

TOTAL STATE EXPENDITURES FOR FY 2018 AND FY 2019**Summary of Expenditures**

The Governor's recommendation for FY 2018 expenditures from all funding sources totals \$15.3 billion, a decrease of \$578.3 million, or 3.6 percent, below the FY 2017 revised estimate. For FY 2019, expenditures from all funding sources total \$15.8 billion, an increase of \$512.9 million, or 3.3 percent, above the FY 2018 recommendation.

Proposed changes include:

- Extending the KanCare contracts with the MCOs for one year, which saves \$7.0 million for FY 2018 and \$14.0 million for FY 2019;
- Increasing the HMO privilege fee from 2.00 percent to 5.77 percent in FY 2019 and increasing the hospital provider tax from 1.87 percent to 4.65 percent. By placing this additional revenue in a Kansas Department of Health and Environment (KDHE) fee fund, it saves the State General Fund a net of \$229.7 million, but also reduces State General Fund revenue by \$67.5 million;
- Adding \$82.7 million to increase the reimbursement rate for all providers by 4.0 percent and addressing rural hospital initiatives with the increased revenue from the HMO privilege fee and hospital provider tax;
- Requiring joint procurement for all USDs when purchasing goods and services, which is estimated to save \$7.2 million for FY 2018 and \$9.0 million for FY 2019;
- Requiring all USDs to consolidate K-12 benefit plans under one benefit plan similar to the State Employee Health Plan (SEHP), utilizing the SEHP network, staff, processes and procedures, which is estimated to save \$40.0 million for FY 2018 and \$80.0 million for FY 2019;
- Funding the human services consensus caseload estimates by reducing \$120.4 million from all funds, but adding \$35.3 million from the State General Fund for FY 2018, and adding \$48.4 million, including \$160.8 million from the State General Fund, for FY 2019;
- Shifting funding of \$35.2 million from the Children's Initiative Fund to the State General Fund based on the recommendation to securitize tobacco revenue for FY 2018 and FY 2019;
- Creating the TeachersKan scholarship program for teachers who agree to work in rural areas, funded at \$3.0 million for FY 2018 and \$6.0 million for FY 2019;
- Creating a Dental School at KUMC; funding \$800,000 for planning in FY 2018 and FY 2019;
- Freezing state contributions to KPERS at FY 2016 levels of about \$300.0 million annually (three quarters of a year). Savings are estimated at \$140.2 million in FY 2018 and \$198.3 million in FY 2019;

- Moving the Securities Commissioner's Office into the Insurance Department and the Board of Barbering into the Board of Cosmetology; and
- Deleting the first quarter contributions for Death and Disability Insurance, reducing expenditures by \$12.6 million, including \$10.1 million from the State General Fund.

The Governor's FY 2018 recommendation for capital improvements are decreased by \$380.4 million, or 43.4 percent, below the revised FY 2017 level. The largest decrease is in the budget of the Department of Transportation (\$321.3 million), related to a decrease in federal funds and projected decreases in planned road construction contract lettings for FY 2018. Expenditures in the Department of Transportation budget fluctuate in its funding request due to its best estimate at a given point in time as to projects being let, and its subsequent funding streams.

The Governor's FY 2019 recommendation for capital improvements are recommended to increase by \$249.4 million, or 50.2 percent, above the FY 2018 level. The largest increase is in the budget of the Department of Transportation (\$272.2 million), related to an increase in planned road construction contract lettings for FY 2019. Expenditures in the Department of Transportation budget fluctuate in its funding request due to its best estimate at a given point in time as to projects being let, and its subsequent funding streams.