

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairperson Carolyn McGinn at 10:30a.m. on January 13, 2011, in Room 548-S of the Capitol.

All members were present

Committee staff present:

Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
David Wiese, Office of the Revisor of Statutes
Alan Conroy, Director, Legislative Research Department
J. G. Scott, Chief Fiscal Analyst, Legislative Research Department
Aaron Klaassen, Senior Fiscal Analyst, Legislative Research Department
Dorothy Hughes, Fiscal Analyst, Legislative Research Department
Brea Short, Intern, Senator McGinn's Office
Jan Lunn, Committee Assistant

Conferees appearing before the Committee:

Landon Fulmer, Policy Director, Office of the Governor

Others attending:

See attached list.

Chairperson McGinn called the meeting to order. There were no bill introductions.

Governor's FY 2011-12 Budget

Senator McGinn introduced Landon Fulmer, Policy Director from the Office of the Governor, who distributed a handout outlining key factors impacting the FY 2012 budget (Attachment 1) and proposed solutions. Factors impacting the budget include:

- Past reliance on federal funding that requires replacement in FY 2012;
- Medicaid;
- K-12 state to schools;
- Kansas Public Employees Retirement System (KPERs) contributions for state and school employees;
- the Corrections System.

Mr. Fulmer testified that in order to address the challenge of balancing demands on the FY 2012 budget, the Governor recommends additional spending reductions, replacing a part of the federal American Recovery and Reinvestment Act (ARRA) grants with State General Fund support, and adjusting transfers in and out of the State General Fund. This includes a proposal to reduce the size of state government, to organize agency programs in a manner creating the greatest levels of efficiencies, and to enhance Kansas' economic growth. Mr. Fulmer described various proposals contained in his written testimony.

Responding to questions from Committee members, Mr. Fulmer explained that:

- Senator Lee inquired how needy school districts would be identified in order to receive funding from the Reading Roadmap Program. Mr. Fulmer responded that those districts under No Child Left Behind (NCLB) sanctions in reading as well as those districts with the neediest populations (poverty level) would be targeted for reading centers in order to improve reading scores.
- Mr. Fulmer confirmed that the increase in total spending per pupil is due to state payments for school employee pension benefits, special education, and debt on capital projects. These components usually are excluded from the traditional calculation of base state aid per pupil. He indicated that all detail is included in the Budget and is available online.
- In FY 2012, the Governor recommends funding to provide community colleges a new competitive grant opportunity. In addition, community colleges and Washburn University are eligible for a technology and equipment grant. Also, funding is provided to the six area vocational-technical institutions in Kansas.

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- The Governor has proposed to end the State's funding to public television and radio stations and convert the Kansas Arts Commission from a government agency into a private nonprofit organization. The State will continue to pay on the bonds issued for digital transfer. Collaboration will occur within the public broadcasting industry to identify private funding sources to fill the funding gap. Mr. Fulmer reported that conversations had begun with public broadcasting partners.
- Senator Kultala requested verification regarding the casino revenue and from which zone revenue was received/projected. Mr. Fulmer explained in the year-to-year "Outlook for the State General Fund Assuming No Structural Reforms" chart \$29.5 million in FY 2010 was from the northeast zone; in FY 2011 revenues are from the south central zone; and in 2012 no fees are assumed.
- In his testimony, Mr. Fulmer discussed the stabilization of higher education funding in FY 2012. Senator Kultala requested clarification regarding the distribution of funding. Mr. Fulmer indicated the distribution includes three research universities, one engineering institution, and community/technical colleges. Mr. Fulmer indicated total funding is approximately \$105 million dollars over three years.
- Senator Kultala asked whether there was an envisioned structure with the elimination of the Parole Board. Mr. Fulmer reported the plan transfers all duties, functions, and responsibilities to the Department of Corrections with the goal of protecting Kansans and ensuring a fair hearing process for those in the corrections system. It is the expectation that Corrections would accomplish this through existing resources.
- Mr. Fulmer explained the charts/graphs contained in his written testimony. Assuming the minimum cost of operating State government and assuming there are no reforms, budget deficits grow significantly over a period of time.
- Senator Teichman asked Mr. Fulmer to elaborate on the proposed reading centers. Mr. Fulmer reported that reading centers will be placed in areas of high poverty or where NCLB sanctions exist. The goal is to target children in their pre-Kindergarten years to enhance language acquisition skills. Centers will be structured/refurbished and collaboration with Social and Rehabilitation Services (SRS) will occur to ensure staffing. A partnership between parents and staff will be created to provide an intensive experience in reading, language acquisition, and comprehension. The goal is to reach as many students as possible.
- Senator Teichman questioned how many positions will be eliminated as a result of the information presented under the FY 2012 Governor's Budget proposal (excluding the 2,000 positions currently unfilled). Mr. Fulmer indicated he would furnish that information at a subsequent meeting.
- Senator Schodorf indicated that in the Governor's State-of-the-State address, he referred to the need to provide a "suitable" education for Kansas children and reduce legal action against the state. The Governor invited the Legislature to define suitability and to end confusion. She questioned whether the Governor's goal for the Legislature is to define "suitable education" or "suitable provisions for financing education." Mr. Fulmer reported the goal is for the Legislature to define statutorily what the Constitutional requirement means for the suitable finance provision.
- Mr. Fulmer indicated the Governor's recommendations include the elimination of the Kansas Health Policy Authority (KHPA) and the movement of its programs into the Kansas Department of Health and Environment. This is a step toward the larger goal of overhauling Medicaid so that growing amounts of state tax dollars can be reduced. Lt. Governor Colyer will lead that effort.
- Senator Vratil expressed concern regarding the goal of defining a suitable finance provision. Two debatable issues exist: a suitable education relates to curriculum, teachers, programs, supplies, and materials; a suitable provision for financing relates to funding and how that money is distributed. Mr. Fulmer indicated, in his opinion, there is a relationship and the State needs to define what role it has in providing for the educational expenses of our local school districts (related to the school finance formula).
- Senator Vratil also questioned how the Governor's K-12 education budget would wean the State from federal funding. Mr. Fulmer explained this relates to the "freeze" bill. To accomplish the goal, \$92 million came from federal funding for school districts in December 2010 which was unanticipated. The plan is to lapse \$85 million into the next fiscal year which would provide an ending balance in FY 2011 that would hedge against revenue problems and pay for estimated caseload increases. Since there is not enough money to backfill all federal stimulus dollars, this proposal could provide a bridge to

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stability.

- Senator Kelly inquired as to the reason early Headstart is being eliminated and where the previous funding for that program will go. Mr. Fulmer replied that the SRS child care services budget is being increased to target the neediest children. Discussions will occur with the Children's Cabinet to ensure available funds and unification of various accounts.
- Kansas Department of Transportation (KDOT) \$8 billion T-Works Program will continue as planned. Senator Kelly questioned how all promises under this program can be met with less funding. Mr. Fulmer indicated that because of lower rates of inflation on construction costs, the amount projected to perform the work has decreased.
- Senator Huntington inquired why some of the funds from the proposed \$200 million transfer from the State Highway Fund to the SGF could not be used to reduce bonded indebtedness. Mr. Fulmer explained that projected revenue would not meet bonding requirements.
- Senator Huntington asked if the Governor's office was open to collaboration on developing an education funding formula to ensure maximum assistance to Kansas school districts. Mr. Fulmer responded positively.

Senator Vratil moved to waive the Committee rule of requiring a "rs #" and to introduce the Governor's Rescission bill; the motion was seconded by Senator Kelly and passed on a voice vote.

The meeting was adjourned at 11:54 a.m.

**SENATE WAYS AND MEANS
GUEST LIST
January 13, 2011**

[illegible]

MEMORANDUM

TO: House Committee on Appropriations
Senate Committee on Ways and Means

FROM: Landon Fulmer, Director of Policy

DATE: January 13, 2011

SUBJECT: Governor's Budget

Thank you for the opportunity to offer comments on the Governor's budget proposals.

Although this is the first budget Governor Brownback has assembled, it takes some preliminary steps in restructuring our state government, and balances the budget despite the financial challenges we face.

The immediate task facing the Governor upon his election in November was to balance the demands placed on both the FY 2011 and the FY 2012 budgets. Over the longer term, the Governor recognizes that solutions must be found to address our state's expenses for Medicaid, the KPERS pension system, and school finance. He invites the Legislature to join him in tackling these enormous policy issues.

As you are well aware, this year's state budget is impacted by a wave of federal funds that peaks in FY 2011, but which cannot be sustained in FY 2012. While State General Fund tax receipts are projected to grow \$240.6 million next year, human service caseload estimates, the statutory KPERS rate increase, and replacement of stimulus and other federal monies used to balance the budget, all combine to require \$488.2 million more from the State General Fund. The tables on the next page explain where these additional SGF dollars are to be appropriated.

Senate Ways and Means
Attachment:
Date:

1
01/13/11

| State General Fund FY 2011 (Dollars in Millions) | |
|--|-------------------|
| Beginning Balance | \$ (27.1) |
| Revenue: | |
| November Consensus Revenue Est. | 5,785.2 |
| Use TANF for Earned Income Tax Credits | 3.4 |
| Transfer from Investor Education Fund | 0.8 |
| Transfer from KCPOST | 0.5 |
| Total Available | <u>\$ 5,762.7</u> |
| Expenditures: | |
| Approved Budget (May 2010) | 5,626.6 |
| Expenditure Authority Shifting from FY 10 | 138.3 |
| Education Jobs Money for K-12 | (85.9) |
| Human Services Consensus Estimate | 98.0 |
| All Other Adjustments | (49.9) |
| Total Expenditures | <u>\$ 5,727.1</u> |
| Ending Balance | \$ 35.7 |

| State General Fund FY 2012 (Dollars in Millions) | |
|--|-------------------|
| Beginning Balance | \$ 35.7 |
| Revenue: | |
| November Consensus Revenue Est. | 5,810.6 |
| Transfer from Highway Fund | 200.0 |
| Transfer Casino Revenues | 18.0 |
| Suspend Water Plan Fund Transfer | 6.0 |
| Transfer from EDIF | 5.8 |
| Transfer Other Funds | 4.3 |
| Total Available | <u>\$ 6,080.4</u> |
| Expenditures: | |
| FY 2011 Budget | 5,727.1 |
| Eliminate One-Time Shifts in FY 2011 | (138.3) |
| Human Services Consensus Estimate | 245.6 |
| SRS Fee Fund Replacement | 11.0 |
| KPERs Rate Increase | 41.3 |
| Replace K-12 Ed Jobs Funding | 85.9 |
| K-12 Special Ed Services | 60.0 |
| Corrections System | 44.4 |
| Regents Research Initiative | 11.5 |
| SGF Debt and Capital Expenditures | 2.8 |
| Judiciary | 6.5 |
| Legislative Agencies | (1.5) |
| Net of Other Adjustments | (23.5) |
| Total Expenditures | <u>\$ 6,072.9</u> |
| Ending Balance | \$ 7.5 |

As you can see, SGF expenditures are growing in the FY 2012 budget, compared to FY 2011 levels. This is due primarily to three factors, Medicaid, K-12 state aid to schools, and the state's obligations to make KPERs contributions for state and school employees.

Key Facts on the FY 2012 Budget

- All funds budget declines \$876.4 million in FY 2012, or 5.9 percent.
- State General Fund budget increases \$345.9 million (6.0 percent).
- Eliminate over 2,000 positions (2,049.73 total or 4.8 percent).
- Sunset eight state agencies, saving \$9.2 million.

| Budget Totals (Dollars in Millions) | | | | |
|---|-----------|----------------|-------------|----------------|
| | SGF | Percent Change | All Funds | Percent Change |
| FY 2010 Actual | \$5,268.0 | -- | \$ 14,043.9 | -- |
| FY 2011 Apprv. (May 2010) | 5,626.6 | 6.8% | 13,714.1 | (2.3%) |
| FY 2011 Apprv. with Shifts | 5,765.2 | 9.4% | 13,852.7 | (1.4%) |
| FY 2011 Gov. Est. | 5,727.1 | 8.7% | 14,777.6 | 5.2% |
| FY 2012 Gov. Rec. | 6,072.9 | 6.0% | 13,901.1 | (5.9%) |

Past Reliance on Federal Funding. This year's state budget is impacted by a wave of federal funds that peaks in the current year, and cannot be sustained in the next. While tax receipts are projected to grow \$240.6 million next year, human service caseload estimates, the statutory KPERS rate increase, and replacement of stimulus and other federal monies used to balance the budget, all combine to require \$488.2 million more from the State General Fund.

Over the longer term, solutions must be found to address expenses for Medicaid, the KPERS pension system, and school finance. The first task facing the Governor has been to meet the challenge of balancing the demands placed on the FY 2012 budget. To accomplish this, the Governor recommends additional spending reductions, replacing only part of the federal Recovery Act grants with State General Fund support, and adjusting transfers in and out of the State General Fund.

K-12 State Aid. The FY 2012 budget keeps funding for our schools in a steady state while weaning ourselves off of federal funding we will no longer receive. Although base state aid will drop to \$3,780, state funding for school districts will **increase \$129.3 million in FY 2012** to meet our obligations to KPERS and special education as well as making necessary debt payments on capital projects. From a school district's perspective, total state spending per pupil will increase from \$4,549 in FY 2011 to \$4,743 in FY 2012.

Higher Education. State General Fund appropriations for the higher education system will increase \$10 million. Targeted financial support of research programs important to Kansas is provided with an eye to expanding the state's economy.

Public Safety. The state's public safety cannot be impaired by further budget reductions. Prisons should be staffed, prison beds contracted if needed, and recidivism programs kept in place (\$44.6 million SGF).

Transportation. KDOT's \$8 billion T-Works Program will continue as planned to keep our state's highways safe and free of congestion.

Medicaid. The state's regular medical Medicaid costs are expected to grow \$166.3 million or 44.4 percent—not only because of the funding shift to the state, but for enrollment growth as well (\$37.8 million of the SGF increase). For all of our health and human service caseload entitlement programs, \$239 million was added from the SGF, plus another \$64 million for our home and community based services to keep people in their communities.

Agency Reorganizations

Governor Brownback undertook his review of state agency budgets soon after his election on November 2, 2010. In that review, he decided to propose a number of agency reorganizations in order to reduce the size of state government, and also to organize agency programs in a manner that creates the greatest level of coordination and efficiencies. Some changes are also done with the intent of bolstering administrative support to programs. In total, \$9.2 million is saved in the budget.

Department of Administration

The Governor proposes abolishing Kansas, Inc. and creating the Governor's Economic Council in the Department of Administration. The Council will be the lead agency responsible for economic development policy research, program evaluation, and strategic planning of the State of Kansas.

Department of Commerce

The Governor recommends restructuring and consolidating the operations of the Kansas Technology Enterprise Corporation (KTEC) into the Department of Commerce in FY 2012. The Department of Commerce will become responsible for operating the grant programs previously managed by KTEC, including the Centers of Excellence, Entrepreneurial Centers, and Mid-America Manufacturing Technology Center (MAMTC). The Department of Commerce will be able to operate these programs with considerably lower overhead expenses, which will generate significant cost savings.

Five Centers of Excellence, which are university-based research centers that provide technical assistance to Kansas businesses, and seven Entrepreneurial Centers, which provide business development and financing to start-up technology-based businesses in Kansas, will each continue to receive operational support under the management of the Department of Commerce. MAMTC will continue to provide business assistance in improving manufacturers' technical capabilities and allow companies to become more competitive

through the adoption of advances in technological processes.

Office of the Governor

Within the Office of the Governor are the Kansas African American Affairs Commission and the Kansas Hispanic and Latino American Affairs Commission. These were moved eight years ago from the agency formerly known as the Department of Human Resources. At the same time, the Kansas Commission on Disability Concerns was moved to the Department of Commerce. The Governor now proposes relocating this Commission within his own office to offer disabled Kansans access to information about programs in all of state government. The Governor also will add a part-time staff person to serve the state's Native American community.

Savings Created from Reorganizations

| Agency or Program | Amount |
|--------------------------------|----------------|
| Public Broadcasting Comm. | \$ (1,670,202) |
| Kansas, Inc. | (223,136) |
| KTEC | (1,723,828) |
| Human Rights Commission | (231,375) |
| Arts Commission | (574,642) |
| Kansas Health Policy Authority | (2,987,030) |
| Juvenile Justice Authority | (305,944) |
| Parole Board | (495,545) |
| Animal Health | (497,972) |
| Conservation Commission | (154,908) |
| Ag. Marketing Program | (300,000) |
| Total | \$ (9,164,582) |

Attorney General

Currently the Human Rights Commission is a separate state agency that strives to eliminate and prevent discrimination in the workplace, housing, and public accommodations throughout the state. In FY 2012 this agency will become part of the Attorney General's Office.

The Governor's Office currently administers the Enhanced 911 grant for the Department of

Administration that provides implementation, purchase, maintenance and training for public safety answering points. For FY 2012, the Governor recommends this responsibility be shifted to the Attorney General.

Board of Regents

The Governor recommends that the Board of Regents administer the Experimental Program to Stimulate Competitive Research (EPSCoR). The state support for this program is financed through the Economic Development Initiatives Fund and will match federal funding. The federal program encourages university partnerships with industry and stimulates sustainable science and technology infrastructure improvements in 19 states that historically received a disproportionately low per capita average of federal research dollars. This program has been administered by the Kansas Technology Enterprise Corporation. The relocation of the EPSCoR program to the Board of Regents will allow for greater management efficiencies.

Historical Society

The Kansas Historical Society currently serves as a conduit for funding provided by the State of Kansas to the Kansas Humanities Council and the Heritage Center in Dodge City, Kansas. For FY 2012, the Governor has recommended that the Kansas Arts Commission become a 501(c)(3) to function much like the Kansas Humanities Council. To support the Commission during its transition to becoming the Kansas Arts Council, the Governor recommends \$200,000 from the State General Fund. This funding will also be passed through the Kansas Historical Society to the Kansas Arts Council.

Department of Health & Environment

The goal of finding ways to reduce the cost of providing health services was the impetus for the Governor's reorganization that will merge the Kansas Health Policy Authority (KHPA) into the Division of Health of the Kansas Department of Health and Environment (KDHE). Each of the KHPA programs will be established as programs within the Division of Health with the exception of central administration

which will move to the existing Administration program at KDHE. As such, the Medical Program, Medicaid Program and Medicaid Assistance, Children's Health Insurance Program (CHIP) and CHIP Assistance, State Employees Health Benefits Program, Federal Grants and Assistance Programs, will be folded into the Division of Health. It is expected that the merger will produce administrative savings of \$1.0 million, as well as produce new models for providing services that also produce savings.

Department of Corrections

Under the Governor's FY 2012 budget recommendation, all of the responsibilities and functions of the Kansas Parole Board will be transferred to the Department of Corrections and the Kansas Parole Board will be abolished. This action will create savings of approximately \$495,545 from the State General Fund and eliminate the three board members. It is not recommended that the funds or the positions be moved to the Department.

To attain additional state agency operating efficiencies, a limited administrative consolidation of the Juvenile Justice Authority (JJA) and the Department of Corrections is recommended. While no monies or positions will be transferred from JJA to the Department, it is estimated that the consolidation will create salary and wage savings in JJA by eliminating duplicative, upper management administrative positions.

Department of Agriculture

The Governor has proposed a reorganization that will affect the natural resource agencies. Currently, there are seven agencies and the Governor's plan will reduce the number of agencies to five. Specifically, the Animal Health Department, the State Conservation Commission (SCC), and the Agriculture Marketing Program at the Department of Commerce will be merged into the Department of Agriculture. For both the SCC and Animal Health, the proposal will establish a new division within Agriculture. Both the Commission that governs the SCC and the two boards that govern the Animal Health Department will become advisory in nature. A recent Legislative Post

Audit study was used as the blueprint for this natural resource agency reorganization. According to the audit, Kansas is one of only six states that does not place its animal health oversight or conservation grant functions within its Department of Agriculture and the merger will be likely to result in more efficient use of staff positions, management, and available technology. In addition to increased program management efficiency, it is planned that the reorganization will result in savings and reductions in FTE positions to each of the three programs accompanying their merger with the Department of Agriculture.

From the Animal Health Department there will be \$497,972 in savings from all funding sources, including \$192,083 from the State General Fund and a reduction of 8.00 FTE positions. For the SCC, there will be \$154,908 in savings from all funding sources, including \$137,697 from the State General Fund and a reduction of 3.00 FTE positions.

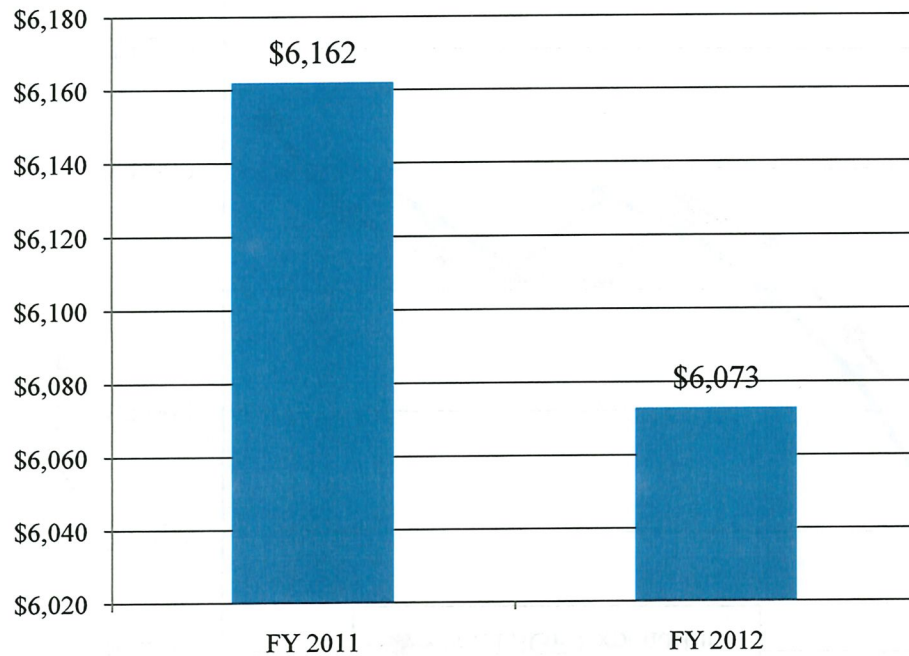
For the Agriculture Marketing Program from the Department of Commerce, there will be \$300,000 in savings from the Economic Development Initiatives Fund and a reduction of 2.75 FTE positions.

Department of Wildlife & Parks

In order to consolidate services and renew focus, the Governor recommends moving the Travel and Tourism program out of the Department of Commerce and into the Department of Wildlife and Parks. The resources moving over will be added to the marketing program in place within the Department. In total, this move shifts 13 staff members, with \$4,333,429 in total funding, including \$1,856,487 from the Economic Development Initiatives Fund and \$2,421,014 from the program fee fund. Moving this program over will unify efforts already underway in each agency to promote Kansas as an outdoor destination.

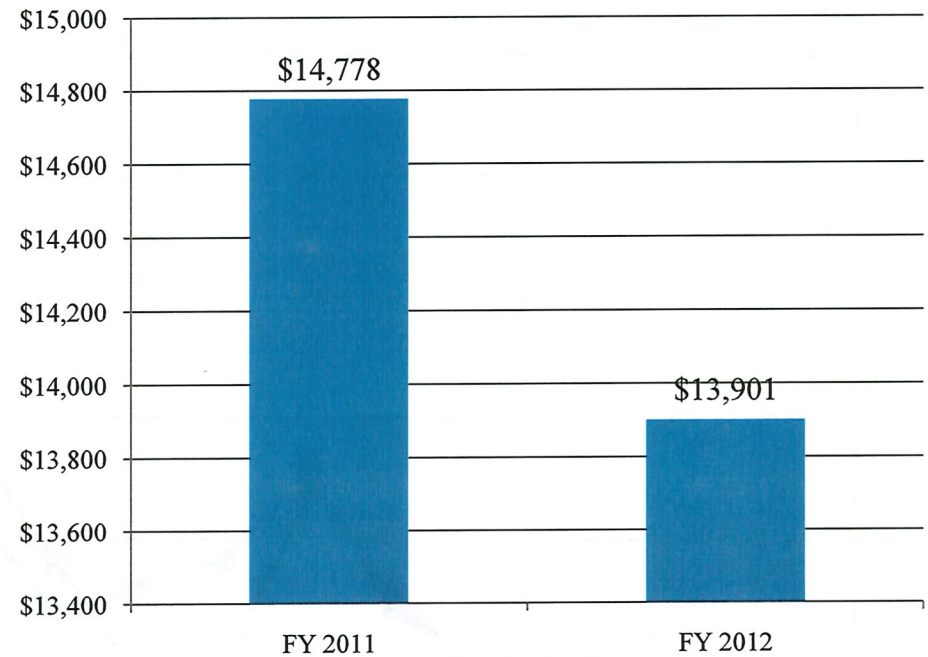
Budget Recommended SGF/ARRA/Ed Jobs

Dollars in Millions



Budget Recommended All Funding Sources

Dollars in Millions

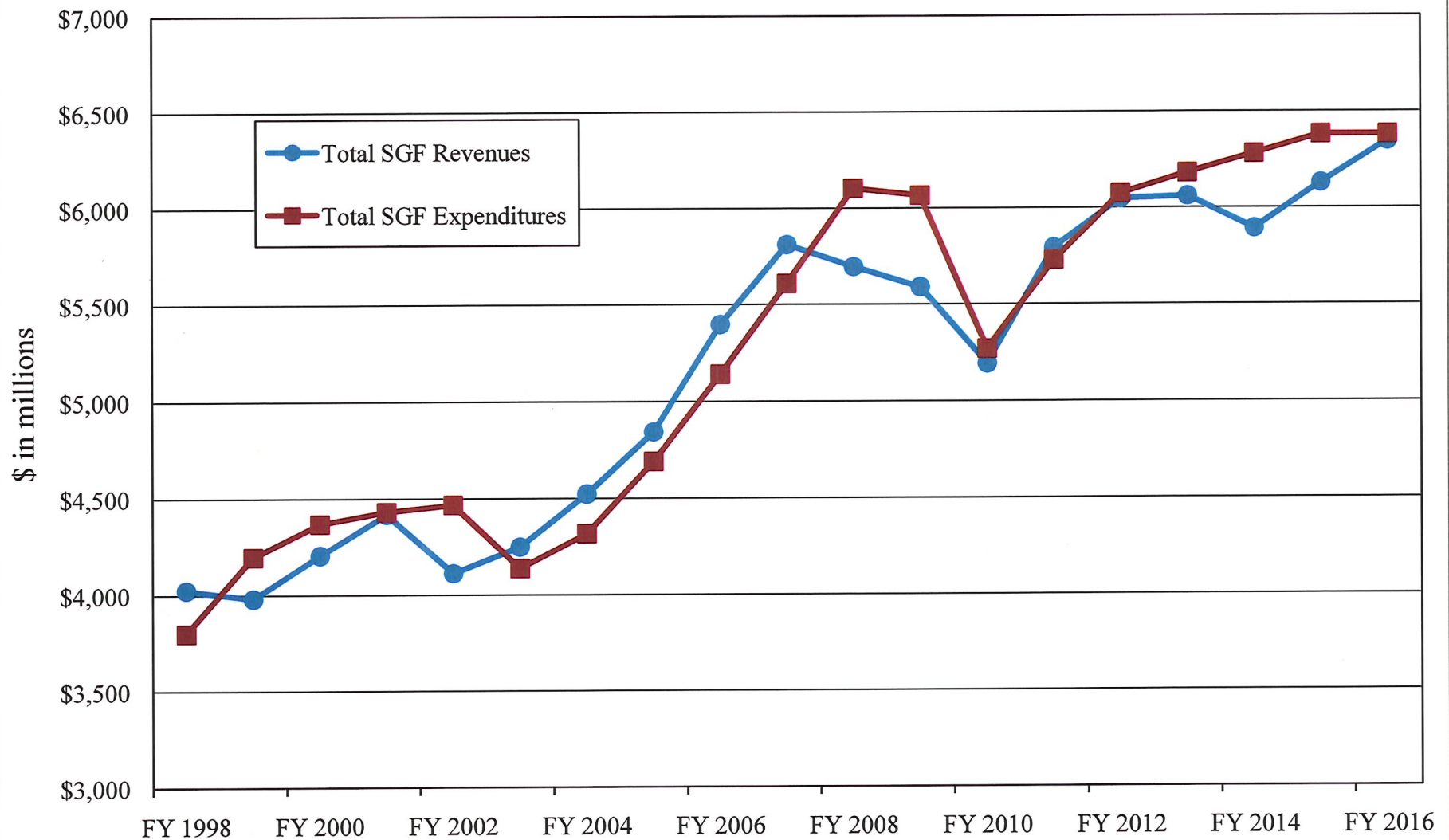


**Amounts added to SGF from those programs where the federal funding was substituted for SGF from the following programs:
State Fiscal Stabilization Fund, Special Education, Education Jobs, and Medicaid.*

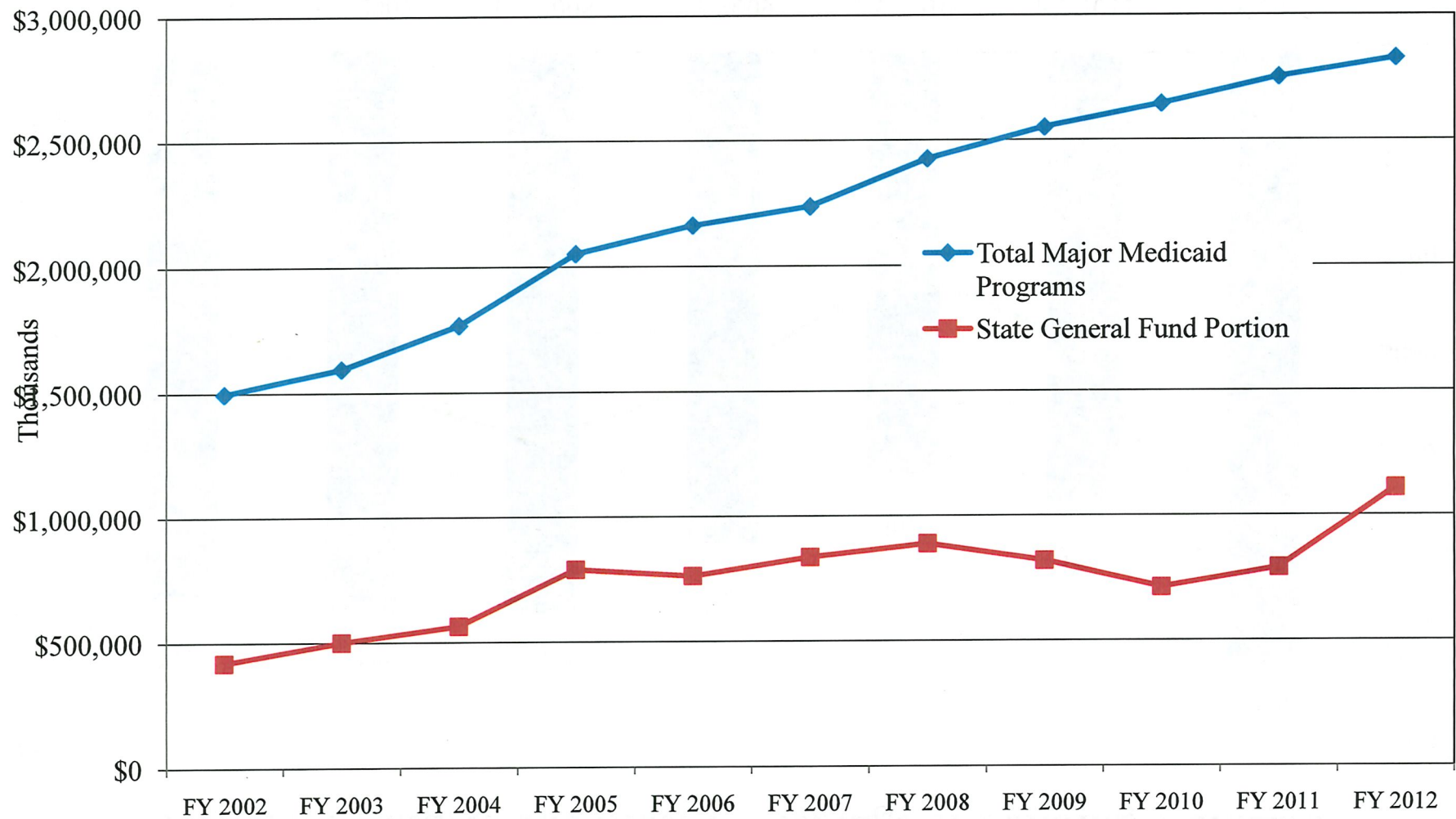
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SGF Revenues Compared to Expenditures

Actual FY 1998 to FY 2010/Projected FY 2011 to FY 2016

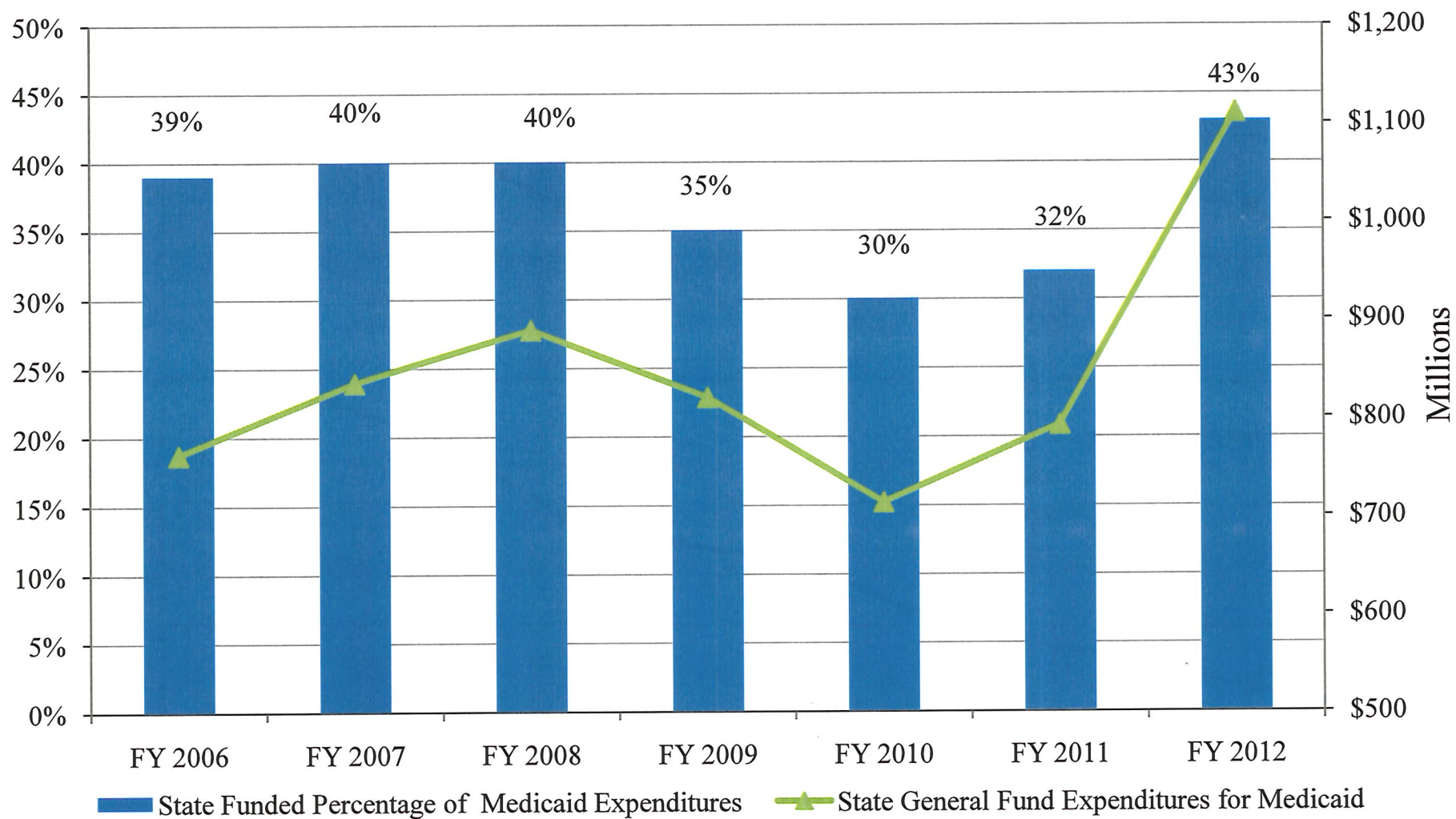


Total Medicaid Spending in Kansas

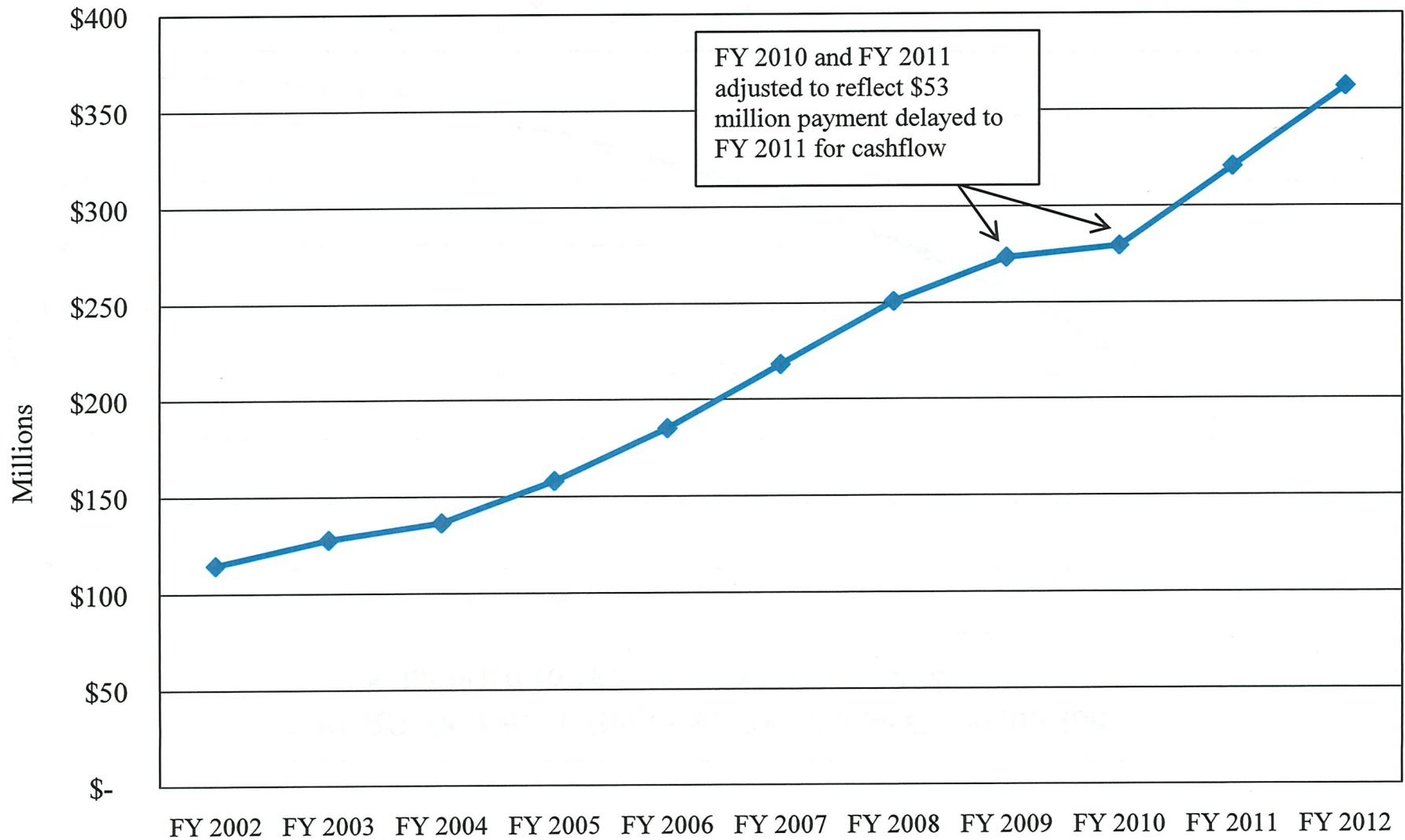


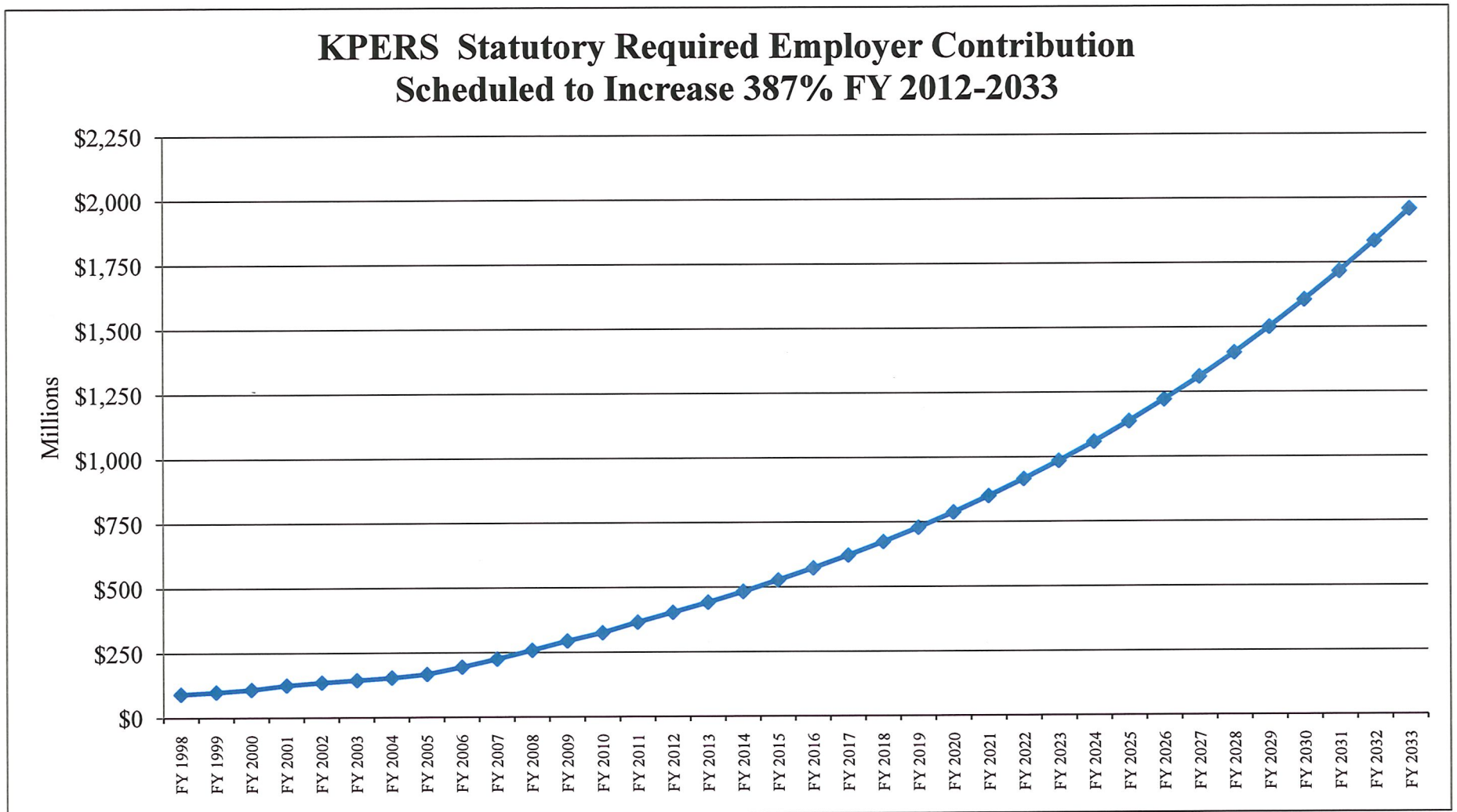
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SGF Expenditures and State Percentage of Funding Medicaid



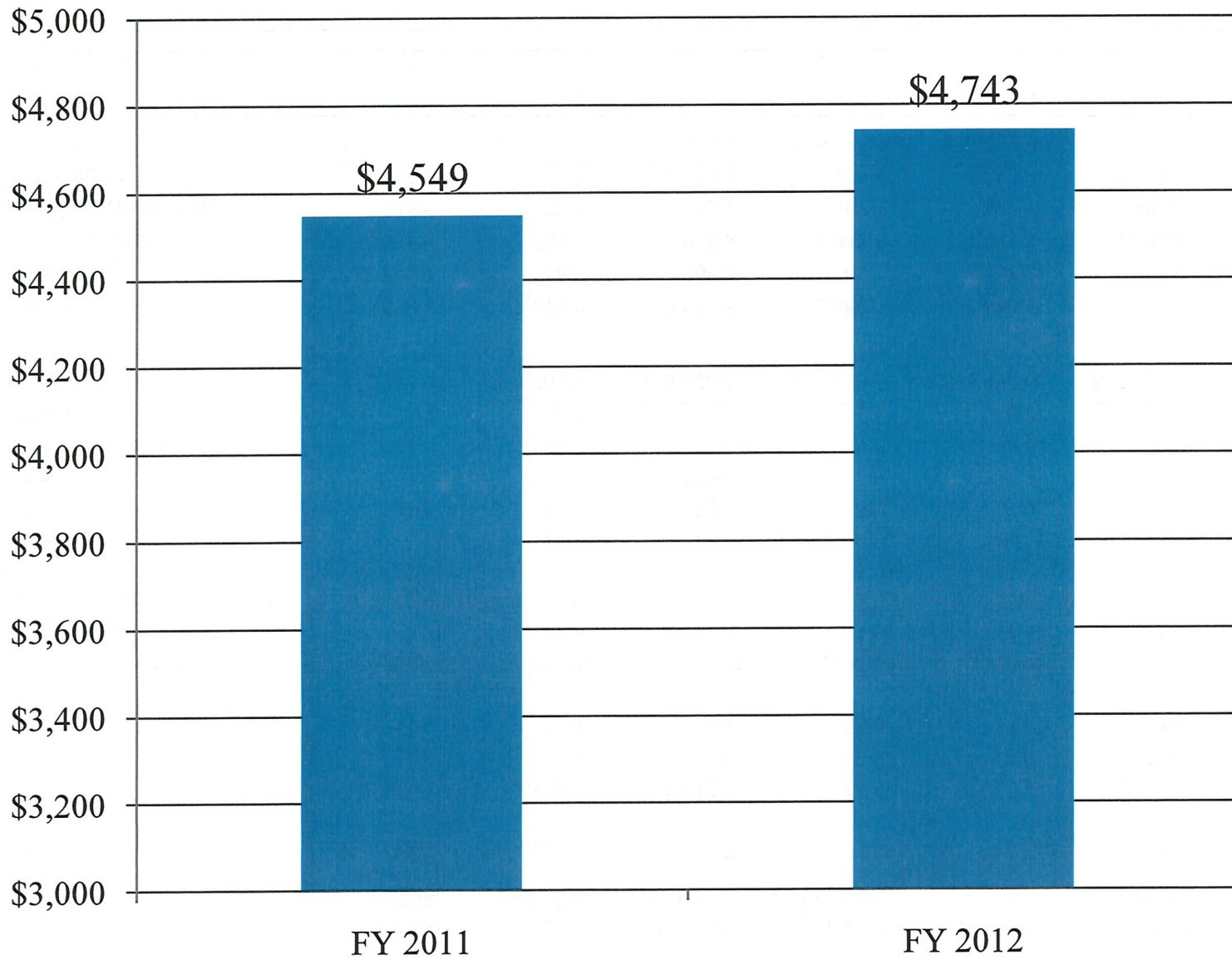
State's Employer Contributions for KPERs have grown 225% since 2002





Source: KPERs Actual 1998-2010 Actuarial Projections of Required Statutory Increase 2011-2033

Total State Spending Per Pupil



1-14

Outlook for the State General Fund Assuming No Structural Reforms

(Dollars in Millions)

| | FY 2010 Actual | FY 2011 Gov. Est. | FY 2012 Gov. Rec. | FY 2013 Projected | FY 2014 Projected | FY 2015 Projected | FY 2016 Projected |
|------------------------------------|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Beginning Balance | \$ 49.6 | \$ (27.1) | \$ 35.7 | \$ 7.5 | \$ (74.5) | \$ (373.4) | \$ (532.5) |
| Revenues | | | | | | | |
| Taxes | 4,985.9 | 5,598.5 | 5,835.7 | 6,036.5 | 5,923.3 | 6,171.4 | 6,459.6 |
| Interest | 24.6 | 17.4 | 11.8 | 13.0 | 16.0 | 20.0 | 25.0 |
| Agency Earnings | 53.4 | 56.3 | 56.8 | 58.0 | 59.0 | 60.0 | 63.0 |
| Transfers: | | | | | | | |
| School Capital Improvement Aid | (87.7) | (97.2) | (100.0) | (105.0) | (110.0) | (115.0) | (120.0) |
| Regents Faculty of Distinction | (2.9) | (1.6) | (1.6) | (1.6) | (1.6) | (1.6) | (1.6) |
| Regents Research Corp Debt Service | (4.9) | (9.9) | (5.9) | (1.0) | (0.2) | -- | -- |
| Biosciences Initiative | (35.0) | (35.0) | (35.0) | (35.0) | (35.0) | (35.0) | (35.0) |
| Business Incentives | (3.7) | (7.3) | (8.7) | (9.0) | (11.0) | (13.0) | (13.0) |
| Highway Patrol | 36.0 | 36.0 | 32.7 | 35.0 | 37.0 | 38.0 | 38.0 |
| Highway Fund | 143.3 | 149.3 | 200.0 | -- | -- | -- | -- |
| State-Owned Casino Revenue** | 29.5 | 33.2 | 18.0 | 74.3 | 75.8 | 77.3 | 80.0 |
| All Other Transfers | <u>52.7</u> | <u>50.1</u> | <u>41.0</u> | <u>30.8</u> | <u>30.8</u> | <u>26.8</u> | <u>26.8</u> |
| Total Available | \$ 5,240.9 | \$ 5,762.7 | \$ 6,080.4 | \$ 6,103.5 | \$ 5,909.6 | \$ 5,855.4 | \$ 5,990.2 |
| Expenditures | | | | | | | |
| Aid to K-12 Schools | 2,698.8 | 2,671.9 | 2,680.5 | 2,680.5 | 2,680.5 | 2,680.5 | 2,680.5 |
| Higher Education | 743.7 | 756.7 | 768.2 | 768.2 | 768.2 | 768.2 | 768.2 |
| Human Services Caseloads | 655.9 | 759.6 | 998.8 | 1,048.8 | 1,098.8 | 1,148.8 | 1,198.8 |
| KPERS State/School (Employer)* | 226.5 | 373.7 | 362.1 | 402.1 | 442.1 | 482.1 | 522.1 |
| All Other Expenditures | <u>943.2</u> | <u>1,165.2</u> | <u>1,263.4</u> | <u>1,278.4</u> | <u>1,293.4</u> | <u>1,308.4</u> | <u>1,323.4</u> |
| Total Expenditures | \$ 5,268.0 | \$ 5,727.1 | \$ 6,072.9 | \$ 6,177.9 | \$ 6,282.9 | \$ 6,387.9 | \$ 6,492.9 |
| Ending Balance | (\$27.1) | \$ 35.7 | \$ 7.5 | (\$74.5) | (\$373.4) | (\$532.5) | (\$502.7) |
| As Percentage of Expenditures | (0.5%) | 0.6% | 0.1% | (1.2%) | (5.9%) | (8.3%) | (7.7%) |

Totals may not add because of rounding.

*Employer contributions to KPERS for state employees are estimated from the SGF.

Out-year revenue assumptions: sales tax increase reverts to Highway Fund, effective FY 2014.

Out-year expenditure assumptions: Medicaid caseloads increase \$50 M each year; KPERS contribution increases \$40 M each year; and "all other" categories increase \$15 M each year to cover future inmate populations, tapped out fee funds, etc.

**Casino revenue, by statute, is deposited in the ELARF for specified purposes, rather than be transferred to the SGF.