

**Highlights of
Governor Brownback’s State Budget Proposals
To Touch-Up Current FY2018 and for Upcoming FY2019**

Overall

- Adds \$34.5 million in new spending to the current FY2018.
- Adds \$290 million in new spending for upcoming FY2019, which begins July 1.
- Leaves an ending balance of \$266.6 million in FY2018 (4%) and \$150.3 million in FY2019 (2.2%).

K-12 Education

- Calls for \$600.8 million in new funding over 5 years --\$200.8 million in FY2019 and another \$100 million/year in FY2020, 2021, 2022, and 2023. At the end of five years, state foundational aid per pupil would be estimated to be at around \$4,761/pupil (for current school year 2017-18 it is just over \$4,000/pupil.)
 - His proposed funding increase is actually closer to \$500 million, however, because lawmakers already approved an education funding increase of \$87.8 million in the FY2019 budget, to be followed by CPI increases each year after that.
 - The additional \$107 million in state foundational aid the Governor calls for in FY2019 – on top of the \$87.8 million lawmakers had already approved – would primarily be paid for with \$93.2 million from the State General Fund and \$13.9 million of “excess balance” from the Children’s Initiative Fund (tobacco settlement monies).
 - The Governor also proposes an additional \$6 million in FY2019 for LOB state aid to address equity problems identified by the Kansas Supreme Court.
 - The Governor provided no clear proposal or direction for how the proposed increases would be paid for in outlying years beyond FY2019. He did indicate he would not call for a tax increase, saying strong revenue growth will help.
- The Governor urges this additional funding be used toward attaining the following accountability goals by the 2022-2023 school year:
 - A 95% statewide graduation rate;
 - A statewide post-secondary effectiveness rate of 75% (kids in post-secondary or the military); and
 - Continue to move schools toward the “Kansans Can” school redesign model being launched by the Kansas Department of Ed in the 2018-19 school year, including at Westview Elementary School and Santa Fe Trail Middle School in the Olathe School District (*read more by searching “Kansans Can School Redesign Project” online.*)
- To achieve these three accountability goals, the Governor sets as strategic objectives to be met by the 2022-23 school year:
 - Have the highest teacher pay average of our neighboring states (including higher than Missouri by the 2018-19 school year);
 - Increase the number of school counselors and psychologists by 150FTE each year, for a net gain of 750FTE in five years (the “Kansas Can” redesign envisions helping each student

develop individualized learning plans that set them on a job track for after high school, requiring more counselors and support staff);

- Have 50 schools participating in the Kansans Can school redesign project (currently two schools at each of 7 districts will be participating);
 - Offer 15 hours of dual credit coursework to every Kansas high school student at no cost to the student (including tuition, fees or books), through a partnership between high schools and the state's institutions of higher learning; and
 - Offer every Kansas high school student, at no cost to the student, the choice of taking either the ACT college entrance exam or the Work Keys assessments (for a career readiness certificate).
- Adds \$3 million in FY2019 to improve high-speed internet access at schools that don't already have it, and allocates additional funding to end Parents as Teachers waiting lists and eliminate out-of-pocket costs for career/technical education credentialing tests.
 - In his State of the State address, the Governor also called for lawmakers to present Kansans with a state constitutional amendment that would "stop the never-ending cycle of litigation" over education funding but said later that he will not be offering any specific proposal.

Higher Education

- Adds funding in both current FY2018 (\$7.3 million) and upcoming FY2019 (\$8.3 million) to fully fund the Career/Technical Education initiative to promote a more skilled workforce.
- Adds \$500,000 in FY2019 funding to the nursing program at Emporia State.
- Adds \$3 million in FY2019 toward start-up costs to establish a dental school at KU Med.

Workforce Development

- Adds \$5 million more for the National Institute for Aviation Research in FY2019 (to a total of \$10 million) and adds \$1.7 million more for the National Center for Aviation Training in FY2019 (to a total of \$5 million).
- Adds \$1 million to support registered apprenticeships.

Transportation

- Uses higher than projected sales tax revenue collections to divert less funding from the State Highway Fund than expected:
 - Transfer \$11 million back to the State Highway Fund in FY2018 and another \$15 million back in FY2019; and
 - Reduce the transfer from the State Highway Fund to the Kansas Department of Education by \$5 million in FY2019.

Social Services

- Adds \$16.5 million in new funding to address deficiencies and needs at the Department of Children and Families, using a mix of funding from SGF, TANF, and other sources.

Health Care

- Increases hospital (\$22.1 million) and nursing home (\$17.7 million) Medicaid reimbursement rates starting in FY 2019, from SGF and other sources.
- Adds \$6.4 million in FY 2018 and \$11.6 million in FY2019 to address issues with Osawatomie and Larned State Hospitals.
- Budget Director Sullivan also indicated the State is starting to look at what to do if federal funding for the low-income Children's Health Insurance Program (CHIP) is not reauthorized.

Miscellaneous

- Continues previous Department of Corrections pay increases to address understaffing and safety concerns and increases pay for certain other state employees in FY2019 (over \$11 million).
- Proposes to divide 50/50 any "extra" revenue resulting from better-than-expected growth, federal tax policy changes, etc, between seeding a Rainy Day Fund and repaying the state investment fund from which lawmakers borrowed last year to balance the budget.
- Additional budget requests from the Judicial branch are not included. The reduced KPERS contributions and nearly all transportation funding sweeps approved last session are not restored.

What's the reaction been from lawmakers?

- Generally, not good apart from some of the goals. Criticism has been raised from across the political spectrum:
 - Some lawmakers feel the Governor "sold out" on K-12 education funding and is not holding the line on spending, or feel he is at least premature in not waiting for the education cost study being conducted on behalf of legislators due in March.
 - The Governor has responded that he supports the rule of law, compliance with the Court is not optional, he will not stand to have schools closed due to legislative inaction, and if a different cost figure is arrived at the plan can be adjusted.
 - Many expressed deep skepticism about his proposal's fiscal viability, dismissing it as virtually unrealistic in out-years without raising revenue or continuing highway fund transfers and reduced KPERS contributions, and doubting the Court would accept a 5-year plan to phase up education funding.
 - State Budget Director Sullivan has responded that the two-year budget they are currently considering balances, a lot depends on how assumptions play out, the State is seeing revenue growth in a number of areas, and if it still isn't balanced later they can work on a solution at that time. (Note: Director Sullivan was asked if he would share with lawmakers the assumptions that were used and he said he would "give it some thought.")
 - He also responded they felt a 5-year phase-in was the most fiscally reasonable path and noted legislators will make the final decisions on a response to the Court.
 - Lawmakers that the Governor harshly criticized in the past over spending, tax increases, or education funding also accused him of hypocrisy, noting in particular that Director Sullivan acknowledges the proposed budget includes no proposed spending cuts.