

SUMMARY OF SENATE SUB. FOR SUB. FOR HB 2052
Expenditures for FY 2017, FY 2018, FY 2019, and FY 2020

The Governor's revised FY 2017 recommendation totals \$15.897 billion from all funds, including \$6.253 billion from the State General Fund. This is a State General Fund decrease of \$17.4 million, or 0.3 percent, below the amount approved by the 2016 Legislature, after adjustments.

The consensus revenue estimating process was completed on November 10, 2016, subsequent to agencies submitting budgets with revised expenditures for the current fiscal year. The results of the new consensus revenue estimates identified a \$349.9 million State General Fund shortfall for FY 2017. To address the shortfall, the Governor proposes to:

- Permanently delay a \$75.0 million payment to K-12 Education by one fiscal year;
- Freeze state contributions to KPERS at FY 2016 levels of about \$300.0 million annually (three quarters of a year). Savings are estimated at \$85.9 million in FY 2017;
- Fund the human services consensus caseload estimates adding \$147.0 million, including \$1.9 million from the State General Fund in FY 2017;
- Increase transfers from various agencies to the State General Fund by \$6.8 million;
- Reduce agency earnings by \$18.0 million to adjust for the the anticipated reduction in the value of the Kansas Bioscience Authority portfolio sale;
- Reduce the transfer from the State Highway Fund to the State General Fund by \$15.4 million;
- Reduce the Extraordinary Needs Fund by \$13.0 million (as required since the sale of the Kansas Bioscience Authority (KBA) did not exceed \$25.0 million); and
- Delete \$115.4 million to eliminate repayment of the delayed FY 2016 KPERS employer contributions for FY 2018.

The Senate Ways and Means Committee's FY 2017 budget totals \$15.7 billion from all funds, including \$6.2 billion from the State General Fund. This is a decrease of \$149.2 million, including \$104.4 million from the State General Fund, below the Governor's recommendation. Major changes to the Governor's recommendation are to:

- Delete \$62.2 million, including \$64.1 million from the State General Fund, to further reduce KPERS–School employer contributions by \$65.7 million and increase KPERS–State employer contributions by \$3.6 million, including \$1.6 million from the State General Fund. This will result in a total reduction of \$150.0 million, all from the State General Fund, below the amount requested by KPERS–School;
- Add \$15.0 million, all from the State General Fund, for reduced FY 2017 KPERS–School employer contributions for FY 2018 through FY 2037. Repayments of the FY 2017 reduced

contributions of \$150.0 million for KPERS–School is to be restored to the KPERS Trust Fund over 20 years starting in FY 2018 at \$15.0 million per year;

- Transfer \$115.5 million, all from the State General Fund, to the KPERS Trust Fund to make the delayed FY 2016 KPERS employer contributions with 8.0 percent interest for FY 2018;
- Delete \$87.7 million, including \$40.3 million from the State General Fund, for Medicaid Home and Community Based Waiver Services in FY 2017 and review these expenditures at Omnibus; and
- Transfer an amount equivalent to 10.0 percent of the State General Fund ending balance from the previous fiscal year from the State General Fund to the Budget Stabilization Fund on August 15, 2019.

COMPARISON OF FY 2016 - FY 2017 RECOMMENDED EXPENDITURES
Senate Ways and Means Profile
As of Tuesday, March 14, 2017

FY 2017:	<u>State General Fund</u>	<u>All Funds</u>	<u>FTE Positions</u>
Governor's Recommendation	\$ 6,253,014,602	\$ 15,896,845,426	37,090.2
Senate Committee Estimate FY 2017 Budget	<u>6,148,600,443</u>	<u>15,747,624,299</u>	<u>37,100.7</u>
<i>Difference From Governor's Recommendation</i>	<u>\$ (104,414,159)</u>	<u>\$ (149,221,127)</u>	<u>10.5</u>

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
Senate Ways and Means Profile
As of Tuesday, March 14, 2017

	<u>Actual FY 2016</u>	<u>SWAM Rec. FY 2017</u>
Beginning Balance	\$ 71.5	\$ 37.1
Receipts (November 2016 Consensus)	6,080.6	5,980.1
Governor's Revenue Adjustments	-	18.4
PMIB Transfer	-	163.0
Adjusted Receipts	<u>6,080.6</u>	<u>6,161.5</u>
Total Available	\$ <u>6,152.1</u>	\$ <u>6,198.6</u>
Less Expenditures	<u>6,115.1</u>	<u>6,148.6</u>
Ending Balance	<u>\$ 37.1</u>	<u>\$ 50.0</u>
Ending Balance as a % of Expenditures	0.6%	0.8%

Senate Sub. for Sub. for HB 2052

(Reflects Senate Committee Adjustments for FY 2017, FY 2018, FY 2019, and FY 2020)

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
FY 2017				
<u>Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments</u>				
1. Add 0.5 FTE positions to accurately reflect the Executive Officer's position within the agency in FY 2017.	0	0	0	.5
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>.5</i>
<u>Board of Pharmacy</u>				
1. Appropriate a new no-limit federal fund, the Prescription Drug Overdose Data-Driven Prevention Initiative Fund, in FY 2017.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Kansas Lottery</u>				
1. Add \$784,820, all from special revenue funds, and 10.0 FTE positions, to maintain staffing in FY 2017.	0	784,820	784,820	10.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$784,820</i>	<i>\$784,820</i>	<i>10.0</i>
<u>Kansas Department for Aging and Disability Services</u>				
1. Delete \$87.7 million, including \$40.3 million from the State General Fund, for Medicaid Home and Community Based Waiver Services in FY 2017.	(40,283,925)	(47,465,867)	(87,749,792)	0.0
<i>Agency Subtotal</i>	<i>(\$40,283,925)</i>	<i>(\$47,465,867)</i>	<i>(\$87,749,792)</i>	<i>0.0</i>
<u>Department of Corrections</u>				
1. Transfer \$6.0 million, all from the State General Fund purchase of services account, and place it in the State General Fund evidence based juvenile program account.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Vehicle Purchases</u>				
1. Add language for FY 2017 requiring that vehicles, with the exception of Highway Patrol, will not be replaced unless the odometer reading exceeds 130,000 miles for passenger vehicles or 150,000 miles for light trucks or repairs necessary to maintain safety of the vehicle exceed 33.0 percent of the replacement value of the vehicle. Agencies replacing vehicles will report information on the replacement to the Director of Legislative Research or designee.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>Other Statewide Adjustments</u>				
1. Add language to transfer funding from the Treasurer's Unclaimed Property Fund in KPERS to the State General Fund to guarantee a \$50.0 million ending balance in FY 2017 to be paid back in seven equal yearly increments starting in FY 2018.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>KPERS Policy Change</u>				
1. Add \$3.6 million, including \$1.6 million from the State General Fund, to restore KPERS-State employer contributions to the statutory rate in FY 2017.	1,636,476	1,941,661	3,578,137	0.0
2. Delete \$65.7 million, all from the State General Fund, to reduce KPERS-School employer contributions in FY 2017.	(65,741,901)	0	(65,741,901)	0.0
<i>Agency Subtotal</i>	<i>(\$64,105,425)</i>	<i>\$1,941,661</i>	<i>(\$62,163,764)</i>	<i>0.0</i>
TOTAL	(\$104,389,350)	(\$44,739,386)	(\$149,128,736)	10.5

FY 2018

Vehicle Purchases

1. Add language for FY 2018 requiring that vehicles, with the exception of Highway Patrol, not be replaced unless the odometer reading exceeds 130,000 miles for passenger vehicles or 150,000 miles for light trucks or repairs necessary to maintain safety of the vehicle exceed 33.0 percent of the replacement value of the vehicle. Agencies replacing vehicles will report information on the replacement to the Director of Legislative Research or designee.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>Other Statewide Adjustments</u>				
1. Add language to transfer any remaining balance from Treasurer's Unclaimed Property Fund in KPERS to the State General Fund in FY 2018 to be paid back in seven equal yearly increments starting in FY 2019.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>KPERS Policy Change</u>				
1. Transfer \$115.5 million, all from the State General Fund, to the KPERS Trust Fund to make the delayed FY 2016 KPERS employer contribution with 8.0 percent interest for FY 2018.	0	0	0	0.0
2. Add \$15.0 million, all from the State General Fund, for reduced FY 2017 KPERS-School employer contributions for FY 2018.	15,000,000	0	15,000,000	0.0
<i>Agency Subtotal</i>	<i>\$15,000,000</i>	<i>\$0</i>	<i>\$15,000,000</i>	<i>0.0</i>
TOTAL	\$15,000,000	\$0	\$15,000,000	0.0

FY 2019

<u>Other Statewide Adjustments</u>				
1. Add language instructing the Director of the Division of Budget in consultation with the Director of Legislative Research to transfer 10.0 percent of the State General Fund ending from the previous fiscal year to the budget stabilization fund on or before August 15, 2018.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>KPERS Policy Change</u>				
1. Add \$15.0 million, all from the State General Fund, for reduced FY 2017 KPERS-School employer contributions for FY 2019.	15,000,000	0	15,000,000	0.0
<i>Agency Subtotal</i>	<i>\$15,000,000</i>	<i>\$0</i>	<i>\$15,000,000</i>	<i>0.0</i>
TOTAL	\$15,000,000	\$0	\$15,000,000	0.0

FY 2020

<u>Other Statewide Adjustments</u>				
1. Add language instructing the Director of the Division of Budget in consultation with the Director of Legislative Research to transfer 10.0 percent of the State General Fund ending from the previous fiscal year to the budget stabilization fund on or before August 15, 2019.	0	0	0	0.0
<i>Agency Subtotal</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>0.0</i>
<u>KPERS Policy Change</u>				
1. Add \$15.0 million, all from the State General Fund, for reduced FY 2017 KPERS-School employer contributions for FY 2020.	15,000,000	0	15,000,000	0.0
<i>Agency Subtotal</i>	<i>\$15,000,000</i>	<i>\$0</i>	<i>\$15,000,000</i>	<i>0.0</i>
TOTAL	\$15,000,000	\$0	\$15,000,000	0.0

Bill Explanation for 2017 Senate Sub. for Sub. for House Bill No. 2052
Appropriations for FY 2017, FY 2018, FY 2019, and FY 2020
Includes Senate Ways and Means Committee Action

Sec. 2 — Abstracters' Board of Examiners

The **agency** estimates a revised FY 2017 budget totaling \$23,348, all from the Abstracters' Fee Fund, which is unchanged from the amount approved by the 2016 Legislature. The request includes 0.0 FTE positions, the same as the approved amount.

The **Governor** recommends FY 2017 operating expenditures of \$26,348, all from the Abstracters' Fee Fund. The recommendation is an all funds increase of \$3,000, or 12.8 percent, above the agency's revised FY 2017 request. The increase is primarily intended to be used as a repayment to the Department of Administration. The agency is not affected by the KPERS policy changes because the Board employees do not receive retirement benefits.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 3 — Board of Barbering

The **agency** requests a revised FY 2017 estimate of \$173,579, all from the Board of Barbering Fee Fund, which is a decrease of \$3,155, or 1.8 percent, below the amount approved by the 2016 Legislature. The decreases are primarily attributable to reductions in salaries and wages, contractual services, and commodities.

The **Governor** recommends FY 2017 operating expenditures of \$173,262, all from the Board of Barbering Fee Fund. The recommendation is an all funds decrease of \$317, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 4 — Board of Cosmetology

The **agency** estimates FY 2017 operating expenditures of \$994,543, all from the Cosmetology Fee Fund. The estimate is \$1,285, or 0.1 percent, above the amount approved by the 2016 Legislature. The estimate includes 7.0 FTE positions, which is unchanged from the approved amount, and 7.0 non-FTE positions, which is an increase of 0.75 non-FTE positions from the approved budget.

The estimate includes a supplemental request that adds a 0.5 non-FTE position and associated salary funding while reducing the operating expenditures by a net \$2,147. The supplemental increases salaries and wages expenditures by \$16,253 to hire a 0.5 non-FTE unclassified permanent position to scan documents but reduces contractual services expenditures by \$18,400 for outsourced scanning services.

The **Governor** recommends FY 2017 operating expenditures of \$992,730. The recommendation is an all funds decrease of \$1,813, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. The Governor recommends 7.0 FTE positions and 7.0 non-FTE positions, which is the same as the agency's FY 2017 revised estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 5 — Kansas Board of Examiners in Fitting and Dispensing of Hearing Instruments

The **agency** requests a revised estimate of \$31,933, all from special revenue funds in FY 2017. The revised estimate is an increase of \$2,985, or 10.3 percent, above the FY 2017 approved amount. The increase is in contractual services due to a supplemental request for \$5,500 for costs associated with establishing a new agency website, offset by a reduction in legal fees.

The **Governor** concurs with the agency's FY 2017 revised estimate. The agency is not affected by the KPERS policy changes because the Board employees do not receive retirement benefits.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add 0.5 FTE positions to accurately reflect the Executive Officer's position within the agency in FY 2017.

Sec. 6 — Board of Nursing

The **agency** estimates FY 2017 expenditures of \$2.8 million, all from special revenue funds. The estimate is a decrease of \$28,817, or 1.0 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to a decrease in anticipated expenditures for the state buildings operating charge and professional fees associated with the peer assistance program, stationery expenditures due to posting all applications online, and computer and software equipment expenditures, partially offset by an increase in fringe benefit employer contributions. The revised estimate includes 25.0 FTE positions and 1.0 non-FTE position, which is a decrease of 1.0 FTE position and an increase of 1.0 non-FTE position from

the number approved by the 2016 Legislature. The adjustment is attributable to the agency converting one FTE position to a non-FTE position.

The **Governor** recommends FY 2017 operating expenditures of \$2.8 million, all from special revenue funds. The recommendation is a decrease of \$4,729, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 7 — Board of Pharmacy

The **agency** requests a revised estimate of \$1.4 million, all from special revenue funds, in FY 2017. This is an increase of \$7,345, or 0.5 percent, above the approved FY 2017 budget. This increase is primarily attributable to increased funding from the federal Substance Abuse and Mental Health Services Administration (SAMHSA) grant program. The revised estimate also includes \$208,431 approved by the Legislature to cover the operating expenditures and software vendor costs for the Prescription Monitoring Program (PMP) during FY 2017.

The **Governor** recommends FY 2017 operating expenditures of \$1.4 million, all from special revenue funds. The recommendation is a decrease of \$1,854, or 0.1 percent, below the agency's revised FY 2017 estimate. This decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. This recommendation includes 9.0 FTE positions.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustments:

FY 2017

1. Appropriate a new no-limit federal fund, the Prescription Drug Overdose Data-Driven Prevention Initiative Fund, in FY 2017.
2. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 8 — Board of Veterinary Examiners

The **agency** estimates FY 2017 expenditures of \$333,785, all from special revenue funds. The revised estimate is a decrease of \$59,326, or 15.1 percent, below the approved amount. The decrease is largely attributable to computer replacements and office supplies, offset in part by increased salaries due to hiring an agency director on a part-time basis.

The **Governor** recommends FY 2017 expenditures of \$333,187, all from special revenue funds. The recommendation is a decrease of \$598, or 0.2 percent, below the agency's

revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 9 — Legislature

The **agency** requests a revised FY 2017 estimate of \$19.0 million, all from the State General Fund. This is an increase of \$1.0 million, or 5.6 percent, above the amount approved by the 2016 Legislature for FY 2017, after all adjustments. The increase is primarily to fund the increased federally established subsistence payments and an additional 10 days to the normal 90-day Legislative Session (\$634,413) and increased payments for services provided by the Office of Information Technology Services (\$414,565). Legislative salaries are budgeted at \$88.66 per day and subsistence is budgeted at \$142.00 per day, based on the latest federal reimbursement rates available at the time of the budget submission. The agency's revised estimate includes 48.0 FTE positions, which is the same as the approved number.

The **Governor** recommends FY 2017 operating expenditures of \$19.0 million, all from the State General Fund. The recommendation is an all funds decrease of \$64,428, or 0.3 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 10 — Legislative Division of Post Audit

The **agency** estimates \$2.6 million, all from the State General Fund for its FY 2015 budget. This is a reduction of \$144,516, all from the State General Fund, below the amount approved by the 2016 Legislature for FY 2017, after all adjustments. The agency is requesting \$144,516 from the State General Fund be lapsed or returned to the State General Fund. The agency requests a revised estimate of 25.0 FTE positions, which is the same as the approved number.

The **Governor** recommends FY 2017 operating expenditures of \$2.6 million, all from the State General Fund. The recommendation is an all funds decrease of \$6,442, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 11 — Attorney General

The **agency** estimates \$23.4 million, including \$5.8 million from the State General Fund, in FY 2017. This is an all funds increase of \$1.7 million, or 7.9 percent, and a State General Fund increase of \$80, or less than 0.1 percent, above the amount approved by the 2016 Legislature. The all funds increase is largely due to higher expenditures on salaries and wages, partially offset by reduced expenditures on contractual services. The revised estimate includes 119.4 FTE positions, which is an increase of 1.0 FTE position.

The **Governor** recommends FY 2017 operating expenditures of \$23.4 million, including \$5.8 million from the State General Fund. The recommendation is an all funds decrease of \$33,590, or 0.1 percent, and a State General Fund decrease of \$14,304, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 12 — Kansas Public Employees Retirement System

The **agency** estimates revised FY 2017 operating expenditures of \$45.1 million, all from special revenue funds. The request is a decrease of \$7.4 million, or 14.1 percent, below the amount approved by the 2016 Legislature. The decrease is primarily attributable to decreased contractual service expenditures, specifically investment management fees, partially offset by increased salary and wage expenditures. The agency estimates 98.4 FTE positions, the same as the amount approved by the 2016 Legislature.

The **Governor** recommends FY 2017 operating expenditures of \$45.1 million, all from special revenue funds. The recommendation is a decrease of \$26,603, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 13 — Kansas Corporation Commission

The **agency** estimates FY 2017 expenditures of \$22.7 million, all from special revenue funds. This estimate is an increase of \$350,000, or 1.6 percent, above the approved amount. The increase is attributable to the Department of Energy extending the State Energy Plan grant, which will be spent on weatherization projects through the Kansas Housing Resources Corporation.

The **Governor** recommends FY 2017 operating expenditures of \$22.7 million, all from special revenue funds. The recommendation is a decrease of \$41,648, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 14 — Citizens' Utility Ratepayer Board

The **agency** estimates FY 2017 expenditures of \$975,213, all from special revenue funds. This estimate is an increase of \$81,214, or 9.1 percent, above the approved amount. The increase is largely attributable to a request for increasing authorized fee fund expenditures for consulting fees due to a large case regarding the Great Plains Energy/Weststar Energy merger and increasing costs for consultants necessary in rate cases.

The **Governor** recommends FY 2017 expenditures of \$973,787, all from special revenue funds. This recommendation is a decrease of \$1,426, or 0.1 percent, below the agency request. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 15 — Department of Administration

The **agency** estimates expenditures of \$178.3 million, including \$123.5 million from the State General Fund, for FY 2017 for operating and capital improvements. The estimate is an all funds reduction of \$1.0 million, or 0.6 percent, and a State General Fund increase of \$3.2 million, or 2.6 percent, from the FY 2017 approved budget. The decrease is attributable to:

- \$1.6 million in supplemental requests for rehabilitation and repair on State Buildings;

- \$1.3 million for debt service due to refunding, which includes debt service from the Capitol Restoration, Armory Bonds, Corrections Project Bonds, and Regents. This amount was reduced from other agency budgets and the Capitol restoration expenditures in the Department of Administration budget; and
- \$562,900 in contractual services expenditures for the systems management program allocated to repairing and servicing of equipment and fees for other services. These are one-time expenditures for an upgrade to the Statewide Human Resources and Payroll System (SHARP).

The agency request includes 308.8 FTE positions, an increase of 11.7 FTE positions. The increase in FTE positions is offset by a reduction in the number of non-FTE unclassified permanent positions of 36.1 for a net reduction in positions of 24.4.

The **Governor** recommends FY 2017 expenditures of \$176.7 million, including \$121.6 million from the State General Fund, for operating and capital improvements. The recommendation is an all funds decrease of \$1.6 million, or 0.9 percent, and a State General Fund decrease of \$1.9 million, or 1.5 percent, below the agency's revised FY 2017 estimate. The decrease is mainly attributable to the Governor's recommendations to:

- Hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$18,626, including \$13,296 from the State General Fund;
- Delete \$1.6 million, all from the State General Fund, in supplemental requests for rehabilitation and repair;
- Delete \$91,008, all from the State Highway Fund, and add the same amount from the Expanded Lottery Act Revenues Fund to correctly reflect available fund balances; and
- Delete \$306,177, all from the State General Fund, in additional contractual services for the SHARP systems upgrade and fund the expenditures from the off-budget Accounting Services Recovery Fund.
- Add \$274,011, all from federal funds, for a technical adjustment for federal flood control funding.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 16 — State Board of Tax Appeals

The **agency** estimates revised FY 2017 operating expenditures of \$1.9 million, including \$762,786 from the State General Fund. The all funds and State General Fund requests are a

decrease of \$282, 0.1 percent, below the amounts approved by the 2016 Legislature. The decrease is attributable to the re-appropriation of unused moneys in FY 2017. The agency requests 17.0 FTE positions, which is the same amount approved by the 2016 Legislature.

The **Governor** recommends FY 2017 operating expenditures of \$1.8 million, including \$761,080 from the State General Fund. The recommendation is an all funds decrease of \$4,062, or 0.2 percent, and a State General Fund decrease of \$1,706, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 17 — Kansas Department of Commerce

The **agency** requests a revised estimate in FY 2017 expenditures of \$98.2 million, including \$6.6 million from the State General Fund and \$13.3 million from the Economic Development Initiatives Fund (EDIF). The revised estimate is an all funds increase of \$4.2 million, or 4.4 percent, above the amount approved by the 2016 Legislature. The State General Fund in the revised estimate is the same as the FY 2017 approved budget. The revised estimate is an EDIF increase of \$2.4 million, or 21.8 percent, above the amount approved by the 2016 Legislature. The all funds increase is largely due to the increase in the amount of requested Economic Development Initiatives Funds and fee funds, partially offset by a reduction in Workforce Investment Act (WIA) funding for youth initiatives. The EDIF increase is entirely due to a reappropriation of money that was not spent in FY 2016 and shifted to FY 2017. The EDIF increase is largely budgeted in the agency operating grant.

The agency request includes capital improvement expenditures of \$200,000, all from special revenue funds, the same as the approved amount.

The budget includes 117.1 FTE positions and 160.1 non-FTE unclassified positions. This is a decrease of 20.0 FTE positions below and an increase of 26.0 non-FTE unclassified positions above the approved FY 2017 number. The agency states that due to the nature of its grant and federal funding, it is replacing classified positions with non-FTE unclassified positions.

The **Governor** recommends FY 2017 operating expenditures of \$95.8 million, including \$6.6 million from the State General Fund and \$11.0 million from the Economic Development Initiatives Fund. The recommendation is an all funds decrease of \$2.3 million, or 2.4 percent, including an EDIF decrease of \$2.3 million, or 17.3 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to:

- Reduce by \$2.3 million the reappropriation from the Economic Development Initiatives Fund in FY 2017;

- Reduce by \$1,621 the reappropriation from the Innovation Growth Program Fund in FY 2017 as the program was eliminated in FY 2016;
- Hold KPERS employer contributions at the FY 2016 amount, which results in a reduction of \$47,063, including \$11,473 from the Economic Development Initiatives Fund; and
- Transfer the remaining \$5,000 from the Affordable Airfare Fund to the State General Fund in FY 2017 as the program was eliminated in FY 2016.

The EDIF reduction is from the reappropriation of money that was not spent in FY 2016 and shifted to FY 2017. With the reduction in the reappropriation, the agency will still have \$1.9 million in additional EDIF resources over the amount spent in FY 2016.

The Governor recommends capital improvement expenditures of \$200,000, all from special revenue funds, the same as the agency's revised FY 2017 estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 18 — Kansas Department of Labor

The **agency** requests a revised FY 2017 budget totaling \$260.3 million, including \$300,087 from the State General Fund. The request is a decrease of \$22.4 million, or 7.9 percent, all from special revenue funds, below the approved FY 2017 amount. The decrease is primarily due to a decrease in projected unemployment insurance benefit payments. The request includes 189.4 FTE positions, which is a reduction of 27.0 FTE positions below the approved amount. The request includes 208.3 non-FTE unclassified permanent positions, which is an increase of 4.3 positions above the approved amount.

The agency's revised estimate includes capital improvement expenditures totaling \$600,000, all from special revenue funds, for FY 2017. The revised estimate includes \$215,000, all from special revenue funds, for debt service principal payments and \$385,000, all from special revenue funds for projects in FY 2017.

The **Governor** recommends FY 2017 operating expenditures of \$259.6 million, including \$299,460 from the State General Fund. The recommendation is an all funds decrease of \$68,802, or less than 0.1 percent, including a State General Fund decrease of \$627, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor also recommends capital improvement expenditures totaling \$600,000, all from special revenue funds, for FY 2017, the same as the agency's request.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 19 — Kansas Commission on Veterans' Affairs Office

The **agency** submits a revised estimate of \$24.9 million, including \$6.9 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency submits a revised estimate of \$21.7 million, including \$6.8 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$205,228, or 1.0 percent, and a State General Fund increase of \$36,087, or 0.5 percent, above the amount approved by the 2016 Legislature. The all funds increase is primarily attributable to an increase in commodities expenditures, partially offset by a decrease in contractual services, capital outlay, and salaries and wages expenditures. The agency's revised estimate includes the agency's supplemental requests for additional funding for pharmaceuticals at the Kansas Veterans' Home and replacement of funding due to scratch lotto proceeds coming in higher than estimated. The revised estimate includes 368.0 FTE positions, which is the same number approved by the 2016 Legislature.

The agency submits a revised estimate of \$3.1 million, including \$9,900 from the State General Fund, for capital improvements in FY 2017. This is an all funds increase of \$888,354, or 39.5 percent, all from special revenue funds, above the amount approved by the 2016 Legislature. The increase is attributable to the reappropriation of \$822,104, all from the State Institutions Building Fund, for projects not yet completed from previous fiscal years. The remaining increase is attributable to the reappropriation of \$66,250, all from the State Institutions Building Fund, which has been added to the rehabilitation and repair account at the Kansas Veterans' Home and the emergency repairs and maintenance account at the Kansas Soldiers' Home, in FY 2017 to establish higher yearly amounts going forward.

The **Governor** recommends \$24.8 million, including \$6.8 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$21.7 million, including \$6.8 million from the State General Fund, in FY 2017. This is an all funds decrease of \$43,732, or 0.2 percent, and a State General Fund decrease of \$9,811, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements revised FY 2017 estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 20 — Kansas Department of Health and Environment - Public Health

The **agency** submits a revised estimate of \$170.2 million for operating expenditures for the Health function in FY 2017. The estimate is an increase of \$11.3 million, or 7.1 percent, above the approved amount, largely due to increases in contractual services fees and increased federal funds in the Women, Infants, and Children program.

The **Governor** recommends FY 2017 operating expenditures of \$170.1 million, including \$22.1 million from the State General Fund. The recommendation is an all funds decrease of \$77,255, or less than 0.1 percent, and a State General Fund decrease of \$9,860, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 21 — Kansas Department of Health and Environment - Health Care Finance

The **agency** submits a revised estimate of \$2.3 billion, including \$627.5 million from the State General Fund, for operating expenditures for the Health Care Finance function in FY 2017. The estimate is an increase of \$36.1 million, or 1.6 percent, above the approved amount, largely due to increases in contractual services fees related to the medical assistance programs due to increases in expenditures related to the eligibility determination backlog, the Kansas Eligibility and Enforcement System (KEES) project, and a new claims payment system.

The **Governor** recommends FY 2017 operating expenditures of \$2.4 billion, including \$652.7 million from the State General Fund. The recommendation is an all funds increase of \$105.6 million, or 4.6 percent, and a State General Fund increase of \$25.2 million, or 4.0 percent, above the agency's revised FY 2017 estimate. The increase is due to the Governor's recommendation to fully fund Medicaid caseloads based on the November 2016 Human Services consensus caseload estimates. In addition, the Governor recommended to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 22 — Kansas Department for Aging and Disability Services

The **agency's** revised estimate for total expenditures is \$1.5 billion, including \$631.8 million from the State General Fund. The revised estimate includes capital improvement expenditures totaling \$10.8 million, all from the State Institutions Building Fund and \$1.4 billion, including \$631.8 million from the State General Fund, for operating expenditures. The revised estimate is an all funds decrease of \$618,777, or less than 0.1 percent, below the amount approved by the 2016 Legislature. The State General Fund is the same amount approved by the 2016 Legislature, after adjustments.

The revised estimate includes 224.0 FTE positions and 71.0 non-FTE positions in FY 2017. This is an increase of 56.5 FTE positions and a decrease of 46.0 non-FTE positions from the number approved by the 2016 Legislature. The change is primarily attributable to the agency changing the classification of employees from unclassified temporary to unclassified permanent, which shifts the positions from non-FTE to FTE and the addition of legal positions from the state hospital budgets to the KDADS budget.

The agency's revised estimate includes a request to create a new federal grant fund called "Systems of Care Severe Emotional Disturbance (SED) federal fund." The agency states this new fund is necessary as KDADS has been awarded a grant from the Centers for Medicare and Medicaid Services (CMS) to improve behavioral health outcomes for children and youth with serious emotional disturbances (SED) and their families. The total grant award is \$9.5 million, and the grant period begins October 1, 2016, and runs through September 30, 2020.

The agency's revised estimate for capital improvement expenditures is \$10.8 million, all from the State Institutions Building Fund, in FY 2017. This is an increase of \$3.1 million, or 39.7 percent, above the amount approved by the 2016 Legislature. The increase is attributable to the reappropriation of \$3.1 million for rehabilitation and repair funding, all from the State Institutions Building Fund, not expended in FY 2016. The revised estimate includes debt service principal payments for the bonds on the rehabilitation and repairs of the state hospitals and the construction of the State Security Hospital at Larned State Hospital.

The **Governor** recommends total expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$1.6 billion, including \$643.4 million from the State General Fund, in FY 2017. The Governor's recommendation for total expenditures is an all funds increase of \$120.8 million, or 8.3 percent, and a State General Fund increase of \$11.6 million, or 1.8 percent, above the agency's revised FY 2017 estimate.

The Governor's recommendation includes the following adjustments:

- An addition of \$87.7 million, including \$40.3 million from the State General Fund, for additional funding for waiver services. Also included is a recommendation to add waivers to the Human Services Consensus Caseload estimating process in FY 2017;
- An all funds addition of \$33.1 million, and a State General Fund decrease of \$28.6 million, due to Human Services Caseloads adjustments in FY 2017; and
- A decrease of \$48,813, including \$18,214 from the State General Fund, due to Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement request in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustments:

FY 2017

1. Delete \$87.7 million, including \$40.3 million from the State General Fund, for Medicaid Home and Community Based Services in FY 2017.

2. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 22 — Kansas Neurological Institute

The **agency** requests a revised estimate of \$25.9 million, including \$10.3 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the agency requests \$25.8 million, including \$10.3 million from the State General Fund, for operating expenditures in FY 2017. This is an all funds increase of \$112,255, or 0.4 percent, and a State General Fund increase of \$119,162, or 1.2 percent, above the amount approved by the 2016 Legislature. The increase is primarily attributable to the agency's request for supplemental funding to re-open one home for patients due to an anticipated increase in patient census. The agency requests \$177,376, all from the State Institutions Building Fund, for capital improvements in FY 2017. This is an increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal. The revised estimate includes 437.7 FTE positions, which is the same number approved by the 2016 Legislature.

The agency requests \$177,376, all from the State Institutions Building Fund, for capital improvements in FY 2017. This is an increase of \$6,907, or 4.1 percent, above the amount approved by the 2016 Legislature. The increase in capital improvement expenditures is attributable to the agency recalculating the amount of payments for bond principal.

The **Governor** recommends expenditures of \$25.8 million, including \$10.2 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$25.6 million, including \$10.2 million from the State General Fund, in FY 2017. This is an all funds decrease of \$171,218, or 0.7 percent, and a State General Fund decrease of \$139,958, or 1.4 percent, below the agency's FY 2017 revised estimate. The decrease is partially attributable to the Governor not recommending the agency's request for supplemental funding totaling \$119,162, all from the State General Fund, to re-open one home for patients. The decrease also is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$52,056, including \$20,796 from the State General Fund. The Governor's recommendation includes 437.7 FTE positions, which is the same number as the agency's revised FY 2017 estimate.

The Governor recommends capital improvement expenditures of \$177,376, all from the State Institutions Building Fund, in FY 2017. This is the same amount as the agency's revised estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 22 — Larned State Hospital

The **agency's** revised estimate is \$65.4 million, including \$57.0 million from the State General Fund, in FY 2017. This is the same all funds amount approved by the 2016 Legislature, after adjustments. The revised estimate is a State General Fund increase of \$6.5 million, or 12.9 percent, above the amount approved by the 2016 Legislature. The State General Fund increase is primarily attributable to the agency's request for supplemental funding in FY 2017, which would replace \$6.5 million in funding from the agency's fee fund and Title XIX Fund with funding from the State General Fund. The revised estimate also includes the transfer of \$252,652 and associated decrease in expenditures to move 4.0 legal support positions to the Kansas Department for Aging and Disability Services. The revised estimate includes 920.5 FTE positions and 23.0 non-FTE positions in FY 2017. This is a decrease of 4.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring 4.0 legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

The **Governor** recommends operating expenditures of \$65.3 million, including \$56.9 million from the State General Fund, in FY 2017. This is an all funds decrease of \$108,357, or 0.2 percent, including \$92,767, or 0.2 percent, from the State General Fund, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 22 — Osawatomie State Hospital

The **agency's** revised estimate is \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. This is an all funds decrease of \$1,998, or less than 0.1 percent, and a State General Fund increase of \$9.0 million, or 62.0 percent, above the amount approved by the 2016 Legislature.

The agency's revised estimate for operating expenditures is \$32.8 million, including \$23.5 million from the State General Fund. This is an all funds decrease of \$31,998, or 0.1 percent, and a State General Fund increase of \$9.0 million, or 61.8 percent, above the amount approved by the 2016 Legislature. The all funds decrease is primarily attributable to the agency

shifting \$30,000 in operating expenditures to the capital improvements budget in FY 2017. The change in State General Fund expenditures is primarily attributable to the agency's supplemental request to add \$9.0 million from the State General Fund for operational expenditures and decrease fee fund and Title XIX Fund expenditures by the same amount. The revised estimate includes 478.1 FTE positions, which is a decrease of 5.0 FTE positions below the number approved by the 2016 Legislature. The decrease is attributable to the agency transferring five legal positions and funding for these positions to the Kansas Department for Aging and Disability Services.

The revised estimate for capital improvements is \$30,000, all from the State General Fund, in FY 2017. This is an increase of \$30,000, or 100.0 percent, above the amount approved by the 2016 Legislature. The increase is attributable to anticipated small repairs and improvements to hospital buildings due to the age of certain structures.

The **Governor** recommends total expenditures of \$32.8 million, including \$23.5 million from the State General Fund, for operating expenditures and capital improvements in FY 2017. Of this amount, the Governor recommends operating expenditures of \$32.7 million, including \$23.5 million from the State General Fund, for FY 2017. This is an all funds decrease of \$50,614, or 0.2 percent, and a State General Fund decrease of \$33,936, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

The Governor recommends capital improvements totaling \$30,000, all from the State General Fund, in FY 2017. This is the same amount as the agency's revised FY 2017 estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 22 — Parsons State Hospital and Training Center

The **agency's** revised estimate in FY 2017 is \$27.1 million, including \$12.4 million from the State General Fund, for operational expenditures and capital improvements. This is the same all funds and State General Fund amount approved by the 2016 Legislature. The agency's revised estimate for operational expenditures is \$26.9 million, including \$12.4 million from the State General Fund, in FY 2017. This is an increase of \$3,500, or less than 0.1 percent, from the State General Fund above the amount approved by the 2016 Legislature. The increase is attributable to the agency shifting funding from capital improvements to the operating budget. The revised estimate includes the purchase of a transportation vehicle for the Sexual Predator Treatment Program Transition Unit and an adjustment to salary shrinkage, offset partially by a decrease in utilities expenditures, computer services expenditures, household furniture and equipment for patients, and food for patients.

The agency's revised estimate for capital improvements is \$164,384, all from the State Institutions Building Fund, in FY 2017. This is an all funds decrease of \$3,500, or 2.1 percent, from the State General Fund below the amount approved by the 2016 Legislature. The decrease is attributable to the agency shifting expenditures from the capital improvements

budget to the operating budget, due to the agency finishing minor building improvement projects in FY 2016 that were planned for FY 2017. Capital improvement funding will be used for bond principal payments to the Department of Administration for the agency's participation in the State's Facility Conservation Improvement Program.

The **Governor** recommends FY 2017 operating expenditures of \$26.9 million, including \$12.4 million from the State General Fund. The recommendation is an all funds decrease of \$57,937, or 0.2 percent, and a State General Fund decrease of \$27,826, or 0.2 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor recommended capital improvement expenditures of \$164,384, all from the State Institutions Building Fund, in FY 2017. This is the same amount as the agency's revised estimate.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 23 — Department for Children and Families

The **agency** estimates expenditures of \$603.3 million, including \$237.0 million from the State General Fund, in FY 2017. The revised estimate is an increase of \$12.8 million, or 2.2 percent, from all funding sources above the amount approved by the 2016 Legislature, and an increase of \$327,363 from the State General Fund, or 0.1 percent, above the amount approved by the 2016 Legislature. The revised estimate also includes 2,126.7 FTE positions, which is an increase of 101.7 FTE positions above the approved amount. The revised estimate also includes 363.0 non-FTE positions, a reduction of 68.5 non-FTE positions.

The FY 2017 revised estimate includes the addition of \$416,280, including \$327,363 from the State General Fund, and 15.0 FTE positions for the supplemental request for the Foster Home Licensing Division. In addition, the FY 2017 revised estimate includes the addition of \$1.2 million, all from special revenue funds, for the purchase of passenger cars. Also included is an increase of \$5.5 million, all from federal funds, for the Low Income Energy Assistance Program.

Also included in the revised estimate are increased expenditures for the Kansas Eligibility and Enforcement System (KEES) due to the delay in the implementation of the program, partially were partially offset by decreased estimates of vocational rehabilitation services caseloads.

The **Governor** recommends FY 2017 operating expenditures of \$607.8 million, including \$240.5 million from the State General Fund. The recommendation is an all funds increase of \$4.4 million, or 0.7 percent, and a State General Fund increase of \$3.5 million, or 1.5 percent, above the agency's revised FY 2017 estimate. The increase is mainly attributable to \$5.2 million, including \$4.0 million from the State General Fund, for the human services consensus caseload estimate for foster care and cash assistance. These increases are partially offset by

the Governor not recommending the agency's supplemental request for funding for the foster home licensing division. The remainder of the decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 24 — Department of Education

The **agency** requests a FY 2017 revised budget of \$4.8 billion, including \$3.2 billion from the State General Fund. The all funds increase from FY 2016 is \$318.3 while the State General Fund increase is \$234.9 million.

The major areas of increase include:

- General state aid in FY 2016 included delaying a payment of \$75.0 million to school districts to be paid in FY 2017 and is included in the agency's FY 2017 revised request;
- Payments to KPERS for FY 2016 obligations for both the school employees and the non-school district employees' share of the employer contribution was lapsed for the fourth quarter in an amount totaling \$90.6 million, thus lowering FY 2016 actual expenditures (a payback of these funds to KPERS is slated for FY 2018, but this payback will not be shown in this agency's budget);
- The 2016 Legislature increased supplemental general state aid and capital outlay state aid by \$76.0 million over the FY 2016 actual amounts;
- The School District Finance Fund, comprised primarily of the 20 mill statewide levy, includes an estimated increase of \$21.0 million;
- The School District Capital Improvement Fund (bond and interest state aid) includes an estimated increase of \$17.7 million above the FY 2016 actual amount; and
- Funding from the Mineral Production Fund to school districts, scheduled to begin in FY 2017, added \$11.5 million to the FY 2017 budget request.

A large change in full-time equivalent (FTE) positions occurred between FY 2016 and 2017 from 148.9 to 243.9. According to the agency, this change occurred due to directives received from the Department of Administration requiring the agency to change formerly non-FTE unclassified permanent positions to FTE positions.

The **Governor** recommends FY 2017 expenditures of \$4.6 billion, including \$3.1 billion from the State General Fund. The recommendation is an all funds decrease of \$172.0 million, or

3.6 percent, and a State General Fund decrease of \$165.0 million, or 5.1 percent, below the agency's revised FY 2017 estimate. These decreases result as a net total of the following changes:

- Adjustments resulting from revised consensus revenue estimates:
 - Added \$7.9 million for capital improvement state aid;
 - Added \$6.9 million for KPERS school employer contributions and non-school district (community and technical colleges) employer contributions;
 - Added \$3.6 million for LOB state aid; and
 - Reduced General State Aid by \$11.6 million; and
- Adjustments resulting from the Governor's recommendations:
 - Reduced \$75.0 million by permanently delaying General State Aid to the following year;
 - Reduced \$13.0 million from Extraordinary Needs State Aid (sale of the Kansas Bioscience Authority did not yield funding necessary to provide for this state aid);
 - Reduced \$84.3 million due to KPERS policy changes
 - Reduced 20 mill statewide levy estimate by \$4.8 million;
 - Reduced Mineral Production Education Fund estimate by \$5.9 million; and
 - Increased School District Finance Fund (special weightings) by 4.3 million.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 25 — State Library

The **agency** estimates a budget of \$5.8 million, including \$3.9 million from the State General Fund, which is the same as the approved State General Fund budget for FY 2017. The special revenue funds estimate is \$487,115, or 7.7 percent, less than the approved budget primarily because of a lowered estimate from federal revenue sources. Agency staff indicated the agency's major federal grant covers a two-year period at a time, so yearly estimates can vary.

The **Governor** recommends FY 2017 operating expenditures of \$5.8 million, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of

\$3,839, or 0.1 percent, and a State General Fund decrease of \$3,107, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$3,839, including \$3,107 from the State General Fund.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 26 — State Historical Society

The **agency** requests a revised FY 2017 budget of \$7.2 million in all funds, including \$4.2 million from the State General Fund (including capital improvements). The agency requests operating expenditures of \$6.7 million, including \$3.9 million from the State General Fund. The State General Fund request is the same as the approved budget.

The change from the approved in all other funds category of \$316,819, or 4.5 percent, is attributable to fewer dollars flowing into the Heritage Trust Fund from mortgage registration fees due to legislative changes in 2014 (HB 2643). Prior law provided that 25/26ths of the revenue be retained by counties, with 1/26th coming to the State for deposit in the Heritage Trust Fund. HB 2643 repealed the requirement that any mortgage registration tax receipts be distributed to the Heritage Trust Fund on and after January 1, 2015.

The **Governor** recommends FY 2017 total expenditures (including the capital improvement budget) of \$7.2 million from all funds, including \$4.2 million from the State General Fund. The Governor recommends operating expenditures of \$6.6 million, including \$3.9 million from the State General Fund. The recommendation is an all funds decrease of \$10,133, or 0.2 percent, and a State General Fund decrease of \$7,240, or 0.2 percent, below the agency's FY 2017 revised estimate. The decrease is attributable to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 27 — Kansas State University

The **agency** requests a revised estimate of \$631.9 million, including \$97.4 million from the State General Fund. This is an all funds increase of \$48.8 million, or 10.0 percent, above the amount approved by the 2016 Legislature. There is no change in the State General Fund request. The increased expenditures includes \$23.8 million in capital improvements, including \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects. There also is a \$25.2 million increase in operating expenditures, including

\$4.0 million in salaries and wages, \$8.3 million in contractual services, \$3.2 million in commodities, \$3.4 million in capital outlay, and \$6.8 million in other assistance.

The agency requests a revised estimate of \$41.9 million, all from special revenue funds for capital improvements. This is an increase of \$23.8 million, or 131.3 percent, above the approved amount. The increase includes \$17.3 million in Educational Building Fund for rehabilitation and repair and \$5.3 million for housing projects.

The **Governor** recommends \$631.7 million, including \$97.3 million from the State General Fund. This is an all funds increase of \$48.7 million, or 8.3 percent, above the approved amount.

The recommendation is an all funds decrease of \$152,289, or less than 0.1 percent, and a State General Fund decrease of \$53,586, or 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvements revised estimate in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 28 — University of Kansas

The **agency** requests a revised estimate of \$765.4 million, including \$131.8 million from the State General Fund. This is an all funds increase of \$30.6 million, or 4.2 percent, above the FY 2017 approved amount. The increase includes \$13.5 million in operating expenditures and \$15.6 million in capital improvement expenditures. In operating expenditures, there is an increase of \$21.7 million for contractual services with a decrease in all other expenditure categories. The capital improvements increase is due primarily to the transfer of the Educational Building Fund from the Board of Regents (\$11.1 million) and \$3.8 million for the Earth, Energy and Environment Center.

The **Governor** recommends FY 2017 expenditures of \$765.3 million, including \$131.8 million from the State General Fund. The recommendation is an all funds decrease of \$101,802, or less than 0.1 percent, and a State General Fund decrease of \$49,352, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

The Governor concurs with the agency's capital improvement budget in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 29 — Department of Corrections

The **agency** estimates revised FY 2017 total expenditures for the Department of Corrections (DOC) System of \$411.6 million, including \$361.5 million from the State General Fund. The estimate is an all funds increase of \$7.1 million, or 1.8 percent, including a State General Fund increase of \$575,994, or 0.2 percent, above the approved amount. The all funds increase is primarily due to increased expenditures associated with the establishment of programs within 2016 SB 367, increased capital improvements, increased contractual services, and reduced shrinkage, offset by a reduction in salaries and wages, other assistance, and commodities. The estimate includes 3,455.5 FTE positions and 214.0 non-FTE positions. The estimate is an increase of 4.0 FTE positions and a decrease of 3.0 non-FTE positions, for a net increase of 1.0 position, which is attributable to Kansas Correctional Industries (KCI) removing 1.0 FTE position for a Microfilm Correctional Industries Manager and Larned Correctional Mental Health Facility adding 2.0 non-FTE positions for its deputy warden and warden.

The agency estimates revised FY 2017 capital improvement expenditures totaling \$14.0 million, including \$370,000 from the State General Fund. The revised estimate includes \$4.3 million, including \$370,000 from the State General Fund, for debt service principal payments on the three projects.

The agency estimates revised FY 2017 total expenditures for the DOC Central Office of \$210.4 million, including \$168.0 million from the State General Fund. The estimate is an all funds decrease of \$1.4 million, or 0.6 percent, including a State General Fund decrease of \$2.3 million, or 1.4 percent, below the approved amount. The decrease is primarily due to a \$2.3 million reduction in capital improvements and a \$2.5 million transfer to DOC facilities for a corrections officer pay increase, offset by increased expenditures of Title II (federal) awards, spent to assist in the implementation of 2016 SB 367. The estimate includes a supplemental request of \$124,571, all from the State General Fund, to fund 4.8 mental health staff (under the Corizon health care contract), who will provide mental health care to 60 inmates who were moved from Larned State Hospital to DOC in FY 2016 to decrease mandatory overtime and reduce posts at Larned State Hospital.

Absent the supplemental, the agency's State General Fund estimate is \$167.9 million. The estimate includes 297.0 FTE positions and 177.0 non-FTE positions, which is a decrease of 1.0 FTE position below the approved amount.

The agency estimates revised FY 2017 total expenditures for all DOC facilities of \$201.2 million, including \$193.5 million from the State General Fund. The estimate is an increase of \$41,476, or less than 0.1 percent, including a State General Fund decrease of \$5.5 million, or 2.8 percent, from the approved amount. The State General Fund decrease is primarily attributable to reduced employer contributions to employee health care, reductions in classified overtime, and classified holiday pay, offset by reduced shrinkage and increased expenditures for

capital outlay and commodities. The all funds increase is primarily attributable to the capital improvement expenditures based on the five-year plan. Winfield Correctional Facility has made two supplemental requests totaling \$371,674. One supplement is for increased gas and electric utility bills that it attributes to the Kansas Veterans' Home increasing its use of those utilities (\$156,004). The other supplement is to replace five vehicles and computer equipment (\$215,670).

Absent the supplemental requests, the agency's State General Fund estimate is \$193.2 million. The estimate includes 3,158.5 FTE positions and 37.0 non-FTE positions, which is a decrease of 131.0 FTE-positions and 7.0 non-FTE positions below the approved.

The **Governor** recommends FY 2017 total expenditures for the Department of Corrections System of \$409.1 million, including \$359.3 million from the State General Fund. The recommendation is an all funds decrease of \$2.5 million, or 0.6 percent, including a State General Fund decrease of \$2.2 million, or 0.6 percent, below the agency's FY 2017 revised estimate. The decrease is attributable to:

- The Governor deleting \$1.1 million, all from the State General Fund, that was generated from graduated sanctions savings. The funds were originally budgeted to start Functional Family Therapy programs in seven judicial districts;
- The Governor not recommending any agency enhancements totaling \$496,245, all from the State General Fund, throughout the DOC System;
- Deleting \$489,032, including \$474,868 from the State General Fund, due to the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount;
- Deleting \$300,151, including \$96,866 from the State General Fund, to reflect the consensus reached at the fall human services caseload meeting; and
- Deleting \$117,300, all from the Correctional Institutions Building Fund, to refinance the agency's debt service on State Facilities Improvement Program.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustments:

FY 2017

1. Transfer \$6.0 million, all from the State General Fund Purchase of Services Account, and place it in the State General Fund Evidence Based Juvenile Program Account.
2. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 30 — Adjutant General's Department

The **agency's** revised FY 2017 estimate totals \$50.1 million, including \$9.3 million from the State General Fund, for operations and capital improvements. The revised FY 2017

estimate is an all funds increase of \$3.7 million, or 7.9 percent, and a State General Fund increase of \$689,439, or 8.0 percent, above the current approved amount for FY 2017.

The FY 2017 revised estimate includes 173.5 FTE positions and 121.0 non-FTE positions, which is an increase of 41.0 FTE positions and a decrease of 12.0 non-FTE unclassified permanent positions from the number approved by the 2016 Legislature. The agency states these positions reflect the closure of the Kansas Readiness Sustainment and Maintenance Site (RSMS) program and that these positions had been federally funded but have not yet been fully removed from the budgeting system. The agency's revised estimate includes two supplemental requests totaling \$1.3 million, including \$726,929 from the State General Fund. These requests include one operating supplemental for rehabilitation and repair expenditures of \$1.1 million, including \$476,929 from the State General Fund, and one capital improvement supplemental for \$250,000, all from the State General Fund, for a heating, ventilating, and air conditioning (HVAC) replacement at Crisis City in FY 2017.

The agency's revised estimate includes capital improvements expenditures totaling \$8.9 million, including \$1.7 million from the State General Fund, in FY 2017. This amount includes \$905,000 for debt service principal and \$7.7 million for projects.

The **Governor** recommends a FY 2017 total budget of \$48.4 million, including \$8.3 million from the State General Fund. This is an all funds decrease of \$1.7 million, or 3.3 percent, and a State General Fund decrease of \$1.1 million, or 11.4 percent, below the agency's FY 2017 revised estimate. The decrease is partially attributable to the Governor's recommendations to hold KPERS employer contributions at the FY 2016 amount, which results in an all funds reduction of \$34,668, including \$7,006 from the State General Fund. Additional adjustments recommended to the agency's FY 2017 revised estimate include:

- Operating adjustments:
 - A reduction of \$429,951, all from the State General Fund, to remove funding within the FY 2017 budget to provide for the design of a new state emergency operations center;
 - A reduction of \$234,962, all from the State General Fund, for a debt service adjustment to accurately reflect payments due to bond refinancing;
 - An addition of \$337,490, all from the State General Fund to provide for disaster relief expenditures. This amount includes \$37,490 to cover current disaster obligations and \$300,000 to provide additional assistance for an explosion at the Airosol Company facility in Neodesha;
 - A reduction of \$1.1 million, including \$476,929 from the State General Fund, due to the Governor not recommending the agency's FY 2017 supplemental request for additional rehabilitation and repair funding; and
 - A reduction of 41.0 FTE positions to accurately reflect agency positions in FY 2017; and
- Capital improvements adjustments:

- A reduction of \$250,000, all from the State General Fund, due to the Governor not recommending the agency's FY 2017 supplemental request for Crisis City HVAC Replacement.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 31 — Kansas Highway Patrol

The **agency's** FY 2017 revised estimate for total agency expenditures is \$83.3 million, all from special revenue funds, which is an increase of \$498,028, or 0.6 percent, above the FY 2017 approved amount. The revised estimate includes 829.0 FTE positions, which is no change from the approved amount. The FY 2017 revised estimate includes \$933,737, all from special revenue funds, for capital improvements. The increase from the approved amount is comprised of \$216,646 in agency operations and \$281,382 in capital improvements expenditures. Total expenditures from the Operations Fund (sourced from the State Highway Fund) are at the FY 2017 approved amount. Increases from the approved occur in capital outlay, commodities, and contractual services. These increases are offset by decreases in salaries and wages and aid to local units of government and other assistance. The agency notes significant expenditures were made in capital outlay for mobile data units (MDUs) and shop equipment for the hanger and fleet units.

The agency's revised estimate includes capital improvement expenditures totaling \$933,737, all from special revenue funds, in FY 2017. The revised estimate includes \$340,000 for debt service principal payments on the Fleet Center, \$312,355 for rehabilitation and repair, and \$281,382 for projects in FY 2017.

The **Governor** recommends FY 2017 total agency expenditures of \$83.3 million, all from special revenue funds. The recommendation is a decrease of \$37,308, or less than 0.1 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount. The Governor's recommendation includes the reduction of 6.0 FTE positions to accurately reflect the agency's reclassification of 6.0 positions from the classified service to the unclassified service in the Operations Support program in FY 2017.

The Governor concurs with the agency's request for capital improvements expenditures in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 32 — Kansas Bureau of Investigation

The **agency** estimates \$37.0 million, including \$24.4 million from the State General Fund, in FY 2017. This is an all funds decrease of \$109,319, or 0.3 percent, and the same State General Fund amount as that approved by the 2016 Legislature. The all funds decrease is due to decreased expenditures on scientific (\$44,350) and office (\$13,663) supplies. Several classified employees transferred from the Investigation program to the Forensic Laboratory program. The agency's revised estimate includes 223.0 FTE positions, which is the same as the approved amount.

The **Governor** recommends FY 2017 operating expenditures of \$36.4 million, including \$23.9 million from the State General Fund. The recommendation is an all funds decrease of \$565,849, or 1.5 percent, and a State General Fund decrease of \$553,338, or 2.3 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendation to reduce expenditures for repairs to the agency's forensic science laboratory by \$421,163, all from the State General Fund; reduce expenditures for methamphetamine laboratory clean-up by \$109,788, all from the State General Fund; and hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 33 — Kansas Sentencing Commission

The **agency** requests revised FY 2017 operating expenditures of \$7.9 million, including \$7.5 million from the State General Fund. The estimate is an all funds increase of \$368,167, or 4.9 percent, and a State General Fund increase of \$84,403, or 1.1 percent, above the FY 2017 approved amount. The all funds increase is primarily attributable to the agency's intention to contract with a third-party utilization management company to improve its Treatment Provider Payment System by implementing a medical model.

The **Governor** recommends FY 2017 operating expenditures of \$7.9 million, including \$7.5 million from the State General Fund. The recommendation is an all funds decrease of \$2,254, or less than 0.1 percent, including a State General Fund decrease of \$2,043, or less than 0.1 percent, below the agency's estimate. The decrease is attributable to the Governor's recommendation to hold KPERS employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 34 — Department of Agriculture

The **agency** estimates FY 2017 expenditures of \$48.1 million, an increase of \$4.5 million, or 10.3 percent, above the approved amount. The revised estimate includes \$9.5 million from the State General Fund, which is no change from the approved amount. The increase is largely attributable to increased federal funds (\$4.1 million) and State Water Plan Fund reappropriations (\$1.2 million).

The **Governor** recommends FY 2017 expenditures of \$48.1 million, including \$9.5 million from the State General Fund. The recommendation is an all funds decrease of \$72,049, or 0.1 percent, and a State General Fund decrease of \$33,558, or 0.4 percent, below the agency request. The decrease is attributable to lapsing \$11,805 from the State General Fund for a bonus pool and the Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 35 — Department of Wildlife, Parks and Tourism

The **agency** estimates FY 2017 operating expenditures of \$61.3 million, all from special revenue funds, an increase of \$123,650, or 0.2 percent, above the approved amount. The increase is attributable to replacing decreases in Economic Development Initiatives Fund (EDIF) funding in prior years with Parks Fee Fund expenditures.

The FY 2017 revised estimate includes \$12.2 million in capital improvement expenditures, all from special revenue funds, which is an increase of \$3.0 million, or 32.5 percent, above the approved amount. The increase is attributable to repair of a dam at Leavenworth State Fishing Lake (\$1.4 million) and the Flint Hills Nature Trail (\$1.6 million).

The **Governor** recommends FY 2017 operating expenditures of \$61.2 million, all from special revenue funds. The recommendation is a decrease of \$81,331, or 0.1 percent, below the agency's revised FY 2017 estimate.

The decrease is attributable to the following:

- The Governor's recommendation to hold KPERs employer contributions at the FY 2016 amount, which results in a reduction of \$70,940;
- The lapse of \$10,391 from the agency's EDIF reappropriation for Kansas City district office debt service; and
- The lapse of \$500,000 from the agency's EDIF funding, while increasing funding from the agency's Parks Fee Fund by a corresponding \$500,000.

The Governor recommends FY 2017 capital improvements expenditures of \$12.2 million, which is no change from the agency's request.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 36 — Kansas Department of Transportation

The **agency** estimates a revised reportable budget in FY 2017 totaling \$1.5 billion, all from special revenue funds, which is an increase of \$192.3 million, or 14.2 percent, above the FY 2017 approved amount. The agency notes the increase is due largely to ongoing projects that were delayed from FY 2016 into FY 2017. The agency states this is the seventh year of the T-WORKS program, and that fluctuations in its funding request are due to its best estimate at a given point in time as to projects being let or added, projects being pushed forward into FY 2017, cost savings or leftover preservation funds being spent, and subsequent funding streams for these projects. The agency notes the submitted budget includes \$2.0 million in expenditures for each fiscal year for the Unmanned Aircraft Systems program to meet legislative directives contained in 2016 SB 249. Changes from the FY 2017 approved budget include the following adjustments:

- A \$168.0 million increase in revised estimated State Highway Fund projects expenditures moved/added/continued into FY 2017;
- A \$15.5 million increase in revised estimated State Highway Fund operations expenditures from special revenue fund receipts in FY 2017;
- A \$3.3 million increase to rail service improvement fund expenditures in FY 2017;
- A \$3.0 million in additional expenditures from the Conversion of Materials and Equipment, a no limit special revenue fund created by 2016 House Sub. for SB 161 in FY 2017;
- A \$8.5 million increase to coordinated public transportation assistance expenditures in FY 2017; and
- A \$109,733 increase to public use general aviation development expenditures in FY 2017.

These increases are partially offset by the following decreases:

- A \$4.9 million decrease to debt service expenditures in FY 2017; and
- A \$1.3 million decrease to other federal grants expenditures in FY 2017.

The FY 2017 revised estimate includes salaries and wages expenditures totaling \$144.1 million, which is a decrease of \$2.8 million, or 1.9 percent, below the FY 2017 approved amount. Salaries and wages in the FY 2017 revised reportable estimate support 1,846.0 FTE positions, which is a decrease of 53.0 FTE positions from the number approved by the 2016 Legislature, and a decrease of 152.6 non-FTE positions below the FY 2017 approved amount. The agency states that as positions become vacant, it is only filling those that are deemed critical. Prior budgets included unfunded vacant positions and this budget submission only includes filled and vacant positions anticipated to be filled at the time of the submission. The agency notes the submitted budget does not include any unfunded vacant positions.

The agency's FY 2017 revised estimate includes federal and local aid reimbursement estimates totaling \$389.1 million. This is an increase of \$127.4 million, or 48.7 percent, above the FY 2016 actual amount.

The **Governor** recommends FY 2017 operating expenditures of \$1.2 billion, all from special revenue funds. The recommendation is an all funds decrease of \$300.7 million, or 19.4 percent, below the agency's revised FY 2017 estimate. The decrease is attributable to the Governor's recommendations to hold KPERs employer contributions at the FY 2016 amount, which results in an all funds reduction of \$370,829. Additional adjustments included within the Governor's recommendation in FY 2017 are as follows:

- Transfer all sales tax revenue credited to the State Highway Fund to state agencies and the State General Fund. The approved State Highway Fund transfer to the State General Fund was \$270.8 million, but due to revised revenues from the November 2016 Consensus Revenue Estimate, the Governor recommended to reduce this transfer by \$15.4 million;
- Reduce State Highway Fund projects expenditures to accurately reflect recommended State Highway Fund transfers, with the following State Highway Fund expenditure reductions:
 - Reduce state projects expenditures by \$19.5 million; and
 - Reduce preservation project expenditures by \$284.1 million; and
- Add \$3.2 million, all from the Special City and County Highway Fund, in order to reflect the most recent estimated revenues and expenditures by the November 2016 Highway Consensus Revenue Estimating group in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add funding to restore Kansas Public Employee Retirement System employer contributions to the approved level in FY 2017.

Sec. 37 — KPERS School Employer Contribution Reductions

The Governor recommends deleting \$84.3 million, all from the State General Fund in KPERS - School and deleting \$3.6 million, including \$1.6 million from the State General Fund, in KPERS - State employer contributions in FY 2017.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Increase the deletion of KPERS - School employer contributions from \$84.3 million to \$150.0 million, all from the State General Fund, in FY 2017.

2. Add \$3.6 million, including \$1.6 million from the State General Fund, to restore KPERS - State employer contributions to the statutory rate in FY 2017.

Sec. 38 — Appropriated Special Revenue Fund Employer Contributions to KPERS

The Governor recommends that if any lapsed amount of KPERS employer contributions made from appropriated special revenue funds, the same amount shall be lapsed and transferred from such fund.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 39 — Vehicle Purchases

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2017

1. Add language for FY 2017 requiring that vehicles, with the exception of Highway Patrol, will not be replaced unless the odometer reading exceeds 130,000 miles for passenger vehicles or 150,000 miles for light trucks or repairs necessary to maintain safety of the vehicle exceed 33.0 percent of the replacement value of the vehicle. Agencies replacing vehicles will report information on the replacement to the Director of Legislative Research or designee.

Sec. 40 — Vehicle Purchases

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

FY 2018

1. Add language for FY 2018 requiring that vehicles, with the exception of Highway Patrol, not be replaced unless the odometer reading exceeds 130,000 miles for passenger vehicles or 150,000 miles for light trucks or repairs necessary to maintain

safety of the vehicle exceed 33.0 percent of the replacement value of the vehicle. Agencies replacing vehicles will report information on the replacement to the Director of Legislative Research or designee.

Sec. 41 — KPERS Employer Contribution Rates and Layered Amortization

The Governor recommends the lapsed amounts for reduced KPERS employer contributions in FY 2017 not be considered when establishing FY 2018, and subsequent future, employer contribution rates. The year over year increase in employer contribution rates is statutorily limited at 1.2 percent of the previous fiscal year.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

1. Add \$15.0 million, all from the State General Fund, for reduced FY 2017 KPERS - School employer contributions for FY 2018 through FY 2037.
2. Repayment of the FY 2017 reduced contributions of \$150.0 million for KPERS - School is to be restored to the KPERS trust fund over twenty years starting in FY 2018 at \$15.0 million per year.

Sec. 42 — PMIB Bridge Loan

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language directing the KPERS Board of Trustees to liquidate all investments in the Treasurer's Unclaimed Property Fund and deposit those funds in the State Treasury.

Sec. 43 — PMIB Bridge Loan

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation with the following adjustment:

1. Add language to transfer funding from the Treasurer's Unclaimed Property Fund in KPERS to guarantee a \$50.0 million ending balance in FY 2017, to be paid back in seven equal yearly increments starting in FY 2018.
2. Add language to transfer the remaining balance from the Treasurer's Unclaimed Property Fund in KPERS to the State General Fund, to be paid back in seven equal yearly increments starting in FY 2019.

Sec. 44 — Department of Education - Capital Improvements

Establishes the Capital Improvement State Aid Fund and classifies these transfers as revenue transfers, not demand transfers, in FY 2017, FY 2018, and FY 2019.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 45 — Budget Stabilization Fund

SENATE COMMITTEE RECOMMENDATION. The Senate Committee recommends that the Director of the Budget in consultation with the Director of Legislative Research shall transfer 10.0 percent of the State General Fund ending balance from the previous fiscal year to the budget stabilization fund on or before August 15th of 2019.

Sec. 46 — Repealer

Repeals K.S.A. 2016 Supp. 74-4920, 75-2319, and 75-2319d.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 47 — Fund Identification Reconciliation

This section provides clarification that if any fund or account name described by words and the numerical accounting code, which follows do not match, the fund or account name described by words shall control over a contradictory or incorrect numerical accounting code.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 48 — Severability

Provisions of this bill are severable from other parts of the bill.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.

Sec. 49 — Appeals to Exceed Expenditure Limitations

Agencies who may which to appeal special revenue fund expenditures in excess of the amount specified in this act can be appealed to the State Finance Council upon a written application to the Governor.

SENATE COMMITTEE RECOMMENDATION. The Senate Committee concurs with the Governor's recommendation.