

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 11:30 a.m. on February 9, 2004 in Room 514-S of the Capitol.

All members were present except:

Representative Steve Huebert - excused.

Committee staff present:

Alan Conroy, Legislative Research
J. G. Scott, Legislative Research
Amy VanHouse, Legislative Research
Michele Alishahi, Legislative Research
Leah Robinson, Legislative Research
Amy Deckard, Legislative Research
Jim Wilson, Revisor of Statutes
Mike Corrigan, Revisor of Statutes
Nikki Feuerborn, Administrative Analyst
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:

Others attending:

See Attached List.

- Attachment 1 Overview of Governor's Proposed Budget by Legislative Research Department
- Attachment 2 Budget Recommendations from the General Government and Commerce Budget Committee on the Office of the Governor, Lieutenant Governor, Secretary of State, Insurance Commissioner and Health Care Stabilization Fund Board of Governors

Chairman Neufeld recognized J. G. Scott, Legislative Research Department, who presented an overview of the FY 2005 Governor's Budget Report (Attachment 1). The data compares actual expenditures for FY 2003, the Governor's revised estimates for FY 2004, and the Governor's recommendations for FY 2005. Responding to a question from the Committee, Mr. Scott noted that there is no increase in State General Funds (SGF) moneys for the Highway Patrol for FY 2004; however, the Governor recommends shifting some FY 2005 funding from the SGF to the State highway fund. With regards to a question concerning the local compensating use tax, Mr. Scott indicated this tax is not included in the SGF revenues because it is a part of local fee revenues. Mr. Scott stated that a portion of the decrease in the Department of Transportation expenditures is actual savings and a portion is the result of using the bonding authority which moves the expense from a reportable budget to a non-reportable budget.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Governor's office for FY 2004 and FY 2005 and moved for the adoption of the Budget Committee recommendations for FY 2004 and FY 2005 (Attachment 2). Motion was seconded by Representative Shriver. Motion carried.

Responding to a question from the Committee, Leah Robinson, Legislative Research Department, noted that the \$469,000 SGF increase in the Governor's budget is a result of unused funds in FY 2003 and carried forward through the use of the unlimited reapportionment.

Representative Shriver, member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Lieutenant Governor's office for FY 2004 and FY 2005 and moved for the adoption of the Budget Committee recommendations for FY 2004 and FY 2005 (Attachment 2). Motion was seconded by Representative Pottorff. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Secretary of State for FY 2004 and moved for the adoption of the Budget Committee recommendation for FY 2004 (Attachment 2). Motion

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on February 9, 2004 in Room 514-S of the Capitol.

was seconded by Representative Shriver. Motion carried.

The Budget Committee noted that the Secretary of State's budget estimate did not include the \$225,000 State General Fund (SGF) that was appropriated for FY 2004 as part of the five percent state match to the federal funds for the Help America Vote Act (HAVA). The agency has indicated that they do not intend to spend the money in the current year, but wish to carry forward the funds until FY 2006.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendation for the Secretary of State for FY 2005 and moved for the adoption of the Budget Committee recommendation with comments for FY 2005 (Attachment 2). Motion was seconded by Representative Shriver. Motion carried.

The Budget Committee re-emphasized their request that the Secretary of State's office explore the use of local moneys spent on elections as part of the state match for HAVA funds. Since the Secretary of State's budget is funded from fees, the Budget Committee expressed a concern to the Committee that further research take place on the issue of providing free copies of documents by the Secretary of State.

Representative Howell, member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Insurance Department for FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2004 (Attachment 2). Motion was seconded by Representative Shriver. Motion carried.

Representative Pottorff, Chair of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Insurance Department for FY 2005 and moved for the adoption of the Budget Committee recommendations with adjustment and concern FY 2005 (Attachment 2). Motion was seconded by Representative Howell. Motion carried.

Representative Shriver, member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Healthcare Stabilization Fund for FY 2004 and moved for the adoption of the Budget Committee recommendations for FY 2004 (Attachment 2). Motion was seconded by Representative Pottorff. Motion carried.

Representative Shriver, member of the General Government and Commerce Budget Committee, presented the Budget Committee report on the Governor's budget recommendations for the Healthcare Stabilization Fund for FY 2005 and moved for the adoption of the Budget Committee recommendation with notation for FY 2005 (Attachment 2). Motion was seconded by Representative Howell.

Representative Shultz moved to amend the Budget Committee recommendation to eliminate the transfer of \$3,035 to the State General Fund (SGF) in the Healthcare Stabilization Fund per the Governor's budget recommendation. The motion was seconded by Representative Landwehr. Motion carried.

In addressing concerns of the Committee, it is noted that the Healthcare Stabilization Board of Governors is not a state agency and was established to provide excess professional liability and mandate certain providers to maintain liability insurance and is funded by doctors through an insurance premium.

Representative Shriver moved to renew his motion for the adoption of the Budget Committee recommendation as amended. The motion was seconded by Representative Howell. Motion carried.

Representative Pottorff moved to adopt the Budget Committee recommendation to report **HB 2669** favorably for passage. The motion was seconded by Representative Howell. Motion carried.

Representative Pottorff moved to adopt the Budget Committee recommendation to report **HB 2670** favorably for passage. The motion was seconded by Representative Shriver. Motion carried.

Because the Budget Committee has an unaddressed concern on **HB 2671**, they requested that the bill be passed over at this time.

CONTINUATION SHEET

MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE at 9:00 a.m. on February 9, 2004 in Room 514-S of the Capitol.

Representative Pottorff moved to adopt the Budget Committee recommendation to report **HB 2673** favorably for passage. The motion was seconded by Representative Howell. Motion carried.

SB 306, HB 2688, HB 2748, HB 2749, HB 2750 and **HB 2752** are referred to the General Government and Commerce Budget Committee.

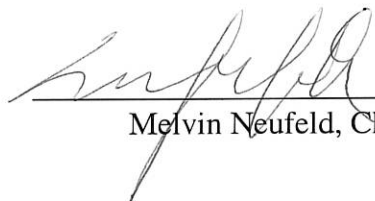
HB 2705 is referred to the Agriculture and Natural Resources Budget Committee.

HB 2734 and **HB 2671** are referred to the Education Budget Committee.

The Committee requested a copy of the list showing the Budget Efficiency Savings Teams (BEST) reductions included in the FY 2005 Governor's budget recommendations.

Chairman Neufeld requested a meeting of Budget Committee chairpersons in his office upon adjournment.

The meeting was adjourned at 1:50 p.m. The next meeting of the Committee will be held at 9:00 a.m. on February 10, 2004.



Melvin Neufeld, Chairman

HOUSE APPROPRIATIONS COMMITTEE

February 9, 2004

NAME	REPRESENTING
BOB HAYES	HCSF
Elaine Frisbie	DOZ
Vicki Lynn Nelson	Budget
Jay Fox	SOS
Nancy Bryant	"
J. Chubb	SOS
David Young	DFA
David McCandless	Intern for Gatewood
Sabrina Wells	Insurance Dept.
Ron Secher	Law Firm
Darnie Ann Power	KS Govt consulting

Overview of the Fiscal Year 2005

Governor's Budget Report

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HOUSE APPROPRIATIONS

DATE 2-09-2004
ATTACHMENT 1

OVERVIEW OF THE FISCAL YEAR 2005 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 2005 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 2003, the Governor's revised estimates for FY 2004, and the Governor's recommendations for FY 2005.

SUMMARY OF CHANGES TO ESTIMATED FY 2004 EXPENDITURES

Based on actions of the 2003 Legislature, it was estimated by the Research Department that FY 2004 expenditures from **all funds** would total \$10.218 billion. The *Governor's Budget Report* revises the all funds FY 2004 budget to \$10.211 billion, **a reduction of \$7.2 million** below the earlier estimate. Major differences from the session-end estimates and the current Governor's recommendation include:

- An increase of \$170.2 million in the budget of the **Kansas Department of Human Resources**, largely reflecting increased unemployment benefits.
- A net reduction of \$124.2 million in the budget of the **Department of Education**, primarily related to the Governor's decision to trigger property tax accelerator provisions authorized by the 2003 Legislature (\$163.1 million), partially offset by increased school finance adjustments (\$22.7 million).

At the close of the 2003 Session, FY 2004 expenditures from the **State General Fund** were estimated to be \$4.533 billion. The *Governor's Budget Report* revises the FY 2004 State General Fund budget to \$4.332 billion, **a reduction of \$200.7 million from the earlier estimate**. Recommended adjustments to the approved State General Fund budget include:

- A net State General Fund reduction of \$159.6 million in the budget of the **Department of Education**, primarily related to the Governor's decision to trigger property tax accelerator provisions authorized by the 2003 Legislature (\$163.1 million), partially offset by increased school finance adjustments (\$8.7 million).
- A net State General Fund decrease of \$34.0 million in the budget of the **Department of Social and Rehabilitation Services**, largely to reflect savings related to the Federal Medicaid Assistance Percentage (FMAP) funding in the current year. The net change to the Department's budget from all funding sources is an increase of \$6.5 million.

The following tabulation summarizes the changes to FY 2004 expenditures by major category.

	Millions	
	General Fund	All Funds
Original FY 2004 Expenditure Estimates	\$ 4,533.0	\$ 10,218.0
Revisions:		
State Operations	7.7	95.2
Aid to Local Units	(164.0)	(135.0)
Other Assistance	(46.3)	244.5
Capital Improvements	1.9	(211.9)
Total Revisions	<u>\$ (200.7)</u>	<u>\$ (7.2)</u>
Revised FY 2004 Exp. Estimates	<u>\$ 4,332.3</u>	<u>\$ 10,210.8</u>

TOTAL STATE EXPENDITURES FOR FY 2005

Summary of Expenditures from All Funds

The Governor's recommendation for FY 2005 state expenditures from all funds totals \$10.182 billion, a reduction of \$28.6 million (0.3 percent) from the Governor's revised recommendation for FY 2004 of \$10.211 billion. Actual FY 2003 expenditures from all funding sources were \$10.082 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 2005 recommendation for state operations increases by \$70.1 million or 2.4 percent above the revised FY 2004 amount. The largest increases are in the budgets of the Board of Regents and its institutions (\$14.3 million), the Department of Transportation (\$12.4 million), the Department of Social and Rehabilitation Services (\$11.6 million), and the Department of Corrections and the correctional facilities (\$6.2 million) and are primarily related to the Governor's recommended 3.0 percent pay plan increase.

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

Aid to local units increases by \$140.1 million or 4.4 percent in FY 2005. Recommended Increases in the budgets of the Department of Education (\$158.2 million, primarily for general and supplemental school aid, and for the employers contribution for Kansas Public Employees Retirement System-School costs), and the Board of Regents (\$5.7 million, primarily for funding associated with the Higher Education Coordination Act) are partially offset by reductions in the Department of Transportation (\$13.3 million, mostly in special city and county aid), and the Adjutant General (\$9.1 million, largely related to reduced disaster aid expenditures in FY 2005).

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

Other assistance increases \$108.3 million or 3.4 percent above the revised FY 2004 amount. Major increases include \$147.5 million in the Department of Social and Rehabilitation Services and \$9.6 million in the Department on Aging budget (caseload increases). The increases are partially offset by a reduction of \$46.0 million, largely for 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 decrease by \$347.1 million or 38.0 percent from the FY 2004 level. Included are decreases in construction expenditures for the Department of Transportation (\$332.1 million, largely reflecting increased use of bond proceeds to finance projects), and \$11.4 million in Department of Wildlife and Parks' projects.

EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE

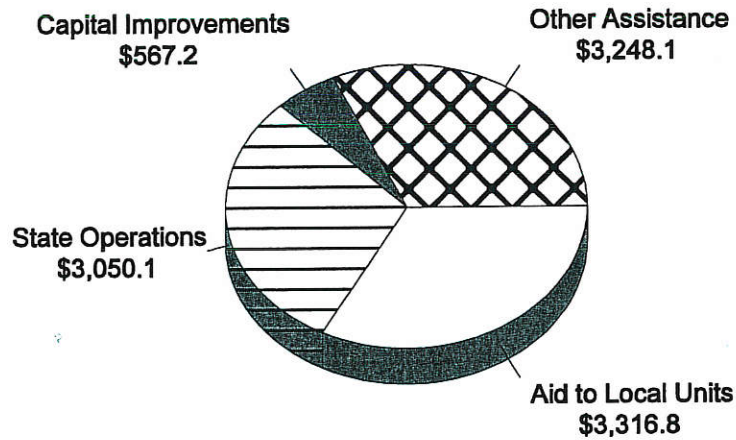
(Millions of Dollars)

Purpose	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
State Operations	\$ 2,874.8	\$ 2,980.0	\$ 105.2	3.7%	\$ 3,050.1	\$ 70.1	2.4%
Aid to Local Units	3,079.6	3,176.7	97.1	3.2	3,316.8	140.1	4.4
Other Assistance	3,118.3	3,139.8	21.5	0.7	3,248.1	108.3	3.4
Total Operating	\$ 9,072.7	\$ 9,296.5	\$ 223.8	2.5%	\$ 9,615.0	\$ 318.5	3.4%
Capital Improvements	1,009.3	914.3	(95.0)	(9.4)	567.2	(347.1)	(38.0)
TOTAL	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$10,182.2	\$ (28.6)	(0.3)%

Of the total budget recommendation for FY 2005, 30.0 percent is for state operations, 32.6 percent is for state aid to local units of government, 31.9 percent is for other assistance, grants, and benefits, and 5.6 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2005.

**FY 2005 EXPENDITURES FROM ALL FUNDS
BY MAJOR PURPOSE**

(Millions of Dollars)



Total: \$10,182.2

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 45.1 percent of the total. The three largest functions of government—education, human resources, and transportation—comprise 88.1 percent of the recommended expenditures for FY 2005.

EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT

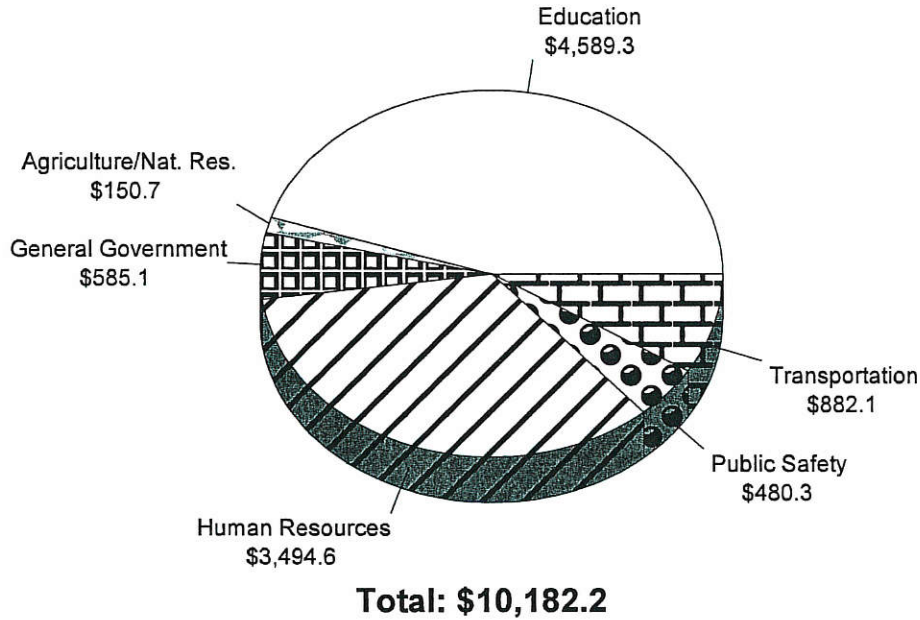
(Millions of Dollars)

Function	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
General Government	\$ 638.6	\$ 571.5	\$ (67.1)	(10.5)%	\$ 585.1	\$ 13.6	2.4%
Human Resources	3,278.7	3,369.8	91.1	2.8	3,494.6	124.8	3.7
Education	4,277.8	4,415.3	137.5	3.2	4,589.3	174.0	3.9
Public Safety	445.1	476.2	31.1	7.0	480.3	4.1	0.9
Agriculture & Nat. Res.	146.5	162.1	15.6	10.6	150.7	(11.4)	(7.0)
Transportation	1,295.3	1,215.9	(79.4)	(6.1)	882.1	(333.8)	(27.5)
TOTAL	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$ 10,182.2	\$ (28.7)	(0.3)%

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

(Millions of Dollars)



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 State General Fund operating amount shown in the table for FY 2005 is based on current resources of the Fund. The net increase in State General Fund operating expenditures from FY 2004 to FY 2005 is \$281.1 million or 6.5 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	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
Operating Expenditures:							
State General Fund	\$ 4,123.8	\$ 4,318.8	\$ 195.0	4.7%	\$ 4,599.9	\$ 281.1	6.5%
All Other Funds	4,948.9	4,977.7	28.8	0.6	5,015.1	37.4	0.8
Total Operating	\$ 9,072.7	\$ 9,296.5	\$ 223.8	2.5%	\$ 9,615.0	\$ 318.5	3.4%
Capital Improvements:							
State General Fund	\$ 13.7	\$ 13.5	\$ (0.2)	(1.5)%	\$ 14.8	\$ 1.3	9.6%
All Other Funds	995.6	900.8	(94.8)	(9.5)	552.4	(348.4)	(38.7)
Total Capital Imprv.	\$ 1,009.3	\$ 914.3	\$ (95.0)	(9.4)%	\$ 567.2	\$(347.1)	(38.0)%
TOTAL Expenditures	\$ 10,082.0	\$ 10,210.8	\$ 128.8	1.3%	\$ 10,182.2	\$ (28.6)	(0.3)%

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The State General Fund finances 42.4 percent of estimated FY 2004 expenditures. In FY 2005, the State General Fund finances 45.3 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report* (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 2004 receipts are \$2.719 billion, a reduction of \$278.2 million or 9.3 percent from the FY 2003 actual receipts. The FY 2005 estimate of \$2.700 billion is \$19.1 million or 0.7 percent below the FY 2004 estimated receipts. Three agencies -- the Department of Social and Rehabilitation Services, the Department of Education, and the Department of Transportation -- account for 73.8 percent of FY 2005 estimated federal receipts.

Federal receipts for fiscal years 2004 and 2005 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 2004 Legislature.

Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 30.0 percent of total recommended expenditures for FY 2005. 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).

SUMMARY OF EXPENDITURES FROM ALL FUNDS STATE OPERATIONS BY MAJOR COMPONENT

(Millions of Dollars)

Function	Actual FY 03	Rec. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
Salaries and Wages	\$ 1,861.0	\$ 1,869.3	\$ 8.3	0.4%	\$ 1,971.4	\$ 102.1	5.5%
Contractual Services	692.9	766.2	73.3	10.6	745.5	(20.7)	(2.7)
Commodities	143.5	164.9	21.4	14.9	151.9	(13.0)	(7.9)
Capital Outlay	98.7	92.4	(6.3)	(6.4)	74.1	(18.3)	(19.8)
Debt Service	78.7	87.0	8.3	10.5	102.0	15.0	17.2
Statewide Adjustments	0.0	0.2	0.2	0.0	5.2	5.0	2,500.0
TOTAL	\$ 2,874.8	\$ 2,980.0	\$ 105.2	3.7%	\$ 3,050.1	\$ 70.1	2.4%

Salaries and wages expenditures, including fringe benefits, comprise almost two-thirds of the state operations budget for FY 2005 (64.6 percent) and represent a \$102.1 million or 5.5 percent increase from the FY 2004 estimate.

Salaries and wages policy recommendations incorporated into the proposed FY 2005 budget include the following:

GOVERNOR'S FY 2005 STATE EMPLOYEE SALARY ADJUSTMENTS

	Millions	
	State General Fund	All Funds
A. For classified employees of the executive branch, a 3.0 percent base salary adjustment effective June 6, 2004, the first pay period attributable to FY 2005. For unclassified employees, including statewide elected officials, Regents employees, legislative and judicial branch employees, including legislators and judges, a 3.0 percent unclassified merit pool, to be distributed on the basis of performance.	\$ 24.7	\$ 53.1
B. Annualization of the FY 2004 Pay Plan (funds are added to cover the costs of the FY 2004 pay plan for all 26 pay periods in FY 2005 - the FY 2004 pay increase was effective for 23 of the 26 pay periods in FY 2004).	1.7	3.5
C. 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).	0.4*	0.8*
	\$ 26.8	\$ 57.4

* Amounts reflect the difference between the Governor's recommendation for FY 2004 and the amount of longevity bonus payments that are estimated to be paid in FY 2005.

Financing for all recommended salary adjustments is contained in the recommended budgets for each state agency.

Other Pay Plan Recommendations

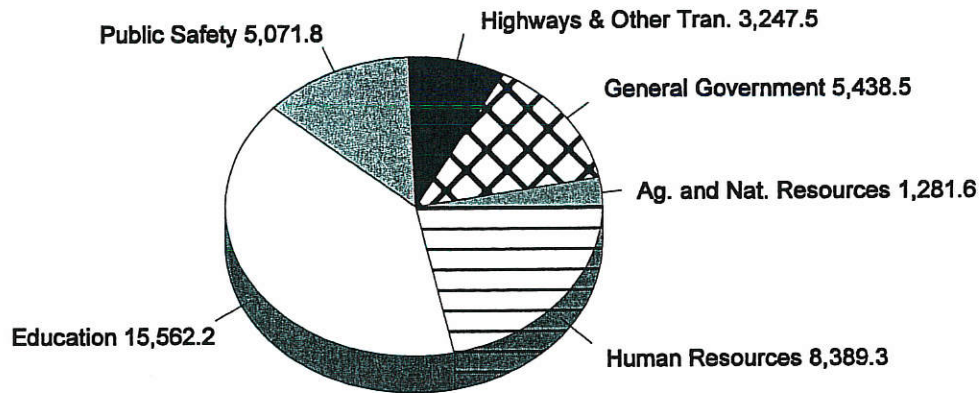
The Governor's FY 2005 recommendation includes a 21.5 percent composite rate increase over the FY 2004 amount. This equates to an annual increase in the employer contribution per employee of \$852 for single member premiums (from \$3,961 to \$4,813) and \$394 for dependent health insurance premiums (from \$1,833 to \$2,227).

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 2005 budget recommendations of the Governor finance 38,990.9 full-time equivalent positions, a net reduction of 165.5 FTE positions from the FY 2004 recommended level of 39,156.4. In addition, the Governor recommends 1,772.2 non-FTE unclassified permanent positions in FY 2005, a reduction of 7.7 from FY 2004. These employees are not included in the FTE limitation.

The following pie chart reflects the Governor's recommended FY 2005 full-time equivalent position by function of government.

FY 2005 FULL-TIME EQUIVALENT (FTE) POSITIONS by Function of Government



Total FTE Positions: 38,990.9

State Workforce Adjustments

The Governor's FY 2005 recommendation reduces the size of the state's workforce by a net 165.5 FTE positions. Factors contributing to the reduction in positions include:

- ◆ Reductions of 81.4 FTE positions in the **Department of Administration** budget (to make the position count more accurately reflect anticipated staffing needs for the agency); and a total reduction of 91.0 FTE positions at **Larned State Hospital** (including 19.0 reflecting the elimination of services to children under age 12, and 72.0 related to staffing for the Sexual Predator Treatment Unit).
- ◆ It appears as though there has been a change in the methodology for determining FTE and Non-FTE Unclassified positions for the Regents institutions. Traditionally, all positions were considered FTE positions. The Budget System is now separating that total into FTE and Non-FTE Unclassified. The Regents have no position limitation and all of the positions are funded. The number of positions at issue systemwide is 991.1.

**Program or Agency Components of the
FY 2005— 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 2005 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 over two-thirds (67.7 percent) of the total state budget.

**GOVERNOR'S RECOMMENDED
EXPENDITURES FROM ALL FUNDS, FY 2005
By Agency or Program**

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Change From FY 04
Department of Education	\$ 2,772,715	27.2%	27.2%	6.1%
Department of SRS, Except Hospitals	2,338,770	23.0	50.2	7.7
Board of Regents and Institutions	1,786,233	17.5	67.7	0.8
Department of Transportation	882,125	8.7	76.4	(27.4)
Department of Human Resources	470,262	4.6	81.0	(8.9)
Department on Aging	429,746	4.2	85.2	2.2
Department of Corrections and Facilities	242,691	2.4	87.6	1.8
Department of Health and Environment	189,240	1.9	89.5	(0.2)
State Hospitals	111,289	1.1	90.6	1.3
Highway Patrol and KBI	104,630	1.0	91.6	8.6
Judicial Branch	102,681	1.0	92.6	4.0
Juvenile Justice Authority and Facilities	85,735	0.8	93.5	(1.6)
Department of Revenue	84,777	0.8	94.3	1.5
Dept. of Commerce, KTEC, Kansas, Inc.	73,735	0.7	95.0	(6.1)
Kansas Lottery	56,897	0.6	95.6	0.6
Insurance Dept. and Health Care Stabilization	49,540	0.5	96.1	(0.4)
Department of Wildlife and Parks	43,208	0.4	96.5	(19.2)
State Treasurer	40,859	0.4	96.9	5.5
Adjutant General	35,265	0.3	97.2	(20.5)
KPERS Operations	30,405	0.3	97.5	17.8
Legislative Branch	21,304	0.2	97.7	4.2
Department of Agriculture	20,293	0.2	97.9	(4.9)
State Corporation Commission	18,998	0.2	98.1	9.3
Board of Indigents' Defense Services	18,205	0.2	98.3	7.3
Attorney General	13,098	0.1	98.4	(4.7)
Conservation Commission	9,259	0.1	98.5	(12.7)
Water Office	5,400	0.1	98.6	(11.2)
All Other	144,858	1.4	100.0%	0.0
TOTAL	\$ 10,182,218	100.0%		(0.3)%

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 2004 to FY 2005

	Amount (Thousands)	Comments
Total Decrease	\$ (28,579)	
Department of Social and Rehab. Services	166,854	Caseload increases
Department of Education	159,891	General and supplemental aid, KPERs - School
Board of Regents and Institutions	14,580	Higher Education Coordination Act funding; pay plan
Department on Aging	9,455	Caseload increases
KBI/Highway Patrol	8,258	Operating expenditures
Judicial Branch	3,931	Operating expenditures
State Treasurer	2,136	Operating expenditures
Department of Revenue	1,252	Operating expenditures
Department of Health and Environment	(470)	Operating expenditures
Attorney General	(639)	Operating expenditures
Juvenile Justice Authority and Facilities	(1,438)	Operating expenditures
Department of Commerce, KTEC, Kansas, Inc.	(4,809)	Operating expenditures
Adjutant General	(9,071)	Reduced disaster relief funding
Department of Wildlife and Parks	(10,239)	Current year capital improvements
Department of Human Resources	(45,697)	Unemployment benefits
Department of Transportation	(333,734)	Increased use of bond proceeds
All Other Agencies	11,161	

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 2005 State General Fund Budget

The following tabulation provides an overview of the program or agency components of the Governor's recommended FY 2005 expenditures from the State General Fund. This tabulation identifies individual components which comprise 99.5 percent of State General Fund expenditures. Education and state aid account for 68.5 percent of State General Fund expenditures.

STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Governor's Recommendations for FY 2005

	Amount (Thousands)	Percent of Total	Cumulative Percent	Increase Over FY 2004	
				Amount (000)	Percent
Education					
State Aid to Local Units	\$ 2,442,721	52.93%	52.93%	\$ 170,366	7.5%
Bd. of Regents/Institutions (a)	588,928	12.76	65.70	21,866	3.9
Other Education*	30,118	0.65	66.35	527	1.8
Subtotal, Education	\$ 3,061,767	66.35		\$ 192,759	6.7
State Aid Except Education	\$ 97,542	2.11	68.46	(2,231)	(2.2)
SRS, Except Hospitals	749,097	16.23	84.70	94,192	14.4
Dept. of Corrections/Facilities	196,028	4.25	88.94	3,310	1.7
Department on Aging	167,581	3.63	92.58	12,883	8.3
Judicial Branch	91,731	1.99	94.56	8,367	10.0
State Hospitals	56,388	1.22	95.79	(295)	(0.5)
Juvenile Justice	45,669	0.99	96.78	2,851	6.7
Legislative Branch	21,138	0.46	97.23	913	4.5
Dept. of Revenue	20,046	0.43	97.67	(1,930)	(8.8)
Dept. of Administration**	19,939	0.43	98.10	284	1.4
Board of Indigents Defense	17,695	0.38	98.48	1,275	7.8
Health and Environment	17,508	0.38	98.86	977	5.9
Highway Patrol/KBI***	12,472	0.27	99.13	(28,372)	(69.5)
Dept. of Agriculture	9,518	0.21	99.34	64	0.7
Elected Officials	5,546	0.12	99.46	(2,518)	(31.2)
All Other	24,996	0.54	100.00	(188)	(0.7)
TOTAL	\$ 4,614,661	100.00%		\$ 282,341	6.5%

* 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 \$0.356 million which is part of Education-State Aid.

*** The Governor's FY 2005 recommendation for the Highway Patrol funds that portion of the Patrol which was funded from the State General Fund in FY 2004 from the State Highway Fund in FY 2005.

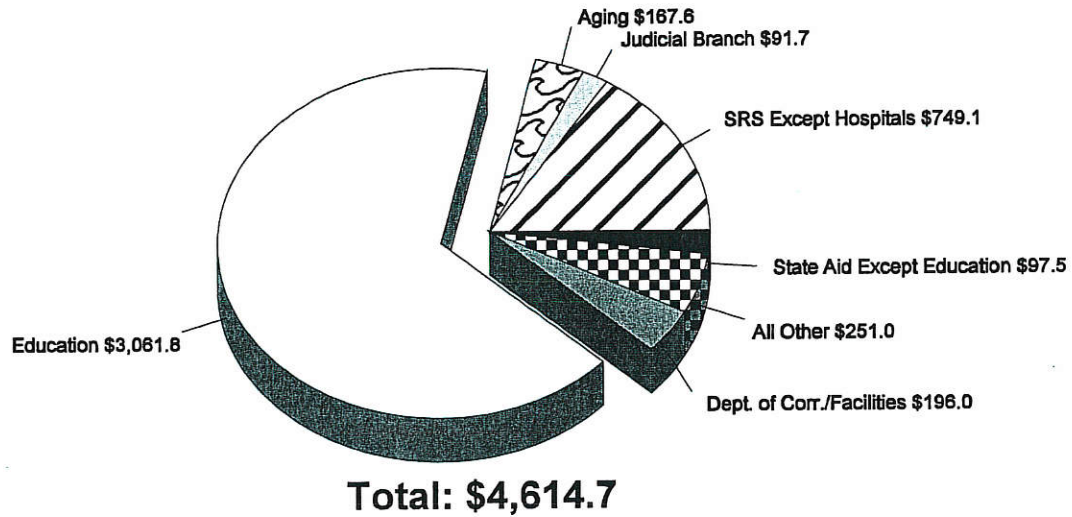
a) Aid to Washburn University is included in state aid to local units (\$10.557 million).

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

The following pie chart displays the FY 2005 State General Fund expenditures by major program.

FY 2005 State General Fund Expenditures by Major Program or Agency

(Millions of Dollars)



State General Fund Expenditures by Function of Government

The next tabulation summarizes State General Fund expenditures by function of government. The reduction in public safety is largely related to the recommendation to shift funding for the Kansas Highway Patrol from the State General Fund to financing from the State Highway Fund.

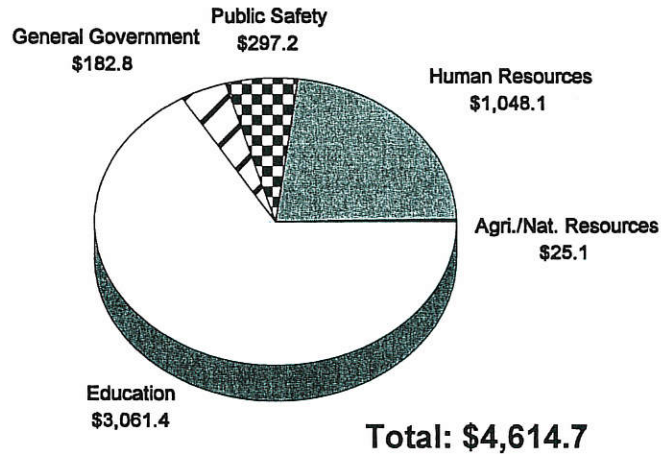
STATE GENERAL FUND EXPENDITURES BY FUNCTION OF GOVERNMENT

(Millions of Dollars)

Function	Actual FY 03	Est. FY 04	Change		Rec. FY 05	Change	
			\$	%		\$	%
General Government	\$ 182.7	\$ 173.4	\$ (9.3)	(5.1)%	\$ 182.8	\$ 9.4	5.4%
Human Resources	827.4	944.7	117.3	14.2	1,048.1	103.4	10.9
Education	2,806.8	2,868.7	61.9	2.2	3,061.4	192.7	6.7
Public Safety	298.4	319.1	20.7	6.9	297.2	(21.9)	(6.9)
Agriculture/Natural Resources	22.2	26.4	4.2	18.9	25.1	(1.3)	(4.9)
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	\$ 4,137.5	\$ 4,332.3	\$ 194.8	4.7%	\$ 4,614.7	\$ 282.4	6.5%

The following pie chart reflects FY 2005 State General Fund expenditures by function of government.

**FY 2005 STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT
(Millions of Dollars)**



Expenditures by Major Purpose

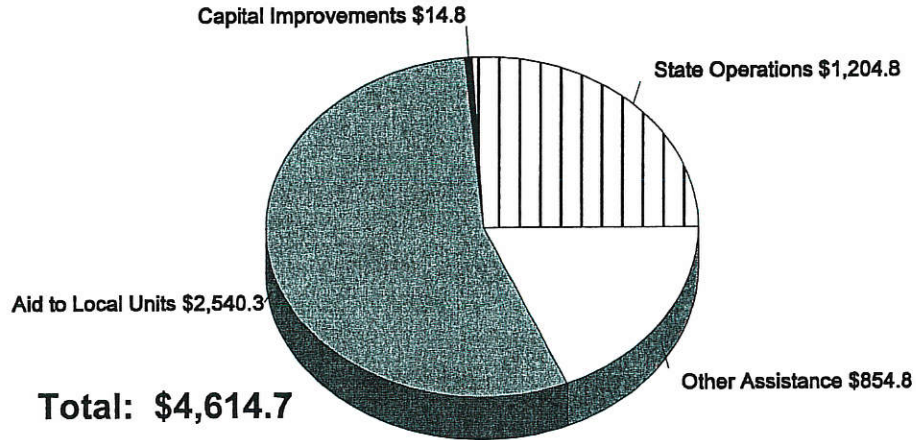
Over \$2.5 billion (55.0 percent) of recommended FY 2005 expenditures from the State General Fund is paid to local units of government, 26.1 percent represents the costs of state operations, 18.5 percent is for other assistance payments, and 0.3 percent is for capital improvements.

**STATE GENERAL FUND EXPENDITURES BY MAJOR PURPOSE
(Millions of Dollars)**

	Actual	Est.	Change		Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
State Operations	\$ 1,152.5	\$ 1,204.7	\$ 52.2	4.5%	\$ 1,204.8	\$ 0.1	0.0%
Aid to Local Units	2,304.3	2,372.1	67.8	2.9	2,540.3	168.2	7.1
Other Assistance	667.0	742.0	75.0	11.2	854.8	112.8	15.2
Total Operating	\$ 4,123.8	\$ 4,318.8	\$ 195.0	4.7	\$ 4,599.9	\$ 281.1	6.5%
Capital Improvements	13.7	13.5	(0.2)	(1.5)	14.8	1.3	9.6
TOTAL	\$ 4,137.5	\$ 4,332.3	\$ 194.8	4.7%	\$ 4,614.7	\$ 282.4	6.5%

The following pie chart displays FY 2005 State General Fund expenditures by major purpose.

**FY 2004 STATE GENERAL FUND EXPENDITURES
BY MAJOR PURPOSE
(Millions of Dollars)**



State Operations by Function of Government

The following tabulation shows 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	Est.	Change		Rec.	Change	
	FY 03	FY 04	\$	%	FY 05	\$	%
General Government	\$ 176.8	\$ 167.2	\$ (9.6)	(5.4)%	\$ 172.9	\$ 5.7	3.4%
Human Resources	145.4	175.2	29.8	20.5	173.6	(1.6)	(0.9)
Education	564.1	572.4	8.3	1.5	591.3	18.9	3.3
Public Safety	244.1	265.0	20.9	8.6	241.9	(23.1)	(8.7)
Agriculture/Natural Resources	22.1	24.9	2.8	12.7	25.1	0.2	0.8
Transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	\$ 1,152.5	\$ 1,204.7	\$ 52.2	4.5%	\$ 1,204.8	\$ 0.1	0.0%

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 \$8.2 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 State General Fund aid to local school districts in FY 2005 which increases \$160.4 million or 7.4 percent above the FY 2004 level. Total State General Fund aid to local units in the budget year increases \$168.1 million or 7.1 percent above the current year.

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STATE AID TO LOCAL UNITS OF GOVERNMENT
In Thousands

From State General Fund	FY 2001	FY 2002	FY 2003	Gov.	Gov.	Increase	
				Rec.	Rec.	FY 2004-2005	
				FY 2004	FY 2005	Amount	Percent
General State Aid	\$ 1,805,484	\$ 1,810,731	\$ 1,608,950	\$ 1,621,855	\$ 1,760,302	\$ 138,447	8.5%
Supp. General Aid	84,255	116,569	118,571	160,740	163,045	2,305	1.4
Subtotal	1,889,739	1,927,300	1,727,521	1,782,595	1,923,347	140,752	7.9
Cap. Improve. Aid	30,676	40,008	0	0	0	0	0.0
KPERS-School	88,462	98,392	112,148	114,733	134,979	20,246	17.6
Special Ed.	233,391	242,679	249,607	249,792	249,792	0	0.0
Deaf/Blind/Hand. Child.	109	107	107	109	109	0	0.0
Food Service	2,362	2,366	2,370	2,370	2,370	0	0.0
In-Service Training	4,592	2,592	2,594	0	0	0	0.0
Parent Education	4,620	4,236	4,374	4,640	4,640	0	0.0
Ed. Excellence Grants	41	65	98	133	168	35	26.3
Innovative Programs	11	0	0	0	0	0	0.0
Mentor Teachers	0	891	0	0	0	0	0.0
School Safety Hotline	0	15	0	0	0	0	0.0
Juv. Detention Grants	4,703	5,170	5,270	6,269	5,599	(670)	(10.7)
Subtotal, USDs	\$ 2,258,706	\$ 2,323,821	\$ 2,104,089	\$ 2,160,641	\$ 2,321,004	\$ 160,363	7.4%
Voc. Ed.-Postsecondary	19,508	20,084	19,486	15,300	19,674	4,374	28.6
Community Colleges	74,807	85,174	80,942	80,958	86,044	5,086	6.3
Adult Basic Ed. (CCs)	1,100	1,100	950	1,049	1,049	0	0.0
Tech. Equip. (WU & CCs)	450	450	449	424	424	0	0.0
Washburn University	9,270	10,561	10,101	10,102	10,557	455	4.5
Public TV (Washburn)	323	340	386	358	356	(2)	(0.6)
Libraries	3,866	3,872	3,432	3,398	3,398	0	0.0
Arts Program Grants	1,303	1,314	90	16	104	88	550.0
Pittsburg State	0	3	0	0	0	0	0.0
Historical Society Grants	0	114	436	110	110	0	0.0
Total, Education	\$ 2,368,613	\$ 2,446,836	\$ 2,220,361	\$ 2,272,355	\$ 2,442,721	\$ 170,364	7.5%
Local Prop. Tax Reduc	54,137	0	0	0	0	0	0.0
Co.-City Revenue Sharing	34,531	0	0	0	0	0	0.0
Community Corrections	14,753	15,280	12,987	14,241	15,549	1,308	9.2
Community Corr. Camps	2,629	2,247	2,203	2,202	2,202	0	0.0
Juvenile Comm. Prog.	25,317	22,218	14,308	15,855	14,310	(1,545)	(9.7)
Local Public Health	9,582	9,836	6,194	9,581	9,161	(420)	(4.4)
Aging Dept. Programs	10,108	2,329	0	0	0	0	0.0
SRS Aid Programs	56,105	52,189	43,851	52,930	50,975	(1,955)	(3.7)
Disaster Relief/Training	41	371	3,967	1,058	53	(1,005)	(95.0)
Mtr. Carrier Tax to CCHF	10,343	0	0	0	0	0	0.0
Aid to Cons. Districts	0	789	0	0	0	0	0.0
Employment Programs	372	326	65	65	0	0	0.0
Sent. Comm - SB 123	0	0	0	3,842	5,291	1,449	37.7
Total, Other Programs	\$ 217,918	\$ 105,584	\$ 83,951	\$ 99,773	\$ 97,542	\$ (2,229)	(2.2)%
Total, State General Fund	\$ 2,586,532	\$ 2,552,420	\$ 2,304,312	\$ 2,372,128	\$ 2,540,263	\$ 168,135	7.1%
% of Total SGF Expend.	58.4%	57.2%	55.7%	54.8%	55.0%		

* FY 2001 and FY 2002 reflect expenditures for Department on Aging nutrition programs. Because it was determined that those expenditures are more appropriately categorized as other assistance, the expenditures are not shown for FYs 2003-2005.

**SELECTED STATE AID FROM OTHER FUNDS FOR EDUCATION
In Thousands**

From Other Funds	Actual FY 2003	Gov. Rec. FY 2004	Gov. Rec. FY 2005	Increase FY 2004-2005	
				Dollar	Percent
School Dist. Finance	\$ 21,454	\$ 32,000	\$ 14,900	\$ (17,100)	(53.4)%
Driver Safety/Training	1,539	1,547	1,568	21	1.4
Mineral Prod. Tax	4,565	5,411	5,300	(111)	(2.1)
Children's Initiatives					
Four-Year-Old At-Risk	4,500	4,500	4,500	0	0.0
Parent Education	2,500	2,500	2,500	0	0.0
Spec. Educ./General State Aid	1,225	1,225	1,225	0	0.0
Econ. Devel. Initiatives					
Voc. Ed.-Postsecondary	6,144	10,331	6,957	(3,374)	(32.7)
Voc. Ed.-Cap. Outlay	2,565	2,565	2,565	0	0.0
Tech. Grants-CCs/AVS	191	185	181	(4)	(2.2)
Total	\$ 44,683	\$ 60,264	\$ 39,696	\$ (20,568)	(34.1)%

**SELECTED NONEDUCATION STATE AID FROM OTHER FUNDS
In Thousands**

From Other Funds	Actual FY 2003	Gov. Rec. FY 2004	Gov. Rec. FY 2005	Increase FY 2004-2005	
				Amount	Percent
City-Co. Highway and Co. Equal. and Adj.	\$ 149,707	\$ 158,649	\$ 146,185	\$ (12,464)	(7.9)%
State Highway-City Maintenance Payments	2,931	3,360	3,360	0	0.0
Public Transportation	6,372	5,490	5,490	0	0.0
Aviation	3,666	3,000	3,000	0	0.0
Local Alcoholic Liquor	18,981	19,000	19,100	100	0.5
Firefighter's Relief	7,470	7,500	7,500	0	0.0
Co. Mineral Prod. Tax -- Counties' Share	4,565	5,411	5,300	(111)	(2.1)
Rental MV Excise Tax	2,741	2,850	2,900	50	1.8
Tax Incr. Financing Revenue Replacement	1,084	1,100	1,100	0	0.0

Recommended Changes in State General Fund Programs

The following tabulation summarizes State General Fund expenditure changes from the FY 2004 Governor's revised estimate to the Governor's recommendations for FY 2005.

INCREASE IN STATE GENERAL FUND EXPENDITURES FY 2004 to FY 2005

	Amount (000)	Percent of Total Increase
Total Increase	\$ 282,341	100.0%
Education		
State Aid for Education, Total	\$ 170,366	60.3%
Basic General Aid	138,447	49.0
Supplemental General Aid	2,305	0.8
KPERs-School	20,246	7.2
Community College Aid	5,086	1.8
All Other	4,282	1.5
SRS, Except Hospitals*	94,192	33.4
Board of Regents and Regents Institutions*	21,866	7.7
Department on Aging*	12,883	4.6
Judicial Branch	8,367	3.0
Dept. of Corrections/Facilities*	3,310	1.2
Juvenile Justice Authority/Facilities*	2,851	1.0
Board of Indigents' Defense Services	1,275	0.5
Health and Environment*	977	0.3
Legislative Branch	913	0.3
Department of Administration*	284	0.1
Dept. of Agriculture	64	0.0
State Hospitals	(295)	(0.1)
Department of Revenue	(1,930)	(0.7)
State Aid Except Education	(2,231)	(0.8)
Elected Officials	(2,518)	(0.9)
Highway Patrol/KBI**	(28,372)	(10.0)
All Other*	339	0.1

* Excludes state aid to local units of government

**The Governor's FY 2005 recommendation for the Highway Patrol funds that portion of the Patrol which was funded from the State General Fund in FY 2004 from the State Highway Fund in FY 2005.

DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (the CCRSF) and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these 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 recommended changing the State Water Plan Fund and the School District Capital Improvement Fund to revenue transfers as well. In FY 2004 the remaining demand transfers were also treated as revenue transfers, a recommendation the Governor continues for FY 2005. No transfers are recommended to the LAVTRF or the CCRSF or to the State Highway Fund in FY 2005. The Governor recommends transfers of \$57.0 million to the School District Capital Improvement Funds, \$10.1 million to the SCCHF, \$3.7 million to the State Water Plan, and \$0.4 million to the Regents Faculty of Distinction Fund. The table below reflects the Governor's recommended transfers for FY 2005, compared to estimated statutory amounts.

FY 2005 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS

(In Thousands)

Fund	FY 2005		
	No Law Change	Proposed	Difference
State Highway	\$ 180,179	\$ 0	\$ (180,179)
Local Ad Valorem Tax Reduction	67,197	0	(67,197)
Co.-City Revenue Sharing	51,615	0	(51,615)
City-Co. Highway	18,000	10,064	(7,936)
Water Plan	6,000	3,749	(2,251)
School Dist. Cap. Improvements	57,000	57,000	0
State Fair	300	0	(300)
Faculty of Distinction	400	400	0
TOTAL	<u>\$ 380,691</u>	<u>\$ 71,213</u>	<u>\$ (309,478)</u>

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 2004 and 2005.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

(Millions of Dollars)

	Actual FY 03	Gov. Rec. FY 04	Change	Gov. Rec. FY 05	Change
Beginning Unencumbered Cash Balance	\$ 12.1	\$ 122.7	\$ 110.6	\$ 239.5	\$ 116.8
Released Encumbrances	2.6	2.5	(0.1)	0.0	(2.5)
Receipts (November 2003 Consensus)	4,245.6	4,483.6	238.0	4,469.3	(14.3)
Gov. Rec. Adjustments	0.0	(37.0)	(37.0)	18.9	55.9
Adjusted Receipts	4,245.6	4,446.6	201.0	4,488.2	41.6
Total Resources	\$ 4,260.3	\$ 4,571.8	\$ 311.5	\$ 4,727.7	\$ 155.9
Less Expenditures	4,137.5	4,332.3	194.8	4,614.7	282.4
Ending Unencumbered Cash Balance	<u>\$ 122.7</u>	<u>\$ 239.5</u>	<u>\$ 116.7</u>	<u>\$ 113.0</u>	<u>\$ (126.5)</u>
Ending Balance as a Percentage of Expenditures	3.0%	5.5%		2.4%	
Adj. Receipts in Excess of Expenditures	\$ 108.1	\$ 114.3		\$ (126.5)	

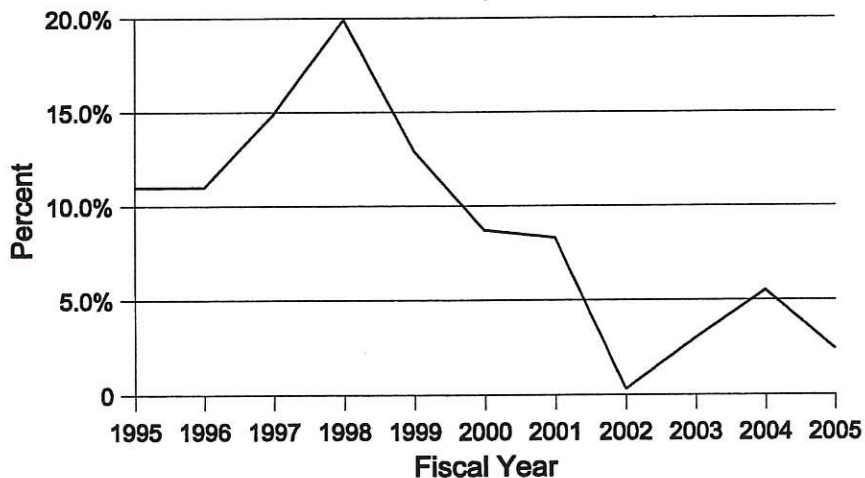
The FY 2005 State General Fund ending balance as a percentage of expenditures under the Governor's recommendations would be 2.4 percent, well below the \$346.1 million required to achieve the targeted minimum ending balance of 7.5 percent required under K.S.A. 75-6702 and 75-6703. **Receipts for FY 2004 and FY 2005 are equal to the consensus estimates except for certain transfers and proposals recommended by the Governor which reduce receipts to the State General Fund by \$37.0 million in FY 2004 and increase receipts by \$18.9 million in FY 2005. The Governor's proposed adjustments include the following:**

- ◆ For FY 2004, the Governor recommends that all tax refunds be paid on time, resulting in a reduction of receipts of \$50.0 million. In addition, the Governor includes disaster relief funding of \$2.1 million approved by the State Finance Council in the budget of the Adjutant General. The funding was transferred from the State General Fund to the State Emergency Fund. Those two reductions are offset by a number of transfers to the State General Fund from agency special revenue funds, including: transfers totaling \$6.1 million from the Department of Administration related to the Governor's decision to eliminate the state motor pool and sell surplus vehicles; transfers totaling \$4.4 million from the Kansas Public Employees Retirement System to refund an overpayment made in previous years for security officers' retirement (\$3.7 million) and funding to cover the costs of the bond payment for the KPERS 13th check (\$0.7 million); transfers totaling \$0.9 million from three different special revenue funds in the Department of Health and Environment (\$0.3 million from the Waste Tire Management Fund, \$0.2 million from the Subsurface Hydrocarbon Fund, and \$0.4 million from the Solid Waste Management Fund); a transfer of \$0.1 million from the Racing and Gaming Commission; \$0.5 million from the Highway Patrol Motor Vehicle Fund; and \$25,000 from the community planning fund of the Juvenile Justice Authority. The Governor's recommended adjustments also reflect a transfer of \$0.3 million from the State Treasurer's budget to repay a State General Fund startup loan; savings from the vehicle purchase moratorium at the Kansas Department of Transportation and a matching transfer to the State General Fund totaling \$0.4 million; and a reduction in the estimated transfer to the School District Capital Improvements Fund totaling \$2.1 million.

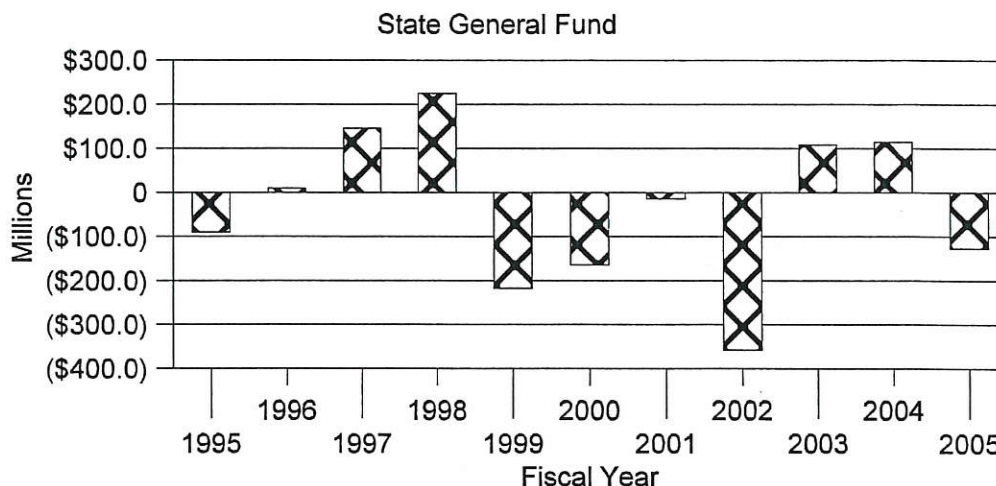
- ◆ For **FY 2005**, the Governor's recommendation increases State General Fund revenues by \$18.9 million. The recommendation proposes making transfers from the State General Fund totaling \$71.2 million, including transfers to the School District Capital Improvements Fund (\$57.0 million), the Special County City Highway Fund (\$10.1 million); a partial transfer to the State Water Plan Fund (\$3.7 million), and a transfer to the Board of Regents for the Faculty of Distinction Program (\$0.4 million). No transfers are recommended to the Local Ad Valorem Tax Reduction Fund, the County City Revenue Sharing Fund or the State Highway Fund. In addition, the Governor proposes legislation as part of an Economic Revitalization Plan which would provide tax credits for business development in rural areas, which is estimated to reduce State General Fund tax receipts by \$2.5 million. The Governor's recommended revenue increases to the State General Fund include: paying all FY 2005 tax refunds on time (\$50.0 million); transfers from special revenue funds based on estimated savings from implementation of the Budget Efficiency Savings Teams (BEST) recommendations (\$20.1 million), transfers from savings related to the Governor's recommended vehicle purchase moratorium (\$2.7 million); transfers from selected special revenue funds with balances in excess of \$200,000 (\$6.3 million); a transfer of \$3.1 million from KPERS to reimburse for the 13th check bond payment; and a transfer of the projected balance in the Kansas Endowment for Youth Fund (\$4.6 million). In addition, numerous special revenue fund transfers are recommended, including \$0.8 million from three Department of Health and Environment funds, the Waste Tire Management Fund (\$0.3 million), the Subsurface Hydrocarbon Fund (\$0.2 million) and the Solid Waste Management Fund (\$0.3 million); transfers from the Lottery Operating Fund (\$0.5 million), the Gaming Revenues Fund (\$0.1 million), the Juvenile Detention Facility Fund of the Juvenile Justice Authority (\$0.3 million); the Emergency Medical Services operating fund (\$1.0 million), the Motor Vehicle Fund of the Highway Patrol (\$1.0 million); and the State Fire Marshal Fee Fund (\$0.5 million). Finally, the recommendation includes \$1.5 million to be transferred from the Department of Wildlife and Parks to repay a loan for a project at Tuttle Creek.

State General Fund Ending Balance

As A Percent of Expenditures



Receipts in Excess of Expenditures



Other Issues

Statutory Budget Submission

K.S.A. 75-6701 requires that the budget submitted by the Governor and the budget ultimately approved by the Legislature provide for a State General Fund ending balance of at least 7.5 percent of expenditures for FY 2004. To comply with this provision, Volume 1 of the *Governor's Budget Report* includes a "statutory budget" designed to provide for a 7.5 ending balance. In general, this requires a 14.8 percent reduction to the FY 2005 State General Fund executive branch budget recommendations submitted by the Governor. That reduction has not been applied to school finance funding in the Department of Education or to the Board of Regents and its institutions. **To achieve the 7.5 percent ending balance, the reduction to the Governor's recommended FY 2005 State General Fund budget would total \$216.9 million.**

Budget Efficiency Savings Teams (BEST) Reductions

The FY 2005 Governor's recommendation for executive branch agencies includes savings of \$26.7 million (including \$6.5 million from the State General Fund) anticipated to be realized by recommendations of the BEST teams. These amounts are related to information technology and purchases. To determine the FY 2005 reductions, expenditure object codes related to those two categories were identified, and four years of actual expenditures for each object code by agency were obtained. This allowed for the identification of a four-year average expenditure amount. The reduction recommended by the Governor is equivalent to 10 percent of that four-year average amount. The special revenue fund reductions will be transferred to the State General Fund. ***It is the recommendation of the Governor that these savings be used to offset the State General Fund portion of the Governor's recommended 3.0 percent salary increase for all state employees.***

New Vehicle Moratorium

On November, 13, 2003, The Governor imposed a moratorium on the purchase of new vehicles for the next two years (with the exception of certain law enforcement vehicles). Due to the deadline for budget submission, funds to purchase these vehicles had already been included in the affected agencies' budget submissions. Therefore, the requested monies were removed from agency budgets by reducing \$415,562 in FY 2005 State General Fund appropriations and by reducing expenditure authority and transferring \$2,745,750 from special revenue funds to the State General Fund in FY 2005.

“Education First” Plan

The Governor’s submitted budget does not reflect the additional proposals included in her “Education First” Plan, which would provide, among other things, funding to increase Base State Aid Per Pupil (BSAPP) by \$250 over three years. The proposal is funded through three different revenue sources:

- increased sales taxes (from the current 5.3 percent to 5.5 percent in FY 2005, 5.6 percent in FY 2006, and 5.7 percent in FY 2007, estimated to generate \$316.9 million over three years (under current law, the 5.3 percent sales tax is scheduled to be reduced to 5.0 percent at the beginning of FY 2007.))
- a 5.0 percent income tax surcharge estimated to raise \$300 million over three years; and
- an increase in the school mill levy from the present 20 mills to 21 mills (estimated to generate \$47.0 million over three years). In addition, the proposal includes an additional 1 mill increase beginning in FY 2008.

The table below shows the fiscal impact of the Governor’s proposal. The amount shown for FY 2005 would be in addition to her FY 2005 recommendations under current law. Amounts shown for FY 2006 and FY 2007 are increases over the prior year.

<u>Program</u>	<u>Governor's Proposal FY 2005</u>	<u>Governor's Proposal FY 2006</u>	<u>Governor's Proposal FY 2007</u>
BSAPP increased by total of \$250 (from \$3,863 to \$4,113)	\$ 58,000,000	\$ 43,600,000	\$ 43,600,000
Special education funded as \$434 addition to BSAPP	--	--	--
Special education infants and toddlers counted as 0.5 FTE pupil	6,000,000		
Funding for school district services provided residents of SRS institutions	500,000	--	--
At-risk weighting increased from 10% to 25%	25,400,000	26,000,000	26,500,000
Bilingual weighting increased from 20% to 25%	1,100,000	1,200,000	650,000
Correlation weighting threshold lowered from 1,725 to 1,700	12,200,000	--	--
All-day kindergartners counted as 1.0 FTE pupil, based on total students at school on free or reduced price lunch	17,000,000	10,900,000	11,600,000*
Capital outlay equalized, up to four-mill limit	15,000,000	1,000,000	1,000,000
Parent Education Program enriched	500,000	500,000	500,000
Mentor Teacher Program funded for first-year teachers	1,000,000	--	--
School district efficiency audits provided	<u>250,000</u>	<u>--</u>	<u>--</u>
TOTAL	<u>\$ 136,950,000</u>	<u>\$ 83,200,000</u>	<u>\$ 83,850,000</u>

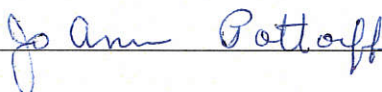
* The percentage of students eligible for free and reduced price lunches at the school would decrease by 12 percent increments until FY 2011, when each all-day kindergartner would be counted.

FY 2004 and FY 2005

General Government and Commerce Budget Committee

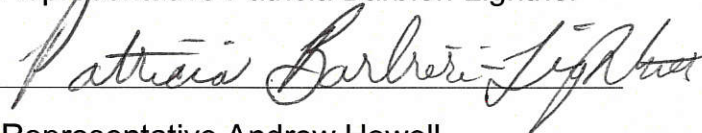
Governor
Lieutenant Governor
Secretary of State

Insurance Commissioner
Health Care Stabilization Fund Board of Governors

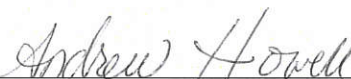


Representative Jo Ann Pottorff, Chair

Representative Patricia Barbieri-Lightner



Representative Andrew Howell

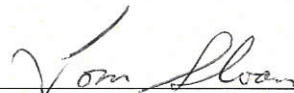


Representative Joe Shriver

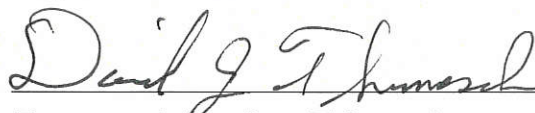




Representative Annie Kuether



Representative Tom Sloan



Representative Dan Thimesch

HOUSE APPROPRIATIONS

DATE 2-09-2003
ATTACHMENT 2

House Budget Committee Report

Agency: Governor's Department

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No.

Budget Page No.167

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,068,593	\$ 2,068,593	\$ 0
Federal Funds	12,513,266	13,513,266	0
Other Funds	0	50,000	0
TOTAL	\$ 14,581,859	\$ 14,631,859	\$ 0
FTE Positions	29.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	30.0	30.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** current year revised estimate of expenditures is \$14,581,859, an increase of \$1,477,121 (\$469,378 from the State General Fund) over the amount approved by the 2003 Legislature. The difference between the approved amount and the agency's revised estimate is the result of an unlimited reappropriation of FY 2003 State General Fund savings which exceeded the anticipated reappropriation by \$469,378 and is available for expenditure without any further legislative action, and an additional \$1,007,743 over the amount budgeted for federal fund expenditures in FY 2004. This amount is also available for expenditure in FY 2004 without any further legislative action. The agency's revised request reflects the reduction of 5.0 FTE positions from the amount authorized by the 2003 Legislature. These positions are reduced to reflect the full-year closure of the Wichita Satellite Office, and adjustments in the staffing patterns of the agency with the change in administration.

The Governor recommends FY 2004 revised expenditures of \$14,631,859, an increase of \$1,527,121 (\$469,378 from the State General Fund) over the amount approved by the 2003 Legislature. The only adjustment made by the Governor to the agency's revised request is the addition of \$50,000 to allow for expenditure of a one-time workforce development grant from the National Governor's Association to the agency in FY 2004. The Governor concurs with the balance of the agency's revised estimate.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Governor's Department

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No.

Budget Page No.167

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 1,632,475	\$ 1,624,479	\$ 0
Federal Funds	12,878,230	12,878,230	0
Other Funds	0	0	0
TOTAL	<u>\$ 14,510,705</u>	<u>\$ 14,502,709</u>	<u>\$ 0</u>
FTE Positions	29.0	29.0	0.0
Non FTE Uncl. Perm. Pos.	1.0	1.0	0.0
TOTAL	<u>30.0</u>	<u>30.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$14,510,705, including \$1,632,475 from the State General Fund. The request reflects a reduction of \$71,154 (0.5 percent) from all funding sources, and a reduction of \$436,118 (21.1 percent) from the State General Fund. The reduction in State General Fund expenditures reflects several one-time expenditures budgeted in FY 2004 that are not planned to be repeated in FY 2005.

The Governor recommends an FY 2005 operating budget of \$14,502,709, including \$1,624,479 from the State General Fund. The request reflects a reduction of \$129,150 (0.9 percent) from all funding sources, and a reduction of \$444,114 (21.5 percent) from the State General Fund. The reduction in State General Fund expenditures reflects several one-time expenditures budgeted in FY 2004 that are not planned to be repeated in FY 2005 and reductions made in conjunction with the implementation of the Governor's Budget Efficiency Savings Team (BEST) recommendations.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Lieutenant Governor

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No.

Budget Page No. 319

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 127,374	\$ 127,374	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency's** current year estimate of expenditures is \$127,374 (all from the State General Fund), an increase of \$14,735 over the amount approved by the 2003 Legislature. The difference between the approved amount and the agency's revised estimate is the result of an unlimited reappropriation of FY 2003 State General Fund savings which exceeded the anticipated reappropriation by \$14,735 and is available for expenditure without any further legislative action. Most of the additional funding is requested for salaries and wages (\$1,378, primarily for temporary help), contractual services (\$7,890), and capital outlay (\$3,550).

The Governor concurs with the agency's revised current year estimate.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Lieutenant Governor

Bill No.

Bill Sec.

Analyst: Robinson

Analysis Pg. No.

Budget Page No.319

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 115,540	\$ 114,817	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Request/Governor's Recommendation

The **agency** requests an FY 2005 operating budget of \$115,540 (all from the State General Fund), a reduction of \$11,834 (9.3 percent) from the FY 2004 revised estimate. The reduction reflects several one-time expenditures budgeted in FY 2004 that are not planned to be repeated in FY 2005.

The Governor recommends an FY 2005 operating budget of \$114,817 (all from the State General Fund), a reduction of \$12,557 from the FY 2004 revised recommendation, and a reduction of \$723 from the amount requested by the agency.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 363

Expenditure Summary	Agency Estimate FY 04	Governor's Recommendation FY 04	House Budget Committee Adjustments
State General Fund	\$ 863,591	\$ 836,591	\$ 0
Special Revenue Funds	2,826,550	2,826,550	0
TOTAL	\$ 3,663,141	\$ 3,663,141	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Agency Estimate/Governor's Recommendation

The **agency's** FY 2004 estimate is \$3,663,141, a decrease of \$7,787,489, or 68.0 percent from the approved amount. The reduction includes a decrease of \$225,000 State General Fund. This is due to the agency not utilizing any of the SGF match money that was approved by the 2003 Legislature for the HAVA federal funds. The agency does intend to spend a portion of the \$7.5 million in HAVA grant money, with expenditures totaling \$87,511 during FY 2004.

The agency's FY 2004 estimate includes the elimination of 2.0 FTE positions. The positions were clerical in nature, and were not funded in FY 2003.

Staff note: The agency's estimate does not include the \$225,000 State General Fund that was appropriated for FY 2004 as part of the five percent match to the federal funds for HAVA. The agency has indicated that they do not intend to spend the money in the current year, but wish to carry over the funds until FY 2006.

The **Governor** recommends FY 2004 expenditures of \$3,663,141, a decrease of \$7,787,489 from the FY 2004 approved amount. This is the same as the amount requested by the agency.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Secretary of State

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 363

<u>Expenditure Summary</u>	<u>Agency Request FY 05</u>	<u>Governor's Recommendation FY 05</u>	<u>House Budget Committee Adjustments</u>
State General Fund	\$ 0	\$ 0	\$ 0
Special Revenue Funds	6,726,824	6,742,120	0
TOTAL	\$ 6,726,824	\$ 6,742,120	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Agency Estimate/Governor's Recommendation

The agency requests an FY 2005 expenditure limitation of \$6,726,824, an increase of \$3,063,683 or 83.6 percent from the FY 2004 estimate. The increase is due to federal grant funds of \$3,071,220 for the Federal Help America Vote Act of 2002 which will be expended in FY 2005 for the CVR (Centralized Voter Registration) system. The increase is all contained within the HAVA program.

Staff note: The agency's intention was to include a request for \$225,000 State General Fund for three of the five percent match needed for federal funds for HAVA, and request that the counties pay the remaining two percent match needed in FY 2005. The request was inadvertently excluded and the Governor's recommendation does not address this issue.

The **Governor** recommends FY 2005 expenditures of \$6,742,120, an increase of \$3,078,979 from the FY 2004 recommendation. The Governor added \$63,216 for a three percent increase in employees salaries and wages. The Governor recommended a BEST reduction of \$47,920 in contractual services, commodities, and capital outlay. This amount will be transferred from the agency's fee funds to the State General Fund.

House Budget Committee Recommendation

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

1. The House Budget Committee wishes to call the Committee's attention to the impact the HAVA legislation may have on the number and location of the polling places in each district. The Committee wishes that the Secretary of State's office work closely with the local election commissioners to minimize the disruption at the local level and to ensure as smooth an implementation as possible for HAVA.

House Budget Committee Report

Agency: Insurance Department

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 233

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 10,546,641	\$ 11,031,641	\$ 0
Aid to Local Units	7,500,000	7,500,000	0
Other Assistance	2,700,000	2,500,000	0
Subtotal- Operating	\$ 20,746,641	\$ 21,031,641	\$ 0
Capital Improvements	160,000	160,000	0
TOTAL	\$ 20,906,641	\$ 21,191,641	\$ 0
FTE Positions	152.7	152.7	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	156.2	156.2	0.0

Agency Estimate/Governor's Recommendation

The **agency's** FY 2004 estimate for operations is \$20,746,641, which is \$2,395,431 or 13.1 percent above the amount approved by the 2003 Legislature. In addition, the agency estimates \$160,000 in capital improvements, the same amount that was approved by the 2003 Legislature. The reduction of 4.5 FTE positions in FY 2004 was due to the transfer of the Senior Health Insurance Counseling of Kansas (SHICK) program from the Insurance Department to the Department on Aging during FY 2003 via a Memorandum of Understanding (MOU).

The **Governor** recommends FY 2004 operating expenditures of \$21,031,641, an increase of \$2,680,431 from the approved amount. The increase reduces the agency request by \$200,000 for Workers' Compensation claims, from \$2,700,000 to \$2,500,000. In addition, the recommendation accelerates the agency's request for KSIP expenditures of \$300,000 from FY 2005 to FY 2004. The Governor also recommends the addition of a \$185,000 federal grant to continue a study of the uninsured in Kansas.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Insurance Department

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 233

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 10,727,441	\$ 10,558,160	\$ 0
Aid to Local Units	7,500,000	7,500,000	0
Other Assistance	2,500,000	2,500,000	12,936
Subtotal- Operating	\$ 20,727,441	\$ 20,558,160	\$ 12,936
Capital Improvements	500,000	420,000	0
TOTAL	\$ 21,227,441	\$ 20,978,160	\$ 12,936
FTE Positions	146.7	146.7	0.0
Non FTE Uncl. Perm. Pos.	3.5	3.5	0.0
TOTAL	150.2	150.2	0.0

Agency Estimate/Governor's Recommendation

The **agency** requests an FY 2005 operating expenditure limitation of \$20,727,441, a decrease of \$19,200 or 0.1 percent from the FY 2004 estimate. The request also reduced the number of FTE positions in the agency by 6.0 FTE from the FY 2004 estimate. The agency submitted the FTE reduction as part of their request after an internal review of positions and vacancies. The positions were vacant and unfunded in FY 2003 and FY 2004.

The **Governor** recommends FY 2005 operating expenditures of \$20,558,160, a decrease of \$473,481 or 2.3 percent from the FY 2004 recommendation. This is a reduction of \$169,281 from the agency's FY 2005 request. The Governor recommended accelerating \$300,000 in KSIP expenditures from FY 2005 into FY 2004, thus reducing the FY 2005 recommended amount. In addition, the Governor does not recommend two of the agency's capital improvement requests, totaling \$80,000. The Governor's recommendation includes \$199,107 for the three percent pay plan increase and a reduction of \$68,388 for the BEST reductions in contractual services, commodities, and capital outlay. The Governor also recommends the transfer of \$920,000 from the Insurance Department Service Regulation Fund to the State General Fund.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustment and concern:

1. Add \$12,396 in other assistance and a proviso that reads: Provided that the monumental life settlement fund shall be used for scholarship purposes; and

provided further the scholarship recipients must be African-American students in good academic standing, who are attending Washburn University or Kansas State University and who have taken courses necessary to successfully complete the first or second actuarial examination.

2. The Budget Committee notes that it is troubled by the transfer of \$920,000 from the Insurance Department Service Regulation Fund to the State General Fund.

House Budget Committee Report

Agency: Healthcare Stabilization Fund

Bill No.

Bill Sec.

Analyst: Deckard

Analysis Pg. No.

Budget Page No. 183

<u>Expenditure Summary</u>	<u>Agency Estimate FY 04</u>	<u>Governor's Recommendation FY 04</u>	<u>House Budget Committee Adjustments</u>
Special Revenue Funds:			
State Operations	\$ 3,904,904	\$ 3,904,904	\$ 0
Other Assistance	24,647,583	24,647,583	0
TOTAL	<u>28,552,487</u>	<u>28,552,487</u>	<u>0</u>
FTE Positions	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>16.0</u>	<u>16.0</u>	<u>0.0</u>

Agency Estimate/Governor's Recommendation

The **agency** estimates FY 2004 expenditures of \$28,552,487, a reduction of \$1,186,108 or 4.0 percent from the amount approved by the 2003 Legislature. The estimate includes \$1,050,732 for administration and \$27,501,755 for claims and claims expenses.

The **Governor** recommends \$28,552,487 for FY 2004 expenditures, which is a decrease of \$1,186,108 from the FY 2004 approved amount. This is the same as the agency's estimate.

House Budget Committee Recommendation

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

House Budget Committee Report

Agency: Healthcare Stabilization Fund **Bill No.** **Bill Sec.**

Analyst: Deckard **Analysis Pg. No.** **Budget Page No.** 183

Expenditure Summary	Agency Request FY 05	Governor's Recommendation FY 05	House Budget Committee Adjustments
Special Revenue Funds:			
State Operations	\$ 3,895,782	\$ 3,913,958	\$ 0
Other Assistance	24,647,583	24,647,583	0
TOTAL	\$ 28,543,365	\$ 28,561,541	\$ 0
FTE Positions			
	16.0	16.0	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	16.0	16.0	0.0

Agency Estimate/Governor's Recommendation

The **agency** requests an FY 2005 expenditure limitation of \$28,543,365, a decrease of \$9,122 or 0.03 percent from the FY 2004 estimate. The request includes \$1,041,610 for administration and \$27,501,755 for claims and claim expenses.

The Governor recommends FY 2005 expenditures of \$28,561,541, an increase of \$9,054 from the FY 2004 recommendation. The recommendation is an increase of \$18,176 from the agency's FY 2005 request. The difference is the addition of \$21,211 for the three percent pay plan increase for state employees and the reduction of \$3,035 in contractual services and commodities for the savings identified by the BEST team. The \$3,035 will be transferred from the Healthcare Stabilization Fund to the State General Fund. In addition, the Governor is recommending that the agency become a biennial budget agency starting with the FY 2005- 2006 biennium.

House Budget Committee Recommendation

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

1. The House Budget Committee is concerned with the precedent that would be set with a transfer of \$3,035 from the Healthcare Stabilization Fund to the State General Fund, as the Fund has never received support from the State General Fund.