

February 27, 2007

The Honorable Dwayne Umbarger, Chairperson
Senate Committee on Ways and Means
Room 120-S, Statehouse

and

The Honorable Sharon Schwartz, Chairperson
House Committee on Appropriations
Room 514-S, Statehouse

Dear Senator Umbarger:

The items contained in this memo correct errors made in posting the detailed budgets or in publishing *The FY 2008 Governor's Budget Report* that was submitted to you in January 2007.

| | <u>FY 2007</u> | <u>FY 2008</u> |
|--------------------------------|----------------|--------------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>597,105</u> | <u>(2,000,000)</u> |
| All Funds | \$ 597,105 | \$ (2,000,000) |
| | | |
| FTE Positions | 6.00 | 5.00 |
| Non-FTE Unclassified Permanent | <u>(6.00)</u> | <u>(5.00)</u> |
| Total Positions | -- | -- |

Kansas Lottery

1. Position Correction

When the Kansas Lottery submitted its budget in the fall of 2006, it intended to convert all 6.00 of its non-FTE unclassified permanent positions to regular FTE positions. Instead of a staff consisting of 81.00 FTE and 6.00 non-FTE positions, all 87.00 would be regular FTE positions. However, the conversion was inadvertently omitted from the budget, and the error was not caught until after the Governor's budget was released. This correction will report positions for the Lottery the way the agency originally intended.

| | <u>FY 2007</u> | <u>FY 2008</u> |
|--------------------------------|----------------|----------------|
| FTE Positions | 6.00 | 6.00 |
| Non-FTE Unclassified Permanent | <u>(6.00)</u> | <u>(6.00)</u> |
| Total Positions | -- | -- |

Board of Veterinary Examiners

2. KSIP Adjustment

Budget instructions require that agencies budget for all available monies in their Kansas Savings Incentive Program (KSIP) accounts in the current fiscal year. The Board of Veterinary Examiners did not include KSIP funds when it submitted its budget in the fall of 2006. Therefore, \$13,224 was added to the budget to account for these expenditures. However, the correct amount should have been \$10,329. This correction to *The FY 2008 Governor's Budget Report* will reduce \$2,895 from the amount originally included in the budget for FY 2007.

| | <u>FY 2007</u> | <u>FY 2008</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>(2,895)</u> | <u>--</u> |
| All Funds | \$ (2,895) | \$ -- |

Department of Education

3. School Finance Consensus Capital Improvement State Aid

On November 9, 2006, staff from the Department of Education, Division of the Budget, and Legislative Research Department met to review more recent enrollment data, property tax revenues, and local option budget usage in order to update school finance costs. At that meeting, numerous adjustments to the Department's budget were made, and one of those items was an agreement that expenditures for Capital Improvement State Aid would be higher than previously thought in both FY 2007 and FY 2008. This item was previously treated as a demand transfer, but in recent years has been a revenue transfer from the State General Fund.

The adjustment for FY 2007 was \$600,000 and \$500,000 for FY 2008. The FY 2007 adjustment was inadvertently left out of the Governor's recommended budget. In FY 2007, \$600,000 in expenditures should be added to the Department's budget from all funding sources, and the State General Fund revenues should be adjusted in April to account for the transfer of funds as well.

| | <u>FY 2007</u> | <u>FY 2008</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | <u>600,000</u> | <u>--</u> |
| All Funds | \$ 600,000 | -- |

Board of Regents

4. KAN-ED Funding

It was the Governor's intention to include \$8.0 million from the Kansas Universal Service Fund and \$2.0 million from the State General Fund for operation of the KAN-ED broadband network for FY 2008. Instead, \$10.0 million from the Kansas Universal Service Fund and \$2.0 million from the State General Fund were included in the budget. This correction to *The FY 2008 Governor's Budget Report* will remove the overstated \$2.0 million from the Universal Service Fund in the Board of Regents' budget in order to reflect the Governor's recommendation correctly.

| | FY 2007 | FY 2008 |
|--------------------|---------|----------------|
| State General Fund | \$ -- | \$ -- |
| All Other Funds | -- | (2,000,000) |
| All Funds | \$ -- | \$ (2,000,000) |

Department of Agriculture

5. Position Correction

The Governor recommends a budget enhancement for the Department of Agriculture to open an office in southeast Kansas to address water issues related to the Ozark Plateau Aquifer System and the Spring River. This enhancement includes a new Environmental Scientist II position, which was reported as an FTE position. However, the position should be a non-FTE unclassified permanent position. This correction to *The FY 2008 Governor's Budget Report* will accurately reflect the Governor's recommendation for the agency's workforce for FY 2008 in connection with the proposed new program.

| | FY 2007 | FY 2008 |
|--------------------------------|---------|---------|
| FTE Positions | -- | (1.00) |
| Non-FTE Unclassified Permanent | -- | 1.00 |
| Total Positions | -- | -- |

Sincerely,

Duane A. Goossen
Director of the Budget