



March 13, 2019

OVERVIEW OF HB 2122 – GOVERNOR'S RECOMMENDATION FOR FY 2020

The Governor's recommendation totals \$18.5 billion from all funding sources, with \$7.6 billion financed from the State General Fund. The recommendation increases total expenditures by \$1.2 billion, including \$440.2 million from the State General Fund, above the FY 2019 revised estimate. The recommendation includes the State's new estimates of expenditures for state aid to K-12 schools of \$198.6 million in State Foundation Aid, which increases the Base Aid for Student Excellence (BASE) from \$4,165 per pupil to \$4,436. The recommendation also increases Kansas Public Employees Retirement System (KPERs)-School contributions by \$284.2 million to bring the State back to the FY 2020 statutory level after the \$194.0 million KPERs delay in FY 2019. This increase is largely offset by the recommendation to reamortize KPERs for FY 2020, which decreases \$160.1 million from all funds. The recommendation includes additional State General Fund adjustments for:

- **State employees 2.5 percent pay increase**
 - Excludes Judicial Branch and legislators \$22.3M
- **Judicial Branch pay plan**
 - Judges 21.3% \$7.9M
 - Non-judges 2.4% to 18.6% \$10.3M
- **Kansas Department of Health and Environment**
 - Provide 313.00 FTE positions for the KanCare clearinghouse \$4.9M
 - Children's Health Insurance \$12.4M
 - Medicaid expansion \$14.2M
- **Kansas Department on Aging and Disability Services**
 - State hospital revenue shortfall \$5.8M
- **Department for Children and Families**
 - 55.00 FTE positions and other initiatives \$13.2M
- **Regents institutions**
 - Restore Regents allotments \$8.9M

- Restore KSU global food systems research \$4.0M
- **Department of Corrections and correctional facilities**
 - Medical contract \$2.6M
 - Reduced shrinkage / hiring \$3.0M
 - Sentencing Commission - HB 2458 \$1.2M
- **Human services caseloads** \$(20.0)M

While not included in this appropriation bill, the Governor's recommendation also includes:

- KPERS-School increase to the FY 2020 statutory level \$284.2M
- K-12 Supreme Court remedy \$104.5M
- School finance caseload (current law) \$89.3M
- SGF to replace State Highway Fund to schools \$45.0M
- KPERS amortization \$(145.3)M

The Governor's recommendations for FY 2020 would result in an ending balance of \$686.0 million at the end of FY 2020. Recommended receipts for FY 2020 are equal to the consensus revenue estimates with the exception of certain transfers, adjustments, and revenue proposals recommended by the Governor, which increase projections by \$302.9 million for FY 2020.

Some of the Governor's proposed revenue adjustments include the following changes:

- Use additional State General Fund tax receipt revenue to repay the Pooled Money Investment Board (PMIB) loan in FY 2019, eliminating transfers in future fiscal years;
- Transfer \$238.0 million from the State Highway Fund to the State General Fund in FY 2020; and
- Transfer \$21.4 million from appropriated special revenue funds, including \$17.9 million from the Economic Development Initiatives Fund, \$2.2 million from the Expanded Lottery Act Revenues Fund, and \$1.3 million from the State Water Plan Fund. In addition, reduce the statutory transfer from the State General Fund to the State Water Plan Fund by \$2.3 million.