

April 20, 2004

The Honorable Melvin Neufeld, Chairperson  
House Committee on Appropriations  
Room 517-S, Statehouse

and

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

Dear Representative Neufeld:

This amendment, Governor's Budget Amendment No. 3, includes items for new budget issues that have arisen, updated information about existing issues, caseload adjustments, implementation of executive reorganization orders, and technical corrections. The following table summarizes the contents of this GBA:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 9,167,229	\$ 11,039,679
All other Funds	<u>(13,895,083)</u>	<u>82,250,717</u>
All Funds	\$ (4,727,854)	\$ 93,290,396
FTE Positions	--	43.7
Non-FTE Unclassified Permanent	<u>--</u>	<u>(5.0)</u>
Total Positions	--	38.7

## Department of Administration

### 1. Medicaid Reimbursement/Older Americans Act Funding

I amend my budget to create a separate fund for the Long-Term Care Ombudsman entitled Title XIX—Long-Term Care Ombudsman Medicaid Federal Grant Fund. These dollars, totaling \$45,316 for FY 2005, are currently transferred from the Department on Aging to the Department of Administration, where they are expended from the Older Americans Act—Long-Term Care Ombudsman Federal Fund. With the creation of a separate fund, the existing one can be reduced from \$321,796 to \$276,480. This change more clearly identifies the sources of the receipts and expenditures for the Long-Term Care Ombudsman. The change will also allow the Ombudsman to maximize Title XIX receipts.

### 2. Motor Vehicle Sale Proceeds

In February 2004, the Department of Administration contracted for a vehicle auction to dispose of excess vehicles in the state inventory. In my original recommendations, the sale of these vehicles was estimated to result in additional revenues of \$1.0 million for the State General Fund. At the end of the auction actual receipts that will be transferred to the State General Fund totaled \$1.6 million. A total of 24 of the vehicles sold belonged to the Department of Wildlife and Parks. These vehicles were purchased with funds whose use is subject to federal restrictions. To avoid violating the restrictions governing these funds, I amend my budget to transfer \$42,960 from the State General Fund to the Wildlife and Parks Fee Fund in FY 2005.

## KPERs

### 3. Core Systems Replacement Project

I amend my budget to finance the KPERs Core Systems Replacement Project in the amount of \$1,027,500 from the KPERs Fund in FY 2005. This phase will include the migration of all current systems to a single platform utilizing an enterprise relational database. At the time my original budget recommendations were presented to the Legislature, the project had not been given approval by the Executive Branch Chief Information Technology Officer (CITO). However, since that time, the CITO has approved the project and KPERs is ready to proceed to the next phase.

	FY 2004	FY 2005
State General Fund	\$       --	\$       --
All Other Funds	--	1,027,500
All Funds	\$       --	\$ 1,027,500

### 4. Master Tobacco Settlement Agreement

According to the Master Settlement Agreement signed in 1998, Kansas is to receive regular payments through the Tobacco Settlement Agreement, which are deposited in the Kansas

Endowment for Youth (KEY) Fund. From this fund, transfers are made to the Children's Initiatives Fund to finance important programs as well as to the State General Fund. My original budget recommendations were based on the revenue estimates developed last fall. We now know, however, that actual receipts in the current year are \$3.5 million less than projected, and the FY 2005 amount will be \$4.0 million less. I recommend that the Legislature reduce the FY 2004 and FY 2005 transfers from the KEY Fund to the State General Fund in order to avoid budget reductions to children's programs.

### Secretary of State

#### 5. HAVA State Match

I amend my FY 2004 and FY 2005 budgets to add \$28,245 and \$434,152, respectively, from the State General Fund to provide the state match for federal funds to implement the Help America Vote Act (HAVA). During the 2002 Legislative Session, I recommended \$225,000 from the State General Fund to match \$7.5 million in federal funds. As of March 31, 2004, the amount of federal funds has been approved at \$7,661,648, which requires an additional state match of \$28,245. For FY 2005, the state match represents 3.0 percent of the aggregate amount to be spent for HAVA. Another 2.0 percent will be provided by Kansas counties. Therefore, \$434,152 from the State General Fund and \$289,435 from the counties will match the \$14,471,728 federal funds.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 28,245	\$ 434,152
All Other Funds	<u>161,648</u>	<u>14,471,728</u>
All Funds	\$ 189,893	\$ 14,905,880

### Attorney General

#### 6. Lapse Correction

To implement reductions that were included in my FY 2004 recommendations for the Attorney General's operating expenditures, \$242,997 was lapsed in the regular appropriations bill. However, this amount was a misposting in the bill and should have been \$214,037. This technical correction needs to be made in the Omnibus appropriations bill. Reportable expenditures, as they appeared in the original budget documents, were presented correctly and do not need to change.

## Insurance Department

### 7. Service Regulation Fund

For FY 2004, an excess balance of \$850,000 in the Service Regulation Fund is authorized to be transferred to the State General Fund. As part of the Consensus Revenue Estimate for April 20, 2004, the excess balance is now estimated to be \$150,000 higher than originally anticipated. The amounts transferred for FY 2004, therefore, will total \$1.0 million. For FY 2005, the transfer approved in the regular appropriations bill was \$920,000. The consensus estimates increased this amount by \$80,000, for a total of \$1.0 million in FY 2005 as well. I amend my budget to capture the increased amounts in both FY 2004 and FY 2005.

## Kansas Dental Board

### 8. Convert Temporary Staff to FTE Position

In addition to its permanent staff, the Kansas Dental Board currently employs temporary personnel to handle the irregular workload of the licensure process. One of the temporary staff is a part-time Administrative Assistant. Because of the potential for turnover of temporary staff and the risk of losing the incumbent's expertise, I amend my budget to make this part-time temporary position a permanent .5 FTE position. The position is already budgeted at \$10,410 from agency fee funds, so no additional expenditure authority is needed. The agency's FTE position limitation will be increased from 2.5 to 3.0 for FY 2005 as a result of this action.

	FY 2004	FY 2005
FTE Positions	--	.5
Non-FTE Unclassified Permanent	--	--
Total Positions	--	.5

### 9. Operating Expenditure Increases

I amend my budget to include additional expenditure authority from the Kansas Dental Board Fee Fund in FY 2004 from \$317,870 to \$347,241. This \$29,371 increase is mostly the result of unintentionally exceeding the budget for contractual services: temporary services in office assistance in relocating to new office space; DISC charges for computer services and the use of cell phones; higher rent costs in the new office location; increased travel expenses for board members; and higher than anticipated costs for professional services in the inspections contract and the legal services contract. All of the increase will be paid from the Dental Board Fee Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>29,371</u>	<u>--</u>
All Funds	\$ 29,371	\$ --

### **Department of Social & Rehabilitation Services**

#### **10. Permanent Guardianship Placements**

I amend my FY 2005 budget to add \$70,200 from the State General Fund for additional placements in the Permanent Guardianship Program. This recommendation will bring FY 2005 funding to the same level as the FY 2004 recommendation.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 70,200
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 70,200

#### **11. Replace Medicaid Deferral for Child Welfare**

I amend my FY 2004 and FY 2005 budget to reflect the replacement of Medicaid funds for Child Welfare programs that were deferred by the Centers for Medicare and Medicaid Services (CMS) for not complying with the August 2003 managed care regulations. While SRS has placed the utmost priority on gaining compliance, CMS has set a deliberate pace for approval. The agency does not expect the final resolution to occur until FY 2005. In FY 2004, the total amount of federal funding that will not be available is expected to be \$29,310,000. This amount represents the total FY 2004 Medicaid funding for the Foster Care, Adoption, and Family Preservation Programs. For the current fiscal year, this amendment includes an increase of \$10.0 million from the State General Fund, an increase of \$19.3 million from the fee fund, and a decrease of \$29.3 million from the federal Medicaid Fund. For FY 2005, this amendment includes a decrease of \$10.0 million from the State General Fund, a decrease of \$19.3 million from the fee fund, and an increase of \$29.3 million from the federal Medicaid Fund. This funding swap between the fiscal years is predicated on the recoupment of the deferred Medicaid dollars in FY 2005.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 10,000,000	\$ (10,000,000)
All Other Funds	<u>(10,000,000)</u>	<u>10,000,000</u>
All Funds	\$ --	\$ --

## 12. Medicaid Caseloads

I amend my FY 2004 and FY 2005 budget to reflect changes in caseloads and the cost of assistance programs. These adjustments are the result of consensus caseload estimates that involved the staff of the Department of Social and Rehabilitation Services, Legislative Research, the Department on Aging, and the Division of the Budget. The consensus estimates included Regular Medical Assistance, Nursing Facilities, Nursing Facilities for Mental Health, Temporary Assistance to Families, General Assistance, Foster Care, and Adoption.

For FY 2004, this amendment includes a decrease from all funding sources of \$2.1 million and an increase of \$2.2 million from the State General Fund. This change in the funding mix is the result of changes in the populations that are served and the funding sources that are available to each different population. For FY 2005, this amendment includes an increase of \$300,000, including \$642,000 from the State General Fund. The State General Fund adjustments include an increase of \$300,000 for General Assistance and \$342,000 for Nursing Facilities for Mental Health. The recommended expenditures for Nursing Facilities, Temporary Assistance to Families, Regular Medical Assistance, Foster Care, and Adoption were not changed.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 2,202,175	\$ 642,000
All Other Funds	<u>(4,267,873)</u>	<u>(342,000)</u>
All Funds	\$ (2,065,698)	\$ 300,000

## 13. Sexual Predator Treatment Program

I amend my FY 2005 budget to provide additional funding for the Sexual Predator Treatment Program (SPTP) at Larned State Hospital. The original FY 2004 budget approved by the 2003 Legislature for this program totaled \$3,727,931. In January, I recommended a total of \$3,856,439 for FY 2005. However, in January as part of the revised FY 2004 budget, I also recommended the addition of \$1.96 million as supplemental funding to support 72.0 new positions with the expectation that some of that supplemental funding would carry forward to FY 2005. SRS now estimates that \$750,000 of the FY 2004 supplemental funding will be carried forward to FY 2005. For FY 2005, SRS estimates that an additional \$2,724,691 will be needed in addition to the amount already recommended. The total includes the \$750,000 that will carry forward and \$1,974,691 appropriated from the State General Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (750,000)	\$ 2,724,691
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (750,000)	\$ 2,724,691

## 14. Health Care Access Improvement Program

I amend my FY 2005 budget to add expenditures for a new Health Care Access Improvement Program. Funding for the program, from the Health Care Access Improvement

Fund, will be derived through a provider assessment on hospitals and health maintenance organizations. These assessments will be subject to the approval of a state plan amendment by the federal Centers for Medicare and Medicaid Services (CMS). The Health Care Access Improvement Program cannot begin until CMS has approved the assessment plan. SRS states that approval of the assessment plan is not likely to occur before January 1, 2005. If that is the case, one half of the revenues from the assessments, or \$22,250,000, will be available for expenditure in FY 2005.

From that amount, I recommend increases in Medicaid reimbursement rates for the following services: \$14.0 million for hospital rates, \$3.5 million for physician rates, \$2.5 million for managed care provider rates, and \$800,000 for pharmacy rates. In addition, I recommend \$500,000 for operational grants to primary care safety net clinics, \$200,000 in one-time grants for facility expansion to provide dental services, \$550,000 for in-home family supports for home and community-based services participants, and \$150,000 for the home and community-based services for head injuries. This additional state funding will be used to draw down \$33,375,000 in matching federal Medicaid funding, which will bring the total increase in SRS expenditures to \$55,575,000. Finally, \$50,000 of the \$22,250,000 will support the functions of the Healthcare Data Governing Board of the Department of Health and Environment.

Department of Social & Rehabilitation Services:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>55,575,000</u>
All Funds	\$ --	\$ 55,575,000

Department of Health & Environment:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>50,000</u>
All Funds	\$ --	\$ 50,000

**Department of Human Resources**

**15. Employment Services**

I amend my budget to transfer the Employment Services Program from the Department of Human Resources (DHR) to the Department of Commerce. The authority to make the transfer is included in Executive Reorganization Order No. 31 (ERO), which was approved during the regular part of the legislative session. The reorganization will require the transfer of \$38,973,356 from DHR to Commerce. DHR's total positions will be reduced by 301.6 positions, and Commerce's total positions will be increased by 296.6. The difference of 5.0 positions represents non-FTE vacant positions which will not be transferred to Commerce. The ERO

establishes the Division of Workforce Development in Commerce, which will administer the Employment Services Program. The ERO also abolishes the Division of Employment and Training in DHR and DHR is renamed the Department of Labor.

Department of Human Resources:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (4,444)
All Other Funds	<u>--</u>	<u>(38,968,912)</u>
All Funds	\$ --	\$ (38,973,356)
FTE Positions	--	(280.6)
Non-FTE Unclassified Permanent	<u>--</u>	<u>(21.0)</u>
Total Positions	--	(301.6)

Department of Commerce:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 4,444
All Other Funds	<u>--</u>	<u>38,968,912</u>
All Funds	\$ --	\$ 38,973,356
FTE Positions	--	280.6
Non-FTE Unclassified Permanent	<u>--</u>	<u>16.0</u>
Total Positions	--	296.6

## 16. Hispanic, African-American, & Native American Affairs

I amend my budget to implement Substitute for 2004 HB 2435, which the Legislature passed prior to first adjournment. This bill changes the name of the current Advisory Committee on Hispanic Affairs to the Hispanic and Latino American Affairs Commission and relocates it, together with the existing Advisory Commission on African-American Affairs to the Office of the Governor. In addition, I recommend relocation of the Office of Native American Affairs in the same way, except it was not part of HB 2435 because it was created administratively, not by statute. The FY 2005 budget for Hispanic and Latino American Affairs totals \$194,365, of which \$183,684 is from the State General Fund, \$10,000 is federal funds, and \$681 represents private donations. The FY 2005 budget for African-American Affairs equals \$186,852, \$183,502 from the State General Fund and \$3,350 from federal funds. The FY 2005 budget for Native American Affairs is \$120,374, all from the State General Fund. These amounts will be deleted from the budget of the Department of Human Resources and added to the budget of the Governor's Office. A total of 8.0 positions, 3.0 FTE positions each for Hispanic and African-American Affairs and 1.0 FTE position and 1.0 non-FTE unclassified permanent position for Native American Affairs, will also be transferred.



## Department of Human Resources:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (487,560)
All Other Funds	<u>--</u>	<u>(14,031)</u>
All Funds	\$ --	\$ (501,591)
FTE Positions	--	(7.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>(1.0)</u>
Total Positions	--	(8.0)

## Office of the Governor:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 487,560
All Other Funds	<u>--</u>	<u>14,031</u>
All Funds	\$ --	\$ 501,591
FTE Positions	--	7.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>1.0</u>
Total Positions	--	8.0

**17. Transfer Unused Bond Proceeds to Other Capital Improvement Projects**

I amend my FY 2005 budget to use \$600,000 in unspent bond money from renovation of the state-owned building at 401 SW Topeka Blvd. for other renovation projects subject to review by the Joint Committee on State Building Construction. The Department of Human Resources has completed renovation of the facility at the Topeka Blvd. location and has realized a savings of \$600,000 from the original \$3.8 million bond issuance. The debt service payments on the bonds would not change.

**18. Unemployment Insurance Benefits Computer System**

I amend my FY 2005 budget to recommend that the Department of Human Resources be given bonding authority to finance a comprehensive upgrade of Kansas' unemployment benefits computer system. The Department will use \$21.0 million in federal Reed Act funds to pay the debt service on the bonds. The duration of the bonds will be for six years. By using bond financing, the Department will be using the equivalent of the accrued interest on the principal to finance the project. A needs assessment and feasibility study on the computer system, as well as the financing for both, are included in the approved FY 2004 budget. I recommend that the final decision to proceed with the project be subject to approval of the State Finance Council after the project has been reviewed by the Joint Committee on Information Technology.

## Department of Health and Environment

### 19. Food Safety Program

I amend my budget to implement Executive Reorganization No. 32, which transfers some food safety functions from the Department of Health and Environment to the Department of Agriculture, effective October 1, 2004. The purpose of the transfer is to streamline the food safety program and to avoid the confusion that has occurred in the past because similar duties were being performed by two separate agencies. The duty of regulating and inspecting restaurants will remain with KDHE, and the inspection of other food service establishments will be performed by the Department of Agriculture. KDHE will transfer 6.0 FTE inspector positions, including the computers and vehicles assigned to those positions, to KDA at a cost of \$320,198 from agency fee funds. Of this amount, \$246,986 is for salaries and \$73,212 for related operating expenses. The Food Inspection Fee Fund will remain at KDHE and a similar fund will be established for DOA, both having unlimited spending authority.

Department of Health and Environment:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>(320,198)</u>
All Funds	\$ --	\$ (320,198)
FTE Positions	--	(6.0)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	(6.0)

Department of Agriculture:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>320,198</u>
All Funds	\$ --	\$ 320,198
FTE Positions	--	6.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	6.0

## Kansas Commission on Veterans Affairs

### 20. Federal Match for Capital Improvements

I amend my FY 2004 budget to authorize \$181,771 to match federal grants for capital improvements at the Kansas Soldiers Home and Kansas Veterans Home. This amount will pay

for the shortfall between the original estimates for these projects, which were submitted when the grants were applied for, and the current bids. Of the total shortfall of \$273,448, \$91,677 will be paid from funds remaining in other construction grants, and the balance of \$181,771 will be paid from the State Institutions Building Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>181,771</u>	<u>--</u>
All Funds	\$ 181,771	\$ --

### **Department of Education**

#### **21. School Finance Consensus Adjustments**

I amend my budget to adjust state funding for school finance in FY 2004 and FY 2005. Current estimates for the amount of supplemental general state aid and general state aid to school districts are based on the recently released final assessment valuation data, enrollment changes, and the anticipated effect of local option budget usage. These factors were agreed to by staff from the Legislative Research Department, Department of Education, and Division of the Budget. Property valuations were reduced by \$93.0 million to reflect a recent Supreme Court decision that the state has no authority to tax stored natural gas owned by non-resident power companies. 2004 HB 2897 would address this issue, to clarify that the natural gas is taxable. This adjustment reduces local effort, requiring the addition of \$1,856,000 from the State General Fund under the school finance formula. I urge the Legislature to enact HB 2897 to clarify the state's tax policy. The balance of additional monies required are primarily for additional anticipated use of local option budgets. Barring action by the Legislature on school finance, school boards must continue to make use of this mechanism, which was originally conceived as temporary.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (71,000)	\$ 10,260,000
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (71,000)	\$ 10,260,000

#### **22. KPERS—School**

In concert with my veto message on HB 2675, I hereby amend my budget to adjust the amount for KPERS—School. My veto message restored \$6.0 million to the KPERS—School line-item for FY 2004. Because the final payment has already been released, to lapse the money at this time would pose administrative difficulties. To avoid this, I instead recommend lapsing the correct current year's savings, \$847,191. Staff from the Legislative Research Department, Department of Education, KPERS, and Division of the Budget conferred on the amounts appropriated for employer contributions to the KPERS Fund for school employees and

determined that the adjustments noted below are what is needed to keep contributions to the fund at the correct level.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (847,191)	\$ 4,253,138
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ (847,191)	\$ 4,253,138

### 23. Vocational and Technical Education Act

The Board of Regents and the State Board of Education entered into a memorandum of understanding on July 1, 2001, setting forth each Board's responsibilities for administering the federal Carl D. Perkins Vocational and Technical Education Act in Kansas. Under this agreement and state law, the Board of Regents assumes the role of lead agency for administering technical education in Kansas on July 1, 2004. With this change, \$11,700 will be lapsed from the appropriation to the State Board of Education and \$11,700 will be appropriated to the Board of Regents so that all state matching funds will be equally divided between the two agencies. The Board of Education will also transfer 1.5 FTE positions to the Board of Regents. So that these changes may be implemented, I hereby amend my budget to reflect these changes.

Department of Education:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ (11,700)
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ --	\$ (11,700)
FTE Positions	--	(1.5)
Non-FTE Unclassified Permanent	<u>          --</u>	<u>          --</u>
Total Positions	--	(1.5)

Board of Regents:

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 11,700
All Other Funds	<u>          --</u>	<u>          --</u>
All Funds	\$ --	\$ 11,700
FTE Positions	--	1.5
Non-FTE Unclassified Permanent	<u>          --</u>	<u>          --</u>
Total Positions	--	1.5

## Board of Regents

### 24. National Guard Educational Assistance

I amend my budget to reduce the appropriation for the National Guard Educational Assistance Program from \$725,028 to \$475,028. The 2003 Legislature already appropriated \$250,000 for this program that was overlooked when the appropriation bill was approved for FY 2005. This adjustment will put the total FY 2005 funding for the program at the intended amount of \$725,028, the \$250,000 approved a year ago and the \$475,028 added this year. Reportable expenditures, as they appeared in the original budget documents, were presented correctly and do not need to change.

## Fort Hays State University

### 25. Memorial Union Renovation Debt Financing

I amend my budget to authorize a \$5.7 million bond issue for renovation of the Fort Hays State Memorial Union in FY 2005. This will be a 20-year revenue bond issuance by the Kansas Development Finance Authority with debt service beginning in FY 2006. It will be secured with student activity fee revenues. In December 2003, the student body passed a referendum endorsing an increase in student fees up to \$6.00 per on-campus credit hour to support the renovation. These fees will be deposited in the newly-created Memorial Union Renovation Debt Service Fund.

## Department of Corrections

### 26. Bedspace Contract

I amend my budget to include \$1,460,000 from the State General Fund in FY 2005 for the Department of Corrections to contract with local governments or private companies for the housing of male medium and/or maximum custody inmates. These funds will be utilized only when the number of maximum and medium custody male inmates reaches a capacity of 6,061. On March 29, 2004, the number of inmates was 5,954. This requested amount will provide for the lease of 100 beds for 365 days at a per diem rate of \$40.

	FY 2004	FY 2005
State General Fund	\$ --	\$ 1,460,000
All Other Funds	--	--
All Funds	\$ --	\$ 1,460,000

### 27. Food Service Contract

Based on a higher than anticipated inmate population level, it is estimated that the FY 2004 food service contract will exceed the current budget amount by \$125,000. Of this amount,

\$80,000 can be absorbed with savings from the Inmate Benefit Fund. As a result, I amend my budget to add a State General Fund appropriation of \$45,000 for the food service contract.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 45,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 45,000	\$ --

## **28. Health Care Contract**

Current estimates indicate that the FY 2004 cost of the health care contract will exceed the current budget amounts by \$460,000. Of this amount, \$185,000 is a result of a higher inmate population level and \$275,000 is from a shortfall in the alien incarceration federal grant. Of the \$460,000 deficit, \$181,000 can be offset from travel savings in Parole Services, \$119,000 can be offset from unanticipated commissions from inmate telephone calls, and \$100,000 can be offset from savings at the Lansing Correctional Facility. As a result, I amend my budget to include a State General Fund appropriation of \$60,000 to make up the difference for the health care contract.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ 60,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ 60,000	\$ --

## **29. Construction of Spiritual Life Center**

The Central Kansas Prison Ministry, a private organization, has been raising funds for a Spiritual Life Center at the El Dorado Correctional Facility. The organization has raised \$120,000 of the estimated \$711,000 needed for construction of the building. No state funds will be used for this project, and the private funds will be spent directly by the Ministry, not through the state budget. However, the Center will become the property of the state. I amend my budget to add a provision that will allow the Spiritual Life Center to be constructed on state property.

### **Kansas Juvenile Correctional Complex**

## **30. Open 60 Beds**

I amend my budget to finance operating costs associated with 60 maximum-security beds at the new Kansas Juvenile Correctional Complex during FY 2005. A total of \$1,415,774, with \$1,115,774 from the State General Fund and \$300,000 in federal school lunch funds, will be added to the \$430,000 of State General Fund money already included in the approved FY 2005 budget. All of the original \$430,000 is for utilities. The additional funding will primarily be used to finance the salaries and wages of the 38.2 FTE positions that are needed to make use of

60 beds. Minimal funding has been added for maintenance and other operational costs. In addition, new federal funds need to be established in each of the juvenile correctional facilities.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 1,115,774
All Other Funds	<u>--</u>	<u>300,000</u>
All Funds	\$ --	\$ 1,415,774
FTE Positions	--	38.2
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	38.2

### Sentencing Commission

#### 31. SB 123 Drug Treatment Funding Revision

I amend my budget to reduce expenditures in FY 2004 by \$1.5 million from the State General Fund for 2003 SB 123 drug treatment payments to community corrections. This recommendation does not reduce the capacity of the program, but adjusts expenditures based on the most recent estimates for the number of offenders that are utilizing the treatment program.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ (1,500,000)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ (1,500,000)	\$ --

### Animal Health Department

#### 32. Animal Disease Homeland Defense Account

I amend my budget to include the expenditure of additional monies received from the USDA for foreign animal disease detection along with a response plan that includes cattle, swine, sheep, and poultry. The Department will receive funds for the following: \$75,350 for Foreign Animal Disease, \$44,110 for Bovine Spongiform Encephalopathy (known as Mad Cow Disease), \$43,940 for emergency management preparedness, \$16,000 for Johne's, \$60,000 for Scrapie, \$38,000 for Swine Health, \$11,000 for Exotic Newcastle Disease, and \$334,905 for homeland security for FY 2005. The homeland security portion includes surveillance and two self-contained mobile units to be used for emergency eradication efforts.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>623,305</u>
All Funds	\$ --	\$ 623,305

### Kansas Water Office

#### 33. New FTE Position and Position Upgrades

I amend my budget to add 1.0 FTE Professional Civil Engineer I position for \$66,753 and upgrade the salaries of 2.0 existing positions in the Kansas Water Office. The new position in the Hydrology and Evaluation Unit is needed to fulfill my commitment to the Kansas Water Office to identify and resolve complex water resource issues across the state. The Water Office has a list of 11 projects for which technical analysis and study is needed to resolve policy issues and negotiate with other agencies and interested parties statewide. Existing staff members have had to work with diverse and often conflicting interests in addition to regular duties. I will upgrade a Public Service Administrator I (PSA I) to a PSA III for \$6,129 and upgrade an Environmental Scientist IV (ES IV) to an ES V for \$6,842. Total funding will be \$79,724 from the State General Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ 79,724
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$ 79,724
FTE Positions	--	1.0
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	--	1.0

### Department of Wildlife and Parks

#### 34. Almena Irrigation District Agreement

I amend my budget to finance an agreement between the Department of Wildlife and Parks and the Almena Irrigation District. This agreement will pay the District to maintain a level of water in Sebelius Reservoir that will be adequate for outdoor recreation use and give the Department and the District two years to establish policies for sustainable water yield from the Reservoir. For FY 2005, the Department of Wildlife and Parks will pay \$120,000 for this agreement, financed in equal amounts from the Wildlife Fee Fund, the Boating Fee Fund, and the Park Fee Fund.



	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>120,000</u>
All Funds	\$ --	\$ 120,000

### 35. Hunter Education Program

I amend my budget to authorize the Department of Wildlife and Parks to spend \$80,000 in additional federal aid for the state's Hunter Education program. The U.S. Fish and Wildlife Service has notified the Department that the additional \$80,000 will be available in FY 2005, and the funds will be used to purchase equipment to enhance the existing program.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>80,000</u>
All Funds	\$ --	\$ 80,000

## Kansas Department of Transportation

### 36. Radio Communications System

I amend my budget to finance expenditures related to the Kansas Department of Transportation's radio communication system. 2004 HB 2756, which has been passed by the Legislature and signed by me, authorizes the agency to lease radio communication equipment and access to the agency's radio communication towers to state and local public safety agencies. Administration of the program will require 4.0 FTE positions for \$203,184 and \$142,000 for other operating expenditures, all from the Radio Communication System Revolving Fund.

	<u>FY 2004</u>	<u>FY 2005</u>
State General Fund	\$ --	\$ --
All Other Funds	--	<u>345,184</u>
All Funds	\$ --	\$ 345,184
FTE Positions	--	4.0
Non-FTE Unclassified Permanent	--	<u>--</u>
Total Positions	--	4.0

## Message on Menninger Memorial State Park

I ask the Legislature to amend the FY 2005 appropriation language included in HB 2675 for the Kansas Department of Wildlife and Parks to delete a proviso restricting development of the proposed Menninger Memorial State Park. My FY 2005 budget recommendations included

\$100,000 from the Park Fee Fund to implement the planning phase of park development prior to acquisition of the property. This appropriation was approved, but the proviso attached by the Legislature restricting expenditure of the funds until title to the property has been acquired and requiring State Finance Council approval prior to expenditure of the funds will unnecessarily delay development of this facility. The Legislature has approved the development of this new park in Shawnee County, and funds should be authorized effective July 1, 2004, to allow for adequate time to develop a master plan for this park.

Sincerely,

KATHLEEN SEBELIUS  
Governor