

Approved 3-20-90  
Date

MINUTES OF THE House COMMITTEE ON Appropriations

The meeting was called to order by Bill Buntten at  
Chairperson

1:30 ~~xxx~~/p.m. on February 21, 1990 in room 514-S of the Capitol.

All members were present except: Representatives Lowther and Mead (both excused)

Committee staff present: Ellen Piekalkiewicz, Debra Duncan, Ed Ahrens, Scott Rothe,  
Legislative Research Department  
Jim Wilson, Revisor of Statutes  
Sharon Schwartz, Administrative Aide  
Sue Krische, Committee Secretary

Conferees appearing before the committee:

Representative George Dean  
Joan Brown, Financial Officer, Kansas State Fair  
Art Schumann, Director of General Services, Department of Health  
and Environment  
Judy Dalton, Pratt Health Department  
Ernie Davidson, SE Kansas Multi-County Health Department, Iola, Kansas  
John Torbert, Kansas Association of Counties  
Elizabeth Taylor, Kansas Association of Local Health Departments  
Representative R. D. Miller

Others attending: See attached list.

HB 2873 - State fair board, authorizing certain change funds.

Representative George Dean explained that HB 2873 would permit the State Fair Board to establish a change fund for non-fair days events. The fund would not exceed \$15,000 and would be used exclusively for making change for ticket sales to non-fair days events.

Joan Brown, Financial Officer, Kansas State Fair, testified that the State Fair now has the authority to establish a change fund during fair days and this bill extends that to other events (Attachment 1). Representative Chronister moved that HB 2873 be recommended favorably for passage. Representative Moomaw seconded. Motion carried.

HB 2979 - Computation of state financial assistance for local health departments.

Representative Lee Hamm distributed a packet of correspondence regarding counties who have lost all or part of their FY90 state grants to local health departments (Attachment 2). HB 2979 would provide a one year hold harmless for local governments whose health department allocations otherwise would be reduced because of reduced property tax receipts. Because of statewide reappraisal and reclassification, 22 counties in Kansas realized reduced property tax revenues in 1990 which resulted in reduced maintenance of effort under statutes governing the disbursement of state aid to local health departments. These counties will be forced to return part of the funds allocated to them for FY90.

Art Schumann, Director of General Services, Department of Health and Environment, testified that the Department is neutral on HB 2979 noting that legislative exemption from the maintenance of local effort requirement may be warranted, for a period of time, until the taxation of property becomes stabilized under the new property taxing system (Attachment 3). Mr. Schumann advised that the reference to "fiscal year" in the bill would

CONTINUATION SHEET

MINUTES OF THE House COMMITTEE ON Appropriations

room 514-S, Statehouse, at 1:30 ~~xxx~~ p.m. on February 21, 1990.

be a problem and he provided a proposed balloon amendment defining local health department fiscal year and state fiscal year to clarify the bill (Attachment 4).

Judy Dalton, Pratt Health Department, testified in support of HB 2979 stating that in Pratt county last year the county provided 2/3 of the health department's budget and this year over 50 percent because there was income available reducing the need for tax dollars, but the "maintenance of effort" was affected by this. Having to return part of the state grant assistance will jeopardize the programs funded with the grant monies.

Ernie Davidson, SE Kansas Multi-County Health Department, Iola, Kansas, stated his concern is with KDHE's definition of maintenance of effort as being maintaining dollars (Attachment 5). He feels a better definition of "maintenance of effort" would include maintenance of dollars and maintenance of mill levy so that counties with increased valuations would not reduce mill levies to keep dollars at the same level. He feels there will be a problem in the coming year with the maintenance of effort when taxes collected may be lower than appropriated amounts due to tax appeals.

John Torbert, Kansas Association of Counties, appeared in support of HB 2979 (Attachment 6). The Association recommends, along with the hold harmless approach in the bill, a removal of the \$.75/capita cap on grants to counties and allowing the use of carryover funds to satisfy maintenance of effort requirements as long as those funds have been locally generated.

Elizabeth Taylor, Kansas Association of Local Health Departments, testified that the Association supports the intent of HB 2979 (Attachment 7). Ms. Taylor proposed a balloon which amends HB 2979 in order to maintain the integrity of local health funding (Attachment 8).

HB 2674 - Kansas state university, donation of art objects to Deines cultural center.

Representative R. D. Miller explained that HB 2674 authorizes Kansas State University to donate to the Deines Cultural Center in Russell an art objects collection acquired by the University from the family of E. Hubert Deines (Attachment 9). The City of Russell will operate and maintain the Deines Cultural Center.

Sue Peterson, Kansas State University, submitted written testimony in support of HB 2674 (Attachment 10). Representative Chronister moved that HB 2674 be recommended favorably for passage. Representative Teagarden seconded. Motion carried.

Chairman Bunten referred HB 2979 to Representative Lowther's subcommittee for review and recommendations.

Ed Ahrens, Chief Fiscal Analyst, Kansas Legislative Research Department, reviewed a staff memorandum providing an overview of The Governor's Report on the Budget for FY91 (Attachment 11). The overview includes both the General Fund and the All Funds budget.

The meeting was adjourned at 2:50 p.m.



House Appropriations Committee  
Wednesday, February 21, 1990, 1:30  
State Capitol, Room 514S

RE: HB 2873  
ESTABLISHMENT OF CHANGE FUND AUTHORITY FOR KANSAS STATE FAIR

Background:

This legislation is a result of the financial and compliance audit completed on this agency May 17, 1989. This agency had been using funds from the State Fair Fee Fund and the Non Fair Days Fund to provide change funds as necessary to conduct business at times other than the annual state fair.

Existing legislation, K.S.A. 75-3073, imprest fund authority, is not adequate for this agency as the limit is \$3,000.

Request:

Amend K.S.A. 2-205 to allow the Kansas State Fair to establish change funds as needed from the State Fair Fee Fund and the Non Fair Days Fund, up to a maximum of \$15,000. This would be done from money on deposit in local bank accounts.

Financial Impact:

There is no financial affect on the agency's budget, as the change will be secured from each fee fund as necessary and returned to that fund immediately at the end of the event.

NON FAIR DAYS FUND LANGUAGE IN K.S.A. 2-205

Also request minor wording changes in K.S.A. 2-205 in regard to the Non Fair Fee Fund. Currently K.S.A. 2-205 implies that the State Fair establish a separate bank account for each Non Fair Days event. Agency is requesting that the legislation provide for one Non Fair Days Events bank account that would service all the Non Fair Days events.

HA  
2-21-90  
Attachment 1

STATE OF KANSAS

LEE HAMM  
REPRESENTATIVE, 108TH DISTRICT  
CLARK, COMANCHE, KIOWA,  
AND PRATT COUNTIES  
R.R. 1  
PRATT, KANSAS 67124



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
RANKING MINORITY MEMBER:  
AGRICULTURE AND SMALL BUSINESS  
MEMBER: APPROPRIATIONS  
COMMERCIAL AND FINANCIAL  
INSTITUTIONS

February 21, 1990

HB 2979 attempts to correct a problem that caused some 23 counties to lose either all or a portion of the state financial assistance to local health departments under KSA 65-242-246.

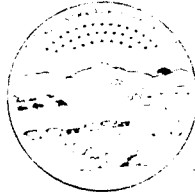
HB 2979 would allow any of these counties to go ahead and receive their funds in the current year, even though the County Commissioners in trying to meet budget limitations put on them by the state reduced their mill levies, using carryover funds or other contingency funds that they carried in the County Health Department budget.

I believe this bill is essential this year, so these counties can continue to provide the level of services needed in their communities in the area of public health. I urge the passage of HB 2979.

Lee Hamm  
State Representative

HA  
2-21-90  
Attachment 2

STATE OF KANSAS



DEPARTMENT OF HEALTH AND ENVIRONMENT

Forbes Field

Topeka, Kansas 66620-0001

Phone (913) 296-1500

Mike Hayden, Governor

Stanley C. Grant, Ph.D., Secretary

Gary K. Hulett, Ph.D., Under Secretary

M E M O R A N D U M

TO : LOCAL HEALTH DEPARTMENTS

FROM : Stanley C. Grant, Secretary  
Arthur E. Schumann, Comptroller

SUBJECT : Clarification #2 - K.S.A. 65-242(a) and 246

DATE : May 19, 1989

Since sending our memorandum of March 20, 1989, on clarification of K.S.A. 65-242(a) and 246, a question about transfers out of the health department's health fund to be used for other than health-related purposes (usually at end of year) was submitted to us for study and response.

We have reviewed the practice of transferring funds from the Local Health Department's health fund with our attorney and with the Municipal Accounting Section of the Division of Accounts and Reports. Both our attorney and the Municipal Accounting Section agree that transfers out of the health department's health fund to be used for other than health-related purposes would violate K.S.A. 79-2934 (part of the municipal budget law). However, transfers to a "health capital outlay" fund would be considered a health-related purpose.

The question about transferring health funds for other purposes raised another question. Does a year end balance that remains in the health fund or health-related fund count towards meeting the next years requirement for availability of local tax revenues? The answer is no. New local tax revenues must be at least equal to the amount of new revenues provided for the last year when state grant funding was increased. Since there has been an increase in state grant funding each year, the base period to date has been the previous year.

Since the Local Health Department's fiscal year is January 1 through December 31 and the State's fiscal year is July 1 through June 30, a question arises about which local year and State year to compare when testing for revenue availability compliance. In our memorandum of March 20 we stated that the state fiscal year

2-2

and the calendar year in which the state fiscal year begins will be used. The Municipal Accounting Section has pointed out to us that a comparison of the state fiscal year and the calendar year in which the state fiscal year ends would place Locals in a better informed position to provide the necessary local tax revenues.

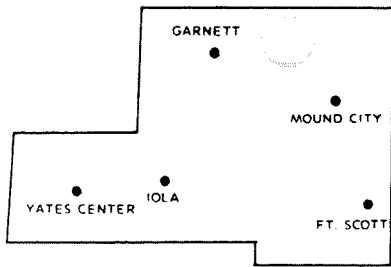
With this memorandum we are changing the accounting periods that will be compared for compliance availability of local tax revenues for grant payments made in the state's fiscal year 1990, i.e. July 1, 1989 to June 30, 1990. New local health tax revenues available for the calendar year 1989 will be compared with local health tax revenues available for calendar year 1990 (the calendar year in which the state fiscal year ends). If local tax revenues are decreased, the amount of the state grant will be decreased a like amount. This will give county government the opportunity to know the amount of the state grant before finalizing the health budget for the next calendar year. Decreasing the next fiscal year's amount is the most lenient sanction available. This memo should not be construed to limit the State's right to terminate participation in the program for failure to maintain effort.

In summary:

- o Local health-related tax revenues cannot be transferred for other purposes.
- o Carry forward year end balances in health-related funds cannot be counted when determining the amount of local health-related tax revenues available for compliance with K.S.A. 65-246.
- o For grant payments made in the state's fiscal year ending in 1990 (July 1, 1989 to June 30, 1990), new local health tax revenues available for calendar year 1989 will be compared with new local health tax revenues available for calendar year 1990. Because there was an increase in the amount of the grant payments in the fiscal year ending in 1989 (the last year of an increase), the local health tax revenues available for calendar year 1990 must be no less than in calendar year 1989 (the amount available in 1990 must also still match or exceed the total grant amount). If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount.
- o The grant payments to be made in the state's fiscal year ending in 1990 will be greater than those made in the fiscal year ending in 1989. Therefore, the local tax revenues available in calendar year 1990 will be the new "base" which will be used to determine the local health tax revenues needed in calendar year 1991 (to participate in the program in the state's fiscal year ending in 1991).

A copy of our March 20 memorandum is attached for your information. Questions regarding this matter should be directed to Mike Peters, Fiscal Services (913) 296-7501 or KANS-A-N 561-7501.

JCG:AES:MDP



# S. E. K. Multi-County Health Department

221 S. Jefferson

Box 304

Iola, Kansas 66749

Feb. 07, 1990

Rochelle Chronister - Kansas House of Representatives  
 Aldie Ensminger " " " "  
 Gerald Gregory " " " "  
 George Teagarden " " " "

Doug Walker - Kansas Senate

Dear Legislators:

The attached letter from Judy Dalton describes what I have been telling you.

Some of the County Health Departments have been getting no formula grant money due to the stipulation in the law. (65-246 enclosed)

I agree with the intent of the law. It was designed and put in there so that counties couldn't reduce their own levys for Health and replace those costs with state monies. It was put there to help Public Health, not hurt us.

The state money was to be in addition to current budgeted money. To create a higher budget.

The problem now is under TAX LIDS and Reappraisal. The counties hands are tied!

The counties aren't reducing their levys because of the formulae money. But that is how K.D.H.E. is interpreting the law.

The K.D.H.E. uses the term "Maintenance of Effort"! It's a term that K.D.H.E. and the Department of Administration coined themselves.

If the legislature would have said in 65-245 that "counties must maintain either their current mill levy or their current dollar amount for Public Health, which ever will provide the most money <sup>(To be)</sup> eligible", this would have solved the problem.

This is how it should be reworded. For this year fiscal 90 and fiscal 91, the statement should be removed entirely or a resolution made to drop the requirement for these two fiscal years.

*I understand*  
KDHE has already zapped 22 county departments with this "Maintenance of Effort".

SEK Health Department stands to lose \$44,000 in these formula funds and we can't afford that! We will be out of business. Our expenditures are already exceeding our income by \$30,000 per year.

Please also remember many in Topeka are trying to reduce local tax!

Respectfully,

*Ernest W. Davidson 2-4*  
Ernest W. Davidson



**65-243.** Same; application for assistance; submission of annual budget; population figures; rules and regulations. (a) The governing board of any local health department may apply for the financial assistance provided under K.S.A. 65-242. by submitting annually to the secretary the budget of the local health department for the fiscal year immediately following the date the budget is submitted showing the amount of money the local health department will receive from local tax revenues and from the federal revenue sharing fund and such other information as the secretary may require.

(b) The secretary shall use official state population figures based upon population figures available from the United States bureau of the census to determine the population of counties for computing state financial assistance under K.S.A. 65-242.

(c) The secretary may adopt rules and regulations necessary for the administration of this act.

History: L. 1982, ch. 257, § 3; July 1.

**65-244.** Same; determination of amount of state financial assistance due each local health department; payment of financial assistance. (a) Prior to the beginning of each fiscal year and after review of the annual budget submitted under K.S.A. 65-243, the secretary shall determine the amount of state financial assistance due to each local health department which has applied for such financial assistance.

(b) The state financial assistance due to each local health department applying therefor shall be paid in four quarterly installments. The moneys received in any quarter may be used at any time during the year. Installments shall be paid as follows: January 1 for the quarter beginning January 1 and ending March 31; April 1 for the quarter beginning April 1 and ending June 30; July 1 for the quarter beginning July 1 and ending September 30; and October 1 for the quarter beginning October 1 and ending December 31.

(c) The secretary shall certify to the director of accounts and reports the total amount of state financial assistance due each quarter to each local health department which has applied for such financial assistance. The director of accounts and reports shall draw warrants on the state treasurer payable to the governing board of

each such local health department upon vouchers executed as provided by law and approved by the secretary.

History: L. 1982, ch. 257, § 4; July 1.

**65-245.** Same; overpayment or underpayment to local health department; procedure. In the event any local health department is paid more than it is entitled to receive under any distribution made under this act, the secretary shall notify the governing board of the local health department of the amount of such overpayment, and such governing board shall remit the same to the secretary. The secretary shall remit any moneys so received to the state treasurer, and the state treasurer shall deposit the same in the state treasury. If any such governing board fails to remit, the secretary shall deduct the excess amount paid from future payments becoming due to such local health department. In the event any local health department is paid less than the amount to which it is entitled under any distribution made under this act, the secretary shall pay the additional amount due at any time within the year in which the underpayment was made or within 60 days after the end of such year.

History: L. 1982, ch. 257, § 5; July 1.

**65-246.** Same; other moneys available to local health departments. ~~Moneys available under this act for financial assistance to local health departments shall not be substituted for or used to reduce or eliminate moneys available to local health departments from the federal government or substituted for or used to reduce or eliminate moneys available from local tax revenues. Nothing in this act shall be construed to authorize a reduction or elimination of moneys available to local health departments from the federal government or to authorize the reduction or elimination of moneys made available by the state to local health departments in addition to moneys available under this act.~~

History: L. 1982, ch. 257, § 6; July 1.

**Article 2a.—REGIONAL HEALTH PROGRAMS**

**65-2a01.**

History: L. 1972, ch. 228, § 1; L. 1974, ch. 352, § 71; Repealed, L. 1976, ch. 280, § 25; July 1.

December 22, 1989

Arthur Schumann, Comptroller  
Department of Health and Environment  
Forbes Field Bld. 740  
Topeka, Kansas 66620

Re: Kiowa County Health Department, Formula Grant Funds

Dear Mr. Schumann:

At the request of the Kiowa County Health Department, I am responding to your letter of December 13, 1989.

I do understand your response from the local effort form that was submitted. However, I do not feel that there has been a reduction in the operating budget for the health department within the intent of the statute referred to.

For several years the health department has had a restricted budget line item "Contingency Liability" which was intended to be and which everyone including the health department administrator, county clerk and the commissioners understood was restricted to reimbursing Medicare for any possible Medicare audit adjustments for Home Health cost statement audits. This amount (\$15,000) was still carried as a line item in the 1989 budget. When the health department submitted their proposed budget for 1990, this item was discussed, and the commissioners lifted the restriction on that \$15,000 and made it available towards funding of the 1990 health department operations.

I feel very strongly that the release of those funds by the county should be considered new funds available to fund the operating budget of the health department for 1990. When that \$15,000 is considered along with the 1990 health fund ad valorem taxes levied, there has not been any reduction in local effort. The department operating budget will be funded fully on a basis at least equal to 1989.

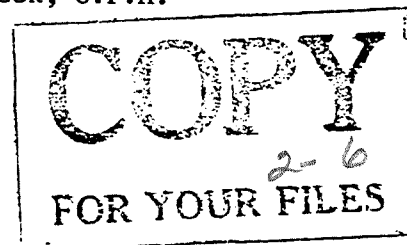
However, should your department hold that there has been a reduction in local effort and withhold some \$7,000 of Formula Funds, it is a certainty that there will be a hardship and cutback in services in the Kiowa County Health Department.

It is my sincere hope that you will be able to render your decision in favor of the Kiowa County Health Department and leave the Formula Funds intact. Your consideration will be gratefully appreciated.

Very truly yours,

Keith B. Beck, C.P.A.

Enc. Copy of 12/13/89 letter.  
Copies to Kiowa County Clerk and  
Kiowa County Health Department



STATE OF KANSAS



DEPARTMENT OF HEALTH AND ENVIRONMENT

Forbes Field

Topeka, Kansas 66620-0001

Phone (913) 296-1500

Mike Hayden, Governor

Stanley C. Grant, Ph.D., Secretary

Gary K. Hulett, Ph.D., Under Secretary

M E M O R A N D U M

TO : LOCAL HEALTH DEPARTMENTS

FROM : Stanley C. Grant, Secretary  
Arthur E. Schumann, Comptroller

SUBJECT : Clarification #2 - K.S.A. 65-242(a) and 246

DATE : May 19, 1989

Since sending our memorandum of March 20, 1989, on clarification of K.S.A. 65-242(a) and 246, a question about transfers out of the health department's health fund to be used for other than health-related purposes (usually at end of year) was submitted to us for study and response.

We have reviewed the practice of transferring funds from the Local Health Department's health fund with our attorney and with the Municipal Accounting Section of the Division of Accounts and Reports. Both our attorney and the Municipal Accounting Section agree that transfers out of the health department's health fund to be used for other than health-related purposes would violate K.S.A. 79-2934 (part of the municipal budget law). However, transfers to a "health capital outlay" fund would be considered a health-related purpose.

The question about transferring health funds for other purposes raised another question. Does a year end balance that remains in the health fund or health-related fund count towards meeting the next years requirement for availability of local tax revenues? The answer is no. New local tax revenues must be at least equal to the amount of new revenues provided for the last year when state grant funding was increased. Since there has been an increase in state grant funding each year, the base period to date has been the previous year.

Since the Local Health Department's fiscal year is January 1 through December 31 and the State's fiscal year is July 1 through June 30, a question arises about which local year and State year to compare when testing for revenue availability compliance. In our memorandum of March 20 we stated that the state fiscal year

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and the calendar year in which the state fiscal year begins will be used. The Municipal Accounting Section has pointed out to us that a comparison of the state fiscal year and the calendar year in which the state fiscal year ends would place Locals in a better informed position to provide the necessary local tax revenues.

With this memorandum we are changing the accounting periods that will be compared for compliance availability of local tax revenues for grant payments made in the state's fiscal year 1990, i.e. July 1, 1989 to June 30, 1990. New local health tax revenues available for the calendar year 1989 will be compared with local health tax revenues available for calendar year 1990 (the calendar year in which the state fiscal year ends). If local tax revenues are decreased, the amount of the state grant will be decreased a like amount. This will give county government the opportunity to know the amount of the state grant before finalizing the health budget for the next calendar year. Decreasing the next fiscal year's amount is the most lenient sanction available. This memo should not be construed to limit the State's right to terminate participation in the program for failure to maintain effort.

In summary:

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- o The grant payments to be made in the state's fiscal year ending in 1990 will be greater than those made in the fiscal year ending in 1989. Therefore, the local tax revenues available in calendar year 1990 will be the new "base" which will be used to determine the local health tax revenues needed in calendar year 1991 (to participate in the program in the state's fiscal year ending in 1991).

A copy of our March 20 memorandum is attached for your information. Questions regarding this matter should be directed to Mike Peters, Fiscal Services (913) 296-7501 or KANS-A-N 561-7501.

SCG:AES:KDP

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STATE OF KANSAS



DEPARTMENT OF HEALTH AND ENVIRONMENT

Forbes Field

Topeka, Kansas 66620-0001

Phone (913) 296-1500

Mike Hayden, Governor

Stanley C. Grant, Ph.D., Secretary

Gary K. Hulett, Ph.D., Under Secretary

M E M O R A N D U M

TO: LOCAL HEALTH DEPARTMENTS

FROM: Stanley C. Grant, Secretary  
Arthur E. Schumann, Comptroller

RE: Clarification of K.S.A. 65-242(a) and 246

DATE: March 20, 1989

Questions have been raised by local health departments regarding the interpretation of K.S.A. 65-242(a) and 246 as they relate to maintenance of local effort. In response to those questions, and with the concurrence of the State Department of Administration, Division of Accounts and Reports, Municipal Accounting Section, KDHE hereby issues the following clarification:

Funding under K.S.A. 65-241 - K.S.A. 65-246 requires that local agencies maintain local effort. Two specific statutes address this requirement. K.S.A. 65-242(a) provides that, "each local health department which applies for state financial assistance under this act shall receive an amount of money equal to the amount of money which the local health department receives from local tax revenues..." The act then sets a ceiling amount on the amount paid under the state grant. Simply put, this section requires that each year the local expenditures for public health must be at least equal to the amount of the state grant.

The law further requires that local agencies not use the state grant money to reduce local commitment. K.S.A. 65-246: "Moneys available under this act for financial assistance to local health departments shall not be substituted for or used to reduce or eliminate moneys available to local health departments from the federal government or substituted for or used to reduce or eliminate moneys available from local tax revenues. This statute makes it clear that the contribution from local

MEMORANDUM  
LOCAL HEALTH DEPARTMENTS  
MARCH 20, 1989

tax revenues cannot fall below the contribution level that existed when the state grant funding was last increased. The use of the word "shall" in the statutes indicates that compliance is a prerequisite for receiving funds. For comparing state grant funding levels to local contribution levels, the state fiscal year and the calendar year in which the state fiscal year begins will be used. For example, the grant funding year beginning July 1, 1989 would be compared with the local 1989 calendar year.

This statement is intended as a clarification of the State Formula Grant Application Guidelines regarding funding (Section II) and paragraph B(3) in the award contract. This clarification will appear in the Department of Administration's Kansas Municipal Accountants' Bulletin.

Questions regarding this matter should be directed to Mike Peters, Office of the Comptroller (913) 296-7501 or KANS-A-N 561-7501.

SCG:AES:MP:jlb



# State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522

FAX (913) 296-6231

## M E M O R A N D U M

To : LOCAL HEALTH DEPARTMENTS  
From : Arthur E. Schumann<sup>B</sup>, Comptroller  
Subject : Local Maintenance of Effort  
Date : October 27, 1989

Last May we sent clarifications #1 and #2 alerting Health Departments to statutory requirements for maintenance of local fiscal effort necessary to qualify for the State Formula Grant.

We have been contacted by a few Health Departments indicating that they may have a problem meeting the required maintenance of effort.

Clarifications instructed that Local Tax revenues available for calendar year 1990 must be at least equal to Local Tax revenues available for calendar year 1989. Also that expenditures from local tax revenues must be at least equal to the amount of the Formula Grant.

Rather than wait until we receive audit reports from the Health Departments and make adjustments at that time, we request Health Departments report their maintenance of effort status to us in the near future. Identifying funding that Health Departments may not qualify for, may make this funding available for distribution to all other Health Departments. Once the end of the State fiscal year has passed, any funding remaining will be lost.

Please return the enclosed Maintenance of Local Effort form by December 15, 1989; to KDHE, Fiscal Services, Forbes Field-Building 740, Topeka, Ks. 66620, attention Mike Peters.

Your cooperation will be appreciated.

MAINTENANCE OF LOCAL EFFORT

TO: Kansas Department of Health and Environment  
Fiscal Services  
Forbes Field - Building 740  
Topeka, Ks. 66620

Attention: Mike Peters

FROM: \_\_\_\_\_  
(Name of Health Department)

RE: Certification of Local Maintenance of Effort

I. Amount of Local Tax Revenues Available for  
Calendar Year 1989 \$ \_\_\_\_\_

II. Amount of Local Tax Revenues Available for  
Calendar Year 1990 \$ \_\_\_\_\_

I Certify the above information is in agreement with official records of the Health Department.

\_\_\_\_\_ Date \_\_\_\_\_  
Health Department Director

Comments:

\_\_\_\_\_  
\_\_\_\_\_

2-12



# List of Counties with adjustments

## MAINTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENTS

COUNTY	FORMULA GRANT	AVAIL. 1989	TAX REVENUES 1990	DECREASE IN EFFORT	ADJUSTED GRANT	PAID JULY 1	PAID OCT 1	PAID TO DATE	REFUND DUE KOHE	TOTAL DUE LHD	DUE LHD JAN 1	DUE LHD APR 1
BARTON	24,790	89,646	89,549	(97)	24,693	6,198	6,198	12,396	0	12,297	6,198	6,099
CHASE	7,018	23,973	23,944	(29)	6,983	1,755	1,755	3,510	0	3,473	1,755	1,718
COFFEY	7,051	175,370	136,014	(39,356)	0	1,763	1,763	3,526	3,526	0	0	0
COMANCHE	7,014	35,321	28,038	(7,283)	0	1,754	1,754	3,508	3,508	0	0	0
ELK	7,021	3,480	2,186	(1,294)	5,727	1,755	1,755	3,510	0	2,217	1,755	462
ELLSWORTH	7,036	33,144	9,365	(23,779)	0	1,759	1,759	3,518	3,518	0	0	0
FRANKLIN	16,553	32,282	12,430	(19,852)	0	4,138	4,138	8,276	8,276	0	0	0
GOME	7,020	26,000	25,600	(400)	6,620	1,755	1,755	3,510	0	3,110	1,755	1,355
GRAY	7,031	52,790	52,434	(356)	6,675	1,758	1,758	3,516	0	3,159	1,758	1,401
HAMILTON	7,014	31,000	29,550	(1,450)	5,564	1,754	1,754	3,508	0	2,056	1,754	302
KEARNY	7,023	43,376	41,568	(1,808)	5,215	1,756	1,756	3,512	0	1,703	1,703	0
KINGMAN	7,051	31,704	0	(31,704)	0	1,763	1,763	3,526	3,526	0	0	0
KIOWA	7,022	29,345	15,655	(13,690)	0	1,756	1,756	3,512	3,512	0	0	0
LOGAN	7,019	25,734	23,978	(1,756)	5,263	1,755	1,755	3,510	0	1,753	1,753	0
MARSHALL	9,674	25,012	16,480	(8,532)	1,142	2,419	2,419	4,838	3,696	0	0	0
MORTON	7,020	54,465	52,945	(1,520)	5,500	1,755	1,755	3,510	0	1,990	1,755	235
NEOSHO	14,209	33,447	32,374	(1,073)	13,136	3,552	3,552	7,104	0	6,032	3,552	2,480
OSBORNE	7,031	20,954	20,742	(212)	6,819	1,758	1,758	3,516	0	3,303	1,758	1,545
OTTAWA	7,034	36,000	35,000	(1,000)	6,034	1,759	1,759	3,518	0	2,516	1,759	757
PRATT	8,238	102,468	88,066	(14,402)	0	2,060	2,060	4,120	4,120	0	0	0
RUSSELL	7,050	35,722	34,876	(846)	6,204	1,763	1,763	3,526	0	2,678	1,763	915
SEWARD	14,284	167,966	149,876	(18,090)	0	3,571	3,571	7,142	7,142	0	0	0
WABAUNSEE	7,039	49,956	30,071	(19,885)	0	1,760	1,760	3,520	3,520	0	0	0
TOTALS	207,241	1,159,661	950,741	(208,920)	105,575	51,816	51,816	103,632	44,344	46,287	29,018	17,269

C:\LOCAL\MOESUM

101,666  
 ↳ Decrease in Grants  
 ↳ Decrease in Local funding

FY 90 appropriation

ch 17, Sec. 5 (a), 1989 Session Laws of Kansas



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-6231

December 22, 1989

^F1^  
^F2^

Dear ^F3^:

The Maintenance of Local Effort form, submitted by your agency, shows the amount of local tax revenues available to your agency in calendar year 1990 is ^F4^ less than was available in 1989.

K.S.A. 65-246 requires that state formula grant funds "shall not be substituted for or used to reduce or eliminate moneys available . . . from local tax revenues". Clarification #2, regarding K.S.A. 65-246, stated that "If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount."

Since local tax revenues are less for calendar year 1990 than available for calendar year 1989, the following action is being taken:

The Adjusted Formula Grant (the original Formula Grant less the decrease in local effort) exceeds payments to date, however, future payments will be adjusted to reflect the decrease in local effort. Your agency will receive a payment of \$^F5^ for the quarter beginning January 1, 1990, and \$^F6^ for the quarter beginning April 1, 1990, provided all other grant conditions are met.

The attached Maintenance of Effort - Formula Grant Adjustment Worksheet shows how the above amounts were calculated. If you have any questions, please contact this office.

Sincerely,

Arthur E. Schumann, Comptroller  
Office of Fiscal Services

AES:jlb

2-14

MAINTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENT WORKSHEET

COUNTY: RUSSELL

\*\*\*\*\*

ADJUSTMENT TO FORMULA GRANT

\*\*\*\*\*

A. FY 90 FORMULA GRANT 7,050

LOCAL TAX REVENUES:

B. AVAILABLE IN 1989 35,722

C. AVAILABLE IN 1990 34,876

D. DECREASE IN LOCAL EFFORT (B-C) 846

E. ADJUSTED FORMULA GRANT 6,204  
(A-D, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
AMOUNT TO BE REFUNDED TO KDHE  
\*\*\*\*\*

PAYMENTS TO DATE:

F. JULY 1, 1989 1,763

G. OCTOBER 1, 1989 1,763

H. TOTAL PAID TO DATE (F+G) 3,526

I. ADJUSTED FORMULA GRANT (LINE E) 6,204

J. TO BE REFUNDED TO KDHE 0  
(H-I, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
FUTURE PAYMENTS TO LOCAL HD  
\*\*\*\*\*

K. ADJUSTED FORMULA GRANT (LINE E) 6,204

L. LESS: PAID TO DATE 3,526

TOTAL TO BE PAID (K-L) 2,678  
(K-L, BUT NOT LESS THAN ZERO) \*\*\*\*\*

PAYMENT AMOUNTS BY DATE

JANUARY 1, 1990 1,763

APRIL 1, 1990 915



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-6231

December 22, 1989

^F1^  
^F2^

Dear ^F3^:

The Maintenance of Local Effort form, submitted by your agency, shows the amount of local tax revenues available to your agency in calendar year 1990 is ^F4^ less than was available in 1989.

K.S.A. 65-246 requires that state formula grant funds "shall not be substituted for or used to reduce or eliminate moneys available . . . from local tax revenues". Clarification #2, regarding K.S.A. 65-246, stated that "If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount."

Since local tax revenues are less for calendar year 1990 than available for calendar year 1989, the following action is being taken:

The amount of payments to date, exceed the Adjusted Formula Grant (the original Formula Grant less the decrease in local effort). No additional payments will be made and \$^F5^ of amounts paid for the quarter beginning July 1, 1989, and October 1, 1989, must be refunded to Kansas Department of Health & Environment by June 30, 1990.

The attached Maintenance of Effort - Formula Grant Adjustment Worksheet shows how the above amounts were calculated. If you have any questions, please contact this office.

Sincerely,

Arthur E. Schumann, Comptroller  
Office of Fiscal Services

AES:jlb

2-16

MAINTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENT WORKSHEET

COUNTY: WABAUNSEE

\*\*\*\*\*

ADJUSTMENT TO FORMULA GRANT

\*\*\*\*\*

A. FY 90 FORMULA GRANT 7,039

LOCAL TAX REVENUES:

B. AVAILABLE IN 1989 49,956

C. AVAILABLE IN 1990 30,071

D. DECREASE IN LOCAL EFFORT (B-C) 19,885

E. ADJUSTED FORMULA GRANT 0  
(A-D, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*

AMOUNT TO BE REFUNDED TO KOHE

\*\*\*\*\*

PAYMENTS TO DATE:

F. JULY 1, 1989 1,760

G. OCTOBER 1, 1989 1,760

H. TOTAL PAID TO DATE (F+G) 3,520

I. ADJUSTED FORMULA GRANT (LINE E) 0

J. TO BE REFUNDED TO KOHE 3,520  
(H-I, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*

FUTURE PAYMENTS TO LOCAL HD

\*\*\*\*\*

K. ADJUSTED FORMULA GRANT (LINE E) 0

L. LESS: PAID TO DATE 3,520

TOTAL TO BE PAID (K-L) 0  
(K-L, BUT NOT LESS THAN ZERO) \*\*\*\*\*

PAYMENT AMOUNTS BY DATE

JANUARY 1, 1990 0

APRIL 1, 1990 0



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-6231

Testimony presented to  
House Appropriations Committee

by

The Kansas Department of Health and Environment

House Bill 2979

In order to insure adequate public health services to Kansas citizens, in 1985 the state began participating in the financing of local health departments by appropriating money to fund the provisions of KSA 65-241 through 246 usually referred to as the State Formula Grant. As authorized by statute, funds were appropriated by the 1989 legislature that provides financial assistance to local health departments at \$.75 per capita or \$7,000 per county, whichever is the larger amount. To prevent the reduction of local funding as state funding was made available, KSA 65-246 provides that "money made available by this act shall not be substituted for or used to reduce or eliminate moneys available to local health departments from the federal government or substituted for or used to reduce or eliminate moneys available from local tax revenues".

Twenty two local health departments may lose all or a part of their State Fiscal Year 1990 Formula Grants because their counties did not budget local tax funding for calendar year 1990 in an amount at least equal to local tax funding provided for calendar year 1989, as required by KDHE, to comply with the KSA 65-246 maintenance of effort requirement.

Notice of the maintenance of effort statutory requirement was present in prior years grant award contracts but nothing came to the attention of KDHE to indicate that a problem was present.

Near the end of March 1989, the Comptroller of KDHE received a call from a local health department director asking how the maintenance of effort requirement should be applied to county financing because a decrease in county tax funding was being considered. About the same time, additional questions were received from several more local health departments.

Through counsel with KDHE Office of Legal Services and the Municipal Accounting Section of the Division of Accounts and Reports, the Office of the Comptroller of KDHE developed a Clarification Statement that was sent to all local health departments near the end of March 1989, a copy is attached.

HA  
2-21-90

Charles Konigsberg, Jr., M.D., M.P.H.,  
Director of Health  
(913) 296-1343

James Power, P.E.,  
Director of Environment  
(913) 296-1535

Lorne Phillips, Ph.D.,  
Director of Information  
Systems  
(913) 296-1415

Roger Carlson, Ph.D.,  
Director of the Kansas Health  
and Environmental Laboratory  
(913) 296-5119

Attachment 3

After receiving the Clarification Statement, additional questions were received from local health departments about the treatment of carryover local health department tax funds. In response to those questions, Clarification Statement No. 2 was prepared with the counsel of the Office of Legal services and Municipal Accounting Section of the Division of Accounts and Reports. The local health department accounting periods that would be compared were also changed in Clarification No. 2. The first Clarification Statement compared calendar year 1988 with 1989. Clarification No. 2 changed the periods, to be compared, to 1989 and 1990. By comparing 1988 and 1989, KDHE could determine the maintenance of effort compliance before awarding a grant contract, however, a county that had not met the maintenance of effort would not have the ability to correct the problem. Since the grant objective was to send funding to local health departments to improve the health of people rather than to prevent funding from flowing to local health departments, the periods to be compared were changed to 1989 and 1990, thus, giving county governments the ability to know in advance the budget requirement to meet the maintenance of effort amount. Clarification Statement No. 2 was sent to all local health departments in May 1989, a copy is attached.

During the month of October, several communications were received from local health department directors indicating that the maintenance of effort requirement may not have been met. Since formula grant funding is advanced on a quarterly basis, one half of State fiscal year 1990 funding had been sent to the local health departments. Rather than wait until local health department audit reports were received and any refunds necessary reverting back to the general revenue fund, a questionnaire was developed and sent to all local health departments to determine the amount of local tax received for calendar year 1989 and budgeted for 1990. Amounts reported on the questionnaires showed that 23 local health departments had not met the maintenance of effort requirement. The maintenance of effort deficit amounts ranged all the way from a few dollars to the total amount of the grant award.

Letters were sent to local health departments that had not met their maintenance of effort requirement stating that payments for the remainder of the year would be reduced or that refunds were necessary because the maintenance of effort deficit was greater than the amount of the grant payments yet to be made. A repayment date deadline of June 30, 1990, was specified which coincided with the end of the State fiscal year and also provided time for possible legislative action. A copy of the questionnaire and letters sent to local health departments are attached.

A maintenance of local effort requirement appears to be desirable to insure that State formula grant funds are used to increase the scope of basic health services rather than to replace local tax

3-2

funding. The local tax situation to fund calendar year 1990, however, was complicated by the reappraisal of property and changes in the percent of appraised value that would be considered for taxing purposes. Legislative exemption from the maintenance of local effort requirement may be warranted, for a period of time, until the taxation of property becomes stabilized under the new property taxing system.



MANTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENTS

COUNTY	FORMULA GRANT	AVAIL. 1989	TAX REVENUES 1990	DECREASE IN EFFORT	ADJUSTED GRANT	PAID JULY 1	PAID OCT 1	PAID TO DATE	REFUND DUE	TOTAL DUE	DUE JAN 1	DUE APR 1
BARTON	24,790	89,546	89,549	(97)	24,693	6,190	6,190	12,396	0	12,297	6,190	6,099
CHASE	7,018	23,979	23,944	(35)	6,983	1,755	1,755	3,510	0	3,473	1,755	1,718
COFFEY	7,051	175,370	136,014	(39,356)	0	1,763	1,763	3,526	3,526	0	0	0
COMANCHE	7,014	35,821	28,038	(7,783)	0	1,754	1,754	3,508	3,508	0	0	0
ELLSWORTH	7,036	33,144	9,365	(23,779)	0	1,759	1,759	3,518	3,518	0	0	0
FRANKLIN	16,552	32,282	12,430	(19,852)	0	4,138	4,138	8,276	8,276	0	0	0
GOVE	7,020	26,000	25,600	(400)	6,620	1,755	1,755	3,510	0	3,110	1,755	1,355
GRAY	7,031	52,790	52,434	(356)	6,675	1,758	1,758	3,516	0	3,159	1,758	1,401
HAMILTON	7,014	31,000	29,550	(1,450)	5,564	1,754	1,754	3,508	0	2,056	1,754	302
KERNY	7,023	43,376	41,568	(1,808)	5,215	1,756	1,756	3,512	0	1,703	1,703	0
KINGMAN	7,051	31,704	0	(31,704)	0	1,763	1,763	3,526	3,526	0	0	0
KIOWA	7,022	29,345	15,655	(13,690)	0	1,756	1,756	3,512	3,512	0	0	0
LOGAN	7,019	25,734	23,978	(1,756)	5,263	1,755	1,755	3,510	0	1,753	1,753	0
MARSHALL	9,674	25,012	16,480	(8,532)	1,142	2,419	2,419	4,838	3,696	0	0	0
MORTON	7,020	54,465	52,945	(1,520)	5,500	1,755	1,755	3,510	0	1,990	1,755	235
NEOSHO	14,209	33,447	32,374	(1,073)	13,136	3,552	3,552	7,104	0	6,032	3,552	2,480
OSBORNE	7,031	20,954	20,742	(212)	6,819	1,758	1,758	3,516	0	3,303	1,758	1,545
OTTAWA	7,034	36,000	35,000	(1,000)	6,034	1,759	1,759	3,518	0	2,516	1,759	757
PATTI	8,238	102,468	88,066	(14,402)	0	2,060	2,060	4,120	4,120	0	0	0
PUSSELL	7,050	35,722	34,876	(846)	6,204	1,763	1,763	3,526	0	2,678	1,763	915
SEWARD	14,284	167,966	149,876	(18,090)	0	3,571	3,571	7,142	7,142	0	0	0
WABAUNSEE	7,039	49,956	30,071	(19,885)	0	1,760	1,760	3,520	3,520	0	0	0
TOTALS	200,220	1,156,181	948,555	(207,626)	99,848	50,061	50,061	100,122	44,344	44,070	27,263	16,807
					100,372							

LOCAL MOESUM

3-4



## DEPARTMENT OF HEALTH AND ENVIRONMENT

Forbes Field

Topeka, Kansas 66620-0001

Phone (913) 296-1500

Mike Hayden, Governor

Stanley C. Grant, Ph.D., Secretary

Gary K. Hulett, Ph.D., Under Secretary

## M E M O R A N D U M

TO: LOCAL HEALTH DEPARTMENTS

FROM: Stanley C. Grant, Secretary  
Arthur E. Schumann, Comptroller

RE: Clarification of K.S.A. 65-242(a) and 246

DATE: March 20, 1989

Questions have been raised by local health departments regarding the interpretation of K.S.A. 65-242(a) and 246 as they relate to maintenance of local effort. In response to those questions, and with the concurrence of the State Department of Administration, Division of Accounts and Reports, Municipal Accounting Section, KDHE hereby issues the following clarification:

Funding under K.S.A. 65-241 - K.S.A 65-246 requires that local agencies maintain local effort. Two specific statutes address this requirement. K.S.A 65-242(a) provides that, "each local health department which applies for state financial assistance under this act shall receive an amount of money equal to the amount of money which the local health department receives from local tax revenues..." The act then sets a ceiling amount on the amount paid under the state grant. Simply put, this section requires that each year the local expenditures for public health must be at least equal to the amount of the state grant.

The law further requires that local agencies not use the state grant money to reduce local commitment. K.S.A. 65-246: "Moneys available under this act for financial assistance to local health departments shall not be substituted for or used to reduce or eliminate moneys available to local health departments from the federal government or substituted for or used to reduce or eliminate moneys available from local tax revenues. This statute makes it clear that the contribution from local

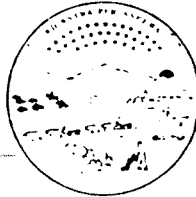
MEMORANDUM  
LOCAL HEALTH DEPARTMENTS  
MARCH 20, 1989

tax revenues cannot fall below the contribution level that existed when the state grant funding was last increased. The use of the word "shall" in the statutes indicates that compliance is a prerequisite for receiving funds. For comparing state grant funding levels to local contribution levels, the state fiscal year and the calendar year in which the state fiscal year begins will be used. For example, the grant funding year beginning July 1, 1989 would be compared with the local 1989 calendar year.

This statement is intended as a clarification of the State Formula Grant Application Guidelines regarding funding (Section II) and paragraph B(3) in the award contract. This clarification will appear in the Department of Administration's Kansas Municipal Accountants' Bulletin.

Questions regarding this matter should be directed to Mike Peters, Office of the Comptroller (913) 296-7501 or KANS-A-N 561-7501.

SCG:AES:MP:jlb



## DEPARTMENT OF HEALTH AND ENVIRONMENT

Forbes Field  
 Topeka, Kansas 66620-0001  
 Phone (913) 296-1500

Mike Hayden, Governor

Stanley C. Grant, Ph.D., Secretary  
 Gary K. Hulett, Ph.D., Under Secretary

## M E M O R A N D U M

TO : LOCAL HEALTH DEPARTMENTS

FROM : Stanley C. Grant, Secretary  
 Arthur E. Schumann, Comptroller

SUBJECT : Clarification #2 - K.S.A. 65-242(a) and 246

DATE : May 19, 1989

Since sending our memorandum of March 20, 1989, on clarification of K.S.A. 65-242(a) and 246, a question about transfers out of the health department's health fund to be used for other than health-related purposes (usually at end of year) was submitted to us for study and response.

We have reviewed the practice of transferring funds from the Local Health Department's health fund with our attorney and with the Municipal Accounting Section of the Division of Accounts and Reports. Both our attorney and the Municipal Accounting Section agree that transfers out of the health department's health fund to be used for other than health-related purposes would violate K.S.A. 79-2934 (part of the municipal budget law). However, transfers to a "health capital outlay" fund would be considered a health-related purpose.

The question about transferring health funds for other purposes raised another question. Does a year end balance that remains in the health fund or health-related fund count towards meeting the next years requirement for availability of local tax revenues? The answer is no. New local tax revenues must be at least equal to the amount of new revenues provided for the last year when state grant funding was increased. Since there has been an increase in state grant funding each year, the base period to date has been the previous year.

Since the Local Health Department's fiscal year is January 1 through December 31 and the State's fiscal year is July 1 through June 30, a question arises about which local year and State year to compare when testing for revenue availability compliance. In our memorandum of March 20 we stated that the state fiscal year

and the calendar year in which the state fiscal year begins will be used. The Municipal Accounting Section has pointed out to us that a comparison of the state fiscal year and the calendar year in which the state fiscal year ends would place Locals in a better informed position to provide the necessary local tax revenues.

With this memorandum we are changing the accounting periods that will be compared for compliance availability of local tax revenues for grant payments made in the state's fiscal year 1990, i.e. July 1, 1989 to June 30, 1990. New local health tax revenues available for the calendar year 1989 will be compared with local health tax revenues available for calendar year 1990 (the calendar year in which the state fiscal year ends). If local tax revenues are decreased, the amount of the state grant will be decreased a like amount. This will give county government the opportunity to know the amount of the state grant before finalizing the health budget for the next calendar year. Decreasing the next fiscal year's amount is the most lenient sanction available. This memo should not be construed to limit the State's right to terminate participation in the program for failure to maintain effort.

In summary:

- o Local health-related tax revenues cannot be transferred for other purposes.
- o Carry forward year end balances in health-related funds cannot be counted when determining the amount of local health-related tax revenues available for compliance with K.S.A. 65-246.
- o For grant payments made in the state's fiscal year ending in 1990 (July 1, 1989 to June 30, 1990), new local health tax revenues available for calendar year 1989 will be compared with new local health tax revenues available for calendar year 1990. Because there was an increase in the amount of the grant payments in the fiscal year ending in 1989 (the last year of an increase), the local health tax revenues available for calendar year 1990 must be no less than in calendar year 1989 (the amount available in 1990 must also still match or exceed the total grant amount). If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount.
- o The grant payments to be made in the state's fiscal year ending in 1990 will be greater than those made in the fiscal year ending in 1989. Therefore, the local tax revenues available in calendar year 1990 will be the new "base" which will be used to determine the local health tax revenues needed in calendar year 1991 (to participate in the program in the state's fiscal year ending in 1991).

A copy of our March 20 memorandum is attached for your information. Questions regarding this matter should be directed to Mike Peters, Fiscal Services (913) 296-7501 or KANS-A-N 561-7501.

SCG:RES:ADP

3-8



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-6231

M E M O R A N D U M

To : LOCAL HEALTH DEPARTMENTS  
From : Arthur E. Schumann<sup>AS</sup>, Comptroller  
Subject : Local Maintenance of Effort  
Date : October 27, 1989

Last May we sent clarifications #1 and #2 alerting Health Departments to statutory requirements for maintenance of local fiscal effort necessary to qualify for the State Formula Grant.

We have been contacted by a few Health Departments indicating that they may have a problem meeting the required maintenance of effort.

Clarifications instructed that Local Tax revenues available for calendar year 1990 must be at least equal to Local Tax revenues available for calendar year 1989. Also that expenditures from local tax revenues must be at least equal to the amount of the Formula Grant.

Rather than wait until we receive audit reports from the Health Departments and make adjustments at that time, we request Health Departments report their maintenance of effort status to us in the near future. Identifying funding that Health Departments may not qualify for, may make this funding available for distribution to all other Health Departments. Once the end of the State fiscal year has passed, any funding remaining will be lost.

Please return the enclosed Maintenance of Local Effort form by December 15, 1989; to KDHE, Fiscal Services, Forbes Field-Building 740, Topeka, Ks. 66620, attention Mike Peters.

Your cooperation will be appreciated.

3-9

MAINTENANCE OF LOCAL EFFORT

TO: Kansas Department of Health and Environment  
Fiscal Services  
Forbes Field - Building 740  
Topeka, Ks. 66620

Attention: Mike Peters

FROM: \_\_\_\_\_  
(Name of Health Department)

RE: Certification of Local Maintenance of Effort

I. Amount of Local Tax Revenues Available for  
Calendar Year 1989 \$ \_\_\_\_\_

II. Amount of Local Tax Revenues Available for  
Calendar Year 1990 \$ \_\_\_\_\_

I Certify the above information is in agreement with official records of the Health Department.

\_\_\_\_\_ Date \_\_\_\_\_  
Health Department Director

Comments:  
\_\_\_\_\_  
\_\_\_\_\_



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-6231

December 13, 1989

Lillian Akings, R.N., Administrator  
Barton County Health Dept.  
1300 Kansas Ave., Suite B  
Great Bend, KS 67530

Dear Ms. Akings:

The Maintenance of Local Effort form, submitted by your agency, shows the amount of local tax revenues available to your agency in calendar year 1990 is \$97.00 less than was available in 1989.

K.S.A. 65-246 requires that state formula grant funds "shall not be substituted for or used to reduce or eliminate moneys available . . . from local tax revenues". Clarification #2, regarding K.S.A. 65-246, stated that "If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount."

Since, the Adjusted Formula Grant (the original Formula Grant less the decrease in local effort) exceeds payments to date, future payments will be adjusted to reflect the decrease in local effort. Your agency will receive a payment of \$6,198.00 for the quarter beginning January 1, 1990, and \$6,099.00 for the quarter beginning April 1, 1990, provided all other grant conditions are met.

The attached Maintenance of Effort - Formula Grant Adjustment Worksheet shows how the above amounts were calculated. If you have any questions, please contact this office.

Sincerely,

Arthur E. Schumann, Comptroller  
Office of Fiscal Services

AES:jlb

3-11



MAINTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENT WORKSHEET  
 COUNTY: BARTON

\*\*\*\*\*  
 ADJUSTMENT TO FORMULA GRANT  
 \*\*\*\*\*

A. FY 90 FORMULA GRANT 24,790

LOCAL TAX REVENUES:

B. AVAILABLE IN 1989 89,646  
 C. AVAILABLE IN 1990 89,549

D. DECREASE IN LOCAL EFFORT (B-C) 97

E. ADJUSTED FORMULA GRANT 24,693  
 (A-D, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
 AMOUNT TO BE REFUNDED TO KOHE  
 \*\*\*\*\*

PAYMENTS TO DATE:

F. JULY 1, 1989 6,198  
 G. OCTOBER 1, 1989 6,198

H. TOTAL PAID TO DATE (F+G) 12,396

I. ADJUSTED FORMULA GRANT (LINE E) 24,693

J. TO BE REFUNDED TO KOHE 0  
 (H-I, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
 FUTURE PAYMENTS TO LOCAL HD  
 \*\*\*\*\*

K. ADJUSTED FORMULA GRANT (LINE E) 24,693

L. LESS: PAID TO DATE 12,396

TOTAL TO BE PAID (K-L) 12,297  
 (K-L, BUT NOT LESS THAN ZERO) \*\*\*\*\*

PAYMENT AMOUNTS BY DATE

JANUARY 1, 1990 6,198  
 APRIL 1, 1990 6,099

3-12



State of Kansas

Mike Hayden, Governor

Department of Health and Environment

Office of the Secretary

Stanley C. Grant, Ph.D., Secretary

Landon State Office Bldg., Topeka, KS 66612-1290

(913) 296-1522  
FAX (913) 296-2231

December 13, 1989

Sharon Chaulk, R.N., Administrator  
Marshall County Health Dept.  
Courthouse, 1201 Broadway  
Marysville, KS 66508

Dear Dear Ms. Chaulk:

The Maintenance of Local Effort form, submitted by your agency, shows the amount of local tax revenues available to your agency in calendar year 1990 is \$2,532.00 less than was available in 1989.

K.S.A. 65-246 requires that state formula grant funds "shall not be substituted for or used to reduce or eliminate moneys available . . . from local tax revenues". Clarification #2, regarding K.S.A. 65-246, stated that "If local tax revenues are decreased in 1990, the amount of the state grant will be decreased a like amount."

Since, the amount of payments to date, exceed the Adjusted Formula Grant (the original Formula Grant less the decrease in local effort), no additional payments will be made and \$3,696.00 of amounts paid for the quarter beginning July 1, 1989, and October 1, 1989, must be refunded to Kansas Department of Health & Environment by June 30, 1990.

The attached Maintenance of Effort - Formula Grant Adjustment Worksheet shows how the above amounts were calculated. If you have any questions, please contact this office.

Sincerely,

Arthur E. Schumann, Comptroller  
Office of Fiscal Services

AES:jlb

3-13

MAINTENANCE OF EFFORT - FORMULA GRANT ADJUSTMENT WORKSHEET  
COUNTY: MARSHALL

\*\*\*\*\*  
ADJUSTMENT TO FORMULA GRANT  
\*\*\*\*\*

A. FY 90 FORMULA GRANT 9,674

LOCAL TAX REVENUES:

B. AVAILABLE IN 1989 25,012

C. AVAILABLE IN 1990 16,480

D. DECREASE IN LOCAL EFFORT (B-C) 8,532

E. ADJUSTED FORMULA GRANT 1,142  
(A-D, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
AMOUNT TO BE REFUNDED TO KDHE  
\*\*\*\*\*

PAYMENTS TO DATE:

F. JULY 1, 1989 2,419

G. OCTOBER 1, 1989 2,419

H. TOTAL PAID TO DATE (F+G) 4,838

I. ADJUSTED FORMULA GRANT (LINE E) 1,142

J. TO BE REFUNDED TO KDHE 3,696  
(H-I, BUT NOT LESS THAN ZERO) \*\*\*\*\*

\*\*\*\*\*  
FUTURE PAYMENTS TO LOCAL HD  
\*\*\*\*\*

K. ADJUSTED FORMULA GRANT (LINE E) 1,142

L. LESS: PAID TO DATE 4,838

TOTAL TO BE PAID (K-L) 0  
(K-L, BUT NOT LESS THAN ZERO) \*\*\*\*\*

PAYMENT AMOUNTS BY DATE

JANUARY 1, 1990 0

APRIL 1, 1990 0

3-14

# HOUSE BILL No. 2979

By Committee on Public Health and Welfare

2-9

9 AN ACT concerning state financial assistance to local health de-  
10 partments; relating to the computation thereof; amending K.S.A.  
11 65-242, 65-243, 65-244 and 65-245 and repealing the existing  
12 sections.

13 Be it enacted by the Legislature of the State of Kansas:

14 Section ~~4~~ K.S.A. 65-242 is hereby amended to read as follows:

15 Section 4. K.S.A. 65-242 is hereby amended to read as follows:  
16 65-242. (a) For the purpose of insuring that adequate public health  
17 services are available to all inhabitants of the state of Kansas, the  
18 state shall participate, from and after January 1, 1983, in the  
19 financing of the operation of local health departments. Subject to  
20 appropriations therefor and except as provided under subsection (b),  
21 each local health department which applies for state financial as-  
22 sistance under this act shall receive ~~during the next fiscal year fol-~~  
23 ~~lowing such application~~ an amount of money equal to the amount  
24 of money which the local health department ~~receives~~ will receive  
25 ~~during the next fiscal year following such application from local tax~~  
26 ~~revenues and from federal revenue sharing funds except that for~~  
27 ~~fiscal year 1990 only, each local health department which receives~~  
28 ~~less money from local tax revenues during fiscal year 1990 than such~~  
29 ~~local health department received during fiscal year 1989 shall be~~  
30 ~~deemed to have received for the purpose of state financial assistance~~  
31 ~~the same amount of local tax revenues during fiscal year 1990 that~~  
32 ~~such local health department received during fiscal year 1989, except~~  
33 that.

34 (b) State financial assistance to any one local health department  
35 shall not exceed (1) an amount equal to \$.75 multiplied by the  
36 number equal to the population of the county, if the local health  
37 department is a county or city-county department of health, or coun-  
38 ties, if the local health department is a multicounty department of  
39 health, in which the local health department is located or (2) an  
40 amount equal to \$7,000, if the local health department is a county  
41 or city-county department of health, or \$7,000 multiplied by a num-  
42 ber equal to the number of counties in which the local health de-  
43 partment is located, if the local health department is a multicounty

65-241,

Section 1. K.S.A. 65-241 is hereby amended to read as follows: 65-241. (a) "Local health department" means any county, city-county or multicounty department of health.

(b) "Secretary" means secretary of health and environment.

(c) ~~"Fiscal year" means the period commencing January 1 of any year and ending December 31 of the same year.~~ "Local health department fiscal year" means the period commencing January 1 of any year and ending December 31 of that same year, and "State fiscal year" means the period commencing July 1 of any year and ending June 30 of the next year.

(d) "State financial assistance" means the total amount of money available for distribution to local health departments under this act.

Sec. 2.

by March 31 of any year

for the next state fiscal year

of local tax money

is to

for it's current local health department fiscal year.

local health department

local health department

local health department

local health department

local health department

Attachment 4  
2-21-90  
HA

1 department of health, whichever amount computed under ~~(a)(1)~~  
2 ~~(b)(1)~~ or ~~(a)(2)~~ ~~(b)(2)~~ is the larger amount.

3 ~~(b)~~ ~~(c)~~ Notwithstanding any limitation placed by subsection ~~(a)~~  
4 ~~(b)~~ on the amount of state financial assistance which any one local  
5 health department may receive, if any money remains after the first  
6 computation of state financial assistance under ~~subsection (a) sub-~~  
7 ~~sections (a) and (b) or if any money appropriated for state financial~~  
8 ~~assistance remains unencumbered at the end of the fiscal year,~~ such  
9 money shall be distributed to each local health department which  
10 will receive or received state financial assistance under ~~subsection~~  
11 ~~(a) during that fiscal year~~ in proportion that the number equal to  
12 the population of the county, if the local health department is a  
13 county or city-county department of health, or counties, if the local  
14 health department is a multicounty department of health, in which  
15 the local health department is located bears to the total population  
16 of all counties in which local health departments which will receive  
17 or received state financial assistance under ~~subsection (a) subsections~~  
18 ~~(a) and (b)~~ are located.

state

state

19 ~~(e)~~ ~~(d)~~ If the amount of money appropriated for state financial  
20 assistance under ~~subsection (a) of this section~~ is not adequate to  
21 provide each local health department which applies for state financial  
22 assistance with the maximum amount of state financial assistance the  
23 local health department is eligible to receive under ~~subsection (a)~~  
24 ~~subsections (a) and (b) during the fiscal year,~~ the secretary shall  
25 prorate the money appropriated for such purpose among all local  
26 health departments applying for such financial assistance in propor-  
27 tion that the amount of state financial assistance each such local  
28 health department would have received if the amount of money  
29 appropriated for state financial assistance under ~~subsection (a) this~~  
30 ~~section~~ had been adequate to provide each such local health de-  
31 partment with the maximum amount of state financial assistance the  
32 local health department was eligible to receive under ~~subsection~~  
33 ~~(a) subsections (a) and (b) during the fiscal year~~ bears to the total  
34 amount of money which would need to be appropriated under ~~sub-~~  
35 ~~section (a) this section~~ to provide all such local health departments  
36 with the maximum amount of state financial assistance the local health  
37 departments were eligible to receive under ~~subsection (a) subsec-~~  
38 ~~tions (a) and (b) during the fiscal year.~~

state

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state

39 Sec. ~~24~~ K.S.A. 65-243 is hereby amended to read as follows: 65-  
40 243. (a) The governing board of any local health department may  
41 apply for the financial assistance provided under K.S.A. 65-242, by  
42 submitting annually to the secretary the budget of the local health  
43 department for the fiscal year immediately following the date the

3

11-2

1 budget is submitted showing the amount of money the local health  
2 department will receive from local tax revenues ~~and from the fed-~~  
3 ~~eral revenue sharing fund~~ and such other information as the sec-  
4 retary may require.

5 (b) The secretary shall use official state population figures based  
6 upon population figures available from the United States bureau of  
7 the census to determine the population of counties for computing  
8 state financial assistance under K.S.A. 65-242 *and amendments*  
9 *thereto*.

10 (c) The secretary may adopt rules and regulations necessary for  
11 the administration of this act.

12 Sec. ~~2~~ K.S.A. 65-244 is hereby amended to read as follows: 65-  
13 244. (a) *State financial assistance shall be computed and paid on a*  
14 *fiscal year basis as the term "fiscal year" is defined under K.S.A.*  
15 *65-241 and amendments thereto.* Prior to the beginning of each *fiscal*  
16 *year* and after review of the annual budget submitted under K.S.A.  
17 *65-243 and amendments thereto*, the secretary shall determine the  
18 amount of state financial assistance due *during such fiscal year* to  
19 each local health department which has applied for such financial  
20 assistance.

4

state

state

state

state

21 (b) The state financial assistance due to each local health de-  
22 partment applying therefor shall be paid in four quarterly install-  
23 ments. The moneys received in any quarter may be used at any  
24 time during the year. Installments shall be paid as follows: January  
25 1 for the quarter beginning January 1 and ending March 31; April  
26 1 for the quarter beginning April 1 and ending June 30; July 1 for  
27 the quarter beginning July 1 and ending September 30; and October  
28 1 for the quarter beginning October 1 and ending December 31.

29 (c) The secretary shall certify to the director of accounts and  
30 reports the total amount of state financial assistance due each quarter  
31 to each local health department which has applied for such financial  
32 assistance. The director of accounts and reports shall draw warrants  
33 on the state treasurer payable to the governing board of each such  
34 local health department upon vouchers executed as provided by law  
35 and approved by the secretary.

5

state

36 Sec. ~~4~~ K.S.A. 65-245 is hereby amended to read as follows: 65-  
37 245. In the event any local health department is paid more than it  
38 is entitled to receive *during any one fiscal year* under any distri-  
39 bution made under this act, the secretary shall notify the governing  
40 board of the local health department of the amount of such over-  
41 payment, and such governing board shall remit the same to the  
42 secretary. The secretary shall remit any moneys so received to the  
43 state treasurer, and the state treasurer shall deposit the same in the

4-3



1 state treasury. If any such governing board fails to remit, the sec-  
2 retary shall deduct the excess amount paid from future payments  
3 becoming due to such local health department. In the event any  
4 local health department is paid less than the amount to which it is  
5 entitled under any distribution made under this act *during any one*

6 *fiscal year*, the secretary shall pay the additional amount due at any  
7 time within the *fiscal year* in which the underpayment was made  
8 or within 60 days after the end of such *fiscal year*.

9 Sec. 5. K.S.A. 65-242, 65-243, 65-244 and 65-245 are hereby  
10 repealed.

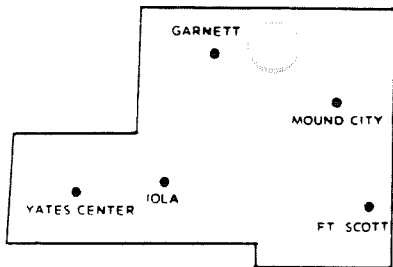
11 Sec. 6. This act shall take effect and be in force from and after  
12 its publication in the Kansas register.

state

state

state

4-4



# S. E. K. Multi-County Health Department

221 S. Jefferson

Box 304

Iola, Kansas 66749

Feb. 07, 1990

Rochelle Chronister	-	Kansas House of Representatives
Aldie Ensminger	"	" " " "
Gerald Gregory	"	" " " "
George Teagarden	"	" " " "

Doug Walker - Kansas Senate

Dear Legislators:

The attached letter from Judy Dalton describes what I have been telling you.

Some of the County Health Departments have been getting no formula grant money due to the stipulation in the law. (65-246 enclosed)

I agree with the intent of the law. It was designed and put in there so that counties couldn't reduce their own levys for Health and replace those costs with state monies. It was put there to help Public Health, not hurt us.

The state money was to be in addition to current budgeted money. To create a higher budget.

The problem now is under TAX LIDS and Reappraisal. The counties hands are tied!

The counties aren't reducing their levys because of the formulae money. But that is how K.D.H.E. is interpreting the law.

The K.D.H.E. uses the term "Maintenance of Effort"! It's a term that K.D.H.E. and the Department of Administration coined themselves.

If the legislature would have said in 65-245 that "counties must maintain either their current mill levy or their current dollar amount for Public Health, which ever will provide the most money <sup>(To be)</sup> eligible", this would have solved the problem.

This is how it should be reworded. For this year fiscal 90 and fiscal 91, the statement should be removed entirely or a resolution made to drop the requirement for these two fiscal years.

I understand  
KDHE has already zapped 22 county departments with this "Maintenance of Effort".

SEK Health Department stands to lose \$44,000 in these formula funds and we can't afford that! We will be out of business. Our expenditures are already exceeding our income by \$30,000 per year.

Please also remember many in Topeka are trying to reduce local tax!

Respectfully,

Ernest W. Davidson

HA  
2-21-90

Attachment 5



**65-243.** Same; application for assistance; submission of annual budget; population figures; rules and regulations. (a) The governing board of any local health department may apply for the financial assistance provided under K.S.A. 65-242, by submitting annually to the secretary the budget of the local health department for the fiscal year immediately following the date the budget is submitted showing the amount of money the local health department will receive from local tax revenues and from the federal revenue sharing fund and such other information as the secretary may require.

(b) The secretary shall use official state population figures based upon population figures available from the United States bureau of the census to determine the population of counties for computing state financial assistance under K.S.A. 65-242.

(c) The secretary may adopt rules and regulations necessary for the administration of this act.

History: L. 1982, ch. 257, § 3; July 1.

**65-244.** Same; determination of amount of state financial assistance due each local health department; payment of financial assistance. (a) Prior to the beginning of each fiscal year and after review of the annual budget submitted under K.S.A. 65-243, the secretary shall determine the amount of state financial assistance due to each local health department which has applied for such financial assistance.

(b) The state financial assistance due to each local health department applying therefor shall be paid in four quarterly installments. The moneys received in any quarter may be used at any time during the year. Installments shall be paid as follows: January 1 for the quarter beginning January 1 and ending March 31; April 1 for the quarter beginning April 1 and ending June 30; July 1 for the quarter beginning July 1 and ending September 30; and October 1 for the quarter beginning October 1 and ending December 31.

(c) The secretary shall certify to the director of accounts and reports the total amount of state financial assistance due each quarter to each local health department which has applied for such financial assistance. The director of accounts and reports shall draw warrants on the state treasurer payable to the governing board of

each such local health department upon vouchers executed as provided by law and approved by the secretary.

History: L. 1982, ch. 257, § 4; July 1.

**65-245.** Same; overpayment or underpayment to local health department; procedure. In the event any local health department is paid more than it is entitled to receive under any distribution made under this act, the secretary shall notify the governing board of the local health department of the amount of such overpayment, and such governing board shall remit the same to the secretary. The secretary shall remit any moneys so received to the state treasurer, and the state treasurer shall deposit the same in the state treasury. If any such governing board fails to remit, the secretary shall deduct the excess amount paid from future payments becoming due to such local health department. In the event any local health department is paid less than the amount to which it is entitled under any distribution made under this act, the secretary shall pay the additional amount due at any time within the year in which the underpayment was made or within 60 days after the end of such year.

History: L. 1982, ch. 257, § 5; July 1.

**65-246.** Same; other moneys available to local health departments. ~~Moneys available under this act for financial assistance to local health departments shall not be substituted for or used to reduce or eliminate moneys available to local health departments from the federal government or substituted for or used to reduce or eliminate moneys available from local tax revenues. Nothing in this act shall be construed to authorize a reduction or elimination of moneys available to local health departments from the federal government or to authorize the reduction or elimination of moneys made available by the state to local health departments in addition to moneys available under this act.~~

History: L. 1982, ch. 257, § 6; July 1.

**Article 2a.—REGIONAL HEALTH PROGRAMS**

**65-2a01.**

History: L. 1972, ch. 228, § 1; L. 1974, ch. 352, § 71; Repealed, L. 1976, ch. 280, § 25; July 1.

5-2

December 22, 1989

Arthur Schumann, Comptroller  
Department of Health and Environment  
Forbes Field Bld. 740  
Topeka, Kansas 66620

Re: Kiowa County Health Department, Formula Grant Funds

Dear Mr. Schumann:

At the request of the Kiowa County Health Department, I am responding to your letter of December 13, 1989.

I do understand your response from the local effort form that was submitted. However, I do not feel that there has been a reduction in the operating budget for the health department within the intent of the statute referred to.

For several years the health department has had a restricted budget line item "Contingency Liability" which was intended to be and which everyone including the health department administrator, county clerk and the commissioners understood was restricted to reimbursing Medicare for any possible Medicare audit adjustments for Home Health cost statement audits. This amount (\$15,000) was still carried as a line item in the 1989 budget. When the health department submitted their proposed budget for 1990, this item was discussed, and the commissioners lifted the restriction on that \$15,000 and made it available towards funding of the 1990 health department operations.

I feel very strongly that the release of those funds by the county should be considered new funds available to fund the operating budget of the health department for 1990. When that \$15,000 is considered along with the 1990 health fund ad valorem taxes levied, there has not been any reduction in local effort. The department operating budget will be funded fully on a basis at least equal to 1989.

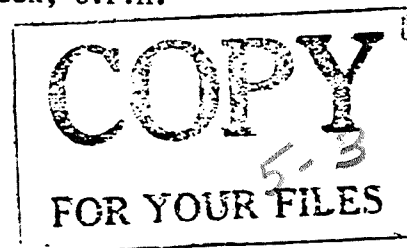
However, should your department hold that there has been a reduction in local effort and withhold some \$7,000 of Formula Funds, it is a certainty that there will be a hardship and cutback in services in the Kiowa County Health Department.

It is my sincere hope that you will be able to render your decision in favor of the Kiowa County Health Department and leave the Formula Funds intact. Your consideration will be gratefully appreciated.

Very truly yours,

Keith B. Beck, C.P.A.

Enc. Copy of 12/13/89 letter.  
Copies to Kiowa County Clerk and  
Kiowa County Health Department





"Service to County Government"

212 S.W. 7th Street  
Topeka, Kansas 66603  
(913) 233-2271  
FAX (913) 233-4830

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Belpre, KS 67519  
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Berneice "Bonnie" Gilmore  
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(913) 282-6838

Roy Patton  
Harvey County Weed Director  
(316) 283-1890

Thomas "Tom" Pickford, P.E.  
Shawnee County Engineer  
(913) 291-4132

**NACo Representative**  
Joe McClure  
Wabaunsee County Commissioner  
(913) 499-5284

**Executive Director**  
John T. Torbert

February 21, 1990

**TESTIMONY**

To: House Appropriations Committee

From: John T. Torbert  
Executive Director

Subject: HB 2979 (State funding of local health departments)

The Kansas Association of Counties is generally in support of HB 2979.

First of all, the concept of "maintenance of effort" is not a bad one. It is essentially saying that if the state is going to provide financial assistance to a local health department, the county must also be willing to levy taxes to support that health department. In other words- "Why provide help to those who are not willing to help themselves?" However, I do think that the statute in this particular instance could have been interpreted with a little more flexibility.

The question as you know revolves around the maintenance of effort issue. The statute provides that maintenance of effort means local tax revenues. The Department of Health has taken the position that carry-over funds cannot be used to meet maintenance of effort requirements. It would seem that if a carry over balance existed in a health fund and that balance existed because of prior local tax levies, than it should be permissible to count the carry over money as maintenance of effort. It is, after all, local property tax dollars.

We realize that the bill is controversial within the various counties of the state. Those that levied the amount necessary to meet their maintenance of effort requirement are understandably not terribly sympathetic to a county that did not and has had their state funding reduced or cut entirely as a result. We are supporting

HA  
2-21-90  
Attachment 6

this legislation however because of the fact that the Department of Health has indicated that they are uncertain what the disposition will be of monies that the counties either did not receive or were refunded to the state. That uncertainty exists because existing law speaks of grants to counties in terms of "shall not exceed \$.75/capita." This may preclude the redistribution of the dollars in question to other counties that met the requirements.

If the dollars in question could not legally be redistributed, it would mean that dollars that were appropriated by last year's legislature for support of local health departments would not go to those departments. They would instead, lapse to the state general fund.

I have had many counties tell me that they had not been informed that this maintenance of effort requirement was going to be enforced differently. I know that the Department of Health contends otherwise. I don't know where the break down in communication occurred but the fact is- it did occur. I can assure you that the department has now successfully attracted the attention of the counties involved and unless there are other legislative restrictions placed on our ability to levy property taxes, counties will certainly endeavor to meet the maintenance of effort provisions in their 1991 budgets.

With this backdrop, I would urge the committee to give favorable consideration to HB 2979. I support the health department's amendments with respect to the clarification of the fiscal year. Further, it is our position that in terms of alternatives, the least desirable is the money lapsing to the state general fund. The middle ground approach would be redistribution. The effect of redistribution however is that some counties get more than expected, some get less and some still have to make refunds. The most desirable approach is the hold harmless approach (which this bill contains), a removal of the \$.75/ capita cap to avoid problems of this type in the future (an amendment has been suggested that will accomplish this) and finally, an amendment being added that would allow the use of carry over funds to satisfy maintenance of effort requirements as long as those funds have been locally generated.

I would be happy to respond to questions.

TSJHLTHF



TESTIMONY ON HB 2979  
MAINTENANCE OF LOCAL EFFORT

presented by Elizabeth E. Taylor, Executive Director  
KANSAS ASSOCIATION OF LOCAL HEALTH DEPARTMENTS  
February 21, 1990  
HOUSE APPROPRIATIONS COMMITTEE

On behalf of the Association of Local Health Departments representing 83 city, county, and multi-county health departments serving approximately 90% of the citizens of Kansas, we do support the intent of HB 2979.

We realize that <sup>22</sup>23 local health departments have been refused, had a reduction of, or will be required to return already allocated state aid to local units funding due to a lack of maintenance of local funding for the health programs. In discussing with several of these health departments what has occurred over the past few months, we find a variety of reasons for this lack of local effort. These reasons include:

- unintentional reduction due to maintenance of the local health mill levy which happened to bring in less total health dollars.
- reduction in health support locally without knowing the state funding ramifications of doing so. (This has happened in smaller health departments which have less access to legal support.)
- increases by health departments in years past when extra funds were available locally and current reductions due to lack of funds. In these cases, special projects or short term projects were locally funded without consideration that to later discontinue special project funds would result in lessening of local effort as determined by the Kansas Department of Health and Environment.
- (in a very small number of counties) a decisive move was made to lower the local maintenance of effort knowing that state funds would be in jeopardy. However, state scrutiny of these levels of funds has not been routine and in recent history, health departments have not lost their state funding due to this provision.

In recently discussing the provisions of HB 2979, although on the surface this appears to be a simple solution to a simple problem, the Board of Directors and the District Representatives on February 20, voted unanimously to present our concerns to you and to strongly oppose HB 2979 as it is written. For the following reasons, we propose the attached balloon which amends HB 2979 as appropriate to maintain the integrity of local health funding.

HB 2979 as written would ignore the precedent and the strong need for MAINTENANCE OF LOCAL HEALTH FUNDING. To the KALHD Board and District Representatives, delineating this mandate is not an option.

(continued)

HB 2979 as written would also allow those 77 health departments which did continue maintenance of local effort to revise their budgets, thereby actually lowering the current funding. We have heard from our health departments that, with the introduction of this bill, the commissioners ARE IN FACT LOOKING AT HOW THEY CAN REDUCE THEIR CURRENT BUDGETS and still receive state funds. In essence, what will help 23 counties which did not maintain local funding will now hurt the other 77 counties.

In view of the above concerns and realities which are derived from HB 2979, although we appreciate the interest of the Legislature to help the 23 local health departments which are affected by non-maintenance of their local effort, we cannot support HB 2979 without the following amendments as presented on the attached balloon:

Page 1 lines Section 1 line 26 shall be amended to provide for determination of local support by either maintenance of local dollars for the health department OR maintenance of the local mill levy appropriate to the local health department. This PERMANENT CHANGE will allow those local boards of health to suffer no penalty if their mill efforts result in a decrease in funds collected.

This amendment also allows for retroaction to fiscal year 1990 thereby resolving the problem of some health departments which unknowingly and unintentionally found themselves with a lack of maintenance of effort.

Our amendment further strikes the proposed language on lines 26-33 which would detrimentally affect the remaining 77 health departments.

An additional amendment proposed by the Association of Local Health Departments is the removal of antiquated provision for a \$.75 per capita maximum on Aid to Local Units which has already been met by legislative allocations. Through documentation by the Public Health Foundation, Kansas ranks far below the national average for state support to local health departments. Currently, the Kansas per capita funding is \$.75 and other funds bring our comparable state funds to a total of approximately \$1.70 of estimated state support for local health departments in FY 1991. The Public Health Foundation comparison places the national average of similar funding of local health departments through analysis of similar funding mechanisms at \$3.50 per capita in FY 1987.

During the conference committee meetings on the KDHE Budget during the last days of the 1989 Session, the Senate Subcommittee requested that KDHE seek legislation which would increase the statutory limitation on per capita funding to local health departments. KALHD supports such a change. Therefore, we are proposing the amendment to HB 2979 page 1 Section 1 line 35 as shown on the attached balloon.

(continued)

7-2

KALHD Testimony on HB 2979  
House Appropriations Committee  
February 21, 1990  
Page 3

In summary, the Kansas Association of Local Health Departments thanks the Committee on Public Health and Welfare for its concern about the funding for local health departments. We have long appreciated the willingness on the part of the Legislature to respond to our needs. However, in HB 2979, we are afraid the proposed language, when in fact appears to be simple and of benefit, actually does not provide what it seeks to provide. Through the amendments developed by KALHD, we could support HB 2979.



July, 1989

STATE SUPPORT OF LOCAL HEALTH DEPARTMENTS

I. Issue Definition:

Public health is a government service that has been neglected and allowed to struggle with limited resources. While the health of Kansas is touted as a major priority for all, in reality, the public health system that is charged with the responsibility to protect our health has not delivered the most basic of public health services due to inadequate resources. These Basic Public Health Services include the very minimal of services such as water protection, sanitation, safe school environments and clinical health services.

In a survey conducted between October, 1988 and May, 1989 by KALHD on Basic Services provision across Kansas, we found that many Basic Public Health Services were not being provided consistently across Kansas. Further, many of these services were not being provided at all to some Kansans. (Survey summary attached.)

II. Background

Public health services have been a part of Kansas government since 1885. In recent years, the number of local health departments has increased and they have provided the bulk of sanitation services, clinic services and home health to the citizens of Kansas while KDHE has provided encouragement, financial support and administrative oversight. Since KDHE has received limited resources, the share going to local health departments has been very restricted even though some improvements in support have been made in recent years.

Kansas has a history of inadequate support for local health departments. Kansas ranked fourth from the bottom in contributions to local health in a study completed in 1982 by the United States Conference of City Health Officers.

The Public Health Foundation showed in Appendix Table 29 of Public Health Agencies 1989 that state funds to local health departments averaged \$3.50 per capita in 1987. State governments provided 29% of local health department expenditures that year. Kansas provided only 86 cents per capita in 1987 and increased per capital funding to \$1.58 by the 1989 Legislature for FY 1990. Kansas clearly has not kept pace with increases in other states and only provides approximately 10.5 percent of local health department expenditures.

Local public health agencies need State support if they are going to protect the public's health and the environment. The counties most needing services are often the counties with the least resources to support those services. Every county should have the ability to provide at least Basic Public Health Services. (See Guidelines for Local Health Department Services, 1989).

continued

7-4



### III. Solutions

Solution #1: If Kansas is going to meet all of its public health needs, it should be at least willing to contribute the average State contribution to local health departments. The 1987 average per capita state funding was \$3.50. If multiplied by the estimated Kansas population of 2,364,236, the total State contribution would be \$8,274,826 (an increase of \$6,501,649.)

Solution #2: Planned phased in funding over three years.

Solution #3: Do nothing.

### IV. Recommendation

Clearly the need for increased State support has been documented by the Statewide Health Coordinating Committee report of 1981, a comparison with other states, and the Basic Services documents of the Kansas Department of Health and Environment and the Kansas Association of Local Health Departments. We recommend that State support of local health departments reach the national average per capita expenditures of \$3.50.

V. Fiscal Impact: \$6,601,649 over FY 1990 allocation.

VI. Legislative Implications: The 1989 Kansas Legislature recommended through the Conference Committee of Ways and Means/Appropriations that the Kansas Department of Health and Environment amend statutory limitations to Aid to Local Units funding for local health departments placed in 1982.

VII. Impact on Other Agencies: None.

VIII. Supporting Documents: (See Attached)

- Public Health Agencies 1989: An Inventory of Programs and Block Grant Expenditures. The Public Health Foundation, March 1989.
- 1989 Public Health Chart Book. The Public Health Foundation, May, 1989.
- Guidelines for Local Health Department Services. Kansas Department of Health and Environment, 1989.
- Guidelines for Local Health Department Services: Analysis. Kansas Association of Local Health Departments, May, 1989.

PRESENTED TO THE KALHD BOARD July, 1989  
APPROVED BY KALHD BOARD July, 1989

7-5

Presented by the Kansas Association of Local Health Departments, 1989-1990  
**Local Health Department Expenditure of State Funds, FY 1987**

State & Territories	Population	State Funds*	Per Capita Allocation
Alabama	3,893,978	7,651	\$ 1.96
Alaska	401,851	1,548	3.85
Arizona	2,718,425	8,069	2.97
California	23,667,837	250,033	10.56
Colorado	2,898,735	3,905	1.35
Connecticut	3,107,576	5,617	1.81
Florida	9,746,421	133,508	13.70
Georgia	5,463,087	39,926	7.31
Hawaii	964,961	6,380	6.61
Idaho	944,038	1,700	1.80
Illinois	11,427,414	41,610	3.64
Indiana	5,490,260	1,433	.26
Iowa	2,913,808	5,455	1.87
Kansas	2,364,236	2,034	.86
Kentucky	3,660,257	18,660	5.10
Louisiana	4,206,098	110	.03
Maryland	4,216,941	38,325	9.09
Massachusetts	5,807,900	454	.01
Michigan	9,262,070	70,736	7.64
Minnesota	4,075,970	12,806	3.14
Mississippi	2,520,631	7,171	2.84
Missouri	4,916,759	4,238	.86
Nevada	800,493	1,110	1.39
New Hampshire	982,400	18	.02
New Jersey	7,365,011	7,670	1.04
New York	17,558,072	102,020	5.81
North Carolina	5,881,385	24,985	4.25
North Dakota	652,717	512	.78
Ohio	10,797,624	3,581	.33
Oklahoma	3,025,495	16,174	5.35
Oregon	2,633,149	1,370	.52
Pennsylvania	11,864,751	24,210	2.04
South Carolina	3,122,814	32,641	10.45
Tennessee	4,591,120	15,172	3.30
Texas	14,227,574	16,295	1.15
Utah	1,461,037	1,800	1.23
Virginia	5,346,797	45,852	8.58
Washington	4,132,204	9,061	2.19
West Virginia	1,950,258	7,145	3.66
Wisconsin	4,705,642	2,973	.63

Average \$3.50

Source: Public Health Foundation: "Public Health Agencies 1988"

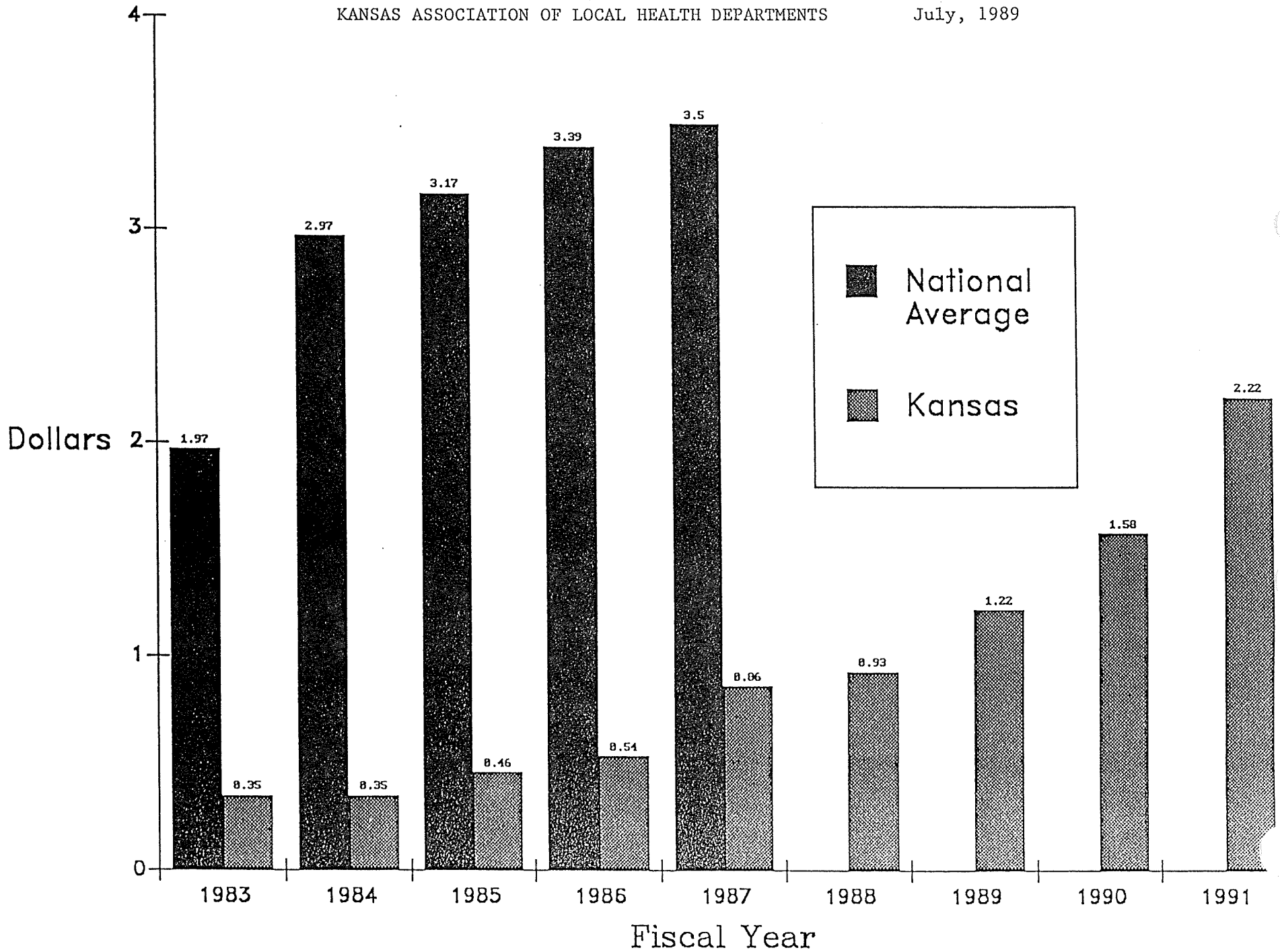
\* (thousands of dollars)

7-6

# Per Capita State General Funds to Local Health Departments

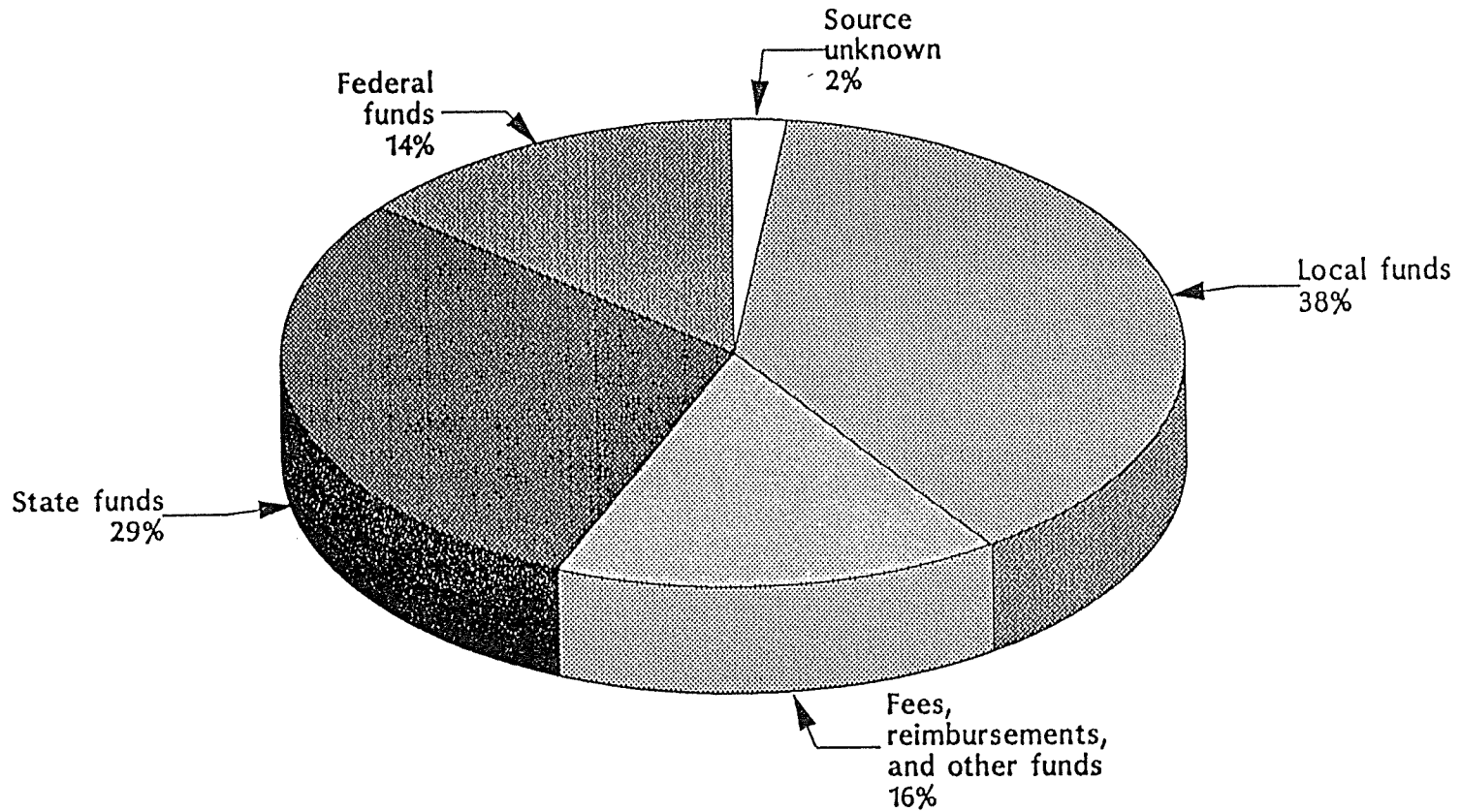
KANSAS ASSOCIATION OF LOCAL HEALTH DEPARTMENTS

July, 1989



7-7

FIGURE 8.  
LOCAL HEALTH DEPARTMENT EXPENDITURES,  
BY SOURCE OF FUNDS,  
FISCAL YEAR 1987



TOTAL: \$3.6 BILLION

7-8



"... Public Health in Action"

EXECUTIVE SUMMARY

"GUIDELINES TO LOCAL HEALTH DEPARTMENT SERVICES ANALYSIS"

May, 1989

**BACKGROUND:**

In 1985, the Kansas Association of Local Health Departments developed the first extensive document of Basic Public Health Services in Kansas. As a cooperative effort between the Kansas Association of Local Health Departments and the Kansas Department of Health and Environment in 1988 - 1989, the document was revised and adopted by KDHE, KALHD, and the Kansas Public Health Association as a tool defining those services which should be provided to all Kansas citizens.

Each category of Local Health Department Services was broken into:

- Basic Services - that every local health department should provide or ensure availability of in the community, and
- Expanded Services - appropriate for local health departments to provide based on local health needs, priorities, and resources. These services may be based on identified needs, cost effectiveness and/or local ordinances and regulations.

In October, 1988, the Kansas Association of Local Health Departments provided all local health departments a "final" version of the document and set out to establish the actual provision percentages of each Basic Health Service in each health department. (We did not endeavor to examine the provision of "expanded services" since the Basic Services are not yet adequately provided.)

In May, 1989, the survey responses (from 83 local health departments) were tabulated and printed as the "Guidelines to Local Health Department Services: Analysis". In general, the results showed that Basic Health Services are not being adequately provided to protect the health and environment of many Kansans. In particular, the Analysis pointed out:

Although, any provision of services below 100%, is inadequate, our findings are shown by categories of 100%, 80-99% and below 80% provision of services.

**FINDINGS - LESS THAN 80% PROVISION OF BASIC HEALTH SERVICES**

Those Basic Health Services which were not being provided adequately (by less than 80% of those counties responding) are:

• **HEALTH AND ENVIRONMENT PROTECTION**

- Communicable Disease Control
  - referral and screening for sexually transmitted disease patients and contacts (78% of respondents),
  - access to counseling and testing sites for HIV antibody testing (76% of respondents).

- Environmental Health Services
  - requested evaluation of existing water well systems (41%),
  - education of property owners and the public (52%),
  - obtaining and interpretation of water samples (68%),
- Food Service
  - investigation of suspected food-borne illnesses (65%),
  - public education on food sanitation (65%).
- On-site Sewage Disposal
  - approval of new or reconstructed systems (19%),
  - investigation of system failure (21%),
  - requested evaluation of existing systems (25%),
  - site evaluations (18%),
  - public education (45%).
- Environmental Nuisances
  - promote local regulations (55%),
  - promote sanitation regulations (36%),
  - investigate complaints (70%).
- School Health Facilities
  - sanitation and safety inspection annually (43%).
- Disaster Planning
  - development of local disaster plan (70%),
  - public education and materials (48%),
  - disaster planning for water, food, waste, medical and nursing care (55%).
- Swimming Pools and Recreational Areas
  - investigation of complaints (40%),
  - training assistance for operators (8%).
- Vector and Animal Control
  - reporting and investigation of bites (62%),
  - public education (59%),
  - rabies regulations and quarantine (59%).
- Waste Management
  - investigation of on-site complaints (41%),
  - enforcement of regulations (32%),
  - public education (41%).

(continued)

7-10

- **HEALTH PROMOTION AND DISEASE PREVENTION**
  - Dental Health Services
    - promote fluoridation (35%).
- **PERSONAL HEALTH SERVICES**
  - Parent and Child Health Services
    - obtain samples for screening of all newborns (if not provided by hospital or physician (44%),
    - prenatal risk education (60%),
    - counseling, referral and advocacy for genetic disease screening (72%).
  - Home Health Services
    - promotion of efficient, quality services (60%).

**FINDINGS - 80-99% PROVISION OF BASIC HEALTH SERVICES**

Those areas found to have adequate provision of services (by 80% of responding counties or greater) are:

- **HEALTH AND ENVIRONMENTAL PROTECTION**
  - Communicable Disease Control
    - all Basic Services (except noted above).
  - Adult and Child Care Licensure
    - both Basic Services
- **HEALTH PROMOTION AND DISEASE PREVENTION**
  - Health Education/Risk Reduction
    - all Basic Services
  - Nutrition Services
    - all Basic Services
  - School Health
    - all Basic Services (except school inspections)
  - Dental Health Services
    - education and referral
- **PERSONAL HEALTH SERVICES**
  - Parent and Child Health Services - well child assessments/preschool screenings; home visits to high risk pregnant women and infants; prenatal and postpartum education and counseling; and SRS referral for support programs.
  - Family Planning Services - education, testing, counseling and referral.
  - Adult Health Services - education and screening for chronic health problems and senior care advocacy.
  - Home Health Services - community health nursing home visits; family assistance and referral.

(continued)

7-11

- Primary Health Care - community participation to ensure adequate services.

**FINDINGS - 100% PROVISION OF BASIC HEALTH SERVICES**

- **HEALTH AND ENVIRONMENTAL PROTECTION**
  - Communicable Disease Control
    - provide immunizations
    - provide tuberculosis screening, etc.
    - educate public regarding prevention
- **PERSONAL HEALTH SERVICES**
  - Parent and Child Health Services
    - Refer family to SRS for suspected Child Abuse, etc.

The above information was developed to accompany "Guidelines for Local Health Department Services\*: Analysis" by the Kansas Association of Local Health Departments, 933 Kansas Avenue, Topeka, KS 66612, 913-354-1605, Elizabeth E. Taylor, Executive Director. May, 1989

\* "Guidelines for Local Health Departments" was originally developed by KALHD in 1985 and edited jointly between KALHD and the Kansas Department of Health and Environment in 1988.

7-12



The following amendments are proposed by the Kansas Association of Local Health Departments in testimony given by Elizabeth E. Taylor, Executive Director, Kansas Association of Local Health Departments. February 21, 1990

HOUSE BILL No. 2979

By Committee on Public Health and Welfare

9 AN ACT concerning state financial assistance to local health de-  
10 partments; relating to the computation thereof; amending K.S.A.  
11 65-242, 65-243, 65-244 and 65-245 and repealing the existing  
12 sections.

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 65-242 is hereby amended to read as follows:  
15 65-242. (a) For the purpose of insuring that adequate public health  
16 services are available to all inhabitants of the state of Kansas, the  
17 state shall participate; from and after January 1, 1983, in the  
18 financing of the operation of local health departments. Subject to  
19 appropriations therefor *and except as provided under subsection (b),*  
20 each local health department which applies for state financial as-  
21 sistance under this act shall receive *during the next fiscal year fol-*  
22 *lowing such application* an amount of money equal to the amount  
23 of money which the local health department ~~receives~~ *will receive*  
24 *during the next fiscal year following such application* from local tax  
25 revenues ~~and from federal revenue sharing funds except that for~~  
26 ~~fiscal year 1990 only, each local health department which receives~~  
27 ~~less money from local tax revenues during fiscal year 1990 than such~~  
28 ~~local health department received during fiscal year 1989 shall be~~  
29 ~~deemed to have received for the purpose of state financial assistance~~  
30 ~~the same amount of local tax revenues during fiscal year 1990 that~~  
31 ~~such local health department received during fiscal year 1989; except~~  
32 that.

or an amount of money generated by maintaining or increasing the mill levy applicable to the support of the local health department effective for the fiscal year 1990 and each subsequent fiscal year.

33  
34 (b) State financial assistance to any one local health department  
35 shall ~~not exceed (1) an amount equal to \$.75 multiplied by the~~  
36 number equal to the population of the county, if the local health  
37 department is a county or city-county department of health, or coun-  
38 ties, if the local health department is a multicounty department of  
39 health, in which the local health department is located or (2) an  
40 amount equal to \$7,000, if the local health department is a county  
41 or city-county department of health, or \$7,000 multiplied by a num-  
42 ber equal to the number of counties in which the local health de-  
43 partment is located, if the local health department is a multicounty

be the amount per capita determined by the Legislature and

Attachment 8  
2-21-90  
H.A.

1 department of health, whichever amount computed under ~~(a)(1)~~  
2 ~~(b)(1)~~ or ~~(a)(2)~~ ~~(b)(2)~~ is the larger amount.

3 ~~(b)~~ ~~(c)~~ Notwithstanding any limitation placed by subsection ~~(a)~~  
4 ~~(b)~~ on the amount of state financial assistance which any one local  
5 health department may receive, if any money remains after the first  
6 computation of state financial assistance under ~~subsection (a)~~ ~~sub-~~  
7 ~~sections (a) and (b)~~ or if any money appropriated for state financial  
8 assistance remains unencumbered at the end of the fiscal year, such  
9 money shall be distributed to each local health department which  
10 will receive or received state financial assistance under ~~subsection~~  
11 ~~(a)~~ during that fiscal year in proportion that the number equal to  
12 the population of the county, if the local health department is a  
13 county or city-county department of health, or counties, if the local  
14 health department is a multicounty department of health, in which  
15 the local health department is located bears to the total population  
16 of all counties in which local health departments which will receive  
17 or received state financial assistance under ~~subsection (a)~~ ~~subsections~~  
18 ~~(a) and (b)~~ are located.

19 ~~(e)~~ ~~(d)~~ If the amount of money appropriated for state financial  
20 assistance under ~~subsection (a)~~ of this section is not adequate to  
21 provide each local health department which applies for state financial  
22 assistance with the maximum amount of state financial assistance the  
23 local health department is eligible to receive under ~~subsection (a)~~  
24 ~~subsections (a) and (b)~~ during the fiscal year, the secretary shall  
25 prorate the money appropriated for such purpose among all local  
26 health departments applying for such financial assistance in propor-  
27 tion that the amount of state financial assistance each such local  
28 health department would have received if the amount of money  
29 appropriated for state financial assistance under ~~subsection (a)~~ ~~this~~  
30 ~~section~~ had been adequate to provide each such local health de-  
31 partment with the maximum amount of state financial assistance the  
32 local health department was eligible to receive under ~~subsection~~  
33 ~~(a)~~ ~~subsections (a) and (b)~~ during the fiscal year bears to the total  
34 amount of money which would need to be appropriated under ~~sub-~~  
35 ~~section (a)~~ ~~this section~~ to provide all such local health departments  
36 with the maximum amount of state financial assistance the local health  
37 departments were eligible to receive under ~~subsection (a)~~ ~~subsec-~~  
38 ~~tions (a) and (b)~~ during the fiscal year.

39 Sec. 2. K.S.A. 65-243 is hereby amended to read as follows: 65-  
40 243. (a) The governing board of any local health department may  
41 apply for the financial assistance provided under K.S.A. 65-242, by  
42 submitting annually to the secretary the budget of the local health  
43 department for the fiscal year immediately following the date the

1 budget is submitted showing the amount of money the local health  
2 department will receive from local tax revenues and ~~from the fed-~~  
3 ~~eral revenue sharing fund~~ and such other information as the sec-  
4 retary may require.

5 (b) The secretary shall use official state population figures based  
6 upon population figures available from the United States bureau of  
7 the census to determine the population of counties for computing  
8 state financial assistance under K.S.A. 65-242 *and amendments*  
9 *thereto*.

10 (c) The secretary may adopt rules and regulations necessary for  
11 the administration of this act.

12 Sec. 3. K.S.A. 65-244 is hereby amended to read as follows: 65-  
13 244. (a) *State financial assistance shall be computed and paid on a*  
14 *fiscal year basis as the term "fiscal year" is defined under K.S.A.*  
15 *65-241 and amendments thereto*. Prior to the beginning of each fiscal  
16 year and after review of the annual budget submitted under K.S.A.  
17 65-243 *and amendments thereto*, the secretary shall determine the  
18 amount of state financial assistance due *during such fiscal year* to  
19 each local health department which has applied for such financial  
20 assistance.

21 (b) The state financial assistance due to each local health de-  
22 partment applying therefor shall be paid in four quarterly install-  
23 ments. The moneys received in any quarter may be used at any  
24 time during the year. Installments shall be paid as follows: January  
25 1 for the quarter beginning January 1 and ending March 31; April  
26 1 for the quarter beginning April 1 and ending June 30; July 1 for  
27 the quarter beginning July 1 and ending September 30; and October  
28 1 for the quarter beginning October 1 and ending December 31.

29 (c) The secretary shall certify to the director of accounts and  
30 reports the total amount of state financial assistance due each quarter  
31 to each local health department which has applied for such financial  
32 assistance. The director of accounts and reports shall draw warrants  
33 on the state treasurer payable to the governing board of each such  
34 local health department upon vouchers executed as provided by law  
35 and approved by the secretary.

36 Sec. 4. K.S.A. 65-245 is hereby amended to read as follows: 65-  
37 245. In the event any local health department is paid more than it  
38 is entitled to receive *during any one fiscal year* under any distri-  
39 bution made under this act, the secretary shall notify the governing  
40 board of the local health department of the amount of such over-  
41 payment, and such governing board shall remit the same to the  
42 secretary. The secretary shall remit any moneys so received to the  
43 state treasurer, and the state treasurer shall deposit the same in the

1 state treasury. If any such governing board fails to remit, the sec-  
2 retary shall deduct the excess amount paid from future payments  
3 becoming due to such local health department. In the event any  
4 local health department is paid less than the amount to which it is  
5 entitled under any distribution made under this act *during any one*  
6 *fiscal year*, the secretary shall pay the additional amount due at any  
7 time within the *fiscal year* in which the underpayment was made  
8 or within 60 days after the end of such *fiscal year*.

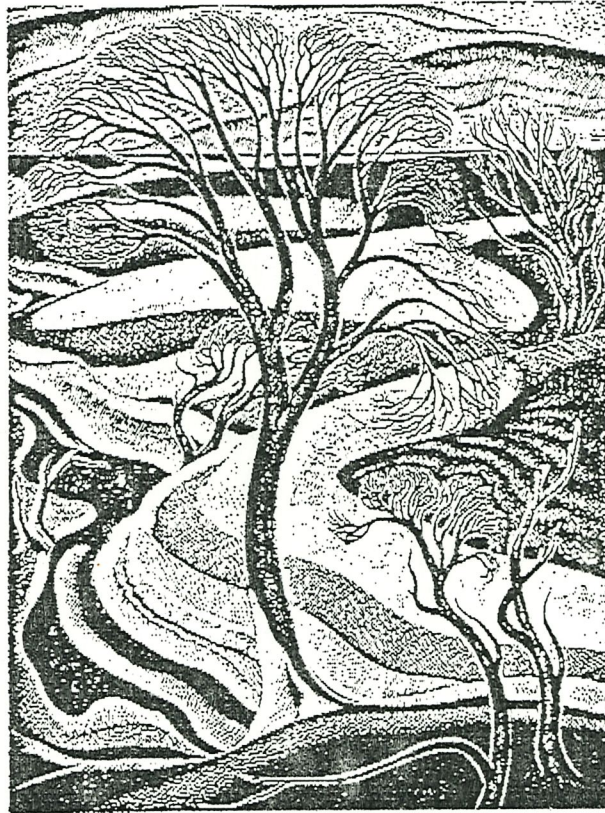
9 Sec. 5. K.S.A. 65-242, 65-243, 65-244 and 65-245 are hereby  
10 repealed.

11 Sec. 6. This act shall take effect and be in force from and after  
12 its publication in the Kansas register.

8-8

FEB 21 1990 11:11 AM & P. ROSS/ELLY/RS

Compliments  
Of  
REP. ROBERT D. "BOB" MILLER



"FEBRUARY MAGIC"

HA  
2-21-90  
Attachment 9

OTHER ARTISTS WHOSE WORKS WILL BE INCLUDED IN DEINES GIFT

F. E. Warren  
Elise Hoelzel  
Birger Sandzain  
Asa Heifitz  
John Taylor Arms  
Wilmouski  
Fred Geary  
Thomas Birwick  
John Buckland  
Valerio  
Clara Langton  
Ferdie Warren  
Stan Wengenroth  
Lugi Lucioni  
W. G. Phillips  
Martin Hardie  
Hans A. Mueller  
C P U  
Leo Meissner  
Hedley Felton

E. Hubert Deines

What is an original print?

An original print is a work of graphic art. The artist alone has made the image in or upon the plate, stone, woodblock or other material, for the purpose of creating a work of graphic art. The impression is made directly from that original piece of material by the artist or pursuant to his directions. Unless otherwise impossible his signature appears on the print.

- |                                     |   |
|-------------------------------------|---|
| ✓1. A Kansas Landmark               | ✓23. Mother's Horseshoe Geranium                                  |
| ✓2. Americana                       | ✓24. November Recessional   |
| ✓3. Artist Study                    | ✓25. Necessity for Bread  |
| ✓4. Autumn Tone Poem                | ✓26. Ode to Morning   |
| ✓5. Cathedral Plaza                 | ✓27. Oil Builders of Progress                                     |
| ✓6. Crockery Woman                  | ✓28. On Your Toes   |
| ✓7. Calles de Hidalgo               | ✓29. Old Missouri Grister   |
| ✓8. Deserted Neighborhood           | ✓30. Pippins Coming Down  |
| ✓9. Explorers                       | ③1. Prairie Phenomenon  |
| ⑩. February Magic                   | ✓32. Prometheus   |
| ✓11. Flower Market                  | ③3. Phantoms of Drought   |
| ✓12. Fabulous Episode               | ③4. Primitive Mother  |
| ✓13. Flower of Westport             | ✓35. Renaissance  |
| ✓14. Fond Memory's Grove            | ✓36. Rustic Interlude   |
| ✓15. Gathering Summers Bounty       | ③7. Shrine of the Virgin  |
| ✓16. Grassland Rhapsody             | ③8. Stillness, Brush Creek  |
| ✓17. Harmonies & Sentimental Motif  | ✓39. The Good Samaritan   |
| ✓18. House of Pioneer               | ④0. The Passing of the Leaves                                     |
| ⑪. Light and Shadow Transformations | ✓41. Tobacco Country  |
| ✓20. Joy on Kaw Valley Loam         | ✓42. Woman of Guadalupe   |
| ✓21. Monody of Evening              | ✓44. Maria Chapdelaine Series<br>(12 unpublished wood engravings) |
| ✓22. Mark Twain Boyhood Home        |   |

Please Note:

The circled works are on permanent display at Kansas State University.





### ABOUT THE ARTIST

E. Hubert Deines (1894-1967) was born in a rural section of central Kansas, near Russell. Before any kind of public instruction was available to him—at preschool age, he was enthusiastically making drawings of things imaginary or observed in a rustic scene. Later on, after the usual educational courses, he attended for several years, the Kansas City Art Institute and School of Design at Kansas City, Missouri. This art study period was interrupted during World War I by military service. After serving overseas with the 109th Engineers of the 34th Division, and under a special government arrangement for qualified servicemen, some time was spent in Paris, France, studying at the famous Julian Academy.

On returning to the United States he held a position for twelve years on the art staff of a metropolitan daily newspaper. Following newspaper work he established himself in a studio in the old, historic Westport district of Kansas City, Missouri, where for several years he carried on some book and magazine work that required both typographical knowledge and artistic execution. During these commercial assignments a long-desired ambition was also undertaken—to enter the field of the fine arts. And as printmaking had always been more or less the shining goal, after many experiments in various media, gradually—by self-taught methods, wood engraving became the principal incentive.

Since then, many rewards have come in the form of fine recognition and pleasant associations. Invited by the Edward MacDowell Association of New York—its Admissions Committee, and qualifying for studio residence periods three different years in the 1940's, he worked in the MacDowell Colony at Peterborough, New Hampshire. There in unusually beautiful surroundings, in an ideal and inspiring atmosphere—among artists, writers and composers, he produced some of his best-known examples of wood engraving. Twice—in 1955 and again in 1961, he was awarded Fellowship grants at the Huntington Hartford Foundation at Pacific Palisades, California. Earlier in his career, along with two other artists of national reputation, he was invited to act as a member of a Regional Jury to select graphic art for the World's Fair, held in New York in 1939. He has exhibited widely, in this country and occasionally abroad. His work may be found in the permanent print collections of established national museums—in the Library of Congress and other equally large repositories. He is represented in the book "American Prize Prints of the 20th Century," by Albert Reese. Further information concerning awards, and biographical data, can be found in "Who's Who in American Art," R. R. Bowker Company, Publishers, New York; "Who's Who in the Midwest," "Who's Who in America," by A. N. Marquis Company, Publishers, Chicago, Illinois.

E. Hubert Deines was an active member of the following art groups and national organizations: The Society of American Graphic Artists, Inc.; National Arts Club, New York; Philadelphia Water Color Club (Print Section), Philadelphia, Pennsylvania; Prairie Print Makers, Chicago, Illinois; The Print Club of Albany, Inc., Albany, New York; National Academy of Design, New York; Hunterdon County Art Center, Clinton, New Jersey; The American Institute of Graphic Arts, New York; Salmagundi Club, New York; Audubon Artists, New York; etc.



Flowers of Mississippi

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the E. Hubert Deines Family

E. Hubert Deines

Kansas State University does NOT oppose  
HB2674 AND will work with the city of Russell  
to return the art work.

SUSAN PETERSON  
on behalf of  
KANSAS STATE UNIVERSITY

HA  
2-21-90  
Attachment 10

SUBJECT: Overview of the Governor's Report on the Budget, Fiscal Year 1991

In this Budget Overview, various summaries of state expenditures and the plan for their financing are reviewed. The summary data were obtained from The Governor's Report on the Budget for Fiscal Year 1991, as amended in accordance with a communication from the Director of the Budget dated February 2, 1990. The Research Department has made some changes in the classification of expenditures in order to be consistent with its prior reports to the Legislature. Furthermore, General Fund receipts and expenditures have been adjusted to reflect the Governor's proposal to accelerate certain tax collections and utilize the one-time additional receipts therefrom for a proposed commercial circuit breaker program in fiscal years 1990 and 1991.\*

The summary data contained herein compare actual expenditures for FY 1989, the Governor's revised estimates for FY 1990, and the Governor's recommendations for FY 1991. Because of rounding, detail shown in the various tabulations may not add to the totals.

### SUMMARY OF CHANGES TO ESTIMATED FY 1990 EXPENDITURES

Based on actions of the 1989 Session of the Legislature, it was estimated that FY 1990 expenditures from all funds would total \$4.772 billion (unadjusted for shifting of expenditures from FY 1989 for certain reappropriated funds and for subsequent revisions to estimates of demand transfers). The Governor's Budget Report revises the all funds FY 1990 budget to \$4.897 billion, an increase of \$126 million to the earlier estimate.

At the close of the 1989 Session, FY 1990 expenditures from the General Fund were estimated to be \$2.430 billion. General fund expenditures for FY 1990 as reported to the 1990 Legislature in the Governor's budget are virtually unchanged in total (up approximately \$200,000), but substantial changes are recommended by the Governor to individual components of that spending. Potentially, the FY 1990 General Fund budget could have increased from the estimate made at the close of the 1989 Session of the Legislature by \$17.0 million of expenditure authority shifted from FY 1989 and by \$7.1 million of increased demand transfers which result from revised consensus revenue estimates.

The following two tabulations summarize the Governor's recommended changes to FY 1990 expenditures.

#### Changes to the FY 1990 Budget by Major Purpose of Expenditures (Millions of Dollars)

	<u>General Fund</u>	<u>All Funds</u>
Original FY 1990 Expenditures Estimates	\$ 2,429.8	\$ 4,771.9
Revisions:		
State Operations	(29.8)	(20.0)
Aid to Local Units	6.7	13.9
Other Assistance	24.2	68.6
Capital Improvements	(0.9)	63.0
Total Revisions	\$ 0.2	\$ 125.5
Revised FY 1990 Expenditure Estimates	\$ 2,430.0	\$ 4,897.5

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\* A 1988 amendment to K.S.A. 75-3721 states that the Governor's "budget plan shall not include any proposed expenditures of anticipated income attributable to proposed legislation that would provide additional revenues from either current or new sources of revenue"; but the Governor may make such recommendations as a supplement or amendment to the budget plan.

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*2-21-90*  
*Attachment 11*

**Analysis of Differences Between the Original and  
Revised Budget Estimates for FY 1990**  
(Millions of Dollars)

	General Fund	All Funds
<u>State Operations</u>		
General Government Agencies	\$ (1.7)	\$ (6.1)
Public Welfare Agencies		
Social and Rehabilitation Services	\$ (2.6)	(4.4)
Other Public Welfare Agencies	<u>(0.6)</u>	<u>0.6</u>
Education Agencies		
Regents and Institutions	(14.5)	1.7
Other Education Agencies	<u>(0.3)</u>	<u>(0.2)</u>
Public Safety Agencies		
Corrections Department and Institutions	(4.8)	(5.0)
Other Public Safety Agencies	<u>(0.2)</u>	<u>0.5</u>
Agriculture and Natural Resources Agencies		(1.4)
Health and Hospital Agencies		
Institutions for Mentally Retarded	(1.1)	(2.3)
Institutions for Mentally Ill	(0.6)	(1.8)
Department of Health and Environment	<u>0.2</u>	<u>2.5</u>
Historical and Recreation Agencies		(0.1)
Department of Transportation		1.7
Unallocated Salary Plan Reserve	<u>(3.4)</u>	<u>(5.6)</u>
Total -- State Operations	<u>\$ (29.8)</u>	<u>\$ (20.0)</u>
<u>Aid to Local Units</u>		
Department of Commerce -- Infrastructure Loans	--	\$ (0.9)
Water Pollution Revolving Fund	--	17.1
Federal School Food Program	--	(8.6)
Aid to Local Community Health/Retardation Centers	(1.3)	(1.2)
USD Income Tax Rebate	8.4	8.4
SDEA Transportation Aid	(0.8)	(0.8)
Special Education Aid	3.2	3.2
Community Colleges Aid	2.0	2.0
Water Plan Programs	--	(1.0)
Community Corrections Aid	(3.7)	(3.7)
Transportation	(1.0)	(2.7)
All Other	<u>(0.2)</u>	<u>2.1</u>
Total -- Aid to Local Units	<u>\$ 6.7</u>	<u>\$ 13.9</u>
<u>Other Assistance</u>		
Health Care Stabilization & Workers' Comp. Funds	\$ --	\$ (7.6)
KPERS -- Pensions	--	4.8
Department of Education Grants	--	5.7
Unemployment Benefits & Employment Programs	--	17.6
SRS Programs	5.7	23.4
Homestead Tax Refunds	0.9	0.9
Homeowners Circuit Breaker	7.3	7.3
Commercial Circuit Breaker	9.3	10.9
Regents' Scholarships and Other Assistance	0.2	2.6
All Other	<u>0.9</u>	<u>3.0</u>
Total -- Other Assistance	<u>\$ 24.2</u>	<u>\$ 68.6</u>
<u>Capital Improvements</u>		
Highway Projects	\$ (0.2)	\$ 50.3
Nonhighway Projects	<u>(0.7)</u>	<u>12.7</u>
Total -- Capital Improvements	<u>\$ (0.9)</u>	<u>\$ 63.0</u>
TOTAL REVISIONS	<u>\$ 0.2</u>	<u>\$ 125.5</u>

## TOTAL STATE EXPENDITURES FOR FY 1991

### Summary of Expenditures from All Funds

The Governor's recommendation for FY 1991 state expenditures from all funds (as amended February 2, 1990) totals \$5.046 billion, an increase of \$149 million, or 3.0 percent, above the Governor's revised estimate for FY 1990. This rate of growth contrasts with the increase of \$610 million, or 14.2 percent, in FY 1990 revised expenditures above actual expenditures for FY 1989.

### Expenditures by Major Purpose

Recommended expenditures from all funds by major purpose are shown in the following table. Amounts are as recommended by the Governor for FY 1990 and FY 1991 together with actual expenditures for the prior fiscal year. The growth in total operating expenditures is \$174.4 million, or 3.9 percent. State operations increase by 4.2 percent, state aid by 3.8 percent, and other assistance by 3.6 percent. However, expenditures for capital improvements decline by \$25.4 million, or 5.7 percent, from the FY 1990 revised total. Expenditures for highway capital improvements decrease \$8.0 million, or 2.2 percent, from FY 1990 to FY 1991 and capital improvements for other purposes decrease by \$17.4 million, or 20.5 percent.

State operations expenditures comprise 38.7 percent of the total FY 1991 budget, followed by aid to local units of government at 28.2 percent of the total, other assistance at 24.8 percent, and capital improvements at 8.4 percent.

### Expenditures from All Funds by Major Purpose (Millions of Dollars)

Function	Actual FY 1989	Est. FY 1990	Change		Rec. FY 1991	Change	
			\$	%		\$	%
State Operations	\$ 1,708.3	\$ 1,871.7	\$ 163.4	9.6%	\$ 1,950.9	\$ 79.2	4.2%
Aid to Local Units	1,230.1	1,369.5	139.3	11.3	1,421.1	51.7	3.8
Other Assistance	1,023.7	1,209.3	185.6	18.1	1,252.8	43.5	3.6
Total Operating	\$ 3,962.1	\$ 4,450.5	\$ 488.3	12.6%	\$ 4,624.8	\$ 174.4	3.9%
Capital Improvements	324.9	447.0	122.1	37.6	421.6	(25.4)	(5.7)
Total	\$ 4,287.0	\$ 4,897.5	\$ 610.4	14.2%	\$ 5,046.4	\$ 149.0	3.0%

### Expenditures by Function of Government

The following table summarizes total expenditures from all funds by function of government. The education function, which comprises 43.3 percent of the total, is by far the largest component of the state budget. Education expenditures for FY 1991 are increased \$77.3 million, or 3.7 percent, and account for just over half (51.9 percent) of the total growth in the budget. The relatively high growth rate of 8.0 percent in the health and hospitals function is largely due to a 14.0 percent increase in expenditures of the Department of Health and Environment. The hospitals for the mentally ill and mentally retarded which make up the remainder of the health and hospitals function increase by 3.7 percent. The relatively low growth rate of 0.5 percent for the public safety function is a reflection of decreased expenditures for capital improvements. Operating expenditures for public safety agencies increase by 5.8 percent. The 1.8 percent growth rate for the public welfare function reflects a low growth rate for assistance programs of the Department of Social and Rehabilitation Services and the reduction in homeowners' circuit breaker expenditures which occurs in the second year of the program. A small decline from FY 1990 to FY 1991 in capital improvements expenditures results in the relatively low growth rate of 1.9 percent for the transportation function.

**Summary of Expenditures from All Funds  
by Function of Government  
(Millions of Dollars)**

Function	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
General Government	\$ 486.7	\$ 512.3	\$ 25.6	5.3%	\$ 528.8	\$ 16.5	3.2%
Public Welfare	933.4	1,101.2	167.8	18.0	1,121.2	20.0	1.8
Education	1,935.0	2,109.2	174.3	9.0	2,186.6	77.3	3.7
Public Safety	197.1	224.1	27.0	13.7	225.3	1.2	0.5
Agriculture/Natural Resources	32.3	39.2	6.9	21.2	40.7	1.5	3.8
Health and Hospitals	196.0	235.8	39.8	20.3	254.6	18.8	8.0
Recreation/Historical	29.5	35.8	6.2	21.0	37.6	1.8	5.2
Transportation	476.9	639.9	163.0	34.2	651.8	11.9	1.9
Total	<u>\$ 4,287.0</u>	<u>\$ 4,897.5</u>	<u>\$ 610.4</u>	<u>14.2%</u>	<u>\$ 5,046.4</u>	<u>\$ 149.0</u>	<u>3.0%</u>

**Summary Plan for Financing**

Total state expenditures are financed by the resources contained in over 1,300 distinct funds. The following tabulation summarizes total state expenditures by major fund class, a useful way to group similar funds in the state's accounting system. The tabulation separates the plan for financing into operating purposes and capital improvements.

**Summary of the Plan for Financing State Expenditures  
(Millions of Dollars)**

Fund Class	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
<u>Operating Expenditures</u>							
General Fund	\$ 2,100.4	\$ 2,336.1	\$ 235.8	11.2%	\$ 2,369.6	\$ 33.5	1.4%
Special Revenue	1,209.5	1,337.7	128.2	10.6	1,420.1	82.3	6.2
Employment Security	158.3	188.0	29.7	18.8	203.0	15.0	8.0
Highway Funds	218.6	267.0	48.4	22.2	287.6	20.6	7.7
Retirement Funds	151.9	166.9	15.0	9.8	180.2	13.4	8.0
All Other	123.4	154.7	31.3	25.4	164.3	9.6	6.2
Total Operating	<u>\$ 3,962.1</u>	<u>\$ 4,450.4</u>	<u>\$ 488.3</u>	<u>12.6%</u>	<u>\$ 4,624.8</u>	<u>\$ 174.4</u>	<u>3.9%</u>
<u>Capital Improvements</u>							
General Fund	\$ 59.6	\$ 93.9	\$ 34.3	57.6%	\$ 92.7	\$ (1.2)	(1.3)%
Highway Funds	214.6	299.1	84.5	39.4	279.9	(19.2)	(6.4)
Building Funds	22.0	27.6	5.6	25.4	27.8	0.3	0.9
All Other	28.7	26.4	(2.3)	(8.0)	21.2	(5.2)	(20.0)
Total Capital Improvements	<u>\$ 324.9</u>	<u>\$ 447.0</u>	<u>\$ 122.1</u>	<u>37.6%</u>	<u>\$ 421.6</u>	<u>\$ (25.4)</u>	<u>(5.7)</u>
TOTAL	<u>\$ 4,287.0</u>	<u>\$ 4,897.5</u>	<u>\$ 610.4</u>	<u>14.2%</u>	<u>\$ 5,046.4</u>	<u>\$ 149.0</u>	<u>3.0%</u>

The State General Fund, to which most state tax receipts are credited, is the predominant source of financing for state expenditures. The General Fund finances 48.8 percent of estimated FY 1991 total expenditures. The General Fund finances 51.2 percent of recommended operating expenditures in FY 1991, but state highway funds finance almost two-thirds of recommended capital improvements.

Special revenue funds include most federal grants, student and patient fees, and other charges for benefits received. The All Other funds category is a combination of several fund classes, including trust and agency funds, shared tax collection funds, and enterprise funds.

Schedule 7 of The Governor's Budget Report (Volume 1) summarizes actual and estimated receipts of federal funds. Estimated FY 1990 receipts are \$909.5 million, an increase of \$93.3 million (11.4 percent) over reported actual receipts of \$816.3 million for FY 1989. The FY 1991 estimate of \$940.8 is \$31.3 million, or 3.4 percent, above FY 1990 receipts. Three agencies -- the Department of Social and Rehabilitation Services and its institutions, the Department of Transportation, and the Department of Education -- account for three-fourths of FY 1991 estimated federal receipts. Federal receipts for fiscal years 1990 and 1991 are dependent, of course, on future actions of the federal government. Past experience indicates that the final outcome of those actions will not be known prior to adjournment of the 1990 Legislature.

### Expenditures for State Operations

Expenditures from all funds for state operations, *i.e.*, for purposes other than local aid, other assistance, and capital improvements, comprise 38.7 percent of total recommended expenditures for FY 1991. The tabulation below divides state operations expenditures into four major components. The All Other category is comprised of debt service and nonexpense items. Capital outlay refers to equipment and furniture items and not to building and highway construction projects.

#### Expenditures from All Funds for State Operations by Major Component (Millions of Dollars)

	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
Salaries and Wages	\$ 1,115.3	\$ 1,250.8	\$ 135.5	12.1%	\$ 1,316.5	\$ 65.7	5.2%
Contractual Services	335.6	359.6	24.0	7.2	379.0	19.4	5.4
Commodities	122.9	123.4	0.5	0.4	125.8	2.4	1.9
Capital Outlay	121.6	124.3	2.7	2.2	117.0	(7.3)	(5.9)
All Other	12.9	13.6	0.7	5.4	12.6	(1.0)	(7.4)
Total	<u>\$ 1,708.3</u>	<u>\$ 1,871.7</u>	<u>\$ 163.4</u>	<u>9.6%</u>	<u>\$ 1,950.9</u>	<u>\$ 79.2</u>	<u>4.2%</u>

Salaries and wages expenditures, including fringe benefits, comprise over two-thirds of the state operations budget for FY 1991 and represent a 5.2 percent increase from the FY 1990 estimate.

Salaries and wages policy recommendations incorporated into the proposed budget include the following:

1. A 1.5 percent general salary increase for classified and non-Regents unclassified employees.
2. Provision for scheduled salary step increases under the basic state pay plan (estimated to be 2.5 percent) and a merit pool for non-Regents unclassified employees (2.5 percent added to the 1.5 percent general increase).
3. A 4 percent average increase for Regents unclassified employees.
4. Increased cost of health insurance premiums based upon the 1990 health insurance plan as negotiated by the State Employees Health Care Commission and a further projected increase of 20.5 percent for the 1991 plan.
5. Implementation of job rate study recommendations for licensed practical nurses and establishment of a class of Master Trooper in the Highway Patrol.



Financing for all employee benefit recommendations is contained in the recommended budgets for each state agency with the exception of a \$465,000 reserve placed in the budget of the Department of Administration for financing changes to licensed practical nurse classes.

Expenditures for salaries and wages are also affected by policy recommendations which change the size of the state's workforce. The FY 1991 recommendations would finance 41,753 full-time equivalent positions, which is an increase of 178 positions, or 0.4 percent, over the total authorized for FY 1990 by the 1989 Legislature (adjusted for certain Finance Council actions). The increase is primarily attributable to staffing recommendations for Regents institutions, the correctional system, and the Department of Transportation.

#### **Expenditures for Aid to Local Units of Government**

Comprising 28.2 percent of the total FY 1991 budget, expenditures for state and federal aid to local units of government are recommended by the Governor to increase \$51.7 million, or 3.8 percent, above the revised FY 1990 estimate. State aid would increase by \$41.0 million and federal aid is estimated to increase by \$10.8 million. State aid comprises about 89 percent of budgeted aid to local units of government for FY 1991. A tabulation appearing later in this memorandum provides details about the purposes and amounts for each state aid program.

#### **Program or Agency Components of the FY 1991 All Funds Budget**

Heretofore, this memo has dealt primarily with measuring year-to-year changes proposed in The Governor's Budget Report. The following tabulation pertains to FY 1991 only and measures major program or agency components in dollar terms and as a percent of the total budget. The tabulation identifies individual components which comprise approximately 97 percent of the FY 1991 budget total. The education programs and agencies, together with other federal and state aid payments, account for almost half (49.3 percent) of the total state budget.

**Governor's FY 1991 Budget from All Funds  
Summary by Programs or Agency  
(Millions of Dollars)**

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
State and Federal Aid for Education	\$ 1,118.7	22.2%	22.2%
Board of Regents and Institutions	933.8	18.5	40.7
Local School Employee Pensions	83.2	1.6	42.3
Other Education	<u>50.9</u>	<u>1.0</u>	<u>1.0</u>
Subtotal Education	\$ 2,186.6	43.3%	43.3%
State and Federal Aid, Except Education	302.4	6.0	49.3
SRS -- Assistance Programs	621.9	12.3	61.6
Department of Transportation, Except Aid	538.1	10.7	72.3
Human Resources -- Unemployment and Other Assistance	215.2	4.3	76.6
State Hospitals and Youth Centers	168.1	3.3	79.9
SRS -- State Operations	159.4	3.2	83.1
Department of Corrections and Institutions, Except Aid	152.6	3.0	86.1
Nonschool Employee Pensions	93.8	1.9	88.0
Department of Health and Environment, Except Aid	69.8	1.4	89.4
Executive Branch Elected Officials, Except Aid	68.1	1.3	90.7
Judicial Branch	59.3	1.2	91.9
Kansas Lottery	55.5	1.1	93.0
Department of Revenue, Except Aid	51.9	1.0	94.0
Human Resources -- State Operations	37.2	0.7	94.7
Highway Patrol	33.2	0.7	95.4
Department of Wildlife and Parks, Except Aid	27.2	0.5	95.9
Department of Administration, Except Aid	22.9	0.5	96.4
Board of Agriculture, Except Aid	16.6	0.3	96.7
Legislative Branch	14.4	0.3	97.0
Commerce, KTEC, Kansas, Inc. (Except Aid)	13.0	0.3	97.3
All Other	<u>139.2</u>	<u>2.8</u>	100.0
Total	\$ <u>5,046.4</u>	<u>100.0%</u>	

## EXPENDITURES AND STATUS OF THE STATE GENERAL FUND

### Program and Agency Components of the FY 1991 General Fund Budget

The following tabulation provides an overview of the program or agency components of the Governor's recommended FY 1991 expenditures from the State General Fund only. This tabulation identifies individual components which comprise 97.5 percent of recommended General Fund expenditures. Education and state aid other than for education account for 63.5 percent of General Fund expenditures.

### Governor's FY 1991 State General Fund Budget Summary by Program or Agency (Millions of Dollars)

	<u>Amount</u>	<u>Percent of Total</u>	<u>Cumulative Percent</u>
State Aid for Education	\$ 1,015.2	41.2%	41.2%
Board of Regents and Institutions	413.7	16.8	58.0
Other Education	<u>15.2</u>	<u>0.6</u>	<u>58.6</u>
Subtotal Education	\$ 1,444.1	58.6%	58.6%
State Aid, Except Education	118.5	4.8	63.5
SRS Assistance Programs	257.0	10.4	73.9
Department of Corrections, and Institutions, Except State Aid	127.3	5.2	79.1
State Hospitals and Youth Centers	102.6	4.2	83.3
Department of Transportation -- Capital Improvements	74.4	3.0	86.3
SRS -- State Operations	69.3	2.8	89.1
Judicial Branch	55.9	2.3	91.3
Highway Patrol and KBI	29.8	1.2	92.6
Department of Revenue -- State Operations	27.5	1.1	93.7
Homestead Tax Refunds and Circuit Breakers	23.0	0.9	94.6
Department of Administration	20.7	0.8	95.5
Department of Health and Environment, Except State Aid	19.5	0.8	96.2
Executive Branch Elected Officials, Except State Aid	16.9	0.7	96.9
Legislative Branch	14.4	0.6	97.5
All Other	<u>61.4</u>	<u>2.5</u>	100.0
Total	<u>\$ 2,462.2</u>	<u>100.0%</u>	

### General Fund Expenditures by Function of Government

The Governor's recommended expenditures from the State General Fund for FY 1991 total \$2,462.2 billion, an increase of \$32.3 million, or 1.3 percent, above the revised estimate for FY 1990. The revised FY 1990 budget of \$2.430 billion is \$270.1 million, or 12.5 percent, greater than FY 1989 actual expenditures. The tabulation below summarizes the recommended expenditures from the General Fund by function of government.

**State General Fund Expenditures by  
Function of Government  
(Million of Dollars)**

Function	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
General Government	\$ 210.3	\$ 218.4	\$ 8.0	3.8%	\$ 217.5	\$ (0.9)	(0.4)%
Public Welfare	343.5	413.5	70.0	20.4	382.2	(31.3)	(7.6)
Education	1,257.6	1,391.0	133.4	10.6	1,444.1	53.1	3.8
Public Safety	168.4	191.0	22.6	13.4	190.6	(0.4)	(0.2)
Agriculture/Natural Resources	14.2	18.2	4.0	28.4	17.0	(1.2)	(6.7)
Health and Hospitals	113.5	112.0	(1.5)	(1.3)	110.3	(1.8)	(1.6)
Recreation/Historical	8.5	12.6	4.1	47.9	16.4	3.9	30.7
Transportation	43.8	73.2	29.5	67.3	84.2	10.9	14.9
Total	<u>\$ 2,159.9</u>	<u>\$ 2,430.0</u>	<u>\$ 270.1</u>	<u>12.5%</u>	<u>\$ 2,462.2</u>	<u>\$ 32.3</u>	<u>1.3%</u>

Expenditures for the education function represent 58.6 percent of the total General Fund budget and are recommended to increase by \$53.1 million, or 3.8 percent, from FY 1990 to FY 1991. Only two other functions of government exhibit a net increase in expenditures between the two years. The relatively high rate of growth for the recreational and historical function chiefly results from the recommendation to begin construction of a historical research center in FY 1991 (approved by the 1989 Legislature to begin in FY 1990). The increase in the transportation function is entirely due to the demand transfer of sales tax receipts from the General Fund to the State Highway Fund which is recorded as capital improvements. Only three of the four quarterly transfers in FY 1990 will be at the new 10 percent rate while all four will be in FY 1991.

The 7.6 percent decline in expenditures for public welfare is due to reductions in assistance programs of the Department of Social and Rehabilitation Services and to reductions occurring in the second year of the homeowners circuit breaker enacted by the 1989 Legislature plus the Governor's proposal to shift financing to the Economic Development Initiatives Fund. The 6.7 percent decline in the agriculture and natural resources function is due to lower expenditures for the Water Office and State Conservation Commission. The 0.2 percent decline in public safety expenditures is due to reduced capital improvements spending; operating expenditures increase 6.2 percent.

Later in this budget overview, additional details are presented concerning the components of the Governor's recommended expenditure changes for FY 1991.

### Expenditures by Major Purpose

Nearly half (46.0 percent) of recommended FY 1991 expenditures from the General Fund is paid to local units of government, while 38.0 percent represents the cost of state operations, 12.2 percent is for other assistance payments, and 3.8 percent is for capital improvements.

The decline of \$36.5 million, or 10.8 percent, in General Fund expenditures for other assistance from FY 1990 to FY 1991, as noted above, is the result of reductions in assistance programs of the Department of Social and Rehabilitation Services and the reduction and shifting of financing for the second year of the homeowners circuit breaker enacted by the last session of the Legislature. Although the demand transfer for highway capital improvements increases by \$11.3 million, other General Fund capital improvements decrease by \$12.5 million from FY 1990 to FY 1991.

**State General Fund Expenditures by Major Purpose**  
(Millions of Dollars)

	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
State Operations	\$ 829.6	\$ 898.9	\$ 69.3	8.4%	\$ 934.7	\$ 35.8	4.0%
Aid to Local Units	1,002.0	1,099.5	97.5	9.7	1,133.6	34.1	3.1
Other Assistance	268.8	337.7	69.0	25.7	301.3	(36.5)	(10.8)
Total Operating	\$ 2,100.4	\$ 2,336.1	\$ 235.8	11.2%	\$ 2,369.6	\$ 33.5	1.4%
Capital Improvements	59.6	93.9	34.3	57.6	92.7	(1.2)	(1.3)
Total	\$ 2,159.9	\$ 2,430.0	\$ 270.1	12.5%	\$ 2,462.2	\$ 32.3	1.3%

**State Operations by Function of Government**

The following tabulation shows expenditures for state operations, *i.e.*, excluding state aid, other assistance, and capital improvements, by function of government.

**State General Fund Expenditures for State Operations**  
**By Function of Government**  
(Millions of Dollars)

Function	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
General Government	\$ 135.1	\$ 148.0	\$ 12.9	9.5%	\$ 146.7	\$ (1.3)	(0.9)%
Public Welfare	68.0	68.9	0.9	1.4	73.7	4.8	6.9
Education	352.6	389.4	36.8	10.4	417.6	28.2	7.2
Public Safety	144.8	162.8	18.0	12.5	169.1	6.2	3.8
Agriculture/Natural Resources	10.8	12.5	1.7	16.1	12.5	-	(0.1)
Health and Hospitals	110.1	108.2	(1.9)	(1.7)	106.2	(2.0)	(1.8)
Recreation/Historical	8.2	8.9	0.7	9.0	9.0	-	0.1
Total	\$ 829.6	\$ 898.9	\$ 69.3	8.4%	\$ 934.7	\$ 35.8	4.0%

**State Aid to Local Units of Government**

The tabulation on the following page lists state aid by major program purpose. Although most of the programs of state aid to local units are financed from the State General Fund, some significant programs are financed from the resources of other funds and these are also listed in the tabulation.

About one-half of the total increase of \$34.1 million from FY 1990 to FY 1991 in General Fund aid to local units is accounted for by the increase of \$17.9 million for school district income tax rebates, a demand transfer which was substantially increased by the 1989 Legislature. Under the distribution formula for these rebates, the increase from 20 percent to 24 percent of individual income tax liability approved in 1989 affects the FY 1990, FY 1991, and FY 1992 budgets.

**State Aid to Local Units of Government**  
(Millions of Dollars)

	Actual	Est.	Change		Rec.	Change	
	FY 1989	FY 1990	\$	%	FY 1991	\$	%
<b>State General Fund</b>							
<b>Education</b>							
General State Aid	\$ 489.38	\$ 539.09	\$ 49.71	10.2%	\$ 543.53	\$ 4.44	0.8%
Income Tax Rebate	152.05	166.60	14.55	9.6	184.50	17.90	10.7
Transportation	42.45	43.74	1.29	3.1	46.00	2.26	5.2
Subtotal, SDEA	\$ 683.88	\$ 749.43	\$ 65.55	9.6%	\$ 774.03	\$ 24.60	3.3%
KPERS-School <sup>(a)</sup>	37.12	40.86	3.75	10.1	41.55	0.70	1.7
Special Education	101.26	113.89	12.63	12.5	115.14	1.26	1.1
Other	6.47	9.30	2.83	43.7	11.09	1.79	19.2
Subtotal, USDs	\$ 828.73	\$ 913.49	\$ 84.75	10.2%	\$ 941.82	\$ 28.34	3.1%
Vocational Education - Postsecondary	12.33	13.90	1.57	12.7	14.00	0.10	0.7
Vocational Education - Area Schools	8.39	8.76	0.37	4.4	8.15	(0.61)	(6.9)
Community Colleges	35.61	42.73	7.12	20.0	42.73	0	0
Washburn University	4.57	5.95	1.38	30.1	6.20	0.25	4.2
Other	1.71	2.19	0.48	28.1	2.26	0.07	3.1
Total, Education	\$ 891.34	\$ 987.01	\$ 95.67	10.7%	\$ 1,015.16	\$ 28.15	2.9%
<b>Local Property Tax Reduction<sup>(b)</sup></b>							
County-City Revenue Sharing	\$ 25.63	\$ 26.60	\$ 0.97	3.8	\$ 28.38	\$ 1.78	6.7
Community Corrections	6.78	8.33	1.55	22.8	10.76	2.43	29.2
Public Health	2.87	3.78	0.91	31.6	4.03	0.25	6.6
Community Mental Health and Retardation Centers	22.42	25.90	3.48	15.5	27.00	1.10	4.3
Soil and Water Conserv.	1.55	1.90	0.35	23.0	1.27	(0.63)	(33.4)
County Reappraisal	7.00	0	(7.00)	(100.0)	0	0	0
City-County Highway Fund	10.55	10.12	(0.43)	(4.1)	9.77	(0.35)	(3.4)
All Other	0.31	0.52	0.21	69.0	0.20	(0.32)	(61.1)
Total, Other Programs	\$ 110.68	\$ 112.50	\$ 1.82	1.6%	\$ 118.46	\$ 5.96	5.3%
<b>TOTAL, GENERAL FUND</b>	<b>\$ 1,002.02</b>	<b>\$ 1,099.51</b>	<b>\$ 97.49</b>	<b>9.7%</b>	<b>\$ 1,133.61</b>	<b>\$ 34.10</b>	<b>3.1%</b>
<b>From Other Funds</b>							
Mineral Production Tax	\$ 5.29	\$ 5.92	\$ 0.63	11.9%	\$ 6.25	\$ 0.33	5.5%
Water Plan Fund	-	2.60	2.60	-	3.50	0.91	34.9
Highway Funds	69.41	87.94	18.53	26.7	99.76	11.82	13.4
Alcoholic Liquor Funds	8.75	8.71	(0.04)	(0.5)	8.71	0	0
County Reappraisal	8.00	5.50	(2.50)	(31.2)	0	(5.50)	(100.0)
Infrastructure Loans	1.74	2.31	0.57	32.8	0.50	(1.81)	(78.4)
All Other	8.00	6.39	(1.61)	(20.1)	7.55	1.16	18.1
<b>TOTAL, OTHER FUNDS</b>	<b>\$ 101.19</b>	<b>\$ 119.37</b>	<b>\$ 18.18</b>	<b>18.0%</b>	<b>\$ 126.26</b>	<b>\$ 6.89</b>	<b>5.8%</b>
<b>TOTAL, STATE AID</b>	<b>\$ 1,103.21</b>	<b>\$ 1,218.88</b>	<b>\$ 115.67</b>	<b>10.5%</b>	<b>\$ 1,259.87</b>	<b>\$ 40.99</b>	<b>3.4%</b>

a) A relatively small portion of KPERS-School contributions is made on behalf of community colleges and area vocational schools.

b) A relatively small portion goes to community colleges and Washburn University.

**Recommended Changes in General Fund Programs**

The following tabulation summarizes General Fund expenditure changes from the FY 1990 Governor's revised estimate to the Governor's recommendations for FY 1991. The data are organized generally by category of expenditures, except that demand transfers are shown separately. The individual demand transfers are classified as state aid, other assistance, or capital improvements, but not as state operations.

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**State General Fund**  
**Governor's Recommended Expenditure Changes**  
**FY 1990 to FY 1991**  
(In Millions)

	FY 1991 Changes from Revised FY 1990	
	<u>Amount</u>	<u>Percent</u>
<b>Demand Transfers</b>		
School District Income Tax Rebate	\$ 17.90	10.7%
State Highway Fund	11.27	17.9
State Water Plan	6.00	--
Local Ad Valorem Tax Reduction Fund	1.70	4.8
County and City Revenue Sharing Fund	1.78	6.7
All Other Demand Transfers	<u>(0.44)</u>	<u>(2.9)</u>
TOTAL	\$ 38.22	12.5%
<b>State Operations</b>		
Board of Regents and Institutions	27.65	7.4
Other Education Agencies	0.51	3.7
Department of Corrections and Institutions	6.97	6.3
Youth Centers	0.70	4.6
Other Public Safety Agencies	(1.42)	(3.8)
Hospitals for Mentally Ill	(2.69)	(4.7)
Hospitals for Mentally Retarded	0.46	1.4
Judicial Branch	1.73	3.2
Department of Revenue	(0.93)	(3.3)
Department of Administration	(0.31)	(1.5)
Department of Social and Rehabilitation Services	4.39	6.8
Department of Health and Environment	0.23	1.2
Other General Government Agencies	(1.79)	(4.0)
Other Public Welfare Agencies	0.37	9.0
Agriculture and Natural Resources Agencies	(0.01)	(0.1)
Recreation and Historical Agencies	<u>--</u>	<u>0.1</u>
TOTAL STATE OPERATIONS	\$ 35.84	4.0%
<b>Aid to Local Units of Government (Except Demand Transfers)</b>		
SDEA General State Aid	\$ 4.44	0.8%
SDEA Transportation Aid	2.26	5.2
Special Education Aid	1.26	1.1
KPERS - School Employers Contribution	0.70	1.7
Parents as Teachers	1.00	--
Sexuality/AIDS Education Program	0.50	33.3
At Risk/Innovative Education Programs	0.20	8.9
Vocational Education Programs	(0.50)	(2.2)
Community Colleges and Washburn University Aid Programs	0.32	0.6
All Other Education Aid	0.09	1.6
Community Corrections Programs	2.43	29.2
Public Health Programs	0.25	6.6
Community Mental Health/Retardation Centers and Special Purpose Aid	1.10	4.3
All Other Aid Programs	<u>(0.95)</u>	<u>(39.3)</u>
TOTAL STATE AID (Except Demand Transfers)	\$ 13.07	1.5%

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	FY 1991 Changes from Revised FY 1990	
	<u>Amount</u>	<u>Percent</u>
<b>Other Assistance, Grants, and Benefits (Except Demand Transfers)</b>		
Department of Social and Rehabilitation Services Assistance Programs	\$ (20.34)	(7.3)%
Homeowners Circuit Breaker	(17.29) <sup>a</sup>	(100.0)
Commercial Circuit Breaker	1.81	19.5
Regular Homestead Tax Refund Program	(0.90)	(7.0)
Department of Corrections, Reserve for Correctional Officers Lawsuit	2.00	--
Conservation Commission Cost-Share Program	(3.31) <sup>b</sup>	(100.0)
Board of Regents and Institutions Programs	0.73	8.2
All Other Assistance Programs	<u>(2.37)</u>	<u>(48.8)</u>
TOTAL OTHER ASSISTANCE (Except Demand Transfers)	\$ (39.67)	(11.9)%
<b>Capital Improvements (Except Demand Transfers)</b>		
FY 1990 Projects	\$ (29.64)	
FY 1991 Projects		
Department of Corrections, Ellsworth Debt Service	1.71	
Department of Corrections, New Prison and Mental Health Facility Debt Service	6.30	
KBI Headquarters Debt Service	0.32	
Historical Society Research Center	4.49	
KSU Throckmorton Hall	0.50	
All Other Projects	<u>1.13</u>	
TOTAL CAPITAL IMPROVEMENTS (Except Demand Transfers)	\$ (15.19)	(51.2)%
TOTAL EXPENDITURES	<u>\$ 32.26</u>	<u>1.3%</u>

- a) The FY 1991 estimated cost of \$9.56 million for this program is financed from the Economic Development Initiatives Fund.
- b) Financed in FY 1990 by \$3.31 million General Fund appropriation; financed in FY 1991 by \$3.19 million from the General Fund demand transfer to the State Water Plan Fund.

#### Status of the State General Fund

The following tabulation summarizes the status of the State General Fund as to receipts, expenditures, and unencumbered cash balances based on the Governor's recommendations for fiscal years 1990 and 1991.

#### State General Fund Receipts, Expenditures, and Balances (Millions of Dollars)

	<u>Actual FY 1989</u>	<u>Revised FY 1990</u>	<u>Change</u>	<u>Rec. FY 1991</u>	<u>Change</u>
Beginning Unencumbered Cash Balance	\$ 301.2	\$ 371.4	\$ 70.1	\$ 243.2	\$ (128.2)
Released Encumbrances	1.7	--	(1.7)	--	--
Receipts	<u>2,228.3</u>	<u>2,301.8</u>	<u>73.5</u>	<u>2,348.5</u>	<u>46.7</u>
Total Resources	\$ 2,531.3	\$ 2,673.2	\$ 141.9	\$ 2,591.7	\$ (81.5)
Less Expenditures	<u>2,159.9</u>	<u>2,430.0</u>	<u>270.1</u>	<u>2,462.2</u>	<u>32.3</u>
Ending Unencumbered Cash Balance	<u>\$ 371.4</u>	<u>\$ 243.2</u>	<u>\$ (128.2)</u>	<u>\$ 129.4</u>	<u>\$ (113.7)</u>

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General Fund receipts of \$2,301.8 million for FY 1990 include the revised consensus estimate of \$2,297.9 million adjusted upward for a \$200,000 revenue transfer recommended by the Governor and for \$3.7 million of revenues from the Governor's recommendation to accelerate collections of liquor, private club, financial institutions, and individual withholding taxes effective in the last quarter of the fiscal year. As so adjusted, FY 1990 receipts would be \$73.5 million, or 3.3 percent, above actual FY 1989 receipts. Major tax law changes enacted by the 1989 Legislature are reflected in the FY 1990 receipts -- notably, reductions of \$69.1 million of individual income taxes, \$3.0 million of corporation and financial institutions income taxes, and \$6.0 million of sales and use taxes (as estimated at the close of that Session). Given those changes in tax law, FY 1990 receipts would have exhibited a lower increase were it not for a \$28.8 million addition to corporation income taxes (a net increase reflecting several extraordinary tax assessments and some large refunds).

For FY 1990, expenditures exceed receipts by \$128.2 million and the General Fund balance falls from \$371.4 million to \$243.2 million. The ending FY 1990 balance is 10.0 percent of FY 1990 recommended expenditures.

General Fund receipts of \$2,348.5 million for FY 1991 include the consensus estimate of \$2,337.0 million plus a recommended transfer of \$450,000 and an additional \$11.1 million of accelerated collections from the taxes previously identified. The increase of 2.0 percent from FY 1990 to FY 1991 would have been higher were it not for the corporation taxes received on a one-time basis in FY 1990 and for lower interest income in FY 1991 due to estimated declining fund balances and interest rates.

For FY 1991, expenditures exceed receipts by \$113.7 million and the General Fund balance further falls from \$243.2 million to \$129.4 million. The ending FY 1991 balance is 5.3 percent of FY 1991 recommended expenditures. It is clearly evident that the Legislature will have to reduce drastically the imbalance between receipts and expenditures because the year-end FY 1991 balance (assuming receipts and expenditures will be at the levels estimated in the Governor's budget) will not be sufficient to sustain continuation of present patterns.

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