

February 10, 2012

The Honorable Carolyn McGinn, Chairperson
Senate Committee on Ways and Means
Room 545-S, Statehouse

and

The Honorable Marc Rhoades, Chairperson
House Committee on Appropriations
Room 351-S, Statehouse

Dear Senator McGinn:

The items contained in this memo, Governor's Budget Amendment No. 1, amend the FY 2013 budget that I submitted to you in January. Total adjustments to expenditures and positions are shown below. I also recommend a transfer to the State General Fund from the Department of Administration that brings the net effect on my recommended State General Fund budget to zero.

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 411,578
All Other Funds	<u>2,000,000</u>	<u>(1,062,045)</u>
All Funds	\$ 2,000,000	(\$ 656,173)
FTE Positions	--	29.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	29.00

Voluntary Retirement Incentive Program

1. Adjustments to Budget Reductions

Last summer I announced the Voluntary Retirement Incentive Program, with the goal of reducing agency spending to help the state live within its means. Approximately 4,000 employees were eligible and 1,027 retired through the incentive program. In administering this program, some decisions with an impact on agency budgets were made after preparation of my original budget. To ensure agencies have the proper staffing levels, I amend my budget to

readjust several agencies that were reduced in my original budget issued last month. In total, \$1,435,495 is added as well as 29.00 FTE positions. To compensate the State General Fund for this additional expense not anticipated in my original budget, a transfer from the Department of Administration's Accounting Services Recovery Fund is also recommended so the net effect to the State General Fund will be zero.

Total—Voluntary Retirement Incentive Program Adjustments

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 411,578
All Other Funds	<u>--</u>	<u>937,955</u>
All Funds	\$ --	\$ 1,343,827
FTE Positions	--	29.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	29.00

Office of the State Bank Commissioner

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>137,803</u>
All Funds	\$ --	\$ 137,803
FTE Positions	--	2.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	2.00

Department of Credit Unions

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>91,910</u>
All Funds	\$ --	\$ 91,910
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

Department of Labor

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 5,706
All Other Funds	<u>--</u>	<u>73,338</u>
All Funds	\$ --	\$ 79,044

Adjutant General

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 29,645
All Other Funds	<u>--</u>	<u>63,517</u>
All Funds	\$ --	\$ 93,162
FTE Positions	--	2.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	2.00

State Fire Marshal

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>82,807</u>
All Funds	\$ --	\$ 82,807
FTE Positions	--	3.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	3.00

Highway Patrol

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>215,326</u>
All Funds	\$ --	\$ 174,475

Kansas Bureau of Investigation

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 127,553
All Other Funds	<u>--</u>	<u>8,705</u>
All Funds	\$ --	\$ 136,258
FTE Positions	--	3.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	3.00

Sentencing Commission

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 34,680
All Other Funds	<u>--</u>	<u>3,854</u>
All Funds	\$ --	\$ 38,534
FTE Positions	--	1.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.00

Department of Agriculture

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 213,994
All Other Funds	<u>--</u>	<u>254,989</u>
All Funds	\$ --	\$ 468,983
FTE Positions	--	6.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	6.00

Department of Transportation

FTE Positions	--	11.00
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	11.00

Department of Commerce

2. Airport Incentive Funding

I amend my budget to shift \$2.0 million in my FY 2013 budget for the Department of Commerce to FY 2012. The Legislature put the original funds in the North Central Kansas Air Passenger Service Support Fund in KDOT, and because the air service in Manhattan has been successful, this money was not accessed and can now be pulled back to the Economic Development Initiatives Fund and made available. My intent is to turn that money back around within this fiscal year to make it quickly available, in the event it is needed.

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>2,000,000</u>	<u>(2,000,000)</u>
All Funds	\$ 2,000,000	(\$ 2,000,000)

Health and Human Service Agencies

3. Reorganization of State Agencies

One of the most significant cost drivers in our state budget has been Medicaid. As my team worked through the details of the agency realignment to streamline how Medicaid will be managed in Kansas, we subsequently made changes to the broader plan to accommodate legal and technical issues affecting the agencies. I therefore amend my budget to align it with Executive Reorganization Order No. 41. Although individual agency's budgets are affected as programs shift, this budget amendment totals to zero.

Department of Health and Environment

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 645,573
All Other Funds	<u>--</u>	<u>253,271</u>
All Funds	\$ --	\$ 898,844
FTE Positions	--	12.75
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	12.75

Department on Aging and Disability Services

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ 343,068
All Other Funds	<u>--</u>	<u>(858,006)</u>
All Funds	\$ --	(\$ 514,938)
FTE Positions	--	(6.75)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(6.75)

Department of Children and Families

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	(\$ 988,641)
All Other Funds	<u>--</u>	<u>910,343</u>
All Funds	\$ --	(\$ 78,298)
FTE Positions	--	(2.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(2.00)

Board of Nursing

	<u>FY 2012</u>	<u>FY 2013</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(305,608)</u>
All Funds	\$ --	(\$ 305,608)
FTE Positions	--	(4.00)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(4.00)

Sincerely,



Sam Brownback
Governor