

MINUTES OF THE HOUSE APPROPRIATIONS

The meeting was called to order by Chairman Kevin Yoder at 9:07 a.m. on January 13, 2009 in Room 143-N of the Capitol.

All members were present except:

Representative Mitch Holmes - Excused
Representative Harold Lane - Excused
Representative Owen Donohoe - Excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J.G. Scott, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Amy Deckard, Legislative Research Department
Aaron Klaassen, Legislative Research Department
Michael Steiner, Legislative Research Department
Jim Wilson, Revisor of Statutes
Nobuko Folmsbee, Revisor of Statutes
Jason Long, Revisor of Statutes
Kelly Cure, Chief of Staff
Kathy Holscher, Committee Assistant

Others attending:

See attached list.

Conferees attending:

None

- Attachment 1 Legislative Fiscal Analyst Assignments
- Attachment 2 SGF Receipts Estimate for FY 2009 and FY 2010
- Attachment 3 SGF Receipts July through December, FY 2009
- Attachment 4 SGF Receipts, Expenditures, Balances as Projected
- Attachment 5 Children's Initiatives Fund for FY 2008 and FY 2009
- Attachment 6 State Water Plan Fund for FY 2007, FY 2008 and FY 2009
- Attachment 7 Economic Development Initiatives Fund for FY 2007, FY 2008 and FY 2009
- Attachment 8 SGF Overview
- Attachment 9 Kansas State Fair Budget Summary FY 2007, FY 2008, FY2009

Representative Feuerborn moved to introduce three pieces of legislation appropriating the Governor's recommended budget FY 2010, the supplemental budget for FY 2009, and the multi-fiscal recommendations for capital improvements. The motion was seconded by Representative Watkins. The motion carried.

Chair Yoder welcomed the Committee to the first meeting of the 2009 Session and introduced the committee leadership.

J.G. Scott Legislative Research Department, introduced the Fiscal Analyst Staff and distributed a listing of assignments (Attachment 1). Jim Wilson, Office of the Revisor of Statutes, noted that he will staff the

CONTINUATION SHEET

MINUTES OF THE House Appropriations at 9:00 a.m. on January 13, 2009, in Room 143-N of the Capitol.

Committee and introduced committee staff with the Revisor's office.

Chair Yoder stated that Committee rules will be forthcoming.

Alan Conroy, Legislative Research Department, presented an overview of the following:

- State General Fund (SGF) Receipts Estimate (Attachment 2);
- Consensus Estimating Group's memo to the Governor and Legislative Budget Committee (Attachment 3);
- State General Fund (SGF) Receipts July through December FY 2009 (Attachment 4)

Mr. Conroy stated that the Consensus Revenue Estimate for FY 2009 was decreased by \$211.4 million, or 3.5 percent, below the previous estimate made in April 2008. The economic forecast with the recent measures of consumer spending and confidence indicates that the economy is sliding deeper into a major downturn.

These estimates were also based on the assumption that the Kansas Gross State product will grow to 5.0 percent. Mr. Conroy noted that in November 2008, there were no indications of reduction in the aircraft manufacturing industry.

Mr. Conroy reported that the total receipts through December of FY 2009 were \$44.6 million, or 1.6 percent below the estimate. One tax source, retail sales, exceeded the estimate by more than \$1.0 million. Total SGF receipts through December of FY 2009 were \$224.6 million. Two large transfers out of the SGF went to education and maintenance. Tax receipts for the same period were below FY 2008 by \$22.4 million, or 0.8 percent.

Mr. Conroy addressed Committee members questions regarding Certificates of Indebtedness. He stated that (SGF) borrowed \$550 million with two certificates outstanding this fiscal year which will must be redeemed by June 30, 2009. A new certificate could be issued prior to July 1, 2009, at which time any unpaid bills are paid. Mr. Conroy explained the ending balance requirements and procedures.

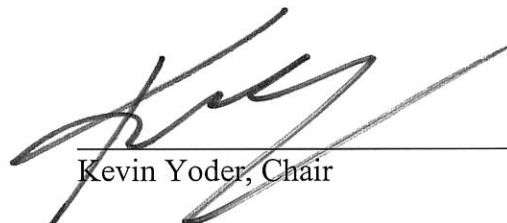
Amy Deckard, Legislative Research, gave an update on the Children's Initiatives Fund, FY 2008 - FY 2009, (Attachment 5). The final legislature approved budget for FY 2009 indicates an ending balance of \$29,556.

Heather O'Hara, Legislative Research, presented an overview on the State Water Plan Fund, FY 2007, FY 2008 - FY 2009 (Attachment 6). The transfer to the Economic Development Initiative Fund was increased from \$2 million to \$3.04 million. This report shows a negative balance, however encumbrances released during 2008 reflects a positive balance.

Michael Steiner, Legislative Research, presented an overview on the Economic Development Initiatives Fund, FY 2007 - FY 2009 (Attachment 7). Mr. Steiner stated a negative ending balance, based on actions taken during the 2008 Legislature.

J.G. Scott, Legislative Research, presented the an overview of the Governor's Budget recommendations and Mr. Scott reviewed legislative procedures. (Attachment 8). A sample write-up on the Kansas State Fair was reviewed. This information should be available for all agencies in mid-February (Attachment 9).

The meeting adjourned at 10:43 a.m. The next meeting of the Committee will be held on January 14, 2009



Kevin Yoder, Chair

APPROPRIATIONS COMMITTEE GUEST LIST

DATE: 01-13-09

NAME	REPRESENTING
MARK Boranyak	Capitol Strategic S
Berend Koops	Hein Law Firm
Deby D. G. G.	Kassag, Inc.
Dave Holtwick	Overland Park Chamber
Liz Mink	Kemmer & Assoc.
Kari Fawcett	Judicial Branch
Sue Jensen	K-state
Udell Lynn Helsel	Budget
Val DeFenu	SQF
Dick Kwerth	KIDWP
Robin Commins	CWalberg
Amy Campbell	KMHC
Matt Holloman	Sen. Kelly Kuttala
DK Prudeaux	FFBL
Mark Tallman	KASB

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 082 Attorney General
 252 Governor
 446 Lieutenant Governor
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 355 Atchison Juvenile Correctional Facility
 412 Larned Juvenile Correctional Facility
 352 Kansas Juvenile Correctional Complex
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 543 Real Estate Appraisal Board
 549 Real Estate Commission
 663 Board of Technical Professions
 700 Board of Vet. Medical Examiners

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 694 Comm. Veterans Affairs/Soldiers
 Home/Veterans Home
 270 Health Care Stabilization Board
 of Governors
 261 Kansas Guardianship Program
 625 Securities Commissioner
 159 Department of Credit Unions
 094 Bank Commissioner
 058 Commission on Human Rights

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 379 Emporia State University
 367 Kansas State University
 367 KSU-Veterinary Medical Center
 367 KSU-Agricultural Extension
 385 Pittsburg State University
 682 University of Kansas
 683 University of Kansas Medical Center
 715 Wichita State University
 Coordinator, Joint Committee on State
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 610 School for the Deaf
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 553 Racing and Gaming Commission
 176 Kansas Development Finance Authority
 328 Board of Indigents' Defense Services
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 083 Attorney General-Kansas Bureau
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 529 Commission on Peace Officers Standards
 and Training
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 555 Rainbow Mental Health Facility
 363 Kansas Neurological Institute
 507 Parsons State Hospital
 247 Governmental Ethics Commission
 100 Board of Barbering
 149 Board of Cosmetology
 204 Mortuary Arts Board
 266 Kansas Board of Examiners in Fitting
 and Dispensing of Hearing Instruments

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 046 Department of Agriculture
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 122 Citizen's Utility Ratepayer Board
 709 Kansas Water Office
 055 Animal Health Department
 373 Kansas State Fair Board
 634 State Conservation Commission
 Coordinator, Water Plan Fund

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 300 Department of Commerce
 562 Kansas Court of Tax Appeals
 360 Kansas Inc.
 371 Kansas Technology Enterprise Corp.
 365 Kansas Public Employees
 Retirement System (KPERs)
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 359 Kansas Arts Commission
 288 State Historical Society
 670 State Treasurer
 206 Emergency Medical Services Board
 482 Board of Nursing
 102 Behavioral Sciences Regulatory Board
 105 Board of Healing Arts
 488 Optometry Board
 531 Board of Pharmacy
 167 Dental Board

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 177 Ellsworth Correctional Facility
 195 El Dorado Correctional Facility
 313 Hutchinson Correctional Facility
 400 Lansing Correctional Facility
 408 Larned Correctional Facility
 581 Norton Correctional Facility
 660 Topeka Correctional Facility
 712 Winfield Correctional Facility
 626 Sentencing Commission
 523 Parole Board

Appropriations Committee

Attachment 1-1

Date 1/13/09

Budget _____

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2009

Abstracters Board **CHRISTINA BUTLER** (6-2802)
 Accountancy Board **CODY GORGES** (6-3184)
 Adjutant General **AARON KLAASSEN** (6-4396)
 Administration, Department of **CODY GORGES** (6-3184)
 Aging, Department on **AMY DECKARD** (6-4429)
 Agriculture, Department of **HEATHER O'HARA** (6-7792)
 Animal Health Department **HEATHER O'HARA** (6-7792)
 Arts Commission, Kansas **JONATHAN TANG** (8-7260)
 Atchison Juvenile Correctional Facility **CHRISTINA BUTLER** (6-2802)
 Attorney General **LEAH ROBINSON** (6-4447)

Bank Commissioner **DYLAN DEAR** (1-0515)
 Barbering, Board of **ESTELLE MONTGOMERY** (6-4409)
 Behavioral Sciences Regulatory Board **JONATHAN TANG** (8-7260)
 Beloit Juvenile Correctional Facility **CHRISTINA BUTLER** (6-2802)

Citizen Utility Ratepayer Board **HEATHER O'HARA** (6-7792)
 Commerce, Department of **MICHAEL STEINER** (6-4181)
 Corrections, Department of **JAROD WALTNER** (8-7041)
 Cosmetology, Board of **ESTELLE MONTGOMERY** (6-4409)
 Credit Unions, Department of **DYLAN DEAR** (1-0515)

Dental Board **JONATHAN TANG** (8-7260)

Education, State Department of **REAGAN CUSSIMANIO** (6-4443)
 El Dorado Correctional Facility **JAROD WALTNER** (8-7041)
 Ellsworth Correctional Facility **JAROD WALTNER** (8-7041)
 Emergency Medical Services Board **JONATHAN TANG** (8-7260)
 Emporia State University **AUDREY DUNKEL** (6-3183)

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 Fire Marshal, State **AARON KLAASSEN** (6-4396)
 Fort Hays State University **AUDREY DUNKEL** (6-3183)

Governmental Ethics Commission **ESTELLE MONTGOMERY** (6-4409)
 Governor **LEAH ROBINSON** (6-4447)
 Guardianship Program, Kansas **DYLAN DEAR** (1-0515)

Healing Arts, Board of **JONATHAN TANG** (8-7260)
 Health and Environment, Department of **LEAH ROBINSON** (6-4447)
 Health Care Stabilization Bd. of Gov. **DYLAN DEAR** (1-0515)
 Health Policy Authority, Kansas **AMY DECKARD** (6-4429)
 Hearing Instruments, Kansas Board of Examiners
 in Fitting and Dispensing of **ESTELLE MONTGOMERY** (6-4409)
 Highway Patrol **AARON KLAASSEN** (6-4396)
 Human Rights, Commission on **DYLAN DEAR** (1-0515)
 Hutchinson Correctional Facility **JAROD WALTNER** (8-7041)

Indigents' Defense Services, Board of **CODY GORGES** (6-3184)
 Insurance Department **DYLAN DEAR** (1-0515)

Judicial Branch **REAGAN CUSSIMANIO** (6-4443)
 Judicial Council **REAGAN CUSSIMANIO** (6-4443)
 Juvenile Justice Authority **CHRISTINA BUTLER** (6-2802)

Kansas Bureau of Investigation (Attorney Gen.) **AARON KLAASSEN** (6-4396)
 Kansas Corporation Commission **HEATHER O'HARA** (6-7792)
 Kansas Development Finance Authority **CODY GORGES** (6-3184)
 Kansas Juvenile Correctional Complex **CHRISTINA BUTLER** (6-2802)
 Kansas Inc. **MICHAEL STEINER** (6-4181)
 Kansas Lottery **CODY GORGES** (6-3184)
 Kansas Neurological Institute **ESTELLE MONTGOMERY** (6-4409)
 Kansas Public Employees Retirement System **MICHAEL STEINER** (6-4181)
 Kansas State University **AUDREY DUNKEL** (6-3183)
 KSU-Agricultural Extension **AUDREY DUNKEL** (6-3183)
 KSU-Veterinary Medical Center **AUDREY DUNKEL** (6-3183)
 Kansas Technology Enterprise Corp. **MICHAEL STEINER** (6-4181)

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 Lansing Correctional Facility **JAROD WALTNER** (8-7041)
 Larned Correctional Facility **JAROD WALTNER** (8-7041)
 Larned Juvenile Correctional Facility **CHRISTINA BUTLER** (6-2802)
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 Legislative Research Department **J. G. SCOTT** (6-4397)
 Legislature **J. G. SCOTT** (6-4397)
 Lieutenant Governor **LEAH ROBINSON** (6-4447)

Mortuary Arts Board **ESTELLE MONTGOMERY** (6-4409)

Norton Correctional Facility **JAROD WALTNER** (8-7041)
 Nursing, Board of **JONATHAN TANG** (8-7260)

Optometry Board **JONATHAN TANG** (8-7260)
 Osawatomie State Hospital **ESTELLE MONTGOMERY** (6-4409)

Parole Board **JAROD WALTNER** (8-7041)
 Parsons State Hospital **ESTELLE MONTGOMERY** (6-4409)
 Peace Officers Standards and Training **AARON KLAASSEN** (6-4396)
 Pharmacy, Board of **JONATHAN TANG** (8-7260)
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 Real Estate Appraisal Board **CHRISTINA BUTLER** (6-2802)
 Real Estate Commission **CHRISTINA BUTLER** (6-2802)
 Regents, Board of **AUDREY DUNKEL** (6-3183)
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 School for the Deaf **CODY GORGES** (6-3184)
 Secretary of State **LEAH ROBINSON** (6-4447)
 Securities Commissioner **DYLAN DEAR** (1-0515)
 Sentencing Commission **JAROD WALTNER** (8-7041)
 Social and Rehabilitation Services, Dept. of **AMY DECKARD** (6-4429)
 State Conservation Commission **HEATHER O'HARA** (6-7792)
 State Historical Society **JONATHAN TANG** (8-7260)
 State Library **JONATHAN TANG** (8-7260)
 State Treasurer **JONATHAN TANG** (8-7260)

Tax Appeals, Kansas Court of **MICHAEL STEINER** (6-4181)
 Technical Professions, Board of **CHRISTINA BUTLER** (6-2802)
 Topeka Correctional Facility **JAROD WALTNER** (8-7041)
 Transportation, Department of **AARON KLAASSEN** (6-4396)

University of Kansas **AUDREY DUNKEL** (6-3183)
 University of Kansas Medical Center **AUDREY DUNKEL** (6-3183)

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 Veterinary Medical Examiners, Board of **CHRISTINA BUTLER** (6-2802)

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November 7, 2008

To: Governor Kathleen Sebelius and Legislative Budget Committee

From: Kansas Legislative Research Department
Kansas Division of the Budget

Re: State General Fund Receipts Estimates for FY 2009 and FY 2010

Estimates for the State General Fund (SGF) are developed using a consensus process that involves the Legislative Research Department, Division of the Budget, Department of Revenue, and three consulting economists from state universities. This estimate is the base from which the Governor and the Legislature build the annual budget. The Consensus Group met on November 4, 2008, and decreased the estimate for FY 2009 and developed the first estimate for FY 2010.

For FY 2009, the estimate was decreased by \$211.4 million, or 3.5 percent, below the previous estimate (made in April and subsequently adjusted for legislation enacted during the veto session). The revised estimate of \$5.781 billion represents 1.5 percent growth above final FY 2008 receipts.

The initial estimate for FY 2010 is \$5.782 billion, which is virtually unchanged from the newly revised FY 2009 figure. Various factors influencing this growth rate in addition to the state of the economy include several pieces of legislation enacted in 2005-2007 that are continuing to reduce relative to prior law the amount of severance, estate, corporation franchise, and motor carrier property tax receipts deposited into the SGF.

Table 1 compares the new FY 2009 and FY 2010 estimates with actual receipts from FY 2008. Table 2 shows the changes in the FY 2009 estimates.

Economic Forecast for Kansas

The slowing of the national and state economies that began in 2007 has taken a significant turn for the worse this fall. Recent measures of consumer spending and confidence indicate that the economy is sliding deeper into a major downturn, the depth and severity of which remains unclear as of early November. The accelerating financial crisis engulfing the housing, credit, and stock markets makes the level of uncertainty regarding this Consensus estimate much higher than normal. Although forecasts of virtually all major income-related economic variables for the nation and the state have been lowered since April, the possibility remains that the relative health of certain key sectors of the state's economy, including aviation manufacturing and energy, could enable Kansas to experience a milder contraction than the country as a whole. These estimates in fact are based on the assumption that Kansas Gross State Product will grow by 3.5 percent in 2008 and 2009 before accelerating to 5.0 percent in 2010.

Appropriations Committee

Attachment 2-1

Date 1/13/09

Budget _____

Kansas Personal Income

Kansas Personal Income (KPI) in 2007 grew by 6.3 percent over the 2006 level. The growth rate for KPI is expected to decelerate significantly for 2008 and remain much weaker throughout the forecast period. Current estimates are now set at 4.2 percent for 2008; 3.2 percent for 2009; and 4.3 percent for 2010. Overall US Personal Income growth is not expected to differ significantly from the pattern in Kansas, with national estimates currently at 4.0 percent, 3.0 percent, and 4.8 percent for the same three years, respectively.

Employment

Data obtained from the Kansas Department of Labor indicate that the private-sector economy has been slowing throughout 2008. The most recent monthly data show that total Kansas private (non-farm) employment from September 2007 to September 2008 had decreased by 2.3 percent. Modest growth in professional and business services was more than offset by reductions in manufacturing and financial sector employment. Current unemployment estimates by the Department, which were generally developed prior to much of the economic turmoil beginning to be seen in October, are that the overall Kansas jobless rate, which was 4.1 percent in CY 2007, is expected to jump to 4.4 percent in CY 2008; 4.7 percent in CY 2009; and remain at 4.7 percent for 2010. These figures do compare favorably to current national unemployment forecasts of 5.6 percent for 2008; 6.2 percent for 2009; and 6.1 percent for 2010.

Agriculture

Although net farm income in 2007 was significantly higher than 2006, the outlook for 2008 is much more uncertain as a result of higher input prices, especially energy and fertilizer costs, and the recent collapse in commodity prices tied to problems with the national economy. The All Farm Products Index of Prices received by Kansas farmers was 158 in September, up from 147 a year earlier. Although the 2008 Kansas wheat crop forecast of 356 million bushels represents significant growth over the previous year, it is worth remembering that the crop in 2007 was only 284 million bushels and reflected abandonment of 1.8 million acres, the largest such abandonment in 11 years.

Oil and Gas

Notwithstanding the historic levels of volatility thus far in FY 2009 in the price of oil, the estimate for the average price per taxable barrel of Kansas crude remains at \$80, unchanged from the April forecast. The estimated average price of \$70 per barrel for FY 2010 takes into account the recent collapse in world oil prices and anticipated weakening of demand relative to the economic slowdown. As always, significant political tensions in the Middle East and elsewhere provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, has recently reversed that trend and been increasing slightly since FY 2005. The current forecast of 40 million barrels for FY 2009 represents a level not seen since FY 1997. Approximately half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law.

The price of natural gas is expected to average \$6.25 per mcf for FY 2009 before decreasing to \$5.75 per mcf for FY 2010, based on an industry source's analysis of futures markets. Factors considered for these estimates included the relationship between crude oil and gas prices, the current relatively high storage levels for gas, weakening of the economy, and the impact of enhanced

production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2008 of 379 million cubic feet represented a significant decrease from the modern era peak of 730 million cubic feet in FY 1996 (largely as a result of depletion of reserves in the Hugoton Field). Production has nevertheless rebounded slightly in recent years and is expected to stabilize at 390 million cubic feet for both FY 2009 and FY 2010.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) increased by 2.9 percent in 2007, matching the final November forecast. Higher energy prices have contributed to the current 2008 CPI-U forecast being increased to 4.3 percent (relative to the 2.9 percent estimate used in April). The latest forecasts for 2009 and 2010 are for inflation to return to more moderate levels, 2.4 percent and 1.9 percent, respectively.

Interest Rates

The Pooled Money Investment Board is authorized to make investments in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit in Kansas banks. In FY 2008, the state earned 4.26 percent on its SGF portfolio (compared with a 5.27 percent rate in FY 2007). The average rate of return forecasted for FY 2009 is 2.55 percent. For FY 2010, the forecasted rate is 2.70 percent.

Economic Forecasts

	<u>CY 2008*</u>	<u>CY 2009*</u>	<u>CY 2010*</u>
KPI Growth	4.2%	3.2%	4.3%
Inflation (CPI-U)	4.3%	2.4%	1.9%
	<u>FY 2008</u>	<u>FY 2009*</u>	<u>FY 2010*</u>
SGF Interest	4.26%	2.55%	2.70%
Oil and Gas			
Oil Price per bbl	\$80.71	\$80.00	\$70.00
Gross Prod. (000)	38,008	40,000	38,000
Gas Price per mcf	\$6.13	\$6.25	\$5.75
Gas Taxable Value	2,188,973	2,291,250	2,107,950

* Estimated

State General Fund Receipts Estimates

FY 2009. The revised estimate of SGF receipts for FY 2009 is \$5.781 billion, a decrease of \$211.4 million from the previous estimate. The revised estimate is \$87.8 million or 1.5 percent above actual FY 2008 receipts.

Each individual SGF source was reevaluated independently and consideration was given to revised and updated economic forecasts, collection information from the Departments of Revenue and Insurance, and year-to-date receipts.

The estimate of total taxes was decreased by \$230.7 million, while the estimate of other revenue was increased by \$19.3 million.

The estimate for individual income taxes was decreased by \$179.4 million. Stock market upheavals, especially during the fall, likely will result in far less tax year 2008 income tax receipts attributable to capital gains and dividend income than the state has been receiving in recent years. Final FY 2008 receipts from this source were more than \$50 million below the final estimate for that year, a downturn in receipts that had occurred well before this fall's economic news.

The compensating use tax forecast was decreased by \$48.0 million. This result is largely attributable to refunds of approximately \$30 million for one taxpayer, as well the impact of the weakening economy on certain business purchases and selected motor vehicle sales.

The sales tax estimate, although slightly ahead of the previous forecast through October, was reduced by \$10.7 million in anticipation of much weaker consumer spending and confidence for the balance of the fiscal year.

The interest forecast was reduced by \$10.0 million as a result of lower SGF balances throughout the fiscal year and a reduced interest rate.

On the positive side, the corporation income tax estimate was increased by \$7.8 million as a result of a previously unanticipated assessment of more than \$10.0 million.

The oil severance tax estimate also was increased by \$5.7 million because of an increased production forecast; and new information about the timing of the diversion of certain revenues to a special trust fund.

The agency earnings estimate was increased by \$27.9 million because of the infusion of one-time money relative to a settlement with the federal government over deferred medical assistance payments from FY 2005 and FY 2006.

Details of the current year's revised estimate are reflected in Table 2.

FY 2010. SGF receipts are estimated to be \$5.782 billion in FY 2009, a figure that is virtually unchanged from the new FY 2009 forecast. The growth rate for total taxes is expected to be 1.9 percent.

Factors taken into account for FY 2010 include continued phasing out of the estate and corporation franchise taxes; the expectation that very modest growth will be returning to the major tax sources; the removal of the one-time federal drawdown from agency earnings; and a significant increase in net transfers from the SGF scheduled under current law.

FY 2011 and thereafter. Although the Consensus Group will not make its initial estimate for FY 2011 until next fall, worthy of note is the fact that a number of provisions in previously enacted legislation will further reduce SGF receipts beginning in FY 2011:

- Legislation enacted in 2006 that decoupled the Kansas estate tax from the federal law beginning in 2007 and eliminates the Kansas tax altogether in 2010 will reduce receipts relative to the prior law by \$47 million in FY 2011; and \$52 million in FY 2012.
- Legislation enacted in 2007 that phases out the corporation franchise tax will reduce receipts relative to the prior law by an estimated \$37.0 million in FY 2011; and \$48.0 million in FY 2012.
- Legislation enacted in 2006 relative to a property tax exemption for business machinery and equipment is expected to further reduce motor carrier property tax receipts to the SGF by \$5.6 million in FY 2011; and \$7.4 million in FY 2012.
- Additional legislation enacted in 2005 will reduce severance tax receipts to the SGF by \$10.9 million in FY 2011; and \$14.4 million in FY 2012; and \$18.0 million in FY 2013.

Accuracy of Consensus Revenue Estimates

For 34 years, SGF revenue estimates for Kansas have been developed using the consensus revenue estimating process. Besides the three state agencies identified on the first page, the economists currently involved in the process are Joe Sicilian from the University of Kansas, Ed Olson from Kansas State University, and John Wong from Wichita State University. Each of the agencies and individuals involved in the process prepared independent estimates and met on November 4, 2008, to discuss estimates and come to a consensus for each fiscal year.

STATE GENERAL FUND ESTIMATES

Fiscal Year	Adjusted Original Estimate*	Adjusted Final Estimate**	Actual Receipts	Difference from Original Estimate*		Difference from Final Estimate**	
				Amount	Percent	Amount	Percent
1975	--	\$614.9	\$627.6	--	--	\$12.7	2.1%
1976	\$676.3	699.7	701.2	\$24.9	3.7%	1.4	0.2
1977	760.2	760.7	776.5	16.3	2.1	15.8	2.1
1978	830.1	861.2	854.6	24.5	3.0	(6.5)	(0.8)
1979	945.2	1,019.3	1,006.8	61.6	6.5	(12.5)	(1.2)
1980	1,019.3	1,095.9	1,097.8	78.5	7.7	1.9	0.2
1981	1,197.1	1,226.4	1,226.5	29.4	2.5	0.1	0.0
1982	1,351.3	1,320.0	1,273.0	(78.3)	(5.8)	(47.0)	(3.6)
1983	1,599.2	1,366.9	1,363.6	(235.6)	(14.7)	(3.2)	(0.2)
1984	1,596.7	1,539.0	1,546.9	(49.8)	(3.1)	7.9	0.5
1985	1,697.7	1,679.7	1,658.5	(39.2)	(2.3)	(21.3)	(1.3)
1986	1,731.2	1,666.4	1,641.4	(89.8)	(5.2)	(25.0)	(1.5)
1987	1,903.1	1,764.7	1,778.5	(124.6)	(6.5)	13.8	0.8
1988	1,960.0	2,031.5	2,113.1	153.1	7.8	81.6	4.0
1989	2,007.8	2,206.9	2,228.3	220.5	11.0	21.4	1.0
1990	2,241.2	2,283.3	2,300.5	59.3	2.6	17.2	0.8
1991	2,338.8	2,360.6	2,382.3	43.5	1.9	21.7	0.9
1992	2,478.7	2,454.5	2,465.8	(12.9)	(0.5)	11.3	0.5
1993	2,913.4	2,929.6	2,932.0	18.6	0.6	2.4	0.1
1994	3,040.1	3,126.8	3,175.7	135.6	4.5	48.9	1.6
1995	3,174.4	3,243.9	3,218.8	44.4	1.4	(25.1)	(0.8)
1996	3,428.0	3,409.2	3,448.3	20.3	0.6	39.0	1.1
1997	3,524.8	3,642.4	3,683.8	159.0	4.5	41.4	1.1
1998	3,714.4	3,971.0	4,023.7	309.3	8.3	52.7	1.3
1999	3,844.7	4,051.9	3,978.4	133.7	3.5	(73.4)	(1.8)
2000	4,204.1	4,161.0	4,203.1	(1.0)	0.0	42.1	1.0
2001	4,420.7	4,408.7	4,415.0	(5.7)	(0.1)	6.4	0.1
2002	4,674.5	4,320.6	4,108.9	(565.6)	(12.1)	(211.7)	(4.9)
2003	4,641.0	4,235.6	4,245.6	(395.4)	(9.3)	9.9	0.2
2004	4,605.5	4,450.5	4,518.7	(86.8)	(1.9)	68.2	1.5
2005	4,490.5	4,793.8	4,841.3	350.8	7.8	47.5	1.0
2006	4,834.0	5,308.7	5,394.4	560.4	11.6	85.7	1.6
2007	5,144.0	5,721.3	5,809.0	665.0	12.9	87.8	1.5
2008	5,700.4	5,736.3	5,694.9	(5.5)	(0.1)	(41.4)	(0.7)

* The adjusted original estimate is the estimate made in November or December prior to the start of the next fiscal year in July and adjusted to account for legislation enacted, if any, which affected receipts to the SGF.

** The final estimate made in March, April, or June is the adjusted original estimate plus or minus changes subsequently made by the Consensus Estimating Group. It also includes the estimated impact of legislation on receipts.

The table (above) presents estimates compared to actual receipts since FY 1975, the fiscal year for which the current process was initiated. First, the adjusted original estimate is compared to actual collections and then the final estimate is compared to actual receipts.

Concluding Comments

Consensus revenue estimates are based on current federal and state laws and their current interpretation. These estimates will be further adjusted in mid-April prior to the conclusion of the 2009 Legislative Session.

Category	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
State Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Local Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
State Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Local Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total Expenditures	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Surplus/Deficit	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Table 1
State General Fund Receipts
(Dollars in Thousands)

	Consensus Estimate November 4, 2008					
	FY 2008 (Actual)		FY 2009 (Revised)		FY 2010	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	\$ 29,032	12.5 %	\$ 30,500	5.1 %	\$ 28,500	(6.6) %
Income Taxes:						
Individual	\$ 2,896,653	6.9 %	\$ 2,890,000	(0.2) %	\$ 2,990,000	3.5 %
Corporation	432,078	(2.3)	340,000	(21.3)	365,000	7.4
Financial Inst.	33,160	0.2	32,000	(3.5)	32,000	--
Total	\$ 3,361,891	5.6 %	\$ 3,262,000	(3.0) %	\$ 3,387,000	3.8 %
Estate Tax	\$ 44,247	(20.4) %	\$ 32,000	(27.7) %	\$ 15,000	(53.1) %
Excise Taxes:						
Retail Sales	\$ 1,711,398	(3.1) %	\$ 1,715,000	0.2 %	\$ 1,750,000	2.0 %
Compensating Use	246,277	(13.6)	220,000	(10.7)	225,000	2.3
Cigarette	112,705	(2.2)	111,000	(1.5)	110,000	(0.9)
Tobacco Products	5,548	4.6	5,600	0.9	5,800	3.6
Cereal Malt Bev.	2,228	6.6	2,200	(1.3)	2,200	--
Liquor Gallonage	17,579	3.1	18,000	2.4	18,400	2.2
Liquor Enforcement	49,983	6.0	52,000	4.0	54,000	3.8
Liquor Drink	8,903	3.9	9,500	6.7	9,700	2.1
Corp. Franchise	46,659	(2.6)	32,000	(31.4)	20,000	(37.5)
Severance	148,172	27.7	156,700	5.8	130,200	(16.9)
Gas	91,511	14.9	92,300	0.9	80,000	(13.3)
Oil	56,662	55.7	64,400	13.7	50,200	(22.0)
Total	\$ 2,349,452	(2.6) %	\$ 2,322,000	(1.2) %	\$ 2,325,300	0.1 %
Other Taxes:						
Insurance Prem.	117,588	3.3 %	\$ 118,000	0.4 %	\$ 119,000	0.8 %
Miscellaneous	5,233	(4.7)	2,500	(52.2)	2,500	--
Total	\$ 122,821	3.0 %	\$ 120,500	(1.9) %	\$ 121,500	0.8 %
Total Taxes	\$ 5,907,443	1.9 %	\$ 5,767,000	(2.4) %	\$ 5,877,300	1.9 %
Other Revenues:						
Interest	\$ 111,258	20.6 %	\$ 51,000	(54.2) %	\$ 50,000	(2.0) %
Net Transfers	(377,653)	(172.0)	(118,200)	(68.7)	(199,500)	(68.8)
Agency Earnings	53,875	(16.4)	81,400	51.1	54,600	(32.9)
Total	\$ (212,519)	---	\$ 14,200	(106.7) %	\$ (94,900)	(768.3) %
Total Receipts	\$ 5,694,924	(2.0) %	\$ 5,781,200	1.5 %	\$ 5,782,400	0.0 %

Table 2
State General Fund Receipts
FY 2009 Revised
Comparison of November 2008 Estimate to June 2008 Estimate
(Dollars in Thousands)

	FY 2009 CRE Est. as Adj. for Legis.	FY 2009 CRE Estimate	Difference	
			Amount	Pct. Chg.
Property Tax:				
Motor Carrier	\$ 29,500	\$ 30,500	\$ 1,000	3.4 %
Income Taxes:				
Individual	\$ 3,069,420	\$ 2,890,000	\$ (179,420)	(5.8) %
Corporation	332,200	340,000	7,800	2.3
Financial Inst.	40,000	32,000	(8,000)	(20.0)
Total	\$ 3,441,620	\$ 3,262,000	\$ (179,620)	(5.2) %
Estate Tax	\$ 32,000	\$ 32,000	\$ --	-- %
Excise Taxes:				
Retail Sales	\$ 1,725,702	\$ 1,715,000	\$ (10,702)	(0.6) %
Compensating Use	268,000	220,000	(48,000)	(17.9)
Cigarette	108,000	111,000	3,000	2.8
Tobacco Product	5,600	5,600	--	--
Cereal Malt Beverage	2,200	2,200	--	--
Liquor Gallonage	17,800	18,000	200	1.1
Liquor Enforcement	52,000	52,000	--	--
Liquor Drink	9,500	9,500	--	--
Corporate Franchise	32,000	32,000	--	--
Severance	151,300	156,700	5,400	3.6
Gas	92,600	92,300	(300)	(0.3)
Oil	58,700	64,400	5,700	9.7
Total	\$ 2,372,102	\$ 2,322,000	\$ (50,102)	(2.1) %
Other Taxes:				
Insurance Premium	\$ 119,000	\$ 118,000	\$ (1,000)	(0.8) %
Miscellaneous	3,500	2,500	(1,000)	(28.6)
Total	\$ 122,500	\$ 120,500	\$ (2,000)	(1.6) %
Total Taxes	\$ 5,997,722	\$ 5,767,000	\$ (230,722)	(3.8) %
Other Revenues:				
Interest	\$ 61,000	\$ 51,000	\$ (10,000)	(16.4) %
Net Transfers	(119,610)	(118,200)	1,410	(1.2)
Agency Earnings	53,510	81,400	27,890	52.1
Total Other Revenue	\$ (5,100)	\$ 14,200	\$ 19,300	(378.4) %
Total Receipts	\$ 5,992,622	\$ 5,781,200	\$ (211,422)	(3.5) %

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January 7, 2009

To: Legislative Budget Committee

STATE GENERAL FUND (SGF) RECEIPTS July through December, FY 2009

This is the second monthly report based on the revised estimate of SGF receipts in FY 2009 made by the Consensus Revenue Estimating Group on November 4, 2008. The figures in both the "Estimate" and "Actual" columns under FY 2009 on the following table include actual amounts received in July-October. Thus, the report essentially deals with the difference between the estimated and actual receipts in November and December.

Total receipts through December of FY 2009 were \$44.6 million, or 1.6 percent, below the estimate. The component of SGF receipts from taxes only was \$46.9 million, or 1.7 percent, below the estimate. Total receipts through November of FY 2009 were \$13.7 million, or 0.6 percent, below the estimate and taxes only were \$13.9 million, or 0.6 percent, below the estimate.

Generally, a comparison of only two months is of little value in identifying a trend for the remainder of the year, as the timing and processing of receipts substantially can affect comparisons of the estimate with actual receipts over such a short period of time. In addition, receipts through the end of January will include sales tax receipts on Christmas business and individual income tax estimated payments due in January. Both of these factors will make the January report more helpful in ascertaining a picture of SGF receipts. However, there remains considerable concern of achieving the estimate, given the continued weakening of the national economy.

There was only one tax source that **exceeded** the estimate by more than \$1.0 million, that being retail sales (\$2.9 million, or 0.3 percent).

Taxes that fell **below** the estimate by more than \$1.0 million were: corporation income (\$21.5 million, or 12.7 percent); compensating use (\$11.1 million, or 8.8 percent); individual income (\$9.8 million, or 0.8 percent); severance (\$2.3 million, or 2.5 percent); financial institutions privilege (\$2.0 million, or 13.8 percent); insurance premiums (\$1.7 million, or 3.6 percent).

Interest earnings and agency earnings both exceeded the estimate by \$1.8 million and \$2.7 million, respectively. Net transfers fell below the estimated amount by \$2.3 million.

Total SGF receipts through December of FY 2009 were \$224.6 million, or 8.9 percent, above FY 2008 for the same period. But remember that in FY 2008, there were two large transfers out of the State General Fund (Keeping Promises Education Trust Fund and the Statewide Maintenance and Disaster Relief Fund) which, in part, distort year-to-year

Appropriations Committee

Attachment 3-1

Date 1/13/09

Budget _____

comparisons. Tax receipts only for the same period were below FY 2008 by \$22.4 million, or 0.8 percent.

This report excludes the two deposits to the SGF which total \$550 million, pursuant to issuance of certificates of indebtedness. These certificates will be discharged prior to the end of the fiscal year.

STATE GENERAL FUND RECEIPTS
July - December, FY 2009
(dollar amounts in thousands)

	Actual	FY 2009		Percent increase relative to:		
	FY 2008	Estimate*	Actual	Difference	FY 2008	Estimate
Property Tax:						
Motor Carriers	\$ 18,213	\$ 19,200	\$ 18,264	\$ (936)	0.3%	(4.9)%
Income Taxes:						
Individual	\$ 1,242,122	\$ 1,286,000	\$ 1,276,170	\$ (9,830)	2.7%	(0.8)%
Corporation	191,182	169,000	147,500	(21,500)	(22.8)	(12.7)
Financial Inst.	20,559	14,600	12,589	(2,011)	(38.8)	(13.8)
Total	\$ 1,453,863	\$ 1,469,600	\$ 1,436,259	\$ (33,341)	(1.2)%	(2.3)%
Estate Tax	\$ 31,020	\$ 17,000	\$ 15,272	\$ (1,728)	(50.8)%	(10.2)%
Excise Taxes:						
Retail Sales	\$ 852,048	\$ 860,000	\$ 862,928	\$ 2,928	1.3%	0.3%
Comp. Use	135,969	126,000	114,928	(11,072)	(15.5)	(8.8)
Cigarette	58,613	56,500	57,449	949	(2.0)	1.7
Tobacco Prod.	2,815	2,850	2,830	(20)	0.5	(0.7)
Cereal Malt Bev.	1,168	1,050	1,071	21	(8.3)	2.0
Liquor Gallonage	8,976	9,300	9,353	53	4.2	0.6
Liquor Enforce.	23,754	25,900	26,889	989	13.2	3.8
Liquor Drink	4,248	4,500	4,564	64	7.4	1.4
Corp. Franchise	9,904	8,900	8,198	(702)	(17.2)	(7.9)
Severance	62,141	92,200	89,911	(2,289)	44.7	(2.5)
Gas	39,051	52,200	51,518	(682)	31.9	(1.3)
Oil	23,090	40,000	38,393	(1,607)	66.3	(4.0)
Total	\$ 1,159,635	\$ 1,187,200	\$ 1,178,120	\$ (9,080)	1.6%	(0.8)%
Other Taxes:						
Insurance Prem.	\$ 51,155	\$ 47,000	\$ 45,330	\$ (1,670)	(11.4)%	(3.6)%
Miscellaneous	2,384	750	653	(97)	(72.6)	(13.0)
Total	\$ 53,539	\$ 47,750	\$ 45,983	\$ (1,767)	(14.1)%	(3.7)%
Total Taxes	\$ 2,716,270	\$ 2,740,750	\$ 2,693,898	\$ (46,852)	(0.8)%	(1.7)%
Other Revenue:						
Interest	\$ 58,594	\$ 26,800	\$ 28,598	\$ 1,798	(51.2)%	6.7%
Transfers (net)	(269,465)	(19,800)	(22,093)	(2,293)	(91.8)	11.6
Agency Earnings and Misc.	32,193	59,100	61,820	2,720	92.0	4.6
Total	\$ (178,678)	\$ 66,100	\$ 68,325	\$ 2,225	(138.2)%	3.4%
TOTAL RECEIPTS	\$ 2,537,592	\$ 2,806,850	\$ 2,762,223	\$ (44,627)	8.9%	(1.6)%

* Consensus estimate as of November 4, 2008.

Excludes \$550 million to the State General Fund due to an issuance of a certificate of indebtedness.

NOTES: Details may not add to totals due to rounding.

- 1) FY 2008 expenditures are actual. FY 2009 expenditures are as approved by the Legislature, plus shifting of \$36.3 million from FY 2008, plus consensus caseloads (human services and education).
- 2) FY 2009 receipts reflect the estimates of the Consensus Revenue Estimating Group as of November 4, 2008. FY 2008 receipts are actual receipts. FY 2009 and FY 2010 each reduced \$44.6 million, the amount that receipts through December, 2008 were below the Consensus Revenue estimates.
- 3) FY 2010 and FY 2011 base receipts assume a 4.0 percent growth.
- 4) \$466.2 million in new K-12 Funding FY 2007 - FY 2009 - and \$99 Base State Aid Per Pupil increase in FY 2010 in SB 531 or \$4,532 per pupil.
- 5) FY 2010 and FY 2011 expenditures would include on-going obligations such as social services caseloads, KPERS and school finance, partial restoration of the LAVTRF, and the Regents Deferred Maintenance Plan. In addition, the second and third year of the market pay adjustments for Executive Branch classified state employees (2008 Senate Sub. HB 2916)
- 6) Keeping Promises Education Trust Fund transfer of \$122.7 million out of the State General Fund in FY 2008 and returned to the State General Fund in FY 2009 for the FY 2009 school finance increase amount as provided in the 2006 school finance bill. Keeping Promises Education Trust Fund transfer out of \$37.2 million in FY 2009 and in FY 2010 \$37.2 million transferred back to the State General Fund. The latest estimate is that \$108.3 million will be needed for the required minimum increase in school finance funding to meet the CPI-U increase.

Kansas Legislative Research Department
January 11, 2009

Appropriations Committee
Attachment 4-1
Date 1/13/09
Budget

November, 2008 Consensus Revenue Estimates for FY 2009 and FY 2010; 4.0 Percent Growth in FY 2011 and FY 2012
 FY 2008 Actual Receipts and Expenditures
 Legislature Approved Expenditures for FY 2009, Plus Shifting of \$36.3 million from FY 2008, Plus Consensus Expenditures
 State Employee Pay Plan (2008 Senate Substitute for HB 2916)
 Keeping Promises Education Trust Fund - SB 531
 Assumes No Expanded Gaming Revenue
 Actual Receipts through December, 2008 - Reduction of \$44.6 million

STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES
FY 2008 - FY 2012
 In Millions

	Actual FY 2008	Revised FY 2009	Projection FY 2010	Projection FY 2011	Projection FY 2012
Beginning Balance	\$ 935.0	\$ 528.1	\$ (185.8)	\$ (1,110.2)	\$ (1,809.8)
Receipts (November 2008 Consensus) - 4.0 % Growth	5,694.9	5,818.4	5,745.2	6,015.6	6,240.6
Keeping Education Promises Trust Fund (SB 531)	0.0	(37.2)	37.2	0.0	0.0
Spring, 2008 Federal Economic Stimulus Legislation	0.0	0.0	0.0	15.7	11.1
Prior Legislation Making Receipt Adjustments	0.0	0.0	0.0	(17.6)	(5.7)
Receipts Adjusted for Actual Through December, 2008	0.0	(44.6)	(44.6)	0.0	0.0
Adjusted Receipts	5,694.9	5,736.6	5,737.8	6,013.7	6,246.0
Total Available	\$ 6,629.9	\$ 6,264.7	\$ 5,552.0	\$ 4,903.5	\$ 4,436.1
K-12 Additional Funding - 2008 SB 531 in FY 2010/CPI-U	149.0	122.7	75.6	20.0	20.0
Maintain Special Education at 92% of Excess Costs	-	4.5	33.7	25.0	25.0
State Employee Market Adjustments - 2008 HB 2916	-	-	8.5	8.5	8.5
Human Services Caseloads (November, 2008)	-	5.3	30.9	60.0	60.0
KPERS Employer Contrib. Increase (School;Nonschool)	-	-	42.0	42.0	42.0
Restoration of Local Ad Valorem Tax Reduction Fund	-	-	13.5	13.5	13.5
Less All Other Expenditures	5,952.8	6,318.0	6,458.0	6,667.2	6,851.2
Total Expenditures	6,101.8	6,450.5	6,662.2	6,822.7	7,020.2
Ending Balance	\$ 528.1	\$ (185.8)	\$ (1,110.2)	\$ (1,919.2)	\$ (2,584.1)
Ending Balance as a Percentage of Expenditures	8.7%	-2.9%	-17.0%	-28.7%	-37.6%
Receipts Above Expenditures	\$ (406.9)	\$ (713.9)	\$ (924.4)	\$ (809.0)	\$ (774.2)

14-2

Children's Initiatives Fund

FY 2008 - FY 2009

Legislative Approved

	Gov. Rec. FY 2008	Final Legislative Approved FY 2008	Final Legislative Approved FY 2009
Department of Health and Environment			
Healthy Start/Home Visitor	\$ 250,000	\$ 250,000	\$ 250,000
Infants and Toddlers Program (Tiny K)	1,200,000	1,200,000	5,700,000
Smoking Cessation/Prevention Program Grants	1,000,000	1,000,000	1,000,000
PKU/Hemophilia	208,000	208,000	208,000
Newborn Hearing Aid Loaner Program	-	-	50,000
SIDS Network Grant	-	-	75,000
Newborn Screening	-	-	2,221,556
Subtotal - KDHE	\$ 2,658,000	\$ 2,658,000	\$ 9,504,556
Juvenile Justice Authority			
Juvenile Prevention Program Grants	\$ 5,579,530	\$ 5,579,530	\$ 5,579,530
Juvenile Graduated Sanctions Grants	3,420,470	3,420,470	3,420,470
Subtotal - JJA	\$ 9,000,000	\$ 9,000,000	\$ 9,000,000
Department of Social and Rehabilitation Services			
Children's Cabinet Accountability Fund	\$ 541,802	\$ 541,802	\$ 541,802
Children's Mental Health Initiative	3,800,000	3,800,000	3,800,000
Family Centered System of Care	5,000,000	5,000,000	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	-
Child Care Services	1,400,000	1,400,000	1,400,000
Community Services - Child Welfare	3,298,597	3,298,597	3,208,938
Smart Start Kansas - Children's Cabinet	8,986,263	8,986,263	8,443,279
Family Preservation	3,151,403	3,151,403	3,241,062
School Violence Prevention	228,000	228,000	-
Attendant Care for Independent Living (ACIL)	50,000	50,000	-
Early Childhood Block Grants	5,000,000	-	11,100,000
Pre-K Pilot	5,000,000	5,000,000	-
Early Head Start	1,600,000	1,600,000	3,452,779
Child Care Quality Initiative	500,000	500,000	500,000
Subtotal - SRS	\$ 39,556,065	\$ 34,556,065	\$ 40,687,860
Kansas Health Policy Authority			
HealthWave	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
Medical Assistance	3,000,000	3,000,000	3,000,000
Immunization Outreach	500,000	500,000	500,000
Subtotal - KHPA	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Department of Education			
Reading and Vision Research	\$ 300,000	\$ 300,000	\$ 200,000
Four-Year Old at Risk	-	-	100,000
Parents as Teachers	-	-	7,539,500
Pre-K Pilot	-	-	5,000,000
Subtotal - Dept. of Ed.	\$ 300,000	\$ 300,000	\$ 12,839,500
University of Kansas Medical Center			
Tele-Kid Health Care Link	\$ 253,117	\$ 253,117	\$ -
TOTAL	\$ 57,267,182	\$ 52,267,182	\$ 77,531,916

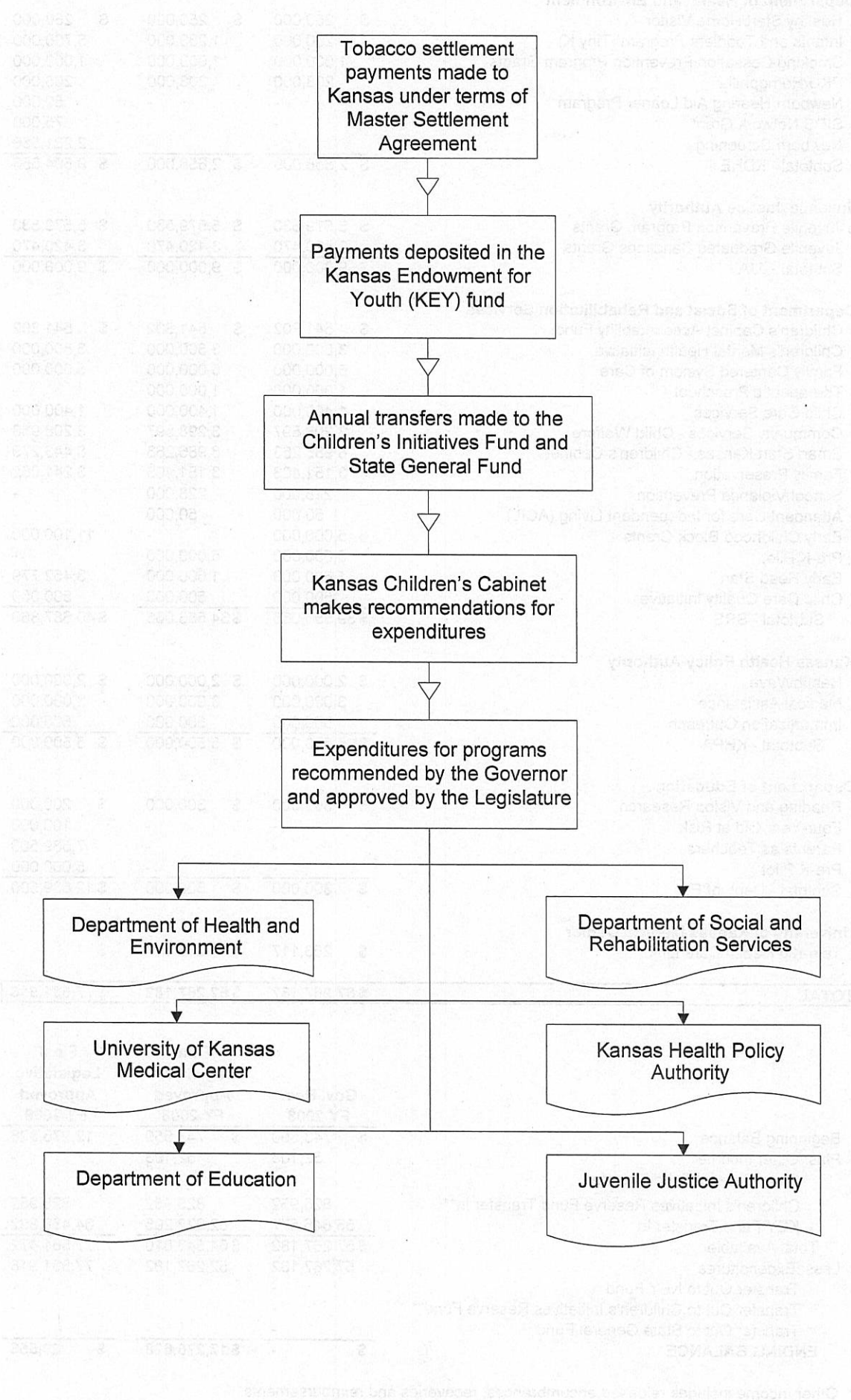
	Gov. Rec. FY 2008	Final Legislative Approved FY 2008	Final Legislative Approved FY 2009
Beginning Balance	\$ 743,550	\$ 743,550	12,276,628
Plus: Other Income*	52,103	52,103	-
State General Fund Transfer	-	-	-
Children's Initiatives Reserve Fund Transfer In**	825,952	825,952	825,952
KEY Fund Transfer In	55,645,577	62,922,205	64,458,892
Total Available	\$ 57,267,182	\$ 64,543,810	77,561,472
Less: Expenditures	57,267,182	52,267,182	77,531,916
Transfer Out to KEY Fund	-	-	-
Transfer Out to Children's Initiatives Reserve Fund**	-	-	-
Transfer Out to State General Fund	-	-	-
ENDING BALANCE	\$ -	\$ 12,276,628	\$ 29,556

* 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.

Appropriations Committee
Attachment 5-1
Date 1/13/09
Budget _____

Flow of Tobacco Settlement Dollars in Kansas



State Water Plan Fund
FY 2007 - FY 2008 - FY 2009

	Actual FY 2007	Legislative Approved FY 2008	Legislative Approved FY 2009
Kansas Dept. of Health and Environment			
Contamination Remediation	\$ 904,574	\$ 1,031,530	\$ 979,387
TMDL Initiatives	257,172	342,087	302,093
Local Environmental Protection Program	1,502,737	1,502,850	1,503,791
Non-Point Source Program	246,803	336,513	299,743
Watershed Restoration and Protection Strategy	799,796	800,204	800,000
Use Attainability Analysis	169,040	-	-
Southeast Kansas Soil Treatment Study	-	120,361	-
<i>Total - KDHE</i>	<u>\$ 3,880,122</u>	<u>\$ 4,133,545</u>	<u>\$ 3,885,014</u>
University of Kansas - Geological Survey	\$ 40,000	\$ 40,000	\$ 40,000
Department of Agriculture			
<i>Kansas v. Colorado Compliance</i>	\$ 1,150,846	\$ -	\$ -
Interstate Water Issues	667,776	591,647	583,362
Subbasin Water Resources Management	-	759,814	760,139
Water Use	60,000	60,000	60,000
<i>Total - Department of Agriculture</i>	<u>\$ 1,878,622</u>	<u>\$ 1,411,461</u>	<u>\$ 1,403,501</u>
State Conservation Commission			
Water Resources Cost-Share	\$ 3,323,365	\$ 3,559,475	\$ 3,415,972
Non-Point Source Pollution Assistance	2,388,592	3,992,784	3,623,754
Aid to Conservation Districts	1,048,000	2,136,154	2,255,919
Watershed Dam Construction	1,265,970	1,140,529	1,055,000
Water Quality Buffer Initiative	265,437	391,720	350,000
Riparian and Wetland Program	88,013	364,478	251,782
Multipurpose Small Lakes	1,100,000	1,250,000	1,123,176
Water Transition Assistance Program	64,856	2,618,705	999,868
Salt Cedar Control Projects	33,750	50,000	-
Conservation Reserve Enhancement Program	-	2,000,000	-
Lake Restoration/Management	-	2,483,603	998,466
<i>Total - Conservation Commission</i>	<u>\$ 9,577,983</u>	<u>\$ 19,987,448</u>	<u>\$ 14,073,937</u>
Kansas Water Office			
Assessment and Evaluation	\$ 989,772	\$ 951,493	\$ 860,000
GIS Database Development	247,405	250,000	250,000
MOU - Storage Operations and Maintenance	388,639	694,060	301,418
PMIB Loan Payment for Storage	237,352	-	-
Technical Assistance to Water Users	299,858	642,921	624,919
Water Resource Education	76,500	91,500	84,000
Weather Stations	60,000	100,000	100,000
Weather Modification	120,000	240,000	240,000
Neosho River Basin Issues	-	500,000	500,000
Wichita ASR Project, Equus Beds Aquifer	-	-	1,000,000
<i>Total - Kansas Water Office</i>	<u>\$ 2,419,526</u>	<u>\$ 3,469,974</u>	<u>\$ 3,960,337</u>
Department of Wildlife and Parks			
Almena Irrigation District	\$ 60,000	\$ 1,000,000	\$ -
Minimum Pool Agreement	-	-	-
Stream (Biological) Monitoring	40,000	40,000	40,000
<i>Total - Dept. of Wildlife and Parks</i>	<u>\$ 100,000</u>	<u>\$ 1,040,000</u>	<u>\$ 40,000</u>
Total State Water Plan Fund Expenditures	<u>\$ 17,896,253</u>	<u>\$ 30,082,428</u>	<u>\$ 23,402,789</u>

Resource Estimate			
Beginning Balance	\$ 9,591,892	\$ 9,052,462	\$ 1,191,187
Adjustments:			
Released Encumbrances	\$ 63,989	\$ 2,395,294	\$ -
Transfer to the KCC	(400,000)	(400,000)	(400,000)
Transfer to the West. Water Cons. Proj. Fund	-	(739,964)	-
Subtotal - Adjustments	<u>\$ (336,011)</u>	<u>\$ 1,255,330</u>	<u>\$ (400,000)</u>
Receipts:			
State General Fund Transfer	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000
EDIF Transfer	2,000,000	2,000,000	3,043,985
Water Litigation Suspense Fund Transfer	-	584,217	525,729
Fee Revenues	9,430,764	12,311,606	12,918,535
Pollution Fines and Penalties	262,070	70,000	80,000
Subtotal - Receipts	<u>\$ 17,692,834</u>	<u>\$ 20,965,823</u>	<u>\$ 22,568,249</u>
Total Available	\$ 26,948,715	\$ 31,273,615	\$ 23,359,436
Less: Expenditures	(17,896,253)	(30,082,428)	(23,402,789)
Ending Balance	<u>\$ 9,052,462</u>	<u>\$ 1,191,187</u>	<u>\$ (43,353)</u>

Appropriations Committee

Attachment 6-1

Date 1/13/09

Budget _____

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.

ECONOMIC DEVELOPMENT INITIATIVES FUND (EDIF), FY 2007- 2009
Final Approved

<u>Agency/Program</u>	<u>Actual FY 2007</u>	<u>Final Approved FY 2008</u>	<u>Final Approved FY 2009</u>
Department of Commerce			
Operating Grant	\$ 15,075,152	\$ 16,946,554	\$ 16,107,481
Older Kansans Employment Program	332,278	330,481	330,667
Rural Opportunity Program	-	2,100,000	2,105,824
Eisenhower Foundation Grant	-	200,000	-
Kansas Sports Hall of Fame Grant	-	250,000	-
Parsons Ammunition Facility Road Reconstruction Grant	-	750,000	-
Subtotal - Commerce	<u>\$ 15,407,430</u>	<u>\$ 20,577,035</u>	<u>\$ 18,543,972</u>
Kansas Technology Enterprise Corporation			
Operations	\$ 1,862,697	\$ 1,808,675	\$ 1,811,520
University & Strategic Research	5,183,666	5,188,682	4,600,927
Product Development Financing	1,476,957	1,519,105	1,519,030
Commercialization	1,906,631	2,684,128	2,660,781
Mid-America Manuf. Tech. Center (MAMTC)	1,524,990	1,401,054	1,440,000
Subtotal - KTEC	<u>\$ 11,954,941</u>	<u>\$ 12,601,644</u>	<u>\$ 12,032,258</u>
Kansas, Inc.			
Operations	\$ 527,999	\$ 504,743	\$ 415,363
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
WSU - Aviation Classroom & Training Equipment	-	-	2,500,000
WSU - Aviation Research	-	4,750,000	5,000,000
Subtotal - Regents & Universities	<u>\$ 10,007,502</u>	<u>\$ 7,795,500</u>	<u>\$ 10,545,500</u>
Kansas Arts Commission			
Economic Impact Study of the Arts	\$ 14,000	\$ -	\$ -
State Fair			
Ticket Marketing & Premiums	\$ 70,000	\$ 70,000	\$ 70,000
Economic Impact Study	-	40,000	-
Alternative Energy Systems and Utilities	95,384	-	-
Largest Classroom	19,960	-	-
Subtotal - State Fair	<u>\$ 185,344</u>	<u>\$ 110,000</u>	<u>\$ 70,000</u>
Undistributed Pay Plan Allocation*	\$ -	\$ -	\$ 8,789
Total Expenditures	\$ 38,437,216	\$ 41,588,922	\$ 41,615,882
Transfers to Other Funds			
Kansas Economic Opportunity Initiatives Fund	\$ 3,160,000	\$ 3,000,000	\$ 1,250,000
Small Employer Cafeteria Plan Development Program Fund	-	150,000	-
KS Qualified Biodiesel Fuel Producer Incentive Fund	-	400,000	400,000
State Water Plan Fund	2,000,000	2,000,000	3,043,985
Subtotal - Transfers	<u>\$ 5,160,000</u>	<u>\$ 5,550,000</u>	<u>\$ 4,693,985</u>
TOTAL TRANSFERS AND EXPENDITURES	\$ 43,597,216	\$ 47,138,922	\$ 46,309,867
EDIF Resource Estimate			
Beginning Balance	\$ 3,136,491	\$ 4,034,032	\$ 1,127,110
Gaming Revenues	42,432,000	42,432,000	42,432,000
Other Income**	2,062,757	1,800,000	2,150,000
Total Available	<u>\$ 47,631,248</u>	<u>\$ 48,266,032</u>	<u>\$ 45,709,110</u>
Less: Expenditures and Transfers	43,597,216	47,138,922	46,309,867
ENDING BALANCE	\$ 4,034,032	\$ 1,127,110	\$ (600,757)

* Undistributed pay plan funds allocated by State Finance Council in Senate Sub. For HB 1916

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

Appropriations Committee

Attachment 7-1

Date 1/13/09

Budget _____

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." With the exception of a statutory \$2.0 million transfer from the EDIF to the State Water Plan Fund, the Legislature annually appropriates the EDIF for individual projects and programs deemed to support and enhance 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.

The initial transfers from the State Gaming Revenue Fund, which began in 1986, were as follows:

1. County Reappraisal Fund (until June 30, 1989) - 30.0%
2. Split between Juvenile Detention Facilities Fund and Correctional Institutions Building Fund (Actual amount to be determined by appropriations act) - 10.0%
3. Economic Development Initiatives Fund (to be increased to 90.0% as of July 1, 1989) - 60.0%

During the 1988 Session, the Legislature delayed the increase in the transfer to the EDIF until July 1, 1990.

During the 1994 Session, the Legislature changed the transfers as of July 1, 1995 to the following:

1. Correctional Institutions Building Fund - 10.0%
2. Juvenile Detention Facilities Fund - 5.0%
3. Economic Development Initiatives Fund - 85.0%

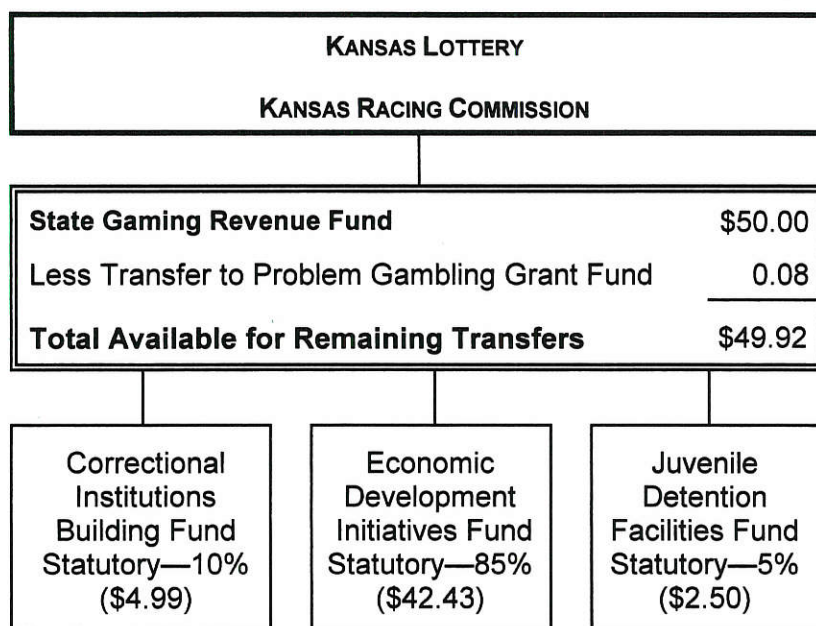
During the 2000 Session, the Legislature changed the transfers to the following:

1. Economic Development Initiatives Fund—\$42,432,000;
2. Correctional Institutions Building Fund—\$4,992,000;
3. Juvenile Detention Facilities Fund—\$2,496,000; and
4. Problem Gambling Grant Fund—\$80,000.

ECONOMIC DEVELOPMENT INITIATIVES FUND

Revenue Flow

(In Millions)





BUDGET OVERVIEW

Approved FY 2009 Expenditures and
Other Selected Budget Information

Kansas Legislative Research Department
December 2, 2008

Appropriations Committee

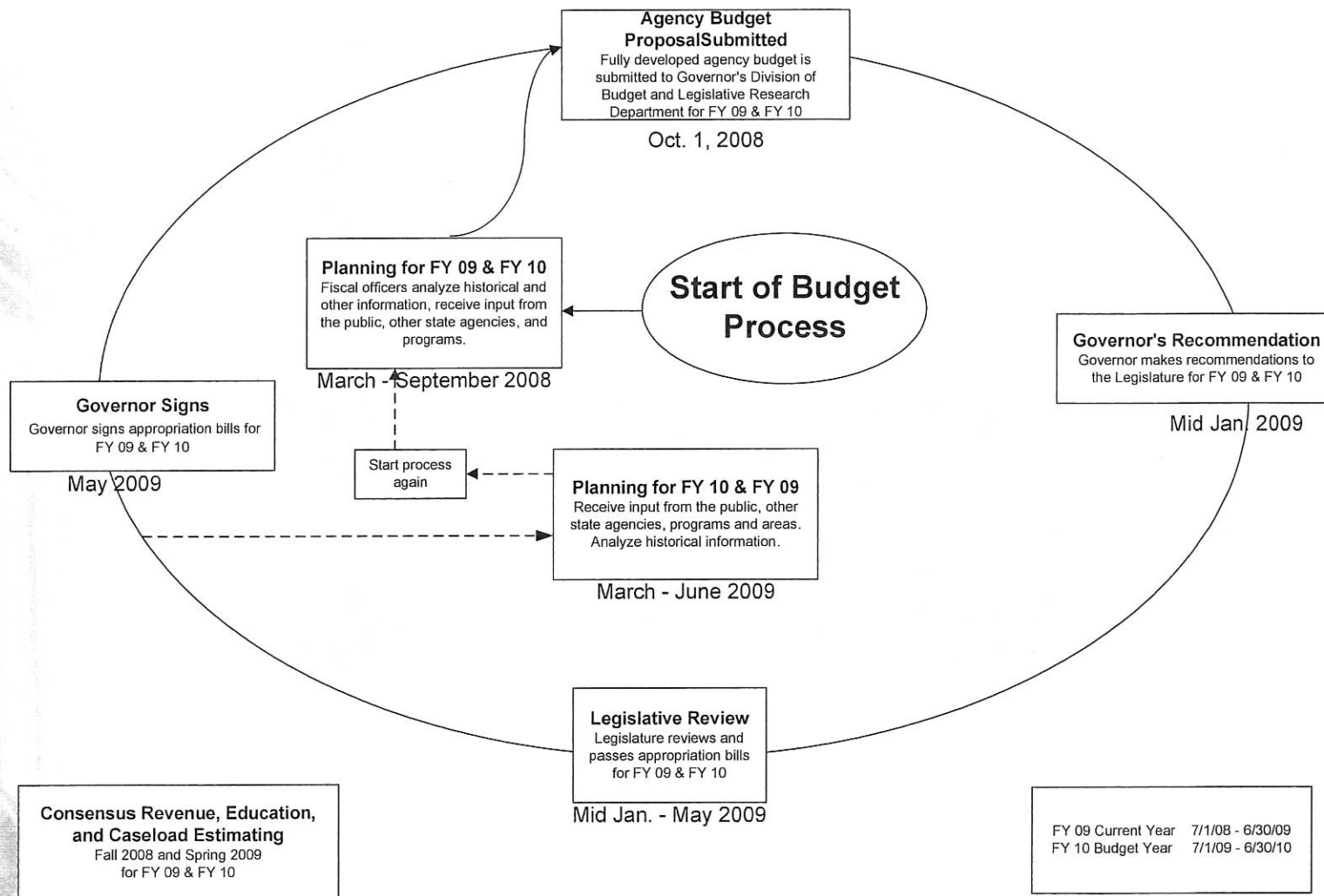
Attachment 8-1

Date 1/13/09

Budget _____

State Budget Process

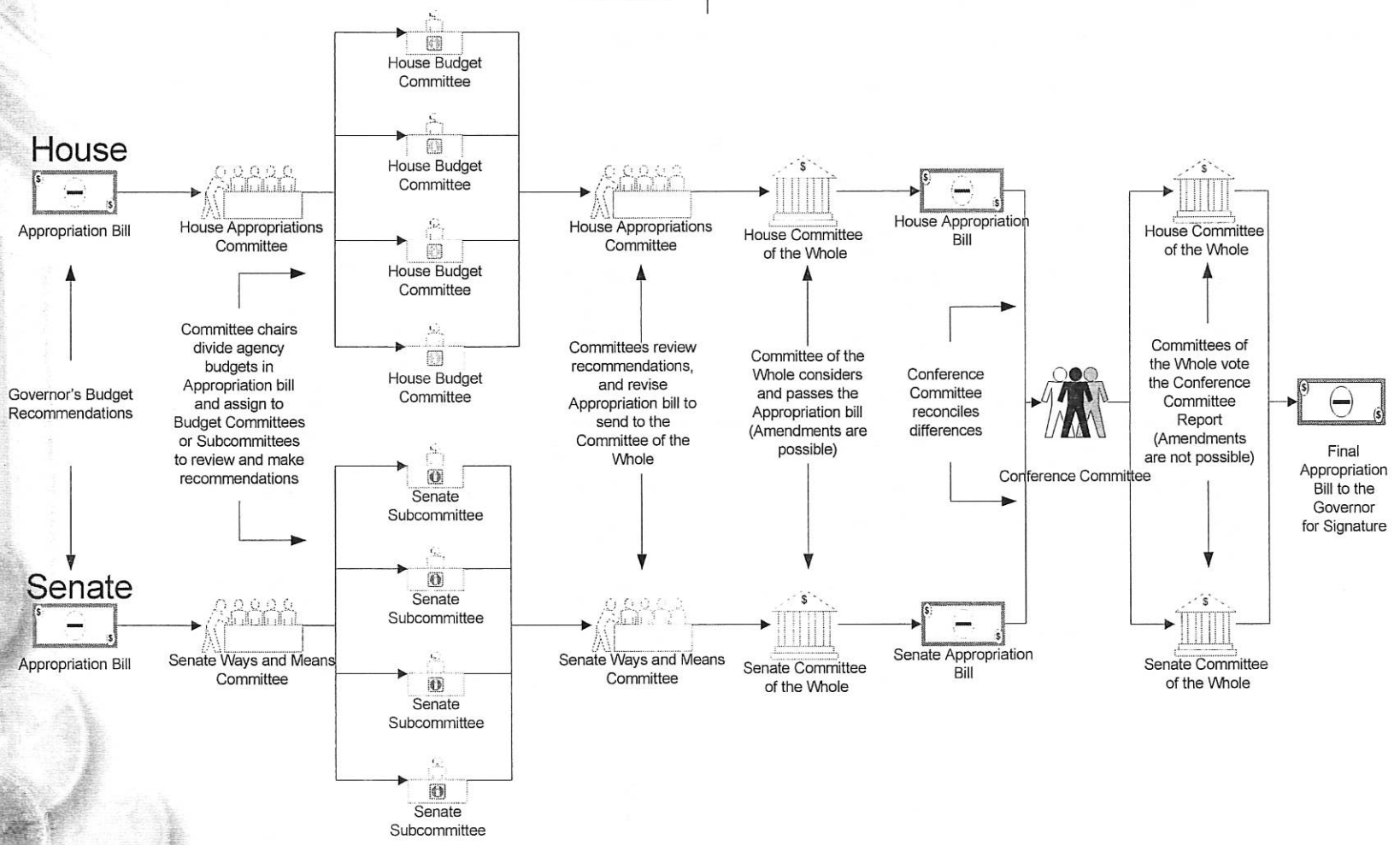
as of December 2008



Basic Process to Pass an Appropriation Bill

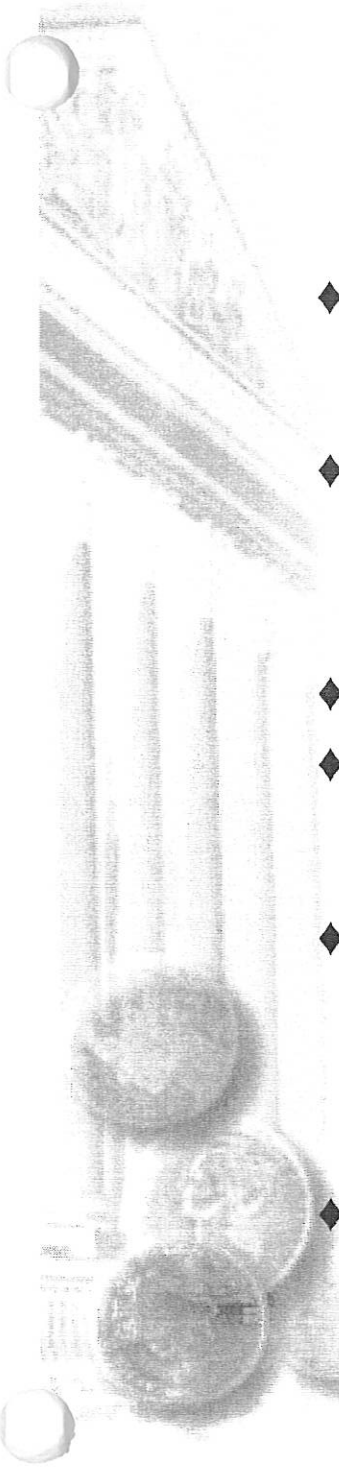
Kansas Legislative Research Department

December 5, 2006



Common Terms

- ◆ **Appropriation.** A legislative action which makes available for expenditure by a state agency a specified amount of money for a particular purpose during a specified period of time, usually one fiscal year.
- ◆ **Demand Transfer.** Funds transferred annually from the State General Fund to specified expenditure accounts under the authority of laws other than appropriations acts. Examples include transfers to the Local Ad Valorem Tax Reduction Fund and County-City Revenue Sharing Fund.
- ◆ **Expenditure.** The actual payment of money out of any state fund.
- ◆ **Expenditure Limitation.** A limitation placed by the Legislature upon the expenditures that may be made from a special revenue fund, the total receipts of which are appropriated to a single state agency.
- ◆ **Fiscal Year.** The state fiscal year (FY) is a 12-month period beginning July 1 and ending June 30 of the following year which is used as the state accounting and appropriation period. The fiscal year is named for the year in which it ends. The federal fiscal year runs from October 1 through September 30 of the following year.
- ◆ **Full-Time Equivalent (FTE).** A mathematical calculation for equating to full-time for a given year the number of full-time and part-time classified and unclassified personnel (excluding seasonal and temporary employees) in the civil service system.



Terms Continued

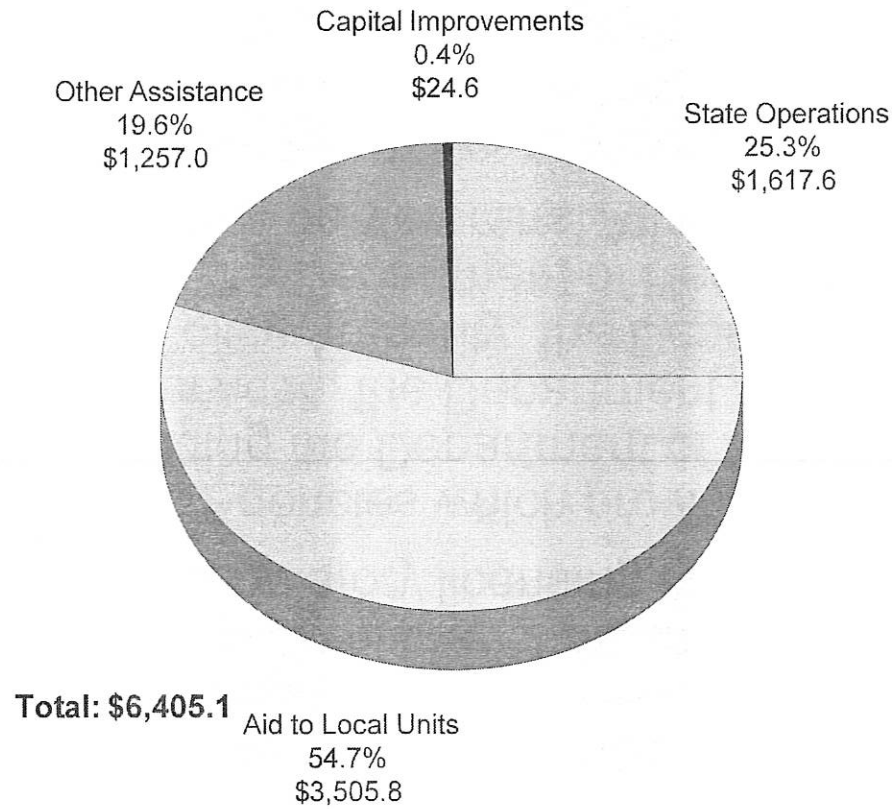
- ◆ **Fund.** A reserve of money established by statute or by an appropriations bill which is set aside for a designated purpose.
- ◆ **Position Limitation.** A limitation established in an appropriations bill on the number of FTE positions authorized for a given state agency.
- ◆ **Revenue Estimates.** Projections of anticipated State General Fund revenue for the current and budget years. An estimate is developed twice a year on a consensus basis by the Division of the Budget, the Legislative Research Department, the Department of Revenue and university economists.
- ◆ **Special Revenue Funds.** Funds into which statutorily earmarked receipts are deposited. These consist largely of special fees or levies assessed by the state as well as federal grant-in-aid receipts. Generally, these monies must be expended for programs and activities directly related to the source or sources of revenue.
- ◆ **State General Fund.** A fund for revenues not earmarked or dedicated for special purposes. It is used to finance governmental operations not provided for by special funds. The principal revenue sources for the State General Fund include individual and corporate income taxes, sales and compensating use taxes, severance and other excise taxes, inheritance taxes, and interest earnings.

Expenditure by Major Purpose

Definitions

- ◆ *State Operations: Actual agency operating costs for salaries and wages, contractual services, commodities, and capital outlay*
- ◆ *Aid to Local Units: Aid payments to counties, cities, school districts, and other local government entities*
- ◆ *Other Assistance, Grants, and Benefits: Payments made to or on behalf of individuals as aid, including public assistance benefits, unemployment benefits, and tuition grants*
- ◆ *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*

FY 2009 Approved Expenditures by Major Purpose From the State General Fund (In Millions)





Expenditures by Function of Government Definitions

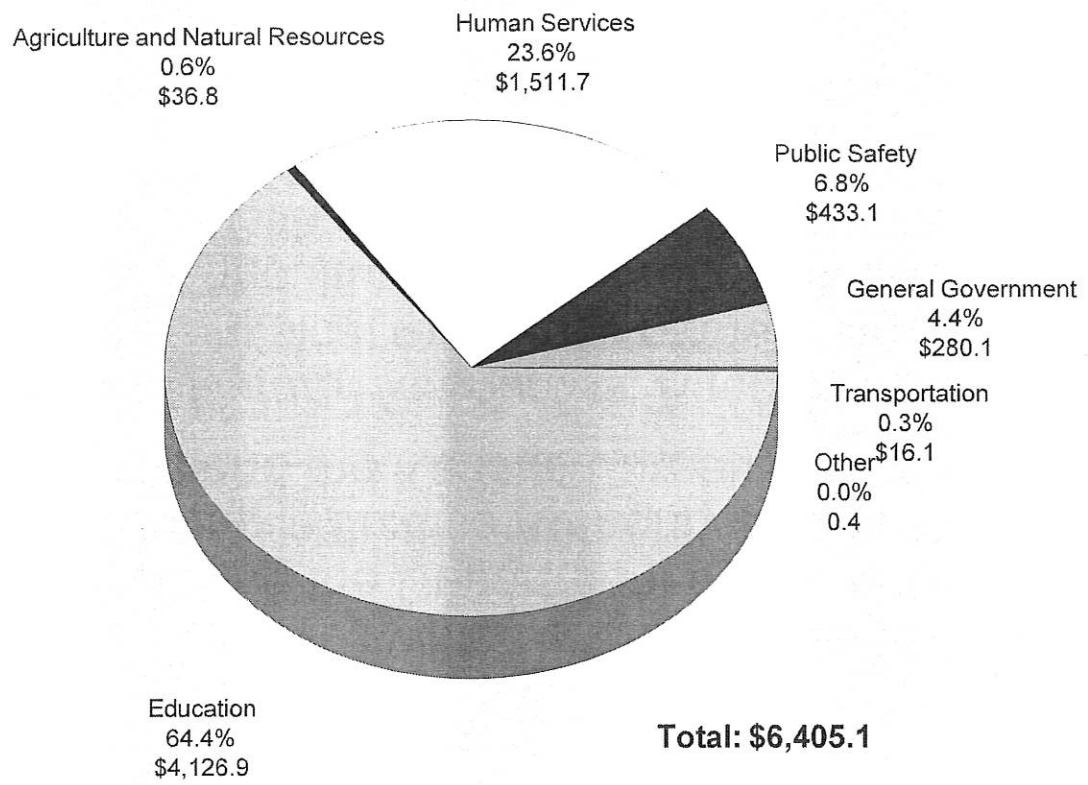
- ◆ **General Government:** State agencies with both administrative and regulatory functions, including statewide elected officials, the legislative and judicial branches, and fee-funded professional and regulatory licensing agencies
- ◆ ***Human Services:*** Agencies which provide services to individuals, including the Department of Social and Rehabilitation Services, the Department on Aging, the Kansas Health Policy Authority, the Department of Labor, the Health division of the Department of Health and Environment, and the Commission on Veterans' Affairs
- ◆ ***Education:*** Agencies which provide various educational services to Kansans, including the Department of Education, the Board of Regents and the Regents institutions, the State Library, the Arts Commission, the State Historical Society, and the Schools for the Blind and the Deaf

Expenditures by Function of Government

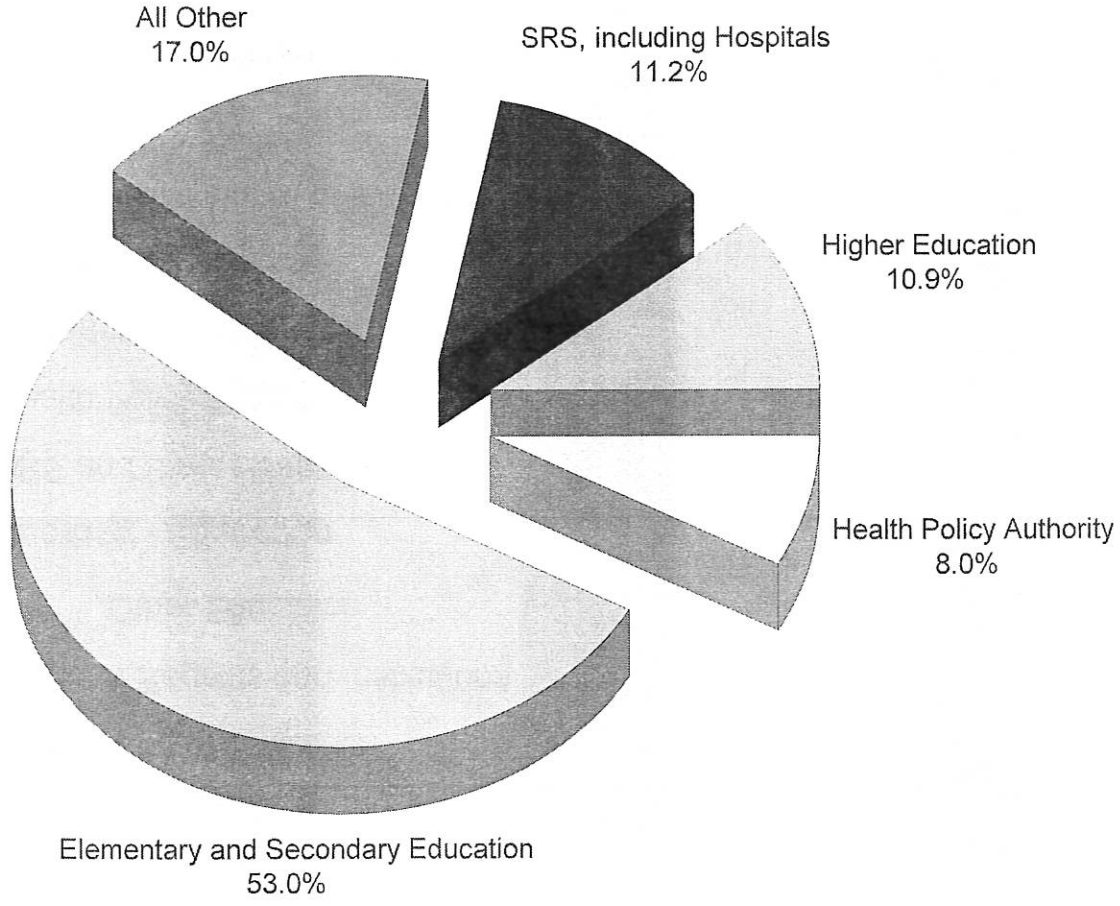
Definitions (continued)

- ◆ *Public Safety*: Agencies which ensure the safety and security of citizens, including the Department of Corrections and its facilities, the Juvenile Justice Authority and its facilities, the Highway Patrol, and the Kansas Bureau of Investigation
- ◆ *Agriculture and Natural Resources*: Agencies which protect the natural and physical resources of the state, including the Department of Agriculture, the environment division of the Department of Health and Environment, and the Department of Wildlife and Parks
- ◆ *Transportation*: This function includes only the Department of Transportation

FY 2009 Approved Expenditures by Function of Government From the State General Fund (In Millions)



FY 2009 Approved SGF Expenditures By Major Program or Agency

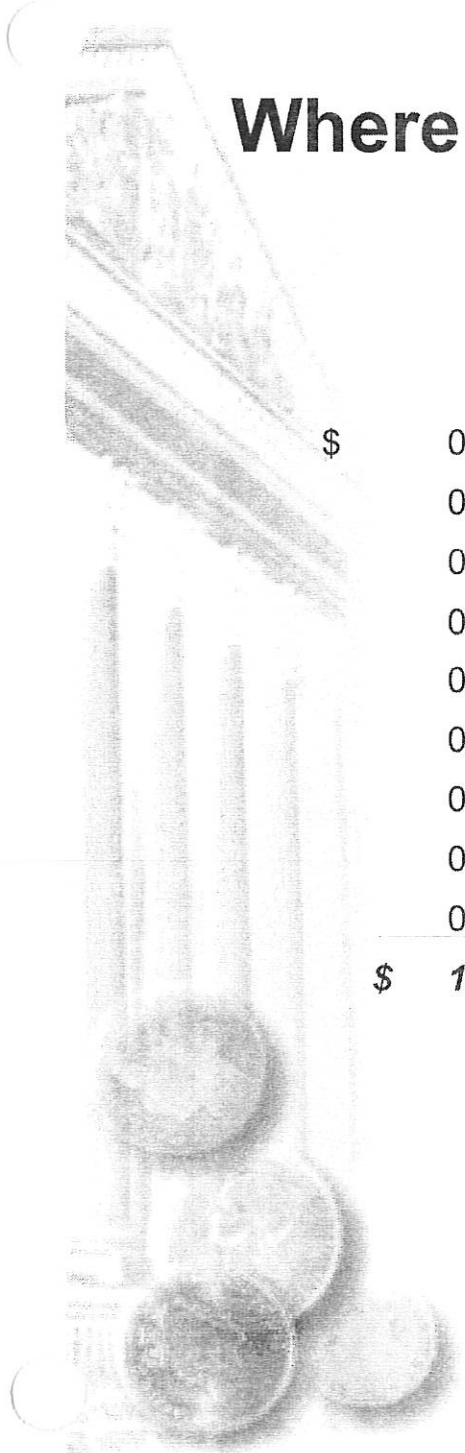


Where Each FY 2009 SGF Dollar Will Be Spent

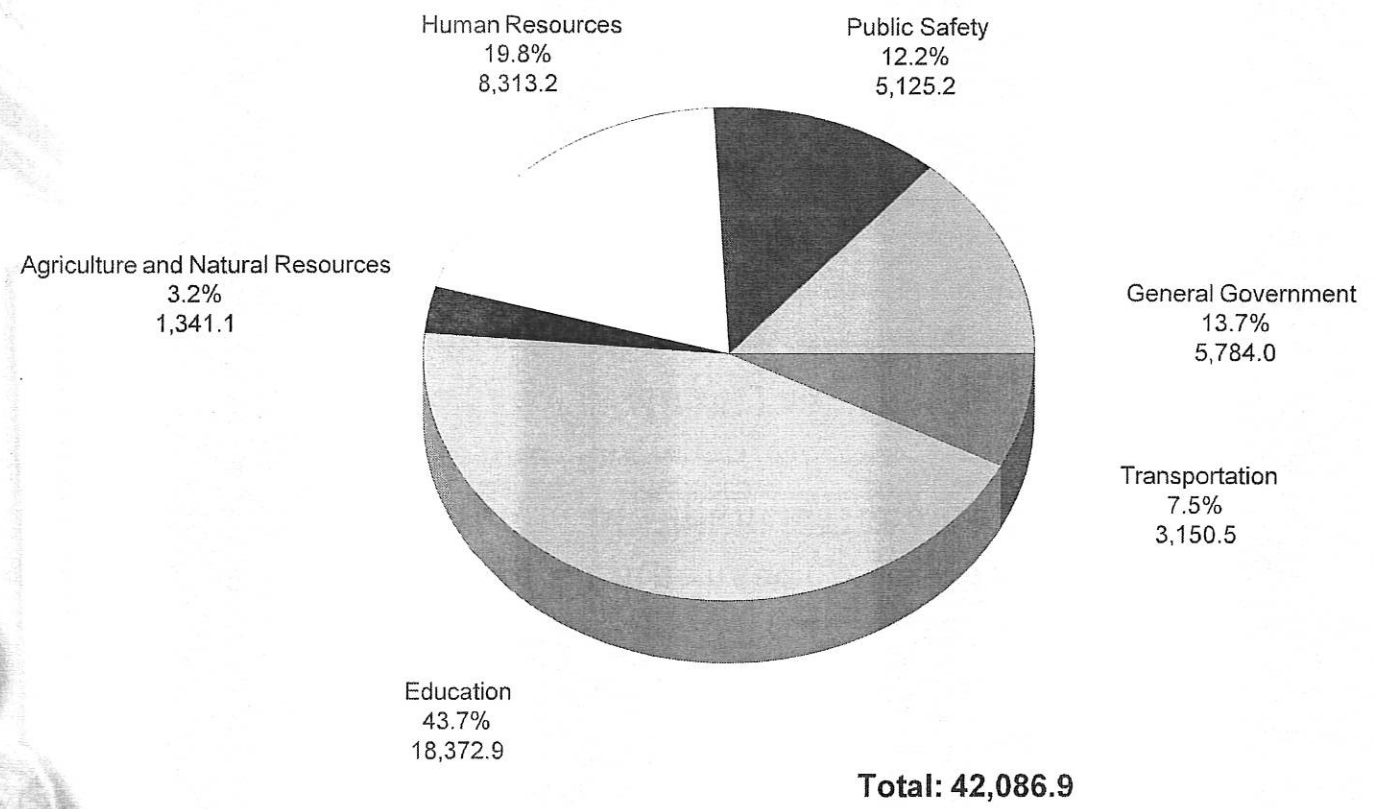
	Agency	Amount (Millions)
\$ 0.51	Department of Education	\$ 3,245.1
0.13	Board of Regents and Institutions	852.6
0.00	Other Education	29.2
<hr/>		<hr/>
\$ 0.64	Subtotal - Education	\$ 4,126.9
0.12	SRS and State Hospitals	763.8
0.08	Health Policy Authority	513.5
0.04	Department of Corrections and Facilities	274.0
0.03	Department on Aging	196.7
0.02	Judiciary and Board of Indigents' Defense	135.3
0.06	All Other	394.9
<hr/>		<hr/>
\$ 1.00	Total Expenditures	\$ 6,405.1

Where Each FY 2009 SGF Dollar Comes From

		Source	Amount (Millions)
\$	0.50	Individual Income Tax	\$ 3,069.4
	0.33	Sales and Compensating Use Tax	1,993.7
	0.06	Corporate and Financial Income Tax	372.2
	0.03	Severance Tax	151.3
	0.02	Insurance Premium Tax	119.0
	0.02	Tobacco Taxes	113.6
	0.02	Alcohol Taxes	113.5
	0.01	Estate/Succession Tax	32.0
	0.01	Other Taxes and Revenue	27.9
\$	1.00	Total Receipts	\$ 5,992.6

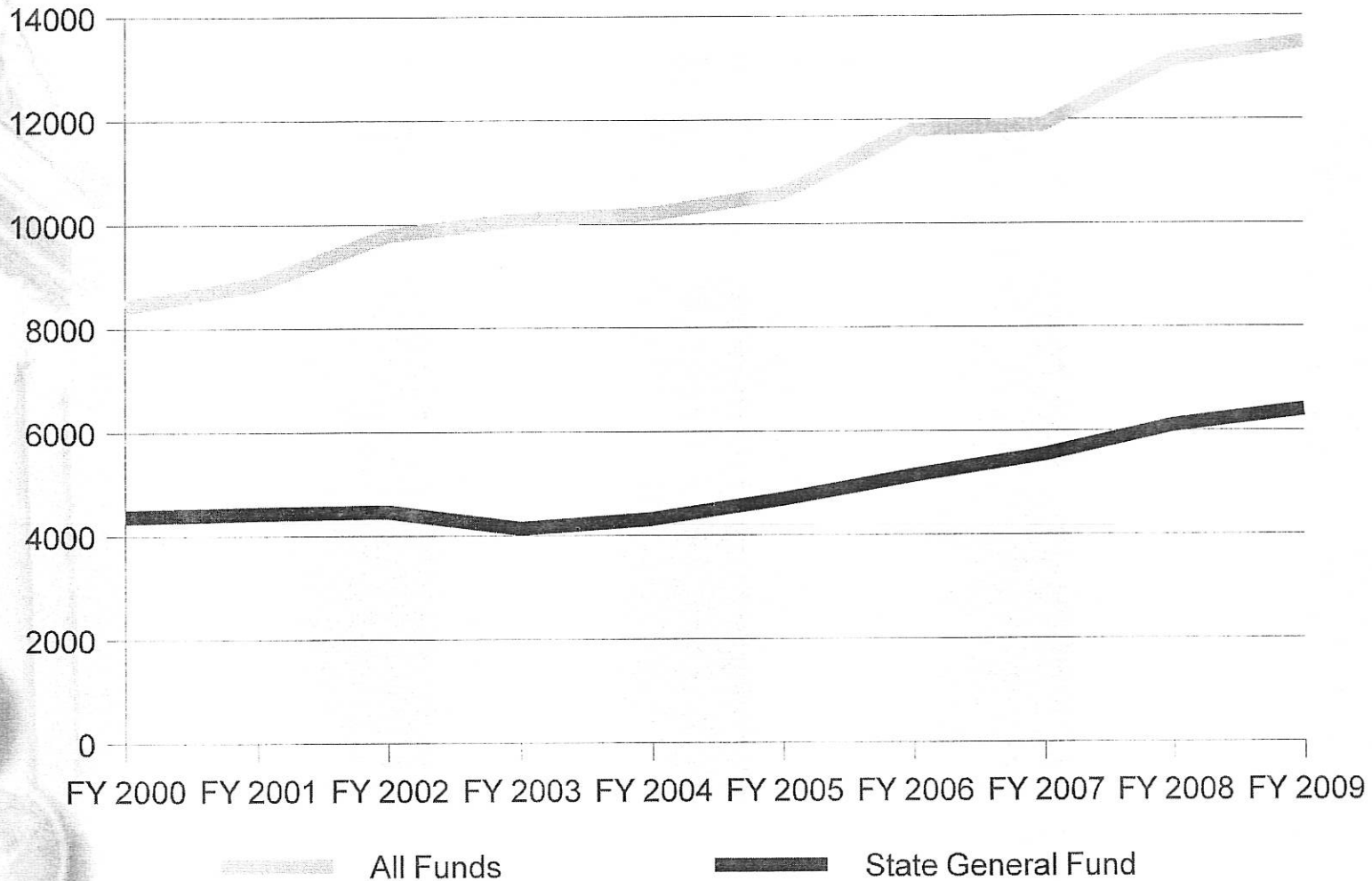


FY 2009 Full-Time Equivalent (FTE) Positions by Function of Government

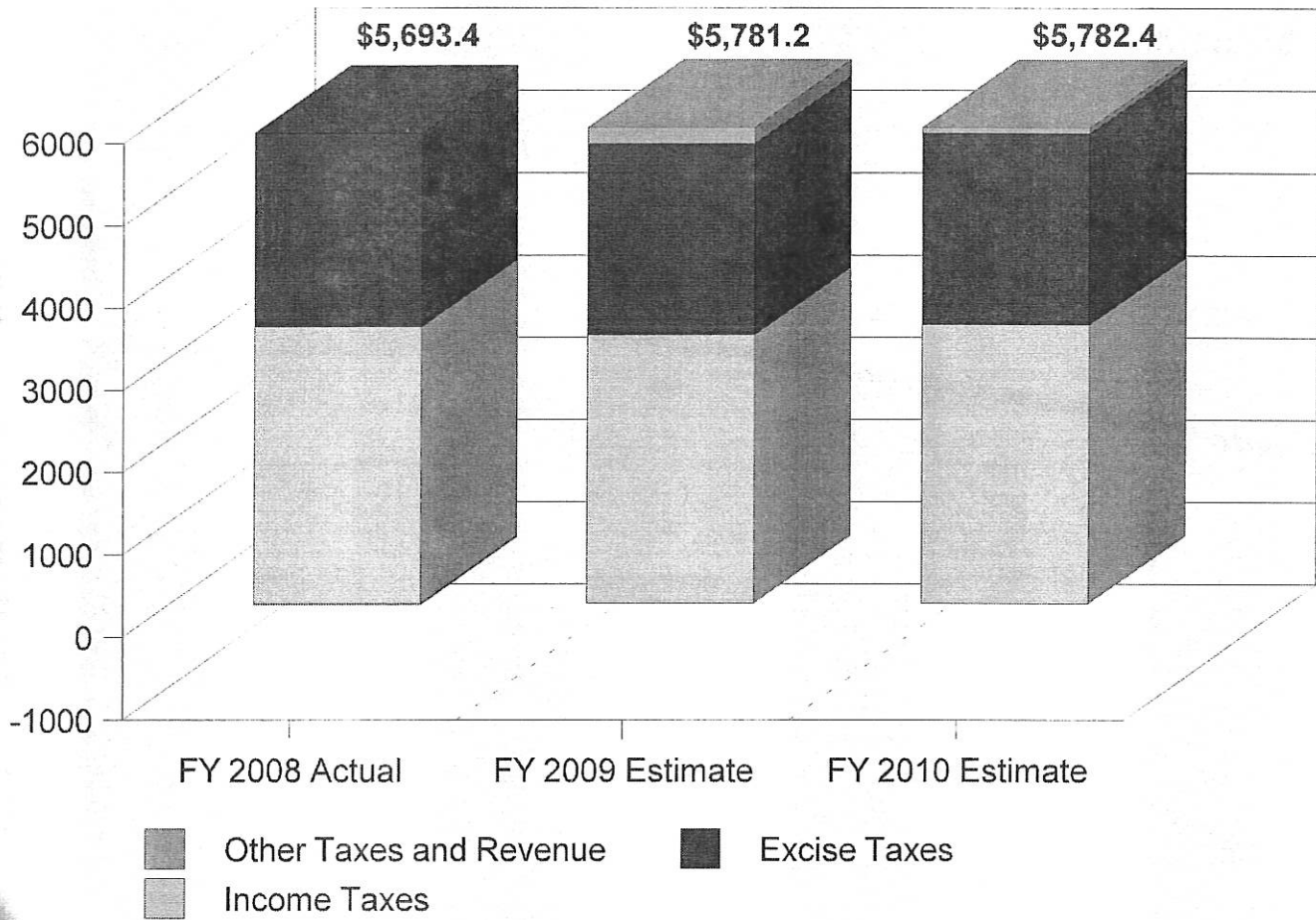


8-15

All Funds and State General Fund Expenditures FY 2000-FY 2009 (Approved) (In Millions)



FY 2008-FY 2010 Actual and Estimated SGF Receipts (In Millions)



KANSAS STATE FAIR

Expenditure	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Operating Expenditures:					
State General Fund	\$ 820,158	\$ 833,884	\$ 833,884	\$ 795,821	\$ 0
Other Funds	4,685,222	4,593,795	4,593,795	4,621,005	5,469,187
TOTAL	\$ 5,505,380	\$ 5,427,679	\$ 5,427,679	\$ 5,416,826	\$ 5,469,187
Capital Improvements:					
State General Fund	\$ 3,060,727	\$ 740,000	\$ 740,000	\$ 765,000	\$ 0
Other Funds	483,214	514,867	514,867	522,064	1,267,064
TOTAL	\$ 3,543,941	\$ 1,254,867	\$ 1,254,867	\$ 1,287,064	\$ 1,267,064
GRAND TOTAL	\$ 9,049,321	\$ 6,682,546	\$ 6,682,546	\$ 6,703,890	\$ 6,736,251

Percentage Change:

Operating Expenditures:					
State General Fund	3.5%	1.7%	1.7%	(4.6)%	(100.0)%
All Funds	6.5	(1.4)	(1.4)	(0.2)	0.8
FTE Positions	23.0	24.0	24.0	24.0	24.0
Non-FTE Perm. Uncl. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	23.0	24.0	24.0	24.0	24.0

AGENCY OVERVIEW

The mission of the Kansas State Fair is to promote and showcase Kansas agriculture, industry, and culture; create commercial activity; and provide an educational and entertaining experience that is the pride of all Kansans. The State Fair is organized and administered by the 13-member Kansas State Fair Board. The State Fairgrounds are located in Hutchinson in Reno County. The grounds consist of 280 acres and 75 buildings, with nearly 24 acres under roof. The State Fair is a 10-day event starting on the Friday following Labor Day in September. It is the state's largest single event and attracts more than 343,000 people annually, plus an estimated 175,000 people to the more than 290 non-fair events held throughout the year. The State Fair operates with 23 full-time employees, 600 part-time and temporary employees, in addition to contract plumbers and electricians, and inmate labor from the Hutchinson Correctional Facility.

MAJOR ISSUES FROM PRIOR YEARS

The **2001 Legislature** approved the State Fair Master Plan which included \$29.0 million in bonds for an extensive renovation of the agency's facilities. The State Fair Board successfully obtained an annual commitment of \$300,000 for the next ten years from the Reno County Commission and the Hutchinson City Council to help fund the renovation project.

Appropriations Committee.

Attachment 9-1

Date 1/13/09

Budget _____

During the **2003 Legislative Session**, the House Agriculture and Natural Resources Budget Committee and the Senate Ways and Means Subcommittee noted that the State Fair was involved in a lawsuit regarding the State Fair's compliance with the Americans with Disabilities Act (ADA), particularly regarding grandstand seating, parking, and restrooms. In the Fall of 2003, the Tenth Circuit Court of Appeals in Denver ruled against the State Fair in the case.

The **2003 Legislature** eliminated the statutory \$300,000 State General Fund transfer to the State Fair Capital Improvements Fund for FY 2004.

The **2004 Legislature** eliminated the statutory \$300,000 State General Fund transfer to the State Fair Capital Improvements Fund for FY 2005.

The **2005 Legislature** restored the \$300,000 statutory transfer from the State General Fund to the State Fair Capital Improvements Fund for FY 2006.

The **2006 Legislature** added \$2,375,727 from the State General Fund in FY 2007 for the construction of a sheep and swine barn.

The **2007 Legislature** added \$50,000 from the State Economic Development Initiatives Fund (EDIF) in FY 2008 for enhanced marketing and promotion of the State Fair. In addition, the Legislature added \$40,000 from the EDIF in FY 2008 for an economic impact and demographic study of the State Fair and non-fair activities. The State Fair also received \$20,000 from the EDIF for competitive premiums and \$25,000 from the State General Fund to add electrical sub-metering equipment in order to monitor electrical usage at individual buildings on the fairgrounds.

BUDGET SUMMARY AND KEY POINTS

FY 2008 – Current Year. The **agency** requests a revised FY 2008 operating budget of \$5.4 million, a decrease of \$98,974, or 1.8 percent, below the amount approved by the 2007 Legislature. Requested State General Fund expenditures total \$883,884, an increase of \$405,000, or 94.4 percent, above the approved amount. The estimate would fund 24.0 FTE positions, an increase of 1.0 FTE position, from the approved number.

Major adjustments to the FY 2008 approved budget are primarily attributable to adjustments made by the agency to the State Fair Fee Fund that reflect 2007 State Fair receipts. The estimate includes supplemental funding of \$25,375, all from special revenue funds, and 1.0 FTE position to convert a Receptionist/Non-Fair Assistant position from an unclassified to a classified position.

The **Governor** concurs with the agency's FY 2008 revised estimate for funding and staffing.

FY 2009 – Budget Year. The **agency** requests a FY 2009 operating budget of \$5.4 million, a decrease of \$10,853, or 0.2 percent, below the FY 2008 revised estimate. The request includes State General Fund expenditures of \$795,821, a decrease of \$38,063, or 4.6 percent, below the revised current year estimate. The request would fund 24.0 FTE positions.

The request includes enhancement funding of \$185,349, including \$20,000 from the State General Fund for a meteorological tower, \$20,000 from the State Economic Development Initiatives Fund (EDIF) for competitive exhibit premiums, \$100,000 from the EDIF for enhanced marketing and promotion of the State Fair, \$24,557 from special revenue funds to annualize the cost of a 1.0 FTE Receptionist/Non-Fair Assistant classified position requested to be full-time, and \$20,792 from special revenue funds to increase part-time State Fair employees' wages.

The **Governor** recommends a FY 2009 operating budget of \$5.45 million, an increase of \$52,361, or 1.0 percent, above the agency's request. The recommendation replaces funding of \$795,821 from the State General Fund with funding from the Expanded Lottery Act Revenue Fund (ELARF). The recommendation also includes \$165,349 of enhancements, including \$24,557 from special revenue funds and 1.0 FTE Receptionist/Non-Fair Assistant position, which is a continuation

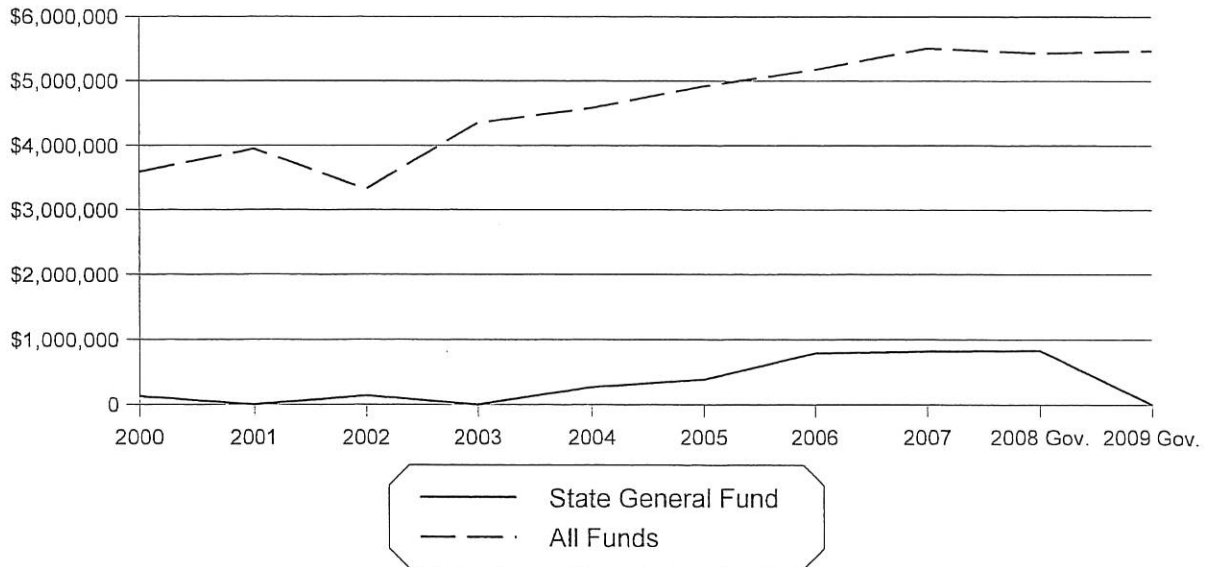
of the FY 2008 supplemental request, \$20,792 from special revenue funds to increase part-time State Fair employees' wages, \$100,000 from the State Economic Development Initiatives Fund (EDIF) for enhanced marketing and promotion of the State Fair, and \$20,000 from the EDIF for competitive exhibit premiums. For the pay plan, the Governor recommends \$27,497 for a 2.5 percent increase in a base salary adjustment and \$24,864 for a below market pay adjustment for select employees.

**OPERATING EXPENDITURES
FY 2000–FY 2009**

Fiscal Year	SGF	% Change	All Funds	% Change	FTE
2000	\$ 123,750	(6.2)%	\$ 3,587,042	6.2%	21.0
2001	0	(100.0)	3,949,401	10.1	22.0
2002	132,540	0.0	3,326,514	(15.8)	22.0
2003	0	(100.0)	4,346,591	30.7	23.0
2004	267,833	0.0	4,579,833	5.4	23.0
2005	384,158	43.4	4,919,753	7.4	23.0
2006	792,285	106.2	5,171,123	5.1	23.0
2007	820,158	3.5	5,505,380	6.5	23.0
2008 Gov. Rec.	833,884	1.7	5,427,679	(1.4)	24.0
2009 Gov. Rec.	0	(100.0)	5,469,187	0.8	24.0
Ten-Year Change Dollars/Percent	\$ (123,750)	(100.0)%	\$ 1,882,145	52.5%	3.0

- **FY 2003:** The increase in FY 2003 is the result of the agency beginning to make interest payments on the master plan capital improvement bonds. The Legislature also approved the conversion of a non-FTE Administrative Assistant position to a FTE position.
- **FY 2004:** Beginning in FY 2004, State General Fund expenditures were included in the budget to make interest payments on the master plan capital improvement bonds.
- **FY 2005:** State General Fund expenditures were included in the FY 2005 budget to pay for the debt service on the second issuance of master plan capital improvement bonds.

**OPERATING EXPENDITURES
FY 2000–FY 2009**



Summary of Operating Budget FY 2007-FY 2009

	Actual FY 2007	Agency Request				Governor's Recommendation			
		Estimate FY 2008	Request FY 2009	Dollar Change from FY 08	Percent Change from FY 08	Rec. FY 2008	Rec. FY 2009	Dollar Change from FY 08	Percent Change from FY 08
By Program:									
Operations	\$ 3,057,197	\$ 2,997,456	\$ 3,032,159	\$ 34,703	1.2%	\$ 2,997,456	\$3,072,246	\$ 74,790	2.5%
Maintenance	1,323,025	1,301,339	1,298,846	(2,493)	(0.2)	1,301,339	1,311,120	9,781	0.8
Debt Service	1,125,158	1,128,884	1,085,821	(43,063)	(3.8)	1,128,884	1,085,821	(43,063)	(3.8)
TOTAL	\$ 5,505,380	\$ 5,427,679	\$ 5,416,826	\$ (10,853)	(0.2)%	\$ 5,427,679	\$5,469,187	\$ 41,508	0.8%
By Major Object of Expenditure:									
Salaries and Wages	\$ 1,525,127	\$ 1,641,099	\$ 1,649,069	\$ 7,970	0.5%	\$ 1,641,099	\$1,701,430	\$ 60,331	3.7%
Contractual Services	2,431,105	2,322,303	2,346,543	24,240	1.0	2,322,303	2,346,543	24,240	1.0
Commodities	331,232	260,393	260,393	0	0.0	260,393	260,393	0	0.0
Capital Outlay	92,455	75,000	75,000	0	0.0	75,000	75,000	0	0.0
Debt Service	1,125,158	1,128,884	1,085,821	(43,063)	(3.8)	1,128,884	1,085,821	(43,063)	(3.8)
Subtotal - Operations	\$ 5,505,077	\$ 5,427,679	\$ 5,416,826	\$ (10,853)	(0.2)%	\$ 5,427,679	\$5,469,187	\$ 41,508	0.8%
Aid to Local Units	0	0	0	0	0.0	0	0	0	0.0
Other Assistance	303	0	0	0	0.0	0	0	0	0.0
TOTAL	\$ 5,505,380	\$ 5,427,679	\$ 5,416,826	\$ (10,853)	(0.2)%	\$ 5,427,679	\$5,469,187	\$ 41,508	0.8%
Financing:									
State General Fund	\$ 820,158	\$ 833,884	\$ 795,821	\$ (38,063)	(4.6)%	\$ 833,884	\$ 0	\$ (833,884)	(100.0)%
ELARF	0	0	0	0	0.0	0	795,821	795,821	0.0
EDIF	185,344	110,000	120,000	10,000	9.1	110,000	120,000	10,000	9.1
State Fair Fee Fund	4,194,878	4,188,795	4,211,005	22,210	0.5	4,188,795	4,263,366	74,571	1.8
State Fair Capital Improvements - Interest	305,000	295,000	290,000	(5,000)	(1.7)	295,000	290,000	(5,000)	(1.7)
TOTAL	\$ 5,505,380	\$ 5,427,679	\$ 5,416,826	\$ (10,853)	(0.2)%	\$ 5,427,679	\$5,469,187	\$ 41,508	0.8%

BUDGET OVERVIEW

A. FY 2008 – Current Year

CHANGE FROM APPROVED BUDGET					
	Approved 2007 Legislature	Agency Estimate FY 2008	Agency Change from Approved	Governor Rec. FY 2008	Governor Change from Approved
State General Fund	\$ 428,884	\$ 833,884	\$ 405,000	\$ 833,884	\$ 405,000
All Other Funds	5,097,769	4,593,795	(503,974)	4,593,795	(503,974)
TOTAL	\$ 5,526,653	\$ 5,427,679	\$ (98,974)	\$ 5,427,679	\$ (98,974)
FTE Positions	23.0	24.0	1.0	24.0	1.0

The **agency** requests a revised FY 2008 operating budget of \$5.4 million, a decrease of \$98,974, or 1.4 percent, below the amount approved by the 2007 Legislature. The revised estimate includes funding from the State General Fund of \$833,884, an increase of \$405,000, or 94.4 percent, above the approved amount, and the State Economic Development Initiatives Fund (EDIF) of \$110,000, the same as the approved amount. The decrease is attributed to adjustments made to the agency's fee funds, reflecting receipts from the 2007 State Fair, which included increases in admission and concessions receipts, but decreases in grandstand admissions, as well as decreases of non-fair rentals of buildings and facilities.

Decreases in the agency's fee funds are partially offset by an increase in the agency's estimate of funding from the State General Fund for FY 2008. The increase is attributed to a shift in funding between debt service and capital improvements, which are discussed later in this budget analysis. The 2007 Legislature approved \$1,120,000, all from the State General Fund, for debt service principal in FY 2008, which is included with capital improvements expenditures. In its FY 2008 revised estimate, the agency shifted \$405,000 of this funding to debt service interest, which is included with operating expenditures.

The revised estimate also includes supplemental funding of \$25,375, all from special revenue funds, and 1.0 FTE position, to convert a Receptionist/Non-Fair Assistant position from unclassified to classified.

The **Governor** concurs with the agency's FY 2008 revised estimate for funding and staffing.

Kansas Savings Incentive Program (KSIP) Expenditures

The agency has not budgeted for any KSIP expenditures in FY 2008.

3. FY 2009 – Budget Year

FY 2009 OPERATING BUDGET SUMMARY			
	Agency Request	Governor's Recommendation	Difference
Total Request/Recommendation	\$ 5,416,826	\$ 5,469,187	\$ 52,361
Change from FY 2008:			
Dollar Change:			
State General Fund	\$ (38,063)	\$ (833,884)	
All Other Funds	27,210	875,392	
TOTAL	<u>\$ (10,853)</u>	<u>\$ 41,508</u>	
Percent Change:			
State General Fund	(4.6)%	(100.0)%	
All Other Funds	0.6	19.1	
TOTAL	<u>(0.2)%</u>	<u>0.8%</u>	
Change in FTE Positions	0.0	0.0	

The **agency** requests a FY 2009 operating budget of \$5.4 million, a decrease of \$10,853, or 0.2 percent, below the FY 2008 revised estimate. The request includes State General Fund expenditures of \$795,821, which is a decrease of \$38,063, or 4.6 percent, below the revised estimate, which is attributed to a decrease in FY 2009 debt service interest payments.

Included in the agency's FY 2009 operating budget request is enhancement funding, which is detailed in the next section of this budget analysis. The agency requests \$165,349, all from special revenue funds, and 1.0 FTE position for operating enhancement requests, and \$20,000 from the State General Fund for capital improvement enhancement requests. Enhancement requests for enhanced marketing and promotion of the State Fair (\$100,000), competitive exhibit premiums (\$20,000), and the 1.0 FTE Receptionist/Non-Fair Assistant position are continuations of funding that were approved by the 2007 Legislature for FY 2008.

It should also be noted that the agency is planning to increase gate admission prices for regular priced adult and regular priced senior tickets in FY 2009. The increase of \$1 will generate more revenue for the agency and will fund the enhancement request for part-time employee pay raises.

The **Governor** recommends a FY 2009 operating budget of \$5.5 million, an increase of \$41,508, or 0.8 percent, above the Governor's FY 2008 recommendation, and an increase of \$52,361, or 1.0 percent, above the agency's request. The recommendation replaces funding from the State General Fund of \$795,821 with funding from the Expanded Lottery Act Revenue Fund (ELARF). The Governor recommends \$56,261, all from special revenue funds, for the pay plan. In addition, the Governor recommends enhancement funding of \$165,349, all from special revenue funds.

FY 2009 ENHANCEMENTS						
Enhancement	Agency Request			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
Operating Enhancements:						
Enhanced Marketing/Promotion	\$ 0	\$ 100,000	0.0	\$ 0	\$ 100,000	0.0
Competitive Exhibit Premiums	0	20,000	0.0	0	20,000	0.0
Part-Time Employee Pay Raise	0	20,792	0.0	0	20,792	0.0
Receptionist/Non-Fair Assistant	0	24,557	1.0	0	24,557	1.0
Capital Improvements Enhancement:						
Meteorological Tower	20,000	20,000	0.0	0	0	0.0
TOTAL	\$ 20,000	\$ 185,349	1.0	\$ 0	\$ 165,349	1.0

Enhancements Detail

Operating Enhancement Requests.

- **Enhanced Marketing and Promotion of the State Fair.** The agency requests \$100,000, all from the State Economic Development Initiatives Fund (EDIF) in FY 2009 for enhanced marketing and promotion of the Kansas State Fair. Funds were received in FY 2007 and FY 2008 which the agency believes played a role in increasing attendance at the 2006 and 2007 State Fairs. The agency wishes to continue the marketing efforts of the State Fair in FY 2009.

The **Governor** recommends \$100,000 from the EDIF for this enhancement request.

- **Competitive Exhibit Premiums.** The agency requests \$20,000, all from the State Economic Development Initiatives Fund (EDIF) in FY 2009 for competitive exhibit premiums. This request matches the amount received in FY 2007 and FY 2008.

The **Governor** recommends \$20,000 from the EDIF for this enhancement request.

- **Part-Time Employee Pay Raise.** The agency requests \$20,792, all from special revenue funds, to increase part-time fair employees' wages 5.0 percent in FY 2009 for the 2008 State Fair. The agency has not provided an increase to part-time State Fair employees' salaries since 2004 and will use a portion of the regular price adult gate admissions in FY 2009 to fund the increase in wages.

The **Governor** recommends \$20,792 from special revenue funds for this enhancement request.

- **Receptionist/Non-Fair Assistant Position.** The agency requests \$24,557, all from special revenue funds, in FY 2009 to annualize the cost of a 1.0 FTE Receptionist/Non-Fair Assistant classified position requested in the FY 2008 supplemental request.

The **Governor** recommends \$24,557 and 1.0 FTE position from special revenue funds for this enhancement request.

Capital Improvements Enhancement Request.

- **Meteorological Tower.** The **agency** requests \$20,000, all from the State General Fund, in FY 2009 for a meteorological tower. - The agency continues to explore alternative energy options and states a meteorological tower will provide valuable information regarding the feasibility of a wind turbine project.

The **Governor** does not recommend this enhancement request.

FY 2009 REDUCED RESOURCES						
Enhancement	Agency Recommendation			Governor's Recommendation		
	SGF	All Funds	FTE	SGF	All Funds	FTE
The agency is not required to submit a reduced resources budget.						

Governor's Recommended Salary and Wage Adjustments

State Employee Pay Increases. 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 which totals \$27.4 million, including \$12.5 million from the State General Fund, is included in the Regents operating grant increase recommended by the Governor.) **For this agency**, the recommended pay increase totals \$27,497, all from special revenue funds.

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, Chief Justice of the Supreme Court 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 (*i.e.* Public Service Executive III, Public Service Executive IV, Corrections Manager I) involved in managerial functions (pay increases will be solely based on performance); a **professional individual contributor** pay plan for employees (*i.e.* Public Service Executive II, Registered Nurse Senior, Applications Developer II) 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 (*i.e.* Senior Administrative Assistant, Administrative Assistant, Custodial Specialist) assigned to positions that perform routine, structured, work where performance can be measured on a pass/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 (*i.e.* Administrative Specialist, Human Service Specialist, Mental Health/Developmental Disability Technician) 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).

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 *Volume 1 of the Governor's Budget Report* 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. **For this agency**, the Governor recommends \$24,864, all from special revenue funds, to finance the FY 2009 plan for the basic vocational classes and for those positions identified as having the most disparity relative to market rate.

FY 2008 One-Time Bonus Payment. The 2007 Legislature authorized a one-time bonus payment of \$860 for all classified employees. Unclassified employees' appointing authority received a salary pool equivalent to the bonus payment. The bonus payment was made on December 14, 2007, and was included in employees' retirement calculations. **For this agency**, the bonus payment of \$24,958, all from special revenue funds, was not continued in FY 2009.

Longevity Bonus Payments. 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. **For this agency**, the Governor recommends longevity funding totaling \$3,900, all from special revenue funds.

Kansas Public Employees Retirement System (KPERS) Rate Adjustments. A total of \$7.5 million, including \$3.4 million from the State General Fund, is included in the Governor's FY 2009 recommendations for KPERS adjustments. The FY 2009 rate for KPERS regular and school members will increase by 0.6 percent, from 6.37 percent to 6.97 percent, when compared to FY 2008. This increase is attributable to the annual statutory increase for financing the unfunded liability of the KPERS fund.

Funding Sources

The Kansas State Fair's operating costs are primarily financed from fee funds consisting of receipts from fair and non-fair activities, including admission fees to the State Fair and grandstand entertainment, premium book advertising, building rental, space sales and concessions, and parking fees. The State Fair alone generates over 90.0 percent of the agency's total receipts, in addition to non-fair usage of over 290 events throughout the year. Receipts are deposited in the agency's State Fair Fee Fund.

In addition to the revenue generated by the State Fair, K.S.A. 2-223 provides that the agency, on recommendation of the State Fair Board, transfer an amount not less than 5.0 percent of the annual gross receipts to the State Fair Capital Improvements Fund. Furthermore, the statute provides that an amount not exceeding \$300,000 will be transferred to the State Fair Capital Improvements fund from the State General Fund on July 1 of each year. Generally, state funding has been used only for debt service, capital improvements, or major maintenance projects.

In recent years, however, state funding has been used to finance portions of the State Fair's advertising campaign and for cash awards which have a long range effect on species improvement and the marketing of livestock. The State Fair had not received funding for these activities since FY 2002, but the 2007 Legislature approved funding from the State Economic Development Initiatives Fund (EDIF) \$185,344 for FY 2007 and \$110,000 for FY 2008 for the Largest Classroom, an economic impact study, marketing, exhibit premiums, and alternative energy systems and utilities.

For FY 2009, the **agency** requests \$5,416,826, including \$795,821 from the State General Fund for debt service interest payments, and \$120,000 from the EDIF.

For FY 2009, the **Governor** recommends \$5,469,187, including \$795,821 from the Expanded Lottery Act Revenue Fund (ELARF), and \$120,000 from the EDIF. The ELARF will assume the debt service interest payments for the agency in FY 2009 with revenues collected from expanded gaming authorized under 2007 SB 66 and capitalized through transfers from the Kansas Lottery.

Operating Expenditures Funding Source	Agency Req. FY 2009	Gov. Rec. FY 2009	Agency Req. Percent of FY 2009 Total	Gov. Rec. Percent of FY 2009 Total
State General Fund	\$ 795,821	\$ 0	14.7%	0.0%
EDIF	120,000	120,000	2.2	2.2
Expanded Lottery Act Revenue Fund	0	795,821	0.0	14.6
State Fair Fee Fund	4,211,005	4,263,366	77.7	77.9
State Fair Capital Improvements Fund	290,000	290,000	5.4	5.3
TOTAL	\$ 5,416,826	\$ 5,469,187	100.0%	100.0%

Note: The \$290,000 from the State Fair Capital Improvements Fund is for debt service interest payments and is included in the agency's operating budget.

Fee Fund Analysis

State Fair Fee Fund.

Revenues for the State Fair are derived from both fair and non-fair activities and are deposited in the State Fair Fee Fund. Revenue sources include admission fees to the State Fair and grandstand entertainment, premium book advertising, building rental, space sales and concessions, and parking fees. The annual State Fair generates over 90.0 percent of the agency's total receipts. The State Fair estimates total non-fair usage of over 290 events throughout the year.

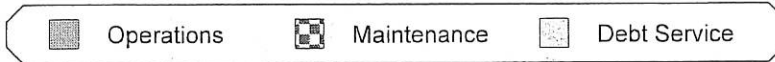
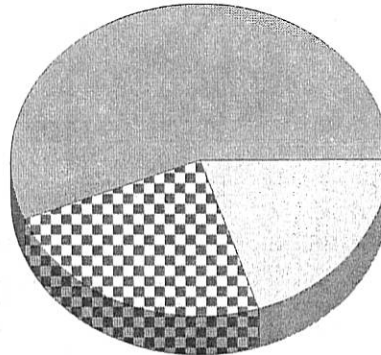
Resource Estimate	Actual FY 2007	Agency Estimate FY 2008	Gov. Rec. FY 2008	Agency Request FY 2009	Gov. Rec. FY 2009
Beginning Balance	\$ 168,853	\$ 196,751	\$ 196,751	\$ 165,501	\$ 165,501
Net Receipts	4,717,994	4,587,517	4,587,517	4,622,707	4,622,707
Total Funds Available	\$ 4,886,847	\$ 4,784,268	\$ 4,784,268	\$ 4,788,208	\$ 4,788,208
Less: Expenditures	4,335,939	4,318,767	4,318,767	4,344,499	4,396,860
Transfers	354,157	300,000	300,000	300,000	300,000
Ending Balance	<u>\$ 196,751</u>	<u>\$ 165,501</u>	<u>\$ 165,501</u>	<u>\$ 143,709</u>	<u>\$ 91,348</u>
Ending Balance as Percent of Expenditures	4.5%	3.8%	3.8%	3.3%	2.1%

Note: The resource estimate includes non-reportable expenditures for all three fiscal years.

Expenditures by Program

Governor's FY 2009 Recommendation

All Funds



PROGRAM	Gov. Rec. All Funds FY 2009	Percent of Total	Gov. Rec. SGF FY 2009	Percent of Total
Operations	\$ 3,072,246	56.0%	\$ 0	0.0%
Maintenance	1,311,120	24.0	0	0.0
Debt Service	1,085,821	20.0	0	0.0
TOTAL	\$ 5,469,187	100.0%	\$ 0	0.0%

Program	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Operations	11.0	12.0	12.0	12.0	12.0
Maintenance	12.0	12.0	12.0	12.0	12.0
Debt Service	0.0	0.0	0.0	0.0	0.0
TOTAL	23.0	24.0	24.0	24.0	24.0

A. Operations

The Operations Program of the Kansas State Fair provides for the administration of the agency as well as the planning, marketing, and advertising of the State Fair. The Operations Program also markets non-fair usage of the State Fairgrounds.

OPERATIONS					
SUMMARY OF EXPENDITURES FY 2007-FY 2009					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Expenditures:					
Salaries and Wages	\$ 923,496	\$ 1,037,990	\$ 1,037,990	\$ 1,051,993	\$ 1,092,080
Contractual Services	1,905,226	1,799,686	1,799,686	1,820,386	1,820,386
Commodities	187,224	139,780	139,780	139,780	139,780
Capital Outlay	40,948	20,000	20,000	20,000	20,000
Subtotal - Operations	<u>\$ 3,056,894</u>	<u>\$ 2,997,456</u>	<u>\$ 2,997,456</u>	<u>\$ 3,032,159</u>	<u>\$ 3,072,246</u>
Other Assistance	303	0	0	0	0
TOTAL	<u><u>\$ 3,057,197</u></u>	<u><u>\$ 2,997,456</u></u>	<u><u>\$ 2,997,456</u></u>	<u><u>\$ 3,032,159</u></u>	<u><u>\$ 3,072,246</u></u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EDIF	89,960	110,000	110,000	120,000	120,000
State Fair Fee Fund	2,967,237	2,887,456	2,887,456	2,912,159	2,952,246
TOTAL	<u><u>\$ 3,057,197</u></u>	<u><u>\$ 2,997,456</u></u>	<u><u>\$ 2,997,456</u></u>	<u><u>\$ 3,032,159</u></u>	<u><u>\$ 3,072,246</u></u>
FTE Positions	11.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u><u>11.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>

For FY 2008, the **agency** estimates Operations operating expenditures of \$3.0 million, a decrease of \$59,741, or 2.0 percent, below FY 2007 actual expenditures. The decrease is attributed to adjustments made after revenues were received from the 2007 State Fair. Decreases occur in contractual services (\$105,540) for rental equipment, non-fair travel, professional services (entertainers), and other services, as well as in commodities (\$47,444), and capital outlay (\$20,948). The decreases are partially offset by an increase in salaries and wages of \$114,494, due to the pay plan approved by the 2007 Legislature and adjustments in fringe benefits. The revised estimate also includes a supplemental request of \$25,375, all from special revenue funds, for the 1.0 FTE Receptionist/Non-Fair Assistant position.

The **Governor** concurs with the agency's FY 2008 revised estimate.

For FY 2009, the **agency** requests Operations operating expenditures of \$3.0 million, an increase of \$34,703, or 1.2 percent, above the FY 2008 revised estimate. The request includes \$164,200, all from special revenue funds, for enhancement requests, including \$100,000 for marketing and promotion of the State Fair, \$20,000 for competitive exhibit premiums, \$24,557 to continue the Receptionist/Non-Fair Assistant as a classified, full-time employee, and \$19,643 for a portion of the enhancement request to increase the wages of part-time State Fair employees. The remainder of the enhancement request to increase the wages of part-time State Fair employees is in the Maintenance Program.

The **Governor** recommends FY 2009 Operations operating expenditures of \$3.1 million, an increase of \$40,087, or 1.3 percent, above the agency's FY 2009 request and \$74,790, or 2.5 percent, above the Governor's FY 2008 recommendation. Included in the recommendation is enhancement funding of \$164,200, all from special revenue funds, for marketing and promotion of the State Fair (\$100,000), competitive exhibit premiums (\$20,000), continuation of the Receptionist/Non-Fair Assistant position from FY 2008 (\$24,557), and increasing the wages of part-time State Fair employees (\$19,643). The increase in the recommendation as compared to the agency's request is attributed to this program's portion of the Governor's pay plan, which totals \$34,703, all from special revenue funds.

B. Maintenance

The Maintenance Program of the Kansas State Fair works to provide convenient, safe, and attractive buildings and grounds to patrons of the State Fair and for non-fair use. The Maintenance Program is staffed by 12.0 FTE positions. In addition, the Kansas State Fair utilizes approximately 24 inmates and two correctional officers from the Hutchinson Correctional Facility through an inmate work program. Inmate work may include painting, cleaning, mowing, carpentry, and other maintenance jobs.

MAINTENANCE SUMMARY OF EXPENDITURES FY 2007-FY 2009					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Expenditures:					
Salaries and Wages	\$ 601,631	\$ 603,109	\$ 603,109	\$ 597,076	\$ 609,350
Contractual Services	525,879	522,617	522,617	526,157	526,157
Commodities	144,008	120,613	120,613	120,613	120,613
Capital Outlay	51,507	55,000	55,000	55,000	55,000
Subtotal - Operations	<u>\$ 1,323,025</u>	<u>\$ 1,301,339</u>	<u>\$ 1,301,339</u>	<u>\$ 1,298,846</u>	<u>\$ 1,311,120</u>
Other Assistance	0	0	0	0	0
TOTAL	<u><u>\$ 1,323,025</u></u>	<u><u>\$ 1,301,339</u></u>	<u><u>\$ 1,301,339</u></u>	<u><u>\$ 1,298,846</u></u>	<u><u>\$ 1,311,120</u></u>
Financing:					
State General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
EDIF	95,384	0	0	0	0
State Fair Fee Fund	1,227,641	1,301,339	1,301,339	1,298,846	1,311,120
TOTAL	<u><u>\$ 1,323,025</u></u>	<u><u>\$ 1,301,339</u></u>	<u><u>\$ 1,301,339</u></u>	<u><u>\$ 1,298,846</u></u>	<u><u>\$ 1,311,120</u></u>
FTE Positions	12.0	12.0	12.0	12.0	12.0
Non-FTE Uncl. Perm. Pos.	0.0	0.0	0.0	0.0	0.0
TOTAL	<u><u>12.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>	<u><u>12.0</u></u>

For FY 2008, the **agency** estimates Maintenance operating expenditures of \$1.3 million, a decrease of \$21,686, or 1.6 percent, below FY 2007 actual expenditures. The estimate includes decreases in contractual services (\$3,262), due to a decrease in equipment repairs, and in commodities (\$23,395), due to decreases for clothing, food, fuel, office supplies, laundry and kitchen supplies, and agricultural supplies.

The **Governor** concurs with the agency's FY 2008 revised estimate.

For FY 2009, the **agency** requests Maintenance operating expenditures of \$1.3 million, a decrease of \$2,493, or 0.2 percent, below the FY 2008 revised estimate. The decrease is attributed to a decrease in salaries and wages (\$6,033), which is partially offset by an increase in contractual services (\$3,540) due to increased utilities. The request also includes \$1,149, all from special revenue funds, for this program's portion of the enhancement request to increase the wages of part-time State Fair employees.

The **Governor** recommends FY 2009 Maintenance operating expenditures of \$1.3 million, an increase of \$12,274, or 0.9 percent, above the agency's FY 2009 request and \$9,781, or 0.8 percent, above the Governor's FY 2008 recommendation. Included in the recommendation is enhancement funding of \$1,149, all from special revenue funds, for this program's portion of the enhancement request to increase the wages of part-time State Fair employees. Also included is \$11,125, all from special revenue funds, for the Governor's pay plan.

C. Debt Service

During FY 2001, the State Fair Board began implementing a six-year capital plan to rejuvenate the infrastructure of the State Fairgrounds. The Board, the City of Hutchinson, and the state formed a partnership to finance the plan. In FY 2002, the Kansas Development Finance Authority was authorized to issue bonds totaling \$29.0 million to finance a Capital Improvement Master Plan for facilities of the Kansas State Fair. Phase I began in FY 2002, with completion occurring in FY 2006. Phase II began in FY 2005 with project completion in FY 2007. With the completion of the Master Plan, the agency has developed a Preventative Maintenance Program for its facilities. Facilities will be reviewed on a regular basis to determine what preventative maintenance steps need to be taken to ensure the long-term use and preservation of the facilities.

DEBT SERVICE SUMMARY OF EXPENDITURES FY 2007-FY 2009					
Item	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Expenditures:					
Debt Service Interest	\$ 1,125,158	\$ 1,128,884	\$ 1,128,884	\$ 1,085,821	\$ 1,085,821
Financing:					
State General Fund	\$ 820,158	\$ 833,884	\$ 833,884	\$ 795,821	\$ 0
ELARF	0	0	0	0	795,821
State Fair Capital Improvements Fund	305,000	295,000	295,000	290,000	290,000
TOTAL	<u>\$ 1,125,158</u>	<u>\$ 1,128,884</u>	<u>\$ 1,128,884</u>	<u>\$ 1,085,821</u>	<u>\$ 1,085,821</u>

For FY 2008, the **agency** estimates Debt Service expenditures of \$1.1 million, including \$833,884 from the State General Fund and \$295,000 from the State Fair Capital Improvements Fund.

The **Governor** concurs with the agency's FY 2008 revised estimate.

For FY 2009, the **agency** requests Debt Service expenditures of \$1.1 million, including \$795,821 from the State General Fund and \$290,000 from the State Fair Capital Improvements Fund. The request is a decrease of \$43,063, or 3.8 percent, below the FY 2008 revised estimate.

The **Governor** recommends FY 2009 Debt Service expenditures of \$1.1 million, but shifts the funding of \$795,821 from the State General Fund to the Expanded Lottery Act Revenue Fund (ELARF).

D. Capital Improvements

CAPITAL IMPROVEMENTS SUMMARY OF EXPENDITURES FY 2007-FY 2009					
Project	Actual FY 2007	Agency Est. FY 2008	Gov. Rec. FY 2008	Agency Req. FY 2009	Gov. Rec. FY 2009
Expenditures:					
Contractual Services	\$ 70,365	\$ 79,867	\$ 79,867	\$ 80,000	\$ 80,000
Commodities	17,849	30,000	30,000	32,064	32,064
Capital Outlay	108,535	25,000	25,000	20,000	0
Debt Service Principal	1,080,000	1,120,000	1,120,000	1,155,000	1,155,000
Building Rehabilitation and Repair	2,267,192	0	0	0	0
TOTAL	\$ 3,543,941	\$ 1,254,867	\$ 1,254,867	\$ 1,287,064	\$ 1,267,064
Financing:					
State General Fund	\$ 3,060,727	\$ 740,000	\$ 740,000	\$ 765,000	\$ 0
Expanded Lottery Act Revenue Fund	0	0	0	0	1,045,000
State Fair Capital Improvements Fund	483,214	514,867	514,867	522,064	222,064
TOTAL	\$ 3,543,941	\$ 1,254,867	\$ 1,254,867	\$ 1,287,064	\$ 1,267,064

For FY 2008, the **agency** estimates capital improvement expenditures of \$1.3 million, a decrease of \$2,289,074, or 64.6 percent, below FY 2007 actual expenditures. The decrease is attributed to completion of the new sheep and swine barn on the State Fairgrounds in FY 2007 (\$2,267,192), as well as a decrease in capital outlay (\$83,535) associated with architect/engineer fees. The decrease is partially offset by increases in contractual services (\$9,502), commodities (\$12,151), and debt service principal (\$40,000). The revised estimate also includes \$25,000, all from the State General Fund, for the addition of electrical sub-metering equipment in order to monitor electrical usage at individual buildings on the State Fairgrounds.

The **Governor** concurs with the agency's FY 2008 revised estimate.

For FY 2009, the **agency** requests capital improvement expenditures of \$1.3 million, an increase of \$32,197, or 2.6 percent, above the FY 2008 revised estimate. The request includes an enhancement request of \$20,000, all from the State General Fund, for a meteorological tower. The request also includes increased expenditures for building rehabilitation and repair under contractual services and commodities (\$2,197), as well as an increase in the debt service principal payment (\$35,000).

The **Governor** recommends FY 2009 capital improvement expenditures of \$1.3 million, a decrease of \$20,000, or 1.6 percent, below the agency's FY 2009 request. The Governor does not recommend the agency's enhancement request for \$20,000 from the State General Fund for a meteorological tower in FY 2009.