

February 22, 2004

The Honorable Melvin Neufeld, Chairperson  
House Committee on Appropriations  
Room 514-S, Statehouse

and

The Honorable Dwayne Umbarger, Chairperson  
Senate Committee on Ways and Means  
Room 120-S, Statehouse

Dear Representative Neufeld:

As Governor's Budget Amendment No. 1, I offer the following corrections to the budget document submitted to the Legislature so that the intentions of the Governor can be reflected accurately. The adjustments correct errors made in posting the detailed budgets or publishing *The FY 2006 Governor's Budget Report*. The amendments presented in this memo will correct the amounts reported for expenditures and positions; however, the appropriations bills, as introduced, have already been corrected to reflect these amendments. Errors were identified through a cooperative process involving the Division of the Budget, state agencies, and your fiscal staff. We are thankful for their cooperation and assistance. Total adjustments to expenditures and positions are shown below. In addition, \$307,557 would be transferred to the State General Fund in FY 2005.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ (336,401)	\$ 30,582
All Other Funds	<u>10,557,883</u>	<u>8,419,998</u>
All Funds	\$ 10,221,482	\$ 8,450,580
FTE Positions	(9.80)	(17.70)
Non-FTE Unclassified Permanent	<u>--</u>	<u>--</u>
Total Positions	(9.80)	(17.70)

Sincerely,

Duane A. Goossen  
Director of the Budget

## Department of Administration

### 1. State Budget Stabilization Fund

Three capital improvement projects in the Department of Administration were financed from the State Budget Stabilization Fund several years ago. These dollars represent the last of the unspent monies from this old fund, which has been in existence but has not had a source of new revenue for many years. The three projects include rehabilitation and repair for state facilities, rehabilitation and repair for the Judicial Center, and Judicial Center improvements. The Department did not continue funding for these projects in the budget estimates that were submitted in the fall of 2004 for FY 2005. Therefore, the expenditure authority for these funds should have been lapsed in the Governor's recommendations. Accordingly, this amendment would transfer the unencumbered balances in all three accounts of this fund, totally \$307,557, to the State General Fund. That would also allow the State Budget Stabilization Fund to be abolished.

## Department of Revenue

### 2. FTE Position Correction

The Department of Revenue's FTE limitation was overstated by 10.00 FTE positions in FY 2005 and 18.00 positions in FY 2006. The positions are related to the Department's effort to improve delinquent tax collections. However, the intent of the Governor's recommendation, based on a proposal submitted by the Department, was to hire these positions within the existing FTE limitation. This amendment to *The FY 2006 Governor's Budget Report* would correct the reported number of FTE positions. No change to expenditures is necessary.

	FY 2005	FY 2006
FTE Positions	(10.00)	(18.00)
Non-FTE Unclassified Permanent	--	--
Total Positions	(10.00)	(18.00)

## Insurance Department

### 3. FTE Position Correction

When the Insurance Department submitted its FY 2005 and FY 2006 budget request in September 2004, the FTE position totals that were reported for the agency reflected an inadvertent decrease of .20 FTE position for FY 2005 compared to the approved amount and .50 FTE position less than what it should have been for FY 2006. This amendment to *The FY 2006 Governor's Budget Report* will restore these FTE position amounts to the correct totals in the Department's budget for both of these fiscal years.

	<u>FY 2005</u>	<u>FY 2006</u>
FTE Positions	.20	.50
Non-FTE Unclassified Permanent	--	--
Total Positions	<u>.20</u>	<u>.50</u>

### **Guardianship Program**

#### **4. 27th Paycheck Correction**

The Governor's original recommendation included \$18,702 from the State General Fund in FY 2006 to fund the 27th paycheck. However, the Kansas Guardianship Program employees, who are not regular state employees, are paid monthly instead of biweekly. Therefore, there will be no additional paycheck in FY 2006 for this agency. As a result, the additional funding that was included in the Governor's budget recommendation is not needed to meet the agency's planned payroll and should be removed.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ (18,702)
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$ (18,702)</u>

### **Commission on Veterans Affairs**

#### **5. FTE Position Correction**

Volume I of *The FY 2006 Governor's Budget Report* shows the number of FTE positions for FY 2006 as 558.00. However, the 2006 total was not intended to be any different from the FY 2005 amount, which was 557.80. Therefore, the FY 2006 total reported needs to be reduced by .20 FTE position.

	<u>FY 2005</u>	<u>FY 2006</u>
FTE Positions	--	(.20)
Non-FTE Unclassified Permanent	--	--
Total Positions	<u>--</u>	<u>(.20)</u>

### **Department of Education**

#### **6. School Finance Consensus on Local Effort**

On November 18, 2005, staff from the Department of Education, Division of the Budget, and Legislative Research Department met to review more recent enrollment data, property tax

revenues, and local option budget usage in order to update school finance costs. At that meeting, numerous adjustments to the Department's budget were made. One of these items was an agreement that expenditures from the State School District Fund will be higher than previously thought in both FY 2005 and FY 2006. School districts that are building new facilities to handle additional students may levy additional property taxes in the district, which are deposited in this flow-through fund and then returned to the affected districts. This aspect of the group's conclusions was inadvertently left out of the Governor's recommended budget. In FY 2005, \$9.9 million in expenditures should be added to the Department's budget, and in FY 2006, \$8.4 million should be added.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>9,900,000</u>	<u>8,400,000</u>
All Funds	\$ 9,900,000	\$ 8,400,000

### Board of Regents

#### 7. Pay Plan Correction

Financing for the Board of Regents pay plan was inadvertently underfunded by \$50,098 from all funding sources in the Governor's original recommendations for FY 2006, including \$49,284 from the State General Fund. The Governor's intent is to fund the pay plan fully for all state agencies.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ 49,284
All Other Funds	<u>--</u>	<u>814</u>
All Funds	\$ --	\$ 50,098

#### 8. State Scholarship Program

Because of a misunderstanding in the fall of 2004, Kansas State University reported only the first semester expenditures for the State Scholarship Program. It was intended that universities report student financial aid expenditures for the entire school year to the Board of Regents. This error left the budget for the program underfunded, so \$60,000 should be transferred from the Comprehensive Grant Program to the State Scholarship Program. This shift, which has no net effect on the State General Fund, will correct *The 2006 Governor's Budget Report* so that the scholarship funding is sufficient.

## Wichita State University

### 9. Aviation Research Debt Service

The aviation research debt service payments, which constitute a State General Fund supplemental appropriation, was overstated in *The FY 2006 Governor's Budget Report*. To correct this, the Aviation Research debt service account of the State General Fund needs to be reduced by \$333,268. This excess reflects the capitalized interest on the bonds that is being used to pay part of the debt service obligation. The use of capitalized interest is an Off Budget expenditure and should not be reflected in *The FY 2006 Governor's Budget Report*.

	FY 2005	FY 2006
State General Fund	\$ (333,268)	\$ --
All Other Funds	--	--
All Funds	\$ (333,268)	\$ --

### State Library

### 10. Budget Correction

A total of \$3,133 from the State General Fund was inadvertently added to the budget of the State Library in FY 2005, although the intent was to keep the State Library's budget at the FY 2005 approved amount. This correction to *The FY 2006 Governor's Budget Report* will delete this unnecessary amount from the State Library's budget for FY 2005.

	FY 2005	FY 2006
State General Fund	\$ (3,133)	\$ --
All Other Funds	--	--
All Funds	\$ (3,133)	\$ --

### Fire Marshal

### 11. New Federal Grant

The Office of the State Fire Marshal has received notification of a federal grant to purchase response equipment for weapons of mass destruction incidents. This grant, in the amount of \$607,883, was not included in the agency's revised FY 2005 estimate of expenditures last fall, because notification of approval came too late to include it. Executive Directive 05-358 has been issued by the Governor, effective February 17, 2005, to provide the agency the authority to expend these federal monies. This amendment to *The FY 2006 Governor's Budget Report* will reflect these expenditures correctly in the agency's budget for FY 2005.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>607,883</u>	<u>--</u>
All Funds	\$ 607,883	\$ --

## 12. Salary Plan Expenditures

Beginning with the FY 2006 budget cycle, an Off Budget program was created for the agency's use. This Off Budget program was created to avoid double counting monies the agency receives from other state agencies for services the agency performs. After reviewing the agency's budget, it was determined that \$19,184 of monies that should be counted as On Budget were inadvertently placed in the Off Budget program. This amendment to *The FY 2006 Governor's Budget Report* will reflect these expenditures correctly in the agency's budget for FY 2006.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>--</u>	<u>19,184</u>
All Funds	\$ --	\$ 19,184

### Adjutant General

## 13. Military Emergency Relief

The Adjutant General's budget, as submitted in the fall of 2004, omitted expenditures totaling \$50,000 from the Military Emergency Relief Fund for FY 2005. This fund was established by the 2004 Legislature to assist military members and their families in financial emergencies. Therefore, this amount should be added to correct the agency's reportable expenditure total that was incorrectly reported in *The FY 2006 Governor's Budget Report*.

	<u>FY 2005</u>	<u>FY 2006</u>
State General Fund	\$ --	\$ --
All Other Funds	<u>50,000</u>	<u>--</u>
All Funds	\$ 50,000	\$ --