

# BUDGET OVERVIEW — FISCAL YEARS 2016 AND 2017

## Budget Overview — All Funds

**FY 2016.** The approved FY 2016 budget totals \$15.5 billion, including \$6.2 billion from the State General Fund. The approved budget is an all funds increase of \$438.1 million, or 2.9 percent, above the FY 2015 actual expenditures. Full-time equivalent (FTE) positions total 36,565.4. FTE positions decreased by 261.8 FTE positions below the FY 2015 actual amount. The approved budget provides for a State General Fund ending balance of \$37.4 million, or 0.6 percent, of State General Fund expenditures.

**FY 2017.** The approved FY 2017 budget totals \$15.7 billion, including \$6.3 billion from the State General Fund. The approved budget is an all funds increase of \$181.8 million, or 1.2 percent, above the FY 2016 approved budget. Full-time equivalent (FTE) positions total 36,424.0 FTE positions and decreased by 141.4 FTE positions below the FY 2016 approved budget. In addition, the approved budget reduces State General Fund receipts by \$252.5 million for FY 2017. The approved budget provides for a State General Fund ending balance of \$93.0 million, or 1.5 percent, of State General Fund expenditures.

The following highlights some of the changes for the approved FY 2016 and FY 2017 budgets in House Sub. for SB 161 and House Sub. for SB 249:

- Added \$3.0 million to address under staffing issues at Larned State Hospital (\$1.0 million) and re-certification and under staffing issues at Osawatimie State Hospital (\$2.0 million) in FY 2016.
- Granted the Governor enhanced allotment authority in FY 2016 and FY 2017 if the State General Fund ending balance is projected to fall below \$100.0 million. The enhanced authority allows the Governor to reduce State General Fund expenditures or transfer money from special revenue funds into the State General Fund in the Executive Branch in an amount necessary to bring the State General Fund ending balance to \$100.0 million.
- Deleted \$39.5 million, including \$30.4 million from the State General Fund, to eliminate employer contributions to KPERs Death and Disability for FY 2017.
- Added \$2.5 million from the State General Fund to fund a 2.5 percent salary increase in Corrections for adult and juvenile corrections officers for FY 2017.
- Limited State General Fund debt service to no more than 4.0 percent of the average State General Fund revenue for the previous three years and bars any new debt obligations in excess of \$5.0 million if issued using any entity other than the Kansas Development Finance Authority for FY 2017.
- Prohibited privatization of Osawatimie State Hospital and Larned State Hospital for FY 2017 without specific authorization by the Legislature.

In addition, the appropriations bill gave the Children's Cabinet the authority to decide in what agency the Cabinet should reside. The Department of Education assumed responsibility for the Kansas Children's Cabinet and the Children's Initiative Fund at the discretion of the Cabinet.

2016 Senate Sub. for HB 2655 makes appropriations for K-12 education, alters statutory formulas for providing Supplemental General State Aid and Capital Outlay State Aid, amends law related to the School District Extraordinary Need Fund (ENF), and provides for School District Equalization State Aid. For FY 2017 (school year 2016-17), the bill appropriates \$367,582,721 for Supplemental General State Aid, and \$61,792,947 for School District Equalization State Aid. The bill limits expenditures for Capital Outlay State Aid to \$50,780,296. The bill also changes the expenditure limitation for the ENF from \$17,521,425 to \$15,167,962, and lapses \$477,802,500 from the block grants to unified school districts.

2016 Senate Sub. for HB 2001 includes changes made regarding K-12 education funding during the 2016 Special Session. The Legislature appropriated \$99.4 million for Supplemental General State Aid and reinstated the Supplemental General State Aid formula. The Legislature deleted \$61.8 million of School District Equalization State Aid; and lapsed \$2.8 million from the virtual schools portion of the block grant to maintain level funding; and transferred \$4.1 million from the Children’s Initiative Fund to the State General Fund, directing the Department for Children and Families to replace the funding with money from the Temporary Assistance for Needy Families Federal Fund.

In addition to these changes within these bills, 2016 HB 2739 directs the State to begin a three-year process of implementing Performance Budgeting and requires an interim committee to study how to fund the newly created Rainy Day Fund.

## Summary of Expenditures by Major Purpose — All Funds

State expenditures can be divided into four major areas of expenditure: state operations expenditures (incurred in the direct operations of state government, such as salaries and wages, rents, and travel); aid to local units of government (payments to governmental units that provide services at the local level, and, in most cases, have taxing authority); other assistance, grants, and benefits (payments to individuals and agencies that are not governmental units, such as Medicaid payments and unemployment insurance payments); and capital improvements (repairs and construction of state-owned facilities, including highways and debt service principal payments).

Table I summarizes the FY 2015 actual through FY 2017 approved budgets by major purpose of expenditure.

**TABLE I**  
**Expenditures from All Funds by Major Purpose**  
**(In Millions)**

	Actual FY 2015	Approved FY 2016	Change		Approved FY 2017	Change	
			Dollar	Percent		Dollar	Percent
State Operations	\$ 4,610.9	\$ 4,862.5	\$ 251.6	5.5 %	\$ 4,875.0	\$ 12.5	0.3 %
Aid to Local Units	5,080.6	5,039.1	(41.5)	(0.8)	5,146.3	107.2	2.1
Other Assistance	4,647.1	4,888.1	241.0	5.2	4,696.8	(191.3)	(3.9)
<i>Total Operating</i>	<i>\$ 14,338.6</i>	<i>\$ 14,789.7</i>	<i>\$ 451.1</i>	<i>3.1 %</i>	<i>\$ 14,718.1</i>	<i>\$ (71.6)</i>	<i>(0.5) %</i>
Capital Improvements	761.3	748.3	(13.0)	(1.7)	1,001.7	253.4	33.9
<b>TOTAL</b>	<b>\$ 15,099.9</b>	<b>\$ 15,538.0</b>	<b>\$ 438.1</b>	<b>2.9 %</b>	<b>\$ 15,719.8</b>	<b>\$ 181.8</b>	<b>1.2 %</b>

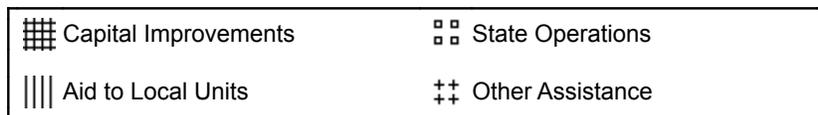
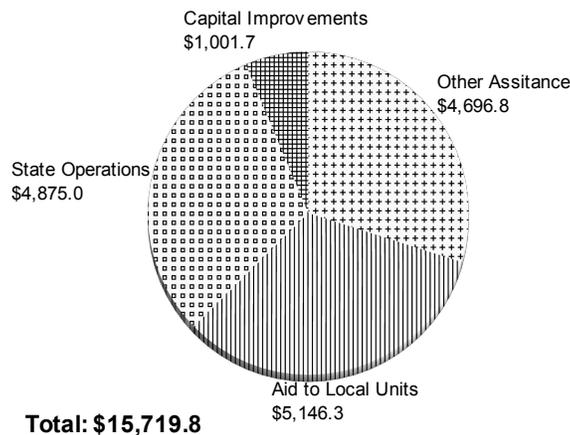
Note: Totals may not add due to rounding.

Approved operating expenditures, which consist of total expenditures less capital improvements, increased by \$451.1 million, or 3.1 percent, above the FY 2015 actual expenditures and decreased by \$71.6 million, or 0.5 percent, from FY 2016 to FY 2017. Approved capital improvements expenditures decrease from actual FY 2015 expenditures by \$13.0 million, or 1.7

percent, in FY 2016, and increase by \$253.4 million, or 33.9 percent, for FY 2017. Of the total authorized budget for FY 2017, 31.0 percent is for state operations; 32.7 percent is for aid to local units of government; 29.9 percent is for other assistance, grants, and benefits; and 6.4 percent is for capital improvements.

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

**FY 2017  
Expenditures from All Funds  
By Major Purpose  
(In Millions)**



*Note:* Individual expenditures do not reflect by function the \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

### State Operations — All Funds

Expenditures for state operations comprise 31.3 percent of total expenditures in FY 2016, and 31.0 percent for FY 2017. The approved FY 2016 all funds amount for state operations is a net increase of \$251.6 million, or 5.5 percent, above the FY 2015 actual amount and the approved FY 2017 all funds amount is a net increase of \$12.5 million, or 0.3 percent, above the FY 2016 approved budget. In addition to specific agency changes there is also a statewide information technology reduction of \$15.0 million for both FY 2016 and FY 2017 and \$6.5 million in projected savings due to the implementation of recommendations contained in the 2016 Kansas Efficiency Study.

Agencies with substantial increases in state operations from FY 2015 to FY 2016 include Department of Administration (\$40.6 million, or 68.7 percent), State Fire Marshal (\$1.5 million, or 36.5 percent), Department of Education (\$10.4 million, or 31.5 percent), Kansas Racing and Gaming (\$1.8 million, or 27.1 percent), Kansas Bureau of Investigation (\$5.8 million, or 22.4 percent), and Department of Health and Environment (KDHE) (\$40.7 million, or 21.4 percent). Significant decreases include the State Library (\$844,852, or 17.2 percent), Kansas Water Office (\$1.0 million, or 11.9 percent), and Kansas Public Employees Retirement System (KPERs) (\$4.6 million, or 8.5 percent).

Agencies with significant increases for state operations from FY 2016 to FY 2017 include Department of Administration (\$14.0 million, or 14.1 percent), Health Care Stabilization Fund Board (\$748,639, or 10.8 percent), Board of Barbering (\$12,971, or 7.9 percent), Kansas Highway Patrol (\$5.1 million, or 6.8 percent), and Larned State Hospital (\$3.7 million, or 6.3 percent). Significant decreases include Board of Pharmacy (\$515,973, or 27.0 percent), the Legislature (\$2.7 million, or 13.4 percent), and Department of Health and Environment (\$25.4 million, or 11.0 percent).

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

Salaries and wages comprise a significant portion of state operations, 58.1 percent in FY 2016 and 59.4 percent in FY 2017. There were no base salary increases for state employees with the exception of the Judicial Branch as a whole, however, some specific segments did receive salary adjustments.

Direct care salary increases from the State General Fund for both Osawatomie and Larned state hospitals were approved for FY 2017. This included \$1.3 million to provide a 10.0 percent increase for Registered Nurse pay and a 12.0 percent increase for Mental Health Technician pay at Osawatomie State Hospital. For Larned State Hospital, this included \$450,000 to provide a 2.5 percent salary increase for Mental Health Technician pay.

Eligible employees will receive longevity bonus payments at the statutory rate of \$40 per year of service. Executive Branch employees hired or re-employed on or after June 15, 2008, are not eligible for longevity bonus payments. Funding for longevity payments totals \$5.8 million from all funds, including \$2.2 million from the State General Fund, for FY 2017.

A total of \$95.1 million in employer contributions were withheld from the KPERS retirement system in FY 2016. Of this amount, \$90.6 million was from the KPERS School group and an estimated \$4.5 million was from the KPERS State group. For the KPERS School group, the amount withheld consisted of: (1) reducing Department of Education expenditures of \$84.5 million from the State General Fund and lapsing the associated funds; and (2) transferring \$5.8 million from the Department of Education Expanded Lottery Act Revenues Fund (ELARF) account to the State General Fund.

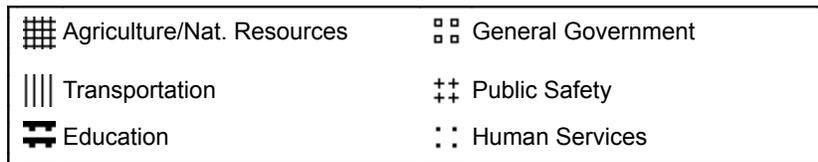
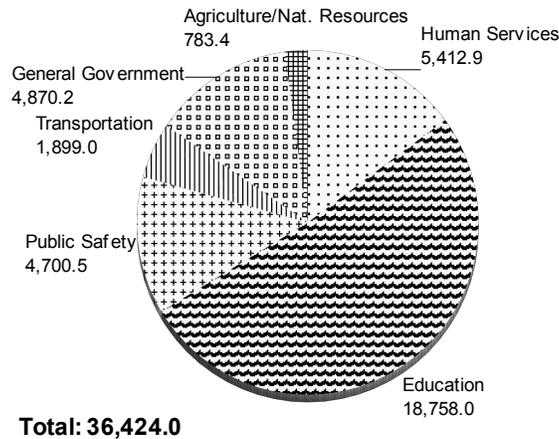
For the KPERS State group, an estimated total of \$4.5 million from the State General Fund was withheld through an accounting process that suspended the cash associated with agency State General Fund employer contributions for the pay periods corresponding to the pay dates of May 20, 2016, June 3, 2016, and June 17, 2016. This process was developed to avoid logistically difficult programming changes in SHARP and the need for KPERS to adjust and re-certify employer contribution rates. All KPERS State group non-State General Fund employer contribution payments were made to KPERS in FY 2016. There are no planned changes to the current KPERS rates of 10.91 percent in FY 2016, and 10.81 percent in FY 2017.

**FY 2017 State Employee Compensation  
(In Millions)**

	State General Fund	All Funds
<b>Base salary increase.</b> <i>No general base salary increase was approved.</i>	\$ 0.0	\$ 0.0
Direct care salary increases of 10.0 percent for Registered Nurse pay and 12.0 percent for Mental Health Technician pay at Osawatomie.	1.3	1.3
Direct care salary increases of 2.5 percent for Mental Health Technician pay at Larned.	0.5	0.5
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<b>Longevity bonus pay for current classified employees.</b> Maintain the current "temporary" rate of \$50 per year of service for the longevity bonus pay for all current classified employees. The statutory rate for longevity bonus pay is \$40 per year of service.		
Employees hired or re-employed on or after June 15, 2008, will not be eligible to receive longevity bonus pay.	\$ 2.2	\$ 5.8
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<b>TOTAL</b>	<b>\$ 4.0</b>	<b>\$ 7.6</b>

**FTE Positions.** The FY 2017 approved budget includes 36,424.0 FTE positions, a decrease of 141.4 positions, or 0.4 percent, and 3,519.9 non-FTE Unclassified Permanent positions, a decrease of 17.3, or 0.5 percent, below the FY 2016 approved amount. The large decrease in FTE positions is largely due to a reduction of 139.0 FTE positions in the Department of Children and Families and 25.0 FTE positions in the Adjutant General. These are offset by an increase of 32.0 FTE positions in the Department of Revenue.

**FY 2017  
Full-Time Equivalent (FTE) Positions  
by Function of Government**



### Aid to Local Units — All Funds

For FY 2016, approved aid to local units of government totals \$5.0 billion and, for FY 2017, it totals \$5.1 billion. Aid to local units of government comprises 32.4 percent of total expenditures in FY 2016 and 32.7 percent of total expenditures for FY 2017. Block grant state aid accounts for 51.9 percent of this category for FY 2016 and 42.3 percent for FY 2017. A complete table of state aid to local units of government from the State General Fund for FY 2015 through FY 2017 and a table of state aid from selected other funds from FY 2015 through FY 2017 can be found later in this document in tables X and XII.

Approved expenditures for aid to local units of government in FY 2016 decreases by \$41.5 million, or 0.8 percent, from the FY 2015 actual expenditures and increases by \$107.2 million, or 2.1 percent, from FY 2016 to FY 2017. The aid to local units payment to school districts is estimated to increase by \$80.8 million, or 2.6 percent, from FY 2016 to FY 2017.

### Other Assistance — All Funds

Approved expenditures for other assistance, grants, and benefits total \$4.9 billion in FY 2016, and comprise 31.5 percent of total expenditures. For FY 2017, approved other assistance expenditures are \$4.7 billion and comprise 29.9 percent of total expenditures. More than 80.0 percent of this amount (\$3.9 billion, or 82.0 percent) consists of expenditures for public welfare, Medicaid, and long-term care programs of the Kansas Department of Health and Environment (KDHE) - Health (\$2.2 billion, or 45.9 percent), the Department for Aging and Disability Services (KDADS) (\$1.3 billion, or 28.3 percent), and Department for Children and Families (DCF) (\$366.1 million, or 7.8 percent). Another large component of this expenditure category is the Unemployment Insurance program of the Department of Labor (\$243.4 million, or 5.2 percent).

Approved expenditures in FY 2016 for other assistance increased by \$241.0 million, or 5.2 percent, over the FY 2015 actual expenditures. The decrease in approved expenditures for other assistance from FY 2016 to FY 2017 is \$191.3 million, or 3.9 percent. The largest dollar increase for FY 2016 is KDHE - Health (\$155.7 million, or 7.6 percent) due to increase in medical caseload expenditures. The largest percent increase in FY 2016 was in the Department of Transportation (\$7.6 million, or 37.1 percent). The largest percent increase for FY 2017 in other assistance expenditures was the Department of Education with an increase of \$28.7 million, or 64.4 percent. Within the Department of Labor, approved other assistance expenditures for FY 2017 decrease by \$56.7 million, or 18.9 percent, and primarily reflect lower budgeted unemployment insurance payments. Approved other assistance expenditures decrease for KDHE - Health by \$60.6 million, or 2.7 percent, and for KDADS by \$91.1 million, or 6.4 percent, from FY 2016 to FY 2017, largely due to a mix of KanCare policy and contractual changes implemented by the State to reduce costs.

## **Capital Improvements — All Funds**

Approved expenditures for capital improvements total \$748.3 million in FY 2016, a decrease of \$13.0 million, or 1.7 percent, below FY 2015 actual expenditures. From FY 2016 to FY 2017, approved expenditures increase \$253.4 million, or 33.9 percent, for a total of \$1.1 billion. Capital improvements comprise 4.8 percent of total FY 2016 expenditures and 6.4 percent of total FY 2017 expenditures. Nearly three-quarters of the approved capital improvements expenditures (\$490.5 million, or 65.5 percent) are for highways in FY 2016, and highways comprise over 70.0 percent of FY 2017 capital improvements expenditures (\$729.6 million, or 72.8 percent). Approved expenditures for highways decrease by \$53.6 million, or 9.9 percent, from FY 2015 to FY 2016, and increase by \$239.2 million, or 48.8 percent, in FY 2017. For FY 2016, this decrease is primarily related to reductions to preservation and other project expenditures also in order to achieve savings needed for transfers. Reductions to FY 2017 expenditures for preservation and project expenditures were made in order to achieve savings for transfers. The overall FY 2017 budget is still an increase mainly created by significant reductions included within the FY 2016 approved budget. For FY 2017, the agency anticipates expenditures to return to a level similar to prior years of T-WORKS, with FY 2017 being the seventh year of the ten-year program. The agency anticipates letting projects delayed as part of current year and budget year expenditure reductions as revenues allow.

## **Summary of Expenditures by Function of Government — All Funds**

Table II and the following pie charts summarize the FY 2015 through FY 2017 agency budget expenditures by function of government.

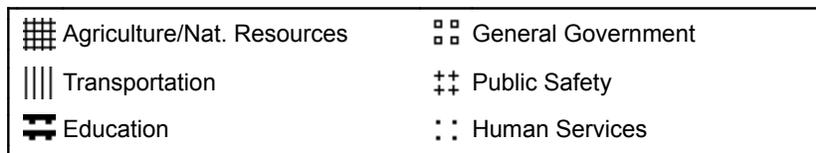
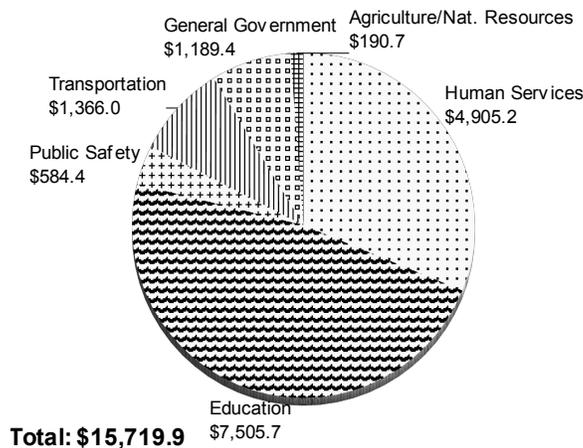
**TABLE II**  
**Summary of Expenditures from All Funds**  
**by Function of Government**  
**(In Millions)**

	Actual FY 2015	Approved FY 2016	Change		Approved FY 2017	Change	
			Dollar	Percent		Dollar	Percent
General Government	\$ 1,060.9	\$ 1,140.8	\$ 79.9	7.5 %	\$ 1,189.4	\$ 48.6	4.3 %
Human Services	4,875.8	5,168.3	292.5	6.0	4,905.2	(263.1)	(5.1)
Education	7,242.2	7,318.8	76.6	1.1	7,505.7	186.9	2.6
Public Safety	572.7	576.2	3.5	0.6	584.4	8.2	1.4
Agric./Natural Res.	179.3	192.4	13.1	7.3	190.7	(1.7)	(0.9)
Hwys./OtherTrans.	1,168.9	1,141.5	(27.4)	(2.3)	1,366.0	224.5	19.7
Other Adjustments	-	-	-	-	(21.5)	(21.5)	(100.0)
<b>TOTAL</b>	<b>\$ 15,099.9</b>	<b>\$ 15,538.0</b>	<b>\$ 438.1</b>	<b>2.9 %</b>	<b>\$ 15,719.9</b>	<b>\$ 181.9</b>	<b>1.2 %</b>

Note: Individual expenditures do not reflect by function \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

Note: Totals may not add due to rounding.

**FY 2017 Expenditures from All Funds**  
**By Function of Government**  
**(In Millions)**



Note: Total state expenditures do not reflect by function \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

### Program and Agency Components of the All Funds Budget

Table III provides an overview of the major program or agency components of the FY 2017 all funds approved state budgets. The table identifies individual components that comprise 98.7 percent of expenditures financed from all funding sources. The Department of Education, Board of Regents and other post-secondary education, KDHE - Health Care Finance, the Department for Aging and

Disability Services (KDADS), and the Department of Transportation account for 81.9 percent of the overall state budget for FY 2017.

**TABLE III**  
**Expenditures from all Funds, FY 2017**  
**By Agency or Program**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Change from FY 2016
Department of Education	\$ 4,680,344	29.8 %	29.8 %	3.6 %
Board of Regents and Institutions	2,794,031	17.8	47.5	0.9
Other Education	31,327	0.2	47.7	(1.6)
<i>Subtotal - Education</i>	<i>\$ 7,505,702</i>	<i>47.7 %</i>	<i>47.7 %</i>	<i>2.6 %</i>
Department of Health and Environment - Health	\$ 2,401,285	15.3 %	63.0 %	(3.4)%
KDADS and Hospitals	1,608,818	10.2	73.3	(5.9)
Kansas Department of Transportation	1,355,556	8.6	81.9	16.6
Department for Children and Families	587,513	3.7	85.6	(4.5)
Corrections and Facilities	404,477	2.6	88.2	2.6
Lottery and Racing and Gaming Commission	375,385	2.4	90.6	4.1
Department of Labor	282,643	1.8	92.4	(21.4)
Department of Administration	179,381	1.1	93.5	20.4
Judicial Branch	137,499	0.9	94.4	3.1
Highway Patrol and KBI	118,615	0.8	95.1	1.9
Department of Revenue	98,885	0.6	95.8	(13.7)
Department of Commerce	94,474	0.6	96.4	(1.5)
Department of Wildlife, Parks and Tourism	70,410	0.4	96.8	0.5
Insurance and HCSB	68,707	0.4	97.3	5.0
Department of Health and Environment - Environment	60,831	0.4	97.6	1.8
Adjutant General	44,978	0.3	97.9	(10.6)
Kansas Public Employees Retirement System (KPERS)	52,466	0.3	98.3	5.4
Department of Agriculture	43,643	0.3	98.5	(8.2)
Legislative Agencies	26,972	0.2	98.7	(11.3)
All Other	201,608	1.3	100.0	1.1
<b>TOTAL</b>	<b>\$ 15,719,846</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>1.2 %</b>

## Economic Development Initiatives Fund

The 2016 Legislature appropriated funding and authorized transfers from the Economic Development Initiatives Fund (EDIF) of \$51.7 million in FY 2016, and \$44.1 million for FY 2017. The agencies and programs receiving EDIF appropriations and the amounts are summarized in Table IV.

**Table IV  
Economic Development Initiatives Fund Expenditures**

	FY 2016	FY 2017
Department of Commerce	\$ 11,493,142	\$ 11,389,533
Board of Regents and Universities	4,553,673	4,515,321
Department of Agriculture	561,160	1,050,980
Department of Wildlife, Parks and Tourism	5,215,766	5,151,993
Transfers to Other Funds	29,893,892	21,946,429
<b>TOTAL</b>	<b>\$ 51,717,633</b>	<b>\$ 44,054,256</b>

### Children's Initiatives Fund Expenditures

The 2016 Legislature authorized expenditures of \$45.9 million in FY 2016, and \$37.9 million for FY 2017 from the Children's Initiatives Fund (CIF). Table V reflects expenditures by agency from the fund for FY 2016 and FY 2017.

**Table V  
Children's Initiatives Fund Expenditures**

	FY 2016	FY 2017
Department of Health and Environment	\$ 7,127,685	\$ 6,975,443
Department for Aging and Disability Services	3,800,000	3,800,000
Department of Children and Families	20,819,309	7,107,291
Department of Education	14,137,447	20,016,810
<b>TOTAL</b>	<b>\$ 45,884,441</b>	<b>\$ 37,899,544</b>

### State Water Plan Fund

The 2016 Legislature authorized expenditures of \$16.2 million in FY 2016, and \$13.1 million for FY 2017 from the State Water Plan Fund (SWPF). Table VI lists the agencies receiving allocations from SWPF in FY 2016 and FY 2017.

**TABLE VI  
State Water Plan Fund Expenditures**

	FY 2016	FY 2017
Kansas Water Office	\$ 3,895,430	\$ 3,024,990
Department of Agriculture	10,402,238	8,237,938
Department of Health and Environment - Environment Division	1,882,021	1,819,472
University of Kansas	26,841	26,841
<b>TOTAL</b>	<b>\$ 16,206,530</b>	<b>\$ 13,109,241</b>

### Expanded Lottery Act Revenue Fund

The 2016 Legislature authorized expenditures of \$76.2 million in FY 2016, and \$82.1 million for FY 2017 from the Expanded Lottery Act Revenue Fund (ELARF). Table VII lists the agencies receiving allocations from ELARF for FY 2016 and FY 2017.

**TABLE VII  
Expanded Lottery Act Revenue**

	FY 2016	FY 2017
Department of Administration	\$ 36,139,971	\$ 36,138,970
University of Kansas	40,074,659	45,930,948
<b>TOTAL</b>	<b><u>\$ 76,214,630</u></b>	<b><u>\$ 82,069,918</u></b>

*Note:* The table reflects action taken in 2015 House Sub. for SB 112.

## Budget Overview — State General Fund

The approved FY 2016 State General Fund budget totals \$6.2 billion, a decrease of \$34.4 million, or 0.6 percent, below the FY 2015 actual State General Fund expenditures. In FY 2016, the Governor made State General Fund allotments, as well as special allotments authorized by 2015 HB 2135, including a November 6, 2015, allotment totaling \$109.5 million, including \$47.9 million, which was a transfer from KDOT, \$25.1 million was the result of revised Medicaid caseload estimates, and \$15.7 million was for revised K-12 KPERS estimates; a March 10, 2016, allotment totaling \$17.3 million in reductions for the Regents Institutions; and a May 18, 2016, allotment that included the flexibility to lapse up to \$96.5 million in KPERS, and a \$70.0 million transfer from the State Highway Fund resulting in suspension of some KDOT highway projects.

The approved FY 2017 State General Fund budget totals \$6.3 billion, an increase of \$67.8 million, or 1.1 percent, above the FY 2016 approved State General budget. The Governor made a State General Fund allotment on May 18, 2016, that reduced State General Fund expenditures by \$97.0 million, including \$57.3 million in Medicaid reductions, and included a \$115.0 million transfer from the State Highway Fund resulting in suspension of some KDOT highway projects.

Based on the estimate of receipts (as adjusted in May 2016 for legislation enacted by the 2016 Legislature) and expenditures for FY 2015, FY 2016, and FY 2017, the State General Fund ending balance is expected to decrease from \$71.5 million at the end of FY 2015 to \$18.5 million at the end of FY 2016. It is expected to increase to \$74.1 million at the end of FY 2017. The ending balance represents 0.3 percent of expenditures in FY 2016, and 1.2 percent for FY 2017.

Approved expenditures are projected to exceed receipts by \$53.0 million in FY 2016 and be below receipts by \$55.6 million in FY 2017. The 2016 Legislature approved an ending balance of \$18.5 million in FY 2016, and \$74.1 million for FY 2017.

## Summary of Expenditures by Major Purpose — State General Fund

Table VIII summarizes actual FY 2015 and approved FY 2016 and FY 2017 State General Fund budgets by major purpose of expenditure. Approved state operations expenditures increase by \$56.6 million, or 4.2 percent, and aid to local units expenditures decrease by \$33.9 million, or 1.0 percent, from FY 2015 to FY 2016. Approved expenditures for other assistance decrease by \$49.9 million, or 3.3 percent, while capital improvements expenditures also decrease by \$7.2 million, or 22.3 percent, from FY 2015 to FY 2016. From FY 2016 to FY 2017, approved state operations expenditures increase by \$16.8 million, or 1.2 percent, while aid to local units expenditures increase by \$74.6 million, or 2.2 percent. Approved expenditures for other assistance decrease by \$46.0 million, or 3.2 percent, while capital improvements expenditures increase by \$22.3 million, or 88.8 percent, from FY 2016 to FY 2017.

**Table VIII**

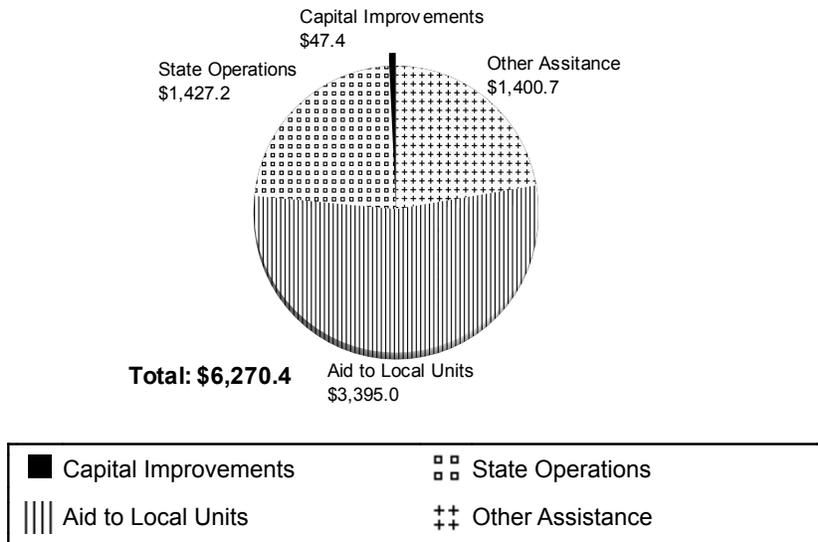
**State General Fund Expenditures by Major Purpose  
(In Millions)**

	Actual	Approved	Change		Approved	Change	
	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
State Operations	\$ 1,353.8	\$ 1,410.4	\$ 56.6	4.2 %	\$ 1,427.2	\$ 16.8	1.2 %
Aid to Local Units	3,354.3	3,320.4	(33.9)	(1.0)	3,395.0	74.6	2.2
Other Assistance	1,496.6	1,446.7	(49.9)	(3.3)	1,400.7	(46.0)	(3.2)
Total Operating	\$ 6,204.7	\$ 6,177.5	\$ (27.2)	(0.4)%	\$ 6,222.9	\$ 45.4	0.7 %
Capital Improvements	32.3	25.1	(7.2)	(22.3)	47.4	22.3	88.8
<b>TOTAL</b>	<b>\$ 6,237.0</b>	<b>\$ 6,202.6</b>	<b>\$ (34.4)</b>	<b>(0.6)%</b>	<b>\$ 6,270.4</b>	<b>\$ 67.8</b>	<b>1.1 %</b>

Note: Totals may not add due to rounding.

The following chart displays FY 2017 State General Fund expenditures by major purpose.

**FY 2017 State General Fund Expenditures  
by Major Purpose  
(In Millions)**



**State Operations — State General Fund**

Approved expenditures for state operations comprise 21.7 percent of the FY 2015 State General Fund budget, 22.7 percent of the FY 2016 budget, and 22.8 percent of the FY 2017 budget. The increase in expenditures for state operations from FY 2015 to FY 2016 is \$56.6 million, or 4.2 percent. The FY 2016 to FY 2017 approved expenditures for state operations increase by \$16.8 million, or 1.2 percent. Table IX reflects state operations expenditures by function of government from FY 2015 through FY 2017. There is a \$15.0 million reduction in state operations for statewide Information Technology IT savings in FY 2016 and FY 2017 and \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study.

For FY 2016, agencies having substantial increases in state operations include Department of Administration (\$45.4 million, or 217.0 percent), Osawatomi State Hospital (\$9.8 million, or 75.3 percent), Kansas Bureau of Investigation (\$4.5 million, or 27.7 percent), and Kansas Department for

Aging and Disability Services (\$6.8 million, or 25.4 percent). The substantial increase in the Department of Administration includes debt service payments for various agencies, including the KPERs bonds that will now be tracked in the Department. The substantial increase in the Osawatimie State Hospital is largely due to additional funding associated with addressing the certification issues at the hospital. Agencies that had substantial decreases in state operations funding in FY 2016 from the State General Fund include State Historical Society (\$994,925, or 23.2 percent), Commission on Veterans Affairs (\$1.3 million, or 18.0 percent), Department of Health and Environment (\$3.1 million, or 15.3 percent), and Kansas Neurological Institute (\$1.1 million, or 10.6 percent).

For FY 2017, agencies with significant increases include Department of Revenue (\$3.8 million, or 29.4 percent), Department of Administration (\$14.9 million, or 22.5 percent), State Historical Society (\$669,253, or 20.3 percent), and Department of Education (\$2.1 million, or 16.1 percent). Department of Administration includes the increases in debt service payments. Agencies having substantial decreases in state operations funding for FY 2017 from the State General Fund include Osawatimie State Hospital (\$9.3 million, or 40.9 percent), Kansas Water Office (\$216,288, or 19.3 percent), and the Legislature (\$2.7 million, or 13.5 percent).

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

	Actual	Approved	Change		Approved	Change	
	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General Government	\$ 190.0	\$ 245.9	\$ 55.9	29.4 %	\$ 265.4	\$ 19.5	7.9 %
Human Services	223.2	241.0	17.8	8.0	236.4	(4.6)	(1.9)
Education	604.1	591.2	(12.9)	(2.1)	601.1	9.9	1.7
Public Safety	316.0	316.7	0.7	0.2	330.2	13.5	4.3
Agric./Natural Res.	16.2	14.5	(1.7)	(10.5)	14.9	0.4	2.8
Hwys./Other Trans.	4.3	1.1	(3.2)	(74.4)	0.6	(0.5)	(45.5)
Other Adjustments	-	-	-	-	(21.5)	(21.5)	(100.0)
<b>TOTAL</b>	<b>\$ 1,353.8</b>	<b>\$ 1,410.4</b>	<b>\$ 56.6</b>	<b>4.2 %</b>	<b>\$ 1,427.1</b>	<b>\$ 16.8</b>	<b>1.2 %</b>

Note: Total state expenditures do not reflect by function \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

Note: Totals may not add due to rounding.

## State Aid to Local Units of Government — State General Fund

Approved state aid to local units of government from the State General Fund accounts for 53.8 percent of all State General Fund expenditures in FY 2015, 53.5 percent in FY 2016, and 54.1 for FY 2017. Detailed data on state aid to local units are presented in Table X. The table shows actual aid in FY 2015 and authorizations for FY 2016 and FY 2017 based on actions of the 2016 Legislature.

From FY 2015 to FY 2016, approved State General Fund aid to local government expenditures decreased by \$33.9 million, or 1.0 percent, and from FY 2016 to FY 2017 approved aid to local government expenditures increased by \$74.6 million, or 2.2 percent. For FY 2016 and FY 2017, 97.6 percent of total aid from the State General Fund will be for various education programs in the three years covered in Table X. In these years, school districts receive 94.7 to 95.0 percent of the aid for education.

**General and Supplemental State Aid to School Districts.** Approved basic general state aid to school districts from the State General Fund was \$1.9 billion in FY 2015, while supplemental

general state aid was \$452.3 million and Base State Aid Per Pupil (BSAPP) was funded at \$3,852 for FY 2015.

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

The block grant combined general state aid (including the statewide 20 mill levy for education), supplemental state aid (local option budget state aid), capital outlay state aid, the KPERs school employer contribution, and state highway funds for transportation into an appropriation for each of FY 2016 and 2017. The difference in appropriations for school districts from these sources between FY 2015 and FY 2016 amounts to \$87.0 million, the bulk of which includes a \$73.0 million increase in the KPERs employer contribution rate. The difference between the approved block grant appropriation for FY 2016 and FY 2017 is approximately \$15.0 million, primarily due to an estimated increase in the statewide 20 mill levy for education.

2016 Senate Sub. for HB 2655 makes appropriations for K-12 education, alters statutory formulas for Supplemental General State Aid and Capital Outlay State Aid, amends law related to the School District Extraordinary Need Fund (ENF) and provides for School District Equalization State Aid.

For fiscal year 2017 (school year 2016-17), the bill appropriates \$367.6 million for Supplemental General State Aid, \$50.8 million for Capital Outlay State Aid, and \$61.8 million for School District Equalization State Aid. The bill also changes the ENF appropriation from \$17.5 million to \$15.2 million and lapses \$477.8 million from the block grants to unified school districts.

The bill replaces the amount of Supplemental General State Aid provided by 2015 House Sub. for SB 7 with an amount based on a new formula, which uses a portion of the Capital Outlay State Aid formula in effect prior to the enactment of 2015 House Sub. for SB 7 to calculate the equalization factor. The equalization factor is multiplied by the school district's local option budget to determine the district's Supplemental General State Aid. The bill also reinstates the Capital Outlay State Aid formula in effect prior to the enactment of 2015 House Sub. for SB 7 and moves the authority to review and decide upon applications for ENF funds from the State Finance Council to the State Board of Education (Board), while adding school finance equity as a factor for the Board to consider in evaluating such applications. Finally, the bill provides funds to school districts if the bill's changes to Supplemental General State Aid or Capital Outlay State Aid result in the school districts being entitled to less state aid than under prior law.

Senate Sub. for HB 2001 includes changes made regarding K-12 education funding during the 2016 Special Session. Senate Sub. for HB 2001 makes appropriations for K-12 education, alters a statutory formula for Supplemental General State Aid, eliminates a hold harmless provision, and amends law related to virtual school state aid and the School District Extraordinary Need Fund (ENF).

For fiscal year 2017 (school year 2016-17), the bill appropriates \$99.4 million for Supplemental General State Aid. The bill also changes the appropriation for the ENF from \$15.2 million to \$13.0 million, which will be reduced if the sale of the Kansas Bioscience Authority yields less than \$38.0 million in proceeds. The bill also reinstates the Supplemental General State Aid formula in effect prior to the enactment of 2015 House Sub. for SB 7 and eliminates the hold harmless provision contained in 2016 Senate Sub. for HB 2655. Finally, the bill amends the virtual school state aid formula so that school districts will continue to receive \$5,000 per full-time virtual school student in fiscal year 2017 rather than the previously scheduled rate of \$5,600 per full-time virtual student.

**Other State Aid for Education.** Approved State General Fund aid for FY 2017 for other education programs decreases by \$7.1 million, or 0.2 percent, from FY 2016. Employer contributions to KPERS for school district employees is now included in the block grant. All other education programs decrease by \$6.1 million, or 0.2 percent, from FY 2016 to FY 2017. The biggest change is a decrease of \$3.1 million, or 4.0 percent, in the Non-tiered Course Credit Hour Grant.

**Non-education State Aid from the State General Fund.** Approved other state aid from the State General Fund decreases by \$58,000, or 0.1 percent, from FY 2016 to FY 2017. The largest decrease is for disaster relief of \$1.2 million, or 86.0 percent. This is offset by an increase of \$1.0 million, or 3.3 percent, in the Kansas Department for Aging and Disability Services aid programs.

**Table X  
State General Fund Aid to Local Units of Government (In Thousands)**

	Actual		Approved		FY 2016 - FY 2017 Change	
	FY 2015	FY 2016	FY 2016	FY 2017	Dollar	Percent
Block Grants to USDS	\$ -	\$ 2,617,036	\$ 2,176,018	\$ (441,018)	(16.9)%	
Supp. Gen. Aid	452,257	-	466,991	466,991	100.0	
Extraordinary Need Fund	-	9,364	13,000	3,636	38.8	
<i>Subtotal</i>	<i>\$ 452,257</i>	<i>\$ 2,626,400</i>	<i>\$ 2,656,009</i>	<i>\$ 29,609</i>	<i>1.1 %</i>	
Gen. State Aid	\$ 1,886,700	\$ -	\$ -	\$ -	- %	
Capital Outlay State Aid	28,927	-	50,780	50,780	100.0	
KPERS-School	311,138	11,838	13,564	1,726	14.6	
Special Education	418,361	424,903	423,980	(923)	(0.2)	
Deaf/Blind/Handicapped	110	110	110	-	-	
Food Service	2,510	2,510	2,510	-	-	
Teaching Excellence	243	328	328	-	-	
Parents as Teachers	-	-	-	-	-	
Discretionary Grants	313	313	313	-	-	
Communities in Schools	250	-	-	-	-	
IT Education Opportunities	-	500	500	-	-	
Kansas Reading Success	-	-	2,100	2,100	100.0%	
Fort Riley State Match	-	410	-	-	(100.0%)	
Juvenile Detention	4,632	4,772	4,772	-	-	
<i>Subtotal-USD</i>	<i>\$ 3,105,441</i>	<i>\$ 3,072,084</i>	<i>\$ 3,154,966</i>	<i>\$ 83,292</i>	<i>2.7 %</i>	
Postsecondary Tiered Technical Education	\$ 57,135	\$ 58,301	\$ 55,969	\$ (2,332)	(4.0)%	
Non-Tiered Course Credit Hour Grant	74,966	76,496	73,436	(3,060)	(4.0)	
Technical Education - Tuition	22,662	20,750	20,750	-	-	
Washburn University	10,908	11,901	11,425	(476)	(4.0)	
Information Technology Ed. Opportunities	500	-	-	-	-	
Nursing Faculty and Supplies	1,263	1,069	998	-	-	
Vocational Education Capital Outlay	70	72	69	(3)	(4.2)	
Incentive for Technical Education	780	50	50	-	-	
Adult Basic Education	1,316	1,457	1,399	(58)	(4.0)	
Technical Equipment for Technical Colleges and Washburn University	391	398	383	(15)	(3.8)	
State Historical Society	18	15	10	(5)	(33.3)	
Libraries	1,497	1,266	1,207	(59)	(4.7)	
<i>Subtotal-Education</i>	<i>\$ 3,276,947</i>	<i>\$ 3,243,859</i>	<i>\$ 3,320,662</i>	<i>\$ 76,803</i>	<i>2.4 %</i>	
Community Corrections	\$ 19,937	\$ 19,950	\$ 20,192	\$ 242	1.2 %	
Juvenile Programs	21,372	20,384	20,384	-	-	

**Table X**  
**State General Fund Aid to Local Units of Government (In Thousands)**

	Actual FY 2015	Approved FY 2016	Approved FY 2017	FY 2016 - FY 2017 Change	
				Dollar	Percent
KDHE Aid Programs	5,737	5,579	5,578	(1)	(0.0)
KDADS Aid Programs	31,669	29,943	30,943	1,000	3.3
SRS Aid Programs	-	-	-	-	-
Legislature	-	108	-	(108)	(100.0)
Disaster Relief	(336)	1,385	194	(1,191)	(86.0)
<i>Subtotal-Other Prog.</i>	<i>\$ 78,379</i>	<i>\$ 77,349</i>	<i>\$ 77,291</i>	<i>\$ (58)</i>	<i>(0.1)%</i>
<b>TOTAL</b>	<b>\$ 3,355,326</b>	<b>\$ 3,321,208</b>	<b>\$ 3,397,953</b>	<b>\$ 76,745</b>	<b>2.3</b>
Percent of Total SGF	53.8 %	53.6 %	54.2 %		

Note: Totals may not add due to rounding.

### Aid for Education From Other Funds

Approved state aid for education from funds other than the State General Fund totals \$206.6 million in FY 2015, \$224.7 million in FY 2016, and \$253.9 million in FY 2017, as indicated in Table XI. The FY 2017 amount is an increase of \$29.2 million, or 13.0 percent, above the FY 2016 approved amount.

Approved state aid for education from other funding sources in FY 2015 included \$145.0 million from the School Districts Capital Improvement Fund (CIF), and \$163.3 million for FY 2016 and \$181.0 million for FY 2017. FY 2015 included \$45.5 million from the State School District Finance Fund, of which a portion is from excess local effort remitted to the state by school districts with high assessed valuations per pupil. For FY 2016 and FY 2017, the approved amount is \$45.7 million.

The 2014 Legislature amended the Oil and Gas Valuation Depletion Trust Fund formula to credit 12.41 percent of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of \$100,000 to the depletion fund. The depletion fund was abolished on July 1, 2016. Beginning in FY 2017, the Mineral Production Education Fund will be credited with 20.0 percent of mineral severance taxes collected during the previous fiscal year. The moneys in the mineral fund subsequently will be transferred twice each year to the school district fund and is estimated at \$11.5 million in FY 2017.

Approved education aid from the CIF (tobacco settlement money) for FY 2015, FY 2016, and FY 2017 includes \$7.3 million for parent education. For FY 2015 and FY 2016, CIF includes \$4.8 million for the Kansas Preschool program that drops to \$4.1 million for FY 2017. Post-secondary vocational education is funded at \$2.5 million for FY 2015, FY 2016, and FY 2017 from the Economic Development Initiatives Fund (EDIF). Technology Grants for post-secondary institutions are funded from EDIF at \$206,181 in FY 2015, \$215,632 in FY 2016, and \$179,284 for FY 2017.

**TABLE XI**  
**State Aid From Other Funds for Education**  
**(In Thousands)**

From Other Funds	Actual FY 2015	Approved FY 2016	Approved FY 2017	Change	
				Dollar	Percent
School District Finance	\$ 45,545	\$ 45,674	\$ 45,674	\$ -	- %
School District Capital Improvement	145,009	163,300	181,000	17,700	10.8
Driver Safety/Training	1,103	804	1,531	727	90.4
Mineral Production Tax	-	-	11,473	11,473	100.0
Children's Initiatives:					
Parent Education	\$ 7,238	\$ 7,238	\$ 7,238	\$ -	- %
Kansas Preschool Program	4,800	4,800	4,100	(700)	(14.6)
Economic Development Initiatives:					
Voc. Education Capital Outlay	\$ 2,548	\$ 2,548	\$ 2,548	\$ -	- %
Technology Grants	206	216	179	(37)	(17.1)
State Highway Fund Transfers	\$ 107	\$ 107	\$ 107	\$ -	-
<b>TOTAL</b>	<b>\$ 206,556</b>	<b>\$ 224,687</b>	<b>\$ 253,850</b>	<b>\$ 29,163</b>	<b>13.0 %</b>

Note: Totals may not add due to rounding.

### Selected Non-education Aid From Other Funds

In addition to education, there are a variety of state aid programs financed from state funds other than the State General Fund. A number of these are listed in Table XII. Approved state aid to local units of government for road and street purposes totals \$149.8 million in FY 2015, \$150.6 million in FY 2016, \$151.0 million for FY 2017. Also, there are distributions for FY 2017 to: mineral production tax - county share (estimated at \$5.5 million); local firefighter relief associations for their share of the firefighters' relief insurance premium tax (estimated at \$13.9 million); local public transportation programs (estimated at \$40.6 million); tax increment financing revenue replacement (estimated at \$1.0 million); and Emergency Medical Services education and assistance grants (estimated at \$300,000).

**TABLE XII**  
**Selected Non-education state aid from Other Funds**  
**(In Thousands)**

From Other Funds	Actual FY 2015	Estimated FY 2016	Approved FY 2017	Change	
				Dollar	Percent
City-Co. Highway and Co. Equal. And Adj.	\$ 147,279	\$ 147,224	\$ 147,674	\$ 450	0.3 %
State Highway-City Maintenance Payments	2,543	3,360	3,360	-	-
Public Transportation	48,610	48,269	40,627	(7,642)	(15.8)
Aviation	5,076	5,253	5,000	(253)	(4.8)
Firefighters Relief	13,253	13,650	13,900	250	1.8
Mineral Production Tax-Co. Share	10,272	5,200	5,500	300	5.8
Tax Increment Financing Revenue Replacement	867	1,000	1,000	-	-
EMS Education and Assistance Grants	209	300	300	-	-
<b>TOTAL</b>	<b>\$ 228,109</b>	<b>\$ 224,257</b>	<b>\$ 217,361</b>	<b>\$ (6,896)</b>	<b>(3.1) %</b>

Note: Totals may not add due to rounding.

### Local Demand/Revenue Transfers from the State General Fund

With the exception of the State General Fund revenue transfer to the School District Capital Improvements Fund, the 2016 Legislature provided no other State General Fund revenue transfers to local units of government for FY 2015 and FY 2017. Table XIII details these transfers.

**TABLE XIII**  
**Local Demand/Revenue Transfers**  
**FY 2015-FY 2017**  
**(Thousands of Dollars)**

	Actual FY 2015	Estimated FY 2016	Change		Approved FY 2017	Change	
			Dollar	Percent		Dollar	Percent
School District Capital Improvement Fund	\$ 147.0	\$ 155.0	\$ 8.0	5.4 %	\$ 162.5	\$ 7.5	4.8 %
School District Capital Outlay Fund	29.3	-	(29.3)	(100.0)	50.8	50.8	-
Local <i>Ad Valorem</i> Tax Reduction Fund	-	-	-	-	-	-	-
County-City Revenue Sharing Fund	-	-	-	-	-	-	-
City-County Highway Fund	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 176.3</b>	<b>\$ 155.0</b>	<b>\$ (21.3)</b>	<b>(12.1)%</b>	<b>\$ 213.3</b>	<b>\$ 58.3</b>	<b>37.6 %</b>

Note: Totals may not add due to rounding.

### Other Assistance — State General Fund

Approved expenditures for other assistance, grants, and benefits from the State General Fund comprised about 24.0 percent of the total State General Fund budget in FY 2015, 23.3 percent in FY 2016, and 22.3 percent for FY 2017. Other assistance financed from the State General Fund in FY 2016 is a decrease of \$49.9 million, or 3.3 percent, below the FY 2015 amount and a decrease of \$45.9 million, or 3.2 percent, from FY 2016 to FY 2017. Over 95.0 percent, or \$1.3 billion, of State General Fund expenditures for other assistance are made in three agency budgets: KDHE - Health (\$671.5 million, or 46.4 percent, in FY 2016 and \$626.0 million, or 44.7 percent, for FY 2017); KDADS (\$588.5 million, or 40.7 percent, in FY 2016 and \$571.5 million, or 40.8 percent, for FY 2017); and DCF (\$126.6 million, or 8.8 percent, in FY 2016 and \$138.8 million, or 9.9 percent, for FY 2017). The expenditures are primarily related to medical, public welfare, and long-term care.

## Capital Improvements – State General Fund

Approved expenditures for capital improvements represent 0.5 percent of the total authorized State General Fund budget in FY 2015, 0.4 percent in FY 2016, and 0.8 percent for FY 2017. Approved State General Fund capital improvements expenditures decrease by \$7.2 million, or 22.3 percent, in FY 2016 and increase by \$22.3 million, or 88.7 percent, for FY 2017. Most of the FY 2016 decrease is the result of the Expanded Lottery Act Revenues Fund (ELARF) and State Highway Funds being utilized for debt service payments which have historically been funded from the State General Fund. The majority of the FY 2017 increase (\$65.3 million) is due to the the issuance of the KPERs Pension Obligation Bonds totaling \$1.0 billion.

## Summary of Expenditures by Function of Government – State General Fund

Table XIV summarizes State General Fund expenditures by function of government. The education function is the largest, accounting for almost two-thirds (62.9 percent in FY 2015, 62.4 percent in FY 2016, and 63.0 percent for FY 2017) of the approved State General Fund budget. Approved education function expenditures decrease \$52.9 million, or 1.3 percent, from FY 2015 to FY 2016 and increase \$83.7 million, or 2.2 percent, from FY 2016 to FY 2017. The human services function, which represents the next largest segment of the approved budget (27.2 percent in FY 2015, 26.8 percent in FY 2016, and 25.7 percent for FY 2017), decreased \$29.1 million, or 1.7 percent, from FY 2015 to FY 2016 and decreased \$54.5 million, or 3.3 percent, from FY 2016 to FY 2017, largely due to a mix of KanCare policy and contractual changes implemented by the State to reduce costs in regular medical services funding.

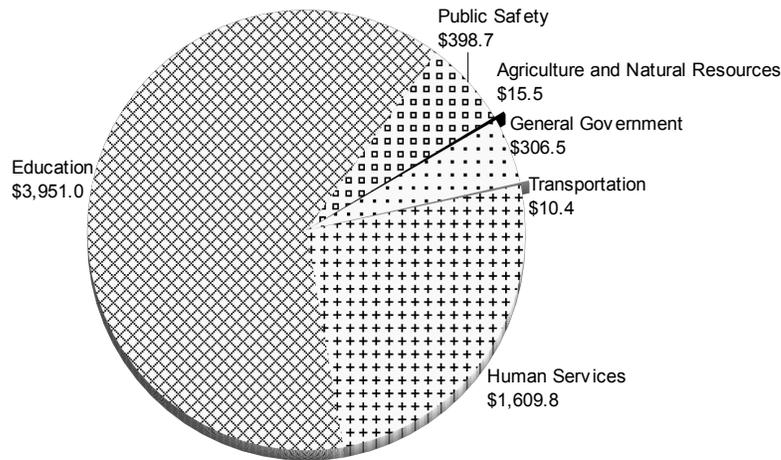
**TABLE XIV**  
**SUMMARY OF STATE GENERAL FUND EXPENDITURES**  
**by Function of Government**  
**(In Millions)**

	Actual	Approved	Change		Approved	Change	
	FY 2015	FY 2016	Dollar	Percent	FY 2017	Dollar	Percent
General Government	\$ 204.7	\$ 259.2	\$ 54.5	26.6 %	\$ 306.5	\$ 47.3	18.2 %
Human Services	1,693.4	1,664.3	(29.1)	(1.7)	1,609.8	(54.5)	(3.3)
Education	3,920.2	3,867.3	(52.9)	(1.3)	3,951.0	83.7	2.2
Public Safety	388.5	386.2	(2.3)	(0.6)	398.7	12.5	3.2
Agriculture/Nat. Res.	16.9	15.2	(1.7)	(10.1)	15.5	0.3	2.0
Hwys./Other Trans.	13.3	10.4	(2.9)	(21.8)	10.4	-	-
Other Adjustments	-	-	-	-	(21.5)	(21.5)	(100.0)
<b>TOTAL</b>	<b>\$ 6,237.0</b>	<b>\$ 6,202.6</b>	<b>\$ (34.4)</b>	<b>(0.6)%</b>	<b>\$ 6,270.4</b>	<b>\$ 67.8</b>	<b>1.1 %</b>

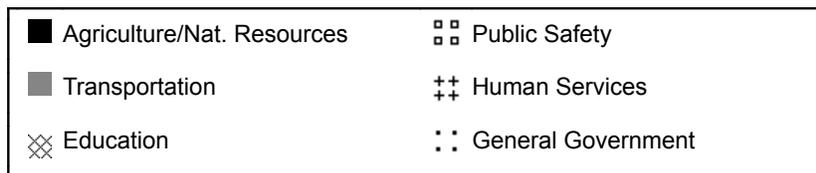
Note: Totals may not add due to rounding

The following pie chart reflects FY 2017 State General Fund expenditures by function of government.

### FY 2017 Expenditures from the State General Fund By Function of Government (In Millions)



**Total: \$6,270.4**



*Note:* Individual expenditures do not reflect by function \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

### Program and Agency Components of the FY 2017 State General Fund Budget

Table XV provides an overview of the program or agency components of approved FY 2017 expenditures from the State General Fund. This table identifies individual components that comprise 99.9 percent of the approved State General Fund expenditures for FY 2017.

Education expenditures, including the Board of Regents and other post-secondary education, in addition to elementary and secondary education, account for 63.0 percent of the approved State General Fund budget for FY 2017. A total of 90.6 percent of approved State General Fund expenditures for FY 2017 are accounted for with the addition of KDADS (including the state hospitals), KDHE - Division of Health Care Finance, and the Department of Corrections (including institutions).

**TABLE XV**  
**State General Fund Expenditures FY 2017**  
**(In Thousands)**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Change from FY 2016
Education				
Department of Education	\$ 3,167,719	50.5 %	50.5 %	2.7 %
Board of Regents/Institutions	760,968	12.1	62.7	0.0
Other Education	22,270	0.4	63.0	3.3
<i>Subtotal, Education</i>	<u>\$ 3,950,957</u>	<u>63.0 %</u>	<u>63.0%</u>	<u>2.2 %</u>
KDADS and Hospitals	\$ 718,831	11.5 %	74.5 %	(3.0)%
Department of Health and Environment - Health	648,975	10.3	84.8	(6.4)
Dept. of Corr./Institutions	360,930	5.8	90.6	4.1
Department of Children and Families	233,719	3.7	94.3	5.2
Department of Administration	120,232	1.9	96.2	45.4
Judicial Branch	105,213	1.7	97.9	3.1
Legislative Agencies	26,912	0.4	98.3	(10.2)
Board of Indigents' Defense Services	26,557	0.4	98.8	1.1
Highway Patrol and KBI	23,117	0.4	99.1	1.6
Department of Revenue	16,903	0.3	99.4	29.2
Department of Agriculture	9,499	0.2	99.5	7.3
Sentencing Commission	7,392	0.1	99.7	(0.2)
Adjutant General	7,213	0.1	99.8	(21.1)
Commission on Veterans Affairs	6,823	0.1	99.9	7.4
Office of the Governor	6,583	0.1	100.0	(14.3)
Department of Commerce	6,570	0.1	100.1	100.0
Attorney General	5,760	0.1	100.2	1.6
Department of Health and Environment - Environment	4,263	0.1	100.3	(2.6)
Kansas Guardianship Program	1,149	0.0	100.3	0.0
All Other Agencies	4,298	0.1	100.3	(5.5)
Other Adjustments	(21,498)	(0.3)	100.0	-
<b>TOTAL</b>	<u><b>\$ 6,270,395</b></u>	<u><b>100.0 %</b></u>	<u><b>100.0 %</b></u>	<u><b>1.1%</b></u>

Note: Totals may not add due to rounding.

Note: Other Adjustments reflect \$6.5 million in projected savings due to the implementation of recommendation contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

Table XVI reflects total State General Fund expenditures from FY 2015 to FY 2017 by agency and program.

**TABLE XVI**  
**State General Fund Expenditures FY 2015-FY 2017**  
**(In Thousands)**

	Actual FY 2015	Approved FY 2016	Approved FY 2017	Dollar Change From FY 2016	Percent Change From FY 2016
Education					
Department of Education	\$ 3,117,459	\$ 3,084,809	\$ 3,167,719	\$ 82,910	2.7 %
Board of Regents/Institutions	779,902	760,975	760,968	(7)	(0.0)
Other Education	22,811	21,555	22,270	715	3.3
<i>Subtotal, Education</i>	<u>\$ 3,920,172</u>	<u>\$ 3,867,339</u>	<u>\$ 3,950,957</u>	<u>\$ 83,618</u>	<u>2.2 %</u>
KDADS and Hospitals	\$ 700,070	\$ 740,864	\$ 718,831	\$ (22,033)	(3.0) %
Department of Health and Environment - Health	762,239	693,358	648,975	(44,383)	(6.4)
Dept. of Corr./Institutions	357,301	346,866	360,930	14,064	4.1
Department of Children and Families	222,013	222,248	233,720	11,472	5.2
Department of Administration	39,352	82,679	120,232	37,553	45.4
Judicial Branch	97,443	102,006	105,213	3,207	3.1
Legislative Agencies	27,065	29,968	26,912	(3,056)	(10.2)
Board of Indigents' Defense Services	25,560	26,257	26,557	300	1.1
Highway Patrol and KBI	16,113	22,751	23,117	366	1.6
Department of Revenue	14,083	13,080	16,903	3,823	29.2
Department of Agriculture	9,694	8,851	9,499	648	7.3
Sentencing Commission	7,019	7,409	7,392	(17)	(0.2)
Adjutant General	8,116	9,139	7,213	(1,926)	(21.1)
Commission on Veterans Affairs	7,627	6,353	6,823	470	7.4
Office of the Governor	6,008	7,681	6,583	(1,099)	(14.3)
Department of Commerce	245	-	6,570	6,570	100.0
Attorney General	6,054	5,671	5,760	89	1.6
Department of Health and Environment - Environment	5,190	4,378	4,263	(115)	(2.6)
Kansas Guardianship Program	1,142	1,149	1,149	0	0.0
All Other Agencies	4,497	4,550	4,298	(252)	(5.5)
Other Adjustments	-	-	(21,500)	(21,500)	-
<b>TOTAL</b>	<u><b>\$ 6,237,003</b></u>	<u><b>\$ 6,202,597</b></u>	<u><b>\$ 6,270,395</b></u>	<u><b>\$ 67,798</b></u>	<u><b>1.1 %</b></u>

Note: Totals may not add due to rounding.

Note: Other Adjustments reflect \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

Table XVI reflects the total change in State General Fund expenditures from FY 2016 to FY 2017 by agency or program.

**TABLE XVII**  
**Change in Total State General Fund Expenditures**  
**FY 2016-FY 2017**

	Dollar Amount (Thousands)
Education	
Department of Education	\$ 82,910
Board of Regents/Institutions	(7)
Other Education	715
<i>Subtotal, Education</i>	<i>\$ 83,618</i>
KDADS and Hospitals	\$ (22,033)
Department of Health and Environment - Health	(44,383)
Dept. of Corr./Institutions	14,064
Department of Children and Families	11,471
Department of Administration	37,553
Judicial Branch	3,207
Legislative Agencies	(3,056)
Board of Indigents' Defense Services	300
Highway Patrol and KBI	366
Department of Revenue	3,823
Department of Agriculture	648
Sentencing Commission	(17)
Adjutant General	(1,926)
Commission on Veterans Affairs	470
Office of the Governor	(1,099)
Department of Commerce	6,570
Attorney General	89
Department of Health and Environment - Environment	(115)
Kansas Guardianship Program	-
All Other Agencies	(252)
Other Adjustments	(21,500)
<b>TOTAL</b>	<b>\$ 67,798</b>

*Note:* Totals may not add due to rounding.

*Note:* Other Adjustments reflect \$6.5 million in projected savings due to the implementation of recommendations contained in the Kansas Efficiency Study and \$15.0 million in statewide information technology savings.

## Expenditure Summary

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

**TABLE XVIII**  
**Where Each State General Fund Dollar Will be Spent in 2017**  
**by Agency or Program**  
**(In Thousands)**

51 ¢	Department of Education		\$ 3,167,719
12	Board of Regents/Postsecondary Education		760,968
0	Other Education		22,270
63 ¢	<i>Subtotal - Education</i>		\$ 3,950,957
11 ¢	KDADS and Hospitals		\$ 718,831
10	Department of Health and Environment - Health		648,975
6	Corrections and Facilities		360,930
4	Department of Children and Families		233,719
2	Department of Administration		120,232
2	Judicial Branch		105,213
0	Legislative Agencies		26,912
0	Board of Indigents' Defense Services		26,557
0	Highway Patrol and KBI		23,117
1	All Other		54,952
<b>\$ 1.00</b>	<b>TOTAL</b>		<b>\$ 6,270,395</b>

Note: Totals may not add due to rounding.

**TABLE XIX**  
**Where Each State General Fund Dollar Will be Spent in 2017**  
**by Major Purpose of Expenditure**  
**(In Thousands)**

54 ¢	Local Aid		\$ 3,395,047
22	Other Assistance		1,400,729
76 ¢	<i>Subtotal - Aid and Assistance</i>		\$ 4,795,776
23 ¢	State Operations		\$ 1,427,182
1	Capital Improvements		47,437
<b>\$ 1.00</b>	<b>TOTAL</b>		<b>\$ 6,270,395</b>

Note: Totals may not add due to rounding.

**TABLE XX**  
**Where Each Dollar Will be Spent in 2017**  
**by Agency or Program**  
**(In Thousands)**

30 ¢	Department of Education	\$ 4,680,344
18	Board of Regents/Postsecondary Education	2,794,031
0	Other Education	31,327
<u>48 ¢</u>	<i>Subtotal - Education</i>	<u>\$ 7,505,702</u>
15 ¢	Department of Health and Environment - Health	\$ 2,401,285
10	KDADS and Hospitals	1,608,818
9	Kansas Department of Transportation	1,355,556
4	Department of Children and Families	587,513
3	Corrections and Facilities	404,477
2	Lottery and Racing Gaming Commission	375,385
2	Department of Labor	282,643
1	Department of Administration	179,381
1	Judicial Branch	137,499
1	Highway Patrol and KBI	118,615
1	Department of Revenue	98,885
4	All Other	664,087
<u>\$ 1.00</u>	<b>TOTAL</b>	<u>\$ 15,719,846</u>

Note: Totals may not add due to rounding.

**TABLE XXI**  
**Where Each Dollar Will be Spent in 2017**  
**by Major Purpose of Expenditure**  
**(In Thousands)**

33 ¢	Local Aid	\$ 5,146,279
30	Other Assistance	4,696,826
<u>63 ¢</u>	<i>Subtotal – Aid and Assistance</i>	<u>\$ 9,843,105</u>
31 ¢	State Operations	\$ 4,874,993
6	Capital Improvements	1,001,748
<u>\$ 1.00</u>	<b>TOTAL</b>	<u>\$ 15,719,846</u>

Note: Totals may not add due to rounding.

Tables XXII through XXIV reflect different categorization of State General Fund Receipts.

**TABLE XXII**  
**State General Fund Receipts**  
**FY 2015-FY 2017**  
**(In Millions)**

	Actual	Estimated	Change		Approved	Change	
	FY 2015	FY 2016	\$	%	FY 2017	\$	%
Income Taxes	\$ 2,735.5	\$ 2,752.0	\$ 16.5	0.6 %	\$ 2,813.0	\$ 61.0	2.2 %
Excise Taxes	2,781.7	2,930.8	149.1	5.4	3,040.2	109.4	3.6
Other Taxes	200.1	181.9	(18.2)	(9.1)	184.9	3.0	1.6
Other Revenue	211.4	284.9	73.5	34.8	287.9	3.0	1.0
<b>TOTAL</b>	<u>\$ 5,928.7</u>	<u>\$ 6,149.6</u>	<u>\$ 220.9</u>	<u>3.7 %</u>	<u>\$ 6,326.0</u>	<u>\$ 176.4</u>	<u>2.8 %</u>

Note: Totals may not add due to rounding.

**TABLE XXIII**  
**Where Each State General Fund Receipt Comes From**  
**FY 2017**  
**(In Thousands)**

38 ¢	Individual Income Taxes	\$	2,377,000
44	Sales and Compensating Use Tax		2,754,912
7	Corporation and Financial Income Tax		436,000
3	Insurance Premium Tax		170,500
2	Alcohol Taxes		102,900
2	Tobacco Taxes		141,200
1	Severance Tax		33,900
5	Other Taxes and Revenue		309,560
<b>\$ 1.00</b>		<b>TOTAL</b>	<b>\$ 6,325,972</b>

Note: Totals may not add due to rounding.

**TABLE XXIV**  
**State General Fund, Receipts, Expenditures, and Balances**  
**(In Millions)**

	Actual FY 2015	Approved FY 2016	Approved FY 2017
Beginning Balance	\$ 379.7	\$ 71.5	\$ 18.5
Receipts (April 2016 Consensus as adjusted for Legislation)	5,928.8	6,149.6	6,326.0
<i>Total Available</i>	<u>\$ 6,308.5</u>	<u>\$ 6,221.1</u>	<u>\$ 6,344.5</u>
Less Expenditures	6,237.0	6,202.6	6,270.4
<b>Ending Balance</b>	<b><u>\$ 71.5</u></b>	<b><u>\$ 18.5</u></b>	<b><u>\$ 74.1</u></b>
Ending Balance as a Percentage of Expenditures	1.1%	0.3%	1.2%

Note: Totals may not add due to rounding.

**TABLE XXIII**  
**Where Each State General Fund Receipt Comes From**  
**FY 2017**  
**(In Thousands)**

38	¢	Individual Income Taxes	\$	2,377,000
44		Sales and Compensating Use Tax		2,754,912
7		Corporation and Financial Income Tax		436,000
3		Insurance Premium Tax		170,500
2		Alcohol Taxes		102,900
2		Tobacco Taxes		141,200
1		Severance Tax		33,900
5		Other Taxes and Revenue		309,560
<b>\$ 1.00</b>		<b>TOTAL</b>	<b>\$</b>	<b><u>6,325,972</u></b>

Note: Totals may not add due to rounding.

**TABLE XXIV**  
**State General Fund, Receipts, Expenditures, and Balances**  
**(In Millions)**

	Actual FY 2015	Approved FY 2016	Approved FY 2017
Beginning Balance	\$ 379.7	\$ 71.5	\$ 18.5
Receipts (April 2016 Consensus as adjusted for Legislation)	5,928.8	6,149.6	6,326.0
<i>Total Available</i>	<u>\$ 6,308.5</u>	<u>\$ 6,221.1</u>	<u>\$ 6,344.5</u>
Less Expenditures	6,237.0	6,202.6	6,270.4
<b>Ending Balance</b>	<b><u>\$ 71.5</u></b>	<b><u>\$ 18.5</u></b>	<b><u>\$ 74.1</u></b>
Ending Balance as a Percentage of Expenditures	1.1%	0.3%	1.2%

Note: Totals may not add due to rounding.