



The State of Kansas Budget

Elaine Frisbie, VP for Finance & Administration

April 5, 2018

★ LEADING HIGHER EDUCATION ★

ATTAINMENT

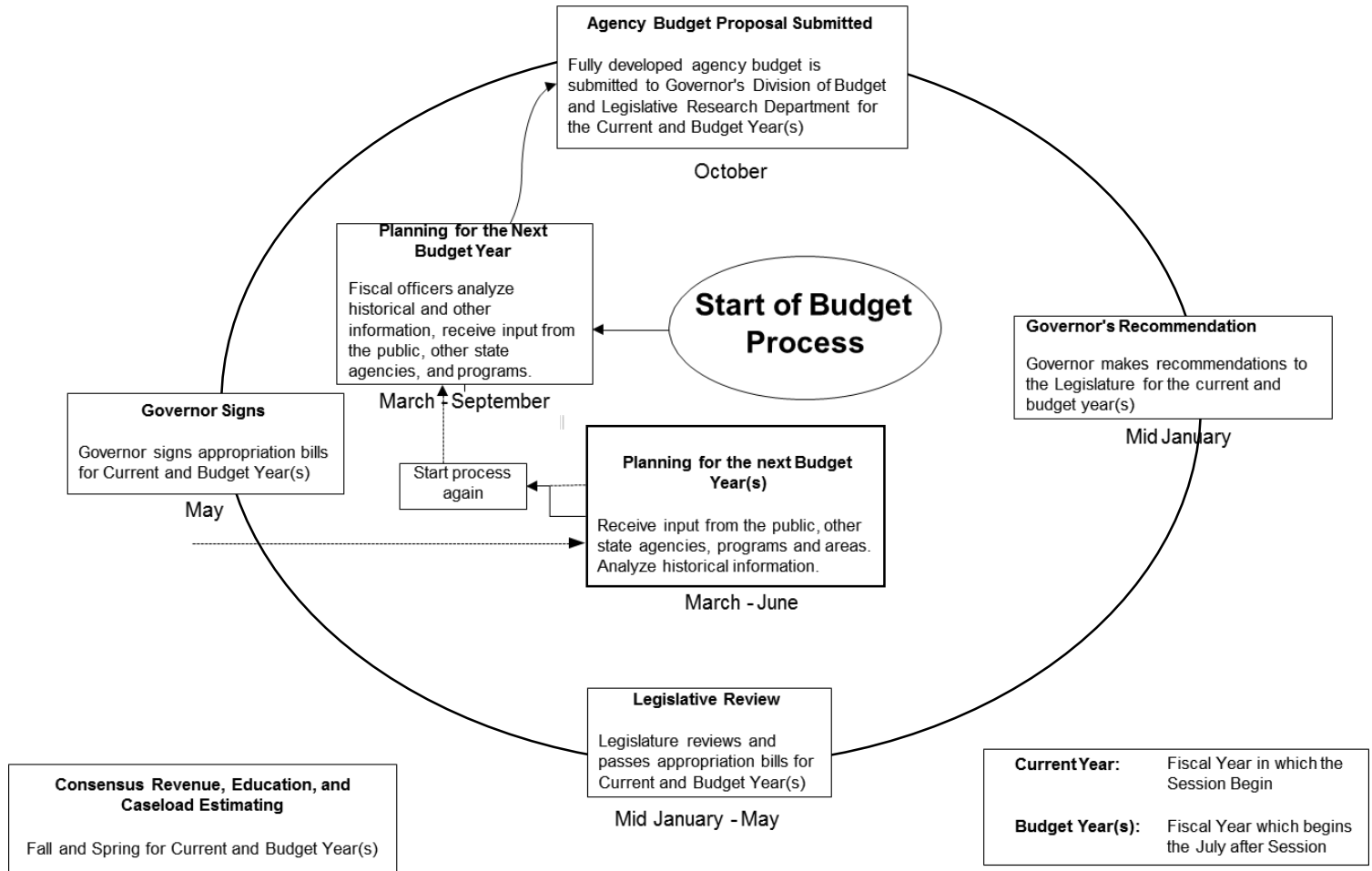
ALIGNMENT

EXCELLENCE

State of Kansas Budget

- ★ The Governor makes recommendations on agency budgets, but it is up to the Legislature to appropriate funds to state agencies
 - ★ We are in the middle of the FY 2018-2019 biennium
- ★ State Fiscal Year = July 1 to June 30
- ★ The 2018 Legislature is considering adjustments to the FY 2018 and FY 2019 budgets
- ★ The 2019 Legislature will adjust FY 2019 again and appropriate a budget for FY 2020 and FY 2021

State Budget Process



State General Fund

- ★ Budget discussion focuses on the State General Fund
- ★ The 2015 Legislature increased state sales tax rate from 6.15% to 6.5% to address the budget shortfall (and made other smaller tax changes)
- ★ The 2016 election ushered in 54 new legislators (Kansas has 165), many of whom campaigned to increase funding for K-12 schools
 - ★ The 2017 Legislature reversed some of the earlier tax changes > \$600 M estimated annual tax revenues
 - ★ Yet the SGF budget still relies on borrowing from other state funds to balance
- ★ Moody's revised Kansas' outlook from negative to stable June 2017

K-12 School Finance

- ★ Supreme Court issued its most recent decision in the *Gannon* K-12 school finance case on October 2
- ★ The Legislature’s school finance formula made some positive movement, but it fails to meet the minimum standards for providing an adequate education for students
- ★ **Adequacy**
 - ★ The Court was especially troubled by the state’s argument it would need 2 ½ or 3 years to see how the new funding levels play out
 - ★ The Court believes the formula relies too heavily on local option budgets for basic education expenses
- ★ **Equity**
 - ★ The Court concluded that wealth-based disparities are unreasonable and remain in the current formula
- ★ The Court’s “stayed” the issuance of any mandate until June 30, 2018 to allow the Legislature time to fix the issues with the formula.

K-12 School Finance

- ★ Legislative leadership contracted for a cost study in January 2018.
- ★ Dr. Lori Taylor issued her report in mid-March.
- ★ Her report estimated the costs associated with reaching student achievement expectations.
- ★ Her report did **not** estimate the cost of addressing the Court's adequacy concerns.
- ★ Roughly \$2 billion would be phased-in to attain educational goals (95% high school graduation rate) (not adjusting for inflation or accounting for KPERS costs)
- ★ The Legislature is currently debating how much to add and whether to request the voters amend the Kansas Constitution.

State General Fund Outlook

(Dollars in Millions)

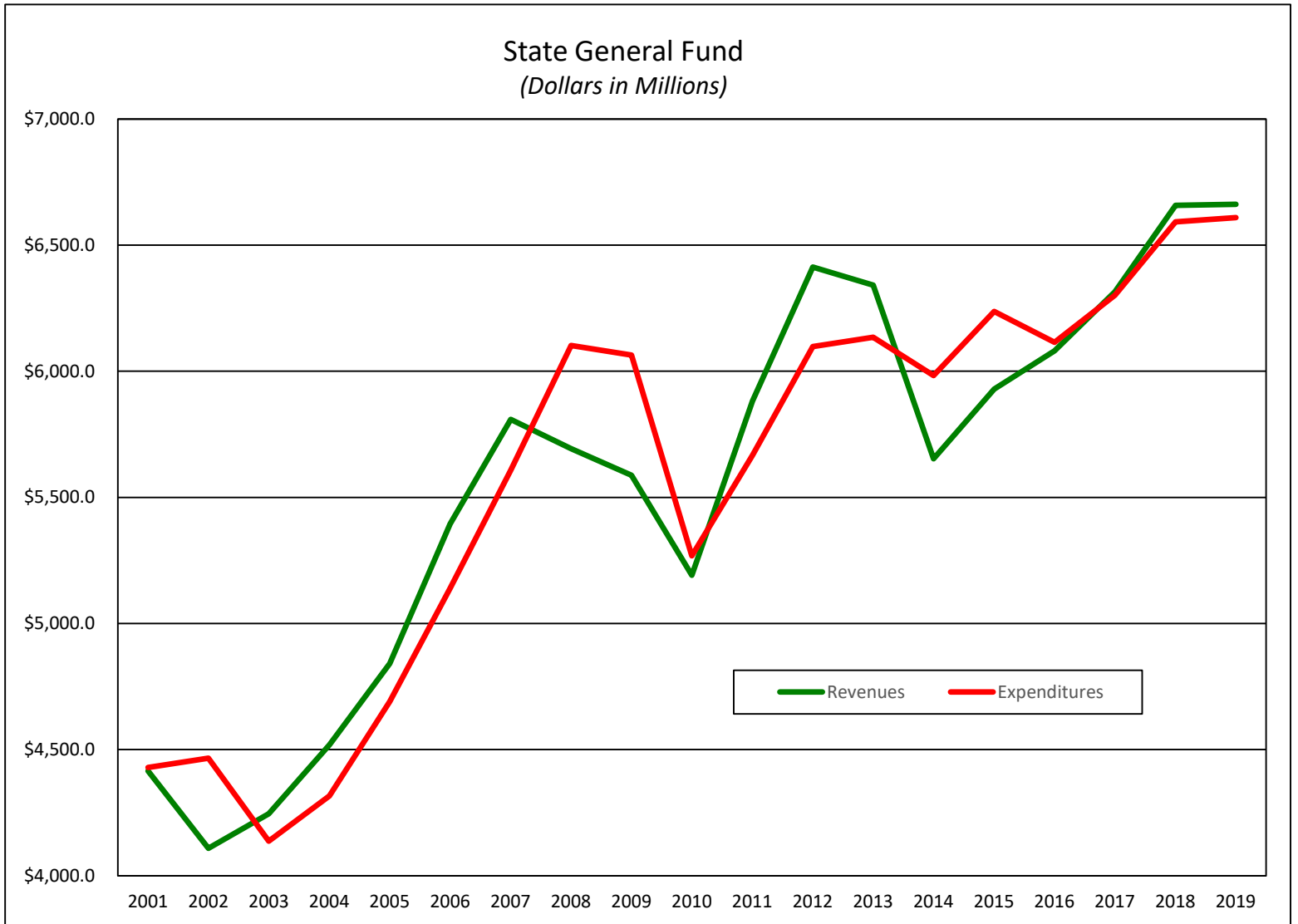
	FY 2016	FY 2017	Gov. Rec.	Gov. Rec.	Elaine's Projections			
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Beginning Balance	\$ 71.5	\$ 37.1	\$ 108.5	\$ 266.6	\$ 150.3	\$ 58.0	\$ 35.0	\$ 82.3
Revenues:								
Tax Revenues	\$ 5,758.3	\$ 5,816.9	\$ 6,487.4	\$ 6,633.2	\$ 6,765.9	\$ 6,901.2	\$ 7,039.2	\$ 7,180.0
Other Revenues	75.8	149.2	63.2	55.1	55.1	55.1	55.1	55.1
Net Transfers	246.6	183.4	145.6	94.3	50.0	50.0	50.0	50.0
PMIB Loan/"Bridge Funding"	--	198.4	118.8	--	--	--	--	--
Total Available	\$ 6,152.2	\$ 6,385.0	\$ 6,923.5	\$ 7,049.2	\$ 7,021.3	\$ 7,064.3	\$ 7,179.3	\$ 7,367.4
Expenditures:								
Postsecondary Education	760.1	758.7	764.6	780.9	780.9	780.9	780.9	780.9
Elementary/Secondary Education	2,996.5	3,084.8	3,385.3	3,470.9	3,470.9	3,470.9	3,470.9	3,470.9
Health/Human Service Caseloads	1,090.9	1,079.8	1,003.7	1,143.6	1,177.9	1,213.2	1,249.6	1,287.1
"Other" Expenditures	1,267.6	1,353.2	1,503.3	1,503.5	1,533.6	1,564.2	1,595.5	1,627.4
Expenditure Total	\$ 6,115.1	\$ 6,276.5	\$ 6,656.9	\$ 6,898.9	\$ 6,963.3	\$ 7,029.3	\$ 7,097.0	\$ 7,166.4
Ending Balance	\$ 37.1	\$ 108.5	\$ 266.6	\$ 150.3	\$ 58.0	\$ 35.0	\$ 82.3	\$ 201.0
As Percentage of Expenditures	0.6%	1.7%	4.0%	2.2%	0.8%	0.5%	1.2%	2.8%

Totals may not add because of rounding.

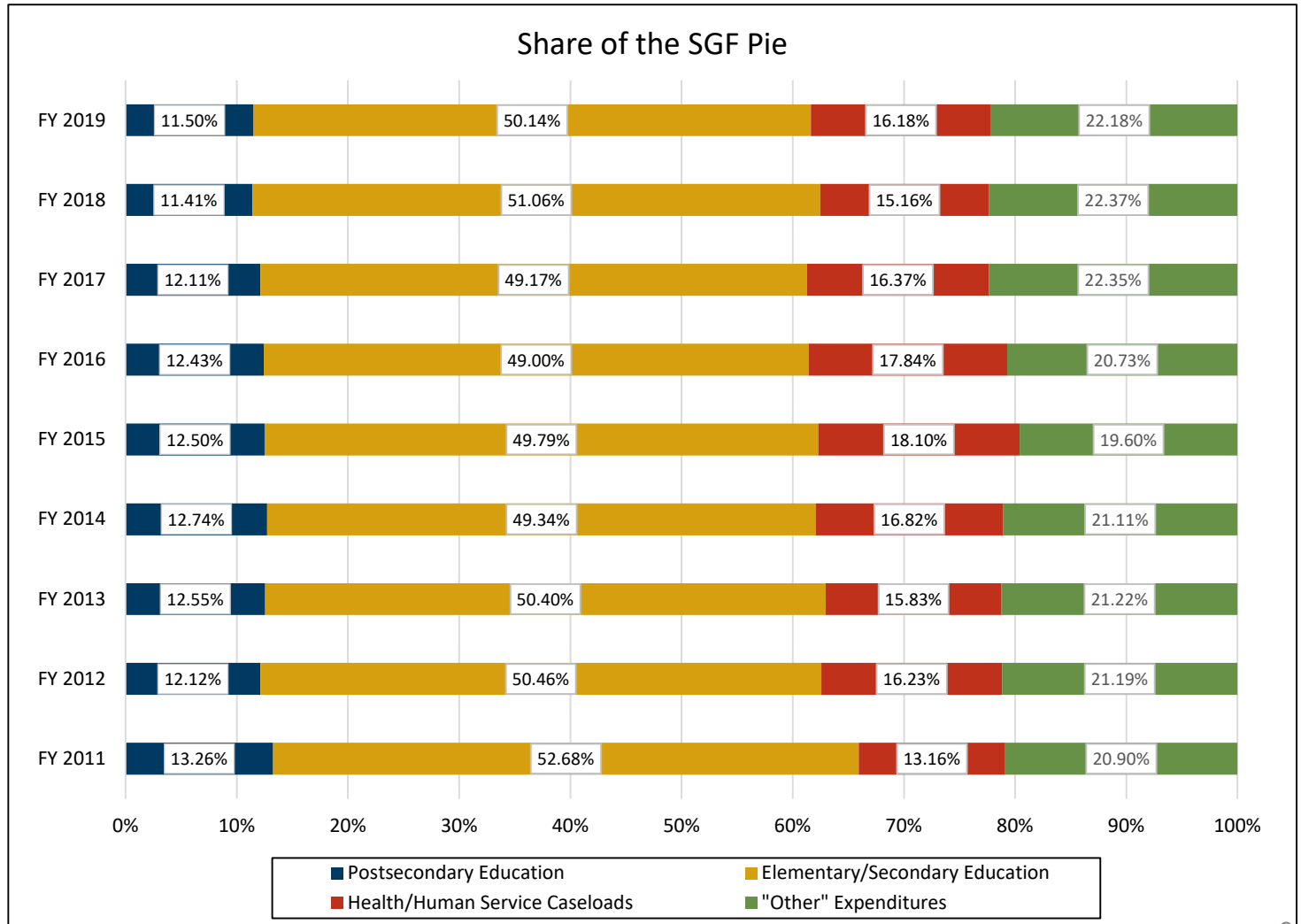
Revenues for FY 2017-2019 reflect the November 2017 Consensus Revenues Estimates with Governor's adjustments.

Expenditures for FY 2017-2019 reflect appropriation bills enacted by 2017 Legislature with the Governor's recommended adjustments.

Elaine's projections: 2% annual growth for tax revenues; 3% for caseloads; 2% for other expenditures. Education flat/no K-12 plan factored in.



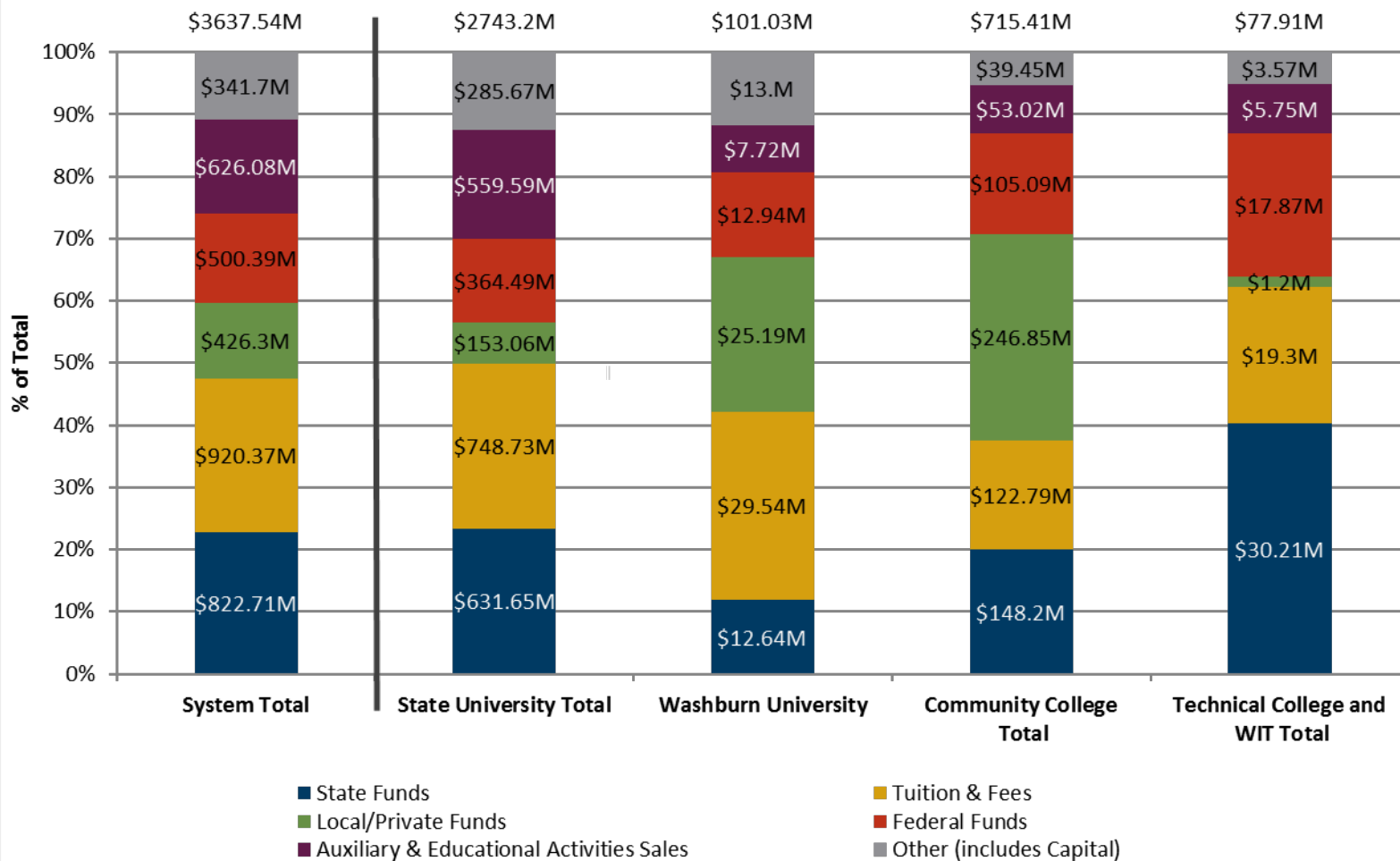
Sharing the State General Fund



Board of Regents' Advocacy

- ★ The Board is focusing its advocacy efforts on full restoration of the FY 2017 allotment (\$24 M)
- ★ The System has other requests that could make a difference in student attainment and our state's economy (Excel in CTE, student financial aid)
- ★ K-12 is consuming legislative attention and SGF resources
- ★ Higher education will also compete with other key state budget issues (staffing of state prisons and mental health hospitals, Medicaid, highway maintenance)

2016 Total Revenue to Public Institutions of Higher Education



Source: IPEDS

Where can I keep up?

- ★ Kansas Legislature: <http://www.kslegislature.org/li>
 - ★ Navigate to “Audio/Video” and “Statehouse Live & Archive” to listen to live committee or floor activity
 - ★ Bills, statutes, committees also available
- ★ Twitter: search #ksleg for up to the minute tweets (sort on latest, but you’ll also find “personal commentary” embedded)
- ★ K-12 issues
 - ★ Follow the Kansas Association of School Boards at <https://kasb.org/>
- ★ State budget
 - ★ <https://budget.Kansas.gov>
- ★ State revenue collections
 - ★ Monthly reports: <https://budget.kansas.gov/estimates/>
- ★ Kansas Board of Regents
 - ★ <https://kansasregents.org/>