

April 23, 2003

Alan Conroy, Director  
Legislative Research Department  
Room 545-N, Statehouse  
Topeka, Kansas 66612

Dear Mr. Conroy:

The attachment includes corrections and technical adjustments to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected as accurately as possible. In most cases, the adjustments correct errors made in posting the detailed budgets or publishing *The FY 2004 Governor's Budget Report*. In the case of the death and disability item, actual numbers are being brought up to date in place of the original estimates. This memorandum includes Governor's amendments that adjust reportable expenditures but require no action on the part of the Legislature and do not need to be included in the Omnibus Bill. It is intended to update reportable expenditures and facilitate reconciling between your office and ours. The total effect of the adjustments is presented in the following table. If you have questions, please contact me or the budget analyst responsible for that item.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 129,126	\$ --
All Funds	\$ 47,390,476	(\$ 748,108)
FTE Positions	(1.0)	(18.2)
Non-FTE Permanent Positions	<u>(1.0)</u>	<u>(1.5)</u>
Total Positions	(2.0)	(19.7)

Sincerely,

Duane A. Goossen  
Director of the Budget

## Department of Revenue

### 1. Position Correction

The Governor's recommendation is amended to move a .5 non-FTE unclassified position to the FTE category. That action requires an increase in the position limitation for the Department of Revenue by a 0.5 FTE position in FY 2004 from 1,157.5 FTE positions to 1,158.0. The amendment includes a corresponding decrease of a .5 non-FTE unclassified permanent position, which would reduce the total in this category from 3.5 to 3.0. This will correct an error in *The FY 2004 Governor's Budget Report* without causing a net change to the total number of positions.

## Department of Commerce and Housing

### 2. Transfer Division of Housing to K DFA

The Governor's recommendation is amended to reflect the transfer of the Division of Housing from the Department of Commerce and Housing to the Kansas Development Finance Authority (K DFA). The authority to make the transfer is included in Executive Reorganization Order No. 30. The reorganization will require the transfer of \$55,629,800 and 38.0 FTE positions. K DFA is an "instrumentality of the state," not a state agency. K DFA's budget is outside of the state budget; as a result, the funding and positions transferred to K DFA will also be outside of the state system.

	FY 2003	FY 2004
State General Fund	\$ --	\$ --
All Other Funds	--	(55,629,800)
All Funds	\$ --	\$ (55,629,800)

## Office of the Securities Commissioner

### 3. Contractual Services

The contractual services expenditures for the Office of the Securities Commissioner in FY 2005 were inadvertently reported in *Volume 2 of The FY 2004 Governor's Budget Report* as \$446,186. The table should have reported expenditures for contractual services of \$449,186 and total expenditures of \$2,238,647 in FY 2005.

## Department on Aging

### 4. SCHICK Program Transfer

The Senior Health Insurance Counseling for Kansas Program (SHICK) is funded through a grant to the Kansas Department on Aging from the U.S. Department of Health and Human Services. In 1997, responsibility for administering the program was transferred to the Kansas Insurance Department. In support of this transfer, the two agencies entered into an agreement to pass funding from the Department on Aging to the Insurance Department. Effective March 1, 2003, the Department on Aging and the Insurance Department terminated that agreement and returned the program responsibilities and funding to the Department on Aging. This amendment to the Governor's budget recommendation reflects the shift of funding accordingly. Department on Aging expenditures from all funding sources will increase by \$102,000 in FY 2003 and \$208,000 in FY 2004. Expenditures from the State General Fund are not affected. The Insurance Department's expenditures will decrease by \$47,000 in FY 2003 and \$326,308 in FY 2004.

Department on Aging:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>      102,000</u>	<u>      208,000</u>
All Funds	\$   102,000	\$   208,000

Insurance Department:

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>      (47,000)</u>	<u>     (326,308)</u>
All Funds	\$   (47,000)	\$   (326,308)

## Department of Education

### 5. Capital Improvement State Aid Revenue Transfer

The capital improvement state aid program was changed from a State General Fund demand transfer to a revenue transfer by the 2002 Legislature. The amounts anticipated to be spent in FY 2003 and FY 2004 were not included in the agency's reportable expenditures in either year, although this item was reported correctly for FY 2002 when it was still a demand transfer. In order to report agency expenditures correctly, \$47,216,350 is added in FY 2003 and \$55,000,000 in FY 2004.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>47,216,350</u>	<u>55,000,000</u>
All Funds	\$ 47,216,350	\$ 55,000,000

### **Kansas School for the Blind**

#### **6. Position Correction**

4.0 FTE positions were inadvertently left out of the FY 2004 budget for the School for the Blind in the Governor's original recommendation. With the addition of these positions, the FY 2004 total will be 93.5.

### **Kansas School for the Deaf**

#### **7. Position Correction**

16.3 FTE positions were inadvertently left out of the FY 2004 budget for the School for the Deaf in the Governor's original recommendation. With the addition of these positions, the FY 2004 total will be 173.5.

### **Kansas Bureau of Investigation**

#### **8. FTE and Non-FTE Unclassified Permanent Positions Correction**

The number of FTE positions in the Kansas Bureau of Investigation was inadvertently reported as 201.0 in FY 2003 and FY 2004 in the original budget recommendations. The number of non-FTE unclassified permanent positions also was mistakenly reported as 89.0 in FY 2003 and 76.5 in FY 2004. The correction to the *FY 2004 Governor's Budget Report* will reduce the number of FTE positions to 200.0 in each of FY 2003 and FY 2004. The number of non-FTE unclassified permanent positions will be reduced to 88.0 in FY 2003 and 75.5 in FY 2004.

	Original Recommendation		As Corrected	
	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2003</u>	<u>FY 2004</u>
FTE	201.0	201.0	200.0	200.0
Non-FTE	89.0	76.5	88.0	75.5

## Kansas Water Office

### 9. State Water Plan Fund Reduction

The Governor's budget is amended to reflect a \$10,000 State Water Plan Fund reduction in the Kansas Water Office in FY 2003. The reduction will be made in the agency's "Technical Assistance to Water Users" account. This reduction is intended to offset a \$10,000 increase in the Department of Agriculture's State Water Plan expenditures, which is already included in the approved budget. The Department of Agriculture increase is for the salaries and wages of interns, who will assist the Department in the review of water use reports. These reviews are currently part of an agreement between the Kansas Water Office and the U.S. Geological Survey.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$       --	\$       --
All Other Funds	<u>      (10,000)</u>	<u>      --</u>
All Funds	\$    (10,000)	\$       --

## All Agencies

### 10. KPERS Death and Disability Adjustment

The Legislature approved a moratorium on KPERS death and disability payments for the fourth quarter of FY 2003. The authorizing language was included in HB 2026, which was passed earlier in the 2003 Legislative Session and has now become law. The Division of the Budget has completed the lapsing of funds from each State General Fund account and the transfer of special revenue fund savings to the State General Fund. These transactions have also been certified to the Division of Accounts and Reports, and the changes have been made in the accounting system. This item is to adjust State General Fund expenditures for reporting purposes to reflect the difference between the amounts estimated at the time the legislation passed and the actual numbers that are now known.

The original estimate of lapses from State General Fund accounts totaled \$5,265,070, including both regular KPERS and KPERS School. The actual amount turned out to be \$5,135,944. When this recommendation was originally submitted, it was presented as a lump sum subtraction from the total State General Fund budget. Because the amount lapsed was smaller than the original estimate, expenditures remain higher than originally anticipated. As a result, expenditures from the State General Fund, in the aggregate, will be increased by \$129,126. The amount of revenue that was expected to be transferred from special revenue funds to the State General Fund totaled \$858,000. The actual amount was the same as the amount anticipated. Because there was no authority to reduce the expenditure limitation of special revenue funds these transactions were treated as revenue transfers to the State General Fund from unencumbered balances without reducing the expenditure authority of those funds.

	<u>FY 2003</u>	<u>FY 2004</u>
State General Fund	\$ 129,126	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 129,126	\$ --