

April 18, 2008

The Honorable Sharon Schwartz, Chairperson
House Committee on Appropriations
Room 517-S, Statehouse

and

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

Dear Representative Schwartz:

The items contained in this memo, Governor's Budget Amendment No. 1, amend the revised FY 2008 and new FY 2009 budget that I submitted to you in January 2008. Some items correct errors made in posting the detailed budgets or in publishing *The FY 2009 Governor's Budget Report*. The other items reflect new issues that have arisen, caseload adjustments, or changes that can be made based on new information. Several of these items change transfers in and out of the State General Fund. In FY 2008, \$286,018 is taken in, while \$1.5 million is gained in FY 2009. Total adjustments to expenditures and positions are shown below.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 19,547,379	\$ 22,376,623
All Other Funds	<u>(1,282,452)</u>	<u>11,728,572</u>
All Funds	\$ 18,264,927	\$ 34,105,195
FTE Positions	1.00	4.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	1.00	4.00

Department of Administration

1. Ombudsman for Veterans and Soldiers Homes

The state has responsibility for two long-term care facilities, the Soldiers Home and Veterans Home, both under the Commission on Veterans Affairs. In order to ensure the residents of these facilities have someone to intervene when issues arise, I amend my budget to add \$69,320 from the State General Fund and 1.00 long-term care ombudsman FTE position for FY 2009. This new position will help meet the needs of those in our care.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 69,320
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 69,320

	<u>FY 2008</u>	<u>FY 2009</u>
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

Board of Indigents Defense Services

2. Assigned Counsel Caseload Adjustment

I amend my budget to reduce assigned counsel expenditures for the Board of Indigents Defense Services in FY 2009 by \$300,000. This figure was arrived at through a consensus caseload process involving the Division of the Budget, the Kansas Legislative Research Department, and the agency. The revised estimate accounts for a declining caseload and certain judicial districts having agreed to accept a rate lower than the current \$80 per hour.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ (300,000)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ (300,000)

Kansas Public Employees Retirement System

3. Senior Services Trust Fund

I amend my budget to transfer the balance of the Senior Services Trust Fund, approximately \$11,018, to the State General Fund. The Senior Services Trust Fund is associated with the Intergovernmental Transfer program, which no longer exists.

Kansas Technology Enterprise Corporation

4. Expand Pipeline Entrepreneurship Mentoring Program

The Kansas Technology Enterprise Corporation (KTEC) has been notified of the approval of a federal grant from the U.S. Small Business Administration. Therefore, I amend my budget to provide authority to KTEC to spend federal grant monies in both FY 2008 and FY 2009. The grant is for \$442,880, of which \$73,813 will be spent in FY 2008 and \$369,067 will be spent in FY 2009. The grant will enable KTEC to expand its Pipeline Entrepreneurship Mentoring Program to reach a wider audience by developing components which assist universities, offer refined curriculums, develop alumni curriculum and facilitation, and expand the capital attraction component of this program.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u> 73,813</u>	<u> 369,067</u>
All Funds	\$ 73,813	\$ 369,067

Kansas Racing and Gaming Commission

5. Expanded Lottery Act Regulation

The Racing and Gaming Commission is responsible for regulating racetrack gaming facilities and lottery gaming facilities, including the oversight of internal controls and security, background checks, and auditing revenues. The Kansas Expanded Lottery Act requires racetrack and lottery gaming facility managers to pay for the costs of oversight and regulation. However, the Commission will incur expenses for the Lottery Gaming Facility Review Board and other initial regulatory expenses before managers are selected and before they are able to reimburse the Commission for its expenses. The 2007 Legislature approved a \$3.0 million loan from the Pooled Money Investment Board (PMIB) to finance the initial expenses of implementing the Kansas Expanded Lottery Act. However, a number of factors have delayed the opening of racetrack gaming facilities, including contract negotiations, litigation, and the construction and remodeling of gaming facilities. I amend my budget to recommend that the Expanded Lottery Act Regulation Fund in the Kansas Racing and Gaming Commission receive an additional \$2.0 million in loan authority from the PMIB. The additional funds will allow the agency to maintain an adequate cashflow and to provide the required regulation of this new industry. Once the

gaming facility managers are selected, they will be assessed all of the costs of regulation, and the PMIB loan will be repaid with interest. The Commission expects to pay back the loan by the end of FY 2009.

Department of Revenue

6. Ethanol Producer Incentives

I amend my budget to transfer \$1.0 million from the State General Fund to the Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund in FY 2009. By statute, this fund receives \$3.5 million annually from motor fuel tax revenues. Expenditures from this fund provide incentives to ethanol producers at a rate of \$0.075 per gallon. This transfer was made last year for FY 2008 in order to fully fund this incentive for all producers that qualify. It appears that the full \$4.5 million available in FY 2008 for these incentives will be expended. Because it is expected that at a minimum these expenditures will remain level for the next year, I recommend continuing this transfer in FY 2009.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>1,000,000</u>
All Funds	\$ --	\$ 1,000,000

Office of the Securities Commissioner

7. Salary Increase for Investigator Supervisors and Examiners

I amend my budget to recommend increased expenditure authority of \$66,451 from the Securities Act Fee Fund in FY 2009. Investigator Supervisors and Examiner Positions perform similar work to Investigators; however, only Investigator Positions were included in the Executive Directive that authorized salary and wage increases for law enforcement personnel in FY 2008. The agency received approval from the Division of Personnel Services in March 2008 to make adjustments to the salary and wage structure for Investigator Supervisors and Examiner Positions in FY 2009; however, the increased expenditure limitation is necessary to implement the salary and wage increases and maintain pay equity within the agency.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>66,451</u>
All Funds	\$ --	\$ 66,451

Attorney General

8. Tobacco Master Settlement Agreement Compliance

I amend my FY 2009 budget to include \$500,000 from the State General Fund to support enforcement of the tobacco Master Settlement Agreement (MSA). Kansas currently receives approximately \$50.0 million annually through the settlement. Every state involved in the MSA is working to resolve a dispute with the original participating manufacturers. A dispute over enforcement has resulted in decreased payments to states. Kansas, along with the other participating states expects to begin arbitration with the manufacturers to settle the dispute, and the Attorney General needs to be proactive in this action. The \$500,000 will allow the Attorney General to provide a means for continually enhanced enforcement in Kansas, but also to provide outside counsel for arbitration. These funds will assist in ensuring that Kansas continues to receive its share of the settlement, as originally agreed.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 500,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 500,000

9. Water Litigation

I amend my FY 2009 budget to allow the Attorney General to spend \$188,790 from its Interstate Water Litigation Fund on internal operations. My current budget provides a transfer of \$1,560,000 from the Interstate Water Litigation Fund of the State General Fund to the Interstate Water Litigation Fund of the Attorney General. Currently, these funds cannot be used for the agency's internal operating costs; they are used primarily to pay outside counsel. The Attorney General's Office needs the ability to develop and maintain internal expertise and institutional knowledge that will lend to greater control as the two water litigation cases evolve and carry over from one administration to another. This amendment will allow the agency to spend \$188,790 of the already recommended \$1,560,000. The agency intends to use the monies to finance 2.00 Assistant Attorney General FTE positions and related operating expenditures, rather than engage outside legal staff.

	<u>FY 2008</u>	<u>FY 2009</u>
FTE Positions	--	2.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	2.00

10. Funding Switch Correction

I amend my FY 2008 budget to substitute \$41,076 from the Crime Victims Assistance Fund for Crime Victims Compensation Fund—State Operations. In its submitted budget, the Attorney General partially financed 2.00 FTE positions from the Crime Victims Assistance Fund, and these positions should have been fully financed from the Crime Victims

Compensation Fund—State Operations. This correction will report the funding for the two positions the way the agency intends to finance them.

Kansas Health Policy Authority, Social & Rehabilitation Services, and Aging

11. Caseload Adjustments

I amend my FY 2008 and FY 2009 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Health Policy Authority, the Department of Social and Rehabilitation Services, the Legislative Research Department, the Department on Aging, and the Division of the Budget. The consensus estimates include Regular Medical Assistance, Nursing Facilities, Temporary Assistance to Families (TAF), General Assistance, and Reintegration/Foster Care. The estimating group used the budget as approved in 2008 SB 534 as the starting point for the current estimate.

For FY 2008, this amendment includes an increase from all funding sources of \$17.8 million, and an increase of \$19.7 million from the State General Fund. This change in the funding mix is partially the result of changes in the populations that are served and the funding sources that are available for each population. The increase in caseload expenditures is the result of higher Medicaid expenditures in the Regular Medical Assistance Program, mental health programs, addiction and prevention services and community supports and services, and higher than expected growth in the number of residents in Nursing Facilities and Nursing Facilities for Mental Health. The KHPA Regular Medical increase of \$17.0 million from all funding sources is generally tied to increased estimates of the number of beneficiaries and the cost per person. As a result of new federal citizenship verification requirements implemented July 1, 2006, an estimated 18,000 beneficiaries lost benefits. Many of these beneficiaries have now met the verification requirements and are returning to the program. The increase in the required amount of State General Fund is largely due to replacing certified match for Medicaid expenditures in local educational agencies and more accurate accounting for family planning expenditures. The FY 2008 estimate also includes an expenditure increase for the state funded General Assistance Program to reflect an increase in the number of people in the program. The estimate includes a few expenditure reductions attributable to a lower than anticipated increase in the number of children in foster care and a decrease in the number of families in TAF.

For FY 2009, the estimate is an increase of \$20.1 million from all funding sources, and an increase of \$11.9 million from the State General Fund. These adjustments include decreases from all funding sources of \$4.1 million for Temporary Assistance to Families, \$2.7 million for Medicaid mental health services, and \$4.9 million for Reintegration/Foster Care. Increased program expenditures are included for Regular Medical, Nursing Facilities, Nursing Facilities for Mental Health, and addiction and prevention services. The KHPA Regular Medical increase of \$24.7 million from all funding sources is again tied to increased estimates of beneficiaries. The estimate again includes replacing certified match for Medicaid expenditures in local educational agencies and more accurate accounting for family planning expenditures. Also included in FY 2009 is an increase in payments to Children's Mercy Hospital to replace lost disproportionate share payments that resulted from a change in the payment methodology. The estimate does not

include replacement of the \$7.9 million reduction that was included in the Governor's budget for implementing a preferred drug list in the MediKan Program. After the Governor released her budget, the agency changed its estimate for savings that could be realized from that policy change. Increases in programs other than Regular Medical can be attributed to increases in the number of persons served and increases in the cost of services. The estimate for SRS community supports and services is unchanged from the approved amounts.

Health Policy Authority:	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 14,000,000	\$ 7,921,000
All Other Funds	<u>3,000,000</u>	<u>16,800,000</u>
All Funds	\$ 17,000,000	\$ 24,721,000
Dept. of SRS:	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 4,466,400	\$ 1,968,646
All Other Funds	<u>(6,642,843)</u>	<u>(11,614,837)</u>
All Funds	\$ (2,176,443)	\$ (9,646,191)
Dept. on Aging:	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 1,211,000	\$ 2,004,000
All Other Funds	<u>1,789,000</u>	<u>2,996,000</u>
All Funds	\$ 3,000,000	\$ 5,000,000

Department of Social and Rehabilitation Services

12. Grandparents as Caregivers

The Grandparents as Caregivers Program is experiencing slower growth in the current year than was previously estimated. To adjust for the current expenditure estimate and to capture the expected savings, I amend my budget for FY 2008. The new estimate for expenditures is \$705,267 and the expected savings total \$362,246, all from the State General Fund.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ (362,246)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (362,246)	\$ --

Social and Rehabilitation Services—State Hospitals

13. Fee Fund Adjustments

I amend my budget to adjust fee fund expenditure limitations at Osawatomi State Hospital (OSH) and Parsons State Hospital and Training Center (PSH) to fund projected expenditures for FY 2008. The table below details these adjustments for FY 2008.

<u>Agency</u>	<u>SGF</u>	<u>Fee Funds</u>	<u>All Funds</u>
OSH	(\$141,019)	\$541,019	\$400,000
PSH	<u>141,019</u>	<u>(141,019)</u>	<u>--</u>
Total	--	\$400,000	\$400,000

Receipts to the PSH Fee Fund have fallen short of projections for FY 2008. Therefore, \$141,019 from the State General Fund will be transferred from OSH to PSH to cover this shortfall. The expenditure limitation on the PSH Fee Fund will be reduced by a corresponding amount. In addition, OSH projects its expenditures for FY 2008 will be \$400,000 over its current approved budget for FY 2008. To cover these additional expenditures as well as the transfer of \$141,019 to PSH, the expenditure limitation on the OSH Fee Fund will be increased by \$541,019.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>400,000</u>	<u>--</u>
All Funds	\$ 400,000	\$ --

Kansas Health Policy Authority

14. MediKan Preferred Drug List

My original budget recommendation for the Kansas Health Policy Authority (KHPA) included the acceptance of a reduced resource package to implement a preferred drug list in the MediKan Program. The agency's submitted budget stated that \$7,921,000 from the State General Fund could be saved if such a list were implemented. The agency now states that those savings cannot be achieved. However, the agency proposes that by comprehensively managing drug expenditures and utilization in the MediKan Program \$1,321,000 from the State General Fund can be saved. Approximately 68.1 percent of these savings would be realized through tighter management of mental health drugs. I amend my budget to correct KHPA's error and add \$6.6 million from the State General Fund in FY 2009.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 6,600,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 6,600,000

15. Office of Inspector General

Since the Kansas Health Policy Authority submitted its budget last fall, the Inspector General has refined her staffing needs and the budget estimate for FY 2008 and FY 2009. I amend my budget to add \$28,269, including \$9,244 from the State General Fund, in FY 2008, and \$142,250, including \$46,517 from the State General Fund, in FY 2009. I also amend my budget to add 1.00 FTE position for the program in both FY 2008 and FY 2009.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 9,244	\$ 46,517
All Other Funds	<u>19,025</u>	<u>95,733</u>
All Funds	\$ 28,269	\$ 142,250
FTE Positions	1.00	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	1.00	1.00

Department on Aging and Kansas Department of Health and Environment

16. Transfer of Hospital Long-Term Care Survey and Certification Unit

The responsibility for the survey and certification of hospital long-term care units was transferred to the Kansas Department on Aging (KDOA) from the Kansas Department of Health and Environment (KDHE) effective March 1, 2008. Because KDHE has a contract with the Centers of Medicare and Medicaid Services (CMS) through September 30, 2008, to perform this function, KDHE has subcontracted with KDOA to perform these duties from March 1, 2008, through September 30, 2008. Beginning on October 1, 2008, CMS will contract directly with KDOA. Therefore, I amend my budget to increase expenditures at KDOA by \$405,270, of which \$74,949 is from the State General Fund, in FY 2009 for the administration of the survey and certification of hospital long-term care units. In addition, the position limitation of KDOA will be increased by 5.00 FTE positions. My amendment will reduce expenditures in the budget of KDHE by corresponding amounts.

Aging:

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 74,949
All Other Funds	<u>--</u>	<u>330,321</u>
All Funds	\$ --	\$ 405,270
FTE Positions	--	5.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	5.00

Health & Environment:

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ (74,949)
All Other Funds	<u>--</u>	<u>(330,321)</u>
All Funds	\$ --	\$ (405,270)
FTE Positions	--	(5.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(5.00)

In addition, I amend my budget to add expenditures of \$51,212, of which \$22,800 is from the State General Fund, for the purchase of four vehicles by KDOA in FY 2008. Additional vehicles will be necessary to provide transportation for the Health Facility Surveyor positions that have been transferred from KDHE to KDOA. Currently, KDHE uses rental vehicles for its surveyors which would be less cost effective for KDOA than purchasing the needed vehicles.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 22,800	\$ --
All Other Funds	<u>28,412</u>	<u>--</u>
All Funds	\$ 51,212	\$ --

Kansas Commission on Veterans Affairs

17. Adjustment to Federal Fund Expenditure Limitation

In March 2008, Kansas Commission on Veterans Affairs received notice from the federal government that the maximum amount of reimbursements the agency is eligible to receive for conducting surveys of educational institutions in Kansas will be increased by \$27,957 in FY 2008 and \$61,730 in FY 2009. In order for the agency to receive these reimbursements, the expenditure limitations to the Commission on Veterans Affairs Federal Fund must be adjusted for both fiscal years. These adjustments to *The FY 2009 Governor's Budget Report* will allow the agency to conduct additional surveys and claim the full amount of federal funds available.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>27,957</u>	<u>61,730</u>
All Funds	\$ 27,957	\$ 61,730

Board of Regents

18. Postsecondary Education Institutions Infrastructure Bonds

I amend my budget to finance the FY 2009 debt service on the Postsecondary Education Institutions Infrastructure bonds. These bonds were approved during the 2007 Legislative Session and issued in March 2008 to finance capital improvements at technical institutions, community colleges, and Washburn University. The total amount of debt service, \$3,180,469, is appropriated to the Board of Regents from the State General Fund; however, the principal is paid by the institution into a special revenue account of the Board of Regents. The principal, \$2.5 million, will then be transferred from the Board of Regents to the State General Fund in FY 2009. The interest remains an obligation of the state. When the Board of Regents' budget was submitted, the amount of program participation by institutions and the cost of debt service were inadvertently left out.

	FY 2008	FY 2009
State General Fund	\$ --	\$ 3,180,469
All Other Funds	--	--
All Funds	\$ --	\$ 3,180,469

Department of Corrections

19. Inmate Benefit Fund Expenditures

After submitting its budget, the Department of Corrections identified additional resources totaling \$614,000 from the agency's Inmate Benefit Fund. The Department of Corrections proposed the following expenditures for FY 2009: \$66,000 for ADA compliant vans to transport handicapped inmates; \$96,000 for inmate telephone contract consultants; \$288,000 for offender program contract increases; and \$164,000 for house building programs at Ellsworth and Hutchinson correctional facilities. These amounts were inadvertently left out of *The FY 2009 Governor's Budget Report*.

	FY 2008	FY 2009
State General Fund	\$ --	\$ --
All Other Funds	--	614,000
All Funds	\$ --	\$ 614,000

20. Additional Federal Funds

I amend my budget to account for the receipt of additional federal funds in FY 2008 and FY 2009 that will be used to partially finance the inmate health care contract. For FY 2008, the Department of Corrections estimated receiving a federal grant of \$362,000 from the State Criminal Alien Assistance Program. However, the agency received \$436,819, an increase of \$74,819. As a result, the budget from the State General Fund used to finance the contract in FY

2008 can be reduced by \$74,819. The Department estimates it will receive an identical amount of additional federal funding for FY 2009; therefore, the same adjustment may be made.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ (74,819)	\$ (74,819)
All Other Funds	<u>74,819</u>	<u>74,819</u>
All Funds	\$ --	\$ --

Juvenile Justice Authority

21. Salary Enhancements at the JJA Correctional Facilities

The Juvenile Justice Authority signed a collective bargaining agreement to increase the pay of the Juvenile Correctional Officer (JCO) I classification. The JCO I classification will receive a 2.5 percent pay increase during FY 2009. I amend my budget to add \$209,424 from the State General Fund to implement the pay increase for FY 2009.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 209,424
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 209,424

22. Federal Grant Match

The Juvenile Justice Authority has received a federal sex offender treatment grant for FY 2009. In order to receive the grant there must be state matching funds. I amend my budget to add \$252,066 from the State General Fund in FY 2009 to provide state matching funds for the \$440,609 federal grant.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ 252,066
All Other Funds	<u>--</u>	<u>440,609</u>
All Funds	\$ --	\$ 692,675

23. Juvenile Detention Facilities Fund Expenditure Increase

The Juvenile Justice Authority's budget submitted last fall erroneously reduced the Juvenile Detention Facilities Fund expenditure limitation below the approved level of funding. I amend my budget to increase the budget by \$306,365 for FY 2008 to ensure agency operations may continue.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>306,365</u>	<u>--</u>
All Funds	\$ 306,365	\$ --

State Fire Marshal

24. State General Fund Transfers

The Fire Marshal Fee Fund's carryover balance has been declining over the past few years. Currently, the Director of the Budget is authorized to transfer monies from the Hazardous Materials Emergency Fund to the Fire Marshal Fee Fund; however, because of the flooding in southeast Kansas last spring and the tornado in Greensburg last May the Hazardous Materials Emergency Fund balance is also declining. I amend my budget to authorize the Director of the Budget to loan monies from the State General Fund to the Fire Marshal Fee Fund if there are cash flow issues during FY 2009. The State Fire Marshal would be required to pay back any loans within one year and the aggregate amount could not exceed \$500,000 during FY 2009.

Kansas Highway Patrol

25. Fuel Costs

The Kansas Highway Patrol is estimating that troopers will drive 15 million miles and consume 1 million gallons of motor vehicle fuel per year. To finance rising fuel costs, I amend my budget to add \$275,000 in FY 2008, all from the State General Fund. A corresponding transfer will be made from the State Highway Fund to the State General Fund to finance this expense.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ 275,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 275,000	\$ --

26. KHP Operations Fund Adjustments

The Kansas Highway Patrol (KHP) was approved \$825,000 by the 2007 Legislature for a three-year plan designed to upgrade the in-car cameras used by the troopers from analog to digital. Because of the timing of selecting an appropriate camera system, the first payments will not be made until FY 2009. I amend my budget to lower the expenditure limitation on the KHP Operations Fund by \$825,000 in FY 2008 and increase it by the same amount in FY 2009.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>(825,000)</u>	<u>825,000</u>
All Funds	\$ (825,000)	\$ 825,000

Kansas Department of Wildlife and Parks

27. Funding Authorization for Flood Repair

I amend my budget to increase the expenditure limitation on the Wildlife Fee Fund of the Kansas Department of Wildlife and Parks by \$400,000 for FY 2008. This amount will be combined with an existing \$300,000 balance from Wildlife Fee Fund monies that were authorized for wildlife area flood repairs by the State Finance Council in October 2007. The agency will then use the total amount of \$700,000 to complete repairs for flood damage to the inlet channels at the Cheyenne Bottoms Wildlife Area.

	<u>FY 2008</u>	<u>FY 2009</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>400,000</u>	<u>--</u>
All Funds	\$ 400,000	\$ --

Message on Early Childhood

Early Childhood Block Grant

My original budget proposed that new receipts from the nationwide tobacco settlement be used to fund early childhood programs, but the Legislature has delayed decisions on how to use the new money. Kansas has now received the first "Strategic Contribution Fund" payment and the payment is considerably higher than originally estimated. Even with the changes the Legislature has already made in the main appropriations bill, the Children's Initiatives Fund now has enough resources to allow full approval of my recommendations for Kansas Early Childhood Block Grants. The program will be administered by the Children's Cabinet and will provide grants to school districts, child care centers, Early Head Start sites, Head Start sites, and community-based programs that provide research-based child development services for at-risk infants, toddlers, and their families. I strongly urge the Legislature to appropriate \$5.0 million from the Children's Initiatives Fund in FY 2008 and \$18.0 million in FY 2009 for these grants.

Sincerely,

Kathleen Sebelius
Governor of the State of Kansas