

April 19, 2000

The Honorable David Adkins, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

and

The Honorable Dave Kerr, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

Dear Representative Adkins:

I amend my budget to decrease State General Fund expenditures by \$700,398 for FY 2000 and by \$19,918,574 for FY 2001. These adjustments will result in an increase of \$20,618,972 in the balance of the State General Fund by the end of FY 2001. My amended budget would also change the number of positions in state government. For FY 2000, there will be an increase of 10.0 FTE positions. For FY 2001, there will be a net reduction of 94.0 FTE positions.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 700,398) | (\$19,918,574) |
| All Funds | \$15,315,267 | \$87,976,545 |
| FTE Positions | 10.0 | (94.0) |

With this memorandum, I submit the attached amendments to my budget recommendations.

Sincerely,

BILL GRAVES
Governor

Racing & Gaming Commission

1. Camptown Racetrack

I amend my budget to finance the opening of the Camptown Racetrack, which is located in Frontenac. Expenditures of \$212,393 in FY 2000 and \$590,198 in FY 2001 are required from the State Racing Fund for the regulation of this facility. These estimates include the funding of 9.0 FTE positions, including 3.0 judges, 2.0 veterinarian assistants, 1.0 state auditor, 1.0 enforcement agent, 1.0 assistant animal health officer, and 1.0 licensing clerk. Revenues to the State Racing Fund are estimated at \$168,100 in FY 2000 and \$884,400 in FY 2001. Because revenues in excess of operating expenses in the State Racing Fund are transferred to the State Gaming Revenues Fund, it is estimated that \$294,202 would be transferred in FY 2001. After adjusting for the anticipated operating loss in FY 2000, it is estimated that \$249,909 will ultimately be transferred to the State General Fund from excess revenues of the State Racing Fund and the State Gaming Revenues Fund in FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>212,393</u> | <u>590,198</u> |
| All Funds | \$ 212,393 | \$ 590,198 |

Kansas Lottery

2. Lottery Accounting Change

I amend my budget to make the July 15, 2001 State Gaming Revenues Fund (SGRF) transfer from the Lottery Operating Fund account for sales in June 2001. This end of year transfer is estimated at \$4.5 million. In the prior fiscal year, the Legislature authorized only 11 transfers to the SGRF, and this recommendation would reestablish the original transfer schedule. Because it will be credited in FY 2001, the \$4.5 million transfer will ultimately be shifted to the State General Fund, since any revenues greater than \$50.0 million that the SGRF receives in any one fiscal year is transferred to the State General Fund.

Office of the Governor

3. Coordinator Position for Workforce Development Issues

At the request of the Kansas Workforce Investment Partnership Council, I amend my budget to add a position to my office to serve as a coordinator of the state's workforce development issues. Rather than adding a new position, an FTE position will be shifted from the Department of Human Resources to my office. Funding for the position and meetings of the Kansas Workforce Investment Partnership (KWIP) Council will be reimbursed on a pro rata basis from the four key agencies with funding for workforce issues: the Department of Human Resources, the Department of Commerce and Housing, the Department of Social and

Rehabilitation Services, and the Board of Regents. A new fund, the Special Programs Fund, has already been established for this purpose in the regular appropriations bill for FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>115,145</u> |
| All Funds | -- | \$ 115,145 |

Department of Administration

4. State Emergency Fund Transfer

During the 1999 Legislative Session, at the initiation of the Division of the Budget, I proposed the establishment of a mechanism for financing the state's costs associated with natural disasters up to \$10.0 million in any fiscal year when the Legislature is not in session. Under current law, the State Finance Council is restricted to approving whatever funds are available in the State Emergency Fund. The mechanism, embodied in 1999 SB 100, will allow the Director of the Budget to certify any deficiency in funding to implement an emergency action by a unanimous vote of the Council. With this certification, the Director of Accounts and Reports will transfer the necessary funds from the State General Fund to the State Emergency Fund to cover any shortfall, which is the same process currently used to finance tort claims.

Upon passage of the bill, the necessity for maintaining a high balance in the State Emergency Fund would be removed. SB 100 has now been signed into law. Therefore, I recommend transferring \$1,950,000 of the current \$2.0 million unencumbered balance in the fund to the State General Fund, leaving \$50,000 for a small emergency or for payment of rewards I have offered for information leading to the apprehension of wanted criminals.

5. Cost Increases at the State Motor Pool

I amend by budget to increase the expenditure limitation on the Central Motor Pool Service Fund by \$424,282 for FY 2000. The corresponding increase in costs for FY 2001 totals \$148,819. However, because the expenditure limitation is recommended to be "no limit" starting in FY 2001, no change is necessary to the appropriations bill for that year. The premium on insurance for vehicles in the pool has increased by \$40,423 to \$252,624 for FY 2000 and is projected to increase by \$36,258 to \$253,350 for FY 2001. These amounts result from unanticipated cost increases in liability coverage. Second is an increase of \$407,287 to \$1,366,297 in fuel costs for FY 2000 and an increase of \$112,561 to \$1,144,332 for FY 2001. These amounts reflect the recent price increases that have occurred nationwide. Savings of \$23,428 in vehicle repairs, on the other hand, will partially offset these increases. There are sufficient balances in the fund to accommodate the net increase in costs. For budgeting purposes, the operations of the Motor Pool are non-reportable expenditures in the Department of Administration.

Secretary of State

6. Recapture Presidential Primary Cost

I amend my budget to recapture \$1.5 million from the State General Fund, which was included in my recommended expenditures for the Secretary of State in FY 2000. Although I strongly supported a Kansas Presidential Primary, there was not legislative approval to permit this expenditure in the current year. Moreover, the scheduled April 4th date for the primary has passed.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 1,500,000) | \$ -- |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | (\$ 1,500,000) | \$ -- |

7. Census Adjustment Operating Costs

I amend my budget to finance operating expenditures of \$20,000 in FY 2000 and \$320,156 in FY 2001 from the State General Fund so that the Secretary of State can perform the required adjustment of federal census data. This adjustment is needed to account for student and military personnel who are stationed in localities in the state that differ from their permanent residence and to assist with redistricting. The Secretary of State and Kansas Legislative Research Department have contracted with a private vendor to develop the needed databases that will recalculate population figures and assist with the computerization of legislative redistricting that will occur in FY 2002.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 20,000 | \$ 320,156 |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ 20,000 | \$ 320,156 |

Department of Commerce and Housing

8. Sports Hall of Fame

I amend my FY 2000 budget to include \$50,000 from the Economic Development Initiatives Fund for the Department of Commerce and Housing. The funds will be used for the continued operations of the Kansas Sports Hall of Fame.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>50,000</u> | <u>--</u> |
| All Funds | \$ 50,000 | \$ -- |

Department of Revenue

9. Legal Defense Costs

I amend my budget to include \$50,000 from the State General Fund in FY 2000 for costs associated with the defense of a lawsuit brought against the Secretary of Revenue and the Department. The funding will provide outside legal services for this lawsuit beyond the services already being provided by the Attorney General.

| | FY 2000 | FY 2001 |
|--------------------|-----------|---------|
| State General Fund | \$ 50,000 | \$ -- |
| All Other Funds | -- | -- |
| All Funds | \$ 50,000 | \$ -- |

10. Increase Compliance Activities

I amend my budget to add to \$570,000 from the State General Fund to allow the Department to retain 14.0 existing positions in tax collections. The Department indicates that receivables that have been identified during the current tax season could be pursued with these positions. The Department states that if it receives this funding, \$8,550,000 in increased revenues to the State General Fund would be captured.

| | FY 2000 | FY 2001 |
|--------------------|---------|------------|
| State General Fund | \$ -- | \$ 570,000 |
| All Other Funds | -- | -- |
| All Funds | \$ -- | \$ 570,000 |

State Treasurer

11. Bond Services Fees

HB 2648, passed by the 2000 Legislature, redirects approximately \$450,000 in revenue from the State General Fund to the State Treasurer's Bond Services Fee Fund beginning with FY 2001. The revenue comes from bond transfer fees generated by the State Treasurer's Office. *The FY 2001 Governor's Budget Report* provides \$417,691, including \$398,591 from the State General Fund and \$19,100 from the Bond Services Fund, for the Treasurer's Municipal Bond Services Program in FY 2001. I amend my budget to reduce the State General Fund budget for that program by \$300,000 and to increase expenditures from the Bond Services Fee Fund by the same amount, using the new revenue coming to that fund. This will provide for the establishment of an adequate balance in the Bond Services Fee Fund during FY 2001, allowing the program to be financed completely by the fee fund beginning with FY 2002.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | (\$ 300,000) |
| All Other Funds | <u>--</u> | <u>300,000</u> |
| All Funds | \$ -- | \$ -- |

Social and Rehabilitation Services

12. Medical and Public Assistance Caseloads

I amend my FY 2000 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that included the staff of the Department of Social and Rehabilitation Services, Legislative Research, and the Division of the Budget. The consensus estimates were limited to Medical Assistance, Temporary Assistance to Families, General Assistance, and Nursing Facilities for Mental Health. This amendment includes a net increase of \$8,990,000 in FY 2000, of which \$25,031 is from the State General Fund. These adjustments include \$10.0 million in additional federal reimbursements for Medical Assistance, a savings of \$1.14 million to reflect further population reductions in the Temporary Assistance to Families Program and \$130,000 for a small increase in the number of persons receiving General Assistance. The State General Fund portion for Medical Assistance is expected to remain the same, while funding adjustments for General Assistance and savings for the state share for clients served by Nursing Facilities for Mental Health resulted in a net increase of \$25,031.

For FY 2001, I amend my budget to reflect a net increase of \$16,892,000, of which \$3,506,944 is from the State General Fund. Population reductions in Temporary Assistance to Families are expected to continue for savings of \$1,410,000, all of which will be in federal funds. The number of persons receiving General Assistance is expected to increase at a cost of \$130,000, all from the State General Fund. Medical Caseloads are expected to increase \$18,186,000, of which \$3,509,385 is from the State General Fund. This adjustment is due primarily to HMO rate increases, which were needed to ensure continued federal matching participation and for additional federal reimbursements. Nursing Facilities for Mental Health were adjusted slightly for savings of \$14,000. The state portion of this population is expected to decrease slightly for savings of \$132,441 from the State General Fund.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|------------------|-------------------|
| State General Fund | \$ 25,031 | \$ 3,506,944 |
| All Other Funds | <u>8,964,969</u> | <u>13,385,056</u> |
| All Funds | \$ 8,990,000 | \$ 16,892,000 |

13. Shift Public Assistance Caseload Savings to State General Fund

I amend my budget to capture \$1.1 million in savings to the State General Fund as a result of population reductions in the public assistance caseloads in both FY 2000 and FY 2001. Kansas must spend approximately \$62.0 million in state funds annually to receive the entire

\$101.9 million federal TANF Block Grant. The state expenditure fulfilling this requirement is termed the Maintenance of Effort (MOE). State administrative expenditures are counted as part of the MOE and vary with the commitment of staff time devoted to family support and preservation. Staff time and effort are estimated by statistically random surveys in which staff members are asked to name the programs they are working with. Recent quarterly data display a marked increase in family support and preservation involvement. The resulting increase in state expenditures attributable to a TANF activity therefore places the state over the \$62.0 million minimum requirement. Consequently, SRS may reduce state funds from another TANF MOE source to realize the state savings. Reducing the state funds budgeted in the Temporary Assistance for Families Program is the most direct method to accomplish this transaction.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|------------------|------------------|
| State General Fund | (\$ 1,140,000) | (\$ 1,140,000) |
| All Other Funds | <u>1,140,000</u> | <u>1,140,000</u> |
| All Funds | \$ -- | \$ -- |

14. Foster Care

In my original budget recommendations, I had proposed statutory changes to the Children in Need of Care code to divert children who are non-abused or neglected out of foster care and into community services. My proposal would have diverted an estimated 1,200 children out of the foster care system and into newly created programs designed to address their needs while keeping them in their homes. My recommendations for this reform were included in SB 633 as it was introduced, and the estimated savings to the budget totaled \$10,253,275, of which \$6.0 million was from the State General Fund.

Since that time, considerable discussion and review of SRS policies indicate that there are several changes it can make to its current practices that would divert children from being placed out-of-home without any statutory changes. To this end, I amend my budget to restore half of the savings in anticipation of these changes. My recommendations assume that these internal policy changes will divert approximately 600 children out of the foster care system.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|------------------|
| State General Fund | \$ -- | \$ 3,000,000 |
| All Other Funds | <u>--</u> | <u>2,126,637</u> |
| All Funds | \$ -- | \$ 5,126,637 |

15. Savings in the Medicaid Program

I amend my budget to capture savings in the Medicaid Program for policy changes made since my original recommendations were made. The savings include \$750,000 in adult protective services, which was shifted to federal monies; \$1,660,000 for implementation of the maximum allowable cost pricing for generic drugs; and \$525,000 to reflect new federal regulations regarding the reimbursement to federal qualified health centers and rural health clinics. My adjustments include a total of \$1,624,000 in savings from the State General Fund.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|---------------------|
| State General Fund | \$ -- | (\$ 1,624,000) |
| All Other Funds | <u>--</u> | <u>(1,311,000)</u> |
| All Funds | \$ -- | (\$ 2,935,000) |

16. Home and Community Based Services Programs Fund

I amend my budget to provide \$15.0 million from all funding sources, including \$6.0 million from the HCBS Programs Fund that was created in conjunction with the Intergovernmental Transfer Program. Total funding for the HCBS Waiver for the Physically Disabled will be \$3,750,000, including \$1.5 million from the HCBS Programs Fund. Total funding for the HCBS Waiver for the Developmentally Disabled will be \$11,250,000, including \$4.5 million from the HCBS Programs Fund.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|-------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>15,000,000</u> |
| All Funds | \$ -- | \$ 15,000,000 |

Department on Aging

17. Intergovernmental Transfer

I amend my budget to provide for the receipt of funding from the Kansas Intergovernmental Transfer Program (KSIT). First, a revenue transfer of \$25.0 million from the State General Fund to the newly created Flexible Spending Fund is necessary. In conjunction with this, expenditures from the State General Fund for the Home and Community Based Services Waiver for the Frail Elderly (HCBS/FE) are reduced by \$9.7 million and expenditures from the State General Fund for the Home and Community Based Services Waiver for the Developmentally Disabled (HCBS/DD) are reduced by \$15.3 million. Then expenditures of \$9.7 million for HCBS/FE and \$15.3 million for HCBS/DD will be funded from the newly created Medicaid Match Fund. If no funding is received under the KSIT Program in FY 2001, the \$25.0 million from the Flexible Spending Fund will be transferred to the Medicaid Match Fund to cover expenditures on the waivers.

If funding is received under the KSIT Program, I amend my budget to distribute the proceeds as follows in FY 2001:

- 60.0 percent -- \$72.0 million -- Senior Services Trust Fund
- 25.0 percent -- \$30.0 million -- Medicaid Match Fund
- 10.0 percent -- \$12.0 million -- Nursing Facilities Loan and Grant Fund
- 5.0 percent -- \$ 6.0 million -- HCBS Programs Fund

If funding is received under the KSIT Program, I recommend that the proceeds be distributed as follows for FY 2002 and future years:

70.0 percent -- \$67.2 million -- Senior Services Trust Fund
 30.0 percent -- \$28.8 million -- State General Fund
 5.0 percent -- \$ 4.8 million -- Nursing Facilities Loan and Grant Fund

| Department on Aging: | <u>FY 2000</u> | <u>FY 2001</u> |
|----------------------|--------------------|--------------------|
| State General Fund | \$ -- | (\$ 9,700,000) |
| All Other Funds | <u>--</u> | <u>9,700,000</u> |
| All Funds | \$ -- | \$ -- |
| SRS: | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ -- | (\$ 15,300,000) |
| All Other Funds | <u>--</u> | <u>15,300,000</u> |
| All Funds | \$ -- | \$ -- |

18. New Funds

I amend my budget to provide for expenditures from the Kansas Intergovernmental Transfer Program. An additional line-item appropriation in the section for the Department on Aging is necessary to allow the agency to transfer state funds to the local nursing facilities. These transfers must be performed in order to draw down the federal funding. This new line item should be labeled "Kansas Intergovernmental Transfer Fund" and have unlimited expenditure authority.

An additional line-item appropriation in the section for the Department on Aging is necessary to allow the agency to start the Nursing Facilities Loan and Grant Program. This new line item should be labeled the "Nursing Facilities Loan and Grant Fund" and have an expenditure limitation of \$12.0 million in FY 2001 along with the following proviso:

Provided, That during the fiscal year ending June 30, 2001, no expenditures shall be made from the nursing facilities loan and grant fund except upon approval of the state finance council acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|-------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>12,000,000</u> |
| All Funds | \$ -- | \$ 12,000,000 |

19. Intergovernmental Expenditures

Pending approval from the federal Health Care Finance Administration, the Kansas Department on Aging will establish the Kansas Intergovernmental Transfer Program (KSIT).

Under this new program the agency will draw down additional federal funds based on the differential between the current Medicaid reimbursement rates paid to nursing facilities and the maximum Medicare rate allowable for nursing facility reimbursement. The agency estimates that approximately \$120.0 million could be received under the program in FY 2001. Receipts for subsequent fiscal years are estimated at approximately \$96.0 million per year.

I amend my budget to provide for the expenditure of KSIT funds. First, a new line item in the appropriations bill in the section for the Department on Aging is necessary in order to facilitate expenditure of the earnings from the new Senior Services Trust Fund. This new line item should be labeled "Senior Pharmacy Program" and will appropriate the earnings only from the Senior Services Trust Fund to be used for the funding of a senior pharmacy program. The fund should have "no limit" expenditure authority in FY 2001.

Also in FY 2001, 25.0 percent of the KSIT funding will go into the new Medicaid Match Fund. Based on agency estimates for total program proceeds in FY 2001, 25.0 percent will be approximately \$30.0 million. I amend my budget to spend \$14.6 million to fund 85.0 percent of the special education excess costs, \$2.7 million to fund the Nursing Facilities Wage Pass-Through Program, and the remaining funds will be used to fund nursing facilities caseloads.

I also amend my budget to increase expenditures for the Nursing Facilities Program by \$10,400,000 million in FY 2000 and \$20,230,000 in FY 2001. These increases require funding from state sources of \$4.2 million in FY 2000 and \$8.1 million in FY 2001. This match will be provided through the Medicaid Match Fund. Since the KSIT funds will probably not be available until FY 2001, \$4.2 million from the State General Fund is added for the Nursing Facilities Program in FY 2000. Then, for FY 2001, funding from the State General Fund for the Nursing Facilities Program is reduced by \$4.2 million, and funding of \$12.3 million from the Medicaid Match Fund is added. These changes provide funding for the Nursing Facilities Program at the consensus caseload level and provide the required state match in both FY 2000 and FY 2001. I further amend my budget for FY 2001 to include the following language:

During the fiscal year ending June 30, 2001, no expenditures shall be made from the proceeds of the intergovernmental transfer program except upon approval of the state finance council acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto.

| | | |
|--------------------------|------------------|-------------------|
| Department on Aging: | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ 4,160,000 | (\$ 4,160,000) |
| All Other Funds | <u>6,240,000</u> | <u>14,952,000</u> |
| All Funds | \$ 10,400,000 | \$ 10,792,000 |
| Department of Education: | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>14,600,000</u> |
| All Funds | \$ -- | \$ 14,600,000 |

20. HCBS/FE Waiver

I amend my budget to reduce the Home and Community Based Services for the Frail Elderly Waiver Program by \$1.8 million, including \$720,000 from the State General Fund, in FY 2000. For FY 2001, I amend my budget to reduce the waiver by \$1.6 million, including \$640,000 from the State General Fund. Expenditures for the program have not grown as quickly as was previously anticipated. The new funding levels are adequate to ensure there will not be a need for waiting lists for services.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|---------------------|-------------------|
| State General Fund | (\$ 720,000) | (\$ 640,000) |
| All Other Funds | <u>(1,080,000)</u> | <u>(960,000)</u> |
| All Funds | (\$ 1,800,000) | (\$ 1,600,000) |

21. Transfer Language

I amend my budget to include language in FY 2000 that will allow the Department on Aging flexibility in managing its current year resources.

() During the fiscal year ending June 30, 2000, the secretary of aging, with the approval of the director of the budget, may transfer any part of any item of appropriation for the fiscal year ending June 30, 2000, from the state general fund for the department on aging to another item of appropriation for fiscal year 2000 from the state general fund for the department on aging. The secretary of aging shall transmit a copy of each such certification to the legislative research department.

22. KSIT Rate Setting Dollars

I amend my budget to increase the appropriation for the Department on Aging by \$64,480 in FY 2000. This funding will allow the agency to pay the contractor for rate setting for the Kansas State Intergovernmental Transfer Program in a timely manner. When the KSIT funds are available, \$64,480 will be reimbursed to the State General Fund in FY 2001 through a revenue transfer in accordance with the following language:

() On July 1, 2000, or as soon thereafter as moneys are available, the director of accounts and reports shall transfer \$64,480 from the Intergovernmental Transfer Fund to the State General Fund.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 64,480 | \$ -- |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ 64,480 | \$ -- |

23. Operating Expenditures Correction

I amend my budget to lapse \$181,912 from the Department on Aging's KSIP account. I also amend my budget to appropriate \$181,912 to the Department on Aging administration account. This will allow the agency to operate as intended in my FY 2000 budget recommendation.

Department of Health and Environment**24. Infant Toddler Program Funding**

I amend my budget to shift expenditures of \$500,000 from state sources to federal funds in both FY 2000 and FY 2001 for the Infant Toddler Program. Adequate federal funds are available to offset funding of \$500,000 from the State General Fund. This recommendation does not affect the original budget recommendation for this program but simply shifts the funding source.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 500,000) | (\$ 500,000) |
| All Other Funds | <u>500,000</u> | <u>500,000</u> |
| All Funds | \$ -- | \$ -- |

Department of Revenue—Homestead**25. Property Tax Refunds**

I amend my budget for FY 2000 to add \$1,500,000 to the Homestead Property Tax Refund Program from the State General Fund to fund an increase in filings over the estimate in my original recommendations.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 1,500,000 | \$ -- |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ 1,500,000 | \$ -- |

Department of Human Resources**26. Authority to Relocate Office Space**

Changes in the federal Workforce Investment Act necessitate programmatic changes for the Department. I therefore recommend that the agency be given authority to work with the

Department of Administration in selling office buildings across the state. The following language is recommended for the appropriation bill:

() In addition to the other purposes for which expenditures may be made by the above agency from moneys appropriated from any special revenue fund for the fiscal years ending June 30, 2000, and June 30, 2001, as authorized by this or other appropriation act of the 2000 regular session of the legislature, expenditures may be made by the Kansas department of human resources from moneys appropriated from any special revenue fund for fiscal year 2000 and fiscal year 2001 for the expenses of the sale, exchange, or other disposition conveying title for any portion or all of the properties owned throughout the state by the Kansas department of human resources: *Provided*, That such expenditures may be made and such sale, exchange or other disposition conveying title for any portion or all of the properties owned throughout the state by the Kansas department of human resources may be executed or otherwise effectuated only upon specific authorization by the state finance council acting on this matter, which is hereby characterized as a matter of legislative delegation and subject to the guidelines prescribed in subsection (c) of K.S.A. 75-3711c and amendments thereto: *Provided further*, That the net proceeds from the sale of any properties owned throughout the state by the Kansas department of human resources shall be deposited in the state treasury to the credit of the employment security administration fund of the Kansas department of human resources.

27. New Federal Funds

The federal Job Training Partnership Act (JTPA) grants are being phased out as the U.S. Department of Labor realigns its programs into a new grant referred to as the Workforce Investment Act (WIA). This change has been accommodated in the appropriation bill for FY 2001, but the agency has received notification of WIA monies available in the current year. I therefore recommend that two new funds, shown below, be established so that the agency can expend a portion of the grant in FY 2000. The agency estimates it will spend approximately \$200,000 in the current year.

Workforce investment act state operations fund.....No limit
 Workforce investment act non-state operations fund.....No limit

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------------|---------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u> 200,000</u> | <u> --</u> |
| All Funds | \$ 200,000 | \$ -- |

Commission on Veterans' Affairs

28. Veterans Home Fee Fund Adjustments

I amend my budget to add \$1,169,156 in FY 2001 expenditures to the Kansas Veterans' Home from the Veterans Home Fee Fund. The additional expenditures are necessary for the Home to admit residents to the new facility more quickly. The expenditures will come from resident fees and federal reimbursements that are generated by filling beds faster than anticipated in my original FY 2001 recommendation.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>1,169,156</u> |
| All Funds | \$ -- | \$ 1,169,156 |

Department of Education

29. Increase Per Pupil State Aid

The FY 2001 Governor's Budget Report provides enough money through general and supplemental state aid to fund a base state aid per pupil (BSAPP) of \$3,757 in FY 2000 and \$3,807 in FY 2001 based on the school finance estimates generated on November 12, 1999. On April 6, 2000, the Department of Education, the Legislative Research Department, and the Division of the Budget met and revised the estimate of local property tax resources and pupil enrollment. The revised estimate reduced the state's funding responsibility by \$13.7 million.

I amend my budget by using the school finance savings and additional State General Fund dollars to finance base state aid per pupil (BSAPP) levels of \$3,770 for FY 2000 and \$3,820 for FY 2001. The budget amendment adds \$3,059,000 in FY 2000 and reduces the FY 2001 recommendation by \$911,000.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|------------------------|----------------|-----------------|
| General State Aid | \$ 2,480,000 | (\$ 905,000) |
| Supplemental State Aid | <u>579,000</u> | <u>(6,000)</u> |
| Total | \$ 3,059,000 | (\$ 911,000) |

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 3,059,000 | (\$ 911,000) |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ 3,059,000 | (\$ 911,000) |

Kansas Public Employees Retirement System

30. KPERS School Retirement Contribution Costs

My original recommendation provided \$92,690,290 from the State General Fund to pay the KPERS employer contributions for school districts during the 1999-2000 school year. The recommendation was reduced by \$3.2 million when the Legislature applied the freeze on the 0.6 percent death and disability contribution to the last quarter of FY 2000. I have adopted that strategy. In addition, at a meeting attended by representatives from the Department of Education, Kansas Legislative Research, the Division of the Budget, and KPERS, it was

determined that the budget for KPERs school employer contributions could be reduced another \$1,588,062 in FY 2000 and \$978,774 in FY 2001. The FY 2001 reduction is tied to the overpayment of employer contributions in FY 1998. I am amending my budget to recognize these State General Fund savings in both fiscal years.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 1,588,062) | (\$ 978,774) |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | (\$ 1,588,062) | (\$ 978,774) |

Regents Universities

31. Traditional General Fees Fund Adjustments

I amend my budget to adjust the recommended level of expenditures from General Fees Fund for FY 2000 and FY 2001 at those Regents institutions that are budgeted through the traditional method. My original recommendations have been revised on the basis of the spring semester data on student credit hours and tuition receipts. The adjustments are detailed by year and by institution in the table below. A negative number indicates a reduction in tuition dollars, requiring an additional State General Fund appropriation. The revisions reflect a total increase from the State General Fund of \$44,401 in FY 2000 and \$12,574 in FY 2001.

| | <u>Available Tuition FY 2000</u> | <u>Available Tuition FY 2001</u> |
|--------------------------------|--------------------------------------|--------------------------------------|
| Univ. of Kansas Medical Center | \$ -- | \$ 65,451 |
| Emporia State University | 32,227 | 33,596 |
| Pittsburg State University | (74,765) | (111,621) |
| Fort Hays State University | <u>(1,863)</u> | <u>--</u> |
| All Funds | (\$ 44,401) | (\$ 12,574) |

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|------------------|------------------|
| State General Fund | \$ 44,401 | \$ 12,574 |
| All Other Funds | <u>(44,401)</u> | <u>(12,574)</u> |
| All Funds | \$ -- | \$ -- |

University of Kansas

32. Capital Improvement Projects

Since the institution's original budget request was submitted in September, the Board of Regents has approved additional capital improvement projects for the University of Kansas.

First, the University intends to redirect \$560,000 from the Restricted Fees Fund in FY 2000 to remodel space occupied by the Dean of Liberal Arts and Sciences in Strong Hall. The remodeling includes the demolition of existing offices and reconstructing them in a more efficient design, as well as installation of a new central ventilation system. Second, the University requests bonding authority for a \$17.0 million student recreation and fitness center. Bonds will be sold in FY 2001, with debt service to begin in FY 2002. The debt service will be paid with student fees. I amend my budget to authorize these additional capital projects. No additional monies need to be added to the University's budget in either fiscal year.

University of Kansas Medical Center

33. Renovate Wahl Hall

The Board of Regents has approved the University of Kansas Medical Center to proceed with an application for a federal grant to renovate two floors of Wahl Hall East for the new Renal Institute. The project will include new lab infrastructure and more efficient mechanical and lighting systems. The institution will request \$1.8 million from the National Institute of Health to be matched with \$1.8 million from within the Medical Center's research overhead and rehabilitation and repair monies. I amend my budget to authorize the expenditure of the federal grant in FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>1,800,000</u> |
| All Funds | \$ -- | \$ 1,800,000 |

Kansas State University

34. Authority to Issue Revenue Bonds for Ackert Hall Addition

A year ago, Kansas State was given authorization to issue up to \$1.5 million in revenue bonds for construction of an addition to Ackert Hall. The institution has not yet issued these bonds, so I recommend that the issuance of up to \$1.5 million in bonds for this project be reauthorized. The bonds will be repaid with restricted fees. In order to make debt service payments on the \$1.5 million, I amend my budget to include \$232,019 from restricted fees for FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>232,019</u> |
| All Funds | \$ -- | \$ 232,019 |

State Historical Society

35. Capital Improvement Project

The Historical Society now has plans in place to make ADA improvements to the First Territorial Capitol. Therefore, I recommend the addition of the following proviso to ensure that this project is completed from existing resources during FY 2001.

Provided That, of the monies available in the museum and historic sites visitor donation fund and the EDIF visitor donation match fund, \$71,000 shall be spent for ADA improvements at the first territorial capitol historic site for the fiscal year ending June 30, 2001.

State Library

36. Children's Access Network

I amend my budget to finance operating expenditures of \$70,000 in FY 2001 from the Children's Initiatives Fund for maintenance and operation of the Community Access Network. This network provides easily accessible information regarding services for victims of domestic violence. The Community Access Network has been recommended by the Children's Cabinet, the Governor's Advisory Committee for Children and Families, and the Office of the Attorney General. In addition to providing access, this network can be used as an evaluation tool by government officials to assess service distribution and effectiveness.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>70,000</u> |
| All Funds | \$ -- | \$ 70,000 |

Ellsworth Correctional Facility

37. Capacity Expansion

In order to address capacity issues in the state's correctional system, I amend my FY 2001 budget to add \$6,177,517, including \$5,559,765 in Violent Offender Incarceration and Truth-in-Sentencing Incentive Grants and \$617,752 from the State General Fund. The funds will be used to construct a 100-bed maximum security unit at the Ellsworth Correctional Facility to lessen the impact of overcrowding problems.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|------------------|
| State General Fund | \$ -- | \$ 617,752 |
| All Other Funds | <u>--</u> | <u>5,559,765</u> |
| All Funds | \$ -- | \$ 6,177,517 |

Department of Corrections

38. Federal Grant Award

In FY 2001, the Department of Corrections will be awarded approximately \$990,000 under the State Criminal Alien Assistance Program (SCAAP). I amend my FY 2001 budget to divide these funds evenly among El Dorado, Hutchinson, and Lansing Correctional Facilities. The funds will be used to offset State General Fund operating expenditures by a like amount.

| El Dorado Correctional Facility: | <u>FY 2000</u> | <u>FY 2001</u> |
|----------------------------------|----------------|----------------|
| State General Fund | \$ -- | (\$ 330,000) |
| All Other Funds | <u>--</u> | <u>330,000</u> |
| All Funds | \$ -- | \$ -- |
| | | |
| Hutchinson Correction Facility: | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ -- | (\$ 330,000) |
| All Other Funds | <u>--</u> | <u>330,000</u> |
| All Funds | \$ -- | \$ -- |
| | | |
| Lansing Correctional Facility: | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ -- | (\$ 330,000) |
| All Other Funds | <u>--</u> | <u>330,000</u> |
| All Funds | \$ -- | \$ -- |
| | | |
| | <u>FY 2000</u> | <u>FY 2001</u> |
| State General Fund | \$ -- | (\$ 990,000) |
| All Other Funds | <u>--</u> | <u>990,000</u> |
| All Funds | \$ -- | \$ -- |

39. Offender Program

I amend my FY 2001 budget to allow the Department of Corrections to expend \$495,000 from the Inmate Benefit Fund for the purpose of partially operating the Therapeutic Community Substance Abuse Treatment Program at Lansing Correctional Facility. Currently, federal funds and the State General Fund finance the program. Monies deposited in this fund are considered off-budget; therefore, no budgeting adjustment is needed.

Lansing Correctional Facility

40. New Correctional Officer Position

I amend my budget to add 1.0 FTE Corrections Officer I position at a cost of \$26,233 for Lansing Correctional Facility for FY 2001. Impact Design, a private industry, will occupy the facility's new Industries Building and would like to implement a second shift of inmates for its operations. The company will finance the cost for the additional position.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>26,233</u> |
| All Funds | \$ -- | \$ 26,233 |

El Dorado Correctional Facility

41. Delay RDU Relocation

I amend my budget to finance additional operating expenditures in FY 2001 for El Dorado Correctional Facility if the new Reception and Diagnostic Unit (RDU) must be used for general population inmates. The new RDU at El Dorado is scheduled to be complete and operating by March 1, 2001. Based on population projections, the Department of Corrections may need the 256 maximum-security beds in the RDU to house general population inmates temporarily during FY 2001. The Department will reallocate \$604,914 and 6.5 FTE positions designated for the RDU transition in my FY 2001 recommendations for this purpose. In addition, I recommend appropriating \$253,086 from the State General Fund into a new account named the El Dorado Correctional Facility—RDU Housing account. The Department will be authorized to spend money from that account and add 60.5 FTE positions to operate the RDU for general population housing upon approval of the Director of the Budget.

Provided, That no expenditures from the El Dorado correctional facility—RDU housing account for the fiscal year ending June 30, 2001, shall be made without specific authorization by the director of the budget.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 253,086 |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ -- | \$ 253,086 |

Larned Correctional Mental Health Facility

42. Retirement Reduction Correction

I amend my budget to add 1.0 FTE position to Larned Correctional Mental Health Facility in FY 2000 and FY 2001. This position was deleted from the facility's budget in FY 1999 and inadvertently deleted again through the retirement reduction process. 1.0 FTE position will be added to Larned Correctional Mental Health Facility and expenditures from the State General Fund will be increased by \$1,988 in FY 2000 and \$26,610 in FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 1,988 | \$ 26,610 |
| All Other Funds | <u> --</u> | <u> --</u> |
| All Funds | \$ 1,988 | \$ 26,610 |

Sentencing Commission

43. Criminal Justice Information System (CJIS)

I amend my budget to add \$168,786, including \$115,681 from the State General Fund, in FY 2000 for CJIS. The expenditure authority will allow the project to continue toward its anticipated completion. Authorization will be given to the Kansas Sentencing Commission to expend \$115,681 that is currently a limited reappropriation from the agency's State General Fund State Matching Fund account. The agency would also expend \$53,105 from its Forfeiture Fund for CJIS in FY 2000. In addition, \$18,294 in the State General Fund State Matching Fund account originally planned for expenditure for the Kansas Highway Patrol for CJIS is recommended to be shifted to CJIS core project costs in FY 2000. I further amend my budget to add \$211,296 from the State General Fund in FY 2001 to complete the CJIS project.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 115,681 | \$ 211,296 |
| All Other Funds | <u>53,105</u> | <u> --</u> |
| All Funds | \$ 168,786 | \$ 211,296 |

Adjutant General's Department

44. Disaster Relief Technical Correction

I amend my budget to shift \$60,000 in FY 2000 from the Adjutant General's State General Fund disaster relief account to the State General Fund operating expenditures account. This will correct a technical error included in SB 39.

Highway Patrol

45. Increased Gasoline Expenses

I amend my budget to add \$339,000, including \$203,400 from the State General Fund, to allow the Kansas Highway Patrol to pay for the increased costs of gasoline in FY 2000. The price of gasoline has risen substantially since the agency's budget was submitted in September 1999. The additional funding will allow the agency to patrol the road miles as included in my original budget recommendations.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 203,400 | \$ -- |
| All Other Funds | <u>135,600</u> | <u>--</u> |
| All Funds | \$ 339,000 | \$ -- |

46. MCSAP Program Expansion

I amend my budget to allow the Kansas Highway Patrol to expend \$911,250 for the addition of 16.0 FTE positions in FY 2001 for expansion of the Motor Carrier Safety Assistance Program. The positions include 15.0 Trooper positions and 1.0 Office Specialist. The funding for this enhancement would be 80.0 percent from new federal funds and 20.0 percent from the Motor Carrier License Fee Fund of the Kansas Corporation Commission. The troopers would be assigned to Kansas highways that are primary routes for motor carriers operating in the state.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>911,250</u> |
| All Funds | \$ -- | \$ 911,250 |

Emergency Medical Services

47. Operating Expenditures Correction

I amend my budget to lapse \$34,047 from the EMS Board's KSIP account. I also amend my budget to appropriate \$34,047 to the EMS operating account. The lapse amount included for State General Fund operating expenditures in SB 39 was in error and this action will correct the budget for the EMS Board.

48. Rural Health Options Grant Fund

I amend my budget to allow the EMS Board to expend monies from the Rural Health Options Grant Fund beginning in FY 2000 by raising the expenditure authority to "no limit." The agency will use the funding to conduct a study of rural emergency medical issues as they relate to community access hospitals.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>10,000</u> | <u>--</u> |
| All Funds | \$ 10,000 | \$ -- |

Department of Agriculture

49. Agricultural Remediation Programs

I amend my budget to implement provisions of the SB 501, which creates the Remediation Linked Deposit Loan Program and the Remediation Reimbursement Program. I recommend expenditures of \$150,000 in FY 2001 from the Kansas Agricultural Remediation Board Fund to provide for operations of the newly established Kansas Agricultural Remediation Board. I recommend providing this funding for the Board's operations through the Department of Agriculture where support services and oversight would be provided. Furthermore, I amend my budget in FY 2001 to establish a new "no-limit" Kansas Agricultural Remediation Fund in the Department of Agriculture through which remediation reimbursement grants will be provided in accordance with SB 501. At this time I am not recommending any additional expenditures in the Department of Agriculture's budget, but instead provide the flexibility for grant expenditures as new fee revenues are deposited in the new fund. I also recommend expenditures of \$10,000 from the State General Fund in FY 2001 for the State Treasurer to establish administrative procedures for the loan packages and to develop the appropriate regulations as authorized by the bill.

| Department of Agriculture: | <u>FY 2000</u> | <u>FY 2001</u> |
|----------------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>150,000</u> |
| All Funds | \$ -- | \$ 150,000 |

| State Treasurer: | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 10,000 |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ -- | \$ 10,000 |

Animal Health Department

50. National Poultry Improvement Plan

I amend my budget to have the Animal Health Department assume the responsibilities of the National Poultry Improvement Plan. Currently, Kansas State University manages the plan. In order to assume this new responsibility, I recommend that the Poultry Improvements Fee Fund with "no limit" expenditure authority be created in the Animal Health Department. The agency

estimates total expenditures of \$100 in FY 2000 and \$6,250 from this fund in FY 2001. No additional staff in the Department would be required to carry out the plan.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>100</u> | <u>6,250</u> |
| All Funds | \$ 100 | \$ 6,250 |

Conservation Commission

51. Released Encumbrances of the State Water Plan Fund

I amend my budget to transfer \$395,000 from the State Water Plan Fund in the Kansas Water Office to the State General Fund in FY 2001. These funds are from prior year encumbrances of the State Conservation Commission that will be released at the end of FY 2000.

Water Office

52. Equus Beds Groundwater Research

I amend my budget to finance Equus Beds Groundwater Research from the State Water Plan Fund in the amount of \$70,000 in FY 2001. This request would fund a contract with Kansas State University, which would be the last of a four-year comprehensive study of the impact of hog lagoons on groundwater.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>70,000</u> |
| All Funds | \$ -- | \$ 70,000 |

53. Water Marketing Fund

I amend my budget to transfer \$633,370 from the Water Marketing Fund in the Kansas Water Office to the State General Fund in FY 2001. This transfer is a partial prepayment on the loan that the State General Fund made in a prior fiscal year. By making this prepayment, the future cost of paying off the loan will decrease and could cause a small decrease in water rates.

Grain Inspection

54. Fee Fund

Of the \$852,447 that is currently in the Grain Inspection Fee Fund of the Department of Agriculture, I amend my budget to transfer \$426,224 to the State General Fund and \$426,223 to the Kansas Agricultural Remediation Board Fund in the Department of Agriculture in FY 2001. As a result, the Grain Inspection Fee Fund in the Department of Agriculture is abolished.

55. Grain Storage Tax Credit

I agree with the Legislature's action to extend my original proposal to expand the sales tax exemptions to include grain storage facilities for another year. State General Fund revenues are revised downward by \$342,000 in FY 2000 and by \$356,000 in FY 2001. In addition, the revenue to the State Highway Fund is revised downward by \$18,000 in FY 2000 and by \$19,000 in FY 2001. The sales tax exemption applies to materials and services used for constructing and repairing grain storage facilities and the railroad sidings which provide access to the facilities.

Selected Agencies

56. Revenue Loss—Production Loan

I amend my budget to account for the Agriculture Production Loan portion of Senate Substitute for HB 2527. This program, which would be overseen by the State Treasurer, would lend idle funds from the Pooled Money Investment Board at a 2.0 percent interest rate reduction to banks and certain farm credit institutions. These institutions would lend money for agriculture production loans to qualified borrowers at a rate up to 2.0 percent above the market rate. This provision will reduce State General Fund revenues in FY 2001 and each year thereafter by approximately \$1.0 million.

57. Four-Year Vacancies

2000 SB 39, Section 72(b), abolished FTE positions that, as of January 1, 2000, had been vacant for four years or more. The determination as to which positions met the criteria for abolishment was made by the Director of the Budget on March 7, 2000, in consultation with the Director of Personnel Services. Because the determination was made after the regular FY 2001 appropriations bill was introduced, these reductions for FY 2000 are not currently reflected in FY 2001. Therefore, I amend my budget to adjust FY 2001 accordingly. In making the deletions for FTE positions, the dollar savings for FY 2001 are captured as well. The agency, the number of FTE positions to be deleted, and the amounts to be reduced from budgets are listed below:

| <u>Agency</u> | <u>FTE</u> | <u>SGF</u> | <u>All Funds</u> |
|--------------------------------|------------|------------|------------------|
| Insurance Department | 1.0 | \$ -- | \$ 57,139 |
| Real Estate Commission | 1.0 | -- | 28,330 |
| Kansas Neurological Institute | 2.5 | 38,418 | 38,418 |
| Larned State Hospital | 3.0 | -- | 69,112 |
| Osawatomie State Hospital | 1.0 | -- | 31,595 |
| Parsons State Hospital | 1.0 | 23,800 | 34,000 |
| Department of Human Resources* | 26.2 | -- | -- |
| Department of Corrections* | <u>2.0</u> | <u>--</u> | <u>--</u> |
| Total | 37.7 | \$62,218 | \$258,594 |

* Only the FTE positions were budgeted, not the dollars.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|------------------|
| State General Fund | \$ -- | \$ (62,218) |
| All Other Funds | <u>--</u> | <u>(196,376)</u> |
| All Funds | \$ -- | \$ (258,594) |

58. Three-Year Vacancies

2000 House Substitute for SB 326, Section 75(b), abolished FTE positions that, as of March 1, 2000, had been vacant for three years or more for FY 2001. However, because of a similar provision in SB 39 for four-year vacancies, this provision actually affects vacancies between 36 and 48 months. The determination as to which positions meet the criteria for abolishment has been made by the Director of the Budget, in consultation with the Director of Personnel Services. Therefore, I amend my budget for these deletions. The agency, the number of FTE positions deleted, and the amounts to be reduced from budgets are listed below:

| <u>Agency</u> | <u>FTE</u> | <u>SGF</u> | <u>All Funds</u> |
|---------------------------------|------------|------------|------------------|
| Department of Administration* | 9.0 | \$50,205 | \$50,205 |
| Insurance Department | 1.0 | -- | 34,042 |
| Kansas Neurological Institute** | 3.5 | -- | -- |
| Larned State Hospital** | 14.8 | -- | -- |
| Osawatomie State Hospital | 1.0 | -- | 28,704 |
| Department of Human Resources | 4.0 | -- | 123,650 |
| School for the Deaf | 1.0 | 27,975 | 27,975 |
| Department of Corrections | 1.0 | -- | 32,240 |
| Department of Transportation | <u>3.0</u> | <u>--</u> | <u>102,955</u> |
| Total | 38.3 | \$78,180 | \$399,771 |

* Off Budget total equals \$110,102.

** Only the FTE were budgeted, not the dollars.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|-------------------|
| State General Fund | \$ -- | (\$ 78,180) |
| All Other Funds | <u>--</u> | <u>(321,591)</u> |
| All Funds | \$ -- | (\$ 399,771) |

59. KPERS Death and Disability Fourth Quarter Moratorium

I amend my budget to extend my recommended FY 2001 moratorium on death and disability contributions to include contributions made in the fourth quarter of FY 2000. I include in my recommendation only the reduction of State General Fund expenditures associated with this moratorium. The recommendation will reduce FY 2000 State General Fund expenditures by \$3,213,639 for the employer death and disability contributions made by the state on behalf of the schools and \$951,152 from various state agencies budgets for this purpose. The amounts by agency are contained in an attachment following this memorandum. These reductions are already deleted from the accounting system, so no further action is required.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 4,164,791) | \$ -- |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | (\$ 4,164,791) | \$ -- |

60. Elimination of KPERS Rate Freeze

I amend my budget to eliminate my original recommended FY 2001 "freeze" on the KPERS employer contribution rate. To implement my recommendation, I am restoring FY 2001 State General Fund expenditures of \$6,490,907 for the employer rate contributions made by the state on behalf of the schools and \$2,103,407 from various state agencies' budgets for this purpose. Included in the amount from state agency budgets is \$835,856 from other funding sources. The amounts, by agency, are contained in an attachment following this memorandum. The recommendation will also increase FY 2002 State General Fund expenditures by \$2.6 million because only three quarters of reduced KPERS school payments resulting from the rate freeze would have occurred in FY 2001.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 8,594,314 |
| All Other Funds | <u>--</u> | <u>835,856</u> |
| All Funds | \$ -- | \$ 9,430,170 |

61. Retirement Reductions

I amend my budget to reduce expenditures in various agencies in FY 2000 and FY 2001 to reflect savings resulting from retirement reductions. In FY 2000, savings from retirements in addition to the amounts included in my original budget recommendations total \$697,627, of which \$331,526 is from the State General Fund. Full-year salary savings in FY 2001 for

positions that were eliminated through the retirement reduction process total \$1,490,039, including \$657,134 from the State General Fund. A total of 45.0 FTE positions will be reduced for FY 2001 that have occurred to date in FY 2000. The amounts by agency are contained in the attachment following this memorandum.

| | <u>FY 2000</u> | <u>FY 2001</u> |
|--------------------|-------------------|-------------------|
| State General Fund | (\$ 331,526) | (\$ 657,134) |
| All Other Funds | <u>(366,101)</u> | <u>(832,905)</u> |
| All Funds | (\$ 697,627) | (\$ 1,490,039) |

Attachment for Item No. 59
Death and Disability Fourth Quarter Moratorium
FY 2000 SGF Reduction Amounts

General Government

| | |
|--------------------------------------|--------|
| Department of Administration | 13,837 |
| Attorney General | 3,598 |
| Dept. of Commerce & Housing | 1,459 |
| Governmental Ethics Commission | 406 |
| Office of the Governor | 1,563 |
| Kansas Human Rights Commission | 1,005 |
| Board of Indigents' Defense Services | 7,617 |
| Judicial Council | 181 |
| Judiciary | 73,093 |
| Kansas, Inc. | 209 |
| Legislative Coordinating Council | 760 |
| Legislative Division of Post Audit | 1,396 |
| Legislative Research Department | 2,641 |
| Legislature | 13,013 |
| Office of the Lieutenant Governor | 83 |
| Department of Revenue | 25,840 |
| Revisor of Statutes | 1,892 |
| Secretary of State | 1,227 |
| Board of Tax Appeals | 1,930 |
| State Treasurer | 1,569 |

Total--General Government 153,319

Human Resources

| | |
|--------------------------------------|--------|
| Social & Rehabilitation Services | 66,678 |
| Kansas Neurological Institute | 7,300 |
| Larned State Hospital | 8,372 |
| Osawatomie State Hospital | 2,577 |
| Parsons St. Hospital & Training Ctr. | 5,421 |
| Rainbow Mental Health Facility | 1 |
| Department on Aging | 3,687 |
| Health & Environment--Health | 8,679 |
| Department of Human Resources | 1,484 |
| Commission on Veterans' Affairs | 3,574 |
| Kansas Guardianship Program | 366 |

Total--Human Resources 108,139

Education

| | |
|----------------------------|---------|
| Department of Education | 6,552 |
| School for the Blind | 3,770 |
| School for the Deaf | 7,035 |
| Board of Regents | 1,606 |
| Emporia State University | 29,719 |
| Fort Hays State University | 30,071 |
| Kansas State University | 114,724 |

Education (continued)

| | |
|--------------------------------|---------|
| KSU--Veterinary Medical Center | 13,893 |
| Kansas State University--ESARP | 64,175 |
| Pittsburg State University | 32,726 |
| University of Kansas | 141,412 |
| KU Medical Center--Education | 81,224 |
| Wichita State University | 68,659 |
| Kansas Arts Commission | 280 |
| Historical Society | 4,828 |
| State Library | 989 |

Total--Education 601,663

Public Safety

| | |
|-------------------------------------|-------|
| Department of Corrections | 9,932 |
| El Dorado Correctional Facility | 1,344 |
| Ellsworth Correctional Facility | 2,250 |
| Hutchinson Correctional Facility | 2,858 |
| Lansing Correctional Facility | 3,300 |
| Larned Correctional MH Facility | 971 |
| Norton Correctional Facility | 1,634 |
| Topeka Correctional Facility | 2,461 |
| Winfield Correctional Facility | 991 |
| Juvenile Justice Authority | 1,778 |
| Atchison Juvenile Correctional Fac. | 3,792 |
| Beloit Juvenile Correctional Fac. | 3,756 |
| Larned Juvenile Correctional Fac. | 4,402 |
| Topeka Juvenile Correctional Fac. | 7,107 |
| Adjutant General | 1,999 |
| Ombudsman for Corrections | 174 |
| Emergency Medical Services Board | 552 |
| Highway Patrol | 9,195 |
| Kansas Bureau of Investigation | 5,096 |
| Kansas Parole Board | 513 |
| Sentencing Commission | 218 |

Total--Public Safety 64,323

Agriculture & Natural Resources

| | |
|--------------------------------|-------|
| Department of Agriculture | 9,839 |
| Animal Health Department | 434 |
| State Conservation Commission | 589 |
| Health & Environment--Environ. | 8,855 |
| Kansas Water Office | 1,357 |
| Department of Wildlife & Parks | 2,634 |

Total--Ag. & Natural Resources 23,708

Total Expenditures

951,152

Attachment for Item No. 60
Replacement of KPERS Rate Freeze Reductions
FY 2001 Agency Amounts

| | <u>SGF</u> | <u>All Funds</u> | | <u>SGF</u> | <u>All Funds</u> |
|---------------------------------------|----------------|------------------|--|------------------|------------------|
| General Government | | | Education (continued) | | |
| Dept. of Administration (On Budget) | 39,158 | 39,802 | Fort Hays State University | 25,334 | 25,334 |
| Dept. of Administration (Off Budget)* | -- | -- | Kansas State University | 95,819 | 95,819 |
| Attorney General | 13,808 | 9,313 | Kansas State Vet Med Center | 12,854 | 12,854 |
| Banking | -- | 12,199 | KSU--ESARP | 134,490 | 134,490 |
| CURB | -- | 808 | Pittsburg State University | 21,870 | 21,870 |
| Dept. of Commerce and Housing | -- | 20,386 | University of Kansas | 99,408 | 99,408 |
| Kansas Corporation Commission | -- | 31,563 | KU Medical Center | 58,748 | 58,748 |
| Governmental Ethics Commission | 1,325 | 1,325 | Wichita State University | 70,075 | 70,075 |
| Governor | 910 | 910 | Arts Commission | 1,247 | 1,247 |
| Human Rights Commission | 5,426 | 5,426 | Historical Society | 14,072 | 15,483 |
| Board of Indigents' Defense | 21,514 | 21,514 | State Library | 2,733 | 3,292 |
| Insurance Department | -- | 22,435 | Total--Education | 593,902 | 614,069 |
| Health Care Stabilization | -- | 2,097 | | | |
| Judicial Council | 525 | 700 | Public Safety | | |
| Judiciary | 105,551 | 111,343 | Dept. of Corrections | 34,105 | 38,464 |
| KPERS | -- | 11,511 | El Dorado Correctional | 3,742 | 3,742 |
| KTEC | -- | 3,504 | Ellsworth Correctional | 3,924 | 3,924 |
| Kansas, Inc. | -- | 812 | Hutchinson Correctional | 8,333 | 8,333 |
| Legislative Coordinating Council | 2,162 | 2,162 | Lansing Correctional | 9,213 | 9,213 |
| Legislative Post Audit | 3,890 | 3,890 | Larned Correctional MH | 2,841 | 2,841 |
| Legislative Research Dept. | 6,903 | 6,903 | Norton Correctional | 11,310 | 11,310 |
| Legislature | 12,512 | 12,512 | Topeka Correctional | 6,994 | 6,994 |
| Lottery | -- | 12,097 | Winfield Correctional | 2,703 | 2,703 |
| Racing and Gaming Commission | -- | 8,958 | Juvenile Justice Authority | 5,284 | 5,668 |
| Dept. of Revenue | 65,008 | 90,114 | Atchison Juv. Correctional | 10,992 | 10,992 |
| Revisor of Statutes | 5,300 | 5,300 | Beloit Juv. Correctional | 10,879 | 11,016 |
| Secretary of State | 3,512 | 5,873 | Larned Juv. Correctional | 12,713 | 13,465 |
| Board of Tax Appeals | 9,071 | 9,071 | Topeka Juv. Correctional | 20,172 | 21,072 |
| State Treasurer | 4,441 | 7,016 | Adjutant General | 5,352 | 26,165 |
| Total--General Government | 301,016 | 459,544 | Ombudsman for Corrections | 500 | 500 |
| | | | Emergency Medical Services | 1,707 | 1,707 |
| Human Resources | | | State Fire Marshal | -- | 6,907 |
| Dept. of Social and Rehab. Services | 194,241 | 463,674 | Kansas Highway Patrol | 15,959 | 39,078 |
| Kansas Neurological Institute | 65,545 | 65,545 | KBI | 18,610 | 18,610 |
| Larned State Hospital | 80,759 | 80,759 | Parole Board | 1,114 | 1,114 |
| Osawatomie State Hospital | 53,496 | 53,496 | Sentencing Commission | 1,084 | 1,084 |
| Parsons State Hospital | 54,618 | 54,618 | Total--Public Safety | 187,531 | 244,902 |
| Rainbow State Hospital | 16,016 | 16,016 | | | |
| Dept. on Aging | 20,593 | 20,593 | Agriculture and Natural Resources | | |
| KDHE--Health | 33,835 | 68,459 | Dept. of Agriculture | 34,081 | 43,251 |
| Dept. of Human Resources | 3,884 | 121,302 | Animal Health Dept. | 3,310 | 3,683 |
| Commission on Veterans' Affairs | 31,476 | 31,614 | Conservation Commission | 1,714 | 1,982 |
| Total--Human Resources | 554,463 | 976,076 | KDHE--Environment | 25,388 | 69,590 |
| | | | Kansas State Fair | -- | 2,663 |
| Education | | | Kansas Water Office | 4,185 | 4,355 |
| Department of Education | 18,691 | 36,317 | Kansas Wheat Comm. | -- | 1,168 |
| School for the Blind | 12,422 | 12,422 | Dept. of Wildlife and Parks | 7,140 | 53,154 |
| School for the Deaf | 20,692 | 20,692 | Total--Ag. & Nat. Res. | 75,818 | 179,846 |
| Board of Regents | 150 | 721 | | | |
| Emporia State University | 5,297 | 5,297 | Transportation | | |
| | | | Department of Transportation | 390,677 | 390,677 |
| | | | Total Expenditures | 2,103,407 | 2,865,114 |

* Off Budget = \$74,149

Attachment for Item No. 61
Retirement Reductions

| Agency | FY 2000 | | FY 2001 | | |
|------------------------------------|-----------|-----------|-----------|-------------|------|
| | SGF | All Funds | SGF | All Funds | FTE |
| Dept. of Administration | \$17,716 | \$17,716 | \$54,415 | \$54,415 | 5.0 |
| Dept. of Revenue | -- | 7,262 | -- | 22,880 | 1.0 |
| Social and Rehabilitation Services | 136,949 | 254,466 | 193,191 | 423,037 | 11.5 |
| Kansas Neurological Institute | 8,190 | 8,190 | 29,036 | 29,036 | 1.0 |
| Larned State Hospital | 8,556 | 8,556 | 41,646 | 41,646 | 1.0 |
| Osawatomie State Hospital | 15,576 | 31,151 | 40,375 | 80,750 | 2.0 |
| Parsons State Hospital & T.C. | 15,148 | 30,547 | 18,542 | 52,978 | 2.0 |
| Health and Environment--Health | 3,937 | 59,049 | 5,551 | 128,448 | 3.0 |
| Emporia State University | 10,034 | 10,034 | 28,121 | 28,121 | 1.0 |
| University of Kansas | 27,053 | 27,053 | 62,658 | 62,658 | 2.0 |
| KU Med Center--Education | 25,781 | 25,781 | 37,351 | 37,351 | 4.0 |
| Wichita State University | 6,142 | 10,323 | 19,108 | 52,170 | 1.5 |
| State Historical Society | 9,667 | 9,667 | 25,240 | 25,240 | 1.0 |
| Dept. of Corrections | 4,037 | 4,037 | 10,000 | 10,000 | 1.0 |
| Hutchinson Correctional Facility | 11,356 | 11,356 | 26,747 | 26,747 | 1.0 |
| Topeka Correctional Facility | 9,096 | 9,096 | 48,571 | 48,571 | 1.0 |
| Dept. of Agriculture | 12,444 | 17,704 | 16,582 | 26,069 | 1.0 |
| Health & Environment--Environment | 9,844 | 20,564 | -- | 42,878 | 1.0 |
| Dept. of Transportation | -- | 46,867 | -- | 208,716 | 4.0 |
| Statewide Total | \$331,526 | \$609,419 | \$657,134 | \$1,401,711 | 45.0 |