

MINUTES OF THE SENATE WAYS AND MEANS COMMITTEE

The meeting was called to order by Chairman Jay Emler at 10:30 a.m. on January 26, 2009, in Room 545-N of the Capitol.

All members were present.

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Christina Butler, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Audrey Dunkel, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Jonathan Tang, Kansas Legislative Research Department
Jarod Waltner, Kansas Legislative Research Department
Jill Wolters, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Theresa Kiernan, Office of the Revisor of Statutes
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the committee:

Others attending:

See attached list.

Introduction of Legislation

Senator Kelly moved to introduce three pieces of legislation concerning: (1) children in need of custody; (2) foster care program; (3) grandparents as care givers. The motion was seconded by Senator Teichman. Motion carried on a voice vote.

Senator Vratil moved to introduce legislation to reduce the number of attorneys required to serve on the Joint Committee on Special Claims from each house of the legislature. The motion was seconded by Senator Masterson. Motion carried.

Approval of Minutes

Senator Schodorf moved to approve the minutes of January 20, January 21 and January 22, as written. The motion was seconded by Senator Kelly. Motion carried.

Review of Information Distributed to the Committee on January 26, 2009

Senator Lee reviewed information as prepared by Dale Dennis, Deputy Commissioner, Department of Education, and distributed to the Committee on Friday, January 16, 2009. The information projected the affect on individual school districts of (1) across-the-board reductions in the FY 2009 budget and (2) reduction in the base state aid per pupil (BSAPP) for FY 2009.

Continued Discussion on SB 23 - Supplemental, appropriations for FY2009 for various state agencies.

Chairman Emler presented a FY 2009 Budget Proposal in lieu of the Governor's Budget Recommendations as set forth in **SB 23** to address the shortfall in revenues in FY 2009 and the impact of the shortfall on the FY

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on January 26, 2009, in Room 545-N of the Capitol.

2010 budget (Attachment 1). Highlights of the proposal include:

- The proposal addresses the shortfall of over \$185 million in the current year (FY 2009) and the possible shortfall of over \$1.0 billion in the State General Fund (SGF) in budget year FY 2010.
- Adjusts the current year by a total of \$300 million - \$36.6 million in revenue and \$265.1 million in expenditures.
- Proposes additional budget reductions of \$101.3 million over the Governor's Budget Recommendations (GBR).
- Adds language that vulnerable citizens of Kansas be protected as much as possible and gives direction to state agencies in making budget reductions.
- Adds language that the Machinery and Equipment Local Government Slider Payment will be based on the April SGF Consensus Revenue estimates and cannot be paid prior to May 15, 2009.
- 3.4 percent across-the-board base reduction in spending (\$205.2 million) in FY 2009 that should also reduce the FY 2010 base budget by the same amount.
- Would produce a FY 2009 SGF ending balance of \$115.5 million or 1.8 percent of expenditures and a projected FY 2010 ending balance of \$209.9 million or 3.3 percent of expenditures.

Responding to questions from the Committee, Senator Emler stated that it is proposed that the Highway Fund Loan repayment would be reviewed by the 2011 Legislature.

Reagan Cussimano, Legislative Research Department, responded to questions from the Committee noting that supplemental state aid for schools is funding collected at the local level, such as the Local Option Budget (LOB). This support at the local level is subtracted from the general state aid paid to the school districts.

Members of the Committee noted it is important to review budget cuts to local governments that may cause a funding problem at the local level and cause property tax increases.

Information was distributed to the Committee on possible suspension of operations at additional Department of Corrections' facilities was distributed to the Committee (Attachment 2) and impact of 3.6 percent reduction on Social and Rehabilitation Services programs (Attachment 3). The Chairman noted that the three facilities addressed in the budget proposal are state facilities and not contracted facilities. The Chairman also noted when the agencies address the cuts to their budgets, they may find other areas in which to make reductions than those specifically noted in the proposal.

Responding to a question from the Committee, Dale Dennis, Deputy Commissioner, Department of Education, stated that presently approximately half of the school districts have reached the 30 percent level on their Local Option Budgets (LOB). Mr. Dennis noted that in order for a school district to exceed an LOB of 31 percent, it requires a vote of the citizens of the district. In addition, Mr. Dennis indicated that those school districts who have supplemental state aid will be harder hit with across-the-board cuts than those who do not have supplemental state aid.

Senators Kelly, Kultala and Lee presented an alternative budget adjustment proposal for FY 2009 (Attachment 4). The Senators noted that the proposal exceeds the GBR, does not suggest an across-the-board adjustment to agencies' budgets and eliminates programs that do not work. Highlights of the alternative proposal include:

- Proposes total adjustments (revenue and expenditures) in FY 2009 of \$300 million.
- Proposes an additional \$100.2 million in budget adjustments above the GBR.
- Almost evenly divided between revenue and expenditure adjustments.
- Revenue adjustments include reducing the Special City County Highway Fund by 3.6 million; reducing the State Water Plan Fund transfer by \$4.0 million; and not transfer the \$37.0 million from the SGF to the School Finance "Lock Box".
- Accelerate the seven pay period moratorium on employers contributions to the State Health Plan in FY 2009 and sweep the available special revenue fund savings.
- Accelerate the Governor's proposed moratorium on Kansas Public Employees Retirement System (KPERS) Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings.
- SGF ending balance in FY 2009 would be \$158 million or 2.5 percent of expenditures.

CONTINUATION SHEET

Minutes of the Senate Ways And Means Committee at 10:30 a.m. on January 26, 2009, in Room 545-N of the Capitol.

Senator Vratil moved to amend **SB 23** by adding an appropriation of \$800,000 for the Department of Education to be distributed to K-12 school districts in order to maintain the BSAPP at \$4,433 and special education aid at 92 percent of excess cost for FY 2009. The motion was seconded by Senator Schodorf.

Senator McGinn made a substitute motion to incorporate the language as set forth in Chairman Emler's budget reduction proposal for FY 2009, including language on protecting vulnerable Kansans; requiring state agencies to look first to reducing costs before reducing services; state agencies not eliminate programs; delay the current Machinery and Equipment Local Government Slider Payment until after the April Consensus Revenue estimates and not earlier than May 15, 2009; and provide that language be set forth in **Substitute for SB 23** and report **Sub for SB 23** favorable for passage. **Sub for SB 23** would include the 3.4 % reduction for all agencies including K-12 funding. The total K-12 funding reduction shall be applied by determining the total amount of state aid received by each school district for FY 2009 to include general state aid, supplemental general state aid and special education state aid funding. Bond and interest, Kansas Public Employees Retirement System (KPERs) school and capital outlay state aid funding will not be reduced. Education funding is to be reviewed during FY 2011. The motion was seconded by Senator Vratil. Motion carried on a roll call vote of 8-5.

Senator Lee moved to table action on **SB 23**. The motion was seconded by Senator Kultala. Motion failed on a voice vote.

Senator Teichman requested that her remarks be recorded as follows: "The Chairman of the Federal Reserve spoke to the Joint committees on Finance last week. One of the things that I took away from his comments was that if you rush into solving a problem too fast it could be detrimental or harmful in the long run. The perfect example of this is the first bail out monies that were rushed through only to regret later that no rules or regulations were attached to the use of the monies. Senator Kelly has given us some options; some that scare the heck out of me and others that I would like to look at. If this bill is rushed through, I will not be given that opportunity. I would like the opportunity to consider all options"(Attachment 5).

The next meeting is scheduled for January 27, 2009.

The meeting was adjourned at 12:15 p.m.

**SENATE WAYS & MEANS COMMITTEE
GUEST LIST**

DATE: January 26, 2009

NAME	REPRESENTING
Dr. Peg McCarthy	USD 501
Dr. Ned NUSBAUM	USD 50 Board Member
Jennifer Crow	USD 501
Patrick Woods	USD 501 SRS
Mart & Bo Angela	Capitol Strategies
Barb Conant	KDOA
Rob Menck	KENNEY & Assoc
Kevin Cam	KIBC
Shannon Bell	LG R
Stuart Little	Little Government Relations
Mark Tallman	KASB
Dan Morin	KS Medical Society
Jeanne Kuder	Eagle
Joseph DiNitto	Krus Public Affairs
Mary Jane Stankiewicz	KGFA
Jennifer Bruning	KansasBio
Ethan ERICKSON	KDOT
Lois Weeks	SRS
Joe Mosmann	Hein Law Firm
Mike Hammond	AEMHEK
Suzanne Wille	KAC
Libby Wynn	KSTONE
John Heenan	SENATE SEN. KULTRA

SENATE WAYS & MEANS COMMITTEE
GUEST LIST

DATE: January 26, 2009

NAME	REPRESENTING
Nancy Bryant	SOS
Josh Smith	Intern Sen. Pyle
Dustin Meyer	KHPA
Jenni Roe	KCSL
Erik Wisner	KS Dept Ag
Tavis Lowe	Pinegar, Smith, & Assoc.
Bill Brady	Capitol Strategies
Missy Taylor	Kansas Families for Education

FY 2009 Budget Proposal

- This proposal sets forth the first step in several tough and difficult budgetary decisions that this Legislature must make to address the current year (FY 2009) shortfall of over \$185 million and the budget year (FY 2010) shortfall of over \$1.0 billion in the State General Fund.
- This proposal adjusts the current year budget by a total \$300 million, including:
 - \$36.6 million in revenue adjustments; and
 - \$265.1 million in expenditure adjustments.
- This proposal makes budget reductions totaling \$101.3 million greater than the Governor has proposed. These adjustments will put the state in a stronger fiscal position to be ready to address the even larger shortfall in FY 2010. The proposal makes:
 - \$62.6 million less in revenue adjustments than the Governor recommends; and
 - \$163.9 million more in expenditure adjustments than the Governor recommends.
- Addition of language that vulnerable citizens of Kansas be protected as much as possible and direct agencies to first take their reductions in personnel and operating expenditures prior to implementing any program reductions. Plus, agencies could not make their reductions all in the elimination of program(s). The Department of Education will be required to apply their reductions equally to the General State Aid, Supplemental State Aid, and Special Education Aid.
- Addition of language that the Machinery and Equipment Local Government Slider Payment would be based on the April State General Fund Consensus Revenue estimates and can not be paid prior to May 15, 2009.
- Base reductions in spending of \$205.2 million in FY 2009 through a 3.4 percent across-the-board reduction that should also reduce the FY 2010 base budget by that same amount.
- **This proposal would leave a FY 2009 State General Fund ending balance with \$115.5 million or 1.8 percent of expenditures and a projected FY 2010 ending balance of \$209.9 million or 3.3 percent of expenditures.**

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Comparison of FY 2009 Budget Adjustments
(In Millions)

State General Fund Revenue and Transfer Adjustments	Governor's Recommendation	Ways and Means FY 2009 Tentative Proposal	Difference
Highway Fund Loan Repayment	\$ 30.9	\$ 15.5	\$ (15.4)
Make 50 percent of the transfer amount and review in FY 2011.			
Do Not Stop Other Fund Loan Repayments to the Underground Petroleum Storage Tank Release Trust Fund (\$2.8), and the Worker's Compensation Fund (\$1.0)	3.8	-	(3.8)
Make the transfers from the SGF for repayments of previous loans to the SGF from these special revenue funds.			
Reduce Non-SGF Agencies and But Do Not Transfer Balances	2.2	-	(2.2)
Reduce non-SGF agencies by 3.0 percent but do not sweep any savings to the SGF.			
Continue Kansas Savings Incentive Program (KSIP) But Freeze Program Expenditures	4.2	-	(4.2)
Do not end the Kansas Savings Incentive Program which allows state agencies to keep up to 50 percent of the unspent funds for training, equipment or employee bonuses, but freeze the program expenditures.			
Transfer Other Special Revenue Balances	29.0	7.6	(21.4)
Make selected reductions of special revenue fund balances and shift to SGF. Only shift balances from the following: Adjutant General Expense Fund - Hazard Mitigation, Adjutant General National Guard Life Insurance Premium Reimbursement Payment Fund, Attorney General Interstate Litigation Fund, Attorney General Medicaid Fraud Prosecution Revolving Fund, Osawatomie State Hospital Patient Fees Fund, Department on Aging LTC Loan and Grant Fund, and Kansas Corporation Commission KETA Development Fund.			
Transfer Unallocated Gaming Revenue (\$300 KPERs Post-Retirement Benefit Payment)	(1.6)	(1.6)	-
Utilize SGF resources to fully finance KPERs post-retirement benefit increase.			
Reduce Bioscience Authority Transfer	12.0	3.1	(8.9)
Reduce full transfer amount (\$47.0 million) by 6.5 percent.			
Reduce Transfers to Special City County Highway Fund (\$10.1), State Water Plan Fund (\$6.0), Health Care Stabilization Fund (\$3.0)	19.1	1.2	(17.9)
Reduce regular full transfers by 6.5 percent.			
Net All Other Adjustments	(0.4)	(0.4)	-
Reduce each of the following special revenue funds by 6.5 percent and transfer amount to SGF:			
State (Lottery) Gaming Revenue Fund on available funds of \$50 million		3.3	3.3
Economic Development Initiatives Fund (\$42.2 million); Juvenile Detention Facilities Fund (\$2.5 million) Correctional Institutions Building Fund (\$5.0 million); and Problem Gambling and Addictions Grant Fund (\$80,000).			
Children's Initiatives Fund (tobacco settlement money) on available funds of \$78.0 million		5.1	5.1
Machinery and Equipment Local Government Slider Payment of \$44.8 million		2.9	2.9
Also, add language that the Director of the Budget could not release funding for the machinery and equipment "slider" for local units of government no sooner than May 15, 2009 based on the April State General Fund Consensus Revenue estimates.			
Subtotal Revenue Adjustments	\$ 99.2	\$ 36.6	\$ (62.6)

1-3

State General Fund Expenditure Adjustments:	Amount	Ways and Means FY 2009 Tentative Proposal	Difference
Operating Budget Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload) The 3.0 percent current year budget reduction excluding K-12 and social service caseloads, plus an additional reduction of \$1.6 million for Corrections; \$2.0 million for JJA; and \$1.8 million for SRS.	\$ (38.8)	\$ (44.2)	\$ (5.4)
Regents System Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload) Regents share of the 3.0 percent current year budget reduction, but keeping \$0.3 million for KAMS	(24.6)	(24.3)	0.3
Debt Restructuring Do not restructure debt.	(14.0)	-	14.0
School Finance Maintained at the FY 2009 Approved (Total State and Local Funds) Utilize \$10 million in additional local aid and provide funding for current authorized BSAPP at \$4,433 and special education at 92 percent of excess costs.	(17.7)	0.8	18.5
Kansas Health Policy Authority--Shift to Fee Funds Do not shift expenditures from SGF to available balances.	(8.5)	-	8.5
Department of Social and Rehabilitation Services-Home and Community Based Services Physically Disabled Waiver Freeze the waiver so no one is removed from the waiver, but no new individuals are added.	8.4	8.4	-
Close Department of Corrections Facilities (Osawatomie and Toronto) Do not make any specific cuts to close these facilities.	(1.6)	-	1.6
Close Atchison Juvenile Correctional Facility Do not make any specific cut to close this facility.	(2.0)	-	2.0
Delay Osawatomie State Hospital 30-Bed Unit Do not make any specific cut to delay the opening of this unit.	(1.8)	-	1.8
Net All Other Adjustments	(0.6)	(0.6)	-
Make a 3.4 percent across-the-board reduction against all State General Fund expenditures, except debt service, KPERS-School, and the School District Capital Improvement Fund. These are the same three exceptions in the \$100 million SGF minimum ending balance law. Add language that agencies in making the across-the-board reductions shall make every attempt to protect services to vulnerable Kansans and should look first to reduce administrative and other operational costs. However, to ensure that vulnerable Kansans are protected, the agency can not totally eliminate a program in order to reach the savings needed in the across-the-board reductions.	-	(205.2)	213.2
Subtotal Expenditure Adjustments	\$ (101.2)	\$ (265.1)	\$ (163.9)
Total Adjustments	\$ 200.4	\$ 301.7	\$ 101.3

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Proposal to Senate Ways and Means Committee
 Governor's Expenditure Recommendations in FY 2010, less 3.4 percent base reduction from FY 2009
 Receipts Adjusted in FY 2009, FY 2010, and FY 2011 for actual receipts through December (\$44.6 below the estimate)
 FY 2009 across-the-board reduction of 3.4 Percent in all areas except, debt service including school bonds, and KPERS-School
 FY 2008 actual receipts and expenditures
 Governor's projection for FY 2011 - 4.0 percent growth in tax receipts; No school finance increase; Less 3.5 percent base
 reduction from FY 2009

STATE GENERAL FUND RECEIPTS, EXPEND. AND BALANCES
 FY 2008 - FY 2011
 In Millions

	Actual FY 2008	Ways & Means Proposal FY 2009	Governor's Recommended FY 2010	Governor's Projection FY 2011
Beginning Balance	\$ 935.0	\$ 526.6	\$ 115.5	\$ 209.9
Receipts (November 2008 Consensus) - 4.0 % Growth	5,693.4	5,781.2	5,782.4	6,219.0
Transfer Other Special Revenue Balances	0.0	7.6	2.2	-
Reduce Non-SGF Agencies and Transfer Balances	0.0	0.0	2.9	-
End Kansas Savings Incentive Program and Transfer Balance	0.0	0.0	0.0	-
Delete KDOT Loan Repayment	0.0	15.5	30.9	-
Delete Other Fund Loan Repayments	0.0	0.0	3.8	-
Limit Bioscience Authority Transfer	0.0	3.1	20.0	-
Suspend Trans. City-County Highway; Water Plan; Health Care	0.0	1.2	19.1	-
Transfer Gaming Revenue Fund	0.0	(1.6)	56.7	-
Suspend Property Tax Slider	0.0	0.0	45.3	-
Moratorium KPERS Death/Disability; Health Insurance	0.0	0.0	28.8	-
Net Other Adjustments	0.0	(0.4)	43.1	-
Proposed Tax Legislation (Estate; Corp. Franch.; Others)	0.0	0.0	60.6	-
Proposed Adjustments	0.0	11.3	0.0	-
Actual Receipts through December, 2008	0.0	(44.6)	(44.6)	(44.6)
Adjusted Receipts	5,693.4	5,773.3	6,051.2	6,174.4
Total Available	\$ 6,628.4	\$ 6,299.9	\$ 6,166.7	\$ 6,384.3
KPERS Death/Disability; Health Insurance	-	-	(62.4)	-
School Finance Net Adjustments	-	0.8	(29.5)	-
Regents Systemwide Reductions	-	-	(55.3)	-
State Employee Market Adjustments - 2008 HB 2916	-	-	8.5	8.5
Human Services Caseloads (net adjustments)	-	5.4	(15.2)	60.0
Home and Community Based Services - P.D. Waiver	-	8.4	-	-
Operating Budget Reductions, Including Regents	-	(68.8)	-	-
Debt Restructuring	-	-	(39.3)	-
Net Other Adjustments	-	(9.1)	(46.3)	-
Close or Delay State Facilities (DOC; JJA; SRS)	-	-	(11.5)	-
Additional Adjustments - Regents - KAMS	-	0.3	-	-
Additional Base Budget Reductions	-	(205.2)	(205.2)	(205.2)
All Other Expenditures	6,101.8	6,452.6	6,413.0	6,145.0
Total Expenditures	6,101.8	6,184.4	5,956.8	6,008.3
Ending Balance	\$ 526.6	\$ 115.5	\$ 209.9	\$ 376.0
Ending Balance as a Percentage of Expenditures	8.6%	1.8%	3.3%	6.1%
Receipts Above Expenditures	\$ (408.4)	\$ (411.1)	\$ 94.4	\$ 166.1

CORRECTIONS 5%
2%

KANSAS DEPARTMENT OF CORRECTIONS
ADDITIONAL BUDGET REDUCTIONS - FISCAL YEAR 2009

1/20/09

	<u>3% Reduction</u> <u>(\$8,049,000)</u>	<u>5% Reduction</u> <u>(\$13,415,000)</u>
Suspend operations of Stockton Correctional Facility, effective 4/1/2009	(339,000)	(339,000)
Suspend operations of Norton Correctional Facility, effective 4/1/2009	(2,489,000)	-
Suspend operations of Winfield Correctional Facility, effective 4/1/2009	(2,036,000)	(2,036,000)
Terminate all offender treatment and intervention programs and shift Correctional Industries Fund and inmate benefit fund financing to the food service contract, effective 4/1/2009	(2,430,000)	(1,830,000)
Abolish parole and postrelease supervision, effective 4/1/2009	-	(2,330,000)
Suspend operations of the Hutchinson Correctional Facility, effective 4/1/2009	-	(5,635,000)
Other adjustments associated with facility closures and other reductions	<u>(755,000)</u>	<u>(1,245,000)</u>
Total	<u><u>\$ (8,049,000)</u></u>	<u><u>\$ (13,415,000)</u></u>

Senate Ways & Means Cmte
Date 1-26-2009
Attachment 2

Impact of 3.6% Reduction

Div	Description	Program	FY 2009 (Feb. 1)		
			State Funds	Federal Funds	All Funds
All	Salary Reductions	All SRS Programs	2,500,000	2,500,000	5,000,000
ISD	Reduce Child Care Assistance from 170% to 150% FPL	Child Care - Reduce by \$5.0 million SGF (changing FPL to reach this amount)	1,554,277	-	1,554,277
ISD	Eliminate Kansas Early Head Start	Eliminate Early Head Start	575,463	1,314,937	1,890,400
ISD	Eliminate General Assistance (Cash)	GA/Medical	1,684,476	-	1,674,187
DBHS	Mental health State Aid	State Aid	2,575,000		2,575,000
dbhs	Eliminate Mental Health Consolidated Grants	Mental Health	4,523,336		4,523,336
DBHS	Consumer Run Organizations	CRO Grants	201,750		201,750
DBHS	MH Community Medication Program	Mental Health	262,500		262,500
DBHS	CSS DD State Aid	DD State Aid	1,290,794		1,290,794
DBHS	Eliminate CSS Day & Residential and Family Support Grants	DD State only grants	3,513,442		3,513,442
DBHS	Amount available in Excess of MOE	Substance Abuse grants	2,979,448		2,979,448
DBHS	Dual Diagnosis Treatment & TRG Serv	PSH Dual Diagnosis	169,165	181,158	350,323
DBHS	MH Certified Match Settlement Delay	Mental Health	340,419		340,419
	TOTAL		22,170,070	3,996,095	26,155,876
	Amount to Meet 3.6% Across the Board Reduction		27,760,499		
	Additional Amount to Reduce		(5,590,429)		

Alternative Budget Adjustments for FY 2009

- This alternative proposal makes total adjustments (revenue and expenditures) in the current year of \$300 million.
- This alternative proposal makes an additional \$100.2 million in budget adjustments above the Governor's recommendation.
- The adjustments are almost evenly divided between additional revenue adjustments and expenditure adjustments:
 - \$54.4 million in revenue adjustments; and
 - \$45.8 million in expenditure adjustments.
- Revenue adjustments include:
 - Reducing the Special City County Highway Fund by \$3.6 million instead of the \$10.1 million that the Governor recommended;
 - Reducing the State Water Plan Fund transfer by \$4.0 million instead of the \$6.0 million that the Governor recommended;
 - Do not transfer the \$37.0 million out of the SGF to the School Finance "Lock Box." The action captures \$37.2 million in receipts.
- Accelerate the Governor's proposed seven pay period moratorium on employers contributions to the State Health Plan to FY 2009 and sweep the available special revenue fund savings. Total impact (revenue and expenditures) by the acceleration of the State Health Plan moratorium in FY 2009 is \$55.7 million.
- Accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings. Total impact (revenue and expenditures) by the acceleration of the KPERS Death and Disability moratorium in FY 2009 is \$15.8 million.
- The State General Fund ending balance in FY 2009 would be \$158 million or 2.5 percent of expenditures or \$100 million above the Governor's recommended ending balance.

4-2

**Alternative FY 2009 Budget Adjustments
by Senators Kelly; Kultala; and Lee**
(In Millions)

State General Fund Revenue and Transfer Adjustments	Governor's Recommendation	Ways and Means Alternative Recommendations	Difference
Stop Highway Fund Loan Repayment	\$ 30.9	\$ 30.9	\$ -
Stop Other Fund Loan Repayments to the Underground Petroleum Storage Tank Release Trust Fund (\$2.8), and the Worker's Compensation Fund (\$1.0)	3.8	3.8	-
Reduce Non-SGF Agencies by 3.0 Percent and Transfer Balances to the SGF	2.2	2.2	-
End Kansas Savings Incentive Program (KSIP) and Transfer Balances to SGF	4.2	4.2	-
Transfer Other Special Revenue Fund Balances to SGF	29.0	29.0	-
Transfer Unallocated Gaming Revenue (\$300 KPERS Post-Retirement Benefit)	(1.6)	(1.6)	-
Limit Bioscience Authority Transfer to \$35.0 million from \$47.0 million	12.0	12.0	-
Suspend Transfers to Special City County Highway Fund (\$10.1 million), State Water Plan Fund (\$6.0 million), Health Care Stabilization Fund (\$3.0 million) <i>Adjust the transfer amounts as follows: Special City County Highway Fund by \$3.6 million allowing a transfer amount of \$6.5 million; State Water Plan Fund by \$4.0 million allowing a transfer amount of \$2.0 million; and Health Care Stabilization Fund by \$3.0 million which would not provide any transfer from the SGF in the current year. The Governor had recommended that none of the transfers be made to these three funds.</i>	19.1	10.5	(8.6)
Net All Other Adjustments	(0.4)	(0.4)	-
Accelerate the Governor's proposed seven payroll moratorium on employers contributions to the State Health Plan to FY 2009 and sweep the available special revenue fund savings of \$23.7 million to the SGF. <i>The total impact (revenue and expenditures) by the acceleration of the moratorium is \$55.7 million.</i>	-	23.7	23.7
Accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and sweep the available special revenue fund savings of \$2.3 million. <i>The Governor had recommended a nine month moratorium in FY 2010. The total impact (revenue and expenditures) by the acceleration of the moratorium is \$15.8 million.</i>	-	2.3	2.3
Do not transfer the \$37.0 million out of the SGF to the School Finance "Lock Box" for FY 2010.	-	37.0	37.0
Subtotal Revenue Adjustments	\$ 99.2	\$ 153.6	\$ 54.4

4-3

State General Fund Expenditure Adjustments	Amount	Ways and Means Alternative Recommendations	Difference
Operating Budget Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload)	\$ (38.8)	\$ (38.8)	\$ -
Regents System Reductions (Governor's 3.0 Percent Excluding K-12 and Social Service Caseload) Do not reduce \$0.3 million for Kansas Academy of Math and Science.	(24.6)	(24.3)	0.3
Debt Restructuring	(14.0)	(14.0)	-
School Finance Maintained at the FY 2009 Approved (Total State and Local Funds)	(17.7)	(17.7)	-
Kansas Health Policy Authority--Shift to Fee Funds	(8.5)	(8.5)	-
Department of Social and Rehabilitation Services-Home and Community Based Services Physically Disabled Waiver	8.4	8.4	-
Close Department of Corrections Facilities (Osawatomie and Toronto)	(1.6)	(1.6)	-
Close Atchison Juvenile Correctional Facility	(2.0)	(2.0)	-
Delay Osawatomie State Hospital 30-Bed Unit	(1.8)	(1.8)	-
Net All Other Adjustments	(0.6)	(0.6)	-
Accelerate the Governor's proposed moratorium on employers contributions to the State Health Plan to FY 2009 and capture the SGF savings.	-	(32.0)	(32.0)
Accelerate the Governor's proposed moratorium on KPERS Death and Disability to the final four months of FY 2009 and capture the SGF savings.	-	(13.5)	(13.5)
Subtotal Expenditure Adjustments	\$ (100.6)	\$ (146.4)	\$ (45.8)
Total Adjustments	\$ 199.8	\$ 300.0	\$ 100.2

The Chairman of the Federal Reserve spoke to the Joint committees on Finance last week. One of the things that I took away from his comments was that if you rush into solving a problem too fast it could be detrimental or harmful in the long run. The perfect example of this is the first bale out monies that were rushed through only to regret later that no rules or regulations were attached to the use of the monies. Senator Kelly has given us some options; some that scare the heck out of me and others that I would like to look at. If this bill is rushed through, I will not be given that opportunity. I would like the opportunity to consider all options.



Senate Ways & Means Cmte
Date 1-26-2009
Attachment 5