

April 19, 2001

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

and

The Honorable Kenny Wilk, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

Dear Senator Morris:

I amend my budget to increase State General Fund expenditures by \$6,038,709 for FY 2001 and by \$29,516,717 for FY 2002. These adjustments will result in a decrease of \$35,555,426 in the balance of the State General Fund by the end of FY 2002. My amended budget will cause a net increase of 2.0 in the number of positions in state government in FY 2001 and a net increase of 46.0 positions for FY 2002. With this memorandum, I submit the attached amendments to my budget recommendations.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 6,038,709   | \$ 29,516,717  |
| All Funds          | \$ 12,251,825  | \$ 83,484,359  |
| FTE Positions      | 143.0          | 306.4          |
| Other Unclassified | <u>(141.0)</u> | <u>(260.4)</u> |
| Total Positions    | 2.0            | 46.0           |

In addition to the amendments to my budget recommendations, I urge the Legislature to restore funding of \$52,538 from the State General Fund. When combined with federal VOI/TIS funds of \$472,841, a total of \$525,379 would be available in FY 2001 to fund day reporting centers (DRCs) at the Department of Corrections. DRC site location negotiations with these two cities continue, and there still is a possibility that these two DRCs will open in FY 2001. These funds would pay for operations of the Kansas City DRC for 61 days and the Wichita DRC for 30 days in FY 2001. As a result, these funds should be restored.

Sincerely,

BILL GRAVES  
Governor

## 1. Correct EDIF Overspending

Estimated expenditures from the Economic Development Initiatives Fund over the two-year period encompassing FY 2001 and FY 2002 currently exceed anticipated resources by \$2,928,365. This problem originated from an understatement of the amount of transfers to be made out of the fund in FY 2001, which, in turn, made the carryover balance from FY 2001 to FY 2002 too high. Ultimately, that led to the assumption that more funds were available to be spent in FY 2002 than actually were. Accordingly, all funds thought to be available in FY 2002 were recommended to be spent, thus overcommitting the fund. To bring the fund back into balance, I recommend the following adjustments to revenues and expenditures.

|  | <u>FY 2001</u> | <u>FY 2002</u>    |
|--|----------------|-------------------|
| Revenue:                                 |                |                   |
| Interest Earnings—Unanticipated Increase | \$ 300,000     | \$ 250,000        |
| Water Plan Fund—Reduce EDIF Transfer     | --             | 361,820           |
| Commerce & Housing—Released Encumbrances | 1,413,800      | --                |
| KTEC— Released Encumbrances              | <u>29,500</u>  | <u>--</u>         |
|  | \$ 1,743,300   | \$ 611,820        |
| Expenditures:                            |                |                   |
| Commerce & Housing—Program Savings       | (\$ 51,200)    | \$ --             |
| Commerce & Housing—Moving Cost Shift     | 11,100         | --                |
| Board of Regents—Error Correction        | --             | ( 33,145)         |
| Wildlife and Parks—Federal Fund Offset   | <u>--</u>      | <u>( 500,000)</u> |
| Total                                    | (\$ 40,100)    | (\$ 533,145)      |

Interest earned by the EDIF in FY 2001 and FY 2002 is now expected to surpass my original estimate of \$750,000 in each year. Therefore, I amend my recommendation to increase interest earnings by \$300,000 to \$1,050,000 in FY 2001 and \$250,000 to \$1.0 million in FY 2002. In addition, the current estimate of available funds in the State Water Plan Fund for FY 2001 and FY 2002 is higher than originally estimated by the consensus water plan estimating group in late September of last year. Consequently, my recommended State Water Plan expenditures can still be funded while reducing the \$2.0 million statutory transfer from the EDIF to the State Water Plan Fund by a total of \$361,820 in FY 2002. The additional revenue will be received from the State Conservation Commission in released State Water Plan Fund encumbrances for grants to local governments for capital improvement projects. The Department of Commerce and Housing will release \$1,413,800 in encumbered funds from previous years, resulting in an increase of available funds by this amount for FY 2001. This is the result of unexpended balances by grantees in a variety of programs. The Kansas Technology Enterprise Corporation will also release \$29,500 in encumbered funds from previous years as a result of savings in the Industrial Agricultural Grant Program for FY 2001, which was transferred to Commerce and Housing. The encumbered funds remained in KTEC when the transfer was made.

Expenditures will decrease by \$51,200 in FY 2001, the majority of which is a decrease in the Department of Commerce and Housing's film production incentives. However, the agency's EDIF expenditures will increase by \$11,100 as a result of changing the funding source for

moving expenses from federal funds to the EDIF. The Board of Regents' reduction in expenditures of \$33,145 represents the correction of an overstatement of expenditures, thus providing savings in the EDIF. In addition, my original recommendation would have provided \$500,000 in EDIF financing for the Local Outdoor Recreation Grant Program in the Department of Wildlife and Parks. However, the Department has now received a federal Land and Water Conservation Fund Stateside Grant that will allow for an alternative financing source for this program. Receipt of the grant will allow \$500,000 in EDIF expenditures to be offset by the same amount in federal funds.

In addition to the released encumbrances of \$361,820 in the State Water Plan Fund to correct the overcommitment problem with EDIF funding, as described above, additional funds of \$250,000 are available from the same program savings in the Conservation Commission and through increased revenues. Therefore, I amend my budget recommendation to use these funds to offset State General Fund operating expenditures in the FY 2002 in the budget of the Conservation Commission.

|                          |                |                |
|--------------------------|----------------|----------------|
| Commerce & Housing:      | <u>FY 2001</u> | <u>FY 2002</u> |
| State General Fund       | \$ --          | \$ --          |
| Federal Funds            | ( 11,100)      | --             |
| EDIF                     | ( 40,100)      | --             |
| All Funds                | (\$ 51,200)    | \$ --          |
| <br>                     |                |                |
| Board of Regents:        | <u>FY 2001</u> | <u>FY 2002</u> |
| State General Fund       | \$ --          | \$ --          |
| EDIF                     | --             | ( 33,145)      |
| All Funds                | \$ --          | (\$ 33,145)    |
| <br>                     |                |                |
| Wildlife & Parks:        | <u>FY 2001</u> | <u>FY 2002</u> |
| State General Fund       | \$ --          | \$ --          |
| Federal Funds            | --             | 500,000        |
| EDIF                     | --             | ( 500,000)     |
| All Funds                | \$ --          | \$ --          |
| <br>                     |                |                |
| Conservation Commission: | <u>FY 2001</u> | <u>FY 2002</u> |
| State General Fund       | \$ --          | (\$ 250,000)   |
| Water Plan Fund          | --             | 250,000        |
| All Funds                | \$ --          | \$ --          |

## Department of Commerce and Housing

### 2. Section 8 Housing Contracts

The U.S. Department of Housing and Urban Development (HUD) has made an offer to the Kansas Department of Commerce and Housing to take over administration of Section 8 rental assistance contracts assigned in Kansas. Under Section 8, low-income tenants receive rental assistance. I amend my budget to authorize the Department of Commerce and Housing to accept HUD's offer to administer these contracts. Along with this new responsibility comes financing of \$36,556,296. Fees generated from this activity will cover the cost of 13.0 additional FTE positions as well as other operating costs. I also authorize the Department to transfer fees in excess of expenses from this program into the Kansas Housing Trust Fund for future housing investment in Kansas.

|                    | FY 2001 | FY 2002       |
|--------------------|---------|---------------|
| State General Fund | \$ --   | \$ --         |
| All Other Funds    | --      | 36,556,296    |
| All Funds          | \$ --   | \$ 36,556,296 |

## Kansas Lottery

### 3. Transfer Language on Gaming Revenues Fund

During the 2000 Legislative Session, the Legislature amended substantive law to allow the Kansas Lottery to transfer 20.0 percent of pull-tab ticket sales to the State Gaming Revenues Fund as an exception to the standard amount of 30.0 percent. However, the FY 2001 Omnibus appropriations bill did not include the 20.0 percent transfer rate for pull-tab ticket sales. I amend my budget to conform language in the FY 2002 regular appropriations bill to current substantive law, which will allow the Kansas Lottery to transfer 20.0 percent of pull-tab ticket sales to the State Gaming Revenues Fund in FY 2001 and each year thereafter.

## Board of Healing Arts

### 4. Salary Correction

A total of \$23,709 from the Board of Healing Arts' Fee Fund was not included in its budget because of an error in the calculation of salaries and wages for FY 2003. This correction to my original recommendations will add the proper amount to the agency's budget.

### Health Care Stabilization Fund

#### 5. Salary Correction

A total of \$4,768 from the Health Care Stabilization Fund was not included in the budget of the Health Care Stabilization Board of Governors because of an error in the calculation of salaries and wages. This correction to my original recommendations will add the proper amount to the agency's budget.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>--</u>      | <u>4,768</u>   |
| All Funds          | \$ --          | \$ 4,768       |

### Banking Department

#### 6. Shrinkage Correction

Totals of \$24,485 and \$24,948 were inadvertently left out of the Office of the State Bank Commissioner's budget recommendation for FY 2002 and FY 2003 when the shrinkage rate for the Division of Banking was calculated. This correction to my original recommendations will add these amounts to the agency's budget.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>--</u>      | <u>24,485</u>  |
| All Funds          | \$ --          | \$ 24,485      |

### Legislative Division of Post Audit

#### 7. Statewide Financial Compliance Audit

The Post Audit Division bids the statewide financial compliance audit every three years. The agency, which received bids in late December 2000 now indicates that the contract work will cost \$48,000 less than originally estimated. As a result, I recommend removing this amount from the agency's FY 2002 budget.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | (\$ 48,000)    |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | (\$ 48,000)    |

## Legislative Coordinating Council

### 8. KPERS Financial Audit

The Legislative Coordinating Council's original budget request contained \$100,000 to conduct an audit of KPERS finances in FY 2002, as required by law. 2001 HB 2056, which I signed into law on March 1, 2001, appropriates \$150,000 in FY 2001 for this audit. The \$100,000 included in my original budget is no longer needed, and I therefore recommend removing it from my FY 2002 budget.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | (\$ 100,000)   |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | (\$ 100,000)   |

## Secretary of State

### 9. Census Contract Payment

I amend my budget to add \$45,819 from the State General Fund for FY 2002. This funding will finance the third of four payments to a vendor who is providing redistricting support services for the multi-year census adjustment project. The contract was actually executed by the Legislature, but the Secretary of State is obligated to reimburse the Legislature for those programming expenses associated with its duties under the *Kansas Constitution*. The agency inadvertently did not include this expenditure in its FY 2002 budget request and did not realize it until after I released my budget recommendations.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 45,819      |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 45,819      |

## Department of Revenue

### 10. Increase Compliance Activities

I amend my budget to add \$2,971,382 from the State General Fund for FY 2002. The recommendation will allow the Department to collect \$23.0 million in additional annual compliance revenues for the State General Fund. The recommendation includes 27.0 new FTE positions and funding for 29.0 vacant positions for FY 2002 and a total of \$2,045,993 in salaries and wages to perform the increased collection effort. The Department indicates receivables have also been identified during the current tax season that could be pursued with these positions. The recommendation also will fund 12.0 contract employees at \$488,571 and \$436,818 in other

operating expenditures. The Department states that, with the additional resources, it could also collect \$17.0 million in increased revenues each fiscal year from 2002-2005. The total increase in revenues for FY 2002, therefore, will be approximately \$40.0 million.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 2,971,382   |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 2,971,382   |

## Department of Administration

### 11. Architectural Services Operating Expenditures

The Division of Architectural Services is anticipating a shortfall of revenue to the Architectural Services Recovery Fund. This fund finances a significant portion of the Division's operating budget and depends on revenue primarily from two sources: a 1.0 percent fee on state capital improvement projects for which the Division provides project management services and a 6.0 percent fee for architectural design services provided to state agencies on their capital projects. The revenue shortfall, estimated to be \$528,466 over FY 2001 and FY 2002, has occurred because a number of projects have been delayed or cancelled. After re-examining its budget and determining that some expenditures can be delayed or eliminated, the shortfall can be reduced to \$170,000.

I amend my budget to close this gap through two steps. First will be to increase the fee charged for architectural design services from 6.0 to 8.0 percent, which will raise approximately \$120,000. The second will be to shift the funding for payment of a \$50,000 tort claim from the Architectural Services Recovery Fund, where it currently is under the Governor's recommendation, to the Construction Defects Recovery Fund. The funds will be transferred from the Construction Defects Recovery Fund to the Architectural Services Recovery Fund and spent out of the latter fund, which already includes the necessary expenditure authority.

### 12. Bonding Authority for Improvements to State Facilities

I amend my budget to grant \$8.95 million in bonding authority for the following capital improvements: Capitol complex consolidation (Landon State Office Building "backfill"), Capitol complex steam system upgrades, Social and Rehabilitation Services Staff Development and Training Center (Brigham Building at the State Complex—West), Department of Health and Environment lab remodeling (Forbes Building #740), and Kansas Services for the Blind housing (Woodward Building at the State Complex—West). With the exception of the Capitol complex steam system upgrades, all of these projects have been initiated since the Department submitted its budget last fall. Portions of the Capitol complex steam system upgrade are proposed to be bonded, instead of financed with cash, as in my original recommendation. This will improve the cashflow of the State Buildings Operating Fund, the source of financing for these projects. The following is a summary listing of the projects followed by a brief description.

|  |                |
|--|----------------|
| Capitol Complex Consolidation (LSOB “Backfill”)            | \$3,500,000    |
| Capitol Complex Steam System Upgrades                      | 1,500,000      |
| SRS Staff Development & Training Center (Brigham Building) | 2,100,000      |
| KDHE Lab Remodeling (Forbes Building #740)                 | 1,050,000      |
| Kansas Services for the Blind Housing                      | <u>800,000</u> |
| Total  | \$8,950,000    |

The Capitol complex consolidation (Landon State Office Building “backfill”) will involve remodeling the Landon State Office Building after KDHE moves to the new Signature Office Building. The remodeling will accommodate the needs of new agencies that will relocate to Landon from private sector leased facilities in Topeka as part of the Capitol complex consolidation plan. The funds will cover the cost of the necessary space planning, architectural and engineering design, construction, relocation, loss of rent income, and initial rent increases to relocate the agencies.

The Capitol complex steam system upgrades will develop a steam heat boiler system for the new Signature Building. Steam for heating the buildings in the Capitol complex is generated in the basement of the Docking Building. With the new Signature Building coming on line, modifications need to be made to the steam generating capacity of the existing system. Some of the work to be done will be the addition of new equipment, such as a new steam boiler, but other modifications involve a re-configuring of parts of the whole system to accommodate the changes, such as the capacity of the lines.

The Staff Development and Training Center will remodel the unoccupied Brigham Building at the State Complex—West for use by SRS. The remodeling will accommodate the needs of the staff development and training operations currently housed in the Perry-Feldman Building located in the portion of the State Complex—West property sold to Unified School District 501. The school district has requested the Department of Administration, as a requirement of the sale, to vacate and demolish the Perry-Feldman Building by March 1, 2002. The funds will cover the cost of the architectural and engineering design as well as construction to remodel the Brigham Building for SRS use.

The KDHE lab remodeling in Forbes Building #740 will remodel the building to accommodate the needs of the remaining KDHE laboratory operations. The funds will allow the Department of Administration to improve the building efficiency by replacing the windows and roof and making needed improvements to the parking lot. The funds will cover the cost of the necessary architectural and engineering design as well as construction.

The Kansas Services for the Blind Housing will provide funds to remodel either the unoccupied Woodward or Kirkbride Buildings at the State Complex—West for use by Blind Services to house their clients when attending training at the Rehabilitation Center for the Blind. The remodeling will accommodate the dormitory operations currently housed in the southeast corner of the State Complex—West property that is optioned to MRV developers. The developer has requested the Department of Administration, as a requirement of the property transaction, to vacate the buildings on the Blind Services campus. The funds will cover the architectural and engineering design as well as construction.



The following is suggested proviso language to carry out the intent of this amendment:

( ) In addition to the other purposes for which expenditures may be made by the above agency from the state buildings operating fund for fiscal year 2002, as authorized by subsection (j) of section 62 of 2001 Senate Bill No. 57, expenditures may be made by the above agency from the following capital improvement account or accounts of the state buildings operating fund during fiscal year 2002 for the following capital improvement project or projects, subject to the expenditure limitations prescribed therefor:

Capitol complex improvements—debt service.....No limit

*Provided*, That the department of administration may make expenditures from the department of administration capital improvement bond projects fund for capital improvements projects for landon state office building, an SRS training facility and housing for Kansas services for the blind at the former Topeka state hospital grounds, Kansas department of health and environment facilities at forbes field, and the capitol complex steam system: *Provided, however*, That expenditures from this fund for such capital improvement projects and related administrative costs, including design and planning, moving expenses, lost rents, first year rent differentials and other expenses associated with the capital improvements, shall not exceed \$8,950,000 plus all amounts required for the cost of bond issuance, cost of interest on the bonds issued for such capital improvement projects during the construction of such projects and any required reserves for the payment of principal and interest on the bonds: *Provided further*, That such capital improvement projects are hereby approved for the department of administration for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority: *And provided further*, That all monies received from the issuance of any such bonds shall be deposited in the state treasury to the credit of this fund, *And provided further*, That notwithstanding K.S.A. 75-1253 and 75-5804 and amendments thereto, architectural and engineering services for such projects may be performed by agency architects and engineers.

**Judiciary**

**13. Salary Costs**

I amend my budget to finance operating expenditures of \$300,000 from the State General Fund in FY 2001 so that the Judiciary can cover salary expenditures in the current fiscal year. Because of the success of the Nonjudicial Salary Initiative, which was implemented in July 2000, the Judiciary has been able to lower turnover rates and attract qualified individuals for previously vacant positions. For that reason, actual turnover to date has been less than originally projected and the Judiciary now needs \$300,000.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 300,000     | \$ --          |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ 300,000     | \$ --          |

## Department of Social & Rehabilitation Services

### 14. Medicaid Caseloads

I amend my FY 2001 and FY 2002 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 Department of Social and Rehabilitation Services, Legislative Research, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, Foster Care, and Adoption.

For FY 2001, this amendment includes an increase of \$7.1 million, of which \$4.8 million is from the State General Fund. The largest increase occurs in Regular Medical Assistance, which is estimated to increase by \$8.4 million. Foster Care and Adoption caseloads are estimated to decline by a combined total of \$1.7 million. For FY 2002, this amendment includes an increase of \$29.0 million, including \$15.1 million from the State General Fund. These adjustments include an increase of \$21.5 million for Regular Medical Assistance, \$2.0 million for Temporary Assistance to Families, \$200,000 for General Assistance, and \$5.3 million for Foster Care. The recommended expenditures for Nursing Facilities for Mental Health and Adoption were not changed.

|                    | <u>FY 2001</u>   | <u>FY 2002</u>    |
|--------------------|------------------|-------------------|
| State General Fund | \$ 4,771,737     | \$ 15,126,921     |
| All Other Funds    | <u>2,328,263</u> | <u>13,873,079</u> |
| All Funds          | \$ 7,100,000     | \$ 29,000,000     |

### 15. LIEAP Additional Federal Dollars

I amend my budget to use additional federal dollars to increase the amount of assistance provided to households through the Low Income Energy Assistance Program. The Department of Social and Rehabilitation Services received an additional award of federal LIEAP funds because of the high cost of energy this heating season. Of the \$5,306,053 total received, \$93,207 will be used to pay salaries and wages for program administration and \$5,212,846 will be used to pay additional benefits in FY 2001.

|                    | <u>FY 2001</u>   | <u>FY 2002</u> |
|--------------------|------------------|----------------|
| State General Fund | \$ --            | \$ --          |
| All Other Funds    | <u>5,306,053</u> | <u>--</u>      |
| All Funds          | \$ 5,306,053     | \$ --          |

### 16. FTE Conversion

I amend my budget to convert 113.5 other unclassified positions in Department of Social and Rehabilitation Services, 3.0 at Kansas Neurological Institute, and 2.9 at Parsons State Hospital to FTE positions beginning in FY 2002. These positions have a permanent funding

source and are held by employees receiving all of the benefits of state service, including health insurance and retirement benefits. This conversion requires no additional expenditures.

**17. Children’s Cabinet Fund**

A total of \$500,000 from the Children’s Initiatives Fund was not included in the reported expenditures for the Children’s Cabinet accountability and evaluation research. My original budget recommendation intended for \$750,000 from the Children’s Initiatives Fund to be used for accountability research, but only \$250,000 was included in the Children’s Cabinet budget. This correction will add \$500,000 from the Children’s Initiatives Fund to the Children’s Cabinet so that the budgeted amounts will match my intent.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>--</u>      | <u>500,000</u> |
| All Funds          | \$ --          | \$ 500,000     |

**Larned State Hospital**

**18. Off Budget FTE Omitted**

Larned State Hospital’s FTE limitation for both FY 2001 and FY 2002 was understated by 3.0 positions in my original recommendations. The FTE correction has no effect on the agency’s recommended expenditures; funding for these positions was included in the recommended budget.

**Department of Health & Environment**

**19. Conversion of Unclassified Positions to Classified Positions**

I amend my budget in both FY 2001 and FY 2002 to convert 141.0 other unclassified positions to FTE positions. The Department of Health and Environment indicates the majority of these positions have been in existence for three years, are funded from sources anticipated to exist for at least five years, and perform work that is ongoing and not short-term in nature. Because these unclassified positions were increased in February to match the wages of their classified counterparts, the conversion of these positions will not require additional funding.

**Commission on Veterans’ Affairs**

**20. “No Limit” Budget Authority for Two Funds**

I amend my budget to make the Soldiers’ Home Fee Fund and the Soldiers’ Home Outpatient Clinic Fund “no limit” funds for FY 2001 and FY 2002. This amendment will enable

the agency to manage its cashflow more effectively while still meeting the planned expenditure level for each of the funds.

### **Department of Education**

#### **21. School Finance**

I amend my budget to adjust state funding for school finance in FY 2001 and FY 2002. Current estimates for the amount of supplemental and general state aid to school districts in both years are based on the recently released final assessed valuation data and enrollment changes agreed to by Legislative Research Department, the Department of Education, and the Division of the Budget. My recommendation funds base budgets of \$3,820 in FY 2001 and \$3,870 in FY 2002.

|                    | <u>FY 2001</u>      | <u>FY 2002</u>      |
|--------------------|---------------------|---------------------|
| State General Fund | \$ 2,548,000        | \$ 259,000          |
| All Other Funds    | <u>          --</u> | <u>          --</u> |
| All Funds          | \$ 2,548,000        | \$ 259,000          |

#### **22. KPERS School Costs**

My original recommendation provided \$88,742,868 from the State General Fund to pay the KPERS employer contributions for school districts during the 2000-2001 school year. Since that time, it has been determined that the budget for KPERS School employer contributions can be reduced by \$280,384. I amend my FY 2001 budget recommendation by reducing this amount from the State General Fund for KPERS school employer contributions. Further, it has been determined that \$443,104 has been credited to KPERS in the current year which will not be needed. This amount should be used to reduce the total required for the Department of Education in FY 2002.

|                    | <u>FY 2001</u>      | <u>FY 2002</u>      |
|--------------------|---------------------|---------------------|
| State General Fund | (\$ 280,384)        | (\$ 443,104)        |
| All Other Funds    | <u>          --</u> | <u>          --</u> |
| All Funds          | (\$ 280,384)        | (\$ 443,104)        |

### **School for the Blind**

#### **23. Abolish Federal Fund**

I amend my budget to transfer the unencumbered balance of \$695 from the School's Supported Employment Initiative—Federal Fund to the State General Fund and abolish the federal fund. According to the Division of Accounts and Reports, the fund has not had any activity since FY 1993.

## Board of Regents

### 24. Additional Operating Expenditures

I amend my budget to provide the Regents universities with additional State General Fund dollars for operating expenditures in FY 2002. It is my intent that the individual universities receive the following:

|  |                |
|--|----------------|
| University of Kansas                                     | \$1,551,129    |
| KU Medical Center  | 817,246        |
| Kansas State University                                  | 945,741        |
| KSU Veterinary Medical Center                            | 110,403        |
| KSU Extension Systems and<br>Agriculture Research Center | 355,559        |
| Wichita State University                                 | 562,186        |
| Emporia State University                                 | 240,309        |
| Fort Hays State University                               | 480,487        |
| Pittsburg State University                               | <u>451,316</u> |
| Total  | \$5,514,376    |

|                    | FY 2001   | FY 2002      |
|--------------------|-----------|--------------|
| State General Fund | \$ --     | \$ 5,514,376 |
| All Other Funds    | <u>--</u> | <u>--</u>    |
| All Funds          | \$ --     | \$ 5,514,376 |

### 25. Technology Equipment

I amend my budget to provide the Regents universities with additional State General Fund dollars for technology equipment in FY 2002. This will continue the 2-for-1 match of State General Fund and student fees. It is my intent that the individual universities receive the following:

|  |                |
|--|----------------|
| University of Kansas                                     | \$1,268,168    |
| KU Medical Center  | 106,616        |
| Kansas State University                                  | 1,022,082      |
| KSU Veterinary Medical Center                            | 24,750         |
| KSU Extension Systems and<br>Agriculture Research Center | --             |
| Wichita State University                                 | 592,574        |
| Emporia State University                                 | 272,030        |
| Fort Hays State University                               | 266,000        |
| Pittsburg State University                               | <u>320,000</u> |
| Total  | \$3,872,220    |

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 3,872,220   |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 3,872,220   |

## **26. Postsecondary Database Development**

I amend my budget to add 2.0 FTE unclassified positions at the Board of Regents for FY 2002 to work as part of the team that is designing, implementing, and operating the postsecondary database. No additional funding is needed.

### **University of Kansas Medical Center**

## **27. Authority to Raze Two Buildings**

I amend my budget to authorize the University of Kansas Medical Center to raze the obsolete carpentry shop (Building #8) and motor pool (Building #53). This will allow space for the new brain-imaging center and improve the appearance of the northeast entrance to the Medical Center. No additional funding is required.

## **28. Increased Bonding Authority**

I amend my budget to provide the University of Kansas Medical Center an additional \$1.5 million in bonding authority to expand the Research Support Facility. Originally the cost for the expansion was estimated at \$2,740,000. Bids were taken and it was discovered that the facility could not be redesigned to bring it within the original estimate and still be viable. The total cost of the project now will be \$6,240,000, including \$1.0 million from a federal grant. Debt service on the bonds will be funded from research overhead generated by the growing research activity at the University.

### **Kansas State University—ESARP**

## **29. Land Grant Shortfall**

I amend my budget to provide Kansas State University—ESARP an additional \$339,000 from the State General Fund to compensate for a shortfall in Federal Land Grant funding in FY 2002. The increase will include \$230,586 for the Agricultural Experiment Station and \$108,414 for the Cooperative Extension Service. The University indicates that not receiving this funding will require a reduction in tenured faculty, elimination of graduate research assistant positions, reduction in library support, and elimination of specific agriculture and public service programs.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 339,000     |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 339,000     |

### **Kansas State University**

#### **30. Funding Adjustment**

I amend my budget to add \$1,028,844 for Kansas State University. Because of a series of misunderstandings related to the amount of tuition available for FY 2002 expenditures, my recommended State General Fund appropriation for the University is understated by this amount. Therefore, an increase in the appropriation is required to fund the University in a manner that will be consistent with other Regents institutions.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 1,028,844   |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 1,028,844   |

### **Historical Society**

#### **31. Unlimited Reappropriation Authority**

I recommend that this agency be given unlimited reappropriation authority on its State General Fund Operating Expenditures account. Unforeseen turnover in staff in the second half of FY 2001 has resulted in budgetary savings that will help the Society manage its operating budget for FY 2002.

### **Arts Commission**

#### **32. Program Funding Correction**

I amend my budget to restore \$16,615 from the State General Fund for Arts Programming and Challenge Grants in FY 2001. The agency reports that a transposition error during its budget development resulted in a loss of funds in this amount relative to the approved budget. My original recommendations reflect the accidental loss of funds. The agency indicates that the money is already spent, and, if these funds are not restored, it will have to cover the loss through reductions in operating expenditures.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ 16,615      | \$ --          |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ 16,615      | \$ --          |

### **Department of Corrections**

#### **33. Debt Service Adjustment**

I amend my budget in FY 2001 to lapse \$27,000 from the Debt Service Payment for the Revenue Refunding Bond Issues account and \$210,000 from the Debt Service Payment for the RDU Relocation Bond Issue account, both of which are accounts of the State General Fund. After the FY 2001 debt service payments for these bond issues were made, these amounts remain in the balances in these two funds. The excess balances are the result of unanticipated interest earnings. The savings is attributed to an overly conservative estimate that was utilized in projecting the debt service payments.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 237,000)   | \$ --          |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | (\$ 237,000)   | \$ --          |

### **Ellsworth Correctional Facility**

#### **34. Reappropriation Authority for Construction Funds**

The Department of Corrections currently has budget authority to construct a housing unit, training center, and warehouse at Ellsworth Correctional Facility for FY 2001. Because of construction delays, \$1,793,000 of the budget for this project from all funding sources, including \$163,000 from the State General Fund, needs to be shifted from FY 2001 to FY 2002 and I amend my budget accordingly. For the State General Fund portion, I recommend that reappropriation authority be added for the funds currently authorized in the Construction of Ellsworth Correctional Facility Housing Unit, Training Center and Warehouse account or the funds will lapse at the end of FY 2001. The remaining funds already have reappropriation authority.

|                    | <u>FY 2001</u>      | <u>FY 2002</u>   |
|--------------------|---------------------|------------------|
| State General Fund | (\$ 163,000)        | \$ 163,000       |
| All Other Funds    | <u>( 1,630,000)</u> | <u>1,630,000</u> |
| All Funds          | (\$ 1,793,000)      | \$ 1,793,000     |



**Juvenile Justice Authority**

**35. JJIS FTE Position**

I amend my budget to add 1.0 Microcomputer Support Technician III FTE position for FY 2002. This position will provide technical support for the Juvenile Justice Information System (JJIS) as the project is implemented and maintained. The position will serve as the primary contact for JJIS questions for detention centers, intake and assessment centers, juvenile intensive probation, and community case management agencies. No additional funding is needed.

**36. Lapse Funds for Management Information System**

I amend my budget to lapse \$75,000 and reappropriate \$842,259 from the agency's Management Information Systems State General Fund account. Because of delays in the Juvenile Justice Information System project, the agency has unexpended funds that need to be carried forward.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | (\$ 917,259)   | \$ 842,259     |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | (\$ 917,259)   | \$ 842,259     |

**Larned Juvenile Correctional Facility**

**37. Physical Plant FTE Position**

I amend my budget to add 1.0 Physical Plant Supervisor II FTE position in FY 2002 for the replacement Juvenile Correctional Facility. This position will provide electronic, mechanical, and maintenance expertise while the construction is underway at Larned. Following completion of the project, the position will provide information and guidance to management regarding the physical plant, buildings, and engineering and serve as a liaison with the Larned State Hospital's engineering staff. I recommend that this position be financed from existing resources.

**Fire Marshal**

**38. Hutchinson Gas Problem**

I amend my budget to include \$200,000 from the Fire Marshal Fee Fund in FY 2001 to be used by the City of Hutchinson to identify and cap natural gas wells that are improperly plugged or closed. This money will be combined with \$500,000 from the Department of Commerce and Housing to assist the city with the natural gas eruptions and explosions that occurred there in January of this year. The expenditure authority was included in the regular

appropriations bill prior to first adjournment. This item makes the proper adjustments to reportable expenditures.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>200,000</u> | <u>--</u>      |
| All Funds          | \$ 200,000     | \$ --          |

**39. Proviso for HAZMAT Emergency Fund**

I amend my budget to include a proviso to allow the State Fire Marshal to process requests under \$25,000 from the Hazardous Materials Emergency Fund without requiring action by the State Finance Council. Under my original recommendations for these emergencies, all of the expenditures, no matter how small, are subject to approval by the State Finance Council. I also recommend that the \$1.5 million available for this purpose be reduced to \$750,000 for cashflow purposes. My recommendation will give the agency more administrative flexibility for this program and will reserve the larger requests for State Finance Council consideration. Suggested proviso language is included below.

*Provided*, That all expenditures from the hazardous materials emergency fund shall be for the purposes of responding to emergencies related to hazardous materials. *Provided, however*, that the fire marshal shall be limited to \$25,000 per incident from the hazardous materials emergency fund up to a maximum of \$250,000. *Provided however*, That expenditures in excess of \$25,000 per incident shall be made from the hazardous materials emergency fund for the purpose of responding to an emergency related to hazardous materials only upon approval 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, except that such approval also may be given while the legislature is in session: *Provided further*, That expenditure may be made from the hazardous materials emergency fund for operating expenses of the state fire marshal 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.

**Highway Patrol**

**40. Motor Vehicle Fund Transfer**

I amend my budget to transfer \$1.8 million in savings from the Kansas Highway Patrol Motor Vehicle Fund to the State General Fund in FY 2001. Balances in this fund are higher than budgeted because fewer vehicles in the Patrol’s fleet are predicted to reach the 50,000 mile trade-in limit.

**41. Debt Finance Fleet Operations Center**

The Highway Patrol currently operates its Topeka Fleet Operations Center under a lease-purchase agreement. The agency now proposes to acquire the facility through debt financing. That will reduce the overall cost of the building from \$12.6 million to \$7.0 million, using a

borrowing rate of 5.7 percent. The savings could be more if a lower interest rate is obtained. The estimated amount of the Patrol's budget to be applied to the payment of debt service in FY 2002 will be \$350,000. The following language is suggested to authorize issuance of the bonds.

( ) In addition to the other purposes for which expenditures may be made by the highway patrol from the moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2002 as authorized by this or other appropriation act of the 2001 regular session of the legislature, expenditures shall be made by the highway patrol from moneys appropriated from the state general fund or from any special revenue fund for fiscal year 2002 to provide for the issuance of bonds by the Kansas development finance authority in accordance with K.S.A. 74-8905 and amendments thereto to finance a capital improvement project to acquire the Topeka fleet operations center; *Provided*, That such capital improvement project is hereby approved for the highway patrol for the purposes of subsection (b) of K.S.A. 74-8905 and amendments thereto and the authorization of the issuance of bonds by the Kansas development finance authority in accordance with that statute: *Provided further*, That the highway patrol any make expenditures from the moneys received from the issuance of any such bonds for such capital improvement project shall not exceed \$7,000,000, plus all amounts required for costs of bond issuance, costs of interest on the bonds issued for such capital improvement project during the construction of such project and any required reserves for the payment of principal and interest on the bonds: *And provided further*, That all moneys received from the issuance of any such bonds shall be deposited and accounted for as prescribed by applicable bond covenants: *And provided further*, That debt service for any such bonds for such capital improvement project shall be financed by appropriations from the state general fund or any appropriate special revenue fund or funds.

**Adjutant General's Department**

**42. New Federal Grant**

I amend my budget to establish a new fund in FY 2001 for a \$10,000 federal grant for the purpose of supporting the safe transportation of radioactive materials through Kansas. The Division of Emergency Management, in conjunction with the Department of Health and Environment, will use this grant to furnish training to all first responders along the rail route. The grant will also be used to support staffing for the State Emergency Operation Center on a 24-hour basis during the rail shipment.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>10,000</u>  | <u>--</u>      |
| All Funds          | \$ 10,000      | \$ --          |

**43. Debt Service Payment on Armory Bonds**

I amend my budget to finance a debt service payment on armory bonds in FY 2002 with \$195,000 from the State General Fund. The Adjutant General's Department was authorized by the 2000 Legislative Session to issue bonds for capital improvements to the state's armories. The agency states that it is unable to cover the debt service payment within its authorized budget.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ 195,000     |
| All Other Funds    | <u>--</u>      | <u>--</u>      |
| All Funds          | \$ --          | \$ 195,000     |

### **Department of Agriculture**

#### **44. BSE Training**

I amend my budget in FY 2001 and FY 2002 to finance enhanced testing and surveillance of cattle feed products for the inclusion of recycled animal tissue. The inclusion of animal tissue in cattle feed has been shown to cause the Bovine Spongiform Encephalopathy disease in cattle. Funding for the enhanced testing and surveillance will come from the Feeding Stuffs Fee Fund. An increase in the fund's expenditure limitation by \$50,000 in FY 2001 and \$31,000 in FY 2002 is necessary.

|                    | <u>FY 2001</u> | <u>FY 2002</u> |
|--------------------|----------------|----------------|
| State General Fund | \$ --          | \$ --          |
| All Other Funds    | <u>50,000</u>  | <u>31,000</u>  |
| All Funds          | \$ 50,000      | \$ 31,000      |

### **Water Office**

#### **45. FTE Correction**

The Kansas Water Office's FTE limitation was overstated by 1.0 position in my original budget recommendations for FY 2001 and FY 2002. The FTE correction has no effect on the agency's recommended expenditures because no funding was allocated for the position.

### **Department of Wildlife & Parks**

#### **46. New Federal Grant**

I amend my FY 2002 budget to include \$1,131,159 in federal funds that were received by the Department of Wildlife and Parks from the federal Land and Water Conservation Fund stateside grants. The Department has developed a strategy that will allow it to capture the federal grant fully without requiring any additional state financing from the State General Fund. There are three components to the federal grant, including \$500,000 to provide grants to local governments for outdoor recreation programs, \$529,109 for capital improvements in state parks, and \$102,050 for administration in the Parks Program. The Department's strategy will leverage the \$500,000 for grants to local governments by requiring local governments to provide matching funds on a \$1 to \$1 basis. The match for the \$529,109 for capital improvements will

be provided by the Department's Road Access and Development Fund. Finally, the \$102,050 for administration will be leveraged with existing financing that is recommended currently for the Department's Parks Program. No additional staff will be required.

|                    | <u>FY 2001</u>      | <u>FY 2002</u>   |
|--------------------|---------------------|------------------|
| State General Fund | \$       --         | \$       --      |
| All Other Funds    | <u>          --</u> | <u>1,131,159</u> |
| All Funds          | \$       --         | \$ 1,131,159     |