

The Governor's
Budget
Report

Volume 1

**Descriptions
and
Budget Schedules**

Fiscal Year 2005

January 12, 2004

Dear Kansan:

With the submission of this report, I present my budget recommendations for the fiscal years 2004 and 2005 for consideration by the 2004 Kansas Legislature.

For the last several years, Kansas has faced significant budget and financial challenges. Together, we have met those challenges, and today, the financial outlook for our state has improved from a year ago.

The budget I am proposing continues essential state services and funds public education at the present level. The recommendations include a plan to revitalize the state's economy, fix the Comprehensive Transportation Plan, and complete our SB 345 commitment to higher education. All of these recommendations fit within existing resources while still leaving a positive balance in our State General Fund.

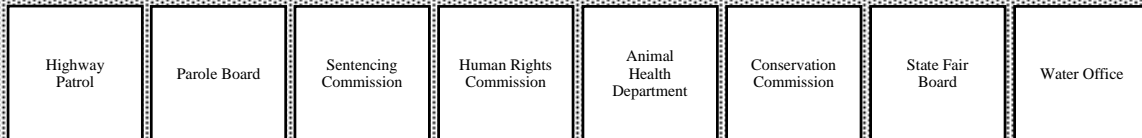
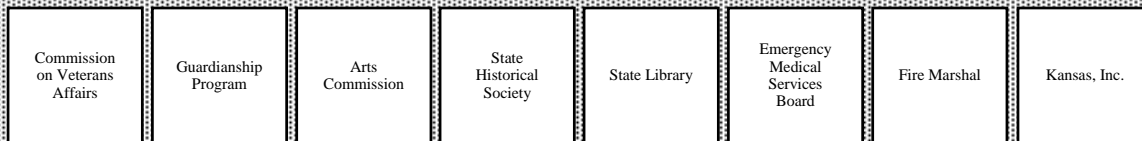
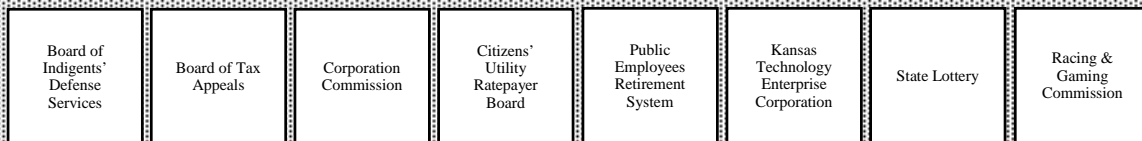
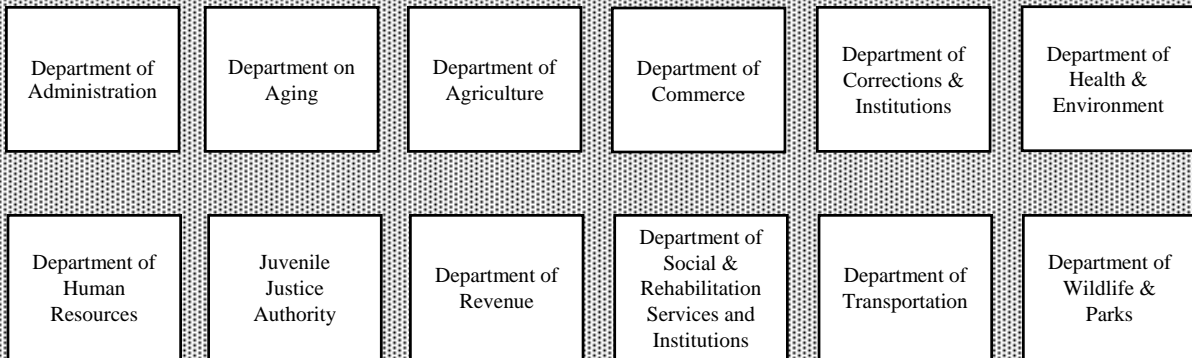
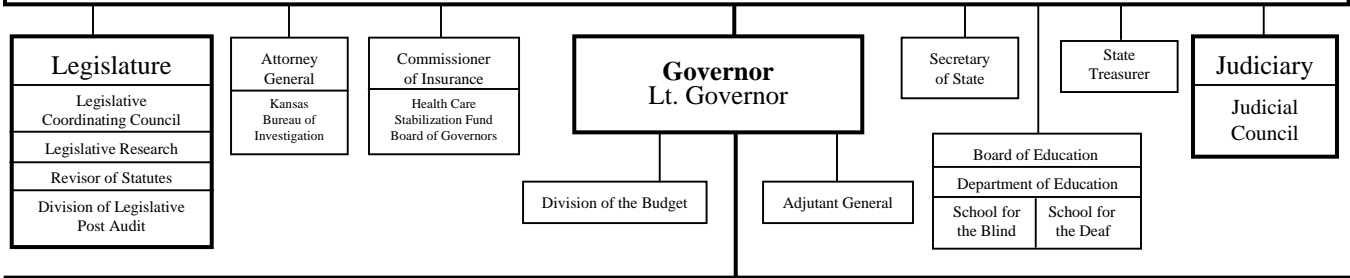
Separately, I will propose a plan to redesign the state's school finance formula and further address the funding of public education.

If you would like additional information or if you have questions, I invite you to contact my office or the Division of the Budget.

Sincerely,

KATHLEEN SEBELIUS
Governor

Voters of Kansas



Abstracters	Accountancy	Bank Commissioner	Barbers	Behavioral Sciences	Cosmetology	Department of Credit Unions	Dental	Governmental Ethics Commission	Healing Arts
Hearing Aid Dispensers	Mortuary Arts	Nursing	Optometry	Pharmacy	Real Estate Appraisal Board	Real Estate Commission	Securities Commissioner	Technical Professions	Veterinary Examiners

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This volume presents a revised FY 2004 budget and a budget plan for FY 2005. The Governor's recommendations continue the current level of state services and provide enhancements for economic development, higher education, and social services. The recommended budget is financed with existing resources. The table below lists expenditure totals for the State General Fund and for all funding sources.

Kansas, like many other states, began experiencing dramatic revenue losses in FY 2002. The revenue drops, in combination with rapidly rising entitlement expenditures, depleted the reserves in the State General Fund and led to a series of very difficult budget situations.

Now, in FY 2004, Kansas appears to be emerging from that downward trend. Tax collections in the first four months of FY 2004 grew 5.4 percent over that same period in the previous year. The Consensus Revenue Estimating Group forecasts further growth in tax revenue in FY 2005. If reasonable revenue growth continues in the future, the Governor's budget recommendations can be enacted and carried forward through FY 2007 while still maintaining a positive ending balance in the State General Fund at the end of each fiscal year.

FY 2004

The revised budget presented for FY 2004 implements the programs that were included in the original budget approved by the 2003 Legislature. The Governor's plan does not include any mid-year programmatic cuts. The revised budget is lower than the original FY 2004

budget principally because of the one-time effects of the property tax accelerator and the federal fiscal relief package. In FY 2004 only, the property tax accelerator allows for an expenditure reduction of \$163.1 million, and the federal fiscal relief package allows for a State General Fund reduction of \$62.2 million. The FY 2004 recommendations fully incorporate the expenditures required to cover the most current consensus estimates for SRS and Aging caseloads and for school enrollments.

FY 2005

The budget plan continues existing programs and provides enhancement funding for economic development, higher education, Home and Community Based Service programs, and Smart Start. The recommendations incorporate increases for caseload costs, state employee health insurance, and KPERs contributions. State General Fund expenditures rise 6.5 percent over the revised FY 2004 spending, but only because of one-time reductions in the revised FY 2004 budget. The FY 2005 State General Fund recommendation is 1.8 percent above the FY 2004 budget originally approved by the Legislature.

Statutory Budget

This budget report presents the Governor's true recommendations within existing resources. A separate budget that projects a 7.5 percent ending balance in the State General Fund and meets the requirements of Kansas statutes is presented at the back of this volume.

	Budget Totals			
	<i>(Dollars in Millions)</i>			
	<u>SGF</u>	<u>Percent Change</u>	<u>All Funds</u>	<u>Percent Change</u>
FY 2003 Actual	\$ 4,137.5	--	\$ 10,082.0	--
FY 2004 Approved	4,533.0	9.6%	10,218.0	1.3%
FY 2004 Revised Recommendation	4,332.3	4.7%	10,210.8	1.3%
FY 2005 Governor's Recommendation	4,614.7	6.5%	10,182.2	(0.3%)

Key Components of the Budget

Positive Ending Balance. The Governor's budget recommendations provide a plan for continuing essential services in FY 2005 within existing financial resources. The budget plan projects a State General Fund balance of \$113.0 million at the end of FY 2005.

Public Education Funding. The Governor's FY 2005 budget recommendations maintain public education funding at the present level. The budget includes funding to cover the current school finance formula at a base budget per pupil of \$3,863. In a separate proposal, the Governor will present a plan to the Legislature that addresses necessary changes in the finance formula and future financing needs.

Economic Revitalization Plan. As part of the budget, the Governor presents a plan to promote the revitalization of the Kansas economy and to recruit and retain jobs. The plan is financed by adding program funding and by rearranging current economic development priorities. The proposal is further explained on pp. 29-31.

Comprehensive Transportation Plan (CTP) Restructured. While no new State General Fund monies are included for the CTP in FY 2005, the Governor does propose a financial plan to complete the CTP as promised. Under the proposal, all projects originally promised will be built and the ending balance in the State Highway Fund at the end of FY 2009 will be positive. The proposal includes permanently funding the Highway Patrol from the Highway Fund. For further information see pp. 132-4.

Special City County Highway Fund (SCCHF) Transfer Restored. After a year and a half moratorium on the State General Fund transfer to the SCCHF, \$10.1 million is proposed for transfer in FY 2005 to ensure that local road projects can be funded as expected.

New Funds for Waiting Lists. In FY 2004, the budget includes supplemental funding to cover

HCBS-DD and HCBS-PD costs that were carried over from FY 2003. In FY 2005, an additional \$6.0 million from the State General Fund and \$15.2 million from all funding sources is made available to reduce waiting lists in these programs.

Smart Start Expanded. The Governor includes \$10.0 million from the Children's Initiatives Fund to finance Smart Start grants for innovative early childhood programs.

SB 345 Completed. The 1999 Legislature reorganized higher education governance and put a four-year enhanced financing plan in place, but the plan was only funded for the first two years. The FY 2005 budget includes \$8.9 million to begin a three-year completion of the SB 345 commitment.

Higher Education Enhancements. In addition to new money for SB 345, the Governor recommends adding \$1.0 million to the funding of vocational-technical schools, \$5.0 million to university operating grants, and \$1.0 million to student financial aid programs.

Salary Increase Financed with Savings. The Governor recommends a 3.0 percent salary increase for state employees at the beginning of FY 2005. The State General Fund portion of the salary increase is funded through state operations savings in all agency budgets that are generated through the work of Budget Efficiency Savings Teams. Details of the salary increase can be found on p. 148. Details of how the savings were calculated are on p. 56.

Judicial/Legislative Budgets Unaltered. The requested budgets for the Judicial and Legislative Branches of government are fully included in the budget recommendations.

JJA Maximum Facility Not Opened. No funds are added to operate the new facility in FY 2005, making \$11.8 million available for other priorities. A new 60-bed unit on the grounds of Topeka Juvenile Correctional Facility is scheduled to open as planned.

State General Fund

The budget from the State General Fund accounts for 45.3 percent of all state spending proposed by the Governor. The Governor recommends a revised FY 2004 State General Fund budget of \$4,332.3 million and a FY 2005 budget of \$4,614.7 million.

FY 2004

At the beginning of FY 2004, the State General Fund had an unencumbered balance of \$122.7 million. The November 2003 Consensus Revenue Estimate projects receipts of \$4,483.6 million, which would mean that without any adjustments, a total of \$4,608.8 million would be available to finance FY 2004 spending. However, the revenue estimate is built on the assumption that \$50.0 million of tax refunds will be held over until FY 2005. The Governor proposes to pay the refunds in FY 2004 as they accrue, which lowers the amount available to spend by \$50.0 million. The Governor also proposes a number of other revenue transfers that are outlined in brief on p. 4 and in detail on p. 23. The net result is an available State General Fund amount of \$4,571.8 million.

The 2003 Legislature originally approved a FY 2004 State General Fund budget of \$4,533.0 million. The Governor now recommends a revised FY 2004 expenditure budget that is \$200.7 million lower. Agency by agency details of the changes between the approved and the revised budget are listed in Schedule 8 at the back of this volume. The key change is an expenditure reduction of \$163.1 million that results from implementation of the property tax accelerator. In FY 2004 only, local school districts will be receiving three major property tax distributions, instead of two, and will not draw as much money as originally budgeted from the State General Fund.

Similarly, during FY 2004, the federal government will be paying a greater share of Medicaid costs than originally budgeted, allowing State General Fund Medicaid spending to be \$62.2 million lower than expected. The Governor recommends adding supplemental funding to the approved budget to cover increased SRS and Aging caseloads and to cover revised estimates of school enrollments and the state's

share of school local option budgets. The expected balance under the Governor's plan at the end of FY 2004 is \$239.5 million.

FY 2005

The November 2003 Consensus Revenue Estimate for FY 2005 totals \$4,469.3 million. The revenue estimate assumes that \$50.0 million of FY 2004 tax refunds will have been held over and paid in FY 2005. The Governor intends to pay the refunds on time, which allows \$50.0 million to be added to the estimate of available FY 2005 revenues. Available revenues are reduced by the recommendation to transfer \$57.0 million for school capital improvements, \$10.1 million for the Special City County Highway Fund, \$3.7 million for the Water Plan Fund, and \$400,000 for the Regents Faculty of Distinction Program. Details of all other proposed revenue adjustments are found in brief on p. 4 and in detail on p. 23. The net result leaves available revenue of \$4,727.6 million.

The Governor's FY 2005 expenditure recommendation grows by \$282.4 million over FY 2004. Mostly, that increase is due to a return to more normal expenditure levels for school finance and Medicaid after a year of abnormally low expenditures in those areas. The proposed budget also covers required increases for SRS and Aging caseloads, state employee health costs, and KPERS. The Judiciary's budget request grew \$7.5 million between the two years, and that request is included in the budget and passed on to the Legislature for its consideration. The Governor proposes enhancement funding for higher education and HCBS waiting lists in SRS. A salary plan that gives state employees 3.0 percent raises costs \$24.7 million from the State General Fund, but that amount is offset by reductions in agency budgets that benefit the State General Fund by \$26.7 million. In FY 2005, funding for the Highway Patrol is shifted away from the State General Fund to the State Highway Fund.

The proposed expenditure increase between FY 2004 and FY 2005 is 6.5 percent, but that percentage does not represent a true comparison between the fiscal years.

**State General Fund
FY 2004**

(Dollars in Millions)

Beginning Balance	\$ 122.7
Revenue:	
November Consensus Revenue Est. (Includes Revenue Transfers)	4,483.6
Refunds Paid on Time	(50.0)
Adjust School Capital Improvements Revenue Transfer	2.6
Transfer to Emergency Fund	(2.1)
Vehicle Moratorium--Department of Transportation Sweep to SGF	0.4
Motor Pool Funds	5.1
Sale of Surplus Vehicles	1.0
Security Officers' KPERS Rate	3.7
KPERS "13th Check" Bonding	0.7
Released Encumbrances	2.5
Transfer Fee Funds	1.5
State Treasurer--Repay Loan	0.3
	<hr/>
Total Available	\$ 4,571.8
Expenditures:	
Approved Budget (May 2003)	4,533.0
Expenditure Authority Shifting from FY 2003	8.0
Property Tax Accelerator	(163.1)
SRS/Aging Caseload	3.6
Federal Medicaid Reimbursements	(62.2)
School Finance Supplemental	7.8
Sexual Predator Treatment Program	2.0
BIDS Supplemental	1.6
Net of Other Adjustments	1.7
	<hr/>
Total Expenditures	\$ 4,332.3
Ending Balance	\$ 239.5

Specific steps taken in recent years to reduce State General Fund expenditures and balance the state budget skew year-to-year expenditure comparisons. The federal Intergovernmental Transfer (IGT) has been used to offset expenditures that would normally come from the State General Fund. In FY 2002, a shift of demand transfers to revenue transfers began, which meant those transfers were no longer counted as

**State General Fund
FY 2005**

(Dollars in Millions)

Beginning Balance	\$ 239.5
Revenue:	
Consensus Revenue Est.	4,459.8
Refunds Paid on Time	50.0
SCCHF Revenue Transfer	(10.1)
School Cap. Improvements Transfer	(57.0)
Water Plan Revenue Transfer	(3.7)
Regents Faculty of Dist. Transfer	(0.4)
Transfer Savings from BEST	20.1
Transfer Excess Revenue from Fee Agencies	6.4
Transfer Balance from KEY Fund	4.6
KPERS "13th Check" Bonding	3.1
Transfers In (in CRE)	9.5
Economic Plan Tax Credits	(2.5)
Motor Pool Transfer	2.7
Tuttle Creek Loan Repaid	1.5
Transfer Fee Funds	4.0
	<hr/>
Total Available	\$ 4,727.6
Expenditures:	
FY 2004 Base Budget	4,332.3
Replace One-time Property Tax Accelerator	153.4
Replace FMAP	62.2
SRS/Aging Caseloads	40.3
KPERS Regular Increase	12.7
Health Insurance Increase	11.3
Salary Plan	24.7
Judiciary Budget	7.5
Regents Research Initiative	3.4
Regents SB 345	8.9
University Operating Grants	5.0
HCBS Waiting Lists	6.0
Highway Patrol to Highway Fund	(28.9)
BEST SGF Expenditure Savings from State Operations	(6.5)
Net of Other Adjustments	(17.7)
	<hr/>
Total Expenditures	\$ 4,614.6
Ending Balance	\$ 113.1

State General Fund expenditures. In FY 2003, the final school payment was delayed until the next year. In FY 2004, implementation of the property tax accelerator and the receipt of extra federal Medicaid funds also caused one-time reductions.

The table below accounts for the major shifts in State General Fund spending from one year to the next so that a more straightforward comparison can be made across fiscal years.

Receipts. The pie chart on p. 6 illustrates the proportional contribution each revenue source makes

to the State General Fund. Further details of receipts can be found on p. 16-24.

Expenditures. The pie charts on p.7 show FY 2005 proposed spending from the State General Fund by function of government and by the category of expenditure.

Future Outlook. The table on p. 8 outlines a multi-year scenario for the State General Fund. In FY 2006 and FY 2007, revenue from taxes is presumed to grow 4.0 percent and revenue transfers for school capital improvements and the Special City County Highway

State General Fund Expenditure Comparisons				
<i>(Dollars in Millions)</i>				
			Adjusted Expenditure Base	Percent Change from Prior Year
FY 2000	Actual Expenditures	4,367.6		
			4,367.6	4.1%
FY 2001	Actual Expenditures	4,429.6		
	IGT Funding	31.0		
			4,460.6	2.1%
FY 2002	Actual Expenditures	4,466.1		
	IGT Funding	124.8		
	Revenue Transfers	100.0		
			4,690.9	5.2%
FY 2003	Actual Expenditures	4,137.5		
	IGT Funding	106.3		
	Revenue Transfers	98.9		
	School Payment Delay	213.0		
			4,555.7	(2.9%)
FY 2004	Governor's Recommendation	4,332.3		
	IGT Funding	--		
	Revenue Transfers	58.7		
	Property Tax Accelerator	163.1		
	Federal Fiscal Relief FMAP Savings	62.2		
			4,616.3	1.3%
FY 2005	Governor's Recommendation	4,614.7		
	IGT Funding	--		
	Revenue Transfers	71.2		
			4,685.9	1.5%

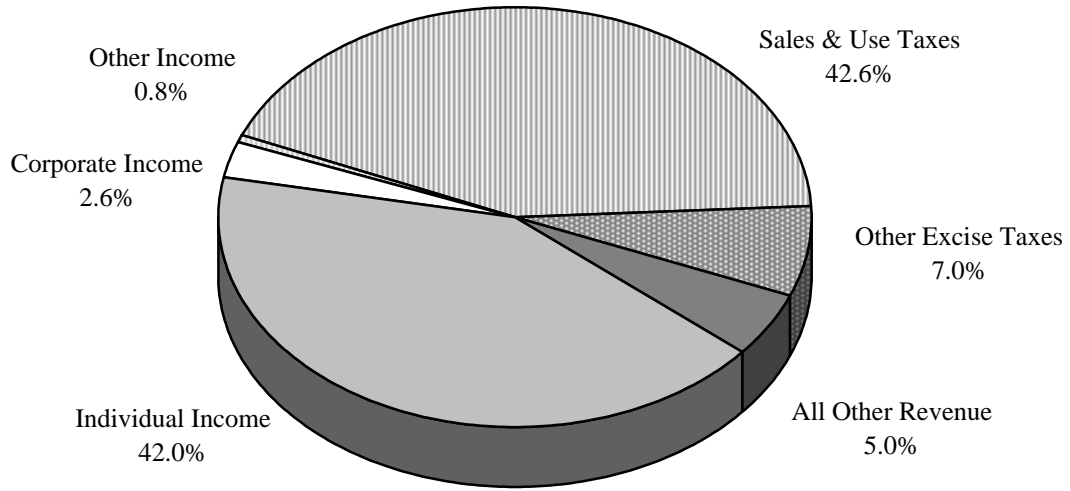
Fund are continued. The Governor's proposed restructuring of the Comprehensive Transportation Plan and the resulting revenue transfers are included in the table. The table does not include any estimate for new Gaming revenues.

FY 2006 and FY 2007 expenditures are held flat with the exception of required increases for caseloads,

employee health care, new bond costs, and the completion of SB 345.

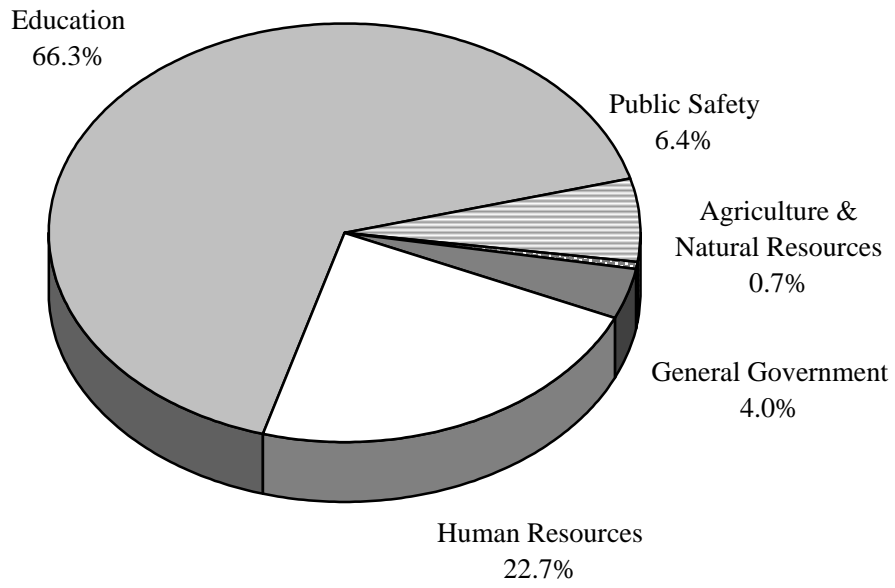
The table shows that, after taking these assumptions into account, current programs can be continued, the transportation plan restructured, and SB 345 completed while still leaving a positive ending balance at the end of FY 2007.

Receipts

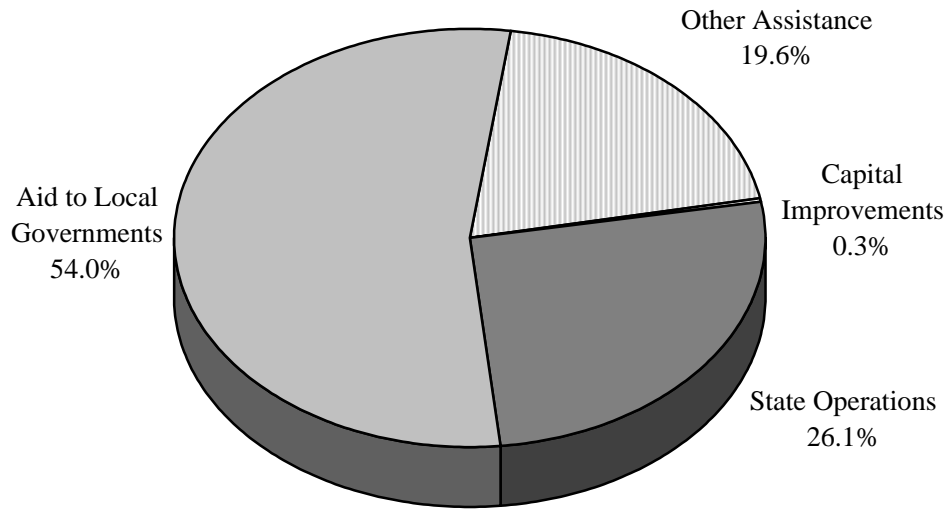


Fiscal Year 2005

Expenditures by Function



Expenditures by Category



Fiscal Year 2005

Outlook for the State General Fund

(Dollars in Millions)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>
Beginning Balance	\$ 12.1	\$ 122.7	\$ 239.5	\$ 113.0	\$ 58.4
Released Encumbrances	2.6	2.5	--	--	--
Revenue from Taxes	4,142.0	4,350.5	4,384.8	4,612.1	4,796.6
Pay Tax Refunds on Time	--	(50.0)	50.0	--	--
Interest	19.1	12.8	21.5	22.5	23.5
Agency Earnings	51.8	52.9	53.5	54.5	56.5
KDOT Transfer	--	--	--	--	(51.5)
KDOT Bond Payment	--	--	--	--	(8.0)
KDOT Loan Repayment	--	--	--	--	(32.5)
LAVTR & CCRS Transfers	(43.0)	--	--	--	--
Special County/City Highway Fund	(5.0)	--	(10.1)	(10.1)	(10.1)
School Capital Improvement Aid	(46.9)	(54.6)	(57.0)	(62.0)	(67.0)
Water Plan Fund	(3.8)	(3.8)	(3.7)	(3.7)	(3.7)
State Fair Transfer	(0.2)	--	--	(0.3)	(0.3)
Regents Faculty of Distinction	--	(0.3)	(0.4)	(0.4)	(0.4)
"Windfall" from Accelerator	--	15.3	--	--	--
Federal Flexible Grant	45.8	45.8	--	--	--
Governor's Transfer Adjustments	--	13.0	35.5	--	--
Other Transfers and Revenue	81.9	26.2	9.5	30.0	30.0
Gaming*	--	--	--	--	--
Highway Patrol Transfer	--	28.9	--	--	--
KEY Fund Transfer	3.9	9.9	4.6	10.0	10.0
Total Available	\$ 4,260.2	\$ 4,571.8	\$ 4,727.6	\$ 4,765.5	\$ 4,801.5
Expenditures	4,137.5	4,332.3	4,581.1	4,614.7	4,707.2
School Finance Estimates	--	--	--	(5.0)	(12.5)
KPERs	--	--	--	20.0	30.0
SRS & Aging Caseloads	--	--	--	50.0	50.0
Regents Research Initiative	--	--	--	6.4	--
Corrections Food & Medical Contract	--	--	--	1.4	1.4
Troopers' Pay Increase	--	--	--	0.8	--
State Employee Health Care	--	--	--	10.0	10.0
Salary Plan	--	--	24.7	--	--
Regents SB 345	--	--	8.9	8.9	8.9
Future BEST Savings*	--	--	--	--	--
Total Expenditures	\$ 4,137.5	\$ 4,332.3	\$ 4,614.7	\$ 4,707.2	\$ 4,795.0
Ending Balance	\$ 122.7	\$ 239.5	\$ 113.0	\$ 58.4	\$ 6.5
As % of Expenditures	3.0%	5.5%	2.4%	1.2%	0.1%

* Future amounts will depend on legislative and administrative actions.

Totals may not add because of rounding.

All Funding Sources

The budget from all funding sources encompasses total reportable expenditures, including those from the State General Fund. The Governor recommends expenditures of \$10.21 billion from all funding sources in FY 2004 and \$10.18 billion in FY 2005.

FY 2004

The 2003 Legislature originally approved an all funds budget of \$10.22 billion for FY 2004. The Governor's revised FY 2004 recommendation is lower because of the one-time reduction associated with the property tax accelerator that occurs in the State General Fund. The revised recommendation also accounts for new estimates of federal and fee fund receipts.

FY 2005

In FY 2005, the recommended all funds budget drops slightly from FY 2004. The total again reflects changes in the State General Fund and federal receipt estimates. The most significant change between years occurs in transportation capital improvements. The Department of Transportation budget drops by \$333.7 million from FY 2004 to FY 2005. The drop does not reflect programmatic changes, but rather the use of bond proceeds to pay for construction projects in the ten-year Comprehensive Transportation Plan.

The total budget was reduced by \$27.0 million as a result of state operations savings associated with the BEST process. \$53.1 million was added to all agency budgets to finance the state employee salary plan.

Receipts

The pie chart on the next page shows expected receipts in FY 2005 by major category. The largest single source is the State General Fund, which accounts for 48.2 percent of all receipts included in this report.

In FY 2005, the State of Kansas anticipates the receipt of \$2.7 billion in grants from the federal government,

which represents 29.0 percent of total receipts. A total of 48 agencies will receive these federal funds in FY 2005. The Department of Social and Rehabilitation Services will receive the most federal funds, 50.8 percent, followed by the Department of Education with 13.2 percent, and the Department of Transportation with 10.4 percent.

Dedicated tax receipts represent revenues from taxes collected for a specific purpose and deposited in the special revenue funds, rather than the State General Fund. For example, taxes on motor fuels and vehicle registrations, as well as a dedicated sales tax of one-quarter of a cent, are assessed and credited to the State Highway Fund. In addition, statewide property taxes of 1.5 mills are assessed for financing construction and maintenance of state buildings at Regents institutions and state social service institutions. These funding sources account for 7.8 percent of total revenues in FY 2005.

Agency service charges include revenues received for services provided by state agencies and charges for inspections, examinations, and audits; fees collected for tuition and other purposes at Regents institutions; and admissions to the State Fair. This revenue category is 5.4 percent of total receipts.

Non-revenue receipts are transfers from other funds, collections, and reimbursements realized by agencies. Examples of non-revenue receipts include collections by the Department of Human Resources for the payment of unemployment benefits, and the collections of money from absent parents for the payment of child support. Proceeds from the sale of revenue bonds are also included in this category. This financing source accounts for 2.9 percent of total receipts to the state.

Other special revenue receipts include license fees, interest earnings on special revenue funds, non-federal grants, the sale of state property, and numerous other miscellaneous revenue sources. These other special receipts accounts for 5.4 percent of the total.

Lottery ticket sales are anticipated to account for 1.3 percent of all receipts to the state.

Expenditures

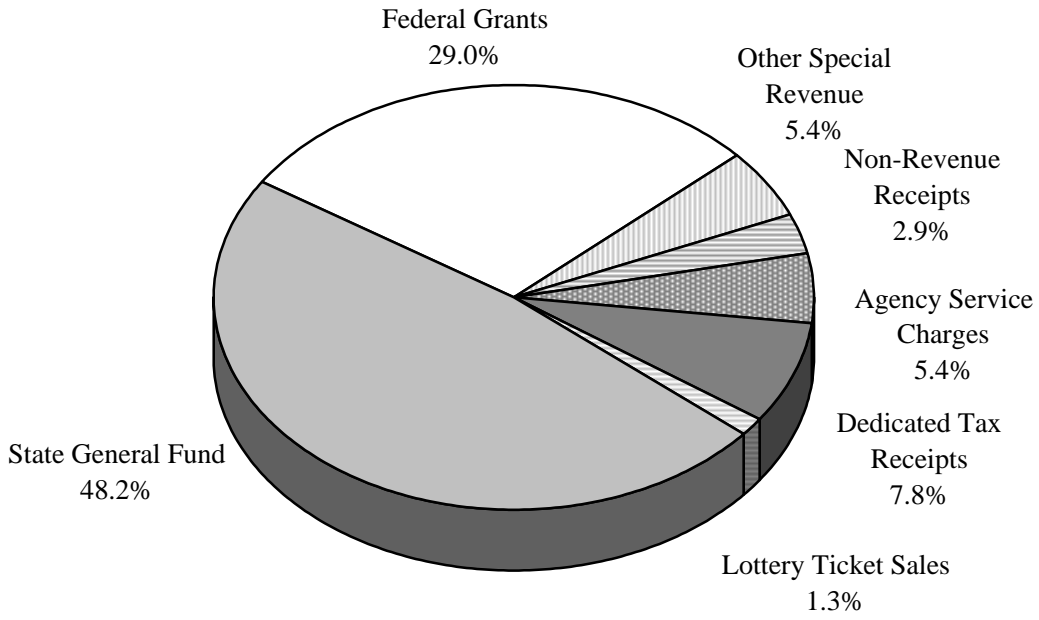
The upper pie chart on the next page outlines the total FY 2005 budget recommendation by function of government. Education constitutes the largest portion of the state budget with 45.1 percent. This function of government is followed by Human Resources with 34.3 percent, Transportation with 8.7 percent, General Government with 5.7 percent, Public Safety with 4.7 percent, and Agriculture and Natural Resources with 1.5 percent.

The lower pie chart on the next page presents a view of the total state budget by various categories of expenditure. Approximately 64.5 percent of the total

budget is recommended for grants, including 32.1 percent for aid to local governments and 32.4 percent for direct assistance to Kansas citizens. Much of the aid to local governments goes out to school districts through the school finance formula. The majority of direct assistance consists of public assistance, medical benefits, and unemployment insurance benefits. The Governor recommends 30.0 percent of the budget for state operations, which includes salaries and benefits for the state's employees. The Governor also recommends that 5.6 percent of the budget be spent on capital improvements, the majority of which is spent by the Department of Transportation. Details of capital projects can be found in the Capital Budget section of this volume.

All Funds

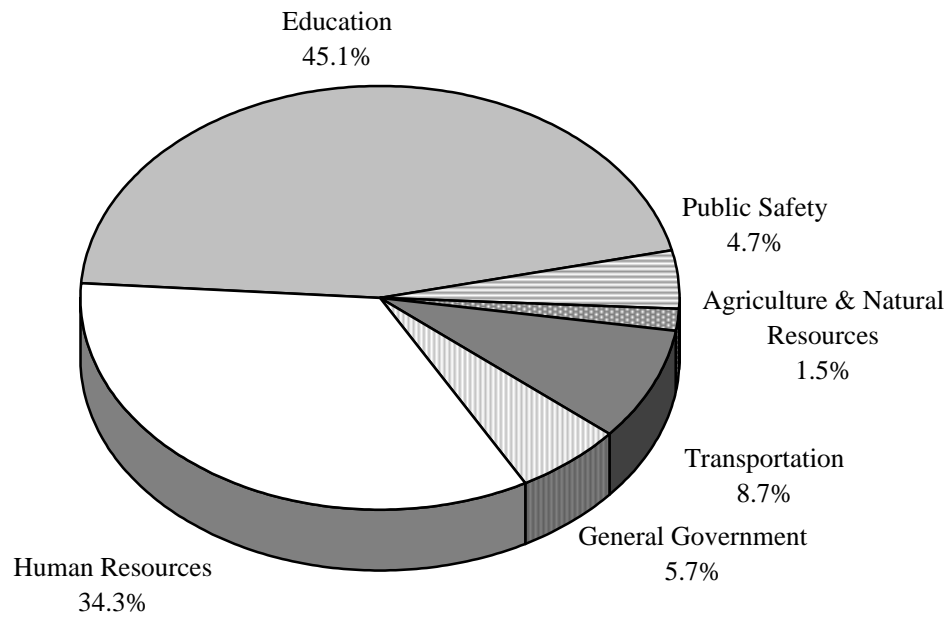
Receipts



Fiscal Year 2005

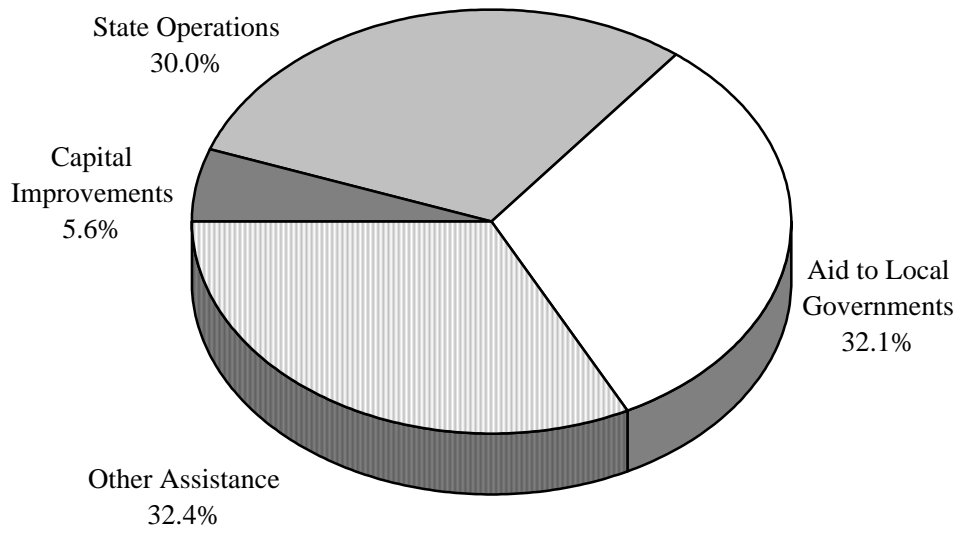
All Funds

Expenditures by Function



All Funds

Expenditures by Category



Fiscal Year 2005

Budget Preparation

The FY 2005 budget is the product of thoughtful deliberations. The budget was prepared to maximize the effectiveness of every tax dollar for state government operations and the delivery of services.

Budget preparation began in June 2003 with instructions to state agencies on how to produce their requests. Executive Branch agencies were given allocation amounts for the State General Fund, EDIF, Children's Initiatives Fund, and the Water Plan Fund. Agencies were expected to build their budgets within the amount of the funds allocated.

Allocations were based on the approved FY 2004 budget with amounts added to cover increased KPERs rates, increased group health costs, and the costs of annualizing the FY 2004 state employee pay plan. A small number of other agency-specific amounts were added to cover necessary additional spending, such as new bond costs. If the FY 2004 approved budget contained one-time spending items, those amounts were reduced from the agency's FY 2005 allocation. No funds were added to allocation amounts to cover inflation, new programs not yet approved by the Legislature, or a FY 2005 salary plan.

Agencies that wished to request funds beyond the amounts allocated were instructed to ask for the funding as an enhancement. Also, agencies were directed to submit reduced resource packages that outlined how their regular agency budget request could be cut by 5.0 percent if it were necessary to do that.

The Legislative and Judicial Branches of government were not given allocations as part of their budget

instructions, nor were they expected to submit reduced resource packages. The budget requests of these branches are being fully included as requested in the Governor's recommendations.

Regents universities were also not given allocations or expected to submit reduced resource packages. Their FY 2004 State General Fund appropriation came through an operating grant. In their FY 2005 budget request, the universities were instructed to include an operating grant amount at the exact level of FY 2004.

A few agencies do not receive any allocated funds. Those agencies were expected to submit budget requests that simply continued current services from FY 2004 to FY 2005. Any funds to pay for new services were to be requested as enhancements.

Agency budget requests were due to the Division of the Budget on September 15. The Division of the Budget used the requests submitted to develop an initial recommendation for each agency and distributed those recommendations to agencies on November 10. Written appeals to the initial recommendations were collected by November 20. Oral appeals were heard November 20 and 21.

The Governor developed final recommendations in December after considering the Division of the Budget's initial recommendations, agency appeals, and other factors.

The resources used to finance the Governor's recommendations are based on the November 3 Consensus Revenue Estimate.

State General Fund Balances

Maintaining an adequate balance in the State General Fund is always a concern with the state's budget. An adequate balance allows flexibility in budget execution if receipts fall below expectations and eases cashflow management.

Ending Balance Requirements

The 1990 Legislature enacted legislation that established minimum ending balances to ensure financial solvency and fiscal responsibility. The legislation requires an ending balance of at least 7.5 percent of total expenditures and demand transfers and requires that the Governor's budget recommendations and the legislative-approved budget for the coming year adhere to this balance. The 2002 Legislature lowered the ending balance requirement for FY 2003 and approved a budget that kept a 5.0 percent ending balance. The 2003 Legislature suspended the ending balance requirement entirely and enacted the FY 2004 budget with a 0.6 percent ending balance.

Higher revenues, federal grants, and enactment of the property tax accelerator provision increase the current projected FY 2004 ending balance to \$239.5 million. The FY 2005 budget recommends only those expenditures the Governor believes must be invested in the state. Under the current difficult circumstances, budgeting for a 7.5 percent ending balance without new revenue is unrealistic. However, a budget scenario that does meet the statutory ending balance requirement is detailed at the end of this volume.

The table depicts State General Fund receipts, expenditures, and year end balances from FY 1991 through FY 2005. The table shows significant variance in the ending balances from year to year. The drop between FY 2001 and FY 2002 reflects the beginning of several challenging budget years with unanticipated revenue reductions compared to anticipated revenues. Beginning in FY 2003, steps have been taken by the Governor and Legislature to reduce or delay expenditures to ensure a positive balance in the State General Fund.

Cashflow

The budget is based on an estimate of annual receipts and the Governor's recommendation for total expenditures over the course of a fiscal year. However, the amount of receipts to the State General Fund varies from month to month, and an agency may spend any or all of its appropriation at any time during the fiscal year. The uneven nature of revenue and expenditure patterns requires actions, such as adjusting the amount and timing of various large payments and

State General Fund Balances

(Dollars in Millions)

Fiscal Year	Receipts	Expend.	Balances	Percent
1991	2,382.3	2,495.4	162.2	6.5
1992	2,465.8	2,491.3	140.5	5.6
1993	2,932.0	2,690.4	384.9	14.3
1994	3,175.7	3,111.0	454.4	14.6
1995	3,218.8	3,309.8	367.0	11.1
1996	3,448.3	3,439.2	379.2	11.0
1997	3,683.8	3,538.1	527.8	14.9
1998	4,023.7	3,799.1	756.3	19.9
1999	3,978.4	4,196.2	540.7	12.9
2000	4,203.1	4,367.6	378.0	8.7
2001	4,415.0	4,429.6	365.7	8.3
2002	4,108.3	4,466.1	12.1	0.3
2003	4,245.6	4,137.5	122.7	3.0
2004	4,446.6	4,332.3	239.5	5.5
2005	4,488.1	4,614.7	113.0	2.4

transfers. However, administrative actions alone are not always adequate to maintain a positive cashflow for the State General Fund. With State General Fund balances at a low level, the state must borrow from other funds by issuing certificates of indebtedness. Similar to FY 2003, a \$450.0 million certificate was issued on the first day of FY 2004. The certificate must be repaid before the fiscal year closes.

State General Fund Consensus Revenues

Estimates for the State General Fund are developed using a consensus process that involves the Division of the Budget, the Kansas Legislative Research Department, the Department of Revenue, and three consulting economists, one each from the University of Kansas, Kansas State University, and Wichita State University. The Governor's budget uses the State General Fund Consensus Revenue Estimating Group's estimates for FY 2004 and FY 2005 as a base and adjusts them to reflect the Governor's recommendations that affect State General Fund receipts. This section covers the revenue projected by the consensus estimating process. The next section will cover the adjustments proposed by the Governor for annual and one-time transfers and concludes with a table that adds the consensus numbers and the transfer adjustments to produce a new total to State General Fund revenues.

Estimating Process

Each year members of the Consensus Revenue Estimating Group meet in October with other individuals from specific business areas to discuss basic economic trends in Kansas, the Midwest, and the nation. Using information and assumptions developed in this meeting, each member of the group independently develops estimates for the different sources from which the State General Fund realizes receipts. Members use individual methodologies during this process. The group does not use a common economic forecasting model. It reconvenes in November to discuss and compare the estimates of the members. During that meeting, the group develops a consensus on each State General Fund revenue source for both the current and upcoming fiscal years. These estimates become the basis for both the Governor and the Legislature upon which the annual state budget is built. The consensus group meets again in April of each year to revise the estimates.

Described below are the basic economic assumptions developed during the November consensus meeting. These assumptions were used, along with actual receipts from prior years and the first four months of FY 2004, to form the basis for the current set of revenue estimates. Detailed data concerning the assumptions that the consensus group used are

contained in *The Governor's Economic and Demographic Report*.

Basic Economic Assumptions

The descriptions below explain the key economic indicators used to estimate State General Fund revenues for FY 2004 and FY 2005. The Kansas economy is expected to continue to grow more slowly than the national economy during 2004. However, the national economy is expected to strengthen over the next two years. Nominal Gross Domestic Product (GDP) is expected to grow by 5.5 percent in 2004 and by 5.7 percent in 2005, while real GDP is expected to grow by 4.1 percent and 3.8 percent, respectively. Kansas Gross State Product is expected to grow by 4.8 percent in both 2004 and 2005. U.S. personal income also is expected to increase. The growth is anticipated to be 6.2 percent in 2004 and 5.7 in 2005.

Kansas Personal Income. Kansas Personal Income (KPI) grew by 1.9 percent in 2002 and is expected to complete 2003 at the higher growth rate of 3.0 percent. The KPI growth rate is expected to be 4.6 percent in 2004 and 4.8 percent in 2005.

Employment. Labor market statistics indicate that unemployment in Kansas is up, but experts believe that the outlook is not bleak. The statewide unemployment rate for FY 2003 was 5.0 percent. The latest statistics indicate that Kansas unemployment is still below the national rate of 6.0 percent (September 2003) and that a large part of the state is well below 5.0 percent unemployment. However, the main metropolitan areas are forcing the rate upward. The overall Kansas unemployment rate for FY 2004 is expected to be 5.0 percent, then decrease to 4.9 percent in FY 2005.

Agriculture. The All Farm Products Index of Prices received by Kansas farmers was 109 in September, compared with 103 a year ago. The 2003 Kansas wheat crop, which was 480.0 million bushels, represents an 80.0 percent higher yield than the 2002 crop and is the third largest on record. Cattle prices in 2003 continue to run well ahead of 2002 levels. The lack of moisture in the western one-third of Kansas

continues to be a major concern for the agricultural and agribusiness sectors.

Oil & Gas. The average price per taxable barrel of Kansas crude oil is estimated to be \$27 in FY 2004 and to decrease to \$25 in FY 2005. Gross oil production in Kansas, which has been declining steadily for the last decade, is expected to stabilize throughout the forecast period. Production is estimated to be 33.0 million barrels in both FY 2004 and FY 2005. The price of natural gas is expected to be \$4.25 per mcf in FY 2004 and then decrease to \$3.90 per mcf in FY 2005. Natural gas production is expected to continue to decline for the foreseeable future as natural gas reserves, especially those in the Hugoton field, are depleted. The natural gas forecast is for 420.0 million cubic feet in FY 2004 and 390.0 million cubic feet in FY 2005.

Inflation. In 2002, the rate of inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U), was 1.6 percent. The inflation rate in 2003 is expected to be higher at 2.4 percent and then drop back to 1.8 percent in 2004. In 2005, the rate is anticipated to be slightly higher at 2.2 percent.

Interest Rates. The Pooled Money Investment Board is authorized to make investments in U.S. Treasury and agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit of Kansas banks. In FY 2003, the state earned 1.63 percent on its State General Fund portfolio. The average rate of return forecasted for FY 2004 is 1.28 percent. For FY 2005, the rate is expected to be 1.79 percent.

Accounts Receivable. As a result of additional collection resources provided to the Department of Revenue by the 2001 Legislature, estimated receipts to the State General Fund for the next several fiscal years were increased by more than \$49.0 million per year. The latest information available suggests that the enhanced accounts receivable collections attributable to the resources provided by the 2001 legislation are in the range of \$20.0 million to \$25.0 million per year. At the time of enactment, the assumption was made that the enhanced collections would be exhausted from the tax base by the end of FY 2006.

Tax Amnesty. Legislation enacted during the 2003 Legislative Session established a tax amnesty program that took place from October 1, 2003, through November 30, 2003. The amnesty was estimated to

generate an additional \$19.5 million of revenue, of which \$12.5 million was expected to be generated from individual income taxes and \$7.0 million from sales taxes.

New Federal Tax Law Impact. In FY 2004, the effect of the new federal tax law on State General Fund tax receipts is estimated to be a reduction of \$14.0 million, of which \$11.5 million is anticipated to be in corporation income tax receipts and \$2.5 million in individual income tax receipts. In FY 2005, the reduction is expected to be \$12.0 million, of which \$11.0 million is in corporation income tax receipts and \$1.0 million in individual income tax receipts.

These reductions are offset by an additional \$45.7 million that is attributable to flexible grant monies in the federal legislation. The state also received \$45.7 million in similar funding during FY 2003.

Additional Medicaid funds the state will receive as a result of the federal legislation will not be deposited directly into the State General Fund. Instead, the Medicaid funds will reduce SGF expenditures.

Property Tax Accelerator. Based upon a law enacted in 2003 and the Governor's analysis of the state's fiscal condition, the property tax payment date for the second half of the prior year's property taxes has now been accelerated from June 20 to May 10, beginning in 2004.

Although the primary intent of that action was to increase FY 2004 local effort for purposes of the school finance formula, a number of other statutory adjustments to state property tax levies also occurred once the accelerator provisions were triggered. For tax year 2003 only, a temporary property tax levy of 0.6 mills is imposed for the State General Fund, while the levy for state building funds was decreased by 0.6 mills. The State General Fund also will receive a similar portion of the state's receipts attributable to the in-lieu-of property tax on motor vehicles through the end of calendar year 2004.

Consensus Receipt Estimates

With the exception of three years, since 1975, State General Fund receipts have increased from the previous year. Only in FY 1986, FY 1999, and FY

2002 did the total receipts actually fall below the levels in the prior fiscal year. Between FY 1985 and FY 1986, receipts fell by 1.0 percent and by 1.1 percent between FY 1998 and FY 1999. The dramatic 6.9 percent drop between FY 2001 and FY 2002 receipts is the largest in recent history.

FY 2004

The revised estimate of receipts for FY 2004 is \$4,483.6 million, an increase of \$61.9 million from the previous estimate made in April and adjusted for subsequent enacted legislation and for the implementation of the property tax accelerator provisions by the Governor. The revised estimate is \$238.0 million, or 5.6 percent, above actual FY 2003 receipts. The estimates assume that \$50.0 million in tax refunds owed in FY 2004 will be held over and paid in FY 2005.

The estimate of total taxes was increased by \$18.8 million, while the estimate of "other revenue" was increased by \$43.5 million, which may be attributed, in large part, to the \$45.7 million receipt of federal grant funds.

The estimate for individual income taxes was decreased by \$36.0 million. A number of factors contributed to this downward revision, including the reduced Kansas personal income growth projection, the effect of the new federal tax law, and the fact that receipts through October were running \$11.4 million below the prior fiscal-year-to-date estimate. Final FY 2003 receipts for this source finished almost \$30.0 million below the final estimate for that year, and overall individual income tax receipts decreased by a combined \$227.3 million for the FY 2001 through FY 2003 period.

Compensating use taxes also underwent a substantial cut of \$20.0 million in the estimate. Final use tax receipts for FY 2003 actually declined relative to FY 2002, notwithstanding a tax rate increase. Receipts through October were already \$9.5 million below the prior fiscal-year-to-date estimate. The relatively weak economy over the last 18 months and its effect on taxable purchases by businesses have likely played a major role in the lack of tax growth.

The cigarette tax receipts forecast was decreased by \$15.0 million. Although final receipts in FY 2003

came within \$1.0 million of the final estimate for the year after the major tax rate increase, receipts have been sluggish in FY 2004 and were \$5.2 million below the prior estimate through October. The current forecast calls for receipts to remain virtually flat in FY 2004, even though the full rate increase (55 cents per pack) will have been in effect for the entire fiscal year.

The estimate for sales taxes was increased by \$18.0 million. Sales tax receipts were running \$7.0 million ahead of the prior estimate through October, and growth is expected to continue for this source based on some recent positive indications in the national economy about consumer confidence and spending.

The overall severance tax estimate was increased by \$13.6 million. Of this amount, \$10.5 million is attributable to an increase in the estimate for the tax on natural gas and \$3.1 million is attributable to an increase for the tax on oil. The change in the gas estimate primarily resulted from an increase in the forecasted price per mcf from \$3.75 to \$4.25.

Other changes in tax sources in excess of \$1.0 million included the corporation income tax estimate, which was increased by \$15.0 million; the insurance premiums tax estimate, which was increased by \$2.3 million; and the estate tax estimate, which was increased by \$2.0 million. The relatively strong growth forecasted for tax receipts for liquor gallonage and liquor enforcement is based on collections through October, as well as the implementation of Sunday sales in a number of cities.

FY 2005

State General Fund receipts are estimated to be \$4,469.3 million in FY 2005, a decrease of \$14.3 million or 0.3 percent when compared to the revised FY 2004 estimate. The low growth rate is attributable to one-time receipts in FY 2004 and the expectation that \$50.0 million of FY 2004 tax refunds will be held over and paid in FY 2005.

Modest growth is expected to continue in the estimated State General Fund receipts of individual income and sales taxes in FY 2005. The growth is based generally on the expectations that the economic recovery will continue and that the growth in Kansas personal income will accelerate.

The compensating use tax is expected to remain virtually flat throughout the forecast period. The overall severance tax estimate for FY 2005 is \$12.0 million lower than the FY 2004 estimate. This downward trend in severance tax receipts is based largely on the assumptions that prices of both oil and

gas will decrease somewhat and that gas production will continue to decline.

The table on the next page reflects revenue estimates, by source, for the State General Fund as agreed to by the Consensus Revenue Estimating Group.

Consensus Revenue Estimate

(Dollars in Thousands)

	FY 2003 Actual		FY 2004 Estimate		FY 2005 Estimate	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	15,729	(12.9)	17,500	11.3	18,000	2.9
Motor Vehicle	--		1,700		1,200	
Ad Valorem	--		13,600		400	
Total	\$15,729		\$32,800		\$19,600	
Income Taxes:						
Individual	1,750,054	(4.3)	1,855,000	6.0	1,850,000	(0.3)
Corporation	105,222	12.0	120,000	14.0	110,000	--
Financial Inst.	31,120	11.5	34,250	10.1	34,250	0.0
Total	\$1,886,396	(3.3) %	\$2,009,250	6.5 %	\$1,994,250	(0.7) %
Estate/Inheritance	\$46,952	(2.4)	\$46,250	(1.5)	\$48,250	4.3
Excise Taxes:						
Retail Sales	1,567,722	6.6	1,635,000	4.3	1,685,000	3.1
Compensating Use	225,923	(3.3)	220,000	(2.6)	225,000	2.3
Cigarette	129,250	169.0	130,000	0.6	128,000	(1.5)
Tobacco Prod.	4,510	4.8	4,900	8.6	5,000	2.0
Cereal Malt Beverage	2,273	(4.5)	2,500	10.0	2,500	--
Liquor Gallonage	14,802	1.2	16,000	8.1	16,500	3.1
Liquor Enforcement	38,833	3.8	41,750	7.5	44,000	5.4
Liquor Drink	6,847	3.5	7,400	8.1	7,700	4.1
Corporate Franchise	31,090	67.9	35,000	12.6	36,000	2.9
Severance	72,775	30.7	85,450	17.4	73,450	(14.0)
Gas	56,260	34.6	67,850	20.6	57,150	(15.8)
Oil	16,515	18.9	17,600	6.6	16,300	(7.4)
Total	\$2,094,025	10.7 %	\$2,178,000	4.0 %	\$2,223,150	2.1 %
Other Taxes:						
Insurance Prem.	94,455	11.2	95,000	0.6	95,000	--
Miscellaneous	4,427	82.9	4,500	1.6	4,500	--
Total	\$98,882	13.2 %	\$99,500	0.6 %	\$99,500	-- %
Total Taxes	\$4,141,984	3.6 %	\$4,365,800	5.4 %	\$4,384,750	0.4 %
Other Revenues:						
Interest	19,075	(50.7)	12,800	(32.9)	21,500	68.0
Net Transfers	(13,036)	N/A	6,300	N/A	9,500	N/A
Demand to Revenue	--	N/A	(58,700)	N/A	--	N/A
Other Transfers	(13,036)	N/A	65,000	N/A	9,500	N/A
Agency Earnings	51,764	0.5	52,900	2.2	53,500	1.1
Federal Grants	45,792	N/A	45,800	N/A	--	N/A
Total Other Revenue	\$103,595	71.1 %	\$117,800	13.7 %	\$84,500	(28.3) %
Total Receipts	\$4,245,579	4.6 %	\$4,483,600	5.6 %	\$4,469,250	(0.3) %

State General Fund Revenue Adjustments

Although the Governor must use the revenue estimates developed through the consensus process outlined in the previous section, a variety of adjustments to State General Fund consensus revenues are made in the Governor's recommended budget. Most of these adjustments are revenue transfers, although she makes important decisions regarding some taxes as well.

Tax Adjustments

Tax Refunds. First, the Governor has announced her intent that all tax refunds be paid in a timely manner. The Legislature enacted 2003 HB 2444, which authorized the Governor to hold up to \$50.0 million in refunds due in FY 2004 until the start of FY 2005 as a budget balancing measure. The Governor has determined that this action is not necessary or prudent and that all refunds should be paid as they come due. This decision affects a variety of tax sources, including individual, corporate, and financial institutional income tax; retail sales; compensating use; liquor enforcement; and the severance tax on gas.

Tax Credit. The other adjustment made in the Governor's budget to tax revenues is a \$2.5 million reduction in income taxes. As outlined in the Governor's economic revitalization plan, there is a need for business development in rural areas. To address this need, tax credits are recommended. The tax credit will reduce individual income taxes by \$1.1 million, corporate income taxes by \$900,000, and financial institutions privilege tax by \$500,000.

Statutory Transfers

Demand Transfers. Historically, there are two kinds of transfers from the State General Fund. A demand transfer is treated as an expenditure because it is "paid out" of the State General Fund. It is based on a formula or authorization in substantive law. However, in recent years the resources of the State General Fund have not been sufficient to finance these transfers at the statutory level. As a result, the appropriation bill has limited the transfer or stopped the payments entirely.

Revenue Transfers. A revenue transfer simply moves money directly out of the unencumbered balance of the State General Fund. Therefore, they are not counted as part of budgeted expenditures, because the funds are only "relocated" from the State General Fund to a special revenue fund and lose their identity as State General Fund dollars in the process.

Transfer Conversions. During recent legislative sessions all demand transfers have been converted to revenue transfers but on a piecemeal basis. The 2001 Legislature converted three of them: the Local Ad Valorem Tax Reduction Fund, the County and City Revenue Sharing Fund, and the Special City and County Highway Fund. The 2002 Legislature converted another two transfers: the School District Capital Improvements Fund and the State Water Plan Fund. The State Highway Fund demand transfer would have been included in the conversion as well, except the financial status of the State General Fund necessitated suspension of this transfer. The 2003 Legislature converted the State Fair Capital Improvements Fund and Kansas Partnership for Faculty of Distinction to revenues transfers in FY 2004. The transfer to the KCC Abandoned Oil and Gas Well Fund has been a revenue transfer since its inception, so there was no need to convert it.

Recommendations. Because of the condition of the State General Fund, only a limited number of these transfers are included in the Governor's budget recommendations. The Governor does not recommend resumption of the transfer to the State Highway Fund, Local Ad Valorem Tax Reduction Fund, City and County Revenue Sharing Fund, State Fair Capital Improvements Fund, or Abandoned Oil and Gas Well Fund in FY 2005. The Special City and County Highway Fund transfer, on the other hand, is included at \$10.1 million. This transfer was made a year ago but from existing balances. Making the transfer in FY 2005 will restore the depleted balances in this fund. The School District Capital Improvements Fund will disburse \$57.0 million in FY 2005. The transfer to the State Water Plan Fund is reduced from the statutory \$6.0 million to \$3,748,839. For the Kansas Partnership for Faculty of Distinction in FY 2005, the Governor estimates a transfer of \$400,000.

One-Time Transfers

Transfers In. The largest transfer adjustment is to capture monies that are anticipated to be saved in the future from improvements to the state's procurement, information technology, and other administrative processes. Agencies' operating budgets have been reduced accordingly and the special revenue amounts transferred to the State General Fund. The amount transferred is \$26.7 million. Federal funds were not affected by this change.

Coordinated with the Governor's efforts to improve the operation of state government, \$8.2 million is transferred from other funds that will not be necessary to operate the state's motor pool or to purchase new vehicles. Of the amount, \$5,441,000 will be transferred in FY 2004 and \$2,745,000 in FY 2005.

Upon examination of cash balances in the fee-funded biennial agencies, it is recommended that any projected cash balance over \$200,000 at the end of FY 2005 be transferred to the State General Fund. This recommendation generates \$6.4 million.

It was recently discovered that benefit rates certified by KPERS for payroll assessments on the state as the employer of correctional officers in the Department of Corrections system have been too high. The amount of the overage, \$3.7 million, has been refunded to the State General Fund through a payment made in the current year. Also, KPERS was authorized to issue bonds to pay for a benefit to a specific group of

retirees. Because of the way this bond issuance must be structured, KPERS will transfer to the State General Fund \$700,000 in FY 2004 and \$3.1 million in FY 2005. The debt service payment will then be spent from the State General Fund.

The Governor recommends the transfer of \$1.5 million in FY 2004 and \$4.0 million in FY 2005 from various agency fee fund cash balances. Also, the State Treasurer and the Department of Wildlife and Parks will repay loans made by the State General Fund. The State Treasurer was given \$250,000 in FY 2004 to address cash needs when the agency changed to a new fee structure to support its operations.

Transfers Out. At the November 20, 2003 meeting of the State Finance Council, \$2.1 million was authorized to be transferred from the State General Fund to the State Emergency Fund for disaster relief efforts by the Adjutant General for the current fiscal year. The Department of Wildlife and Parks will use \$1.5 million from the State General Fund in FY 2004 and FY 2005 to match federal monies for a capital improvement at Tuttle Creek.

The table on the next page lists all of the revenue transfer adjustments that have been incorporated in the Governor's recommendations for FY 2004 and FY 2005. The table on p. 24 combines these adjustments with the original November consensus estimates on p. 20 to present a total view of State General Fund revenues.

Adjustments to the Consensus Revenue Estimates

(Dollars in Thousands)

FY 2004

Tax Refunds	Governor directs all tax refunds be paid in a timely manner	(50,000)
Revenue Transfer to School Districts	Reduce transfer to the School District Capital Improvements Fund	2,564
Statewide Funds:		
Emergency Fund	Disaster relief efforts by Adjutant General	(2,104)
Agency Funds:		
Department of Administration	Motor Pool Operating Fund	3,254
Department of Administration	Motor Pool Depreciation Fund	1,818
Department of Administration	Sale of Surplus Vehicles	1,000
State Treasurer	Repay loan for operating expenditures	250
KPERS	Refund overpayment made in previous years for Security Officers' retirement benefits	3,651
KPERS	Bond payment for "13th Check"	700
Racing & Gaming Commission	Increase Transfer from Gaming Revenues Fund	111
Department of Health & Environment	Waste Tire Management Fund	304
Department of Health & Environment	Subsurface Hydrocarbon Fund	152
Department of Health & Environment	Solid Waste Management Fund	424
Juvenile Justice Authority	Community Planning Fund	25
Highway Patrol	Motor Vehicle Fund	500
Department of Transportation	Vehicle Moratorium	369
Total FY 2004 Adjustments		(\$36,982)

FY 2005

Tax Refunds	Governor directs all tax refunds be paid in a timely manner	50,000
Revenue Transfers to Local Governments	School District Capital Improvements Fund & Special County City Highway Fund	(67,064)
Tax Credits	Governor's Economic Revitalization Plan	(2,500)
BEST Savings	Statewide operating efficiencies	20,126
Vehicle Special Revenue Fund Savings	Savings from vehicle purchase moratorium	2,745
Statewide Funds:		
Kansas Endowment for Youth Fund	Transfer balance	4,612
State Water Plan Fund	Make partial transfer	(3,749)
Agency Funds:		
KPERS	Bond payment for "13th Check"	3,140
Fee Agencies	Transfer overage in cash balances	6,265
Kansas Lottery	Lottery Operating Fund	500
Racing & Gaming Commission	Increase Transfer from Gaming Revenues Fund	115
Department of Health & Environment	Waste Tire Management Fund	311
Department of Health & Environment	Subsurface Hydrocarbon Fund	151
Department of Health & Environment	Solid Waste Management Fund	317
Regents System	Make Faculty of Distinction Transfer	(400)
Juvenile Justice Authority	Juvenile Detention Facility Fund	300
Emergency Medical Services Board	Operating Fund	1,000
State Fire Marshal	Fire Marshal Operating Fund	500
Highway Patrol	Motor Vehicle Fund	1,000
Department of Wildlife & Parks	Repay Tuttle Creek Loan	1,500
Total FY 2005 Adjustments		\$ 18,869

Consensus Revenue Estimate
As Adjusted for the Governor's Recommendations
(Dollars in Thousands)

	FY 2003 Actual		FY 2004 Gov. Estimate		FY 2005 Gov. Rec.	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
Property Tax:						
Motor Carrier	15,729	(12.9)	17,500	11.3	18,000	2.9
Motor Vehicle	--		1,700		1,200	
Ad Valorem	--		13,600		400	
Total	\$15,729		\$32,800		\$19,600	
Income Taxes:						
Individual	1,750,054	(4.3)	1,819,000	3.9	1,886,000	3.7
Corporation	105,222	12.0	110,000	4.5	117,500	6.8
Financial Inst.	31,120	11.5	34,000	9.3	34,500	1.5
Total	\$1,886,396	(3.3) %	\$1,963,000	4.1 %	\$2,038,000	3.8 %
Estate/Inheritance	46,952	(2.4)	46,000	(2.0)	48,500	5.4
Excise Taxes:						
Retail Sales	1,567,722	6.6	1,633,000	4.2	1,687,000	3.3
Compensating Use	225,923	(3.3)	219,000	(3.1)	226,000	3.2
Cigarette	129,250	169.0	130,000	0.6	128,000	(1.5)
Tobacco Prod.	4,510	4.8	4,900	8.6	5,000	2.0
Cereal Malt Beverage	2,273	(4.5)	2,500	10.0	2,500	--
Liquor Gallonage	14,802	1.2	16,000	8.1	16,500	3.1
Liquor Enforcement	38,833	3.8	41,500	6.9	44,250	6.6
Liquor Drink	6,847	3.5	7,400	8.1	7,700	4.1
Corporate Franchise	31,090	67.9	35,000	12.6	36,000	2.9
Severance	72,775	30.7	85,200	17.1	73,700	(13.5)
Gas	56,260	34.6	67,600	20.2	57,400	(15.1)
Oil	16,515	18.9	17,600	6.6	16,300	(7.4)
Total	\$2,094,025	10.7 %	\$2,174,500	3.8 %	\$2,226,650	2.4 %
Other Taxes:						
Insurance Prem.	94,455	11.2	95,000	0.6	95,000	--
Miscellaneous	4,427	82.9	4,500	1.6	4,500	--
Total	\$98,882	13.2	\$99,500	0.6	\$99,500	--
Total Taxes	\$4,141,984	3.6 %	\$4,315,800	4.2 %	\$4,432,250	2.8 %
Other Revenues:						
Interest	19,075	(50.7)	12,800	(32.9)	21,500	68.0
Net Transfers	(13,036)	N/A	6,760	N/A	(33,830)	N/A
Demand to Revenue	--	N/A	(58,240)	N/A	(67,064)	N/A
Other Transfers	(13,036)	N/A	65,000	N/A	33,234	N/A
Agency Earnings	51,764	0.5	65,458	26.5	68,199	4.2
Federal Grants	45,792	N/A	45,800	N/A	--	N/A
Total Other Revenue	\$103,595	71.1 %	\$130,818	26.3 %	\$55,869	(57.3) %
Total Receipts	\$4,245,579	4.6 %	\$4,446,618	4.7 %	\$4,488,119	0.9 %

Financial Policies

The State of Kansas observes the following financial policies to manage fiscal affairs responsibly.

Operating Policies

The state, through performance budgeting principles, allocates available public resources in keeping with the goals and objectives of state agencies as embodied in their strategic plans.

The state emphasizes the preservation of existing capital facilities over the construction of new ones. A major portion of the Educational Building Fund for universities, Correctional Institutions Building Fund for correctional facilities, and State Institutions Building Fund for hospitals and juvenile correctional facilities is dedicated to rehabilitation and repair.

Revenue Policies

The state maximizes the use of fees, federal funds, and other special revenues to preserve the fiscal integrity of the State General Fund and ensure budgetary flexibility.

The state uses consensus revenue estimates developed by executive and legislative professional staff as well as university economist consultants as the basis for budgetary decisionmaking.

The state collects taxes, penalties and interest, and other revenues. Internally, state collection units make multiple efforts to collect amounts due the state by using various administrative procedures and liens against property. Persistent delinquencies are pursued by a private collection agency and, when necessary, through legal proceedings.

Cash Management Policies

On a daily basis, the state monitors receipts into, and expenditures out of, the state treasury. Ensuring the state has adequate resources at the time obligations occur is the primary goal. Certificates of indebtedness are the first tool used to meet this goal. Managing the timing of expenditures is a secondary tool.

The state invests idle funds to match these anticipated cashflow needs by using government securities and collateralized bank deposits to provide safety, liquidity, and yield in that order.

Debt Service Policies

The state incurs debt, primarily through the issuance of revenue bonds, only to finance capital improvements, equipment, certain grant programs, and reducing the unfunded liability of the KPERS Fund. However, debt financing is not used for operating expenses.

The constitution allows for the issuance of general obligation bonds subject to certain restrictions. However, the state has not exercised this authority for many years.

The underlying ratings for the most recently issued revenue bonds are Aa1 by Moodys and AA+ by Standard and Poor's. These ratings reflect the state's credit quality in the absence of general obligation debt. Other credit factors include a very low debt burden, lower unemployment than the national average, a broadening and diversified economy, and conservative fiscal management combined with sound financial operations.

Reserve Policy

The state meets the "balanced budget" provision of the *Kansas Constitution* that requires financial resources to be sufficient to cover expenditure obligations.

Accounting, Auditing, & Reporting Policies

The state prepares financial statements in accordance with generally accepted accounting principles, and an independent certified public accounting firm conducts a financial and compliance audit of those statements. As a part of that statewide audit, compliance and control audits of individual agencies are performed at least once every three years. For budgeting, the state avoids double counting expenditures by treating non-expense items and a number of "off budget" expenses as non-reportable.

Basis of Budgeting

Revenue

Receipts to funds in Kansas generally are credited on a cash basis, not as accounts receivable. However, each July 1 for cashflow purposes, the Educational Building Fund, Correctional Institutions Building Fund, and State Institutions Building Fund are credited with receipts totaling 95.0 percent of each fund's actual receipts in the previous fiscal year.

Encumbrances

For budgeting purposes, encumbrances are treated as reportable expenditures; therefore, no distinction is made between cash outlays or liquidated and unliquidated encumbrances. Encumbrances, along with the funds to liquidate them, are attributed to the fiscal year in which they were incurred.

Expenditures

Expenditures are separated into two categories: reportable and non-reportable. Reportable expenses are direct cash outlays and encumbrances for salaries and wages; other operating expenditures; aid to local governments; other assistance, grants, and benefits; and capital improvements incurred by state agencies. In general, the dollars reported throughout the budget, especially the accumulated totals in statewide tables and schedules, are reportable expenditures.

With debt-financed capital projects, the debt service is reported in the budget, not the cost of the project. The interest portion is treated as an operating expense, whereas the principal portion is a capital expense.

The budgeting and accounting systems differ in their reporting of certain capital costs. For example, a facility purchased by bonds through the Kansas Development Finance Authority and leased to a state agency is reported as a lease/rental cost to the agency in the accounting system. In budgeting, it is reported as a capital improvement cost because a facility is being added to the state's inventory of capital assets.

There are several kinds of non-reportable expenditures. Chief among these are so-called "off budget" expenditures in the Department of Administration. Dollars spent in many state agencies' budgets for printing services, for example, are spent again to operate the Printing Plant. The agencies' costs are treated as reportable and the Printing Plant's non-reportable to avoid counting dollars twice. These non-reportable expenditures are included separately in the budget reports, but they are not included in statewide totals.

Other non-reportable expenditures are clearing and suspense funds, revolving funds, inmate or patient benefit and trust funds, bond proceeds, and non-expense items, such as refunds. Bond proceeds are not included in the budget report, except for the bond proceeds of the Comprehensive Highway Program.

Balances

Beginning and ending fund balances for budgeting purposes generally reflect unencumbered cash balances only. For example, if an encumbrance in a prior fiscal year has not been liquidated, the accounting system still shows the amount of the cash reserve set aside to liquidate that encumbrance. Budget reports, on the other hand, deduct the amount from the balance in the prior fiscal year, so none of the fund activity of the prior fiscal year distorts activity in later years. Thus, for trend analysis and other budgeting purposes, it is important to show fund activity in the fiscal year to which it is attributed. The current cash status reports of the accounting system, on the other hand, are more important for cash management.

Funds that become unencumbered when a cash outlay is made, especially for the State General Fund, are shown as an addition to the beginning balance of the fiscal year following the year from which the funds were unencumbered. The effect is to increase available funds; however, reported expenditures in prior fiscal years for budgeting purposes are not adjusted for the unencumbered amounts.

Economic Revitalization Plan

Kansas and many other states have suffered from a weakened economy as well as a dramatic loss in revenue for over two years. To begin to strengthen the Kansas economy, the Governor held seven economic summits across the state to create an open dialogue on renewing the Kansas economy. Over 1,500 Kansas citizens participated in the summits, bringing forth ideas and key components for boosting economic development in Kansas. Information from the summits was gathered and evaluated and brought together in a State Economic Revitalization Plan.

While the Revitalization Plan calls for continued commitment to the priorities of education, transportation, and government efficiencies, it also includes six cornerstones for renewed economic development in Kansas. These cornerstones are business and job recruitment/retention, life sciences, seed financing and business assistance, enhanced state image and brand, rural business development, and workforce development. The Revitalization Plan includes strategies and action steps for each cornerstone. Some strategies may include the introduction of proposed legislation during the 2004 Legislative Session or increased state agency funding in FY 2005, or a combination of both.

Economic Revitalization Plan Funding	
Program or Project	FY 2005 Gov Rec.
Department of Commerce	
Kansas Targeted Incentive	60,000
BRAC	250,000
State Brand and Image	2,100,000
Ad Astra	300,000
Enterprise Facilitation	200,000
Total--Commerce	\$ 2,910,000
Kansas Technology Enterprise Corp.	
Bioscience Authority	300,000
Total	\$ 3,210,000

To implement various initiatives of the Revitalization Plan, the Governor's FY 2005 recommendations add \$3.2 million from the Economic Development Initiatives Fund (EDIF) to the Department of

Commerce and the Kansas Technology Enterprise Corporation. The Governor's recommendations for FY 2005 are listed by agency and by program in the table. The two agencies will also be introducing legislation giving them statutory authority, where necessary, to implement and administer the Governor's initiatives. Details of the Governor's initiatives and programs as part of the Revitalization Plan are discussed below.

Business & Job Recruitment/Retention

Kansas Targeted Incentive Program. Legislation will be introduced during the 2004 Legislative Session which would replace the existing High Performance Incentive Program and Enterprise Zone Program tax credits with a modern, flexible approach to business incentives to make Kansas an attractive, adaptable business environment. The tax credits will be bought and sold between businesses. Incentives will be applied according to a variable scale that can be adjusted for regional economic realities. Businesses will be required to make prior application to the Department of Commerce to make known their intended investment and/or job creation. The Department of Commerce will be charged with ensuring that the intended activity occurs. The Governor adds \$60,000 from the EDIF to the Department of Commerce for this program in FY 2005.

Base Realignment & Closure (BRAC) Commission. The federal government is re-initiating the BRAC Commission beginning in calendar year 2004 and concluding in 2005. The Commission's objective is reducing America's military capacity by 25.0 percent. The Commission will explore possibilities for base closures or reassignments. Military installations in Kansas contribute over \$2.0 billion annually to the Kansas economy and must be protected and, if possible, expanded. Funding of \$250,000 from the EDIF in FY 2005 is added to the Kansas Economic Opportunity Initiatives Fund Program in the Department of Commerce. These funds will be used along with \$250,000 from the agency's existing resources for consulting services and lobbying efforts

to ensure that Kansas retains or increases its military force. Communities and military support groups throughout the state will match the state's investment on a one-for-one basis.

Biosciences

Bioscience Authority. The Revitalization Plan encourages the development of a prominent bioscience industry in Kansas, which is the focus of the Bioscience Authority Program. An organization will be created with authority to acquire property and construct laboratories, endow research and scientific positions, and fund bioscience curricula and laboratory resources at academic institutions. The Kansas Technology Enterprise Corporation's FY 2005 budget is increased by \$300,000 from the EDIF for the initial planning and development costs for this crucial program.

Bioscience Bond Act & Tax Increment Financing. Proposed legislation for a new Kansas Bioscience Bond Act would authorize the issuance of bonds. The bond proceeds would be used to support and fund bioscience research in qualified universities, medical centers, and selected nonprofit organizations. The principal and interest on the bonds would be repaid with state income taxes on wages from new bioscience jobs created throughout the state.

Seed Financing/New Business Start-up

Angel Networks. During the summits, the importance of funding options for new ventures and businesses was expressed as a key component of economic development in each region of Kansas. Networks of venture capitalists, "Angel Networks," will be created throughout the state to invest in new ventures and businesses. Tax credit legislation will also be introduced to encourage these direct investments.

Workforce Development Consolidation

Workforce development is a very important component of economic development. A skilled workforce can address the needs of new and existing businesses. The Revitalization Plan calls for the maximum use of workforce development programs

through the creation of an Excellence in Workforce Development Committee and the reorganization of these programs. New legislation will be implemented during the 2004 Legislative Session.

State Image

State Brand. At all seven of the regional economic development meetings, improving and defining the state's image was identified as a high priority. A state's brand and image can have a positive effect on a state's tourism and economic development. The Governor recommends \$2.1 million from the EDIF for the Department of Commerce to develop a state brand and implement a durable, flexible, and dynamic brand image for the State of Kansas, which fosters economic development activities, including tourism and regional strengths. Additional funds to support the creation of a state brand image are being reallocated from the Department's existing resources. The Revitalization Plan calls for \$3.0 million for strategic implementation and management of a Kansas brand in future years.

Ad Astra. The Ad Astra Program is a comprehensive initiative for entrepreneurial and artisan encouragement, revenue realization, tourism industry support, travel services, and Kansas image enhancement. Ad Astra features the development of a new, dynamic site and structure but is also a series of programs and initiatives that serve the entire state. Ad Astra will pursue rural and small business development using tourism in a retail environment along the interstate to enhance the image of Kansas and create economic opportunity. Additionally, Ad Astra will provide a mechanism for more Kansans to live where they want across the state, do what they love to do, and earn an income, while enhancing the image of the state. In FY 2004, the Department of Commerce has reallocated funds internally for initial research related to this program. The Department's FY 2005 budget recommendation includes \$300,000 from the EDIF for further planning and development needs.

Rural Entrepreneurship

Rural Business Development Tax Credits. Modeled after the highly successful Community Service Tax

Credit Program administered by the Department of Commerce, this program will encourage cash and non-cash contributions to establish regional business development funds. Individuals with a Kansas tax liability will receive a tax credit of 70.0 percent of their donation to the regional business development funds. The program will provide capital for entrepreneurial efforts in rural communities, ensure regional determination of the use of the funds, and encourage local investment in the economic future of the region. Legislation will be introduced in 2004 to allow for up to \$1.0 million of tax credits to be made available in each region over a three-year period.

Rural Entrepreneurship Action Plan. A standing committee within the existing Kansas Rural Development Council will meet quarterly and coordinate the programs and resources of all of the state's rural economic development agencies, public and private, regional, state, and federal. The Kansas small business development centers and the Kansas Department of Commerce will act as co-chairs of this fully functional standing committee.

Agritourism. Agritourism will be an agencywide initiative at the Department of Commerce as part of the Revitalization Plan's approach to rural development. Commerce will help Kansas develop a coordinated but flexible agritourism plan in

partnership with other stakeholders. Funding of approximately \$57,000 for this initiative is from the Department's existing resources.

Enterprise Facilitation. The Revitalization Plan calls for the continued funding of the Department of Commerce's current Enterprise Facilitation Program. This program builds local capacity to assist entrepreneurial businesses to succeed in communities. Citizens are also trained in developing new small businesses and retaining existing businesses. The Governor added \$200,000 from the EDIF in FY 2005 for this program. This will provide up to \$40,000 for each existing project. Funding will provide one or more of the following benefits: extend the life of the project, add new services for the region, or expand the project's service area. State funds will be matched with local funds to enhance the capacity of the project.

Other Areas of Focus

The State Economic Revitalization Plan also calls for actions in four areas: development of a state energy policy; inventory of existing programs which are available to support businesses in Kansas; tourism promotion; and value-added agriculture. Initiatives in these areas will be thoroughly reviewed during the legislative session.

Gaming Revenues

The State Gaming Revenues Fund is capitalized through monthly transfers from the Kansas Lottery and the Kansas Racing and Gaming Commission. Transfers are then made from the Gaming Fund to funds dedicated to economic development initiatives, prison construction and maintenance projects, local juvenile detention facilities, treatment of pathological gamblers, and the State General Fund.

Lottery

The first \$50.0 million of receipts is divided by a formula which first transfers \$80,000 to the Problem Gambling Grant Fund. Then 85.0 percent of the balance is transferred to the Economic Development Initiatives Fund (EDIF), 10.0 percent to the Correctional Institutions Building Fund (CIBF), and 5.0 percent to the Juvenile Detention Facilities Fund (JDFF). Any receipts to the SGRF in excess of \$50.0 million must be transferred to the State General Fund in the fiscal year in which the revenues are received.

The monthly transfers from the Kansas Lottery are designated to be any money in excess of what is needed for operation of the Lottery. For FY 2004, the agency will be transferring approximately \$63.3 million to the state. Currently, the agency is transferring an average of \$6.0 million each month in FY 2004. For FY 2005, the budget plan includes total transfers of \$64.0 million. The Lottery estimates total ticket sales of \$215.5 million for FY 2005. Of total ticket sales, \$2.5 million is from the Veterans' Benefit Games as approved by the 2003 Legislature.

Racing

Each month receipts from racing activities throughout the state are transferred to the State Racing Fund for

agency operations. Any excess receipts, as determined by the Executive Director and the Director of Accounts and Reports, are transferred to the State Gaming Revenues Fund. This process takes into consideration such factors as adequate fund balances, encumbrances, anticipated revenues, and actual revenues and expenditures to date. The Governor's recommendations assume the agency will transfer \$266,000 in FY 2004 and \$115,000 in FY 2005 to the State Gaming Revenues Fund. Racetracks are continuing to experience a decrease in racing activities, thus reducing revenues to the state further.

Gaming Revenues Fund			
<i>(Dollars in Thousands)</i>			
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Transfers In:			
Lottery	62,500	63,324	63,973
Racing & Gaming	487	266	115
Total	\$62,987	\$63,590	\$64,088
Transfers Out:			
EDIF	42,432	42,432	42,432
JDFF	2,496	2,496	2,496
CIBF	4,992	4,992	4,992
PGGF	80	80	80
Transfer to SGF	12,987	13,590	14,088
Total	\$62,987	\$63,590	\$64,088

Totals may not add because of rounding

In the Gaming Revenues Fund table above, the \$13.6 million and \$14.1 million State General Fund transfers projected for FY 2004 and FY 2005, respectively, reflect the amount of revenues deposited in the Gaming Revenues Fund in each year, minus \$50.0 million in combined transfers to the PGGF, EDIF, CIBF, and JDFF.

Economic Development Initiatives Fund

The Governor targets the limited resources of the Economic Development Initiatives Fund to priority areas for economic development that affect the business community, technological development, and the capabilities of the workforce in the state. In FY 2005, expenditures are prioritized to include the proposed Economic Revitalization Plan.

transferred to the EDIF. The Gaming Revenues Fund is limited to \$50.0 million each year, and transfers to the EDIF can reach \$42.4 million in a fiscal year. "Other revenue" includes interest, transfers from other funds, reimbursement of loans, and recoveries from prior years.

Fund Summary

The primary recipients of funds from the Economic Development Initiatives Fund (EDIF) in FY 2005 are the Department of Commerce (\$19.9 million), the Board of Regents (\$9.7 million), and the Kansas Technology Enterprise Corporation (\$11.3 million). A summary of the status of the EDIF is presented in the table below.

The EDIF is capitalized through transfers from the State Gaming Revenues Fund. Currently, 85.0 percent of the receipts deposited in the State Gaming Revenues Fund, after the statutory transfer of \$80,000 is made to the Problem Gambling Grant Fund, are

FY 2005 Recommendations

The Governor's recommendations for FY 2005 are summarized in the table on the next page and described below in detail by agency and by program. They are also listed in Schedule 2.4 at the back of this report for FY 2003 through FY 2005.

Department of Commerce

For FY 2005, the Governor recommends \$19.9 from the EDIF for the Department of Commerce, \$16.4 million in the form of an operating grant, \$3.2 million to be transferred to the Economic Opportunity Initiatives Program, and \$300,000 for the Existing

Economic Development Initiatives Fund Summary				
	Actual FY 2002	Actual FY 2003	Gov. Est. FY 2004	Gov. Rec. FY 2005
Beginning Balance	\$ 1,868,022	\$ 3,550,654	\$ 1,403,082	\$ 396,575
Released Encumbrances	2,065,315	1,346,451	750,000	--
Adjusted Balance	\$ 3,933,337	\$ 4,897,105	\$ 2,153,082	\$ 396,575
Revenues				
Gaming Revenues	42,432,000	42,432,000	42,432,000	42,432,000
Other Revenues	575,813	386,986	292,584	400,000
State General Fund	--	(3,165,908)	--	--
KEOIF	(3,500,000)	(3,325,000)	(2,975,000)	(3,225,000)
KEIEP	(500,000)	(475,000)	(423,246)	(300,000)
Export Loan Guarantee Fund	--	--	789,086	--
State Water Plan Fund	(2,000,000)	(1,900,000)	(1,900,000)	(2,000,000)
BEST Team Reductions	--	--	--	(106,760)
Death & Dis. Transfers Out	(9,704)	(18,747)	(29,877)	--
Total Available	\$ 40,931,446	\$ 38,831,436	\$ 40,338,629	\$ 37,596,815
Expenditures	37,380,792	37,428,354	39,942,054	37,596,815
Ending Balance	\$ 3,550,654	\$ 1,403,082	\$ 396,575	\$ --

Industry Expansion Program. The recommendation represents a net increase of 15.6 percent from the agency's base budget, or \$2.7 million.

The Governor reduces operating expenditures and grants by \$245,316. However, increased funding is provided for new and existing programs related to the Governor's new Economic Revitalization Plan. Additional funding for the new programs was the result of reductions made in other agencies and from shifting some funding for the Board of Regents to the State General Fund. The Governor added \$2.9 million for new and existing programs. The new programs that the Department will be responsible for include the State Brand Implementation Project, the Base Realignment and Closure Commission, the Ad Astra Project, Rural Development, and the marketing of Targeted Tax Incentives. The agency's current Enterprise Facilitation Program was increased by \$200,000.

The Governor's recommendation for FY 2005 also includes \$126,000 for the continued funding of a contract consulting office in Washington, D.C. The purpose of the office is to assist the agency in establishing and achieving legislative goals and securing opportunities to promote the State of Kansas.

An update of the outcomes that measure the Department of Commerce's performance under the operating grant concept, excluding the expected improvements from the proposed Economic Revitalization Plan, is at the end of this section.

Kansas Technology Enterprise Corp.

The Kansas Technology Enterprise Corporation (KTEC) provides research support, direct company investments, and business assistance. KTEC's philosophy targets sustainable economic leadership through technological innovation. The Governor recommends \$11,495,106 in FY 2004. The recommendation includes the lapsing of \$192,000 in released encumbrances, all from the EDIF. Although the agency had authority to spend these funds in FY 2004, it did not include these funds in its revised current year budget request.

For FY 2005, the Governor recommends \$11,310,217 from the EDIF. The agency's base budget was increased by \$300,000 for the Bioscience Authority, a

program in the Governor's new Economic Revitalization Plan. This program will aid in the expansion of the bioscience industry in Kansas. KTEC will be responsible for the initial planning and

Economic Development Initiatives Fund	
<u>Program or Project</u>	<u>FY 2005</u>
Department of Commerce Operating Grant	\$ 16,368,030
Kansas Technology Enterprise Corporation	
Operations	1,558,265
University & Strategic Research	5,549,751
Commercialization	1,316,589
Mid-America Manufacturing Center	1,480,960
Product Development	1,404,652
Total--KTEC	\$ 11,310,217
Kansas, Inc.	215,906
Board of Regents	
Matching Grants--AVTS	180,500
Postsecondary Aid--AVTS	6,957,162
Capital Outlay--AVTS	2,565,000
Total--Board of Regents	\$ 9,702,662
Total	\$ 37,596,815

development costs for this project, which will include the creation of a Bioscience Authority. The organization will be charged with funding, among other things, research and scientific positions and laboratory resources at Kansas academic institutions. The EDIF funding for the agency's operating expenditures totals \$1,558,265.

University & Strategic Technology Research.

KTEC finances five centers of excellence. These are university-based research centers, each with a different technology specialization, that conduct innovative research and provide technical assistance to Kansas businesses. The Governor recommends \$5,549,751 for this program, including the \$300,000 for the Bioscience Authority Program just mentioned. The additional funding is for initial planning and development costs for this program.

Commercialization. Commercialization entails the development of technology research into a product concurrently with the many steps required to develop the business, such as marketing and sales. KTEC co-funds seven innovation and commercialization corporations that provide business development and

financing to start-up technology-based businesses in Kansas. The Governor recommends \$1,316,589.

Mid-America Manufacturing Technology Center. This program provides business assistance in improving a manufacturer's technical capabilities. Companies are assisted to be more competitive through the adoption of known technologies processes. For FY 2005, the program will be allocated \$1,480,960.

Product Development Financing. This program finances technology product development at new and existing small Kansas companies. Funding is provided for the applied research stage of technology, initial commercialization, and matching monies to help businesses receive federal grants. The Governor recommends \$1,404,652 for this program in FY 2005.

Kansas, Inc.

The Governor replaces \$40,303 of EDIF expenditures by funding from the Kansas, Inc. Matching Fund in

FY 2004. These savings are used to fund part of the Governor's Economic Revitalization Plan in FY 2005. The Governor recommends \$215,906 for Kansas, Inc. in FY 2005 to continue strategic analysis of, and planning for, economic development for the state. The agency conducts economic development planning, policy research, and program evaluation to accomplish its mission.

Board of Regents

For FY 2005, the Governor recommends \$9,522,162 for postsecondary education at area vocational-technical schools from the EDIF. This is in addition to \$19.7 million in State General Fund dollars. The recommendation includes a \$3.4 million funding switch from the Economic Development Initiatives Fund to the State General Fund. The FY 2005 recommendation includes a \$1.0 million State General Fund increase. In addition, the recommendation includes \$180,500 for a technical innovation and internship program at postsecondary institutions, for a total of \$9,702,662.

**EDIF Operating Grant
Outcome Measures**

	FY 2003 <u>Actual</u>	FY 2004 <u>Gov. Estimate</u>	FY 2005 <u>Gov. Estimate</u>
Jobs created by projects utilizing KDOC&H assistance	7,894	5,745	5,361
Jobs retained by projects utilizing KDOC&H assistance	8,452	4,950	4,000
Payroll generated by projects utilizing KDOC&H assistance	\$221,188,804	\$338,539,160	\$189,648,000
Capital investment in Kansas resulting from projects utilizing KDOC&H assistance	\$817,165,781	\$842,200,000	\$440,000,000
Funds leveraged through match in projects utilizing KDOC&H assistance	\$34,781,348	\$32,143,719	\$11,450,000
Individuals trained through workforce development programs	12,066	9,468	7,900
Sales generated by projects utilizing KDOC&H assistance	\$70,728,618	\$53,290,000	\$63,970,000
Increase in visitation resulting from KDOC&H tourism promotion efforts	305,894	332,150	335,800
Tourism revenue generated as a result of KDOC&H tourism promotion	\$29,364,630	\$32,494,970	\$26,750,000
Kansans served with counseling, technical assistance, or business services	6,118	4,462	4,552
Number of communities receiving community assistance services	339	298	230

Children's Initiatives Fund

Trust Fund

All proceeds from the national settlement with tobacco companies are deposited in a trust fund, which has been named the Kansas Endowment for Youth (KEY) Fund. Money in this fund is invested and managed by KPERS to provide ongoing earnings.

During FY 2000 the state received \$68.2 million in tobacco settlement payments. Payments totaled \$52.9 million in FY 2001, \$61.5 million in FY 2002, and \$61.5 million in FY 2003. The current estimate for payments is \$56.0 million in FY 2004 and FY 2005. However, the amount and timing of the estimated payments could change depending on the profitability of the companies, the legal actions pursued by individual states and the federal government, and interest accrued on delayed payments. On July 1, 2000, \$20.3 million repaid the State General Fund for children's programs begun in FY 2000. The next \$70.7 million was transferred directly from the KEY Fund to the State General Fund. The next \$30.0 million was transferred to the Children's Initiatives Fund. In FY 2002, \$16.0 million was transferred to the State General Fund and \$40.0 million to the Children's Initiatives Fund.

In FY 2003, \$24.3 million, the balance of the fund, was transferred to the State General Fund and \$45.0 million was transferred to the Children's Initiatives Fund. In FY 2004, \$46,125,000 will be transferred from the KEY Fund to the Children's Initiatives Fund.

The estimated balance of the KEY Fund, \$9.9 million, will be transferred to the State General Fund at the end of FY 2004. For FY 2005, the scheduled transfer to the Children's Initiatives Fund would ordinarily be \$47.3 million. However, in order to increase funding for the Smart Start Kansas Program, the Governor recommends a transfer of \$51.1 million.

The 2003 Legislature approved \$250,000 from the Children's Initiatives Fund for FY 2004 administrative expenditures of the Children's Cabinet. The Governor concurs for FY 2004, but for FY 2005, the Governor recommends funding \$252,882 in Children's Cabinet administrative expenditures from the KEY Fund. The Governor also recommends that the balance in the KEY Fund after expenditures and the CIF transfer, an estimated \$4.6 million, be transferred to the State General Fund. The table below summarizes the Kansas Endowment for Youth Fund for FY 2002 through FY 2005.

Fund Summary

The table on the next page summarizes the Children's Initiatives Fund for FY 2002 through FY 2005. For FY 2004, the Governor recommends no changes to the \$46.8 million in expenditures for children's programs that the 2003 Legislature approved. For FY 2005, the Governor recommends spending \$52.1 million from the Children's Initiatives Fund.

Kansas Endowment for Youth Fund Summary				
	Actual FY 2002	Actual FY 2003	Approved FY 2004	Gov. Rec. FY 2005
Beginning Balance	\$ 2,349,683	\$ 7,814,894	\$ --	\$ --
Revenues	61,465,211	61,511,858	56,025,000	56,000,000
Transfer Out to CIF	(40,000,000)	(45,000,000)	(46,125,000)	(51,135,585)
Transfer Out to State General Fund	(16,000,000)	(24,326,752)	(9,900,000)	(4,611,533)
Total Available	\$ 7,814,894	\$ --	\$ --	\$ 252,882
Children's Cabinet Admin. Expend.	--	--	--	252,882
Ending Balance	\$ 7,814,894	\$ --	\$ --	\$ --

Children's Initiatives Fund Summary

	Actual FY 2002	Actual FY 2003	Approved FY 2004	Gov. Rec. FY 2005
Beginning Balance	\$ 1,775,242	\$ 3,757,486	\$ 2,589,146	\$ 1,004,708
Released Encumbrances	--	1,361,623	253,889	--
Adjusted Balance	\$ 1,775,242	\$ 5,119,109	\$ 2,843,035	\$ 1,004,708
Revenues:				
Transfer in from KEY Fund	40,000,000	45,000,000	46,125,000	51,135,585
Transfer out to State General Fund	--	(3,873,144)	(1,144,144)	--
Total Available	\$ 41,775,242	\$ 46,245,965	\$ 47,823,891	\$ 52,140,293
Expenditures	38,017,756	43,656,819	46,819,183	52,140,293
Ending Balance	\$ 3,757,486	\$ 2,589,146	\$ 1,004,708	\$ --

FY 2005 Recommendations

Each of the programs recommended for FY 2005 is listed in the table on the next page and described in detail in this section. In addition, Schedule 2.3 at the back of this volume provides data by program, by agency, for FY 2003 through FY 2005.

Social & Rehabilitation Services

Children's Mental Health Initiative. The Governor recommends \$1.8 million for the Children's Mental Health Waiver Program. The program expands community-based mental health services for children with severe emotional disturbances.

Family Centered System of Care. The Governor recommends \$5.0 million for the statewide Family Centered System of Care Program in FY 2005. The program provides mental health and prevention services for children with severe emotional disturbances.

Therapeutic Preschool. The Governor continues funding of therapeutic preschool programs with \$1.0 million in FY 2005. The program serves infants and young children who are at risk for abuse, neglect, and future emotional, social, or behavioral disorders. Services are targeted to two-and-a-half to five-year-old special needs children who have a severe emotional disturbance and who are unable to attend other preschools because of their behavior. The Therapeutic Preschool Program also extends care to kindergarten

children who attend public school special education services for half of the day and the therapeutic preschool for the remainder.

Child Care Services. The Governor recommends \$1.4 million for child care services. Childcare services are available to parents participating in SRS job preparation programs or family preservation services, children with disabilities, and parents in the first year of employment after leaving welfare. Recommended expenditures for childcare assistance total \$59.4 million from all funding sources.

Community Services for Child Welfare. An amount of \$3.1 million is recommended for community services for child welfare. This program will provide funding on a competitive bid basis to local collaborative groups committed to keeping children in non-abuse or non-neglect cases in their homes and schools using community intervention programs and supports, rather than out-of-home placements. The program continues an appropriation first made by the 2000 Legislature.

HealthWave. The Governor recommends \$2.0 million for HealthWave. This program provides insurance coverage for children whose family income is less than 200.0 percent of the federal poverty level. Cost sharing enables some families whose income is at or above 200.0 percent of the poverty level to participate in the program for a fee. The Governor recommends a total of \$57.0 million for HealthWave, including \$13.7 million from the State General Fund and \$41.3 million in federal funds.

Smart Start Kansas. The Governor recommends \$10.0 million for Smart Start Kansas, a program administered by the Children’s Cabinet. Grants will be awarded to early childhood programs that are research driven and outcome based. The programs must also be compatible with the Communities That Care model.

Children’s Cabinet Accountability Fund. The Governor recommends \$541,802 for the Children’s Cabinet Accountability Fund. The recommendation

Children's Initiatives Fund	
Program or Project	FY 2005
Social & Rehabilitation Services	
Children's Mental Health Initiative	1,800,000
Family Centered System of Care	5,000,000
Therapeutic Preschool	1,000,000
Child Care Services	1,400,000
Community Services for Child Welfare	3,106,230
HealthWave	2,000,000
Smart Start Kansas	10,000,000
Children's Cabinet Accountability Fund	541,802
Medical Assistance	3,000,000
Immunization Outreach	495,491
Family Preservation	2,243,770
Children's Mental Health Grants	2,000,000
School Violence Prevention	228,000
Total--SRS	\$ 32,815,293
Health & Environment--Health	
Healthy Start/Home Visitor	250,000
Infants & Toddlers Program	800,000
Smoking Prevention Grants	500,000
Total--KDHE	\$ 1,550,000
Department of Education	
Four-Year-Old At-Risk Programs	4,500,000
Parent Education	2,500,000
Reading and Vision Research	300,000
Special Education	1,225,000
Total--Education	\$ 8,525,000
University of Kansas Medical Center	
Tele-Kid Health Care Link	\$ 250,000
Juvenile Justice Authority	
Juvenile Prevention Program Grants	5,414,487
Juvenile Graduated Sanctions Grants	3,585,513
Total--JJA	\$ 9,000,000
Total	\$ 52,140,293

includes a reduction of \$8,198 for savings identified by the BEST Teams. This fund will be used to ensure that tobacco settlement monies are being targeted

effectively and to assess programs and services that are being funded.

Medical Assistance. The Governor recommends \$3.0 million for FY 2005 to offset the cost of providing Medicaid services to low-income children. The Children’s Initiatives Fund dollars are part of the state’s matching funds for federal Medicaid reimbursement.

Immunization Outreach. The Governor proposes \$495,491 for FY 2005 for SRS to increase the number of children immunized in Kansas. The recommendation includes a reduction of \$4,509 for savings identified by the BEST Teams. The funds will be targeted toward expanding outreach efforts and emphasizing the importance of timely immunizations.

Family Preservation. The Governor recommends \$2,243,770 for family preservation services in FY 2005. The FY 2004 recommendation includes \$10.0 million for services to families identified as having a high risk of a child being removed from home. This budget recommendation will provide services to approximately 2,511 families each month.

Children’s Mental Health Grants. The Governor recommends \$2.0 million for FY 2005 to provide grants to community mental health centers for children’s programs. The funds will be used to provide mental health services to children in underserved areas of the state.

School Violence Prevention Grants. The Governor recommends \$228,000 to provide children with mental health and support services in the school setting. The program provides competitive grants to reduce school violence, substance abuse, and the number of dropouts and delinquents. This was moved to the Department of Social and Rehabilitation Services from the Department of Education in FY 2003.

Health & Environment—Health

Healthy Start/Home Visitor. The Governor seeks to maintain the number of families that receive assistance through prenatal care and follow-up visits by recommending \$250,000 from the Children’s Initiatives Fund. This recommendation continues funding at the level of the approved FY 2004 amount.

The Governor's FY 2005 recommendation will provide a total of nearly \$426,705 from all funding sources for the program.

Infants & Toddlers Program. The Governor recommends funding of \$800,000 for the Infants and Toddlers Program. It provides leadership in the planning, development, and promotion of policies and procedures to identify infants and toddlers with developmental delay and to provide early intervention services to eligible children and their families. In total for FY 2005, recommended expenditures for the program are \$5.6 million from state and federal funds. The Governor's budget recommendation continues the approved current year funding from the Children's Initiatives Fund. For FY 2004, a one-time addition of \$300,000 in CIF funding was used to make up for allotment reductions in FY 2003. This \$300,000 was also included in the Governor's recommendation for FY 2005.

Smoking Prevention Grants. The negative effects of smoking pose serious health risks to members of the community. The Governor recommends \$500,000 in FY 2005 to be targeted for tobacco use prevention programs, the same as the approved amount for FY 2004. Administered by the Department of Health and Environment, these funds could be distributed as grants to non-profit organizations or be used to implement new prevention programs within the Department.

Department of Education

Four-Year-Old At-Risk Program. There are approximately 35,000 four-year-olds in the state. Of this group, approximately 10,000 meet one or more criteria that would identify them as at risk. Head Start and special education serve 4,500 of these children. For the other 5,500, the Governor includes \$4.5 million from the Children's Initiatives Fund to continue this early education program. The balance of funding necessary to provide services (\$8.2 million) is financed by the State General Fund. Evaluations are made to determine whether the children served by the program are improving in their development and school readiness.

Parent Education. The state's Parent Education Program is a primary prevention program. It is designed to maximize children's overall development

during the first three years of life, laying the foundation for school success and minimizing developmental problems that might interfere with learning. As a child's first and most influential teachers, parents benefit from practical information and support. The Governor recommends funding in FY 2005 to continue the program for 17,000 Kansas families. Total funding of \$7.6 million is financed by \$4.6 million from the State General Fund and \$2.5 million from the Children's Initiatives Fund. The program curriculum is based on the most current brain research and is designed to strengthen the foundations of later learning—language and intellectual development, curiosity, and social skills.

Reading & Vision Research. Research indicates that 20.0 percent of children entering kindergarten have some form of vision problem and this percentage doubles to 40.0 percent by high school. A recent study revealed that for over 90.0 percent of poor readers, prevention and intervention programs and strategies increase reading skills to at least average. Monies from the Children's Initiatives Fund are spent to provide vision therapy to students with reading problems. The \$300,000 cost included in the Governor's FY 2005 budget is for vision treatment and examinations. Students who received treatment under the program increased their ability to converge their eyes on near objects, greatly improving their reading skills.

Special Education. The 2002 Legislature first appropriated Children's Initiatives Fund money for special education to maintain state aid at 85.0 percent of excess costs while saving State General Fund monies. The same \$1,225,000 is maintained in FY 2005 by the Governor for special education programs, to be combined with \$249.8 million from the State General Fund.

University of Kansas Medical Center

Tele-Kid Health Care Link. The Governor recommends \$250,000 from the Children's Initiatives Fund for the Tele-Kid Health Care Link. That funding is matched by another \$250,000 from restricted fees. The University of Kansas Medical Center was the first hospital in the country to deliver medical services to local schools. The project uses personal computer

based telemedicine technology that links physicians and children for clinical visits from the school nurse's office to the doctor's office. The funding will assist the Medical Center in expanding the program to Wichita and rural areas.

Juvenile Justice Authority

Prevention Program Grants. The Governor recommends \$5.4 million for FY 2005 to address the importance of prevention programs in reducing juvenile crime. The Governor's recommendation

allows for the establishment and maintenance of community-based delinquency prevention programs. Programs include truancy prevention, mentoring, after school recreation, and family support services.

Graduated Sanctions Grants. The Governor recommends \$3.6 million for community services for juvenile offenders who are committed to community corrections programs. These funds, in addition to other funding, enable communities to provide supervision and structure for juvenile offenders through intake and assessment, intensive supervision, case management, and community support services.

State Water Plan Fund

Water Plan Objectives

The Kansas Water Authority annually reviews and prepares the *Kansas Water Plan*, which provides the framework for the management, conservation, restoration, and protection of the state’s water resources. The Authority establishes objectives of the *Kansas Water Plan* after extensive research and public debate. Included in the *Plan* are measurable goals for each river basin, an evaluation of the condition of the state’s water resources, and an evaluation of the effectiveness of water programs. Described below are objectives to be achieved by calendar year 2010 for each major policy area as identified in the *FY 2005 Kansas Water Plan*.

Public Water Supply. It is the intent of the Kansas Water Authority to ensure that sufficient surface water storage will be available to meet projected year 2040 public water supply needs. Further, this objective will ensure that less than 5.0 percent of public water suppliers will be drought vulnerable. Finally, all public water suppliers will have adequate water treatment, storage, and distribution systems as well as the managerial and financial capability to meet federal Safe Drinking Water Act regulations.

Water Conservation. The number of public water suppliers with excessive “unaccounted for” water will be reduced by targeting those with unaccounted water of 30.0 percent or more. Also to be reduced are the number of irrigation points of diversion for which the acre feet per acre (AF/A) of water use exceeds the respective regional 1.0 AF/A standard in eastern Kansas, 1.5 AF/A in central Kansas, 2.0 AF/A in western Kansas, and the number of water users who overpump the amount authorized by their water rights.

Water Management. Water level decline rates in the Ogallala Aquifer will be reduced, and enhanced water management techniques will be implemented in targeted areas.

Water Quality Protection. The Authority intends to reduce the average concentration of bacteria, biochemical oxygen demand, and dissolved solids, nutrients, metals, and pesticides which have an adverse effect on the water quality of Kansas lakes and streams. Further, the *Plan* calls for a reduction in the average concentration of dissolved solids, metals, nitrates, pesticides, and volatile organic chemicals that adversely affect the water quality of Kansas groundwater.

State Water Plan Fund				
	Actual FY 2002	Actual FY 2003	Gov. Est. FY 2004	Gov. Rec. FY 2005
Beginning Balance	\$ 2,550,678	\$ 1,666,000	\$ 1,666,504	\$ 348,748
Released Encumbrances	756,611	574,224	--	--
Adjusted Balance	\$ 3,307,289	\$ 2,240,224	\$ 1,666,504	\$ 348,748
Revenues	17,088,728	14,745,381	14,568,949	14,863,839
Transfer out to State General Fund	(250,000)	(20,543)	(5,724)	--
Transfer out to KCC for Well-Plugging	--	--	--	(367,000)
Total Available	\$ 20,146,017	\$ 16,965,062	\$ 16,229,729	\$ 14,845,587
Expenditures	18,480,017	15,298,558	15,880,981	14,830,582
Ending Balance	\$ 1,666,000	\$ 1,666,504	\$ 348,748	\$ 15,005

Flood Management. The Kansas Water Authority aims to reduce the vulnerability to flood damage within identified communities and areas. This is achieved by preventing inappropriate development in flood prone areas, improving forecasting and warning systems, restoring and protecting wetland areas, and using structural measures such as dams, levees, and channel modifications.

Riparian & Wetland Management. Priority wetlands and riparian areas will be maintained, enhanced, or restored. Such activities will ensure that soil erosion is kept to a minimum.

Water-Based Recreation. The Kansas Water Authority will strive to increase the number of recreational opportunities at public lakes and streams.

Data & Research. Data collection, research projects, and information sharing activities will focus on specific water resource issues, as identified in the water planning process, and guide state water resource program operations.

Public Information & Education. It is the intent of the Kansas Water Authority to develop public information activities that ensure public awareness of the status of water resources in Kansas and educational activities that will increase public knowledge and understanding of Kansas water resources. Such activities will assist the public in making effective water conservation and management decisions.

Fund Summary

Water Plan projects are largely financed through the State Water Plan Fund. The table on the previous page summarizes actual State Water Plan Fund revenues and expenditures for FY 2002 and FY 2003 and estimates for FY 2004 and FY 2005 to illustrate the financial status of the fund. The adjusted balance is based on the fund's beginning balance, released encumbrances, and new revenues credited to the State Water Plan Fund. These revenues include transfers from the State General Fund and the Economic Development Initiatives Fund as well as proceeds from various user fees.

FY 2005 revenue estimates are shown in the State Water Plan Fund revenue table. Included in the FY

2005 estimate are revenue transfers of \$3.7 million from the State General Fund and \$2.0 million from the Economic Development Initiatives Fund. User fee receipts, which make up the rest of this fund's revenue, are expected to be approximately \$220,000 greater in FY 2005 than in FY 2004. This is due to an expected increase in the amount of commercial fertilizer registered for sale in Kansas and increases in industrial water use.

State Water Plan Fund Revenue	
New Receipts:	FY 2005
State General Fund Transfer	3,748,839
EDIF Transfer	2,000,000
Municipal Water Fees	3,500,000
Fertilizer Registration Fees	2,940,000
Industrial Water Fees	1,200,000
Pesticide Registration Fees	890,000
Sand Royalty Receipts	240,000
Stock Water Fees	315,000
Fines	30,000
Total Receipts	\$ 14,863,839

The Governor's recommendation includes a transfer from the State Water Plan Fund to the Kansas Corporation Commission for investigation, remediation, and plugging oil and gas wells that were abandoned prior to July 1, 1996. Funding for well plugging activities usually comes from statutory revenue transfers of \$400,000 each from the agency's Conservation Fee Fund, the State General Fund, and the State Water Plan Fund. For FY 2005, the Governor recommends that the State Water Plan Fund transfer be reduced to \$367,000.

FY 2005 Recommendations

Starting in FY 2002, the expenditures from this fund have been appropriated directly from the State Water Plan Fund to simplify the appropriation process and to facilitate management of the fund for cashflow purposes. The Governor's FY 2005 recommendations for the State Water Plan Fund are summarized in a table on the next page, followed by more detailed descriptions of the recommendations. In addition, State Water Plan Fund projects are listed in Schedule 2.5 in the back of this report.

The Governor's recommendations for expenditures from the State Water Plan Fund total \$14,830,582 for

FY 2005. Under the Governor's recommendations, seven state agencies will receive State Water Plan Fund dollars. The Governor's recommendation is based on the priorities established by the Subcabinet on Natural Resources, which includes projects and programs aimed at water resource conservation and water quality improvement. The Governor's FY 2005 recommendation is \$1,050,399 less than the FY 2004

revised estimate and \$467,976 less than FY 2003 actual expenditures. The change from FY 2004 to FY 2005 is because of a number of adjustments, including the addition of the Circle K project, the Governor's pay plan, the BEST team operating reductions, an increase in the number of Kansas Water Authority meetings, the partial restoration of the Abandoned Oil and Gas Well Plugging transfer, and numerous reductions in the various projects necessary to balance the Water Plan budget.

State Water Plan Fund	
Project or Program	FY 2005
University of Kansas	
Geological Survey	40,000
Department of Agriculture	
Interstate Water Issues	248,859
Floodplain Management	66,852
Subbasin Water Resources Mgt.	477,826
Water Appropriations	71,302
Water Use Study	60,018
Total--Dept. of Agriculture	\$ 924,857
State Conservation Commission	
Water Resources Cost-Share	3,495,218
Nonpoint Source Pollution Asst.	2,799,520
Conservation District Aid	1,043,000
Buffer Initiatives	307,157
Watershed Dam Construction	352,499
Riparian and Wetland Program	249,782
Total--Conservation Commission	\$ 8,247,176
Health & Environment--Environment	
Contamination Remediation	983,867
Local Environmental Protection	1,502,737
Nonpoint Source Technical Asst.	385,975
TMDL Initiatives	320,088
Total--Health & Environment	\$ 3,192,667
Kansas Water Office	
Kansas Water Authority Operations	37,384
Water Planning	313,205
Assessment & Evaluation	108,511
GIS Data Base Development	247,405
MOU--Operations & Maintenance	450,151
PMIB Loan Payment for Storage	240,036
Stream Gauging Program	378,878
Technical Assist. to Water Users	180,131
Water Resouce Education	29,690
Total--Kansas Water Office	\$ 1,985,391
Wildlife & Parks	
Circle K Debt Service	440,491
Total	\$14,830,582

University of Kansas

Geological Survey. Included in the Governor's recommendation for the State Water Plan budget is \$40,000 for the Geological Survey. The funding will be used to continue the analysis of water depletion in the Ogallala Aquifer. This study began in FY 2002 as a water resource priority. Specifically, the Geological Survey will evaluate estimated water level declines in the aquifer by decade, precipitation in the area, and aquifer recharge rates.

Department of Agriculture

The Governor recommends a total of \$924,857 from the State Water Plan Fund for the Department of Agriculture. This recommendation will fund five programs aimed at water resource management.

Interstate Water Issues. Interstate water issues will continue to be a priority of the Governor in order to protect the state's interest and entitlement to the use and benefit of water in interstate river basins. The project provides legal and technical support to the Division of Water Resources and represents the state's interest when interstate river compacts and other water issues are involved. The Governor recommends \$248,859 to support these activities.

Floodplain Management. For FY 2005, the Governor recommends \$66,852 for the Floodplain Management Program. This program provides local governments with technical and financial assistance to address floodplain management and other flooding issues in priority areas. Funding from this program is matched by the Federal Emergency Management Agency.

Subbasin Water Resources Management. This program works in cooperation with water right holders and local, state, and federal agencies to address stream flow depletions and groundwater declines in specific river basins. The project is operated through a group of basin teams comprising environmental scientists familiar with the geology and hydrology of an assigned basin. These scientists analyze the basins and develop strategies to address a basin's water issues. In FY 2005, the Governor recommends \$477,826 to support these activities.

Water Appropriations Program. For FY 2005, the Governor recommends \$71,302 to finance partially the salaries and wages of staff assigned to the Water Appropriations Program. These individuals review and process water right applications.

Water Use Study. For FY 2005, the Governor recommends \$60,018 for the Water Use Study Program. This study is to ensure follow-up and quality water control within the state. The purpose of this study is to prepare public water supply reports for data entry, maintain and update mailing lists for water use reports, update the sources and purchases lists, run the edit program for public supply data and correct errors, collect water rate information of public water supply data, and assist with irrigation water use reports for follow-up activities.

State Conservation Commission

Of the \$15.2 million in State Water Plan Fund expenditures recommended for FY 2005, the majority of expenditures are by the State Conservation Commission. The Governor recommends a total of \$8,247,176 in State Water Plan expenditures for this agency.

Water Resources Cost-Share Program. For this program the Governor recommends \$3,495,218 in FY 2005. This program enhances and conserves the state's soil and water resources through the use of financial incentives in a voluntary partnership with farmers, ranchers, and other land managers. Over the past several years, emphasis has shifted toward water quality improvement. The program also helps implement techniques of terracing, grass waterways, and grass planting to slow the loss of sediment and nutrients from agricultural lands.

Nonpoint Source Pollution Assistance. For FY 2005, the Governor recommends \$2,799,520 for the Nonpoint Source Pollution Assistance Program. This program provides technical assistance to conservation districts in the development of nonpoint source pollution plans. This program has experienced a high demand for assistance in upgrading failing septic systems and livestock waste systems. The Commission's efforts will focus on targeted resources within each of the conservation districts.

Conservation District Aid. For FY 2005, the Governor recommends \$1,043,000 for Conservation District Aid. The objective for this program is to provide county conservation district operating funds, enabling local governing boards and staff to implement natural resource programs, which is critical to the success of conservation district programs. Furthermore, the county level leadership and delivery system provides the agency with a vehicle to administer Conservation Commission programs, which assist the Commission in achieving its mission.

Buffer Initiatives. This program encourages the use of buffer strips by landowners to protect the state's natural water resources from nonpoint source pollutants. Previously, the program was operated only in the Kansas-Lower Republican River Basin in watersheds with high priority total maximum daily load impairments. The program has since been expanded into the Lower and Upper Arkansas River Basins and the Cimarron River Basin. For FY 2005, the Governor recommends expenditures of \$307,157.

Watershed Dam Construction. For FY 2005, the Governor recommends \$352,499 for watershed dam construction projects. The goal of this program is to reduce flood damage and sedimentation through the construction of detention or grade stabilization dams and non-structural measures. This level of funding will finance the construction of four new dams.

Riparian & Wetland Program. For FY 2005, the Governor recommends \$249,782 for the Riparian and Wetland Program. This program's goal is to protect, enhance, and restore riparian areas, wetlands, and associated habitats. This is accomplished by providing technical, educational, and financial assistance to landowners and the public in general. Funding is earmarked for projects in high priority total maximum daily load watersheds.

Health & Environment—Environment

Contamination Remediation. The Governor provides \$983,867 in FY 2005 to address environmental contamination at sites where there is no responsible party identified, or where the responsible party is unable to pay for the needed corrective action. State Water Plan funds are used for site assessments, investigations, corrective actions, and emergency responses. Currently, there are 90 sites covered by the program. The issue at most of the sites involves contamination of public water supplies or domestic water wells.

Local Environmental Protection. The Governor provides \$1,502,737 in expenditures from the State Water Plan Fund in FY 2005 for this program. Originally, the program provided funding to counties to implement local environmental protection plans. Since 101 of the state's 105 counties have adopted local environmental protection plans, program funding now focuses on activities to implement the plans, such as reductions to public water supply source water assessments and total maximum daily loads on lakes and rivers.

Nonpoint Source Technical Assistance. This program provides technical assistance and demonstration projects for nonpoint source pollution management at the local level. Planned FY 2005 activities include 140 active projects, including continuation of work at Hillsdale Reservoir to reduce phosphorous levels; contracts to local agencies implementing nonpoint controls at Cheney, Tuttle Creek, Clinton, Melvern, Council Grove, and projects within the Kansas Lower Republican basin. The Governor recommends \$385,975 for the program in FY 2005.

Total Maximum Daily Loads (TMDL). A TMDL is the maximum amount of pollution a river or lake can receive without violating the surface water quality standard. The water planning process and basin advisory committees are developing and implementing actions to meet the TMDL levels. Use attainability analyses are also conducted to determine specific uses for various lakes and rivers. The Governor recommends \$320,088 in FY 2005 to continue efforts to obtain flow and other supplemental data in other basins where TMDLs are established and to provide follow-up monitoring where TMDLs have been set.

Kansas Water Office

The Governor recommends a total of \$1,985,391 from the State Water Plan Fund for the Kansas Water Office to implement various State Water Plan projects for FY 2005. Included in the recommendation is \$37,384 for the operating costs associated with the Kansas Water Authority. The Governor also recommends \$313,205 for the various operating expenditures associated with the water planning process. The descriptions that follow highlight several projects included in the Governor's recommendations.

Assessment & Evaluation. The Kansas Water Office continually assesses the conditions of the state's water resources. These assessments are used to identify State Water Plan priorities. In addition, assessments serve as a base from which progress toward State Water Plan objectives is measured. For FY 2005, the Governor recommends \$108,511.

GIS Database Development. During FY 2001, the Kansas Water Office and the Division of Information Systems and Communications in the Department of Administration began development of a Geographical Information Systems database. This database includes a wide range of information, including aquifer locations, public land surveys, and identification of vulnerable natural resources. Information recorded in the GIS database is used to determine whether sufficient water storage will be available to meet projected calendar year 2040 public water supply needs. For FY 2005, the Governor recommends \$247,405 for the continued development of the GIS database.

MOU—Operations & Maintenance. A portion of the water supply storage space purchased through a 1985 Memorandum of Understanding with the Corps of Engineers is held in reserve. Operation and maintenance costs are not paid through the Water Marketing and Water Assurance Programs, as there are currently no users of these reservoirs. To maintain and operate this reserve storage space, the Governor recommends \$450,151 for FY 2005. This budget recommendation ensures that sufficient funding is available to meet this obligation.

PMIB Loan Payment for Storage. During the 1994 Legislative Session, funding was provided to purchase additional water storage space that was still expected

to be available under the 1985 MOU with the Corps of Engineers. In addition to the \$13.6 million appropriated to the Kansas Water Office, the 1994 Legislature provided statutory authority to borrow from the Pooled Money Investment Board. A total of \$1,972,310 was borrowed. The term of the loan was for ten years with interest based on the average rate on investments during the previous fiscal year. The first payment was made in FY 1998. For FY 2005, the Governor recommends \$240,036.

Stream Gauging Program. Since 1895, the state has contracted with the United States Geological Survey to operate a network of stream gauging stations. These stations provide real-time streamflow and reservoir level data throughout the state. For FY 2005, the Governor recommends \$378,878 for this program.

Technical Assistance to Water Users. The Governor recommends \$180,131 for FY 2005 to provide educational and technical assistance to irrigators and municipalities in the preparation of water conservation plans. The Kansas Water Office is required to provide technical assistance to all water users who are required to develop a water conservation plan. A special emphasis is placed on public water suppliers with 30.0 percent or more of “unaccounted for” water.

Water Resource Education. The Governor recommends \$29,690 for FY 2005. This will be used to fund a scholarship program through the Kansas Environmental Leadership Program, which is sponsored by Kansas State University and the Kansas

Center for Agricultural Resources. A portion of the appropriation will also be used for the development of the Governmental Training Institute with the Department of Health and Environment. This Institute will serve as a resource for local governments.

Department of Wildlife & Parks

Circle K Debt Service. The Governor recommends \$440,491 for the principal and interest payments on bonds that will be issued for the proposed acquisition of the Circle K Ranch in Edwards County. The final decision on whether to purchase the ranch will be reached after the completion of independent appraisals, Kansas Water Authority approval of a subsection of the *Kansas Water Plan* if the purchase is determined to be in the best interest of the state, and the negotiation of a fair purchase price.

Acquisition of the ranch will allow the state to retire up to 30 water rights which will return approximately 5,000 to 6,600 acre-feet of water to the Middle Arkansas River. Currently, the Middle Arkansas River is being overdrawn by 41,000 acre-feet a year. This, in conjunction with other water conservation and water right retirement initiatives, will help stabilize water table decline and work toward restoring “baseflow” in the river. An added benefit will be the establishment of a public hunting and wildlife area. Total debt service payments over the next 15 years are estimated at \$7,052,841.

State Employees

Salaries

FY 2005 Pay Plan

The Governor's budget includes an increase in the pay of state employees by 3.0 percent for FY 2005. Although the Governor does not make a recommendation on the budgets of the Judiciary by law and the Legislative Branch by policy, funds have been added to these budgets to finance the salary plan so they will be treated the same as the Executive Branch of state government. Funding to implement the plan is included in the budget of each state agency. The cost of the pay plan totals \$53.1 million from all funding sources, with \$24.7 million of that amount financed from the State General Fund.

Effective June 6, 2004, with approval of the Governor's recommendation, the pay matrix for classified employees will be adjusted to reflect the 3.0 percent increase. For unclassified employees, the salary increase will be made available in the form of a pool of funds to be distributed by agency heads. Included in the increase is the salary of state legislators as well as elected officials of the Executive Branch, including the Governor, Lieutenant Governor, Attorney General, State Treasurer, Insurance Commissioner, and Secretary of State. The salaries of these elected positions are established by law. Increases for unclassified personnel of the Regents institutions will be distributed by the Board of Regents. The salary increase also applies to Highway Patrol troopers in addition to the increase they will receive in accordance with the 2003 memorandum of agreement increasing trooper pay.

Judges by law receive the same adjustments that are made to the classified pay matrix. The budget submitted by the Judiciary already includes a 3.7 percent increase for non-judicial personnel under the Judiciary's own salary system. Therefore, the Governor does not add funds for this group. Instead, the Governor urges the Judiciary to grant a 3.0 percent increase to non-judicial personnel, so they will be treated the same as other state employees.

Longevity

The Governor's recommendations also provide for longevity bonus payments for eligible classified employees under existing law. The bonuses are calculated on the basis of \$40 per year of service for those who have at least ten years of state service to 25 years, or a maximum of \$1,000. Funds totaling \$12.3 million from all funding sources, including \$5.7 million from the State General Fund, are included in agency budgets to finance these costs.

Annualization of the FY 2004 Pay Plan

A year ago, the Legislature approved the Governor's budget recommendation for a pay plan that increased state employee pay by 1.5 percent. However, the Legislature modified the Governor's recommendation to make it effective July 20, 2003, or the fourth biweekly pay period. Because the FY 2004 pay plan was financed for only 23 of the 26 biweekly payrolls, funds need to be added to cover the cost of this increase for all 26 biweekly periods in FY 2005. Therefore, the Governor has included funds in most agency budgets to "annualize" for FY 2005 the cost of the first three biweekly pay periods for FY 2004. The funding for this adjustment totals \$3.5 million from all funding sources, \$1.7 million of which is from the State General Fund.

Employee Benefits

Rate Increases for Group Health

The composite rates included in state agency budgets for group health insurance have increased between 9.0 percent and 27.0 percent from FY 1998 through FY 2004. During this period, the only decrease occurred in FY 2000 at 2.3 percent. For FY 2004, the composite rate increased by 11.2 percent, and the rate will increase 21.5 percent for FY 2005. The funds

added to agency budgets for FY 2005 to cover this increase total \$30.5 million from all funding sources, with \$11.3 million from the State General Fund.

The 11.2 percent composite rate increase for FY 2004 is lower than the increase for FY 2003. The rate was lower than it would otherwise have been in part because of the final spend down of the reserve fund. However, the reserves are now depleted, and the claims obligations that have been incurred but not paid out have caused available financing to fall below what is actuarially required. Therefore, future composite rates will have to take into consideration the cash needed on hand to pay claims and premiums. In addition, the financing that would be necessary to return to the actuarial requirements will also need to be taken into account.

KPERS Death & Disability Moratorium

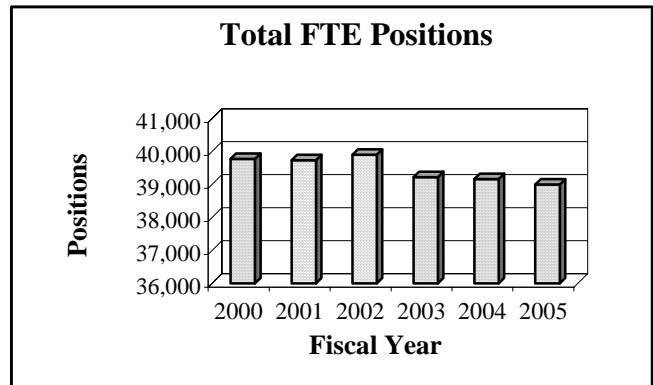
For three of the four quarters in FY 2003 and all of FY 2004, a moratorium has been in effect on employer contributions to the KPERS Death and Disability Insurance Fund. The moratorium was made possible because previous investment returns produced an excess balance in the fund. With the excess nearly depleted, funds are again included in agency budgets in FY 2005 to cover the cost of this insurance program. The cost of restoring this item in the budget of each state agency totals \$7.0 million from all funding sources, with \$3.2 million coming from the State General Fund. This restoration of employer payments, along with fund reserves, will be sufficient to pay benefits through FY 2005. However, in order for this program to continue in FY 2006 and thereafter, the employer contribution rate will likely need to be increased from the current 0.6 percent of covered payroll.

State Workforce

Changes to the Workforce

The long-term trend in the number of FTE positions has seen a reduction that approximately corresponds to

the overall slowdown in the growth of the state's financial resources. The FTE count in FY 1996 totaled 44,060.5 and the recommendation for FY 2005 totals 38,990.9. This represents a reduction of 11.5 percent over that nine-year period. From FY 1996 through FY 2001, the trend was a steady decline. For FY 2002, the trend was reversed with an increase of 160 positions. However, FY 2003 resumed the downward trend with a drop of 722.7 positions. FY 2005 continues the downsizing trend with a further drop of 165.5 positions. The recent trend is illustrated in the graph.



There are numerous changes in the number of FTE positions recommended in FY 2005. The two changes affecting the largest number of employees are in the Department of Administration and Larned State Hospital. The Department of Administration is cutting more than 81.0 FTE positions so that the agency's position count more accurately reflects the anticipated workforce. At Larned State Hospital, services to children under age 12 are recommended to be eliminated, so that these younger children are served in their home community. This program change eliminates 19.0 FTE positions. The Governor also recommends 72.0 additional positions for the Sexual Predator Treatment Unit in FY 2004, that are not included in FY 2005. The Insurance Department is abolishing 6.0 positions that have been vacant for a number of years and are not needed.

Positions are added by the Governor in a few key programs: the legal staff for the Board of Indigents' Defense Services, the Banking Department, the Kansas Racing and Gaming Commission, and the Topeka Juvenile Correctional Facility. To expand services to school districts, a position is added to the Department of Education, funded by teacher licensure fees.

Counting the State Workforce

The state workforce includes all positions that are permanently assigned. It excludes temporary help, both those on the state payroll and those used on a contractual basis through temporary employment services. The permanent positions fall into two groups. The first includes full-time equivalent (FTE) positions, some of which are constrained by a limitation in the appropriations bill, while others are not. The second group, named non-FTE unclassified permanent positions, are employed by the authority of KSA 2003 Supp. 75-2935(i) and are approved by the Governor's Office for most Executive Branch positions of this type. They are not limited in number by the appropriations process. As unclassified employees, they are not subject to civil service regulations for purposes of recruitment or compensation. However, they are permanent because employees in these positions participate in the state employees benefits that permanent FTE positions do, including especially the state's retirement system.

FTE Limitations

For many years, a limitation on the number of permanent positions equated to full time has been imposed on a selected number of agencies through the appropriations process. A limitation on the number of positions is intended to control not only the staffing level of these agencies, but the overall size of the state workforce. The review of this issue among other personnel matters as part of the BEST Team review of state government operations suggests that FTE limitations no longer serve the purpose originally intended. Two issues are involved: control and reporting.

A significant portion of the state workforce, fully 44.9 percent, is not subject to FTE limitations anyway because exemptions are granted to the Regents institutions, the Judiciary, the Legislative Branch, the Governor's Office, the Lieutenant Governor's Office, and several other Executive Branch agencies. In addition, as indicated previously, KSA 75-2935(i) allows Executive Branch agencies, with the approval of the Governor's Office, to appoint permanent

positions as unclassified "temporaries" that are no different from FTE positions, except the authority by which they are appointed allows them to avoid the FTE limitation. Therefore, whatever measure of control is exercised by these limitations under current practices is inconsistent and largely ineffectual. Because the amount of funds available in the budget for salaries is the most effective control over an agency's staffing level, the BEST Team review raises a question whether FTE limitations have outlined their usefulness and should be abolished.

The Governor's Budget Report and the *Budget Analysis* of Legislative Research both report the state's workforce on the basis of FTE position limitations. As budgets continue to be reduced, using shrinkage as a "budget-balancing" technique, the dollars available for salaries in many budgets cannot fund the authorized staffing level. As a result, there is no clear connection between the budget and the level of staffing an agency can afford. Therefore, the effect of budget reductions on layoffs and positions held vacant is difficult to gauge. Shifting the focus away from artificially high FTE limitations would allow meaningful staffing levels to be reported that reflect what the budget can actually support.

The Governor does not propose a change to the current practice concerning FTE limitations for FY 2005. However, for the FY 2006 budget cycle, the Governor recommends that the Legislature consider the possibility of modifying the way FTE positions are reported.

Statewide Summary of Salaries

The table on the next page details expenditures for salaries and wages for all agencies, including the salaries of several agencies that would ordinarily be excluded from reportable expenditures to avoid double counting. In this way, a complete view of salaries and wages can be presented. The base salary components are presented in the upper part of the table, and the benefits are itemized below those. The dollars for the proposed salary increase are incorporated into the table in each of the appropriate categories.

Statewide Salaries & Wages

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Authorized Positions					
Classified Regular	735,284,634	799,476,453	803,426,595	33,113,353	824,712,241
Classified Temporary	9,712,579	11,379,563	11,244,573	0	11,585,946
Unclassified Regular	656,448,833	688,114,776	694,676,584	3,572,782	714,248,251
Other Unclassified	144,216,853	92,445,198	90,004,333	727,923	93,665,109
New Positions	--	--	5,444,975	40,556	210,186
Authorized Total	\$ 1,545,662,899	\$ 1,591,415,990	\$ 1,604,797,060	\$ 37,454,614	\$ 1,644,421,733
Shift Differential	2,338,210	2,502,552	2,721,958	153,274	2,713,014
Overtime	11,015,973	10,506,113	10,849,860	22,958	11,095,687
Holiday Pay	2,951,330	3,141,726	3,322,361	--	3,413,762
Longevity	10,225,194	10,420,068	11,184,616	600	11,176,059
Total Base Salaries	\$ 1,572,193,606	\$ 1,617,986,449	\$ 1,632,875,855	\$ 37,631,446	\$ 1,672,820,255
Employee Retirement					
KPERS	34,172,277	41,416,677	49,114,141	1,242,574	51,122,765
Deferred Compensation	308,756	336,194	190,212	--	360,631
TIAA	49,980,384	40,566,223	43,419,158	--	44,709,821
Kansas Police & Fire	2,427,392	2,705,645	3,869,900	64,180	3,981,046
Judges Retirement	2,595,161	3,600,843	4,180,220	46,602	4,306,842
Security Officers	5,305,808	4,015,090	6,849,038	--	4,864,145
Retirement Total	\$ 94,789,778	\$ 92,640,672	\$ 107,622,669	\$ 1,353,356	\$ 109,345,250
Fringe Benefits					
FICA	105,947,368	113,853,131	114,645,537	1,945,689	118,763,838
Workers Compensation	13,779,388	15,961,090	16,971,649	225,415	17,570,667
Unemployment	844,801	3,371,385	2,621,898	39,715	2,704,327
Retirement Sick & Annual Leave	6,281,888	6,405,119	6,920,434	101,903	7,167,569
Employee Health Insurance	123,344,207	145,697,849	176,959,849	462,044	177,790,138
Family Health Insurance	26,146,671	30,954,093	37,571,653	164,799	37,772,910
Total Fringe Benefits	\$ 276,344,323	\$ 316,242,667	\$ 355,691,020	\$ 2,939,565	\$ 361,769,449
Subtotal: Salaries & Wages	\$ 1,943,327,707	\$ 2,026,869,788	\$ 2,096,189,544	\$ 41,924,367	\$ 2,143,934,954
(Shrinkage)	--	(80,398,168)	(82,178,719)	4,650,679	(91,544,776)
Total Salaries & Wages	\$ 1,943,327,707	\$ 1,946,471,620	\$ 2,014,010,825	\$ 46,575,046	\$ 2,052,390,178
State General Fund Total	\$ 902,634,292	\$ 926,561,245	\$ 965,632,576	\$ 38,052,979	\$ 950,475,019
FTE Positions	39,212.2	39,156.4	39,306.2	186.5	38,990.9
Non-FTE Unclassified Perm. Pos.	1,642.8	1,779.9	1,770.2	17.5	1,772.2
Total State Positions	40,855.0	40,936.3	41,076.4	204.0	40,763.1

Amounts include all Off Budget expenditures for the Department of Administration, Department of Transportation, Highway Patrol, State Treasurer, and Judiciary.

Homeland Security

In response to the September 11, 2001 terrorist attacks and the subsequent dissemination of anthrax spores through the mail, the U.S. Congress passed PL 107-38, *The 2001 Emergency Supplemental Appropriations Act for Recovery from and Response to Terrorist Attacks on the United States*. The funding is to improve state and local preparedness in the event of bioterrorism activities. The funds are used to improve emergency communications systems, upgrade infectious disease surveillance and investigation procedures, enhance the readiness of hospitals to deal with large numbers of sick and injured persons, enhance public health laboratories, and improve public safety preparedness.

Homeland Security Funding		
Program or Project	FY 2004 Gov Est.	FY 2005 Gov Rec.
Health & Environment--Health		
Preparedness Planning	3,009,473	3,284,514
Surveillance & Epidemiology	2,805,986	2,523,589
Laboratory Capacity	543,249	396,471
Health Alert Network	3,117,484	2,764,388
Risk Communication	852,049	701,995
Lab Specialists Team	388,026	388,026
Education & Training	1,771,365	1,544,531
Hospital Readiness	5,056,704	5,056,704
EPA Water Plant Protection	56,000	--
Total--H & E--Health	\$ 17,600,336	\$ 16,660,218
Adjutant General		
Domestic Preparedness	1,939,361	1,322,300
Emergency Management	644,240	644,240
Total Adjutant General	\$ 2,583,601	\$ 1,966,540
Emergency Medical Serv. Board		
Rural Access to Emer. Devices	27,039	259,834
Highway Patrol		
KHP Operating Expend.	259,000	500,000
Aid to Local Governments	13,500,000	18,000,000
Transfer to other Agencies	2,150,000	2,350,000
Total--Highway Patrol	\$ 15,909,000	\$ 20,850,000
Animal Health Department		
Animal Disease Response	336,346	34,513
Health & Environment--Env.		
EPA Water Plant Protection	56,000	--
Transportation		
Mobile Comm. Towers	83,742	157,000
Total	\$ 36,596,064	\$ 39,928,105

Additionally, the State of Kansas has received funding from the Department of Homeland Security, the Department of Justice, the Centers for Disease Control (CDC), the Department of Agriculture, and the Health and Human Services Administration (HRSA) to address bioterrorism issues. The table lists in summary form and the narrative describes in detail the types and amounts of funding provided for state FY 2004 and FY 2005.

Department of Health & Environment— Health

The Division of Health received \$12.2 million in FY 2002 from the HRSA and the CDC to support public health system preparedness. Of this amount, \$1.3 million was dedicated to hospital preparedness, and the remaining \$10.9 million was used by the office of Bioterrorism in the Division of Health to make substantial public health infrastructure improvements. Initial expenditures of \$2.5 million were made in FY 2002. During FY 2003, the agency spent \$9.7 million for hospital preparedness and public health infrastructure improvements. For FY 2004 and FY 2005, the Governor recommends Department of Homeland Security expenditures of \$17.6 million and \$16.7 million, respectively. Approximately \$6.3 million of this funding will be distributed in aid to local governments in both years.

Kansas State University

Food safety and security is at the heart of K-State's mission, and researchers constantly work on new ways to protect the food supply. To deal with biological threats, K-State scientists are working on detection, prevention, and rapid response methods from the feedlot to the marketplace. K-State established the National Agricultural Biosecurity Center in 2002 to address threats to the nation's agricultural economy and food supply. In the summer of 2003, the Center organized an exercise to test the county and state-level emergency response plans meant to handle a bioterrorism attack on Kansas' livestock or crops. Researchers are also working to develop nanoparticles that can turn deadly toxins into harmless chemicals.

The amount of funds for this program was not known with certainty at the time the budget was finalized but was thought to be approximately \$5.0 million. No amount has been included in the budget until more definitive information is available.

Adjutant General

Immediately after the terrorist attacks on September 11, 2001, the Adjutant General's Department was involved in securing the Wolf Creek Power Plant, selected Kansas airports, and military sites. Both military and state emergency operations centers were activated to institute statewide protective and preventive actions. During 2002, the agency arranged a bioterrorism exercise called "Prairie Plague 2002," which simulated a smallpox attack and provided a group of 700 attendees, including local emergency responders and health officials, to implement response plans should such an event occur.

The Adjutant General distributes funds received for Homeland Security to Kansas counties as a "planning grant" and focuses on upgrading local emergency operations plans. The agency estimates federal funding of \$2.6 million in FY 2004 and \$2.0 million in FY 2005. The agency will distribute the following amounts in aid to local governments: \$1.3 million in FY 2004 and \$530,250 in FY 2005. This incorporates interstate and intrastate mutual aid agreement procedures, interoperability protocols, addresses critical infrastructure protection, and provides for coordination and effective use of volunteers in response and preparedness activities. In addition, Community Emergency Response Teams training will assist in the overall preparedness for local and state terrorist threats.

Emergency Medical Services Board

The Board received \$264,050 in FY 2003 from the Health Resources and Services Administration (HRSA) to place automated external defibrillators in 99 rural areas of the state and provide training in their use. Most of these funds were spent in FY 2003. However, the remaining \$27,039 will be used in FY 2004. The Governor recommends funding of \$259,834 in FY 2005.

Highway Patrol

The Kansas Highway Patrol serves as the state administrative agency for the State Homeland Security Grant Program, which provides equipment, training, and infrastructure funding for first responders in Kansas, using agency and federal funds to enhance the capability to respond to acts of terrorism involving chemical or biological agents, as well as radiological, nuclear, and explosive devices. The agency estimates expenditures of federal homeland security funds of \$15.9 million in FY 2004 and \$20.9 million in FY 2005. Of these amounts, \$13.5 million will be distributed as aid to local governments in FY 2004 and \$18.0 million in FY 2005.

A portion of the federal funding not dedicated to aid will be transferred to state agencies with homeland security functions, including the Department of Health and Environment, the office of the Adjutant General, and Kansas State University. Transfer amounts will be \$2.2 million in FY 2004 and \$2.4 million in FY 2005.

Animal Health Department

The Animal Health Department's goal is to ensure the public health of Kansans through prevention, control, and eradication of infectious diseases that affect livestock and domestic animals. Emergency management and bio-terrorism defense remains at the forefront of the Department's mission, particularly in light of concerns regarding the threat of Foot and Mouth Disease. The state emergency disease plan continues to be upgraded and enhanced. It includes an emergency response plan, equipment for a mobile field command center, and volunteer veterinary practitioners to deploy the plan, if needed. The Governor recommends federal funding of \$336,346 in FY 2004 and \$34,513 in FY 2005.

Department of Health & Environment— Environment

The Division of Environment received grant funding from the Environmental Protection Agency to establish procedures to protect water purification systems against terrorist activities. The Governor recommends federal fund expenditures of \$56,000 in FY 2004.

Department of Transportation

The Kansas Department of Transportation has partnered with the Kansas Highway Patrol to determine the proper radio communication equipment

to be purchased by KHP. KDOT will also operate two mobile radio towers that will allow for communication during disasters. The Governor recommends Homeland Security Grant funding of \$83,732 in FY 2004 and \$157,000 in FY 2005.

Statewide Reductions

Since being elected, the Governor has undertaken a comprehensive review of state government through the organization of Budget Efficiency Savings Teams (BEST) to realize efficiencies in the delivery of services to Kansans. Two areas where agency budgets have been directly and systematically reduced as a result of reviews undertaken by the BEST Teams are presented in this section.

Vehicle Purchase Moratorium

On November 13, 2003, the Governor announced significant changes to the way the state manages motor vehicles. The Motor Pool dispatch pool has been eliminated, and ownership of existing low-mileage vehicles at the Motor Pool has been transferred to state agencies to replace vehicles that are high-mileage or underutilized. The vehicles replaced will be sold and the proceeds transferred to the State General Fund in the current fiscal year. At the same time, \$5.1 million from the unencumbered balances of the Motor Pool's two special revenue funds, the Motor Pool Service Fund and the Motor Pool Service Depreciation Reserve Fund, will be transferred to the State General Fund, leaving only enough funds to cover the administrative tasks that will remain with a significantly reduced level of operation.

The Governor also imposed a moratorium on the purchase of new cars, vans, and light trucks for the next two years, exempting only certain law enforcement vehicles. However, funds to purchase vehicles in these classes, at the time of the Governor's announcement, were already included in the budgets submitted by agencies on September 15, 2003, for FY 2005. Therefore, these monies were removed from agency budgets by reducing \$412,562 in the level of appropriations of new money in State General Fund accounts and by reducing expenditure authority and transferring \$2,745,750 from special revenue funds, excluding federal monies, to the State General Fund. The total savings as a result of the moratorium, all of which will benefit the State General Fund directly or indirectly, totals \$3,158,312 for FY 2005. These savings are listed by agency in the table.

Not all agencies accurately or consistently budget for the purchase of vehicles in the forthcoming fiscal year. Nevertheless, vehicles are purchased every year with available funds, whether or not they were specifically budgeted for. Therefore, reductions to agency budgets have been made on the basis of actual expenditure patterns, rather than budgeted amounts, using a four-year average from accounting records for the period FY 2000 through FY 2003. Technical adjustments were made as necessary to eliminate anomalies or accommodate funding restrictions.

Vehicle Moratorium Reductions

<u>Agency</u>	<u>Total</u>
Kansas Corporation Commission	6,640
Board of Veterinary Examiners	19,618
Kansas Neurological Institute	50,025
Larned State Hospital	12,172
Department of Health & Environment	23,737
Veterans' Affairs	56,052
School for the Deaf	19,121
Emporia State University	53,422
Fort Hays State University	102,429
Kansas State University	583,448
University of Kansas	229,234
Pittsburg State University	112,715
University of Kansas Medical Center	114,415
Wichita State University	104,441
Department of Corrections	20,655
El Dorado Correction Facility	38,523
Ellsworth Correctional Facility	16,769
Hutchinson Correctional Facility	15,428
Lansing Correctional Facility	52,777
Larned Correctional Facility	3,750
Topeka Correctional Facility	62,444
Atchison Juvenile Correctional Facility	19,710
Larned Juvenile Correctional Facility	22,994
Topeka Juvenile Correctional Facility	8,917
Adjutant General	21,741
Department of Wildlife & Parks	150,006
Department of Transportation	1,237,129
Total	\$3,158,312

A reduction of \$369,008 was also made in the budget of the Department of Transportation for FY 2004. After taking account of purchases that occurred from the beginning of the fiscal year to the effective date of the moratorium in November, these savings represent funds that will not be needed for the purchase of vehicles for the balance of FY 2004.

Administrative Efficiencies

Within the total effort of the Administration's Budget Efficiency Savings Teams (BEST) review, which spans a variety of subject areas, the work concerning administrative processes has concentrated on purchasing, information technology, personnel services, and facilities management. Significant progress has been made in reviewing these areas, all of which are integral to the responsibilities of the Department of Administration. A year ago for FY 2004, the Legislature approved the Governor's recommendation to reduce the level of funding for the Department on the presumption that savings could and would be achieved through a thorough review of the administrative services provided by the Department to the rest of state government.

In that same vein, the Governor now proposes to extend the concept of "leveraging" administrative efficiencies throughout state government. Accordingly, the Governor's budget removes funds from FY 2005 agency budget estimates in a number of expenditure categories encompassing contractual services, commodities, and capital outlay. The premise is that, when the BEST Teams review of administrative processes is complete, there will be savings realized in these objects of expenditure. For example, efficiencies in purchasing processes will eventually result in budget savings for commodities and capital outlay items. Likewise, efficiencies in information technology will allow reductions in the

cost of data processing services. Making reductions in the budget first will provide a target for the BEST Teams review and thereby ensure that savings will be realized.

The methodology for the reductions was similar to that used for the vehicle purchase moratorium. From the universe of expenditure object codes, a list was developed encompassing those categories that correlated most closely with the mission and scope of the BEST Teams. Actual data from the accounting system for FY 2000 through FY 2003 were gathered, excluding federal funds, and 10.0 percent of the four-year average for these years was reduced from agency budgets for FY 2005. Technical adjustments were made to ensure reasonableness and to avoid problems concerning restrictions on the use of special revenue funds.

The reductions, which were taken from the base FY 2005 operating budgets of state agencies, totaled \$26,669,142. Of the total savings, \$6,532,742 comes directly from the State General Fund and \$20,136,400 from reductions to special revenue funds, including "off budget" funds. Of the savings from special revenue funds, \$20,125,765, will be transferred to the State General Fund. This amount is slightly less than the expenditure reductions from special revenue funds because in some cases funding restrictions prevented the savings from being transferred to the State General Fund. The expenditure reductions are detailed in the following table by agency.

Because they are separate branches of government, the Judiciary and the legislative agencies are not subject to these reductions. However, the Governor urges the Legislature to consider making comparable reductions to these agencies as well. If this action were taken, the State General Fund would realize savings of \$183,678 in the Judiciary's budget and \$97,176 in the legislative budgets for FY 2005.

Administrative Efficiencies

Agency	State General Fund	All Other Funds	All Funds
Department of Administration	185,962	2,986,282	3,172,244
Kansas Corporation Commission	--	258,686	258,686
Citizens' Utility Ratepayer Board	--	1,700	1,700
Kansas Human Rights Commission	4,624	46	4,670
Board of Indigents' Defense Services	36,034	--	36,034
Health Care Stabilization	--	3,035	3,035
Kansas Public Employees Retirement System	--	71,134	71,134
Department of Commerce	--	140,228	140,228
Kansas Technology Enterprise Corporation	--	18,634	18,634
Kansas, Inc.	--	2,453	2,453
Kansas Lottery	--	668,277	668,277
Kansas Racing & Gaming Commission	--	23,342	23,342
Department of Revenue	90,245	888,829	979,074
Board of Tax Appeals	274	7,414	7,688
Abstracters' Board of Examiners	--	41	41
Board of Accountancy	--	841	841
Banking Department	--	17,371	17,371
Board of Barbering	--	584	584
Behavioral Sciences Regulatory Board	--	2,035	2,035
Board of Cosmetology	--	4,347	4,347
Department of Credit Unions	--	1,038	1,038
Kansas Dental Board	--	2,575	2,575
Governmental Ethics Commission	1,811	--	1,811
Board of Healing Arts	--	11,079	11,079
Hearing Aid Board of Examiners	--	77	77
Board of Mortuary Arts	--	942	942
Board of Nursing	--	15,966	15,966
Board of Examiners in Optometry	--	162	162
Board of Pharmacy	--	7,542	7,542
Real Estate Appraisal Board	--	1,832	1,832
Kansas Real Estate Commission	--	8,757	8,757
Office of the Securities Commissioner	--	11,455	11,455
Board of Technical Professions	--	7,226	7,226
Board of Veterinary Examiners	--	3,942	3,942
Office of the Governor	9,022	--	9,022
Office of the Lieutenant Governor	552	--	552
Attorney General	6,773	17,360	24,133
Insurance Department	--	68,388	68,388
Secretary of State	--	47,920	47,920
State Treasurer	--	27,647	27,647

Administrative Efficiencies

Agency	State General Fund	All Other Funds	All Funds
Judicial Council	--	1,356	1,356
Department of Social & Rehabilitation Services	525,818	114,121	639,939
Kansas Neurological Institute	154,450	7,816	162,266
Larned State Hospital	96,938	34,324	131,262
Osawatomie State Hospital	118,825	818	119,643
Parsons State Hospital & Training Center	85,788	65,779	151,567
Rainbow Mental Health Facility	28,253	--	28,253
Department on Aging	30,223	325	30,548
Department of Health & Environment--Health	70,775	51,518	122,293
Department of Human Resources	6,575	142,747	149,322
Commission on Veterans Affairs	32,314	62,769	95,083
Kansas Guardianship Program	5,417	--	5,417
Department of Education	55,369	34,249	89,618
School for the Blind	29,673	13,322	42,995
School for the Deaf	82,575	25,275	107,850
Board of Regents	2,961	26,177	29,138
Emporia State University	186,749	389,690	576,439
Fort Hays State University	--	567,588	567,588
Kansas State University--Main Campus	692,125	2,375,889	3,068,014
Kansas State University--ESARP	156,756	521,872	678,628
Kansas State University--Vet Med	5,256	488,023	493,279
University of Kansas	615,171	2,632,685	3,247,856
Pittsburg State University	67,772	458,044	525,816
University of Kansas Medical Center	535,626	1,374,888	1,910,514
Wichita State University	487,810	1,200,473	1,688,283
Kansas Arts Commission	1,006	92	1,098
Historical Society	31,353	24,465	55,818
State Library	27,153	1,564	28,717
Department of Corrections	76,776	--	76,776
El Dorado Correctional Facility	159,844	--	159,844
Ellsworth Correctional Facility	71,407	--	71,407
Hutchinson Correctional Facility	227,461	--	227,461
Lansing Correctional Facility	268,054	--	268,054
Larned Correctional Mental Health Facility	51,884	--	51,884
Norton Correctional Facility	91,480	--	91,480
Topeka Correctional Facility	151,229	--	151,229
Winfield Correctional Facility	90,442	--	90,442
Juvenile Justice Authority	74,419	--	74,419
Atchison Juvenile Correctional Facility	23,570	116	23,686
Beloit Juvenile Correctional Facility	34,534	46	34,580

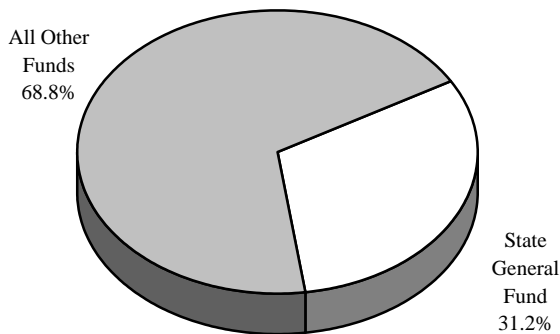
Administrative Efficiencies

Agency	State General Fund	All Other Funds	All Funds
Larned Juvenile Correctional Facility	11,196	--	11,196
Topeka Juvenile Correctional Facility	94,262	--	94,262
Adjutant General	433,412	59,105	492,517
Emergency Medical Services Board	--	5,640	5,640
State Fire Marshal	--	36,727	36,727
Highway Patrol	--	460,607	460,607
Kansas Bureau of Investigation	135,571	88,782	224,353
Kansas Parole Board	246	--	246
Sentencing Commission	1,589	--	1,589
Department of Agriculture	10,174	47,275	57,449
Animal Health Department	520	4,788	5,308
State Conservation Commission	6	3,094	3,100
Department of Health & Environment--Environment	25,049	221,741	246,790
Kansas State Fair	--	53,046	53,046
Kansas Water Office	339	47,523	47,862
Department of Wildlife & Parks	31,250	517,537	548,787
Kansas Department of Transportation	--	2,645,317	2,645,317
Total	\$ 6,532,742	\$ 20,136,400	\$ 26,669,142

General Government Summary

The General Government function includes agencies that provide overall policy guidance to state agencies, collect and distribute state revenues, and implement regulatory functions. This function of government includes the budgets of elected officials; the Judiciary; administrative agencies, such as the Corporation Commission, the Insurance Department, the Kansas Racing and Gaming Commission; and the other professional licensing and regulatory boards. Included in this function are 20 agencies with biennial budgets, 19 financed entirely from fees and one, the Governmental Ethics Commission, funded partly from the State General Fund and partly from special revenue funds.

How It Is Financed



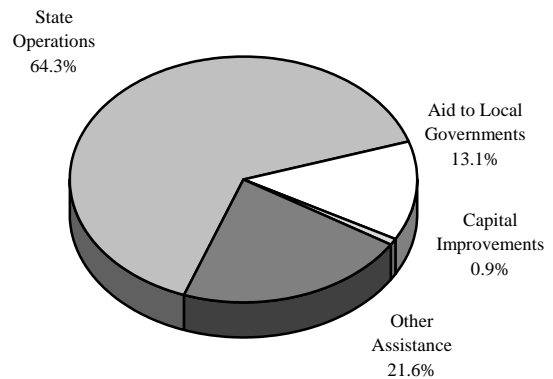
Fiscal Year 2005

The Governor recommends a total of \$571,502,811 in FY 2004 and \$585,145,028 in FY 2005. These totals include \$173,434,815 in FY 2004 and \$182,825,987 in FY 2005 from the State General Fund. The State General Fund recommendation in FY 2005 represents an increase of \$9.4 million, or 5.4 percent, from the FY 2004 Governor's estimate. The increase is because of a \$7.5 million growth in the Judiciary budget and the larger debt service required for the next round of Statehouse renovation bonds. However, most General Government agencies experienced a decrease in the State General Fund portion of their budgets.

The Governor's Economic Revitalization Plan for the State of Kansas is a major initiative in the budget. The plan includes new economic development programs to be administered by the Department of Commerce and Kansas Technology Enterprise Corporation.

The Governor recommends an additional \$19.8 million in bonds to complete Phase II of the Statehouse renovation project, which would bring the total outstanding debt on the project to \$74.8 million. Supplemental funding in FY 2004 is added to the Board of Tax Appeals to make up for low fee collections.

How It Is Spent



Fiscal Year 2005

The budget recommendations delay the replacement of automobile tags until FY 2006, which will save \$5.6 million in the Division of Vehicles Fund. The budget recommendations also transfer excess biennial agency fee funds to the State General Fund.

The Governor forwards the Judiciary's FY 2005 budget request to the Legislature without change in accordance with 2003 SB 21. The budgets of the Legislative Branch are treated in the same way as a matter of policy.

The Governor recommends a supplemental State General Fund appropriation for the Board of Indigents' Defense in FY 2004 of \$945,610 for assigned counsel payments. This amount was a result of an assigned counsel caseload consensus estimate that was compiled by the Division of the Budget, the Kansas Legislative Research Department, and the agency. In FY 2005, the Governor also includes funding for 2.0 additional FTE positions in the trial level public defender offices at a cost of approximately \$100,000 from the State General Fund. The agency is directed to locate these positions where they would most reduce the cost of assigned counsel payments.

Executive Branch Agencies

Department of Administration

For FY 2005, from all funding sources, the Governor recommends \$23,486,506 for the portion of the budget that is reported in statewide expenditure totals. An amount of \$20,295,151 of this total will be financed from the State General Fund. For the portion of the Department's budget that is not reportable, commonly referred to as the "Off Budget," the Governor recommends \$95,827,048 for FY 2005. The number of positions recommended for the Department totals 830.1 positions, of which 808.0 are FTE and 22.1 are non-FTE unclassified permanent.

Budget Reductions. Compared to the budget approved for FY 2004 from the State General Fund by the 2002 Legislature, the recommendation for FY 2005 represents an increase of 5.0 percent. This increase can be attributed to the Governor's recommendation to let bonds for the second phase of the Statehouse renovation. This debt service will start in FY 2005 and is to come entirely from the State General Fund. Some reduction in State General Fund financing is attributable to a decrease for the On Budget as a result of some expenditures being moved to the Off Budget side. This is a trend that continues, although it has slowed in FY 2005 compared to past years.

A larger part of the Department's reductions comes from the Off Budget. The Off Budget of the Department is not usually included directly in the budget reductions affecting state government because, by its nature, it receives no direct appropriation from the State General Fund. However, for FY 2005, the Governor's recommendation makes a number of reductions to the Off Budget portion of the Department. These reductions are intended to represent equivalent efficiencies and program eliminations that are expected from State General Fund agencies. One major reduction is in the Division of Facilities Management and the Central Motor Pool. As a result of the discontinuation of Motor Pool activities the level of expenditures in Facilities Management dropped markedly. The Off Budget portion of the Department of Administration also shared in reductions to other operating expenses and

the corresponding transfer of funds to the State General Fund, as did all state agencies.

Reduction in Reported FTE Positions. In an attempt to reflect the number of FTE positions more accurately in the Department of Administration, the Governor recommends a reduction of 81.4 to the FTE position limitation of the Department to 808.0. This FTE reduction is spread among all of the divisions within the Department.

Rent Space Surcharge. Beginning in FY 2005, the Governor recommends that a 94-cent per square foot surcharge be levied against state agencies based on the square footage of property an agency leases in Shawnee County. This surcharge will include both publicly and privately owned rental space occupied by any state agency. These funds will go toward paying for costs associated with the operation of the Statehouse, Kansas Judicial Center, and Cedar Crest. In the past, the funding for the operations of these buildings was figured in to overall operating charges of state buildings and therefore was paid for solely by agencies in state owned buildings.

Insurance Premiums. Each year the Department of Administration pays the premium on an insurance policy for state buildings that are otherwise not covered and have a replacement value of over \$500,000. In FY 2003 that premium cost \$559,218 from the State General Fund. The Governor recommends offsetting some of that cost to the State General Fund in FY 2005 with \$51,975 coming from the Correctional Institutions Building Fund, \$56,511 from the State Institutions Building Fund, and \$329,840 from the Educational Building Fund.

Motor Pool Operation. Portions of the responsibilities of the Central Motor Pool were eliminated in FY 2004. The portions eliminated concerned the dispatch function and responsibilities related to permanently assigned vehicles, the Central Motor Pool will also not buy any more vehicles. However, the office will still have limited responsibilities relating to state vehicles. Among the duties of the Central Motor Pool are maintaining a service garage for state agency vehicles, which will be financially self-sustaining; purchasing insurance for all

state owned vehicles, the cost of which will be forwarded to the agencies that own vehicles; tagging all state vehicles; maintaining a vehicle inventory database, which will allow the state to know what vehicles it owns, what condition those vehicles are in, and where in the state they are located; maintaining the state vehicle rental contract; maintaining the state motor fuel contract; maintaining the state vehicle purchase contract; and coordinating state vehicle accident reporting.

Kansas Corporation Commission

The Kansas Corporation Commission is the regulatory agency that oversees rates for major utilities, petroleum exploration and production, and some facets of the transportation industry. In addition, the Corporation Commission serves as a significant participant in the development of energy policy for the state. The primary function of the agency is to protect the public's interest through efficient and impartial resolution of jurisdictional issues.

The Governor recommends a budget of \$18,997,718, the majority of which is financed from fees assessed against regulated industries. The remainder of the Commission's budget is financed with federal funds. The Governor's recommendation will allow the Commission to maintain consistent performance while ensuring that rates for electricity, natural gas, and telecommunications services are reasonable.

The Governor recommends \$948,821 in additional funding for the agency's consultant budget. Services provided by consultants include monitoring federal court and regulatory agency activity; monitoring Congressional activity and ensuring the state's interests are met; providing technical analysis and advice to the Commission regarding rate cases, restructuring and reorganization proposals, and the unbundling of telecommunication components to competitors; and performing Kansas Universal Service Fund audits. The Governor also recommends \$78,096 from fee funds to implement the first phase of the agency's information technology replacement plan. Implementing a replacement plan will allow the agency to assess and replace worn and obsolete equipment systematically and spread replacement costs over several years.

The Governor also recommends that the Facility Conservation Improvement Program be moved from the Department of Administration to the Corporation Commission. Relocating this program to the Corporation Commission is expected to increase local government and school district awareness and participation in this program. This movement will add \$40,000 to the agency's budget. Finally, the Governor includes \$150,000 in the agency's budget for operational costs associated with the Kansas Energy Council. The Council will be responsible for developing an energy plan for the state and advising the Governor on energy-related issues.

Abandoned Oil & Gas Well Plugging. The Governor's recommendation for FY 2005 includes expenditures of \$2,496,830 from the Abandoned Oil and Gas Well Fund. This fund was established during the 1996 Legislative Session for the purpose of investigating, remediating, and plugging oil and gas wells which were abandoned prior to July 1, 1996. These wells present a threat to public health and the environment. As established, the fund can receive \$400,000 each year from the State General Fund, the State Water Plan Fund, and the Conservation Fee Fund. However, because of insufficient balances in the State General Fund, this transfer will not be made during FY 2005.

The Governor recommends that the State Water Plan Fund transfer be reduced to \$367,000 and also recommends that the agency be authorized to transfer more than the statutory \$400,000 from the Conservation Fee Fund. Authorizing the additional transfers will allow the agency to maintain the current plugging pace until the State General Fund transfers can be restored. In addition, the fund is expected to receive \$684,000 from the federal government under the Mineral Leasing Act.

Citizens' Utility Ratepayer Board

The primary responsibility of the Citizens' Utility Ratepayer Board (CURB) is to represent the interests of residential and small business utility consumers in proceedings before the Corporation Commission. In support of CURB's responsibilities, the Governor recommends \$637,691 from the agency's fee fund and 5.0 FTE positions in FY 2005.

Kansas Human Rights Commission

The Commission strives to eliminate and prevent discrimination in the workplace, housing, and public accommodations throughout the state. The agency investigates complaints in a thorough and professional manner. The open case inventory at the end of FY 2003 was 548. The agency anticipates a total of 618 open cases at the end of FY 2004 and 718 in FY 2005. One method of reducing the backlog is through mediation contracts with Kansas Legal Services. This program, which brings together public and private financing, has gained the agency national acclaim.

The Governor's recommendation recognizes the need for continued funding for the contracts with Kansas Legal Services and education services. Some reductions to the agency's base budget are made in both other operating expense areas and salaries and wages. This is done by moderating growth the agency had predicted in some operating expenditures and by increasing shrinkage. The recommendation for FY 2005 is \$1,822,065 from all funding sources, with \$1,392,724 from the State General Fund.

Board of Indigents' Defense Services

The Board of Indigents' Defense Services provides legal defense services to individuals who are charged by the state with a felony and judged indigent by the courts. The Board operates nine trial level public defender offices, an appellate defender office, and a death penalty defense unit. It utilizes appointed and contracted counsel to provide defense services.

In FY 2004, the Governor recommends a revised budget of \$16,968,887 from all funding sources, including \$16,420,033 from the State General Fund. This recommendation includes a supplemental appropriation of \$610,000 for the death penalty defense unit. The Governor also recommends a supplemental appropriation of \$945,610 for assigned counsel payments, which would bring total expenditures for assigned counsel to \$6,464,000. The amount budgeted for assigned counsel was determined through a consensus caseload process among the Division of the Budget, the Kansas Legislative Research Department, and the agency. The caseload process was used only for the assigned counsel portion of the agency's budget. This inaugural estimate will

be revisited in the spring of 2004 for any needed adjustments.

The Governor recommends total expenditures in FY 2005 of \$18,205,342 from all funding sources, including \$17,695,342 from the State General Fund. This recommendation includes expenditures for assigned counsel in the amount of \$6,767,000, which is the amount of the caseload consensus estimate. The Governor also includes funding for 2.0 additional FTE positions in the trial level public defender offices. These positions are estimated to cost approximately \$100,000 from the State General Fund. The Governor recommends that the agency establish these positions in the offices that would most reduce the cost of assigned counsel payments.

Health Care Stabilization Fund Board of Governors

The Health Care Stabilization Fund Board of Governors mandates basic professional liability insurance for all active Kansas health care providers. The agency establishes and authorizes the Health Care Stabilization Fund and Health Care Provider Insurance Availability Plan. The Governor's recommendation of \$28,561,541 for FY 2005 continues operations of the Health Care Stabilization Fund Board of Governors and its 16.0 FTE positions. All expenditures are from the Health Care Stabilization Fund. The Governor is also recommending that the agency become a biennial budget agency starting with the 2006-2007 biennium.

Of the total recommended by the Governor, the majority of these expenditures, approximately \$24.7 million, represent claims to be paid from the Health Care Stabilization Fund. Another \$3.9 million is for professional service costs for defense of the Health Care Stabilization Fund and to represent health care providers. The agency estimates that it will process 705 active cases in FY 2005 and close 360 cases.

Kansas Public Employees Retirement System

The mission of KPERS is to pay benefits to eligible retirants by safeguarding the retirement system's assets. This is accomplished by adhering to the highest standards of fiduciary and professional care, to

comply strictly with the law, and to conduct business in a courteous, timely, and effective manner. The Governor's budget recommendation maintains the agency's current level of performance in administration of the retirement system and oversight of the investment portfolio. The total recommended budget for the agency in FY 2005 is \$30,404,574 from all funding sources, including \$3,212,624 from the State General Fund, and will support 85.0 FTE positions. The recommendation includes \$19.6 million for investment-related expenses, \$6.8 million for administrative costs, and \$756,207 for the agency's imaging technology project.

The FY 2005 recommendation includes the first payment of \$3.2 million from the State General Fund for a ten-year pension obligation bond issue. The 2003 Legislature authorized these bonds to fund the payment of a 13th retirement check benefit for approximately 15,000 pre-1987 retirees and their beneficiaries. The same law that approved the bonding of the 13th retirement check benefit also authorized the issuance of \$500.0 million in pension obligation bonds to pay down the unfunded actuarial liability of the KPERS state and school groups. However, the bonds are subject the approval of the Joint Committee on Pensions, Investments and Benefits as well as the State Finance Council.

Retirement benefits are not budgeted as reportable expenditures to avoid the double counting of employer contributions in the state budget. The table below shows actual and estimated KPERS—Regular and KPERS—School benefit payments for the years indicated.

KPERS Benefit Payments		
<i>(Dollars in Millions)</i>		
	Regular	School
FY 1998	\$ 216.1	\$ 212.9
FY 1999	237.4	235.2
FY 2000	251.2	254.7
FY 2001	274.7	284.3
FY 2002	303.9	331.6
FY 2003	311.5	342.4
FY 2004	324.9	357.4
FY 2005	339.0	372.9

For FY 2005, the Governor recommends the restoration of employer payments to the KPERS Death

and Disability Reserve Fund. This restoration of employer payments, along with fund reserves, will be sufficient to pay benefits through FY 2005. However, in order for this program to continue, the employer contribution rate will likely need to be increased from the current 0.6 percent of payroll.

The Governor notes that 2003 HB 2014 requires increased KPERS employer contribution rates beginning in FY 2006. The bill will increase the state employer contribution cap to 0.4 percent in FY 2006, 0.5 percent in FY 2007, and 0.6 in FY 2008 and beyond. Currently, increases for the state employer contributions are capped at 0.2 percent per year. These increases will be part of the solution to address the KPERS unfunded liability.

Department of Commerce

The Department of Commerce works to build the capacity of communities and businesses to develop, innovate, diversify, and expand in a manner that creates wealth, quality jobs, and a superior quality of life for Kansans. The Governor recommends \$58,826,863, including \$19.9 million from the EDIF in FY 2005. The recommendation funds 108.5 positions.

The Department's FY 2005 budget includes initiatives related to the Governor's Economic Revitalization Plan. The Department will administer the majority of these initiatives, which include a state brand and image project, a rural entrepreneurship action plan, seed financing for new businesses, a targeted incentive program, and expansion of agritourism. Further discussion of this budget can be found in the section on the Economic Development Initiatives Fund.

Kansas Technology Enterprise Corp.

The Governor recommends \$14,595,302, including \$11,495,106 from the Economic Development Initiatives Fund and \$2,922,575 in federal funding for FY 2004. During FY 2003, the agency released encumbrances of \$192,000, all from the EDIF. Although the agency had authority to spend the funds, the agency did not include the expenditure of these funds in its current year budget request. The Governor recommends that these funds be lapsed and reallocated.

The Governor's FY 2005 recommendation is \$14,466,716, including \$11,310,217 from EDIF and \$2,915,158 in federal funding. The agency's base budget is increased by \$300,000 from the EDIF for a new Bioscience Program in KTEC. This program is a part of the Governor's new Economic Revitalization Plan. The program is created to expand the bioscience industry in Kansas. Further discussion of this budget can be found in the section on Economic Development Initiatives Funds.

Kansas, Inc.

Kansas, Inc. is the state's economic development "think tank." It undertakes planning for the economic development of the state. The agency's primary activities include strategic planning, economic and policy research, evaluation of the state's economic development programs, and partnerships and communications with the private sector. For FY 2004, the Governor recommends reducing the agency's EDIF funding by \$40,303 and substituting special revenue funding. This reduction in EDIF funding is the result of limited resources available to the EDIF. The Governor recommends \$441,435 in FY 2005 for operations and 5.0 positions. This recommendation includes \$215,906 from EDIF.

Kansas Lottery

The Kansas Lottery strives to produce the maximum amount of revenue for the state and to maintain the integrity of all Lottery games. The Governor recommends total expenditures of \$56,896,966 for FY 2005. The Governor reduces operating expenditures by \$559,433 and reduces the agency's balance in its Lottery Operating Fund by \$500,000. The savings from this reduction will be transferred to the State General Fund.

All Lottery expenditures are funded through revenues generated from the sale of Lottery tickets. The Lottery is mandated by statute to remit all excess revenues to the State Gaming Revenues Fund. The agency does not receive monies from the State General Fund, and no tax-generated revenue sources are used to support the Lottery. The agency projects total sales of \$215.5 million for FY 2005, with the state receiving \$63.9 million of the revenue. A complete explanation of the

State Gaming Revenues Fund is found in the Budget Issues section of this volume.

Kansas Racing & Gaming Commission

The Racing and Gaming Commission consists of two programs: Racing Operations and Gaming Operations. The Racing Operations Program regulates statewide horse and dog racing activities, including the conduct of races, parimutuel wagering, and the collection of parimutuel taxes, admission taxes, and licensing fees. These fees are deposited in the Racing Fund, with a portion of receipts going to the State Gaming Revenues Fund (SGRF), which supports economic development, facilities at correctional institutions, and local juvenile detention facilities.

The Governor recommends \$4.7 million in FY 2004 for the Racing Operations Program. This budget recommendation is the result of the agency decreasing its current year budget by \$29,534 in response to decreasing revenue from racing activities. Salary expenditures are also reduced by \$61,786 based on turnover in previous years. The savings will be transferred to the SGRF. The budget reduces salaries by \$65,016 in FY 2005 and recommends \$4,786,801 for the Racing Operations Program along with 43.0 positions. These savings will be transferred to the SGRF as well.

The Gaming Operations Program fulfills the state's responsibilities relative to the State-Tribal Compacts and the Tribal Gaming Oversight Act in the regulation of tribal gaming in Kansas. Responsibilities include conducting background checks of the agency's employees, monitoring compliance with internal controls and gaming rules, and monitoring compliance with licensing criteria. An amount of \$1,650,753 and 1.0 position is recommended for the Gaming Operations Program in FY 2005. This budget recommendation includes \$53,552 for an attorney position to handle the program's increased workload. All gaming operations are financed through the Tribal Gaming Fund, which is capitalized through assessments to the four tribal casinos.

Department of Revenue

The Kansas Department of Revenue collects taxes for the state. The Department's responsibilities also

include registration of motor vehicles and licensure of drivers and regulation of the alcoholic beverage industry. The Governor recommends \$83,524,889 from all funding sources, with \$21,976,275 from the State General Fund, in FY 2004.

The Governor recommends \$84,777,144 from all funding sources, with \$20,046,408 from the State General Fund, for FY 2005. In total, this is an increase of nearly 1.5 percent from the recommendation for FY 2004 but a significant decrease in State General Fund financing. The Governor recommends that \$2.0 million of State General Fund dollars be replaced by Electronic Database Fee Fund dollars.

The budget allows for a reclassification of the agency's auditors. This reclassification will affect 57.0 FTE positions, costing \$270,234, which will be funded from the agency's Division of Vehicle Fund. In addition, the Governor recommends that the replacement of automobile tags be delayed until FY 2006, which will save \$5.6 million in the Division of Vehicle Fund in FY 2005. The Division of Vehicles Fund is mainly financed through the State Highway Fund.

Board of Tax Appeals

The purpose of the Board of Tax Appeals is to ensure that all property in the state is assessed in an equal and uniform manner. The Board hears appeals from taxpayers. This includes property tax issues regarding exemptions or valuation questions. The Board resolves conflicts regarding issues between many taxing authorities and the taxpayers of the state, corrects tax inequities, determines when properties qualify for an exemption from taxation, authorizes taxing subdivisions to exceed current budget limitations, and issues no-fund warrants.

A new filing fee fund structure was established during the 2003 Legislative Session and implemented in September 2003. Original estimates made by the Legislature placed receipts for FY 2004 at \$336,000; however, the actual receipts are considerably lower than the original ones. Therefore, the Governor recommends a \$200,000 supplemental appropriation from the State General Fund to offset partially the lower than expected receipts. The Governor's recommendation for FY 2005 is \$1,587,413 from all funding sources, including \$1,294,199 from the State General Fund.

Biennial Budget Agencies

The 1994 Legislature authorized a biennial budgeting process for regulatory agencies, beginning in FY 1996. These agencies are general government agencies that regulate a profession or an industry. At the time biennial budgets were initiated, all agencies were funded entirely from fees charged to licensees. However, in FY 2001, the Governmental Ethics Commission became the first with a State General Fund appropriation. For FY 2006-FY 2007, the

Dispensers to \$6,757,729 for the Banking Department. Two agencies employ no full-time staff, and the Banking Department's 87.0 FTE positions in FY 2005 represent the largest staff. The Governor recommends \$18.8 million for all 20 biennial agencies in FY 2004 and \$18.9 million in FY 2005. The table in the left column displays the recommended budgets of each biennial agency.

Biennial Agencies		
	<u>FY 2004</u>	<u>FY 2005</u>
Abstracters' Board	19,463	21,315
Board of Accountancy	242,290	251,694
Banking Department	6,757,729	6,281,279
Board of Barbering	124,092	131,275
Behavioral Sciences Board	510,120	548,009
Board of Cosmetology	675,307	722,874
Department of Credit Unions	856,343	917,464
Kansas Dental Board	317,870	344,517
Governmental Ethics	583,471	610,123
Board of Healing Arts	2,360,567	2,483,523
Hearing Aid Board	18,833	21,916
Board of Mortuary Arts	236,432	237,971
Board of Nursing	1,387,305	1,495,077
Board of Optometry	104,970	113,511
Board of Pharmacy	586,872	637,221
Real Estate Appraisal Board	251,919	244,226
Real Estate Commission	764,665	795,796
Securities Commissioner	2,215,776	2,247,977
Technical Professions	528,936	555,857
Veterinary Examiners	256,042	261,620
Total	\$18,799,002	\$18,923,245

Governor recommends that the Emergency Medical Services Board and Health Care Stabilization Fund Board of Governors become biennial agencies. The Emergency Medical Services Board, as part of the Public Safety function of government, would become the first non-General Government biennial agency.

Biennial agencies are relatively small in both size of budget and number of staff. Recommended amounts in FY 2004 range from \$18,833 for the Hearing Aid

FY 2005 Fee Fund Transfers	
	<u>Transfer to SGF</u>
Board of Accountancy	160,977
Banking Department	2,704,718
Department of Credit Unions	166,705
Kansas Dental Board	354,960
Board of Nursing	379,751
Board of Optometry	16,684
Board of Pharmacy	1,178,600
Real Estate Appraisal Board	334,369
Real Estate Commission	508,438
Technical Professions	617,646
Total	\$6,422,848

The 2003 Legislature enacted budgets for FY 2004 and FY 2005 for these agencies. With the exception of Banking, the Governor recommends only minor adjustments to these approved budgets. The revised recommendations for all biennial agencies do include the Governor's salary plan for FY 2005. The budgets have also been adjusted to account for the administrative savings to be realized by the effort of the BEST Teams. The Governor approved an increase of \$56,426 for 1.0 FTE position and associated expenditures for Banking.

The Governor recommends that all unencumbered biennial fee funds greater than \$200,000 at the end of FY 2005 be transferred to the State General Fund. These recommended transfers will not affect the agencies' budget. The recommended transfer from the biennial agencies' fee funds to the State General Fund for FY 2005 totals \$6.4 million. The table above displays the recommended transfers in FY 2005 for each agency.

Executive Branch Elected Officials

Office of the Governor

The recommended level of expenditure for the Governor's Office for FY 2005 totals \$14,502,709 from all funding sources. Of this total, \$1,624,479 is from the State General Fund for operation of the office and management of Cedar Crest. The remaining \$12,878,230 represents federal grant funds distributed to state agencies and private organizations for the STOP Violence against Women Act, Victims of Crime Act, Family Violence Prevention and Services Act, State Access and Visitation Program, Rape Prevention and Education, Governor's Portion of Safe and Drug Free Schools and Communities Act, Byrne Memorial Grant, Local Law Enforcement Block Grant, Residential Substance Abuse Treatment, National Criminal History Information Program, National Forensic Sciences Improvement Act, and Bullet Proof Vest Program. The budget will support a staff of 29.0 FTE positions and 1.0 non-FTE unclassified permanent position, for a total of 30.0. In addition to the statewide reductions applied to all agencies in FY 2005, the Governor has reduced the level of her own base budget by \$32,650, or 2.0 percent.

Office of the Lieutenant Governor

The Governor's FY 2005 recommendation for the Lieutenant Governor's Office is \$114,817, all of which is from the State General Fund. This funding level will support 3.0 FTE positions. In addition to the statewide reductions applied to all agencies in FY 2005, the Governor has reduced the level of the base budget for this agency by \$2,311, or 2.0 percent.

Attorney General

The Attorney General is a constitutionally-elected officer of the state's Executive Branch of government and is responsible for defending the legal interests of the State of Kansas in all actions and proceedings, civil or criminal. Key responsibilities of the office include enforcement of the state's Consumer Protection, Charitable Solicitations, and Charitable Trusts Acts. Coordination of the Crime Victims

Compensation Board and the Child Death Review Board are also major responsibilities.

The FY 2005 budget recommendation of \$13,098,278, of which \$3,806,479 is from the State General Fund, finances a total of 105.5 positions. This budget also includes approximately \$4.7 million in grants and assistance to victims of crime. The overall recommendation is a reduction in the agency's base budget of \$533,464 from all funding sources, of which \$415,584 is from the State General Fund. Most of the reduction is because of an expectation of decreased water litigation costs.

Kansas v. Colorado Water Rights Litigation. The Attorney General has filed exceptions to the special masters report and expects to argue these exceptions in October 2004. Items to be determined at this hearing include final damages to be awarded, continued violations, whether a "water master" is to be appointed to monitor compliance with the compact. The table below shows actual and estimated funding for the litigation from FY 1984 through FY 2004. The Governor's budget includes \$605,000 in FY 2004 to complete litigation of this case.

Kansas v. Colorado Funding			
<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1984	96,032	1995	506,250
1985	70,424	1996	1,042,688
1986	281,324	1997	921,800
1987	651,449	1998	730,715
1988	511,045	1999	950,215
1989	746,490	2000	1,523,871
1990	1,655,812	2001	878,174
1991	3,213,075	2002	1,124,546
1992	1,313,943	2003	946,204
1993	655,060	2004	605,000
1994	354,457	Total:	\$18,778,574

Kansas v. Nebraska Water Rights Litigation. The Attorney General filed suit in May 1998 against the State of Nebraska to settle a dispute between Kansas

and Nebraska over Republican River water rights. The case was accepted by the U.S. Supreme Court and was heard by a special master appointed by the Supreme Court. The case has been settled by all parties involved. As shown in the following table, the Governor recommends funding in the amount of \$412,002 from the State General Fund in FY 2004.

<u>Fiscal Year</u>	<u>Amount</u>	<u>Fiscal Year</u>	<u>Amount</u>
1998	173,570	2002	1,210,598
1999	277,571	2003	566,105
2000	177,448	2004	412,002
2001	606,483	Total:	\$3,423,777

Insurance Department

The Insurance Department works to assure an affordable, accessible, and competitive insurance market by supervising, controlling, and regulating the insurance industry in the state. Insurance Department expenditures include administration of the Workers Compensation Fund and payment of claims. Claims are projected at \$2.5 million for FY 2005, a reduction from past years. Actual claims paid fell from \$10.6 million in FY 1999 to \$2.7 million in FY 2003. Legislation passed in 1993 limits the fund's liability to cases in which the accident occurred prior to July 1, 1994, except for insolvent or uninsured employers and reimbursements. The agency estimates that the number of active workers compensation cases will decline from 4,030 in FY 2002 to 3,955 in FY 2003 and 3,880 in FY 2004 and FY 2005.

To address accessibility concerns, the agency will expend \$185,000 from a federal grant to study Kansans without health insurance in FY 2004. For FY 2005, the Governor recommends \$20.9 million from the agency's various fee funds. The Governor also recommends that the agency's portion of premium tax revenue continue to be transferred to the State General Fund. In the past, the agency retained 1.0 percent of premium tax receipts. The transfer yields an additional \$850,000 to the State General Fund in FY 2004 and \$920,000 in FY 2005.

Secretary of State

The primary duties of the Office of the Secretary of State are to register corporations doing business in the state, supervise and provide assistance to local election officers in all elections, and administer the State Uniform Commercial Code. The Secretary of State also appoints notaries public, maintains a registry of trademarks, and supervises the engrossing of all legislative acts and compilation of the *Session Laws of Kansas*. A primary goal of the agency is to provide accurate and efficient service to its customers, not only in the information provided, but also in the filing of documents and the processing of orders. The agency receives more than 300,000 pieces of mail and more than 200,000 telephone inquiries annually.

The Governor's recommendation for FY 2005 finances 54.0 FTE positions in the Office of the Secretary of State. Funding from all sources totals \$6,726,824. The entire recommendation for FY 2005 is financed by federal and agency fee funds. A year ago, the Governor proposed that the agency become fully financed by non-State General Fund sources. FY 2004 was the first year of the transition, with the agency receiving half the level of funding that it normally receives from the State General Fund. FY 2005 is the second year of the transition.

State Treasurer

The State Treasurer is responsible for the timely receipt and deposit of all monies, excluding those of the Kansas Public Employees Retirement System, to state bank accounts. Investment of state monies and the money of cities, counties, schools, and other local governments are made by the Treasurer through the Pooled Money Investment Board and the Municipal Investment Pool.

This agency traditionally used State General Fund monies for a portion of its administrative expenses. A year ago the Governor recommended that the agency charge a fee on claims made through the Unclaimed Property Program to offset agency costs in the FY 2004 budget. The Legislature instead authorized the Treasurer to charge other state agencies cash management fees for non-payroll warrant redemption and direct deposits, banking fees, and voucher processing fees. To provide cashflow during the fee

implementation stage, the Legislature appropriated \$250,000 from the State General Fund, to be repaid before the end of the fiscal year. The Legislature's method of funding causes a portion of the expenditures for cash management and administration to become non-reportable. Because these fees are paid by other state agencies, expenditures for these activities will be duplicated unless they are treated as "off budget." The Governor's recommended FY 2004 budget reflects these decisions enacted by the 2003 Legislature.

However, the Governor's FY 2005 recommendation of \$40.2 million recommends that the State Treasurer not impose a fee on state agencies, but instead impose a fee on claims made through the Unclaimed Property Program. This fee will be similar to the Debt Set-Off Program in the Department of Administration. No State General Fund monies are recommended for this agency in FY 2005. Because the fee on unclaimed property would be paid from sources outside state government, duplication of expenditures would no longer be an issue. The local ad valorem tax reduction

and county and city revenue sharing transfers to cities and counties are not budgeted in FY 2005. These were eliminated in FY 2004 for budgeting reasons.

Pooled Money Investment Board. The Board is responsible for its own administrative functions, although it is a part of the State Treasurer's budget. The 7.0 FTE positions in this program manage the investment pool of state monies and designate various state bank depositories for state and special monies in demand deposit and interest-bearing accounts. The FY 2005 budget for this program is \$647,238, all from the program's fee fund. The Pooled Money Investment Portfolio contained approximately \$1.4 billion in investments, with an earned FY 2004 yield averaging 1.2 percent through November 2003. The Pooled Money Investment Board's responsibilities further include active management and administration of the Kansas Municipal Investment Pool. Total balances, which include deposits and earned interest for cities, counties, and schools, were \$294.3 million at the end of November 2003.

Legislative Branch Agencies

Under 2003 SB 21, the Governor is required to submit the annual budget of the Judiciary to the Legislature without proposing changes to it. The submission for FY 2005 represents the first year for this law. Although not covered by the new law, the official legislative budgets are also submitted without recommendation. However, the Governor has added funding to implement the base salary increase of 3.0 percent for FY 2005, the same as for other agency budgets. The Governor's recommendation for all five legislative agencies combined totals \$21,303,734 from all funding sources, \$21,138,099 of which is from the State General Fund.

The Governor's recommendation reduces the FY 2005 budgets of Executive Branch agencies to account for savings anticipated from efficiencies through the BEST Teams review of government operations. These reductions are not applied to the legislative budgets as a matter of policy. If these budgets had been subjected to the reductions, the amount would have resulted in a State General Fund savings of \$97,176.

Legislative Coordinating Council

This budget includes the operating expenditures of Legislative Administrative Services as well as funds to reimburse members of the Legislative Coordinating Council for the expenses they incur while attending meetings of the LCC. The Governor's budget includes \$699,867 from the State General Fund based on the agency's request and the cost of the pay plan. This budget will support a staff of 12.0 FTE positions, one less than a year ago as a result of converting the Chief Information Technology Officer for the Legislative Branch to a contract for services and relocating the funds for the contract to the Legislature's budget.

Legislature

The Governor's budget recommendations contain \$13,338,154 from all funding sources to finance operations of the Kansas Legislature for FY 2005. Of this total, \$13,253,654 is from the State General Fund.

The Legislature's budget consists mostly of salary expenditures, including compensation and allowances for legislators, legislative staff, and temporary workers during the session. The Legislature budgets for 33.0 FTE positions.

Legislative Research Department

The FY 2005 budget for Legislative Research totals \$2,856,764 from all funding sources, of which \$2,775,629 is from the State General Fund, to provide research and fiscal analysis for the Legislature. This level of funding will support a staff of 38.0 FTE positions, including a new Health Policy Analyst financed from private grant funds.

Legislative Division of Post Audit

The amount included in the Governor's budget recommendation for the Legislative Division of Post Audit for FY 2005 totals \$1,962,893, all of which is from the State General Fund. This level of funding supports a staff of 21.0 FTE positions. Post Audit's responsibilities include the annual statewide audit of financial statements of the Division of Accounts and Reports, financial and compliance audits of certain agencies required by law, compliance and control audits, and performance audits.

Revisor of Statutes

The primary responsibility of the Office of the Revisor of Statutes is to provide bill drafting services to the Legislature. This office also edits and publishes annual supplements and replacement volumes for the *Kansas Statutes Annotated*. For FY 2005, the Governor's budget includes \$2,446,056, all from the State General Fund. The Revisor maintains a staff of 26.0 FTE positions. The FY 2005 budget will cover printing costs associated with the supplements and index volumes of the statutes. However, because of a sufficient inventory, the Revisor does not plan to republish any hard bound volumes in FY 2005.

Judicial Branch Agencies

Judiciary

The Judiciary's budget includes financing for the Kansas Supreme Court, Court of Appeals, judicial and professional review boards and commissions, and most of the personnel costs of 105 district courts. Over 97.0 percent of the Judiciary's State General Fund budget is dedicated to salary costs. This is because 99.0 percent of district court non-salary operating expenditures are funded by the 105 counties.

Under the unified court system of Kansas, the Supreme Court, Kansas' highest court, is charged with supervision of the entire court system. The Court of Appeals is an intermediate appellate court and has jurisdiction over all appeals from the district courts, except appeals from a district magistrate judge and direct appeals to the Supreme Court.

The state is divided into 31 judicial districts, and one district judge can serve several counties in sparsely populated areas of the state. However, in the more populated counties the district court can have more than one judge. For example, the 18th judicial district has 26 district court judges. District court operations account for 1,665.8 FTE positions in the Judiciary, which has a total of 1,817.8 FTE positions.

With the enactment of SB 21, the Governor is required to submit the Judiciary budget to the Legislature without changes. The Governor makes no revision or reductions to the request submitted, except funding of \$852,033 from the State General Fund is included for a 3.0 percent salary increase for judges to implement the same pay plan recommendations applicable to Executive Branch agencies. The budget does not include funds for the non-judicial personnel because the Judiciary's budget already has incorporated a 3.7 percent increase for this group under the courts' own pay plan. The Governor recommends that the Legislature consider adjustments to this budget that would make the 3.0 percent pay increase applicable to non-judicial personnel, so they would be treated the same as other state employees.

For FY 2005, the Governor recommends \$102,681,289, including \$91,731,496 from the State General Fund. The \$8.3 million increase compared to the FY 2004 budget reflects, in part, discontinuation of

the Emergency Surcharge Fee Fund. While the entire \$8.3 million State General Fund increase is included as requested, the Governor recommends that the Legislature continue the surcharge to save State General Fund dollars. In addition, the budget includes \$2.0 million from special revenue monies in aid and grants, reflecting the Judiciary's continuing efforts to assist local governments in child support enforcement, access to justice for all citizens, and dispute resolution.

The Governor's recommendation reduces the FY 2005 budgets of Executive Branch agencies to account for savings anticipated from efficiencies through the BEST Teams review of government operations. These reductions are not applied to the Judiciary's budget because of SB 21. If this budget had been subjected to the reduction, the amount would have resulted in a State General Fund savings of \$183,678.

Judicial Council

The Judicial Council was created in 1927 to review the volume and condition of business in the courts, the methods of court procedure, the time between the initiation of litigation and its conclusion, and the condition of dockets compared to finished business at the close of the term. The ten-member Council is made up of eight appointees of the Chief Justice and the chairpersons of the Judiciary Committees of the House and Senate.

FY 2004 was the first year that the Judicial Council did not receive State General Fund dollars. The Judicial Council is now a fully fee-funded agency, in contrast to past budgets where approximately 65.0 percent of funding came from the State General Fund. The Legislature created the Judicial Council Fund and amended docket fee statutes to assist in funding the Council. The revenue from this fund and the existing Publications Fee Fund will fully fund the Council in FY 2004 and FY 2005 without the State General Fund.

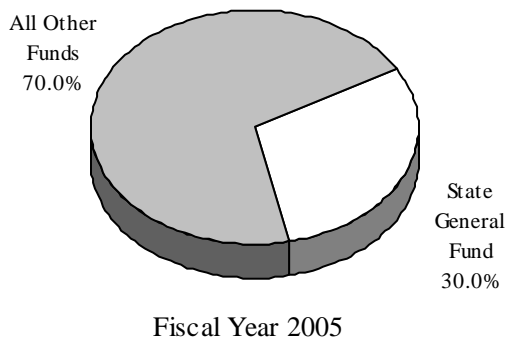
The Governor recommends \$392,111 for FY 2005. The funding includes financing for publication of the 2004 supplements to PIK-Criminal 3d, 2004 Kansas Probate Forms, Kansas Municipal Court Manual, and PIK-Civil 3d. The Council has 4.0 FTE positions.

Human Resources Summary

The Human Resources function of state government contains the agencies that provide a variety of assistance programs to Kansans. The services provided in this function include welfare assistance; medical services; unemployment insurance benefits; care and counseling for veterans, the elderly, developmentally disabled, and mentally ill; and preventive health services through local health departments.

The Governor recommends expenditures totaling \$3.4 billion in FY 2004, of which \$944.7 million is from the State General Fund. For FY 2005, a total of \$3.5 billion is recommended, of which \$1.0 billion is from the State General Fund.

How It Is Financed



The all funds budget increase from FY 2004 to FY 2005 results from rising Medicaid costs. The Medicaid Regular Medical Program is estimated to increase by \$122.9 million from FY 2004 to FY 2005. The increase in State General Fund financing reflects a return to the more normal federal Medicaid reimbursement level after a year of enhanced federal funding in FY 2004.

In FY 2004, unemployment benefits paid to individuals are expected to be \$423.6 million. In FY 2005, payments are estimated at \$377.9 million.

Positions in this function of government constitute approximately 21.0 percent of the total state workforce. The Governor recommends funding for

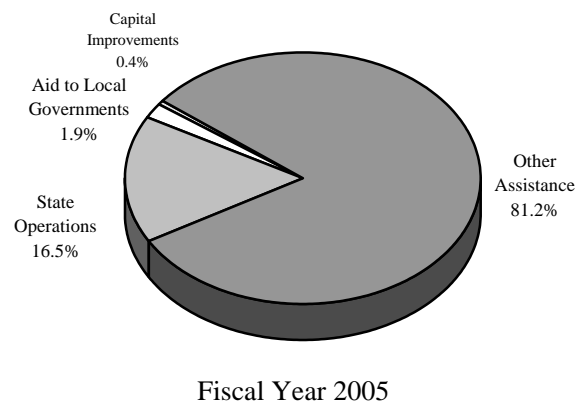
8,389.3 FTE positions and 253.2 non-FTE unclassified permanent positions in FY 2005.

Although the next budget cycle remains a challenging one for the state, social services are a priority in the budget. Recommendations include full funding of caseloads for welfare and medical assistance to the poor, disabled, and aged. The budget also funds the anticipated number of children in foster care and adoption who are waiting for permanent homes.

In FY 2005, the Governor recommends enhanced funding of \$15.2 million from all funding sources, \$6.0 million of which is from the State General Fund, to reduce waiting lists in HCBS programs for the developmentally disabled and physically disabled.

The Governor also enhances Children's Initiatives Fund financing for Smart Start to \$10.0 million to promote innovative early childhood programs.

How It Is Spent



The Governor's recommendation for FY 2005 includes funds for long-term care, the Senior Care Act, nutrition services, and other services for Kansans over the age of 65. Funding for nutrition and meals will provide 3.5 million meals to the elderly under the Older Americans Act Meals Program. This program is financed partly by the new statewide income tax Meals on Wheels Check-off. The Department of Health and Environment's budget contains funding to continue existing health programs and to meet homeland security challenges.

Social & Rehabilitation Services

The Governor's recommendations for the Department of Social and Rehabilitation Services total \$2,171.9 million for FY 2004 and \$2,338.8 million for FY 2005. They include State General Fund expenditures of \$707.8 million in the current year and \$800.1 million in FY 2005. The recommended budget includes salaries and wages for 4,048.2 positions in FY 2004 and FY 2005.

Of the FY 2005 expenditures recommended by the Governor, \$1,990.3 million, or 85.1 percent, finances assistance payments to individuals or to vendors who provide medical or other services to individuals in need. A total of \$25.9 million, or 1.1 percent, finances aid to local governments, which, in turn, provides services to agency clients. The recommendation for state operations in FY 2005 totals \$311.8 million, including the staffing costs for coordinating social services, administering SRS area offices and associated branch offices, and providing vocational rehabilitation services to agency clients. Finally, the Governor recommends \$10,695,000 in FY 2005 for capital improvements at state institutions and agency offices. The capital improvement recommendation includes debt service for construction of a new state security hospital at Larned and debt service on a \$35.0 million bond issue for rehabilitation and repair projects at Larned and Osawatomie State Hospitals.

The Governor's recommendation enhances several SRS programs. Examples include increased funding to reduce the waiting lists for the Home and Community Based Services Waivers and increased funding for the Adoption Support and Permanent Guardianship Programs. The anticipated caseloads for HealthWave health insurance for children and child care assistance are fully funded. The Governor's recommendation also funds the consensus caseload estimates for Temporary Assistance to Families, Medicaid, Foster Care, and Adoption. Additional State General Fund dollars are added to the Nursing Facilities for Mental Health and Foster Care Programs to reflect the changing populations and availability of federal funding for those programs.

The FY 2005 budget recommendation includes several reductions in the SRS administrative operations. The agency's choices reflect the importance placed on

providing direct services to Kansans in the most effective way possible.

Key administrative changes include continued closures of county offices and identification of alternative ways of providing services to clients in those counties and reorganization of the SRS area offices. The area office redesign is expected to provide savings of \$2.2 million, including \$1.0 million from the State General Fund, in FY 2005. Other reductions include imposing a cut to information technology contracts, an increase in administrative shrinkage, and limiting contractual service and commodity expenditures at the SRS central office.

Economic & Employment Assistance

Welfare Reform. The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 replaced the original welfare program, Aid to Families with Dependent Children. The new law ended the statutory entitlement to assistance and instituted a five-year lifetime eligibility limit. The new Temporary Assistance for Needy Families (TANF) Program, illustrated in the table on the next page, provides financial assistance to poor families with dependent children based on income and family size.

Families with incomes less than 32.0 percent of the federal poverty level may qualify for assistance. All families receiving Temporary Assistance to Families, the state's version of TANF, are eligible for Medicaid. Welfare Reform also gave Kansas more flexibility to design public assistance programs, added reporting requirements on the state, mandated child support enforcement procedures, and established work requirements for families receiving cash assistance.

The TANF Program is funded from a \$101.9 million appropriation from the federal government and a state match of \$62.0 million. The state match is known as maintenance of effort and is the minimum amount required by the federal government to receive the TANF block grant. The state was able to reduce its maintenance of effort from \$70.4 million in FY 1998 to the current level by successfully attaining federal back-to-work requirements for welfare recipients.

Beginning in FY 2001, SRS was allowed to count refunds paid through the Earned Income Tax Credit as part of the state maintenance of effort.

As part of the program expenses, the agency will transfer up to \$4.3 million to the Social Services Block Grant to finance existing social service programs. The table below also shows an increase in funds transferred to the Child Care Development Fund, which is used to finance the state's day care programs for low income working families.

Temporary Assistance to Needy Families			
<i>(Dollars in Millions)</i>			
	FY 2003	FY 2004	FY 2005
Beginning Balance	\$15.4	\$14.1	\$23.8
Revenue:			
Federal TANF Grant	101.9	111.1	101.9
Paternity Penalty	--	(1.0)	--
High Performance Bonus	--	10.2	--
Total Revenue Available	\$117.3	\$134.3	\$125.7
Expenditures:			
Administration	3.8	3.8	3.9
Program Staff	10.2	10.8	11.2
Temporary Assistance for Families	24.3	29.2	33.7
Employment Services	9.6	12.9	12.9
Children's Services	29.4	30.9	30.9
Alcohol & Drug Abuse Services	1.4	1.4	1.4
Total Expenditures	\$78.7	\$89.0	\$94.0
Transfers:			
Child Care Development Fund	(14.4)	(17.2)	(17.1)
Social Services Block Grant	(10.2)	(4.3)	(4.3)
Ending Balances	\$14.1	\$23.8	\$10.4
State Funds Maintenance of Effort	\$39.7	\$52.1	\$52.1
Earned Income Tax Credit Match*	\$26.2	\$13.8	\$13.8

*The Earned Income Tax Credit is included in the Department of Revenue budget.

Child Care Rates & Caseloads. As part of its welfare reform strategy, the state places a priority on keeping low-income families working, rather than providing direct cash assistance. To this end, the agency encourages work by providing child care assistance. To be eligible, families must work at least 30 hours each week and be at or below 185.0 percent of the federal poverty level. To ensure compliance with federal reimbursement guidelines, the rates are reviewed biennially. The most recent rate adjustment was made in February 2002.

The Governor's recommendation provides the resources necessary to subsidize child care for an

average of 18,214 children each month in FY 2004 and FY 2005, which is an 8.9 percent increase in expenditures over FY 2003. The following table details the history of the program.

Child Care					
Fiscal Year	Persons Served	Percent Change	Total (\$000)	Avg. Cost	Percent Change
1997	12,144	(7.3)	27,990	192.07	10.7
1998	12,617	3.9	32,851	216.98	13.0
1999	13,231	4.9	37,610	236.88	9.2
2000	14,524	9.8	44,226	253.75	7.1
2001	15,312	5.4	46,636	253.81	0.0
2002	16,151	5.5	50,815	262.19	3.3
2003	16,723	3.5	54,487	271.52	3.6
2004	18,214	8.9	59,426	271.89	0.1
2005	18,214	--	59,426	271.89	--

Temporary Assistance for Families. In FY 2004, the Governor recommends \$59.0 million to finance benefits for an average of 41,034 persons each month. For FY 2005, caseloads are expected to increase to an average of 43,812 persons each month, for total assistance of \$63.5 million. These amounts are shown in the table below along with amounts from prior years. The table shows that the decline of the TAF caseload has reversed, with caseloads now surpassing the FY 1998 levels. Weakening in the Kansas economy has contributed to the increase in TAF assistance.

Temporary Assistance for Families					
Fiscal Year	Persons Served	Percent Change	Total (\$000)	Avg. Cost	Percent Change
1997	57,762	(19.4)	83,170	119.99	(0.1)
1998	39,751	(31.2)	55,454	116.25	(3.1)
1999	32,757	(17.6)	46,260	117.68	1.2
2000	30,692	(6.3)	42,660	115.83	(1.6)
2001	31,788	3.6	44,674	117.11	1.1
2002	34,453	8.4	49,217	119.04	1.6
2003	37,757	9.6	53,728	118.58	(0.4)
2004	41,034	8.7	59,000	119.82	1.0
2005	43,812	6.8	63,500	120.78	0.8

General Assistance. The table on the next page displays actual and budgeted expenditures for General Assistance. The Governor recommends expenditures of \$7.5 million in FY 2004 and \$8.2 million in FY 2005. The FY 2004 amount will fund benefits to an

average of 3,976 persons each month. In January 2004, the first General Assistance beneficiaries to reach the 24-month time limit approved by the 2002 Legislature will be removed from service. The agency expects 210 recipients to reach the time limit in FY 2004 and 575 in FY 2005. In all, the recommendation will finance benefits for 4,329 individuals each month during FY 2005.

General Assistance					
Fiscal Year	Persons Served	Percent Change	Total (\$000)	Avg. Cost	Percent Change
1996	4,440	(15.6)	7,754	145.54	1.3
1997	3,740	(15.8)	6,450	143.72	(1.2)
1998	2,323	(37.9)	4,390	157.49	9.6
1999	2,301	(0.9)	4,250	153.92	(2.3)
2000	2,220	(3.5)	4,183	157.02	2.0
2001	2,616	17.8	4,939	157.33	0.2
2002	3,152	20.5	5,973	157.91	0.4
2003	3,660	16.1	6,910	157.34	(0.4)
2004	3,976	8.6	7,517	157.56	0.1
2005	4,329	8.9	8,200	157.84	0.2

Employment Training & Vocational Rehabilitation. The Governor's recommendation will provide employment training to more than 25,086 low income or disabled Kansans each month during FY 2005. The recommended budget in FY 2005 includes \$12.1 million for employment assistance to TAF recipients and Food Stamp recipients and \$14.7 million for vocational rehabilitation. The budget also provides \$3.6 million to local governments and private agencies to assist clients in developing work skills and assistive technologies.

Health Care Programs

As a part of the fiscal relief package for states, the federal medical match rate was increased from approximately 60.0 percent to 63.0 percent for the last quarter of FY 2003 and all of FY 2004. The match rate will return to approximately 60.0 percent in FY 2005. SRS received \$10.0 million for the increased federal payments in the last quarter of FY 2003. These savings are included in the Governor's revised FY 2004 budget because the refunds were actually received in the current year. Savings for FY 2004 total \$52.2 million and are reflected in Medicaid programs

in SRS, the Department on Aging, and the Juvenile Justice Authority. Because the enhanced rates end in FY 2005, State General Fund expenditures for Medicaid programs increase by the entire FY 2004 savings of \$62.2 million, in addition to any growth attributed to increasing costs or caseload numbers.

Medical Assistance. For FY 2004, the Governor adopts the consensus caseload estimate of \$1,039.0 million to provide medical care to low income and disabled Kansans. The current year caseload estimate represents a 13.5 percent increase over FY 2003 and a \$8.7 million decrease from the approved budget for FY 2004. The recommendation includes funding for \$2.2 million in Medicaid claims that were pended during FY 2003.

For FY 2005, the consensus caseload estimate for medical assistance totals \$1,161.9 million. The number of persons served by Medicaid continues to increase, as illustrated in the table below. Most of the growth in persons comes from low income children and families on cash assistance; however, these groups are relatively inexpensive to serve. The medically needy, blind, disabled, and aged populations have the highest demand for services, with greater costs. One of the largest cost drivers is the cost of prescription drugs, which made up 24.7 percent of Medicaid expenditures in FY 2003.

Medical Assistance					
Fiscal Year	Persons Served	Percent Change	Total (\$000)	Average Cost	Percent Change
1997	189,587	(2.8)	484,405	212.92	15.8
1998	177,569	(6.3)	470,345	220.73	3.7
1999	173,939	(2.0)	544,037	260.65	18.1
2000	188,210	8.2	608,189	269.29	3.3
2001	197,999	5.2	686,298	288.85	7.3
2002	211,585	6.9	824,614	324.78	12.4
2003	230,299	8.8	915,693	331.34	2.0
2004	243,115	5.6	1,039,049	356.16	7.5
2005	257,121	5.8	1,161,907	376.58	5.7

Beginning in FY 2003, SRS adopted several policy changes to limit the growth in medical expenditures. To control the cost of pharmaceutical services, the reimbursement rate for optional prescription services was reduced and the reimbursement formula for other prescriptions was changed. Medicaid recipients are now limited to five brand name prescriptions each

month and a 31-day supply of each prescription, rather than a 34-day supply. Additional classes of drugs, primarily anti-inflammatory drugs, are now included in the preferred formulary. Included in the consensus estimate for FY 2005 is a reduction of \$10.0 million from all funding sources, with \$4.0 million from the State General Fund, to reflect savings that could be realized if the agency becomes involved with other states in a pharmaceutical purchasing compact. These savings were originally included in the FY 2004 budget by the 2003 Legislature. Although SRS continues to make efforts in this area, it is not likely that a compact will be achieved until FY 2005.

The budget recommendation also limits benefits in the MediKan Program. MediKan is a state-funded program that provides medical benefits to people awaiting determination for federal disability benefits. This program provides medical benefits for those receiving General Assistance. The budget includes limiting MediKan benefits to 24 months beginning in January 2002. MediKan was intended to be a temporary benefit and the time limit, along with the limitation on General Assistance, reinforces the limited nature of these programs. The recommended budget includes savings associated with this policy change, as well as savings from other policy changes approved by the 2003 Legislature.

HealthWave. The FY 2005 recommendation includes \$57.0 million to provide insurance coverage to an average of 33,466 children each month who live in families with incomes less than 200.0 percent of the federal poverty level. HealthWave is financed with \$13.7 million from the State General Fund and \$41.3 million in other funds. Federal funds are made available by Title XXI of the federal Balanced Budget Act of 1997. The Governor also recommends \$2.0 million from the Children's Initiatives Fund to finance HealthWave benefits.

Home & Community-Based Services. In an attempt to curb costs of Medicaid in nursing homes, the federal government allows states to design community programs as an alternative to institutional placements. The waived programs are matched at the state Medicaid rate. SRS administers five waiver programs and the Department on Aging has two. The table on the next page illustrates the expenditures by program for home and community-based services. It illustrates

the rapid growth and popularity of these programs over the past five years.

Several of the HCBS waiver programs were partially funded from the Intergovernmental Transfer approved by the 2000 Legislature. The FY 2004 approved budget used \$8.0 million in these funds with State General Fund dollars as the state match for federal funds. Because of uncertainty regarding whether these funds can continue to be accessed, the Governor's recommendation replaces \$8.0 million in Intergovernmental Transfer funds with \$8.0 million from the State General Fund in FY 2004 and the same amount in FY 2005.

Home & Community-Based Services for the Developmentally Disabled. This waiver targets adults and children who are born with a variety of developmental disabilities. Through institutional downsizing, clients are often shifted out of state hospitals or intermediate care facilities for the developmentally disabled, allowing more individuals to be served for the same amount of money. The Governor's recommendation for FY 2004 totals \$209.6 million, of which \$74.1 million is from the State General Fund. The Governor replaced \$5.0 million from these Intergovernmental Transfer Fund monies with State General Fund dollars. The recommendation includes \$3.4 million for claims that were pending in FY 2003.

For FY 2005, the Governor recommends \$213.8 million for the developmental disabilities waiver. The amount of State General Fund monies was increased to \$83.3 million for FY 2005 to replace the Intergovernmental Transfer funds. The Governor includes \$7.6 million in her recommendation to reduce the waiting lists for Developmental Disability services.

Home & Community-Based Services for the Physically Disabled (PD). This waiver targets disabled children and adults between the ages of 16 and 64 who need assistance to perform normal daily activities and who are eligible for nursing facility care. The Governor recommends a total of \$64.7 million in the current year and \$71.4 million in FY 2005. The State General Fund portions of these programs total \$23.2 million in FY 2004 and \$28.2 million in FY 2005. This program also was funded with \$3.0 million each in FY 2004 and FY 2005 from the Intergovernmental Transfer Fund. The Governor

Home & Community Based Services Waivers

(Dollars in Thousands)

	FY 2000 <u>Actual</u>	FY 2001 <u>Actual</u>	FY 2002 <u>Actual</u>	FY 2003 <u>Actual</u>	FY 2004 <u>Gov Est.</u>	FY 2005 <u>Gov Rec.</u>
Department of Social & Rehabilitation Services						
Physically Disabled	52,369	57,605	60,528	60,458	64,701	71,394
Head Injured	4,847	3,608	3,883	4,593	5,963	5,963
Technology Assisted	126	153	122	166	211	211
Developmentally Disabled	170,351	175,760	189,468	194,606	209,557	213,775
Total SRS Waiver Programs	\$ 227,693	\$ 237,126	\$ 254,001	\$ 259,823	\$ 280,432*	\$ 291,343
State General Fund Portion	\$ 86,793	\$ 79,401	\$ 2,389	\$ 34,545	\$ 99,501	\$ 113,826
<i>Percent Growth</i>	11.3%	4.1%	7.1%	2.3%	7.9%	3.9%
Department on Aging						
Frail Elderly	46,500	49,528	54,275	53,529	60,720	61,709
Targeted Case Management	5,048	5,020	5,248	3,886	5,280	4,999
Total Aging Waiver Programs	\$ 51,548	\$ 54,548	\$ 59,523	\$ 57,415	\$ 66,000	\$ 66,708
State General Fund Portion	\$ 20,154	\$ 12,214	\$ 6,829	\$ 4,177	\$ 24,014	\$ 26,043
<i>Percent Growth</i>	27.0%	5.8%	9.1%	(3.5%)	15.0%	1.1%

*The FY 2004 total includes \$4.3 million for claims that were pending in FY 2003.

replaces this funding with State General Fund in both years. The recommendation also includes \$924,000 in FY 2004 to fund claims that were pending in FY 2003 and \$7.6 million in FY 2005 to address the waiting list.

Home & Community-Based Services for the Head Injured & Technology Assistance. These waivers target people with traumatic head injuries resulting in long-term disability and children dependent on medical technology. These waivers address one-time expenses for equipment and services, as well as respite and personal services. The Governor's budget recommendations provide \$6.0 million for the Head Injured Waiver in each of FY 2004 and FY 2005. The Governor recommends \$211,000 in each of FY 2004 and FY 2005 for the Technology Assistance Waiver.

Home & Community-Based Services for the Frail Elderly. The recommendation provides \$61.7 million for FY 2005. The program targets elderly persons age 65 and over who meet the requirements for nursing home placement. When this waiver was renewed in FY 2000, the functional eligibility score to qualify for the program was raised from 15 to 26. This coincides

with minimum eligibility for nursing facility placement.

Mental Health Services. The Mental Health Reform Act provides for increased community services and establishes a timetable for a corresponding reduction in hospital beds. The act charges the community mental health centers with the responsibility of being the "gatekeepers" of the public mental health system. All admissions to state hospitals go through the participating community mental health centers. The act also requires community mental health centers to provide services to all clients regardless of ability to pay, but emphasizes services to adults with severe and persistent mental illnesses and children with severe emotional disturbances.

For community mental illness programs the Governor recommends a total of \$67.3 million from all funding sources for FY 2005. This includes \$10.2 million in state aid to community mental health centers—the same amount as FY 2004, \$13.1 million for nursing facilities, and \$44.0 million for grants to community mental health providers and the statewide Family Centered Systems of Care Program.

The remainder of the mental health budget appears as part of Regular Medicaid. The Mental Health Initiative 2000 passed during the 2001 Legislative Session was designed to use State General Fund and local funds to match additional federal dollars. As part of the refinancing, SRS raised the Medicaid rates for a variety of mental health services. Community mental health centers used existing dollars to draw down the additional federal funds. This shifted part of the expenditures for mental health from this program into Medicaid.

The Governor recommends that \$1.8 million from the Children's Initiatives Fund be used for the Children's Mental Health Waiver Program in FY 2005. This initiative strengthens the natural support for children with severe disturbances through their families and communities. The program expands community-based mental health services to provide early intervention, help in maintaining family custody, and prevention of more costly and restrictive treatment. The Department estimates that an average of 16,449 children will receive services in FY 2005. The funding for this waiver is included in the Regular Medicaid budget for FY 2005.

Community Support Services. To enable people with developmental and physical disabilities to live in community settings, the Department provides funding to a variety of community organizations and programs. The Governor recommends \$25.6 million in FY 2005 for aid to 28 community developmental disability organizations to coordinate services, such as assisted living and sheltered workshops. The recommendation includes \$1.3 million for aid to independent living centers serving the physically disabled. The Governor also recommends \$17.0 million in FY 2005 for intermediate care facilities for the mentally retarded. These facilities provide 24-hour care for an average of 295 mentally retarded individuals each month, but the caseload declines as more community services are provided.

Children & Family Policy

Family Preservation. The Governor's recommended budget provides \$16.7 million in FY 2004 and another \$16.7 million in FY 2005 to provide services to families at risk of having children removed from the

home and placed in the custody of SRS. The main parts of these services are the contract for family preservation services and family services provided directly by SRS caseworkers. The Governor recommends \$10.0 million in FY 2004 and another \$10.0 million in FY 2005 for the family preservation contract to serve approximately 2,600 families each year. The budget recommendation for family support services totals \$6.2 million in each of FY 2004 and FY 2005. The recommendations in both years fund the Protection Reporting Center.

Foster Care. The Governor recommends \$89.5 million in the current year and \$92.2 million in FY 2005 for foster care and family reintegration services. Foster Care includes payments to families and group foster homes for care and services provided to children placed in the homes. SRS also provides clothing, transportation, counseling, and other goods or services on behalf of a specific child.

Placements in the Foster Care Program are provided through private contracts with five providers across the state. The contracts, beginning in FY 2001, were based on a per child, per month rate. Within that rate, the contractors were responsible for placing children with foster parents, developing a permanency plan for the child, providing specialized mental health treatment, as needed, and reintegrating the child with its family or into another permanent living arrangement. The contract was amended in FY 2003 to include a base monthly rate for the contractor's fixed expenses and to shift mental health services out of the contracts.

The consensus caseload estimate for FY 2005 was \$92.9 million to serve an average of 3,139 children each month. The Governor recommends a reduction of approximately \$750,000, including \$350,000 from the State General Fund, to reflect a 2.0 percent reduction in contractor rates.

Adoption & Permanency Services. The Governor recommends \$53.4 million for adoption and other programs to place children in permanent homes in FY 2004 and \$55.3 million in FY 2005. These programs benefit children whose parents' rights have been terminated or relinquished in an effort to provide the child with a permanent family. Adoption placements are coordinated through a contract with the Kansas Children's Service League. The contractor is

responsible for recruiting adoptive families and preparing children for adoption. The statewide contract pays the contractor a monthly rate for every child awaiting placement. The Governor recommends \$33.7 million for the FY 2004 average monthly caseload of 1,608 children and \$34.9 million for the FY 2004 average monthly caseload of 1,610 children. The adoption contract rate is reduced in the budget recommendation by 2.0 percent, saving \$287,176 in FY 2005.

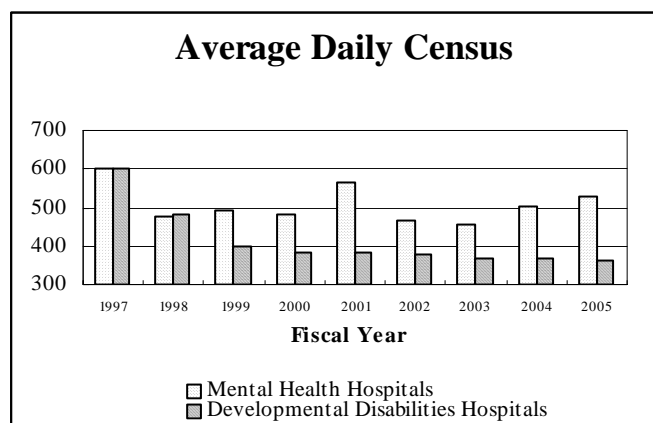
Adoption subsidy payments are made to families who adopt a child with special emotional or physical needs. Expenditures are for ongoing subsidy payments, and, when appropriate, for non-recurring costs associated with the adoption of a special needs child. The Governor recommends \$18.0 million in FY 2004 and \$18.7 million in FY 2005 for these purposes. The recommendation includes supplemental funding of \$345,266 from the State General Fund in FY 2004 and enhanced funding of \$743,103 from the State General Fund in FY 2005. The Governor's budget also adds \$70,200 from the State General Fund in FY 2004 for the Permanent Guardianship Program.

Kansas Intergovernmental Transfer Program. The 2003 Legislature approved the liquidation of the Senior Services Trust Fund and provided for all future payments to be deposited in the SRS-IGT Fund. In the approved FY 2004 budget \$8.0 million from the SRS-IGT Fund was included for the Home and Community-Based Services for the Developmentally Disabled Program and Home and Community-Based Services for the Physically Disabled Program. However, since the budget was approved, additional questions regarding the viability of the program have surfaced and no further transfers have been made. SRS's budget request included \$8.0 million from the SRS-IGT Fund in FY 2004 and another \$8.0 million in FY 2005. Because the availability of that funding remains in question, the Governor's recommendations for FY 2004 and FY 2005 replace both \$8.0 million amounts from the SRS-IGT Fund with equivalent amounts from the State General Fund. The Department on Aging budget includes \$1.2 million from the Senior Services Fund in each of FY 2004 and FY 2005 to finance the Senior Pharmacy Assistance Program. Approximately \$1.1 million will be left in that fund for use in future years.

State Hospitals

Kansas has operated state hospitals since Osawatomie Insane Asylum was established in 1863. For many years, the system of state hospitals included four mental health institutions and four institutions for the developmentally disabled. However, in 1988, Norton State Hospital closed and its clients were relocated to community facilities and the remaining developmental disability hospitals. Since then, the trend has been a reduction in the number of institutions.

Shift to Community Service. In recent years, the primary statewide issue facing mental health and developmental disability institutions has been the shift from institutional to community-based treatment programs. There has been a concerted effort to avoid “warehousing” of the mentally ill and developmentally disabled and to treat clients in the least restrictive environment possible. As a result, through expansion in state aid to community mental health centers and organizations for the developmentally disabled, the community delivery system has grown considerably to accommodate populations that had previously been institutionalized. Through new programs within the community infrastructure and with the advent of antipsychotic medications, clients are able to avoid being institutionalized or are treated at state hospitals for shorter periods of time. This has resulted in a decline in the state hospital population as shown in the graph below.



Mental Health Hospitals

For FY 2005, the three state mental health hospitals, Larned State, Osawatomie State, and Rainbow Mental

Health Facility, project an average daily census of 530 patients. The Governor’s recommended budget includes \$63.9 million in expenditures for the operation of these hospitals. This funding will come from three main sources: the State General Fund, the individual hospital fee funds, and federal Medicaid Title XIX funds. The hospital fee funds come from patient health insurance, Medicare, Social Security, and payments from patients and their families. In the mental health institutions, only children, adolescents, and the elderly qualify for Medicaid reimbursements. Capital improvements for the hospitals are funded through the State Institutions Building Fund. The Governor’s recommendations for each institution are detailed below.

Mental Health Hospitals			
	<u>Daily Census</u>	<u>Operating Budget</u>	<u>Daily per Client (\$)</u>
Larned	340	35,921,727	289
Osawatomie	150	20,768,542	379
Rainbow	40	7,174,008	415
Total	530	\$63,864,277	

Larned State Hospital

For Larned State Hospital, the Governor recommends \$35.9 million in FY 2005, of which \$26.2 million is from the State General Fund. Through this funding, the Hospital will provide residential and medical services to an average resident population of 340 patients, which reflects an increase of 40 patients over FY 2004. All of this increase is in the Sexual Predator Treatment Program, which is expected to grow by three residents per month throughout FY 2005. The total amount of the Governor’s recommendation will fund 707.2 FTE positions. This reflects a decrease of 91.0 FTE positions from the number funded during FY 2004.

Osawatomie State Hospital

For FY 2005, \$20.8 million is recommended, with \$8.0 million from the State General Fund. This

recommendation funds 398.6 FTE positions, the same number as during FY 2004. The average daily census is expected to be 150 patients, also the same number as that of FY 2004. The amount recommended continues full accreditation from the Joint Commission on Accreditation of Hospitals and certification from the Center for Medicare and Medicaid Services.

Rainbow Mental Health Facility

The Governor recommends that Rainbow Mental Health Facility continue in FY 2005 and that \$7.2 million be appropriated for its operations, of which \$3.8 million is from the State General Fund. The amount recommended will support a staff of 115.2 FTE positions, and an average daily census of 40 patients.

Developmental Disability Hospitals

For FY 2005, the estimated average daily census in the two state developmental disability hospitals will be 363. To serve these residents, the Governor recommends \$47.4 million for the developmental disability hospitals. The recommended operating expenditures, average daily census, and daily cost per client for each hospital in FY 2005 are shown in the table following. Operating expenditures are funded mainly from the State General Fund, fee funds, and

federal Medicaid Title XIX funds. Additional federal funding is available for community programs.

Developmental Disability Hospitals			
	Daily Census	Operating Budget	Daily per Client (\$)
KNI	173	25,937,054	411
Parsons	188	21,490,225	313
Total	361	\$47,427,279	

Kansas Neurological Institute

For FY 2005, the Governor recommends \$25.9 million for the agency, of which \$11.0 million is from the State General Fund. The amount recommended will support a staff composed of 588.2 FTE positions who will care for an average daily population of 173 residents at the Institute.

Parsons State Hospital & Training Center

The recommendation for FY 2005 totals \$21.5 million and includes \$7.2 million from the State General Fund. The Governor's recommendation funds 467.2 FTE positions, the same number of staff as in FY 2004. The recommended amount will allow the Hospital to provide residential and medical services to an average resident population of 188 patients.

Other Human Resources Agencies

Department on Aging

The Governor's recommendation of \$430.2 million for FY 2005 includes \$167.6 million from the State General Fund to finance nursing home services, community-based services, case management, the Senior Care Act, nutrition services, and other services for Kansans over the age of 65. The Department on Aging operates most of the programs provided by the state to serve the elderly. The services are provided by area agencies on aging and other providers.

Long-Term Care. Included in the FY 2005 recommendation is \$394.0 million for long-term care for the elderly Kansans who are eligible for the Medicaid Program. The State General Fund portion of this cost is \$154.0 million.

The recommendation includes \$61.7 million for the Home and Community-Based Services for the Frail Elderly, including \$24.0 million from the State General Fund. The budget includes the cost of nursing home care for the elderly who are eligible for Medicaid. Nursing facility services are estimated to be \$327.0 million, of which \$128.0 million is from the State General Fund. Finally, the recommendation includes \$5.0 million for Targeted Case Management, of which \$2.0 million is from the State General Fund.

The funding for long-term care programs reflects continued emphasis on the use of community-based treatment for people who benefit from that kind of care. Nursing home placement is reserved for elderly people who need specialized care that cannot be delivered in a community-based setting.

The following table illustrates that the number of persons receiving home and community-based services (HCBS) is growing. More people are requesting HCBS services in order to stay independent within their home and the community. The recommended amount for FY 2005 is more than the FY 2004 approved amount. Home and Community-Based Services include adult day care, sleep cycle support, personal emergency response, health care attendant services, wellness monitoring, and respite care. The number receiving nursing home services is expected to

remain steady. However, nursing facility caseloads could begin to increase if waiting periods for HCBS services become too long.

Nutrition & Meals. The Governor recommends \$9.3 million, \$2.3 million of which is from the State General Fund. The recommendation will provide for nutrition grants for 3,535,560 meals to the elderly under the Older Americans Act Meals Program. The following table compares the number and cost per meal recommended in FY 2004 and FY 2005 to actual FY 2003 amounts. A new funding source for the Nutrition Program is the statewide income tax Meals on Wheels Check-Off. State citizens can elect to contribute to Meals on Wheels by checking the designated box on their tax forms. In FY 2004, the agency will receive an additional \$165,000 for the Nutrition Program and the same amount is projected for FY 2005.

Nutrition Program			
	FY 2003	FY 2004	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Gov. Rec.</u>
Budget	\$9,090,311	\$9,527,671	\$9,345,671
Number of Meals	3,515,457	3,535,560	3,535,560
Cost per Meal	\$4.53	\$4.53	\$4.53

Cost per meal is based on agency budget plus community resources.

General Community Grants. The Senior Care Act Program, funded through the State General Fund, provides general community grants that allow the customer to remain in a community-based setting rather than an institutional one. The agency also provides services for older Americans, especially those at risk of losing their independence, through federal Older Americans Act funding. The act provides for supportive in-home and community-based services, such as nutrition, transportation, and case management. The Governor recommends \$11.2 million for general community grants. The State General Fund portion of the recommendation is \$6.0 million. The FY 2005 recommendation for the Senior Care Act is at the same level as the recommendation made one year ago in the Governor's FY 2004 budget recommendations. The participants in this program

have higher income levels than those who participate in the HCBS Frail Elderly Waiver Program.

The Governor's recommendation includes \$1.2 million for the Senior Pharmacy Assistance Program in FY 2004 and FY 2005. The funding for this program is provided from earnings on the Senior Services Trust Fund, which is part of the Kansas Intergovernmental Transfer Program.

Kansas Guardianship Program

The Kansas Guardianship Program recruits and trains volunteers to serve as court-appointed guardians and conservators for disabled adults who are found by courts to be in need of these services. The Governor's budget recommendation provides \$1,027,513 from the State General Fund for FY 2005. The budget recommendations will allow the agency to provide guardians to 1,617 individuals.

Health & Environment—Health

The mission of the Department of Health and Environment is to protect and promote the health of Kansans by providing community and personal health services, ensuring adequate sanitary conditions in public facilities and health facilities, as well as regulating and promoting environmental safety. The Department attempts to prevent disease and injury by protecting, promoting, and improving Kansans' health through a variety of public health service programs. These programs are designed to protect Kansans from communicable diseases, ensure healthy and safe child care facilities, inspect food services for proper sanitation, assess environmental health risks, improve access to medical care, and promote healthy lifestyles, which is expected to help in diminishing chronic diseases.

For FY 2005, the Governor recommends \$124.3 million, including \$16.9 million from the State General Fund. The recommendation includes State General Fund expenditure reductions of \$425,000. These reductions include \$125,000 in savings from amounts budgeted for building rent and eliminates \$300,000 in State General Fund financing for the Pregnancy Maintenance Program in FY 2005. The

Governor maintains the levels of aid and grants in the agency's base budget from the Children's Initiatives Fund for tobacco use prevention programs, Healthy Start, and the Infants and Toddlers Program. Recommended expenditures for aid and grants to local governments, agencies, and individuals total \$68.7 million. Of the expenditures for the Division of Health, \$93.2 million is from federal funding sources.

Community-Based Services. The Governor maintains current funding of \$1.5 million for community-based services in FY 2005. Through this program communities establish comprehensive and continuous primary health care for clients and facilitate access to hospital and specialty care. Local health departments and nonprofit organizations are eligible to apply for funding. The program supports integrated primary health care and reduces duplication by encouraging local organizations to link services and facilitate access to care.

Aid to Local Health Departments. The Governor maintains the current level of funding of \$4.8 million for this program in FY 2005, which provides funding to local health departments. The services provided are widely varied and include immunizations, screenings, and laboratory services. The funds will provide services in all 105 counties.

Women, Infants, & Children Program. Expenditures of \$30.5 million in FY 2005 will provide Women, Infants, and Children Program services that include nutrition screening, counseling, education, and food supplements for infants, children, pregnant women, and breast-feeding women. The goal of the program is to improve the health status and nutrition of pregnant women, mothers, and young children.

State Homeland Security. In FY 2003, Kansas received \$12.2 million in homeland security federal funds to support public health system preparedness. This includes programs to upgrade infectious disease surveillance and investigation procedures, enhance the readiness of hospitals to deal with large numbers of sick and injured persons, enhance public health laboratories, and improve emergency communications systems. Of the \$12.2 million, \$1.3 million is dedicated to hospital preparedness, and the remaining \$10.9 million is for public health improvements. The Division of Health expects to receive federal funding

of \$17.6 million in FY 2004 and \$16.7 million in FY 2005.

Department of Human Resources

The FY 2005 Governor's recommendations for the Department of Human Resources include a total of \$470,909,023 from all funding sources, with \$1,055,737 from the State General Fund. Of the total, \$93.0 million is used to operate the agencies 13 programs.

Unemployment Benefits. Unemployment payments provided to individuals to replace part of their wages lost as a result of involuntary unemployment are expected to be \$377.9 million in FY 2005. The unemployment rate for Kansas is estimated to be 5.0 percent in FY 2004 and then decrease slightly to 4.9 percent in FY 2005.

Employment Services. The Department of Human Resources provides employment services that meet the needs of both businesses and job seekers. Included in these services are the Workforce Investment Act, Job Service, Neighborhood Improvement and Youth Employment Act of 1994, Older Kansans Employment Program, and the Senior Community Service Employment Program. These services are financed primarily by federal monies; however, State General Fund monies also are used. For FY 2005, the Governor recommends \$15,583,874 in direct support of these activities. Of this total, \$4,444 is from the State General Fund.

Workers Compensation. The Kansas Workers Compensation Act is self-contained, no-fault legislation that requires most employers operating in Kansas to provide benefits in the form of salary indemnification and medical treatment to employees who suffer accidental, physical injury, or occupational diseases arising out of, and in the course of, their employment. The Governor's recommendation to support this program totals \$8.2 million in FY 2005. This recommendation is financed totally from special revenue funds, the majority of which are from the Workers Compensation Fee Fund.

Advisory Councils. There are four advisory councils that are part of the Department of Human Resources. They deal directly with issues related to African-

American affairs, Native American affairs, Hispanic affairs, and disability concerns. These advisory councils are financed directly by the State General Fund. For FY 2005, the Governor recommends \$807,791 in support of these councils.

Commission on Veterans Affairs

The Commission on Veterans Affairs provides assistance to Kansas veterans and their dependents in obtaining U.S. Department of Veterans Affairs benefits and operates care facilities and cemeteries for veterans. The Governor recommends \$19,267,948 from all funding sources for the agency in FY 2005. The State General Fund portion of the Governor's recommendation is \$5,093,697.

Veterans Homes. The Commission operates both the Kansas Soldiers Home in Fort Dodge and the Kansas Veterans Home in Winfield, which opened in FY 2000. For the Kansas Soldiers Home, the Governor recommends \$5,282,989 for FY 2005, including \$1,452,603 from the State General Fund. This recommendation continues residential and nursing home care for veterans and their families and provides funding for 145.0 FTE positions.

For the Veterans Home in FY 2005, the Governor recommends \$8,351,912, including \$1,649,009 from the State General Fund. With this funding, the Veterans Home will be able to open the second floor of Triplett Hall, adding 19 additional beds. The Home expects the average daily census for FY 2005 to be 210 residents, up 34 from FY 2004. The Governor's recommendation will also fund 356.0 FTE positions, the same number as for FY 2004.

Cemeteries. The Governor recommends \$2,461,272 in FY 2005 to continue construction of additional veterans cemeteries. The cemetery at Fort Dodge was dedicated in March 2003. The cemetery at Wakeeney will open in January 2004, and the cemetery at Winfield is expected to be completed in FY 2005. Planning for the Fort Riley Cemetery will also begin in FY 2005. All construction expenditures are funded through federal Veterans Affairs grants. To fund operations of the Veterans Cemetery Program in FY 2005, the Governor recommends \$442,006, which includes \$437,902 from the State General Fund and \$4,104 in federal veterans burial reimbursements.

Administration & Veterans Services. For the Administration Program in FY 2005, the Governor recommends \$1,713,648, including \$1,554,183 from the State General Fund. The agency operates veterans service centers in 14 field offices throughout the state and six organizational offices in the three federal VA hospitals. In FY 2004, the Governor recommended the consolidation of these organizational offices, from two in each hospital to one in each hospital. The Governor also recommended reorganization of the 14

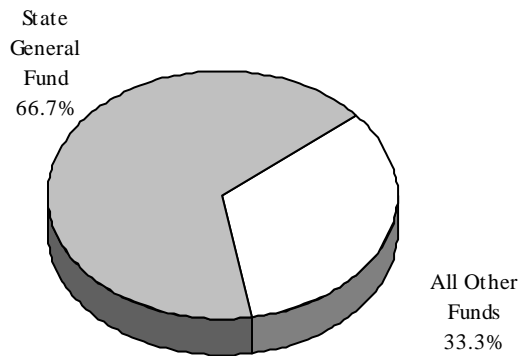
service centers to reduce operational expenditures. The Commission plans to close and/or combine offices and revise itinerant schedules during FY 2005.

The Community-Based Outpatient Clinic located at the Kansas Soldiers Home provides medical services to residents of the Home and other eligible veterans. The Governor recommends expenditures of \$328,296 from the Veterans Home and Soldiers Home fee funds in FY 2005 for this program.

Education Summary

All expenditures for state support of primary, secondary, and postsecondary education are included in the Education function of government. Agencies in this function are the Board of Regents and the various institutions under its jurisdiction; the Board of Education, including the School for the Deaf and School for the Blind; the Historical Society; the Kansas Arts Commission; and the State Library.

How It Is Financed



Fiscal Year 2005

For Education, the Governor recommends \$4.42 billion in FY 2004 and \$4.59 billion in FY 2005. Of these amounts, \$2.87 billion in FY 2004 and \$3.06 billion in FY 2005 are from the State General Fund. In the Governor's budget recommendation the K-12 base is maintained at the FY 2004 level. The base budget per pupil continues at \$3,863. In a separate proposal to the 2004 Legislature, the Governor will propose changes to the school finance formula and to funding levels for public schools. The budget allows the Board of Education to add a position to coordinate staff development to help ensure that Kansas' teachers are highly qualified. Teachers throughout the state are working to achieve National Board Certification. The state will reward these teachers, when they achieve certification, with a ten-year annual bonus of \$1,000.

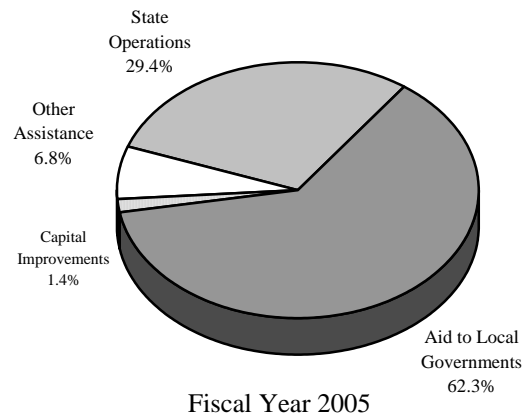
For postsecondary education the recommendation includes a three-year timetable for funding the original SB 345 initiative. The Governor's recommendation includes \$8.9 million to finance the first of the three years. Furthermore, funding for vocational/technical schools has been increased by \$1.0 million. Student

financial aid has been enhanced by \$1.0 million, and the Board of Regents will receive a \$5.0 million operating grant increase for distribution to the state universities.

The State Library, along with other libraries receiving federal funding, will be required to begin installing Internet filters. The funding for the installation will come from operating expenditures. Grants to local libraries remain stable.

Under the Governor's recommendation, the School for the Deaf and the School for the Blind will be able to continue to offer summer school. Both schools continue to improve dormitory facilities to meet ADA standards. Students are referred by local school districts throughout the state. Both schools are located in N. E. Kansas. However, outreach services are offered through local school districts. Enrollment at the schools is stable.

How It Is Spent



Fiscal Year 2005

The Arts Commission awards federal and state-funded grants to local governments. The funding is distributed to artists and organizations on a competitive basis. The Historical Society has formed a partnership with a private company to write a history textbook for students in grades 7-12. The state is contributing staff expertise to the project and the private company is responsible for editing, design, publishing, marketing, and distribution costs. This partnership will save the state approximately \$250,000.

Elementary & Secondary Education

The *Kansas Constitution* establishes a ten-member State Board of Education for general supervision of public schools and educational institutions, except those delegated to the State Board of Regents. Under the guidance of the State Board of Education and the Board's appointed Commissioner of Education, the Department of Education provides funding and program guidance in carrying out state law for 302 unified school districts. The Governor places primary emphasis in her budget on funding education and does not apply reductions to aid programs within the Department's recommended budget, as have been made in other areas of state government.

Public School Finance

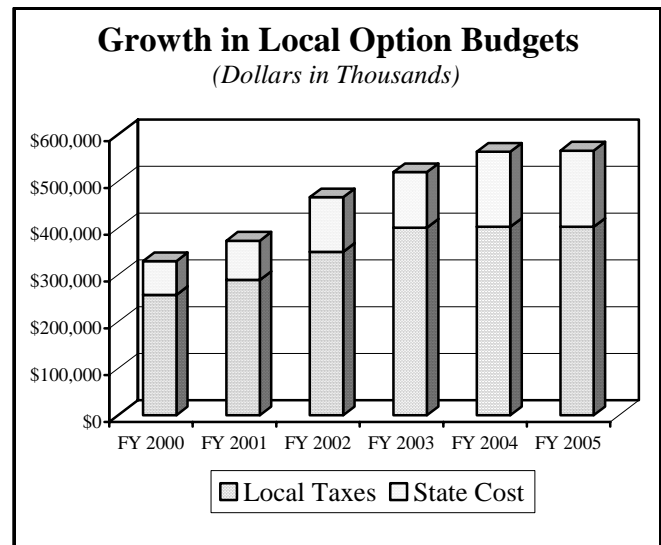
The largest expenditures within the Department's budget are for general state aid through which monies are distributed to school districts on a per pupil basis; supplemental general state aid, which is the state's share of the costs for local option budgets; special education; and the employer's cost for teacher retirement benefits through KPERs.

School Finance Consensus. The Governor's budget recommendations for FY 2004 and FY 2005 are based on the estimates agreed upon by the Department of Education, the Division of the Budget, and the Legislative Research Department through the school finance consensus process. Estimates are developed twice a year on property tax revenue, student enrollment weightings, and adopted local option budgets.

FY 2004. Although current law establishes the base state aid per pupil (BSAPP) at \$3,890, the Governor's budget is based on the level the Legislature has funded the previous two years, \$3,863. The FY 2004 recommendation is based on an estimated enrollment of 580,977.7 weighted pupils. The number of students supported by the school finance formula was increased by 2,439.2 from the original estimate of 578,538.5 weighted pupils made last spring. The increase is based on fall 2003 enrollments and results largely from increases in the number of students eligible for the at-risk, bilingual education, and vocational

education weightings, as well as new facilities coming on line in a few areas of the state.

The most notable issue in the current year is the property tax accelerator. 2003 HB 2397 authorizes the Governor to accelerate a portion of property taxes that would traditionally be paid in June 2004 to May 2004. Moving this date means that school districts will receive an additional \$163.1 million in local revenues in June 2004, which reduces the state's obligation for aid to schools in FY 2004 by that same amount. The Governor announced her intent in August that this accelerator occur next spring and the budget is consistent with that decision. The table on the following page, which outlines the state's obligation for general state aid, shows the higher property tax revenues in FY 2004.



Kansas continues to experience growth in the state's share of local option budgets adopted by school districts, as indicated on the graph above. The current year recommendation includes \$160.7 million to fund the state's share, an increase of \$4.4 million from the approved level of \$156.3 million. The increase is generated by revised current year estimates that reflect more and more school districts with lower property valuations which are now accessing this source of funding.

Beginning in FY 2002, school districts were given new authority to channel state aid for special education

through the school districts' general fund. This channeling increases the general fund base upon which the local option budget authority is calculated. As more districts adopt local option budgets, especially those with smaller tax bases, the state's costs rise.

A revenue transfer from the State General Fund of \$52.0 million is included in FY 2004 to aid school districts with bond and interest payments on capital projects, \$3.0 million less than the approved amount based on the most recent estimates. State law determines how aid is computed.

FY 2005. The total Governor's recommendation for FY 2005 for the base school finance formula is \$1,779.7 million, including \$1,760.3 million from the State General Fund and \$4.5 million from the Children's Initiatives Fund, an increase of \$138.4 million over the current year. Although student enrollments are assumed to hold flat, the change in local property tax revenue from the accelerator requires the state's contribution to increase.

The recommendation funds the estimated enrollment for the year. Funding is continued another year from the Children's Initiatives Fund to maintain the Four-Year-Old At-Risk Program at 5,500 students, the entire population of children not served by Head Start or other programs. The FY 2005 amount is based on per pupil funding of \$3,863, for a weighted pupil enrollment of 580,977.7. The following table shows the state's obligation under the current school finance formula and current enrollment, with the property tax accelerator in FY 2004.

As mentioned previously, state aid for local option budgets adopted by school districts is growing at a fast pace. The recommended FY 2005 budget includes \$163.0 million from the State General Fund for this aid program, a substantial increase over the actual expenditures in FY 2003 of \$118.6 million.

The capital improvement transfer from the State General Fund of \$57.0 million is \$5.0 million more than FY 2004 and is reflective of the success school districts have had in passing bond issues. This item is maintained as a revenue transfer from the State General Fund, and is no longer a demand transfer.

The 20.0 mill property tax levy and other local resources will finance 33.4 percent of the school

General State Aid to School Districts		
<i>(Dollars in Thousands)</i>		
	<u>FY 2004</u>	<u>FY 2005</u>
Estimated Obligation	\$ 2,491,217	\$2,491,217
Local Effort Estimates		
Property Tax	578,871	452,424
Cash Balance	2,591	2,591
Federal Impact Aid	9,000	10,000
Special Ed Serv. Aid	246,900	246,900
Other	(4,500)	(400)
Total Local Effort	\$ 832,862	\$ 711,515
Net State Cost*	\$ 1,658,355	\$1,779,702
Less: Local Remit.	32,000	14,900
State Appropriation*	\$ 1,626,355	\$1,764,802

**Includes \$4.5 million in both FY 2004 and FY 2005 from the Children's Initiatives Fund.*

finance obligation in FY 2004, and the State General Fund and other state monies will provide for the remaining 66.6 percent. The local contribution in that year is higher than usual because of the property tax accelerator and includes \$246.9 million to account for running special education aid through the districts' general funds for the purpose of enlarging the local option budget authority. For FY 2005, local resources are budgeted to finance 28.6 percent of the costs, with state resources paying 71.4 percent. Past years have seen dramatic shifts resulting from reductions in the mill levy from 35.0 to 27.0 mills in 1997, and then to 20.0 mills in 1998.

Education Budget Issues

Base State Aid per Pupil. Despite ongoing constraints on state revenues, the Governor does not further reduce base state aid per pupil in either FY 2004 or 2005. It is maintained at \$3,863.

Special Education Services Aid. For special education services, \$249.8 million in state monies is recommended in both FY 2004 and FY 2005. It is estimated that state support will cover 82.2 percent of excess costs for 11,109 special education teachers. Federal support is expected to be \$86.9 million, an increase of \$13.3 million over FY 2004. The

recommendation will support services to over 81,000 students, of which over 15,000 students will fall into the gifted category.

Four-Year-Old At-Risk Programs. In FY 2003, the Governor and Legislature approved the expenditure of \$12.7 million to provide competitive grants to fund early childhood education programs for up to 5,500 four-year-old at-risk students. The Governor maintains funding for these valuable intervention services in FY 2004. The funding necessary to provide these services is financed by a combination of monies from the State General Fund (\$8.2 million) and Children's Initiatives Fund (\$4.5 million).

KPERS—School Employer Contributions. Even though employees of unified school districts are not state employees, the employer's cost of providing them retirement benefits rests with the state. An annual State General Fund appropriation is made to the Department of Education to cover quarterly payments for this cost. The Governor's budget recommendation in FY 2005 for this appropriation is \$135.0 million, a \$20.3 million increase over the current year. As salaries rise at the district level, the state's costs rise proportionately. Also affecting the state's cost for this expenditure is the resumption of payments to the KPERS Death & Disability Fund in FY 2005.

Parent Education. For FY 2005, the Governor recommends continued funding for the state's program to assist parents. Total state funding of \$7.1 million is financed by \$4.6 million from the State General Fund and \$2.5 million from the Children's Initiatives Fund. The program's local match has been lowered in recent years (from 100.0 percent to 75.0 percent in FY 1999 and to 65.0 percent in FY 2001) to make the program more attractive to school districts. The Parent Education Program provides expectant parents and parents of infants and toddlers with advice and resource materials related to parenting skills, positive approaches to discipline, and development of self-esteem.

Department of Education

The Governor's recommended budget in FY 2004 is \$2,612.8 million, of which \$2,170.0 million is from the State General Fund. The recommendation for FY

2005 is \$2,772.7 million, with \$2,330.6 million of State General Fund financing. The table on the next page outlines state, federal, and local support of elementary and secondary education. It does not include operating costs of the Department of Education itself.

Improving Teacher Quality. During FY 1999, the Department of Education and Emporia State University collaborated to establish a program promoting teacher excellence through meeting standards established by the National Board for Professional Teaching Standards. Teachers who attain National Board Certification receive a master teacher's certificate from the State Board, valid for ten years, and a bonus of \$1,000 in each of those ten years. In the first year, the Department of Education received \$40,000 to provide 40 scholarship grants of \$1,000 each to teachers to pay one-half the cost of participation. Teachers and their school districts provided the other half. Federal resources were tapped through the National Board to help defray a portion of the teacher's responsibility.

With the success of this program, funding is increased to \$176,000 in FY 2004 and \$222,000 for FY 2005. It is anticipated that 168 bonus awards for teachers who are certified and 54 scholarships for those seeking certification will be paid. Some additional monies are anticipated in FY 2004 for scholarships from the Scholarship Repayment Fund.

Effective July 1, 2003, a new performance-based teacher licensing system was implemented. The new system required universities and colleges that provide teacher preparation courses to adapt their teaching endorsement programs and establish new data collection systems on candidates. Teacher licensure issues with the federal No Child Left Behind Act have also increased the workload of the Department's Teacher Education and Licensure Team.

In response to these changes, the Governor recommends additional funds of \$55,625 from the Certification Fee Fund to add 1.0 FTE position in FY 2005 to provide technical assistance to districts in preparing their staff development plans and comply with requirements of the new laws.

Juvenile Detention Facilities. The state provides special support to meet the educational needs of

State, Local, & Federal Support of Elementary & Secondary Education in Kansas
(Dollars in Thousands)

	FY 2003 Actual		FY 2004 Gov. Est.		FY 2005 Gov. Rec.	
	SGF	All Funds	SGF	All Funds	SGF	All Funds
General State Aid	1,604,097	1,625,551	1,613,607	1,646,832	1,752,054	1,766,954
Four-Year-Old At-Risk Program	4,852	9,352	8,248	12,748	8,248	12,748
Subtotal--General State Aid	1,608,949	1,634,903	1,621,855	1,659,580	1,760,302	1,779,702
Supplemental State Aid	118,571	118,571	160,740	160,740	163,045	163,045
Capital Improvement Aid*	46,945	46,945	52,000	52,000	57,000	57,000
Special Education Aid	249,607	319,989	249,792	329,242	249,792	338,242
Deaf-Blind Program Aid	107	107	110	110	110	110
KPERS Employer Contribution	112,148	112,148	114,733	114,733	134,979	134,979
Inservice Aid	2,594	2,594	--	--	--	--
Teacher Excellence Grants	152	158	176	187	222	222
Juvenile Detention Grants	5,270	5,270	6,269	6,269	5,599	5,599
Optometric Vision Study and Services	--	300	--	300	--	300
Parent Education Grants	4,374	6,874	4,640	7,140	4,640	7,140
School Food Assistance	2,510	107,135	2,510	107,365	2,510	108,171
Ed. Research and Innovative Prog.	--	8,476	--	6,249	--	4,515
Driver Education Program Aid	--	1,659	--	1,666	--	1,691
Alcohol & Drug Abuse	--	2,733	--	2,750	--	2,613
Federal Goals 2000	--	110	--	--	--	--
Elem. & Secondary Education Prog.	--	90,281	--	104,897	--	111,207
Federal Class Size Reduction Initiative	--	550	--	197	--	--
Federal School Renovation Grants	--	2,645	--	593	--	--
No Child Left Behind Act Fed. Grants	--	6,060	--	5,350	--	5,350
Improving Teacher Quality	--	244	--	200	--	--
Job Training Partnership Program Aid	--	6,180	--	13,197	--	15,781
Education for Economic Security Aid	--	19,554	--	20,000	--	19,750
Other Grants	38	263	175	400	175	400
Subtotal State & Federal Funding	\$ 2,151,266	\$ 2,493,750	\$ 2,213,000	\$ 2,593,163	\$ 2,378,374	\$ 2,755,817
Amount Change from Prior Year	(173,077)	(135,617)	61,733	99,413	165,375	162,654
Percent Change from Prior Year	(7.4%)	(5.2%)	2.9%	4.0%	7.5%	6.3%
Local General Aid Funding **	--	665,788	--	832,862	--	711,515
Local Supplemental Aid Funding	--	401,356	--	406,941	--	403,084
Subtotal Local Funding	\$ --	\$ 1,067,144	\$ --	\$ 1,239,803	\$ --	\$ 1,114,599
Amount Change from Prior Year	--	124,083	--	172,659	--	(125,204)
Percent Change from Prior Year	--	0.0%	--	16.2%	--	(10.1%)
Total State, Federal, & Local Funding	\$ 2,151,266	\$ 3,560,894	\$ 2,213,000	\$ 3,832,966	\$ 2,378,374	\$ 3,870,416
Amount Change from Prior Year	(173,077)	(11,534)	61,733	272,072	165,375	37,450
Percent Change from Prior Year	(7.4%)	(0.3%)	2.9%	7.6%	7.5%	1.0%

*Capital Improvement Aid switched from SGF demand transfer to revenue transfer in FY 2003.

** Local General Aid funding includes an estimated \$246.9 million in FY 2004 and FY 2005 to account for special education "flow through" adopted by 2001 Legislature.

students housed in juvenile detention facilities and a variety of other alternative juvenile placements, such as the Flint Hills Job Corps Center. School districts receive aid based on twice the base state aid per pupil or the actual expenses of providing the educational services, whichever is less. For FY 2004, the Governor provides \$6.3 million from the State General Fund, which is \$669,522 more than the approved level. Additional students in an institution moving from Missouri to Kansas in the Kansas City area and in Topeka and Manhattan require additional resources. Funding is held at \$5.6 million in FY 2005, pending future enrollment data for this group of students.

Miscellaneous Grants. Included in the budget of the Department of Education are several pass-through grants to local organizations. The Governor recommends state funding of \$50,000 for the Communities in Schools Program, a drop-out prevention program. Continued support from the Children's Initiatives Fund of \$300,000 is provided in FY 2005 for optometric services to students needing vision correction to improve learning. The Governor also recommends \$175,000 from the State General Fund for the school safety hotline (\$10,000), Agriculture in the Classroom (\$35,000), and \$130,000 for grants to be distributed at the discretion of the State Board.

Student Assessments. The 1992 School District Finance and Quality Performance Act mandated state accreditation of schools based on outcomes for school improvement and student performance established by the State Board of Education. Consistent with this act, the State Department of Education has made it a goal for all schools to demonstrate continuous improvement in student learning. Participation rates are extremely high on the Kansas assessments, with rates at 99.0 percent and above for all subject areas at the elementary and middle school levels for all student populations. At the senior high level, participation rates are above 95.0 percent in all subject areas.

New standards have been adopted by the State Board of Education in recent years for reading, writing, mathematics, science, and social studies. Assessments based on the new standards in math, reading, and writing as well as alternative assessments were administered in the 2002-2003 school year. The Governor's budget provides \$2.2 million for

administration of student assessments in both FY 2004 and FY 2005.

No Child Left Behind (NCLB) Act. The latest reauthorization of the Elementary and Secondary Education Act embodies four key principles—stronger accountability for results; greater flexibility for states, school districts, and schools in the use of federal funds; more choices for parents of children from disadvantaged backgrounds; and an emphasis on teaching methods that have been demonstrated to work. The act also places an increased emphasis on reading, especially for young children, enhancing the quality of our nation's teachers and ensuring that all children in America's schools learn English.

The act affects virtually every program authorized under the Elementary and Secondary Education Act—ranging from Title I and efforts to improve teacher quality to initiatives for limited English proficient (LEP) students and safe and drug-free schools. States and school districts are still working through the requirements imposed by the act and how to administer them. Kansas is fortunate in that many of the requirements of NCLB coincide with the state's accreditation system.

School for the Blind

The School offers many sources of support that include educational, residential, outreach, and health care for children with visual and other impairments until the age of 21. The School's curriculum includes all academic subjects necessary for accreditation by the Department of Education. All essential academic subjects are included in the curriculum; however, many students receive intensive instructions in special disability-specific learning skills, such as cane travel skills, technology, daily living, and Braille. An Individual Education Plan is developed for each student to measure progress and plan for the student's educational future goals. Students residing in the dormitory receive additional hours of instruction related to academics and special needs in order to develop into independent adults. The School expects to have 60.0 percent of its graduates living independently, and 75.0 percent of graduates enroll in a post-secondary or vocational-technical education program.

For FY 2005, the Governor recommends \$5,163,289 from all funding sources, including \$4,646,699 from the State General Fund, for the Kansas School for the Blind in operating and capital improvement projects. The budget includes funding for support of educational, residential, and additional outreach sources. Enrollment for the School during the regular and summer term is projected to be 154 for FY 2005.

School for the Deaf

The Kansas State School for the Deaf provides a variety of services that include educational, residential, outreach, and health care for children with hearing and other impairments until the age of 21. The School's curriculum includes all academic subjects necessary for accreditation by the Department of Education, and students acquire a high school diploma upon completion of coursework. Students receive intensive instructions in special disability-specific learning skills with a special emphasis on speech and communication skills at the elementary level. An Individual Education

Plan is developed for each student to measure progress. Students residing in the dormitory receive additional hours of instruction related to academics and special needs in order to develop into independent adults. The School expects to have 70.0 percent of its students increase math scores and 95.0 percent of students increase reading scores. Enrollment for the School during the regular and summer term is projected to be 151 for FY 2005. The School also serves some younger children in the Kansas City area as part of the Parents as Teachers Program in order to provide early language stimulation and promote communication skills appropriate to the age of the child.

For FY 2005, the Governor recommends \$8,615,223 from all funding sources, including \$7,382,250 from the State General Fund, for the Kansas School for the Deaf in operating expenses and capital improvements projects. The budget will include funding for support of educational, residential, and additional outreach sources. A staff of 173.5 FTE positions provides services to the students.

Postsecondary Education

The Board of Regents has the responsibility to coordinate all public postsecondary education in the state. The Board presents a unified budget for postsecondary education, approves core indicators of quality performance, develops a policy agenda for postsecondary education, and reviews institutional missions and goals.

The state provides financial support for six Regents universities, a medical school, a veterinary medical school, 19 community colleges, 16 technical colleges and schools, as well as Washburn University. In addition, the state provides approximately \$20.4

million in financial aid to students attending both public and private institutions in Kansas through numerous scholarship and grant programs. These monies are channeled through the Board of Regents with the exception of the Medical Student Loan/Scholarship Program, which is administered by the University of Kansas Medical Center. The table above shows the increase in funding for postsecondary education in FY 2005.

Increased Funding for Postsecondary Education in FY 2005	
	<u>SGF</u>
SB 345	
Community Colleges	5,086,081
Washburn University	455,060
Regents Universities	3,333,426
Student Financial Aid	
Comprehensive Grant	1,000,000
Other Postsecondary Ed.	
Vocational/Technical Sch.	1,000,000
Universities Pay Plan	12,725,764
Universities Operating Grant	5,000,000

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Enrollments. Kansas has an unusually high level of demand for postsecondary education. In addition, enrollments usually rise when the economy is poor. Recent university enrollments have generally increased and are outlined in the following table.

Qualified admissions took effect in the 2001-2002 school year. The 1996 Legislature directed the Board of Regents to establish admission standards for Regents institutions, beginning with FY 2002. The

University Headcount Enrollment			
	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>
Univ. of Kansas	25,782	26,458	26,814
KU Med. Ctr.	2,408	2,391	2,458
Kansas State	22,396	22,762	23,050
Wichita State	14,854	15,534	14,896
Emporia State	5,823	6,005	6,278
Pittsburg State	6,723	6,751	6,731
Fort Hays State	5,626	6,392	7,373
Total Regents	83,612	86,293	87,600
Washburn	6,118	6,440	7,002

new qualifications will require high school graduates to have at least a 2.0 grade point average in pre-college curriculum prescribed by the Board of Regents, a minimum score of 21 on the American College Testing Program (ACT), or a ranking in the top one-third of their high school class. There was a concern at the time the policy was being considered that qualified admissions would have a negative effect on enrollment. However, enrollment appears to have been unaffected by the implementation of qualified admissions.

Board of Regents

The Governor recommends \$204,892,773, including \$150,442,803 from the State General Fund and \$9,702,662 from the Economic Development Initiatives Fund, for FY 2005. The budget includes additional funding for the Higher Education Coordination Act, vocational-technical schools, and student financial aid. The following table shows adjustments to university budgets.

Adjustments to State University Budgets		
	<u>SGF</u>	<u>All Funds</u>
Vehicle Purchase Moratorium	--	(1,300,104)
Statewide Reductions	(2,747,265)	(12,456,417)
Pay Plan	12,725,764	25,058,833
SB 345--State Universities	3,333,426	3,333,426
Operating Grant	5,000,000	5,000,000
	<u>\$18,311,925</u>	<u>\$19,635,738</u>

In addition, tuition will provide additional funding for university budgets in an amount that will be determined by tuition increases and enrollment. The following table shows current tuition rates.

Resident Tuition Rates			
<i>(Fees not included)</i>			
	FY 2003	FY 2004	FY 2004 Increase
KU	\$ 1,460	\$ 1,763	20.7 %
KUMC	6,283	7,292	16.1
KSU	1,460	1,755	20.2
KSU Vet. Med.	3,135	3,596	14.7
WSU	1,206	1,433	18.8
ESU	948	1,100	16.0
PSU	970	1,175	21.1
FHSU	927	1,016	9.7

Kansas Higher Education Coordination Act. The 1999 act created a higher education coordinating role for the Board of Regents; changed the funding mechanisms for the community colleges and Washburn University; and provided for Regents faculty salary increases. The four-year funding plan associated with the Higher Education Coordination Act was originally estimated to be \$69,673,715. The initiative was funded in FY 2001 and FY 2002 for a total of \$43,050,015. The initiative was not funded in FY 2003 and FY 2004 because of the decline in state revenues. Each year the cost of the initiative escalates based on a funding formula tied to the cost of education at PSU, ESU, and FHSU. For FY 2005, the request has risen to over \$58.8 million for the third year of funding. Based on the formula, the funding requests have become unrealistic.

The Governor recommends funding the remaining \$26,623,700 from the original estimate, rather than the formula, over a three-year period. For FY 2005, the recommendation will be an additional \$5,086,081 for community colleges, \$455,060 for Washburn University, and \$3,333,426 faculty salaries at the state universities.

KAN-ED. The 2001 Legislature authorized the Board of Regents to develop an implementation plan for KAN-ED. The Board has completed that work. The purpose of the KAN-ED network will be to operate and maintain a broadband technology-based network

to which schools, libraries, and hospitals may connect for broadband Internet access for distance learning and for other communication needs. Implementation of the system began on January 1, 2003, with \$5.0 million in funding from the Kansas Universal Service Fund. Funding will continue from this source through FY 2005 but cannot exceed \$10.0 million a year. Beginning in FY 2006, the funding is expected to come from the State General Fund.

Research Initiative. During the 2002 Legislative Session a \$120.0 million bond issue was approved to fund four research projects: construction of a life sciences research center at the KU Medical Center, construction of a food safety research facility at Kansas State University, expansion of an aeronautical engineering complex at Wichita State University, and equipping of a newly purchased research building at the University of Kansas.

Debt service on the project begins in FY 2005 at a cost of approximately \$3.4 million. The state is responsible for the first \$50.0 million of debt service, not to exceed \$10.0 million a year. After that time the universities will assume responsibility for the debt service from revenue generated by the facilities.

Postsecondary Education

In FY 2005, the Governor recommends \$138,002,059 including \$117,748,324 from the State General Fund and \$9,702,662 from the Economic Development Initiatives Fund, to fund adult basic education, community colleges, vocational-technical schools, and Washburn University.

Adult Basic Education. The Adult Basic Education Program provides services to adults with less than a high school education. The Governor recommends \$4,792,317, including \$1,048,998 from the State General Fund, for FY 2005.

Community Colleges. Postsecondary education opportunities are provided by the 19 community colleges to a variety of residents. The community colleges had a combined enrollment of 122,745 in the 2002/2003 school year. In addition to the traditional students who enter college directly from high school, there are a large number of students attending who wish to gain technical training either to further existing

careers or begin new careers. The community colleges are assets to Kansas through education, workforce development, lifelong learning, and cultural opportunities for communities. The Governor recommends \$86,432,516 for community colleges for FY 2005 from the State General Fund. This is a State General Fund increase of \$5,086,081 over FY 2004.

Area Vocational-Technical Schools. Sixteen area vocational-technical schools operate in Kansas. Of these, seven function under the supervision of school districts, five are affiliated with community colleges, and four are independent technical colleges. These schools have no authority to increase local mill levy rates. They can receive budget increases only by increased state funding or transfers from community college or school district operating budgets.

The schools educate both high school students and postsecondary students, as well as provide training opportunities in cooperation with local business leaders. The Governor recommends \$36,184,019, including \$19,673,603 from the State General Fund and \$9,702,662 from the Economic Development Initiatives Fund, in FY 2005. The majority of this funding will be used for operating expenditures. This is a \$1.0 million over FY 2005.

Washburn University. The state has provided support to Washburn since 1961. Currently, the Board of Regents administers the state operating grant for Washburn University. The Governor recommends \$10,593,207 for FY 2005 from the State General Fund, an increase of \$455,060 over FY 2004. Washburn served 7,002 students in the fall of 2003.

Student Financial Assistance

Financial aid administered by the Board of Regents includes funding for student scholarships and grants. For FY 2005, the Governor recommends \$17,060,818 from all funding sources, including \$15,913,352 from the State General Fund. Total funding in FY 2005 for financial aid is \$1.0 million more than in FY 2004. Financial assistance includes the programs described below. The exception is the Medical Student Loan/Scholarship Program administered at the KU Medical Center.

Comprehensive Grant. Initiated in FY 1999, this grant is for the financially needy Kansas residents

attending a Regents institution, Washburn University, or a Kansas private college. The purpose is to ensure that higher education remains open to all students who qualify. The Governor recommends \$12,864,344, including \$12,129,878 from the State General Fund, for FY 2005. This is a State General Fund increase of \$1.0 million over FY 2004. The funding will assist approximately 8,267 students.

State Scholarship Program. This grant is designed to assist financially needy Designated State Scholars. Students are designated scholars on the basis of completing the Kansas Scholars Curriculum with an index number, utilizing an ACT Composite Score and the cumulative high school GPA. For FY 2005, the Governor recommends \$1,203,199, including \$1,193,199 from the State General Fund. The funding will assist approximately 1,203 students.

Vocational Scholarship Program. The Governor recommends \$126,275, including \$121,275 from the State General Fund, for FY 2005. This will finance 252 awards for vocational training programs.

Minority Fellowship Program. For FY 2005, the Governor recommends \$68,000 for this fellowship. The funding will assist eight students. This program is under review by the U.S. Department of Education and no new fellowships have been awarded since FY 2000. The Board plans to continue to fund renewals for the current participants. The purpose of this program is to recruit and retain minority students in graduate education programs at Regents institutions.

Osteopathic Scholarship Program. This program is for Kansas' residents who attend accredited osteopathic medical schools in other states. The education of these students is partially funded by the state in exchange for one year of primary care service in Kansas for each year of scholarship support. Recipients who do not serve must repay the scholarship amount plus interest. For FY 2004, the Governor recommends \$150,000 from the Osteopathic Scholarship Program Repayment Fund. No funding is recommended for FY 2005.

Optometry Scholarship Programs. The Governor and the Legislature authorized contracts between the Board of Regents and selected schools of optometry for approximately 31 students. The Governor recommends \$128,850, including \$113,850 from the State General Fund, in FY 2005. Students are ranked

academically by the optometry schools and are funded in that order.

Teacher Scholarship Program. The purpose of this program is to reduce the teacher shortage in hard-to-fill disciplines and underserved areas. Typically 80.0 percent of the scholarships are awarded to students majoring in special education. To finance 82 students in FY 2005, the Governor recommends \$376,744, including \$326,744 from the State General Fund.

Nursing Scholarship Program. For this need-based scholarship, the Governor recommends \$423,592, including \$243,592 from the State General Fund. Students seeking a nursing scholarship must locate a sponsor who will pay up to one-half the scholarship stipend and agree to employ the recipient within six months of licensure. Recipients must provide one year of service to the sponsor for each year of scholarship support. Recipients who do not serve must repay the scholarship plus interest. The recommendation will fund approximately 150 scholarships.

ROTC Scholarship Program. For FY 2005, the Governor recommends \$186,401 from the State General Fund for Reserve Officer Training Corps scholarships. This funding will provide 74 awards.

National Guard Educational Assistance Program. This program provides tuition assistance to National Guard members. The Legislature transferred this program from the Adjutant General to the Board of Regents in FY 2003. For FY 2005, the Governor recommends \$725,028 from the State General Fund. This will fund approximately 800 awards.

Regents Institutions

With state revenues restricted, universities must continue to streamline their operations to stay within their funding or rely on other sources of revenue. The following table shows the universities budgets for FY 2004 and FY 2005.

In the current year the universities raised their tuition at different rates, ranging from 9.7 percent at Fort Hays State to 20.8 percent at the University of Kansas. The larger institutions did set aside a portion of the tuition increase to enhance the learning process for students. But the universities have still been forced to

eliminate some programs and hold positions vacant. The universities have two basic types of funding. "General use funds," which include state funding, tuition, and selected other funds that can be used by the institutions or general operations. "Restricted use funds," such as federal grants, dormitory fees, parking fees, and other targeted funds, are available only for specific purposes. Prior to FY 2002, the Governor and Legislature established state university budgets using the general use model. Tuition revenue and State General Fund appropriations were combined to form a "general use budget." Adjustment of the general use budget was guided by a complex set of parameters that included enrollment and past tuition increases.

Reductions for the vehicle purchase moratorium and the statewide reductions will reduce the State General Fund appropriations or, in the case of special revenue funds, the dollars will be transferred to the State General Fund. For the pay plan, faculty salary enhancements, and the universities operating grant, additional State General Fund dollars will be appropriated.

Operating Grants. In the fall of 2000, the Board of Regents proposed a university operating grant model to the Governor. The Governor recommended the concept to the Legislature, and during the 2001 Legislative Session, operating grants for the universities' FY 2002 budgets were implemented. Operating grants are appropriated without guidance from the state on how the funds should be spent. No limitations are placed on university funds, such as tuition. Universities must continue to follow the state's salary plan for classified employees. And an appropriation can be made to a university outside of the operating grant for specific purposes.

Operating grants are adjusted through the appropriations process. Any general increase in the operating grants will normally be appropriated in a lump sum to the Board of Regents for allocation to the individual universities. When the Board distributes the lump sum amount, it is at liberty to use its own criteria and is not required to distribute the funds across-the-board.

No formula governs changes in operating grant amounts. The state may take into account a number of variables, including the economy, the needs of the universities, and spending mandates. If reductions to

university budgets are necessary, various criteria can be applied to determine the amount of the reduction. The Board has the authority to redistribute funds at any time. For FY 2005, the Governor recommends an operating grant increase of \$5.0 million from the State General Fund.

Tuition. The cost of attending a Regents institution has been favorably compared to other public four-year institutions. Regents universities estimate that they

	Cost per Semester	
	<u>Resident</u>	<u>Non-Resident</u>
University of Kansas	2,047	5,785
University of Colorado	2,010	10,168
University of Iowa	2,496	7,643
U.on N. Carolina-Chapel Hill	2,036	7,960
University of Oklahoma	1,854	4,620
University of Oregon	2,438	8,208
<i>PeerAverage</i>	<i>2,167</i>	<i>7,720</i>
<i>KU as % of Peer Average</i>	<i>94.5 %</i>	<i>74.9 %</i>
Kansas State University	2,030	5,975
Colorado State	1,953	7,189
Iowa State	2,426	7,097
North Carolina State	1,985	7,909
Oklahoma State	1,782	5,127
Oregon State	2,310	8,688
<i>PeerAverage</i>	<i>2,091</i>	<i>7,202</i>
<i>KSU as % of Peer Average</i>	<i>97.1 %</i>	<i>83.0 %</i>
Wichita State University	1,753	5,480
University of Akron	3,404	7,149
Portland State University	2,221	6,918
Univ. Nevada-Las Vegas	1,383	5,727
Old Dominion	2,385	6,960
Oakland University	2,365	5,181
<i>PeerAverage</i>	<i>2,352</i>	<i>6,387</i>
<i>WSU as % of Peer Average</i>	<i>74.5 %</i>	<i>85.8 %</i>
Emporia State University	1,388	4,457
Pittsburg State University	1,481	4,392
Fort Hays State University	1,270	4,082
NW Missouri State University	2,422	4,177
Western Carolina University	1,538	5,996
Salisbury State University	2,782	6,226
Eastern Washington University	1,271	4,223
Northern Michigan University	2,605	4,189
<i>PeerAverage</i>	<i>2,124</i>	<i>4,962</i>
<i>ESU as % of Peer Average</i>	<i>65.4 %</i>	<i>89.8 %</i>
<i>PSU as % of Peer Average</i>	<i>69.7 %</i>	<i>88.5 %</i>
<i>FHSU as % of Peer Average</i>	<i>59.8 %</i>	<i>82.3 %</i>

will expend over \$298.0 million from tuition revenues in FY 2005. In making the estimates, the universities assume the number of students and the tuition rates will remain constant in FY 2004 and FY 2005. The tuition expenditures will rise as new students are

added into the equation. In addition, the FY 2005 tuition rates will not be set until late spring of 2004. Revenue from tuition is a significant source of income for the universities. This is especially true for the regional institutions that do not have alternative sources of income that the large research universities have. All of the universities implemented tuition increases for the 2003/2004 school year. The previous shows the increase for each university. In addition, required fees at each university range from \$253 at Fort Hays State University to \$320 at Wichita State University.

Despite the large increase in tuition, the cost on average of attending a Kansas public institution is below that of their peers. The table in the preceding column shows this comparison.

The recommended funding for state universities for FY 2004 and FY 2005 is shown on the following page. The budgets do not reflect the total tuition dollars that will be available.

Emporia State University

Emporia State University's instructional programs include high-quality baccalaureate and graduate degrees for students of all ages and specialized continuing education for practitioners, including education professionals. The University's teacher education has the necessary depth to prepare teachers and specialized staff for careers in education.

The University addresses educational levels from pre-school through postsecondary. Emporia State University strives to make a major contribution to excellence in the public schools. In addition to teacher education, a variety of other programs are offered. Those programs include liberal arts and sciences, business, and library information management. Recently the University added a doctoral program in the School of Library Information Management.

The Governor's recommendation for FY 2005 is \$29,740,258 for the operating grant from the State General Fund. In addition, the Governor recommends, from the State General Fund, \$242,889 for the Reading Recovery Program and \$145,766 for the National Board Certification/Future Teacher Academy. Emporia State's enrollment has increased

by 273 students over the past year, for a total enrollment of 6,278 in FY 2004.

Fort Hays State University

Fort Hays State University is the only state supported baccalaureate and graduate institution of higher education in the western half of Kansas. Its mission includes the application of computer technology to the educational environment and workplace curriculum. It is a rich resource for rural-oriented research and service. One of the University's goals is to become an eminent regional university by creating a campus

environment that combines high technology and a personalized environment. To achieve this goal, it continuously upgrades the telecommunications and computing infrastructure, as well as integration of technology with the learning environment.

For FY 2005, the Governor recommends a \$31,238,730 operating grant from the State General Fund. Fort Hays is teaching an increasing number of credit hours because of its "virtual" university. The virtual university consists of classes presented over the Internet. The headcount enrollment at the University has increased by 886 students over the past two years with a total headcount of 6,392 in FY 2003.

Funding for Regents Universities						
FY 2004	State General Fund	Other State Funds	*Tuition	Other General Use Funds	Restricted Use Funds	Total
KU	132,033,121	5,924,835	124,470,153	4,874,375	213,221,680	480,524,164
KU Med. Ctr.	100,402,909	2,327,568	14,606,240	4,449,028	118,043,866	239,829,611
Kansas State U.	101,653,700	5,416,998	78,201,220	100,000	192,302,121	377,674,039
KSU--ESARP	46,679,781	456,582	--	8,113,589	53,060,281	108,310,233
KSU--Vet. Med.	9,568,617	--	8,647,847	6,540,476	2,624,083	27,381,023
WSU	63,522,168	3,662,901	38,481,127	--	55,985,827	161,652,023
ESU	29,633,602	945,737	12,938,136	--	19,113,640	62,631,115
PSU	32,136,213	943,849	14,805,781	--	21,138,458	69,024,301
FHSU	30,439,143	1,083,157	11,143,421	--	19,862,791	62,528,512
Total	\$546,069,254	\$ 20,761,627	\$303,293,925	\$ 24,077,468	\$ 695,352,747	\$1,589,555,021
FY 2005	State General Fund	Other State Funds	*Tuition	Other General Use Funds	Restricted Use Funds	Total
KU	134,647,272	--	121,868,296	4,728,132	210,418,860	471,662,560
KU Med. Ctr.	102,088,552	250,000	14,370,172	4,419,966	123,935,684	245,064,374
Kansas State U.	103,191,373	--	76,131,796	91,558	191,925,665	371,340,392
KSU--ESARP	47,713,858	--	--	8,107,060	52,972,928	108,793,846
KSU--Vet. Med.	9,823,702	--	8,640,246	6,316,715	3,046,389	27,827,052
WSU	64,535,032	75,000	38,605,957	--	57,295,948	160,511,937
ESU	30,128,913	--	12,994,410	--	19,234,035	62,357,358
PSU	32,866,166	258,257	14,805,704	--	23,668,505	71,598,632
FHSU	31,238,730	--	10,857,353	--	20,087,526	62,183,609
Board Transfers**	8,333,426	7,000,000	--	--	--	15,333,426
Total	\$564,567,024	\$ 7,583,257	\$298,273,934	\$ 23,663,431	\$ 702,585,540	\$1,596,673,186

* Tuition expenditure estimates for FY 2004 are based on FY 2003 student enrollment. For universities at which enrollment has increased, additional revenues will be available. Tuition expenditure estimates for FY 2005 are based on FY 2003 student enrollment and FY 2004 tuition rates. Tuition will increase in FY 2005 but the amount will not be determined until the summer of 2004. Based on the increases in tuition and enrollment, revenues could increase substantially in FY 2005.

**These funds are transferred by the Board of Regents to state universities.

Kansas State University

For the Manhattan and Salina campuses of Kansas State University, the Governor's recommendation for FY 2005 is \$103,001,927 from the State General Fund for its operating grant and \$189,446 for a lease payment. Funding will permit the University to maintain service to its growing population of 22,617 students.

Kansas State University remains committed to the belief that its ranked faculty should teach undergraduate courses. It plans to increase the percentage of undergraduate credit hours taught by full-time ranked faculty and to ensure that the overall quality of instruction will continue to increase. Strategies on this key goal are to hire additional faculty, if subsequent enrollment increases require it; continue efforts to improve the utilization of faculty time and talent; renovate large classrooms to accommodate modern, state-of-the-art instructional technologies; and train graduate teaching assistants to be effective teachers.

KSU—Veterinary Medical Center

The Governor recommends \$9,823,702 for the Center's operating grant for the State General Fund for FY 2005. The Center provides veterinary medical education to 433 students. In addition, the hospital and clinic provides veterinary services to the public.

Caseloads in the hospital and clinic are projected to increase 1.0 percent in the current year to 94,755 in part because of the availability of services. The services include transport of animals to and from the Manhattan facility throughout the region and on-site services to such places as local rodeos. In addition, the hospital has completed, with fees from services, a new oncology unit for the study of tumors. Currently the Medical Center is constructing, with private funds, an addition to the equine section. An Equine Performance Testing and Locomotion Center will provide clinicians and horse owners with access to sophisticated diagnostic instruments for evaluation of many performance-related issues. The Center will also have an exercise area providing a variety of surfaces for assessment of horses being led or ridden. The services encourage animal owners to use the

Center's services, generating teaching cases for the veterinarian students.

Kansas State University—ESARP

For FY 2005, the Governor recommends \$47,713,858 for the operating grant from the State General Fund. The Extension Systems and Agriculture Research Program (ESARP) conducts research and provides community services. Its four primary areas of focus are agricultural industry competitiveness; natural resources and environmental management; food, nutrition, health, and safety; and youth, family, and community development. ESARP does not generate tuition revenues but does receive federal land grant funding. In FY 2005, it is expected to receive almost \$8.1 million from this source. ESARP has 1,398.1 FTE positions, including agents in the communities.

Pittsburg State University

Pittsburg State University's primary objective is to offer strong undergraduate and graduate educational programs to those in its area. It is committed to fulfilling its statewide mission in technology and economic development by facilitating partnerships with secondary and postsecondary educational institutions, businesses, and industries. This commitment is displayed through the University's College of Technology, which is the center of technological excellence in the state. For FY 2005, the Governor recommends \$32,866,166 from the State General Fund for the University's operating grant. The University's current enrollment is 6,731 students, a decrease of 20 students over the previous year.

University of Kansas

The Governor recommends \$134,647,272 for the University's FY 2005 State General Fund operating grant. The University will continue to provide graduate and undergraduate education to 26,814 students in the current year. Enrollment at the University has increased by 358 students over the past year. The University is targeting a portion of its tuition increase to retaining and increasing faculty, student financial aid and services, and technology equipment.

University of Kansas Medical Center

Governance of the University of Kansas Hospital changed from the Kansas Board of Regents to a new public authority in FY 1999. The majority of hospital expenditures are no longer reflected in the state budget. However, the hospital still contracts and shares certain operating costs with the portion of the Medical Center that remains a state agency.

For FY 2005, the Governor recommends \$99,671,788 for the operating grant and \$2,416,764 for the Medical Student Loan/Scholarship Program from the State General Fund. The Medical Center's vision is to be the premier, customer-focused, academic health science system in the region by becoming a regional and national leader in the education of primary health care professionals and in research and clinical services related to the interdisciplinary center of rural health and other areas.

The University provides services to rural communities through clinics operated in several areas of the state by the Kansas City facility. In addition to telemedicine consultations performed through new technological means, service to rural areas and training for medical residents in family practice provided by the University through the Smoky Hill Family Practice Program in Salina. This program provides training specifically to family practice residents.

Medical Student Loan Program. The University also administers the Medical Student Loan/Scholarship Program. This outreach program is designed to provide an increased supply of general practice physicians to rural areas. For FY 2005, the Governor has included \$3,221,952, including \$2,416,764 from the State General Fund. This will fund approximately 90 students instead of the traditional 120 students. These loans are for all four years of the medical program. Recently, the program's repayment fund has been dropping dramatically because more doctors are choosing to serve rather than repay their loans. The Governor has recommended that the State General Fund monies for this program be appropriated to a separate account so that it can be evaluated independently from the University's other operations.

Tele-Kid Health Care Link. The KU Medical Center launched a project in 1998 that made it the first in the

country to deliver medical services to local schools. The Tele-Kid Health Care Link project uses a PC-based telemedicine technology that links physicians and children for clinical visits from the school nurse's office to the doctor's office. In this project, KUMC pediatricians and other specialists are linked with children at various elementary schools in the Kansas City, Kansas vicinity. The Governor concurs that Wichita and rural children will also benefit from telemedicine technology that can bring health services directly into the schools; therefore, she recommends that \$250,000 in FY 2005 be spent on this program from the Children's Initiatives Fund.

KUMC will serve as a facilitator to link rural health providers with the schools in their service areas. In those cases where there are no local health providers or if back-up medical services are requested, KU physicians could be available to provide clinical consultations.

Wichita State University

For FY 2005, the Governor recommends \$64,535,032 from the State General Fund for its operating grant. The University has an enrollment of 14,896 in the current year, which is a decrease of 638 students over the previous year. Unique to this institution are the demographics of its students. Wichita State's average student is 28 years old and has 55.7 hours of transfer credit upon receipt of a bachelor's degree. Approximately 8.9 percent of Wichita State's students come from other countries. In keeping with this institution's demographics, many students take courses at the three sites that are in Wichita, but which are located off the main campus.

Wichita State is working to increase external funding for its research, training, and public service functions. The University brings experts to campus to offer workshops in an effort to improve the quality of research proposals. Collaboration is encouraged with local industries, such as Boeing, and with faculty of other universities to provide joint projects and proposals. One of the University's strengths is aviation engineering education and research. The University will be participating in the Board of Regents research initiative and upgrading its aviation research facilities.

Other Education Agencies

Kansas Arts Commission

The Kansas Arts Commission offers grants and technical assistance to various artists and arts organizations throughout the state. The Governor recommends \$1,981,748 from all funding sources for FY 2005, with \$1,481,857 from the State General Fund, for services provided by 8.0 existing FTE positions. Of the total budget, \$1,431,413 is for arts programming and \$550,335 is for administration. Funding is primarily from State General Fund appropriations and grants from the National Endowment for the Arts. The Commission expects to sponsor 90 statewide arts programs in FY 2005.

Historical Society

The State Historical Society collects, interprets, and disseminates materials and information related to Kansas history to assist the public in appreciating Kansas heritage and how it relates to the present. This purpose is accomplished in four significant ways: documentary and research applications, historic preservation assistance regarding local historic properties, the management of state historic properties, and the interpretation of history at the Kansas Museum of History.

The Governor's recommendation for FY 2005 is \$8,075,134 from all funding sources, with \$5,685,264 from the State General Fund. Funding for the Historical Society's state operations in FY 2005

includes a high shrinkage rate of 20.0 percent, which will require the agency to continue to keep vacant positions unfilled. Although private fund raising has been successful, private dollars are not available to compensate fully for operating reductions. The FY 2005 budget includes a pass-through grant of \$27,930 for the Heritage Center in Dodge City and an \$81,830 grant to the Kansas Humanities Council. In FY 2005, the Humanities Council will use the state funds for community-based programming to match nearly \$500,000 in federal monies received through the National Endowment for the Humanities, as well as local funds across the state.

State Library

The State Library provides information services for state and local governments, for local libraries and their users, and for people who communicate with the library in the Statehouse or at its other service locations. The State Library distributes grants to libraries and serves in a coordinating and technical resource role to encourage cost-effective, community-based library services. In 2003, Kansas was ranked eighth in the nation by the *American Libraries* magazine, based on several measures, including per capita expenditures, the quantity of materials available, and the number of patron visits. The Governor recommends \$6,552,823 from all funding sources, including \$4,954,803 from the State General Fund, for FY 2005 for services provided by the State Library, including the 27.0 existing FTE positions.

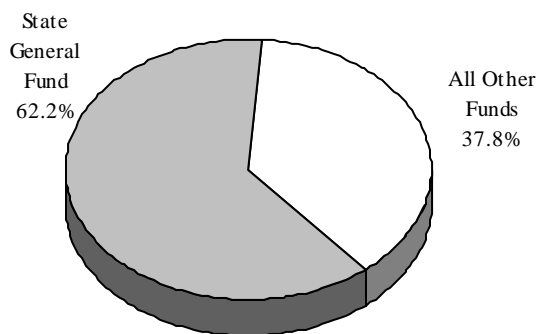
Public Safety Summary

The primary purpose of the Public Safety Function is to preserve the safety of Kansas citizens. Agencies in this function include the Department of Corrections and eight adult correctional facilities, the Juvenile Justice Authority and four juvenile correctional facilities, the Adjutant General, the Emergency Medical Services Board, the State Fire Marshal, the Highway Patrol, the Kansas Bureau of Investigation, the Parole Board, and the Sentencing Commission. Public Safety agencies ensure the safety of Kansas citizens through management of the state correctional system, enforcement of fire regulations, regulation of emergency services, serving the public in emergencies, investigation of crimes, and enforcement of state laws.

the total is from the State General Fund. Significant adjustments in the Juvenile Justice Authority's budget recommendations include a delay in opening the Kansas Juvenile Correctional Complex and the closure of a living unit at Atchison. Originally scheduled to open in July 2004, the Complex is designed to serve as the Juvenile Justice Authority's maximum-security and reception and diagnostic facility.

Because of limited State General Fund monies and because the systemwide population has not met previously estimated levels, the Governor recommends that the Complex not be opened during FY 2005. This recommendation generates total savings of \$11.8 million, with \$11.5 million from the State General Fund. In addition, the Governor recommends that a 17-bed living unit at the Atchison Juvenile Correctional Facility be closed, generating \$320,759 in State General Fund savings.

How It Is Financed



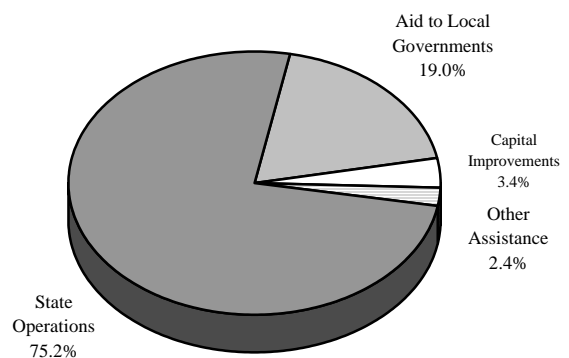
Fiscal Year 2005

The Governor recommends a budget of \$495.3 million from all funding sources, including \$319.1 million from the State General Fund, for this function in FY 2004. For FY 2005, \$480.3 million from all funding sources, including \$297.2 million from the State General Fund, is recommended.

The FY 2005 recommendation for operation of the adult correctional system is based on an average daily population of 9,025 inmates. The Governor recommends a supplemental appropriation of \$356,754 from the State General Fund in FY 2004 for the revised costs of inmate food service and medical care.

The budget includes \$85.7 million for the Juvenile Justice Authority and the juvenile correctional facilities under its jurisdiction. Some \$60.0 million of

How It Is Spent



Fiscal Year 2005

For FY 2005, the Governor recommends that the Highway Patrol be funded by a transfer of \$43.7 million from the State Highway Fund to the Highway Patrol Operations Fund. The Governor also recommends implementing the Community Oriented Policing Service Federal Grant. This three-year grant of \$2.4 million funds the salaries for 25.0 new FTE officers. The state is responsible for 10.0 percent of the expenditures. Finally, a correction to the KPERS employer contribution rates for correctional officers will save \$2,256,927 from the State General Fund in FY 2004 and \$2,126,571 in FY 2005.

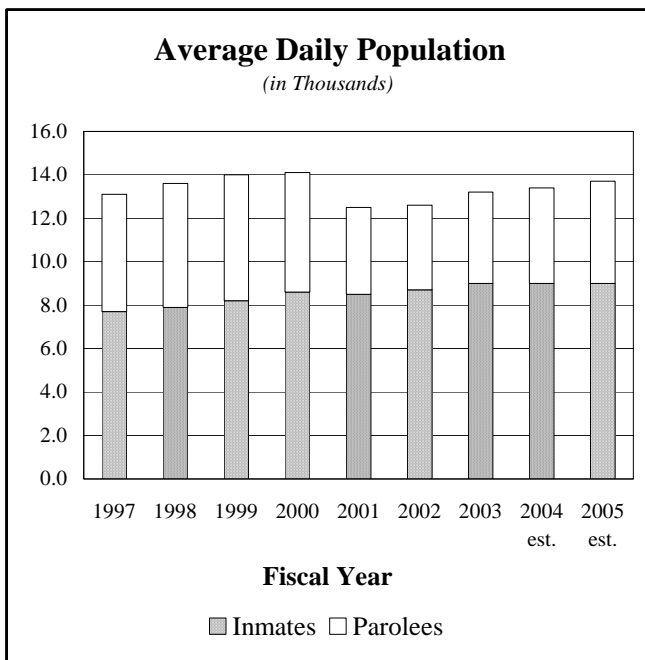
Corrections

Correctional System

The Kansas Correctional System comprises eight prison facilities as well as the oversight of community corrections agencies. The eight adult prison facilities are in the communities of Norton, Winfield, Ellsworth, Larned, El Dorado, Hutchinson, Topeka, and Lansing. 31 community corrections agencies receive grants from the Department. Some agencies serve a single county, such as Sedgwick, Reno, Leavenworth, and Johnson Counties, while others are multi-county agencies.

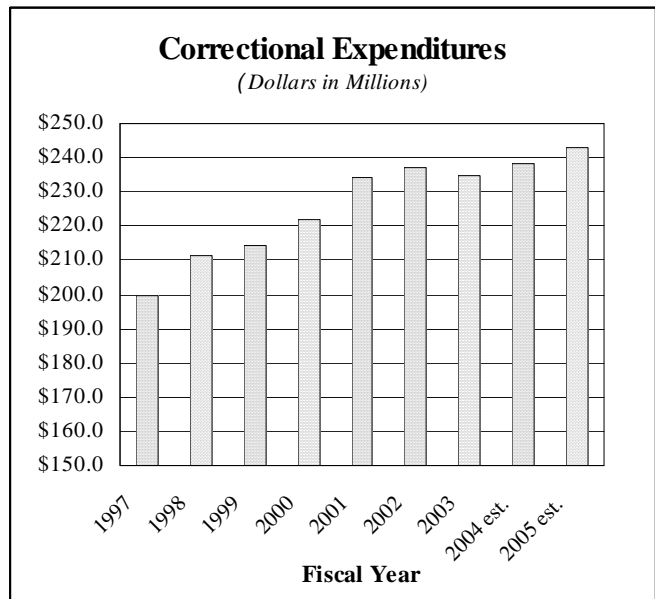
Adult Prison Population

Each year the Kansas Sentencing Commission releases its adult inmate prison population projections in September. The budgets for each facility, including medical and food service contracts that are budgeted in the Central Office, are based on this official projection. At the end of FY 2004, the Commission estimates that 9,046 inmates will be in the custody of the Secretary,



which is an increase of 43 inmates from the Commission's prior year projections. At the end of FY 2005, the Commission estimates a population of 9,049 inmates, which is a decrease of 63 inmates from

the Commission's prior year projections for FY 2005. This reduction in FY 2005 can be partially attributed to the implementation of 2003 SB 123, the sentencing alternative to incarceration for offenders convicted of drug possession.



Systemwide Recommendations

For FY 2005, the Governor recommends expenditures of \$242.7 million from all funding sources, including \$213.8 million from the State General Fund. This recommendation is an increase of \$4.4 million over the Governor's revised expenditures from all funding sources in FY 2004, including an increase of \$4.6 million from the State General Fund. The Governor's budget recommendations will support all of the correctional facilities at current capacity levels, while reducing offender programs from FY 2004 levels. Offender programs are further discussed next under the Department of Corrections.

KPERS Correctional Officer Employer Rate. After a recent review of the employer contribution rates of the correctional officer group, KPERS determined that the rates previously certified to the Division of the Budget were in error from FY 2000 through FY 2005. The agency had certified rates of 8.17 percent for Security Officers Group A and 7.68 for Security

Officers Group B for FY 2004. The correct rates should have been 5.1 percent for Group A and 4.61 percent for Group B. As a result, the Governor recommends lapsing \$2,256,927 from State General Fund appropriation accounts at the eight correctional facilities and the central office in FY 2004 to correct this error.

For FY 2005, KPERS originally certified a rate of 8.32 percent for Group A and 7.91 percent for Group B. The correct rates should have been 6.01 percent for Group A and 5.6 percent for Group B. As a result, the base budgets for the correctional facilities and the central office have been reduced by \$2,126,571 in FY 2005.

Department of Corrections

For FY 2004, the Governor recommends a supplemental appropriation of \$356,754 from the State General Fund for the inmate medical and food service contract. This increase is a result of revised population projections from those originally estimated when 2003 SB 123 was passed.

For FY 2005, the Governor recommends \$109.2 million from all funding sources, including \$82.7 million from the State General Fund. Funding is provided to allow the Secretary of Corrections to continue oversight of the correctional system and to provide managerial and technical assistance to the state's correctional facilities and community-based programs. The recommended budget provides funding for administrative costs, community-based programs, offender programs, Kansas Correctional Industries, debt service, and capital improvements.

Offender Programs. For FY 2005, the Governor recommends \$6,505,423 for offender programs. The Department provides rehabilitative programs and services to felony offenders in the state's correctional facilities, including vocational and technical education, and therapeutic communities for substance abuse rehabilitation.

Community Supervision. This program includes four subprograms: Parole and Post Release Supervision, Day Reporting Centers, Community Corrections, and the Labette Correctional Conservation Camp. Community Supervision is used as an alternative to

incarceration. For the most part, offenders convicted of lower severity offenses are assigned to community supervision. An average daily population of 5,656 offenders in community corrections is expected to be served by community corrections agencies in FY 2005.

Although the 2000 Legislature authorized three day reporting centers for the supervision of post-incarceration condition violators in the Kansas City, Topeka, and Wichita areas, only the Wichita and Topeka sites are operational. For FY 2005, the Governor recommends total expenditures of \$2,596,000 from all funding sources, including \$259,600 from the State General Fund. The centers are financed through the federal Violent Offender Incarceration-Truth-in-Sentencing Grant funds on the basis of a 90.0 percent federal/10.0 percent state match.

Health Care. For FY 2004, the Governor recommends \$26.9 million to fund a contract with Correct Care Solutions. This company, which is a subsidiary of Health Cost Solutions of Nashville, Tennessee, assumed the contract from Prison Health Solutions (PHS) on October 1, 2003. The new company has agreed to the same terms as the prior contract with PHS. This contract covers all medical and mental health expenses for inmates housed in the state's correctional facilities.

Food Service. The Governor recommends FY 2004 expenditures of \$12.9 million to fund the food service contract with Aramark Corporation. All food service contract expenditures for the eight facilities are funded through the Central Office.

Kansas Correctional Industries. The Governor recommends expenditures of \$9.6 million from the Correctional Industries Fund for the operations of Kansas Correctional Industries. Correctional Industries is entirely self-supporting from the manufacture and sale of a variety of products and services. These are sold to government agencies and qualified organizations, such as state agencies and local governments.

The Governor recommends transferring \$781,000 in FY 2005 from the Correctional Industries Fund to the Department of Corrections General Fees Fund. This transfer will aid the Department in financing offender program expenditures.

El Dorado Correctional Facility

For FY 2005, the Governor recommends \$21.3 million from all funding sources, including \$21.2 million from the State General Fund, to provide staff and support for the El Dorado Correctional Facility and 466.5 FTE positions. This recommendation will provide support for an average daily population of 1,453 inmates.

Ellsworth Correctional Facility

The Governor recommends expenditures of \$10.8 million from all funding sources in FY 2005 for Ellsworth Correctional Facility. A total of 223.0 FTE positions is recommended for an average daily population of 825 inmates.

Hutchinson Correctional Facility

For FY 2005, the Governor recommends \$25.3 million from all funding sources, including \$25.0 million from the State General Fund, for Hutchinson Correctional Facility. The recommendation supports 513.0 FTE positions and an average daily population of 1,800 inmates.

Lansing Correctional Facility

In support of 700.0 FTE positions at Lansing Correctional Facility in FY 2005, the Governor recommends expenditures of \$33.0 million from all funding sources, including \$32.9 million from the State General Fund. This recommendation provides support for an average daily population of 2,464 inmates.

Topeka Correctional Facility

A total of \$11.8 million from all funding sources, including \$10.3 million from the State General Fund, is recommended by the Governor in FY 2005 for Topeka Correctional Facility. A total of 248.0 FTE positions is included for an average daily population of 620.0 female inmates.

Larned Correctional Mental Health Facility

For FY 2005, the Governor recommends expenditures of \$8.3 million, all from the State General Fund, for the Larned Correctional Mental Health Facility. This recommendation provides for a total of 186.0 FTE positions and an average daily population of 333 inmates.

Norton Correctional Facility

For FY 2005, the Governor recommends \$12.5 million for the Norton Correctional Facility. This recommendation provides for a total of 266.0 FTE positions and an average daily population of 790 inmates.

Winfield Correctional Facility

The Governor recommends \$12.7 million from all funding sources, including \$10.1 million from the State General Fund, in FY 2005. The recommendation provides for a total of 201.0 FTE positions and an operating capacity of 713 inmates, including 218 inmates at the Wichita Work Release Facility.

Juvenile Justice

The duties of the Juvenile Justice Authority and the Commissioner of Juvenile Justice are outlined in the Juvenile Justice Reform Act of 1996. The Juvenile Justice Authority assumed responsibility for all juvenile offenders and operation of the juvenile correctional facilities on July 1, 1997. The agency's mission is to promote public safety, hold juvenile offenders accountable for their behavior, and improve the ability of youth to live productively and responsibly in their communities.

Juvenile Justice Authority

The Governor recommends 41.0 FTE positions and \$53.3 million, including \$28.6 million from the State General Fund, for FY 2005. This recommendation will allow the agency to continue to provide immediate intervention and community-based graduated sanctions programs. The Governor recommends an additional \$32.4 million, with \$31.4 million from the State General Fund, for operation of the juvenile correctional facilities. The table below details actual and recommended expenditures for the

Juvenile Justice Authority and facilities from FY 2003 through FY 2005.

A goal of the Juvenile Justice Reform Act is to reserve juvenile correctional facility placement for the most violent and chronic offenders. Those not committed to a facility are rehabilitated through a network of community-based programs. Included in this network are the graduated sanctions and delinquency prevention programs. Graduated sanctions programs include intake and assessment, community corrections, and community case management, which are targeted at adjudicated offenders. Delinquency prevention programs are aimed at juveniles not yet adjudicated but who exhibit at-risk behavior. Approximately \$43.4 million will be distributed to community providers in FY 2005. Of this, \$16.5 million will be provided for graduated sanctions programs and \$5.8 million will be provided for delinquency prevention programs.

A key component of the state-local partnership in the delivery of juvenile justice programs is the purchase of services budget. The Juvenile Justice Authority has

Juvenile Justice Expenditures & Funding

	<u>FY 2003</u> Actual	<u>FY 2004</u> Gov. Est.	<u>FY 2005</u> Gov. Rec.
Expenditures:			
Administration	4,373,473	5,480,459	5,007,043
Management Information System (non-aid)	1,028,524	1,116,520	1,061,751
Community Corrections	4,080,223	3,348,347	4,363,872
Case Management	4,672,677	4,997,516	3,997,516
Intake & Assessment	4,490,944	4,068,613	4,068,613
Other Intervention/Graduated Sanctions Prevention	3,852,085	4,119,917	4,119,917
	5,321,997	5,914,487	5,764,487
Purchase of Services/Community Vendor Payments	18,103,369	19,372,635	18,012,588
Other Services to Communities	4,392,989	3,719,158	3,113,982
Capital Improvements, Planning, & Debt Service	3,115,966	3,092,540	3,809,200
Subtotal	\$ 53,432,247	\$ 55,230,192	\$ 53,318,969
Juvenile Correctional Facilities	30,214,754	31,942,714	32,415,831
Total	\$ 83,647,001	\$ 87,172,906	\$ 85,734,800
Funding:			
State General Fund	56,965,394	58,673,518	59,979,533
Federal Funds	9,482,062	7,882,068	6,930,866
Other Funds	17,199,545	20,617,320	18,824,401
Total	\$ 83,647,001	\$ 87,172,906	\$ 85,734,800

entered into numerous agreements with foster care, treatment center, group home, and vocational and educational service providers. Community case management agencies refer offenders to these providers if it is determined that such services are critical to an offender's rehabilitation. For FY 2005, the Governor recommends \$18.0 million for the purchase of services, including \$12.4 million from the State General Fund.

Juvenile Correctional Facilities

The Authority oversees the juvenile correctional facilities at Atchison, Beloit, Larned, and Topeka. The facilities house juvenile offenders ages 11 to 23 who have been adjudicated under Kansas law and who have been ordered by the court to be held in state custody.

Population concerns at the facilities led the 2000 Legislature to approve funding for facility expansion and renovation. This expansion included the construction of a 152-bed replacement facility at Larned, the conversion of a living unit at Beloit to house maximum-security offenders, and the construction of a 210-bed maximum-security and reception and diagnostic complex in Topeka. The Beloit project was completed in May 2002 and the new Larned facility opened in July 2003. The Kansas Juvenile Correctional Complex was originally scheduled to open in July 2004; however, because of funding constraints and because the systemwide population has not met previously estimated levels, funding for operation of the Complex has not been included in the Governor's recommendation.

Atchison Juvenile Correctional Facility

The Atchison Juvenile Correctional Facility is the state's minimum-security facility for younger male offenders, usually between the ages of 10 and 16. Education, recreation, and counseling services are part of the structured activities provided for the rehabilitation of juveniles. For FY 2005, the Governor recommends \$6,058,651, including \$5,855,242 from the State General Fund. Because of a decline in the minimum-security population, the Governor recommends that a 17-bed living unit be closed, reducing the facility's capacity to 97. This

recommendation will generate \$320,759 in State General Fund savings.

Beloit Juvenile Correctional Facility

The only facility to house female juvenile offenders is the Beloit Juvenile Correctional Facility. Education, recreation, counseling services, work programs, and substance abuse treatment are the main programs offered for rehabilitating juveniles. For FY 2005, the Governor recommends \$4,897,270, including \$4,688,537 from the State General Fund.

Larned Juvenile Correctional Facility

The Larned Juvenile Correctional Facility provides specialized substance abuse and mental health services for male offenders between the ages of 13 and 23. The Facility has 150 medium-security beds dedicated to the Residential Substance Abuse Treatment Program and 32 maximum-security beds dedicated for offenders in need of intense mental health treatment. The Facility shares a number of services with Larned State Hospital, including laundry, food services, and medical services. For FY 2005, the Governor recommends \$8,353,404, with \$7,870,781 from the State General Fund.

Topeka Juvenile Correctional Facility

The Topeka Juvenile Correctional Facility is a 276-bed medium-security facility that houses the most violent and chronic juvenile offenders who enter the juvenile justice system. Juvenile offenders committed to TJCF range from 15 to 23 years old. Offenders participate in structured activities and programs, such as vocational training, recreation, and counseling services aimed at rehabilitation. A new 60-bed replacement unit is being constructed to replace some of the older, less secure and less efficient open-dorm style units. This unit is scheduled to open in July 2004. In addition, the Kansas Juvenile Correctional Complex was originally scheduled to open in July 2004. The Facility's FY 2004 approved budget includes funding for start-up costs associated with the Complex before it functions independently. The Governor recommends that the Complex not be opened during FY 2005. As such, the

Governor also recommends that the Topeka Juvenile Correctional Facility's FY 2004 budget be reduced by \$1,178,375, all from the State General Fund. For FY 2005, the Governor recommends \$12,676,506, with \$12,506,462 from the State General Fund. In addition, the Governor recommends that the facility's FTE limitation be increased by 1.0 to accommodate a legal assistant position. This position will be funded through existing resources.

Kansas Juvenile Correctional Complex

The Kansas Juvenile Correctional Complex, originally scheduled to open in July 2004, will serve as the

Juvenile Justice Authority's maximum-security facility and provide reception and diagnostic services. The 210-bed facility will provide the same academic, vocational, rehabilitative, and counseling services provided at the other juvenile correctional facilities in a facility that is specifically designed to house securely increasingly violent juveniles. Because of the reduced availability of State General Fund dollars in another tight fiscal year and because the systemwide population has not met previously estimated levels, the Governor recommends that the Complex not be opened during FY 2005. However, the Governor's recommendation does include \$430,000 from the State General Fund to cover the cost of utilities during the year.

Other Public Safety Agencies

Adjutant General

Preservation of peace, order, health, and public safety is the mission of the Adjutant General's Department. The Department must also be ready to serve as part of America's Army and Air Force. The Adjutant General manages operations of the Kansas National Guard and the State's Division of Emergency Management. State funds are provided for administrative support and operating costs related to buildings and facilities. These facilities include National Guard armories, the State Defense Building in Topeka, and the Air National Guard Facilities at McConnell Air Force Base in Wichita and Forbes Field in Topeka.

The Governor recommends \$44,335,936 from all funding sources, including \$5,639,676 from the State General Fund in FY 2004. This is an increase of approximately \$7.0 million from the agency's approved budget. The increase is primarily related to disaster relief projects. For FY 2005, the Governor's recommended budget totals \$35,265,457 from all funding sources, including \$4,671,248 from the State General Fund. The recommendation includes salaries and wages for 215.0 FTE positions and 123.0 non-FTE unclassified permanent positions. The FY 2005 total is lower than FY 2004 because of a smaller appropriation for disaster relief projects.

Disaster Relief Funds. For FY 2004, the State Finance Council authorized \$2.1 million for the cost of disasters that include primarily the January 2002 ice storm in eastern Kansas and the tornadoes during May 2003 in the Kansas City area. These storms caused severe damage to streets, county roads, public properties, homes, businesses, and automobiles. For FY 2005, the Governor recommends \$53,470 from the State General Fund to finance the final payments of the existing disaster projects.

Emergency Medical Services Board

The Emergency Medical Services Board protects the health and welfare of the public by assuring appropriate out-of-hospital care and transportation for sick and injured people. The Board establishes and enforces a set of minimum standards to accomplish

this purpose. In addition, it is the responsibility of the Board to provide training and technical assistance to ensure that these minimum standards are met or exceeded as well as to investigate and take enforcement action when they are not.

2002 SB 508 authorized the EMS Board direct access to the fees, charges, and penalties it collects to fund its operations starting in FY 2003. The 2002 Legislature also directed that a .25 percent levy on fire insurance premiums, which is authorized by current law, be remitted to the Insurance Commissioner to finance the operation of EMS, instead of being remitted to the State Fire Marshal. With passage of SB 508, the agency financing is entirely removed from the State General Fund in FY 2004. For FY 2005, the Governor recommends \$1,219,135, with \$959,301 from the Emergency Medical Services Operating Fund, to continue current operations. The Governor also recommends that the agency be converted to a biennial agency beginning with the FY 2006-2007 budget cycle.

State Fire Marshal

The Kansas Fire Marshal's mission is to protect the lives and property of citizens from hazards of fire and explosion. The Governor recommends \$4,033,773 with \$3,147,865 from the agency's fee fund, in FY 2005. The agency has 49.0 FTE positions and 2.0 non-FTE unclassified permanent positions. The agency expects 520 requests for fire investigation from communities for FY 2005. The Governor's recommendation includes \$408,331 to continue the HAZMAT Program. This program provides local fire departments with training in how to handle various hazardous materials. The Department also is responsible for coordinating state and local agencies' efforts when responding to hazardous materials clean-up situations.

Highway Patrol

The mission of the Highway Patrol is to enforce traffic and other state laws to enhance the safety of travelers driving on state and federal highways in Kansas. The

Patrol's presence on Kansas highways will result in a low fatality rate, an increased number of felony arrests as compared to previous years, and over 100,000 service calls. A service call includes many public services, including removal of debris from the road, transporting stranded motorists, and other activities not specifically related to law enforcement.

For FY 2004, the Governor recommends \$74,667,748 from all funding sources, with \$28,928,830 from the State General Fund and approximately \$11.1 million from the State Highway Fund. This is an increase of approximately \$18.2 million over the approved amount. The increase mainly reflects homeland security expenditures along with automobile purchases and implementing the Community Oriented Policing Service federal grant. This new grant funds the salaries and benefits for 25.0 new FTE trooper positions. The state is responsible for 10.0 percent of the salaries along with other benefits and equipment. The total federal grant is \$2.4 million over three years.

In FY 2004, there were two transfers made from the State Highway Fund into two separate special revenue funds. One was from the State Highway Fund directly to the Motor Carrier Inspection Fund. The other was made from the State Highway Fund to the State General Fund, then appropriated to the Highway Patrol. Both transfers were made to finance operating expenditures. In FY 2005, the Governor recommends that there be only one transfer made to encompass both of the FY 2004 transfers. The process will be to transfer the entire amount of \$43.7 million directly from the State Highway Fund to the KHP Operations Fund. The State General Fund will not be involved in FY 2005.

The Governor in FY 2005 recommends \$84,941,380 from all funding sources. This is an increase of approximately \$28.5 million over the FY 2004 approved amount. The increase reflects homeland security expenditures, a 7.5 percent salary increase for the troopers along with salaries and wages, and equipment to support the Community Oriented Policing Service federal grant.

Kansas Bureau of Investigation

The mission of the Kansas Bureau of Investigation is to provide professional investigative and laboratory services to Kansas criminal justice agencies. The

agency also collects and disseminates criminal information for the purpose of promoting public safety and the prevention of crime. For FY 2005, the Governor recommends \$19,688,420 from all funding sources, including \$12,472,058 from the State General Fund. The recommendation increases the agency's base State General Fund budget by \$284,666, or 2.2 percent. The recommendation will allow the agency to assist local law enforcement agencies in the investigation of predominantly violent crimes, perform investigations at the request of the Attorney General, maintain a criminal records database, and provide laboratory services for local and state law enforcement agencies. The Governor's recommendation provides funding for 200.0 FTE and 89.0 non-FTE unclassified permanent positions.

The FY 2005 recommendation also restores funding of \$520,308, all from the State General Fund, for the agency's COPS-Meth Program. This program has been federally funded since FY 2002 and provides for personnel and other expenses to combat the illegal manufacture, sale, and use of methamphetamine. Continued federal funding for this program is currently being considered by Congress. Therefore, funding of this program from the State General Fund may need to be reconsidered depending on what action Congress takes.

Kansas Parole Board

The Kansas Parole Board conducts parole and parole violation hearings, as well as public comment sessions. The Board also has responsibilities associated with the parole and parole revocation of inmates who have been incarcerated. There are 3.0 members on the board. The Department of Corrections provides the Board administrative support. The Governor recommends expenditures of \$433,043 from the State General Fund in FY 2005.

Kansas Sentencing Commission

The mission of the Kansas Sentencing Commission is to develop monitoring and reporting procedures to determine the effect of sentence guidelines on the Kansas adult correctional system. The agency also has previously administered all criminal justice federal funding that is awarded to state and local governments. However, at the beginning of FY 2004, the agency

transferred the administration of federal Byrne grants to the Office of the Governor. The agency is also responsible for the implementation and management of 2003 SB 123, the sentencing alternative to incarceration for offenders convicted of drug possession. All offenders who are sentenced under this new law will be placed under the supervision of community corrections. The management of payments to treatment providers has been assigned to this agency.

The Governor also recommends that the Kansas Sentencing Commission perform the annual Juvenile Justice Authority (JJA) population projections. Previous projections that were contracted by JJA did

not rely on the same quality of statistical methods that the adult population projections have. As a result, the agency will be receiving a grant of \$25,000 from JJA to pay for a non-FTE unclassified permanent position for these projections in both FY 2004 and FY 2005.

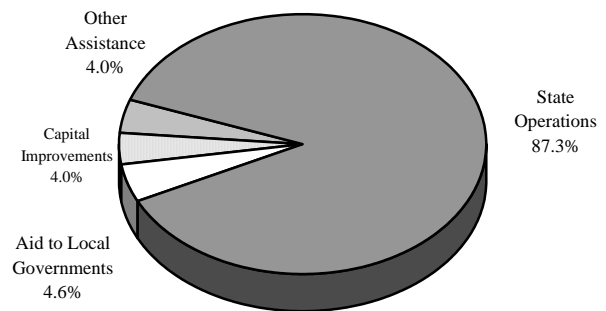
For FY 2005, the Governor recommends expenditures of \$6,321,366 from all funding sources, including \$5,835,088 from the State General Fund, along with 7.0 FTE positions and 3.0 non-FTE unclassified permanent positions. The total includes \$5,651,549 for community corrections drug treatment providers under 2003 SB 123. The SB 123 recommendation is based on the most recent estimates for full funding of the program in FY 2005.

Agriculture & Natural Resources Summary

Seven state agencies manage the agriculture and natural resources functions: the Department of Agriculture, the Department of Animal Health, the State Conservation Commission, the Department of Health and Environment, the Department of Wildlife and Parks, the Kansas State Fair, and the Kansas Water Office. Their mission is to promote, protect, improve, and restore natural resources in Kansas. This includes agricultural product regulation and development, protection from exotic pests, and implementation of interstate water agreements through the Department of Agriculture; maintenance of state parks, state fishing lakes, and wildlife areas through the Department of Wildlife and Parks; conservation and management of soil and water resources by the Conservation Commission; the development of policy, technical assistance, and study of water resource management by the Water Office; environmental protection through the Department of Health and Environment; preventive public health maintenance and eradication of infectious diseases affecting livestock and domestic animals by the Animal Health Department; and promotion of Kansas products through the State Fair.

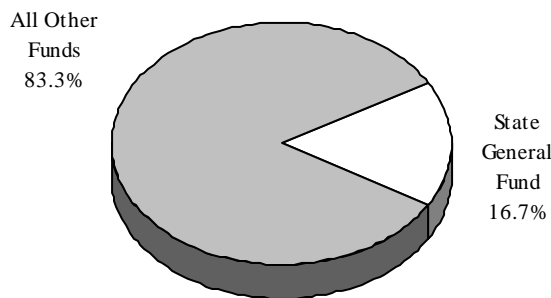
For the Department of Agriculture, the budget assumes that the various fees that were increased two years ago will stay in place at the present level. The Kansas State Fair's budget includes \$1,355,133 for debt service payments for FY 2005. Bonds were issued to implement the agency's master plan for improvements to the fairgrounds. The financing is \$655,133 from State General Fund, \$400,000 from the State Fair Debt Service Revenue Fund, and \$300,000 from the City of Hutchinson and Reno County.

How It Is Spent



Fiscal Year 2005

How It Is Financed



Fiscal Year 2005

The Governor recommends \$151.0 million from all funding sources, including \$25.1 million from the State General Fund and \$15.1 million from the State Water Plan Fund, for FY 2005. There are 1,334.1 state positions in this function of government, including 1,283.6 FTE positions and 50.5 non-FTE unclassified permanent positions.

The FY 2005 Governor's recommendations continue to move the Department of Wildlife and Parks toward becoming a wholly fee-funded agency. Of the amounts recommended for the Department from the State General Fund, \$100,000 is intended to support initial planning of the Menninger State Memorial Park to be located on the Kansas River adjacent to Cedar Crest.

Included in the FY 2005 budget is \$15,197,582 in State Water Plan Fund expenditures. The State Water Plan Fund is the primary funding source for water-related issues. The fund is dedicated to implementation of the annual Kansas Water Plan, which promotes the management, conservation, and development of the state's water resources. Included in the State Water Plan Fund recommendation is \$440,491 for the first of 15 debt service payments to acquire Circle K Ranch in Edwards County. This is discussed in more detail in the State Water Plan Fund section of this volume.

Agriculture & Natural Resources Agencies

Department of Agriculture

The Department of Agriculture ensures adequate food safety, consumer protection, and natural resource protection for the citizens of Kansas. The Department is also a national leader in the research and prevention of agricultural threats, such as Karnal Bunt disease. The agency monitors agriculture product inspection and analysis, weights and measures regulations, and development of water resources. The budget recommended by the Governor for the Department of Agriculture for FY 2005 includes \$20,292,940 from all funding sources, \$9,518,030 from the State General Fund, \$2,941,865 from federal funds, \$6,908,188 from fee funds, and \$924,857 from State Water Plan Fund. The budget recommendations presume that fee increases put in place last year will be renewed.

Animal Health Department

The Animal Health Department's goal is to ensure the public health of Kansas through prevention, control, and eradication of infectious disease affecting the health and well-being of livestock and domestic animals. The Department regulates facilities that breed, sell, or harbor companion animals. The agency is also responsible for registering and inspecting livestock brands designed to identify lost or stolen livestock. The effectiveness and responsiveness of the agency's activities have prevented the spread of "tuberculosis" in the state, and, as a result, the state is a "tuberculosis free" state.

For FY 2005, the Governor recommends \$2,206,710 from all funding sources, including \$572,345 from the State General Fund, \$1,598,971 from fee funds, and \$35,394 from federal funds. In addition, the Animal Disease Program includes the Federal Homeland Defense Federal Grant to assist the Department in detecting and responding to a foreign animal disease if one occurs within the state.

State Conservation Commission

The State Conservation Commission protects and conserves Kansas' natural resources through the

efficient implementation and administration of state programs. A nine-member commission governs the agency, which establishes policy and delegates responsibility for the administration of programs. For FY 2005, the Governor recommends \$9,259,448, including \$592,127 from the State General Fund and \$8,247,176 from the State Water Plan Fund. The State Conservation Commission receives more than half of the approximately \$14.8 million in State Water Plan Fund dollars that are appropriated annually. Further discussion of the State Water Plan can be found in the Budget Issues section.

Health & Environment—Environment

The Division of Environment of the Department of Health and Environment is organized into five distinct, yet interrelated, programs, with the goal of improving and protecting the health and environment of Kansans. The FY 2005 recommendation from all funding sources is \$64.9 million, of which \$9.8 million is from the State General Fund and \$3.2 million from the State Water Plan Fund. The budget recommendation includes a reduction of \$375,184 from the agency's State General Fund base budget. The reductions will shift funding for 11.0 FTE positions from the State General Fund to agency fee funds. The 11.0 FTE positions are clerical staff at the Division's field offices. Approximately 25.0 percent of the Division's revenue is from federal funds, 60.0 percent from fee revenue from regulated industries, and 15.0 percent from the State General Fund.

Clean Air Act Activities. The Governor recommends expenditures of \$3.4 million from the Air Quality Fee Fund, \$1.3 million in federal funds, and \$600,000 in State General Fund matching funds to maintain compliance with mandates of the federal Clean Air Act. These monies finance regulatory, air quality monitoring and educational activities of the Department. In addition to monitoring air quality, the Department makes information available to the public regarding air quality pollutants in Kansas.

Clean Water Activities. The Governor recommends total expenditures of \$12.8 million for activities to

implement the federal Clean Water and Safe Drinking Water Acts. The Division of Environment utilizes \$7.5 million in federal funds, \$3.4 million in State Water Plan funds, and \$928,368 from the State General Fund to implement nonpoint source pollution control projects, education programs to reduce bacterial contamination, and projects to improve water systems. The recommendation also includes \$1.0 million from the State General Fund for the Confined Animal Feedlot Operations Program that issues permits and performs sampling and enforcement activities related to contamination of water supplies from animal feedlots. The recommendation includes \$1.5 million in aid payments from the State Water Plan Fund for local environmental protection programs.

Brownfield Revolving Loan Program. The Environmental Protection Agency (EPA) has implemented the Brownfields Tax Incentive Law to address the issue of contaminated, unused property. This type of property is designated as a “brownfield” site. The program offers tax incentives to groups purchasing these properties who would not otherwise be able to afford the cost of contamination remediation required prior to development. The Governor’s recommendations include federal funds of \$514,341 in FY 2005. This funding will provide low interest loans to municipalities and nonprofit organizations to perform corrective action at brownfield sites.

Environmental Fee Fund Balances. The Governor’s recommendation includes an \$879,770 transfer from agency fee fund excess balances to the State General Fund in FY 2004 and a \$778,678 transfer in FY 2005. These amounts reflect approximately 25.0 percent of unencumbered balances and will not affect budgeted expenditures.

Stream Segment II. The Governor recommends expenditures of \$557,843 from the State General Fund in FY 2005 to allow the Division of Environment to meet statutory requirements to classify all stream segments for which use attainability analyses (UAAs) had not been conducted prior to October 15, 2002. Currently, there are 2,000 stream segments that have not yet been classified. The agency will enter into contracts to conduct the remaining UAAs that need to be classified by December 31, 2007. The total cost of the project is \$1,655,755 over a three-year period, including the \$557,843 recommended for FY 2005.

Kansas State Fair

The State Fair is held in the City of Hutchinson over a ten-day period at the beginning of September each year. The 2003 Fair attracted 343,244 people, 1.3 percent higher than the previous year. Non-fair events at the fairgrounds attract approximately 160,000 people and include the Family Motor Coach Association, facility rentals, stall fees, and dormitory rentals. These events will generate revenue and increase utilization of the grounds and facilities. In FY 2005, the Governor recommends expenditures of \$5,312,631.

The State General Fund revenue transfer that would ordinarily be made to the State Fair Capital Improvements Fund, which could be as much as \$300,000, is not recommended for FY 2005. However, the agency’s FY 2005 operating budget will be able to support the current level of service. In addition, the Kansas State Fair was authorized to issue bonds through the Kansas Development Finance Authority not to exceed \$29.0 million for capital improvement projects to the Fairgrounds in Hutchinson in accordance with the approved master plan. In FY 2005, the debt service will be \$1,396,798.

Kansas Water Office

The Kansas Water Office evaluates and develops water policy by coordinating the water resource operations of state agencies, local governments, and the federal government. The agency also provides staffing and assistance to the Kansas Water Authority. The Kansas Water Authority is responsible for developing water resource policy and monitoring the progress of the numerous water resource programs. The Water Authority also makes annual recommendations to the Governor and Legislature regarding State Water Plan Fund expenditures.

The FY 2005 Governor’s recommendation is \$5,400,430, including \$1,297,854 from the State General Fund and \$1,985,391 from the State Water Plan Fund. This recommendation will require the agency to leave a civil engineer position vacant. The Governor’s recommendation also reduces the agency’s State Water Plan Fund request by 12.1 percent, or \$272,273, from the FY 2004 revised request. The State Water Plan Fund recommendation is discussed in

more detail in the Budget Issues section of this volume.

Department of Wildlife & Parks

The mission of the Department of Wildlife and Parks is to conserve and enhance Kansas' natural heritage, its wildlife, and its habitats. These actions will provide the public with opportunities to use and appreciate the natural living resources in Kansas, and the result will be a deeper understanding of the inherent value of these resources. The Department's underlying philosophy is to manage natural systems properly by striking a balance between natural resource integrity and human benefits, such as sport hunting and fishing, camping, land use, and development. Long-term planning, based on applied research, is a basic function of the Department so the well-being of fish, wildlife, and outdoor recreational activities is maintained at optimum levels.

For FY 2005, the Governor recommends \$43,208,183 in expenditures, of which \$2,732,319 is from the State General Fund. This recommendation includes a reduction of \$500,000, or nearly 16.0 percent, to the agency's State General Fund base budget and represents the beginning of a gradual move on the part of the Department toward becoming wholly fee-

funded. The recommendation also supports 406.5 FTE positions and 54.0 temporary positions.

To bring the Department's position classifications into alignment with similar state classified positions, the Governor recommends position reclassifications that will affect approximately 220 employees. For the second half of FY 2004, the reclassification is financed from current resources. For FY 2005, the cost will be \$632,200, of which \$442,349 will be funded from the Wildlife Fee Fund, \$159,659 from the Parks Fee Fund, and \$30,192 from the Boating Fee Fund.

The Department's focus on conserving natural resources and providing recreational opportunities is reflected in its six major programs, including the Parks Program and Grants-in-Aid. The Parks Program manages the Prairie Spirit Rail Trail and 24 state parks.

Grants-in-Aid. The Governor recommends approximately \$1.6 million in FY 2005 to support programs provided through Grants-in-Aid, such as Local Recreation Grants, Local Shooting Range Development, Outdoor Wildlife Learning Sites, Community Lake Assistance, and WILDSCAPE. Grants-in-Aid reflects the Department's emphasis on enhancing recreational activities through aid to local jurisdictions and assistance to individuals.

Transportation Summary

The Kansas Department of Transportation (KDOT) is the only agency in the Transportation function. The Department is responsible for maintaining and improving the state highway system, which contains more than 10,000 miles of roadways. It also provides planning, design, project development, and financial assistance to local governments to improve the overall quality and safety of local streets and roads. The agency uses the Comprehensive Transportation Program (CTP) as its model for determining the best course to accomplish these initiatives.

The Governor recommends a total of \$1,254,488,628 in FY 2004 and \$920,357,810 in FY 2005. The State Highway Fund will fund the majority of these expenditures for both fiscal years, with \$943,003,417 and \$617,177,430 being spent in FY 2004 and FY 2005, respectively. The recommendations also include transfers in FY 2004 and FY 2005 from the State Highway Fund to the State General Fund for savings related to the moratorium on the purchase of vehicles.

Transportation Program. The CTP, as well as the Governor's proposed financial plan, are explained in more detail on the following pages.

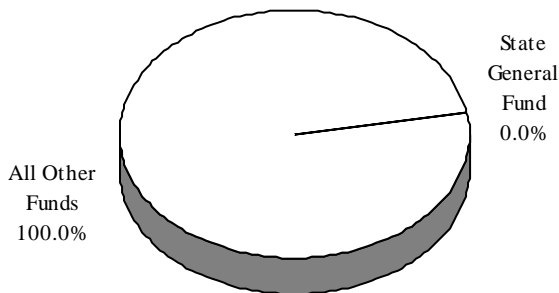
Transportation Financing

Financing for activities of the Department of Transportation comes primarily from the State Highway Fund. The Highway Fund receives income from motor fuel taxes, motor vehicle registration fees, a dedicated state sales and compensating use tax of one-quarter of a cent, and the federal government.

State General Fund Transfer. Each year the Highway Fund is also supposed to receive a State General Fund transfer. The transfer is based by statute on a percentage of sales tax receipts.

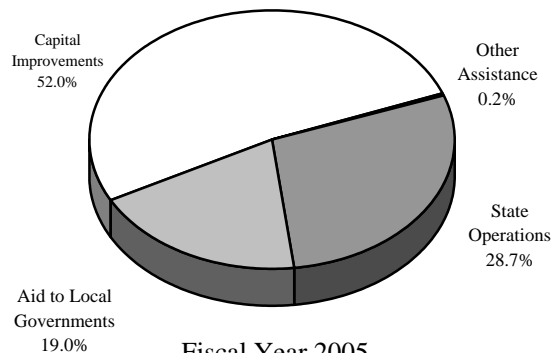
The statute set the transfer at 9.5 percent of sales tax receipts for FY 2002, 11.0 percent for FY 2003, 11.25 percent for FY 2004, and 12.0 percent for FY 2005 and thereafter.

How It Is Financed



Fiscal Year 2005

How It Is Spent



Fiscal Year 2005

When passed in 1999, the CTP outlined a ten-year revenue and expenditure plan for the Department of Transportation. However, State General Fund transfers, a key part of the CTP's financing, have been significantly less than originally planned. If the transfers are not restored, the completion of announced projects will be jeopardized. Along with the FY 2005 budget recommendations, the Governor is proposing a revised financial plan for the Comprehensive

A second statutory transfer moves State General Fund money to the Special City and County Highway Fund (SCCHF) to aid local governments in road construction. The SCCHF also receives income from motor fuel taxes. The SCCHF received only half of its scheduled transfer in FY 2003 and did not receive any transfer from the State General Fund in FY 2004. The FY 2005 State General Fund transfer to the SCCHF is reinstated as a \$10.1 million revenue transfer under the Governor's recommendation.

Kansas Department of Transportation

Expenditures

FY 2004. The Governor recommends expenditures of \$1,254.5 million. All of the financing for the recommendation comes from non-State General Fund sources. The amount recommended by the Governor will fund 3,247.5 FTE positions and 10.0 non-FTE unclassified permanent positions.

FY 2005. The Governor recommends FY 2005 expenditures of \$920.4 million. The decrease in expenditures from FY 2004 results from the Department's increased use of bond revenues to finance operations. These expenditures will not appear in the agency's budget until the debt service payments begin.

Under the Governor's recommendation in FY 2005, the Department of Transportation will repair more than 3,150 miles of the highway system. The status of the highway system continues to show that the Department of Transportation maintains a safe and convenient system. The Department estimates that 92.0 percent of all highway miles will be rated as having a "good" or "acceptable" surface condition in FY 2005. In addition, the Department will maintain bridges so that 86.0 percent of all bridges meet traffic demands and will be rated as structurally sound.

Highway Patrol Financing. The Governor recommends changes to the way the State Highway Fund finances the Highway Patrol. In FY 2004, revenue from the State Highway Fund is transferred to the State General Fund, and a State General Fund appropriation is made to the Highway Patrol. However, in FY 2005 and beyond, the transfer from the State Highway Fund will be made directly to the Highway Patrol. In FY 2005, the State Highway Fund will provide \$30.7 million of the Highway Patrol's budget.

Comprehensive Transportation Program

The 1999 Legislature enacted a Comprehensive Transportation Program to cover a ten-year period to plan, develop, and operate the various modes of transportation in Kansas. The plan provides funding to preserve, modernize, and enhance the existing Kansas

highway system and provides increased support for local roads, airports, railroads, and public transportation. As passed the CTP would provide \$12.8 billion in improvements throughout the life of the program.

	FY 2004	FY 2005
Routine Maintenance	120,055	123,875
Substantial Maintenance	99,326	107,604
Major Mods.-Priority Bridge	564,017	507,164
System Enhancements	106,871	117,867
Total	\$890,269	\$856,510

Project Categories. The CTP continues the four categories of improvements used during the Comprehensive Highway Program that ended in FY 1998: substantial maintenance, major modification, priority bridge projects, and system enhancements.

Substantial maintenance projects protect the public's investment in the state highway system by preserving the original condition for as long as possible.

Resurfacing projects, minor bridge repair, bridge painting, culvert replacement, emergency repair, sign refurbishing, pavement marking, and safety projects are examples of substantial maintenance projects.

Major modification projects improve the safety and service of the existing system. Projects in this category include reconstruction or rehabilitation of pavement, widening traffic lanes, adding or widening shoulders, and eliminating steep hills or sharp curves.

Priority bridge projects replace or rehabilitate substandard bridges on the state highway system. Substandard bridges are those in deteriorated condition, with deficiencies in load carrying capacity or that are too narrow.

Program Status. Difficult financial times for the state have resulted in State General Fund transfers that are significantly below the amounts set when the plan

originally passed. In FY 2002, a transfer of \$94.2 million was made to the State Highway Fund from the State General Fund. However, the 2002 Legislature transferred \$94.6 million back to the State General Fund with the intent of repaying the Highway Fund at the end of FY 2003. The amount was not repaid, but a new repayment schedule was put in place with the first installment due in FY 2007. The approved budgets for FY 2003 and FY 2004 eliminated the transfer entirely. The FY 2005 budget recommendation also does not include the transfer.

To help alleviate the reduction in the State General Fund transfer, the 2001 Legislature granted additional bonding authority of \$277.0 million. Additionally, increased motor fuel taxes were authorized by the 2002 Legislature. These actions can keep the CTP balanced through FY 2005. However, without a return to the full State General Fund transfer in FY 2006 and beyond, the agency cannot complete all announced projects and still maintain a positive ending balance at the end of the CTP.

Restructuring the CTP. To address the shortfalls in the CTP, the Governor proposes a three-part plan which emphasizes cutting costs without cutting announced projects, authorizing additional bonds, and returning to a partial state General Fund transfer.

The Governor has directed the Kansas Department of Transportation to search aggressively for cost savings that will not affect announced construction projects. In response, the agency restructured its outstanding debt obligations for a cashflow savings of \$161.0

million. Additionally, the agency expects that a projected \$250.0 million of reduced program expenditures can be saved over the life of the program. These reductions will come from smaller project categories where projects have not yet been selected and anticipated savings from system enhancement projects.

Second, the plan includes a return to a 3.0 percent State General Fund transfer in FY 2007 and a 6.0 percent transfer in FY 2008 and FY 2009. The Highway Patrol would continue to be financed from the State Highway Fund throughout the rest of the CTP.

Finally, the Governor recommends that KDOT be granted \$465.0 million in additional bonding authority. The bonds will be backed by and paid from the State General Fund. The first of the bonds will be issued in FY 2006 and the first State General Fund debt payment of an estimated \$8.0 million will take place in FY 2007. The FY 2008 estimated debt payment is \$23.0 million. Starting in FY 2009 and beyond, the estimated annual debt payment is \$34.0 million.

These measures leave the CTP with an estimated positive ending balance of \$5.1 million in FY 2009. The following cashflow table highlights the proposed financial plan's effects on the CTP cashflow. The cashflow table does not show actual expenditures for FY 2000, FY 2001, and FY 2002. It represents only the final seven years of the CTP. However, the total column covers the entire ten-year period for the Comprehensive Transportation Plan.

KDOT Cashflow

(Dollars in Thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Total</u> <u>FY 00-2009</u>
Beginning Balance	\$ 826,877	\$ 718,133	\$ 479,935	\$ 484,317	\$ 286,305	\$ 271,264	\$ 329,933	\$ 559,875
Revenues:								
SGF Sales Tax Transfer	--	--	--	--	51,548	104,541	108,200	472,526
All Other Receipts	1,118,580	1,059,100	1,090,346	1,081,421	1,114,724	1,124,617	1,184,321	10,676,424
Subtotal	\$ 1,118,580	\$ 1,059,100	\$ 1,090,346	\$ 1,081,421	\$ 1,166,272	\$ 1,229,158	\$ 1,292,521	\$ 11,148,950
Net from Bond Sales	2,043	199,714	400,000	--	--	--	--	1,282,055
SGF-Backed Bond Revenues	--	--	--	100,000	150,000	215,000	--	465,000
Total Receipts	\$ 1,120,623	\$ 1,258,814	\$ 1,490,346	\$ 1,181,421	\$ 1,316,272	\$ 1,444,158	\$ 1,292,521	\$ 12,896,005
Available Resources	\$ 1,947,500	\$ 1,976,947	\$ 1,970,281	\$ 1,665,738	\$ 1,602,577	\$ 1,715,422	\$ 1,622,453	\$ 13,455,880
Expenditures:								
Maintenance	245,076	302,569	338,709	333,863	337,839	344,170	356,500	3,048,880
Construction	475,095	670,889	575,032	457,905	387,909	430,963	445,734	4,774,003
Modes	21,719	18,672	17,633	18,641	18,579	19,765	20,199	177,676
Local Support	248,418	264,010	274,581	280,050	281,483	284,706	285,840	2,662,150
Management	53,001	68,400	63,247	67,661	76,855	74,625	83,500	646,389
Transfers Out*	67,548	87,438	99,166	94,612	96,788	99,401	102,284	789,004
Subtotal	\$ 1,110,857	\$ 1,411,977	\$ 1,368,367	\$ 1,252,731	\$ 1,199,452	\$ 1,253,630	\$ 1,294,056	\$ 12,098,102
Debt Service	118,511	85,035	117,597	126,701	131,861	131,860	123,247	1,152,628
Total Expenditures	\$ 1,229,368	\$ 1,497,012	\$ 1,485,964	\$ 1,379,433	\$ 1,331,312	\$ 1,385,490	\$ 1,417,304	\$ 13,250,731
Ending Balance	718,133	479,935	484,317	286,305	271,264	329,933	205,150	205,149
Minimum Ending Balance Requirement**	132,619	177,396	196,410	201,169	205,508	177,999	200,019	200,019
Available Ending Balance	\$ 585,514	\$ 302,539	\$ 287,906	\$ 85,136	\$ 65,756	\$ 151,933	\$ 5,131	\$ 5,130

* *Transfers Out is shown as expenditures for this cashflow table but is really a revenue transfer.*

** *Required ending balances reflect:*

Amounts required to satisfy debt service on bonds.

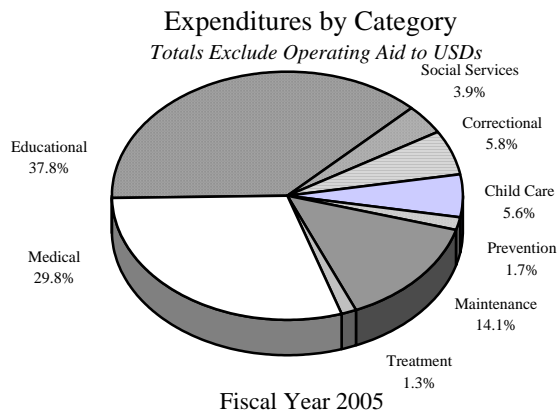
Funds allocated by statute for distribution to specific programs.

Amount necessary to provide for orderly payment of bills.

Children's Budget Summary

Created by action of the 1992 Legislature, the Children's Budget presents information concerning the state's efforts in meeting the needs of children. The information presented in this section meets the requirements of KSA 75-3717 et seq. that establish the Children's Budget.

Each children's activity is classified according to the following service categories:



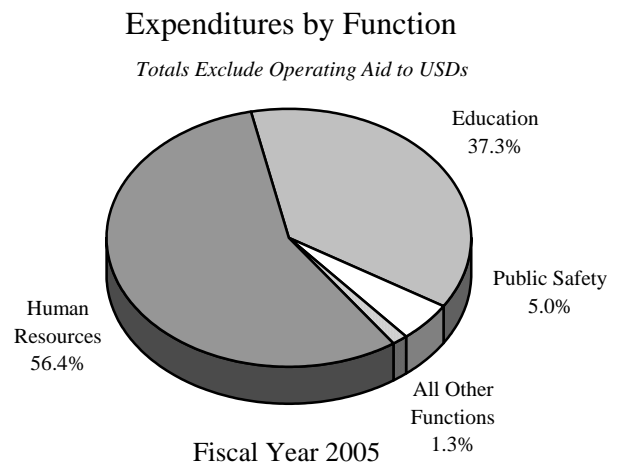
Education & Training Programs. The State of Kansas provides a variety of education programs for children and their parents. Children receive the education and social skills necessary to live successfully in society through the public school system. Welfare-to-Work programs funded through the Department of Human Resources and SRS help parents attain the skills necessary to avoid poverty. Through these programs, parents can improve the quality of life for their families. Expenditures for educational programs make up 37.8 percent of the Children's Budget.

Medical & Health Services. Medical services are provided through several state and federally-funded programs. For example, the Medicaid Program makes reimbursements for medical services provided to eligible patients. The HealthWave Program serves eligible children in the state. Expenditures for medical and health services make up 29.8 percent of the Children's Budget.

Maintenance Services. Some families require direct cash assistance from the state to meet their day-to-day living needs. Prior to receiving assistance, these families must meet a number of eligibility criteria. Maintenance services include Temporary Assistance to Families (TAF), foster care, adoption, and permanent guardianship. Maintenance services make up 14.1 percent of the Children's Budget.

Correctional Activities. The state maintains four juvenile correctional facilities that provide rehabilitation services for adjudicated youth. In addition, the state provides grants to support community prevention and corrections programs. Correctional activities make up 5.8 percent of the Children's Budget.

Social Services. Social services provide a number of support functions designed to prevent or relieve conditions of neglect, abuse, and exploitation of children. For example, children and family services provided by SRS include a number of therapeutic and family preservation activities. Social services make up 3.9 percent of the Children's Budget.



Child Care Services. State-supported child care services benefit children. These services provide early childhood education opportunities. Child care services provided through SRS support parents in becoming self-sufficient. The Child Care Licensing Program at the Department of Health and Environment ensures

safety in care facilities. Child care services make up 5.6 percent of the Children's Budget.

Institutional & Treatment Services. Included in this category are the services of the state mental health and developmental disability hospitals. Many clients who were formerly served in these settings are now being provided services through community programs and the Home and Community-Based Services Waiver Programs. Institutional and treatment services make up 1.3 percent of the Children's Budget.

Prevention Services. These programs reduce the need for services that remove a child from the home and, if possible, avoid institutionalization. An example of this category of service is preventive health services provided by the Department of Health and Environment, which includes services delivered through local health departments. Prevention services make up 1.7 percent of the Children's Budget.

Following is a description of children's programs by agency that are included in the Governor's recommendations. The program descriptions contain only approximate levels of funding in many cases. The table following these descriptions contains precise funding amounts.

General Government

In the General Government function, the major program expenditures for the benefit of children are related to the support of juveniles involved in judicial actions and administration of the child support enforcement efforts of the district courts. General Government expenditures included in the Children's Budget total \$17.8 million, of which \$8.2 million is from the State General Fund.

Department of Revenue

Child Support Enforcement. Arrearage in child support payments can be treated as debts owed to SRS under certain circumstances. In such circumstances, any Kansas income tax refund which would otherwise be due to the party owing the support can be subjected to the debt set-off policy to help satisfy the support arrearage. The Department of Revenue assigns 2.0

positions to fulfill the above requirements of law. These positions are financed by an annual transfer from the Social Welfare Fund of SRS. A total of \$70,671 will be transferred to the Department of Revenue to finance the program in FY 2005.

Banking Department

Economic Education. A \$70,000 consumer education grant to the Kansas Council on Economic Education enables the Council to educate elementary and secondary education teachers on effective teaching practices on the subject of consumer economics in FY 2005. Students will then be taught by teachers who have benefited from this training.

Credit Counseling. The Banking Department will also spend \$45,000 to finance credit counseling for families in FY 2005. Of the total, \$25,000 is for housing and credit counseling and \$20,000 is for consumer credit counseling.

Office of the Governor

All of the grant programs benefiting children are financed from federal funds in FY 2005.

Drug Free Schools. These programs focus on the eradication of drug use in schools and communities. The Governor's Office will administer approximately \$721,816 for the benefit of approximately 8,500 children.

Rape Prevention & Education. Rape crisis intervention and rape prevention services are provided by numerous local agencies across the state. These programs provide educational programs to prevent rape. The Governor will administer approximately \$355,834 to be spent through this federal grant program in FY 2005.

Victims of Crime Act. This program funds local governments and not-for-profit agencies that provide direct assistance to crime victims. For FY 2005, the Governor recommends expenditures of \$1.2 million from this grant program. In each year the program is anticipated to benefit 3,200 children.

Child Visitation Centers. The Governor will administer approximately \$148,750 for FY 2005 for

575 children in the Child Exchange and Visitation Centers Program. The goal of these centers is to facilitate non-custodial parents' access to their children by means of activities, including remediation, counseling, and education.

Byrne & Law Enforcement Grant. This grant program provides state and local governments funding for enhancing the criminal justice system. A portion of the funds is used for prevention efforts regarding drug abuse among children and youth. The Governor recommends \$682,000 for FY 2005. This program will benefit an estimated 1,500 children in each fiscal year.

Family Violence Prevention & Services. This program funds not-for-profit domestic violence programs that provide shelter and related assistance to families who are victims of domestic violence. The Governor will administer approximately \$1,073,604 for FY 2005 for approximately 2,800 children.

Attorney General

Child Visitation Centers. The goal of these centers is to facilitate non-custodial parents' access to their children by means of activities, including remediation counseling, and education. For FY 2005, the Governor recommends expenditures of \$231,558 from this program.

Child Death Review Board. The Child Death Review Board was created by the 1992 Legislature to focus on unexplained child deaths, primarily those deaths that are the result of abuse or neglect. National data indicate that 20.0 percent of child deaths are preventable. For FY 2005, the Governor recommends \$42,663 from all funding sources for this program.

Abuse & Neglect Programs. The Governor's budget includes \$235,586 for FY 2005 to provide grants to local agencies working to combat child abuse.

Sexually Violent Predators. Legislation that allows for the identification of sexually violent predators helps protect children by preventing certain sex offenders from repeatedly committing sexually violent offenses. Offenses that are specifically defined in statute include indecent liberties with a child, criminal sodomy, rape, indecent solicitation of a child, sexual

exploitation of a child, and aggravated sexual battery. The Governor recommends \$150,000 from the State General Fund in FY 2005 to continue evaluations of convicted offenders.

Programs for Domestic Abuse Victims & Dependents. Children may be indirect as well as direct victims of domestic abuse and violence. It is estimated that 4,500 children need and will receive assistance, such as emergency food, clothing, and shelter; counseling; and education about domestic abuse through programs funded in the Governor's budget. For FY 2005, the Governor recommends \$1,176,903 from all funding sources to implement programs for domestic abuse victims and their dependents.

DARE Program Coordination. The Governor recommends \$52,000 in FY 2005 for coordination of the DARE (Drug Abuse Resistance Education) Program, which was funded through federal grants through FY 1999. The program was funded by the Children's Initiatives Fund in FY 2000, by agency fee funds in FY 2001, and by the State General Fund beginning in FY 2002.

Judiciary

Permanency Planning. The Kansas Supreme Court has adopted specific missions and standards for Court-Appointed Special Advocates (CASA). Under Rule 110 of the *Rules Relating to District Courts*, the Supreme Court has authorized and encouraged CASA programs to provide volunteers to assist the district courts. The programs allow the court to appoint a volunteer who becomes acquainted with the particular facts, conditions, and circumstances affecting the welfare of any child who comes before the court. The volunteer is to advocate for the best interests of the child by assisting the court in obtaining the most permanent, safe, and homelike placement possible. For FY 2005, expenses of \$730,225 from all funding sources are anticipated. Additional training expenses are provided through the Judicial Branch Education Fund for conferences, which include topics for the judicial staff on foster care and child advocacy.

Child Support Enforcement. Since 1985, the Office of Judicial Administration has maintained a program to fulfill and enforce state and federal legislation,

rules, and regulations related to child support enforcement. The office works with the Department of Social and Rehabilitation Services to develop and maintain an automated management information system (MIS) to provide accounting and recording services. Information from the MIS is provided by the clerks of the district courts. The Office of Judicial Administration also provides administrative oversight of court trustee programs. For FY 2005, expenditures are identified at \$1,988,134. In addition, expenditures will be made from the Judicial Branch Education Fund for training child support enforcement personnel.

Court Services. Court services officers assist judges through the gathering of information and by performing investigations in areas other than the criminal justice system. The principal duties of the officers include reintegration planning for children in need of care for cases not placed with SRS; investigation of custodial arrangements for children involved in divorce actions; mediation services as directed by the court in child custody and visitation matters; predispositional investigations in juvenile offender cases; supervision of juvenile offenders as ordered by the court; and supervision of children in need of care as directed by the court. For FY 2005, expenditures of \$8,603,178 are identified to support activities of the court services officers. Expenditures from the Judicial Branch Education Fund will provide additional training for them.

Court Improvement Program. The Court Improvement Program is a federally funded program designed to assess and improve current foster care and adoption procedures, laws, and regulations. The assessment and implementation is funded by a federal grant from the U.S. Department of Health and Human Services. For FY 2005, the Governor has identified expenditures of \$171,814 for this program.

Human Resources

The Human Resources function comprises a variety of programs in support of children and their families. This function includes the Department of Social and Rehabilitation Services and its institutions as well as the Departments of Health and Environment and Human Resources. The recommendation for FY 2005

totals \$843.8 million, including \$298.4 million from the State General Fund.

Social & Rehabilitation Services

Child Support Enforcement. This program collects financial support owed to custodial parents. Expenditures of \$23.1 million will continue the state's efforts at collecting support for an estimated 153,653 children in FY 2005.

Temporary Assistance for Families. The Governor's budget includes expenditures of \$63.5 million in FY 2005 to provide cash assistance to eligible families with children. Such children have been deprived of parental support because of the death, absence, incapacity, or unemployment of a parent. An estimated 30,018 families will be served in FY 2005.

Family Energy Assistance. Through the federal Low Income Energy Assistance Program, funds are available to help families meet their energy needs. Benefits vary according to criteria, including household size, income level, dwelling type, and utility rates. A total of \$5.4 million is estimated to be available for FY 2005. An estimated 17,485 families will be served.

Employment Programs. These programs provide training services to families of vulnerable children. The programs are available to parents receiving food stamps. The Governor recommends \$81,576 for FY 2005. The programs will provide services to 743 families.

Child Care Services. In conjunction with employment preparation services, child care services are available to parents participating in SRS job preparation programs. Child care services are also available to foster care families and to assist parents in the first year of employment after leaving welfare. SRS estimates that 19,953 children will be served in FY 2005, with funding totaling \$59.1 million.

Family Preservation. These services are designed to maintain a child's own family unit as a safe environment, thereby preventing the need for foster care placement. Services include the teaching of parenting skills and crisis-oriented services. A total of

\$10.0 million is recommended to serve an estimated 2,511 families in FY 2005.

Community Funding. This funding is available to SRS area offices and local organizations to establish programs to prevent the unnecessary placement of children into foster care. The services are targeted for children safe from abuse or neglect, but are not able to remain at home because of their behavioral or mental health needs. For FY 2005, \$1.7 million is recommended.

Family Services & Grants. SRS staff in local area offices provides these services. Social workers investigate allegations of abuse and neglect, assess family needs, and provide or arrange for services that help families stay together. The Governor recommends \$6.1 million for FY 2005 to provide services to 1,395 families.

Foster Care. Foster care services are provided to children and families when the court has found a child to be in need of care. Most children in foster care have been abused or neglected and require a variety of services to meet their developmental, emotional, and physical needs. Private contractors arrange case planning, residential placement, and medical and mental health services. The contractors also work with communities to coordinate services for children in foster care. For FY 2005, the Governor recommends \$92.2 million to provide foster care to 3,139 children each month. The recommendation includes \$42.4 million from the State General Fund.

Adoption. The adoption program contracts with the Kansas Children's Service League to identify adoptive families for children in the guardianship of SRS for whom no family exists or for whom parental ties have been legally terminated. The Governor's FY 2005 recommendation totals \$34.9 million, including \$15.8 million from the State General Fund, to serve 1,610 children each month. The Governor also recommends \$250,000 from federal funds to promote permanent guardianship. The program encourages individuals to become legal guardians for children eligible for adoption.

Adoption Support. SRS provides payments to adoptive families to help in meeting the special needs of children. Subsidies can include one-time payments for legal fees or ongoing payments for a child's medical or developmental needs. The budget

recommendation includes \$18.7 million, including \$9.1 million from the State General Fund, to provide support for 4,799 families each month in FY 2005.

Child Care Grants. The Department works to improve the quality and availability of child care in Kansas. Quality child care is promoted by providing grants to public agencies, non-profit agencies, and private employers to establish child care for employees. Grants are also offered to improve training and reward innovation in early education programming. The Governor recommends \$5.4 million in FY 2005 to improve child care.

Kansas Early Head Start. The purpose of this program is to enhance children's development, enable parents to be better care givers and teachers, and help parents meet their own goals of self-sufficiency. Early Head Start provides comprehensive early intervention services, including health care, nutrition, social services, parental involvement, and child care. The Governor recommends \$7.9 million to serve 825 children in FY 2005.

Children's Trust Fund. This program includes funding by the Children's Cabinet for community grants to plan and implement family resource and support programs. Funding is also provided for community early childhood services through the Smart Start Kansas Program to prepare children for school. The Children's Cabinet provides funding to outcome-based programs and evaluates the effectiveness of services provided. The Governor recommends \$4.3 million in FY 2005 for these programs, primarily from the Children's Initiatives Fund.

Rehabilitation Services. In the Rehabilitation Services Program, students with severe disabilities receive post-high school transition planning. The assistance provided includes job placement, supported employment, vocational assessment, and rehabilitation technology. The Governor recommends \$2.4 million to serve 2,823 children in FY 2005.

Juvenile Justice Programs. SRS provides federal funding through Medicaid for children in the custody of the Commissioner of Juvenile Justice. The Juvenile Justice Authority budgets the State General Fund matching dollars, and the federal funds are transferred between agencies for medical services. The Governor's recommendation for SRS includes \$14.4

million in federal funding for Juvenile Justice in FY 2005.

Independent Living. This program provides services to youth over age 14 who are in Foster Care with the goal of preparing the recipients to be self-sufficient. The Governor recommends \$1.4 million, including \$279,158 from the State General Fund, for these services in FY 2005.

Substance Abuse Treatment. Children and families are served through a continuum of treatment services across the state. Services include assessment, social detoxification, outpatient, and residential treatment. For FY 2005, \$5.0 million is recommended to provide treatment to 1,700 children and 3,625 families.

Prevention Services. Prevention services for children, youth, and families are delivered statewide through community-based programs in five service delivery regions. For FY 2005, the Governor recommends \$250,000 for these programs. The recommendation will benefit approximately 3,346 children.

Mental Health State Aid. The Governor recommends funding of \$504,508 from the State General Fund in FY 2005. The funding supports children's services at the community mental health centers. The Governor's recommendation will serve approximately 1,000 children in FY 2005.

Mental Health Reform. The Governor recommends funding of \$3.6 million from the State General Fund in FY 2005 to continue the implementation of mental health reform. The budget recommendation focuses on the development of community-based treatment alternatives to enable children and adolescents with severe emotional disturbances to live in community settings. The Governor's recommendation will serve approximately 5,610 children in FY 2005.

Mental Health Special Purpose Grants. A total of approximately \$1.9 million, including \$1.2 million from the State General Fund, is recommended in FY 2005 for community mental health centers to implement programs that assist children and youth suffering from severe emotional disturbances. The recommendation, serving a population of 1,550, will provide treatment in community environments that are less restrictive than institutions.

Family Centered System of Care. The Governor recommends \$5.0 million for the statewide Family Centered System of Care Program in FY 2005. The program provides mental health and prevention services for children with severe emotional disturbances and their families.

Family Support. The Governor's recommendation of \$3.2 million in FY 2005 will provide support to families with a developmentally disabled child living at home. The support provides respite care and helps defray the added costs of raising and caring for a child who has a lifelong disability. The recommendation will provide annual support to 1,315 families.

Home & Community-Based Services Waivers. This program provides federal Medicaid funds for services in the community as an alternative to more expensive and restrictive institutional settings. The Governor's budget recommendation provides community services for 1,200 families in FY 2005 at a cost of approximately \$16.9 million. The recommendation includes a State General Fund Medicaid match of approximately \$6.7 million.

Medical Assistance/Healthwave. Government-funded medical services are available to children who meet a variety of qualifications. Services are provided through Medicaid and HealthWave. During FY 2002, SRS combined the two programs to serve children in a variety of income levels under a similar benefit package. All children receiving Temporary Assistance to Families are eligible. In addition, the program serves children under age ten with family income below the poverty level and children under age five whose family income falls below 133.0 percent of the poverty level. Infants less than one year old may receive benefits if family income does not exceed 150.0 percent of the poverty level. Other children may also be eligible for services depending on income and disability. In FY 2005, 262,987 children will receive medical services, which totals \$414.3 million.

Kansas Neurological Institute

Residential, Treatment, Education & Training Services. In FY 2005, Kansas Neurological Institute will serve two children with developmental disabilities. To pay the costs of caring for these children, the Governor recommends a total of

\$230,138. The State General Fund will finance \$103,102 of the cost, and the balance will be funded by the federal Medicaid and Foster Grandparent Programs and by fees collected from the children's families.

Larned State Hospital

Adolescent Inpatient Services. This program provides mental health services to adolescents who require full-time inpatient treatment and/or extended inpatient evaluation and who range from 13 to 18 years of age. For FY 2005, the Governor's recommendation includes \$1,586,400, with \$674,400 from the State General Fund. This recommendation provides staff and support services for an adolescent population of 99.

Inpatient Services for Children. Mental health services have been provided to children ranging from 5 to 13 years of age. Each child has an individualized treatment program, with emphasis on formal educational experiences while at the Hospital. In order to provide these children with the comfort and support of close proximity to their families and allow those families as well as a local mental health support team to participate fully in their children's treatment, the Governor recommends that the inpatient program at the Hospital be discontinued in FY 2005.

Parsons State Hospital & Training Center

Residential, Treatment, Education & Training Services. Parsons State Hospital estimates it will treat 22 children with developmental disabilities in FY 2005. For these services, the Governor recommends funding of \$1,971,694, including \$674,864 from the State General Fund and the balance from federal Medicaid monies and fees collected from the children's families.

Special Purpose School. Special education services are provided to school-aged residents of Parsons State Hospital. For FY 2005, \$250,874 is recommended from the State General Fund for educational services for 31 residents.

Employee Child Care. Reduced-cost child day care is available at Parsons State Hospital to state

employees in the Parsons area. A nonprofit corporation operates the child care services in a state-owned building, with utilities and maintenance provided by the state. The Hospital will contribute \$9,423 to defray operating costs in FY 2005. Of that amount, \$3,225 is from the State General Fund.

SEK Respite Care, Inc. Support of respite care for children and adults with developmental disabilities who live with their families is provided through a contract with the University Affiliated Programs of the University of Kansas. The contract coordinates respite care training through Parsons, Class LTD., Tri-Valley Development, and Labette Community College. Expenditures of \$61,200, all from the State General Fund, are recommended for FY 2005.

Rainbow Mental Health Facility

Inpatient Services. The Governor's budget recommendation of \$2.3 million in FY 2005 will provide evaluation and treatment services to an estimated 167 adolescents and children. The program emphasizes the specific needs identified in individualized treatment plans. Of the total amount recommended, \$76,986 will come from the State General Fund, while the balance will be funded through federal Medicaid monies and fees collected from the children's families.

School. Regular and special education services are provided to all children and adolescents in the psychiatric programs. For FY 2005, \$330,311 from the State General Fund is recommended to fund educational services for 167 school-aged patients.

Department of Health & Environment

Mothers & Infants Program. Prevention of infant mortality, child abuse and child neglect are the goals of this program, which will serve approximately 12,300 families during FY 2005. The program provides comprehensive medical, nursing, nutrition, and social work services to mothers and children who may be at high risk for these behaviors. A total of approximately \$2.4 million is provided in the FY 2005 budget for this program.

Adolescent Health. Funding of \$176,744 will provide a variety of health services to approximately 2,000

youths through school-linked clinics, residential maternity homes, and teen pregnancy prevention projects in FY 2005.

Healthy Start/Home Visitor. This program supports nurses and supervised lay visitors in providing early identification of high-risk expectant families and families with newborns. Intervention services include support, education, and referral to reduce the incidence of poor pregnancy outcomes, child abuse, and neglect. The Governor's recommendation for FY 2005 provides \$1.2 million for the program. It is estimated that this level of funding will provide early intervention and support for 16,300 families.

Child Health Program. This program is designed to optimize the health of Kansas children through preventive and primary care services in communities. Infants, preschoolers, and school age children receive well-child checkups, immunizations, physical examinations, hearing and vision screenings, and referrals to private physicians. An amount of \$723,990 will provide services to 26,500 children in FY 2005.

Black Infant Mortality. Reducing mortality rates for infants, lowering teenage pregnancy rates, and strengthening family relationships are among the goals of programs located in Sedgwick and Wyandotte Counties. The programs will serve 6,000 individuals with funding of \$101,115 in FY 2005.

Family Planning. Local health departments provide family planning services designed to support basic preventive and primary women's reproductive health care. Services include examinations, education, outreach, and referral. Grants to local health departments totaling \$2.2 million will service 51,000 families in FY 2005.

Teenage Pregnancy Prevention. The goals of these programs are to reduce long-term welfare dependency and the negative consequences of teen pregnancy. Funding of \$743,985 is recommended to provide primary and secondary pregnancy prevention services to approximately 21,000 Kansas teenagers.

Abstinence Education. Funding of \$111,529 is recommended to promote abstinence in order to reduce out-of-wedlock births and to reduce the teen pregnancy rate. Five local agencies utilize abstinence-

only curricula to reach approximately 6,000 adolescent children.

Special Health Services. This program develops the functional skills of young Kansans who have, or are at risk for, a disability or chronic disease. The program will provide medical services, medications, and other medical supplies to an estimated total of 12,000 children with the expenditure of \$2.7 million for FY 2005.

Child Care Licensing. The Department licenses or registers all types of child care facilities, including day care, residential care, preschools, and child placement agencies. The program's objectives are to increase and ensure safe, health, and appropriate care opportunities for children placed in out-of-home care. The program will benefit approximately 140,000 children in FY 2005 with expenditures of \$4.2 million.

Child Lead Poisoning Prevention. The Department seeks to increase public awareness and education about lead poisoning prevention as well as to maintain a statewide infrastructure for childhood lead poisoning case management and reporting. Funding of \$569,500 in FY 2005 will provide education and awareness, benefiting approximately 50,000 children.

Primary Care Grants. Through this aid program, primary care clinics are subsidized to provide family-oriented services to the medically underserved. Funding of \$486,669 will support preventive, acute, and chronic care services delivered to 20,500 families in FY 2005.

Migrant & Refugee Health. Primary care services are provided to seasonal farm workers, refugees, and their families. Federal funding of \$142,443 will provide preventive, acute, and chronic care services to 1,065 families in FY 2005.

Nutrition Services for Children. The goal of these federal programs is to improve the health status and nutrition of pregnant women, mothers, and young children. The Women, Infants, and Children Program provides nutrition screening, counseling and education, food supplements, and health referral for infants, children under five years of age, and pregnant and breastfeeding women. The related Commodity Supplemental Food Program provides food for low-income pregnant, breastfeeding, and postpartum

women, infants, and children under six year of age who are at nutritional risk. Approximately 62,000 families will benefit from the programs. For FY 2005, expenditures will be approximately \$1.6 million.

Infants & Toddlers. An amount of \$5.9 million is recommended to support community networks serving developmentally delayed infants and toddlers from birth to three years of age and their families. The Governor's recommendation will provide services to 5,250 children for FY 2005.

Health & Prevention Projects. Funding is provided for education and screening programs directed at helping to prevent cardiovascular and related diseases, including early detection screenings, prevention of risk factors, and referral for treatment. For FY 2005, \$42,900 will provide these services to an estimated 20,000 families.

Immunizations. Halting the spread of preventable diseases is the goal of this program. The Department provides Diphtheria-Tetanus-pertussis vaccine, Inactivated Polio vaccine, Measles-Mumps-Rubella vaccine, and other vaccines to local health departments for the immunization of infants, children, and adolescents. An estimated 345,694 children will receive state-supported immunizations through expenditures of \$2.7 million in FY 2005.

Department of Human Resources

Neighborhood Improvement & Youth Employment Act (NIYEA). KSA 44-1401 established a program for youth to complete secondary education, as well as promote neighborhood and community pride and responsibility. The program also provides eligible youth with a structured, well-supervised work environment that meets their special employability skills and allows them to explore different vocations. For FY 2005, the Department will sponsor five projects at a cost of \$100,000 and expects to serve 90 youths.

Workforce Investment Act. The Workforce Investment Act of 1998 provides youths aged 14 through 21 with educational and occupational skills and other services directed at increasing their education, employment, and earning potential. The Department estimates that it will serve 1,200 individuals in FY 2005 at a cost of \$4.7 million.

Job Service. Under Job Service reporting requirements, youth are defined as individuals less than 19 years of age who are registered for job search purposes. It is estimated that the Department will provide assistance to 6,000 individuals at a cost of \$400,000.

Child Labor Enforcement & Presentations. Child labor laws are enforced by the Department and workers compensation accident reports that concern minors are reviewed. In addition, presentations are made to employers regarding the type of work that minors are allowed to perform, as well as other information relating to employing minors. The Department expects to serve 1,260 individuals through these programs in FY 2005 at a cost of \$3,800 from the State General Fund.

Education

By far the largest expenditures for children's programs occur in the Education function. They total \$2.8 billion, or 74.8 percent, of the recommended expenditures for children's programs for FY 2005. The recommendations include major expenditures of \$2.2 billion for operating aid to school districts. The Education function also includes funding for the state's Schools for the Blind and Deaf. In addition, funding is recommended for programs conducted by the Regents institutions, the Historical Society, the Arts Commission, and the State Library.

Department of Education

Operating Aid to USDs. In addition to basic operating aid, the state provides aid to more than 443,000 children in the state's 302 unified school districts for teacher training, the employers' contribution to the retirement program for teachers and other staff, additional funding for districts that provide education services at county juvenile detention facilities, and equalization aid for districts with a local option budget. These state aid programs total \$2.1 billion in FY 2005. Federal aid totaling \$144.0 million also is distributed to districts by the Department of Education to support various programs, including educational services to low-income, migrant, homeless, and other at-risk students; improved

mathematics, science, and reading instruction; enhanced library services and instructional media materials; and integrated technology training.

Capital Improvement Aid. General obligation bonds passed by school districts for construction, remodeling, and major equipment purchases are partially paid by this state aid program, totaling \$57.0 million in FY 2005. The portion of each bond paid by the state varies among districts, but is based on the property wealth (assessed valuation per pupil) of each district. This variation among districts enables school districts with lower valuation levels to provide educational facilities of comparable quality to those in wealthier districts. This particular state aid program has been changed from a demand transfer to a revenue transfer and is no longer shown as an expenditure from the State General Fund.

Nutrition Services. The U.S. Department of Agriculture administers several nutrition programs in which federal funds totaling \$106.4 million in FY 2005 are passed through the State Department of Education to school districts as well as child and adult care centers. The funds provide nutritious breakfasts, lunches, and afternoon milk in schools. Meals and snacks are also provided for children in child care facilities and after-school programs. Adults in adult day care facilities receive nutrition services as well. The state serves approximately 560,000 people and provides a \$2.5 million match for the available federal funds.

Special Education Services. The state distributes \$251.0 million in aid for special education services to school districts to help pay the transportation and other costs associated with educating 82,197 students with special needs and students identified as gifted. Federal funding to assist with the costs of these special education services is estimated at \$88.5 million in FY 2005.

Vocational Education. The U.S. Department of Education is expected to distribute approximately \$5.7 million to Kansas schools that integrate academic, technical, and workplace skills in secondary and postsecondary programs.

Parent Education. The state program follows the "Parents as Teachers" model to provide expectant parents and parents of infants and toddlers with advice, resource materials, parenting skills, a positive

approach to discipline, and other skills. Funds totaling \$7.1 million are recommended for FY 2005 to serve 16,600 children and their families.

Other Aid to Schools. A combined \$4.7 million from various sources provides schools with funds to support safety education, drug abuse education, and other special programs for FY 2005.

School for the Blind

For FY 2005, the Governor recommends \$5,044,564, including \$4,517,555 from the State General Fund, for Kansas State School for the Blind for operating expenditures and capital improvement projects. Enrollment for the School during the regular term and summer term is projected to be 158 for FY 2005. A staff of 93.5 FTE positions provides the services. The School offers many sources of support that include educational, residential, outreach, and health care for children with visual and other impairments until the age of 21. Approximately 109 students will be served in school districts and 192 children through the statewide outreach services. Students residing in the dormitory receive additional hours of instruction related to academics and special needs in order to develop into independent adults. The School expects to have 60.0 percent of graduates living independently and 75.0 percent of graduates enroll in a post-secondary or vocational-technical education program. Also in the School's budget is funding for the Accessible Arts, providing technical assistance to enhance the arts for vision-impaired students.

School for the Deaf

The Kansas School for the Deaf is a resource for hearing-impaired children in the state needing assistance in educational, residential, and outreach services for approximately 630 students. Among the services are early intervention assistance to promote communication skills appropriate to the age of the child and auditory training units that are leased to statewide school district. The Governor recommends \$8,192,670 from all funding sources, including \$7,238,245 from the State General Fund, for operating expenditures and capital improvements. A staff of 173.5 FTE positions provides services to the students.

Enrollment for the School during the regular term and summer term is projected to be 190 for FY 2005. The School expects 70.0 percent of students to increase math scores and 95.0 percent of students to increase reading scores from the previous year.

Emporia State University

The Governor recommends \$405,234, including \$7,722 from the State General Fund, in FY 2005 for several programs at Emporia State University. These programs provide preschool, child development, and reading-related services to approximately 740 children. Of that amount, \$317,310 is for the University's Child Development Center. The Center provides care for children of faculty, staff, and students.

Fort Hays State University

Several programs are planned for FY 2005 at Fort Hays State University. These programs include child care, speech and hearing diagnostics, as well as reading-related services to approximately 785 children. The Governor recommends \$379,395 for these programs. Included in this amount is \$52,315 from the State General Fund for the Kelly Center, which provides psychological evaluations and therapy for children living in Western Kansas.

Kansas State University

Hoeflin Stone House Day Care. The Governor recommends \$240,000, including \$102,471 from the State General Fund, in FY 2005 for the Hoeflin Stone House Day Care Center. The center will provide day care services for 35 children.

Early Childhood Laboratory. The Early Childhood Laboratory integrates children who exhibit a broad range of physical, intellectual, or emotional challenges with children who do not have disabilities. The group consists of 28 children, one third of whom have disabling conditions. The Governor's budget recommendation for FY 2005 is \$100,000, including \$47,631 from the State General Fund, for the laboratory.

Family Center. The Family Center offers family-related educational programs, counseling, and

consultation services to the Manhattan community. For FY 2005, the Governor recommends \$240,000, including \$193,078 from the State General Fund, to provide these services to 350 families.

Dispute Resolution Training & Family Preservation. The University provides services to the Department of Social and Rehabilitation Services. Training in family dispute resolution will develop skills to SRS staff at a cost of \$1.0 million. It is estimated that this service will reach 1,000 families.

Kansas Child Care Training, Inc. The Governor recommends \$250,000, including \$28,243 from the State General Fund, in FY 2005 for the Kansas Child Care Training Opportunities Program. The program provides in-service training opportunities to child care personnel in licensed or registered child care facilities. The University estimates that 38,000 children will benefit from this program in FY 2005.

Speech & Hearing Center. The Center assists 300 children who exhibit speech and language delays or hearing impairments. The recommendation for FY 2005 is \$240,000, including \$201,472 from the State General Fund.

After School Child Care Staff Assistance to USD 383. Kansas State has two programs with USD 383. The first service provides teachers and staff who work with developmentally delayed children enrolled in the Early Childhood Laboratory programs at Kansas State. The other is a kindergarten child care program supported by USD 383 and KSU's School of Family Studies and Human Services. The program provides a developmentally appropriate, comprehensive care and education service. In FY 2005, the programs will provide services for 65 children at a cost of \$90,000, including \$9,224 from the State General Fund.

Infant Program. The program makes childcare available for infants, ages six weeks to 18 months. It also provides experience for students and Head Start teachers throughout Kansas. In FY 2005, the program is expected to serve eight children at a cost of \$60,000, including \$6,073 from the State General Fund.

Kansas State University—ESARP

Cooperative Extension Programs. The FY 2005 recommendation is \$9,675,700, including \$3,117,000

from the State General Fund, for a variety of programs. The mission is to deliver education programs for parents and other persons who influence youth to develop responsible decisionmaking skills, a concern for the community, an inquiring mind, a positive self-image, as well as interpersonal relationship and communication skills. In addition to strengthening families, the Extension Service provides nutrition and health information to families and works at the local level to establish coalitions and interagency councils. These and other 4-H programs will serve 853,900 Kansans.

Pittsburg State University

Funding of approximately \$205,400, including \$18,400 from the State General Fund, is recommended for children's services in FY 2005. These programs provide a variety of athletic and academic programs for approximately 21,950 school children. The academic programs include special education as well as language and reading.

University of Kansas

Hilltop Child Development Center. The Governor recommends \$1,227,078, including \$1,768 from the State General Fund, in FY 2005 to provide support for the Hilltop Child Development Center. The Center provides day care services to 228 children.

Edna A. Hill Child Development Center. The Edna A. Hill Child Development Center is in the University's Department of Human Development and Family Life and provides day care services to 75 children. The recommendation includes \$219,158, including \$75,925 from the State General Fund, for the Center in FY 2005.

Infant & Toddler Program. The Infant and Toddler Program coordinates various activities for children and toddlers. For FY 2005, the Governor recommends \$18,000 in special revenues to continue this program.

Early Intervention Program. The emphasis of this clinic is on making available diagnostic and treatment services to Southeast Kansas. The program, at a cost of \$6,400 from special revenues in FY 2005, provides services to 225 children from birth to age 21. The

clinic is a collaborative effort with Parsons State Hospital and Training Center, Kansas Special Health Services, and Labette County Medical Center.

Child Care Resource & Referral Center for Labette & Cherokee Counties. Through the use of a computer database, families are linked to day care providers, based on needs specified by the parents. The program is designed to satisfy the demands of a rural, sparsely populated area for child care resources and referrals. The program serves approximately 310 children at a cost of \$49,000 in special revenue for FY 2005.

University of Kansas Medical Center

Tele-Kid Health Care Link. The University of Kansas Medical Center (KUMC) launched a project in 1998 that made it the first in the country to deliver telemedical services to children in their schools. The program uses a PC-based telemedicine technology that links physicians and children for clinical visits from the school nurse's office to the doctor's office. In the initial project, KUMC pediatricians and other specialists were linked with children at four elementary schools in Kansas City, Kansas. In order to bring this program to children throughout the state, the Governor recommends total funding of \$500,000, including \$250,000 from the Children's Initiatives Fund in FY 2005.

Special Health Services for Children. The goals of this program are to provide early identification of children at risk; assure availability of diagnostic and treatment services; and promote the functional skills of 1,200 young Kansans who have a disability or chronic disease. The Medical Center will spend \$163,478 from special revenue funds in FY 2005 on this program.

Child Development Unit. Assessment services will be provided for children through the Child Development Unit at an estimated cost of \$14,520 in special revenue for FY 2005. This program tracks over 1,700 children and families as they transition through the Neonatal Intensive Care Unit and other services.

Facial Rehabilitation & Spina Bifida Clinics. The Sutherland Clinic will provide evaluations, treatment,

and follow-up services to 99 children with craniofacial anomalies. The Clinic provides one-stop centralized services. Also, 80 children will be served by a spina bifida clinic. These two services will be provided at a projected cost of \$69,900 in FY 2005 from special revenues.

Cystic Fibrosis Grant. The Medical Center's Cystic Fibrosis Center will provide services to 292 children. The total cost of these services will be \$39,900 from special revenues in FY 2005.

Pediatric Consultation Services & Seizure Clinic. The University's Children Center provides 180 pediatric consultation for Special Health Services at a cost of \$55,960 from special revenue in FY 2005. In addition, the staff pediatricians provide training courses for physicians, nurses, and other health care professionals who treat children with special health care needs. A pediatric seizure clinic provides ongoing, out-patient clinical services, educational services, and counseling services for 1,000 children with seizures. This clinic will receive \$32,040 from special revenue under the Governor's budget recommendations in FY 2005.

NICU Follow-Up Clinic. Established in 1983, this Neonatal Intensive Care Unit clinic serves premature infants or full-term babies who experienced difficulty in the neonatal period. These babies, having been released from the hospital, no longer need the services of a neonatologist but continue to be at risk for developmental problems.

Project EAGLE. A grant by the federal Department of Health and Human Services provides family preservation and support services in Wyandotte County. The project, an Early Head Start Program, works with 160 children to improve the lives of the children and families at a cost of \$2,132,272 in FY 2005.

KC Healthy Start. This community-based program is designed to reduce infant mortality by 50.0 percent and improve the health and well-being of women, infants, children, and families in Jackson and Wyandotte Counties. The Governor recommends \$150,000 in federal funding for 57 children in FY 2005.

PKU & Sickle Cell Screening Program. The screening program provides neonatal screening for

congenital hypothyroidism and phenylketonuria to allow early detection and treatment of these diseases that can result in mental retardation. The program has recently been expanded to include galactosemia. Sickle cell screening provides for the early detection of congenital diseases of the blood. The 1,700 screenings will cost an estimated \$58,500 in FY 2005.

Teen Pregnancy Case Management. This service assists 85 pregnant or parenting teens. The goals are to reduce long-term welfare dependency by teen parents; reduce the negative economic, health, educational, vocational, and social consequences for teens and their children; increase levels of self-sufficiency; and delay the birth of a second child until completion of goals related to basic education and training. The Governor recommends that \$130,922 be spent from special revenues in FY 2005 on the program.

Other Services Provided on Request. The Medical Center also provides a variety of services to children on a fee-for-service basis. Pediatric residents are trained to determine eligibility for Social Security income; infants referred from the neonatal intensive care unit to the community are evaluated; parents are instructed in the proper use of child safety seats; new mothers are advised on breastfeeding; and children with hearing impairments are evaluated.

Wichita State University

Child Development Center. The recommendation includes \$535,562 for the Child Development Center in FY 2005 from special revenues. This Center provides day care services to 96 children of University students, faculty, and staff. The Center also provides services to the general Wichita community when space is available.

Upward Bound Programs. The Governor recommends \$691,554 in FY 2005 from special revenues for the Upward Bound Programs. The programs help low-income, first generation, and disabled students from the Wichita public school system improve their study skills. School drop-outs who plan to return to school are also eligible to participate. The programs will assist 105 students in FY 2005.

Building Up Dreams in Urban Youth. This mentoring program serves the Wichita community by pairing WSU student mentors with 22 at-risk children in grades kindergarten through five. The University's budget includes \$500 from special revenues for this program in FY 2005.

Health Screenings & Public Health Services. Nursing students and faculty provide health screenings for elementary age children at selected schools each academic year. In addition, health education presentations are provided for children at nine elementary schools. Donated and in-kind services equate to \$7,800 from the State General Fund in FY 2005. In addition, nursing students give assistance in school health rooms in the Wichita, Maize, Valley Center, and Derby schools, as well as the Wichita Healthy Children Center. This assistance involves 7,050 children a year.

Project Discovery. Project Discovery identifies eligible students in the Wichita area and Southeast Kansas and supports them in the pursuit and completion of a post secondary education. The Governor's recommendation of \$518,912 from federal sources will provide services to 1,500 youth in FY 2005.

Speech-Language-Hearing Clinic. The Governor's recommendation includes \$501,752, including \$87,957 from the State General Fund, for this program in FY 2005. The Clinic provides diagnosis and treatment to children who have speech, language, and hearing disorders. Faculty and professional staff of the Department of Communicative Disorders and Sciences manage the clinic, which will treat 2,015 children in FY 2005.

Heskett Athletic Center Children's Activities. The recommendation includes \$92,500 from special revenues in FY 2005 to continue the activities involving 6,600 children by the Heskett Center. The Center offers programs to the children of University faculty, staff, and students. Activities include swimming lessons, gymnastics instruction, and many other recreational activities. The Center also hosts the National Youth Sport Program, which is a five-week program offered to economically disadvantaged children. This program provides a variety of sports programs, teaches children about the dangers of drugs and alcohol, and assists in career planning.

GEAR UP. The Gaining Early Awareness and Readiness for Undergraduate Program is a U.S. Department of Education-funded educational support program serving K-12 students who are foster or adoptive care students or limited income. Services include tutoring, family workshops, cultural event, academic counseling, mentoring, field trips, career explorations, test preparation, and scholarships. The program will serve 2,000 children at a cost of \$2.0 million.

Dental Hygiene Clinic. The Department of Dental Hygiene operates a treatment clinic that will serve approximately 1,800 children in FY 2005. Services include dental examinations, radiographs, fluoride treatments, and oral hygiene instructions. The Governor recommends \$38,686, including \$34,394 from the State General Fund, for continuation of this program. In addition, a \$6,000 private grant provides dental sealants for 100 children.

America Reads. The America Reads Challenge is a federally funded program that allows universities to dedicate a portion of the federal work-study allocation to pay college students to tutor primary grades K-2 children in reading. WSU students majoring in teacher education or social sciences and qualifying for federal work-study aid are eligible to participate. Students work as tutors in primary grade classrooms in designated Title I schools within the Wichita Public Schools system. Funding for this program is \$110,000 for FY 2005 and will serve 700 children.

Teacher Education Majors. The WSU Cooperative Education Project for Teacher Education Majors is designated to provide \$10,530 in financial assistance from special revenues in FY 2005 to WSU students to help fund their academic course work at the University. Through this program, WSU students work as tutors or teaching assistants with disadvantaged students in the Wichita Public Schools. They give assistance by providing one-on-one tutoring or small group assistance to 400 students struggling to learn reading or math.

Communities in Schools. The WSU Cooperative Education Partnership with Communities in Schools provides WSU students from the social sciences the opportunity to work with at-risk children in a school setting. The program provides financial assistance to WSU students to help with their academic course work at the University. Funding of \$10,570 in special

revenues is recommended for FY 2005. The program supports community efforts already in place to intervene effectively with 1,000 at-risk elementary and secondary students. WSU students work with Communities in Schools staff to identify the needs of at-risk students and their families and connect them with available community resources.

Health Career Pathways Program. Faculty from the college's professional health programs, including emergency medical services, provides on-site presentations at West High School in Wichita. The faculty introduces the students to their professions and informs them about the education and skills that are required to be successful. The program will serve approximately 50 students in FY 2005 at a cost of \$7,000.

Health Professions Tour. Every fall, the College of Health Professions offers area high school students the opportunity to tour the College's classrooms and laboratories and learn about academic programs and the health professions. The tour includes presentations and demonstrations in each of the professional programs. The program will serve approximately 800 students in FY 2005 at a cost of \$16,800.

Kansas Arts Commission

The Kansas Arts Commission provides grants and technical assistance to various artists and arts organizations throughout the state to enrich children's arts appreciation. The Governor recommends \$1,981,748 from all funding sources for FY 2005, with \$1,481,857 from the State General Fund, for services provided by 8.0 existing FTE positions. Of the total budget, \$1,431,413 is for arts programming and \$550,335 is for administration. Funding is primarily from State General Fund appropriations and grants from the National Endowment for the Arts. The State General Fund base budget for the Kansas Arts Commission is reduced by \$35,000 in aid to the community organizations. The Commission expects to serve 90 communities in FY 2005 and serve approximately 339,560 children across the state.

Historical Society

The Historical Society provides various educational programs at the Kansas Museum of History and at the

state-owned historic sites through the Education-Outreach Division. In Topeka, tours of the Museum of History, the Stach School, and Discovery Place, a hands-on gallery, are held for children of different ages throughout the year. The agency also disseminates traveling resource trunks, relating Kansas history and culture to students' classrooms.

In the summer, workshops at the museum from kindergarten through sixth grade are conducted for children to learn about Kansas cultural history. For the past three years, the agency has worked with Topeka Day Care to provide on-site day care in the summer. Educational programming will serve approximately 100,000 children in FY 2005. The Governor recommends a total of \$22,000 from the State General Fund for this agency's educational services to children.

State Library

For FY 2005, \$211,320, all which is from the State General Fund, will be distributed through grants to public libraries across the state to support general operations, the Talking Book Program, and interlibrary loan programs, all of which benefit children. The State Library's consulting and library training staff assists librarians in enhancing children's services and sponsors a children's summer reading program in every public library.

Public Safety

Children's services expenditures for the Public Safety function come primarily from the Juvenile Justice Authority and the four juvenile correctional facilities. The total recommended Public Safety budget of \$75.1 million constitutes 5.0 percent of the state's total children's services expenditures.

Juvenile Justice Authority

The Juvenile Justice Authority is responsible for all juvenile offenders in Kansas. The Authority provides services and care, correctional and rehabilitation programs, and delinquency prevention programs for juvenile offenders. Most of the programs and services

funded by the agency are operated at the community level. The Authority also oversees the five juvenile correctional facilities.

The Governor recommends \$42.6 million, including \$25.1 million from the State General Fund, for community programs in FY 2005. Reductions to the agency's request were made in community case management grants in addition to operating expenditure reductions at the Atchison, Larned, and Topeka facilities. The Governor's recommendations for FY 2005 include the following programs.

Delinquency Prevention. For community-based delinquency prevention programs, the Governor recommends \$6.6 million, with \$5.4 million from the Children's Initiatives Fund. The Authority and the communities continue to develop and implement programs to meet the needs of each community. In addition to the Children's Initiatives Fund, funding is provided through federal Juvenile Justice Delinquency Prevention grants and the Kansas Delinquency Prevention Trust Fund.

Graduated Sanction & Intervention Programs. For services and programs that serve juvenile offenders in their own community, the Governor recommends \$16,549,918, including \$12,764,405 from the State General Fund, \$3,585,513 from the Children's Initiatives Fund, and \$200,000 from agency fee funds. These services are provided to the communities through the Graduated Sanctions Formula. The primary core programs funded through this formula are intake and assessment, intensive supervision, and case management. The Intensive Supervision Program provides funding for drug testing, electronic monitoring, and substance abuse counseling. The Intake and Assessment Program provides for assessing the needs of juveniles once they are in the custody of law enforcement. This program works to determine the needs of juveniles and facilitate interventions and remedies through referral to community resources. Case management services are for juvenile offenders who do not need placement in a restrictive correctional setting or intensive supervision, but do need some supervision and additional community support services.

This recommendation reduces the agency's request for community case management grants by \$1.0 million, all from the State General Fund. Adjustments to the

agency's grant formula are recommended so there is a more equitable distribution of limited graduated sanctions funds.

Purchase of Services. Purchase of service funding reimburses community case management for out-of-home placements, detention, counseling, and other support services. For the purchase of services, the Governor recommends \$18,012,588, including \$12,379,125 from the State General Fund.

Atchison Juvenile Correctional Facility

The Atchison Juvenile Correctional Facility is a 114-bed facility that houses younger male offenders generally between the ages of 10 and 16. The Facility continues to offer structured activities, including education, recreation, and counseling for rehabilitation of the juveniles. For FY 2005, the Governor recommends \$6,058,651, including \$5,855,242 from the State General Fund. This recommendation includes the closure of a 17-bed living unit for State General Fund savings of \$320,759.

Beloit Juvenile Correctional Facility

The only facility that houses female juvenile offenders is the Beloit Juvenile Correctional Facility. Rehabilitation of juveniles is provided through education, recreation, and counseling services. For FY 2005, the Governor recommends \$4,897,270, including \$4,688,537 from the State General Fund.

Larned Juvenile Correctional Facility

The Larned Juvenile Correctional Facility houses male juveniles between the ages of 13 and 21 who require mental health or substance abuse treatment. For FY 2005, the Governor recommends \$8,353,404, including \$7,870,781 from the State General Fund.

Topeka Juvenile Correctional Facility

The Topeka Juvenile Correctional Facility has traditionally housed the state's most serious and violent offenders. Juveniles committed to the Facility receive academic and vocational education as well as

counseling and recreation. For FY 2005, the Governor recommends \$12,676,506, including \$12,506,462 from the State General Fund. This recommendation reduces the facility's current level of funding by \$348,140, all from the State General Fund, and eliminates 8.0 FTE positions.

Adjutant General

The Governor recommends \$519,005 in FY 2005 to support the Adjutant General's "Starbase" Program to improve students' math, science, and technology skills during the summer months. This program will reach an estimated 5,000 children in FY 2005.

Agriculture & Natural Resources

The Governor recommends \$585,146 for FY 2005 for children's programming for the Agricultural and Natural Resources function. These funds support educational programs related to agricultural practices and the outdoors. The Department of Wildlife and Parks and the Kansas State Fair both participate in bringing these important programs to the youth of the state.

Kansas State Fair

The State Fair offers two basic types of youth services, which are educational and competitive. Educational programs offered at the Kansas State Fair include Kansas' Largest Classroom, which is designed to assist teachers in planning and organizing educational field trips to the Fair. Participants in competitive events include school marching bands, 4-H, Boy Scouts, and Future Farmers of America. Individual children also compete in various competitive exhibit departments, which include foods, fine arts, livestock showing and judging, and other exhibits. Approximately 27,130 children will participate in these events at a cost of \$185,521 in FY 2005.

Department of Wildlife & Parks

Wildlife Education Service (WES). Through the WES Program, the Department of Wildlife and Parks

distributes a series of instructional student booklets and teacher guides to all public and private K-12 schools in Kansas. Also included is a free loan reference center, which provides films, videotapes, learning kits, and computer software to assist in teaching young people to protect the environment. In FY 2005, the Department will serve 18,500 young people through this program at a cost of \$40,000.

Hunter Education Program. Individuals born after July 1, 1957, who wish to obtain a hunting license in Kansas must have completed a Hunter Education Program. The program teaches prospective hunters firearm safety, hunter ethics and safety, wildlife management, alcohol and drug education, wildlife education, and first aid. An estimated 13,000 young people will participate in the Hunter Education Program in FY 2005 at a cost to the Department of \$174,000.

Fishing Clinics. The Department sponsors fishing clinics to children from kindergarten through high school. The Department designs the clinics so that children will have fun while learning civic values and stewardship of aquatic resources. The clinics also provide a forum in which children can build relationships with communities and families. The Department estimates expenditures for FY 2005 of \$158,000 to serve 29,750 children.

Youth Hunter Education Challenge. This is an advanced hunter education program specifically designed for young people. Its purpose is to promote the ongoing development of hunting skills and to reinforce responsible hunting techniques. Participants hone their accuracy skills in archery, rifle, shotgun, and muzzleloader events and improve responsibility by learning how to orient themselves in unfamiliar territory, safe trailing, and wildlife identification. They are tested specifically on accountable and responsible hunting. The Challenge is coordinated by the Kansas Wildlife Officer Association, the Department's Hunter Education Section, the National Rifle Association, and the International Hunter Education Association. The Department estimates expenditures of \$525 to serve 50 young people in FY 2005.

Boating Safety. Current law requires anyone between 12 and 15 years of age to complete a boating safety course successfully before operating a personal watercraft. Additionally, any individual under the age

of 16 is required to take a personal watercraft safety class before operating one. The Department will provide these courses to 10,800 young people during FY 2005 at a cost of \$21,800.

Kansas Furharvester Education Program. The Kansas Furharvester Program promotes safe, responsible behavior to emphasize the importance of wildlife laws and regulations to encourage safety. Individuals born after July 1, 1966, must complete a six-hour course, which is available by correspondence or through a certified instructor. Kansas is one of only 15 states to operate such a program. For FY 2005, the Department estimates that 750 young people will be served by this program at a cost of \$5,300.

Transportation

Department of Transportation

The Governor recommends \$753,500 in FY 2005 for children's educational programs promoting highway and traffic safety. These programs are financed primarily with federal funds and are expected to serve approximately 317,000 children in FY 2005.

Kansas Safety Belt Education. The Governor recommends expenditures of \$142,500 in FY 2005 to educate and inform 40,000 children under the age of 14 about the proper use of safety seats.

Drunk Driving Prevention Office. In FY 2005, the Governor recommends \$197,000 to educate 64,000 teens about the dangers of alcohol and the consequences of driving under the influence.

Youth Leadership Summit. This program provides leadership workshops and retreats for youth of all ages. The Governor's FY 2005 recommendation includes \$90,000 to allow 1,000 teens to obtain insight, awareness, and action planning skills related to drinking and drug free countermeasures in their communities.

School Traffic Officer Project STOP. This program promotes youth traffic safety to prevent traffic injuries and deaths in the student population in Kansas. The Governor recommends \$100,000 to serve 50,000 students in FY 2005.

Care/Call Underage Drinking Prevention Media Campaign. The Governor recommends \$100,000 to serve 150,000 teens. This program is aimed at enforcing underage drinking laws by targeting communities, law enforcement, schools, and parents to prevent and report underage drinking parties. They will achieve this goal through the use of brochures, news releases, and related promotional items.

Pedestrian/Bicycle Safety Program. The Governor recommends \$10,000 from federal funding sources to provide 18,000 bicycle safety brochures and to produce a pedestrian school crossing guard manual for all Kansas school districts.

Child Passenger Safety. The Governor recommends \$114,000 to provide assistance to 8,000 children in all Kansas counties. It also provides for child passenger safety instructors and technicians affiliated with loaner programs and fitting stations across the state. This program also includes specific target populations of minority groups and low-income families.

Children’s Budget—The following table displays program expenditures and numbers served by children’s programs. For each program, next to the first “Number Served” amount, there is a code letter “C,” “F,” or “N.” The letter “C” means that the number served refers to individual children. “F” refers to the number of families served. The “N” signifies that the number of children or families cannot be determined accurately. The table is organized by function of government and by agency. It shows actual expenditures and the number of children or families served for FY 2003, the Governor’s revised estimates for FY 2004, the agencies’ requests for FY 2005, and the Governor’s recommendation for FY 2005.

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
General Government							
Department of Revenue							
Motor Vehicle Registration	N	N	--	32,071	N	--	34,634
Customer Relations	N	N	--	32,461	N	--	33,423
Total--Department of Revenue			\$ --	\$ 64,532	\$ --	\$ --	68,057
Banking Department							
Economic Education	F	70,094	--	70,000	N	--	70,000
Housing & Credit Counseling	F	4,664	--	25,000	N	--	25,000
Consumer Credit Counseling	F	16,806	--	20,000	N	--	20,000
Sunflower Community	F	2,214	--	36,000	--	--	--
Family Studies & Human Serv.	F	N	--	25,000	--	--	--
Consumer & Mortgage Lending	F	1,409	--	--	--	--	--
Total--Banking Department			\$ --	\$ 176,000	\$ --	\$ --	115,000
Office of the Governor							
Drug Free Schools	C	8,974	--	265,552	8,975	--	762,145
Rape Prevention & Education	N	N	--	109,848	N	--	315,834
Victims of Crime Act	C	3,468	--	1,119,580	3,200	--	1,200,000
Child Visitation Centers	C	565	--	--	460	--	119,000
Byrne/Law Enforcement	C	N	--	--	1,500	--	681,699
Fam. Violence Prev. & Services	C	2,822	--	390,175	2,790	--	1,069,410
Total--Office of the Governor			\$ --	\$ 1,885,155	\$ --	\$ --	4,148,088
Attorney General							
Child Visitation Centers	C	1,233	--	207,581	1,200	--	231,558
Child Death Review Board	N	N	60,000	106,837	N	41,339	56,339
Abuse & Neglect Programs	C	20,448	--	230,678	20,000	--	235,586
Sexually Violent Predator Determinations	N	N	150,000	150,000	N	150,000	150,000
Domestic Abuse Programs	C	4,717	--	1,040,131	4,500	--	1,176,903
DARE Program	N	N	104,826	130,186	N	48,000	48,000
Total--Attorney General			\$ 314,826	\$ 1,865,413	\$ 239,339	\$ --	1,898,386
Judiciary							
Permanency Plan. (CASA)	C	2,172	--	702,894	2,200	--	718,914
Child Support Enforcement	C	151,813	--	1,584,392	153,109	--	1,878,543
Court Services	C	12,987	7,281,728	7,815,780	12,807	7,544,461	8,105,264
Court Improvement Program	N	N	--	151,846	N	--	165,046
Total--Judiciary			\$ 7,281,728	\$ 10,254,912	\$ 7,544,461	\$ --	10,867,767
Total--General Government			\$ 7,596,554	\$ 14,246,012	\$ 7,783,800	\$ --	17,097,298
Human Resources							
Social & Rehabilitation Services							
Child Support Enforcement	C	151,813	8,197,197	23,603,067	153,109	8,614,676	23,137,487
Temp.Assist. for Families	F	28,269	29,821,027	63,734,029	30,018	29,821,027	59,000,000
	C	52,073	--	55,294	55,294	--	--
Energy Assistance	F	17,485	--	5,728,824	17,485	--	6,853,502
Employ.Prepare.Services--FS	F	462	19,489	38,977	675	36,000	72,000
Child Care Assistance	F	17,602	14,132,757	54,486,719	19,172	14,963,822	59,275,530
	C	32,025	--	34,880	34,880	--	--
Family Preservation	F	2,570	--	9,372,952	2,574	--	9,964,083
Community Funding	C	3,148	--	1,110,976	4,892	--	1,726,332
Family Services	F	1,358	1,064,348	5,934,749	1,395	1,073,387	6,094,278
Foster Care	C	3,046	34,533,037	88,406,187	3,068	39,042,995	89,500,000

Expenditures for Children's Programs by Agency and Activity

	FY 2005 Base Budget				FY 2005 Governor's Recommendations		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
General Government							
Department of Revenue							
Motor Vehicle Registration	N	N	--	36,158	N	--	36,158
Child Support Enforcement	N	N	--	34,513	N	--	34,513
Total--Department of Revenue			\$ --	\$ 70,671		\$ --	\$ 70,671
Banking Department							
Economic Education	F	70,094	--	70,000	70,094	--	70,000
Housing & Credit Counseling	F	4,664	--	25,000	4,664	--	25,000
Consumer Credit Counseling	F	16,806	--	20,000	16,806	--	20,000
Sunflower Community	F	--	--	--	--	--	--
Family Studies & Human Serv.	F	--	--	--	--	--	--
Consumer & Mortgage Lending	F	--	--	--	--	--	--
Total--Banking Department			\$ --	\$ 115,000		\$ --	\$ 115,000
Office of the Governor							
Drug Free Schools	C	8,500	--	721,816	8,500	--	721,816
Rape Prevention & Education	N	N	--	355,834	N	--	355,834
Victims of Crime Act--VRU	C	3,200	--	1,200,000	3,200	--	1,200,000
Child Visitation Centers	C	575	--	148,750	575	--	148,750
Byrne/Law Enforcement	C	1,500	--	682,000	1,500	--	682,000
Fam. Violence Prev. & Services	C	2,800	--	1,073,604	2,800	--	1,073,604
Total--Office of the Governor			\$ --	\$ 4,182,004		\$ --	\$ 4,182,004
Attorney General							
Child Visitation Centers	C	1,200		231,558	1,200	--	231,558
Child Death Review Board	N	N	42,663	42,663	N	42,663	42,663
Abuse & Neglect Programs	C	20,000		235,586	20,000	--	235,586
Sexually Violent Predator Determinations	N	N	150,000	150,000	N	150,000	150,000
Domestic Abuse Programs	C	4,500		1,176,903	4,500	--	1,176,903
DARE Program	N	N	52,000	52,000	N	52,000	52,000
Total--Attorney General			\$ 244,663	\$ 1,888,710		\$ 244,663	\$ 1,888,710
Judiciary							
Permanency Plan. (CASA)	C	2,200	--	730,225	2,200	--	730,225
Child Support Enforcement	C	153,653	--	1,988,134	153,653	--	1,988,134
Court Services	C	12,679	7,930,409	8,603,178	12,679	7,930,409	8,603,178
Court Improvement Program	N	N	--	171,814	N	--	171,814
Total--Judiciary			\$ 7,930,409	\$ 11,493,351		\$ 7,930,409	\$ 11,493,351
Total--General Government			\$ 8,175,072	\$ 17,749,736		\$ 8,175,072	\$ 17,749,736
Human Resources							
Social & Rehabilitation Services							
Child Support Enforcement	C	153,653	8,666,233	23,141,693	153,653	8,666,233	23,141,693
Temp.Assist. for Families	F	30,018	38,078,708	65,945,880	30,018	29,821,028	63,500,000
	C	55,295			55,295		
Energy Assistance	F	17,485	--	5,442,538	17,485	--	5,442,538
Employ.Prepare.Services--FS	F	743	40,788	81,576	743	40,788	81,576
Child Care Assistance	F	19,953	15,113,822	59,425,530	19,953	14,813,822	59,125,530
	C	18,214			18,214		
Family Preservation	F	2,511	--	9,964,083	2,511	--	9,964,083
Community Funding	C	4,892	--	1,726,332	4,892	--	1,726,332
Family Services	F	1,395	1,157,855	6,094,278	1,395	1,157,855	6,094,278
Foster Care	C	3,068	34,810,766	89,483,118	3,139	42,370,487	92,152,369

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Social & Rehabilitation Services, Cont'd							
Adoption	C	1,608	14,848,377	32,334,657	1,608	14,480,259	33,649,075
Permanent Guardianship	C	40	--	195,300	64	70,200	320,200
Adoption Support	C	4,673	8,223,402	17,566,287	4,799	8,742,633	17,989,638
Child Care Grants	N	N	--	5,398,148	N	--	5,224,163
Early Head Start	F	493	--	7,632,239	494	--	7,889,618
	C	823			825		
Children's Trust Funds	N	N	10	2,909,744	N	--	4,820,074
Rehabilitation Services	C	2,687	471,009	2,211,310	2,754	495,092	2,324,376
Family Grants & Other	N	N	1,271,142	2,058,314	N	1,497,589	2,583,262
Juvenile Justice Programs	C	N	45,605	14,731,584	N	--	14,385,898
Independent Living	C	232	64,708	404,885	250	279,158	1,395,796
Substance Abuse Treatment:							
Women with Children	F	1,297	1,112,538	2,270,018	1,325	1,136,850	2,318,750
Youth Specific	C	2,194	544,200	1,047,568	1,700	544,200	1,047,568
Families	F	1,572	--	600,000	2,300	1,000,000	1,600,000
Prevention Services	C	--	--	--	3,346	23,025	250,000
Mental Health State Aid	C	1,000	504,508	504,508	1,000	504,508	504,508
Mental Health Reform	C	5,610	3,641,330	3,641,330	5,610	3,641,330	3,641,330
MH Special Purpose Grants	C	1,550	1,204,721	1,894,631	1,550	1,204,721	1,894,631
Family Centered Sys. of Care	F	2,000	--	5,000,000	2,000	--	5,000,000
Family Support Services	F	1,063	2,551,200	2,551,200	1,315	3,156,000	3,156,000
HCBS Waivers	F	1,025	5,764,551	14,469,254	1,200	6,748,800	16,939,200
HealthWave/Medical Assist.	F	221,246	113,737,363	375,850,522	240,743	126,335,963	427,359,390
Total--SRS			\$ 241,752,519	\$ 745,687,979		\$ 263,412,235	\$ 809,916,689
State Institutions							
Kansas Neurological Institute							
Residential Treatment/Educ.	C	6	162,907	431,753	4	188,632	443,997
Larned State Hospital							
Adolescent Inpatient	C	103	410,863	1,397,939	99	1,268,303	1,742,269
Children Inpatient	C	30	184,590	628,060	32	409,957	563,158
Special Education Program	C	133	--	943,497	131	44,348	687,526
Administration	N	N	113,581	807,513	N	577,681	819,434
Parsons State Hospital							
Residential Treatment	C	20	486,175	1,660,775	22	656,728	1,956,907
Special Purpose School	C	28	250,874	250,874	31	250,874	250,874
Employee Child Care	C	194	2,696	9,208	200	3,162	9,423
SEK Respite Care, Inc.	C	218	59,200	59,200	228	61,200	61,200
Rainbow MH Facility							
Adolescent Inpatient	C	114	44,318	1,378,277	144	46,372	1,419,249
Children Inpatient	C	53	27,699	861,423	53	28,982	887,030
School	C	167	333,205	333,205	167	330,311	330,311
Total--State Institutions			\$ 2,076,108	\$ 8,761,724		\$ 3,866,550	\$ 9,171,378
Health & Environment							
Mothers & Infants	F	12,324	1,380,451	2,390,837	12,300	1,380,451	2,390,837
Adolescent Health	C	1,989	155,510	279,093	2,000	58,961	176,744
Healthy Start/Home Visits	F	16,287	501,444	1,205,297	16,300	501,444	1,205,440
Child Health Program	C	26,557	13,913	723,993	26,500	13,913	723,990
Black Infant Mortality	F	5,919	50,000	99,115	6,000	49,369	101,115
Family Planning	F	51,368	98,148	2,207,596	51,000	98,880	2,198,222
Teenage Pregnancy Prevent.	C	20,670	513,312	719,670	21,000	537,660	744,018
Abstinence Education	C	5,510	--	185,739	6,000	--	111,529
Special Health Services	C	11,500	502,408	2,612,506	11,775	520,260	2,657,984
Child Care Licensing	F	140,000	950,804	4,222,721	140,000	944,981	4,034,079
Child Lead Poison Prevention	C	22,587	--	554,096	33,000	--	569,500

Expenditures for Children's Programs by Agency and Activity

	Type Served	FY 2005 Base Budget			FY 2005 Governor's Recommendations		
		Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Social & Rehabilitation Services, Cont'd							
Adoption	C	1,670	16,226,883	34,371,721	1,610	15,836,733	34,931,146
Permanent Guardianship	C	64	--	250,000	64	--	250,000
Adoption Support	C	4,799	8,397,367	17,881,172	4,799	9,140,470	18,718,069
Child Care Grants	N	N	--	5,374,163	N	--	5,374,163
Early Head Start	F	494	--	7,889,618	494	--	7,889,618
	C	825			825		
Children's Trust Funds	N	N	--	4,292,500	N	--	4,292,500
Rehabilitation Services	C	2,823	520,124	2,441,895	2,823	520,124	2,441,895
Family Grants & Other	N	N	1,497,589	2,583,262	N	1,497,589	2,583,262
Juvenile Justice Programs	C	N	--	14,385,898	N	--	14,385,898
Independent Living	C	250	279,158	1,395,796	250	279,158	1,395,796
Substance Abuse Treatment:							
Women with Children	F	1,325	1,136,850	2,318,750	1,325	1,136,850	2,318,750
Youth Specific	C	1,700	544,200	1,047,568	1,700	544,200	1,047,568
Families	F	2,300	1,000,000	1,600,000	2,300	1,000,000	1,600,000
Prevention Services	C	3,346	23,025	250,000	3,346	23,025	250,000
Mental Health State Aid	C	1,000	504,508	504,508	1,000	504,508	504,508
Mental Health Reform	C	5,610	3,641,330	3,641,330	5,610	3,641,330	3,641,330
MH Special Purpose Grants	C	1,550	1,204,721	1,894,631	1,550	1,204,721	1,894,631
Family Centered Sys. of Care	F	2,000	--	5,000,000	2,000	--	5,000,000
Family Support Services	F	1,315	3,156,000	3,156,000	1,315	3,156,000	3,156,000
HCBS Waivers	F	1,200	6,748,800	16,939,200	1,200	6,748,800	16,939,200
HealthWave/Medical Assist.	F	262,987	145,528,963	414,339,390	262,987	145,528,963	414,339,390
Total--SRS			\$ 288,277,690	\$ 802,862,430		\$ 287,632,684	\$ 804,182,123
State Institutions							
Kansas Neurological Institute							
Residential Treatment/Educ.	C	2	103,102	230,138	2	103,102	230,138
Larned State Hospital							
Adolescent Inpatient	C	99	1,079,492	1,798,470	99	1,079,492	1,798,470
Children Inpatient	C	32	348,927	581,323	--	--	--
Special Education Program	C	131	44,348	687,526	131	44,348	687,526
Administration	N	N	594,654	849,347	N	594,654	849,347
Parsons State Hospital							
Residential Treatment	C	22	674,864	1,971,694	22	674,864	1,971,694
Special Purpose School	C	31	250,874	250,874	31	250,874	250,874
Employee Child Care	C	200	3,225	9,423	200	3,225	9,423
SEK Respite Care, Inc.	C	238	61,200	61,200	238	61,200	61,200
Rainbow MH Facility							
Adolescent Inpatient	C	114	47,376	1,449,996	114	47,376	1,449,996
Children Inpatient	C	53	29,610	906,247	53	29,610	906,247
School	C	167	330,311	330,311	167	330,311	330,311
Total--State Institutions			\$ 3,567,983	\$ 9,126,549		\$ 3,219,056	\$ 8,545,226
Health & Environment							
Mothers & Infants	F	12,300	1,380,451	2,390,837	12,300	1,380,451	2,390,837
Adolescent Health	C	2,000	58,961	176,744	2,000	58,961	176,744
Healthy Start/Home Visits	F	16,300	501,444	1,205,440	16,300	501,444	1,205,440
Child Health Program	C	26,500	13,913	723,990	26,500	13,913	723,990
Black Infant Mortality	F	6,000	49,369	101,115	6,000	49,369	101,115
Family Planning	F	51,000	98,880	2,198,929	51,000	98,880	2,189,929
Teenage Pregnancy Prevent.	C	21,000	537,660	743,985	21,000	537,660	743,985
Abstinence Education	C	6,000	--	111,529	6,000	--	111,529
Special Health Services	C	12,000	535,708	2,663,633	12,000	535,708	2,663,633
Child Care Licensing	F	140,000	1,016,075	4,151,380	140,000	1,016,075	4,151,380
Child Lead Poison Prevention	C	50,000	--	569,500	50,000	--	569,500

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Health & Environment, Cont'd							
Commun. Based Prim. Care	F	17,067	486,669	486,669	18,700	486,669	486,669
Migrant & Refugee Health	F	882	--	147,600	970	--	142,443
WIC Nutrition Services	F	60,333	--	44,481,382	61,000	--	37,968,920
Infant Toddler Services	C	5,000	1,871,305	5,870,938	5,150	1,992,000	5,906,935
Health & Prevention	F	20,000	--	42,900	20,000	--	42,900
Immunizations	C	225,000	674,898	2,507,104	345,694	777,964	2,701,804
Total--KDHE			\$ 7,198,862	\$ 68,737,256		\$ 7,362,552	\$ 62,163,129
Department of Human Resources							
NIYEA	C	80	90,000	90,000	90	--	100,000
Workforce Investment Act	C	1,200	--	5,200,000	1,200	--	4,700,000
Job Service/Job Corps	C	5,214	--	310,000	6,000	--	400,000
Child Labor	C	955	2,350	2,350	1,106	3,500	3,500
Total--DHR			\$ 92,350	\$ 5,602,350		\$ 3,500	\$ 5,203,500
Total--Human Resources			\$ 251,119,839	\$ 828,789,309		\$ 274,644,837	\$ 886,454,696
Education							
Department of Education							
Operating Aid to USDs	C	444,541	1,847,684,795	1,995,400,405	444,770	1,904,302,496	2,068,183,786
Capital Improvement Aid	C	235,000	46,944,686	46,944,686	237,500	52,000,000	52,000,000
Nutrition Services	C	559,548	2,510,470	104,545,871	560,000	2,510,486	105,455,486
Special Education Services	C	79,005	249,713,982	319,722,014	80,585	249,901,845	329,351,845
Vocational Education	C	20,000	145,518	5,998,210	20,000	162,106	5,674,212
Parent Education	C	16,565	4,374,307	6,874,307	16,600	4,639,500	7,139,500
School Renovation Grants	C	30,400	--	2,603,341	30,400	--	593,000
Safety Education	C	20,559	--	1,557,205	20,675	--	1,566,500
Environmental Education	C	--	--	--	25,000	35,000	35,000
Drug Abuse Education	C	444,541	--	2,732,780	444,770	--	2,750,000
Agriculture Education	C	25,000	35,000	35,000	25,000	35,000	35,000
History Education	C	--	--	--	315,000	50,000	50,000
Vision Services	C	60	--	300,000	75	--	300,000
Communities in Schools	C	34,000	--	50,000	37,000	35,000	85,000
Total--Department of Education			\$ 2,151,408,758	\$ 2,486,763,819		\$ 2,213,671,433	\$ 2,573,219,329
School for the Blind	C	1,190	4,351,914	4,782,168	1,225	4,334,762	5,151,542
School for the Deaf	C	401	7,083,243	7,409,047	401	7,264,758	9,020,655
Subtotal--Department of Education			\$ 2,162,843,915	\$ 2,498,955,034		\$ 2,225,270,953	\$ 2,587,391,526
Emporia State University							
Child Development Center	C	97	--	247,561	95	--	307,860
Pre-School	C	38	--	23,998	38	--	25,055
Reading Related Services	C	64	6,657	6,657	75	7,044	7,044
Volunteer Program	C	158	1,500	1,500	--	--	--
Expanding Your Horizons	C	244	1,600	6,940	300	650	11,500
Kolvalesky Mathematics	C	61	--	1,580	82	--	1,600
Master It	C	24	--	12,940	24	--	16,205
America Counts Program	C	18	--	3,748	18	--	4,459
America Reads Program	C	108	--	21,380	108	--	21,136
Total--ESU			\$ 9,757	\$ 326,304		\$ 7,694	\$ 394,859
Fort Hays State University							
Herndon Clinic	C	485	217,295	240,328	485	222,727	243,933
Tiger Tots Nurtury Center	C	50	--	81,119	50	--	83,147
Kelly Center	F	250	51,039	51,039	250	52,315	52,315
Total--FHSU			\$ 268,334	\$ 372,486		\$ 275,042	\$ 379,395

Expenditures for Children's Programs by Agency and Activity

	FY 2005 Base Budget				FY 2005 Governor's Recommendations		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Health & Environment, Cont'd							
Commun. Based Prim. Care	F	20,500	486,669	486,669	20,500	486,669	486,669
Migrant and Refugee Health	F	1,065	--	142,443	1,065	--	142,443
WIC Nutrition Services	F	62,000	--	1,569,500	62,000	--	1,569,500
Infant Toddler Services	C	5,250	1,992,000	5,906,935	5,250	1,992,000	5,906,935
Health and Prevention	F	20,000	--	42,900	20,000	--	42,900
Immunizations	C	345,694	869,598	2,701,804	345,694	869,598	2,701,804
Total--KDHE			\$7,540,728	\$25,887,333		\$7,540,728	\$25,878,333
Department of Human Resources							
NIYEA	C	90	--	100,000	90	--	100,000
Workforce Investment Act	C	1,200	--	4,700,000	1,200	--	4,700,000
Job Service/Job Corps	C	6,000	--	400,000	6,000	--	400,000
Child Labor	C	1,260	3,800	3,800	1,260	3,800	3,800
Total--DHR			\$ 3,800	\$ 5,203,800		\$ 3,800	\$ 5,203,800
Total--Human Resources			\$ 299,390,201	\$ 843,080,112		\$ 298,396,268	\$ 843,809,482
Education							
Department of Education							
Operating Aid to USDs	C	445,000	2,061,612,660	2,225,571,950	445,000	2,061,612,660	2,225,571,950
Capital Improvement Aid	C	240,000	57,000,000	57,000,000	240,000	57,000,000	57,000,000
Nutrition Services	C	560,000	2,510,486	106,380,486	560,000	2,510,486	106,380,486
Special Education Services	C	82,197	249,901,845	338,351,845	82,197	249,901,845	338,351,845
Vocational Education	C	20,000	167,250	5,684,540	20,000	167,250	5,684,540
Parent Education	C	16,600	4,639,500	7,139,500	16,600	4,639,500	7,139,500
School Renovation Grants	C	--	--	--	--	--	--
Safety Education	C	20,550	--	1,588,000	20,550	--	1,588,000
Environmental Education	C	25,000	35,000	35,000	25,000	35,000	35,000
Drug Abuse Education	C	445,000	--	2,612,500	445,000	--	2,612,500
Agriculture Education	C	25,000	35,000	35,000	25,000	35,000	35,000
History Education	C	315,000	50,000	50,000	315,000	50,000	50,000
Vision Services	C	100	--	300,000	100	--	300,000
Communities in Schools	C	40,000	35,000	85,000	40,000	35,000	85,000
Total--Department of Education			\$ 2,375,986,741	\$ 2,744,833,821		\$ 2,375,986,741	\$ 2,744,833,821
School for the Blind	C	1,235	4,465,483	5,146,262	1,235	4,517,555	5,044,564
School for the Deaf	C	401	7,416,058	7,940,689	401	7,238,245	8,192,670
Subtotal--Department of Education			\$ 2,387,868,282	\$ 2,757,920,772		\$ 2,387,742,541	\$ 2,758,071,055
Emporia State University							
Child Development Center	C	95	--	317,310	95	--	317,310
Pre-School	C	38	--	25,055	38	--	25,055
Reading Related Services	C	75	7,072	7,072	75	7,072	7,072
Volunteer Program	C	--	--	--	--	--	--
Expanding Your Horizons	C	300	650	11,500	300	650	11,500
Kolvalesky Mathematics	C	82	--	1,600	82	--	1,600
Super Saturdays	C	24	--	16,205	24	--	16,205
America Counts Program	C	18	--	4,492	18	--	4,492
America Reads Program	C	108	--	22,000	108	--	22,000
Total--ESU			\$ 7,722	\$ 405,234		\$ 7,722	\$ 405,234
Fort Hays State University							
Herndon Clinic	C	485	222,727	243,933	485	222,727	243,933
Miscellaneous Programs	C	50	--	83,147	50	--	83,147
Kelly Center	F	250	52,315	52,315	250	52,315	52,315
Total--FHSU			\$ 275,042	\$ 379,395		\$ 275,042	\$ 379,395

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Kansas State University							
Hoeflin St. House Daycare	C	35	104,520	213,264	35	102,471	236,661
Early Childhood Lab.	C	28	48,584	88,153	28	47,631	97,493
Family Center	F	350	196,940	250,930	350	193,078	230,934
Dispute Resolution Training	F	1,000	--	685,284	1,000	--	1,015,382
Ks. Childcare Training, Inc.	N	38,000	28,808	211,033	10,000	28,243	143,000
Speech--Hearing Center	C	265	205,501	263,331	265	201,472	232,265
Staff Assistance to USD 383	C	20	--	18,750	20	--	18,000
After School Child Care	C	40	9,408	57,355	40	9,224	66,781
Infant Program	C	8	6,194	100,128	8	6,073	57,200
Total--Kansas State			\$ 599,955	\$ 1,888,228		\$ 588,192	\$ 2,097,716
KSU--ESARP							
4-H Program	C	150,000	720,000	850,000	150,000	720,000	850,000
Youth Leadership Program	C	500	100,000	400,000	5,000	100,000	400,000
Leadership/Community	C	27,000	100,000	180,000	35,000	100,000	230,000
Army Youth & Teen Center	C	600	10,000	21,200	800	10,000	22,200
Youth Staff Dev./Training	N	25,000	27,000	105,700	25,000	27,000	105,700
Learning & Social Readiness	C	400	10,000	30,000	400	10,000	30,000
Parenting/Family Relationships	F	125,000	1,025,000	1,520,000	125,000	1,025,000	1,520,000
Nutrition	F	250,000	455,000	2,650,000	250,000	455,000	2,650,000
Mental & Emotional Wellness	F	50,000	230,000	2,893,000	50,000	230,000	2,893,000
Health Promotion	N	2,000	--	236,000	2,000	--	236,000
Building Communities	F	200,000	440,000	741,000	200,000	440,000	741,000
Total--KSU--ESARP			\$ 3,117,000	\$ 9,626,900		\$ 3,117,000	\$ 9,677,900
Pittsburg State University							
Preschool Lab	C	16	--	6,600	18	--	7,000
Ks. Council on Fitness	C	18,000	--	22,500	18,500	--	22,500
YES Program	C	520	17,951	35,908	530	17,982	35,964
America Reads Challenge	C	365	287	24,911	370	400	30,000
National Youth Sports	C	428	--	70,000	450	--	70,000
Special Ed. Summer Program	C	85	--	20,000	100	--	20,000
Continuing Education	C	489	--	9,055	450	--	10,000
Science Day	C	833	--	1,700	900	--	1,800
Career Exploration	C	590	--	1,026	620	--	1,100
Total--Pittsburg State University			\$ 18,238	\$ 191,700		\$ 18,382	\$ 198,364
University of Kansas							
Hilltop Child Dev. Center	C	258	1,768	1,189,625	228	1,768	1,227,078
Edna Hill Child Dev. Center	C	70	66,136	171,854	70	73,713	212,774
KU Center on DD Coordination	N	N	--	18,000	N	--	18,000
Dependent Care Referral	C	124	7,357	7,357	--	--	--
Early Intervention Program	C	220	--	6,400	225	--	6,400
Early Childhood Special Serv.	C	48	12,500	12,500	--	--	--
Child Care Focus	C	600	--	48,000	3,000	--	49,500
Total--University of Kansas			\$ 87,761	\$ 1,453,736		\$ 75,481	\$ 1,513,752
KU Medical Center							
Tele-Kid Health Care Link	C	900	250,000	500,000	900	250,000	500,000
Special Health Services	C	900	--	163,558	1,100	--	163,478
Child Development Unit	C	1,512	--	12,000	1,663	--	13,200
Facial Rehabilitation	C	90	--	25,000	99	--	35,000
Spina Bifida Clinic	C	66	--	22,000	72	--	23,827
Cystic Fibrosis Grant	C	242	--	30,000	266	--	32,718
Pediatric Consultation Svcs.	C	180	--	15,360	58	--	40,344
Pediatric Seizure Clinic	C	600	--	28,168	910	--	28,168
Project EAGLE	C	120	--	2,132,272	200	--	2,132,272
KC Healthy Start	C	50	--	100,000	55	--	150,000

Expenditures for Children's Programs by Agency and Activity

	FY 2005 Base Budget				FY 2005 Governor's Recommendations		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Kansas State University							
Hoeflin St. House Daycare	C	35	102,471	240,000	35	102,471	240,000
Early Childhood Lab.	C	28	47,631	100,000	28	47,631	100,000
Family Center	F	350	193,078	240,000	350	193,078	240,000
Dispute Resolution Training	F	1,000	--	1,000,000	1,000	--	1,000,000
Ks. Childcare Training, Inc.	N	38,000	28,243	250,000	38,000	28,243	250,000
Speech--Hearing Center	C	300	201,472	240,000	300	201,472	240,000
Staff Assistance to USD 383	C	20	--	20,000	20	--	20,000
After School Child Care	C	45	9,224	70,000	45	9,224	70,000
Infant Program	C	10	6,073	60,000	10	6,073	60,000
Total--Kansas State			\$ 588,192	\$ 2,220,000		\$ 588,192	\$ 2,220,000
KSU--ESARP							
4-H Program	C	153,000	720,000	850,000	153,000	720,000	850,000
Youth Leadership Program	C	500	100,000	400,000	500	100,000	400,000
Leadership/Community	C	42,000	100,000	230,000	42,000	100,000	230,000
Army Youth & Teen Center	C	1,000	10,000	20,000	1,000	10,000	20,000
Youth Staff Dev./Training	N	30,000	27,000	105,700	30,000	27,000	105,700
Learning & Social Readiness	C	400	10,000	30,000	400	10,000	30,000
Parenting/Family Relationships	F	125,000	1,025,000	1,520,000	125,000	1,025,000	1,520,000
Nutrition	F	250,000	455,000	2,650,000	250,000	455,000	2,650,000
Mental & Emotional Wellness	F	50,000	230,000	2,893,000	50,000	230,000	2,893,000
Health Promotion	N	2,000	--	236,000	2,000	--	236,000
Building Communities	F	200,000	440,000	741,000	200,000	440,000	741,000
Total--KSU--ESARP			\$ 3,117,000	\$ 9,675,700		\$ 3,117,000	\$ 9,675,700
Pittsburg State University							
Preschool Lab	C	30	--	14,000	30	--	14,000
Ks. Council on Fitness	C	18,500	--	22,500	18,500	--	22,500
YES Program	C	530	18,000	36,000	530	18,000	36,000
America Reads Challenge	C	370	400	30,000	370	400	30,000
National Youth Sports	C	450	--	70,000	450	--	70,000
Special Ed. Summer Program	C	100	--	20,000	100	--	20,000
Continuing Education	C	450	--	10,000	450	--	10,000
Science Day	C	900	--	1,800	900	--	1,800
Career Exploration	C	620	--	1,100	620	--	1,100
Total--Pittsburg State University			\$ 18,400	\$ 205,400		\$ 18,400	\$ 205,400
University of Kansas							
Hilltop Child Dev. Center	C	228	1,768	1,227,078	228	1,768	1,227,078
Edna Hill Child Dev. Center	C	75	75,925	219,158	75	75,925	219,158
Infant/Toddler Program	N	N	--	18,000	--	--	18,000
Dependent Care Referral	C	--	--	--	--	--	--
Early Intervention Program	C	225	--	6,400	225	--	6,400
Early Childhood Special Serv.	C	--	--	--	--	--	--
Labette/Cherokee Childcare	C	310	--	49,000	310	--	49,000
Total--University of Kansas			\$ 77,693	\$ 1,519,636		\$ 77,693	\$ 1,519,636
KU Medical Center							
Tele-Kid Health Care Link	C	900	250,000	500,000	900	250,000	500,000
Special Health Services	C	1,200	--	163,478	1,200	--	163,478
Child Development Unit	C	1,700	--	14,520	1,700	--	14,520
Facial Rehabilitation	C	125	--	35,000	125	--	35,000
Spina Bifida Clinic	C	80	--	34,900	80	--	34,900
Cystic Fibrosis Grant	C	292	--	34,900	292	--	34,900
Pediatric Consultation Svcs.	C	180	--	55,960	180	--	55,960
Pediatric Seizure Clinic	C	1,000	--	32,040	1,000	--	32,040
Project EAGLE	C	160	--	2,132,272	160	--	2,132,272
KC Healthy Start	C	57	--	150,000	57	--	150,000

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
KU Medical Center, Cont'd							
PKU, et al. Screening	C	1,700	--	58,500	1,938	--	58,500
Teen Pregnancy Case Mgmt.	C	85	--	105,975	65	--	130,922
Total--KU Medical Center			\$ 250,000	\$ 3,192,833		\$ 250,000	\$ 3,308,429
Wichita State University							
Child Development Center	C	94	--	497,161	96	--	535,562
Upward Bound	C	55	--	369,128	55	--	380,202
Upwrd. Bnd. Math/Sci.	C	50	--	282,728	20	--	291,210
Build. Dreams Urban Youth	C	10	--	4,919	20	--	500
Health Screenings	C	6,000	7,200	7,200	6,325	7,500	7,500
Project Discovery	C	1,525	--	489,124	1,500	--	503,798
Spch.-Lang.-Hearing Clinic	C	2,005	83,719	477,575	2,010	85,812	489,514
Heskett Athletic Center	C	5,200	--	88,000	52,000	--	90,640
GEAR UP	C	125	--	189,152	2,000	--	500,000
Dental Hygiene Clinic	C	1,800	33,782	43,782	18,000	34,394	44,686
America Reads	C	610	--	82,165	700	--	110,000
Teacher Education Majors	C	360	--	10,530	400	--	10,530
Communities in Schools	C	1,000	--	10,570	1,000	--	10,570
Health Career Pathways	C	50	--	4,500	50	--	6,000
Health Professions Tours	C	800	--	16,000	800	--	16,400
Total--Wichita State University			\$ 124,701	\$ 2,572,534		\$ 127,706	\$ 2,997,112
Subtotal--Regents Institutions			\$ 4,475,746	\$ 19,624,721		\$ 4,459,497	\$ 20,567,527
Arts Commission							
Programming for the Arts	C	350,000	1,188,862	1,404,097	350,000	1,177,948	1,709,359
State Historical Society							
Educational Programming	C	86,403	11,795	22,595	100,000	11,000	22,000
State Library							
Grants to Local Libraries	C	N	1,061,347	1,061,347	--	--	--
Kansas Library Network	C	N	164,386	164,386	N	156,167	156,167
Talking Books	C	N	10,513	10,153	N	10,153	10,153
Statewide Children's Services	C	80,000	--	45,000	80,000	--	45,000
Total--State Library			\$ 1,236,246	\$ 1,280,886		\$ 166,320	\$ 211,320
Total--Education			\$ 2,169,756,564	\$ 2,521,287,333		\$ 2,231,085,718	\$ 2,609,901,732
Public Safety							
Juvenile Justice Authority							
Juv. Account. Inc. Blk. Grant	C	6,810	--	2,492,711	6,810	--	1,997,233
Delinquency Prevention	C	18,484	--	1,185,983	18,484	--	905,480
Prevention Grant	C	17,336	--	4,752,496	17,336	--	5,414,487
Intake & Assessment	C	26,683	1,292,052	4,490,944	23,750	335,596	4,068,613
Supervised Probation	C	1,171	4,080,223	4,080,223	1,183	3,348,347	3,348,347
Case Mgmt & Services	C	2,001	8,324,762	8,524,762	2,068	8,917,433	9,117,433
Purchase of Services	N	N	12,022,145	18,103,369	N	12,450,123	19,372,635
Delinq. Prevention Trust	C	2,308	--	369,501	2,308	--	500,000
Total--JJA			\$ 25,719,182	\$ 43,999,989		\$ 25,051,499	\$ 44,724,228
Atchison Juv. Correctional Fac.	C	196	6,264,376	6,936,101	172	5,988,759	6,278,583
Beloit Juv. Correctional Fac.	C	48	4,564,628	5,060,424	55	4,755,986	4,968,588
Larned Juv. Correctional Fac.	C	364	5,114,021	5,451,800	342	7,227,634	7,715,809
Topeka Juv. Correctional Fac.	C	487	12,138,431	12,766,429	569	12,209,199	12,980,140

Expenditures for Children's Programs by Agency and Activity

	Type Served	Number Served	FY 2005 Base Budget		FY 2005 Governor's Recommendations		
			State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
KU Medical Center, Cont'd							
PKU, et al. Screening	C	1,700	--	58,500	1,700	--	58,500
Teen Pregnancy Case Mgmt.	C	85	--	130,922	85	--	130,922
Total--KU Medical Center			\$ 250,000	\$ 3,342,492		\$ 250,000	\$ 3,342,492
Wichita State University							
Child Development Center	C	96	--	535,562	96	--	535,562
Upward Bound	C	55	--	391,608	55	--	391,608
Upwrd. Bnd. Math/Sci.	C	50	--	299,946	50	--	299,946
Build. Dreams Urban Youth	C	22	--	500	22	--	500
Health Screenings	C	7,000	7,800	7,800	7,000	7,800	7,800
Project Discovery	C	1,500	--	518,912	1,500	--	518,912
Spch.-Lang.-Hearing Clinic	C	2,015	87,957	501,752	2,015	87,957	501,752
Heskett Athletic Center	C	6,600	--	92,500	6,600	--	92,500
GEAR UP	C	2,000	--	2,000,000	2,000	--	2,000,000
Dental Hygiene Clinic	C	1,800	34,394	44,686	1,800	34,394	44,686
America Reads	C	700	--	110,000	700	--	110,000
Teacher Education Majors	C	400	--	10,530	400	--	10,530
Communities in Schools	C	1,000	--	10,570	1,000	--	10,570
Health Career Pathways	C	50	--	7,000	50	--	7,000
Health Professions Tours	C	800	--	16,800	800	--	16,800
Total--Wichita State University			\$ 130,151	\$ 4,548,166		\$ 130,151	\$ 4,548,166
Subtotal--Regents Institutions			\$ 4,464,200	\$ 22,296,023		\$ 4,464,200	\$ 22,296,023
Arts Commission							
Programming for the Arts	C	350,000	1,173,465	1,498,413	339,560	1,481,857	1,981,748
State Historical Society							
Educational Programming	C	100,000	11,000	22,000	100,000	11,000	22,000
State Library							
Grants to Local Libraries	C	--	--	--	--	--	--
Kansas Library Network	C	N	156,167	156,167	N	156,167	156,167
Talking Books	C	N	10,153	10,153	N	10,153	10,153
Statewide Children's Services	C	80,000	--	45,000	80,000	--	45,000
Total--State Library			\$ 166,320	\$ 211,320		\$ 166,320	\$ 211,320
Total--Education			\$2,393,683,267	\$2,781,948,528		\$2,393,865,918	\$2,782,582,146
Public Safety							
Juvenile Justice Authority							
Juvenile Accountability	C	6,810	--	1,485,492	6,810	--	1,485,492
Delinquency Prevention	C	18,484	--	795,518	18,484	--	795,518
Prevention Grant	C	17,336	--	5,414,487	17,336	--	5,414,487
Intake & Assessment	C	23,750	483,100	4,068,613	23,750	483,100	4,068,613
Supervised Probation	C	1,183	4,363,872	4,363,872	1,183	4,363,872	4,363,872
Case Mgmt. & Services	C	2,068	8,917,433	9,117,433	2,068	7,917,433	8,117,433
Purchase of Services	N	N	12,379,125	18,012,588	N	12,379,125	18,012,588
Delinq. Prevention Trust	C	2,308	--	350,000	2,308	--	350,000
Total--JJA			\$ 26,143,530	\$ 43,608,003		\$ 25,143,530	\$ 42,608,003
Atchison Juv. Correctional Fac.	C	194	6,132,786	6,336,311	194	5,855,242	6,058,651
Beloit Juv. Correctional Fac.	C	55	4,644,880	4,852,467	55	4,688,537	4,897,270
Larned Juv. Correctional Fac.	C	358	7,761,083	8,232,218	358	7,870,781	8,353,404
Topeka Juv. Correctional Fac.	C	464	12,443,653	12,613,697	464	12,506,462	12,676,506

Expenditures for Children's Programs by Agency and Activity

	FY 2003 Actual Expenditures				FY 2004 Governor's Estimate		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Adjutant General							
STARBASE Education	C	2,800	--	514,639	5,000	--	500,000
Total--Public Safety			\$ 53,800,638	\$ 74,729,382		\$ 55,233,077	\$ 77,167,348
Agriculture & Natural Resources							
Kansas State Fair							
Educ.& Competitive Services	C	27,829	--	183,375	24,745	--	182,489
Department of Wildlife & Parks							
Wildlife Education	C	17,340	--	37,580	17,740	--	38,700
Hunter Education	C	12,580	--	163,185	12,350	--	168,100
Fishing Clinics	C	28,600	--	148,350	29,250	--	153,000
Youth Challenge	C	40	--	495	45	--	510
Boating Education	C	10,400	--	20,400	10,400	--	21,100
Furharvester Education	C	575	--	4,945	590	--	5,100
Total--Wildlife and Parks			\$ --	\$ 374,955		\$ --	\$ 386,510
Total--Agriculture & Natural Resources			\$ --	\$ 558,330		\$ --	\$ 568,999
Transportation							
Department of Transportation							
Ks. Safety Belt Ed. Office	C	36,000	--	141,500	36,000	--	142,000
Drunk Driving Prevent. Pgm.	C	225,000	--	189,000	64,000	--	196,500
Youth Leadership Summit	C	1,500	--	89,300	1,000	--	89,700
School Traffic Officer Project	C	48,000	--	90,000	50,000	--	100,000
Care/Call	C	140,000	--	100,000	140,000	--	100,000
Pedest./Bicycle Safety Prog.	C	20,000	--	10,000	18,000	--	10,000
Child Passenger Safety	C	6,000	--	115,000	8,000	--	113,400
Total--Transportation			\$ --	\$ 734,800		\$ --	\$ 751,600
Total--Children's Programs			\$2,482,273,595	\$3,440,345,166		\$2,568,747,432	\$3,591,941,673

C=individual children; F=families; N=number of children or families cannot be determined.

Expenditures for Children's Programs by Agency and Activity

	FY 2005 Base Budget				FY 2005 Governor's Recommendations		
	Type Served	Number Served	State General Fund	All Funding Sources	Number Served	State General Fund	All Funding Sources
Adjutant General							
STARBASE Education	C	5,000	--	519,005	5,000	--	519,005
Total--Public Safety			\$ 57,125,932	\$ 76,161,701		\$ 56,064,552	\$ 75,112,839
Agriculture & Natural Resources							
Kansas State Fair							
Educ. & Competitive Services	C	27,130	--	185,521	27,130	--	185,521
Department of Wildlife & Parks							
Wildlife Education	C	18,500	--	40,000	18,500	--	40,000
Hunter Education	C	13,000	--	174,000	13,000	--	174,000
Fishing Clinics	C	29,750	--	158,000	29,750	--	158,000
Youth Challenge	C	50	--	525	50	--	525
Boating Education	C	10,800	--	21,800	10,800	--	21,800
Furharvester Education	C	750	--	5,300	750	--	5,300
Total--Wildlife and Parks			\$ --	\$ 399,625		\$ --	\$ 399,625
Total--Agriculture & Natural Resources			\$ --	\$ 585,146		\$ --	\$ 585,146
Transportation							
Department of Transportation							
Ks. Safety Belt Ed. Office	C	40,000	--	142,500	40,000	--	142,500
Drunk Driving Prevent. Pgm.	C	64,000	--	197,000	64,000	--	197,000
Youth Leadership Summit	C	1,000	--	90,000	1,000	--	90,000
School Traffic Officer Project	C	50,000	--	100,000	50,000	--	100,000
Care/Call	C	150,000	--	100,000	150,000	--	100,000
Pedest./Bicycle Safety Prog.	C	18,000	--	10,000	18,000	--	10,000
Child Passenger Safety	C	8,000	--	114,000	8,000	--	114,000
Total--Transportation			\$ --	\$ 753,500		\$ --	\$ 753,500
Total--Children's Programs			\$2,758,374,472	\$ 3,720,278,723		\$2,756,501,810	\$3,720,592,849

Debt Policies & Practices

The State of Kansas uses debt instruments to finance a portion of its capital expenditures. The Kansas Development Finance Authority issues revenue bonds for most capital projects of state agencies, with the exception of the Kansas Department of Transportation, which issues debt to finance highway and other transportation projects. The Pooled Money Investment Board has issued loans for capital improvements in the past, but the debt for some of these is still outstanding. In addition, the Department of Administration administers a master lease purchase, third party financing program that can be used to acquire most types of capital equipment.

KDFA was created by the Legislature in 1987 as an independent instrumentality of the state, rather than as a state agency, and is charged by the Legislature with providing access to the capital markets to state agencies and other public and private organizations. KDFA accomplishes this purpose in part by issuing debt to fund capital improvements and certain public purpose programs. KDFA has issued debt for local government projects, acquisition and renovation of state office space, construction and renovation of state university facilities, prison construction and expansion, energy conservation improvements, and the IMPACT business development program administered by the Kansas Department of Commerce.

Provisions in the *Kansas Constitution* allow for the issuance of general obligation bonds subject to certain restrictions. However, no bonds have been issued under these provisions for decades. No other provisions in the constitution or state law limit the amount of debt that can be issued for Kansas agencies. As of June 30, 2003, various state agencies had legislatively authorized but unissued debt of \$754,986,492. Although the amount of debt for financing capital improvement projects has increased in the past several years, it still constitutes a small part of the overall state budget. Of the 50 states, Kansas has been ranked among the lowest in per capita debt according to the *Statistical Abstract of the United States*. For this reason, the state has not needed financial control mechanisms, such as debt ceilings.

Ratings

Although the state has no general obligation debt, and thus no general obligation debt rating, many recent bond issues have been rated, and KDFA works with the ratings agencies to facilitate the “shadow” credit rating, which is currently a “AA+” rating awarded by Standard & Poor’s and an issuer rating of Aa1 by Moodys. Standard & Poor’s credit rating reflects the state’s general creditworthiness. Credit factors include continued economic diversification, a very low debt burden, and conservative fiscal management.

Moodys Aa1 rating is an initial rating, which may be characterized as an implicit general obligation rating that reflects the state’s history of favorable financial management, the strength and stability of the Kansas economy, and low debt levels. The rating is based on a demonstrated trend of responding to budget pressure in a prompt manner and adjusting revenues and expenditures as needed in order to maintain structural budget balance. Although the credit ratings have not been lowered, Standard and Poor’s and Moodys have placed Kansas in a “negative watch” category, principally because of diminished ending balances and the abnormally high use of one-time money in the FY 2003 budget.

Major Debt Projects

Following are brief descriptions of selected projects that are debt financed, including mostly capital improvements but also retirement actuarial liabilities.

Department of Administration

Statehouse Renovation. The 2000 Legislature approved an issuance of bonds totaling \$40.0 million for renovation of the Statehouse, starting with the east wing. In addition, the 2001 Legislature, with the approval of the State Finance Council, authorized the issuance of another \$15.0 million for a parking garage. This authorization brings the total debt outstanding on the project to \$55.0 million. The debt service totals

\$4,424,652, all from the State General Fund, for FY 2004. Debt Service on this existing bonding totals \$4,431,371. The Governor is recommending an additional \$19.8 million of bonds to be let to complete Phase II of the renovation. This will add \$1,668,915 to the FY 2005 debt service for this project, bringing the total debt service on all three bondings to \$6,100,286.

Kansas Public Employees Retirement System

Actuarial Status. KPERS is experiencing a problem shared by perhaps a majority of large pension plans nationwide, commonly referred to as an unfunded actuarial liability (UAL). KPERS has total assets of approximately \$9.0 billion and a UAL of approximately \$2.2 billion. KPERS staff has been working closely with the Joint Committee on Pensions, Investments and Benefits to educate and advise the Legislature and the Governor on KPERS' long-term funding outlook and the need for a comprehensive funding plan to reduce the unfunded liability. As an initial step in addressing the UAL, the 2003 Legislature passed HB 2014, which authorizes an increase in the state/school group employer contribution rate cap from the current 0.2 percent to 0.4 percent in FY 2006, 0.5 percent in FY 2007, and 0.6 percent in FY 2008 and thereafter until the statutory rate of contribution reaches the actuarial rate.

Pension Obligation Bonds. This law also authorizes pension obligation bonds to be issued by K DFA, subject to a favorable recommendation of the Joint Committee and approved of the State Finance Council. Bond proceeds will be invested by KPERS to assist in reducing the \$2.2 billion UAL. The Joint Committee has recommended issuing the bonds, and the Governor is considering the budgetary implications of paying off the bonds once they are issued.

"13th Check." In September 2003, K DFA was authorized to issue \$40.4 million in pension obligation bonds with a ten-year maturity for two projects. Of the total amount, \$24.9 million of bond proceeds funded the actuarial liability of providing a 13th retirement benefit check for certain KPERS members. This portion of the bond issue will be paid from an increased state/school employer contribution rate,

which is estimated to be approximately 0.09 percent, or \$3.2 million, from all funding sources each year.

Regents Employees. The remaining \$15.5 million of bond proceeds funded the actuarial liability of a closed group of Regents and Hospital Authority employees. These individuals had prior service credit under KPERS, but also had been under the Regents or Hospital defined contribution retirement plans. The Board of Regents is responsible for payment of principal and interest on the bonds, which is \$1,235,000 in FY 2004 and \$2,035,000 in FY 2005. The universities were making annual payments of approximately \$9.5 million each year to retire this liability. Funding is from the State General Fund with the exception of \$35,000, which is transferred to the Board from KUMC Hospital.

Department of Human Resources

Headquarters Renovation. Bonds were issued to finance a modern renovation of the Department's headquarters, which is located at 401 SW Topeka Boulevard in Topeka. The debt payment in FY 2004 includes \$140,000 for principal and \$138,258 for interest. In FY 2005, the payment is \$145,000 for principal and \$134,758 for interest. These payments are financed by the Special Employment Security Fund.

Purchase of Property. Bonds also were issued to purchase the property located at 1430 SW Topeka Boulevard to accommodate the Department's growing workforce. The debt payment in FY 2004 includes \$60,000 for principal and \$74,460 for interest. In FY 2005, the payment for principal is \$60,000 and the interest is \$72,660. These payments are financed partially by the State General Fund: \$8,400 for principal and \$10,425 for interest in FY 2004 and \$8,400 for principal and \$10,173 for interest in FY 2005. The remaining costs in both years are financed by the Employment Security Administration Fund.

Department of Social & Rehabilitation Services

State Security Hospital. The 2002 Legislature gave authorization to the Department of Social and

Rehabilitation Services to issue bonds to finance the construction of a new state security hospital on the Larned State Hospital grounds. The security hospital will replace three separate buildings used to house individuals undergoing psychological evaluations or those committed to the security hospital from the courts or the Department of Corrections. The bond issuance of \$50,120,884 will provide funds to build a facility with up to 250 beds for security patients and a new allied clinical unit to serve other patients from Larned State Hospital. Construction began during FY 2003 and will be completed by July 2004. The Governor's recommendation for FY 2004 includes \$765,000 from the State Institutions Building Fund for the first principal payment on the revenue bonds. The interest payment totals \$2,547,940 from the same source. The Governor recommends an FY 2005 debt service payment of \$3.8 million, which includes \$2.2 million for debt service interest and principal of \$1.6 million.

State Hospitals Rehabilitation & Repair. The 2003 Legislature approved the issuance of \$49.2 million in bonds to finance major rehabilitation and repair projects at the state hospitals. The debt service on the bonds will be paid by the State Institutions Building Fund. After reviewing the status and outlook for the State Institutions Building Fund, the Governor recommends a bond issuance of \$35.0 million in FY 2005 as part of a total capital improvement package that includes cash expenditures of \$7.0 million. This recommendation reduces the annual debt service obligation on the fund and ensures that funding will be available for the future capital improvement needs of the state hospitals and other state agencies that regularly use the State Institutions Building Fund. The first debt service payment in FY 2005 of \$3.4 million will consist of \$1.8 million in debt service principal and \$1.6 million in debt service interest.

Board of Regents

Research Initiative. During the 2002 Legislative Session, the \$120.0 million Research Initiative was approved to construct or improve research facilities at the four largest state universities. Bonds have begun to be issued and debt service begins in FY 2005 at a cost of approximately \$3.4 million from the State General Fund. The state is responsible for the first five years of debt service at a total cost of \$50.0

million. After that time the universities will assume responsibility for the debt service. The projects include construction of a life sciences research center at the KU Medical Center and a food safety research facility at Kansas State University. The projects also include expansion of an existing engineering complex at Wichita State University and equipping a newly purchased research building at the University of Kansas.

Adjutant General

State Armories Renovation Project. The Adjutant General's Department was authorized by the 2000 Legislature to issue \$22.0 million in bonds to fund the Armory Rehabilitation Plan over a five-year period. The plan will rehabilitate selected existing state-owned armories, construct certain replacement armories, and relinquish to communities armories that are no longer required to meet the agency's needs. The Authority issued bonds as follows: \$2.0 million in FY 2001, \$2.0 million in FY 2002, \$6.0 million in FY 2003, and is preparing to issue \$6.0 million in FY 2004. The final issuance of \$6.0 million, subject to State Finance Council approval, will be issued in FY 2005.

For FY 2004, the Governor recommends \$381,053 from the State General Fund to finance debt service on bonds issued for the Armory Rehabilitation Plan. Of the recommended amount, \$215,000 will be used for debt service principal and \$166,053 for debt service interest. The Governor recommends \$912,005 in FY 2005 from the State General Fund. Of the recommended amount, \$490,000 will be used for debt service principal and \$422,005 for debt service interest. The debt service payments for the \$6.0 million authorized by the State Finance Council in November 2003 will not start until FY 2006.

Juvenile Justice Authority

Facility Construction & Expansion. The Governor recommends \$1,625,000 from the State Institutions Building Fund (SIBF) for the principal portion of the bonds issued for construction and expansion of juvenile correctional facilities for FY 2004. Interest payments total \$2,372,263. For FY 2005, the Governor recommends \$1,710,000 for principal payments and \$2,291,013 for interest. Bonds were

issued in FY 2002 to build a 210-bed facility adjacent to the Topeka Juvenile Correctional Facility, construct a 152-bed facility at Larned, and convert a living unit at the Beloit Facility to house maximum-security offenders. The 2000 Legislature approved \$60.0 million: \$5.5 million from the Violent Offender Incarceration/Truth-in-Sentencing federal grant, \$4.5 million from the SIBF, and \$50.0 million in bonds. The Beloit conversion was completed in May 2002, and the Larned Facility opened in July 2003. The 210-bed facility was scheduled to open in July 2004; however, the Governor recommends that the opening be delayed until FY 2006.

Kansas State Fair

Master Plan Improvements. In FY 2002, the Kansas State Fair was authorized to issue bonds through the Kansas Development Finance Authority not to exceed \$29.0 million for capital improvements subject to State Finance Council approval. The financing will allow the State Fair Board to make extensive improvements to the Fairgrounds in Hutchinson, as specified in the Board's capital improvement master plan. In September 2001, the Finance Council approved the issuance of \$17.5 million of the \$29.0 million authorized, plus issuance costs, for a total of \$17,860,000. KDFA will issue bonds in an approximate amount of \$11.5 million in FY 2004 to complete financing of these authorized capital improvements. For FY 2004, the Governor recommends \$1,238,103 for debt service payments. The principal total is \$630,000 and the interest is \$608,103. The financing is \$538,103 from State General Fund, \$400,000 from the State Fair Debt Service Revenue Fund, and \$300,000 from the City of Hutchinson and Reno County.

For FY 2005, the Governor recommends \$1,355,133 for debt service payments. The principal total is \$645,000 and the interest is \$710,133. The financing is \$655,133 from State General Fund, \$400,000 from

the State Fair Debt Service Revenue Fund, and \$300,000 from the City of Hutchinson and Reno County.

Department of Transportation

Comprehensive Transportation Program. The 1999 Kansas Legislature approved the Comprehensive Transportation Program (CTP) to continue improving and developing transportation in Kansas, especially the State Highway System. As part of the CTP, the Secretary of Transportation was authorized to issue \$995.0 million in new bonds between FY 1999 and FY 2010. An additional \$277.0 million in bonds was approved by the 2001 Legislature, bringing the total to \$1,272.0 million.

Bonds issued under the CTP are being retired with revenues from increased motor fuel taxes and motor vehicle registration fees. The first \$325.0 million in CTP bonds was issued in FY 2000. The most recent CTP bonds were issued by KDOT in FY 2001 in the amount of \$350.0 million. KDOT plans to issue the remaining unissued debt of \$597.0 million over the next two fiscal years. \$197.0 million will be issued in FY 2004 and the remaining \$400.0 million in FY 2005.

The Governor recommends that an additional \$465.0 million of bonding authority be granted to KDOT to continue funding of the CTP. This issue is discussed in more detail in the Transportation Summary.

The following table presents the outstanding debt obligation of state agencies, including the estimated principal owed at the end of FY 2005. It should be noted that the debt service principal and interest amounts represent the total, or "gross," obligation to bondholders. The principal and interest amounts in agency budgets, on the other hand, represent the "net" obligation on the bonds—the gross obligation less any earnings from investment of the bond proceeds in interest-bearing accounts until they are used.

Indebtedness of the State

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	Prin. Balance June 30, 2005 Estimate
Bonds				
Dept. of Administration*				
Principal	29,896,717	11,896,224	12,089,305	160,261,948
Interest	7,343,487	7,684,809	7,371,620	--
Dept. of Commerce				
Principal	7,715,000	8,565,000	8,930,000	42,825,000
Interest	3,033,216	2,684,484	2,312,873	--
KS Public Employees Retirement System				
Principal	--	--	2,195,000	23,565,000
Interest	--	493,616	1,017,697	--
Insurance Dept.				
Principal	130,000	140,000	150,000	435,000
Interest	52,483	44,300	35,358	--
Total--General Government	\$ 48,170,903	\$ 31,508,433	\$ 34,101,853	\$ 227,086,948
Dept. of Social & Rehabilitation Services				
Principal	--	765,000	1,590,000	45,765,000
Interest	--	3,143,208	2,319,213	--
Dept. of Human Resources				
Principal	180,000	200,000	205,000	4,900,000
Interest	208,520	212,718	207,418	--
Dept. of Health & Environment				
Principal	23,940,000	15,850,000	18,345,000	505,665,000
Interest	25,583,589	27,640,763	26,633,795	--
Total--Human Resources	\$ 49,912,109	\$ 47,811,689	\$ 49,300,426	\$ 556,330,000
Kansas Board of Regents				
Principal	9,360,000	9,805,000	11,520,000	101,750,113
Interest	5,636,989	5,471,714	5,287,485	--
Emporia State University				
Principal	461,000	471,000	481,000	3,948,153
Interest	201,313	188,120	174,420	--
Fort Hays State University				
Principal	2,110,000	185,000	205,000	6,080,000
Interest	137,468	226,429	243,314	--
Kansas State University				
Principal	2,145,000	2,245,000	2,560,000	60,220,000
Interest	1,131,908	2,766,315	2,923,275	--
Pittsburg State University				
Principal	1,555,000	315,000	325,000	9,640,000
Interest	450,229	461,643	450,871	--
University of Kansas				
Principal	2,855,000	3,245,000	5,275,000	58,830,000
Interest	2,958,162	3,124,903	2,910,017	--
University of Kansas Medical Center				
Principal	455,000	300,000	315,000	56,870,000
Interest	396,278	2,774,670	2,745,240	--
Wichita State University				
Principal	12,580,000	720,000	1,750,000	23,750,000
Interest	1,333,538	1,312,044	1,184,100	--
Total--Education	\$ 43,766,885	\$ 33,611,838	\$ 38,349,722	\$ 321,088,266

*Dept. of Administration includes the master lease for financing capital outlay equipment.

Indebtedness of the State

	FY 2003 Actual	FY 2004 Estimate	FY 2005 Estimate	Prin. Balance June 30, 2005 Estimate
Adjutant General				
Principal	175,000	215,000	225,000	9,520,000
Interest	207,828	286,962	399,585	--
Dept. of Corrections				
Principal	10,735,000	9,240,000	7,745,000	35,615,000
Interest	2,794,238	2,369,846	1,957,468	--
Juvenile Justice Authority				
Principal	1,975,000	2,060,000	2,155,000	46,390,000
Interest	2,625,448	2,537,748	2,444,753	--
Highway Patrol				
Principal	385,000	630,000	625,000	4,915,000
Interest	117,363	343,925	258,763	--
Kansas Bureau of Investigation				
Principal	205,000	210,000	230,000	1,360,000
Interest	106,575	95,680	83,905	--
Total--Public Safety	\$ 19,326,452	\$ 17,989,161	\$ 16,124,474	\$ 97,800,000
State Fair Board				
Principal	--	630,000	645,000	16,295,000
Interest	1,105,514	770,913	751,788	--
Total--Agriculture & Natural Resources	\$ 1,105,514	\$ 1,400,913	\$ 1,396,788	\$ 16,295,000
Dept. of Transportation				
Principal	54,410,000	28,350,000	38,460,000	1,291,990,000
Interest	61,640,346	54,601,306	56,579,150	--
Total--Transportation	\$116,050,346	\$82,951,306	\$95,039,150	\$1,291,990,000
Total				
Principal	\$ 161,267,717	\$ 96,037,224	\$ 116,020,305	\$ 2,510,590,214
Interest	\$ 117,091,492	\$ 119,236,116	\$ 118,292,108	\$ --
Total Bonded Indebtedness	\$ 278,359,209	\$ 215,273,340	\$ 234,312,413	\$ 2,510,590,214

Loans Outstanding--Pooled Money Investment Board

Dept. of Administration				
Principal	1,105,562	734,066	718,327	1,481,240
Interest	208,104	148,216	--	--
Kansas State University				
Principal	207,411	212,521	217,663	435,326
Interest	18,240	13,907	3,560	--
Kansas Water Office				
Principal	221,992	226,892	224,810	237,175
Interest	15,485	8,267	--	--
Total				
Principal	\$ 1,534,965	\$ 1,173,479	\$ 1,160,800	\$ 2,153,741
Interest	\$ 241,829	\$ 170,390	\$ 3,560	\$ --
Total PMIB Loans	\$ 1,776,794	\$ 1,343,869	\$ 1,164,360	\$ 2,153,741

Source: Kansas Development Finance Authority & PMIB

Capital Budget Summary

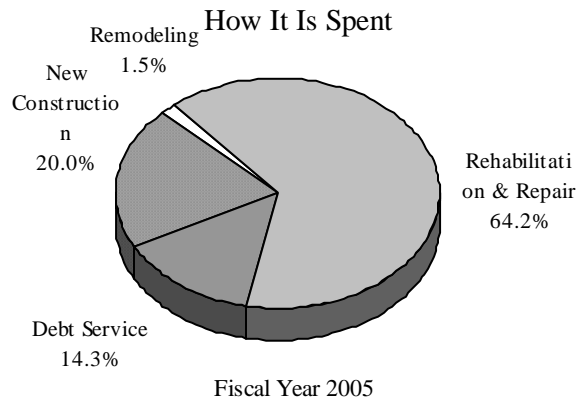
FY 2004 Expenditures

The 2003 Legislature approved a capital budget of \$1,127,707,975 for FY 2004 from all funding sources. The Governor's revised estimate of expenditures for the current fiscal year totals \$914,273,058. The decrease in the revised estimate is the net result of increases and decreases that have occurred since the budget was approved. The increases are mostly attributable to the "shifting" of expenditure authority from FY 2003 to FY 2004. These are monies available to be spent in FY 2003 that were not spent or encumbered in that year, but instead "shifted" over to FY 2004 and became spendable there. Shifts occurred in many agencies' capital budgets but most notably Wildlife and Parks. However, these increases were more than offset by a sizeable decrease in the estimated expenditures of the Department of Transportation. This reduction is attributable to debt financing a number of capital improvements that were originally planned to be "cash" projects. The bonding is being done to take advantage of the favorable interest rates in the bond market.

FY 2005 Expenditures

The capital budget recommended for FY 2005 totals \$567,152,066 from all funding sources, of which \$14,846,824 is from the State General Fund. The capital budget constitutes 5.6 percent of the total state budget, less than half of what it has been in recent years. The total capital budget financed from all funding sources will decline further between FY 2004 and FY 2005. As in FY 2004, most of this decrease occurs in the Department of Transportation. The decline in FY 2005 is a continuation of FY 2004 in reducing the number of cash-funded projects and switching them to debt financing. This trend also accounts for the capital budget being proportionally smaller compared to the total state budget.

By project classification, as illustrated in the pie chart at the top of the next column, capital expenditures include 64.2 percent for rehabilitation and repair, 1.5 percent for remodeling, 20.0 percent for new construction, and 14.3 percent for debt service.



Capital Budget Process

Agencies requesting expenditure authority for capital projects submit a five-year facilities plan each July 1, consisting of the forthcoming fiscal year and the following four years. Capital projects are reviewed by the Division of the Budget for development of the Governor's recommendations. They are also reviewed by the Fiscal Section of the Kansas Legislative Research Department as staff to the Joint Committee on State Building Construction as well as the "appropriation" committees of the Kansas House and Senate. In addition, the Division of Facilities Management provides technical support to the State Building Advisory Commission, an Executive Branch body responsible for reviewing the cost estimates and technical aspects of projects.

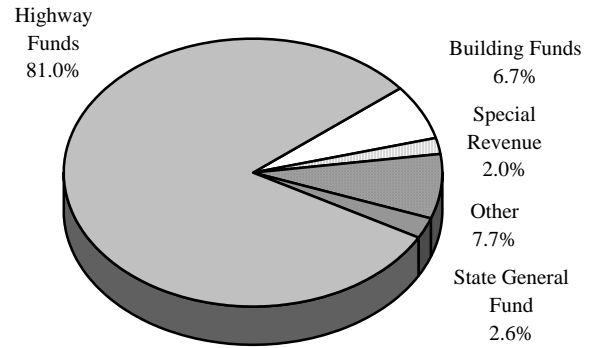
As a matter of policy, the state gives priority to maintaining its existing facilities before considering new construction. Other criteria for assessing the priority of capital projects include safety for state employees and visitors, compliance with prevailing building codes, modifications to enhance accessibility for the disabled, physical modifications caused by program changes, and cost effectiveness. Most capital projects are funded through appropriations of available cash in the State General Fund and special revenue funds. However, the use of revenue bonds for financing capital projects continues to increase.

Financing

Transportation projects are a major part of the state's total capital budget. 86.5 percent of FY 2004 and 80.9 percent of FY 2005 capital expenditures are for transportation projects. The State Highway Fund is the single largest source of funding for capital improvements in the state budget. The fund receives its revenues primarily through highway user fees on motor fuel, vehicle registrations, and a one-fourth percent-dedicated sales tax.

The three dedicated funding sources that make up most of the remainder of the capital budget are the Educational Building Fund (EBF), the State Institutions Building Fund (SIBF), and the Correctional Institutions Building Fund (CIBF). The EBF and the SIBF ordinarily receive revenues from a mill tax levy based on the assessed valuation of all tangible taxable property in the state as of January 1 of each year. The CIBF receives its revenues from lottery and racing activities. The table below shows the status of the building funds.

How It Is Financed



Fiscal Year 2005

Educational Building Fund. The negative \$3.4 million that appears at the start of FY 2005 for the EBF is the result of several factors. A small part of it is because receipts in FY 2003 were less than anticipated. Part is attributable to the property tax

Status of State Building Funds

	FY 2002 Actual	FY 2003 Actual	FY 2004 Gov. Est.	FY 2005 Gov. Rec.	FY 2006 Estimate	FY 2007 Estimate
Educational Building Fund						
Beginning Balance	\$ 13,153,827	\$ 9,121,546	\$ 6,602,449	\$ (3,403,069)	\$ 670,938	\$ 1,035,042
Released Encumbrances	538,659	65,924	--	--	--	--
Property Tax	21,588,843	22,652,193	22,635,999	24,427,104	25,473,831	26,105,453
Motor Vehicle Taxes	2,750,059	2,881,922	1,870,000	2,310,000	3,223,411	3,310,443
Resources Available	\$ 38,031,388	\$ 34,721,585	\$ 31,108,448	\$ 23,334,035	\$ 29,368,180	\$ 30,450,938
Expenditures	\$ 28,909,842	\$ 28,119,136	\$ 34,511,517	\$ 22,663,097	\$ 28,333,138	\$ 28,336,469
State Institutions Building Fund						
Beginning Balance	\$ 13,168,478	\$ 11,946,144	\$ 15,385,641	\$ 11,258,653	\$ 3,022,147	\$ 3,086,490
Released Encumbrances	279,977	161,237	--	--	--	--
Property Tax	10,793,971	11,326,035	11,318,000	12,213,552	12,736,916	13,052,726
Motor Vehicle Taxes	1,375,028	1,441,279	935,000	1,155,000	1,611,705	1,655,221
Vet Cemetery Repayment	--	--	--	--	355,000	--
Resources Available	\$ 25,617,454	\$ 24,874,695	\$ 27,638,641	\$ 24,627,205	\$ 17,725,768	\$ 17,794,437
Expenditures	\$ 13,671,310	\$ 9,489,054	\$ 16,379,988	\$ 21,605,058	\$ 14,639,278	\$ 14,537,087
Correctional Institutions Building Fund						
Beginning Balance	\$ 2,870,584	\$ 2,677,140	\$ 1,585,102	\$ --	\$ --	\$ --
Released Encumbrances	21,182	21,756	--	--	--	--
Gaming Revenues	4,992,156	4,992,190	4,992,000	4,992,000	4,992,000	4,992,000
Resources Available	\$ 7,883,922	\$ 7,691,086	\$ 6,577,102	\$ 4,992,000	\$ 4,992,000	\$ 4,992,000
Expenditures	\$ 5,206,782	\$ 6,105,984	\$ 6,577,102	\$ 4,992,000	\$ 4,992,000	\$ 4,992,000

accelerator passed during the 2003 Legislative Session, which diverted monies from the EBF and the SIBF to the State General Fund, both for real property taxes and motor vehicle taxes. At the time this law was enacted, it was thought that the diversion of funds would not adversely affect the building funds. Because the diversion of revenues involves only part of FY 2004 and FY 2005, revenues are expected to return to normal in FY 2006 and thereafter. Finally, part of the problem is the result of approving \$13.0 million in expenditures for rehabilitation and repair for FY 2004, instead of the historical level of \$10.0 million or less.

This problem can be remedied only through expenditures for rehabilitation and repair projects at the state universities because debt service on the Crumbling Classroom bonds is a fixed cost. Because the Board of Regents distributes rehabilitation and repair funds to the universities at the beginning of the fiscal year, funds would have to be lapsed from a number of different accounts in order to eliminate the negative balance. Rather than disrupting the expenditure authority on each of these accounts in FY 2004, the Governor's recommendation reduces the amount of new funds in FY 2005 from the \$13.0

million the Board of Regents had requested to \$7.0 million so the problem is resolved by the start of FY 2006. The FY 2005 amount for rehabilitation and repair has already been approved through a multi-year appropriation. Therefore, \$6.0 million will need to be lapsed from that authorization.

State Institutions Building Fund. The SIBF experienced its proportional share of revenue loss considering that its revenue base from real property taxes and motor vehicle taxes is half the amount of the EBF. However, the SIBF had larger uncommitted balances to begin with. Therefore, it was not at risk for experiencing a negative balance.

Correctional Institutions Building Fund. The CIBF also experienced a problem with a negative balance in the current fiscal year. The expenditure obligations exceeded the fund's resources by \$219,458. Because this amount for rehabilitation and repair is available in the Department of Corrections' budget and has not yet been distributed to the various correctional institutions, the Governor's recommendation simply lapses this amount from the main rehabilitation and repair account in the current fiscal year. That produces a zero balance in the CIBF by the end of FY 2004.

Recommendations

Following is a description of capital improvement projects by agency that are included in the Governor's recommendations. Capital expenditures are listed by agency in Schedules 6.1 and 6.2 and by project in the table at the end of this section.

General Government

Department of Administration

Landon Electrical Power System Study. The Governor recommends the reappropriation of \$180,000 from the State Buildings Depreciation Fund for FY 2004 to undertake a project to study the electrical power system failure mode in the Landon Building. This project stems from an incident that occurred in July 1999, when a small motor starter short-circuited in a power transformer, causing a power failure in the building. The power failure revealed weaknesses that make the electrical system's functioning suspect. This project is the starting point of a long-term, comprehensive effort to plan for the upgrade of the electrical system in this building. This project was originally approved in FY 2003.

Docking Electrical System Condition Study. A reappropriation of \$6,503 is recommended by the Governor in FY 2004 from the State Buildings Depreciation Fund to complete a study of the electrical system in Docking State Office Building. Originally \$40,000 was approved for this project in FY 2003.

9th Street Right of Way. An amount of \$70,000 is recommended as a reappropriation from the Building and Ground Fund in FY 2004 to construct parking spaces on the south side of 9th Street between Topeka Boulevard and Harrison Street. The City of Topeka plans to transfer the right-of-way it owns along 9th Street to the Department of Administration as part of a joint effort to design and construct ADA van-accessible parking for the disabled. The city has indicated it will transfer the property without expense to the state. This project was originally approved in FY 2003.

New Docking Lighting Control System. The Governor recommends \$110,000 from the State Buildings Depreciation Fund for FY 2004 to install new controls for the lighting system in the Docking State Office Building. The current system is described as a low-voltage control that was installed 20 years ago; however, it is not being used. The existing practice is for a number of lamp fixtures to be operating 24 hours a day, seven days a week that expend a lot more energy than necessary to light the building for the needs of the occupants. The Department plans to install a system based on motion sensors to detect occupants, so lights can be extinguished when not in use.

Replace Docking Penthouse Roof. The Governor proposes to spend \$91,000 from the State Buildings Depreciation Fund for FY 2004 to replace the penthouse roof on the Docking State Office Building. The existing roof was installed in 1983. A roof inspection conducted in the fall of 2001 determined that replacement is needed before leakage problems develop. The work to be done includes tearing off the existing roof to the concrete deck and installing an SBS-Modified bitumen roof.

Refrigerant Code Compliance Study. The Governor recommends an amount of \$80,000 from the State Buildings Depreciation Fund for FY 2004 to retrofit the chillers in the Docking State Office Building, Landon State Office Building, and Statehouse. The existing space arrangements do not meet codes for chiller rooms. There are currently three chiller rooms, one in each facility. The study is intended to determine the proper size and accommodations of the space needed to house the chillers.

Rehabilitation & Repair. The Governor's recommendation for FY 2004 includes estimated expenditures totaling \$642,813 for rehabilitation and repair, of which \$63,006 is from the State General Fund, \$243,866 from the State Budget Stabilization Fund, and \$335,921 from the State Buildings Depreciation Fund. The \$243,866 from the stabilization fund will provide \$143,866 for maintenance of the Statehouse and Cedar Crest and \$100,000 for the Judicial Center. The \$63,006 from

the State General Fund is a carry forward amount for maintenance projects at the Statehouse and Cedar Crest. The \$335,921 from the State Buildings Depreciation Fund is for Curtis, Harrison, Landon, Docking, Forbes, and Memorial. The Governor recommends \$200,000 from the State Buildings Depreciation Fund in FY 2005. In addition, the Governor recommends \$243,886 from the State General Fund for rehabilitation and repair in FY 2005. The State General Fund portion of rehabilitation and repair projects will provide \$143,866 for maintenance to the Statehouse and Cedar Crest and \$100,000 for Judicial Center repairs.

Statehouse Improvements. The Legislature has authorized the issuance of \$55.0 million in bonds to finance renovation of the Statehouse, including the east wing, a new parking garage, underground maintenance vaults in each quadrant, the shell for the future visitors center, and relocation of utilities. This project is an effort to renovate the entire Statehouse by 2011 at an estimated cost of \$135.0 million. For FY 2004, the debt service on the first \$40.0 million in bonds totals \$4,424,652, of which \$2,524,652 is interest and \$1.9 million is principal. All funding for debt service is from the State General Fund. For FY 2005, the Governor recommends \$6,110,286 for debt service, of which \$3,235,286 is interest and \$2,875,000 is principal. The increase is due to an additional \$19.8 million in bonding to complete the restoration of the east wing, which is recommended for an FY 2004 letting.

Judicial Center Improvements. The Governor recommends \$358,330 for Judicial Center improvements in FY 2004. Of this amount, \$280,441 is from the State General Fund and \$77,929 is from the State Budget Stabilization Fund. Of the State General Fund portion, \$122,474 is from funding for improvement projects approved in prior years and \$60,882 is from planning projects approved in prior years. The additional \$97,085 is for debt service on bonds that were financed over a 16-year period, beginning in FY 2002. Of the debt service, \$55,000 is for principal and \$42,085 is for interest. The \$77,929 from the stabilization fund is also carry forward money from projects approved in prior years, but not yet completed. In FY 2005, the Governor recommends \$100,360 from the State General Fund to pay debt service, of which \$60,000 is for principal and \$40,360 is for interest.

Improvements to State Facilities. The Governor recommends \$772,675 for FY 2004, \$442,675 for interest and \$330,000 for principal, for improvements to state facilities for which the Department of Administration is responsible, with the funding to come from the State Buildings Operating Fund. The debt service decreases slightly to \$763,650 for FY 2005, of which \$428,650 is interest and \$335,000 is principal. In FY 2005, the funding is recommended from the State Buildings Depreciation Fund. Projects involved under this umbrella include the Capitol Complex consolidation, which has involved remodeling the Landon State Office Building after the relocation of several departments; the Capitol Complex steam system, which was upgraded by developing a steam heat boiler system for the Curtis Building and upgrading the steam lines for heating the existing buildings in the Capitol Complex; the Brigham Building at the State Complex West, which has been remodeled for use as the SRS Staff Development and Training Center; the KDHE lab at Forbes Building #740, which has been remodeled to meet the needs of the remaining laboratory operations; and the Woodward Building at the State Complex West, which has been remodeled for Kansas Services for the Blind for housing clients attending training at the Rehabilitation Center for the Blind.

Repairs for State Parking Lots. The Governor includes \$238,027 from the Building and Ground Fund for FY 2004 and \$95,000 for FY 2005 for maintenance and repairs to state parking lots in the Capitol Complex. These amounts are an annual appropriation to undertake a systematic approach in maintaining the lots. The larger amount in FY 2004 represents \$95,000 of new funds and \$143,027 of unspent funds from FY 2003.

Energy Conservation Improvements Program. The Governor recommends \$1,964,829 for FY 2004 from the State General Fund for the debt service payment on the energy conservation improvement bonds issued by the Kansas Development Finance Authority prior to FY 1999. Of that amount, \$1,735,000 is principal and \$229,829 is interest. For FY 2005, debt service is estimated to total \$1,464,889, \$1,305,000 of which is principal and \$159,889 is interest. Bond proceeds are used to finance energy conservation improvements at state facilities, with the utility savings from these projects to be returned to the State General Fund to pay off the bonds.

Landon Building Debt Service. The debt service amounts are recommended to finance the 1986 acquisition of the Landon State Office Building. For FY 2004, \$562,250 from the State Buildings Operating Fund is recommended for the principal amount. An additional \$177,671 for the interest payment is included in the operating budget, for a total of \$739,921. The FY 2005 principal debt service payment totals \$562,250 and the interest payment \$133,253.

Printing Plant Debt Service. The amount the Governor recommends is \$166,417 for FY 2004 from the Intragovernmental Printing Service Fund to finance the principal payment of the debt incurred to construct the State Printing Plant. The interest portion, totaling \$24,026, is recommended as part of the operating budget. For FY 2005, \$171,816 is recommended from the same fund for the principal portion of the debt service. To finance the interest portion, \$14,963 is included in the operating budget.

Memorial Hall Debt Service. The debt service on the renovation of Memorial Hall, all of which is from the State Buildings Operating Fund, totals \$432,781 for FY 2004, \$227,781 in interest and \$205,000 in principal. For FY 2005, the total is \$433,801, of which \$218,801 is interest and \$215,000 is principal.

Paint & Grounds Shop Debt Service. The Governor's recommendation contains funding to make debt service payments to the City of Topeka for the property that includes the old police garage. The Division of Facilities Management demolished the garage and constructed a parking lot in its place. The plan to do this was approved by the Topeka City Council on November 27, 2001. Expenditures for debt service total \$38,238 from the Building and Ground Fund in FY 2004. Of this amount, \$21,486 is interest and \$16,752 is principal. For FY 2005, the total payment is \$38,238, with the principal portion \$18,323 and interest \$19,915.

Motor Pool Shop. The debt service on this facility, also acquired from the City of Topeka, totals \$44,223, all from the Motor Pool Service Fund, for FY 2004. The state uses these facilities for servicing its vehicles. The principal is \$26,484 and interest is \$17,739. For FY 2005, the total is also \$44,223, \$29,423 for principal and \$14,800 for interest.

Harrison Center Debt Service. In FY 2000, the state purchased the old Security Benefit Group building located at 700 SW Harrison for \$18.5 million. In 2002, the Legislature approved the bonding of \$10.6 million for renovation and rehabilitation of the building. The resulting debt service will be paid from the State Buildings Operating Fund. In FY 2004, the Governor recommends \$395,605 for interest, with no principal payment, and in FY 2005 a total of \$2,049,397 is recommended, with \$1,229,397 of interest and \$820,000 of principal being paid.

Topeka State Hospital Cemetery Memorial. The Governor recommends \$200,000 from the Memorial Gifts Fund for FY 2005. The 2000 Legislature enacted HB 2355, authorizing an appropriate memorial and setting up the Topeka State Hospital Cemetery Memorial Gift Fund. Capitalization of the fund is expected to be accomplished from private donations. The work to be done includes a memorial, a plaque with the names of those buried in the cemetery, and fencing around the site.

Insurance Department

Contingent Building Repairs. The Governor recommends \$30,000 in FY 2005 for unforeseen repairs to the Insurance Department Building from the Contingent Building Repairs Fund. The approved amount for FY 2004 is \$20,000. In previous years, funds have been used to upgrade mechanical systems and repair elevators.

Carpet Replacement & Flooring. The Governor recommends \$30,000 from the Contingent Building Repairs Fund in FY 2005 for its ongoing flooring and carpeting replacement schedule. The replacement schedule allows for the replacement of worn and heavily stained carpeting on one floor each year. The hardwood flooring on the building's ground floor was recently evaluated and needs to be replaced.

Energy Conservation Projects. The Governor recommends \$200,000 from the Contingent Building Repairs Fund in FY 2005 to address the antiquated heating/cooling systems in the 75-year-old building. The upgrades will make it possible to maintain even temperatures throughout the year.

Exterior Lighting. The Governor recommends \$10,000 from the Contingent Building Repairs Fund in

FY 2005 to install additional lighting on the exterior of the Insurance Building. Currently, there are two antique lamps that light only the south entrance of the building.

Insurance Building Debt Service. The 1991 Legislature authorized the purchase of the Insurance Building at 420 SW 9th Street in Topeka, and the Kansas Development Finance Authority issued bonds in the amount of \$1,795,000 to finance the purchase. The Governor recommends \$184,300 from the Insurance Department Principal and Interest Payment Fund, which includes \$140,000 for the principal and \$44,300 for the interest payment in FY 2004. For FY 2005, the Governor's recommendation of \$185,358 includes principal payments of \$150,000 and interest payments of \$35,358.

Human Resources

Social & Rehabilitation Services

Rehabilitation & Repair—Chanute Office Building. The Governor recommends \$300,000 in each of FY 2004 and FY 2005 for routine maintenance and rehabilitation and repair projects at the Chanute Office Building. The funds recommended for both FY 2004 and FY 2005 will be used for window replacement and electrical system upgrades. Funding is from rent revenues.

Rehabilitation & Repair—State Institutions. The Governor recommends expenditures from the State Institutions Building Fund for rehabilitation and repair projects at the state institutions servicing the mentally ill and developmentally disabled. Recommendations for FY 2004 fund the continual rehabilitation and repair needs of the state institutions, including equipment replacement, plumbing repairs, code compliance, renovations, and other major maintenance needs. The Governor recommends the approved amount of \$4.1 million in FY 2004.

The 2003 Legislature approved the issuance of \$49.2 million in bonds to finance major rehabilitation and repair projects at the state hospitals. The debt service on the bonds will be paid by the State Institutions

Building Fund. After reviewing the status and outlook for the State Institutions Building Fund, the Governor recommends a bond issuance of \$35.0 million and an appropriation of \$7.0 million in FY 2005. This recommendation reduces the annual debt service obligation on the fund and ensures that funding will be available for the future capital improvement needs of the state hospitals and other state agencies that regularly use the State Institutions Building Fund. The first debt service payment in FY 2005 of \$3.4 million will consist of \$1.8 million in debt service principal and \$1.6 million in debt service interest.

State Security Hospital. The 2002 Legislature authorized SRS to issue bonds totaling \$50,120,884 to construct a new State Security Hospital. Construction of the facility began in FY 2003 and will be completed in FY 2005. The facility will replace the three separate buildings on the Larned State Hospital campus currently used to treat security patients. For FY 2004, the Governor recommends \$3,312,940 from the State Institutions Building Fund to finance the debt service payments for the new State Security Hospital. Of the recommended amount, \$2,547,940 will be used for the debt service interest and \$765,000 will be used for debt service principal. For FY 2005, \$3,847,536 from the SIBF is recommended. Of that amount, \$2,207,536 will be used for the debt service interest and \$1,640,000 will be used for debt service principal.

Larned State Hospital

Rehabilitation & Repair. For FY 2004, the Governor's recommendation for ongoing rehabilitation and repair projects is \$465,638 from the State Institutions Building Fund. Capital improvement expenditures for FY 2005 will be allocated systemwide by the Department of Social and Rehabilitation Services.

Osawatomie State Hospital

Rehabilitation & Repair. The Governor recommends \$203,395 from the State Institutions Building Fund in FY 2004 for ongoing rehabilitation and repair projects. Capital improvement expenditures for FY 2005 will be allocated systemwide by the Department of Social and Rehabilitation Services.

Parsons State Hospital & Training Center

Rehabilitation & Repair. Ongoing rehabilitation and repair projects at Parsons State Hospital and Training Center will be funded through the Governor's recommendation of \$56,930 from the State Institutions Building Fund in FY 2004. The Department of Social and Rehabilitation Services will allocate capital improvement expenditures for FY 2005 systemwide.

Rainbow Mental Health Facility

Rehabilitation & Repair. The Governor recommends \$11,362 from the State Institutions Building Fund in FY 2004 for ongoing rehabilitation and repair projects. Capital improvement expenditures for FY 2005 will be allocated systemwide by the Department of Social and Rehabilitation Services.

Department of Human Resources

Rehabilitation & Repair. The Governor recommends a total of \$143,550 in federal Reed Act monies and another \$40,000 in other special revenue funds for general rehabilitation and repair in FY 2004. This money will be used for upkeep on various buildings across the state. The projects include roofing, overlaying of parking lots, mudjacking or replacing sidewalks, painting, carpeting, and caulking. The recommendation for FY 2005 is \$40,000 from Federal Reed Act monies and \$40,000 in other special revenue funds.

Additional Parking at Topeka Administrative Building. The Governor recommends \$200,000 in FY 2004 from the Employment Security Administration Property Fund to add parking at the Topeka Administrative Building, which is located at 401 SW Topeka Blvd. The Governor also encourages the agency to seek approval from the U.S. Department of Labor to use a portion of the Federal Property Sale Fund to finance the project. Of the total project cost, \$60,000 will be used to acquire the needed property; \$31,788 will be used for construction; \$30,000 will be used for site development; and \$61,139 will be used for other construction-related items, such as signage and striping the parking spaces. KDHR also has included \$17,073 for contingency needs.

The additional parking is needed to accommodate the larger workforce that will be housed at the Topeka Administrative Building. Extensive renovation of the facility and new Department of Administration's building space utilization standards will cause the workforce to expand at this site and more parking is needed. In addition, the alley exit and entrance from Fourth Street will need to be changed to accommodate a heavier traffic flow and to meet ADA standards.

Parking Lot at Kansas City Facility. The Governor recommends \$96,750 from special revenue funds to finish the new parking lot at the Department of Human Resources' Kansas City facility. This project was first approved during the 2003 Legislative Session, and the \$96,750 recommended represents the amount needed to expand the parking to accommodate this metropolitan area office's needs.

Replace Air Conditioner Condensers at Wichita One-Stop Facility. For FY 2005, the Governor recommends \$55,000 in Federal Reed Act monies to replace the air conditioner condensers at the Wichita One-Stop Facility. The condensers malfunctioned during the summer of 2003 and need to be replaced before the summer of 2004. Of the total project cost, \$45,000 will be used for construction; \$3,150 will be used for consultant services; and \$450 will be used for other construction-related items. KDHR also has included \$6,400 for contingency needs.

HVAC Unit Replacement at Topeka Information Systems Building. The Governor recommends \$327,000 for FY 2005 in Federal Reed Act monies to replace the heating, ventilation, and air conditioning (HVAC) unit at the Topeka Information Systems Building, which is located at 1309 SW Topeka Blvd. in Topeka. Replacing the HVAC unit is necessary because the current unit is not capable of providing the climate control for the information technology equipment, which is extremely sensitive to temperature and humidity changes. Of the total project cost, \$265,854 will be used for construction; \$18,610 will be used for consulting services; and \$2,658 will be used for other construction-related items. KDHR also has included \$39,878 for contingency needs.

Replace Roof at Topeka Information Systems Building. The Governor recommends \$163,000 in Federal Reed Act monies in FY 2005 to replace the

roof at the Topeka Information Systems Building, which is located at 1309 SW Topeka Blvd. in Topeka. The roof needs to be replaced because of the escalating problems with water run-off and leaking. These issues need to be addressed because of the extreme sensitivity of the information technology equipment housed in the building. Of the total project cost, \$132,520 will be used for construction; \$9,276 will be used for consulting services; and \$1,326 will be used for other construction-related items. KDHR also has included \$19,878 for contingency needs.

Headquarters Debt Service. Bonds were issued on behalf of the Department of Human Resources for two capital improvement projects. One set of bonds was issued to finance a modern renovation of the Department's headquarters, which is located at 401 SW Topeka Blvd. in Topeka. The debt payment in FY 2004 includes \$140,000 for principal and \$138,258 for interest. In FY 2005, the payment is \$145,000 for principal and \$134,758 for interest. These payments are financed by the Special Employment Security Fund.

The other set of bonds was issued to purchase the property located at 1430 SW Topeka Blvd. to accommodate the Department's growing workforce. The debt payment in FY 2004 includes \$60,000 for principal and \$74,460 for interest. In FY 2005, the payment for principal is \$60,000 and the interest is \$72,660. These payments are financed partially by the State General Fund: \$8,400 for principal and \$10,425 for interest in FY 2004 and \$8,400 for principal and \$10,173 for interest in FY 2005. The remaining costs in both years are financed by the Employment Security Administration Fund.

Commission on Veterans Affairs

Rehabilitation & Repair. For rehabilitation and repair at the Kansas Soldiers Home, the Governor recommends \$104,891 in FY 2004 and \$100,000 in FY 2005 from the State Institutions Building Fund. The funding will be used to renovate cottages, complete projects to meet ADA requirements, and attend to general repair and upkeep of the facility. For the Kansas Veterans Home, the SIBF recommendation is \$179,582 for FY 2004. This recommended amount will serve as matching funds for a U.S. Department of Veterans Affairs grant intended for weatherization; repair of the hydrotherapy pools; tuckpointing and

sealing Bleckley, Funston, and Triplett Halls; as well as for general cottage repairs at the Veterans Home.

Veterans Cemeteries. A statewide system of veterans cemeteries was authorized by the Legislature in 1999. In addition to the Kansas Soldiers Home Cemetery in Fort Dodge, established in 1980, additional cemeteries are to be opened in 2004 at Winfield and WaKeeney and in 2006 at Fort Riley. To implement this system, a total of \$355,000 from the State Institutions Building Fund was appropriated for FY 2001 for planning expenditures. After construction begins on each cemetery, the federal government will reimburse the state for the planning expenditures associated with each cemetery. This reimbursement will, in turn, be used for planning the next cemetery. When the federal government has reimbursed the planning expenses for the final cemetery, \$355,000 will be returned to the State Institutions Building Fund. The Governor recommends expenditures of \$6,992,351 in FY 2004 and \$2,461,272 in FY 2005 from the Veterans Cemeteries Federal Construction Grant Fund for these projects.

Soldiers Home Facility Conservation Improvement Project. To complete the energy conservation projects approved by the 1999 Legislature for the Kansas Soldiers Home, the Governor recommends \$1,555,131 for FY 2004. Of this amount, \$544,296 was appropriated from the State Institutions Building Fund in FY 2001 and \$1,010,835 is from the Federal Home Construction Grant Fund.

Veterans Home Heating, Ventilation, & Air Conditioning Replacement. The Kansas Veterans Home has received a federal grant from the U.S. Department of Veterans Affairs to replace the HVAC systems in Donlon Hall, Bleckley Hall, and the Holly Power Plant. The systems in these buildings are the original equipment that was phased in from 1966 to 1971 and were not replaced as part of the Home's renovation. The emphasis at that time was to keep project costs as low as possible; however, the current systems are not energy efficient and require constant time, money, and attention to keep them running. This project was accepted by the U.S. Department of Veterans Affairs for a federal grant. The 2002 Legislature included appropriations of \$587,825 for each of FY 2004 and FY 2005 from the State Institutions Building Fund as matching funds for this grant.

Education

School for the Blind

Rehabilitation & Repair. For FY 2004, the Governor recommends \$130,151 for rehabilitation and repair projects. Some of the projects are masonry and metal works, electric motors, boiler systems, elevator repairs, sidewalks, and repairs for safety inspections. For FY 2005, the Governor recommends \$142,460 for rehabilitation and repair projects from the State Institutions Building Fund. The Brighton Building has 4.5' x 4.5' restrooms with 23" doors that are not ADA compliant. Each restroom and the kitchen have the 1961 original fixtures and appliances. Since the areas are adjoining, the proposed remodeled space will create an ADA compliant unisex restroom plus a small kitchen that includes a refrigerator and a microwave. Another improvement in the Brighton Building is needed because of the increased use of this building as an activity and student commons area in refinishing the locker room floors, installing fiberglass or poly-material partitions in the restrooms, installing fiberglass lockers, and upgrading plumbing fixtures.

School for the Deaf

Rehabilitation & Repair. For FY 2004, the Governor recommends \$371,295 for rehabilitation and repair projects from the State Institutions Building Fund. Some of the projects are masonry and metal works, electric motors, boiler systems, elevator repairs, sidewalks, and repairs for safety inspections. For FY 2005, the Governor recommends \$170,000 for rehabilitation and repair projects that are the same type of repairs listed above.

Roth Dorm Renovation. The Governor recommends \$730,368 for dormitory renovation in FY 2004 and \$731,794 in FY 2005 from the State Institutions Building Fund. FY 2005 will be the fourth year of an eight-year renovation project. The financing is from the State Institutions Building Fund. Since the dormitories were built seven decades ago, they fail to meet present day code requirements or program needs for the students. The School's plan is to renovate each floor in the old dorm to code until all six dormitory areas are finished.

This renovation projected started in August 2002 with the construction of twin fire escape towers to the girls' and boys' dormitory wings. The work consisted of initial earthwork and pouring of footings to fabricate the steel decking with stairs to match the brick exterior of the building built in 1935. A new roofing deck was added after all the windows had been removed or installed. The next step in the renovation is remodeling the interior of the three floors in the boys' and girls' living areas. New fire escape doors cut into the existing exterior wall allows access to the new fire escape. Also new plumbing, electrical, and HVAC is in progress in the building. Approval of FY 2005 funds will provide sufficient resources to renovate one wing of the Roth Building.

Board of Regents

Rehabilitation & Repair. The Governor recommends \$7.0 million in FY 2005 from the Educational Building Fund for the ongoing rehabilitation and repair of campus facilities. The funding is distributed through a formula based on total square feet for each institution.

Crumbling Classroom Debt Service. The Governor recommends that \$15.0 million be transferred from the Educational Building Fund in FY 2005 to make the debt service payment on the "Crumbling Classroom" bond issue. Debt service for FY 2004 is \$9,805,000 in principal and \$5,195,000 in interest. Debt service for FY 2005 consists of \$10,285,000 in principal and \$4,715,000 in interest. These bond issues were approved during the 1996 Legislative Session upon the Governor's recommendation. The initial bonds of \$50.0 million were issued in November 1996, and another \$110.0 million was issued in October 1997.

The universities are using the \$173.0 million generated by these bond issues to make substantial repairs to campus buildings to bring them into compliance with the Americans with Disabilities Act and life/safety codes and to make classroom improvements. Several additions to buildings at the University of Kansas, Kansas State University, and Emporia State University are being made, and a new nursing education building is being constructed at the Medical Center.

Master Lease. The Governor recommends \$5,635 for both FY 2004 and FY 2005 from the State General Fund for payments that are made to the Department of

Administration for tenant upgrades. The upgrades were done for the Board of Regents relocation into the Curtis Building.

Research Initiative Debt Service. The Governor recommends \$2,890,000 in FY 2005 from the State General Fund to pay the initial debt service on research initiative bonds. When all bonds have been issued, they will total \$120.0 million. The projects include construction of a life science research center at the KU Medical Center, construction of a food safety research facility at Kansas State University, expansion of an aeronautical engineering complex at Wichita State University, and equipping of a newly purchased research building at the University of Kansas. The state is responsible for the first \$50.0 million in debt service. After that time the universities will assume responsibility from revenue generated by the facilities.

Emporia State University

Rehabilitation & Repair. Funds for rehabilitation and repair are initially appropriated to the Board of Regents. The Governor recommends \$945,737 in FY 2004 from the Educational Building Fund, of which \$761,800 is from the allocation of new funds from the Board of Regents, and \$183,937 is reappropriated from FY 2003. In addition, \$77,576 is recommended from restricted use funds in FY 2004 and \$61,214 in FY 2005.

Parking Lot Improvements. To finance parking lot improvements, the Governor recommends \$90,000 each in FY 2004 and FY 2005 from campus parking fees.

Residence Hall Debt Service. Financing of the debt service on the residence halls comes from student fees. The Governor recommends \$200,000 in FY 2004 and \$210,000 in FY 2005 to pay the principal on the bonds for improvements to the halls.

Student Recreational Building Debt Service. Bonds have been issued for construction of the student recreational building that began in FY 2002. The total cost of the facility is expected to be \$3.0 million. The Governor recommends \$131,000 for principal bond payments in both FY 2004 and FY 2005. Planning and construction for the building are financed through student fees.

Student Union Renovation. Funds are budgeted annually for continuing improvements to the Student Union. For the next several years, most of the available funds will be directed toward code compliance issues and repairs related to the Americans with Disabilities Act. The Governor recommends \$100,000 for each of FY 2004 and FY 2005 to pay for the debt service for renovations at the Student Union from restricted fees.

Men's Dormitories Debt Service. The Governor recommends expenditures of \$40,000 in each of FY 2004 and in FY 2005 from restricted fees to pay for debt service for the construction of new dormitories for men.

Fort Hays State University

Rehabilitation & Repair. Funds for rehabilitation and repair are initially appropriated to the Board of Regents. The Governor recommends \$1,083,157 in FY 2004 from the Educational Building Fund from the allocation of new funds through the Board of Regents.

Student Housing Debt Service. The Governor recommends \$210,000 in FY 2004 and \$225,000 in FY 2005 to pay the principal on the bonds from restricted fees. The bonds finance the renovation and remodeling of student dormitories.

Parking Improvements. To finance parking improvements on campus, the Governor recommends \$100,000 in FY 2004 and \$300,000 in FY 2005. These improvements are funded by parking fees.

Kansas State University

Rehabilitation & Repair. The Governor recommends \$5,416,998 from the Educational Building Fund for rehabilitation and repair of campus facilities in FY 2004. This is a transfer of new funds from the Board of Regents. In addition, \$2,062,438 is recommended from other funds in FY 2004 and \$2,062,478 in FY 2005.

Lease-Purchase of Aeronautical Center. The Governor recommends \$189,446 in each of FY 2004 and FY 2005 from the State General Fund for the 10th and 11th payments in a lease-purchase agreement with

the Salina Airport Authority. The payments have allowed the College to acquire the International Training Center and a recently-completed laboratory for the Airframe and Powerplant Program. The lease-purchase agreement is for 20 years.

University Debt Service. The Governor recommends \$2,438,204 in FY 2004 and \$2,763,348 in FY 2005 from special revenue funds for principal payments on various projects funded through revenue bonds. These include housing projects, parking lot projects, and a building renovation project.

Parking Lot Improvements. To finance parking improvements, the Governor recommends \$800,000 for each of FY 2004 and FY 2005 from campus parking fees. The work is based on two studies of parking operations. One study reviewed paved surfaces and the other parking and traffic patterns.

Renovation of Residence Halls. The renovation of Ford, Marlatt, Putnam, and Goodnow Halls will convert the old-style student rooms with gang showers to suites with private bathrooms. The project will also include improvements, such as electrical, plumbing, sprinkler systems, and environmental systems. The total estimated cost of the project is \$2.4 million. The Governor recommends \$2,660,000 in FY 2004 and \$750,000 in FY 2005 from dormitory fees for this project.

Galachia Addition. The \$1,270,000 renovation and expansion of the College of Human Ecology's Galachia Institute for Gerontology and Family Studies will add 5,900 square feet to the facility. This will allow the University to expand the teaching, research, and clinical training activities in communication sciences and disorders. The project will include new clinical and support spaces while meeting the needs of state-of-the-art technology that could not be added to the older facility. The Governor recommends \$500,000 for FY 2004 and \$769,990 in FY 2005 from private funding to initiate this project.

New Rowing Facility. The University plans to construct a rowing facility at Tuttle Creek Lake. The \$1,111,000 project will be privately funded. Construction will begin in FY 2004 at a cost of \$99,990 and will be completed in FY 2005 with \$1,011,010. The proposed 5,070 square foot addition to an existing boathouse will serve the team's needs for practice sessions and for competitive events.

KSU—Extension Systems & Agricultural Research Programs

Rehabilitation & Repair. For the rehabilitation and repair of university buildings in FY 2004, the Governor recommends \$135,753, including \$33,628 from the State General Fund. In addition, for FY 2005, the Governor recommends \$130,221, including \$28,056 from the State General Fund.

Grain Science Center. KSU—ESARP plans to construct a \$19.9 million five-building complex for the Grain Science Center. The project consists of four phases: \$5.9 million for a Biological and Industrial Value-Added Program, \$5.0 million for a feed mill, \$5.0 million for a flour mill, and \$4.0 million for the International Grains Program. These projects will continue and expand research and teaching activities to improve both livestock production efficiency and crop utilization potential for Kansas and the U.S.

The Biological and Industrial Value-Added Program is being funded by \$3.0 million from the Educational Building Fund and the remainder through private gifts and restricted fees. For FY 2005, the Governor recommends the use of restricted funds in the amount of \$10.0 million for milling operations. In addition, the use of \$456,582 from the Educational Building Fund to complete the Value-Added Program in FY 2005. The \$456,582 is a reappropriation. For FY 2004, \$4.0 million is recommended from restricted use funds for the International Grains Program.

Horticulture Research Center. The new Horticulture Research Center will be at the John C. Pair Horticulture Center in Wichita. The proposed building will allow resident and visiting campus-based faculty to conduct research projects and extension education programs. The Governor recommends \$1.0 million from restricted use funds in FY 2004.

KSU—Veterinary Medical Center

Rehabilitation & Repair. The Governor recommends \$2,526 in FY 2004 and \$2,330 from restricted use funds for rehabilitation and repair of facilities.

BL-2 Laboratory. This \$615,000 project will renovate and upgrade the Medical Center's biohazard

level 2 facility. The improved facility will be designed to provide a minimum of four laboratories. The Governor recommends \$300,000 in FY 2004 and \$315,000 in FY 2005 from restricted use funds for this project.

Equine Locomotion Center. Kansas State University plans to construct a \$3.1 million addition with private funds to provide clinicians and horse owners with access to sophisticated diagnostic instruments for evaluation of many performance-related issues. The Center will have an exercise area providing a variety of surfaces for assessment of horses being led and ridden. For FY 2005, the Governor recommends an amount of \$400,000 from restricted use funds for this project.

Pittsburg State University

Rehabilitation & Repair. Funds for rehabilitation and repair are initially appropriated to the Board of Regents. The Governor recommends \$943,849 in FY 2004 from the Educational Building Fund, \$881,400 of which is from the allocation of new funds from the Board of Regents, and \$62,449 is reappropriated from FY 2003. In addition, \$1,250,000 is recommended from restricted use funds in FY 2004 and \$1,450,000 in FY 2005.

Parking Improvements. To finance parking lot improvements, the Governor recommends \$200,000 each in FY 2004 and FY 2005 from campus parking fees.

Jack H. Overman Student Center Debt Service & Remodeling. Financing of the debt service on the Jack H. Overman Student Center renovation comes from student fees. The Governor recommends \$85,000 in FY 2004 and another \$85,000 in FY 2005 to make the principal payment on bonds issued to renovate the student center. In addition, the Governor recommends \$243,082 in FY 2004 student fees to complete several remodeling projects at the Center.

Horace Mann Debt Service. The Governor recommends \$120,000 in FY 2004 and \$125,000 in FY 2005 for debt service principal payments on the renovation of the Horace Mann Administration Building. These debt service payments are made from restricted fees.

Student Health Center & Hospital Improvements. The Governor recommends \$100,000 in FY 2004 and \$550,000 in FY 2005 from restricted fees to expand the Student Health Center reception area, complete remodeling projects, and provide space for another physician.

Armory/Classroom/Recreation Center. In FY 2002, the University was appropriated \$410,000 from the Educational Building Fund for planning. Only \$151,743 was used in FY 2002 with the remaining \$258,257 carried forward. The total cost of the project will be \$13,338,000 from a variety of sources. This will be a multipurpose facility to house the Kansas National Guard Unit, as well as the University's Departments of Health, Physical Education and Recreation, and Military Science. For FY 2005, the Governor recommends \$1,822,470 from restricted use funds for these projects.

New Polymer Research Center. For FY 2005, the Governor recommends the use of \$309,000 in private funds to begin construction of the Polymer Research Center. Additional private funding of \$2.7 million will complete the project in FY 2006. The Center will be used to research and develop bio-based polymers for higher-grade plastics. The research will focus on transforming farm crops, such as soybeans, to replace petroleum-based ingredients used in plastics.

Energy Conservation Debt Service. The Governor recommends \$117,150 in FY 2004 and \$122,716 in FY 2005 from the State General Fund to pay the principal part of the debt service on conservation bonds. The energy conservation projects are designed to generate sufficient savings to pay for the debt service.

Willard Hall Debt Service. The Governor recommends \$110,000 in FY 2004 and \$115,000 in FY 2005 from restricted fees for Willard Hall. These are principal payments on the debt service. This residence hall was remodeled for the traditional dormitory style into suites.

University of Kansas

Rehabilitation & Repair. The Governor recommends \$5,924,725 from the Educational Building Fund for rehabilitation and repair of campus

facilities in FY 2004. Of this amount, \$2,205,425 is a reappropriation from FY 2003 and \$3,719,300 is a transfer of new funds from the Board of Regents. The Governor also recommends expenditures of \$3,620,068 in FY 2004 and \$1.7 million in FY 2005 from restricted use fee funds to make additional repairs and improvements.

Parking Improvements. The Governor recommends \$248,400 in FY 2004 and \$303,600 in FY 2005 from parking fees for the completion of various parking improvements on the campus.

New Dole Institute. KU has established the Robert J. Dole Institute of Public Service and Public Policy to study major policy issues, encourage student participation and citizen involvement, and offer scholars the opportunity to study politics. For FY 2004, the Governor recommends \$100,241 from restricted use funds to complete construction.

University Debt Service. The Governor recommends \$3,245,000 in FY 2004 and \$5,275,000 in FY 2005 from special revenue funds for principal payments on various projects funded through revenue bonds. These projects include housing projects, parking lot projects, the Regents Center, Student Union renovations, and the Watkins Health Center.

Mallott Hall Medicinal Chemistry. For FY 2005, the Governor recommends a \$2.8 million remodeling project that will be funded through restricted fees. The remodeled labs will be used as synthetic chemistry facilities and will be primarily occupied by these faculty members with the most pressing need for space. A portion of the renovated space will be reserved for temporary use by other faculty for the synthetic chemistry related portions of their projects.

Campus Landscape Master Plan. The plan was completed in fall 2000 as a follow-up to the work on the Lawrence campus developmental plan. The Landscape Master Plan provides direction for the development and maintenance of landscaping and proposes a system to direct signage development on campus. The Governor recommends restricted use funds in the amount of \$1,358,000 in FY 2005.

Ellsworth Hall. Ellsworth Hall is the third in a series of multi-story residential hall facilities on the Lawrence campus to undergo renovation. The project includes converting living units to suites, as well as

replacing major building mechanical systems. The Governor recommends completion of this project with \$540,502 from restricted use funds in FY 2004.

New Scholarship Hall. The University of Kansas plans to build a scholarship hall for women at the Lawrence campus. The project is expected to be completed in FY 2004 with the final expenditure of \$2,864,460 from private gifts. This is the first of two new halls that will provide affordable housing. This hall will have 12 suites for 4 women each, a director's apartment, and a president and proctor suite. Sited on the east edge of the campus, the hall will be designed and detailed to complement the surrounding residential area.

Stouffer Place. KU is in the process of renovating the 25 original buildings at Stouffer Place Apartments at a cost of \$2,950,000 from housing funds. The apartments were built in 1956 for married students. Expenditures in FY 2004 and FY 2005 are expected to be \$576,000 and \$600,000, respectively.

Hall Center for the Humanities. KU is building the \$5.0 million Hall Center for Humanities with private funds, which will be completed in FY 2004. The new center will be built within the existing stonewalls of the oldest standing building on the campus which was originally constructed as the power plant. The construction of this space will preserve a valued historic artifact of the campus.

Multicultural Resource Center. In April 2003, the KU Student Senate approved a student fee to finance half, \$1.5 million, of the cost of a Multicultural Resource Center building. The other half will come from private gifts. The Center will act as a hub for diversity programs focusing on multicultural education and issues for the campus community. Expenditures are expected to be \$180,000 in FY 2004 and \$2,820,000 in FY 2005.

University of Kansas Medical Center

Rehabilitation & Repair. To fund rehabilitation and repair projects, the Governor recommends \$2,077,568 from the Educational Building Fund for Medical Center facilities in FY 2004. This recommendation includes a reappropriation of \$729,468 from FY 2003. In addition, \$509,077 from restricted use funds is recommended for FY 2004.

Parking Lot & Garage Improvements. For routine maintenance on the Medical Center's parking lots, the Governor recommends expenditures of \$550,000 in FY 2005. Expenditures will be from parking fee funds.

University Debt Service. The Governor recommends \$300,000 in FY 2004 and \$315,000 in FY 2005 from restricted use funds. The recommendation will fund the principal payments for construction of the Center on Aging and the Medical Centers Research Facility in both years.

Ambulatory Care Facility. The Governor recommends that the Center be given the authority to use \$40.0 million in private gift funds over a four-year period for a new ambulatory care facility. The Center plans to expend \$500,000 in FY 2005. The facility will house outpatient clinics, clinical teaching areas, and staff facilities.

Cambridge Elevators. The Governor recommends that the Center be given the authority to replace the elevators at the Cambridge Parking Garage with \$900,000 in funding from parking fees in FY 2005. The present elevator equipment is over 20 years old, unreliable, and providing unsatisfactory service. The new elevator will be ADA compliant.

Wichita State University

Rehabilitation & Repair. A total of \$2,662,901 is recommended for FY 2004 from the Educational Building Fund for rehabilitation and repair of campus facilities. Of this amount, \$1,161,401 is a reappropriation from FY 2003, and \$1,501,500 is a transfer from the Board of Regents. In addition, the university plans to use \$75,000 of the reappropriated funds in FY 2005.

Parking & Housing Debt Service. The Governor recommends \$720,000 in FY 2004 and \$1,750,000 in FY 2005 from restricted fees for payment of principal on a bonded project to renovate campus parking and housing.

Historical Society

Rehabilitation & Repair. The Governor recommends \$147,076 for FY 2004, including \$47,076 from the

State General Fund, and \$100,000 from agency fee funds to handle routine and emergency repairs at the state historic sites and the Kansas Museum of History. For FY 2005, the Governor increases State General Fund financing from \$46,650 to \$125,000. This will allow the agency to complete repair projects that have been delayed because of limited State General Fund financing during FY 2003 and FY 2004.

Public Safety

Department of Corrections

Rehabilitation & Repair. The Governor recommends rehabilitation and repair projects totaling \$3.6 million and \$3.3 million in FY 2004 and FY 2005, respectively. Financed from the Correctional Institutions Building Fund, the Department will disburse the funds among the correctional facilities as needed.

RDU Relocation Bonds Debt Service. The Governor recommends expenditures of \$1,333,000 from the State General Fund in FY 2004 for the debt service payment in association with relocation of the Reception and Diagnostic Unit to El Dorado. Of this amount, \$765,000 is for interest and \$565,000 is for principal. For FY 2005, \$1,334,000 is recommended from the State General Fund, including \$595,000 for principal and \$739,000 for interest.

Labette Correctional Conservation Camp Debt Service. This debt service is utilized to pay off a 100-bed expansion project that was authorized in 1997. For FY 2004, the Governor recommends a debt service payment of \$162,000, including \$120,000 for principal and \$42,000 for interest. This amount will be paid from the State General Fund. For FY 2005, the Governor recommends \$161,000 from the State General Fund for this payment, including \$125,000 for principal and \$36,000 for interest.

Ellsworth Correctional Facility Debt Service. This debt service is utilized to pay off original construction costs for Ellsworth Correctional Facility. For debt service payments for this facility, the Governor recommends \$1,622,000 from the State General Fund in FY 2004, including \$1,310,000 for principal and

\$312,000 for interest. For FY 2005, the Governor recommends \$1,625,000 from the State General Fund, including \$1,370,000 for the principal payment and \$255,000 for interest.

Wichita Work Release Facility Debt Service. This issue of bonds was used to pay for the acquisition and renovation of the Wichita Work Release Facility in 1990. In FY 2004, a total of \$161,000 from the State General Fund is recommended for the debt service payment for the Wichita Work Release Facility. Of this amount, \$140,000 is for principal and \$21,000 is for interest. For FY 2005, the Governor recommends \$164,000 from the State General Fund, including \$150,000 for principal and \$14,000 for interest.

Revenue Refunding Bonds Debt Service. This issue paid for the original construction of El Dorado and Larned Correctional Facilities. The Governor recommends \$7,247,000 from all funding sources in FY 2004 for the debt service payment for the revenue refunding bonds. Of this amount, \$6,200,000 is for principal and \$1,047,000 is for interest. Of the amount budgeted for principal, \$3,987,113 is from the State General Fund, \$523,190 is from special revenue funds, and \$1,689,697 is from the Correctional Institutions Building Fund.

For FY 2005, the Governor recommends \$5,403,000 from all funding sources. Of this amount, \$4,555,000 is for principal and \$848,000 is for interest. Of the amount budgeted for principal, \$2,865,303 is from the State General Fund and \$1,689,697 is from the Correctional Institutions Building Fund.

Topeka & Lansing Correctional Facilities Debt Service. Part of this bond issue paid for the renovation of several buildings that were damaged with fire in December 1999 at the Lansing Correctional Facility. The remaining funding financed the renovation of J-cellhouse at the Topeka Correctional Facility. For FY 2004, the Governor recommends \$1,015,000 from the State General Fund for the payment of debt service for the Topeka and Lansing Correctional Facilities. Of this amount, \$905,000 is for principal and \$110,000 is for interest. For FY 2005, the Governor recommends \$1,018,000 from the State General Fund, including \$950,000 for principal and \$68,000 for interest.

Kansas Correctional Industries Rehabilitation & Repair. For FY 2004, the Governor recommends

expenditures of \$201,000 from the Correctional Industries Fund for the rehabilitation and repair of various correctional industries buildings. For FY 2005, the Governor recommends \$204,967 from the Correctional Industries Fund.

El Dorado Correctional Facility

Underground Fuel Storage Tanks. The Governor recommends a total of \$1,709 from the Correctional Institutions Building Fund for the remaining costs associated with installing underground fuel storage tanks in FY 2004. These funds were reappropriated from FY 2003.

Ellsworth Correctional Facility

Rehabilitation & Repair. For FY 2004, the Governor recommends \$201,217 from the Correctional Institutions Building Fund for general repairs and construction. These funds were reappropriated from FY 2003 for ongoing projects.

Hutchinson Correctional Facility

Rehabilitation & Repair. For ongoing rehabilitation and repair projects, the Governor recommends \$361,706 from the Correctional Institutions Building Fund in FY 2004. These funds were reappropriated from FY 2003.

Facility Conservation Improvement Program Lease Payment. In FY 2002, the Hutchinson Correctional Facility was selected to participate in this program to identify improvements that would generate utility savings. These improvements have been made through a master lease agreement with annual lease payments. As part of the program, if the estimated savings are not generated, the company providing the lease will make up the difference. The total cost of the project at the facility is \$2,748,100, with a ten-year lease term. For FY 2004, the Governor recommends \$330,629 from the State General Fund for this lease payment, including \$112,247 for interest and \$218,382 for principal. The Governor recommends the same amount for FY 2005.

Lansing Correctional Facility

Rehabilitation & Repair. For rehabilitation and repair, the Governor recommends \$288,282 from the Correctional Institutions Building Fund in FY 2004. These funds were reappropriated from FY 2003.

Norton Correctional Facility

Rehabilitation & Repair. For FY 2004, the Governor recommends \$270,000 from the Correctional Institutions Building Fund for ongoing rehabilitation and repair. This funding was reappropriated from FY 2003.

Topeka Correctional Facility

Rehabilitation & Repair. The Governor recommends \$37,274 from the Correctional Institutions Building Fund for ongoing rehabilitation and repair projects in FY 2004. These funds were reappropriated from the previous fiscal year.

Winfield Correctional Facility

Rehabilitation & Repair. For FY 2004, the Governor recommends \$166,614 from the Correctional Institutions Building Fund for ongoing renovation of the Administration Building. This funding was reappropriated from the previous fiscal year.

Juvenile Justice Authority

Rehabilitation & Repair—Juvenile Correctional Facilities. The Governor recommends \$970,406 in FY 2004 and \$1,120,000 in FY 2005 from the State Institutions Building Fund for rehabilitation projects at the juvenile correctional facilities. Projects that will be completed in FY 2005 include office renovations at Beloit; installation of mezzanine grates and drains at Larned; HVAC upgrades, living unit reroofing, and electrical repairs at Atchison; and road and sidewalk repavement, window and door replacement, and asbestos removal at Topeka.

Facility Construction Debt Service. For FY 2004, the Governor recommends \$1,625,000 from the State

Institutions Building Fund for the principal payment of the debt service of revenue bonds issued for facility construction and expansion of juvenile correctional facilities. For FY 2005, the Governor recommends \$1,710,000 for this purpose. Bonds were issued in FY 2002 to build a 210-bed maximum-security and reception and diagnostic center adjacent to the Topeka Juvenile Correctional Facility, to construct a 152-bed replacement facility at Larned, and to renovate a living unit at the Beloit Facility to house maximum-security offenders. The new Larned Facility opened in June 2003, and the Beloit renovation was completed in May 2002. The new maximum-security facility at Topeka, the Kansas Juvenile Correctional Complex, was originally scheduled to open in July 2004. However, the Governor recommends that the complex not be opened in FY 2005.

Facility Planning & Remodeling. For FY 2004, the Governor recommends \$497,134 from the State Institutions Building Fund for juvenile correctional facility planning and remodeling needs. The full amount is a reappropriation from FY 2003.

Atchison Juvenile Correctional Facility

Rehabilitation & Repair. The Governor recommends \$79,405 from the State Institutions Building Fund in FY 2004 for various rehabilitation and repair projects. The entire amount has been reappropriated from FY 2003.

Topeka Juvenile Correctional Facility

Rehabilitation & Repair. For FY 2004, the Governor recommends \$81,221 from the State Institutions Building Fund for various rehabilitation and repair projects throughout the facility. The entire amount is reappropriated from FY 2003.

New Backup Generator. For FY 2005, the Governor recommends \$494,908 from the State Institutions Building Fund to install a backup generator at the Facility. The Facility has experienced several power outages over the last few years, lasting for a few minutes to several hours. These outages incapacitate the Facility's safety and security systems, thus creating an unsafe environment for both staff and offenders.

Adjutant General

Armory Repair & Debt Service. The Adjutant General's Department was authorized to issue \$22.0 million in bonds to fund the Armory Rehabilitation Plan over a five-year period starting in FY 2001. The plan will rehabilitate selected existing state-owned armories statewide, construct certain replacement armories, and relinquish to communities armories that are no longer required to meet the agency's needs. The agency issued bonds totaling \$2.0 million in November 2000, \$2.0 million in November 2001, and \$6.0 million in June 2003. The State Finance Council authorized an additional \$6.0 million in November 2003, which will be issued in late FY 2004.

For FY 2004, the Governor recommends \$381,053 from the State General Fund to finance debt service payment on bonds issued for the Armory Rehabilitation Plan. Of the recommended amount, \$215,000 will be used for debt service principal and \$166,053 will be used for debt service interest. The Governor recommends \$912,005 in FY 2005 from the State General Fund to finance the debt service payment associated with the issuance of bonds for rehabilitation and repair of the 58 statewide armories. Of the recommended amount, \$490,000 will be used for debt service principal and \$422,005 will be used for debt service interest. The debt service payments for the \$6.0 million authorized by the State Finance Council in November 2003 will not start until FY 2006.

Highway Patrol

Rehabilitation, Repair, & Scale Replacement. The Governor recommends \$50,000 in FY 2004 and \$283,178 in FY 2005 for facility rehabilitation, repair, and scale replacement for motor carrier inspection ports across the state and at the Training Center in Salina. Of these amounts, \$50,000 comes from the Highway Patrol Training Center Fund, with the remainder coming from the Motor Carrier Inspection Fund.

Training Center Debt Service. The Governor recommends \$405,000 in FY 2004 from the Highway Patrol Training Center Fund to finance debt service on the Training Center in Salina and \$425,000 in FY 2005. These amounts represent the principal portion

of the debt, which was incurred in FY 1993 for purchase of the Training Center.

Fleet Facility Debt Service. In FY 2004, the Governor, for the purpose of paying the debt service principal on the Highway Patrol fleet facility, recommends \$225,000. In FY 2005, \$200,000 is recommended for the same purpose. The facility was purchased using bonds that were issued in November 2001.

Port Modernization Debt Service. An amount of \$41,817 is recommended from the Motor Carrier Inspection Fund by the Governor in FY 2005 for port modernization. These funds will pay for the debt service principal on bonds to rebuild those weigh-stations located on Interstate 70 and Interstate 35 as well as alleviate some ingress and egress problems at the ports.

Olathe Vehicle Inspection Facility Debt Service. The Governor recommends \$59,848 from the Vehicle Identification Number Fee Fund in FY 2005 to finance the debt service payment associated with the issuance of bonds for the purchase of the Vehicle Inspection Facility in Olathe. Of the recommended amount, \$45,000 will be used for debt service principal and \$14,848 will be used for debt service interest.

Kansas Bureau of Investigation

Headquarters Building Debt Service. The Governor recommends \$210,000 in FY 2004 and \$230,000 in FY 2005 from the State General Fund to finance the debt service principal payments on the headquarters building in Topeka. Included in the agency's operating budget is \$95,680 in FY 2004 and \$83,905 in FY 2005 from the State General Fund to finance the interest portion on the debt service payments.

Agriculture & Natural Resources

Kansas State Fair

Rehabilitation & Repair. For FY 2004, the Governor recommends \$101,500 from the State Fair

Capital Improvements Fund for various rehabilitation and repair projects on the State Fairgrounds in Hutchinson. For FY 2005, the Governor recommends \$101,500 from the State Fair Capital Improvements Fund for rehabilitation and repair projects. Included in the recommendation are \$40,000 for maintenance contract expenditures and \$61,500 for miscellaneous and contingency projects.

Master Plan Improvements Debt Service. In FY 2002, the Kansas Development Finance Authority was authorized to issue bonds totaling \$29.0 million to finance a capital improvements master plan for facilities of the Kansas State Fair. For FY 2004, the Governor recommends \$1,238,103 for debt service payments. The principal portion is \$630,000 and the interest is \$608,103. The financing is \$538,103 from the State General Fund, \$400,000 from the State Fair Debt Service Revenue Fund, and \$300,000 from the City of Hutchinson and Reno County. For FY 2005, the Governor recommends \$1,355,133 for debt service payments. The principal total is \$645,000 and the interest is \$710,133. The financing is \$655,133 from the State General Fund, \$400,000 from the State Fair Debt Service Revenue Fund, and \$300,000 from the City of Hutchinson and Reno County.

Department of Wildlife & Parks

Capital improvement projects for the Department of Wildlife and Parks will be continued by the Governor's recommendation of expenditures from all funding sources estimated at \$13.2 million for FY 2004. The Governor recommends \$5.1 million from all funding sources for capital improvement expenditures for FY 2005. Among the recommended expenditures are projects financed by the State General Fund totaling \$34,872.

Rehabilitation & Repair. In an ongoing response to the need to keep the state's parks, public lands, and wildlife areas in good repair and accessible to all visitors, the Governor recommends \$6.5 million from all funding sources for rehabilitation and repair in FY 2004. For FY 2005, the recommendation is \$2.6 million from all funding sources. The categories of rehabilitation and repair that are emphasized by these recommendations are general rehabilitation and repair, ADA accessibility, and road and bridge maintenance.

General rehabilitation and repair includes maintenance of the facilities managed by the Department. For FY 2004, the Governor recommends \$3,693,818 from all funding sources for general rehabilitation and repair. Of this amount, \$435,743 is from the Park Fee Fund, \$743,703 is from the Wildlife Fee Fund, \$1,630,709 is from the Land and Water Conservation Fund, \$768,791 is from the Federal Grant Fund, \$80,000 is from the Wildlife Conservation Fund, and \$34,872 is from the State General Fund. The Governor also recommends \$65,303 of the FY 2004 financing specifically for ADA accessibility from the Wildlife Fee Fund. For FY 2005, the total for rehabilitation and repair is \$949,000, including \$799,000 from the Land and Water Conservation Fund and \$150,000 from the Wildlife Fee Fund.

To ensure that access roads and bridges in state parks, public lands, wildlife areas, and other facilities managed by the Department are well maintained and safe, the Governor recommends \$2,784,862 from the State Highway Fund for FY 2004. Of this amount, \$1,887,813 is for access roads and \$897,049 is for bridges. For FY 2005, the Governor's budget recommendation totals \$1.7 million from the State Highway Fund, of which \$1.5 million is for roads and \$200,000 is for bridges.

Boating Access & Development. In recognition of the U.S. Fish and Wildlife Service mandate to provide boating access in Kansas, the Governor recommends expenditures of \$2,016,621 for boating access and development for FY 2004 and \$945,000 in FY 2005. In FY 2004, the funding sources will be the Wildlife Fee Fund at \$1,488,248 and the Boating Fee Fund at \$528,373. In FY 2005, the Wildlife Fee Fund will fund \$700,000 and the Boating Fee Fund \$245,000.

Coast Guard Boating Projects. To begin a program of providing secure, off-season storage facilities for the Department's powerboats in FY 2005, the Governor recommends expenditure of \$100,000 from the Boating Fee Fund.

Land/Wetland Acquisition & Development. The Department of Wildlife and Parks acquires and develops both land and wetlands in Kansas to provide public access to all citizens for wildlife viewing, habitat preservation, hunting, and other recreational opportunities. In recognition of the need for enhanced recreational activities, the Governor recommends an amount of \$2,986,155 from special revenue funds for

land and wetlands acquisition, development, and rehabilitation in FY 2004. Included in the total are \$2,396,592 for land and \$589,563 for wetlands. Financing for land acquisition and development is from the Wildlife Conservation Fund, and financing for wetlands includes \$239,563 from the Migratory Waterfowl Propagation and Protection Fund and \$350,000 from the Wildlife Conservation Fund.

For FY 2005, the Governor recommends \$1,490,491 for both land and wetlands development. The recommendation includes \$500,000 from the Wildlife Conservation Fund for land and \$440,491 from the State Water Plan Fund. The latter amount is toward the purchase of the Circle K Ranch in Edwards County. Also included is \$550,000 for wetlands, of which \$200,000 is from the Migratory Waterfowl Propagation and Protection Fund and \$350,000 from the Wildlife Conservation Fund.

Water Intake Line at Milford Hatchery. For FY 2004, the Governor recommends \$1,282,110 from the Wildlife Conservation Fund, to construct a water intake line from Milford Reservoir to the Milford Hatchery. The intake line will enhance fish production.

River Access. In keeping with the agency's mission of enhancing recreational opportunities, the Governor recommends \$420,000 from the Boating Fee Fund for River Access in FY 2004.

Menninger Memorial State Park. The Department is in the process of acquiring portions of land from the Menninger Foundation, adjacent to Cedar Crest and the State History Center, in order to create a day-use park with river access and a wetlands demonstration area. To implement the planning phase of the development of this park, the Governor recommends \$100,000 from the Park Fee Fund for FY 2005.

Cheyenne Bottoms Visitors Center. With the City of Great Bend and other stakeholders, the Department plans to construct an education and visitors center at the Cheyenne Bottoms Wildlife Area, using a federal grant awarded in FY 2003. This center will provide educational information about the wetland birds, as well as tourism-related activities within the area. To finance the state's portion of the construction costs of this structure, the Governor recommends \$1,999,264 for FY 2004 from the Cheyenne Bottoms Federal Grants Fund.

Tuttle Creek State Park Mitigation Project. A repair to the Tuttle Creek dam by the Army Corps of Engineers will cause significant damage to the area of the state park where the current access road and campground are located. In order to facilitate building a new access road and campground at the state park, the Corps of Engineers will provide up to \$1.5 million in funding to be reimbursed to the state as the project proceeds. For FY 2004, the Governor recommends a \$1.5 million loan from the State General Fund to supply operating funds for this project. All reimbursements from the federal government will be returned to the State General Fund.

Transportation

Kansas Department of Transportation

The Governor recommends \$791.2 million in FY 2004 and \$459.1 million in FY 2005 for the Department of Transportation's capital improvement projects. The table below summarizes the recommendations for the expenditures that are related to the Comprehensive Transportation Plan by major classification of expenditure.

Included in the FY 2005 budget are funds for rehabilitation and repair projects, replacement of deteriorated roofs on agency facilities, replacement of deteriorated equipment storage sheds at the area and sub-area shops, and the building of remote chemical storage facilities to reduce loading times for maintenance equipment. Also included are funds to construct a sub-area washbay in Louisburg.

Comprehensive Transportation Plan		
Construction Costs		
<i>(Dollars in Thousands)</i>		
	<u>FY 2004</u>	<u>FY 2005</u>
Routine Maintenance	120,055	123,875
Substantial Maintenance	99,326	107,604
Major Mods.-Priority Bridge	564,017	507,164
System Enhancements	106,871	117,867
Total	\$890,269	\$856,510

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Educational Building Fund					
Board of Regents					
Crumbling Classroom Debt Service	9,360,000	9,805,000	10,285,000	-	10,285,000
Rehabilitation & Repair	-	-	13,000,000	-	7,000,000
Emporia State University					
Rehabilitation & Repair	986,592	945,737	-	-	-
Fort Hays State University					
Rehabilitation & Repair	764,875	1,083,157	-	-	-
Kansas State University - Main Campus					
Rehabilitation & Repair	3,022,061	5,416,998	-	-	-
Kansas State University - ESARP					
Grain Science Center	2,043,129	456,582	-	-	-
Pittsburg State University					
Rehabilitation & Repair	707,443	943,849	-	-	-
Armory/Classroom/Recreation Center	-	-	-	258,257	258,257
University of Kansas					
Rehabilitation & Repair	3,440,508	5,924,725	-	-	-
University of Kansas Medical Center					
Rehabilitation & Repair	1,293,723	2,077,568	-	-	-
Wichita State University					
Rehabilitation & Repair	860,805	2,662,901	75,000	-	75,000
Subtotal--EBF	22,479,136	29,316,517	23,360,000	258,257	17,618,257
Crumbling Classrooms Interest	5,640,000	5,195,000	4,715,000	-	4,715,000
State Building Insurance Premium	-	-	-	-	329,840
Total--EBF	\$ 28,119,136	\$ 34,511,517	\$ 28,075,000	\$ 258,257	\$ 22,663,097
State Institutions Building Fund					
Department of Social & Rehabilitation Services					
Rehabilitation & Repair--State Institutions	838,329	4,055,886	3,856,847	495,653	8,755,000
State Security Hospital	-	765,000	1,640,000	-	1,640,000
Kansas Neurological Institute					
Institutional Rehabilitation & Repair	702,280	-	-	-	-
Larned State Hospital					
Rehabilitation & Repair	1,096,646	465,638	-	-	-
Osawatomie State Hospital					
Rehabilitation & Repair	507,871	203,395	-	-	-
Parsons State Hospital & Training Center					
Rehabilitation and Repair	881,317	56,930	-	-	-
Rainbow Mental Health Facility					
Rehabilitation and Repair	140,355	11,362	-	-	-
Commission on Veterans' Affairs					
Rehabilitation & Repair Projects	107,461	284,473	79,070	-	100,000
Soldiers Home Facility Conservation Imp. Proj.	-	544,296	-	-	-
KVH HVAC Replacement	-	587,825	-	-	587,825
School for the Blind					
Rehabilitation & Repair	63,462	130,151	146,230	-	142,460
School for the Deaf					
Rehabilitation & Repair	207,762	371,295	170,000	-	170,000
Roth Dorm Renovation	328,626	730,368	302,000	429,794	731,794
Juvenile Justice Authority					
Raze Storage Annex Building at TJCF	-	-	-	-	-
Raze Guest House at BJCF	-	-	-	-	-
Perimeter Fence and Control/Visitor's Bldg at AJCF	-	-	-	-	-
30-Bed Pod at KJCC	-	-	-	-	-
32-Bed Pod at LJCF	-	-	-	-	-
Backup Generator at BJCF	-	-	-	-	-
Backup Generator at AJCF	-	-	-	-	-
New Greenhouse at BJCF	-	-	-	65,920	-
New Backup Generator at TJCF	-	-	-	494,908	494,908
Raze Arapaho/Cheyenne &Chippewa/Jayhawk at TJCF	-	-	-	150,000	-
Convert TJCF Dining Facility to Treatment Center	-	-	-	517,585	-
Facility Planning and Remodeling	1,072,470	497,134	-	-	-
Rehabilitation and Repair--Juvenile Correctional Fac.	-	970,406	1,120,000	-	1,120,000
Facility Construction Debt Service	1,550,000	1,625,000	1,710,000	-	1,710,000
Atchison Juvenile Correctional Facility					
Rehabilitation and Repair	424,946	79,405	-	-	-

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Beloit Juvenile Correctional Facility					
Rehabilitation and Repair	225,911	-	-	-	-
Topeka Juvenile Correctional Facility					
Rehabilitation and Repair	196,691	81,221	-	-	-
Subtotal--SIBF	8,344,127	11,459,785	9,024,147	2,153,860	15,451,987
Juvenile Justice Projects--Interest	1,088,364	2,372,263	2,291,013	-	2,291,013
SRS Projects--Interest	-	2,547,940	4,102,631	-	3,805,547
State Building Insurance Premium	-	-	-	-	56,511
Total--SIBF	\$ 9,432,491	\$ 16,379,988	\$ 15,417,791	\$ 2,153,860	\$ 21,605,058

Correctional Institutions Building Fund

Department of Corrections					
Rehabilitation & Repair	104,699	3,560,603	3,250,328	-	3,250,328
RDU Relocation Bonds Debt Service	1,283,235	1,689,697	1,689,697	-	1,689,697
El Dorado Correctional Facility					
Underground Fuel Storage Tanks	125,764	1,709	-	-	-
Ellsworth Correctional Facility					
Rehabilitation & Repair	3,805	201,217	-	-	-
Hutchinson Correctional Facility					
Rehabilitation & Repair	2,718,373	361,706	-	-	-
Lansing Correctional Facility					
Rehabilitation & Repair	662,080	288,282	-	-	-
Larned Correctional Mental Health Facility					
Rehabilitation & Repair	189,927	-	-	-	-
Norton Correctional Facility					
Rehabilitation & Repair	8,906	270,000	-	-	-
Topeka Correctional Facility					
Rehabilitation & Repair	12,583	37,274	-	-	-
Winfield Correctional Facility					
Rehabilitation & Repair	280,550	166,614	-	-	-
Subtotal--CIBF	5,389,922	6,577,102	4,940,025	-	4,940,025
State Building Insurance Premium	-	-	-	-	51,975
Total--CIBF	\$ 5,389,922	\$ 6,577,102	\$ 4,940,025	\$ -	\$ 4,992,000

State General Fund

Department of Administration					
Statehouse Improvements	308,956	-	-	-	-
Install Public Toilets McClennan Park	-	-	-	160,000	-
Install Cedar Crest/McClennan Park Signage	-	-	-	55,000	-
Replace Forbes South Parking Lot	-	-	-	91,800	-
Install New Generator Exhaust System in Landon	-	-	-	300,000	-
Remodel Landon	-	-	-	6,854,853	-
Remodel Docking	-	-	-	9,195,240	-
Redesign Landon Ventilation	-	-	-	423,061	-
Upgrade Landon Generator Controls	-	-	-	40,000	-
Replace Landon HVAC in DISC Area	-	-	-	1,400,000	-
Replace Docking Heating/Cooling Water Pipe	-	-	-	1,400,000	-
Replace Landon Chiller	-	-	-	728,992	-
Retrofit Docking Lighting to High Efficiency	-	-	-	181,139	-
Install Landon Lighting Sensors	-	-	-	49,000	-
Replace Memorial Hall Chiller	-	-	-	299,897	-
Install State Complex West Boiler	-	-	-	500,000	-
Replace Judicial Center Security System	-	-	-	101,500	-
Capital Complex Infrastructure Study	-	-	-	400,000	-
Reroof and Barrel Vault Modifications Ray Building	-	-	-	251,680	-
Tuckpoint Forbes 740	-	-	-	60,000	-
Repair Landon Roof Northwest Corner	-	-	-	86,000	-
Repair Docking Exterior Envelope	-	-	-	320,000	-
Replace Forbes 725 Roof	-	-	-	51,153	-
Replace Forbes Cooling Tower	-	-	-	250,000	-
Replace Docking Roof Drains	-	-	-	100,000	-
Change Out Landon Electrical Panels	-	-	-	67,500	-
Dillon House Repairs	-	-	-	88,200	-
Replace/Rewind Landon Transformers	-	-	-	40,000	-
Tunnel Replacement from Curtis to Statehouse	-	-	-	3,820,000	-
Judicial Center Fire Alarm Replacement	-	-	-	420,660	-

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Improvements to Judicial Center Air Side of HVAC	-	-	-	200,000	-
Clean, Caulk, & Seal Exterior Stone--KJC	-	-	-	92,000	-
Repair South Steps Judicial Center	-	-	-	60,000	-
Install Judicial Center Fire Suppression	-	-	-	500,000	-
Install Landon Fire Suppression	-	-	-	451,044	-
Install Docking Fire Suppression	-	-	-	457,870	-
Replace Landon Fire Pump	-	-	-	75,000	-
Upgrade Landon Fire Detection & Notification	-	-	-	754,503	-
Upgrade Docking Fire Detection & Notification	-	-	-	367,642	-
Upgrade Landon Chiller Room	-	-	-	98,410	-
Upgrade Docking Chiller Room	-	-	-	96,000	-
Judicial Center Improvements	71,193	238,356	60,000	757,600	60,000
Rehabilitation & Repair	64,004	63,006	243,886	56,114	243,886
Statehouse Improvements	1,215,000	1,900,000	1,985,000	890,000	2,875,000
Energy Conservation Improvements Program	1,750,000	1,735,000	1,305,000	-	1,305,000
Department of Social & Rehabilitation Services					
State Hospital Rehabilitation & Repair	5,882	-	-	-	-
Larned State Hospital					
Rehabilitation & Repair	1,719	-	-	-	-
Department of Human Resources					
Purchase of Land at Topeka Facility	19,049	-	-	-	-
Headquarters Debt Service	-	8,400	8,400	-	8,400
Board of Regents					
Research Initiative	-	-	10,000,000	-	2,890,000
Master Lease	5,635	5,635	5,635	-	5,635
Emporia State University					
William Allen White Library Addition	-	-	-	348,318	-
Fort Hays State University					
Picken Hall Renovation	-	-	-	240,000	-
Rehabilitation & Repair	7,685	-	-	-	-
Kansas State University - Main Campus					
Renovate Memorial Stadium	-	-	-	260,000	-
Lease-Purchase of Aeronautical Center	189,446	189,446	189,446	-	189,446
Kansas State University - ESARP					
Rehabilitation & Repair	94,657	33,628	28,056	-	28,056
University of Kansas					
Utility Tunnel Repair	-	-	-	8,800,000	-
Rehabilitation & Repair	1,165,288	-	-	-	-
Pittsburg State University					
Energy Conservation Debt Service	-	117,150	122,716	-	122,716
Rehabilitation & Repair	242,904	-	-	-	-
Armory/Classroom/Recreation Center	-	-	-	957,900	-
University of Kansas Medical Center					
Upgrade Applegate Energy Center	-	-	-	5,705,752	-
Wichita State University					
Construct 3-D Art and Grad. Painting Building	-	-	-	490,000	-
Rehabilitation & Repair	614	-	-	-	-
Historical Society					
Emergency Repairs	46,563	47,076	46,550	125,000	125,000
Museum Storage	-	-	-	-	-
Historic Sites Preservation & Development	-	-	-	329,803	-
Museum ADA Alarms & Signs	-	-	-	55,802	-
Engineered Systems Survey & Plan	-	-	-	92,100	-
Interactive Museum & Auditorium	-	-	-	-	-
Department of Corrections					
Rehabilitation & Repair	-	-	-	1,689,697	-
Ellsworth Correctional facility Debt Service	1,255,000	1,310,000	1,370,000	-	1,370,000
Revenue Refunding Bonds Debt Service	3,825,685	3,987,113	2,865,303	-	2,865,303
Labette Correctional Conservation Camp Debt Service	115,000	120,000	125,000	-	125,000
El Dorado CF Site Utilities Debt Service	1,256,000	-	-	-	-
RDU Relocation Bonds Debt Service	545,000	565,000	595,000	-	595,000
Topeka & Lansing Correctional Facilities Debt Service	860,000	905,000	950,000	-	950,000
Wichita Work Release Facility Debt Service	140,000	140,000	150,000	-	150,000
Ellsworth Correctional Facility					
Rehabilitation & Repair	11,657	-	-	-	-
Hutchinson Correctional Facility					

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Facility Conservation Imp. Prog. Lease Payment	83,694	218,382	218,382	-	218,382
Atchison Juvenile Correctional Facility					
Rehabilitation and Repair	-	-	-	-	-
Beloit Juvenile Correctional Facility					
Rehabilitation and Repair	1,732	-	-	-	-
Adjutant General					
Armory Repair & Debt Service	-	215,000	490,000	-	490,000
Armory Building Repair	250,607	-	-	-	-
Reroof State Defense Building	-	-	-	201,641	-
Reroof State Defense Building Annex	-	-	-	16,003	-
Organizational Maint. Shop - Exhaust Upgrade	-	-	-	11,139	-
Combined Support Maint. Shop - Exhaust Upgrd	-	-	-	6,520	-
Armory Parking - Topeka	-	-	-	25,781	-
State Defense Building - Parking Overlay	-	-	-	13,694	-
State Defense Building - Driveway Overlay	-	-	-	3,910	-
CSMS Reroof	-	-	-	-	-
OMS 5 Reroof	-	-	-	-	-
SDB Annex, Asphalt Drives	-	-	-	-	-
SDB Annex, Asphalt Parking	-	-	-	-	-
OMS 1 Reroof	-	-	-	-	-
OMS 4 Reroof	-	-	-	-	-
OMS 9 Asphalt Parking	-	-	-	-	-
OMS 9 Asphalt Parking	-	-	-	-	-
OMS 8 Fume Exhaust	-	-	-	-	-
OMS 5 Fume Exhaust	-	-	-	-	-
USPFO Asphalt Drive	-	-	-	-	-
USPFO Asphalt Parking	-	-	-	-	-
Kansas Bureau of Investigation					
Headquarters Building Debt Service	205,000	210,000	230,000	-	230,000
Great Bend 2nd Floor	-	-	-	1,115,000	-
Rehabilitation & Repair	2,725	-	-	30,000	-
Department of Wildlife & Parks					
Rehabilitation and Repair	7,537	34,872	-	-	-
Menninger Memorial State Park	-	-	-	100,000	-
Tuttle Creek Access Road & Campground	-	1,500,000	-	-	-
Total--State General Fund	\$ 13,748,232	\$ 13,543,064	\$ 20,988,374	\$ 53,209,918	\$ 14,846,824
Regents Restricted Funds:					
Emporia State University					
Residence Hall Debt Service	195,000	200,000	210,000	-	210,000
Student Union Renovation	95,000	100,000	100,000	-	100,000
Student Recreational Building Debt Service	131,000	131,000	131,000	-	131,000
Men's Dormitories Debt Service	40,000	40,000	40,000	-	40,000
Parking Lot Improvements	97,918	90,000	90,000	-	90,000
Rehabilitation & Repair	235,816	77,576	61,214	-	61,214
Fort Hays State University					
Student Housing Debt Service	205,000	210,000	225,000	-	225,000
Parking Improvements	193,780	100,000	300,000	-	300,000
Rehabilitation & Repair	3,718,118	-	-	-	-
Kansas State University - Main Campus					
University Debt Service	2,327,973	2,438,204	2,763,348	-	2,763,348
Rehabilitation & Repair	2,667,125	2,062,438	2,062,478	-	2,062,478
Ackert Hall Addition	2,570,864	-	-	-	-
Renovation of Residence Halls	-	2,660,000	750,000	-	750,000
Rowing Facility	-	99,990	-	1,011,010	1,011,010
Galichia Addition	-	500,000	769,990	-	769,990
Parking Lot Improvements	545,487	800,000	800,000	-	800,000
Kansas State University - ESARP					
Rehabilitation and Repair	3,665,792	102,125	102,165	-	102,165
Horticulture Research Center	-	1,000,000	-	-	-
Grain Science Center	-	4,000,000	-	-	-
Grain Science Center	-	-	5,000,000	-	5,000,000
Grain Science Center	-	-	5,000,000	-	5,000,000
Kansas State University - Vet Med					
Rehabilitation & Repair	2,412	2,526	2,330	-	2,330
Biosecurity Level 2 Laboratory	-	300,000	315,000	-	315,000

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Equine Locomotion Center	-	-	400,000	-	400,000
University of Kansas					
University Debt Service	2,855,000	3,245,000	5,275,000	-	5,275,000
Dole Institute	622,746	100,241	-	-	-
Multicultural Resource Center	-	180,000	2,820,000	-	2,820,000
Campus Landscape Master Plan	-	-	1,358,000	-	1,358,000
Stouffer Place	-	576,000	600,000	-	600,000
Hall Center for the Humanities	-	5,000,000	-	-	-
Scholarship Hall	-	2,864,460	-	-	-
Student Recreation & Fitness Center	1,068,882	-	-	-	-
Mallot Hall Medicinal Chemistry	-	-	2,800,000	-	2,800,000
Parking Improvements	160,822	248,400	303,600	-	303,600
Edwards Campus Expansion	11,756,244	-	-	-	-
Ellsworth Hall	437,057	540,502	-	-	-
Student Union Renovation	97,485	-	-	-	-
Rehabilitation & Repair	4,166,780	3,620,068	1,700,000	-	1,700,000
Pittsburg State University					
Willard Hall Debt Service	105,000	110,000	115,000	-	115,000
Horace Mann Debt Service	115,000	120,000	125,000	-	125,000
Overman Student Center Debt Service & Remodeling	115,000	85,000	85,000	-	85,000
Parking Improvements	565,447	200,000	200,000	-	200,000
Rehabilitation & Repair	2,529,125	1,250,000	1,450,000	-	1,450,000
Student Health Center & Hospital Improvements	-	100,000	550,000	-	550,000
Overman Student Center Debt Service & Remodeling	-	243,082	-	-	-
Polymer Research Center	-	-	-	309,000	309,000
Construct Armory/Classroom/Recreation Center	-	-	-	1,822,470	1,822,470
University of Kansas Medical Center					
Rehabilitation & Repair	4,468,913	509,077	-	-	-
University Debt Service	455,000	300,000	315,000	-	315,000
Ambulatory Care Facility	-	-	-	500,000	500,000
Parking Lot & Garage Improvements	3,155	-	550,000	-	550,000
Cambridge Elevators	-	-	-	900,000	900,000
Wichita State University					
Parking & Housing Debt Service	600,000	720,000	1,750,000	-	1,750,000
Parking Lot Maintenance	5,347	-	-	-	-
Rehabilitation & Repair	169,852	-	-	-	-
Total--Regents Restricted Fund:	\$ 46,988,140	\$ 34,925,689	\$ 39,119,125	\$ 4,542,480	\$ 43,661,605
Special Revenue Fund:					
Department of Administration					
Topeka State Hospital Cemetery Memorial	-	-	-	200,000	200,000
Judicial Center Improvements	41	177,929	-	-	-
9th Street Right of Way	-	70,000	-	-	-
Capital Dome Reinforcement	310,991	-	-	-	-
Repairs for State Parking Lots	123,745	238,027	95,000	-	95,000
Rehabilitation & Repair	-	143,886	-	-	-
Paint & Grounds Shop Debt Service	15,315	16,752	18,323	-	18,323
Cedar Crest Remodel	23,290	-	-	-	-
Insurance Department					
Contingent Building Repairs	37,562	20,000	30,000	-	30,000
Carpet Replacement & Flooring	-	-	30,000	-	30,000
Energy Conservation Projects	-	-	200,000	-	200,000
Dillon House Cooperative Renovation	-	-	40,000	-	-
Exterior Lighting	-	-	10,000	-	10,000
Install Window Screens	-	-	40,000	-	-
Insurance Building Debt Service	130,000	140,000	150,000	-	150,000
Department of Social & Rehabilitation Services					
Rehabilitation & Repair--Chanute Office Building	138,612	300,000	300,000	-	300,000
State Hospital Rehab & Repair	9,919	-	-	-	-
Department of Health and Environment--Environment					
Security Fence for Air Monitoring Equipment	11,250	-	-	-	-
Department of Human Resources					
Additional Parking at Topeka Admin. Bldg.	-	200,000	-	-	-
Purchase of Parking Lot at Topeka Facility	14,078	-	-	-	-
Replace HVAC Unit at Salina Facility	27,114	-	-	-	-
Renovation of Topeka Admin. Bldg.	2,277,786	-	-	-	-

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
Headquarters Debt Service	180,000	191,600	196,600	-	196,600
Parking Lot at Kansas City Facility	-	96,750	-	-	-
Replace Air Conditioner Condensers at Wichita	-	-	55,000	-	55,000
HVAC Unit Replacement at Topeka Info. Sys. Bldg.	-	-	327,000	-	327,000
Replace Roof at Topeka Info. Sys. Bldg.	-	-	163,000	-	163,000
Rehabilitation and Repair	48,982	183,550	80,000	-	80,000
Commission on Veterans' Affairs					
Soldiers Home Facility Conservation Imp. Proj.	17,608	1,010,835	-	-	-
Veterans Cemeteries	2,946,238	6,992,351	1,157,520	1,303,752	2,461,272
Historical Society					
Emergency Repairs	209,842	100,000	-	-	-
Department of Corrections					
Revenue Refunding Bonds Debt Service	1,455,080	523,190	-	-	-
Rehabilitation & Repair	-	201,000	204,967	-	204,967
Building Expansions--Hutchinson & Lansing	-	-	781,000	-	-
Rehabilitation & Repair	379,381	-	-	-	-
Ellsworth Correctional Facility					
Rehabilitation & Repair	104,914	-	-	-	-
Juvenile Justice Authority					
Byrne Grant	493,496	-	-	-	-
Adjutant General					
USPFO Asphalt Parking	-	-	-	-	-
Armory Bonds Issue 1	105,000	-	-	-	-
Armory Bonds Issue 2	70,000	-	-	-	-
Armory Building Repair	1,390,134	-	-	-	-
Reroof State Defense Building	-	-	-	38,408	-
Reroof State Defense Building Annex	-	-	-	48,010	-
Organizational Maint. Shop - Exhaust Upgrade	-	-	-	33,418	-
Combined Support Maint. Shop - Exhaust Upgrd	-	-	-	19,562	-
Armory Parking - Topeka	-	-	-	77,341	-
State Defense Building - Parking Overlay	-	-	-	41,081	-
State Defense Building - Driveway Overlay	-	-	-	11,729	-
CSMS Reroof	-	-	-	-	-
OMS 5 Reroof	-	-	-	-	-
SDB Annex, Asphalt Drives	-	-	-	-	-
SDB Annex, Asphalt Parking	-	-	-	-	-
OMS 1 Reroof	-	-	-	-	-
OMS 4 Reroof	-	-	-	-	-
OMS 9 Asphalt Parking	-	-	-	-	-
OMS 9 Asphalt Parking	-	-	-	-	-
OMS 8 Fume Exhaust	-	-	-	-	-
OMS 5 Fume Exhaust	-	-	-	-	-
USPFO Asphalt Drive	-	-	-	-	-
Highway Patrol					
Training Center Debt Service	385,000	405,000	425,000	-	425,000
Fleet Facility Debt Service	-	225,000	200,000	-	200,000
Port Modernization - I70 & I35	-	-	110,861	-	41,817
Rehabilitation, Repair & Scale Replacement	-	50,000	284,144	-	283,178
Olathe Vehicle Inspection Facility Debt Service	-	-	-	-	45,000
Building Repair	183,763	-	-	-	-
State Conservation Commission					
Horsethief Reservoir Debt Service	-	-	-	140,491	-
Kansas State Fair					
Master Plan Improvements Debt Service	531,577	630,000	645,000	-	645,000
Rehabilitation & Repair	308,865	101,500	101,500	-	101,500
Department of Wildlife & Parks					
River Access	-	420,000	100,000	-	-
Water Intake Line at Milford Hatchery	-	1,282,110	-	-	-
Land/Wetland Acquisition & Development	2,799,957	2,986,155	1,050,000	1,656,194	1,490,491
Coast Guard Boating Projects	-	-	100,000	-	100,000
Boating Access & Development	786,117	2,016,621	945,000	-	945,000
Rehabilitation and Repair	2,448,824	6,509,111	2,796,120	-	2,649,000
Menninger Memorial State Park					100,000
Cheyenne Bottoms Visitors Center		1,999,264			
Total--Special Revenue Fund:	\$ 17,964,481	\$ 27,230,631	\$ 10,636,035	\$ 3,569,986	\$ 11,547,148

Expenditures for Capital Improvements by Project

	FY 2003	FY 2004	FY 2005	FY 2005	FY 2005
	<u>Actual</u>	<u>Gov. Est.</u>	<u>Base Budget</u>	<u>Enhance. Pkg.</u>	<u>Gov. Rec.</u>
State Highway Fund					
Kansas Department of Transportation					
Design Contracts	24,029,569	33,371,226	23,574,800	-	23,574,800
Construction Operations	73,085,911	74,023,545	76,659,983	-	77,081,584
Construction Contracts	480,192,042	389,155,750	65,537,000	-	65,537,000
City/County Construction	107,366,637	139,280,000	143,283,000	-	143,143,165
Debt Service	54,410,000	43,030,000	37,510,000	-	37,510,000
Substantial Maintenance	150,390,205	99,326,000	107,604,000	-	107,604,000
KDOT Buildings--Rehab. & Repair	5,370,118	13,033,749	9,470,671	-	4,635,671
Total--State Highway Fund	\$ 894,844,482	\$ 791,220,270	\$ 463,639,454	\$ -	\$ 459,086,220
Total--State Capital Improvement	\$ 1,016,486,884	\$ 924,388,261	\$ 582,815,804	\$ 63,734,501	\$ 578,401,952
Off-Budget Expenditures					
Department of Administration					
Upgrade Capital Complex Pedestrian Tunnels	221,474	--	--	--	--
Landon Electrical Power Supply Study	15,010	180,000	--	--	--
Refrigerant Code Compliance Study	--	80,000	--	--	--
Docking Electrical System Condition Study	33,497	6,503	--	--	--
New Docking Lighting Control System	--	110,000	--	--	--
Replace Docking Penthouse Roof	--	91,000	--	--	--
Rehabilitation & Repair	219,355	335,921	200,000	--	200,000
Harrison Center Debt Service	540,000	--	820,000	--	820,000
Improvements to State Facilities	315,000	330,000	335,000	--	335,000
Memorial Hall Debt Service	195,000	205,000	215,000	--	215,000
Landon Building Debt Service	939,145	562,250	562,250	--	562,250
Printing Plant Debt Service	138,676	166,417	171,816	--	171,816
Motor Pool Shop	23,837	26,484	29,423	--	29,423
Total--Off-Budget Expenditures:	\$ 2,640,994	\$ 2,093,575	\$ 2,333,489	\$ -	\$ 2,333,489

The Budget Process: A Primer

The purpose of this primer is to describe briefly the annual budget and appropriations process for the State of Kansas.

The Governor, by KSA 75-3721, must present spending recommendations to the Legislature. *The Governor's Budget Report* reflects expenditures for both the current and upcoming fiscal years and identifies the sources of financing for them.

The Legislature uses *The Governor's Budget Report* as a guide as it appropriates the money necessary for state agencies to operate. Only the Legislature can authorize expenditures by the State of Kansas. The Governor recommends spending levels, while the Legislature chooses whether to accept or modify those recommendations. The Governor may veto legislative appropriations, although the Legislature may override any veto by a two-thirds majority vote.

Fiscal Years. It is important when reading the budget to consider which fiscal year is being discussed. The state *fiscal year* runs from July 1 to the following June 30 and is numbered for the calendar year in which it ends. The *current fiscal year* is the one which ends the coming June. The *actual fiscal year* is the year which concluded the previous June. The *budget year* refers to the next fiscal year, which begins the July following the Legislature's adjournment. Finally, *out-years* refer to the years beyond the budget year. In *The FY 2005 Governor's Budget Report*, the actual fiscal year is FY 2003, the current fiscal year is FY 2004, and the budget year is FY 2005.

By law, *The Governor's Budget Report* must reflect actual year spending, the Governor's revised spending recommendations for the current fiscal year, state agency spending requests for the budget year, and the Governor's spending recommendations for the budget year. The budget recommendations cannot include the expenditure of anticipated income attributable to proposed legislation. Expenditure data are shown by agency and category of expenditure in the schedules at the back of this volume. Those same data are included, by agency and program, in *Volume 2 of The Governor's Budget Report*.

Annual-Biennial Budgets. Appropriations for agency operating expenditures have been made on an annual

basis since 1956. With enactment of legislation in 1994, the budgets of 20 state agencies were approved on a biennial basis starting with FY 1996. They were all financed through fee funds. Since then, two of these merged and a non-fee agency was added, leaving the total at 20.

Financing of State Spending. Frequent reference is made to *State General Fund* expenditures and expenditures from *all funding sources*. Expenditures from all funding sources include both State General Fund expenditures and expenditures from special revenue funds. All money spent by the state must first be appropriated by the Legislature, either from the State General Fund or from special revenue funds.

The State General Fund receives the most attention in the budget because it is the largest of the "uncommitted" revenue sources available to the state. It is also the fund to which most general tax receipts are credited. The Legislature may spend State General Fund dollars for any governmental purpose.

Special revenue funds, by contrast, are dedicated to a specific purpose. For instance, the Legislature may not spend monies from the State Highway Fund to build new prisons. The State Highway Fund, which is the largest state special revenue fund, can be used only for highway purposes. It consists primarily of motor fuel taxes, federal grants, vehicle registration fees, a dedicated one-fourth cent sales tax, and a transfer from the State General Fund. Other examples of special revenue funds are the three state building funds, which can be used only for capital improvements; federal funds made available for specific purposes; and the Board of Accountancy Fee Fund, which can be used only to support operations of the Board.

Revenue Estimates. The tool used by both the Governor and the Legislature to determine State General Fund revenue is the "consensus revenue estimate" prepared by the Consensus Revenue Estimating Group.

The consensus revenue estimate is important because both the Governor and the Legislature base their budget decisions on it. The estimate is categorized by major source and covers a two-year period: the current year and the budget year. In addition, KSA

75-6701 requires that the Director of the Budget and the Director of the Legislative Research Department certify a joint estimate of State General Fund resources to the Legislature. The revenue estimating process is the source of that estimate.

The Consensus Revenue Estimating Group is composed of representatives of the Division of the Budget, the Department of Revenue, the Legislative Research Department, and one consulting economist each from the University of Kansas, Kansas State University, and Wichita State University. The Director of the Budget serves as unofficial chairperson of the group.

The Consensus Revenue Estimating Group meets each spring and fall. Before December 4 (typically in November) of each year, the group makes its initial estimate for the budget year and revises its estimate for the current year. The results are reported to the Governor, Legislature, and public in a joint memorandum from the Director of Legislative Research and the Director of the Budget. The group meets again before April 4 to review the fall estimate and additional data. The group then publishes a revised estimate which the Legislature may use in adjusting expenditures, if necessary.

The consensus revenue estimate is the official revenue projection for the State General Fund. Estimates of revenues to other funds are prepared by individual state agencies, reviewed by the Division of the Budget, and included in *The Governor's Budget Report*.

The State General Fund consensus revenue estimate for FY 2005 is \$4.47 billion, which is subject to revision in April 2004. This estimate and the assumptions upon which it is based are discussed in the State General Fund Revenues section of this volume. A complete discussion of the economy is included in *The Governor's Economic and Demographic Report*. This report is prepared by the Division of the Budget and a Wichita State University economist.

Budget Balancing Mechanisms. This term refers to KSA 75-6701 to 75-6704. The purpose of the law is to ensure an adequate operating balance in the State General Fund. The practical effect of this provision is to target the ending balance in the State General Fund to be at least 7.5 percent of authorized expenditures and demand transfers in the budget year. During the

2003 Legislative Session the statutes were amended for only FY 2004 to suspend the State General Fund ending balance requirement for that year. For FY 2005, the Governor submitted two budgets. One conforms to the statutory requirement for a 7.5 percent ending balance. The other budget, the one reflecting the Governor's priorities, does not target a specific reserve percentage. Rather, the goal is to ensure that available funds cover the level of expenditures recommended.

The "spending lid" statute requires that *The Governor's Budget Report* and actions of the Legislature comply with its provisions. An "Omnibus Reconciliation Spending Limit Bill" must be the last appropriation bill passed by the Legislature. The purpose of the bill is to reconcile State General Fund expenditures and revenues by reducing expenditures, if necessary, to meet the provisions of the "spending lid."

The final provision of the "spending lid" act allows the Governor to reduce State General Fund expenditures in the current fiscal year, when the Legislature is not in session, by an amount not to exceed that necessary to retain an ending balance in the State General Fund of \$100.0 million. The Governor must make the reductions "across-the-board" by reducing each line item of expenditure by a fixed percentage. The only exceptions are debt service obligations, state retirement contributions for school employees, and transfers to the School District Capital Improvements Fund. The reductions must be approved by the State Finance Council.

In addition to the "spending lid" act, the Governor has the authority under a statutory allotment system to limit expenditures of the State General Fund and special revenue funds when it appears that available monies are insufficient to cover expenditure obligations. This authority applies to agencies of the Executive Branch but not the Legislature or the Judiciary. Allotments can be made on a case-by-case basis and do not have to be across the board. Agencies have the right to appeal any allotment amount and the Governor makes the final determination. The allotment system had not been used for 30 years; however, budget problems in FY 2003 required reductions to be made under this law twice.

Classification of State Spending. The State of Kansas classifies state spending by function of

government and by category of expenditure. Function of government is a grouping of agencies which make expenditures for similar programs and purposes. There are six functions of government: general government, human resources, education, public safety, agriculture and natural resources, and transportation. Category of expenditure classifies expenditures by budgeting and accounting objects of expenditure (state operations; aid to local governments; other assistance, grants, and benefits; and capital improvements).

Each of the six functions of government is discussed in a section of this volume. The following is a brief description of each function.

Expenditures by Function, FY 2005		
<i>(Dollars in Millions)</i>		
	State General Fund	All Funding Sources
General Government	\$182.8 4.0%	\$585.1 5.7%
Human Resources	\$1,048.1 22.7%	\$3,494.6 34.3%
Education	\$3,061.4 66.3%	\$4,589.3 45.1%
Public Safety	\$297.2 6.4%	\$480.3 4.7%
Agriculture & Natural Resources	\$25.1 0.6%	\$150.7 1.5%
Transportation	\$ -- --	\$882.1 8.7%
Total	\$4,614.7 100.0%	\$10,182.2 100.0%

Totals may not add because of rounding.

General Government includes state agencies with both administrative and regulatory functions. These agencies include the state's elected officials (Governor, Secretary of State, etc.) and the Department of Administration. The Corporation Commission, the Board of Nursing, the Racing and Gaming Commission, and the Department of Revenue are examples of agencies that perform a regulatory function. Other general government agencies include the Legislature and the Judiciary. Approximately 5.7 percent of total expenditures and 4.0 percent of State

General Fund expenditures recommended by the Governor for FY 2005 are for General Government.

Agencies in the *Human Resources* function provide services to individuals. Such services include the nutrition programs of the Department on Aging; care of the developmentally disabled as well as financial assistance and social services by the Department of Social and Rehabilitation Services; services to veterans provided by the Kansas Commission on Veterans Affairs; job training placement assistance provided by the Department of Human Resources; and Division of Health programs in the Department of Health and Environment. Recommended Human Resources expenditures for FY 2005 constitute 34.3 percent of all recommended expenditures and 22.7 percent of State General Fund expenditures.

The *Education* function agencies provide various educational services to Kansans. While Regents institutions and the Board of Education provide direct education services, services by agencies such as the State Library are indirect in nature. Recommended Education expenditures represent 45.1 percent of total expenditures for FY 2005 and 66.3 percent of the State General Fund expenditures.

Public Safety agencies ensure the safety and security of Kansas citizens. Agencies in this function include the Department of Corrections and law enforcement agencies. Also included are the Juvenile Justice Authority and the juvenile correctional facilities, the Highway Patrol, and the Kansas Bureau of Investigation. Public Safety expenditures constitute 4.7 percent of the total recommended expenditures for the FY 2005 budget and 6.4 percent of recommended expenditures from the State General Fund.

Agriculture and Natural Resources agencies protect the natural and physical resources of the state and regulate the use of those resources. The FY 2005 expenditures recommended by the Governor constitute 1.5 percent of total expenditures and 0.6 percent of State General Fund expenditures. Agencies included in this function are the Department of Agriculture, the Division of Environment of the Department of Health and Environment, and the Department of Wildlife and Parks.

Transportation includes only the Department of Transportation. Responsibilities of this agency include

maintenance and construction of highways in Kansas. Recommended expenditures constitute 8.7 percent of the total recommended budget for FY 2005 and no State General Fund expenditures.

Categories of expenditure are based on accounting objects of expenditure. The four general categories are state operations; aid to local governments; other assistance, grants, and benefits; and capital improvements. The first three categories constitute what are called operating expenditures.

Following is a brief guide to the general categories of expenditure:

State Operations includes expenses incurred conducting the day-to-day business of state government. The largest category of these costs is the salaries and wages paid to state employees. Expenditures in this category constitute 29.9 percent of the FY 2005 total budget and 26.1 percent of the State General Fund budget.

Aid to Local Governments consists of payments made to governments which provide services at the local level and in most cases have taxing authority. General State Aid to school districts is an example; it consists of more than \$1,760.3 million for FY 2005. This category constitutes 32.1 percent of the FY 2005 total budget and 54.0 percent of the State General Fund budget.

Other Assistance, Grants, and Benefits constitutes payments to individuals and agencies that are not governmental units. Medicaid payments, financial aid for postsecondary education, nutrition assistance for mothers and their babies, and temporary assistance for needy families are examples. This category includes 32.4 percent of total expenditures in FY 2005 and 19.6 percent of the State General Fund.

Capital Improvements include highway construction costs as well as the cost of rehabilitation and repair, razing, remodeling, and construction of state-owned buildings and other facilities. Some of these projects are financed by bond issues. The cost of that portion of the debt service payment on bonds that represents the principal is also included in this category. By far the largest portion of the expenditures in this category is highway construction costs. Capital improvement expenditures represent 5.6 percent of total expenditures in FY 2005 and 0.3 percent of State

General Fund expenditures. Included in this volume are separate sections on capital improvements and debt service.

Expenditures by Category, FY 2005		
<i>(Dollars in Millions)</i>		
	State General <u>Fund</u>	All Funding <u>Sources</u>
State Operations	\$ 1,204.8 26.1%	\$ 3,050.1 29.9%
Aid to Local Governments	\$ 2,491.8 54.0%	\$ 3,269.4 32.1%
Other Assistance, Grants, & Benefits	\$ 903.2 19.6%	\$ 3,295.5 32.4%
Capital Improvements	\$ 14.8 0.3%	\$ 567.2 5.6%
Total	\$ 4,614.7 100.0%	\$ 10,182.2 100.0%

Totals may not add because of rounding.

State Employees. A major part of the state operations category of expenditures is salary and wage payments to employees in the State Civil Service. For FY 2005, 20.2 percent of all expenditures are estimated for salaries and wages.

The State Civil Service, by KSA 75-2935, includes the classified and the unclassified service. Employees hired to fill positions in the classified service must be hired on the basis of merit and fitness and on the basis of competitive examinations. These employees are also promoted and discharged according to rules and regulations established for administration of the Kansas Civil Service Act.

The classified service includes *regular* full-time and part-time positions. The classified service also includes the following special types of appointments:

Limited Term appointments are made in cases where the position will be eliminated at the end of a predetermined length of time as stipulated in a federal grant or contractual agreement. Except for this time factor, which means an employee in one of these positions has no layoff rights, limited term appointments are the same as classified positions.

Temporary positions may be either classified or unclassified. Those positions in the classified service require the employee filling the position to work no more than 999 hours in a 12-month period. The unclassified temporary category in the SHARP personnel and payroll system consists of two groups: those that truly are temporary and non-FTE unclassified permanent positions. Positions in the second group are counted as part of the state workforce because they participate in the state retirement system.

The regular unclassified service includes full-time and part-time positions specifically designated as being in the unclassified service. Typically these positions are defined by specific agencies, or types of agencies, for specific purposes. Examples are all employees of the Legislature; teaching, research, student, and health care employees of Regents institutions; and all employees of the courts. Unclassified positions are governed by rules and regulations of the appointing agencies and are not subject to Civil Service Act rules and regulations.

Children's Budget. KSA 75-3717(a)(2) requires that the Governor include in *The Governor's Budget Report* a listing of all state agency programs that "provide services for children and their families." The information is summarized in the Children's Budget, which includes expenditures from all funding sources and from the State General Fund, by agency and by project; the number of children or families served in each program; and a brief description of each of the agency programs.

Budget Process. Producing a budget is a continuous process. However, it does have certain discrete phases. In the Executive Branch, the budget process begins as soon as the legislative session ends. At that time, the budget staff prepares the *Comparison Report*. This report compares the budget recommended by the Governor for the current and budget fiscal years to the budget approved by the Legislature.

In June, budget instructions are distributed by the Division of the Budget to state agencies. These instructions include allocations that each Executive Branch agency uses in budget preparation and instructions for preparing a capital budget for the budget year based on the approved budget for the current fiscal year, as adjusted for one-time

expenditures, caseloads, and the annualization of partial-year funding. Enhancement packages and reduced resource packages are also a part of budget preparation.

On July 1, agencies use the budget instructions to submit a capital budget. The capital budget contains a five-year plan, which includes the capital improvement requests for the current year, the budget year, and four out-years following the budget year.

Concurrent with preparation of financial segments of the agency budget is completion of agency strategic plans that are submitted with the budget in September. Agency strategic plans establish a clear definition of mission and a direction for the future; develop agency-wide work plans and agency-specific objectives and strategies for fulfilling the agency mission; and allocate resources according to priority and ensure accountability for the use of those resources. As part of the strategic planning process, agencies identify an agency mission, agency philosophy, goals and objectives, and performance measures to track progress toward the plan.

Agencies are requested to prepare one complete operating budget for submission on September 15. For Executive Branch agencies, the submission is based on an allocation prepared by the Division of the Budget in June. Each Executive Branch budget submission also includes reduced resource packages that detail how the services provided by the agency would be affected under a reduced resource scenario. The Division of the Budget also prepares a reduction amount for these agencies to use in preparing their reduction packages. Agencies may also submit requests for incremental additions to their base budgets in the form of enhancement packages that represent new programs or the expansion of existing ones. All budget components are intended to reflect program priorities.

According to law, the Governor cannot make a recommendation with respect to the budget request submitted by the Judiciary. As a matter of policy, the Governor treats the legislative budgets in the same way. Therefore, the Governor includes these budgets as requested to present a complete state budget that accounts for all budget resources. Modification to the Judiciary and Legislative Branch budgets, if any, will be the responsibility of the Legislature.

The individual budgets submitted by state agencies show program expenditures with appropriate funding sources for each program within the agency. These data are shown for the actual fiscal year, the current year, and the budget year. Each level of budget represents the agency's best judgment concerning program priorities. Further, budget submissions document performance at each level of spending that relates to the outputs and outcomes identified in the agency's strategic plan. Evaluation of performance at each budget level provides a means for weighing budget alternatives.

Beginning September 15, analysts in the Division of the Budget review agency budget requests. The Division of the Budget recommendations, based on those analyses, are provided to each state agency by November 10. The agencies then have ten days to determine whether to appeal those recommendations to the Secretary of Administration. Many appeal the recommendations in writing; some also request an appointment to present an oral appeal.

Once the appeal process has been completed, the Division of the Budget staff prepares its presentations for the Governor. An analysis of the difference between the Division of the Budget recommendations and the agency's request, including the effect on performance, is presented to the Governor. The analysis includes the agency's request and the basis for it, the Division of the Budget recommendation and the basis for it, and the agency's appeal, if any. The Governor uses this information to make budget determinations for all agencies. The Division of the Budget then aggregates final recommendations and prepares *The Governor's Budget Report*.

During this same period, between September 15 and commencement of the legislative session in January, the Legislative Research Department's fiscal staff also is analyzing agency budget requests. Following receipt of the Governor's recommendations, legislative fiscal analysts begin updating their analysis for each agency to reflect the recommendations of the Governor. These updated budget analyses are printed in the Legislative Research Department's annual analysis and copies are distributed to each legislator.

Consideration by First House. The Governor's budget recommendations are drafted into appropriation language by the Office of the Revisor of Statutes.

Appropriations are divided into three parts: supplemental appropriations, capital improvement appropriations, and budget year expenditure authority for all agencies except biennial agencies, whose expenditure authorizations cover a two-year period. The appropriations are simultaneously considered by the Ways and Means Committee of the Senate and the Appropriations Committee of the House.

The chairpersons of the committees appoint subcommittees to consider appropriations for various agencies. Subcommittees vary in size. Usually between two and five persons are named to a subcommittee. After reviewing the budget requests, the subcommittee drafts a report which details all budgetary adjustments to the Governor's budget recommendations that the subcommittee wishes to make. The subcommittee report may contain administrative or programmatic recommendations.

The subcommittee report is presented to the full committee for consideration. A committee may adjust the recommendations of its subcommittee in any area or it may adopt the entire report as submitted. The appropriations are reprinted to reflect the recommendations of the full committee. The appropriations are then presented to either the House or Senate, which may amend or reject them.

Consideration by Second House. The process for review of the appropriations in the second house repeats the steps followed in the house of origin.

Conference Committee Action. Upon completion of consideration of the appropriations by both chambers, the bills typically go to a conference committee so that differences between the House and Senate versions can be reconciled. Each chamber then votes to accept or reject this appropriation bill. If either chamber rejects the conference committee report on the appropriation bill, it returns to the conference committee for further review and possible modification.

Omnibus Appropriation Bill. Traditionally, this has been the last appropriation bill of the session. It contains any appropriation necessary to carry out the intent of the Legislature that has not yet been included in another appropriation bill. Since the advent of the statutory requirement for an Omnibus Reconciliation Spending Limit Bill to be passed at the end of the

session, the Omnibus Appropriation Bill has served as the reconciliation bill.

State Finance Council. The State Finance Council is a statutory body that provides a mechanism for making certain budgetary and personnel adjustments when the Legislature is not in session. The Council consists of nine members: the Governor, the Speaker of the House, the President of the Senate, and the House and Senate majority leaders, minority leaders, as well as Ways and Means and Appropriations Committee chairpersons.

The Governor serves as chairperson of the Finance Council. Meetings are at the call of the Governor, who also prepares the agenda. Items are eligible to receive Finance Council consideration only if they are characterized as a legislative delegation to the Finance Council. Approval of Finance Council items typically requires the vote of the Governor and a majority of the legislative members.

Present statutes characterize the following items of general application to state agencies as legislative delegations, allowing them to receive Finance Council approval under certain circumstances:

1. Increases in expenditure limitations on special revenue funds and release of State General Fund appropriations.
2. Authorization for state agencies to contract with other state or federal agencies, if the agencies do not already have such authorization.

3. Authorization of expenditures from the State Emergency Fund for purposes enumerated in statute.
4. Increases in limitations on positions imposed by appropriation acts on state agencies.
5. Approval of the issuance of certificates of indebtedness to maintain a positive cashflow.
6. Approval to issue bonds for capital projects when an agency has been granted bonding authority.

Certain other items of limited application are characterized as legislative delegations by individual legislative acts, allowing them to be subject to Finance Council action. The Finance Council cannot appropriate money from the State General Fund, authorize expenditures for a purpose that specifically was rejected by the previous legislative session, or commit future legislative sessions to provide funds for a particular program.

The chart on the next page is new to this publication. It is added to capture the essential elements of the budget process on a single page over the course of a complete yearly cycle and to depict the roles and interactions of the primary agencies involved in developing and approving the state budget.

Prepared by the Division of the Budget in cooperation with the Legislative Research Department.

Kansas Budget Cycle

	June	July	August	September	October	November	December	January	February	March	April	May
State Agencies	Prepare 5-year capital improvement plans for submission July 1		Prepare budgets in budget system & submit to Budget Division & Legislative Research							Review budgets & request amendments to update the Governor's recommendations		
Governor & Budget Division	Budget Division issues instructions & allocations to agencies in developing budget requests	Budget Division conducts agency budget training, analyzes capital projects, & makes on-site agency visits		Budget staff analyzes agency budget requests & makes preliminary recommendations		Budget Division recommendations provided to agencies & agency appeals are heard	Governor develops recommendations to the Legislature & Budget Division prepares budget documents	Governor submits <i>Budget Report</i> to Legislature by 8th calendar day of the Session (21st day for new Governor)	Budget Division prepares fiscal notes on legislative bills, drafts introduced version of appropriation bills, tracks legislative adjustments to Governor's recommendations, & prepares amendments to Governor's original recommendations for the Omnibus Bill			Budget Division reconciles final budget numbers with legislative fiscal staff & prepares post-session report
Consensus Revenue Estimating Group						Project State General Fund revenues					Project State General Fund revenues	
Legislative Fiscal Staff	Legislative fiscal staff prepares <i>Fiscal Facts</i> , <i>Appropriations Report</i> , & works with interim legislative committees			Legislative fiscal staff analyzes agency budget requests, begins to prepare <i>Budget Analysis</i> , & continues to work with interim committees			Legislative fiscal staff analyzes Governor's budget recommendations & completes the Budget Analysis		Legislative fiscal staff works with subcommittees & budget committees of Senate Ways & Means & House Appropriations on finalizing the budget	Legislative fiscal staff prepares items for Omnibus Bill consideration & works with Legislature to develop Omnibus Bill		Legislative fiscal staff reconciles final budget numbers with Budget Division & prepares post-session report
Legislature	Legislative interim committees review assigned topics; House Appropriations, Senate Ways & Means, Legislative Post Audit, & State Building Committee tour state (October of odd numbered years)						Subcommittees of House Appropriations & Senate Ways & Means begin review of agency budgets	Appropriations bills are reviewed & acted upon in the House & Senate	Conference Committees resolve differences in appropriations bills	Omnibus Bill considered & acted upon		Legislature adjourns

Appropriation

An amount of money for a particular purpose that an agency is authorized to spend during a fiscal year. In Kansas, the entire amount is available at the start of the fiscal year. Allotments to agencies during the fiscal year are authorized only in emergencies.

Base Budget

A level of expenditure for the forthcoming fiscal year based on the approved budget of the preceding year, as adjusted for the deletion of one-time expenses and the addition of funds to annualize partial year funding in the preceding fiscal year or for caseloads in entitlement programs. The base budget serves as the reference point for enhancements and reduced resource deletions.

Biennial Budget

A budget which plans revenues and expenditures for the two forthcoming fiscal years, rather than one year. The 1994 Legislature enacted legislation requiring fee-funded agencies to submit biennial budgets beginning on September 15, 1994, for FY 1996 and FY 1997. The 2001 Legislature made the budget of the Ethics Commission biennial. All other agencies submit annual requests.

Budget

A plan of operation, including an estimate of proposed expenditures and the means to finance them, to meet the needs of the public.

Capital Improvements

Projects involving new construction, remodeling, rehabilitation and repair, razing, and the principal portion of debt service for a capital expense. The interest portion of the debt is an operating expense.

Classified Temporary Positions

An appointment not exceeding 999 hours of employment in a 12-month period. Temporary

positions do not count toward the agency's FTE position limitation. Employees in these positions do not generally receive fringe benefits.

Decrements

The decremental decrease in expenditures or positions, or both, to reduce or delete a service or program, primarily when revenues are insufficient to continue support at the base budget level.

Enhancements

The incremental increase in expenditures or positions to expand a service or program or provide a new one.

Expenditure

The actual payment of money out of any state fund or the commitment to make such a payment in the form of an encumbrance, either firm or contingent.

Expenditure Limitation

A limitation placed on expenditures that can be made from a special revenue fund.

Expenditures, Non-Reportable

Disbursements that do not result in a net reduction of statewide assets. An example is a refund, where an agency is reimbursed for an item. Also non-reportable are certain "off budget" expenditures, most occurring in the Department of Administration. For example, dollars are spent in many state agencies' budgets for printing services provided by the Division of Printing. Those dollars are spent again for the salaries, utilities, equipment, paper supplies, and other operating costs of the Printing Plant. To avoid reporting expenditures twice, the agencies' printing costs are treated as reportable and the Printing Plant's are non-reportable.

Fiscal Year

A 12-month period beginning July 1 and ending June 30 of the following year that is used as the state budget, accounting, and appropriation period.

Fringe Benefits

State expenditures for retirement, social security, workers compensation, unemployment insurance, state leave payment assessment upon retirement (including sick and annual leave), and group health insurance.

Full-Time Equivalent (FTE) Positions

State employee positions that are permanent and either full-time or part-time but mathematically equated to full-time, e.g., two half-time positions equal one full-time position. Limited term positions are included in the limitation. Teaching positions contracted for nine or more months are considered 1.0 FTE position.

Functions of Government

The six classifications into which similar agencies are grouped to reflect the basic purposes of state government: General Government, Human Resources, Education, Public Safety, Agriculture & Natural Resources, and Transportation (see the Primer).

Fund

A fund is a basic unit of classification in both the budget process and the accounting system for agency monies. Fund names and numbers are included in the Division of Accounts and Reports' *Central Chart of Accounts*, which lists every active fund by agency.

Holiday Pay

Payments to employees working on a legal holiday, such as certain personnel in correctional facilities or state hospitals, who receive additional compensation at the rate of one and one-half times the regular rate of pay. The additional pay may be given in the form of wages or compensatory time credits.

Lapse

That portion of an appropriation not spent or reappropriated. A lapsed appropriation reverts to the fund from which it was made and becomes part of the unappropriated balance. At the end of the fiscal year, State General Fund appropriations automatically lapse unless specific authorization reappropriates the funds.

Line-Item Appropriation

An appropriation of funds made by the Legislature for a specific purpose. The purpose could be limited to a specific item, such as equipment, or more generally to a category of expenditure or a program.

Longevity

Bonus payments made to eligible state employees based on \$40 per year of service times the number of years of state service. Minimum eligibility is ten years of state service, and the maximum payment is \$1,000, or 25 years of service.

Multi-Year Appropriation

A legislative authorization to expend funds that provides funding for more than one fiscal year.

Non-Expense Item

This is an expenditure of funds that has no budgetary implications—for example, an expense incurred from the purchase of supplies for which an agency is subsequently reimbursed. The amount is shown in the budget as a “non-expense” to acknowledge the transaction, but it is not included in an agency’s expenditure totals to avoid overstating the true cost of government services.

Non-FTE Unclassified Permanent Positions

The category of “unclassified temporary” in the SHARP system consists of two groups: one that truly is temporary and the other permanent because the employees in the permanent group participate in the state retirement system. The category of Non-FTE Unclassified Permanent refers to the second group, which is reported as part of the state workforce.

Overtime Pay

Pay or compensatory time credits at a time and a half rate for hours worked over the maximum number of hours required in a work period, which may vary depending on the type of position. A normal work period is 40 hours per week. However, law enforcement and firefighters have a different work week.

Performance Budgeting

A budgeting process that uses strategic plans and performance measures to distribute available financial resources to accomplish goals and objectives. Outcome measures gauge the ultimate effect of programs on the problems or conditions they are intended to affect. Output measures indicate the level of resource input or intermediate agency work effort. Efficiency measures compare input to output.

Position Classification Actions

An “individual position” action, approved by Personnel Services, to change the classification from an existing class to a different one at the same or a different pay grade or a “classification study” action to redefine the work in a class or a class series, reassign pay grades, or establish new classes at the same or a different pay grade.

Program

A set of related operations that follows a planned course of action to achieve a specified purpose and set of objectives. Programs classify agency services and provide a framework for resource allocation decisions.

Reappropriation

Funds remaining unexpended or unencumbered at the end of the current fiscal year that are carried over to the next fiscal year. Expenditures that can be made by an agency from such reappropriated funds may or may not be limited.

Shift Differential

An additional amount per hour, either a flat dollar amount or a percentage increase, paid to certain classified employees who work shifts other than the normal day shift.

Shrinkage

The difference, expressed as a percentage, between the cost of fully funding salaries and wages in a budget, assuming all positions are filled all the time, and actual salary costs, taking vacancies into account.

Supplemental Appropriation

An appropriation made to finance the operations of state government during the current fiscal year in addition to regular appropriations already approved. Supplemental appropriations are considered where a shortage of funds is anticipated as a result of an emergency or unforeseen occurrence.

Total Positions

The sum of FTE positions and non-FTE unclassified permanent positions, representing a complete reporting of positions constituting the state workforce.

Transfer (Demand)

Funds transferred annually from the State General Fund to a special revenue fund in accordance with a formula in statute. Historically, they have been treated as expenditures from the State General Fund. Because they have been authorized by statute, demand transfers have not been part of the appropriation process. However, by FY 2004, all of them will be converted to revenue transfers with the amount of the transfers determined through the appropriations process.

Transfer (Revenue)

Authority in appropriation bills transferring all or part of the unencumbered balance in a fund to another fund prior to expenditure. The Governor proposed and the Legislature approved conversion of the last State General Fund demand transfers to revenue transfers through the appropriation process.

Major State Funds

The state's major funds are described below, including the source of their revenue and how they are used, as a guide to understanding the schedules that follow.

Children's Initiatives Fund

A fund capitalized by proceeds from the national settlement with tobacco companies. The fund finances programs designed to benefit the physical and mental health, welfare, and safety of children.

Clearing Funds

Funds into which monies are transferred from other funds and then disbursed for a particular expenditure, such as payroll.

Correctional Institutions Building Fund

A fund for financing capital improvements at state correctional facilities. Income is derived from a transfer of 10.0 percent of the State Gaming Revenues Fund, with an annual maximum of \$4,992,000.

Economic Development Initiatives Fund

A fund for financing economic activities that receives revenues from lottery and racing activities. Most monies are appropriated directly from this fund to various agencies. However, with the KEOIF and KEIEP funds in the Department of Commerce, EDIF monies are transferred to and spent out of them.

Educational Building Fund

A fund for constructing, equipping, and repairing buildings at state universities. Income is derived from a one-mill, statewide levy on property subject to ad valorem taxation.

Employment Security Fund

The fund from which unemployment benefits are paid. Deposits consist of employer taxes, contributions, fines, and penalties levied on employers for unemployment benefits; federal grants for federal employees, former military personnel, and extended

benefits; and interest earned on unemployment trust funds deposited in the U.S. Treasury.

Enterprise Funds

Funds that account for charges for services, usually of a commercial nature, rendered to the public for compensation. An example is accounting for dormitory operations at state universities.

Highway Funds

The State Highway Fund and several other special purpose funds. Receipts are dedicated to the maintenance and construction of state and local streets and highways and to operations of the Department of Transportation and the Department of Revenue's Division of Motor Vehicles. Revenue sources include motor fuel taxes, motor vehicle registration taxes, driver's license fees, special vehicle permits, federal funds, and proceeds from the sale of bonds.

Intra-Governmental Service Funds

Funds that account for the provision of goods and services by state agencies for other state agencies. Through these funds, goods and services are charged to, and paid by, the recipient agency.

Juvenile Detention Facilities Fund

A fund financing facilities or programs that provide an alternative to the detention of juveniles in local jails. The fund is capitalized by a transfer of 5.0 percent of the revenues to the State Gaming Revenues Fund and 20.0 percent of the collections from the reinstatement of driver's licenses.

KEY Fund

The Kansas Endowment for Youth (KEY) Fund, which was created by the 1999 Legislature, is a trust fund in which all the tobacco settlement proceeds are deposited. The fund is invested and managed by the Kansas Public Employees Retirement System. In addition, administrative expenditures for the Children's Cabinet can be made from the fund.

Retirement Funds

The employee retirement funds managed by the Kansas Public Employees Retirement System. Employees of participating state and local governments are eligible to receive retirement benefits from these funds, which are financed by investment earnings and employer and employee contributions.

Shared Tax Collection Funds

A distribution of tax revenues, state and local-initiated, to local governments. If the revenue is from a locally-passed tax, the state collects the tax and remits it to the local government. If a statewide tax, the appropriate percentage is remitted to the local government.

Special Revenue Funds

Funds into which statutorily-earmarked receipts are deposited. There are many of these funds, and the revenues consist largely of special fees or levies assessed by the state as well as federal grant-in-aid receipts. Generally, these monies must be expended for purposes specified by state statutes or, in the case of federal grants, for purposes specified by the federal government. A special class of these funds is the agency fee fund, which consists of fee receipts collected by an agency and retained in its budget.

State Emergency Fund

A fund used to meet state obligations arising from natural disasters, match federal payments to individuals and families, and offer rewards to catch wanted criminals. The State Finance Council, a joint legislative/executive body that generally meets when the Legislature is not in session, is empowered to authorize expenditures from the fund. A small balance is retained for payment of rewards. When the Council approves payments for emergencies, the Director of the Budget certifies the amount, up to \$10.0 million, and Accounts and Reports transfers monies from the State General Fund to this fund.

State Gaming Revenues Fund

This is a clearing fund that disburses receipts from lottery sales, taxes, and fees on racing activities in accordance with a statutorily-prescribed formula.

Of all receipts to the fund, a specific amount is designated for the Problem Gambling Grant Fund. Of the amount remaining, 85.0 percent is transferred to the Economic Development Initiatives Fund, 10.0 percent to the Correctional Institutions Building Fund, and 5.0 percent to the Juvenile Detention Facilities Fund. Revenues in excess of the statutory formula go to the State General Fund.

State General Fund

A fund for revenues not dedicated for special purposes. It is used to finance government operations not provided for by special revenue funds. The principal revenue sources for the State General Fund include individual and corporate income taxes, sales and compensating use taxes, severance and other excise taxes, the estate tax, and interest earnings.

State Institutions Building Fund

A fund established in the *Kansas Constitution* for constructing, equipping, and repairing buildings at the state mental institutions under SRS, the juvenile correctional facilities under the Juvenile Justice Authority, the Schools for the Deaf and Blind under the Department of Education, and the veterans homes and cemeteries. Income is derived from a one-half mill, statewide levy on property subject to ad valorem taxation.

State Water Plan Fund

A fund establishing a dedicated source of funding to provide for the water resource needs of the state. The fund is authorized by law to receive a \$6.0 million transfer from the State General Fund and a \$2.0 million transfer from the Economic Development Initiatives Fund. Other receipts come from fees charged to water users, pesticide label fees, fertilizer use fees, and environmental fines.

Trust & Agency Funds

Funds containing monies received, held, and disbursed by the state acting as a trustee, agent, or custodian. These are monies collected by the state as agent and disbursed to other governments and individuals. Examples include inmate or patient benefit funds and the KPERS Fund.

Schedules 1.1—6.2—Summary of Expenditures present expenditures first by Category of Expenditure, then by Fund, as follows:

	All Funding Sources	State General Fund
Expenditure Summaries	1.1	1.2
Total Expenditures by Agency	2.1	2.2
State Operations	3.1	3.2
Aid to Local Governments	4.1	4.2
Other Assistance, Grants, and Benefits	5.1	5.2
Capital Improvements	6.1	6.2

In each case, a “1” after the decimal point (as in 1.1) indicates funding from all funding sources (State General Fund plus special revenue funds) and a “2” indicates State General Fund only. In only one category, “Total Expenditures by Agency,” are there schedules beyond “2.” In this category, there are 2.3 for the Children’s Initiatives Fund, 2.4 for the EDIF, and 2.5 for the State Water Plan Fund. All of the schedules contain actual expenditure information for FY 2003, the estimates of the Governor for the current fiscal year, and the recommendations of the Governor for the budget year. The Base Budget column shows amounts requested by Executive Branch agencies in their budget submission in keeping with allocations developed by the Division of the Budget. The Enhancement column represents agency requests for new or expanded expenditure authority.

Legislative agencies and the Judiciary are not subject to the allocation process. Therefore, the Base Budget column for them represents the request they submitted unconstrained by the financial resources of the state. Consistent with the Governor’s policy not to make a recommendation concerning these budgets, the “FY 2005 Gov. Rec.” column represents the budgets requested by these agencies.

Non-expense items are not counted as reportable expenditures in the state budget. These are expenditures without an effect on an agency’s budget, such as expenses for supplies that are subsequently reimbursed. Adding them into an agency’s expenditure totals would overstate the true cost of government operations.

Schedule 1.1--Expenditures Statewide from All Funding Sources

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
Summary of State Expenditures					
State Operations	2,874,363,250	2,980,056,387	3,037,495,221	133,163,527	3,050,118,812
Aid to Local Governments	3,024,895,137	3,123,401,317	3,374,324,698	161,540,041	3,269,444,904
Other Assistance	3,173,514,306	3,193,066,120	3,149,846,757	106,128,817	3,295,501,826
Subtotal--Operating Expenditures	\$9,072,772,693	\$9,296,523,824	\$9,561,666,676	\$400,832,385	\$9,615,065,542
Capital Improvements	1,009,265,507	914,273,058	572,294,985	65,038,035	567,152,066
Total Expenditures	\$10,082,038,200	\$10,210,796,882	\$10,133,961,661	\$465,870,420	\$10,182,217,608
Expenditures by Object					
Salaries & Wages	1,860,554,411	1,869,301,296	1,933,399,631	48,600,276	1,971,406,485
Contractual Services	692,901,609	766,207,349	758,871,763	20,578,078	745,478,425
Commodities	143,522,807	164,919,039	161,480,688	6,313,803	151,903,074
Capital Outlay	98,659,817	92,446,289	82,567,613	4,315,837	74,090,104
Debt Services	78,724,606	86,982,414	100,975,526	1,153,915	102,040,724
Operating Adjustments	--	200,000	200,000	52,201,618	5,200,000
Subtotal--State Operations	\$2,874,363,250	\$2,980,056,387	\$3,037,495,221	\$133,163,527	\$3,050,118,812
Aid to Local Governments	3,024,895,137	3,123,401,317	3,374,324,698	161,540,041	3,269,444,904
Other Assistance	3,173,514,306	3,193,066,120	3,149,846,757	106,128,817	3,295,501,826
Subtotal--Operating Expenditures	\$9,072,772,693	\$9,296,523,824	\$9,561,666,676	\$400,832,385	\$9,615,065,542
Capital Improvements	1,009,265,507	914,273,058	572,294,985	65,038,035	567,152,066
Total Expenditures	10,082,038,200	10,210,796,882	10,133,961,661	465,870,420	10,182,217,608
Expenditures by Fund Class					
State General Fund	4,137,498,483	4,332,320,311	4,581,569,084	378,468,788	4,614,661,352
Water Plan	15,298,558	15,880,981	15,087,449	2,777,939	14,830,582
EDIF	37,428,354	39,942,054	37,940,689	2,610,000	37,596,815
Children's Initiatives Fund	43,656,819	46,819,183	45,603,000	6,044,013	52,140,293
State Budget Stabilization Fund	26,477	321,815	--	--	--
State Highway Fund	1,014,116,920	937,596,416	619,315,278	--	612,768,227
Educational Building Fund	28,119,136	34,511,517	28,075,000	258,257	22,663,097
State Institutions Building Fund	9,489,054	16,379,988	16,005,616	2,153,860	21,605,058
Correctional Building Fund	6,105,984	6,577,102	4,940,025	--	4,992,000
Other Funds	4,790,298,415	4,780,447,515	4,785,425,520	73,557,563	4,800,960,184
Total--Expenditures	\$10,082,038,200	\$10,210,796,882	\$10,133,961,661	\$465,870,420	\$10,182,217,608

Schedule 1.2--State Expenditures from the State General Fund

	FY 2003 <u>Actual</u>	FY 2004 <u>Gov. Estimate</u>	FY 2005 <u>Base Budget</u>	FY 2005 <u>Enhance. Pkg.</u>	FY 2005 <u>Gov. Rec.</u>
Salaries & Wages	902,632,754	926,561,245	965,633,583	38,818,784	950,475,019
Other Operating Expenditures	249,421,518	278,104,707	267,473,418	72,545,150	254,324,139
Subtotal--Operating Expenditures	\$ 1,152,054,272	\$ 1,204,665,952	\$ 1,233,107,001	\$ 111,363,934	\$ 1,204,799,158
Aid to Local Governments	2,267,308,642	2,324,260,451	2,481,089,613	155,957,041	2,491,795,217
Other Assistance	704,387,337	789,850,844	846,384,096	56,634,361	903,220,153
Subtotal--Operating Expenditures	\$ 4,123,750,251	\$ 4,318,777,247	\$ 4,560,580,710	\$ 323,955,336	\$ 4,599,814,528
Capital Improvements	13,748,232	13,543,064	20,988,374	54,513,452	14,846,824
Total Expenditures	\$ 4,137,498,483	\$ 4,332,320,311	\$ 4,581,569,084	\$ 378,468,788	\$ 4,614,661,352
State Operations					
General Government	176,794,022	167,201,180	172,013,984	12,424,247	172,845,891
Human Resources	145,352,794	175,179,084	177,227,541	8,171,738	173,630,313
Education	563,685,507	572,430,041	570,986,208	76,466,560	591,294,946
Public Safety	244,096,299	264,988,049	287,378,375	12,858,666	241,899,872
Agriculture and Natural Resources	22,125,650	24,867,598	25,500,893	1,442,723	25,128,136
Subtotal--State Operations	\$ 1,152,054,272	\$ 1,204,665,952	\$ 1,233,107,001	\$ 111,363,934	\$ 1,204,799,158
Aid to Local Governments					
General Government	386,260	357,598	356,239	74,023	356,239
Human Resources	12,690,097	14,707,605	11,945,861	--	11,668,080
Education	2,220,391,988	2,271,997,067	2,429,949,179	149,457,685	2,442,364,394
Public Safety	33,840,297	37,198,181	38,838,334	6,225,333	37,406,504
Agriculture and Natural Resources	--	--	--	200,000	--
Subtotal--Aid to Local Governments	\$ 2,267,308,642	\$ 2,324,260,451	\$ 2,481,089,613	\$ 155,957,041	\$ 2,491,795,217
Other Assistance					
General Government	2,155,358	1,939,675	5,139,971	400,487	5,139,971
Human Resources	669,369,125	754,811,828	807,233,422	53,903,874	862,819,479
Education	20,947,945	23,830,722	23,141,035	2,330,000	24,391,035
Public Safety	11,884,909	9,268,619	10,869,668	--	10,869,668
Agriculture and Natural Resources	30,000	--	--	--	--
Subtotal--Other Assistance	\$ 704,387,337	\$ 789,850,844	\$ 846,384,096	\$ 56,634,361	\$ 903,220,153
Capital Improvements					
General Government	3,409,153	3,936,362	3,593,886	32,591,858	4,483,886
Human Resources	26,650	8,400	8,400	--	8,400
Education	1,752,792	392,935	10,392,403	17,404,675	3,360,853
Public Safety	8,552,100	7,670,495	6,993,685	3,113,385	6,993,685
Agriculture and Natural Resources	7,537	1,534,872	--	1,403,534	--
Subtotal--Capital Improvements	\$ 13,748,232	\$ 13,543,064	\$ 20,988,374	\$ 54,513,452	\$ 14,846,824
Total Expenditures	\$ 4,137,498,483	\$ 4,332,320,311	\$ 4,581,569,084	\$ 378,468,788	\$ 4,614,661,352

Schedule 2.1--Expenditures from All Funding Sources by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration	25,825,857	23,380,698	22,119,108	34,077,633	23,486,506
Kansas Corporation Commission	16,666,195	17,388,676	17,153,413	1,177,381	18,997,718
Citizens' Utility Ratepayer Board	614,561	611,868	594,549	36,400	637,691
Kansas Human Rights Commission	1,760,355	1,791,140	1,731,955	223,624	1,822,065
Board of Indigents' Defense Services	16,881,552	16,968,887	15,511,034	7,807,159	18,205,342
Health Care Stabilization	28,144,671	28,552,487	28,543,365	--	28,561,541
Kansas Public Employees Retirement Sys.	24,042,088	25,814,192	30,348,202	1,027,500	30,404,574
Department of Commerce	120,287,402	63,499,782	56,031,957	126,000	58,826,863
Kansas Technology Enterprise Corporation	15,417,377	14,595,302	14,136,084	2,339,000	14,466,716
Kansas, Inc.	360,179	448,985	433,588	--	441,435
Kansas Lottery	47,105,742	56,539,750	57,456,399	--	56,896,966
Kansas Racing & Gaming Commission	5,625,867	6,300,606	6,376,736	250,572	6,437,554
Department of Revenue	78,911,093	83,524,889	84,995,875	8,729,072	84,777,144
Board of Tax Appeals	1,668,756	1,654,688	1,563,407	--	1,587,413
Abstracters' Board of Examiners	20,283	19,463	20,878	--	21,315
Board of Accountancy	180,814	242,290	248,853	--	251,694
Banking Department	5,136,183	6,757,729	6,288,207	259,081	6,281,279
Board of Barbering	119,590	124,092	117,076	12,573	131,275
Behavioral Sciences Regulatory Board	523,257	510,120	540,883	--	548,009
Board of Cosmetology	596,904	675,307	715,727	--	722,874
Department of Credit Unions	804,674	856,343	898,833	--	917,464
Kansas Dental Board	325,882	317,870	343,809	--	344,517
Governmental Ethics Commission	535,078	583,471	599,202	--	610,123
Board of Healing Arts	2,028,695	2,360,567	2,457,714	10,000	2,483,523
Hearing Aid Board of Examiners	16,103	18,833	21,486	--	21,916
Board of Mortuary Arts	202,195	236,432	234,785	--	237,971
Board of Nursing	1,492,553	1,387,305	1,442,014	--	1,495,077
Board of Examiners in Optometry	101,997	104,970	112,292	--	113,511
Board of Pharmacy	561,477	586,872	633,604	33,391	637,221
Real Estate Appraisal Board	204,102	251,919	242,512	--	244,226
Kansas Real Estate Commission	682,167	764,665	791,230	--	795,796
Office of the Securities Commissioner	2,095,651	2,215,776	2,213,274	--	2,247,977
Board of Technical Professions	571,293	528,936	556,422	--	555,857
Board of Veterinary Examiners	260,908	256,042	281,219	--	261,620
Office of the Governor	4,155,074	14,631,859	14,510,705	--	14,502,709
Office of the Lieutenant Governor	117,854	127,374	115,540	--	114,817
Attorney General	19,233,949	13,737,026	13,631,742	150,000	13,098,278
Insurance Department	19,742,701	21,191,641	21,227,441	--	20,978,160
Secretary of State	3,105,232	3,663,141	6,726,824	--	6,742,120
State Treasurer	79,810,650	38,723,049	158,188,170	--	40,859,037
Legislative Coordinating Council	574,948	763,598	682,171	--	699,867
Legislature	10,930,120	12,651,337	13,154,736	--	13,338,154
Legislative Research Department	2,411,313	2,706,402	2,784,810	--	2,856,764
Legislative Division of Post Audit	1,635,705	1,857,449	1,921,820	--	1,962,893
Revisor of Statutes	2,359,370	2,470,112	2,393,558	--	2,446,056
Judiciary	94,379,509	98,749,564	101,829,256	3,501,361	102,681,289
Judicial Council	325,305	359,307	385,307	--	392,111
Total--General Government	\$ 638,553,231	\$ 571,502,811	\$ 693,307,772	\$ 59,760,747	\$ 585,145,028
Human Resources					
Social & Rehabilitation Services	1,979,890,778	2,171,915,789	2,191,749,296	90,551,156	2,338,770,087
Kansas Neurological Institute	24,766,939	24,641,966	25,594,940	993,000	25,930,761
Larned State Hospital	33,367,375	37,594,126	36,407,777	3,104,173	35,925,662
Osawatomie State Hospital	20,010,353	20,130,455	20,475,670	1,046,000	20,768,542

Schedule 2.1--Expenditures from All Funding Sources by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Parsons State Hospital & Training Center	20,874,521	20,609,570	21,181,430	630,000	21,490,225
Rainbow Mental Health Facility	6,732,353	6,919,680	7,062,434	--	7,174,008
Subtotal--SRS	\$ 2,085,642,319	\$ 2,281,811,586	\$ 2,302,471,547	\$ 96,324,329	\$ 2,450,059,285
Department on Aging	482,453,706	420,291,185	424,170,185	19,856,176	429,746,213
Health & Environment--Health	129,369,862	126,634,635	124,242,172	--	124,264,811
Department of Human Resources	564,129,092	515,958,506	469,230,415	21,965	470,262,451
Commission on Veterans Affairs	16,071,436	24,068,640	19,339,146	1,784,290	19,267,948
Kansas Guardianship Program	997,670	1,032,854	1,018,857	50,943	1,027,513
Total--Human Resources	\$ 3,278,664,085	\$ 3,369,797,406	\$ 3,340,472,322	\$ 118,037,703	\$ 3,494,628,221
Education					
Department of Education	2,509,931,207	2,612,823,969	2,769,961,548	118,019,680	2,772,714,658
School for the Blind	4,782,188	5,073,952	5,146,262	104,169	5,163,289
School for the Deaf	7,954,430	8,995,121	8,247,502	661,109	8,615,223
Subtotal--Department of Ed.	\$ 2,522,667,825	\$ 2,626,893,042	\$ 2,783,355,312	\$ 118,784,958	\$ 2,786,493,170
Board of Regents	169,720,076	182,097,866	201,461,828	105,924,566	204,892,773
Emporia State University	58,115,300	62,631,115	61,791,882	348,318	62,357,358
Fort Hays State University	63,636,070	62,528,512	61,740,453	240,000	62,183,609
Kansas State University	366,945,531	377,674,039	368,816,279	1,271,010	371,340,392
Kansas State University--ESARP	114,438,933	108,310,233	107,714,998	--	108,793,846
KSU--Veterinary Medical Center	24,711,190	27,381,023	27,839,164	--	27,827,052
Pittsburg State University	67,481,175	69,024,301	68,585,619	3,347,627	71,598,632
University of Kansas	506,416,677	480,524,164	467,978,203	9,183,971	471,662,560
University of Kansas Medical Center	217,651,174	239,829,611	241,285,957	6,721,781	245,064,374
Wichita State University	149,438,943	161,652,023	159,534,106	490,000	160,511,937
Subtotal--Regents	\$ 1,738,555,069	\$ 1,771,652,887	\$ 1,766,748,489	\$ 127,527,273	\$ 1,786,232,533
Kansas Arts Commission	1,910,135	2,224,093	2,006,178	196,067	1,981,748
Historical Society	8,249,650	8,048,851	8,121,495	663,705	8,075,134
State Library	6,413,546	6,519,126	6,550,931	3,818,330	6,552,823
Total--Education	\$ 4,277,796,225	\$ 4,415,337,999	\$ 4,566,782,405	\$ 250,990,333	\$ 4,589,335,408
Public Safety					
Department of Corrections	103,587,376	108,434,570	110,936,127	9,088,378	109,168,777
El Dorado Correctional Facility	20,432,162	20,508,704	21,574,241	102,000	21,300,282
Ellsworth Correctional Facility	10,391,432	10,621,545	10,917,613	291,726	10,845,707
Hutchinson Correctional Facility	26,726,998	24,696,757	25,529,488	290,204	25,304,043
Lansing Correctional Facility	32,700,966	32,150,535	33,332,687	467,797	33,034,706
Larned Correctional Mental Health Facility	7,883,771	7,913,608	8,232,620	157,357	8,312,635
Norton Correctional Facility	11,901,970	12,510,397	12,753,487	114,947	12,676,676
Topeka Correctional Facility	11,082,673	11,366,323	11,924,063	--	11,774,313
Winfield Correctional Facility	10,096,192	10,128,415	10,309,525	150,062	10,274,243
Subtotal--Corrections	\$ 234,803,540	\$ 238,330,854	\$ 245,509,851	\$ 10,662,471	\$ 242,691,382
Juvenile Justice Authority	53,432,247	55,230,192	53,819,784	7,591,107	53,318,969
Atchison Juvenile Correctional Facility	6,936,101	6,278,583	6,336,311	450,527	6,058,651
Beloit Juvenile Correctional Facility	5,060,424	4,968,182	4,852,467	90,623	4,897,270
Kansas Juvenile Correctional Complex	--	--	12,210,839	293,503	430,000
Larned Juvenile Correctional Facility	5,451,800	7,715,809	8,232,218	292,759	8,353,404
Topeka Juvenile Correctional Facility	12,766,429	12,980,140	12,613,697	582,800	12,676,506
Subtotal--Juvenile Justice	\$ 83,647,001	\$ 87,172,906	\$ 98,065,316	\$ 9,301,319	\$ 85,734,800
Adjutant General	41,871,155	44,335,936	35,447,450	2,632,336	35,265,457
Ombudsman for Corrections	184,651	--	--	--	--
Emergency Medical Services Board	1,188,158	973,922	1,169,584	38,750	1,219,135
State Fire Marshal	3,271,489	3,894,916	4,000,523	1,167,549	4,033,773

Schedule 2.1--Expenditures from All Funding Sources by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Highway Patrol	53,701,863	74,667,748	84,474,270	1,538,944	84,941,380
Kansas Bureau of Investigation	21,291,130	21,704,712	19,429,985	3,200,421	19,688,420
Kansas Parole Board	482,758	431,241	432,521	--	433,043
Sentencing Commission	4,670,825	4,691,386	6,731,816	81,621	6,321,366
Total--Public Safety	\$ 445,112,570	\$ 476,203,621	\$ 495,261,316	\$ 28,623,411	\$ 480,328,756
Agriculture & Natural Resources					
Department of Agriculture	19,641,036	21,339,706	20,371,155	322,473	20,292,940
Animal Health Department	2,087,456	2,374,313	2,204,525	134,017	2,206,710
State Conservation Commission	9,788,207	10,600,313	9,288,954	2,251,982	9,259,448
Health & Environment--Environment	62,534,049	63,074,984	64,168,319	1,153,948	64,974,746
Kansas State Fair	4,655,456	5,180,969	5,326,791	150,000	5,312,631
Kansas Water Office	5,656,791	6,078,301	5,673,268	1,336,039	5,400,430
Department of Wildlife & Parks	42,191,964	53,447,332	42,420,918	3,109,767	43,208,183
Total--Agriculture & Natural Resources	\$ 146,554,959	\$ 162,095,918	\$ 149,453,930	\$ 8,458,226	\$ 150,655,088
Transportation					
Kansas Department of Transportation	1,295,357,130	1,215,859,127	888,683,916	--	882,125,107
Total--Transportation	\$ 1,295,357,130	\$ 1,215,859,127	\$ 888,683,916	\$ --	\$ 882,125,107
Total Expenditures	\$10,082,038,200	\$10,210,796,882	\$10,133,961,661	\$465,870,420	\$10,182,217,608

Schedule 2.2--Expenditures from the State General Fund by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration	23,011,815	20,012,272	19,564,530	33,877,633	20,295,151
Kansas Human Rights Commission	1,328,969	1,394,643	1,371,955	242,124	1,392,724
Board of Indigents' Defense Services	16,454,558	16,420,033	15,001,034	7,807,159	17,695,342
Kansas Public Employees Retirement System	--	--	3,212,624	--	3,212,624
Department of Commerce	188,325	--	--	--	--
Department of Revenue	31,211,366	21,976,275	22,601,396	--	20,046,408
Board of Tax Appeals	1,654,327	1,524,630	1,262,779	--	1,294,199
Governmental Ethics Commission	422,079	453,621	466,753	--	474,169
Office of the Governor	1,570,676	2,068,593	1,632,475	--	1,624,479
Office of the Lieutenant Governor	117,854	127,374	115,540	--	114,817
Attorney General	5,082,103	4,781,402	4,222,063	150,000	3,806,479
Secretary of State	1,629,442	836,591	--	--	--
State Treasurer	1,327,716	250,000	--	--	--
Legislative Coordinating Council	574,948	763,598	682,171	--	699,867
Legislature	10,813,131	12,482,482	13,070,236	--	13,253,654
Legislative Research Department	2,411,313	2,651,308	2,705,683	--	2,775,629
Legislative Division of Post Audit	1,635,692	1,857,449	1,921,820	--	1,962,893
Revisor of Statutes	2,359,370	2,470,112	2,393,558	--	2,446,056
Judiciary	80,765,161	83,364,432	90,879,463	3,413,699	91,731,496
Judicial Council	185,948	--	--	--	--
Total--General Government	\$ 182,744,793	\$ 173,434,815	\$ 181,104,080	\$ 45,490,615	\$ 182,825,987
Human Resources					
Social & Rehabilitation Services	629,644,458	707,834,957	746,828,627	48,849,541	800,071,963
Kansas Neurological Institute	8,930,193	10,023,740	11,013,210	375,000	11,048,774
Larned State Hospital	11,851,451	27,476,044	26,207,107	3,104,173	26,216,315
Osawatomie State Hospital	4,783,395	8,367,622	8,062,026	1,046,000	8,035,978
Parsons State Hospital & Training Center	6,110,806	6,923,703	7,169,545	252,000	7,245,227
Rainbow Mental Health Facility	512,613	3,891,400	3,811,665	--	3,841,426
Subtotal--SRS	\$ 661,832,916	\$ 764,517,466	\$ 803,092,180	\$ 53,626,714	\$ 856,459,683
Department on Aging	138,614,164	154,697,780	167,284,000	7,898,952	167,581,230
Health & Environment--Health	19,594,854	16,809,183	17,287,419	--	16,908,412
Department of Human Resources	2,109,131	2,214,179	1,928,518	21,965	1,055,737
Commission on Veterans Affairs	4,289,931	5,435,455	5,804,250	477,038	5,093,697
Kansas Guardianship Program	997,670	1,032,854	1,018,857	50,943	1,027,513
Total--Human Resources	\$ 827,438,666	\$ 944,706,917	\$ 996,415,224	\$ 62,075,612	\$1,048,126,272
Education					
Department of Education	2,113,018,809	2,169,995,304	2,327,933,657	117,960,185	2,330,583,954
School for the Blind	4,351,914	4,484,762	3,204,610	104,169	4,646,699
School for the Deaf	7,083,238	7,264,758	7,420,871	231,315	7,382,250
Subtotal--Department of Ed.	\$2,124,453,961	\$2,181,744,824	\$2,338,559,138	\$118,295,669	\$2,342,612,903
Board of Regents	128,818,035	128,825,713	137,713,223	105,883,179	150,442,803
Emporia State University	28,961,986	29,633,602	29,613,451	348,318	30,128,913
Fort Hays State University	30,152,939	30,439,143	30,414,931	240,000	31,238,730
Kansas State University	101,012,298	101,653,700	101,653,700	260,000	103,191,373
Kansas State University--ESARP	46,456,361	46,679,781	46,679,781	--	47,713,858
KSU--Veterinary Medical Center	9,531,579	9,568,617	9,568,617	--	9,823,702
Pittsburg State University	31,806,918	32,136,213	32,116,421	957,900	32,866,166
University of Kansas	131,042,822	132,033,121	132,033,121	9,183,971	134,647,272
University of Kansas Medical Center	99,421,659	100,402,909	100,402,909	5,321,781	102,088,552
Wichita State University	62,810,116	63,522,168	63,522,168	490,000	64,535,032
Subtotal--Regents	\$ 670,014,713	\$ 674,894,967	\$ 683,718,322	\$122,685,149	\$ 706,676,401

Schedule 2.2--Expenditures from the State General Fund by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Kansas Arts Commission	1,522,532	1,503,391	1,510,278	196,067	1,481,857
Historical Society	5,825,319	5,583,289	5,724,988	663,705	5,685,264
State Library	4,961,707	4,924,294	4,956,099	3,818,330	4,954,803
Total--Education	\$2,806,778,232	\$2,868,650,765	\$3,034,468,825	\$245,658,920	\$3,061,411,228
Public Safety					
Department of Corrections	81,287,260	82,711,036	84,708,375	8,469,628	82,748,160
El Dorado Correctional Facility	20,147,442	20,373,140	21,437,761	102,000	21,163,802
Ellsworth Correctional Facility	10,236,678	10,383,346	10,859,135	291,726	10,786,339
Hutchinson Correctional Facility	23,770,096	24,077,452	25,212,466	290,204	24,984,840
Lansing Correctional Facility	31,722,931	31,753,902	33,210,658	467,797	32,912,677
Larned Correctional Mental Health Facility	7,558,776	7,911,579	8,228,813	157,357	8,308,828
Norton Correctional Facility	11,674,103	12,079,233	12,592,643	114,947	12,513,125
Topeka Correctional Facility	10,174,281	10,100,741	10,458,840	--	10,288,847
Winfield Correctional Facility	9,613,560	9,770,242	10,112,101	150,062	10,072,141
Subtotal--Corrections	\$ 206,185,127	\$ 209,160,671	\$ 216,820,792	\$ 10,043,721	\$ 213,778,759
Juvenile Justice Authority	28,883,938	28,491,940	29,636,308	5,777,181	28,628,511
Atchison Juvenile Correctional Facility	6,264,376	5,988,759	6,132,786	450,527	5,855,242
Beloit Juvenile Correctional Facility	4,564,628	4,755,986	4,644,880	90,623	4,688,537
Kansas Juvenile Correctional Complex	--	--	11,910,839	293,503	430,000
Larned Juvenile Correctional Facility	5,114,021	7,227,634	7,761,083	292,759	7,870,781
Topeka Juvenile Correctional Facility	12,138,431	12,209,199	12,443,653	582,800	12,506,462
Subtotal--Juvenile Justice	\$ 56,965,394	\$ 58,673,518	\$ 72,529,549	\$ 7,487,393	\$ 59,979,533
Adjutant General	8,921,700	5,639,676	5,100,096	1,465,849	4,671,248
Ombudsman for Corrections	167,615	--	--	--	--
Highway Patrol	13,104,715	28,928,830	30,688,004	--	--
Kansas Bureau of Investigation	12,127,563	11,915,118	12,187,392	3,200,421	12,472,058
Kansas Parole Board	482,758	431,241	432,521	--	433,043
Sentencing Commission	418,733	4,376,290	6,321,708	--	5,835,088
Total--Public Safety	\$ 298,373,605	\$ 319,125,344	\$ 344,080,062	\$ 22,197,384	\$ 297,169,729
Agriculture & Natural Resources					
Department of Agriculture	9,373,882	9,453,784	9,706,869	205,000	9,518,030
Animal Health Department	571,809	575,245	590,120	198,402	572,345
State Conservation Commission	559,620	564,578	573,849	27,868	592,127
Health & Environment--Environment	7,278,152	9,303,345	9,417,964	1,153,948	9,760,328
Kansas State Fair	--	538,103	694,385	--	655,133
Kansas Water Office	1,226,642	1,263,814	1,291,199	1,336,039	1,297,854
Department of Wildlife & Parks	3,153,082	4,703,601	3,226,507	125,000	2,732,319
Total--Agriculture & Natural Resources	\$ 22,163,187	\$ 26,402,470	\$ 25,500,893	\$ 3,046,257	\$ 25,128,136
Total Expenditures	\$4,137,498,483	\$4,332,320,311	\$4,581,569,084	\$378,468,788	\$4,614,661,352

Schedule 2.3--Expenditures from the Children's Initiatives Fund by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Human Resources					
Social & Rehabilitation Services					
Children's Cabinet Accountability Fund	8,895	1,091,105	550,000	650,000	541,802
Children's Mental Health Initiative	1,800,000	1,800,000	1,800,000	--	1,800,000
Family Centered System of Care	5,020,000	5,000,000	5,000,000	--	5,000,000
Therapeutic Preschool	1,000,000	1,000,000	1,000,000	--	1,000,000
Child Care Services	1,400,000	1,400,000	1,400,000	--	1,400,000
Community Services for Child Welfare	2,599,999	3,106,230	3,106,230	--	3,106,230
HealthWave	1,000,000	2,000,000	2,000,000	--	2,000,000
Smart Start Kansas	2,472,426	3,727,574	3,200,000	4,733,500	10,000,000
Medical Assistance	3,000,000	3,000,000	3,000,000	--	3,000,000
Immunization Outreach	500,000	500,000	500,000	--	495,491
Family Preservation	2,750,000	2,243,770	2,243,770	--	2,243,770
CMHC Children's Program Grants	2,000,000	2,000,000	2,000,000	--	2,000,000
School Violence Prevention	228,000	228,000	228,000	--	228,000
Children's Cabinet Administration	--	250,000	250,000	75,000	--
Total--SRS	\$ 23,779,320	\$ 27,346,679	\$ 26,278,000	\$ 5,458,500	\$ 32,815,293
Health & Environment--Health					
Healthy Start Program	250,000	250,000	250,000	--	250,000
Infants & Toddlers Program	500,000	800,000	800,000	--	800,000
Smoking Prevention Grants	500,000	500,000	500,000	--	500,000
Total--Health & Environment	\$ 1,250,000	\$ 1,550,000	\$ 1,550,000	\$ --	\$ 1,550,000
Total--Human Resources	\$ 25,029,320	\$ 28,896,679	\$ 27,828,000	\$ 5,458,500	\$ 34,365,293
Education					
Department of Education					
Reading & Vision Research	300,000	300,000	300,000	--	300,000
Parent Education Program	2,500,000	2,500,000	2,500,000	--	2,500,000
Four-Year-Old At-Risk Program	4,500,000	4,500,000	4,500,000	--	4,500,000
Special Education	1,225,000	1,225,000	1,225,000	--	1,225,000
Total--Department of Ed.	\$ 8,525,000	\$ 8,525,000	\$ 8,525,000	\$ --	\$ 8,525,000
University of Kansas Medical Center					
Tele-Kid Health Care Link	250,002	250,000	250,000	--	250,000
Pediatric Biomedical Research	2,000,001	--	--	--	--
Total--Regents	\$ 2,250,003	\$ 250,000	\$ 250,000	\$ --	\$ 250,000
Total--Education	\$ 10,775,003	\$ 8,775,000	\$ 8,775,000	\$ --	\$ 8,775,000
Public Safety					
Juvenile Justice Authority					
Juvenile Prevention Program Grants	4,752,496	5,414,487	5,414,487	585,513	5,414,487
Juvenile Graduated Sanctions Grants	3,100,000	3,733,017	3,585,513	--	3,585,513
Total--Public Safety	\$ 7,852,496	\$ 9,147,504	\$ 9,000,000	\$ 585,513	\$ 9,000,000
Total Expenditures	\$ 43,656,819	\$ 46,819,183	\$ 45,603,000	\$ 6,044,013	\$ 52,140,293

Schedule 2.4--Expenditures from the EDIF Fund by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration					
Smoky Hills Public Television	114,099	--	--	--	--
Department of Commerce					
Operating Grant	15,526,336	14,162,053	13,672,476	126,000	16,368,030
Kansas Technology Enterprise Corporation					
University & Strategic Research	6,436,554	5,486,622	5,249,751	953,000	5,549,751
Commercialization	1,593,356	1,375,994	1,316,589	650,000	1,316,589
Mid-America Mfg. Technology Center	1,704,073	1,533,177	1,458,606	175,000	1,480,960
Product Development	1,139,255	1,468,030	1,404,652	496,000	1,404,652
Operations	1,520,406	1,631,283	1,551,711	65,000	1,558,265
Total--KTEC	\$ 12,393,644	\$ 11,495,106	\$ 10,981,309	\$ 2,339,000	\$ 11,310,217
Kansas, Inc.					
Operations	250,981	203,162	210,154	--	215,906
Total--General Government	\$ 28,285,060	\$ 25,860,321	\$ 24,863,939	\$ 2,465,000	\$ 27,894,153
Education					
Board of Regents					
Vocational Education	2,565,000	2,565,000	2,565,000	--	2,565,000
Postsecondary Aid	6,144,277	10,331,250	10,331,250	--	6,957,162
Technology Innovation	190,675	185,483	180,500	--	180,500
Educational Assistance	243,342	--	--	--	--
Total--Board of Regents	9,143,294	13,081,733	13,076,750	--	9,702,662
Wichita State University	--	1,000,000	--	--	--
Total--Education	\$ 9,143,294	\$ 14,081,733	\$ 13,076,750	\$ --	\$ 9,702,662
Agriculture & Natural Resources					
Kansas State Fair					
Advertising	--	--	--	145,000	--
Total--Agriculture & Natural Resources	\$ --	\$ --	\$ --	\$ 145,000	\$ --
Total Expenditures	\$ 37,428,354	\$ 39,942,054	\$ 37,940,689	\$ 2,610,000	\$ 37,596,815

Schedule 2.5--Expenditures from the State Water Plan Fund by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Education					
University of Kansas					
Geological Survey	44,996	40,000	40,000	--	40,000
Total--Education	\$ 44,996	\$ 40,000	\$ 40,000	\$ --	\$ 40,000
Agriculture & Natural Resources					
Department of Agriculture					
Floodplain Management	60,481	65,836	65,549	--	66,852
Water Appropriations	49,324	74,420	69,455	--	71,302
Interstate Water Issues	247,692	240,076	245,304	--	248,859
Water Use Study	3,144	60,000	60,000	--	60,018
Subbasin Water Resources Management	470,705	483,538	483,562	--	477,826
Water Initiative Strategic Plan	--	--	--	117,473	--
Total--Department of Agriculture	\$ 831,346	\$ 923,870	\$ 923,870	\$ 117,473	\$ 924,857
State Conservation Commission					
Water Resources Cost-Share	3,496,163	4,228,478	3,548,216	851,784	3,495,218
Nonpoint Source Pollution Assistance	2,860,063	2,987,793	2,800,500	428,000	2,799,520
Aid to Conservation Districts	1,042,500	1,043,000	1,043,000	--	1,043,000
Multipurpose Small Lakes	--	--	--	140,491	--
Watershed Dam Construction	635,236	362,212	352,500	352,500	352,499
Water Quality Buffer Initiatives	152,387	278,031	307,471	--	307,157
Riparian and Wetland Program	309,520	250,480	250,000	100,000	249,782
Water Rights Purchase	--	--	--	347,200	--
Total--Conservation Commission	\$ 8,495,869	\$ 9,149,994	\$ 8,301,687	\$ 2,219,975	\$ 8,247,176
Health & Environment					
Contamination Remediation	1,215,843	1,060,434	1,100,000	--	983,867
Local Environmental Protection Program	1,585,616	1,674,856	1,603,896	--	1,502,737
Nonpoint Source Program	387,937	387,939	399,918	--	385,975
TMDL Initiatives	353,695	346,224	321,019	--	320,088
Total--Health & Environment	\$ 3,543,091	\$ 3,469,453	\$ 3,424,833	\$ --	\$ 3,192,667
Kansas Water Office					
Assessment and Evaluation	202,358	204,220	300,000	--	108,511
Federal Cost-Share Programs	160,286	88,094	--	--	--
GIS Data Access and Support Center	76,284	--	--	--	--
GIS Data Base Development	140,000	250,000	250,000	--	247,405
MOU--Storage Operations and Maintenance	405,518	431,291	454,870	--	450,151
Ogallala Aquifer Institute	40,000	40,000	--	--	--
PMIB Loan Payment for Storage	259,027	237,477	240,036	--	240,036
Public Information	25,376	35,000	--	--	--
Stream Gauging	353,180	367,830	382,543	--	378,878
Technical Assistance to Water Users	361,883	339,737	182,018	--	180,131
Water Planning Process	132,730	179,710	335,092	--	313,205
Water Resource Education	55,000	55,000	75,000	--	29,690
Weather Modification	99,513	4,305	--	--	--
Kansas Water Authority	22,101	25,000	37,500	--	37,384
Total--Water Office	\$ 2,333,256	\$ 2,257,664	\$ 2,257,059	\$ --	\$ 1,985,391
Department of Wildlife & Parks					
Stream Monitoring	50,000	40,000	40,000	--	--
River Access	--	--	100,000	--	--
Circle K Ranch	--	--	--	440,491	440,491
Total--Wildlife & Parks	\$ 50,000	\$ 40,000	\$ 140,000	\$ 440,491	\$ 440,491
Total--Agriculture & Natural Resources	\$ 15,253,562	\$ 15,840,981	\$ 15,047,449	\$ 2,777,939	\$ 14,790,582
Total Expenditures	\$ 15,298,558	\$ 15,880,981	\$ 15,087,449	\$ 2,777,939	\$ 14,830,582

Schedule 3.1--Expenditures from All Funding Sources for State Operations by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration	18,708,311	15,610,429	15,238,273	811,265	15,515,671
Kansas Corporation Commission	15,974,996	16,847,691	16,612,428	1,177,381	18,456,733
Citizens' Utility Ratepayer Board	614,561	611,868	594,549	36,400	637,691
Kansas Human Rights Commission	1,760,355	1,791,140	1,731,955	223,624	1,822,065
Board of Indigents' Defense Services	16,880,752	16,968,887	15,511,034	7,807,159	18,205,342
Health Care Stabilization	4,690,286	3,904,904	3,895,782	--	3,913,958
Kansas Public Employees Retirement Sys.	24,042,088	25,814,192	27,135,578	1,027,500	27,191,950
Department of Commerce	15,013,632	11,490,044	11,242,062	126,000	13,804,036
Kansas Technology Enterprise Corp.	2,558,132	2,650,673	2,578,975	240,000	2,609,607
Kansas, Inc.	360,179	448,985	433,588	--	441,435
Kansas Lottery	20,597,572	20,555,398	20,903,501	--	20,344,068
Kansas Racing & Gaming Commission	4,160,183	4,783,106	4,859,236	250,572	4,920,054
Department of Revenue	69,570,187	73,737,439	75,324,825	8,729,072	75,106,094
Board of Tax Appeals	1,668,756	1,654,688	1,563,407	--	1,587,413
Abstracters' Board of Examiners	20,283	19,463	20,878	--	21,315
Board of Accountancy	180,814	242,290	248,853	--	251,694
Banking Department	5,022,183	6,712,729	6,243,207	259,081	6,236,279
Board of Barbering	119,590	124,092	117,076	12,573	131,275
Behavioral Sciences Regulatory Board	523,257	510,120	540,883	--	548,009
Board of Cosmetology	596,904	675,307	715,727	--	722,874
Department of Credit Unions	804,674	856,343	898,833	--	917,464
Kansas Dental Board	325,882	317,870	343,809	--	344,517
Governmental Ethics Commission	535,078	583,471	599,202	--	610,123
Board of Healing Arts	2,028,695	2,360,567	2,457,714	10,000	2,483,523
Hearing Aid Board of Examiners	16,103	18,833	21,486	--	21,916
Board of Mortuary Arts	202,195	236,432	234,785	--	237,971
Board of Nursing	1,492,553	1,387,305	1,442,014	--	1,495,077
Board of Examiners in Optometry	101,997	104,970	112,292	--	113,511
Board of Pharmacy	561,477	586,872	633,604	33,391	637,221
Real Estate Appraisal Board	204,102	251,919	242,512	--	244,226
Kansas Real Estate Commission	682,167	764,665	791,230	--	795,796
Office of the Securities Commissioner	2,025,051	2,215,776	2,213,274	--	2,247,977
Board of Technical Professions	571,293	528,936	556,422	--	555,857
Board of Veterinary Examiners	260,908	256,042	281,219	--	261,620
Office of the Governor	1,787,233	2,611,361	2,136,537	--	2,138,968
Office of the Lieutenant Governor	117,854	127,374	115,540	--	114,817
Attorney General	8,233,666	8,009,470	7,904,186	150,000	7,370,722
Insurance Department	9,353,037	11,031,641	10,727,441	--	10,558,160
Secretary of State	3,105,232	3,663,141	6,726,824	--	6,742,120
State Treasurer	3,234,996	2,770,649	2,341,670	--	3,756,537
Legislative Coordinating Council	574,948	763,598	682,171	--	699,867
Legislature	10,930,120	12,651,337	13,154,736	--	13,338,154
Legislative Research Department	2,411,313	2,706,402	2,784,810	--	2,856,764
Legislative Division of Post Audit	1,635,703	1,857,449	1,921,820	--	1,962,893
Revisor of Statutes	2,359,370	2,470,112	2,393,558	--	2,446,056
Judiciary	92,806,789	96,650,058	99,731,902	3,501,361	100,583,935
Judicial Council	325,305	359,307	385,307	--	392,111
Total--General Government	\$ 349,750,762	\$ 361,295,345	\$ 367,346,715	\$ 24,395,379	\$ 376,395,466
Human Resources					
Social & Rehabilitation Services	291,177,392	300,236,996	314,675,631	5,733,096	311,804,615
Kansas Neurological Institute	24,064,262	24,641,966	25,594,940	993,000	25,930,761

Schedule 3.1--Expenditures from All Funding Sources for State Operations by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Larned State Hospital	32,268,962	37,128,488	36,407,777	3,104,173	35,925,662
Osawatomie State Hospital	19,501,425	19,924,560	20,473,170	1,046,000	20,766,042
Parsons State Hospital & Training Center	19,992,510	20,551,640	21,180,430	630,000	21,489,225
Rainbow Mental Health Facility	6,591,613	6,907,518	7,061,634	--	7,173,208
Subtotal--SRS	\$ 393,596,164	\$ 409,391,168	\$ 425,393,582	\$ 11,506,269	\$ 423,089,513
Department on Aging	10,982,378	14,490,935	14,165,373	--	14,392,454
Health & Environment--Health	58,137,816	58,419,223	55,337,456	--	55,557,876
Department of Human Resources	57,919,113	66,171,498	65,910,985	21,965	66,938,577
Commission on Veterans Affairs	12,942,023	14,648,043	17,512,563	480,538	16,116,683
Kansas Guardianship Program	997,670	1,032,854	1,018,857	50,943	1,027,513
Total--Human Resources	\$ 534,575,164	\$ 564,153,721	\$ 579,338,816	\$ 12,059,715	\$ 577,122,616
Education					
Department of Education	23,450,423	23,448,344	25,452,267	2,709,680	25,770,391
School for the Blind	4,718,616	4,943,801	5,000,032	104,169	5,020,829
School for the Deaf	7,413,028	7,893,458	7,775,502	231,315	7,713,429
Subtotal--Department of Education	\$ 35,582,067	\$ 36,285,603	\$ 38,227,801	\$ 3,045,164	\$ 38,504,649
Board of Regents	12,035,477	21,239,272	18,224,369	73,312,278	27,224,173
Emporia State University	50,794,956	54,873,312	54,987,468	--	55,552,944
Fort Hays State University	52,747,876	55,136,619	55,216,717	--	55,659,873
Kansas State University--Main Campus	257,531,818	256,515,116	255,239,816	--	256,752,919
Kansas State University--ESARP	100,617,286	90,902,720	91,295,091	--	92,373,939
Kansas State University--Vet Med	24,693,317	27,062,303	27,106,898	--	27,094,786
University of Kansas	374,157,973	348,486,252	343,383,087	383,971	347,067,444
Pittsburg State University	56,386,834	58,401,611	58,503,983	--	59,127,269
University of Kansas Medical Center	198,409,269	230,791,927	234,269,918	(383,971)	236,398,335
Wichita State University	133,604,664	144,447,235	143,887,219	--	144,865,050
Subtotal--Regents	\$1,260,979,470	\$1,287,856,367	\$1,282,114,566	\$ 73,312,278	\$1,302,116,732
Kansas Arts Commission	489,471	551,284	539,765	57,000	550,335
Historical Society	6,515,086	6,742,015	6,915,185	61,000	6,790,374
State Library	2,164,807	2,214,181	2,249,221	92,000	2,251,113
Total--Education	\$1,305,730,901	\$1,333,649,450	\$1,330,046,538	\$ 76,567,442	\$1,350,213,203
Public Safety					
Department of Corrections	76,802,946	78,959,755	81,173,620	7,398,681	80,187,270
El Dorado Correctional Facility	20,305,191	20,506,995	21,574,241	102,000	21,300,282
Ellsworth Correctional Facility	10,270,516	10,420,328	10,917,613	291,726	10,845,707
Hutchinson Correctional Facility	23,913,254	24,116,669	25,311,106	290,204	25,085,661
Lansing Correctional Facility	32,037,267	31,862,253	33,332,687	467,797	33,034,706
Larned Correctional Mental Health Facility	7,693,762	7,913,608	8,232,620	157,357	8,312,635
Norton Correctional Facility	11,892,918	12,240,397	12,753,487	114,947	12,676,676
Topeka Correctional Facility	11,067,311	11,329,049	11,924,063	--	11,774,313
Winfield Correctional Facility	9,815,055	9,961,801	10,309,525	150,062	10,274,243
Subtotal--Corrections	\$ 203,798,220	\$ 207,310,855	\$ 215,528,962	\$ 8,972,774	\$ 213,491,493
Juvenile Justice Authority	5,401,997	6,596,979	6,548,809	591,910	6,553,086
Atchison Juvenile Correctional Facility	6,511,144	6,199,178	6,336,311	450,527	6,058,651
Beloit Juvenile Correctional Facility	4,803,565	4,968,182	4,852,467	90,623	4,897,270
Kansas Juvenile Correctional Facility	--	--	12,210,839	293,503	430,000
Larned Juvenile Correctional Facility	5,451,800	7,715,809	8,232,218	292,759	8,353,404
Topeka Juvenile Correctional Facility	12,569,241	12,898,919	12,613,697	582,800	12,676,506
Subtotal--Juvenile Justice	\$ 34,737,747	\$ 38,379,067	\$ 50,794,341	\$ 2,302,122	\$ 38,968,917
Adjutant General	23,206,203	21,536,230	21,660,785	1,044,037	21,425,322
Ombudsman for Corrections	184,651	--	--	--	--

Schedule 3.1--Expenditures from All Funding Sources for State Operations by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Emergency Medical Services Board	877,561	857,155	832,250	--	843,051
State Fire Marshal	3,252,345	3,619,816	3,750,523	1,167,549	3,783,773
Highway Patrol	50,614,159	58,337,748	63,104,265	1,538,944	63,596,385
Kansas Bureau of Investigation	19,780,960	20,002,919	18,399,985	2,055,421	18,658,420
Kansas Parole Board	482,758	431,241	432,521	--	433,043
Sentencing Commission	821,385	634,256	594,967	81,621	669,817
Total--Public Safety	\$ 337,755,989	\$ 351,109,287	\$ 375,098,599	\$ 17,162,468	\$ 361,870,221
Agriculture & Natural Resources					
Department of Agriculture	19,592,339	21,327,153	20,371,155	322,473	20,292,940
Animal Health Department	2,087,256	2,374,313	2,204,525	134,017	2,206,710
State Conservation Commission	1,737,527	1,924,776	1,758,090	32,007	1,780,637
Health & Environment--Environment	55,862,846	57,993,570	60,272,171	953,948	60,977,086
Kansas State Fair	3,814,544	4,449,469	4,580,291	150,000	4,566,131
Kansas Water Office	5,656,791	6,078,301	5,673,268	32,505	5,400,430
Department of Wildlife & Parks	34,806,193	35,114,199	35,844,798	1,353,573	36,338,692
Total--Ag. & Natural Resources	\$ 123,557,496	\$ 129,261,781	\$ 130,704,298	\$ 2,978,523	\$ 131,562,626
Transportation					
Kansas Department of Transportation	222,992,938	240,586,803	254,960,255	--	252,954,680
Total--Transportation	\$ 222,992,938	\$ 240,586,803	\$ 254,960,255	\$ --	\$ 252,954,680
Total Expenditures	\$2,874,363,250	\$2,980,056,387	\$3,037,495,221	\$ 133,163,527	\$3,050,118,812

Schedule 3.2--Expenditures from the State General Fund for State Operations by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration	17,263,408	13,778,637	13,687,058	811,265	13,527,679
Kansas Human Rights Commission	1,328,969	1,394,643	1,371,955	242,124	1,392,724
Board of Indigents' Defense Services	16,453,758	16,420,033	15,001,034	7,807,159	17,695,342
Department of Revenue	31,211,351	21,976,275	22,601,396	--	20,046,408
Board of Tax Appeals	1,654,327	1,524,630	1,262,779	--	1,294,199
Governmental Ethics Commission	422,079	453,621	466,753	--	474,169
Office of the Governor	1,570,676	2,068,593	1,632,475	--	1,624,479
Office of the Lieutenant Governor	117,854	127,374	115,540	--	114,817
Attorney General	5,068,881	4,781,402	4,222,063	150,000	3,806,479
Secretary of State	1,629,442	836,591	--	--	--
State Treasurer	1,327,716	250,000	--	--	--
Legislative Coordinating Council	574,948	763,598	682,171	--	699,867
Legislature	10,813,131	12,482,482	13,070,236	--	13,253,654
Legislative Research Department	2,411,313	2,651,308	2,705,683	--	2,775,629
Legislative Division of Post Audit	1,635,690	1,857,449	1,921,820	--	1,962,893
Revisor of Statutes	2,359,370	2,470,112	2,393,558	--	2,446,056
Judiciary	80,765,161	83,364,432	90,879,463	3,413,699	91,731,496
Judicial Council	185,948	--	--	--	--
Total--General Government	\$ 176,794,022	\$ 167,201,180	\$ 172,013,984	\$ 12,424,247	\$ 172,845,891
Human Resources					
Social & Rehabilitation Services	91,620,186	97,085,680	99,072,480	2,844,619	96,729,228
Kansas Neurological Institute	8,929,796	10,023,740	11,013,210	375,000	11,048,774
Larned State Hospital	11,849,702	27,476,044	26,207,107	3,104,173	26,216,315
Osawatomie State Hospital	4,782,663	8,365,122	8,059,526	1,046,000	8,033,478
Parsons State Hospital & Training Center	6,110,806	6,923,703	7,169,545	252,000	7,245,227
Rainbow Mental Health Facility	512,463	3,890,600	3,810,865	--	3,840,626
Subtotal--SRS	\$ 123,805,616	\$ 153,764,889	\$ 155,332,733	\$ 7,621,792	\$ 153,113,648
Department on Aging	4,263,107	5,866,973	5,534,330	--	5,607,105
Health & Environment--Health	10,356,685	7,227,701	7,848,851	--	7,747,625
Department of Human Resources	1,639,794	1,852,029	1,690,688	21,965	1,042,893
Commission on Veterans Affairs	4,289,922	5,434,638	5,802,082	477,038	5,091,529
Kansas Guardianship Program	997,670	1,032,854	1,018,857	50,943	1,027,513
Total--Human Resources	\$ 145,352,794	\$ 175,179,084	\$ 177,227,541	\$ 8,171,738	\$ 173,630,313
Education					
Department of Education	8,700,254	9,005,469	9,104,166	2,650,185	9,219,477
School for the Blind	4,351,914	4,484,762	3,204,610	104,169	4,646,699
School for the Deaf	7,078,224	7,264,758	7,420,871	231,315	7,382,250
Subtotal--Department of Education	\$ 20,130,392	\$ 20,754,989	\$ 19,729,647	\$ 2,985,669	\$ 21,248,426
Board of Regents	3,396,058	5,753,922	4,991,141	73,270,891	13,915,492
Emporia State University	28,959,506	29,631,122	29,610,971	--	30,126,433
Fort Hays State University	30,145,254	30,439,143	30,414,931	--	31,238,730
Kansas State University--Main Campus	100,773,072	101,057,629	101,274,972	--	102,812,645
Kansas State University--ESARP	46,361,704	46,646,153	46,651,725	--	47,685,802
Kansas State University--Vet Med	9,531,579	9,568,617	9,568,617	--	9,823,702
University of Kansas	129,837,320	131,574,351	131,574,351	383,971	134,188,502
Pittsburg State University	31,199,633	31,705,231	31,685,569	--	32,435,314
University of Kansas Medical Center	93,433,037	94,582,170	94,582,170	(383,971)	96,017,813
Wichita State University	62,803,171	63,506,676	63,506,676	--	64,519,540
Subtotal--Regents	\$ 536,440,334	\$ 544,465,014	\$ 543,861,123	\$ 73,270,891	\$ 562,763,973

Schedule 3.2--Expenditures from the State General Fund for State Operations by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Kansas Arts Commission	333,670	325,443	336,813	57,000	343,392
Historical Society	5,342,918	5,426,453	5,568,678	61,000	5,450,504
State Library	1,438,193	1,458,142	1,489,947	92,000	1,488,651
Total--Education	\$ 563,685,507	\$ 572,430,041	\$ 570,986,208	\$ 76,466,560	\$ 591,294,946
Public Safety					
Department of Corrections	57,725,225	59,240,711	60,901,860	6,779,931	58,941,645
El Dorado Correctional Facility	20,146,235	20,373,140	21,437,761	102,000	21,163,802
Ellsworth Correctional Facility	10,224,481	10,383,346	10,859,135	291,726	10,786,339
Hutchinson Correctional Facility	23,684,325	23,859,070	24,994,084	290,204	24,766,458
Lansing Correctional Facility	31,721,312	31,753,902	33,210,658	467,797	32,912,677
Larned Correctional Mental Health Facility	7,558,694	7,911,579	8,228,813	157,357	8,308,828
Norton Correctional Facility	11,673,957	12,079,233	12,592,643	114,947	12,513,125
Topeka Correctional Facility	10,171,502	10,100,741	10,458,840	--	10,288,847
Winfield Correctional Facility	9,612,973	9,770,242	10,112,101	150,062	10,072,141
Subtotal--Corrections	\$ 182,518,704	\$ 185,471,964	\$ 192,795,895	\$ 8,354,024	\$ 189,753,862
Juvenile Justice Authority	3,116,077	3,414,441	3,460,778	591,910	3,452,981
Atchison Juvenile Correctional Facility	6,264,365	5,988,759	6,132,786	450,527	5,855,242
Beloit Juvenile Correctional Facility	4,562,896	4,755,986	4,644,880	90,623	4,688,537
Kansas Juvenile Correctional Complex	--	--	11,910,839	293,503	430,000
Larned Juvenile Correctional Facility	5,114,021	7,227,634	7,761,083	292,759	7,870,781
Topeka Juvenile Correctional Facility	12,137,934	12,209,199	12,443,653	582,800	12,506,462
Subtotal--Juvenile Justice	\$ 31,195,293	\$ 33,596,019	\$ 46,354,019	\$ 2,302,122	\$ 34,804,003
Adjutant General	4,290,149	4,320,634	4,605,577	147,099	4,123,259
Ombudsman for Corrections	167,615	--	--	--	--
Highway Patrol	13,103,209	28,928,830	30,688,004	--	--
Kansas Bureau of Investigation	11,919,838	11,705,118	11,957,392	2,055,421	12,242,058
Kansas Parole Board	482,758	431,241	432,521	--	433,043
Sentencing Commission	418,733	534,243	544,967	--	543,647
Total--Public Safety	\$ 244,096,299	\$ 264,988,049	\$ 287,378,375	\$ 12,858,666	\$ 241,899,872
Agriculture & Natural Resources					
Department of Agriculture	9,343,882	9,453,784	9,706,869	205,000	9,518,030
Animal Health Department	571,809	575,245	590,120	198,402	572,345
State Conservation Commission	559,620	564,578	573,849	27,868	592,127
Health & Environment--Environment	7,278,152	9,303,345	9,417,964	953,948	9,760,328
Kansas State Fair	--	538,103	694,385	--	655,133
Kansas Water Office	1,226,642	1,263,814	1,291,199	32,505	1,297,854
Department of Wildlife & Parks	3,145,545	3,168,729	3,226,507	25,000	2,732,319
Total--Ag. & Natural Resources	\$ 22,125,650	\$ 24,867,598	\$ 25,500,893	\$ 1,442,723	\$ 25,128,136
Total Expenditures	\$1,152,054,272	\$1,204,665,952	\$1,233,107,001	\$ 111,363,934	\$1,204,799,158

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration					
Emergency Flood Control	273,314	259,000	259,000	--	259,000
Grants to Public Broadcasting Stations	386,260	357,598	356,239	74,023	356,239
Total--Department of Administration	\$ 659,574	\$ 616,598	\$ 615,239	\$ 74,023	\$ 615,239
Kansas Corporation Commission					
Energy Conservation Grants	439,446	540,985	540,985	--	540,985
Department of Commerce					
Main Street Development	250,972	55,000	55,000	--	55,000
Marketing Assistance	--	300,000	--	--	--
Community Services Block Grant	4,136,526	--	--	--	--
Emergency Shelter Grant	877,643	--	--	--	--
HOME Program	6,290,634	--	--	--	--
Community Development Block Grant	33,322,016	23,382,000	23,382,000	--	23,382,000
Agriculture Products Development	77,400	60,000	50,000	--	50,000
Weatherization Assistance Program	4,271,128	--	--	--	--
Small Business Development Centers	414,675	368,500	368,500	--	368,500
Training Equipment	177,954	--	--	--	--
Community Capacity Building Grants	258,748	331,049	331,049	--	282,227
Kansas Partnership Program	1,100,000	1,500,000	1,200,000	--	1,200,000
School-to-Work Program	1,745,694	150,000	--	--	--
Federal Flood Mitigation	113,457	126,000	126,000	--	126,000
Enterprise Facilitation	--	--	--	--	200,000
State Trust Fund	853,154	--	--	--	--
Total--Dept. of Commerce	\$ 53,890,001	\$ 26,272,549	\$ 25,512,549	\$ --	\$ 25,663,727
Department of Revenue					
Sand Royalty Fund	78,928	63,700	53,300	--	53,300
Co. Treas. Vehicle Licensing Fee Fund	131,775	127,750	127,750	--	127,750
Mineral Production Tax Fund	4,564,953	5,411,000	5,300,000	--	5,300,000
County Drug Tax Fund	836,829	685,000	690,000	--	690,000
Total--Department of Revenue	\$ 5,612,485	\$ 6,287,450	\$ 6,171,050	\$ --	\$ 6,171,050
Office of the Securities Commissioner					
Investor Education	50,000	--	--	--	--
Office of the Governor					
Federal & Other Grants Programs	413,289	5,386,980	5,568,376	--	5,568,376
Attorney General					
Crime Victims Assistance Fund	35,367	612,039	612,039	--	612,039
Violence against Women Fund	371,289	--	--	--	--
Drug Free Schools Fund	148,765	--	--	--	--
Protection from Abuse	--	1,176,903	1,176,903	--	1,176,903
Federal Preventive Health Block Grant	20,482	--	--	--	--
Victims of Crime Act--VRU	335,088	--	--	--	--
Total--Attorney General	\$ 910,991	\$ 1,788,942	\$ 1,788,942	\$ --	\$ 1,788,942
Insurance Department					
Senior Health Insurance Counseling	22,640	--	--	--	--
Firefighters' Associations Grants	7,469,507	7,500,000	7,500,000	--	7,500,000
SHIPMATES Grant	6,667	--	--	--	--
Total--Insurance Department	\$ 7,498,814	\$ 7,500,000	\$ 7,500,000	\$ --	\$ 7,500,000
State Treasurer					
Local Ad Valorem Tax Reduction	26,246,722	--	67,262,000	--	--
County & City Revenue Sharing	16,740,644	--	51,482,000	--	--

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
State Treasurer, Cont'd.					
Tax Increment Financing	1,084,204	1,100,000	1,100,000	--	1,100,000
Local Alcoholic Liquor Fund	18,980,551	19,000,000	19,100,000	--	19,100,000
Rental of Motor Vehicles Excise Tax	2,741,485	2,850,000	2,900,000	--	2,900,000
Racing Admissions Tax	2,155	2,400	2,500	--	2,500
Cabela's Bond Financing	2,536,800	--	--	--	--
Kansas Speedway Bond Financing	205,802	4,500,000	5,000,000	--	5,000,000
Total--State Treasurer	\$ 68,538,363	\$ 27,452,400	\$ 146,846,500	\$ --	\$ 28,102,500
Judiciary					
Child Welfare Federal Fund	20,000	40,000	40,000	--	40,000
Dispute Resolution Fund	--	40,000	30,000	--	30,000
Technology Fund	--	350,000	350,000	--	350,000
Permanent Families Account	254,199	506,068	512,372	--	512,372
Total--Judiciary	\$ 274,199	\$ 936,068	\$ 932,372	\$ --	\$ 932,372
Total--General Government	\$ 138,287,162	\$ 76,781,972	\$ 195,476,013	\$ 74,023	\$ 76,883,191
Human Resources					
Social & Rehabilitation Services					
Office of Prevention	233,170	--	--	--	--
Interpreter Grants	--	32,809	32,809	--	32,809
Early Head Start/Head Start	2,107,041	7,889,618	7,889,618	--	7,889,618
Discretionary Grants/Commun. Funding	106,947	--	--	--	--
Children & Family Services Grants	300	326,580	326,580	--	326,580
Children's Cabinet Grants	--	5,032,074	4,504,500	4,644,987	11,304,500
Com. Devel. Disab. Support Grants	2,696,028	--	--	--	--
Mental Health Grants	6,614,807	2,827,833	2,576,250	--	2,576,250
Assistive Technology Loan Program	--	2,554,244	--	--	--
Substance Abuse Treatment	1,028,223	--	--	--	--
School Violence Prevention--CIF	228,000	228,000	228,000	--	228,000
Rehabilitation Services Grants	--	3,574,303	3,574,303	--	3,574,303
Total--SRS	\$ 13,014,516	\$ 22,465,461	\$ 19,132,060	\$ 4,644,987	\$ 25,932,060
Health & Environment--Health					
General Health Programs	4,639,399	4,757,102	4,757,102	--	4,757,102
Primary Health Project	340,000	1,520,840	1,520,840	--	1,520,840
Other Federal Aid	114,061	1,695,262	1,739,573	--	1,739,573
Teen Pregnancy Prevention	226,124	695,984	695,984	--	695,984
Pregnancy Maintenance	--	300,000	300,000	--	--
Food Service Inspection	698,545	785,000	785,000	--	785,000
Sexually Trans. Disease Control Proj.	331,012	310,484	310,484	--	310,484
WIC Program	66,331	6,000,000	6,000,000	--	6,000,000
Commodity Supplemental Food Program	--	131,880	131,880	--	131,880
Mothers & Infants Health Program	7,276,177	2,367,387	2,367,387	--	2,367,387
Childcare Facility Licensure Aid	859,240	1,006,973	838,673	--	838,673
Healthy Start	235,680	250,000	250,000	--	250,000
Family Planning/Federal Title X	1,903,841	2,198,222	2,189,929	--	2,189,929
Preventive Health Block Grant	328,523	369,621	369,621	--	369,621
Migrant Health Program	--	56,500	56,500	--	56,500
Lead Poisoning and Prevention Program	6,525	4,500	4,500	--	4,500
Federal Tobacco Prevention Aid	285,946	500,000	747,383	--	327,383
Homeland Security Aid	5,323,326	6,314,377	6,278,377	--	6,278,377
AIDS Services/Education	295,797	1,577,719	1,791,522	--	1,791,522
District Coroners Fund	315,819	262,178	267,421	--	267,421
Immunization Programs	830,239	1,131,750	773,981	--	796,200
Infant & Toddler Program	746,361	2,792,000	2,671,305	--	2,671,305

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Health & Environment--Health, Cont'd.					
SIDS Program Network Aid	25,000	25,000	25,000	--	25,000
Child Care & Development Block Grant	3,754,532	3,662,633	4,032,254	--	4,032,254
Total--KDHE--Health	\$ 28,602,478	\$ 38,715,412	\$ 38,904,716	\$ --	\$ 38,206,935
Department of Human Resources					
State Employment Programs	\$ 2,830,703	\$ 2,548,418	\$ 1,850,000	\$ --	\$ 1,850,000
Total--Human Resources	\$ 44,447,697	\$ 63,729,291	\$ 59,886,776	\$ 4,644,987	\$ 65,988,995
Education					
Department of Education					
General State Aid	1,613,449,590	1,626,355,000	1,763,096,000	62,726,000	1,764,802,000
School District Finance Fund	21,453,717	32,000,000	15,000,000	--	14,900,000
Supplemental State Aid	118,570,784	160,740,000	156,323,000	11,827,000	163,045,000
Bond & Interest Aid	46,944,686	52,000,000	57,000,000	--	57,000,000
KPERS Employer Contribution	112,147,986	114,733,089	140,984,267	1,500,000	134,979,253
Special Education Services Aid	319,226,945	328,866,845	337,866,845	25,000,000	337,866,845
Grades K-3 Reading & Math Literacy	--	--	--	14,000,000	--
Juvenile Detention Grants	5,269,939	6,268,915	5,599,393	145,000	5,599,393
Deaf-Blind Program Aid	106,622	109,000	109,000	--	109,000
In-Service Education Aid	2,594,496	--	--	--	--
School Food Assistance	76,083,018	76,720,131	77,445,131	--	77,445,131
Driver Education Program Aid	1,539,430	1,546,500	1,568,000	--	1,568,000
Alcohol & Drug Abuse Programs	2,732,780	2,750,000	2,612,500	--	2,612,500
Federal Class Size Reduction Initiative	549,890	197,000	--	--	--
Federal School Renovation Grants	2,603,341	593,000	--	--	--
Goals 2000	107,130	--	--	--	--
Ed. Research & Innovative Prog.	4,599,882	3,195,790	1,469,290	--	1,469,290
Elementary & Secondary Ed. Prog.	90,467,055	105,887,000	108,650,500	--	108,650,500
Education for Economic Security Aid	189,863	200,000	--	--	--
Community Service Grants	--	400,000	400,000	--	400,000
21st Century Community Learning Ctrs.	740,783	3,700,000	3,700,000	--	3,700,000
Rural & Low Income Schools	499,968	525,000	525,000	--	525,000
Lang Assistance Grants to States	2,118,333	2,250,000	2,250,000	--	2,250,000
Federal Reading First Grants	--	5,000,000	5,500,000	--	5,500,000
Improving Teacher Quality	19,544,895	20,000,000	19,750,000	--	19,750,000
Miscellaneous Grants	2,000	--	--	--	--
Vocational Education Grants	5,707,174	5,350,000	5,350,000	--	5,350,000
Teaching Excellence Scholarships	98,000	133,000	56,000	112,000	168,000
Parent Education	6,874,307	7,139,500	7,139,500	--	7,139,500
Total--Department of Education	\$ 2,454,222,614	\$ 2,556,659,770	\$ 2,712,394,426	\$ 115,310,000	\$ 2,714,829,412
Board of Regents					
Washburn Operating Grant	10,100,858	10,102,336	10,102,336	2,496,860	10,557,396
Postsecondary Aid for Vocational Ed.	25,630,765	25,630,765	25,630,765	4,537,845	26,630,765
Adult Basic Education	4,276,278	4,315,310	4,315,310	325,130	4,315,310
Technical Equipment	448,605	424,077	424,077	--	424,077
Technical Innovation & Internships	190,675	185,483	180,500	--	180,500
Vocational Education Capital Outlay	2,565,000	2,565,000	2,565,000	--	2,565,000
Truck Driver Training	69,984	70,000	70,000	--	70,000
Community College Operating Grant	80,942,158	80,958,169	80,958,169	22,922,453	86,044,250
Carl Perkins Grant	6,322,537	7,009,752	6,373,849	--	6,373,849
KAN-ED	2,150,200	2,650,000	2,650,000	--	2,650,000
Other Aid	450,709	596,540	611,000	--	611,000
Total--Board of Regents	\$ 133,147,769	\$ 134,507,432	\$ 133,881,006	\$ 30,282,288	\$ 140,422,147

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Kansas State University					
Miscellaneous Aid	855,461	1,026,441	848,906	--	848,906
Kansas State University--ESARP					
Miscellaneous Aid	356,584	225,077	212,969	--	212,969
University of Kansas Medical Center					
Miscellaneous Aid	12,890	--	--	--	--
Subtotal--Regents	\$ 134,372,704	\$ 135,758,950	\$ 134,942,881	\$ 30,282,288	\$ 141,484,022
Kansas Arts Commission					
Arts Grants	127,694	272,332	138,956	139,067	103,956
Historical Society					
Historic Preservation Aid	210,019	150,000	150,000	--	150,000
Kansas Humanities Council	127,140	81,830	81,830	--	81,830
Cultural Heritage Center	73,253	27,930	27,930	--	27,930
Lewis & Clark Bicentennial Commiss.	235,445	--	--	--	--
Heritage Trust Fund	391,351	900,000	900,000	--	900,000
Total--Historical Society	\$ 1,037,208	\$ 1,159,760	\$ 1,159,760	\$ --	\$ 1,159,760
State Library					
Talking Books--READ Equipment	--	--	--	129,508	--
Grants to Libraries	3,749,762	3,857,650	3,854,415	3,596,822	3,854,415
Total--State Library	\$ 3,749,762	\$ 3,857,650	\$ 3,854,415	\$ 3,726,330	\$ 3,854,415
Total--Education	\$ 2,593,509,982	\$ 2,697,708,462	\$ 2,852,490,438	\$ 149,457,685	\$ 2,861,431,565
Public Safety					
Department of Corrections					
Correctional Conservation Camps	2,203,162	2,202,300	2,202,300	--	2,202,300
Community Corrections	12,986,688	14,240,912	15,548,912	--	15,548,912
Condition Violator Grants	375,000	--	--	--	--
Community Re-entry Grant	--	30,000	30,000	--	30,000
Total--Department of Corrections	\$ 15,564,850	\$ 16,473,212	\$ 17,781,212	\$ --	\$ 17,781,212
Juvenile Justice Authority					
Delinquency Prevention Formula Grants	4,752,496	5,414,487	5,414,487	585,513	5,414,487
Juv. Justice Delinquency Prevent. Grant	788,596	905,480	795,518	--	795,518
Juv. Justice Delinquency Trust Fund	222,655	500,000	350,000	--	350,000
Juvenile Accountability Block Grant	2,464,641	1,997,233	1,485,492	--	1,485,492
Management Information System	49,608	26,000	32,000	--	32,000
Community Corrections	4,080,223	3,348,347	4,363,872	2,000,000	4,363,872
Case Management	8,524,762	9,117,433	9,117,433	--	8,117,433
Intake & Assessment	4,490,944	4,068,613	4,068,613	--	4,068,613
Purchase-of-Service	2,513,664	10,150,202	7,147,439	3,185,271	7,147,439
Going Home Federal Grant	--	130,960	148,232	--	148,232
Education Grants	83,610	55,000	50,000	--	50,000
Juvenile Detention Facilities	771,012	604,485	602,740	--	602,740
Total--Juvenile Justice Authority	\$ 28,742,211	\$ 36,318,240	\$ 33,575,826	\$ 5,770,784	\$ 32,575,826
Beloit Juvenile Correctional Facility					
Aid to School District	29,216	--	--	--	--
Adjutant General					
FEMA Grants	482,057	2,267,497	870,000	--	870,000
U.S. DOT Grants	157,804	181,375	181,375	--	181,375
Hazard Mitigation	4,631,619	7,566,094	7,060,000	--	7,060,000
Hoisington Tornado	232,809	101,250	--	--	--
Ice Storm Disaster Relief	8,255,678	4,612,746	3,502,646	520,031	3,502,646
NE Kansas Tornadoes	1,058,215	5,580,981	1,678,125	520,031	1,678,125

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Adjutant General, Cont'd.					
Disaster Relief	--	2,103,577	--	--	53,470
Total--Adjutant General	\$ 14,818,182	\$ 22,413,520	\$ 13,292,146	\$ 1,040,062	\$ 13,345,616
Emergency Medical Services Board					
Rural Health Options Grant	--	12,228	--	--	--
Rural Access to Emergency Devices	232,097	27,039	259,834	--	259,834
Total--Emergency Medical Services	\$ 232,097	\$ 39,267	\$ 259,834	\$ --	\$ 259,834
Highway Patrol					
Domestic Preparedness	2,516,447	15,650,000	20,350,000	--	20,350,000
Kansas Bureau of Investigation					
Federal Aid Payments	1,299,125	1,491,793	800,000	--	800,000
Sentencing Commission					
Criminal Justice & Law Enforce. Grants	3,849,440	--	--	--	--
Drug Treatment Prison Alternative	--	4,057,130	6,136,848	--	5,651,548
Total--Sentencing Commission	\$ 3,849,440	\$ 4,057,130	\$ 6,136,848	\$ --	\$ 5,651,548
Total--Public Safety	\$ 67,051,568	\$ 96,443,162	\$ 92,195,866	\$ 6,810,846	\$ 90,764,036
Agriculture & Natural Resources					
State Conservation Commission					
Aid to Conservation Districts	1,042,500	1,043,000	1,043,000	--	1,043,000
Watershed Dam Planning & Construction	635,020	361,212	351,500	352,500	351,500
Riparian and Wetland Restoration	750	750	750	--	750
Total--State Conservation Commiss.	\$ 1,678,270	\$ 1,404,962	\$ 1,395,250	\$ 352,500	\$ 1,395,250
Health & Environment--Environment					
Air Pollution Control Program Aid	888,492	1,154,656	1,154,656	--	1,154,656
Waste Management Aid	1,305,302	1,146,388	240,000	--	240,000
Nonpoint Source Pollution Program Aid	7,128	99,264	--	--	101,512
LEPP Aid	1,263,455	1,674,856	1,603,896	--	1,603,896
Water System Revolving Fund	38,000	310,000	200,000	--	200,000
Superfund Match	--	--	--	200,000	--
Other Federal Aid	655,811	696,250	697,596	--	697,596
Total--KDHE--Environment	\$ 4,158,188	\$ 5,081,414	\$ 3,896,148	\$ 200,000	\$ 3,997,660
Department of Wildlife & Parks					
Land and Water Conservation Grants	382,812	500,000	500,000	--	500,000
Wildlife Fee Fund	479,626	265,000	265,000	--	265,000
Non-Game Wildlife Improvement Fund	12,249	--	--	--	--
Federal Grants Fund	441,765	820,000	820,000	--	820,000
Boating Fee Fund	2,725	--	--	--	--
Gifts and Donations	21,648	--	--	--	--
Total--Dept. of Wildlife & Parks	\$ 1,340,825	\$ 1,585,000	\$ 1,585,000	\$ --	\$ 1,585,000
Total--Ag. & Natural Resources	\$ 7,177,283	\$ 8,071,376	\$ 6,876,398	\$ 552,500	\$ 6,977,910
Transportation					
Kansas Department of Transportation					
Connecting Links Payments	2,931,337	3,360,000	3,360,000	--	3,360,000
County Equalization Aid Adjustment	2,500,000	2,500,000	2,500,000	--	2,500,000
Special City and County Highway Aid	147,207,525	156,149,294	143,685,064	--	143,685,064
Federal Transit Administration	6,466,658	6,643,623	6,243,623	--	6,243,623
Federal Highway Safety	1,862,564	2,285,500	1,869,500	--	1,869,500
Metropolitan Transportation Planning	2,621,609	1,238,260	1,250,643	--	1,250,643
Coordinated Public Transportation--Fed.	794,152	--	--	--	--
State Coordinated Public Transportation	6,371,656	5,490,377	5,490,377	--	5,490,377

Schedule 4.1--Expenditures from All Funding Sources for Aid to Local Governments

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Gov. Estimate</u>	<u>FY 2005</u> <u>Base Budget</u>	<u>FY 2005</u> <u>Enhance. Pkg.</u>	<u>FY 2005</u> <u>Gov. Rec.</u>
Kansas Department of Transportation, Cont'd.					
Aviation Grants	3,665,944	3,000,000	3,000,000	--	3,000,000
Total--Dept. of Transportation	\$ 174,421,445	\$ 180,667,054	\$ 167,399,207	\$ --	\$ 167,399,207
Total--Transportation	\$ 174,421,445	\$ 180,667,054	\$ 167,399,207	\$ --	\$ 167,399,207
Total--Aid to Local Governments	\$3,024,895,137	\$3,123,401,317	\$3,374,324,698	\$ 161,540,041	\$3,269,444,904

Schedule 4.2--Expenditures from the State General Fund for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration					
Grants to Public Broadcasting Stations	386,260	357,598	356,239	74,023	356,239
Total--General Government	\$ 386,260	\$ 357,598	\$ 356,239	\$ 74,023	\$ 356,239
Human Resources					
Social & Rehabilitation Services					
Interpreter Grants	--	6,988	6,988	--	6,988
Children's Cabinet Grants	--	212,000	212,000	--	212,000
Com. Devel. Disab. Support Grants	1,359,801	--	--	--	--
Mental Health Grants	5,008,402	1,526,981	1,526,981	--	1,526,981
Assistive Technology Loan Program	--	2,554,244	--	--	--
Substance Abuse Treatment	62,254	--	--	--	--
Rehabilitation Services Grants	--	761,324	761,324	--	761,324
Total--SRS	\$ 6,430,457	\$ 5,061,537	\$ 2,507,293	\$ --	\$ 2,507,293
Health & Environment--Health					
General Health Programs	4,639,399	4,757,102	4,757,102	--	4,757,102
Primary Health Project	340,000	1,520,840	1,520,840	--	1,520,840
Family Planning	98,148	98,880	98,880	--	98,880
Teen Pregnancy Prevention	157,000	537,660	537,660	--	537,660
Immunization Program	345,772	350,000	327,781	--	350,000
Pregnancy Maintenance	--	300,000	300,000	--	--
Infant & Toddler Program	589,007	1,992,000	1,871,305	--	1,871,305
SIDS Program Network Grant	25,000	25,000	25,000	--	25,000
Total--KDHE--Health	\$ 6,194,326	\$ 9,581,482	\$ 9,438,568	\$ --	\$ 9,160,787
Department of Human Resources					
State Employment Programs	65,314	64,586	--	--	--
Total--Human Resources	\$ 12,690,097	\$ 14,707,605	\$ 11,945,861	\$ --	\$ 11,668,080
Education					
Department of Education					
General State Aid	1,608,949,590	1,621,855,000	1,758,596,000	62,726,000	1,760,302,000
Supplemental State Aid	118,570,784	160,740,000	156,323,000	11,827,000	163,045,000
KPERS Employer Contribution	112,147,986	114,733,089	140,984,267	1,500,000	134,979,253
Special Education Services Aid	249,606,748	249,791,845	249,791,845	25,000,000	249,791,845
Grades K-3 Reading & Math Literacy	--	--	--	14,000,000	--
Juvenile Detention Grants	5,269,939	6,268,915	5,599,393	145,000	5,599,393
Teaching Excellence Scholarships	98,000	133,000	56,000	112,000	168,000
Deaf-Blind Program Aid	106,622	109,000	109,000	--	109,000
In-Service Education Aid	2,594,496	--	--	--	--
School Food Assistance	2,370,125	2,370,131	2,370,131	--	2,370,131
Parent Education	4,374,307	4,639,500	4,639,500	--	4,639,500
Total--Department of Education	\$ 2,104,088,597	\$ 2,160,640,480	\$ 2,318,469,136	\$ 115,310,000	\$ 2,321,004,122
Board of Regents					
Washburn Operating Grant	10,100,858	10,102,336	10,102,336	2,496,860	10,557,396
Postsecondary Aid for Vocational Ed.	19,486,488	15,299,515	15,299,515	4,537,845	19,673,603
Adult Basic Education	950,174	1,048,998	1,048,998	325,130	1,048,998
Technical Equipment	448,605	424,077	424,077	--	424,077
Community College Operating Grant	80,942,158	80,958,169	80,958,169	22,922,453	86,044,250
Other Aid	417,251	--	--	--	--
Total--Board of Regents	\$ 112,345,534	\$ 107,833,095	\$ 107,833,095	\$ 30,282,288	\$ 117,748,324
Kansas Arts Commission					
Arts Grants	90,429	15,500	138,956	139,067	103,956

Schedule 4.2--Expenditures from the State General Fund for Aid to Local Governments

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Historical Society					
Dodge City Cultural Center	73,253	27,930	27,930	--	27,930
Lewis & Clark Bicentennial	235,445	--	--	--	--
Kansas Humanities Council	127,140	81,830	81,830	--	81,830
Total--Historical Society	\$ 435,838	\$ 109,760	\$ 109,760	\$ --	\$ 109,760
State Library					
Talking Books--READ Equipment	--	--	--	129,508	--
Grants to Libraries	3,431,590	3,398,232	3,398,232	3,596,822	3,398,232
Total--State Library	\$ 3,431,590	\$ 3,398,232	\$ 3,398,232	\$ 3,726,330	\$ 3,398,232
Total--Education	\$2,220,391,988	\$2,271,997,067	\$2,429,949,179	\$ 149,457,685	\$2,442,364,394
Public Safety					
Department of Corrections					
Correctional Conservation Camps	2,203,162	2,202,300	2,202,300	--	2,202,300
Community Corrections	12,986,688	14,240,912	15,548,912	--	15,548,912
Condition Violator Grants	375,000	--	--	--	--
Total--Department of Corrections	\$ 15,564,850	\$ 16,443,212	\$ 17,751,212	\$ --	\$ 17,751,212
Juvenile Justice Authority					
Management Information System	49,608	26,000	32,000	--	32,000
Incentive Block Grants	22,679	--	--	--	--
Community Corrections	4,080,223	3,348,347	4,363,872	2,000,000	4,363,872
Case Management	8,324,762	8,917,433	8,917,433	--	7,917,433
Intake & Assessment	1,292,052	335,596	483,100	--	483,100
Purchase-of-Service	538,676	3,227,690	1,513,976	3,185,271	1,513,976
Total--Juvenile Justice Authority	\$ 14,308,000	\$ 15,855,066	\$ 15,310,381	\$ 5,185,271	\$ 14,310,381
Adjutant General					
FEMA Grants	25,889	--	--	--	--
Hoisington Tornado	41,186	--	--	--	--
Disaster Relief	--	--	--	--	53,470
Ice Storm Disaster Relief	3,900,372	650,000	--	520,031	--
NE Kansas Tornadoes	--	407,856	--	520,031	--
Total--Adjutant General	\$ 3,967,447	\$ 1,057,856	\$ --	\$ 1,040,062	\$ 53,470
Sentencing Commission					
Drug Treatment Incarceration Altern.	--	3,842,047	5,776,741	--	5,291,441
Total--Public Safety	\$ 33,840,297	\$ 37,198,181	\$ 38,838,334	\$ 6,225,333	\$ 37,406,504
Agriculture & Natural Resources					
Health & Environment--Environment					
State Match for Superfund Sites	--	--	--	200,000	--
Total--Ag. & Natural Resources	\$ --	\$ --	\$ --	\$ 200,000	\$ --
Total--Aid to Local Governments	\$2,267,308,642	\$2,324,260,451	\$2,481,089,613	\$ 155,957,041	\$2,491,795,217

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration					
Canceled Warrant Payments	158,061	161,040	161,040	--	161,040
Earned Interest on Federal Funds	350,000	470,000	470,000	--	470,000
Public TV Digital Conversion Debt	386,260	404,514	397,161	--	397,161
Grants to Public Broadcasting Stations	1,566,734	1,535,161	1,530,186	400,487	1,530,186
Public Broadcasting Capital Equipment	114,099	--	--	--	--
Miscellaneous	283	--	--	--	--
Total--Department of Administration	\$ 2,575,437	\$ 2,570,715	\$ 2,558,387	\$ 400,487	\$ 2,558,387
Kansas Corporation Commission					
Energy Conservation Grants	251,753	--	--	--	--
Board of Indigents' Defense Services					
Claims	800	--	--	--	--
Health Care Stabilization					
Health Care Stabilization Fund	23,454,385	24,647,583	24,647,583	--	24,647,583
Kansas Public Employees Retirement Sys.					
Retirement Benefits Bond Payment	--	--	3,212,624	--	3,212,624
Department of Commerce					
Trade Show Assistance	100,597	80,852	85,000	--	40,000
KIT and KIR Programs	3,600,000	3,186,366	3,186,366	--	3,186,366
IMPACT	10,748,243	11,249,484	11,242,873	--	11,242,873
Certified Development Companies	342,000	304,500	304,500	--	304,500
Travel Information Centers	7,675	--	--	--	--
Housing Assistance Program	31,694,344	--	--	--	--
Attraction Development Grants	512,000	516,000	500,000	--	500,000
Eisenhower Museum Grant	188,325	--	--	--	--
Greyhound Tourism Grants	39,827	52,361	52,361	--	52,361
Economic Opportunity Initiatives Fund	3,254,973	8,466,976	2,975,000	--	3,225,000
Agriculture Products Development	541,192	488,251	508,000	--	508,000
Existing Industry Expansion Program	354,593	1,392,399	423,246	--	300,000
Total--Dept. of Commerce	\$ 51,383,769	\$ 25,737,189	\$ 19,277,346	\$ --	\$ 19,359,100
Kansas Technology Enterprise Corporation					
University and Strategic Research	6,444,560	5,486,622	5,249,751	953,000	5,458,743
Product Development Financing	1,139,255	1,468,030	1,404,652	496,000	1,334,419
Commercialization	1,593,356	1,375,994	1,316,589	650,000	1,250,760
BioScience Center Seed Funding	--	--	--	--	300,000
MAMTC	3,682,074	3,613,983	3,586,117	--	3,513,187
Total--KTEC	\$ 12,859,245	\$ 11,944,629	\$ 11,557,109	\$ 2,099,000	\$ 11,857,109
Kansas Lottery					
Prize Money & Commission Payments	26,508,170	35,984,352	36,552,898	--	36,552,898
Kansas Racing & Gaming Commission					
Horse Breeding Development	519,444	480,000	480,000	--	480,000
Greyhound Breeding Development	173,240	297,500	297,500	--	297,500
County Fair Benefit Funds	773,000	740,000	740,000	--	740,000
Total--Racing & Gaming Comm.	\$ 1,465,684	\$ 1,517,500	\$ 1,517,500	\$ --	\$ 1,517,500
Department of Revenue					
KS Qualified Ethyl Producer Fund	3,728,421	3,500,000	3,500,000	--	3,500,000
Banking Department					
Credit Counseling	114,000	45,000	45,000	--	45,000

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Office of the Securities Commissioner					
Investor Education	20,600	--	--	--	--
Office of the Governor					
Federal & Other Grants Programs	1,954,552	6,633,518	6,805,792	--	6,795,365
Attorney General					
Child Exchange Visitation Centers	103,133	--	--	--	--
Crime Victims Assistance	527,434	49,808	49,808	--	49,808
Crime Victims Compensation	1,838,806	1,838,806	1,838,806	--	1,838,806
Drug Free Schools Fund	256,046	--	--	--	--
Federal Preventive Health Block Grant	217,877	--	--	--	--
Tort Claims	1,266,663	1,050,000	1,050,000	--	1,050,000
Other Claims	13,222	--	--	--	--
Protection from Abuse Fund	1,048,122	--	--	--	--
Victims of Crime Act--VRU	2,375,993	--	--	--	--
Victims of Crime Fund	1,336,469	1,000,000	1,000,000	--	1,000,000
Family Violence Prevention Services	421,373	--	--	--	--
Violence against Women Fund	684,154	--	--	--	--
Total--Attorney General	\$ 10,089,292	\$ 3,938,614	\$ 3,938,614	\$ --	\$ 3,938,614
Insurance Department					
Senior Health Insurance Counseling	56,225	--	--	--	--
Workers Compensation	2,667,063	2,500,000	2,500,000	--	2,500,000
Total--Insurance Department	\$ 2,723,288	\$ 2,500,000	\$ 2,500,000	\$ --	\$ 2,500,000
Treasurer					
Unclaimed Property	8,037,291	8,500,000	9,000,000	--	9,000,000
Legislative Division of Post Audit					
Claim	2	--	--	--	--
Judiciary					
Dispute Resolution Fund	8,700	--	--	--	--
Permanent Families Account	226,519	--	--	--	--
Access to Justice Fund	1,063,302	1,163,438	1,164,982	--	1,164,982
Total--Judiciary	\$ 1,298,521	\$ 1,163,438	\$ 1,164,982	\$ --	\$ 1,164,982
Total--General Government	\$ 146,465,210	\$ 128,682,538	\$ 126,277,835	\$ 2,499,487	\$ 126,649,162
Human Resources					
Social & Rehabilitation Services					
Children's Cabinet Grants	2,909,744	--	--	--	--
Adoption Contract	32,334,657	33,649,075	34,371,721	--	34,931,146
Permanent Guardianship	195,300	320,200	250,000	199,800	250,000
Adoption Support	17,566,266	17,989,638	17,881,472	1,554,413	18,718,069
Independent Living Grants--Adoption	308,390	1,215,485	1,215,485	--	1,215,485
Discretionary Grants for Children	1,004,029	1,726,332	1,726,332	--	1,726,332
Early Head Start	5,754,471	--	--	--	--
Family Preservation	9,372,952	9,964,083	9,964,083	--	9,964,083
Foster Care Contract	88,406,186	89,500,000	89,483,118	--	92,152,369
Grants for Children & Families	3,718,490	4,019,083	4,019,083	--	4,019,083
Juvenile Justice Authority Services	14,431,503	14,385,898	14,385,898	--	14,385,898
Alcohol & Drug Abuse Programs	18,047,294	21,093,003	21,093,003	1,250,000	21,093,003
HCBS/DD Waiver	194,605,700	209,557,427	206,157,427	16,989,696	213,774,540
Head Injured Waiver	4,593,058	5,962,500	5,962,500	--	5,962,500
Independent Living Support	1,300,687	1,323,988	1,323,988	--	1,323,988
Intermediate Care Facilities--MR	19,420,012	16,953,622	16,953,622	2,340,697	16,953,622

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Social & Rehabilitation Services, Cont'd.					
HealthWave	48,071,521	51,563,117	56,991,390	3,454,334	56,991,390
Nursing Facilities/Mental Health	13,482,590	13,100,000	13,100,000	--	13,100,000
HCBS/Physically Disabled Waiver	60,457,651	64,701,253	63,777,253	10,369,127	71,394,366
Regular Medical Assistance	915,675,975	1,039,048,595	1,048,980,470	34,400,000	1,160,820,525
Technology Assistance Waiver	166,401	211,000	211,000	--	211,000
Com. Devel. Disab. Support Services	15,188,260	19,103,678	19,102,121	--	20,188,564
Mental Health Grants	43,473,321	51,045,992	51,420,035	--	51,420,035
Behavior Management Services	4,113,158	4,209,503	4,209,503	--	4,209,503
Services for the Blind	7,131	88,226	88,226	--	88,226
Child Care Assistance	54,486,719	59,425,530	59,425,530	4,126,377	59,425,530
Child Support Pass-Through	170,319	100,000	100,000	--	100,000
Disability Determination Services	3,861,568	3,826,466	3,826,466	--	3,826,466
TAF Employment Preparation	9,624,662	12,042,333	12,042,333	2,407,864	12,042,333
Food Stamps Employment	38,977	72,000	81,576	--	81,576
Funeral Assistance	119,363	470,000	470,000	--	470,000
General Assistance	6,910,262	7,517,103	7,517,103	--	8,200,000
Low Income Energy Assistance	12,563,686	15,030,276	11,935,919	--	11,935,919
Refugee Assistance	185,831	183,880	183,880	--	183,880
Temporary Assistance to Families	53,716,157	59,000,000	58,215,240	--	63,500,000
Adult Protective Services	366,476	422,628	435,307	--	435,307
Devel. Disabilities Council Grants	651,061	584,486	584,486	--	584,486
Rehabilitation Services	17,288,317	14,680,890	14,654,033	2,585,112	14,654,033
Miscellaneous Grants & Claims	117,983	5,156	5,156	--	5,156
Total--SRS	\$1,674,706,128	\$1,844,092,446	\$1,852,144,759	\$ 79,677,420	\$1,990,338,413
State Hospitals					
Claims	2,581	4,300	4,300	--	4,300
Subtotal--SRS	\$1,674,708,709	\$1,844,096,746	\$1,852,149,059	\$ 79,677,420	\$1,990,342,713
Department on Aging					
Targeted Case Management	3,886,000	5,280,000	4,999,410	--	4,999,410
Nutrition	9,090,311	9,527,671	9,345,671	212,000	9,345,671
Intergovernmental Transfer	86,415,962	--	--	--	--
Senior Care Act	6,774,547	7,403,497	6,934,359	--	6,000,000
Adult Care Homes	305,429,521	316,500,000	320,716,694	8,136,106	327,000,000
Senior Pharmacy Assistance	1,050,528	1,200,000	1,200,000	--	1,200,000
Older Americans Act	5,260,019	5,075,964	5,010,964	--	5,010,964
HCBS/FE	53,529,370	60,720,000	61,708,620	11,508,070	61,708,620
Miscellaneous Grants	35,070	93,118	89,094	--	89,094
Total--Department on Aging	\$ 471,471,328	\$ 405,800,250	\$ 410,004,812	\$ 19,856,176	\$ 415,353,759
Health & Environment--Health					
Women, Infants, & Children Program	32,846,844	29,000,000	29,500,000	--	30,000,000
Smoking Prevention Grants	--	500,000	500,000	--	500,000
Primary Health Programs	1,180,840	--	--	--	--
Infant & Toddler Program	1,282,298	--	--	--	--
Teenage Pregnancy Prevention	356,312	--	--	--	--
Pregnancy Maintenance Initiative	75,000	--	--	--	--
Immunization Programs	4,228	--	--	--	--
Miscellaneous Grants	145,165	--	--	--	--
Other Federal Grants	6,738,881	--	--	--	--
Total--KDHE--Health	\$ 42,629,568	\$ 29,500,000	\$ 30,000,000	\$ --	\$ 30,500,000
Department of Human Resources					
Employment Security Benefits	488,219,312	432,609,126	386,900,000	--	386,900,000

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Department of Human Resources, Cont'd.					
Employment Training	12,495,632	13,939,164	13,729,430	--	13,733,874
Miscellaneous Grants	97,323	10,000	10,000	--	10,000
Total--Human Resources	\$ 500,812,267	\$ 446,558,290	\$ 400,639,430	\$ --	\$ 400,643,874
Commission on Veterans Affairs					
Claims	1,543	817	2,168	--	2,168
Total--Human Resources	\$2,689,623,415	\$2,725,956,103	\$2,692,795,469	\$ 99,533,596	\$2,836,842,514
Education					
Department of Education					
School Food Assistance	28,462,854	28,735,355	28,935,355	--	28,935,355
Agriculture in the Classroom	35,000	35,000	35,000	--	35,000
Special Education	388,447	376,000	376,000	--	376,000
Teaching Excellence Scholarships	60,000	54,000	54,000	--	54,000
Optometric Assoc. Vision Study	300,000	300,000	300,000	--	300,000
Communities in Schools	50,000	50,000	50,000	--	50,000
Driver Education	17,775	20,000	20,000	--	20,000
Elementary & Secondary Ed. Prog.	1,374,587	1,449,000	648,000	--	648,000
Goals 2000	1,600	--	--	--	--
Ed. Research & Innovative Prog.	1,567,907	1,566,500	1,566,500	--	1,566,500
Discretionary Grants	--	130,000	130,000	--	130,000
Total--Department of Education	\$ 32,258,170	\$ 32,715,855	\$ 32,114,855	\$ --	\$ 32,114,855
School for the Blind					
Claims	110	--	--	--	--
School for the Deaf					
Claims	5,014	--	--	--	--
Board of Regents					
State Scholarships	1,140,925	1,265,979	1,203,199	--	1,203,199
Comprehensive Grants Program	10,898,112	12,107,962	11,864,344	1,000,000	12,864,344
Vocational Scholarships	119,250	128,525	126,275	--	126,275
Scholarships for Osteopathic Education	420,000	150,000	--	480,000	--
Minority Scholarships	286,752	337,084	320,213	--	320,213
Minority Fellowship Program	68,000	68,000	68,000	--	68,000
Nursing Scholarships	432,500	437,780	423,592	--	423,592
Kansas Work Study	40,965	528,172	528,172	--	528,172
Teachers Scholarship Program	444,877	416,376	411,744	--	411,744
ROTC Reimbursement Program	189,311	188,985	186,401	--	186,401
Optometry Education Program	131,468	131,636	128,850	--	128,850
National Guard Ed. Assistance	466,400	725,028	725,028	--	725,028
KUMC Medical Scholar/Loan Program	--	--	--	850,000	--
Tuition Waivers	24,441	50,000	75,000	--	75,000
Student Aid, Grants, & Scholarships	508,194	5,000	5,000	--	5,000
Total--Board of Regents	\$ 15,171,195	\$ 16,540,527	\$ 16,065,818	\$ 2,330,000	\$ 17,065,818
Emporia State University					
Off-Campus Work Study	34,406	33,699	33,693	--	33,693
Basic Opportunity Federal Grants	4,038,821	4,610,824	4,610,824	--	4,610,824
Student Aid, Grants, & Scholarships	1,465,791	1,528,967	1,527,683	--	1,527,683
Total--Emporia State University	\$ 5,539,018	\$ 6,173,490	\$ 6,172,200	\$ --	\$ 6,172,200
Fort Hays State University					
Education Opportunity Grants	4,472,440	4,472,440	4,472,440	--	4,472,440
Career Work Study	32,636	32,636	32,636	--	32,636
Student Aid, Grants, & Scholarships	1,493,660	1,493,660	1,493,660	--	1,493,660
Total--Fort Hays State University	\$ 5,998,736	\$ 5,998,736	\$ 5,998,736	\$ --	\$ 5,998,736

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Kansas State University					
Career Work Study Program	116,225	120,000	120,000	--	120,000
Student Aid, Grants, & Scholarships	97,319,071	105,845,406	105,272,295	--	105,272,295
Total--Kansas State University	\$ 97,435,296	\$ 105,965,406	\$ 105,392,295	\$ --	\$ 105,392,295
KSU--Veterinary Medical Center					
Student Aid, Grants, & Scholarships	15,461	16,194	14,936	--	14,936
Kansas State University--ESARP					
Student Aid, Grants, & Scholarships	7,661,485	11,590,101	6,076,717	--	6,076,717
Pittsburg State University					
Education Opportunity Grants	5,481,559	5,481,559	5,481,559	--	5,481,559
Student Aid, Grants, & Scholarships	1,244,833	1,972,050	1,952,361	--	1,952,361
Total--Pittsburg State University	\$ 6,726,392	\$ 7,453,609	\$ 7,433,920	\$ --	\$ 7,433,920
University of Kansas					
Student Aid, Grants, & Scholarships	106,487,892	109,738,516	109,738,516	--	109,738,516
KU Medical Center					
Medical Scholarships	2,166,764	2,166,764	2,166,764	--	2,416,764
Wichita Resident Stipends	3,775,998	3,653,975	3,653,975	--	3,653,975
Topeka Residency Program	497,941	330,300	330,300	--	330,300
Other Student Aid, Grants, & Scholarships	6,914,727	--	--	--	--
Total--KU Medical Center	\$ 13,355,430	\$ 6,151,039	\$ 6,151,039	\$ --	\$ 6,401,039
Wichita State University					
Education Opportunity Grants	590,522	623,390	623,390	--	623,390
Pell Grants	8,188,132	8,000,000	8,000,000	--	8,000,000
Scholarship Funds	3,627,583	4,400,000	4,400,000	--	4,400,000
Student Financial Assistance	1,791,424	798,497	798,497	--	798,497
Total--Wichita State University	\$ 14,197,661	\$ 13,821,887	\$ 13,821,887	\$ --	\$ 13,821,887
Subtotal--Regents	\$ 272,588,566	\$ 283,449,505	\$ 276,866,064	\$ 2,330,000	\$ 278,116,064
Kansas Arts Commission					
Arts Grants	1,292,970	1,400,477	1,327,457	--	1,327,457
Historical Society					
Historic Preservation Grants	440,951	--	--	--	--
State Library					
Grants to Libraries	498,977	447,295	447,295	--	447,295
Total--Education	\$ 307,084,758	\$ 318,013,132	\$ 310,755,671	\$ 2,330,000	\$ 312,005,671
Public Safety					
Correctional Institutions					
Claims	9,537	--	--	--	--
Juvenile Justice Authority					
Purchase of Service Assistance	15,566,113	9,222,433	10,865,149	--	10,865,149
Juv. Justice Delinquency Prevent. Grant	397,371	--	--	--	--
Juv. Justice Delinquency Trust Fund	146,846	--	--	--	--
Juvenile Accountability Block Grant	28,070	--	--	--	--
Juvenile Detention Facilities	33,673	--	--	--	--
Total--Juvenile Justice Authority	\$ 16,172,073	\$ 9,222,433	\$ 10,865,149	\$ --	\$ 10,865,149
Juvenile Correctional Facilities					
Claims	508	--	--	--	--
Adjutant General					
Claims	6,068	4,519	4,519	--	4,519
Ice Storm Public Assistance	1,105,566	--	--	--	--

Schedule 5.1--Expenditures from All Funding Sources for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Adjutant General, Cont'd.					
Ice Storm Other Needs Assistance	192,074	--	--	--	--
NE Kansas Tornadoes Other Needs	620,616	166,667	--	--	--
NE Kansas Public Assistance	106,705	--	--	--	--
Total--Adjutant General	\$ 2,031,029	\$ 171,186	\$ 4,519	\$ --	\$ 4,519
Emergency Medical Services Board					
Oper. of EMS Regional Councils	77,500	77,500	77,500	38,750	116,250
Operating Expenditures	1,000	--	--	--	--
Total--Emergency Medical Services	\$ 78,500	\$ 77,500	\$ 77,500	\$ 38,750	\$ 116,250
Fire Marshal					
Grants, Gifts, Donations	19,144	25,100	--	--	--
Hazardous Materials	--	250,000	250,000	--	250,000
Total--Fire Marshal	\$ 19,144	\$ 275,100	\$ 250,000	\$ --	\$ 250,000
Highway Patrol					
Claims	2,494	--	--	--	--
Kansas Bureau of Investigation					
Claims	3,320	--	--	--	--
Total--Public Safety	\$ 18,316,605	\$ 9,746,219	\$ 11,197,168	\$ 38,750	\$ 11,235,918
Agriculture & Natural Resources					
Department of Agriculture					
Other Assistance	48,697	12,553	--	--	--
Animal Health Department					
Indemnification Payments	200	--	--	--	--
State Fair					
Claims	470	--	--	--	--
State Conservation Commission					
Riparian and Wetland Restoration	539,990	424,119	215,006	100,000	215,006
Water Resource Cost-Share Program	3,363,791	4,092,704	3,378,031	851,784	3,325,978
Water Rights Purchase	--	--	--	347,200	--
Buffer Initiative	116,408	273,031	267,471	--	267,471
Non-Point Source Pollution	2,352,221	2,480,721	2,275,106	428,000	2,275,106
Total--State Conservation Commiss.	\$ 6,372,410	\$ 7,270,575	\$ 6,135,614	\$ 1,726,984	\$ 6,083,561
Health & Environment--Environment					
Public Water Supply Grants	351,440	--	--	--	--
Other Federal Grants	914,164	--	--	--	--
State Water Plan Grants	554,161	--	--	--	--
Waste Management Grants	682,000	--	--	--	--
Total--KDHE--Environment	\$ 2,501,765	\$ --	\$ --	\$ --	\$ --
Department of Wildlife & Parks					
Claims	2,511	--	--	--	--
Total--Ag. & Natural Resources	\$ 8,926,053	\$ 7,283,128	\$ 6,135,614	\$ 1,726,984	\$ 6,083,561
Transportation					
Department of Transportation					
Claims	114,212	400,000	400,000	--	400,000
Rail Grant	2,984,053	2,985,000	2,285,000	--	2,285,000
Total--Department of Transportation	\$ 3,098,265	\$ 3,385,000	\$ 2,685,000	\$ --	\$ 2,685,000
Total--Transportation	\$ 3,098,265	\$ 3,385,000	\$ 2,685,000	\$ --	\$ 2,685,000
Total--Other Asst.,Grants & Benefits	\$3,173,514,306	\$3,193,066,120	\$3,149,846,757	\$ 106,128,817	\$3,295,501,826

Schedule 5.2--Expenditures from the State General Fund for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration					
Public TV Digital Conversion Debt	386,260	404,514	397,161	--	397,161
Grants to Public Broadcasting Stations	1,566,734	1,535,161	1,530,186	400,487	1,530,186
Total--Department of Administration	\$ 1,952,994	\$ 1,939,675	\$ 1,927,347	\$ 400,487	\$ 1,927,347
Board of Indigents' Defense Services					
Claims	800	--	--	--	--
Kansas Public Employees Retirement Sys.					
Retirement Benefits Bond Payment	--	--	3,212,624	--	3,212,624
Department of Commerce					
Eisenhower Museum Grant	188,325	--	--	--	--
Department of Revenue					
Claims	15	--	--	--	--
Attorney General					
Claims	13,222	--	--	--	--
Legislative Division of Post Audit					
Claim	2	--	--	--	--
Total--General Government	\$ 2,155,358	\$ 1,939,675	\$ 5,139,971	\$ 400,487	\$ 5,139,971
Human Resources					
Social & Rehabilitation Services					
Adoption Contract	14,848,377	14,480,259	16,226,883	--	15,836,733
Permanent Guardianship	--	70,200	--	199,800	--
Adoption Support	8,223,380	8,742,633	8,397,367	1,027,102	9,140,470
Independent Living Grants--Adoption	61,678	243,097	243,097	--	243,097
Foster Care Contract	34,533,037	39,042,995	34,810,766	--	42,370,487
JJA Programs	45,605	--	--	--	--
Grants for Children & Families	1,725,113	1,958,842	1,958,842	--	1,958,842
Alcohol and Drug Abuse Programs	2,084,174	2,357,716	2,357,716	1,250,000	2,357,716
HCBS/DD Waiver	27,204,364	74,080,820	75,265,410	11,575,125	83,265,410
Head Injured Waiver	826,614	2,169,456	2,346,253	--	2,346,253
Independent Living Support	60,924	--	122,460	--	122,460
Intermediate Care Facilities--MR	7,744,862	6,168,575	6,670,776	936,278	6,670,776
HealthWave	11,136,537	12,195,061	13,685,963	951,496	13,685,963
Nursing Facilities/Mental Health	9,973,539	10,000,000	8,927,650	--	10,400,000
HCBS/Physically Disabled Waiver	6,447,289	23,205,354	22,153,306	7,080,251	28,153,306
Regular Medical Assistance	313,637,810	305,022,722	345,442,188	15,900,000	378,016,766
Behavior Management Services	601,760	612,134	696,602	--	696,602
Technology Assistance Waiver	66,241	45,396	60,595	--	60,595
Com. Devel. Disab. Support Services	8,910,870	11,499,515	11,499,002	--	11,499,002
Mental Health Grants	28,571,741	37,348,763	37,949,166	--	37,949,166
Child Care Assistance	14,132,757	15,113,822	15,113,822	4,126,377	15,113,822
Disability Determination	11,910	10,442	10,442	--	10,442
TAF Employment Preparation	--	--	--	2,407,864	--
Food Stamps Employment Preparation	19,489	36,000	40,788	--	40,788
Funeral Assistance	--	470,000	470,000	--	470,000
General Assistance	6,910,262	7,517,103	7,517,103	--	7,144,089
Services for the Blind	1,039	14,425	14,425	--	14,425
Temporary Assistance to Families	29,821,027	29,821,028	29,821,028	--	29,821,028
Adult Protective Services	207,937	239,799	252,478	--	252,478

Schedule 5.2--Expenditures from the State General Fund for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Rehabilitation Services	3,771,334	3,220,485	3,193,628	550,629	3,193,628
Social & Rehabilitation Services, Cont'd.					
Miscellaneous Grants & Claims	8,263	1,098	1,098	--	1,098
Total--SRS	\$ 531,587,933	\$ 605,687,740	\$ 645,248,854	\$ 46,004,922	\$ 700,835,442
State Hospitals					
Claims	1,309	3,300	3,300	--	3,300
Subtotal--SRS	\$ 531,589,242	\$ 605,691,040	\$ 645,252,154	\$ 46,004,922	\$ 700,838,742
Department on Aging					
Targeted Case Management	1,550,249	1,921,128	2,060,445	432,164	1,951,769
Senior Care Act	6,774,547	7,403,497	6,934,359	196,900	6,000,000
Nursing Facilities	121,458,122	115,142,700	126,202,019	3,201,558	127,660,800
Nutrition	1,919,417	2,270,510	2,270,510	30,000	2,270,510
HCBS/FE	2,626,251	22,092,972	24,282,337	4,038,330	24,091,046
Miscellaneous Grants	22,471	--	--	--	--
Total--Department on Aging	\$ 134,351,057	\$ 148,830,807	\$ 161,749,670	\$ 7,898,952	\$ 161,974,125
Health & Environment--Health					
Primary Health Programs	1,180,840	--	--	--	--
Infant & Toddler Program	1,282,298	--	--	--	--
Teenage Pregnancy Prevention	356,312	--	--	--	--
Pregnancy Maintenance Initiative	75,000	--	--	--	--
Immunization Programs	4,228	--	--	--	--
Miscellaneous Grants	145,165	--	--	--	--
Total--Health & Environ.--Health	\$ 3,043,843	\$ --	\$ --	\$ --	\$ --
Department of Human Resources					
Employment Training	384,974	289,164	229,430	--	4,444
Kansas Commission on Veterans Affairs					
Claims	9	817	2,168	--	2,168
Total--Human Resources	\$ 669,369,125	\$ 754,811,828	\$ 807,233,422	\$ 53,903,874	\$ 862,819,479
Education					
Department of Education					
School Food Assistance	140,346	140,355	140,355	--	140,355
Agriculture in the Classroom	35,000	35,000	35,000	--	35,000
Special Education	612	1,000	1,000	--	1,000
Teaching Excellence Scholarships	54,000	43,000	54,000	--	54,000
Discretionary Grants	--	130,000	130,000	--	130,000
Total--Department of Education	\$ 229,958	\$ 349,355	\$ 360,355	\$ --	\$ 360,355
School for the Deaf					
Claims	5,014	--	--	--	--
Board of Regents					
State Scholarships	968,846	1,255,979	1,193,199	--	1,193,199
Comprehensive Grants Program	10,578,619	11,373,496	11,129,878	1,000,000	12,129,878
Vocational Scholarships	112,750	123,525	121,275	--	121,275
Scholarships for Osteopathic Education	--	--	--	480,000	--
Minority Scholarships	238,802	332,084	315,213	--	315,213
Nursing Scholarships	234,375	257,780	243,592	--	243,592
Kansas Work Study	40,965	528,172	528,172	--	528,172
Teachers Scholarship Program	274,916	331,376	326,744	--	326,744
ROTC Reimbursement Program	179,974	188,985	186,401	--	186,401
Optometry Education Program	111,064	116,636	113,850	--	113,850
National Guard Ed. Assistance	223,058	725,028	725,028	--	725,028

Schedule 5.2--Expenditures from the State General Fund for Other Assistance, Grants, & Benefits by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Board of Regents, Cont'd.					
KUMC Medical Scholar/Loan Program	--	--	--	850,000	--
Other Student Financial Assistance	107,439	--	--	--	--
Total--Board of Regents	\$ 13,070,808	\$ 15,233,061	\$ 14,883,352	\$ 2,330,000	\$ 15,883,352
Emporia State University					
Student Aid, Grants, & Scholarships	2,480	2,480	2,480	--	2,480
Kansas State University					
Student Aid, Grants, & Scholarships	49,780	406,625	189,282	--	189,282
Pittsburg State University					
Student Aid, Grants, & Scholarships	364,381	313,832	308,136	--	308,136
University of Kansas					
Student Aid, Grants, & Scholarships	40,214	458,770	458,770	--	458,770
KU Medical Center					
Medical Scholarships	2,166,764	2,166,764	2,166,764	--	2,416,764
Wichita Resident Stipends	3,775,998	3,653,975	3,653,975	--	3,653,975
Other Student Financial Assistance	45,860	--	--	--	--
Total--KU Medical Center	\$ 5,988,622	\$ 5,820,739	\$ 5,820,739	\$ --	\$ 6,070,739
Wichita State University					
Student Financial Assistance	6,331	15,492	15,492	--	15,492
Subtotal--Regents	\$ 19,522,616	\$ 22,250,999	\$ 21,678,251	\$ 2,330,000	\$ 22,928,251
Kansas Arts Commission					
Arts Grants	1,098,433	1,162,448	1,034,509	--	1,034,509
State Library					
Grants to Libraries	91,924	67,920	67,920	--	67,920
Total--Education	\$ 20,947,945	\$ 23,830,722	\$ 23,141,035	\$ 2,330,000	\$ 24,391,035
Public Safety					
Correctional Institutions					
Claims	9,537	--	--	--	--
Juvenile Justice Authority					
Purchase of Service Assistance	11,459,861	9,222,433	10,865,149	--	10,865,149
Juvenile Correctional Facilities					
Claims	508	--	--	--	--
Adjutant General					
Claims	6,068	4,519	4,519	--	4,519
Ice Storm Public Assistance	204,236	--	--	--	--
Ice Storm Other Needs Assistance	203,193	41,667	--	--	--
Total--Adjutant General	\$ 413,497	\$ 46,186	\$ 4,519	\$ --	\$ 4,519
Highway Patrol					
Claims	1,506	--	--	--	--
Total--Public Safety	\$ 11,884,909	\$ 9,268,619	\$ 10,869,668	\$ --	\$ 10,869,668
Agriculture & Natural Resources					
Department of Agriculture					
Agriculture in the Classroom	30,000	--	--	--	--
Total--Ag. & Natural Resources	\$ 30,000	\$ --	\$ --	\$ --	\$ --
Total--Other Asst., Grants & Benefits	\$ 704,387,337	\$ 789,850,844	\$ 846,384,096	\$ 56,634,361	\$ 903,220,153

Schedule 6.1--Expenditures from All Funding Sources for Capital Improvements by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
General Government					
Department of Administration	3,882,535	4,582,956	3,707,209	32,791,858	4,797,209
Insurance Department	167,562	160,000	500,000	--	420,000
Total--General Government	\$ 4,050,097	\$ 4,742,956	\$ 4,207,209	\$ 32,791,858	\$ 5,217,209
Human Resources					
Social & Rehabilitation Services	992,742	5,120,886	5,796,847	495,653	10,695,000
Kansas Neurological Institute	702,280	--	--	--	--
Larned State Hospital	1,098,365	465,638	--	--	--
Osawatomie State Hospital	507,871	203,395	--	--	--
Parsons State Hospital & Training Center	881,317	56,930	--	--	--
Rainbow Mental Health Facility	140,355	11,362	--	--	--
Subtotal--SRS	\$ 4,322,930	\$ 5,858,211	\$ 5,796,847	\$ 495,653	\$ 10,695,000
Department of Human Resources	2,567,009	680,300	830,000	--	830,000
Commission on Veterans Affairs	3,127,870	9,419,780	1,824,415	1,303,752	3,149,097
Total--Human Resources	\$ 10,017,809	\$ 15,958,291	\$ 8,451,262	\$ 1,799,405	\$ 14,674,097
Education					
School for the Blind	63,462	130,151	146,230	--	142,460
School for the Deaf	536,388	1,101,663	472,000	429,794	901,794
Subtotal--Department of Ed.	\$ 599,850	\$ 1,231,814	\$ 618,230	\$ 429,794	\$ 1,044,254
Board of Regents	9,365,635	9,810,635	33,290,635	--	20,180,635
Emporia State University	1,781,326	1,584,313	632,214	348,318	632,214
Fort Hays State University	4,889,458	1,393,157	525,000	240,000	525,000
Kansas State University	11,122,956	14,167,076	7,335,262	1,271,010	8,346,272
Kansas State University--ESARP	5,803,578	5,592,335	10,130,221	--	10,130,221
Kansas State University--Vet. Med.	2,412	302,526	717,330	--	717,330
Pittsburg State University	4,367,949	3,169,081	2,647,716	3,347,627	5,037,443
University of Kansas	25,770,812	22,299,396	14,856,600	8,800,000	14,856,600
University of Kansas Medical Center	5,873,585	2,886,645	865,000	7,105,752	2,265,000
Wichita State University	1,636,618	3,382,901	1,825,000	490,000	1,825,000
Subtotal--Regents	\$ 70,614,329	\$ 64,588,065	\$ 72,824,978	\$ 21,602,707	\$ 64,515,715
Historical Society	256,405	147,076	46,550	602,705	125,000
Total--Education	\$ 71,470,584	\$ 65,966,955	\$ 73,489,758	\$ 22,635,206	\$ 65,684,969
Public Safety					
Department of Corrections	11,219,080	13,001,603	11,981,295	1,689,697	11,200,295
El Dorado Correctional Facility	125,764	1,709	--	--	--
Ellsworth Correctional Facility	120,376	201,217	--	--	--
Hutchinson Correctional Facility	2,811,667	580,088	218,382	--	218,382
Lansing Correctional Facility	662,080	288,282	--	--	--
Larned Correctional Mental Health Facility	189,927	--	--	--	--
Norton Correctional Facility	8,906	270,000	--	--	--
Topeka Correctional Facility	12,583	37,274	--	--	--
Winfield Correctional Facility	280,550	166,614	--	--	--
Subtotal--Corrections	\$ 15,430,933	\$ 14,546,787	\$ 12,199,677	\$ 1,689,697	\$ 11,418,677
Juvenile Justice Authority	3,115,966	3,092,540	2,830,000	1,228,413	3,324,908
Atchison Juvenile Correctional Facility	424,946	79,405	--	--	--
Beloit Juvenile Correctional Facility	227,643	--	--	--	--
Topeka Juvenile Correctional Facility	196,691	81,221	--	--	--
Subtotal--Juvenile Justice	\$ 3,965,246	\$ 3,253,166	\$ 2,830,000	\$ 1,228,413	\$ 3,324,908

Schedule 6.1--Expenditures from All Funding Sources for Capital Improvements by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Adjutant General	1,815,741	215,000	490,000	548,237	490,000
Highway Patrol	568,763	680,000	1,020,005	--	994,995
Kansas Bureau of Investigation	207,725	210,000	230,000	1,145,000	230,000
Total--Public Safety	\$ 21,988,408	\$ 18,904,953	\$ 16,769,682	\$ 4,611,347	\$ 16,458,580
Agriculture & Natural Resources					
State Conservation Commission	--	--	--	140,491	--
Health & Environment--Environment	11,250	--	--	--	--
Kansas State Fair	840,442	731,500	746,500	--	746,500
Kansas Water Office	--	--	--	1,303,534	--
Department of Wildlife & Parks	6,042,435	16,748,133	4,991,120	1,756,194	5,284,491
Total--Agriculture & Natural Resources	\$ 6,894,127	\$ 17,479,633	\$ 5,737,620	\$ 3,200,219	\$ 6,030,991
Transportation					
Kansas Department of Transportation	894,844,482	791,220,270	463,639,454	--	459,086,220
Total--Transportation	\$ 894,844,482	\$ 791,220,270	\$ 463,639,454	\$ --	\$ 459,086,220
Total Expenditures	\$ 1,009,265,507	\$ 914,273,058	\$ 572,294,985	\$ 65,038,035	\$ 567,152,066

Schedule 6.2--Expenditures from the State General Fund for Capital Improvements by Agency

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Gov. Estimate</u>	<u>FY 2005</u> <u>Base Budget</u>	<u>FY 2005</u> <u>Enhance. Pkg.</u>	<u>FY 2005</u> <u>Gov. Rec.</u>
General Government					
Department of Administration	3,409,153	3,936,362	3,593,886	32,591,858	4,483,886
Total--General Government	\$ 3,409,153	\$ 3,936,362	\$ 3,593,886	\$ 32,591,858	\$ 4,483,886
Human Resources					
Social & Rehabilitation Services	5,882	--	--	--	--
Larned State Hospital	1,719	--	--	--	--
Subtotal--SRS	\$ 7,601	\$ --	\$ --	\$ --	\$ --
Department of Human Resources	19,049	8,400	8,400	--	8,400
Total--Human Resources	\$ 26,650	\$ 8,400	\$ 8,400	\$ --	\$ 8,400
Education					
Board of Regents	5,635	5,635	10,005,635	--	2,895,635
Emporia State University	--	--	--	348,318	--
Fort Hays State University	7,685	--	--	240,000	--
Kansas State University	189,446	189,446	189,446	260,000	189,446
Kansas State University--ESARP	94,657	33,628	28,056	--	28,056
Pittsburg State University	242,904	117,150	122,716	957,900	122,716
University of Kansas	1,165,288	--	--	8,800,000	--
University of Kansas Medical Center	--	--	--	5,705,752	--
Wichita State University	614	--	--	490,000	--
Subtotal--Regents	\$ 1,706,229	\$ 345,859	\$ 10,345,853	\$ 16,801,970	\$ 3,235,853
Historical Society	46,563	47,076	46,550	602,705	125,000
Total--Education	\$ 1,752,792	\$ 392,935	\$ 10,392,403	\$ 17,404,675	\$ 3,360,853
Public Safety					
Department of Corrections	7,996,685	7,027,113	6,055,303	1,689,697	6,055,303
Ellsworth Correctional Facility	11,657	--	--	--	--
Hutchinson Correctional Facility	83,694	218,382	218,382	--	218,382
Subtotal--Corrections	\$ 8,092,036	\$ 7,245,495	\$ 6,273,685	\$ 1,689,697	\$ 6,273,685
Beloit Juvenile Correctional Facility	1,732	--	--	--	--
Subtotal--Juvenile Justice	\$ 1,732	\$ --	\$ --	\$ --	\$ --
Adjutant General	250,607	215,000	490,000	278,688	490,000
Kansas Bureau of Investigation	207,725	210,000	230,000	1,145,000	230,000
Total--Public Safety	\$ 8,552,100	\$ 7,670,495	\$ 6,993,685	\$ 3,113,385	\$ 6,993,685
Agriculture & Natural Resources					
Kansas Water Office	--	--	--	1,303,534	--
Department of Wildlife & Parks	7,537	1,534,872	--	100,000	--
Total--Agriculture & Natural Resources	\$ 7,537	\$ 1,534,872	\$ --	\$ 1,403,534	\$ --
Total Expenditures	\$ 13,748,232	\$ 13,543,064	\$ 20,988,374	\$ 54,513,452	\$ 14,846,824

Schedule 7—Federal Receipts by Agency contains federal formula grants and reimbursements to state agencies participating in federally-sponsored programs. The schedule reflects only the amount of federal funding received, not the amount expended. The reason for not presenting a schedule of federal funds expenditures is that, in some cases, they are mingled with state funds so their identity as federal funds is not maintained. An example would be the Department of Transportation's State Highway Fund, which combines federal matching funds with state dollars in a single fund. When expenditures are made from the State Highway Fund, therefore, it is no longer possible to determine whether the funds being spent are federal or state funds.

Schedule 7--Federal Receipts by Agency

	FY 2003	FY 2004	FY 2005
	Actual	Gov. Estimate	Gov. Rec.
General Government			
Department of Administration	473,314	259,000	259,000
Kansas Corporation Commission	2,030,636	1,461,659	1,205,321
Kansas Human Rights Commission	370,335	343,950	343,450
Department of Commerce	81,400,787	21,320,585	20,959,405
Kansas Technology Enterprise Corporation	2,891,742	2,915,158	2,915,158
Office of the Governor	2,517,091	16,867,567	17,318,962
Attorney General	6,588,351	2,147,160	2,217,160
Insurance Department	63,898	185,000	--
Secretary of State	5,000,000	7,759,307	7,650,000
Judiciary	149,916	456,440	171,814
Total--General Government	\$ 101,486,070	\$ 53,715,826	\$ 53,040,270
Human Resources			
Department of Social & Rehabilitation Services	1,490,708,200	1,343,108,850	1,357,571,219
Kansas Neurological Institute	386,587	357,156	359,719
Department on Aging	13,121,149	13,617,369	13,312,151
Department of Health and Environment--Health	87,339,710	99,981,063	90,777,845
Department of Human Resources	159,178,607	134,198,564	104,240,842
Commission on Veterans Affairs	4,343,875	10,096,462	4,820,737
Total--Human Resources	\$ 1,755,078,128	\$ 1,601,359,464	\$ 1,571,082,513
Education			
Department of Education	316,193,344	347,973,504	357,292,984
School for the Blind	1,348	4,200	4,277
Board of Regents	11,398,523	12,256,018	12,256,018
Emporia State University	6,126,166	6,123,910	6,144,660
Fort Hays State University	6,677,639	6,649,947	6,649,947
Kansas State University--Main Campus	117,728,948	110,052,240	111,052,239
Kansas State University--ESARP	26,494,751	24,047,805	23,846,949
Kansas State University--Vet Med	3,197	3,267	3,797
University of Kansas	79,591,518	79,770,000	79,770,000
Pittsburg State University	6,895,273	6,993,598	7,271,366
University of Kansas Medical Center	49,013,759	62,528,177	63,278,000
Wichita State University	19,648,495	26,976,536	23,467,803
Kansas Arts Commission	325,083	527,300	531,383
Historical Society	711,930	380,000	380,000
State Library	1,496,188	1,562,426	1,568,332
Total--Education	\$ 642,306,162	\$ 685,848,928	\$ 693,517,755
Public Safety			
Department of Corrections	7,225,955	4,593,465	5,126,544
Topeka Correctional Facility	80,757	44,574	84,924
Juvenile Justice Authority	3,867,894	3,503,387	3,128,750
Atchison Juvenile Correctional Facility	--	120,000	135,000
Beloit Juvenile Correctional Facility	8,950	82,799	82,800
Adjutant General	33,544,301	38,016,803	31,591,689
Emergency Medical Services Board	290,464	--	259,834
Highway Patrol	4,829,860	18,530,167	23,670,663

Schedule 7--Federal Receipts by Agency

	FY 2003	FY 2004	FY 2005
	Actual	Gov. Estimate	Gov. Rec.
Kansas Bureau of Investigation	5,320,580	5,113,468	3,214,169
Sentencing Commission	9,730,676	46,500	50,000
Total--Public Safety	\$ 64,899,437	\$ 70,051,163	\$ 67,344,373
Agriculture & Natural Resources			
Department of Agriculture	2,950,903	2,707,070	2,840,011
Animal Health Department	367,493	336,346	34,513
State Conservation Commission	66,300	90,969	35,455
Department of Health and Environment--Environ	30,444,407	22,212,287	21,886,060
Kansas Water Office	217,789	355,236	--
Department of Wildlife & Parks	11,177,533	16,381,413	11,343,476
Total--Agriclture & Natural Resources	\$ 45,224,425	\$ 42,083,321	\$ 36,139,515
Transportation			
Kansas Department of Transportation	388,079,443	265,799,000	278,681,000
Statewide Total	\$ 2,997,073,665	\$ 2,718,857,702	\$ 2,699,805,426

Schedule 8—Current Year Adjustments reconciles the differences between the approved FY 2004 budget, as published in the *Comparison Report* (August 2003) by the Division of the Budget, and the Governor’s estimate of revised expenditures for FY 2004, as published in this report. The purpose of the schedule is to track the changes that have occurred since the 2003 Legislature approved the FY 2004 budget.

Since the *Comparison Report* was published, a number of changes have occurred. Revised expenditures reflected in the Governor’s recommendations include reappropriations of expenditures from FY 2003 to FY 2004. These reappropriations represent funds approved to be spent prior to FY 2004 under authority granted in legislation. Other changes that have occurred include actions taken by the State Finance Council, actions accomplished through Executive Directive authority of the Governor, internal transfers between a central office and its institutions or between institutions, and recommendations by the Governor to reflect updated information on caseloads or institutional populations, changes in expenditure patterns, new or revised policy directives, or changes in federal grants.

Schedule 8--Current Year Adjustments

	<u>State General Fund</u>	<u>All Funding Sources</u>
General Government		
Department of Administration		
Operations Shift of Expenditure Authority from Prior Year	394,464	394,464
Savings Incentive Expenditures	17,341	17,341
Construction Contract Sales Tax	30,000	30,000
Officer of Health Planning	--	250,000
Ongoing Capital Improvements	246,362	601,204
Federal Cash Management Payment	--	(236,235)
Miscellaneous Operating Expenditures	--	233,668
Total--Department of Administration	\$688,167	\$1,290,442
Kansas Corporation Commission		
Federal Fund Increases	--	347,537
Increase Well Plugging Expenditures	--	602,071
Miscellaneous Operating Expenditures	--	463,057
Total--Kansas Corporation Commission	--	\$1,412,665
Citizens' Utility Ratepayer Board		
Consulting Fees Adjustments	--	27,656
Kansas Human Rights Commission		
Savings Incentive Expenditures	22,299	22,299
Salaries & Wages Adjustments	34,899	54,899
Total--Kansas Human Rights Commission	\$57,198	\$77,198
Board of Indigents' Defense Services		
Operations Shift of Expenditure Authority from Prior Year	112,722	112,722
Supplemental Funding for Death Penalty Defense	610,000	610,000
Supplemental Funding for Assigned Counsel	945,610	945,610
Increased Expenditures from Docket Fees	--	134,868
Miscellaneous Operating Expenditures	(12,932)	(11,946)
Total--Board of Indigents' Defense Services	\$1,655,400	\$1,791,254
Health Care Stabilization Fund Board of Governors		
Decreased Professional Fee Expenditures	--	(1,186,108)
KPERS		
Savings Incentive Expenditures	--	165,424
Revised Investment Fee Expenditures	--	763,446
Revised Imaging Project Expenditures	--	116,783
Total--KPERS	--	\$1,045,653
Department of Commerce		
Savings Incentives Expenditures	--	77,209
Operations Shift of Expenditure Authority from Prior Year	--	538,551
Economic Opportunity Initiatives Fund	--	5,491,976
Existing Industry Expansion Program	--	969,153
Federal Funds Adjustment	--	65,000
Miscellaneous Operating Expenditures	--	(72,659)
Total--Department of Commerce	--	\$7,069,230
Kansas Technology Enterprise Corp.		
Operations Shift of Expenditure Authority from Prior Year	--	746,620
Salaries & Wages Adjustments	--	(2,772)
Federal Funds Adjustment	--	53,333
EDIF Lapse	--	(197,228)
Miscellaneous Operating Expenditures	--	(303,765)

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Total--Kansas Technology Enterprise Corp.	--	\$296,188
Kansas, Inc.		
Operations Shift of Expenditure Authority from Prior Year	--	40,693
Salaries & Wages Adjustments	--	(390)
Miscellaneous Operating Expenditures	--	(45,006)
Total--Kansas, Inc.	--	(\$4,703)
Kansas Lottery		
Salaries & Wages Adjustments	--	(25,216)
Prize Payments	--	(4,260,605)
Miscellaneous Operating Expenditures	--	806,049
Total--Kansas Lottery	--	(\$3,479,772)
Kansas Racing & Gaming Commission		
Salaries & Wages Adjustments	--	5,230
Miscellaneous Operating Expenditures	--	(96,550)
Total--Kansas Racing & Gaming Commission	--	(\$91,320)
Department of Revenue		
Operations Shift of Expenditure Authority from Prior Year	83,766	83,766
Increase in Aid to Local Governments Funding	--	1,390,743
Total--Department of Revenue	\$83,766	\$1,474,509
Board of Tax Appeals		
Operations Shift of Expenditure Authority from Prior Year	85,948	85,948
Miscellaneous Operating Expenditures	199,990	(24,792)
Total--Board of Tax Appeals	\$285,938	\$61,156
Board of Accountancy		
Savings Incentive Expenditures	--	11,415
Banking Department		
Savings Incentive Expenditures	--	823,435
Miscellaneous Operating Expenditures	--	(26,514)
Total--Banking Department	--	\$796,921
Board of Cosmetology		
Savings Incentive Expenditures	--	24,010
Department of Credit Unions		
Savings Incentive Expenditures	--	26,377
Governmental Ethics Commission		
Operations Shift of Expenditure Authority from Prior Year	15,829	15,829
Miscellaneous Operating Expenditures	(32)	(1,015)
Total--Governmental Ethics Commission	\$15,797	\$14,814
Behavioral Sciences Regulatory Board		
Increased Costs for Administrative Hearings	--	14,067
Hearing Aid Board of Examiners		
Salaries & Wages Adjustments	--	(37)
Board of Mortuary Arts		
Savings Incentive Expenditures	--	21,183
Board of Nursing		
Savings Incentive Expenditures	--	17,997
Salaries & Wages Adjustments	--	(1,417)
Miscellaneous Operating Expenditures	--	32,724
Total--Board of Nursing	--	\$49,304

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Real Estate Appraisal Board		
Savings Incentive Expenditures	--	28,940
Kansas Real Estate Commission		
Savings Incentive Expenditures	--	48,813
Salaries & Wages Adjustment	--	(811)
Miscellaneous Operating Expenditures	--	(471)
Total--Kansas Real Estate Commission	--	\$47,531
Officer of the Securities Commissioner		
Savings Incentives Expenditures	--	146,500
Board of Technical Professions		
Savings Incentive Expenditures	--	3,000
Officer of the Governor		
Miscellaneous Operating Expenditures	469,378	469,378
Federal & Other Grant Revisions	--	1,057,743
Total--Officer of the Governor	\$469,378	\$1,527,121
Officer of the Lieutenant Governor		
Miscellaneous Operating Expenditures	14,735	14,735
Attorney General		
Operations Shift of Expenditure Authority from Prior Year	228,959	228,959
Salaries & Wages Adjustments	(342,138)	(715,372)
Federal Funds Adjustment	--	188,039
Miscellaneous Operating Expenditures	159,666	(74,747)
Total--Attorney General	\$46,487	(\$373,121)
Insurance Department		
Savings Incentive Expenditures	--	695,431
Uninsured Study	--	185,000
Increased Aid to Firefighter Relief Organizations	--	1,500,000
Increased Workers Compensation Claims	--	300,000
Total--Insurance Department	--	\$2,680,431
Secretary of State		
Federal Funds Adjustments	(225,000)	(7,787,489)
State Treasurer		
State General Fund Appropriation Shown as Reportable Expend.	250,000	--
Agency Services Reimbursement Fund as Non-Reportable	--	(994,794)
Pooled Money Investment Board Savings Incentive Expenditures	--	106,414
Adjustment to Aid to Local Governments	--	3,668,457
Miscellaneous Operating Expenditures	--	(59,657)
Total--State Treasurer	\$250,000	\$2,720,420
Legislature		
Miscellaneous Operating Expenditures	466,252	466,252
Increase Fee Fund Expenditures	--	37,855
Total--Legislature	\$466,252	\$504,107
Legislative Research Department		
Health Policy Analyst	--	55,094
Miscellaneous Operating Expenditures	19,588	19,588
Total--Legislative Research Department	\$19,588	\$74,682
Legislative Division of Post Audit		
Miscellaneous Operating Expenditures	54,357	54,357
Revisor of Statutes		
Miscellaneous Operating Expenditures	9,847	9,847

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Judiciary		
Operations Shift of Expenditure Authority from Prior Year	115,734	3,420,647
Judicial Council		
Miscellaneous Operating Expenditures	--	47,075
Total--General Government	\$4,007,644	\$13,860,885
Human Resources		
Social & Rehabilitation Services		
Reappropriation in Alcohol & Drug Abuse Services	62,434	62,434
Reappropriation in Vocational Rehabilitation Services	86,488	86,488
Reappropriation in the Sexual Predator Program	166,471	166,471
Reappropriation in Administration	973	973
FY 2003 Enhanced FMAP Rate Savings	(10,026,000)	--
FY 2004 Enhanced FMAP Rate Savings	(40,113,741)	--
Correct Error in HCBS/DD Waiver Appropriation	2,636,804	6,592,009
Shift Funding to State Hospitals	(237,449)	(237,449)
Child Support Enforcement Penalty	1,019,311	1,019,311
MMIS & Maximus Clearinghouse Contracts	1,766,434	(1,343,584)
Salaries & Wages Adjustments	--	(87,478)
Kansas Pay Center Contract	--	443,861
Refugee Grants & Assist. Adjustment	--	(227,220)
Federal Funding Adjustments	--	4,079,381
Debt Set-off Adjustment	--	313,454
Misc. Grants & Contracts Adjustments	--	(172,531)
Cerebral Palsy Grant Restoration	48,873	48,873
Child Support Enforcement Tier Contract Adjustment	--	(690,000)
TAF Work Policy Adjustment	--	527,040
KU Certified Match Contracts Increase	--	1,321,740
Meth Prevention Grant Increase	--	345,514
Electronic Benefits Transfer Contract Change	(12,072)	85,620
Mental Health Block Grant Adjustment	(51,139)	--
State Treasurer Fee Increase	--	46,329
Disability Determination Services Audit Finding	24,192	--
Voc. Rehab./Mental Health Grants Budgeted Twice	(298,690)	(298,689)
Professional Development Reduction	(26,124)	(70,000)
Unassigned Contracts Reduction	(324,000)	(500,000)
Miscellaneous Operating Expenditures	--	967,707
Information Technology Services Adjustments	(26,795)	(22,653)
Food Stamp Training & Employment Adjustments	24,480	48,960
Seat Management Adjustment	--	218,378
Maximus Contract for Encounter Claiming	800,000	800,000
Child Welfare Review Contract	190,000	760,000
Increased Drug Rebates	(2,500,000)	--
Other Funding Adjustments	(1,854,897)	--
Replace Intergovernmental Transfer Funding	8,000,000	--
HealthWave Clearinghouse Positions	267,786	535,571
Protection Reporting Center	313,495	512,667
Tech. Adjust for FY 2003 Pended HCBS/PD	--	924,000
Tech. Adjust for FY 2003 Pended HCBS/DD	--	3,400,000
Assist. Tech.. Revolv. Loan Prog.	2,554,244	2,554,244
Remove Information Technology Staff Reclassification	(30,936)	(76,196)
Reduce Information Technology Contracts	(239,630)	(486,094)

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Permanent Guardianship	70,200	70,200
Adoption Support	345,266	108,166
Work Transition Allowance in Caseloads	--	(527,040)
New HealthWave Estimate	(1,490,902)	(5,428,273)
Social & Rehabilitation Services, Cont'd.		
Nursing Facilities for Mental Health Caseloads	1,072,350	--
Temporary Assistance to Families Caseloads	(1,019,311)	1,311,800
Medical Caseloads	722,335	(9,931,875)
Foster Care Caseloads	5,367,600	16,882
Adoption Caseloads	(1,286,842)	(722,646)
Total--Social & Rehabilitation Services	(\$33,998,792)	\$6,546,345
Kansas Neurological Institute		
Salaries & Wages Adjustments	190,000	190,000
Operations Transfer from SRS	20,493	20,493
Miscellaneous Operating Expenditures	--	531
Total--Kansas Neurological Institute	\$210,493	\$211,024
Larned State Hospital		
Salaries & Wages Adjustments	(190,000)	(190,000)
Sexual Predator Treatment Program Census Growth	1,960,000	1,960,000
Operations Transfer from SRS	75,298	75,298
Miscellaneous Operating Expenditures	--	276,173
Ongoing Capital Improvements	--	465,638
Total--Larned State Hospital	\$1,845,298	\$2,587,109
Osawatomie State Hospital		
Operations Transfer from SRS	122,583	122,583
Miscellaneous Operating Expenditures	--	580
Ongoing Capital Improvements	--	203,395
Total--Osawatomie State Hospital	\$122,583	\$326,558
Parsons State Hospital and Training Center		
Operations Transfer from SRS	10,888	10,888
Miscellaneous Operating Expenditures	--	3,189
Ongoing Capital Improvements	--	56,930
Total--Parsons State Hospital and Training Center	\$10,888	\$71,007
Rainbow Mental Health Facility		
Operations Transfer from SRS	9,603	46,058
Miscellaneous Operating Expenditures	--	11,966
Total--Rainbow Mental Health Facility	\$9,603	\$58,024
Department on Aging		
Operations Shift of Expenditure Authority from Prior Year	905,641	905,641
FMAP Savings	(11,297,125)	(11,297,124)
FMAP Technical Adjustment	(146,058)	--
Nursing Facilities Caseload Adjustment	(1,666,641)	(486,000)
HCBS/FE FMAP	(282,348)	25,948
Fee Funds Adjustment	--	(100,929)
Federal Funds Adjustment	--	5,961,011
Total--Department on Aging	(\$12,486,531)	(\$4,991,453)
Health and Environment--Health		
Reappropriated Public Health Aid Funds	71,485	71,485
Transfer out to Environment Division for Agency Operations	(34,507)	(7,260)
Federal Homeland Security Funds	--	21,062,728
Reduced Contractual Expenditures	(200,000)	(200,000)
Reduced Fee Fund Expenditures	--	(1,360,156)

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Reduced Federal Fund Expenditures	--	(1,612,481)
Total--Health and Environment--Health	(\$163,022)	\$17,954,316
Department of Human Resources		
Operations Shift of Expenditure Authority from Prior Year	320,908	320,908
Department of Human Resources, Cont'd.		
Salaries & Wages Adjustments	(120)	(67,756)
Federal Funds Adjustments	--	169,928,238
Total--Department of Human Resources	\$320,788	\$170,181,390
Commission on Veterans Affairs		
Operations Shift of Expenditure Authority from Prior Year	345	345
Salaries & Wages Adjustments	(268,740)	(269,740)
Miscellaneous Operating Expenditures	(9,689)	(641,242)
Ongoing Capital Improvements	--	1,144,994
Soldiers Home Fee Fund Adjustment	--	(172,641)
Veterans Home Fee Fund Adjustment	--	911,093
Cemetery Construction Grant	--	986,546
Restore SGF to Approved Level	278,429	278,429
Total--Commission on Veterans Affairs	\$345	\$2,237,784
Total--Human Resources	(\$44,128,347)	\$195,182,104
Education		
Department of Education		
Property Tax Accelerator	(163,100,000)	(163,100,000)
Operations Shift of Expenditure Authority from Prior Year	72,084	72,084
Board Certification Bonuses for Teachers	66,000	66,000
School Finance Adjustments	8,683,000	22,683,000
Juvenile Detention Facility State Aid	669,522	669,522
KPERs School Savings	(6,005,014)	(6,005,014)
Additional Federal & Other Grants	--	21,873,359
Miscellaneous Operating Expenditures	--	(493,832)
Total--Department of Education	(\$159,614,408)	(\$124,234,881)
School for the Blind		
Operations Shift of Expenditure Authority from Prior Year	20,828	20,828
Federal Funds Adjustment	--	137,976
State Institutions Building Fund Lapse of Capital Projects	--	(77,590)
Total--School for the Blind	\$20,828	\$81,214
School for the Deaf		
Special Revenue Adjustment for Operations	--	259,000
Federal Funds Adjustments	--	46,365
Ongoing Capital Improvements	--	564,274
State Institutions Building Fund Lapse of Capital Projects	--	(25,534)
Total--School for the Deaf	--	\$844,105
Board of Regents		
University Operating Grant	(5,686,713)	(5,686,713)
Alternative Teacher Certification	(450,000)	(450,000)
Transfer Out for Building Repair	--	(13,000,000)
Scholarship Reappropriation	915,142	915,142
KAN-ED	--	1,566,706
Special Revenue Adjustments	--	(418,821)
Federal Funding Increase	--	522,616
Total--Board of Regents	(\$5,221,571)	(\$16,551,070)

Schedule 8--Current Year Adjustments

	<u>State General Fund</u>	<u>All Funding Sources</u>
Emporia State University		
Operations Shift of Expenditure Authority from Prior Year	20,151	20,151
Operating Grant Increase	326,053	326,053
Tuition Increase	--	2,654,506
Alternative Teacher Certification	150,000	150,000
Emporia State University, Cont'd.		
Restricted Use Funding Increase	--	1,733,689
Rehabilitation & Repair	--	476,053
Total--Emporia State University	\$496,204	\$5,360,452
Fort Hays State University		
Operations Shift of Expenditure Authority from Prior Year	24,212	24,212
Operating Grant Increase	295,228	295,228
Tuition Increase	--	1,500,001
Alternative Teacher Certification	150,000	150,000
Restricted Use Funding Increase	--	(288,511)
Rehabilitation & Repair	--	1,120,000
Total--Fort Hays State University	\$469,440	\$2,800,930
Kansas State University		
Operating Grant Increase	1,070,592	1,070,592
Tuition Increase	--	16,754,959
Rowing Facility	--	99,990
Restricted Use Funding Adjustment	--	(2,351,851)
Rehabilitation & Repair	--	5,246,998
Total--Kansas State University	\$1,070,592	\$20,820,688
KSU--Veterinary Medical Center		
Operating Grant Increase	79,633	79,633
Tuition Increase	--	2,112,739
Restricted Use Funding Adjustment	--	(145,731)
Total--KSU--Veterinary Medical Center	\$79,633	\$2,046,641
Kansas State University--ESARP		
Operating Grant Increase	538,690	538,690
Rehabilitation & Repair	--	456,582
Federal Grants Increase	--	5,145,618
Total--Kansas State University--ESARP	\$538,690	\$6,140,890
Pittsburg State University		
Operations Shift of Expenditure Authority from Prior Year	19,792	19,792
Alternative Teacher Certification	150,000	150,000
Rehabilitation & Repair	--	884,620
Operating Grant Increase	349,539	349,539
Tuition Increase	--	1,439,724
Restricted Use Funding Adjustment	--	(609,911)
KPERs Technical Adjustment	39,806	39,806
Total--Pittsburg State University	\$559,137	\$2,273,570
University of Kansas		
Operating Grant Increase	1,319,727	1,319,727
Tuition Increase	--	20,231,357
Restricted Use Funding Adjustment	--	18,426,688
Rehabilitation & Repair	--	3,719,300
Total--University of Kansas	\$1,319,727	\$43,697,072
KU Medical Center--Education		
Operating Grant Increase	975,353	975,353

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Tuition Increase	--	1,922,147
Restricted Use Funding Adjustment	--	26,843,029
Rehabilitation & Repair	--	1,348,100
Total--KU Medical Center--Education	\$975,353	\$31,088,629
Wichita State University		
Operating Grant Increase	692,092	692,092
Wichita State University, Cont'd.		
Tuition Increase	--	5,802,799
Restricted Use Funding Adjustment	--	3,172,703
Rehabilitation & Repair	--	1,330,800
Total--Wichita State University	\$692,092	\$10,998,394
Kansas Arts Commission		
Salaries & Wages Adjustments	(647)	(647)
Federal Funding Increase	--	225,757
Miscellaneous Operating Expenditures	--	1,823
Total--Kansas Arts Commission	(\$647)	\$226,933
Historical Society		
Operations Shift of Expenditure Authority from Prior Year	2,687	2,687
Increased Fee Fund Expenditures	--	154,861
Total--Historical Society	\$2,687	\$157,548
State Library		
Federal Fund Adjustment	--	(5,460)
Total--Education	(\$158,612,243)	(\$14,254,345)
Public Safety		
Department of Corrections		
Savings Incentive Expenditures	21,466	21,466
Internal Corrections Systemwide Transfer	139,372	139,372
Eliminate Lease of Prison Beds	(227,375)	(2,224,000)
Supplemental Funding for Food Service Contract	271,050	271,050
Medical Contract Supplemental	85,703	85,703
KPERs Correctional Officer Rate Change	(11,470)	(45,836)
Increase in Supervision Fees--Local Jail Costs	--	144,000
Reimbursement for Natural Gas Charges	--	81,000
Reduction Inmate Benefit Expenditures	--	(57,369)
Ongoing Capital Improvements	--	250,300
Federal Fund Adjustments	--	(95,515)
Total--Department of Corrections	\$278,746	(\$1,429,829)
El Dorado Correctional Facility		
Internal Corrections Systemwide Transfer	(59,372)	(59,372)
KPERs Correctional Officer Rate Change	(366,804)	(366,804)
Ongoing Capital Improvements	--	1,709
Total--El Dorado Correctional Facility	(\$426,176)	(\$424,467)
Ellsworth Correctional Facility		
Savings Incentive Expenditures	3,926	3,926
KPERs Correctional Officer Rate Change	(171,512)	(171,512)
Ongoing Capital Improvements	--	201,217
Total--Ellsworth Correctional Facility	(\$167,586)	\$33,631
Hutchinson Correctional Facility		
Savings Incentive Expenditures	1,516	1,516
KPERs Correctional Officer Rate Change	(416,337)	(416,337)

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Facility Fee Fund Expenditure Decrease	--	(21,059)
Ongoing Capital Improvements	--	361,706
Total--Hutchinson Correctional Facility	(\$414,821)	(\$74,174)
Lansing Correctional Facility		
Savings Incentive Expenditures	2,588	2,588
Internal Corrections Systemwide Transfer	(224,299)	(224,299)
Lansing Correctional Facility, Cont'd.		
KPERs Correctional Officer Rate Change	(569,063)	(569,063)
Facility Fee Fund Expenditure Decrease	--	(62,450)
Miscellaneous Operating Expenditures	(1)	(1)
Ongoing Capital Improvements	--	288,282
Total--Lansing Correctional Facility	(\$790,775)	(\$564,943)
Larned Correctional Mental Health Facility		
Savings Incentive Expenditures	9,520	9,520
KPERs Correctional Officer Rate Change	(141,501)	(141,501)
Internal Corrections Systemwide Transfer	98,861	98,861
Total--Larned Correctional Mental Health Facility	(\$33,120)	(\$33,120)
Norton Correctional Facility		
Savings Incentive Expenditures	64,664	64,664
KPERs Correctional Officer Rate Change	(213,707)	(213,707)
Facility Fee Fund Expenditure Increase	--	991
Ongoing Capital Improvements	--	270,000
Total--Norton Correctional Facility	(\$149,043)	\$121,948
Topeka Correctional Facility		
Savings Incentive Expenditures	55,266	55,266
Internal Corrections Systemwide Transfer	(37,000)	(37,000)
KPERs Correctional Officer Rate Change	(169,845)	(169,845)
Increased General Fees from Laundry Contract	--	56,376
Expenditures for Housing Federal Female Inmates	--	129,940
Facility Fee Fund Expenditure Decrease	--	(403)
Ongoing Capital Improvements	--	37,274
Total--Topeka Correctional Facility	(\$151,579)	\$71,608
Winfield Correctional Facility		
Savings Incentive Expenditures	4,962	4,962
Internal Corrections Systemwide Transfer	82,438	82,438
KPERs Correctional Officer Rate Change	(162,323)	(162,323)
Facility Fee Fund Expenditure Increase	--	2,017
Ongoing Capital Improvements	--	166,614
Total--Winfield Correctional Facility	(\$74,923)	\$93,708
Juvenile Justice Authority		
Savings Incentive Expenditures	14,908	14,908
Transfer from Beloit Juvenile Correctional Facility	163,000	163,000
Eliminate Human Resource Director Position	(63,066)	(63,066)
Reduce Shrinkage Rate	61,772	61,772
FMAP Savings	(944,527)	(944,527)
Reduce Graduated Sanctions Funding	(147,504)	(147,504)
Children's Initiatives Fund Adjustment--Graduated Sanctions	--	147,504
Increase in Juv. Detention Facilities Fund	--	3,701
Increase in Juv. Delinquency Prevention Trust Fund Expenditures	--	150,000
State Instit. Bldg. Fund Construct. and Remod. Adjust.	--	497,839
Decrease in Title IV-E Expenditures	--	(520,596)

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Decrease in Title XIX Expenditures	--	(500,000)
Decrease in Juv. Acct. Incent. Block Grant Expenditures	--	(672,671)
Decrease in Juv. Justice Delinquency Prevention	--	(110,845)
Increase in Juv. Justice Federal Fund Expenditures	--	320,600
Total--Juvenile Justice Authority	(\$915,417)	(\$1,599,885)
Atchison Juvenile Correctional Facility		
Savings Incentive Expenditures	60	60
Atchison Juvenile Correctional Facility, Cont'd.		
Beloit Juvenile Correctional Facility Transfer	100,000	100,000
Increase in Offender Benefit Fund Expenditures	--	2,000
Miscellaneous Operating Expenditures	--	(39,679)
State Institutions Bldg. Fund Reappropriation for Capital Projects	--	79,405
Total--Atchison Juvenile Correctional Facility	\$100,060	\$141,786
Beloit Juvenile Correctional Facility		
Operations Shift of Expenditure Authority from Prior Year	280,133	280,133
Saving Incentive Expenditures	1,200	1,200
Transfer to JJA, TJCF, and AJCF	(420,000)	(420,000)
Increase in Federal Fund Expenditures	--	109,755
Decrease in Facility Fee Fund Expenditures	--	(138,926)
Total--Beloit Juvenile Correctional Facility	(\$138,667)	(\$167,838)
Larned Juvenile Correctional Facility		
Operations Shift of Expenditure Authority from Prior Year	48,306	48,306
Savings Incentive Expenditures	1,279	1,279
Operating Expenditure Lapse	(84,175)	(84,175)
Federal Fund Adjustment	--	18,775
Total--Larned Juvenile Correctional Facility	(\$34,590)	(\$15,815)
Topeka Juvenile Correctional Facility		
Savings Incentive Expenditures	1,728	1,728
Beloit Juvenile Correctional Facility Transfer	157,000	157,000
Remove KJCC Start-Up Funding	(1,178,375)	(1,178,375)
Decrease in Facility Fee Fund Expenditures	--	(325,000)
State Institutions Bldg. Fund Reappropriation for Capital Projects	--	81,221
Increase in Federal Fund Expenditures	--	339,676
Total--Topeka Juvenile Correctional Facility	(\$1,019,647)	(\$923,750)
Adjutant General		
Operations Shift of Expenditure Authority from Prior Year	1,297	1,297
Disaster Relief Reappropriation	442,762	442,762
Additional Disaster Relief Funding	--	2,103,577
Federal Funds Adjustment	--	4,455,783
Lapse Debt Service Funding	(1,776)	(1,776)
Total--Adjutant General	\$442,283	\$7,001,643
Emergency Medical Services Board		
Savings Incentive Expenditures	--	15,562
Rural Health Options Grant	--	37,878
Federal Grants Adjustment	--	27,039
Miscellaneous Operating Expenditures	--	17,075
Total--Emergency Medical Services Board	--	\$97,554
State Fire Marshal		
Savings Incentive Expenditures	--	11,349
Salaries & Wages Adjustments	--	62,513
Federal Grants Adjustment	--	244,450

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Miscellaneous Operating Expenditures	--	35,792
Total--State Fire Marshal	--	\$354,104
Highway Patrol		
Salaries & Wages Adjustments	--	1,226,427
COPS Federal Grant	--	398,970
KCC transfer for Federal Match	--	85,198
Fleet Center Debt Service Technical Adjustment	--	108,793
Homeland Security Operating Expenditures	--	259,000
Highway Patrol, Cont'd.		
Homeland Security Aid to Local Governments	--	15,650,000
Miscellaneous Operating Expenditures	--	499,262
Total--Highway Patrol	--	\$18,227,650
Kansas Bureau of Investigation		
Salaries & Wages Adjustments	275,000	866,894
Federal Grants Adjustment	--	1,323,719
Miscellaneous Operating Expenditures	(275,000)	159,713
Total--Kansas Bureau of Investigation	--	\$2,350,326
Kansas Parole Board		
Operations Shift of Expenditure Authority from Prior Year	4,110	4,110
Savings Incentive Expenditures	292	292
Total--Kansas Parole Board	\$4,402	\$4,402
Kansas Sentencing Commission		
Operations Shift of Expenditure Authority from Prior Year	9,762	9,762
SB 123 Payment Processing FTE Position	--	31,859
JJA Population Projections FTE Position	--	21,654
Reimbursement Payments from SB 123 Offenders	--	215,083
Federal Funds Adjustment	--	(3,500)
Miscellaneous Operating Expenditures	(549)	(549)
Total--Kansas Sentencing Commission	\$9,213	\$274,309
Total--Public Safety	(\$3,481,640)	\$23,538,848
Agriculture & Natural Resources		
Department of Agriculture		
Federal Funds Adjustments	--	1,670,294
Agency Fee Fund Adjustments	--	154,722
Miscellaneous Operating Expenditures	--	(378,713)
Total--Department of Agriculture	--	\$1,446,303
State Conservation Commission		
Operating Expenditure Lapse	(812)	(812)
Water Plan Fund Reappropriation	--	1,133,807
Horsethief Reservoir Special Appropriation	--	300,000
Horsethief Reservoir Lapse	--	(300,000)
Buffer Initiatives Water Plan Fund Lapse	--	(285,000)
Decrease in Fee Fund Expenditures	--	(26,092)
Increase in Federal Fund Expenditures	--	243,111
Total--State Conservation Commission	(\$812)	\$1,065,014
Health & Environment--Environment		
Water Plan Fund Reappropriation	--	44,620
Transfer in from Health Division for Agency Operations	34,507	7,260
Agency Fee Fund Adjustment	--	1,162,470
Federal Fund Adjustment	--	2,293,503

Schedule 8--Current Year Adjustments

	State General Fund	All Funding Sources
Total--Health & Environment--Environment	\$34,507	\$3,507,853
Kansas State Fair		
Fee Funds Adjustments	--	(182,767)
Ongoing Capital Improvements	--	121,932
Total--Kansas State Fair	--	(\$60,835)
Kansas Water Officer		
Savings Incentive Expenditures	28,691	28,691
Water Plan Fund Reappropriation	--	605
Lapse Civil Engineer I Funding	(21,508)	(21,508)
Kansas Water Officer, Cont'd.		
Operating Expenditure Lapse	(2,078)	(2,078)
Increase in Water Marketing Fund Expenditures	--	89,563
Decrease in Water Assurance Fund Expenditures	--	(19,180)
Increase in Agency Fee Fund Expenditures	--	30,039
Increase in Federal Fund Expenditures	--	337,199
Total--Kansas Water Officer	\$5,105	\$443,331
Department of Wildlife & Parks		
Operating Expenditures Adjustment	--	(158,590)
Tuttle Creek SGF Loan	1,500,000	1,500,000
Cheyenne Bottoms Visitors Center		1,999,264
Ongoing Capital Improvements	34,872	6,694,159
Total--Department of Wildlife & Parks	\$1,534,872	\$10,034,833
Total--Agriculture & Natural Resources	\$1,573,672	\$16,436,499
Transportation		
Kansas Department of Transportation		
Salaries & Wages Adjustment	--	(1,287,029)
Vehicle Moratorium	--	(369,008)
Bond Proceeds Offset to Reportable Expenditures	--	(234,300,683)
Miscellaneous Operating Expenditures	--	(5,978,969)
Total--Kansas Department of Transportation	--	(\$241,935,689)
Total--Transportation	--	(\$241,935,689)
Statewide Total	(\$200,640,914)	(\$7,171,698)

Schedule 9—Authorized Positions by Agency reflects the total number of positions in each state agency. The purpose of this schedule is to provide information regarding the size of the state workforce by agency. Total positions are divided into full-time equivalent (FTE) positions and non-FTE unclassified permanent positions. If only one row of numbers appears in the table, the agency has only FTE positions and no non-FTE unclassified permanent ones. FTE positions are permanent full-time or regular part-time positions equated to full-time. The number of FTE positions for each agency is typically constrained by a limitation included in appropriation bills; however, positions in legislative and judicial agencies along with several agencies of the executive branch, such as Regents institutions, are not constrained by a limitation. Similarly, non-FTE permanent unclassified positions are not subject to a position limitation. The “non-FTE unclassified permanent” label is intended to reflect the fact that these are permanent positions that should properly be counted as part of the state workforce, although they are treated as unclassified temporary positions in the SHARP personnel and payroll system.

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
General Government					
Department of Administration					
FTE Positions	887.2	889.4	889.4	--	808.0
Non-FTE Unclassified Permanent Positions	23.1	22.1	22.1	--	22.1
Total--Department of Administration	910.3	911.5	911.5	--	830.1
Kansas Corporation Commission					
FTE Positions	210.0	212.0	212.0	2.0	212.0
Non-FTE Unclassified Permanent Positions	5.5	5.5	5.5	--	6.5
Total--Kansas Corporation Commission	215.5	217.5	217.5	2.0	218.5
Citizens' Utility Ratepayer Board	5.0	5.0	5.0	--	5.0
Kansas Human Rights Commission	36.0	36.0	36.0	--	36.0
Board of Indigents' Defense Services					
FTE Positions	162.0	167.0	171.0	--	173.0
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--Board of Indigents' Defense Serv.	163.0	168.0	172.0	--	174.0
Health Care Stabilization Board of Gov.	16.0	16.0	16.0	--	16.0
KPERS	85.0	85.0	85.0	--	85.0
Department of Commerce					
FTE Positions	148.0	108.5	108.5	--	108.5
Non-FTE Unclassified Permanent Positions	4.0	1.0	--	--	--
Total--Dept. of Commerce	152.0	109.5	108.5	--	108.5
Kansas Technology Enterprise Corp.					
FTE Positions	29.0	29.0	29.0	--	29.0
Non-FTE Unclassified Permanent Positions	17.0	17.0	17.0	--	17.0
Total--KTEC	46.0	46.0	46.0	--	46.0
Kansas, Inc.					
FTE Positions	4.0	4.0	4.0	--	4.0
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--Kansas, Inc.	5.0	5.0	5.0	--	5.0
Kansas Lottery					
FTE Positions	87.0	87.0	87.0	--	87.0
Non-FTE Unclassified Permanent Positions	5.0	4.0	4.0	--	4.0
Total--Kansas Lottery	92.0	91.0	91.0	--	91.0
Kansas Racing & Gaming Commission	64.0	67.0	67.0	1.0	68.0
Non-FTE Unclassified Permanent Positions	9.0	9.0	9.0	--	9.0
Total--Racing & Gaming	73.0	76.0	76.0	1.0	77.0
Department of Revenue					
FTE Positions	1,196.0	1,196.0	1,196.0	--	1,196.0
Non-FTE Unclassified Permanent Positions	3.0	3.0	3.0	--	3.0
Total--Department of Revenue	1,199.0	1,199.0	1,199.0	--	1,199.0
Board of Tax Appeals	28.0	26.0	26.0	--	26.0
Abstracters' Board of Examiners	--	--	--	--	--
Board of Accountancy	3.0	3.0	3.0	--	3.0
Banking Department					
FTE Positions	85.0	85.0	86.0	1.0	87.0

Schedule 9--Authorized Positions by Agency

	<u>FY 2003</u> <u>Actual</u>	<u>FY 2004</u> <u>Gov. Estimate</u>	<u>FY 2005</u> <u>Base Budget</u>	<u>FY 2005</u> <u>Enhance. Pkg.</u>	<u>FY 2005</u> <u>Gov. Rec.</u>
Banking Department, Cont'd.					
Non-FTE Unclassified Permanent Positions	1.0	1.0	--	--	--
Total--Banking Department	86.0	86.0	86.0	1.0	87.0
Board of Barbering					
FTE Positions	1.5	1.5	1.5	--	1.5
Non-FTE Unclassified Permanent Positions	0.5	0.5	--	0.5	0.5
Total--Board of Barbering	2.0	2.0	1.5	0.5	2.0
Behavioral Sciences Regulatory Board	8.0	8.0	8.0	--	8.0
Board of Cosmetology	12.0	12.0	12.0	--	12.0
Department of Credit Unions	13.0	13.0	13.0	--	13.0
Kansas Dental Board	2.5	2.5	2.5	--	2.5
Governmental Ethics Commission					
FTE Positions	9.0	9.0	9.0	--	9.0
Non-FTE Unclassified Permanent Positions	0.5	0.5	0.5	--	0.5
Total--Governmental Ethics Commiss.	9.5	9.5	9.5	--	9.5
Board of Healing Arts					
FTE Positions	29.0	29.0	29.0	--	29.0
Non-FTE Unclassified Permanent Positions	1.0	1.0	--	--	--
Total--Board of Healing Arts	30.0	30.0	29.0	--	29.0
Hearing Aid Board of Examiners	0.4	0.4	0.4	--	0.4
Board of Mortuary Arts	3.0	3.0	3.0	--	3.0
Board of Nursing	22.0	22.0	22.0	--	22.0
Board of Examiners in Optometry					
FTE Positions	0.8	0.8	0.8	--	0.8
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--Board of Optometry	1.8	1.8	1.8	--	1.8
Board of Pharmacy	7.0	7.0	7.0	--	7.0
Kansas Real Estate Appraisal Board	2.0	2.0	2.0	--	2.0
Kansas Real Estate Commission	13.0	13.0	13.0	--	13.0
Office of the Securities Commissioner	27.8	27.8	27.8	--	27.8
Board of Technical Professions	6.0	6.0	6.0	--	6.0
Board of Veterinary Examiners	3.5	3.5	3.5	--	3.5
Office of the Governor					
FTE Positions	32.0	29.0	29.0	--	29.0
Non-FTE Unclassified Permanent Positions	--	1.0	1.0	--	1.0
Total--Office of the Governor	32.0	30.0	30.0	--	30.0
Office of the Lieutenant Governor	3.0	3.0	3.0	--	3.0
Attorney General					
FTE Positions	95.0	94.5	94.5	--	94.5
Non-FTE Unclassified Permanent Positions	18.0	10.0	11.0	--	11.0
Total--Attorney General	113.0	104.5	105.5	--	105.5

Schedule 9--Authorized Positions by Agency

	FY 2003 Actual	FY 2004 Gov. Estimate	FY 2005 Base Budget	FY 2005 Enhance. Pkg.	FY 2005 Gov. Rec.
Insurance Department					
FTE Positions	157.2	152.7	146.7	--	146.7
Non-FTE Unclassified Permanent Positions	3.5	3.5	3.5	--	3.5
Total--Insurance Department	160.7	156.2	150.2	--	150.2
Secretary of State	56.0	54.0	54.0	--	54.0
State Treasurer	55.5	55.5	55.5	--	55.5
Legislative Coordinating Council	13.0	12.0	12.0	--	12.0
Legislature	33.0	33.0	33.0	--	33.0
Legislative Research Department	37.0	38.0	38.0	--	38.0
Legislative Division of Post Audit	21.0	21.0	21.0	--	21.0
Revisor of Statutes	26.0	26.0	26.0	--	26.0
Judiciary	1,814.8	1,814.8	1,817.8	27.0	1,817.8
Judicial Council	4.0	4.0	4.0	--	4.0
Total--FTE Positions	5,553.2	5,513.9	5,515.9	31.0	5,438.5
Total--Non-FTE Unclassified Perm. Pos.	94.1	82.1	79.6	0.5	81.1
Total--General Government	5,647.3	5,596.0	5,595.5	31.5	5,519.6
Human Resources					
Social & Rehabilitation Services					
FTE Positions	3,981.5	3,981.5	3,981.5	--	3,981.5
Non-FTE Unclassified Permanent Positions	64.7	66.7	66.7	--	66.7
Total--Social & Rehabilitation Services	4,046.2	4,048.2	4,048.2	--	4,048.2
Kansas Neurological Institute					
FTE Positions	656.5	588.2	588.2	--	588.2
Larned State Hospital					
FTE Positions	725.8	798.2	726.2	120.5	707.2
Non-FTE Unclassified Permanent Positions	8.0	10.0	10.0	--	10.0
Total--Larned State Hospital	733.8	808.2	736.2	120.5	717.2
Osawatomie State Hospital	413.9	398.6	398.6	--	398.6
Parsons St. Hospital & Training Center	456.0	467.2	467.2	--	467.2
Rainbow Mental Health Facility	112.3	115.2	115.2	--	115.2
Subtotal--FTE Positions	6,346.0	6,348.9	6,276.9	120.5	6,257.9
Subtotal--Non-FTE Unclass. Perm. Pos.	72.7	76.7	76.7	--	76.7
Subtotal--SRS	6,418.7	6,425.6	6,353.6	120.5	6,334.6
Department on Aging					
FTE Positions	213.5	213.5	213.5	--	213.0
Non-FTE Unclassified Permanent Positions	2.5	2.5	2.5	--	3.0
Total--Department on Aging	216.0	216.0	216.0	--	216.0
Health & Environment--Health					
FTE Positions	513.0	409.0	409.0	--	409.0
Non-FTE Unclassified Permanent Positions	40.4	128.5	127.5	--	127.5
Total--Department of Health	553.4	537.5	536.5	--	536.5

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
Department of Human Resources					
FTE Positions	940.4	940.4	940.4	--	940.4
Non-FTE Unclassified Permanent Positions	42.0	42.0	42.0	--	42.0
Total--Department of Human Resources	982.4	982.4	982.4	--	982.4
Commission on Veterans Affairs					
FTE Positions	558.8	557.8	557.0	--	557.0
Non-FTE Unclassified Permanent Positions	4.5	4.0	3.0	--	4.0
Total--Veterans Affairs	563.3	561.8	560.0	--	561.0
Kansas Guardianship Program	12.0	12.0	12.0	--	12.0
Total--FTE Positions	8,583.7	8,481.6	8,408.8	120.5	8,389.3
Total--Non-FTE Unclassified Perm. Pos.	162.1	253.7	251.7	--	253.2
Total--Human Resources	8,745.8	8,735.3	8,660.5	120.5	8,642.5
Education					
Department of Education					
FTE Positions	190.5	211.3	211.3	2.0	212.3
Non-FTE Unclassified Permanent Positions	36.0	41.6	42.6	--	42.6
Total--Department of Education	226.5	252.9	253.9	2.0	254.9
School for the Blind	93.5	93.5	93.5	--	93.5
School for the Deaf	173.5	173.5	169.9	--	173.5
Non-FTE Unclassified Permanent Positions	--	--	3.0	--	--
Total--School for the Deaf	173.5	173.5	172.9	--	173.5
Subtotal--FTE Positions	457.5	478.3	474.7	2.0	479.3
Subtotal--Non-FTE Unclass. Perm. Pos.	36.0	41.6	45.6	--	42.6
Subtotal--Board of Education	493.5	519.9	520.3	2.0	521.9
Board of Regents					
FTE Positions	55.0	55.0	55.0	--	55.0
Emporia State University					
FTE Positions	746.3	754.1	754.1	--	754.1
Non-FTE Unclassified Permanent Positions	32.8	30.0	30.0	--	30.0
Total--Emporia State University	779.1	784.1	784.1	--	784.1
Fort Hays State University					
FTE Positions	701.3	701.3	701.3	--	701.3
Non-FTE Unclassified Permanent Positions	18.3	18.3	18.3	--	18.3
Total--Fort Hays State University	719.6	719.6	719.6	--	719.6
Kansas State University					
FTE Positions	2,900.6	2,934.0	2,934.0	--	2,934.0
Non-FTE Unclassified Permanent Positions	266.3	266.3	266.3	--	266.3
Total--Kansas State University	3,166.9	3,200.3	3,200.3	--	3,200.3
KSU--Veterinary Medical Center					
FTE Positions	265.6	275.8	275.8	--	275.8
Non-FTE Unclassified Permanent Positions	6.3	6.3	6.3	--	6.3
Total--Kansas State University--Vet Med	271.9	282.1	282.1	--	282.1
Kansas State University--ESARP					
FTE Positions	1,210.1	1,203.0	1,203.2	--	1,203.2
Non-FTE Unclassified Permanent Positions	188.0	188.0	187.8	--	187.8
Total--Kansas State University--ESARP	1,398.1	1,391.0	1,391.0	--	1,391.0

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
Pittsburg State University					
FTE Positions	789.7	772.5	772.5	--	772.5
Non-FTE Unclassified Permanent Positions	17.6	41.7	41.7	--	41.7
Total--Pittsburg State University	807.3	814.2	814.2	--	814.2
University of Kansas					
FTE Positions	4,181.0	4,181.0	4,181.0	--	4,181.0
Non-FTE Unclassified Permanent Positions	391.5	391.5	391.5	--	391.5
Total--University of Kansas	4,572.5	4,572.5	4,572.5	--	4,572.5
KU Medical Center	2,283.8	2,347.0	2,347.0	--	2,347.0
Wichita State University					
FTE Positions	1,696.5	1,687.5	1,687.5	--	1,687.5
Non-FTE Unclassified Permanent Positions	49.8	49.8	49.8	--	49.8
Total--Wichita State University	1,746.3	1,737.3	1,737.3	--	1,737.3
Subtotal--FTE Positions	14,829.9	14,911.2	14,911.4	--	14,911.4
Subtotal--Non-FTE Unclass. Perm. Pos.	970.6	991.9	991.7	--	991.7
Subtotal--Regents	15,800.5	15,903.1	15,903.1	--	15,903.1
Kansas Arts Commission	8.0	8.0	8.0	--	8.0
Historical Society					
FTE Positions	136.5	136.5	136.5	--	136.5
Non-FTE Unclassified Permanent Positions	4.0	4.0	4.0	--	4.0
Total--Historical Society	140.5	140.5	140.5	--	140.5
State Library	27.0	27.0	27.0	--	27.0
Total--FTE Positions	15,458.9	15,561.0	15,557.6	2.0	15,562.2
Total--Non-FTE Unclassified Perm. Pos.	1,010.6	1,037.5	1,041.3	--	1,038.3
Total--Education	16,469.5	16,598.5	16,598.9	2.0	16,600.5
Public Safety					
Department of Corrections					
FTE Positions	321.5	322.5	322.5	--	322.5
Non-FTE Unclassified Permanent Positions	23.0	23.0	23.0	--	23.0
Total--Department of Corrections	344.5	345.5	345.5	--	345.5
El Dorado Correctional Facility					
FTE Positions	466.5	466.5	466.5	--	466.5
Ellsworth Correctional Facility					
FTE Positions	223.0	223.0	223.0	--	223.0
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--Ellsworth Correctional Facility	224.0	224.0	224.0	--	224.0
Hutchinson Correctional Facility					
FTE Positions	513.0	513.0	513.0	--	513.0
Lansing Correctional Facility	710.0	700.0	700.0	--	700.0
Larned Correctional MH Facility	186.0	186.0	186.0	--	186.0
Norton Correctional Facility					
FTE Postions	266.0	266.0	266.0	--	266.0

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
Norton Correctional Facility, Cont'd.					
Non-FTE Unclassified Permanent Postions	1.0	1.0	1.0	--	1.0
Total--Norton Correctional Facility	267.0	267.0	267.0	--	267.0
Topeka Correctional Facility					
FTE Positions	248.0	248.0	248.0	--	248.0
Non-FTE Unclassified Permanent Positions	3.0	3.0	3.0	--	3.0
Total--Topeka Correctional Facility	251.0	251.0	251.0	--	251.0
Winfield Correctional Facility					
FTE Positions	201.0	201.0	201.0	--	201.0
Non-FTE Unclassified Permanent Positions	2.0	2.0	2.0	--	2.0
Total--Winfield Correctional Facility	203.0	203.0	203.0	--	203.0
Subtotal--FTE Positions	3,135.0	3,126.0	3,126.0	--	3,126.0
Subtotal--Non-FTE Unclass. Perm. Pos.	30.0	30.0	30.0	--	30.0
Subtotal--Corrections	3,165.0	3,156.0	3,156.0	--	3,156.0
Juvenile Justice Authority					
FTE Positions	39.0	41.0	42.0	1.0	41.0
Non-FTE Unclassified Permanent Positions	14.0	15.8	15.8	--	15.8
Total--Juvenile Justice Authority	53.0	56.8	57.8	1.0	56.8
Atchison Juvenile Correctional Facility	119.0	119.0	119.0	--	119.0
Beloit Juvenile Correctional Facility	103.0	100.0	100.0	--	100.0
Larned Juvenile Correctional Facility					
FTE Positions	148.0	148.0	148.0	7.0	148.0
Non-FTE Unclassified Permanent Positions	15.0	15.0	15.0	--	15.0
Total--Larned Juvenile Correctional Facil.	163.0	163.0	163.0	7.0	163.0
Kansas Juvenile Correctional Complex	--	--	223.0	--	--
Topeka Juvenile Correctional Facility					
FTE Positions	226.0	227.0	228.0	--	228.0
Non-FTE Unclassified Permanent Positions	1.0	--	--	--	--
Total--Topeka Juvenile Correctional	227.0	227.0	228.0	--	228.0
Subtotal--FTE Positions	635.0	635.0	860.0	8.0	636.0
Subtotal--Non-FTE Unclass. Perm. Pos.	30.0	30.8	30.8	--	30.8
Subtotal--Juvenile Justice	665.0	665.8	890.8	8.0	666.8
Adjutant General					
FTE Positions	215.0	215.0	215.0	1.0	215.0
Non-FTE Unclassified Permanent Positions	118.0	123.0	123.0	15.0	123.0
Total--Adjutant General	333.0	338.0	338.0	16.0	338.0
Ombudsman for Corrections					
FTE Positions	3.5	--	--	--	--
Emergency Medical Services Board					
FTE Positions	12.0	12.0	12.0	--	12.0
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--Emergency Medical Services	13.0	13.0	13.0	--	13.0

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
State Fire Marshal					
FTE Positions	46.0	49.0	49.0	18.0	49.0
Non-FTE Unclassified Permanent Positions	2.0	2.0	2.0	--	2.0
Total--State Fire Marshal	48.0	51.0	51.0	18.0	51.0
Highway Patrol					
FTE Positions	823.8	823.8	823.8	--	823.8
Non-FTE Unclassified Permanent Positions	61.3	61.3	61.3	--	61.3
Total--Highway Patrol	885.1	885.1	885.1	--	885.1
Kansas Bureau of Investigation					
FTE Positions	200.0	200.0	200.0	3.0	200.0
Non-FTE Unclassified Permanent Positions	84.0	97.0	89.0	--	89.0
Total--Kansas Bureau of Investigation	284.0	297.0	289.0	3.0	289.0
Kansas Parole Board	4.0	3.0	3.0	--	3.0
Kansas Sentencing Commission					
FTE Positions	10.0	7.0	7.0	--	7.0
Non-FTE Unclassified Permanent Positions	2.0	3.0	1.0	2.0	3.0
Total--Kansas Sentencing Commission	12.0	10.0	8.0	2.0	10.0
Total--FTE Positions	5,084.3	5,070.8	5,295.8	30.0	5,071.8
Total--Non-FTE Unclassified Perm. Pos.	329.3	348.1	338.1	17.0	340.1
Total--Public Safety	5,413.6	5,418.9	5,633.9	47.0	5,411.9
Agriculture & Natural Resources					
Department of Agriculture					
FTE Positions	296.5	296.5	296.5	--	296.5
Non-FTE Unclassified Permanent Positions	15.2	16.5	17.5	--	17.5
Total--Department of Agriculture	311.7	313.0	314.0	--	314.0
Animal Health Department	32.6	32.6	31.6	3.0	32.6
State Conservation Commission					
FTE Positions	15.5	15.5	15.5	--	15.5
Non-FTE Unclassified Permanent Positions	1.0	1.0	1.0	--	1.0
Total--State Conservation Commission	16.5	16.5	16.5	--	16.5
Health and Environment--Environment					
FTE Positions	488.0	485.0	485.0	--	485.0
Non-FTE Unclassified Permanent Positions	27.0	30.0	30.0	--	30.0
Total--Health & Environment--Environ.	515.0	515.0	515.0	--	515.0
Kansas State Fair					
FTE Positions	23.0	23.0	23.0	--	23.0
Kansas Water Office					
FTE Positions	22.5	22.5	22.5	--	22.5
Non-FTE Unclassified Permanent Positions	0.5	1.0	1.0	--	1.0
Total--Kansas Water Office	23.0	23.5	23.5	--	23.5
Department of Wildlife & Parks	406.5	406.5	406.5	--	406.5
Total--FTE Positions	1,284.6	1,281.6	1,280.6	3.0	1,281.6
Total--Non-FTE Unclassified Perm. Pos.	43.7	48.5	49.5	--	49.5
Total--Agriculture & Natural Resources	1,328.3	1,330.1	1,330.1	3.0	1,331.1

Schedule 9--Authorized Positions by Agency

	<u>FY 2003 Actual</u>	<u>FY 2004 Gov. Estimate</u>	<u>FY 2005 Base Budget</u>	<u>FY 2005 Enhance. Pkg.</u>	<u>FY 2005 Gov. Rec.</u>
Transportation					
Kansas Department of Transportation					
FTE Positions	3,247.5	3,247.5	3,247.5	--	3,247.5
Non-FTE Unclassified Permanent Positions	3.0	10.0	10.0	--	10.0
Total--Kansas Dept.of Transportation	3,250.5	3,257.5	3,257.5	--	3,257.5
Total--FTE Positions	39,212.2	39,156.4	39,306.2	186.5	38,990.9
Total--Non-FTE Unclassified Perm. Pos.	1,642.8	1,779.9	1,770.2	17.5	1,772.2
Total Positions	40,855.0	40,936.3	41,076.4	204.0	40,763.1

Statutory Budget

The portion of the state budget financed from the State General Fund is subject to an ending balance requirement. State law requires that the budget submitted by the Governor and the budget approved by the Legislature leave an ending balance of at least 7.5 percent of expenditures for the forthcoming fiscal year. Because the level of resources available in the State General Fund has declined the past few years, the requirement for an ending balance has been amended. The 2002 Legislature lowered the balance requirement to 5.0 percent for FY 2003 and the 2003 Legislature lowered it further to zero for FY 2004. However, because the reduced level is applicable only a year at a time, the Governor is legally obligated to submit a budget based on an ending balance of the original 7.5 percent for the next fiscal year.

Therefore, to satisfy the requirements of KSA 75-6701, the Governor in this section submits a complete budget with an ending balance of 7.5 percent for the State General Fund for FY 2005. The summary table presents State General Fund revenues, expenditures, and balances based on the requirements of current law.

The schedule on the following pages presents a budget, by agency, in which most agencies are reduced by 14.8 percent. This percentage represents the reduction necessary to produce the required ending balance. The base upon which the reduction is made is the FY 2005 Governor's recommendations presented earlier in this volume. The designated percentage has not been applied to school finance in the budget of the Department of Education, the Board of Regents and its

institutions, or the Legislative and Judicial Branches of government.

State General Fund Summary		
<i>(Dollars in Millions)</i>		
	Gov. Rec. FY 2004	Statutory FY 2005
Beginning Balance	\$ 122.7	\$ 239.5
Revenues	4,449.1	4,488.1
Total Available	\$ 4,571.8	\$ 4,727.6
Gov. Rec. Expenditures	4,332.3	4,614.7
Reduction to Reach Balance	--	(216.9)
Total Expenditures	\$ 4,332.3	\$ 4,397.8
Ending Balance	\$ 239.5	\$ 329.8
<i>As a Percentage of Expenditures</i>	<i>5.5%</i>	<i>7.5%</i>

Totals may not add because of rounding.

Although this budget is required to be submitted by law, the Governor does not regard it as representative of her budget proposals or priorities. The budget recommendations she submits to the Legislature for consideration and approval are those contained in the preceding pages of this volume as well as Volume 2 of *The Governor's Budget Report*. For purposes of tracking legislative adjustments and eventually reporting an approved budget, the Governor's true recommendations, not this "statutory budget," will be used as the point of reference.

Reductions Required to Meet 7.5 Percent Ending Balance

	<u>FY 2005 Gov. Rec.</u>	<u>Reduction Amount</u>	<u>Statutory Budget Scenario</u>
General Government			
Department of Administration	20,295,151	(3,005,752)	17,289,399
Kansas Human Rights Commission	1,392,724	(206,265)	1,186,459
Board of Indigents' Defense Services	17,695,342	(2,620,715)	15,074,627
Kansas Public Employees Retirement Sys.	3,212,624	(475,796)	2,736,828
Department of Revenue	20,046,408	(2,968,913)	17,077,495
Board of Tax Appeals	1,294,199	(191,673)	1,102,526
Governmental Ethics Commission	474,169	(70,225)	403,944
Office of the Governor	1,624,479	(240,589)	1,383,890
Office of the Lieutenant Governor	114,817	(17,005)	97,812
Attorney General	3,806,479	(563,747)	3,242,732
Legislative Coordinating Council	699,867	--	699,867
Legislature	13,253,654	--	13,253,654
Legislative Research Department	2,775,629	--	2,775,629
Legislative Division of Post Audit	1,962,893	--	1,962,893
Revisor of Statutes	2,446,056	--	2,446,056
Judiciary	91,731,496	--	91,731,496
Total--General Government	\$ 182,825,987	\$ (10,360,680)	\$ 172,465,307
Human Resources			
Social & Rehabilitation Services	800,071,963	(118,492,242)	681,579,721
Kansas Neurological Institute	11,048,774	(1,636,345)	9,412,429
Larned State Hospital	26,216,315	(3,882,688)	22,333,627
Osawatomie State Hospital	8,035,978	(1,190,144)	6,845,834
Parsons State Hospital & Training Center	7,245,227	(1,073,032)	6,172,195
Rainbow Mental Health Facility	3,841,426	(568,923)	3,272,503
Subtotal--SRS	\$ 856,459,683	\$ (126,843,375)	\$ 729,616,308
Department on Aging	167,581,230	(24,819,112)	142,762,118
Health & Environment--Health	16,908,412	(2,504,169)	14,404,243
Department of Human Resources	1,055,737	(156,357)	899,380
Commission on Veterans Affairs	5,093,697	(754,387)	4,339,310
Kansas Guardianship Program	1,027,513	(152,177)	875,336
Total--Human Resources	\$ 1,048,126,272	\$ (155,229,576)	\$ 892,896,696

Reductions Required to Meet 7.5 Percent Ending Balance

	<u>FY 2005 Gov. Rec.</u>	<u>Reduction Amount</u>	<u>Statutory Budget Scenario</u>
Education			
Department of Education	2,330,583,954	--	2,330,583,954
School for the Blind	4,646,699	(688,185)	3,958,514
School for the Deaf	7,382,250	(1,093,326)	6,288,924
Subtotal--Department of Ed.	\$ 2,342,612,903	\$ (1,781,511)	\$ 2,340,831,392
Board of Regents	150,442,803	--	150,442,803
Emporia State University	30,128,913	--	30,128,913
Fort Hays State University	31,238,730	--	31,238,730
Kansas State University	103,191,373	--	103,191,373
KSU--Veterinary Medical Center	47,713,858	--	47,713,858
Kansas State University--ESARP	9,823,702	--	9,823,702
Pittsburg State University	134,647,272	--	134,647,272
University of Kansas	32,866,166	--	32,866,166
University of Kansas Medical Center	102,088,552	--	102,088,552
Wichita State University	64,535,032	--	64,535,032
Subtotal--Regents	\$ 706,676,401	--	\$ 706,676,401
Kansas Arts Commission	1,481,857	(219,466)	1,262,391
Historical Society	5,685,264	(841,999)	4,843,265
State Library	4,954,803	(733,816)	4,220,987
Total--Education	\$ 3,061,411,228	\$ (3,576,792)	\$ 3,057,834,436
Public Safety			
Department of Corrections	82,748,160	(12,255,166)	70,492,994
El Dorado Correctional Facility	21,163,802	(3,134,401)	18,029,401
Ellsworth Correctional Facility	10,786,339	(1,597,478)	9,188,861
Hutchinson Correctional Facility	24,984,840	(3,700,304)	21,284,536
Lansing Correctional Facility	32,912,677	(4,874,433)	28,038,244
Larned Correctional MH Facility	8,308,828	(1,230,554)	7,078,274
Norton Correctional Facility	12,513,125	(1,853,219)	10,659,906
Topeka Correctional Facility	10,288,847	(1,523,799)	8,765,048
Winfield Correctional Facility	10,072,141	(1,491,704)	8,580,437
Subtotal--Corrections	\$ 213,778,759	\$ (31,661,057)	\$ 182,117,702

Reductions Required to Meet 7.5 Percent Ending Balance

	<u>FY 2005</u> <u>Gov. Rec.</u>	<u>Reduction</u> <u>Amount</u>	<u>Statutory</u> <u>Budget Scenario</u>
Juvenile Justice Authority	28,628,511	(4,239,939)	24,388,572
Atchison Juvenile Correctional Facility	5,855,242	(867,173)	4,988,069
Beloit Juvenile Correctional Facility	4,688,537	(694,382)	3,994,155
Kansas Juvenile Correctional Complex	430,000	(63,684)	366,316
Larned Juvenile Correctional Facility	7,870,781	(1,165,678)	6,705,103
Topeka Juvenile Correctional Facility	12,506,462	(1,852,232)	10,654,230
Subtotal--Juvenile Justice	\$ 59,979,533	\$ (8,883,088)	\$ 51,096,445
Adjutant General	4,671,248	(691,821)	3,979,427
Kansas Bureau of Investigation	12,472,058	(1,847,136)	10,624,922
Kansas Parole Board	433,043	(64,135)	368,908
Sentencing Commission	5,835,088	(864,188)	4,970,900
Total--Public Safety	\$ 297,169,729	\$ (44,011,425)	\$ 253,158,304
Agriculture & Natural Resources			
Department of Agriculture	9,518,030	(1,409,639)	8,108,391
Animal Health Department	572,345	(84,765)	487,580
State Conservation Commission	592,127	(87,695)	504,432
Health & Environment--Environment	9,760,328	(1,445,524)	8,314,804
Kansas State Fair	655,133	(97,026)	558,107
Kansas Water Office	1,297,854	(192,215)	1,105,639
Department of Wildlife & Parks	2,732,319	(404,662)	2,327,657
Total--Agriculture & Natural Resources	\$ 25,128,136	\$ (3,721,527)	\$ 21,406,609
Total Expenditures	\$ 4,614,661,352	\$ (216,900,000)	\$ 4,397,761,352