



March 3, 2022

BILL EXPLANATION FOR HB 2588 AND HB 2592

HB 2592 and HB 2588 include adjusted funding for fiscal year (FY) 2022 and FY 2023 for state agencies and FY 2022 and FY 2023 capital improvement expenditures for a number of state agencies.

Summary of Changes to Approved FY 2022 expenditures (HB 2592)

The FY 2022 budget approved by the 2021 Legislature totals \$20.7 billion, including \$8.3 billion from the State General Fund (SGF) in FY 2022. The approved budget includes \$193.5 million in SGF reappropriations from FY 2021.

The Governor's recommendation totals \$23.0 billion from all funding sources, with \$9.3 billion financed from the SGF, for FY 2022. The recommendation increases total expenditures by \$1.2 billion, and increases SGF expenditures by \$2.1 billion, above the FY 2021 actual expenditures.

The Governor's recommendation for FY 2022 is an all funds increase of \$2.3 billion, or 11.1 percent, and an SGF increase of \$994.0 million, or 11.9 percent, above the FY 2022 approved budget. The increase is primarily attributable to:

- Adding \$460.0 million, all SGF, for the Residential Tax Rebate;
- Adding \$332.2 million, all SGF, for early debt retirement in the Department of Administration;
- Adding \$20.0 million, all SGF, in the Department of Commerce to expand the Moderate Income Housing Program;
- Adding \$731.9 million, including \$375.4 million SGF, to the Department of Education, including:
 - Adding \$199.5 million, all SGF, to eliminate delayed state aid payments;
 - Adding \$253.9 million, all SGF, to eliminate the Kansas Public Employees Retirement System (KPERs) layering payments, and
 - Adding \$336.5 million, all from federal funds, for Emergency School Relief.

- Adding \$64.9 million, including \$48.5 million SGF, to the Department of Corrections, including:
 - Adding \$18.3 million, all from federal American Rescue Plan Act (ARPA) funds, for the 24/7 pay plan;
 - Adding \$21.1 million, all SGF, to restore Evidence Based Initiatives funding; and
 - Adding \$6.7 million, all SGF, for Pathways to Success.
- Adding \$18.1 million, all SGF, for Highway Patrol Aircraft;
- Deleting \$184.7 million, all from the State Highway Fund, largely related to the delayed construction of State Highway 69; and
- Deleting \$72.5 million, including \$173.2 million SGF, to implement revised human services caseloads estimates, largely related to the extension of the enhanced Federal Medical Assistance Percentage (FMAP) match.

Total State Expenditures for FY 2023 (HB 2588)

Summary of Expenditures from All Funds

The Governor’s recommendation for FY 2023 totals \$22.6 billion, including \$8.9 billion SGF. The FY 2023 recommendation is an all funds decrease of \$405.3 million, or 1.8 percent, and an SGF decrease of \$423.2 million, or 4.5 percent, below the FY 2022 Governor’s recommendation.

Expenditures by Major Purpose

State Operations—Agency operating costs for salaries and wages, contractual services, commodities, debt service interest, and capital outlay. The Governor’s FY 2023 recommendation for state operations is \$6.7 billion, which is an increase of \$84.8 million, or 1.3 percent, above the FY 2022 revised estimate. The increase is primarily attributable to the Department of Commerce grant programs and enhancements (\$197.2 million), state employee pay adjustments (\$145.5 million), Department of Corrections 24/7 pay plan and enhancements (\$16.1 million), partially offset by considerable reductions due to one-time expenditures in FY 2022 and reductions in federal funding.

Local Units of Government—Aid payments to counties, cities, school districts, and other local government entities; may be from state or federal funds. The Governor’s FY 2023 recommendation for aid to local units of government is \$7.1 billion, a decrease of \$207.5 million, or 2.9 percent, below the FY 2022 revised estimate. The reduction is primarily attributable to reduced education state aid (\$195.9 million), and COVID-19 pandemic relief funding in the Kansas Department of Health and Environment (KDHE). The reductions are partially offset by an increase in the Board of Regents student financial assistance (\$80.6 million), and \$13.0 million for the State Treasurer to implement the proposed food sales tax elimination.

Other Assistance, Grants, and Benefits—Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants. The Governor’s FY 2023 recommendation for other assistance, grants, and benefits is \$7.1 billion, which is a decrease of \$128.2 million, or 1.8 percent, below the FY 2022 revised estimate. The decrease is primarily attributable to the resident tax rebate (\$460.0 million), unemployment benefits (\$48.2 million), and Department for Children and Families funding for the Low Income Energy Assistance Program (LIEAP), Water Assistance and Child Care Providers (\$42.0 million). The decreases are partially offset by an increase in KDHE-Health for Medicaid expansion (\$448.7 million).

Capital Improvements—Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expenditure. The Governor’s FY 2023 recommendation for capital improvements is \$1.8 billion, which is a decrease of \$154.4 million, or 8.0 percent, below the FY 2022 revised estimate. The decrease is primarily attributable to accelerated debt retirement in FY 2022.

**EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE
(Dollars in Millions)**

	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
State Operations	\$ 6,094.6	\$ 6,577.4	\$ 482.8	7.9 %	\$ 6,662.2	\$ 84.8	1.3 %
Aid to Local Units	6,706.3	7,276.8	570.5	8.5	7,069.3	(207.5)	(2.9)
Other Assistance	7,803.7	7,233.9	(569.8)	(7.3)	7,105.7	(128.2)	(1.8)
<i>Subtotal - Operations</i>	<i>\$ 20,604.7</i>	<i>\$ 21,088.2</i>	<i>\$ 483.5</i>	<i>2.3 %</i>	<i>\$ 20,837.2</i>	<i>\$ (251.0)</i>	<i>(1.2)%</i>
Capital Improvements	1,215.6	1,921.7	706.1	58.1	1,767.4	(154.3)	(8.0)
TOTAL	\$ 21,820.3	\$ 23,009.9	\$ 1,189.6	5.5 %	\$ 22,604.6	\$ (405.3)	(1.8)%

Note: Totals may not add due to rounding.

Of the total budget recommendation in FY 2022, 28.6 percent is for state operations; 31.6 percent is for state aid to local units of government; 31.4 percent is for other assistance, grants, and benefits; and 8.4 percent is for capital improvements. For FY 2023, 29.5 percent is for state operations; 31.3 percent is for state aid to local units of government; 31.4 percent is for other assistance, grants, and benefits; and 7.8 percent is for capital improvements.

Expenditures by Function of Government

The following table summarize expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include General Government, Human Services, Education, Public Safety, Agriculture and Natural Resources, and Transportation. The Education function is the largest component, with 43.3 percent of the total expenditures in FY 2022 and 43.1 percent of the total expenditures for FY 2023. The two largest functions of government—Education and Human Services—comprise 75.9 percent of the recommended expenditures in FY 2022 and 77.3 percent for FY 2023. The Governor’s proposals to adjust KPERs for public safety personnel and increase state employee pay by 5.0 percent are included in the Other category, as they impact all functions of government.

**EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT
(Dollars in Millions)**

Purpose	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
General Government	\$ 1,852.9	\$ 2,207.5	\$ 354.6	19.1 %	\$ 1,732.2	\$ (475.3)	(21.5)%
Human Services	8,242.5	7,490.8	(751.7)	(9.1)	7,748.3	257.5	3.4
Education	8,789.9	9,974.7	1,184.8	13.5	9,733.5	(241.2)	(2.4)
Public Safety	763.2	884.5	121.3	15.9	843.5	(41.0)	(4.6)
Agriculture & Nat. Res.	374.2	374.7	0.5	0.1	350.3	(24.4)	(6.5)
Transportation	1,797.6	2,077.8	280.2	15.6	2,041.3	(36.5)	(1.8)
Other	-	-	-	--	155.5	155.5	100.0
TOTAL	\$ 21,820.3	\$ 23,009.9	\$ 1,189.6	5.5 %	\$ 22,604.6	\$ (405.3)	(1.8)%

Note: Totals may not add due to rounding.

Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following table summarizes total state expenditures. The table separates the plan for financing into operating purposes and capital improvements. The SGF operating amount shown in the table for FY 2022 is based on current resources of the fund. The net increase in SGF operating expenditures from FY 2021 to FY 2022 is \$1.7 billion, or 24.2 percent, and from FY 2022 to FY 2023, the change is a decrease of \$339.7 million, or 3.8 percent. The Governor's recommendations do, however, include both increases and decreases for individual agencies.

**SUMMARY OF THE PLAN FOR FINANCING STATE EXPENDITURES
(Dollars in Millions)**

	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
Operating Expenditures:							
State General Fund	\$ 7,215.3	\$ 8,963.3	\$ 1,748.0	24.2 %	\$ 8,623.6	\$ (339.7)	(3.8)%
All Other Funds	13,389.4	12,124.8	(1,264.6)	(9.4)	12,213.6	88.8	0.7
<i>Subtotal</i>	<i>\$ 20,604.7</i>	<i>\$ 21,088.1</i>	<i>\$ 483.4</i>	<i>2.3 %</i>	<i>\$ 20,837.2</i>	<i>\$ (250.9)</i>	<i>(1.2)%</i>
Capital Improvements:							
State General Fund	\$ 52.5	367.3	\$ 314.8	599.6 %	\$ 283.9	\$ (83.4)	(22.7)%
All Other Funds	1,163.1	1,554.4	391.3	33.6	1,483.5	(70.9)	(4.6)
<i>Subtotal</i>	<i>\$ 1,215.6</i>	<i>\$ 1,921.7</i>	<i>\$ 706.1</i>	<i>58.1 %</i>	<i>\$ 1,767.4</i>	<i>\$ (154.3)</i>	<i>(8.0)%</i>
TOTAL	\$ 21,820.3	\$ 23,009.9	\$ 1,189.6	5.5 %	\$ 22,604.6	\$ (405.3)	(1.8)%

Note: Totals may not add due to rounding.

The SGF, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The SGF finances 40.6 percent of estimated FY 2022 expenditures. For FY 2023, the SGF finances 39.4 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report (Volume 1)* summarizes actual and estimated receipts of federal funds. Estimated FY 2022 receipts are \$7.3 billion, which is an increase of \$1.9 billion, or 35.8 percent, above FY 2021 actual receipts. The FY 2023 estimate of \$5.8 billion is \$1.4 billion, or 19.7 percent, below FY 2022 estimated receipts. The increase in

FY 2022 is primarily attributable to human services caseloads in KDHE-Health. The decrease in federal receipts for FY 2023 is attributable to COVID-19 pandemic relief funds in the Adjutant General's Department and KDHE-Environment.

Federal receipts for FY 2022 and FY 2023 are dependent on future actions of the federal government. Past experience indicates the final outcome of those actions will not be known prior to adjournment of the 2022 Legislature.

Expenditures for State Operations

Expenditures for state operations (*i.e.*, for purposes other than local aid, other assistance, and capital improvements) comprise 28.6 percent of total recommended expenditures in FY 2022 and 29.5 percent for FY 2023. The following table divides state operations expenditures into the following components: salaries and wages; contractual services (*e.g.*, communications, rent, and travel); commodities (*e.g.*, food, supplies, and stationery); capital outlay (*e.g.*, equipment and furniture, but not building and highway construction projects); and debt service interest payments.

SUMMARY OF EXPENDITURES FROM ALL FUNDS STATE OPERATIONS BY MAJOR COMPONENT (Dollars in Millions)

Function	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
Salaries and Wages	\$ 3,063.1	\$ 3,285.7	\$ 222.6	7.3 %	\$ 3,493.3	\$ 207.6	6.3 %
Contractual Services	2,327.1	2,551.6	224.5	9.6	2,562.6	11.0	0.4
Commodities	271.4	277.3	5.9	2.2	239.6	(37.7)	(13.6)
Capital Outlay	217.5	240.2	22.7	10.4	184.0	(56.2)	(23.4)
Debt Service Interest	215.5	222.6	7.1	3.3	182.7	(39.9)	(17.9)
TOTAL	\$ 6,094.6	\$ 6,577.4	\$ 482.8	7.9 %	\$ 6,662.2	\$ 84.8	1.3 %

Note: Totals may not add due to rounding.

Salaries and wages expenditures, including fringe benefits, comprise 49.9 percent of the recommended state operations budget in FY 2022, and salaries and wages expenditures comprise 52.4 percent of the state operations budget for FY 2023.

The Governor's budget includes additional resources for a general, broad-based salary increase for FY 2023. The Governor's recommendation for FY 2023 appropriates \$145.5 million, including \$56.8 million SGF, for a 5.0 percent state employee base pay adjustment. The plan would increase salaries for classified and unclassified employees in the Executive Branch, Legislative Branch, and Judicial Branch. Legislative and elected officials, teachers at the Schools for the Blind and Deaf, and Kansas Highway Patrol Troopers would be excluded from this salary adjustment. The funds would be appropriated to and certified for distribution by the State Finance Council if approved.

In addition to the 5.0 percent base pay adjustment, the recommendation includes \$56.0 million, all SGF, to extend the salary adjustments for 24/7 facilities where staffing shortages due to the COVID-19 pandemic have necessitated temporary pay increases.

In FY 2022 and for FY 2023, the Governor recommends funding longevity bonus payments for eligible state employees at the statutory rate of \$40 per year of service, with a 10-year minimum (\$400) and a 25-year maximum (\$1,000). Classified employees hired after June 15, 2008, are not eligible for longevity bonus payments. The estimated cost for FY 2023 is \$2.9 million, including \$1.1 million SGF.

The Governor's proposed salary expenditures in agency budgets are based on fringe benefit rates established by law or certified by agencies to the Division of the Budget for the budget instructions, which are used by agencies to prepare their budgets.

GOVERNOR 'S FY 2023 STATE EMPLOYEE SALARY ADJUSTMENTS

	Dollars in Millions	
	State General Fund	All Funds
5.0 Percent Base Pay Increase	\$ 56.8	\$ 145.5
24/7 Pay Plan	56.0	56.0
Office of Administrative Hearings (\$51,166)	-	0.1
Board of Indigents ' Defense Services	4.0	4.0
Government Ethics Commission (\$48,423)	-	-
Kansas Department of Transportation (Maintenance Division, ED 20-539)	-	2.83
Kansas Department of Labor (CS Representatives, Adjudicators)	0.4	0.4
State Hospitals - Direct Care Staff	7.0	7.0
Department for Children and Families - Protection Specialists	3.6	3.7
School for the Deaf - Dorm and Paraprofessional staff (\$112,820)	0.1	0.1
Schools for the Blind and Deaf (Statutory Adjustment)	0.2	0.2
Lansing and Winfield Correctional Facility - Substance Abuse Treatment	9.6	9.6
State Fire Marshal (\$249,730)	-	0.4
Kansas Highway Patrol - Career Progression Plan	-	3.6
Sentencing Commission (\$91,082)	-	0.1
TOTAL	\$ 137.7	\$ 233.5

Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are affected by policy recommendations that change the size of the State's workforce. The FY 2022 Governor's budget recommendations include 41,367.6 FTE positions, which is an increase of 639.4 FTE positions above the FY 2021 actual FTE position number. For FY 2023, the Governor recommends 41,721.9 FTE positions, which is an increase of 354.3 FTE positions above the FY 2022 recommendation. The FY 2022 increase is due to vacant FTE positions not being counted in the FY 2021 actuals.

The FY 2023 increase from the FY 2022 revised estimate is primarily attributable the addition of 104.1 FTE positions at Winfield and Lansing Correctional Facilities related to assisted living needs and substance abuse treatment, 62.0 FTE position in the Judicial Branch, 26.0 FTE positions in the Department of Labor, 58.0 FTE positions at Wichita State University, and 65.0 FTE positions at the state hospitals.

Program or Agency Components of FY 2023 All Funds Budget

To this point, this overview has dealt primarily with measuring year-to-year changes proposed in *The Governor's Budget Report*. The following tables pertain to FY 2023 only and measure major program or agency expenditures in dollar terms and as a percent of the total budget. The budgets of the Department of Education, the Board of Regents and the Regents institutions, KDHE-Health, the Department for Aging and Disability Services and the state hospitals, and the Kansas Department of Transportation account for 80.8 percent of total spending for FY 2023.

Governor's Recommended Expenditures from All Funds, FY 2023 By Agency or Program

	Amount (Thousands)	Percent of total	Cumulative Percent	Percent Change from FY 2022
Department of Education	\$ 6,350,664.5	28.1 %	28.1 %	(2.7) %
Department of Health and Environment –Health	3,982,796.8	17.6	45.7	10.7
Board of Regents and Institutions	3,348,581.3	14.8	60.5	(1.8)
Department for Aging and Disability Services and State Hospitals	2,548,745.0	11.3	71.8	3.4
Department of Transportation	2,041,300.1	9.0	80.8	(1.8)
Department for Children and Families	972,544.4	4.3	85.1	(12.1)
Department of Corrections and Facilities	518,869.8	2.3	87.4	(3.0)
Kansas Lottery	376,233.6	1.7	89.1	0.2
Department of Commerce	339,568.5	1.5	90.6	149.3
Department of Administration	290,604.0	1.3	91.9	(71.2)
Department of Labor	217,276.0	1.0	92.8	(25.5)
Department of Health and Environment - Environment	178,145.9	0.8	93.6	(11.6)
Judicial Branch	177,650.2	0.8	94.4	7.3
Adjutant General	157,376.3	0.7	95.1	(6.5)
Highway Patrol and KBI	147,067.5	0.7	95.8	(9.0)
Department of Revenue	108,591.9	0.5	96.2	0.7
Department of Wildlife and Parks	97,779.1	0.4	96.7	3.0
Insurance Department and Health Care Stabilization Fund	74,108.8	0.3	97.0	(0.1)
Kansas Public Employee Retirement System (KPERs)	67,680.4	0.3	97.3	7.2
Office of the Governor	56,216.2	0.2	97.6	12.1
Department of Agriculture	54,284.0	0.2	97.8	(1.5)
Board of Indigents ' Defense Services	46,333.4	0.2	98.0	18.5
State Treasurer	45,527.2	0.2	98.2	41.4
Legislative Branch	36,196.1	0.2	98.4	(4.0)
Attorney General	26,908.8	0.1	98.5	(13.8)
State Employee Pay	145,539.1	0.6	99.1	100.0
All Other	198,041.4	0.9	100.0	1.1
TOTAL	\$ 22,604,630.3	100.0 %		(1.8) %

Note: Each agency's expenditures include state and federal aid, if any, to local units of government.

**Change in Expenditures from All Funds
FY 2022 to FY 2023
Governor 's Recommendation**

	Amount (Thousands)	Comments concerning Major Adjustments
Total Increase		
KDHE Health	\$ 384,997.4	Medicaid Expansion
Department of Commerce	203,337.4	Regents grant programs
State Employee Pay	145,539.1	
Aging and Disability Services	79,003.2	Medicaid Caseloads
State Treasurer	13,320.7	
Judicial Branch	12,152.3	Surcharge, Judges Salaries, New staff
KP&F KPERs Conversion	10,000.0	
Highway Patrol	(13,189.9)	FY 2022 Aircraft Purchase
Corrections and Facilities	(15,821.6)	
KDHE - Environment	(23,277.5)	
Department of Transportation	(36,524.2)	
Regents and Institutions	(61,527.8)	FY 2022 Capital Improvements and Enhancements
Department of Labor	(74,540.6)	
Department for Children and Families	(133,735.6)	LIEAP, Child Care Provider Grants
Department of Education	(176,965.7)	State Aid and KPERs layering payments
Department of Administration	(718,762.4)	Tax Rebate, FY 2022 Debt Payments
All Other	692.7	
TOTAL	\$ (405,302.7)	

Note: Totals may not add due to rounding.

EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

Program and Agency Components of the FY 2023 State General Fund Budget

The following table provides an overview of the program or agency components of the Governor's recommended FY 2023 expenditures from the SGF. The Education function of government accounts for 58.8 percent of all SGF expenditures for FY 2023.

State General Fund Expenditures by Program or Agency Governor's Recommendations for FY 2023

	Amount (Thousands)	Percent of Total	Cumulative Percent	Increase over FY 2022	
				Amount (Thousands)	Percent
Education					
Department of Education	\$ 4,209,268	47.3 %	47.3 %	\$ (358,484)	(8.5)%
Bd. of Regents/Institutions	1,003,093	11.3	58.5	97,993	9.8
Other Education*	24,432	0.3	58.8	728	3.0
<i>Subtotal - Education</i>	<u>\$ 5,236,793</u>	<u>58.8 %</u>	<u>58.8 %</u>	<u>\$ (259,763)</u>	<u>(5.0)%</u>
KDADS and Hospitals	\$ 1,105,429	12.4 %	71.2 %	\$ 155,391	14.1 %
KDHE - Health	743,146	8.3	79.5	(7,452)	(1.0)
Dept. of Corrections/Facilities	478,576	5.4	84.9	22,931	4.8
Dept. for Children and Families	367,347	4.1	89.0	19,293	5.3
All Other	283,174	3.2	92.2	216,823	76.6
Department of Administration	250,425	2.8	95.0	(697,396)	(278.5)
Judicial Branch	148,297	1.7	96.7	10,298	6.9
State Employee Pay	56,801	0.6	97.3	56,801	100.0
Adjutant General	52,295	0.6	97.9	38,776	74.1
Board of Indigents ' Defense Services	45,727	0.5	98.4	7,237	15.8
Legislative Branch	36,196	0.4	98.8	(1,501)	(4.1)
Kansas Bureau of Investigation	28,759	0.3	99.2	679	2.4
Department of Revenue	15,326	0.2	99.3	239	1.6
Commission on Veterans Affairs	10,443	0.1	99.5	3,924	37.6
Department of Agriculture	10,128	0.1	99.6	1,134	11.2
KPERS Policy Change	10,000	0.1	99.7	10,000	100.0
Sentencing Commission	9,872	0.1	99.8	90	0.9
Office of the Governor	8,209	0.1	99.9	(323)	(3.9)
Attorney General	6,317	0.1	100.0	(353)	(5.6)
Information Technology Services	4,250	--	100.0	-	--
TOTAL	<u><u>\$ 8,907,512</u></u>	<u><u>100.0 %</u></u>		<u><u>\$ (423,174)</u></u>	<u><u>(4.8)%</u></u>

(Note: Totals may not add due to rounding.)

State General Fund Expenditures by Function of Government

The next table summarizes SGF expenditures by function of government. The Education function accounts for the largest portion of the SGF budget (58.9 percent in FY 2022 and 58.8 percent for FY 2023). Two functions—Education and Human Services—account for 81.1 percent of all SGF expenditures in FY 2022 and 83.8 percent for FY 2023.

**STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT**

**Governor's Recommendation
(Dollars in Millions)**

Function	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
General Government	\$ 359.9	\$ 1,225.4	\$ 865.5	240.5 %	\$ 722.3	\$ (503.1)	(41.1)%
Human Services	1,678.2	2,067.7	389.5	23.2	2,231.7	164.0	7.9
Education	4,779.4	5,496.6	717.2	15.0	5,236.8	(259.8)	(4.7)
Public Safety	432.8	525.1	92.3	21.3	569.5	44.4	8.5
Agriculture/Natural Resources	17.5	15.9	(1.6)	(9.1)	80.5	64.6	406.3
Transportation	-	-	-	--	-	--	--
Other	-	-	-	--	66.8	66.8	100.0
TOTAL	\$ 7,267.8	\$ 9,330.7	\$ 2,062.9	28.4 %	\$ 8,907.5	\$ (423.2)	(4.5)%

Note: Totals may not add due to rounding.

Expenditures by Major Purpose

Approximately \$4.9 billion (52.5 percent) of recommended FY 2022 expenditures from the SGF is paid to local units of government; 23.5 percent is for other assistance, grants, and benefits expenditures; 20.0 percent represents the costs of state operations; and 3.9 percent is for capital improvements.

Approximately \$4.6 billion (51.9 percent) of recommended FY 2023 expenditures from the SGF is paid to local units of government; 20.5 percent is for other assistance, grants, and benefits expenditures; 24.4 percent represents the costs of state operations; and 3.2 percent is for capital improvements.

The following table reflects expenditures for the SGF by major purpose.

**STATE GENERAL FUND EXPENDITURES
BY MAJOR PURPOSE
(Dollars in Millions)**

	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
State Operations	\$ 1,638.1	\$ 1,869.7	\$ 231.6	14.1 %	\$ 2,177.9	\$ 308.2	16.5 %
Aid to Local Units	4,189.0	4,897.0	708.0	16.9	4,621.0	(276.0)	(5.6)
Other Assistance	1,388.2	2,196.5	808.3	58.2	1,824.8	(371.7)	(16.9)
<i>Subtotal - Operations</i>	<i>\$ 7,215.3</i>	<i>\$ 8,963.3</i>	<i>\$ 1,748.0</i>	<i>24.2 %</i>	<i>\$ 8,623.6</i>	<i>\$ (339.7)</i>	<i>(3.8)%</i>
Capital Improvements	52.5	367.3	314.8	599.6	283.9	(83.4)	(22.7)
TOTAL	\$ 7,267.8	\$ 9,330.7	\$ 2,062.9	28.4 %	\$ 8,907.5	\$ (423.2)	(4.5)%

Note: Totals may not add due to rounding.

**STATE GENERAL FUND FOR STATE OPERATIONS
BY FUNCTION OF GOVERNMENT
(Dollars in Millions)**

Function	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 2021	FY 2022	\$	%	FY 2023	\$	%
General Government	\$ 302.8	\$ 376.6	\$ 73.8	24.4 %	\$ 558.9	\$ 182.3	48.4 %
Human Services	301.1	371.6	70.5	23.4	422.3	50.7	13.6
Education	641.9	669.5	27.6	4.3	662.3	(7.2)	(1.1)
Public Safety	376.4	436.1	59.7	15.9	452.0	15.9	3.6
Agriculture/Natural Resources	15.9	15.9	-	0.0	15.5	(0.4)	(2.5)
Transportation	-	-	-	--	-	-	--
All Other	-	-	-	--	66.8	66.8	100.0
TOTAL	\$ 1,638.1	\$ 1,869.7	\$ 231.6	14.1 %	\$ 2,177.8	\$ 308.1	16.5 %

Note: Totals may not add due to rounding.

**Increase in State General Fund expenditures
Governor's Recommendation
FY 2022 - FY 2023**

	<u>Amount (Thousands)</u>	<u>Percent of Total Increase</u>
Commerce - Community and Business Development	\$ 178,541	42.2 %
KDADS - Medicaid Caseloads and Waivers	139,725	33.0
Regents - MOE	112,373	26.6
KDHE - State Laboratory	64,893	15.3
State Employee Pay Increase	56,801	13.4
Adjutant General - Armories and State Defense Building	38,776	9.2
KDOC - 24/7 Pay Plan	24,487	5.8
Dept. for Children and Families - Enhancements	19,293	4.6
Judiciary - Surcharge, New Judges and Staff	10,298	2.4
KP&F - KPERs Policy Change	10,000	2.4
Highway Patrol - FY 2022 Aircraft Purchases	(18,100)	(4.3)
Dept. of Education - KPERs Layering, Delayed Payment	(358,484)	(84.7)
Dept. of Administration - Docking, Rebate, Debt Service	(697,396)	(164.8)
All Other Adjustments	(4,380)	(1.0)
TOTAL	\$ (423,174)	

DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local *Ad Valorem* Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (CCRSF), and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these demand transfers to revenue transfers, these funds were no longer considered SGF expenditures and thus, no longer subject to the SGF ending balance law. In FY 2003, the Governor recommended changing the State Water Plan Fund and the School District Capital Improvements Fund to revenue transfers as

well. Since FY 2004, the remaining demand transfers, with the exception of the School District Capital Outlay Fund, are also treated as revenue transfers.

**FY 2023 Demand/Revenue Transfers
from State General Fund to Other State Funds
(Dollars in Thousands)**

	FY 2023		
	No Law Change	Governor 's Proposed	Difference
School District Capital Improvement Fund	\$ (205,000)	\$ (205,000)	\$ -
School District Capital Outlay Fund	(80,900)	(82,000)	(1,100)
Regents Faculty of Distinction	(300)	(300)	-
TOTAL	\$ **	\$ **	\$ **
	Expression is faulty **	Expression is faulty **	Expression is faulty **

Status of the State General Fund

The Governor’s recommendations for FY 2022 and FY 2023 would result in an ending balance of \$1.04 billion at the end of FY 2022 and \$671.2 million at the end of FY 2023. Recommended receipts for FY 2022 and FY 2022 are equal to the consensus revenue estimates with the exception of certain transfers, adjustments, and revenue proposals recommended by the Governor, which decrease projected SGF receipts by \$596.2 million in FY 2022 and \$507.1 million for FY 2023.

The Governor’s proposed revenue adjustments include the following changes:

FY 2022:

- Transferring \$600.0 million SGF to the Budget Stabilization Fund;
- Transferring \$5.0 million SGF to the Job Creation Program Fund; and
- Reducing the transfer to the Adjutant General State Emergency Fund by \$8.6 million SGF.

FY 2023:

- Reducing revenue by \$462.0 million SGF to eliminate the state food sales tax;
- Transferring an additional \$31.5 million SGF to the Job Creation Program Fund;
- Reducing revenue by \$10.0 million SGF to provide tax credits for the Creative Industries;
- Eliminating the transfer from the Securities Act Fee Fund of the Kansas Insurance Department, reducing revenue by \$5.1 million SGF; and
- Adding \$1.5 million in other various SGF adjustments.

**State General Fund Receipts, Expenditures, and Balances
(Dollars in Millions)**

	Actual FY 2021	Gov. Rec. FY 2022	Change	Gov. Rec FY 2023	Change
Beginning Unencumbered Cash	\$ 495.0	\$ 2,094.8	\$ 1,599.8	\$ 1,037.9	\$ (1,056.9)
Receipts	8,865.9	8,870.0	4.1	9,047.9	177.9
Gov. Rec. Adjustments	1.7	(596.2)	(597.9)	(507.1)	89.1
Adjusted Receipts	8,867.6	8,273.8	(593.8)	8,540.8	267.0
Total Resources	\$ 9,362.6	\$ 10,368.6	\$ 1,006.0	\$ 9,578.7	\$ (789.9)
Less: Expenditures	7,267.8	9,330.7	2,062.9	8,907.5	(423.2)
Ending Unencumbered Cash Balance	\$ 2,094.8	\$ 1,037.9	\$ (1,056.9)	\$ 671.2	\$ (366.7)

Ending Balance as a Percentage of Expenditures	28.8 %	11.1 %	7.9 %
Adj. Receipts in Excess of Expenditures	\$ 1,600	\$ (1,057)	\$ (367)

Note: Totals may not add due to rounding.

**Receipts in Excess of Expenditures
Governor's Recommendation – State General Fund
(Dollars in Millions)**

