

## MINUTES OF THE HOUSE APPROPRIATIONS COMMITTEE

The meeting was called to order by Chairman Melvin Neufeld at 9:00 A.M. on April 18, 2006 in Room 514-S of the Capitol.

All members were present except:  
Representative Bonnie Huy- excused

Committee staff present:

Alan Conroy, Legislative Research Department  
J. G. Scott, Legislative Research Department  
Becky Krahl, Legislative Research Department  
Matt Spurgin, Legislative Research Department  
Michele Alishahi, Legislative Research Department  
Reagan Cussimano, Legislative Research Department  
Amy Deckard, Legislative Research Department  
Audrey Dunkel, Legislative Research Department  
Julian Efird, Legislative Research Department  
Debra Hollon, Legislative Research Department  
Susan Kannarr, Legislative Research Department  
Carolyn Rampey, Legislative Research Department  
Leah Robinson, Legislative Research Department  
Amy VanHouse, Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Mike Corrigan, Revisor of Statutes  
Nikki Feuerborn, Administrative Assistant  
Shirley Jepson, Committee Secretary

Conferees appearing before the committee:  
Duane Goossen, Director of the Budget

Others attending:  
See attached list.

- Attachment 1 Revised Consensus Estimating State General Fund Memo for FY 2006 and FY 2007
- Attachment 2 April Consensus Revenue Estimates FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment
- Attachment 3 House Approved Tax Reductions, April Consensus Revenue Estimates, \$558.4 M in New K-12 Funding FY 2007-FY 2009, FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment
- Attachment 4 Governor's Budget Amendment No. 1 (GBA) for FY 2006 and FY 2007
- Attachment 5 Consensus Caseload Estimates, April 12, 2006
- Attachment 6 State Water Plan Fund: FY 2006 & FY 2007
- Attachment 7 Economic Development Initiatives Fund: FY 2005 - FY 2007
- Attachment 8 Children's Initiatives Fund, FY 2006 and FY 2007
- Attachment 9 Additional Information pertaining to GBA No. 1

In the absence of Representative Huy, Representative Merrick was appointed by the Speaker of the House to serve on the Committee.

Alan Conroy, Legislative Research Department, presented the Revised Consensus Estimating State General Fund Memo for FY 2006 and FY 2007 (Attachment 1). Mr. Conroy stated that the overall estimate for both fiscal years has been increased since the last report by \$289.4 million with the largest increases in individual income tax and corporate tax collections. Mr. Conroy indicated that the economy is expected to continue to grow during the next several years before stabilizing. It was noted that over half of Kansas taxpayers are now filing their tax returns electronically, resulting in a more timely recording of individual income tax collections.

CONTINUATION SHEET

MINUTES OF THE House Appropriations Committee at 9:00 A.M. on April 18, 2006 in Room 514-S of the Capitol.

- With regard to the higher than expected transfers from the SGF to the Biosciences Authority, the Committee requested information on receipts and expenditures for the Biosciences Authority.

Mr. Conroy presented a report on the State General Fund (SGF) balances as revised for FY 2006 - FY 2009 (Attachment 2). Mr. Conroy noted that the direct deposit of retail sales tax to the Department of Transportation results in a decrease of retail sales tax directed to the SGF and resulting in an impact of approximately \$53 million in FY 2007. Interest rates and energy prices will continue to have an impact on retail sales tax. The announcement of a layoff of approximately 900 employees from Boeing Aircraft in Wichita was received after the consensus revenue estimates were made and could have an impact.

Mr. Conroy presented a report prepared at the request and direction of Chairman Neufeld which includes the House Approved Tax Reductions and K-12 Additional Funding per **Sub for HB 2986** and the effect these actions would have on the State General Fund (SGF) (Attachment 3). The report indicated that the SGF would have a deficient of \$491.6 million in FY 2009 if FY 2006 and FY 2007 expenditures as approved by the Legislature at first adjournment, became law.

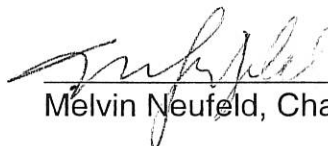
J. G. Scott, Legislative Research Department, presented and explained the following documents:

- Items for Omnibus Consideration (Full document used in minutes of April 19, 2006).
- Governor's Budget Amendment No. 1 (Attachment 4).
- Consensus Caseload Estimates (Attachment 5).
- State Water Plan Fund: FY 2006 and FY 2007 (Attachment 6).
- Economic Development Initiatives Fund, FY 2005 - FY 2007 (Attachment 7).
- Children's Initiatives Fund, FY 2006 and FY 2007 (Attachment 8).

Chairman Neufeld recognized Duane Goossen, Director of the Budget, who presented an explanation and additional information on GBA No. 1 (Attachment 9). Some highlights of the report include:

- Item No. 2 - Because the Capitol Area Master Plan has not been updated for many years, the Governor recommends funding in FY 2007 for this purpose.
- Item No. 10 - Additional funding for Kansas Health Policy Authority (KHPA) and Department of Social and Rehabilitation Services (SRS) for the implementation of the Presumptive Disability program. The Committee noted that this funding may be premature before KHPA has had time to review and make recommendations.
- Item No. 13 - An awareness that it may be necessary to transfer funds from SGF to the Children's Initiative Fund (CIF) for FY 2006 because the State's payment from the tobacco settlement is less than anticipated. Mr. Goossen stated that future tobacco settlement payment are unpredictable at this time. The Committee noted that it may be necessary to look at a long-term solution by the restructuring of the Children's Initiative Fund.
- Item No. 14 - Additional funding in FY 2006 and FY 2007 for the Department of Social and Rehabilitation Services to fund extended stays in Level V & VI facilities.
- Item No. 15 - Funding in FY 2007 for the Department of Social and Rehabilitation Services to cover the reduction in IV-E due to the changes in the structure at the federal level.
- Item No. 25 - Funding in FY 2007 for the expansion of the PACE program.
- Item No. 26 - A proviso to allow the Finance Council to approve funding, if necessary, up to \$10 million for the prevention and treatment of Avian Flu.
- Item No. 31 - Increased funding in FY 2007 for the Veterans Claims Assistance Program for service grants.
- Item No. 53 - Increased funding for the Department of Parks as a result of providing free access to all state residents to all state parks.

The meeting was recessed at 10:25 a.m. to allow Budget Committees to work and reconvened at 4:00 p.m. Because some Budget Committees had not completed their work, the meeting was adjourned. The next meeting of the full Committee will be held at 9:00 a.m. on Wednesday, April 19, 2006.

  
Melvin Neufeld, Chairman

# HOUSE APPROPRIATIONS COMMITTEE

April 18, 2006

9:00 A.M.

NAME	REPRESENTING
Ron Seebert	Hein Law Firm
Debra Hein	Hein Law Firm
Leslie Kaufman	Ks Coops Council
Steve Solomon	TFI Family Services
ALAN BURT	SOS
Jim Kase	KGC
Debra Lynn	Kansas Inc.
Kyle Smith	KBI
Jerry Sloan	Judicial Branch
Ethan Erickson	KDOT
Mary Jane Stankiewicz	KARA/KGFA
Jan Brad	KSC
Debra Kase	KLINS
KEVIN ROBERTSON	KANSAS DENTAL ASSN
Wang Elin Guler	Via Christi Health System
Rob May	LBK
DAVID OWEN	HOMELESS COME HOME
Debra Zhr	KATSA
Tom Stratton	Ks legal services



STATE OF KANSAS

ALAN D. CONROY, Director  
AlanC@klrd.state.ks.us  
RANEY L. GILLILAND, Assistant Director for Research  
RaneyG@klrd.state.ks.us  
J.G. SCOTT, Chief Fiscal Analyst  
JGScott@klrd.state.ks.us  
MARY K. GALLIGAN, Assistant Director for  
Information Management  
MaryG@klrd.state.ks.us



STAFF  
LEGISLATIVE COORDINATING COUNCIL  
INTERIM COMMITTEES  
STANDING COMMITTEES

LEGISLATIVE INQUIRIES

## KANSAS LEGISLATIVE RESEARCH DEPARTMENT

Room 545-N — State Capitol Building — 300 SW Tenth Avenue — Topeka, Kansas 66612-1504  
PHONE (785) 296-3181 ♦ FAX (785) 296-3824 ♦ TTY (785) 296-3677  
INTERNET: <http://www.kslegislature.org/klrd> E-MAIL: [kslegres@klrd.state.ks.us](mailto:kslegres@klrd.state.ks.us)

April 17, 2006

To: Governor Kathleen Sebelius and Legislative Budget Committee  
From: Kansas Legislative Research Department  
Kansas Division of the Budget  
Re: Initial SGF Memo for Revised FY 2006 and FY 2007 Estimates

The Consensus Estimating Group met today to revise the November 3 estimates for FY 2006 and FY 2007. The revised estimates incorporate the fiscal impact of all 2006 legislation signed into law thus far.

A more detailed memo will be available soon which contains the economic forecast for Kansas upon which the forecasts are based, as well as a discussion of other factors influencing the individual source estimates.

The overall estimate for both fiscal years was increased by a combined \$289.4 million. The revised FY 2006 estimate is \$5.309 billion and the revised FY 2007 estimate is \$5.356 billion.

For FY 2006, the estimate was increased by \$151.6 million, or 2.9 percent, above the November estimate. The overall revised SGF estimate of \$5.309 billion represents a 9.7 percent growth forecast above final FY 2005 receipts.

The revised estimate for FY 2007 of \$5.356 billion represents an increase of \$137.8 million, or 2.6 percent above the November estimate. The revised FY 2007 estimate is \$47.4 million, or 0.9 percent, above the newly revised FY 2006 figure. One factor influencing the FY 2007 growth rate relates to legislation enacted in 2004 that reduces the amount of sales and use tax receipts deposited directly into the SGF. Another factor is the higher than expected transfers from the SGF to the Biosciences Authority. These transfers were originally estimated to be \$7.2 million in both FY 2006 and FY 2007. These were increased to \$19.9 million in FY 2006 and \$15.0 million in FY 2007.

The growth rate for FY 2008 and thereafter also will be influenced by a number of provisions in previously enacted legislation that will tend to reduce SGF receipts. A more detailed explanation will be provided in the longer memo.

Table 1 compares the new FY 2006 and FY 2007 estimates with actual receipts from FY 2005. Tables 2 and 3 show the changes in the estimates for each fiscal year.

HOUSE APPROPRIATIONS

DATE 4-18-2006  
ATTACHMENT 1



**Table 1**  
**Consensus Revenue Estimate for Fiscal Years 2006 and 2007**  
**and FY 2005 Actual Receipts**  
*(Dollars in Thousands)*

	FY 2005 (Actual)		FY 2006 (Revised)		FY 2007 (Revised)	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
<b>Property Tax:</b>						
Motor Carrier	\$20,454	4.9 %	\$22,000	7.6 %	\$23,000	4.5 %
General Property	538		50		--	
Motor Vehicle	1,801		1,450		--	
<b>Total</b>	<b>\$22,793</b>	<b>(34.8) %</b>	<b>\$23,500</b>	<b>3.1 %</b>	<b>\$23,000</b>	<b>(2.1) %</b>
<b>Income Taxes:</b>						
Individual	\$2,050,562	8.6 %	\$2,310,000	12.7 %	\$2,445,000	5.8 %
Corporation	226,072	60.1	330,000	46.0	310,000	(6.1)
Financial Inst.	22,063	(13.3)	26,000	17.8	27,000	3.8
<b>Total</b>	<b>\$2,298,697</b>	<b>11.9 %</b>	<b>\$2,666,000</b>	<b>16.0 %</b>	<b>\$2,782,000</b>	<b>4.4 %</b>
Estate Tax	\$51,853	7.9 %	\$53,000	2.2 %	\$52,000	(1.9) %
<b>Excise Taxes:</b>						
Retail Sales	\$1,647,663	2.2 %	\$1,725,000	4.7 %	\$1,740,000	0.9 %
Compensating Use	244,755	14.1	270,000	10.3	273,000	1.1
Cigarette	118,979	(0.7)	116,000	(2.5)	115,000	(0.9)
Tobacco Products	5,039	5.1	5,000	(0.8)	5,000	--
Cereal Malt Bev.	2,077	(4.1)	2,000	(3.7)	2,000	--
Liquor Gallonage	15,736	(0.7)	16,000	1.7	16,100	0.6
Liquor Enforcement	41,904	4.1	44,500	6.2	46,000	3.4
Liquor Drink	7,444	4.1	7,900	6.1	8,100	2.5
Corp. Franchise	47,095	28.0	46,000	(2.3)	47,000	2.2
Severance	103,390	22.2	131,100	26.8	113,200	(13.7)
Gas	75,415	14.2	94,700	25.6	78,200	(17.4)
Oil	27,975	50.5	36,400	30.1	35,000	(3.8)
<b>Total</b>	<b>\$2,234,082</b>	<b>4.5 %</b>	<b>\$2,363,500</b>	<b>5.8 %</b>	<b>\$2,365,400</b>	<b>0.1 %</b>
<b>Other Taxes:</b>						
Insurance Prem.	\$106,828	(0.7) %	\$111,000	3.9 %	\$113,000	1.8 %
Miscellaneous	4,291	17.7	4,800	11.9	4,800	--
<b>Total</b>	<b>\$111,119</b>	<b>(0.1) %</b>	<b>\$115,800</b>	<b>4.2 %</b>	<b>\$117,800</b>	<b>1.7 %</b>
<b>Total Taxes</b>	<b>\$4,718,544</b>	<b>7.5 %</b>	<b>\$5,221,800</b>	<b>10.7 %</b>	<b>\$5,340,200</b>	<b>2.3 %</b>
<b>Other Revenues:</b>						
Interest	\$23,257	67.7 %	\$60,300	159.3 %	\$84,200	39.6 %
Net Transfers	23,562	40.9	(29,400)	(224.8)	(126,300)	329.6
Agency Earnings	75,908	37.3	56,000	(26.2)	58,000	3.6
<b>Total</b>	<b>\$122,727</b>	<b>(6.7) %</b>	<b>\$86,900</b>	<b>(29.2) %</b>	<b>\$15,900</b>	<b>42.0 %</b>
<b>Total Receipts</b>	<b>\$4,841,271</b>	<b>7.1 %</b>	<b>\$5,308,700</b>	<b>9.7 %</b>	<b>\$5,356,100</b>	<b>0.9 %</b>

**Table 2**  
**State General Fund Receipts**  
**FY 2006 Revised**  
**Comparison of November 2005 Estimate to April 2006 Estimate**  
*(Dollars in Thousands)*

	FY 2006 CRE Est.	FY 2006 CRE Est.	Difference	
	Revised 11/03/05	Revised 04/17/06	Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$22,000	\$22,000	\$ --	-- %
Motor Vehicle	25	50	25	
General Property	775	1,450	675	
<b>Total</b>	<b>\$22,800</b>	<b>\$23,500</b>	<b>\$700</b>	<b>3.1 %</b>
<b>Income Taxes:</b>				
Individual	\$2,230,000	\$2,310,000	\$80,000	3.6 %
Corporation	260,000	330,000	70,000	26.9
Financial Inst.	23,000	26,000	3,000	13.0
<b>Total</b>	<b>\$2,513,000</b>	<b>\$2,666,000</b>	<b>\$153,000</b>	<b>6.1 %</b>
Estate Tax	\$51,000	\$53,000	\$2,000	3.9 %
<b>Excise Taxes:</b>				
Retail Sales	\$1,715,000	\$1,725,000	\$10,000	0.6 %
Compensating Use	265,000	270,000	5,000	1.9
Cigarette	118,000	116,000	(2,000)	(1.7)
Tobacco Product	5,000	5,000	--	--
Cereal Malt Beverage	2,000	2,000	--	--
Liquor Gallonage	16,000	16,000	--	--
Liquor Enforcement	44,000	44,500	500	1.1
Liquor Drink	7,700	7,900	200	2.6
Corporate Franchise	45,000	46,000	1,000	2.2
Severance	131,100	131,100	--	--
Gas	93,400	94,700	1,300	1.4
Oil	37,700	36,400	(1,300)	(3.4)
<b>Total</b>	<b>\$2,348,800</b>	<b>\$2,363,500</b>	<b>\$14,700</b>	<b>0.6 %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$110,000	\$111,000	\$1,000	0.9 %
Miscellaneous	4,300	4,800	500	11.6
<b>Total</b>	<b>\$114,300</b>	<b>\$115,800</b>	<b>1,500</b>	<b>1.3 %</b>
<b>Total Taxes</b>	<b>\$5,049,100</b>	<b>\$5,221,800</b>	<b>\$172,700</b>	<b>3.4 %</b>
<b>Other Revenues:</b>				
Interest	\$62,800	\$60,300	(\$2,500)	(4.0) %
Net Transfers	(14,800)	(29,400)	(14,600)	98.6
Agency Earnings	60,000	56,000	(4,000)	(6.7)
<b>Total Other Revenue</b>	<b>\$108,000</b>	<b>\$86,900</b>	<b>(\$21,100)</b>	<b>(19.5) %</b>
<b>Total Receipts</b>	<b>\$5,157,100</b>	<b>\$5,308,700</b>	<b>\$151,600</b>	<b>2.9 %</b>



**Table 3**  
**State General Fund Receipts**  
**FY 2007 Revised**  
**Comparison of November 2005 Estimate to April 2006 Estimate**  
*(Dollars in Thousands)*

	FY 2007 CRE Est.	FY 2007 CRE Est.	Difference	
	Revised 11/03/05	Revised 04/17/06	Amount	Pct. Chg.
<b>Property Tax:</b>				
Motor Carrier	\$23,000	\$23,000	\$ --	-- %
General Property	--	--	--	
Motor Vehicle	--	--	--	
<b>Total</b>	<b>\$23,000</b>	<b>\$23,000</b>	<b>\$ --</b>	<b>-- %</b>
<b>Income Taxes:</b>				
Individual	\$2,360,000	\$2,445,000	\$85,000	3.6 %
Corporation	260,000	310,000	50,000	19.2
Financial Inst.	24,000	27,000	3,000	12.5
<b>Total</b>	<b>\$2,644,000</b>	<b>\$2,782,000</b>	<b>\$138,000</b>	<b>5.2 %</b>
Estate Tax	\$52,000	\$52,000	\$ --	-- %
<b>Excise Taxes:</b>				
Retail Sales	\$1,729,000	\$1,740,000	\$11,000	0.6 %
Compensating Use	268,000	273,000	5,000	1.9
Cigarette	117,000	115,000	(2,000)	(1.7)
Tobacco Product	5,000	5,000	--	--
Cereal Malt Beverage	2,000	2,000	--	--
Liquor Gallonage	16,000	16,100	100	0.6
Liquor Enforcement	45,500	46,000	500	1.1
Liquor Drink	7,900	8,100	200	2.5
Corporate Franchise	46,000	47,000	1,000	2.2
Severance	111,800	113,200	1,400	1.3
Gas	77,600	78,200	600	0.8
Oil	34,200	35,000	800	2.3
<b>Total</b>	<b>\$2,348,200</b>	<b>\$2,365,400</b>	<b>\$17,200</b>	<b>0.7 %</b>
<b>Other Taxes:</b>				
Insurance Premiums	\$112,000	\$113,000	\$1,000	0.9 %
Miscellaneous	4,300	4,800	500	11.6
<b>Total</b>	<b>\$116,300</b>	<b>\$117,800</b>	<b>\$1,500</b>	<b>1.3 %</b>
<b>Total Taxes</b>	<b>\$5,183,500</b>	<b>\$5,340,200</b>	<b>\$156,700</b>	<b>3.0 %</b>
<b>Other Revenues:</b>				
Interest	\$87,300	\$84,200	(\$3,100)	(3.6) %
Net Transfers	(115,000)	(126,300)	(11,300)	9.8
Agency Earnings	62,500	58,000	(4,500)	(7.2)
<b>Total Other Revenue</b>	<b>\$34,800</b>	<b>\$15,900</b>	<b>(\$18,900)</b>	<b>(54.3) %</b>
<b>Total Receipts</b>	<b>\$5,218,300</b>	<b>\$5,356,100</b>	<b>\$137,800</b>	<b>2.6 %</b>

**April Consensus Revenue Estimates  
FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES  
AS PROJECTED FY 2005-FY 2009  
In Millions  
(Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17,2006)**

	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$ 327.4	\$ 481.0	\$ 626.4	\$ 675.4	\$ 626.2
	0.0	0.0	0.0	0.0	0.0
Receipts (April 2005 Consensus)	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Adjusted Receipts	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Total Available	<u>\$ 5,171.1</u>	<u>\$ 5,789.7</u>	<u>\$ 5,982.5</u>	<u>\$ 6,082.9</u>	<u>\$ 6,237.6</u>
	-	-	-	-	-
Less All Other Expenditures	4,690.1	5,163.3	5,307.1	5,456.7	5,593.8
Total Expenditures	<u>4,690.1</u>	<u>5,163.3</u>	<u>5,307.1</u>	<u>5,456.7</u>	<u>5,593.8</u>
Ending Balance	<u><u>\$ 481.0</u></u>	<u><u>\$ 626.4</u></u>	<u><u>\$ 675.4</u></u>	<u><u>\$ 626.2</u></u>	<u><u>\$ 643.8</u></u>
Ending Balance as a Percentage of Expenditures	10.3%	12.1%	12.7%	11.5%	11.5%

- 1) FY 2006 and FY 2007 expenditures are as approved by the 2006 Legislature after first adjournment.
- 2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 17, 2006.
- 3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS contributions and bonds, KDOT bonds).



**House Approved Tax Reductions**  
**April Consensus Revenue Estimates**  
**\$558.4 million in New K-12 Funding FY 2007 - FY 2009 - Sub. For HB 2986**  
**FY 2006 and FY 2007 Expenditures as Approved by the Legislature at First Adjournment**

**STATE GENERAL FUND RECEIPTS, EXPENDITURES AND BALANCES**  
**AS PROJECTED FY 2005-FY 2009**  
**In Millions**  
**(Reflects the Estimates of the Consensus Revenue Estimating Group as of April 17,2006)**

	Actual FY 2005	Revised FY 2006	Projected FY 2007	Projected FY 2008	Projected FY 2009
Beginning Balance	\$ 327.4	\$ 481.0	\$ 626.4	\$ 490.2	\$ 44.1
<b>House Approved Tax Reductions</b>	0.0	0.0	<b>(42.4)</b>	<b>(112.7)</b>	<b>(145.2)</b>
Receipts (April 2005 Consensus)	4,843.7	5,308.7	5,356.1	5,407.5	5,611.4
Adjusted Receipts	4,843.7	5,308.7	5,313.7	5,294.8	5,466.2
Total Available	\$ 5,171.1	\$ 5,789.7	\$ 5,940.1	\$ 5,785.0	\$ 5,510.3
<b>K-12 Additional Funding -Sub. For HB 2986</b>	-	-	<b>193.1</b>	<b>191.4</b>	<b>173.9</b>
Less All Other Expenditures	4,690.1	5,163.3	5,256.8	5,549.5	5,828.0
Total Expenditures	4,690.1	5,163.3	5,449.9	5,740.9	6,001.9
Ending Balance	\$ 481.0	\$ 626.4	\$ 490.2	\$ 44.1	\$ (491.6)
Ending Balance as a Percentage of Expenditures	10.3%	12.1%	9.0%	0.8%	-8.2%

- 1) FY 2006 and FY 2007 expenditures are as approved by the 2006 Legislature after first adjournment.
- 2) FY 2006 revised receipts and FY 2007 projected receipts reflect the estimates of the Consensus Revenue Estimating Group as of April 17, 2006.
- 3) FY 2008 base receipts assume a four percent growth; and expenditures include out-year significant obligations (*i.e.*, SRS and Aging caseloads, KPERS contributions and bonds, KDOT bonds).
- 4) House approved tax reductions - HB 2619; HB 2525; HB 2548; HB 2573; HB 2972; HB 2640; SB 404; SB 365; HB 3017; and HB 2880.
- 5) \$558.4 million in new K-12 Funding FY 2007 - FY 2009 - Sub. For HB 2986

Prepared at the Request and Direction of Representative Melvin Neufeld



OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

April 17, 2006

The Honorable Melvin Neufeld, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

and

The Honorable Dwayne Umbarger, Chairperson  
Senate Committee on Ways and Means  
Room 120-S, Statehouse

Dear Representative Neufeld:

The 54 items contained in this memo amend the revised FY 2006 and new FY 2007 budget that I submitted to you in January 2006. Some items correct errors made in posting the detailed budgets or in publishing *The FY 2007 Governor's Budget Report*. The other items reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Total adjustments to expenditures and positions are shown below.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ (1,273,250)	\$ 11,898,260
All Other Funds	<u>(10,040,818)</u>	<u>(15,852,177)</u>
All Funds	\$ (11,314,068)	\$ (3,953,917)
FTE Positions	(190.51)	22.00
Non-FTE Unclassified Permanent	<u>(2.00)</u>	<u>(2.00)</u>
Total Positions	(192.51)	20.00

Capitol, 300 SW 10th Ave., Ste. 212S, Topeka, KS 66612

Voice 785-296-3232

Fax 785-296-7973

www.ksgovernor.org

**HOUSE APPROPRIATIONS**

DATE 4-18-2006  
ATTACHMENT 4



## Department of Administration

### 1. Health Planning & Finance—Correction to Reportable Expenditures

The Governor's original budget recommendation overstated the reportable expenditures for the Employee Benefits section of the Division of Health Policy and Finance in FY 2007. The net effect of the error is that reportable expenditures are overstated by \$800,218. However, there are two components to this item. In the first place, expenditures of \$956,971 from the Preventive Health Care Program Fund were incorrectly reflected as reportable. Second, expenditures of \$156,753 from the Public School Districts Benefit Fund were incorrectly reflected as non-reportable. The Preventive Health Care Program Fund is capitalized through payroll contributions from state agencies. Those state agencies include contributions to this fund as a reportable payroll expense. Therefore, the same dollars cannot be included as reportable expenditures in the Division of Health Policy and Finance. On the other hand, the Public School Districts Benefit Fund is capitalized through contributions from outside of the state budget. Therefore, the expenditures from that fund must be reportable in the state budget. No action needs to be taken in the omnibus bill for this item. It simply corrects the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>          --</u>	( <u>      800,218</u> )
All Funds	\$       --	(\$    800,218)

### 2. Capitol Area Master Plan

By statute, the Capitol Area Plaza Authority is charged with creating and maintaining a Capitol Area Master Plan. However, the current plan has not been updated for many years. Therefore, on behalf of the Authority, I amend my budget to recommend that \$100,000 from the State General Fund be added to the budget of the Department of Administration for FY 2007 to update the plan. The update will involve a review of previous master plans as compared to current circumstances; establishment of design conditions both for the present and for the future; development of concepts and plans for facilities in the Capitol Complex; development of plan implementation; and calculation of budget costs.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$       --	\$    100,000
All Other Funds	<u>          --</u>	<u>              --</u>
All Funds	\$       --	\$    100,000

### 3. Facility Construction Services

I recommend the following proviso in support of a cooperative arrangement between the Department of Administration and the Board of Regents:

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(a) During the fiscal years ending June 30, 2006, and June 30, 2007, in addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated from the state general fund or any special revenue fund for the above agency for fiscal year 2006 or fiscal year 2007 by 2006 Senate Bill No. 480 or by this or other appropriation act of the 2006 regular session of the legislature, expenditures may be made by the above agency from the state general fund or from any special revenue fund for fiscal year 2006 or fiscal year 2007, for the secretary of administration to fix, charge and collect fees for architectural, engineering and management services provided for capital improvement projects of the state board of regents or any state educational institution, as defined by K.S.A. 76-711 and amendments thereto, for which the department of administration provides such services and which are financed in whole or in part by gifts, bequests or donations made by one or more private individuals or other private entities: *Provided*, That such fees for such services are hereby authorized to be fixed, charged and collected in accordance with the provisions of K.S.A. 2005 Supp. 75-1269, and amendments thereto, notwithstanding any provisions of K.S.A. 2005 Supp. 75-1269 and amendments thereto to the contrary: *Provided further*, That all such fees received shall be deposited in the state treasury in accordance with the provisions of K.S.A. 75-4215 and amendments thereto and shall be credited to the architectural services recovery fund.

The proviso will allow the Department of Administration to charge fees for work to be undertaken on Regents' facilities that are financed through private sources. The proceeds will be deposited in the existing Architectural Services Recovery Fund. The Board of Regents believes its universities can gain additional value from the Department of Administration's expertise in reviewing building codes and conducting construction inspections on university projects funded with endowment monies. The suggested proviso will provide a mechanism for the Regents to compensate the Department of Administration for these services. The proviso will allow these two state agencies to partner in making available a cost-effective alternative to the use of local code authorities.

## Department of Commerce

### 4. Spirit Aerosystems

Expenditures totaling \$1.4 million for FY 2006 and \$2.8 million for FY 2007 need to be reduced from the budget of the Department of Commerce to reflect accurately the budget recommendation that was submitted to the Legislature at the beginning of the Legislative Session. In the course of working out the mechanical details that were incorporated in the appropriation bill after the budget numbers were released, it was discovered that repayment of the Spirit Aerosystems bonds will be made through the State Treasurer. The Governor's original recommendation treated these expenditures in the other assistance, grants, and benefits expenditure category in the Department of Commerce. No action needs to be taken in the omnibus bill for this item. It simply corrects the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	( <u>1,400,000</u> )	( <u>2,800,000</u> )
All Funds	(\$ 1,400,000)	(\$ 2,800,000)

### Department of Revenue

#### 5. Ethanol Producer Incentives

There are three private organizations that currently qualify for the ethanol producer incentives offered by Kansas under current law. It is anticipated that a fourth producer will qualify in FY 2007. If all four producers reach the maximum incentive allowed, then there will be a \$1.0 million shortfall in funding for this program. In order to ensure that this program is fully funded, I amend my budget to transfer \$1.0 million in FY 2007 from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund. This fund already has no-limit expenditure authority in the regular appropriation bill (SB 480).

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

### Kansas Dental Board

#### 6. Operating Expenditure Shortfall

I amend my budget to increase expenditure authority from the Kansas Dental Board Fee Fund in FY 2006, from \$297,121 to \$305,121. This \$8,000 increase is mostly attributable to contract legal services. The approved budget for FY 2006 was predicated on the assumption that the agency would reduce the level of contract legal services and make greater use of legal services available through the Attorney General's Office. However, contract legal services have not been reduced to the extent anticipated because of long-term contractual obligations. Therefore, it has become necessary to approve additional expenditure authority to meet this obligation.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>8,000</u>	<u>--</u>
All Funds	\$ 8,000	\$ --



## Board of Healing Arts

### 7. Cashflow Problem Proviso

The Board of Healing Arts has recently experienced some cashflow difficulties. Through the end of the current fiscal year, the agency will be able to resolve the cashflow issues by carefully managing its expenses and receipts to the fee fund. In FY 2007, however, the revenue situation should improve. But there is still the potential for cashflow problems, most likely in March and April. In case the agency does experience problems again in FY 2007, I amend my budget to include a proviso that would allow the Board of Healing Arts to meet budgeted expenditures through a temporary loan from the State General Fund with the approval of the Director of the Budget after consulting with the Director of Legislative Research.

(a) During the fiscal year ending June 30, 2007, the director of the budget and the director of the legislative research department shall consult periodically and review the balance credited to and the estimated receipts to be credited to the healing arts fee fund during the fiscal year 2007, and, upon a finding by the director of the budget in consultation with the director of the legislative research department that the total of the unencumbered balance and estimated receipts to be credited to the healing arts fee fund during fiscal year 2007 are insufficient to finance the budgeted expenditures for fiscal year 2007 in accordance with the provisions of appropriation acts, the director of the budget shall certify such finding to the director of accounts and reports. Upon receipt of any such certification, the director of accounts and reports shall transfer the amount of money as certified from the state general fund to the healing arts fee fund that is required, in accordance with the certification by the director of the budget under this subsection, to fund the budgeted expenditures for fiscal year 2007 in accordance with the provisions of appropriation acts, as specified by the director of the budget pursuant to such certification. On or before June 30, 2007, the director of accounts and reports shall transfer from the healing arts fee fund to the state general fund to reimburse the state general fund the amount of money equal to the aggregate of all amounts transferred during fiscal year 2007 pursuant to this section.

## Attorney General

### 8. Abuse Prevention Unit

I amend my budget to provide funding for a new Abuse Prevention Unit in the Office of the Attorney General. Specifically, my amendment will add \$122,000 from the State General Fund for FY 2007 to finance 3.00 new FTE positions: an attorney, an investigator, and a clerical position. Recent events, including convictions resulting from the abuse of disabled residents at the Kaufman House, have demonstrated the need for more intensive efforts on the part of the state to prevent or prosecute cases of abuse, neglect, and exploitation of people with disabilities. Legislation jointly proposed by the Attorney General and the Disability Rights Center of Kansas is pending before the Legislature. In the meantime, I propose to move ahead with the creation of the new Abuse Prevention Unit.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 122,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 122,000
FTE Positions	--	3.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	3.00

**Department of Social & Rehabilitation Services, Department on Aging, and Division of Health Policy & Finance/Kansas Health Policy Authority**

**9. Caseload Adjustments**

I amend my FY 2006 and FY 2007 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Division of Health Policy and Finance, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, and Reintegration/Foster Care. The estimating group used the budget as approved in 2006 SB 480 as the starting point for the current estimate.

For FY 2006, this amendment includes a decrease from all funding sources of \$26.7 million, including a decrease of \$4.3 million from the State General Fund. This change in the funding mix is partially the result of changes in the populations that are served and the funding sources that are available for each population. The reduction in caseload expenditures is the result of a decrease in the caseload for Temporary Assistance to Families, lower Medicaid expenditures in community mental health centers, and slower than expected growth in the number of residents in nursing facilities and nursing facilities for mental health. The estimate also includes a slight cost increase attributable to an increase in the number of children in foster care.

For FY 2007, this amendment includes a decrease of \$27.3 million from all funding sources, including \$8.2 million from the State General Fund. These adjustments include decreases from all funding sources of \$5.0 million for Temporary Assistance to Families, \$3.6 million for Nursing Facilities, \$575,000 for Nursing Facilities for Mental Health, \$17.0 million for Regular Medical Assistance in the Department of Social and Rehabilitation Services, and \$1.1 million for General Assistance. The estimates for Reintegration/Foster Care and Regular Medical Assistance in the Division of Health Policy and Finance are unchanged from the approved amounts. Although the total estimate for Regular Medical Assistance and the State General Fund portion of that estimate remain unchanged, a \$20.7 million shift in funding from federal Medicaid funds to the Medical Programs Fee Fund is included to reflect an adjustment in the federal medical assistance percentage rate.

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Dept. of SRS:	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	(\$ 160,639)	(\$ 6,780,763)
All Other Funds	<u>( 15,932,122)</u>	<u>(16,872,789)</u>
All Funds	(\$16,092,761)	\$ (23,653,552)
Dept. on Aging:	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	(\$ 4,188,528)	(\$ 1,429,560)
All Other Funds	<u>( 6,431,472)</u>	<u>( 2,170,440)</u>
All Funds	(\$10,620,000)	(\$ 3,600,000)

### Division of Health Policy and Finance/Kansas Health Policy Authority

#### 10. Presumptive Disability

The Division of Health Policy and Finance (DHPF) will implement Presumptive Medicaid Disability Determination (PMDD), effective July 1, 2006, to replace the MediKan Program. At the same time, the Department of Social and Rehabilitation Services (SRS) will use the PMDD process to determine eligibility for the General Assistance (GA) Program. Effective with the implementation date, new applicants for disability benefits will be screened. Those who meet the PMDD criteria will not be placed in the MediKan Program but will be immediately eligible for Medicaid. Those presumed disabled will also be eligible for General Assistance benefits until federal disability payments begin.

I amend my budget to fund the administrative costs associated with implementing this initiative. The additional funding totals \$2,212,517, including \$1,106,258 from the State General Fund. 2.00 additional FTE positions are included in this amendment. These new positions and six contracted staff will form a Case Development Team (CDT) within the Authority. Activities of the CDT will include collecting the medical records needed for the determination process, setting up medical exams for people without a recent medical record, and documenting other information that is pertinent to the claim. DHPF will contract with Disability Determinations Services of SRS to make the presumptive determination based on the medical records collected by the CDT. DHPF will also contract with Kansas Legal Services to perform case management for the people who are determined presumptively disabled to ensure they are successful in pursuing their disability claims with the federal Social Security Administration. The monies for this contract are presently included in the SRS budget. Therefore, I also amend my budget to reduce SRS expenditures from all funding sources in FY 2007 by \$823,000, including \$325,215 from the State General Fund.



## Kansas Health Policy Authority:

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,106,258
All Other Funds	<u>--</u>	<u>1,106,259</u>
All Funds	\$ --	\$ 2,212,517
FTE Positions	--	2.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	2.00

## Dept. of SRS:

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	(\$ 325,215)
All Other Funds	<u>--</u>	<u>( 497,785)</u>
All Funds	\$ --	(\$ 823,000)

**11. Presumptive Eligibility**

As part of the Governor's Healthy Kansas initiative, the Division of Health Policy and Finance (DHPPF) is developing a presumptive eligibility (PE) process for Kansas children under age 19. In partnership with Medicaid providers, PE identifies and assists children who are eligible for medical coverage to enroll for services. By implementing PE through local hospitals and clinics, many children can begin receiving regular health care. Through this initiative, each health care provider can count on receiving payment for services provided to a presumptively eligible child. I amend my budget to add funding for the administrative costs of implementing presumptive eligibility. The MMIS system requires modifications to accept eligibility information for this group of children and process claims based on the temporary eligibility. The cost for MMIS system changes will be \$452,023, including \$45,202 from the State General Fund. The HealthWave Administration contract will have to be amended to allow Maximus to process the additional applications that will be submitted by families identified through PE. The cost for changes to Maximus systems will be \$104,994, including \$52,497 from the State General Fund. Therefore, in order to have the systems ready at the beginning of FY 2007, I recommend \$557,017, including \$97,699 from the State General Fund, for FY 2006.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 97,699	\$ --
All Other Funds	<u>459,318</u>	<u>--</u>
All Funds	\$ 557,017	\$ --

## 12. Care Management

The Division of Health Policy and Finance (DHPF) is engaged in a care management pilot for high cost Medicaid beneficiaries in Sedgwick County. The pilot began on August 1, 2005. Through care management, the net effect to the Medicaid Program is expected to be at least neutral or possibly generate savings. Since the project involves services provided under the Regular Medical Program, it has been reflected as a part of the budget for that program. However, since the contract is for administration services, it would be more accurately reported in the Medical Policy Administration Program. Therefore, I amend my budget to transfer the expenditures for this pilot from the Regular Medical Program to the Medical Policy Administration Program in both FY 2006 and FY 2007. The legislative conference committee removed all funding for the program in FY 2006 and \$500,000 in FY 2007 and will review it in the omnibus session. This amendment will add \$1.1 million, including \$554,000 from the State General Fund, to fund the program in FY 2006 in the Medical Policy Administration Program. For FY 2007, \$1.5 million, including \$292,806 from the State General Fund, will be moved from the Regular Medical Program to the Medical Policy Administration Program. Funding of \$698,202 from the State General Fund will be added to the Medical Policy Administration Program to fund the program fully and correct the federal matching rate.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 554,000	\$ 698,202
All Other Funds	<u>554,000</u>	<u>(198,202)</u>
All Funds	\$ 1,108,000	\$ 500,000

## Department of Social & Rehabilitation Services

### 13. Children's Initiatives Fund/KEY Fund

I amend my budget to transfer \$4,405,845 from the State General Fund to the Kansas Endowment for Youth Fund in FY 2006. The estimate of tobacco payments for FY 2006 has been revised downward from \$55.0 million to \$49.4 million, a reduction of \$5.6 million. This transfer will allow expenditures from the Children's Initiatives Fund to remain at the level that was included in my original budget recommendation. The estimate of tobacco payments of \$54.5 million for FY 2007 has not been revised.

### 14. Extended Stays in Level V and VI Facilities

The Medicaid State plan covers stays in Level V facilities for 140 days and Level VI facilities for 180 days. Federal Medicaid funds cannot be claimed for days a youth is in these facilities in excess of these limits. However, Medicaid claims have been submitted to the Centers for Medicare and Medicaid (CMS) for days in excess of the limits for the time period before January 1, 2006. Since January 1, 2006, SRS has not allowed Medicaid claims for days in excess of the Medicaid stay limits for these services. Instead, SRS has agreed to pay state funds for extended stays for youths in these facilities, because the agency has determined such stays are necessary to meet the youths' needs. All requests for extended stays are thoroughly reviewed to

determine whether extended stays are truly necessary. I amend my budget to add \$799,188 from the State General Fund in FY 2006 and \$854,078 from the State General Fund in FY 2007 to provide the portion of estimated additional funds for extended stays that must be paid entirely from state funds.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 799,188	\$ 854,078
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 799,188	\$ 854,078

#### 15. Federal Title IV-E Shortfall

I amend my budget to provide additional funding of \$8,850,000 from the State General Fund in FY 2007. Under the former law, states could claim federal foster care funds for the administration and case management costs of children placed in the home of an unlicensed relative, a psychiatric or medical hospital, and other health care institutions. The federal Deficit Reduction Act of 2005 restricts federal Title IV-E Foster Care funds used for the case management of children living with relatives. The new federal law also limits the claiming of federal funds for case management to 12 months or the normal licensing period in a state, whichever is shorter, when the relative or other placement is pursuing licensing. In addition, the bill limits the claiming of federal administrative funds to one month in cases where a child needs help transitioning from institutional care. The effective date for these provisions is retroactive to October 2005, thus the additional funding covers the nine months of the annual federal funds reduction that occurred in FY 2006.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 8,850,000
All Other Funds	<u>--</u>	<u>( 8,850,000)</u>
All Funds	\$ --	\$ --

#### 16. Medicaid Deferrals

I amend my budget to provide additional funding of \$3.0 million from the State General Fund in FY 2006. The Center for Medicare and Medicaid (CMS) has unofficially notified SRS of its intent to defer approximately \$1.5 million of federal Medicaid funds from claims made for behavior management services for the quarter ending September 30, 2005. Behavior management services consist primarily of Level V and VI inpatient psychiatric treatment facilities and therapeutic foster care. Prior to July 2005, CMS had informed SRS that it did not meet all of the federal managed care requirements and could not claim Medicaid funds through its managed care contract with child welfare providers. As a result, SRS changed to a fee-for-service payment process for behavior management services beginning July 1, 2005. Just prior to this change, CMS approved the managed care contracts with the child welfare providers.

CMS now believes SRS does not have the authority to make these payments through a fee for service. Medicaid providers continue to be paid for these services on a fee-for-service



basis. SRS has not yet received any formal notice or justification for the deferral. However, CMS has taken funds back for the quarter ending September 30, 2005. Until the official notice is received, SRS has no basis for questioning and appealing the determination. The lag time associated with receiving official notification from CMS will further delay SRS' opportunity to question the deferral and resolve any disagreements that may exist. While this process is occurring, CMS will retain the federal Medicaid funds, causing a shortfall in the SRS Medicaid Fund. SRS expects that CMS will defer each quarter for the foreseeable future. Since CMS reduces the state's grant award two quarters later, the FY 2006 funding is for the quarters ending September 30, 2005, and December 31, 2005.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 3,000,000	\$ --
All Other Funds	<u>( 3,000,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

#### 17. Child Care Assistance

I amend my budget to fund additional child care assistance. The increase over my original budget recommendation is explained by two factors: an increase in the monthly cost per child and a higher than expected first-month conversion cost to prospective child care payments. Under the former payment system, assistance payments were based on actual hours of care and were routinely less than the authorized amounts. With the change to prospective payments, more of the authorized benefits have been spent. Under prospective payments, families may use their authorized benefit to obtain higher quality care and additional hours of care to align with their work hours. The second factor in the overall increase involves the one-time cost of moving from retrospective payments to prospective payments. Under the new payment arrangement, families receive an authorized benefit at the start of the month. In the first month of implementation, September 2005, the last retrospective payment and the first prospective payment were made simultaneously. The Department's initial estimate for the conversion month was too low.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,870,217</u>	<u>5,147,754</u>
All Funds	\$ 2,870,217	\$ 5,147,754

#### 18. PD Waiver

I amend my budget to provide additional funding for the Home and Community-Based Services for the Physically Disabled Waiver in FY 2006 and FY 2007. The additional funding for FY 2006 totals \$3.0 million, including \$1,183,200 from the State General Fund. This funding will allow continued services for the number of people currently on the PD Waiver and allow the rolling waiting list replacement strategy to continue and not require persons to be removed from services to remain within the approved budget. The additional funding for FY 2007 totals \$8,757,308, including \$3,477,527 from the State General Fund. Of this amount, \$2,063,138, including \$819,272 from the State General Fund, will fund the number of persons

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currently served on the PD Waiver in FY 2006. Another \$3,268,020, including \$1,297,731 from the State General Fund, will clear the waiting list, which is expected to be at 246 persons at the end of June 2006. Finally, \$3,426,150, including \$1,360,524 from the State General Fund, will maintain the PD wait list at or near zero for all of FY 2007. This will support approximately 35 additional persons per month.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 1,183,200	\$ 3,477,527
All Other Funds	<u>1,816,800</u>	<u>5,279,781</u>
All Funds	\$ 3,000,000	\$ 8,757,308

#### 19. Independent Living Center Support

I amend my budget to add \$500,000 from the State General Fund in FY 2007 for operating grants to centers for independent living. Centers provide services to people with disabilities of all ages. Centers for independent living also provide assistance to businesses and all other organizations in the community to assist them in offering services to people with disabilities.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

#### 20. Pre-K Pilot Initiative

I amend my budget to add \$1.0 million from the State General Fund in FY 2007 for the Pre-K Pilot initiative administered through the Children's Cabinet. With the \$2.0 million from the Children's Initiatives Fund that was included in my original budget recommendation, total funding for the program will now be \$3.0 million. This program will prepare four-year-olds for success in school. All classrooms in the pilot will be required to meet teacher qualification requirements, implement a researched-based curriculum, maintain low teacher-child ratios, complete at least 15 hours of teacher training annually, and provide referrals to additional community services for families that need them. The pilot will be implemented in a mix of school and community-based early childhood programs.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,000,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,000,000

**21. Medicare Part D Co-payments for Dual-Eligibles**

I amend my budget to add from the State General Fund \$4,256,600 in FY 2007 to cover the Medicare Part D co-payments paid by dual-eligible Kansans. With the implementation of Part D, certain people who are dually eligible for Medicare and Medicaid who were previously not liable for co-payments on prescription drugs are now required to make co-payments. These co-payments can create a substantial financial hardship. Therefore, I amend my budget to cover these costs for these Kansans.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 4,256,600
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 4,256,600

**22. FTE Position Correction**

I amend my budget to reduce FTE positions by 192.51 in FY 2006. The recommendation acknowledges the elimination of vacant positions and reduces the agency's shrinkage percentage accordingly. These adjustments will correct *The FY 2007 Governor's Budget Report*. The reduction in the total FTE count for FY 2006 was not incorporated into the regular appropriation bill. Therefore, action needs to be taken in the omnibus bill to make this adjustment.

	<u>FY 2006</u>	<u>FY 2007</u>
FTE Positions	(192.51)	--
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	(192.51)	--

**Larned State Hospital**

**23. FTE Position Correction**

Larned State Hospital, in its budget submission, inadvertently understated its FTE position limitation for FY 2006 and FY 2007 by 2.00 positions and overstated its non-FTE unclassified permanent positions by 2.00 positions compared to the approved amount. In addition, the intent of the Governor's recommendation was to add 14.00 FTE positions in FY 2007 to replace staff currently shared by the State Security Hospital and the Sexual Predator Treatment Program. The shared positions will stay at the State Security Hospital when the Sexual Predator Treatment Program reoccupies the Dillon Building, leaving the Sexual Predator Treatment Program short 14.00 FTE positions. This amendment to *The FY 2007 Governor's Budget Report* would correct the reported number of FTE positions. However, no change in the omnibus bill is necessary. The correct amounts have been included in the main appropriations bill during the regular portion of the Legislative Session.



	<u>FY 2006</u>	<u>FY 2007</u>
FTE Positions	2.00	16.00
Non-FTE Unclassified Permanent	<u>(2.00)</u>	<u>(2.00)</u>
Total Positions	--	14.00

### Osawatomie State Hospital

#### 24. Pharmaceutical Costs

I amend my budget to finance additional operating expenditures at Osawatomie State Hospital in FY 2006. Funding is needed to offset the rising costs associated with increased admissions and the rising cost of pharmaceuticals. Between FY 2004 and FY 2005, drug costs per patient, per day increased 12.6 percent, and admissions increased 23.0 percent. Both items are expected to maintain at least this rate of increase in FY 2006. In order to help the hospital keep pace with these costs, I recommend additional funding of \$297,220 from the State General Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 297,220	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 297,220	\$ --

### Department on Aging

#### 25. PACE Expansion

I amend my budget to include funding for the expansion of the Program for All-Inclusive Care for the Elderly (PACE) in Wichita and Topeka. Of the 150 clients that will be added to the PACE program, 75 will be added to the Wichita PACE site and 75 will establish the Topeka PACE site. Additional expenditures of \$2,076,984 will be necessary to fund this expansion. Of this amount, \$824,770 is from the State General Fund and \$1,252,214 is from federal funds. It is anticipated that the Wichita site will be prepared to add 75 clients to the program in July 2006, while the Topeka site will begin adding clients in October 2006. The cost per person, per month is estimated to be \$1,670 at both sites.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 824,770
All Other Funds	<u>--</u>	<u>1,252,214</u>
All Funds	\$ --	\$ 2,076,984

**Department of Health and Environment**

**26. Avian Flu Vaccine**

Health officials of the Department of Health and Environment have been closely monitoring the potential threat posed by the spread of Avian Flu in various parts of the world. At this time there is not enough information with which to formulate a specific budget proposal to purchase vaccine or to provide treatment for an Avian Flu outbreak. However, the state needs to have a mechanism in place to provide financing if the need arises after the Legislature has adjourned, which could include the ability to match federal funds. Therefore, I amend my budget to recommend inclusion of the following proviso in the omnibus appropriation bill. The proviso will delegate authority to the State Finance Council, upon a unanimous vote, to approve funding for prevention and treatment of Avian Flu. Patterned after the mechanism used to pay tort claims and to make emergency repairs to state buildings from natural disasters, the Director of the Budget would certify a transfer in the amount approved by the Finance Council from the State General Fund to a newly-created fund in the Department of Health and Environment entitled the State Avian Flu Vaccine Fund. I also recommend the creation of a new Avian Flu Vaccine—Federal Fund to provide expenditure authority for any federal monies that might be received for this program.

( ) Upon certification by the director of the budget to the director of accounts and reports that the unencumbered balance in the state avian flu vaccine fund is insufficient to pay an amount that is necessary to finance an action approved by unanimous vote of the state finance council pursuant to state efforts for the prevention and treatment of avian flu, the director of accounts and reports shall transfer an amount equal to the insufficient amount from the state general fund to the state avian flu vaccine fund, except that the total of all amounts transferred pursuant to this section during fiscal year 2007 shall not exceed \$10,000,000.

**27. PKU/Hemophilia**

PKU is an amino acid disorder in which the enzyme that breaks down phenylalanine is deficient. Chronically high levels of phenylalanine can cause significant brain problems. I amend my budget to increase State General Fund expenditures by \$100,000 in FY 2006 for the Children with Special Needs Program because of a reduction in federal Maternal and Child Health Service Block Grant Fund. This shortfall was not anticipated in the agency's September budget submission because information about the declining federal funds was not known until January 2006. The \$100,000 from the State General Fund is needed to reimburse families who must purchase treatment products to maintain the health of persons with PKU and hemophilia. The FY 2007 budget, as approved by the Legislature during the regular part of the session, already includes \$250,000 from the Children's Initiatives Fund for this program.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 100,000	\$ --
All Other Funds	<u>(100,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

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## 28. Infant Toddler (Tiny-K) Program

I amend my budget to increase State General Fund expenditures by \$250,000 in FY 2007 for local Tiny-K networks that provide services to infants and toddlers with developmental disabilities. Half of the state's 36 Tiny-K networks are operating at a deficit, and four networks may soon be without a provider of services. In addition, federal requirements for the program have increased, as have the number of children eligible for services. Funding already budgeted for the program in FY 2007 includes \$1.9 million from the State General Fund, \$1.2 million from the Children's Initiatives Fund, \$3.1 million in federal funds, and some local funding. An increase in state funding is necessary to ensure that local networks can provide services to these children.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 250,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 250,000

### Department of Labor

## 29. Unemployment Insurance Modernization Debt

A total of \$2,259,950 in FY 2006 and \$761,583 in FY 2007 from the Employment Security Administration Fund should be added to the Department of Labor's budget to reflect accurately the updated debt service payments for the Unemployment Insurance Modernization Project. Of the total amount added in FY 2006, \$1,495,000 is principal and \$764,950 is interest. In FY 2007, the amounts are \$250,000 for principal and \$511,583 for interest. The debt service amount in this amendment represents the total payment for FY 2006. For FY 2007, the total payment is \$2,639,058, of which \$1,877,475 is already included in the budget and the remaining \$761,583 is added by this amendment. No action needs to be taken in the omnibus bill for FY 2007; however, expenditure authority does need to be included for FY 2006 to correct the Governor's official recommendation with respect to reportable expenditures.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,259,950</u>	<u>761,583</u>
All Funds	\$ 2,259,950	\$ 761,583

### Kansas Commission on Veterans Affairs

## 30. Veteran Services Representative Salary Increase

I amend my budget for FY 2007 to add \$40,000 from the State General Fund to the Veteran Services Program of the Kansas Commission on Veterans Affairs. At the Commission's

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request, the Division of Personnel Services reviewed the Veteran Services Representative position classifications and recommended reclassification in order to bring the positions more closely in alignment with other state employees performing similar tasks. This funding will allow the agency to move 20 Veteran Services Representative I positions from pay grade 20 to pay grade 21 and one Veteran Services Representative II position from pay grade 22 to pay grade 24.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 40,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 40,000

### 31. Veterans Organization Grants

I amend my FY 2007 budget to authorize \$500,000 from the State General Fund to fund the first year of a new Veterans Claim Assistance Program. SB 396, which has been enacted by the 2006 Legislature, will establish this program, which is intended to improve coordination of veteran benefits counseling by providing service grants to veterans service organizations. These organizations will use the grants for operating expenses related to aiding veterans in obtaining federal benefits.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

## Department of Education

### 32. School Finance Consensus Adjustments

I amend my budget to adjust state funding for school finance in FY 2006 and FY 2007. Current estimates for the amount of supplemental general state aid and general state aid to school districts are based on the recently released final assessment valuation data, enrollment changes, and the anticipated effect of local option budget usage. Continued increases in property valuation outpaced estimates, and slightly fewer students were enrolled. These factors, combined with slightly greater amounts projected from the federal government for districts near military bases, lower the state's costs by \$5,844,000 in FY 2006 and by \$5,372,000 in FY 2007. Districts' usage of local option budgets is held essentially flat from previous estimates, but it was determined that an additional \$65,000 is needed for FY 2007. These factors were agreed to by staff from the Legislative Research Department, Department of Education and Division of the Budget on April 10, 2006, and are based on current law. The estimates do not factor in any new school finance plan.

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	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	(\$ 5,844,000)	(\$ 5,307,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	(\$ 5,844,000)	(\$ 5,307,000)

### 33. KPERS—School Retirement

The state is responsible for the KPERS employer contributions paid on behalf of school district employees. Staff from the Legislative Research Department, Department of Education, KPERS, and Division of the Budget met on April 7, 2006, to review recent actual contributions and compare them to the previous estimates for the employer contributions to the KPERS Fund. Based on current year actual demands, it was determined that additional monies totaling \$632,231 must be appropriated for FY 2006 so that the unfunded liability does not increase. Using these updated figures for FY 2006, it was determined that the budgeted amount for FY 2007 is slightly overstated, and \$925,383 of the \$184.6 million appropriation can be lapsed. Therefore, I amend my budget to adopt these new estimates. But I also would note that when the Legislature enacts a school finance plan to add monies to state aid for schools, demands on the KPERS Fund will subsequently increase correspondingly, and additional monies for KPERS—School will need to be a part of the plan.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 632,231	\$ (925,383)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 632,231	\$ (925,383)

### 34. School Finance Message

The two budget items listed above ensure that legislation enacted in 2005 is fully funded. However, I anticipate that additional monies will need to be appropriated for general state aid, supplemental general state aid, and KPERS—School once the Legislature enacts a new plan for our schools in response to the Supreme Court's findings and the Post Audit cost study. I am ready to work with the Legislature to find the necessary resources to support additional expenditures in the budget.

## University of Kansas Medical Center

### 35. Provider Assessments

Funding for the Health Care Access Improvement Program is derived through an annual provider assessment on hospitals and health maintenance organizations. The guidelines for the distribution of assessment revenues include a provision that not more than 3.2 percent of hospital provider assessment revenues can be used to fund healthcare access improvement programs in undergraduate, graduate, or continuing medical education, including the Medical Student Loan Act. The Health Care Access Improvement Panel, which is charged with overseeing those

distributions, has approved a transfer of \$400,000 in assessment revenues to the Kansas University Medical Center for the Medical Student Loan Program. Therefore, I amend my FY 2006 and FY 2007 budget to reflect expenditures from a new special revenue fund entitled the Medical Student Loan Program Provider Assessment Fund. The new fund will have no-limit expenditure authority.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>400,000</u>	<u>400,000</u>
All Funds	\$ 400,000	\$ 400,000

### Kansas State University

#### 36. Student Life Center Bond Authority

I amend my budget to include bonding authority in FY 2007 for Kansas State University in the amount of \$2.0 million for construction of the Student Life Center at the KSU—Salina campus. Debt service will be paid with student fees starting in FY 2008. The University will also use \$5.0 million from private gifts for the construction of the facility. These private funds are outside of the state budget but are included here for completeness. The Center will be 26,630 square feet and include a gymnasium, equipment room, running track, administration offices, and multipurpose meeting rooms.

### State Historical Society

#### 37. Capital Improvements

I amend my budget to adjust expenditures in the Historical Society's capital improvements program to reflect planned projects accurately. For FY 2006, expenditures for capital improvements from special revenue funds are reduced by \$80,509 to account for adjustments to the cost projections for planned projects for the fiscal year. For FY 2007 expenditures for capital improvement projects from special revenue funds will be increased by \$394,400. Of this amount, \$200,000 is from private gifts for projects at the Shawnee Indian Mission and \$194,400 is from federal grants for projects at Fort Hays.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>( 80,509)</u>	<u>394,400</u>
All Funds	(\$ 80,509)	\$ 394,400

## Department of Corrections

### 38. Bonding Authority for Prisons

I amend my budget to provide up to \$20.5 million in bonding authority to the Department of Corrections to expand prison capacity. Actions taken by the Legislature in response to my recommendation to increase the penalties for certain sex offenders and to strengthen the laws regarding the production and use of methamphetamine, which I supported, will result in a need to add prison capacity. That effort must begin in FY 2007 in order to meet the projected demands. Upon review and consultation with the staff of the Kansas Sentencing Commission to determine the effect of legislation enacted by the 2006 Legislature, the Secretary of Corrections will identify the most cost effective capacity expansion proposals by custody and gender that will enhance the safety and security of the staff, the inmate population, and the citizens of Kansas. In addition, the Secretary will inform the Joint Committee on State Building Construction of the options that will be selected. This recommendation will provide only the amount of funds necessary to meet the final projection based on whatever version of the legislation is ultimately adopted.

### 39. Contract Bed & RDU Debt Savings

Included in my original FY 2006 recommendation is funding of \$728,000 from the State General Fund for the prison bed space contract. The contract gives the Secretary of Corrections flexibility in managing the inmate population in the event that the number of inmates exceeds available bedspace at the correctional facilities. However, the Department has been able to manage the inmate population within the existing facility capacity. As a result, \$728,000 can be lapsed from the State General Fund appropriation in FY 2006.

After releasing my recommendations for the FY 2007 budget, the Kansas Development Finance Authority completed a partial refunding of the 1999 bond issue that financed costs associated with the relocation of the Reception and Diagnostic Unit to the El Dorado Correctional Facility. Because of the advanced refunding of the outstanding debt for maturities 2011 and later, the debt service reserve required for the original bond issue was no longer required and was released. In accordance with the bond covenants, \$559,000 of the reserve can be utilized to pay the principal portion of the FY 2007 debt service payment for the RDU relocation bond issue. As a result, a corresponding amount from the State General Fund appropriation for the bond issue can be reduced.

	FY 2006	FY 2007
State General Fund	(\$ 728,000)	(\$ 559,000)
All Other Funds	--	--
All Funds	(\$ 728,000)	(\$ 559,000)

### 40. Salary Shortfall

I amend my budget to add \$438,000 from the State General Fund in FY 2006 for salaries and wages shortfalls at the Ellsworth Correctional Facility (ECF) and the Lansing Correctional

Facility (LCF). ECF is experiencing a funding deficit resulting from significantly lower than anticipated shrinkage savings, which in turn results from filling more vacancies. Based on the most current information, it is estimated that the shortfall will total \$317,000. The problem arises to the extent of \$51,000 because of the unfunded pay plan for the first part of FY 2006. However, the facility estimates that by restricting expenditures in other areas, available funds of \$40,000 can be utilized to offset a portion of the deficit. Consequently, net additional funding of \$277,000 is requested. Likewise, the Lansing Correctional Facility is experiencing a similar problem with salaries. To meet its budgeted shrinkage rate of 7.0 percent in FY 2006, it has kept positions vacant intentionally. In addition, the facility had to absorb \$161,000 to fund the 1.25 percent salary increase that was authorized for the first half of the current fiscal year.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 438,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 438,000	\$ --

#### 41. **Byrne Grants**

The Department of Corrections has made use of federal Byrne grants to support the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository. However, it was uncertain whether these grants would continue to be available after FY 2006. Accordingly, my original budget made no provision for the replacement of these funds. Now it is clear that the federal funds will not be available, and the Total Offender Activity Documentation System and the Kansas Adult Supervised Population Electronic Repository will be compromised without a new source of funding. Therefore, I amend my budget to add \$170,120 from the State General Fund in FY 2007 to replace funding for projects utilizing expiring federal Byrne Grants. This amount will fund three non-FTE unclassified permanent positions who manage the Department's offender databases.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 170,120
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 170,120

#### 42. **Additional Corrections Counselors**

I amend my budget to add an additional Corrections Counselor II position in the amount of \$45,727 in FY 2007. As approved by the 2005 Legislature, the Department is moving an additional 90 mentally ill offenders at the Larned State Hospital into housing at the Isaac Ray Building. While the offenders will not be housed or supervised by the Larned Correctional Mental Health Facility (LCMHF), the correctional facility will be responsible for many of the case management duties associated with incarceration. In addition, release planning will remain the responsibility of the LCMHF. I believe it is important that the employee in this position know the offenders well enough to guide the offender's decisionmaking process.

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I also amend my budget to include \$136,460 from the State General Fund in FY 2007 to finance 3.00 currently unfunded Corrections Counselor II positions at the El Dorado Correctional Facility. These positions will assist in managing the segregation population. By funding these positions, the caseloads for current counselors will be reduced to more manageable levels and will allow for increase preparation and planning to the segregation inmates for transition into a less restrictive environment. According to the Department, current caseloads for these counselors are more than double what American Correctional Association standards recommend.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 182,187
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 182,187
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

**43. DUI Treatment Services**

The 2001 Legislature created a new program to treat offenders with a fourth or subsequent DUI conviction. Under the program, 2.01 percent of the fines, penalties, and forfeitures from the clerk of the district courts are transferred to the Department of Corrections to pay treatment providers each year. However, the funding from this source has become insufficient to cover the increasing costs of the program, because the number of offenders has been consistently greater than the original estimate that was used to determine the funding formula for the program. Based on updated information provided by the Department of Social and Rehabilitation Services and the Department of Corrections, it is estimated that the funding deficit for these costs will total \$538,000 in FY 2006 and FY 2007. In order to continue treatment services that are required by statute, I amend my budget to add \$538,000 for FY 2006 and another \$538,000 for FY 2007, both from the State General Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 538,000	\$ 538,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 538,000	\$ 538,000

**Juvenile Justice Authority**

**44. Purchase of Services**

I amend by budget to add \$657,879 from the State General Fund for FY 2006 and \$2,490,132 in FY 2007 to fund Level V and VI facility extensions and Targeted Case Management. The two factors driving this request are the loss of Medicaid funding for extended stays at Level V and VI facilities and the loss of federal Title XIX—Targeted Case Management

reimbursements. The need for additional funds has been partially offset by fewer overall bed days in Level V and VI facilities, an increase in other federal funding, and the shifting of other JJA resources.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 657,879	\$ 2,490,132
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ 657,879	\$ 2,490,132

#### 45. Medical Care

I amend my budget to increase State General Fund expenditures by \$125,000 for extraordinary medical and pharmaceutical costs at Larned Juvenile Correctional Facility (LJCF) in both FY 2006 and FY 2007. Prior to FY 2006, extraordinary medical and pharmaceuticals costs incurred by Larned Juvenile Correctional Facility were paid by Larned State Hospital (LSH). In FY 2006, however, LJCF was given responsibility for paying its own extraordinary medical and pharmaceutical costs. During the transition from LSH to LJCF, estimates of the funding needed to cover LJCF's extraordinary medical and pharmaceutical costs were unreliable because of the uncertainties associated with the transition. Based on actual expenditures for the first eight months of the current fiscal year, LJCF will need an additional \$125,000 to fund these costs in each of FY 2006 and FY 2007.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 125,000	\$ 125,000
All Other Funds	<u>    -</u>	<u>    --</u>
All Funds	\$ 125,000	\$ 125,000

#### 46. Education Contract Savings

I amend my budget to decrease State General Fund expenditures by \$400,488 for the educational contract at Beloit Juvenile Correctional Facility (BJCF) for FY 2007. My original budget recommendations included \$824,629 for educational services, including \$740,488 for the contract with USD 273. Based on an average daily population of 25 juveniles, the annual cost to educate one girl is \$32,985. BJCF has decided to undertake a pilot project to experiment with the use of "virtual" education. The facility has not entered into a contract with a provider at this time; however, BJCF has the potential for reducing its educational contract by at least \$400,488. This amendment will capture the savings.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	(\$ 400,488)
All Other Funds	<u>    --</u>	<u>    --</u>
All Funds	\$ --	(\$ 400,488)

### Adjutant General

#### 47. Disaster Relief

I amend my budget to finance the state and federal portions of the total disaster relief effort. My original budget recommendation did not include three federally-declared disasters, because the agency's original estimate did not include them. The agency has had to use funds that were appropriated for previous disasters to pay expenditures for the three new disasters. Because of these circumstances, the agency estimates that the state's portion of monies appropriated for disaster matching will be depleted before the end of FY 2006. Therefore, I amend my FY 2006 budget to add \$9,673,000, including \$1,138,000 from the State General Fund to finance the disaster relief effort. In addition, \$1,707,000 will be provided by various local governments. These are mentioned here only to provide a complete picture of the projected financing for damage repair. This amendment does not include the University of Kansas storm disaster funding, because the analysis of this situation has not been completed. However, this disaster could be considered later as a request to the State Finance Council for State Emergency Fund money.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 1,138,000	\$ --
All Other Funds	<u>8,535,000</u>	<u>--</u>
All Funds	\$ 9,673,000	\$ --

#### 48. Homeland Security Funding Switch

I amend my budget to add \$128,973 from the State General Fund in FY 2007 for the last three months of salaries and wages and related operating expenditures for Homeland Security Coordinators. This amendment will shift expenditures from federal funds to the State General Fund. These 7.00 non-FTE unclassified permanent positions currently are being funded from the Office of Domestic Preparedness (ODP) Grant Program in the U.S. Department of Homeland Security. The agency believes that the funds awarded from ODP will decrease in federal FY 2006 by 50.0 percent from the federal FY 2005 award. These positions are critical to the coordination of preparedness activities and act as a liaison between the state and its partners at the local, regional, and federal levels.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 128,973
All Other Funds	<u>--</u>	<u>( 128,973)</u>
All Funds	\$ --	\$ --

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## Kansas Highway Patrol

### 49. Additional Salaries & Wages Expenditures

I amend my budget to add \$545,061, including \$111,938 from the State General Fund, for FY 2007 to finance an increase in expenditures for salaries and wages. The agency has experienced several adjustments that affect salary and wage expenditures. First, in early FY 2006, the agency reclassified 21.00 FTE positions from Communication Specialist II positions and Motor Carrier Inspector III positions to Trooper Trainee positions. The cost to implement this change for FY 2007 is \$251,779 from the KHP Operations Fund. Second, also in early FY 2006, the agency entered into a Memorandum of Agreement with the Kansas Association of Public Employees that increased base salaries and shift differential pay for eligible Capitol Area Security Police positions. The cost to implement this agreement for FY 2007 is \$111,938 from the State General Fund. Furthermore, after my recommendation was presented, the Patrol entered into a Memorandum of Agreement with the Kansas State Troopers Association that required all Motor Carrier Inspector III positions to receive new titles and changes in pay grades. The cost to implement this agreement for FY 2007 will be \$181,344 from the KHP Operations Fund.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 111,938
All Other Funds	<u>--</u>	<u>433,123</u>
All Funds	\$ --	\$ 545,061

### 50. Homeland Security Funding Switch

I amend my budget to add \$49,884 in expenditure authority to the KHP Operations Fund in FY 2007 to finance three months of the salaries and wages of 4.00 non-FTE unclassified permanent positions that administer the Homeland Security Grant Program. This amendment will shift the expenditures from federal funds to the KHP Operations Fund. These 4.00 non-FTE unclassified permanent positions currently are funded from the Office of Domestic Preparedness (ODP) Grant Program of the U.S. Department of Homeland Security. The agency believes that the funds awarded from ODP will decrease in federal FY 2006 by 50.0 percent from the federal FY 2005 award. These positions are critical to administration of the Homeland Security Grant Program.

	<u>FY 2006</u>	<u>FY 2007</u>
KHP Operations Fund	\$ --	\$ 49,884
Federal Homeland Security	<u>--</u>	<u>( 49,884)</u>
All Funds	\$ --	\$ --



### Sentencing Commission

#### 51. 123 Payments for Johnson County

Expenditures of \$8,466,291 from the State General Fund were budgeted for FY 2006 to finance drug treatment under 2003 SB 123. After reexamining program expenditures through March 2006, the 2003 SB 123 Drug Treatment Program will experience a funding shortfall of approximately \$87,500 in FY 2006. This is a result of unforeseen billings from the Johnson County Therapeutic Community, which were not previously factored into the costs of the program. As a result, I amend my budget to include expenditures of \$87,500 from the State General Fund for 2003 SB 123 drug treatment.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ 87,500	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 87,500	\$ --

### Department of Wildlife and Parks

#### 52. Program Omissions

A total of \$741,000 was omitted from the FY 2007 Governor's budget recommendation for the Department of Wildlife and Parks. This amount is composed of the following enhancement items requested by the Department:

Replacement backhoe	\$ 220,000
Statewide buoy plan implementation	46,000
Fisheries programs	95,000
Expansion of the Walk-In Hunting Access Program	300,000
Archery-in-Schools Program	20,000
Fisheries genetic management equipment	<u>60,000</u>
Total	\$ 741,000

This correction to *The FY 2007 Governor's Budget Report* would increase the expenditures recommended to the Department of Wildlife and Parks' budget for FY 2007 from the Wildlife Fee Fund by \$675,000 and for the Boating Fee Fund by \$66,000. It corrects the Governor's official recommendation with respect to reportable expenditures. Action does need to be taken in the omnibus bill to correct this item.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>741,000</u>
All Funds	\$ --	\$ 741,000

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### 53. Open Access to the State Parks

I amend my budget for FY 2007 to add \$1.25 million from the State General Fund to provide a trial period of open access to the state parks for all Kansas residents, beginning January 1, 2007. This would accomplish the same goal as 2005 SB 87, which I supported during the last session of the Legislature. This amendment is intended as a complement to SB 583, as amended by the Senate Committee on Ways and Means. SB 583 proposes increasing the maximum amount credited to the State Gaming Revenues Fund from \$50.0 million to \$55.0 million. Of this additional \$5.0 million, \$4.0 million will provide a permanent funding source to solve the long-standing problem of adequate funding for state park operations, and \$1.0 million will restore the Local Government Outdoor Recreation Grant Program Fund, which provides grants to local governments to create and maintain city and county parks and recreation areas. By providing a dedicated funding source for the parks, the Legislature reduces the agency's dependency on fees as the main source of support for parks operations.

	<u>FY 2006</u>	<u>FY 2007</u>
State General Fund	\$ --	\$ 1,250,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 1,250,000

### Kansas Department of Transportation

### 54. Reappropriation Authority

Historically, the Kansas Department of Transportation has had a single line item account in the appropriations bill for capital improvements to its own facilities. That appropriation also granted authority to reappropriate unspent capital improvement monies from one fiscal year to the next. During the 2005 Legislative Session, the single line item account was eliminated and multiple accounts were created based on a line item for each capital improvement project involving the Department's own buildings. Because the new appropriation structure involved only new monies last year, reappropriation authority was not necessary. However, reappropriation authority should have been included this session but was unintentionally left out of the FY 2007 appropriations bill. Therefore, this amendment will add the language necessary to allow funds to be carried forward and spent in the next fiscal year.

Sincerely,



Kathleen Sebelius  
Governor of the State of Kansas

**Consensus Caseload Estimates\***

April 12, 2006

	FY 2006 Approved		FY 2006 April Estimate		Difference from Approved	
	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$ 333,620,000	\$ 131,579,728	\$ 323,000,000	\$ 127,391,200	\$ (10,620,000)	\$ (4,188,528)
Nursing Facilities - Mental Health	12,500,000	10,475,000	12,000,000	10,080,000	(500,000)	(395,000)
Temporary Assistance for Families	67,500,000	29,821,028	65,000,000	29,821,028	(2,500,000)	-
General Assistance	8,800,000	8,800,000	8,800,000	8,800,000	-	-
Regular Medical Assistance - DHPF	1,238,933,333	391,811,695	1,238,933,333	391,811,695	-	-
Regular Medical Assistance - SRS	218,158,799	51,961,775	203,066,038	51,227,258	(15,092,761)	(734,517)
<i>Subtotal Regular Medical</i>	<i>1,457,092,132</i>	<i>443,773,470</i>	<i>1,441,999,371</i>	<i>443,038,953</i>	<i>(15,092,761)</i>	<i>(734,517)</i>
Reintegration/Foster Care	119,000,000	73,931,122	121,000,000	74,900,000	2,000,000	968,878
<b>TOTAL</b>	<b>\$ 1,998,512,132</b>	<b>\$ 698,380,348</b>	<b>\$ 1,971,799,371</b>	<b>\$ 694,031,181</b>	<b>\$ (26,712,761)</b>	<b>\$ (4,349,167)</b>

	FY 2007 Approved		FY 2007 April Estimate		Difference from Approved	
	All Funds	SGF	All Funds	SGF	All Funds	SGF
Nursing Facilities	\$ 343,600,000	\$ 136,443,560	\$ 340,000,000	\$ 135,014,000	\$ (3,600,000)	\$ (1,429,560)
Nursing Facilities - Mental Health	12,875,000	10,789,250	12,300,000	10,332,000	(575,000)	(457,250)
Temporary Assistance for Families	69,000,000	29,821,028	64,000,000	29,821,028	(5,000,000)	-
General Assistance	9,100,000	9,100,000	8,000,000	8,000,000	(1,100,000)	(1,100,000)
Regular Medical Assistance - DHPF	1,225,075,000	375,899,071	1,225,075,000	375,899,071	-	-
Regular Medical Assistance - SRS	224,036,948	53,860,223	207,058,396	48,636,710	(16,978,552)	(5,223,513)
<i>Subtotal Regular Medical</i>	<i>1,449,111,948</i>	<i>429,759,294</i>	<i>1,432,133,396</i>	<i>424,535,781</i>	<i>(16,978,552)</i>	<i>(5,223,513)</i>
Reintegration/Foster Care	132,000,000	87,141,415	132,000,000	87,141,415	-	-
<b>TOTAL</b>	<b>\$ 2,015,686,948</b>	<b>\$ 703,054,547</b>	<b>\$ 1,988,433,396</b>	<b>\$ 694,844,224</b>	<b>\$ (27,253,552)</b>	<b>\$ (8,210,323)</b>

\* Estimates for entitlement programs at the Division of Health Policy and Finance, Department of Social and Rehabilitation Services and Department on Aging

HOUSE APPROPRIATIONS  
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 ATTACHMENT 5



**State Water Plan Fund: FY 2006**

Agency/Program	Governor's Recommendation FY 2006	Conf. Cmte. Adjustments FY 2006	Legislative Approved FY 2006
Department of Health and Environment			
Contamination Remediation	1,183,818	0	1,183,818
TMDL Initiatives	323,338	0	323,338
Local Environmental Protection Program	1,502,850	0	1,502,850
Nonpoint Source Program	370,214	0	370,214
Watershed Restoration and Protection Strategy	800,000	0	800,000
Use Attainability Analysis	300,000	0	300,000
Total--Department of Health and Environment	<u>4,480,220</u>	0	<u>4,480,220</u>
University of Kansas--Geological Survey	40,856	0	40,856
Department of Agriculture			
Floodplain Management	68,773	0	68,773
Interstate Water Issues	254,986	0	254,986
Subbasin Water Resources Management	554,369	0	554,369
Water Appropriations Subprogram	187,925	0	187,925
Water Use	60,018	0	60,018
Total--Department of Agriculture	<u>1,126,071</u>	0	<u>1,126,071</u>
State Conservation Commission			
Water Resources Cost Share	4,238,308	0	4,238,308
Nonpoint Source Pollution Asst.	3,081,317	0	3,081,317
Aid to Conservation Districts	1,044,000	0	1,044,000
Watershed Dam Construction	1,102,499	0	1,102,499
Water Quality Buffer Initiative	307,157	0	307,157
Riparian and Wetland Program	258,236	0	258,236
Multipurpose Small Lakes	236,333	0	236,333
Total--Conservation Commission	<u>10,267,850</u>	0	<u>10,267,850</u>
Kansas Water Office			
Assessment and Evaluation	744,704	0	744,704
GIS Data Base Development	247,405	0	247,405
MOU - Storage Operations and Maintenance	411,712	0	411,712
PMIB Loan Payment for Storage	237,945	0	237,945
Stream Gauging Program	412,668	0	412,668
Technical Assistance to Water Users	246,150	0	246,150
Water Planning Process	313,205	0	313,205
Water Resource Education	60,000	0	60,000
Weather Modification	120,000	0	120,000
Kansas Water Authority	37,384	0	37,384
Total--Kansas Water Office	<u>2,831,173</u>	0	<u>2,831,173</u>
Department of Wildlife and Parks			
Stream (Biological) Monitoring	40,000	0	40,000
Total--Department of Wildlife and Parks	<u>40,000</u>	0	<u>40,000</u>
Total Water Plan Expenditures	<u>18,786,170</u>	0	<u>18,786,170</u>

State Water Plan Resource Estimate	Governor's Recommendation FY 2006	Conf. Cmte. Adjustments FY 2006	Legislative Approved FY 2006
Beginning Balance	7,682,094	0	7,682,094
Adjustments			
Transfer to State General Fund	0	0	0
Transfer to Kansas Corporation Commission	(400,000)	0	(400,000)
Revenues			
State General Fund Transfer	6,000,000	0	6,000,000
Economic Development Fund Transfer	2,000,000	0	2,000,000
Municipal Water Fees	3,334,000	0	3,334,000
Industrial Water Fees	1,100,000	0	1,100,000
Stock Water Fees	357,000	0	357,000
Pesticide Registration Fees	901,000	0	901,000
Fertilizer Registration Fees	2,856,000	0	2,856,000
Pollution Fines and Penalties	45,000	0	45,000
Sand Royalty Receipts	211,000	0	211,000
Total Receipts	<u>17,640,879</u>	0	<u>17,640,879</u>
Total Available	25,322,973		
Less: Expenditures	<u>18,786,170</u>		
Ending Balance	<u>6,536,803</u>		

**HOUSE APPROPRIATIONS**

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**State Water Plan Fund: FY 2007**

<b>Agency/Program</b>	<b>Governor's Recommendation FY 2007</b>	<b>Conf. Cmte. Adjustments FY 2007</b>	<b>Legislative Approved FY 2007</b>
Department of Health and Environment			
Contamination Remediation	955,567	(2,544)	953,023
TMDL Initiatives	299,269	(528)	298,741
Local Environmental Protection Program	1,502,737	0	1,502,737
Nonpoint Source Program	291,257	(6,603)	284,654
Watershed Restoration and Protection Strategy	800,000	0	800,000
<b>Total--Department of Health and Environment</b>	<b>3,848,830</b>	<b>(9,675)</b>	<b>3,839,155</b>
University of Kansas--Geological Survey	40,000	0	40,000
Department of Agriculture			
Subbasin Water Resources Management	674,552	(7,078)	667,474
Water Use	71,121	0	71,121
Kansas v. Colorado Compliance	1,027,764	204,375	1,232,139
<b>Total--Department of Agriculture</b>	<b>1,773,437</b>	<b>197,297</b>	<b>1,970,734</b>
State Conservation Commission			
Water Resources Cost Share	3,415,778	(3,560)	3,412,218
Nonpoint Source Pollution Asst.	2,757,520	0	2,757,520
Aid to Conservation Districts	1,048,000	0	1,048,000
Watershed Dam Construction	601,499	0	601,499
Water Quality Buffer Initiative	307,157	0	307,157
Riparian and Wetland Program	186,782	0	186,782
Multipurpose Small Lakes	1,100,000	0	1,100,000
Irrigation Transition/Water Rights Purchase	398,120	0	398,120
Salt Cedar Control Demonstrations	0	65,000	65,000
Conservation Reserve Enhancement Program	4,000,000	(4,000,000)	0
Lake Restoration/Management	400,000	(65,000)	335,000
Quick Response Incentive Grants	450,000	(450,000)	0
Kansas v. Colorado Irrigation Program	786,268	(786,268)	0
<b>Total--Conservation Commission</b>	<b>15,451,124</b>	<b>(5,239,828)</b>	<b>10,211,296</b>
Kansas Water Office			
Assessment and Evaluation	884,011	0	884,011
GIS Data Base Development	247,405	0	247,405
MOU - Storage Operations and Maintenance	409,132	0	409,132
PMIB Loan Payment for Storage	237,945	0	237,945
Technical Assistance to Water Users	266,150	0	266,150
Weather Stations	60,000	0	60,000
Water Resource Education	84,000	0	84,000
Weather Modification	120,000	0	120,000
<b>Total--Kansas Water Office</b>	<b>2,308,643</b>	<b>0</b>	<b>2,308,643</b>
Department of Wildlife and Parks			
Almena Irrigation District	120,000	0	120,000
Stream (Biological) Monitoring	40,000	0	40,000
<b>Total--Department of Wildlife and Parks</b>	<b>160,000</b>	<b>0</b>	<b>160,000</b>
<b>Total Water Plan Expenditures</b>	<b>23,582,034</b>	<b>(5,052,206)</b>	<b>18,529,828</b>

<b>State Water Plan Resource Estimate</b>	<b>Governor's Recommendation FY 2007</b>	<b>Conf. Cmte. Adjustments FY 2007</b>	<b>Legislative Approved FY 2007</b>
Beginning Balance	6,536,803	0	6,536,803
Adjustments			
Transfer to State General Fund	0	0	0
Released Encumbrances	700,000	0	700,000
Transfer to Kansas Corporation Commission	(400,000)	0	(400,000)
Revenues			
State General Fund Transfer	6,000,000	0	6,000,000
Economic Development Fund Transfer	2,000,000	0	2,000,000
Municipal Water Fees	3,520,000	0	3,520,000
Industrial Water Fees	1,051,000	0	1,051,000
Stock Water Fees	399,000	0	399,000
Pesticide Registration Fees	950,000	0	950,000
Fertilizer Registration Fees	2,917,600	0	2,917,600
Pollution Fines and Penalties	70,000	0	70,000
Sand Royalty Receipts	199,000	0	199,000
<b>Total Receipts</b>	<b>17,106,600</b>	<b>0</b>	<b>17,106,600</b>
<b>Total Available</b>	<b>23,943,403</b>	<b>0</b>	<b>23,943,403</b>
<b>Less: Expenditures</b>	<b>23,582,034</b>	<b>(5,052,206)</b>	<b>18,529,828</b>
<b>Ending Balance</b>	<b>361,369</b>	<b>5,052,206</b>	<b>5,413,575</b>

6-2



**ECONOMIC DEVELOPMENT INITIATIVES FUND**

**FY 2005 - FY 2007**

As Approved by the 2006 Legislature

Agency/Program	Actual FY 2005	Governor's * Recommendation FY 2006	Legislative Approved FY 2006	Governor's Recommendation FY 2007	Legislative Approved FY 2007
<b>Department of Commerce</b>					
Operating Grant	\$ 14,789,751	\$ 16,164,976	\$ 16,164,976	\$ 15,701,164	\$ 15,556,090
Older Kansans Employment Program	239,430	239,430	239,430	230,481	330,481
Kansas Economic Opportunity Initiative Fund	3,225,000	3,000,000	3,000,000	3,160,000	3,160,000
Kansas Existing Industry Expansion Program	300,000	-	-	-	-
State Affordable Airfare Fund	-	-	-	-	-
Subtotal - Commerce	\$ 18,554,181	\$ 19,404,406	\$ 19,404,406	\$ 19,091,645	\$ 19,046,571
<b>Kansas Technology Enterprise Corporation</b>					
Operations	\$ 1,618,422	\$ 1,732,543	\$ 1,732,543	\$ 1,698,695	\$ 1,652,669
University & Strategic Research	5,677,796	5,449,891	5,449,891	5,345,205	5,345,205
Commercialization	1,379,494	2,116,334	2,116,334	1,790,249	1,790,249
Mid-America Manuf. Tech. Center (MAMTC)	1,474,359	1,528,152	1,528,152	1,547,788	1,547,788
Product Development	1,214,951	1,519,030	1,519,030	1,519,030	1,519,030
Subtotal - KTEC	\$ 11,365,022	\$ 12,345,950	\$ 12,345,950	\$ 11,900,967	\$ 11,854,941
<b>Kansas, Inc.</b>					
Operations	\$ 315,894	\$ 379,671	\$ 379,671	\$ 382,085	\$ 525,483
<b>Kansas Racing and Gaming Commission</b>					
Racing Operations	\$ -	\$ -	\$ -	\$ 200,000 <sup>2</sup>	\$ -
<b>Social and Rehabilitation Services</b>					
Child Support Enforcement Call Center	\$ -	\$ -	\$ -	\$ 340,000 <sup>3</sup>	\$ 340,000
<b>Board of Regents</b>					
Tech. Innovation & Internship Prog. - AVTS	\$ 183,696	\$ 180,749	\$ 180,749	\$ 180,500	\$ 180,500
Post-secondary Aid - AVTS	6,957,162	6,957,162	6,957,162	6,957,162	6,957,162
Capital Outlay - AVTS	2,565,000	2,565,000	2,565,000	2,565,000	2,565,000
KSU - ESARP	300,000	300,000	300,000	- <sup>4</sup>	300,000
Wichita State University - Aviation Research	1,828,778	292,058	292,058	- <sup>4</sup>	-
Subtotal - Regents & Universities	\$ 11,834,636	\$ 10,294,969	\$ 10,294,969	\$ 9,702,662	\$ 10,002,662
<b>Kansas Arts Commission</b>					
Local Arts Grants	\$ 35,000	\$ -	\$ -	\$ -	\$ 14,000
<b>Kansas Water Office</b>					
Water Education for Teachers Project	\$ 10,000	\$ -	\$ -	\$ -	\$ -
<b>State Conservation Commission</b>					
Conservation Easement Matching Funds	\$ -	\$ 31,250	\$ 31,250	\$ 311,500 <sup>5</sup>	\$ -
Multipurpose Small Lakes (Horse Thief Reservoir)	-	50,000	50,000	- <sup>8</sup>	-
Subtotal - State Conservation Commission	\$ -	\$ 81,250	\$ 81,250	\$ 311,500	\$ -
<b>State Fair</b>					
Largest Classroom	\$ -	\$ -	\$ -	\$ 19,960 <sup>6</sup>	\$ 19,960
Ticket Marketing	-	-	-	50,000 <sup>7</sup>	50,000
Premiums for competitive exhibitors	-	-	-	-	20,000
Subtotal - State Fair	\$ -	\$ -	\$ -	\$ 69,960	\$ 89,960
<b>State Water Plan Fund Transfer</b>	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
<b>Budget Efficiency and Savings Team Transfers</b>	\$ 106,760	\$ -	\$ -	\$ -	\$ -
<b>Pay Plan and KPERS Death and Disability Rate Increase Transfer</b>	\$ -	\$ 92,279 <sup>1</sup>	\$ 92,279	\$ -	\$ 175,202
<b>TOTAL TRANSFERS AND EXPENDITURES</b>	<b>\$ 44,221,493</b>	<b>\$ 44,598,525</b>	<b>\$ 44,598,525</b>	<b>\$ 43,998,819</b>	<b>\$ 44,048,819</b> <sup>10</sup>

EDIF Resource Estimate	Actual FY 2005	Governor's Recommendation FY 2006	Legislative Approved FY 2006	Governor's Recommendation FY 2007	Legislative Approved FY 2007
Beginning Balance	\$ 2,974,689	\$ 2,519,677	\$ 2,519,677	\$ 1,082,692	\$ 1,082,692
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000	42,432,000
Other Income**	1,334,481	729,540	729,540	500,000	500,000
Total Available	\$ 46,741,170	\$ 45,681,217	\$ 45,681,217	\$ 44,014,692	\$ 44,014,692
Less: Expenditures and Transfers	44,221,493	44,598,525	44,598,525	43,998,819	44,048,819
<b>ENDING BALANCE</b>	<b>\$ 2,519,677</b>	<b>\$ 1,082,692</b>	<b>\$ 1,082,692</b>	<b>\$ 15,873</b>	<b>\$ (34,127)</b>

\* Unless otherwise noted, increases in agency total in the Governor's recommendation reflect reappropriations.

\*\* Other income includes interest, transfers, reimbursements and released encumbrances.

- This amount is transferred to the State General Fund as part of a transfer of special revenue funds from amounts not required for the pay plan and KPERS death and disability rates increase due to adjustments by the Legislature.
- The Governor recommends this funding for agency operations.
- The Governor recommends this item as a one-time expenditure to establish a Child Support Enforcement Customer Service Center. The funding will be matched with \$1.32 million from the federal Child Support Enforcement Administration Fund, for total FY 2007 expenditures of \$2.0 million.
- These expenditures have been shifted to the State General Fund.
- The Governor's recommendation reflects a full year of funding for multiple projects in FY 2007. The FY 2006 funding covered only one project.
- The Governor recommends this item to assist teachers in planning and organizing educational Field Trips to the Kansas State Fair for children from preschool to college level, with the majority if the students being elementary school age.
- The Governor recommends this item to enhance outreach ticket marketing by providing upgrades to the agency's website, multi-cultural day at the State Fair featuring entertainment from various ethnic groups, as well as increased radio, television, and print advertising.
- Expenditures for this project are now completely funded from the State Water Plan Fund.
- Reflects SB 475 as passed by the 2006 Legislature.
- The total expenditures do not include SB 388, the Biodiesel Fuel Producer Production Incentives, which increases expenditures \$437,500.

**HOUSE APPROPRIATIONS**

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ATTACHMENT 7

# Children's Initiatives Fund FY 2006

	Gov. Rec. FY 2006	Legislative Adjustments FY 2006	Legislative Approved FY 2006
<b>Department of Commerce</b>			
After-School Program	\$ -	\$ -	\$ -
<b>Department of Health and Environment</b>			
Healthy Start/Home Visitor	\$ 250,000	\$ -	\$ 250,000
Infants and Toddlers Program (Tiny K)	800,000 <sup>(1)</sup>	-	800,000
Smoking Cessation/Prevention Program Grants	1,000,000	-	1,000,000
<b>Subtotal - KDHE</b>	<b>\$ 2,050,000</b>	<b>\$ -</b>	<b>\$ 2,050,000</b>
<b>Juvenile Justice Authority</b>			
Juvenile Prevention Program Grants	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	-	3,585,513
<b>Subtotal - JJA</b>	<b>\$ 9,000,000</b>	<b>\$ -</b>	<b>\$ 9,000,000</b>
<b>Department of Social and Rehabilitation Services</b>			
Children's Cabinet Accountability Fund	\$ 658,622	\$ -	\$ 658,622
Children's Mental Health Initiative	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	-	1,000,000
Child Care Services	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	-	3,492,101
HealthWave (SCHIP portion) <sup>(2)</sup>	-	-	-
Smart Start Kansas - Children's Cabinet	9,753,728	-	9,753,728
Children's Medicaid Increases <sup>(2)</sup>	-	-	-
Immunization outreach <sup>(2)</sup>	-	-	-
Family Preservation	2,957,899	-	2,957,899
School Violence Prevention	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	-	50,000
Pre-K Pilot	-	-	-
<b>Subtotal - SRS</b>	<b>\$ 28,340,350</b>	<b>\$ -</b>	<b>\$ 28,340,350</b>
<b>Division of Health Policy and Finance</b>			
HealthWave	\$ 2,000,000	\$ -	\$ 2,000,000
Medical Assistance	3,000,000	-	3,000,000
Immunization Outreach	500,000	-	500,000
<b>Subtotal - DHPF</b>	<b>\$ 5,500,000</b>	<b>\$ -</b>	<b>\$ 5,500,000</b>
<b>Kansas Health Policy Authority</b>			
HealthWave	\$ -	\$ -	\$ -
Medical Assistance	-	-	-
Immunization Outreach	-	-	-
<b>Subtotal - KHPA</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Department of Education</b>			
Reading and Vision Research	\$ 300,000	\$ -	\$ 300,000
Parent Education	2,541,456	-	2,541,456
Four-Year -Old At-Risk Programs	5,304,045	-	5,304,045
Special Education	1,225,000	-	1,225,000
<b>Subtotal - Dept. of Ed.</b>	<b>\$ 9,370,501</b>	<b>\$ -</b>	<b>\$ 9,370,501</b>
<b>University of Kansas Medical Center</b>			
Tele-Kid Health Care Link	\$ 255,007	\$ -	\$ 255,007
<b>TOTAL</b>	<b>\$ 54,515,858</b>	<b>\$ -</b>	<b>\$ 54,515,858</b>

	Gov. Rec. FY 2006	Legislative Approved FY 2006	Legis. Appvd. with Revised Receipts FY 2006
Beginning Balance	\$ 3,147,150	\$ 3,147,150	\$ 3,147,150
Plus: Other Income			
State General Fund Transfer	375,000	375,000	375,000
KEY Fund Transfer In	51,747,118	51,747,118	46,147,118 <sup>(3)</sup>
<b>Total Available</b>	<b>\$ 55,269,268</b>	<b>\$ 55,269,268</b>	<b>\$ 49,669,268</b>
Less: Expenditures	(54,515,858)	(54,515,858)	(54,515,858)
Transfer Out to State General Fund	(2,212)	(2,212)	(2,212)
<b>ENDING BALANCE</b>	<b>\$ 751,198</b>	<b>\$ 751,198</b>	<b>\$ (4,848,802)</b>

\* Other Income includes released encumbrances, recoveries and reimbursements.

1) In addition to this amount, the Legislature directed that \$200,000 from Smart Start be granted to the Infants and Toddlers program (Tiny K), for total funding of \$1,000,000 in FY 2005 and FY 2006.

2) These programs were transferred to the Division of Health Policy and Finance in FY 2006 under the provisions of 2005 SB 272.

3) Due to lower than anticipated tobacco revenues in April 2006, receipts were decreased by \$5.6 million from \$51,747,118 to \$46,147,118 in FY 2006.



## Children's Initiatives Fund FY 2007

	Gov. Rec. FY 2007	Legislative Adjustments FY 2007	Legislative Approved FY 2007
<b>Department of Commerce</b>			
After-School Program	\$ 500,000	\$ (500,000)	\$ -
<b>Department of Health and Environment</b>			
Healthy Start/Home Visitor	\$ 250,000	\$ -	\$ 250,000
PKU and Hemophilia Services	-	250,000	250,000
Infants and Toddlers Program (Tiny K)	1,200,000	-	1,200,000
Smoking Cessation/Prevention Program Grants	1,000,000	-	1,000,000
Subtotal - KDHE	\$ 2,450,000	\$ 250,000	\$ 2,700,000
<b>Juvenile Justice Authority</b>			
Juvenile Prevention Program Grants	\$ 5,414,487	\$ -	\$ 5,414,487
Juvenile Graduated Sanctions Grants	3,585,513	-	3,585,513
Subtotal - JJA	\$ 9,000,000	\$ -	\$ 9,000,000
<b>Department of Social and Rehabilitation Services</b>			
Children's Cabinet Accountability Fund	\$ 541,802	\$ -	\$ 541,802
Children's Mental Health Initiative	3,800,000	-	3,800,000
Family Centered System of Care	5,000,000	-	5,000,000
Therapeutic Preschool	1,000,000	-	1,000,000
Child Care Services	1,400,000	-	1,400,000
Community Services - Child Welfare	3,492,101	-	3,492,101
HealthWave (SCHIP portion) <sup>(2)</sup>	-	(1)	-
Smart Start Kansas - Children's Cabinet	8,693,279	(250,000)	8,443,279
Children's Medicaid Increases <sup>(2)</sup>	-	(1)	-
Immunization outreach <sup>(2)</sup>	-	(1)	-
Family Preservation	2,957,899	-	2,957,899
School Violence Prevention	228,000	-	228,000
Attendant Care for Independent Living (ACIL)	50,000	-	50,000
Pre-K Pilot	2,000,000	-	2,000,000
Subtotal - SRS	\$ 29,163,081	\$ (250,000)	\$ 28,913,081
<b>Division of Health Policy and Finance</b>			
HealthWave	\$ 2,000,000	(1) \$ (2,000,000)	\$ -
Medical Assistance	3,000,000	(1) (3,000,000)	-
Immunization Outreach	500,000	(1) (500,000)	-
Subtotal - DHPF	\$ 5,500,000	\$ (5,500,000)	\$ -
<b>Kansas Health Policy Authority</b>			
HealthWave	\$ -	\$ 2,000,000	\$ 2,000,000
Medical Assistance	-	3,000,000	3,000,000
Immunization Outreach	-	500,000	500,000
Subtotal - KHPA	\$ -	\$ 5,500,000	\$ 5,500,000
<b>Department of Education</b>			
Reading and Vision Research	\$ 300,000	\$ -	\$ 300,000
Parent Education	2,500,000	-	2,500,000
Four-Year -Old At-Risk Programs	5,304,045	-	5,304,045
Special Education	1,225,000	-	1,225,000
Subtotal - Dept. of Ed.	\$ 9,329,045	\$ -	\$ 9,329,045
<b>University of Kansas Medical Center</b>			
Tele-Kid Health Care Link	\$ 250,000	\$ -	\$ 250,000
<b>TOTAL</b>	<b>\$ 56,192,126</b>	<b>\$ (500,000)</b>	<b>\$ 55,692,126</b>

	Gov. Rec. FY 2007	Legislative Approved FY 2007	Legis. Appvd. with Revised Receipts FY 2007
Beginning Balance	\$ 751,198	\$ 751,198	\$ (4,848,802)
Plus: Other Income	-	-	-
State General Fund Transfer	-	-	-
KEY Fund Transfer In	55,440,928	55,440,928	55,440,928 <sup>(2)</sup>
Total Available	\$ 56,192,126	\$ 56,192,126	\$ 50,592,126
Less: Expenditures	(56,192,126)	(55,692,126)	(55,692,126)
Transfer Out to State General Fund	-	-	-
<b>ENDING BALANCE</b>	<b>\$ -</b>	<b>\$ 500,000</b>	<b>\$ (5,100,000)</b>

\* Other Income includes released encumbrances, recoveries and reimbursements.

1) These programs were transferred to the Division of Health Policy and Finance (DHPF) in FY 2006 under the provisions of 2005 SB 272. The bill provided that the programs would transfer to the Kansas Health Policy Authority (KHPA) beginning in FY 2007. The Governor recommends the programs remain at DHPF for FY 2007. The House and Senate recommend the programs be shifted to the KHPA as directed by the legislation.

2) FY 2006 Tobacco receipts were revised downward by \$5.6 million in April 2006. The FY 2007 number was not changed so balances on this table for FY 2007 assume that receipts will be equal to the estimate included in the Governor's budget and do not account for possible downward revisions of receipts in FY 2007.

Governor's Budget Amendment No. 1											
		FY 2006	FY 2006	FY 2006	FY 2006	FY 2006	FY 2007	FY 2007	FY 2007	FY 2007	
		SGF	All Funds	FTE Pos	Non-FTE	Total Pos	SGF	All Funds	FTE Pos	Non-I	
1	Adm--DHPF--Overstated Reportable Expend.	--	--	--	--	--	--	(800,218)	--	--	--
2	Adm--Capitol Area Master Plan	--	--	--	--	--	100,000	100,000	--	--	--
3	Adm--Facility Construction Services	--	--	--	--	--	--	--	--	--	--
4	Commerce--Spirit Aerosystems	--	(1,400,000)	--	--	--	--	(2,800,000)	--	--	--
5	Revenue--Ethanol Producer Incentives	--	--	--	--	--	--	1,000,000	--	--	--
6	Dental Bd--Operating Expenditures Shortfall	--	8,000	--	--	--	--	--	--	--	--
7	Healing Arts--Cashflow Problem Proviso	--	--	--	--	--	--	--	--	--	--
8	Attorney General--Abuse Prevention Unit	--	--	--	--	--	122,000	122,000	3.00	--	--
9	SRS--Consensus Caseload Revisions	(160,639)	(16,092,761)	--	--	--	(6,780,763)	(23,653,552)	--	--	--
	Aging--Consensus Caseload Revisions	(4,188,528)	(10,620,000)	--	--	--	(1,429,560)	(3,600,000)	--	--	--
	DHPF/KHPA--Consensus Caseload Revisions	--	--	--	--	--	--	--	--	--	--
10	KHPA--Presumptive Disability	--	--	--	--	--	1,106,258	2,212,517	2.00	--	2.00
	SRS--Presumptive Disability	--	--	--	--	--	(325,215)	(823,000)	--	--	--
11	KHPA--Presumptive Eligibility	97,699	557,017	--	--	--	--	--	--	--	--
12	KHPA--Care Management	554,000	1,108,000	--	--	--	698,202	500,000	--	--	--
13	SRS--CIF Fund/KEY Fund	--	--	--	--	--	--	--	--	--	--
14	SRS--Extended Stays in Level V & VI Fac	799,188	799,188	--	--	--	854,078	854,078	--	--	--
15	SRS--IV-E Shortfall	--	--	--	--	--	8,850,000	--	--	--	--
16	SRS--Medicaid Deferrals	3,000,000	--	--	--	--	--	--	--	--	--
17	SRS--Child Care Assistance	--	2,870,217	--	--	--	--	5,147,754	--	--	--
18	SRS--PD Waiver	1,183,200	3,000,000	--	--	--	3,477,527	8,757,308	--	--	--
19	SRS--Independent Living Center Support	--	--	--	--	--	500,000	500,000	--	--	--
20	SRS--Pre-K Pilot Initiative	--	--	--	--	--	1,000,000	1,000,000	--	--	--
21	SRS--Medicare Part D Co-pays Dual Eligibles	--	--	--	--	--	4,256,600	4,256,600	--	--	--
22	SRS--FTE Position Correction	--	--	(192.51)	--	(192.51)	--	--	--	--	--
23	Larned Hospital--FTE Position Correction	--	--	--	2.00	(2.00)	--	--	16.00	(2.00)	14.00
24	Osawatomie Hospital--Pharmaceutical Costs	297,220	297,220	--	--	--	--	--	--	--	--
25	Aging--PACE Expansion	--	--	--	--	--	824,770	2,076,984	--	--	--
26	KDHE--Avian Flu Vaccine Proviso	--	--	--	--	--	--	--	--	--	--
27	KDHE--PKU/Hemophilia	100,000	--	--	--	--	--	--	--	--	--
28	KDHE--Infant Toddler (Tiny-K) Program	--	--	--	--	--	250,000	250,000	--	--	--
29	Labor--Unemployt Ins Modernization Debt	--	2,259,950	--	--	--	--	761,583	--	--	--
30	Vet Comm--Vet Service Rep Salary Increase	--	--	--	--	--	40,000	40,000	--	--	--
31	Vet Comm--Vet Organization Grants	--	--	--	--	--	500,000	500,000	--	--	--
32	Education--School Finance Adjustments	(5,844,000)	(5,844,000)	--	--	--	(5,307,000)	(5,307,000)	--	--	--
33	Education--KPERs--School Retirement	632,231	632,231	--	--	--	(925,383)	(925,383)	--	--	--
34	Education--School Finance Message	--	--	--	--	--	--	--	--	--	--
35	KUMC--Provider Assessments	--	400,000	--	--	--	--	400,000	--	--	--
36	KSU--Student Life Center Bond Authority	--	--	--	--	--	--	--	--	--	--
37	Historical Soc--Capital Improvements	--	(80,509)	--	--	--	--	394,400	--	--	--
38	Corrections--Bonding Authority for Prisons	--	--	--	--	--	--	--	--	--	--
39	Corrections--Contract & RDU Debt Savings	(728,000)	(728,000)	--	--	--	(559,000)	(559,000)	--	--	--
40	Corrections--Salary Shortfall--ECF & LCF	438,000	438,000	--	--	--	--	--	--	--	--
41	Corrections--Byrne Grants	--	--	--	--	--	170,120	170,120	--	--	--
42	Corrections--Additional Corr Counselors	--	--	--	--	--	182,187	182,187	1.00	--	1.00
43	Corrections--DUI Treatment Services	538,000	538,000	--	--	--	538,000	538,000	--	--	--
44	JJA--Purchase of Services	657,879	657,879	--	--	--	2,490,132	2,490,132	--	--	--
45	JJA--Medical Care	125,000	125,000	--	--	--	125,000	125,000	--	--	--

HOUSE APPROPRIATIONS

DATE 4-18-2006  
ATTACHMENT 9



