

State Budget; House Sub. for SB 112, House Sub. for SB 4, House Sub. for SB 7, and HB 2005

State Budget; House Sub. for SB 112, House Sub. for SB 4, House Sub. for SB 7, and HB 2005 includes funding for claims against the state; Fiscal Year (FY) 2015, FY 2016 and FY 2017 expenditures for most state agencies; and FY 2016 and FY 2017 capital improvements for selected state agencies.

House Sub. for SB 7, the Education Budget Block Grant bill, reduced State General Fund expenditures by \$19.6 million in FY 2015. The bill increased expenditures from the Governor's recommendation by \$106.8 million, including \$61.1 million from the State General Fund, in FY 2016 and increased expenditures by \$129.1 million, including \$83.4 million from the State General Fund, in FY 2017. (A full summary of House Sub. for SB 4 and House Sub. for SB 7 is published in the *Preliminary Summary of Legislation*.)

HB 2005, the Judicial Branch Budget bill, increased expenditures from the Governor's recommendation by \$6.1 million, all from the State General Fund, for FY 2016 and \$10.8 million, all from the State General Fund, for FY 2017. (This bill is summarized later in this section.)

FY 2015

The approved FY 2015 budget totals \$15.5 billion, including \$6.3 billion from the State General Fund. The approved budget is a reduction of \$18.4 million, or 0.1 percent, from all funding sources, including \$15.3 million, or less than 0.1 percent, from the State General Fund, below the Governor's recommended expenditures. FTE positions decrease 4.0 full-time equivalent (FTE) positions below the Governor's recommendation, primarily due to the deletion of 8.0 vacant positions in the Office of State Fire Marshal and 1.0 position in the Department of Corrections, partially offset by the addition of 5.0 FTE positions in the Kansas Racing and Gaming Commission for gaming machine examinations. The approved budget deletes \$19.6 million, all from the State General Fund, for new K-12 Education block grants and \$500,000, all from the State General Fund, from the Department of Corrections for juvenile out-of-home placements. The reduction is partially offset by increases of \$3.7 million, all from the State General Fund, to the Department of Education for capital outlay state aid and supplemental state aid payments and \$750,000, all from the State General Fund, to the Board of Regents to partially restore the allotment to the technical education program. The FY 2015 approved budget provides for a State General Fund balance of \$73.4 million, or 1.2 percent, of State General Fund expenditures.

FY 2016

The approved FY 2016 totals \$15.4 billion, including \$6.4 billion from the State General Fund. The approved budget is an increase of \$118.7 million, or 0.7 percent from all funding sources, above the Governor's recommendation, partially offset by a State General Fund decrease of \$9.9 million, or less than 0.1 percent. FTE positions were decreased by 31.0 FTE positions below the Governor's recommendation. In addition, the approved budget reduces State General Fund receipts by \$22.2 million for FY 2016. The approved budget provides for a State General Fund balance of negative \$348.2 million, or 5.5 percent, of state expenditures. Projected additional revenue provides for a State General Fund balance of \$86.3 million, or 1.4 percent, of State General Fund expenditures.

The approved adjustments to the Governor's FY 2016 recommendations include these:

- Adjusted for the new spring estimate for all human services caseloads, which was included as part of the Governor's Budget Amendment (GBA) of April 23, is an **all funds decrease of \$58.6 million and an increase of \$3.8 million from the State General Fund**, as compared to the Governor's recommended budget. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$703,000 all from federal funds. The number of families receiving services is expected to decrease at a faster rate than Overview of House Sub. for SB 112 - Mega/Omnibus Appropriations Bill 1 reported had been anticipated in the fall estimate. Expenditures for foster care are increased by \$3.8 million from all funding sources, including \$16.7 million from the State General Fund. The increase in all funds is attributable to an increase in the cost of the contract, while the number of children anticipated to be in the foster care system is unchanged from the fall estimate. The current estimate for FY 2016 includes the addition of \$12.0 million, all from the State General Fund, to provide for adequate cash flow for the program. The estimate for **Department of Corrections/Juvenile Services** out-of-home placements is decreased by \$1.3 million, including \$400,000 from the State General Fund, based on fewer children in the program;
- Added \$106.8 million, including \$61.1 million from the State General Fund, for new K-12 Education block grants (**House Sub. for SB 7**);
- Added \$26.0 million, all from the State General Fund, to reflect the difference between the Governor's original estimate of savings for bonding \$1.5 billion in Kansas Public Employees Retirement System (KPERs) unfunded liability with SB 228, as passed, which bonds \$1.0 billion. The bill, as passed, reduces State General Fund expenditures by \$13.6 million in FY 2016;
- Added \$18.7 million, all from the State General Fund, to reject GBA No. 1, Item 7 for the Health Care Access Improvement Fund for the increase in the health care provider assessment from 1.83 percent to 2.55 percent for FY 2016;
- Added \$17.5 million, all from the State General Fund, to ensure the block grant general state aid to school districts remains as estimated in Senate Sub. for HB 7 for FY 2016;
- Added \$6.1 million, all from the State General Fund, for the **Judiciary** budget (**HB 2005**);
- Added \$3.0 million, all from the State General Fund, for the **Legislature** to procure professional consulting services to assist in a review and evaluation of state government, examining agency core functions, procedures, and efficiencies for FY 2016;
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education for FY 2016;

- Added \$770,000, all from the State General Fund, for a new forensic program at **Washburn University** for FY 2016;
- Added \$500,000, all from the State General Fund, for operational expenditures at **Osawatomie State Hospital** for FY 2016;
- Deleted \$11.3 million, all from the State General Fund, to suspend employer contributions to the KPERs Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2016;
- Deleted \$62.0 million, including \$133.4 million from the State General Fund, and added \$44.3 million for the Medical Assistance Fund to adjust funding to implement the health maintenance organization (HMO) privilege fee changes at 3.31 percent and reduced State General Fund revenue for the proposed managed care organization (MCO) privilege fee by \$29.2 million; and
- Deleted \$1.2 million, all from the State General Fund, for estimated savings in the **Department of Corrections** for implementation of HB 2051, which increases the amount of program credit any offender can earn from 60 days to 90 days for FY 2016.

FY 2017

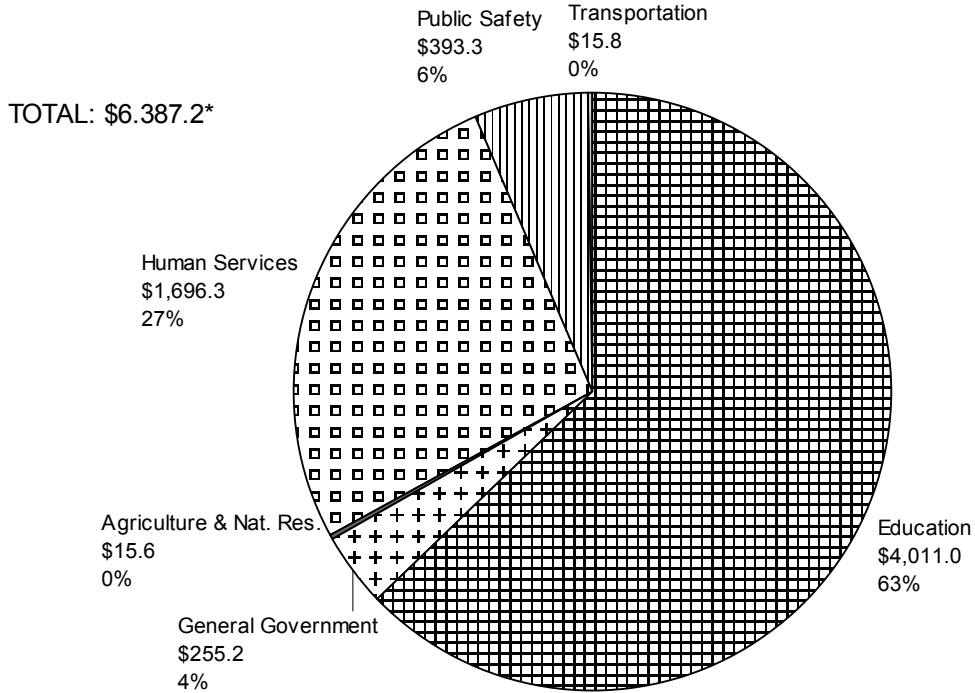
The approved FY 2017 totals \$15.8 billion, including \$6.4 billion from the State General Fund. The approved budget is an increase of \$150.5 million, or 0.9 percent, from all funding sources, including a State General Fund increase of \$22.3 million, or 0.1 percent, above the Governor's recommendation. FTE positions were decreased by 31.0 FTE positions below the Governor's recommendation. The approved budget provides for a State General Fund balance of negative \$290.5 million, or 4.5 percent, of state expenditures. Projected additional revenue provides for a State General Fund balance of \$200.9 million, or 3.1 percent, of State General Fund expenditures.

The approved adjustments to the Governor's FY 2017 recommendations include these:

- Adjusted for the new spring estimate for all human services caseloads, which was included as part of the GBA of April 23, an **all funds decrease of \$71.0 million from all funding sources and \$6.4 million from the State General Fund**, as compared to the Governor's recommended budget. The estimate for the Temporary Assistance to Needy Families program is a decrease of \$503,000 all from federal funds. The number of families receiving services is expected to decrease at a faster rate than had been anticipated in the fall estimate. Expenditures for foster care are increased by \$7.1 million from all funding sources and \$7.5 million from the State General Fund. The increase in all funds is attributable to an increase in the cost of the contract and a slight increase in the number of children anticipated to be in the foster care system. The estimate for the **Department of Corrections/Juvenile Services** out-of-home placements is increased by \$224,000, including \$154,000 from the State General Fund, to reflect a slightly higher cost per child;

- Added \$129.1 million, including \$83.4 million from the State General Fund, for new K-12 Education block grants (**House Sub. for SB 7**);
- Added \$57.3 million, all from the State General Fund, to reflect the difference between the Governor's original estimate of savings for bonding \$1.5 billion in KPERS unfunded liability and SB 228 as passed, which bonds \$1.0 billion in liability. The bill as passed reduces State General Fund expenditures by \$35.6 million in FY 2017;
- Added \$18.7 million, all from the State General Fund, to reject GBA No. 1, Item 7 for the Health Care Access Improvement Fund for the increase in the health care provider assessment from 1.83 percent to 2.55 percent for FY 2017;
- Added \$10.8 million, all from the State General Fund, for the **Judiciary** budget (**HB 2005**);
- Added \$750,000, all from the State General Fund, for the Incentive for Technical Education for FY 2017;
- Added \$770,000, all from the State General Fund, for a new forensic program at **Washburn University** for FY 2017;
- Added \$500,000, all from the State General Fund, for operational expenditures at **Osawatomie State Hospital** for FY 2017;
- Deleted \$59.2 million, including \$136.6 million from the State General Fund, and added \$51.5 million from the Medical Assistance Fee Fund, adjusted funding to implement the HMO privilege fee changes at 3.31 percent, and reduced State General Fund revenue for the proposed MCO privilege fee by \$30.5 million;
- Deleted \$13.6 million, including \$11.5 million from the State General Fund, to suspend employer contributions to the KPERS Group Insurance Fund, or Death and Disability Fund, for the final seven pay periods for FY 2017;
- Deleted \$2.5 million, all from the State General Fund, in the **Department of Corrections** budget for estimated savings for implementation of HB 2051 for FY 2017; and
- Added language limiting Regents institutions tuition increase at the revised 2016 school year rate adding the Consumer Price Index plus 2.0 percent for FY 2017.

FY 2016 Approved State General Fund Budget by Function of Government (Dollars in Millions)



* NOTE: Total state expenditures do not include \$15.0 million in statewide information technology savings.