

Approved 1-25-89
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Bunten at
Chairperson

1:35 ~~xxx~~/p.m. on Janauary 18, 1989 in room 514-S of the Capitol.

All members were present except: Representative Heinemann (excused)

Committee staff present: Debra Duncan, Legislative Research
Karen DeViney, Legislative Research
Jim Wilson, Revisor of Statutes
Sharon Schwartz, Administrative Aide
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Michael O'Keefe, Director of the Budget
Martin Kennedy, Division of Budget

Others attending: See attached list.

The assignments for fee agencies were distributed to the Committee and Chairman Bunten announced work should begin as soon as possible on the budgets as they will be taken in Committee when available. There will be no committee meeting on Monday, January 23, 1989, so that subcommittees may make visits to their institutions.

Chairman Bunten distributed a Profile of the State General Fund based on the Governor's budget recommendations and announced that Ed Ahrens, Kansas Legislative Research Department, will review this for the Committee at a future meeting (Attachment 1).

Michael O'Keefe, Director of the Budget, appeared before the Committee to review the Governor's adjustments to the SRS budget in FY 1989 and his recommendations for FY 1990.

Mr. O'Keefe stated the Governor recommends a \$12.7 million supplemental appropriation for FY 1989 for medical assistance of which \$7 million is from the State General Fund (SGF). This amount includes \$1.831 million for liver transplants of which \$891,760 is SGF. Mr. O'Keefe noted a \$3 million savings in the appropriation for Division of Assets will be used to offset increases in the medical budget.

In response to a question on steps taken for recertification of Topeka State Hospital, it was noted the screening unit has been taken out of the state hospital and internal reorganization has been instituted to improve medical recordskeeping. HCFA will be back in March, 1989. Mr. O'Keefe stated SRS is currently conducting a study to determine appropriate staffing levels at the state hospitals.

In the FY 1990 medical assistance budget, the Governor recommends \$9.8 million for a hospital reimbursement system based on diagnosis related groups (DRG). Other increases in the FY 1990 budget include \$1.12 million for drug acquisition costs, \$5.2 million for amounts paid to adult care facilities, \$2 million for nursing aide training at nursing homes to comply with the federal law, and \$3 million for division of assets. Mr. O'Keefe summarized the Governor's recommendations which address the concerns of the Task Force on Mental Health Reform.

Martin Kennedy, Division of Budget, reviewed the Governor's FY 1990 budget recommendations for the mental health and mental retardation hospitals outlined on pp. 2-8 through 2-12 of the Governor's Budget Report, Volume I. It was noted the \$1.7 million will fund a phase in of case management services for 2,000 clients with long-term mental

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations,
room 514-S Statehouse, at 1:35 ~~am~~ p.m. on January 18, 1989

illness. The Governor recommended \$10,211,343 from the SGF in FY 1990 for aid to community mental health centers to strengthen community programs as they assume an increasing level of responsibility on behalf of the mentally ill.

Mr. O'Keefe pointed out the Governor recommends the expansion of KanWork to three additional counties and also has recommended funding to increase the number of slots and the reimbursements for child care.

In response to a question, Mr. O'Keefe stated the budget is formulated on the basis of expected revenue rather than based on inflation.

The meeting was adjourned at 2:50 p.m. The next meeting will be Thursday, January 19, at 1:30 p.m.

A PROFILE OF THE STATE GENERAL FUND BASED ON THE
GOVERNOR'S BUDGET RECOMMENDATIONS

(\$ Millions)

A. FY 1989 Revised

	<u>FY 1989</u>	
Beginning Balance		\$301.2
Consensus Estimate of Receipts	\$2,197.7	
Governor's Recommended Adjustments:		
Transfer to Correctional Building Fund	(0.8)	
Transfer to Correctional Industries Fund	<u>(1.3)</u>	
Adjusted Receipts		2,195.6
Expenditures Authorized by the 1988 Session	2,116.3 ^(a)	
Governor's Recommended Adjustments:		
Partnership Program, Commerce Department	1.7	
KIT Program -- Commerce Department	0.8	
Racing Commission Operations	0.5	
Elevator Renovation, Docking and Landon Office Bldgs.	2.1	
Homestead Property Tax Refunds	0.9	
U.S.D. Income Tax Rebate	7.1	
Other Demand Transfers	1.5	
Phase III -- Service Workers (6 mos.)	2.8	
State Health Insurance Premiums	7.6	
Medical Assistance Program	<u>7.0</u>	
Foster Care Reimbursements	<u>3.0</u>	
Ellsworth Corr. Facility Operations	2.1	
Hutchinson Corr. Facility, Equipment and Operations	2.5	
Community Corrections Aid	(1.1)	
Plan New Correctional Facility	2.9	
FY 1990 Ellsworth Debt Service	2.2	
Special Maintenance, Corrections Institutions	0.5	
KBI Fingerprint System	3.7	
Larned and Topeka State Hospitals Fee or Title XIX Shortfalls	<u>2.4</u>	
MR Institutions, Program Increases	<u>0.9</u>	
Larned Patient Facility	<u>0.5</u>	
YCT Fence	<u>0.5</u>	
Community Colleges Aid	0.5	
SDEA Transportation Aid	(0.5)	
KU Regents Center	2.0	
Fort Hays, Sheridan Coliseum	3.9	
All Other Adjustments,	<u>(2.8)</u>	
Net Governor's Adjustments	<u>\$ 55.2</u>	
Adjusted Expenditures		2,171.5 ^(b)
Ending Balance (15.0 percent of expenditures)		<u>\$ 325.3</u>

House Appropri.
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Attachment 1

B. FY 1990

	<u>FY 1990</u>
Beginning Balance	\$325.3
Consensus Estimate of Receipts (5.7% Increase)	\$2,321.2
Governor's Recommended Adjustments	
Individual Income Tax Rate Reductions	(78.9)
Child Day Care Credits	(3.0)
Permanent Sales Tax Exemption, Agricultural Equipment	(5.5)
Corporation Alternative Minimum Tax Repeal	-- ^(c)
Transfer to State Fair Capital Improve. Fund	<u>(0.1)^(d)</u>
Subtotal	<u>(87.5)</u>
Adjusted Receipts (1.7% Increase)	2,233.7
Governor's Recommended Expenditures	
FY 1989 Recommendation	\$2,171.5
State Operations (Increase of 10.2%)	84.5
Local Aid (Increase of 8.0%)	80.2
Other Assistance (Increase of 7.7%)	20.6
Capital Improvements (Increase of 9.4%)	<u>6.9^(e)</u>
Total Increase in Expenditures (8.8%)	<u>192.0</u>
Recommended Expenditures	2,363.6
Ending Balance (8.3 percent of Expend.)	<u>\$ 195.3</u>

C. Governor's Recommended Expenditure Changes
FY 1989 to FY 1990

		Change (In Millions)
<u>State Operations</u>		
Regents and Institutions		
General Use Funds	\$ 50.2	
Fees, Hosp. Revenue and Other	<u>5.6</u>	
General Fund		\$44.6
Corrections System		16.9
Hospitals for Mentally Retarded		
All Funds	6.3	
Fees and Title XIX	<u>2.9</u>	
General Fund		3.4
Hospitals for Mentally Ill		
All Funds	4.8	
Fees and Title XIX	<u>7.6</u>	
General Fund		(2.8)
Youth Centers		1.2
Judicial Branch		4.2
Department of Revenue		3.0
Department of Administration		1.2
Department of Commerce		1.2
Department of Health and Environment		2.0
Department of Social and Rehab. Services		5.1
KBI		
Fingerprint Equipment	(3.7)	
All Other	<u>1.1</u>	
Net Change		(2.6)
Highway Patrol		1.4
Board of Agriculture		1.2
Department of Wildlife and Parks		0.8
All Other		<u>3.7</u>
Total State Operations		\$ 84.5
<u>Aid to Local Units</u>		
General Aid to USD's		\$ 43.7
Income Tax Rebate		8.0
Transportation Aid (94% of Formula)		1.0
KPERS-School		1.6
Special Education (92% of Excess Costs)		6.9
At Risk Pupil Assistance		2.0
Vocational Education		1.9
Community Colleges		5.4
Washburn University		2.5
Libraries		0.3
County Reappraisal Aid		(1.5)
LAVTRF and CCRSF		2.7
Community Corrections		1.6
Community Mental Health and Retardation		4.4
Special County and City Highway Fund		0.6
Partnership Program		(1.7)
All Other Local Aid		<u>0.8</u>
Total Local Aid		\$ 80.2

		Change (In Millions)
Other Assistance		
Medical Assistance		\$ 12.2
AFDC and GA		0.4
Foster Care and Adoption		2.0
Kan Work		2.6
Other SRS		2.2
Homestead Tax Refunds		0.6
Department on Aging Programs		0.4
Regents Tuition Grants		0.5
Regents Nursing and Minority Scholarships		0.5
Corrections -- Reserve for Lawsuit		(2.0)
Water Resources Cost Share		1.3
All Other		<u>(0.1)</u>
Total Other Assistance		\$ 20.6
<u>Capital Improvements</u>		
Highway Sales Tax Demand Transfer		
Existing Law	11.5	
Recommended Revisions	<u>13.9</u>	
Total Highways		25.4
All Other Agencies		
FY 1989 Program	(41.0)	
FY 1990 Program		
Historical Society Research Center	4.5	
Facilities Under Department of Admin.	1.3	
New Correctional Facility -- Debt Service	6.2	
Other Corrections Projects	1.6	
Adjutant General, Armories	0.8	
Department of Wildlife and Parks	3.2	
Ft. Hays State -- Sheridan Coliseum	2.2	
Wichita State U. -- Science Building	2.0	
Other New Projects	<u>0.7</u>	
Total FY 1990 Program	<u>22.5</u>	
Net Change -- Other Agencies		<u>(18.5)</u>
Total -- Capital Improvements		<u>\$ 6.9</u>
 Grand Total		 <u>\$192.0</u>

- a) Estimate of expenditures at end of 1988 Session increased by \$21.3 million for potential shifting of expenditures.
- b) Adjusted for expenditures from State Fair Capital Improvements Fund.
- c) Affects FY 1991 receipts.
- d) Involves equal adjustments to receipts and expenditures.
- e) KDOT increase of \$25.4 million (demand transfer of sales taxes); all others decrease \$18.5 million.

89-19/EA