

Department of Administration

Expenditure	Actual FY 2020	Approved FY 2021	Approved FY 2022
All Funds:			
State Operations	\$ 141,377,804	\$ 146,440,156	\$ 158,652,357
Aid to Local Units	332,681	250,000	250,000
Other Assistance	153,295	160,000	160,000
<i>Subtotal - Operating</i>	<u>\$ 141,863,780</u>	<u>\$ 146,850,156</u>	<u>\$ 159,062,357</u>
Capital Improvements*	48,846,396	51,356,924	62,187,051
TOTAL	<u>\$ 190,710,176</u>	<u>\$ 198,207,080</u>	<u>\$ 221,249,408</u>
State General Fund:			
State Operations	\$ 96,961,628	\$ 101,502,868	\$ 113,856,103
Aid to Local Units	-	-	-
Other Assistance	-	-	-
<i>Subtotal - Operating</i>	<u>\$ 96,961,628</u>	<u>\$ 101,502,868</u>	<u>\$ 113,856,103</u>
Capital Improvements*	37,401,421	40,855,637	45,954,076
TOTAL	<u>\$ 134,363,049</u>	<u>\$ 142,358,505</u>	<u>\$ 159,810,179</u>
Percent Change:			
Operating Expenditures			
All Funds	(1.8)%	3.5 %	8.3 %
State General Fund	(2.0)	4.7	12.2
FTE Positions	417.0	464.0	463.0

* Expenditures for debt service principal payments on KPERS Pension Obligation Bonds are included as State Operations expenditures, while all other debt service principal amounts are included as Capital Improvements expenditures.

The approved budget for the Department of Administration in FY 2021 includes \$198.2 million in on-budget expenditures, including \$142.4 million SGF. This is an all funds increase of \$7.5 million, or 3.9 percent, and an SGF increase of \$8.0 million, or 6.0 percent, above FY 2020 actual expenditures. The approved budget includes an operating budget of \$146.9 million, including \$101.5 million SGF. This is an all funds increase of \$5.0 million, or 3.5 percent, and an SGF increase of \$4.5 million, or 4.7 percent, above FY 2020 actual operating expenditures. The increase is primarily due to costs related to a settlement involving the Insurance Department regarding transfers from the Securities Act Fee Fund to the SGF subject to the resolution and agreement reached between parties (\$6.0 million). KSA 17-12a601(a)(4) provides that, at the end of each fiscal year, any remaining balance in the Securities Act Fee Fund exceeding \$50,000 is transferred to the SGF. Plaintiffs in the filed lawsuit assert that state and federal constitutional provisions prohibit use of regulatory fee funds for expenses other than to regulate the relevant industry or activity. Accordingly, the approved budget for the Department of Administration includes a reimbursement of transfers that have occurred. The approved budget also includes 92.2 on-budget FTE positions in FY 2021, which is an increase of 0.9 FTE positions above the FY 2020 actual number.

The FY 2021 approved budget also includes a capital improvements budget of \$51.4 million, including \$40.9 million SGF. This is an all funds increase of \$2.5 million, or 5.1 percent, and an SGF increase of \$3.5 million, or 9.2 percent, above FY 2020 actual capital improvements expenditures. The increase is primarily due to debt service principal payments relating to the issuance of Series 2019F/G bonds, which refunded bonds for projects such as the Eisenhower State Office Building and bond restructuring (\$4.6 million). The increase is also attributable to higher principal payments for Series 2016H bonds (\$755,000) and Series 2015A bonds (\$450,000), partially offset by lower principal payments for Statehouse renovation bonds (\$3.1 million) and bond restructuring (\$1.1 million).

In FY 2021, the approved budget also includes \$87.3 million in off-budget expenditures, all from special revenue funds, which is an increase of \$34.5 million, or 65.4 percent, above FY 2020 actual expenditures. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The approved budget also includes 371.9 off-budget FTE positions in FY 2021, which is an increase of 46.1 FTE positions above the FY 2020 actual number.

The approved budget for the Department of Administration for FY 2022 includes \$221.2 million in on-budget expenditures, including \$159.8 million SGF. This is an all funds increase of \$23.0 million, or 11.6 percent, and an SGF increase of \$17.5 million, or 12.3 percent, above the FY 2021 approved budget. The approved budget includes an operating budget of \$159.1 million, including \$113.9 million SGF. This is an all funds increase of \$12.2 million, or 8.3 percent, and an SGF increase of \$12.4 million, or 12.2 percent, above FY 2021 approved operating expenditures. The increase is primarily

due to debt service interest payments related to the issuance of Series 2021K bonds (\$22.3 million), the proceeds of which would be applied to the unfunded actuarial liability (UAL) of the Kansas Public Employees Retirement System (KPERS). Pursuant to 2021 HB 2405, the Kansas Development Finance Authority is authorized to issue up to \$500.0 million in bonds, plus all amounts required to pay the costs of issuance, and the interest rate of those bonds may not exceed 4.3 percent. The increase is also attributable to debt service interest payments related to the issuance of Series 2020R/S bonds, which refunds bonds for projects such as Statehouse renovations and public broadcasting digital conversion (\$3.4 million). The increase is partially offset by one-time expenditures for the Securities Act Fee Fund lawsuit settlement that are incurred in FY 2021 and do not reoccur for FY 2022 (\$6.0 million). Additionally, the increase is also partially offset by lower interest payments on bonds related to Statehouse renovations (\$2.8 million), the National Bio and Agro-defense Facility (\$1.5 million), Series 2015A bonds (\$813,500), and debt service restructuring (\$594,618). The approved budget also includes 92.2 on-budget FTE positions for FY 2022, which is the same as the FY 2021 approved number.

The FY 2022 approved budget also includes a capital improvements budget of \$62.2 million, including \$46.0 million SGF. This is an all funds increase of \$10.8 million, or 21.1 percent, and an SGF increase of \$5.1 million, or 12.5 percent, above FY 2021 approved capital improvements expenditures. The increase is primarily due to debt service principal payments related to the issuance of Series 2020R/S (\$12.5 million) and Series 2021K bonds (\$6.5 million), partially offset by lower principal payments on bonds related to Statehouse renovations (\$6.2 million) and the National Bio and Agro-defense Facility (\$1.2 million). The approved budget also includes language authorizing the Department of Administration to issue up to \$120.0 million in bonds for the renovation of the Docking State Office Building, subject to review by the Joint Committee on State Building Construction and approval from the State Finance Council.

For FY 2022, the approved budget also includes \$85.9 million in off-budget expenditures, all from special revenue funds, which is a decrease of \$1.4 million, or 1.6 percent, below FY 2021 approved expenditures. Off-budget expenditures are categorized as such to avoid double counting payments from one state agency to another. The approved budget also includes 370.9 off-budget FTE positions in FY 2021, which is a decrease of 1.0 FTE position below the FY 2021 approved number.

Department of Administration

	FY 2021			FY 2022		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Agency Estimate	\$ 137,959,501	\$ 192,810,537	464.1	\$ 153,631,648	\$ 209,438,500	463.1
Governor's Changes:						
1. SGF Reappropriations Lapse	\$ (996)	\$ (996)	-	\$ -	\$ -	-
2. COVID-19 Relief Funding	-	997,539	-	-	-	-
3. GBA No. 3, Item 4 – Securities Act Fee Fund Lawsuit	6,000,000	6,000,000	-	-	-	-
4. Docking State Office Building	(1,600,000)	(1,600,000)	-	(18,400,000)	(18,400,000)	-
5. Reduced Resources Package	-	-	-	(389,424)	(389,424)	-
6. Debt Service Adjustments	-	-	-	(3,782,045)	1,850,332	-
Subtotal - Governor's Recommendation	\$ 142,358,505	\$ 198,207,080	464.1	\$ 131,060,179	\$ 192,499,408	463.1
Change from Agency Est.	\$ 4,399,004	\$ 5,396,543	-	\$ (22,571,469)	\$ (16,939,092)	-
Percent Change from Agency Est.	3.2 %	2.8 %	-- %	(14.7)%	(8.1)%	-- %
Legislative Action:						
7. GBA No. 3, Item 4 – Securities Act Fee Fund Lawsuit	\$ -	\$ -	-	\$ -	\$ -	-
8. KPERS Pension Obligation Bonds	-	-	-	28,750,000	28,750,000	-
9. Docking State Office Building	-	-	-	-	-	-
TOTAL APPROVED	\$ 142,358,505	\$ 198,207,080	464.1	\$ 159,810,179	\$ 221,249,408	463.1
Change from Gov. Rec.	\$ -	\$ -	-	\$ 28,750,000	\$ 28,750,000	-
Percent Change from Gov. Rec.	-- %	-- %	-- %	21.9 %	14.9 %	-- %
Change from Agency Est.	\$ 4,399,004	\$ 5,396,543	-	\$ 6,178,531	\$ 11,810,908	-
Percent Change from Agency Est.	3.2 %	2.8 %	-- %	4.0 %	5.6 %	-- %

1. The Governor deleted \$996, all SGF, in FY 2021 to lapse unspent funding from the previous fiscal year.
2. The Governor added \$997,539, all from the federal Coronavirus Relief Fund, for supplemental funding to address the COVID-19 pandemic in FY 2021. These distributions were made after the agency's budget submission.
3. The Governor added \$6.0 million, all SGF, in FY 2021 for costs related to a Securities Act Fee Fund lawsuit in Governor's Budget Amendment (GBA) No. 3, Item 4.
4. The Governor deleted \$1.6 million in FY 2021 and \$18.4 million for FY 2022, all SGF, for the renovation of the Docking State Office Building.
5. The Governor deleted \$389,424, all SGF, for adjustments to agency operations submitted as the reduced resources budget for FY 2022. These adjustments include reductions to hold positions open (\$123,487); eliminate positions in the Division of the Budget (\$134,430); lower contractual service expenditures within the Office of the Secretary of Administration, Office of the Chief Council, and Office of Accounts and Reports (\$130,000); and lower rehabilitation and repair expenditures (\$507).
6. The Governor added \$1.9 million, including an addition of \$5.6 million from the State Highway Fund and a reduction of \$3.8 million SGF, for adjustments to debt service expenditures for FY 2022 based on updated interest rates. These adjustments include reductions of \$10.1 million for existing principal payments and \$4.0 million for interest payments. These adjustments also include an additional \$15.9 million, all from the State Highway Fund, for expenditures related to the issuance of Series 2020R/S bonds, which refunds existing bonds related to public broadcasting, renovations to the Kansas Statehouse, and the National Bio and Agro-Defense Facility.
7. The Legislature concurred with GBA No. 3, Item 4 to add \$6.0 million, all SGF, in FY 2021 for costs related to a Securities Act Fee Fund lawsuit; see Item 3. The Legislature also added language subjecting this appropriation to the resolution and settlement agreement reached between parties.
8. The Legislature added \$28.8 million, all SGF, for debt service payments on pension obligation bonds issued pursuant to 2021 HB 2405, including \$7.1 million for principal payments and \$21.6 million for interest, for FY 2022.
9. The Legislature added language authorizing the Department of Administration to issue up to \$120.0 million in bonds for the Docking State Office Building for FY 2022, subject to approval from the State Finance Council.