

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson David Adkins at 9:08 a.m. on February 8, 2000 in Room 514-S of the Capitol.

All members were present except: Rep. Phil Kline - excused
Rep. J. Peterson - excused

Committee staff present: Alan Conroy, Kansas Legislative Research Department
Stuart Little, Kansas Legislative Research Department
Robert Waller, Kansas Legislative Research Department
Jim Wilson, Office of the Revisor
Mike Corrigan, Office of the Revisor
Dave Stallings, Assistant to the Chairman
Mary Shaw, Committee Secretary

Conferees appearing before the committee:
Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department

Others attending: See attached list.

Chairman Adkins introduced Mr. Alan Conroy, Chief Fiscal Analyst, Kansas Legislative Research Department, who gave an Overview of the FY 2001 Governor's Budget Report (Attachment 1).

Overview of the FY 2001 Budget Report

Mr. Conroy mentioned that the complete 2001 budget analysis has been placed in notebooks and are stored in the Representatives' bookshelves. Mr. Conroy explained that the summary data in this overview compare actual expenditures for FY 1999, the Governor's revised estimates for FY 2000, and the Governor's recommendations for FY 2001.

Summary of Changes to Estimated FY 2000 Expenditures

Mr. Conroy explained that based on actions of the 1999 Session of the Legislature, it was estimated by the Research Department that FY 2000 expenditures from all funds would total \$8.890 billion. The Governor's Budget Report revises the all funds FY 2000 Budget to \$8.492 billion, a reduction of \$398.5 million from the earlier estimate. The recommendation reflects a change in the manner in which KPERS and KPERS-School benefit payments are counted. The Governor's recommendation reflects those expenditures (\$498.3 million in the approved FY 2000 budget) as off-budget (not counted as expenditures at the time the payments are made). Mr. Conroy explained other differences (found in the overview that was distributed by staff).

Total State Expenditures for FY 2001

Mr. Conroy explained that the Governor's recommendation for FY 2001 state expenditures from all funds totals \$8.686 billion, an increase of \$194.6 million (2.3 percent) above the Governor's revised estimate for FY 2000 of \$8.492 billion. Actual FY 1999 expenditures from all funding sources were \$8.306 billion. Mr. Conroy noted additional information found in the overview that was distributed by staff.

Demand Transfers from the State General Fund

Mr. Conroy further explained that demand transfers, certain expenditures specified by statute, are recommended by the Governor to decrease by \$16.5 million in FY 2001. He further described additional information found in the overview that was distributed by staff. Committee questions and discussion followed. Mr. Conroy distributed the State General Fund Profile, FY 1998 - FY 2004 (Attachment 2) and briefed the Committee. Representative Landwehr asked if the Department of Revenue have any type of aging report that they can show rearranges in taxes that have not been collected. Representative Hermes

CONTINUATION SHEET

mentioned that she has a copy of a letter from the Department of Revenue regarding FY 1999 Individual Income Tax Receipts that might provide that information and she could give a copy of the letter to the Chairman for distribution. Mr. Conroy thanked Leah Robinson, Fiscal Analyst, Kansas Legislative Research Department, for her part in helping prepare the presentation.

Chairman Adkins thanked Mr. Conroy for the staff presentation regarding the Overview of the FY 2001 Governor's Budget Report. The following information was distributed by staff:

Copies of the 2000 House Budget Committees, Revised February 2, 2000 (Attachment 3) were distributed.

Bill Introductions

Representative Allen made a motion, and seconded by Representative Dean, to introduce a committee school finance bill that would raise the statewide school levy two mills and would put half of the first year's revenue into the base state aid for pupil and half of it into correlation weighting. Motion carried.

Representative McKechnie made a motion on behalf of the Public Safety Committee for Secretary Simmons and the Department of Corrections, and seconded by Representative Reardon, to introduce a bill that would provide similar benefits to the employees at the RDU that were provided for the employees at the closure of the Topeka State Hospital. Motion carried.

Representative McKechnie made a motion on behalf of Representative Henry, and seconded by Representative Feuerborn, to introduce a bill concerning law enforcement officers relating to training. Motion carried.

The meeting adjourned at 10:12 a.m. The next meeting is scheduled for February 10, 2000.

**HOUSE APPROPRIATIONS COMMITTEE
GUEST LIST**

DATE February 8, 2000

NAME	REPRESENTING
Stephanie Buchanan	DOB
Alex A. Kobaygenitz	Ks. Academy of Sciences
Don Rezac	S.E.A.K
Mike Hutches	Ks. Govt. Consulting
Lisa Becker	SRS
David Palmer	Rep Gatewood
John Kiefhaber	Ks Health Care Assn.

OVERVIEW OF THE FISCAL YEAR 2001 GOVERNOR'S BUDGET REPORT

In this Budget Overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from *The FY 2001 Governor's Budget Report*. The Legislative Research Department utilizes the classification of expenditures by function of government so as to coincide with the Division of the Budget and the Division of Accounts and Reports. The Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature.

The summary data in this overview compare actual expenditures for FY 1999, the Governor's revised estimates for FY 2000, and the Governor's recommendations for FY 2001.

SUMMARY OF CHANGES TO ESTIMATED FY 2000 EXPENDITURES

Based on actions of the 1999 Session of the Legislature, it was estimated by the Research Department that FY 2000 expenditures from **all funds** would total \$8.890 billion. *The Governor's Budget Report* revises the all funds FY 2000 budget to \$8.492 billion, a **reduction of \$398.5 million** from the earlier estimate. The recommendation reflects a change in the manner in which KPERS and KPERS-School benefit payments are counted. The Governor's recommendation reflects those expenditures (\$498.3 million in the approved FY 2000 budget) as off-budget (not counted as expenditures at the time the payments are made). Other major differences from the session-end estimate and the Governor's revised estimate include:

- ◆ Increases of \$26.7 million in **Kansas Department of Transportation** expenditures, primarily due to construction expenditure changes related to the Comprehensive Transportation Program; \$23.9 million in the budget of the **Department of Social and Rehabilitation Services**, primarily for caseload adjustments; \$9.8 million to the approved budget of the **Adjutant General**, related to the carry-forward of disaster relief funds from FY 1999; and \$6.8 million for caseload adjustments in the budget of the **Department on Aging**. The increases are partially offset by the reduction of \$9.6 million for the **Board of Regents and the Regents institutions**, related to a recommended State General Fund reduction and changes to several restricted use funds.

At the close of the 1999 Session, FY 2000 expenditures from the **State General Fund** were estimated to be \$4.430 billion. *The Governor's Budget Report* revises the FY 2000 General Fund budget to \$4.389 billion, a **net reduction of \$40.6 million** from the earlier estimate. Major differences from the session-end estimate and the Governor's revised estimate consist of:

- ◆ A reduction of \$27.2 million in the budget of the **Kansas Department of Transportation**, applied to the State General Fund demand transfer to the State Highway Fund; and a reduction of \$21.9 million in the budget of the **Department of Education** (the Governor's recommendation is based on a base budget per pupil of \$3,757, a \$13 per pupil reduction from the amount approved by the 1999 Legislature, and FY 1999 savings reappropriated to

FY 2000 are used to offset part of the recommended reduction); increases of \$3.2 million for the **Department on Aging** (caseload adjustments); \$1.8 million for the **Juvenile Justice Authority** (related to purchase of services and crowding issues at Topeka Juvenile Correctional Facility); and \$1.5 million in the budget of the **Secretary of State** (funding for the April 2000 Presidential Preference Primary).

The following tabulation summarizes the changes to FY 2000 expenditures by major category.

	Millions	
	General Fund	All Funds
Original FY 2000 Expenditure Estimates	\$ 4,429.7	\$ 8,890.3
Revisions:		
State Operations	(9.9)	(1.3)
Aid to Local Units	(12.4)	6.4
Other Assistance*	5.2	(458.1)
Capital Improvements	(23.4)	54.5
Total Revisions	<u>\$ (40.5)</u>	<u>\$ (398.5)</u>
Revised FY 2000 Expenditure Estimates	<u>\$ 4,389.2</u>	<u>\$ 8,491.8</u>

* Reflects a change in the manner in which KPERS and KPERS-School benefits are reported. Expenditures are no longer reflected as state expenditures when the benefits are paid.

TOTAL STATE EXPENDITURES FOR FY 2001

Summary of Expenditures from All Funds

The Governor's recommendation for FY 2001 state expenditures from all funds totals \$8.686 billion, an increase of \$194.6 million (2.3 percent) above the Governor's revised estimate for FY 2000 of \$8.492 billion. Actual FY 1999 expenditures from all funding sources were \$8.306 billion.

Expenditures by Major Purpose

State Operations. *Actual agency operating costs for salaries and wages, contractual services, commodities and capital outlay.*

The Governor's FY 2001 recommendation for state operations increases by \$59.1 million or 2.2 percent above the revised FY 2000 amount. Of the recommended increase, \$43.1 million is reflected in the budget of the Kansas Department of Transportation, reflecting increased costs related to the Comprehensive Transportation Program, and \$17.3 million is included in the budgets of the Board of Regents and the Regents institutions, related primarily to salary increases for faculty and other employees. All other state operations expenditures decrease by \$1.3 million.

Aid to Local Units. *Aid payments to counties, cities, school districts, and other local government entities. May be from state or federal funds.*

Aid to local units increases by \$61.8 million or 2.0 percent in FY 2001. Aid to local units in the Department of Education increases by a total of \$46.5 million in FY 2001. General and supplemental state aid to local school districts from the Department of Education increases by \$42.9 million, while special education services aid increases \$9.2 million. Aid to local units in the budget of the Adjutant General declines \$10.2 million in FY 2001 related to the expenditure of federal disaster relief moneys in FY 2000. A tabulation appearing later in this memorandum provides details about state aid programs.

Other Assistance, Grants, and Benefits. *Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, retirement payments and tuition grants.*

Other assistance increases \$67.2 million or 3.1 percent above the revised FY 2000 amount. Major increases include \$42.6 million in the Department of Social and Rehabilitation Services (caseload increases), \$15.9 million for increased unemployment insurance benefit payments in the budget of the Department of Human Resources, and \$10.4 million related to caseload increases at the Department on Aging. The increases are partially offset by a reduction of \$0.8 million in the budget of the Adjutant General, related to emergency grant payments in FY 2000.

Capital Improvements. *Cash or debt service payments for projects involving new construction, remodeling and additions, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense.*

Capital improvements are recommended to increase by \$6.6 million above the FY 2000 level. Increases in construction projects for the Department of Transportation (\$46.8 million), the Juvenile Justice Authority (\$5.9 million), and the Department of Corrections (\$5.3 million) are partially offset by reductions of \$28.2 million in Regents institutions' projects.

EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE

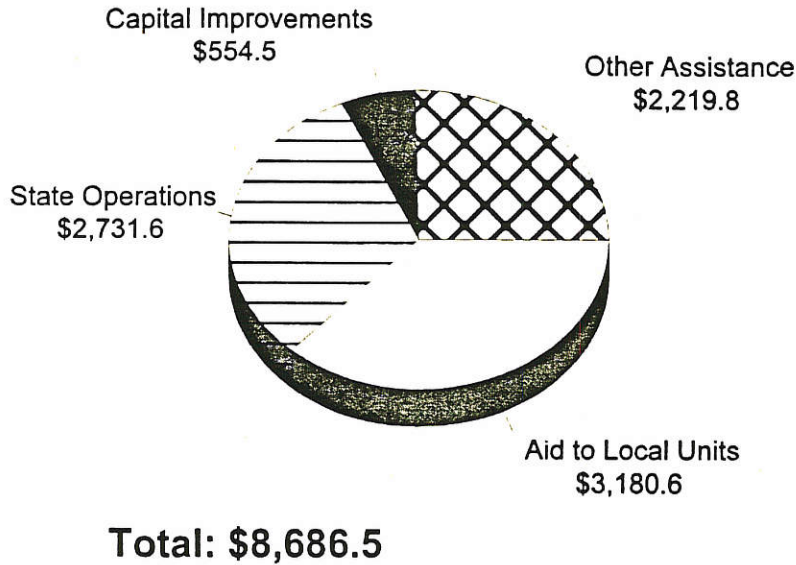
(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 99	FY 00	\$	%	FY 01	\$	%
State Operations	\$ 2,754.0	\$ 2,672.5	\$ (81.5)	(3.0)%	\$ 2,731.6	\$ 59.1	2.2%
Aid to Local Units	2,934.6	3,118.8	184.2	6.3	3,180.6	61.8	2.0
Other Assistance	2,105.6	2,152.6	47.0	2.2	2,219.8	67.2	3.1
Total Operating	\$ 7,794.2	\$ 7,943.9	\$ 149.7	1.9	\$ 8,132.0	\$ 188.1	2.4
Capital Improvements	512.2	547.9	35.7	7.0	554.5	6.6	1.2
TOTAL	\$ 8,306.4	\$ 8,491.8	\$ 185.4	2.2%	\$ 8,686.5	\$ 194.7	2.3%

Of the total budget recommendation for FY 2001, 31.4 percent is for state operations, 36.6 percent is for state aid to local units of government, 25.6 percent is for other assistance, grants, and benefits, and 6.4 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2001.

FY 2001 EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE

(Millions of Dollars)



Expenditures by Function of Government

The following table summarizes expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include: General Government; Human Resources; Education; Public Safety; Agriculture and Natural Resources; and Transportation. The education function is by far the largest component with 46.5 percent of the total. The three largest functions of government—education, human resources, and transportation—comprise 85.0 percent of the recommended expenditures for FY 2001.

**SUMMARY OF EXPENDITURES FROM ALL FUNDS
BY FUNCTION OF GOVERNMENT**

(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 99	FY 00	\$	%	FY 01	\$	%
General Government	\$ 731.5	\$ 759.1	\$ 27.6	3.8%	\$ 734.8	\$ (24.3)	(3.2)%
Human Resources	2,236.4	2,351.2	114.8	5.1	2,425.8	74.6	3.2
Education	3,858.4	3,982.5	124.1	3.2	4,034.9	52.4	1.3
Public Safety	400.2	413.1	12.9	3.2	417.9	4.8	1.2
Agriculture/Natural Resources	138.3	159.6	21.3	15.4	149.8	(9.8)	(6.1)
Transportation	941.6	826.3	(115.3)	(12.2)	923.3	97.0	11.7
TOTAL	\$ 8,306.4	\$ 8,491.8	\$ 185.4	2.2%	\$ 8,686.5	\$ 194.7	2.3%

Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following tabulation summarizes total state expenditures by major fund class. The tabulation separates the plan for financing into operating purposes and capital improvements. The General Fund operating amount shown in the table for FY 2001 is based on current resources of the Fund. The net increase in General Fund operating expenditures from FY 2000 to FY 2001 is \$55.1 million or 1.3 percent. The Governor's recommendations do, however, include both positive and negative adjustments for individual agencies.

SUMMARY OF THE PLAN FOR FINANCING STATE EXPENDITURES

(Millions of Dollars)

Fund Class	Actual	Est.	Change		Rec.	Change	
	FY 99	FY 00	\$	%	FY 01	\$	%
Operating Expenditures:							
General Fund	\$ 4,094.1	\$ 4,311.1	\$ 217.0	5.3%	\$ 4,366.2	\$ 55.1	1.3%
Special Revenue Funds	2,667.4	2,715.9	48.5	1.8	2,761.4	45.5	1.7
Employment Security Fund	156.6	139.0	(17.6)	(11.2)	158.0	19.0	13.7
Highway Funds	512.2	380.5	(131.7)	(25.7)	431.2	50.7	13.3
Retirement Funds	27.9	54.1	26.2	93.9	63.8	9.7	17.9
All Other Funds	336.0	343.3	7.3	2.2	351.4	8.1	2.4
Total Operating	<u>\$ 7,794.2</u>	<u>\$ 7,943.9</u>	<u>\$ 149.7</u>	<u>1.9%</u>	<u>\$ 8,132.0</u>	<u>\$ 188.1</u>	<u>2.4%</u>
Capital Improvements:							
General Fund	\$ 102.0	\$ 78.1	\$ (23.9)	(23.4)%	\$ 59.7	\$ (18.4)	(23.6)%
Highway Funds	329.5	367.8	38.3	11.6	425.5	57.7	15.7
Building Funds	27.1	42.4	15.3	56.5	31.6	(10.8)	(25.5)
All Other Funds	53.6	59.6	6.0	11.2	37.7	(21.9)	(36.7)
Total Capital Imprv.	<u>\$ 512.2</u>	<u>\$ 547.9</u>	<u>\$ 35.7</u>	<u>7.0%</u>	<u>\$ 554.5</u>	<u>\$ 6.6</u>	<u>1.2</u>
TOTAL Expenditures	<u>\$ 8,306.4</u>	<u>\$ 8,491.8</u>	<u>\$ 185.4</u>	<u>2.2%</u>	<u>\$ 8,686.5</u>	<u>\$ 194.7</u>	<u>2.3%</u>

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The General Fund finances 51.7 percent of estimated FY 2000 expenditures. In FY 2001, the General Fund finances 51.0 percent of the recommended expenditures.

Special revenue funds include most federal grants, student and patient fees, and other charges for benefits received. The All Other category is a combination of several fund classes, including trust and agency funds, shared tax collection funds, and enterprise funds.

Schedule 8 in *The Governor's Budget Report* (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 2000 receipts are \$2.219 billion, an increase of \$130.3 million or 6.2 percent from the FY 1999 actual receipts. The FY 2001 estimate of \$2.288 billion is \$68.6 million or 3.1 percent above the FY 2000 estimated receipts. Three agencies – the Department of Social and Rehabilitation Services, the Department of Transportation, and the Department of Education – account for 77.6 percent of FY 2001 estimated federal receipts.

Federal receipts for fiscal years 2000 and 2001 are dependent on future actions of the federal government. Past experience indicates that the final outcome of those actions will not be known prior to adjournment of the 2000 Legislature.

Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 31.4 percent of total recommended expenditures for FY 2001. The tabulation below divides state operations expenditures into four major components: salaries and wages; contractual services (communications, rent, travel); commodities (food, supplies, stationery); and capital outlay (equipment and furniture, not building and highway construction projects). The All Other category is comprised of debt service.

**SUMMARY OF EXPENDITURES FROM ALL FUNDS STATE OPERATIONS
BY MAJOR COMPONENT**

(Millions of Dollars)

Function	Actual FY 99	Est. FY 00	Change		Rec. FY 01	Change	
			\$	%		\$	%
Salaries and Wages	\$ 1,620.0	\$ 1,679.6	\$ 59.6	3.7%	\$ 1,723.6	\$44.0	2.6%
Contractual Services	621.8	655.1	33.3	5.4	643.1	(12.0)	(1.8)
Commodities	132.2	132.4	0.2	0.2	128.9	(3.5)	(2.6)
Capital Outlay	311.8	126.8	(185.0)	(59.3)	117.6	(9.2)	(7.3)
All Other	68.2	78.6	10.4	15.2	118.4	39.8	50.6
TOTAL	\$2,754.0	\$ 2,672.5	\$ (81.5)	(3.0)%	\$ 2,731.6	\$ 59.1	2.2%

Salaries and wages expenditures, including fringe benefits, comprise almost two-thirds of the state operations budget for FY 2001 (63.1 percent) and represent a \$44.0 million or 2.6 percent increase from the FY 2000 estimate.

Salaries and wages policy recommendations incorporated into the proposed FY 2001 budget include the following:

GOVERNOR'S FY 2001 STATE EMPLOYEE SALARY ADJUSTMENTS

	Millions	
	State General Fund	All Funds
I. Classified		
A. Step Movement (2.5 percent to all classified employees on their anniversary of state service, assuming satisfactory performance)	\$ 7.8	\$ 14.9
B. Longevity (\$40 a year for each year of service for those employees that have at least ten years of service up to a maximum of 25 years).	0.3*	0.6*
II. Unclassified		
A. 2.5 percent Base Increase for unclassified employees in the executive (including Regents unclassified) branch, elected officials of the executive and legislative branches, and unclassified employees in the judiciary and judges.	9.9	22.0
GRAND TOTAL	\$18.0	\$ 37.5

* Amounts reflect the difference between the Governor's recommendation for FY 2001 and the amount of longevity bonus payments that are estimated to be paid in FY 2000.

Financing for all employee benefit recommendations are contained in the recommended budgets for each state agency.

Regents Faculty Salary Increases

In addition to the amounts reflected above, pursuant to 1999 SB 345 (the Higher Education Coordination Act), the Governor recommends a **salary enhancement pool of \$8.4 million** in the budget of the State Board of Regents. This funding, in conjunction with the 2.5 percent unclassified merit pool recommended by the Governor, is intended to provide an **average salary increase of 5.9 percent for Regents faculty**.

Fringe Benefit Adjustments

The Governor's salary recommendations for FY 2001 include adjustments for three fringe benefit rates. First, the workers' compensation rate was reduced from 1.0 percent to .925 percent of covered payroll. Second, the rate for regular KPERS members, excluding the portion for insured death and disability coverage, was scheduled to increase from 3.59 percent in FY 2000 to 3.98 percent for FY 2001. The Governor recommends the continuation of the 3.59 percent rate for FY 2001. Third, under the Governor's recommendation, the KPERS death and disability premium, representing 0.6 percent of payroll, will not be collected for FY 2001.

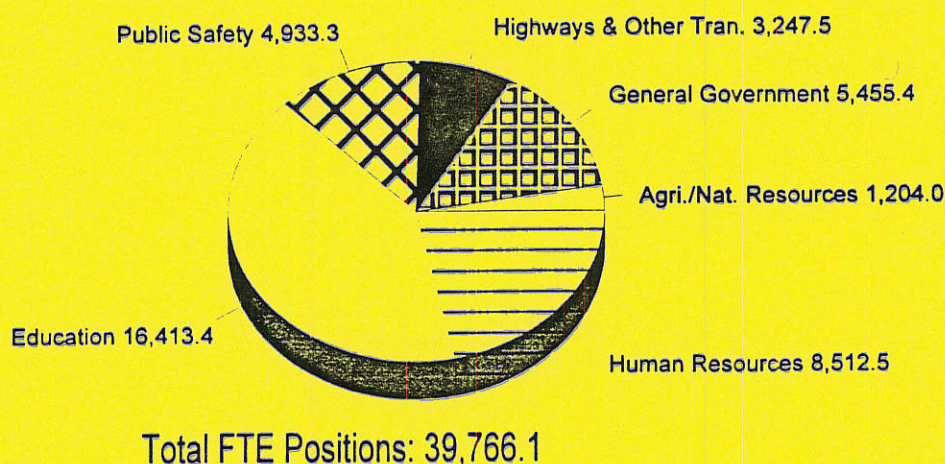
Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are also affected by policy recommendations which change the size of the state's workforce. The FY 2001 budget recommendations of the Governor finance 39,766.1 full-time equivalent positions, a reduction of 196.7 or 0.5 percent from the FY 2000 recommended level of 39,962.8. In addition, the Governor recommends 813.3 unclassified temporary positions in FY 2001, an increase of 8.5 or 1.1 percent from FY 2000. These employees are not included in the FTE limitation.

The following pie chart reflects the Governor's recommended FY 2001 full-time equivalent positions by function of government.

FY 2001 FULL-TIME EQUIVALENT (FTE) POSITIONS

by Function of Government



State Workforce Adjustments

The Governor's FY 2001 recommendation reduces the size of the state's workforce by 196.7 FTE positions. Factors contributing to the reduction in positions include:

- ◆ **Retirement Reductions.** 1993 H.B. 2211 (K.S.A. 1999 Supp. 75-6891) established a mechanism to reduce the number of authorized FTE positions in the executive and legislative branches of government. The law requires that at least 25.0 percent of positions vacated through retirements be eliminated, with exemptions for certain direct care and correctional responsibilities. **As of December 1999, a total of 187.0 FTE positions had been vacated through retirements in FY 2000. Of that number, 39.0 (20.1 percent) have not been restored. Total savings to date in FY 2000 are \$1,058,270, including \$532,900 from the State General Fund, which the Governor has reduced from agency budgets.**
- ◆ **Other Adjustments.** The Governor's recommendation for FY 2001 includes the reduction of 270.7 FTE positions in the budget of the Department of Social and Rehabilitation Services (primarily a reduction of field staff in SRS area offices). The

reduction is partially offset by additions of 117.0 FTE positions for full staffing of the Kansas Veterans' Home in Winfield, and additional staffing of 28.0 FTE positions for the Kansas Department of Transportation for the Comprehensive Transportation Program.

Program or Agency Components of the FY 2001— All Funds Budget

To this point, this memorandum has dealt primarily with measuring **year-to-year** changes proposed in *The Governor's Budget Report*. The following tabulation pertains to **FY 2001 only** and measures major programs or agency expenditures in dollar terms and as a percent of the total budget. The budgets of the Department of Education, the Department of Social and Rehabilitation Services, and the Board of Regents and its institutions account for just under two-thirds (64.6 percent) of the total state budget.

**GOVERNOR'S RECOMMENDED
EXPENDITURES FROM ALL FUNDS, FY 2001**

By Agency or Program

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Increase From FY 00
Department of Education	\$ 2,537,303	29.21%	29.21%	1.8%
Department of SRS, Except Hospitals	1,606,474	18.49	47.70	2.6
Board of Regents and Institutions	1,468,922	16.91	64.61	0.9
Department of Transportation	923,275	10.63	75.24	11.7
Department on Aging	357,276	4.11	79.36	3.1
Department of Corrections and Facilities	230,853	2.66	82.01	3.3
Department of Human Resources	220,482	2.54	84.55	7.7
Department of Health and Environment	173,795	2.00	86.55	5.0
Kansas Lottery	139,961	1.61	88.16	1.1
State Treasurer	112,021	1.29	89.45	(4.7)
Dept. of Commerce and Housing, KTEC, and Kansas, Inc.	103,703	1.19	90.65	(5.3)
State Hospitals	101,848	1.17	91.82	0.0
Juvenile Justice Authority and Facilities	93,782	1.08	92.90	6.8
Judicial Branch	83,428	0.96	93.86	0.5
Department of Revenue	76,997	0.89	94.75	(9.4)
Highway Patrol and KBI	68,497	0.79	95.54	4.9
Insurance Dept., and Health Care Stabilization Board of Governors	56,366	0.65	96.18	0.0
Department of Wildlife and Parks	38,579	0.44	96.63	(23.1)
KPERS Operations	33,812	0.39	97.02	0.0
Attorney General	22,728	0.26	97.28	3.9
Department of Agriculture	22,266	0.26	97.54	(2.5)
Legislative Branch	19,185	0.22	97.76	(0.9)
Adjutant General	16,126	0.19	97.94	(41.7)
Corporation Commission	15,924	0.18	98.13	(1.0)
Board of Indigents' Defense Services	14,212	0.16	98.29	(0.9)
Conservation Commission	10,525	0.12	98.41	(2.4)
Water Office	5,767	0.07	98.48	(2.4)
All Other	132,346	1.52	100.00	(7.9)
TOTAL	\$ 8,686,453	100.00%		2.3%

Note: Each agency's expenditures include state and federal aid, if any, to local units of government.

INCREASE (DECREASE) IN EXPENDITURES FROM ALL FUNDS

FY 2000 to FY 2001

	Amount (Thousands)	Comments
Total Increase	<u>\$ 194,634</u>	
Department of Transportation	\$ 96,979	Transportation plan expenditures
Department of Education	44,714	Increases in state aid to local school districts
Dept. of SRS, Except Hospitals	41,133	Caseload increases
Department of Human Resources	15,775	Increased benefit payments
Department on Aging	10,715	Caseload increases
Board of Regents and Institutions	12,946	Faculty and other salary increases
Dept. of Health and Environment	8,201	Increased community services and prevention programs
Department of Corrections and Fac.	7,408	Capacity expansion projects
Juvenile Justice Authority and Fac.	5,937	Community-based services funding; capacity expansion
Kansas Highway Patrol	2,227	Additional unclassified temporary positions
Comm. on Veterans' Affairs	2,145	Operating costs of new Veterans' Home
Department of Wildlife and Parks	(11,567)	Reduction in capital improvement expenditures
Adjutant General	(11,546)	Reductions in disaster-related expenditures
Department of Revenue	(8,001)	Convert two regional offices from full-time to seasonal
State Treasurer	(5,466)	Reductions in LAVTR and CCRS demand transfers
Dept. of Administration	(5,147)	Elimination of municipal training; reduced capital improvement expenditures
Dept. of Commerce and Housing	(4,154)	Operating expenditure reduction
Secretary of State	(2,366)	Funding for Presidential Preference Primary in FY 2000; higher than normal capital outlay in FY 2000
Kansas Technology Enterprise Corp.	(1,563)	Reduced EDIF funding
All Other Agencies	(3,736)	

Note: Details may not add to total increase due to rounding.

EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

Program and Agency Components of the FY 2001 General Fund Budget

The following tabulation provides an overview of the program or agency components of the Governor's FY 2001 expenditures from the State General Fund. This tabulation identifies individual components which comprise 99.0 percent of General Fund expenditures. Education and state aid account for 71.7 percent of General Fund expenditures.

STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Governor's Recommendations for FY 2001

	Amount	Percent	Cumulative	Increase Over FY 2000	
	(Thousands)	of Total	Percent	Amount (000)	Percent
Education					
State Aid to Local Units	\$ 2,364,472	53.42%	53.42%	\$ 49,044	2.1%
Bd. of Regents/Institutions (a)	564,961	12.76	66.18	14,730	2.7
Other Education*	29,443	0.67	66.85	(4,341)	(12.8)
Subtotal, Education	<u>2,958,876</u>	<u>66.85</u>	<u>66.85</u>	<u>59,433</u>	<u>2.1</u>
State Aid Except Education	214,841	4.85	71.70	(14,572)	(6.4)
SRS, Except Hospitals	522,203	11.80	83.50	7,217	1.4
Dept. of Corrections/Facilities	186,984	4.22	87.73	4,367	2.4
Department on Aging	141,376	3.19	90.92	3,414	2.5
Judicial Branch	77,502	1.75	92.67	784	1
Sales Tax Transfer to SHF	51,318	1.16	93.83	(10,922)	(17.5)
Highway Patrol/KBI	38,355	0.87	94.70	822	2.2
Juvenile Justice Authority/Facilities	31,357	0.71	95.41	634	2.1
Department of Revenue Operations	31,166	0.70	96.11	741	2.4
State Hospitals	30,684	0.69	96.80	(476)	(1.5)
Department of Administration**	22,992	0.52	97.32	(4,897)	(17.6)
Dept. of Health and Environment	21,527	0.49	97.81	(635)	(2.9)
Legislative Branch	19,051	0.43	98.24	45	0.2
Bd. of Indigents' Defense	13,930	0.31	98.55	(178)	(1.3)
Elected Official Operations	11,091	0.25	98.80	(315)	(2.8)
Dept. of Agriculture	9,910	0.22	99.03	(395)	(3.8)
All Other	42,739	0.97	100.00	(8,324)	(16.3)
TOTAL	<u><u>\$ 4,425,902</u></u>	<u><u>100.00%</u></u>		<u><u>\$ 36,743</u></u>	<u><u>0.8%</u></u>

* Includes Department of Education, Schools for the Blind and Deaf, State Library, Arts Commission, and Historical Society, except for state aid to local units.

** Includes Public Broadcasting, except state aid of \$0.243 million which is part of Education-State Aid.

a) Aid to Washburn University is included in state aid to local units (\$9.270 million).

Note: All expenditures for each entry from SRS through "All Other" exclude state aid, if any.

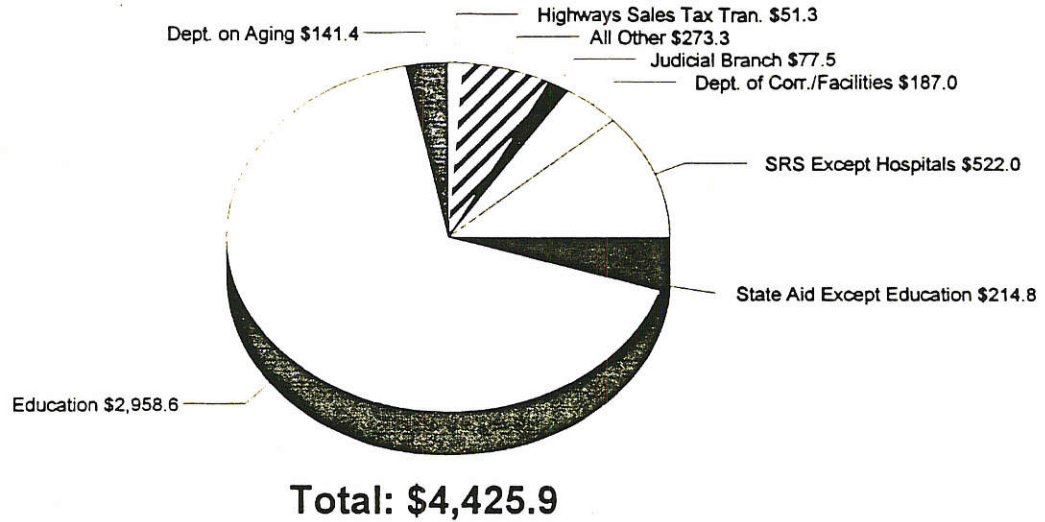
Under education, the increase of 2.1 percent in state aid to local units includes increases of \$32.4 million in general state aid, and \$9.6 million in supplemental state aid. The Governor's recommendation would increase base state aid per pupil by \$50 (from \$3,757 to \$3,807) at a cost of \$29.9 million.

The Governor's FY 2001 recommendation for the Board of Regents and the Regents institutions is a State General Fund increase of \$14.7 million, including an \$8.4 million faculty salary pool intended, with the 2.5 percent salary increase recommended for all state employees, to provide an average faculty salary increase of 5.9 percent. The Governor's FY 2001 recommendation for the Department of Social and Rehabilitation Services is a State General Fund increase of \$4.9 million, primarily reflecting caseload adjustments.

The following pie chart displays the FY 2001 State General Fund expenditures by major program.

**FY 2001 State General Fund Expenditures
by Major Program or Agency**

(Millions of Dollars)



**General Fund Expenditures by Function
of Government**

The next tabulation summarizes General Fund expenditures by function of government. The increases in education are largely related to the local aid increases and the increases at the Regents institutions which have previously been discussed. The reduction in transportation reflects the decrease in the demand transfer to the State Highway Fund recommended by the Governor in FY 2001.

**STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT**

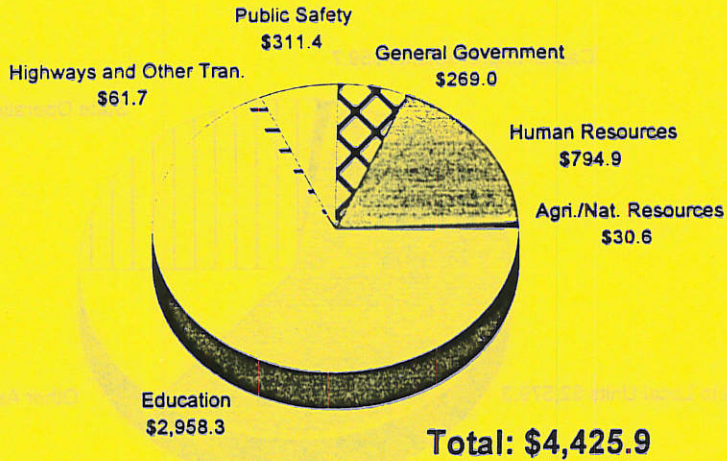
(Millions of Dollars)

Function	Actual FY 99	Est. FY 00	Change		Rec. FY 01	Change	
			\$	%		\$	%
General Government	\$ 292.9	\$ 284.3	\$ (8.6)	(2.9)%	\$ 269.0	\$ (15.3)	(5.4)%
Human Resources	742.7	790.5	47.8	6.4	794.9	4.4	0.6
Education	2,735.4	2,899.0	163.6	6.0	2,958.3	59.3	2.0
Public Safety	292.8	308.5	15.7	5.4	311.4	2.9	0.9
Agriculture/Natural Resources	33.5	33.5	0.0	0.0	30.6	(2.9)	(8.7)
Transportation	98.9	73.4	(25.5)	(25.8)	61.7	(11.7)	(15.9)
TOTAL	\$ 4,196.2	\$ 4,389.2	\$ 193.0	4.6%	\$ 4,425.9	\$ 36.7	0.8%

The following pie chart reflects FY 2001 General Fund expenditures by function of government.

FY 2001 STATE GENERAL FUND EXPENDITURES BY FUNCTION OF GOVERNMENT

(Millions of Dollars)



Expenditures by Major Purpose

Almost \$2.6 billion (58.3 percent) of recommended FY 2001 expenditures from the General Fund is paid to local units of government, 26.7 percent represents the costs of state operations, 13.7 percent is for other assistance payments, and 1.3 percent is for capital improvements.

STATE GENERAL FUND EXPENDITURES BY MAJOR PURPOSE

(Millions of Dollars)

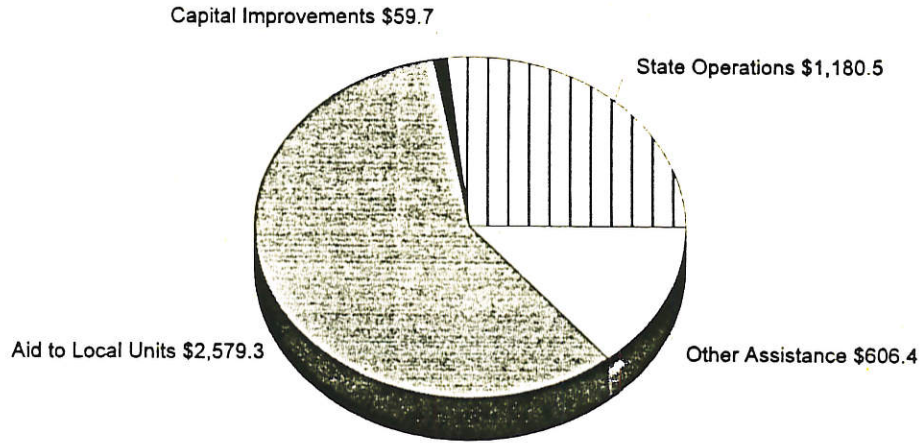
	Actual FY 99	Est. FY 00	Change		Rec. FY 01	Change	
			\$	%		\$	%
State Operations	\$ 1,119.8	\$ 1,165.2	\$ 45.4	4.1%	\$ 1,180.5	\$ 15.3	1.3%
Aid to Local Units	2,397.6	2,544.8	147.2	6.1	2,579.3	34.5	1.4
Other Assistance	576.8	601.1	24.3	4.2	606.4	5.3	0.9
Total Operating	\$ 4,094.2	\$ 4,311.1	\$ 216.9	5.3	\$ 4,366.2	\$ 55.1	1.3
Capital Improvements	102.0	78.1	(23.9)	(23.4)	59.7	(18.4)	(23.6)
TOTAL	\$ 4,196.2	\$ 4,389.2	\$ 193.0	4.6%	\$ 4,425.9	\$ 36.7	0.8%

1-15

The following pie chart displays FY 2001 General Fund expenditures by major purpose.

FY 2001 STATE GENERAL FUND EXPENDITURES BY MAJOR PURPOSE

(Millions of Dollars)



Total: \$4,425.9

State Operations by Function of Government

The following tabulations show expenditures from the State General Fund for state operations, *i.e.*, excluding state aid, other assistance, and capital improvements, by function of government.

STATE GENERAL FUND FOR STATE OPERATIONS BY FUNCTION OF GOVERNMENT

(Millions of Dollars)

Function	Actual FY 99	Est. FY 00	Change		Rec. FY 01	Change	
			\$	%		\$	%
General Government	\$ 172.3	\$ 179.3	\$ 7.0	4.1%	\$ 175.7	\$ (3.6)	(2.0)%
Human Resources	142.9	150.0	7.1	5.0	149.0	(1.0)	(0.7)
Education	535.6	559.4	23.8	4.4	573.3	13.9	2.5
Public Safety	242.4	250.3	7.9	3.3	256.7	6.4	2.6
Agriculture/Natural Resources	26.6	26.2	(0.4)	(1.5)	25.8	(0.4)	(1.5)
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	\$ 1,119.8	\$ 1,165.2	\$ 45.4	4.1%	\$ 1,180.5	\$ 15.3	1.3%

State Aid to Local Units of Government

The tabulation on the following page lists state aid by major program or financing source. Although most of the programs of state aid to local units are financed from the State General Fund, some significant ones are financed from the resources of other funds and these are also listed in the tabulation. Some programs are jointly financed from two sources or financing has shifted among sources from time to time. Federal aid is not included in this tabulation.

The tabulation reflects General Fund aid to local school districts in FY 2001 which increases \$35.8 million or 1.6 percent above the FY 2000 level. The increase is partially offset by reductions of \$6.2 million reflecting reductions in the demand transfers to the Local Ad Valorem Tax Reduction Fund (\$3.8 million) and the County-City Revenue Sharing Fund (\$2.4 million). Total General Fund aid to local units in the budget year increases \$34.5 million or 1.4 percent above the current year.

STATE AID TO LOCAL UNITS OF GOVERNMENT
In Thousands

From State General Fund	FY 1996	FY 1997	FY 1998	FY 1999	Gov. Rec. FY 2000	Gov. Rec. FY 2001	Increase FY 2000-2001	
							Amount	Percent
General State Aid	\$ 1,329,362	\$ 1,339,126	\$ 1,488,745	\$ 1,683,061	\$ 1,780,724	\$ 1,813,086	\$ 32,362	1.8%
Supp. General Aid	41,008	45,454	50,251	64,998	72,221	81,779	9,558	13.2
Subtotal	1,370,370	1,384,580	1,538,996	1,748,059	1,852,945	1,894,865	41,920	2.3
Cap. Improve. Aid	15,611	16,559	18,980	22,747	26,500	29,500	3,000	11.3
KPERS-School ¹⁾	62,708	68,816	75,775	83,557	92,690	83,231	(9,459)	(10.2)
Special Ed.	185,815	190,393	200,848	218,843	228,759	233,736	4,977	2.2
Deaf/Blind/Hand. Child.	110	110	110	110	109	110	1	0.9
Adult Basic Ed. (USDs)	279	268	296	323	372	372	0	0.0
Food Service	2,373	2,371	2,370	2,365	2,365	2,365	0	0.0
In-Service Training	5,535	3,995	2,995	3,993	4,950	2,600	(2,350)	(47.5)
Parent Education	2,695	2,732	2,738	4,595	4,567	4,640	73	1.6
USD 207-Ft. Leaven.	-	-	1,311	-	-	-	0	0.0
Structured Mentoring	-	-	-	975	965	-	(965)	(100.0)
Ed. Excellence Grants	-	-	115	1,600	1,584	-	(1,584)	(100.0)
Juv. Detention Grants	1,906	2,360	2,820	3,320	4,306	4,509	203	4.7
Subtotal, USDs	1,647,402	1,672,184	1,847,354	2,090,487	2,220,112	2,255,928	35,816	1.6
Voc. Ed.-Postsecondary	17,850	17,440	18,406	18,866	19,508	19,508	0	0.0
Community Colleges	53,023	53,547	55,693	58,689	61,714	74,087	12,373	20.0
Adult Basic Ed. (CCs)	479	507	561	613	728	728	0	0.0
Tech. Equip. (WU and CCs)	-	-	1,000	-	450	450	0	0.0
Capital Outlay Aid (AVTS)	-	-	-	-	500	500	0	0.0
Washburn University	7,045	7,168	7,455	7,902	8,188	9,270	1,082	13.2
Public TV (Washburn)	385	211	254	228	259	243	(16)	(6.2)
Libraries	3,109	3,182	3,128	3,454	3,703	3,511	(192)	(5.2)
Arts Program Grants	80	219	194	192	215	197	(18)	(8.4)
KUMC Telemedicine	50	-	50	50	50	50	0	0.0
ESU Flint Hills Spec. Ed.	15	15	-	-	-	-	0	0.0
Total, Education	1,729,436	1,754,473	1,934,095	2,180,481	2,315,428	2,364,472	49,044	2.1
Local Prop. Tax Reduc. ¹²⁾	46,301	46,949	47,771	55,122	58,072	54,297	(3,775)	(6.5)
Co.-City Revenue Sharing	34,610	35,095	35,709	36,566	36,932	34,531	(2,401)	(6.5)
Community Corrections	12,062	13,041	13,894	14,717	14,816	13,712	(1,104)	(7.5)
Juv. Comm. Corrections	3,555	3,328	4,235	4,235	-	-	0	0.0
Community Corr. Camps	1,448	1,516	1,592	2,219	2,339	2,369	30	1.3
Watershed Const/Soil Cons.	1,887	1,809	-	-	-	-	0	0.0
Local Public Health	5,351	7,151	7,418	9,150	10,366	10,025	(341)	(3.3)
Aging Dept. Programs	1,057	1,165	2,084	2,580	2,916	2,916	0	0.0
Comm. Mental Health	10,033	10,033	10,001	10,233	10,233	10,233	0	0.0
Comm. Mental Retard.	5,963	5,963	5,963	5,963	5,963	5,963	0	0.0
Comm. Assnt. Grants	58,669	35,131	40,563	42,010	40,079	37,763	(2,316)	(5.8)
Winfield Claim	-	-	6	-	-	-	0	0.0
Disaster Relief/Training	7	11	10	20	852	-	(852)	(100.0)
Mtr. Carrier Tax to CCHF	10,407	10,553	10,737	10,995	11,182	10,343	(839)	(7.5)
HOME Program	281	1,037	1,037	1,037	933	-	(933)	(100.0)
Corp. for Change Grants	125	-	-	-	-	-	0	0.0
Gov. Office Aid	-	1	-	-	-	-	0	0.0
Judiciary Operations	-	1	-	-	500	-	(500)	(100.0)
EMS Regional Councils	-	68	68	100	84	64	(20)	(23.8)
Juv. Intake and Assess.	1,059	-	4,707	4,707	-	-	0	0.0
Juv. Comm. Init/Planning	-	-	3,690	1,770	-	-	0	0.0
Voter Registration Aid	400	-	-	-	-	-	0	0.0
KDHE Superfund Match	-	-	86	-	-	-	0	0.0
Juv. Info. System Grants	-	-	-	89	145	200	55	37.9
Juv. Justice - Case Mgt.	-	-	1,380	4,553	-	-	0	0.0
JJA Purchase of Services	-	-	-	10,366	13,357	13,137	(220)	(1.6)
JJA Accountability Blk. Grt.	-	-	-	-	39	35	(4)	(10.3)
JJA Inter./Grad Sanctions	-	-	-	-	17,284	17,284	0	0.0
JJA Vendor Payments	-	-	-	-	1,820	1,966	146	8.0
Presidential Pref. Primary	-	-	-	-	1,500	-	(1,500)	(100.0)
Dept. of Revenue Aid	-	-	-	93	-	-	0	0.0
Community Lake Asst.	-	-	-	25	-	-	0	0.0
Firefighter Aid	-	100	-	-	-	-	0	0.0
Crim. Justice Info. Sys.	-	-	204	541	-	-	0	0.0
Total, Other Programs	193,217	175,787	190,885	217,090	229,413	214,841	(14,572)	(6.4)
Total, General Fund	\$ 1,922,653	\$ 1,930,260	\$ 2,124,980	\$ 2,397,571	\$ 2,544,841	\$ 2,579,313	\$ 34,472	1.4%
% of Total SGF Expend.	55.9%	54.6%	56.0%	57.1%	58.0%	58.3%		

- 1) State payment of employer contribution for school employees retirement, mostly on behalf of school districts but part on behalf of community colleges and area vocational schools.
- 2) Community colleges and Washburn University share in this aid, but most goes to counties, cities, townships, and special districts. School districts do not participate.

STATE AID FROM OTHER FUNDS FOR EDUCATION
In Thousands

From Other Funds	FY 1996	FY 1997	FY 1998	FY 1999	Gov.	Gov.	Increase	
					Rec.	Rec.	FY 2000-2001	
					FY 2000	FY 2001	Amount	Percent
School Dist. Finance	\$ 34,976	\$ 32,745	\$ 31,078	\$ 20,642	\$ 15,258	\$ 15,258	\$ 0	0.0%
Driver Safety/Training	1,425	1,475	1,501	1,587	1,587	1,587	0	0.0
Sch. Dist. Cap. Improve.	-	-	-	-	-	-	0	0.0
Co. Mineral Prod. Tax	2,292	2,682	2,620	1,540	1,600	2,477	877	54.8
State Budget Stabilization	-	-	-	-	-	-	0	0.0
Econ. Devel. Initiatives								
Ed. Excellence Grants	1,485	1,472	1,485	-	-	-	0	0.0
Voc. Ed.-Postsecondary	6,050	6,472	6,716	6,697	6,716	6,916	200	3.0
Voc. Ed.-Cap. Outlay	1,650	1,650	2,000	3,000	2,000	2,200	200	10.0
Tech. Grants-CCs/AVS	499	195	193	199	200	200	0	0.0
Libraries	251	26	-	-	-	-	0	0.0
Total	\$ 48,628	\$ 46,717	\$ 45,593	\$ 33,665	\$ 27,361	\$ 28,638	\$ 1,277	4.7%

SELECTED NONEDUCATION STATE AID FROM OTHER FUNDS
In Thousands

From Other Funds	FY 1996	FY 1997	FY 1998	FY 1999	Gov.	Gov.	Increase	
					Rec.	Rec.	FY 2000-2001	
					FY 2000	FY 2001	Amount	Percent
City-Co. Highway and Co. Equal. and Adj. *	\$ 116,948	\$ 122,007	\$ 124,993	\$ 131,135	\$ 141,511	\$ 148,075	\$ 6,564	4.6%
State Highway-City Maintenance Payments	2,137	2,085	2,089	2,035	3,360	3,360	0	0.0
Elderly/Hand. Transport.	1,074	1,217	1,113	1,005	4,632	5,009	377	8.1
Aviation	-	-	-	-	3,000	3,000	0	0.0
Local Alcoholic Liquor	13,259	13,546	14,604	14,912	15,226	15,547	321	2.1
Firefighter's Relief	4,359	4,749	5,072	5,468	5,605	5,745	140	2.5
Co. Mineral Prod. Tax - Counties' Share	2,293	2,682	2,620	1,540	1,600	2,477	877	54.8
Econ. Devel. Initiatives - Co. Reappraisal Aid	-	-	-	-	-	-	0	0.0
Rental MV Excise Tax	1,882	2,098	2,248	2,619	3,050	3,552	502	16.5
Waste Tire	837	614	-	-	-	-	0	0.0
Tax Increment Fin. Revenue Replacement	-	-	227	363	450	500	50	11.1

* Does not include demand transfer from the State General Fund of motor carrier property tax receipts credited to the CCHF. This transfer is counted as state aid from the SGF.

Recommended Changes in General Fund Programs

The following tabulation summarizes General Fund expenditure changes from the FY 2000 Governor's revised estimate to the Governor's recommendations for FY 2001.

INCREASE IN STATE GENERAL FUND EXPENDITURES

FY 2000 to FY 2001

	Amount (000)	Percent of Total Increase
Total Increase	\$ 36,743	100.0%
State Aid for Education, Total	49,044	133.5
Basic General Aid*	32,362	88.1
Supplemental General Aid	9,558	26.0
Special Education	4,977	13.5
Capital Improvement Aid	3,000	8.2
KPERs-School	(9,460)	(25.7)
Community College Aid	12,373	33.7
All Other	(3,766)	(10.2)
Board of Regents Institutions**	14,730	40.1
SRS, Except Hospitals	4,901	13.3
Department on Aging	3,413	9.3
Department of Corrections and Facilities	3,294	9.0
Sales Tax Transfer to State Highway Fund	(10,923)	(29.7)
State Treasurer	(6,324)	(17.2)
Department of Administration**	(4,896)	(13.3)
Department of Human Resources	(3,272)	(8.9)
Historical Society	(3,108)	(8.5)
Department of Commerce and Housing	(2,228)	(6.1)
Secretary of State	(1,919)	(5.2)
Adjutant General	(1,599)	(4.4)
Conservation Commission	(1,459)	(4.0)
Attorney General	(619)	(1.7)
Department of Wildlife and Parks	(551)	(1.5)
State Fair	(498)	(1.4)
SRS Hospitals	(476)	(1.3)
Department of Agriculture	(394)	(1.1)
Arts Commission	(300)	(0.8)
All Other	(73)	(0.2)

* Includes \$15.9 million for motor vehicle tax replacement

** Excludes state aid to local units of government.

DEMAND TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers, certain expenditures specified by statute, are recommended by the Governor to decrease by \$16.5 million in FY 2001. The Governor recommends reducing the transfers to the Local Ad Valorem Tax Reduction Fund and the County-City Revenue Sharing Fund by 6.5 percent from the FY 2000 level. The Governor recommends reductions of \$91.8 million in the FY 2001 demand transfer to the State Highway Fund, and \$7.2 million in the demand transfer to the City-County Highway Fund. The Governor's recommendation also reduces the demand transfer to the State Water Plan by \$1.5 million. The recommendation for the other funds reflects current law. Current law for all demand transfers would require the expenditure of \$118.0 million more than is proposed in FY 2001. In FY 2000, the Governor's recommendation reduces the demand transfers to the State Highway Fund by \$78.5 million, the County-City Revenue Sharing Fund by \$7.4 million, the City-County Highway Fund by \$5.8 million and the State Water Plan by \$60,000. The demand transfer amounts for FY 1999 through the FY 2001 recommendation are reflected in the following table.

CURRENT DEMAND TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS

(In Thousands)

Fund	FY 1999			FY 2000			FY 2001		
	No Law Change	Actual	Reduc.	No Law Change	Proposed or Actual	Reduc.	No Law Change	Proposed	Change
State Highway	\$ 138,346	\$ 87,900	\$ (50,446)	\$ 140,698	\$ 62,240	\$ (78,458)	\$ 143,089	\$ 51,318	\$ (91,771)
Local Ad Valorem Tax Reduction	55,122	55,122	0	57,903	58,072	169	60,315	54,139	(6,176)
Co.-City Revenue Sharing	41,376	36,566	(4,810)	44,359	36,932	(7,427)	46,004	34,531	(11,473)
City-Co. Highway	15,771	10,995	(4,776)	17,000	11,182	(5,818)	17,500	10,343	(7,157)
Water Plan	6,000	6,000	0	6,000	5,940	(60)	6,000	4,500	(1,500)
School Dist. Cap. Improve.	22,747	22,747	0	26,500	26,500	0	29,500	29,500	0
State Fair	260	260	0	300	300	0	300	300	0
TOTAL	\$ 279,622	\$ 219,590	\$ (60,032)	\$ 292,760	\$ 201,166	\$ (91,454)	\$ 302,708	\$ 184,631	\$ (118,077)

FY 1999 – the County-City Revenue Sharing Fund and the City-County Highway Fund were capped at a 2.4 percent increase over FY 1998.
 FY 2000 – the Governor recommends that the County-City Revenue Sharing Fund and the City-County Highway Fund be capped at a 1.7 percent increase over FY 1999; additional reductions are made to the State Highway Fund, the City-County Highway Fund and the Water Plan Fund.
 FY 2001 – the Governor recommends capping the State Highway Fund demand transfer at 1.7 percent over FY 2000 levels, and making additional reductions to the transfer. The Governor also recommends a 6.5 percent reduction from the FY 2000 level for the Local Ad Valorem Tax Reduction Fund and the County-City Revenue Sharing Fund. The Governor's recommendation also reduces the FY 2001 transfer to the City-County Highway Fund by 7.5 percent from the statutory amount and reduces the Water Plan demand transfer by \$1.5 million.

Status of the State General Fund

The following tabulation summarizes the status of the State General Fund as to receipts, expenditures, and unencumbered cash balances based on the Governor's recommendation for fiscal years 2000 and 2001.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

(Millions of Dollars)

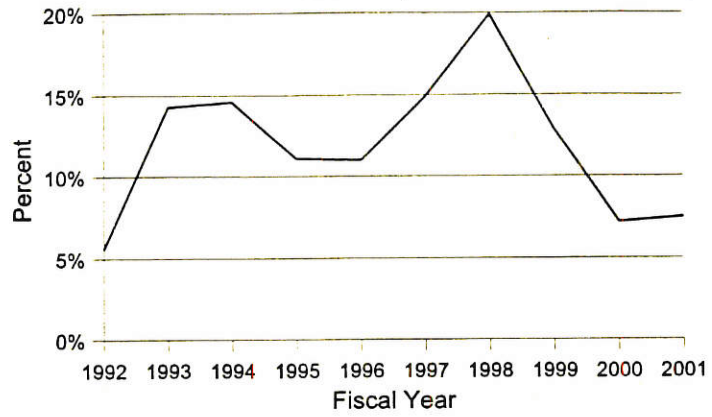
	Actual FY 99	Revised FY 00	Change	Rec. FY 01	Change
Beginning Unencumbered Cash Balance	\$ 754.0	\$ 540.7	\$ (213.3)	\$ 317.8	\$ (222.9)
Released Encumbrances	4.5	0.3	(4.2)	0.0	(0.3)
Receipts (November 1999 Consensus)	3,978.4	4,164.8	186.4	4,425.8	261.0
Gov. Rec. Adjustments	0.0	1.2	1.2	15.7	14.5
Adjusted Receipts	3,978.4	4,166.0	187.6	4,441.5	275.5
Total Resources	\$ 4,736.9	\$ 4,707.0	\$ (29.9)	\$ 4,759.3	\$ 52.3
Less Expenditures	4,196.2	4,389.2	193.0	4,425.9	36.7
Ending Unencumbered Cash Balance	<u>\$ 540.7</u>	<u>\$ 317.8</u>	<u>\$ (222.9)</u>	<u>\$ 333.5</u>	<u>\$ 15.7</u>
Ending Balance as a Percentage of Expenditures	12.9%	7.2%		7.5%	
Adj. Receipts in Excess of Expenditures	\$ (217.8)	\$ (223.2)		\$ 15.6	

The FY 2001 General Fund ending balance as a percentage of expenditures under the Governor's recommendations would be 7.5 percent, the targeted minimum ending balance required under K.S.A. 75-6702 and 75-6703. Receipts for FY 2000 and FY 2001 are equal to the consensus estimates except for certain transfers and proposals recommended by the Governor which increase receipts to the State General Fund by \$1.2 million in FY 2000 and by \$15.7 million in FY 2001. The Governor's proposals include the following:

- ◆ The Governor recommends numerous transfer adjustments in **FY 2000**, including transfers of \$400,000 in interest earnings from the Kansas Corporation Commission's well plugging fund; \$545,000 from the Commission on Veterans' Affairs, \$235,000 from air and radiation monies in the Department of Health and Environment; \$52,447 from the Kansas Special Capital Improvements Fund balances at the University of Kansas; and \$19,132 from the Public Broadcasting Council.
- ◆ For **FY 2001**, the Governor's recommendation increases State General Fund revenues by \$15.7 million. The recommendation would require the Department of Revenue to reassess whether all businesses with annual sales tax receipts over \$32,000 are making estimated sales tax payments on the 25th of a month based on the first 15 days sales tax receipts of that month. This reassessment is expected to result in a one-time acceleration of \$12.8 million in sales tax receipts. The remaining \$2.9 million is generated by transfers similar to those in FY 2000. The recommended transfers include \$1.0 million from the Workers Compensation Fund, \$700,000 from the Department of Human Resources Penalty and Interest Fund, \$49,000 from the Animal Health Department, \$1.0 million from the Juvenile Detention Facilities Fund, and \$210,000 from air and radiation monies in the Department of Health and Environment.

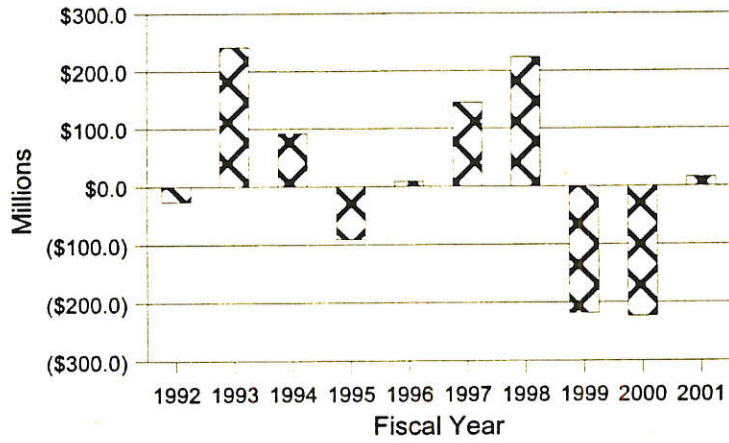
State General Fund Ending Balance

As A Percent of Expenditures



Receipts in Excess of Expenditures

State General Fund



State General Fund Profile
FY 1998 - FY 2004

Governor's Recommendation

	Actual FY 1998	Increase	Actual FY 1999	Increase	Approved FY 2000	Increase	Projected FY 2001	Increase	Projected FY 2002	Increase	Projected FY 2003	Increase	Projected FY 2004	Increase
Beginning Balance(a)	\$528.6		\$758.5		\$540.9		\$317.8		\$332.6		\$339.4		\$350.4	
RECEIPTS:(b)	4,027.2	343.4 9.3%	3,978.6	(48.6) -1.2%	4,166.1	187.5 4.7%	4,441.5	275.4 6.6%	4,507.8	66.3 1.5%	4,674.6	166.8 3.7%	4,862.5	187.9 4.0%
EXPENDITURES:														
General and Supplemental School Aid (c)	1,539.0	153.2 11.2%	1,748.1	209.1 13.6%	1,853.5	105.4 6.0%	1,894.9	41.4 2.2%	1,879.5	(15.4) -0.8%	1,869.6	(9.9) -0.5%	1,854.4	(15.2) -0.8%
Out-Year Additional KPERS Employer Contributions(d)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.4	13.4	20.3	6.9	27.4	7.1
Higher Education Restructuring - S.B. 345(e)	0.0	0.0	0.0	0.0	0.0	0.0	21.8	21.8	37.6	15.8	54.1	16.5	71.3	17.2
Demand Transfers: (f)	205.1	5.4	219.6	14.5	201.2	(18.4)	184.6	(16.6)	274.6	90.0	306.6	32.0	319.8	13.2
All Other Expenditures(g)	2,055.0	103.6 5.3%	2,228.5	173.5 8.4%	2,334.5	106.0 4.8%	2,325.4	(9.1) -0.4%	2,325.4	0.0 0.0%	2,320.0	(5.4) -0.2%	2,420.0	100.0 4.3%
Available for Other Purposes(h)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(29.5)	(29.5)	93.0	122.5	155.0	62.0
TOTAL Expenditures	3,799.1	263.3 7.4%	4,196.2	397.1 10.5%	4,389.2	193.0 4.6%	4,426.7	37.5 0.9%	4,501.0	74.3 1.7%	4,663.6	162.6 3.6%	4,847.9	184.3 4.0%
Ending Balance(i)	756.7		540.9		317.8		332.6		339.4		350.4		365.0	
Percent of Expenditures	19.9%		12.9%		7.2%		7.5%		7.5%		7.5%		7.5%	
Receipts in Excess of Expenditures	228.1		(217.6)		(223.1)		14.8		6.8		11.0		14.6	

HOUSE APPROPRIATIONS
 2-8
 ATTACHMENT 2

NOTES:

- a) Includes released encumbrances in FY 1998 and FY 1999.
- b) Receipts are actual for FY 1998 and FY 1999. Receipts for FY 2000 and FY 2001 reflect the November 3, 1999 consensus revenue estimates. The Governor adjusts FY 2000 receipts by \$1.2 million (various transfers into the State General Fund) and by \$15.7 million in FY 2001 (transfers and a one-time acceleration of sales tax receipts). The FY 2001 amount includes \$91.0 million of tobacco settlement trust fund payments to the State General Fund as set forth in Senate Sub. for H.B. 2558 (repayment of \$20.3 million "loan" in FY 2000 and \$70.7 million of new receipts). The projections for FYs 2002 - 2004 are not consensus estimates but are based on a growth rate of 1.5 percent in FY 2002; 3.7 percent in FY 2003; and 4.0 percent in FY 2004, all off the FY 2001 base amount.
- c) Base estimate of general and supplemental school aid payments in FY 1998 and FY 1999 are actual, estimates for FY 2000, and FY 2001 - FY 2003 were made by the Department of Education, Division of the Budget, and the Legislative Research Department were revised November 12, 1999. For FY 2000 the amount reflects an increase in the base per pupil amount of \$37 from \$3,720 to \$3,757, an additional correlation weighting adjustment from 1,750 FTE students to 1,725 FTE students, and the reduction in the uniform property tax rate from 27 to 20 mills and a homestead exemption of \$20,000. The FY 2001 - FY 2004 estimates assume a uniform school mill levy of 20 mills and a \$20,000 homestead and a base aid per pupil amount of \$3,807. FY 2004 is estimated by the Legislative Research Department. An additional base increase in FY 2001 of \$50.00 in the base aid amount, which provides a base aid per pupil of \$3,807.
- d) KPERS employer contribution moratorium on the increase rate in FY 2001; Beginning in FY 2002 an additional Kansas Public Employees Retirement System (KPERS) employer contribution amount necessary to meet the statutorily required rate increase (0.2 percent rate increase until equilibrium is reached) and to finance the 1998 post-retirement benefit increase (0.19 percent increase).
- e) Fiscal note on S.B. 345 - Higher Ed Restructuring Act which includes operating costs (starting in FY 2001) of the Department of Education and the Board of Regents; increased state aid to community colleges, Washburn University; salary increases for Regents institutions and \$12.0 million for annual performance grants starting in FY 2003. FY 2000 operating expenditures for S.B. 345 are reflected in the all other expenditure amount.
- f) Demand transfers for the School District Capital Improvement Fund and the State Fair (FY 2000 - FY 2004) all reflect current law. The Governor's recommendation for FY 2001 includes a 6.5 percent reduction below the FY 2000 amount for the County-City Revenue Sharing Fund and the Local Ad Valorem Tax Reduction Fund. The Governor's recommendation also reduces the FY 2001 transfer to the City-County Highway Fund by 7.5 percent from the statutory amount and reduces the Water Plan demand transfer by \$1.5 million. For the State Highway Fund the FY 2000 and FY 2001 the amounts reflect a reduction in the approved transfer amount which was already capped at an increase of 1.7 percent; the rate increases to 9.5 percent in FY 2002; to 11.0 percent in FY 2003; and 11.250 percent in FY 2004 as approved by the 1999 Legislature in the comprehensive transportation legislation.
- g) FY 1998 FY 1999 are actual all other expenditures. The FY 2000 and FY 2001 amounts as recommended by the Governor. For FY 2002 - FY 2004 all other expenditures generally reflect the prior year's all other expenditures, plus the prior year's amount that is available for other purposes.
- h) Available for other purposes such as additional expenditures or tax reductions.
- i) Current law minimum ending balance requirement is 7.5 percent of expenditures.

2000 HOUSE BUDGET COMMITTEES

EDUCATION AND LEGISLATIVE BUDGET COMMITTEE:

Committee Chairperson: Representative Mike Farmer

Committee Members:

Representative David Adkins
 Representative George Dean
 Representative Kathe Lloyd
 Representative Clark Shultz

Representative Mary Compton
 Representative Annie Kuether
 Representative Richard Reinhardt
 Representative Ralph Tanner

Agency	Fiscal Staff	Final Appropriations Committee Action
Regents Systemwide	Robinson/West	February 14
Wichita State University	Robinson	February 14
University of Kansas	Robinson	February 14
University of Kansas Medical Center	West	February 14
Kansas State University	Robinson	February 14
KSU-Extension Systems and Agricultural Research Program	Robinson	February 14
KSU-Veterinary Medical Center	Robinson	February 14
Fort Hays State University	West	February 14
Emporia State University	West	February 14
Pittsburg State University	West	February 14
Board of Regents	West	February 14
Legislative Coordinating Council	Conroy	March 2
Legislative Research Department	Conroy	March 2
Revisor of Statutes	Conroy	March 2
Legislative Division of Post Audit	Conroy	March 2
Legislature	Conroy	March 2
Board of Healing Arts	Chapman	March 9
Kansas Historical Society	Nogle	March 13
Kansas Arts Commission	Nogle	March 13
School for the Blind	Holwegner	March 13
School for the Deaf	Holwegner	March 13
State Library	Chapman	March 13
Department of Education	Rampey	March 20

*HOUSE APPROPRIATIONS
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 Attachment 3*

PUBLIC SAFETY BUDGET COMMITTEE:

Committee Chairperson: Representative Phil Kline

Committee Members:

Representative Marti Crow
Representative John Toplikar

Representative Ed McKechnie
Representative Shari Weber

<u>Agency</u>	<u>Fiscal Staff</u>	<u>Final Appropriations Committee Action</u>
Department of Corrections	Little	February 17
Ellsworth Correctional Facility	Little	February 17
El Dorado Correctional Facility	Little	February 17
Hutchinson Correctional Facility	Little	February 17
Lansing Correctional Facility	Little	February 17
Larned Correctional Mental Health Facility	Little	February 17
Norton Correctional Facility	Little	February 17
Topeka Correctional Facility	Little	February 17
Winfield Correctional Facility	Little	February 17
Juvenile Justice Authority	Chapman	February 21
Topeka Juvenile Correctional Facility	Chapman	February 21
Beloit Juvenile Correctional Facility	Chapman	February 21
Atchison Juvenile Correctional Facility	Chapman	February 21
Larned Juvenile Correctional Facility	Chapman	February 21
Adjutant General	Waller	February 21
Kansas Bureau of Investigation	Waller	February 21
Ombudsman for Corrections	Little	February 21
Emergency Medical Services Board	Chapman	February 21
State Fire Marshal	Waller	February 21
Kansas Highway Patrol	Waller	February 21
Kansas Parole Board	Waller	February 21
Sentencing Commission	Waller	February 21
Board of Technical Professions	Hollon	March 9
Abstracters Board of Examiners	Severn	March 9

AGRICULTURE AND NATURAL RESOURCES BUDGET COMMITTEE:

Committee Chairperson: Representative Gayle Mollenkamp

Committee Members:

Representative Bill Feuerborn
Representative Sharon Schwartz

Representative Carl Holmes
Representative Tim Tedder

<u>Agency</u>	<u>Fiscal Staff</u>	<u>Final Appropriations Committee Action</u>
Department of Agriculture	Holwegner	March 16
Kansas State Fair	Holwegner	March 16
Kansas Wheat Commission	Holwegner	March 16
State Conservation Commission	Holwegner	March 16
Kansas Water Office	Holwegner	March 16
Animal Health Department	Holwegner	March 16
Department of Wildlife and Parks	Little	March 16
Kansas Corporation Commission	Severn	March 16
Citizens Utility Ratepayer Board	Severn	March 16
Bank Commissioner	Severn	March 9
Securities Commissioner	Severn	March 9
Department of Credit Unions	Severn	March 9
Board of Nursing	Nogle	March 9
Board of Veterinary Examiners	Holwegner	March 9

SOCIAL SERVICES BUDGET COMMITTEE:

Committee Chairperson: Representative Melvin Neufeld

Committee Members:

Representative Barbara Allen
Representative John Ballou
Representative Jerry Henry
Representative Brenda Landwehr

Representative Barbara Ballard
Representative Bob Bethell
Representative Carl Krehbiel
Representative Doug Spangler

Agency	Fiscal Staff	Final Appropriations Committee Action
Department of Social and Rehabilitation Services (including the Division of Mental Health and Developmental Disabilities)	Sparks	February 16
Department on Aging	Sparks	February 29
Parsons State Hospital and Training Center	Hollon	March 7
Kansas Neurological Institute	Hollon	March 7
Larned State Hospital	Hollon	March 7
Osawatomie State Hospital	Hollon	March 7
Rainbow Mental Health Facility	Hollon	March 7
Behavioral Sciences Regulatory Board	Nogle	March 9
Department of Health and Environment	Davis	March 21

GENERAL GOVERNMENT AND HUMAN RESOURCES BUDGET COMMITTEE:

Committee Chairperson: Representative Jo Ann Pottorff

Committee Members:

Representative Lynn Jenkins
 Representative Melvin Minor
 Representative Joe Shriver

Representative Bill McCreary
 Representative Bill Reardon
 Representative Lloyd Stone

Agency	Fiscal Staff	Final Appropriations Committee Action
Department of Commerce and Housing	Davis	February 10
Kansas, Inc.	Davis	February 10
Kansas Technology Enterprise Corporation	Davis	February 10
Kansas Lottery	Efird	February 10
Racing and Gaming Commission	Efird	February 10
Governor	Conroy	March 2
Lt. Governor	Conroy	March 2
Kansas Public Employees Retirement System	Efird	February 22 (Issues)
Optometry Board	Chapman	March 9
Board of Hearing Aid Examiners	Hollon	March 9
Board of Mortuary Arts	Waller	March 9
Board of Pharmacy	Waller	March 9
Kansas Dental Board	Chapman	March 9
Board of Barbering	Hollon	March 9
Board of Cosmetology	Hollon	March 9
Kansas Public Employees Retirement System	Efird	March 15 (Budget)
Dept. of Adminis. (inc. Public Broadcasting)	West	March 15
Governmental Ethics Commission	Hollon	March 15
Department of Human Resources	Nogle	March 15
Commission on Veterans Affairs/Soldiers' Home	Davis	March 15
Attorney General	Rampey	March 15
Secretary of State	Hollon	March 15
Insurance Department	Severn	March 15
Health Care Stabilization Bd. of Governors	Severn	March 15
State Treasurer	West	March 15

TAX, JUDICIAL, AND TRANSPORTATION BUDGET COMMITTEE:

Committee Chairperson: Representative Jeff Peterson

Committee Members:

Representative Cindy Hermes
Representative Rocky Nichols

Representative Peggy Palmer
Representative Eber Phelps

<u>Agency</u>	<u>Fiscal Staff</u>	<u>Final Appropriations Committee Action</u>
Department of Revenue	West	February 10
Board of Tax Appeals	Rampey	February 10
Real Estate Commission	Severn	March 9
Real Estate Appraisal Board	Severn	March 9
Board of Accountancy	Holwegner	March 9
Homestead Property Tax Refunds	Nogle	February 10
Judicial Council	Rampey	February 24
Board of Indigents' Defense Services	Rampey	February 24
Judicial Branch	Rampey	February 24
Department of Transportation	Efird	March 8
Kansas Guardianship Program	Hollon	February 24
Human Rights Commission	Nogle	February 24