

February 12, 2004

The Honorable Steve Morris, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Melvin Neufeld, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Morris:

As Governor's Budget Amendment No. 1, I offer the following corrections to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected as accurately as possible. The adjustments correct errors made in posting the detailed budgets or publishing *The FY 2005 Governor's Budget Report*. Errors were identified through a cooperative process involving the Division of the Budget, state agencies, and your fiscal staff. We are thankful for their cooperation and assistance. Total adjustments to expenditures and positions are shown below.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 1,995,001 |
| All Other Funds | <u>412,000</u> | <u>866,120</u> |
| All Funds | \$ 412,000 | \$ 2,861,121 |
| FTE Positions | (73.0) | (3.8) |
| Non-FTE Unclassified Permanent | <u>78.0</u> | <u>78.0</u> |
| Total Positions | 5.0 | 74.2 |

Sincerely,

Duane A. Goossen
Director of the Budget

Attorney General

1. Tort Claims Expenditures

The Attorney General's FY 2005 budget submission included a supplemental request to fund litigation expenses for House Resolution 6003 in FY 2004. The agency requested \$150,000 from the State General Fund and \$150,000 from the Tort Claims Fund. The Governor did not recommend adding funds for these expenditures. However, after reviewing the Attorney General's budget, it was found that only the State General Fund portion of the request had been deleted. This correction to *The FY 2005 Governor's Budget Report* will reduce the \$150,000 that should have been deleted from the Tort Claims Fund in FY 2004.

| | FY 2004 | FY 2005 |
|--------------------|--------------|---------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | (150,000) | -- |
| All Funds | \$ (150,000) | \$ -- |

Racing & Gaming Commission

2. FTE Position Correction

The FTE positions for the Gaming Program of the Racing and Gaming Commission were mistakenly overreported as 25.0 in FY 2005. To correct this overreporting, 1.0 FTE position should be removed from the agency's total FTE position count.

| | FY 2004 | FY 2005 |
|--------------------------------|---------|---------|
| FTE Positions | -- | (1.0) |
| Non-FTE Unclassified Permanent | -- | -- |
| Total Positions | -- | (1.0) |

Banking Department

3. FTE Position Correction

The Banking Department overstated its FTE limitation for FY 2005 by 1.0 FTE position when it submitted its budget on September 15, 2003. The error was discovered only after the Governor's recommendations were published. The total should have been 86.0, instead of 87.0 FTE positions.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------------------|----------------|----------------|
| FTE Positions | -- | (1.0) |
| Non-FTE Unclassified Permanent | <u>--</u> | <u>--</u> |
| Total Positions | -- | (1.0) |

Judiciary

4. Salary Plan Increase

The 3.0 percent salary increase for nonjudicial employees was inadvertently left out of the Judiciary's FY 2005 budget recommendation. Additional funding of \$1,731,930, including \$1,660,852 from the State General Fund, is recommended. This correction to *The FY 2005 Governor's Budget Report* will fund the salary plan at the Judiciary in the same manner as the rest of state government.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 1,660,852 |
| All Other Funds | <u>--</u> | <u>71,078</u> |
| All Funds | \$ -- | \$ 1,731,930 |

Board of Veterinary Medical Examiners

5. Vehicle Purchase Moratorium Correction

As part of the Governor's moratorium on the purchase of vehicles, funds were removed from the FY 2005 budgets of a number of agencies based on their vehicle purchase costs over the past four actual fiscal years. The Board of Veterinary Medical Examiners was reduced by \$19,618 from the agency's fee fund in connection with this effort. It has been discovered that this reduction was in error. Under the methodology used, this agency should have been excluded from the reductions. Therefore, the \$19,618 needs to be restored to the Board's budget.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>--</u> | <u>19,618</u> |
| All Funds | \$ -- | \$ 19,618 |

Larned State Hospital

6. Position Correction in the Sex Predator Treatment Program

Two corrections need to be made to the positions reported for Larned State Hospital. First, the Governor's recommendation included 72.0 FTE positions in FY 2004 to staff the Sex Predator Treatment Program. These positions should be switched from the FTE category to the non-FTE Unclassified Permanent category to reflect accurately how the positions are being filled. Second, the Governor's FY 2005 recommendation did not include the 72.0 positions because this program has grown rapidly and it is uncertain what resources will be needed in FY 2005. However, to acknowledge the likely need for positions in this program, this amendment adds 72.0 non-FTE Unclassified Permanent positions to FY 2005. When the staffing has stabilized, perhaps by FY 2006, these positions can be converted to regular FTE positions. The Governor's FY 2004 revised budget includes supplemental funding of \$2.0 million in addition to base funding of \$3.6 million for the Sex Predator Treatment Program. Any portion of the supplemental funding that is not needed in FY 2004 is intended to be carried forward for FY 2005. If necessary, further funding for FY 2005 will be recommended in a future budget amendment or as supplemental funding when the revised FY 2005 budget is submitted.

| | FY 2004 | FY 2005 |
|--------------------------------|-------------|-------------|
| FTE Positions | (72.0) | -- |
| Non-FTE Unclassified Permanent | <u>72.0</u> | <u>72.0</u> |
| Total Positions | -- | 72.0 |

Department of Human Resources

7. FTE Position Correction

As part of the Governor's recommendations, 2.0 FTE positions were intended to be deleted from the Department of Human Resources in FY 2004 and FY 2005 compared to FY 2003. The funds for these positions were shifted elsewhere in the budget to finance an IT feasibility study that was needed by the agency. However, the FTE reduction was not included in *The FY 2005 Governor's Budget Report*. This amendment reflects the correct FTE position count for the agency, which totals 938.4.

| | FY 2004 | FY 2005 |
|--------------------------------|-----------|-----------|
| FTE Positions | (2.0) | (2.0) |
| Non-FTE Unclassified Permanent | <u>--</u> | <u>--</u> |
| Total Positions | (2.0) | (2.0) |

Kansas Commission on Veterans Affairs

8. FTE Position Correction

The Kansas Commission on Veterans Affairs submitted its budget for FY 2005 with a .8 FTE position reduction for the Kansas Soldiers Home Non-Nursing Home Program. And the Governor's budget included this .8 reduction in the recommendation for FTE positions. The Commission later realized that it had inadvertently reduced one of its full-time employees to a .2 FTE position by making this reduction. It had not, however, reduced the funding for the position. This correction to *The FY 2005 Governor's Budget Report* will restore the total number of FTE positions to 557.8.

| | FY 2004 | FY 2005 |
|--------------------------------|---------|---------|
| FTE Positions | -- | .8 |
| Non-FTE Unclassified Permanent | -- | -- |
| Total Positions | -- | .8 |

Adjutant General

9. BEST Team Reductions

The original calculation of expenditures used for determining reduction amounts for the BEST Team savings inadvertently included expenditures from a federal fund in the Adjutant General's budget. This inclusion created a disproportionately large reduction amount. When the reductions to expenditures were then spread across FY 2005 funding sources, which properly omitted the federal fund, the result was to increase the reduction from both the State General Fund and other funds in correspondingly large amounts. This correction to *The FY 2005 Governor's Budget Report* will restore the correct amount to the Adjutant General's budget.

| | FY 2004 | FY 2005 |
|--------------------|---------|------------|
| State General Fund | \$ -- | \$ 289,085 |
| All Other Funds | -- | 39,424 |
| All Funds | \$ -- | \$ 328,509 |

10. Homeland Security Planners

On January 21, 2004, the Governor signed Executive Directive 04-348, giving the Adjutant General expenditure authority for federal funds for 7.0 non-FTE Homeland Security Planners positions and related expenditures. These planners will provide training on how to prevent and respond to emergency and disaster situations across the state and interjurisdictional areas. The grant will provide \$562,000 in FY 2004 and \$736,000 for FY 2005. This amendment updates the budget for amounts that were not known at the time the Governor's budget was published. No action is needed by the Legislature.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>562,000</u> | <u>736,000</u> |
| All Funds | \$ 562,000 | \$ 736,000 |
| FTE Positions | -- | -- |
| Non-FTE Unclassified Permanent | <u>7.0</u> | <u>7.0</u> |
| Total Positions | 7.0 | 7.0 |

Emergency Medical Services Board

11. FTE Position Limitation

The FTE position limitation of the Emergency Medical Services Board was inadvertently reported as 12.0 in FY 2004 and FY 2005, and the non-FTE position limitation as 1.0 in both fiscal years. The correct FTE position limitation is 13.0 in each year with no non-FTE positions for either year.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------------------|----------------|----------------|
| FTE Positions | 1.0 | 1.0 |
| Non-FTE Unclassified Permanent | <u>(1.0)</u> | <u>(1.0)</u> |
| Total Positions | -- | -- |

Department of Agriculture

12. Salary Plan Increase

The financing included in the Governor's recommendation to implement the pay plan for this agency assumed a greater amount from fee funds than these funds can support. Therefore, proportionally more funding should have come from the State General Fund. This amendment adds \$45,064 from the State General Fund for FY 2005 to ensure that the pay plan is properly financed.

| | <u>FY 2004</u> | <u>FY 2005</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ 45,064 |
| All Other Funds | <u>--</u> | <u>--</u> |
| All Funds | \$ -- | \$ 45,064 |

Animal Health Department

13. FTE Position Correction

FTE positions for FY 2005 were mistakenly overreported as 32.6 in *The FY 2005 Governor's Budget Report*. To correct this error, 1.6 FTE positions should be removed from the agency's total FTE position count. The correct FTE position total is 31.0.

| | FY 2004 | FY 2005 |
|--------------------------------|---------|---------|
| FTE Positions | -- | (1.6) |
| Non-FTE Unclassified Permanent | -- | -- |
| Total Positions | -- | (1.6) |

Selected Agencies

14. Biennial Budget Revenue Transfers

The Governor recommends that the unencumbered balance in excess of \$200,000 at the end of FY 2005 for the fee funds of biennial agencies be transferred to the State General Fund. Since the Governor's budget was published, technical problems with four of the transfers have been discovered. In each case, the amount of the transfer is overstated because of a misreading of the estimated amount available in the fee fund. The language proposed in the appropriations bill to make these transfers would authorize the Director of the Budget to certify the amount of the transfer at the close of FY 2005, when the actual amounts are known. Compared to the amounts reported in the budget, if the transfers were certified using current estimates of fund balances, the transfer from the Dental Board Fee Fund to the State General Fund would be reduced from \$354,960 to \$42,841, the Banking Fee Fund from \$2,704,718 to \$1,751,028, the Credit Union Fee Fund from \$166,705 to \$147,036, and the Optometry Fee Fund from \$16,684 to \$0. This amendment acknowledges the adjustments that will need to be made, but the changes will be made as part of the certification process at the end of FY 2005.