

May 22, 2009

The Honorable Arne Duncan
Secretary of Education
U.S. Department of Education
400 Maryland Avenue S.W.
Washington, D.C. 20202

Dear Secretary Duncan:

Kansas, like many other states, faces a daunting financial challenge. State costs for public assistance programs and education have increased substantially while state revenues have declined due to the recession. In order to balance the state budget for FY 2009 and FY 2010, the Legislature approved a mix of revenue adjustments and spending cuts totaling approximately \$900 million. As a result of budget reductions in state funding for elementary and secondary education, including special education state aid, the State of Kansas is requesting a waiver for maintenance of effort for FY 2010 and FY 2011 for IDEA, under 34CFR Section 300.163. This section of federal law allows states to request a waiver due to a "precipitous and unforeseen decline in financial resources." The amount of the waiver request for each of the two years is \$60,212,507.

To substantiate our request, we will document the state's increasing investment in special education in the years leading up to the recession and the adverse impact the recession has had on the Kansas economy and state revenues. We will also show that public education fared better in relation to other state programs when the Legislature implemented its reductions to balance the state budget. Overall, public education accounts for 65% of the total expenditures from the State General Fund. Elementary and secondary education accounts for 52% of the total expenditures while higher education accounts for the remaining 13%.

In order to address adequacy issues and ensure that the educational needs for all special education students are met, the Kansas Legislature enacted legislation in 2005 requiring that state aid for special education be funded at 92 percent of excess cost. As demonstrated below, this has substantially increased the state's commitment to fund special education in recent years.

Fiscal Year	State Appropriation	Cumulative Percentage Increase
2004-05	\$250,744,332	-----
2005-06	\$292,471,391	16.6%
2006-07	\$334,003,604	33.2%
2007-08	\$403,273,815	60.8%
2008-09	\$427,753,137	70.6%
2009-10	\$367,540,630	46.6%
2010-11	\$367,540,630	46.6%

Despite the reduction approved for 2009-10, special education state aid has increased over 46 percent in the past five years. Based upon actual receipts and projected revenue, the state will encounter a 15.3 percent decline in available revenue in the State General Fund between FY 2008 and FY 2010. Directly attributable to this decline in revenue is a reduction in funding for special education state aid. The state appropriation for special education for FY 2010 is \$367,540,630. Even though this represents a reduction of 14.07 percent, it is noteworthy that this reduction is smaller than the overall decline in state revenue of 15.27 percent. In spite of the state's declining economic downturn, this administration and the Legislature did our best to minimize reductions for elementary and secondary education in comparison to other areas of the state budget.

Below please find a summary of the actual or projected revenues available to spend from the State General Fund for FY 2008 through FY 2010.

Fiscal Year	General Fund Revenue	Cumulative Percentage Decline
2007-08	\$6,628,400,000	-----
2008-09	\$6,243,200,000	(5.81%)
2009-10	\$5,616,100,000	(15.27%)

Where it becomes particularly evident that we considered public education to be our highest priority is when looking at the total budget approved for elementary and secondary education. Overall, the general operating fund of school districts was reduced by only 3.5 percent in 2009-10 which will allow school districts to offset some of the costs associated with special education. We point this out because a portion of the general operating funds of the school districts will be used to fund special education and this is extremely important for all special education programs in Kansas.

We made a concerted effort to minimize the reduction in special education state aid by utilizing the ARRA special education funds which together with state aid will result in only a one percent reduction for FY 2010 and FY 2011.

To substantiate our waiver request and demonstrate the effect of the recession on our state budget, we have outlined the data which details the economic downturn in our economy. This information was considered and later released by the state's revenue estimating group when forecasting revised State General Fund revenue estimates in April 2009 for FY 2009 and FY 2010. These estimates are developed using a consensus process that involves the Division of the Budget, the Kansas Legislative Research Department, the Kansas Department of Revenue and three consulting economists. The Governor's budget which was released in January 2009 for FY 2009 and FY 2010 was based on the November 2008 consensus estimates. The Legislature adopted its final budget in May 2009 for FY 2009 and FY 2010 based on the most current estimates available which were revised in April 2009.

Economic Forecast for Kansas – Summary

The contraction in the state, national and global economies that was apparent in early November took a significant turn for the worse over the winter months. The state revenue forecast in April was based on the expectation that Kansas would be able to experience a milder contraction than the nation as a whole, premised on the then-perceived relative health of key sectors of the state's economy, including aviation manufacturing and energy. However, the broader national crises engulfing the housing, credit, and stock markets have not spared those sectors. Moreover, the estimate for virtually every major state and national economic indicator now looks significantly worse than it did in the fall. Estimates of Kansas Growth State Product used in November of 3.5 percent for 2009 and 5.0 percent for 2010 have now been reduced to a negative 1.5 percent and 2.9 percent, respectively. While there seems to be a general consensus among analysts that the aggressive use of new fiscal and monetary policy initiatives by the federal government may help prevent a much more serious economic collapse, the length and severity of the current downturn remains to be determined. Many forecasts continue to indicate that this could be the longest and deepest recession in the last 70 years.

Federal Legislation

Two pieces of federal legislation will greatly impact Kansas revenues. The first important new development is the federal enactment of the American Recovery and Reinvestment Act (ARRA) of 2009. A separate piece of legislation that increased cigarette taxes to help provide additional funding for the State Children's Health Insurance Program (SCHIP) also affects state revenues. Kansas state general fund (SGF) receipts are expected to be reduced by a total of \$88 million by the end of FY 2010 as a result of these new federal laws.

Because Kansas generally begins computation of its income tax liability using federal tax law as a starting point, a number of provisions of the ARRA will flow through and also affect state income tax receipts. The Department of Revenue has estimated that Kansas SGF receipts will have been reduced by the end of FY 2010 by an additional \$77.5 million as a result of our conformity to the ARRA – \$12 million in FY 2009 and \$65.5 million in FY

2010. Of the amount, \$45 million is attributable to new bonus depreciation and Section 179 expensing provisions (\$6.0 million in FY 2009 and \$39.0 million in FY 2010); \$20.0 million is attributable to tax law changes related to discharged indebtedness (\$6.0 million in FY 2009 and \$14.0 million in FY 2010); \$7.0 million is attributable to the exclusion of certain unemployment insurance benefits from adjusted gross income (all in FY 2010); \$4.0 million is attributable to an expansion in the earned income tax credit (all in FY 2010); and \$1.5 million is attributable to a special deduction for sales taxes paid on certain vehicle purchases (all in FY 2010).

While 2008 federal stimulus legislation containing tax cuts for individuals prompted the consensus group a year ago to assume modest increases in sales and use taxes (\$8 million), this year's estimates do not contain any explicit adjustment for two major reasons. The 2009 tax cuts are being provided for most individuals through a reduction in federal withholding taxes and will be realized throughout the course of the tax year. On the other hand, the full amount of the 2008 tax cuts for most individuals were made available more quickly as "recovery rebate credits" that were provided in a single lump sum to qualifying taxpayers in the spring of 2008. Overall consumer confidence also remains at a much lower level than a year ago, so predicting behavior relative to selected tax reductions is much more problematic.

The SCHIP legislation increased the federal cigarette tax by 61 cents per pack, effective April 1. The Department of Revenue has estimated that this increase and its impact on consumer behavior will be expected to reduce Kansas cigarette tax receipts by about \$3.0 million in FY 2009; and \$7.5 million in FY 2010.

Kansas Personal Income

Kansas Personal Income (KPI) in 2008 grew by 4.9 percent over the 2007 level. KPI is currently expected to decline by 0.5 percent in 2009, which would represent what is believed to be the first annual reduction since before World War II. The current estimate for 2010 is that only very modest KPI growth (2.1 percent) will have returned. The new 2009 and 2010 estimates are significantly different than the KPI forecasts used in November (positive 3.2 and 4.3 percent, respectively). Current estimates are that overall US Personal Income (USPI) growth will fare only moderately better than KPI, with nominal USPI estimates of positive 0.3 percent in 2009 and 2.4 percent in 2010.

Employment

Data obtained from the Kansas Department of Labor indicate that the employment picture for Kansas has continued to deteriorate over the winter. The most recent monthly data shows that total Kansas non-farm employment from February 2008 to February 2009 had contracted by 1.6 percent. Most major sectors experienced significant employment decreases, especially manufacturing, professional and business services, and construction. Current estimates by the Department are that the overall Kansas unemployment rate, which was 4.4 percent in CY 2008, is expected to jump to 6.0 percent in CY 2009 before moving to 6.3 percent in CY 2010. These newly revised estimates suggest a much longer timeline of relatively serious unemployment issues for the state than did the estimates of 4.7 percent for both calendar

years used in November. Major layoffs in our state include the Sprint Nextel Corporation, headquartered in Olathe, which cut 8,000 jobs, including 2,000 locally, and the aviation-manufacturing industry located in Wichita. Combined, Boeing, Cessna, Bombardier and Hawker-Beechcraft recently terminated the jobs of 10,000 employees.

Agriculture

Recent volatility in input prices, especially energy costs, is contributing to an uncertain outlook for 2009. From one year ago, the composite price received by Kansas farmers for all agriculture products declined nearly 20 percent. The latest prospective plantings report indicates farmers expect to plant 19.1 million acres of the four major grain crops in 2009, down 2.8 percent from 2008. Average livestock prices in mid-March were significantly below prices from a year earlier.

Oil and Gas

While the price of oil has undergone historic levels of volatility in FY 2009, the final estimated average price per taxable barrel of Kansas crude is now \$63 (down substantially from the \$80 estimate used in November) and reflects the collapse in world prices over the winter months. The estimated average price of \$45 per barrel for FY 2010 (down from \$70 in November) takes into account current oil futures price expectations and continued weak demand relative to the economic slowdown. As always, significant political tensions in the Middle East and elsewhere provide a great deal of uncertainty about forecasting the price of this commodity. Gross oil production in Kansas, which had been declining steadily for more than a decade until FY 2000, has recently reversed that trend and been increasing slightly since FY 2005. The current forecast of 40 million barrels for FY 2009 represents a level not seen since FY 1997. Approximately half of all Kansas oil produced is not subject to severance taxation because of various exemptions in that law. The price of natural gas is expected to average \$5.60 per mcf (1000 cubic feet) for FY 2009 before decreasing to \$3.50 per mcf for FY 2010, based on an industry source's analysis of futures markets. Current wellhead prices are the lowest they have been in at least seven years. The new price estimates, particularly for FY 2010, are significantly below the \$6.25 and \$5.75 estimates used in the fall. Factors considered in revising the price forecasts included the relationship between crude oil and gas prices, the current relatively high storage levels for gas, weakening of the economy, and the impact of enhanced production from shale formations elsewhere in the United States. Kansas natural gas production in FY 2008 of 379 million cubic feet represented a significant decrease from the modern era peak of 730 million cubic feet in FY 1996 (largely as a result of depleting reserves in the Hugoton Field). Production has nevertheless stabilized somewhat in recent years and is expected to be 380 million cubic feet for FY 2009 before decreasing to 360 million cubic feet for FY 2010. Slightly less than 9 percent of gas produced is expected to be exempt from severance taxation.

Inflation Rate

The Consumer Price Index for all Urban consumers (CPI-U) increased by 3.8 percent in 2008, somewhat less than the final November forecast of 4.3 percent. The current forecasts

for 2009 and 2010 of a negative 0.9 percent and 1.5 percent, respectively, reflect the overall weakness of the economy as a result of the recession.

Interest Rates

The Pooled Money Investment Board is authorized to invest state funds in US Treasury and Agency securities, highly rated commercial paper, repurchase agreements and certificates of deposit in Kansas banks. In FY 2008, the state earned 4.26 percent on its SGF portfolio (compared with a 5.27 percent rate in FY 2007). The average rate of return forecasted for FY 2009 is now 2.84 percent (up slightly from the 2.55 percent estimate used in November). For FY 2010, the forecasted rate is 0.98 percent (down substantially from the 2.70 percent rate assumed in November).

For FY 2010, the Kansas Legislature approved an 8.67 percent reduction from the State General Fund for all elementary and secondary education programs. This reduction was made, however, with the knowledge that ARRA State Fiscal Stabilization Funds of \$138.7 million would be available to offset a portion of this reduction, thereby lowering the overall reduction to 4.37 percent.

The following table provides a summary of the FY 2010 reductions approved by the Kansas Legislature for other state agencies which again highlights the continued commitment we share in preserving our state's investment in public education.

<u>State Agency</u>	<u>Percentage of General Fund Reductions</u>
Kansas Public Employees Retirement System (KPERs)	93.78%
Department of Administration	26.35%
Department of Labor	11.16%
Department of Aging	11.83%
Health Policy Authority	11.47%
Social and Rehabilitation Services	10.84%
Kansas Arts Commission	10.65%
Hutchinson Correctional Facility	70.01%
Winfield Correctional Facility	80.27%
Norton Correctional Facility	79.23%
Kansas Water Office	28.32%
Department of Wildlife and Parks	30.52%

The table shown on the next page compares the increase in State General Fund expenditures for public elementary and secondary education from FY 2005 to FY 2010 to the increase in expenditures for all other remaining areas of the budget.

	FY 2005	FY 2010	Percentage Increase
Total General Fund Expenditures	\$4,690,000,000	\$5,615,700,000	19.74%
Elementary and Secondary Education	\$2,324,165,343	\$2,943,673,666	26.66%
Remaining Areas of the Budget	\$2,365,834,657	\$2,672,026,334	12.94%

Again, state funding for special education during this same time period increased 46.6 percent.

This is the first time that Kansas has ever requested a waiver for maintenance of effort in special education. No budget reductions are being applied to the Special Education Services Team in the State Department of Education to ensure that adequate staffing and resources continue to be available for monitoring school districts for compliance with IDEA and to provide required technical assistance, training and support to local school district personnel. Based on IDEA's Special Education State Performance Plan and Annual Performance Reports, the most recent Level of Determination (LOD) for the State of Kansas was "Meets Requirements". Kansas anticipates meeting all IDEA requirements again for the 2008-09 and 2009-10 school years. With regard to due process and formal complaint process, all actions are completed with specified required timelines. We also believe that all school districts will meet local maintenance of effort requirements this year and next.

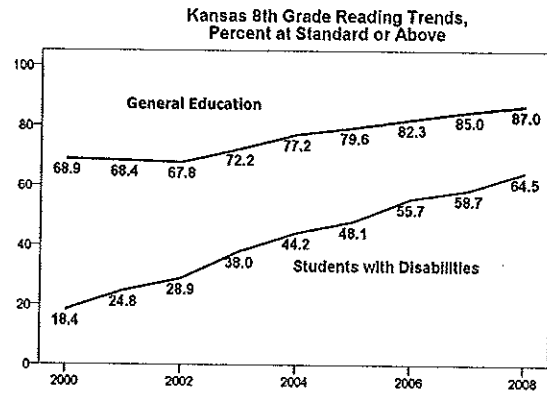
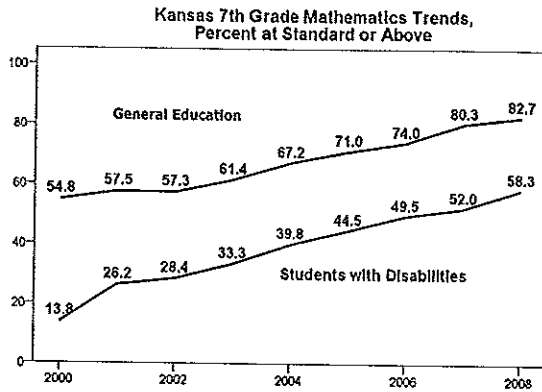
The net effect of this request is that special education will have a one percent reduction (including ARRA special education funds) thereby allowing Kansas to meet all state and federal requirements for students with disabilities in regard to providing them a free and appropriate public education.

Kansas continues to make an extraordinarily good faith effort to meet all IDEA requirements. As shown below, the number of special education teachers and paraeducators has increased significantly while the number of students with disabilities has remained fairly constant.

Fiscal Year	Special Education Teachers	Special Education Paraeducators	Students With Disabilities
2005	7,066	9,655	65,291
2006	7,181	10,294	65,595
2007	7,380	10,726	65,831
2008	7,535	11,266	65,716
2009	7,757	11,808	65,730
Cumulative Increase	+9.8%	+22.3%	+ 0.67%

Again, it is important to note during this same time period state funding for special education increased over \$177 million, or by 70.6 percent. As a result of these additional resources and the unwavering commitment of Kansas educators to ensure the academic success of all students, we have witnessed unprecedented gains in the academic performance of our

students with disabilities and a narrowing of the gap between students with disabilities and general education students.



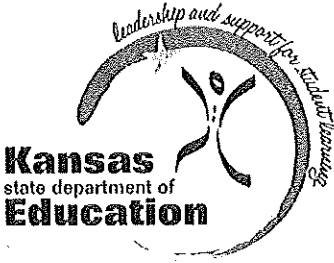
In summary, we sincerely appreciate your support of special education and the support of the President and Congress in making the recovery money available.

Sincerely,

Mark Parkinson
Governor of Kansas

Alexa Posny
Commissioner of Education

cc : U.S. Senator Sam Brownback
U.S. Senator Pat Roberts



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August 12, 2009

Ms. Patty Guard, Acting Director
Office of Special Education Programs
US Department of Education
550 12th Street S.W., Room 4131
Washington, DC 20202-2600

Dear Ms. Guard:

We sincerely appreciate having the opportunity to clarify our Request for Waiver of SEA Maintenance of Support dated May 22, 2009. For your convenience, we have listed each of your questions followed by our response.

1. Pursuant to 34 CFR §300.163(c), the Department may grant a waiver of State-level maintenance of fiscal effort for only one (Federal) fiscal year at a time. We are treating your May 22, 2009 letter (letter) as a request for a waiver of State-level maintenance of fiscal effort for the FFY 2009 (covering the Part B grant award for 2009), which we believe is the State's FY 2010 (July 1, 2009 – June 30, 2010). Please clarify if our understanding of the State fiscal year is correct.

RESPONSE: The Request for Waiver of SEA Maintenance of Support is for state Fiscal Year 2010 (2009-10 school year).

2. The Department is particularly interested in information regarding the full budget for the State Government of Kansas (Kansas or State), so that the Department may compare the dollar amounts, and percentage decreases, budgeted from State funds for special education with the dollar amounts and percentage decreases -- and increases if any -- budgeted for all other Departments or agencies in Kansas. On page 6 of the State's letter, you provide information for some Departments and agencies in Kansas. While this information is somewhat helpful, it does not provide a picture of the entire budget situation for the State. Moreover, it is unclear what dates these budget amounts cover.

Please provide a list of all State Departments and agencies and include the dollar amounts budgeted and the percentages of loss or gain comparing the amounts the State expended in State FY 2009 (2008-2009) with the amounts budgeted for State FY 2010 (2009-2010). It is not necessary to include individual breakdowns under each Department or agency. For example, please provide budget information on the Department of Corrections, rather than for individual correctional facilities, unless the State's General Fund directly allocates funds for individual facilities. However, for the State Department of Education, please break down

the amounts by major areas, including but not limited to, special education, Title I, Title III, vocational education, etc.

Is the State's General Fund the only source of State funding for elementary and secondary education, including special education, as well as the agencies/activities listed on page 6 of the letter? If not, please specify the other sources of State support for these programs, including elementary and secondary education, along with the dollar amounts and percentages of other funds provided to each program?

RESPONSE: In computing general state aid, students may be eligible for the following additional weightings.

Program	Weighting	FY 2010 Estimated General State Aid
At-Risk (Free Lunch)	.456	\$292,583,000
High-Density At-Risk (Free Lunch)	.06 or .10	\$36,193,000
Bilingual Education	.395	\$27,747,000
Vocational Education	.50	\$32,134,000

Schedule 1 provides a comparison of state appropriations for FY 2009 and FY 2010 for individual programs administered by the Kansas State Department of Education. Appearing at the bottom of Schedule 1 are the funding sources that support these programs. In addition to the state general fund, other state funding sources that support elementary and secondary education include the State Children's Initiatives Fund, the State School District Finance Fund, and the State Capital Improvements Fund.

Schedule 2.1 provides for all state agencies a comparison of actual expenditures from the state general fund for FY 2009 to approved budgeted amounts for FY 2010, along with the dollar and percentage increase or decrease.

As we have discussed previously, state funding for schools increased substantially between FY 2005 and FY 2009, before being reduced due to declining state revenues for FY 2010. To highlight the magnitude of this increase, Schedule 2.2 provides for all state agencies a comparison of actual state general fund expenditures for FY 2005 to approved expenditure amounts for FY 2010, along with the dollar percentage increase or decrease. During this five-year period, total state general fund expenditures for all agencies are to increase \$832,892,712, of which \$572,290,145 (68.7 percent) has been approved for the Kansas State Department of Education to fund elementary and secondary education.

3. If the information provided in response to #2 indicates that one or more Departments or agencies or programs in Kansas has had less of a percentage decrease in State support from State FY 2009 (2008-2009) to State FY 2010 (2009-2010) than special education, please provide an explanation.

RESPONSE: Please see Response #2.

4. On page 7 of the letter, the State indicates that the reduction in effort will not result in budget reductions for the Special Education Services Team in the State Department of Education.

that the State anticipates meeting all IDEA requirements for 2008-2009(?) and 2009-2010 school years, that all due process and State complaints will be completed within required timelines and that all school districts will meet local educational agency (LEA) maintenance of effort (MOE) requirements, as well as ensuring meeting all requirements related to the provision of a free appropriate public education (FAPE) for children with disabilities. Please clarify how the State's special education program will absorb a more than \$60 million dollar reduction in State FY 2010 (2009-1010). If the State is absorbing the bulk of the more than \$60 million dollar reduction through Part B ARRA funds, please explain how the one percent reduction for special education discussed on page 2 of your letter will affect special education in the State, and provide the dollar amount of that 1% reduction.

RESPONSE: In Fiscal Year 2010, the state appropriation for special education was reduced by one percent or \$4.27 million plus the amount of the federal ARRA-IDEA money of \$55,748,000. Therefore, the net loss to Kansas school districts would be one percent in state and federal aid. In some cases, school districts may have to transfer additional funds from their general fund to special education to make up for the one percent reduction and to fully comply with state and federal special education laws.

State funding for our Special Education Services Team is provided through a different line-item appropriation than the state special education categorical aid funds which are distributed to local school districts. During state FY 2009, the Special Education Services Team expended \$403,593 in state funds for salaries, travel, communications, rent, utilities, office supplies and related operating expenditures. For FY 2010, which commenced on July 1, 2009, the Special Education Services Team received an allocation of \$467,811 in state operating funds. As stated previously, our Special Education Services Team in the Department of Education will have adequate staffing and resources available in FY 2010 for monitoring local school districts for compliance with IDEA and to provide required technical assistance, training and support to local school district personnel.

We wish to re-emphasize, as shown below, the financial commitment the State of Kansas has made to fully meet the educational needs of students with disabilities during the past five years. Including the ARRA funds, even with the one percent reduction in funding in the current year, funding for special education has increased by 68.6 percent in the last five years. Excluding the ARRA funds, the increase in state funding is 46.4%.

Fiscal Year	Special Education State Aid	Percent Inc./Dec.
2004-05	\$ 250,992,856	
2005-06	292,471,391	16.53%
2006-07	334,003,604	14.20%
2007-08	403,273,815	20.74%
2008-09	427,571,455	6.03%
2009-10	423,323,271	(1.00%)

5. Because of the potential use of State funds for school-wide initiatives, such as programs under Title I, what would be the impact of the reduction in State support for special

education on these other programs? Nothing in the letter specifically addresses other elementary and secondary programs.

RESPONSE: Overall, the state support for special education will be reduced by one percent. That will be made up by additional funds from the school districts' general fund. This change will have minimal effect on other federal funds such as Title I schools or programs.

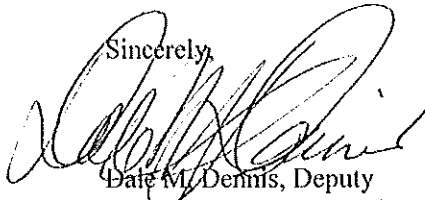
The July 2, 2009 memorandum you referred to during our conference call of August 5, 2009, to Governor Parkinson from Duane Goossen, Director of the Budget, concerning state general fund budget allotments (reductions) had no effect on special education. The original approved amounts for the Kansas Public Employee Retirement System (KPERS-Schools) and Juvenile Detention Facilities were overfunded. These reductions were made in order to fund current law. In the case of Juvenile Detention Facilities, for example, the number of students to be served was originally overestimated. The \$39,114,424 reduction to general state aid will have no direct impact on special education. Likewise, the \$150,000 operating reduction will have no impact on special education.

After the legislature adjourned in May, state general fund receipts fell below estimates during the months of May and June. The allotments were required to rebalance the state budget. As you noted in our conference call, we believe it is important to understand that the additional \$96 million targeted reductions did not affect special education.

These reductions were made as a result of the state's fiscal position. The state had no general fund balances at the end of the fiscal year to cover its obligations. The state general fund was, in essence, depleted on June 30, 2009 and these reductions were essential in order to balance the state's budget.

Again, we appreciate your consideration of our request and your support of special education.

Sincerely,



Dale M. Dennis, Deputy
Commissioner of Education

DMD:tjm
Attachment

Schedule 1
 Comparison of Actual Expenditures for FY 2009 to Approved FY 2010 Amounts
 Kansas State Department of Education
 State Aid and Operations Programs

Program	Actual FY 2009	Approved FY 2010
General State Aid*	\$2,149,156,529	\$2,081,474,597
Supplemental General State Aid	280,819,012	382,538,869
School District Finance Fund	26,649,544	25,000,000
Capital Improvement Fund	75,591,298	86,700,000
Capital Outlay State Aid	22,338,828	0
Juvenile Detention Facilities	6,302,169	6,490,734
Declining Enrollment State Aid	12,957	0
Special Education Services*	427,718,409	423,323,271
Mentor Teacher Program	1,725,503	1,450,000
Professional Development	1,745,037	0
School Food Service Match	2,510,486	2,510,486
Educable Deaf/Blind Program	110,000	110,000
Ag in the Classroom	35,000	35,000
Discretionary Grants	727,727	670,000
Parent Education	7,548,857	7,567,000
Pre-K Pilot	5,000,000	5,000,000
KPERS – Schools	242,277,363	256,423,273
National Board Certification	276,400	64,092
Vision Study Grant	100,000	0
School Safety Hotline	10,000	10,000
Kansas Career Pipeline	199,315	0
Agency Operating Expenditures	11,472,998	11,047,136
Total	\$3,262,327,432	\$3,290,414,458

* Includes ARRA funds totaling \$194,448,000.

Funding Sources

	Actual FY 2009	Approved FY 2010
State General Fund	\$3,147,365,233	\$2,971,726,958
State Children's Initiatives Fund	12,721,357	12,539,500
State School District Finance Fund	26,649,544	25,000,000
State Capital Improvements Fund	75,591,298	86,700,000
ARRA- Fiscal Stabilization Fund	0	138,700,000
ARRA - IDEA	0	55,748,000
Total	\$3,262,327,432	3,290,414,458

Schedule 2.1--Expenditures from the State General Fund by Agency

	FY 2009 Leg. Approved Budget	FY 2010 Leg. Approved Budget	FY 2010 Governor Allotments	FY 2010 Salary Market Adjustments	FY 2010 Revised Total	% Change FY 2009 to FY 2010
General Government						
Department of Administration	62,601,723	49,066,411	(305,352)	50,593	48,811,652	-22.03%
Kansas Human Rights Commission	1,660,652	1,493,193	(28,864)	23,817	1,488,146	-10.39%
Board of Indigents Defense Services	22,461,619	22,643,002	--	65,706	22,708,708	1.10%
Kansas Public Employees Retirement System	10,270,948	639,134	--	--	639,134	-93.78%
Department of Commerce	594,965	--	--	--	--	-100.00%
Department of Revenue	19,962,050	18,472,347	(1,800,000)	163,019	16,835,366	-15.66%
Court of Tax Appeals	1,563,589	1,440,511	(28,811)	14,926	1,426,626	-8.76%
Governmental Ethics Commission	490,997	429,599	--	--	429,599	-12.50%
Office of the Governor	8,225,453	7,455,035	(149,101)	--	7,305,934	-11.18%
Office of the Lieutenant Governor	193,818	207,375	(4,148)	--	203,227	4.85%
Attorney General	4,950,198	4,736,805	(94,736)	--	4,642,069	-6.22%
Legislative Coordinating Council	757,333	748,714	--	3,341	752,055	-0.70%
Legislature	17,723,558	16,562,940	(540,000)	--	16,022,940	-9.60%
Legislative Research Department	3,675,748	3,539,688	--	--	3,539,688	-3.70%
Legislative Division of Post Audit	2,688,282	2,651,952	--	--	2,651,952	-1.35%
Revisor of Statutes	3,692,621	3,340,063	--	--	3,340,063	-9.55%
Judiciary	107,420,095	97,202,045	--	--	97,202,045	-9.51%
Judicial Council	155,460	--	--	--	--	-100.00%
Total--General Government	\$ 269,089,109	\$ 230,628,814	\$ (2,951,012)	\$ 321,402	\$ 227,999,204	-15.27%
Human Services						
Social & Rehabilitation Services	637,346,948	567,223,103	(5,669,098)	1,572,383	563,126,388	-11.65%
Kansas Neurological Institute	10,565,365	11,159,914	--	168,770	11,328,684	7.22%
Lamed State Hospital	40,098,146	41,004,838	--	947,336	41,952,174	4.62%
Osawatomie State Hospital	15,461,227	16,691,703	--	456,189	17,147,892	10.91%
Parsons State Hospital & Training Center	10,031,474	10,302,372	--	139,679	10,442,051	4.09%
Rainbow Mental Health Facility	5,107,815	5,426,717	--	187,605	5,614,322	9.92%
Subtotal--SRS	\$ 718,610,975	\$ 651,808,647	\$ (5,669,098)	\$ 3,471,962	\$ 649,611,511	-9.60%
Kansas Health Policy Authority	442,798,396	392,901,203	(12,124,000)	47,439	380,824,642	-14.00%
Department on Aging	170,029,223	149,880,721	(2,867,025)	15,993	147,029,689	-13.53%
Health & Environment--Health	24,885,119	23,601,972	(371,707)	51,569	23,281,834	-6.44%
Department of Labor	544,260	475,776	(9,515)	3,984	470,245	-13.60%
Commission on Veterans Affairs	8,889,021	8,749,796	--	113,381	8,863,177	-0.29%
Kansas Guardianship Program	1,266,501	1,154,401	--	--	1,154,401	-8.85%
Total--Human Services	\$ 1,367,023,495	\$ 1,228,572,516	\$ (21,041,345)	\$ 3,704,328	\$ 1,211,235,499	-11.40%
Education						
Department of Education	3,223,212,413	2,941,773,283	(45,365,746)	47,949	2,896,455,486	-10.14%
School for the Blind	5,568,207	5,719,327	(132,477)	29,190	5,616,040	0.86%
School for the Deaf	8,796,915	9,185,995	(196,395)	74,762	9,064,362	3.04%
Subtotal--Department of Education	\$ 3,237,577,535	\$ 2,956,678,605	\$ (45,694,618)	\$ 151,901	\$ 2,911,135,888	-10.08%
Board of Regents	189,953,639	179,165,697	(15,295,000)	13,609	163,884,306	-13.72%
Emporia State University	33,138,789	31,914,854	--	149,642	32,064,496	-3.24%
Fort Hays State University	35,101,701	33,686,775	--	199,247	33,886,022	-3.46%
Kansas State University	109,573,413	106,126,849	--	445,650	106,572,499	-2.74%
Kansas State University--ESARP	52,595,448	49,666,216	--	138,530	49,804,746	-5.31%
KSU--Veterinary Medical Center	10,836,973	10,515,797	--	57,729	10,573,526	-2.43%
Pittsburg State University	36,395,248	34,855,769	--	109,335	34,965,104	-3.93%
University of Kansas	145,337,076	139,634,802	--	--	139,634,802	-3.92%
University of Kansas Medical Center	118,943,645	112,165,809	--	247,732	112,413,541	-5.49%
Wichita State University	73,524,701	67,018,674	--	612,764	67,631,438	-8.02%
Subtotal--Regents	\$ 805,400,633	\$ 764,751,242	\$ (15,295,000)	\$ 1,974,238	\$ 751,430,480	-6.70%

Schedule 2.1--Expenditures from the State General Fund by Agency

	FY 2009 Leg. Approved Budget	FY 2010 Leg. Approved Budget	FY 2010 Governor Allotments	FY 2010 Salary Market Adjustments	FY 2010 Revised Total	% Change FY 2009 to FY 2010
Kansas Arts Commission	1,468,764	1,310,980	(50,000)	542	1,261,522	-14.11%
Historical Society	6,111,741	5,630,248	--	125,310	5,755,558	-5.83%
State Library	5,264,183	4,770,903	(95,418)	14,764	4,690,249	-10.90%
Total--Education	\$ 4,055,822,856	\$ 3,733,141,978	\$ (61,135,036)	\$ 2,266,755	\$ 3,674,273,697	-9.41%
Public Safety						
Department of Corrections	114,662,492	108,408,363	(500,000)	105,064	108,013,427	-5.80%
El Dorado Correctional Facility	23,187,267	23,127,754	(210,000)	125,456	23,043,210	-0.62%
Ellsworth Correctional Facility	11,973,937	12,148,822	(120,000)	93,035	12,121,857	1.24%
Hutchinson Correctional Facility	27,145,193	7,873,456	(175,000)	178,456	7,876,912	-70.98%
Lansing Correctional Facility	35,792,344	35,981,523	(155,000)	186,569	36,013,092	0.62%
Larned Correctional Mental Health Facility	9,094,353	9,510,105	(100,000)	69,074	9,479,179	4.23%
Norton Correctional Facility	13,745,673	2,727,716	(175,000)	81,569	2,634,285	-80.84%
Topeka Correctional Facility	11,758,684	12,123,055	--	79,037	12,202,092	3.77%
Winfield Correctional Facility	11,758,330	2,204,496	(165,000)	68,889	2,108,385	-82.07%
Subtotal--Corrections	\$ 259,118,273	\$ 214,105,290	\$ (1,600,000)	\$ 987,149	\$ 213,492,439	-17.61%
Juvenile Justice Authority	42,060,569	42,080,940	(44,375)	4,503	42,041,068	-0.05%
Atchison Juvenile Correctional Facility	2,937,086	368,658	--	14,476	383,134	-86.96%
Beloit Juvenile Correctional Facility	3,762,303	3,741,376	(1,466,131)	22,780	2,298,025	-38.92%
Kansas Juvenile Correctional Complex	15,071,886	15,430,645	--	69,977	15,500,622	2.84%
Larned Juvenile Correctional Facility	8,020,536	8,570,520	--	64,927	8,635,447	7.67%
Subtotal--Juvenile Justice	\$ 71,852,380	\$ 70,192,139	\$ (1,510,506)	\$ 176,663	\$ 68,858,296	-4.17%
Adjutant General	29,134,376	33,030,535	(106,178)	19,174	32,943,531	13.07%
Highway Patrol	35,983,198	33,343,507	(333,435)	130,153	33,140,225	-7.90%
Kansas Bureau of Investigation	15,531,429	15,532,939	(326,000)	47,696	15,254,635	-1.78%
Kansas Parole Board	488,498	474,961	--	--	474,961	-2.77%
Sentencing Commission	9,199,338	8,604,429	(172,089)	--	8,432,340	-8.34%
Total--Public Safety	\$ 421,307,492	\$ 375,283,800	\$ (4,048,208)	\$ 1,360,835	\$ 372,596,427	-11.56%
Agriculture & Natural Resources						
Department of Agriculture	11,234,130	10,336,924	(277,139)	58,105	10,117,890	-9.94%
Animal Health Department	883,665	895,501	(17,900)	8,365	885,966	0.26%
State Conservation Commission	852,822	769,069	--	--	769,069	-9.82%
Health & Environment--Environment	9,100,802	8,473,650	(269,805)	43,568	8,247,413	-9.38%
Kansas State Fair	1,130,258	341,861	--	--	341,861	-69.75%
Kansas Water Office	2,754,139	1,963,251	--	2,780	1,966,031	-28.62%
Department of Wildlife & Parks	8,455,902	5,837,741	(116,794)	19,808	5,740,755	-32.11%
Total--Agriculture & Natural Resources	\$ 34,411,718	\$ 28,617,997	\$ (681,638)	\$ 132,626	\$ 28,068,985	-18.43%
Transportation						
Department of Administration	16,148,175	8,848,975	--	--	8,848,975	-45.20%
Total--Transportation	\$ 16,148,175	\$ 8,848,975	\$ --	\$ --	\$ 8,848,975	-45.20%
Undermarket Salary Adjustments	--	8,534,972	(749,026)	(7,785,946)	--	0.00%
Total Expenditures	\$ 6,163,802,845	\$ 5,613,629,052	\$ (90,606,265)	\$ --	\$ 5,523,022,787	-10.40%

Schedule 2.2--Expenditures from the State General Fund by Agency

	FY 2005 Approved	FY 2010 Approved	Amount of Increase or (Decrease)	Percentage Increase or (Decrease)
General Government				
Department of Administration	19,530,574	48,811,652	29,281,078	149.92%
Kansas Human Rights Commission	1,407,518	1,488,146	80,628	5.73%
Board of Indigents Defense Services	17,643,244	22,708,708	5,065,464	28.71%
Kansas Public Employees Retirement System	3,185,621	639,134	(2,546,487)	-79.94%
Department of Commerce	237,346	--	(237,346)	-100.00%
Kansas Racing & Gaming Commission	--	--	--	--
Department of Revenue	19,961,670	16,835,366	(3,126,304)	-15.66%
Board of Tax Appeals	1,469,406	1,426,626	(42,780)	-2.91%
Governmental Ethics Commission	464,517	429,599	(34,918)	-7.52%
Office of the Governor	2,181,539	7,305,934	5,124,395	234.90%
Office of the Lieutenant Governor	132,929	203,227	70,298	52.88%
Attorney General	4,565,974	4,642,069	76,095	1.67%
Secretary of State	114,292	--	(114,292)	-100.00%
Legislative Coordinating Council	614,350	752,055	137,705	22.41%
Legislature	12,364,590	16,022,940	3,658,350	29.59%
Legislative Research Department	2,741,439	3,539,688	798,249	29.12%
Legislative Division of Post Audit	1,927,713	2,651,952	724,239	37.57%
Revisor of Statutes	2,340,311	3,340,063	999,752	42.72%
Judiciary	90,257,637	97,202,045	6,944,408	7.69%
Total--General Government	\$ 181,140,670	\$ 227,999,204	\$ 46,858,534	25.87%
Human Services				
Social & Rehabilitation Services	847,422,807	563,126,388	(284,296,419)	-33.55%
Kansas Neurological Institute	10,602,329	11,328,684	726,355	6.85%
Larned State Hospital	29,906,584	41,952,174	12,045,590	40.28%
Osawatomie State Hospital	8,334,219	17,147,892	8,813,673	105.75%
Parsons State Hospital & Training Center	7,648,956	10,442,051	2,793,095	36.52%
Rainbow Mental Health Facility	3,865,794	5,614,322	1,748,528	45.23%
Subtotal--SRS	\$ 907,780,689	\$ 649,611,511	(\$ 258,169,178)	-28.44%
Administration--Health Policy & Finance	--	--	--	--
Kansas Health Policy Authority	--	380,824,642	380,824,642	--
Department on Aging	165,988,225	147,029,689	(18,958,536)	-11.42%
Health & Environment--Health	16,802,849	23,281,834	6,478,985	38.56%
Department of Labor	514,992	470,245	(44,747)	-8.69%
Commission on Veterans Affairs	6,006,862	8,863,177	2,856,315	47.55%
Kansas Guardianship Program	1,030,103	1,154,401	124,298	12.07%
Total--Human Services	\$ 1,098,123,720	\$ 1,211,235,499	\$ 113,111,779	10.30%

Education

Department of Education	2,324,165,341	2,896,455,486	572,290,145	24.62%
School for the Blind	4,645,849	5,616,040	970,191	20.88%
School for the Deaf	7,487,806	9,064,362	1,576,556	21.05%
Subtotal--Department of Ed.	\$ 2,336,298,996	\$ 2,911,135,888	\$ 574,836,892	24.60%
Board of Regents	139,424,497	163,884,306	24,459,809	17.54%
Emporia State University	30,834,266	32,064,496	1,230,230	3.99%
Fort Hays State University	31,881,390	33,886,022	2,004,632	6.29%
Kansas State University	104,660,954	106,572,499	1,911,545	1.83%
Kansas State University--ESARP	48,661,933	49,804,746	1,142,813	2.35%
KSU--Veterinary Medical Center	9,989,497	10,573,526	584,029	5.85%
Pittsburg State University	33,573,271	34,965,104	1,391,833	4.15%
University of Kansas	136,397,091	139,634,802	3,237,711	2.37%
University of Kansas Medical Center	104,037,593	112,413,541	8,375,948	8.05%
Wichita State University	66,679,547	67,631,438	951,891	1.43%
Subtotal--Regents	\$ 706,140,039	\$ 751,430,480	\$ 45,290,441	6.41%
Kansas Arts Commission	1,481,857	1,261,522	(220,335)	-14.87%
Historical Society	5,809,694	5,755,558	(54,136)	-0.93%
State Library	4,924,803	4,690,249	(234,554)	-4.76%
Total--Education	\$ 3,054,655,389	\$ 3,674,273,697	\$ 619,618,308	20.28%

Public Safety

Department of Corrections	83,299,373	108,013,427	24,714,054	29.67%
El Dorado Correctional Facility	21,168,802	23,043,210	1,874,408	8.85%
Ellsworth Correctional Facility	10,830,815	12,121,857	1,291,042	11.92%
Hutchinson Correctional Facility	24,989,673	7,876,912	(17,112,761)	-68.48%
Lansing Correctional Facility	32,844,323	36,013,092	3,168,769	9.65%
Larned Correctional Mental Health Facility	8,306,596	9,479,179	1,172,583	14.12%
Norton Correctional Facility	12,559,391	2,634,285	(9,925,106)	-79.03%
Topeka Correctional Facility	10,345,567	12,202,092	1,856,525	17.95%
Winfield Correctional Facility	10,522,591	2,108,385	(8,414,206)	-79.96%
Subtotal--Corrections	\$ 214,867,131	\$ 213,492,439	(\$ 1,374,692)	-0.64%
Juvenile Justice Authority	29,564,235	42,041,068	12,476,833	42.20%
Atchison Juvenile Correctional Facility	5,799,762	383,134	(5,416,628)	-93.39%
Beloit Juvenile Correctional Facility	4,461,076	2,298,025	(2,163,051)	-48.49%
Kansas Juvenile Correctional Complex	13,993,591	15,500,622	1,507,031	10.77%
Larned Juvenile Correctional Facility	7,658,724	8,635,447	976,723	12.75%
Subtotal--Juvenile Justice	\$ 61,477,388	\$ 68,858,296	\$ 7,380,908	12.01%
Adjutant General	4,907,292	32,943,531	28,036,239	571.32%
Highway Patrol	30,685,287	33,140,225	2,454,938	8.00%
Kansas Bureau of Investigation	12,106,482	15,254,635	3,148,153	26.00%
Kansas Parole Board	444,661	474,961	30,300	6.81%
Sentencing Commission	5,446,671	8,432,340	2,985,669	54.82%
Total--Public Safety	\$ 329,934,912	\$ 372,596,427	\$ 42,661,515	12.93%

Agriculture & Natural Resources

Department of Agriculture	9,560,294	10,117,890	557,596	5.83%
Animal Health Department	644,357	885,966	241,609	37.50%
State Conservation Commission	1,022,721	769,069	(253,652)	-24.80%
Health & Environment--Environment	9,426,548	8,247,413	(1,179,135)	-12.51%
Kansas State Fair	1,384,158	341,861	(1,042,297)	-75.30%
Kansas Water Office	1,395,898	1,966,031	570,133	40.84%
Department of Wildlife & Parks	2,841,408	5,740,755	2,899,347	102.04%
Total--Agriculture & Natural Resources	\$ 26,275,384	\$ 28,068,985	\$ 1,793,601	6.83%

Transportation

Department of Administration	--	8,848,975	8,848,975	--
Total--Transportation	\$ --	\$ 8,848,975	\$ 8,848,975	--
Total Expenditures	\$ 4,690,130,075	\$ 5,523,022,787	\$ 832,892,712	17.76%



UNITED STATES DEPARTMENT OF EDUCATION

March 16, 2010

THE DEPUTY SECRETARY

RECEIVED

MAR 22 2010

**ADMINISTRATION
FISCAL SERVICES**

Honorable Mark Parkinson
Governor of Kansas
Capitol Building, Room 212S
Topeka, KS 66612-1590

Dear Governor Parkinson:

This is in response to your May 22, 2009, letter to Secretary Duncan in which you request a waiver for State financial support for special education for fiscal year (FY) 2010 and FY 2011 for the Individuals with Disabilities Education Act (IDEA) under 20 U.S.C. § 1412(a)(18) and 34 C.F.R. Section 300.163. Based on subsequent communication with your staff, we understand the State is requesting this waiver only for FY 2010 (school year 2009-2010). I apologize for the delay in responding to your letter.

Under 20 U.S.C. § 1412(a)(18) and 34 C.F.R. Section 300.163(a), a State must not reduce the amount of State financial support for special education and related services for children with disabilities, or made available because of the excess costs of educating those children, below the amount of that support for the preceding fiscal year. We are permitted to waive these requirements for a State, for one fiscal year at a time, if we determine that granting a waiver would be equitable due to exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State. However, regardless of whether a State receives a waiver under this authority, the State has a continuing obligation to ensure that a free appropriate public education (FAPE) is made available to all children with disabilities as required in 20 U.S.C. § 1412(a)(1) and 34 C.F.R. Section 300.101.

As discussed in your May 22, 2009, letter, and Deputy Commissioner Dale Dennis' subsequent letter dated August 12, 2009, Kansas seeks to reduce State spending on special education and related services by \$60,212,507 for FY 2010. The State noted that it included IDEA funds provided to the State under the American Recovery and Reinvestment Act of 2009 (ARRA) in its calculation of "Special Education State Aid" and indicated that, when taking the amount of IDEA ARRA funds into consideration, the State's percentage decrease in funds budgeted for special education and related services is 1 percent. However, IDEA ARRA funds are not State funds and cannot be used to calculate the actual or percentage decrease in State funding for special education. Accordingly, I did not consider the IDEA ARRA funds when determining the State's maintenance of effort requirements. However, when evaluating the equities of the proposed waiver, I considered the fact that the IDEA ARRA funds assisted the State and local educational agencies (LEAs) in meeting their obligation to make FAPE available to all children with disabilities in FY 2010.

A reduction of \$60,212,507 represents a 14.07 percent decrease in State financial support for special education from FY 2009 to FY 2010, while the expenditures from the State General Fund

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will drop only 10.4 percent from FY 2009 to FY 2010. We acknowledge that the State faces a difficult financial situation and has experienced a significant decrease in revenues. However, the State's budget does not treat special education programs in an equitable manner when compared to some other State programs and when compared to the budget cuts for State agencies as a whole. Accordingly, after consideration of all of the information provided by the State in its submissions and other relevant information, including the current information provided by the State with regard to the targets it has set and its data on the compliance and performance indicators under section 616 of the IDEA (20 U.S.C. § 1416), I have determined that it would not be equitable to grant a waiver under 20 U.S.C. § 1412(a)(18)(C)(i) and 34 C.F.R. Section 300.163(c)(1) that would permit the State to reduce spending on special education and related services by \$60,212,507 for FY 2010. ✓

However, I have also determined that it is equitable to grant such a waiver due to exceptional or uncontrollable circumstances -- the precipitous and unforeseen decline in the financial resources of the State -- permitting Kansas to reduce its amount of State financial support provided for special education and related services for FY 2010 by \$44,486,326, representing a 10.4 percent decrease from its State appropriation in FY 2009 of \$427,753,137. This level brings the relative level of spending on special education and related services in line with the relative level of expenditures from the State General Fund. We remind the State that if it fails to maintain support at the level permitted by this waiver, the Department will be required to reduce the allocation of funds to the State under section 611 of the IDEA for any fiscal year following the fiscal year for which the State fails to maintain effort by the same amount by which the State fails to meet the requirement. 20 U.S.C. § 1412(a)(18)(B) and 34 C.F.R. Section 300.163(b). Further, as provided by 20 U.S.C. § 1412(a)(18)(D) and 34 C.F.R. Section 300.163(d), the amount of financial support required of the State in future years is the same amount that would have been required in the absence of this waiver. ✓

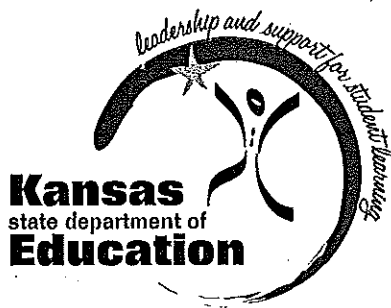
Your letter also stated that you believed that all school districts will meet local maintenance of effort requirements this year. We are very glad to hear that since, as you know, the State must ensure that LEAs do not count ARRA Part B funds as "State" or "local" funds for the purpose of determining whether an LEA has met its supplement/not supplant and maintenance of effort requirements at 34 C.F.R. Sections 300.202(a)(3) and 300.203. Further, if it is discovered, through means such as monitoring or auditing, that an LEA has not met these requirements, the Department will seek to recover funds from the SEA, in an amount equal to the amount by which the LEA did not meet the requirements. The amount recovered must be paid from non-Federal funds. Based on your statement in your letter, we are hopeful that this will not be necessary.

We appreciate your continued commitment to serving children with disabilities and look forward to our continued collaboration on their behalf.

Sincerely,


Anthony W. Miller

cc: Deputy Commissioner Dale M. Dennis



Division of Fiscal & Administrative Services

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March 24, 2010

Anthony W. Miller
Deputy Secretary of Education
U.S. Department of Education
400 Maryland Ave., S.W.
Washington, DC 20202-0500

Dear Deputy Secretary Miller:

Thank you for your March 16, 2010 letter approving a waiver to the State of Kansas for state financial support for special education for FY 2010. We sincerely appreciate your support to ensure that a free appropriate public education is made available to all Kansas students with disabilities.

Unfortunately, since May 2009, when we initially submitted our waiver request to you, the recession has caused state revenues to consistently fall below projections. To make up for the shortfall in the current year, Governor Parkinson has been forced to announce three rounds of allotments or budget cuts in order to balance the state budget. In July, as we discussed in our August 2009 follow-up letter, the Governor implemented \$90.1 million in allotments from the state general fund. Following consensus revenue estimates in November which lowered anticipated revenue to the state in FY 2010 by another \$235 million, the Governor implemented a second round of budget reductions totaling \$193.2 million. After revenues fell short of the revised estimates by another \$89 million from November through February, the Governor announced a third round of reductions totaling \$31 million from the state general fund. As a result of these reductions, the revised state general fund budget for FY 2010 now stands at \$5,325,787,681. We wish to emphasize that even though additional cuts were made to the state budget, the Governor chose not to reduce special education funding from the amount originally approved. We have attached a summary prepared by the Kansas Legislative Research Department documenting these reductions and the revised approved budget.

In approving our waiver, the reduction in state support for special education services was limited to the percentage reduction in total approved state general fund expenditures from FY 2009 to FY 2010. At the time we submitted our follow-up information in August, the state budget had been reduced from \$6,163,802,845 for FY 2009 to \$5,523,022,787 for FY 2010, a reduction of 10.4 percent. Based on the additional budget reductions implemented by the Governor, the approved budget as it now stands for FY 2010 of \$5,325,787,681 represents a reduction of 13.6 percent from approved expenditures for FY 2009.

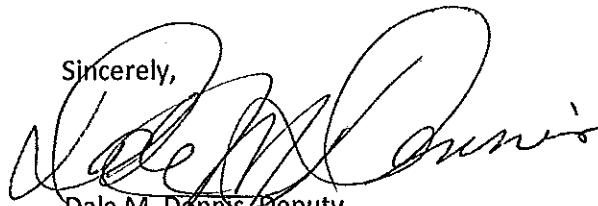
Due to the additional budget reductions imposed in the current year and following the same logic employed by the U.S. Department of Education in approving our waiver, we are now requesting the waiver amount be revised upward to \$58,174,427 million, as computed below.

	Approved Waiver Based on Approved State Budget As of August 12, 2009	Requested Waiver Based on Approved State Budget As of March 23, 2010
Approved FY 2009 State Budget	\$6,163,802,845	\$6,163,802,845
Approved FY 2010 State Budget	\$5,523,022,787	\$5,325,787,681
Amount of Reduction in the State Budget From FY 2009 to FY 2010	\$640,780,058	\$838,015,164
Percentage Reduction in the State Budget from FY 2009 to FY 2010	10.4%	13.6%
FY 2009 State Appropriation for Special Education Services Aid	\$427,753,137	\$427,753,137
Waiver Amount - Special Education Appropriation Multiplied by Percentage Reduction in State Budget	\$44,486,326	\$58,174,427

Due to the persistent decline in state revenues, we wish to reserve the right to update this information should the Governor or Legislature find it necessary to again cut the FY 2010 state general fund budget. Our state's revenue estimate will be updated in mid-April, which will form the basis of final legislative action on the state's budget. If revenues fall below that newer level, the Governor may be forced to take further steps to maintain a positive balance in the state general fund.

We appreciate your consideration of this request and your ongoing commitment to meet the educational needs of students with disabilities.

Sincerely,



Dale M. Dennis, Deputy
Commissioner of Education

Attachment

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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March 22, 2010

FY 2010 Approved To Date

State General Fund

FY 2010

May 2009	\$	5,613,629,052
Caseload Adjustments		24,314,645
July Allotment		(90,082,957)
November Allotment		(193,194,761)
Supplemental Bill (HB 2222)		2,121,702
Governor's March Adjustments		(31,000,000)
Total Adjusted FY 2010 Budget	\$	5,325,787,681