

MINUTES OF THE HOUSE COMMITTEE ON APPROPRIATIONS.

The meeting was called to order by Chairperson Representative Kenny Wilk at 9:00 a.m. on February 14, 2002, in Room 514-S of the Capitol.

All members were present except: Representative Spangler, Excused  
Representative McCreary, Excused

Committee staff present: Amy Kramer, Legislative Research  
Becky Krahl, Legislative Research  
Alan Conroy, Legislative Research  
Paul West, Legislative Research  
Deb Hollon, Legislative Research  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Committee Secretary

Others attending: See attached

Representative Newton moved for the introduction of legislation regarding civil penalties regarding Medicaid fraud. Motion was seconded by Representative Stone. Motion carried.

Representative Wilk moved for the introduction of legislation regarding the seizure and forfeiture of assets in Medicaid fraud cases. Motion was seconded by Representative Neufeld. Motion carried.

Representative Landwehr moved for the introduction of legislation regarding post secondary tuition waiver benefits for children in foster care. Motion was seconded by Representative Pottorff. Motion carried.

Representative Neufeld, Chairperson of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Health and Environment for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 1). Motion was seconded by Representative Bethell. Motion carried.

Representative Neufeld, Chairperson of the Social Services Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Department of Health and Environment for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with adjustments and notations (Attachment 1). Motion was seconded by Representative Bethell. Motion carried.

Representative Hermes member of the Tax, Judicial, and Transportation Committee presented the Budget Committee report on the Governor's budget recommendations for the Kansas Guardianship Program for FY 2002 and moved for the adoption of the Budget Committee recommendations for FY 2002 (Attachment 2). Motion was seconded by Representative Peterson. Motion carried.

Representative Hermes member of the Tax, Judicial, and Transportation Committee presented the Budget Committee report on the Governor's budget recommendations for the Kansas Guardianship Program for FY 2003 and moved for the adoption of the Budget Committee recommendations for FY 2003 with notation (Attachment 2). Motion was seconded by Representative Peterson. Motion carried.

Alan Conroy, Legislative Services, presented an overview of the Governor's Budget (Attachment 3).

The meeting was adjourned at 10:25 a.m. The next meeting is scheduled for February 18, 2002.

## APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 2/14/02

NAME	REPRESENTING
Jason Metz	Kansas Farm Bureau
Ron Lewis	KANSAS Exemplary Educators
Shawn Edie	" " "
Pat Kuester	KDHE
Theresa Hodges	KDHE
Vicki Kehl <sup>Jalyn</sup> <del>Theresa</del>	<del>DOB</del>
Quinn Bolin	KDHE
Michael Moser	KDHE
Bob Culler	KDHE
Gary Blackburn	KDHE
Karl Muederer	.
Lynda Foster	Farm Bureau - KS
Shelby & Don Perkins	KS Farm Bureau
Jeon Kiah	KS G-skip Prog
Doug Bowman	CCECDs
Cindy D'Ercole	Kansas Action for Children
Ruth Kelly	S.W. student
TOM SIPE	KS Home Assoc
Chuck Layman	KDHE

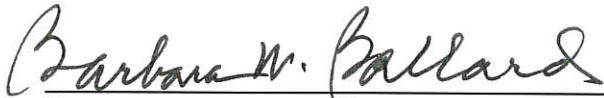


# 2002 SOCIAL SERVICES BUDGET COMMITTEE

Department of Health and Environment



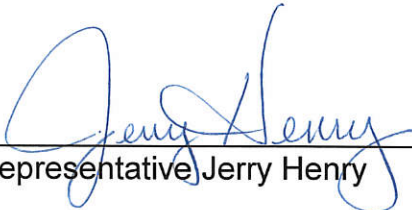
Representative Melvin Neufeld, Chairperson



Representative Barbara Ballard




Representative Bob Bethell



Representative Jerry Henry



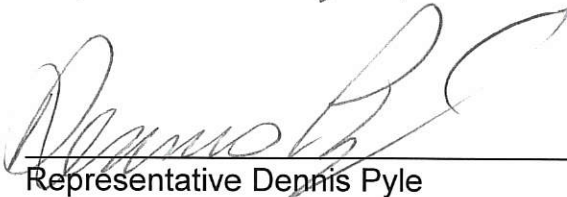
Representative Brenda Landwehr



Representative Patricia Lightner



Representative Larry Powell



Representative Dennis Pyle



Representative Jerry Williams

HOUSE APPROPRIATIONS

DATE 2/14/02

ATTACHMENT 1

# House Budget Committee Report

**Agency:** Department of Health and Environment      **Bill No. --**      **Bill Sec. --**

**Analyst:** Hollon      **Analysis Pg. No. --**      **Budget Page No. 179**

Expenditure Summary	Agency Est. FY 02	Gov. Rec. FY 02	House Budget Committee Adjustments
All Funds:			
State Operations	\$ 114,215,861	\$ 113,669,861	\$ 0
Aid to Local Units	33,999,110	33,999,110	0
Other Assistance	30,000,000	30,000,000	0
<b>TOTAL</b>	<b>\$ 178,214,971</b>	<b>\$ 177,668,971</b>	<b>\$ 0</b>
State General Fund:			
State Operations	\$ 23,238,625	\$ 22,692,625	\$ 0
Aid to Local Units	9,850,976	9,850,976	0
Other Assistance	0	0	0
<b>TOTAL</b>	<b>\$ 33,089,601</b>	<b>\$ 32,543,601</b>	<b>\$ 0</b>
FTE Positions	1,001.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<b>1,001.0</b>	<b>1,001.0</b>	<b>0.0</b>

## Agency Estimate/Governor's Recommendation

The agency estimates FY 2002 operating expenditures of \$178,214,971 (\$33,089,601 SGF). The estimate includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,583,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 2002 operating expenditures of \$177,668,971 (\$32,543,601 SGF). The recommendation includes \$47,574,657 for salaries and wages; \$54,903,170 for contractual services; \$8,037,019 for commodities; \$2,626,100 for capital outlay; \$528,915 for debt service; \$33,999,110 for aid to local units; and \$30,000,000 for other assistance.

## House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation.

## House Budget Committee Report

**Agency:** Department of Health and Environment

**Bill No. --**

**Bill Sec. --**

**Analyst:** Hollon

**Analysis Pg. No. --**

**Budget Page No. 179**

Expenditure Summary	Agency Est. FY 03	Gov. Rec. FY 03	House Budget Committee Adjustments
<b>All Funds:</b>			
State Operations	\$ 120,521,839	\$ 115,940,730	\$ 0
Aid to Local Units	36,880,596	36,032,521	(2,206,070)
Other Assistance	30,000,000	30,000,000	470,000
<b>TOTAL</b>	<u><u>\$ 187,402,435</u></u>	<u><u>\$ 181,973,251</u></u>	<u><u>\$ (1,736,070)</u></u>
<b>State General Fund:</b>			
State Operations	\$ 26,885,871	\$ 21,938,922	\$ 0
Aid to Local Units	11,100,929	9,850,929	(400,000)
Other Assistance	0	0	470,000
<b>TOTAL</b>	<u><u>\$ 37,986,800</u></u>	<u><u>\$ 31,789,851</u></u>	<u><u>\$ 70,000</u></u>
FTE Positions	1,035.0	1,001.0	0.0
Non-FTE Unclass. Perm. Positions	0.0	0.0	0.0
<b>TOTAL</b>	<u><u>1,035.0</u></u>	<u><u>1,001.0</u></u>	<u><u>0.0</u></u>

### Agency Estimate/Governor's Recommendation

The agency requests FY 2003 operating expenditures of \$187,402,435 (\$37,986,800 SGF). The request includes \$49,663,603 for salaries and wages; \$56,720,310 for contractual services; \$10,047,068 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,880,596 for aid to local units; and \$30,000,000 for other assistance.

The Governor recommends FY 2003 operating expenditures of \$181,973,251 (\$31,789,851 SGF). The recommendation includes \$48,580,946 for salaries and wages; \$54,308,124 for contractual services; \$8,960,802 for commodities; \$3,307,811 for capital outlay; \$783,047 for debt service; \$36,032,521 for aid to local units; and \$30,000,000 for other assistance.

### House Budget Committee Recommendations

The House Budget Committee concurs with the Governor's recommendation with the following adjustments and notations:

1. Transfer the Indigent Burial Program from the Department of Social and Rehabilitation Services to the Department of Health and Environment and transfer funding of \$470,000 SGF from SRS to the District Coroners Fee Fund to cover the associated costs of the program.
2. Transfer the AIDS Drug Assistance Program from the Department of Health and Environment to the Department of Social and Rehabilitation Services and transfer

funding of \$2,206,070 (\$400,000 SGF) from KDHE to SRS to cover the associated costs of the HIV/AIDS pharmacy program. Although not requested by either agency, the Budget Committee recommends the transfer to take advantage of economies in drug purchases.

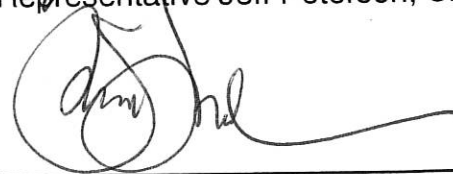
3. The Budget Committee recognizes the importance of the funding needs of public health departments, but cannot identify funding sources at this time. The Budget Committee recommends that the issue be reviewed at Omnibus with the possibility of utilizing federal bioterrorism funds or other funding sources.
4. The Budget Committee notes several items of information which it would like the agency to provide at Omnibus including a listing of FTE positions vacant for the past 24 months (including the location of the vacancy, the job title of the vacancy, the length of time the position has been vacant, and the number of vacancies funded through the State General Fund) and information on tipping fees.
5. The Budget Committee encourages the agency to continue working with private foundations and other entities to discover funding sources for the oral health program.
6. The Budget Committee recognizes the importance of healthy lifestyles especially relating to children and recommends that the requested enhancements of an obesity prevention program and varicella immunizations be reviewed at Omnibus with the possibility of combining them with the HealthWave Outreach Program.
7. The Budget Committee notes the Governor's recommendations in funding from the Children's Initiatives Fund for the Healthy Start Program, the Infants and Toddlers Program, and tobacco use prevention/smoking cessation programs, but makes no changes in the recommendation at this time.
8. The Budget Committee notes that the Kansas allocation of federal bioterrorism funds is estimated to be \$12.3 million in FFY 2002. The Budget Committee recommends that the agency maximize the reallocation of these funds to local health departments and that the use of these funds be reviewed at Omnibus.

**2002 TAX, JUDICIAL, AND TRANSPORTATION  
BUDGET COMMITTEE**

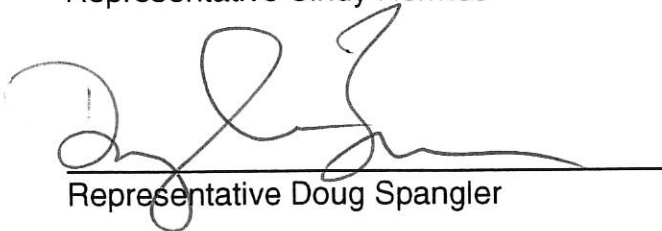
Kansas Guardianship Program



Representative Cindy Hermes

  
Representative Jeff Peterson, Chairperson

Representative Ward Loyd



Representative Doug Spangler



Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 2/14/02

ATTACHMENT 2



## House Budget Committee Report

**Agency:** Kansas Guardianship Program

**Bill No.**

**Bill Sec.**

**Analyst:** Krahl

**Analysis Pg. No.** 720

**Budget Page No.** 175

Expenditure Summary	Agency Request FY 03	Governor's Recommendation FY 03	Subcommittee Adjustments
State Operations			
State General Fund	\$ 1,177,134	\$ 1,073,050	\$ 0
Employee Positions*	15.0	13.0	0.0

\* Employees of the Kansas Guardianship Program are not state employees, but are listed for informational purposes.

### Agency Request/Governor's Recommendation

The agency request expenditures for FY 2003 of \$1,177,134 which is an increase of \$46,784 (4.1 percent) from the FY 2002 agency estimate. The request includes \$599,764 for salaries and wages, \$554,389 for contractual services, \$15,981 for commodities, and \$7,000 for capital outlay. The request includes an enhancement package for two recruiter/facilitator positions (\$69,328) and related operating expenses (\$24,000).

The Governor recommends expenditures for FY 2003 of \$1,073,050 which is a decrease of \$37,300 (3.4 percent) from the FY 2002 recommendation. The recommendation includes \$539,680 for salaries and wages, \$518,389 for contractual services, and \$14,981 for commodities. The Governor does not recommend the enhancement.

### House Budget Committee Recommendation

The Budget Committee concurs with the Governor's recommendation with the following notation:

The Budget Committee notes that liability protection is a concern for many of the agency's volunteers, and liability issues may hinder the agency's volunteer recruitment effort. The Budget Committee supports HB 2509 amending the Kansas Tort Claims Act, Sec 14 (d). HB 2509 has been amended into SB 119 and is currently in Conference Committee.

## House Budget Committee Report

**Agency:** Kansas Guardianship Program **Bill No.**

**Bill Sec.**

**Analyst:** Krahl

**Analysis Pg. No.** 720

**Budget Page No.** 175

Expenditure Summary	Agency Estimate FY 02	Governor's Recommendation FY 02	Subcommittee Adjustments
State Operations			
State General Fund	\$ 1,130,350	\$ 1,110,350	\$ 0
Employee Positions*	13.0	13.0	0.0

\* Employees of the Kansas Guardianship Program are not state employees, but are listed for informational purposes.

### Agency Estimate/Governor's Recommendation

The agency estimates expenditures for FY 2002 of \$1,130,350, which is an increase of \$50,913 (4.7 percent) from the FY 2002 approved budget. This increase is to be funded through KSIP funds. The request includes \$523,559 for salaries and wages, \$556,363 for contractual services, \$14,515, for commodities, and \$35,913 for capital outlay.

The Governor recommends expenditures for FY 2002 of \$1,110,350 which is an increase of \$30,913 (2.9 percent) from the FY 2002 approved budget. The Governor recommends a \$20,000 volunteer stipends reduction. The recommendation includes \$523,559 for salaries and wages, \$536,363 for contractual services, \$14,515 for commodities, and \$35,913 for capital outlay.

### House Budget Committee Recommendation

The Budget committee concurs with the Governor's recommendation.

# KANSAS GUARDIANSHIP PROGRAM

Expenditure	Actual FY 01	Agency Est. FY 02	Gov. Rec. FY 02	Agency Req. FY 03	Gov. Rec. FY 03
All Funds:					
State Operations	\$ 1,026,483	\$ 1,130,350	\$ 1,110,350	\$ 1,177,134	\$ 1,073,050
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,026,483</u>	<u>\$ 1,130,350</u>	<u>\$ 1,110,350</u>	<u>\$ 1,177,134</u>	<u>\$ 1,073,050</u>
State General Fund:					
State Operations	\$ 1,026,483	\$ 1,130,350	\$ 1,110,350	\$ 1,177,134	\$ 1,073,050
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 1,026,483</u>	<u>\$ 1,130,350</u>	<u>\$ 1,110,350</u>	<u>\$ 1,177,134</u>	<u>\$ 1,073,050</u>
Other Funds:					
State Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Aid to Local Units	0	0	0	0	0
Other Assistance	0	0	0	0	0
TOTAL	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Percentage Change:					
Operating Expenditures:					
All Funds	(4.6)%	10.1%	8.2%	4.1	(3.4)%
State General Fund	(4.6)	10.1	8.2	4.1	(3.4)
FTE Positions	13.0	13.0	13.0	15.0	13.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
Employee Positions*	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>15.0</u>	<u>13.0</u>

\* Staff of the Guardianship Program are not state employees but are shown here for informational purposes. The Governor's Budget Report inadvertently omitted the agency's request for 2.0 FTEs.

## AGENCY OVERVIEW

The Kansas Guardianship Program (KGP) is a quasi state agency which was established in 1995. Prior to that time, the program had been a part of Kansas Advocacy and Protective Services (KAPS). A 1994 federal audit found a conflict of interest with KAPS administering the state's guardianship program. As a result, 1995 S.B. 342 established the Guardianship Program as a distinct legal entity whose employees are not considered to be state employees. Entire program financing is through the State General Fund.

The purpose of the Kansas Guardianship Program (KGP) is to assure that adults who are without family or financial resources and who are identified by the Department of Social and Rehabilitation Services (SRS) as in need of a court-appointed guardian and/or conservator will have a qualified, training and caring volunteer to serve in that capacity. The State serves as the surety on the bond conservators serving in the KGP. Program volunteers receive a monthly stipend of \$20 to defray out-of-pocket expenses incurred while providing service to their wards.

According to the agency, the demand for individuals to serve as guardians and/or conservators is exceeding the current number of available volunteers. Two additional Recruiter/Facilitators are requested by the agency to

assist in meeting the current workload of the existing staff. The additional demand for services is being caused by changes in the service delivery system with more people seeking and receiving services within the community rather than through an institutional setting.

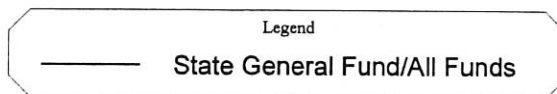
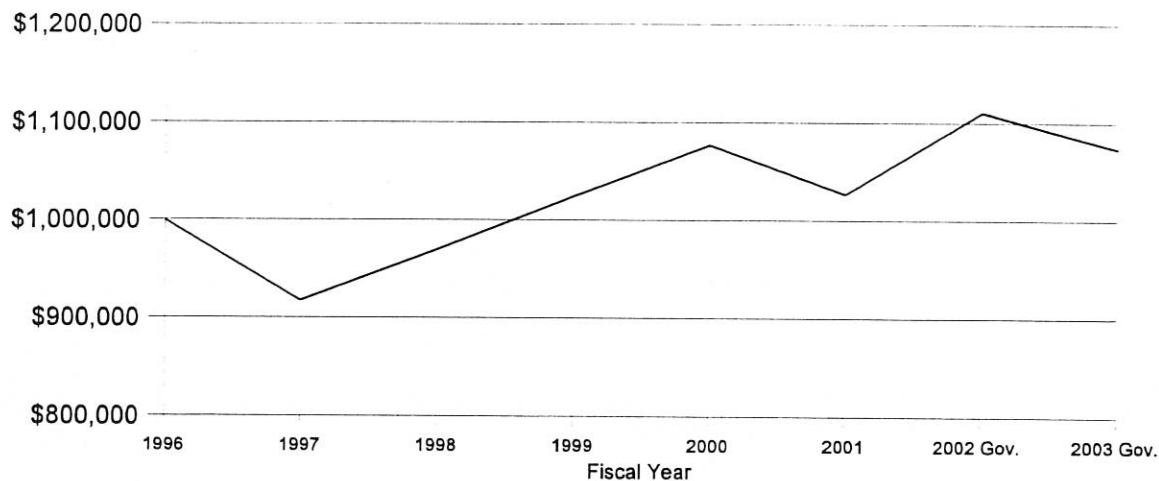
## BUDGET TRENDS

### OPERATING EXPENDITURES FY 1996-FY 2003\*

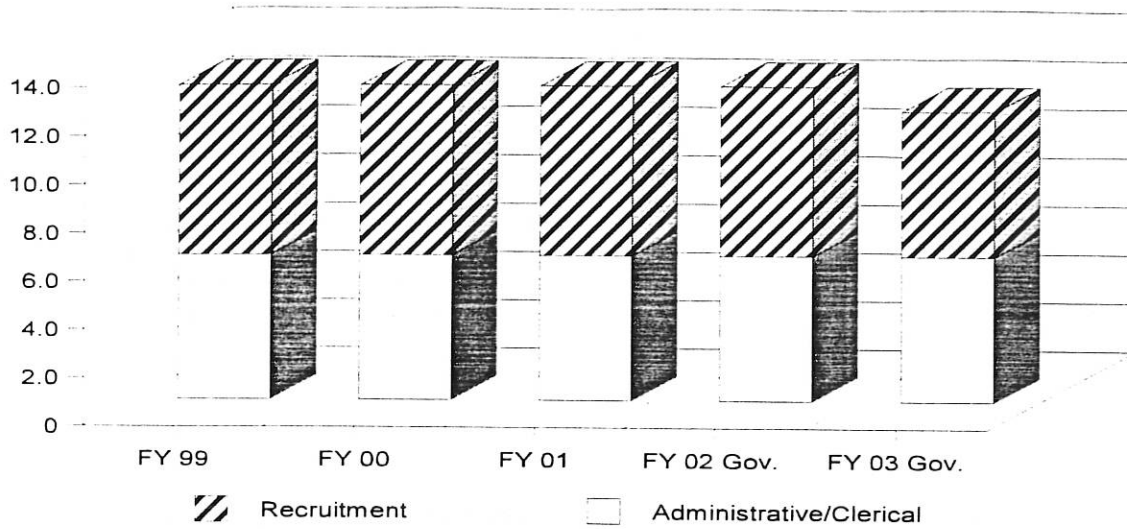
Fiscal Year	SGF	% Change	All Funds	% Change	FTE
1996	\$ 999,602	-	\$ 999,602	-	12.0
1997	917,385	(8.2)%	917,385	(8.2)%	12.0
1998	969,782	5.7%	969,782	5.7%	12.0
1999	1,023,859	5.6%	1,023,859	5.6%	13.0
2000	1,076,389	5.1%	1,076,389	5.1%	13.0
2001	1,026,483	(4.6)%	1,026,483	(4.6)%	13.0
2002 Gov. Rec.	1,110,350	8.2%	1,110,350	8.2%	13.0
2003 Gov. Rec.	1,073,050	(3.4)%	1,073,050	(3.4)%	13.0
Eight-Year Change Dollars/Percent	\$ 73,448	7.3%	\$ 73,448	7.3%	1.0

\*This agency was established in FY 1996.

### OPERATING EXPENDITURES FY 1996-FY 2003



**Full-Time Equivalent (FTE) Positions by Program.** The following graph and table reflect FTE positions authorized for the agency by program from FY 1999 through FY 2003. **Note:** Staff of the Guardianship Program are not state employees, but are shown here for informational purposes.



Program	FY 99	FY 00	FY 01	FY 02 Gov.	FY 03 Gov.
Administrative Clerical	6.0	6.0	6.0	6.0	6.0
Recruitment	7.0	7.0	7.0	7.0	7.0
<b>TOTAL</b>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>

# BUDGET OVERVIEW

## A. FY 2002—Current Year

	CHANGE FROM APPROVED BUDGET				
	Approved 2001 Legislature	Agency Est. FY 02	Agency Change From Approved	Gov. Rec. FY 02	Gov. Change From Approved
State General Fund	\$ 1,079,437	\$ 1,130,350	\$ 50,913	\$ 1,110,350	\$ 30,913
All Other Funds	0	0	0	0	0
<b>TOTAL</b>	<b>\$ 1,079,437</b>	<b>\$ 1,130,350</b>	<b>\$ 50,913</b>	<b>\$ 1,110,350</b>	<b>\$ 30,913</b>
Employee Positions	13.0	13.0	0.0	13.0	0.0

The agency's estimate for FY 2002 operating expenditures of \$1,130,350 is an increase of \$50,913 (4.7 percent) from the approved budget. This increase is to be funded through Kansas Savings Incentive Program monies and used for microfilming and archiving the agency's records.

The Governor recommends \$1,110,350 for FY 2002 operating expenditures which is an increase of \$30,913 (2.9 percent) from the approved budget. The Governor recommends a reduction of \$20,000 in the area of volunteer stipends. The recommendation includes the expenditure of all of the agency's Kansas Savings Incentives Program Fund (\$59,913).

Program	Salary Bonuses	Professional Dev. Training	Technology Equipment	TOTAL
Kansas Guardianship Program	\$ 0	\$ 0	\$ 50,913	\$ 50,913

**B. FY 2003—Budget Year**

CHANGE FROM FY 2002		
	Agency Request	Governor's Recommendations
Dollar Change:		
State General Fund	\$ 46,784	\$ (37,300)
All Other Funds	0	0
TOTAL	<u>\$ 46,784</u>	<u>\$ (37,300)</u>
Percent Change:		
State General Fund	4.1%	(3.4)%
All Other Funds	0.0	0.0
TOTAL	<u>4.1%</u>	<u>(3.4)%</u>
Employee Positions	2.0	0.0

The agency's request for FY 2003 operating expenditures of \$1,177,134 is an increase of \$46,784 (4.1 percent) from the FY 2002 estimate. The agency requests:

- **Salaries and Wages**
  - \$599,764 to fund 15.0 employee positions
  - Increase of \$76,205 (14.6 percent) from the FY 2002 estimate
  - Includes an enhancement request of 2.0 employee positions (\$93,328)
- **Other Operating Expenditures**
  - \$577,370
  - Decrease of \$29,421 (4.8 percent) from the FY 2002 estimate
  - Includes a decrease in capital outlay of \$28,913 (80.5 percent) from the FY 2002 estimate
- **Absent requested FY 2003 enhancements**, the agency's request represents a decrease of \$46,544 (4.2 percent) from the FY 2002 estimate.

The Governor recommends FY 2003 operating expenditures of \$1,073,050 which is a decrease of \$37,300 (3.4 percent) from the FY 2002 recommendation. The recommendation includes:

- **Salaries and Wages**
  - \$539,680 to fund 13.0 employee positions
  - Increase of \$16,121 (3.1 percent) from the FY 2002 recommendation
  - Includes pay plan adjustments of \$9,244
- **Other Operating Expenditures**
  - \$533,370
  - A decrease of \$53,421 (9.1 percent) from the FY 2002 recommendation
  - Includes \$358,000 for monthly stipends for volunteers

## FY 2003 Enhancements

Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Salaries and Wages for the two additional Recruiter/Facilitator positions.	\$ 93,328	\$ 93,328	2.0	\$ 0	0	0.0

### Enhancements Detail

The agency requests an additional \$93,328 from the State General Fund for enhancements.

- **2.0 New Employee Positions**

- \$69,328 for salaries and wages (including fringe benefits) to fund two Recruiter/Facilitators positions
- The new positions will recruit, train, and provide support to new volunteers
- \$24,000 to fund related operating expenditures (travel, computer equipment. etc.)

The Governor does not recommend this enhancement.

### FY 2003 Reduced Resources Packages

Item	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Reduction of stipends to volunteers	\$ (43,352)	\$ (43,352)	0.0	\$ (20,000)	\$ (20,000)	0.0

### FY 2003 Reduced Resources Packages

The agency's budget request includes a reduced resources package totaling \$43,352, to reduce stipends to volunteers for a reduction of 155 wards or conservatees. The entire reduction would be from the State General Fund. The Governor's recommendation includes a reduced resources package totaling \$20,000 from the State General Fund.



**Governor's Recommended Salary and Wage Adjustments.** Under the Governor's FY 2003 salary and wage recommendations:

- Funding is provided to **annualize the FY 2002 salary increase** which provided for a 3.0 percent base salary adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective halfway through the fiscal year. Funding is provided in FY 2003 for annualization of the second 1.5 percent increase for the entire fiscal year.
- **No classified step movement, base salary adjustments or unclassified merit pool** increases are recommended for FY 2003.
- Full funding is provided for **longevity bonus payments** in FY 2003.
- The Governor recommends full funding for the **group health insurance rate increases** certified by the Health Care Commission for FY 2003.
- The Governor's FY 2003 recommendation includes a six-month moratorium for the first half of the fiscal year on employer contributions to the **KPERS Death and Disability Fund**.

Of the total recommended salaries and wages of \$539,680, the Governor's recommended FY 2003 salary and wage adjustments total \$15,585 and are reflected in the table below:

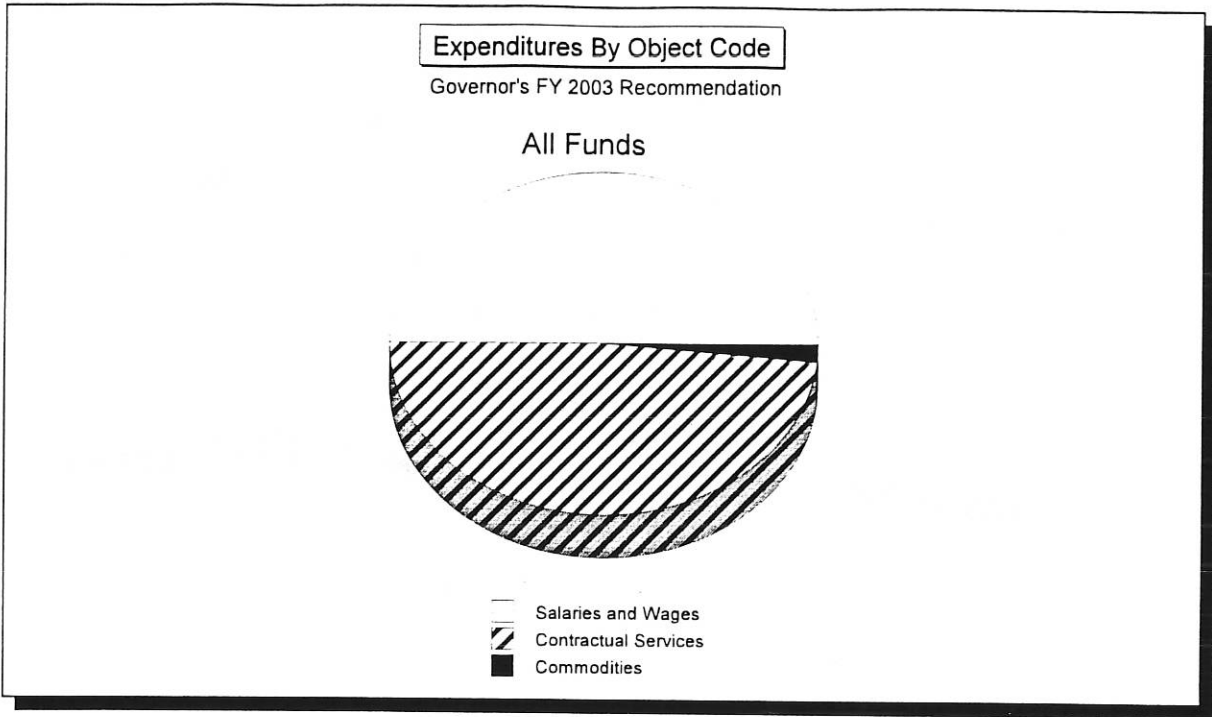
Program	Annualization of FY 2002 Salary Increase	Longevity	Group Health Insurance Increases	Death and Disability Adjustment
Operations	\$ 6,341	\$ 0	\$ 10,512	\$ (1,268)

**Summary of Operating Budget FY 2001- FY 2003**

	Actual FY 2001	Agency Request				Governor's Recommendation			
		Revised FY 02 Estimate	FY 03 Request	Dollar Change From FY 02	Percent Change From FY 02	Revised FY 02 Rec.	FY 03 Rec.	Dollar Change From FY 02	Percent Change From FY 02
<b>By Program:</b>									
Kansas Guardianship Program	\$ 1,026,483	\$ 1,130,350	\$ 1,177,134	\$ 46,784	4.1%	\$ 1,110,350	\$ 1,073,050	\$ (37,300)	(3.4)%
<b>By Major Object of Expenditure:</b>									
Salaries and Wages	\$ 472,382	\$ 523,559	\$ 599,764	\$ 76,205	14.6%	\$ 523,559	\$ 539,680	\$ 16,121	3.1%
Contractual Services	519,399	556,363	554,389	(1,974)	(0.4)%	536,363	518,389	(17,974)	(3.4)%
Commodities	15,384	14,515	15,981	1,466	10.1%	14,515	14,981	466	3.2%
Capital Outlay	19,318	35,913	7,000	(28,913)	(80.5)%	35,913	0	(35,913)	(100.0)%
Debt Service	0	0	0	0	0.0%	0	0	0	0.0%
Subtotal - Operations	\$ 1,026,483	\$ 1,130,350	\$ 1,177,134	\$ 46,784	4.1%	\$ 1,110,350	\$ 1,073,050	\$ (37,300)	(3.4)%
Aid to Local Units	0	0	0	0	0.0%	0	0	0	0.0%
Other Assistance	0	0	0	0	0.0%	0	0	0	0.0%
<b>TOTAL</b>	<b>\$ 1,026,483</b>	<b>\$ 1,130,350</b>	<b>\$ 1,177,134</b>	<b>\$ 46,784</b>	<b>4.1%</b>	<b>\$ 1,110,350</b>	<b>\$ 1,073,050</b>	<b>\$ (37,300)</b>	<b>(3.4)%</b>
<b>Financing:</b>									
State General Fund	\$ 1,026,483	\$ 1,130,350	\$ 1,177,134	\$ 46,784	4.1%	\$ 1,110,350	\$ 1,073,050	\$ (37,300)	(3.4)%
Other Funds	0	0	0	0	0.0%	0	0	0	0.0%
<b>TOTAL</b>	<b>\$ 1,026,483</b>	<b>\$ 1,130,350</b>	<b>\$ 1,177,134</b>	<b>\$ 46,784</b>	<b>4.1%</b>	<b>\$ 1,110,350</b>	<b>\$ 1,073,050</b>	<b>\$ (37,300)</b>	<b>(3.4)%</b>

2-11

BUDGET DETAIL

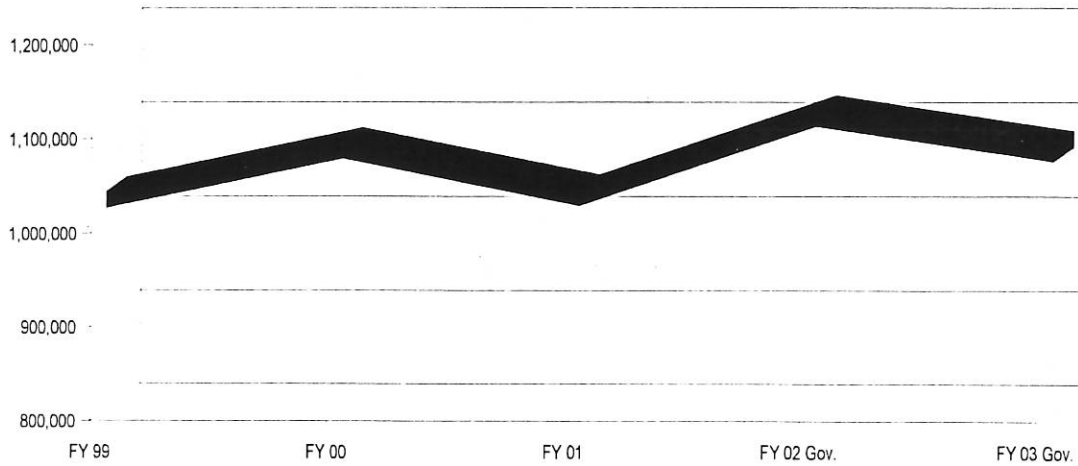


Expenditure by Object	FY 03 Gov. Rec. All Funds
Salaries and Wages	\$ 539,680
Contractual Services	518,389
Commodities	14,981
Capital Outlay	0
TOTAL	\$ 1,073,050

**SUMMARY OF EXPENDITURES FY 2001-FY 2003**

Item	Actual FY 2001	Agency Est. FY 2002	Gov. Rec. FY 2002	Agency Req. FY 2003	Gov. Rec. FY 2003
Salaries and Wages	\$ 472,382	\$ 523,559	\$ 523,559	\$ 599,764	\$ 539,680
Other Operating Expenditures	554,101	606,791	586,791	577,370	533,370
Total-Oper. Expend.	<u>\$ 1,026,483</u>	<u>\$ 1,130,350</u>	<u>\$ 1,110,350</u>	<u>\$ 1,177,134</u>	<u>\$ 1,073,050</u>
FTE Positions	13.0	13.0	13.0	15.0	13.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u>13.0</u>	<u>13.0</u>	<u>13.0</u>	<u>15.0</u>	<u>13.0</u>

All Funds Five-Year Expenditures (Actual or Gov. Rec.)



**Important Issues in This Program**

- ◆ **The agency requests** funding of \$1,177,134 for FY 2003 which is an increase of \$46,784 (4.1 percent) from the FY 2002 estimate. The request includes an enhancement package of \$93,325 for 2.0 new Recruiter/Facilitator positions.
- ◆ **The Governor recommends** funding for FY 2003 of \$1,073,050 which is a decrease of \$37,300 (3.4 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$104,084 (8.8 percent) from the FY 2003 agency request. The Governor does not recommend the enhancement.
- ◆ **The agency requests** funding for FY 2003 salaries and wages of \$599,764 which is an increase of \$76,205 (14.6 percent) from the FY 2002 request. This request includes an enhancement package for funding of \$69,328 for 2.0 new Recruiter/Facilitator positions.
- ◆ **The Governor recommends** fund for FY 2003 salaries and wages of \$539,680 which is an increase of \$16,121 (3.1 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$60,084 from the FY 2003 agency request. The recommendation includes pay plan adjustments of \$15,585. The Governor does not recommend the enhancement package.

◆ **The agency requests** funding for FY 2003 other operating expenditures of \$577,370 which is a decrease of \$29,421 (4.8 percent) from the FY 2002 request. The request includes a decrease of \$28,913 (80.5 percent) in capital outlay from the FY 2002 request.

◆ **The Governor** recommends funding of FY 2003 operating expenditures of \$533,370 which is a decrease of \$53,431 (9.1 percent) from the FY 2002 recommendation. The recommendation is a decrease of \$44,000 (7.6 percent) from the FY 2003 agency request.

<b>PERFORMANCE MEASURES</b>			
	<u>FY 2001 Actual</u>	<u>FY 2002 Estimate</u>	<u>FY 2003 Estimate</u>
Number of wards and conservatees served	1,666	1,700	1,700
Number of volunteers	814	822	830

# Overview of the Fiscal Year 2003

## Governor's Budget Report

Kansas Legislative Research Department  
300 S.W. Tenth Avenue—Room 545-N  
Topeka, Kansas 66612-1504  
Phone: (785) 296-3181 FAX: (785) 296-3824  
[kslegres@klrd.state.ks.us](mailto:kslegres@klrd.state.ks.us)  
<http://skyways.lib.ks.us/ksleg/KLRD/klrd.html>

HOUSE APPROPRIATIONS

DATE 2/14/02  
ATTACHMENT 3

# OVERVIEW OF THE FISCAL YEAR 2003 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 2003 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 2001, the Governor's revised estimates for FY 2002, and the Governor's recommendations for FY 2003.

## SUMMARY OF CHANGES TO ESTIMATED FY 2001 EXPENDITURES

Based on actions of the 2001 Session of the Legislature, it was estimated by the Research Department that FY 2002 expenditures from **all funds** would total \$9.200 billion. *The Governor's Budget Report* revises the all funds FY 2002 budget to \$9.483 billion, **an increase of \$282.9 million** from the earlier estimate. Major differences from the session-end estimate and the Governor's revised estimate include:

- ◆ Increases of \$97.4 million for the **Department of Social and Rehabilitation Services**, primarily for caseload adjustments; \$59.7 million in the **Board of Regents and the Regents Institutions**, primarily reflecting capital improvement expenditures carried forward from FY 2001; \$44.6 million in the budget of the **Department of Human Resources**, largely for increases in unemployment compensation, and \$27.1 million in the budget of the **Kansas Department of Transportation**, primarily for adjustments to capital improvement projects.

At the close of the 2001 Session, FY 2002 expenditures from the **State General Fund** were estimated to be \$4.509 billion. *The Governor's Budget Report* revises the FY 2002 General Fund budget to \$4.527 billion, a **net increase of \$18.8 million** from the earlier estimate. Major differences from the session-end estimate and the Governor's revised estimate consist of:

- ◆ An increase of \$35.5 million in the budget of the **Department of Social and Rehabilitation Services**, largely reflecting caseload adjustments which is partially offset by a \$26.5 million reduction in the budget of the **Kansas Department of Transportation**, reflecting a bond offset of \$20.0 million and an operating expenditure reduction of \$6.5 million which was approved by the 2001 Legislature and subsequently vetoed by the Governor. The Governor's veto was directed at another item recommended by the 2001 Legislature, and the Governor's revised recommendation reflects his support for these two reductions.

The following tabulation summarizes the changes to FY 2002 expenditures by major category.

	Millions	
	General Fund	All Funds
Original FY 2002 Expenditure Estimates	\$ 4,508.9	\$ 9,200.1
Revisions:		
State Operations	5.1	61.9
Aid to Local Units	9.9	89.6
Other Assistance	28.8	69.7
Capital Improvements	(25.0)	61.7
Total Revisions	<u>\$ 18.8</u>	<u>\$ 282.9</u>
Revised FY 2002 Expenditure Estimates	<u>\$ 4,527.7</u>	<u>\$ 9,483.0</u>

## TOTAL STATE EXPENDITURES FOR FY 2003

### Summary of Expenditures from All Funds

The Governor's recommendation for FY 2003 state expenditures from all funds totals \$9.694 billion, an increase of \$210.9 million (2.2 percent) above the Governor's revised estimate for FY 2002 of \$9.483 billion. Actual FY 2001 expenditures from all funding sources were \$8.850 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 2003 recommendation for state operations increases by \$10.3 million or 0.3 percent above the revised FY 2002 amount. Of the recommended increase, \$23.1 million is reflected in the budget of the Kansas Department of Transportation, reflecting increased costs related to the Comprehensive Transportation Program, and \$12.8 million is included in the budget of the Department of Social and Rehabilitation Services, reflecting increased foster care and adoption caseload contract costs. Those increases are partially offset by reductions of \$25.3 million in the Board of Regents and the Regents institutions, reflecting a 3.9 percent reduction in the State General Fund operating grants for each Regents institution. All other state operations expenditures decrease by \$0.3 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 decreases by \$133.6 million or 4.0 percent in FY 2003. Aid to local units in the Department of Education decreases by a total of \$121.8 million in FY 2003. General and supplemental state aid to local school districts from the Department of Education decreases by \$108.2 million, while special education services aid increases by \$11.2 million and KPERS-School employer contributions increase by \$10.4 million. 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 \$110.6 million or 4.3 percent above the revised FY 2002 amount. Major increases include \$95.3 million in the Department of Social and Rehabilitation Services and \$9.9 million in the Department on Aging budget (caseload increases), and \$ 7.0 million for increased unemployment insurance benefit payments in the budget of the Department of Human Resources.

**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 \$223.6 million above the FY 2002 level. Included are increases in construction expenditures for the Department of Transportation (\$269.7 million), partially offset by reductions of \$48.3 million in Regents institutions' projects.

**EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE**

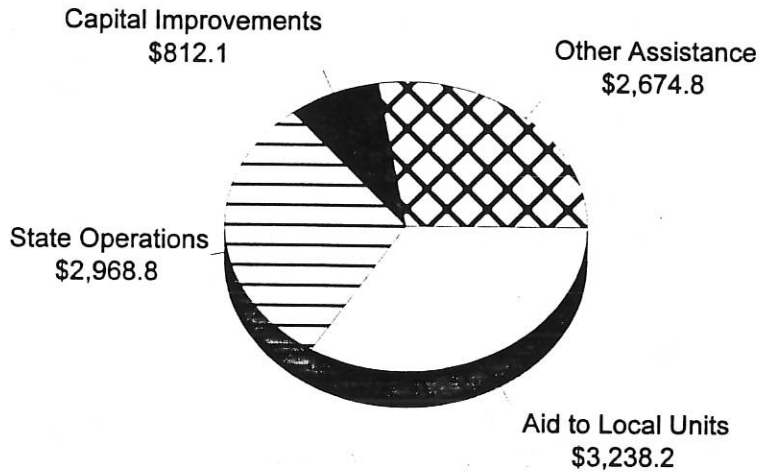
(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 01	FY 02	\$	%	FY 03	\$	%
State Operations	\$ 2,822.4	\$ 2,958.5	\$ 136.1	4.8%	\$ 2,968.8	\$ 10.3	0.3%
Aid to Local Units	3,278.3	3,371.8	93.5	2.9	3,238.2	(133.6)	(4.0)
Other Assistance	<u>2,304.3</u>	<u>2,564.2</u>	<u>259.9</u>	<u>11.3</u>	<u>2,674.8</u>	<u>110.6</u>	<u>4.3</u>
Total Operating	\$ 8,405.0	\$ 8,894.5	\$ 489.5	5.8	\$ 8,881.8	\$ (12.7)	(0.1)
Capital Improvements	<u>444.9</u>	<u>588.5</u>	<u>143.6</u>	<u>32.3</u>	<u>812.1</u>	<u>223.6</u>	<u>38.0</u>
TOTAL	<u>\$ 8,849.9</u>	<u>\$ 9,483.0</u>	<u>\$ 633.1</u>	<u>7.2%</u>	<u>\$ 9,693.9</u>	<u>\$ 210.9</u>	<u>2.2%</u>

Of the total budget recommendation for FY 2003, 30.6 percent is for state operations, 33.4 percent is for state aid to local units of government, 27.6 percent is for other assistance, grants, and benefits, and 8.4 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2003.

**FY 2003 EXPENDITURES FROM ALL FUNDS  
BY MAJOR PURPOSE**

(Millions of Dollars)



**Total: \$9,693.9**

**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 42.4 percent of the total. The three largest functions of government - education, human resources, and transportation - comprise 85.7 percent of the recommended expenditures for FY 2003.

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

(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 01	FY 02	\$	%	FY 03	\$	%
General Government	\$ 681.5	\$ 782.2	\$ 100.7	14.8%	\$ 789.8	\$ 7.6	1.0%
Human Resources	2,609.3	2,815.9	206.6	7.9	2,931.4	115.5	4.1
Education	4,146.2	4,286.1	139.9	3.4	4,108.8	(177.3)	(4.1)
Public Safety	435.4	461.6	26.2	6.0	441.7	(19.9)	(4.3)
Agriculture/Natural Resources	140.3	159.1	18.8	13.4	149.9	(9.2)	(5.8)
Transportation	837.2	978.1	140.9	16.8	1,272.3	294.2	30.1
<b>TOTAL</b>	<b>\$ 8,849.9</b>	<b>\$ 9,483.0</b>	<b>\$ 633.1</b>	<b>7.2%</b>	<b>\$ 9,693.9</b>	<b>\$ 210.9</b>	<b>2.2%</b>

**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. The tabulation separates the plan for financing into operating purposes and capital improvements. The General Fund operating amount shown in the table for FY 2003 is based on current resources of the Fund. The net reduction in General Fund operating expenditures from FY 2002 to FY 2003 is \$139.5 million or 3.2 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)

	Actual	Est.	Change		Rec.	Change	
	FY 01	FY 02	\$	%	FY 03	\$	%
<b>Operating Expenditures:</b>							
General Fund	\$ 4,366.5	\$ 4,422.6	\$ 56.1	1.3%	\$ 4,283.1	\$ (139.5)	(3.2)%
All Other Funds	4,038.5	4,471.9	433.4	10.7	4,598.7	126.8	2.8
Total Operating	\$ 8,405.0	\$ 8,894.5	\$ 489.5	5.8%	\$ 8,881.8	\$ (12.7)	(0.1)%
<b>Capital Improvements:</b>							
General Fund	\$ 63.1	\$ 105.1	\$ 42.0	66.6%	\$ 11.4	\$ (93.7)	(89.2)%
All Other Funds	381.8	483.4	101.6	26.6	80.7	317.3	65.6
Total Capital Imprv.	\$ 444.9	\$ 588.5	\$ 143.6	32.3%	\$ 812.1	\$ 223.6	3.8%
<b>TOTAL Expenditures</b>	<b>\$ 8,849.9</b>	<b>\$ 9,483.0</b>	<b>\$ 633.1</b>	<b>7.2%</b>	<b>\$ 9,693.9</b>	<b>\$ 210.9</b>	<b>2.2%</b>

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 47.7 percent of estimated FY 2002 expenditures. In FY 2003, the General Fund finances 44.3 percent of the recommended expenditures.

Schedule 15 in *The Governor's Budget Report* (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 2002 receipts are \$2.422 billion, a reduction of \$84.8 million or 3.4 percent from the FY 2001 actual receipts. The FY 2003 estimate of \$2.566 billion is \$144.1 million or 5.9 percent above the FY 2002 estimated receipts. Three agencies – the Department of Social and Rehabilitation Services, the Department of Transportation, and the Department of Education – account for 79.7 percent of FY 2003 estimated federal receipts.

Federal receipts for fiscal years 2002 and 2003 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 2002 Legislature.

## Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 30.6 percent of total recommended expenditures for FY 2003. 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 primarily of debt service.

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

(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 01	FY 02	\$	%	FY 03	\$	%
Salaries and Wages	\$ 1,728.5	\$ 1,821.3	\$ 92.8	5.4%	\$ 1,853.9	\$32.6	1.8%
Contractual Services	668.0	691.2	23.2	3.5	655.5	(35.7)	(5.2)
Commodities	154.2	158.9	4.7	3.0	155.3	(3.6)	(2.3)
Capital Outlay	172.5	184.4	11.9	6.9	183.5	(0.9)	(0.5)
All Other	99.2	102.7	3.5	3.5	120.6	17.9	17.4
TOTAL	<u>\$2,822.4</u>	<u>\$ 2,958.5</u>	<u>\$ 136.1</u>	<u>4.8%</u>	<u>\$ 2,968.8</u>	<u>\$ 10.3</u>	<u>0.3%</u>

Salaries and wages expenditures, including fringe benefits, comprise almost two-thirds of the state operations budget for FY 2003 (62.4 percent) and represent a \$32.6 million or 1.8 percent increase from the FY 2002 estimate.

Salaries and wages policy recommendations incorporated into the proposed FY 2003 budget include the following:

**GOVERNOR'S FY 2003 STATE EMPLOYEE SALARY ADJUSTMENTS**

	<u>Millions</u>	
	<u>State General Fund</u>	<u>All Funds</u>
A. Annualization of the FY 2002 salary increase (which provided for a 3.0 percent adjustment with 1.5 percent effective at the beginning of the fiscal year and 1.5 percent effective half way through the fiscal year)	\$ 9.0	\$ 14.5
B. Longevity (\$40 a year for each year of service for those classified employees that have at least ten years of service up to a maximum of 25 years)	<u>0.5*</u>	<u>0.9*</u>
 GRAND TOTAL	 \$ 9.5	 \$ 15.4

\* Amounts reflect the difference between the Governor's recommendation for FY 2002 and the amount of longevity bonus payments that are estimated to be paid in FY 2003.

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

**Other Pay Plan Recommendations**

The Governor's recommendation also provides full funding (\$ 19.8 million, including \$12.4 million from the State General Fund) of the group health insurance rate increases certified by the Health Care Commission for FY 2003, and includes a six-month moratorium for the first half of the fiscal year on employer contributions to the KPERs Death and Disability Fund (a reduction of \$8.3 million).

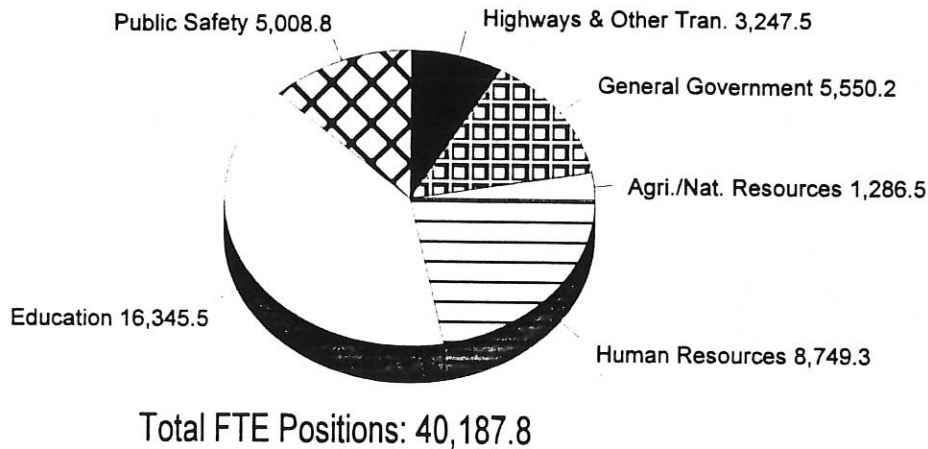
**Authorized FTE Employees by Function of Government**

Expenditures for salaries and wages are also affected by policy recommendations which change the size of the state's workforce. The FY 2003 budget recommendations of the Governor finance 40,187.8 full-time equivalent positions, a net reduction of 10.0 from the FY 2002 recommended level of 40,197.8. In addition, the Governor recommends 439.1 non-FTE unclassified permanent positions in FY 2003, an increase of 3.5 from FY 2002. These employees are not included in the FTE limitation.

The following pie chart reflects the Governor's recommended FY 2003 full-time equivalent positions by function of government.

## FY 2003 FULL-TIME EQUIVALENT (FTE) POSITIONS

### by Function of Government



### State Workforce Adjustments

The Governor's FY 2003 recommendation increases the size of the state's workforce by a net 10.0 FTE positions. Factors contributing to the increase in positions include:

- ◆ Reductions of 44.2 FTE positions for the Department of Corrections and the correctional facilities (reflecting the recommendation to close the Osawatomie and Stockton facilities are offset by the addition of 19.0 FTE at Larned Juvenile Correctional Facility and 17.5 positions at the Department of Education (15.5 of which were other unclassified positions converted to FTE positions).

### Program or Agency Components of the FY 2003— 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 2003 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 (62.4 percent) of the total state budget.

**GOVERNOR'S RECOMMENDED  
EXPENDITURES FROM ALL FUNDS, FY 2003**

**By Agency or Program**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Increase From FY 02
Department of Education	\$ 2,516,845	25.96%	25.96%	(4.6)%
Department of SRS, Except Hospitals	1,968,235	20.30	46.27	5.2
Board of Regents and Institutions	1,561,715	16.11	62.38	(3.3)
Department of Transportation	1,272,281	13.12	75.50	30.1
Department on Aging	414,998	4.28	79.78	1.1
Department of Human Resources	306,373	3.16	82.94	2.3
Department of Corrections and Facilities	239,121	2.47	85.41	(2.2)
Department of Health and Environment	181,973	1.88	87.29	2.4
Dept. of Commerce and Housing, KTEC, and Kansas, Inc.	137,701	1.42	88.71	13.0
Kansas Lottery	136,007	1.40	90.11	(2.7)
State Treasurer	121,054	1.25	91.36	(1.8)
State Hospitals	98,529	1.02	92.38	(4.2)
Judicial Branch	93,194	0.96	93.34	2.7
Juvenile Justice Authority and Facilities	88,768	0.92	94.25	(8.1)
Department of Revenue	86,198	0.89	95.14	0.2
Highway Patrol and KBI Insurance Dept., and Health Care Stabilization Board of Governors	76,075	0.78	95.93	1.0
Department of Wildlife and Parks	48,213	0.50	96.42	(1.4)
Department of Wildlife and Parks	42,429	0.44	96.86	(13.9)
KPERS Operations	31,294	0.32	97.18	3.6
Adjutant General	28,264	0.29	97.48	(19.1)
Attorney General	21,102	0.22	97.69	(10.7)
Legislative Branch	20,299	0.21	97.90	(4.5)
Department of Agriculture	20,223	0.21	98.11	(4.6)
State Corporation Commission	17,760	0.18	98.30	(1.6)
Board of Indigents' Defense Services	14,775	0.15	98.45	(2.3)
Conservation Commission	10,973	0.11	98.56	(12.2)
Water Office	5,627	0.06	98.62	(22.5)
All Other	133,871	1.38	100.00	4.1
TOTAL	<u>\$ 9,693,897</u>	<u>100.00%</u>		<u>2.2%</u>

**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 2002 to FY 2003**

	Amount (Thousands)	Comments
<b>Total Increase</b>	<b>\$ 210,863</b>	
Dept. of Transportation	\$ 294,201	Increased capital improvement expenditures
SRS, Except Hospitals	97,497	Caseload increases
Commerce and Housing	16,756	Section 8 housing contracts
Veterans Affairs	7,244	Operating costs for new Veterans Home
Human Resources	6,813	Increased benefit payments
Dept. on Aging	4,480	Caseload increases
Health and Environment	4,304	Increased operations expenditures
Highway Patrol	414	Increased operations expenditures
Dept. of Revenue	159	Increased operations expenditures
Secretary of State	(143)	Operating expenditures decreases
KTEC	(843)	Operating expenditures decreases
Dept. of Administration	(1,180)	Operating expenditures decreases
State Treasurer	(2,221)	Operating expenditure decreases
Corrections	(5,490)	Facility closures
Adjutant General	(6,681)	Current year disaster expenditures
Dept. of Wildlife and Parks	(6,867)	Reduction in capital improvement expenditures
Juvenile Justice agencies	(7,862)	Reduction in capital improvement expenditures
Regents	(53,942)	Reductions in operating grants
Dept. of Education	(121,977)	Reduced Base State Aid Per Pupil
All Other Agencies	(13,799)	

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 2003 General Fund Budget**

The following tabulation provides an overview of the program or agency components of the Governor's recommended FY 2003 expenditures from the State General Fund. This tabulation identifies individual components which comprise 99.4 percent of General Fund expenditures. Education and state aid account for 70.2 percent of General Fund expenditures.



**STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY**  
**Governor's Recommendations for FY 2003**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Increase Over FY 2002	
				Amount (000)	Percent
Education					
State Aid to Local Units	\$ 2,315,608	53.92%	53.92%	\$ (131,768)	(5.4)%
Bd. of Regents/Institutions (a)	549,169	12.79	66.71	(22,487)	(3.9)
Other Education*	46,323	1.08	67.79	(531)	(1.1)
Subtotal, Education	\$ 2,911,100	67.79		(154,786)	(5.0)
State Aid Except Education	101,550	2.36	70.15	(15,963)	(13.6)
SRS, Except Hospitals	589,447	13.73	83.88	25,502	4.5
Dept. of Corrections/Facilities	198,367	4.62	88.50	6,795	3.5
Department on Aging	138,410	3.22	91.72	6,477	4.9
Judicial Branch	81,194	1.89	93.61	2,294	2.9
Juvenile Justice	40,965	0.95	94.56	2,121	5.5
Highway Patrol/KBI	38,744	0.90	95.46	(105)	(0.3)
Dept. of Revenue	34,479	0.80	96.27	(576)	(1.6)
State Hospitals	33,040	0.77	97.04	1,743	5.6
Dept. of Administration	25,374	0.59	97.63	(913)	(3.5)
Health and Environment	21,939	0.51	98.14	(4,754)	(17.8)
Legislative Branch	18,716	0.44	98.57	(1,609)	(7.9)
Board of Indigents Defense	14,453	0.34	98.91	(336)	(2.3)
Elected Officials	9,942	0.23	99.14	(2,244)	(18.4)
Dept. of Agriculture	9,812	0.23	99.37	(274)	(2.7)
Dept. of Transportation	0	0.00	99.37	(94,559)	(100.0)
All Other	27,010	0.63	100.00	(1,967)	(6.8)
TOTAL	<u>\$ 4,527,696</u>	<u>100.00%</u>		<u>\$ (233,154)</u>	<u>(5.1)%</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 \$0.336 million which is part of Education-State Aid.

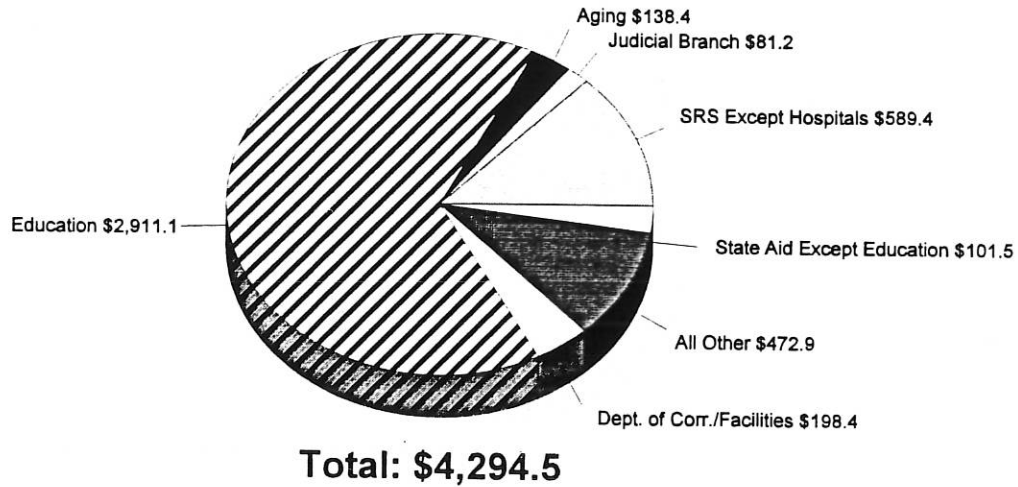
a) Aid to Washburn University is included in state aid to local units (\$10.177 million).

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

The following pie chart displays the FY 2003 State General Fund expenditures by major program.

**FY 2003 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 reductions in education are largely related to the local aid decreases and the decreases at the Regents institutions which have previously been discussed.

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

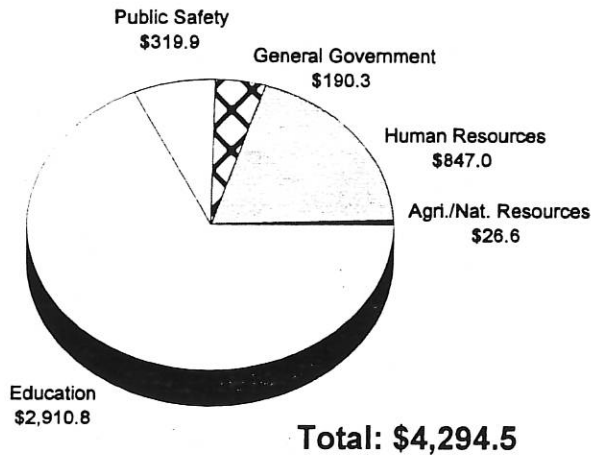
(Millions of Dollars)

Function	Actual FY 01	Est. FY 02	Change		Rec. FY 03	Change	
			\$	%		\$	%
General Government	\$ 270.5	\$ 193.2	\$ (77.3)	(28.6)%	\$ 190.3	\$ (2.9)	(1.5)%
Human Resources	788.6	822.7	34.1	4.3	847.0	24.3	3.0
Education	2,965.8	3,065.5	99.7	3.4	2,910.8	(154.7)	(5.0)
Public Safety	311.6	318.1	6.5	2.1	319.9	1.8	0.6
Agriculture/Natural Resources	31.1	33.6	2.5	8.0	26.6	(7.0)	(20.8)
Transportation	62.1	94.6	32.5	52.3	0.0	(94.6)	(100.0)
<b>TOTAL</b>	<b>\$ 4,429.6</b>	<b>\$ 4,527.7</b>	<b>\$ 98.0</b>	<b>2.2%</b>	<b>\$ 4,294.5</b>	<b>\$ (233.1)</b>	<b>(5.1)%</b>

The following pie chart reflects FY 2003 General Fund expenditures by function of government.

**FY 2003 STATE GENERAL FUND EXPENDITURES  
BY FUNCTION OF GOVERNMENT**

(Millions of Dollars)



**Expenditures by Major Purpose**

Over \$2.4 billion (56.3 percent) of recommended FY 2003 expenditures from the General Fund is paid to local units of government, 28.2 percent represents the costs of state operations, 15.3 percent is for other assistance payments, and 0.2 percent is for capital improvements.

**STATE GENERAL FUND EXPENDITURES BY MAJOR PURPOSE**

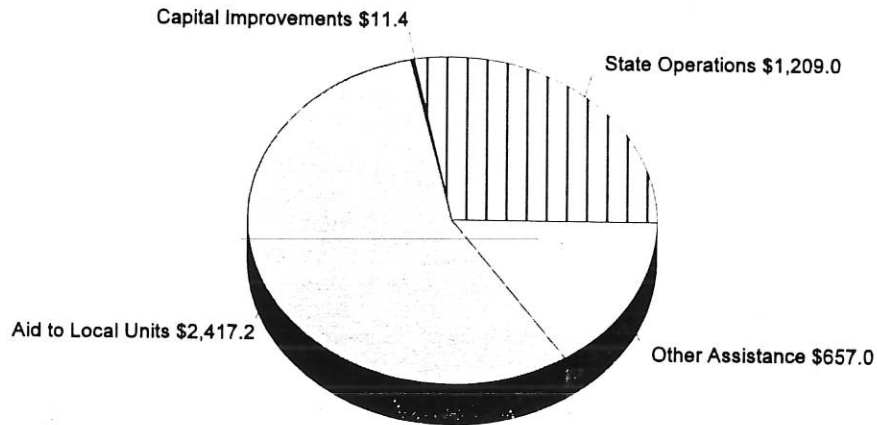
(Millions of Dollars)

	Actual	Est.	Change		Rec.	Change	
	FY 01	FY 02	\$	%	FY 03	\$	%
State Operations	\$ 1,180.1	\$ 1,224.6	\$ 44.5	3.8%	\$ 1,209.0	\$ (15.6)	(1.3)%
Aid to Local Units	2,586.5	2,564.9	(21.6)	(0.8)	2,417.2	(147.7)	(5.8)
Other Assistance	599.9	633.1	33.2	5.5	657.0	23.9	3.8
Total Operating	\$ 4,366.5	\$ 4,422.6	\$ 56.1	1.3	\$ 4,283.2	\$ (139.4)	(3.2)
Capital Improvements	63.1	105.1	42.0	66.6	11.4	(93.7)	(89.2)
<b>TOTAL</b>	<b>\$ 4,429.6</b>	<b>\$ 4,527.7</b>	<b>\$ 98.1</b>	<b>2.2%</b>	<b>\$ 4,294.5</b>	<b>\$ (233.1)</b>	<b>(5.1)%</b>

The following pie chart displays FY 2003 General Fund expenditures by major purpose.

**FY 2003 STATE GENERAL FUND EXPENDITURES  
BY MAJOR PURPOSE**

(Millions of Dollars)



**Total: \$4,294.5**

**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 01	Est. FY 02	Change		Rec. FY 03	Change	
			\$	%		\$	%
General Government	\$ 177.2	\$ 186.4	\$ 9.2	5.2%	\$ 184.6	\$ (1.8)	(1.0)%
Human Resources	143.3	148.8	5.5	3.8	153.0	4.2	2.8
Education	578.4	599.6	21.2	3.7	576.3	(23.3)	(3.9)
Public Safety	255.4	262.7	7.3	2.9	268.7	6.0	2.3
Agriculture/Natural Resources	25.8	27.0	1.2	4.7	26.3	(0.7)	(2.6)
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>\$ 1,180.1</b>	<b>\$ 1,224.6</b>	<b>\$ 44.4</b>	<b>3.8%</b>	<b>\$ 1,209.0</b>	<b>\$ (15.6)</b>	<b>(1.3)%</b>

## 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. For example, the Governor's recommendation includes \$10.4 million in local aid expenditures from the Children's Initiatives Fund in the budget of the Department of Education. Federal aid is not included in this tabulation.

The tabulation reflects General Fund aid to local school districts in FY 2003 which decreases \$127.4 million or 5.5 percent below the FY 2002 level. Total General Fund aid to local units in the budget year decreases \$147.7 million or 5.8 percent below the current year.

**STATE AID TO LOCAL UNITS OF GOVERNMENT**  
In Thousands

From State General Fund	FY 1998	FY 1999	FY 2000	FY 2001	Gov. Rec. FY 2002	Gov. Rec. FY 2003	Increase FY 2002-2003	
							Amount	Percent
General State Aid	\$ 1,488,745	\$ 1,683,061	\$ 1,777,656	\$ 1,805,484	\$ 1,810,621	\$ 1,693,752	\$ (116,869)	(6.5)%
Supp. General Aid	50,251	64,998	72,523	84,255	117,102	125,798	8,696	7.4
Subtotal	1,538,996	1,748,059	1,850,179	1,889,739	1,927,723	1,819,550	(108,173)	(5.6)
Cap. Improve. Aid	18,980	22,747	26,098	30,676	40,100	-	(40,100)	(100.0)
KPERS-School <sup>1)</sup>	75,775	83,557	87,889	88,462	98,392	108,763	10,371	10.5
Special Ed.	200,848	218,843	228,757	233,391	242,250	253,412	11,162	4.6
Deaf/Blind/Hand. Child.	110	110	109	109	110	110	-	0.0
Adult Basic Ed. (USDs)	296	323	385	385	385	385	-	0.0
Food Service	2,370	2,365	2,361	2,362	2,373	2,373	-	0.0
In-Service Training	2,995	3,993	4,944	4,592	2,600	2,600	-	0.0
Parent Education	2,738	4,595	4,365	4,620	4,265	4,640	375	8.8
USD 207-Ft. Leaven.	1,311	-	-	-	-	-	-	0.0
Structured Mentoring	-	975	964	-	-	-	-	0.0
Ed. Excellence Grants	115	1,600	-	41	38	38	-	0.0
Innovative Programs	-	-	1,580	11	11	11	-	0.0
Mentor Teachers	-	-	-	0	1,000	-	(1,000)	(100.0)
Juv. Detention Grants	2,820	3,320	4,011	4,703	5,599	5,599	-	0.0
Subtotal, USDs	1,847,354	2,090,487	2,211,642	2,259,091	2,324,846	2,197,481	(127,365)	(5.5)
Voc. Ed.-Postsecondary	18,406	18,866	19,508	19,508	20,084	19,675	(409)	(2.0)
Community Colleges	55,693	58,689	60,937	74,807	85,175	81,819	(3,356)	(3.9)
Adult Basic Ed. (CCs)	561	613	715	715	715	715	-	0.0
Tech. Equip. (WU and CCs)	1,000	-	450	450	450	450	-	0.0
Capital Outlay Aid (AVTS)	-	-	500	-	-	-	-	0.0
Washburn University	7,455	7,902	8,188	9,270	10,594	10,177	(417)	(3.9)
Public TV (Washburn)	254	228	259	323	337	336	(1)	(0.3)
Libraries	3,128	3,454	4,031	3,866	3,873	3,720	(153)	(4.0)
Arts Program Grants	194	192	228	1,303	1,302	1,237	(65)	(5.0)
KUMC Telemedicine	50	50	-	-	-	-	-	0.0
<b>Total, Education</b>	<b>1,934,095</b>	<b>2,180,481</b>	<b>2,306,458</b>	<b>2,368,613</b>	<b>2,447,376</b>	<b>2,315,609</b>	<b>(131,766)</b>	<b>(5.4)</b>
Local Prop. Tax Reduc. <sup>2)</sup>	47,771	55,122	57,903	54,137	-	-	-	0.0
Co.-City Revenue Sharing	35,709	36,566	36,932	34,531	-	-	-	0.0
Community Corrections	13,894	14,717	14,824	14,753	15,309	13,559	(1,750)	(11.4)
Community Corr. Camps	1,592	2,219	2,174	2,629	2,686	224	(2,462)	(91.7)
Juvenile Community Programs	14,012	25,631	32,611	25,317	24,014	21,356	(2,658)	(11.1)
Watershed Const/Soil Cons.	-	-	-	-	-	-	-	0.0
Local Public Health	7,418	9,150	9,607	9,582	9,851	9,851	-	0.0
Cherokee Co. Road Remed.	-	-	50	-	-	-	-	0.0
Aging Dept. Programs	2,084	2,580	2,052	10,108	10,417	5,997	(4,420)	(42.4)
Comm. Mental Health	10,001	10,233	10,233	10,233	10,233	10,233	-	0.0
Comm. Mental Retard.	5,963	5,963	5,963	5,963	5,963	5,963	-	0.0
Comm. Assnt. Grants	40,563	42,010	39,748	39,909	38,638	34,050	(4,588)	(11.9)
Winfield Claim	6	-	-	-	-	-	-	0.0
Disaster Relief/Training	10	20	584	41	-	-	-	0.0
Mtr. Carrier Tax to CCHF	10,737	10,995	11,182	10,343	-	-	-	0.0
HOME Program	1,037	1,037	773	-	-	-	-	0.0
Judiciary Operations	-	-	477	-	-	-	-	0.0
EMS Regional Councils	68	100	84	-	78	-	-	0.0
KDHE Superfund Match	86	-	-	-	-	-	(78)	(100.0)
Dept. of Revenue Aid	-	93	-	-	-	-	-	0.0
Community Lake Asst.	-	25	-	-	-	-	-	0.0
Employment Programs	-	-	331	372	325	316	(9)	(2.8)
Crim. Justice Info. Sys.	204	541	15	-	-	-	-	0.0
<b>Total, Other Programs</b>	<b>190,885</b>	<b>217,090</b>	<b>225,544</b>	<b>217,918</b>	<b>117,514</b>	<b>101,549</b>	<b>(15,965)</b>	<b>(13.6)</b>
<b>Total, General Fund</b>	<b>\$ 2,124,980</b>	<b>\$ 2,397,571</b>	<b>\$ 2,532,002</b>	<b>\$ 2,586,532</b>	<b>\$ 2,564,889</b>	<b>\$ 2,417,158</b>	<b>\$ (147,731)</b>	<b>(5.8)%</b>
% of Total SGF Expend.	56.0%	57.1%	57.8%	58.4%	56.6%	56.3%		

- 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.

## Recommended Changes in General Fund Programs

The following tabulation summarizes General Fund expenditure changes from the FY 2002 Governor's revised estimate to the Governor's recommendations for FY 2003.

### INCREASE IN STATE GENERAL FUND EXPENDITURES FY 2002 to FY 2003

	Amount (000)	Percent of Total Increase
<b>Total Increase</b>	<b>\$ (233,154)</b>	<b>100.0%</b>
State Aid for Education, Total	(131,767)	56.5
Basic General Aid	(116,869)	50.1
Supplemental General Aid	8,696	(3.7)
Special Education	11,162	(4.8)
Capital Improvement Aid	(40,100)	17.2
KPERs-School	10,371	(4.4)
Community College Aid	(3,355)	1.4
All Other	(1,672)	0.7
SRS, Except Hospitals	20,914	(9.0)
Corrections	2,584	(1.1)
Judicial Branch	2,294	(1.0)
Department on Aging	2,058	(0.9)
SRS Hospitals	1,742	(0.7)
State Fair	167	(0.1)
Historical Society	165	(0.1)
State Treasurer	30	0.0
Highway Patrol	(21)	0.0
Secretary of State	(38)	0.0
Arts Commission	(64)	0.0
Adjutant General	(156)	0.1
Department of Agriculture	(274)	0.1
Department of Wildlife and Parks	(444)	0.2
Juvenile Justice	(536)	0.2
Department of Revenue	(576)	0.2
Department of Health and Environment	(754)	0.3
Department of Human Resources	(853)	0.4
Legislative Agencies	(858)	0.4
Department of Administration*	(913)	0.4
Attorney General	(1,830)	0.8
Conservation Commission	(6,011)	2.6
Board of Regents and Institutions*	(22,487)	9.6
Department of Transportation	(94,559)	40.6
All Other	(967)	0.4

\*Excludes state aid to local units of government.

## DEMAND TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. In FY 2002, three of the demand transfers: Local Ad Valorem tax Reduction Fund, County and City Revenue Sharing Fund and the Special City and County Highway Fund were made revenue transfers. By changing these selected demand transfers to revenue transfers, these funds were no longer considered State General Fund expenditures and thus, no longer subject to the State General Fund ending balance law. In FY 2003, the Governor recommends keeping the three converted transfers as revenue transfers. In addition, the Governor recommends that two more demand transfers, the State Water Plan Fund and the School District Capital Improvement Fund, be changed to revenue transfers from the State General Fund. The Governor, does not recommend any funding for the State Highway Fund demand transfer in the budget year. The State Fair Capital Improvement Fund, under the Governor's FY 2003 recommendation, remains as the only demand transfer. In the current year the Governor recommends that the State Highway Fund demand transfer be reduced by \$20.0 million to reflect action by the 2001 Legislature that authorized an additional \$277 million in bonds for the Comprehensive Transportation Plan and a general reduction of \$6.5 million. Both of these items were vetoed by the Governor during the 2001 Session of the Legislature in order to delete another KDOT funding adjustment.

### FY 2003 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS

(In Thousands)

Fund	FY 2003		
	No Law Change	Proposed	Change
State Highway	\$ 165,193	\$ 0	\$ (165,193)
Local Ad Valorem Tax Reduction	62,738	52,493	(10,245)
Co.-City Revenue Sharing	47,868	33,481	(14,387)
City-Co. Highway	20,000	11,182	(8,818)
Water Plan	6,000	6,000	0
School Dist. Cap. Improve.	45,100	45,100	0
State Fair	300	300	0
TOTAL	\$ 347,199	\$ 148,556	\$ (198,643)



## 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 2001 and 2002.

### STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

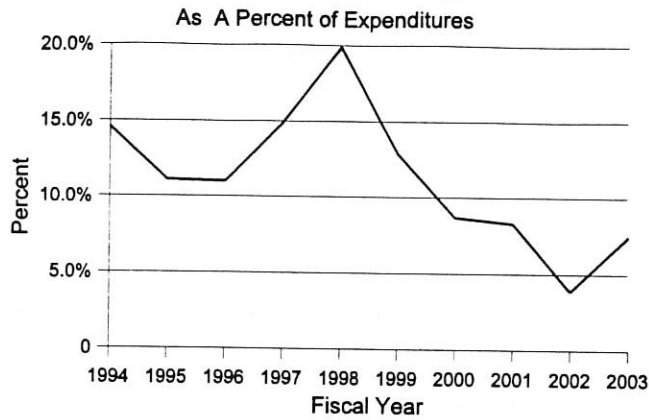
(Millions of Dollars)

	Actual FY 01	Gov. Revised FY 02	Change	Gov. Rec. FY 03	Change
Beginning Unencumbered Cash Balance	\$ 378.0	\$ 365.7	\$ (12.3)	\$ 174.4	\$ (203.6)
Released Encumbrances	2.3	0.0	(2.3)	0.0	(2.3)
Receipts (November 2001 Consensus)	4,415.0	4,336.0	(79.0)	4,588.6	173.6
Gov. Rec. Adjustments	0.0	0.4	0.4	(146.2)	(146.2)
Adjusted Receipts	<u>4,415.0</u>	<u>4,336.4</u>	<u>(78.6)</u>	<u>4,442.4</u>	<u>27.4</u>
Total Resources	\$ 4,795.3	\$ 4,702.1	\$ (93.2)	\$ 4,616.8	\$ (178.5)
Less Expenditures	<u>4,429.6</u>	<u>4,527.7</u>	<u>98.1</u>	<u>4,294.5</u>	<u>(135.1)</u>
Ending Unencumbered Cash Balance	<u>\$ 365.7</u>	<u>\$ 174.4</u>	<u>\$ (191.3)</u>	<u>\$ 322.3</u>	<u>\$ (43.4)</u>
Ending Balance as a Percentage of Expenditures	8.3%	3.9%		7.5%	
Adj. Receipts in Excess of Expenditures	\$ (14.6)	\$ (191.3)		\$ 147.9	

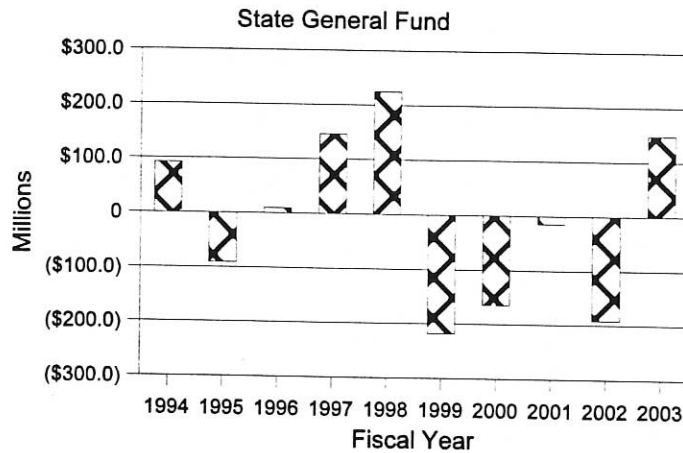
The FY 2003 General Fund ending balance as a percentage of expenditures under the Governor's recommendations would be 7.5 percent, the targeted minimum ending balance required under K.S.A. 75-6702 and 75-6703. **Receipts for FY 2002 and FY 2003 are equal to the consensus estimates except for certain transfers and proposals recommended by the Governor which increase receipts to the State General Fund by \$0.4 million in FY 2002 and reduce receipts by \$146.1 million in FY 2003. The Governor's proposals include the following:**

- ◆ For **FY 2002**, the Governor recommends a transfer of \$250,000 from the State Water Plan to the State General Fund. In addition, the Governor's recommendation includes \$711,500 in additional insurance premium tax revenues through elimination of the transfer of 1.0 percent of total receipts to the Insurance Department. In addition, the adjustment reflects the transfer of \$545,096 from the State General Fund to the State Emergency Fund which was authorized by the State Finance Council.
- ◆ For **FY 2003**, the Governor's recommendation decreases State General Fund revenues by \$146.1 million. The Governor recommends converting all demand transfers except the State Fair Capital Improvement demand transfer to revenue transfers (a reduction of \$146.1 million). The Governor's recommendation also includes an additional \$0.8 million in revenue from insurance premium tax receipts, and an increase in agency earnings of \$0.3 million to account for the increase in the reimbursement rate charged by the Department of Corrections to inmates who are in Kansas correctional facilities. In addition, the Governor recommends the transfer of \$1.1 million from the KPERs Death and Disability Special Revenue Fund to the State General Fund.

### State General Fund Ending Balance



### Receipts in Excess of Expenditures



### Governor's Proposal for Increased State General Fund Receipts and Expenditures

During his State of the State message, the Governor offered a proposal for increased State General Fund revenues to be derived from the from the following sources:

- **A \$0.65 per pack increase (from \$0.24 to \$0.89) in cigarette taxes**, expected to generate **\$111.0 million** in additional revenue.
- **A one-quarter cent state sales tax increase** (from 4.9 to 5.15 percent), expected to generate **\$95.0 million**.
- **\$22.0 million** in additional revenue would be generated through **a one cent increase in the state motor**

**fuels tax and a 3.0 percent increase in the registration fees on all vehicles. *This additional revenue would be earmarked for the state's Comprehensive Transportation Plan.***

The Governor indicated he would utilize the additional revenues as outlined below:

**Restore \$139.0 million in expenditures reduced in his submitted budget, including:**

- \$91.1 million to **maintain Base State Aid Per Pupil at \$3,870;**
- \$27.1 million to **restore the budgets of the Regents institutions to current year levels;**
- **\$7.0 million in grants and services in the Department of Social and Rehabilitation Services**, including mental health grants (\$3.0 million), developmental disability grants (\$1.5 million), family preservation services (\$2.0 million), and funeral assistance (\$0.5 million);
- **\$4.4 million to restore Senior Care Act funding** to provide elderly in-home services;
- \$5.5 million to **keep the Labette Correctional Conservation Camp, and the Stockton, Osawatomie and Toronto Correctional Facilities open;**
- \$0.2 million for **aid to local libraries;**
- \$0.1 million to restore funding for **Teachers National Board Certification** at Emporia State University; and
- \$3.6 million to **restore revenue transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF) and the County-City Revenue Sharing Fund (CCRSF) to current year levels.**

**Fund targeted enhancements totaling \$52.6 million, including:**

- \$12.0 million to **increase Base State Aid Per Pupil by \$20 (from \$3,870 to \$3,890);**
- A **2.0 percent salary increase for state employees** (\$12.0 million);
- **Increase operating grants at the Regents Institutions** by \$7.0 million;
- \$3.0 million for an **economic stimulus package**, including funding for tourism advertising (\$0.5 million), grant programs to assist communities in attracting conventions and events of national or regional importance (\$0.2 million), support for the Enterprise Facilitation Program (\$1.0 million), a pilot program to determine the effectiveness of a tax credit incentive for value-added agriculture (\$0.8 million), and funding for the Training Equipment Grant program (\$0.5 million);
- \$2.0 million for **homeland security initiatives;**
- \$1.5 million for **tobacco prevention programs;** and
- \$4.1 million to keep the **Judiciary** system fully operational.

**Utilize \$14.3 million to maintain the FY 2003 ending balance at 7.5 percent.**

***The Governor's recommended budget, including his proposed restorations and targeted enhancements would provide FY 2003 State General Fund expenditures of \$4.486 billion, a reduction of \$41.6 million (0.9 percent) from the Governor's FY 2002 revised recommendation***