



**The Governor's**  
**Budget**  
**Report**

**FISCAL YEAR 2015**

**Budget Brief**  
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## State General Fund Outlook

*(Dollars in Millions)*

	FY 2011 <u>Actual</u>	FY 2012 <u>Actual</u>	FY 2013 <u>Actual</u>	FY 2014 <u>Gov. Est.</u>	FY 2015 <u>Gov. Rec.</u>
Beginning Balance	\$ (27.1)	\$ 188.3	\$ 502.9	\$ 709.3	\$ 530.5
Revenues					
Taxes	5,693.0	6,160.5	6,333.2	5,859.3	5,978.1
Interest	19.8	9.7	11.1	12.0	10.0
Agency Earnings	50.4	62.1	57.9	48.9	49.9
Transfers:					
School Capital Improvement Aid	(96.1)	(104.8)	(111.5)	(130.2)	(135.0)
Regents Faculty of Distinction	(1.6)	(0.6)	(0.1)	(0.2)	(0.2)
Regents Research Corp Debt Service	(9.8)	(6.0)	(1.1)	(0.2)	(0.4)
Health Care Stabilization Fund	--	--	--	(4.0)	(4.0)
Biosciences Initiatives	(35.0)	(11.3)	(12.3)	(10.0)	(35.0)
Business Incentives	(9.0)	(12.3)	(11.1)	(10.3)	(10.2)
Highway Patrol	36.0	32.8	--	--	--
Highway Fund	149.3	205.0	0.2	15.2	15.2
State-Owned Casino Revenue	33.9	40.4	(2.0)	--	--
All Other Transfers	<u>51.3</u>	<u>37.4</u>	<u>76.9</u>	<u>66.2</u>	<u>53.3</u>
Total Available	\$ 5,855.0	\$ 6,601.1	\$ 6,844.1	\$ 6,556.1	\$ 6,452.3
Expenditures					
Aid to K-12 Schools	2,693.0	2,702.8	2,757.6	2,628.9	2,678.8
Higher Education	751.3	739.2	770.2	765.5	778.2
Health/Human Service Caseloads	745.7	990.0	970.9	1,033.0	1,109.2
KPERS State/School Employer Contrib.	441.3	434.4	394.3	401.8	441.9
Judiciary	100.9	102.5	106.1	96.6	104.0
All Other Expenditures	<u>934.4</u>	<u>1,129.2</u>	<u>1,135.6</u>	<u>1,099.7</u>	<u>1,092.6</u>
Total Expenditures	\$ 5,666.6	\$ 6,098.1	\$ 6,134.8	\$ 6,025.6	\$ 6,204.7
Ending Balance	\$ 188.3	\$ 502.9	\$ 709.3	\$ 530.5	\$ 247.6
<i>As Percentage of Expenditures</i>	3.3%	8.2%	11.6%	8.8%	4.0%

*Totals may not add because of rounding.*

*Revenues for FY 2014 and FY 2015 reflect Consensus Revenue Estimate from November 2013 adjusted by the Governor.*

*Employer contributions to KPERS from the SGF on behalf of state employees are estimated.*

# FY 2014

Revised budget is \$30.7 million (0.5%) greater than what the 2013 Legislature authorized:

- \$31.3 million is from FY 2013 underspending (as authorized by the Legislature)
- \$17.8 million for school finance consensus
- \$11.7 million for health/human service caseloads
- \$9.3 million for anticipated demand by high school students for technical education tuition
- \$5.2 million to restore Regents salary cap cuts

<b>State General Fund</b>	
<b>FY 2014</b>	
<i>(Dollars in Millions)</i>	
Beginning Balance	\$ 709.3
Revenue:	
November Consensus Revenue Est.	5,856.5
Oil/Gas Valuation Depletion Trust Fund	(7.5)
School Capital Improvement State Aid	(2.2)
Total Available	\$ 6,556.1
Expenditures:	
Approved Budget (June 2013)	5,963.7
Expenditure Authority Shifting from FY 13	31.3
Health/Human Service Consensus Estimates	11.7
BSAPP at \$3,838	17.8
Governor's Tech Ed Initiative	9.3
KPERS School Obligations	(7.4)
Carry Disaster Funds to FY 2015	(6.5)
Regents Salary Cap Restoration	5.2
All Other Adjustments	0.7
Total Expenditures	\$ 6,025.6
Ending Balance	\$ 530.5

# FY 2015

Revised budget is \$429.8 million greater than what the 2013 Legislature appropriated:

- \$362.9 million for Corrections
- \$20.0 million for school finance consensus
- \$16.3 million for All-Day Kindergarten
- \$15.3 million for technical education
- \$5.2 million classified salary increase of 1.5%

<b>State General Fund</b>	
<b>FY 2015</b>	
<i>(Dollars in Millions)</i>	
Beginning Balance	\$ 530.5
Revenue:	
November Consensus Revenue Est.	5,917.1
Oil/Gas Valuation Depletion Trust Fund	2.9
State Housing Trust Fund	(2.0)
Insurance Service Regulation Fund	3.0
EDIF	0.8
Total Available	\$ 6,452.3
Expenditures:	
Approved Budget (June 2013)	5,774.9
Department of Corrections Budget	362.9
BSAPP at \$3,852	20.0
Debt Service Adjustments	(22.7)
All-Day Kindergarten	16.3
Governor's Tech Ed Initiative	15.3
Health/Human Service Consensus Estimates	(2.8)
Judiciary Budget Request	8.3
Classified Employee Salary Increase	5.2
Regents System Enhancements	8.3
Regents Salary Cap Restoration	5.8
KPERs School Obligations	(4.6)
Net of Other Adjustments	17.8
Total Expenditures	\$ 6,204.7
Ending Balance	\$ 247.6

# Education

- Governor adds SGF to ensure current school finance formula is as promised (\$3,838 BSAPP in FY 2014, \$3,852 in FY 2015)
- Phasing in all-day kindergarten state funding will guarantee every child has access
- Full funding for teacher bonuses with National Board Certification
- The Governor's successful technical education initiative continues to encourage preparation of our state's future workforce
- Specific programs at the Universities are enhanced, while the previous ongoing research initiatives are continued (Cancer Center, Animal Research, Aviation Infrastructure as well as the state's Engineering Kan-Grow Initiative)

**Major Categories of State Aid for Education in Kansas  
From State and Federal Recovery Act Funds**

*(Dollars in Thousands)*

	FY 2010 <u>Actual</u>	FY 2011 <u>Actual</u>	FY 2012 <u>Actual</u>	FY 2013 <u>Actual</u>	FY 2014 <u>Gov. Rec.</u>	FY 2015 <u>Gov. Rec.</u>
<b>Unweighted FTE Enroll.</b>	<b>453,135</b>	<b>454,680</b>	<b>455,296</b>	<b>456,188</b>	<b>458,767</b>	<b>459,767</b>
<b>Weighted FTE Enroll.*</b>	<b>655,070</b>	<b>665,894</b>	<b>672,771</b>	<b>676,208</b>	<b>684,067</b>	<b>691,400</b>
<b>Base State Aid Per Pupil</b>	<b>\$ 4,012</b>	<b>\$ 3,937</b>	<b>\$ 3,780</b>	<b>\$ 3,838</b>	<b>\$ 3,838</b>	<b>\$ 3,852</b>
<b>General State Aid (GSA)</b>						
SGF Approp./Actuals	\$ 1,873,398	\$ 1,908,028	\$ 1,927,435	\$ 1,978,613	\$ 1,893,464	\$ 1,912,191
School Dist. Fin.Fund	37,040	50,578	50,086	46,180	45,900	45,900
State Highway Fund	--	--	--	--	96,600	96,600
Education Jobs Fund	--	92,378	1,366	--	--	--
ARRA--SFSF	138,694	52,757	--	--	--	--
Subtotal--GSA	\$ 2,049,132	\$ 2,103,741	\$ 1,978,887	\$ 2,024,793	\$ 2,035,964	\$ 2,054,691
<b>Supplemental State Aid (LOB)</b>						
SGF Approp./Actuals	\$ 250,492	\$ 385,299	\$ 339,212	\$ 339,222	\$ 339,214	\$ 339,212
ARRA--SFSF	85,949	--	--	--	--	--
Subtotal--LOB	\$ 336,441	\$ 385,299	\$ 339,212	\$ 339,222	\$ 339,214	\$ 339,212
<b>Special Education</b>						
SGF Approp./Actuals	\$ 367,427	\$ 388,982	\$ 428,133	\$ 430,426	\$ 385,767	\$ 418,296
State Highway Fund	--	--	--	--	43,000	10,000
ARRA--Special Ed.	54,173	52,310	389	--	--	--
Subtotal--Special Ed.	\$ 421,600	\$ 441,292	\$ 428,522	\$ 430,426	\$ 428,767	\$ 428,296
<b>KPERS--School</b>						
SGF Approp./Actuals	\$ 196,808	\$ 267,349	\$ 363,626	\$ 323,068	\$ 323,486	\$ 358,702
Expanded Lottery Fund	--	--	--	--	37,512	39,490
Subtotal--KPERS	\$ 196,808	\$ 267,349	\$ 363,626	\$ 323,068	\$ 360,998	\$ 398,192
<b>Capital Improvement Aid</b>						
Demand/Revenue Xfer	87,662	96,141	104,788	111,550	130,200	135,000
<b>Technical Education-- Tuition for High School Students</b>						
SGF Approp./Actuals	--	--	--	12,018	18,000	24,000
<b>Total State Aid</b>	<b>\$ 3,091,643</b>	<b>\$ 3,293,822</b>	<b>\$ 3,215,035</b>	<b>\$ 3,241,076</b>	<b>\$ 3,313,142</b>	<b>\$ 3,379,391</b>
<i>Change from Prior Yr.</i>	<i>\$ (132,808)</i>	<i>\$ 202,179</i>	<i>\$ (78,787)</i>	<i>\$ 26,041</i>	<i>\$ 72,066</i>	<i>\$ 66,248</i>
<i>% Chg. from Prior Yr.</i>	<i>(4.1%)</i>	<i>6.5%</i>	<i>(2.4%)</i>	<i>0.8%</i>	<i>2.2%</i>	<i>2.0%</i>
<b>Per Unweighted FTE</b>	<b>\$ 6,823</b>	<b>\$ 7,244</b>	<b>\$ 7,061</b>	<b>\$ 7,105</b>	<b>\$ 7,222</b>	<b>\$ 7,350</b>
<b>Per Weighted FTE</b>	<b>\$ 4,720</b>	<b>\$ 4,946</b>	<b>\$ 4,779</b>	<b>\$ 4,793</b>	<b>\$ 4,843</b>	<b>\$ 4,888</b>

*This table does not include any local effort.*

*\*The weighted FTE enrollment for FY 2015 includes 4,400 FTE students for the all-day kindergarten phase-in initiative.*

*\*\* Technical Education tuition expenditures are shown here, but reflected in the budget of the Board of Regents.*

# Regents Program Enhancements

- **Emporia State University Honors College:** \$1 million. ESU is seeking to dramatically improve its honors program by creating an Honors College. The goal would be to enhance the image of the University as a scholarly institution, attract more honors students, and create an honors culture.
- **Fort Hays State University Information System Engineering Program:** \$760,111. Recently approved by the Board, this degree is designed to prepare entry level engineers to work with networks and information systems. This field is projected to be one of the fastest growing occupations in the next 5-10 years.
- **Kansas State University Architecture Design Program:** \$1.5 million for planning and design in FY 2015 and \$5.0 million annually beginning in FY 2016. State funding will be matched with private funds, tuition from increased enrollment, fees and research funds. The money will be used for scholarships, endowed chairs, program enhancements, and upgraded technologies and facilities.
- **Pittsburg State University Technical Teacher Education Program:** \$1.0 million. This funding will modify and expand the capacity of the existing program to meet current and future Center for Technical Education instructional and support needs. The University will also be a provider of ongoing education for Center for Technical Education professionals.
- **University of Kansas Institute for Translational Chemical Biology:** \$2.0 million. This new state support will build the critical infrastructure for a new Institute. Centered on the Lawrence campus but serving all campuses, the Institute will interact with external university and corporate partners to promote chemical biology research, and state-of-the-art drug discovery and development. This Institute will be an integral component of the drug discovery mission of the National Institute of Health-funded KU Cancer Center and will also enhance regional translational medicine by supporting researchers involved in the Clinical and Translational Science Award program at the KU Medical Center.
- **University of Kansas Medical Center Rural Health Bridging Program:** \$70,000 in new funding for a total of \$140,000, to encourage 14 primary care physicians to practice in rural areas of Kansas. Physicians must be in a primary care residency program, have completed one year of post-graduate training, and be eligible for an unrestricted Kansas license with a commitment for three years in the community. The rural health care employer matches the state's contribution and provides a signing bonus.
- **Wichita State University Technology Transfer and Experiential Learning Facility:** \$2.0 million. This facility will provide flexible spaces for "thinking, making and doing." Options include flexible ceiling heights, moveable walls, modified lighting and acoustical damping surfaces. The facility will have lease space for venture firms, plus traditional office and classroom space to accommodate faculty and student learning curriculums.

# Restoration of Regents Salary Cap

While the Regents universities have gained increased flexibility in the way they use their state revenue through an operating grant funding stream, they sustained budget cuts from the 2013 Legislative Session in several areas.

The Governor recommends restoring one-half of the salary-based reductions in FY 2014 and all of these cuts in FY 2015. For FY 2014, he restores funding to the universities in a manner that equalizes the budgetary impact.

<b>Governor's Restoration Recommendation</b>		
	<b><u>FY 2014</u></b>	<b><u>FY 2015</u></b>
FHSU	\$ --	\$ 4,764
KSU	949,829	1,196,484
ESARP	1,500,562	1,419,764
ESU	572,488	711,564
PSU	--	68,383
KU	77,935	85,768
KUMC	1,730,679	2,339,309
WSU	281,267	14,755
	<u>\$ 5,112,760</u>	<u>\$ 5,840,791</u>



# Health & Human Services

- Reorganization of Medicaid into KDHE has been marked with successful program change to KanCare
- Caseload expenses were re-estimated this fall and are reflected in the Governor's budget
- \$9.8 M to launch new and expand existing after-school literacy programs for Kansas Reading Roadmap
- Capital improvements at the Soldiers and Veterans Homes will improve residents' comfort and allow for better services and more bedspace
- 4 new Veterans Service Representatives will be hired to ensure Kansas veterans receive the benefits to which they are entitled

# Public Safety

## Actions Taken to Stabilize the Department of Corrections FY 2014 Budget

	<b>Amount (SGF)</b>
Reduction Approved by 2013 Legislature	(8,560,450)
<b>FY 2014 Items to Restore Resources</b>	
Juvenile Correctional Facility Education Contract Savings (ongoing)	1,023,544
Veto Kansas Correctional Industries Transfer (one-time)	750,000
Additional Inmate Phone Service Contract Commissions (one-time)	1,585,583
Graduated Sanctions FY 2013 Unexpended Funds (one-time)	366,047
Workers Compensation Savings from Lower Rates (FY 2015 rates also lower)	1,231,307
Veto FY 2013 Lapses (one-time)	1,857,468
Reappropriations to FY 2014 (one-time)	579,705
Juvenile Caseload Savings (FY 2014 & FY 2015)	1,166,796
<b>Total of Actions Taken</b>	<b>8,560,450</b>

### FY 2014 Budget Summary

The 2013 Legislature approved FY 2014 budget of \$346.4 M SGF/\$388.7 M All Funds for the System

The Governor's recommendation is now \$352.4 M SGF/\$403.2 M All Funds, a difference of \$6.0 million SGF: (1) reappropriations from FY 2013 of \$3.0 million SGF and (2) \$3.0 million SGF for the inmate health care contract supplemental. Over half of the total reappropriations were from the Governor's Veto.

### FY 2015 Budget Summary

The original Governor's recommendation for the Corrections System budget was \$356.6 M SGF/\$399.0 M All Funds.

The Governor's recommendation is now \$365.3 M SGF/\$410.1 M All Funds to add \$8.2 million SGF: (1) \$2.0 million for offender programs, (2) \$4.0 million for the inmate health care contract, and (3) \$2.2 million for the salary increase for classified employees. Also included are funding shifts of (1) \$1.3 million SGF from juvenile caseloads to Topeka Correctional Facility to fill correctional officer positions and (2) \$1.5 million SGF from temporarily closing cell houses and food contract savings for continued implementation of the Justice Reinvestment Initiative.

# Other Budget Highlights

- Salary increase proposed for classified state employees—first one since FY 2009
- Agriculture’s Weights and Measures program funded to protect the state’s consumers
- Oil and Gas Valuation Depletion Trust Fund transfers modified to avoid a reduction to counties in FY 2014
- \$2 million transfer to the Housing Trust Fund will provide for moderate income housing where a shortage impedes economic opportunity
- Funding for the Attorney General is added for oversight of training local law enforcement on human trafficking

For additional information, visit

<http://budget.ks.gov>