

DOB Draft SGF Profile with GBR and APEX modeling forecasted through out years

Key Assumptions as of 03/15/2022

Illustrative Only - Does Not Represent Offer to any Firms

Starting point was GBR

Includes impact from Axe the Tax

Includes all other one time expenditures

Holds budget stabilization fund at \$600mil from FY22 and forward

Revenues

Starting point was November CRE

Added YTD beat to forecast (\$237.3mil), as this is one of the few "knowns", rather than an assumption

Grow revenues by 1.8% FY24 and forward, below current revenue growth experience

Expenditures

Starting point was GBR

Added \$53.5mil for recent GBA, including rural housing initiative (one-time) and KBI pay plan

Added back \$14mil due to lapsing SGF in favor of federal funds from SB159 requirements

Growing K-12 at 3.3% in the out years, well above revenue growth (added heavier weight of inflation on the cost side)

Growing Medicaid caseloads at 5.0% in the out years, far exceeding recent growth trends

Growing Expansion population caseload at 3.0%

SGF Relief (Good News) Not Loaded in Profile - Each of These Would Increase the Ending Balance

Have not released the SGF that will be offset with federal dollars for Docking or the Lab (minimum \$92.5mil relief)

Have not released the SGF that will be offset with federal dollars for KDEM or the Hays Armory (up to \$20mil relief)

Have assumed exactly zero increased economic activity from APEX - no hotel stays, no fast food purchases, no new housing, no new dollars spent in the state

APEX Assumptions

Assumed max investment tax credit for firm and suppliers (15%) over shortest timeframe (5 years)

Phased in the capital investment by year, in line with Dept of Commerce expectations

Assumed 7.5% payroll credit for firm and suppliers

Phased in headcount by year, in line with Dept of Commerce expectations

Added 3.2% individual income tax revenue, which was missing from previous profile (was a one legged entry)

Did *not* load any ancillary economic benefits - effectively assumes zero increased sales or building activity

APEX 5 Yr Credit Amortization Scenario - Draft

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Outlook for the State General Fund

(Dollars in Millions)

	FY 2021 Actual	FY 2022 DOB Rec	FY 2023 DOB rec	FY 2024 Estimated	FY 2025 Estimated	FY 2026 Estimated
Beginning Balance	\$ 495.0	\$ 2,094.8	\$ 1,321.9	\$ 803.2	\$ 756.6	\$ 543.2
Prior year released encumbrances	1.7					
Revenues						
Taxes	8,908.6	8,908.9	9,197.3	9,362.9	9,531.4	9,702.9
Variance to CRE Forecast (In Year)		237.3	--	--	--	--
Axe the Food Tax	--	--	(449.0)	(482.0)	(492.0)	(502.0)
APEX Revenue Adjustments		(32.4)	(98.5)	(174.1)	(182.8)	(183.5)
Other Revenue Changes	70.9	59.8	18.9	16.2	16.2	16.2
Transfers	(113.5)	(694.9)	(226.4)	(216.9)	(218.8)	(222.0)
Total Revenues	8,865.9	8,478.8	8,442.3	8,506.1	8,654.0	8,811.6
Total Available	\$ 9,362.6	\$ 10,573.6	\$ 9,764.2	\$ 9,309.2	\$ 9,410.6	\$ 9,354.8
Expenditures						
Base Expenditures	7,267.8	2,826.9	2,711.5	3,015.6	3,015.6	3,015.6
Human Services Caseloads	--	1,146.2	1,316.2	1,382.0	1,451.1	1,523.6
K-12 State Aid Major Categories Expenditures	--	3,508.5	3,610.2	3,731.0	3,870.1	3,964.9
K-12--KPERS-School Expenditures	--	544.7	558.5	552.8	570.6	589.0
Medicaid Expansion	--	--	(68.5)	(135.0)	(46.3)	42.4
Enhanced FMAP additional qtr		(65.0)	--	--	--	--
Governor's Expenditure Adjustments		1,290.4	833.3	--	--	--
Total Expenditures	7,267.8	9,251.7	8,961.1	8,546.4	8,861.1	9,135.6
APEX Expenditure Adjustments			\$ -	\$ 6.3	\$ 6.3	\$ 6.3
Ending Balance (Including APEX/KLRD)	\$ 2,094.8	\$ 1,321.9	\$ 803.2	\$ 756.6	\$ 543.2	\$ 213.0
<i>As Percentage of Expenditures</i>	<i>28.8%</i>	<i>14.3%</i>	<i>9.0%</i>	<i>8.9%</i>	<i>6.1%</i>	<i>2.3%</i>
Budget Stabilization Fund Balance	81.9	600.0	600.0	600.0	600.0	600.0
Total Cash on Hand	2,176.7	1,921.9	1,403.2	1,356.6	1,143.2	813.0
<i>As Percent of Expenditures</i>	<i>30.0%</i>	<i>20.8%</i>	<i>15.7%</i>	<i>15.9%</i>	<i>12.9%</i>	<i>8.9%</i>

One Time Expenditures 1,304.8 529.1

**Investment credits begin to roll-off in FY27, improving revenue side