

MEMORANDUM

TO: Governor Sam Brownback
Jim Clark, Secretary of Administration

FROM: Shawn Sullivan, Director of the Budget SS

DATE: December 9, 2014

SUBJECT: FY 2015 State General Fund Allotment

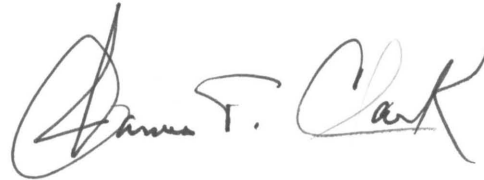
After considering current consensus revenue estimates, consensus caseload adjustments and the FY 2015 approved budget, the resources of the State General Fund are likely to be insufficient to cover the appropriations made against the State General Fund. Therefore, I advise that the use of an allotment plan as provided for in K.S.A. 75-3722 is necessary and beneficial to the state.

At the close of FY 2014, the State General Fund had a preliminary ending balance of \$380 million. When the consensus estimating group met on November 10, consensus revenue estimates for FY 2015 were decreased by \$205.9 million from the FY 2015 approved budget. The education consensus caseload was also updated on November 10 and the State is now set to spend \$253.9 million more in the 2014/2015 school year as compared to the 2013/2014 school year. This includes an increase of \$63.9 million to the FY 2015 budget as a result of understating the local option budget costs, capital outlay costs and bond/interest aid for capital improvements. The consensus caseload for Medicaid was also updated and \$46 million has been added to the FY 2015 approved Medicaid budget, which is primarily due to the health insurance premium tax from the Affordable Care Act.

Taking into account these factors, estimated revenues, and approved expenditures, the FY 2015 State General Fund ending balance will be approximately \$280 million below zero unless corrective action is taken.

MEMORANDUM

TO: Heads of State Agencies
FROM: Jim Clark, Secretary of Administration
DATE: December 9, 2014
RE: FY 2015 State General Fund Allotments



In a memorandum dated December 9, 2014 (attached), State Budget Director Shawn Sullivan has advised me that the expected resources of the State General Fund are insufficient to cover appropriations made against it and that the use of an allotment plan as provided for in KSA 75-3722 et seq. is necessary and beneficial to the state. In accordance with the authority granted by this statute, an allotment system is now imposed upon selected State General Fund accounts for FY 2015. Implementation of the allotment system is necessary to ensure that State General Fund expenditures in FY 2015 will not exceed State General Fund resources.

The attached spreadsheet outlines the reductions that will be applied to affected agencies.

KSA 75-3722 provides that you may appeal this allotment decision to the Governor. Please deliver any appeal in writing with support information to the Division of the Budget no later than December 19. The information submitted must explain the reasons that these allotments are inappropriate and the result that would occur if the allotments remain unchanged.

If you have questions about this process, please contact your analyst in the Division of the Budget or State Budget Director Shawn Sullivan.

Governor's FY 2015 Allotment Plan

Projected FY 2015 Shortfall: \$280.0 million

Fund Transfers

Fund Transfers from Cabinet Agencies and Elected Offices*	\$	18,600,000
Kansas Endowment for Youth Sweep*		14,500,000
Children's Initiatives Fund Sweep*		500,000
Kansas Department of Health & Environment Fee Fund Sweep*		55,000,000
Department of Commerce Impact Bonds*		14,200,000
Debt Set-Off Program Expansion*		3,000,000
State Highway Fund Transfer*		95,679,087
Subtotal	\$	201,479,087

Expenditure Reductions

Lapse Reappropriations		(6,276,894)
KPERS Employer Contribution Rate at 9.5%		(40,700,000)
4% Reduction to Cabinet Level and Other SGF Funded Agencies		(6,893,973)
- Adjutant General	(106,472)	
- Department for Aging & Disability Services	(599,235)	
- Department of Agriculture	(199,668)	
- Department of Administration	(194,391)	
- Office of the Governor	(139,182)	
- Department of Health & Environment - Environment	(774,198)	
- Department of Labor	(6,671)	
- Department of Commerce	(5,000)	
- Department of Revenue	(290,582)	
- Department for Children and Families	(3,980,880)	
- Kansas Water Office	(23,862)	
- Attorney General	(125,102)	
- Secretary of State	(880)	
- Kansas Guardianship Program	(23,307)	
- Historical Society	(92,437)	
- State Library	(85,038)	
- Board of Tax Appeals	(17,196)	
- Department of Education	(229,872)	
4% Reduction to Legislative Agencies*		(562,459)
- Revisor of Statutes	(63,739)	
- Legislative Coordinating Council	(11,343)	
- Legislative Research Department	(74,995)	
- Legislative Division of Post Audit	(49,097)	
- Legislature	(363,285)	
4% Reduction to Select EDIF Funded Agencies*		(786,000)
- Department of Administration--Public Broadcasting	(12,000)	
- Department of Commerce	(274,000)	
- Department of Wildlife, Parks & Tourism	(500,000)	
4% Reduction to Select Agencies with State Highway Fund Transfers*		(2,021,587)
- Department of Revenue	(918,543)	
- Highway Patrol	(1,103,044)	
4% Reduction to Department of Corrections Operations		(153,000)
4% Reduction to Board of Regents Operations		(67,000)
Department of Transportation Operations Reduction*		(7,800,000)
Bond Refinancing		(2,860,000)
Larned State Hospital--Meyer Building Expansion Delay		(5,400,000)
Reduce Kansas Bioscience Authority Transfer*		(5,000,000)
Subtotal	\$	(78,520,913)
Total Fee Transfers and Expenditure Changes	\$	280,000,000

*Subject to legislation

4% reduction applies to the last six months of the fiscal year