

Approved 5-16-88 / wwb
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

9:00 a.m./~~p.m.~~ on April 25, 1988 in room 514-S of the Capitol.

All members were present except: All present.

Committee staff present: Legislative Research: Diane Duffy, Ellen Piekalkiewicz,
Russ Mills, Robin Hunn, Gloria Timmer, Laura Howard,
Scott Rothe, Paul West, Carolyn Rampey, Lynn Holt,
Alan Conroy.
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide

Conferees appearing before the committee: Sue Krische, Committee Secretary

Others present: see attached list.

INTRODUCTION OF BILLS

Chairman Bunten requested a motion to ratify the introduction of three bills on 4-8-88: (1) a bill requiring the burning of Kansas-mined coal; (2) a bill regarding tax on generation of electricity from coal and eliminating the mineral severance tax on coal; and (3) a bill concerning the Ombudsman of Corrections. Representative Chronister moved to ratify the introduction of the three bills. Seconded by Representative Ott. Motion carried.

Representative Goossen requested introduction of a bill to change the scope of practice of licensed mental health technicians authorizing them to perform gastro-feeding procedures. Representative Goossen moved introduction of the bill. Seconded by Representative Fuller. Motion carried.

Representative Ott requested introduction for the Joint State Building Committee of a bill authorizing Kansas State University to borrow the money for the Coliseum parking lot from the Pooled Money Investment Board. The loan would be paid back from parking fees. Representative Ott moved introduction of the bill. Seconded by Representative Fuller. Motion carried.

OMNIBUS BILL

Chairman Bunten welcomed the members and briefly reviewed the actions of the Conference Committee on the appropriations bills. The General Fund balances at the end of 1989 are estimated at this point to be \$145-\$150 million. This is excluding additional funding for Corrections and for the Omnibus bill. One question in the SRS bill that is not resolved is whether federal funds would be lost if terminals for CAECSES are not put in every county; approximately \$600,000 is involved in this issue.

Regarding the Research Department write-up on Items for Omnibus Consideration, Russ Mills, Legislative Research, advised that four types of items are included: (1) fiscal notes on legislation that has passed; (2) Joint Building Committee recommendations that have not been addressed; (3) subcommittee recommendations for omnibus consideration; and (4) technical adjustments (Attachment 1).

The meeting was recessed so that subcommittees could meet to consider the proposed items for omnibus.

The Committee reconvened at 10:30 a.m. and the subcommittees reported progress. Copies of the Governor's Budget Amendment were distributed to the members (Attachment 2) and the meeting was recessed until 1:15 p.m.

CONTINUATION SHEET

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room 514-S, Statehouse, at 9:00 a.m./~~p.m.~~ on April 25, 1988

The Chairman reconvened the meeting at 2:25 p.m.

GBA Item Nos. 1 and 2--Staff explained these items and the Committee approved them for inclusion in the Omnibus bill.

GBA Item No. 3--Chairman Buntten stated the Governor is recommending creation of a \$25 million special revenue fund reserved for property tax relief and school finance following completion of reappraisal. These funds would not be recorded in the General Fund ending balances. Several members do not feel the state should blunt the effect of reappraisal, as it was meant to correct an inequitable situation.

The Committee turned to consideration of the Research Department memorandum of Items for Omnibus (Attachment 1).

KANSAS RACING COMMISSION--The Committee approved Item A.

BOARD OF TAX APPEALS--The Committee approved Item A.

KANSAS STATE HISTORICAL SOCIETY--The subcommittee recommended inclusion of \$420,000 to be used to plan construction of a Center for Historical Research. The Governor is recommending \$5 million for the project. It was noted this construction is part of the Capital Area Plaza Authority plan that will free space in the Judicial building and State Capitol building. The Senate has recommended the \$420,000 in planning funds. Representative Shriver moved to approve no money for this project. Seconded by Representative Turnquist. Motion carried.

YOUTH CENTER AT TOPEKA--Item A was deleted by the Committee.

CORPORATION COMMISSION--The Committee approved Items A and B for inclusion in the Omnibus bill.

DEPARTMENT OF HEALTH AND ENVIRONMENT--On Item A, the Committee approved the \$480 in FY 1988 for travel, but in FY 1989, deleted \$4,000 for salaries and \$1,000 for contractual services. The Committee approved decreasing from \$5,000 to \$2,500 the funds for printing the task force report and recommended that the \$3,360 for travel be put in a separate line item. On Item B, the Committee specified that the 20 percent match be financed from bond proceeds. The Committee approved Items C, E, F, and G and took no action on Items D and H.

OFFICE OF SECURITIES COMMISSIONER--The Committee approved Item A.

DEPARTMENT OF COMMERCE--The Committee approved Item A and did not include any additional funds in Item B. Representative Shriver moved to approve \$25,000 from the State General Fund for a study on a Farmers' Market in Wichita requiring 50 percent match by local money. Seconded by Representative Mainey. Motion failed.

KANSAS DEVELOPMENT FINANCE AUTHORITY--The Committee approved capital for the Kansas Basic Enterprises Loan Guarantee Fund up to \$500,000 from the EDIF.

DEPARTMENT OF HUMAN RESOURCES--The Committee approved Item A.

DEPARTMENT OF ADMINISTRATION--On Item A, the Committee approved the project and funding of \$940,000 from the State Buildings Operating Fund and \$345,000 from the Building and Ground Fund. The Committee did not approve Item B. The Committee approved Item C and on Item D, approved \$91,110 for processing and \$10,000 for communications to establish a state employee dependent care benefit option funded from the Cafeteria Benefits Fund.

CONTINUATION SHEET

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KANSAS DENTAL BOARD--The Committee approved Item A.

ATTORNEY GENERAL--The Committee approved funding for child abuse investigations in SRS institutions as follows: one investigator, \$27,956; one assistant Attorney General II, \$36,146; one secretary III, \$10,359; office space, \$19,387; automobile costs, \$8,400; unspecified OOE, \$17,500; and capital outlay, \$4,250. Representative Miller advised that his subcommittee recommendation will be to amend from six to four the new positions in SRS for abuse investigations.

ATTORNEY GENERAL--KBI--The Committee approved Item A.

BOARD OF NURSING--The Committee approved Item A with the adjustment of the 1.0 Professional salary to \$28,000.

RAINBOW MENTAL HEALTH FACILITY--The Committee approved Item A.

LARNED STATE HOSPITAL--The Committee approved the restoration of a psychiatric aide position without funding.

TOPEKA STATE HOSPITAL--The addition of one position without funding was approved and the subcommittee noted there will be a savings of approximately \$43,000 in the operating budget due to a claim settlement of hospitalization costs. The Committee approved this savings for reappropriation in FY 1989.

OSAWATOMIE STATE HOSPITAL--The Committee approved restoration of one General Maintenance position without funding.

MENTAL HEALTH INSTITUTIONS--Categorical Aid--The Committee approved Item A.

KANSAS NEUROLOGICAL INSTITUTE--The Committee approved Items A, B and C.

WINFIELD STATE HOSPITAL--The Committee approved Items A and B and the addition of \$900,000 in Item C per the Governor's Budget Amendment for the shortfall in federal Medicaid funds. The Committee did not approve the agency request in Item D for additional funds for contractual health services.

PARSONS STATE HOSPITAL--The Committee approved Items A and B.

SOCIAL AND REHABILITATION SERVICES

Item A - Medical Assistance - The Committee approved the addition of \$3.5 million State General Fund for FY 1988 to the Medical Assistance budget for a shortfall and \$500,000 in FY 1988 for Division of Assets for a total of \$4 million. There was no GBA on this matter.

Item B - Foster Care - The Committee approved an additional \$958,714 State General Fund for FY 1988 and \$500,000 SGF for FY 1989.

Item C - SRS Fee Fund - The Committee approved an additional appropriation of \$2 million State General Fund for FY 1988 in accordance with the Governor's Budget Amendment.

Items D and E - Approved by Committee.

Joint Subcommittee Recommendations on Norton - The Committee approved all recommendations with the exceptions that in Paragraph 10, the Committee approved \$200,000 for legal services in FY 1988 to be carried over to FY 1989 and Paragraph 12 was deleted.

Item F - The Committee approved one half-time position with funding for the Hearing Impaired Symbols program.

CONTINUATION SHEET

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room 514-S Statehouse, at 9:00 a.m./~~p.m.~~ on April 25, 1988

Items G and H - Require no action.

Item I - The Committee approved \$808,500 SGF for FY 1989 for runaway children. The amount is based on \$77.00 per day for 70 days for 150 children.

Item J - Follow-up Items - On No. 4, the Committee concurs with the Conference Committee decision to appropriate \$436,000 for FY 1988 and, in addition, approved a proviso to reappropriate \$400,000 from FY 1988 due to a lower level of spending than anticipated.

DEPARTMENT OF REVENUE

Item A - SB 488 - The Committee approved the appropriation of \$6,176 to mail notifications to the handicapped. The cost for the tags will be dealt with as a supplemental later.

Item B - HB 2760 - The Committee approved \$2,500 for a contract attorney to draft regulations for the use of ignition interlock devices.

Items C and D - Approved by Committee.

Items E and G - The House committee has no position.

Item F - The Committee approved four Tax Examiner II positions at \$75,688, four seasonal workers at \$18,532 and OOE of \$82,592 for a total of \$176,812 SGF for income tax reform.

Item H - The Committee approved \$7,112 in FY 1988 for mailing notices about sales tax exemptions and one Tax Examiner II position with funding in FY 1989.

Item I - The Committee approved one Tax Specialist I and one Secretary I for issuance of sales tax letter rulings in FY 1989.

Two Additional Requests:

- (1) SB 111 regarding DUI, the Committee approved two new FTE attorneys and OOE for that.
- (2) Due to numerous retirements in the Department of Revenue, the Committee approved a line item of \$125,000 SGF to be used only for paying retirement costs.

ADJUTANT GENERAL--The Committee approved Item A.

DEPARTMENT OF CIVIL AIR PATROL--The Committee approved Item A.

SECRETARY OF STATE--The Committee did not approve Item A and recommends in Item B that an additional \$200,000 from census expenditures be reappropriated in FY 1989.

BOARD OF AGRICULTURE--The Committee approved Items A and B. Item C regarding the grape growing and wine making advisory program was not approved by the Committee.

KANSAS WHEAT COMMISSION--The Committee approved an increase of budget authority of \$586,150 for FY 1989 as recommended in the Governor's Budget Amendment.

ANIMAL HEALTH DEPARTMENT--The Committee approved additional expenditure authority of \$99,415 and six FTE positions as recommended in the Governor's Budget Amendment for the regulation of animal breeders and sellers.

EMERGENCY MEDICAL SERVICES BOARD--Representative Lowther's subcommittee recommended funding at \$825,802, which adopts the Governor's Budget Amendment plus \$59,000 (\$25,000-physician consultant; \$2,000-moving expenses; \$12,000-misc. equipment; \$20,000 interagency support services).

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Representative King made a motion to adopt the Governor's Budget Amendment with the addition of one FTE EMS Specialist required for HB 2835 for a total of \$766,802. Seconded by Representative Ott. Motion carried. The Committee approved the creation of a special federal fee fund for use by the Bureau of Emergency Medical Services.

UNIVERSITY OF KANSAS MEDICAL CENTER--The Committee approved Item A and deferred Item B until the supplemental next year because of uncertainty as to the amount necessary for resident malpractice insurance. The Committee approved funding the FY 1988 utilities shortfall of approximately \$70,000. In addition, the Committee approved providing \$400,000 in a line item to help with the costs of malpractice insurance in the OB-GYN and family practice areas.

KANSAS STATE UNIVERSITY--The Committee approved funding for the Chemistry/Biochemistry Building for a full 12 months authorizing an additional \$45,211. The Committee did not approve additional funding for the servicing of the Hazardous Waste Storage Building and regarding Item B, did not approve funding to establish a swine technology center.

EMPORIA STATE UNIVERSITY--The Committee approved Item A. Representative Teagarden moved to delete the \$10,000 to be used for the replacement of a rooftop HVAC unit on the Physical Education Building. Seconded by Representative Miller. Motion failed.

KANSAS PAROLE BOARD--The Committee approved Item A.

INSURANCE DEPARTMENT--The Committee approved Items A and B.

DEPARTMENT OF EDUCATION--The Committee approved Items A and B.

Returning to consideration of the Governor's Budget Amendment Item 3, which would create a special revenue fund of \$25 million, Representative Mainey moved to delete Governor's Budget Amendment No. 3. Seconded by Representative Teagarden. Following discussion, Representative Mainey withdrew his motion with the permission of his Second, Representative Teagarden, in favor of passing over this item until tomorrow's meeting.

The Committee proceeded with consideration of the Governor's Budget Amendment (Attachment 2).

Racing Commission--The Committee approved Nos. 4 and 5 for inclusion in the Omnibus bill.

Adjutant General--No. 6 has been approved.

Highway Patrol--Nos. 7, 8 and 9 are technical adjustments approved by the Committee.

Historical Society--Nos. 10 and 12 were approved and the Committee passed over No. 11 regarding the construction of the Historical Research Center until tomorrow's meeting.

Kansas Technical Institute--Nos. 13 and 14 were agreed to in Conference Committee.

State Treasurer--No. 15 was approved.

University of Kansas Medical Center--Nos. 16 and 17 were handled previously.

Department of Administration--Nos. 18, 19, 20, 21, 22, 23, and 24 in the Governor's Budget Amendment were approved by the Committee.

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Emporia State University--No. 25 was agreed to in Conference Committee.

Fort Hays State University--No. 26 is a technical adjustment and was approved, and No. 27 was handled in Conference Committee.

Kansas State University--Nos. 28, 29, and 30 were approved by the Committee.

KSU Veterinary Medical Center--No. 31 was previously approved.

Pittsburg State University--No. 32 was previously approved.

Board of Regents--Regarding No. 33, the Committee approved the additional funding for Utilities in FY 1989.

University of Kansas--Nos. 34 and 35 were approved by the Committee for inclusion in the Omnibus bill.

Wichita State University--No. 36 was previously handled.

Corporation Commission--Nos. 37, 38, 39, 40, 41, and 43 were approved by the Committee. Regarding No. 42, the Committee approved replacement of the \$9,431 reduction in federal funds with oil overcharge funds.

Kansas State Fair--The Committee approved No. 44 authorizing capital improvement funds at the State Fair.

Indigents' Defense Services--Representative Chronister moved that request No. 45 not be included for omnibus consideration. Seconded by Representative Bunten. Motion carried.

Judicial Branch--The Committee approved No. 46. Representative Solbach moved to include the district magistrate judges in the 3 percent judicial salary increase. Seconded by Representative Teagarden. Motion failed.

The Chairman announced tomorrow's meeting would begin at 9:00 a.m. The meeting was adjourned at 6:10 p.m.

ITEMS FOR OMNIBUS CONSIDERATION

Kansas Racing Commission

A. H.B. 2773 (law) authorizes the Kansas Racing Commission to recover actual costs of the background investigations of applicants conducted by the KBI. The bill establishes a new fund, the Racing Investigative Expense Fund, to receive amounts collected from applicants. The agency has requested that the new fund be established for FY 1988 and FY 1989 with no limitation placed on expenditures. No estimate of receipts for either fiscal year is available at this time.

Board of Tax Appeals

A. Technical Adjustment. The Senate Committee approved expenditure of excess moneys in the Duplicating Fees Fund to pay part of the \$4,403 cost of a new telephone system in FY 1988. A proviso is needed authorizing the one-time expenditure from the Duplicating Fees Fund.

Department of Revenue

A. S.B. 488 (law) provides for the issuance of both a special license plate and a permanent placard for handicapped parking privileges, effective July 1, 1988. The agency currently has 32,000 registered, permanent placard holders. The agency's fiscal note indicates a maximum cost of \$32,100 from the DOV Operating Fund in FY 1989, including \$6,176 to mail notifications of the law change to registered placard holders and up to \$25,890 for replacing as many as 14,545 current license plates with new handicapped plates. The agency's budget request for FY 1989 included a production estimate of 1,260 wheelchair license plates while the FY 1988 budget estimate was 1,210 handicapped tags.

B. H.B. 2760 (Governor) provides for the use of ignition interlock devices and directs the Secretary of Revenue to adopt regulations concerning approval and maintenance of devices. The bill further requires that manufacturers reimburse the Division of Vehicles for costs incurred in approving devices. A new fund should be established in the Omnibus Bill. The agency's fiscal note estimates costs of \$4,000 from the DOV Operating Fund in FY 1989 to hire a contract attorney to draft the necessary regulations. The bill's effective date is July 1, 1988, suggesting that expenses, if approved, would be incurred in FY 1988. The agency's original fiscal note indicated that a departmental staff attorney would take 20 days to draft the regulations.

C. H.B. 3103 (Governor) authorizes the Secretary of Revenue to negotiate and contract for acquisition of an automated collection system (ACS) to help in collecting delinquent taxes owed to the state. The bill was recommended by a House Appropriations Subcommittee on the Department of Revenue at the request of the Secretary. The hardware and software for the ACS may be acquired without using the state's competitive bid procedures and the vendor may be paid an amount for the ACS based on a percentage of the delinquent taxes

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Attachment 1

recovered over a specified period of time. The bill further provides that ACS must be operated by state employees of the Department.

The estimated maximum cost of ACS hardware and software is \$1,500,000 for equipping the Division of Collections with a telephone-based, taxpayer accounts receivable collection system. No estimate was provided of the number of state employees needed to operate the ACS nor whether the staff would be reallocated from other duties within the agency to operate such a system. Existing employees within the Division of Collections could be used or staff from other areas of the agency might be reassigned to the Division of Collections since no new positions are requested for ACS.

If the Committee wishes for the agency to proceed in FY 1989 with acquisition of an ACS, then appropriation language will be needed. H.B. 3103 permits the Secretary to acquire an ACS, but does not authorize expenditures for such a system. Previous major computer projects, such as KBITS contracts, have been appropriated from the State General Fund as individual line items to facilitate tracking encumbrances, expenditures and reappropriations over a multiyear period. An alternative method would be to transfer financing from the State General Fund to a special revenue fund designated for acquisition of ACS. The vendor payment schedule may be based on paying a percentage of the newly realized collections. In other states acquiring an ACS, the maximum repayment time has been two years, according to the Secretary.

D. S.B. 462 (conference) prohibits selling vehicles with a tampered odometer and requires vehicle dealers to inform buyers whether a title search has been performed. The agency's fiscal note indicates that anticipated new title searches are estimated to increase the Division of Vehicles workload by 15,000 title histories annually. An Office Assistant II at \$15,580, postage of \$2,850, and capital outlay of \$1,325 are requested. Total costs are estimated at \$19,755 from the DOV Operating Fund for 1.0 FTE new position and other expenses related to S.B. 462. Both Senate and House versions of the bill have the same estimated administrative costs.

E. S.B. 541 (conference) is an omnibus license plate bill which would increase the number and types of distinctive tags to be available and which would require county decals to be affixed to the bottom of current tags beginning January 1, 1989. The Senate version of the bill had an estimated administrative cost of \$58,068 and would require 1.0 FTE new position, an Office Assistant II for unspecified duties. The House version is estimated at \$283,068 and would require the 1.0 FTE new position. Both Senate and House versions include estimated administrative costs of \$32,950 for computer programmer and system analyst salaries and wages costs to modify VIPS, either using in-house staff or contracting with an outside firm. The principal cost difference between the two versions of the bill is \$225,000 for county name decals. The estimate of 5,000 sets of new license plates is included in both Senate and House version fiscal notes.

F. H.B. 2543 (conference) concerns Kansas income tax reform. The House version of the bill had an estimated administrative cost of \$50,092, including \$20,405 for staff computer programmer and system analyst salaries and wages. The Senate Substitute version's original assessment had an estimated cost of \$61,670 and 1.5 FTE new position, as well as including \$21,520 for staff computer programmer, system analyst and data entry operator salaries and wages.

In a revised fiscal note for the Senate version of the bill, the agency estimates administrative costs of \$318,717 and 1.5 FTE new positions, in addition to many new temporary staff, because of the possibility of thousands of amended returns being filed. Data processing staff costs of \$21,520 are still estimated in the revised Senate version fiscal note. One-time expenses included in the revised fiscal note as a result of many anticipated amended returns being filed are nine Tax Examiner II positions for 12 months at \$170,298, four seasonal workers at \$18,532, postage of \$50,000, printing of \$15,000 for a total of \$253,830 from the State General Fund. Annual costs include 1.0 new Tax Examiner II at \$9,461 for six months the first year, 0.5 Seasonal Worker II at \$4,817 for six months, data entry salaries and wages of \$4,050, and postage of \$22,500. The Tax Examiner II is needed to help administer this legislation, the agency's fiscal note indicates.

G. H.B. 2555 (in conference since April 1987) provides a tax credit for certain educational loans. Administrative costs of \$23,780 are estimated, including \$14,174 for programmer and computer systems analyst salaries and wages and \$9,606 for data processing fees.

H. H.B. 2626 (conference) concerns the exemption of certain goods from application of sales tax. Both House and Senate versions have the same administrative cost assessment of FY 1988 expenses of \$7,112 for mailing notices to merchants about sales tax exemptions and FY 1989 expenses of \$60,637 which includes \$56,388 for 3.0 new FTE positions. The agency's fiscal note indicates that one Tax Examiner III is needed to answer inquiries about exemption changes; one Tax Examiner II is needed to assist retailers; and one Office Assistant II is needed for corresponding and answering telephone calls.

I. H.B. 2948 (conference) requires the Department to issue sales tax letter rulings upon request of retailers. The agency's fiscal note indicates that extensive research and compilation of information in order to issue letter rulings in a timely manner will require 4.0 new FTE positions and FY 1989 financing of \$116,796 from the State General Fund. The agency plans to use one Tax Specialist II and two Tax Specialist I positions to conduct the research and write the letter rulings which are estimated at 200 to 300 per month. A Secretary II is requested in support of the three other positions.

Kansas State Historical Society

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction recommended FY 1988 supplemental expenditures of \$7,948,000 from the State General Fund to construct a Center for Historical Research. This recommendation assumes construction of a building of 150,000 gross square feet (GSF) and 127,225 net square feet (NSF), which would adjoin the Kansas Museum of History. The total project cost of \$7,948,000 would include: \$5,713,000 for the building; \$1,305,000 for pre-engineered floors and shelves; \$50,000 for sitework; \$351,000 for a 5.0 percent contingency fee; \$389,000 for architectural fees; and \$140,000, or 2.0 percent of the total project cost, for miscellaneous expenditures. Also reflected in the total project cost are 700 NSF of storage space and 1,790 NSF of office space for the Historic Preservation Department, which could be located in the Pottawatomie Baptist Mission Building on the Museum grounds. Recommended

expenditures would allow for approximately 20 years of growth for operations and storage needs.

Youth Center at Topeka

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction has recommended multiyear funding from the State Institutions Building Fund of \$57,100 for FY 1989 and \$591,100 for FY 1990 (\$648,200 total) for a new central heating and air-conditioning system in the administration building, auditorium/gym, and dining facility/kitchen. This project was not recommended by the Governor.

Corporation Commission

A. Commissioner Salaries. During discussion of H.B. 2675, the appropriations bill for the Judicial agencies, a salary increase of 7 percent was approved for District Court and Court of Appeals judges. The salary of the Chairman of the Corporation Commission is statutorily tied to the salary of the Chief Judge of the Court of Appeals and the salaries of the other two Commissioners are tied to the Court of Appeals Judges. Increasing the salaries of the three Commissioners to provide a 7 percent increase from FY 1988 to FY 1989 will require additional expenditure authority of \$6,408, including \$3,877 from the Public Service Regulation Fund, \$1,378 from the Motor Carrier License Fee Fund, and \$1,153 from the Conservation Fee Fund.

B. H.B. 3009 abolishes the Mined Land Conservation Board, which is part of the Corporation Commission, and transfers its duties to the Department of Health and Environment. Under the bill all current officers and employees of the Board are transferred to the Department of Health and Environment as classified employees. Although H.B. 3009 provides for the transfer of positions and all appropriate funding sources (\$3,601,438 and 14.0 FTE), the Commission has provided a minimal level of centralized administrative support to the Board and a portion of the Administrative Services Division budget for FY 1989 is financed from Mined Land funds. In addition to transferring funding and positions for the program to KDHE, transfer of the Mined Land program will result in increased administrative support charges for other Corporation Commission activities, necessitating expenditure limitation adjustments to several special revenue and federal funds. The effect of these financing modifications will be a net increase of \$25,399 to other funds. Total agency expenditures are not affected, only the sources of funding for agency activities. The following table reflects the financing modifications necessitated by the transfer of the Mined Land program:

Public Service Regulation Fund	\$ 12,377
Conservation Fee Fund	3,763
Motor Carrier License Fee Fund	9,259
Mined Land Conservation and Reclamation Fee Fund	(20,792)
National Surface Mining Federal Fund	(2,388)
Abandoned Mined Land Reclamation Federal Fund	(2,219)
TOTAL	\$ 0

Department of Health and Environment

A. S.B. 461 establishes a Task Force on Epilepsy and Other Seizure-Related Disorders, requires the task force to present a report and recommendations to the Governor and Legislature by December 31, 1988, and sunsets the legislation on the same date. The task force is to consist of not more than eight members appointed by the Secretary of the Kansas Department of Health and Environment (KDHE) and four members appointed by the majority and minority leaders of each House of the Legislature. The task force is directed to conduct a study of the needs of epileptic individuals and individuals suffering from other seizure-related disorders and to develop a plan for meeting the needs of these individuals and coordinating available resources. The Secretary of Health and Environment is directed to provide staff assistance and clerical services to the task force and to provide mileage allowances for members from departmental appropriations.

KDHE estimates \$480 in travel expenditures in FY 1988 and \$14,743 in expenditures in FY 1989 for total expenditures of \$15,223 associated with the task force. The FY 1989 estimate includes \$4,000 in salaries for a temporary Office Assistant III position, \$5,000 for printing the task force report, \$1,383 for communications, \$3,360 for travel, and \$1,000 for contractual services for preparation of the report.

B. S.B. 472 establishes the Kansas Water Pollution Control Revolving Fund to provide loans to Kansas municipalities for the construction of wastewater collection and treatment facilities. Creation of the fund enables the state to receive an estimated \$76.68 million between FFY 1989 and FFY 1994, conditioned upon a 20 percent state match, to capitalize a state revolving loan fund program. The state match will be deposited to the fund from proceeds of bonds issued by the Kansas Development Finance Authority.

KDHE estimates that it would require \$38,800 in additional resources to administer the provisions of S.B. 472, including \$29,900 for a 1.0 FTE Accountant III. The estimate includes \$4,875 for other operating expenditures and \$4,025 for one-time capital outlay costs. Eighty percent of these administrative costs (\$31,040) would be financed with federal funds and 20 percent (\$7,760) would be financed from the State General Fund.

C. H.B. 2464 creates the Dietitians Licensing Act and requires the licensure of persons practicing dietetics by the Department of Health and Environment. The Secretary of Health and Environment is authorized certain powers in implementing the act including the establishment of standards for courses of study and programs of experience, the establishment of procedures for examinations and the adoption of rules and regulations to administer the act. Licenses would be issued for a two-year period and licensure is required by July 1, 1989. The Secretary is authorized to establish application and renewal fees sufficient to cover the costs of administering the act and receipts from these fees would be deposited into the State General Fund. Receipts are estimated to total approximately \$175,000 during each two-year licensing cycle.

KDHE estimates 2.0 FTE positions, an Administrative Officer II and a Secretary I, would be required to administer the act, and estimates total costs of \$47,436 in salaries and \$44,295 in other operating expenditures for a total of \$91,731 from the State General Fund. Included in the estimate is \$25,000 in

contractual services to evaluate university educational programs; this cost would not be incurred on an annual basis. Based on the two-year license duration, receipts and expenditures will balance over a two-year period rather than on an annual basis.

D. H.B. 2777 (pending) requires an autopsy by a qualified pathologist in certain cases where a person dies in the first year of life. The bill provides that the professional fees and travel expenses authorized for such autopsies shall be paid by the state from appropriations made to KDHE for that purpose.

KDHE estimates expenditures of \$50,220 will be required to implement the provisions of H.B. 2777, including \$49,000 for reimbursement of professional fees and travel expenses and \$1,220 for informational brochures and postage to inform physicians, coroners, and other health professionals of the requirements of the act. The estimate is based on an average of 56 deaths from Sudden Infant Death Syndrome each year, the average number in Kansas during the past five years.

E. H.B. 2996, the Claims Bill, includes a payment of \$2,314 from the federal migrant health fund in the Department of Health and Environment for payment of a bill to a medical center for which a voucher was not filed in a timely fashion. Sufficient funding is not available within the existing FY 1988 expenditure limitation of \$4,000 established for the fund. An increase of the expenditure limitation to \$6,314 will allow for payment of the claim.

F. H.B. 3009 abolishes the Mined Land Conservation Board, which is part of the Corporation Commission, and transfers its duties to the Department of Health and Environment. Under the bill all current officers and employees of the Board are transferred to the Department of Health and Environment as classified employees. Passage of the bill necessitates the transfer of 14.0 FTE positions and \$3,601,438 in expenditures to the Kansas Department of Health and Environment. Of the total, \$198,578 is from fee funds, and the remainder is from federal grant funds.

G. Joint Committee on State Building Construction -- Shirk Hall Renovation. The Joint Committee on State Building Construction recommended the addition of \$55,000 from the State General Fund to the budget for Pittsburg State University for the renovation of one floor of Shirk Hall for the Mined Land Division. The appropriation is to be repaid to the State General Fund by the Mined Land Division in three installments beginning in FY 1989. The FY 1989 repayment totals \$18,334. Additional expenditure authority and transfer language is needed to provide for this transfer to the State General Fund.

H. Genetic Services. The federal grant funding the genetic services program will terminate at the end of FY 1988. The Governor did not recommend FY 1989 funding to continue the program. The Senate added in \$100,000 from the State General Fund to continue the Genetic Services Program in the appropriations for both the Department of Health and Environment and the University of Kansas Medical Center. The House did not recommend funding the program pending a Governor's Budget Amendment. The Conference Committee removed funding from both appropriations bills pending a Governor's Budget Amendment. The grant has averaged \$180,000 per year since 1983. KDHE currently contracts for services in both Wichita and Kansas City and funds have

been utilized to provide genetic counseling and diagnostic services and to develop outreach clinics and educational activities across the state.

Office of Securities Commissioner

A. H.B. 2976 increases the registration and renewal fees charged by the Securities Commissioner for securities broker-dealers and agents. The bill authorizes maximum registration and renewal fees of \$300 annually for broker-dealers and \$50 for securities agents, an increase from the current statutory maximum fees of \$100 for original registration and \$50 for renewal for broker-dealers, and \$15 for original registration and \$10 for renewal for agents. The House Appropriations and Senate Ways and Means Committees both recommended the addition of 3.0 FTE broker-dealer examiners and associated operating expenditures for a program of routine on-site broker-dealer examinations. Currently, such exams are performed only in response to complaints or past disciplinary actions. Both committees recommended that these positions be funded through increased fees and included no funding or positions pending legislation providing for increased fees. H.B. 2976 would generate the additional revenue to fund this activity. The Securities Commissioner intends to establish registration and renewal fees of \$100 for broker-dealers and \$20 for individual investment advisors and agents. This level of fees will generate additional revenue of \$331,000. The cost of the three broker-dealer examiners and associated operating expenditures is \$134,439, including \$106,048 for salaries and \$28,391 for other operating expenditures.

Department of Commerce

A. H.B. 2515 statutorily establishes the Kansas Industrial Training (KIT) program and creates the new Kansas Industrial Retraining (KIR) program. The KIT program, which started in FY 1973, is designed to provide customized training to new or prospective employees of new or expanding industries. The KIR program would provide customized retraining to employees of restructuring industries who are likely to be displaced because of obsolete or inadequate job skills and knowledge.

The Department of Commerce indicates that implementation of the KIR program would require an additional 1.5 FTE positions and \$43,225 for administration. The agency reports that administrative expenses could be funded by either the State General Fund or the Economic Development Initiatives Fund (EDIF). No additional administrative expenses would be required for the KIT program. In addition, funding for cost-shared retraining through KIR would be required. The 1988 Legislature has provided \$1,200,000 from the EDIF for the KIT program for FY 1989.

B. S.B. 574 (pending) establishes the Kansas Partnership Fund, expenditures from which would finance loans for public infrastructure improvement projects which would directly lead to the creation of private sector jobs. The Department of Commerce indicates that administrative costs for the infrastructure loan program would total \$139,378 in FY 1989, including \$102,363 for salaries and wages for 4.0 FTE positions and \$37,015 for other operating expenses. The fiscal note on S.B. 574 submitted by the Division of the Budget states that "Additional expenditures which would be required by the Department

of Commerce for the administration of the Kansas Partnership Infrastructure Loan Program can be absorbed within the Department's current expenditure and staffing limitations." The 1988 Legislature has provided \$4,500,000 from the EDIF for infrastructure loans for FY 1989.

Kansas Development Finance Authority

A. H.B. 2909 (pending) creates the Kansas Basic Enterprises Loan Guarantee Fund. Moneys credited to this fund are to be used by the Kansas Development Finance Authority (K DFA) as security for bonds to be issued to finance loans to Kansas basic enterprises. The K DFA indicates that administration costs of the Kansas Basic Enterprises Loan Program would be covered by administration fees charged for individual loans, and no legislative action is required to implement the administration portion of the program. Legislative action may be required, however, to capitalize the Kansas Basic Enterprises Loan Guarantee Fund. The House version of the bill capitalized the Kansas Basic Enterprises Loan Guarantee Fund by demand transfers from the Economic Development Initiatives Fund, with the provision that the balance of moneys credited to the Loan Guarantee Fund shall not exceed \$1,000,000 at any one time. The Senate version of the bill is silent as to the method of capitalizing the Loan Guarantee Fund. The House and Senate versions of the bill both provide that any expenditures from the Loan Guarantee Fund shall be subject to appropriation acts.

Department of Human Resources

A. H.B. 2832 increases the number of Administrative Law Judge positions authorized for the Workers' Compensation Division of the Department of Human Resources from seven to ten. Currently there are seven judicial positions funded for the Division. The Department indicates that one Administrative Law Judge and one Secretary II support position and funding of \$97,336 from the Workers' Compensation Fee Fund would be required for each judicial position filled. Implementing all three additional statutorily authorized judicial positions in FY 1989 would require 6.0 FTE positions and funding of \$292,008.

Department of Administration

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction has recommended expenditure of \$1,285,000 in FY 1989 to begin implementation of the first phase of the Capitol Area Master Plan. As requested by the Division of Architectural Services, the initial implementation would involve three projects:

- Project I -- Construction of a parking area for approximately 100 cars in the area of 11th Street between Harrison and Topeka Avenues. Estimated cost is \$180,000.
- Project II -- Construction of the automobile entry and approach on the north side of the Statehouse. Estimated cost is \$350,000.

Project III -- Acquisition of an additional parking area near the Statehouse. Estimated cost is \$755,000. (Two alternative sites are under consideration: (a) a site on the east side of Van Buren between 7th and 8th, and/or (b) a site on the east side of Jackson Street between 10th and 11th.) Either site will provide parking for approximately 136 cars.

Neither the Department of Administration or the Joint Committee have recommended a funding source for the project. The Joint Committee recommendation includes a provision that construction on the project is not to start until the City of Topeka provides for short-term meter parking around the perimeter of the Statehouse grounds for visitor parking.

B. Joint Committee on State Building Construction Recommendation.

The Joint Committee on State Building Construction has recommended expenditure in FY 1989 of \$165,480 for modifications to the cage elevator in the Statehouse. The modifications include total automation of the cage doors, cab doors, and pushbutton call system; cage modifications; and miscellaneous motor and control renovations. Of the total recommended, \$161,000 is for the automation project and \$4,480 is for the preliminary survey and report. The Joint Committee recommended that the funding be subject to State Finance Council approval (with consultation of the Joint Committee on State Building Construction) for release following receipt of the preliminary survey and report. Funding for the project is recommended by the Joint Committee to be from the State General Fund.

C. Information Technology Fund and Information Technology Reserve Fund. S.B. 718 concerns the Division of Information Systems and Communications (DISC) and creates two new funds: an "Information Technology Fund" and an "Information Technology Reserve Fund." The bill also abolishes three existing funds: the Computer Services Fund, the Computer Services Depreciation Reserve Fund, and the state Communications Services Fund.

The three existing funds are appropriated with "No limit" expenditure limitations. Approved FY 1989 expenditures from the three funds are as follows: Computer Services Fund, \$8,022,929; Computer Services Depreciation Reserve Fund, \$3,436,241; and Communications Services Fund, \$18,711,033. The two new funds should be appropriated in the Omnibus Bill.

D. H.B. 2850 -- State Employee Dependent Care Program. H.B. 2850 requires the Secretary of Administration to establish and administer a state employee dependent care assistance program as part of the employee cafeteria plan under Sections 125 and 129 of the U.S. Internal Revenue Code of 1986. The bill requires the Secretary to have the program in operation no later than July 1, 1989. Under a cafeteria plan for dependent care assistance, state employees could agree to accept reduced compensation in exchange for the state financing the cost of the employee's dependent care expenses. The employee selects the amount, within federal limitations, that would be placed in a special account to pay for the employee's dependent care assistance. Such a plan allows the employee to avoid paying federal income tax or Social Security tax on the reduced compensation amount for dependent care assistance.

H.B. 2850 specifies that such reduced compensation agreements shall not reduce individual compensation for purposes of computing: benefits under the Kansas Public Employees Retirement System; worker's compensation; unemployment compensation; or Kansas Income Tax. The bill also specifies that implementation of such plans is subject to approval of the Secretary of Administration, to assure adequate data processing resources.

The fiscal note prepared by the Budget Division on H.B. 2850 indicates that funding of \$159,636 in FY 1989 is necessary. This amount is composed of \$110,410 needed to make the necessary programming and design changes to the state's payroll systems; \$39,226 for an additional Central Accountant III position in the Division of Accounts and Reports to keep records of individual accounts; and \$10,000 for communication to allow the Department of Administration to educate state employees about the new program.

H.B. 2850 also abolishes the Health Care Benefits Program Fund and creates a new Cafeteria Benefits Fund to receive and disburse all funds for the state health care benefits program and the employee cafeteria benefits program. This new fund should be appropriated in the Omnibus Bill.

Kansas Dental Board

A. H.B. 2643. During its budget review by the Senate Subcommittee, the Dental Board submitted a request for expenditure authority of \$30,000 to implement an "impaired provider" program in FY 1989. At that time, H.B. 2643 was pending before the Legislature. That bill would, among other things, add dentists and dental hygienists to the listing of health care providers who are under the mandatory reporting requirements of current law. The Senate Subcommittee recommended that the Board's request be considered in the Omnibus Bill should H.B. 2643 be enacted.

Attorney General

A. Sub. for H.B. 2765 amends the Kansas Code for Care of Children to establish a system for reporting suspected child abuse or neglect in institutions operated by the Secretary of Social and Rehabilitation Services (SRS). Persons who suspect that child abuse or neglect has occurred in one of the institutions are required to make a report directly to the Attorney General's office and are not required to make an initial report to the Secretary or any employee of the Secretary. Suspected child abuse or neglect in an SRS institution shall be investigated by an agent under the direction of the Attorney General. The bill shall take effect upon publication in the statute book.

According to the Attorney General, an estimated total cost for FY 1989 of \$207,652 is necessary to investigate reports of child abuse or neglect in the SRS institutions (Youth Center at Topeka, Youth Center at Beloit, Youth Center at Atchison, Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, Topeka State Hospital, Kansas Neurological Institute, Parsons State Hospital and Winfield State Hospital). The agency's expenditure estimate for implementation of this legislation is as follows:

Salaries and Wages (including benefits):	
Two Investigators	\$ 55,913
One Assistant Attorney General II	36,146
One Secretary III	<u>20,718</u>
Subtotal	<u>\$112,777</u>
Other Operating Expenditures	
Office Space	\$ 38,775
Automobile Costs (60,000 miles)	12,600
Other Unspecified OOE	<u>35,000</u>
Subtotal	<u>\$ 86,375</u>
Capital Outlay	<u>\$ 8,500</u>
TOTAL	<u>\$207,652</u>

All funding is requested from the State General Fund.

Attorney General -- KBI

A. S.B. 484 mandates that certain tests be conducted whenever a land, air, or watercraft is involved in an accident that results in the death of the operator or a person who is not a passenger. The bill requires the district coroner, or the coroner's designee, to take blood or other samples from the deceased to be tested for presence of alcohol and drugs. The samples must be taken within eight hours after death and are to be analyzed by the Kansas Bureau of Investigation. Results are to be reported to the local and state registrars of vital statistics and may only be used for statistical purposes. The identity of the deceased individual shall not be disclosed. This legislation does not require that samples be drawn from individuals under the age of 14, unless the individual was the operator of the vehicle involved in the accident.

According to the Kansas Bureau of Investigation, S.B. 484 will have a fiscal impact of an estimated \$143,517. The agency's expenditure estimate for FY 1989 from the State General Fund is as follows:

Criminalist I (including benefits)	\$ 33,517
Other operating costs	20,000
Capital Outlay	<u>90,000</u>
TOTAL	<u>\$143,517</u>

For FY 1989, H.B. 2808 as signed by the Governor, contains a total of \$208,904 from the State General Fund -- 4.0 FTE positions (two Criminalist Is, one Criminalist II, one Secretary I) and \$100,000 for laboratory equipment -- to finance the impact of S.B. 484 and to reduce the backlog of cases in the forensic laboratory.

Board of Nursing

A. H.B. 2643 amends seven statutes that concern mandatory reporting of certain actions of health care providers, health care provider peer review, and risk management programs. The bill expands the definition of health care provider to include three groups regulated by the Board of Nursing (i.e. licensed professional nurses, licensed practical nurses and licensed mental health technicians). The reporting requirements relate to actions taken by health care providers that are or may be below the applicable standard of care and that have a reasonable probability of causing injury to a patient; or, that may be grounds for disciplinary action by the appropriate licensing agency.

The Board of Nursing estimates that this legislation will require a total of \$40,450 of additional expenditures for FY 1989, as follows:

Salaries and Wages (including benefits):	
1.5 Investigator	\$ 33,300
.5 Secretary	<u>7,150</u>
TOTAL	<u>\$ 40,450</u>

If the Board of Nursing enters into a contractual agreement for a peer assistance program, which the bill authorizes but does not require, additional costs of approximately \$61,000 would be incurred. According to the Board, the contract estimate is based upon the following proposal submitted by the Kansas State Nursing Association:

Salaries and Wages:	
1.0 Professional	\$ 33,000
.5 Secretary	<u>7,150</u>
Subtotal	<u>\$ 40,150</u>
Other Operating Expenditures:	
Travel	\$ 5,000
Training	10,000
Communication/Supplies/Advertising	<u>5,200</u>
Subtotal	<u>\$ 20,200</u>
Total	<u>\$ 60,350</u>

The Board of Nursing is entirely fee-supported. Current approved expenditures and current revenue projections indicate that the Board of Nursing would have ending balances in FY 1988 of approximately \$76,634 and in FY 1989 an estimated \$153,297.

Rainbow Mental Health Facility

A. Joint Committee on State Building Construction Recommendation. The Joint Committee on State Building Construction has recommended from the SIBF a multiyear appropriation (FY 1989 -- \$272,500 and FY 1990 -- \$556,100) to fund the addition and remodeling of the special school at Rainbow Mental Health Facility. Funding for this project is not currently contained in an appropriations bill. The agency requested \$828,600 from the SIBF in FY 1989. The Governor did not recommend funding for this project.

The school had been cited repeatedly for the lack of adequate space and a library media center in school accreditation surveys conducted by the State Board of Education. Rainbow received notification on December 21, 1987 from the State Board of Education that the Board approved the corrective actions (i.e. utilized existing space) taken by Rainbow to remedy the citations and removed the school's "accredited warned" status. The Board indicated that the hospital's efforts to expand the space for the school program had infringed upon the space available for the hospital program and that the current classroom facilities still remained very crowded. According to hospital officials, there are currently 20 children on the waiting list for the educational program and there could be no expansion of the program without construction of additional space for the school.

Larned State Hospital

A. Senate Subcommittee Recommendation. During legislative budget review, the Senate Subcommittee acknowledged the agency's anticipated GBA request to restore for FY 1989 a psychiatric aide position (\$15,271). This position was eliminated in the hospital's budget in order to add a position to the Division of Mental Health and Retardation Services as part of the new investigative teams requested in the SRS budget. The Senate Subcommittee requested that this position be reviewed during Omnibus.

Topeka State Hospital

A. Senate Subcommittee Recommendation. During legislative budget review, the Senate Subcommittee acknowledged the agency's anticipated GBA request for 16 RNs, 10 LMHTs, 9 Psychiatric Aides, and 1 Laundry Worker. The RNs and direct care staff were requested in response to federal surveys. The Laundry Worker was eliminated in the hospital's budget in order to add a position in the Division of Mental Health and Retardation Services as part of the new investigation teams requested by the Division of Mental Health and Retardation Services in the SRS budget. The Senate Subcommittee requested that these positions be reviewed during Omnibus.

In legislative action, the House added 16 RNs (\$482,810), 6 LMHTs (\$103,656), and 5 Psychiatric Aides (\$75,500) to the hospital in FY 1989 and the Conference Committee concurred.

Osawatomie State Hospital

A. Senate Subcommittee Recommendation. During legislative budget review, the Senate Subcommittee acknowledged the agency's anticipated GBA request for six LMHTs, five psychiatric aides, and one general maintenance and repair technician. The direct care positions were requested in response to federal surveys. The General Maintenance and Repair Technician was eliminated in the hospital's budget in order to add a position in the Division of Mental Health and Retardation Services as part of the new investigative teams requested in the SRS budget. The Senate Subcommittee requested that these positions be reviewed during Omnibus. In legislative action, the House added three LMHTs

(\$51,828) to the hospital's budget in FY 1989 and the Conference Committee concurred.

Mental Health Institutions

A. Categorical Aid. H.B. 2720 (pending), the appropriations bill for the Department of Education, will allow a categorical aid rate of \$15,443 per eligible teaching unit for FY 1989. The education budgets for Larned State Hospital, Osawatomie State Hospital, Rainbow Mental Health Facility, and Topeka State Hospital, as contained in S.B. 545, are based on a categorical aid rate of \$14,847 per eligible teaching unit. Based on the increased categorical aid available to the hospitals, the following offsetting reductions from the State General Fund in the institutions' budgets may be made for FY 1989:

Larned State Hospital	\$ (7,283)
Osawatomie State Hospital	(11,800)
Rainbow Mental Health Facility	(10,013)
Topeka State Hospital	(20,000)
TOTAL	<u>\$ (49,096)</u>

Kansas Neurological Institute

A. Kansas Neurological Institute (KNI) Fee Fund. The subcommittees reviewing the KNI budget noted possible shortfalls in the KNI fee fund in FY 1988 and recommended that the fee fund be reviewed during the Omnibus Session. Based on information through March, KNI estimates a shortfall of \$20,000.

B. Categorical Aid. H.B. 2720 (pending), the appropriations bill for the Department of Education, will allow a categorical aid rate of \$15,443 per eligible teaching unit for FY 1989. The education budget for KNI, as contained in S.B. 545, is based on a categorical aid rate of \$14,550 per eligible teaching unit. Based on the increased categorical aid available to the hospital an offsetting reduction of \$33,535 from the State General Fund may be made for FY 1989.

C. Building Committee Recommendation. The Joint Committee on State Building Construction recommended \$127,500 from the SIBF for preliminary planning for a work/recreation and activities building. This recommendation is not now contained in any appropriations bill. The proposed building would provide work and recreation activity programs to both ambulatory and non-ambulatory clients at KNI. The agency states that the new facility would replace work and prework activities presently conducted in the basement areas of the existing lodges.

The proposed facility would provide 46,100 square feet of space and the total cost per square foot for this project is estimated at \$126.80, including site costs, architect's fee, a contingency of 5 percent, and miscellaneous costs. The agency requests multi-year funding of \$127,500 in FY 1989 for preliminary planning, \$209,000 in FY 1990 for final planning, and construction costs of \$2,500,000 in FY 1991 and \$3,234,000 in FY 1992, for a total project cost of \$6,070,500.

Winfield State Hospital

A. Winfield Fee Fund. The subcommittees reviewing the Winfield budget noted possible shortfalls in the Winfield fee fund in FY 1988 and recommended that the fee fund be reviewed during the Omnibus Session. Based on information through March, Winfield believes they will be able to generate the revenue for their fund as recommended by the Governor.

B. Categorical Aid. H.B. 2720 (pending), the appropriations bill for the Department of Education, will allow a categorical aid rate of \$15,443 per eligible teaching unit for FY 1989. The education budget for Winfield State Hospital, as contained in S.B. 545, is based on a categorical aid rate of \$14,712 per eligible teaching unit. Based on the increased categorical aid available to the hospital an offsetting reduction of \$24,895 from the State General Fund may be made for FY 1989.

C. Federal Medicaid Funds. During review of the budgets for the mental retardation institutions it was noted that there might be a shortfall in federal Medicaid funds for the institutions, due to a federal disallowance of up to \$4 million. SRS now estimates that pending a final federal decision on this disallowance, there will be a \$1.8 million shortfall in FY 1988 in institutional federal Medicaid funds. SRS does not project any other problem in achieving the Governor's recommended level of Medicaid receipts for the mental retardation institutions at this time.

D. Additional Funding Request for Health Contracts. During review of the Winfield budget, the agency requested an additional \$191,550 from the State General Fund in FY 1989 for additional contractual health services. The subcommittees noted that Winfield might request a Governor's Budget Amendment on this item and recommended that it be reviewed during the Omnibus Session if necessary.

Parsons State Hospital

A. Parsons Fee Fund. The subcommittees reviewing the Parsons budget noted possible shortfalls in the Parsons fee fund in FY 1988 and recommended that the fee fund be reviewed during the Omnibus Session. Based on information through March, it is estimated that the fee fund shortfall will be \$70,000.

B. Categorical Aid. H.B. 2720 (pending), the appropriations bill for the Department of Education, will allow a categorical aid rate of \$15,443 per eligible teaching unit for FY 1989. The education budget for Parsons State Hospital, as contained in S.B. 545, is based on a categorical aid rate of \$15,163 per eligible teaching unit. Based on the increased categorical aid available to the hospital, an offsetting reduction of \$11,764 from the State General Fund may be made for FY 1989.

Social and Rehabilitation Services

A. Medical Assistance. During review of the Department of Social and Rehabilitation Services' (SRS) budget it was noted that there might be the need for an additional supplemental appropriation for the medical budget. SRS now estimates the State General Fund shortfall for the medical budget in FY 1988 to be between \$4 and \$5 million, in addition to the supplemental appropriation of \$12,593,572 already contained in S.B. 571.

B. Foster Care. During review of the SRS budget, it was noted that there might be a need for a supplemental appropriation for the foster care program. Based on expenditure through March, SRS estimates the need for an additional \$958,714 from the State General Fund.

C. SRS Fee Fund. The Governor's recommendations for FY 1988 were based on revenues to the SRS Fee Fund of \$11,675,000. SRS now estimates that revenues to the Fee Fund will total only \$9,175,000 in FY 1988 or \$2.5 million less than recommended by the Governor. The shortfall is due to the following factors: (1) SRS originally estimated that they would receive five quarterly child support payments in FY 1988. Only four quarters of receipts will be received in FY 1988; (2) Kansas Industries for the Blind is not generating the anticipated level of receipts; and (3) medical recoveries are less than projected. The agency's fee fund estimate would allow for an ending balance in FY 1988 of \$390,641, as recommended by the Governor.

D. Building Committee Recommendation. The Joint Committee on State Building Construction recommended \$150,000 from the SIBF for SRS to contract for asbestos management plans at the state institutions. This recommendation is not now contained in any appropriations bill. SRS is required to comply with the Asbestos Hazard Emergency Response Act for public and private schools which is administered by the Environmental Protection Agency. SRS proposes to hire accredited inspectors to do the asbestos management plans that must be completed and submitted to the Kansas Department of Health and Environment by October 12, 1988.

E. Norton State Hospital. The Conference Committee recommendations on S.B. 545 included the following:

1. An amount of \$973,261 from Norton's State General Fund budget should be retained to fund hospital operations and 50 percent of the remaining Norton State General Fund budget (\$579,334) should be placed in the SRS budget which could be transferred from SRS to the Norton State Hospital budget, only upon approval by the State Finance Council, if it is determined that Norton needs some additional funding to close out the hospital by October 1, 1988. Any remaining funds could be used to place other clients from state institutions into the community.
2. The remaining amount in the Norton budget from the State General Fund (\$579,334) should be used to place Norton State Hospital clients in the community. This amount, in conjunction with the amount already in the SRS budget to move clients out of state institutions would total \$1,098,920. This would allow, for

example, the movement of 60 clients out of Norton for 12 months at an average cost per day of \$100, and assuming 90 percent of the clients would be eligible for federal matching funds for a total cost of \$1,105,950.

3. The Conference Committee recommended that these funds be placed in the SRS budget in the special purpose mental retardation grants line item during the Omnibus Session.

The Joint Subcommittee on Norton State Hospital made additional recommendations as follows:

1. SRS should immediately send out requests for proposals to move the Norton clients to community facilities. These RFPs should be sent out on a statewide basis. The Subcommittee is disappointed that SRS has made no attempt yet to solicit proposals for movement of clients out of Norton State Hospital. The Subcommittee believes that a target date for completing the movements by October 1, 1988 must be set to ensure that SRS will expedite the resolution of the current situation at Norton.
2. A central revolving fund should be set up in the SRS budget to provide incentive for providers to develop small ICF/MR facilities. The revolving fund could provide up-front funding to avoid the current delay in reimbursement that occurs for new facilities. The Subcommittee recommends that \$500,000 from the State General Fund be provided to set up this revolving fund in the SRS budget. The amount for this fund should be reviewed by the 1989 Legislature to determine if this level of funding is necessary.
3. The Subcommittee reviewed the concept of multi-year appropriations to provide reassurance to community facilities that the State would provide future funding to serve clients in the community. The Subcommittee notes that the Legislature has always honored its commitments to continue the funding for the client movement each year, as it is recognized that there are ongoing costs of the community programs. The Subcommittee notes that this commitment will continue in the future.
4. The Subcommittee does not recommend that all community centers must take institutional clients in order to receive funding for waiting list movements, but that SRS must accomplish the overall ratio of movement of at least the 60 Norton clients and 125-130 community waiting list clients, and that additional institutional clients should be moved if there are sufficient funds after serving 125 community waiting list clients.
5. The Subcommittee believes that the rates proposed by SRS of up to \$150 per day are unreasonable in light of the rates now paid to small Intermediate Care Facilities for the Mentally Retarded. Community waiting list clients and movement of institutional clients are now costing SRS about \$40-\$50 per day and the

Governor recommended a rate of \$50 per day in his FY 1989 budget for both institutional and community waiting list movements. The Subcommittee heard testimony that an Oklahoma Intermediate Care Facility for the Mentally Retarded is serving clients for less than \$50 per day and has not had certification problems with HCFA.

6. The Subcommittee notes that if placements in the community cannot be found for Norton clients as quickly as planned, that Parsons, Winfield, and KNI could serve as back-up facilities. This option would be considered a last resort. A facility in Hays also expressed willingness to serve as a back-up facility.
7. The Subcommittee strongly recommends that the Department of Health and Environment change the state regulations for small ICF/MR facilities to conform with the federal regulations which are more flexible and should result in more efficiently operated facilities at lower costs. The Subcommittee believes this change must be accomplished as soon as possible and requests that the Department of Health and Environment report to the Legislature during the Omnibus Session with their intentions regarding this item.
8. The Subcommittee does not concur with the SRS plan to place the entire Norton budget in the SRS budget and believes that the Legislature should not give total discretion to SRS in developing a plan for Norton, particularly given the expensive program SRS is considering and the slowness of the agency to begin to develop a plan for Norton clients.
9. The Subcommittee reviewed the possibility of providing additional funding for client movement in FY 1988 to expedite the placement of Norton clients. Such funding could be reappropriated to FY 1989.
10. The Subcommittee recommends that \$500,000 from the State General Fund be added to the SRS budget to be released only upon Finance Council approval, to be used for legal services in the event that a state facility is decertified by the Health Care Financing Administration.
11. The Subcommittee recommends that a bill be introduced to change the Kansas Nurse Practice Act to allow LMHTs to perform certain patient care procedures at the state institutions that can now only be performed by a Registered Nurse.
12. The Subcommittee recommends that SRS aggressively seek additional federal Medicaid waiver authority to provide community based services for the mentally retarded. It is the Subcommittee's expectation that SRS will be more successful in obtaining federal waivers than in the past. The Subcommittee notes that if waivers are not obtained that the costs to both the state and federal government will be much higher as clients would require institutional care. The Subcommittee recommends changes in the

SRS line item appropriations to clarify the Legislature's intent on this matter. The Subcommittee also learned that the Secretary of SRS plans to transfer the superintendent at Norton to the central SRS office for the specific function of obtaining federal waivers.

13. The Subcommittee recommends that SRS consider the option of therapeutic foster care for community placements of some of the Norton clients.

F. H.B. 2988 -- Hearing Impaired Symbols. H.B. 2988 requires the Kansas Commission for the Deaf and Hearing Impaired to issue symbols to attach to the cars of deaf and hearing impaired drivers. The Commission must verify that the person is deaf before issuing the symbol. The Commission shall design, and provide for the issuance of the symbol or other device that may be attached to the vehicle. The Commission may collect a fee of not to exceed \$2 for each symbol or device. The bill allows the Commission to contract with state or local agencies for the distribution of the symbol or other device.

According to SRS there are approximately 173,000 deaf and hearing impaired individuals in Kansas. The Commission estimates that approximately 10,000 individuals would apply for the symbol. If 10,000 symbols were sold at \$2 per symbol, \$20,000 would be collected and deposited to the State General Fund. SRS estimates that one full-time Office Assistant II (\$15,943) would be needed to supervise the program and provide necessary clerical support. In addition, the Department estimates approximately \$4,000 would be required for the printing of forms, brochures, postage, and public service announcements. The Department estimates the cost of the symbols at \$.75 each or \$7,500 for 10,000 symbols. The total requested cost of the program in FY 1989 is \$27,443.

G. H.B. 2763 authorizes the Secretary of Social and Rehabilitation Services (SRS) to fix, charge, and collect reasonable fees for clients receiving home care services through the home and community based services program. The bill provides that the fees shall be deposited in the state treasury and credited to the SRS temporary deposit fund.

The bill would allow SRS to collect the patient liability for home care services in order that HCBS clients can meet the required spend down for medical assistance. The bill would not change the amount of fees paid by the clients. It is estimated that the fees to be collected by SRS would result in additional revenue to the SRS Fee Fund of \$200,000-\$300,000. The Legislature may wish to consider whether the estimated additional revenue to the SRS Fee Fund should be budgeted to offset State General Fund appropriations in FY 1989, or to support the balance of the SRS Fee Fund.

H. S.B. 566 (in Conference Committee). S.B. 566 amends the current two-year dormancy period which applies to child support judgments entered prior to the child's emancipation to extend this period to the end of the child's minority plus two years.

The bill clarifies the Department of Social and Rehabilitation Services' (SRS) authority to be reimbursed for assistance expended on a child's behalf and to codify the rights of similar agencies of other states. The bill also requires the Department of Corrections to send a reasonable amount of the inmate's

earnings to the court which ordered dependent support or to SRS if there is no court order when an inmate's dependents are receiving public assistance.

SRS estimates that S.B. 566 will result in an additional \$142,500 in revenue to the SRS Fee Fund. The Legislature may wish to consider whether this additional revenue should be budgeted to offset State General Fund expenditures or to support the balance of the SRS Fee Fund.

I. S.B. 557 (in Conference Committee). S.B. 557 provides for the use of multidisciplinary teams to assist SRS in making recommendations regarding provision of services to a child in need of care because of neglect or abuse. SRS reports no fiscal impact from these provisions of S.B. 557. The bill also includes provisions for handling certain runaway children. The bill expands the definition of a child in need of care to include children who are voluntarily absent from their home without parental consent and children who have run away at least a second time from a court ordered placement. The bill would allow the court to order secure placement for such children. Such placement could be for up to 60 working days unless an extension is authorized. SRS estimates that approximately 150 children would require services annually under this bill, at an average cost per day of \$77 for an average of 60-84 days, for a total estimated fiscal impact of between \$693,000 and \$970,500 from the State General Fund.

J. Follow-Up Items. The subcommittees reviewing the SRS budget requested SRS to report back on the following items prior to the Omnibus Session:

1. the possibility of federal matching funds for a grant to the Crippled Children's Nursery School in Kansas City, Missouri for services to Kansas children in the Kansas City area;
2. options for the weatherization program and coordination between the LIEAP and weatherization program;
3. federal waivers to allow early retirement of some or all of the certificate of participation used to finance the automated eligibility computer system; and
4. a response from the federal government on the necessity of having on-line terminals in all counties for the automated eligibility system.

Adjutant General

A. Joint Committee on State Building Construction Recommendation. On April 6, 1988, the Joint Committee on State Building Construction recommended that the expenditure limitation on the Military Fees Fund of the Adjutant General's Department be increased by \$30,100 in FY 1989. The federal government has offered to expend \$75,000 to replace heating, ventilation, and air conditioning systems at 15 Kansas armories with the stipulation that Kansas appropriate an equal amount for the repair of armories during federal fiscal year 1988. The Adjutant General has identified two existing state-funded projects

(totaling \$44,900) as a partial match, and requests \$30,100 from the Military Fees Fund (a federal reimbursement fund) to repair the Ft. Scott armory roof.

Department of Civil Air Patrol

A. H.B. 2700 establishes the Kansas Department of Civil Air Patrol, the purpose of which will be to cooperate with federal or state agencies in providing disaster or rescue-related services. The bill creates the Kansas Department of Civil Air Patrol Grants and Contributions Fund into which the agency is authorized to receive grants, gifts or donations from any source, including federal funds (annual receipts of \$500 are estimated). The bill restricts the agency's use of state appropriated funds to administrative expenses, the purchase and maintenance of communications systems, and the maintenance and insurance costs of five agency-owned aircraft and nine vehicles. The agency estimates State General Fund expenditures of \$19,620 for FY 1989 (according to a Budget Division fiscal note), including \$9,620 for a 0.5 FTE clerical position and \$10,000 for aircraft and vehicle fuel, office supplies, and maintenance of communications systems. Free office space will be provided by McConnell Air Force Base in Wichita.

Secretary of State

A. S.B. 334 contains the Administrative Procedures Act. Due to the length of the bill (408 pages), the Secretary of State requests an additional \$10,600 in FY 1989 for expenditures associated with printing the 1988 Session Laws of Kansas. The revised expenditure estimate to print the Session Laws is \$120,600.

B. Senate Subcommittee Report. The Senate lapsed \$200,000 from the State General Fund in FY 1988 census expenditures based on the Secretary of State's belief that the census account would have an unexpended FY 1988 ending balance of at least \$200,000. The Senate Subcommittee recommended a further review of census expenditures and balances during the consideration of the Omnibus Bill. As of April 14, 1988, of the \$3,329,916 appropriated for census costs in FY 1988, \$2,130,966 has been spent, \$200,000 is lapsed by H.B. 2796, and the remaining balance totals \$998,951. The agency estimates further FY 1988 expenditures of \$620,472. The agency states that the unexpended balance of \$378,479 will be used for contingencies (quality control efforts and data evaluation programs will determine recanvassing needs). Any unexpended FY 1988 balance will be reappropriated to FY 1989 and eventually be lapsed.

Board of Agriculture

A. H.B. 2891 will require approximately 300 uncertified employees of pesticide applicator businesses engaged in ornamental and turf pest control to receive training and to become registered pest control technicians. The \$15 fee per application will result in additional Pesticide Use Fee receipts of \$4,500 annually. The Board of Agriculture estimates that the annual registration of 300 applicators will require the employment of an additional half time position in the Records Center of the agency's Plant Health Division. For FY 1989 the agency requests the reallocation of an existing classified half time Office Assistant I to

a 1.0 FTE Office Assistant I (effective October 18, 1988), increased salaries totaling \$4,640, and an additional \$1,195 for other operating expenditures. The agency states that new FY 1989 expenditures of \$5,835 will require an expenditure limitation increase of \$4,500 in the Pesticide Use Fee Fund, and a State General Fund appropriation (salaries and wages account) of \$1,335.

B. H.B. 2966 adds confidential mediation services to the types of assistance provided to farmers by the Farmer's Assistance, Counseling and Training Service (FACTS) program. The bill also allows the Secretary of the Board of Agriculture to provide FACTS services by contract, and would create the FACTS Gifts and Contributions Fund into which the Secretary is authorized to receive grants, gifts or donations from any source. The agency anticipates the receipt of \$459,670 in federal funds in FY 1989 to fund a mediation service. Federal funds would match the \$459,670 already appropriated from the State General Fund for the existing FACTS program in FY 1989 (H.B. 2733). The agency requests the establishment of a no-limit FACTS Gifts and Contributions Fund. Proposed FY 1989 expenditures of \$459,670 would include \$35,745 for one contractual mediation specialist, \$15,000 for printing and advertising, \$260,000 for contracted mediation services, and \$148,925 for contracted legal assistance.

C. S.B. 598 authorizes the Board of Agriculture to establish a grape growing and wine making advisory program to aid in the technology, promotion and marketing of Kansas grape growing and farm wineries. The agency requests \$77,989 from the State General Fund to operate the advisory program, including \$54,651 for the salary of 2.0 FTE positions (an Agricultural Program Coordinator and a Secretary I) and \$23,338 for other operating expenditures, including \$6,200 for travel and subsistence, \$6,000 for consultant fees, \$2,400 for printing, \$2,800 for supplies, \$2,784 for other contractual services, and \$3,154 for capital outlay (including office furniture and computer equipment). According to a February 24, 1988 fiscal note prepared by the Division of the Budget, the State Fair will realize additional expenditures from the State Fair Fee Fund of approximately \$1,000 for prizes which will be awarded during wine testing demonstrations. The State Fair also anticipates increased revenues to the State Fair Fee Fund of approximately \$1,000 from booth and exposition fees.

Kansas Wheat Commission

A. S.B. 448 permits the Wheat Commission to increase the mill levy rate per bushel of wheat sold from four to "not more than 10." Assuming the annual sale of 300,000,000 bushels of wheat, gross receipts for each mill totals \$300,000. The Governor's January, 1988 recommendation, based on a four mill rate, includes estimated gross receipts of \$1,200,000, expenditures of \$1,139,307, and an ending fee fund balance of \$122,918. The Budget Division fiscal note, based on the Commission's intent to increase the levy from four to seven mills, includes estimated gross receipts of \$2,100,000, expenditures of \$1,720,457 (an increase of \$581,150), and an ending balance of \$411,617. The most significant increase in proposed expenditures is in contracted research projects (\$512,000). The Commission requests the authority to increase research contracts with the International Grains Program at Kansas State University (KSU) by \$156,000 to \$231,000 and with other KSU departments by \$165,500 to \$260,500. Other increases in research include \$100,000 for special projects with U.S. Wheat Associates, \$30,000 for membership in the Wheat Export Trade Education Committee, \$35,000 for additional contracts with the National (and Kansas)

Associations of Wheat Growers, and \$20,500 for other contracts. Other proposed expenditure increases include \$8,000 for communications, \$21,000 for printing, \$20,000 for travel, and \$20,150 for other costs.

Animal Health Department

A. H.B. 2219 would increase the regulation of the animal breeding and selling industry in Kansas. The bill would regulate animal dealers and operators of shelters, hobby kennels, pounds, and pet shops. Under current law (K.S.A. 47-1701 et seq.), 112 pet shop operators and animal dealers are licensed by the Livestock Commissioner. Each shop is inspected an average of four times a year. An annual \$100 licensure fee generates \$11,200 to the Animal Health Department. In addition, the Commissioner registers and inspects animal pound operators in cities of the first class. No charge is made for the four inspections per year currently conducted on these pounds. A total of approximately 544 animal industry inspections are conducted annually by the Department.

Under provisions of H.B. 2219, the Commissioner would expand licensure and inspection activities to include approximately 550 animal dealers who are currently licensed under the federal Animal Welfare Act, P.L. 91-579 (\$75 annual fee, one inspection per year, and annual revenue of \$41,250) and an estimated 1,270 animal dealers exempted under current law because their businesses are operated out of their residences (\$150 annual fee, two inspections per year, and \$190,500 annual receipts). An estimated 1,925 hobby kennels would be registered (\$25 annual fee, no inspections except upon receipt of complaints, and annual revenue of \$48,125) and 144 pet shops and pounds would continue to be licensed (\$150 annual fee, two inspections per year, and annual revenue of \$21,600). All receipts would be credited to the agency's Animal Disease Control Fund.

By January 1, 1989, all pet shops, pounds and research facilities must be licensed and all hobby kennels must be registered. All animal dealers who are not currently required to be licensed by the state prior to enactment of H.B. 2219 must apply for a license (and pay the license fee) by January 1, 1989 in order to be in compliance with the law. The animal dealers must be inspected and must receive a license prior to January 1, 1991.

The Animal Health Department estimates half-year FY 1989 expenditures associated with enactment of H.B. 2219 of \$117,602 for 7.0 FTE employees and associated operating costs. All expenditures would be made from the Animal Disease Control Fund. No State General Fund expenditures are requested. A February, 1988 fiscal note prepared by the Division of the Budget estimates FY 1989 expenditures of \$109,357 based on the employment of one less inspector. The following tables detail estimated revenue and expenditures associated with the enactment of H.B. 2219.

ANIMAL HEALTH DEPARTMENT

H.B. 2219 -- Regulation of Animal Breeders and Sellers
(Estimated FY 1989 Expenditures -- Agency Proposal)

	Estimated Expenditures FY 1989 <u>(half-year)</u>
Salaries and Wages	
1.0 Veterinarian II	\$ 18,719
1.0 Office Assistant II	8,156
5.0 Agricultural Inspectors (3 months)	<u>27,387</u>
Subtotal -- Salaries	<u>\$ 54,262</u>
Communications	\$ 1,500
Printing (licenses, forms)	10,000
Travel and Subsistence	31,000
Administrative Costs	6,500
Office Equipment	13,000
Capital Outlay	<u>1,340</u>
TOTAL	<u>\$ 117,602</u> ^(a)

- a) A fiscal note prepared by the Division of the Budget in February, 1988, estimated total FY 1989 (half-year) expenditures of \$109,357 based on the employment of one less Agricultural Inspector.

ANIMAL HEALTH DEPARTMENT

H.B. 2219 -- Regulation of Animal Breeders and Sellers
(Estimated Annual Receipts)

<u>Licensees</u>	<u>Current Annual State Inspections/Fee</u>	<u>H.B. 2219 Annual State Inspections/Fee^(a)</u>	<u>H.B. 2219 Total Annual Revenue</u>
120 pet shops	4/\$100	2/\$150	\$ 18,000
24 pounds	4/\$0	2/\$150	3,600
1,925 hobby kennels ^(b)	0/\$0	0/\$25	48,125
1,270 residential dealers not currently federally licensed ^(c)	0/\$0	2/\$150	190,500
550 dealers who are currently federally licensed ^(c)	0/\$0	1/\$75	<u>41,250</u>
Approximate Total			<u>\$ 301,475</u>

- a) All fees shown are the maximum fee that can be set by the Livestock Commissioner.
- b) Hobby kennels must be registered by January 1, 1989.
- c) Animal dealers who are not currently required to be licensed by the state prior to the enactment of H.B. 2219 must apply for a license (and pay the license fee) by January 1, 1989 in order to be in compliance with the law. The animal dealers must be inspected and must receive a license prior to January 1, 1991.

Emergency Medical Services Board

A. H.B. 2639 abolishes the Bureau of Emergency Medical Services (an independent program within the Kansas Highway Patrol), creates the Emergency Medical Services Board (EMSB, to be located in Topeka), replaces the 18-member EMS Council with a 13-member EMS Board, and replaces the unclassified Director with an unclassified Administrator to be chosen by the new Board. The act will take effect upon its publication in the Kansas Register (in late April, 1988).

The Governor's FY 1989 recommendation for emergency medical services expenditures, prior to the introduction of H.B. 2639, included \$543,198 and 8.0 FTE positions for the Bureau of Emergency Medical Services at the Highway Patrol (including \$497,198 from the State General Fund and \$46,000 from

special revenue funds). The recommendation also included \$200,298 from the State General Fund and 5.7 FTE positions at the University of Kansas Medical Center (KUMC), which has been responsible for the training of EMS instructors and the approval of EMS training curriculum. Pending passage of H.B. 2639, the Legislature deleted all funding for the Bureau of EMS from the Highway Patrol's FY 1989 appropriations bill (S.B. 543).

Following the Governor's signature of H.B. 2639, the Bureau of EMS submitted a revised FY 1988 and FY 1989 budget request for the new EMSB. For FY 1988, the Bureau requests a State General Fund supplemental appropriation of \$7,500 above the \$610,869 already appropriated, including \$1,183 for additional per diem to permit two meetings of the new Board, \$2,017 for a temporary Office Assistant II, \$300 for travel and subsistence, and \$4,000 for a contracted field training coordinator.

For FY 1989 the Bureau requests a total of \$918,417 (including \$904,417 from the State General Fund and \$14,000 from federal funds), and 18.0 FTE positions. The request includes \$174,921 and 4.3 FTE positions more than the Governor had recommended in FY 1989 expenditures for the separate EMS functions at the Highway Patrol and KUMC. The Bureau requests \$477,685 for the salaries and wages of 18.0 FTE positions, including the existing 8.0 FTE positions at the Bureau, 6.0 FTE (but not the same positions) transferred from KUMC, 3.0 FTE new clerical positions, and 1.0 FTE EMS Specialist (requested as a result of passage of H.B. 2835). All other expenditures total \$440,732, and are detailed in the tables that follow.

The EMS Board would consist of five sections:

1. The Administrative section would supervise all sections and would employ the Administrator and a Secretary II.
2. The Education and Training section would approve curricula for all levels of attendant training, training programs, continuing education classes for attendants, and initial and refresher training for instructor/coordinators and training officers. The section would employ a Nurse IV, three EMS Specialists, two Office Assistants II, and an Office Specialist.
3. The Examination and Certification section would provide written and practical examinations for all applicants for attendant certification, would certify applicants who successfully complete those exams, and would process applications for annual re-certification of all attendants. The section would employ a Nurse IV, an Office Specialist, and two Office Assistants II.
4. The Regulation section would regulate all ambulance service operations in Kansas by issuing annual permits for services and licenses for vehicles. The section would also annually inspect each EMS service, manage the 42-county EMS Communications System, and provide the data entry of patient report forms from all ambulance services. The section would employ an Ambulance Licensure Administrator, a Communications Coordinator, and a Keyboard Operator I.

5. The Planning section would provide staff support to the Board, including the drafting of a state plan for emergency medical services, the writing of administrative regulations, and providing committee support. The section would employ a Planner IV, and an Office Assistant II.

Finally, the Bureau requests \$7,926 to reclassify a Secretary I to II, and two Office Assistants III to Office Specialists. The following tables detail FY 1989 proposed expenditures, positions, and financing.

H.B. 2639
EMERGENCY MEDICAL SERVICES BOARD

Revised FY 1989 Request -- Expenditures

	Jan. 88 KHP-EMS Gov. Rec.	Jan. 88 KUMC-EMS Gov. Rec.	April 88 New Agency Request
Salaries	\$ 233,839	\$ 181,795	\$ 477,685
Communications	21,650	5,719	28,448
Rents	18,893	2,246	32,370
Travel	21,982	5,230	38,770
Interagency Support Services	0	0	20,000
Physician Consultant	0	0	25,000
Other Contractual	72,379	2,092	98,579
Commodities	11,415	3,216	14,675
Capital Outlay	9,040	0	28,890
Subtotal - Operating	<u>\$ 389,198</u>	<u>\$ 200,298</u>	<u>\$ 764,417</u>
State Aid to Local Units	154,000	0	154,000
Total	<u>\$ 543,198</u>	<u>\$ 200,298^b</u>	<u>\$ 918,417</u>

Funding

State General Fund:			
State Operations	\$ 343,198	\$ 170,355 ^a	\$ 750,417
Aid to Local Units	154,000	0	154,000
Subtotal - SGF	<u>\$ 497,198</u>	<u>\$ 170,355</u>	<u>\$ 904,417</u>
Attendant Testing Fund	32,000	0	0
Federal Fund	14,000	0	14,000
Restricted Use	0	29,943	0
Total	<u>\$ 543,198</u>	<u>\$ 200,298^b</u>	<u>\$ 918,417</u>

a) Reflects General Use funding.

b) Combined agency expenditures and funding for emergency medical services prior to introduction of H.B. 2639 totaled \$743,496.

Salaries and Wages
(including benefits)

	Jan. 88 <u>Gov. Rec.</u>	April 88 <u>New Agency Request</u>
(Existing KHP-EMS)		
1.0 Uncl. Director/Admin.	\$ 48,917	\$ 48,917
1.0 Registered Nurse IV	38,866	38,866
1.0 Communications Coordinator	35,374	35,374
1.0 Ambulance Licensure Admin.	32,981	32,981
2.0 Office Assistant III	37,472	37,472
1.0 Secretary II	19,161	19,161
<u>1.0</u> Keyboard Operator I	<u>17,086</u>	<u>17,086</u>
<u>8.0</u>	<u>\$ 229,857</u>	<u>\$ 229,857</u>
(Existing KUMC-EMS -- Training and Education Section) ^c		
(0.69) Associate Professor	\$ 18,034	\$ 0
(2.0) EMT Instructor	67,479	0
(1.0) Director/Instructor	37,818	0
(1.0) Assoc. Dir./Instructor	29,537	0
(1.0) Coordinator	<u>28,927</u>	<u>0</u>
	<u>\$ 181,795</u>	<u>\$ 0</u>
(New -- FTE from KUMC -- Training and Education Section)		
1.0 Registered Nurse IV	\$ 0	\$ 37,963
2.0 Office Assistant II	0	32,679
<u>3.0</u> EMS Specialists	<u>0</u>	<u>77,437</u>
<u>6.0</u>	<u>\$ 0</u>	<u>\$ 148,079</u>
(New -- Other)		
3.0 Office Assistant II	\$ 0	\$ 49,018
<u>1.0</u> Planner IV	<u>0</u>	<u>35,801</u>
<u>4.0</u>	<u>\$ 0</u>	<u>\$ 84,819</u>
<u>18.0</u> Subtotal	<u>\$ 411,652</u>	<u>\$ 462,755</u>
(Other Costs)		
Reclassification - Clerical	\$ 0	\$ 7,926
Board Members - Per Diem	<u>3,982</u>	<u>7,004</u>
TOTAL	<u>\$ 415,634</u>	<u>\$ 477,685</u>

c) 5.7 KUMC-EMS positions will be deleted in FY 1989.

B. H.B. 2835 authorizes First Responders, Emergency Medical Technicians (EMTs), and EMT-Intermediates to defibrillate using automated defibrillators when they have successfully completed training and have been certified in accordance with Board regulations. The training program is to be between four and six hours in length as determined by the Board. The fiscal impact on the Board would be the development of a training program, development of medical protocols for automated defibrillation, and establishment of a certification program for 650 EMTs and EMT-Intermediates and 50 First Responders. The Board estimates new FY 1989 State General Fund expenditures of \$32,000, including \$26,000 for 1.0 FTE EMS Specialist, \$5,000 for travel, and \$1,000 for other costs. All estimated costs are included in the Board's FY 1989 budget request, detailed in the previous section.

University of Kansas Medical Center

A. H.B. 2539 removes all responsibility for training of emergency Medical Services instructors and for approval of EMS training curriculum from the University of Kansas Medical Center. The FY 1989 budget of KUMC can be amended to delete 5.7 FTE positions currently involved in the training and curriculum activities and general use funding of \$200,298.

B. Resident Malpractice Insurance. The University of Kansas Medical Center's FY 1989 budget includes \$561,600 for payment of approximately a 90 percent surcharge for resident malpractice insurance. It was noted in the Medical Center's Senate Subcommittee report that level of funding included in the FY 1989 budget is not expected to be sufficient and that the issue should be reviewed during the Omnibus Session.

According to Insurance Department officials, it can be expected that the surcharge rate for FY 1989 will be approximately 150 percent. For the Medical Center, that rate applied to the agreed upon base of \$600,000 would require additional funding of \$338,400 from the State General Fund. It should be noted that the Insurance Department has not finalized the surcharge rate and that estimates ranging from 130 percent to 160 percent have been discussed.

Kansas State University

A. Chemistry/Biochemistry Building. The Senate Subcommittee reviewed the funding for the servicing of the new Chemistry/Biochemistry building at KSU and noted that the Governor recommended \$322,408 for staff, other operating expenditures and utilities for FY 1989. The Governor's recommendations assumed that the facility would be occupied for 10 months in FY 1989. The Subcommittee report indicated that if the building will be available for occupancy for more than 10 months in FY 1989, the issue should be reviewed during the Omnibus Session.

University officials state that the building will be occupied for all of FY 1989. A total of \$45,211 and an additional .7 FTE position is requested to fully fund the staff and other operating expenditures for the facility. The request includes \$20,594 for salaries and wages, \$5,935 for other operating expenditures and \$18,682 for utilities, and is based on the Board of Regents formula for servicing new buildings.

The Senate Subcommittee report also notes that funding for the servicing of the Hazardous Waste Storage Building and Physical Facilities Storage Building was not included in the Governor's recommendation. The University notes that \$20,643 and a .8 FTE position have been requested for those buildings. The buildings are currently occupied and funding was requested in the University's FY 1989 budget request.

B. H.B. 3018 changes the Kansas Corporation Code through the elimination of the provision for mandatory cumulative voting for directors. In addition, the bill was amended to establish a swine technology center at Kansas State University. The bill establishes the Center, lists some of the Center's objectives and includes a listing of the specific faculty positions which staff the Center. The bill limits the number of positions to 10.0 FTE unclassified positions and 1.25 FTE classified positions. The bill does not include an appropriation for the Center.

A fiscal note for the Center was developed during the Session by the Kansas Pork Producers. (No fiscal note has been developed by Kansas State University.) Included in the Pork Producers fiscal note were positions and costs as follows:

Faculty:	
Veterinarian	\$ 84,700
Agricultural Engineering Specialist	43,560
Animal Science Production Analyst	43,560
Agricultural Economics Specialist	43,560
Animal Science Nutrition and Herd Physiology Specialist	<u>43,560</u>
Subtotal	<u>\$ 258,940</u>
Assistants and Support Staff:	
Veterinary Assistant	\$ 30,250
Other Faculty Assistants (4)	101,640
Secretary (1.25)	<u>21,175</u>
Subtotal	<u>\$ 153,065</u>
Operating	\$ 80,000
Start Up Funds:	
Cars -- 5	\$ 50,000
Computers -- 5	15,000
Office Furniture -- 5 sets	10,000
Laboratory Equipment -- Veterinarian	15,000
Equipment -- Faculty	40,000
Equipment -- Secretaries	<u>5,000</u>
Subtotal	<u>\$ 135,000</u>
 TOTAL	 <u>\$ 627,005</u>

The bill does not address any fee funds or other specific funding mechanisms for the Center so it would appear that all funds would be appropriated from the State General Fund.

Emporia State University

A. Capital Improvement Projects. Emporia State University requests funding shifts for several projects funded from the Educational Building Fund. A total of \$157,500 was appropriated in FY 1985 for the replacement and addition of elevators at the William Allen White library. The project was accomplished for \$97,500. The University requests that \$10,000 of the unused funds be used for the replacement of a rooftop HVAC unit on the Physical Education building and that \$50,000 be used to reroof Brighton Lecture Hall. The requested changes have been approved by the Board of Regents and the Joint Committee on Building Construction.

During the 1987 Session, a total of \$156,000 from the Educational Building Fund was approved for roof replacement at Butcher School. The University has been informed that it would be possible to also reroof the Stormont Maintenance Facility within the appropriated funds. The University requests that the line item for the Butcher School project be amended to include the Stormont Maintenance Facility roofing project. The Board of Regents and the Joint Committee on Building Construction have approved the requested change.

Kansas Parole Board

A. H.B. 3079 (pending) will have the effect of changing when inmates are reviewed for possible release by the Parole Board. The agency estimates that twice as many inmates will be before the Board in May and June, 1988. The additional inmates will be parole eligible as a result of a change in the good time credits or as a result of the Parole Board seeing inmates the month before they are parole eligible. The agency has identified a fiscal impact of H.B. 3079 as \$2,162 (State General Fund) in FY 1988. Included in the agency's request is \$1,124 for clerical overtime, \$420 for postage and \$618 for telephone expenses.

Insurance Department

A. H.B. 3055 (in Conference Committee) would make several changes relating to insurance agents and agencies. First, the bill would require that agencies, as well as individual agents, be licensed. That change is expected to generate additional revenues to the State General Fund of \$62,500 per year. Second, H.B. 3055 would create a new fee of \$20.00 to be paid by any individual or agency that applies for initial licensure. That fee is expected to generate revenues to the State General Fund of \$130,000 per year. The bill also authorizes the Insurance Commissioner to contract with a testing service to administer licensure examinations instead of using his own staff. Because the examination fee would be paid directly to the testing service and not to the Insurance Department, there would be an annual loss to the State General Fund of \$310,000. Finally, H.B. 3055 imposes a biennial continuing education requirement for all insurance agents. (Presently, only agents who sell life, accident, and health insurance have a continuing education requirement.) Continuing education programs would have to be approved by the Commissioner of Insurance. A fee that would have to accompany each request for approval is expected to generate \$10,000 in revenues to the State General Fund in FY 1989. The net effect of

the impact of H.B. 3055 on revenues to the State General Fund would be a loss of \$107,500 in FY 1989. The impact on the Insurance Department's budget would be the elimination of 3.0 FTE positions as the result of the Department no longer being directly responsible for administering licensure examinations. The total savings to the State General Fund would be \$73,663 in FY 1989 (\$53,573 for salaries and wages and \$20,090 for other operating expenses). However, the new responsibility to review and approve continuing education courses would require the addition of two new positions, at a total cost of \$61,538 (\$58,688 for salaries and wages and \$2,850 for other operating expenses). The net impact on the Department's budget for FY 1989 would be the reduction of 1.0 FTE position and a reduction of \$12,125 from the State General Fund.

B. S.B. 623 (in Conference Committee) would affect the Insurance Department's budget by authorizing individual health care providers who are on the staff of a medical care facility or a mental health center or who are members of a professional medical society to self-insure for purposes of the Health Care Providers Insurance Availability Act. (That Act requires health care providers to carry malpractice insurance of at least \$200,000 per occurrence and an annual aggregate of at least \$600,000. It also creates the Health Care Stabilization Fund.) Presently, 3.5 FTE staff in the Insurance Department review the policies of health care providers to insure that they are in compliance with the Act. According to the Department, if providers were to choose the option to self-insure, additional staff would be necessary to review and approve applications for self-insurance programs, verify that all health care providers were either self-insured or maintained basic coverage through a commercial carrier, and process compliance records and surcharge payments. The Department estimates that 5.0 FTE new positions would be needed (two policy examiners and three clerical staff), for a total of \$134,798 for salaries and other operating expenses. Because these expenses would be paid from the Health Care Stabilization Fund, which is a no-limit fund, no expenditure limitation adjustment is necessary. However, the Department would need authorization to hire 5.0 FTE additional employees.

Department of Education

A. H.B. 2681 (signed by the Governor) expands the membership of the Teaching and School Administration Professional Standards Advisory Board from 19 to 21. The Professional Standards Board is appointed by the State Board of Education and is advisory to the State Board in matters pertaining to professional standards governing teachers and school administrators. The Professional Standards Board regularly meets four times a year and holds occasional subcommittee meetings. The average annual cost per member for travel and subsistence is \$857. The fiscal impact of adding two new members is estimated to be \$1,714 from the State General Fund in FY 1989.

B. S.B. 577 (in Conference Committee) would permit the transfer of postsecondary vocational education programs from area vocational education schools to community colleges under agreements entered into by the participating schools and approved by the State Board of Education. State aid would be paid to the community college based upon a credit hour rate 2.0 times the rate for regular academic courses. (That is the same rate that is paid to community colleges that are designated as area vocational schools. The rate for vocational education courses offered by other community colleges is 1.5 times the regular

rate.) It is expected that an agreement to transfer a vocational education program from an area vocational school to a community college will be reached in FY 1989 between the Southwest Kansas Area Vocational Technical School in Dodge City and the Dodge City Community College. It is estimated that increased state aid to the Dodge City Community College will total \$380,306 in FY 1989 (\$301,140 in state credit hour aid and \$79,166 in out-district state aid). This increase would be offset by reduced appropriations for area vocational schools totaling \$400,000 (\$300,000 for postsecondary aid and \$100,000 for area vocational school categorical aid). The result would be a net savings to the State General Fund of \$19,694 in FY 1989.

Omni Gas Bill

STATE OF KANSAS



OFFICE OF THE GOVERNOR

State Capitol
Topeka 66612-1590
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Mike Hayden Governor

April 25, 1988

Governor's Budget Amendment

The Honorable Gus Bogina, Chairperson
Committee on Ways and Means
Senate Chamber
Third Floor, Statehouse

and

The Honorable Bill Bunten, Chairperson
Committee on Appropriations
House of Representatives
Third Floor, Statehouse

Gentlemen:

This letter represents several amendments to my budget recommendations for fiscal years 1988 and 1989. These amendments are summarized as follows:

	<u>FY 1988</u>	<u>FY 1989</u>
On Budget:		
State General Fund	\$59,266,840	\$61,801,797
All Other Funds	<u>(13,876,988)</u>	<u>5,030,838</u>
All Funds	\$45,389,852	\$66,832,635
Off Budget:		
State General Fund	\$ --	\$ --
All Other Funds	<u>606,166</u>	<u>1,386,110</u>
All Funds	\$ 606,166	\$ 1,386,110

The summary overstates the true expenditures, however. The amendment numbered 1, 2, and 3 includes incorporation of House Bill No. 2634, revised demand transfers resulting from the

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revised consensus revenue estimate, and earmarking funds to provide for property tax relief and rewriting the school finance act to help absorb the effects of reappraisal. House Bill No. 2634 shifts over \$46.0 million from the revenue transfer to the expenditure category. These are shown in the following table:

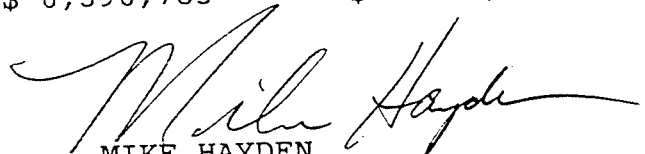
	<u>FY 1988</u>	<u>FY 1989</u>
Demand Transfers (No. 1)	\$ --	\$46,280,000
Revised Revenue Estimate (No.2)	1,206,269	3,018,000
Property Tax Relief and School Finance Fund (No. 3)	<u>25,000,000</u>	<u>--</u>
Total	\$26,206,269	\$49,298,000

The amendment also includes necessary expenditures to respond to the court order concerning prison overcrowding. These expenditures are shown in the following table:

	<u>FY 1988</u>	<u>FY 1989</u>
SB 758 (No. 70)	\$ 4,763,786	\$ 7,829,039
SB 762 (No. 71)	21,900,000	--
Hutchinson (No. 72)	--	2,120,000
Norton (No. 80)	--	<u>1,730,227</u>
Total	\$26,663,786	\$11,679,266

Amended State General Fund expenditures excluding these major items are shown below:

	<u>FY 1988</u>	<u>FY 1989</u>
Amended, as submitted:	\$59,266,840	\$61,801,797
Excluding Nos. 1-3 only:	<u>(26,206,269)</u>	<u>(49,298,000)</u>
	\$33,060,571	\$12,503,797
Excluding Corrections only:	<u>(26,663,786)</u>	<u>(11,679,266)</u>
	\$32,603,054	\$50,122,531
Excluding Both:	<u>--</u>	<u>--</u>
	\$ 6,396,785	\$ 824,531


MIKE HAYDEN
Governor

1. Change of Accounting Status for State General Fund Transfers

On April 9, 1988, the Governor signed House Bill No. 2634 into law. That bill changed the accounting status of three State General Fund transfers totaling \$46,280,000. The change in accounting status has the effect of increasing State General Fund revenues and expenditures by the above amount.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$46,280,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$46,280,000

Revenues:

State General Fund	\$ --	\$46,280,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$46,280,000

2. Expenditures Affected by the Revised Consensus Revenue Estimates

On April 4, 1988, the Consensus Revenue Estimating Group increased the estimate of revenue for fiscal years 1988 and 1989. The change in the estimates affects expenditures in the budgets for the Department of Revenue, Department of Transportation, and State Treasurer.

The FY 1988 increase in sales and use tax estimates increases the estimated transfer to the Local Ad Valorem Tax Reduction Fund by \$133,000 and the transfer to the State Highway Fund by \$303,000. The estimated increase in the Motor Carrier Property Tax increases the estimated transfer to the Special City and County Highway Fund by \$64,000. The estimated increase in the individual income tax increases the estimate for the School District Income Tax Rebate by \$706,269. The increased Severance Tax estimate is expected to produce an additional \$255,668 for the County Minerals Production Tax Fund.

The FY 1989 increase in sales and use tax estimates increases the estimated transfer to the Local Ad Valorem Tax Reduction Fund by \$428,000, the City and County Revenue Sharing Fund by \$207,000, and the transfer to the State Highway Fund by \$399,000. The estimated increase in the Motor Carrier Property Tax increases the estimated transfer to the Special City and County Highway Fund by \$155,000. The estimated increase in the individual income tax increases the estimate for the School District Income Tax Rebate by \$1,829,000. This figure includes an \$840,000 negative technical adjustment to correct an error

in the Governor's original budget recommendation. The increased Severance Tax estimate is expected to produce an additional \$426,043 for the County Minerals Production Tax Fund.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$1,206,269	\$3,018,000
County Minerals Production Tax Fund	<u>255,668</u>	<u>426,043</u>
All Funds	\$1,461,937	\$3,444,043

3. Property Tax Relief and School Finance Fund

On April 4, 1988, the Consensus Revenue Estimating Group increased FY 1988 and FY 1989 State General Fund estimated receipts by \$61,780,000 and \$27,400,000, respectively. Much of the revenue increase is the result of one-time payments by corporations which had little or no liability in immediately preceding tax years and which are expected to have no or dramatically reduced liability in immediately subsequent years.

One recommendation is to transfer funds from the State General Fund to a special revenue fund reserved for property tax relief and school finance. Property tax relief and the related area of school finance will be strongly debated issues following completion of the reappraisal process during 1989. It is probably a good idea to have a relatively large sum of money available for blunting some of the effects reappraisal will have on individuals and taxing districts.

The fund could be created by simply naming it in an appropriation bill with a transfer line. The amount and date or dates of transfer need to be worked out.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$25,000,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$25,000,000	\$ --

Racing Commission

4. Commission Member Compensation

The Kansas Racing Commission is requesting an increase in expenditures for FY 1989. Current law authorizes the Governor to determine the level of compensation for members of the Kansas Racing Commission. Compensation has been \$50 per day for attendance at Commission meetings. At the request of the Racing Commission, the Governor recently established an annual salary of \$24,000 for each Commissioner for the last half of FY

1988 and the first half of FY 1989. The salary is intended to reflect the amount of time Commissioners are having to spend in reviewing applications for licensure. Much of the review work is done at the homes of Commissioners, not just in Commission meetings. The cost of the change can be absorbed in the current fiscal year through turnover. However, for FY 1989 an increase of \$45,573 on the expenditure limitation of the State Racing Fund is needed.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
State Racing Fund	--	<u>45,573</u>
All Funds	\$ --	\$45,573

5. Establish "No Limit" on New Fund

House Bill No. 2773, which has been signed into law by the Governor, authorizes the Racing Commission to require applicants to pay more than the statutory application fee to cover the cost of conducting background investigations by the KBI. The bill establishes a new fund entitled the "Racing Investigative Expense Fund" for deposit of the additional amounts collected from applicants. This new fund would be established as "no limit" for FY 1988 and FY 1989 to facilitate the reimbursement of costs incurred by the KBI for conducting the background investigations.

Adjutant General

6. Increase in Special Revenue Fund Expenditure Limitation

In a letter dated March 29, 1988, the Adjutant General requested an expenditure limitation increase on the Military Fees Fund of \$30,100 to finance the repair of the roof of the Fort Scott armory. This amount, together with \$32,000 in State General Fund monies appropriated by the 1987 Legislature for the re-roofing of the Concordia armory and \$12,915 of state funds utilized to repair the State Defense Building roof in the current fiscal year, can be certified to the federal National Guard Bureau as matching monies for \$75,000 of federal funds that have been made available to the State. These monies would be expended by the federal government for the replacement of heating, ventilation, and air conditioning systems in 15 armories.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Military Fees Fund	--	<u>30,100</u>
All Funds	\$ --	\$30,100

Highway Patrol

7. Salaries and Wages

The FY 1989 Governor's Report on the Budget includes \$17,172,769 to finance salary costs of the Highway Patrol budget. Included in that amount are monies to finance 525.5 positions (including 24 new positions), a salary increase of four percent, and associated fringe benefits. In calculating these costs, the amount necessary to finance the four percent salary increase for Highway Patrol troopers was overstated by \$511,960. This amount was erroneously included in the budget file that produced the schedules included in Volume 1 and pages 4-38 and 4-40 of Volume 2 of the FY 1989 Governor's Report on the Budget.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(511,960)
All Other Funds	--	--
All Funds	\$ --	\$(511,960)

8. Fringe Benefit Rate Adjustment

In its appeal to the Senate Ways and Means subcommittee, the Highway Patrol indicated that an additional \$17,479 in State General Fund monies would be necessary to finance fringe benefit costs associated with the agency's Operations program. This adjustment was discovered by the agency upon a thorough review of the Governor's Report on the Budget and reflects fringe benefit costs necessary for the full funding of the salary and wage recommendations made by the Governor for the program.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ 17,479
All Other Funds	--	--
All Funds	\$ --	\$ 17,479

9. Increase in Highway Patrol Position Limitation for the Motor Carrier Inspection Program

In testimony before the House Committee on Transportation, Mr. Harley T. Duncan, Secretary of the Kansas Department of Revenue, indicated that the number of positions that should be transferred from the Department of Revenue to the Kansas Highway Patrol in order to implement the Governor's recommendation for the transfer of the Motor Carrier Inspection Bureau is 175. The FY 1989 Governor's Report on the Budget provides for a staff complement of 174 to be transferred from the Department of Revenue to the Kansas Highway Patrol. The

Secretary of Revenue indicates that no additional funding would be necessary for the transfer of this additional position. The Kansas Highway Patrol concurs with the Department of Revenue.

Historical Society

10. Reinterpretation of Historical Sites

The Governor recommended the expenditure of \$100,000 in State General Fund monies to finance the reinterpretation of historic sites in FY 1989. The recommendation for funding of this program is shown in Volume 1 of the FY 1989 Governor's Report on the Budget on page 11-4 and is noted on pages 7-1 and 7-9 of Volume 2. However, this amount was erroneously omitted from the budget file that produced pages 7-2 and 7-11 of Volume 2 and the schedules included in Volume 1 of the FY 1989 Governor's Report on the Budget.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$100,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$100,000

11. Construction of Research Center

The Kansas State Historical Society has requested monies to fund the construction of a new facility to house the research functions of the Society. The structure would be constructed adjacent to the Kansas Museum of History and would utilize some of the space in that facility to supplement space needs for the Research Center. Recommended is the appropriation of \$5.0 million of State General Fund monies in FY 1988 to finance construction of the facility. This amount is sufficient to replace existing space in the Memorial Building.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$5,000,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$5,000,000	\$ --

12. Technical Adjustments

In its appeal to the Senate subcommittee on February 18, 1988, and in a letter to the Director of the Budget dated March 21, 1988, the Kansas State Historical Society has requested the following amendments:

- (1) An additional \$11,609 to finance the actual cost of the salary for the Executive Director of the Historical Society for FY 1989;

- (2) \$3,308 to reallocate a Museum Specialist and a Secretary II as approved by the Division of Personnel Services in August, 1987;
- (3) \$1,492 for the purchase of subscriptions to professional journals and magazines for FY 1989.

The agency indicates that the above items were discovered upon a detailed examination of the Governor's Report on the Budget and that the financing of the items is necessary to carry out the intent of the Governor's recommendation. The total cost of this request is \$16,409 in State General Fund monies.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ 16,409
All Other Funds	--	--
All Funds	\$ --	\$ 16,409

Kansas Technical Institute

13. Enrollment Adjustment

The Kansas Technical Institute requests that the \$69,010 deleted in the FY 1989 Governor's Report on the Budget as an enrollment adjustment for the institution be restored. The institute indicates that the Kansas Board of Regents in its December, 1987 meeting changed the timing of the enrollment adjustment cycle for the Kansas Technical Institute to allow the institute to make an adjustment for the change in enrollment in the fall of 1986 and the fall of 1987 during the FY 1990 budget year. This procedure would allow the institute approximately 18 months to adjust its budget to absorb the reduction. The enrollment procedure in effect prior to that time, and the one utilized by the Governor in preparing the FY 1989 Governor's Report on the Budget, required that the enrollment adjustment be made in FY 1989, giving the institute only nine months to prepare for the reduction. The entire reduction would be restored for FY 1989; however, under the new procedures, the reduction will be taken in FY 1990 instead.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$69,010
All Other Funds	--	--
All Funds	\$ --	\$69,010

14. Additional General Fees Fund Receipts

Subsequent to the submission of the FY 1989 Governor's Report on the Budget the State Board of Regents informed the

Division of Budget that General Fees Fund receipts for the Kansas Technical Institute were \$5,625 above estimated amounts for FY 1988 and are estimated to be \$6,844 above previously estimated receipts for FY 1989. The Board requests that the additional receipts in FY 1988 be carried forward to FY 1989 and, in combination with the additional FY 1989 receipts, utilized to offset State General Fund expenditures. The estimated increase in General Fees Fund expenditures for FY 1989, therefore, would be \$12,469 and the reduction in State General Fund expenditures would total a like amount.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(12,469)
General Fees Fund	<u> --</u>	<u> 12,469</u>
All Funds	\$ --	\$ --

State Treasurer

15. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the State Treasurer's Office in the amount shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(9,128)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$(9,128)

University of Kansas Medical Center

16. Funding Shifts

The University of Kansas Medical Center indicates that an additional \$583,946 in scholarship repayment fund monies is available in FY 1988 to finance the medical scholarship program. The University requests that these monies be made available to finance the medical scholarship program and that State General Fund expenditures for the program be reduced by a like amount. The University further requests that, in turn, the State General Fund monies be utilized to finance operations of the institution in the current year. Finally, the University requests that expenditures from the General Fees Fund be reduced by \$583,946 below the amounts originally included in the Governor's Report on the Budget. By making these shifts, the additional monies from the General Fees Fund are reappropriated to finance FY 1989 expenditures. However, this reappropriated balance would not total \$583,946, because receipts to the General Fees Fund in the current year are

anticipated to be \$225,185 less than the amounts included in the Governor's recommendation. Therefore, the balance forwarded to FY 1989 would total \$358,761.

The changes in the current year neither increase nor decrease State General Fund expenditures or total expenditures. The net effect of the request is to shift State General Fund expenditures from other assistance to state operations and to shift special revenue fund demands between funds.

The University's request for FY 1989 is to increase expenditures from the General Fees Fund by \$205,237 above the amounts recommended by the Governor. This utilizes the balance that would be reappropriated as a result of the FY 1988 request. That amount is reduced by \$153,524, because new revenue to the General Fees Fund is estimated to be that much below the amounts originally recommended by the Governor.

The effect of the FY 1989 action would be to reduce State General Fund expenditures by \$205,237 and to increase General Fees Fund expenditures by that amount.

The following tables summarize the agency's request:

Net Effects of Funding Shifts

	Gov. <u>Rec.</u>	<u>Est.</u>	<u>Diff.</u>
FY 1988:			
SGF Scholarships	\$ 583,946	\$ --	\$(583,946)
SGF All Other	58,046,726	58,630,672	583,946
Tuition	5,872,662	5,288,716	(583,946)
Scholarship Repayment	<u>1,258,594</u>	<u>1,842,540</u>	<u>583,946</u>
TOTAL	\$65,761,928	\$65,761,928	\$ --
FY 1989:			
SGF Scholarships	\$ --	\$ --	\$ --
SGF All Other	48,364,118	48,158,881	(205,237)
Tuition	5,765,203	5,970,440	205,237
Scholarship Repayment	<u>1,799,940</u>	<u>1,799,940</u>	<u>--</u>
TOTAL	\$ 55,929,261	\$55,929,261	\$ --
	<u>General Fees Fund</u>		

	<u>Gov.</u> <u>Rec.</u>	<u>Est.</u>	<u>Diff.</u>
FY 1988:			
Beginning Balance	\$ 1,667	\$ 1,667	\$ --
Revenue	5,915,995	5,771,810	(144,185)
Transfers	(45,000)	(126,000)	(81,000)
Expenditure	<u>5,872,662</u>	<u>5,288,716</u>	<u>583,946</u>
BALANCE FORWARD	\$ --	\$ 358,761	\$ 358,761

	<u>Gov.</u> <u>Rec.</u>	<u>Est.</u>	<u>Diff.</u>
FY 1989:			
Beginning Balance	\$ --	\$ 358,761	\$ 358,761
Revenue	5,900,203	5,746,679	(153,524)
Transfers	(35,000)	(35,000)	--
Expenditure	<u>(5,765,203)</u>	<u>(5,970,440)</u>	<u>(205,237)</u>
BALANCE FORWARD	\$ 100,000	\$ 100,000	\$ --

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(205,237)
General Fees Fund	(583,946)	205,237
Medical Scholarship Repayment Fund	<u>583,946</u>	<u>--</u>
All Funds	\$ --	\$ --

17. Funding to Implement the Provisions of House Bill No. 2639

House Bill No. 2639 abolishes the Bureau of Emergency Medical Services of the Kansas Highway Patrol, the position of the Director of Emergency Medical Services and the Emergency Medical Services Council. The act creates the Emergency Medical Services Board, which is a separate state agency that would be located in the city of Topeka. The act transfers the powers and duties of the University of Kansas relative to Emergency Medical Services to the new Board. The Board would consist of 13 members appointed by the Governor as compared to the 18 member Emergency Medical Council previously in existence.

Based upon data submitted by the University of Kansas Medical Center and the FY 1989 budget of the Bureau of

Emergency Medical Services of the Highway Patrol, the budget of the Board of Emergency Medical Services would total \$734,802 and would include 14 full-time positions. The budget of the new agency would be financed by State General Fund monies of \$720,802 and special revenue fund allocations of \$14,000.

However, provisions of the act would reduce expenditures for the University of Kansas Medical Center by \$200,298 by eliminating the staff currently retained by the University to train EMS instructors and to approve the EMS training curriculum. This function would be transferred to the new Division of Emergency Medical Services. The number of approved positions at the University of Kansas Medical Center would also decline by 5.7.

The act also has the effect of transferring the Bureau of Emergency Medical Services from the Highway Patrol to the new agency. This transfer would result in the loss of 8.0 positions and \$543,198 to the budget of the Highway Patrol. Therefore, the net effect of the act, as introduced, would be to reduce expenditures statewide by \$8,694. Because some special revenue funds would be lost in the transition, State General Fund expenditures would be increased by \$55,046 and special revenue fund expenditures decreased by \$63,740. Adjustments are not recommended for FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$55,046
All Other Funds	--	<u>(63,740)</u>
All Funds	\$ --	\$(8,694)

Department of Administration

18. Technical Adjustments

The following adjustments need to be made to the recommended budget for the Department of Administration in order to reflect accurately the Governor's intent:

- (1) The addition of \$34,585 to offset the erroneous deletion of the funding for a position in the Buildings and Grounds program.
- (2) The addition of \$2,275 in FY 1988 and \$7,464 in FY 1989 to fund fully per diem allowances for board members and insurance premiums for employees for the Pooled Money Investment Board.
- (3) The deletion of \$10,633 to offset an overstatement of the salaries and wages requirement to administer the anti-drug abuse program.

- (4) The addition of \$3,398 to offset the omission of the four percent cost-of-living increase for two positions in the Accounting and Reporting Services program.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$2,275	\$34,814
All Other Funds	--	--
All Funds	<u>\$2,275</u>	<u>\$34,814</u>

19. Additional Motor Pool Vehicle Acquisitions

The Department of Administration has requested additional expenditure authority of \$506,166 in the current fiscal year for the acquisition of additional motor pool vehicles. In addition to correcting a technical error in the Department's budget submission, these additional expenditures will provide vehicles in response to the programmatic needs of several state agencies. The additional off-budget expenditures of \$506,166 include:

- (1) \$134,980 in order to reflect expenditures properly that will be made for the number of vehicles authorized to be purchased by the 1987 Legislature.
- (2) \$88,165 for the acquisition of seven KBI vehicles for positions approved in 1988 Senate Bill No. 483 (emergency supplemental appropriations bill). These positions were approved to respond to substantially increased demands and requests for background investigations made by the Kansas Racing Commission and the Kansas Lottery.
- (3) \$37,785 for the acquisition of three vehicles for security personnel of the Kansas Racing Commission, whose principal responsibilities will be to conduct background investigations, make various inspections and investigations, and monitor the operations of race tracks.
- (4) \$51,872 for the acquisition of four vans for new lottery sales representative positions that will be authorized for FY 1989.
- (5) \$58,364 for the acquisition of four vans to provide additional vehicles for patient movement at Parsons State Hospital, in accordance with the institution's requirement to provide active treatment to residents. The funds to pay the rental charges for these vans (35 cents per mile) were included in the Governor's FY 1989 recommendation for the Parsons State Hospital budget. In order that the vans will be available for FY 1989, the acquisition must be made in the current fiscal year.

- (6) \$135,000 for the acquisition of 15 vehicles for new parole officer positions, which have been authorized as part of the response to the prison overcrowding problem.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Motor Pool Service Depreciation		
Reserve Fund (Off-Budget)	<u>506,166</u>	<u>--</u>
All Funds	\$506,166	\$ --

20. Administrative Costs - HB 2850

House Bill No. 2850 would authorize the Secretary of Administration to establish and administer a state employee dependent care benefit option which would be included under the cafeteria plan maintained by the state pursuant to Section 125 of the Internal Revenue Service Code. Accordingly, the state would exclude from an employee's wages the amount the employee pays for child care, consequently resulting in reduced federal individual income taxes paid by the employee. The payment of state individual income taxes would not be affected by provisions of the bill.

Based upon the current version of the bill, the state employee dependent care benefit option would have to be in operation by July 1, 1989 (FY 1990). While there would be no on-going administrative costs incurred until FY 1990, there would be some one-time development and implementation costs incurred in FY 1989. In order to make the required programming and systems design changes to the state's payroll systems, the Division of Information Systems and Communications estimates that one-time data processing charges of \$91,110 would be incurred. In addition, it is estimated that the Department of Administration would incur additional costs of \$10,000 for communications, the largest portion of which would be attributable to communicating with and educating state employees about the components and merits of the dependent care benefit option.

The current version of the bill also abolishes the Health Care Benefits Program Fund and in its place provides for the establishment of a Cafeteria Benefits Fund which would receive and disburse all funds for the employee cafeteria benefits program. The Division of Accounts and Reports is reasonably assured that there would be sufficient resources in this fund to pay for the one-time expenses, thereby negating the need to finance these costs from the State General Fund. Traditionally, all data processing charges incurred by the Department of Administration, with the exception of equipment rental charges, have been financed from the State General Fund.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Cafeteria Benefits Fund (off-budget)	<u> --</u>	<u>101,110</u>
All Funds	\$ --	\$101,110

21. Shift of Expenditures Under the Federal Anti-Drug Abuse Program

Estimated expenditures to local units of government under the federal Anti-Drug Abuse program administered by the Department of Administration initially were estimated to total \$1,000,735 for both fiscal years 1988 and 1989. It is now apparent that not all of the funds for FY 1988 can be obligated before the end of the fiscal year. Consequently, the Department of Administration has proposed that the unobligated funds, estimated to total \$356,837, be expended in FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Drug Abuse Fund -- DOA -- Federal Fund	<u>(356,837)</u>	<u>356,837</u>
All Funds	\$(356,837)	\$356,837

22. Increased Expenditures for the Division of Printing

Because of price increases for the acquisition of paper and unanticipated costs incurred to provide a variety of printing for the Kansas Lottery, the Division of Printing of the Department of Administration estimates that additional expenditures of \$100,000 in excess of the Governor's initial recommendation will be incurred for the current fiscal year. Accordingly, it is now estimated that expenditures from the Intragovernmental Printing Service Fund will total \$5,199,257, an increase of \$100,000 over the Governor's initial recommendation of \$5,099,257 and an increase of \$92,594 over the authorized expenditure limitation of \$5,106,663 for the current fiscal year.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Intragovernmental Service Printing Fund (off-budget)	<u>100,000</u>	<u> --</u>
All Funds	\$100,000	\$

23. Kansas Development Finance Authority

Section 47a of Chapter 37 of the 1987 Session Laws of Kansas appropriated \$198,255 for start-up support to the Kansas

Development Finance Authority, with the proviso that this money would be repaid prior to July 1, 1988. Because the level of financing fees which the authority has received has not been sufficient to allow for the repayment of the appropriation, while at the same time providing sufficient funds to maintain agency operations in subsequent fiscal years, the Department of Administration is requesting that the appropriation be repaid in not less than four equal payments, commencing in FY 1989. Accordingly, Section 47a of Chapter 37 of the 1987 Session Laws of Kansas must be amended to require repayment of the appropriation prior to July 1, 1992.

24. Development Projects for the Capitol Area Complex

The Department of Administration is requesting special revenue fund expenditure authority totaling \$1,285,000 to finance three projects included in the redevelopment plan for the Capitol Area Complex. These projects, and their estimated costs, are summarized below:

Project 1	
Design and build a parking area for approximately 100 cars in the area of 11th street between Harrison and Topeka Blvd.	\$180,000
Project 2	
New north entrance to the statehouse grounds	350,000
Project 3	
Parking land acquisition, site clearance and construction of surface parking	755,000
	<u>\$1,285,000</u>

The Department of Administration has requested that these expenditures be financed from the State Buildings Operating Fund. In order to ensure that sufficient resources will exist in the fund to finance the projects, the Department of Administration has requested that statutory language be provided that authorizes transfers of monies between the State Buildings Depreciation Fund and the Building and Ground Fund to the State Buildings Operating Fund.

Based upon cashflow analyses, the Division of the Budget has determined that as much as \$940,000 from the State Buildings Operating Fund and \$345,000 from the Building and Ground Fund could be committed in FY 1989 to finance the redevelopment project for the Capitol Area Complex.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$
State Buildings Operating Fund (off-budget)	<u> --</u>	<u>1,285,000</u>
All Funds	\$ --	\$1,285,000

Emporia State University

25. Revised General Fees Estimates

Revised general fees estimates have been made by Emporia State University for fiscal years 1988 and 1989. The University has estimated additional revenues of \$51,705 for FY 1988 and \$101,262 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(152,967)
General Fees Fund	<u> --</u>	<u>152,967</u>
All Funds	\$ --	\$ --

Fort Hays State University

26. Cost of Living Increase

For FY 1989, the Governor's recommendation for Fort Hays State University includes funds to finance a four percent cost-of-living increase for classified employees. However, the Governor's recommendation erroneously underfunds the amount necessary to provide the salary increase. In order to fund the salary increase fully, additional resources of \$58,446 will be required.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$58,446
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$58,446

27. Revised General Fees Estimates

Revised general fees estimates have been made by Fort Hays State University for fiscal years 1988 and 1989. The University has estimated additional revenues of \$31,262 for FY 1988 and \$30,924 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(62,186)
General Fees Fund	<u> --</u>	<u>62,186</u>
All Funds	\$ --	\$ --

Kansas State University

28. Revised General Fees Estimates

Revised general fees estimates have been made by Kansas State University for fiscal years 1988 and 1989. The University has estimated additional revenues of \$267,029 for FY 1988 and reduced revenues of \$48,679 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(218,350)
General Fees Fund	<u> --</u>	<u>218,350</u>
All Funds	\$ --	\$ --

29. Capital Improvement Projects

Kansas State University has requested that additional expenditures for several capital improvement projects be approved for FY 1988. In addition, the University has requested that legislative approval, in accordance with K.S.A. 1987 Supp. 74-8905(b), be granted for the use of certificates of participation issued through the Kansas Development Finance Authority to finance one capital improvement project and to assist in the financing of another capital improvement project. Specifically, the University's request includes:

- (1) Special revenue fund expenditures of \$50,000 (restricted fees) to construct an agronomy research building (pre-fabricated building, 40' by 60') for the collecting, drying and testing of plant samples.
- (2) Special revenue fund expenditures of \$48,200 (restricted fees) to construct a grain storage and training facility (pre-fabricated, 40' by 100') for the examination of grain quality and insect infestation of stored grain.
- (3) Special revenue fund expenditures of \$12,000 (restricted fees) to construct a seed storage facility (pre-fabricated building, 24' by 20') at the Fort Hays experiment station.
- (4) Special revenue fund expenditures of \$663,000 (student fees) to finance partially the renovation of Holton Hall, a vacated dormitory, which will be utilized to house administrative functions providing services to students, i.e., the academic assistance center, student counseling center, minority affairs, dean of student affairs, women's resource center, Greek affairs, and the student business office.

In addition, Kansas State University is requesting legislative approval for the issuance of certificates of

participation through the Kansas Development Finance Authority in the amounts of \$400,000 to assist in the financing of the Holton Hall project and \$450,000 to finance surfacing and lighting improvements to the stadium/coliseum parking lot. With respect to the Holton Hall project, the Joint Committee on State Building Construction, at a meeting on December 11, 1987, approved the use of approximately \$400,000 in certificates of participation for financing the Holton Hall project.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Fort Hays Experiment Station Fee Fund	12,000	--
Restricted Fees Fund	<u> --</u>	<u>761,200</u>
All Funds	\$12,000	\$761,200

30. Servicing the New Chemistry/Biochemistry Building

At the time the Governor's budget recommendations were finalized in December, it was anticipated that the new Chemistry/Biochemistry building at Kansas State University would be occupied for only 11 months of FY 1989. Completion of the building has been faster than anticipated, and it is now apparent that the building will be occupied for all of FY 1989. Consequently, servicing the building must be adjusted to reflect full-year occupancy. The initial recommendation for servicing the facility totaled \$322,408 for staff, other operating expenditures and utilities. Based upon a full-year occupancy, it is recommended that the amount be increased to \$335,397, an increase of \$12,989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$12,989
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$12,989

Kansas State University Veterinary Medical Center

31. Revised General Fees Estimates

Revised general fees estimates have been made by the Kansas State University Veterinary Medical Center for fiscal years 1988 and 1989. The University has estimated additional revenues of \$11,001 for FY 1988 and \$28,911 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(39,912)
General Fees Fund	<u> --</u>	<u>39,912</u>
All Funds	\$ --	\$ --

Pittsburg State University

32. Revised General Fees Estimates

Revised general fees estimates have been made by Pittsburg State University for fiscal years 1988 and 1989. The University has estimated additional revenues of \$292,089 for FY 1988 and \$302,489 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(594,578)
General Fees Fund	--	<u>594,578</u>
All Funds	\$ --	\$ --

Board of Regents

33. Regents Utilities

Based upon the most recent data available, the Regents institutions have re-estimated utilities expenditures for the current fiscal year. Based upon these analyses, it will be necessary to increase the budgets for the Regents institutions by a systemwide total of \$179,792. The various adjustments for each institution are summarized below:

<u>GBR</u> <u>Recommendation</u>	<u>Institution's Projected</u> <u>Revised Estimate</u>	<u>Projected</u> <u>Surplus (Deficit)</u>
KU \$ 5,568,119	\$ 5,511,000	\$ 57,119
KUMC 4,543,414	4,664,525	(121,111)
KSU 4,311,612	4,338,730	(27,118)
KSUVMC 862,072	808,402	53,670
WSU 2,635,186	2,705,352	(70,166)
ESU 702,419	717,006	(14,587)
PSU 923,808	967,636	(43,828)
FHSU 793,046	806,817	(13,771)
KTI <u>113,853</u>	<u>113,853</u>	<u>--</u>
	\$20,453,529	\$20,633,321
		\$(179,792)

Because it has been past practice to make the same adjustments for the budget year as are made for the current fiscal year, it is recommended that the same adjustments be made for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$179,792	\$179,792
All Other Funds	--	--
All Funds	\$179,792	\$179,792

University of Kansas

34. Revised General Fees Estimates

Revised general fees estimates have been made by the University of Kansas for fiscal years 1988 and 1989. The University has estimated additional revenues of \$382,726 for FY 1988 and reduced revenues of \$368,703 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(14,023)
General Fees Fund	<u> --</u>	<u>14,023</u>
All Funds	\$ --	\$ --

35. Natural and Scientific Areas Program

At the present time, there are three positions and non-salary resources dedicated to developing a natural heritage inventory for the state. These positions and non-salary costs presently are financed with an appropriation of \$25,000 made to the University of Kansas, \$15,000 provided by the Department of Wildlife and Parks, and private funds provided by the Nature Conservancy, which has been responsible for developing the inventory under a contract with the University of Kansas.

It is now proposed that these positions and non-salary costs, which will total \$90,440 in FY 1989, be dedicated to administering the provisions of the Natural and Scientific Areas Program. These positions would be responsible for conducting inventories of public and private lands with unique characteristics qualifying them as a scientific or natural area, contacting land owners, developing management plans for those lands, and drawing up articles of dedication to place these lands on the national register. In addition, these positions would be responsible for maintaining and updating, as necessary, the natural heritage inventory which has been developed by the Nature Conservancy.

The net addition to the Governor's budget recommendation for the University of Kansas would be \$55,940, based upon the following:

Salaries and wages - 3.0 FTE	\$80,940
Other operating expenses	<u>9,500</u>
TOTAL	\$90,440
Less: Current appropriation for natural heritage inventory	25,000
Less: OOE to be absorbed within KU's current budget	<u>9,500</u>
NET ADDITION	\$55,940

It is proposed that the line-item appropriation of \$25,000, which the Governor recommended for the natural heritage inventory, be deleted and that an appropriation of \$80,940 be made to the University of Kansas. The administration of the Natural and Scientific Areas Program would be conducted by the University's Biological Survey.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$55,940
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$55,940

Wichita State University

36. Revised General Fees Estimates

Revised general fees estimates have been made by Wichita State University for fiscal years 1988 and 1989. The University has estimated additional revenues of \$73,500 for FY 1988 and reduced revenues of \$52,261 for FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(21,239)
General Fees Fund	<u> --</u>	<u> 21,239</u>
All Funds	\$ --	\$ --

Corporation Commission

37. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Kansas Corporation Commission in the amount shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Public Service Regulation Fund	<u> --</u>	<u> (12,215)</u>
All Funds	\$ --	\$(12,215)

38. Increase Expenditure Limitation on the Institutional Conservation Program - Federal Fund

The Kansas Corporation Commission has requested additional expenditure authority of \$41,800 in the current year from the Institutional Conservation Program - Federal Fund. This increased authority would allow the agency to carry unencumbered funds from FY 1987 into FY 1988 for the purposes of funding certain ICP grants during FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Institutional Conservation Program--Federal Fund	<u>41,800</u>	<u>--</u>
All Funds	\$41,800	\$ --

39. Increase the Expenditure Limitation on the Energy Conservation Bank Fund in Anticipation of Receipt of Additional Federal Funds

The Kansas Corporation Commission has requested additional expenditure authority of \$70,000 in FY 1989 in anticipation of receipt of additional federal funds. The U.S. Department of Housing and Urban Development has notified the Corporation Commission that an estimated \$2 million will be recaptured and reallocated to states which have used all of the previous allocation. Kansas expects an allotment of \$70,000 and requests that the expenditure limitation be increased by the same amount. This amount will be in addition to the \$67,300 allocated from the first stage recapture efforts.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Energy Conservation Bank Fund	<u>--</u>	<u>70,000</u>
All Funds	\$ --	\$70,000

40. Adjust Expenditure Limitation of Special Revenue Funds

The Commission has requested additional expenditure authorization for various special revenue funds for FY 1989 in its Administrative Services Program. The requested changes would allow for an accurate reflection of the percentage distribution of each fund, but would not alter the total expenditures as recommended by the Governor. The adjustments are summarized as follows:

- (1) Decrease the Public Service Regulation Fund by a net amount of \$41,611. Of this reduction, \$42,597 would be from the salary and wage expenditure limitation.
- (2) Increase the Mined-Land Conservation and Reclamation Fee Fund by a net amount of \$763, with a \$904 increase to the salary and wage limitation.
- (3) The Conservation Fee Fund would increase by \$17,624, with the salary and wage limitation to increase by \$17,463.
- (4) The Motor Carrier License Fee Fund would increase by a net amount of \$23,224, with an increase to the salary and wage limitation of \$24,230.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Public Service Regulation Fund	--	(41,611)
Mined-Land Conservation and Reclamation Fee Fund	--	763
Conservation Fee Fund	--	17,624
Motor Carrier License Fee Fund	--	<u>23,224</u>
All Funds	\$ --	\$ --

41. Increase Expenditure Limitation on the Energy Extension Service Act - Federal Fund and the Energy Conservation Plan - Federal Fund (Carry-forward Balances)

The Kansas Corporation Commission has requested additional expenditure authority in two of its funds to enable it to carry into FY 1989 unencumbered funds from the current year. The Commission anticipates some savings in the current fiscal year as a result of (1) delays in obtaining Department of Energy approvals and subsequent delays in contract negotiations and project implementation and (2) projected operational savings. It is requested that the expenditure limitation on the Energy Extension Service Act - Federal Fund be increased by \$10,000 and the expenditure limitation on the Energy Conservation Plan - Federal Fund be increased by \$20,000.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Energy Extension Service Act--Federal Fund	--	10,000
Energy Conservation Plan-- Federal Fund	--	<u>20,000</u>
All Funds	\$ --	\$30,000

42. Adjust Expenditure Limitation on the Energy Extension Service Act - Federal Fund and the Energy Conservation Plan - Federal Fund (Federal Funding Reduction)

The Department of Energy (DOE) recently announced a reduction in federal grant amounts budgeted for FY 1989, thus affecting the Energy Extension Service (EES) and Energy Conservation Plan programs. The Commission requests that these reductions be supplanted with oil overcharge funds. The request does not increase total program expenditures beyond the level recommended by the Governor.

The Energy Extension Service Act - Federal Fund expenditure limitation would be decreased by (\$2,546) and the Energy Conservation Plan - Federal Fund expenditure limitation would be decreased by (\$6,885). The total reduction of (\$9,431) would be replaced with funding in the same amount from the

Energy Grants Management Fund. The total expenditures recommended by the Governor for the energy program will not change.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Energy Extension Service Act-- Federal Fund	--	(2,546)
Energy Conservation Plan-- Federal Fund	--	(6,885)
Energy Grants Management Fund	<u>--</u>	<u>9,431</u>
All Funds	\$ --	\$ --

43. Adjustments to Various Sources of Funding with Passage of House Bill No. 3009

The passage of House Bill No. 3009 provides for the transfer of the Mined-Land Conservation and Reclamation Board (MLCRB) from the KCC to the Kansas Department of Health and Environment. Transfer of this program, according to the Commission, will free-up some centralized administrative support activity and cause a reduction in the current funding structure for those activities formerly funded with federal MLCRB funds. As an example, because a percentage of commission salaries is currently funded with federal MLCRB funds, funding will have to be provided through a shift in other funds.

The Commission seeks to make adjustments to funds for its Administrative Services program as follows:

- (1) An increase in the expenditure limitation of \$12,377 to the Public Service Regulation Fund, with a like increase in salaries and wages;
- (2) An increase totaling \$3,763 to the Conservation Fee Fund, including a salary expenditure limitation increase of \$971; and
- (3) An increase of \$9,259 to the expenditure limitation on the Motor Carrier Safety Assistance - Federal Fund account.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Public Service Regulation Fund	--	12,377
Conservation Fee Fund	--	3,763
Motor Carrier Safety Assistance-- Federal Fund	<u>--</u>	<u>9,259</u>
All Funds	\$ --	\$ 25,399

Kansas State Fair

44. Capital Improvements

The Governor recommends legislation to create a Kansas State Fair Capital Improvements Fund as part of the agreement with the Kansas State Fair Board toward long-term financing of capital improvements expenditures at the Kansas State Fair. The Kansas State Fair Capital Improvements Fund would be a no limit fund to be used by the Kansas State Fair for capital improvements, special maintenance projects, and servicing of any long-term obligations used for capital improvements at the State Fair. Management of the fund would be the responsibility of the Kansas State Fair Board. All funds deposited in the Kansas State Fair Capital Improvements Fund would be reappropriated without limit annually.

The legislation would provide that the State Fair Board transfer a minimum of five percent of the gross receipts for each fiscal year to the Fund on June 30 of each year, beginning June 30, 1989. The Director of Accounts and Reports would transfer a matching amount from the State General Fund, up to a maximum of \$300,000, to the Fund on the following day (July 1), beginning July 1, 1989. The Board would ensure maintenance of adequate balances in the fee fund to ensure availability of the capital improvements transfer in all years.

A transfer of \$575,000 from the State General Fund in FY 1988 to the State Fair Capital Improvements Fund is recommended to initiate this program pending passage of the recommended legislation. That transfer would not be matched by the State Fair. Funds could be used for any of the purposes of the Fund.

It is further recommended that the Kansas State Fair Fee Fund and Non-Fair Fund be designated as no-limit funds in FY 1988 and FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$575,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$575,000	\$ --

Indigents' Defense Services

45. Supplemental Request

Indigents' Defense Services -- Regional Public Defender System -- Stephan v. Smith

In the case of Stephan v. Smith, a Kansas Supreme Court decision was rendered on December 15, 1987. The Kansas Supreme Court found the current system of mandatory panels and the rate of compensation paid by the state to assigned counsel representing indigent felony defendants to be unconstitutional.

In response to the Kansas Supreme Court decision on Smith, the Board of Indigents' Defense Services has requested funding from the State General Fund for the implementation of a Regional Public Defender System. Established within this system are six regional public defender offices which would be fully staffed to handle the majority of indigent felony cases in the state.

The Regional Public Defender System is an expansion of the state's current system, which has four public defender offices, a conflicts office, and an appellate defender office. Existing offices will expand their jurisdictions, and six regional offices will be established. Smaller field offices will also be established throughout the state.

In addition to an increase in public defender offices, compensation for private assigned counsel will increase from the current \$30 per hour to \$50 per hour, effective July 1, 1988.

In its most recent request the Board is asking for \$2,182,057 for regionalization costs and a \$50 hourly rate of compensation for private counsel. This requested amount is in addition to the amount of the agency's "C" level request of \$4,355,812. The additional amount requested also calls for 57.0 new positions, and the salary of Regional Chiefs will be tied to that of a district judge.

The Board's request for this proposal is designed to provide more cost effective representation of indigent felony defendants by increasing the use of state public defenders. Further, in those instances where private counsel must be utilized, the increased rate of compensation of \$50 per hour should satisfy the court's holding that the state rate of compensation should not be considered "confiscatory."

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$190,020	\$2,061,529
All Other Funds	--	--
All Funds	\$190,020	\$2,061,529

Judicial Branch

46. Fringe Benefits

Fringe benefit calculations are overstated by \$548,556, consisting of \$265,276 in group health insurance and \$283,280 in FICA and retirement.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(548,556)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$(548,556)

Department of Human Resources

47. Increase in Title III, Dislocated Worker Fund

The Department requests an expenditure limitation increase in the amount of \$139,320 in the Dislocated Worker - Title III - State Operations Fund. This fund channels JTPA Title III block grant funding into job training activities at the state and Service Delivery Area levels. The increase would allow the agency to continue delivery of REAP program activities until the beginning of FY 1989, when additional state and federal funds are budgeted for that purpose. The increase will also allow spending authority for activities associated with the newly funded Consortium for Automobile Retraining and Employment program. The increase is necessary because of unanticipated receipts and an increase in program activity.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
JTPA Dislocated Worker-		
Title III - State Operations	<u>139,320</u>	<u>--</u>
All Funds	\$139,320	\$ --

48. Consortium for Automobile Retraining and Employment (CARE) Program

The agency received a grant from the U.S. Department of Labor in the winter of 1988. The \$1 million grant will provide retraining for auto workers affected by the closing of auto assembly facilities in the Kansas City area and will be available for expenditure over a three-year period. The agency requests that the Job Training Partnership Act - Title III - Dislocated Workers Discretionary Fund appropriation be maintained at "no limit."

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Job Training Partnership Act - Title III - Dislocated Workers Discretionary Fund	--	<u>1,000,000</u>
All Funds	\$ --	\$1,000,000

49. New Positions in Unemployment Insurance Administration

Since submission of the agency's FY 1989 budget request, the Department of Human Resources has received revised workload and funding allocations from the U.S. Department of Labor. The revised activity levels will fund eight additional limited term classified positions at a cost of \$217,027.

Benefit Payment Control	2.0
Contributions	4.0
Internal Security	1.0
Benefits	<u>1.0</u>
Total	8.0

The new position in the Benefits Branch would staff activities under the provisions of the Shared Work unemployment compensation bill (HB 2453) passed by the 1988 Legislature.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Employment Security Administration Fund	--	<u>217,027</u>
All Funds	\$ --	\$217,027

Larned State Hospital

50. Restoration of Psychiatric Aide Position

During budget review in the fall of 1987, a six member Protection from Harm Task Force was created in the SRS Division of Mental Health and Retardation Services central office. According to an agreement negotiated between SRS and the Division of Budget, the positions needed to staff this function were to come from the existing FTE within the institutions. Because of a misunderstanding with SRS, the Division of the Budget deleted nine, rather than six, positions. One of those positions was a Psychiatric Aide at Larned State Hospital. The agency's position limitation would be increased to include restoration of the Psychiatric Aide.

51. Federal Fund Expenditure Limitation Increase

The Division of Mental Health and Retardation Services customarily carries balances in its Chapter I Federal Education Fund. Beginning in FY 1989, unspent balances of \$23,563 will lapse and revert to the federal Department of Education. The Division would be authorized to expend the funds in FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Elementary and Secondary Education Fund - Federal	23,564	--
All Funds	\$23,564	\$ --

52. Loss of Federal Funds Because of Decertification

The Governor's recommendation for FY 1988 included \$674,314 in State General Fund monies to offset the loss of federal Title XIX funds because of the hospital's decertification. The Governor's FY 1989 recommendation assumed the agency would be fully recertified by the end of FY 1988. Subsequent to the submission of the FY 1989 Governor's Report on the Budget, the agency determined that re-certification will be delayed until mid-1989. Therefore, the agency requests an additional \$339,131 in State General Fund monies to replace reduced Title XIX and Title XVII receipts for the first six months of FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 339,131	\$ --
All Other Funds	(339,131)	--
All Funds	\$ --	\$ --

Osawatomie State Hospital

53. General Maintenance Technician Position Restoration

During budget review in the fall of 1987, a six member protection from harm task force was created in the SRS Division of Mental Health and Retardation Services central office. According to an agreement negotiated between SRS and the Division of Budget, the positions needed to staff this function were to come from existing FTE within the institutions. Because of a misunderstanding with SRS, the Division of the Budget deleted nine, rather than six, positions. One of those positions was a General Maintenance Technician at Osawatomie State Hospital. The agency's position limitation would be increased to include restoration of the Maintenance Technician.

54. Fee Fund Shortfall

Osawatomie State Hospital estimates that its General Fee Fund collections will be \$500,000 less than the level originally projected over the two fiscal years, and are inadequate to sustain agency activities at their budgeted levels. State General Fund amounts of \$500,000 are provided to offset the anticipated shortfall in General Fee Funds.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 500,000	\$ --
Osawatomie State Hospital Fee Fund	<u>(500,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

Topeka State Hospital

55. Laundry Worker Position

During budget review in the fall of 1987, a six member Protection from Harm Task Force was created in the Division of Mental Health and Retardation Services central office. According to an agreement negotiated between the Division and the Division of the Budget, the positions needed to staff this function were to come from existing FTE within the institutions. Because of a misunderstanding between the Division, the Division of the Budget deleted nine positions, rather than six. One of the positions was a laundry worker at Topeka State Hospital. The agency's position limitation would be increased to include restoration of the laundry worker.

56. Miscellaneous Object Code Increases

The hospital has requested a State General Fund supplemental appropriation for FY 1988 to finance unanticipated hospitalization costs; unanticipated costs associated with certification visits; and increases in utilities expenditures above budgeted levels. A supplemental appropriation of \$100,000 would assist the agency in addressing these costs.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$100,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$100,000	\$ --

57. Federal Fund Expenditure Limitation Increase

The Division of Mental Health and Retardation Services has customarily carried balances in its Chapter I Federal Education Fund. Beginning this fiscal year unspent balances will lapse

and revert to the federal Department of Education. The agency would be authorized to expend an additional \$7,960 in FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Elementary and Secondary Education Fund - Federal	<u>7,960</u>	<u>--</u>
All Funds	\$7,960	\$ --

58. Increase in School District 501 Contract

The agency has renegotiated its school contract so that its provisions reflect the respective responsibilities of the parties involved. The Hospital requests \$116,469, which will be offset by reductions in expenditures by the school districts. The contract with District 501 had not been reviewed in the last 10 years. The new contract will specify the school's responsibility to accept hospital patients, provide vocational education, and maintain contact between school and hospital staff on various levels. In addition, for the first time fringe benefits for teachers at the school will be paid by the hospital. The new contract will also include funds for teacher aides at the hospital.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$116,469
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$116,469

59. Offset of Federal Funds Lost Because of Decertification

Subsequent to the release of the Governor's FY 1989 budget recommendation Topeka State Hospital was decertified by the Health Care Finance Administration. Because of the decertification, the agency will lose federal Medicaid and Medicare funding in FY 1988 and FY 1989. The hospital estimates it will lose \$643,722 in 1988 and \$1,890,000 in 1989, for a total loss of federal funds of \$2,533,722 over two years. The estimate assumes that the agency will remain decertified through six months of FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 2,533,722	\$ --
All Other Funds	<u>(2,533,722)</u>	<u>--</u>
All Funds	\$ --	\$ --

Department of Corrections

60. Parole Officer Clerical Support

The Governor recommended expenditure of \$61,734 from the State General Fund for FY 1989 for 4.0 FTE positions. These positions would provide clerical support for the regional parole offices operated by Parole Services of the Department of Corrections.

The positions are mentioned on page 8-4 of Volume 1 of the FY 1989 Governor's Report on the Budget and on page 4-23 of Volume 2. Funds were erroneously omitted in the budget files that produced page 4-18.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$61,734
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$61,734

61. Inmate Health Care Expenditures

The Department's systemwide proposal for meeting the cost of inmate health care was to provide an additional \$1.2 million in state general funds for FY 1988 and FY 1989. The proposal allocated the funds to the institutions based on FY 1987 average per inmate health care expenditures, which were adjusted for inmate populations in FY 1988 and FY 1989. Essentially, the Department's proposal allocated \$52,000 of the \$1.2 million in FY 1988 to the Honor Camps budget for inmate health care services. The \$52,000 was included as part of the Governor's budget recommendation but because of a posting error, only \$30,000 was included in Senate Bill No. 571 as a supplemental appropriation.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$22,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$22,000	\$ --

62. Inmate Health Care Claims Processing System

The Department of Corrections contracts for the payment of inmate health care claims. The original concept was to use the rate schedule for the medical programs operated by the Department of Social and Rehabilitation Services. However, medical providers were not amenable to reimbursement based on the Medicaid rate schedule. The Department renegotiated the rates, which required the provider of payment services to reprogram its computer to reflect the new rates. The

Department was charged \$9,570 for that service. In addition, the Department underestimated the number of claims that would be filed monthly, which has caused the Department to exhaust the budgeted contract expenditures.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$68,860	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$68,860	\$ --

63. Obtaining Institutional Accreditation

The Department of Corrections has attempted to meet the American Corrections Association standards for accreditation for several years. Institutions that are accredited are seen as model institutions that have attained an acceptable standard for inmate bedspace, programs and services. The Department views accreditation as an insurance policy against inmate lawsuits in that, inevitably, the lawsuit is based on the institution not being in compliance with standards as set out by the American Corrections Association. The court has routinely corrected deficiencies based on these standards.

The state agreed to pursue accreditation as part of the 1980 consent decree. The inmate's suit in District Court involves awarding injunctive relief that would require the state to pursue accreditation.

The Department requested \$14,100 in its budget submission for FY 1989 to address the cost of re-audits for parole services, pre-release centers and SCVTC. The Department has revised its request to provide for the audit of SRDC and the re-audit of parole services and SCVTC at a total State General Fund cost of \$18,025.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$18,025
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$18,025

64. Inmate Transportation System

The Governor recommended an inmate transportation system to meet the transportation demands for inmate movement for FY 1989. The system was recommended because of the widespread distribution of the present facilities coupled with the central and western Kansas expansions. The Department has determined that the transportation program can serve the system most efficiently and effectively, if located in the central office.

The FY 1989 recommendation shifts funding for the State Industrial Reformatory (\$139,377) and the State Reception and Diagnostic Center (\$40,558) to the Department's budget.

Department of Corrections:	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$179,935
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$179,935
SRDC:	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(40,558)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$(40,558)
Industrial Reformatory:	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(139,377)
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$(139,377)

65. A Class Action Suit Concerning Corrections Officers

Corrections officers filed a suit against the state in June, 1986 claiming they were entitled to overtime for roll call. Roll call is a policy used by the institution to brief incoming shift officers concerning the status of the inmate population. Essentially, corrections officers are required to arrive 15 minutes before their shift to be briefed and to stay 15 minutes after to brief the next shift. This practice extends the officers' work week by approximately 2.5 hours over their normal shift. Generally, roll call is more prevalent in the higher security institutions. The action has been certified as a class action suit and will affect about 2,200 corrections officers who have worked at state corrections institutions between June 11, 1981, and June 11, 1986. The Governor recommended \$2.0 million in FY 1988 to fund the liability. Reappropriation language is necessary to ensure available funds in the event of delayed settlement.

66. Supplemental Request for State Aid-Community Corrections Program

The Department of Corrections requests an additional \$29,618 for FY 1988 because of lower than estimated chargebacks. In addition, the Department is requesting an additional \$289,391 in FY 1989. These requests are predominantly a result of the passage of House Bill No. 2341 during the 1987 Session. This is in addition to the supplemental appropriation request for \$165,000 contained in the FY 1989 Governor's Report on the Budget.

House Bill No. 2341 eliminated any chargeback fees on juveniles who are transferred administratively by SRS to a youth center. Previous to House Bill No. 2341, the state assistance for a community corrections program would have been reduced relative to the number of juveniles transferred multiplied by \$6,000. House Bill No. 2341 will affect only three quarters of FY 1988. This is due to: (1) the effective date of the bill, July 1, 1987; and (2) the chargebacks and the assistance are calculated based on the previous quarter's experience.

The 1987 Legislature appropriated \$375,000 to offset the costs of the bill. The Department's fiscal note on House Bill No. 2341 was \$480,000 based on 80 juveniles being transferred. The Department has revised that estimate to 90 and lowered the chargeback percentage to reflect the entitlement experience accurately.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$29,618	\$289,391
All Other Funds	--	--
All Funds	<u>\$29,618</u>	<u>\$289,391</u>

67. Increased Average Daily Population at the Wichita Work Release Center

The Department of Corrections moved inmates from other institutions to the Wichita Work Release Center in order to free up bedspace for inmates at the State Penitentiary. The FY 1988 budget at the Wichita Work Release Center is based on an ADP of 75. Approximately March 1, 1988, 25 additional inmates were transferred to the Center. A total of \$7,920 is included to pay for food costs for the 25 inmates for approximately 120 days in FY 1988. In addition, \$7,896 is provided for a half-time clerical position and \$40,268 for marginal costs associated with the unbudgeted 25 ADP in FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$7,920	\$48,164
All Other Funds	--	--
All Funds	<u>\$7,920</u>	<u>\$48,164</u>

68. Claim - Honor Camps

A claim contained in House Bill No. 2996 settles an award for Mr. Archie Cheatum for injuries sustained while assigned to a work detail at the Toronto Honor Camp. The award is \$40,469 payable in FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$40,469	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$40,469	\$ --

69. Correctional Institutions Building Fund - Capital Improvements

The Governor's recommendation for FY 1989 includes five projects totaling \$5,648,820 and three projects totaling \$1,027,729 in FY 1990. All projects are funded from the Correctional Institutions Building Fund. Of the projects listed below, the 120-bed living unit at the Kansas Correctional Institution at Lansing and the cellhouse A renovation at the Kansas State Penitentiary represent multi-year appropriations approved by previous Legislatures. The Governor's recommendation of \$1,847,428 represents an additional \$660,000 to fund a consultant's error in estimating costs for construction excavation. In addition, the Department revised the estimate for the Electrical Improvements project at the Kansas State Penitentiary. The original estimate provided for total expenditures of \$1,092,495 or \$834,459 in FY 1989 and \$258,036 in FY 1990. These are the amounts contained in the Governor's budget recommendation for those two years. However, the Department hired a consultant who revised the Department's estimate to \$2,185,550 or \$200,000 in FY 1989 and \$1,985,550 in FY 1990. The following table displays the revised estimates:

	<u>FY 1989</u>	<u>FY 1990</u>
Kansas Correctional Institution at Lansing 120-Bed Living Unit	\$1,847,428	\$ 378,820
Kansas State Industrial Reformatory Power Supply Upgrade	360,490	390,873
Kansas Department of Corrections Bedspace Expansion	1,139,470	--
Kansas State Penitentiary Cellhouse A Renovation Electrical Improvements	1,466,973 <u> 200,000</u>	-- <u>1,985,550</u>
Total	\$5,014,361	\$2,755,243

Based on the consultant's estimate, KSP's project budget for the Electrical Improvements project is reduced from \$834,459 to \$200,000, and \$1,727,514 is added to the present recommendation of \$258,036 for this project in FY 1990.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Correctional Institutions		
Building Fund	--	<u>(634,459)</u>
All Funds	\$ --	\$(634,459)

70. Senate Bill No. 758 - Program and Alternatives to Incarceration

Senate Bill No. 758 provides appropriations for FY 1988 and FY 1989 for the following agencies:

	<u>FY 1988</u>	<u>FY 1989</u>
Judicial Branch	\$ 65,408	\$ 1,711,074
Department of Corrections	924,173	9,340,922
Kansas State Penitentiary	<u>42,403</u>	<u>508,845</u>
 TOTAL	 \$1,031,984	 \$11,560,841

Funds are provided for the Judicial Branch to hire 75.0 Court Services Officers I and 8.0 clerical positions. Thirty court services officers will be hired, effective May 18, 1988. An additional 20.0 will be hired on June 18, 1988, along with the 8.0 clerical positions. The remaining 25.0 court services officers will be hired effective December 18, 1988. The recommendation includes all training and operations expenditures associated with these positions.

Funding totaling \$355,545 for FY 1988 is included for 7.0 FTE positions to provide systemwide coordination of medical, pharmacy, legal and program issues. Three clerical positions are also included.

A total of \$3,040,745 is included to provide contract placement of 400 inmates in community settings.

Funding of \$52,480 is provided for the Department to hire 23.0 parole officers, beginning May 18, 1988. An additional \$1,600,000 is appropriated for FY 1989 to continue the 23.0 positions and to hire 8.0 clerical positions (June 18, 1988) and 9.0 parole officers (December 18, 1988).

In FY 1988, \$565,000 is included for a design and construction management service to coordinate the design and construction of the Department's capital plan.

An amount of \$75,000 is provided in FY 1988 and \$4,017,965 in FY 1989 to the Department for additional inmate substance abuse, sex offender, mental health and education programs. In

addition, \$58,000 is appropriated in FY 1988 and \$500,000 in FY 1989 for the renovation of correctional institution space to accommodate the additional inmate programs.

A total of 12.0 additional medical staff positions at the Kansas State Penitentiary are funded for FY 1988 at a cost of \$551,248. These positions are in response to the deficiencies cited in the District Court order and are funded as of May 18, 1988.

All unexpended balances in FY 1988 are reappropriated to FY 1989. In total, an amount of \$3,731,802 is shifted from FY 1989 to FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$4,763,786	\$7,829,039
All Other Funds	--	--
All Funds	<u>\$4,763,786</u>	<u>\$7,829,039</u>

71. Senate Bill No. 762 - Corrections' Capital Improvements

Senate Bill No. 762 is an appropriations bill that provides \$22,400,000 for the construction and renovation at Hutchinson, Stockton, Norton and Ellsworth. The entire appropriation is from the State General Fund for FY 1988 with any unexpended balances to be appropriated to FY 1989. All preliminary and final plans must be presented to the Joint Committee on State Building Construction and the Secretary must consult with the Committee on those plans.

Hutchinson Correctional Facility	\$ 6,100,000
Stockton Correctional Facility	500,000
Norton Correctional Facility	6,600,000
Ellsworth Correctional Facility	<u>9,200,000</u>
	\$22,400,000

The Hutchinson appropriation is for the acquisition of a mobile home manufacturing plant and real property and for the construction of a correctional work facility to house not less than 400 inmates. The total appropriation for this project is \$6,100,000.

Expenditures for the Stockton Correctional Facility are for the purchase and renovation of the building and purchase of the real property to provide housing for not less than 110 inmates. The appropriation for this project is \$500,000 FY 1988.

Senate Bill No. 762 provides \$6,600,000 for the renovation and expansion at Norton. Essentially, this expansion would lead to the Department of Corrections assuming full operation

and responsibility for the Norton State Hospital site. The proviso requires the addition of 260 beds, which provides for a total capacity of not less than 500 inmates.

The Ellsworth appropriation will expand facility capacity to not less than 512 inmates and will allow for the additional acquisition of not more than 160 acres of real property at a cost not to exceed \$200,000. The additional appropriation for the Ellsworth Correctional Work Facility is \$9,200,000.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$21,900,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$21,900,000	\$ --

72. Operations Expenditures for Hutchinson

The amendment provides \$2,120,000 to fund the Hutchinson Correctional Facility for four months in FY 1989, assuming Hutchinson will be occupied within 10 months following approval of funds to purchase the site.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$2,120,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$2,120,000

73. Construction and Operation of a New 700-Bed Facility

The Secretary of Corrections' plan to meet the existing critical need for developing additional inmate bedspace includes construction of a 700-bed multi-security facility in the Sedgwick County area. The facility will provide comprehensive correctional services from maximum custody to community programs. The Department estimates construction costs for the new facility will be \$34.0 million with a first partial year operating cost of approximately \$6.6 million in FY 1991.

Bond financing of the capital costs would be \$.7 million in FY 1990, \$3.3 million in FY 1991 and \$3.6 million in FY 1992.

This 700-bed facility will be constructed with 80 percent of the cells sized to be double occupied. In addition, construction costs of \$34.0 million will be bonded through the Kansas Development Finance Authority. The first bond payment is to be made in FY 1990.

Crime Victims Reparations Board

74. Request for an Increase to the Federal Reparations Account

The Director of the Crime Victims Reparations Board is requesting an expenditure limitation increase for the agency's Victims of Crime Assistance Fund. The federal application for funds in FY 1988 was delayed until this spring, but apparently funds will be available prior to the end of state FY 1988. The agency reports that approximately \$134,000 will be available.

The agency has reported higher than usual reparations in FY 1988 and, along with a reparations carryover of approximately \$103,000 from FY 1987, has exhausted the expenditure limitation for payment of reparations. Presently, the agency is estimating total reparations for FY 1988 of \$788,806, including carryover, which compares with an expenditure limitation of \$569,455. This expenditure limitation is split between the Victims of Crime Assistance Fund (\$131,000) and the Crime Victims Reparations Fund (\$438,455).

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Victims of Crime Assistance Act -- Federal Fund	<u>134,000</u>	<u>--</u>
All Funds	\$134,000	\$ --

Kansas State Industrial Reformatory

75. Staff Adjustments

The State Industrial Reformatory requests 23.0 positions to address the rising inmate populations and to improve the staff to inmate ratio. The positions consist of two Corrections Officers III, seven Corrections Officers II, one Safety Specialist, two Administrative Officers, one Physician Assistant, one Dietician, one Storekeeper I, one Library Assistant, two Corrections Counselors, one Facility Maintenance Supervisor, one Laundry Manager and three Office Assistants. Total expenditures for these positions are \$566,027 and consist of \$490,660 for salaries and wages and \$75,367 in other operating expenditures. The State Industrial Reformatory also reports higher than budgeted average daily populations. Because of overcrowding at other institutions, the population is estimated to rise at the Reformatory from the Governor's recommendation of 1,540 to 1,614 in FY 1988 and from 1,500 to 1,650 in FY 1989.

Two Corrections Officers III and seven Corrections Officers II are recommended for FY 1989. The recommendation is

\$163,599, which consists of salaries and wages of \$160,647 and uniform costs of \$2,952. In addition, \$116,449 is provided in FY 1988 and \$240,000 in FY 1989 for marginal costs associated with the higher than budgeted average daily populations.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$116,449	\$403,599
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$116,449	\$403,599

Kansas State Penitentiary

76. Expansion of Inmate Counseling and Parole Drug Screening Program

The Governor recommended expenditures of \$98,082 from the State General Fund for FY 1989 for 5.0 FTE positions to be transferred from the Department of Corrections' budget to the State Penitentiary. These positions are associated with the expansion of the inmate counseling and parole drug screening program, which the Governor recommended and the Legislature approved during the 1987 Session. The program is designed to provide treatment to parole eligible inmates to enhance their chances of receiving parole. While funds and the positions for this program were removed from the Department of Corrections' budget, the funds for the positions were inadvertently omitted from the State Penitentiary's budget.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$98,082
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$98,082

77. Staff Adjustments

Savings have accrued in FY 1988 because of the delay in receiving approval of funding for the 31.0 FTE recommended by the Governor. These positions were to enhance the health care subprogram and the security program and were funded effective December 18, 1987. The Governor's recommendation included \$350,388 in salaries and wages in the current year. Based on information from the Department of Corrections, the positions will be filled for only one month in FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(291,992)	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$(291,992)	\$ --

78. Average Daily Population Savings

In order to comply with the District Court order, the State Penitentiary must reduce the population by 702 ADP by September 1, 1988. Presently, the Governor's budget recommendation is based on an ADP of 2,773. Based on marginal costs for housing, food, inmate pay, medical care and clothing for inmates, the institution's budget can be reduced by \$1,123,200. This amount assumes a marginal cost of \$1,600 per inmate.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(1,123,200)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$(1,123,200)

79. Holiday Pay for Security Officers

The Governor's recommended budget for the State Penitentiary includes five new security positions. Holiday pay, however, is funded for the 14 new positions requested in FY 1989. Consequently, excess holiday pay was included in the amount of \$5,402.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(5,402)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$(5,402)

80. Revised Timetable for Closing Norton State Hospital

In the FY 1989 Governor's Report on the Budget, the Norton State Hospital budget includes monies sufficient to provide care and training for 60 residents through FY 1989. Subsequent to publication of the FY 1989 Governor's Report on the Budget, the Governor reviewed alternatives for resident movement out of state institutions, including plans for Norton State Hospital.

The Commissioner of Mental Health and Retardation Services proposed that until it is closed, funding for the hospital and alternative residential and training services for Norton residents following their discharge to community placements, be appropriated to the Division of Mental Health and Retardation Services. He further requested that the Division be authorized to expend the funds for both the operation of Norton State Hospital and for community grants, as needed, at the discretion of the Division. Further, it was proposed that the Norton facility be transferred to the Kansas Department of Corrections by October 1, 1988.

To accomplish that goal, 60 residents will be transferred to group homes and intermediate care facilities for the mentally retarded during the remainder of this fiscal year and the first part of FY 1989. These transfers will be coupled with commitments to serve 40 persons on community waiting lists. Per diem for community placements is estimated to be \$80 (these are average costs; actual costs for Norton transfers are expected to be higher while services for waiting list clients would cost less). The remainder of community placements currently recommended by the Governor (40 from other institutions and 60 from the waiting list) is estimated to cost \$50 per day.

The Division of Mental Health and Retardation Services requests that the appropriation language for Norton State Hospital and the Department of Social and Rehabilitation Services be adjusted to give the agency the flexibility to implement the revised program. Federal home and community based services funds will be transferred to Mental Health and Retardation Services to provide added federal funding.

The Department of Corrections will take over the operations of Norton State Hospital within 30 days after the last Norton State Hospital resident is discharged, but no later than October 1, 1988, except upon the approval of the State Finance Council. Every effort will be made to find alternative employment for Norton State Hospital employees. It is anticipated that 65 employees will be hired by the Department of Corrections, 60 by other Department of Social and Rehabilitation Services installations, 60 by group homes for the mentally retarded and 45 by other state agencies. The Governor encourages all area agencies to give consideration to hiring Norton State Hospital employees. Moving expense reimbursement will be available to assist employees transferring to other state positions.

The Department of Corrections has developed an expenditure plan that will employ 65.0 FTE as of October 1, 1988. The Department will utilize these employees to provide maintenance and physical plant operations at this facility, provide support services to the present population and employees and assist in the renovation of the facility for housing 260 inmates. An amount of \$1.29 million is requested for salaries and wages and \$1.03 million for other operating expenditures for a total of \$2.32 million.

Norton State Hospital:	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(2,131,292)
Norton State Hospital Fee Fund	--	(202,421)
Title XIX Fund	--	(3,118,692)

SRS:

MHRS-NSH State General Fund	--	1,541,519
MHRS Fee Fund - Norton State Hospital/Placement Grants	--	61,175
MHRS Title XIX - Norton State Hospital/Placement Grants	--	<u>2,105,160</u>
All Funds	\$ --	\$(1,744,551)

Department of Corrections:

State General Fund	\$ --	\$ 2,320,000
All Other Funds	--	<u>--</u>
All Funds	\$ --	\$ 2,320,000

Department on Aging

81. Expansion of Services for Frail Older Kansans

The Division of the Budget was informed on 23 February 1988 that the Kansas Department on Aging would receive \$52,358 in Title III, Part D in-home services for frail older individuals funds in federal FY 1988. The Department proposes that the funds be allocated to area agencies using the same intrastate funding formula utilized for the distribution of Part B and C funds. A five percent state match is required to receive these funds. The Governor's recommendations for FY 1988 and FY 1989 contain sufficient state general funds in nutrition and transportation services to provide the match. The agency proposes that these funds be included in the general community grants subprogram. The Department on Aging assumes it will receive a similar allocation in federal FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Older Americans Act - Federal Fund - Frail Elderly	<u>29,919</u>	<u>61,707</u>
All Funds	\$29,919	\$61,707

82. Move the Department on Aging's Offices to the Docking Building

The Department on Aging intends to move its administrative offices from the Credit Union Building to the first floor of the Docking State Office Building. While increased costs associated with the move in FY 1988 can be absorbed by the agency, \$20,701 is requested in FY 1989. This amount is based upon the rental of 5,100 square feet at \$11.75 per square foot for a total cost of \$59,925. The budget of the Department for FY 1989 currently includes \$39,224 for office rent.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$20,701
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$20,701

Animal Health Department

83. Implementation of Puppy Mill Inspection (HB 2219)

Sub. for House Bill No. 2219, which has been signed by the Governor, will further regulate the animal breeding and selling industry in Kansas. The bill regulates animal dealers, animal shelter operators, hobby kennel operators, pound operators and pet shop operators. Greyhound dealers are excluded from the bill. To administer the new licensure, registration and inspection requirements of Sub. House Bill No. 2219, \$99,415 in additional expenditure authority and 6.0 FTE positions are required.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Animal Disease Control Fund	<u>--</u>	<u>99,415</u>
All Funds	\$ --	\$99,415

Parsons State Hospital and Training Center

84. Additional Treatment Staff

The agency requested that the Governor amend his budget to finance 25.0 FTE positions (\$434,595) to treat up to 44 Winfield State Hospital residents who may be transferred to Parsons. The transfers would replace 44 Parsons residents who would be transferred to private facilities as is provided for in the five year plan to reduce the census at Winfield.

The Commissioner of Mental Health and Retardation Services suggests that the requested positions and funds be recommended with the proviso that the positions and funding be added only if transfers from Winfield State Hospital to Parsons State occur. The transfers would occur, if needed, to close Norton in a timely manner or avoid decertification of Winfield.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$434,595
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$434,595

Real Estate Commission

85. Salaries and Wages

The Governor's recommendation for FY 1989 provides for the addition of one position. While the position was correctly added to the budget, health insurance associated with that position was inadvertently omitted.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Real Estate Fee Fee Fund	--	1,300
All Funds	\$ --	\$1,300

Wheat Commission

86. Senate Bill No. 448

Substitute for Senate Bill No. 448, which has been signed by the Governor, would authorize the Kansas Wheat Commission to raise its wheat excise tax up to 10 mills. The wheat excise tax is currently at four mills, its statutory maximum. It is estimated that the Wheat Commission would increase the tax to approximately seven mills and that net receipts will increase by \$825,000 as a result of the tax increase. Wheat marketing and promotion expenditures of \$586,150 are authorized.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Wheat Commission Fund	--	586,150
All Funds	\$ --	\$586,150

Board of Agriculture

87. Bloomingdale Project

The Governor recommended expenditure of \$65,400 from the State Economic Development Initiatives Fund for FY 1988 for the Board of Agriculture's portion of the project to advertise Kansas products at the Bloomingdale Department store. Funding is also provided to the Department of Commerce for FY 1988 for this project.

Funding is shown for the project in Volume 1 of the FY 1989 Governor's Report on the Budget on pages 4-6 and 9-2 and is noted on page 5-1 of Volume 2. It was erroneously omitted in the budget files that produced page 5-2.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Economic Development --		
Agricultural Marketing Account	<u>65,400</u>	<u>--</u>
All Funds	\$65,400	\$ --

88. Additional Expenditures - House Bill No. 2891

House Bill No. 2891 requires that the Board of Agriculture register an additional 300 persons as pest control technicians. The Board has requested \$1,335 from the State General Fund to supplement the additional revenues to the Pesticide Fee Fund of \$4,500 to provide an additional half position and support expenses. Also required is an increase to the agency's position limitation for one additional position.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$1,335
All Other Funds	<u>--</u>	<u>4,500</u>
All Funds	\$ --	\$5,835

89. FACTS Expansion

House Bill No. 2966 authorizes the Board of Agriculture to provide mediation services and to accept federal funds to provide the services. The bill stipulates that the funds received must be deposited into the FACTS Gifts and Contributions Fund. This fund currently has a \$0 limitation. In order to spend the anticipated federal dollars, the expenditure limitation needs to be increased to \$459,670.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
FACTS Gifts and Contributions		
Fund	<u>--</u>	<u>459,670</u>
All Funds	\$ --	\$459,670

Attorney General -- Kansas Bureau of Investigation

90. Criminal History Record Automation

The Governor recommended expenditure of \$270,955 from the State General Fund in FY 1989 to upgrade the KBI's computer capability and to provide sufficient salary and other operating expenses for initiation of a fully automated criminal history file.

This funding recommendation is noted on page 4-53 of Volume 2 of the FY 1989 Governor's Report on the Budget. It was erroneously omitted in the budget files that produced page 4-54.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$270,955
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$270,955

Department of Commerce

91. Kansas Industrial Retraining Program (KIR)

The language in House Bill No. 2808 should be modified to allow expenditures for the KIR program.

Credit Union Department

92. Addition of One Credit Union Examiner Position

The Department of Credit Unions indicates that significant problems have been encountered during examinations of several rural western credit unions which will likely result in closure of these unions unless corrective action is taken immediately. Currently, one credit union is in receivership and will soon receive a \$3 million loan to enable it to remain solvent. However, the Credit Union Administrator is concerned that this money may be lost if his office is unable to monitor its use closely. The Administrator has requested one additional position and sufficient travel and other expenses to support this position. The Administrator anticipates reevaluating the need for this position in two years on the basis of the affected credit union's financial condition.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Credit Union Fee Fund	<u> --</u>	<u>43,492</u>
All Funds	\$ --	\$43,492

Insurance Commissioner

93. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Kansas Insurance Commissioner in the amounts shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(18,885)
Firefighters Relief Fund		
Payments	--	(213)
Workers' Compensation Fund	--	(852)
Health Care Stabilization		
Fund	--	(1,942)
Group Funded Workers'		
Compensation Pools Fee Fund	--	(87)
Municipal Group-Funded Pools		
Fee Fund	--	(14)
Insurance Company Annual		
Statement Examination Fund	--	(1,397)
All Funds	\$ --	\$(23,390)

94. Deletion of One FTE - House Bill No. 3055

The Insurance Commissioner indicates that passage of House Bill No. 3055 would relieve the agency of sufficient duties to reduce one position and \$12,125 in state general funds.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(12,125)
All Other Funds	--	--
All Funds	\$ --	\$(12,125)

Department of Health and Environment

95. Early Intervention Grant Expenditure Limitation

The Department of Health and Environment has been notified that it will receive additional funds under the Early Identification and Intervention federal grant before the grant is terminated on August 31, 1988. The Department proposes to use the additional \$44,000 in FY 1988 and \$26,000 in FY 1989 for contracts with local health departments to provide direct identification and intervention services to young children who are at risk for or who are known to have handicaps or chronic diseases. The following expenditure limitation increases will provide the agency with the necessary expenditure authority:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Early Identification and		
Intervention - Federal Fund	<u>44,000</u>	<u>26,000</u>
All Funds	\$44,000	\$26,000

96. Genetic Services Grant Expenditure Limitation

The Department of Health and Environment has been advised that funding available in FY 1988 and FY 1989 under its federal Genetic Services Grant will be greater than previously budgeted. Additional funding of \$15,914 in FY 1988 and \$9,402 in FY 1989 will be used by the Department to provide outreach clinics through a contract with the Internal Medicine Foundation at the University of Kansas Medical Center, and to finance other operating expenditures of the agency. The following expenditure limitation increases will provide the agency with the necessary expenditure authority:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Genetic Services Grant- Federal Fund	<u>15,914</u>	<u>9,402</u>
All Funds	\$15,914	\$9,402

97. Immunization Grant Expenditure Limitation

The Department of Health and Environment has been notified that funds it will receive under its federal Immunization Grant will be greater than previously budgeted for FY 1988 and FY 1989. Additional funds of \$15,001 in FY 1988 and \$15,361 in FY 1989 will be used to purchase equipment for monitoring vaccine storage temperatures, and to pay for supplies needed to maintain proper vaccine temperature during shipment. The following expenditure limitation increases will provide the agency with the necessary expenditure authority:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Immunization Grant Fund- Federal Fund	<u>15,001</u>	<u>15,361</u>
All Funds	\$15,001	\$15,361

98. Hazardous Waste Cleanup Fund

The Department of Health and Environment currently receives an annual transfer from the State General Fund to the Hazardous Waste Cleanup Fund, which is a special revenue fund to finance the cleanup of contamination caused by hazardous materials. State General Fund amounts used for this purpose--recommended at \$300,000 in FY 1989--should be accounted for as State General Fund expenditures rather than special revenue fund expenditures, which is now the case. This can be accomplished by eliminating the transfer and providing for a direct appropriation from the State General Fund. The

existing special revenue fund needs to be retained as a no limit fund to enable the agency to receive and expend moneys collected from parties responsible for contaminated sites.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$300,000
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$300,000

99. Abandoned Mined Land--Emergency Program

Federal law authorizes the Office of Surface Mining Reclamation and Enforcement (OSM) to delegate to states the authority for responding to emergency situations resulting from conditions at abandoned coal mine sites. At present, OSM operates the Abandoned Mined Land--Emergency program in Kansas and deducts program costs from the basic grant awarded to the state for abandoned mined land reclamation. State assumption of the emergency response program would permit a faster response to emergency situations, because personnel would be dispatched from Pittsburg rather than Kansas City. It also would improve program efficiency, thus allowing savings to be shifted to reclamation activities.

Negotiations with OSM have resulted in a proposal for the state to assume responsibility for the emergency response program on January 1, 1989. State administrative costs to be incurred by the Department of Health and Environment in FY 1989 are estimated at \$73,911 in expenditures from the Abandoned Mined-Land Reclamation Act--Federal Fund. Of the total, \$41,311 would be spent for salaries associated with three new positions, authority for which requires an increase in the salary and wage limitation attached to the Abandoned Mined-Land Reclamation Act--Federal Fund. Total grant receipts to the state are expected to increase by as much as \$500,000 annually.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Abandoned Mined-Land Reclamation Act--Federal Fund	<u> --</u>	<u>73,911</u>
All Funds	\$ --	\$73,911

100. VD Control Grant Expenditure Limitation

The Department of Health and Environment has received an increase in federal grant funding for venereal disease control. The funding increase was awarded so that the department could improve its records management and other clerical functions within the Sexually Transmitted Disease Section of the Disease Control and Investigation program. At

present, the STD Section has the equivalent of two clerical positions to process over 110,000 patient records per year; order and package all STD medication; prepare correspondence with hospitals, laboratories, health departments and private facilities; and provide other clerical functions within the section. The agency proposes to use the increased funding to add one new limited term appointment clerical position to the section. The following expenditure limitation increases will provide the agency with the necessary expenditure authority.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Venereal Disease Control Project Fund--Federal	<u>4,885</u>	<u>18,064</u>
All Funds	\$4,885	\$18,064

101. DPT Vaccine

At the time the FY 1989 Governor's Report on the Budget was prepared, the Department of Health and Environment estimated that the price of DPT vaccine would be \$7.71 per dose during FY 1989. Since the budget was prepared, the price has risen to \$9.62 per dose and is expected to increase further to an estimated \$11.00 per dose, effective May 1988. Purchase of the 40,000 doses recommended for FY 1989 now is projected to cost \$440,000, rather than the \$308,400 contained in the original recommendation. The additional \$131,600 is recommended for FY 1988, however, to allow the agency flexibility in the timing of vaccine purchases with these funds.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$131,600	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$131,600	\$ --

102. Water Pollution Control Revolving Fund (SB 472)

The Department of Health and Environment estimates that \$38,000 will be required in FY 1989 to implement the provisions of Senate Bill No. 472, which creates the Kansas Water Pollution Control Revolving Fund to be used in financing local wastewater treatment projects. Eighty percent of the administrative costs will be financed from federal funds, and 20 percent, from the State General Fund.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ 7,600
Water Pollution Control Revolving Fund	<u>--</u>	<u>30,400</u>
All Funds	\$ --	\$38,000

103. Food Service Inspection Reimbursement (SB 374)

The Legislature has passed Senate Bill No. 374, which provides that 80 percent of the fees collected from inspection of food service establishments will be used to reimburse local agencies conducting such inspections. At present, 60 percent of the fees collected for that purpose are reimbursed to local agencies. The effect of the legislation in FY 1989 will be to increase expenditures from the Food Service Inspection Reimbursement Fee Fund from \$145,000 to \$193,333. There will be a corresponding decrease of \$48,333 in transfers from the fee fund to the State General Fund.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Food Service Inspection Reimbursement Fund	--	<u>48,333</u>
All Funds	\$ --	\$48,333

Revenues:

State General Fund	\$ --	(\$48,333)
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104. Transfer of Mined Land Reclamation Activities (HB 3009)

The Legislature passed HB 3009, which transfers all mined-land program activities from the Kansas Corporation Commission to the Kansas Department of Health and Environment. Enactment of this bill does not result in any net adjustments to state expenditures in FY 1989 or beyond. However, the act does transfer positions and expenditures from one agency to the other. The FY 1989 Governor's Report on the Budget contains 14.0 FTE and \$3,601,536 in expenditures by the Corporation Commission which now need to be reflected in the budget of the Department of Health and Environment.

	<u>FY 1988</u>	<u>FY 1989</u>
Health and Environment:		
State General Fund	\$ --	\$ --
Mined Land Conservation and Reclamation Fee Fund	--	203,634
National Surface Mining Control and Reclamation Act -- Federal Fund	--	185,894
Mined-Land Reclamation Fund	--	340,000
Abandoned Mined-Land Reclamation Act-- Federal Fund	--	<u>2,872,008</u>
All Funds	\$ --	\$3,601,536

Corporation Commission:

State General Fund	\$ --	\$ --
Mined Land Conservation and Reclamation Fee Fund	--	(203,634)
National Surface Mining Control and Reclamation Act -- Federal Fund	--	(185,894)
Mined-Land Reclamation Fund	--	(340,000)
Abandoned Mined-Land Reclamation Act-- Federal Fund	--	(2,872,008)
All Funds	\$ --	\$(3,601,536)

105. Title I Grant Expenditure Limitation

The Department of Health and Environment received a federal grant in FY 1988 from the U.S. Department of Education to coordinate the availability and delivery of services to handicapped children in the 0-2 age group. Grant funds are being used by the agency to support the existing Coordinating Council on Early Childhood Developmental Services; to perform a needs assessment of the 0-2 handicapped population; to increase public awareness of service availability, including support of a toll-free line; to prepare a plan for implementing comprehensive services to the targeted population; to prepare a plan for ensuring the availability of appropriately trained health, social services, and developmental support personnel; and to implement a competitive grant program to finance local agency efforts to coordinate delivery of services to handicapped children in the 0-2 age group. Implementation of the grant in FY 1988 began later than was assumed at the time of budget preparation, and a portion of the expenditures originally planned for FY 1988 will be shifted to FY 1989. The following expenditure limitation increase will provide the agency with the necessary expenditure authority.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Title I--P.L. 99-457	--	142,893
All Funds	\$ --	\$142,893

State Library

106. Kansas Union Catalog

The Governor's budget recommendations for the State Library included \$184,880 in FY 1988 and \$198,641 in FY 1989 for production of the Kansas Union Catalog in microfiche format. At the same time the budget was in preparation the

agency was negotiating a contract with a new vendor for production and maintenance of the KUC. The new vendor agreed to produce the KUC in both microfiche and optical disk format within the contract amounts recommended by the Governor for FY 1988 and FY 1989, and also agreed to perform other contract services at a lesser cost than the previous vendor. Given this new information, the Governor's recommendation for the Kansas Union Catalog in the microfiche format can be implemented at a lower cost than previously recommended, with a reduction of \$15,800 in FY 1988 and a reduction of \$39,050 in FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(15,800)	\$(39,050)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$(15,800)	\$(39,050)

Secretary of State

107. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Secretary of State's Office in the amounts shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(5,959)
Uniform Commercial Code Fee Fund	<u> --</u>	<u>(3,624)</u>
All Funds	\$ --	\$(9,583)

Department of Revenue

108. Salaries and Wages

The Governor recommended expenditures of \$16,420,022 in FY 1989 for salaries and wages expense in the Administrative Services, Operations, and Property Valuation programs. Funding for salaries and wages expense for these programs is found on pages 1-164, 1-172, and 1-176 of Volume 2 of the FY 1989 Governor's Report on the Budget. The amount recommended for reclassifications expense erroneously omitted \$42,228 of state general funds in the budget file that produced pages 1-164 and 1-176. The amount recommended for health insurance expense erroneously included \$4,390 in vehicle operating funds in the budget file that produced page 1-172.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$42,228
Vehicle Operating Fund	<u> --</u>	<u>(4,390)</u>
All Funds	\$ --	\$37,838

109. Rent Expense

The Governor recommended expenditures of \$1,910,782 in FY 1988 for state office building rent expense. The agency request for this item was \$74,027 higher based on estimates at the time of budget preparation.

Funding for rent expense is found on pages 1-162 and 1-164 of Volume 2 of the FY 1989 Governor's Report on the Budget. The amount recommended for rent expense erroneously includes \$74,027 of state general funds in the budget file that produced pages 1-162 and 1-164.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(74,027)	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$(74,027)	\$ --

110. Temporary Salaries -- Division of Collections

For FY 1988, \$13,000 in state general funds are provided to hire four temporary Tax Examiner positions for 90 days in the Kansas City and Wichita regional offices. During preparation of the FY 1989 budget request, the agency inadvertently overlooked the transfer of these monies from the Income and Inheritance Tax Bureau to the new Division of Collections when implementing the reorganization plan in FY 1988 for centralizing collection activities. Essentially through an oversight by the agency, funds for temporary Tax Examiner positions were deleted from the FY 1988 agency request.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$13,000	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$13,000	\$ --

111. Postage Costs Involved with the Mailing of 1099G Forms

The Department of Revenue requests \$66,081 in state general funds to cover the costs of mailing 1099G forms to income tax refund recipients. The amount requested includes the current rate increases for postage. The 1099G forms are mailed to taxpayers who receive a tax refund for the purpose of reporting the refund as income for the following tax year. Currently, the Income and Inheritance Tax Bureau handles the mailings. The funds were inadvertently omitted from the Governor's budget recommendations.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$66,081
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$ --	\$66,081

112. Postage Increases

Based on the effective date of the new postal rate increases, additional postage expenditures of \$33,794 in general funds and \$47,395 in vehicle operating funds are recommended for FY 1988 and \$132,527 in general funds and \$184,151 in vehicle operating funds for FY 1989. Given the fact that the department does handle a tremendous amount of mailings, the funding of postage should not be an impediment to maintaining the services required of the agency for the general public.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$33,794	\$132,527
Vehicle Operating Fund	<u>47,395</u>	<u>184,151</u>
All Funds	\$81,189	\$316,678

School for the Visually Handicapped

113. Expenditure of Additional Federal Funds

The agency has received \$37,809 in additional federal funds to provide work training, vocational education, and job support services for visually handicapped students. Included in the request are 1.5 special project positions.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
General Fees Fund	<u>--</u>	<u>37,809</u>
All Funds	\$ --	\$37,809

Youth Center at Atchison

114. Teaching Contract

The Governor recommended expenditures of \$755,330 in FY 1989 for contract teaching personnel provided through the local school district. Funding is noted on page 4-88 of Volume 2. An amount of \$29,934 in state general funds for an increase in teacher salaries was erroneously omitted in the budget file that produced page 4-88.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$29,934
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$29,934

Youth Center at Beloit

115. Teaching Contract

The Governor recommended expenditures of \$722,250 in FY 1989 for contract teaching personnel provided through the local school district. Funding is noted on page 4-92 of Volume 2. An amount of \$29,589 in state general funds for an increase in teacher salaries was erroneously omitted in the budget file that produced page 4-92.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$29,589
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$29,589

116. Salaries and Wages

The Governor recommended expenditures of \$2,289,686 of state general funds in FY 1989 for salaries and wages. Funding is noted on page 4-92 of Volume 2. An amount of \$924 in FY 1988 and \$922 in FY 1989 for holiday pay were erroneously omitted in the budget file that produced page 4-92.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 924	\$ 922
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ 924	\$ 922

Youth Center at Topeka

117. Teaching Contract

The Governor recommended expenditures of \$1,137,941 in FY 1989 for contract teaching personnel provided through the local school district. Funding is noted on page 4-96 of Volume 2. An amount of \$51,207 in state general funds for an increase in teacher salaries was erroneously omitted in the budget file that produced page 4-96.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$51,207
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$51,207

118. Salaries and Wages

The Governor recommended expenditures of \$4,525,629 in FY 1988 and \$4,860,692 in FY 1989 for salaries and wages. Funding for salaries and wages is found on page 4-96 of Volume 2 of the FY 1989 Governor's Report on the Budget. The amount recommended for salaries and wages erroneously includes an amount of \$714 in FY 1988 and \$2,228 in FY 1989 of state general funds in the budget file that produced page 4-96.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ (714)	\$(2,228)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ (714)	\$(2,228)

Attorney General

119. Work-Study for Attorney General

The Attorney General has been contacted by the University of Kansas for participation in a work study program for law students or other student employees. The funding will come from the University of Kansas and will be used to reimburse the Attorney General for up to one-half of the cost. The Attorney General anticipates hiring available law student employees during the summer. The Attorney General is requesting that a fund be established to channel monies for reimbursement by the work study program.

Work-Study Reimbursement Fund.....No limit

Department of Education

120. Washburn University State Aid

In a letter to the Budget Director dated March 7, 1988, Mr. David Monical, Vice President for Planning and Governmental Relations, Washburn University, requested a State General Fund supplemental appropriation of \$125,279 to finance FY 1988 credit hour state aid for the University. This amount is an increase of \$92,306 to the FY 1988 supplemental appropriation for Washburn University recommended by the Governor in the FY 1989 Governor's Report on the Budget. In addition, Mr. Monical requested that the FY 1989 amount of state aid for Washburn University be adjusted to reflect the increases in credit hours that occurred in FY 1988 and are assumed to continue into FY 1989.

Washburn University had originally requested a FY 1988 supplemental appropriation of \$97,188. This request was contained in a letter from Mr. Monical dated November 12,

1987. The Governor included \$32,973 in his budget recommendations. The House, during its review of the FY 1988 Department of Education budget, deleted the supplemental appropriation recommended by the Governor, pending information to be provided by Mr. Monical on the spring enrollment at Washburn University.

The March 7, 1988 letter from Mr. Monical contains the estimated adjustments to enrollment at Washburn University based on the spring enrollment. Mr. Monical did not request an amount for FY 1989; however, the Division of the Budget estimates that an amount of \$132,585 would be needed based on the spring enrollment figures submitted by Washburn University.

At the March 23, 1988 meeting of the Senate Ways and Means subcommittee on the Department of Education, the Department submitted revised state aid estimates for Washburn University based on recent audits of enrollments at the University. The revised estimates indicate that an amount of \$115,000 would be needed for FY 1988 and \$125,279 for FY 1989 in order to fund fully the state aid programs for the University. Mr. Monical was present at the hearing and agreed to the revised figures.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$82,027	\$132,585
All Other Funds	--	--
All Funds	<u>\$82,027</u>	<u>\$132,585</u>

121. Reduce State Transportation Aid

The FY 1989 Governor's Report on the Budget recommended an amount of \$44,094,250 for school transportation aid in FY 1988. This amount is the approved legislative appropriation for school transportation aid and represents 95 percent of the estimated cost. The Department of Education has revised the estimate for FY 1988 and has determined that the approved amount for FY 1988 can be reduced by \$1,286,886 and provide 100 percent of estimated state transportation aid for FY 1988. To retain the 95 percent of state transportation aid approved by the 1987 Legislature, an additional reduction of \$2,140,368 is required. The total reduction to the Governor's recommendation for FY 1988 to retain 95 percent of transportation cost is \$3,427,254.

For FY 1989, the revised Department of Education estimates provide that the Governor's recommendation of \$45,222,037, which was intended to finance 94 percent of transportation cost, will actually finance 100 percent of the estimated transportation cost for FY 1989. To adjust the revised Department of Education transportation cost to 94 percent, as intended in the Governor's recommendations for FY 1989, a reduction of \$2,713,372 is required.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(3,427,254)	\$(2,713,372)
All Other Funds	--	--
All Funds	<u>\$(3,427,254)</u>	<u>\$(2,713,372)</u>

122. Reduce Special Education Aid

The FY 1989 Governor's Report on the Budget recommended an amount of \$90,615,910 for special education aid in FY 1988. This amount is the approved legislative appropriation for special education aid and represents 90 percent of the estimated excess cost. The Department of Education has revised the estimate for FY 1988 and has determined that the approved amount for FY 1988 can be reduced by \$822,260 and provide 90 percent of estimated excess cost for FY 1988.

For FY 1989, the Governor recommended an amount of \$94,639,255, which was estimated to provide 89 percent of the excess cost for special education. Based upon the passage of the FY 1989 school aid bill, FY 1989 expenditures should be increased by \$933,231 in order still to provide 89 percent of the excess cost of special education for FY 1989.

Revisions for special education aid in FY 1988 and FY 1989, respectively, are \$89,793,650 and \$95,572,486.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(822,260)	\$933,231
All Other Funds	--	--
All Funds	<u>\$(822,260)</u>	<u>\$933,231</u>

123. SDEA "Hold Harmless"

Senate Bill No. 525, which the 1988 Legislature passed and has been signed into law, provides the criteria for distribution of school district state aid in the 1988-1989 school year. The bill contains provisions which mitigate the reduction in state aid that 16 school districts will receive in FY 1989. These provisions provide that a district which would receive less in general state aid and income tax rebate (combined) in FY 1989 than it received in FY 1988 would be entitled to additional state aid in an amount equal to 50 percent of the reduction in aid that would occur between the two fiscal years. The estimated cost of this "hold harmless" provision is \$2,060,481. In order to finance the FY 1989 school district state aid law adequately, the amount for school district state aid as contained in the FY 1989 Governor's Report on the Budget will be increased by \$2,060,481. This amendment will provide a total of \$483,087,733 for school district state aid in FY 1989.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$2,060,481
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$2,060,481

124. Fort Leavenworth Aid

The Kansas Department of Education has been informed by the U.S. Department of Education that the state must increase the amount of state aid provided to the Fort Leavenworth school district (USD 207). The federal government will reduce the amount of federal impact aid received by the district otherwise. The recommendation contained in the FY 1989 Governor's Report on the Budget was for \$931,920 in FY 1989, which provides the same amount as approved for FY 1988. In order not to jeopardize federal funding received by the Fort Leavenworth school district, an increase of 7.5 percent is recommended. This recommendation will provide \$1,001,814 or an increase of \$69,894 to the amount approved for FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$69,894
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$69,894

Department of Social and Rehabilitation Services

125. Vocational Rehabilitation

The Governor recommended expenditures of \$2,264,432 for salaries and client services in the Vocational Rehabilitation Program for FY 1989. The agency had requested the transfer of 11 special project positions from the unclassified to full-time equivalent classified positions. The Governor did not recommend the addition of the 11 full-time positions. However, the Governor's intention was to continue to fund these positions as special projects. The funding for the 11 positions was inadvertently deleted from the Governor's recommendation. These special project positions implement the Transition into Employment-Adult Services statute (TIE-AS) authorized under K.S.A. 75-5372 through K.S.A. 75-5374 (H.B. 2300).

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ 45,055
VR Disabled Persons Federal Fund	--	177,441
Federal VR Independent Living Fund	--	11,484
Federal VR Client Assistance Fund	--	4,751
Federal Title III Rehabilitation Service Fund	<u> --</u>	<u> 3,774</u>
All Funds	\$ --	\$242,505

126. CAECSES Funding

The FY 1989 Governor's Report on the Budget for the Department of Social and Rehabilitation Services included \$9,000,000 in FY 1988 and \$7,300,000 in FY 1989 for acquisition and operation of the automated eligibility and child support enforcement system. The Governor's recommendation did not take into consideration the issuance of certificates of participation for the acquisition of computer equipment associated with CAECSES. The certificates for financing CAECSES were issued in October, 1987. Therefore, the FY 1988 and FY 1989 budget should reflect the amount needed for certificate payments. In order to adjust the FY 1988 budget to reflect appropriate payment amounts, a reduction of \$6,394,500 in federal funds for equipment acquisition and the addition of \$40,265 for certificate payments is required. The amount for certificate payment includes \$12,463 in State General Funds. The net reduction to the FY 1988 budget is \$6,354,235 with no State General Fund savings.

For FY 1989, the amount to be included for certificate payments is \$1,372,732, of which \$424,902 is state general funds. In addition, it should be noted that the Department of Social and Rehabilitation Services has applied to the federal government for a waiver to receive advanced federal funding. If that additional federal funding is received, then it would be utilized to reduce the amount of certificate payments.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 12,463	\$ 424,902
Federal Formula Fund	<u>(6,366,698)</u>	<u>947,830</u>
All Funds	\$(6,354,235)	\$1,372,732

127. Fee Fund Shortfall

The Department of Social and Rehabilitation Services utilizes the Social Welfare Fee Fund to finance portions of several programs within the Department's budget. Included are Medical Assistance and Child Support Enforcement. For FY 1988 and 1989, current estimates indicate that receipts to the fee fund will be inadequate to fund expenditures financed from the fund. In order to finance budgeted programs adequately, the financing for the Medical Assistance budget should be amended to include additional state general funds of \$2,000,000 in FY 1988. The additional state general funds will reduce expenditures from the fee fund accordingly and allow adequate balances in the fee fund to finance FY 1989 expenditures.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 2,000,000	\$ --
SRS Fee Fund	<u>(2,000,000)</u>	<u>--</u>
All Funds	\$ --	\$ --

128. AFDC Savings -- FY 1988

Based on most recent data on AFDC expenditures, the Department of Social and Rehabilitation Services estimates there will be savings in the current year. Originally, the Governor had recommended a 3.8 percent caseload increase for FY 1988 from FY 1987. Based on caseloads through March, it now appears there will be an overall decline in AFDC caseloads of 1.9 percent from the 1987 level. The lower caseload growth results in savings of \$5,764,060 in FY 1988, of which \$2,837,160 is from the State General Fund. The reduction will decrease AFDC caseloads from 902,940 person/months to 853,900 person/months.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(2,837,160)	\$ --
Federal Formula Grants Fund	<u>(2,926,900)</u>	<u>--</u>
All Funds	\$(5,764,060)	\$ --

129. AFDC Savings -- FY 1989

It appears that the Governor's recommendation in FY 1989 must be adjusted to reflect caseload trends based on changes made in FY 1988. The caseload growth will still represent a five percent growth from the adjusted FY 1988 base. The number of person-months will be reduced from 977,342 to 896,595. The reduction in person-months will reduce State General Fund expenditures by \$4,128,877 and federal expenditures by \$5,046,405, for a total reduction of \$9,175,282.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(4,128,877)
Federal Formula Grants Fund	<u>--</u>	<u>(5,046,405)</u>
All Funds	\$ --	\$(9,175,282)

130. Division of Assets

The Department of Social and Rehabilitation Services estimates that in order to fund SB 264 relating to Division of Assets, an additional \$4,826,000 in all funds will be needed. Of this amount, \$2,175,078 is state general funds and \$2,650,922 would be federal funds. This amount would increase the total for Division of Assets in FY 1989 to \$6,100,000, of which \$2,759,298 is state general funds.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$2,175,078
Federal Formula Grants Fund	<u>--</u>	<u>2,650,922</u>
All Funds	\$ --	\$4,826,000

131. Federal Disallowance

In the current year the Governor recommended for the Department of Social and Rehabilitation Services a State General Fund supplemental appropriation totaling \$2,348,935 for the Health Care Financing Administration Disallowance. The Department has been informed that the disallowance will total only \$2,155,945. This disallowance is for payment of services to residents under the age of 65 in intermediate care facilities for the mentally diseased. It was ruled that these payments were not federally matchable. All states which claim these federal matchable expenditures have been required to return the federal share of these expenditures.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(192,990)	\$ --
Other Funds	<u>--</u>	<u>--</u>
All Funds	\$(192,990)	\$ --

132. Personal Needs Allowance

An increase in the personal needs allowance of Medicaid patients in nursing homes is recommended from the current \$25 per month to \$30 per month to comply with recently enacted federal legislation. The Federal Congress on December 22, 1987, granted institutionalized SSI recipients an increase, effective July 1, 1988. The Department of Social and Rehabilitation Services indicates that the \$5 increase will also cover three-quarters of the adult care home population which are not SSI recipients. The cost is estimated to be \$748,380, of which \$374,190 would be from state general funds.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$374,190
Federal Formula Grants Fund	<u>--</u>	<u>374,190</u>
All Funds	\$ --	\$748,380

133. HCFA Deferral for Institutional Services

The Department of Social and Rehabilitation Services has had funds deferred by the Federal Health Care Finance Administration during state FY 1988. The Department had expected to receive an opportunity to retain these funds while the issue was being heard by the federal Health and Human Services Grant Appeals Board. The Department has recently been informed that it will not receive the disallowance letter until June 1, 1988, and cannot appeal until that time. This will not allow enough time to respond and have the federal government return the money before the June claims must be paid. For this reason, an amount of \$900,000 in state general funds is recommended.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$900,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$900,000	\$ --

134. Foster Care Supplemental Appropriation

The Department of Social and Rehabilitation Services is requesting an increase in the FY 1988 State General Fund foster care budget in the amount of \$960,000. Expenditures through February 29, 1988, totaled \$16,986,756 or 69 percent of the approved FY 1988 budget of \$24,587,785. Further analysis from the Department indicates State General Fund expenditures to be \$11,845,161 or 72 percent of the FY 1988 budget. The February payments reflect the effect of the two percent rate increase for group/residential foster care providers, which was effective January 1, 1988. The agency has experienced a large growth in payments for children in the General Assistance Foster Care Program.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$960,000	\$ --
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$960,000	\$ --

135. Federal Alcohol and Drug Abuse Block Grant Funds

The Department of Social and Rehabilitation Services, Alcohol and Drug Abuse services (ADAS), received notification on February 29, 1988, that a second year federal grant award of the alcohol and drug abuse treatment and rehabilitation block grant was available to Kansas in the amount of \$654,000 in FY 1988 and \$725,000 in FY 1989 for a total of \$1,379,000 in both years.

The Department would utilize the additional FY 1988 funds for outpatient alcohol and drug abuse treatment services and community based programs, \$310,000; for residential treatment services for indigent adult clients, \$130,000; to add two drug intervention specialist positions to the amount already recommended by the Governor to create two new regional centers for alcohol and drug abuse prevention, \$70,000; to upgrade and expand existing training programs for substance abuse professionals and volunteers, \$70,000; to provide a treatment program for hearing impaired clients, \$20,000; and to replace reduced federal funds, \$54,000. For FY 1989, the Department would continue the FY 1988 programs using the \$725,000 available as the second year grant amount.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
ADAS Block Grant - Federal	<u>654,000</u>	<u>725,000</u>
All Funds	\$654,000	\$725,000

136. ADAS Federal Grant

The Department of Social and Rehabilitation Services is proposing that \$136,000 in additional federal aid be used for alcohol and drug education programs. Under the federal Drug Free Schools and Communities Act of 1986, the Department of Education will receive a second year grant for funding of substance abuse prevention/education programs. The Department of Education proposes to transfer \$136,000 of the federal grant to ADAS for community based programs for high risk use as required by federal regulations.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Drug Abuse Fund - Federal	<u>--</u>	<u>136,000</u>
All Funds	\$ --	\$136,000

137. Repayment of DOE Grant

The Department of Social and Rehabilitation Services will require \$65,965 in state general funds in the current year to repay the Department of Energy for a Northwest Kansas Regional Planning Commission settlement. The original amount of the grant was \$235,000. The Department has worked with the Department of Energy to negotiate the payment down to this level. The Northwest Kansas Regional Planning Commission will pay \$20,000. Any delay in the repayment to the Department of Energy would attach interest to the settlement from the date of notification, and additional litigation against the Department would be sought.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$65,965	\$ --
All Other Funds	<u>--</u>	<u>--</u>
All Funds	\$65,965	\$ --

138. Physicians' Liability Insurance

The Department of Social and Rehabilitation Services has spent all of the FY 1988 funds appropriated for physicians' liability insurance. As of March 1, one insurance company increased its rates by 58 percent. SRS has approximately 15 physicians with renewal dates between now and June 30, 1988. SRS requests that the FY 1988 appropriation be increased by

\$23,262. In addition, in order to fund FY 1989 adequately, an additional \$43,622 is required.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$23,262	\$43,622
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$23,262	\$43,622

139. Repayment Due on Certificates for Topeka Area Office

The Department of Social and Rehabilitation Services has requested a total of \$122,138 in FY 1988 and \$246,461 in FY 1989 to cover repayment due on certificates of participation used to fund equipment and furniture needs for the new Topeka area office. Of these amounts, \$88,062 in FY 1988 and \$177,699 in FY 1989 would be state general funds. The projected costs for these items total \$800,000. The agency has been able to reserve this amount from the Kansas Developmental Finance Authority. The repayment will be completed in five years and will total \$929,917.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ 88,062	\$177,699
Federal Formula Grants Fund	<u> 34,076</u>	<u> 68,762</u>
All Funds	\$122,138	\$246,461

140. KMIS Shift

The Department of Social and Rehabilitation Services requests that \$378,602 in federal funds be shifted from FY 1988 to FY 1989 for equipment for the Kansas Management Information System used in the Rehabilitation Services budget. The agency indicates that Rehabilitation Services has fallen behind on its schedule concerning the purchase of software packages and adaptive equipment (braille and voice synthesizers). Further, testing of the microcomputer equipment will be completed by late May which is then too late to purchase for FY 1988.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Federal Vocational Rehabilitation Fund	<u>(378,602)</u>	<u> 378,602</u>
All Funds	\$(378,602)	\$378,602

141. Transfer of Funds to Attorney General

House Bill No. 2765 concerning suspected instances of child abuse and neglect at state institutions operated by the

Department of Social and Rehabilitation Services has been passed by the 1988 Legislature and signed into law. The bill provides that the Attorney General will investigate suspected cases of child abuse at such institutions.

The Attorney General estimates that four new positions and expenditures of \$209,020 will be required in FY 1989 to investigate an estimated 100 cases of abuse which might occur. The salaries and wages of the four positions are estimated at \$114,145 and operating expenses for rent, mileage expenses, and other costs, such as training, are estimated at \$94,875.

In order to fund the estimated costs required by the Attorney General, the FY 1989 expenditures for the Department of Social and Rehabilitation Services will be decreased by \$209,020 in State General Fund expenditures from the Youth Services line item appropriation as contained in SB 572. In addition, the position limitation for the Department in FY 1989 will be reduced by four positions.

Department of Wildlife and Parks

142. Management of Hillsdale State Park

The 1981 Legislature approved the creation of a state park at Hillsdale Reservoir in Miami County. However, because of funding constraints, the development of a state park at the reservoir has not been pursued. For FY 1988, an amount of \$300,000 in state general funds was made available to the Department of Corrections to utilize inmate work crews from the Osawatomie work camp to begin development of a state park at Hillsdale Reservoir. The FY 1989 appropriation bill for the Department of Corrections provided that any unused funds from the FY 1988 appropriation would be reappropriated to FY 1989 to be used to continue development of a Hillsdale State Park utilizing inmate work crews. Currently, there are inmate work crews at the Hillsdale reservoir engaged in site development work.

The Department of Wildlife and Parks currently does not have a position at the future Hillsdale State Park site to supervise inmate work crews. In addition, the Department would benefit from an "on-site" position in development of the master plan to develop the state park.

It is recommended that funds be appropriated in FY 1988 and FY 1989 to fund a position and operating costs at Hillsdale State Park. This position would supervise inmate work crews and would be directly involved in the development of the state park. In order to provide adequate supervision and to begin the development of the park site with a position that will later be in charge of park operations at the site, it is

recommended that the position be a Park Manager II position. The state park at Hillsdale will be a heavily used park and will require a large work crew and the supervision of a Park Manager II.

Expenditures include \$2,195 for salaries and wages for the Park Manager II in FY 1988, \$29,420 for one-time capital outlay for FY 1988, \$13,000 for FY 1988 for other operating costs, and \$27,905 for salaries and wages for FY 1989.

The amount of \$300,000 for FY 1988 appropriated to the Department of Corrections for inmate work crews at the Hillsdale State Park should be reduced by \$72,520. FY 1988 savings in both departments should be reappropriated to FY 1989.

Corrections:	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$(72,520)	\$ --
All Other Funds	--	--
All Funds	<u>\$(72,520)</u>	<u>\$ --</u>

Wildlife and Parks:

State General Fund	\$ 44,615	\$27,905
All Other Funds	--	--
All Funds	<u>\$ 44,615</u>	<u>\$27,905</u>

143. Wildlife Management on Fort Riley Military Reservation

The Department of Wildlife and Parks requests \$15,000 of additional expenditure authority for FY 1989 to provide supplies in order for the Department to participate in development of food plots on the Fort Riley Military Reservation. The Department has signed a memorandum of understanding with the U.S. Army at Fort Riley to initiate wildlife management practices on land at the military reservation used for public hunting and fishing. This land was previously managed by the U.S. Army which, because of reductions in federal funding, is no longer able to maintain the recreation potential of the land. The land is utilized for public hunting and fishing.

The Department of Wildlife and Parks desires to maintain public access to the land. The alternative would be for the land to become inaccessible to the public and lose the recreational benefits derived from its use.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$15,000
All Other Funds	--	--
All Funds	<u>\$ --</u>	<u>\$15,000</u>

144. Cheyenne Bottoms

The Department of Wildlife and Parks has requested additional expenditure authority of \$50,000 to provide improvements at the Cheyenne Bottoms Wildlife Area. The additional state funds will be matched with an equal amount provided by Ducks Unlimited for a total of \$100,000. These funds will be utilized to purchase equipment to provide proper maintenance at the wildlife area.

The additional state funds will be provided by transferring \$50,000 from the Nongame Wildlife Improvement Fund to the Migratory Waterfowl Propagation and Protection Fund. The improvements at the Cheyenne Bottoms Wildlife Area will benefit both game and nongame users of the facility.

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$ --
Migratory Waterfowl Propagation and Protection Fund	<u> --</u>	<u>50,000</u>
All Funds	\$ --	\$50,000

Office of the Governor

145. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Office of the Governor in the amount shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(4,725)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$(4,725)

Office of the Lieutenant Governor

146. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Office of the Lieutenant Governor in the amount shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(632)
All Other Funds	<u> --</u>	<u> --</u>
All Funds	\$ --	\$(632)

Board of Tax Appeals

147. Group Health Insurance

Group health insurance costs for FY 1989 are overstated for the Board of Tax Appeals in the amount shown:

	<u>FY 1988</u>	<u>FY 1989</u>
State General Fund	\$ --	\$(2,731)
All Other Funds	--	--
All Funds	\$ --	\$(2,731)

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