

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 12, 2010, in Room 548-S of the Capitol.

All members were present except:

Senator Carolyn McGinn- excused

Committee staff present:

Alan Conroy, Kansas Legislative Research Department
J. G. Scott, Kansas Legislative Research Department
Michael Steiner, Kansas Legislative Research Department
Dylan Dear, Kansas Legislative Research Department
Christina Allen, Kansas Legislative Research Department
Reagan Cussimano, Kansas Legislative Research Department
Amy Deckard, Kansas Legislative Research Department
Lauren Douglass, Kansas Legislative Research Department
Cody Gorges, Kansas Legislative Research Department
Aaron Klaassen, Kansas Legislative Research Department
Estelle Montgomery, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Leah Robinson, 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
Melinda Gaul, Chief of Staff
Shirley Jepson, Committee Assistant

Conferees appearing before the Committee:

Duane Goossen, Secretary, Department of Administration
Josh Svaty, Acting Secretary, Department of Agriculture

Others attending:

See attached list.

Introduction of Legislation

Senator Schmidt moved to introduce legislation concerning rules and regulations pertaining to the residential childhood lead poisoning prevention act (9rs1190). The motion was seconded by Senator Teichman. Motion carried by a voice vote.

Senator Vratil moved to introduce legislation to amend the teacher continuing contract law (9rs1188). The motion was seconded by Senator Taddiken. Motion carried by a voice vote.

Senator Vratil moved to introduce legislation relating to school finance (9rs1289). The motion was seconded by Senator Schodorf. Motion carried by a voice vote.

Introduction of Staff

J. G. Scott, Legislative Research Department, introduced the fiscal analyst staff of the Legislative Research Department including distribution of a listing of assignments and telephone numbers (Attachment 1). Jill Wolters, Revisor of Statutes Office, introduced the staff of the Revisor of Statutes Office.

Committee/Conferee Rules

Senator Emler, Chairperson, explained the committee and conferee rules for the 2010 Legislative Session (Attachment 2).

CONTINUATION SHEET

Minutes of the Senate Ways and Means Committee at 10:30 a.m. on January 12, 2010, in Room 548-S of the Capitol.

Overview of Governor's FY 2011 Budget

Duane Goossen, Secretary, Department of Administration, presented an overview of the Governor's FY 2011 Budget (Attachment 3). Highlights of the presentation included:

- The State is in a 4-year period of declining revenues. It is anticipated that revenues will continue to decline during FY 2011.
- Actual spending for FY 2009 totaled \$6,064.4 million, \$340.0 million below the original budget.
- The Governor's revised FY 2010 budget totals \$5,451.1 million, almost \$ billion less than the original FY 2009 budget.
- Some of the Governor's proposal's for funding the balance of the FY 2010 budget will require the Legislature's approval.
- The Governor is proposing new revenue to fund the FY 2011 budget by increasing sales tax by 1 percent for 3 years to be allocated to the State General Fund (SGF) and the Highway Fund. At the end of 3 years, the sales tax increase will be decreased by .8 percent with the remaining .2 percent to continue to be distributed to the Highway Fund.
- The Governor is also proposing an increase in the cigarette/tobacco tax rate.
- The Governor is proposing to restore the 10 percent reduction taken earlier for Medicaid in FY 2011.
- If no new revenue is approved, the FY 2010 budget will need to be reduced by \$381 million.

The Secretary noted that exempting food sales from the sales tax increase would cost the State approximately \$400 million in sales tax dollars.

Presentation on Lodging Inspections

Josh Svaty, Acting Secretary, Department of Agriculture, presented information pertaining to Lodging Inspections. Mr. Svaty explained that due to budget cuts, the agency has ceased to perform lodging inspections within the State. The agency has suggested that the inspections be done at the city or county level. It is felt that statutory authority is currently available that would allow the counties or cities to perform the inspections and levy funds to cover the expense. Mr. Svaty noted that the lodging inspections are an important part of public health.

Responding to questions from the Committee, Mr. Svaty stated that the inspections could include bed and breakfast establishments. The suspension of the inspections by the Department of Agriculture would save the agency approximately \$245,000 in FY 2010. Mr. Svaty noted that the program is also suspended for FY 2011.

- The Committee requested that the agency have their attorney review the appropriate statute and report back to the Committee. If necessary, the Committee would request an attorney general opinion.

Adjournment

The next meeting is scheduled for January 13, 2010.

The meeting was adjourned at 11:35 a.m.

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: January 12, 2010

NAME	REPRESENTING
Julia Mowers	KSBHA
Kathleen Lippert	KSBHA
Kent Eckles	KS Chamber of Commerce
Berend Koops	Hein Law Firm
Roddy Wellman	Ad Astra Group
Janet Zuber	United Health Group
Bruce Witt	Via Christ.
Bernie Koch	KEPC
Mark Botanyst	CAPITOL STRATEGIES
Sandra Breden	Gardner Breden & Assoc.
Mike Kungles	Mike Kungles Public Affairs Group
Tom Bruno	Bruno & Associates
Mark Heim	KWJO
Mary Jane Sankiewicz	KGFA
Suzanne Dikle	KS Action for Children
Judith Rose	KCSL
Art Mueh	KEARNEY & ASSOC.
Bob Vancouver	Greater KC Chamber
Cathy Bennett	Greater KC Chamber
Nora Lockton	Greater KC Chamber
Joe Mosimann	PMCA
Maji Fanimokun	LKM
Steve Solomon	TFI

SENATE WAYS AND MEANS COMMITTEE

GUEST LIST

DATE: January 12, 2010

NAME	REPRESENTING
Haley Pringle	TFI
Brian Hock	Kansas Reporter
Hyle Edelman	Enturn
TERRY FORSYTH	KJWB
Tracy Russell	SQE
M. Heikunt	TFKC
Mark Tallman	KASB
Kim Fowler	Judicial

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2010

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 422 Legislative Coordinating Council
 425 Legislative Research Department
 428 Legislature
 540 Division of Post Audit
 579 Revisor of Statutes

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 622 Secretary of State
 082 Attorney General
 252 Governor
 446 Lieutenant Governor
 Coordinator, Budget Data

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 561 Board of Regents
 246 Fort Hays State University
 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 Building Construction

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 350 Juvenile Justice Authority
 325 Beloit Juvenile Correctional Facility
 355 Atchison Juvenile Correctional Facility
 412 Larned Juvenile Correctional Facility
 352 Kansas Juvenile Correctional Complex
 178 Office of Administrative Hearings
 016 Abstracters Board
 543 Real Estate Appraisal Board
 549 Real Estate Commission
 291 Home Inspection Registration Board
 663 Board of Technical Professions
 700 Board of Vet. Medical Examiners

REAGAN CUSSIMANIO (6-4443)

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 677 Judicial Branch
 349 Judicial Council

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 296 Department of Labor
 331 Insurance Department
 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

AMY DECKARD (6-4429)

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 171 Health Policy Authority
 Coordinator, Children's Initiatives Fund

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 143 Kansas Corporation Commission
 122 Citizen's Utility Ratepayer Board

CODY GORGES (8-3184)

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 173 Department of Administration
 604 School for the Blind
 610 School for the Deaf
 450 Kansas Lottery
 553 Racing and Gaming Commission
 176 Kansas Development Finance Authority
 328 Board of Indigents' Defense Services
 028 Accountancy Board
 Coordinator, Expanded Lottery Act Revenue Fund

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 276 Department of Transportation
 034 Adjutant General
 280 Highway Patrol
 083 Attorney General-Kansas Bureau of Investigation
 234 State Fire Marshal
 529 Commission on Peace Officers Standards and Training
 Coordinator, Joint Committee on Information Technology
 Coordinator, Fiscal Database

ESTELLE MONTGOMERY (6-4409)

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 039 Department on Aging
 410 Larned State Hospital
 494 Osawatomie State Hospital
 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

HEATHER O'HARA (6-7792)

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 710 Department of Wildlife and Parks
 046 Department of Agriculture
 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)
 Coordinator, Economic Development Initiatives Fund

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 434 State Library
 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

JAROD WALTNER (8-7041)

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 521 Department of Corrections
 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

Senate Ways & Means Cmte

Date 1-12-2010

Attachment 1

LEGISLATIVE FISCAL ANALYST ASSIGNMENTS—FY 2010

Abstracters Board **CHRISTINA ALLEN (6-2802)**
 Accountancy Board **CODY GORGES (6-3184)**
 Adjutant General **AARON KLAASSEN (6-4396)**
 Administration, Department of **CODY GORGES (6-3184)**
 Administrative Hearings, Office of **CHRISTINA ALLEN (6-2802)**
 Aging, Department on **ESTELLE MONTGOMERY (6-4409)**
 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 ALLEN (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 ALLEN (6-2802)**

Citizen Utility Ratepayer Board **LAUREN DOUGLASS (6-7250)**
 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)**

Fair Board, Kansas State **HEATHER O'HARA (6-7792)**
 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)**
 Home Inspection Registration Board **CHRISTINA ALLEN (6-2802)**
 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 ALLEN (6-2802)**

Kansas Bureau of Investigation (Attorney Gen.) **AARON KLAASSEN (6-4396)**
 Kansas Corporation Commission **LAUREN DOUGLASS (6-7250)**
 Kansas Development Finance Authority **CODY GORGES (6-3184)**
 Kansas Juvenile Correctional Complex **CHRISTINA ALLEN (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)**

Labor, Department of **DYLAN DEAR (1-0515)**
 Lansing Correctional Facility **JAROD WALTNER (8-7041)**
 Lamed Correctional Facility **JAROD WALTNER (8-7041)**
 Lamed Juvenile Correctional Facility **CHRISTINA ALLEN (6-2802)**
 Lamed State Hospital **ESTELLE MONTGOMERY (6-4409)**
 Legislative Coordinating Council **J. G. SCOTT (6-4397)**
 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)**
 Pittsburg State University **AUDREY DUNKEL (6-3183)**
 Post Audit, Division of **J. G. SCOTT (6-4397)**

Racing and Gaming Commission **CODY GORGES (6-3184)**
 Rainbow Mental Health Facility **ESTELLE MONTGOMERY (6-4409)**
 Real Estate Appraisal Board **CHRISTINA ALLEN (6-2802)**
 Real Estate Commission **CHRISTINA ALLEN (6-2802)**
 Regents, Board of **AUDREY DUNKEL (6-3183)**
 Revenue, Department of **MICHAEL STEINER (6-4181)**
 Revisor of Statutes **J. G. SCOTT (6-4397)**

School for the Blind **CODY GORGES (6-3184)**
 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 ALLEN (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)**

Veterans Affairs/Soldiers Home/Veterans Home **DYLAN DEAR (1-0515)**
 Veterinary Medical Examiners, Board of **CHRISTINA ALLEN (6-2802)**

Water Office, Kansas **HEATHER O'HARA (6-7792)**
 Wichita State University **AUDREY DUNKEL (6-3183)**
 Wildlife and Parks, Department of **HEATHER O'HARA (6-7792)**
 Winfield Correctional Facility **JAROD WALTNER (8-7041)**

JAY SCOTT EMLER
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TOPEKA

SENATE CHAMBER

COMMITTEE ASSIGNMENTS

CHAIR: WAYS AND MEANS
CHAIR: KANSAS SECURITY
MEMBER: COMMERCE
UTILITIES

**Senate Ways and Means Committee
Committee Rules
2010 Session**

1. Committee meetings will begin promptly at 10:30 a.m. in room 548-S.
2. The Committee meets Monday through Friday. Meetings are scheduled for a **minimum** of one and one-half hours.
3. **NO** food shall be consumed in the committee room unless approved in advance by the Chairman. Beverages are permitted in the Senate and staff areas, but anyone who spills a beverage is responsible for cleaning the spill immediately.
4. Subcommittee chairpersons will be provided a schedule for subcommittee hearings. Subcommittee chair secretaries will submit all agenda items to the Senate calendar. Any changes to the schedule are the responsibility of the subcommittee chair and the subcommittee chair's secretary who shall coordinate such changes with the members of the subcommittee. Notice of any changes, however, shall be submitted to the committee Chairman's chief of staff.
5. Subcommittee reports are due as scheduled in order for fiscal and revisor staff to complete drafting of the committee report in a timely manner for committee and floor debate.
6. Cellular telephones and pagers are to be set to the silent mode upon entering the committee room. Use of cellular phones is not permitted in the hearing room while the committee is in session.
7. All votes shall be *viva voce*, except for votes on budget bills on final action. Such final action votes on budget bills shall be by roll call.
8. Any senator may have his or her vote recorded in the minutes by requesting such vote be recorded. The Chairman shall grant all such requests.
9. A motion to table a matter is not debatable. If the motion is passed, discussion on the issue is terminated.
10. No conferee shall be interrupted during such conferee's presentation without the permission of the Chairman.

Senate Ways & Means Cmte
Date 1-12-2010
Attachment 2

11. Conferees shall only be questioned about the matter under discussion by the committee.
12. Committee members shall not be approached by anyone during committee hearings or discussion, except other legislators or member of legislative staff.
13. No senator shall interrupt another senator or conferee who is speaking.
14. Committee members will bring bill drafts for introduction that have a RS#. Exceptions must be brought to the Chairman's attention, prior to start of the committee meeting.
15. All powers, duties and responsibilities not otherwise set forth herein are reserved to the Chairman.

The Governor's
Budget
Report

Overview

Fiscal Year 2011

Senate Ways & Means Cmte

Date 1-12-2010

Attachment 3

Readers of *The FY 2011 Governor's Budget Report* can access this information on the Kansas Division of the Budget's website at <http://budget.ks.gov>.

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Kansas, like almost all states, faces an extremely difficult financial challenge for the coming budget year. As a result of the national recession, State General Fund revenue collections are forecast to drop for a fourth year in a row. Even after dramatic spending reductions over the last year, the FY 2011 budget cannot be balanced without even deeper cuts or increases to revenue.

In this context, Governor Parkinson presents a revised budget for FY 2010 and a balanced FY 2011 budget.

	Budget Totals			
	<i>(Dollars in Millions)</i>			
	SGF	Percent Change	All Funds	Percent Change
FY 2009 Actual	\$ 6,064.4	--	\$ 13,960.3	--
FY 2010 Apprv. (May 2009)	5,613.6	(7.4%)	13,050.6	(6.5%)
FY 2010 Apprv. with Shifts	5,707.9	(5.9%)	13,086.9	(6.3%)
FY 2010 Gov. Est.	5,451.1	(10.1%)	14,497.2	3.8%
FY 2011 Gov. Rec.	5,831.1	7.0%	13,726.1	(5.3%)

State General Fund

FY 2009. The original budget adopted for FY 2009 totaled \$6,404.4 million. However, during the first part of the fiscal year, the Kansas economy went into recession, and revenue collections began dropping, causing the FY 2009 budget to be revised and reduced during the 2009 Legislative Session. Actual spending for the fiscal year totaled \$6,064.4 million, \$340.0 million below the original budget.

FY 2010. The first budget passed for FY 2010 totaled \$5,613.6 million. However, revenue collections continued to decline, and by the start of the fiscal year the approved budget was out of balance even though it had been reduced \$462.1 million from the year before. On July 2, the Governor announced a plan that rebalanced the budget with \$160.0 million spending cuts and some transfers. In early November, a new Consensus Revenue Estimate revised revenue expectations downward even further, and the Governor

rebalanced the budget with \$231.6 million spending cuts and some transfers from other funds. The Governor's revised FY 2010 budget totals \$5,451.1 million, almost \$1 billion less than the original FY 2009 budget. Most of the revised FY 2010 budget has been put in place through allotment authority, but a few items must be authorized by the 2010 Legislature. The Governor requests the Legislature complete work on these remaining items early in the session.

FY 2011. Continued revenue drops plus increased expenditure requirements make the FY 2011 budget even more difficult. The Consensus Revenue Estimate for FY 2011 declines \$122.2 million from FY 2010. Further, human service caseload estimates, the required KPERS rate increase, the resumption of debt service payments and payments to the KPERS Death and Disability Fund, and the replacement of American Recovery and Reinvestment Act (ARRA) funds, require \$381.5 million more than FY 2010 just to maintain services and programs at the present level.

In order to meet these challenges, the Governor recommends additional spending reductions, an increase to revenue by raising the cigarette and tobacco tax rates, temporarily raising the sales tax and stopping some transfers from the State General Fund and increasing other transfers in. While most of the budget reductions currently in place must remain, the Governor's revenue proposals make it possible to avoid even further budget reductions. It also will allow for some prior cuts to be partially restored, such as Medicaid provider rates, a \$50 Base State Aid per Pupil increase in school finance, and \$10.0 million for higher education. Without the revenue increases, crippling cuts will be applied to all areas of the budget.

All Funding Sources

From all funding sources, actual spending in FY 2009 totaled \$13,960.3 million, then rises to \$14,497.2 million in the Governor's revised FY 2010 budget, and then drops to \$13,726.1 million for FY 2011. Two factors, a substantial increase in unemployment benefits and federal ARRA funds cycling through the budget, explain the expenditure rise in FY 2010 and the drop in FY 2011.

**State General Fund
FY 2009
July 1, 2008 - June 30, 2009**
(Dollars in Millions)

Beginning Balance	\$ 526.6
Revenue:	
Actual Receipts	5,587.4
Total Available	\$ 6,114.0
Expenditures:	
Original Approved Budget	6,404.4
Spending Reductions	(340.0)
Total Expenditures	\$ 6,064.4
Ending Balance	\$ 49.7

**State General Fund
FY 2010
July 1, 2009 - June 30, 2010**
(Dollars in Millions)

Beginning Balance	\$ 49.7
Revenue:	
November Consensus Revenue Est.	5,300.7
Transfer from Highway Fund *	80.0
Transfer from EDIF *	5.8
Transfer from Housing Trust Fund	2.0
Cap Bioscience Authority Transfer	5.0
Transfer from Investor Education Fund *	5.0
Powerball Income Tax Windfall	3.1
Other Transfer Adjustments *	0.2
Total Available	\$ 5,451.5
Expenditures:	
Approved Budget (May 2009)	5,613.6
Expenditure Authority Shifting from FY 09	94.3
Governor's July Allotment	(90.1)
Human Services Consensus Estimate	24.3
Governor's November Allotment	(193.2)
Legislative Agencies *	(2.8)
Judiciary *	5.0
Total Expenditures	\$ 5,451.1
Ending Balance	\$ 0.4

All of these items were part of the Governor's July and November financial plans.

\$74.0 million of this total was due to school finance bills which were not paid when due in FY 2009, but paid early in FY 2010.

The Governor's November allotment was the net of these two items.

* Requires legislative action

Key Issues Affecting the FY 2011 Budget

(Dollars in Millions)

State General Fund Revenue is Dropping

FY 2010 Consensus Revenue Estimate	5,300.7
FY 2011 Consensus Revenue Estimate	<u>5,178.5</u>
Revenue Drop	\$ 122.2

New Expenditures are Required

Human Services Caseload Estimate (includes replacement of ARRA funds)	118.4
Resume SGF Debt Service Principal Payments	36.4
KPERS Rate Increase	37.9
Resume KPERS Death & Disability Fund Payments	16.9
Replace K-12 ARRA Funds (see tables below)	<u>171.9</u>
New SGF Required	\$ 381.5

ARRA State Fiscal Stabilization Fund (SFSF)

	FY 2010	FY 2011
K-12 School Finance	224.6	52.8
Higher Education	49.6	40.0
Dept. of Corrections (flexible portion of SFSF)	40.5	41.2

New SGF Required for School Finance

	FY 2010	FY 2011
General State Aid	1,875.4	1,875.4
SFSF	138.7	52.8
New SGF Required to Keep Funding Flat	<u>--</u>	<u>85.9</u>
Total	\$ 2,014.1	\$ 2,014.1
Supplemental General State Aid (LOB)	253.3	253.3
SFSF	85.9	--
New SGF Required to Keep Funding Flat	<u>--</u>	<u>85.9</u>
Total	\$ 339.2	\$ 339.2

**State General Fund
FY 2011
July 1, 2010 - June 30, 2011
(Dollars in Millions)**

Beginning Balance	\$ 0.4
Revenue:	
November Consensus Revenue Est.	5,178.5
Increase Sales/Comp. Use Tax Rate	308.2
Increase Cigarette/Tobacco Tax Rate	69.5
Transfer from Highway Fund	107.4
Transfer from EDIF	3.0
Transfer Expanded Lottery Act Revenues	8.0
Transfer Other Funds	13.7
Suspend SCCH Transfer	10.1
Suspend M&E Slider Payment	44.0
Cap Bioscience Authority Transfer	35.0
Stop Repayment of Loans to State Funds	34.6
Suspend Deferred Maintenance Transfer	15.0
Reduce Water Plan Fund Transfer	4.7
All Other Transfer Adjustments	(0.9)
Total Available	\$ 5,831.1
Expenditures:	
FY 2010 Budget	5,451.1
Reduce Education Shift	(74.0)
Human Services Consensus Estimate	118.4
Resume SGF Debt Payments	36.4
KPERS Rate Increase	37.9
Resume Death & Disability Payments	16.9
Replace K-12 ARRA Funds	171.9
Restore Medicaid Provider Rates	22.7
\$50 Increase to BSAPP (K-12)	32.8
Regents Institutions Restoration	10.0
Corrections System	4.7
Judiciary	2.5
KBI DNA Lab Services	1.1
Undermarket Salary Adjustments	8.5
Net of Other Adjustments	(9.8)
Total Expenditures	\$ 5,831.1
Ending Balance	\$ --

Temporary rate increase from 5.3% to 6.3%.

Increase rate to national average – \$.79 to \$1.34 on cigarettes and 10% to 40% on tobacco products.

Same amount transferred as in FY 2010.

State Safety Fund 2.2
Admin. Hearings Fund 0.2
Insurance Regulation Fund 5.0
Utility Regulation Fund..... 1.5
Emergency Fund 1.0
Investor Education Fund 1.3
Workers Comp. Fund 0.8
Correctional Ind. Fund 0.5
Comm. on Peace Officers Fund .. 0.2

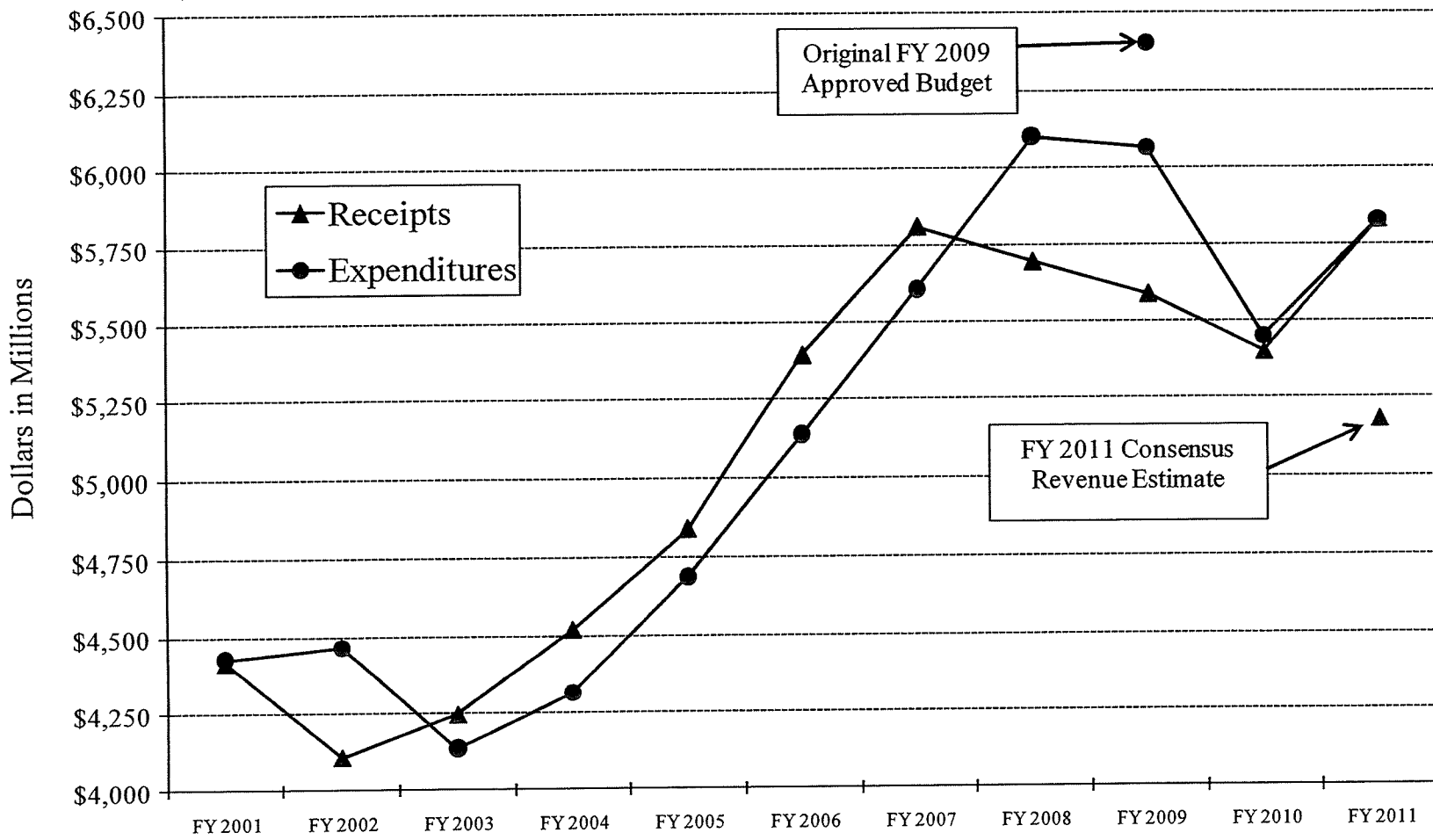
The FY 2010 budget includes one-time expenditures of \$74.0 million to cover unpaid school finance bills carrying forward from FY 2009.

New costs that must be paid just to keep services and programs even with FY 2010.

The FY 2010 budget included provider cuts that took effect in the last part of the fiscal year and saved \$22.7 million.

3-7

Governor's Recommendations State General Fund Receipts and Expenditures



Consequences to State Budget if No Revenue Package is Enacted

Expenditures

Education	Reduce General State Aid to Schools	187,498,000
Education	Eliminate Mentor Teacher Program	1,450,000
Regents	Additional 2% Cut to Regents Block Grant	25,000,000
Medicaid Agencies	Leave Provider Rate Cut at 10%	77,231,000
SRS	Reduce Mental Health Grants	3,900,000
SRS	Reduce Community Develop. Disab. Org. Grants	1,300,000
Aging	Reduce SGF for Nutrition Programs	675,000
KDHE	Reduce Primary Health Care Clinics	566,663
KDHE	Reduce Local Health Departments	267,727
KDHE	Eliminate Cerebral Palsy Posture Seating	105,637
Legislative Agencies	Return to FY 2006 Expenditure Level	3,384,925
Judiciary	Reduce Court Operations	3,000,000
Corrections	Release Inmates Early and Close Cellblocks	7,366,000
Corrections	Reduce Inmate Re-Entry Programs	1,223,000
Corrections	Close Johnson & Sedgwick Co. Adult Residential Centers	2,068,000
Corrections	Reduce Intensive Supervision Programs	399,000
KBI	Continue DNA Processing Backlog	1,081,000
Veterans Commission	Close One Veterans Service Office	54,906
Agriculture/Animal Health	Merge Animal Health into Department of Agriculture	300,000
State Agencies	Eliminate Undermarket Salary Adjustments	8,534,972
State Fair	Make Bond Payment with Fee Funds	1,550,000
Wildlife & Parks	Eliminate Park Entry Discount	800,000
State Library	Reduce State Aid Additional 10%	265,000
All Other Agencies	Make Further Operational Reductions	4,600,000

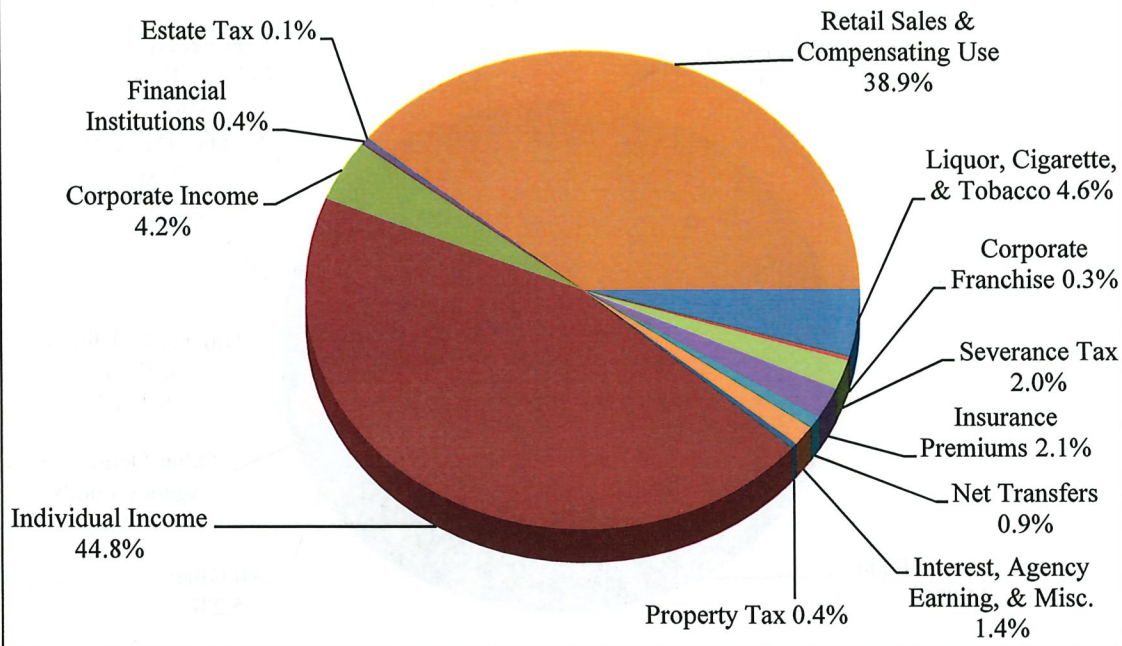
Revenues

CIF	Sweep CIF By Cutting:	
SRS	Eliminate Family Centered System of Care	5,000,000
Education	Eliminate Parent Education	7,539,500
JJA	Eliminate Prevention Program Grants	3,785,814
EDIF	Sweep EDIF By Cutting:	
KTEC	Eliminate Agency	5,990,000
WSU	Reduce EDIF Spending (NIAR Aviation Research)	5,000,000
Regents	Reduce EDIF Spending (Tech Schools)	2,745,000
Water Plan Fund	Make No SGF Transfer to Water Plan Fund	
KDHE	Reduce Contamination Remediation	226,161
Agriculture	Reduce Funding for Interstate Water Issues	137,945
Cons. Commission	Reduce Aid to Conservation Districts	634,139
KDHE	Eliminate State Match for Treece Buyout	350,000
Bioscience Authority	Reduce Cap to \$30 M	5,000,000
Regents	Eliminate Faculty of Distinction Transfer	3,000,000
Regents	Eliminate Research Bonds Transfer	6,240,000
Licensing Boards	Cut Biennial Agencies 10% and Sweep to SGF	2,454,307

Total		\$ 380,723,696
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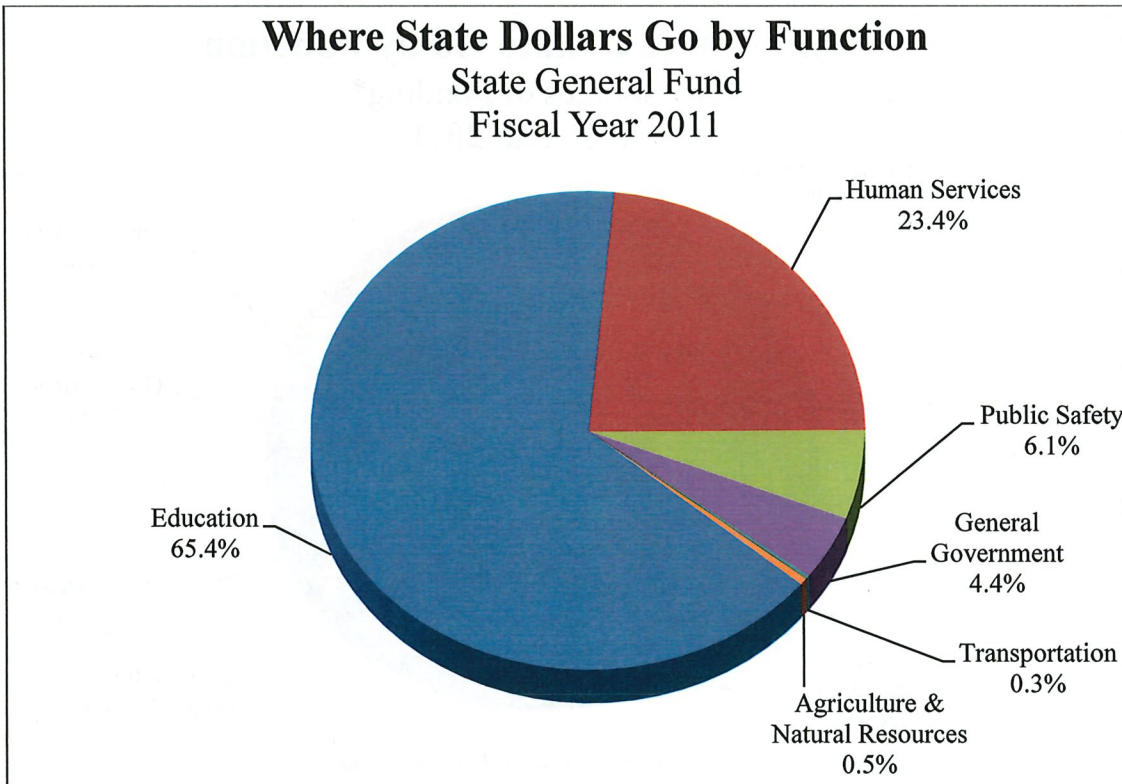
Where State Dollars Come From

State General Fund
Fiscal Year 2011



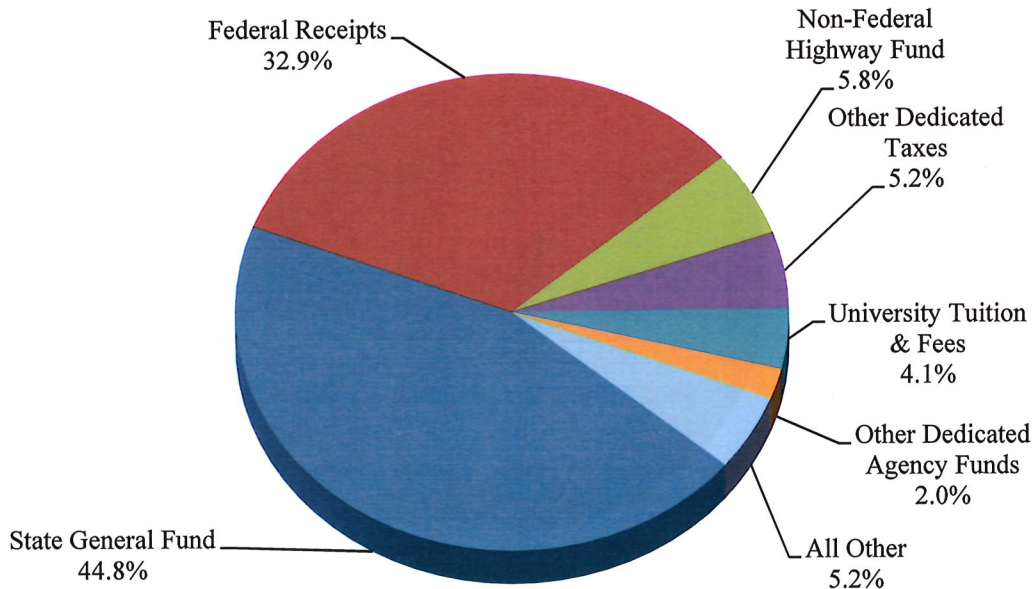
Where State Dollars Go by Function

State General Fund
Fiscal Year 2011



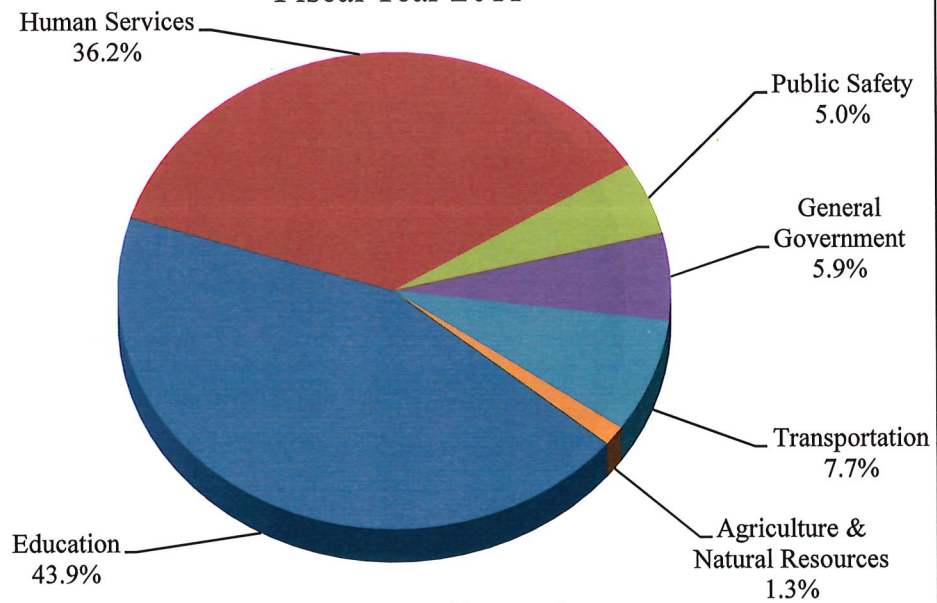
How the All Funds Budget Is Financed

All Sources of Funding
Fiscal Year 2011



Where State Dollars Go by Function

All Sources of Funding*
Fiscal Year 2011



*Excludes non-reportable expenditures