

# KANSAS INSURANCE DEPARTMENT

## 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
<b>Operating Expenditures:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	676,152	-	-	-	-
All Other Funds	36,088,086	38,815,921	38,815,921	39,505,097	39,505,097
<i>Subtotal</i>	<u>\$ 36,764,238</u>	<u>\$ 38,815,921</u>	<u>\$ 38,815,921</u>	<u>\$ 39,505,097</u>	<u>\$ 39,505,097</u>
<b>Capital Improvements:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	-	-	-	-	-
<i>Subtotal</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>TOTAL</b>	<b><u>\$ 36,764,238</u></b>	<b><u>\$ 38,815,921</u></b>	<b><u>\$ 38,815,921</u></b>	<b><u>\$ 39,505,097</u></b>	<b><u>\$ 39,505,097</u></b>
<b>Percentage Change:</b>					
State General Fund	-- %	-- %	-- %	-- %	-- %
All Funds	3.1 %	5.6 %	5.6 %	1.8 %	1.8 %
FTE Positions	135.0	135.3	135.3	135.3	135.3

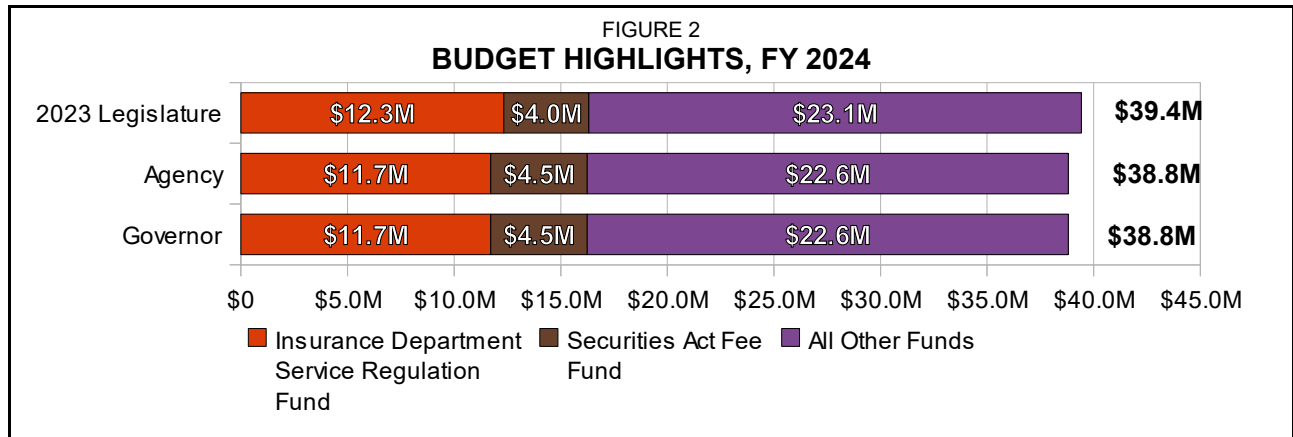
The mission of the Kansas Insurance Department is to protect the insurance consumers and securities consumers of Kansas and to serve the public interest through the supervision, control, and regulation of persons and organizations transacting the business of insurance and securities within the state. This mission is accomplished by working to obtain an affordable, accessible, and competitive insurance market. The agency notes that it tries to achieve a fair and reasonable balance between providing investor protection and avoiding restrictive or duplicative regulation. Because insurance is not regulated at the federal level, the Kansas Insurance Department has exclusive jurisdiction over the \$24.6 billion business of insurance in Kansas.

The Kansas Insurance Department was established in 1871. The Commissioner of Insurance (Commissioner) is an elected official who is granted the sole supervision, control, and regulation of the various individuals and entities authorized to transact the business of insurance in Kansas, including supervision over many of their business transactions. In FY 2017, the Office of the Securities Commissioner became a division of the Insurance Department. The Securities Commissioner regulates and monitors the offering of securities and financial services within Kansas by registering securities, broker-dealers and their agents, investment advisers, loan brokers, and certain land subdivisions. As defined by statute, a “security” includes virtually any type of passive investment, rather than only stocks and bonds.

The Kansas Insurance Department established two programs to achieve their mission to protect consumers in Kansas: the Insurance Regulation Program and the Securities Regulation Program. Included within the Insurance Regulation Program are four subprograms: Insurance Administration and Regulation, Insurance Examination, Firefighter Relief, and Workers’ Compensation. The Securities Regulation Program consists of two subprograms: Securities Act Regulation and Securities Investor Education. Through these programs, the agency provides high-quality services in an efficient and professional manner while adhering to the ethical principles of the legal, accounting, and law enforcement professions. The agency is committed to providing for a strong and competitive market; to promoting integrity, fairness, and full disclosure in financial services; and to fostering capital information.

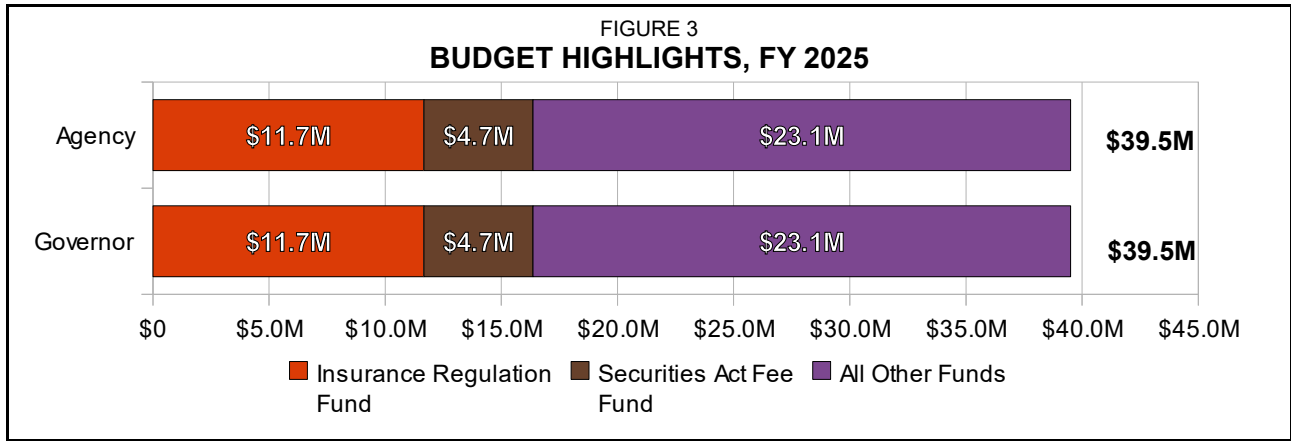
**EXECUTIVE SUMMARY**

The 2023 Legislature approved a budget of \$39.4 million, all from special revenue funds, for the Kansas Insurance Department for FY 2024. No adjustments have been made subsequently to that amount.



The **agency** requests a revised estimate of \$38.8 million, all from special revenue funds, in expenditures and 135.25 FTE positions in FY 2024. This is a decrease of \$605,761, or 1.5 percent, below the FY 2024 approved amount. The decrease is primarily attributable to a drop in expenditures for professional services, specifically accountants and auditors who assist in regulating insurance companies. The agency also notes that it was not able to pursue a change to the Kansas Essential Health Benefits Package due to a proviso in 2023 Senate Bill 25 (2023 SB 25), resulting in the agency not needing federal grant monies in FY 2024. Furthermore, there is a 0.25 FTE increase due to a 0.5 FTE position being reclassified as a 0.75 FTE position.

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



The **agency** requests \$39.5 million, all from special revenue funds, in expenditures and 135.25 FTE positions for FY 2025. The increase of \$689,176, or 1.8 percent, above the FY 2024 revised estimate is the result of greater advertising costs, as well as an increase in aid to the Firefighters Relief Fund. Each year, the Insurance Department collects 2.0 percent of the total amount of annual premiums written in Kansas by insurers that write fire and lightning insurance. The amount collected is then credited to the Firefighters Relief Fund and distributed to various local units, including fire districts and county Firefighters Relief Associations. Thus, the agency believes the amount it collects through insurance premiums will result in an additional \$500,000, for a total of \$18.5 million, in aid to the Firefighters Relief Fund for FY 2025.

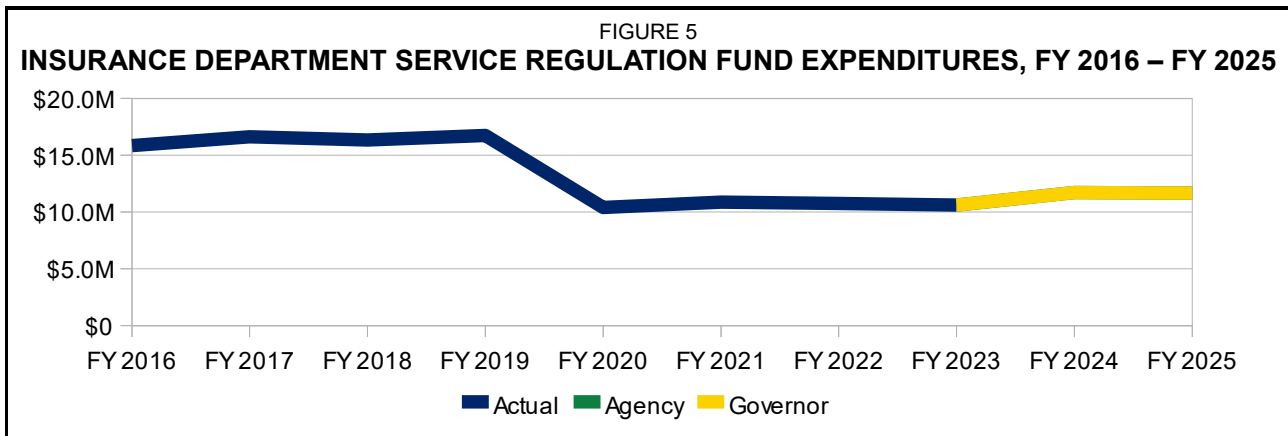
The **Governor** concurs with the agency's request for FY 2025.

## 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	\$ 10,981,909	\$ 12,824,571	\$ 12,824,571	\$ 12,777,747	\$ 12,777,747
Contractual Services	5,625,643	5,151,150	5,151,150	5,384,150	5,384,150
Commodities	261,062	213,200	213,200	218,200	218,200
Capital Outlay	421,092	377,000	377,000	375,000	375,000
Debt Service Interest	-	-	-	-	-
<i>Subtotal</i>	<u>\$ 17,289,706</u>	<u>\$ 18,565,921</u>	<u>\$ 18,565,921</u>	<u>\$ 18,755,097</u>	<u>\$ 18,755,097</u>
Aid to Local Units	17,878,773	18,000,000	18,000,000	18,500,000	18,500,000
Other Assistance	1,595,759	2,250,000	2,250,000	2,250,000	2,250,000
<i>Subtotal—Operating</i>	<u>\$ 36,764,238</u>	<u>\$ 38,815,921</u>	<u>\$ 38,815,921</u>	<u>\$ 39,505,097</u>	<u>\$ 39,505,097</u>
Capital Improvements	-	-	-	-	-
Debt Service Principal	-	-	-	-	-
<b>TOTAL</b>	<u><b>\$ 36,764,238</b></u>	<u><b>\$ 38,815,921</b></u>	<u><b>\$ 38,815,921</b></u>	<u><b>\$ 39,505,097</b></u>	<u><b>\$ 39,505,097</b></u>
<b>Financing:</b>					
State General Fund	\$ -	\$ -	\$ -	\$ -	\$ -
Insurance Department					
Service Regulation Fund	10,606,877	11,715,748	11,715,748	11,668,621	11,668,621
Securities Act Fee Fund	3,744,862	4,532,486	4,532,486	4,688,985	4,688,985
State Firefighters Relief Fund	17,961,827	18,085,167	18,085,167	18,585,142	18,585,142
Workers' Compensation Fund	2,533,238	3,030,622	3,030,622	3,029,907	3,029,907
Federal Funds	676,152	-	-	-	-
All Other Funds	1,241,282	1,451,898	1,451,898	1,532,442	1,532,442
<b>TOTAL</b>	<u><b>\$ 36,764,238</b></u>	<u><b>\$ 38,815,921</b></u>	<u><b>\$ 38,815,921</b></u>	<u><b>\$ 39,505,097</b></u>	<u><b>\$ 39,505,097</b></u>
FTE Positions	135.0	135.3	135.3	135.3	135.3

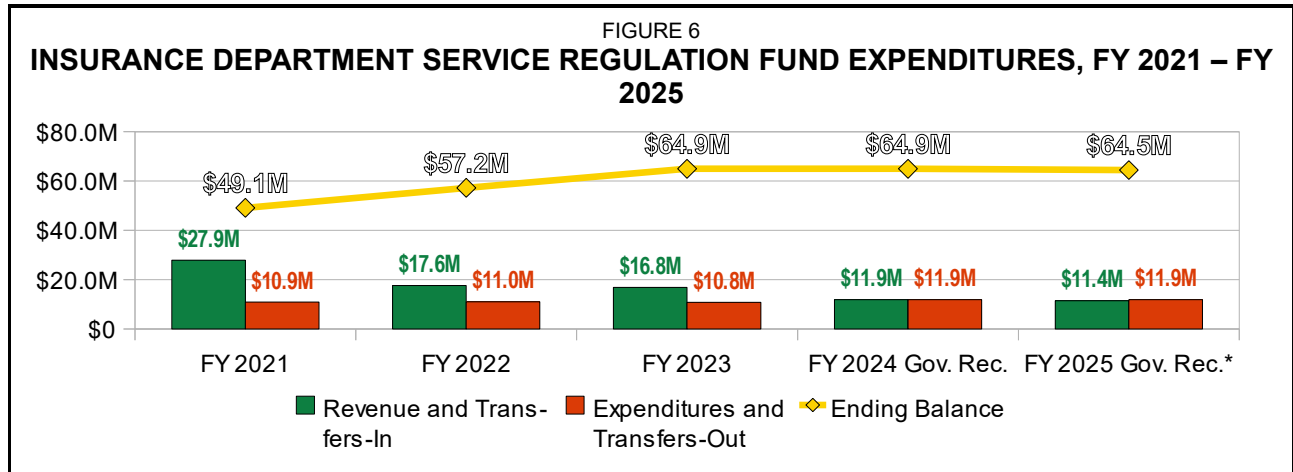
### INSURANCE DEPARTMENT SERVICE REGULATION FUND



The Insurance Department Service Regulation Fund was established by KSA 40-112 for the purpose of maintaining the operations of the Kansas Insurance Department. The fund consists of fees charged by the agency, 1.0 percent of premium taxes received from insurance companies pursuant to KSA 40-252, and an annual assessment imposed as deemed necessary by the Commissioner of Insurance to fund agency operations. In addition, there is an annual transfer of

\$200,000 to the Fraud and Abuse Criminal Prosecution Fund from the Insurance Department Service Regulation Fund for services provided, including prosecuting suspected instances of securities fraud, by the Kansas Office of the Attorney General.

### INSURANCE DEPARTMENT SERVICE REGULATION FUND

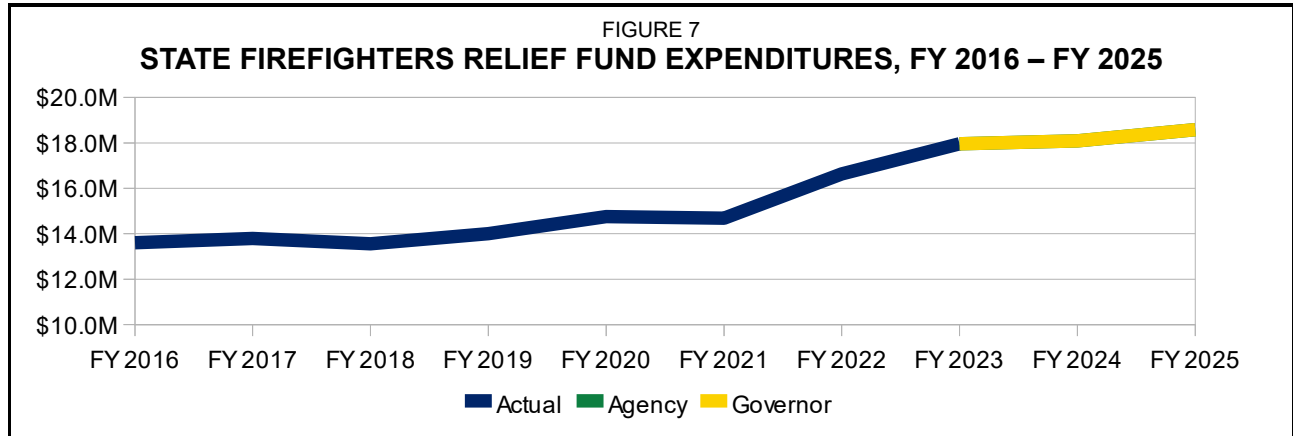


\* For FY 2025, the lowest month ending balance for the Insurance Department Service Regulation Fund will occur in July, with a balance of \$63.1 million.

Prior to FY 2020, the agency transferred monies from the Insurance Department Service Regulation Fund to the State General Fund in order to support revenues. In FY 2019, a legal settlement determined that those transfers would no longer take place and that a portion of what was paid to the SGF would be transferred to the Insurance Department Service Regulation Fund. A transfer of \$5.4 million SGF in FY 2019, and the same in FY 2020, and the same in FY 2021 was made from the State General Fund to the Insurance Department Service Regulation Fee Fund.

The agency estimates that it will collect \$11.7 million in insurance license fees, insurance premiums, and other miscellaneous revenue in both FY 2024 and FY 2025. When expenditures and transfers are taken into account, the agency estimates that the ending balance for the Insurance Department Service Regulation Fund will be \$64.9 million in FY 2024 and \$64.5 million in FY 2025.

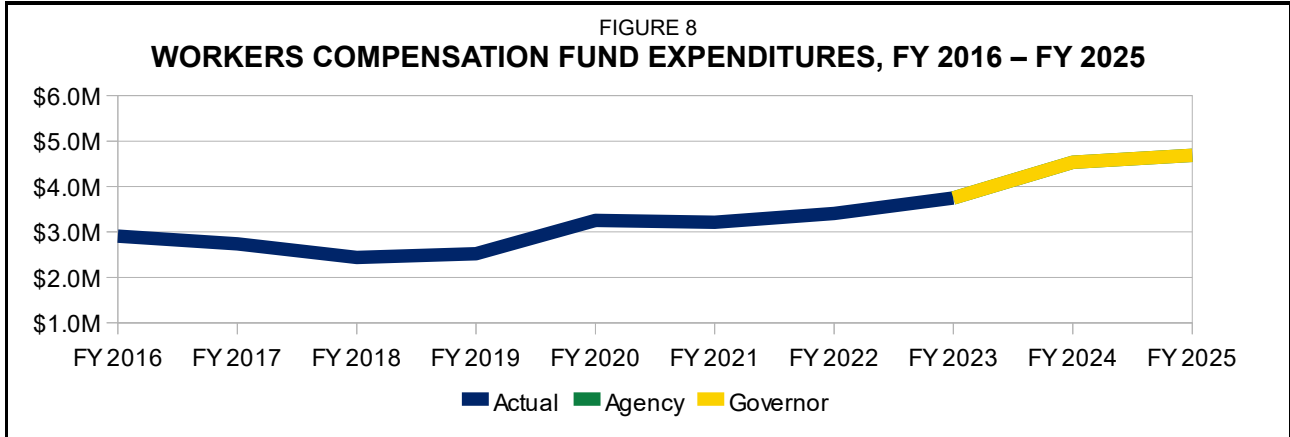
### STATE FIREFIGHTERS RELIEF FUND



The State Firefighters Relief Fund is used to distribute aid to local firefighter relief associations (FRA) throughout the State. KSA 40-1703 requires every insurance company that writes fire and lightning insurance to pay to the Kansas Insurance Department 2.0 percent of the total amount of

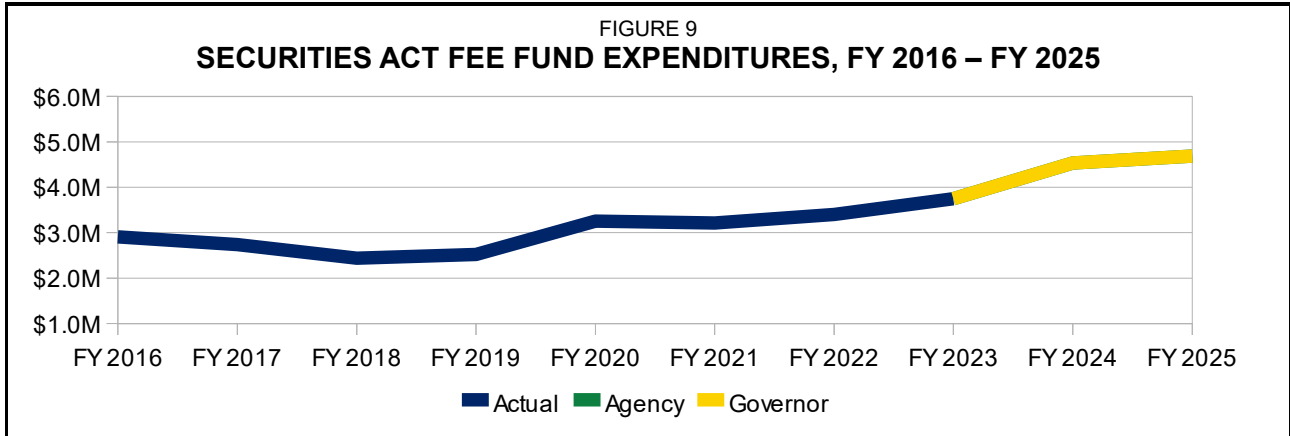
annual premiums written in Kansas. The collected money is then credited to the State Firefighters Relief Fund and distributed in an equitable manner to the various townships, fire districts, and county FRAs. However, the following statutory exceptions apply: 3.0 percent of the tax is distributed to the Kansas State Firefighters Association, Inc., for educational purposes; 5.0 percent of the tax is distributed to the Kansas State Firefighters Association, Inc., for a death benefits fund (not to exceed the amount necessary to restore the fund to a \$100,000 balance); \$1,000 is distributed to each FRA; and an amount is retained by the Insurance Department needed to fund the operating expenses incurred in administering the Firefighters Relief Act.

**WORKERS COMPENSATION FUND**



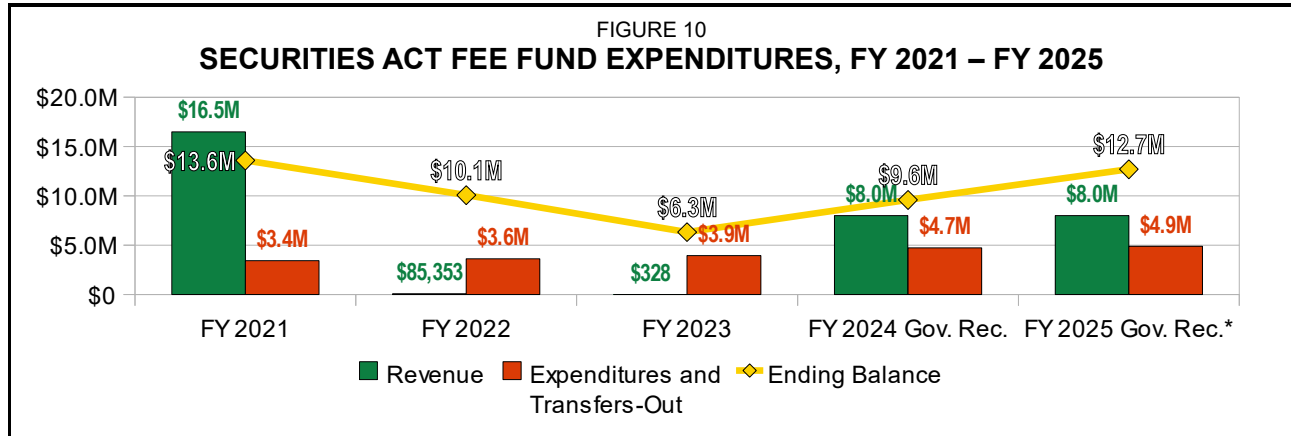
The Workers Compensation Fund receives income from three sources: (1) assessments of workers compensation carriers, self-insurers, and group-funded pools; (2) reimbursements from uninsured employers; and (3) fines levied against uninsured employers by the Kansas Department of Labor's Division of Workers Compensation. The Workers Compensation Fund can be liable in three types of actions: old second-injury actions, uninsured employer cases, and Director Certifications. The Workers Compensation Fund maintains liability for "second injury" lawsuits ruled on prior to 1993. In addition, the Workers Compensation Fund acts as an impleader in civil court actions when an injured worker's employer is uninsured and unable to pay for the medical and disability payments or, in some cases, cannot be located. Director Certifications represent the statutory obligation of the Workers Compensation Fund to reimburse an insurance carrier or employer for money expended during the case that is over the amount ultimately determined to be owed.

**SECURITIES ACT FEE FUND**



The Securities Act Fee Fund is financed by fees received from security agents, investor adviser representatives, broker-dealers, investment adviser firms, mutual fund portfolios, and investment trusts. KSA 17-12a601 provides that 90.0 percent of fees received by the agency are credited to the Securities Act Fee Fund, and 10.0 percent of receipts are credited to the State General Fund (SGF), up to a maximum of \$100,000. Furthermore, on the last day of each fiscal year, the Director of Accounts and Reports is required to transfer all unencumbered funds in excess of \$50,000 into the SGF for reimbursement for services. In addition, there is an annual transfer of \$200,000 to the Fraud and Abuse Criminal Prosecution Fund from the Securities Act Fee Fund for services provided by the Kansas Office of the Attorney General.

## SECURITIES ACT FEE FUND



\* For FY 2025, the lowest month ending balance for the Securities Act Fee Fund will occur in June, with a balance of \$6.0 million.

Prior to FY 2021, large transfers from the Securities Act Fee Fund to the State General Fund occurred in June of each year to bring the cash balance to \$50,000. By statute, the fund was adjusted so that any amount over \$50,000 was transferred to the State General Fund. A legal settlement required the Legislature to enact legislation preventing the sweep of all unencumbered funds over \$50,000 from the Securities Act Fee Fund in FY 2021 and FY 2022. The 2022 Legislature passed 2022 Senate Bill 392 that permanently eliminated the yearly transfer to the State General Fund.

The legal settlement further required the Commissioner to place a moratorium on fees assessed for FY 2022 and continuing as long as necessary to analyze and adjust fee structures. For that reason, the agency did not receive any fees in FY 2022 or FY 2023. The agency does anticipate reinstating the assessment of fees in FY 2024 and estimates it will collect \$8.0 million from those fees in both FY 2024 and FY 2025. The ending balance is estimated to be \$9.6 million in FY 2024 and \$12.7 million in FY 2025.

## FY 2024 ANALYSIS

FIGURE 11

### SUMMARY OF BUDGET REQUEST, FY 2024

	SGF	All Funds	FTE
<b>Legislative Approved:</b>			
Amount Approved by 2023 Legislature	\$ -	\$ 39,421,682	135.0
1. No Changes	-	-	--
<i>Subtotal—Legislative Approved</i>	\$ -	\$ 39,421,682	135.0
<b>Agency Revised Estimate:</b>			
2. Professional Fees and Services	\$ -	\$ (864,087)	--
3. All Other Adjustments	-	258,326	0.3
<i>Subtotal—Agency Revised Estimate</i>	\$ -	\$ 38,815,921	135.3
<b>Governor’s Recommendation:</b>			
4. No Changes	-	-	--
<b>TOTAL</b>	\$ -	\$ 38,815,921	135.3

### LEGISLATIVE APPROVED

Subsequent to the 2023 Session, no adjustments were made to the \$39.4 million appropriated to the Kansas Insurance Department for FY 2024.

1. **NO CHANGES.** There were no adjustments made to the \$39.4 million appropriated in FY 2024.

### AGENCY ESTIMATE

The **agency** submits a revised estimate of \$38.8 million, all from special revenue funds, in FY 2024. This is a decrease of 605,761, or 1.5 percent, below the FY 2024 approved amount.

The revised estimate includes the following adjustments:

2. **PROFESSIONAL FEES AND SERVICES.** The revised estimate includes a decrease of \$864,087 in expenditures for professional services in FY 2024. Specifically, the agency believes that it will need less moneys in FY 2024 to contract with licensed professionals, such as attorneys and auditors, to help regulate the insurance industry. Furthermore, the agency notes it removed federal grant funding from the revised estimate because the agency was not able to pursue a change to the Kansas Essential Health Benefits plan due to a budget proviso in 2023 SB 25.
3. **ALL OTHER ADJUSTMENTS.** The revised estimate includes \$258,326 in other adjustments in FY 2024. Included in the adjustments are increased expenditures for computer hardware and support equipment, as well as other supplies and materials. In addition, the agency expects expenditures related to advertising will increase as the agency publicizes its anti-fraud and investor education campaign.

The **agency’s** estimate also includes 135.25 FTE positions, which is an increase of 0.25 FTE position above the number approved by the 2023 Legislature due to a 0.5 FTE position being reclassified as a 0.75 FTE position.



## **GOVERNOR'S RECOMMENDATION**

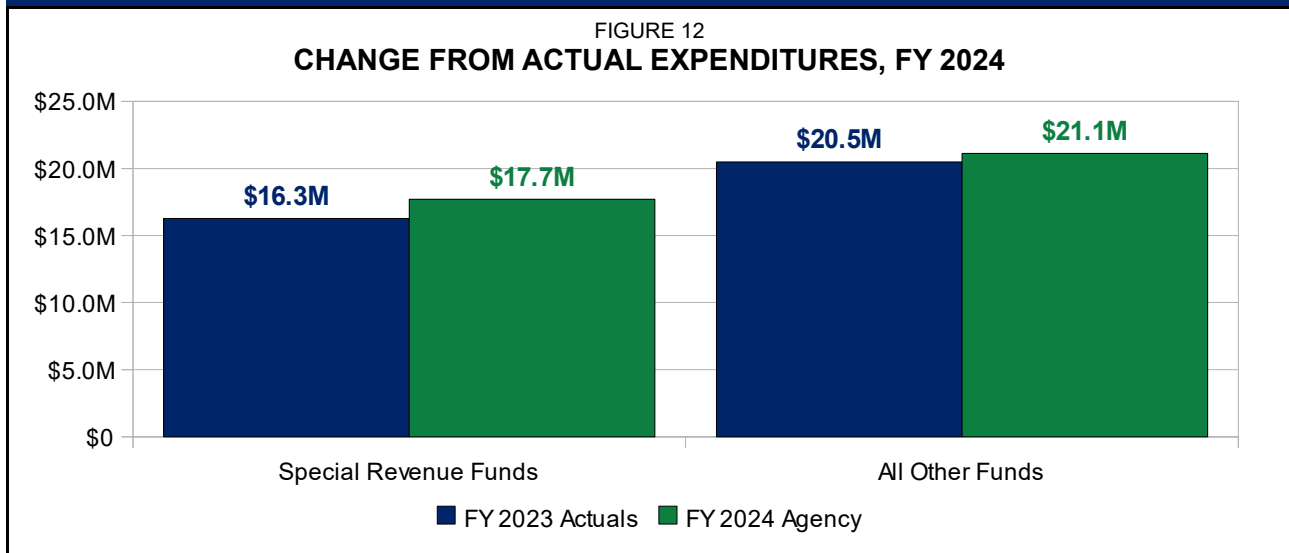
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The **Governor** concurs with the agency's FY 2024 revised estimate.

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

The **Governor's** recommendation includes 135.25 FTE positions, which is the same number as the agency's FY 2024 revised estimate.

## FY 2024 CHANGE FROM ACTUAL EXPENDITURES



The **agency** estimates revised expenditures of \$38.8 million, all from special revenue funds, in FY 2024. This is an increase of \$2.1 million, or 5.6 percent, above the FY 2023 actual expenditures. The increase is primarily attributable to adjustments for the pay of regular unclassified employees, including adjustments to employer contributions for fringe benefits. In addition, the agency requests an increase of \$775,468 for aid to local units and other assistance expenditures related to the Firefighters Relief Program and the Workers Compensation Program in FY 2024.

## FY 2025 ANALYSIS

FIGURE 13

### SUMMARY OF BUDGET REQUEST, FY 2025

	SGF	All Funds	FTE
<b>Agency Request:</b>			
Request without Major Changes	\$ -	\$ 39,505,097	135.3
Agency Requests:			
1. No Changes	\$ -	\$ -	--
<i>Subtotal—Agency Request</i>	\$ -	\$ 39,505,097	135.3
<b>Governor’s Recommendation:</b>			
2. No Changes	-	-	--
<b>TOTAL</b>	\$ -	\$ 39,505,097	135.3

### **AGENCY REQUEST**

The **agency** requests \$39.5 million, all from special revenue funds, for FY 2025. This is an increase of \$689,176, or 1.8 percent, above the FY 2024 revised estimate. Although there are no major changes from the FY 2024 revised estimate, the request includes the following adjustments:

1. **NO CHANGES.** The request includes an increase of \$689,176, or 1.8 percent, above the FY 2024 revised estimate. The increase is primarily attributable to increased advertising costs for the agency's anti-fraud and investor education campaign, and increased aid to local firefighters relief associations.

The **agency’s** request also includes 135.25 FTE positions, which is the same number as the agency's FY 2024 revised estimate.

### **GOVERNOR’S RECOMMENDATION**

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

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

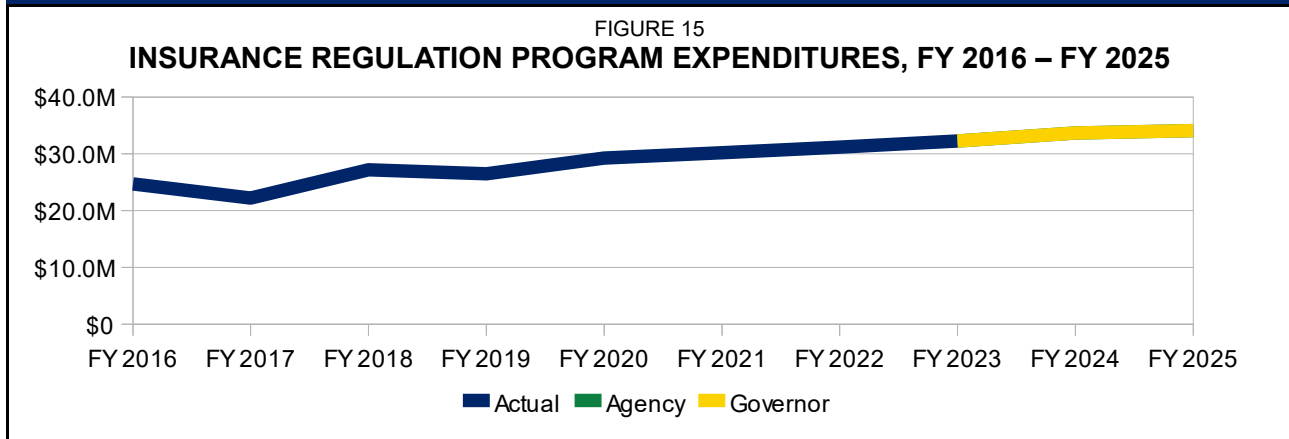
The **Governor’s** recommendation also includes 135.25 FTE positions, which is the same number as the agency’s FY 2024 revised estimate.

## PROGRAM OVERVIEW

FIGURE 14  
**EXPENDITURES AND FTE POSITIONS BY PROGRAM, FY 2023 – FY 2025**

Programs	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
<b>Expenditures:</b>					
Insurance Regulation	\$ 32,223,275	\$ 33,668,435	\$ 33,668,435	\$ 34,116,112	\$ 34,116,112
Securities Regulation	4,540,963	5,147,486	5,147,486	5,388,985	5,388,985
<b>TOTAL</b>	<b>\$ 36,764,238</b>	<b>\$ 38,815,921</b>	<b>\$ 38,815,921</b>	<b>\$ 39,505,097</b>	<b>\$ 39,505,097</b>
<b>FTE Positions:</b>					
Insurance Regulation	104.4	102.7	102.7	102.7	102.7
Securities Regulation	30.6	32.6	32.6	32.6	32.6
<b>TOTAL</b>	<b>135.0</b>	<b>135.3</b>	<b>135.3</b>	<b>135.3</b>	<b>135.3</b>

## INSURANCE REGULATION PROGRAM



**STATUTORY BASIS:** • KSA 12-2617, KSA 40-101 *et. seq.*, KSA 40-1701 *et. seq.*, KSA 44-501 *et. seq.*, and KSA 73-1209.

- PROGRAM GOALS:**
- To protect the consumers of Kansas through the supervision and regulation of entities that conduct the business of insurance within the State.
  - To detect as early as possible through on-site financial examinations the companies that are experiencing financial difficulty or those companies that are operating in violation of Kansas insurance laws and regulations.
  - To effectively administer the Firefighters Relief Act to ensure that 2.0 percent of the premium tax on fire and lightning insurance written in the State of Kansas is collected and distributed in a fair and equitable manner to the firefighter relief associations throughout the state.
  - To defend claims against the Kansas Workers Compensation Fund.
  - To make appropriate payments on behalf of the Kansas Workers Compensation Fund to the carriers, employers, and employees entitled to payment.

The Insurance Regulation Program is under the supervision of the Insurance Commissioner. It exists to serve the public interest of Kansans by regulating the entities that conduct the business of insurance in the state. The Insurance Regulation Program consists of four subprograms: Insurance Administration and Regulation, Insurance Company Examination, Firefighter Relief, and Workers Compensation.

### INSURANCE ADMINISTRATION AND REGULATION

The Insurance Administration and Regulation subprogram exists primarily to protect Kansas insurance consumers and to regulate insurance companies. The subprogram consists of twelve divisions, five of which provide operating services to the agency: Administration, Human Resources, Information Technology, Building Services, and the Comptroller. There are seven other divisions that exist to regulate the insurance industry and to assist insurance consumers: Producer Licensing, Rate and Form

Compliance, Financial Surveillance, Anti-Fraud, Consumer Assistance, Government and Public Affairs, and Legal.

### INSURANCE COMPANY EXAMINATION

The Insurance Company Examination subprogram is designed to detect, through on-site financial examinations, the insurance companies that are experiencing financial difficulty or those companies that are operating in violation of any Kansas insurance law or regulation.

### FIREFIGHTER RELIEF

The Firefighter Relief subprogram administers the Firefighters Relief Act (Relief Act) to ensure that monies collected pursuant to the Relief Act are distributed in a fair and equitable manner to the Kansas State Firefighters Association, Inc., and the FRAs throughout the state pursuant to K.S.A. 40-1701 *et. seq.*

**WORKERS COMPENSATION**

The Workers Compensation subprogram defends claims against the agency's Workers Compensation Fund and provides payments to those carriers, employers, or employees entitled to payment pursuant to Kansas statutes. For example, if an employer or its insurance carrier pays benefits to a Kansas claimant and it is later determined that the

benefits paid were in excess of what was due, the Kansas Workers Compensation Fund will reimburse the employer in the amount of the overpayment. In addition, the Workers Compensation Fund will, among other actions, pay the claims of injured workers whose employers are either insolvent, bankrupt, or cannot be located.

FIGURE 16  
**INSURANCE REGULATION SUBPROGRAMS, FY 2023 – FY 2025**

Subprogram	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Insurance Administration and Regulation	\$ 11,296,821	\$ 11,962,392	\$ 11,962,392	\$ 11,914,339	\$ 11,914,339
Insurance Company Examination	431,389	590,254	590,254	586,724	586,724
Firefighter Relief	17,961,827	18,085,167	18,085,167	18,585,142	18,585,142
Workers Compensation	2,533,238	3,030,622	3,030,622	3,029,907	3,029,907
<b>TOTAL</b>	<b>\$ 32,223,275</b>	<b>\$ 33,668,435</b>	<b>\$ 33,668,435</b>	<b>\$ 34,116,112</b>	<b>\$ 34,116,112</b>

## PROGRAM BUDGET ANALYSIS

The Insurance Regulation Program consists of four subprograms, all of which are funded entirely by special revenue funds. The agency's revised estimate includes \$33.7 million and 102.7 FTE for the Insurance Regulation Program in FY 2024. This is a decrease of \$1.0 million, or 2.7 percent, below the FY 2024 approved amount, and an FTE decrease of 1.7 below the FY 2024 approved amount. The FTE decrease is due to the agency moving two positions to the Securities Regulation Program, and one 0.5 position within the Insurance Regulation Program being increased to 0.75. The Governor concurs with the agency's revised estimate of \$33.7 million in FY 2024 and the agency's request of \$34.1 million for FY 2025. A budget analysis of the subprograms follows:

### INSURANCE ADMINISTRATION AND REGULATION

Approximately one-fourth of expenditures in the Insurance Administration and Regulation subprogram are for contractual services for regular expenses, such as rent and computer programming fees. Other expenditures include fees for professional services rendered to regulate insurance companies and fingerprint and background checks on insurance agents who wish to become licensed in Kansas.

#### *FY 2024*

The revised estimate includes \$12.0 million for the Insurance Administration and Regulation subprogram in FY 2024, which is an increase of \$665,571, or 5.9 percent, above the FY 2023 actual expenditures for the subprogram.

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

#### *FY 2025*

The agency's request includes \$11.9 million for the subprogram for FY 2025. This is a decrease of \$48,053, or 0.4 percent, below the FY 2024 revised estimate.

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

### INSURANCE COMPANY EXAMINATION

The vast majority of expenditures for this subprogram go toward salaries and wages for agency staff who review the financial condition of insurance companies that are either in the process of organizing, applying for admission, or doing business in Kansas. The agency notes that through licensing and regulation, the staff ensure companies with hazardous or potentially hazardous financial conditions do not bring financial hardship to Kansas consumers.

#### *FY 2024*

The revised estimate includes \$590,254 for the Insurance Company Examination subprogram in FY 2024, which is an increase of \$158,865, or 36.8 percent, above the FY 2023 actual expenditures for the subprogram.

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

#### *FY 2025*

The agency's request includes \$586,724 for the subprogram for FY 2025. This is a decrease

of \$3,530, or 0.6 percent, below the FY 2024 revised estimate.

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

**FIREFIGHTER RELIEF**

The Firefighter Relief subprogram is funded entirely by the Firefighters Relief Fund, which receives 2.0 percent of the total amount of annual premiums written in Kansas by insurance companies that write fire and lightning insurance. The vast majority of the revenue earned is distributed as aid to locals to various cities, townships, fire districts, and county FRAs.

*FY 2024*

The revised estimate includes \$18.1 million for the Firefighter Relief subprogram in FY 2024, which is an increase of \$123,340, or 0.7 percent, above the FY 2023 actual expenditures.

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

*FY 2025*

The agency's request includes \$18.6 million for the subprogram for FY 2025. This is an increase of \$499,975, or 2.8 percent, above the FY 2024 revised estimate.

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

**WORKERS COMPENSATION**

Approximately two-thirds of the expenditures in the Workers Compensation subprogram go toward other assistance to provide payments to those entitled to payment under the Kansas Workers Compensation Act.

*FY 2024*

The revised estimate includes \$3.0 million for the Workers Compensation subprogram in FY 2024, which is an increase of \$497,384, or 19.6 percent, above the FY 2023 actual expenditures.

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

*FY 2025*

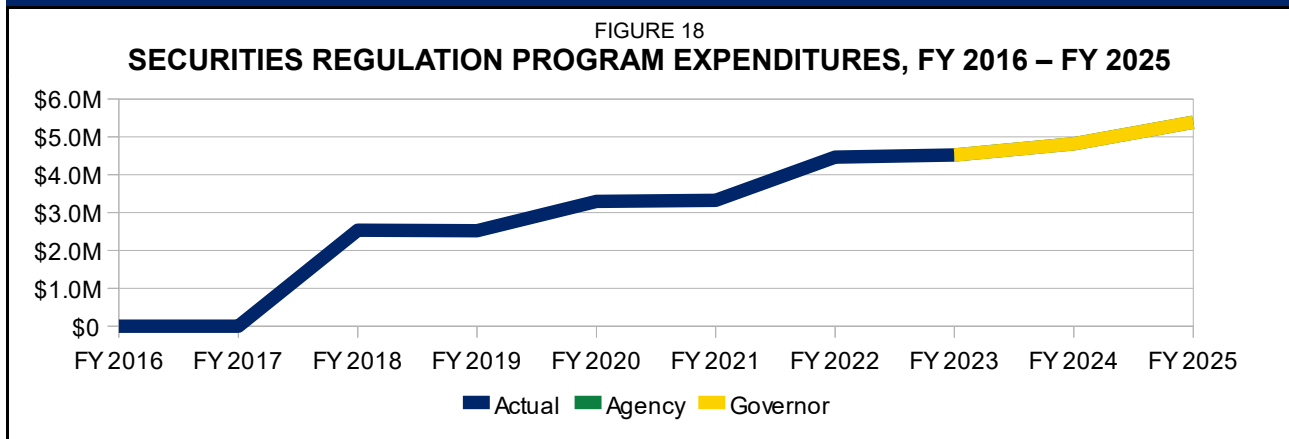
The agency's request includes \$3.0 million for the subprogram for FY 2025. This is a decrease of \$715, or 0.0 percent, below the FY 2024 revised estimate.

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

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	676,152	-	-	-	-
All Other Funds	31,547,123	33,668,435	33,668,435	34,162,112	34,162,112
<b>TOTAL</b>	<b>\$ 32,223,275</b>	<b>\$ 33,668,435</b>	<b>\$ 33,668,435</b>	<b>\$ 34,162,112</b>	<b>\$ 34,162,112</b>
<b>Percent Change:</b>					
SGF	9.0 %	-- %	-- %	-- %	-- %
All Funds	99.0 %	4.5 %	-- %	1.5 %	-- %
FTE Positions	104.4	102.7	102.7	102.7	102.7



## SECURITIES REGULATION PROGRAM



**STATUTORY BASIS:** • KSA 17-12a101 *et seq.*

- PROGRAM GOALS:**
- To administer and enforce the registration and examination provisions of the Kansas Uniform Securities Act and the Kansas Loan Brokers Act.
  - To increase the quality and extent of information and education services to investors, entrepreneurs, representatives of the securities industry, and the general public.
  - To develop and implement investor education and investor protection initiatives to inform the public about investing in securities and to protect the public from violations of the Kansas Uniform Securities Act.

The Securities Regulation Program is under the supervision of the Securities Commissioner. The program exists to regulate and monitor the offering of securities and financial services within the State of Kansas. The Office of the Securities Commissioner administers the Kansas Uniform Securities Act, the Uniform Land Sales Practices Act, and the Loan Brokers Act. The Securities Commissioner enforces these laws through administrative, civil, and criminal proceedings.

As defined by statute, a "security" includes virtually any type of passive investment, rather than only stocks and bonds. Companies and individuals offering securities are subject to certain ethical and industry standards and must abide by federal and state laws and regulations. The agency has the authority to investigate any investment-related activity that occurs in Kansas to ensure registered persons and entities comply with industry, legal, and accounting standards.

In order to administer the securities laws and regulations, and to educate citizens on those laws and regulations, the agency established two subprograms within the Securities

Regulation Program: Securities Act Regulation and Securities Investor Education.

### SECURITIES ACT REGULATION

The Securities Act Regulation subprogram is responsible for administering the securities laws and regulations of the State of Kansas. Services provided under the subprogram include the registration of securities offerings and continuous monitoring of registrants for compliance with the requirements of related statutes and administrative regulations. In addition, enforcement services provided under the subprogram include the investigation of alleged violations of securities laws, field examinations of registrants where there is reason to suspect violations, and remedial provisions of the statutes for cases where evidence of violations exist.

### SECURITIES INVESTOR EDUCATION

The Securities Investor Education subprogram provides education and information to Kansans who are investing in capital or raising capital. Education services are provided not only through the agency's website and publications, but also through speeches and presentations delivered to investor groups and

professional organizations and business organizations throughout the state. The goal of the subprogram is to reduce the extent of

investment problems, losses, and violations due to a lack of awareness regarding securities laws and regulations.

FIGURE 19  
**SECURITIES REGULATION SUBPROGRAMS, FY 2023 – FY 2025**

Subprogram	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
Securities Act Regulation	\$ 3,744,862	\$ 4,532,486	\$ 4,532,486	\$ 4,688,985	\$ 4,688,985
Securities Investor Education	796,101	615,000	615,000	700,000	700,000
<b>TOTAL</b>	<b>\$ 4,540,963</b>	<b>\$ 5,147,486</b>	<b>\$ 5,147,486</b>	<b>\$ 5,388,985</b>	<b>\$ 5,388,985</b>

**PROGRAM BUDGET ANALYSIS**

The Securities Regulation Program consists of two subprograms, both of which are funded entirely by special revenue funds. The agency’s revised estimate includes \$5.1 million and 32.6 FTE positions for the Securities Regulation Program in FY 2024. This is an increase of \$332,587, or 6.9 percent, above the FY 2024 approved amount, and an FTE increase of 2.0. The FTE increase is due to the agency moving two positions from the Insurance Regulation Program to the Securities Regulation Program in FY 2024. The Governor concurs with the agency’s revised estimate of \$5.1 million in FY 2024 and the agency’s request of \$5.4 million for FY 2025. A budget analysis of the subprograms follows:

**SECURITIES ACT REGULATION**

The Securities Act Regulation subprogram is funded entirely by the Securities Act Fee Fund, which earns revenue from industry fees. Aside from salaries and wages, the majority of expenditures go toward contractual services related to information and technology, as well as publicity for the agency’s anti-fraud and investor education campaign.

*FY 2024*

The revised estimate includes \$4.5 million for the Securities Act Regulation subprogram in FY 2024, which is an increase of \$787,624, or 21.0 percent, above the FY 2023 actual expenditures.

The Governor concurs with the agency’s revised estimate in FY 2024.

*FY 2025*

The agency’s request includes \$4.7 million for the subprogram for FY 2025. This is an increase of \$156,499, or 3.5 percent, above the FY 2024 revised estimate.

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

**SECURITIES INVESTOR EDUCATION**

The Securities Investor Education subprogram is funded entirely by the Investor Education Fund, which earns revenue from fines and settlements. Almost all of the expenditures for this subprogram go toward witness transcription services and court reporter fees, as well as publicity for the agency’s anti-fraud and investor education campaign.

*FY 2024*

The revised estimate includes \$615,000 for the Securities Investor Education subprogram in FY 2024, which is a decrease of \$181,101, or 22.7 percent, below the FY 2023 actual expenditures.

The Governor concurs with the agency’s revised estimate in FY 2024.

*FY 2025*

The agency’s request includes \$700,000 for the subprogram for FY 2025. This is an increase of \$85,000, or 13.8 percent, above the FY 2024 revised estimate.

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

FIGURE 20  
**SECURITIES REGULATION PROGRAM FINANCING, FY 2023 – FY 2025**

Fund	Actual FY 2023	Agency FY 2024	Governor FY 2024	Agency FY 2025	Governor FY 2025
SGF	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Funds	-	-	-	-	-
All Other Funds	4,540,963	5,147,486	5,147,486	5,388,985	5,388,985
<b>TOTAL</b>	<b><u>\$ 4,540,963</u></b>	<b><u>\$ 5,147,486</u></b>	<b><u>\$ 5,147,486</u></b>	<b><u>\$ 5,388,985</u></b>	<b><u>\$ 5,388,985</u></b>
<b>Percent Change:</b>					
SGF	9.0 %	-- %	-- %	-- %	-- %
All Funds	99.0 %	13.4 %	-- %	4.7 %	-- %
FTE Positions	30.6	32.6	32.6	32.6	32.6