

Governor's Council on Tax Reform

Division of the Budget Update

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Budget Overview

- Updated FY22 revenue estimate increases ending balance
- First FY23 revenue forecast shows growth, with some items returning to norms
- Current revenues vs. expenditures show that we can afford the **Axe the Food Tax** proposal
- State has made great progress on paying down debt and stabilizing budget
- K-12 hits target BASE funding level in FY23
- Continue to focus on “putting tools back in the toolbox”
- Focus on one-time expenditures and long-term sustainability

FY23 should mark the closing of the Bank of KDOT

State Highway Fund		
Transfers to SGF		
<u>Year</u>	<u>Amount</u>	<u>\$ vs. Prior Year</u>
FY 2010	\$ 179,322,545	147,948,422
FY 2011	\$ 185,300,000	5,977,455
FY 2012	\$ 237,760,399	52,460,399
FY 2013	\$ --	(237,760,399)
FY 2014	\$ 15,000,000	15,000,000
FY 2015	\$ 176,779,087	161,779,087
FY 2016	\$ 277,961,561	101,182,474
FY 2017	\$ 264,918,157	(13,043,404)
FY 2018	\$ 288,297,663	23,379,506
FY 2019	\$ 243,126,335	(45,171,328)
FY 2020	\$ 231,775,744	(11,350,591)
FY 2021	\$ 133,700,000	(98,075,744)
FY 2022	\$ 66,850,000	(66,850,000)
FY 2023*	\$ --	(66,850,000)

**Governor's Recommendation*

Allows state to move forward on the critical IKE Program

SGF Profile – FY23 Estimated

Kansas Legislative Research Department

11/10/2021

State General Fund Profile FY 2019 - FY 2023 (Dollars in Millions)

	Actual FY 2019	Actual FY 2020	Actual FY 2021	Approved FY 2022	Estimated FY 2023
Beginning Balance	\$ 761.7	\$ 1,105.1	\$ 495.0	\$ 2,094.8	\$ 2,892.0
Revenue					
Consensus Revenue Estimates (Nov. 2021 CRE)	\$ 7,376.2	\$ 6,912.4	\$ 8,865.9	\$ 8,870.0	\$ 9,047.9
Total Available Revenue	\$ 8,137.9	\$ 8,017.5	\$ 9,362.6	\$ 10,964.8	\$ 11,939.9
Expenditures					
Expenditures	\$ 7,032.8	\$ 7,522.5	\$ 7,267.8	\$ 8,143.2	\$ 8,072.8
Reappropriations	-	-	-	193.5	(193.5)
Human Services Caseload	-	-	-	(173.2)	170.0
School Finance	-	-	-	(90.7)	115.5
Total Adjusted Expenditures	\$ 7,032.8	\$ 7,522.5	\$ 7,267.8	\$ 8,072.8	\$ 8,164.8
Ending Balance	\$ 1,105.1	\$ 495.0	\$ 2,094.8	\$ 2,892.0	\$ 3,775.1
Budget Stabilization Fund Balance			81.9	-	-
Ending SGF balance as a percentage of expenditures	15.7%	6.6%	28.8%	35.8%	46.2%
Receipts above / (below) expenditures	\$ 343.4	\$ (610.1)	\$ 1,599.8	\$ 797.2	\$ 883.1

22-003

- Updated CRE for FY22 and FY23
- Updated caseloads for FY22 and FY23
- Current approved expenditures for FY22, carried forward to FY23
- Does not include impact from Axe the Food Tax
- Does not reflect Governor's Recommended Budget for FY23

Consensus Economic Forecasts

Forecasts	2021		2022		2023		2024
	Apr 21	Nov 21	Apr 21	Nov 21	Apr 21	Nov 21	Nov 21
CPI-U	2.20%	5.33%	2.20%	3.70%	2.20%	2.83%	2.07%
US Real GDP	4.70%	5.73%	3.70%	3.60%	2.10%	2.50%	2.17%
US Nominal GDP	6.90%	11.07%	5.90%	7.30%	4.30%	5.33%	4.23%
Nominal US PI	7.70%	11.07%	5.90%	7.30%	4.30%	2.80%	4.23%
Corp Profits Before Tax	10.80%	11.77%	5.00%	7.20%	4.80%	5.63%	4.40%
Real KS GDP	4.70%	5.73%	3.70%	3.60%	2.10%	2.50%	2.17%
Nominal KS GDP	6.90%	11.07%	5.90%	7.30%	4.30%	5.33%	4.23%
Nominal KS PI	7.70%	11.07%	5.90%	7.30%	4.30%	5.33%	4.23%
Nominal KS DPI	7.70%	11.07%	5.90%	7.30%	4.30%	5.33%	4.23%

- Provided by University Economists from CRE Group