

MEMORANDUM

TO: Governor Mark Parkinson

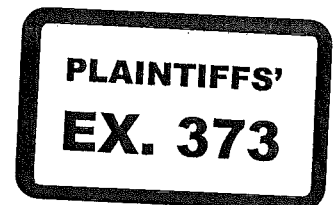
FROM: Duane A. Goossen, Secretary of Administration and Director of the Budget

DATE: July 2, 2009

SUBJECT: FY 2010 State General Fund Allotment

After considering current revenue information, the FY 2010 approved budget, and other pertinent information, it appears that the resources of the State General Fund are likely to be insufficient to cover the appropriations made against the State General Fund. Therefore, I advise that the use of an allotment plan as provided for in K.S.A. 75-3722 is necessary and beneficial to the state.

At the close of FY 2009, the State General Fund had a preliminary ending balance of \$66 million. However, \$73 million of FY 2009 school finance bills were carried forward for payment in FY 2010, and \$31 million of tax refunds that normally would have been paid in FY 2009 will be paid in FY 2010. In addition, the Judiciary will need a supplemental appropriation of \$8 million in FY 2010 in order to keep the courts operating. Taking into account these factors, estimated revenues, and approved expenditures, the FY 2010 State General Fund ending balance will be approximately \$160 million below zero unless corrective action is taken.



State General Fund Outlook
Legislature's Approved Budget
(Dollars in Millions)

	FY 2008 <u>Actual</u>	FY 2009 <u>Leg. Approved</u>	FY 2010 <u>Leg. Approved</u>
Beginning Balance	\$ 935.0	\$ 526.6	\$ 72.5
April Adjusted Consensus Rev. Estimate	<u>5,693.4</u>	<u>5,709.7</u>	<u>5,535.9</u>
Total Available	\$ 6,628.4	\$ 6,236.3	\$ 5,608.4
Legislative Approved Expenditures	\$ 6,101.8	\$ 6,163.8	\$ 5,613.6
Ending Balance	\$ 526.6	\$ 72.5	\$ (5.2)
<i>As Percent of Expenditures</i>	<i>8.6 %</i>	<i>1.2%</i>	<i>(0.1%)</i>

State General Fund Outlook
Governor's Revised FY 2010 Budget Plan
(Dollars in Millions)

	FY 2008 <u>Actual</u>	FY 2009 <u>Prelim. Actual</u>	FY 2010 <u>Projected</u>
Beginning Balance	\$ 935.0	\$ 526.6	\$ 65.9
Revenues			
April Adjusted Consensus Rev. Estimate	5,693.4	5,709.7	5,535.9
May and June 2009 Tax & Other Revenue Shortfall	--	(119.0)	--
Tax Refunds Held Over	--	--	(31.0)
Governor's Proposals to Balance Budget	--	--	69.3
Total Available	\$ 6,628.4	\$ 6,117.3	\$ 5,640.1
Expenditures			
Legislative Approved Expenditures	6,101.8	6,163.8	5,613.6
School Payments Carried Over	--	(73.0)	73.0
Other Underspending	--	(39.3)	35.0
Governor's Allotments	--	--	(90.1)
Legislature's Voluntary Reduction	--	--	(0.5)
Address Judiciary Funding Error	--	--	8.0
Total Expenditures	\$ 6,101.8	\$ 6,051.4	\$ 5,639.0
Ending Balance	\$ 526.6	\$ 65.9	\$ 1.1
<i>As Percent of Expenditures</i>	<i>8.6%</i>	<i>1.1%</i>	<i>0.0%</i>

Governor's Plan to Balance FY 2010 Budget

Revenue Gains

Suspend SGF Transfers Out	Health Care Stabilization Fund State Water Plan Fund Housing Trust Fund	2,805,000 3,295,432 2,000,000
Department of Commerce	Cessna Bond Payment No Longer Needed	4,150,000
Social & Rehabilitation Services	Use Federal TANF Contingency Fund for Earned Income Tax Credit Refunds	18,687,361
Department of Transportation	Reduce maintenance and operations and transfer funds*	30,000,000
Securities Commissioner	Transfer Special Settlement Payment*	5,000,000
EDIF	Transfer excess balance with direction that Commerce will reduce EDIF spending by an additional \$300,000 and KTEC by an additional \$140,000 *	3,400,000
Total Revenue Gains		\$ 69,337,793

Agency Allotments

Governor	2 % Reduction	(149,101)
Lt. Governor	2 % Reduction	(4,148)
Attorney General	2 % Reduction	(94,736)
Department of Administration	2 % Reduction (excluding debt service)	(305,352)
Human Rights Commission	2 % Reduction	(28,864)
Department of Revenue	Operational Efficiencies	(1,800,000)
Court of Tax Appeals	2 % Reduction	(28,811)
SRS	Reduce Salary Budget an Additional 2 % Increased FMAP Rate **	(1,483,534) (4,185,564)
KHPA	FY 2009 Caseload Savings Dental Program Increased FMAP Rate **	(5,300,000) (524,000) (6,300,000)
Department on Aging	Operating Reductions Increased FMAP Rate **	(99,000) (2,768,025)
Dept. of Health & Environment	2 % Reduction	(641,512)
Department of Labor	2 % Reduction	(9,515)
Department of Education	Operating Reductions KPERs School Over Funded Juvenile Detention Facilities Over Funded 2 % General State Aid Reduction	(150,000) (3,650,000) (2,451,322) (39,114,424)

Governor's Plan to Balance FY 2010 Budget

School for the Blind	2 % Reduction	(132,477)
School for the Deaf	2 % Reduction	(196,395)
Regents System	2 % Reduction	(15,295,000)
Arts Commission	Grants Reduction	(50,000)
State Library	2 % Reduction	(95,418)
Department of Corrections	Capture FY 2009 Savings	(1,100,000)
	Additional Labette Savings	(500,000)
Juvenile Justice Authority	Suspend Beloit JCF Operations effective Aug. 28	(1,466,131)
	Increased FMAP Rate **	(44,375)
Adjutant General	2 % Reduction (excluding disaster & debt payments)	(106,178)
Highway Patrol	Operating Reductions	(333,435)
KBI	CJIS Central Messaging Switch	(326,000)
Sentencing Commission	2 % Reduction	(172,089)
Department of Agriculture	Operating Reductions	(277,139)
Animal Health	2 % Reduction	(17,900)
Department of Wildlife and Parks	Further Reduce Capital Improvements	(116,794)
All Agencies	Undermarket Pay Plan Savings	(765,718)
Legislative Agencies	Voluntary Reduction*	(540,000)
Total Agency Allotments		\$ (90,622,957)
Total Gain to the State General Fund Balances		\$ 159,960,750

* Requires legislative action.

** The federal Recovery Act will provide additional funding for Medicaid, allowing Kansas to realize SGF expenditure savings with no program reduction.