

Approved: April 20, 2006
Date

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on February 28, 2006, in Room 123-S of the Capitol.

All members were present except:
Senator Donald Betts- excused

Committee staff present:

Michael Corrigan, Revisor of Statutes Office
Alan Conroy, Director, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Leah Robinson, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Susan Kannarr, Kansas Legislative Research Department
Carolyn Rampey, Kansas Legislative Research Department
Matt Spurgin, Kansas Legislative Research Department
Judy Bromich, Chief of Staff
Mary Shaw, Committee Secretary

Conferees appearing before the committee: none

Others attending:
No list attached.

Senator Schodorf moved, with a second by Senator Teichman, to approve the minutes of the meetings of January 18, 2006, February 10, 2006, and February 13, 2006. Motion carried on a voice vote. Senator Wysong and Senator Schmidt passed on the vote regarding the meeting of January 18, 2006.

Copies of the Kansas Legislative Research Department Budget Analysis Report for FY 2006 and FY 2007 were made available to the Committee.

Subcommittee budget reports on:

Office of the Governor
Lieutenant Governor
Secretary of State
Kansas Insurance Department
Health Care Stabilization Fund Board of Governors
Attorney General
State Treasurer (Attachment 1)

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Office of the Governor concurs with the Governor's recommendations in FY 2006 and FY 2007 with adjustment.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Lieutenant Governor concurs with the Governor's recommendations in FY 2006 and FY 2007.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Secretary of State concurs with the Governor's recommendations in FY 2006 and FY 2007 with observations.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Kansas Insurance Department concurs with the Governor's recommendations in FY 2006 with adjustments and observations and FY 2007 with adjustments and observations.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on February 28, 2006, in Room 123-S of the Capitol.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Health Care Stabilization Fund Board of Governors concurs with the Governor's recommendations in FY 2006 and FY 2007 with exception.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the Attorney General concurs with the Governor's recommendations in FY 2006 and FY 2007 with exceptions.

Senator Teichman moved, with a second by Senator Emler, to amend the budget subcommittee on the Attorney General to recommend language in the appropriations bill which would continue to maintain what remains of the \$20,173,363 from Colorado in the Interstate Water Litigation Reserve Account of the State General Fund (the "lockbox") for FY 2007. In addition, recommend a study during the 2006 Interim of the long-range uses of Colorado money. Motion carried on a voice vote.

Subcommittee Chairman Jay Emler reported that the budget subcommittee on the State Treasurer concurs with the Governor's recommendations in FY 2006 and FY 2007 with adjustments and observations.

Senator Teichman moved, with a second by Senator Emler, to adopt the subcommittee budget reports on the Office of the Governor, Lieutenant Governor, Secretary of State, Kansas Insurance Department, Health Care Stabilization Fund Board of Governors, Attorney General as amended in FY 2007, and the State Treasurer in FY 2006 and FY 2007. Motion carried on a voice vote.

Chairman Umbarger announced that the Mega Appropriations Bill (**SB 573**), Supplemental Appropriations Bill (**SB 570**) and the Capital Improvements Bill (**SB 571**) are scheduled to be worked in the full committee on Friday, February 17, 2006. Also, he mentioned that plans were to have the Omnibus Session on Thursday, April 20 and Friday, April 21, and only if necessary, Monday, April 24.

The meeting adjourned at 11:20 a.m. The next meeting was scheduled for March 1, 2006.

SENATE SUBCOMMITTEE REPORTS

FY 2006 and FY 2007

Office of the Governor

Lieutenant Governor

Secretary of State

Insurance Department

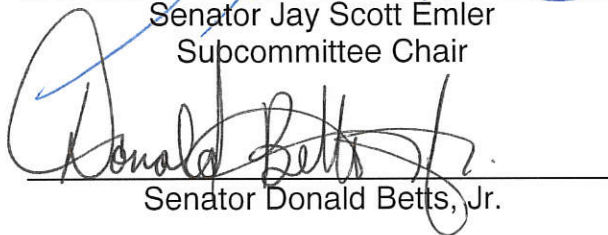
Health Care Stabilization Fund Board of Governors

Attorney General

State Treasurer



Senator Jay Scott Emler
Subcommittee Chair



Senator Donald Betts, Jr.

Senate Ways and Means
2-28-06
Attachment 1

House Budget Committee Report

Agency: Office of the Governor

Bill No. --

Bill Sec. --

Analyst: Robinson **Analysis Pg. No.** Vol. 1-388

Budget Page No. 171

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,416,350	\$ 2,416,350	\$ 0
Federal Funds	10,545,595	10,545,595	0
Other Funds	113,557	138,557	0
TOTAL	\$ 13,075,502	\$ 13,100,502	\$ 0
FTE Positions	38.5	38.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	38.5	38.5	0.0

Agency Estimate

The **agency's** FY 2006 revised request for reportable expenditures of \$13,075,502 reflects a net decrease of \$2,185,412 (14.3 percent) below the amount approved by the 2005 Legislature. Revised expenditures from the State General Fund increase \$113,214 over the approved amount and reflect an unlimited reappropriation that was available for expenditure, but not expended in FY 2005. This amount carried forward and is now available for expenditure in FY 2006. The revised estimate of expenditures from federal grant funds is a decrease of \$2,232,072 (17.5 percent) below the approved amount, based on more recent estimates of available federal funding in the current year.

Governor's Recommendation

The **Governor's** recommendation for FY 2006 reportable expenditures totals \$13,100,502, an increase of \$25,000 above the agency's revised estimate. The agency received a \$25,000 grant after submission of the budget, and the Governor's recommendation includes an expenditure of that amount.

House Budget Committee Recommendation

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

House Committee Recommendation

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

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Office of the Governor

Bill No. --

Bill Sec. --

Analyst: Robinson **Analysis Pg. No.** Vol. 1-388

Budget Page No. 171

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,416,350	\$ 2,416,350	\$ 0
Federal Funds	10,545,595	10,545,595	0
Other Funds	113,557	138,557	0
TOTAL	\$ 13,075,502	\$ 13,100,502	\$ 0
FTE Positions	38.5	38.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	38.5	38.5	0.0

Agency Estimate

The **agency's** FY 2006 revised request for reportable expenditures of \$13,075,502 reflects a net decrease of \$2,185,412 (14.3 percent) below the amount approved by the 2005 Legislature. Revised expenditures from the State General Fund increase \$113,214 over the approved amount and reflect an unlimited reappropriation that was available for expenditure, but not expended in FY 2005. This amount carried forward and is now available for expenditure in FY 2006. The revised estimate of expenditures from federal grant funds is a decrease of \$2,232,072 (17.5 percent) below the approved amount, based on more recent estimates of available federal funding in the current year.

Governor's Recommendation

The **Governor's** recommendation for FY 2006 reportable expenditures totals \$13,100,502, an increase of \$25,000 above the agency's revised estimate. The agency received a \$25,000 grant after submission of the budget, and the Governor's recommendation includes an expenditure of that amount.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Office of the Governor

Bill No. 2968

Bill Sec. 5

Analyst: Robinson **Analysis Pg. No.** Vol. 1–388

Budget Page No. 171

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,260,532	\$ 2,298,039	\$ 0
Federal Funds	9,209,509	9,217,510	0
Other Funds	119,179	121,218	0
TOTAL	\$ 11,589,220	\$ 11,636,767	\$ 0
FTE Positions			
	39.0	39.0	0.0
Non FTE Uncl. Perm. Pos.			
	0.0	0.0	0.0
TOTAL	39.0	39.0	0.0

Agency Request

The FY 2007 budget request for reportable expenditures totals \$11,589,220, a decrease of \$1,486,282 (11.4 percent) below the FY 2006 revised estimate. Most of the reduction (\$1,336,086) is in the amount requested for federal grant funds, based on estimates of available federal funds.

Governor's Recommendation

The **Governor** recommends a total of \$11,636,767 for FY 2007, an increase of \$47,547 above the agency request. The increase is entirely the result of the 2.5 base salary adjustment contained in the Governor's recommendation.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor with the following observations:

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERs) rates, KPERs death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of

Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$15,260,914, including \$2,303,136 from the State General Fund. The approved budget was reduced by a net total of \$41,909, including \$31,883 from the State General Fund to establish a baseline budget for FY 2007. The reductions were entirely in salary adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 2,298,039	\$ 11,636,767
Baseline Budget	2,271,303	15,219,005
Dollar Difference	<u>\$ 26,736</u>	<u>\$ (3,582,238)</u>
<i>Percent Difference</i>	<i>1.2%</i>	<i>(30.8)%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 37,507	\$ 47,547
Other Salary Adjustments	(13,519)	(13,519)
Federal Fund Reductions	0	(3,560,157)
Special Programs Funding	0	(58,891)
Other Net Adjustments	2,748	2,782
TOTAL	<u>\$ 26,736</u>	<u>\$ (3,582,238)</u>

- The Budget Committee notes that federal grant funding decreases significantly in the current year and in FY 2007. Estimated federal grant funds expenditures in the current year decrease by \$2.2 million from the approved amount, and are budgeted to decrease by an additional \$1.3 million in FY 2007. Part of the problem noted by the agency was the lack of available funds to allow potential grant recipients to meet the match requirements for the grants. In an attempt to alleviate that problem, the Governor's FY 2007 recommendation includes \$1.5 million from the State General Fund in the budget of the Kansas Department of Health and Environment to be used to assist potential grant recipients to access approximately \$5.9 million in additional federal grant funding.
- The Budget Committee notes that the Governor's FY 2007 recommendation includes a 0.5 FTE position for the off-budget E-911 grant program. The 2004 Legislature passed the Wireless Enhanced 911 Act which, among other things, created a special revenue fund in the Department of Administration's budget to be used for grants related to the act. The Department of Administration elected to utilize the expertise of the Federal Grants program of the Governor's

Department, and through a memorandum of understanding, the two agencies are working together to administer the grant. While the funding to be administered is off-budget, a total of 2.0 FTE positions were added to the Governor's Department budget. An additional 0.5 FTE position was requested and recommended for FY 2007. Total nonreportable funding budgeted for the program in FY 2007 is \$4.0 million. The funding is considered reportable in the budget of the Department of Administration.

House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee with the following adjustment:

1. Add \$7,483,333, including \$1,583,333 from the State General Fund, to shift funding recommended for domestic violence grants from the budget of the Kansas Department of Health and Environment to the Office of the Governor.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Office of the Governor

Bill No. 573

Bill Sec. 5

Analyst: Robinson **Analysis Pg. No.** Vol. 1-388

Budget Page No. 171

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 2,260,532	\$ 2,298,039	\$ 0
Federal Funds	9,209,509	9,217,510	5,900,000
Other Funds	119,179	121,218	0
TOTAL	\$ 11,589,220	\$ 11,636,767	\$ 5,900,000
FTE Positions	39.0	39.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	39.0	39.0	0.0

Agency Request

The FY 2007 budget request for reportable expenditures totals \$11,589,220, a decrease of \$1,486,282 (11.4 percent) below the FY 2006 revised estimate. Most of the reduction (\$1,336,086) is in the amount requested for federal grant funds, based on estimates of available federal funds.

Governor's Recommendation

The **Governor** recommends a total of \$11,636,767 for FY 2007, an increase of \$47,547 above the agency request. The increase is entirely the result of the 2.5 base salary adjustment contained in the Governor's recommendation.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following adjustment:

1. Add \$5.9 million in special revenue funds for FY 2007. The Subcommittee recommends that the Subcommittee on the budget of the Kansas Department of Health and Environment (KDHE) consider the deletion of \$5.9 million in federal domestic violence grant funding recommended by the Governor in the budget of the Kansas Department of Health and Environment and that the same amount be added to the budget of the Office of the Governor. In an effort to provide matching funds for the federal domestic violence grants, the Governor recom-

mended the addition of \$1.6 million from the State General Fund to assist local units of government and other potential grant recipients in accessing \$5.9 million in federal grant funding. Through an apparent oversight, the federal funding was also added to the KDHE budget. Since the other federal domestic violence grant funding is located in the Governor's budget, the Subcommittee believes it would be appropriate to reflect this funding in the budget of the Office of the Governor. Since no other matching funding is reflected in the Governor's budget, however, the Subcommittee believes it is appropriate to keep the State General Fund matching funds in the KDHE budget.

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House Budget Committee Report

Agency: Lieutenant Governor

Bill No. --

Bill Sec. --

Analyst: Robinson **Analysis Pg. No.** Vol. 1-401

Budget Page No. 309

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 178,440	\$ 178,440	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.0	3.0	0.0

Agency Estimate

The **agency's** FY 2006 revised request of \$178,440 reflects a net increase of \$4,432 (2.5 percent) above the amount approved by the 2005 Legislature. This amount reflects an unlimited reappropriation of funding that was available for expenditure, but not expended in FY 2005, which carried forward and is now available for expenditure in FY 2006. The additional expenditures from this unlimited reappropriation are reflected in increased requests for contractual services and commodities, partially offset by a small reduction in salaries and wages.

Governor's Recommendation

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

House Budget Committee Recommendation

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

House Committee Recommendation

The House Committee concurs with the recommendation of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Lieutenant Governor **Bill No. --** **Bill Sec. --**

Analyst: Robinson **Analysis Pg. No.** Vol. 1-401 **Budget Page No.** 309

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 178,440	\$ 178,440	\$ 0
FTE Positions	3.0	3.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.0</u>	<u>3.0</u>	<u>0.0</u>

Agency Estimate

The **agency's** FY 2006 revised request of \$178,440 reflects a net increase of \$4,432 (2.5 percent) above the amount approved by the 2005 Legislature. This amount reflects an unlimited reappropriation of funding that was available for expenditure, but not expended in FY 2005, which carried forward and is now available for expenditure in FY 2006. The additional expenditures from this unlimited reappropriation are reflected in increased requests for contractual services and commodities, partially offset by a small reduction in salaries and wages.

Governor's Recommendation

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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Lieutenant Governor

Bill No. 2968

Bill Sec. 6

Analyst: Robinson

Analysis Pg. No. Vol. 1-401

Budget Page No. 309

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 191,565	\$ 195,198	\$ 0
FTE Positions	3.5	3.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	3.5	3.5	0.0

Agency Request

The FY 2007 **agency** budget request totals \$191,565, an increase of \$13,125 (7.4 percent) above the FY 2006 revised estimate. The request reflects increased salaries and wages for the addition of a new 0.5 FTE Executive Secretary position.

Governor's Recommendation

The **Governor** concurs with the agency's request, with the addition of \$3,633 in FY 2007 pay plan adjustments.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor with the following observations:

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$174,008, all from the State General Fund. The approved budget was reduced by a net total of \$2,443,

all from the State General Fund, to establish a baseline budget for FY 2007. The reductions were entirely in salary adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.**

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 195,198	\$ 195,198
Baseline Budget	171,565	171,565
Dollar Difference	<u>\$ 23,633</u>	<u>\$ 23,633</u>
<i>Percent Difference</i>	12.1%	12.1%

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 3,633	\$ 3,633
New 0.5 FTE Position	20,783	20,783
Other Net Adjustments	(783)	(783)
TOTAL	<u>\$ 23,633</u>	<u>\$ 23,633</u>

3. The Budget Committee notes the addition of a 0.5 FTE Executive Secretary position recommended for the agency. The position, initially funded in the current year with gifts and other private funding, was added to assist the Lieutenant Governor in his role with the Governor's Strategic Military Planning Commission, which was designed to protect Kansas military bases during the Base Realignment and Closure (BRAC) process. The Governor recently created the Governor's Military Council, which is aimed at protecting the gains made by bases in the state under the BRAC recommendations. The Lieutenant Governor requested funding for the position in FY 2007 to allow for continued assistance with this process.
4. The Budget Committee recommends that consideration be given to an evaluation of the salary of the Lieutenant Governor. For a number of years, the state's Lieutenant Governors have served dual roles as cabinet secretaries or agency heads. The full time statutory salary for the Lieutenant Governor, as adjusted for the Governor's recommended FY 2007 pay plan adjustments, is \$30,097. The current Lieutenant Governor also serves as a Special Assistant to the Governor, and is paid approximately \$71,000 related to that role. The Budget Committee is concerned that, while there are sufficient responsibilities for the position to require full time service, the salary authorized for the position is not adequate to address those responsibilities.

House Committee Recommendation

The House Committee concurs with the recommendation of the Budget Committee.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Lieutenant Governor **Bill No.** 573 **Bill Sec.** 6

Analyst: Robinson **Analysis Pg. No.** Vol. 1-401 **Budget Page No.** 309

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 191,565	\$ 195,198	\$ 0
FTE Positions	3.5	3.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>3.5</u>	<u>3.5</u>	<u>0.0</u>

Agency Request

The FY 2007 **agency** budget request totals \$191,565, an increase of \$13,125 (7.4 percent) above the FY 2006 revised estimate. The request reflects increased salaries and wages for the addition of a new 0.5 FTE Executive Secretary position.

Governor's Recommendation

The **Governor** concurs with the agency's request, with the addition of \$3,633 in FY 2007 pay plan adjustments.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Robinson **Analysis Pg. No.** Vol. 1-455

Budget Page No. 353

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 21,843,178	\$ 21,843,178	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Agency Estimate

The **agency** estimates current year operating expenditures of \$21,843,178, an increase of \$2,232,572 or 11.4 percent above the approved amount. The agency estimates FY 2006 State General Fund expenditures of \$643,455, all HAVA matching funds, which reappropriated from FY 2005. The FY 2006 approved budget included no State General Fund expenditures.

- The agency's revised estimate includes HAVA expenditures totaling \$17,530,577, including \$643,455 from the State General Fund that carried forward from FY 2005 as part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's revised FY 2006 estimate is a decrease of \$1 below the approved amount for the regular divisions within the Secretary of State's Office.

Governor's Recommendation

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

House Budget Committee Recommendation

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

House Committee Recommendation

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

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Secretary of State

Bill No. --

Bill Sec. --

Analyst: Robinson

Analysis Pg. No. Vol. 1-455

Budget Page No. 353

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 21,843,178	\$ 21,843,178	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Agency Estimate

The **agency** estimates current year operating expenditures of \$21,843,178, an increase of \$2,232,572 or 11.4 percent above the approved amount. The agency estimates FY 2006 State General Fund expenditures of \$643,455, all HAVA matching funds, which reappropriated from FY 2005. The FY 2006 approved budget included no State General Fund expenditures.

- The agency's revised estimate includes HAVA expenditures totaling \$17,530,577, including \$643,455 from the State General Fund that carried forward from FY 2005 as part of the required state match for the federal grant funds.
- Without HAVA expenditures, the agency's revised FY 2006 estimate is a decrease of \$1 below the approved amount for the regular divisions within the Secretary of State's Office.

Governor's Recommendation

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

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Secretary of State

Bill No. 2968

Bill Sec. 8

Analyst: Robinson **Analysis Pg. No.** Vol. 1-455

Budget Page No. 353

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 5,571,130	\$ 5,628,880	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>54.0</u>	<u>54.0</u>	<u>0.0</u>

Agency Request

The **agency** requests budget year operating expenditures of \$5,571,130, a decrease of \$16,272,048 or 74.5 percent below the revised current year estimate. The agency requests no FY 2007 State General Fund expenditures.

- The request includes HAVA expenditures totaling \$1,245,938, all from federal grant funds.
- Without HAVA expenditures, the agency's FY 2007 request is an increase of \$12,791 or 0.3 percent above the revised current year estimate for the regular divisions within the Secretary of State's Office.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2007 request with the addition of \$57,750 from special revenue funds for pay plan adjustments.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor with the following observations:

- **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the

Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$19,610,606, all from special revenue funds. The approved budget was reduced by a net total of \$15,343,333 all from special revenue funds, to establish a baseline budget for FY 2007. The reductions included \$45,129 in salary adjustments, and \$15,298,204 in one-time adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 0	\$ 5,628,880
Baseline Budget	0	<u>4,267,273</u>
Dollar Difference	<u>\$ 0</u>	<u>\$ 1,361,607</u>
<i>Percent Difference</i>	<i>0.0%</i>	<i>24.2%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 0	\$ 57,750
Help America Vote Act Funding	0	1,248,571
Other Net Adjustments	0	<u>55,286</u>
TOTAL	<u>\$ 0</u>	<u>\$ 1,361,607</u>

3. The Budget Committee notes the agency's continuing request to retain the proceeds from the sale and shipment of the *Session Laws of Kansas*, *Kansas Administrative Regulations (KARs)*, and supplements, and from the shipment of *Kansas Statutes Annotated (KSAs)* and supplements. For FY 2006, it is estimated that the proviso language included in the appropriations bill will result in additional receipts of \$151,718 to the agency's Information Service Fee Fund. Estimated State General Fund receipts will be reduced by the same amount. SB 275, which was introduced during the session to make the change permanent, was not enacted by the 2005 Legislature, but is scheduled to be heard before the Budget Committee in the near future.

House Committee Recommendation

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

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Secretary of State

Bill No. 573

Bill Sec. 8

Analyst: Robinson

Analysis Pg. No. Vol. 1-455

Budget Page No. 353

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 5,571,130	\$ 5,628,880	\$ 0
FTE Positions	54.0	54.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	54.0	54.0	0.0

Agency Request

The **agency** requests budget year operating expenditures of \$5,571,130, a decrease of \$16,272,048 or 74.5 percent below the revised current year estimate. The agency requests no FY 2007 State General Fund expenditures.

- The request includes HAVA expenditures totaling \$1,245,938, all from federal grant funds.
- Without HAVA expenditures, the agency's FY 2007 request is an increase of \$12,791 or 0.3 percent above the revised current year estimate for the regular divisions within the Secretary of State's Office.

Governor's Recommendation

The **Governor** concurs with the agency's FY 2007 request with the addition of \$57,750 from special revenue funds for pay plan adjustments.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following observations:

1. The Subcommittee notes the agency's continuing request to retain the proceeds from the sale and shipment of the *Session Laws of Kansas*, *Kansas Administrative Regulations (KARs)*, and supplements, and from the shipment of *Kansas Statutes Annotated (KSAs)* and supplements. For FY 2006, it is estimated that the proviso language included in the appropriations bill will result in additional receipts of \$151,718 to the agency's Information Service Fee Fund. Estimated State General Fund receipts will be reduced by the same amount. SB 275, which was introduced during the session to make the change permanent, was not enacted by the 2005 Legislature. The Subcommittee recommends that

consideration be given during Omnibus to including a proviso in the FY 2007 appropriation bill should SB 275 not be enacted.

2. The Subcommittee notes the agency's concern with funding to publish proposed Constitutional amendments. Funding totaling \$70,586 from the State General Fund was included in the agency's FY 2005 budget to publish Senate Concurrent Resolution No. 1601 related to same sex marriage. The Subcommittee notes that additional funding could be required for the agency should any proposed Constitutional amendments be approved by the 2006 Legislature.

House Budget Committee Report

Agency: Kansas Insurance Department **Bill No.** 2958

Bill Sec. 25

Analyst: Robinson **Analysis Pg. No.** Vol. 1-438

Budget Page No. 209

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Budget Committee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 21,542,718	\$ 21,386,312	\$ 0
Capital Improvements:			
Special Revenue Funds	122,500	122,500	0
TOTAL	\$ 21,665,218	\$ 21,508,812	\$ 0
FTE Positions	146.7	146.7	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	150.7	150.7	0.0

Agency Estimate

The **agency** estimates current year operating expenditures of \$21,542,718, a decrease of \$843,565 or 3.8 percent below the approved amount. Most of the reduction is the amount requested for payments under the workers' compensation program.

Governor's Recommendation

The **Governor** recommends FY 2006 revised operating expenditures of \$21,386,312, a decrease of \$156,406 (0.7 percent) below the amount estimated by the agency. The only adjustment to the agency's revised estimate is an increase in the agency's shrinkage rate from the 3.5 percent estimated by the agency to 5.4 percent, resulting in the reduction of \$156,406. The Governor also recommends the transfer of an additional \$0.5 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2006, in addition to the \$0.5 million transfer already approved.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor, with the following observation:

1. The Budget Committee notes the agency's concern with the additional shrinkage adjustment recommended by the Governor, and with the transfer of an additional \$500,000 from the Insurance Department Service Regulation Fund to the State

General Fund. The Budget Committee recommends that these issues be reconsidered at Omnibus.

House Committee Recommendation

The House Committee concurs with the recommendation with the Budget Committee, with the following adjustment:

1. Adjust item 1 of the Budget Committee recommendation to delete the additional transfer of \$500,000 from the Insurance Department Service Regulation Fund to the State General Fund.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Insurance Department

Bill No. 570

Bill Sec. 25

Analyst: Robinson

Analysis Pg. No. Vol. 1-209

Budget Page No. 438

Expenditure Summary	Agency Estimate FY 2006	Governor's Recommendation FY 2006	Senate Subcommittee Adjustments
Operating Expenditures:			
Special Revenue Funds	\$ 21,542,718	\$ 21,386,312	\$ 0
Capital Improvements:			
Special Revenue Funds	\$ 122,500	\$ 122,500	\$ 0
TOTAL	<u>\$ 21,665,218</u>	<u>\$ 21,508,812</u>	<u>\$ 0</u>
FTE Positions	146.7	146.7	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	<u>150.7</u>	<u>150.7</u>	<u>0.0</u>

Agency Estimate

The **agency** estimates current year operating expenditures of \$21,542,718, a decrease of \$843,565 or 3.8 percent below the approved amount. Most of the reduction is the amount requested for payments under the workers' compensation program.

Governor's Recommendation

The **Governor** recommends FY 2006 revised operating expenditures of \$21,386,312, a decrease of \$156,406 (0.7 percent) below the amount estimated by the agency. The only adjustment to the agency's revised estimate is an increase in the agency's shrinkage rate from the 3.5 percent estimated by the agency to 5.4 percent, resulting in the reduction of \$156,406. The Governor also recommends the transfer of an additional \$0.5 million from the Insurance Department Service Regulation Fund to the State General Fund in FY 2006, in addition to the \$0.5 million transfer already approved.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor, with the following adjustments and observations:

1. Delete the additional \$500,000 transfer from the Insurance Department Service Regulation Fund to the State General Fund recommended by the Governor in the current year. The Governor's recommendation to the 2005 Legislature included a \$1.0 million transfer from the Insurance Department Service Regulation Fund to the State General Fund. The 2005 Legislature reduced the amount of the transfer to \$500,000. The Governor's revised current year recommendation includes another \$500,000 transfer. The Subcommittee is concerned with the impact these transfers could ultimately have on insurance consumers and sees no reason to adjust the action of the 2005 Legislature on this transfer.
2. The Subcommittee notes the agency's concern with the additional shrinkage adjustment recommended by the Governor, which reduces the agency's budget by \$156,406 and recommends that this issue be reconsidered at Omnibus.

House Budget Committee Report

Agency: Kansas Insurance Department

Bill No. 2968

Bill Sec. 10

Analyst: Robinson

Analysis Pg. No. Vol. 1-209

Budget Page No. 438

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,149,764	\$ 21,128,247	\$ 0
Capital Improvements:			
Special Revenue Funds	<u>99,000</u>	<u>99,000</u>	<u>0</u>
TOTAL	<u>\$ 21,248,764</u>	<u>\$ 21,227,247</u>	<u>\$ 0</u>
FTE Positions	146.7	146.7	0.0
Non FTE Uncl. Perm. Pos.	<u>4.0</u>	<u>4.0</u>	<u>0.0</u>
TOTAL	<u>150.7</u>	<u>150.7</u>	<u>0.0</u>

Agency Request

The **agency** requests budget year operating expenditures of \$21,149,764, a decrease of \$392,954 or 1.8 percent below the revised current year estimate. Most of the reduction is in the request for capital outlay and reflects one-time current year expenditures not expected to reoccur in FY 2007.

Governor's Recommendation

The **Governor** recommends FY 2007 expenditures of \$21,128,247, a decrease of \$258,065 (1.2 percent) below the revised current year estimate, and a net decrease of \$21,517 (0.1 percent) below the agency's request. Increases for the Governor's recommended pay plan adjustments (\$168,704) are offset by the recommended increase in the agency's shrinkage rate from the 3.5 percent requested by the agency to 5.9 percent, generating a reduction of \$190,221. The Governor also recommends an FY 2007 transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund.

House Budget Committee Recommendation

The House Budget Committee concurs with the recommendations of the Governor with the following observations:

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and

statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$22,471,283, all from special revenue funds. The approved budget was reduced by a net total of \$1,028,495 all from special revenue funds, to establish a baseline budget for FY 2007. The reductions included \$128,495 in salary adjustments and \$900,000 in one-time adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.**
The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 0	\$ 21,227,247
Baseline Budget	0	21,442,788
Dollar Difference	<u>\$ 0</u>	<u>\$ (215,241)</u>
<i>Percent Difference</i>	<i>0.0%</i>	<i>(1.0)%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 0	\$ 168,704
Shrinkage/Salary Adjustments	0	(71,806)
Capital Outlay Expenditures	0	(400,500)
Debt Service Payments	0	75,000
Capital Improvements Projects	0	(23,500)
Other Net Adjustments	0	36,561
TOTAL	<u>\$ 0</u>	<u>\$ (215,541)</u>

3. The Budget Committee notes the agency's concern with the additional shrinkage adjustment recommended by the Governor (from the 3.5 percent requested by the agency to 5.9 percent), and with the transfer of \$1,000,000 from the Insurance Department Service Regulation Fund to the State General Fund in FY 2007. The Budget Committee recommends that these issues be reconsidered at Omnibus.

House Committee Recommendation

The House Committee concurs with the recommendations of the Budget Committee with the following adjustment:

1. Amend item 3 of the Budget Committee report to delete the Governor's recommended transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund.

House Committee of the Whole Recommendation

The House Committee of the Whole has not yet considered this budget.

Senate Subcommittee Report

Agency: Kansas Insurance Department **Bill No.** 573 **Bill Sec.** 10
Analyst: Robinson **Analysis Pg. No.** Vol. 1-209 **Budget Page No.** 438

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 21,149,764	\$ 21,128,247	\$ 0
Capital Improvements:			
Special Revenue Funds	99,000	99,000	0
TOTAL	\$ 21,248,764	\$ 21,227,247	\$ 0
FTE Positions	146.7	146.7	0.0
Non FTE Uncl. Perm. Pos.	4.0	4.0	0.0
TOTAL	150.7	150.7	0.0

Agency Request

The **agency** requests budget year operating expenditures of \$21,149,764, a decrease of \$392,954 or 1.8 percent below the revised current year estimate. Most of the reduction is in the request for capital outlay and reflects one-time current year expenditures not expected to reoccur in FY 2007.

Governor's Recommendation

The **Governor** recommends FY 2007 expenditures of \$21,128,247, a decrease of \$258,065 (1.2 percent) below the revised current year estimate, and a net decrease of \$21,517 (0.1 percent) below the agency's request. Increases for the Governor's recommended pay plan adjustments (\$168,704) are offset by the recommended increase in the agency's shrinkage rate from the 3.5 percent requested by the agency to 5.9 percent, generating a reduction of \$190,221. The Governor

also recommends an FY 2007 transfer of \$1.0 million from the Insurance Department Service Regulation Fund to the State General Fund.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the recommendations of the Governor with the following adjustments and observations:

1. Delete the \$1.0 million transfer from the Insurance Department Service Regulation Fund to the State General Fund recommended by the Governor in FY 2007. The Subcommittee is concerned with the impact these transfers could ultimately have on insurance consumers.
2. The Subcommittee notes the agency's concern with the additional shrinkage adjustment recommended by the Governor, which reduces the agency's budget by \$190,221 and recommends that this issue be reconsidered at Omnibus.

House Budget Committee Report

Agency: Health Care Stabilization Fund Board of Governors **Bill No.**

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. I-623

Budget Page No. 185

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	General Government Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	34,134,119	34,134,119	0
TOTAL	\$ 34,134,119	\$ 34,134,119	\$ 0
FTE Positions	17.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	17.0	16.0	0.0

Agency Estimate

The **agency's** revised FY 2006 expenditure request of \$34,134,119 is an increase of \$4,955,517 or 17.0 percent above the amount approved by the 2005 Legislature. The amount requested for the Administrative operating program is \$1,294,111, an increase of \$145,815 or 12.7 percent above the approved amount. Of this difference, \$135,685 is for Kansas Savings Incentive Program (KSIP) expenditures for miscellaneous capital outlay items and \$10,130 for increases in other operating expenses. The remainder of the difference is an increase in estimated costs in the Claims program which is subject to a no-limit appropriation for claims payments, associated legal fees and other items directly related to the payment of claims. The FY 2006 estimate includes a new 1.0 FTE Legal Assistant position that will be funded from existing resources.

Governor's Recommendation

The **Governor** concurs with the agency expenditure estimate but does not recommend the new 1.0 FTE Legal Assistant position.

House Budget Committee Recommendation

The House General Government and Commerce Budget Committee concurs with the Governor's recommendation.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Health Care Stabilization Fund Board of Governors **Bill No.**

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. I-623

Budget Page No. 185

Expenditure Summary	Agency Estimate FY 06	Governor's Recommendation FY 06	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	34,134,119	34,134,119	0
TOTAL	\$ 34,134,119	\$ 34,134,119	\$ 0
FTE Positions	17.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	17.0	16.0	0.0

Agency Estimate

The **agency's** revised FY 2006 expenditure request of \$34,134,119 is an increase of \$4,955,517 or 17.0 percent above the amount approved by the 2005 Legislature. The amount requested for the Administrative operating program is \$1,294,111, an increase of \$145,815 or 12.7 percent above the approved amount. Of this difference, \$135,685 is for Kansas Savings Incentive Program (KSIP) expenditures for miscellaneous capital outlay items and \$10,130 for increases in other operating expenses. The remainder of the difference is an increase in estimated costs in the Claims program which is subject to a no-limit appropriation for claims payments, associated legal fees and other items directly related to the payment of claims. The FY 2006 estimate includes a new 1.0 FTE Legal Assistant position that will be funded from existing resources.

Governor's Recommendation

The **Governor** concurs with the agency expenditure estimate but does not recommend the new 1.0 FTE Legal Assistant position.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: Health Care Stabilization Fund Board of Governors **Bill No.**

Bill Sec.

Analyst: Kannarr

Analysis Pg. No. Vol. I-623

Budget Page No. 185

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Budget Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	34,031,357	34,017,453	0
TOTAL	\$ 34,031,357	\$ 34,017,453	\$ 0
FTE Positions	17.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	17.0	16.0	0.0

Agency Request

The **agency's** FY 2007 budget request for the Administrative operating program is \$1,191,349, a decrease of \$102,762 or 7.9 percent below the revised FY 2006 estimate. This change represents the entire decrease in requested expenditures for the agency. The total budget request is \$34,031,357 including a no-limit Claims program budget of \$32,840,008, the same amount as in FY 2006. The agency request includes an enhancement package of \$33,341 for continuation of the new legal assistant position requested for FY 2006. The request also includes an increase of \$17,713 in Salaries and Wages, an increase in Contractual Services of \$15,210, and a decrease in Capital Outlay of \$135,685.

Governor's Recommendation

The **Governor** recommends expenditures of \$34,017,453 including \$1,177,445 for Administrative operations. The recommendation is a decrease of \$13,904 (0.04 percent) below the agency request. The Governor does not recommend the requested 1.0 FTE Legal Assistant position requested by the agency. The Governor recommends \$19,437 for a 2.5 percent base salary adjustment which is offset by a decrease due to the absence of the 27th payroll period which occurred in FY 2006.

House Budget Committee Recommendation

The House General Government and Commerce Budget Committee concurs with the Governor's recommendation with the following exception:

- FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006,

annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$29,178,602 all from special revenue funds, including \$1,148,296 for the Administrative program. The approved budget was reduced by a net total of \$15,668 in special revenue funds to establish a baseline budget for FY 2007. The reductions were entirely in salary adjustments. The Claims portion of the budget is a no-limit appropriation for claims payments, associated legal fees and other items directly related to the payment of claims from the Fund.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 0	\$ 34,017,453
Baseline Budget	0	29,162,934
Dollar Difference	\$ 0	\$ 4,854,519
<i>Percent Difference</i>	-	(14.3)%

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 0	\$ 19,437
DISC Fees	0	15,210
Cost Changes for Other Oper. Expend.	0	10,770
Estimate for Claims Based on Actuarial Estimate and Actual Experience in FY 2005	0	4,809,102
TOTAL	\$ 0	\$ 4,854,519

3. The Budget Committee recommends a review at Omnibus of the agency's request for \$33,342 from special revenue funds and 1.0 FTE for a new legal assistant position.

House Committee Recommendation

The House Committee concurs with the Budget Committee recommendation.

Senate Subcommittee Report

Agency: Health Care Stabilization Fund **Bill No.**
Board of Governors

Bill Sec.

Analyst: Kannarr **Analysis Pg. No.** Vol. I-623

Budget Page No. 185

Expenditure Summary	Agency Request FY 07	Governor's Recommendation FY 07	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	0
Other Funds	34,031,357	34,017,453	0
TOTAL	\$ 34,031,357	\$ 34,017,453	\$ 0
FTE Positions	17.0	16.0	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	17.0	16.0	0.0

Agency Request

The **agency's** FY 2007 budget request for the Administrative operating program is \$1,191,349, a decrease of \$102,762 or 7.9 percent below the revised FY 2006 estimate. This change represents the entire decrease in requested expenditures for the agency. The total budget request is \$34,031,357 including a no-limit Claims program budget of \$32,840,008, the same amount as in FY 2006. The agency request includes an enhancement package of \$33,341 for continuation of the new legal assistant position requested for FY 2006. The request also includes an increase of \$17,713 in Salaries and Wages, an increase in Contractual Services of \$15,210, and a decrease in Capital Outlay of \$135,685.

Governor's Recommendation

The **Governor** recommends expenditures of \$34,017,453 including \$1,177,445 for Administrative operations. The recommendation is a decrease of \$13,904 (0.04 percent) below the agency request. The Governor does not recommend the requested 1.0 FTE Legal Assistant position requested by the agency. The Governor recommends \$19,437 for a 2.5 percent base salary adjustment which is offset by a decrease due to the absence of the 27th payroll period which occurred in FY 2006.

Senate Subcommittee Recommendation

The Subcommittee concurs with the Governor's recommendation with the following exception:

1. The Subcommittee recommends a review at Omnibus of the agency's request for \$33,342 from special revenue funds and 1.0 FTE for a new legal assistant position. The Subcommittee was informed that the number of cases and claims

handled by the office has increased approximately 63 percent since the beginning of FY 2001 and that no new positions have been added to the agency since its separation from the Insurance Department in 1995.

House Budget Committee Report

Agency: Attorney General

Bill No. HB 2958

Bill Sec. 23

Analyst: Rampey

Analysis Pg. No. Vol. I-373

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 6,071,122	\$ 6,071,122	\$ 0
Other Funds	11,098,594	11,098,594	0
TOTAL	<u>\$ 17,169,716</u>	<u>\$ 17,169,716</u>	<u>\$ 0</u>
FTE Positions	94.5	94.5	-
Non FTE Uncl. Perm. Pos.	15.0	15.0	-
TOTAL	<u>109.5</u>	<u>109.5</u>	<u>-</u>

Agency Estimate

The **Attorney General** estimates expenditures from the State General Fund of \$6,071,122, which includes balances of \$55,999 reappropriated from FY 2005. Funding from all other funds exceeds the approved amount by \$748,980 and is the result of additional funding becoming available after the 2005 Legislature adjourned. For example, the Attorney General received a federal grant totaling \$530,164 for a Project Safe Neighbor Grant which involves coordinating the efforts of federal, state, and local entities in prosecuting and working to limit gun crimes. The Attorney General also received \$123,330 in federal funds for a COPS Technology Grant to purchase equipment needed to help educate, investigate, prosecute, and prevent white collar crimes in Kansas.

Governor's Recommendation

The **Governor** concurs with the Attorney General's estimate of expenditures for FY 2006, but lapses \$18,573 in available funding from the State General Fund which the Attorney General had not budgeted to spend but had intended to carry forward to FY 2007.

Budget Committee Recommendations

The Budget Committee concurs with the recommendations of the Governor.

Committee Recommendations

The Committee concurs with the recommendations of the Budget Committee.

Senate Subcommittee Report

Agency: Attorney General

Bill No. SB 570

Bill Sec. 23

Analyst: Rampey

Analysis Pg. No. Vol. I-373

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Estimate FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 6,071,122	\$ 6,071,122	\$ 0
Other Funds	11,098,594	11,098,594	0
TOTAL	<u>\$ 17,169,716</u>	<u>\$ 17,169,716</u>	<u>\$ 0</u>
 FTE Positions	 94.5	 94.5	 -
Non FTE Uncl. Perm. Pos.	15.0	15.0	-
TOTAL	<u>109.5</u>	<u>109.5</u>	<u>-</u>

Agency Estimate

The **Attorney General** estimates expenditures from the State General Fund of \$6,071,122, which includes balances of \$55,999 reappropriated from FY 2005. Funding from all other funds exceeds the approved amount by \$748,980 and is the result of additional funding becoming available after the 2005 Legislature adjourned. For example, the Attorney General received a federal grant totaling \$530,164 for a Project Safe Neighbor Grant which involves coordinating the efforts of federal, state, and local entities in prosecuting and working to limit gun crimes. The Attorney General also received \$123,330 in federal funds for a COPS Technology Grant to purchase equipment needed to help educate, investigate, prosecute, and prevent white collar crimes in Kansas.

Governor's Recommendation

The **Governor** concurs with the Attorney General's estimate of expenditures for FY 2006, but lapses \$18,573 in available funding from the State General Fund which the Attorney General had not budgeted to spend but had intended to carry forward to FY 2007.

Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor.

House Budget Committee Report

Agency: Attorney General

Bill No. HB 2968

Bill Sec. 7

Analyst: Rampey

Analysis Pg. No. Vol. I-373

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>Budget Committee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,882,015	\$ 4,759,220	\$ 76,692
Other Funds	11,393,549	10,972,483	0
TOTAL	<u>\$ 16,275,564</u>	<u>\$ 15,731,703</u>	<u>\$ 76,692</u>
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	15.0	15.0	0.0
TOTAL	<u>109.5</u>	<u>109.5</u>	<u>0.0</u>

Agency Request

The **Attorney General** requests a total of \$16,275,564, of which \$4,882,015 is from the State General Fund. The requested amount includes \$560,000 from the Attorney General's Interstate Water Litigation Fund for water litigation activities involving Colorado.

Governor's Recommendation

The **Governor** recommends expenditures of \$15,731,703 in FY 2007, of which \$4,759,220 is from the State General Fund. The Governor's recommendation includes \$280,000 from the State General Fund for water litigation activities. The Governor's recommendation also includes \$124,269, of which \$77,154 is from the State General Fund, for a 2.5 percent base salary adjustment for classified employees and a 2.5 percent merit pool for unclassified employees.

Budget Committee Recommendations

The Budget Committee concurs with the recommendations of the Governor, with the following exceptions and observations:

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the

Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For the Attorney General, the FY 2006 approved budget totaled \$16,364,737, including \$6,015,123 from the State General Fund. The approved budget was reduced by a net total of \$690,798, including \$669,942 from the State General Fund to establish a baseline budget for FY 2007. The reductions included \$78,298 in salary adjustments and \$612,500 in one-time adjustments.

2. Comparison of FY 2007 Baseline Budget to Governor's Recommendation.

The table below reflects the difference between the Governor's recommendation and the baseline budget.

	SGF	All Funds
Governor's Recommendation	\$ 4,759,220	\$ 15,731,703
Baseline Budget	<u>5,345,181</u>	<u>15,673,940</u>
Dollar Difference	<u>\$ (585,961)</u>	<u>\$ 57,763</u>
<i>Percent Difference</i>	<i>(12.3)%</i>	<i>0.4%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	SGF	All Funds
Base Salary Adjustment	\$ 77,154	\$ 124,269
Colorado Water Money	(630,000)	(630,000)
Tort Claims Fund Expenditures	0	400,426
Crime Victims Assistance Grants	0	328,814
Antitrust Special Revenue Fund Expenditures	0	217,259
Court Cost Fund Expenditures	0	(404,227)
Other Net Adjustments	<u>(33,115)</u>	<u>21,222</u>
TOTAL	<u>\$ (585,961)</u>	<u>\$ 57,763</u>

The difference for the Colorado water money is that the approved FY 2006 budget included significantly more money than recommended by the Governor for FY 2007 (\$910,000 in FY 2006 compared to \$280,000 recommended for FY 2007). The remaining differences are increased expenditures from various special revenue funds in the Governor's FY 2007 recommendation, offset by reduced expenditures from the Court Cost Fund.

3. Add \$76,692 from the State General Fund to replace federal funding from a Byrne Grant which the Attorney General believes will not be renewed for FY 2007. The money would be for the salaries of 2.0 FTE current employees (an attorney and a paralegal) who are assigned to non-capital homicide cases. (The Governor recommends that salaries for the two positions be paid from the State General Fund but increases shrinkage from the State General Fund by \$76,692 so that no additional funding is added.)
4. Consider the following items in the Omnibus Bill, which are listed in the Attorney General's order of priority:

- a. \$136,439, of which \$103,980 is from the State General Fund, for the second and final year of an initiative to raise the salaries of 28 unclassified attorneys so that they are comparable to attorneys in the state's classified service.
- b. \$124,277 from the State General Fund for the second year of a three-year plan to shift funding for salaries in the Consumer Protection Division from the Court Cost Fund to the State General Fund.
- c. \$175,000 from the State General Fund for the Young Kansans-Safe Kids Program.
- d. An additional \$280,000 for Colorado water litigation activities, for a total of \$560,000. The Attorney General also would like for the appropriation to be from a special revenue fund, not from the State General Fund.

Committee Recommendations

The Committee concurs with the recommendations of the Budget Committee, with the following exceptions:

1. Consider the contents of 2006 HB 2797 in the Omnibus Bill. HB 2797 would establish a statewide workers' compensation fraud and abuse telephone hotline in the Attorney General's Office and create the position of Workers Compensation Fraud and Abuse Investigator.
 2. Regarding the recommendation to add \$76,692 from the State General Fund to replace Byrne grant funding which may be terminated (item 3 in the Budget Committee's report), add a proviso to the appropriation stipulating that, in the event that the Byrne grant is received, funding from the State General Fund in an amount equal to the Byrne grant would be lapsed.
 3. Appropriate \$560,000 from the Interstate Water Litigation Fund, a special revenue fund under the jurisdiction of the Attorney General, for Colorado water litigation activities. To implement this recommendation, it would be necessary to transfer \$560,000 from the State General Fund to the Interstate Water Litigation Fund. In addition, delete \$280,000 from the State General Fund recommended by the Governor for Colorado water litigation activities.
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Senate Subcommittee Report

Agency: Attorney General

Bill No. SB 573

Bill Sec. 7

Analyst: Rampey

Analysis Pg. No. Vol. I-373

Budget Page No. 65

<u>Expenditure Summary</u>	<u>Agency Request FY 2007</u>	<u>Governor's Recommendation FY 2007</u>	<u>Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 4,882,015	\$ 4,759,220	\$ 304,949
All Other Funds	11,393,549	10,972,483	592,459
TOTAL	<u>\$ 16,275,564</u>	<u>\$ 15,731,703</u>	<u>\$ 897,408</u>
FTE Positions	94.5	94.5	0.0
Non FTE Uncl. Perm. Pos.	15.0	15.0	0.0
TOTAL	<u>109.5</u>	<u>109.5</u>	<u>0.0</u>

Agency Request

The **Attorney General** requests a total of \$16,275,564, of which \$4,882,015 is from the State General Fund. The requested amount includes \$560,000 from the Attorney General's Interstate Water Litigation Fund for water litigation activities involving Colorado.

Governor's Recommendation

The **Governor** recommends expenditures of \$15,731,703 in FY 2007 of which \$4,759,220 is from the State General Fund. The Governor's recommendation includes \$280,000 from the State General Fund for water litigation activities. The Governor's recommendation also includes \$124,269, of which \$77,154 is from the State General Fund, for a 2.5 percent base salary adjustment for classified employees and a 2.5 percent merit pool for unclassified employees.

Subcommittee Recommendations

The Subcommittee concurs with the recommendations of the Governor, with the following exceptions:

1. Add \$136,439, of which \$103,980 is from the State General Fund, for the second and final year of a plan to make salaries of the attorneys in the Attorney General's Office comparable to salaries of attorneys in other state agencies.
2. Add \$124,277 from the State General Fund for the second of a three-year plan to shift salaries in the Consumer Protection Division from the Court Cost Fund to the State General Fund.

3. Appropriate \$560,000 for Colorado water litigation activities from the Interstate Water Litigation Fund, a special revenue fund under the jurisdiction of the Attorney General. To provide a revenue source, transfer \$560,000 to the fund from the Interstate Water Litigation Account of the State General Fund. The latter is the "lockbox" into which payments from Colorado were credited at the end of the 2005 Session. Finally, delete \$280,000 from the State General Fund recommended by the Governor for Colorado water litigation activities, which no longer would be necessary under the Subcommittee's recommendation.
4. Add \$76,692 from the State General Fund to replace federal funding from a Byrne Grant which the Attorney General believes will not be renewed for FY 2007. The money would be for the salaries of 2.0 FTE current employees (an attorney and a paralegal) who are assigned to non-capital homicide cases. (The Governor recommends that salaries for the two positions be paid from the State General Fund but increases shrinkage from the State General Fund by \$76,692 so that no additional funding is added.) Add a proviso to the appropriation stipulating that, in the event that the Byrne grant is received, funding from the State General Fund in an amount equal to the Byrne grant would be lapsed.
5. Consider the request for \$175,000 from the State General Fund for the Young Kansans—Safe Kids Program in the Omnibus Bill.

House Budget Committee Report

Agency: State Treasurer

Bill No. HB 2958

Bill Sec. 24

Analyst: Spurgin

Analysis Pg. No. Vol. I-471

Budget Page No. 407

Expenditure Summary	Agency Est. FY 2006	Governor's Recommendation FY 2006	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	11,618,348	11,618,348	0
TOTAL	\$ 11,618,348	\$ 11,318,648	
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Estimate

The **agency's** current year estimate of **reportable** expenditures is \$11,618,348, an increase of \$46,239 (0.4 percent) above the approved budget. The Legislature did not recommend restoration of local aid payments from the LAVTRF or CCRSF. The estimate includes funding for 27 payroll periods.

Nonreportable Budget. The **agency** estimates a current year **nonreportable** operating budget of \$1,554,895. The approved budget did not include a separate nonreportable budget. The approved agency financing from cash management and voucher processing fees is reported in other state agency budgets as reportable expenditures.

Governor's Recommendation

The **Governor** concurs with the agency's estimate of current year expenditures.

House Budget Committee Recommendation

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

House Committee Recommendation

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

Senate Subcommittee Report

Agency: State Treasurer

Bill No. SB 570

Bill Sec. 24

Analyst: Spurgin

Analysis Pg. No. Vol. I-471

Budget Page No. 407

<u>Expenditure Summary</u>	<u>Agency Est. FY 2006</u>	<u>Governor's Recommendation FY 2006</u>	<u>Senate Subcommittee Adjustments</u>
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	11,618,348	11,618,348	0
TOTAL	<u>\$ 11,618,348</u>	<u>\$ 11,318,648</u>	<u>0</u>
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	<u>55.5</u>	<u>55.5</u>	<u>0.0</u>

Agency Estimate

The **agency's** current year estimate of **reportable** expenditures is \$11,618,348, an increase of \$46,239 (0.4 percent) above the approved budget. The Legislature did not recommend restoration of local aid payments from the LAVTRF or CCRSF. The estimate includes funding for 27 payroll periods.

Nonreportable Budget. The **agency** estimates a current year **nonreportable** operating budget of \$1,554,895. The approved budget did not include a separate nonreportable budget. The approved agency financing from cash management and voucher processing fees is reported in other state agency budgets as reportable expenditures.

Governor's Recommendation

The **Governor** concurs with the agency's estimate of current year expenditures.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation.

House Budget Committee Report

Agency: State Treasurer

Bill No. 2968

Bill Sec. 9

Analyst: Spurgin

Analysis Pg. No. Vol. I-471

Budget Page No. 407

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	House Budget Committee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	134,101,053	13,041,058	(1,568,466)
TOTAL	\$ 134,101,053	\$ 13,041,058	\$ (1,568,466)
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Request

The **agency** requests a FY 2007 **reportable** operating budget of \$134,101,053, a net increase of \$122,482,705 (1,054.2 percent) above the revised current year request. The request includes the restoration of LAVTRF and CCRSF payments, estimated at \$70,422,000 and \$52,254,000 respectively, for a total of \$122,676,000. Excluding the LAVTRF and CCRSF payments, the requested budget is \$11,425,053, which is a decrease of \$193,295 (1.7 percent) below the agency's FY 2006 revised estimate. The request includes funding for 26 payroll periods.

Nonreportable Budget. The **agency** requests a FY 2007 **nonreportable** budget of \$1,561,488, an increase of \$6,593 (0.4 percent) above the revised current year estimate.

Governor's Recommendation

The **Governor** recommends a FY 2007 **reportable** operating budget of \$13,041,058, an increase of \$1,422,710 (12.2 percent) above the FY 2006 estimate. The Governor does not recommend the restoration of LAVTRF and CCRSF payments. The Governor's recommendation for the reportable budget includes expenditures the agency requested on the nonreportable budget. The Governor recommends that these operating expenditures in the agency's administration and cash management program be funded through a fee on unclaimed property, which would make these expenditures reportable. The recommendation includes funding for 26 payroll periods.

Nonreportable Budget. The **Governor** does not recommend a nonreportable budget.

House Budget Committee Recommendation

The House Budget Committee concurs with the Governor's recommendation with the following adjustments and observations.

1. **FY 2007 Baseline Budget.** To establish a baseline FY 2007 budget, the FY 2006 budget, as approved by the 2005 Legislature, was adjusted to reflect salary adjustments (removal of the 27th payroll period funding included in FY 2006, annualization of the FY 2006 phased in 2.5 percent base salary adjustment and statutorily required adjustments for Kansas Public Employees Retirement System (KPERS) rates, KPERS death and disability insurance, and longevity). In addition, adjustments were made for required debt service payments, revenue transfers, and consensus items including school finance funding and caseload estimates for the Department of Social and Rehabilitation Services, the Department of Administration, the Department on Aging, and the Board of Indigents' Defense Services. Finally, adjustments were made for one-time items which impact specific agency budgets.

For this agency, the FY 2006 approved budget totaled \$11,572,109. The approved budget was reduced by a net total of \$267,289 to establish a baseline budget for FY 2007. The reductions included \$38,043 in salary adjustments, and \$240,000 in one-time adjustments.

2. **Comparison of FY 2007 Baseline Budget to Governor's Recommendation.** The table below reflects the difference between the Governor's recommendation and the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Governor's Recommendation	\$ 0	\$ 13,041,058
Baseline Budget	<u>0</u>	<u>11,304,820</u>
Dollar Difference	<u>\$ 0</u>	<u>\$ 1,736,238</u>
<i>Percent Difference</i>	<i>0.0%</i>	<i>15.4%</i>

The following table reflects items included in the Governor's recommendation which differ from the baseline budget.

	<u>SGF</u>	<u>All Funds</u>
Base Salary Adjustment	\$ 0	\$ 37,539
Shift funding for Administration and Cash Management Programs to the Unclaimed Property Fee Fund	0	1,568,466
Other Net Adjustments	<u>0</u>	<u>130,233</u>
TOTAL	<u>\$ 0</u>	<u>\$ 1,736,238</u>

3. Delete \$1,568,466 from the Governor's recommendation. This removes the operating expenditures that the Governor recommended funding through fees on unclaimed property. The House Budget Committee recommends that financing of \$1,568,466 be funded through the Services Reimbursement Fund through the collection of cash management and voucher processing fees. Since the Budget Committee recommends that this amount be funded in this manner, these expenditures would be moved to the non-reportable budget. The Budget Committee does not recommend funding the agency through fees charged on unclaimed property. The Budget Committee notes that testimony was heard that a fee of 23.0 percent on unclaimed property would be necessary to raise

sufficient revenue to fund these operations through the fee on unclaimed property. This shift of funding would also move 17.1 FTE positions to the non-reportable budget, but would not change the overall FTE count for the agency.

House Committee Recommendation

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

Senate Subcommittee Report

Agency: State Treasurer **Bill No.** SB 573 **Bill Sec.** 9

Analyst: Spurgin **Analysis Pg. No.** Vol. I-471 **Budget Page No.** 407

Expenditure Summary	Agency Request FY 2007	Governor's Recommendation FY 2007	Senate Subcommittee Adjustments
Operating Expenditures:			
State General Fund	\$ 0	\$ 0	\$ 0
Other Funds	134,101,053	13,041,058	(1,577,466)
TOTAL	\$ 134,101,053	\$ 13,041,058	\$ (1,577,466)
FTE Positions	55.5	55.5	0.0
Non FTE Uncl. Perm. Pos.	0.0	0.0	0.0
TOTAL	55.5	55.5	0.0

Agency Request

The **agency** requests a FY 2007 **reportable** operating budget of \$134,101,053, a net increase of \$122,482,705 (1,054.2 percent) above the revised current year request. The request includes the restoration of LAVTRF and CCRSF payments, estimated at \$70,422,000 and \$52,254,000 respectively, for a total of \$122,676,000. Excluding the LAVTRF and CCRSF payments, the requested budget is \$11,425,053, which is a decrease of \$193,295 (1.7 percent) below the agency's FY 2006 revised estimate. The request includes funding for 26 payroll periods.

Nonreportable Budget. The **agency** requests a FY 2007 **nonreportable** budget of \$1,561,488, an increase of \$6,593 (0.4 percent) above the revised current year estimate.

Governor's Recommendation

The **Governor** recommends a FY 2007 **reportable** operating budget of \$13,041,058, an increase of \$1,422,710 (12.2 percent) above the FY 2006 estimate. The Governor does not recommend the restoration of LAVTRF and CCRSF payments. The Governor's recommendation for the reportable budget includes expenditures the agency requested on the nonreportable budget. The Governor recommends that these operating expenditures in the agency's administration and

cash management program be funded through a fee on unclaimed property, which would make these expenditures reportable. The recommendation includes funding for 26 payroll periods.

Nonreportable Budget. The **Governor** does not recommend a nonreportable budget.

Senate Subcommittee Recommendation

The Senate Subcommittee concurs with the Governor's recommendation with the following adjustments and observations:

1. Delete \$1,577,466 from the Governor's recommendation. This removes the operating expenditures that the Governor recommended funding through fees on unclaimed property. The Senate Subcommittee recommends that financing of \$1,577,466 be funded through the Services Reimbursement Fund through the collection of cash management and voucher processing fees. Since the Subcommittee recommends that this amount be funded in this manner, these expenditures would be moved to the non-reportable budget. The Subcommittee does not recommend funding the agency through fees charged on unclaimed property. The Subcommittee notes that testimony was heard that a fee of 23.0 percent on unclaimed property would be necessary to raise sufficient revenue to fund these operations through the fee on unclaimed property. This shift of funding would also move 17.1 FTE positions to the non-reportable budget, but would not change the overall FTE count for the agency.