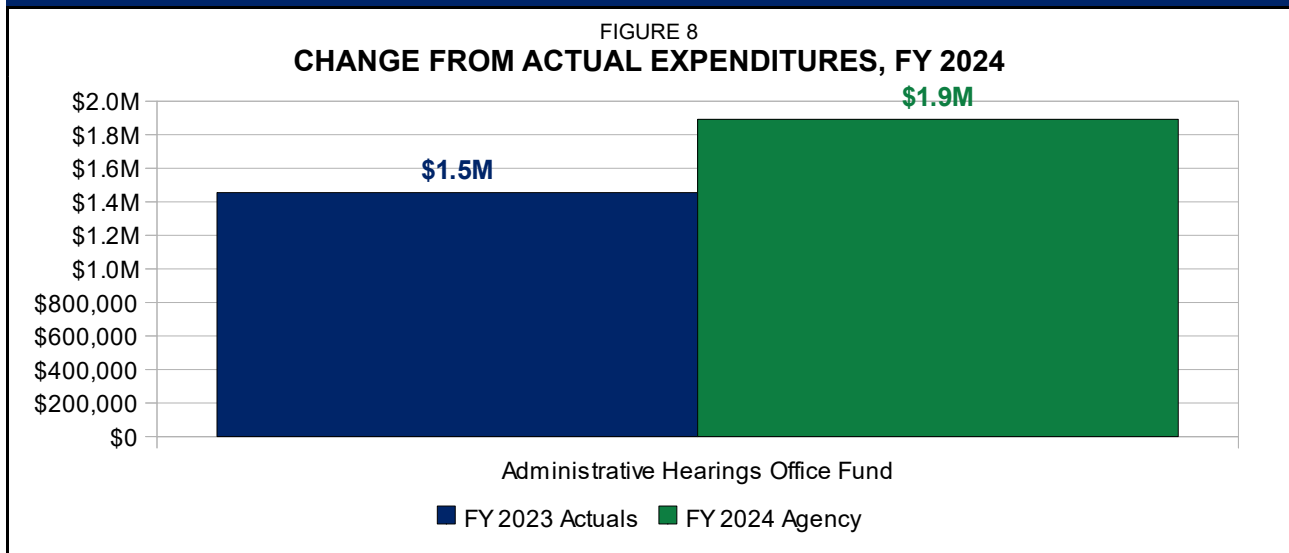
2. **NO CHANGES.** The agency does not request any changes to the amount approved by the 2023 Legislature. However, there was a shift in expenditures categories, increasing salaries and wages by \$2,628 and a decrease in commodities of the same amount.

GOVERNOR’S RECOMMENDATION

The **Governor** concurs with the agency's revised estimate of \$1.9 million and 14.0 FTE positions in FY 2024.

3. **NO CHANGES.** The Governor does not recommend any changes to the agency's FY 2024 revised estimate.

FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$1.9 million, all from the Administrative Hearings Office Fund, in FY 2024. This is an increase of \$436,929, or 30.0 percent, above FY 2023 actual expenditures. The increase is primarily attributable to salaries and wages (\$439,680), including a salary increase for administrative law judges to achieve pay parity with administrative law judges in the Kansas Department of Labor (\$138,523) and vacant positions in FY 2023. Additionally, there is an increase of job-related training and conference registrations (\$37,024) in FY 2024. Administrative law judges will receive in-person training from the National Judicial College.

FY 2025 ANALYSIS

FIGURE 9

SUMMARY OF BUDGET REQUEST, FY 2025

	SGF		All Funds	FTE
Agency Request:				
Request without Major Changes	\$	-	\$ 2,070,435	14.0
1. No Changes		-	-	--
<i>Subtotal—Agency Request</i>	\$	-	\$ 2,070,435	14.0
Governor’s Recommendation:				
2. No Changes	\$	-	-	--
TOTAL	\$	-	\$ 2,070,435	14.0

AGENCY REQUEST

The **agency** requests operating expenditures of \$2.1 million, all from the Administrative Office Hearings Fund, for FY 2025. This is an increase of \$178,782, or 9.5 percent, above the FY 2024 revised agency estimate. The increase is primarily attributable to the second half of the pay parity increase for administrative law judges (\$138,522). The request includes 14.0 FTE positions, which is the same as the FY 2024 revised estimate number.

1. **NO CHANGES.** The agency’s request includes no enhancements or major changes for FY 2025.

GOVERNOR’S RECOMMENDATION

The **Governor** concurs with the agency's request of \$2.1 million and 14.0 FTE positions for FY 2025.

2. **NO CHANGES.** The Governor does not recommend any changes to the agency's FY 2025 request.