

For immediate release  
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## **Governor Parkinson puts forth plan to fix \$106 million budget gap** *Governor calls on Legislative leaders to join in solution*

Governor Mark Parkinson has put forward his plan to balance an unexpected \$106 million hole in the current fiscal year's budget by, among other things, reducing work on Kansas' highways and roads throughout this year and next.

"I have said, time and time again, that there are no great options left to balance the budget. Having already cut more than \$1 billion from state spending, every option I have left will harm state programs. However, facing an additional \$106 million shortfall with less than four months left in the fiscal year, I am compelled to act.

"A strong infrastructure is critical to our ability to move goods and services to market; and maintaining our roads creates hundreds of potential jobs and millions of dollars in economic activity throughout Kansas. With this in mind, we must work together towards a solution that would recommit our state to a reasonable transportation plan.

"In the meantime, we cannot balance the next budget or protect our schools, public safety and safety net services without new revenue. I look forward to the Legislature to coming to the table, putting politics aside, and raising the revenue we need to get Kansas back on track."

Administration officials will make a series of cuts, transfers and adjustments to net at least \$52 million; a detailed description of administrative steps is attached. The remaining \$54 million will require legislative action; therefore, Governor Parkinson has asked the legislature to do the following:

- Transfer \$28 million from the highway fund to the State General Fund. This action will require the Department of Transportation to cancel nearly all maintenance projects that have yet to be started in 2010 and 2011.
- Pass HB 2130, primary seatbelt legislation. This action will produce \$10 million in federal funds.
- Implement a moratorium on KPERS death and disability payments for the last quarter of FY 2010. This action will produce \$12 million in available resources while keeping the fund solvent.
- Pass legislation to codify the Insurance Commissioner's equal treatment of Kansas' three Medicaid HMOs. This action will produce \$4 million.

Governor Parkinson also signed today Senate Substitute for House Bill 2222, commonly known as the 2010 Rescission Bill.

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**Governor Parkinson's FY 2010 Budget Balancing Plan**  
**March 5, 2010**  
*(Dollars in Millions)*

<b>State General Fund Tax Collection Shortfall Through February</b>	<b>\$ (106.0)</b>
<b>February Income Tax Refunds Paid Fast Than Expected</b>	<b>15.0</b>
<i>Through February, electronic individual income tax filings are 50,000 higher than last year, which means refunds have been paid out more quickly than estimated. Fewer refunds will be paid in March and April.</i>	
<b>Large Corporate Use Tax Refund Paid Earlier Than Anticipated</b>	<b>6.0</b>
<b>Revised Shortfall</b>	<b>\$ (85.0)</b>
<b>Lower Medicaid Clawback Payments</b>	<b>16.0</b>
<i>The federal government has announced that for a limited period, the Medicaid Clawback that all states pay will be reduced.</i>	
<b>Managed Care Privilege Fees</b>	<b>4.0</b>
<i>Managed care organizations operating in Kansas will begin paying a 1.0% privilege fee to operate in Kansas. A similar, temporary, action is already in place by action of the Insurance Commissioner.</i>	
<b>Temporary Assistance to Needy Families Savings</b>	<b>15.0</b>
<i>Actual spending for TANF has been less than expected and the savings can be redirected to the State General Fund.</i>	
<b>One Quarter Moratorium to KPERS Death &amp; Disability Fund</b>	<b>12.0</b>
<i>The state pays 1.0% of employee salaries into this fund; with idle balances in the Fund, a moratorium on payments can be put in place for the last quarter of the fiscal year without jeopardizing any disability or death benefits.</i>	
<b>Passage of Primary Seat Belt Law</b>	<b>10.0</b>
<i>Once this law is passed, Kansas will receive \$11 million from the federal government; \$1 million of the payment must be spent on safety programs, but the remainder may be used to help the state's budget.</i>	
<b>Highway Maintenance Lettings Stopped and Savings Transferred</b>	<b>28.0</b>
<i>KDOT will cancel \$87 million of highway maintenance projects that had been planned for letting in this fiscal year, \$28 million of which will be savings realized in the current fiscal year.</i>	
<b>Recommendations to Address Shortfall</b>	<b>\$ 85.0</b>