



The Governor's
Budget
Report

FISCAL YEAR 2014

Budget Brief
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January 16, 2013

Overview of Governor's Budget Proposals

- Two-year budget for FY 2014 and FY 2015 in full detail
- Kansas economy is growing and Governor Brownback's budget is designed to encourage further economic growth
- Despite predictions of enormous budget cuts, the Governor has assembled a plan to maintain priority state functions

State General Fund Outlook

(Dollars in Millions)

	FY 2012 Actual	FY 2013 Gov. Est.	FY 2014 Gov. Rec.	FY 2015 Gov. Rec.	FY 2016 Projected	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected
Beginning Balance	\$ 188.3	\$ 502.9	\$ 533.9	\$ 455.7	\$ 458.6	\$ 474.3	\$ 494.3	\$ 506.4
Revenues								
Taxes	6,160.5	6,204.1	5,980.3	6,155.9	6,374.9	6,603.6	6,841.7	7,087.0
Interest	9.7	10.0	9.7	10.0	10.0	10.5	11.0	11.5
Agency Earnings	62.1	58.5	55.0	55.0	55.0	56.0	57.0	58.0
Transfers:								
School Capital Improvement Aid	(104.8)	(110.8)	(114.0)	(118.6)	(122.0)	(126.0)	(128.0)	(131.0)
Regents Faculty of Distinction	(0.6)	(0.1)	(0.1)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)
Regents Research Corp Debt Service	(6.0)	(1.1)	(0.2)	(0.1)	--	--	--	--
Biosciences Initiative	(11.3)	(12.3)	(10.0)	(35.0)	(35.0)	(35.0)	(35.0)	(35.0)
Business Incentives	(12.3)	(11.5)	(11.6)	(9.8)	(10.0)	(10.0)	(10.0)	(10.0)
Highway Patrol	32.8	--	--	--	--	--	--	--
Highway Fund	205.0	--	15.0	--	--	--	--	--
State-Owned Casino Revenue	40.4	(2.0)	--	--	--	--	--	--
All Other Transfers	<u>37.4</u>	<u>94.6</u>	<u>80.7</u>	<u>95.1</u>	<u>95.0</u>	<u>123.0</u>	<u>65.0</u>	<u>55.0</u>
Total Available	\$ 6,601.1	\$ 6,732.4	\$ 6,538.7	\$ 6,608.2	\$ 6,826.5	\$ 7,096.2	\$ 7,295.8	\$ 7,541.8
Expenditures								
Aid to K-12 Schools	2,702.8	2,755.5	2,642.6	2,608.4	2,660.6	2,713.8	2,768.0	2,823.4
Higher Education	739.2	771.8	775.3	776.2	791.7	807.5	823.7	840.2
Health/Human Service Caseloads	990.0	1,054.9	1,054.7	1,121.0	1,189.6	1,261.0	1,337.1	1,419.8
KPERS State/School Employer Contrib.*	434.1	407.0	412.0	450.9	493.4	543.4	593.4	643.4
All Other Expenditures	<u>1,232.1</u>	<u>1,209.3</u>	<u>1,198.4</u>	<u>1,193.0</u>	<u>1,216.9</u>	<u>1,276.2</u>	<u>1,267.2</u>	<u>1,286.2</u>
Total Expenditures	\$ 6,098.1	\$ 6,198.5	\$ 6,082.9	\$ 6,149.6	\$ 6,352.2	\$ 6,602.0	\$ 6,789.4	\$ 7,012.9
Ending Balance	\$ 502.9	\$ 533.9	\$ 455.7	\$ 458.6	\$ 474.3	\$ 494.3	\$ 506.4	\$ 528.9
As Percentage of Expenditures	8.2%	8.6%	7.5%	7.5%	7.5%	7.5%	7.5%	7.5%

Totals may not add because of rounding.

* Employer contributions to KPERS for state employees are estimated as a proportion of the total from the SGF. KPERS School is a direct appropriation.

Revenues for FY 2013 and FY 2014 reflect CRE of November 6, 2012, with adjustments recommended by the Governor.

Expenditures reflect Governor's decisions through FY 2015, inflationary factors applied thereafter.

Next 27th paycheck will be paid next in FY 2017. Amounts shown are for illustrative purposes and are not specific gubernatorial proposals.

Education

- Governor funds the current school finance formula (\$3838 BSAPP in FY 2013 and FY 2014, \$3852 in FY 2015)
- The Governor's successful technical education initiative will continue to encourage preparation of our state's future workforce
- Specific programs at the KU Medical Center, KU and Kansas State are also funded on top of previous ongoing research initiatives (Cancer Center, Animal Research, Aviation Infrastructure and Engineering Kan-Grow)

Health & Human Services

- Reorganization of Medicaid into KDHE has been marked with successful program change to KanCare
- Caseload expenses are essentially flat in FY 2014 over FY 2013 for perhaps the first year ever
- State hospitals are properly staffed and funding is recommended to ensure those who require inpatient care receive it and those committed to the Sexual Predator Treatment Program receive necessary supervision
- Declining unemployment levels reduce estimated UI benefit payouts from \$735 M in FY 2012 to \$325 M in FY 2015

Public Safety

- Construction of a new forensic analysis laboratory will benefit the KBI as well as Washburn University
- Funding for community corrections will address future bedspace concerns and lower recidivism rates
- Absorbing JJA into Corrections will generate funding for juvenile programs
- Funding is added for the Adjutant General's Wichita Readiness Center, Crisis City and for maintaining KBI facilities
- The Highway Patrol will gain control of its own funds for planning future trooper classes

Other Budget Highlights

- Strategic use of the State Highway Fund for non-KDOT transportation related functions conserves State General Fund resources
- Funding in Commerce will capitalize on the state's new tax policies and promote business startups in the Accelerate Entrepreneurship Program
- Drought-related projects will be addressed using prior year Water Plan Fund savings
- \$2 M for sorghum research will promote this dryland crop
- Opportunities to capture additional federal funding where appropriate will be pursued, such as for pension benefits of federally-financed special education teachers
- Savings in Death & Disability Program in KPERs captured by lowering assessment rate in FY 2014 and FY 2015

Tax Revenues

- November 2012 Consensus Revenue Estimate reflects tax rate changes made by 2012 Legislature
- Governor Brownback recommends a number of changes to that estimate and presents an estimate for FY 2015 to support his budget
- State sales and use tax rate kept at 6.3 percent while keeping Highway Fund protected for T-WORKS commitments
- As the individual income tax rate ratchets down, the mortgage interest tax deduction will become less and less valuable to taxpayers and again the Governor proposes abolishing it

State Government

- Number of state employees has decreased over 10% since its peak in FY 2008
- Six state agencies have been abolished with two more proposed
- The budget covers the ever-growing expense for state and school district employees' pension benefits



For additional information, visit

<http://budget.ks.gov>