

BUDGET OVERVIEW — FISCAL YEARS 2015, 2016, AND 2017

Budget Overview — All Funds

The 2015 Session of the Legislature approved expenditures of \$15.5 billion in FY 2015 from all funding sources, an increase of \$720.2 million, or 4.9 percent, above the FY 2014 actual budget. The approved FY 2015 State General Fund budget totals \$6.3 billion, an increase of \$268.6 million, or 4.5 percent, above the FY 2014 actual State General Fund amount of \$6.0 billion. The approved budget includes one-time transfers from the Highway Fund to the State General Fund and agency funds totaling \$150.7 million in FY 2015. Additionally, the Governor made allotments, or reductions, in December 2014 and February 2015 which reduced State General Fund expenditures by a total of \$104.6 million, of which \$28.3 million allotted from the Department of Education, was restored by House Sub. for SB 7.

The approved budget for FY 2016 authorizes expenditures of \$15.4 billion from all funding sources, a decrease of \$66.2 million, or 0.4 percent, below the FY 2015 approved budget. The approved FY 2016 State General Fund budget totals \$6.4 billion, an increase of \$120.7 million, or 1.9 percent, above the FY 2015 approved State General Fund budget. The approved budget for FY 2017 authorizes expenditures of \$15.9 billion from all funding sources, an increase of \$468.2 million, or 3.0 percent, above the FY 2016 approved budget. The approved FY 2017 State General Fund budget totals \$6.4 billion, an increase of \$26.4 million, or 0.4 percent, above the FY 2016 approved State General Fund budget. For FY 2016, these one-time transfers total \$157.2 million and the largest transfers are \$129.3 million from the State Highway Fund, \$17.0 million from the Economic Development Initiatives Fund (EDIF), \$9.6 million from the Kansas Endowment for Youth (KEY) Fund, and \$8.0 million from the Service Regulation Fund of the Insurance Department. For FY 2017, transfers total \$158.2 million and the largest transfers are \$130.8 million from the State Highway Fund, \$17.0 million from the EDIF, \$8.1 million from the KEY fund, and \$8.0 million from the Service Regulation Fund.

2015 House Sub. for SB 7 created a new block grant system to fund school districts for FY 2016 and FY 2017 and eliminated the previous funding formula. Approved K-12 expenditures increase by \$81.5 million, including \$77.0 million from the State General, for FY 2016 and \$29.0 million, with a decrease of \$48.0 million from the State General Fund, for FY 2017, primarily due to an increase in anticipated revenue from the 20 mill state property tax levy. Several changes were made to Kansas Public Employees Retirement System (KPERs) funding. Bonding authority of \$1.0 billion was approved, with certain limitations. Proceeds will be deposited into the KPERs Trust Fund and debt service payments are to be made from the State General Fund. Those payments are currently estimated at \$31.4 million for FY 2016 and \$62.2 million for FY 2017. Additionally, the KPERs employer contribution rate was decreased. These changes reduce State General Fund expenditures by \$13.6 million for FY 2016 and \$35.6 million for FY 2017. Payments for the KPERs Death and Disability Fund were suspended for seven pay periods in both fiscal years, further reducing State General Fund expenditures by \$11.3 million for FY 2016 and \$11.5 million for FY 2017. The privilege fee paid by health maintenance organizations was increased from 1.0 percent to 3.31 percent. This change will increase all funds expenditures by \$33.4 million and reduce State General expenditures by \$91.6 million for FY 2016 and increase all funds expenditures by \$34.8 million and reduce State General Fund expenditures by \$95.4 million for FY 2017. 2015 Senate Sub. for HB 2135 authorized the Director of the Budget to lapse appropriations and transfer moneys from special revenue funds to the State General Fund totaling up to \$100 million (with a target of \$50.0 million in reductions), if the Director certifies that the ending balance of the State General Fund for FY 2016 will be less than \$100 million.

Based on current financing, the State General Fund will finance 40.4 percent of FY 2015 expenditures, 41.4 percent of FY 2016 expenditures, and 40.4 percent of the FY 2017 expenditures. All other expenditures are financed from approximately 1,000 special revenue funds, dedicated building funds, and federal grants.

Summary of Expenditures by Major Purpose — All Funds

State expenditures can be divided into four major areas of expenditure: state operations expenditures (incurred in the direct operations of state government such as salaries and wages, rents, and travel); aid to local units of government (payments to governmental units which provide services at the local level, and, in most cases, have taxing authority); other assistance, grants, and benefits (payments to individuals and agencies that are not

governmental units such as Medicaid payments and unemployment insurance payments); and capital improvements (repairs and construction of state-owned facilities, including highways).

Table I summarizes the FY 2014 through FY 2017 budgets by major purpose of expenditure.

TABLE I
Expenditures from All Funds by Major Purpose
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 - FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
State Operations	\$ 4,613.1	\$ 4,695.3	\$ 4,749.1	\$ 53.8	1.1 %	\$ 4,869.2	\$ 120.1	2.5 %
Aid to Local Units	4,352.9	5,067.9	5,137.4	69.5	1.4	5,145.3	7.9	0.2
Other Assistance	4,535.8	4,762.5	4,819.1	56.6	1.2	4,749.5	(69.7)	(1.4)
Total Operating	\$ 13,501.9	\$ 14,525.8	\$ 14,705.7	\$ 179.9	1.2	\$ 14,764.0	\$ 58.3	0.4 %
Capital Improvements	1,232.6	929.0	682.8	(246.2)	(26.5)	1,092.7	409.9	60.0
TOTAL	\$ 14,734.5	\$ 15,454.7	\$ 15,388.5	\$ (66.3)	(0.4) %	\$ 15,856.7	\$ 468.2	3.0 %

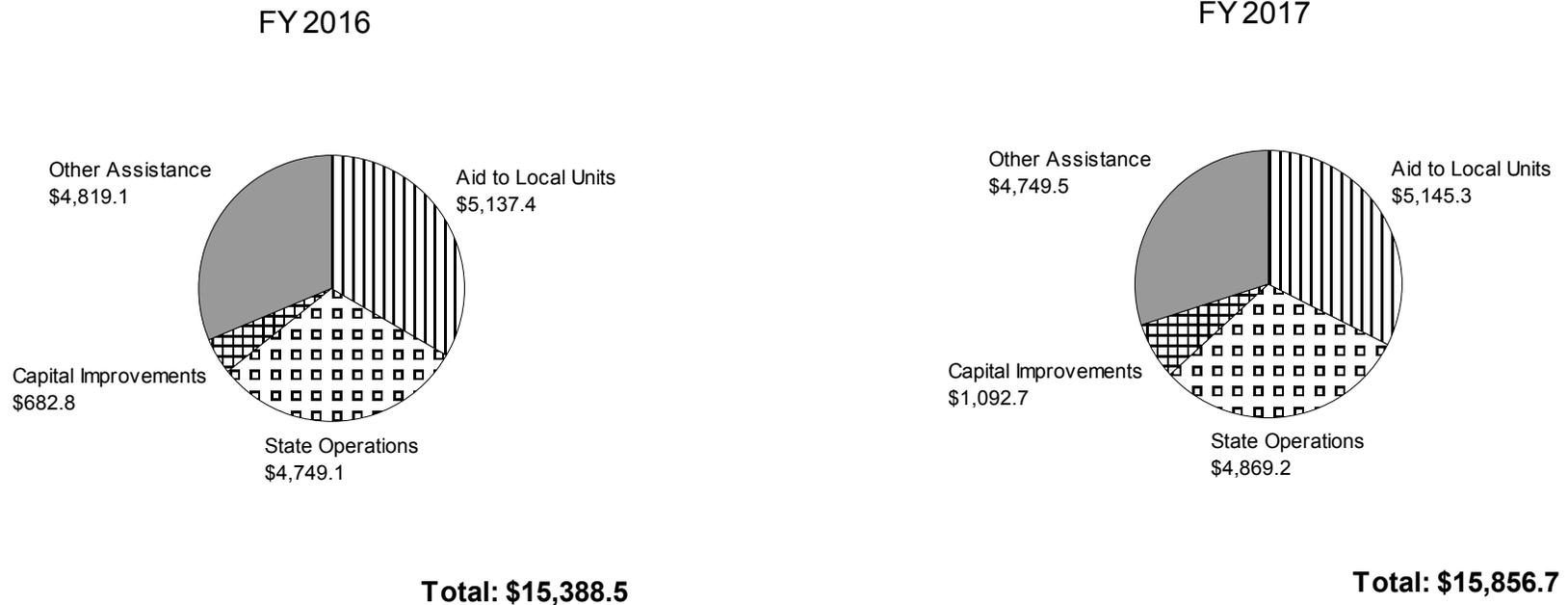
Note: Totals may not add due to rounding.

Approved operating expenditures, which consist of total expenditures less capital improvements, increase by \$179.9 million, or 1.2 percent, from FY 2015 to FY 2016 and by \$58.3, or 0.4 percent, from FY 2016 to FY 2017. Approved capital improvements expenditures decrease by \$246.2 million, or 26.5 percent, in FY 2016, and increase by \$409.9 million, or 60.0 percent, for FY 2017. Of the total authorized budget for FY 2016, 30.9 percent is for state operations, 33.4 percent is for aid to local

units of government, 31.3 percent is for other assistance, grants and benefits, and 4.4 percent is for capital improvements. For FY 2017, 30.7 percent is for state operations, 32.4 percent is for aid to local units of government, 30.0 percent is for other assistance, grants and benefits, and 6.9 percent is for capital improvements.

The following chart displays expenditures from all funding sources for FY 2016 and FY 2017 by function of government.

**Expenditures from All Funds by Major Purpose
(Millions of Dollars)**



State Operations — All Funds

Expenditures for state operations comprise 30.4 percent of total expenditures in FY 2015, 30.9 percent in FY 2016, and 30.7 percent in FY 2017. The approved FY 2016 all funds amount for state operations is a net increase of \$53.8 million, or 1.1 percent, above the FY 2015 amount and the approved FY 2017 all funds amount is a net increase of \$120.1 million, or 2.5 percent, above the FY 2016 approved budget. In addition to specific agency

changes there is also a statewide information technology reduction of \$15.0 million for both FY 2016 and FY 2017.

Agencies having substantial increases in state operations for FY 2016 from FY 2015 include the Department of Administration (\$60.1 million, or 98.0 percent), Racing and Gaming Commission (\$1.6 million, or 18.7 percent), and Kansas Bureau of

Investigation (\$4.2 million, or 16.0 percent). Significant decreases include Kansas Water Office (\$3.0 million, or 30.6 percent), School for the Deaf (\$2.7 million, or 22.5 percent), and State Library (\$560,449, or 12.5 percent). Agencies having significant increases for state operations for FY 2017 above FY 2016 include the Department of Administration (\$33.5 million, or 27.6 percent), Health Care Stabilization Fund (\$756,924, or 10.9 percent), and Kansas Lottery (\$24.0 million, or 8.3 percent). Significant decreases include the Kansas Legislature (\$3.1 million, or 15.3 percent), Board of Pharmacy (\$130,679, or 10.3 percent), and Kansas Department of Health and Environment (\$15.4 million, or 7.9 percent).

The substantial increases in the Department of Administration include debt service payments for various agencies including the KPERS bonds which will now be tracked in the Department.

Employees will receive longevity bonus payments at the statutory rate of \$40 per year of service. Executive Branch employees hired or re-employed on or after June 15, 2008 are not eligible for longevity bonus payments. Funding for longevity payments total \$7.7 million all funds, including \$2.9 million from the State General Fund, for FY 2016.

Additionally, the KPERS employer contribution rate was decreased, reducing State General Fund expenditures by \$13.6 million for FY 2016 and \$35.6 million for FY 2017, after adjusting for the debt service payments on the KPERS bonds. Payments for the KPERS Death and Disability Fund were suspended for seven pay periods in both fiscal years, further reducing State General Fund expenditures by \$11.3 million for FY 2016 and \$11.5 million for FY 2017.

FY 2016 State Employee Compensation (In Millions)

	All Funds	State General Fund
Base salary increase. <i>No base salary increase was recommended for state employees.</i>	\$ -	\$ -

Longevity bonus pay for current classified employees. The statutory rate for longevity bonus pay is \$40 per year of service. Executive Branch employees hired or re-employed on or after June 15, 2008 will not be eligible to receive longevity bonus pay.	7.7	2.9

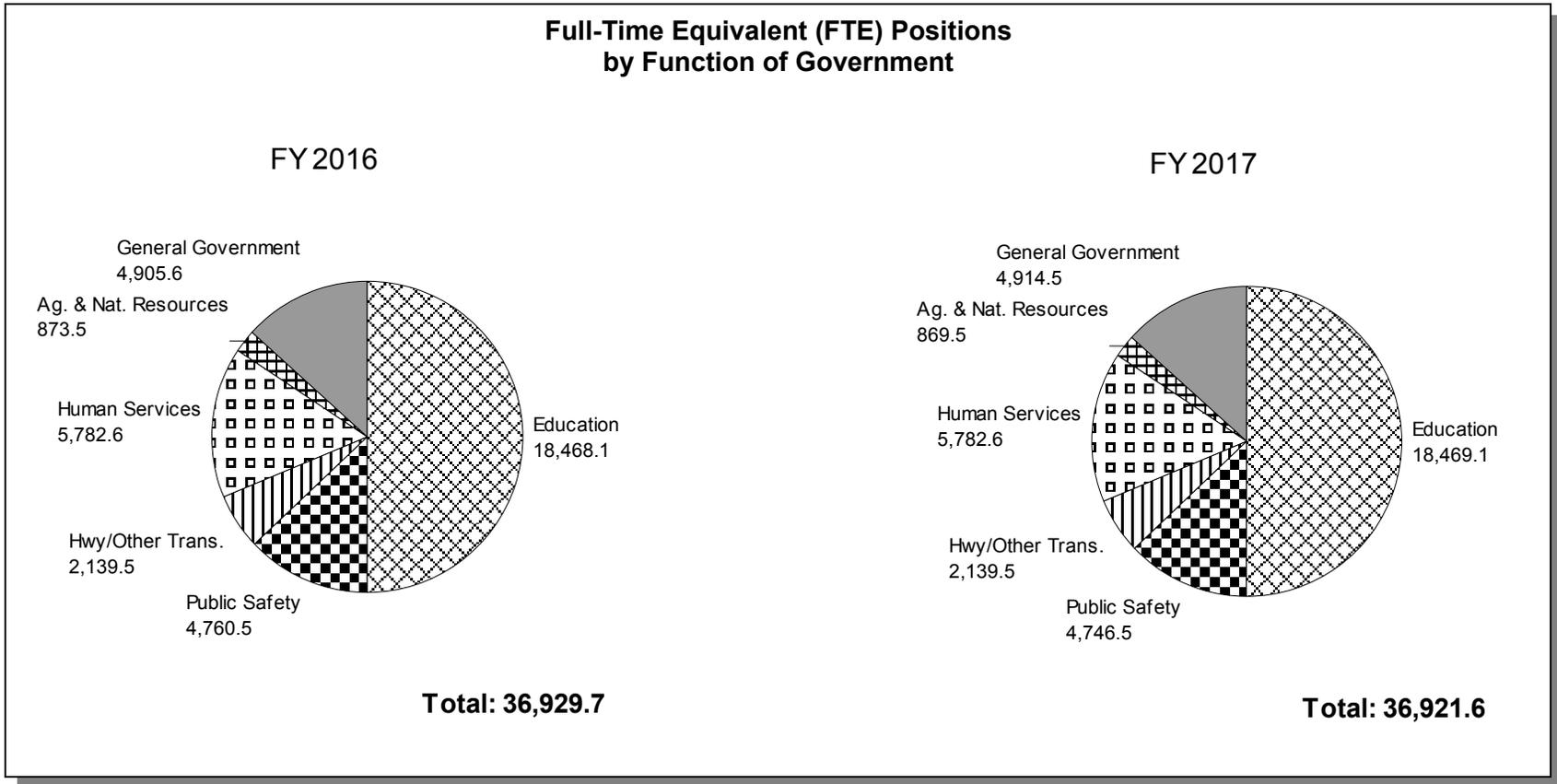
TOTAL	\$ 7.7	\$ 2.9

FTE Positions. The FY 2016 approved budget includes 36,929.7 FTE positions and represents a decrease of 35.7 positions, or 0.1 percent, below FY 2015. The decrease is largely attributable to a reduction of 38.0 FTE positions at the Adjutant General and 21.0 FTE positions at the Department of Wildlife, Parks and Tourism, partially offset by the addition of 32.0 FTE positions at the Judicial Branch. The FY 2017 approved budget

includes 36,921.6 FTE positions and is a decrease of 8.1 positions, or less than 0.1 percent below the FY 2016 approved amount. The decrease is due largely to a reduction of 15.0 FTE positions at the Adjutant General, partially offset by the addition of 5.0 positions at the Judicial Branch.

Executive Reorganization Order (ERO) No. 43 transferred the Medicaid eligibility determination program from the Department of Children and Families (DCF) to the Department of Health and Environment (KDHE) and transferred the foster care license

program from KDHE to DCF. ERO No. 43 will lead to the net transfer of 115.0 FTE positions from DCF to KDHE and the net addition of \$1.6 million for FY 2016 and \$4.9 million for FY 2017 to KDHE with an equivalent decrease for DCF.



Aid to Local Units — All Funds

Approved expenditures in FY 2015 for aid to local units of government total \$5.1 billion, including \$3.4 billion from the State General Fund. For FY 2016 and FY 2017 approved aid to local units of government totals \$5.1 billion, including \$3.4 billion from

the State General Fund. Aid to local units of government comprises 33.4 percent of total expenditures and 57.7 percent of State General Fund expenditures for FY 2016 and 32.4 percent of total expenditures and 58.8 percent of State General Fund expenditures

for FY 2017. Block grant state aid accounts for 79.7 percent of this category. Federal and other aid is 12.6 percent of the total for FY 2016 and 12.7 percent for FY 2017. A complete table of state aid to local units of government from the State General Fund for FY 2014 through FY 2017 and a table of state aid from selected other funds from FY 2014 through FY 2017 can be found later in this document in tables X and XII.

Approved expenditures for aid to local units of government increase \$69.5 million, or 1.4 percent, from FY 2015 to FY 2016 and increase \$7.9 million, or 0.2 percent, from FY 2016 to FY 2017. The vast majority of local aid (92.6 percent) is paid to unified school districts. The aid to local units payment to school districts is estimated to increase by \$28.8 million, or 0.9 percent, from FY 2015 to FY 2017. Aid to local units of government, other than education, increases by \$29.8 million, or 0.9 percent, from FY 2015 to FY 2017.

Other Assistance — All Funds

Approved expenditures for other assistance, grants, and benefits total \$4.8 billion in FY 2015, and comprise 30.8 percent of total expenditures. For FY 2016 approved other assistance expenditures are \$4.8 billion and comprise 31.3 percent of total expenditures. Approved expenditures for FY 2017 total \$4.7 billion and comprise 30.0 percent of total expenditures. More than 80.0 percent of this amount (\$3.9 billion, or 82.4 percent) consists of expenditures for public welfare, Medicaid, and long-term care programs of the KDHE - Division of Health Care Finance (\$2.2 billion, or 44.7 percent), the Department for Aging and Disability Services (\$1.4 billion, or 29.9 percent), and DCF (\$376.6 million, or 7.8 percent). Another large component of this category of expenditures is the Unemployment Insurance program of the Department of Labor (\$287.4 million, or 6.0 percent).

The increase in approved expenditures for other assistance from FY 2015 to FY 2016 is \$56.6 million, or 1.2 percent. From FY 2016 to FY 2017 approved expenditures decrease \$69.7 million, or 1.4 percent. Within the Department of Labor, approved other assistance expenditures for FY 2016 decrease \$55.1 million, or 16.1 percent, and for FY 2017 expenditures decrease of \$43.9 million, or 15.3 percent. These decreases primarily reflect lower budgeted unemployment insurance payments. Approved other assistance expenditures for KDHE - Division of Health Care Finance increase by \$97.8 million, or 4.8 percent, from FY 2015 to FY 2016. For FY 2017 expenditures increase by \$26.9 million, or 1.3 percent, largely due to medical program expenditures. The growth is offset by a mix of KanCare policy and contractual changes implemented by the State to reduce costs.

Capital Improvements — All Funds

Approved expenditures for capital improvements total \$929.0 million in FY 2015, a decrease of \$303.7 million, or 24.6 percent, below FY 2014 actual expenditures. From FY 2015 to FY 2016 approved expenditures decrease \$246.1 million, or 26.5 percent, and for FY 2017 capital improvements expenditures increase \$409.9 million, or 60.0 percent. Capital improvements comprise 4.4 percent of total FY 2016 expenditures and 6.9 percent of total FY 2017 expenditures. Nearly three-quarters of the

approved capital improvements expenditures (\$489.8 million, or 71.9 percent) are for highways in FY 2016, and highways comprise over 80.0 percent of FY 2017 capital improvements expenditures (\$923.4 million, or 84.5 percent). Approved expenditures for highways decrease \$204.4 million, or 29.4 percent, from FY 2015 to FY 2016, and increase \$433.5 million, or 88.5 percent, in FY 2017. For FY 2016, this decrease is primarily related to reductions to preservation and other project expenditures in order to achieve

savings for transfers. Reductions to FY 2017 expenditures for preservation and project expenditures were made in order to achieve savings for transfers. The overall FY 2017 budget is still an increase which is created by significant reductions included within the FY 2016 approved budget. For FY 2017 the agency anticipates

expenditures to return to a level similar to prior years of T-WORKS, with FY 2017 being the seventh year of the ten year program. The agency anticipates letting projects delayed as part of current year and budget year expenditure reductions as revenues allow.

Summary of Expenditures by Function of Government — All Funds

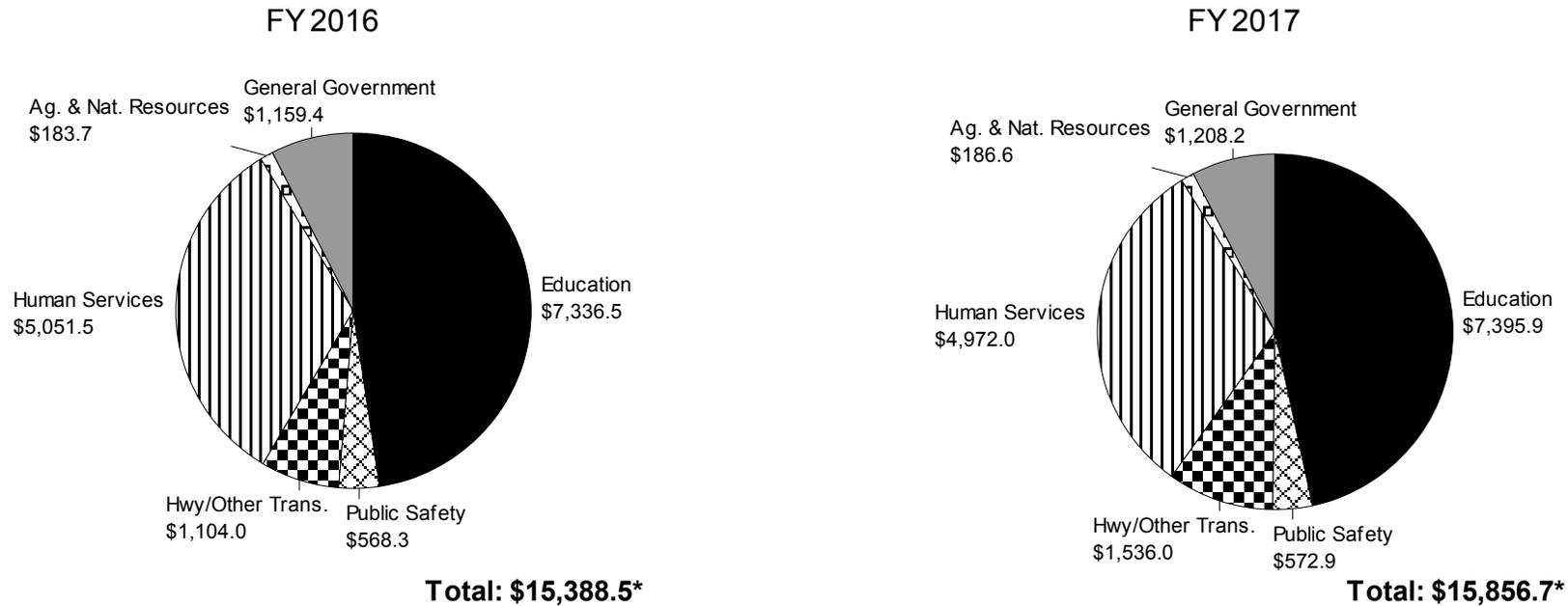
Table II and the following pie charts summarize the FY 2014 through FY 2017 agency budget expenditures by function of government.

TABLE II
Expenditures from All Funds by Function of Government
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General Government	\$ 1,117.9	\$ 1,113.6	\$ 1,159.4	\$ 45.8	4.1 %	\$ 1,208.2	\$ 48.8	4.2 %
Human Services	4,742.8	4,961.1	5,051.5	90.4	1.8	4,972.0	(79.5)	(1.6)
Education	6,429.0	7,278.9	7,336.5	57.6	0.8	7,395.9	59.4	0.8
Public Safety	594.3	582.4	568.3	(14.1)	(2.4)	572.9	4.6	0.8
Ag. & Nat. Resources	186.7	192.3	183.7	(8.7)	(4.5)	186.6	2.9	1.6
Hwy/Other Trans.	1,663.9	1,330.1	1,104.0	(226.1)	(17.0)	1,536.0	432.0	39.1
IT Savings	-	(3.8)	(15.0)	(11.2)	(294.7)	(15.0)	-	-
TOTAL	<u>\$ 14,734.5</u>	<u>\$ 15,454.7</u>	<u>\$ 15,388.5</u>	<u>\$ (66.2)</u>	<u>(0.4) %</u>	<u>\$ 15,856.7</u>	<u>\$ 468.1</u>	<u>3.0 %</u>

Note: Totals may not add due to rounding.

**Expenditures from All Funds by Function of Government
(Millions of Dollars)**



*Totals include \$15.0 million in IT savings.

Program or Agency Components of the All Funds Budget

Table III provides an overview of the major program or agency components of the FY 2016 and FY 2017 all funds approved state budgets. The table identifies individual components which comprise 98.8 percent of expenditures financed from all funding sources. The Department of Education, Board of Regents

and other post-secondary education, KDHE - Health Care Finance, the Department for Aging and Disability Services (KDADS), and the Department of Transportation account for 81.4 percent of the overall state budget in FY 2016 and 81.8 percent in FY 2017.

TABLE III
Expenditures from All Funds by Agency or Program
(Thousands of Dollars)

	FY 2016				FY 2017			
	Amount	Percent of Total	Cumulative Percent	Percent Change from FY 2015	Amount	Percent of Total	Cumulative Percent	Percent Change from FY 2016
Department of Education	\$ 4,614,267	30.0 %	30.0 %	1.8 %	\$ 4,643,034	29.3 %	29.3 %	0.6 %
Board of Regents and Institutions	2,690,985	17.5	47.5	(0.8)	2,721,137	17.2	46.4	1.1
Other Education*	31,284	0.2	47.7	(5.8)	31,744	0.2	46.6	1.5
<i>Subtotal – Education</i>	<u>\$ 7,336,536</u>	<u>47.7 %</u>	<u>47.7 %</u>	<u>0.8 %</u>	<u>\$ 7,395,916</u>	<u>46.6 %</u>	<u>46.6 %</u>	<u>0.8 %</u>
KDHE – Health	\$ 2,380,916	15.5	63.1	4.5	\$ 2,391,560	15.1	61.7	0.4
KDADS and Hospitals	1,706,800	11.1	74.2	2.2	1,654,937	10.4	72.2	(3.0)
Kansas Department of Transportation	1,104,047	7.2	81.4	(17.0)	1,536,010	9.7	81.8	39.1
Department for Children and Families	612,871	4.0	85.4	1.1	619,162	3.9	85.8	1.0
Department of Corrections and Facilities	398,633	2.6	88.0	(1.2)	405,225	2.6	88.3	1.7
Lottery and Racing and Gaming Commission	352,273	2.3	90.3	1.8	378,808	2.4	90.7	7.5
Department of Labor	327,172	2.1	92.4	(14.5)	282,738	1.8	92.5	(13.6)
Department of Administration	146,951	1.0	93.4	43.0	180,504	1.1	93.6	22.8
Judicial Branch	131,233	0.9	94.2	1.9	138,409	0.9	94.5	5.5
Department of Revenue	119,771	0.8	95.0	(3.9)	101,245	0.6	95.1	(15.5)
Highway Patrol and KBI	113,700	0.7	95.7	1.6	115,645	0.7	95.9	1.7
Department of Commerce	113,224	0.7	96.5	(9.3)	107,204	0.7	96.5	(5.3)
Department of Wildlife, Parks and Tourism	69,846	0.5	96.9	1.4	70,654	0.4	97.0	1.2
Insurance Department and HCSF	63,780	0.4	97.3	2.3	68,889	0.4	97.4	8.0
KDHE – Environment	58,721	0.4	97.7	(5.8)	58,927	0.4	97.8	0.4
Kansas Public Employees Retirement System (KPERs)	52,471	0.3	98.1	2.6	54,379	0.3	98.1	3.6
Department of Agriculture	42,359	0.3	98.3	(5.7)	41,744	0.3	98.4	(1.5)
Adjutant General	39,938	0.3	98.6	(22.4)	35,869	0.2	98.6	(10.2)
Legislative Agencies	30,033	0.2	98.8	9.4	26,797	0.2	98.8	(10.8)
All Other	187,242	1.2	100.0	(5.1)	192,065	1.2	100.0	2.6
TOTAL	<u><u>\$ 15,388,516</u></u>			<u><u>(0.4)%</u></u>	<u><u>\$ 15,856,689</u></u>			<u><u>3.0 %</u></u>

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

Economic Development Initiatives Fund

The 2015 Legislature appropriated funding and authorized transfers from the EDIF of \$47.1 million in FY 2015, \$43.0 million for FY 2016, and \$43.4 million for FY 2017. The agencies and

programs receiving EDIF appropriations and the amounts are summarized in the following table.

TABLE IV
Economic Development Initiatives Fund Expenditures

	FY 2015	FY 2016	FY 2017
Department of Commerce	\$ 16,575,236	\$ 13,733,083	\$ 13,695,123
Department of Administration	588,000	-	-
Board of Regents and Institutions	5,506,684	4,517,325	4,516,889
Department of Agriculture	564,037	561,160	1,055,627
Department of Wildlife, Parks and Tourism	5,264,858	5,199,521	5,168,130
Transfers to Other Funds	18,604,620	19,000,000	19,000,000
TOTAL	\$ 47,103,435	\$ 43,011,089	\$ 43,435,769

Children's Initiatives Fund Expenditures

The 2015 Legislature authorized expenditures of \$55.2 million in FY 2015, \$51.3 million for FY 2016, and \$49.2 million for

FY 2017 from the Children's Initiatives Fund (CIF). Table V reflects expenditures by agency from the fund for FY 2015 to FY 2017.

TABLE V
Children's Initiatives Fund Expenditures

	FY 2015	FY 2016	FY 2017
Department of Health and Environment	\$ 7,129,050	\$ 7,128,120	\$ 7,128,120
Department for Aging and Disability Services	3,800,000	3,800,000	3,800,000
Department for Children and Families	32,266,341	26,239,508	26,237,747
Department of Education	12,037,447	14,137,447	12,037,447
TOTAL	\$ 55,232,838	\$ 51,305,075	\$ 49,203,314

State Water Plan Fund

The 2015 Legislature authorized expenditures of \$16.7 million in FY 2015, \$12.8 million for FY 2016, and \$13.1 million for FY 2017 from the State Water Plan Fund. Table VI lists the

agencies receiving allocations from the State Water Plan Fund in FY 2015 to and FY 2017.

**TABLE VI
State Water Plan Fund Expenditures**

	FY 2015	FY 2016	FY 2017
Department of Agriculture	\$ 10,874,070	\$ 8,797,870	\$ 8,241,612
Kansas Water Office	4,018,042	2,168,440	3,024,990
Department of Health and Environment	1,821,677	1,813,560	1,823,092
University of Kansas – Geological Survey	26,841	26,841	26,841
TOTAL	<u>\$ 16,740,630</u>	<u>\$ 12,806,711</u>	<u>\$ 13,116,535</u>

Expanded Lottery Act Revenues Fund

The 2015 Legislature authorized expenditures of \$86.3 million in FY 2015, \$82.9 million for FY 2016, and \$82.2 million for FY 2017. Table VII list the agencies receiving allocations from the

Expanded Lottery Act Revenue Fund (ELARF) for FY 2015 to FY 2017.

**TABLE VII
Expanded Lottery Act Revenues Fund Expenditures**

	FY 2015	FY 2016	FY 2017
Department of Administration	\$ 36,273,052	\$ 36,273,052	\$ 36,273,052
Transfers to Other Funds	49,990,000	46,658,948	45,930,948
TOTAL	<u>\$ 86,263,052</u>	<u>\$ 82,932,000</u>	<u>\$ 82,204,000</u>

Note: The 2015 Legislature approved GBA No. 1, Item 2 that added proviso language to 2015 House Sub. for SB 112 to transfer the unencumbered balance of ELARF to the State General Fund for FY 2016 and FY 2017.

Budget Overview — State General Fund

The approved FY 2015 State General Fund budget totals \$6.3 billion, an increase of \$268.5 million, or 4.5 percent, above the FY 2014 actual State General Fund amount of \$6.0 billion. The approved budget includes one-time transfers from the State Highway Fund to the State General Fund and agency funds totaling \$150.7 million in FY 2015. Additionally, the Governor made allotments in December 2014 and February 2015 which reduced State General Fund expenditures by a total of \$104.6 million, of which \$28.3 million, allotted from the Department of Education, was restored by 2015 House Sub. for SB 7.

The approved FY 2016 State General Fund budget totals \$6.4 billion, an increase of \$120.7 million, or 1.9 percent, above the FY 2015 approved State General budget. The approved FY 2017 State General Fund budget totals \$6.4 billion, an increase of \$26.4

million, or 0.4 percent, above the FY 2016 approved State General Fund budget.

Based on the estimate of receipts (as adjusted in May 2015 for legislation enacted by the 2015 Legislature) and expenditures for FY 2015, FY 2016, and FY 2017, the State General Fund ending balance is expected to decrease from \$379.7 million at the end of FY 2014 to \$72.7 million at the end of FY 2015. It is expected to further decrease to \$25.6 million at the end of FY 2016.

Approved expenditures are projected to exceed receipts by \$307.1 million in FY 2015 and \$47.1 in FY 2016. The 2015 Legislature approved an ending balance of 6.3 percent in FY 2015, 1.2 percent in FY 2016, and 0.4 percent for FY 2017.

Summary of Expenditures by Major Purpose — State General Fund

Table VIII summarizes actual FY 2014 and approved FY 2015, FY 2016 and FY 2017 State General Fund budgets by major purpose of expenditure. Approved state operations expenditures decrease \$56.4 million, or 4.1 percent, and aid to local units expenditures decrease \$78.9 million, or 2.3 percent, from FY 2015 to FY 2016. Approved expenditures for other assistance decrease \$7.2 million, or 0.5 percent, while capital improvements expenditures also decrease \$7.6 million, or 27.7 percent, from FY

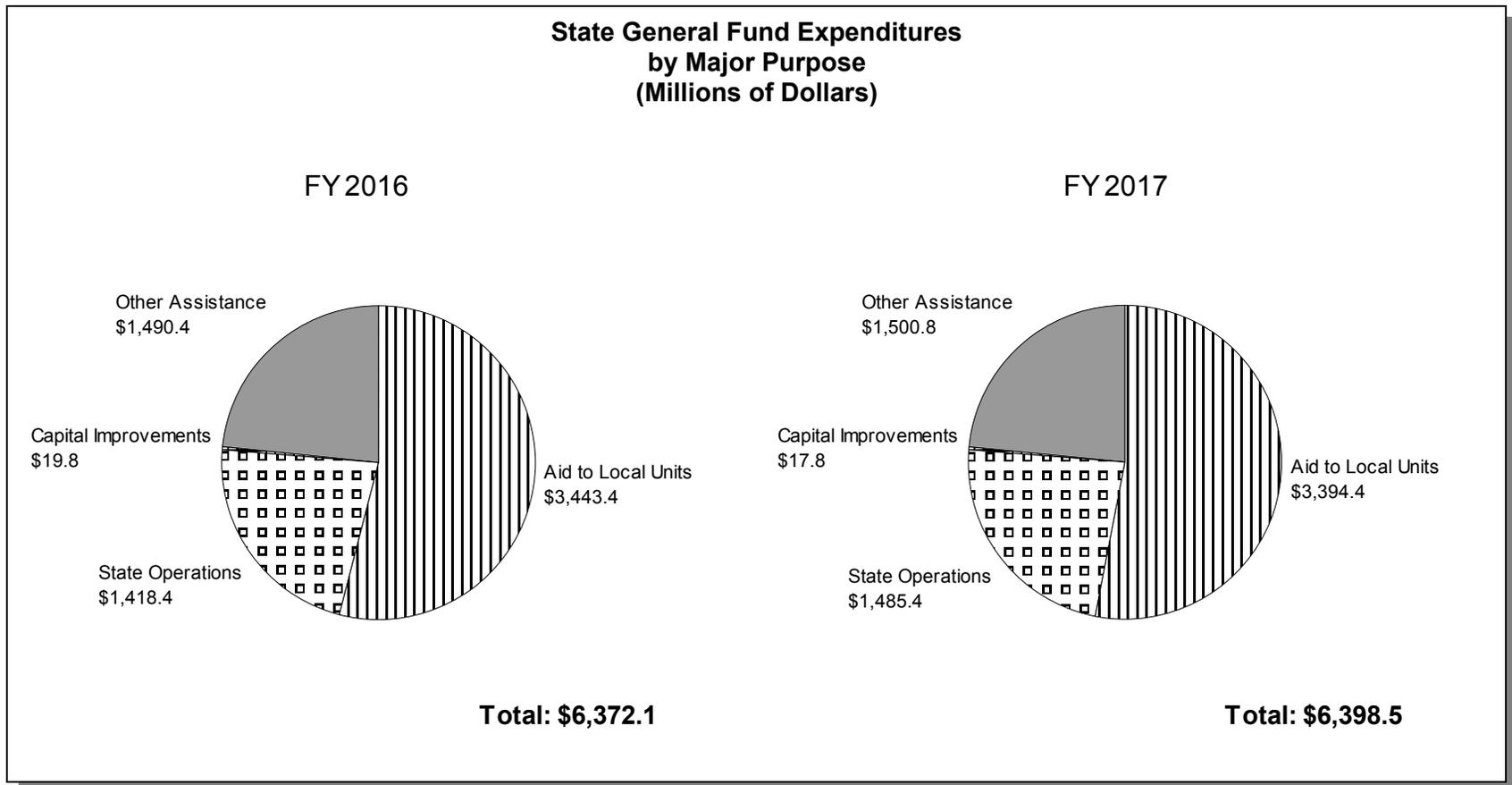
2015 to FY 2016. From FY 2016 to FY 2017, approved state operations expenditures increase \$67.0 million, or 4.7 percent, while aid to local units expenditures decrease \$49.0 million, or 1.4 percent. Approved expenditures for other assistance increase \$10.4 million, or 0.7 percent, while capital improvements expenditures decrease \$2.0 million, or 10.2 percent from FY 2016 to FY 2017.

TABLE VIII
State General Fund Expenditures by Major Purpose
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
State Operations	\$ 1,351.8	\$ 1,362.0	\$ 1,418.4	\$ 56.4	4.1 %	\$ 1,485.4	\$ 67.0	4.7 %
Aid to Local Units	3,196.6	3,364.5	3,443.4	78.9	2.3	3,394.4	(49.0)	(1.4)
Other Assistance	1,403.8	1,497.5	1,490.4	(7.2)	(0.5)	1,500.8	10.4	0.7
Total Operating	\$ 5,952.2	\$ 6,224.1	\$ 6,352.2	\$ 128.1	2.1 %	\$ 6,380.6	\$ 28.4	0.4 %
Capital Improvements	30.6	27.4	19.8	(7.6)	(27.7)	17.8	(2.0)	(10.2)
TOTAL	\$ 5,982.8	\$ 6,251.4	\$ 6,372.1	\$ 120.7	1.9 %	\$ 6,398.5	\$ 26.4	0.4 %

Note: Totals may not add due to rounding.

The following charts display FY 2016 and FY 2017 State General Fund expenditures by major purpose.



State Operations — State General Fund

Approved expenditures for state operations comprise 21.8 percent of the FY 2015 State General Fund budget, 22.3 percent of the FY 2016 budget, and 23.2 percent of the FY 2017 budget. The increase in expenditures for state operations from FY 2015 to FY 2016 is \$56.4 million, or 4.1 percent. The FY 2016 to FY 2017

approved expenditures for state operations increase by \$67.0 million, or 4.7 percent. Table IX reflects state operations expenditures by function of government from FY 2014 through FY 2017. There is a \$15.0 million reduction in state operations for statewide Information Technology IT savings in FY 2016 and FY

2017. Agencies that had substantial decreases in state operations funding from the State General Fund include KDHE - Environment Division (\$869,733, or 17.4 percent), Kansas Neurological Institute (\$1.6 million, or 14.7 percent), and the Adjutant General's Department (\$801,165, or 13.0 percent). Agencies with significant increases include the Department of Administration (\$48.8 million, or 200.7 percent), Kansas Bureau of Investigation (\$4.5 million, or 27.8 percent), and Sentencing Commission (\$152,047, or 22.2 percent) for FY 2016. The substantial increase in the Department

of Administration includes debt service payments for various agencies including the KPERS bonds which will now be tracked in the Department. For FY 2017, agencies having substantial decreases in state operations funding from the State General Fund include the Legislature (\$3.1 million, or 15.4 percent) and KDADS (\$3.2 million, or 10.1 percent). Agencies with increases include the Adjutant General's Department (\$998,050, or 18.6 percent) and Kansas Neurological Institute (\$845,725, or 9.0 percent).

TABLE IX
State General Fund Expenditures for State Operations
by Function of Government
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General Government	\$ 212.7	\$ 198.7	\$ 253.2	\$ 54.5	27.4 %	\$ 291.8	\$ 38.6	15.3 %
Human Services	228.2	228.9	234.7	5.8	2.5	238.7	4.0	1.7
Education	586.7	605.5	612.9	7.5	1.2	626.6	13.7	2.2
Public Safety	308.2	316.7	317.8	1.2	0.4	328.0	10.2	3.2
Ag. & Nat. Resources	16.0	16.0	14.7	(1.3)	(7.9)	15.3	0.5	3.5
Hwy/Other Trans.	-	-	-	-	-	-	-	-
IT Savings	-	(3.8)	(15.0)	(11.2)	294.7	(15.0)	-	-
TOTAL	\$ 1,351.8	\$ 1,362.0	\$ 1,418.4	\$ 56.5	4.1 %	\$ 1,485.4	\$ 67.0	4.7 %

Note: Totals may not add due to rounding.

State Aid to Local Units of Government — State General Fund

Approved state aid to local units of government from the State General Fund accounts for 53.8 percent of all State General Fund expenditures in FY 2015, 54.0 percent in FY 2016, and 53.1 in FY 2017. Detailed data on state aid to local units are presented in Table X. The table shows actual aid in FY 2014 and authorizations for FY 2015, FY 2016, and FY 2017, based on actions of the 2015 Legislature.

From FY 2015 to FY 2016, approved State General Fund aid to local government expenditures increased by \$78.9 million, or 2.3 percent, and from FY 2016 to FY 2017 approved aid to local government expenditures decrease by \$49.0 million, or 1.4 percent. For FY 2016 and FY 2017, 97.6 percent of total aid from the State General Fund will be for various education programs in the three years covered in Table X. In these years, school districts receive 92.3 to 92.6 percent of the aid for education.

General and Supplemental State Aid to School Districts. Approved basic general state aid to school districts from the State General Fund is \$1.9 billion in FY 2015, while supplemental general state aid increased by \$452.3 million and Base State Aid Per Pupil (BSAPP) is funded at \$3,852 for FY 2015.

2015 House Sub. for SB 7 made appropriations for K-12 education for FY 2015, FY 2016, and FY 2017. The bill repealed the existing school finance formula—the School District Finance and Quality Performance Act—and replaced it with the Classroom Learning Assuring Student Success Act (CLASS Act) starting in FY 2016. The CLASS Act provided funding to school districts via block grants based upon the amount of funding districts received in FY 2015.

The block grant combined general state aid (including the statewide 20 mill levy for education), supplemental state aid (local option budget state aid), capital outlay state aid, the KPERS school employer contribution, and state highway funds for transportation into an appropriation for each of FY 2016 and 2017. The difference in appropriations for school districts from these sources between FY 2015 and FY 2016 amounts to \$87.0 million, the bulk of which

includes a \$73.0 million increase in the KPERS employer contribution rate.

The difference between the approved block grant appropriation for FY 2016 and FY 2017 is approximately \$15.0 million, primarily due to an estimated increase in the statewide 20 mill levy for education.

Other State Aid for Education. Approved State General Fund aid for FY 2017 for other education programs decreases by \$312.7 million, or 0.4 percent, from FY 2015. Employer contributions to KPERS for school district employees is now included in the block grant. All other education programs increase by \$390,000, or 0.2 percent, from FY 2015 to FY 2017. The biggest change is a decrease of \$2.9 million, or 12.1 percent, in Technical Education tuition.

Non-education State Aid from the State General Fund. Approved other state aid from the State General Fund increases by \$734,000, or 0.9 percent, from FY 2015 to FY 2017. The largest increase is for Community Corrections with \$1.7 million, or 8.8 percent.

TABLE X
State General Fund Aid to Local Units of Government
(Thousands of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General State Aid*	\$ 1,893,464	\$ 1,882,720	\$ -	\$ (1,882,720)	(100.0) %	\$ -	\$ -	- %
Supp. Gen. Aid*	339,214	452,257	-	(452,257)	(100.0)	-	-	-
Capital Outlay State Aid*	-	29,259	-	(29,259)	(100.0)	-	-	-
Block Grants to USDs*	-	-	2,744,282	2,744,282	-	2,692,164	(52,118)	(1.9)
Extraordinary Need Fund	-	4,000	12,292	8,292	207.3	17,521	5,229	42.5
<i>Subtotal</i>	<u>\$ 2,232,678</u>	<u>\$ 2,368,236</u>	<u>\$ 2,756,574</u>	<u>\$ 388,338</u>	<u>16.4 %</u>	<u>\$ 2,709,685</u>	<u>\$ (46,889)</u>	<u>(1.7) %</u>
KPERS-School*	\$ 324,063	\$ 318,282	\$ -	\$ (318,282)	(100.0)%	\$ -	\$ -	- %
Special Education	385,703	418,361	424,903	6,542	1.6	423,980	(923)	(0.2)
Teaching Excellence								
Scholarships	-	307	288	(19)	(6.3)	288	-	-
Deaf/Blind/Handicapped Aid	110	110	110	-	-	110	-	-
Food Service	2,386	2,505	2,505	-	-	2,505	-	-
Discretionary Grants	168	168	168	-	-	168	-	-
Professional Development	-	-	-	-	-	-	-	-
Juvenile Detention	4,692	4,972	4,972	-	-	4,972	-	-
Ft. Riley School								
Construction Match	1,500	-	410	410	-	-	(410)	(100.0)
<i>Subtotal – USDs</i>	<u>\$ 2,951,300</u>	<u>\$ 3,112,941</u>	<u>\$ 3,189,930</u>	<u>\$ 76,989</u>	<u>2.5 %</u>	<u>\$ 3,141,708</u>	<u>\$ (48,222)</u>	<u>(1.5) %</u>
Postsecondary Tiered								
Technical Ed.	\$ 58,301	\$ 57,135	\$ 58,301	\$ 1,166	2.0 %	\$ 58,301	\$ -	- %
Information Technology								
Ed. Opportunities	-	500	-	(500)	(100.0)	-	-	-
Non-Tiered Course Credit								
Hour Grant	76,496	74,966	76,496	1,530	2.0	76,496	-	-
Technical Equipment for								
Technical Colleges and								
Washburn Univ.	398	391	398	8	1.9	398	-	-
Vocational Ed. Capital								
Outlay	72	70	72	2	2.6	72	-	-
Incentive for Technical Ed.	1,409	780	750	(30)	(3.8)	750	-	-
Technical Ed. – Tuition	16,970	23,600	20,750	(2,850)	(12.1)	20,750	-	-
Adult Basic Ed.	1,342	1,428	1,457	29	2.0	1,457	-	-
Nursing Faculty and								
Supplies	886	878	921	43	4.9	921	-	-
Washburn University	11,131	10,908	11,901	993	9.1	11,901	-	-
State Historical Society	19	18	18	-	-	18	-	-

TABLE X
State General Fund Aid to Local Units of Government
(Thousands of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
Libraries	1,423	1,423	1,423	-	-	1,423	-	-
<i>Total – Education</i>	<i>\$ 3,119,747</i>	<i>\$ 3,285,038</i>	<i>\$ 3,362,417</i>	<i>\$ 77,379</i>	<i>2.4</i>	<i>\$ 3,314,195</i>	<i>\$ (48,222)</i>	<i>(1.4)%</i>
Community Corrections	\$ 19,137	\$ 20,187	\$ 21,959	\$ 1,772	8.8 %	\$ 21,959	\$ -	- %
Juvenile Programs	22,749	21,184	21,384	200	0.9	21,384	-	-
KDHE Aid Programs	5,258	5,857	6,186	329	5.6	5,808	(378)	(6.1)
KDADS Aid Programs	28,867	31,407	31,100	(307)	(1.0)	31,100	-	-
Safe and Drug Free Schools Grants	-	200	-	(200)	(100.0)	-	-	-
Legislature	-	108	108	-	-	-	(108)	(100.0)
Disaster Relief	812	574	265	(309)	(53.8)	-	(265)	(100.0)
<i>Total – Other Programs</i>	<i>\$ 76,823</i>	<i>\$ 79,516</i>	<i>\$ 81,002</i>	<i>\$ 1,486</i>	<i>1.9 %</i>	<i>\$ 80,251</i>	<i>\$ (751)</i>	<i>(0.9)%</i>
TOTAL	<u>\$ 3,196,570</u>	<u>\$ 3,364,554</u>	<u>\$ 3,443,419</u>	<u>\$ 78,865</u>	<u>2.3 %</u>	<u>\$ 3,394,446</u>	<u>\$ (48,973)</u>	<u>(1.4)%</u>
Percentage of Total SGF Expenditures	52.4 %	54.6 %	57.7 %			58.8 %		

*Beginning in FY 2016, KPERs School, General State Aid, Supplemental General State Aid, and Capital Outlay State Aid are included in the block grant.

Aid for Education From Other Funds

Approved state aid for education from funds other than the State General Fund totals \$896.2 million in FY 2015, \$906.2 million in FY 2016, and \$982.7 million in FY 2017, as indicated in Table XI. The FY 2016 amount is an increase of \$10.0 million, or 1.1 percent, above the FY 2015 approved amount, and the FY 2017 amount is an increase of \$76.5 million, or 8.4 percent, above the FY 2016 approved amount.

Approved state aid for education from other funding sources in FY 2015 included \$155.0 million from the School Districts Capital Improvement Fund, and \$162.5 million for FY 2016

and FY 2017. FY 2015 included \$626.17 million from the State School District Finance Fund, of which a portion is from excess local effort remitted to the state by school districts with high assessed valuations per pupil. For FY 2016 the approved amount is \$628.5 million and for FY 2017 \$668.3 million.

School districts also receive half of the oil and gas severance tax receipts returned to producing counties (estimated at \$8.7 million in FY 2015, \$6.7 million for FY 2016, and \$7.5 million for FY 2017). The 2014 Legislature amended the Oil and Gas Valuation Depletion Trust Fund formula to credit 12.41 percent

of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of \$100,000 to the depletion fund. The depletion fund will be abolished on July 1, 2016. Beginning in FY 2017, the Mineral Production Education Fund will be credited with 20.0 percent of mineral severance taxes collected during the previous fiscal year. The moneys in the mineral fund subsequently will be transferred twice each year to the school district fund and is estimated at \$18.8 million in FY 2017.

Approved education aid from the CIF (tobacco settlement money) for FY 2015, FY 2016, and FY 2017 includes \$7.2 million for parent education and \$4.8 million for the Kansas Preschool program. Post-secondary vocational education and technology grants for post-secondary institutions are funded at \$2.7 million for FY 2015, FY 2016, and FY 2017 from the EDIF.

TABLE XI
State Aid from Other Funds for Education
(Thousands of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
School District Finance	\$ 51,096	\$ 626,081	\$ 628,449	\$ 2,368	0.4 %	\$ 668,308	\$ 39,859	6.3 %
School District Capital Improvement	129,726	147,000	155,000	8,000	5.4	162,500	7,500	4.8
Driver Safety/Training	1,011	1,100	700	(400)	(36.4)	1,450	750	107.1
Mineral Production Tax	-	-	-	-	-	28,427	28,427	-
CIF								
Parent Education	7,238	7,238	7,238	-	-	7,238	-	-
Kansas Preschool Program	4,800	4,800	4,800	-	-	4,800	-	-
EDIF								
Voc. Education								
Capital Outlay	2,548	2,548	2,548	-	-	2,548	-	-
Technology Grants	179	180	179	(1)	(0.6)	179	-	-
State Highway Fund Transfers	140,250	107,250	107,250	-	-	107,250	-	-
TOTAL	<u>\$ 336,848</u>	<u>\$ 896,197</u>	<u>\$ 906,164</u>	<u>\$ 9,967</u>	<u>1.1 %</u>	<u>\$ 982,700</u>	<u>\$ 76,536</u>	<u>8.4 %</u>

Note: Totals may not add due to rounding.

Selected Non-education Aid From Other Funds

In addition to education, there are a variety of state aid programs financed from state funds other than the State General Fund. A number of these are listed in Table XII. Approved state aid to local units of government for road and street purposes totals

\$146.5 million in FY 2016 and \$146.9 million for FY 2017. Also there are distributions for FY 2016 and FY 2017 to: mineral production tax - county share (estimated at \$10.8 million); local firefighter relief associations for their share of the firefighters' relief

insurance premium tax (estimated at \$10.3 million); local public transportation programs (estimated at \$35.7; tax increment financing revenue replacement (estimated at \$1.0 million); and

Emergency Medical Services education and assistance grants (estimated at \$300,000).

**TABLE XII
Selected Non-education State Aid from Other Funds
(Thousands of Dollars)**

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
City-Co. Hwy and Co. Equal. and Adj.*	\$ 145,214	\$ 146,029	\$ 146,483	\$ 454	0.3 %	\$ 146,920	\$ 437	0.3 %
State Hwy-City Maint. Payments	2,613	3,360	3,360	-	-	3,360	-	-
Public Transportation	34,033	41,077	35,667	(5,411)	(13.2)	35,667	-	-
Aviation	5,620	5,505	5,000	(505)	(9.2)	5,000	-	-
Firefighters Relief	10,644	10,385	10,386	1	-	10,386	1	-
Mineral Production Tax-Co. Share	9,535	10,700	10,800	100	0.9	10,800	-	-
Tax Increment Financing Rev. Replacement	1,014	922	1,000	78	8.5	1,000	-	-
EMS Education and Assistance Grants	269	300	300	-	-	300	-	-
TOTAL	<u>\$ 208,942</u>	<u>\$ 218,277</u>	<u>\$ 212,995</u>	<u>\$ (5,282)</u>	<u>(2.4) %</u>	<u>\$ 213,433</u>	<u>\$ 438</u>	<u>0.2 %</u>

Note: Totals may not add due to rounding.

*Does not include demand transfer from the State General Fund of motor carrier tax receipts credited to the City-County Highway Fund.

Local Demand/Revenue Transfers from the State General Fund

With the exception of the State General Fund revenue transfer to the School District Capital Improvements Fund, the 2015 Legislature provided no other State General Fund revenue

transfers to local units of government for FY 2016 and FY 2017. Table XIII details these transfers.

TABLE XIII
Local Demand/Revenue Transfers from State General Fund for Local Units of Government
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
School District Capital Improvements Fund	\$ 129.7	\$ 147.0	\$ 155.0	\$ 8.0	5.4 %	\$ 162.5	\$ 7.5	4.8 %
School District Capital Outlay Fund	-	29.3	-	(29.3)	(100.0)	-	-	-
Local <i>Ad Valorem</i> Tax Reduction Fund	-	-	-	-	-	-	-	-
County-City Revenue Sharing Fund	-	-	-	-	-	-	-	-
City-County Highway Fund	-	-	-	-	-	-	-	-
TOTAL	<u>\$ 129.7</u>	<u>\$ 176.3</u>	<u>\$ 155.0</u>	<u>\$ (21.3)</u>	<u>(12.1) %</u>	<u>\$ 162.5</u>	<u>\$ 7.5</u>	<u>4.8 %</u>

Note: Totals may not add due to rounding.

Other Assistance — State General Fund

Approved expenditures for other assistance, grants, and benefits from the State General Fund comprised about 24.0 percent of the total State General Fund budget in FY 2015, 23.4 percent in FY 2016, and 23.5 percent in FY 2017. Other assistance financed from the State General Fund in FY 2016 is a decrease of \$7.2 million, or 0.5 percent, below the FY 2015 amount and an increase of \$10.4 million, or 0.7 percent, from FY 2016 to FY 2017. Over 95.0 percent, or \$1.4 billion, of State General Fund

expenditures for other assistance are made in three agency budgets: KDHE - Division of Health Care Finance (\$685.8 million, or 46.0 percent, in FY 2016 and \$700.8 million, or 46.7 percent, in FY 2017); KDADS (\$603.3 million, or 40.5 percent, in FY 2016 and \$602.8 million, or 40.2 percent, in FY 2017); and DCF (\$134.5 million, or 9.0 percent, in FY 2016 and \$132.6 million, or 8.8 percent, in FY 2017). The expenditures are primarily related to medical, public welfare, and long-term care.

Capital Improvements — State General Fund

Approved expenditures for capital improvements represent 0.4 percent of the total authorized State General Fund budget in FY 2015, and 0.3 percent for FY 2016 and FY 2017. Approved State General Fund capital improvements expenditures decrease by \$7.6 million, or 27.7 percent, in FY 2016 and decrease by \$2.0 million, or 10.2 percent, in FY 2017. Most of this decrease is the

result of ELARF and State Highway Funds being utilized for debt service payments which have historically been funded from the State General Fund. This is partially offset by an increase in debt service payments for the National Bio and Agro-Defense Facility due to the addition of \$231.3 million in bonds issued. The state will issue a total of \$307.0 million in bonds for the facility.

Summary by Function of Government — State General Fund

Table XIV summarizes State General Fund expenditures by function of government. The education function is the largest, accounting for almost two-thirds (62.9 percent in FY 2015 and FY 2016 and 62.1 percent for FY 2017) of the approved State General Fund budget. Approved education function expenditures increase \$78.7 million, or 2.0 percent, from FY 2015 to FY 2016 and decrease \$34.6 million, or 0.9 percent, from FY 2016 to FY 2017. The human services function, which represents the next largest

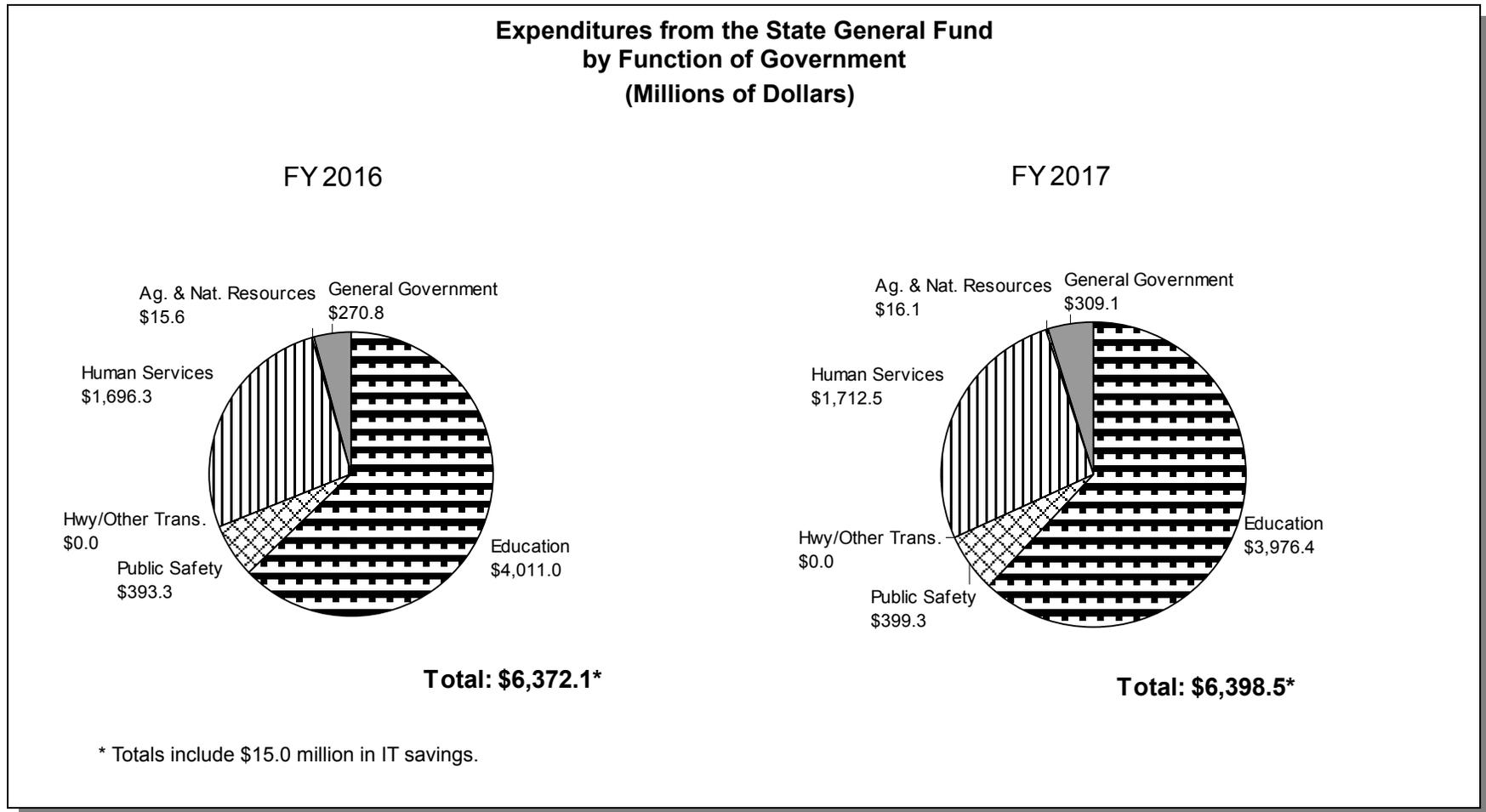
segment of the approved budget (27.1 percent in FY 2015, 26.6 percent in FY 2016, and 26.8 percent for FY 2017), increased \$0.7 million, or less than 0.1 percent, from FY 2015 to FY 2016. It increased \$16.2 million, or 1.0 percent, from FY 2016 to FY 2017, largely due to regular medical caseload funding increases. This growth is offset by a mix of KanCare policy and contractual changes implemented by the State to reduce costs.

TABLE XIV
State General Fund Expenditures by Function of Government
(Millions of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General Government	\$ 252.7	\$ 220.4	\$ 270.8	\$ 50.4	22.9 %	\$ 309.1	\$ 38.4	14.2 %
Human Services	1,582.2	1,695.6	1,696.3	0.7	-	1,712.5	16.2	1.0
Education	3,747.7	3,932.3	4,011.0	78.7	2.0	3,976.4	(34.6)	(0.9)
Public Safety	383.9	390.1	393.3	3.3	0.8	399.3	6.0	1.5
Ag. & Nat. Resources	16.4	16.9	15.6	(1.3)	(7.7)	16.1	0.5	3.2
Hwy/Other Trans.	-	-	-	-	-	-	-	-
IT Savings	-	(3.8)	(15.0)	(11.2)	294.7	(15.0)	-	-
TOTAL	<u>\$ 5,982.8</u>	<u>\$ 6,251.4</u>	<u>\$ 6,372.1</u>	<u>\$ 120.7</u>	<u>1.9 %</u>	<u>\$ 6,398.5</u>	<u>\$ 26.4</u>	<u>0.4 %</u>

Note: Totals may not add due to rounding.

The following pie charts reflect State General Fund expenditures by function of government.



Program or Agency Components of the State General Fund Budget

Table XV provides an overview of the program or agency components of approved FY 2016 and FY 2017 expenditures from the State General Fund. This table identifies individual components

which comprise 99.9 percent of the approved State General Fund expenditures in FY 2016 and FY 2017.

Education expenditures, including the Board of Regents and other post-secondary education, in addition to elementary and secondary education, account for 62.9 percent of the approved State General Fund budget for FY 2016 and 62.1 percent for FY 2017. A total of 91.3 percent of approved State General Fund

expenditures for FY 2016 and 90.8 percent are accounted for with the addition of KDADS (including the state hospitals), KDHE - Division of Health Care Finance, and the Department of Corrections (including institutions).

TABLE XV
State General Fund Expenditures by Agency or Program
(Thousands of Dollars)

	FY 2016				FY 2017			
	Amount	Percent of Total	Cumulative Percent	Percent Change from FY 2015	Amount	Percent of Total	Cumulative Percent	Percent Change from FY 2016
Education								
Department of Education	\$ 3,202,746	50.3 %	50.3 %	2.5 %	\$ 3,154,703	49.3 %	49.3 %	(1.5)%
Board of Regents and Institutions	785,934	12.3	62.6	0.2	798,980	12.5	61.8	1.7
Other Education*	22,355	0.4	62.9	(2.0)	22,706	0.4	62.1	1.6
<i>Subtotal – Education</i>	<u>\$ 4,011,035</u>	<u>62.9 %</u>	<u>62.9 %</u>	<u>2.0 %</u>	<u>\$ 3,976,388</u>	<u>62.1 %</u>	<u>62.1 %</u>	<u>(0.9)%</u>
KDADS and Hospitals	\$ 743,116	11.7 %	74.6 %	6.0 %	\$ 746,073	11.7 %	73.8 %	0.4 %
KDHE – Health	709,832	11.1	85.7	(7.0)	725,534	11.3	85.1	2.2
Department of Corrections and Facilities	355,582	5.6	91.3	(0.6)	361,910	5.7	90.8	1.8
Department for Children and Families	234,302	3.7	95.0	5.4	231,963	3.6	94.4	(1.0)
Judicial Branch	101,905	1.6	96.6	4.5	105,685	1.7	96.1	3.7
Department of Administration	85,143	1.3	97.9	115.2	120,213	1.9	98.0	41.2
Legislative Agencies	29,948	0.5	98.4	9.6	26,714	0.4	98.4	(10.8)
Board of Indigents' Defense Services	25,710	0.4	98.8	(1.5)	26,627	0.4	98.8	3.6
Highway Patrol and KBI	22,905	0.4	99.2	40.5	23,310	0.4	99.2	1.8
Department of Revenue	13,551	0.2	99.4	(4.0)	15,137	0.2	99.4	11.7
Department of Agriculture	9,357	0.1	99.5	(3.5)	9,755	0.2	99.5	4.3
Commission on Veterans' Affairs	7,603	0.1	99.7	(0.3)	7,444	0.1	99.7	(2.1)
Adjutant General	7,438	0.1	99.8	(19.0)	6,702	0.1	99.8	(9.9)
Sentencing Commission	7,404	0.1	99.9	5.4	7,396	0.1	99.9	(0.1)
Office of the Governor	6,679	0.1	100.0	(5.1)	6,721	0.1	100.0	0.6
Attorney General	5,618	0.1	100.1	(8.1)	5,784	0.1	100.1	3.0
KDHE – Environment	4,293	0.1	100.1	(17.0)	4,375	0.1	100.1	1.9
Kansas Guardianship Program	1,154	-	100.2	1.0	1,154	-	100.2	-
Kansas Water Office	1,121	-	100.2	(3.3)	1,160	-	100.2	3.5
All Other	(11,618)	(0.2)	100.0	(20,200.6)	(11,581)	(0.2)	100.0	(0.3)
TOTAL	<u>\$ 6,372,077</u>			<u>1.9 %</u>	<u>\$ 6,398,466</u>			<u>0.4 %</u>

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

Table XVI reflects total State General Fund expenditures from FY 2014 to FY 2017 by agency and program.

TABLE XVI
State General Fund Expenditures by Agency or Program – FY 2014 - FY 2017
(Thousands of Dollars)

	Actual	Approved	Approved	FY 2015 – FY 2016 Change		Approved	FY 2016 – FY 2017 Change	
	FY 2014	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
Education								
Department of Education	\$ 2,963,204	\$ 3,125,359	\$ 3,202,746	\$ 77,388	2.5 %	\$ 3,154,703	\$ (48,044)	(1.5) %
Board of Regents and Institutions	761,930	784,117	785,934	1,817	0.2	798,980	13,046	1.7
Other Education*	22,555	22,811	22,355	(457)	(2.0)	22,706	351	1.6
<i>Subtotal – Education</i>	<u>\$ 3,747,689</u>	<u>\$ 3,932,287</u>	<u>\$ 4,011,035</u>	<u>\$ 78,748</u>	<u>2.0 %</u>	<u>\$ 3,976,388</u>	<u>\$ (34,647)</u>	<u>(0.9) %</u>
KDADS and Hospitals	638,387	701,232	743,116	41,884	6.0	746,073	2,957	0.4
KDHE – Health	719,839	763,077	709,832	(53,245)	(7.0)	725,534	15,702	2.2
Department of Corrections and Facilities	351,270	357,568	355,582	(1,986)	(0.6)	361,910	6,328	1.8
Department for Children and Families	212,960	222,216	234,302	12,086	5.4	231,963	(2,339)	(1.0)
Judicial Branch	96,521	97,544	101,905	4,360	4.5	105,685	3,780	3.7
Department of Administration	58,463	39,559	85,143	45,584	115.2	120,213	35,070	41.2
Legislative Agencies	25,901	27,327	29,948	2,620	9.6	26,714	(3,234)	(10.8)
Board of Indigents' Defense Services	24,400	26,107	25,710	(398)	(1.5)	26,627	918	3.6
Highway Patrol and KBI	16,129	16,306	22,905	6,599	40.5	23,310	405	1.8
Department of Revenue	14,334	14,112	13,551	(561)	(4.0)	15,137	1,586	11.7
Department of Agriculture	9,582	9,694	9,357	(337)	(3.5)	9,755	398	4.3
Commission on Veterans' Affairs	7,464	7,627	7,603	(24)	(0.3)	7,444	(159)	(2.1)
Adjutant General	11,457	9,179	7,438	(1,742)	(19.0)	6,702	(736)	(9.9)
Sentencing Commission	7,076	7,023	7,404	381	5.4	7,396	(9)	(0.1)
Office of the Governor	6,582	7,040	6,679	(361)	(5.1)	6,721	42	0.6
Attorney General	5,953	6,110	5,618	(492)	(8.1)	5,784	166	3.0
KDHE – Environment	5,219	5,170	4,293	(876)	(17.0)	4,375	82	1.9
Kansas Guardianship Program	1,158	1,142	1,154	12	1.0	1,154	-	-
Kansas Water Office	1,182	1,159	1,121	(39)	(3.3)	1,160	39	3.5
All Other	21,250	(57)	(11,618)	(11,561)	(20,200.6)	(11,581)	37	(0.3)
TOTAL	<u>\$ 5,982,818</u>	<u>\$ 6,251,423</u>	<u>\$ 6,372,077</u>	<u>\$ 120,654</u>	<u>1.9 %</u>	<u>\$ 6,398,466</u>	<u>\$ 26,388</u>	<u>0.4 %</u>

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

Table XVII reflects the total change in State General Fund expenditures from FY 2015 to FY 2017 by agency or program.

Table XVII
Change in Total State General Fund Expenditures
(Thousands of Dollars)

	<u>FY 2015-FY 2016</u>	<u>FY 2016-FY 2017</u>
Education		
Department of Education	\$ 77,388	\$ (48,044)
Board of Regents and Institutions	1,817	13,046
Other Education*	(457)	351
<i>Subtotal – Education</i>	<u>\$ 78,748</u>	<u>\$ (34,647)</u>
Department of Administration	\$ 45,584	\$ 35,070
KDADS and Hospitals	41,884	2,957
Department for Children and Families	12,086	(2,339)
Highway Patrol and KBI	6,599	405
Judicial Branch	4,360	3,780
Legislative Agencies	2,620	(3,234)
Sentencing Commission	381	(9)
Kansas Guardianship Program	12	-
Commission on Veterans' Affairs	(24)	(159)
Kansas Water Office	(39)	39
Department of Agriculture	(337)	398
Office of the Governor	(361)	42
Board of Indigents' Defense Services	(398)	918
Attorney General	(492)	166
Department of Revenue	(561)	1,586
KDHE – Environment	(876)	82
Adjutant General	(1,742)	(736)
Department of Corrections and Facilities	(1,986)	6,328
KDHE – Health	(53,245)	15,702
All Other	(11,561)	37
TOTAL	<u><u>\$ 120,654</u></u>	<u><u>\$ 26,388</u></u>

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

Expenditure Summary

Tables XVIII through XXI reflect how each dollar will be spent by agency or program and by major purpose of expenditure in FY 2016 and FY 2017, from the State General Fund and from all funding sources.

TABLE XVIII
Where Each State General Fund Dollar Will be Spent
by Agency or Program
(Dollars in Thousands)

FY 2016	FY 2017		FY 2016	FY 2017
50 ¢	49 ¢	Department of Education	\$ 3,202,746	\$ 3,154,703
12 ¢	12 ¢	Board of Regents and Institutions	785,934	798,980
- ¢	- ¢	Other Education*	22,355	22,706
63 ¢	62 ¢	<i>Subtotal – Education</i>	\$ 4,011,035	\$ 3,976,388
12 ¢	12 ¢	KDADS and Hospitals	\$ 743,116	\$ 746,073
11 ¢	11 ¢	KDHE – Health	709,832	725,534
6 ¢	6 ¢	Department of Corrections and Facilities	355,582	361,910
4 ¢	4 ¢	Department for Children and Families	234,302	231,963
2 ¢	2 ¢	Judicial Branch	101,905	105,685
1 ¢	2 ¢	Department of Administration	85,143	120,213
- ¢	- ¢	Legislative Agencies	29,948	26,714
- ¢	- ¢	Board of Indigents' Defense Services	25,710	26,627
- ¢	- ¢	Highway Patrol and KBI	22,905	23,310
1 ¢	1 ¢	All Other	52,600	54,048
\$ 1.00	\$ 1.00	TOTAL	\$ 6,372,077	\$ 6,398,466

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

TABLE XIX
Where Each State General Fund Dollar Will be Spent
by Major Purpose
(Dollars in Thousands)

FY 2016	FY 2017		FY 2016	FY 2017
54 ¢	53 ¢	Local Aid	\$ 3,443,420	\$ 3,394,447
23 ¢	23 ¢	Other Assistance	1,490,372	1,500,779
<u>77 ¢</u>	<u>77 ¢</u>	<i>Subtotal – Aid and Assistance</i>	<u>\$ 4,933,792</u>	<u>\$ 4,895,227</u>
22 ¢	23 ¢	State Operations	\$ 1,418,436	\$ 1,485,417
- ¢	- ¢	Capital Improvements	19,849	17,822
<u>\$ 1.00</u>	<u>\$ 1.00</u>	TOTAL	<u>\$ 6,372,077</u>	<u>\$ 6,398,466</u>

Note: Totals may not add due to rounding.

TABLE XX
Where Each Dollar Will be Spent
by Agency or Program
(Dollars in Thousands)

FY 2016	FY 2017		FY 2016	FY 2017
30 ¢	29 ¢	Department of Education	\$ 4,614,267	\$ 4,643,034
17	17	Board of Regents and Institutions	2,690,985	2,721,137
- ¢	- ¢	Other Education*	31,284	31,744
<u>48 ¢</u>	<u>47 ¢</u>	<i>Subtotal – Education</i>	<u>\$ 7,336,536</u>	<u>\$ 7,395,916</u>
15 ¢	15 ¢	KDHE – Health	\$ 2,380,916	\$ 2,391,560
11 ¢	10 ¢	KDADS and Hospitals	1,706,800	1,654,937
7 ¢	10 ¢	Kansas Department of Transportation	1,104,047	1,536,010
4 ¢	4 ¢	Department for Children and Families	612,871	619,162
3 ¢	3 ¢	Department of Corrections and Facilities	398,633	405,225
2 ¢	2 ¢	Lottery and Racing and Gaming Commission	352,273	378,808
2 ¢	2 ¢	Department of Labor	327,172	282,738
1 ¢	1 ¢	Department of Administration	146,951	180,504
1 ¢	1 ¢	Judicial Branch	131,233	138,409
1 ¢	1 ¢	Department of Revenue	119,771	101,245
1 ¢	1 ¢	Highway Patrol and KBI	113,700	115,645
4 ¢	4 ¢	All Other	657,614	656,528
<u>\$ 1.00</u>	<u>\$ 1.00</u>	TOTAL	<u>\$ 15,388,516</u>	<u>\$ 15,856,689</u>

Note: Totals may not add due to rounding.

*Includes Schools for the Blind and Deaf, State Library, and Historical Society.

TABLE XXI
Where Each Dollar Will be Spent
by Major Purpose
(Dollars in Thousands)

FY 2016	FY 2017		FY 2016	FY 2017
33 ¢	32 ¢	Local Aid	\$ 5,137,395	\$ 5,145,343
31 ¢	30 ¢	Other Assistance	4,819,145	4,749,485
<u>65 ¢</u>	<u>62 ¢</u>	<i>Subtotal – Aid and Assistance</i>	<u>\$ 9,956,541</u>	<u>\$ 9,894,828</u>
31 ¢	31 ¢	State Operations	\$ 4,749,129	\$ 4,869,156
4 ¢	7 ¢	Capital Improvements	682,847	1,092,705
<u>\$ 1.00</u>	<u>\$ 1.00</u>	TOTAL	<u>\$ 15,388,516</u>	<u>\$ 15,856,689</u>

Note: Totals may not add due to rounding.

TABLE XXII
State General Fund Receipts by Major Revenue Source
(Millions of Dollars)

	Actual FY 2014	Approved FY 2015	Approved FY 2016	FY 2015 – FY 2016 Change		Approved FY 2017	FY 2016 – FY 2017 Change	
				Dollar	Percent		Dollar	Percent
Excise Taxes	\$ 2,771.9	\$ 2,802.7	\$ 3,103.1	\$ 300.4	10.7 %	\$ 3,226.7	\$ 123.6	4.0 %
Income Taxes	2,650.1	2,747.0	2,950.8	203.8	7.4	2,995.7	44.9	1.5
Other Taxes	210.1	193.5	169.1	(24.4)	(12.6)	173.8	4.7	2.8
Other Revenue	21.1	201.2	102.0	(99.1)	(49.3)	84.0	(18.0)	(17.7)
TOTAL	<u>\$ 5,653.2</u>	<u>\$ 5,944.4</u>	<u>\$ 6,325.0</u>	<u>\$ 380.7</u>	<u>6.4 %</u>	<u>\$ 6,480.2</u>	<u>\$ 155.1</u>	<u>2.5 %</u>

Note: Totals may not add due to rounding.

TABLE XXIII
Where Each State General Fund Dollar Comes From
(Dollars in Thousands)

FY 2016	FY 2017		FY 2016	FY 2017
44 ¢	45 ¢	Sales and Compensating Use Tax	\$ 2,786,200	\$ 2,906,700
39 ¢	38 ¢	Individual Income Tax	2,461,800	2,494,700
7 ¢	7 ¢	Corporation Income Tax	445,000	455,000
2 ¢	2 ¢	Insurance Premium Tax	156,848	159,524
2 ¢	2 ¢	Tobacco Taxes	136,600	131,300
2 ¢	2 ¢	Alcohol Taxes	99,400	100,100
1 ¢	1 ¢	Severance Tax	73,800	81,300
3 ¢	2 ¢	Other Taxes and Revenue	165,385	151,541
<u>\$ 1.00</u>	<u>\$ 1.00</u>	TOTAL	<u>\$ 6,325,033</u>	<u>\$ 6,480,165</u>

Note: Totals may not add due to rounding.

TABLE XXIV
State General Fund Profile — FY 2014 - FY 2017
(Millions of Dollars)

	Actual FY 2014	Approved FY 2015	Approved FY 2016*	Approved FY 2017
Beginning Balance	\$ 709.3	\$ 379.7	\$ 72.7	\$ 25.6
Receipts (April 2015 Consensus)	5,653.2	5,925.7	5,713.2	5,775.8
Other Legislative Recommended Receipt Adjustments	-	18.7	259.8	333.3
HB 2109/SB 270 (Tax bill) Revenue Adjustments	-	-	352.0	371.1
Adjusted Receipts	<u>5,653.2</u>	<u>5,944.4</u>	<u>6,325.0</u>	<u>6,480.2</u>
<i>Total Available</i>	\$ <u>6,362.5</u>	\$ <u>6,324.1</u>	\$ <u>6,397.7</u>	\$ <u>6,505.7</u>
Less Expenditures	<u>5,982.8</u>	<u>6,251.4</u>	<u>6,372.1</u>	<u>6,398.5</u>
Ending Balance	<u>\$ 379.7</u>	<u>\$ 72.7</u>	<u>\$ 25.6</u>	<u>\$ 107.2</u>
Ending Balance as a Percentage of Expenditures	6.3 %	1.2 %	0.4 %	1.7 %
Adjusted Receipts in Excess of Unadjusted Expenditures	(329.6)	(307.1)	(47.1)	81.7

*FY 2016 expenditures exclude \$50.0 million in expenditure reductions which can be made at the Governor's discretion.