

OFFICE OF ADMINISTRATIVE HEARINGS

FY 2022 – FY 2024 BUDGET ANALYSIS

FIGURE 1
BUDGET OVERVIEW, FY 2022 – FY 2024

	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Operating Expenditures:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	19,575	-	-	-	-
All Other Funds	1,372,115	1,718,067	1,718,067	1,732,860	1,699,945
<i>Subtotal</i>	<u>\$ 1,391,690</u>	<u>\$ 1,718,067</u>	<u>\$ 1,718,067</u>	<u>\$ 1,732,860</u>	<u>\$ 1,699,945</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>\$ 1,391,690</u>	<u>\$ 1,718,067</u>	<u>\$ 1,718,067</u>	<u>\$ 1,732,860</u>	<u>\$ 1,699,945</u>
Percentage Change:					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	12.7 %	23.5 %	23.5 %	0.9 %	(1.1) %
FTE Positions	12.0	14.0	14.0	14.0	14.0

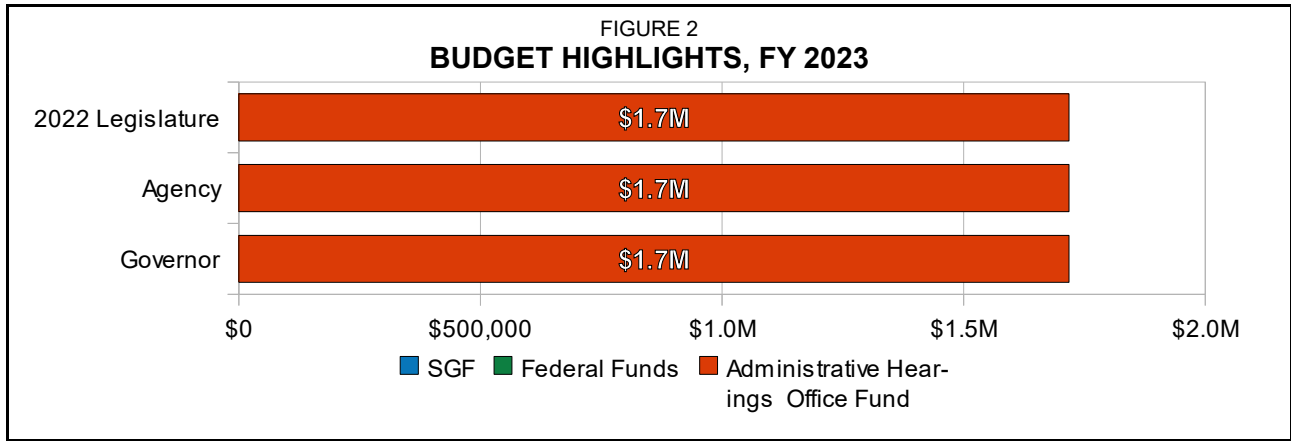
For purposes of this analysis, full-time equivalent (FTE) positions include non-FTE permanent unclassified positions but continue to exclude temporary employees. FTE positions reflect permanent state positions equating to a 40-hour work week.

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. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another.

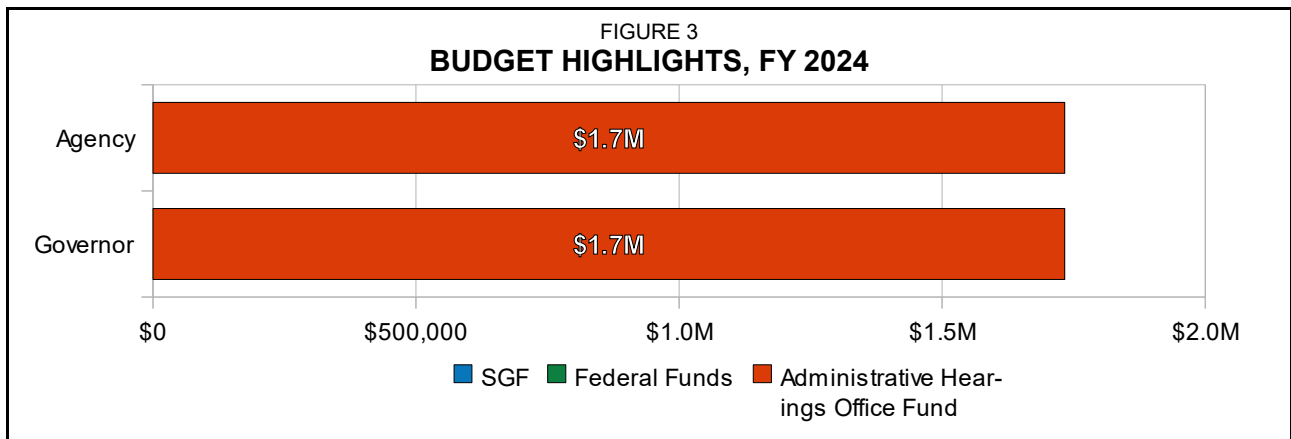
EXECUTIVE SUMMARY

The 2022 Legislature approved a budget of \$1.7 million, all from the Administrative Hearings Office Fund, for the Office of Administrative Hearings for FY 2023. No adjustments have been made subsequently to that amount.



The **agency** submits a revised estimate of \$1.7 million, all from the Administrative Hearings Office Fund, in expenditures and 14.0 FTE positions in FY 2023. This is the same as the amount approved by the 2022 Legislature.

The **Governor** concurs with the agency's FY 2023 revised estimate.



The **agency** requests \$1.7 million, all from the Administrative Hearings Office Fund, in expenditures and 14.0 FTE positions for FY 2024. This is an increase of \$14,793, or 0.9 percent, above the FY 2023 revised estimate. This is primarily attributable to the agency's enhancement request for a 5.0 percent salary increase for Administrative Law Judges (\$32,915). According to the agency, this increase would increase the recruitment and retention of highly qualified Administrative Law Judges, and continue efficient, fair, and impartial hearings. The increase is partially offset by reductions for postage, communications, and job-related training.

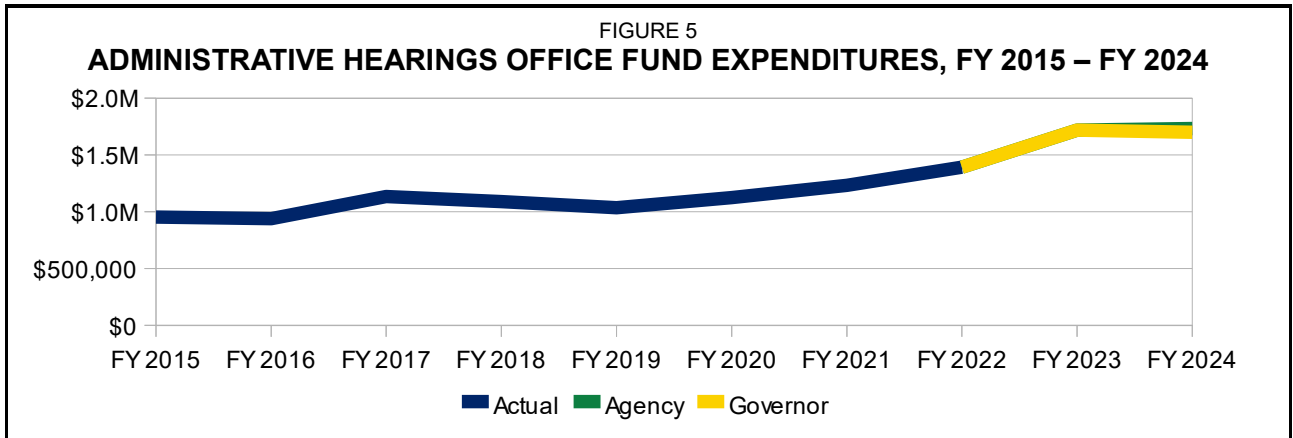
The **Governor** recommends expenditures of \$1.7 million, all from the Administrative Office Hearings Fund, and 14.0 FTE positions for FY 2024. This is a decrease of \$32,915, or 1.1 percent, below the agency's FY 2024 revised estimate. The decrease is due to the Governor not recommending the agency's enhancement request for a salary increase for Administrative Law Judges for FY 2024.

EXPENDITURES AND FINANCING

FIGURE 4
BUDGET SUMMARY BY CATEGORY OF EXPENDITURE, FY 2022 – FY 2024

Category of Expenditure:	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Salaries and Wages	\$ 1,044,382	\$ 1,346,284	\$ 1,346,284	\$ 1,375,429	\$ 1,342,514
Contractual Services	325,484	346,425	346,425	334,077	334,077
Commodities	5,405	13,505	13,505	12,039	12,039
Capital Outlay	16,419	11,853	11,853	11,315	11,315
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	\$ 1,391,690	\$ 1,718,067	\$ 1,718,067	\$ 1,732,860	\$ 1,699,945
Aid to Local Units	-	-	-	-	-
Other Assistance	-	-	-	-	-
<i>Subtotal—Operating</i>	\$ 1,391,690	\$ 1,718,067	\$ 1,718,067	\$ 1,732,860	\$ 1,699,945
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
TOTAL	\$ 1,391,690	\$ 1,718,067	\$ 1,718,067	\$ 1,732,860	\$ 1,699,945
Financing:					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative Hearing Office Fund	1,372,115	1,718,067	1,718,067	1,732,860	1,699,945
Federal Funds	19,575	-	-	-	-
All Other Funds	-	-	-	-	-
TOTAL	\$ 1,391,690	\$ 1,718,067	\$ 1,718,067	\$ 1,732,860	\$ 1,699,945
FTE Positions	12.0	14.0	14.0	14.0	14.0

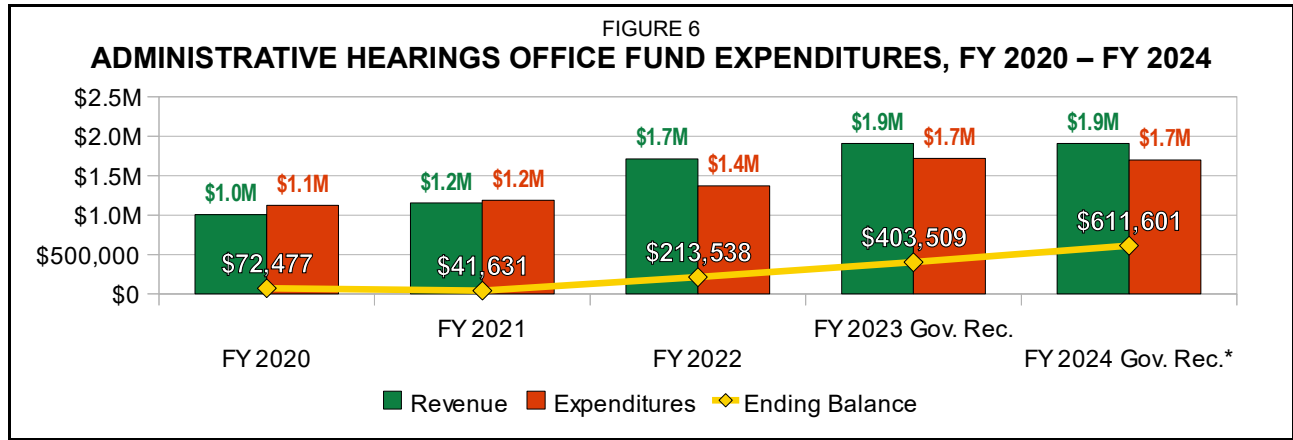
ADMINISTRATIVE HEARINGS OFFICE FUND



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.

Fees are based on a three-year average of past agency usage among the six state agencies that utilize the agency's services the most: the 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 the Kansas Civil Service Board.

The agency fee is divided by four, and each agency makes a quarterly payment, or retainer, to OAH. These six agencies pay a set fee for hearing services 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, plus direct hearing costs.



* For FY 2024, the lowest month ending balance for the Administrative Hearings Office Fund will occur in September, with a balance of \$313,162.

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.

FY 2023 ANALYSIS

FIGURE 7
SUMMARY OF BUDGET REQUEST, FY 2023

	SGF		Special Revenue Funds	All Funds	FTE
Legislative Approved:					
Amount Approved by 2022 Legislature	\$	-	\$ 1,718,067	\$ 1,718,067	14.0
1. No Changes		-	-	-	--
<i>Subtotal—Legislative Approved</i>	\$	-	\$ 1,718,067	\$ 1,718,067	14.0
Agency Revised Estimate:					
2. No Changes		-	-	-	--
<i>Subtotal—Agency Revised Estimate</i>	\$	-	\$ 1,718,067	\$ 1,718,067	14.0
Governor's Recommendation:					
3. No Changes		-	-	-	--
TOTAL	\$	-	\$ 1,718,067	\$ 1,718,067	14.0

LEGISLATIVE APPROVED

The 2022 Legislature approved a budget of \$1.7 million, all from the Administrative Hearings Office Fund, for the for FY 2023.

1. **NO CHANGES.** Subsequent to the 2022 Session, no adjustments were made to the \$1.7 million appropriated to the Office of Administrative Hearings for FY 2023.

AGENCY ESTIMATE

The **agency** submits a revised estimate of \$1.7 million, all from the Administrative Hearings Office Fund, in FY 2023. This is the same as the amount approved by the 2022 Legislature. The **agency** estimate also includes 14.0 FTE positions, which is the same as the FY 2023 approved number.

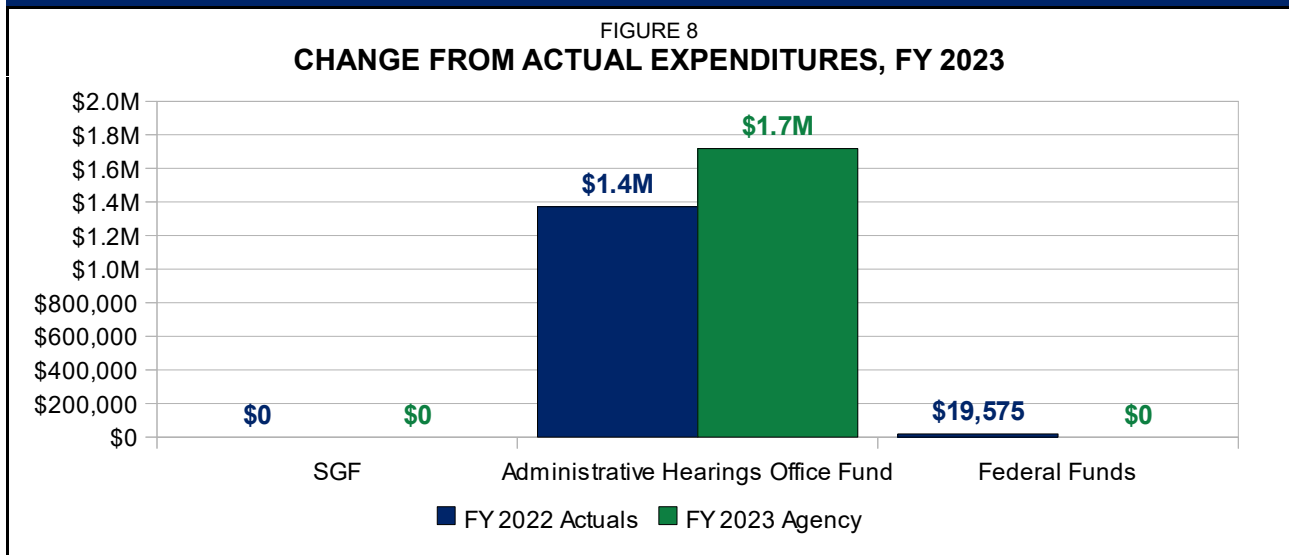
2. **NO CHANGES.** The agency requests no changes to the amount appropriated by the 2022 Legislature.

GOVERNOR'S RECOMMENDATION

The **Governor** concurs with the agency's FY 2023 revised estimate.

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

FY 2023 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$1.7 million, all from the Administrative Hearings Office Fund, in FY 2023. This is an increase of \$326,337, or 23.5 percent, above FY 2022 actual expenditures. The increase is primarily attributable to salaries and wages (\$301,902), including the additional funding for an Administrative Law Judge and Administrative Assistant position (\$132,974) added by the 2022 Legislature. Additionally, there was an increase of job-related training and conference registrations (\$48,839) in FY 2023. Administrative Law Judges have resumed receiving in-person training from the National Judicial College.

FY 2024 ANALYSIS

FIGURE 9
SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	Special Revenue Funds	All Funds	FTE
Agency Revised Estimate, FY 2023	\$ -	\$ 1,718,067	\$ 1,718,067	14.0
Agency Request:				
1. Enhancement—Salary Increase for Administrative Law Judges	\$ -	\$ 32,915	\$ 32,915	--
2. All Other Adjustments	-	(18,122)	(18,122)	--
<i>Subtotal—Agency Estimate</i>	\$ -	\$ 1,732,860	\$ 1,732,860	14.0
Governor’s Recommendation:				
3. Enhancement—Salary Increase for Administrative Law Judges – Not Recommended	-	(32,915)	(32,915)	--
TOTAL	\$ -	\$ 1,699,945	\$ 1,699,945	14.0

AGENCY REQUEST

The **agency** requests operating expenditures of \$1.7 million, all from the Administrative Office Hearings Fund, for FY 2024. This is an increase of \$14,793, or 0.9 percent, above the FY 2023 revised agency estimate. The request includes 14.0 FTE positions, which is the same as the FY 2023 revised estimate number.

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

1. **ENHANCEMENT—SALARY INCREASE FOR ADMINISTRATIVE LAW JUDGES.** The agency requests an additional \$32,915, all from the Administrative Hearings Office Fund, for a 5.0 percent compensation increase for Administrative Law Judges. The agency notes that Administrative Law Judges (ALJs) earn a starting salary of \$85,000. According to the agency, this is significantly less than comparable state employees, including state agency chief and general counsels. Therefore, the agency argues that compensation increases are necessary to recruit and retain qualified ALJs and other staff. The agency has indicated that the compensation gap hinders the ability to recruit and retain qualified employees. The agency's proposed compensation increases will enable recruitment and retention of highly qualified ALJs, and continue to conduct efficient, fair, and impartial hearings.
2. **ALL OTHER ADJUSTMENTS.** This decrease includes expenditures for job-related training and conference registration (\$3,678), postage (\$2,100), and intergovernmental communication services charges (\$5,551).

GOVERNOR’S RECOMMENDATION

The **Governor** recommends expenditures of \$1.7 million, all from the Administrative Office Hearings Fund, and 14.0 FTE positions for FY 2024. This is a decrease of \$32,915, or 1.1 percent, below the agency's FY 2024 revised estimate.

The **Governor’s** recommendation includes the following adjustment:

3. **ENHANCEMENT—SALARY INCREASE FOR ADMINISTRATIVE LAW JUDGES – NOT RECOMMENDED.** The Governor's recommendation deletes \$32,915, all from the Administrative Hearings Office Fund, to not implement a 5.0 percent pay increase for the agency's six Administrative Law Judges (Item 1).

PROGRAM AND PERFORMANCE MEASURES OVERVIEW

FIGURE 10
EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2022 – FY 2024

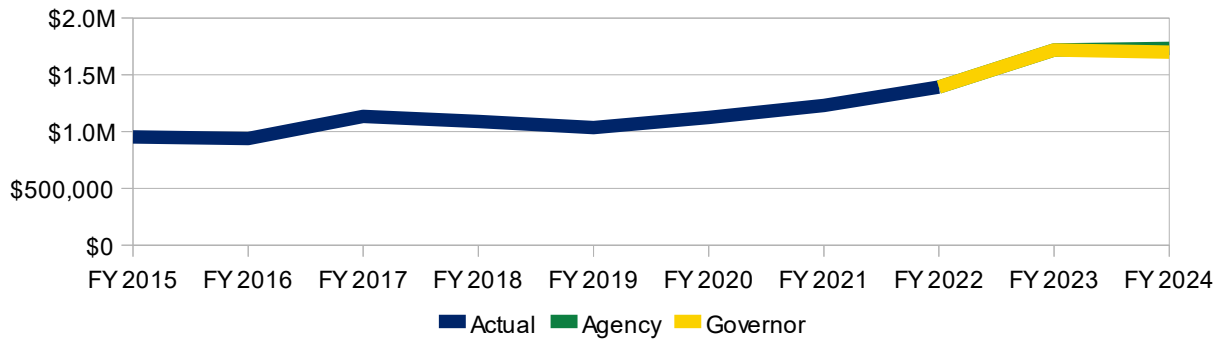
Programs	Actual FY 2022	Agency FY 2023	Governor FY 2023	Agency FY 2024	Governor FY 2024
Expenditures:					
Administration	\$ 1,391,690	\$ 1,718,067	\$ 1,718,067	\$ 1,732,860	\$ 1,699,945
FTE Positions:					
Administration	12.0	14.0	14.0	14.0	14.0

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

FIGURE 11
ADMINISTRATION EXPENDITURES, FY 2015 – FY 2024



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

- PROGRAM GOALS:**
- Deliver administrative due process for cases within time frames specified by applicable law.
 - Deliver administrative due process for parties efficiently and economically.

FIGURE 12
ADMINISTRATION, PERFORMANCE MEASURES

	Actual FY 2021	Actual FY 2022	Actual 3-Year Avg.	Target FY 2023	Target FY 2024
Outcome Measure:					
1. Rank OAH cost per case vs other states*	7th lowest cost	not available	not available	not available	not available
2. Average days per decision	87	84	85	90 or less	90 or less
3. Average cases per judge	656	504	688	607	627
Volume, completion, and status of fiscal year cases:					
4. Number of appeals filed	1,855	1,826	2,134	2,938	3,251
5. Number of appeals closed*	2,614	2,121	2,798	2,751	3,100
6. Pending FY carryover appeals*	522	692	662	701	510
7. OAH Cost per case	\$ 527	\$ 508	\$ 451	\$ 472	\$ 472
Financing					
	Actual FY 2021	Actual FY 2022		Governor FY 2023	Governor FY 2024
SGF	\$ -	\$ -		\$ -	\$ -
Federal Funds	44,203	19,575		-	-
All Other Funds	1,187,769	1,372,115		1,718,067	1,699,945
TOTAL	\$ 1,231,972	\$ 1,391,690		\$ 1,718,067	\$ 1,699,945
Percentage Change:					
SGF	-- %	-- %		-- %	-- %
All Funds	9.5 %	13.0 %		23.5 %	(1.1) %
FTE Positions	13.0	12.0		14.0	14.0

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