

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Dwayne Umbarger at 10:30 A.M. on January 24, 2008, in Room 123-S of the Capitol.

All members were present except:
Senator Jay Emler - excused

Committee staff present:
Jill Wolters, Senior Assistant, Revisor of Statutes
Alan Conroy, Director, Kansas Legislative Research Department
Kristen Clarke Kellems, Assistant Revisor of Statutes
Jason Long, Revisor of Statutes Office
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Julian Efir, Kansas Legislative Research Department
Reed Holwegner, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Melinda Gaul, Chief of Staff, Senate Ways & Means
Mary Shaw, Committee Assistant

Conferees appearing before the committee:
None

Others attending:
See attached list.

Bill Introductions

The Chairman recognized the following individuals:

Doug Smith requested introduction of a bill that would create a housing trust fund in regard to the disaster housing. Senator Teichman moved, with a second by Senator Kelly, to introduce the bill. Motion carried on a voice vote.

Dan Murray requested introduction of a bill on behalf of the Kansas Healthcare Association regarding provider assessment fees. Senator Taddiken moved, with a second by Senator Goodwin, to introduce the bill. Motion carried on a voice vote.

Chairman Umbarger requested consideration of a bill on behalf of Jane Rhys, Ph.D., SRS, in regard to respite care programs. Senator Teichman moved, with a second by Senator Kelly, to introduce the bill. Motion carried on a voice vote.

The Chairman turned the Committee's attention to discussion of:

SB 417--Establishing a housing development grant program; waiving certain requirements for rural housing incentive district creation

Jason Long, Revisor of Statutes Office, detailed the changes to the bill contained in a balloon amendment (Attachment 1). The hearing on **SB 417** was held on January 18, 2008. Committee questions and discussion followed.

CONTINUATION SHEET

MINUTES OF THE Senate Ways and Means Committee at 10:30 A.M. on January 24, 2008, in Room 123-S of the Capitol.

Senator Kelly moved, with a second by Senator Wysong, to amend **SB 417** to change the \$4.0 million financing from the State Gaming Revenue Fund to the State General Fund in FY 2008 and to the Expanded Lottery Act Revenues Fund in FY 2009 and subsequent years. Motion carried on a voice vote.

Senator V. Schmidt moved, with a second by Senator Teichman, to adopt the balloon amendment as presented. Motion carried on a voice vote.

Senator Taddiken moved, with a second by Senator McGinn, to place a sunset on the bill in 2015. Motion failed by a voice vote.

Senator Teichman moved, with a second by Senator Betts, to recommend **SB 417** favorable for passage as amended. Motion carried on a roll call vote.

The Chairman recognized J. G. Scott, Chief Fiscal Analyst, Kansas Legislative Research Department, who presented an overview of the FY 2009 Governor's Budget Report (Attachment 2). The Fiscal Analysts provided updates on the following items:

- Children's Initiatives Fund, FY 2007 - FY 2009 (Attachment 3).
- Economic Development Initiatives Fund (EDIF), FY 2007-FY 2009 (Attachment 4).
- State Water Plan Fund (Attachment 5).
- Expanded Lottery Act Revenues Fund, FY 2008 - FY 2009 (Attachment 6). Additional information was distributed regarding the Expanded Lottery Act Revenues Fund (Attachment 7).
- Status of State Building Funds (Attachment 8).

Subcommittee assignments for 2008 were distributed to the Committee (Attachment 9). Copies of Senate Subcommittee reminders were also distributed (Attachment 10).

Chairman Umbarger expressed an apology to Barry Greis, Statehouse Architect, that due to time constraints his presentation would be rescheduled.

The meeting adjourned at 12:00 p.m. The next meeting was scheduled for January 25, 2008.

**SENATE WAYS AND MEANS
GUEST LIST**

Date January 24, 2008

NAME	REPRESENTING
Citrick Shirley	Sumner & Deacon
Mark J. Cook	DOA / DFM
Bobbie L. Tyler	City of Emporia
Barb Conant	Ks Dept on Aging
Doug Smith	LISC of Grtr. KC
Richard Smurigo	King Assoc.
Dodie Wellbear	USA/KS
MARK BORANGI K	Capitol Strategies
Tom Kutz	KASB
AM [unclear]	SKIL
Juni Rose	KCSL
Marge Petty	KCC
JAY KRAMER	CARTER GROUP
Emily Ginn	Hein Law Firm, Chartered
Lois Weeks	SRS
Julia Thomas	DOB
Gina Perrod	DOB
Jeff Arpin	Division of the Budget
John Bealman	Pinegar, Smith & Assoc.
Jason Darland	Pinegar, Smith & Assoc.
Joe Ford	KWO
Mike Hammond	ACMHC
Kyle Kenler	KVC
Wm. H. [unclear]	Leg CITO
[unclear]	ICD HE

SENATE BILL No. 417

By Committee on Ways and Means

1-14

9 AN ACT concerning rural housing; creating the housing development
10 grant program; exempting certain cities from certain requirements for
11 rural housing incentive district financing; amending K.S.A. 12-5246
12 and K.S.A. 2007 Supp. 12-5242, 79-4803 and 79-4804 and repealing
13 the existing sections.

79-4801,

14

15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. K.S.A. 2007 Supp. 12-5242 is hereby amended to read as
17 follows: 12-5242. *Except as otherwise provided, as used in the rural hous-*
18 *ing incentive district act K.S.A. 12-5241 through 12-5251 and sections 3*
19 *through 9, and amendments thereto, the following words and phrases*
20 *shall have the following meanings unless a different meaning clearly ap-*
21 *pears from the context:*

22 (a) "City" means any city incorporated in accordance with Kansas law
23 with a population of less than 40,000 in a county with a population of less
24 than 60,000, as certified to the secretary of state by the director of the
25 division of the budget on the previous July 1 in accordance with K.S.A.
26 11-201, and amendments thereto;

27 (b) "City housing authority" means any agency of a city created pur-
28 suant to the municipal housing law, K.S.A. 17-2337 et seq., and amend-
29 ments thereto.

30 (c) "Corporation" means the Kansas housing resources corporation.

31 ~~(b)~~ (d) "County" means any county organized in accordance with
32 K.S.A. 18-101 et seq., and amendments thereto, with a population of less
33 than 40,000, as certified to the secretary of state by the director of the
34 division of the budget on the previous July 1st in accordance with K.S.A.
35 11-201, and amendments thereto;

36 ~~(e)~~ (e) "Developer" means the person, firm or corporation responsi-
37 ble under an agreement with the governing body to develop housing or
38 related public facilities in a district.

39 ~~(d)~~ (f) "District" means a rural housing incentive district established
40 in accordance with this act.

41 ~~(e)~~ (g) "Governing body" means the board of county commissioners
42 of any county or the mayor and council, mayor and commissioners or
43 board of commissioners, as the laws affecting the organization and status

1 of cities affected may provide;

2 (h) "Housing development activities" means the construction or re-
3 habilitation of infrastructure necessary to support construction of new
4 residential dwellings and the actual construction of such residential dwell-
5 ings, if such construction is conducted by a city housing authority.

6 ~~(h)~~ (i) "Secretary" means the secretary of commerce of the state of
7 Kansas.

8 ~~(g)~~ (j) "Real property taxes" means and includes all taxes levied on
9 an ad valorem basis upon land and improvements thereon.

10 ~~(h)~~ (k) "Taxing subdivision" means the county, the city, the unified
11 school district, and any other taxing subdivision levying real property
12 taxes, the territory or jurisdiction of which includes any currently existing
13 or subsequently created rural housing incentive district.

14 Sec. 2. K.S.A. 12-5246 is hereby amended to read as follows: 12-
15 5246. (a) At the public hearing, a representative of the city or county shall
16 present the proposed plan for the development or renovation of housing
17 in the proposed district. Each project proposed for the district shall be
18 identified and explained. At the hearing the developer or developers that
19 have contracted with the city to undertake such project shall be identified
20 and present in person or through such developer's representative. Fol-
21 lowing the presentation, all interested persons shall be given an oppor-
22 tunity to be heard. The governing body for good cause shown may recess
23 such hearing to a time and date certain, which shall be fixed in the pres-
24 ence of persons in attendance at the hearing.

25 (b) Upon the conclusion of the public hearing, the governing body
26 may adopt the plan for the district and may establish the district by ordi-
27 nance or, in the case of any county, by resolution. The boundaries of
28 such district shall not include any area not designated in the notice re-
29 quired by K.S.A. 12-5245. Any addition of area to the district or any
30 substantial change to the plan shall be subject to the same procedure for
31 public notice and hearing as required for the initial establishment of the
32 district.

33 (c) The ordinance or resolution establishing the district shall be null
34 and void if, within 30 days following the conclusion of the hearing:

35 (1) The board of education levying taxes on such property determines
36 by resolution that the proposed district will have an adverse effect on
37 such school district;

38 (2) the governing body of any city located within three miles of
39 [the]district proposed to be established by a county determines by ordi-
40 nance that the proposed district will have an adverse effect on such city;
41 or

42 (3) the board of county commissioners of the county in which a city
43 governing body proposes to establish such a district *determines by reso-*

1 *lution that the proposed district will have an adverse effect on such*
2 *county.*

3 New Sec. 3. (a) Any city that prior to July 1, 2013, is located, in whole
4 or in part, within the boundaries of a county designated by the United
5 States federal emergency management agency under major disaster dec-
6 laration FEMA-1711-DR or FEMA-1699, as eligible to receive individual
7 or public assistance from the United States federal government that de-
8 sires to designate a rural housing incentive district pursuant to this act
9 shall be exempt from the provisions of subsection (c) of K.S.A. 12-5244,
10 subsections (b), (c) and (d) of K.S.A. 12-5245 and K.S.A. 12-5246, and
11 amendments thereto, and may adopt a plan for a designated rural housing
12 incentive district without the approval of the secretary and without con-
13 ducting a public hearing on such proposed plan.

14 (b) For any city in a county declared by the governor to be a state of
15 disaster after January 1, 2008, if the governor finds that such disaster
16 resulted in the destruction of a significant amount of residential housing
17 in such city the governor may designate such city to exercise the exemp-
18 tion authorized by subsection (a) for a period of five years from the date
19 of the declaration of a state of disaster.

20 (c) Nothing in this section shall be construed so as to exempt a city
21 from any other requirement set forth in this act, or to limit any of the
22 rights, duties and privileges of a city under any other provisions of this
23 act.

24 New Sec. 4. (a) The corporation is hereby authorized to develop a
25 program of grants to cities to carry out housing development activities in
26 accordance with the provisions of this act. Cities to be awarded grants
27 pursuant to this act shall be selected by the corporation in accordance
28 with rules and regulations adopted by the president of the corporation.

29 (b) A city shall submit a request for grant funds to the corporation in
30 a form and manner prescribed by the corporation. Such request shall
31 include a statement of such city's proposed housing development activi-
32 ties, projected use of grant funds and any other information related to
33 the grant required by the corporation.

34 (c) As part of any request for grant funds the requesting city shall
35 certify to the corporation that the city will provide matching funds in an
36 amount equal to at least 10% of the total amount of funds granted to the
37 city by the corporation if the grant funds are to be used for construction
38 or rehabilitation of infrastructure, and at least 50% of the total amount
39 of funds granted if the grant funds are to be used by a city housing
40 authority for purposes other than construction or rehabilitation of infra-
41 structure, or in-kind labor and services with an equivalent value and that
42 the city will comply with all other provisions of this act and abide by all
43 federal, state and local laws.

1 (d) The president of the corporation shall adopt rules and regulations
 2 regarding the application procedure, grant periods, grant evaluation and
 3 reporting criteria, the filing of forms that support the request for grant
 4 awards, the method and manner of payment of grant funds to any city,
 5 and any other matter necessary to carry out the provisions of this act.

6 New Sec. 5. (a) Each city shall submit to the corporation, at a time
 7 determined by the corporation, a performance and evaluation report con-
 8 cerning the use of grant funds made available under this act, together
 9 with an assessment by the city of the relationship of such use to the
 10 housing development activities identified in the city's statement under
 11 subsection (b) of section 4, and amendments thereto. The city's report
 12 shall indicate an evaluation of the housing development activities, the
 13 nature of and reasons for any changes in such activities and an evaluation
 14 of the use of the grant funds for such activities. The corporation shall, at
 15 least on an annual basis, make such reviews and audits as may be nec-
 16 essary or appropriate to determine:

17 (1) Whether the city has carried out its housing development activi-
 18 ties in a timely manner;

19 (2) whether the city has carried out those activities and its certifica-
 20 tions in accordance with the requirements of this act and all federal, state
 21 and local laws; and

22 (3) whether the city has a continuing capacity to carry out those ac-
 23 tivities in a timely manner.

24 (b) Insofar as they relate to grant funds provided under this act, the
 25 financial transactions of cities may be audited under such rules and reg-
 26 ulations as may be adopted by the corporation. The corporation shall
 27 report the final results of any audits conducted pursuant to this section
 28 to the state legislature, the governor and the secretary of revenue during
 29 the legislative session immediately following the audit.

30 New Sec. 6. (a) The proceeds of any grant funds received pursuant
 31 to this act may only be used for expenditures incurred in carrying out
 32 housing development activities.

33 (b) No more than \$50,000 shall be expended out of grant funds
 34 awarded pursuant to this act on the construction of a single-family resi-
 35 dential dwelling by a city housing authority, excluding infrastructure costs.

36 New Sec. 7. (a) ~~There is hereby established in the state treasury the~~
 37 ~~housing development grant program fund. All moneys credited to such~~
 38 ~~fund shall be used only for the awarding of grants pursuant to sections 4~~
 39 ~~through 6, and amendments thereto. Such fund shall be administered in~~
 40 ~~accordance with the provisions of sections 4 through 6, and amendments~~
 41 ~~thereto, and the provisions of appropriation acts.~~

42 ~~(b) All expenditures from the housing development grant program~~
 43 ~~fund shall be made in accordance with appropriation acts upon warrants~~

state housing trust fund made for the purposes of sections 4 through 6,
 and amendments thereto,

1 of the director of accounts and reports issued pursuant to vouchers ap-
2 proved by the president of the Kansas housing resources corporation.

3 (e) On July 1 of each year, or as soon thereafter as sufficient moneys
4 are available, \$4,000,000 credited to the state gaming revenues fund shall
5 be transferred and credited to the housing development grant program
6 fund established by subsection (a).

(b)

state housing trust fund established by K.S.A. 2007 Supp. 74-8959,
and amendments thereto

7 (d) On or before the 10th of each month, the director of accounts
8 and reports shall transfer from the state general fund to the housing
9 development grant program fund interest earnings on:

10 (1) The average daily balance of moneys in the housing development
11 grant program fund for the preceding month; and

12 (2) the net earnings rate for the pooled money investment portfolio
13 for the preceding month.

14 New Sec. 8. For purposes of sections 4 through 8, and amendments
15 thereto, the term "city" means any city that prior to July 1, 2011, is lo-
16 cated, in whole or in part, within the boundaries of a county designated
17 by the United States federal emergency management agency under major
18 disaster declaration FEMA-1711-DR or FEMA-1699, as eligible to re-
19 ceive individual or public assistance from the United States federal gov-
20 ernment, or designated exempt by the governor pursuant to section 3,
21 and amendments thereto. On or after July 1, 2011, "city" shall mean any
22 city incorporated in accordance with Kansas law with a population of less
23 than 40,000 in a county with a population of less than 60,000, as certified
24 to the secretary of state by the director of the division of the budget on
25 the previous July 1 in accordance with K.S.A. 11-201, and amendments
26 thereto.

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27 New Sec. 9. The provisions of sections 3 through 9 are hereby made
28 a part of and supplemental to the Kansas rural housing incentive district
29 act.

30 Sec. 10. K.S.A. 2007 Supp. 79-4803 is hereby amended to read as
31 follows: 79-4803. (a) After the transfer of moneys pursuant to K.S.A. 2007
32 Supp. 79-4806 and section 7, and amendments thereto:

Sec. 10. K.S.A 2007 Supp. 79-4801 is hereby amended to read
as follows: (see attached)

renumber remaining sections.

33 (1) An amount equal to 10% of the balance of all moneys credited to
34 the state gaming revenues fund shall be transferred and credited to the
35 correctional institutions building fund created pursuant to K.S.A. 76-6b09
36 and amendments thereto, to be appropriated by the legislature for the
37 use and benefit of state correctional institutions as provided in K.S.A. 76-
38 6b09 and amendments thereto; and

39 (2) an amount equal to 5% of the balance of all moneys credited to
40 the state gaming revenues fund shall be transferred and credited to the
41 juvenile detention facilities fund.

42 (b) There is hereby created in the state treasury the juvenile deten-
43 tion facilities fund which shall be administered by the commissioner of

1 juvenile justice. The Kansas advisory group on juvenile justice and delin-
2 quency prevention shall review and make recommendations concerning
3 the administration of the fund. All expenditures from the juvenile deten-
4 tion facilities fund shall be for the retirement of debt of facilities for the
5 detention of juveniles; or for the construction, renovation, remodeling or
6 operational costs of facilities for the detention of juveniles in accordance
7 with a grant program which shall be established with grant criteria de-
8 signed to facilitate the expeditious award and payment of grants for the
9 purposes for which the moneys are intended. "Operational costs" shall
10 not be limited to any per capita reimbursement by the commissioner of
11 juvenile justice for juveniles under the supervision and custody of the
12 commissioner but shall include payments to counties as and for their costs
13 of operating the facility. The commissioner of juvenile justice shall make
14 grants of the moneys credited to the juvenile detention facilities fund for
15 such purposes to counties in accordance with such grant program. All
16 expenditures from the juvenile detention facilities fund shall be made in
17 accordance with appropriation acts upon warrants of the director of ac-
18 counts and reports issued pursuant to vouchers approved by the com-
19 missioner of juvenile justice or the commissioner's designee.

20 Sec. 11. K.S.A. 2007 Supp. 79-4804 is hereby amended to read as
21 follows: 79-4804. (a) After the transfer of moneys pursuant to K.S.A. 2007
22 Supp. 79-4806 and section 7, and amendments thereto, an amount equal
23 to 85% of the balance of all moneys credited to the state gaming revenues
24 fund shall be transferred and credited to the state economic development
25 initiatives fund. Expenditures from the state economic development ini-
26 tiatives fund shall be made in accordance with appropriations acts for the
27 financing of such programs supporting and enhancing the existing eco-
28 nomic foundation of the state and fostering growth through the expansion
29 of current, and the establishment and attraction of new, commercial and
30 industrial enterprises as provided by this section and as may be authorized
31 by law and not less than $\frac{1}{2}$ of such money shall be distributed equally
32 among the congressional districts of the state. Except as provided by sub-
33 section (g), all moneys credited to the state economic development ini-
34 tiatives fund shall be credited within the fund, as provided by law, to an
35 account or accounts of the fund which are created by this section.

36 (b) There is hereby created the Kansas capital formation account in
37 the state economic development initiatives fund. All moneys credited to
38 the Kansas capital formation account shall be used to provide, encourage
39 and implement capital development and formation in Kansas.

40 (c) There is hereby created the Kansas economic development re-
41 search and development account in the state economic development in-
42 tiatives fund. All moneys credited to the Kansas economic development
43 research and development account shall be used to promote, encourage

1 and implement research and development programs and activities in Kan-
2 sas and technical assistance funded through state educational institutions
3 under the supervision and control of the state board of regents or other
4 Kansas colleges and universities.

5 (d) There is hereby created the Kansas economic development en-
6 dowment account in the state economic development initiatives fund. All
7 moneys credited to the Kansas economic development endowment ac-
8 count shall be accumulated and invested as provided in this section to
9 provide an ongoing source of funds which shall be used for economic
10 development activities in Kansas, including but not limited to continuing
11 appropriations or demand transfers for programs and projects which shall
12 include, but are not limited to, specific community infrastructure projects
13 in Kansas that stimulate economic growth.

14 (e) Except as provided in subsection (f), the director of investments
15 may invest and reinvest moneys credited to the state economic develop-
16 ment initiatives fund in accordance with investment policies established
17 by the pooled money investment board under K.S.A. 75-4232, and
18 amendments thereto, in the pooled money investment portfolio. All mon-
19 eys received as interest earned by the investment of the moneys credited
20 to the state economic development initiatives fund shall be deposited in
21 the state treasury and credited to the Kansas economic development en-
22 dowment account of such fund.

23 (f) Moneys credited to the Kansas economic development endow-
24 ment account of the state economic development initiatives fund may be
25 invested in government guaranteed loans and debentures as provided by
26 law in addition to the investments authorized by subsection (e) or in lieu
27 of such investments. All moneys received as interest earned by the in-
28 vestment under this subsection of the moneys credited to the Kansas
29 economic development endowment account shall be deposited in the
30 state treasury and credited to the Kansas economic development endow-
31 ment account of the state economic development initiatives fund.

32 (g) In each fiscal year, the director of accounts and reports shall make
33 transfers in equal amounts on July 15 and January 15 which in the aggre-
34 gate equal \$2,000,000 from the state economic development initiatives
35 fund to the state water plan fund created by K.S.A. 82a-951, and amend-
36 ments thereto, except that the aggregate amount of the transfers on such
37 dates during state fiscal year 2004 shall not exceed \$1,900,000. No other
38 moneys credited to the state economic development initiatives fund shall
39 be used for: (1) Water-related projects or programs, or related technical
40 assistance; or (2) any other projects or programs, or related technical
41 assistance, which meet one or more of the long-range goals, objectives
42 and considerations set forth in the state water resource planning act.

43 Sec. 12. K.S.A. 12-5246 and K.S.A 2007 Supp. 12-5242, 79-4803 and

- 1 79-4804 are hereby repealed.
- 2 Sec. 13. This act shall take effect and be in force from and after its
- 3 publication in the Kansas register.

79-4801. There is hereby created the state gaming revenues fund in the state treasury. All moneys credited to such fund shall be expended or transferred only for the purposes and in the manner provided by this act and all expenditures from the state gaming revenues fund shall be made in accordance with appropriation acts. All moneys credited to such fund shall be allocated and credited monthly to the funds and in the amounts specified by this act except that the total of the amounts credited to such funds in any one fiscal year pursuant to this act shall not exceed ~~\$50,000,000~~ \$54,000,000. All amounts credited to such fund in any one fiscal year which are in excess of ~~\$50,000,000~~ \$54,000,000 shall be transferred and credited to the state general fund on July 15, 1996, and June 25, 1997, and each year thereafter on June 25, except that: ~~(a) All amounts credited to the state gaming revenues fund in fiscal year 2007 which are in excess of \$50,000,000 shall be transferred and credited to the state general fund on July 15, 2007, and shall be recorded and accounted for as receipts to the state general fund for fiscal year 2007;~~ and (b) all amounts credited to the state gaming revenues fund in fiscal year 2008 which are in excess of ~~\$50,000,000~~ \$54,000,000 shall be transferred and credited to the state general fund on July 15, 2008, and shall be recorded and accounted for as receipts to the state general fund for fiscal year 2008.

OVERVIEW OF THE FISCAL YEAR 2009 GOVERNOR'S BUDGET REPORT

In this Budget Overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from *The FY 2009 Governor's Budget Report*. The Legislative Research Department utilizes the classification of expenditures by function of government and by major purpose of expenditure to coincide with the Division of the Budget and the Division of Accounts and Reports. The Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature.

The summary data in this overview compare actual expenditures for FY 2007, the Governor's revised estimates for FY 2008, and the Governor's recommendations for FY 2009.

SUMMARY OF CHANGES TO ESTIMATED FY 2008 EXPENDITURES

Based on actions of the 2007 Legislature, it was estimated by the Research Department that FY 2008 expenditures from **all funds** would total \$12.625 billion. The *Governor's Budget Report* revises the all funds FY 2008 budget to \$13.097 billion, **an increase of \$471.9 million** above the earlier estimate. Major differences from the session-end estimates and the current Governor's recommendation include:

- An increase of \$172.0 million in the budget of the **Kansas Department of Transportation**, largely reflecting capital improvement expenditures carried forward from FY 2007.
- An increase of \$61.7 million in the budget of the **Adjutant General**, primarily related to disaster relief expenditures.
- An increase of \$60.2 million, in the **Board of the Regents and the Regents institutions**, reflecting increased operating expenditures, primarily from special revenue funds.
- An increase of \$47.2 million in the budget of the **Department of Labor**, largely reflecting increased unemployment insurance benefit payments.

At the close of the 2007 Session, FY 2008 expenditures from the **State General Fund** were estimated to be \$6.089 billion. The *Governor's Budget Report* revises the FY 2008 State General Fund budget to \$6.112 billion, **an increase of \$23.3 million above the earlier estimate**. Recommended adjustments to the approved State General Fund budget include:

- An increase of \$24.6 million in the budget of the **Department of Education**, primarily for consensus school finance estimates.
- A decrease of \$12.6 million from the State General Fund in the budgets of the **Department of Social and Rehabilitation Services, Health Policy Authority, and Department on Aging**, largely to reflect revised consensus caseload estimates.

The following tabulation summarizes the changes to FY 2008 expenditures by major category.

	Millions	
	State General Fund	All Funds
Original FY 2008 Expenditure Estimates	\$ 6,088.9	\$ 12,624.9
Revisions:		
State Operations	29.5	(47.2)
Aid to Local Units	15.7	124.1
Other Assistance	(23.5)	82.8
Capital Improvements	1.5	312.3
Total Revisions	\$ 23.3	\$ 471.9
Revised FY 2008 Expenditure Estimates	<u>\$ 6,112.2</u>	<u>\$ 13,096.8</u>

TOTAL STATE EXPENDITURES FOR FY 2009

Summary of Expenditures from All Funds

The Governor's recommendation for FY 2009 state expenditures from all funds totals \$13.568 billion, **an increase of \$471.1 million** or 3.6 percent above the Governor's revised recommendation for FY 2008 of \$13.097 billion. Actual FY 2007 expenditures from all funding sources were \$11.969 billion.

Expenditures by Major Purpose

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

The Governor's FY 2009 recommendation for state operations increases by \$132.5 million, or 3.4 percent, above the revised FY 2008 amount. The largest increases are in the budgets of the Department of Administration (\$46.5 million, primarily for debt service payments on the Statehouse renovation project and on the Kansas Public Employees Retirement debt service expenditures), and the Board of Regents (\$26.8 million, primarily reflecting recommended salary increases).

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

Aid to local units increases by \$136.1 million, or 3.2, percent in FY 2009. Increases recommended in the budget of the Department of Education (\$193.4 million, primarily for general state aid, supplemental general state aid, special education, and Kansas Public Employees Retirement System-School costs), are partially offset by a reduction of \$61.7 million in the budget of the Adjutant General related to disaster relief payments.

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

Other assistance increases \$24.8 million, or 0.6 percent, above the revised FY 2008 amount. Major increases include the Department of Social and Rehabilitation Services, Health Policy Authority, and Department on Aging (\$91.2 million, primarily for caseload adjustments), which are partially offset by a reduction in the budget of the Adjutant General (\$42.2 million, related to disaster relief payments).

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

Capital improvements are recommended to increase by \$177.7 million, or 16.1 percent, above the FY 2008 level. The largest increase is in the budget of the Department of Transportation (\$201.1 million), related to highway projects. The increase is partially offset by reductions totaling \$18.0 million in the budgets of the Commission on Veterans Affairs and the Department of Wildlife Parks, largely reflecting one-time FY 2008 expenditures.

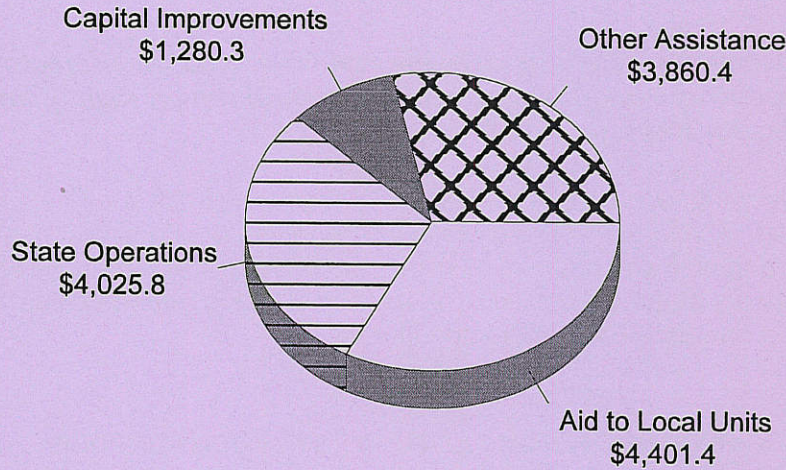
EXPENDITURES FROM ALL FUNDS BY MAJOR PURPOSE

(Millions of Dollars)

Purpose	Actual FY 07	Gov. Rec. FY 08	Change		Gov. Rec. FY 09	Change	
			\$	%		\$	%
State Operations	\$ 3,557.6	\$ 3,893.3	\$ 335.7	9.4%	\$ 4,025.8	\$ 132.5	3.4
Aid to Local Units	3,869.6	4,265.3	395.7	10.2	4,401.4	136.1	3.2
Other Assistance	3,528.6	3,835.6	307.0	8.7	3,860.4	24.8	0.6
Total Operating	\$ 10,955.8	\$ 11,994.2	\$ 1,038.4	9.5%	\$ 12,287.6	\$ 293.4	2.4%
Capital Improvements	1,012.7	1,102.6	89.9	8.9	1,280.3	177.7	16.1
TOTAL	\$ 11,968.5	\$ 13,096.8	\$ 1,128.3	9.4%	\$ 13,567.9	\$ 471.1	3.6%

Of the total budget recommendation for FY 2009, 29.7 percent is for state operations, 32.4 percent is for state aid to local units of government, 28.5 percent is for other assistance, grants, and benefits, and 9.4 percent is for capital improvements. The following pie chart displays the major categories of all funds expenditures in FY 2009.

**FY 2009 EXPENDITURES FROM ALL FUNDS
BY MAJOR PURPOSE
Governor's Recommendation
(Millions of Dollars)**



Total: \$13,567.9

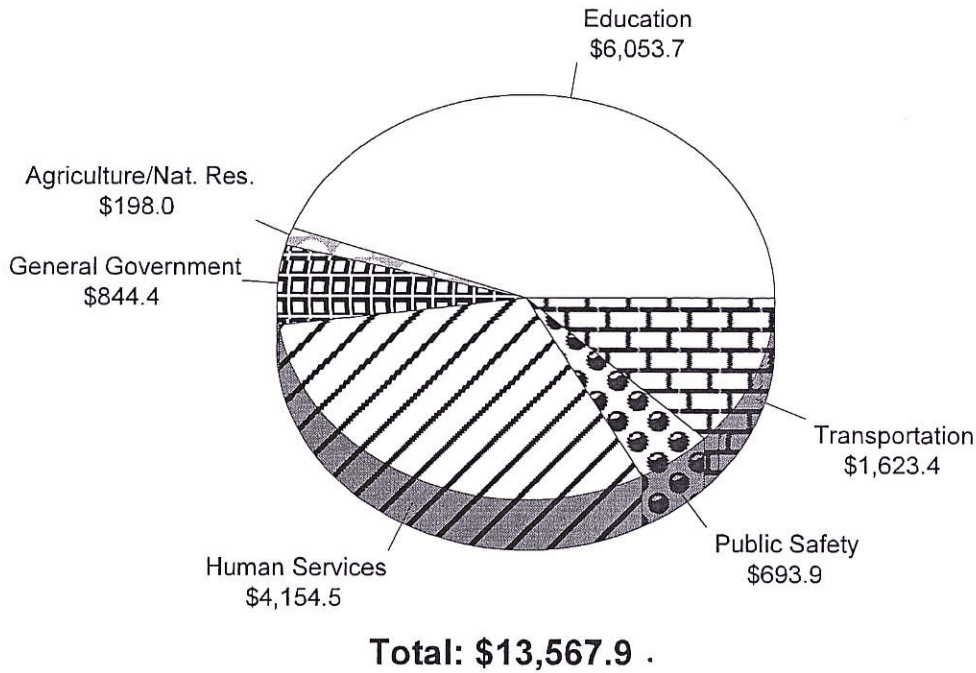
Expenditures by Function of Government

The following table summarizes expenditures from all funds by function of government. Functions of government reflect the six classifications into which similar agencies are grouped that share similar basic purposes of state government. The functions include: General Government; Human Services; Education; Public Safety; Agriculture and Natural Resources; and Transportation. The education function is the largest component with 44.6 percent of the total. The three largest functions of government—education, human services, and transportation—comprise 87.2 percent of the recommended expenditures for FY 2009.

**EXPENDITURES FROM ALL FUNDS BY FUNCTION OF GOVERNMENT
(Millions of Dollars)**

Function	Actual	Rec.	Change		Rec.	Change	
	FY 07	FY 08	\$	%	FY 09	\$	%
General Government	\$ 666.7	\$ 779.4	\$ 112.7	16.9%	\$ 844.4	\$ 65.0	8.3%
Human Services	3,735.9	4,049.0	313.1	8.4	4,154.5	105.5	2.6
Education	5,399.9	5,842.5	442.6	8.2	6,053.7	211.2	3.6
Public Safety	627.6	797.2	169.6	27.0	693.9	(103.3)	(13.0)
Agriculture and Nat. Res.	180.5	210.2	29.7	16.5	198.0	(12.2)	(5.8)
Transportation	1,358.0	1,418.3	60.3	4.4	1,623.4	205.1	14.5
TOTAL	\$ 11,968.5	\$ 13,096.8	\$ 1,128.3	9.4%	\$ 13,567.9	\$ 471.1	3.6%

**SUMMARY OF FY 2009 EXPENDITURES FROM ALL FUNDS
BY FUNCTION OF GOVERNMENT
Governor's Recommendation
(Millions of Dollars)**



Summary Plan for Financing

Total state expenditures are financed by the resources contained in approximately 1,300 distinct funds. The following tabulation summarizes total state expenditures. The tabulation separates the plan for financing into operating purposes and capital improvements. The State General Fund operating amount shown in the table for FY 2009 is based on current resources of the fund. The net increase in State General Fund operating expenditures from FY 2008 to FY 2009 is \$300.1 million or 4.9 percent. The Governor's recommendations do, however, include both positive and negative adjustments for individual agencies.

For FY 2009, the Governor's recommendations include \$81.4 million in expenditures financed with **expanded gaming** receipts. The projected expenditures include \$50.9 million financed from slot machines and \$30.5 million in casino privilege fees. The Governor's expenditure recommendations from expanded gaming includes \$57.1 million for reduction of state debt and \$24.3 million for state infrastructure improvements.

SUMMARY OF THE PLAN FOR FINANCING STATE EXPENDITURES

(Millions of Dollars)

	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 07	FY 08	\$	%	FY 09	\$	%
Operating Expenditures:							
State General Fund	\$ 5,586.7	\$ 6,089.3	\$ 502.6	9.0%	\$ 6,389.4	\$ 300.1	4.9%
All Other Funds	<u>5,369.1</u>	<u>5,904.9</u>	<u>535.8</u>	<u>10.0</u>	<u>5,898.2</u>	<u>(6.7)</u>	<u>(0.1)</u>
Total Operating	\$ 10,955.8	\$ 11,994.2	\$ 1,038.4	9.5%	\$ 12,287.6	\$ 293.4	2.4%
Capital Improvements:							
State General Fund	\$ 21.0	\$ 22.9	\$ 1.9	9.0%	\$ 4.2	\$ (18.7)	(81.7)%
All Other Funds	<u>991.7</u>	<u>1,079.7</u>	<u>88.0</u>	<u>8.9</u>	<u>1,276.1</u>	<u>196.4</u>	<u>18.2</u>
Total Capital Improvements	\$ 1,012.7	\$ 1,102.6	\$ 89.9	8.9%	\$ 1,280.3	\$ 177.7	16.1%
TOTAL Expenditures	<u>\$ 11,968.5</u>	<u>\$ 13,096.8</u>	<u>\$ 1,128.3</u>	<u>9.4%</u>	<u>\$ 13,567.9</u>	<u>\$ 471.1</u>	<u>3.6%</u>

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The State General Fund finances 46.7 percent of estimated FY 2008 expenditures. In FY 2009, the State General Fund finances 47.1 percent of the recommended expenditures.

Schedule 7 in *The Governor's Budget Report* (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 2008 receipts are \$3.582 billion, an increase of \$450.2 million, or 14.4 percent, above FY 2007 actual receipts. The FY 2009 estimate of \$3.449 billion is \$132.7 million, or 3.7 percent, below FY 2008 estimated receipts. Four agencies—the Department of Social and Rehabilitation Services, the Health Policy Authority, the Department of Education, and the Department of Transportation—account for 77.6 percent of FY 2009 estimated federal receipts.

Federal receipts for fiscal years 2008 and 2009 are dependent on future actions of the federal government. Past experience indicates that the final outcome of those actions will not be known prior to adjournment of the 2008 Legislature.

Expenditures for State Operations

Expenditures for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 29.7 percent of total recommended expenditures for FY 2009. The tabulation below divides state operations expenditures into the following components: salaries and wages; contractual services (communications, rent, travel); commodities (food, supplies, stationery); capital outlay (equipment and furniture, not building and highway construction projects); and debt service interest payments.

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

(Millions of Dollars)

Function	Actual	Gov. Rec.	Change		Gov. Rec.	Change	
	FY 07	FY 08	\$	%	FY 09	\$	%
Salaries and Wages	\$ 2,249.7	\$ 2,440.4	\$ 190.7	8.5%	\$ 2,484.6	\$ 44.2	1.8%
Contractual Services	891.9	973.9	82.0	9.2	1,029.1	55.2	5.7
Commodities	176.6	198.9	22.3	12.6	190.5	(8.4)	(4.2)
Capital Outlay	123.9	131.0	7.1	5.7	128.6	(2.4)	(1.8)
Debt Service Interest	115.5	149.1	33.6	29.1	158.0	8.9	6.0
Statewide Adjustments	0.0	0.0	0.0	--	35.0	35.0	--
TOTAL	\$ 3,557.6	\$ 3,893.3	\$ 335.7	9.4%	\$ 4,025.8	\$ 132.5	3.4%

Salaries and wages expenditures, including fringe benefits, comprise almost two-thirds of the state operations budget for FY 2009 (61.7 percent) and represent a \$44.2 million or 1.8 percent increase above the FY 2008 estimate.

Salaries and wages policy recommendations incorporated into the proposed FY 2009 budget include the following:

GOVERNOR'S FY 2009 STATE EMPLOYEE SALARY ADJUSTMENTS

	Millions	
	State General Fund	All Funds
<p>A. FY 2009 Pay Plan. The Governor's FY 2009 recommendation includes a 2.5 percent base salary adjustment for all employees for the entire fiscal year. The Governor's total recommendation for the pay increase is \$55.2 million, including \$27.1 million from the State General Fund. (This amount assumes that the Regents will elect to provide the same salary increases provided to other state agencies. Funding for the Regents portion of the increase totals \$27.4 million, including \$12.5 million from the State General Fund.)</p>	\$ 27.1	\$ 55.2
<p>B. Classified Employee Pay Plan. During the 2007 interim, the State Employee Compensation Oversight Commission was charged with the development of a new pay plan for classified employees for the Governor and 2008 Legislature to consider. The Commission endorsed the recommendation of the Hay Group that five separate pay plans be created for state employees in the classified service, with different opportunities for pay increases to acknowledge the different types of work performed. The five pay plans recommended include: a management pay plan for the limited number of classified employees involved in managerial functions (pay increases will be solely based on performance); a professional individual contributor pay plan for employees in positions requiring knowledge of principles and theories of a professional discipline that is normally obtained through a college curriculum (pay for this group will be set within broad bands to reflect different levels of work and performance against established standards); a protective service pay plan for uniformed officers of the Department of Corrections, Juvenile Justice Authority, Highway Patrol troopers and all other positions that meet the definition of police or law enforcement officer (pay increases would be based on achievement of milestone and certification events as well as time on the job and performance); a basic vocational pay plan for employees assigned to positions that perform routine, structured, work where performance can be measured on a pass or fail basis (pay increases will be based on the traditional step movement approach, based on time on the job); and a general classified pay plan for those employees who do not fall within the parameters of the other four plans (the pay ranges will have steps below the market rate and an open range above the market rate).</p> <p>The time frame to fully implement the recommended plan is five years. Under the Governor's recommendations, the classified employees will be divided into three groups to first address those with the greatest salary disparity to the market rate. In the first year, FY 2009, the basic vocational classes, as well as what <i>Volume 1 of the Governor's Budget Report</i> characterizes as "isolated worst cases" will be addressed. For FY 2009, the Governor recommends \$16.0 million, including \$8.5 million from the State General Fund, to finance the first year. The Governor also recommends that estimated future costs for the market adjustments be appropriated during the 2008 Legislative Session through a multi-year appropriation.</p>	8.5	16.0
<p>C. Longevity. The Governor recommends continuation of the current "temporary" longevity bonus payment program. The recommendation provides for a bonus of \$50 per year of service, with a 10-year minimum (\$500) and a 25-year maximum (\$1,250). The current statutory provisions of the longevity bonus payment are \$40 per year of service, with a 10-year minimum (\$400), and a 25-year maximum (\$1,000). The estimated cost for the recommended FY 2009 payments is \$14.7 million, including \$7.0 million from the State General Fund.</p>	0.4*	0.8*
TOTAL	\$ 36.0	\$ 72.0

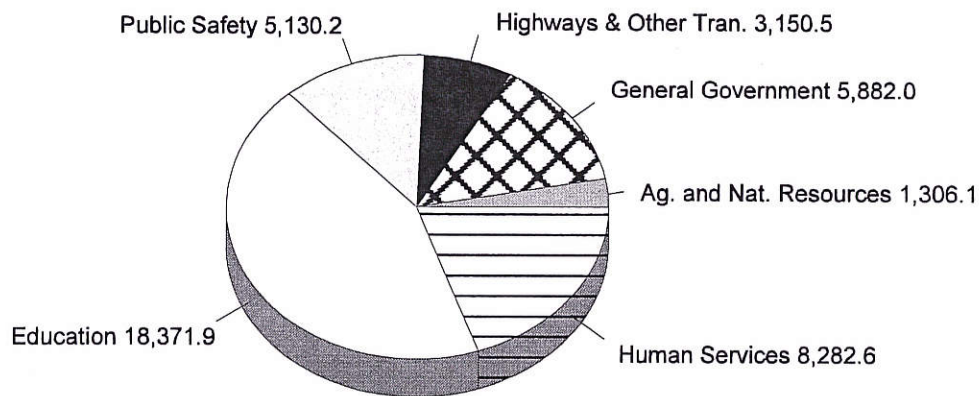
* Reflects the difference between the FY 2008 and FY 2009 amounts.

Authorized FTE Employees by Function of Government

Expenditures for salaries and wages are also affected by policy recommendations which change the size of the state's workforce. The FY 2009 budget recommendations of the Governor finance 42,123.2 full-time equivalent (FTE) positions, a net decrease of 11.2 FTE positions below the FY 2008 recommended level of 42,134.4. In addition, the Governor recommends 1,275.2 non-FTE unclassified permanent positions in FY 2009, an increase of 11.2 above FY 2008. These employees are not included in the FTE limitation.

The following pie chart reflects the Governor's recommended FY 2009 full-time equivalent positions by function of government.

FY 2009 FULL-TIME EQUIVALENT (FTE) POSITIONS by Function of Government Governor's Recommendation



Total FTE Positions: 42,123.2

State Workforce Adjustments

The Governor's FY 2009 recommendation decreases the size of the state's workforce by a net 11.2 FTE positions. Factors contributing to the increase in positions include:

- The addition of 18.0 FTE for a variety of crime prevention and fraud programs in the budget of the **Attorney General**;
- The addition of 14.5 FTE for the **Racing and Gaming Commission** and 5.0 FTE positions for the **Kansas Lottery** related to the Expanded Lottery Act; and
- A decrease of 51.0 FTE positions in the budget of the **Department of Transportation** related to the fact that the current Comprehensive Transportation is coming to an end.

Program or Agency Components of the FY 2009— All Funds Budget

To this point, this memorandum has dealt primarily with measuring **year-to-year** changes proposed in *The Governor's Budget Report*. The following tabulation pertains to **FY 2009 only** and measures major programs or agency expenditures in dollar terms and as a percent of the total budget. The budgets of the Department of Education, the Department of Social and Rehabilitation Services and its hospitals, the Board of Regents and its institutions, the Department of Transportation, and the Health Policy Authority account for over three-fourths (79.2 percent) of the total state budget.

GOVERNOR'S RECOMMENDED EXPENDITURES FROM ALL FUNDS, FY 2009 By Agency or Program

	Amount (Thousands)	Percent of Total	Cumulative Percent	Percent Change From FY 08
Department of Education	\$ 3,770,477	27.8%	27.8%	5.4%
Board of Regents and Institutions	2,246,408	16.6	44.4	0.8
SRS, including Hospitals	1,716,745	12.7	57.0	2.4
Department of Transportation	1,607,262	11.8	68.9	14.6
Health Policy Authority	1,400,565	10.3	79.2	4.4
Department on Aging	492,905	3.6	82.8	3.9
Department of Labor	362,229	2.7	85.5	(0.7)
Department of Corrections and Facilities	299,481	2.2	87.7	1.0
Department of Health and Environment	232,314	1.7	89.4	(0.9)
Adjutant General	149,708	1.1	90.5	(40.7)
Dept. of Commerce, KTEC, Kansas, Inc.	131,812	1.0	91.5	(13.2)
Judicial Branch	122,839	0.9	92.4	2.1
Highway Patrol and KBI	119,507	0.9	93.3	1.1
Juvenile Justice Authority and Facilities	107,007	0.8	94.1	(3.7)
Department of Administration	100,316	0.7	94.8	27.6
Department of Revenue	99,783	0.7	95.5	0.0
Kansas Lottery	97,419	0.7	96.2	68.2
Department of Wildlife and Parks	59,565	0.4	96.7	(11.7)
Insurance Dept. and Health Care Stabilization	57,110	0.4	97.1	0.1
KPERS	56,318	0.4	97.5	3.1
Legislative Branch	30,731	0.2	97.7	10.7
Department of Agriculture	26,903	0.2	97.9	3.7
Board of Indigents' Defense Services	24,250	0.2	98.1	3.2
Racing and Gaming Commission	23,928	0.2	98.3	101.5
Attorney General	21,656	0.2	98.5	10.2
State Corporation Commission	20,686	0.2	98.6	(4.4)
State Treasurer	17,974	0.1	98.7	2.3
Conservation Commission	16,100	0.1	98.9	(27.4)
Water Office	12,268	0.1	99.0	(2.2)
All Other	143,650	1.1	100.0%	(3.4)
TOTAL	\$ 13,567,916	100.0%		3.6%

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

CHANGE IN EXPENDITURES FROM ALL FUNDS

FY 2008 to FY 2009

Governor's Recommendation

	Amount (Thousands)	Comments
Total Increase	\$ 471,142	
Department of Transportation	205,091	Capital improvements
Department of Education	193,447	School finance
Health Policy Authority	59,153	Caseloads
Department of Social and Rehab. Services	40,806	Caseloads
Kansas Lottery	39,489	Expanded Lottery Act
Department of Administration	21,681	Statehouse and KPERS debt service
Department on Aging	18,702	Caseloads
Board of Regents and Institutions	16,867	Operating grant increase
Department of Corrections and Facilities	2,841	Operating expenditures
Department of Labor	(2,386)	Operating expenditures
Commerce, KTEC, Kansas Inc.	(20,065)	Disaster relief
Adjutant General	(102,821)	Disaster relief
All Other Agencies	(1,663)	

EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

Program and Agency Components of the FY 2009 State General Fund Budget

The following tabulation provides an overview of the program or agency components of the Governor's recommended FY 2009 expenditures from the State General Fund. This tabulation identifies individual components which comprise 99.4 percent of State General Fund expenditures. Education accounts for 64.6 percent of State General Fund expenditures.

STATE GENERAL FUND EXPENDITURES BY PROGRAM OR AGENCY
Governor's Recommendations for FY 2009

	Amount (Thousands)	Percent of Total	Cumulative Percent	Increase Over FY 2008	
				Amount (000)	Percent
Education					
State Aid to Local Units	\$ 3,395,130	53.10%	53.10%	\$ 163,461	5.1%
Bd. of Regents/Institutions (a)	698,902	10.93	64.03	27,001	4.0
Other Education*	38,154	0.59	64.63	602	1.6
Subtotal, Education	<u>\$ 4,132,186</u>	<u>64.63%</u>	<u>64.63%</u>	<u>\$ 191,064</u>	<u>4.8%</u>
SRS, Including Hospitals	\$ 717,552	11.22%	75.85%	\$ 30,935	4.5%
Health Policy Authority	513,700	8.03	83.89	48,570	10.4
Dept. of Corrections/Facilities	250,083	3.91	87.80	4,367	1.8
Department on Aging	192,153	3.01	90.80	7,009	3.8
State Aid Except Education	124,459	1.95	92.75	9,159	7.9
Judicial Branch	111,936	1.75	94.50	2,616	2.4
Highway Patrol/KBI	56,140	0.88	95.38	40	0.1
Dept. of Administration**	56,042	0.88	96.26	(10,886)	(16.3)
Juvenile Justice	55,633	0.87	97.13	(4,231)	(7.1)
Health and Environment	39,171	0.61	97.74	(6,412)	(14.1)
Legislative Branch	30,645	0.48	98.22	3,068	11.1
Board of Indigents' Defense	23,250	0.36	98.58	753	3.3
Dept. of Revenue	21,368	0.33	98.92	(205)	(1.0)
Elected Officials	15,993	0.25	99.17	4,964	45.0
Dept. of Agriculture	12,303	0.19	99.36	141	1.2
All Other	40,984	0.64	100.00	513	1.3
TOTAL	<u>\$ 6,393,598</u>	<u>100.00%</u>		<u>\$ 281,465</u>	<u>4.6%</u>

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

** Includes Public Broadcasting, except state aid of \$0.294 million which is part of Education-State Aid.

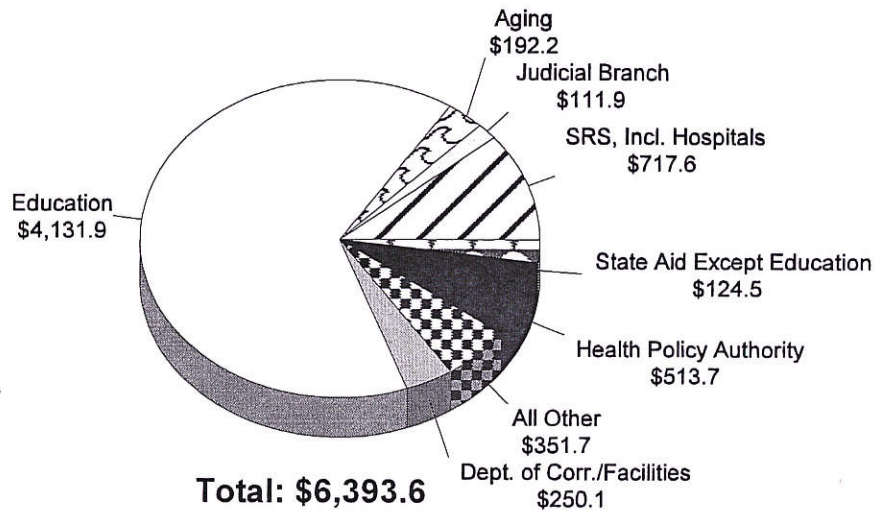
(a Aid to Washburn University is included in state aid to local units (\$12.126 million).

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

The following pie chart displays the FY 2009 State General Fund expenditures by major program.

**FY 2009 State General Fund Expenditures
by Major Program or Agency**

**Governor's Recommendation
(Millions of Dollars)**



State General Fund Expenditures by Function of Government

The next tabulation summarizes State General Fund expenditures by function of government. The education function accounts for the largest portion of the State General Fund budget (64.6 percent). Two functions, education and human services, account for 88.3 percent of all State General Fund expenditures.

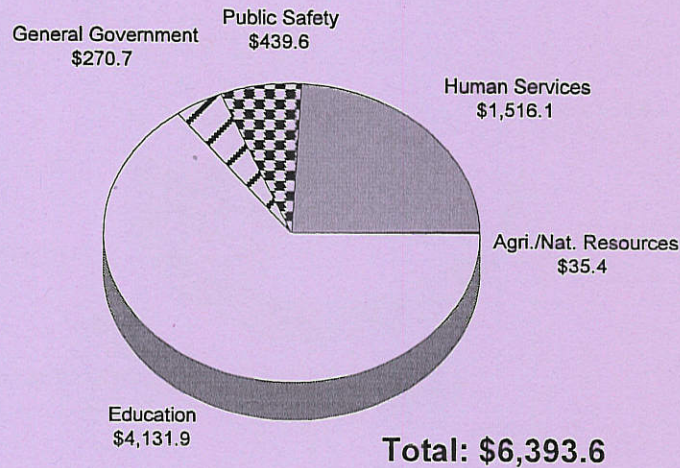
**STATE GENERAL FUND EXPENDITURES
BY FUNCTION OF GOVERNMENT
Governor's Recommendation
(Millions of Dollars)**

Function	Actual FY 07	Gov. Est. FY 08	Change		Gov. Rec. FY 09	Change	
			\$	%		\$	%
General Government	\$ 222.6	\$ 258.1	\$ 35.5	15.9%	\$ 270.7	\$ 12.6	4.9%
Human Services	1,319.8	1,440.0	120.2	9.1	1,516.1	76.1	5.3
Education	3,639.1	3,940.8	301.7	8.3	4,131.9	191.1	4.8
Public Safety	384.0	417.8	33.8	8.8	439.6	21.8	5.2
Agriculture/Natural Resources	37.2	39.2	2.0	5.4	35.4	(3.8)	(9.7)
Transportation	5.0	16.2	11.2	224.0	0.0	(16.2)	(100.0)
TOTAL	\$ 5,607.7	\$ 6,112.2	\$ 504.4	9.0%	\$ 6,393.6	\$ 281.5	4.6%

The following pie chart reflects the Governor's recommendation for FY 2009 State General Fund expenditures by function of government.

FY 2009 STATE GENERAL FUND EXPENDITURES BY FUNCTION OF GOVERNMENT

Governor's Recommendation (Millions of Dollars)



Expenditures by Major Purpose

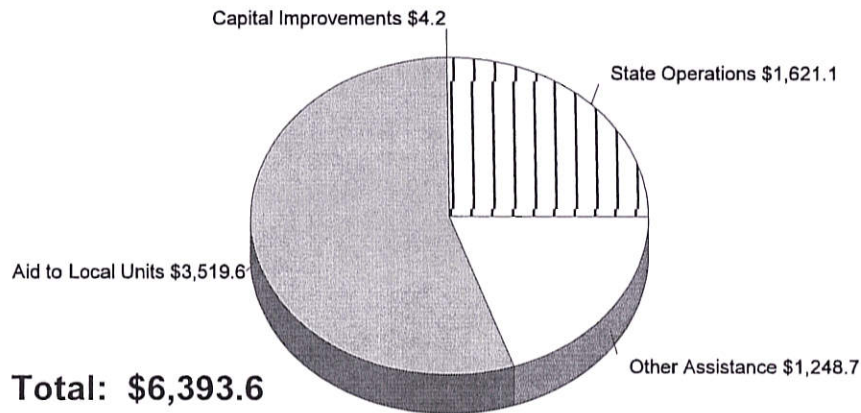
Over \$3.5 billion (55.0 percent) of recommended FY 2009 expenditures from the State General Fund is paid to local units of government, 25.4 percent represents the costs of state operations, 19.5 percent is for other assistance payments, and 0.1 percent is for capital improvements.

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

	Actual	Gov. Est.	Change		Gov. Rec.	Change	
	FY 07	FY 08	\$	%	FY 09	\$	%
State Operations	\$ 1,420.9	\$ 1,568.8	\$ 147.9	10.4%	\$ 1,621.1	\$ 52.3	3.3%
Aid to Local Units	3,077.4	3,347.0	269.6	8.8	3,519.6	172.6	5.2
Other Assistance	1,088.4	1,173.5	85.1	7.8	1,248.7	75.2	6.4
Total Operating	\$ 5,586.7	\$ 6,089.3	\$ 502.6	9.0%	\$ 6,389.4	\$ 300.1	4.9%
Capital Improvements	21.0	22.9	1.9	9.0	4.2	(18.7)	(81.7)
TOTAL	\$ 5,607.7	\$ 6,112.2	\$ 504.5	9.0%	\$ 6,393.6	\$ 281.5	4.6%

The following pie chart displays the Governor's recommendation for FY 2009 State General Fund expenditures by major purpose.

**FY 2009 STATE GENERAL FUND EXPENDITURES
BY MAJOR PURPOSE
Governor's Recommendation
(Millions of Dollars)**



State Operations by Function of Government

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

**STATE GENERAL FUND FOR STATE OPERATIONS
BY FUNCTION OF GOVERNMENT
(Millions of Dollars)**

Function	Actual	Gov. Est.	Change		Gov. Rec.	Change	
	FY 07	FY 08	\$	%	FY 09	\$	%
General Government	\$ 205.1	\$ 236.9	\$ 31.8	15.5%	\$ 252.9	\$ 16.0	6.8%
Human Services	219.9	272.7	52.8	24.0	281.7	9.0	3.3
Education	642.2	673.4	31.2	4.9	700.4	27.0	4.0
Public Safety	316.7	340.4	23.7	7.5	351.0	10.6	3.1
Agriculture/Natural Resources	32.3	35.9	3.6	11.1	35.0	(0.9)	(2.5)
Transportation	4.7	9.4	4.7	100.0	0.0	(9.4)	(100.0)
TOTAL	\$ 1,420.9	\$ 1,568.8	\$ 147.8	10.4%	\$ 1,621.1	\$ 52.3	3.3%

State Aid to Local Units of Government

The tabulation on the following page lists state aid by major program or financing source. Although most of the programs of state aid to local units are financed from the State General Fund, some significant ones are financed from the resources of other funds.

The tabulation reflects State General Fund aid to local school districts in FY 2009 which increases \$168.0 million or 5.5 percent above the FY 2008 level. Total State General Fund aid to local units in the budget year increases \$172.6 million or 5.2 percent above the current year.

STATE AID TO LOCAL UNITS OF GOVERNMENT
In Thousands

From State General Fund	FY 2005	FY 2006	FY 2007	Gov. Rec. FY 2008	Gov. Rec. FY 2009	Change FY 2008-FY 2009	
						Amount	Percent
General State Aid	\$ 1,753,206	\$ 1,875,391	\$ 1,982,695	\$ 2,088,678	\$ 2,183,368	\$ 94,690	4.5%
Supp. General Aid	159,687	218,849	268,209	307,878	332,659	24,781	8.0
Subtotal	\$ 1,912,893	\$ 2,094,240	\$ 2,250,904	\$ 2,396,556	\$ 2,516,027	\$ 119,471	5.0%
Cap. Outlay Aid	0	19,294	20,492	22,940	25,440	2,500	10.9
KPERS-School	138,181	161,531	192,426	221,380	249,431	28,051	12.7
Declining Enrollment	0	40	12	50	50	0	0.0
Special Education	249,792	291,581	334,004	403,455	427,571	24,116	6.0
Deaf/Blind/Hand. Child	110	110	105	105	105	0	0.0
Food Service	2,368	2,368	2,364	2,364	2,364	0	0.0
Parent Education	4,640	4,790	7,358	7,540	0	(7,540)	(100.0)
Professional Development	0	991	1,748	1,750	1,750	0	0.0
After School Programs	0	0	0	300	300	0	0.0
Ed. Excellence Grants	181	152	204	229	260	31	13.5
Mentor Teachers	0	1,050	1,019	1,650	3,150	1,500	90.9
Discretionary Grants	0	148	210	210	210	0	0.0
Juv. Detention Grants	6,435	7,118	7,408	8,062	7,935	(127)	(1.6)
Subtotal - USDs	\$ 2,314,603	\$ 2,583,414	\$ 2,818,252	\$ 3,066,591	\$ 3,234,593	\$ 168,002	5.5%
Voc. Ed. - Postsecondary	19,668	20,613	25,025	34,010	34,010	0	0.0
Community Colleges	86,028	91,023	96,119	100,065	106,265	6,200	6.2
Out-District Tuition Offset	0	3,200	6,400	6,400	0	(6,400)	(100.0)
Adult Basic Education	948	1,039	1,349	1,549	1,549	0	0.0
Capital Outlay Aid	424	424	424	441	441	0	0.0
Nursing Equipment and Faculty	0	0	1,200	1,800	1,800	0	0.0
Nursing Faculty and Supplies	0	0	2,000	0	0	0	0.0
SW Kansas Access	0	0	36	839	200	(639)	(76.2)
Adult Learners Access	0	0	0	100	250	150	150.0
Math and Science Acad.	0	0	0	4,000	0	(4,000)	(100.0)
Other Postsecondary	875	0	0	0	0	0	0.0
Washburn University	10,556	11,012	11,468	11,926	12,126	200	1.7
Public TV-Washburn	120	286	0	294	294	0	0.0
Libraries	3,380	3,318	3,324	3,396	3,396	0	0.0
Arts Program Grants	97	60	51	56	53	(3)	(5.4)
Emporia State	7	0	0	0	0	0	0.0
Historical Society	82	132	152	202	152	(50)	(24.8)
Total, Education	\$ 2,436,787	\$ 2,714,521	\$ 2,965,800	\$ 3,231,669	\$ 3,395,130	\$ 163,461	5.1%
Comm. Corr./Boot Camps	17,747	17,696	17,778	21,861	21,903	42	0.2
Juv. Comm. Programs	13,205	13,479	15,049	13,222	26,722	13,500	102.1
Help America Vote Act	0	370	15	0	0	0	0.0
Local Public Health	9,161	10,170	13,670	18,133	18,125	(8)	0.0
Aging Dept. Programs	2,741	1,382	1,659	2,234	2,582	348	15.6
SRS Aid Programs	50,666	55,332	62,950	56,170	49,170	(7,000)	(12.5)
Property Valuation Aid	12	0	0	0	0	0	0.0
Disaster Relief	24	1,608	488	1,680	5,957	4,277	254.6
Homeland Security	0	0	0	2,000	0	(2,000)	(100.0)
Judiciary	0	0	1	0	0	0	0.0
Aid to Cons. Districts	440	0	0	0	0	0	0.0
Employment Programs	27	0	0	0	0	0	0.0
Total, Other	94,023	100,037	111,610	115,300	124,459	9,159	7.9
TOTAL - SGF	\$ 2,530,810	\$ 2,814,558	\$ 3,077,410	\$ 3,346,969	\$ 3,519,589	\$ 172,620	5.2%
% of Total SGF Expend.	54.0%	54.8%	54.9%	54.8%	55.0%		

**Selected Education State Aid from Other Funds
(In Thousands)**

	Actual FY 2007	Gov. Est. FY 2008	Gov. Rec. FY 2009	Change FY 2008-FY 2009	
				Amount	Percent
School District Finance	\$ 31,021	\$ 28,900	\$ 28,900	\$ 0	0.0%
School Dist. Cap. Impr.	63,697	69,238	74,238	5,000	7.2
Driver Safety/Training	1,595	1,998	1,799	(199)	(10.0)
Mineral Production Tax	8,630	9,672	9,469	(203)	(2.1)
Children's Initiatives					
Parent Education	0	0	7,540	7,540	--
Special Education	890	0	0	0	0.0
Pre-K Pilot	0	0	6,200	6,200	--
Economic Development Initiatives Fund					
Voc Ed - Postsecondary	6,957	0	0	0	0.0
Voc Ed. - Cap. Outlay	2,565	2,565	2,565	0	0.0
Tech. Grants	185	181	181	0	0.0
TOTAL	\$ 116,430	\$ 112,554	\$ 144,632	\$ 18,338	16.3%

**Selected Noneducation State Aid from Other Funds
(In Thousands)**

	Actual FY 2007	Gov. Est. FY 2008	Gov. Rec. FY 2009	Change FY 2008-FY 2009	
				Amount	Percent
City County Highway Fund and Co. Equal and Adj.	\$ 153,947	\$ 156,733	\$ 159,621	\$ 2,888	1.8%
State Highway Fund-City Maintenance	2,839	3,360	3,360	0	0.0
Public Transportation	6,672	7,339	6,000	(1,339)	(18.2)
Aviation Grants	3,479	3,000	3,000	0	0.0
Firefighter's Relief	9,137	9,150	9,200	50	0.5
Mineral Production	8,630	9,672	9,469	(203)	(2.1)
Tax Increment Financing Rev. Replacement	961	981	1,001	20	2.0

Recommended Changes in State General Fund Programs

The following tabulation summarizes State General Fund expenditure changes from the FY 2008 Governor's revised estimate to the Governor's recommendations for FY 2009.

INCREASE IN STATE GENERAL FUND EXPENDITURES Governor's Recommendation FY 2008 to FY 2009

	Amount (Thousands)	Percent of Total Increase
Total Increase	\$ 281,465	100.0%
Education		
State Aid for Education, Total	\$ 163,461	58.1%
Basic General Aid	94,690	33.6
KPERS-School	28,051	10.0
Special Education	24,781	8.8
Supplemental General Aid	24,116	8.6
Community College Aid	6,200	2.2
All Other	(14,377)	(5.1)
Health Policy Authority*	48,570	17.3
SRS, Including Hospitals	30,935	11.0
Board of Regents & Regents Institutions*	27,001	9.6
State Aid Except Education	9,159	3.3
Department on Aging	7,009	2.5
Elected Officials	4,964	1.8
Department of Corrections and Facilities*	4,367	1.6
Legislative Branch*	3,068	1.1
Judicial Branch	2,616	0.9
Board of Indigents' Defense Services*	753	0.3
Department of Agriculture*	141	0.1
Highway Patrol/KBI*	40	0.0
Department of Revenue*	(205)	(0.1)
Juvenile Justice Authority and Facilities*	(4,231)	(1.5)
Dept. of Health and Environment*	(6,412)	(2.3)
Department of Administration*	(10,886)	(3.9)
All Other*	1,115	0.4

* Excludes state aid to local units of government, if any

DEMAND/REVENUE TRANSFERS FROM THE STATE GENERAL FUND

Demand transfers are certain expenditures specified by statute. Since FY 2002, the demand transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF), the County and City Revenue Sharing Fund (the CCRSF) and the Special City and County Highway Fund (SCCHF) have been treated as revenue transfers. By changing these demand transfers to revenue transfers, these funds were no longer considered State General Fund expenditures and thus, no longer subject to the State General Fund ending balance law. In FY 2003, the Governor recommended changing the State Water Plan Fund and the School District Capital Improvements Fund to revenue transfers as well. In FYs 2004-2008 the remaining demand transfers, with the exception of the School District Capital Outlay Fund, were also treated as revenue transfers, a recommendation the Governor continues for FY 2009. No transfers are recommended to the LAVTRF or the CCRSF in FY 2009. The Governor recommends transfers of \$74.2 million to the School District Capital Improvement Fund, \$25.4 million to the School District Capital Outlay Fund; \$10.1 million to the SCCHF, \$6.4 million to the State Water Plan, and \$5.0 million to the Regents Faculty of Distinction Fund. No funding is recommended for the State Fair Capital Improvements Fund in FY 2009. The table below reflects the Governor's recommended transfers for FY 2009, compared to estimated statutory amounts.

FY 2009 DEMAND/REVENUE TRANSFERS FROM STATE GENERAL FUND TO OTHER STATE FUNDS

(In Thousands)

Fund	FY 2009		
	No Law Change	Governor's Proposed	Difference
Local Ad Valorem Tax Reduction	\$ 72,707	\$ 0	\$ (72,707)
County-City Revenue Sharing	56,838	0	(56,838)
City-County Highway	28,500	10,064	(18,436)
Water Plan	6,000	6,400	400
School District Capital Improvements	74,238	74,238	0
School District Capital Outlay	25,440	25,440	0
State Fair	300	0	(300)
Faculty of Distinction	5,000	5,000	0
TOTAL	<u>\$ 269,023</u>	<u>\$ 121,142</u>	<u>\$ (147,881)</u>

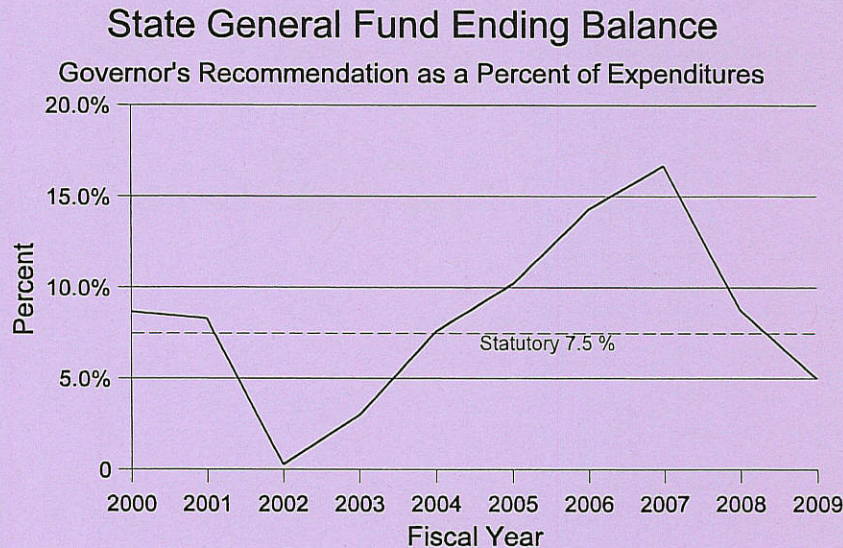
Status of the State General Fund

The following tabulation summarizes the status of the State General Fund as to receipts, expenditures, and unencumbered cash balances based on the Governor's recommendation for fiscal years 2008 and 2009.

STATE GENERAL FUND RECEIPTS, EXPENDITURES, AND BALANCES

(Millions of Dollars)

	Actual FY 07	Gov. Rec. FY 08	Change	Gov. Rec. FY 09	Change
Beginning Unencumbered Cash Balance	\$ 733.6	\$ 935.0	\$ 201.4	\$ 536.3	\$ (398.7)
Receipts (November 2007 Consensus)	5,809.1	5,717.3	(91.8)	6,170.1	452.8
Gov. Rec. Adjustments	0.0	(3.8)	(3.8)	5.1	9.0
Adjusted Receipts	\$ 5,809.1	\$ 5,713.5	\$ (95.7)	\$ 6,175.2	\$ 461.8
Total Resources	\$ 6,542.7	\$ 6,648.4	\$ 105.7	\$ 6,711.5	\$ 63.1
Less Expenditures	5,607.7	6,112.1	504.4	6,393.6	281.5
Ending Unencumbered Cash Balance	\$ 935.0	\$ 536.3	\$ (398.7)	\$ 317.9	\$ (218.4)
Ending Balance as a Percentage of Expenditures	16.7%	8.8%		5.0%	
Adj. Receipts in Excess of Expenditures	\$ 201.4	\$ (398.7)		\$ (218.4)	

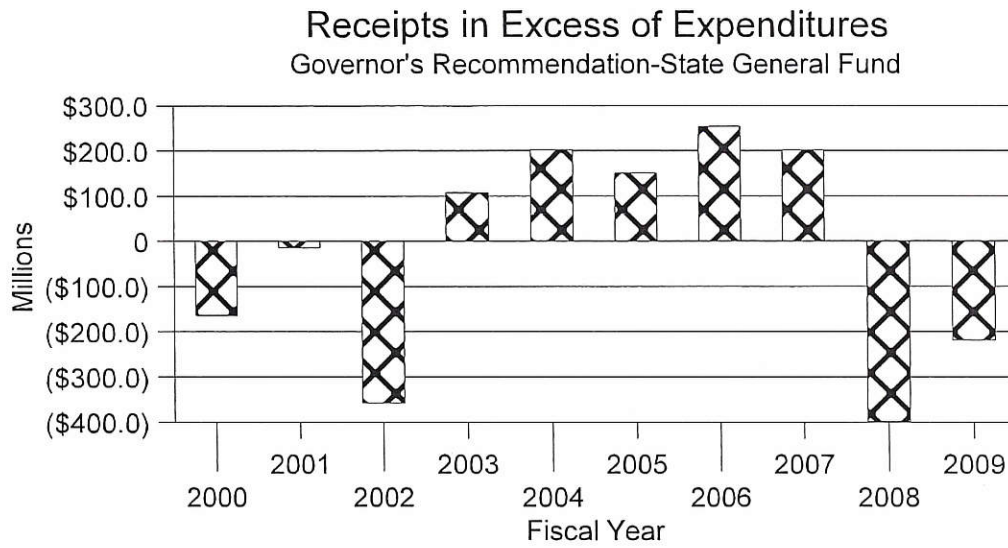


The FY 2009 State General Fund ending balance as a percentage of expenditures under the Governor's recommendations would be 5.0 percent, below the 7.5 percent (\$479.5 million) required by statute. The Governor does submit a statutory budget which meets the 7.5 percent ending balance requirement by reducing \$147.4 million in expenditures from the budget of the Department of Education. **Recommended receipts for FY 2008 and FY 2009 are equal to the consensus estimates except for certain transfers and proposals recommended by the Governor which**

Decrease receipts to the State General Fund by \$3.8 million in FY 2008 and increase receipts by \$5.1 million in FY 2008. The Governor's proposed adjustments include the following:

- **FY 2008.** Included in the current fiscal year are the following recommended adjustments to the consensus estimate:
 1. The Governor recommends decreasing the transfer to the School Districts Capital Improvements Fund by \$277,220, for a total transfer of \$59.238 million, based on a revised estimate from the Department of Education.
 2. The recommendation includes an additional transfer of \$4.1 million to the State Emergency Fund to be used by the Adjutant General for repair to infrastructure during emergencies.
- **FY 2009.** The Governor's nine recommended adjustments to the FY 2009 consensus estimate include the following:
 1. The Governor recommends that \$400,000 be transferred from the Pooled Money Investment Portfolio Fee Fund to the State General Fund. This amount represents unexpended funds under the Kansas Savings Incentive Program.
 2. The Governor's recommendation includes a decrease of \$79,065 in the amount that will be transferred from the Securities Commissioner Fee Fund at the end of the fiscal year, resulting in a total transfer of \$6,560,834.
 3. The recommendation includes a sweep of \$1.7 million from the Department of Education's State Safety Fund.
 4. The recommendation also includes an increased transfer of \$2.7 million from the State Highway Fund to the State General Fund to pay the costs related to the Governor's pay plan and a special negotiated pay raise for troopers of the Highway Patrol.
 5. The Governor recommends transferring \$3,796 from the Department of Agriculture's Grain Warehouse Inspection Fee Fund, representing the balance in an inactive fund.
 6. The recommendation includes a decrease of \$262,000 in the transfer from the State General Fund to the School District Capital Improvements Fund (for a total transfer of \$74.238 million), based on revised estimates of the Department of Education.
 7. The Governor recommends a \$400,000 one-time increase in the transfer in the transfer to the State Water Plan Fund.
 8. The Governor recommends the elimination of the \$300,000 transfer from the State General Fund to the State Fair Capital Improvements Fund
 9. The recommendation includes a technical correction to the November 2007 estimate regarding the Goodyear Bond Repayment Fund. The November estimate included a transfer from the State General Fund of \$249,349 to the bond repayment fund. All of the state's obligations have, in fact, been met on the incentive program, and the transfer is unnecessary.

The following table reflects the amounts of receipts in excess of expenditures from FY 2000 to FY 2009.



Children's Initiatives Fund

FY 2007 - FY 2009

	Actual FY 2007	Legislative Approved FY 2008	Gov. Rec. FY 2008	Gov. Rec. FY 2009
Department of Health and Environment				
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	1,200,000	1,200,000
Smoking Cessation/Prevention Program Grants	999,999	1,000,000	1,000,000	1,000,000
PKU/Hemophilia	208,000	208,000	208,000	208,000
Newborn Hearing Aid Loaner Program	-	-	-	50,000
SIDS Network Grant	-	-	-	75,000
Newborn Screening	-	-	-	2,226,577
Subtotal - KDHE	<u>\$ 2,657,999</u>	<u>\$ 2,658,000</u>	<u>\$ 2,658,000</u>	<u>\$ 5,009,577</u>
Juvenile Justice Authority				
Juvenile Prevention Program Grants	\$ 5,385,716	\$ 5,414,487	\$ 5,579,530	\$ - a
Juvenile Graduated Sanctions Grants	3,468,938	3,585,513	3,420,470	-
Subtotal - JJA	<u>\$ 8,854,654</u>	<u>\$ 9,000,000</u>	<u>\$ 9,000,000</u>	<u>\$ -</u>
Department of Social and Rehabilitation Services				
Children's Cabinet Accountability Fund	\$ 546,125	\$ 541,802	\$ 541,802	\$ 541,802
Children's Mental Health Initiative	3,799,999	3,800,000	3,800,000	3,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	947,897	1,000,000	1,000,000	-
Child Care Services	1,399,999	1,400,000	1,400,000	1,400,000
Community Services - Child Welfare	3,492,101	3,492,101	3,298,597	3,208,938
Smart Start Kansas - Children's Cabinet	8,730,036	8,443,279	8,986,263	8,443,965
Family Preservation	2,957,899	2,957,899	3,151,403	3,241,062
School Violence Prevention	228,000	228,000	228,000	-
Attendant Care for Independent Living (ACIL)	50,000	50,000	50,000	-
Early Childhood Block Grants	-	-	5,000,000	18,000,000 b
Pre-K Pilot	2,000,000	5,000,000	5,000,000	-
Early Head Start	-	1,600,000	1,600,000	1,600,000 c
Child Care Quality Initiative	-	500,000	500,000	500,000
Subtotal - SRS	<u>\$ 29,152,056</u>	<u>\$ 34,013,081</u>	<u>\$ 39,556,065</u>	<u>\$ 45,735,767</u>
Kansas Health Policy Authority				
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000	\$ - a
Medical Assistance	3,000,000	3,000,000	3,000,000	-
Immunization Outreach	500,000	500,000	500,000	500,000
Subtotal - KHPA	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 5,500,000</u>	<u>\$ 500,000</u>
Department of Education				
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Parent Education	-	-	-	7,539,500 d
Pre-K Pilot	-	-	-	6,200,000
Subtotal - Dept. of Ed.	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 14,039,500</u>
University of Kansas Medical Center				
Tele-Kid Health Care Link	\$ 265,392	\$ 250,000	\$ 253,117	\$ - e
TOTAL	\$ 46,730,101	\$ 51,721,081	\$ 57,267,182	\$ 65,284,844

	Actual FY 2007	Legislative Approved FY 2008	Gov. Rec. FY 2008	Gov. Rec. FY 2009
Beginning Balance	\$ 3,708,489	\$ 743,550	\$ 743,550	\$ -
Plus: Other Income*	355,827	52,103	52,103	-
State General Fund Transfer	-	-	-	-
Children's Initiatives Reserve Fund Transfer In**	-	825,952	825,952	825,952
KEY Fund Transfer In	47,361,933	55,645,577	55,645,577	64,458,892
Total Available	<u>\$ 51,426,249</u>	<u>\$ 57,267,182</u>	<u>\$ 57,267,182</u>	<u>\$ 65,284,844</u>
Less: Expenditures	46,730,101	51,721,081	57,267,182	65,284,844
Transfer Out to KEY Fund	-	-	-	-
Transfer Out to Children's Initiatives Reserve Fund**	3,303,809	-	-	-
Transfer Out to State General Fund	648,789	-	-	-
ENDING BALANCE	\$ 743,550	\$ 5,546,101	\$ -	\$ -

* Other Income includes released encumbrances, recoveries and reimbursements.

** The 2006 Legislature established the Children's Initiatives Reserve Fund (CIRF) and transferred any unencumbered balance in the Children's Initiatives Fund (CIF) on June 30, 2007 to the CIRF. On July 1, 2007, 25 percent of the balance in the CIRF was transferred to the CIF. On July 1, 2008, one third of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2009, 50 percent of the remaining balance of the CIRF is to be transferred to the CIF. On July 1, 2010, all remaining funds in the CIRF are to be transferred to the CIF.

a) The Governor's recommendation realigns CIF dollars to be spent on programs and projects with an emphasis on early education. Funding for these programs has been changed to the State General Fund.

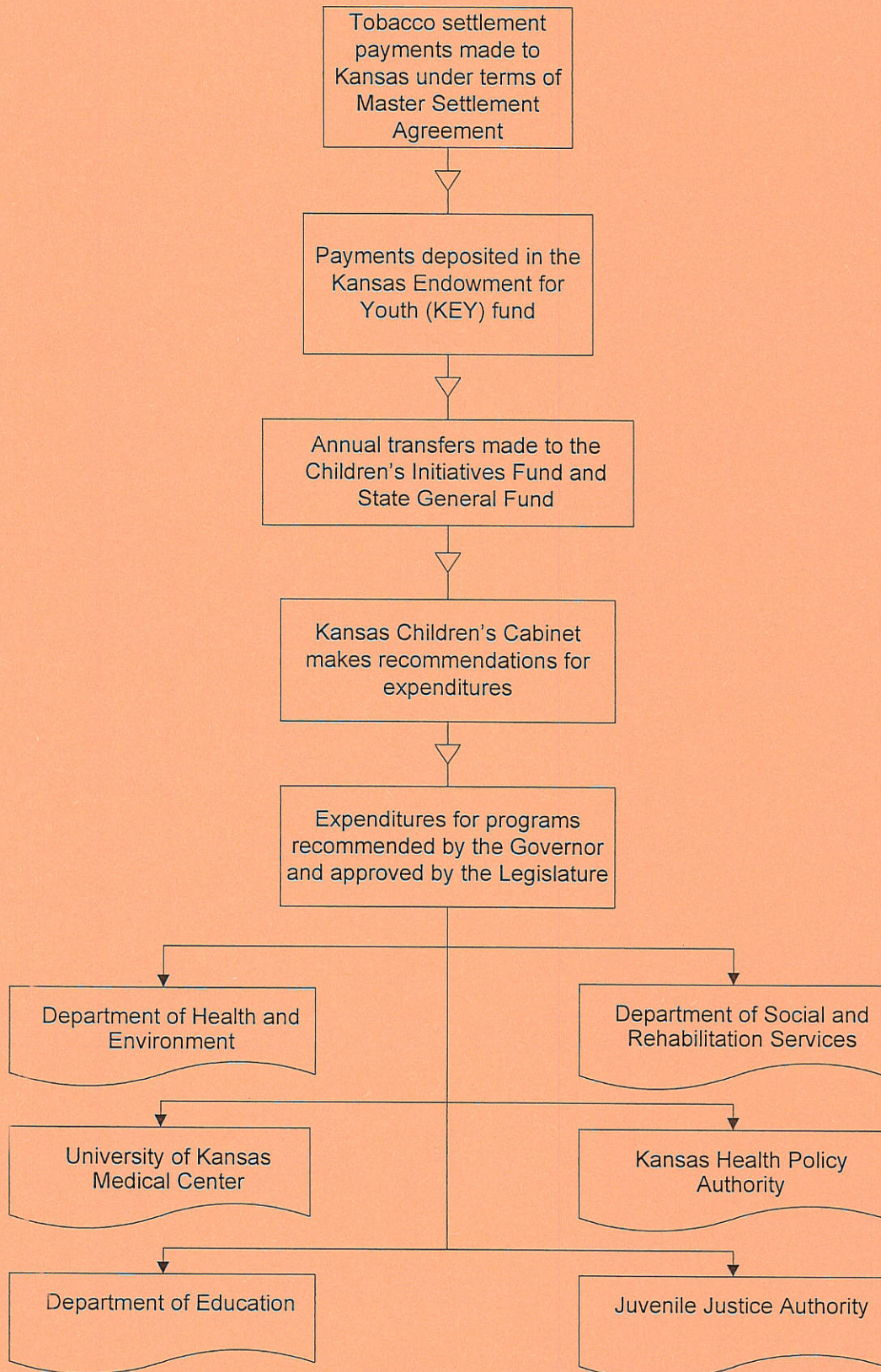
b) The Governor recommends that new additional tobacco settlement funds be earmarked for early childhood programs. The Governor's recommendation includes a new Early Childhood Block Grant (ECBG) to be administered by the Children's Cabinet.

c) This program was relocated to the Department of Education.

d) This program was previously funded from the State General Fund.

e) The Governor's recommendation switches funding of this program to the General Fees Fund.

Flow of Tobacco Settlement Dollars in Kansas



**ECONOMIC DEVELOPMENT INITIATIVES FUND (EDIF)
FY 2007 -- FY 2009**

<u>Agency/Program</u>	<u>Actual FY 2007</u>	<u>Governor's * Recommendation FY 2008</u>	<u>Governor's Recommendation FY 2009</u>
Department of Commerce			
Operating Grant	\$ 15,075,152	\$ 16,946,554	\$ 16,170,250
Older Kansans Employment Program	332,278	330,481	330,676
Rural Opportunity Program	-	2,100,000	2,106,471
Eisenhower Foundation Grant	-	200,000	-
Kansas Sports Hall of Fame Grant	-	250,000	-
Kansas Innovation Consortium	-	-	150,000 ***
Subtotal - Commerce	\$ 15,407,430	\$ 19,827,035	\$ 18,757,397
Kansas Technology Enterprise Corporation			
Operations	\$ 1,862,697	\$ 1,808,675	\$ 1,816,678
University & Strategic Research	5,183,666	5,188,682	5,100,927
Product Development Financing	1,476,957	1,185,772	1,519,030
Commercialization	1,906,631	2,684,128	2,661,017
Mid-America Manuf. Tech. Center (MAMTC)	1,524,990	1,401,054	1,440,000
Subtotal - KTEC	\$ 11,954,941	\$ 12,268,311	\$ 12,537,652
Kansas, Inc.			
Operations	\$ 527,999	\$ 504,743	\$ 409,831
Social and Rehabilitation Services			
Child Support Enforcement Call Center	\$ 340,000	\$ -	\$ -
Board of Regents & Universities			
Vocational Education Capital Outlay	\$ 2,565,000	\$ 2,565,000	\$ 2,565,000
Post-secondary Aid for Vocational Education	6,957,162	-	-
Technology Innovation & Internship	185,340	180,500	180,500
KSU - ESARP	300,000	300,000	300,000
Wichita State University - Aviation Research	-	4,750,000	4,000,000
Subtotal - Regents & Universities	\$ 10,007,502	\$ 7,795,500	\$ 7,045,500
Kansas Arts Commission			
Economic Impact Study of the Arts	\$ 14,000	\$ -	\$ -
State Fair			
Ticket Marketing & Premiums	\$ 70,000	\$ 70,000	\$ 120,000
Economic Impact Study	-	40,000	-
Alternative Energy Systems and Utilities	95,384	-	-
Largest Classroom	19,960	-	-
Subtotal - State Fair	\$ 185,344	\$ 110,000	\$ 120,000
Total Expenditures			
	\$ 38,437,216	\$ 40,505,589	\$ 38,870,380
Transfers to Other Funds			
Kansas Economic Opportunity Initiatives Fund	\$ 3,160,000	\$ 3,000,000	\$ 2,500,000
Small Employer Cafeteria Plan Development Program Fund	-	150,000	150,000
Association Assistance Plan Fund	-	-	500,000 ***
KS Qualified Biodiesel Fuel Producer Incentive Fund	-	400,000	2,000,000
State Water Plan Fund	2,000,000	2,000,000	2,000,000
Subtotal - Transfers	\$ 5,160,000	\$ 5,550,000	\$ 7,150,000
TOTAL TRANSFERS AND EXPENDITURES			
	\$ 43,597,216	\$ 46,055,589	\$ 46,020,380

<u>EDIF Resource Estimate</u>	<u>Actual FY 2007</u>	<u>Governor's Recommendation FY 2008</u>	<u>Governor's Recommendation FY 2009</u>
Beginning Balance	\$ 3,136,491	\$ 4,034,032	\$ 2,210,443
Gaming Revenues	42,432,000	42,432,000	42,432,000
Other Income**	2,062,757	1,800,000	1,400,000
Total Available	\$ 47,631,248	\$ 48,266,032	\$ 46,042,443
Less: Expenditures and Transfers	43,597,216	46,055,589	46,020,380
ENDING BALANCE	\$ 4,034,032	\$ 2,210,443	\$ 22,063

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

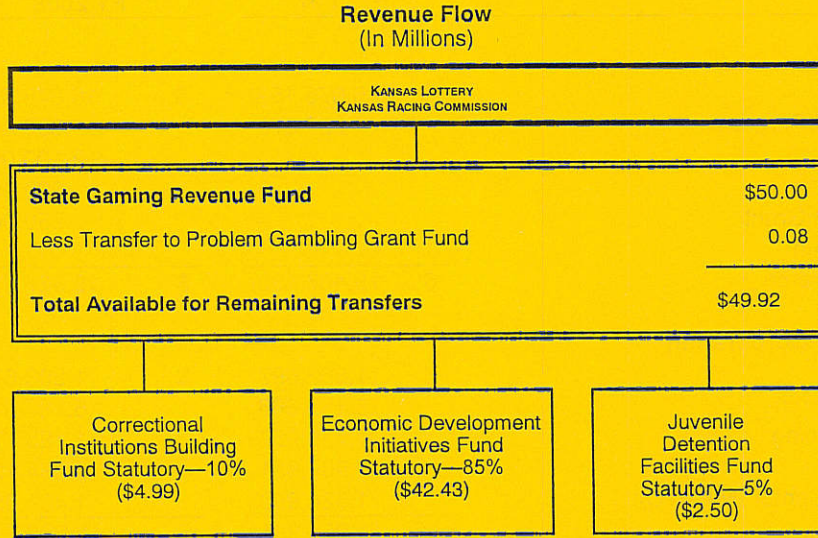
** Other income includes interest, transfers, reimbursements and released encumbrances.

***New expenditures or transfers recommended by the Governor.

*Senate Ways and Means
1-24-08
Attachment 4*

Economic Development Initiatives Fund (EDIF) Overview

The statutes governing the EDIF provide that it shall be used to finance programs "... supporting and enhancing the existing economic foundation of the state and fostering growth ... to the state's economic foundation." The EDIF is funded through the State Gaming Revenues Fund (SGRF). A portion of state revenue from both the Lottery and parimutuel wagering is transferred to the SGRF. That fund is used essentially as a holding fund from which further transfers are made on a monthly basis. No more than \$50.0 million may be credited to the SGRF in any fiscal year. Amounts in excess of \$50.0 million are credited to the State General Fund.



Department of Commerce	
Operating Grant	\$16,170,250. Used for Attraction Development Grants, Kansas Industrial Training and Retraining. Includes \$62,500 enhancement for Trade Development which aids exporters with market research, trade missions, and trade shows.
Older Kansans Employment	\$330,676. Employment placement service for older Kansans, 55 years and older.
Rural Opportunity	\$2,106,471. Attract investment, business development, and job growth in rural areas of the state through the Center for Entrepreneurship, KS Main Street Program, Capacity Building Grants, and Kansas Small Towns Environment Program (KAN-Step), a pilot program to address community infrastructure.
KS Innovation Consortium	\$150,000. The group, headed by the Governor, would consist of leaders from business, higher education, and state and local governments to advise the Governor on research and education priorities in order to achieve an innovation based economy. The group will also develop metrics to measure entrepreneurial success.
Kansas Technology Enterprise Corporation	
Operations	\$1,816,678. For KTEC's operations to provide research, direct company investments, and business assistance.
University & Strategic Research	\$5,100,927. Finances 5 university centers of excellence for research and technical assistance for Kansas businesses.
Product Development Financing	\$1,519,030. Finances product development for new and existing small Kansas companies.
Commercialization	\$2,661,017. Encourages the development of commercial products from technology research. This is done through the financing of 7 commercialization centers.
Mid-American Manuf. Tech. Center	\$1,440,000. Provides assistance to enhance the technical capabilities of manufacturers.
Kansas, Inc.	\$409,831. Used for Kansas, Inc.'s operations that include economic development planning, policy research, and program evaluation.
Board of Regents & Universities	
Vocational Education Capital Outlay	\$2,565,000. Grants for community colleges and technical institutions for equipment. Requires 50 percent matching funds.
Technology Innovation and Internship	\$180,500. Grants that allow for instructors to intern in private sector to expand knowledge. Requires one-to-one match.
KSU--ESARP	\$300,000. Used for the operations of the Extension System and Agriculture Research Programs' (ESARP) Cooperative Extension Program.
WSU-Aviation Research	\$4,000,000. Grant used by the National Institute for Aviation Research in Wichita.
State Fair	\$120,000. Used for marketing and promotions (\$100,000) and prize premiums (\$20,000).
Transfers to Other Funds	
KS Economic Opportunity Initiatives Fund	\$2,500,000. Utilized by the Department of Commerce for the major expansion of an existing or new Kansas employer, the matching of federal or private funds, and for lessening the impact of the closure or significant downsizing of a public facility or a large private employer.
Smaller Employer Cafeteria Plan Development Program Fund	\$150,000. Utilized by the Department of Commerce to inform small employers of the benefits of cafeteria health plans.
Association Assistance Plan Fund	\$500,000. Utilized by the Department of Commerce to provide grants and no-interest loans to small employers to form associations and assist members in obtaining access to health care plans.
KS Qualified Biodiesel Fuel Producer Incentive Fund	\$2,000,000. Utilized by the Department of Revenue as incentives for the production of biodiesel in the state.
State Water Plan Fund	\$2,000,000. Annually transferred to help water plan projects, overseen by the Kansas Water Authority and Kansas Water Office.

State Water Plan Fund

Agency/Program Expenditures	Actual FY 2007	Approved FY 2008	Gov. Rec. FY 2008	Kansas Water Authority Rec. FY 2009	Gov. Rec. FY 2009
Kansas Department of Health and Environment					
Contamination Remediation	\$ 904,574	\$ 981,579	\$ 1,031,529	\$ 978,833	\$ 979,338
TMDL Initiatives	257,172	298,092	342,087	297,384	301,793
Local Environmental Protection Program	1,502,737	1,502,737	1,502,849	1,502,737	1,502,735
Non-Point Source Program	246,803	294,544	336,513	292,568	299,743
Watershed Restoration and Protection Strategy	799,796	800,000	800,204	800,000	800,000
Use Attainability Analysis	169,040	-	-	-	-
Southeast Kansas Soil Treatment Study	-	120,361	120,361	-	-
<i>Total - KDHE</i>	\$ 3,880,122	\$ 3,997,313	\$ 4,133,543	\$ 3,871,522	\$ 3,883,609
University of Kansas - Geological Survey					
	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Department of Agriculture					
Kansas v. Colorado Compliance	\$ 1,150,846	\$ -	\$ -	\$ -	\$ -
Interstate Water Issues	667,776	584,217	591,647	584,217	583,635
Subbasin Water Resources Management	-	667,474	667,474	667,474	761,373
Water Use	60,000	60,000	60,000	60,000	60,000
Ozark Plateau/Spring Water Initiative	-	92,340	92,340	72,522	-
<i>Total - Department of Agriculture</i>	\$ 1,878,622	\$ 1,404,031	\$ 1,411,461	\$ 1,384,213	\$ 1,405,008
State Conservation Commission					
Water Resources Cost-Share	\$ 3,323,365	\$ 3,418,585	\$ 3,323,365	\$ 3,412,218	\$ 3,326,594
Non-Point Source Pollution Assistance	2,388,592	3,623,854	3,992,784	3,623,854	2,000,000
Aid to Conservation Districts	1,048,000	2,136,154	2,136,154	2,136,154	2,255,919
Watershed Dam Construction	1,265,970	1,055,000	1,140,529	1,055,000	1,055,000
Water Quality Buffer Initiative	265,437	350,000	391,720	350,000	350,000
Riparian and Wetland Program	88,013	251,782	364,478	251,782	251,782
Multipurpose Small Lakes	1,100,000	1,250,000	1,250,000	1,123,176	1,123,176
Water Transition Assistance Program	64,856	1,498,000	2,618,705	1,498,000	1,000,228
Salt Cedar Control Demonstrations	33,750	50,000	50,000	50,000	50,000
Conservation Reserve Enhancement Program	-	1,000,000	2,000,000	-	-
Lake Restoration/Management	-	2,719,713	2,719,713	2,895,836	2,713,762
<i>Total - State Conservation Commission</i>	\$ 9,577,983	\$ 17,353,088	\$ 19,987,448	\$ 16,396,020	\$ 14,126,461
Kansas Water Office					
Assessment and Evaluation	\$ 989,772	\$ 857,605	\$ 951,493	\$ 860,000	\$ 860,000
GIS Database Development	247,405	250,000	250,000	250,000	250,000
MOU - Storage Operations and Maintenance	388,639	733,384	694,060	301,418	301,418
Stream Gaging Program	-	17,972	17,972	-	-
PMIB Loan Payment for Storage	237,352	-	-	-	-
Technical Assistance to Water Users	299,858	624,949	624,949	646,030	624,919
Water Resource Education	76,500	84,000	91,500	84,000	84,000
Weather Stations	60,000	100,000	100,000	100,000	100,000
Weather Modification	120,000	240,000	240,000	240,000	240,000
Wichita ASR Project, Equus Beds Aquifer	-	-	-	-	1,000,000
Neosho River Basin Issues	-	500,000	500,000	500,000	500,000
<i>Total - Kansas Water Office</i>	\$ 2,419,526	\$ 3,407,910	\$ 3,469,974	\$ 2,981,448	\$ 3,960,337
Department of Wildlife and Parks					
Almena Irrigation District	\$ 60,000	\$ 1,000,000	\$ 1,000,000	\$ -	\$ -
Minimum Pool Agreement	-	-	-	200,000	-
Stream (Biological) Monitoring	40,000	40,000	40,000	40,000	40,000
<i>Total - Department of Wildlife and Parks</i>	\$ 100,000	\$ 1,040,000	\$ 1,040,000	\$ 240,000	\$ 40,000
Total State Water Plan Fund Expenditures	\$ 17,896,253	\$ 27,242,342	\$ 30,082,426	\$ 24,913,203	\$ 23,455,415

Resource Estimate				
	Actual FY 2007	Approved FY 2008	Gov. Rec. FY 2008	Gov. Rec. FY 2009
Beginning Balance	\$ 9,591,892	\$ 6,832,968	\$ 9,052,462	\$ 1,931,151
Adjustments				
Released Encumbrances	\$ 63,989	\$ -	\$ 2,428,294	\$ -
Transfer to the KCC	(400,000)	(400,000)	(400,000)	(400,000)
Subtotal--Adjustments	(336,011)	(400,000)	2,028,294	(400,000)
Receipts				
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	\$ 6,400,000
EDIF Transfer	2,000,000	2,000,000	2,000,000	2,000,000
Water Litigation Suspense Fund Transfer	-	-	584,217	525,729
Municipal Water Fees	3,532,987	3,485,184	3,485,184	3,748,687
Industrial Water Fees	1,247,221	1,129,437	1,129,437	1,272,024
Stock Water Fees	361,565	366,454	366,454	368,708
Pesticide Registration Fees	1,027,200	965,000	965,000	1,000,000
Fertilizer Registration Fees	3,054,967	2,940,000	2,940,000	2,940,000
Pollution Fines and Penalties	262,070	70,000	70,000	80,000
Clean Drinking Water Fee Fund	-	3,199,662	3,199,662	3,406,866
Sand Royalty Receipts	206,824	192,867	192,867	182,250
Subtotal--Receipts	\$ 17,692,834	\$ 20,348,604	\$ 20,932,821	\$ 21,924,264
Total Available	\$ 26,948,715	\$ 26,781,572	\$ 32,013,577	\$ 23,455,415
Less: Expenditures	\$ 17,896,253	\$ 27,242,342	\$ 30,082,426	\$ 23,455,415
Ending Balance	\$ 9,052,462	\$ (460,770)	\$ 1,931,151	\$ -

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State Water Plan Fund

History and Purpose

The State Water Plan Fund is a statutory fund (K.S.A. 82a-951) that was created by the 1989 Legislature for the purpose of implementing the State Water Plan (K.S.A. 82a-903). Subject to appropriation acts, the Fund may be used for the establishment and implementation of water-related projects or programs and related technical assistance. Funding from the State Water Plan Fund may not be used to replace FTE positions or for recreational projects that do not meet the goals or objectives of the State Water Plan.

Revenue for the State Water Plan Fund is generated by: water protection fees levied on public, industrial, and stock water users; a per ton tax on fertilizer; a registration fee on pesticides; certain fines levied by the Kansas Department of Health and Environment (KDHE); sand royalty receipts; fees paid by public water suppliers; funding from litigation with other states; and annual transfers of \$6,000,000 from the State General Fund and \$2,000,000 from the Economic Development Initiatives Fund (EDIF).

Revenue Detail

Revenue for the State Water Plan Fund is generated by the following sources:

- **Municipal Water Fees**, \$.03 per 1,000 gallons.
- **Industrial Water Fees**, \$.03 per 1,000 gallons.
- **Stock Water Fees**, \$.03 per 1,000 gallons.
- **Pesticide Registration Fees**, \$100 per pesticide registered.
- **Fertilizer Registration Fees**, \$1.40 per ton inspected.
- **Sand Royalty Receipts**, \$0.0375 per ton.
- **Pollution Fines and Penalties**, levied by the Kansas Department of Health and Environment (KDHE). The amount of revenue provided by pollution fines and penalties depends on the particular incident;
- **Clean Drinking Water Fee Fund**, \$.03 per 1,000 gallons. Beginning in FY 2008, 101/106 of the Clean Drinking Water Fee receipts will be deposited in the State Water Plan Fund. Of the funding received from the Clean Drinking Water Fee, 85.0 percent is to be used to renovate and protect lakes which are used directly as a source of water for public water supply systems. The remaining 15.0 percent is to be used to provide on-site technical assistance for public water supply systems.
- **Water Litigation Proceeds Suspense Fund Transfer**, includes funds received from the State of Colorado as the result of litigation between Kansas and Colorado regarding the Arkansas River Compact. Approximately \$1.1 million was received by the Kansas Water Office in FY 2006 and placed in the Water Litigation Proceeds Suspense Fund.
- **State General Fund Transfer**, K.S.A. 82a-953(a) provides for the annual transfer of \$6,000,000 from the State General Fund to the State Water Plan Fund; and
- **Economic Development Initiatives Fund Transfer**, annual transfer of \$2,000,000.

**EXPANDED LOTTERY ACT REVENUES FUND
FY 2008 and FY 2009**

Agency/Program	Governor's Recommendation FY 2008	Governor's Recommendation FY 2009
Department of Administration		
Statehouse Renovation Bonds		\$ 10,052,858
Transportation SGF Bonds		16,148,175
Judicial Center Bonds		101,170
Capitol Complex Maintenance		3,000,000
Docking Bldg. Renovation Planning		1,000,000
Subtotal - Administration		\$ 30,302,203
Adjutant General		
Armory Renovation		\$ 2,226,807
Regional Training Center		4,000,000
Subtotal - Adjutant General		\$ 6,226,807
Department of Commerce		
Bioenergy Research Program		\$ 2,000,000
Department of Corrections		
Prision Capacity Expansion		\$ 3,679,303
Corrections Bonds CIBF Transfer		1,689,697
Subtotal - Corrections		\$ 5,369,000
Department of Wildlife and Parks		
Ongoing Parks Rehabilitation		\$ 3,000,000
Disaster Damage & Green Space Development		1,500,000
Subtotal - Wildlife and Parks		\$ 4,500,000
Kansas Bureau of Investigation		
Headquarters Acquisition		\$ 311,850
Site Planning and Property Acquisition		250,000
Subtotal - KBI		\$ 561,850
Kansas Development Finance Authority		
Housing Trust Fund Transfer		\$ 3,000,000
Kansas Public Employees Retirement System		
Retirement Benefits 13th Check Bonds		\$ 3,210,948
Kansas State Fair		
Master Plan		\$ 1,840,821
Kansas State Historical Society		
Historic Site Preservation and Development		\$ 500,000
Board of Regents		
Crumbling Classrooms EBF Transfer		\$ 15,000,000
Technical Education Equipment Grant		2,500,000
Subtotal - Regents		\$ 17,500,000
University of Kansas		
School of Pharmacy Expansion		\$ 1,000,000
University of Kansas Medical Center		
Energy Conservation		\$ 908,000
Wichita State University		
Aviation Research		\$ 1,644,208
NAIR -- Aviation Infrastructure		2,500,000
Subtotal - State Conservation Commission		\$ 4,144,208
Pittsburg State University		
Readiness Center		\$ 326,999
TOTAL TRANSFERS AND EXPENDITURES	\$ -	\$ 81,390,836
ELARF Resource Estimate		
	Governor's Recommendation FY 2008	Governor's Recommendation FY 2009
Beginning Balance	\$ -	\$ 9,338,700
Gaming Revenues	9,338,700	72,432,320
Other Income*	-	-
Total Available	\$ 9,338,700	\$ 81,771,020
Less: Expenditures and Transfers	-	81,390,836
ENDING BALANCE	\$ 9,338,700	\$ 380,184

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

Expanded Lottery Act Revenues Fund

In accordance with the 2007 law, the Governor proposes targeting the resources of the Expanded Lottery Act Revenues Fund to support the reduction of state debt and to make state infrastructure improvements.

Fund Summary

The Expanded Lottery Act Revenues Fund (ELARF) is capitalized through transfers from the Kansas Lottery with revenue collected from electronic gaming machines at parimutuel racetracks and from four new destination casinos authorized by the Kansas Expanded Lottery Act. The Racing and Gaming Commission indicates it is planning for the operation of electronic gaming machines at the Woodlands Racetrack in Kansas City and at a reopened Camptown Racetrack in Frontenac by May 2008, pending the outcome of the Supreme Court ruling on the constitutionality of the Kansas Expanded Lottery Act. With the time necessary to select and negotiate management contracts with potential gaming facility managers, it is unlikely that destination casinos authorized under the Kansas Expanded Lottery Act will be operational before FY 2010.

The Kansas Expanded Lottery Act requires racetrack gaming facility managers to pay a one-time privilege fee of \$2,500 per electronic gaming machine placed at each racetrack gaming facility. It is estimated that racetrack gaming facility managers will pay \$4,417,500 in privilege fees in FY 2008.

Revenue from electronic gaming machines at racetrack gaming facilities is divided by a formula detailed in the Kansas Expanded Lottery Act. It is estimated that electronic gaming machines will generate \$12.3 million of net revenue in FY 2008 and \$101.5 million in FY 2009. The ELARF is estimated to receive \$4,921,200 in FY 2008 and \$41,932,320 in FY 2009. The revenue will also be used to supplement purses at live greyhound and horse races, provide operational support for county fair horse races through the Horse Fair Racing Benefit Fund, provide additional funding to the Problem Gambling and Addictions Grant Fund (PGAGF), provide funding to the community where the racetrack gaming facility is located, and provide

management fees and expenses to each racetrack gaming facility manager. A summary of the distribution of revenue from racetrack gaming facilities is presented below.

	FY 2008 Gov. Est.	FY 2009 Gov. Rec.
Transfer to ELARF	4,921,200	41,932,320
Horse Racing Purses	861,210	5,792,890
Greyhound Racing Purses	861,210	5,792,890
Horse Fair Racing Benefit Fund	123,030	1,015,430
PGAGF	246,060	2,030,860
Cities & Counties	369,090	3,046,290
Gaming Facility Managers	4,921,200	41,932,320
Total	\$12,303,000	\$101,543,000

Although destination casinos authorized under the Kansas Expanded Lottery Act will not become operational before FY 2010, it is estimated that gaming facility managers, selected to operate gaming facilities on behalf of the state, will pay the ELARF a total of \$30.5 million in privilege fees in FY 2009. The gaming facility manager selected in Crawford or Cherokee County must pay a privilege fee of \$25.0 million in FY 2009, while the gaming facility manager selected in Ford County must pay \$5.5 million. The privilege fees of \$25.0 million arising from the casinos in Wyandotte and Sumner Counties will likely come in FY 2010.

	FY 2008 Gov. Est.	FY 2009 Gov. Rec.
Beginning Balance	\$ --	\$ 9,338,700
Transfers In:		
Gaming Machine Privilege Fees	4,417,500	--
Gaming Machine Revenue	4,921,200	41,932,320
Gaming Facility Privilege Fees	--	30,500,000
Total Available	\$9,338,700	\$81,771,020
Expenditures & Transfers Out:		
Reduction of State Debt	--	57,140,836
State Infrastructure Improvements	--	24,250,000
Total Expenditures & Transfers Out	\$ --	\$81,390,836
Ending Balance	\$9,338,700	\$ 380,184

The table above shows the estimated revenue that will be available in the ELARF. The Governor recommends using ELARF to reduce state debt and make state infrastructure improvements in FY 2009.

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Status of State Building Funds

	FY 2006 Actual	FY 2007 Actual	FY 2008 Gov. Est.	FY 2009 Gov. Rec.	FY 2010 Estimate	FY 2011 Estimate
<u>Educational Building Fund</u>						
Beginning Balance	\$ 8,148,466	\$ 9,788,177	\$ 13,772,498	\$ 5,905,882	\$ 8,947,883	\$ 6,096,953
Released Encumbrances/Adjs.	23,108	--	--	--	--	--
Receipts	28,752,952	33,526,191	33,026,120	33,517,001	35,149,070	35,076,905
Transfer in from ELARF	--	--	--	15,000,000	15,000,000	15,000,000
Resources Available	\$ 36,924,526	\$ 43,314,368	\$ 46,798,618	\$ 54,422,883	\$ 59,096,953	\$ 56,173,858
Expenditures	\$ 27,136,349	\$ 29,541,870	\$ 40,892,736	\$ 45,475,000	\$ 53,000,000	\$ 53,000,000
<u>State Institutions Building Fund</u>						
Beginning Balance	\$ 11,735,074	\$ 10,951,248	\$ 12,813,716	\$ 11,159,501	\$ 10,397,871	\$ 8,991,160
Released Encumbrances/Adjs.	28,775	3,815	--	--	--	--
Receipts	14,421,151	16,811,899	16,450,743	16,598,407	18,081,278	17,715,286
Resources Available	\$ 26,185,000	\$ 27,766,962	\$ 29,264,459	\$ 27,757,908	\$ 28,479,149	\$ 26,706,446
Expenditures	\$ 15,233,752	\$ 14,953,246	\$ 18,104,958	\$ 17,360,037	\$ 19,487,989	\$ 19,877,749
<u>Correctional Institutions Building Fund</u>						
Beginning Balance	\$ 1,477,937	\$ 1,510,453	\$ 1,513,101	\$ 30,450	\$ 26,450	\$ 22,450
Released Encumbrances/Adjs.	22,304	13,992	--	--	--	--
Receipts	4,996,828	4,992,000	4,992,000	4,992,000	4,992,000	4,992,000
Transfer in from ELARF	--	--	--	1,689,697	1,689,697	1,689,697
Resources Available	\$ 6,497,069	\$ 6,516,445	\$ 6,505,101	\$ 6,712,147	\$ 6,708,147	\$ 6,704,147
Expenditures	\$ 4,986,616	\$ 5,003,344	\$ 6,474,651	\$ 6,685,697	\$ 6,685,697	\$ 6,685,697

Educational Building Fund

KSA 76-6b01 authorizes a 1.0 mill tax levy on property for the Educational Building Fund (EBF), for the use and benefit of the state institutions of higher education.

KSA 76-6b02 limits the use of the funds in the EBF to the construction, reconstruction, equipment and repair of buildings and grounds at the state educational institutions under the control and supervision of the State Board of Regents and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the Legislature.

State Institutions Building Fund

KSA 76-6b04 authorizes a 0.5 mill tax levy on property for the State Institutions Building Fund (SIBF), for the use and benefit of state institutions caring for persons who are mentally ill, retarded, visually handicapped, with a handicapping hearing loss or tubercular or state institutions caring for children who are deprived, wayward, miscreant, delinquent, children in need of care or juvenile offenders and who are in need of residential care or treatment, or institutions designed primarily to provide vocational rehabilitation for handicapped persons.

State institutions include, but are not limited to, those institutions under the authority of the Commissioner of Juvenile Justice.

KSA 76-6b05 limits expenditures from the fund to be used for the construction, reconstruction, equipment and repair of buildings and grounds at institutions specified in K.S.A. 76-6b04, and amendments thereto, and for payment of debt service on revenue bonds issued to finance such projects, all subject to appropriation by the Legislature.

Correctional Institutions Building Fund

KSA 79-4803 transfers an amount equal to 10.0 percent of the balance of all moneys credited to the state gaming revenues fund to the Correctional Institutions Building Fund (CIBF), to be appropriated by the Legislature for the use and benefit of state correctional institutions.

2008 SENATE WAYS AND MEANS SUBCOMMITTEE ASSIGNMENTS

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Legislative and Elected Officials</u>			
Legislative Agencies	<u>Emler</u>	Scott	2/21/08
Governor	Betts	Robinson	3/19/08
Lt. Governor		Robinson	3/19/08
Attorney General		Robinson	3/19/08
Secretary of State		Robinson	3/19/08
Insurance Commissioner		Gorges	3/19/08
State Treasurer		Klaassen	3/19/08
Health Care Stabilization Fund Board of Governors		Gorges	3/19/08
<u>Aging</u>			
Department on Aging	<u>Schodorf</u> Schmidt Betts	Deckard	3/7/08
<u>SRS—Hospitals</u>			
Larned State Hospital	<u>Umberger</u>	Caywood Mc- Carthy	3/14/08
Osawatomie State Hospital	Wysong		
Rainbow Mental Health Facility	McGinn		
Parsons State Hospital	Schodorf		
Kansas Neurological Institute	Goodwin		
<u>Department of Administration/KCC</u>			
Department of Administration (Including Public Broadcasting)	<u>Teichman</u> Taddiken Steiniger	Efird	3/4/08
Governmental Ethics Commission	<u>McGinn</u>	Caywood McCarthy	3/17/08
Human Rights Commission	Steiniger	Waltner	3/17/08
Kansas Corporation Commission	Emler	O'Hara	3/11/08
Citizens Utility Ratepayer Board		O'Hara	3/11/08
<u>Department of Education</u>			
	<u>Umberger</u> Emler Teichman Schodorf Steiniger	Robinson	2/19/08
<u>Capital Improvements</u>			
	<u>Umberger</u> Wysong Emler	Staff	3/17/08

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	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Other Education</u>	Kelly		
School for the Blind	<u>Wysong</u>	Scott	2/18/08
School for the Deaf	Schodorf	Scott	2/18/08
Historical Society	Steineger	Klaassen	2/18/08
Kansas Arts Commission		Klaassen	2/18/08
State Library		Klaassen	2/18/08
<u>SRS</u>			
Department of SRS	<u>Umbarger</u>	Deckard	3/20/08
Health Policy Authority	Teichman	Deckard	3/20/08
	McGinn		
	Schodorf		
	Goodwin		
<u>Kansas Guardianship Program</u>	<u>Schodorf</u>	Gorges	3/14/08
	Betts		
<u>KPERS Budget</u>	<u>Morris</u>	Efird	3/18/08
	Wysong		
	Kelly		
<u>Judicial</u>			
Judicial Council	<u>Emler</u>	Holwegner	3/6/08
Board of Indigents' Defense Services	Taddiken	Holwegner	3/6/08
Judicial Branch	Goodwin	Holwegner	3/6/08
<u>Public Safety</u>			
Beloit Juvenile Correctional Facility	<u>Emler</u>	Steiner	3/12/08
Atchison Juvenile Correctional Facility	Schmidt	Steiner	3/12/08
Larned Juvenile Correctional Facility	Betts	Steiner	3/12/08
Kansas Juvenile Correctional Facility		Steiner	3/12/08
Juvenile Justice Authority		Steiner	3/12/08
Parole Board	<u>Teichman</u>		
KBI	Schmidt	Waltner	2/13/08
	Goodwin	VanHouse/ Klaasen	2/13/08
CPOST		VanHouse/ Klaassen	2/13/08
EMS	<u>McGinn</u>	Klaassen	2/13/08
Sentencing Commission	Schmidt	Waltner	2/13/08
Fire Marshal	Steineger	VanHouse/ Klaassen	2/13/08

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
Highway Patrol	<u>Schmidt</u> McGinn	VanHouse/ Klaassen	2/13/08
Adjutant General (including Civil Air Patrol)	Steineger	VanHouse/ Klaassen	2/13/08
<u>Health and Environment/Human Resources</u>			
Department of Health and Environment	<u>Schmidt</u> Schodorf Kelly	VanHouse/ Robinson	3/5/08
Department of Labor	<u>Wysong</u> Taddiken Goodwin	Gorges	2/26/08
Veterans Affairs/Soldiers' & Veterans' Home	<u>Taddiken</u> Goodwin	Gorges	2/14/08
<u>Agriculture</u>			
Department of Agriculture	<u>Taddiken</u>	O'Hara	2/15/08
Animal Health Dept	McGinn	O'Hara	2/15/08
Kansas State Fair	Kelly	O'Hara	2/15/08
Conservation Commission	<u>McGinn</u>	O'Hara	2/25/08
Water Office	Taddiken	O'Hara	2/25/08
Wildlife and Parks	Steineger	Efird	2/15/08
<u>Transportation</u>			
	<u>Umbarger</u> Teichman Steineger	VanHouse/ Efird	3/13/08
<u>Lottery/Racing and Gaming</u>			
Lottery Commission	<u>Schodorf</u>	Efird	3/18/08
Racing and Gaming Commission	Emler Betts	Efird	3/18/08

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
<u>Fee Boards</u>			
Abstracters' Board of Examiners	<u>Teichman</u>	Steiner	2/20/08
Board of Accountancy	Wysong	Gorges	2/20/08
Bank Commissioner	Kelly	Waltner	2/20/08
Board of Barbering		Caywood McCarthy	2/20/08
Behavioral Sciences Regulatory Board		Klaassen	2/20/08
Board of Healing Arts		Klaassen	2/20/08
Board of Cosmetology		Caywood McCarthy	2/20/08
Department of Credit Unions		Gorges	2/20/08
Kansas Dental Board		Gorges	2/20/08
Board of Mortuary Arts		Caywood McCarthy	2/20/08
Board of Hearing Aid Examiners		Caywood McCarthy	2/20/08
Board of Nursing		Klaassen	2/20/08
Board of Examiners in Optometry		O'Hara	2/20/08
Board of Pharmacy		Gorges	2/20/08
Real Estate Appraisal Board		Steiner	2/20/08
Real Estate Commission		Steiner	2/20/08
Securities Commissioner		Gorges	2/20/08
Board of Technical Professions		Steiner	2/20/08
Board of Veterinary Medical Examiners		Steiner	2/20/08
<u>KPERS Issues</u>	<u>Morris</u> Wysong Kelly	Efird	3/18/08
<u>Corrections</u>			
Department of Corrections	<u>Taddiken</u>	Waltner	3/17/08
Topeka Correctional Facility	Schmidt	Waltner	3/17/08
Norton Correctional Facility	Teichman	Waltner	3/17/08
El Dorado Correctional Facility	Betts	Waltner	3/17/08
Winfield Correctional Facility		Waltner	3/17/08
Hutchinson Correctional Facility		Waltner	3/17/08
Larned Correctional Mental Health Facility		Waltner	3/17/08
Lansing Correctional Facility		Waltner	3/17/08
Ellsworth Correctional Facility		Waltner	3/17/08
<u>Higher Education</u>			
KU	<u>Morris</u>	Dunkel	3/12/08
KSU		Dunkel	3/12/08
	Teichman		
KSU – Vet. Med	Emler	Dunkel	3/12/08
KSU – Extension	Schodorf	Dunkel	3/12/08
Wichita State University	Kelly	Dunkel	3/12/08

	<u>Subcommittee</u>	<u>Analyst</u>	<u>Final Committee Action</u>
Board of Regents		Dunkel	3/12/08
KUMC		Dunkel	3/12/08
Emporia State University		Dunkel	3/12/08
Fort Hays State University		Dunkel	3/12/08
Pittsburg State University		Dunkel	3/12/08
Regents Systemwide		Dunkel	3/12/08
<u>Commerce/Revenue</u>			
Department of Revenue	<u>Schodorf</u> Schmidt Teichman Betts	Holwegner	3/7/08
Board of Tax Appeals	<u>Schmidt</u> Taddiken Kelly	Holwegner	2/26/08
Department of Commerce	<u>Wysong</u>	Holwegner	2/25/08
Kansas Inc.	McGinn	Holwegner	2/25/08
Kansas Technology Enterprise Corporation	Emler Betts	Holwegner	2/25/08

Senate Subcommittee reminders:

- (1) Remember to give your KLRD analyst a minimum of two days before the report goes to Full Committee to complete their report. Subcommittees will start February 4, unless you hear that an analyst is ready before that date.
- (2) Try not to schedule subcommittees in conflict with other subcommittees with shared membership. It makes it hard for Senators to get to both meetings and affects subcommittee work.
- (3) Subcommittee rooms: in addition to the Senate conference rooms which are available through the President's Office, there are two rooms permanently reserved for Senate Subcommittees: Room 431-N and 531-N (for meetings prior to 8:30 AM; 12-1:30; upon Senate adjournment). Call Shari in LAS for reserving those rooms. On days that Ways and Means does not meet, Room 123-S will be available. Call Melinda in my office to schedule the room. Those dates will be announce several days in advance, with the first one being Friday February 8.
- (4) The Revisor's Office is available to assist with Subcommittee meetings. Please contact Jill or Kristen to make arrangements.

Senate Ways and means
1-24-08
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