

April 26, 2013

The Honorable Ty Masterson, 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 Masterson:

The items contained in this memo, Governor's Budget Amendment No. 2, amend the budget that I submitted to you in January. These items reflect new issues that have arisen or changes that can be made based on new information. Total adjustments to expenditures and positions are shown below.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	(\$ 36,851,287)	(\$17,469,214)	\$2,749,481
All Other Funds	<u>(60,084,763)</u>	<u>12,911,454</u>	<u>(1,357,815)</u>
All Funds	(\$ 96,936,050)	(\$ 4,557,760)	\$1,391,666
FTE Positions	--	--	--
Non-FTE Unclassified Permanent	--	<u>1.00</u>	<u>1.00</u>
Total Positions	--	1.00	1.00

**Department of Administration**

**1. Bonding Authority Designation to State Finance Council**

The recently issued federal budget proposal for the Department of Homeland Security includes \$714.0 million for the National Bio and Agro-Defense Facility. To honor the state's commitment on this project, I recommend that the Legislature delegate additional bonding authority to the State Finance Council of \$202.0 million. It is not yet clear as to when debt

Senate Ways and Means Committee  
Date: 05-08-2013  
Attachment #: 2

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
ELARF	(\$ 84,000)	(\$ 1,598,000)	(\$ 2,738,000)
Problem Gambling/Addict Grant Fund	(6,000)	(138,000)	(242,000)
Local Cities/Counties	(9,000)	(207,000)	(363,000)
Casino Managers	<u>(201,000)</u>	<u>(4,957,000)</u>	<u>(8,757,000)</u>
All Funds	(\$ 300,000)	(\$ 6,900,000)	(\$12,100,000)

Expenditures through the statutory formula to make payments to local cities and counties where the casinos are located and to the casino managers must now be reduced as a result of the new revenue estimate, and I amend my budget to account for this change.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$ --	\$ --
All Other Funds	<u>(210,000)</u>	<u>(5,164,000)</u>	<u>(9,120,000)</u>
All Funds	(\$ 210,000)	(\$5,164,000)	(\$9,120,000)

The reduced estimate also requires reductions to planned expenditures from the ELARF and Problem Gambling and Addictions Grant Fund. I hereby amend the debt service budget for the Department of Administration in both FY 2014 and FY 2015 to account for these new revenue estimates and request that language be added to the appropriations bill to allow the State General Fund to make up for future ELARF revenue shortfalls.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$1,598,000	\$ 2,738,000
All Other Funds	<u>--</u>	<u>(1,598,000)</u>	<u>(2,738,000)</u>
All Funds	\$ --	\$ --	\$ --

Similarly, I amend the Addiction and Prevention Services Grant Program in the Department for Aging and Disability Services that is financed from the Problem Gambling and Addictions Grant Fund to ensure that current services are maintained.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$ 138,000	\$ 242,000
All Other Funds	<u>--</u>	<u>(138,000)</u>	<u>(242,000)</u>
All Funds	\$ --	\$ --	\$ --

Fund. The larger reduction to the State General Fund is mainly due to a temporary increase in payments to primary care physicians that is fully funded with federal Medicaid dollars. The effects of this policy change were not included in the prior estimate.

For FY 2015, the estimate for all human services caseloads is a decrease of \$10.9 million, including \$5.6 million from the State General Fund, as compared to the Governor's recommended budget. The estimate for the Temporary Assistance to Families is a decrease of \$5.2 million all in federal funds. As was the case for the FY 2013 and FY 2014 estimates, the number of families is expected to decrease as economic conditions improve. Foster Care and Department of Corrections/Juvenile Justice Out of Home Placements are also decreased in the new estimates. The Foster Care estimate reflects savings of \$7.1 million resulting from the new contracts and the Juvenile Out of Home Placements estimate reflects savings of \$1.2 million resulting from fewer children in the program. The total estimate for the KanCare program in all agencies in FY 2015 reflects an increase of less than \$1.0 million or 0.03 percent. The FY 15 KanCare estimate is also impacted by the anticipated change in the Federal Medical Assistance Percentage (FMAP) rate which changed from 43.19 to 43.02 and lowered the state share by .17 percentage points, or approximately \$4.4 million for FY 15.

Dept. for Aging & Disability Svc.:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	(\$38,894,103)	(\$ 45,627,661)	\$ 1,855,704
All Other Funds	<u>(58,835,852)</u>	<u>(52,070,139)</u>	<u>--</u>
All Funds	(\$97,729,955)	(\$ 97,697,800)	\$ 1,855,704

Dept. for Children & Families:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ 1,819,950	(\$3,672,837)	(\$ 7,235,135)
All Other Funds	<u>(959,230)</u>	<u>(4,827,989)</u>	<u>(5,035,604)</u>
All Funds	\$ 860,720	(\$8,500,826)	(\$12,270,739)

Dept. of Health & Environment:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$24,470,000	\$ --
All Other Funds	<u>--</u>	<u>60,530,000</u>	<u>--</u>
All Funds	\$ --	\$85,000,000	\$ --

Dept. of Corrections/Juv. Justice:

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ (480,134)	\$ 224,812	\$ (251,560)
All Other Funds	<u>(79,681)</u>	<u>(153,029)</u>	<u>(228,016)</u>
All Funds	\$ (559,815)	\$ 71,783	\$ (479,576)

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	(\$4,629,484)	(\$4,629,484)
All Other Funds	--	<u>4,629,484</u>	<u>4,629,484</u>
All Funds	\$ --	\$ --	\$ --

#### KDHE—Division of Health Care Finance

#### 8. External Quality Review Contract

For FY 2014, the Kansas Department for Aging and Disability Services (KDADS) proposed the transfer of an external quality review contract to the Division of Health Care Finance of the Kansas Department of Health and Environment (KDHE). The contract is responsible for evaluating the managed care contracts for Medicaid mental health and substance use disorders that are now part of KanCare. The Governor's recommendation reduced KDADS budget by \$385,777, including \$196,472 from the State General Fund, for this item. No adjustments were made to the KDHE budget in the Governor's recommendation. KDHE does not require additional State General Fund, but does need an increase in the Medical Programs Fee Fund limitation in order to pay the state share of this contract. I hereby amend my budget to increase KDHE expenditures in FY 2014 and FY 2015 by \$385,777 and to increase the expenditure limitation of the Medical Programs Fee Fund in both years.

	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$ --	\$ --
All Other Funds	--	<u>385,777</u>	<u>385,777</u>
All Funds	\$ --	\$ 385,777	\$ 385,777

#### Schools for the Deaf and Blind

#### 9. Authorization to Transfer Funds between the School for the Deaf and the School for the Blind

For operational flexibility, I amend my budget to allow the Superintendent of the Schools for the Deaf and the Blind, with approval of the Director of the Budget, to transfer funds between individual State General Fund appropriations of the School for the Blind and School for the Deaf during FY 2013, FY 2014 and FY 2015. The schools continue to realize operational efficiencies and this authorization will assist in these efforts while ensuring essential services are maintained. The following language would be inserted in the appropriations bill:

- (a) During the fiscal year ending June 30, 2013, the superintendent for the schools for the deaf and the blind, with the approval of the director of the budget, may transfer any part of any item of appropriation for fiscal year 2013 from the state general fund for the school for the deaf or the school for the blind to another item of appropriation for fiscal year 2013 from the state general fund for the school for the deaf or the school for the

recovery, and mitigation efforts to protect our state. I therefore amend my budget to replace the lost federal funding with state support and to add funding for 1.00 non-FTE unclassified permanent position to begin the coordination and planning efforts with state and federal partners for the National Bio and Agro-Defense Facility in both FY 2014 and FY 2015.

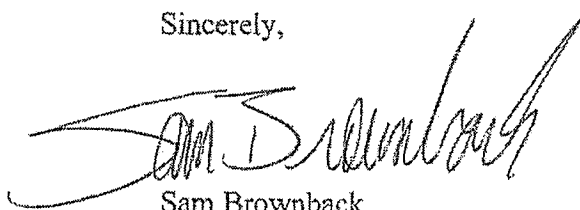
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
State General Fund	\$ --	\$ 439,956	\$ 439,956
All Other Funds	<u>--</u>	<u>(359,956)</u>	<u>(359,956)</u>
All Funds	\$ --	\$ 80,000	\$ 80,000
FTE Positions	--	--	--
Non-FTE Unclassified Permanent	<u>--</u>	<u>1.00</u>	<u>1.00</u>
Total Positions	--	1.00	1.00

### Message on the Judicial Branch

#### Fourteenth Court of Appeals Judge and Staff

In my original budget, I included funding in the amount of \$421,559 from the State General Fund for the 14th Court of Appeals Judge and staff in FY 2014 and FY 2015. In recognition of the essential nature of the activities of the Court of Appeals and the importance of finally reaching the complement of judges initially recommended by the 2001 Legislature, the 2013 Legislature passed HB 2019, which I signed into law on March 27, 2013. In order to implement the provisions of the bill, which require that a 14th Judge of the Court of Appeals be appointed within 60 days of the effective date of the bill, I encourage the Legislature to include this funding in the Judicial Branch budget for FY 2014 and FY 2015.

Sincerely,



Sam Brownback  
Governor