

Appendix C: MOE Waiver Request

This form must be used for the submission of a request for a waiver of the requirements noted below. For assistance, please contact your State mailbox, which is [State].oes@ed.gov.

State Kansas

On behalf of my State, I request a waiver of the following State maintenance of effort (MOE) requirements for the following fiscal years:

Please check all that apply:

- FY 2020 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2020 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for elementary and secondary education under section 18008 of the CARES Act.
- FY 2021 MOE requirement for higher education under section 18008 of the CARES Act.
- FY 2022 MOE requirement for elementary and secondary education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2022 MOE requirement for higher education under section 317(a) of the CRRSA Act and section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for elementary and secondary education under section 2004(a) of the ARP Act.
- FY 2023 MOE requirement for higher education under section 2004(a) of the ARP Act.

Data for State support and overall State spending

A State must resubmit the baseline data for FYs 2017, 2018, and 2019 (baseline years) as part of this MOE waiver request. If these baseline data differ from a State’s previously submitted data, please provide a description of the reason for the change. Additionally, a State must submit MOE data for the years in which it is requesting this waiver.

| | State support for elementary and secondary education | State support for higher education | Overall State spending * |
|----------------|--|------------------------------------|--------------------------|
| FY 2017 | \$ 3,084,795,457 | \$ 681,926,749 | \$ 6,276,506,140 |
| FY 2018 | \$ 3,377,839,807 | \$ 702,202,844 | \$ 6,649,051,138 |
| FY 2019 | \$ 3,476,411,168 | \$ 716,534,540 | \$ 7,032,834,159 |
| FY 2020 | \$ 3,960,510,329 | \$ 753,942,373 | \$ 7,522,485,497 |
| FY 2021 | \$ 3,930,175,127 | \$ 734,259,697 | \$ 7,466,376,528 |
| FY 2022 | \$ 4,175,192,064 | \$ 811,921,319 | \$ 8,143,729,725 |
| FY 2023 | \$ | \$ | \$ |

*For overall State spending, a State may request a waiver based on final allocations or appropriations. For more information, see FAQ 10.

Additional submission requirements

In an attachment, please provide:

1. A description of the extent to which the State experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the State’s ability to maintain fiscal effort (e.g., the status of and any changes to the State’s rainy day fund, whether the State experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses); and

2. Documentation and data supporting the description of the State’s fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any State action that impacted State revenue (e.g., tax increases or decreases).
3. In addition, in its waiver request, a State should submit information on the relevant factors listed below to support its request. The Secretary may ask States for additional information after States submit the MOE waiver request form.

In determining whether to grant a State an MOE waiver, the Secretary may consider factors such as:

Has the State increased support for education?

The Department understands that it is possible that a State has maintained or increased overall funding for education and the proportion of the State budget for education has still declined because of increases in other areas of the budget (e.g., public health). In these cases, the Secretary may consider:

- Has total State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has total State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased from the prior fiscal year?
- Has per-pupil State funding for K-12 education and for higher education (calculated separately) increased over time (e.g., since baseline years)?
- Has the State appropriated an increase in State funding for K-12 education and for higher education for future fiscal years?

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

If a State’s support for education declined, the Secretary may consider:

- Are there specific severe effects of the COVID-19 pandemic on the State’s economy that necessitated reductions in support for elementary and secondary education and for higher education?
- What steps did the State take to avoid and/or minimize such reductions?
- Did the State use Coronavirus State and Local Fiscal Recovery Funds awarded by the U.S. Department of the Treasury under section 9901 of the ARP Act to support elementary and secondary education and higher education?
- How did reductions in support for elementary and secondary education and for higher education compare to other budget categories?
- Did the State take steps that reduced or will it take steps to proactively reduce its financial resources in a way that impacted or will impact its ability to meet MOE requirements (e.g., tax changes (and in what context), additional contributions to rainy day funds)? If so, what was the impact of the reduction (e.g., to what extent were its resources reduced or will its resources be reduced)?

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

It is important for the Department to understand the State’s use of pandemic-related Federal funds when reviewing a request for a waiver. The Secretary may therefore consider:

- Will all unallocated ESSER or GEER funds relevant to the waiver be used to provide net new resources to K-12 schools and to higher education and not be used to replace existing State commitments to K-12 education and to higher education?
- Will all unallocated HEER funds be used to provide net new resources to higher education and not be used to replace existing State commitments to higher education?
- Has the State previously used any ESSER, GEER, or HEER funds to replace State funding for education?

To the best of my knowledge and belief, all of the information in this MOE data submission are true and correct and the

failure to submit accurate data may result in liability under the False Claims Act, 31 U.S.C. § 3729 et seq.; OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement) in 2 CFR part 180, as adopted and amended as regulations of the Department in 2 CFR part 3485; and 18 USC § 1001, as appropriate, and other enforcement actions.

Adam Proffitt, Director of the Budget

(785) 296-2436

Governor or Chief State School Officer or Authorized Representative (Typed or Printed Name)

Telephone

(b) (6)

September 15, 2021

Signature

fficer or Authorized Representative

Date

Public Burden Statement

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless such collection displays a valid OMB control number. The valid OMB control number for this information collection is 1810-0745. Public reporting burden for this collection of information is estimated to average 2 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. The obligation to respond to this collection is required to obtain or retain benefit under section 18008 of the Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, Division M, Section 317 of the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA) Act, and Section 2004(a) of the American Rescue Plan Act of 2021 (ARP Act) If you have any comments concerning the accuracy of the time estimate, suggestions for improving this individual collection, or if you have comments or concerns regarding the status of your individual form, application or survey, please contact Britt Jung, Office of State and Grantee Relations, Office of Elementary and Secondary Education, U.S. Department of Education, 400 Maryland Avenue, SW, Washington, DC 20202-6450, email: SGR@ed.gov directly.

September 15, 2021

Dr. Miguel Cardona, Secretary
U.S. Department of Education
400 Maryland Avenue, SW
Washington, D.C. 20202

Dear Secretary Cardona,

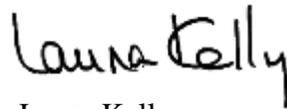
The state of Kansas (the state) respectfully requests a waiver of the Maintenance of Effort (MOE) requirements for section 317(a) of Division M of the CRRSA Act and section 2004(a)(1) of the ARP Act, relative to the state's proportional funding for higher education in State Fiscal Year 2022 (SFY 22). The state is wholly committed to supporting higher education, as is evidenced by our increased levels of funding over the past several years, and we look forward to working with the Department of Education (the Department) to ensure that Kansas students engaged in our higher education system receive the full benefit of all federal relief dollars allocated to the state.

Although the state's support for higher education in SFY 22 is projected to increase significantly on a dollar basis relative to the baseline years (SFY 17 – SFY 19 averaged), the level of funding dedicated to higher education as a percentage of total state general fund (SGF) expenditures is expected to decline slightly. This decline in proportional funding does not represent a decreased level of financial support for higher education, but rather it is a byproduct of the state's historic increases in K-12 funding over the past three years. Prior to 2019, the state had been involved in a court battle related to the years-long underfunding of our K-12 system. As a result of this case, the state developed a new funding formula, which would provide substantial increases to K-12 education over a multi-year period of time to bring its funding to constitutionally required levels. Naturally, as the funding for K-12 has increased, the proportion of SGF expenditures for K-12 has increased, leading to a decrease in proportion for all other budget items.

The following pages will provide responses to each of the questions posed in Appendix C of the Department's MOE guidance document, which was released on April 21, 2021. All information provided below shows projections for SFY 22, based on the final approved appropriation bills of the 2021 legislative session. The state understands that it will need to submit updated figures at the conclusion of SFY 22, which will reflect actual expenditures. However, Kansas requests the granting of a preliminary waiver determination before the final expenditure data is available.

My administration stands ready to answer any questions that the Department has regarding this waiver request. Please do not hesitate to reach out to my office with any questions. Should you require further information, please contact Adam Proffitt, Director of the Budget. His phone number is 785.296.2436 and his e-mail address is Adam.C.Proffitt@ks.gov.

Sincerely,

A handwritten signature in black ink that reads "Laura Kelly". The signature is written in a cursive, slightly slanted style.

Laura Kelly
Governor of Kansas

1) A description of the extent to which the State experienced fiscal burdens in preventing, preparing for, and responding to the coronavirus and an explanation of how those fiscal burdens affected the State's ability to maintain fiscal effort (e.g., the status of and any changes to the State's rainy day fund, whether the State experienced a decline in revenues, or an increase in other emergency expenses resulting from the pandemic, such as expenses related to health care, unemployment insurance, or support for small businesses)

Consistent with nearly every state, Kansas saw a precipitous drop in revenues early in the pandemic. On April 20, 2020, the state's consensus revenue estimating (CRE) group reduced revenue forecasts for SFY 20 and SFY 21 by a combined \$1.272 billion relative to previous forecasts. Due to the revised outlook, on June 29, 2020, Governor Kelly announced an allotment plan for SFY 21. This plan included expenditure reductions totaling \$437.5 million and revenue adjustments of \$266.8 million. Additionally, the Governor instructed all agencies to submit SFY 22 budget requests that included a reduced resource package equal to ten percent of their base budget (excluding debt service and caseload programs) as a starting point for the budget creation.

State economic indicators began to slowly recover throughout the fall of 2020, which prompted the CRE group to modestly increase its revenue forecast. On November 25, 2020, the CRE group increased the revenue forecast for SFY 21 by \$463.0 million. With this revised outlook, the Governor was able to begin adding funding back into the SFY 22 budget that had seen reductions with the earlier actions. As the economy continued making progress through the spring of 2021, the Legislature was able to add even more funding to key areas of the budget, including restoring funding for higher education. In the final days of the 2021 session, the Legislature, at the request of the Governor, added an incremental \$53 million to the higher education budget as one of its final actions. This addition of incremental dollars was intended to show the state's commitment to working with the Department on meeting its MOE requirements, and it is intended to be a pathway to full compliance with MOE requirements for SFY 23.

When the final budget bill for SFY 22 was passed at the end of the 2021 Legislative session, the Legislature passed a budget with a projected ending balance of only \$547.2 million. This ending balance was projected to be 6.7% of our total expenditures, below the statutorily required 7.5%. The approved budget also contemplated liquidating the entirety of the state's budget stabilization fund and transferring those moneys into the SGF as a maneuver to sustain funding for key programs.

While the revenue outlook in Kansas has improved greatly since the end of the 2021 legislative session, the explosive spread of the Delta variant across the entire US continues to threaten a sustained economic recovery. We are monitoring its spread across Kansas and are focused on responding swiftly and deploying all required resources to ensure the health and safety of our citizens. We will also monitor the state's economic recovery and will continue to find ways to invest in areas of the state that have been hardest hit by the pandemic.

2) Documentation and data supporting the description of the State’s fiscal burdens (e.g., revenue data, appropriation tables, unemployment statistics, etc.) including any State action that impacted State revenue (e.g., tax increases or decreases).

Supporting documentation showing the state’s fiscal burdens and headwinds can be found at the end of this document.

Enclosure A provides the state’s budget profile for SFY 19 – SFY 22, based on the most recent approved budget. On this profile, you will see that the state projected a SFY 22 ending balance of 6.7% of total expenditures, which is below our statutorily required 7.5%. Given the revenue forecasts that were available at the time this budget was passed, adding additional funding to any line item would have put the state in a perilous fiscal position.

Enclosure B provides several charts that show the increases in total dollar funding for higher education over the past four years. The first chart compares actual/projected higher education funding by year against the dollar funding during the baseline years. The second chart shows the pure dollar increase by year above the average of the baseline years. The following three charts show historical funding for both K-12 education and higher education in Kansas.

Enclosure C provides revenue forecasts issued by the CRE group for April 2020, November 2020, and April 2021. Additionally, this provides a look at full year SFY 21 actual revenues, which actualized above forecast.

Enclosure D provides a line-item review of the Governor’s allotment plan for SYF 21, as was introduced in July 2020 when revenues first saw a sharp decline. The plan outlined in this enclosure was an effort to bring the state’s SFY 21 ending balance to zero, as opposed to being negative as was projected at the time.

Enclosure E provides links to relevant source data material. This includes a link to SB 50, which was a bill that was implemented by the 2021 Legislature which reduced the overall tax revenues for Kansas. This bill did expand the tax base by requiring out of state marketplace facilitators to remit sales tax on all in-state sales, but it also provided tax relief across a number of areas of the tax code, which will lead to a net decline of general fund revenues in the coming years. Most notable of the tax reductions is the ability for Kansas taxpayers to itemize their Kansas return, regardless of if they itemize or take the standard deduction on their federal return.

3) In addition, in its waiver request, a State should submit information on the relevant factors listed below to support its request. The Secretary may ask States for additional information after States submit the MOE waiver request form.

Has the State increased support for education?

The recently enacted Kansas budget for SFY 22 provides an increase in funding for higher education of \$111,699,941 relative to the baseline years, as is detailed in our completed Appendix C. When combining higher education and K-12 education, the state's level of support has increased by \$973,876,528, relative to the baseline years.

Of the increase in total SGF expenditures in SFY 22 versus the baseline measuring period, K-12 education represents 57.8% of the increase and higher education represents 7.5% of the total increase.

Are there exceptional circumstances that caused the State to be unable to maintain support for education?

The state has increased its level of support for higher education for SFY 22 by \$111,699,941, relative to the baseline years.

Has the State used or will it use ESSER, GEER, or Higher Education Emergency Relief (HEER) funding to replace State funding for education?

The state has not used the proceeds from ESSER, EANS, or HEER as replacing state dollars for any of the effected entities, nor does it plan to with any remaining unallocated funds. We view these streams of federal dollars as net new resources for the education system in Kansas, and they are being allocated to schools in accordance with their intended purpose.

As part of the Governor's allotment plan for SFY 21, the state did initially use GEER funding to replace state funding for higher education. The use of GEER in this capacity was to offset the impact of any SGF cuts to higher education that occurred with the allotment. The initial plan called for a reduction of the base funding for higher education moving forward, as revenue projections at the time were several hundred million dollars below previous forecasts. However, as revenues improved during the fall of 2021, the Governor restored this allotment with a corresponding level of state funding for the SFY 22 budget, ensuring that the pre-pandemic base allocation for higher education was restored, prior to any reduced resource changes being applied to the agency, as was the case with all state agencies.

Enclosure A (SFY 22 Approved Budget)

State General Fund Revenues and Expenditures

| Outlook for the State General Fund | | | | |
|---|-------------------|-------------------|---------------------|---------------------|
| <i>(Dollars in Millions)</i> | | | | |
| | FY 2019 Actual | FY 2020 Actual | FY 2021 Approved | FY 2022 Approved |
| Beginning Balance | \$ 761.7 | \$ 1,105.1 | \$ 495.0 | \$ 1,128.4 |
| Revenues | | | | |
| Taxes | 7,479.1 | 7,049.1 | 8,150.5 | 7,611.0 |
| Interest | 48.9 | 56.1 | 8.0 | 1.5 |
| Agency Earnings | 50.5 | 58.3 | 57.3 | 59.1 |
| Transfers: | | | | |
| School Capital Improvement Aid | (202.1) | (203.4) | (195.0) | (205.0) |
| Highway Fund | 243.1 | 231.8 | 133.7 | 66.9 |
| Budget Stabilization Fund | -- | (81.9) | -- | 81.9 |
| PMIB Bridge Funding | (52.9) | (132.2) | (66.1) | (66.1) |
| All Other Transfers | (190.5) | (65.6) | 11.5 | 12.7 |
| Total Revenues | \$ 7,376.2 | \$ 6,912.3 | \$ 8,099.9 | \$ 7,561.9 |
| Total Available | \$ 8,137.9 | \$ 8,017.4 | \$ 8,594.9 | \$ 8,690.4 |
| Expenditures | | | | |
| Aid to K-12 Schools/KPERS School | 3,476.4 | 3,960.5 | 3,930.2 | 4,175.2 |
| Higher Education | 794.1 | 843.4 | 828.2 | 900.7 |
| Human Services Caseloads | 1,266.6 | 1,107.4 | 1,033.4 | 1,272.0 |
| Judiciary | 107.1 | 111.7 | 119.0 | 131.3 |
| General Government | 234.4 | 242.4 | 271.9 | 273.3 |
| Public Safety | 411.2 | 450.8 | 476.5 | 455.0 |
| Agriculture & Natural Resources | 15.9 | 17.6 | 17.8 | 15.0 |
| All Other Expenditures | 727.1 | 788.8 | 789.5 | 920.7 |
| Total Expenditures | \$ 7,032.8 | \$ 7,522.5 | \$ 7,466.4 | \$ 8,143.2 |
| Ending Balance | \$ 1,105.1 | \$ 495.0 | \$ 1,128.4 | \$ 547.2 |
| <i>As Percentage of Expenditures</i> | <i>15.7%</i> | <i>6.6%</i> | <i>15.1%</i> | <i>6.7%</i> |
| Budget Stabilization Fund Balance | -- | 81.9 | 81.9 | -- |

Totals may not add because of rounding.

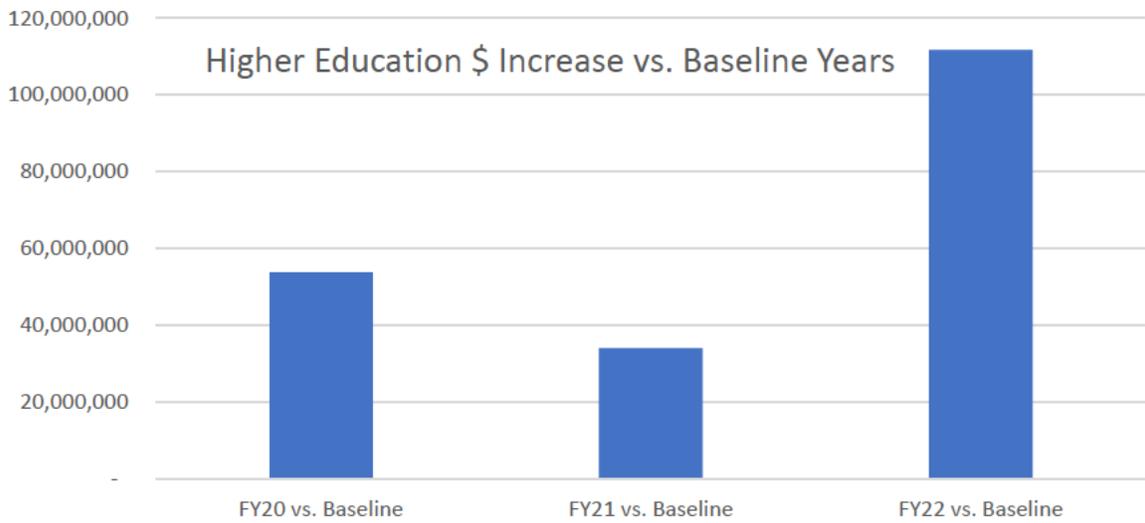
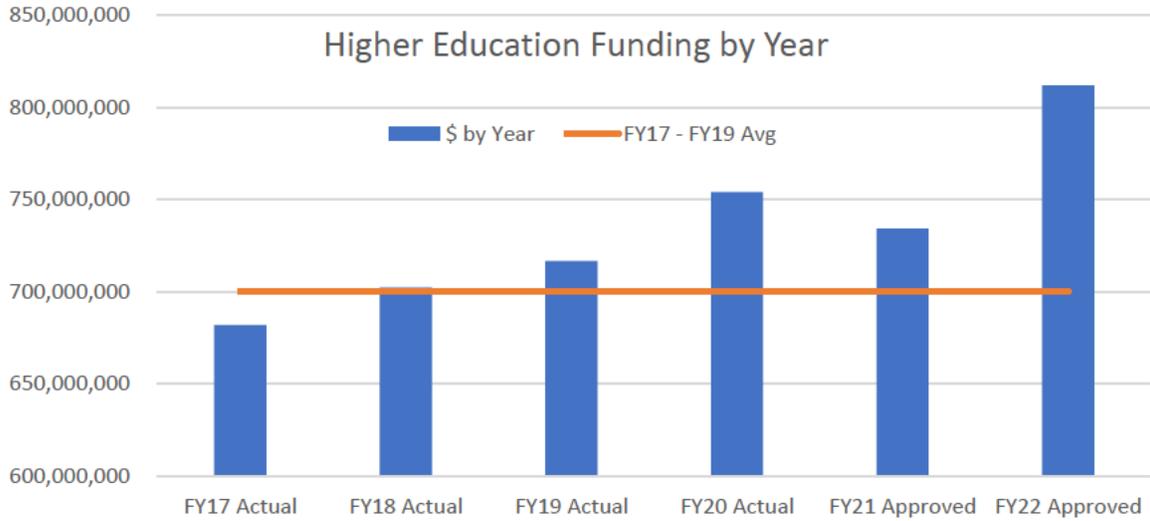
Revenues reflect Consensus Revenue Estimate from April 2021 adjusted by the Legislature, not actual revenue collections.

As of passage of SB 159, the 2021 Legislative Session Omnibus Bill

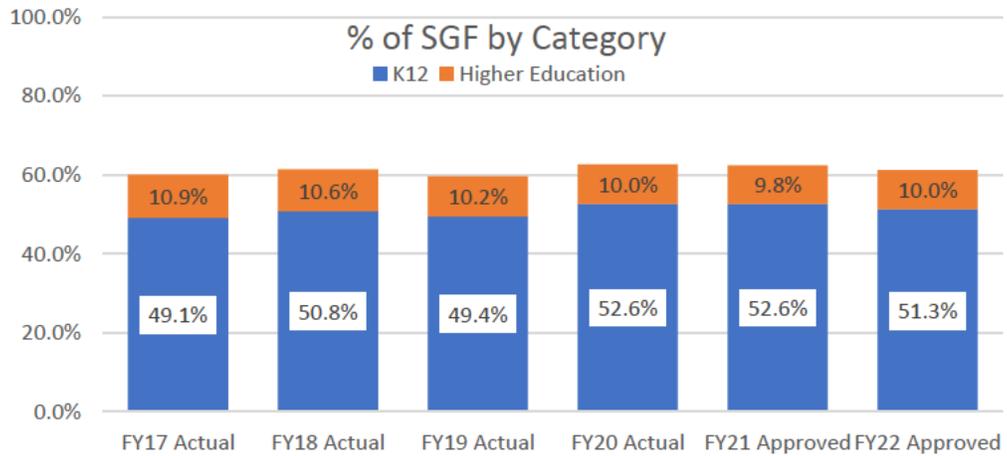
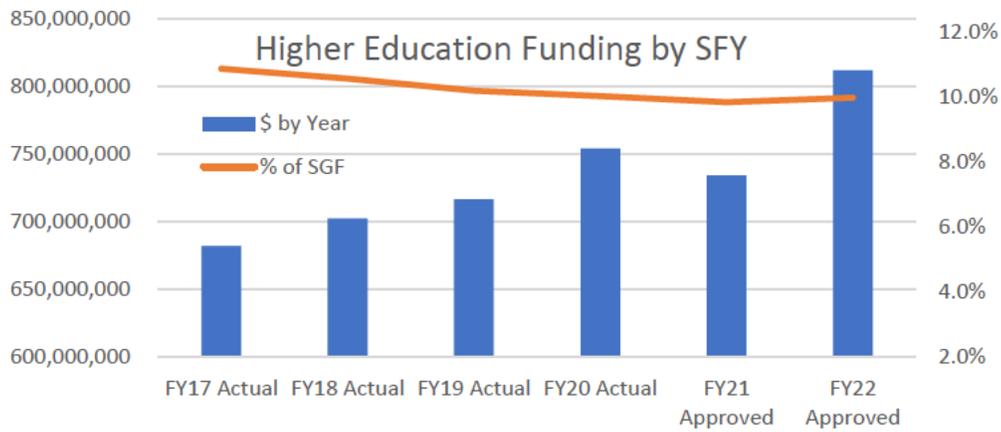
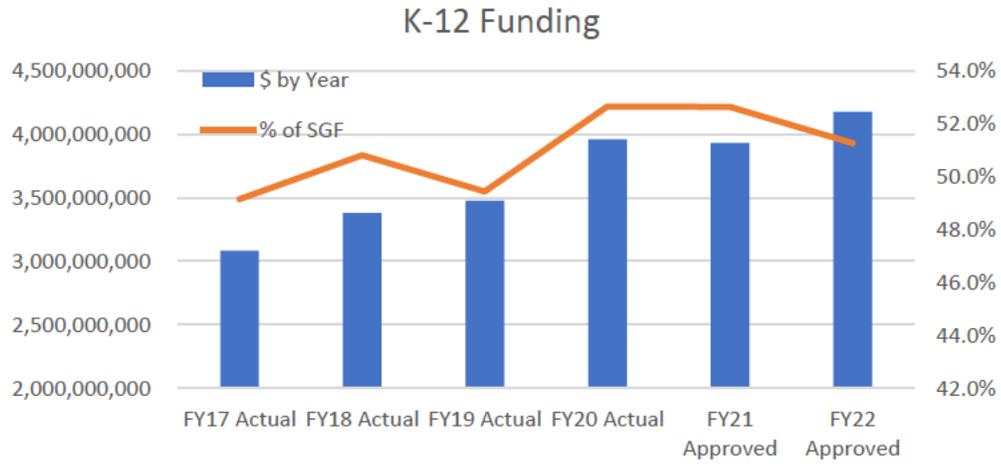
Governor's Comparison Report:

[https://budget.kansas.gov/wp-content/uploads/FY2022 Comparison Report-07.12.2021.pdf](https://budget.kansas.gov/wp-content/uploads/FY2022_Comparison_Report-07.12.2021.pdf)

Enclosure B (Higher Education Dollar Increase in Funding)



Enclosure B (K-12 and Higher Education Funding Historical)



Enclosure C (April 2020 CRE Estimate for SFY 20)

Table 2
State General Fund Receipts
FY 2020 Revised
Comparison of April 2020 Estimate to November 2019 Estimate
(Dollars in Thousands)

| | FY 2020 CRE Est. Revised 11/07/19 | FY 2020 CRE Est. Revised 04/20/20 | Difference | |
|----------------------------|--------------------------------------|--------------------------------------|--------------|-----------|
| | | | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 12,400 | \$ 11,800 | \$ (600) | (4.8) % |
| Income Taxes: | | | | |
| Individual | \$ 3,910,000 | \$ 3,290,000 | \$ (620,000) | (15.9) % |
| Corporation | 465,000 | 360,000 | (105,000) | (22.6) |
| Financial Institutions | 43,000 | 40,000 | (3,000) | (7.0) |
| Total | \$ 4,418,000 | \$ 3,690,000 | \$ (728,000) | (16.5) % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,395,000 | \$ 2,300,000 | \$ (95,000) | (4.0) % |
| Compensating Use | 445,000 | 460,000 | 15,000 | 3.4 |
| Cigarette | 110,000 | 110,000 | -- | -- |
| Tobacco Products | 8,900 | 9,000 | 100 | 1.1 |
| Liquor Gallonage | 21,500 | 21,000 | (500) | (2.3) |
| Liquor Enforcement | 74,500 | 74,000 | (500) | (0.7) |
| Liquor Drink | 12,500 | 9,500 | (3,000) | (24.0) |
| Severance | 20,500 | 19,800 | (700) | (3.4) |
| Gas | 700 | 400 | (300) | (42.9) |
| Oil | 19,800 | 19,400 | (400) | (2.0) |
| Total | \$ 3,087,900 | \$ 3,003,300 | \$ (84,600) | (2.7) % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 171,500 | \$ 172,000 | \$ 500 | 0.3 % |
| Corporate Franchise | 7,200 | 5,000 | (2,200) | (30.6) |
| Miscellaneous | 4,000 | 3,300 | (700) | (17.5) |
| Total | \$ 182,700 | \$ 180,300 | \$ (2,400) | (1.3) % |
| Total Taxes | \$ 7,701,000 | \$ 6,885,400 | \$ (815,600) | (10.6) % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 50,000 | \$ 54,300 | \$ 4,300 | 8.6 % |
| Transfers & Other Receipts | (146,600) | (164,500) | (17,900) | (12.2) |
| Agency Earnings | 47,700 | 50,000 | 2,300 | 4.8 |
| Total | \$ (48,900) | \$ (60,200) | \$ (11,300) | (23.1) % |
| Total Receipts | \$ 7,652,100 | \$ 6,825,200 | \$ (826,900) | (10.8) % |

Enclosure C (April 2020 CRE Estimate for SFY 21)

| | FY 2021 CRE Est. | FY 2021 CRE Est. | Difference | |
|----------------------------|------------------|------------------|--------------|-----------|
| | Revised 11/07/19 | Revised 04/20/20 | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 12,500 | \$ 12,700 | \$ 200 | 1.6 % |
| Income Taxes: | | | | |
| Individual | \$ 4,065,000 | \$ 3,770,000 | \$ (295,000) | (7.3) % |
| Corporation | 475,000 | 370,000 | (105,000) | (22.1) |
| Financial Institutions | 44,000 | 48,000 | 4,000 | 9.1 |
| Total | \$ 4,584,000 | \$ 4,188,000 | \$ (396,000) | (8.6) % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,430,000 | \$ 2,320,000 | \$ (110,000) | (4.5) % |
| Compensating Use | 475,000 | 450,000 | (25,000) | (5.3) |
| Cigarette | 107,000 | 107,000 | -- | -- |
| Tobacco Products | 9,000 | 9,000 | -- | -- |
| Liquor Gallonage | 22,000 | 21,500 | (500) | (2.3) |
| Liquor Enforcement | 75,500 | 75,500 | -- | -- |
| Liquor Drink | 13,000 | 9,000 | (4,000) | (30.8) |
| Severance | 22,000 | 7,100 | (14,900) | (67.7) |
| Gas | 1,700 | 1,500 | (200) | (11.8) |
| Oil | 20,300 | 5,600 | (14,700) | (72.4) |
| Total | \$ 3,153,500 | \$ 2,999,100 | \$ (154,400) | (4.9) % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 171,500 | \$ 172,500 | \$ 1,000 | 0.6 % |
| Corporate Franchise | 7,200 | 8,200 | 1,000 | 13.9 |
| Miscellaneous | 4,200 | 3,000 | (1,200) | (28.6) |
| Total | \$ 182,900 | \$ 183,700 | \$ 800 | 0.4 % |
| Total Taxes | \$ 7,932,900 | \$ 7,383,500 | \$ (549,400) | (6.9) % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 30,000 | \$ 500 | \$ (29,500) | (98.3) % |
| Transfers & Other Receipts | (335,100) | (201,200) | 133,900 | 40.0 |
| Agency Earnings | 47,700 | 47,700 | -- | -- |
| Total | \$ (257,400) | \$ (153,000) | \$ 104,400 | 40.6 % |
| Total Receipts | \$ 7,675,500 | \$ 7,230,500 | \$ (445,000) | (5.8) % |

Enclosure C (November 2020 CRE Estimate for SFY 21)

Table 2
State General Fund Receipts
FY 2021 Revised
Comparison of November 2020 Estimate to June 2020 Estimate
(Dollars in Thousands)

| | FY 2021 CRE Est. As Adj. for Legis. | FY 2021 CRE Est. Revised 11/06/2020 | Difference | |
|----------------------------|--|--|-------------|-----------|
| | | | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 12,700 | \$ 12,500 | \$ (200) | (1.6) % |
| Income Taxes: | | | | |
| Individual | \$ 3,770,000 | \$ 4,040,000 | \$ 270,000 | 7.2 % |
| Corporation | 370,000 | 410,000 | 40,000 | 10.8 |
| Financial Institutions | 48,000 | 52,000 | 4,000 | 8.3 |
| Total | \$ 4,188,000 | \$ 4,502,000 | \$ 314,000 | 7.5 % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,320,000 | \$ 2,400,000 | \$ 80,000 | 3.4 % |
| Compensating Use | 450,000 | 540,000 | 90,000 | 20.0 |
| Cigarette | 107,000 | 113,000 | 6,000 | 5.6 |
| Tobacco Products | 9,000 | 9,400 | 400 | 4.4 |
| Liquor Gallonage | 21,500 | 24,000 | 2,500 | 11.6 |
| Liquor Enforcement | 75,500 | 78,000 | 2,500 | 3.3 |
| Liquor Drink | 9,000 | 9,000 | -- | -- |
| Severance | 7,100 | 10,400 | 3,300 | 46.5 |
| Gas | 1,500 | 1,400 | (100) | (6.7) |
| Oil | 5,600 | 9,000 | 3,400 | 60.7 |
| Total | \$ 2,999,100 | \$ 3,183,800 | \$ 184,700 | 6.2 % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 172,500 | \$ 137,000 | \$ (35,500) | (20.6) % |
| Corporate Franchise | 8,200 | 8,000 | (200) | (2.4) |
| Miscellaneous | 3,000 | 3,200 | 200 | 6.7 |
| Total | \$ 183,700 | \$ 148,200 | \$ (35,500) | (19.3) % |
| Total Taxes | \$ 7,383,500 | \$ 7,846,500 | \$ 463,000 | 6.3 % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 500 | \$ 9,000 | \$ 8,500 | 1,700.0 % |
| Transfers & Other Receipts | (201,200) | (200,800) | 400 | 0.2 |
| Agency Earnings | 47,700 | 53,000 | 5,300 | 11.1 |
| Total | \$ (153,000) | \$ (138,800) | \$ 14,200 | 9.3 % |
| Total Receipts | \$ 7,230,500 | \$ 7,707,700 | \$ 477,200 | 6.6 % |

Enclosure C (April 2021 CRE Estimate for SFY 21)

Table 2
State General Fund Receipts
FY 2021 Revised
Comparison of April 2021 Estimate to November 2020 Estimate
(Dollars in Thousands)

| | FY 2021 CRE Est. Revised 11/06/2020 | FY 2021 CRE Est. Revised 04/20/2021 | Difference | |
|----------------------------|--|--|------------|-----------|
| | | | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 12,500 | \$ 12,900 | \$ 400 | 3.2 % |
| Income Taxes: | | | | |
| Individual | \$ 4,040,000 | \$ 4,084,400 | \$ 44,400 | 1.1 % |
| Corporation | 410,000 | 533,900 | 123,900 | 30.2 |
| Financial Institutions | 52,000 | 70,000 | 18,000 | 34.6 |
| Total | \$ 4,502,000 | \$ 4,688,300 | \$ 186,300 | 4.1 % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,400,000 | \$ 2,445,000 | \$ 45,000 | 1.9 % |
| Compensating Use | 540,000 | 565,000 | 25,000 | 4.6 |
| Cigarette | 113,000 | 110,000 | (3,000) | (2.7) |
| Tobacco Products | 9,400 | 9,700 | 300 | 3.2 |
| Liquor Gallonage | 24,000 | 24,500 | 500 | 2.1 |
| Liquor Enforcement | 78,000 | 81,000 | 3,000 | 3.8 |
| Liquor Drink | 9,000 | 9,200 | 200 | 2.2 |
| Severance | 10,400 | 15,200 | 4,800 | 46.2 |
| Gas | 1,400 | 2,400 | 1,000 | 71.4 |
| Oil | 9,000 | 12,800 | 3,800 | 42.2 |
| Total | \$ 3,183,800 | \$ 3,259,600 | \$ 75,800 | 2.4 % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 137,000 | \$ 178,200 | \$ 41,200 | 30.1 % |
| Corporate Franchise | 8,000 | 8,300 | 300 | 3.8 |
| Miscellaneous | 3,200 | 3,300 | 100 | 3.1 |
| Total | \$ 148,200 | \$ 189,800 | \$ 41,600 | 28.1 % |
| Total Taxes | \$ 7,846,500 | \$ 8,150,600 | \$ 304,100 | 3.9 % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 9,000 | \$ 8,000 | \$ (1,000) | (11.1) % |
| Transfers & Other Receipts | (200,800) | (188,400) | 12,400 | 6.2 |
| Agency Earnings | 53,000 | 57,300 | 4,300 | 8.1 |
| Total | \$ (138,800) | \$ (123,100) | \$ 15,700 | 11.3 % |
| Total Receipts | \$ 7,707,700 | \$ 8,027,500 | \$ 319,800 | 4.1 % |

Enclosure C (Actual SFY 21 Revenues)

FY 2021 State General Fund Receipts
Final Report: June 2021

| Revenue Source | FY 2021 | | FY 2020 | | Percent Change | | Dollars Change | | Percent Change | |
|---------------------------------|------------------------|------------------------|----------------------|---------------|------------------------|------------------------|----------------|---------------|----------------|--|
| | Cumulative Estimate | Cumulative Actual | From Estimate | From Estimate | Cumulative Actual | From Prior FY | From Prior FY | From Prior FY | | |
| Property Tax/Fee: | | | | | | | | | | |
| Motor Carrier | \$12,900,000 | \$13,536,070 | \$636,070 | | \$12,501,595 | \$1,034,475 | | 8.3 % | | |
| Income Taxes: | | | | | | | | | | |
| Individual Corporation | \$4,084,400,000 | \$4,590,260,951 | \$505,860,951 | | \$3,338,185,249 | \$1,252,075,701 | | 37.5 % | | |
| Financial Institutions | 533,900,000 | 652,285,999 | 118,385,999 | | 384,407,313 | 267,878,686 | | 69.7 | | |
| Total | 70,000,000 | 75,149,145 | 5,149,145 | | 46,196,537 | 28,952,608 | | 62.7 | | |
| | \$4,688,300,000 | \$5,317,696,095 | \$629,396,095 | | \$3,768,789,100 | \$1,548,906,995 | | 41.1 % | | |
| Excise Taxes: | | | | | | | | | | |
| Retail Sales | \$2,444,867,500 | \$2,522,553,173 | \$77,685,673 | | \$2,352,523,422 | \$170,029,751 | | 7.2 % | | |
| Compensating Use | 565,000,000 | 602,966,994 | 37,966,994 | | 479,059,756 | 123,907,238 | | 25.9 | | |
| Cigarette | 110,000,000 | 113,490,746 | 3,490,746 | | 116,456,355 | (2,965,609) | | (2.5) | | |
| Tobacco Products | 9,700,000 | 9,918,689 | 218,689 | | 9,179,758 | 738,931 | | 8.0 | | |
| Liquor Gallonage | 24,500,000 | 24,721,055 | 221,055 | | 21,977,500 | 2,743,555 | | 12.5 | | |
| Liquor Enforcement | 81,000,000 | 81,341,653 | 341,653 | | 74,666,698 | 6,674,955 | | 8.9 | | |
| Liquor Drink | 9,200,000 | 10,321,448 | 1,121,448 | | 10,349,814 | (28,365) | | (0.3) | | |
| Severance | 15,200,000 | 16,840,957 | 1,640,957 | | 20,691,726 | (3,850,769) | | (18.6) | | |
| Gas | 2,400,000 | 3,912,713 | 1,512,713 | | 389,731 | 3,522,982 | | 904.0 | | |
| Oil | 12,800,000 | 12,928,244 | 128,244 | | 20,301,995 | (7,373,751) | | (36.3) | | |
| Total | \$3,259,467,500 | \$3,382,154,716 | \$122,687,216 | | \$3,084,905,029 | \$297,249,687 | | 9.6 % | | |
| Subtotal - KDOR Tax Collections | \$7,960,667,500 | \$8,713,386,881 | \$752,719,381 | | \$6,866,195,724 | \$1,847,191,157 | | 26.9 % | | |
| Other Taxes: | | | | | | | | | | |
| Insurance Premiums | \$178,200,000 | \$181,941,106 | \$3,741,106 | | \$172,479,251 | \$9,461,855 | | 5.5 % | | |
| Corporate Franchise | 8,300,000 | 9,858,768 | 1,558,768 | | 7,042,783 | 2,815,985 | | 40.0 | | |
| Miscellaneous | 3,300,000 | 3,422,151 | 122,151 | | 3,425,581 | (3,401) | | (0.1) | | |
| Total | \$189,800,000 | \$195,222,025 | \$5,422,025 | | \$182,947,586 | \$12,274,439 | | 6.7 % | | |
| Total Taxes | \$8,150,467,500 | \$8,908,608,906 | \$758,141,406 | 109.3% | \$7,049,143,310 | \$1,859,465,596 | 126.4% | 26.4 % | | |
| Other Revenues & Receipts: | | | | | | | | | | |
| Interest | \$8,000,000 | \$7,797,542 | (\$202,458) | | \$56,064,236 | (\$48,266,694) | | (86.1) % | | |
| Net Transfers & Other Receipts | (115,900,000) | (113,549,994) | 2,350,006 | | (251,223,990) | 137,673,997 | | 54.8 | | |
| Agency Earnings | \$7,300,000 | 63,088,737 | 57,788,737 | | 46,465,281 | 16,623,456 | | 35.8 | | |
| Total | (\$50,600,000) | (\$42,663,715) | \$7,936,285 | | (\$148,694,474) | \$106,030,759 | | 71.3 % | | |
| Total Receipts | \$8,099,867,500 | \$8,865,945,191 | \$766,077,691 | 109.5% | \$6,900,448,837 | \$1,965,496,355 | 128.5% | 28.5 % | | |
| % of Total Received: | | | | | | | | | | |

Enclosure C (April 2021 CRE Estimate for SFY 22)

Table 3
State General Fund Receipts
FY 2022 Revised
Comparison of April 2021 Estimate to November 2020 Estimate
(Dollars in Thousands)

| | FY 2022 CRE Est. Revised 11/06/2020 | FY 2022 CRE Est. Revised 04/20/2021 | Difference | |
|----------------------------|--|--|--------------------|----------------|
| | | | Amount | Pct. Chg. |
| Property Tax/Fee: | | | | |
| Motor Carrier | \$ 12,500 | \$ 12,900 | \$ 400 | 3.2 % |
| Income Taxes: | | | | |
| Individual | \$ 3,830,000 | \$ 3,790,400 | \$ (39,600) | (1.0) % |
| Corporation | 360,000 | 319,000 | (41,000) | (11.4) |
| Financial Institutions | 45,000 | 50,000 | 5,000 | 11.1 |
| Total | \$ 4,235,000 | \$ 4,159,400 | \$ (75,600) | (1.8) % |
| Excise Taxes: | | | | |
| Retail Sales | \$ 2,425,000 | \$ 2,470,000 | \$ 45,000 | 1.9 % |
| Compensating Use | 600,000 | 630,000 | 30,000 | 5.0 |
| Cigarette | 110,000 | 109,000 | (1,000) | (0.9) |
| Tobacco Products | 9,400 | 9,900 | 500 | 5.3 |
| Liquor Gallonage | 24,000 | 25,000 | 1,000 | 4.2 |
| Liquor Enforcement | 79,000 | 82,000 | 3,000 | 3.8 |
| Liquor Drink | 10,000 | 10,000 | -- | -- |
| Severance | 14,700 | 22,800 | 8,100 | 55.1 |
| Gas | 2,600 | 4,100 | 1,500 | 57.7 |
| Oil | 12,100 | 18,700 | 6,600 | 54.5 |
| Total | \$ 3,272,100 | \$ 3,358,700 | \$ 86,600 | 2.6 % |
| Other Taxes: | | | | |
| Insurance Premiums | \$ 150,000 | \$ 176,500 | \$ 26,500 | 17.7 % |
| Corporate Franchise | 7,500 | 7,800 | 300 | 4.0 |
| Miscellaneous | 3,500 | 3,600 | 100 | 2.9 |
| Total | \$ 161,000 | \$ 187,900 | \$ 26,900 | 16.7 % |
| Total Taxes | \$ 7,680,600 | \$ 7,718,900 | \$ 38,300 | 0.5 % |
| Other Revenues & Receipts: | | | | |
| Interest | \$ 3,000 | \$ 1,500 | \$ (1,500) | (50.0) % |
| Transfers & Other Receipts | (254,800) | (254,800) | -- | -- |
| Agency Earnings | 54,800 | 59,200 | 4,400 | 8.0 |
| Total | \$ (197,000) | \$ (194,100) | \$ 2,900 | 1.5 % |
| Total Receipts | \$ 7,483,600 | \$ 7,524,800 | \$ 41,200 | 0.6 % |

Enclosure D (Initial SFY 21 Allotment Plan)

**FY 2021 Governor's State General Fund Allotment Plan
July 2020**

Revenues

| | |
|--|-------------------------|
| * Delay PMIB Loan Payment--FY 2021 | \$ (132,166,666) |
| * Additional PMIB Loan--FY 2021 | (132,166,667) |
| * State Water Plan--Dept. of Agriculture | (1,247,699) |
| * State Water Plan--Kansas Water Office | (1,160,000) |
| * EDIF--Crossroads Conversations Project | (20,000) |
| Subtotal--Revenues | \$ (266,761,032) |

Governor's Allotment Expenditure Reductions

| | |
|---|-------------------------|
| FY 2021 Human Service Caseload Savings | \$ (146,686,946) |
| Delayed FY 2022 State Foundation Aid Payment--KSDE | (79,345,549) |
| Replace Higher Education SGF with GEER | (26,274,163) |
| IDD Waiver--FY 2021 Increase | (8,958,340) |
| SB 155 Career & Technical Education--Board of Regents | (8,500,000) |
| Winfield & Lansing Expansion--Department of Corrections | (6,089,218) |
| School Safety Grants--Department of Education | (5,000,000) |
| University of Kansas Medical Center--Cancer Center Research Grant | (5,000,000) |
| All Other Agency-Specific Allotments | (40,033,935) |
| KPERS Death & Disability (D&D) Moratorium--Exec. Branch | (46,687,965) |
| Coronavirus Relief SGF Savings | (1,932,543) |
| Subtotal--Governor Allotments | \$ (374,508,659) |

Expenditure Reductions Needing Legislative Action

| | |
|---|------------------------|
| * Coronavirus Response Fund | \$ (19,978,708) |
| * Judicial Branch--D&D Moratorium | (525,289) |
| * Legislative Branch--Death & Disability Moratorium | (224,775) |
| * Evidence-Based Juvenile Programs--Department of Corrections | (42,315,140) |
| Subtotal--Expenditures Requiring Legislative Action | \$ (63,043,912) |

Total Allotment Plan

\$ (704,313,603)

* *Items Needing Legislative Action*

Source:

<https://budget.kansas.gov/budget-report/fy-2021-governors-budget-report/>

Enclosure E (Links to Resources)

Gannon v. State of Kansas (School Finance Case):

<https://www.kscourts.org/Cases-Opinions/High-Interest-Cases/Luke-Gannon-v-State-of-Kansas>

2021 Legislative Session Appropriation Bills:

http://kslegislature.org/li/b2021_22/measures/documents/hb2007_enrolled.pdf

http://kslegislature.org/li/b2021_22/measures/documents/sb159_enrolled.pdf

http://kslegislature.org/li/b2021_22/measures/documents/hb2134_enrolled.pdf

2021 Legislative Session Tax Adjustments Bill:

http://kslegislature.org/li/b2021_22/measures/documents/sb50_enrolled.pdf

SFY 22 Governor's Comparison Report (Includes Approved SFY 22 Budget):

https://budget.kansas.gov/wp-content/uploads/FY2022_Comparison_Report-07.12.2021.pdf

Historical Revenue Forecasts from CRE Group:

<https://budget.kansas.gov/estimates/>