

February 17, 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 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 2001 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 are shown below. The net effect is to increase the FY 2000 ending balance of the State General Fund by \$170,768. The balance at the end of FY 2001 is decreased by \$105,066. The adjustments add 7.8 FTE positions to FY 2001.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	(\$ 170,768)	\$ 275,834
All Funds	(\$ 565,226)	(\$ 904,968)

Sincerely,

Duane A. Goossen
Director of the Budget

Kansas Lottery

1. Salaries & Wages Technical Correction

A total of \$93,032 from the Lottery Operating Fund is increased in the budget of the Kansas Lottery in FY 2000. When the agency submitted its budget in September 1999, a revised estimate for salaries and wages was included to reflect an updated calculation of these costs. However, these adjustments were inadvertently left out of the Governor's recommendation, as published.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>93,032</u>	<u>--</u>
All Funds	\$ 93,032	\$ --

Kansas Corporation Commission

2. Motor Carrier License Fee Fund, KSIP Account

A total of \$20,918 from the Kansas Savings Incentive Program account of the Motor Carrier License Fees Fund is removed from the FY 2001 budget of the Kansas Corporation Commission for capital outlay. This reduction to *The FY 2001 Governor's Budget Report* will correct an overfunding from this account.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(20,918)</u>
All Funds	\$ --	(\$ 20,918)

Kansas Department of Revenue

3. Retirement Reduction Correction

In the FY 2001 budget for the Department of Revenue, 2.0 FTE positions that should have been deleted under the Retirement Reduction Program were inadvertently left in. Therefore, the FTE limitation should be 1,157.0 instead of 1,159.0.

State Treasurer's Office

4. Local Ad Valorem Tax Reduction (LAVTR) Payments

The Governor recommended \$58,072,063 from the State General Fund in FY 2000 for the LAVTR demand transfer payment. The FY 2001 recommendation of \$54,297,378 represents a 6.5 percent reduction from the FY 2000 amount. The second and final LAVTR transfer payment for FY 2000 was made after the Governor's budget was presented to the Legislature. The second payment was \$169,092 less than had been expected, resulting in a total FY 2000 amount of \$57,902,971. This correction to *The FY 2001 Governor's Budget Report* changes FY 2000 to the actual payment and adjusts the FY 2001 payment to \$54,139,278 accordingly.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	(\$ 169,092)	(\$ 158,100)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	(\$ 169,092)	(\$ 158,100)

Social and Rehabilitation Services

5. Expansion of Services for Battered Women

A total of \$590,445 was left out of *The FY 2001 Governor's Budget Report* for the statewide expansion of services, targeting victims of domestic violence who are currently receiving assistance from the Temporary Assistance for Families Program. By making specialized services available from the point of application, participants who have been battered are able to take advantage of work program activities more effectively and consistently, enter and retain employment, and avoid returning to assistance because of violence. A pilot program was begun in FY 2000 at the Topeka Area Office, and this recommendation expands the domestic violence prevention project to eight new sites.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
TANF Fund	<u> --</u>	<u>590,445</u>
All Funds	\$ --	\$ 590,445

6. Retirement Reduction Correction

A total of 2.2 FTE positions whose incumbents retired under the Retirement Reduction Program and were not restored in FY 1999 were left in *The FY 2001 Governor's Budget Report*. The money budgeted for these positions has already been captured and the FTE position limitation should be adjusted accordingly. As a result, the recommended FTE positions should total 3,896.6 in FY 2001.

7. Federal Dollars Not Deleted

In the Substance Abuse, Mental Health and Developmental Disabilities Commission of the SRS budget, funding of \$750,000 from the State General Fund was reduced in both FY 2000 and FY 2001 to eliminate a case management program for the homeless. However, federal matching funds of \$509,147 in FY 2000 and \$440,000 in FY 2001 were not reduced. This correction to *The FY 2001 Governor's Budget Report* will delete these amounts from the agency's budget.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
Federal Medicaid Fund	(509,147)	(440,000)
All Funds	(\$ 509,147)	(\$ 440,000)

Department of Human Resources

8. Renovation of Agency Headquarters

The Department has been given approval to proceed with renovation of its headquarters in FY 2001. An architect's review has been undertaken and the agency will bond the \$1.9 million project, with debt service to be paid from federal funds. In *The FY 2001 Governor's Budget Report*, the \$1.9 million was shown as the budgeted expenditure for the entire project. Instead, the projected debt service should have been shown, which is currently estimated to be \$248,707 in FY 2001. The correction to the budgeted expenditures changes the \$1,905,000 to non-reportable expenditures and shows the debt service in its place. This correction to *The FY 2001 Governor's Budget Report* will reduce the reportable budgeted expenditures of the agency in FY 2001.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	--	(1,656,293)
All Funds	\$ --	(\$ 1,656,293)

Regents Universities

9. Retirement Fringe Benefit Calculations

The Governor's recommendations regarding the KPERS Death and Disability Benefit were incorrectly calculated for those employees under the Regents Retirement System (commonly referred to as TIAA). Removing the 0.6 percent for the proposed one-year moratorium on employer contributions is a 5.82 percent reduction to the fringe rate, rather than the 7.4 percent originally calculated. The corrections to *The FY 2001 Governor's Budget Report*, noted below by university, will increase total expenditures of the agencies in FY 2001.

University of Kansas	\$119,389
University of Kansas Medical Center	58,841
Kansas State University	85,279
KSU—ESARP	26,547
KSU—Veterinary Medical Center	9,293
Wichita State University	15,183
Emporia State University	22,445
Pittsburg State University	26,043
Fort Hays State University	<u>21,641</u>
Total	\$384,661

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ 384,661
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 384,661

Pittsburg State University

10. Retirement Reduction Correction

A total of 1.0 FTE position was, by error, not deleted from the University's budget in FY 2001 when the University experienced a retirement in FY 2000. This correction to *The FY 2001 Governor's Budget Report* will reduce the University's FTE positions by 1.0.

Kansas State University—ESARP

11. Federal Retirement Benefits

When calculating changes to the KPERs contribution for this agency, an incorrect change was made to the benefits of Extension employees who are under one of two federal retirement programs rather than KPERs. The changes recommended under the Governor's budget should not have affected these fringe benefits; therefore, \$49,273 should be restored to this agency's budget from the State General Fund. This correction to *The FY 2001 Governor's Budget Report* will increase total expenditures of the agency in FY 2001.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ 49,273
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 49,273

Kansas School for the Blind

12. KSIP Account Overfunding

For FY 2000, the Governor intended to recommend that the agency expend \$10,000 from its State General Fund KSIP account. However, the recommendation incorrectly allowed the school to expend \$11,676, or \$1,676 in KSIP funds that were not actually available. This correction to *The FY 2001 Governor's Budget Report* adjusts the FY 2000 expenditures accordingly.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	(\$ 1,676)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	(\$ 1,676)	\$ --

Department of Corrections

13. Additional FTE Positions

A total of 12.0 FTE positions and the salaries and wages supporting them were eliminated from the correctional facilities listed below in the Governor's original recommendation. After the recommendation was published, however, the Department requested restoration of the positions but without the applicable dollars. Therefore, the Governor amends *The FY 2001 Governor's Budget Report* to restore the 12.0 FTE positions to the correctional facilities' budgets.

	<u>FY 2001</u>
Ellsworth Correctional Facility	2.0
El Dorado Correctional Facility	1.0
Hutchinson Correctional Facility	1.5
Lansing Correctional Facility	2.5
Larned Correctional Mental Health Facility	1.0
Norton Correctional Facility	2.0
Topeka Correctional Facility	1.0
Winfield Correctional Facility	<u>1.0</u>
Total	12.0

Department of Wildlife and Parks

14. Retirement Reduction Correction

A total of \$50,953 from the Wildlife Fee Fund along with 1.0 FTE position are added to the FY 2001 budget for salaries and wages in the Department of Wildlife and Parks. This

position and the associated funding were originally part of the approved budget as FY 2000 began. However, they were omitted from the budget estimate that the agency submitted in September 1999, and the omission was not discovered until after the Governor's budget was published.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>50,953</u>
All Funds	\$ --	\$ 50,953

15. Restore Funding

A total of \$21,657 from the Federal Grants Fund is added to the FY 2000 budget of the Department of Wildlife and Parks, and \$340,668 from the Wildlife Fee Fund is added to the FY 2001 budget for other operating expenditures. These funds were intended to be part of the Governor's recommendation but were inadvertently omitted. These additions to *The FY 2001 Governor's Budget Report* will correct the underfunding.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>21,657</u>	<u>340,668</u>
All Funds	\$ 21,657	\$ 340,668

16. Boating Fee Fund, KSIP Account

The Governor's recommendation was intended to include \$45,657 from the main account of the Boating Fee Fund for FY 2001 for capital outlay. However, this expenditure was inadvertently attributed to the Kansas Savings Incentive Program account of the Boating Fee Fund. When the error was discovered, the expenditure from the Boating Fee Fund was reported correctly, but the KSIP account should have been reduced by the same amount.

	<u>FY 2000</u>	<u>FY 2001</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(45,657)</u>
All Funds	\$ --	(\$ 45,657)