

State Budget; House Sub. for SB 294

House Sub. for SB 294 includes funding for claims against the state; FY 2012 supplemental expenditures (and FY 2013 supplemental expenditures for biennially budgeted agencies); FY 2013 appropriations for most state agencies; and FY 2012 and FY 2013 capital improvements for selected state agencies. Some highlights of the budget are included below.

FY 2012

For FY 2012, the Legislature approved a revised budget totaling \$14.751 billion, including \$6.126 billion from the State General Fund. The approved budget is an all funds increase of \$838.3 million, or 6.0 percent, above the amount approved by the 2011 Legislature. The revised budget is a State General Fund increase of \$70.9 million, or 1.2 percent, above the amount approved by the 2011 Legislature for FY 2012. The revised budget increases the Governor's recommended expenditures by \$5.2 million from all funding sources and by \$1.9 million from the State General Fund. The revised budget also includes an increase of 0.5 FTE positions over the number recommended by the Governor. In addition, the Legislature also included increased State General Fund receipts of \$31.0 million in FY 2012. The approved budget for FY 2012 includes the following:

- The addition of \$24.6 million, all from the State General Fund, in FY 2012 in the budget of the **Department of Education**, to maintain Base State Aid Per Pupil at \$3,780;
- The addition of \$1.5 million, all from the State Institutions Building Fund, in FY 2012 for necessary renovations at **Rainbow Mental Health Facility** to allow 14 closed beds to be opened;
- The addition of \$2.1 million, all from the State General Fund, at **Larned State Hospital**, to provide 30 new forensic beds, in lieu of the 30 new Sexual Predator Treatment Program beds recommended by the Governor;
- The addition of \$1.2 million, all from special revenue funds, in the budget of the **Kansas Commission on Veterans' Affairs** in FY 2012 to allow the agency to expend available federal Medicare and Medicaid funding for resident services at the Veterans' Home and the Soldiers' Home;
- The addition of \$500,000, all from the State General Fund, in FY 2012 in the budget of the **Judicial Branch** to partially offset declining revenues from docket fees;
- The deletion of \$400,000, all from the State General Fund, in FY 2012 in the budget of the **Department of Wildlife, Parks, and Tourism**. The Governor had recommended supplemental expenditures of \$1.2 million, all from the State General Fund, for state park operating expenditures;
- The addition of language to prevent the transfer of \$22.6 million from the State General Fund to the **Bioscience Authority** in FY 2012;

- The addition of \$906,667, including \$385,878 from the State General Fund, in FY 2012 in the budgets of the **Department of Social and Rehabilitation Services** and the **Department on Aging** to increase the Financial Management System reimbursement rate for service costs to payroll agents from \$115 to \$125;
- The addition of \$407,000, all from the State General Fund, in the budget of the **Department of Health and Environment** for the Early Detection Works program in FY 2012; and
- The 2012 Legislature also fully funded the spring 2012 **human services consensus caseload estimates** in the budgets of the Department of Social and Rehabilitation Services, Department on Aging, Department of Health and Environment, and the Juvenile Justice Authority. For FY 2012, all funds expenditures are increased by \$552,642, while State General Fund expenditures are decreased by \$4.9 million.

FY 2013

The 2012 Legislature approved FY 2013 expenditures of \$14.303 billion, including \$6.171 billion from the State General Fund. The approved budget represents an all funds decrease of \$448.2 million, or 3.0 percent, below the FY 2012 revised amount, and a State General Fund increase of \$44.9 million, or 0.7 percent, above revised current year amount. A total of 38,842.7 FTE positions were approved for FY 2013, a decrease of 306.6 FTE positions from the revised current year approved number and 33.0 FTE positions above the Governor's amended recommendations. In addition, the approved budget includes increased State General Fund receipts of \$24.2 million for FY 2013. The FY 2013 approved budget includes the following:

- The addition of \$43.7 million, including \$40.0 million from the State General Fund, for FY 2013 in the budget of the **Department of Education**. The additions include \$40.0 million, all from the State General Fund, to increase Base State Aid Per Pupil by \$58, from \$3,780 to \$3,838; and \$3.7 million, all from the Children's Initiatives Fund, for the Parents as Teachers program (\$2.2 million), and the Kansas Preschool program (\$1.5 million).
- The Legislature approved changes to the Governor's recommendation for technical education funding, including the deletion of \$20.5 million, all from the State General Fund, for FY 2013 in the budget of the **State Board of Regents** for technical education tuition waivers (\$17.5 million) and technical education incentives (\$3.0 million). Instead, the Legislature recommended the addition of up to \$8.75 million for technical education tuition waivers and \$1.5 million for technical education incentives, both from new special revenue funds to be funded by transfers from severance tax revenues above the April 2012 consensus revenue estimates.
- The net addition of \$927,928, all from the State General Fund, for FY 2013 above the amount recommended by the Governor in the budget of the **Legislature**. The addition includes \$905,000 and 9.0 FTE positions for the legislative computer system enhancement and the addition of \$309,000 for legal and actuarial expenditures for the Kansas Public Employees Retirement System (KPERs) Study Commission. The increases are partially offset by a proportional deletion in the Legislature's budget to help fund the legislative computer

enhancement. The four other legislative branch agencies also were reduced by a total of \$166,428, all from the State General Fund, to help fund the legislative computer enhancement.

- The addition of \$650,000, including \$200,000 from the State General Fund, for FY 2013, in the budget of the **Office of the Governor**, to provide additional funding for domestic violence prevention grants (\$500,000) and child advocacy centers (\$150,000). The approved budget deletes \$200,000 all from the State General Fund, in the budget of the **Attorney General**, and consolidates all domestic violence and child advocacy center grant funding in the budget of the Office of the Governor. Under the approved budget, a total of \$4.3 million, including \$3.8 million from the State General Fund, is included for domestic violence prevention grants, and a total of \$983,731, including \$833,731 from the State General Fund, is included for child advocacy grants.
- The addition of \$800,000, all from the State Water Plan Fund, for FY 2013 to fund the Local Environmental Protection Program (LEPP) in the budget of the **Department of Health and Environment**.
- The addition of \$16.5 million, all from the Children's Initiatives Fund, for FY 2013. The addition includes \$7.6 million in the budget of the **Department of Children and Families** (formerly the Department of Social and Rehabilitation Services), including funding for a combined line item for the Early Childhood Block Grant and Smart Start (\$5.7 million); \$5.9 million in the budget of the **Department for Aging and Disability Services** (formerly the Department on Aging), including funding for the Family Centered System of Care (\$4.7 million); and \$3.7 million in the budget of the **Department of Education**, including \$2.2 million for the Parents as Teachers Program.
- The deletion of \$14.9 million, all from the special revenue funds, in the budget of the **Department of Revenue** for FY 2013, including \$6.8 million from the Division of Vehicles Modernization Fund, \$6.1 million from the Photo Fee Fund, and \$2.1 million from the VIPS/CAMA Fee Fund. The savings were recommended to be transferred to the State General Fund.
- The net addition of \$21.8 million, including \$9.6 million from the State General Fund, for FY 2013 in the budget of the **Department for Aging and Disability Services**, including these items: \$4.1 million, including \$1.8 million from the State General Fund, to fund approximately 97 persons on the Home and Community Based Services (HCBS) waiver for the developmentally disabled; \$4.1 million, including \$1.8 million from the State General Fund, to fund approximately 201 persons on the HCBS physically disabled waiver; \$5.0 million, all from the State General Fund, for mental health grants; \$1.8 million, all from the State General Fund, for reimbursement of non-Medicaid psychiatric inpatient screening; and \$5.9 million, from the Children's Initiatives Fund, discussed above.
- The addition of \$2.6 million, including \$2.3 million from the State General Fund, for FY 2013 in the budget of the **Department of Children and Families** to restore foster care rates to FY 2012 contracted rates.
- The addition of \$8.5 million, all from the State General Fund, for FY 2013, for **undermarket pay adjustments** to fund the fourth year of a five-year plan to

bring certain job classifications substantially below market pay closer to market pay.

- The deletion of \$6.0 million, including \$4.6 million from the State General Fund, for two items regarding **longevity pay** for eligible state employees. The first adjustment reduces longevity from \$50 per year for each year of service to the statutory \$40 rate (a deletion of \$2.3 million, including \$1.0 million from the State General Fund). The second adjustment requires agencies, with the exception of the State Hospitals, to self-fund the State General Fund and appropriated funds (Children's Initiatives Fund, Economic Development Initiatives Fund and State Water Plan Fund) portions of the statutory \$40 longevity payment (a deletion of \$3.6 million, all from the State General Fund).
- The deletion of \$12.2 million, including \$10.0 million from the State General Fund, to suspend employer contributions to the KPERS Group Insurance Reserve Fund, or **Death and Disability Fund**, for a three-month period during FY 2013.
- The approved FY 2013 budget fully funds the spring 2012 **human services consensus caseload estimates** in the budgets of the Department of Children and Families, Department for Aging and Disability Services, Department of Health and Environment, and the Juvenile Justice Authority. For FY 2013, all funds expenditures are increased by \$100.0 million, while State General Fund expenditures are increased by \$43.8 million.

The status of the State General Fund, based on the approved budget, is reflected below:

State General Fund Profile – Approved Budget			
Dollars In Millions			
	Actual FY 2011	Leg. App. FY 2012	Leg. App. FY 2013
Beginning Balance	\$ (27.1)	\$ 188.3	\$ 466.2
Receipts (April 2012 Consensus)	5,882.1	6,374.5	6,414.2
Adjustments in Governor's Rec.	0.0	(2.0)	(39.4)
Less Senate Sub. for HB 2117 Tax Package	0.0	0.0	(231.2)
Legislative Adjustments	0.0	31.0	24.2
Adjusted Receipts	<u>\$ 5,882.1</u>	<u>\$ 6,403.5</u>	<u>\$ 6,167.8</u>
Total Available	<u>\$ 5,855.0</u>	<u>\$ 6,591.8</u>	<u>\$ 6,634.1</u>
Expenditures	<u>5,666.6</u>	<u>6,125.7</u>	<u>6,170.6</u>
Ending Balance	<u>\$ 188.3</u>	<u>\$ 466.2</u>	<u>\$ 463.5</u>
Ending Balance as a % of Expenditures	3.3%	7.6%	7.5%
Adjusted Receipts in Excess of Expend.	<u>\$ 215.5</u>	<u>\$ 277.8</u>	<u>\$ (2.8)</u>
Percent Change from Prior Year			
Adjusted Receipts	13.3%	8.9%	(3.7%)
Expenditures	7.6%	8.1%	0.7%

The following pie chart reflects approved FY 2013 State General Fund expenditures by function of government. It does not reflect a net reduction of \$465,028 comprising the deletion of \$10.0 million in KPERS Death and Disability Payment reductions, the addition of \$1.0 million appropriated to the State Finance Council to be released to the Department of Health and Environment upon approval of the global managed care waiver requested of the Centers for Medicare and Medicaid as part of KanCare implementation, and the addition of \$8.5 million in undermarket pay adjustments.

**FY 2013 Approved State General Fund Budget by Function of Government
As Approved by the 2013 Legislature
In Millions**

Total: \$6,170.6

