

KANSAS ARTS COMMISSION

Expenditure	Actual FY 2011	Agency Est. FY 2012	Gov. Rec. FY 2012	Agency Req. FY 2013	Gov. Rec. FY 2013
Operating Expenditures:					
State General Fund	\$ 778,135	\$ 0	\$ 0	\$ 0	0
Other Funds	790,997	918,392	229,595	943,090	0
TOTAL	\$ 1,569,132	\$ 918,392	\$ 229,595	\$ 943,090	\$ 0
Capital Improvements:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Funds	0	0	0	0	0
TOTAL	\$ 0	\$ 0	\$ 0	\$ 0	0
GRAND TOTAL	\$ 1,569,132	\$ 918,392	\$ 229,595	\$ 943,090	\$ 0

Percentage Change:

Operating Expenditures					
State General Fund	(31.6) %	(100.0) %	(100.0) %	-- %	-- %
All Funds	(28.1)	(41.5)	(85.4)	2.7	(100.0)
FTE Positions	8.0	0.0	0.0	0.0	0.0
Non-FTE Perm.Uncl.Pos.	0.0	1.0	1.0	0.0	0.0
TOTAL	8.0	1.0	1.0	0.0	0.0

AGENCY OVERVIEW

The Kansas Arts Commission was created by the Legislature in 1965 to support and sustain the development of the arts and cultural resources in Kansas. The agency is governed by a commission of twelve members appointed by the Governor and led by an Executive Director who carries out the day-to-day functions of the agency, however, there is currently not an Executive Director or other staff since all FTE positions were eliminated.

The Kansas Arts Commission serves as the vehicle for state funding for the arts and the mechanism through which federal funds for Kansas artists and arts programs are channeled.

MAJOR ISSUES FROM PRIOR YEARS

The **2006 Legislature** added \$14,000 from the Economic Development Initiatives Fund (EDIF) for FY 2007 to research and publish an economic impact study of the arts industry in Kansas. The results demonstrated that the nonprofit and government arts and cultural industry has a value of \$153.5 million, supports 4,612 full-time equivalent jobs and generates more than \$15.0 million in state (\$9.0 million) and local government (\$6.0 million) revenues. The study has been broadly released and is being utilized by many communities statewide.

The **2007 Legislature** added \$100,000 from the State General Fund for additional arts grants in FY 2008. Additionally, the 2007 Legislature added language for the creation of a plan for the establishment of the Celebrate Kansas Art Program in FY 2008. This plan would detail how the agency would create an arts competition for Kansas high school students.

The **2009 Legislature** enacted 2009 HB 2134 to allow the Kansas Arts Commission to design and issue distinctive "Support Kansas Arts" license plates upon payment of a royalty fee between \$25 and \$100. Proceeds will help support arts education and grant programs. In addition, the agency received \$301,700 from the National Endowment for the Arts in FY 2010, as part of the federal American Recovery and Reinvestment Act (ARRA) of 2009.

The **2010 Legislature** deleted \$93,100, all from the State General Fund, to achieve a State General Fund reduction of approximately 2.5 percent from the FY 2010 Governor's recommendation for FY 2011. The 2010 Legislature also deleted \$300,000, all from the State General Fund, for FY 2011 to reduce grant program funding to individuals and organizations. This reduced total State General Fund expenditures for grant program funding for FY 2011 to \$554,263. The FY 2010 funding for the grant program was \$892,082. In addition, a 1.0 non-FTE position associated with funding from the federal American Recovery and Reinvestment Act (ARRA) was reduced because the ARRA funding does not continue in FY 2011.

The **2011 Legislature** enacted Senate Resolution 1819 disapproving the Governor's Executive Reorganization Order No. 39, which was to abolish the Kansas Arts Commission and the office of executive director of the Commission. The Executive Reorganization Order also would have transferred the powers, duties, and functions of the Commission to the State Historical Society. The resolution passed, disapproving Executive Reorganization Order No. 39 in accordance with Section 6 of Article 1 of the Kansas Constitution, and the Kansas Arts Commission remained a state agency. The Legislature added \$687,999, all from the State General Fund, to the Kansas Arts Commission budget and 6.0 FTE positions. The Governor line-item vetoed the State General Fund appropriation for the agency and 6.0 FTE positions. However the no limit special revenue funds remained in the appropriations bill and the agency was not abolished. The agency has no staff but is run by the Board of Directors.

BUDGET SUMMARY AND KEY POINTS

FY 2012 – Current Year. The **agency** requests a revised FY 2012 budget of \$918,392, all from special revenue funds. This is an increase of \$127,793, or 16.2 percent, above the amount approved by the 2011 Legislature. The increase is mainly attributable to the addition of \$95,089 for a non-FTE temporary staff position. There are also increases in contractual services (\$78,464) and commodities (\$5,000), which are partially offset with decreases to aid to locals (\$3,582) and other assistance (\$47,178).

Staff Note: When preparing the revised FY 2012 budget, the agency assumed obtaining federal funds from the National Endowment for the Arts (NEA). In the FY 2012 revised estimate, the agency submitted a budget including \$299,851 as funding from the NEA. In October of 2011, after the budget submission, the Kansas Arts Commission received notice from the NEA that they were no longer eligible for federal funding.

The **Governor** recommends operating expenditures of \$229,595, all from other funds, a decrease of \$561,004, or 71.0 percent, below the FY 2012 approved amount. The recommendation is a decrease of \$688,797, or 75.0 percent below the agency's revised estimate. The Governor's recommendation includes expenditure authority for the agency for only the three months before the end of the fiscal year, the recommendation includes funding for April, May and June. The funding recommendation is for \$74,963 from federal funds and \$158,583 from gifts and grants.

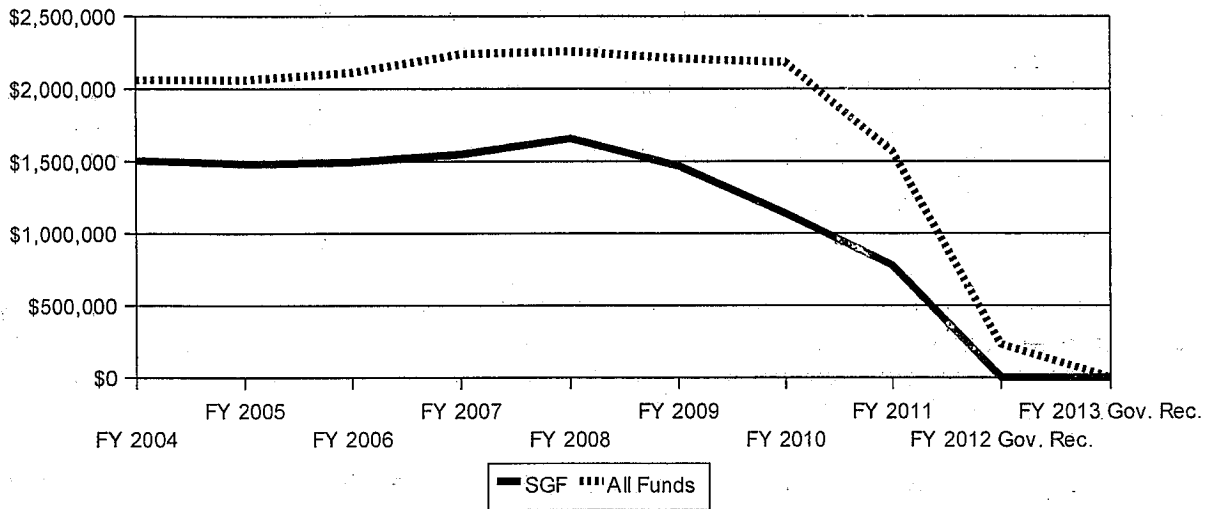
FY 2013 – Budget Year. The **agency** requests FY 2013 expenditures of \$943,090, all from special revenue funds. This is an increase of \$24,698, or 2.7 percent, above the FY 2012 revised estimate. The increase is mainly attributable to an increase in other assistance (grants). There are also increases in computer expenses, travel expenses for the Board of Directors and office supplies due to an overall increase to the cost indices.

Staff Note: When preparing the FY 2013 budget, the agency assumed obtaining federal funds from the National Endowment for the Arts (NEA). In the FY 2013 budget submission, the agency submitted a budget including \$308,847 as funding from the NEA. In October of 2011, after the budget submission, the Kansas Arts Commission received notice from the NEA that they were no longer eligible for federal funding.

The **Governor** recommends that the Kansas Arts Commission be combined with the Kansas Film Commission to form the Kansas Creative Industries Commission and recommends \$200,000 from the Economic Development Initiatives Fund for the costs of transition. The \$200,000 will be included in the budget for the Department of Commerce.

BUDGET TRENDS

OPERATING EXPENDITURES FY 2004 – FY 2013



OPERATING EXPENDITURES FY 2004 – FY 2013

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2004	\$ 1,504,038	(1.2)%	\$ 2,061,236	7.9 %	8.0
2005	1,481,857	(1.5)	2,059,135	(0.1)	8.0
2006	1,496,802	1.0	2,111,483	2.5	8.0
2007	1,548,312	3.4	2,238,484	6.0	8.0
2008	1,658,614	7.1	2,256,324	0.8	8.0
2009	1,468,764	(11.4)	2,207,983	(2.1)	8.0
2010	1,137,624	(22.5)	2,181,094	(1.2)	8.0
2011	778,135	(31.6)	1,569,132	(28.1)	8.0
2012 Gov. Rec.	0	(100.0)	229,595	(85.4)	0.0
2013 Gov. Rec.	0	--	0	(100.0)	0.0
Ten-Year Change					
Dollars/Percent	\$ (1,504,038)	(100.0)%	\$ (2,061,236)	(100.0)%	(8.0)

Summary of Operating Budget FY 2011 - FY 2013

	Actual 2011	Agency Request			Governor's Recommendation				
		Estimate FY 2012	Request FY 2013	Dollar Change from FY 12	Percent Change from FY 12	Rec. FY 2012	Rec. FY 2013	Dollar Change from FY 12	Percent Change from FY 12
By Program:									
Promotion of the Arts	\$ 1,569,132	\$ 918,392	\$ 943,090	\$ 24,698	2.7%	\$ 229,595	\$ 0	\$ (229,595)	(100.0)%
By Major Object of Expenditure:									
Salaries and Wages	\$ 430,074	\$ 95,089	\$ 95,089	\$ 0	0.0%	\$ 23,773	\$ 0	\$ (23,773)	(100.0)%
Contractual Services	152,877	78,464	80,817	2,353	3.0	19,613	0	(19,613)	(100.0)
Commodities	10,460	5,000	5,150	150	3.0	1,247	0	(1,247)	(100.0)
Capital Outlay	1,252	0	0	0	--	0	0	0	--
Subtotal - Operations	\$ 594,663	\$ 178,553	\$ 181,056	\$ 2,503	1.4%	\$ 44,633	\$ 0	\$ (44,633)	(100.0)%
Aid to Local Units	35,948	35,948	37,027	1,079	3.0	8,984	0	(8,984)	(100.0)
Other Assistance	938,521	703,891	725,007	21,116	3.0	175,978	0	(175,978)	(100.0)
TOTAL	\$ 1,569,132	\$ 918,392	\$ 943,090	\$ 24,698	2.7%	\$ 229,595	\$ 0	\$ (229,595)	(100.0)%
Financing:									
State General Fund	\$ 778,135	\$ 0	\$ 0	\$ 0	--%	\$ 0	\$ 0	\$ 0	--%
Arts Commission GFT/GRNT.BQUST Federal Fund	773,428	284,600	293,138	8,538	3.0	71,150	0	(71,150)	(100.0)
KS Arts Commission Spec Gifts Fund	17,158	633,792	649,952	16,160	2.5	158,445	0	(158,445)	(100.0)
All Other Funds	411	0	0	0	--	0	0	0	--
TOTAL	\$ 1,569,132	\$ 918,392	\$ 943,090	\$ 24,698	2.7%	\$ 229,595	\$ 0	\$ (229,595)	(100.0)%

BUDGET OVERVIEW

A. FY 2012 – Current Year

Adjustments to Approved State General Fund Budget

The 2011 Legislature approved a budget of \$790,599, all from special revenue funds, for the Kansas Arts Commission in FY 2012. No adjustments have been made to this amount.

	CHANGE FROM APPROVED BUDGET				
	Approved 2011 Legislature	Agency Estimate FY 2012	Agency Change from Approved	Governor Rec. FY 2012	Governor Change from Approved
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
All Other Funds	790,599	918,392	127,793	229,595	(561,004)
TOTAL	\$ 790,599	\$ 918,392	\$ 127,793	\$ 229,595	\$ (561,004)
FTE Positions	0.0	0.0	0.0	0.0	0.0

The **agency** requests a revised FY 2012 budget of \$918,392, all special revenue funds. This is an increase of \$127,793, or 16.2 percent, above the amount approved by the 2011 Legislature. The increase is mainly attributable to the addition of \$95,089 for a non-FTE temporary staff position. There are also increases in contractual services (\$78,464) and commodities (\$5,000), which are partially offset with decreases to aid to locals (\$3,582) and other assistance (\$47,178).

Staff Note: When preparing the revised FY 2012 budget, the agency assumed obtaining federal funds from the National Endowment for the Arts (NEA). In the FY 2012 revised submission, the agency's budget includes \$299,851 as funding from the NEA. In October of 2011, after the budget submission, the Kansas Arts Commission received notice from the NEA that they were no longer eligible to receive federal funding.

The **Governor** recommends operating expenditures of \$229,595, all from other funds, a decrease of \$561,004, or 71.0 percent, below the FY 2012 approved amount. The recommendation is a decrease of \$688,797, or 75.0 percent below the agency's revised estimate. The Governor's recommendation includes expenditure authority for the agency for only the three months before the end of the fiscal year, the recommendation includes funding for April, May and June. The funding recommendation is for \$74,963 from federal funds and \$158,583 from gifts and grants.

B. FY 2013– Budget Year

FY 2013 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 943,090	\$ 0	\$ (943,090)
FTE Positions	0.0	0.0	0.0
Change from FY 2012:			
<i>Dollar Change:</i>			
State General Fund	\$ 0	\$ 0	
All Other Funds	24,698	(229,595)	
TOTAL	<u>\$ 24,698</u>	<u>\$ (229,595)</u>	
<i>Percent Change:</i>			
State General Fund	0.0 %	0.0 %	
All Other Funds	2.7	(100.0)	
TOTAL	<u>2.7 %</u>	<u>(100.0) %</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests FY 2013 expenditures of \$943,090, all special revenue funds. This is an increase of \$24,698, or 2.7 percent, above the FY 2012 revised estimate. The increase is mainly attributable to an increase in other assistance (grants). There are also increases in computer expenses, travel expenses for the Board of Directors and office supplies.

Staff Note: When preparing the FY 2013 budget, the agency assumed obtaining federal funds from the National Endowment for the Arts (NEA). In the FY 2013 budget submission, the agency submitted a budget including \$308,847 as funding from the NEA. In October of 2011, after the budget submission, the Kansas Arts Commission received notice from the NEA that they were no longer eligible for federal funding.

- **Salaries and Wages.** The agency request includes \$95,089 for a non-FTE temporary position.
- **Contractual Services.** The agency request includes \$80,817 in contractual services. This is an increase of \$2,353, or 3.0 percent, above the FY 2012 revised estimate. The increase is mainly attributable to an inflationary increase to these services.

- **Commodities.** The agency request includes \$5,150 in commodities. This is an increase of \$150, or 3.0 percent, above the FY 2012 revised estimate. The increase is mainly attributable to an inflationary increase to these expenses.
- **Aid to Locals.** The agency request includes \$37,027 in aid to locals. This is an increase of \$1,079, or 3.0 percent, above the FY 2012 revised estimate. The increase is mainly attributable to the agency assumed an increase in NEA grants and private donations.
- **Other Assistance.** The agency request includes \$725,007 in other assistance. This is an increase of \$21,116, or 3.0 percent, above the FY 2012 revised estimate. Funding for this expense is \$274,163 from NEA grants and \$450,844 from private donations.

The **Governor** recommends that the Kansas Arts Commission be combined with the Kansas Film Commission to form the Kansas Creative Industries Commission and recommends \$200,000 from the Economic Development Initiatives Fund for the costs of transition. The \$200,000 will be included in the budget for the Department of Commerce.

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. The Governor's FY 2013 recommendation does not include a base salary adjustment for state employees.

Classified Employee Pay Plan. During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor, Chief Justice of the Supreme Court and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The time frame to fully implement the recommended plan was five years. Under the plan, the classified employees were divided into three groups to first address those with the greatest salary disparity to the market rate. The 2008 Legislature appropriated \$8.5 million from the State General Fund for FY 2009, the first year of the program. The 2008 Legislature also appropriated \$8.5 million from the State General Fund for each year from FY 2010 through FY 2013 to the State Finance Council. The 2011 Legislature, however, lapsed the \$8.5 million which had been previously appropriated for both FY 2012 and FY 2013. To date, not action has been taken to implement the new pay plans or the evaluation provisions of the pay plans.

Longevity Bonus Payments. For FY 2013, the Governor recommends the continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$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 2013 payments is \$12.0 million, including \$4.9 million from the State General Fund. **For this agency, there is no funding, since there are no staff for this agency.**

Kansas Public Employees Retirement System (KPERs) Rate Adjustments. A total of \$26.1 million, including \$22.2 million from the State General Fund, is included in the Governor's FY 2013 recommendations for KPERs adjustments. The FY 2013 rate for KPERs regular and school members will increase by 0.6 percent, from 8.77 percent to 9.37 percent, when compared to FY 2012. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERs fund.

Voluntary Retirement Incentive Program. On August 2, 2011, a Voluntary Retirement Incentive Program was announced that provided incentives to eligible State of Kansas employees in the Executive Branch who elected to retire between August 2, 2011 and October 31, 2011. The intent was to provide incentives for employees to retire in order to generate salary and benefit savings in agency budgets. A total of 1,027 employees participated in the program. Employees were given two incentive options under the program. One was a one-time \$6,500 cash payment at the time of retirement that was not factored into final average salary for KPERs benefit calculations. This option was chosen by 214 employees. The second option, accepted by the other 813 employees, was a health insurance subsidy for up to 60 months of employee only coverage or up to 42 months for employee and dependent coverage. All coverage ceases once the former employee reaches 65 years of age. Agencies were advised they could refill only a portion of the positions vacated by the program. The refilled positions, however, were not to exceed 25.0 percent of the salaries of the vacant positions. Some exceptions were made to this limitation in order to ensure agencies continued to provide acceptable levels of service. After 651 selected positions (63.4 percent) were restored, 376.0 FTE positions (36.6 percent), and estimated savings of \$22.0 million, including \$6.6 million from the State General Fund, were deleted from agency budgets. **For this agency, no positions were deleted.**

Gifts/Grants/Bequest Federal Fund Analysis

The majority of the Kansas Arts Commission federal support was through the National Endowment for the Arts (NEA). However, it was determined by the NEA this year that due to the lack of tax revenue being used to support the state agency and no staff to oversee the grants, the Kansas Arts Commission is ineligible for NEA funding. This table reflects the numbers the agency submitted prior to the NEA's announcement of ineligibility along with the Governor's recommendation for the fund.

Resource Estimate	Actual FY 2011	Agency Estimate FY 2012	Governor Rec. FY 2012	Agency Request FY 2013	Gov. Rec. FY 2013
Beginning Balance	\$ 180,123	\$ 171,119	\$ 171,119	\$ 0	\$ 0
Revenue	779,675	299,851	74,963	308,847	0
Transfers in	0	0	0	0	0
Total Funds Available	\$ 959,798	\$ 470,970	\$ 246,082	\$ 308,847	\$ 0
Less: Expenditures	773,428	284,600	71,150	293,138	0
Transfers Out	0	171,119	171,119	0	0
Off Budget Expenditures	15,251	15,251	3,813	15,709	0
Ending Balance	<u>\$ 171,119</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Ending Balance as Percent of Expenditures	22.1%	0.0%	0.0%	0.0%	--
Month Highest Ending Balance	October <u>\$ 779,675</u>	October <u>\$ 299,851</u>	October <u>\$ 74,963</u>	October <u>\$ 308,847</u>	<u>\$ 0</u>
Month Lowest Ending Balance	June \$ 0	June \$ 0	June \$ 0	June \$ 0	\$ 0

Special Gifts Fund Analysis

This fund is for the collection of donations, gifts, or the sale of property or artifacts donated to the Kansas Arts Commission for any purpose relating to the promotion or expansion of the arts in Kansas. K.S.A. 74-5204

Resource Estimate	Actual FY 2011	Agency Estimate FY 2012	Governor Rec. FY 2012	Agency Request FY 2013	Gov. Rec. FY 2013
Beginning Balance	\$ 22,983	\$ 3,487	\$ 3,487	\$ 0	\$ 0
Revenue	0	634,342	158,583	650,519	0
Transfers in	0	0	0	0	0
Total Funds Available	\$ 22,983	\$ 637,829	\$ 162,070	\$ 650,519	\$ 0
Less: Expenditures	17,158	633,792	158,445	649,952	0
Transfers Out	1,788	3,487	3,487	0	0
Off Budget Expenditures	550	550	138	567	0
Ending Balance	\$ 3,487	\$ 0	\$ 0	\$ 0	\$ 0
Ending Balance as Percent of Expenditures	20.3%	0.0%	0.0%	0.0%	--
Month Highest Ending Balance	July \$ 22,983	July \$ 634,342	July \$ 158,583	July \$ 650,519	\$ 0
Month Lowest Ending Balance	June \$ 0	June \$ 0	June \$ 0	June \$ 0	\$ 0

PERFORMANCE MEASURES				
Measure	Gov. Rec. for FY 2011	Actual FY 2011	Gov. Rec. FY 2012	Gov. Rec. FY 2013
Number of counties participating in KAC sponsored programs	N/A	N/A	N/A	N/A
Number of arts organizations throughout the state which apply to the KAC for funding	N/A	N/A	N/A	N/A

