

**SUMMARY OF SECOND CONFERENCE COMMITTEE REPORT FOR
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 House Appropriations and Senate Ways and Means Conference Committee's FY 2017 budget totals \$15.9 billion from all funds, including \$6.3 billion from the State General Fund. This is a increase of \$30.5 million, including \$23.6 million from the State General Fund, above the Governor's recommendation. Major changes to the Governor's recommendation are to:

- Add \$23.7 million, including \$21.8 million from the State General Fund, to increase KPERS employer contributions for FY 2017. The First Conference Report deleted \$62.2 million, including \$64.1 million from the State General Fund, to reduce KPERS–School employer contributions and increased KPERS–State employer contributions by \$3.6 million, including \$1.6 million from the State General Fund. The total change from the First Conference Committee Report is an increase of \$85.9 million, all from the State General Fund, an amount equal to the fourth quarter delayed payment;

- Add \$6.4 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 \$64.1 million for KPERS–School is to be restored to the KPERS Trust Fund over 20 years starting in FY 2018 at \$6.4 million per year. The First Conference Committee Report expended \$15.0 million per year, all from the State General Fund, to make delayed payments;
- 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, with the remainder to be transferred in FY 2018, to be paid back in six equal yearly increments starting in FY 2019;
- Add language to authorize the sale of property by the Secretary of Children and Families and Secretary of Corrections, without requiring approval of the State Finance Council, in Chanute, Wichita, and Lansing in FY 2017; and
- Add \$6.0 million, including \$1.8 million for disaster relief expenditures in FY 2017. The Adjutant General states that there are 15 open disasters, seven of which are wildfires in March.

COMPARISON OF FY 2016 - FY 2017 RECOMMENDED EXPENDITURES
Second Conference Committee Report on HB 2052
As of Thursday, April 06, 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
Conference Committee FY 2017 Budget	6,276,588,372	15,927,302,935	37,100.2
<i>Difference From Governor's Recommendation</i>	<u>\$ 23,573,770</u>	<u>\$ 30,457,509</u>	<u>10.0</u>

STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES
Second Conference Committee Profile
As of Thursday, April 06, 2017

	<u>Actual FY 2016</u>	<u>Conference 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	-	291.0
Adjusted Receipts	6,080.6	6,289.5
Total Available	\$ 6,152.1	\$ 6,326.6
Less Expenditures	6,115.1	6,276.6
Ending Balance	<u>\$ 37.1</u>	<u>\$ 50.0</u>
Ending Balance as a % of Expenditures	0.6%	0.8%

Second Conference Committee Report on Appropriations Bill - Senate Sub. for Sub. for HB 2052
(Reflects Conference 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>Sale of State Property</u>				
1. Add language authorizing the Secretary for Children and Families to sell property located in Chanute, without requiring approval of the State Finance Council in FY 2017.	0	0	0	0.0
2. Add language authorizing the Secretary for Children and Families to sell property located in Wichita, without requiring approval of the State Finance Council in FY 2017.	0	0	0	0.0
3. Add language authorizing the Secretary of Corrections to sell property located in Lansing, without requiring approval of the State Finance Council 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>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. Add language to require expenditures of \$1.0 million, all within existing resources, to enter into an agreement with community providers for targeted mental health residential treatment 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>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>Adjutant General</u>				
1. Add \$6.0 million, including \$1.8 million for disaster relief expenditures in FY 2017. The agency states that there are 15 open disasters, seven of which are wildfires in March. This amount includes \$550,000 for Neodesha, which was a state-only declared disaster, to provide bottles of safe drinking water for residents in FY 2017.	1,809,429	4,157,258	5,966,687	0.0
<i>Agency Subtotal</i>	<i>\$1,809,429</i>	<i>\$4,157,258</i>	<i>\$5,966,687</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 six 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. 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. Add \$20.1 million, all from the State General Fund, to reduce KPERS-School employer contributions in FY 2017.	20,127,865	0	20,127,865	0.0
<i>Agency Subtotal</i>	<i>\$21,764,341</i>	<i>\$1,941,661</i>	<i>\$23,706,002</i>	<i>0.0</i>
TOTAL	\$23,573,770	\$6,883,739	\$30,457,509	10.0
FY 2018				
<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 six 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>

<i>Agency/Item</i>	<i>State General Fund</i>	<i>All Other Funds</i>	<i>All Funds</i>	<i>FTEs</i>
<u>KPERS Policy Change</u>				
1. Add \$6.4 million, all from the State General Fund, for reduced FY 2017 KPERS-School employer contributions for FY 2018.	6,410,542	0	6,410,542	0.0

<i>Agency Subtotal</i>	<i>\$6,410,542</i>	<i>\$0</i>	<i>\$6,410,542</i>	<i>0.0</i>

TOTAL	\$6,410,542	\$0	\$6,410,542	0.0
--------------	--------------------	------------	--------------------	------------

FY 2019

<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.	6,410,542	0	6,410,542	0.0

<i>Agency Subtotal</i>	<i>\$6,410,542</i>	<i>\$0</i>	<i>\$6,410,542</i>	<i>0.0</i>

TOTAL	\$6,410,542	\$0	\$6,410,542	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 \$6.4 million, all from the State General Fund, for reduced FY 2017 KPERS-School employer contributions for FY 2020.	6,410,542	0	6,410,542	0.0

<i>Agency Subtotal</i>	<i>\$6,410,542</i>	<i>\$0</i>	<i>\$6,410,542</i>	<i>0.0</i>

TOTAL	\$6,410,542	\$0	\$6,410,542	0.0
--------------	--------------------	------------	--------------------	------------